

# Financial Results Presentation for FY2020

(Fiscal Year Ended April 30, 2021)

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June 2021 ITO EN, LTD.



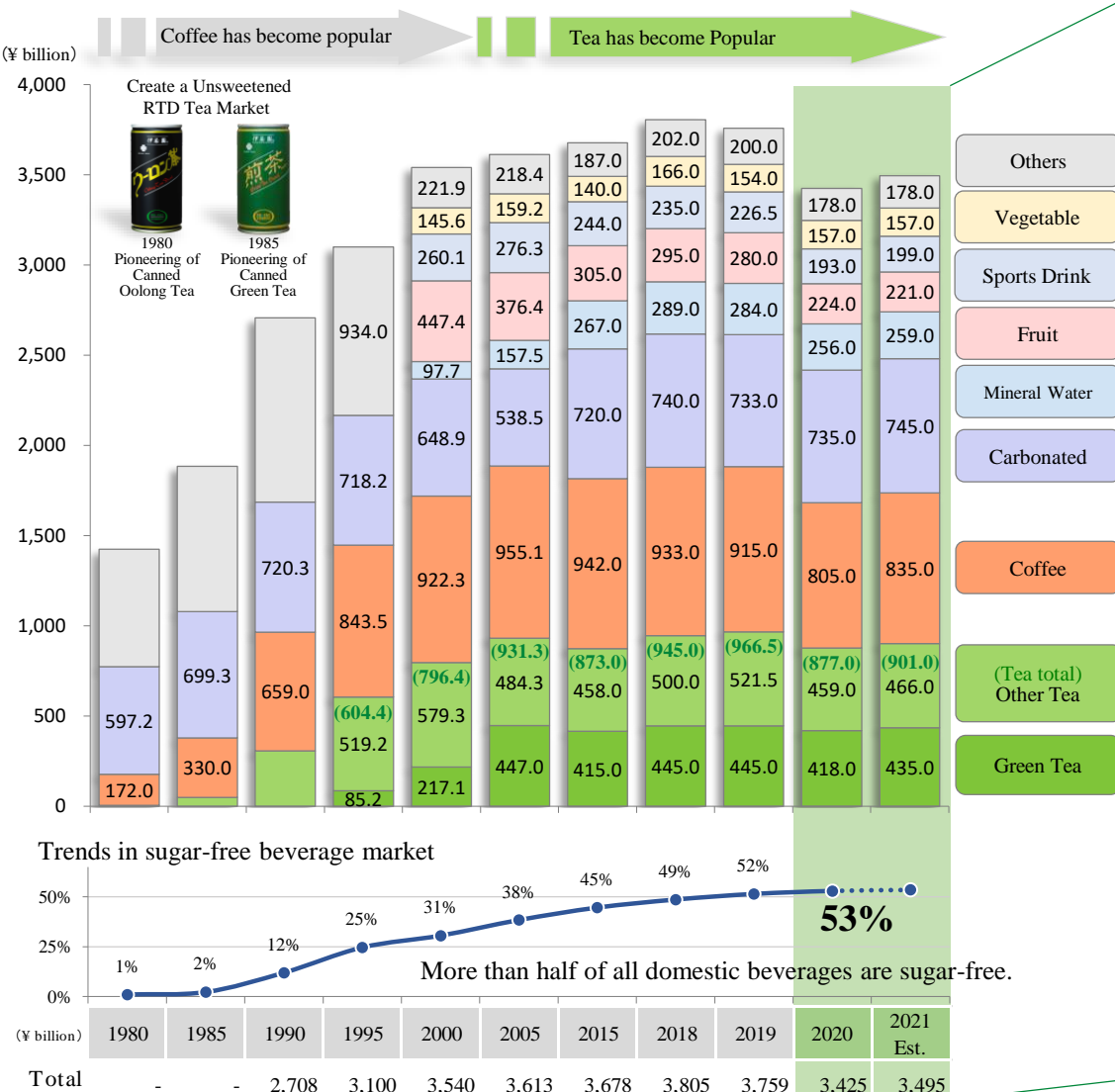
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# Soft Drink Market in Japan/ About achievements

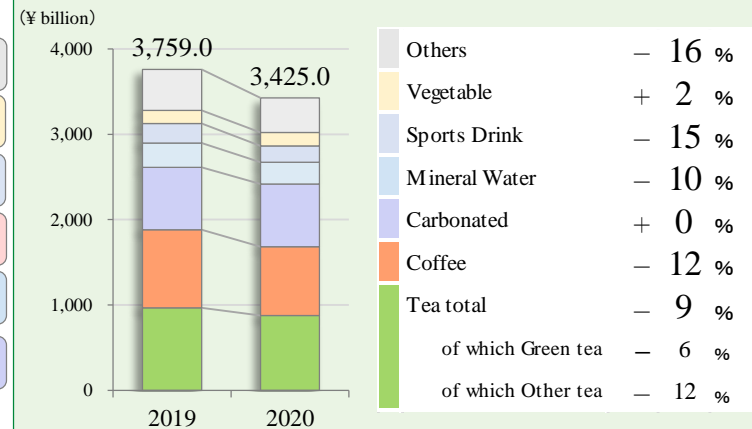
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# Soft Drink Market in Japan

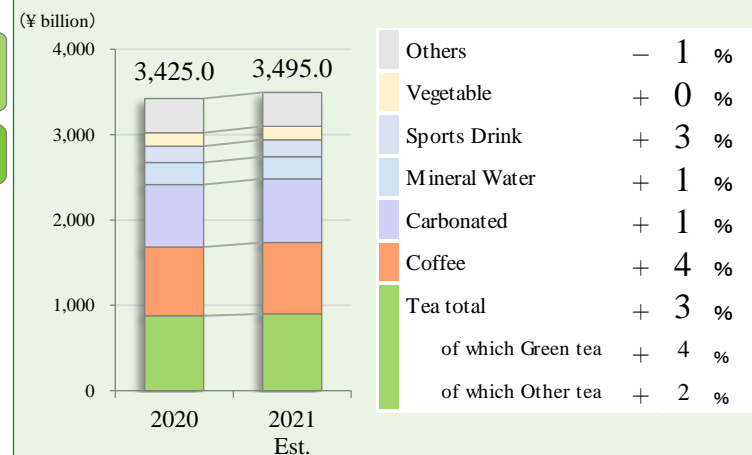
## Soft Drink Market Trends



## Results 2020 year YoY -9%



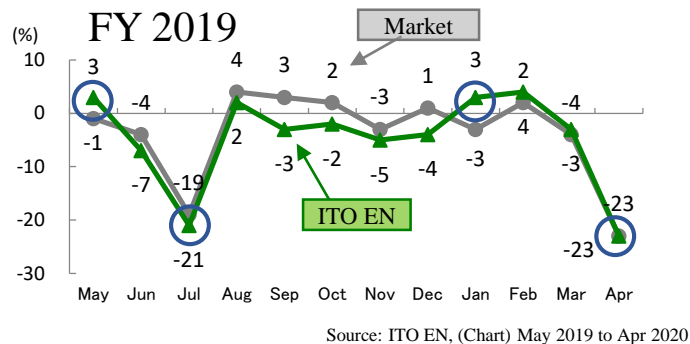
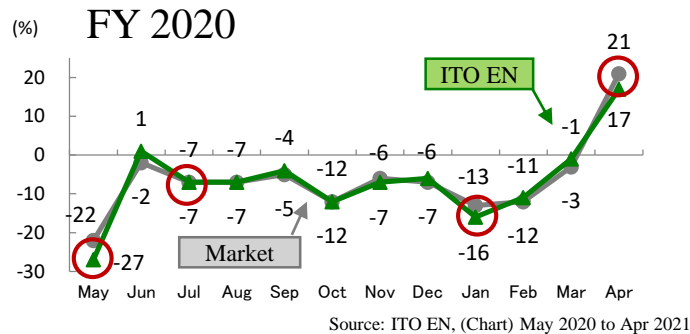
## Forecast 2021 year YoY +2%



