

June 1, 2023

ITO EN, LTD. Securities numbers : 2593 (Common Stock)

: 25935 (Class-A Preferred Stock)

(URL <https://www.itoen.co.jp>)

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Representative: Daisuke Honjo (President)

For Immediate Release

Consolidated Financial Results

Under Japanese standards for the fiscal year ended April 30, 2023 (Unaudited)

Scheduled date of general shareholder's meeting: July 26, 2023

Scheduled date of commencement of dividend payment: July 27, 2023

Scheduled filing date of securities report: July 27, 2023

Supplementary documents for financial results: Yes

Results presentation (for institutional investors and analysts): Yes

(Figures are rounded down to million yen.)

1. Consolidated Performance for the Fiscal Year Ended April 30, 2023 (May 1, 2022 - April 30, 2023)

(1) Consolidated Results of Operations

(% 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	
4/30/2023	431,674	7.7%	19,588	4.2%	20,341	1.9%	12,888	-0.3%
4/30/2022	400,769	-	18,794	12.7%	19,971	17.3%	12,928	84.4%

Note: 1: Comprehensive income 4/30/2023: 14,439 million yen (-10.9%) 4/30/2022: 16,211 million yen (86.9%)

	Earnings per share	Earnings per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen			
4/30/2023	103.82	103.60	7.8%	6.1%	4.5%
4/30/2022	103.92	103.69	8.2%	6.0%	4.7%

Reference: Equity in earnings (losses) of affiliated companies 4/30/2023: 138 million yen 4/30/2022: 162 million yen

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 fiscal year ended April 30, 2022, and each figure for the fiscal year ended April 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. Because this had 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 increased by 3.4%.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen		Yen
4/30/2023	338,774	172,128	50.4%	1,408.55
4/30/2022	328,359	163,012	49.2%	1,334.88

Reference: Shareholders' equity 4/30/2023: 170,589 million yen 4/30/2022: 161,640 million yen

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
4/30/2023	23,773	(8,638)	(9,130)	100,899
4/30/2022	22,226	(7,397)	(29,930)	94,471

2. Dividends

	Dividend per share					Total dividend paid	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen		
4/30/2022	-	20.00	-	20.00	40.00	3,528	38.5%	3.1%
4/30/2023	-	20.00	-	20.00	40.00	3,529	38.5%	2.9%
4/30/2024 (Forecast)	-	21.00	-	21.00	42.00		38.8%	

Note: 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, 2024 (May 1, 2023 - April 30, 2024)

(% represents changes from the previous fiscal year for the full year, and from the same period of the previous fiscal year for the first half of the fiscal year (cumulative))

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen		Million yen		Million yen		Million yen		Yen
10/31/2023	232,000	2.1%	12,500	10.3%	12,600	0.4%	8,050	1.6%	64.91
4/30/2024	440,000	1.9%	21,000	7.2%	21,000	3.2%	13,500	4.7%	108.33

Note: 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.

Notes

(1) Changes in important subsidiaries during the period

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

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

i. Changes in accounting policies associated with revisions to 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 “(5) Notes to Consolidated Financial Statements, (Changes in Accounting Policies)” of “3. Consolidated Financial Statements and Main Notes” on page 14 of the attached material.

(3) Number of issued shares (common stock)

i. Number of issued shares (including treasury stock) 4/30/2023 89,212,380 shares 4/30/2022 89,212,380 shares

ii. Number of treasury stock 4/30/2023 976,571 shares 4/30/2022 1,004,852 shares

iii. Average number of shares outstanding during the period 4/30/2023 88,227,628 shares 4/30/2022 88,205,979 shares

Note: The above “Number of issued shares” pertains to Common Stock. For “Number of issued shares” for Class-A Preferred Stock, refer to “Reference” below.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Performance for Fiscal Year Ended April 30, 2023 (May 1, 2022 - April 30, 2023)

(1) Non-Consolidated Results of Operations

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen		Million yen		Million yen		Million yen	
4/30/2023	315,025	4.9%	16,785	7.0%	18,864	8.4%	13,281	7.4%
4/30/2022	300,319	–	15,685	-0.5%	17,409	-0.9%	12,360	73.7%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
4/30/2023	107.07	106.84
4/30/2022	99.24	99.02

Notes 1: The above per share information pertains to Common Stock. For per share information for Class-A Preferred Stock, refer to “Reference” below.

2: The Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations from the beginning of the fiscal year ended April 30, 2022, and each figure for the fiscal year ended April 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. Because this had 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 increased by 1.6%.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen		Yen
4/30/2023	288,473	165,038	57.2%	1,361.57
4/30/2022	278,776	156,444	56.1%	1,290.96

Reference: Equity 4/30/2023 164,904 million yen 4/30/2022: 156,327 million yen

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

2. Forecasted Non-Consolidated Results for the Fiscal Year Ending April 30, 2024 (May 1, 2023 - April 30, 2024)

(% represents changes from the previous fiscal year for the full year, and from the same period of the previous fiscal year for the first half of the fiscal year (cumulative))

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Million yen		Million yen		Million yen		Million yen		Yen
10/31/2023	171,800	2.4%	10,000	10.9%	11,020	0.2%	7,660	-1.3%	61.68
4/30/2024	321,500	2.1%	17,000	1.3%	18,600	-1.4%	13,000	-2.1%	104.20

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

* Financial results reports are exempt from audit 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, the 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 “1. Overview of the Consolidated Results of Operations, etc., (4) Future Outlook” on page 4 of the attached material.

