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FY2016 1st Quarter Supplementary Material for Financial Results

1. Consolidated Profit and Loss Statements … P.1
2. Consolidated Balance Sheets … P.2
3. Details on Sales Increase/Decrease … P.3
4. Volume of Sales Results … P.3
5. Main Sales Expenses and Ordinary Management Costs (Consolidated／1st Quarter) … P.3
6. Consolidated Highlights … P.4
7. Segment Information … P.5
8. Main Sales Expenses and Ordinary Management Costs (Consolidated) … P.5

DyDo DRINCO, Incorporated

May 30, 2016

1. Consolidated Profit and Loss Statements

■Results

Units: millions of yen

	FY2015 1st quarter results	FY2016 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	27,863	32,358	16.1%	4,494	Five overseas beverage subsidiaries were added to our consolidated accounting.
OEM Beverage Production Division	2,256	2,288	1.4%	32	
Food Production and Sales Division	3,369	3,717	10.3%	347	
Adjustment figure (company-wide / elimination)	(158)	(159)	-	(1)	
Net sales	**33,331**	**38,204**	**14.6%**	**4,873**	
Beverage Sales Division	(819)	(501)	-	317	
OEM Beverage Production Division	254	252	(0.9%)	(2)	
Food Production and Sales Division	(25)	(148)	-	(122)	
Adjustment figure (company-wide / elimination)	(6)	(3)	-	2	
Operating income	**(596)**	**(402)**	**-**	**194**	
Non-operating income or expenses	(105)	(129)	-	(24)	
Ordinary income	**(701)**	**(531)**	**-**	**169**	
Extraordinary income or expenses	-	371	-	371	Negative goodwill* ¥371mil
Income before taxes	**(701)**	**(160)**	**-**	**541**	
Income taxes, etc.	13	215	1552.6%	202	
Net income attributable to non-controlling interests	20	4	(79.4%)	(16)	
Net loss attributable to owners of parent	**(734)**	**(380)**	**-**	**354**	

*The amount of negative goodwill gain has been calculated on a provisional basis according to all reasonable information currently available, as the allocation of the acquisition price has not been completed.

■Full year forecast

Units: millions of yen

	FY2015 Results	FY2016 Forecast	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	124,192	144,200	16.1%	20,007	Five overseas beverage subsidiaries were added to our consolidated accounting.
OEM Beverage Production Division	9,126	9,000	(1.4%)	(126)	
Food Production and Sales Division	17,155	18,270	6.5%	1,114	
Adjustment figure (company-wide / elimination)	(618)	(470)	-	148	
Net sales	**149,856**	**171,000**	**14.1%**	**21,144**	
Beverage Sales Division	3,745	4,020	7.3%	274	
OEM Beverage Production Division	979	700	(28.5%)	(279)	
Food Production and Sales Division	259	280	8.1%	20	
Operating income	**4,988**	**5,000**	**0.2%**	**12**	
Ordinary income	**4,262**	**4,800**	**12.6%**	**538**	
Net income	**2,347**	**2,900**	**23.6%**	**553**	

2. Consolidated Balance Sheets

■Results

Units: millions of yen

	FY2015 End of term results	FY2016 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Cash and cash equivalent	60,294	46,528	△22.8%	△ 13,766	
Notes receivable and accounts receivable	14,580	19,289	32.3%	4,708	
Securities	16,494	14,386	△12.8%	△ 2,108	
Inventories	6,976	9,722	39.4%	2,745	
Other	3,450	4,531	31.3%	1,081	
Current assets	101,797	94,458	△7.2%	△ 7,338	
Tools, equipment and machinery (net amount)	20,570	21,086	2.5%	515	
Lease assets	4,135	3,951	△4.4%	△ 183	
Other (net amount)	9,030	13,855	53.4%	4,824	
Tangible fixed assets	33,737	38,893	15.3%	5,156	Because of increasing of new overseas consolidated subsidiaries
Goodwill	5,407	10,334	91.1%	4,926	Please see Note 1 below.
Other	5,431	6,506	19.8%	1,074	
Intangible fixed assets	10,838	16,840	55.4%	6,001	
Investment securities	12,215	12,369	1.3%	154	
Other	5,109	5,328	4.3%	219	
Investments and other assets	17,324	17,698	2.2%	373	
Fixed assets	61,900	73,432	18.6%	11,532	
Assets total	163,697	167,890	2.6%	4,193	

Note 1: *With regard to Turkish beverage business, goodwill value has been provisionally calculated, as allocation of acquisition costs is not completed.

