

Center of Deliciousness, Foremost Reassurance.

## Financial Results for Q2 2025



LIFEDRINK COMPANY

November 13, 2024



# Executive Summary: Q2 FY2025

## (FY2025) Increased production • Revenue & Profit

- Production volume increased by 13% (YoY) due to improved operating rates at LDC's existing factories, increased capacity at Nitto Beverage, and the start of production at the Gotemba factory.
- Sales increased by 17% (YoY) due to securing customers in response to increased production volume and price revisions in response to increased costs.
- The increase in fixed costs at Gotemba factory, M&A expenses, personnel costs and labor costs was compensated for by higher revenue, leading to a 5% increase in operating profit.

## Initiatives Progress Generally Progressing Well

- Gotemba factory, which started operations in April 2024, achieved full production in the first half as planned.
- Nitto Beverage has decided to expand its water beverage line following capital investment aimed at improving in-house production rate, which is scheduled to be completed in the fiscal year ending March 2025.
- PMI for O Beverage, which started operations in June 2024, is progressing smoothly.
- As a new M&A project, a water production business acquisition agreement was concluded on November 13, 2024.

## 1. Q2 FY2025 Performance

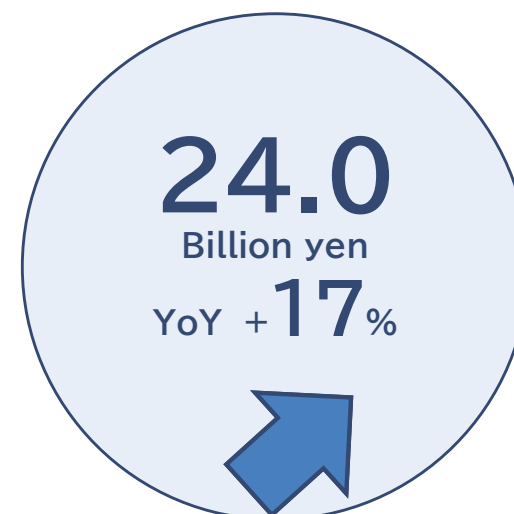
2.(Reference) Company Introduction

# Highlights : Q2 FY2025

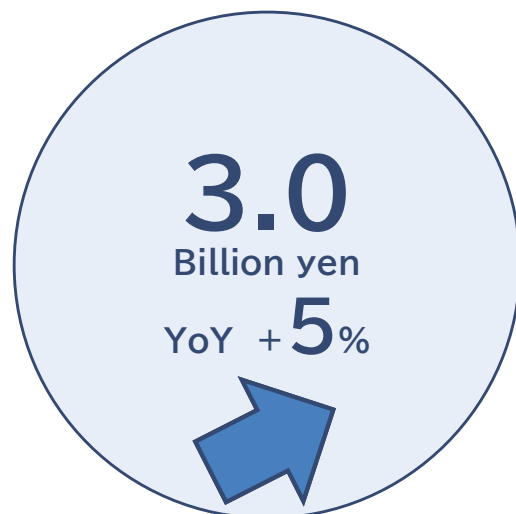
## Production quantity\*1



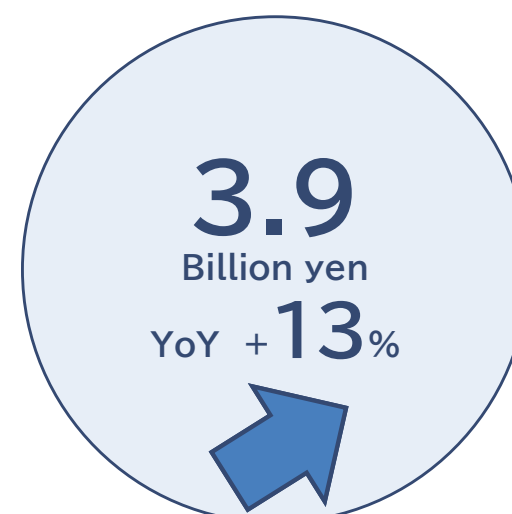
## Revenue



## Operating profit



## EBITDA



\*1: Incl, Nitto Beverage, but not incl, Ikoma meisui.

