

Consolidated Financial Results

Under Japanese Standards for the Third Quarter of the fiscal year ending April 30, 2024 (Unaudited)

Scheduled filing date of quarterly securities report: March 14, 2024

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, 2024 (May 1, 2023 - January 31, 2024)

(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	
1/31/2024	346,251	5.4%	21,758	37.1%	22,981	39.1%	14,243	39.8%
1/31/2023	328,454	8.2%	15,871	12.5%	16,518	12.7%	10,185	-1.5%

Note 1: Comprehensive income 1/31/2024: 16,152 million yen (51.4%) 1/31/2023: 10,666 million yen (-6.1%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
1/31/2024	116.09	115.85
1/31/2023	82.83	82.66

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

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	
1/31/2024	336,898	182,309	53.6%
4/30/2023	338,774	172,128	50.4%

Reference: Shareholders' equity 1/31/2024: 180,687 million yen 4/30/2023: 170,589 million yen

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2023	–	20.00	–	20.00	40.00
4/30/2024	–	21.00	–		
4/30/2024 (Forecast)				21.00	42.00

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

(% 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
4/30/2024	450,000	4.2%	23,200	18.4%	24,200	19.0%	14,700	14.1%	119.00

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.

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 revisions to accounting standards: None

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

iii. Changes in accounting estimates: Yes

iv. Restatements: None

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

(4) Number of issued shares (common stock)

i. Number of issued shares (including treasury stock)	1/31/2024	89,212,380 shares	4/30/2023	89,212,380 shares
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ii. Number of treasury stock	1/31/2024	941,078 shares	4/30/2023	976,571 shares
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iii. Average number of shares outstanding during the period	1/31/2024	88,256,457 shares	1/31/2023	88,225,150 shares
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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.

* 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
1/31/2024	122.10	121.86
1/31/2023	87.83	87.66

(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
4/30/2023	–	25.00	–	25.00	50.00
4/30/2024	–	27.00	–		
4/30/2024 (Forecast)				27.00	54.00

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
4/30/2024	131.00

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

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

i. Number of issued shares (including treasury stock)	1/31/2024	34,246,962 shares	4/30/2023	34,246,962 shares
ii. Number of treasury stock	1/31/2024	1,796,105 shares	4/30/2023	1,489,535 shares
iii. Average number of shares outstanding during the period	1/31/2024	32,736,618 shares	1/31/2023	32,759,011 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, 2024 (May 1, 2023 – January 31, 2024), the Japanese economy exhibited signs of a gradual recovery due to factors such as the recovery of foot traffic with the reclassification of the novel coronavirus disease (COVID-19) to Class 5, the recovery in personal consumption due to the improvement in the employment and income environment, and the increase in inbound demand from overseas tourism. However, certain conditions continue to present an uncertain outlook, such as a sense of uncertainty regarding the situations in Ukraine and the Middle East and concerns regarding the economic impact of high energy prices and raw material costs in conjunction with foreign exchange fluctuations.

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, 2024 was as follows.

Net sales	346,251 million yen, up 5.4%
Operating income	21,758 million yen, up 37.1%
Ordinary income	22,981 million yen, up 39.1%
Profit attributable to owners of parent	14,243 million yen, up 39.8%

Performance by each of the business segments was as follows.

<Tea Leaves and Beverages Business>

Since the launch of the “*Oi Ocha*” brand in 1989, it has won strong support from a large number of consumers, with cumulative sales surpassing 40 billion bottles, and the Company is working to increase the value of the brand even further.

In January 2024, we launched limited-edition springtime cherry blossom full-bloom packaging for “*Oi Ocha Japanese Green Tea*,” “*Oi Ocha Roasted Green Tea*,” and “*Oi Ocha Green Tea with Roasted Rice*,” decorated with heart-warming cherry blossoms in full bloom. The Company has been offering seasonal limited cherry blossom packaging for its “*Oi Ocha*” series in time for the arrival of spring each year since 2015. When displayed in stores throughout Japan, “*Oi Ocha*” cherry blossom packaging creates a springtime atmosphere that has made it popular with customers. To coincide with the start of sales of these products, we are also conducting the “*Oi Ocha* ‘Future Cherry Blossoms in My Town Project 2024,’” in which part of the sales revenues from “*Oi Ocha*” cherry blossom full-bloom packaging products is donated to activities to plant and protect cherry trees. Through these products, we are working to create towns that will bring joy to people 50 and 100 years in the future by spreading beautiful cherry trees throughout Japan.

