

Center of Deliciousness, Foremost Reassurance.

Financial Results for Q2 2024



LIFEDRINK COMPANY

November 10, 2023



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Our Key Figures:Q2 YTD FY2024

Production quantity*1

33

Million cases*2

(YoY +17%)



Revenue

20.4

Billion yen

(YoY +34%)



Operating Profit

2.9

Billion yen

(YoY +72%)



Executive Summary : Q2 YTD FY2024

Increase Production, Revenue & Operating Profit

- Increased production volume (+17% YoY) due to investments to increase production capacity at existing factories and additional production volume of Nitto Beverage.
- Revenue increased (+34% YoY) due to securing sales channels in response to increased production volume, passing the part of the increase in raw material and utility costs on to the price and adding Nitto Beverage's sales.
- Increased Operating Profit (+72% YoY) as higher sales and cost reductions/improved productivity covered higher raw material costs and utility costs.

Upward revision to our full year forecast and forecast of dividends

- Based on the results for the first half year and outlook for the second half year, we made an upward revision to our full year forecast. (The revenue forecast is 37 BN(+1.8BN) and operating profit is 4.6 BN(+0.8BN)).
- Raised dividend in the current fiscal year from 30 to 35 yen per share.

Initiative Progress

- The construction of Gotemba factory has started. Proceeding without major schedule delay for operation in the first half of CY2024.
- Our activities for creating synergy with Nitto Beverage progressing well. For example, optimization procurement, bringing the capital investment into shape, starting to sale some products planned and developed by Nitto Beverage on LD online store(EC), and so on.

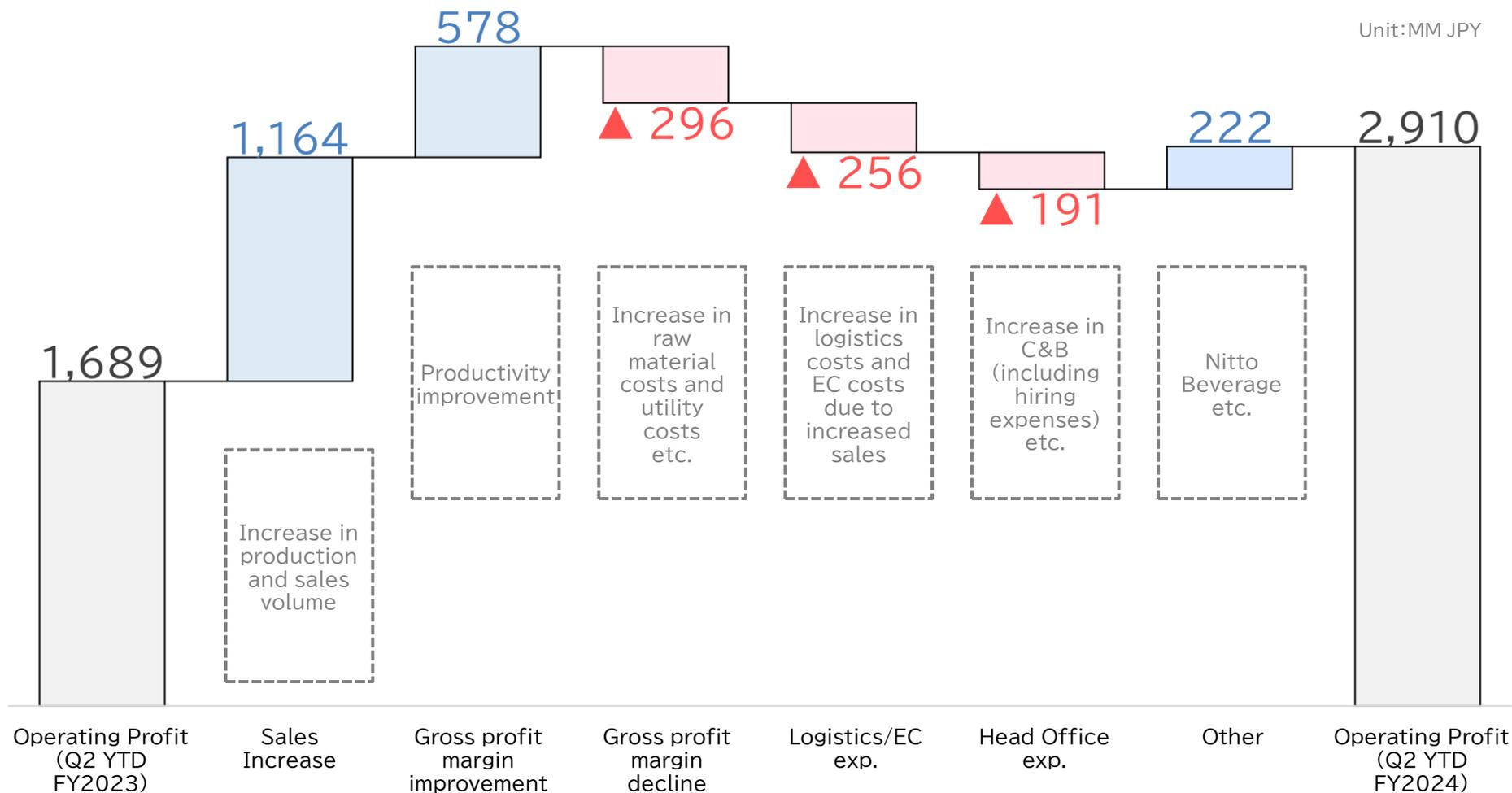
Financial Result : Q2 YTD FY2024

Increased production*1 (+17%YoY) contributed to an increase in sales of 5.1BN (+34%). Operating Profit increased (+72%) as higher sales and cost reduction measures covered various cost increases.

