

## Consolidated Financial Results

Under Japanese Standards for the First Quarter of the fiscal year ending April 30, 2021 (Unaudited)

Scheduled filing date of quarterly securities report: September 11, 2020

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 First Quarter of the Fiscal Year Ending April 30, 2021 (May 1, 2020 - July 31, 2020)

#### (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                             |        |
| 7/31/2020 | 112,714     | -13.5% | 4,216            | -32.1% | 3,984           | -32.3% | 1,993                                   | -45.5% |
| 7/31/2019 | 130,367     | -6.6%  | 6,207            | 2.3%   | 5,882           | -7.8%  | 3,658                                   | 6.6%   |

Note: Comprehensive income 7/31/2020: 1,894 million yen (-29.6%) 7/31/2019: 2,690 million yen (-30.4%)

|           | Earnings per share |  | Earnings per share (diluted) |  |
|-----------|--------------------|--|------------------------------|--|
|           | Yen                |  | Yen                          |  |
| 7/31/2020 | 16.44              |  | 16.40                        |  |
| 7/31/2019 | 30.13              |  | 30.06                        |  |

Note: 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 |                            |
| 7/31/2020 | 305,246      | 148,865     | 48.3%                      |
| 4/30/2020 | 290,651      | 149,695     | 51.0%                      |

Reference: Shareholders' equity 7/31/2020: 147,569 million yen 4/30/2020: 148,315 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. Dividends

|                         | Dividend per share |                    |                   |          |           |
|-------------------------|--------------------|--------------------|-------------------|----------|-----------|
|                         | First quarter end  | Second quarter end | Third quarter end | Year end | Full year |
|                         | Yen                | Yen                | Yen               | Yen      | Yen       |
| 4/30/2020               | –                  | 20.00              | –                 | 20.00    | 40.00     |
| 4/30/2021               | –                  |                    |                   |          |           |
| 4/30/2021<br>(Forecast) |                    | 20.00              | –                 | 20.00    | 40.00     |

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

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, 2021 (May 1, 2020 - April 30, 2021)

(% 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                |
| 4/30/2021 | 481,000     | -0.5% | 20,000           | 0.3% | 19,800          | 1.9% | 13,000                                  | 66.8% | 104.46             |

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

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) 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: None

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

iii. Changes in accounting estimates: None

iv. Restatements: None

(4) Number of outstanding shares (common stock)

|  |           |                   |           |                   |
|--|-----------|-------------------|-----------|-------------------|
| i. Number of outstanding shares (including treasury stock) | 7/31/2020 | 89,212,380 shares | 4/30/2020 | 89,212,380 shares |
|--|-----------|-------------------|-----------|-------------------|

|                              |           |                  |           |                  |
|------------------------------|-----------|------------------|-----------|------------------|
| ii. Number of treasury stock | 7/31/2020 | 1,023,467 shares | 4/30/2020 | 1,023,467 shares |
|------------------------------|-----------|------------------|-----------|------------------|

|   |           |                   |           |                   |
|---|-----------|-------------------|-----------|-------------------|
| iii. Average number of shares during the period | 7/31/2020 | 88,188,913 shares | 7/31/2019 | 88,374,191 shares |
|---|-----------|-------------------|-----------|-------------------|

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 (May 1, 2020 – July 31, 2020)

|           | Earnings per share | Earnings per share<br>(diluted) |
|-----------|--------------------|---------------------------------|
|           | Yen                | Yen                             |
| 7/31/2020 | 16.44              | 16.40                           |
| 7/31/2019 | 30.13              | 30.06                           |

### (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       |
| 4/30/2020               | –                  | 25.00              | –                 | 25.00    | 50.00     |
| 4/30/2021               | –                  |                    |                   |          |           |
| 4/30/2021<br>(Forecast) |                    | 25.00              | –                 | 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<br>(Consolidated) |
|-----------|--------------------------------------|
|           | Yen                                  |
| 4/30/2021 | 114.46                               |

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) | 7/31/2020 | 34,246,962 shares | 4/30/2020 | 34,246,962 shares |
| ii. Number of treasury stock                               | 7/31/2020 | 1,192,580 shares  | 4/30/2020 | 1,192,090 shares  |
| iii. Average number of shares during the period            | 7/31/2020 | 33,054,605 shares | 7/31/2019 | 33,056,772 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 quarter of the fiscal year ending April 30, 2021 (May 1, 2020 - July 31, 2020), the Japanese economy has continued to be in a tough situation due to the impact of the novel coronavirus (COVID-19), which is spreading globally. Despite personal consumption showing signs of slightly picking up, the uncertain situation is expected to continue.

