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FY2015 1st Quarter Supplementary Material for Financial Results

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DyDo DRINCO, Incorporated

May 25, 2015

1. Consolidated Profit and Loss Statements

■Results

Units: millions of yen

	FY2014 1st quarter results	FY2015 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	30,083	27,863	(7.4%)	(2,219)	
OEM Beverage Production Division	2,724	2,256	(17.2%)	(467)	
Food Production and Sales Division	2,756	3,369	22.2%	612	
Adjustment figure (company-wide / elimination)	(163)	(158)	-	5	
Net sales	**35,401**	**33,331**	**(5.8%)**	**(2,070)**	
Beverage Sales Division	200	(819)	-	(1,020)	
OEM Beverage Production Division	398	254	(36.1%)	(143)	
Food Production and Sales Division	(78)	(25)	-	52	
Adjustment figure (company-wide / elimination)	(2)	(6)	-	(3)	
Operating income(loss)	**518**	**(596)**	**-**	**(1,114)**	
Non-operating income or expenses	(36)	(105)	-	(68)	
Ordinary income	**481**	**(701)**	**-**	**(1,183)**	
Income before taxes(loss)	**481**	**(701)**	**-**	**(1,183)**	
Income taxes, etc.	451	13	(97.1%)	(438)	
Minority interests	26	20	(22.0%)	(5)	
Quarterly net income(loss)	**4**	**(734)**	**-**	**(739)**	

■Full year forecast

Units: millions of yen

	FY2014 Results	FY2015 Forecast	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	124,597	125,500	0.7%	902	
OEM Beverage Production Division	10,220	10,100	(1.2%)	(120)	
Food Production and Sales Division	15,360	16,100	4.8%	739	
Adjustment figure (company-wide / elimination)	(651)	(700)	-	(48)	
Net sales	**149,526**	**151,000**	**1.0%**	**1,474**	
Beverage Sales Division	3,839	3,300	(14.0%)	(539)	
OEM Beverage Production Division	1,135	1,000	(12.0%)	(135)	
Food Production and Sales Division	198	200	0.7%	1	
Operating income	**5,174**	**4,500**	**(13.0%)**	**(674)**	
Ordinary income	**4,470**	**4,400**	**(1.6%)**	**(70)**	
Net income	**2,322**	**2,700**	**16.3%**	**378**	

2. Consolidated Balance Sheets

■Results

Units: millions of yen

	FY2014 End of term results	FY2015 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Cash and cash equivalent	47,800	41,168	(13.9%)	(6,631)	
Notes receivable and accounts receivable	13,707	14,889	8.6%	1,182	
Securities	10,316	12,491	21.1%	2,174	
Inventories	7,323	8,363	14.2%	1,039	
Other	2,758	2,894	4.9%	135	
Current assets	81,907	79,807	(2.6%)	(2,099)	
Tools, equipment and machinery (net amount)	20,171	21,106	4.6%	934	
Lease assets	5,044	4,833	(4.2%)	(210)	
Other (net amount)	9,440	9,363	(0.8%)	(76)	
Tangible fixed assets	34,655	35,303	1.9%	647	
Intangible fixed assets	11,072	10,849	(2.0%)	(223)	
Investment securities	14,589	15,130	3.7%	541	
Other	5,668	5,435	(4.1%)	(233)	
Investments and other assets	20,257	20,566	1.5%	308	
Fixed assets	65,986	66,718	1.1%	731	
Assets total	147,894	146,526	(0.9%)	(1,367)	

	FY2014 End of term results	FY2015 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Notes payable and accounts pay	16,286	16,873	3.6%	586	
Short term loans	6,434	6,857	6.6%	423	
Short term lease obligations	2,438	2,157	(11.5%)	(281)	
Accounts payable	11,052	11,425	3.4%	373	
Accrued income taxes	1,237	173	(86.0%)	(1,063)	
Accrued bonuses	1,013	1,698	67.6%	685	
Accrued bonuses for officers	-	10	-	10	
Other	2,778	1,985	(28.5%)	(793)	
Current liabilities	41,240	41,181	(0.1%)	(59)	
Long term loans	14,076	13,757	(2.3%)	(318)	
Long term lease obligations	2,550	2,501	(1.9%)	(49)	
Other	5,292	5,240	(1.0%)	(52)	
Fixed liabilities	21,919	21,498	(1.9%)	(420)	
Liabilities total	63,160	62,680	(0.8%)	(479)	
Capital stock	1,924	1,924	0.0%	-	
Capital surplus	1,464	1,464	0.0%	-	
Retained earnings	77,800	76,491	(1.7%)	(1,308)	
Treasury stock	(4)	(4)	-	-	
Shareholders equity total	81,184	79,875	(1.6%)	(1,308)	
Total other comprehensive income	1,647	2,099	27.4%	451	
Minority interests	1,901	1,870	(1.6%)	(30)	
Net assets total	84,734	83,845	(1.0%)	(888)	
Liabilities / net assets total	147,894	146,526	(0.9%)	(1,367)	