Sales of beverages that emphasize health value were strong.  
The trend is expected to remain the same during 2021.

# Soft Drink Market in Japan and ITO EN

## Monthly Sales Volume Trends



## News Related to Soft Drink Market

- 2020 May Declaration of a State of Emergency
- Jul **Record amount of rainfall and long rainy season**
- 2021 Jan Restriction on New Year's events such as shrine visits
- Declaration of a State of Emergency (2<sup>nd</sup> time)**
- Apr **Declaration of a State of Emergency(3<sup>rd</sup> time)**

Source: ITO EN

## Beverage business of ITO EN (non-consolidated)

(Unit: million yen)

FY 2020 Results		Sales Composition		YoY %Change
Drinks	313,777	100.0 %	—	7.5 %
Tea total	201,133	64.1 %	—	7.8 %
Japanese Tea/Healthy Tea	182,681	58.2 %	—	5.5 %
Chinese Tea	14,611	4.7 %	—	15.1 %
Black Tea	3,841	1.2 %	—	50.0 %
Vegetable	43,622	13.9 %	—	0.8 %
Coffee	34,486	11.0 %	—	5.6 %
Mineral Water	7,752	2.5 %	—	17.5 %
Carbonated	9,916	3.2 %	—	11.3 %
Others	16,868	5.4 %	—	16.4 %

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

ITO EN Product Development Concept:

**“Natural, Healthy, Safe, Well-designed, Delicious”**

\*Conventional standard

# Financial Results for FY2020

Full year (May 2020 to Apr 2021)

		FY 2019		FY 2020		
		Results	Sales Composition	Results	Sales Composition	YoY % Change
Consolidated	Net Sales	483,360	100.0%	446,281	100.0%	-7.7%
	Gross Profit	232,755	48.2%	215,003	48.2%	-7.6%
	Sales Commission	80,537	16.7%	74,313	16.7%	-7.7%
	Advertising	11,206	2.3%	9,808	2.2%	-12.5%
	Freight	14,651	3.0%	13,833	3.1%	-5.6%
	Depreciation and Amortization	10,957	2.3%	10,207	2.3%	-6.8%
	Selling, General and Administrative Expenses	212,814	44.0%	198,327	44.4%	-6.8%
	Operating Income	19,940	4.1%	16,675	3.7%	-16.4%
	Ordinary Income	19,432	4.0%	17,029	3.8%	-12.4%
	Extraordinary Losses and Income	-5,064	-	-3,634	-	-
	Net Income	7,793	1.6%	7,011	1.6%	-10.0%

		FY 2019		FY 2020		
		Results	Sales Composition	Results	Sales Composition	YoY % Change
Non-Consolidated	Net Sales	377,787	100.0%	352,732	100.0%	-6.6%
	Gross Profit	180,977	47.9%	169,621	48.1%	-6.3%
	Operating Income	16,626	4.4%	15,759	4.5%	-5.2%
	Ordinary Income	18,142	4.8%	17,565	5.0%	-3.2%

(Unit: million yen, thousand dollars)

		FY 2019		FY 2020	
		Results	Results	YoY % Change	
Performances of Subsidiaries	Upper: Net Sales				
	Bottom: Operating Income				
	Domestic Subsidiaries	102,885	91,732	-10.8%	
		3,196	13	-99.6%	
	Tully's Coffee Japan Co., Ltd.	32,811	26,215	-20.1%	
		1,725	- 1,374	-	
	Chichiyasu Company	14,251	13,897	-2.5%	
		410	702	71.4%	
	Overseas Subsidiaries	36,282	35,355	-2.5%	
		1,617	1,864	15.3%	
	US Business	30,971	30,068	-2.9%	
		654	717	9.7%	
		\$ 285,736	\$ 283,135	-0.9%	
		\$ 6,034	\$ 6,758	12.0%	
	Other Overseas Subsidiaries	5,311	5,286	-0.5%	
		963	1,146	19.1%	
	Elimination of Internal Transactions	- 33,595	- 33,538	-	
		- 1,500	- 962	-	

Exchange rate (US\$) 108.39 106.20  
(average during a year)

## Main impact on sales \*4Q ( Feb to Apr, 2021 )

ITO EN (non-consolidated)  
( Feb to Apr, 2021 )  
**+1.7 %**

Reference: Feb to Apr, 2020

**-8.5 %**

### Establishing a home-based work style

- Decrease in visits to convenience stores particularly in urban areas
- The impact of vending machine sales is even more pronounced due to Self-quarantine
- Growing interest in leaf (tea bags) and other products for home use as home demand

### Nationwide re-expansion of the number of cases (severe cases)

- The Government announced “Stricter COVID-19 measures” and “Declaration of a State of Emergency”

\*Stricter COVID-19 measures: from Apr 20, 2021

\*Declaration of a State of Emergency: from Jan 7 to Mar 21, and from Apr 25, 2021

Tully's Coffee Japan  
( Feb to Apr, 2021 )

**+22 %**

Reference: Feb to Apr, 2020

**-34 %**

**Strengths in store locations such as urban areas and around transportation, on the other hand, significant impact of closed or shortened business hours due to declared emergency in the area**

Sales results YoY	February	March	April of last year	April
Sales	- 25%	+ 13%	- 75%	+ 212%
Ratio of shops that suspended operations*	1%	1%	76%	11%
Ratio of shops that shortened business hours*	24%	22%	21%	35%

\*at the end of the month

### Targeted Prefectures at the end of Apr 2021

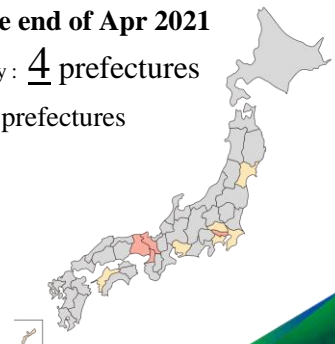
Declaration of a State of Emergency : 4 prefectures

Stricter COVID-19 measures : 7 prefectures

### Targeted Prefectures at the end of Apr 2020

Declaration of a State of Emergency

All prefectures



# Forecasts for FY 2021

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# Forecasts for FY 2021

(Unit: million yen, thousand dollars)

