

おいしさの中心、安心の先頭へ。

Financial Results for Year Ending March 31, 2023



LIFEDRINK COMPANY

May 12, 2023



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Executive Summary

■ Company Overview

- 51 years since establishment, A manufacturer that manufactures and sells water, tea, and carbonated drinks.
- Achieve high sales growth (from FY2020 to FY2023 (**CAGR15.8%**) and high profitability (**OP Margin10.3%**) by low price strategy in the growing categories of the soft drink market.

■ Financial Results for FY2023

- As a result of the steady implementation of the “evolution of max production to max sales”, **production volume 57 MN cases (+15% YoY), Revenue 30.2 BN yen (+19% YoY), and operating Profit 3.11 BN yen. (+38% YoY) achieved.**
- Revenue and all profit items meet the revised earnings forecast announced on Feb 13, 2023

■ Med-term plan (FY2024 to FY2026)

- Our basic policy is to evolve and deepen our “max production and max sales,” and acquire production capacity through new factory and M&A, and secure sales channels, Aiming for **Revenue +39%** and **operating Profit +60%** in the final year of the med-term plan
- In FY2024, plan to increase production, sales, and profits by creating synergies in sales, production, and procurement with our subsidiary Nitto Beverage, and by revising product prices in response to various cost increases.

1. **Company Overview**

2. Financial Results for FY2023

3. Mid-term plan(FY2024~FY2026)

Our Figures

Achieve high sales growth and high profitability by low-price strategy in the growing categories of the soft drink market.

Low-price

Shop price of
2L mineral water
(Researched by LDC*1)

LDC:JPY**68~78**

Others:JPY**88~108**

(vs Others:

Approx. **▲30%**)

Sales growth

Revenue CAGR
(FY2020-FY2023)

15.8%

Profitability

Operating Margin
(FY2023)

10.3%

Company Overview

Issuer	LIFEDRINK COMPANY, INC. (hereafter “LDC”)
President and CEO	Kuniaki Okano
Founded	1950 (Established: 1972)
Head office	Osaka-shi, Osaka
Business	<ul style="list-style-type: none">• Drink and Leaf Business<ul style="list-style-type: none">– Manufacture and sale of mineral water, tea, carbonated drinks, and tea leaf products
Offices and Factories	<ul style="list-style-type: none">• Head Office: Osaka, Branch Office: Tokyo• 9 Factories<ul style="list-style-type: none">– Beverage: Iwate, Zao (Yamagata), Tochigi, Fuji (Yamanashi), Owase (Mie), Miyama (Kyoto), Yuasa (Wakayama), Mino (Fukuoka),– Others: Chiran (Kagoshima)
Number of Employees	525 (as of the end of Mar 2023)

Our History

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

Asamiya

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 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*1
2023	<ul style="list-style-type: none"> • Acquired Nitto Beverage • Sold the sauce business (Ibaraki Factory)



2001	<ul style="list-style-type: none"> • Acquired Seihou Beverage (currently the Mino Factory) for tea beverages business 	2008	<ul style="list-style-type: none"> • Established Yuasa Meisui (currently the Yuasa Factory) • Acquired Higashi Choco for chocolate business (withdrew from chocolate business in 2015, liquidation completed in 2017)
2002	<ul style="list-style-type: none"> • Acquired Miyama Meisui (currently the Miyama Factory) 	2010	<ul style="list-style-type: none"> • Established Fuji Meisui (currently the Fuji Factory) • Acquired Popeye Food Industries (currently the Ibaraki Factory) for seasonings (sauces) business
2004	<ul style="list-style-type: none"> • Acquired Iwate Soy Sauce (currently Iwate Factory) (withdrew from soy sauce business in 2018) • Acquired Daikokuya for rice crackers business • Established the Shizuoka Factory 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 (Merged with Aquapia in 2014)
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 Factory) 	2013	<ul style="list-style-type: none"> • Acquired Tohoku Beverage (currently the Zao Factory) for carbonated water business

Center of Deliciousness, Foremost Reassurance

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

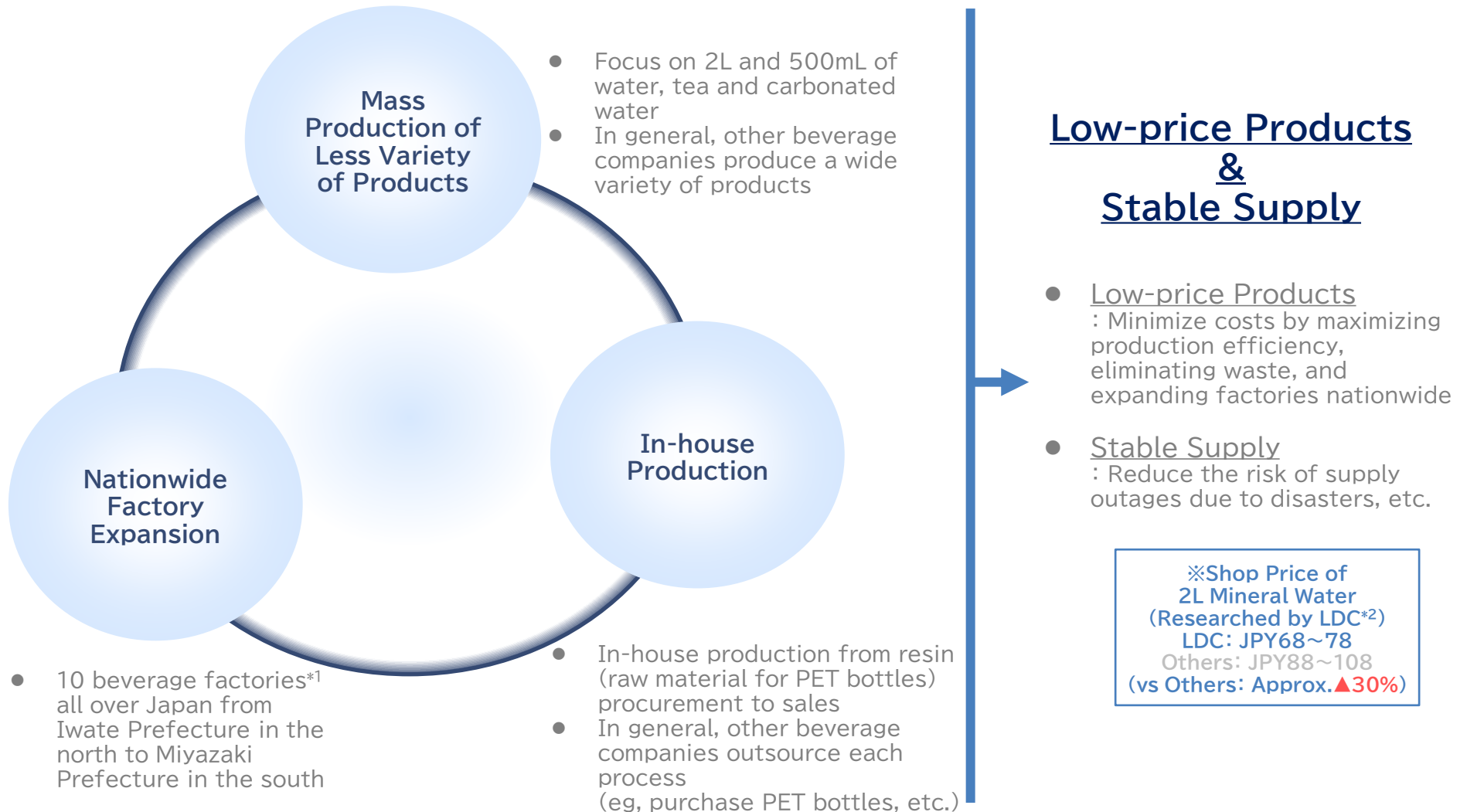
We pursue “standard of deliciousness”
and “reliable safety”

