

# Financial Results

## Presentation for FY2021 1Q

(Fiscal Year Ending April 30, 2022)

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September 2021 ITO EN, LTD.



# Financial Results for FY2021 1Q

1Q (May to July 2021)

	FY2020 Results *	*Previous Standard	FY2021 Results	Sales Composition	YoY % Change	
		Sales Composition				
Consolidated	Net Sales	112,714	100.0%	105,775	100.0%	*
	Gross Profit	53,760	47.7%	42,363	40.1%	*
	Sales Commission	18,754	16.6%	60	0.1%	*
	Advertising	2,254	2.0%	2,908	2.7%	29.0%
	Freight	3,643	3.2%	3,645	3.4%	0.1%
	Depreciation and Amortization	2,585	2.3%	2,365	2.2%	-8.5%
	Selling, General and Administrative Expenses	49,544	44.0%	36,050	34.1%	-27.2%
	Operating Income	4,216	3.7%	6,312	6.0%	49.7%
	Ordinary Income	3,984	3.5%	6,461	6.1%	62.2%
	Extraordinary Losses and Income	-60	-	618	0.6%	-
	Net Income	1,993	1.8%	4,464	4.2%	124.0%

	FY2020 Results *	*Previous Standard	FY2021 Results	Sales Composition	YoY % Change	
		Sales Composition				
Non-Consolidated	Net Sales	90,332	100.0%	81,713	100.0%	*
	Gross Profit	43,191	47.8%	31,090	38.0%	*
	Operating Income	4,375	4.8%	5,365	6.6%	22.6%
	Ordinary Income	5,357	5.9%	6,101	7.5%	13.9%

(Unit: million yen, thousand dollars / \*Previous Standard)

Upper: Net Sales Bottom: Operating Income		FY2020 Results *	FY2021 Results	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	22,680	22,650	*
		- 348	626	-
	Tully's Coffee Japan Co., Ltd.	5,087	6,976	*
		- 877	104	-
	Chichiyasu Company	3,781	3,139	*
		230	230	0.0%
	Overseas Subsidiaries	8,694	9,596	10.4%
		424	447	5.4%
	US Business	7,339	8,124	10.7%
		106	109	2.2%
		\$ 68,442	\$ 73,921	8.0%
		\$ 994	\$ 992	-0.3%
	Other Overseas Subsidiaries	1,355	1,472	8.7%
		318	338	6.4%
Elimination of Internal Transactions	- 8,993	- 8,185	-	
	- 235	- 127	-	
Exchange rate (US\$) (1Q average rate)		107.24	109.91	

\*The revenue recognition standard has been applied since fiscal year 2021. A year-on-year change is not indicated for items that will be significantly impacted by this application.

# Financial Results for FY2021 1Q

## (Reference) Year-on-year comparison based on Previous Standard

1Q (May to July 2021)

	FY2020 Results *	*Previous Standard		FY2021 Results *	*Previous Standard	
		Sales Composition			Sales Composition	YoY % Change
Consolidated	Net Sales	112,714	100.0%	121,912	100.0%	8.2%
	Gross Profit	53,760	47.7%	58,520	48.0%	8.9%
	Sales Commission	18,754	16.6%	20,545	16.9%	9.6%
	Advertising	2,254	2.0%	2,908	2.4%	29.0%
	Freight	3,643	3.2%	3,645	3.0%	0.1%
	Depreciation and Amortization	2,585	2.3%	2,365	1.9%	-8.5%
	Selling, General and Administrative Expenses	49,544	44.0%	52,301	42.9%	5.6%
	Operating Income	4,216	3.7%	6,218	5.1%	47.5%
	Ordinary Income	3,984	3.5%	6,368	5.2%	59.8%
	Extraordinary Losses and Income	-60	-	618	0.5%	-
Net Income	1,993	1.8%	4,403	3.6%	120.9%	

