

Consolidated Financial Results

Under Japanese Standards for the Third Quarter of the fiscal year ending April 30, 2022 (Unaudited)

Scheduled filing date of quarterly securities report: March 11, 2022

Scheduled date of commencement of dividend payment: –

Supplementary documents for quarterly results prepared: Yes

Quarterly results presentation held: None

(Figures are rounded down to million yen.)

1. Consolidated Performance for the Third Quarter of the Fiscal Year Ending April 30, 2022 (May 1, 2021 - January 31, 2022)

(1) Consolidated Results of Operations – cumulative

(% indicates year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen		Million yen		Million yen		Million yen	
1/31/2022	303,626	–	14,111	35.2%	14,656	43.1%	10,338	79.7%
1/31/2021	338,641	-10.7%	10,436	-41.5%	10,240	-42.1%	5,754	-49.1%

Note 1: Comprehensive income 1/31/2022: 11,362 million yen (78.3%) 1/31/2021: 6,372 million yen (-39.0%)

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
1/31/2022	83.90		83.71	
1/31/2021	46.10		45.99	

Note 2: The above per share information pertains to Common Stock. For per share information for Class-A Preferred Stock, refer to “Reference” below.

Note 3: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending April 30, 2022, and each figure for the first nine months of the fiscal year ending April 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. Because this will have a significant impact on net sales, the year on year percentage change in net sales is not shown.

If net sales are calculated using the same standards as those for the first nine months of the fiscal year ended April 30, 2021, net sales increased by 3.3%.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen		
1/31/2022	325,044	158,727	48.4%
4/30/2021	333,065	153,057	45.6%

Reference: Shareholders' equity 1/31/2022: 157,359 million yen 4/30/2021: 151,773 million yen

Note: The Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the fiscal year ending April 30, 2022, and each figure as of January 31, 2022, is the figure after applying the said accounting standard, etc.

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen				
4/30/2021	–	20.00	–	20.00	40.00
4/30/2022	–	20.00	–		
4/30/2022 (Forecast)				20.00	40.00

Note 1: Revision to the most recently disclosed dividend forecast: None

Note 2: The above dividend per share pertains to Common Stock. For dividend per share for Class-A Preferred Stock, refer to “Reference” below.

3. Forecasted Consolidated Results for the Fiscal Year Ending April 30, 2022 (May 1, 2021 - April 30, 2022)

(% indicates year on year changes)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
4/30/2022	403,100 —	20,000 19.9%	19,800 16.3%	12,800 82.5%	102.84

Note 1: Revision to the most recently forecasted consolidated results: None

Note 2: The above per share information in forecasted consolidated results pertains to Common Stock. For per share information for Class-A Preferred Stock, refer to "Reference" below.

Note 3: Because the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the fiscal year ending April 30, 2022, the forecasted consolidated results are based on this accounting standard. Since this will have a significant impact on net sales, the year on year percentage change in net sales is not shown.

If net sales are calculated using the same standards as those for the fiscal year ended April 30, 2021, net sales are expected to increase by 4.1%.

Notes

(1) Changes in important subsidiaries during the period

(Changes in specific subsidiaries accompanied by a change in the scope of consolidation): None

(2) Application of special accounting methods in preparation for quarterly consolidated financial statements: Yes

Note: Application of simplified accounting and specific for preparing the quarterly consolidated financial statements.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

i. Changes in accounting policies associated with in accounting standards: Yes

ii. Changes in accounting policies other than i. above: None

iii. Changes in accounting estimates: None

iv. Restatements: None

Note: For further details, please refer to the section of“(3) Notes to Quarterly Consolidated Financial Statements, (Changes in Accounting Policies)” of “2. Quarterly Consolidated Financial Statements and Main Notes” on page 8 of the attached material.

(4) Number of outstanding shares (common stock)

i. Number of outstanding shares (including treasury stock)	1/31/2022	89,212,380 shares	4/30/2021	89,212,380 shares
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ii. Number of treasury stock	1/31/2022	1,004,852 shares	4/30/2021	1,012,267 shares
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iii. Average number of shares during the period	1/31/2022	88,205,480 shares	1/31/2021	88,194,255 shares
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Note: The above “Number of outstanding shares” pertains to Common Stock. For “Number of outstanding shares” for Class-A Preferred Stock, refer to “Reference” below.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Request for appropriate use of the business outlook and other special remarks

Forward-looking statements in this document, including forecasts, are based on information available to management at the time of the announcement, which management assumes to be reasonable. Therefore, our company does not guarantee the achievement of forecasts and other forward-looking statements. Because of variable factors, actual results may differ from the forecast figures. For the basis of presumption of the forecasted operation results and the notes on its use, refer to “Explanations Regarding Forecasts for Consolidated Results and Future Outlook” on page 3.