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 features and strengths

Have the competitive advantage of “low-price products” and “stable supply” through “mass production of less variety of products”, “in-house production”, and “nationwide factory expansion”



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
500ml



Green tea
500ml/ 2L



Oolong tea
500ml/ 2L



Natural mineral water
for EC 500ml/2L

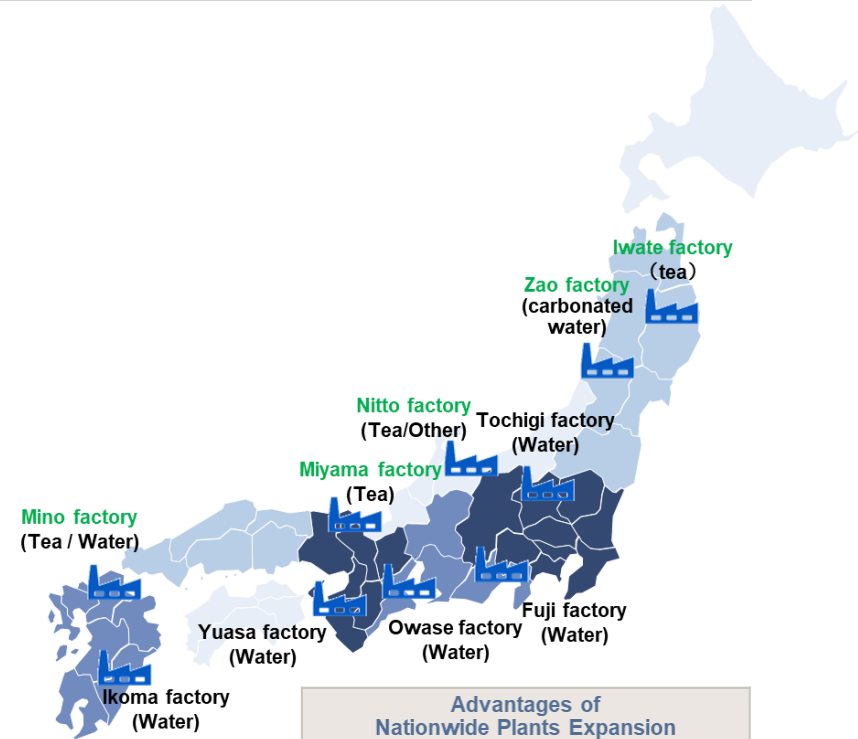
Green tea for EC
500ml/ 2L

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

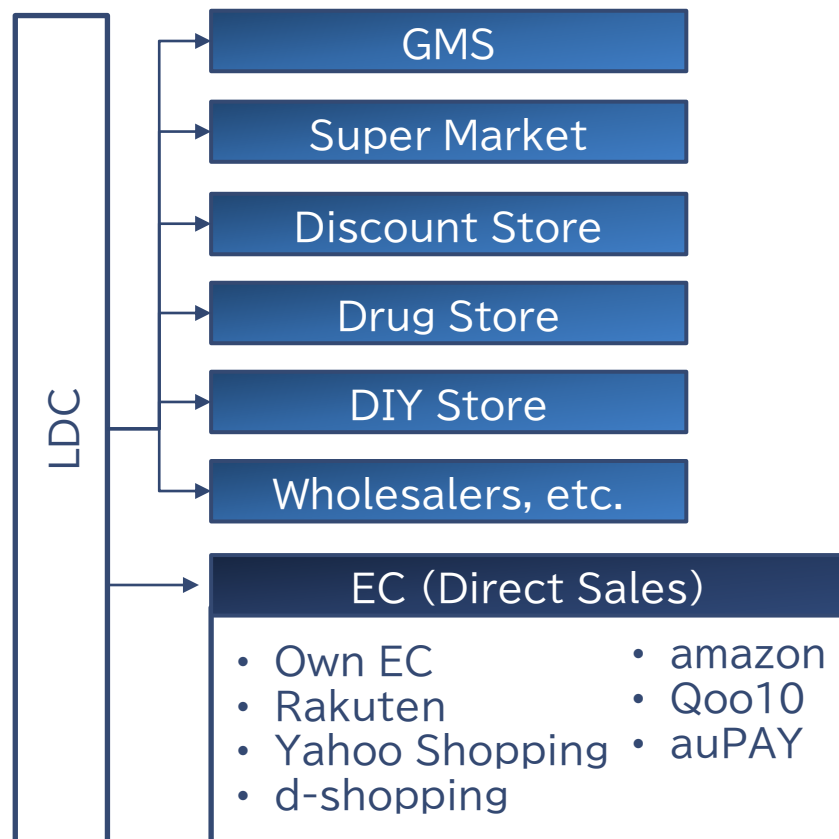


- Advantages of Nationwide Plants Expansion**
- **Cost competitiveness by reducing logistics costs** through "local production for local consumption"
 - Expand relationships with major retail companies expanding nationwide by **nationwide stable supply**
 - **Reduce the risk of supply interruptions**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

Our Sales Channels

Build strong relationships with major players in each retail channel. EC is steadily expanding, with one of our main products, “ZAO SODA”, winning the first place in the Rakuten annual ranking 2021

Strong Partnership with Retail Companies



Expansion of EC Channels

Main Product (for EC Only)

Carbonated Water
“ZAO SODA”

Rakuten Annual Ranking 2021*1
Overall: **1st**

Natural Mineral Water
“Aya-mizu”

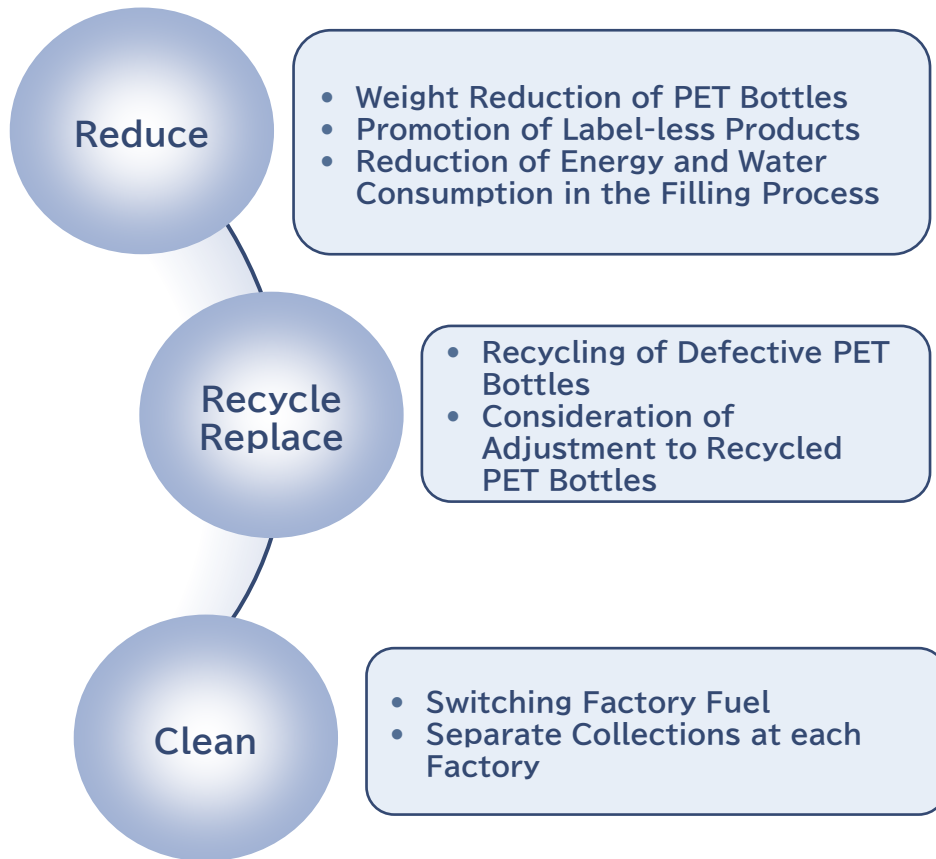
Green Tea
“Aya-cha”

