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FY2014 3rd Quarter Supplementary Material for Financial Results

1. Consolidated Income 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／3rd 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

November 25, 2014

1. Consolidated Income Statements

■Results

Units: millions of yen

	FY2013 3rd quarter results	FY2014 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	99,036	95,411	(3.7%)	(3,624)	
OEM Beverage Production Division	8,414	8,052	(4.3%)	(361)	
Food Production and Sales Division	11,984	12,751	6.4%	766	
Adjustment figure (company-wide / elimination)	(609)	(528)	-	80	
Net sales	**118,826**	**115,687**	**(2.6%)**	**(3,139)**	
Beverage Sales Division	3,521	3,652	3.7%	131	
OEM Beverage Production Division	968	963	(0.5%)	(5)	
Food Production and Sales Division	632	599	(5.1%)	(32)	
Adjustment figure (company-wide / elimination)	(6)	0	-	6	
Operating income	**5,116**	**5,216**	**2.0%**	**100**	
Non-operating income or expenses	25	(86)	-	(112)	
Ordinary income	**5,142**	**5,129**	**(0.2%)**	**(12)**	
Extraordinary income or expenses	-	-	-	-	
Income before taxes	**5,142**	**5,129**	**(0.2%)**	**(12)**	
Income taxes, etc.	1,785	1,943	8.8%	157	
Minority interests	113	80	(28.7%)	(32)	
Quarterly net income	**3,242**	**3,105**	**(4.2%)**	**(137)**	

■Full year forecast

Units: millions of yen

	FY2013 Results	FY2014 Forecast	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	130,400	130,700	0.2%	299	
OEM Beverage Production Division	10,857	10,200	(6.1%)	(657)	
Food Production and Sales Division	14,299	15,000	4.9%	700	
Adjustment figure (company-wide / elimination)	(728)	(900)	-	(171)	
Net sales	**154,828**	**155,000**	**0.1%**	**171**	
Beverage Sales Division	4,578	4,100	(10.5%)	(478)	
OEM Beverage Production Division	1,227	930	(24.2%)	(297)	
Food Production and Sales Division	205	210	2.4%	5	
Adjustment figure (company-wide / elimination)	(6)	(40)	-	(33)	
Operating income	**6,004**	**5,200**	**(13.4%)**	**(804)**	
Non-operating income or expenses	(41)	(200)	-	(158)	
Ordinary income	**5,962**	**5,000**	**(16.1%)**	**(962)**	
Extraordinary income or expenses	-	-	-	-	
Income before taxes	**5,962**	**5,000**	**(16.1%)**	**(962)**	
Net income	**3,712**	**3,000**	**(19.2%)**	**(712)**	

2. Consolidated Balance Sheets

■Results

Units: millions of yen

	FY2013 End of term results	FY2014 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Cash and cash equivalent	33,498	48,822	45.7%	15,324	
Notes receivable and accounts receivable	14,474	16,059	11.0%	1,585	
Securities	24,425	10,919	(55.3%)	(13,505)	
Inventories	6,270	8,186	30.6%	1,916	
Other	2,835	2,670	(5.8%)	(164)	
Current assets	81,503	86,660	6.3%	5,156	
Tools, equipment and machinery (net amount)	17,426	20,291	16.4%	2,864	
Lease assets	7,368	5,599	(24.0%)	(1,768)	Shift to own-company purchasing of vending machines
Other (net amount)	9,667	9,468	(2.1%)	(198)	
Tangible fixed assets	34,461	35,359	2.6%	897	
Intangible fixed assets	11,709	11,100	(5.2%)	(608)	
Investment securities	12,563	12,238	(2.6%)	(325)	
Other	6,241	6,228	(0.2%)	(12)	
Investments and other assets	18,805	18,467	(1.8%)	(337)	
Fixed assets	64,976	64,926	(0.1%)	(49)	
Assets total	146,479	151,587	3.5%	5,107	