	FY2015 End of term results	FY2016 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Notes payable and accounts payable	17,664	21,707	22.9%	4,042	
Short term loans	7,997	8,274	3.5%	277	
Short term lease obligations	1,937	1,903	△1.7%	△ 33	
Accounts payable	9,852	11,543	17.2%	1,691	
Accrued income taxes	1,031	171	△83.4%	△ 859	
Accrued bonuses	1,754	1,925	9.8%	171	
Accrued bonuses for officers	1,032	1,731	67.7%	699	
Other	1,762	516	△70.7%	△ 1,246	
Current liabilities	43,032	47,774	11.0%	4,741	
Bonds	15,000	15,000	0.0%	-	
Long term loans	13,661	13,529	△1.0%	△ 132	
Long term lease obligation	2,167	1,975	△8.9%	△ 192	
Other	4,654	4,877	4.8%	223	
Fixed liabilities	35,483	35,382	△0.3%	△ 101	
Liabilities total	78,516	83,156	5.9%	4,640	
Capital stock	1,924	1,924	0.0%	-	
Capital surplus	1,464	1,464	0.0%	-	
Retained earnings	79,076	77,854	△1.5%	△ 1,222	
Treasury stock	△ 4	△ 4	-	-	
Shareholders equity total	82,460	81,238	△1.5%	△ 1,222	
Total other comprehensive income	740	486	△34.3%	△ 254	
Non-Controlling Interest	1,979	3,009	52.0%	1,029	
Net assets total	85,181	84,734	△0.5%	△ 447	
Liabilities / net assets total	163,697	167,890	2.6%	4,193	

3. Details on Sales Increase/Decrease

■Sales results by sectors

Units: millions of yen

	FY2015 1st quarter results	FY2016 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	16,863	18,097	7.3%	1,233	
Tea-flavored beverages	3,467	3,505	1.1%	38	
Carbonated beverages	2,318	2,414	4.2%	96	
Mineral water types	1,107	1,267	14.4%	159	
Fruit beverages	1,395	1,380	△1.1%	△ 15	
Sports Drinks	349	389	11.7%	40	
Drinkable preparations	339	338	△0.5%	△ 1	
Other beverages	2,023	2,075	2.6%	51	
Beverage Sales Division (Existing business)	**27,863**	**29,467**	**5.8%**	**1,604**	
Beverage Sales Division (New consolidated subsidiaries)	**-**	**2,890**	**-**	**2,890**	
Total of Beverage Sales Division	**27,863**	**32,358**	**16.1%**	**4,494**	
Total of OEM Beverage Production Division	**2,114**	**2,147**	**1.5%**	**32**	
Total of Food Production and Sales Division	**3,352**	**3,699**	**10.3%**	**346**	
Total	**33,331**	**38,204**	**14.6%**	**4,873**	

■Sales results by channels

Units: millions of yen

	FY2015 1st quarter results	FY2016 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	23,560	24,805	5.3%	1,245	
Other	4,303	4,662	8.3%	358	
Total of Beverage Sales Division	**27,863**	**29,467**	**5.8%**	**1,604**	

4. Volume of Sales Results

■Results for volume of sales by sectors

Units: 1000s of cases

	FY2015 1st quarter results	FY2016 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	7,529	8,121	7.9%	592	
Tea-flavored beverages	1,610	1,614	0.2%	3	
Carbonated beverages	1,212	1,246	2.8%	33	
Mineral water types	590	657	11.4%	67	
Fruit beverages	697	690	△1.0%	△ 7	
Sports Drinks	165	181	9.6%	15	
Drinkable preparations	79	78	△1.7%	△ 1	
Other beverages	581	597	2.7%	15	
DyDo DRINCO (non-consolidated) total	**12,468**	**13,187**	**5.8%**	**719**	

■Results for volume of sales by channels

Units: 1000s of cases

	FY2015 1st quarter results	FY2016 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	10,396	11,140	7.2%	743	
Other	2,071	2,047	△1.2%	△ 24	
DyDo DRINCO (non-consolidated) total	**12,468**	**13,187**	**5.8%**	**719**	

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

Units: millions of yen

	FY2015 1st quarter results	FY2016 1st quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Shipping costs	1,071	1,399	30.6%	328	
Advertising costs	1,593	1,558	△2.2%	△ 35	
Sales promotion costs	5,496	6,066	10.4%	570	
Salary and other allowances	2,724	2,924	7.3%	200	
Other	7,583	8,495	12.0%	912	Including one-time costs associated with acquisition of Turkish business
Main Sales Expenses and Ordinary Managem	**18,468**	**20,444**	**10.7%**	**1,975**	