*1: Sales ranking of all products on Rakuten during the year (period: September 25, 2020 to September 24, 2021)

ESG initiatives

In addition to weight reduction of PET bottles and label-less products, consider shifting to eco-friendly materials and building a recycling model for tea shells

Environmental Initiatives



Tea Shells Recycling



1. Company Overview
2. **Financial Results for FY2023**
3. Mid-term plan(FY2024~FY2026)

Financial Highlight(FY2023)

Production quantity *1

57 Million cases*2

(YoY +15%)



Revenue

30.2 Billion yen

(YoY +19%)



Operating Profit

3.1 Billion yen

(YoY +38%)



Operating Profit%

10.3%

(YoY +1.4%pt)



ROE *3

28.8%

Business Summary(FY 2023)

Increase Production, Revenue & Operating Profit

- Increased production volume (+15% YoY) due to investments to increase production capacity at existing factories
- Revenue increased (+19% YoY) due to securing sales channels in response to increased production volume
- Increased operating profit (+38%) as higher sales and cost reductions/improved productivity covered higher raw material costs and utility costs due to soaring crude oil prices and the depreciation of the yen.

Tax-related expense

- In the previous fiscal year (3Q of the fiscal year ending March 31, 2022), a temporary profit was recorded due to the impact of tax effect accounting
- Adjusted profit excluding the impact of one-time profit recording increased by 43% (YoY)

Consolidation of Nitto Beverage

- Consolidated Nitto Beverage, which was made a subsidiary in January
- Goodwill of 11 million yen arising from 2023 consolidation will be amortized in full in the current fiscal year

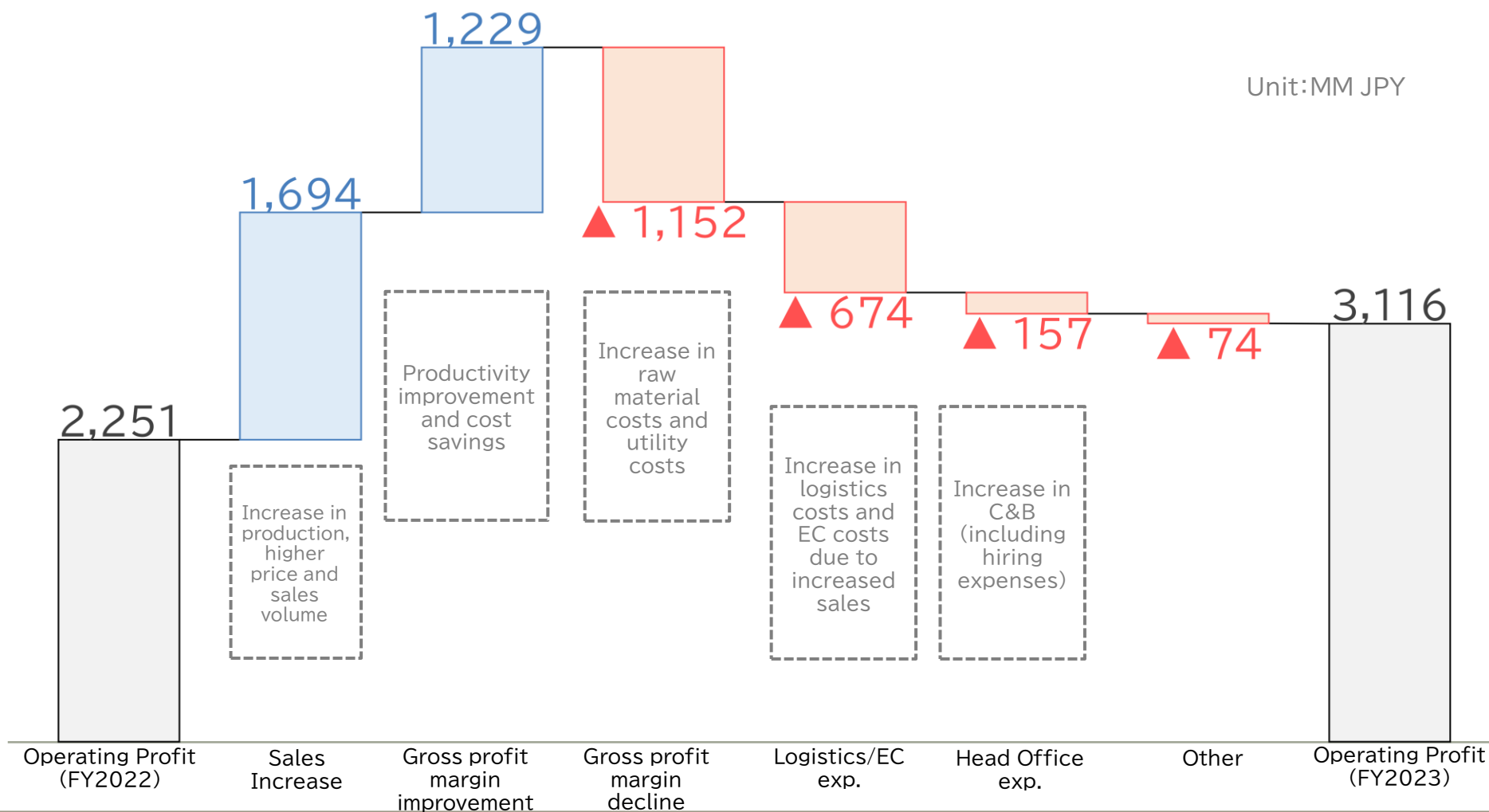
Financial Results(FY 2023)

Increased production of in-house beverages (+15%YoY) contributed to an increase in sales of 4.8 BN(+19%). Operating profit increased (+38%) as higher sales and cost reduction measures covered various cost increases.