In February 2024, the Company’s mainstay brand and global No. 1 green tea beverage brand, “*Oi Ocha*,” marked its 35th launch anniversary. The Company will continue striving to strengthen the brand through initiatives such as seasonal limited packaging featuring cherry blossom designs and by conducting the “Future Cherry Blossoms in My Town Project,” as we continue to supply “*Oi Ocha*,” which is loved by Japanese people as the most familiar version of Japanese green tea.

In December 2023, we launched “*Nippon Yell Strawberry & Milk*,” developed jointly with the National Federation of Agricultural Cooperative Associations (JA ZEN-NOH) as a product of JA ZEN-NOH’s “Nippon Yell Project” and “Domestic Milk Support Project” initiatives to support producers throughout Japan. With the arrival of winter, when domestic milk consumption declines, the Company participated again this year in the “Domestic Milk Support Project” for helping to resolve issues faced by Japanese dairy farmers, and will strive to contribute to expanding demand for domestic milk. The Company will serve as a bridge that connects Japanese agriculture and consumers and contribute to increasing awareness and consumption of domestic agricultural and livestock products through the sale of these jointly developed products.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 310,282 million yen, up 4.3% year on year, and operating income of 19,347 million yen, up 35.6% year on year.

<Restaurant Business>

At Tully’s Coffee Japan Co., Ltd., “*&TEA Strawberry Mille-feuille Royal Milk Tea*,” a colorful seasonal limited drink for brightening up the holiday season, inspired by Napoleon pastry, and “*Irish Latte*,” which has become something of a winter staple for Tully’s, enjoyed an extremely positive reception. In the food menu, in response to demand for lunches, we launched “*Kirishima Kurobuta Bacon Original Carbonara*” as an autumn and winter limited season menu item communicating our commitment to fine ingredients, which sold favorably. Moreover, in the Valentine’s Day shopping season in January, we launched products such as “*Chocolate LOVERS Mocha ~Dark Temptation Cacao 73%~*,” using high-cacao chocolate, which proved popular. Regarding newly opened stores, we continued aggressive store openings including the “*&TEA*” and “*TULLY’S COFFEE -SELECT-*” formats, with the total number of shops as of January 31, 2024 standing at 780.

As a result of these activities, the Restaurant Business recorded net sales of 30,076 million yen, up 13.8% year on year, and operating income of 2,648 million yen, up 23.5% year on year.

<Others>

The Others recorded net sales of 5,893 million yen, up 27.2% year on year, and operating income of 248 million yen, compared with operating loss of 36 million yen in the same period of the previous fiscal year.

(2) Explanations Regarding Consolidated Financial Position

The following is a consolidated financial position at the end of the third quarter of the fiscal year ending April 30, 2024.

Total assets as of January 31, 2024 stood at 336,898 million yen, decreased by 1,875 million yen from the end of the previous fiscal year. These changes in total assets mainly reflected an increase of 2,089 million yen in “Cash and deposits,” a decrease of 6,063 million yen in “Accounts receivable - trade,” a decrease of 3,323 million yen in “Merchandise and finished goods,” an increase of 1,481 million yen in “Raw materials and supplies,” and an increase of 1,144 million yen in “Buildings and structures.”

Liabilities as of January 31, 2024 stood at 154,589 million yen, decreased by 12,056 million yen from the end of the previous fiscal year. These changes in liabilities mainly reflected a decrease of 6,012 million yen in “Accounts payable - trade,” a decrease of 2,778 million yen in “Net defined benefit liability,” a decrease of 1,784 million yen in “Accrued expenses,” and a decrease of 1,682 million yen in “Provision for bonuses.”