6. Consolidated Highlights

Units: millions of yen

Fiscal Year	FY2011	FY2012	FY2013	FY2014	FY2015
Net sales	147,404	148,902	154,828	149,526	149,856
Cost of sales	67,284	67,976	70,553	67,553	68,859
Cost of sales ratio (%)	45.6	45.7	45.6	45.2	46.0
Gross profit margin (%)	54.4	54.3	54.4	54.8	54.0
SG&A expenses to net sales (%)	49.5	49.0	50.6	51.4	50.7
Operating income	7,295	7,934	6,004	5,174	4,988
Operating margin (%)	4.9	5.3	3.9	3.5	3.3
Ordinary income	6,687	7,725	5,962	4,470	4,262
Ordinary margin (%)	4.5	5.2	3.9	3.0	2.8
Net income	2,351	4,410	3,712	2,322	2,347
Profit margin on net sales (%)	1.6	3.0	2.4	1.6	1.6
Earnings per share (yen)	141.91	266.22	224.08	140.16	141.68
Cash flow from operating activities	17,540	16,491	14,764	13,959	14,603
Cash flow from investing activities	(8,274)	(6,704)	(16,580)	3,734	(8,090)
Cash flow from financing activities	(11,016)	(219)	(469)	(2,561)	12,412
Cash and cash equivalent at end of year	19,424	29,051	26,874	42,020	60,898
Total assets	128,550	140,487	146,479	147,894	163,697
Total asset turnover (times)	1.1	1.1	1.1	1.0	0.9
Net assets	74,788	79,097	82,554	84,734	85,181
Capital adequacy ratio (%)	56.9	55.1	55.1	56.0	50.8
Inventories	5,768	6,601	6,270	7,323	6,976
Inventory turnover (times)	24.4	24.1	24.1	22.0	21.0
Current ratio (%)	184.3	165.2	191.2	198.6	236.6
Fixed ratio (%)	74.2	90.1	80.5	79.7	74.4
Total liabilities	53,762	61,390	63,925	63,160	78,516
Debt ratio (%)	73.5	79.3	79.2	76.3	94.4
Net assets per share (yen)	4,416.66	4,670.18	4,872.53	4,999.88	5,022.16
Total dividends	828	994	994	994	994
Dividend per share (yen)	50	60	60	60	60
Dividend payout ratio	35.2	22.5	26.8	42.8	42.3
Numbers of shares outstanding (thousands)	16,568	16,568	16,568	16,568	16,568
Number of employees	2,936	2,916	2,770	2,767	2,887
Net sales per employee	50.20	51.06	55.89	54.04	51.91
Capital expenditure	6,839	16,833	14,376	12,261	10,681
Depreciation expenses	12,350	11,202	12,080	12,343	11,704

7. Segment Information

■Beverage Sales Division

Units: millions of yen

Fiscal Year	FY2011	FY2012	FY2013	FY2014	FY2015
Sales to external customers	137,897	131,671	130,400	124,597	124,192
Segment profit	5,930	6,363	4,578	3,839	3,745
Segment profit margin (%)	4.3%	4.8%	3.5%	3.1%	3.0%
Capital expenditure	-	-	13,741	11,500	9,788
Depreciation expenses	11,683	10,275	10,961	11,287	10,657

■OEM Beverage Production Division

Units: millions of yen

Fiscal Year	FY2011	FY2012	FY2013	FY2014	FY2015
Sales to external customers	9,507	10,612	10,154	9,603	8,548
Segment profit	1,359	1,558	1,227	1,135	979
Segment profit margin (%)	14.3%	14.7%	12.1%	11.8%	11.5%
Capital expenditure	-	-	337	291	298
Depreciation expenses	667	640	530	483	459

■Food Production and Sales Division

Units: millions of yen

Fiscal Year	FY2011	FY2012	FY2013	FY2014	FY2015
Sales to external customers	-	6,617	14,273	15,325	17,115
Segment profit	-	3	205	198	259
Segment profit margin (%)	-	0.0%	1.4%	1.3%	1.5%
Capital expenditure	-	-	297	470	595
Depreciation expenses	-	287	588	572	587
Goodwill amortization value	-	153	306	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

Fiscal Year	FY2011	FY2012	FY2013	FY2014	FY2015
Shipping costs	3,940	4,213	4,607	4,588	4,803
Advertising costs	4,159	6,167	6,697	5,963	5,096
Sales promotion costs	20,103	21,101	23,203	23,126	24,128
Salary and other allowances	11,861	11,526	11,281	11,006	11,143
Other	32,759	29,982	32,480	32,114	30,836
Main Sales Expenses and Ordinary Management Costs	72,824	72,990	78,270	76,798	76,008