Unit:MM(JPY)	FY2023 (Q2 YTD)	FY2024 (Q2 YTD)	Variance (YoY)	YoY%
Revenue	15,282	20,460	+5,177	+34%
Operating Profit (%)	1,689 (11.1%)	2,910 (14.2%)	+1,221 (+3.2%pt)	+72%
Profit (%) (EPS)	1,149 (7.5%) (90.78yen)	1,973 (9.6%) (151.95yen)	+823 (2.1%pt) (61.17yen)	+72%
EBITDA (%)	2,231 (14.6%)	3,467 (16.9%)	+1,236 (+2.3%pt)	+55%

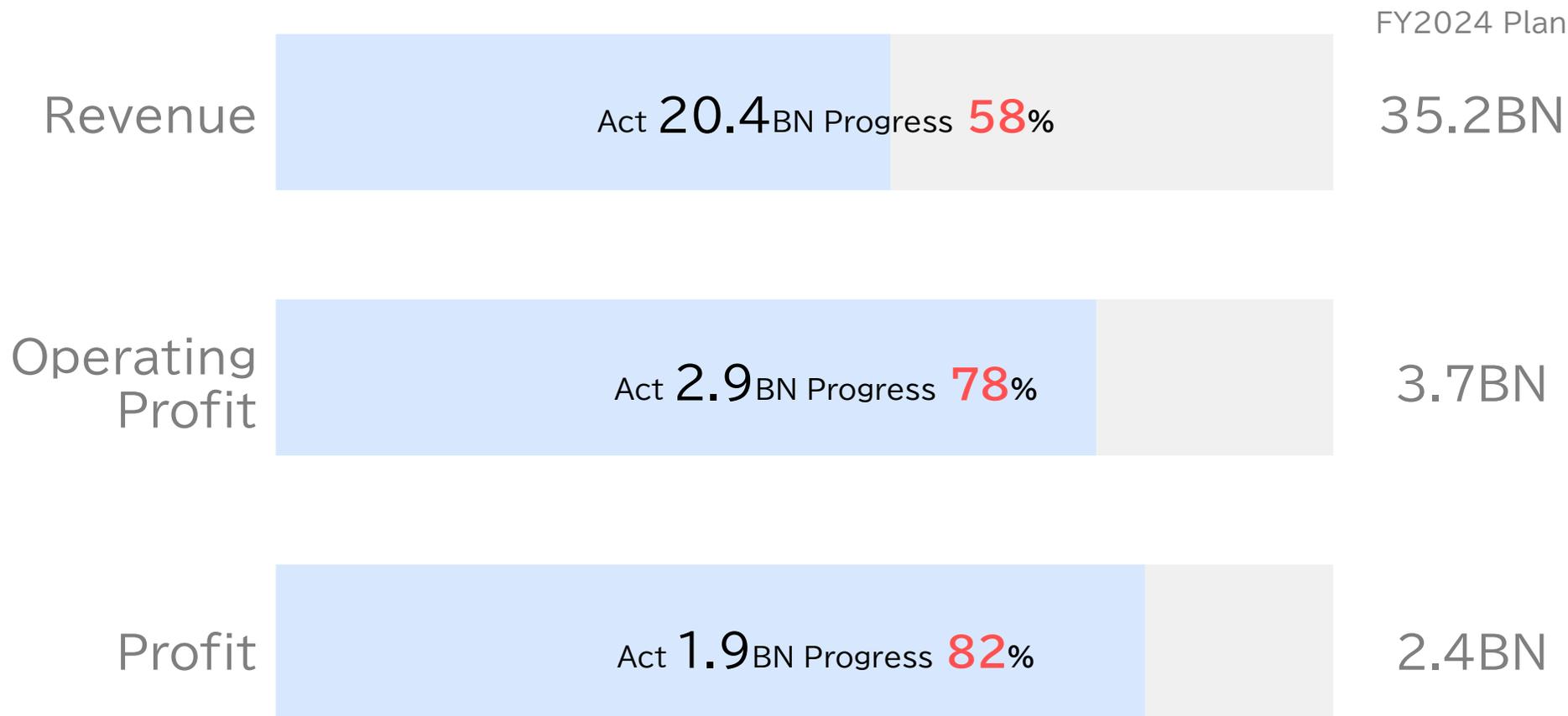
Operating Profit Bridge: Q2 YTD FY2024

Increased costs(raw material and utility) were covered by increased higher revenue and productivity improvements/cost reductions, and operating profit was 1.2 BN compared to the previous year gain.



Performance Progress: Q2 YTD FY2024

The rate of progress against the FY2024 forecast is 58% for revenue and 78% for operating profit.