Net assets as of January 31, 2024 stood at 182,309 million yen, increased by 10,180 million yen from the end of the previous fiscal year. This mainly reflected an increase of 14,243 million yen in “Retained earnings” due to “Profit attributable to owners of parent,” and a decrease of 5,323 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, 2024, no changes have been made to the forecasts that were announced in “Notice of Revision of Earnings Forecasts (Consolidated and Non- consolidated)” on November 29, 2023.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

As of April 30, 2023 and January 31, 2024

(Millions of yen)

	As of April 30, 2023	As of January 31, 2024
Assets		
Current assets		
Cash and deposits	104,181	106,270
Notes receivable - trade	75	66
Accounts receivable - trade	60,120	54,056
Merchandise and finished goods	44,767	41,443
Raw materials and supplies	12,880	14,362
Other	12,650	13,601
Allowance for doubtful accounts	(281)	(229)
Total current assets	234,393	229,571
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,093	22,238
Land	22,979	23,180
Leased assets, net	6,075	5,250
Other, net	21,857	23,006
Total property, plant and equipment	72,005	73,675
Intangible assets		
Goodwill	2,528	1,726
Other	5,742	5,949
Total intangible assets	8,270	7,675
Investments and other assets		
Other	24,215	26,093
Allowance for doubtful accounts	(110)	(118)
Total investments and other assets	24,105	25,975
Total non-current assets	104,381	107,326
Total assets	338,774	336,898
Liabilities		
Current liabilities		
Accounts payable - trade	29,958	23,945
Current portion of bonds payable	10,000	10,000
Short-term loans payable	2,743	2,040
Lease obligations	2,135	1,783
Accrued expenses	29,519	27,734
Income taxes payable	4,367	3,942
Provision for bonuses	4,296	2,614
Other	6,206	6,349
Total current liabilities	89,226	78,410
Non-current liabilities		
Long-term loans payable	58,210	58,986
Lease obligations	3,662	2,884
Net defined benefit liability	10,810	8,032
Other	4,736	6,276
Total non-current liabilities	77,419	76,179
Total liabilities	166,646	154,589

Quarterly Consolidated Balance Sheet – Continued

(Millions of yen)

	As of April 30, 2023	As of January 31, 2024
Net assets		
Shareholders' equity		
Capital stock	19,912	19,912
Capital surplus	18,558	18,553
Retained earnings	138,827	147,747
Treasury shares	(6,911)	(7,328)
Total shareholders' equity	170,386	178,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,693	1,796
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	4,132	5,751
Remeasurements of defined benefit plans	429	307
Total accumulated other comprehensive income	202	1,802
Share acquisition rights	134	111
Non-controlling interests	1,404	1,510
Total net assets	172,128	182,309
Total liabilities and net assets	338,774	336,898

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

From May 1 to January 31, 2023 and 2024

Quarterly Consolidated Statement of Income [Third quarter period]

(Millions of yen)

	Nine months ended January 31, 2023	Nine months ended January 31, 2024
Net sales	328,454	346,251
Cost of sales	203,268	211,332
Gross profit	125,185	134,919
Selling, general and administrative expenses	109,313	113,160
Operating income	15,871	21,758
Non-operating income		
Interest income	150	321
Dividend income	91	87
Share of profit of entities accounted for using equity method	85	123
Foreign exchange gains	201	733
Gain on prepaid card	126	138
Subsidy income	271	11
Other	299	335
Total non-operating income	1,225	1,751
Non-operating expenses		
Interest expenses	397	355
Other	180	172
Total non-operating expenses	578	528
Ordinary income	16,518	22,981
Extraordinary income		
Gain on sales of non-current assets	2	6
Gain on donation of non-current assets	0	3
Gain on sales of investment securities	–	86
Total extraordinary income	3	96
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on abandonment of non-current assets	178	155
Loss on valuation of investment securities	0	–
Impairment loss	248	707
Loss on revision of retirement benefit plan	–	80
Other	1	0
Total extraordinary losses	429	943
Income before income taxes	16,093	22,133
Income taxes	5,657	7,608
Net income	10,436	14,525
Profit attributable to non-controlling interests	251	282
Profit attributable to owners of parent	10,185	14,243

Quarterly Consolidated Statement of Comprehensive Income [Third quarter period]

(Millions of yen)

	Nine months ended January 31, 2023	Nine months ended January 31, 2024
Net income	10,436	14,525
Other comprehensive income		
Valuation difference on available-for-sale securities	281	237
Foreign currency translation adjustment	(137)	1,624
Remeasurements of defined benefit plans, net of tax	16	(122)
Share of other comprehensive income of entities accounted for using equity method	69	(112)
Total other comprehensive income	230	1,627
Comprehensive income	10,666	16,152
Comprehensive income attributable to owners of parent	10,426	15,842
Comprehensive income attributable to non-controlling interests	240	310

(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 income before income taxes by this estimated effective tax rate.