Reference

(1) Per share information of Class-A Preferred Stock in consolidated results of operations

	Earnings per share	Earnings per share (diluted)	Net assets per share
	Yen	Yen	Yen
4/30/2023	113.82	113.60	1,413.55
4/30/2022	113.89	113.65	1,339.88

(2) Dividends – Class-A Preferred Stock

	Dividend per share					Total dividend paid	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen		
4/30/2022	–	25.00	–	25.00	50.00	1,645	43.9%	3.9%
4/30/2023	–	25.00	–	25.00	50.00	1,637	43.9%	3.6%
4/30/2024 (Forecast)	–	27.00	–	27.00	54.00		44.9%	

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

	Earnings per share (Consolidated)	Earnings per share (Non-Consolidated)
	Yen	Yen
10/31/2023	70.91	67.68
4/30/2024	120.33	116.20

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

- | | | | | |
|---|-----------|-------------------|-----------|-------------------|
| i. Number of issued shares (including treasury stock) | 4/30/2023 | 34,246,962 shares | 4/30/2022 | 34,246,962 shares |
| ii. Number of treasury stock | 4/30/2023 | 1,489,535 shares | 4/30/2022 | 1,487,570 shares |
| iii. Average number of shares outstanding during the period | 4/30/2023 | 32,758,726 shares | 4/30/2022 | 33,028,207 shares |

(5) Per share information of Class-A Preferred Stock in non-consolidated results of operations

	Earnings per share	Net income per share (diluted)	Net assets per share
	Yen	Yen	Yen
4/30/2023	117.07	116.84	1,366.57
4/30/2022	109.21	108.98	1,295.96

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1. Overview of the Consolidated Results of Operations, etc.

(1) Overview of the Consolidated Results of Operations in the Current Fiscal Year

During the fiscal year ended April 30, 2023 (May 1, 2022 - April 30, 2023), the Japanese economy remained in a tough situation due to the protracted impact of the Russia-Ukraine conflict, increased risk of an economic downturn due to global fiscal tightening, and soaring costs of raw materials and energy, despite expectations for a recovery in business conditions due to various policies enacted for the era of coexistence with the novel coronavirus disease (COVID-19).

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, performance for the fiscal year ended April 30, 2023 was as follows.

Net sales	431,674 million yen, up 7.7% year on year
Operating income	19,588 million yen, up 4.2% year on year
Ordinary income	20,341 million yen, up 1.9% year on year
Profit attributable to owners of parent	12,888 million yen, down 0.3% year on year

Performance by each of the business segments was as follows.

<Tea Leaves and Beverages Business>

Cumulative sales of the “*Oi Ocha*” brand surpassed 40 billion bottles since its launch in 1989. In addition, consolidated sales volumes for the year ended April 30, 2023 were the highest on record. The reason that “*Oi Ocha*” has been enjoyed for many years since the brand was launched is the product development based on technologies and experience accumulated from a desire to offer people delicious tea “anytime, anywhere,” and our efforts to strengthen the brand through such initiatives as the “*Japanese Tea Day Oi Ocha Grand Tea Ceremony*” and the “*Making Japan Beautiful Through Tea*” campaign which enhance the value of tea. While addressing the changing times, going forward we will continue to work to make “*Oi Ocha*” a more familiar presence in people’s lives, without forgetting our gratitude to the customers who have nurtured the brand.

With the aim of helping customers achieve healthy and fulfilling lifestyles and assisting in the realization of a sustainable society, we will enhance convenience, increase the number of users, and develop products that contribute to resolving social issues, while also utilizing digital tools to improve our contact with customers.

In March 2023, in the Smooth Melting Instant Tea series (powder type) we launched “*Sarasatokeru Oi Ocha Japanese Green Tea with Matcha*” (smooth melting *Oi Ocha* instant Japanese green tea with matcha), and “*Sarasatokeru Oi Ocha Roasted Green Tea*” (smooth melting *Oi Ocha* instant roasted green tea), as well as “*Sarasatokeru Kenko Mineral Mugicha*” (smooth melting instant healthy mineral barley tea). The Smooth Melting Instant Tea series seeks to reproduce the taste of green tea and roasted green tea that has been brewed in a teapot, and mugicha (barley tea) that has been brewed in a kettle, while focusing on ensuring the product dissolves easily not only in hot water but also in cold water. In addition to improvements in the quality of instant tea products, demand for a tea that can be drunk easily even when the customers are short of time has been increasing, leading to an upward trend in the instant tea market. As one of the leading companies in tea, we will contribute to expanding this market.