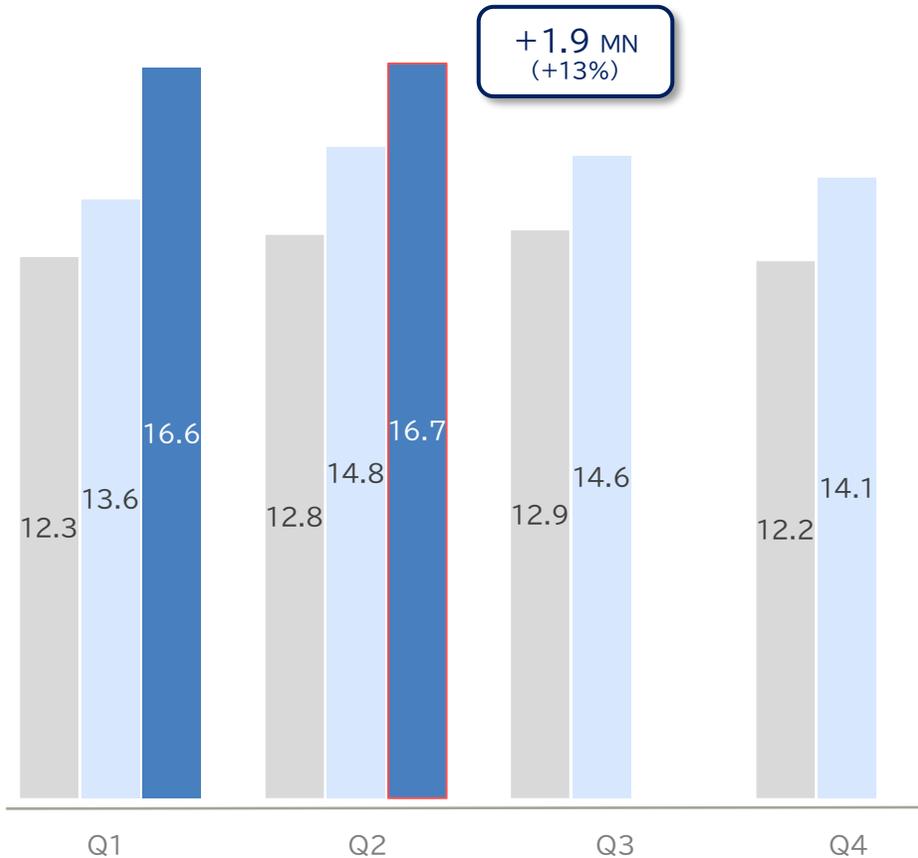


(Reference) Quarterly performance trends ①

■ FY2022
■ FY2023
■ FY2024

Unit: Million cases*1

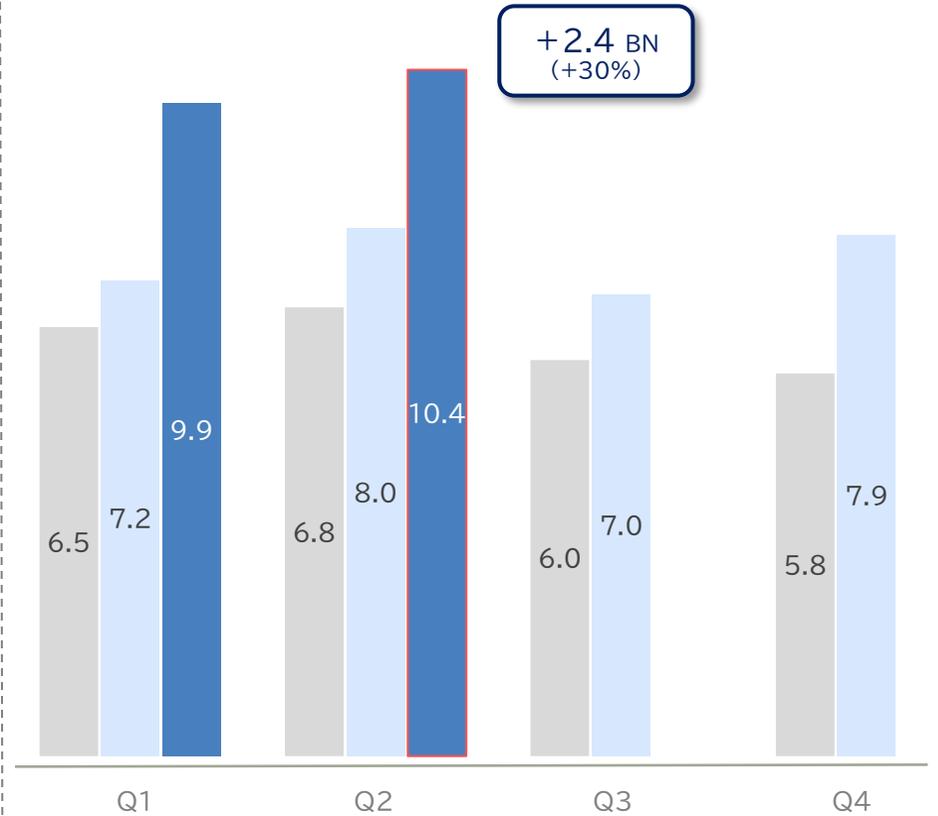
Production quantity



■ FY2022
■ FY2023
■ FY2024

Unit: BN JPY

Revenue

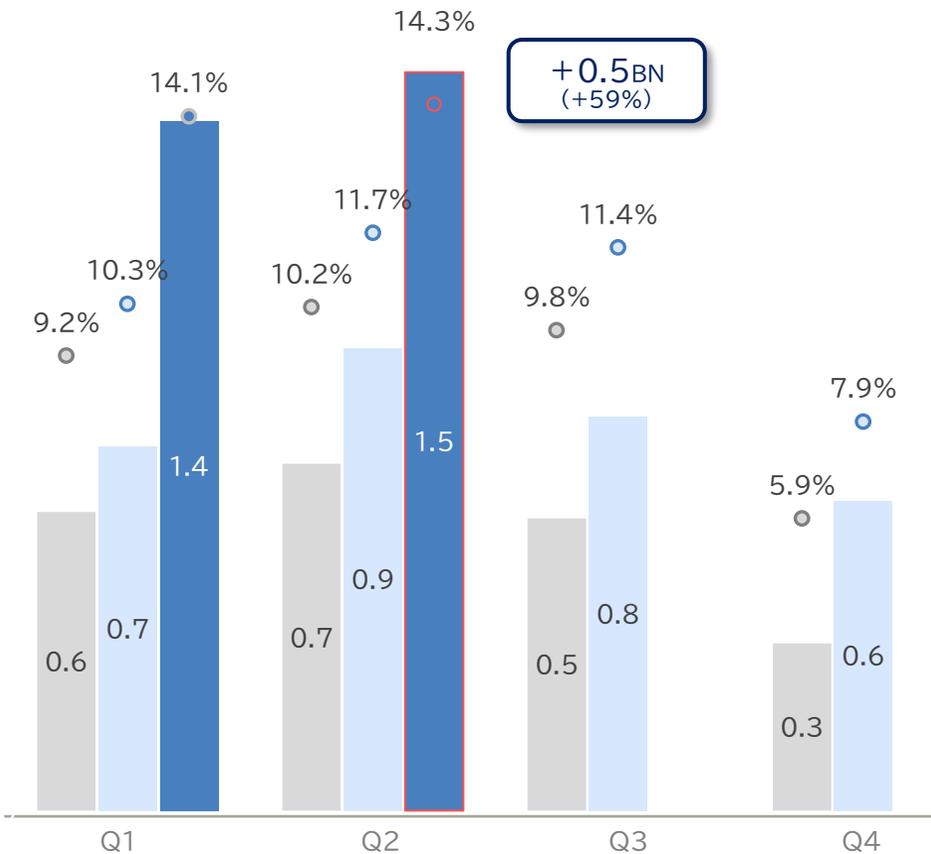


(Reference) Quarterly performance trends ②

■ FY2022
■ FY2023
■ FY2024

Unit:BN JPY

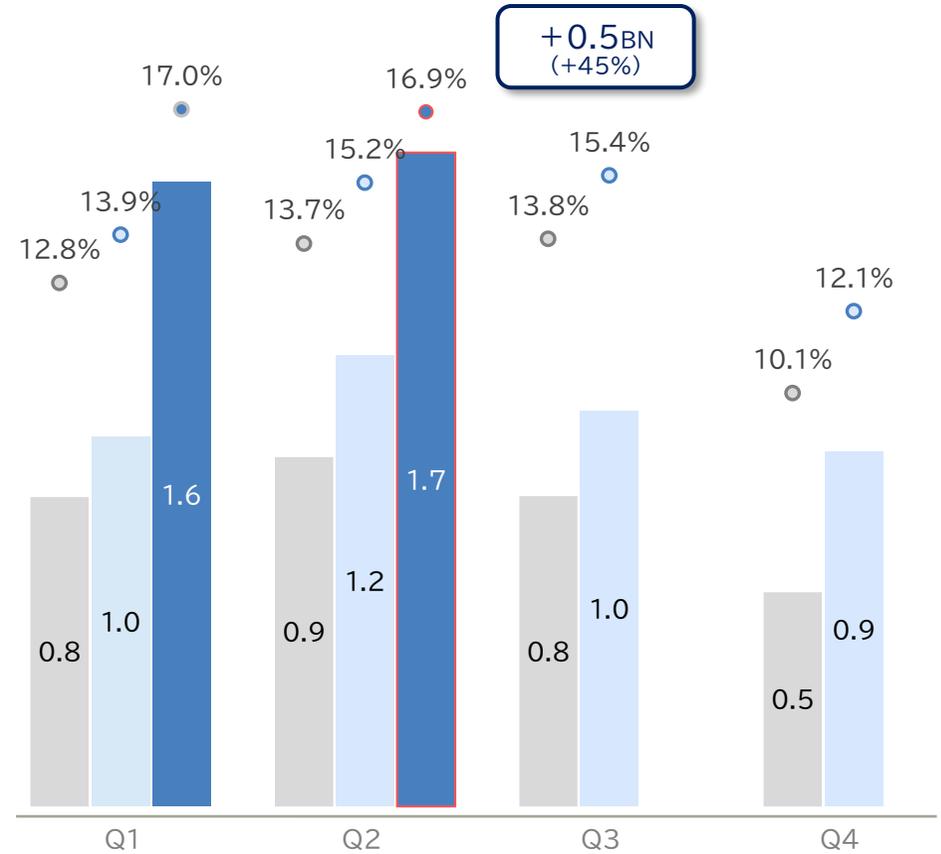
Operating Profit/%



■ FY2022
■ FY2023
■ FY2024

Unit:BN JPY

EBITDA/%



Balance Sheet: Q2 FY2024

Relating to Gotemba factory, Fix Assets increased due to capital investments. Even though Net debt increased for this investments, Net debt EBITDA ratio improved by 0.1xpt owing to increasing in profitability.

Unit:MM(JPY)	FY2023(YE)		FY2024(Q2)		
	Amount	%	Amount	%	Variance
Current Assets	10,905	49%	10,707	42%	▲197
(Cash and deposits)	4,326	20%	2,529	10%	▲1,797
Non-current Assets	11,260	51%	14,638	58%	+3,377
Total Assets	22,165	100%	25,345	100%	+3,179
Current Liabilities	8,397	38%	6,966	27%	▲1,431
Non-current liabilities	5,610	25%	8,262	33%	+2,651
(Interest-bearing debt)	9,717	44%	9,095	36%	▲621
Total Liabilities	14,007	63%	15,228	60%	+1,220
Net Assets	8,157	37%	10,117	40%	+1,959
Total Liabilities and net assets	22,165	100%	25,345	100%	+3,179
【Reference】 (Net debt EBITDA ratio)*1	1.3x	-	1.2x	-	-

Cash flow: Q2 YTD FY2024

Operating cash flow income increased by 0.4BN due to increased profits. In addition, investment for growth (related to Gotemba factory, and so on) were carried out.

