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FY2016 2nd Quarter Supplementary Material for Financial Results

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DyDo DRINCO, Incorporated

August 29, 2016

1. Consolidated Profit and Loss Statements

■Results

Units: millions of yen

	FY2015 2nd quarter results	FY2016 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	61,060	72,022	18.0%	10,962	Five overseas beverage subsidiaries were added to our consolidated accounting.
OEM Beverage Production Division	4,548	4,641	2.0%	92	
Food Production and Sales Division	9,104	9,808	7.7%	703	
Adjustment figure (company-wide / elimination)	(338)	(334)	-	3	
Net sales	**74,375**	**86,138**	**15.8%**	**11,762**	
Beverage Sales Division	891	1,475	65.5%	583	
OEM Beverage Production Division	487	508	4.3%	21	
Food Production and Sales Division	343	298	(13.0%)	(44)	
Adjustment figure (company-wide / elimination)	(8)	(3)	-	4	
Operating income	**1,715**	**2,280**	**32.9%**	**564**	
Non-operating income or expenses	(169)	(61)	-	107	
Ordinary income	**1,545**	**2,218**	**43.5%**	**672**	
Extraordinary income or expenses	(39)	626	-	666	Negative goodwill ¥494mil
Income before taxes	**1,505**	**2,844**	**88.9%**	**1,338**	
Income taxes, etc.	723	948	31.1%	225	
Net income attributable to non-controlling interests	3	(28)	-	(31)	
Net income attributable to owners of parent	**779**	**1,925**	**146.9%**	**1,145**	

■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 attributable to owners of parent	**2,347**	**3,500**	**49.1%**	**1,153**	

2. Consolidated Balance Sheets

■Results

Units: millions of yen

	FY2015 End of term results	FY2016 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Cash and cash equivalent	60,294	47,085	(21.9%)	(13,209)	
Notes receivable and accounts receivable	14,580	23,603	61.9%	9,023	
Securities	16,494	14,502	(12.1%)	(1,991)	
Inventories	6,976	10,390	48.9%	3,414	
Other	3,450	4,530	31.3%	1,080	
Current assets	101,797	100,113	(1.7%)	(1,683)	
Tools, equipment and machinery (net amount)	20,570	20,437	(0.6%)	(133)	
Lease assets	4,135	3,668	(11.3%)	(467)	
Other (net amount)	9,030	14,405	59.5%	5,374	
Tangible fixed assets	33,737	38,511	14.2%	4,774	**Because of increasing of new overseas consolidated subsidiaries**
Goodwill	5,407	7,601	40.6%	2,194	Because of increasing of Turkish beverage subsidiaries consolidated subsidiaries
Other	5,431	7,982	47.0%	2,551	
Intangible fixed assets	10,838	15,584	43.8%	4,745	
Investment securities	12,215	11,643	(4.7%)	(571)	
Other	5,109	6,191	21.2%	1,082	
Investments and other assets	17,324	17,834	2.9%	510	
Fixed assets	61,900	71,930	16.2%	10,030	
Assets total	163,697	172,044	5.1%	8,346	

	FY2015 End of term results	FY2016 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Notes payable and accounts payable	17,664	25,848	46.3%	8,183	
Short term loans	7,997	7,835	(2.0%)	(161)	
Short term lease obligations	1,937	1,673	(13.6%)	(263)	
Accounts payable	9,852	11,325	14.9%	1,472	
Accrued income taxes	1,031	1,002	(2.8%)	(28)	
Accrued expenses	1,754	1,818	3.6%	63	
Accrued bonuses	1,032	1,146	11.0%	113	
Other	1,762	1,450	(17.7%)	(312)	
Current liabilities	43,032	52,101	21.1%	9,068	
Bonds	15,000	15,000	0.0%	-	
Long term loans	13,661	13,228	(3.2%)	(433)	
Long term lease obligations	2,167	1,976	(8.8%)	(190)	
Other	4,654	5,258	13.0%	603	
Fixed liabilities	35,483	35,462	(0.1%)	(20)	
Liabilities total	78,516	87,564	11.5%	9,047	
Capital stock	1,924	1,924	0.0%	-	
Capital surplus	1,464	1,464	0.0%	-	
Retained earnings	79,076	80,159	1.4%	1,083	
Treasury stock	(4)	(4)	-	-	
Shareholders equity total	82,460	83,544	1.3%	1,083	
Total other comprehensive income	740	(2,170)	-	(2,910)	
Non-Controlling Interest	1,979	3,106	56.9%	1,126	
Net assets total	85,181	84,480	(0.8%)	(700)	
Liabilities / net assets total	163,697	172,044	5.1%	8,346	