4 \*2: 1box = 12L is calculated

## Financial Results : Q2 FY2025

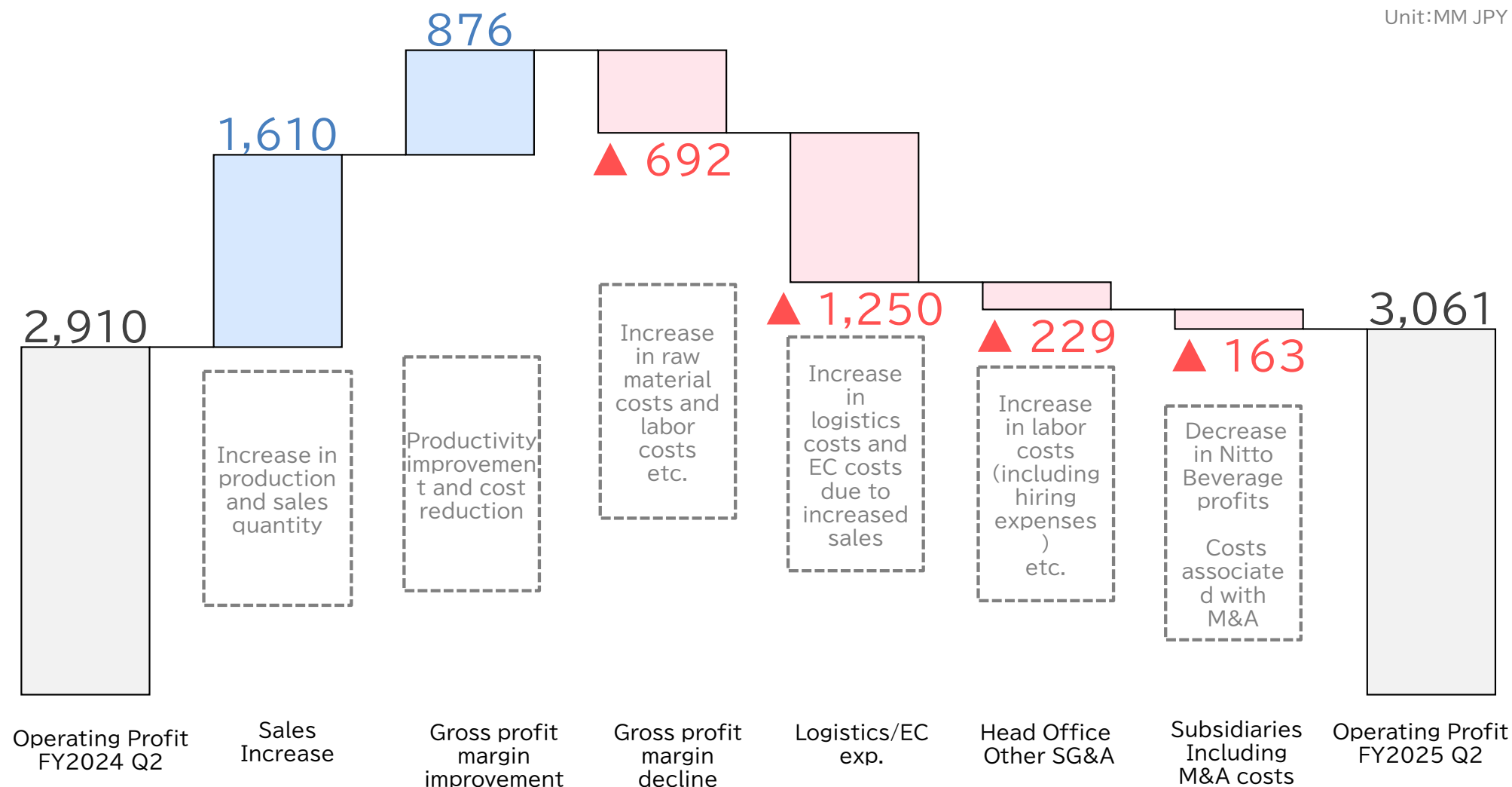
Sales increased by 3.6 billion yen (+17% YoY) due to an increase in production volume\*1 (+13%). Operating income increased by 150 million yen (+5%) due to an increase in sales that exceeded the increase in fixed costs associated with the operation of the Gotemba Factory.

Unit:MM(JPY)	FY2024 Q2	FY2025 Q2	Variance (YoY)	YoY%
Revenue	20,460	24,087	+3,626	+17%
Operating profit %	2,910 (14.2%)	3,061 (12.7%)	+150 (▲1.5pt)	+5%
Profit % EPS*2w	1,973 (9.6%) (37.99)	2,083 (8.6%) (39.89)	+110 (▲1.0pt) (+1.90円)	+5%
EBITDA %	3,467 (16.9%)	3,937 (16.3%)	+470 (▲0.6pt)	+13%

\*1: Incl, Nitto Beverage, but not incl, Ikoma meisui. \*2:We conducted a stock split at a ratio of 4 shares for 1 common share on October 1, 2024. Therefore, EPS is calculated assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year.

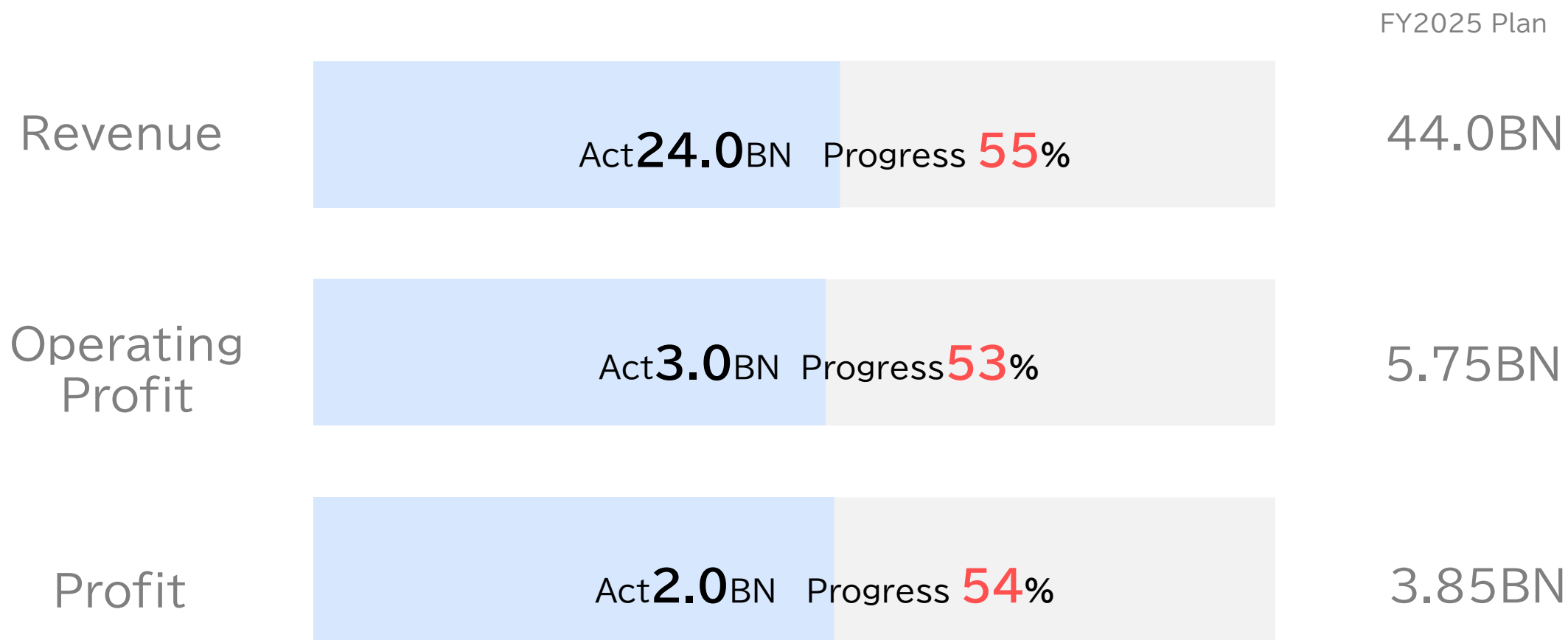
# Analysis of Operating Profit: Q2 FY2025

Operating income increased by 150 million yen(YoY), as the increase in revenue covered fixed costs at the Gotemba factory, M&A costs, and increases in miscellaneous costs such as personnel and labor costs.