Unit:MM JPY	FY2023 (Q2 YTD)	FY2024 (Q2 YTD)	Variance
Cash flow from Operating activities	1,743	2,183	+439
Cash flow from Investing activities	▲1,616	▲ 3,301	▲ 1,684
(PP&E and intangible assets)*1	▲1,632	▲ 3,302	▲1,670
Free cash flow*2	126	▲ 1,118	▲ 1,244
Cash flow from Financing activities	▲1,495	▲ 695	+800
(Change in interest- bearing debt)	▲1,175	▲ 318	+857
(Dividend payment)	▲320	▲ 363	▲42
Cash and cash equivalents	2,532	2,529	▲3

Major capital investment progress: Q2 YTD FY2024

Major capital investment in FY2024 is Gotemba factory. For example, the expense for the real estate for Gotemba factory, advance payment of the construction of a new factory and warehouse, and so on.

Purpose	Factory	Investment(MM JPY)				Purpose
		Total Amount	FY2022 Payment	FY2023 Payment	FY2024 Payment	
Increased production	OWS	58	20	-	-	Completed(FY2022)
	TCG	135	72	-	-	Completed(FY2022)
	MNO	125	125	-	-	Completed(FY2022)
	YAS	270	270	-	-	Completed(FY2022)
	IWT	90	60	30	-	Completed(FY2022)
	ZAO	190	122	68	-	Completed(FY2022)
	GTB	9,440	8	820	3,617	To be Completed (FY2024)
Increased production & Labor saving	FJI	553	76	477	-	Completed(FY2023)
Labor saving	7 factories	420	270	64	-	Completed(FY2023)
Logistics saving	TCG	1,615	714	856	-	Completed(FY2023)
Nitto Beverage*1		2,116	-	2,116	-	Completed(FY2023)
Total		15,012	1,737	4,431	3,617	

*1: Acquisition price of Nitto Beverage shares and real estate for Nitto Beverage business

Q2 FY2024 Topics: EC business initiatives

Nitto Beverage product lineup are released sequentially on LD online store. Our main EC brand “ZAO SODA” won the 1st prize in the Drink genre at Rakuten Half-Term RANKING 2023.

Nitto Beverage EC products

- Aya-cha series:barley tea, green tea(Label-less)*1



- Foods with Function Claims:black oolong tea



Contains rosehip-derived tiliroside as a functionally-indicated ingredient, helps reduce the body fat of those with a high BMI.

Award

ZAO SODA

- Rakuten Half-Term RANKING 2023*2
Drink genre No.1



*1:Aya-cha (green tea) is manufactured in not only Nitto Beverage but also other factories.

*2:Sales ranking for the all items are sold at Rakuten in the first half year(Calculated from October 21st 2022 to April 20th 2023)

Upward revision: FY2024

Based on the results for the first half year went beyond expectations and outlook demand growth for the second half year, we made an upward revision to our full year forecast. The revenue forecast is 37 BN and operating income is 4.6 BN.

Unit: MM(JPY)	Previous Forecast (Consolidation)	Revised Forecast (Consolidation)	Gap	(Reference) Progress Q2 YTD
Revenue	35,200	37,000	+1,800	55%
Operating Profit	3,750	4,600	+850	63%
(%)	(10.7%)	(12.4%)	(+1.8%pt)	
Profit	2,400	2,980	+580	66%
(%)	(6.8%)	(8.1%)	(+1.2%pt)	
(EPS)	(185.00yen)	(229.25yen)	(44.25yen)	
EBITDA	4,750	5,600	+850	62%
(%)	(13.5%)	(15.1%)	(+1.6%pt)	
(DPS)	30.00yen	35.00yen	+5.00yen	

Point

- The results for the first half year went beyond expectations
 - ✓ An increase in sales volumes due to a lot of orders
 - ✓ Post Merger Integration with Nitto Beverage progressing well
- Upward revision to the second half year
 - ✓ Outlook for continued strong orders
- DPS: revised dividend based on upward revision to full year forecast

Appendix)

Lifedrink company

Introduction

About us

Our head office is located in Osaka, and our main business is the drink and leaf business that manufactures and sells Mineral water, tea, and carbonated drinks.

Issuer	LIFEDRINK COMPANY, INC. (“LDC”)
President and CEO	Kuniaki Okano
Founded	1950 (Established:1972)
Head office	Osaka-shi, Osaka
Business	<ul style="list-style-type: none">• Drinks / Leaves Business<ul style="list-style-type: none">– Mineral water, tea, carbonated drinks, and tea leaf products
Offices & Plants	<ul style="list-style-type: none">• Head Office: Osaka, Branch Office: Tokyo• 9 Factories• Consolidated subsidiary: Nitto Beverage
Number of Employees*1	686 (as of Sep 2023)
Other	<ul style="list-style-type: none">• Tokyo Stock Exchange Prime Market (Securities Code: 2585)

Corporate Philosophy

Based on our corporate philosophy, “Center of Deliciousness, Foremost Reassurance”, we conduct according to action guidelines, “Only what you want your loved ones to drink”.

**Center of Deliciousness,
Foremost Reassurance**

To “always” be close to our customers
from babies to the elderly,

We pursue “standard of deliciousness” and “reliable safety”

and

We provide products with taste and quality
that can be chosen in all aspects of daily life,
from waking up in the morning
to going to sleep at night

Our History

Our company is 51 years of establishment. Listed on the prime market(Tokyo Stock Exchange) in June 2023.