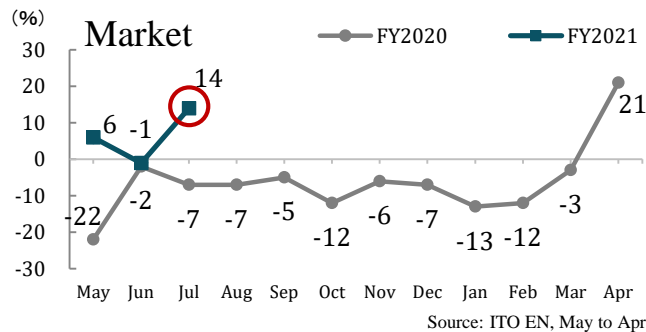
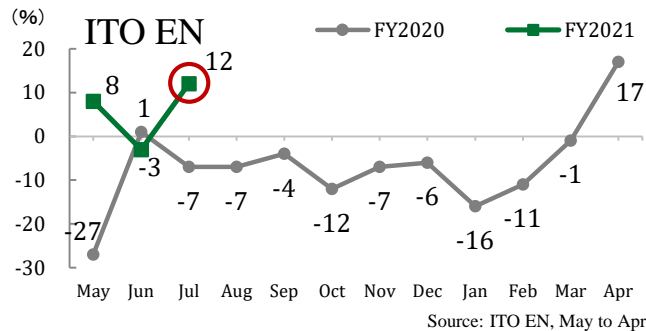
	FY2020 Results *	*Previous Standard		FY2021 Results *	*Previous Standard	
		Sales Composition			Sales Composition	YoY % Change
Non-Consolidated	Net Sales	90,332	100.0%	97,278	100.0%	7.7%
	Gross Profit	43,191	47.8%	46,676	48.0%	8.1%
	Operating Income	4,375	4.8%	5,365	5.5%	22.6%
	Ordinary Income	5,357	5.9%	6,101	6.3%	13.9%

(Unit: million yen, thousand dollars / \*Previous Standard)

	Upper: Net Sales Bottom: Operating Income	FY2020 Results *	FY2021 Results *	
				YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	22,680	23,478	3.5%
		- 348	533	-
	Tully's Coffee Japan Co., Ltd.	5,087	6,882	35.3%
		- 877	11	-
	Chichiyasu Company	3,781	3,582	-5.3%
		230	230	0.0%
	Overseas Subsidiaries	8,694	9,596	10.4%
		424	447	5.4%
	US Business	7,339	8,124	10.7%
		106	109	2.2%
		\$ 68,442	\$ 73,921	8.0%
		\$ 994	\$ 992	-0.3%
	Other Overseas Subsidiaries	1,355	1,472	8.7%
		318	338	6.4%
Elimination of Internal Transactions	- 8,993	- 8,441	-	
	- 235	- 127	-	
	Exchange rate (US\$) (1Q average rate)	107.24	109.91	

# Soft Drink Market in Japan and ITO EN

## Monthly Sales Volume Trends



## News Related to Soft Drink Market

- 2020 May Declaration of a State of Emergency.
- Jul **Record amount of rainfall and long rainy season.**
- 2021 May Redeclaration/extension of state of emergency. Early start of rainy season in West Japan and other regions.
- Jun State of emergency lifted in the middle of the month, with the exception of certain areas.
- Jul **Early end of rainy season in the country overall.**

Source: ITO EN

## ITO EN (non-consolidated) FY2021 1Q

(Unit: million yen)

	Results	YoY % Change
Net Sales	97,278	+ 8 %
Tea Leaves	8,959	+ 5 %
Drinks	87,551	+ 8 %
Others	768	+ 47 %



\*Previous Standard

(Unit: ten thousand case)

Drinks sales volume by category	FY 2020	Sales		FY 2021	Sales	
	Results	Composition	YoY % Change	Results	Composition	YoY % Change
Drinks	5,735	100 %	Δ 11 %	6,041	100 %	+ 5 %
Tea total	4,007	70 %	Δ 11 %	4,319	71 %	+ 8 %
Japanese Tea/Healthy Tea	3,635	63 %	Δ 11 %	4,011	66 %	+ 10 %
Chinese Tea	311	5 %	Δ 16 %	259	4 %	Δ 17 %
Black Tea	60	1 %	+ 16 %	47	1 %	Δ 21 %
Vegetable	868	15 %	Δ 0 %	802	13 %	Δ 8 %
Coffee	348	6 %	Δ 19 %	399	7 %	+ 15 %
Mineral Water	173	3 %	Δ 23 %	181	3 %	+ 4 %
Carbonated	110	2 %	Δ 17 %	107	2 %	Δ 4 %
Others	226	4 %	Δ 19 %	231	4 %	+ 2 %

Ratio of sugar-free beverages: **75% or more**

## Main impact on sales \*1Q ( May to July, 2021 )

### ITO EN (non-consolidated)

May to July, 2021

**+7.7 %**

Reference:  
May to July, 2020

**-11.2 %**

\*Previous Standard / YoY

#### Impact of the reaction to the cold summer in the previous year and establishment of a home-based workstyle.

- Double-digit growth in the single-month result for July in reaction to the cold summer for two consecutive years until last year.
- Visits to convenience stores and users of vending machines were recovering because of an increase in the number of people who went out, mainly in urban areas.
- Demand for tea from leaves (tea bags) remained strong.