## Performance Progress:Q2 FY2025

The progress rate against the full-year forecast is 55% for sales and 53% for operating income. We believe that the progress is generally smooth compared to our expectations.

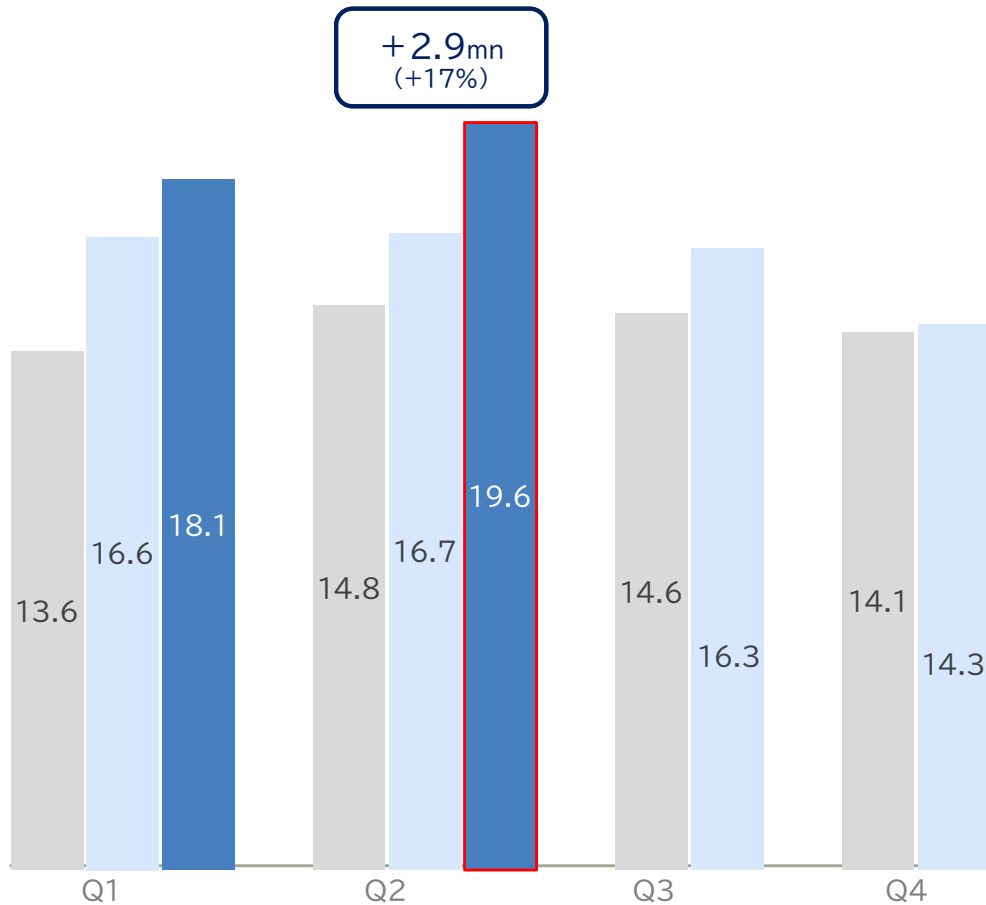


# [Reference] Quarterly Performance Trends (1)

■ FY2023  
■ FY2024  
■ FY2025

Unit: million cases\*1

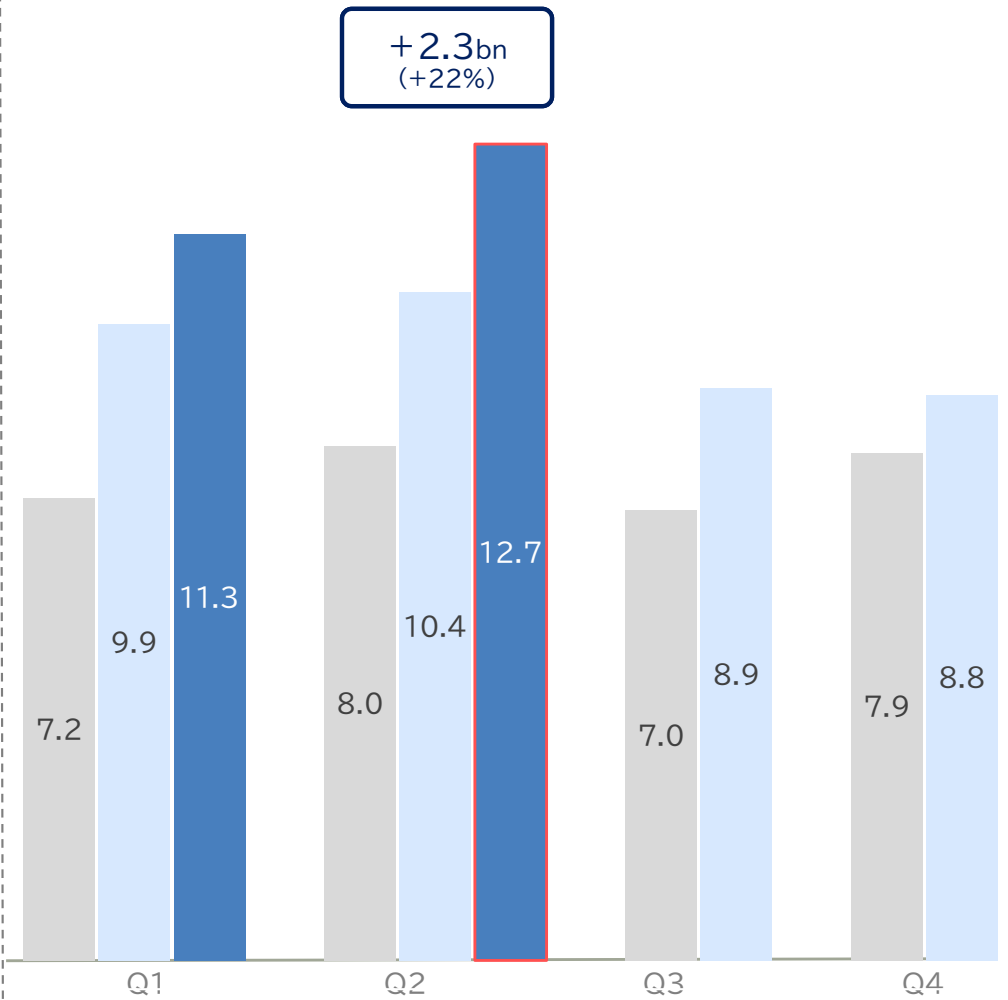
## Production quantity



■ FY2023  
■ FY2024  
■ FY2025

Unit: bn JPY

## Revenue



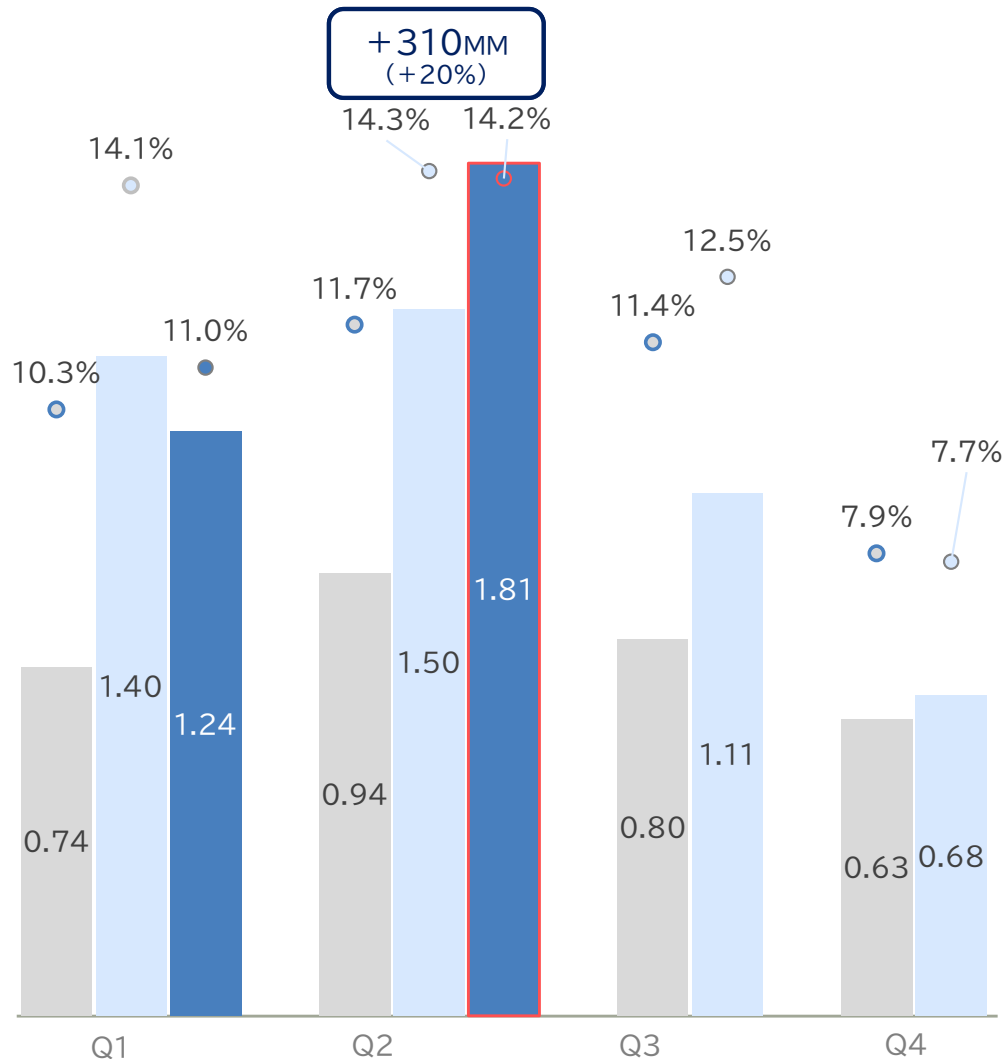


# [Reference] Quarterly Performance Trends(2)

■ FY2023  
■ FY2024  
■ FY2025

Unit:bn JPY

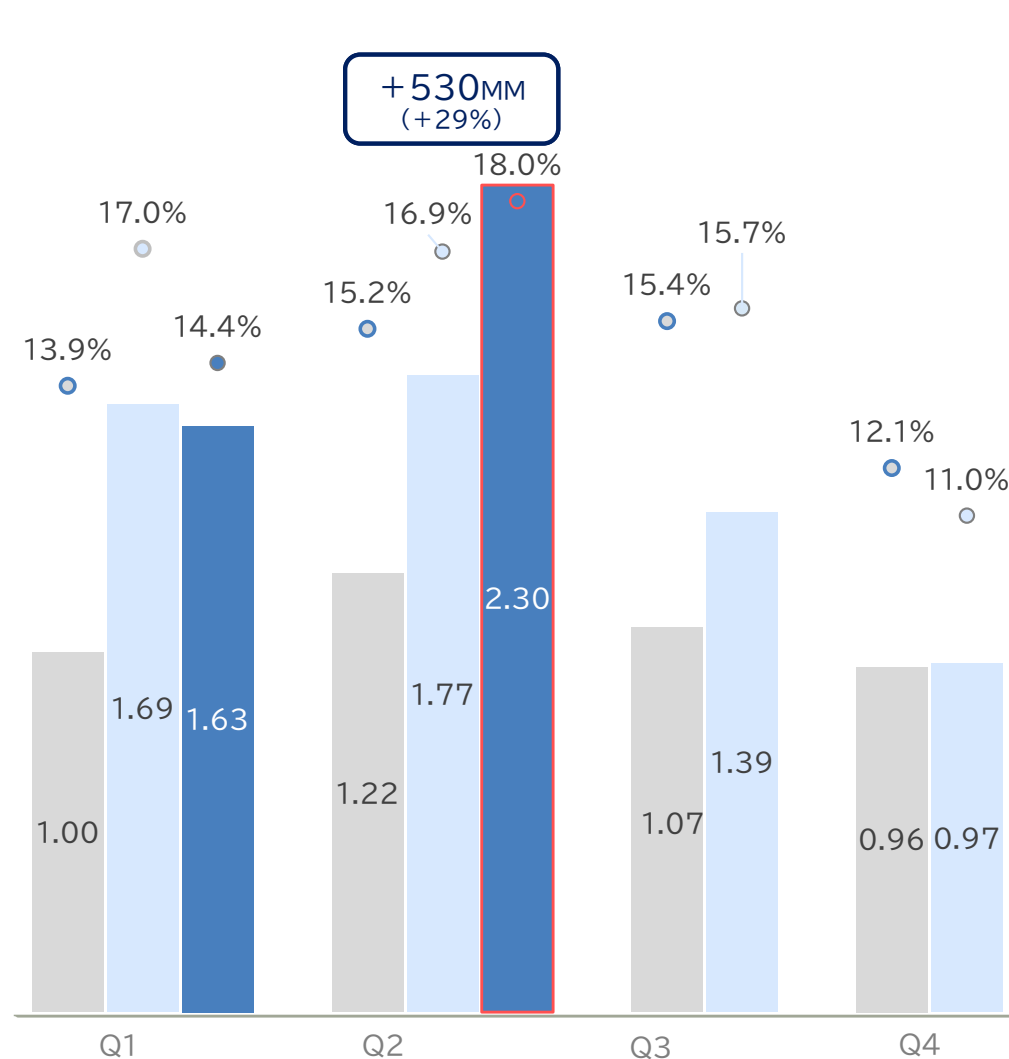
## Operating profit/%



■ FY2023  
■ FY2024  
■ FY2025

Unit:bn JPY

## EBITDA/EBITDA%



# Balance Sheet: Q2 FY2025

Fixed assets increased by 1.1 billion yen due to the completion of capital investment at the Gotemba Factory, etc. Net interest-bearing debt also increased temporarily, but due to the steady acquisition of operating cash flow, the Net debt EBITDA ratio improved by 0.1 points.

Unit:MM [JPY]	FY2024		FY2025 Q2		
	Amount	%	Amount	%	Variance
Current assets	11,753	38%	<b>12,239</b>	38%	+486
[Cash and deposits]	3,736	12%	<b>3,429</b>	11%	▲ 307
Non-current assets	18,893	62%	<b>20,061</b>	62%	+1,167
Total assets	30,646	100%	<b>32,300</b>	100%	+1,654
Current liabilities	7,645	25%	<b>7,884</b>	24%	+238
Non-current liabilities	11,657	38%	<b>11,619</b>	36%	▲ 38
[Interest-bearing debt]	13,740	45%	<b>14,112</b>	44%	+372
Total liabilities	19,303	63%	<b>19,503</b>	60%	+200