Also in March, the Company launched new beverage products developed jointly with the Nippon Yell Project of the National Federation of Agricultural Cooperative Associations (JA ZEN-NOH) to support Japanese agriculture. These were “*Nippon Yell Kokusan Kankitsu Sanshu Blend*” and “*Nippon Yell Wakayamaken-san Mikan Zeri*.” Through the sale of products jointly developed with JA ZEN-NOH, we contribute to increasing awareness and consumption of domestic agricultural and livestock products.

Also in March, we began rolling out the CHACOCO vending machine smartphone app, whose name is derived from a combination of “cha” (tea) and “kokoro” (heart), to embody our desire to develop closer ties with our customers through the app. In recent years there has been an increase in purchasing behavior that makes use of the superior convenience and hygiene offered by cashless payment, and a rise in the use of smartphone apps that aim to develop closer communications with customers. CHACOCO is a vending machine app with outstanding visibility and usability that allows customers to utilize around 20,000 vending machines equipped with cashless payment functions, mostly in business offices and tourist districts of urban areas. By focusing on smooth payments and a stamp function, we achieved a simple, easily understood, and convenient app-based service. In future, we are considering rolling out campaigns linked to the app, such as subscription services.

In April this year, we launched a new fruit tea with a Japanese tea base called “*Hare nochi kumori toki-doki Ocha*.” The fruits used are apple, lemon, and peach, and plant-based lactic bacteria are also incorporated. The result is the new sensation of a crisp-tasting fruit tea that combines the soft roasted aroma of refreshing green tea and roasted green tea. This product was developed on the concept of “a cup of tea lifts my feelings whether the day is fine or cloudy.” The design of the packaging has its roots in the

saying that when the swallows fly high the weather will be fine, and that when they fly low it will rain. The two swallows on the packaging express the blessings conferred by tea and fruit. We will roll out promotions that provide additional experiences based on the worldview of the packaging, and as well as conveying to new customers that Japanese tea beverages are delicious and enjoyable, we aim to invigorate the Japanese tea market.

Also in April, we launched the first food products with function claims in the “*Maiasa Kaicho*” brand, namely the “*Maiasa Kaicho Yogurt Chonai Kankyo Kaizen*” and “*Maiasa Kaicho Yogurt Chonai Kankyo Kaizen Teitoshitsu*” yogurt products, and the “*Maiasa Kaicho Yogurt Chonai Kankyo Kaizen*” beverage. In the 26 years since its launch by Chichiyasu in 1997, “*Maiasa Kaicho Yogurt*” has demonstrated its strength as a health-conscious brand loved by customers. By bringing together a lineup of new foods with function claims that cut across the yogurt and beverage product categories, we will continue to support healthy and fulfilling lifestyles for our customers.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 390,033 million yen, up 7.1% year on year, and operating income of 17,827 million yen, down 0.7% year on year.

<Restaurant Business>

As limited-edition seasonal spring beverages, Tully’s Coffee Japan Co., Ltd. launched its first drinks using oat milk, including “*Maple & Pecan Nuts Oat Latte*” and “*& TEA Honey and Oat Royal Milk Tea*,” which have been particularly well received by health-conscious customers. We also rolled out a collaboration with fashion brand Manhattan Portage, resulting in items with a limited-edition logo attracting much attention.

In April, we also made steady progress in opening new stores, such as the TULLY’S COFFEE TOBU icourt shop, which has CFC-free refrigerators, and uses many eco-friendly materials, such as pendant light shades made from waste coffee grounds. As of April 30, 2023, we operated a total of 766 outlets.

As a result, Restaurant Business recorded net sales of 35,492 million yen, up 18.1% year on year, and operating income of 2,429 million yen, up 182.2% year on year.

<Others>

The Others recorded net sales of 6,148 million yen, down 7.1% year on year, and operating loss of 20 million yen, compared with operating income of 605 million yen in the same period last year.

(2) Overview of the Financial Position in the Current Fiscal Year

The following is the consolidated financial position at the end of the fiscal year ended April 30, 2023.

(Assets)

Total assets at the end of the fiscal year ended April 30, 2023 stood at 338,774 million yen, increased by 10,415 million yen from the end of the previous fiscal year. These changes in total assets mainly reflected an increase of 7,609 million yen in “Cash and deposits,” an increase of 2,345 million yen in “Accounts receivable - trade,” an increase of 3,103 million yen in “Merchandise and finished goods,” a decrease of 1,483 million yen in “Accounts receivable - other,” a decrease of 1,664 million yen in “Tools, furniture and fixtures,” a decrease of 2,192 million yen in “Leased assets,” and a decrease of 1,066 million yen in “Goodwill.”

(Liabilities)

Liabilities at the end of the fiscal year ended April 30, 2023 stood at 166,646 million yen, increased by 1,299 million yen from the end of the previous fiscal year. These changes in liabilities mainly reflected an increase of 2,571 million yen in “Accrued expenses.”