Convenience Store

**+10%**



Vending Machine

**+9%**

\*Previous Standard / YoY

### Tully's Coffee Japan

May to July, 2021

**+35 %**

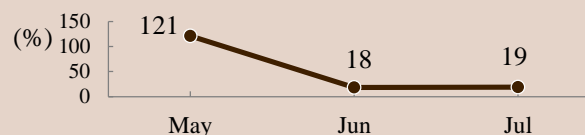
Reference:  
May to July, 2020

**-43 %**

\*Previous Standard / YoY

#### The number of customers increased, mainly at stores located in urban areas and around transportation. Sales of products such as coffee beans were also strong.

Monthly Sales (YoY)



At the end of the month	May	June	July
Ratio of shops that suspended operations (Last year)	4% (18%)	0% (1%)	0% (1%)
Ratio of shops that shortened business hours (Last year)	43% (67%)	44% (48%)	44% (34%)

\*Previous Standard / YoY

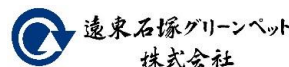
Reference: Status of emergency declarations by the government

As of May 31 State of Emergency Declaration 10 prefectures Focused Anti-infection Measures 8 prefectures

As of June 30 State of Emergency Declaration 1 prefecture Focused Anti-infection Measures 10 prefectures

As of July 31 State of Emergency Declaration 2 prefectures Focused Anti-infection Measures 4 prefectures