Net assets	11,342	37%	<b>12,796</b>	40%	+1,454
Total liabilities and net assets	30,646	100%	<b>32,300</b>	100%	+1,654
【Reference】 [Net debt EBITDA ratio]*1	1.7x	-	<b>1.6x</b>	-	▲0.1pt

\*1: Calculated based on the last twelve months EBITDA

## Cash flow: Q2 FY2025

Operating cash flow increased by 1.1 billion yen (YoY) due to the operation of the Gotemba Factory, etc. In addition, we made growth investments such as capital investments at the Gotemba Factory and the acquisition of the carbonated water manufacturing base.

Unit:MM JPY	FY2024 (Q2 )	FY2025 (Q2 )	Variance
Cash flow from Operating activities	2,183	3,375	+1,192
Cash flow from Investing activities	▲ 3,301	▲ 3,570	▲ 269
(PP&E and intangible assets)*1	▲ 3,302	▲ 2,880	+422
Free cash flow*2	▲ 1,118	▲ 194	+923
Cash flow from Financing activities	▲ 695	▲ 112	+582
(Change in interest- bearing debt)	▲ 318	374	+690
(Dividend payment)	▲ 363	▲ 483	▲ 119
Cash and cash equivalents	2,529	3,429	+899

# Growth Investment Results and Future Plans:Q2 FY2025

We have decided to expand water production line at Nitto Beverage. We also plan to take over the water production business in January 2025.

Unit:bn JPY	Before FY2024*1	FY2025		Note
		Q2 results	Full-year forecast	
LDC				<ul style="list-style-type: none"> <li>Completion of capacity enhancement and productivity improvement investments</li> </ul>
Existing Factory	3.4	-	-	<ul style="list-style-type: none"> <li>In the future, the focus will be on facility maintenance and renewal(Approx. 1 billion yen/year) and reducing logistics costs (warehouses, etc.)</li> </ul>
