

Financial Results

Presentation for FY2021 2Q

(Fiscal Year Ending April 30, 2022)

December 2021 ITO EN, LTD.



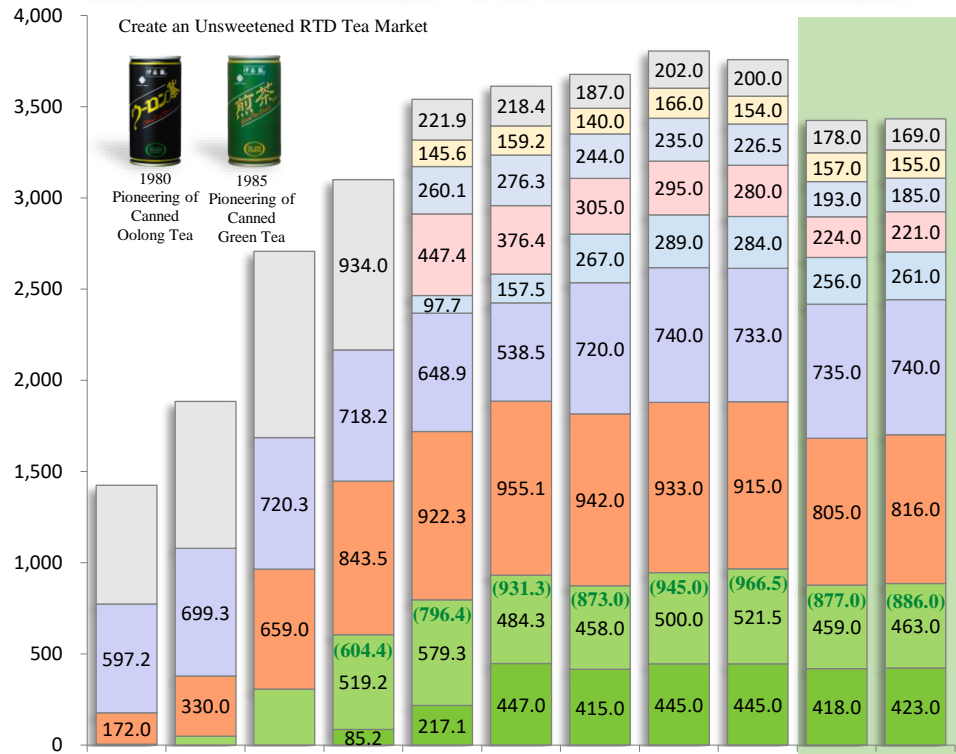
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Soft Drink Market in Japan/ Our Developments

Soft Drink Market in Japan

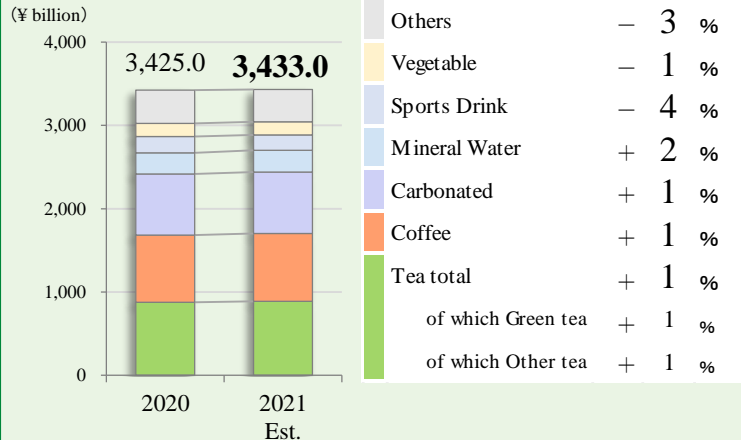
Soft Drink Market Trends

Carbonated and coffee have become popular ▶ Tea has become Popular ▶

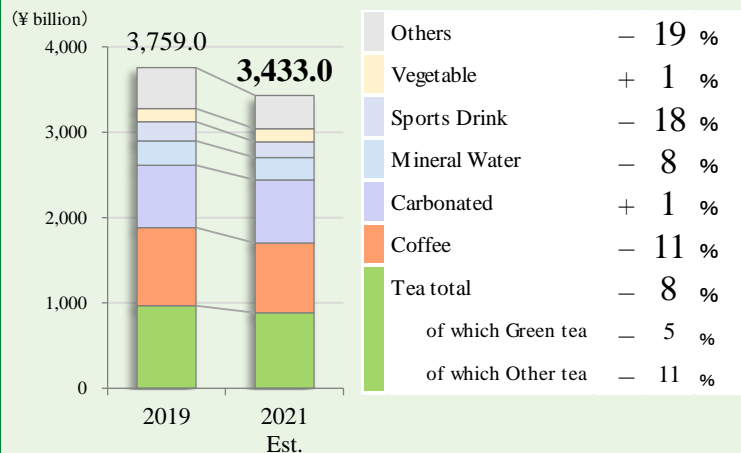


- Others
- Vegetable
- Sports Drink
- Mineral Water
- Carbonated
- Coffee
- (Tea total)
Other Tea
- Green Tea

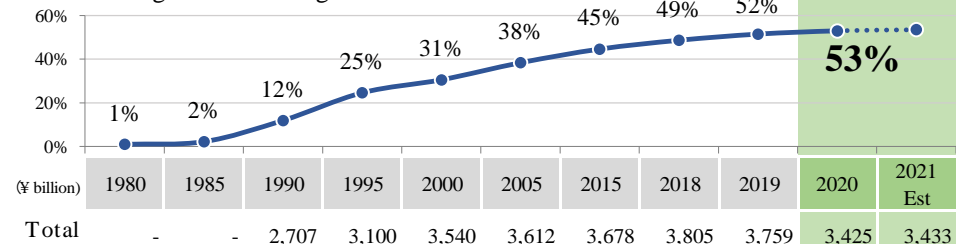
Forecast 2021 YoY +0%



Reference: Forecast 2021 compared to 2019 : -9%

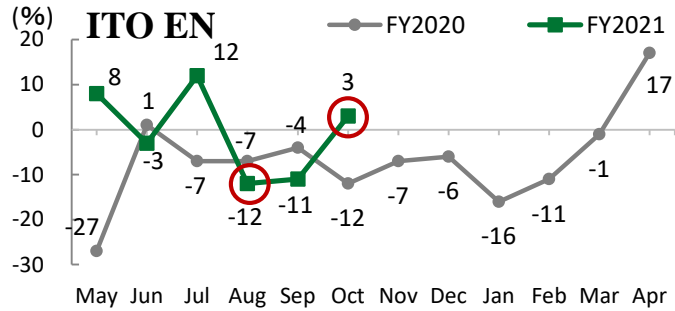


Trends in sugar-free beverage market

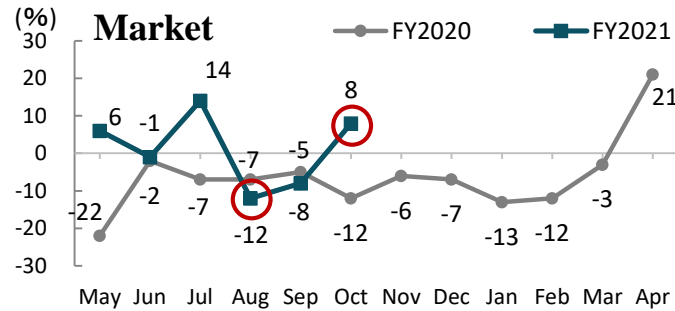


Sugar-free beverages continue to grow as a percentage of total sales.
More than half of all domestic beverages are sugar-free.