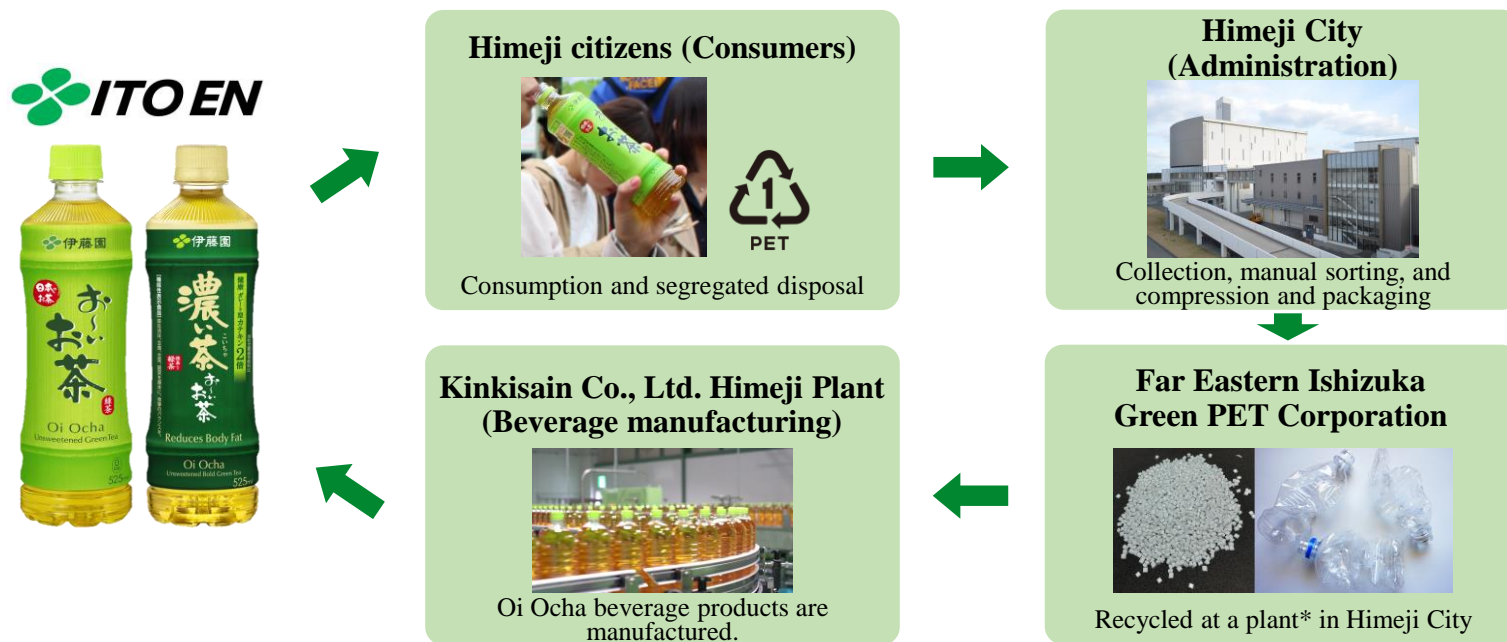
From April 1, 2022

Implementing resource circulation, in which the process from the collection of used PET bottles to product sales is completed within a region.

## Conclusion of Agreement on Collaborations Concerning Recycling of PET Bottles as Resource Circulation

ITO EN concluded an agreement on collaboration aimed at forming a recycling-oriented society in Himeji City. The agreement was signed by four parties: the city government of Himeji, Far Eastern Ishizuka Green PET Corporation, Kinkisain Co., Ltd., and ITO EN, LTD. Under this agreement, the four parties will begin to collaborate in intraregional recycling of PET bottles, from the collection to product sales, on April 1, 2022.

### An intra-regional resource circulation system for horizontal (bottle-to-bottle)



\*The plant in Himeji is planned to commence operation in April 2023 (Shikama Ward, Himeji City).  
Until then, collected bottles will be processed at Tokyo Plant (Sashima County, Ibaraki) of Far Eastern Ishizuka Green PET Corporation.

We will build a system of resource circulation within the region, in which used PET bottles consumed by Himeji citizens will be horizontally recycled into new PET bottles (bottle to bottle).

## Sales remained strong after the switch to the functional claim product category. “Oi Ocha Bold Green Tea” Sales Increase for 24th Consecutive Month\*1

Oi Ocha Bold Green Tea was renewed and began to be sold as a government-designated drink with function claims in September 2019. Subsequently, its sale volume increased for 24th consecutive months. Sales volume for the past year was 92% above the level before the renewal. \*2

Functionality-related components  
Green tea-derived gallate catechins



The government-designated drink with  
function claims

Sales quantity **#.1**\*3



\*1 Period covered : Sep 2019 to Aug 2021 / Sales volume \*2 Period covered : Sep 2020 to Aug 2021 vs. Sep 2018 to Aug 2019 / sales volume  
\*3 INTAGE SRI+ (Jan to Dec 2020 / quantity base)

From July 19, 2021

## The first large-volume series from the TULLY’S brand. “TULLY’S COFFEE MY HOME”

We newly released “TULLY’S COFFEE MY HOME BLACK COFFEE” and “TULLY’S COFFEE MY HOME BLACK COFFEE WITH LOW SUGAR”, which are prepared using 100% arabica coffee beans in pursuit of the good taste of freshly brewed coffee. A large-capacity paper container with a cap, ideal for long storage, was adopted to meet the demand for beverages to consume at home, which has been growing with the increase in spending time at home associated with the spread of telework.



## Selected as one of the world's leading ESG (Environmental, Social and Governance) indices. ITO EN selected as a constituent stock of the FTSE4GOOD Index Series and the FTSE Blossom Japan Index

ITO EN has been reselected for inclusion in the FTSE4GOOD Index Series, the world's leading index for ESG investment, and for the first time as a constituent stock of the FTSE Blossom Japan Index, a comprehensive ESG stock price index consisting of stocks of Japanese companies. The ITO EN Group will continue to contribute to sustainable growth and the resolution of environmental and social issues as a "Innovative Health Solutions Company" that proposes "healthy" and enriched lifestyles to people around the world.