Unit:MM(JPY)	FY2022	FY2023	Variance (YoY)	YoY%	Revised plan*2 (V%)
Revenue	25,389	30,250	+4,860	+19%	+2.2%
Operating Profit (%)	2,251 (8.9%)	3,116 (10.3%)	+864 (+1.4%pt)	+38%	+3.9%
Profit (%) (EPS)	2,320 (9.1%) (200.11yen)	2,076 (6.9%) (162.57yen)	▲243 (▲2.3%pt) (▲37.54yen)	▲10%	+3.8%
【Reference】					
Profit(After adjustment*1) (%) (EPS)	1,452 (5.7%) (125.28yen)	2,076 (6.9%) (162.57yen)	+624 (+1.1%pt) (+37.29yen)	+43%	+3.8%
EBITDA (%)	3,212 (12.7%)	4,251 (14.1%)	+1,039 (+1.4%pt)	+32%	+3.7%

Operating Profit Bridge(FY2022 vs FY2023)

Increased costs(raw material and utility) due to soaring crude oil prices and the depreciation of the yen were covered by increased sales volume, higher prices and productivity improvements/cost reductions (labor saving, etc.), and operating Profit was 860 million yen compared to the previous year gain

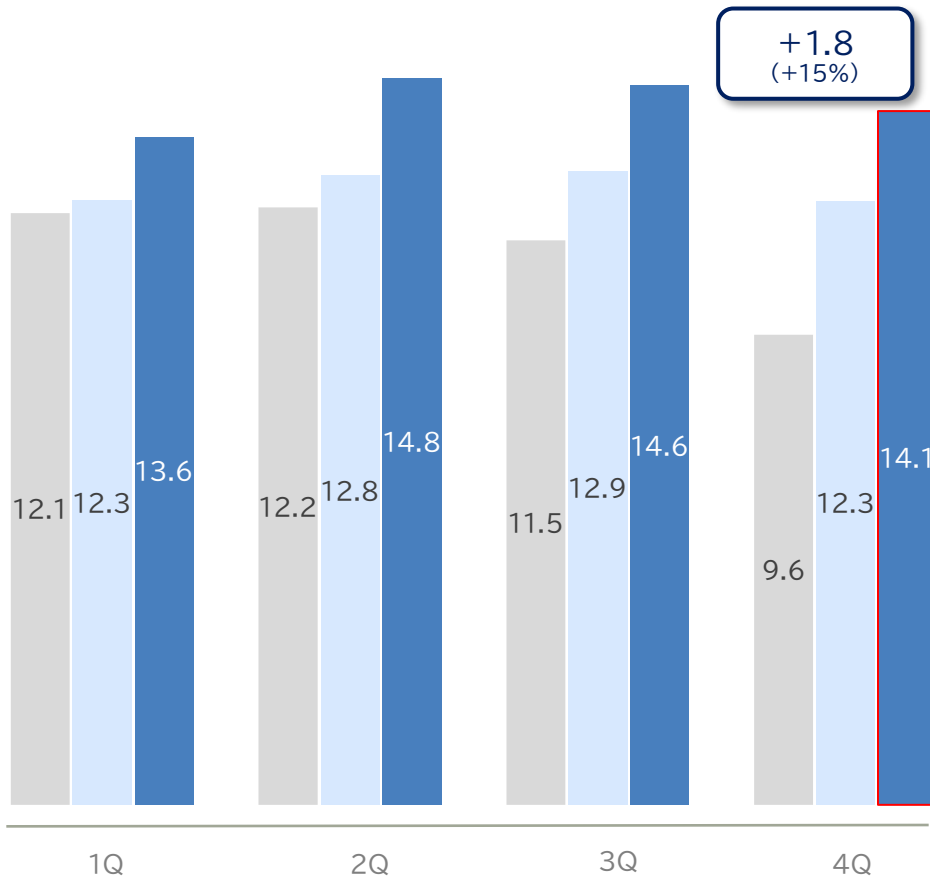


(Reference) Quarterly Performance Trends ①

■ FY2021
■ FY2022
■ FY2023

Unit: Million cases*1

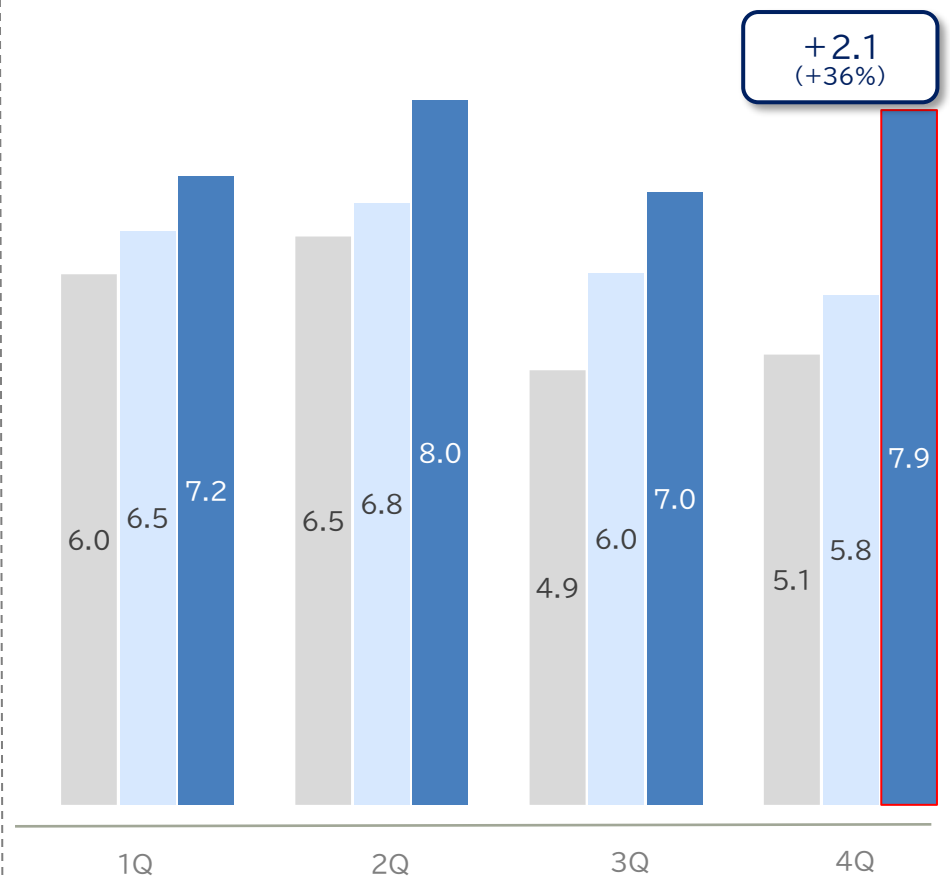
Production quantity



■ FY2021
■ FY2022
■ FY2023

Unit: BN JPY

Revenue

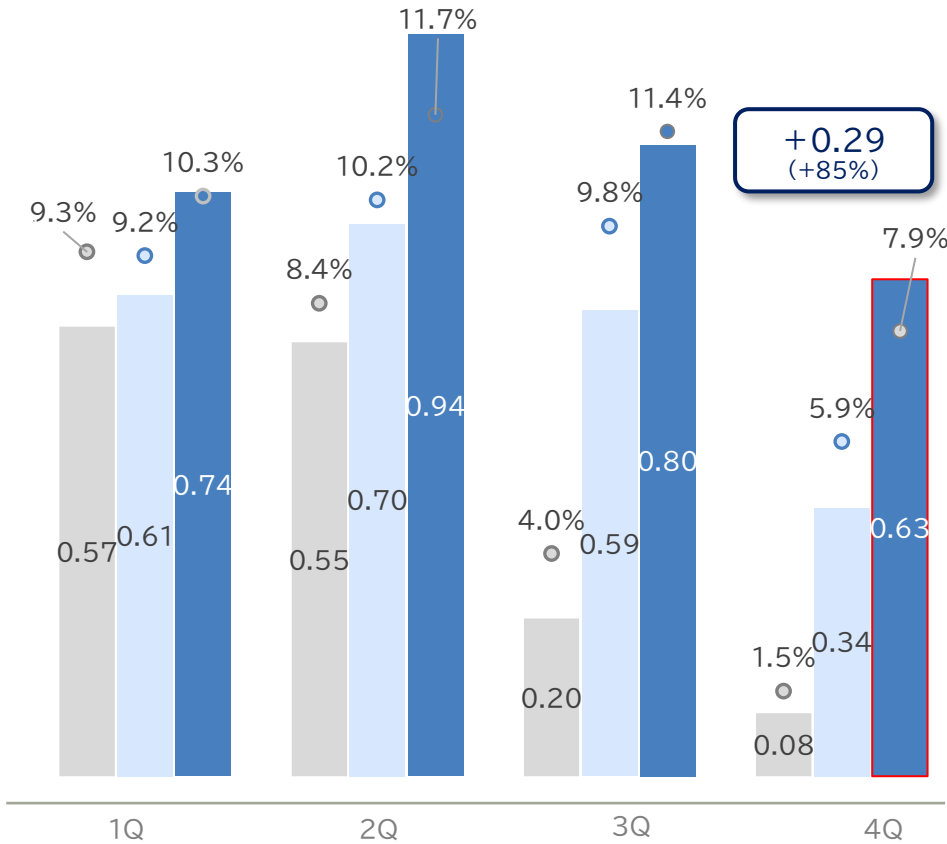


(Reference) Quarterly Performance Trends ②

■ FY2021
■ FY2022
■ FY2023

Unit:BN JPY

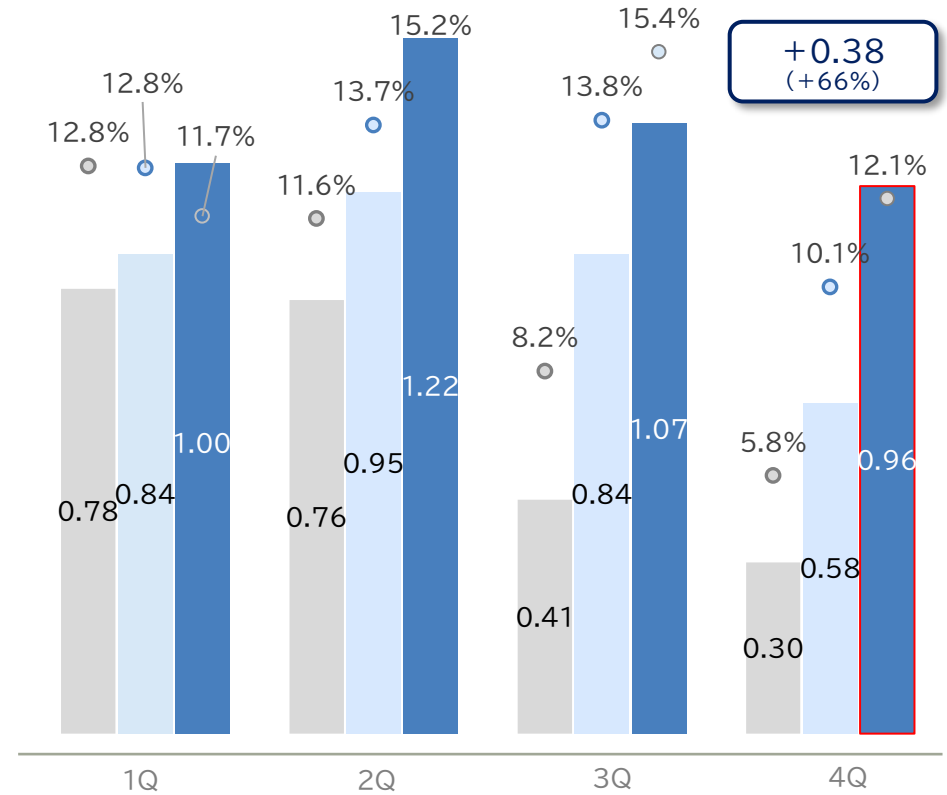
Operating Profit/Operating Margin



■ FY2021
■ FY2022
■ FY2023

Unit:BN JPY

EBITDA/EBITDA Margin



Balance Sheet (FY2023)

Assets and liabilities increased due to capital investment and consolidation of Nitto Beverage

Unit: MM JPY	FY2022/3		FY2023/3		
	Amount	%	Amount	%	Change
Current Assets	8,923	52%	10,905	49%	+1,981
(Cash & deposit)	3,894	23%	4,326	20%	+431
Fix Assets	8,210	48%	11,260	51%	+3,050
Total Assets	17,133	100%	22,165	100%	+5,032
Current Liabilities	7,720	45%	8,397	38%	+676
Fixed Liabilities	3,169	18%	5,610	25%	+2,441
(Interest-bearing Debt)	7,713	45%	9,717	44%	+2003
Total Liabilities	10,889	64%	14,007	63%	+3,117