		FY 2020 Results	Sales Composition	FY 2021 Forecast	Sales Composition	YoY % Change
Consolidated	Net Sales	446,281	100.0%	472,300	100.0%	5.8%
	Gross Profit	215,003	48.2%	228,400	48.4%	6.2%
	Sales Commission	74,313	16.7%	77,894	16.5%	4.8%
	Advertising	9,808	2.2%	11,079	2.3%	13.0%
	Freight	13,833	3.1%	14,101	3.0%	1.9%
	Depreciation and Amortization	10,207	2.3%	9,608	2.0%	-5.9%
	Selling, General and Administrative Expenses	198,327	44.4%	208,400	44.1%	5.1%
	Operating Income	16,675	3.7%	20,000	4.2%	19.9%
	Ordinary Income	17,029	3.8%	19,800	4.2%	16.3%
	Extraordinary Losses and Income	-3,634	-	-1,300	-	-
	Net Income	7,011	1.6%	12,800	2.7%	82.5%

		FY 2020 Results	Sales Composition	FY 2021 Forecast	Sales Composition	YoY % Change
Non-Consolidated	Net Sales	352,732	100.0%	370,000	100.0%	4.9%
	Gross Profit	169,621	48.1%	178,400	48.2%	5.2%
	Operating Income	15,759	4.5%	17,000	4.6%	7.9%
	Ordinary Income	17,565	5.0%	17,600	4.8%	0.2%

		FY 2020 Results	FY 2021 Forecast	YoY % Change
Performances of Subsidiaries	Upper: Net Sales Bottom: Operating Income			
	Domestic Subsidiaries	91,732	98,918	7.8%
		13	2,501	18287.8%
	Tully's Coffee Japan Co., Ltd.	26,215	31,500	20.2%
		- 1,374	1,000	-
	Chichiyasu Company	13,897	13,610	-2.1%
		702	680	-3.2%
	Overseas Subsidiaries	35,355	37,643	6.5%
		1,864	2,285	22.5%
	US Business	30,068	32,204	7.1%
		717	1,124	56.6%
		\$ 283,135	\$ 298,191	5.3%
		\$ 6,758	\$ 10,410	54.0%
	Other Overseas Subsidiaries	5,286	5,439	2.9%
		1,146	1,161	1.2%
	Elimination of Internal Transactions	- 33,538	- 34,261	-
		- 962	- 1,786	-
Exchange rate (US\$) (average during a year)		106.20	108.00	

\*Conventional standard

# Application of revenue recognition standard

Application of revenue recognition standard from the fiscal year ending April 30, 2022.  
“The Accounting Standard for Revenue Recognition” (ASBJ Statement No.29) etc. are applied from the fiscal year ending April 30, 2022.

## Main impacts on business results due to application

Conventional standard		New standard (Revenue recognition)
Net Sales		Revenue*
Gross Profit		<u>Variable consideration</u>
Selling, General and Administrative Expenses		Gross Profit
Sales Commission		Selling, General and Administrative Expenses
<u>Variable consideration</u>	deduction	Sales Commission
Operating Income		Operating Income
Ordinary Income		Ordinary Income

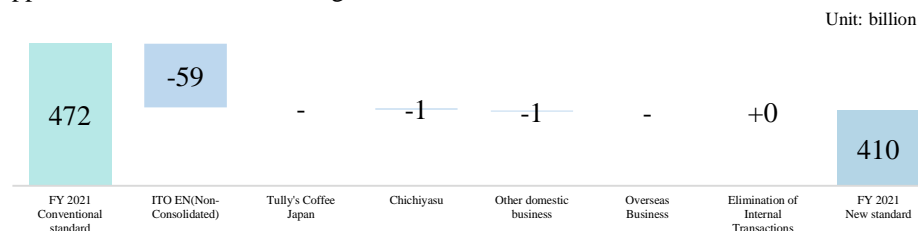
Promotion expenses (variable prices) corresponding to rebates among promotion expenses are deducted from net sales.

\* Changed the label “Net Sales” to “Revenue” due to the application of the revenue recognition standard.

## Forecasts for FY 2021

	FY 2021 Forecasts	Conventional standard	New standard (Revenue recognition)	Impact Amount
Consolidated	Net Sales	472 billion	410 billion	-62 billion
	Gross Profit	228 billion	166 billion	-62 billion
	Sales Commission	77 billion	0 billion	-77 billion
	Depreciation and Amortization	130 billion	145 billion	+15 billion
	Selling, General and Administrative Expenses	208 billion	146 billion	-62 billion
	Operating Income	20 billion	20 billion	-
	Ordinary Income	19 billion	19 billion	-
	Net Income	12 billion	12 billion	-

Image of increase and decrease in sales revenue (net sales) due to the application of the revenue recognition standard



# Forecasts for FY 2021 (New standard)

(Unit: million yen, thousand dollars)

		Conventional standard		New standard (Revenue recognition)		Impact Amount
			Sales Composition		Sales Composition	
Consolidated	Revenue	472,300	100.0%	410,000	100.0%	-62,300
	Gross Profit	228,400	48.4%	166,100	40.5%	-62,300
	Sales Commission	77,894	16.5%	269	0.1%	-77,625
	Advertising	11,079	2.3%	11,079	2.7%	-
	Freight	14,101	3.0%	14,101	3.4%	-
	Depreciation and Amortization	9,608	2.0%	9,608	2.3%	-
	Selling, General and Administrative Expenses	208,400	44.1%	146,100	35.6%	-62,300
	Operating Income	20,000	4.2%	20,000	4.9%	-
	Ordinary Income	19,800	4.2%	19,800	4.8%	-
	Extraordinary Losses and Income	-1,300	-	-1,300	-	-
	Net Income	12,800	2.7%	12,800	3.1%	-

		Conventional standard		New standard (Revenue recognition)		Impact Amount
			Sales Composition		Sales Composition	
Non-Consolidated	Revenue	370,000	100.0%	311,000	100.0%	-59,000
	Gross Profit	178,400	48.2%	119,400	38.4%	-59,000
	Operating Income	17,000	4.6%	17,000	5.5%	-
	Ordinary Income	17,600	4.8%	17,600	5.7%	-

		Conventional standard		New standard (Revenue recognition)		Impact Amount
Performances of Subsidiaries	Upper: Revenue					
	Bottom: Operating Income					
	Domestic Subsidiaries	98,918		95,582		-3,336
		2,501		2,501		-
	Tully's Coffee Japan Co., Ltd.	31,500		31,500		-
		1,000		1,000		-
	Chichiyasu Company	13,610		11,931		-1,679
		680		680		-
	Overseas Subsidiaries	37,643		37,643		-
		2,285		2,285		-
	US Business	32,204		32,204		-
		1,124		1,124		-
		\$ 298,191		\$ 298,191		-
		\$ 10,410		\$ 10,410		-
	Other Overseas Subsidiaries	5,439		5,439		-
		1,161		1,161		-
	Elimination of Internal Transactions	- 34,261		- 34,225		36
		- 1,786		- 1,786		-

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

\* Changed the label “Net Sales” to “Revenue” due to the application of the revenue recognition standard.