• Soji Tanaka incorporated Ryokkaen (tea wholesaler), founded by Tanaka Tane in 1950, and established **Asamiya** in 1972



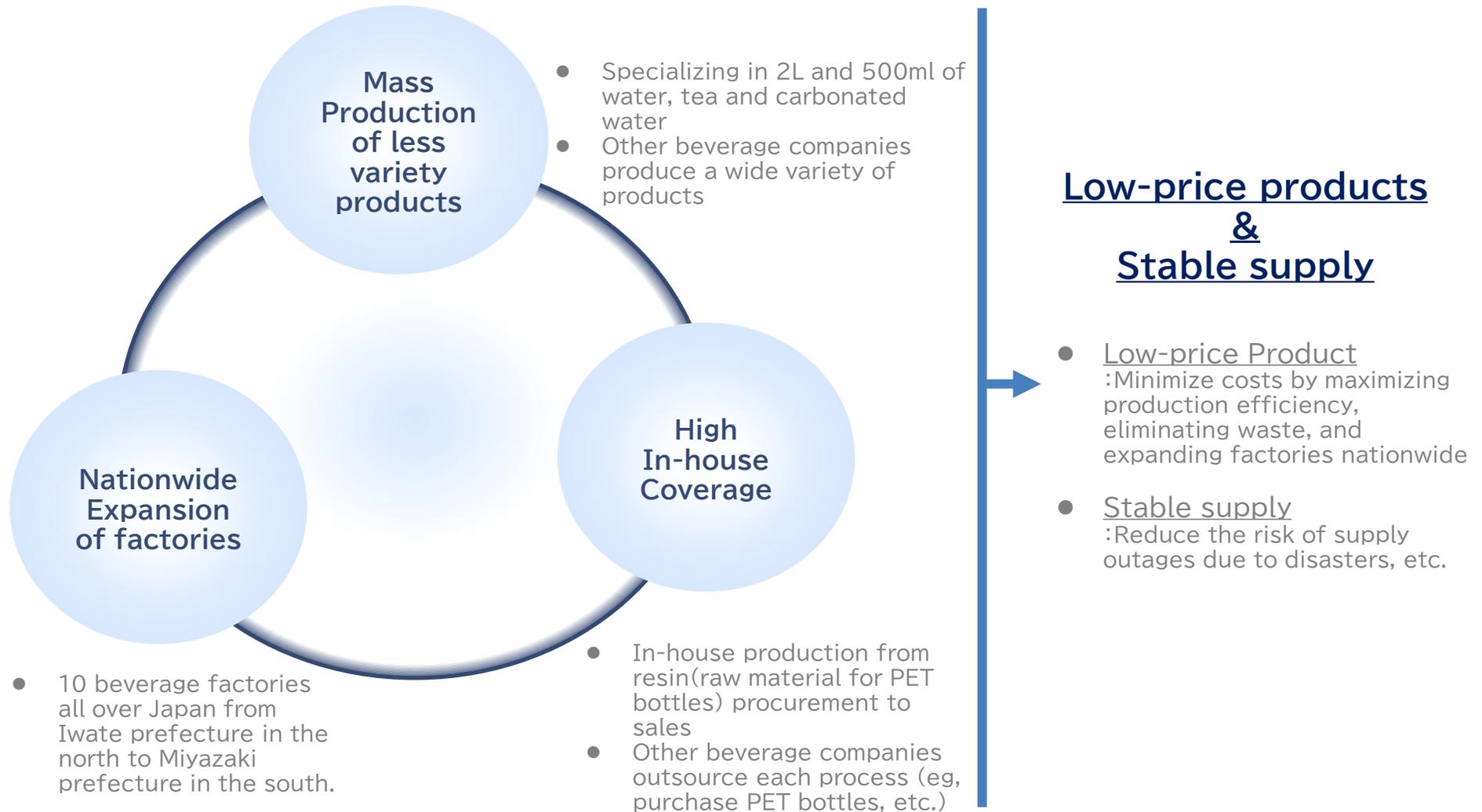
2015	<ul style="list-style-type: none"> Formed a capital and business alliance with Sunrise Capital, sub-advised by CLSA Capital Partners Japan
2016	<ul style="list-style-type: none"> Established the Fuji Meisui Ashikaga factory (currently the Tochigi factory)
2017	<ul style="list-style-type: none"> Changed the company name to Life Drink Company LIFEDRINK COMPANY Sold Yamachu Unyu (transportation business)
2019	<ul style="list-style-type: none"> Sold Aquapia (ice business) Sold solar power business
2020	<ul style="list-style-type: none"> Opened an online store on Rakuten Ichiba and started selling ZAOSODA Liquidation of Hokusei Menpun (dried noodles and instant noodles)
2021	<ul style="list-style-type: none"> Listed on the Second Section of the Tokyo Stock Exchange
2023	<ul style="list-style-type: none"> Acquired Nitto Beverage Sold the sauce business (Ibaraki Factory) Listed on the “prime market” of the Tokyo Stock Exchange



2001	<ul style="list-style-type: none"> Acquired Seihou Beverage (currently the Minou Plant) for tea beverages business 	2008	<ul style="list-style-type: none"> Established Yuasa Meisui Corporation (currently the Yuasa Plant) Acquired Higashi Choco for chocolate business (withdrew from chocolate business in 2013, liquidation completed in 2017)
2002	<ul style="list-style-type: none"> Acquired Miyama Meisui (currently the Miyama Plant) 	2010	<ul style="list-style-type: none"> Established Fuji Meisui Corporation (currently the Fuji Plant) Acquired Popeye Food Industries (currently the Ibaraki Plant) for seasonings (sauces) business
2004	<ul style="list-style-type: none"> Acquired Iwate Soy Sauce (now Iwate Plant) (withdrew from soy sauce business in 2018) Acquired Daikokuya for rice crackers business (merged with Higashi Choco in 2009, liquidation completed in 2014) Established the Shizuoka Plant for canned coffee business 	2011	<ul style="list-style-type: none"> Acquired Hokusei Menpun for dried noodles and instant noodles business Acquired Fujiko for frozen noodles business
2005	<ul style="list-style-type: none"> Acquired Aquapia for ice business 	2012	<ul style="list-style-type: none"> Acquired Yamachu Unyu for transportation business
2006	<ul style="list-style-type: none"> Established Owase Meisui (currently the Owase Plant) 	2013	<ul style="list-style-type: none"> Acquired Tohoku Beverage (currently the Zao Plant) for carbonated water business

Our features and strengths

Have the advantage of "low-price products" & "stable supply" through "mass production of less varieties," "High in-house coverage," and "nationwide expansion of factories."