(Net assets)

Net assets at the end of the fiscal year ended April 30, 2023 stood at 172,128 million yen, increased by 9,115 million yen from the end of the previous fiscal year. This mainly reflected an increase of 12,888 million yen in “Retained earnings” due to “Profit attributable to owners of parent,” and a decrease of 5,166 million yen in “Retained earnings” due to “Dividends of surplus.”

As a result, the shareholders’ equity ratio was 50.4% compared with 49.2% at the end of the previous fiscal year.

(3) Overview of the Cash Flows in the Current Fiscal Year

Cash and cash equivalents at the end of the fiscal year ended April 30, 2023 amounted to 100,899 million yen, increased by 6,427 million yen from the end of the previous fiscal year.

Cash flows during the fiscal year ended April 30, 2023 and their causes are as follows.

(Cash flows from operating activities)

Net cash inflows from operating activities were 23,773 million yen (compared with 22,226 million yen inflow in the previous fiscal year). The major factors affecting this were income before income taxes of 19,684 million yen, depreciation of 10,353 million yen, amortization of goodwill of 1,074 million yen and income taxes paid of 8,421 million yen.

(Cash flows from investing activities)

Net cash outflows from investing activities were 8,638 million yen (compared with 7,397 million yen outflow in the previous fiscal year). The major factor affecting this was purchase of property, plant and equipment and intangible assets of 6,987 million yen.

(Cash flows from financing activities)

Net cash outflows from financing activities were 9,130 million yen (compared with 29,930 million yen outflow in the previous fiscal year). The major factors affecting this were repayments of long-term loans payable of 1,412 million yen, repayments of finance lease obligations of 2,278 million yen and cash dividends paid of 5,161 million yen.

(4) Future Outlook

As for the outlook going forward, while regulations concerning COVID-19 have been eased and economic and social activities are on the road to recovery, the Russia-Ukraine situation and the downturn in overseas economies due to global monetary tightening and other factors pose downward pressure risks to Japan's economy, and the effects of rising prices and supply-side constraints must be closely monitored.

The forecast for the fiscal year ending April 30, 2024 is as follows.

Net sales	440,000 million yen,	up 1.9% year on year
Operating income	21,000 million yen,	up 7.2% year on year
Ordinary income	21,000 million yen,	up 3.2% year on year
Profit attributable to owners of parent	13,500 million yen,	up 4.7% year on year

The above forecasts are based on information available at the time this report was prepared, and actual results may differ from the forecasts due to various factors in the future.

2. Basic Policies Concerning Selection of Accounting Standards

Taking into consideration reliable year-on-year and company-to-company comparisons in the consolidated financial statements, the ITO EN Group's policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards.

As for the application of international accounting standards, the ITO EN Group plans to appropriately respond after considering the circumstances in Japan and overseas.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

As of April 30, 2022 and April 30, 2023

(Millions of yen)

	As of April 30, 2022	As of April 30, 2023
Assets		
Current assets		
Cash and deposits	96,571	104,181
Notes receivable - trade	241	75
Accounts receivable - trade	57,774	60,120
Merchandise and finished goods	41,664	44,767
Raw materials and supplies	12,653	12,880
Accounts receivable - other	10,739	9,256
Other	3,816	3,394
Allowance for doubtful accounts	(182)	(281)
Total current assets	223,278	234,393
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,947	52,324
Accumulated depreciation	(29,743)	(31,230)
Buildings and structures, net	21,204	21,093
Machinery, equipment and vehicles	26,669	28,591
Accumulated depreciation	(21,154)	(22,896)
Machinery, equipment and vehicles, net	5,514	5,694
Tools, furniture and fixtures	35,793	36,788
Accumulated depreciation	(19,947)	(22,606)
Tools, furniture and fixtures, net	15,846	14,181
Land	22,837	22,979
Leased assets	25,687	18,312
Accumulated depreciation	(17,419)	(12,237)
Leased assets, net	8,268	6,075
Construction in progress	815	912
Other	3	1,067
Total property, plant and equipment	74,490	72,005
Intangible assets		
Goodwill	3,594	2,528
Software	1,109	1,857
Other	3,545	3,884
Total intangible assets	8,249	8,270
Investments and other assets		
Investment securities	3,319	3,990
Deferred tax assets	6,701	7,362
Other	12,430	12,862
Allowance for doubtful accounts	(109)	(110)
Total investments and other assets	22,340	24,105
Total non-current assets	105,081	104,381
Total assets	328,359	338,774

Consolidated Balance Sheets – Continued

(Millions of yen)