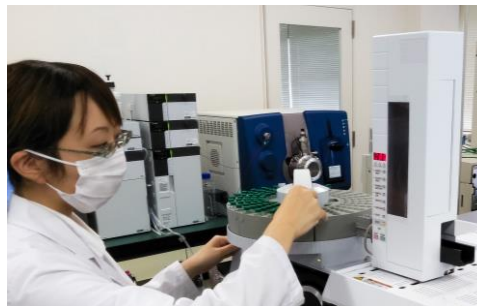
# Marketing & Management strategy

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Supporting living a healthy and enriched life. Working to help solve social issues.



Propose products such as Japanese tea that contribute to health



Extensive R&D of Japanese tea



Activities to raise awareness of the value of Japanese tea

Business Alliance with Eisai Co., Ltd. for the Realization of a Healthy Society with Longevity



Promote and maintain the health of employees and their families



To realize a healthy society with longevity, we will co-create value with Eisai, which aims to eliminate the various concerns of individual consumers.

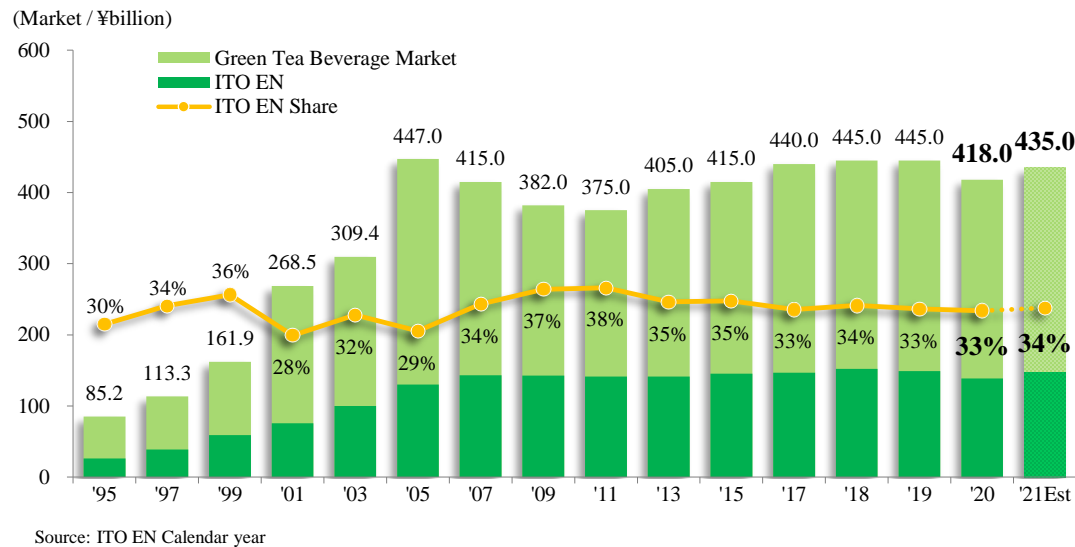
1. Providing solution packages
2. Providing a set of products that focus on brain health
3. Brain performance check at events hosted by ITO EN, etc.
4. Examining the effects of health awareness and behavior change among employees

**In order to achieve sustainable growth toward a “Global Tea Company”, ITO EN will continue to provide value to society, customers, and employees, and aim to be a company that is loved by everyone.**



# #.1 Green tea beverage market

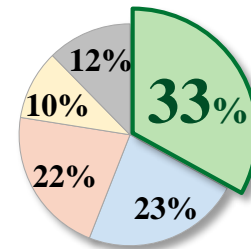
## Green Tea Beverage Market Trends



## The Strengths of ITO EN

- Wide-ranging research findings on the health-related potential of tea
- Ensuring high-quality ingredients through close cooperation with tea farmers
- Product development accommodating consumers' lifestyles

## Share in the value of Green Tea Beverages sold in 2020



Source: ITO EN Calendar year

## Topics of Green Tea Beverage Market in 2020

**Growing expectations for health-related benefits of green tea such as tea catechins**

## ITO EN's concept of green tea beverage business

- Main business:
  - Production and sale of tea from tea fields.
- Product Development:
  - Green tea beverages are forms of tea.

## Highest share of the Green Tea Beverage Market and largest unit sales of "Oi Ocha"

> Supported by value that cannot be expressed in direct terms like "clear water color" and "tastiness."

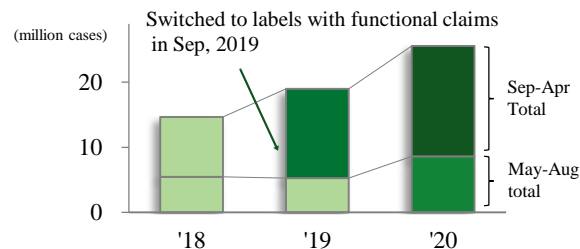
## Oi Ocha Bold Green Tea maintaining sales growth

Continuing to grow in the second year after switching to the functional claim product category.

Functionality-related components  
Green tea-derived **gallate catechins**



Trends in sales of Oi Ocha Bold Green Tea



Annual growth rate compared to the past three years  
Comparing sales volume in 2018 and 2020

**+ 74%**

おいお茶 濃い茶  
“Oi Ocha Bold Green Tea”

Annual sales volume in FY2020  
**Over 25 million cases**  
\*Sales volume of ITO EN

The government-designated drink with function claims

Sales quantity **#.1**  
\*INTAGE SRI+ (Jan to Dec 2020 / quantity base)

## Expansion of product line of Food with Function Claims

Raises attentiveness and accuracy of judgment as part of cognitive functions

抹茶入り おいお茶  
“Oi Ocha Japanese Green Tea with Matcha”



Launched on May 10



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



525mlPET/151yen (tax included)

Container development that meets the needs of the times



Reduce the amount of plastic used  
“Adoption of lightweight bottles”

Launched on May 17 / 280mlPET / 124yen (tax included)  
Launched on Jun 28 / 1LPET / 248yen (tax included)



Oi Ocha Green Tea “label-less”

Launched on May 17 / 525mlPET / 3,628yen (tax included)



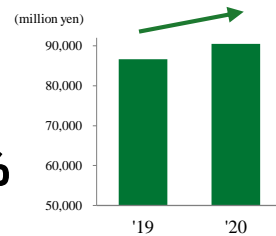
# Tea Leaf Products

## Trends in “household-use” tea leaf market and sales at ITO EN

### “Household-use” tea leaf market in 2020

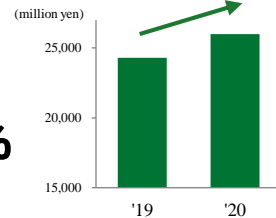
#### Japanese tea leaf total

YoY + **5%**



#### Japanese tea bag

YoY + **7%**



\*Source: ITO EN Calendar year

### Growth Keywords:

“Demand for home-use products” and “Health benefits of tea”