3. Details on Sales Increase/Decrease

■Sales results by sectors

Units: millions of yen

	FY2015 2nd quarter results	FY2016 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	34,467	36,038	4.6%	1,571	
Tea-flavored beverages	7,576	8,003	5.6%	427	
Carbonated beverages	6,594	6,863	4.1%	268	
Mineral water types	3,307	3,458	4.6%	150	
Fruit beverages	3,462	3,217	(7.1%)	(244)	
Sports Drinks	1,166	1,295	11.1%	129	
Drinkable preparations	823	796	(3.2%)	(26)	
Other beverages	3,662	3,805	3.9%	143	
Beverage Sales Division (Existing business)	**61,060**	**63,479**	**4.0%**	**2,419**	
Beverage Sales Division (New consolidated subsidiaries)	**-**	**8,542**	**-**	**8,542**	
Total of Beverage Sales Division	**61,060**	**72,022**	**18.0%**	**10,962**	
Total of OEM Beverage Production Division	**4,230**	**4,327**	**2.3%**	**97**	
Total of Food Production and Sales Division	**9,084**	**9,787**	**7.7%**	**702**	
Total	**74,375**	**86,138**	**15.8%**	**11,762**	

■Sales results by channels

Units: millions of yen

	FY2015 2nd quarter results	FY2016 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	51,809	53,332	2.9%	1,522	
Other	9,250	10,147	9.7%	896	
Total of Beverage Sales Division	**61,060**	**63,479**	**4.0%**	**2,419**	

4. Volume of Sales Results

■Results for volume of sales by sectors

Units: 1000s of cases

	FY2015 2nd quarter results	FY2016 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	15,456	16,276	5.3%	819	
Tea-flavored beverages	3,509	3,724	6.1%	214	
Carbonated beverages	3,360	3,473	3.4%	113	
Mineral water types	1,747	1,808	3.5%	61	
Fruit beverages	1,749	1,600	(8.5%)	(149)	
Sports Drinks	548	608	10.9%	59	
Drinkable preparations	194	186	(4.3%)	(8)	
Other beverages	1,085	1,089	0.4%	4	
DyDo DRINCO (non-consolidated) total	**27,652**	**28,767**	**4.0%**	**1,115**	

■Results for volume of sales by channels

Units: 1000s of cases

	FY2015 2nd quarter results	FY2016 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	23,250	24,304	4.5%	1,054	
Other	4,402	4,462	1.4%	60	
DyDo DRINCO (non-consolidated) total	**27,652**	**28,767**	**4.0%**	**1,115**	

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

Units: millions of yen

	FY2015 2nd quarter results	FY2016 2nd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Shipping costs	2,458	3,318	35.0%	859	
Advertising costs	2,824	3,209	13.6%	385	
Sales promotion costs	11,923	13,039	9.4%	1,116	
Salary and other allowances	5,535	5,919	6.9%	383	
Other	15,314	16,939	10.6%	1,624	Including one-time costs associated with acquisition of Turkish business
Main Sales Expenses and Ordinary Manageme	**38,056**	**42,425**	**11.5%**	**4,369**	

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