Monthly Sales Volume Trends



Source: ITO EN, (Chart) May to Apr



Source: ITO EN, (Chart) May to Apr

News Related to Soft Drink Market

- 2021 May Re-issuance and extension of the state of emergency. Early start of the rainy season, especially in western Japan.
- Jun The state of emergency was lifted in the middle of the year, except in some areas.
- Jul Early end of the rainy season in Japan.
- Aug **The exceptionally long rainy season brought a record amount of rainfall.**
- Sep State of emergency was extended. Weather conditions were bad.
- Oct **Demand outside households increased after the state of emergency was lifted.**

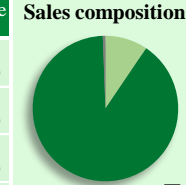
Source: ITO EN

ITO EN (non-consolidated) for FY2021 2Q(May to Oct, 2021)

(Unit: million yen)

	Results	YoY % Change
Net Sales	190,614	+ 1 %
Tea Leaves	16,936	+ 2 %
Drinks	172,053	+ 0 %
Others	1,624	+ 33 %

*Previous standard



Tea Leaves 9% Drinks 90% Others 1%

(Unit: ten thousand case)

Drinks sales volume by category	FY 2020 Results	Sales Composition	YoY % Change	FY 2021 Results	Sales Composition	YoY % Change
	Drinks	11,998	100 %	- 9 %	11,845	100 %
Tea total	8,448	70 %	- 10 %	8,405	71 %	- 0 %
Japanese Tea/Healthy Tea	7,669	64 %	- 9 %	7,827	66 %	+ 2 %
Chinese Tea	650	5 %	- 15 %	489	4 %	- 25 %
Black Tea	127	1 %	- 35 %	88	1 %	- 30 %
Vegetable	1,761	15 %	- 1 %	1,590	13 %	- 10 %
Coffee	740	6 %	- 11 %	805	7 %	+ 9 %
Mineral Water	357	3 %	- 21 %	359	3 %	+ 1 %
Carbonated	229	2 %	- 15 %	232	2 %	+ 1 %
Others	461	4 %	- 16 %	452	4 %	- 2 %

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

Financial Results for FY2021 2Q

First half (May to October 2021)

	FY2020 Results *	*Previous Standard	FY2021 Results	Sales Composition	YoY % Change	
		Sales Composition				
Consolidated	Net Sales	236,585	100.0%	208,716	100.0%	*
	Gross Profit	112,475	47.5%	82,469	39.5%	*
	Sales Commission	40,348	17.1%	119	0.1%	*
	Advertising	5,622	2.4%	5,577	2.7%	-0.8%
	Freight	7,397	3.1%	7,190	3.4%	-2.8%
	Depreciation and Amortization	5,153	2.2%	4,688	2.2%	-9.0%
	Selling, General and Administrative Expenses	103,864	43.9%	71,612	34.3%	-31.1%
	Operating Income	8,610	3.6%	10,856	5.2%	26.1%
	Ordinary Income	8,317	3.5%	11,303	5.4%	35.9%
	Extraordinary Losses and Income	-229	-	823	-	-
	Net Income	4,596	1.9%	7,752	3.7%	68.7%

	FY2020 Results *	*Previous Standard	FY2021 Results	Sales Composition	YoY % Change	
		Sales Composition				
Non-Consolidated	Net Sales	189,522	100.0%	159,505	100.0%	*
	Gross Profit	89,811	47.4%	59,787	37.5%	*
	Operating Income	8,399	4.4%	9,149	5.7%	8.9%
	Ordinary Income	9,377	4.9%	10,149	6.4%	8.2%

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

Upper: Net Sales Bottom: Operating Income		FY2020 Results *	FY2021 Results	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	46,295	45,666	*
		- 395	1,150	-
	Tully's Coffee Japan Co., Ltd.	11,860	14,017	*
		- 1,243	115	-
	Chichiyasu Company	7,376	6,155	*
		434	440	1.4%
	Overseas Subsidiaries	17,761	20,069	13.0%
		1,050	885	-15.7%
	US Business	14,904	17,224	15.6%
		438	330	-24.6%
		\$ 139,998	\$ 155,894	11.4%
	\$ 4,118	\$ 2,993	-27.3%	
Other Overseas Subsidiaries	2,857	2,844	-0.4%	
	612	555	-9.3%	
Elimination of Internal Transactions	- 16,993	- 16,524	-	
	- 444	- 329	-	
Exchange rate (US\$) (First Half average rate)		106.46	110.49	

*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 2Q

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

First half (May to October 2021)

	FY2020 Results*	*Previous Standard		FY2021 Results*	*Previous Standard	
		Sales Composition			Sales Composition	YoY % Change
Net Sales	236,585	100.0%		241,041	100.0%	1.9%
Gross Profit	112,475	47.5%		114,828	47.6%	2.1%
Sales Commission	40,348	17.1%		41,214	17.1%	2.1%
Advertising	5,622	2.4%		5,577	2.3%	-0.8%
Freight	7,397	3.1%		7,190	3.0%	-2.8%
Depreciation and Amortization	5,153	2.2%		4,688	1.9%	-9.0%
Selling, General and Administrative Expenses	103,864	43.9%		104,090	43.2%	0.2%
Operating Income	8,610	3.6%		10,737	4.5%	24.7%
Ordinary Income	8,317	3.5%		11,184	4.6%	34.5%
Extraordinary Losses and Income	-229	-		823	-	-
Net Income	4,596	1.9%		7,674	3.2%	67.0%

	FY2020 Results*	*Previous Standard		FY2021 Results*	*Previous Standard	
		Sales Composition			Sales Composition	YoY % Change
Net Sales	189,522	100.0%		190,614	100.0%	0.6%
Gross Profit	89,811	47.4%		90,930	47.7%	1.2%
Operating Income	8,399	4.4%		9,149	4.8%	8.9%
Ordinary Income	9,377	4.9%		10,149	5.3%	8.2%

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

Upper: Net Sales Bottom: Operating Income		FY2020 Results*	FY2021 Results*	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	46,295	47,378	2.3%
		- 395	1,031	-
	Tully's Coffee Japan Co., Ltd.	11,860	13,898	17.2%
		- 1,243	- 3	-
	Chichiyasu Company	7,376	6,999	-5.1%
		434	440	1.4%
	Overseas Subsidiaries	17,761	20,069	13.0%
		1,050	885	-15.7%
	US Business	14,904	17,224	15.6%
		438	330	-24.6%
		\$ 139,998	\$ 155,894	11.4%
		\$ 4,118	\$ 2,993	-27.3%
Other Overseas Subsidiaries	2,857	2,844	-0.4%	
	612	555	-9.3%	
Elimination of Internal Transactions	- 16,993	- 17,021	-	
	- 444	- 329	-	
Exchange rate (US\$)	106.46	110.49		
(First Half average rate)				

Main impact on sales *2Q (Aug to Oct, 2021)

ITO EN (non-consolidated)

(Aug to Oct, 2021)

-5.9 %

Reference: Aug to Oct, 2020 **-7.4 %**

(*) Previous standard (YoY %)

- Unseasonable weather during peak season and state of emergency caused a decrease in opportunities for outings.
- Telecommuting is taking root and more clearly affecting the convenience store business.



(*) Previous standard (YoY %)

Tully's Coffee Japan

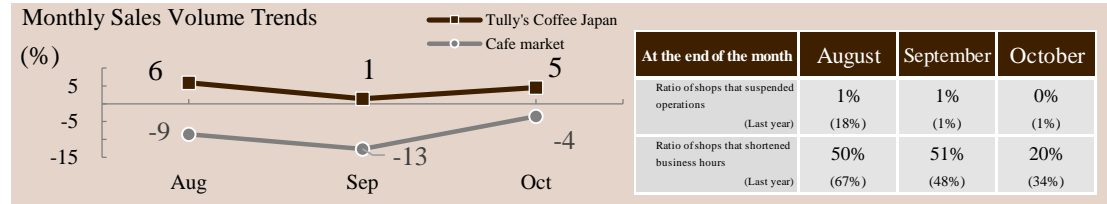
(Aug to Oct, 2021)

+4 %

Reference: Aug to Oct, 2020 **-22 %**

(*) Previous standard (YoY %)

- State of emergency declared in August-September weakens recovery of foot traffic.
- Since October, sales conditions and the number of customers have been on a recovery track, especially in urban areas.



(*) Previous standard (YoY %) (*)Cafe market : Japan Foodservice Association

US Business : ITO EN (North America) INC.

(Aug to Oct, 2021)

+13 %

Reference: Aug to Oct, 2020 **+0 %**

- Progress in vaccination is facilitating a steady recovery in consumer spending.
- There are concerns over a prolonged rise in the cost of ocean freight.