#### Trend in ITO EN's sales in 2020

Japanese tea leaf total

YoY + **11%**

Japanese tea bag

YoY + **14%**

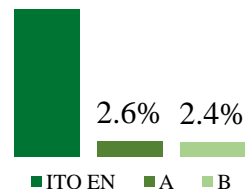


\*INTAGE SCI (Jan to Dec 2020 / Price base)

### Share in the sales of “household-use” Japanese tea leaves in 2020



#.1



\*Source: ITO EN (Jan to Dec 2020 / Price base)  
\*INTAGE SRI+ (Jan to Dec 2020 / Price base)

### Japan's First tea leaves of the functional claim products

“Premium Oi Ocha” (Japanese green tea leaf product)

March 15, 2021

After renewal as food with function claims

YoY **3.4times**



\*Source: ITO EN (Mar to Apr / Price base)



Functionality-related components  
Green tea-derived gallate catechins



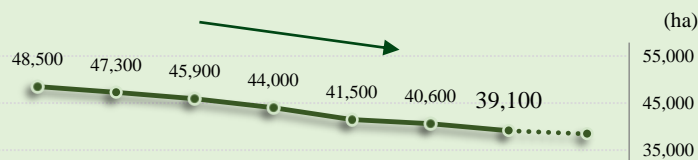
# Continuous Procurement of Raw Materials for Tea Products

## Trends in tea farming and ITO EN's efforts



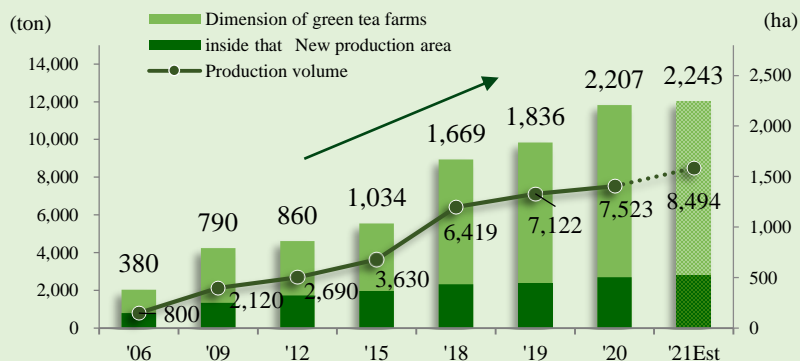
ITO EN's unique model of sustainable agriculture: Tea-Producing Region Development Project (Since 1976)

### Trend in tea cultivation area in Japan



Source: Ministry of Agriculture, Forestry and Fisheries: Crop Statistics

### Progress of the Tea-Producing Region Development Project



\*Japan's tea plantation area: Jan to Dec each year  
Tea-Producing Region Development Project : May to Apr

### Main Features

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

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

## Basic policy

As a company deeply involved in agriculture, work to maintain the stable procurement of safe and high quality raw materials for green tea products and solve issues facing the Japanese agriculture industry

## Challenges

- Stable production of safe and secure raw materials for green tea products that coexist with the environment.
  - Creation of employment and rejuvenation of farmers.
- Solve these issues through technical support.

## Technical targets

- Development of organic farming technology.  
(reduced chemical fertilizers, technology for reduced agrochemicals, weeding, and environmental measures)
- IT and labor-saving technologies.
- Full-year employment through diversified farming.

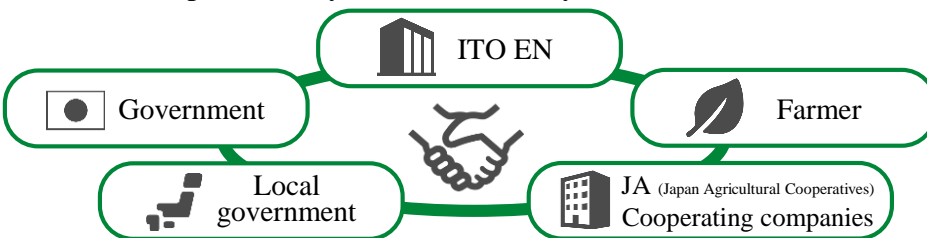


Photo: Creating a 50 ha tea field in the Kitsuki region of Oita Prefecture

# Continuous Procurement of Raw Materials for Tea Products

## ITO EN's idea of ideal agriculture

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

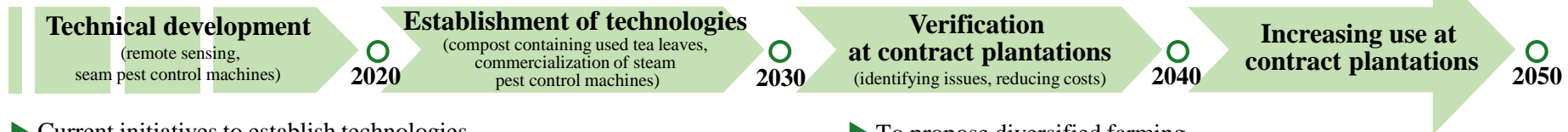


## Nippon Ale promoted by Zen-Noh and ITO EN's activities

Build value chains from producers to consumers through product development. First product in the Nippon Ale project of Zen-Noh, which helps plantations across Japan through product development and sale. Miyazaki Prefecture, Zen-Noh, and ITO EN cooperate with one another to bridge producers and consumers.



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



### Current initiatives to establish technologies

**Organic** Development of fertilizers from used tea leaves.  
>Produce compost with high content of used tea leaves. Matching beverage factories and contract plantations

**IT** Optimization of management using AI  
>Understanding tea growth environment using weather and soil sensors

**Organic** Practical use of steam pest control machines  
>Pest control and weeding using steam

**IT** Determination of harvest timing  
>Remote sensing and AI image analysis

### To propose diversified farming

**IT** Automation of picking, transportation, and measurement  
Automation of component evaluation  
>Labor saving and elimination of labor shortage through digitization of plucking and transportation and automatic weighing of fresh leaves

**Diversified farming** Production of other crops during the off-season of tea  
>Full-year employment and stabilization of business management

Tea farming plus Cultivation of green barley, etc.

**Diversified farming** Use of crude tea factories for general purposes  
>Winter revenue and reduction of amortization

Tea processing plus vegetable dehydration, etc.