(Changes in Accounting Estimates)

Among the Group's leased assets and tools, furniture and fixtures included in other of property, plant and equipment, vending machines were previously depreciated over an 8-year useful life. However, during the first quarter of the fiscal year ending April 30, 2024, the useful life was revised to 10 years, and has been changed prospectively.

The Group had been conducting performance improvements and periodic maintenance and so forth for vending machines. As a result, in the first quarter of the fiscal year ending April 30, 2024, a discrepancy emerged between the previous useful life and the projected economic useful life. Accordingly, it was deemed that allocating the cost over a 10-year period more appropriately reflected the actual status of the Group.

As a result, in comparison to the period before the application of this change, for the first nine months of the fiscal year ending April 30, 2024, operating income, ordinary income and income before income taxes have increased by 1,078 million yen each.

The impact on segment information is stated in "(Segment Information, etc.)."

(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, 2023 (May 1, 2022 – January 31, 2023)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea Leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	297,388	26,431	4,634	328,454	–	328,454
(2) Intersegment	393	2	2,010	2,406	(2,406)	–
Total net sales	297,781	26,434	6,644	330,860	(2,406)	328,454
Segment profits (losses)	14,263	2,144	(36)	16,371	(499)	15,871

Notes: i. The segment profits (losses) adjustment includes (741) million yen in amortization of goodwill and 242 million yen in intersegment transactions.

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

For the first nine months of the fiscal year ending April 30, 2024 (May 1, 2023 – January 31, 2024)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea Leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	310,282	30,076	5,893	346,251	–	346,251
(2) Intersegment	505	1	1,851	2,358	(2,358)	–
Total net sales	310,788	30,077	7,744	348,610	(2,358)	346,251
Segment profits	19,347	2,648	248	22,244	(486)	21,758

Notes: i. The segment profits adjustment includes (741) million yen in amortization of goodwill and 255 million yen in intersegment transactions.

ii. Segment profits are adjusted to the operating income figure on the Quarterly Consolidated Statement of Income.

2. Information regarding changes, etc. to reporting segments

As stated in “(Changes in Accounting Estimates),” among the Group’s leased assets and tools, furniture and fixtures included in other of property, plant and equipment, the useful life of vending machines was revised from 8 years to 10 years, and has been changed prospectively.

As a result of this change, in comparison to the previous method, segment profit for the Tea Leaves and Beverages Business in the first nine months of the fiscal year ending April 30, 2024 has increased by 1,078 million yen.

(Notes to Subsequent Events)

(Purchase of treasury shares)

The Company resolved at a meeting of the Board of Directors held on November 29, 2023, to repurchase Company's shares pursuant to Article 156 of the Companies Act of Japan (the "Companies Act") as applied pursuant to Article 165, paragraph (3) of the Companies Act, and the repurchase was implemented as follows.

1. Reason for repurchasing shares

To enable the Company to implement agile capital policy.

2. Details of repurchasing shares

(1) Class of shares to be repurchased	Class-A Preferred Stock of ITO EN
(2) Total number of shares to be repurchased	1,500,000 (upper limit) (4.57% of total issued shares outstanding, excluding treasury stock)
(3) Total value of shares to be repurchased	3 billion yen (upper limit)
(4) Period of repurchase	From December 4, 2023 to April 15, 2024
(5) Method of repurchase	Market purchases on the Tokyo Stock Exchange i. Purchase in the market through a trust bank ii. Purchases through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

3. Status of the repurchase (execution base)

(1) From February 1, 2024 to February 29, 2024	
i. Total number of shares repurchased	129,100 shares
ii. Total value of shares repurchased	243,708,100 yen
(2) From December 4, 2023 to February 29, 2024	
i. Total number of shares repurchased	482,200 shares
ii. Total value of shares repurchased	895,605,200 yen

(Issuance of corporate bonds)

In accordance with a comprehensive resolution of the Board of Directors meeting held on January 26, 2024, the conditions were determined on February 16, 2024 and the following bonds were issued.

(1) Name of the bonds	ITO EN, LTD., 3rd Unsecured Bonds
(2) Total value of issue	10,000 million yen
(3) Issue price	100 yen per 100 yen of face value
(4) Interest rate	0.573%/year
(5) Due date of payment	February 22, 2024
(6) Maturity date	February 22, 2029
(7) Application of funds	Bond redemption fund