3. Details on Sales Increase/Decrease

■Sales results by sectors

Units: millions of yen

	FY2014 1st quarter results	FY2015 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	18,492	16,863	(8.8%)	(1,629)	
Tea-flavored beverages	4,097	3,467	(15.4%)	(630)	
Carbonated beverages	2,178	2,318	6.4%	139	
Fruit beverages	1,788	1,395	(22.0%)	(393)	
Mineral water types	849	1,107	30.3%	257	
Functional beverages	419	349	(16.8%)	(70)	
Drinkable preparations	409	339	(16.9%)	(69)	
Other beverages	1,847	2,023	9.5%	175	
Total of Beverage Sales Division	**30,083**	**27,863**	**(7.4%)**	**(2,219)**	
Total of OEM Beverage Production Division	**2,575**	**2,114**	**(17.9%)**	**(460)**	
Total of Food Production and Sales Division	**2,742**	**3,352**	**22.2%**	**610**	
Total	**35,401**	**33,331**	**(5.8%)**	**(2,070)**	

■Sales results by channels

Units: millions of yen

	FY2014 1st quarter results	FY2015 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	25,529	23,560	(7.7%)	(1,968)	
Other	4,554	4,303	(5.5%)	(250)	
Total of Beverage Sales Division	**30,083**	**27,863**	**(7.4%)**	**(2,219)**	

4. Volume of Sales Results

■Results for volume of sales by sectors

Units: 1000s of cases

	FY2014 1st quarter results	FY2015 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	8,310	7,529	(9.4%)	(780)	
Tea-flavored beverages	2,011	1,610	(19.9%)	(400)	
Carbonated beverages	1,233	1,212	(1.7%)	(20)	
Fruit beverages	866	697	(19.5%)	(168)	
Mineral water types	466	590	26.5%	123	
Functional beverages	198	165	(16.6%)	(33)	
Drinkable preparations	99	79	(20.2%)	(20)	
Other beverages	594	581	(2.1%)	(12)	
DyDo DRINCO (non-consolidated) total	**13,781**	**12,468**	**(9.5%)**	**(1,313)**	

■Results for volume of sales by channels

Units: 1000s of cases

	FY2014 1st quarter results	FY2015 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	11,664	10,396	(10.9%)	(1,268)	
Other	2,116	2,071	(2.1%)	(45)	
DyDo DRINCO (non-consolidated) total	**13,781**	**12,468**	**(9.5%)**	**(1,313)**	

5. Main Sales Expenses and Ordinary Management Costs (Consolidated／1st Quarter)

Units: millions of yen

	FY2014 1st quarter results	FY2015 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Shipping costs	1,059	1,071	1.1%	11	
Advertising costs	1,745	1,593	(8.7%)	(151)	
Sales promotion costs	5,408	5,496	1.6%	87	
Salary and other allowances	2,715	2,724	0.3%	8	
Other	8,042	7,583	(5.7%)	(459)	
Main Sales Expenses and Ordinary Managem	**18,971**	**18,468**	**(2.6%)**	**(502)**	