(*) Local currency base

Forecasts for FY2021

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%	464,400	100.0%	4.1%
	Gross Profit	215,003	48.2%	223,600	48.1%	4.0%
	Sales Commission	74,313	16.7%	76,626	16.5%	3.1%
	Advertising	9,808	2.2%	10,579	2.3%	7.9%
	Freight	13,833	3.1%	13,601	2.9%	-1.7%
	Depreciation and Amortization	10,207	2.3%	9,214	2.0%	-9.7%
	Selling, General and Administrative Expenses	198,327	44.4%	203,600	43.8%	2.7%
	Operating Income	16,675	3.7%	20,000	4.3%	19.9%
	Ordinary Income	17,029	3.8%	19,800	4.3%	16.3%
	Extraordinary Losses and Income	-3,634	-	-300	-	-
	Net Income	7,011	1.6%	12,800	2.8%	82.5%

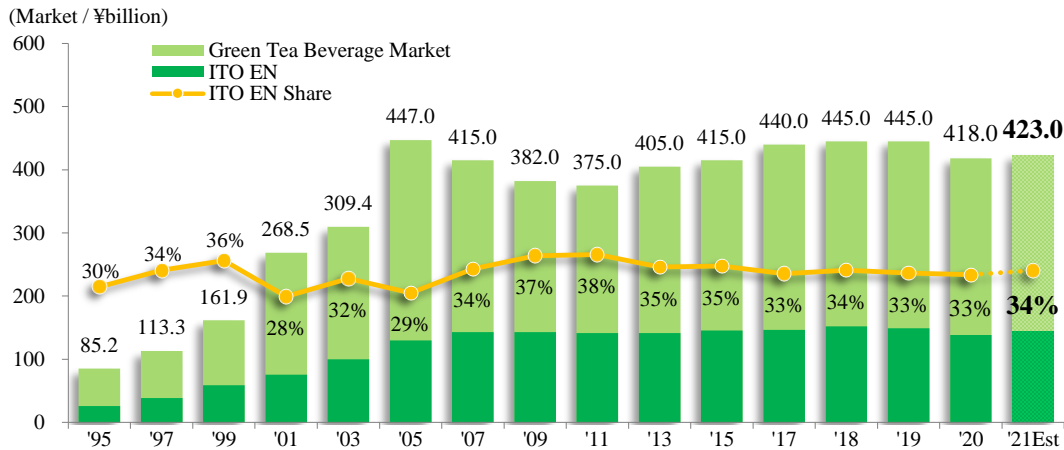
	FY2020 Results*	*Previous Standard		FY2021 Forecast*	*Previous Standard	
		Sales Composition			Sales Composition	YoY % Change
Non-Consolidated	Net Sales	352,732	100.0%	362,300	100.0%	2.7%
	Gross Profit	169,621	48.1%	174,000	48.0%	2.6%
	Operating Income	15,759	4.5%	17,000	4.7%	7.9%
	Ordinary Income	17,565	5.0%	17,600	4.9%	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	-	
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	37,484	6.0%	
	1,864	1,895	1.7%	
US Business	30,068	32,045	6.6%	
	717	734	2.4%	
	\$ 283,135	\$ 296,716	4.8%	
	\$ 6,758	\$ 6,799	0.6%	
Other Overseas Subsidiaries	5,286	5,439	2.9%	
	1,146	1,161	1.2%	
Elimination of Internal Transactions	- 33,538	- 34,302	-	
	- 962	- 1,396	-	
	Exchange rate (US\$) (average during a year)	106.20	108.00	

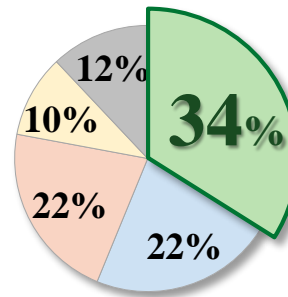
Marketing & Management Strategy

Green Tea Beverage Market Trends



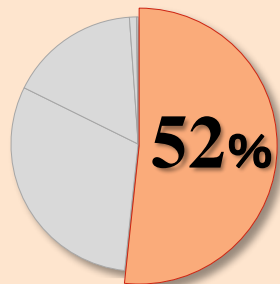
Source: ITO EN Calendar year

Market share of Green Tea Beverages sold in 2021



Source: ITO EN (Forecast for 2021)

Hot Green Tea Beverage Market in fall-winter season

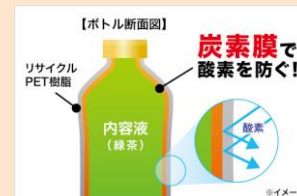


*INTAGE SRI (Sep 2020 to Aug 2021 / Price base)



Development of original products to meet customers' needs in their daily lives

Microwavable products「おーいお茶」



Microwavable 100% recycled PET bottles



Oi Ocha exclusive tea leaves suited for hot tea

Oi Ocha



Note: The structure of hot-compatible PET bottles differs depending on the product.

“Chosen for its deliciousness^{*1}” Sales #.1^{*2}

*1 Survey conducted by ITO EN (survey commissioned by Nippon Information Incorporated)

*2 INTAGE SRI+ Data of sugar-free tea beverage market (period: Jan-Dec 2020 / Price base) Reference: Top share for 19 consecutive years since data disclosure began in 2002.

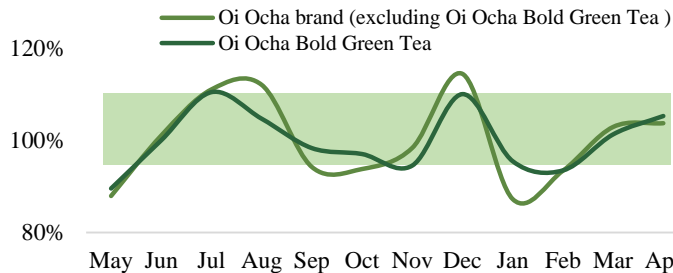
Oi Ocha Bold Green Tea

Year-on-year increase for 26 consecutive months after renewal as a food with functional claims*

Stable growth throughout the year without being affected by weather or seasons

* Period covered : Sep 2019 to Oct 2021 / Sales volume

Rate of change in sales trends due to season and weather



* Percentage of change in monthly sales volume in comparison to the average sales volume of ITO EN: November 2019 - October 2021

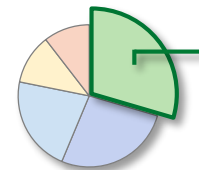
Ingredients related to functionality based on ITO EN's research

Green tea-derived gallate-type catechins



Status of research and technology development of five main beverage manufacturers.

Total number of FOSHU-certified products and food with function claims *



ITO EN #.1 (Total 96 cases)
Of which, a total of 35 products contain tea catechins as functional ingredients.

As of November 11, 2021 / Source: The Consumer Affairs Agency
*FOSHU-certified products: Number of licenses / Food with function claims: Number of items issued

The government-designated drink with function claims

おーお茶 **濃い茶**
"Oi Ocha Bold Green Tea"

Sales quantity **#.1**

*INTAGE SRI+ (Nov 2020 to Oct 2021 / quantity base)

Product lines based on consumption scenes

Can be consumed both outdoor and indoor

Microwavable Products

Easy Convenience for drinking tea anytime, anywhere.

Tea Leaves (Instant Tea)



Personal sizes

Home sizes



おーお茶

Trends in "Household-use" tea leaf market and sales at ITO EN

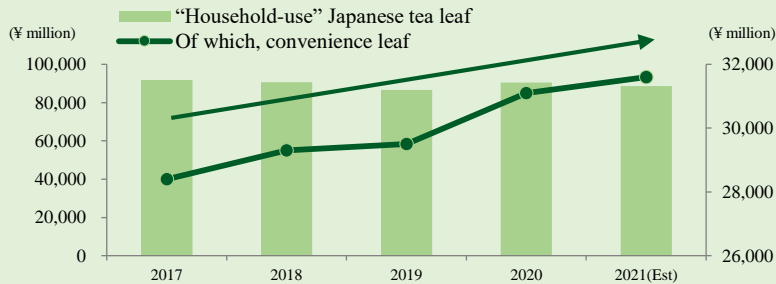
Trends in "Household-use" Japanese tea leaf market



Market for easy and convenient leaf products such as tea bags

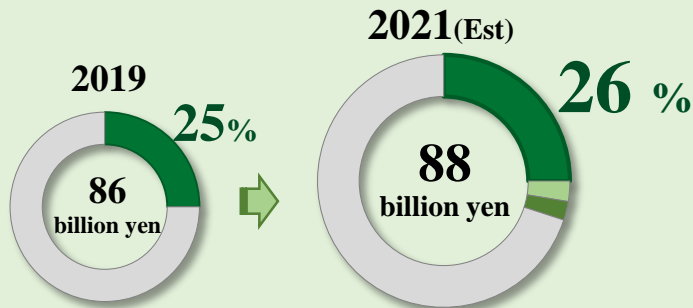
Forecast for 2021

Compare to 2017 **+ 11%**



*Source: ITO EN (Calendar year / Price base)

Share in the sales of "Household-use" Japanese tea leaf



ITO EN #.1

*Source: ITO EN (Calendar year / Price base)



Sales trend of easy and convenient products (Forecast for 2021)

Compared to 2017 **+ 15%**



Newly released tea bag products as ITO EN Food with Function Claims

First in Japan* "reduces the body fat of people with a high body mass index (BMI)"