Reference

(1) Per share information of Class-A Preferred Stock – cumulative

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
1/31/2022	88.90	88.71
1/31/2021	51.10	50.99

(2) Dividends – Class-A Preferred Stock

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2021	–	25.00	–	25.00	50.00
4/30/2022	–	25.00	–		
4/30/2022 (Forecast)				25.00	50.00

Note: Revision to the most recently disclosed dividend forecast: None

(3) Per share information of Class-A Preferred Stock in forecasted consolidated results

	Earnings per share (Consolidated)
	Yen
4/30/2022	112.84

Note: Revision to the most recently forecasted consolidated results: None

(4) Number of outstanding shares – Class-A Preferred Stock

i. Number of outstanding shares (including treasury stock)	1/31/2022	34,246,962 shares	4/30/2021	34,246,962 shares
ii. Number of treasury stock	1/31/2022	1,198,520 shares	4/30/2021	1,196,320 shares
iii. Average number of shares during the period	1/31/2022	33,049,631 shares	1/31/2021	33,053,711 shares

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1. Qualitative Information Regarding Consolidated Financial Results for This Quarter

(1) Explanations Regarding Consolidated Results of Operations

During the first nine months of the fiscal year ending April 30, 2022 (May 1, 2021 - January 31, 2022), the Japanese economy has continued to be in a tough situation due to the impact of the novel coronavirus disease (COVID-19). The recovery in personal consumption has rapidly stalled and the uncertain situation is expected to continue.

Under these business conditions, in keeping with the management principle of “Always Putting the Customer First,” the ITO EN Group vigorously engaged in business activities while constantly seeking to identify and address areas of customer dissatisfaction in the beverage market.

As a result, the business performance for the first nine months of the fiscal year ending April 30, 2022 was as follows.

Net sales	303,626 million yen
Operating income	14,111 million yen, up 35.2%
Ordinary income	14,656 million yen, up 43.1%
Profit attributable to owners of parent	10,338 million yen, up 79.7%

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending April 30, 2022, and each figure for the first nine months of the fiscal year ending April 30, 2022, is the figure after applying the said accounting standard, etc. Because this will have a significant impact on net sales, the year on year percentage change in net sales is not shown.

If net sales are calculated using the same standards as those for the first nine months of the fiscal year ended April 30, 2021, net sales increased by 3.3%.

For further details, please refer to the section of “(3) Notes to Quarterly Consolidated Financial Statements, (Changes in Accounting Policies)” of “2. Quarterly Consolidated Financial Statements and Main Notes” on page 8.

Performance by each of the business segments was as follows.

<Tea Leaves and Beverages Business>

In November 2021, Ureshino City in Saga Prefecture, with the support of the Company, issued the “Ureshino City Declaration of Health through Green Tea” with the aim of promoting “Ureshino Green Tea” and initiatives for residents to continue living healthy, rich lives based on “Ureshino Green Tea,” which is one of the special products of Ureshino City. These initiatives include lectures by ITO EN qualified tea tasters on how to drink green tea so that it goes around the inside of your mouth, courses, etc. on how to brew tea to extract more catechins, which are the main component of green tea, and providing various kinds of information about tea, which can only be conveyed by tea professionals, at tourist events held in the city and at educational, cultural, medical facilities, etc.

In January 2022, to mark the milestone of planting 1,000 trees as part of the “Future Cherry Blossoms in My Town Project,” which is a project started in 2019 that aims to plant and protect cherry trees in 47 prefectures across Japan, a commemorative tree planting was held at the Daihonzan Zojoji Temple, which is a famous spot for cherry blossoms in Tokyo. This project was started to commemorate the 30th anniversary of launching the “*Oi Ocha*” brand in February 2019 in collaboration with the Japan Cherry Blossom Association in the hope that the cherry blossoms that have been loved since ancient times as a symbol of spring in Japan will “connect to the future and continue blossoming.”

In November 2021, the Company launched “*Oi Ocha Koi Matcha*” with functional food claims stating that its theanine and tea catechins boost accuracy of cognitive functions (attentiveness and judgment). This product uses the Company’s original matcha cultivated under contract to produce the rich taste of authentic matcha with a moderate bitterness.