Gotemba Factory	8.4	1.0	1.0	<ul style="list-style-type: none"> <li>Payment for the construction of No.1 production line completed in Q1FY2025</li> <li>Considering adding No. 2 production line</li> </ul>
Nitto Beverage*2	2.4	0.2	1.6	<ul style="list-style-type: none"> <li>Improvements to No. 2 production line (improving in-house production rate) to be implemented this fiscal year</li> <li>Decided to expand water production line (scheduled for completion in 2026)</li> </ul>
M&A *3 (acquisition of carbonated water/water production business)	-	0.6	2.4	<ul style="list-style-type: none"> <li>Investment in improving the existing line at O Beverage Hita factory (increasing in-house production rate) is scheduled to be completed in Q1FY2026.</li> <li>The water production business is scheduled to be acquired in January 2025 (see page 14 for details).</li> </ul>
Total	14.2	1.8	5.0	

12 \*1:Accumulated growth investment amount from FY2021 onwards .\*2: Also includes the amount of investment required to acquire the company or business.\*3:Acquisition of carbonated water manufacturing bases and **LIFEDRINK COMPANY** water manufacturing bases, etc. Includes additional investment amount after acquisition

## Q2 FY2025 Topics:M&A and others

With the aim of expanding production, we signed a contract to acquire the water production business on November 13, 2024. Additionally, PMI for M&A conducted after 2023 is progressing smoothly.