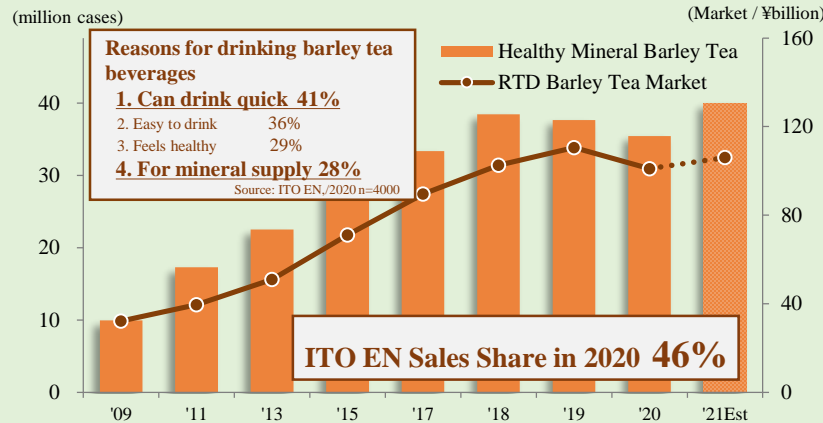
**Contribute to the promotion of sustainable agriculture.**

# Barley Tea

## RTD Barley Tea

健康ミネラル むぎ茶

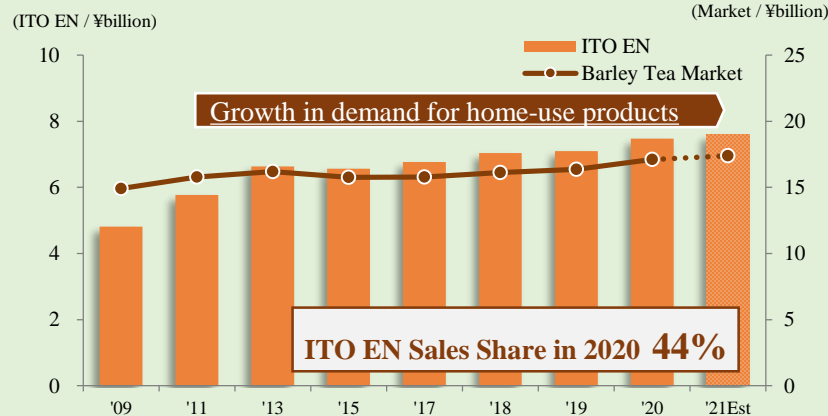
### RTD Barley Tea Market



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

## Barley Tea Bags

### Barley Tea Market



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

## All-season, all-generation cooling and hydrating sugar-free sports drink



YoY sales target

**+ 7%**

From the left, 1-liter PET bottle product to be launched on June 28 and the summer greeting package (650 ml) for this summer

Barley tea beverages \*Unit sale basis

Cross-selling of beverages and tea bags

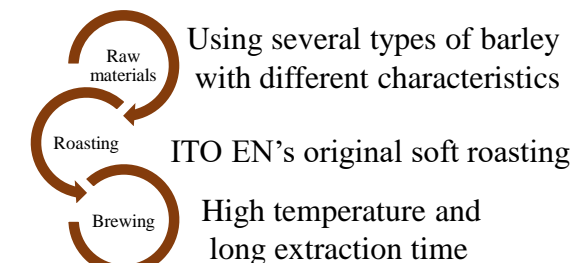


## Keywords for Kenko Mineral Mugicha (Healthy Mineral Barley Tea)

### 1 Minerals



### 2 Kettle quality flavor



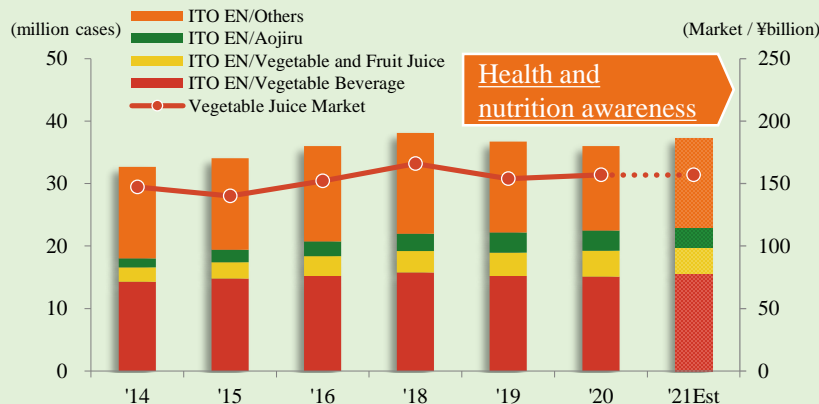
Reproducing sweet and aromatic tastiness from decoction using a kettle



# Vegetable Juice

## Vegetable Juice Market

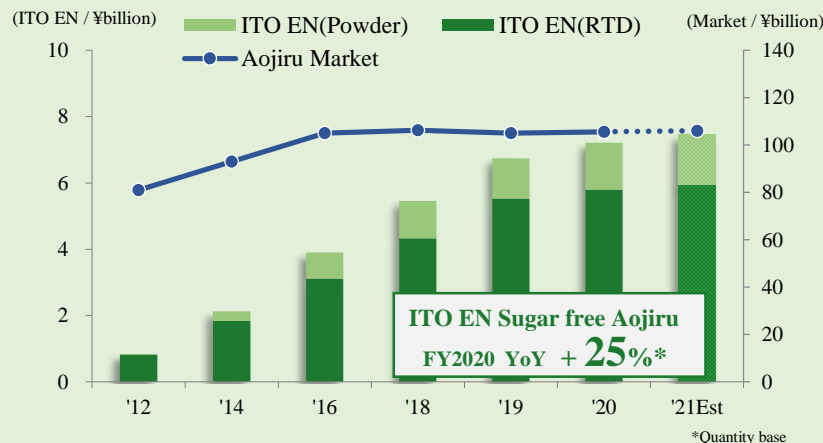
### Sales status of vegetable juice



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

## Aojiru Market (RTD•Powder•Others)

### Sales status of Aojiru products



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

\*Quantity base

Focus on vegetable beverages clearly indicating their functions and effects. Improved proposal and communication for environmentally-friendly products

## 1 Health

First food with function claims from the “Ichinichibun no Yasai” brand

“Ichinichibun no Yasai” with enhanced nutrition



### Food with Function Claims

1. Control an increase in neutral fat after eating
2. Control an increase in blood sugar after eating
3. Decrease blood pressure that tends to be high

To be launched on the end of June  
200ml carton /128yen (tax included)

## 2 Environment

Promote environmentally friendly activities

“Jyujitsu Yasai” with lactic-acid bacilli mixed



To be launched on June 14  
200ml carton /128yen (tax included)

## 3 Communication

Improve nutrition education and negotiations by internal registered dietitians



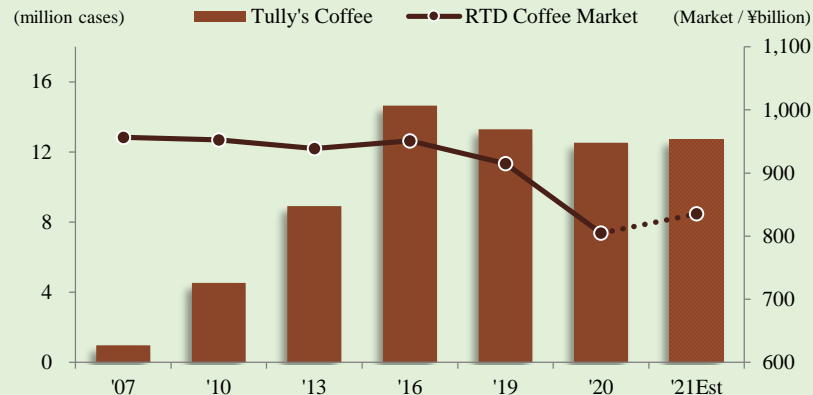
## 毎日1杯の青汁 (Aojiru)