おーいお茶 プレミアムティーバッグ 一番摘み緑茶

Oi Ocha Premium Tea Bags - First Harvest Green Tea



Functional ingredients : gallate-type catechins

* Japan' first food with function claims that reduces body fat using gallate-type catechins as functional ingredients in the green-tea tea-bag product category (Source: survey by ITO EN)

Experience program for enjoying your original Oi Ocha at home

Tea Plantation Express

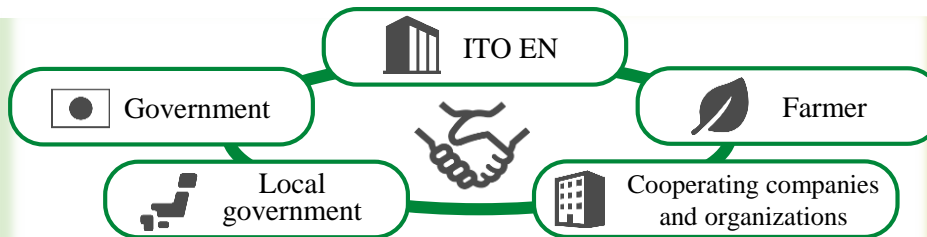
New campaign to deliver the taste of freshly brewed tea by processing, transporting, and extracting fresh tea leaves from an exclusive tea farm in the shortest time possible.



伊藤園

ITO EN's idea of ideal agriculture

Propose technical development and diversified farming that can help solve community issues. Cooperate with parties involved and achieve both an increase in productivity and sustainability.



ITO EN's original model of sustainable agriculture

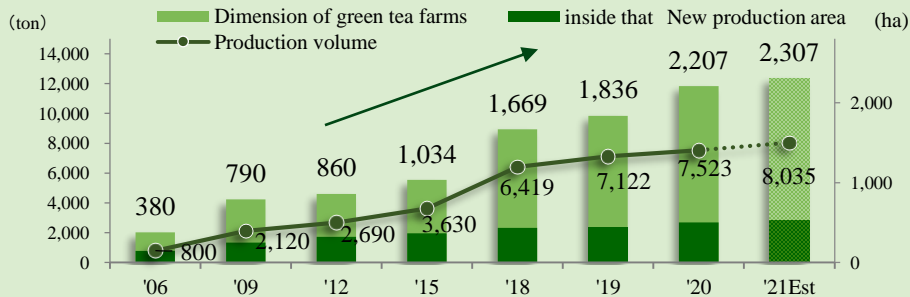
Carried out since 1976

The Tea-Producing Region Development Project

For 45 years, we have been promoting sustainable agriculture with the aim of both solving the problems of Japanese agriculture, revitalizing local agriculture, and stably procuring high-quality raw materials for which demand is expected to increase.



Photo: Creating a 50 ha tea field in the Kitsuki region of Oita Prefecture



* Tea-Producing Region Development Project : May to Apr

Activities to support domestic agriculture

Release of jointly developed products

Launched jointly developed products while sharing a goal with JA Zen-Noh to deliver delicious, high-quality domestic crops to as many consumers as possible. JA Zen-Noh, ITO EN, and distributors will work in cooperation to support domestic agricultural producing centers through merchandise.

Fully ripe kabosu lime from Oita Prefecture



Citrus tamurana from Miyazaki Prefecture

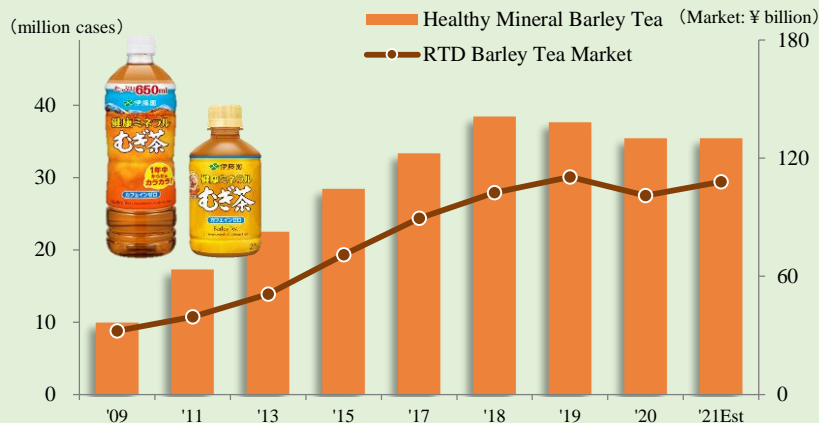


ITO EN will continue to promote the development of beverage products in the Nippon Yell Project of JA Zen-Noh for the future growth of Japan's agriculture and agricultural and livestock products.

RTD Barley Tea

健康ミネラル むぎ茶

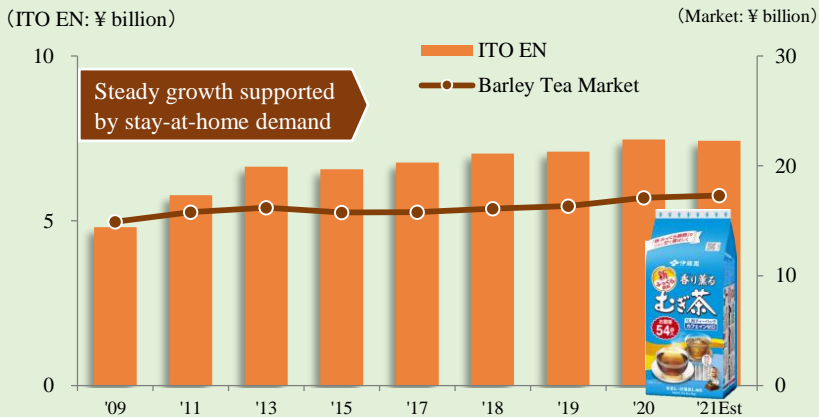
RTD Barley Tea Market



Source: ITO EN, Market: Calendar year ITO EN: May to Apr

Barley Tea Bags

Barley Tea Market



Source: ITO EN, Market: Calendar year ITO EN: May to Apr

ITO EN's barley tea loved by a wide-range of consumers

1. Health

Water and mineral intake important in the dry fall and winter seasons.



2. Pursuit of tastiness

Kettle-quality sweet, aromatic flavor.



Raw materials Roasting Brewing

3. Eco-Friendly Initiatives

Release of products without labels

Reduce the amount of plastic used and time and effort to remove labels.



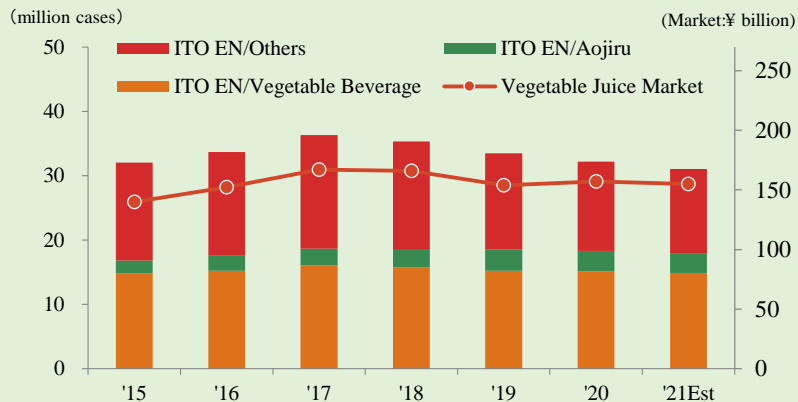
Buffer material (for water heater)

Barley tea Used Tea Leaves Recycling System

Development of lightweight, high-strength cushioning material as an alternative to plastic cushioning material.

