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FY2016 3rd Quarter Supplementary Material for Financial Results

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DyDo DRINCO, Incorporated

November 28, 2016

1. Consolidated Profit and Loss Statements

■Results

Units: millions of yen

	FY2015 3rd quarter results	FY2016 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Beverage Sales Division	94,220	110,753	17.5%	16,533	Five overseas beverage subsidiaries were added to our consolidated accounting.
OEM Beverage Production Division	6,881	6,967	1.2%	85	
Food Production and Sales Division	14,151	15,005	6.0%	854	
Adjustment figure (company-wide / elimination)	(497)	(492)	-	4	
Net sales	**114,755**	**132,233**	**15.2%**	**17,478**	
Beverage Sales Division	2,757	3,128	13.4%	370	
OEM Beverage Production Division	727	780	7.3%	53	
Food Production and Sales Division	511	515	0.8%	3	
Adjustment figure (company-wide / elimination)	0	0	-	0	
Operating income	**3,996**	**4,424**	**10.7%**	**428**	
Non-operating income or expenses	(340)	(35)	-	305	
Ordinary income	**3,655**	**4,388**	**20.1%**	**733**	
Extraordinary income or expenses	(39)	1,060	-	1,100	Negative goodwill ¥494mil. The sale of investment in capital of affiliate ¥433mil.
Income before taxes	**3,615**	**5,448**	**50.7%**	**1,833**	
Income taxes, etc.	1,646	1,581	(3.9%)	(64)	
Net income attributable to non-controlling interests	48	78	62.0%	30	
Net income attributable to owners of parent	**1,920**	**3,788**	**97.3%**	**1,867**	

■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 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Cash and cash equivalent	60,294	49,107	(18.6%)	(11,187)	
Notes receivable and accounts receivable	14,580	20,533	40.8%	5,953	
Securities	16,494	13,601	(17.5%)	(2,893)	
Inventories	6,976	9,271	32.9%	2,294	
Other	3,450	3,812	10.5%	362	
Current assets	101,797	96,326	(5.4%)	(5,470)	
Tools, equipment and machinery (net amount)	20,570	19,590	(4.8%)	(980)	
Lease assets	4,135	3,345	(19.1%)	(790)	
Other (net amount)	9,030	13,750	52.3%	4,719	
Tangible fixed assets	33,737	36,685	8.7%	2,948	**Because of increasing of new overseas consolidated subsidiaries.**
Goodwill	5,407	7,324	35.5%	1,917	Because of increasing of Turkish beverage subsidiaries consolidated subsidiaries.
Other	5,431	7,654	40.9%	2,223	
Intangible fixed assets	10,838	14,979	38.2%	4,141	
Investment securities	12,215	11,583	(5.2%)	(631)	
Other	5,109	5,903	15.5%	793	
Investments and other assets	17,324	17,487	0.9%	162	
Fixed assets	61,900	69,153	11.7%	7,252	
Assets total	163,697	165,479	1.1%	1,781	

	FY2015 End of term results	FY2016 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Notes payable and accounts payable	17,664	23,490	33.0%	5,826	
Short term loans	7,997	7,391	(7.6%)	(606)	
Short term lease obligations	1,937	1,524	(21.3%)	(412)	
Accounts payable	9,852	10,027	1.8%	175	
Accrued income taxes	1,031	1,105	7.2%	74	
Accrued expenses	1,754	1,768	0.8%	14	
Accrued bonuses	1,032	1,782	72.6%	749	
Other	1,762	521	(70.4%)	(1,241)	
Current liabilities	43,032	47,612	10.6%	4,579	
Bonds	15,000	15,000	0.0%	-	
Long term loans	13,661	11,216	(17.9%)	(2,445)	
Long term lease obligations	2,167	1,790	(17.4%)	(376)	
Other	4,654	5,167	11.0%	512	
Fixed liabilities	35,483	33,174	(6.5%)	(2,309)	
Liabilities total	78,516	80,786	2.9%	2,269	
Capital stock	1,924	1,924	0.0%	-	
Capital surplus	1,464	1,464	0.0%	-	
Retained earnings	79,076	81,525	3.1%	2,449	
Treasury stock	(4)	(4)	-	-	
Shareholders equity total	82,460	84,910	3.0%	2,449	
Total other comprehensive income	740	(3,306)	-	(4,047)	
Non-Controlling Interest	1,979	3,090	56.1%	1,110	
Net assets total	85,181	84,693	(0.6%)	(487)	
Liabilities / net assets total	163,697	165,479	1.1%	1,781	