Cross-selling of RTD and Powders



## RTD coffee market

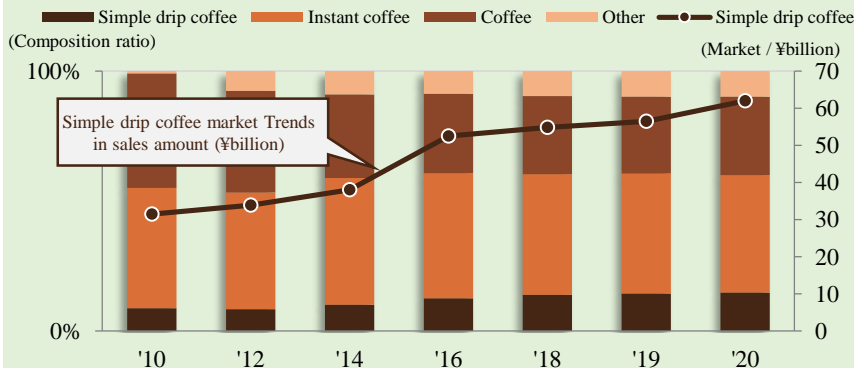
Tully's Coffee sales and the RTD coffee market



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

## Simple drip coffee

State of household-use coffee market  
(sales composition ratio by form)



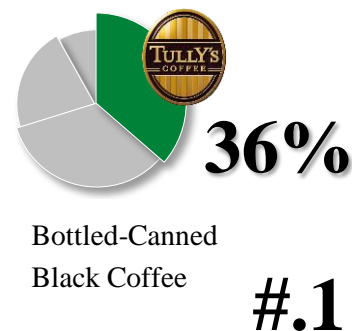
Size of simple drip coffee market doubled in 10 years.

Source: ITO EN Market: Calendar year (Price base)

## Overwhelming demand for RTD black coffee due to synergy with Tully's Coffee Japan brand



Sales market share of Bottled-canned black coffee



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

## Hoping to enrich customers' time at home New proposal for Tully's brand "Simple Drip Coffee" bags



STANDARD / MILD / HEAVY

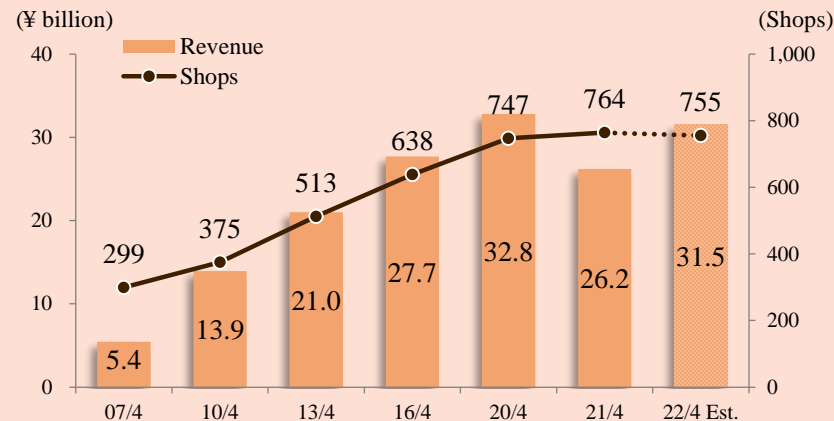
To be launched on June 7  
6 bags each / 513yen (tax included)

# TULLY'S COFFEE JAPAN/CHICHIYASU

## Tully's Coffee Japan Co., Ltd.



### Trends in sales revenue and the number of stores operated



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

## Sales for FY2020 (May, 2020 to Apr, 2021)

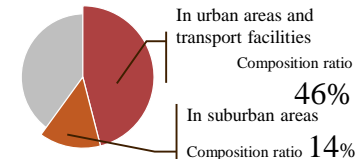
### Sales at major locations (YoY)

In urban areas and transport facilities: - 30 %

In suburban areas: - 13 %

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

Sales composition ratio by location in the previous year



### Strengthened efforts to improve profitability



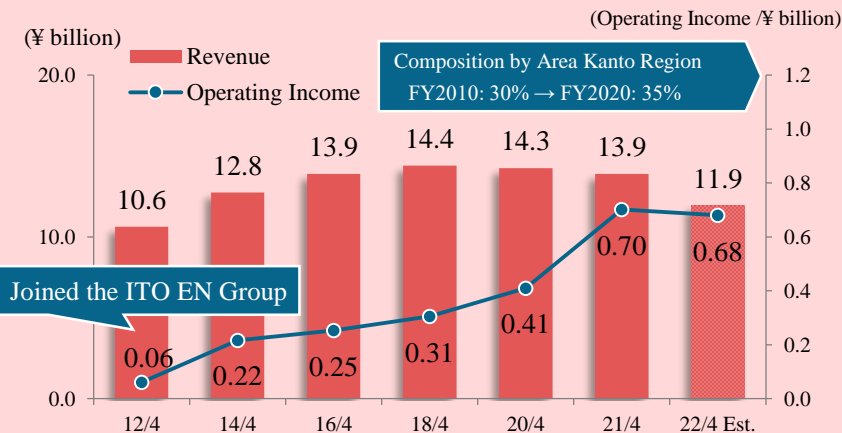
Opened on Mar 5  
"Tully's Coffee KU Hakuraku-station"



- o Development of products such as convenient goods
- o Improved productivity

## Chichiyasu

### Trends in sales revenue and operating income



Joined the ITO EN Group

Composition by Area Kanto Region  
FY2010: 30% → FY2020: 35%

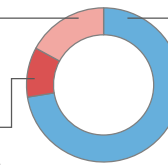
\*Revenue recognition standard is applied from the fiscal year ending April 30, 2022. Stated as "net sales" until the fiscal year ended April 30, 2021.