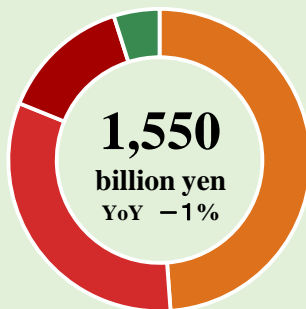
Vegetable Juice Market

Sales status of vegetable juice



Source: ITO EN, Market: Calendar year ITO EN: May to Apr

2021(Est) Market of vegetable juice



Fruit juice mix beverage	YoY + 1%
100% vegetable beverage	YoY - 2%
Tomato 100% Beverage	YoY - 10%
Aojiru	YoY + 6%

Source: ITO EN

Proposal for new values such as health benefits and environmental protection

1. Increase in healthy (nutritious and functional) products

〈 Food with function claims 〉

Function of guar gum resolvent derived from guar bean (dietary fiber)

Good Gut Health

Jujitsu Yasai (vegetable and fruit mix juice)
Aojiru (Green Juice) Mix

Function of lycopene derived from tomatoes

Helps protect the skin from UV stimulation

Jujitsu Yasai (vegetable and fruit mix juice)

Launched on Sep 13 200ml carton / 117yen(tax included)



2. Use of environmentally friendly containers

Industry's first large PET bottle for vegetable beverages

Environmentally friendly

ECO bottle

Expanded use since March 2014

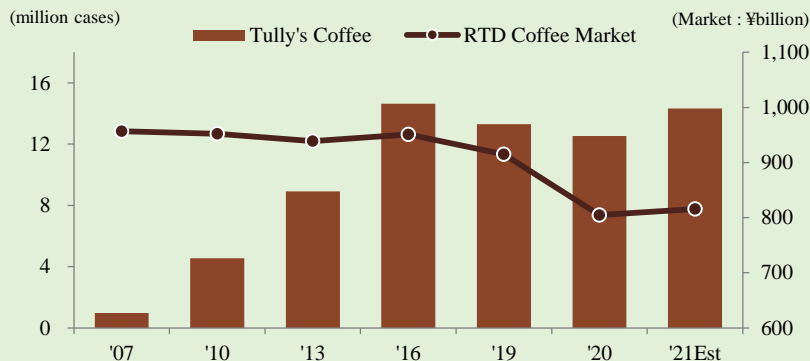
ECO containers without aluminum



ECO牛乳パックと同じようにリサイクルできます。

RTD coffee market

Tully's Coffee sales and the RTD coffee market

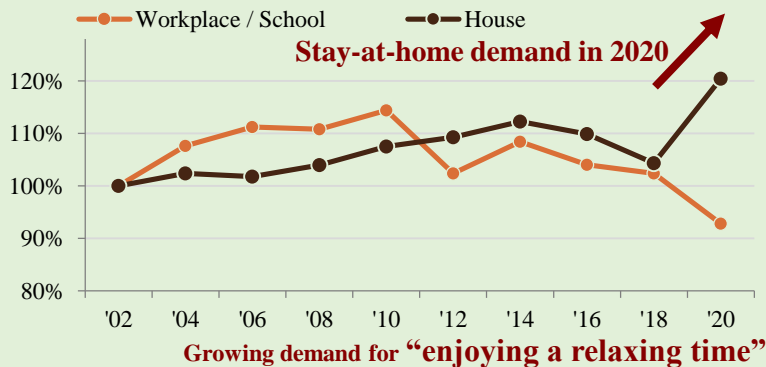


Source: ITOEN Market: Calendar year ITOEN: May to Apr

Home-use coffee

Trends in increase in the number of cups of coffee consumed per person by scene of drinking coffee

*Growth trend with year 2002 indexed to 100



Source: All Japan Coffee Association "A Basic Survey for Monitoring Trends In the Demand for Coffee"

Strong sales of Tully's Coffee series in bottle cans through synergy with the store brand



Sugar-free LATTE is also showing strong sales

Bottled-Canned Black Coffee

#.1

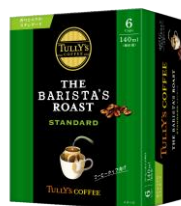
YoY +32%

*INTAGE SRI+ (RTD coffee market / Jan to Dec 2020 / Price base)

*Total for May to Oct 2021 / Sales Volume

Increase in home-use coffee series and product lines

THE BARISTA'S ROAST



Launched in Jun 2021
~ Simple Drip Type ~

New

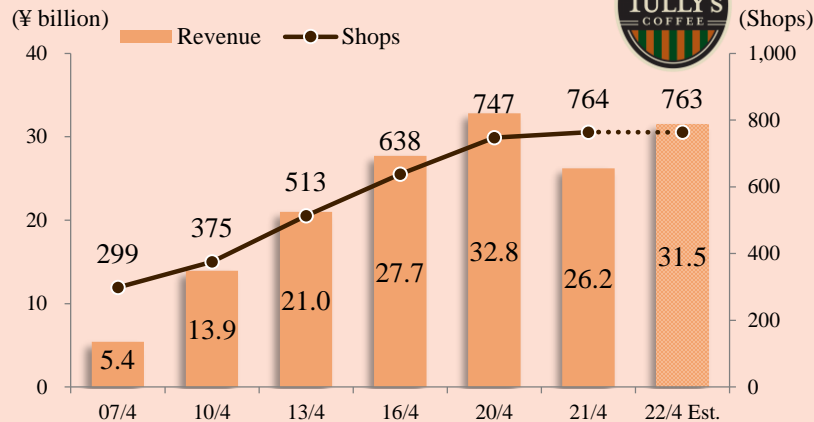


Launched in Oct 2021
~ Single Use Pack~



Tully's Coffee Japan Co., Ltd.

Trends in sales revenue and the number of stores operated



*Revenue recognition standard is applied from the fiscal year ending April 30, 2022. Stated as "net sales" until the fiscal year ended April 30, 2021.

Sales for FY2021 2Q (May, 2021 to Oct, 2021)

Sales at major locations (YoY)

In urban areas and transport facilities: **+18%**

In suburban areas: **+5%**

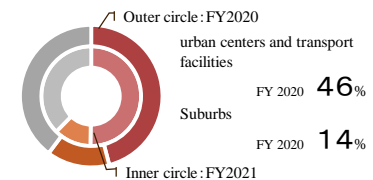
*Year-on-year comparison of net sales at stores in operation for 15 months or longer, excluding the month of launch

Coffee beans sales (YoY)

+16%

TULLY'S COFFEE & TEA
LaLaport TACHIKAWATACHIHI

Sales composition ratio by location in the previous year



Measures for the FY2021

1 Improvement in merchandise sales and increase in productivity



Uber Eats
Demaecan



- Increase in sales of merchandise such as easy and convenient products.
- Introduction of Delivery Service.
- System installation, improvement of shifts.

2 Environmental protection



- Use of paper cups for both hot and cold drinks (some areas).
- > Expected reduction of over 100 tons of plastic

*Cold drinks served in paper cups: iced coffee, cold brewed iced tea (all sizes)

3 Collaboration projects



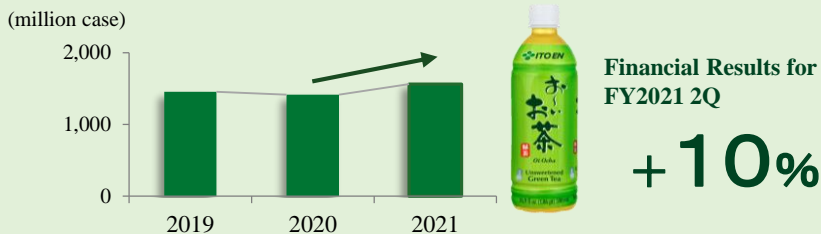
- Collaboration to commemorate the 20th anniversary of the Harry Potter movies.
- For limited time until Dec. 28.

Global situation

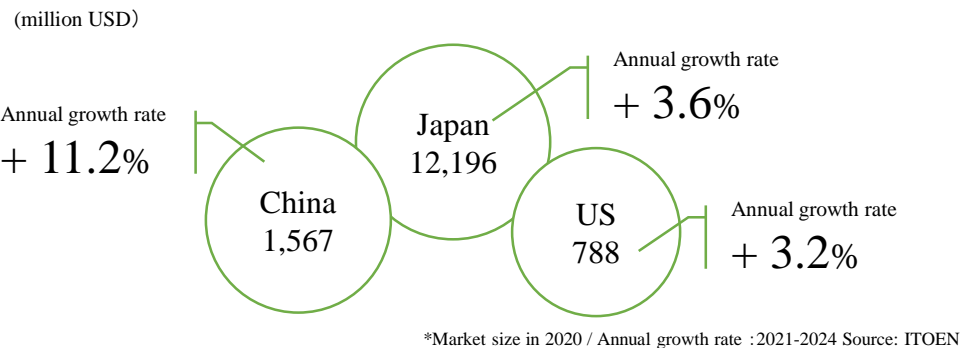
Global Health Wellness Tea Beverage Market Trends



Sales Trend of “Oi Ocha” in Overseas



Global Health Wellness Tea Beverage Market Scale



Value of promoting ITO EN as a Global Tea Company

“Japanese Tea”

- Grown in Japan
- Japanese processing technology

× =

High quality Japanese tea characterized by aroma, rich, good flavor and bright color.