In the beverage industry as well, the business environment continues to be tough due to the negative impact of economic stagnation due to restrictions on activities and people refraining from going out due to the spread of COVID-19, in addition to the impact of long rains, including the Heavy Rain Event of July 2020, and low temperatures.

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 quarter of the fiscal year ending April 30, 2021 was as follows. Please note that as extraordinary losses, we reported 4 million yen in costs related to disasters due to the Heavy Rain Event of July 2020, etc., and 306 million yen in “Loss on COVID-19 impact.”

|   |                                 |
|---|---------------------------------|
| Net sales                               | 112,714 million yen, down 13.5% |
| Operating income                        | 4,216 million yen, down 32.1%   |
| Ordinary income                         | 3,984 million yen, down 32.3%   |
| Profit attributable to owners of parent | 1,993 million yen, down 45.5%   |

Performance by each of the business segments were as follows.

### <Tea Leaves and Beverages Business>

[Domestic tea leaf products]

This June we opened “*matcha LOVE*,” a specialty tea store where people can casually enjoy genuine matcha, in Shibuya Hikarie ShinQs. With the idea that we would like people to casually enjoy the healthiness and deliciousness of matcha as well as food culture even more, it provides matcha drinks, ice cream and other products that use domestic matcha that is of high enough quality to be used in tea ceremonies.

Furthermore, in July, the Company participated in “2020 Emergency Measures to Promote the Sale of Domestic Agriculture, Forestry and Fishery Products, Online Sales Promotion for Businesses Taking Emergency Measures to Promote Cross-Item Sales,” developed by Ministry of Agriculture, Forestry and Fisheries, and launched a new online shopping page on “*CHAGOCORO*,” the Company’s community media, that links tea producers and consumers, and aims to increase consumption and recognition of tea leaves. Domestic tea leaves and tea bags that were created with great care are sold on the website in order to support all of the tea producers affected by the spread of COVID-19.

Through these store openings and initiatives, the Company, as “*Ochano ITO EN*,” will deliver the charm of team throughout Japan and the world, as well as contribute to the revitalization and further development of Japan’s tea industry.

[Domestic beverage products]

In the “*Oi Ocha*” (green tea) brand, the Company launched “*Oi Ocha Caffeine Zero*,” which is a caffeine free green tea beverage that extracts the natural deliciousness of the tea leaves, in June. This product uses raw tea leaves (unscented & unflavored) where the amount of caffeine was reduced using the Company’s technology, and is a green tea beverage that realizes being caffeine free by using even more ingenuity in the extraction process. Although it is caffeine free, one is able to enjoy the natural aroma and flavor of tea leaves.

In the Oolong Tea Beverage category, 40 years after our development of the world’s first unsweetened canned tea beverage in 1980, we launched “*Oolong Tea*,” an oolong tea beverage that fits the tastes of the modern person, in July. Despite having the natural depth of oolong tea, one can enjoy the refreshing aftertaste of this product due to the well balanced blend of two types of raw tea leaves, “*Shikishu*,” which is characterized by its flowery, sweet aroma and “*Suisen*,” which is characterized by its vivid reddish brown color of tea and refreshing astringency.

“*Kenko Mineral Mugicha*” (healthy mineral barley tea), the best-selling non-caffeinated tea product is quite popular among a wide range of customers as a sugar-free, caffeine-free and calorie-free beverage. In addition, many customers love to drink it not only as a beverage for the prevention of heat stroke, but also as a beverage that easily supplements water and minerals lost while playing sports.

“*TULLY’S COFFEE*,” which is a coffee beverage, has continued to grow as a beverage with a professional quality, supervised by a Tully’s Coffee barista who pursues the utmost excellence in the coffee beans, roasting, and extraction to make the perfect cup of coffee. Providing coffee products meeting customers’ diverse tastes, we try to enhance sales of the “*TULLY’S COFFEE*” brand further.

[Overseas tea leaf products]

ITO EN has actively been selling continuously “*MATCHA GREEN TEA*” offered in “*Global Brand*,” particularly in the U.S. and China.

[Overseas beverage products]

ITO EN has actively been selling continuously sugar-free tea beverages, mainly “*Oi Ocha*” (green tea), driven by the increasing health-conscious trend and the Japanese food boom, etc.

However, performance in the first quarter of the fiscal year under review was affected by a delay in the recovery of demand as a result of the continuation of restrictions on going out and people refraining from doing so due to the spread of COVID-19.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 106,044 million yen, down 11.5% year on year, and operating income of 5,122 million yen, down 2.8%.