# Appendix : Related materials

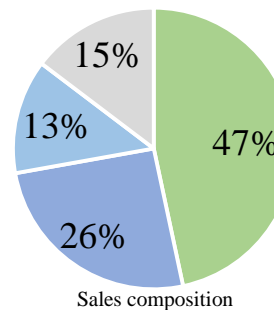
## ITO EN (non-consolidated) Results by Category

(Unit: million yen)

1Q (May to July 2021)	FY 2020 Results			FY 2021 Results		
	Sales Composition	YoY % Change	Sales Composition	YoY % Change		
Net Sales	90,332	100.0%	-11.2%	97,278	100.0%	7.7%
Tea Leaves	8,543	9.5%	-0.5%	8,959	9.2%	4.9%
Drinks	81,268	89.9%	-12.0%	87,551	89.9%	7.7%
Others	520	0.6%	-36.7%	768	0.8%	47.4%

## ITO EN (non-consolidated) Results by Channels

FY 2021 1Q (May to July 2021)



	Composition ratio YoY	YOY % Change
Supermarket	- 2 pt	+ 4 %
Convenience Store	+ 1 pt	+ 10 %
Vending Machine	+ 0 pt	+ 9 %
Others	+ 1 pt	+ 14 %

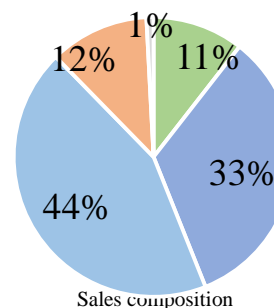
Unit: Price base

(Unit: thousand case)

1Q (May to July 2021)	FY 2020 Results			FY 2021 Results		
	Sales Composition	YoY % Change	Sales Composition	YoY % Change		
Drinks	57,355	100.0%	-11.0%	60,419	100.0%	5.3%
Tea total	40,077	69.9%	-11.1%	43,196	71.5%	7.8%
Japanese Tea/Healthy Tea	36,358	63.4%	-10.9%	40,117	66.4%	10.3%
Chinese Tea	3,113	5.4%	-16.1%	2,598	4.3%	-16.5%
Black Tea	606	1.1%	16.0%	479	0.8%	-20.9%
Vegetable	8,688	15.1%	-0.1%	8,025	13.3%	-7.6%
Coffee	3,480	6.1%	-19.2%	3,997	6.6%	14.8%
Mineral Water	1,736	3.0%	-23.3%	1,811	3.0%	4.3%
Carbonated	1,108	1.9%	-16.7%	1,070	1.8%	-3.5%
Fruit	1,105	1.9%	-19.6%	1,202	2.0%	8.7%
Others	1,157	2.0%	-19.1%	1,116	1.9%	-3.5%

## ITO EN (non-consolidated) Results by Packaging

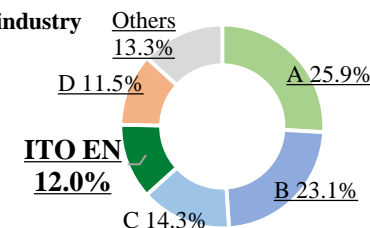
FY 2021 1Q (May to July 2021)



		Composition ratio YOY	YOY % Change
Drink Total	6,041	-	+ 5 %
Cans	637	+ 0 pt	+ 6 %
PET (Large)	2,020	- 0 pt	+ 4 %
PET (Small)	2,645	+ 2 pt	+ 9 %
Cartons	695	- 1 pt	- 3 %
Others	43	- 0 pt	- 10 %

Unit: ten thousand cases

Reference : Market Share of beverage industry



\*Jan to Jun 2021 / Quantity base



# Appendix : Forecasts for FY 2021

## Year-on-year comparison based on previous standard

Full year (May 2021 to April 2022)

	FY2020 Results*	*Previous Standard		FY2021 Forecast*	*Previous Standard	
		Sales Composition			Sales Composition	YoY % Change
Consolidated	Net Sales	446,281	100.0%	472,300	100.0%	5.8%
	Gross Profit	215,003	48.2%	228,400	48.4%	6.2%
	Sales Commission	74,313	16.7%	77,894	16.5%	4.8%
	Advertising	9,808	2.2%	11,079	2.3%	13.0%
	Freight	13,833	3.1%	14,101	3.0%	1.9%
	Depreciation and Amortization	10,207	2.3%	9,608	2.0%	-5.9%
	Selling, General and Administrative Expenses	198,327	44.4%	208,400	44.1%	5.1%
	Operating Income	16,675	3.7%	20,000	4.2%	19.9%
	Ordinary Income	17,029	3.8%	19,800	4.2%	16.3%
	Extraordinary Losses and Income	-3,634	-	-1,300	-	-
Net Income	7,011	1.6%	12,800	2.7%	82.5%	