Sales strategy in the growth market of China



ITO EN (Beverage Shanghai)
FY2021 2Q

EC Sales ratio **30%**

Common consumers of “Oi Ocha” products:

Health-conscious women in their 30s to 40s

Issue: brand recognition

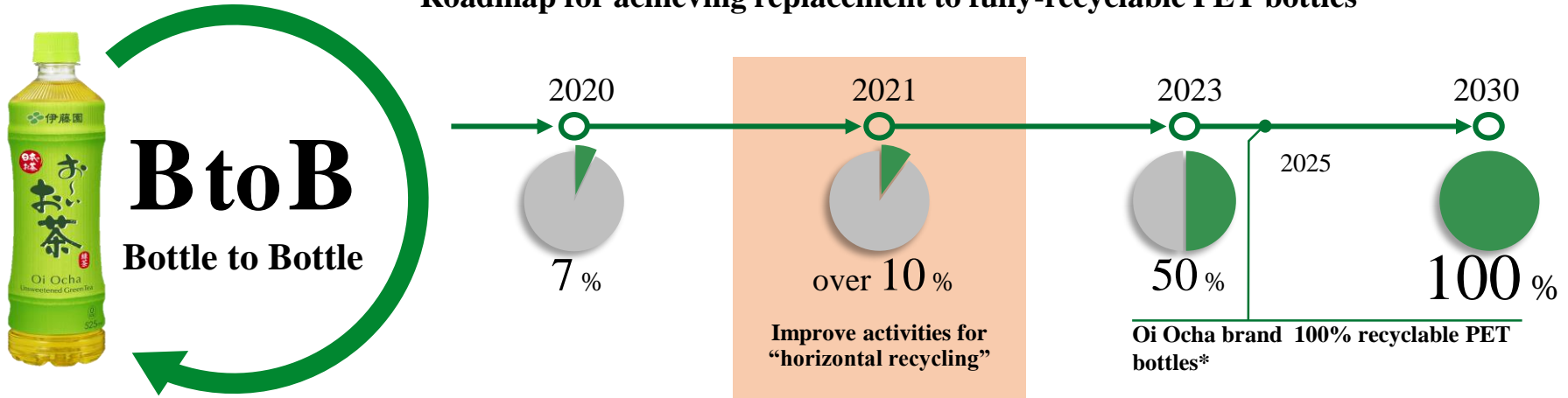
> Improve advertising, sales promotion, and experience activities that link social media and tasting.

From April 1, 2022

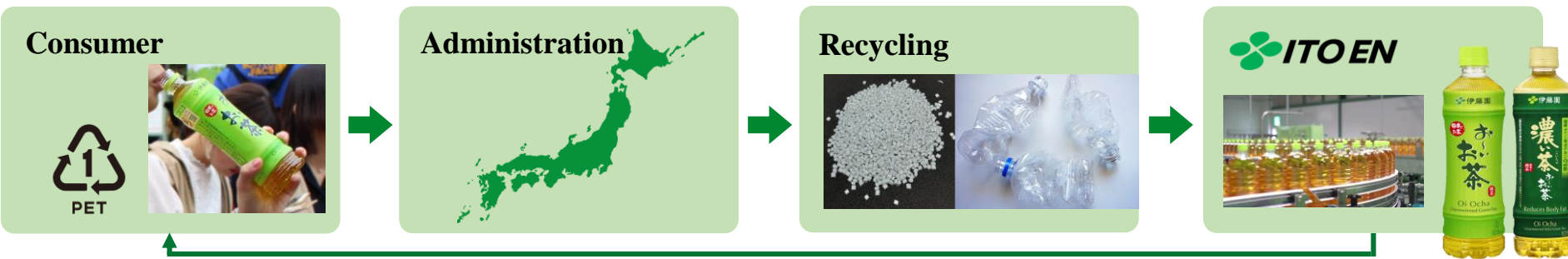
For completing the collection of used PET bottles to product sale cycle with in a local area:

The local governments of Himeji, Hyogo Prefecture, and other municipalities promote recycling through the local resource circulation of used PET bottles.

Roadmap for achieving replacement to fully-recyclable PET bottles



*Contains materials of biological origin



Horizontal recycling (bottle to bottle) from used PET bottles after consumption, sorting, and disposal to new PET bottles
Improvement of activities to achieve replacement with fully-recyclable PET bottles by building a mechanism for intra-regional resource circulation.

To be ITO EN, a corporate group that supports the life of each and every customer as a “Health Creation Company” contributing to the health of customers all around the world.

Propose products such as Japanese tea that contribute to health

High value-added models

Promote the value of catechin, theanine, and other nutrients contained in Japanese tea through products.



Food with function claims stating that it boosts the accuracy of cognitive functions (attentiveness and judgment)

おーいお茶 濃お抹茶
Oi ocha Koi Matcha

Launched on Nov 29 / 165ml

Notification labeling:
This product contains theanine and tea catechins. They are reported to have a function of increasing the accuracy of attentiveness, a function of maintaining attention to continue a specific action, and judgment, a function of ensuring accuracy and rapidity of judgment and properly responding to changing situations, among the cognitive functions that decline with age.

Create environmentally friendly products

ITO EN's idea of the form of label-less products

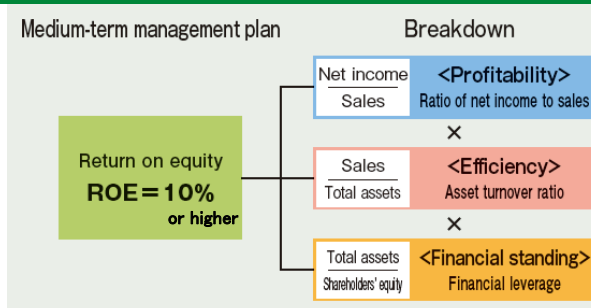


To be launched on Dec. 20, sold only in cases

- ✓ Tea leaves produced in the Tea-Producing Region Development Project
- ✓ Filled using NS System
- ✓ 100% recyclable PET bottles
- ✓ Cardboard using recycled used tea leaves

Improve ROE-based corporate management that supports a “Health Creation Company”

- Improvement of Profitability and Capital Efficiency
- Growth in EPS
- Stable return to Stockholders



- Cost cutting through the Tea-Producing Region Development Project and contact cultivation with farmers
- Efficient management of fixed expenses through emphasis on community-based sales system of route sales
- High asset turnover based on fables method production
- Simultaneous pursuit of maintaining a sound financial standing and stable dividend

Appendix

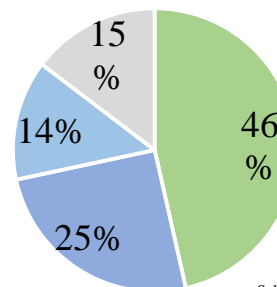
Appendix : Related materials

ITO EN (non-consolidated) Results by Category

(Unit: million yen)

First half (May to October 2021)	FY 2020 Results	FY 2020		FY 2021 Results	FY 2021	
		Sales Composition	YoY % Change		Sales Composition	YoY % Change
Net Sales	189,522	100.0%	-9.3%	190,614	100.0%	0.6%
Tea Leaves	16,683	8.8%	3.0%	16,936	8.9%	1.5%
Drinks	171,619	90.6%	-10.2%	172,053	90.3%	0.3%
Others	1,219	0.6%	-25.6%	1,624	0.9%	33.2%

ITO EN (non-consolidated) Results by Channels



FY 2021 First half (May to October 2021)

Channel	FY 2021 First half (May to October 2021)	
	Composition ratio YoY	YOY % Change
Supermarket	- 1 pt	- 1 %
Convenience Store	- 1 pt	- 1 %
Vending Machine	+ 0 pt	+ 1 %
Others	+ 1 pt	+ 8 %

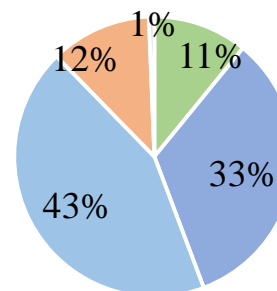
Sales composition

Unit: Price base

(Unit: thousand case)