### New business acquisition

Acquiring company	O Beverage Co., Ltd. (100% subsidiary )
Location	993-2 Yamanaka, Yamanakako Village, Minamitsuru District, Yamanashi Prefecture
Production item	Bottled beverage products (mineral water)
Site area/Total floor area	9,258.5m <sup>2</sup> /1,778.1m <sup>2</sup>

### PMI Progress

#### Nitto Beverage

Acquire shares in January 2023

- Cost reduction through joint purchasing of raw materials (completed)
- Full production is in sight through personnel recruitment and training
- Following investments to increase production capacity (March 2024) and improve profitability (scheduled for March 2025), a decision was made to expand the water production line.
- Sales collaboration also progressing (B2B and EC)

#### O Beverage Hita Factory

Business transfer in June 2024

- Cost reduction through joint purchasing of raw materials (completed)
- Full production is in sight through personnel recruitment and training
- Profitability improvement investments are scheduled to be completed in Q1FY2026.
- Sales collaboration also progressing (B2B and EC)

## Q2 FY2025 Topics:Launch of new products

In the second quarter, we launched the Expo2025 MYAKU-MYAKU Natural Water as an official licensed product for the Expo 2025 Osaka, Kansai, Japan.

### Sales of Aya-cha Jasmine Tea

- Sales start in July 2024
- Sales stores: LIFEDRINK Online Store
- Manufacturing factory : Nitto Beverage



### Sales of Expo 2025 MYAKU-MYAKU Natural Water

- Sales start in August 2024
- Sales stores: Retail stores nationwide and LIFEDRINK Online Store
- Officially licensed product for the Expo 2025 Osaka, Kansai, Japan.
- Manufacturing factory : Our Gotemba factory



1. Q2FY2025 Performance

**2.(Reference) 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"><li>• Drinks / Leaves Business<ul style="list-style-type: none"><li>– Mineral water, tea, carbonated drinks, and tea leaf products</li></ul></li></ul>
Offices & Plants	<ul style="list-style-type: none"><li>• Head Office: Osaka, Branch Office: Tokyo</li><li>• 10 plants (Beverage = Iwate, Zao (Yamagata), Tochigi, Fuji (Yamanashi), Gotemba(Shizuoka), Owase (Mie), Miyama (Kyoto), Yuasa (Wakayama), Minoh (Fukuoka), Others = Chiran (Kagoshima)</li><li>• Consolidated subsidiary: Nitto Beverage(Toyama),O Beverage(Oita)</li></ul>
Number of Employees*1	663(168) as of September 2024
Other	<ul style="list-style-type: none"><li>• Tokyo Stock Exchange Prime Market (Securities Code: 2585)</li></ul>



# History

Our company is 52 years of establishment.

Listed on the prime market in June 2023.

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

*Asamiya*

2015	• Formed a capital and business alliance with Sunrise Capital, sub-advised by CLSA Capital Partners Japan
2016	• Established the Fuji Meisui Ashikaga factory (currently the Tochigi factory)
2017	• Changed the company name to Life Drink Company • Sold Yamachu Unyu (transportation business) <b>LIFEDRINK COMPANY</b>
2019	• Sold Aquapia (ice business) • Sold solar power business
2020	• Opened an online store on Rakuten Ichiba and started selling ZAOSODA • Liquidation of Hokusei Menpun (dried noodles and instant noodles)
2021	• Listed on the Second Section of the Tokyo Stock Exchange
2023	• Acquired Nitto Beverage • Sold the sauce business (Ibaraki Factory) • Listed on the “prime market” of the Tokyo Stock Exchange
2024	• Established the Gotemba factory • Established O Beverage and acquired the carbonated water manufacturing business

Foundation  
(1950)

Entering Soft Drink Business  
Diversification of Business through M&A

Capital  
participation  
by Sunrise

Selection & Concentration  
(Return to being a  
beverage manufacturer)

Regrowth

2001	• Acquired Seihou Beverage (currently the Minou Plant) for tea beverages business	2008	• 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	• Acquired Miyama Meisui (currently the Miyama Plant)	2010	• Established Fuji Meisui Corporation (currently the Fuji Plant) • Acquired Popeye Food Industries (currently the Ibaraki Plant) for seasonings (sauces) business
2004	• 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	• Acquired Hokusei Menpun for dried noodles and instant noodles business • Acquired Fujiko for frozen noodles business
2005	• Acquired Aquapia for ice business	2012	• Acquired Yamachu Unyu for transportation business
2006	• Established Owase Meisui (currently the Owase Plant)	2013	• Acquired Tohoku Beverage (currently the Zao Plant) for carbonated water business