Net Assets	6,243	36%	8,157	37%	+1,914
Total Liabilities and Net Assets	17,133	100%	22,165	100%	+5,032

Cash Flow (FY2023)

Operating cash flow profit increased by 852 million yen due to increased profits.
Investing cash flow increased by 2,869 million yen due to active growth investment such as capital investment and M&A

Unit: MM JPY	FY2022/3	FY2023/3	Change	%
Cash Flow from Operating Activities	2,922	3,774	+852	+29%
Cash Flow from Investing Activities	▲2,133	▲5,003	▲2,869	—
(Capital Investment)*1	▲2,136	▲3,505	▲1,368	—
Free Cash Flow*2	789	▲1,228	▲2,017	—
Cash Flow from Financing Activities	438	1,659	+1,220	+279%
(Change in Interest-bearing Debt)	▲1,443	1,951	+3,395	—
(Capital Increase)	1,890	-	▲1,890	—
Cash and Cash Equivalents	3,894	4,326	+431	+11%

*1: Calculated as the sum of expenditures for the acquisition of PP&E and intangible assets

*2: Free Cash Flow = Cash Flow from Operating Activities - Cash Flow from Investing Activities

Major Capital Investment Progress (FY2023)

Invested 570 million yen in expansion of production capacity and 920 million yen in productivity improvement including distribution cost efficiency. Also, invested in the new Gotemba factory and acquired Nitto Beverage

Purpose	Factory	Investment (MM JPY)			Status
		Total Amount	FY2022/3 Payment	FY2023/3 Payment	
Increased Production	Owase	58	20	-	Completed (FY2022/3)
	Tochigi	135	72	-	Completed (FY2022/3)
	Mino	125	125	-	Completed (FY2022/3)
	Yuasa	270	270	-	Completed (FY2022/3)
	Iwate	90	60	30	Completed (FY2022/3)
	Zao	190	122	68	Completed (FY2022/3)
	Gotemba	9,440	8	820	To be Completed in 2024
Increased Production & Labor Saving	Fuji	553	76	477	Completed (FY2023/3)
Labor Saving	7 Factories	420	270	64	Completed (FY2023/3)
Logistics Saving	Tochigi	1,615	714	856	Completed (FY2023/3)
Nitto Beverage*1		2,116	-	2,116	Completed (FY2023/3)
Total		15,012	1,737	4,431	