	As of April 30, 2022	As of April 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	30,365	29,958
Current portion of bonds payable	–	10,000
Short-term loans payable	2,897	2,743
Lease obligations	2,371	2,135
Accrued expenses	26,948	29,519
Income taxes payable	4,948	4,367
Provision for bonuses	3,613	4,296
Other	5,652	6,206
Total current liabilities	76,796	89,226
Non-current liabilities		
Bonds payable	10,000	–
Long-term loans payable	58,917	58,210
Lease obligations	4,199	3,662
Net defined benefit liability	10,877	10,810
Deferred tax liabilities for land revaluation	719	719
Other	3,836	4,017
Total non-current liabilities	88,549	77,419
Total liabilities	165,346	166,646
Net assets		
Shareholders' equity		
Capital stock	19,912	19,912
Capital surplus	18,662	18,558
Retained earnings	131,105	138,827
Treasury shares	(7,016)	(6,911)
Total shareholders' equity	162,664	170,386
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,202	1,693
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	3,738	4,132
Remeasurements of defined benefit plans	88	429
Total accumulated other comprehensive income	(1,023)	202
Share acquisition rights	117	134
Non-controlling interests	1,254	1,404
Total net assets	163,012	172,128
Total liabilities and net assets	328,359	338,774

(2) Consolidated Statements of Income and Comprehensive Income

For the fiscal year ended April 30, 2022 and 2023 (May 1, 2021 - April 30, 2022 and May 1, 2022- April 30, 2023)

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Net sales	400,769	431,674
Cost of sales	*1 241,188	*1 266,089
Gross profit	159,581	165,585
Selling, general and administrative expenses	*2, *3 140,787	*2, *3 145,996
Operating income	18,794	19,588
Non-operating income		
Interest income	86	226
Dividend income	73	91
Rent income	92	104
Compensation income for damaged products	29	40
Share of profit of entities accounted for using equity method	162	138
Gain on prepaid card	271	185
Foreign exchange gains	948	271
Subsidy income	—	280
Other	289	236
Total non-operating income	1,952	1,577
Non-operating expenses		
Interest expenses	468	544
Loss on cancellation of leases	122	47
Other	185	231
Total non-operating expenses	775	823
Ordinary income	19,971	20,341
Extraordinary income		
Gain on sales of non-current assets	*4 32	*4 3
Gain on donation of non-current assets	53	3
Gain on sales of investment securities	492	—
Subsidy income	*5 2,069	—
Other	0	—
Total extraordinary income	2,648	6
Extraordinary losses		
Loss on sales of non-current assets	*6 66	*6 0
Loss on abandonment of non-current assets	*7 206	*7 240
Impairment loss	*8 1,889	*8 402
Loss on valuation of investment securities	13	17
Loss on COVID-19 impact	*9 72	—
Other	28	2
Total extraordinary losses	2,276	664
Income before income taxes	20,343	19,684
Income taxes - current	7,346	7,810
Income taxes - deferred	(91)	(1,325)
Total income taxes	7,254	6,484
Net income	13,089	13,199
Profit attributable to non-controlling interests	160	310
Profit attributable to owners of parent	12,928	12,888

Consolidated Comprehensive Income

(Millions of yen)

	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Net income	13,089	13,199
Other comprehensive income		
Valuation difference on available-for-sale securities	(669)	451
Foreign currency translation adjustment	3,608	385
Remeasurements of defined benefit plans, net of tax	226	340
Share of other comprehensive income of entities accounted for using equity method	(43)	61
Total other comprehensive income	3,122	1,239
Comprehensive income	16,211	14,439
Comprehensive income attributable to owners of parent	15,917	14,114
Comprehensive income attributable to non- controlling interests	294	324

(3) Consolidated Statement of Changes in Shareholders' Equity

For the fiscal year ended April 30, 2022 (May 1, 2021 - April 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	18,660	123,679	(6,466)	155,785
Cumulative effects of changes in accounting policies			(321)		(321)
Restated balance	19,912	18,660	123,358	(6,466)	155,464
Changes of items during period					
Dividends of surplus			(5,180)		(5,180)
Profit attributable to owners of parent			12,928		12,928
Capital increase of consolidated subsidiaries					-
Purchase of treasury shares				(579)	(579)
Disposal of treasury shares		1		29	31
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1	7,747	(549)	7,199
Balance at end of current period	19,912	18,662	131,105	(7,016)	162,664

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	1,956	(6,053)	217	(133)	(4,012)	148	1,136	153,057
Cumulative effects of changes in accounting policies								(321)
Restated balance	1,956	(6,053)	217	(133)	(4,012)	148	1,136	152,736
Changes of items during period								
Dividends of surplus								(5,180)
Profit attributable to owners of parent								12,928
Capital increase of consolidated subsidiaries								-
Purchase of treasury shares								(579)
Disposal of treasury shares								31
Net changes of items other than shareholders' equity	(753)	-	3,521	222	2,989	(30)	118	3,077
Total changes of items during period	(753)	-	3,521	222	2,989	(30)	118	10,276
Balance at end of current period	1,202	(6,053)	3,738	88	(1,023)	117	1,254	163,012

For the fiscal year ended April 30, 2023 (May 1, 2022 - April 30, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	18,662	131,105	(7,016)	162,664
Cumulative effects of changes in accounting policies					-
Restated balance	19,912	18,662	131,105	(7,016)	162,664
Changes of items during period					
Dividends of surplus			(5,166)		(5,166)
Profit attributable to owners of parent			12,888		12,888
Capital increase of consolidated subsidiaries		(28)			(28)
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(75)		109	33
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(103)	7,721	104	7,722
Balance at end of current period	19,912	18,558	138,827	(6,911)	170,386