## Corporate Philosophy

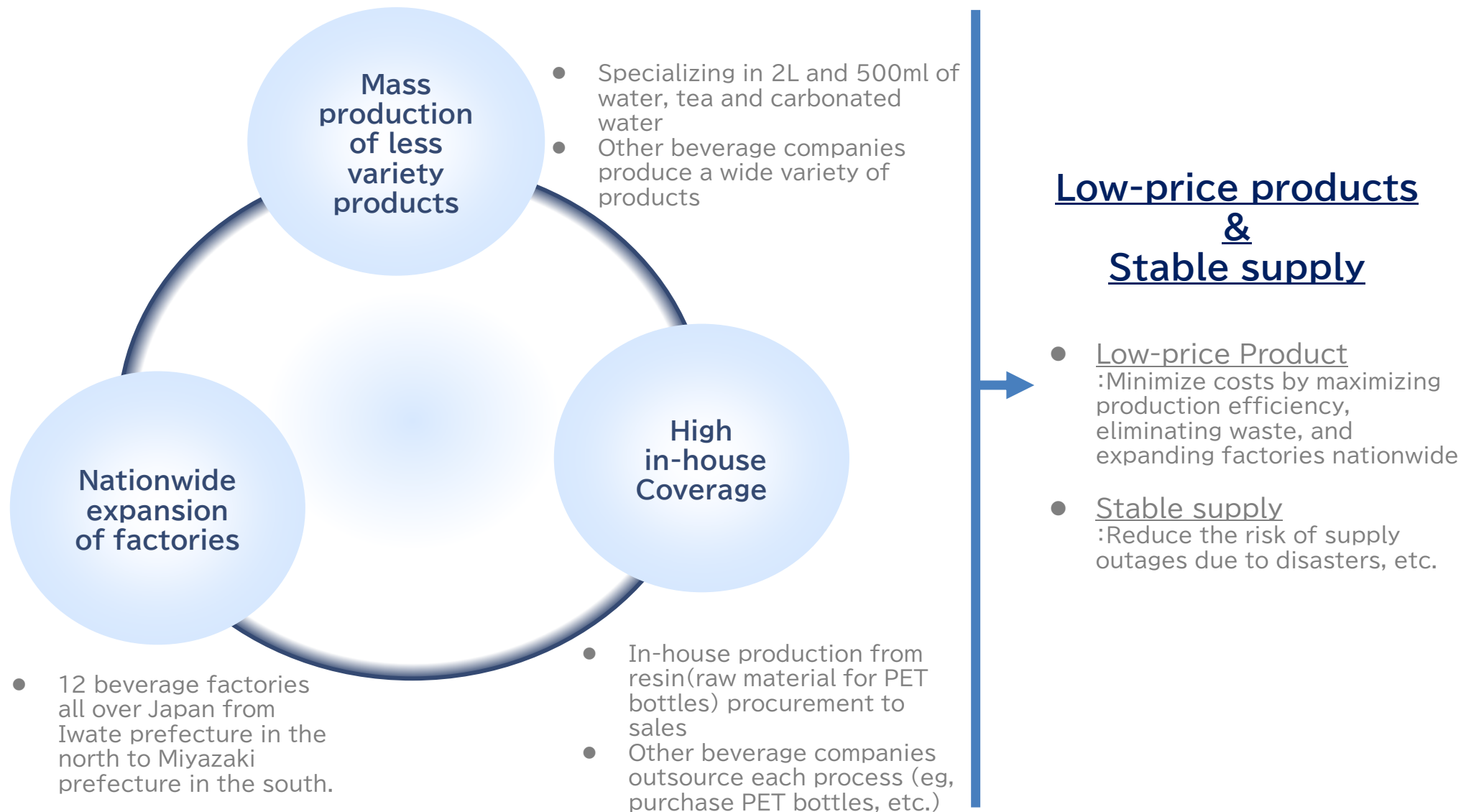
Based on our corporate philosophy, “Center of Deliciousness, Foremost Reassurance”, we conduct according to action guidelines, “Only what you want your loved ones to drink”.

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

## Features and Strengths

We have the advantage of offering "low-price products" and ensuring "stable supply" through "mass production of fewer varieties," "high in-house coverage," and "nationwide expansion of factories."



# Features and Strengths (Mass Production of less variety products)

The liquids available are water, tea, and carbonated water, with capacities concentrated in 2 liters or 500 milliliters.

We aim to minimize waste in each process.



Natural mineral water  
500ml/ 2L



Carbonated water ZAO SODA  
for EC 500ml



Green tea  
500ml/ 2L

Oolong tea  
500ml/ 2L



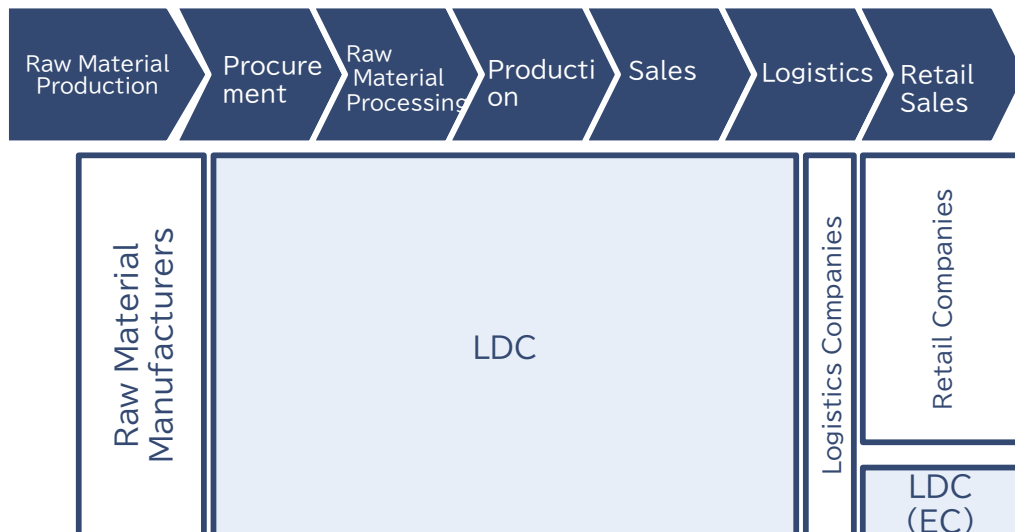
Natural mineral water  
for EC 500ml/ 2L

Green tea  
for EC 500ml

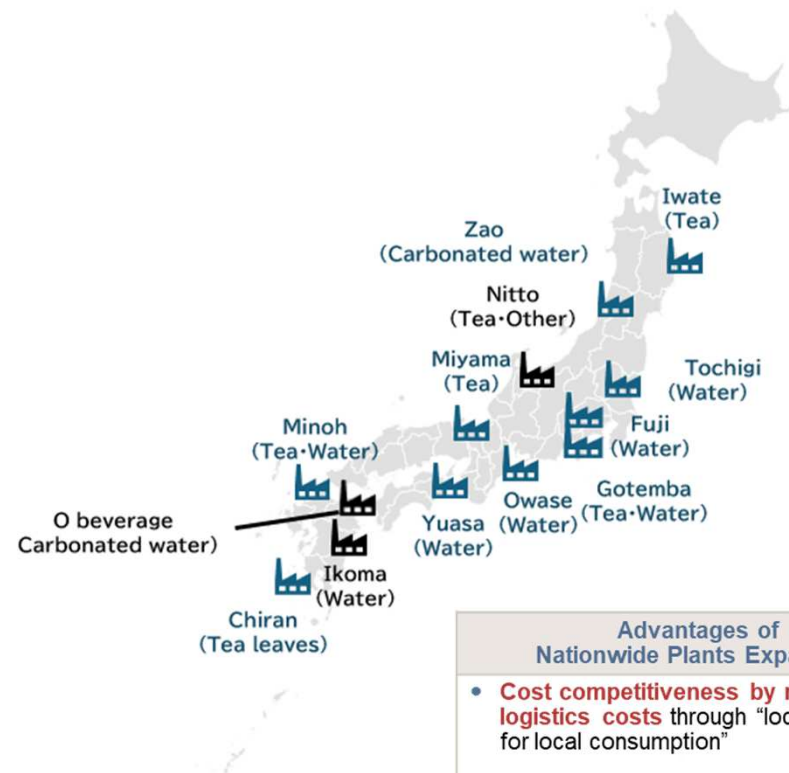
# Features and Strengths (In-house/Nationwide Expansion of Factories)