Financial Policy/Dividend

While prioritizing growth investments etc., pay a dividend of 28.0 yen per share for the FY2023/3, an increase of 2.0 yen from the previous fiscal year (total dividend of 360 million yen)

Policy	Contents	FY2023/3
1. Strengthen Growth Investment	<ul style="list-style-type: none"> Aggressive growth investment <ul style="list-style-type: none"> Increase production capacity of existing factories New factory construction M&A 	Capital Investment 4.43 billion yen (YoY +2.69 billion yen)
2. Stabilize Financial Position	<ul style="list-style-type: none"> Enhance debt financing capacity for future growth investment through profit growth and reduction of interest-bearing debt 	NET Debt*1/EBITDA 1.3x (YoY +0.1xpt)
3. Shareholder Returns	<ul style="list-style-type: none"> Prioritize growth investments and financial stability On the other hand, aim to achieve a dividend payout ratio of 20% as shareholders return 	Dividend per Share (Plan) 28.0 yen (YoY +2.0 yen) Dividend Amount (Plan) 0.36 billion yen

FY2023 Topics①: Acquisition of Nitto Beverage as a Subsidiary

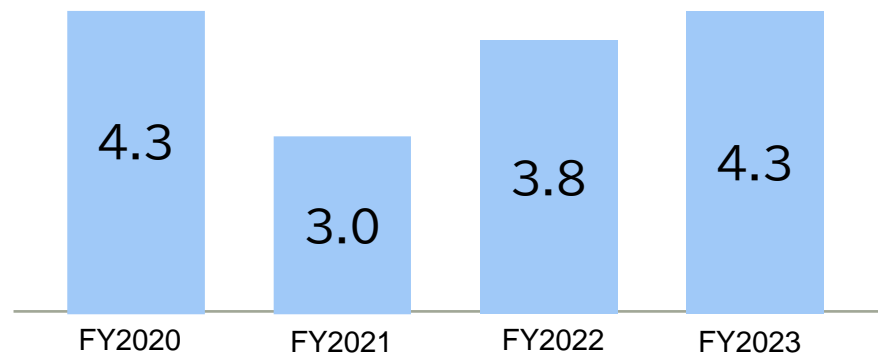
On January 4, 2023, the acquisition of Nitto Beverage shares (making it a subsidiary) was completed. Started initiatives to improve performance and create synergies

Overview

- On Jan 4, 2023, Nitto Beverage (hereafter “NBK”) shares and commercial real estate were acquired from Nitto Boseki Co., Ltd. for 2.11 BN (GW of 100 MM is amortized in a lump sum).
- Started initiatives to improve performance and create synergies
 - Production: Investment to increase production capacity
 - Procurement: Joint purchasing of raw materials
 - EC: Sales of NBK products at our stores
 - +
 - Considering initiatives that make use of abundant resources such as water and land

NBK production items and volume

- Main production items
 - Tea beverages: green tea, oolong tea, barley tea, jasmine tea, rooibos tea, etc.
 - Sports drink/oral rehydration solution
 - Functional drinks: Tsuzukeru Plus, etc.
- Production volume (million CS)



FY2023 Topics②:Tochigi factory new warehouse

A new warehouse (capacity: approx. 12,500 pallets) in the site of the Tochigi Factory started operation in June 2022, reducing logistics-related costs such as storage cost and packing/transportation cost. Consider deploying this model to other factories

Location	Ashikaga City, Tochigi Prefecture
Site Area	23,862.96m ²
Total Floor Area	9,138.83m ²
Structure/Scale	One-story Steel Construction
Total Cost	Approx. 1.6 Billion Yen
Capacity	Approx. 12,500 Pallets*1



*1: Capacity per pallet: 60 cases for 500mL or 64 cases for 2L

FY2023 Topics③:EC business initiatives and results

Steady execution of EC (direct sales) business, including the opening of own EC stores, introduction of new products, and introduction of subscription service

New Open Store

- Own EC store(<https://www.lifedrink.jp/>)
 - au PAY market
 - d-shopping
- (All open in July)



New product and New service

- ZAO SODA Solty Lemon(limited-time only)
 - ZAO SODA Muscat(limited-time only)
 - ZAO SODA Plus(Functional drink)
 - ZAOSODA Labelless (Plain/Lemon)
-
- 「Subscription service」
:July 2022. Start at own EC store

Awards

ZAO SODA

- Rakuten Annual Ranking 2022 Water/Soft drink category award 1st (2 years in a row)



Shop

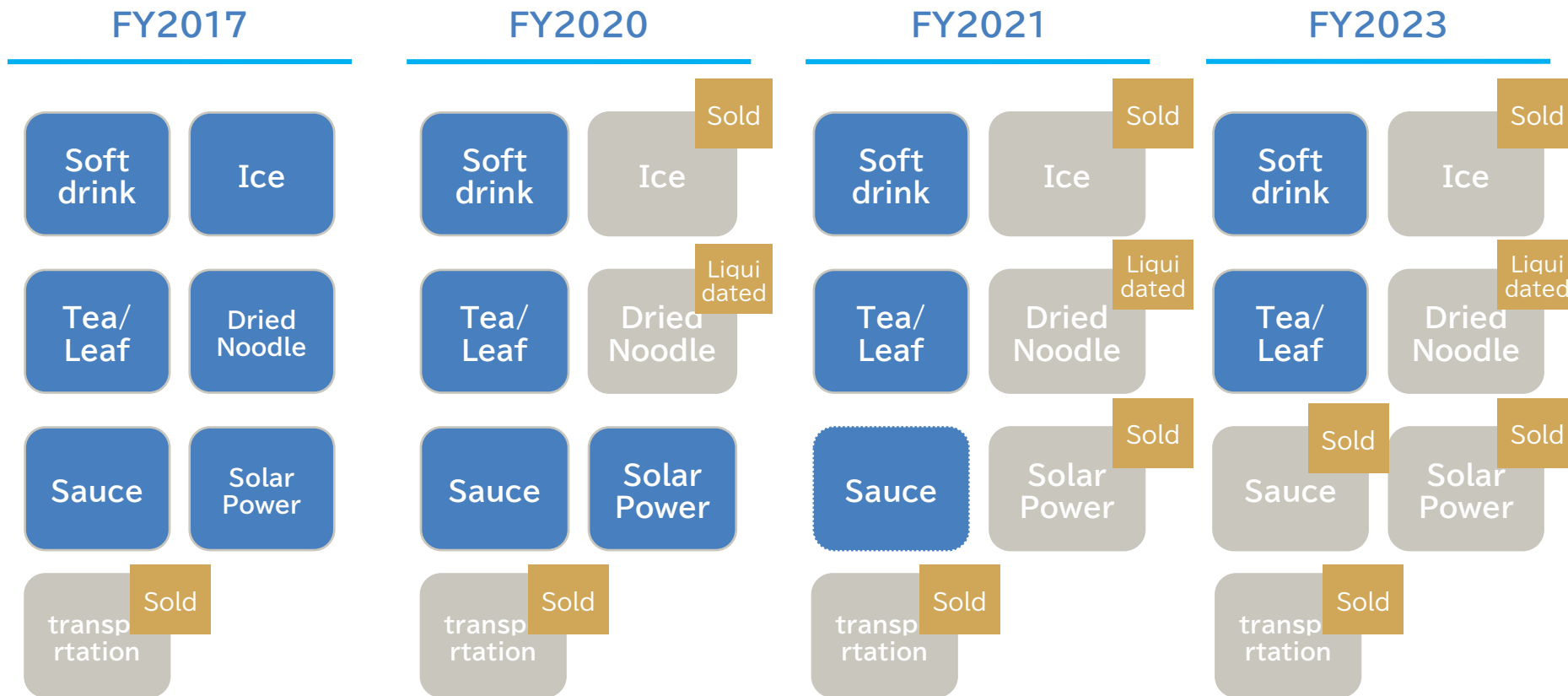
- Rakuten Shop of the Year 2022 Water/Soft Drink Category Award
- Qoo10 AWARDS 2022 New face award
- PayPay Mall Best Store Awards 2022 Drink category 3rd place