First half (May to October 2021)	FY 2020 Results	FY 2020		FY 2021 Results	FY 2021	
		Sales Composition	YoY % Change		Sales Composition	YoY % Change
Drinks	119,981	100.0%	-9.4%	118,459	100.0%	-1.3%
Tea total	84,480	70.4%	-9.7%	84,059	71.0%	-0.5%
Japanese Tea/Healthy Tea	76,693	63.9%	-8.6%	78,278	66.1%	2.1%
Chinese Tea	6,509	5.4%	-15.1%	4,892	4.1%	-24.8%
Black Tea	1,277	1.1%	-35.0%	888	0.8%	-30.5%
Vegetable	17,619	14.7%	-1.0%	15,906	13.4%	-9.7%
Coffee	7,401	6.2%	-11.3%	8,052	6.8%	8.8%
Mineral Water	3,573	3.0%	-20.8%	3,594	3.0%	0.6%
Carbonated	2,293	1.9%	-15.4%	2,321	2.0%	1.2%
Fruit	2,104	1.8%	-16.2%	2,287	1.9%	8.7%
Others	2,509	2.1%	-16.1%	2,238	1.9%	-10.8%

ITO EN (non-consolidated) Results by Packaging



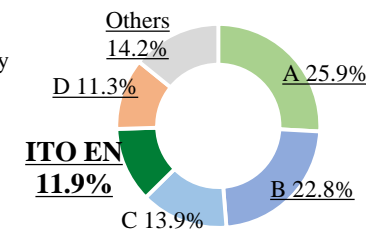
FY 2021 First half (May to October 2021)

Packaging Type	FY 2021 First half (May to October 2021)	
	Composition ratio YoY	YOY % Change
Drink Total	11,845	- 1 %
Cans	1,290	+ 2 %
PET(large)	3,953	- 2 %
PET(small)	5,145	- 0 %
Cartons	1,381	- 5 %
Others	75	- 18 %

Sales composition

Unit: ten thousand cases

Reference : Market share of beverage industry



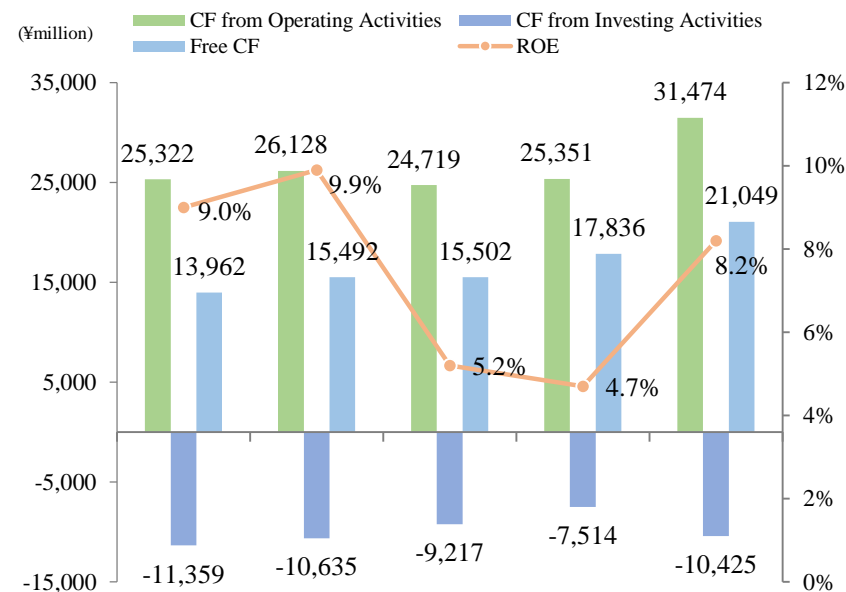
*Jan to Sep 2021 / Quantity base

Appendix : Related materials

Consolidated Balance Sheet

	(¥million)		
	2020	2021	Change
Current assets	189,478	227,466	37,988
Cash and deposits	79,074	111,952	32,878
Accounts receivable-trade and inventories	98,501	103,118	4,617
Property, plant and equipment	81,166	76,753	-4,413
Land	22,138	22,284	146
Leased assets	13,761	10,898	-2,863
Other	45,267	43,571	-1,696
Intangible fixed assets	10,961	8,114	-2,847
Goodwill	7,236	4,104	-3,132
Investments and other assets	22,294	23,127	833
Total assets	303,900	335,462	31,562
Current liabilities	73,194	90,529	17,335
Accounts payable	26,234	25,249	-985
Short-term loans payable	6,732	24,604	17,872
Lease obligations	3,443	2,618	-825
Income taxes payable	3,458	4,914	1,456
Non-current liabilities	78,986	86,324	7,338
Corporate bonds	10,000	10,000	-
Long-term loans payable	48,206	55,603	7,397
Lease obligations	5,435	4,745	-690
Total liabilities	152,181	176,853	24,672
Net assets	151,719	158,609	6,890

Consolidated Cash Flows



(¥ million)	'18/4	'19/4	'20/4	'21/4	'22/4 Est
Capital Investments	11,062	10,006	9,990	7,199	10,437
Depreciation Amortization	6,180	6,735	7,022	7,255	8,439
Leased Assets Depr.	7,042	6,675	6,081	5,171	3,391
Lease obligations (Repayment)	-8,616	-6,514	-4,679	-3,691	-2,832

Rating	A+
Bond shelf registration (straight bonds)	¥ 40billion

Equity ratio	10/2020	49.5%
	10/2021	46.9%

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	464,400	100.0%		403,100	100.0%	-61,300
Gross Profit	223,600	48.1%		162,300	40.3%	-61,300
Sales Commission	76,626	16.5%		269	0.1%	-76,357
Advertising	10,579	2.3%		10,579	2.6%	-
Freight	13,601	2.9%		13,601	3.4%	-
Depreciation and Amortization	9,214	2.0%		9,214	2.3%	-
Selling, General and Administrative Expenses	203,600	43.8%		142,300	35.3%	-61,300
Operating Income	20,000	4.3%		20,000	5.0%	-
Ordinary Income	19,800	4.3%		19,800	4.9%	-
Extraordinary Losses and Income	-300	-		-300	-	-
Net Income	12,800	2.8%		12,800	3.2%	-

	FY2021 Forecast*	*Previous Standard		FY2021 Forecast	Sales Composition	Impact Amount
		Sales Composition				
Net Sales	362,300	100.0%		304,300	100.0%	-58,000
Gross Profit	174,000	48.0%		116,000	38.1%	-58,000
Operating Income	17,000	4.7%		17,000	5.6%	-
Ordinary Income	17,600	4.9%		17,600	5.8%	-

(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
	2,501	2,501	-
Tully's Coffee Japan Co., Ltd.	31,500	31,500	-
	1,000	1,000	-
Chichiyasu Company	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	-

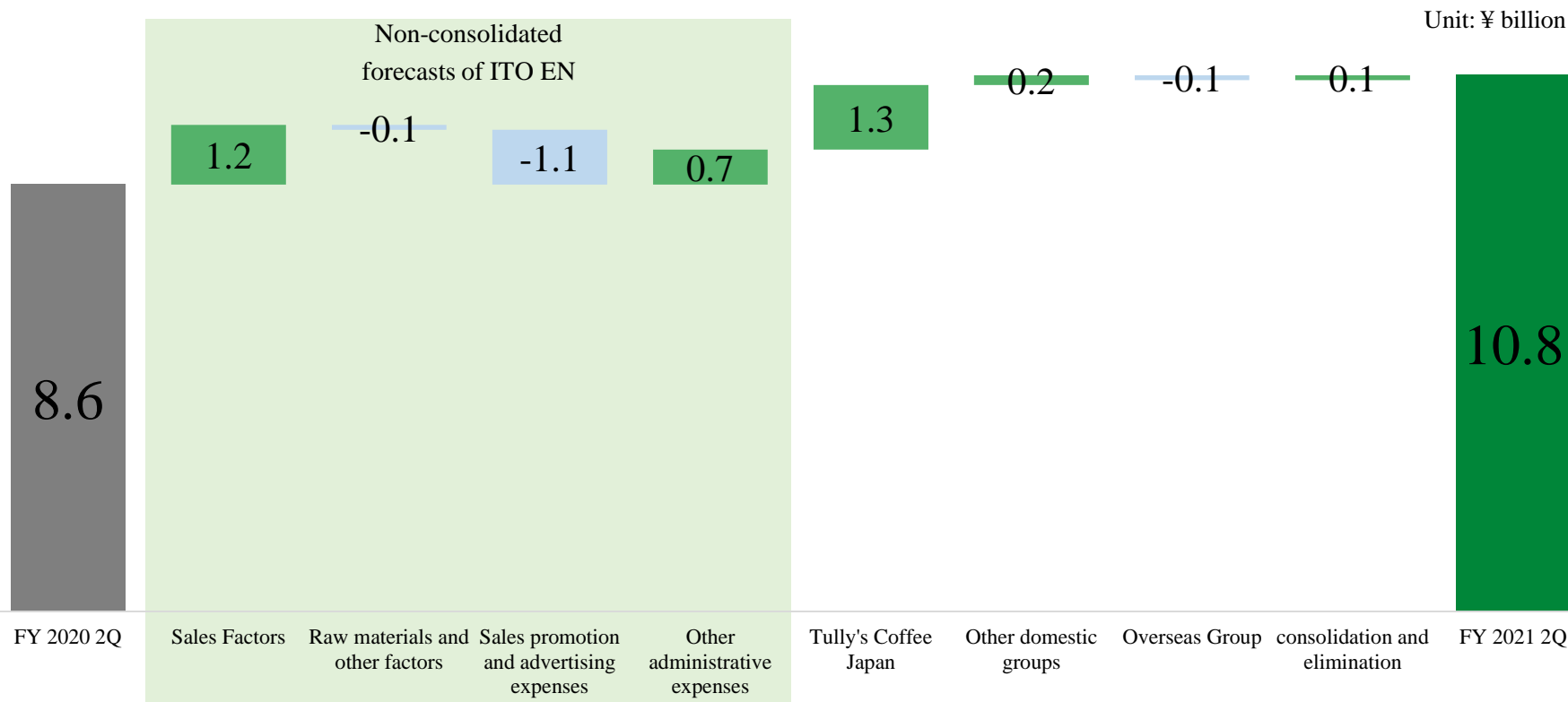
Exchange rate (US\$)
(average during a year) 106.20 108.00