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	1,202	(6,053)	3,738	88	(1,023)	117	1,254	163,012
Cumulative effects of changes in accounting policies								-
Restated balance	1,202	(6,053)	3,738	88	(1,023)	117	1,254	163,012
Changes of items during period								
Dividends of surplus								(5,166)
Profit attributable to owners of parent								12,888
Capital increase of consolidated subsidiaries								(28)
Purchase of treasury shares								(4)
Disposal of treasury shares								33
Net changes of items other than shareholders' equity	491	-	393	340	1,226	17	149	1,393
Total changes of items during period	491	-	393	340	1,226	17	149	9,115
Balance at end of current period	1,693	(6,053)	4,132	429	202	134	1,404	172,128

(4) Consolidated Statements of Cash Flows

For the fiscal year ended April 30, 2022 and 2023 (May 1, 2021- April 30, 2022 and May 1, 2022 - April 30, 2023)

(Millions of yen)

	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Cash flows from operating activities		
Income before income taxes	20,343	19,684
Depreciation	11,281	10,353
Impairment loss	1,889	402
Amortization of goodwill	1,060	1,074
Increase (decrease) in allowance for doubtful accounts	29	94
Increase (decrease) in provision for bonuses	70	682
Increase (decrease) in net defined benefit liability	205	422
Subsidy income	(2,069)	(280)
Interest and dividend income	(159)	(318)
Interest expenses	468	544
Foreign exchange losses (gains)	(638)	(81)
Decrease (increase) in notes and accounts receivable - trade	(3,888)	(1,906)
Decrease (increase) in inventories	(6,806)	(2,741)
Decrease (increase) in other current assets	1,097	1,897
Decrease (increase) in other non-current assets	441	48
Increase (decrease) in notes and accounts payable - trade	(141)	(555)
Increase (decrease) in accrued consumption taxes	306	126
Increase (decrease) in other current liabilities	3,147	2,446
Other, net	(460)	232
Subtotal	26,176	32,126
Interest and dividend income received	129	333
Interest expenses paid	(466)	(544)
Income taxes paid	(5,681)	(8,421)
Subsidies received	2,069	280
Net cash provided by (used in) operating activities	22,226	23,773
Cash flows from investing activities		
Net decrease (increase) in time deposits	(175)	(1,185)
Purchase of property, plant and equipment and intangible assets	(7,851)	(6,987)
Purchase of investment securities	(1)	(111)
Proceeds from sales of investment securities	671	1
Purchase of long-term prepaid expenses	(3)	(13)
Purchase of shares of subsidiaries and associates	(18)	(399)
Decrease (increase) in other investments	(19)	57
Net cash provided by (used in) investing activities	(7,397)	(8,638)

Consolidated Statements of Cash Flows – Continued

(Millions of yen)

	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(35)	(55)
Proceeds from long-term loans payable	2,275	–
Repayments of long-term loans payable	(23,483)	(1,412)
Purchase of treasury shares	(579)	(4)
Proceeds from disposal of treasury shares	0	0
Repayments of finance lease obligations	(2,732)	(2,278)
Cash dividends paid	(5,174)	(5,161)
Dividends paid to non-controlling interests	(189)	(207)
Other, net	(12)	(11)
Net cash provided by (used in) financing activities	(29,930)	(9,130)
Effect of exchange rate change on cash and cash equivalents	1,809	421
Net increase (decrease) in cash and cash equivalents	(13,291)	6,427
Cash and cash equivalents at beginning of period	107,763	94,471
Cash and cash equivalents at end of period	94,471	100,899

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

Not applicable

(Basis of Presentation of Consolidated Financial Statements)

1. Consolidation scope

(1) Consolidated subsidiaries	31 companies
(2) Non-consolidated subsidiaries	3 companies

2. Application of equity method

(1) Equity - method applied to non-consolidated subsidiaries	3 companies
(2) Equity - method applied to affiliated	2 companies
(3) Equity - method unapplied to affiliated	6 companies

(Changes in Accounting Policies)

(Application of ASU 2016-02, "Leases (Topic 842)")

Overseas subsidiaries subject to application of the U.S. GAAP applied the Accounting Standards Update (ASU) 2016-02, "Leases (Topic 842)," effective from the beginning of the fiscal year ended April 30, 2023.

As a result, lessees are to recognize all leases as assets and liabilities on their consolidated balance sheets, in principle. As an accepted transitional measure for when applying this accounting standard, the Group adopted a method of recognizing cumulative effects of the application of this accounting standard on the date of its initial application.

As a result, in the consolidated balance sheet at the end of the fiscal year ended April 30, 2023, "other" under property, plant and equipment has increased by 1,059 million yen, "lease obligations" under current liabilities has increased by 235 million yen, and "lease obligations" under non-current liabilities has increased by 857 million yen.

Application of the standard had a negligible impact on consolidated profit and loss for the fiscal year ended April 30, 2023.