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

# Sales Channels

We build relationships with major retailers in each channel.

Our e-commerce business is steadily expanding, with our main products and directly managed stores each winning the Rakuten Ranking Grand Prize.

## Strong partnership with retailers



## Expansion of direct channels through EC development



※1 This is a sales ranking for all products listed on the Rakuten marketplace during the aggregation period from September 25, 2020, 22 to September 24, 2021.※2 The calculation period encompasses approximately 57,000 nationwide stores on Rakuten Ichiba (as of November 2023), evaluating user popularity votes and store sales to comprehensively select the annual best shops.



# Initiatives for FY2025

Our company aims to increase production capacity through expansion and acquisition, venture into the EC/D2C model, and enhance productivity to elevate corporate value.

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

- Increase production capacity by updating and improving facilities at existing factories\*1
- Enhancement of production capacity at existing factories\*1
- Acquisition of production capacity through M&A

## Productivity

- Review the location of the logistics center
- Using IT for business process optimization

## Challenge to EC/D2C model

- Expansion of products and services sold at the LDC online store
- Attracting customers through advertising and promotional spending

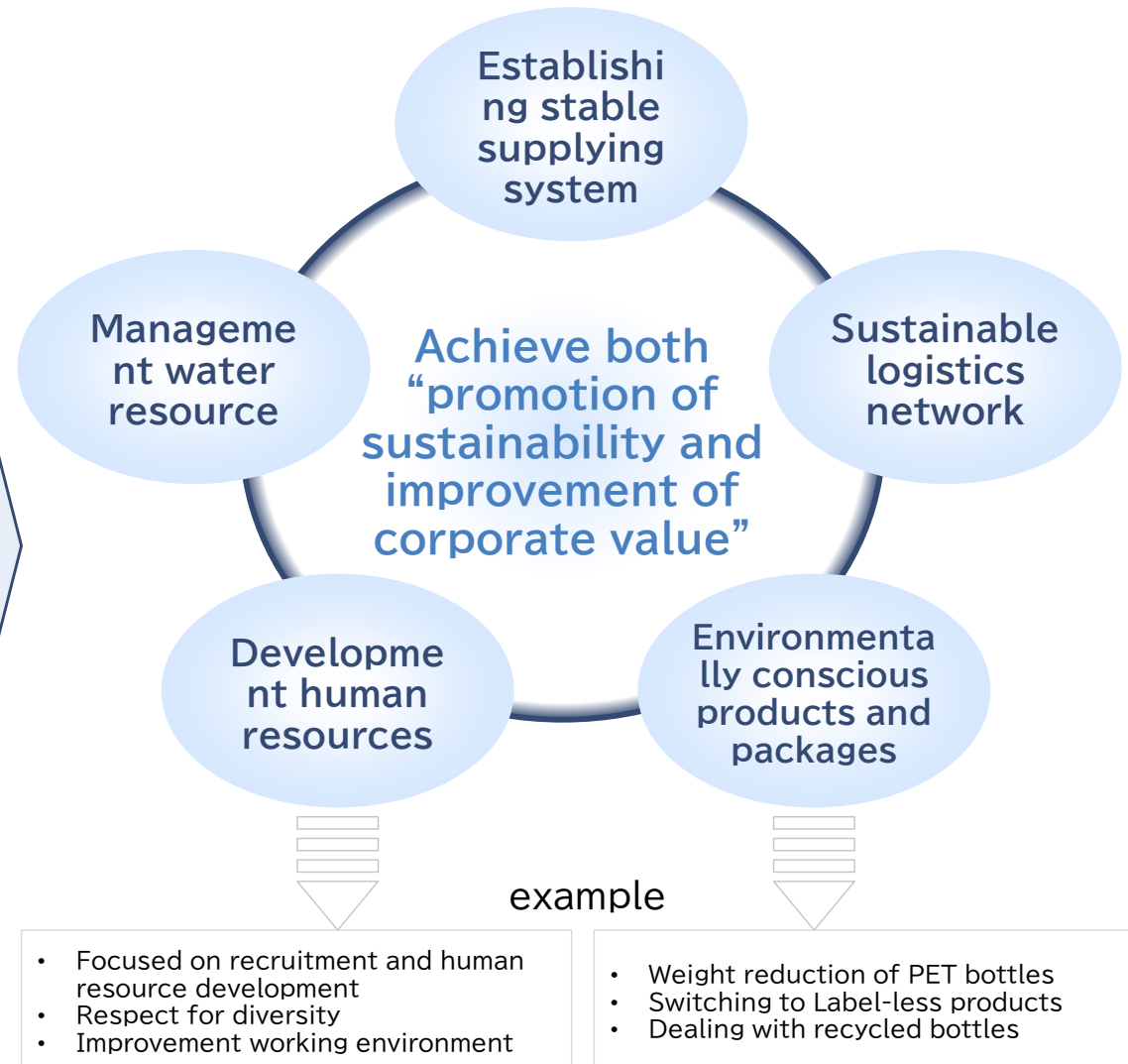
\*1: Our beverage factory and Nitto Beverage

# Sustainability Policy and Materiality

Based on our sustainability policy, we aim to achieve both the promotion of sustainability and the 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.





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