	FY2020 Results*	*Previous Standard		FY2021 Forecast*	*Previous Standard	
		Sales Composition			Sales Composition	YoY % Change
Non-Consolidated	Net Sales	352,732	100.0%	370,000	100.0%	4.9%
	Gross Profit	169,621	48.1%	178,400	48.2%	5.2%
	Operating Income	15,759	4.5%	17,000	4.6%	7.9%
	Ordinary Income	17,565	5.0%	17,600	4.8%	0.2%

(Unit: million yen, thousand dollars / \*Previous Standard)

	Upper: Net Sales Bottom: Operating Income	FY2020 Results*	FY2021 Forecast*	YoY % Change
Tully's Coffee Japan Co., Ltd.	13	2,501	18287.8%	
Chichiyasu Company	26,215	31,500	20.2%	
	- 1,374	1,000	-	
	13,897	13,610	-2.1%	
	702	680	-3.2%	
Overseas Subsidiaries	35,355	37,643	6.5%	
	1,864	2,285	22.5%	
US Business	30,068	32,204	7.1%	
	717	1,124	56.6%	
	\$ 283,135	\$ 298,191	5.3%	
	\$ 6,758	\$ 10,410	54.0%	
Other Overseas Subsidiaries	5,286	5,439	2.9%	
	1,146	1,161	1.2%	
Elimination of Internal Transactions	- 33,538	- 34,261	-	
	- 962	- 1,786	-	
	Exchange rate (US\$) (average during a year)	106.20	108.00	

# Appendix : Forecasts for FY 2021

## Difference in impact from previous standard

Full year (May 2021 to April 2022)

	FY2021 Forecast*	*Previous Standard		FY2021 Forecast	Sales Composition	Impact Amount
		Sales Composition				
Net Sales	472,300	100.0%		410,000	100.0%	-62,300
Gross Profit	228,400	48.4%		166,100	40.5%	-62,300
Sales Commission	77,894	16.5%		269	0.1%	-77,625
Advertising	11,079	2.3%		11,079	2.7%	-
Freight	14,401	3.0%		14,401	3.4%	-
Depreciation and Amortization	9,608	2.0%		9,608	2.3%	-
Selling, General and Administrative Expenses	208,400	44.1%		146,100	35.6%	-62,300
Operating Income	20,000	4.2%		20,000	4.9%	-
Ordinary Income	19,800	4.2%		19,800	4.8%	-
Extraordinary Losses and Income	-1,300	-		-1,300	-	-
Net Income	12,800	2.7%		12,800	3.1%	-

	FY2021 Forecast*	*Previous Standard		FY2021 Forecast	Sales Composition	Impact Amount
		Sales Composition				
Net Sales	370,000	100.0%		311,000	100.0%	-59,000
Gross Profit	178,400	48.2%		119,400	38.4%	-59,000
Operating Income	17,000	4.6%		17,000	5.5%	-
Ordinary Income	17,600	4.8%		17,600	5.7%	-

(Unit: million yen, thousand dollars / \*Previous Standard)

Upper: Net Sales Bottom: Operating Income	FY2021 Forecast*	FY2021 Forecast	Impact Amount
Domestic Subsidiaries	98,918	95,582	-3,336
Tully's Coffee Japan Co., Ltd.	2,501	2,501	-
Chichiyasu Company	31,500	31,500	-
	1,000	1,000	-
	13,610	11,931	-1,679
	680	680	-
Overseas Subsidiaries	37,643	37,643	-
	2,285	2,285	-
US Business	32,204	32,204	-
	1,124	1,124	-
	\$ 298,192	\$ 298,192	-
	\$ 10,470	\$ 10,470	-
Other Overseas Subsidiaries	5,439	5,439	-
	1,161	1,161	-
Elimination of Internal Transactions	- 34,261	- 34,225	36
	- 1,786	- 1,786	-

Exchange rate (US\$)  
(average during a year) 106.20 108.00



The purpose of the materials you have received is to provide the means for a more thorough understanding of ITO EN and should not necessarily be regarded as a recommendation to invest. Furthermore, the data in these materials is based on what we believe is the most accurate information. However, please understand that even without advance notice, both past data and future forecasts may be revised.