(Notes to Consolidated Statements of Income)

- *1. Ending finished goods inventory represents the amount after write-down of the book value in accordance with the declining in profitability of assets and the following loss on valuation of inventories is included in cost of sales.

	Million yen	
	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Cost of sales	(218)	790

- *2. Main items of selling, general and administrative expenses are as follows.

	Million yen	
	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Vending machine selling commission	15,326	16,292
Advertising	9,980	10,048
Lease payment	1,321	1,247
Transportation	13,751	14,386
Salaries and wages to employees	42,778	44,972
Provision for bonuses	3,164	3,823
Retirement and severance benefit costs for employees	1,761	1,801
Depreciation	9,153	7,921
Allowance for doubtful accounts	58	104
Research and development expenses	1,870	2,133

- *3. The total amount of research and development expenses included in general and administrative expenses and manufacturing costs for the period under review is as follows.

	Million yen	
	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
General and administrative expenses	1,870	2,133

- *4. Breakdown of gain on sales of non-current assets is as follows.

	Million yen	
	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Buildings and structures	0	-
Machinery, equipment and vehicles	7	3
Tools, furniture and fixtures	0	0
Land	24	-
Total	32	3

- *5. Subsidy income

For the fiscal year ended April 30, 2022 (May 1, 2021 - April 30, 2022)

Subsidy income, comprising grants provided by the government and local municipalities in relation to the impact of COVID-19, was recorded in extraordinary income.

Subsidy income consisted of 125 million yen in employment adjustment subsidy and 1,944 million yen in payment for cooperation in preventing the spread of infection with shorter opening hours.

- *6. Breakdown of loss on sales of non-current assets is as follows.

	Million yen	
	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Buildings and structures	25	-
Machinery, equipment and vehicles	1	0
Tools, furniture and fixtures	0	-
Land	38	-
Total	66	0

- *7. Breakdown of loss on abandonment of non-current assets is as follows.

	Million yen	
	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Buildings and structures	44	6
Machinery, equipment and vehicles	21	5
Tools, furniture and fixtures	60	127
Software	-	10
Other	80	90
Total	206	240

*8. Impairment loss

The ITO EN Group recognized impairment losses on the assets group listed below.

For the fiscal year ended April 30, 2022 (May 1, 2021 - April 30, 2022)

Location	Use	Type of assets	Impairment loss (million yen)
Chiyoda-ku, Tokyo, etc.	Store, etc. (Tully's Coffee Japan Co., Ltd.)	Buildings, etc.	573
Koto-ku, Tokyo, etc.	Vending machines (NEOS Co., Ltd.)	Leased assets	1,315

In the case of the consolidated subsidiary Tully's Coffee Japan Co., Ltd., asset grouping is conducted with each shop as the basic unit of measurement, as these are the smallest units of cash flow generation. Out of the stores stated in the above, for those incurred or expected to incur continuous deficits in cash flows arising from operating activities, the book values of their assets were reduced to recoverable amounts and an impairment loss in extraordinary losses, amounting to 573 million yen (buildings and structures 517 million yen, tools, furniture and fixtures 50 million yen, and other 6 million yen), was recorded as of the end of the fiscal year ended April 30, 2022. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

In the case of the consolidated subsidiary NEOS Co., Ltd., whole assets are grouped as a single asset group, because the company conducts a single business. The book values of its non-current assets concerned were reduced to the recoverable amounts and an impairment loss amounting to 1,315 million yen (leased assets 1,315 million yen) was recorded due to the company consistently recording operating losses. The recoverable amount was calculated using the value in use based on the future business plan. The discount rate applied to calculate the value in use was 10.71%.

For the fiscal year ended April 30, 2023 (May 1, 2022 - April 30, 2023)

Location	Use	Type of assets	Impairment loss (million yen)
Minato-ku, Tokyo, etc.	Store, etc. (Tully's Coffee Japan Co., Ltd.)	Buildings, etc.	331
Victoria, Australia	Business assets (ITO EN AUSTRALIA PTY. LIMITED)	Buildings, etc.	71

In the case of the consolidated subsidiary Tully's Coffee Japan Co., Ltd., asset grouping is conducted with each shop as the basic unit of measurement, as these are the smallest units of cash flow generation. Out of the stores stated in the above, for those incurred or expected to incur continuous deficits in cash flows arising from operating activities, the book values of their assets were reduced to recoverable amounts and an impairment loss in extraordinary losses, amounting to 331 million yen (buildings and structures 300 million yen, tools, furniture and fixtures 28 million yen, and other 2 million yen), was recorded as of the end of the fiscal year ended April 30, 2023. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

In the case of the consolidated subsidiary ITO EN AUSTRALIA PTY. LIMITED, asset grouping is conducted with each business as the basic unit of measurement, as these are the smallest units of cash flow generation. Out of the asset groups stated in the above, for those incurred continuous deficits in cash flows arising from operating activities, their book values were reduced to recoverable amounts and an impairment loss in extraordinary losses, amounting to 71 million yen (buildings and structures 41 million yen, machinery, equipment and vehicles 27 million yen, tools, furniture and fixtures 0 million yen, and land 2 million yen), was recorded as of the end of the fiscal year ended April 30, 2023. The recoverable amount was calculated using the value in use based on the future business plan. The discount rate applied to calculate the value in use was 12.20%.