	FY2013 End of term results	FY2014 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Notes payable and accounts payable	16,514	19,068	15.5%	2,554	
Short term loans	4,693	6,147	31.0%	1,453	
Short term lease obligations	4,124	2,742	(33.5%)	(1,382)	
Accounts payable	11,298	11,905	5.4%	606	
Accrued income taxes	1,826	1,315	(28.0%)	(511)	
Accrued expenses	2,012	1,594	(20.7%)	(417)	
Accrued bonuses	1,032	1,699	64.6%	666	
Other	1,120	319	(71.5%)	(801)	
Current liabilities	42,623	44,792	5.1%	2,169	
Long term loans	12,820	13,923	8.6%	1,102	
Long term lease obligations	3,115	2,720	(12.7%)	(395)	
Other	5,365	4,993	(6.9%)	(372)	
Fixed liabilities	21,302	21,637	1.6%	335	
Liabilities total	63,925	66,430	3.9%	2,504	
Capital stock	1,924	1,924	0.0%	-	
Capital surplus	1,464	1,464	0.0%	-	
Retained earnings	76,472	78,583	2.8%	2,111	
Treasury stock	(4)	(4)	-	-	
Shareholders equity total	79,856	81,968	2.6%	2,111	
Total other comprehensive income	866	1,328	53.4%	462	
Minority interests	1,831	1,859	1.5%	28	
Net assets total	82,554	85,156	3.2%	2,602	
Liabilities / net assets total	146,479	151,587	3.5%	5,107	

3. Details on Sales Increase/Decrease

■Sales results by sectors

Units: millions of yen

	FY2013 3rd quarter results	FY2014 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	53,683	53,261	(0.8%)	(422)	
Tea-flavored beverages	14,772	12,827	(13.2%)	(1,944)	
Fruit beverages	9,008	5,746	(36.2%)	(3,262)	
Carbonated beverages	8,607	9,972	15.9%	1,364	
Mineral water types	2,916	4,088	40.2%	1,171	Renewal of miu performing well
Functional beverages	3,039	2,321	(23.6%)	(718)	
Drinkable preparations	1,635	1,435	(12.3%)	(200)	
Other beverages	5,372	5,759	7.2%	386	
Total of Beverage Sales Division	**99,036**	**95,411**	**(3.7%)**	**(3,624)**	
Total of OEM Beverage Production Division	**7,831**	**7,557**	**(3.5%)**	**(273)**	
Total of Food Production and Sales Division	**11,958**	**12,718**	**6.3%**	**759**	
Total	**118,826**	**115,687**	**(2.6%)**	**(3,139)**	

■Sales results by channels

Units: millions of yen

	FY2013 3rd quarter results	FY2014 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	84,766	81,227	(4.2%)	(3,538)	
Other	14,269	14,183	(0.6%)	(86)	
Total of Beverage Sales Division	**99,036**	**95,411**	**(3.7%)**	**(3,624)**	

4. Volume of Sales Results

■Results for volume of sales by sectors

Units: 1000s of cases

	FY2013 3rd quarter results	FY2014 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	24,050	23,819	(1.0%)	(231)	
Tea-flavored beverages	7,228	6,025	(16.6%)	(1,202)	
Fruit beverages	4,515	2,874	(36.4%)	(1,641)	
Carbonated beverages	4,521	5,033	11.3%	511	
Mineral water types	1,550	2,164	39.6%	614	
Functional beverages	1,438	1,074	(25.3%)	(363)	
Drinkable preparations	394	344	(12.7%)	(49)	
Other beverages	1,941	2,034	4.8%	92	
DyDo DRINCO (non-consolidated) total	**45,640**	**43,370**	**(5.0%)**	**(2,270)**	

■Results for volume of sales by channels

Units: 1000s of cases

	FY2013 3rd quarter results	FY2014 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	39,045	36,793	(5.8%)	(2,251)	
Other	6,595	6,577	(0.3%)	(18)	
DyDo DRINCO (non-consolidated) total	**45,640**	**43,370**	**(5.0%)**	**(2,270)**	

5. Main Sales Expenses and Ordinary Management Costs (Consolidated／3rd Quarter)

Units: millions of yen

	FY2013 3rd quarter results	FY2014 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Shipping costs	3,593	3,592	(0.0%)	(1)	
Advertising costs	5,468	4,684	(14.3%)	(783)	
Sales promotion costs	17,563	17,831	1.5%	267	
Salary and other allowances	8,541	8,287	(3.0%)	(254)	
Other	24,248	23,767	(2.0%)	(481)	
Main Sales Expenses and Ordinary Managem	**59,415**	**58,162**	**(2.1%)**	**(1,253)**	