#### <Restaurant Business>

Tully’s Coffee Japan Co., Ltd. celebrated its foundation day of August 7, and released the “*23rd Anniversary Happy Bag*,” which contained limited coffee beans and goods as a token of our appreciation for our customers, and also released seasonal coffee beans to respond to the demand of home cafes. The seasonal shake, “*Espresso Shake*,” with which one can enjoy the deep flavor of espresso shots carefully extracted one by one by a barista, performed favorably. New coffee shop openings have been smooth with the total number of coffee shops at present being 762.

We are actively taking preventative measures against the spread of COVID-19 such as employees washing hands, using alcohol disinfectant, temperature taking before starting work, wearing masks, installing plastic screens, etc. in front of registers as a measure to prevent infection through droplets, and ensuring social distancing.

However, performance in the first quarter of the fiscal year under review was affected by a delay in the recovery of the number of customers as a result of the continuation of restrictions on going out and people refraining from doing so due to the spread of COVID-19.

As a result of these activities, the Restaurant Business recorded net sales of 5,084 million yen, down 43.1% year on year, and operating loss of 877 million yen, compared with operating income of 1,035 million yen in the same period last year.

#### <Others>

The Others recorded net sales of 1,585 million yen, down 5.1% year on year, and operating income of 152 million yen, down 27.4%.

### (2) Explanations Regarding Consolidated Financial Position

The following is a consolidated financial position for the First quarter of the fiscal year ending April 30, 2021.

Total assets as of July 31, 2020 stood at 305,246 million yen, increased by 14,595 million yen from the end of the previous fiscal year. These changes in total assets mainly reflected an increase of 4,110 million yen in “Cash and deposits,” an increase of 7,518 million yen in “Notes and accounts receivable - trade,” an increase of 3,387 million yen in “Merchandise and finished goods” and a decrease of 805 million yen in “Leased assets.”

Liabilities as of July 31, 2020 stood at 156,381 million yen, increased by 15,424 million yen from the end of the previous fiscal year. These changes in liabilities mainly reflected an increase of 6,549 million yen in “Notes and accounts payable - trade,” a decrease of 1,230 million yen in “Income taxes payable,” a decrease of 1,857 million yen in “Provision for bonuses” and an increase of 9,587 million yen in “Long-term loans payable.”

Net assets as of July 31, 2020 stood at 148,865 million yen, decreased by 829 million yen from the end of the previous fiscal year. This mainly reflected an increase of 1,993 million yen in “Retained earnings” due to “Profit attributable to owners of parent” and a decrease of 2,590 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, 2021, no changes have been made to the forecasts that were announced on June 15, 2020.

The impact of the spread of COVID-19 is expected to be particularly significant for the first quarter. However, it is still unclear when the situation will be resolved, and it is not clear when the situation will be resolved. As it is difficult to reasonably calculate the impact on the ITO EN Group’s results of operations, we only forecast the full year.

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, 2020 and July 31, 2020

(Millions of yen)

|  | As of April 30, 2020 | As of July 31, 2020 |
|--|----------------------|---------------------|
| <b>Assets</b>                              |                      |                     |
| <b>Current assets</b>                      |                      |                     |
| Cash and deposits                          | 64,813               | 68,923              |
| Notes and accounts receivable - trade      | 49,168               | 56,687              |
| Merchandise and finished goods             | 35,710               | 39,098              |
| Raw materials and supplies                 | 10,013               | 11,323              |
| Other                                      | 14,359               | 13,421              |
| Allowance for doubtful accounts            | (99)                 | (88)                |
| <b>Total current assets</b>                | <b>173,966</b>       | <b>189,365</b>      |
| <b>Non-current assets</b>                  |                      |                     |
| <b>Property, plant and equipment</b>       |                      |                     |
| Buildings and structures, net              | 22,203               | 22,556              |
| Land                                       | 22,046               | 22,139              |
| Leased assets, net                         | 15,527               | 14,721              |
| Other, net                                 | 23,209               | 22,935              |
| <b>Total property, plant and equipment</b> | <b>82,986</b>        | <b>82,354</b>       |
| <b>Intangible assets</b>                   |                      |                     |
| Goodwill                                   | 7,875                | 7,553               |
| Other                                      | 3,695                | 3,656               |
| <b>Total intangible assets</b>             | <b>11,570</b>        | <b>11,209</b>       |
| <b>Investments and other assets</b>        |                      |                     |
| Other                                      | 22,312               | 22,489              |
| Allowance for doubtful accounts            | (184)                | (172)               |
| <b>Total investments and other assets</b>  | <b>22,128</b>        | <b>22,317</b>       |
| <b>Total non-current assets</b>            | <b>116,685</b>       | <b>115,880</b>      |
| <b>Total assets</b>                        | <b>290,651</b>       | <b>305,246</b>      |
| <b>Liabilities</b>                         |                      |                     |
| <b>Current liabilities</b>                 |                      |                     |
| Notes and accounts payable - trade         | 26,447               | 32,996              |
| Short-term loans payable                   | 6,820                | 6,420               |
| Lease obligations                          | 3,979                | 3,725               |
| Accrued expenses                           | 23,631               | 25,279              |
| Income taxes payable                       | 3,220                | 1,989               |
| Provision for bonuses                      | 3,783                | 1,925               |
| Other                                      | 3,190                | 4,534               |
| <b>Total current liabilities</b>           | <b>71,072</b>        | <b>76,871</b>       |
| <b>Non-current liabilities</b>             |                      |                     |
| Bonds payable                              | 10,000               | 10,000              |
| Long-term loans payable                    | 38,922               | 48,509              |
| Lease obligations                          | 5,956                | 5,803               |
| Net defined benefit liability              | 10,612               | 10,751              |
| Other                                      | 4,393                | 4,445               |
| <b>Total non-current liabilities</b>       | <b>69,884</b>        | <b>79,509</b>       |
| <b>Total liabilities</b>                   | <b>140,956</b>       | <b>156,381</b>      |