*9. Loss on COVID-19 impact

For the fiscal year ended April 30, 2022 (May 1, 2021 - April 30, 2022)

Personnel expenses related to store closures implemented based on requests from the government and local municipalities with the aim of preventing the spread of COVID-19 were recorded in extraordinary losses.

(Segment Information, etc.)

Segment Information

1. Outline of reporting segments

The ITO EN Group reporting segments shall be part of our organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The ITO EN Group is engaged in the manufacture, purchase and sales of products of tea leaves/beverages in both domestic and overseas markets as its mainstay business and also is engaged in the restaurant business. As such, our reporting segments consist of “Tea Leaves and Beverages Business,” “Restaurant Business,” and “Others.”

2. Basis for calculating sales, profit or loss, assets, liabilities, and other items by reporting segment

Accounting treatment for reporting segments is the same as basis of preparation for the consolidated financial statements.

Profit of reporting segments is based on operating income.

Intersegment sales and transfers are based on prevailing market price.

3. Information regarding amounts of sales, profit or loss, assets, liabilities, and other items by reporting segment

For the fiscal year ended April 30, 2022 (May 1, 2021 - April 30, 2022)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea Leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	364,103	30,046	6,619	400,769	–	400,769
(2) Intersegment	419	14	2,691	3,125	(3,125)	–
Total net sales	364,523	30,060	9,311	403,895	(3,125)	400,769
Segment profits	17,953	860	605	19,419	(625)	18,794
Segment assets	300,057	17,717	7,462	325,238	3,121	328,359
Others:						
Depreciation	10,361	772	147	11,281	–	11,281
Amortization of goodwill	–	–	71	71	989	1,060
Investments in entities accounted for using equity method	1,779	–	–	1,779	–	1,779
Increase in property, plant and equipment and intangible assets	8,515	611	126	9,253	–	9,253

Notes: i. The segment profits adjustment of (625) million yen includes (989) million yen in amortization of goodwill and 363 million yen in intersegment transactions.

ii. The segment assets adjustment of 3,121 million yen is unamortized balance of goodwill, and etc.

iii. Segment profits are adjusted to the operating income figure on the Consolidated Statements of Income.

For the fiscal year ended April 30, 2023 (May 1, 2022 - April 30, 2023)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea Leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	390,033	35,492	6,148	431,674	–	431,674
(2) Intersegment	560	2	2,607	3,170	(3,170)	–
Total net sales	390,594	35,495	8,755	434,844	(3,170)	431,674
Segment profits (losses)	17,827	2,429	(20)	20,235	(647)	19,588
Segment assets	310,652	18,284	7,687	336,625	2,149	338,774
Others:						
Depreciation	9,475	703	174	10,353	–	10,353
Amortization of goodwill	–	–	85	85	989	1,074
Investments in entities accounted for using equity method	1,867	–	–	1,867	–	1,867
Increase in property, plant and equipment and intangible assets	7,607	1,548	196	9,352	–	9,352

- Notes: i. The segment profits (losses) adjustment of (647) million yen includes (989) million yen in amortization of goodwill and 341 million yen in intersegment transactions.
- ii. The segment assets adjustment of 2,149 million yen is unamortized balance of goodwill, and etc.
- iii. Segment profits (losses) are adjusted to the operating income figure on the Consolidated Statements of Income.

(Notes to Per Share Data)

For the fiscal year ended April 30, 2022 and 2023 (May 1, 2021 - April 30, 2022 and May 1, 2022 - April 30, 2023)

	Yen	
	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Common Stock		
Net assets per share	1,334.88	1,408.55
Earnings per share	103.92	103.82
Earnings per share (diluted)	103.69	103.60
Class-A Preferred Stock		
Net assets per share	1,339.88	1,413.55
Earnings per share	113.89	113.82
Earnings per share (diluted)	113.65	113.60

Note: The basis for calculating earnings per share and earnings per share (diluted) is as follows:

	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Earnings per share		
Profit attributable to owners of parent (Million yen)	12,928	12,888
Profit attributable to owners of parent pertaining to common stock (Million yen)	9,166	9,159
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	3,761	3,728
Weighted average number of shares of common stock (Thousands of shares)	88,205	88,227
Weighted average number of shares of Class-A Preferred Stock (Thousands of shares)	33,028	32,758
Earnings per share (diluted)		
Adjustments to profit attributable to owners of parent (Million yen)	-	-
Increase in common stock (Thousands of shares)	275	258
(of which stock acquisition rights (Thousands of shares))	(275)	(258)
Profit attributable to owners of parent pertaining to common stock (Million yen)	9,174	9,167
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	3,753	3,721
Summary of potentially dilutive shares not included in the calculation of earnings per share (diluted) due to their anti-dilutive effect	-	-

(Notes to Subsequent Events)

Not applicable