6. Consolidated Highlights

Units: millions of yen

Fiscal Year	FY2010	FY2011	FY2012	FY2013	FY2014
Net sales	151,369	147,404	148,902	154,828	149,526
Cost of sales	68,927	67,284	67,976	70,553	67,553
Cost of sales ratio (%)	45.5	45.6	45.7	45.6	45.2
Gross profit margin (%)	54.5	54.4	54.3	54.4	54.8
SG&A expenses to net sales (%)	50.2	49.5	49.0	50.6	51.4
Operating income	6,539	7,295	7,934	6,004	5,174
Operating margin (%)	4.3	4.9	5.3	3.9	3.5
Ordinary income	5,809	6,687	7,725	5,962	4,470
Ordinary margin (%)	3.8	4.5	5.2	3.9	3.0
Net income	2,691	2,351	4,410	3,712	2,322
Profit margin on net sales (%)	1.8	1.6	3.0	2.4	1.6
Earnings per share (yen)	162.45	141.91	266.22	224.08	140.16
Cash flow from operating activities	14,911	17,540	16,491	14,764	13,959
Cash flow from investing activities	(3,252)	(8,274)	(6,704)	(16,580)	3,734
Cash flow from financing activities	(11,964)	(11,016)	(219)	(469)	(2,561)
Cash and cash equivalent at end of year	21,174	19,424	29,051	26,874	42,020
Total assets	125,497	128,550	140,487	146,479	147,894
Total asset turnover (times)	1.2	1.1	1.1	1.1	1.0
Net assets	73,049	74,788	79,097	82,554	84,734
Capital adequacy ratio (%)	57.0	56.9	55.1	55.1	56.0
Inventories	6,321	5,768	6,601	6,270	7,323
Inventory turnover (times)	24.2	24.4	24.1	24.1	22.0
Current ratio (%)	178.2	184.3	165.2	191.2	198.6
Fixed ratio (%)	79.5	74.2	90.1	80.5	79.7
Total liabilities	52,448	53,762	61,390	63,925	63,160
Debt ratio (%)	73.3	73.5	79.3	79.2	76.3
Net assets per share (yen)	4,321.26	4,416.66	4,670.18	4,872.53	4,999.88
Total dividends	828	828	994	994	994
Dividend per share (yen)	50	50	60	60	60
Dividend payout ratio (%)	30.8	35.2	22.5	26.8	42.8
Numbers of shares outstanding (thousands)	16,568	16,568	16,568	16,568	16,568
Number of employees	3,149	2,936	2,916	2,770	2,767
Net sales per employee	48.06	50.20	51.06	55.89	54.04
Capital expenditure	1,481	6,839	16,833	14,376	12,261
Depreciation expenses	12,747	12,350	11,202	12,080	12,343

7. Segment Information

■Beverage Sales Division

Units: millions of yen

Fiscal Year	FY2010	FY2011	FY2012	FY2013	FY2014
Sales to external customers	142,287	137,897	131,671	130,400	124,597
Segment profit	4,726	5,930	6,363	4,578	3,839
Segment profit margin (%)	3.3%	4.3%	4.8%	3.5%	3.1%
Capital expenditure	-	-	-	13,741	11,500
Depreciation expenses	12,240	11,683	10,275	10,961	11,287

■OEM Beverage Production Division

Units: millions of yen

Fiscal Year	FY2010	FY2011	FY2012	FY2013	FY2014
Sales to external customers	9,082	9,507	10,612	10,154	9,603
Segment profit	1,813	1,359	1,558	1,227	1,135
Segment profit margin (%)	20.0%	14.3%	14.7%	12.1%	11.8%
Capital expenditure	-	-	-	337	291
Depreciation expenses	507	667	640	530	483

■Food Production and Sales Division

Units: millions of yen

Fiscal Year	FY2010	FY2011	FY2012	FY2013	FY2014
Sales to external customers	-	-	6,617	14,273	15,325
Segment profit	-	-	3	205	198
Segment profit margin (%)	-	-	0.0%	1.4%	1.3%
Capital expenditure	-	-	-	297	470
Depreciation expenses	-	-	287	588	572
Goodwill amortization value	-	-	153	306	306

*The segment breakdown for "Capital expenditure" is disclosed from FY2013

8. Main Sales Expenses and Ordinary Management Costs (Consolidated)

Units: millions of yen

決算期	FY2010	FY2011	FY2012	FY2013	FY2014
Shipping costs	4,123	3,940	4,213	4,607	4,588
Advertising costs	3,978	4,159	6,167	6,697	5,963
Sales promotion costs	19,965	20,103	21,101	23,203	23,126
Salary and other allowances	12,804	11,861	11,526	11,281	11,006
Other	35,030	32,759	29,982	32,480	32,114
Main Sales Expenses and Ordinary Management Costs	75,903	72,824	72,990	78,270	76,798