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FY2015 2nd Quarter Supplementary Material for Financial Results

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DyDo DRINCO, Incorporated

August 28, 2015

1. Consolidated Profit and Loss Statements

■Results

Units: millions of yen

	FY2014 2nd quarter results	FY2015 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	62,685	61,060	(2.6%)	(1,625)	
OEM Beverage Production Division	5,531	4,548	(17.8%)	(982)	
Food Production and Sales Division	7,929	9,104	14.8%	1,175	
Adjustment figure (company-wide / elimination)	(386)	(338)	-	48	
Net sales	**75,759**	**74,375**	**(1.8%)**	**(1,383)**	
Beverage Sales Division	1,423	891	(37.3%)	(531)	
OEM Beverage Production Division	711	487	(31.4%)	(223)	
Food Production and Sales Division	350	343	(1.9%)	(6)	
Adjustment figure (company-wide / elimination)	(12)	(8)	-	4	
Operating income	**2,471**	**1,715**	**(30.6%)**	**(756)**	
Non-operating income or expenses	(88)	(169)	-	(81)	
Ordinary income	**2,383**	**1,545**	**(35.1%)**	**(837)**	
Extraordinary income or expenses	-	(39)	-	(39)	
Income before taxes	**2,383**	**1,505**	**(36.8%)**	**(877)**	
Income taxes, etc.	1,189	723	(39.2%)	(466)	
Minority interests	19	3	(84.8%)	(16)	
Quarterly net income	**1,174**	**779**	**(33.6%)**	**(394)**	

■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 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Cash and cash equivalent	47,800	40,120	(16.1%)	(7,679)	
Notes receivable and accounts receivable	13,707	18,808	37.2%	5,100	
Securities	10,316	19,371	87.8%	9,054	
Inventories	7,323	8,421	15.0%	1,097	
Other	2,758	3,148	14.1%	389	
Current assets	81,907	89,869	9.7%	7,962	
Tools, equipment and machinery (net amount)	20,171	21,427	6.2%	1,256	
Lease assets	5,044	4,659	(7.6%)	(384)	
Other (net amount)	9,440	9,287	(1.6%)	(153)	
Tangible fixed assets	34,655	35,374	2.1%	718	
Intangible fixed assets	11,072	10,701	(3.3%)	(370)	
Investment securities	14,589	14,399	(1.3%)	(190)	
Other	5,668	5,580	(1.5%)	(87)	
Investments and other assets	20,257	19,980	(1.4%)	(277)	
Fixed assets	65,986	66,056	0.1%	69	
Assets total	147,894	155,925	5.4%	8,031	

	FY2014 End of term results	FY2015 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Notes payable and accounts payable	16,286	20,634	26.7%	4,347	
Short term loans	6,434	7,254	12.8%	820	
Short term lease obligations	2,438	2,045	(16.1%)	(392)	
Accounts payable	11,052	14,147	28.0%	3,095	
Accrued income taxes	1,237	748	(39.5%)	(489)	
Accrued bonuses	1,013	1,089	7.5%	75	
Accrued bonuses for officers	-	17	-	17	
Other	2,778	2,789	0.4%	10	
Current liabilities	41,240	48,726	18.2%	7,485	
Long term loans	14,076	14,149	0.5%	72	
Long term lease obligations	2,550	2,533	(0.7%)	(17)	
Other	5,292	5,156	(2.6%)	(135)	
Fixed liabilities	21,919	21,839	(0.4%)	(80)	
Liabilities total	63,160	70,565	11.7%	7,405	
Capital stock	1,924	1,924	0.0%	-	
Capital surplus	1,464	1,464	0.0%	-	
Retained earnings	77,800	78,006	0.3%	205	
Treasury stock	(4)	(4)	-	-	
Shareholders equity total	81,184	81,390	0.3%	205	
Total other comprehensive income	1,647	2,115	28.4%	467	
Minority interests	1,901	1,854	(2.5%)	(47)	
Net assets total	84,734	85,360	0.7%	626	
Liabilities / net assets total	147,894	155,925	5.4%	8,031	

3. Details on Sales Increase/Decrease

■Sales results by sectors

Units: millions of yen

	FY2014 2nd quarter results	FY2015 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	35,810	34,467	(3.8%)	(1,342)	
Tea-flavored beverages	8,417	7,576	(10.0%)	(840)	
Carbonated beverages	6,352	6,594	3.8%	242	
Fruit beverages	3,820	3,462	(9.4%)	(357)	
Mineral water types	2,476	3,307	33.6%	831	
Functional beverages	1,281	1,166	(9.0%)	(114)	
Drinkable preparations	922	823	(10.7%)	(98)	
Other beverages	3,605	3,662	1.6%	56	
Total of Beverage Sales Division	**62,685**	**61,060**	**(2.6%)**	**(1,625)**	
Total of OEM Beverage Production Division	**5,162**	**4,230**	**(18.0%)**	**(931)**	
Total of Food Production and Sales Division	**7,911**	**9,084**	**14.8%**	**1,172**	
Total	**75,759**	**74,375**	**(1.8%)**	**(1,383)**	

■Sales results by channels

Units: millions of yen

	FY2014 2nd quarter results	FY2015 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	53,372	51,809	(2.9%)	(1,562)	
Other	9,313	9,250	(0.7%)	(62)	
Total of Beverage Sales Division	**62,685**	**61,060**	**(2.6%)**	**(1,625)**	

4. Volume of Sales Results

■Results for volume of sales by sectors

Units: 1000s of cases

	FY2014 2nd quarter results	FY2015 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	16,038	15,456	(3.6%)	(582)	
Tea-flavored beverages	4,043	3,509	(13.2%)	(533)	
Carbonated beverages	3,380	3,360	(0.6%)	(20)	
Fruit beverages	1,924	1,749	(9.1%)	(174)	
Mineral water types	1,340	1,747	30.3%	406	
Functional beverages	606	548	(9.5%)	(57)	
Drinkable preparations	224	194	(13.1%)	(29)	
Other beverages	1,225	1,085	(11.5%)	(140)	
DyDo DRINCO (non-consolidated) total	**28,783**	**27,652**	**(3.9%)**	**(1,131)**	

■Results for volume of sales by channels

Units: 1000s of cases

	FY2014 2nd quarter results	FY2015 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	24,452	23,250	(4.9%)	(1,202)	
Other	4,331	4,402	1.6%	70	
DyDo DRINCO (non-consolidated) total	**28,783**	**27,652**	**(3.9%)**	**(1,131)**	

5. Main Sales Expenses and Ordinary Management Costs (Consolidated／2nd Quarter)

Units: millions of yen

	FY2014 2nd quarter results	FY2015 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Shipping costs	2,348	2,458	4.7%	110	
Advertising costs	3,264	2,824	(13.5%)	(440)	
Sales promotion costs	11,657	11,923	2.3%	265	
Salary and other allowances	5,558	5,535	(0.4%)	(22)	
Other	16,093	15,314	(4.8%)	(779)	
Main Sales Expenses and Ordinary Managem	**38,923**	**38,056**	**(2.2%)**	**(866)**	

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

*Making Tarami a wholly owned subsidiary in June 2012.

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

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

Units: millions of yen

Fiscal Year	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