*1:Aggregation period: September 11, 2021 to September 10, 2022

*2:Aggregation period: January 2022 to December 2022

FY2023 Topics④: Transfer of Non-core source business

“Business selection and concentration” that has been promoted since 2016 will be completed with the transfer of the sauce business on Feb 28, 2023



1. Company Overview
2. Financial Results for FY2023
3. **Mid-term plan(FY2024~FY2026)**

Med-term plan outline

Aim to improve our corporate value by “evolving and deepening max production and max sales”, improving 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

- Improve logistics efficiency by deploying the Tochigi new warehouse model to other bases

Challenge to EC/D2C model

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

Med-term plan outline

The key points of each period of the med-term plan are improvement and growth of Nitto Beverage's business performance, and preparation, start of production, and full production at the Gotemba factory. We will also continue to explore M&A opportunities.

FY2024

- Improving Nitto Beverage performance and creating synergies (sales, production, procurement, etc.)
- Price revisions in response to soaring material prices and increased utility costs
- Preparations for the launch of the Gotemba factory

FY2025

- Started production at the Gotemba factory and secured sales channels

FY2026

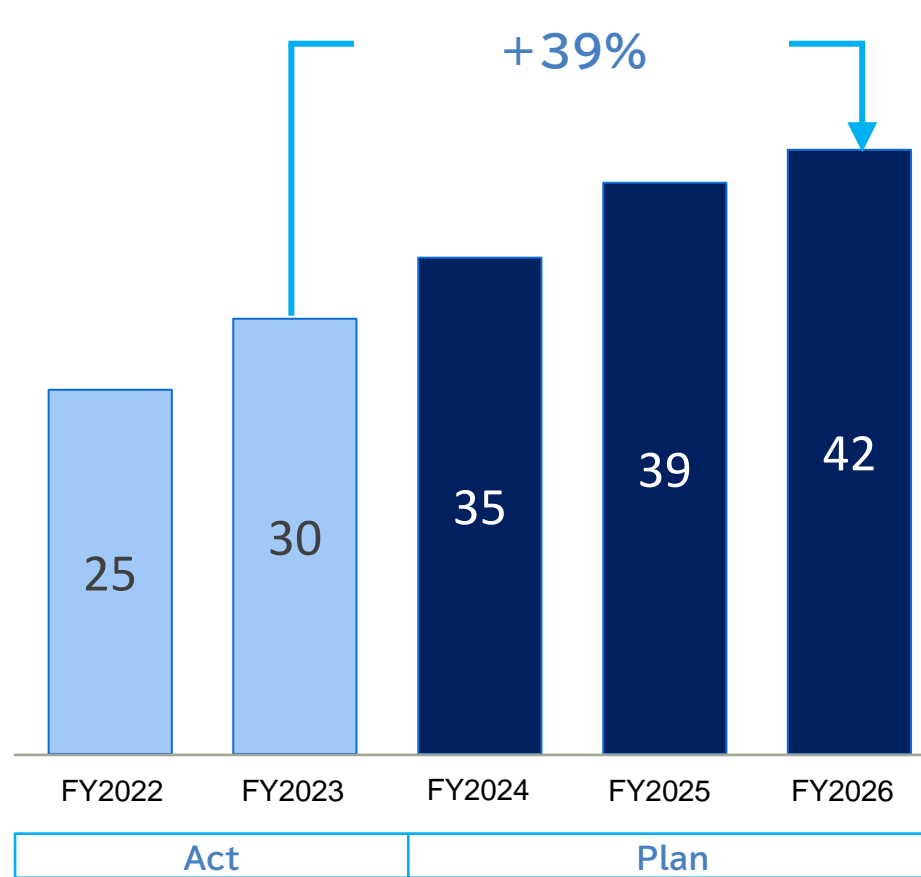
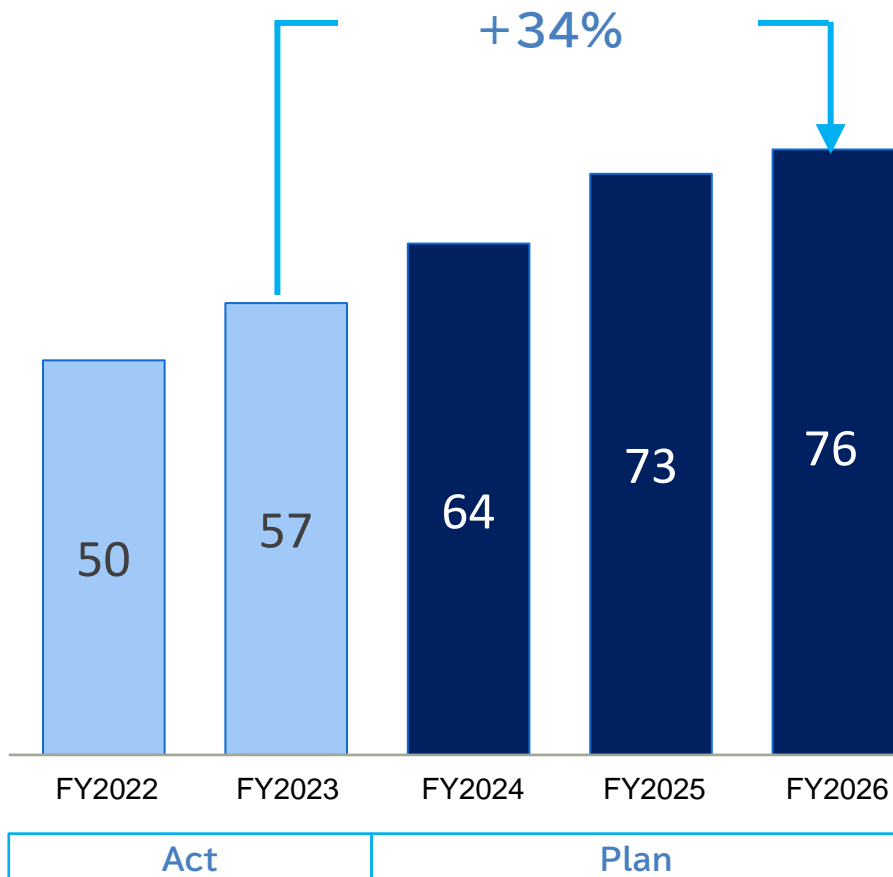
- Full production at the Gotemba factory and secure sales channels corresponding to it