Appendix: Factors of changes in consolidated operating income

Major factors of changes in consolidated operating income

Financial Results for the FY 2021 2Q (Fiscal Year Ending April 30, 2022)

Increase in profit due to recovery in non-consolidated results of ITO EN and Tully's Coffee Japan



Supplement to factors of changes in non-consolidated results of ITO EN

• Impact of increase in sales	+0.5	• Impact of soaring raw material prices	-0.1
• Changes in container mix, product mix, etc.	+0.7	• Increase in sales promotion expenses due to the impact of increased sales	-1.1

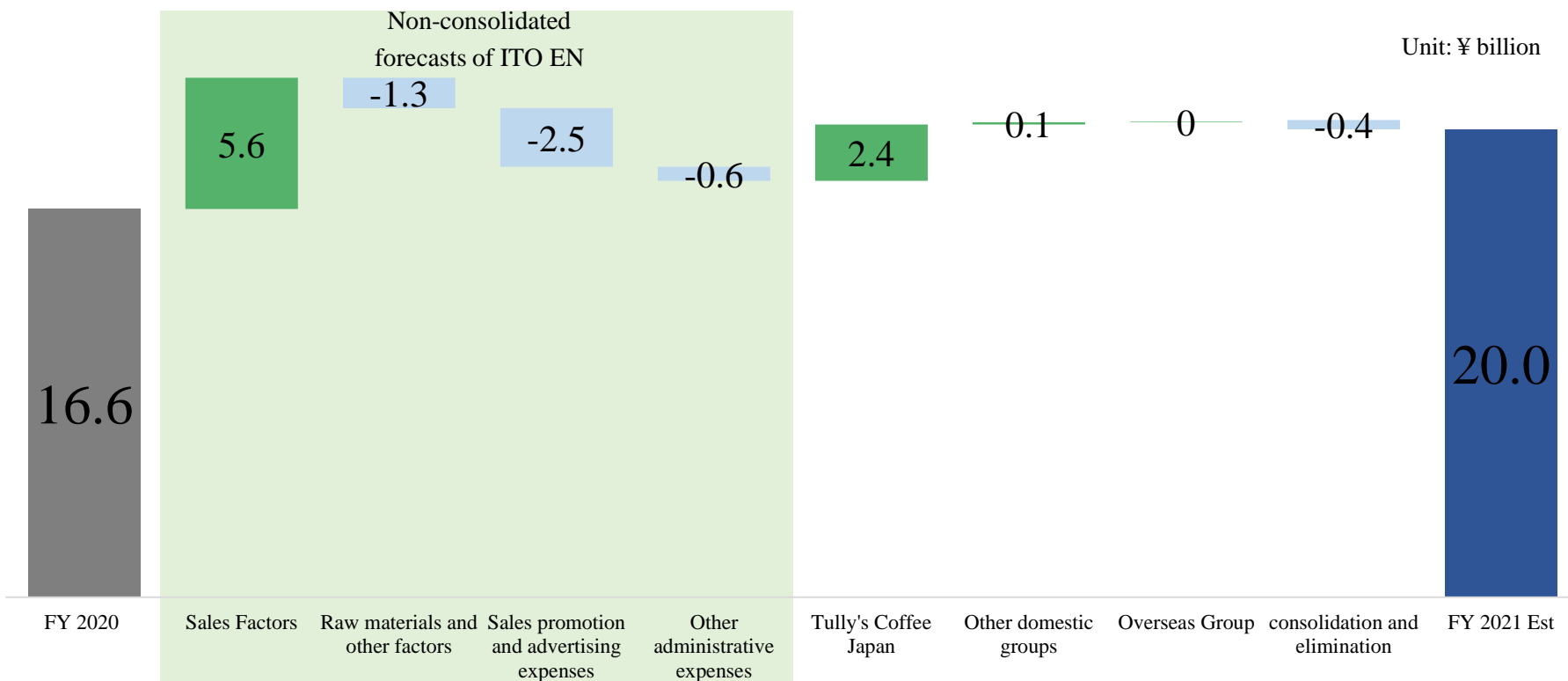
*Previous standard

Appendix: Factors of changes in consolidated operating income

Major factors of changes in consolidated operating income

Forecasts for the FY 2021 (Fiscal Year Ending April 30, 2022)

Increase in profit due to recovery in non-consolidated results of ITO EN and Tully's Coffee Japan



Unit: ¥ billion

*Previous standard



Supplement to factors of changes in non-consolidated results of ITO EN

• Impact of increase in sales	+4.6	• Increase in advertising expenses	-0.5
• Changes in container mix, product mix, etc.	+1.0	• Increase in sales promotion expenses due to the impact of increased sales	-2.0

Appendix: Continuous Procurement of Raw Materials for Tea Products

Trends in tea farming and ITO EN's efforts



ITO EN's unique model of sustainable agriculture: Tea-Producing Region Development Project (Since 1976)

Main Features

- Abandoned farmland developed into tea plantations: **500 ha**
- Average age of employees (new tea plantations-):
approx. **45 yrs. old** (average in Japan: 67.8 yrs. old-)
- Working hours per 10 a (new plantations-):
approx. **44 hrs.** (approx. 122 hrs. in Shizuoka-)
- Ratio of GAP certifications obtained*5: **100%**



*1: Weighted average of the average ages of regular employees at new plantations *2: farmers in Japan (source: Ministry of Agriculture, Forestry and Fisheries (MAFF)) *3: Example of new plantations *4: "Cha O Megumi Jousei," MAFF *5: "Shizuoka-ken Chagyon No Geison," Tea Industry Development Division, Agriculture Bureau, Economy and Industry Department, Shizuoka Prefectural Government *6 GAP (Good Agricultural Practice) certifications are granted to farms that engage in food safety and environmental conservation initiatives. In addition to the Global GAP international standard, other schemes include JGAP and ASIAGAP, which are granted by the Japan GAP Foundation. GAP certification here refers to plantations that have obtained one of these three certifications.

Roadmap of ITO EN's development and promotion of tea farming technologies

Technical development
(remote sensing,
steam pest control machines)
2020

Establishment of technologies
(compost containing used tea leaves,
commercialization of steam
pest control machines)
2030

**Verification
at contract plantations**
(identifying issues, reducing costs)
2040

**Increasing use at
contract plantations**
2050

Current initiatives to establish technologies

Organic

Development of fertilizers from used tea leaves.

>Produce compost with high content of used tea leaves. Matching beverage factories and contract plantations.



Organic

Practical use of steam pest control machines

>Pest control and weeding using steam



IT

Optimization of management using AI

>Understanding tea growth environment using weather and soil sensors

Weather sensor

Soil sensor



IT

Determination of harvest timing

>Remote sensing and AI image analysis



To propose diversified farming

IT

Automation of picking, transportation, and measurement
Automation of component evaluation

>Labor saving and elimination of labor shortage through digitization of plucking and transportation and automatic weighing of fresh leaves

Diversified farming

Production of other crops during the off-season of tea

>Full-year employment and stabilization of business management

Use of crude tea factories for general purposes

>Winter revenue and reduction of amortization



Tea farming plus
Cultivation of green barley, etc.



Tea processing plus
vegetable dehydration, etc.

Contribute to the promotion of sustainable agriculture



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.