In December 2021, the Company launched “*Oi Ocha Japanese Green Tea*” in 195-milliliter PET bottles, a perfect compact size for meetings, visitors, walks, etc. This product is not only easy to carry around, it can also be heated using a warmer and can be enjoyed as a delicious beverage at any temperature, whether warm, cold or at room temperature.

In December 2021, the Company expanded its lineup of sustainable products that are friendly to both people and the environment in the “*Oi Ocha*” label-less bottle series by adding two products, “*Oi Ocha Japanese Green Tea*” in 280-milliliter bottles and “*Oi Ocha Bold Green Tea*” in 525-milliliter bottles.

In December 2021, the Company launched “*Oi Ocha Kokukaoru Hojicha (Deeply Fragrant Roasted Green Tea)*,” a winter limited roasted green tea beverage with enhanced aroma and full-bodied flavor. This product has the unique aroma and deep flavor of roasted green tea, which have been enhanced to compensate for people’s tendency to have a weaker sense of taste in the winter.

In January 2022, the Company launched “*TULLY’S COFFEE HOJICHA (ROASTED GREEN TEA) LATTE*” from the “*TULLY’S COFFEE*” brand, which has been popular by offering products with a similar taste to that of the “*TULLY’S COFFEE*” specialty coffee shops. This product uses “*ITO EN Hojicha (Roasted Green Tea)*,” which was developed taking into consideration the compatibility with milk, as the raw tea leaves. By carefully roasting each batch of tea leaves at different strengths and creating the optimal blend in order to bring out the best “aroma,” “richness” and “flavor” for a Japanese tea latte, the Company produced a

highly fragrant, satisfying roasted green tea latte where the sweet aroma of roasted tea and the mellowness of milk are in harmony.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 276,015 million yen and operating income of 13,352 million yen, up 14.7%.

The Accounting Standard for Revenue Recognition, etc. have been applied from the beginning of the first quarter of the fiscal year ending April 30, 2022, and the figure for net sales is the figure after applying the said accounting standard, etc.

If net sales are calculated using the same standards as those for the first nine months of the fiscal year ended April 30, 2021, net sales increased by 2.5%.

<Restaurant Business>

For Tully's Coffee Japan Co., Ltd., the seasonal limited espresso beverages to brighten up the holiday season, "*Mascarpone Tiramisu Latte*" and "*Irish Latte*," were popular. In addition, we conducted marketing campaigns and launched goods in collaboration with other companies, which attracted attention.

In addition, the need remains high for "home cafes" where customers can purchase coffee beans they like to enjoy while relaxing at home. As a result, sales of items for enlivening the times spent drinking coffee at home, the "2022 HAPPY BAG" set of limited goods, and coffee beans performed favorably. The total number of coffee shops at present is 762.

As a result of these activities, the Restaurant Business recorded net sales of 22,641 million yen and operating income of 822 million yen, compared with operating loss of 1,106 million yen in the same period last year.

The Accounting Standard for Revenue Recognition, etc. have been applied from the beginning of the first quarter of the fiscal year ending April 30, 2022, and the figures for net sales and operating income are the figures after applying the said accounting standard, etc.

If net sales are calculated using the same standards as those for the first nine months of the fiscal year ended April 30, 2021, net sales increased by 16.2%.

<Others>

The Others recorded net sales of 4,968 million yen, up 3.5% year on year, and operating income of 402 million yen, down 11.1%.

There is no impact of applying the Accounting Standard for Revenue Recognition, etc.

(2) Explanations Regarding Consolidated Financial Position

The following is the consolidated financial position for the third quarter of the fiscal year ending April 30, 2022.

Total assets as of January 31, 2022 stood at 325,044 million yen, decreased by 8,020 million yen from the end of the previous fiscal year. These changes in total assets mainly reflected an increase of 2,081 million yen in "Cash and deposits," a decrease of 4,157 million yen in "Notes and accounts receivable - trade," an increase of 1,805 million yen in "Raw materials and supplies" and a decrease of 2,128 million yen in "Leased assets."

Liabilities as of January 31, 2022 stood at 166,317 million yen, decreased by 13,690 million yen from the end of the previous fiscal year. These changes in liabilities mainly reflected a decrease of 6,874 million yen in "Accounts payable - trade," a decrease of 2,900 million yen in "Short-term loans payable," a decrease of 1,838 million yen in "Accrued expenses," a decrease of 1,737 million yen in "Provision for bonuses" and a decrease of 1,187 million yen in "Lease obligations."