Mid-term plan: Production volume/Revenue

Aiming for production volume of 76 MM case (+34% vs FY2023) and Revenue of 42 BN (+39%) in FY2026 through growth investment

Production volume(MM case)

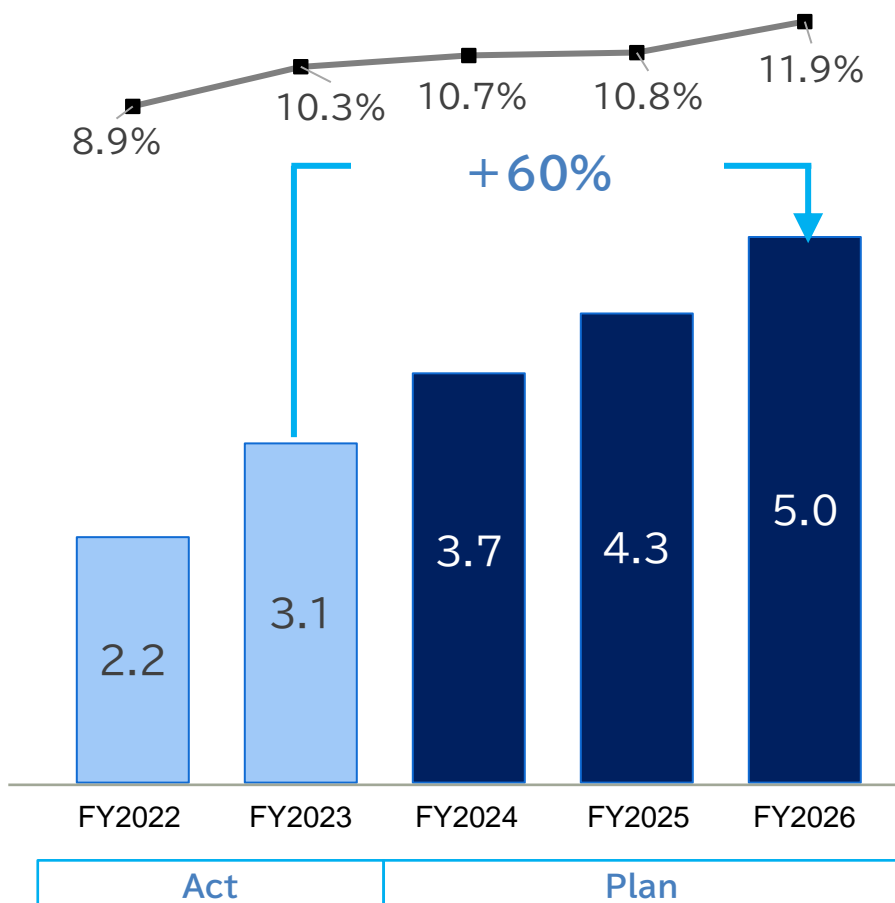
Revenue (BN)



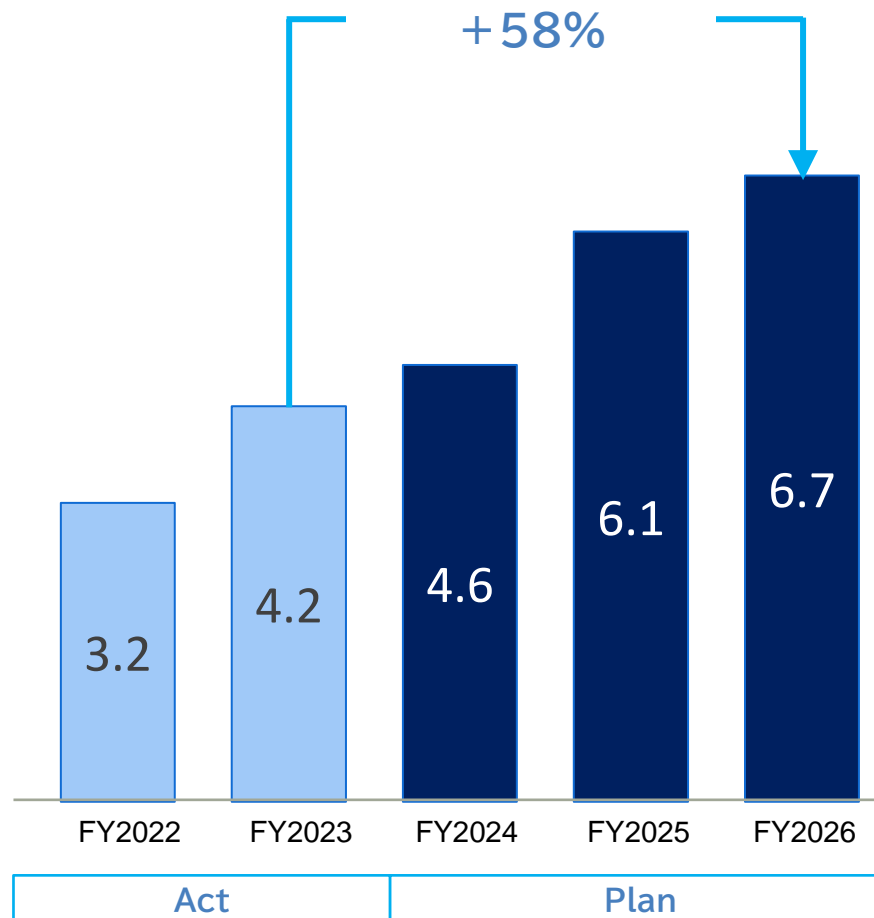
Mid-term plan: Operating Profit·EBITDA

Aim for operating Profit of 5.0 BN (+60% from FY2023), operating Profit margin of 11.9% (+1.6%pt), and EBITDA of 6.7 BN (+ 58%) in the FY2026

Operating Profit(BN)



EBITDA(BN)



Earnings forecast (FY2024) (Revised from Mar 30, 2023 announcement)

The earnings forecast FY2024 plan to increase revenue, profits, and dividends due to the creation of synergies with Nitto Beverage and price revisions. We have revised upwards in consideration of recent orders, etc.

Unit:Million yen	FY2023(Act)	FY2024(Plan)	Variance	Variance%	Ref. As of 3/30 announcement
Revenue	30,250	35,200	+4,949	+16%	34,500
Operating Profit	3,116	3,750	+633	+20%	3,600
(%)	(10.3%)	(10.7%)	(+0.4%pt)		(10.4%)
Profit	2,076	2,400	+323	+16%	2,300
(%)	(6.9%)	(6.8%)	(▲0.1%pt)		(6.7%)
(EPS)	(162.57yen)	(185.00yen)	(+22.43yen)		(177.29yen)
EBITDA	4,251	4,750	+498	+12%	4,600
(%)	(14.1%)	(13.5%)	(▲0.6%pt)		(13.3%)
Dividend(Plan)	363	389	+25	+7%	—
(DPS)	(28.00yen)	(30.00yen)	(+2.00yen)		

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