Our features and strengths(Mass Production of less variety products)

The liquid type is water, tea, carbonated water, and the capacity is concentrated in 2L / 500ml. Achieves minimization of waste in each process



Natural mineral water
500ml/ 2L



Carbonated water ZAO SODA
for EC 500ml



Green tea
500ml/ 2L

Oolong tea
500ml/ 2L



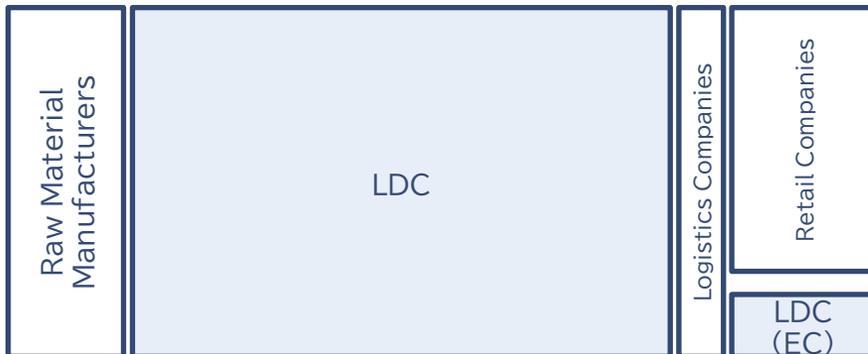
Natural mineral water
for EC 500ml/ 2L

Green tea
for EC 500ml

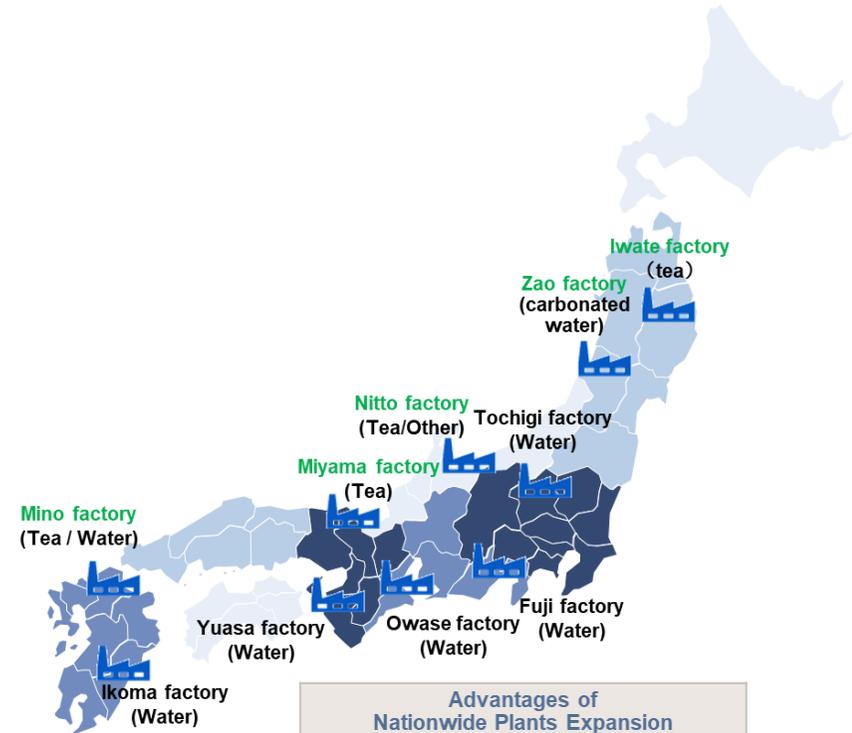
Our features and strengths (In-house/Nationwide Expansion of factories)

In-house production mainly reduces manufacturing costs, and nationwide expansion of factories reduces distribution costs.

In-house production from procurement to sales



Nationwide Expansion of factories



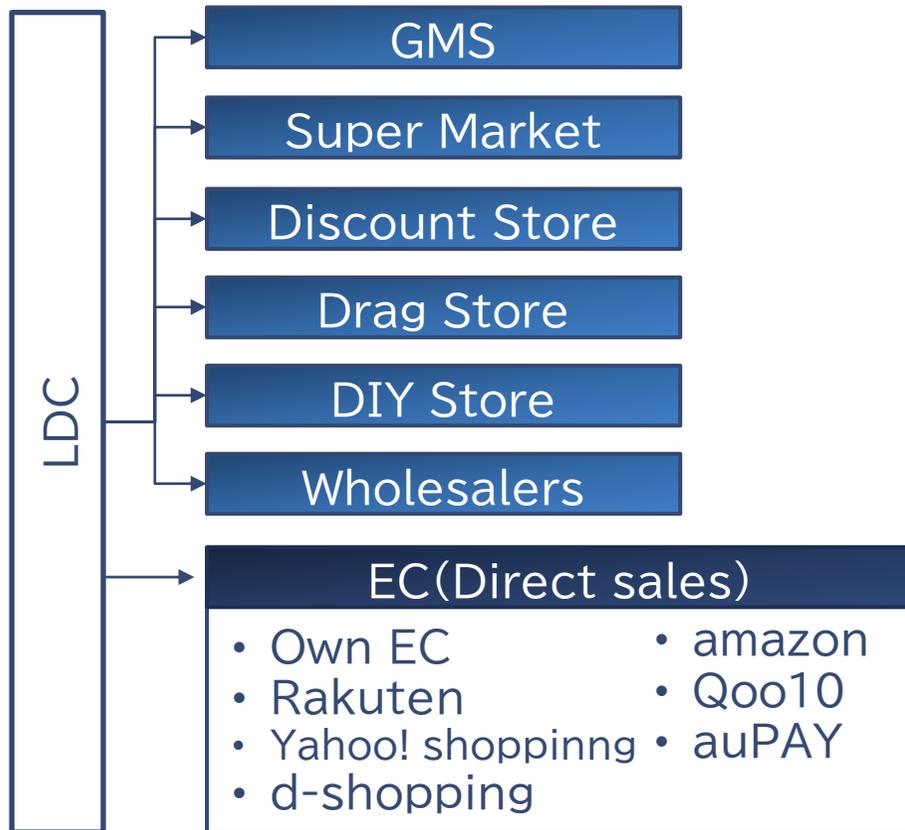
Advantages of Nationwide Plants Expansion