Net assets as of January 31, 2022 stood at 158,727 million yen, increased by 5,669 million yen from the end of the previous fiscal year. This mainly reflected an increase of 10,338 million yen in "Retained earnings" due to "Profit attributable to owners of parent," and a decrease of 5,180 million yen in "Retained earnings" due to "Dividends of surplus."

(3) Explanations Regarding Forecasts for Consolidated Results and Future Outlook

As for the consolidated business outlook for the fiscal year ending April 30, 2022, no changes have been made to the forecasts that were announced on December 1, 2021.

In the event that it is necessary to revise forecasts based on the future impact of the spread of COVID-19 on business performance and other factors, the Company will promptly disclose this information.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

As of April 30, 2021 and January 31, 2022

(Millions of yen)

	As of April 30, 2021	As of January 31, 2022
Assets		
Current assets		
Cash and deposits	109,430	111,512
Notes and accounts receivable - trade	53,137	48,979
Merchandise and finished goods	35,177	35,581
Raw materials and supplies	10,255	12,060
Other	15,982	10,432
Allowance for doubtful accounts	(103)	(156)
Total current assets	223,880	218,411
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,887	20,499
Land	22,060	22,327
Leased assets, net	12,206	10,078
Other, net	22,944	22,841
Total property, plant and equipment	78,099	75,746
Intangible assets		
Goodwill	4,625	3,841
Other	3,710	4,297
Total intangible assets	8,335	8,139
Investments and other assets		
Other	22,885	22,856
Allowance for doubtful accounts	(135)	(108)
Total investments and other assets	22,749	22,748
Total non-current assets	109,184	106,633
Total assets	333,065	325,044
Liabilities		
Current liabilities		
Accounts payable - trade	29,999	23,124
Short-term loans payable	25,004	22,104
Lease obligations	2,966	2,452
Accrued expenses	24,858	23,019
Income taxes payable	3,453	3,440
Provision for bonuses	3,543	1,805
Other	3,723	4,506
Total current liabilities	93,548	80,452
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	55,858	55,417
Lease obligations	5,023	4,350
Net defined benefit liability	11,000	11,328
Other	4,577	4,767
Total non-current liabilities	86,459	85,864
Total liabilities	180,007	166,317

Quarterly Consolidated Balance Sheets – Continued

(Millions of yen)

	As of April 30, 2021	As of January 31, 2022
Net assets		
Shareholders' equity		
Capital stock	19,912	19,912
Capital surplus	18,660	18,662
Retained earnings	123,679	128,516
Treasury shares	(6,466)	(6,442)
Total shareholders' equity	155,785	160,648
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,956	1,557
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	217	1,363
Remeasurements of defined benefit plans	(133)	(156)
Total accumulated other comprehensive income	(4,012)	(3,288)
Share acquisition rights	148	117
Non-controlling interests	1,136	1,250
Total net assets	153,057	158,727
Total liabilities and net assets	333,065	325,044

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

From May 1 to January 31, 2021 and 2022

Quarterly Consolidated Statement of Income [Third quarter period]

(Millions of yen)

	Nine months ended January 31, 2021	Nine months ended January 31, 2022
Net sales	338,641	303,626
Cost of sales	177,503	183,308
Gross profit	161,138	120,317
Selling, general and administrative expenses	150,701	106,206
Operating income	10,436	14,111
Non-operating income		
Interest income	68	63
Dividend income	57	72
Share of profit of entities accounted for using equity method	50	116
Foreign exchange gains	—	312
Gain on prepaid card	110	226
Other	359	319
Total non-operating income	646	1,111
Non-operating expenses		
Interest expenses	325	354
Foreign exchange losses	289	—
Other	229	211
Total non-operating expenses	843	565
Ordinary income	10,240	14,656
Extraordinary income		
Gain on sales of non-current assets	4	9
Gain on donation of non-current assets	6	53
Subsidy income	781	1,959
Compensation income	87	—
Total extraordinary income	879	2,023
Extraordinary losses		
Loss on sales of non-current assets	5	68
Loss on abandonment of non-current assets	81	82
Loss on valuation of investment securities	4	15
Impairment loss	496	135
Loss on disaster	21	0
Loss on COVID-19 impact	467	72
Other	111	27
Total extraordinary losses	1,189	402
Income before income taxes	9,931	16,276
Income taxes	4,016	5,702
Net income	5,914	10,574
Profit attributable to non-controlling interests	160	235
Profit attributable to owners of parent	5,754	10,338

Quarterly Consolidated Statement of Comprehensive Income [Third quarter period]