3. Details on Sales Increase/Decrease

■Sales results by sectors

Units: millions of yen

	FY2015 3rd quarter results	FY2016 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	52,105	53,709	3.1%	1,603	
Tea-flavored beverages	11,956	12,577	5.2%	620	
Carbonated beverages	10,152	10,533	3.8%	381	
Mineral water types	5,620	5,783	2.9%	162	
Fruit beverages	5,233	5,158	(1.4%)	(74)	
Sports Drinks	2,226	2,369	6.4%	142	
Drinkable preparations	1,316	1,275	(3.1%)	(40)	
Other beverages	5,608	5,874	4.7%	265	
Beverage Sales Division (Existing business)	**94,220**	**97,281**	**3.2%**	**3,060**	
Beverage Sales Division (New consolidated subsidiaries)	**-**	**13,472**	**-**	**13,472**	
Total of Beverage Sales Division	**94,220**	**110,753**	**17.5%**	**16,533**	
Total of OEM Beverage Production Division	**6,421**	**6,513**	**1.4%**	**92**	
Total of Food Production and Sales Division	**14,113**	**14,966**	**6.0%**	**852**	
Total	**114,755**	**132,233**	**15.2%**	**17,478**	

■Sales results by channels

Units: millions of yen

	FY2015 3rd quarter results	FY2016 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	79,835	81,827	2.5%	1,991	
Other	14,385	15,454	7.4%	1,068	
Total of Beverage Sales Division	**94,220**	**97,281**	**3.2%**	**3,060**	

4. Volume of Sales Results

■Results for volume of sales by sectors

Units: 1000s of cases

	FY2015 3rd quarter results	FY2016 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Coffee beverages	23,325	24,384	4.5%	1,058	
Tea-flavored beverages	5,471	5,771	5.5%	300	
Carbonated beverages	4,968	5,143	3.5%	175	
Mineral water types	2,914	2,989	2.6%	74	
Fruit beverages	2,590	2,547	(1.7%)	(43)	
Sports Drinks	1,014	1,086	7.1%	72	
Drinkable preparations	309	296	(4.1%)	(12)	
Other beverages	1,745	1,707	(2.2%)	(37)	
DyDo DRINCO (non-consolidated) total	**42,340**	**43,927**	**3.7%**	**1,587**	

■Results for volume of sales by channels

Units: 1000s of cases

	FY2015 3rd quarter results	FY2016 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Vending machine channels	35,659	37,107	4.1%	1,447	
Other	6,680	6,820	2.1%	139	
DyDo DRINCO (non-consolidated) total	**42,340**	**43,927**	**3.7%**	**1,587**	

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

Units: millions of yen

	FY2015 3rd quarter results	FY2016 3rd quarter results	Year on year Difference (%)	Year on year Difference (amount)	Comment
Shipping costs	3,758	5,139	36.7%	1,380	
Advertising costs	4,077	4,986	22.3%	909	
Sales promotion costs	18,508	20,110	8.7%	1,601	
Salary and other allowances	8,336	8,901	6.8%	564	
Other	22,914	25,354	10.7%	2,440	Including one-time costs associated with acquisition of Turkish business.
Main Sales Expenses and Ordinary Manageme	**57,594**	**64,493**	**12.0%**	**6,898**	

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