- **Cost competitiveness by reducing logistics costs** through "local production for local consumption"
- Expand relationships with major retail companies expanding nationwide by **nationwide stable supply**
- **Reduce the risk of supply interruptions** due to natural disasters

Our Sales Channels

Build relationships with major retailers in each channel. EC is steadily expanding, such as winning the first place in the Rakuten annual ranking overall.

Strong partnership with retailers



Expansion of direct channels through EC deployment

Main product (for EC only)

“ZAO SODA” Carbonated Water

Rakuten Annual Ranking 2021*1

1st overall

“Ayamizu” Natural mineral water

“Ayacha” green tea, barley tea

Foods with Function Claims black oolong tea

Med-term plan outline

Aim to improve our corporate value by “evolving and deepening max production and max sales”, improving and acquiring productivity, and taking on the challenge of the EC/D2C model.

**Evolution and deepening of max production and max sales
=Increase/acquire production capacity**

- Increase production capacity by updating and improving facilities at existing plants
- Acquiring production capacity by constructing a new factory
- Acquisition of production capacity through M&A

Productivity

- Review the location of the logistics center
- Improve logistics efficiency

Challenge to EC/D2C model

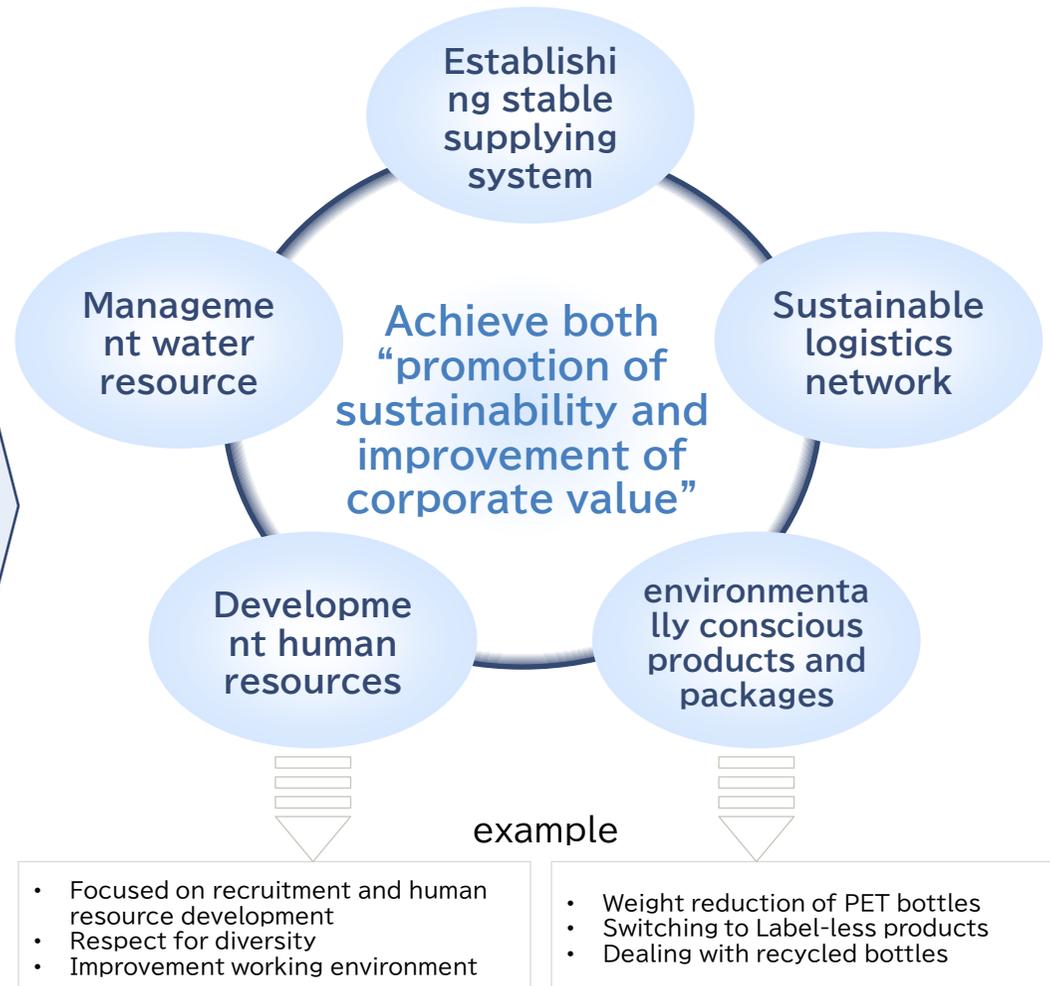
- Expansion of products and services sold at the LDC online store

Our sustainability policy and materiality

Based on our Sustainability Policy, Aim to achieve both “promotion of sustainability and improvement of corporate value” from a long-term perspective.

Sustainability Policy

Fulfill our social responsibility that support consumer’s life and infrastructure continuously through stable supplying high quality and reliable safety beverages and foods.



LIFEDRINK COMPANY