(Millions of yen)

	Nine months ended January 31, 2021	Nine months ended January 31, 2022
Net income	5,914	10,574
Other comprehensive income		
Valuation difference on available-for-sale securities	389	(295)
Foreign currency translation adjustment	(148)	1,186
Remeasurements of defined benefit plans, net of tax	180	(23)
Share of other comprehensive income of entities accounted for using equity method	36	(79)
Total other comprehensive income	457	788
Comprehensive income	6,372	11,362
Comprehensive income attributable to owners of parent	6,185	11,062
Comprehensive income attributable to non-controlling interests	187	299

(3) Notes to Quarterly Consolidated Financial Statements
(Note Regarding the Company's Position as a Going Concern)

Not applicable

(Note Regarding Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Application of Special Accounting Methods in Preparation for Quarterly Consolidated Financial Statements)

(Calculation of income taxes)

The effective tax rate after the application of deferred tax accounting to the income before income taxes for the fiscal year including the third quarter under review is reasonably estimated, and the tax expenses are calculated by multiplying net income before income taxes by this estimated effective tax rate.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, Etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending April 30, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The main changes resulting from the above are as follows.

1. For a portion of the selling commission and other consideration payable to customers that was previously recognized as selling, general and administrative expenses, the accounting method has been changed to deduct the consideration from the transaction price.
2. For initial franchise fees and renewal fees under franchise agreements that had been recognized as revenue when received, the accounting method has been changed to recognize revenue based on reasonable standards over the period of each agreement.
3. For subcontract processing with charged materials, raw materials, etc. supplied for value were previously derecognized. However, because the Company has an obligation to repurchase the supplied raw materials, etc. in the transactions, the supplied raw materials, etc. is not derecognized. The Company does not recognize any revenue related to the transfer of the supplied materials in these transactions.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year ending April 30, 2022 was added to or deducted from the opening balance of retained earnings of the first quarter, and thus the new accounting policy was applied from such opening balance.

For the first nine months of the fiscal year under review, as a result of this change, net sales decreased by 46,101 million yen, cost of sales increased by 50 million yen, and selling, general and administrative expenses decreased by 46,195 million yen. Operating income, ordinary income and income before income taxes each increased by 42 million yen.

As of the end of the third quarter of the fiscal year ending April 30, 2022, merchandise and finished goods increased by 285 million yen, raw materials and supplies increased by 669 million yen, investments and other assets increased by 155 million yen, other current liabilities increased by 1,200 million yen, other non-current liabilities increased by 203 million yen, and retained earnings decreased by 293 million yen.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of Accounting Standard for Fair Value Measurement, Etc.)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations have been applied from the beginning of the first quarter of the fiscal year ending April 30, 2022, and in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy set forth by the Accounting Standard for Fair Value Measurement, etc. is applied prospectively. There is no impact on the quarterly consolidated financial statements as a result of this change.

(Segment Information, etc.)

Segment Information

1. Information regarding amounts of sales and profits or losses by reporting segment

For the first nine months of the fiscal year ended April 30, 2021 (May 1, 2020 – January 31, 2021)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	314,392	19,448	4,800	338,641	–	338,641
(2) Intersegment	254	6	2,216	2,476	(2,476)	–
Total net sales	314,646	19,454	7,016	341,117	(2,476)	338,641
Segment profits (losses)	11,639	(1,106)	452	10,985	(548)	10,436

Notes: i. The segment profits (losses) adjustment includes (741) million yen in amortization of goodwill and 193 million yen in intersegment transactions.

ii. Segment profits (losses) are adjusted to the operating income figure on the Quarterly Consolidated Statements of Income.

For the first nine months of the fiscal year ending April 30, 2022 (May 1, 2021 – January 31, 2022)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	276,015	22,641	4,968	303,626	–	303,626
(2) Intersegment	293	10	2,026	2,330	(2,330)	–
Total net sales	276,309	22,652	6,994	305,956	(2,330)	303,626
Segment profits (losses)	13,352	822	402	14,577	(466)	14,111

Notes: i. The segment profits (losses) adjustment includes (741) million yen in amortization of goodwill and 275 million yen in intersegment transactions.

ii. Segment profits (losses) are adjusted to the operating income figure on the Quarterly Consolidated Statements of Income.

2. Changes, etc. in reporting segments

As described in “(Changes in Accounting Policies),” the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the fiscal year ending April 30, 2022, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of reporting segments.

This change has an impact mainly on net sales of the Tea Leaves and Beverages Business.