## Quarterly Consolidated Balance Sheets – Continued

(Millions of yen)

|   | As of April 30, 2020 | As of July 31, 2020 |
|---|----------------------|---------------------|
| <b>Net assets</b>                                     |                      |                     |
| <b>Shareholders' equity</b>                           |                      |                     |
| Capital stock   | 19,912               | 19,912              |
| Capital surplus                                       | 18,646               | 18,646              |
| Retained earnings                                     | 121,848              | 121,251             |
| Treasury shares                                       | (6,499)              | (6,500)             |
| <b>Total shareholders' equity</b>                     | <b>153,907</b>       | <b>153,309</b>      |
| <b>Accumulated other comprehensive income</b>         |                      |                     |
| Valuation difference on available-for-sale securities | 1,232                | 1,312               |
| Revaluation reserve for land                          | (6,053)              | (6,053)             |
| Foreign currency translation adjustment               | (449)                | (737)               |
| Remeasurements of defined benefit plans               | (322)                | (262)               |
| <b>Total accumulated other comprehensive income</b>   | <b>(5,592)</b>       | <b>(5,740)</b>      |
| <b>Share acquisition rights</b>                       | <b>167</b>           | <b>194</b>          |
| <b>Non-controlling interests</b>                      | <b>1,213</b>         | <b>1,101</b>        |
| <b>Total net assets</b>                               | <b>149,695</b>       | <b>148,865</b>      |
| <b>Total liabilities and net assets</b>               | <b>290,651</b>       | <b>305,246</b>      |



## (2) Quarterly Consolidated Statement of Income and Comprehensive Income

From May 1 to July 31, 2019 and 2020

### Quarterly Consolidated Statement of Income [First quarter period]

(Millions of yen)