6. Consolidated Highlights

Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Net sales	151,048	151,369	147,404	148,902	154,828
Cost of sales	70,981	68,927	67,284	67,976	70,553
Cost of sales ratio (%)	47.0	45.5	45.6	45.7	45.6
Gross profit margin (%)	53.0	54.5	54.4	54.3	54.4
SG&A expenses to net sales (%)	49.0	50.2	49.5	49.0	50.6
Operating income	6,060	6,539	7,295	7,934	6,004
Operating margin (%)	4.0	4.3	4.9	5.3	3.9
Ordinary income	5,518	5,809	6,687	7,725	5,962
Ordinary margin (%)	3.7	3.8	4.5	5.2	3.9
Net income	705	2,691	2,351	4,410	3,712
Profit margin on net sales (%)	0.5	1.8	1.6	3.0	2.4
Earnings per share (yen)	42.61	162.45	141.91	266.22	224.08
Cash flow from operating activities	19,650	14,911	17,540	16,491	14,764
Cash flow from investing activities	(8,390)	(3,252)	(8,274)	(6,704)	(16,580)
Cash flow from financing activities	(13,539)	(11,964)	(11,016)	(219)	(469)
Cash and cash equivalent at end of year	21,533	21,174	19,424	29,051	26,874
Total assets	125,326	125,497	128,550	140,487	146,479
Total asset turnover (times)	1.2	1.2	1.1	1.1	1.1
Net assets	71,020	73,049	74,788	79,097	82,554
Capital adequacy ratio (%)	55.6	57.0	56.9	55.1	55.1
Inventories	6,190	6,321	5,768	6,601	6,270
Inventory turnover (times)	24.0	24.2	24.4	24.1	24.1
Current ratio (%)	167.8	178.2	184.3	165.2	191.2
Fixed ratio (%)	82.2	79.5	74.2	90.1	80.5
Total liabilities	54,305	52,448	53,762	61,390	63,925
Debt ratio (%)	77.9	73.3	73.5	79.3	79.2
Net assets per share (yen)	4,208.25	4,321.26	4,416.66	4,670.18	4,872.53
Total dividends	828	828	828	994	994
Dividend per share (yen)	50	50	50	60	60
Dividend payout ratio	117.4	30.8	35.2	22.5	26.8
Numbers of shares outstanding (thousands)	16,568	16,568	16,568	16,568	16,568
Number of employees	3,281	3,149	2,936	2,916	2,770
Net sales per employee	46.03	48.06	50.20	51.06	55.89
Depreciation expenses	12,487	12,747	12,350	11,202	12,080
Capital expenditure	1,184	1,481	6,839	16,833	14,376

7. Segment Information

■Beverage Sales Division

Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Sales to external customers	142,400	142,287	137,897	131,671	130,400
Segment profit	-	4,726	5,930	6,363	4,578
Segment profit margin (%)	-	3.3%	4.3%	4.8%	3.5%
Capital expenditure	-	-	-	-	13,741
Depreciation expenses	-	12,240	11,683	10,275	10,961

■OEM Beverage Production Division

Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Sales to external customers	8,647	9,082	9,507	10,612	10,154
Segment profit	-	1,813	1,359	1,558	1,227
Segment profit margin (%)	-	20.0%	14.3%	14.7%	12.1%
Capital expenditure	-	-	-	-	337
Depreciation expenses	-	507	667	640	530

■Food Production and Sales Division

Units: millions of yen

Fiscal Year	FY2009	FY2010	FY2011	FY2012	FY2013
Sales to external customers	-	-	-	6,617	14,273
Segment profit	-	-	-	3	205
Segment profit margin (%)	-	-	-	0.0%	1.4%
Capital expenditure	-	-	-	-	297
Depreciation expenses	-	-	-	287	588
Goodwill amortization value	-	-	-	153	306

*The segment breakdowns for "Profits by segments," "Depreciation expenses," and "Goodwill amortization value" are disclosed from FY2010

*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	FY2009	FY2010	FY2011	FY2012	FY2013
Shipping costs	4,271	4,123	3,940	4,213	4,607
Advertising costs	2,671	3,978	4,159	6,167	6,697
Sales promotion costs	18,811	19,965	20,103	21,101	23,203
Salary and other allowances	13,435	12,804	11,861	11,526	11,281
Other	34,816	35,030	32,759	29,982	32,480
Main Sales Expenses and Ordinary Management Costs	74,006	75,903	72,824	72,990	78,270