|   | Three months ended<br>July 31, 2019 | Three months ended<br>July 31, 2020 |
|---|-------------------------------------|-------------------------------------|
| <b>Net sales</b>  | <b>130,367</b>                      | <b>112,714</b>                      |
| Cost of sales   | 67,813                              | 58,954                              |
| <b>Gross profit</b>   | <b>62,553</b>                       | <b>53,760</b>                       |
| Selling, general and administrative expenses                  | 56,346                              | 49,544                              |
| <b>Operating income</b>                                       | <b>6,207</b>                        | <b>4,216</b>                        |
| <b>Non-operating income</b>                                   |                                     |                                     |
| Interest income   | 21                                  | 15                                  |
| Dividend income   | 40                                  | 33                                  |
| Share of profit of entities accounted for using equity method | 26                                  | 25                                  |
| Other   | 183                                 | 161                                 |
| <b>Total non-operating income</b>                             | <b>271</b>                          | <b>235</b>                          |
| <b>Non-operating expenses</b>                                 |                                     |                                     |
| Interest expenses   | 96                                  | 92                                  |
| Foreign exchange losses                                       | 388                                 | 273                                 |
| Other   | 110                                 | 101                                 |
| <b>Total non-operating expenses</b>                           | <b>596</b>                          | <b>467</b>                          |
| <b>Ordinary income</b>  | <b>5,882</b>                        | <b>3,984</b>                        |
| <b>Extraordinary income</b>                                   |                                     |                                     |
| Gain on sales of non-current assets                           | 2                                   | 3                                   |
| Gain on donation of non-current assets                        | 1                                   | –                                   |
| Subsidies for employment adjustment                           | –                                   | 308                                 |
| <b>Total extraordinary income</b>                             | <b>4</b>                            | <b>312</b>                          |
| <b>Extraordinary losses</b>                                   |                                     |                                     |
| Loss on abandonment of non-current assets                     | 10                                  | 44                                  |
| Loss on valuation of investment securities                    | 4                                   | 12                                  |
| Impairment loss   | 4                                   | 5                                   |
| Loss on disaster  | –                                   | 4                                   |
| Loss on COVID-19 impact                                       | –                                   | 306                                 |
| <b>Total extraordinary losses</b>                             | <b>19</b>                           | <b>373</b>                          |
| <b>Income before income taxes</b>                             | <b>5,866</b>                        | <b>3,923</b>                        |
| <b>Income taxes</b>   | <b>2,177</b>                        | <b>1,876</b>                        |
| <b>Net income</b>   | <b>3,689</b>                        | <b>2,047</b>                        |
| <b>Profit attributable to non-controlling interests</b>       | <b>31</b>                           | <b>54</b>                           |
| <b>Profit attributable to owners of parent</b>                | <b>3,658</b>                        | <b>1,993</b>                        |

**Quarterly Consolidated Statement of Comprehensive Income [First quarter period]**

(Millions of yen)

|   | Three months ended<br>July 31, 2019 | Three months ended<br>July 31, 2020 |
|---|-------------------------------------|-------------------------------------|
| <b>Net income</b>   | <b>3,689</b>                        | <b>2,047</b>                        |
| <b>Other comprehensive income</b>   |                                     |                                     |
| Valuation difference on available-for-sale securities                             | (268)                               | 101                                 |
| Foreign currency translation adjustment   | (738)                               | (303)                               |
| Remeasurements of defined benefit plans, net of tax                               | 8                                   | 60                                  |
| Share of other comprehensive income of entities accounted for using equity method | (1)                                 | (11)                                |
| <b>Total other comprehensive income</b>   | <b>(999)</b>                        | <b>(153)</b>                        |
| <b>Comprehensive income</b>   | <b>2,690</b>                        | <b>1,894</b>                        |
| Comprehensive income attributable to owners of parent                             | 2,688                               | 1,845                               |
| Comprehensive income attributable to non-controlling interests                    | 1                                   | 48                                  |

**(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 First 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.

**(Segment Information)**

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

For the three months of the fiscal year ended April 30, 2020 (May 1, 2019 – July 31, 2019)

(Millions of yen)

|                          | Reporting Segment              |                     |       |         | Adjustment | Total   |
|--------------------------|--------------------------------|---------------------|-------|---------|------------|---------|
|                          | Tea leaves /Beverages Business | Restaurant Business | Other | Total   |            |         |
| Net sales:               |                                |                     |       |         |            |         |
| (1) Outside              | 119,769                        | 8,928               | 1,669 | 130,367 | –          | 130,367 |
| (2) Intersegment         | 78                             | 3                   | 768   | 851     | (851)      | –       |
| Total net sales          | 119,848                        | 8,931               | 2,438 | 131,218 | (851)      | 130,367 |
| Segment profits (losses) | 5,269                          | 1,035               | 210   | 6,516   | (309)      | 6,207   |

Notes: i. The segment profits (losses) adjustment includes (371) million yen in amortization of goodwill and 62 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 three months of the fiscal year ending April 30, 2021 (May 1, 2020 – July 31, 2020)

(Millions of yen)

|                          | Reporting Segment              |                     |       |         | Adjustment | Total   |
|--------------------------|--------------------------------|---------------------|-------|---------|------------|---------|
|                          | Tea leaves /Beverages Business | Restaurant Business | Other | Total   |            |         |
| Net sales:               |                                |                     |       |         |            |         |
| (1) Outside              | 106,044                        | 5,084               | 1,585 | 112,714 | –          | 112,714 |
| (2) Intersegment         | 54                             | 3                   | 826   | 884     | (884)      | –       |
| Total net sales          | 106,099                        | 5,087               | 2,411 | 113,599 | (884)      | 112,714 |
| Segment profits (losses) | 5,122                          | (877)               | 152   | 4,398   | (182)      | 4,216   |

Notes: i. The segment profits (losses) adjustment includes (247) million yen in amortization of goodwill and 64 million yen in intersegment transactions.

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