## Sales for FY2020 (May, 2020 to Apr, 2021)

Sales composition ratio by category



Others  
17% (FY 2010: 18%)  
Milk  
10% (FY 2010: 20%)



Yogurt  
73% (FY 2010: 62%)



Further strengthen the Maiasa Kaicho series

YoY +2% Five-Year Change +16 %

Pursue and provide health value,  
Strengthen communication



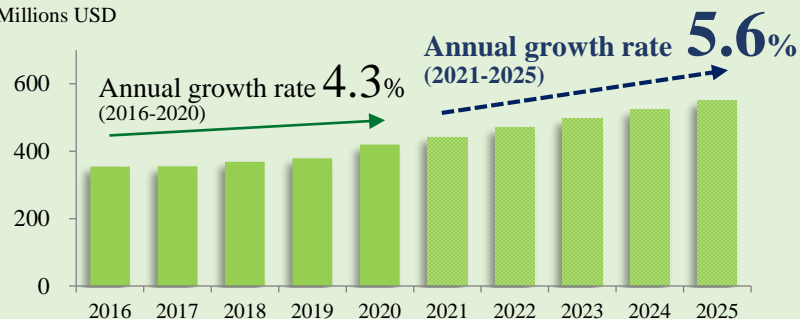


# Overseas Business Strategy

## Leaf market and trend in ITO EN's sales in 2020

### US green tea leaf market

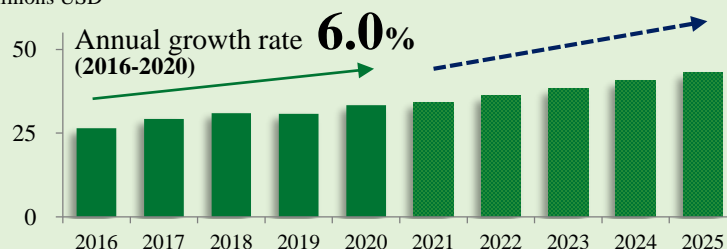
Millions USD



### Trends in sales of ITO EN's tea leaf products in North America

Millions USD

**Further growth is expected.**



Source: ITOEN Figures from 2021 are forecasts.

### Started local production of MATCHA LOVE tea bag products



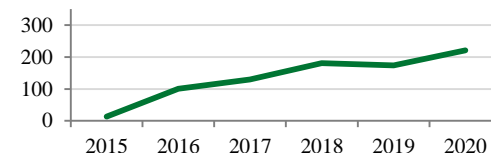
Began fabless manufacturing in the United States in February 2021

- Export raw tea materials produced in Japan
- Product line includes five items in a series

## Growth in demand for green tea leaves is accelerating during the COVID-19 pandemic.



(Thousands cases)



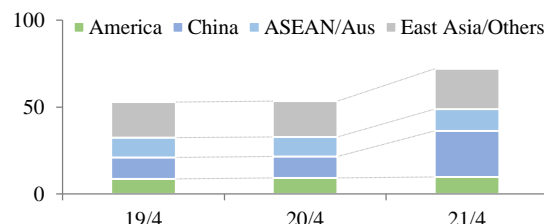
**Total sales of global brands (leaf)**

**YoY + 27%**

\*Source: ITO EN(Mar to Apr)

## Increase in number of overseas stores dealing in Oi Ocha

(Thousands stores)



**Number of overseas stores**

**YoY + 35%**

\*Compared to the end of Apr of each year



China: Increase the lines of Oi Ocha

## Value of promoting ITO EN as a Global Tea Company

### “Japanese Tea”

- Grown in Japan
- Japanese processing technology

× **ITO EN** =

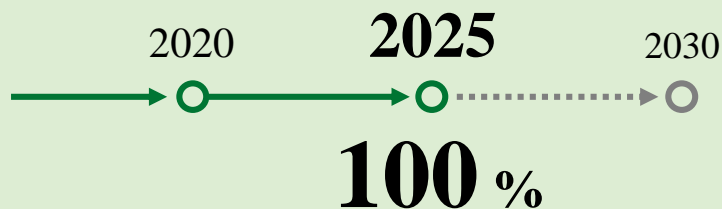


**High quality Japanese tea** characterized by aroma, rich, good flavor and bright color

Achieving the ITO EN Group's Medium- to Long-Term Environmental Goals

Goal of switching to fully recyclable PET bottles\* for “Oi Ocha” is moved forward to 2025.

## Oi Ocha brand 100% recyclable PET bottles\*



\*Includes plant-derived materials

In November 2020, ITO EN included its target of increasing the ratio of recycled materials to all materials used to produce PET bottles to 100% by 2030 in the medium- to long-term environmental goals.

In advance of this, we will switch the PET bottle products of our mainstay brand, Oi Ocha, by 2025.

Appendix : Recycled PET bottles CO<sup>2</sup> emissions can be reduced by about 60% compared to virgin PET bottles.

**SUSTAINABLE DEVELOPMENT GOALS**

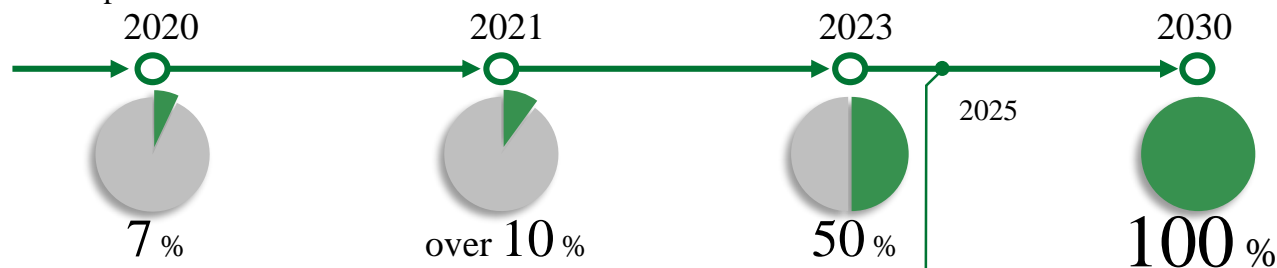


## Appendix : Roadmap for achieving the switch to “100% recycled PET bottles” in 2030



Promote the use of recycled materials in applications other than PET bottles.

Aim to improve the recycling rate in cooperation with government agencies, industry groups, and business partners.



**Oi Ocha brand 100% recyclable PET bottles\***



ITO EN is working to become a corporate group that supports and enriches the lives of all its customers around the world, by contributing to their health

## Corporate sustainability

### • Add ITO EN Group Medium- to Long-Term

#### Environmental Goals

- Reduction of water consumption
- Promotion of water source conservation activities
- Tracking and reducing water risk

### • High Value-Added Model

- Catechins, theanine, etc.
- Promoting the value of tea through products



## As an Innovative Health Solutions Company that supports enriched lives

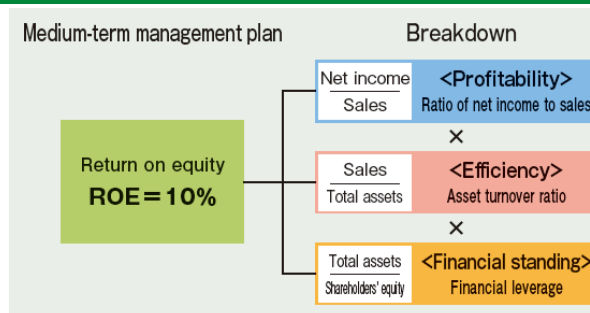
Promote and maintain the health of employees and their families

### Established “ITO EN Group Iki Iki Health Declaration”

ITO EN aims to maintain a safe and healthy workplace as its policy of improving and maintaining employees' health. Established “ITO EN Group Iki Iki Health Declaration” to strengthen the system of improving and maintaining employees' health and raise their awareness of their own health. ITO EN aims to be a company continuously loved by its customers by contributing to society through the sight of employees working actively and positively taking on challenges and continuing to provide the value of health to its customers.

## Strengthening ROE Management

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



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

# Appendix

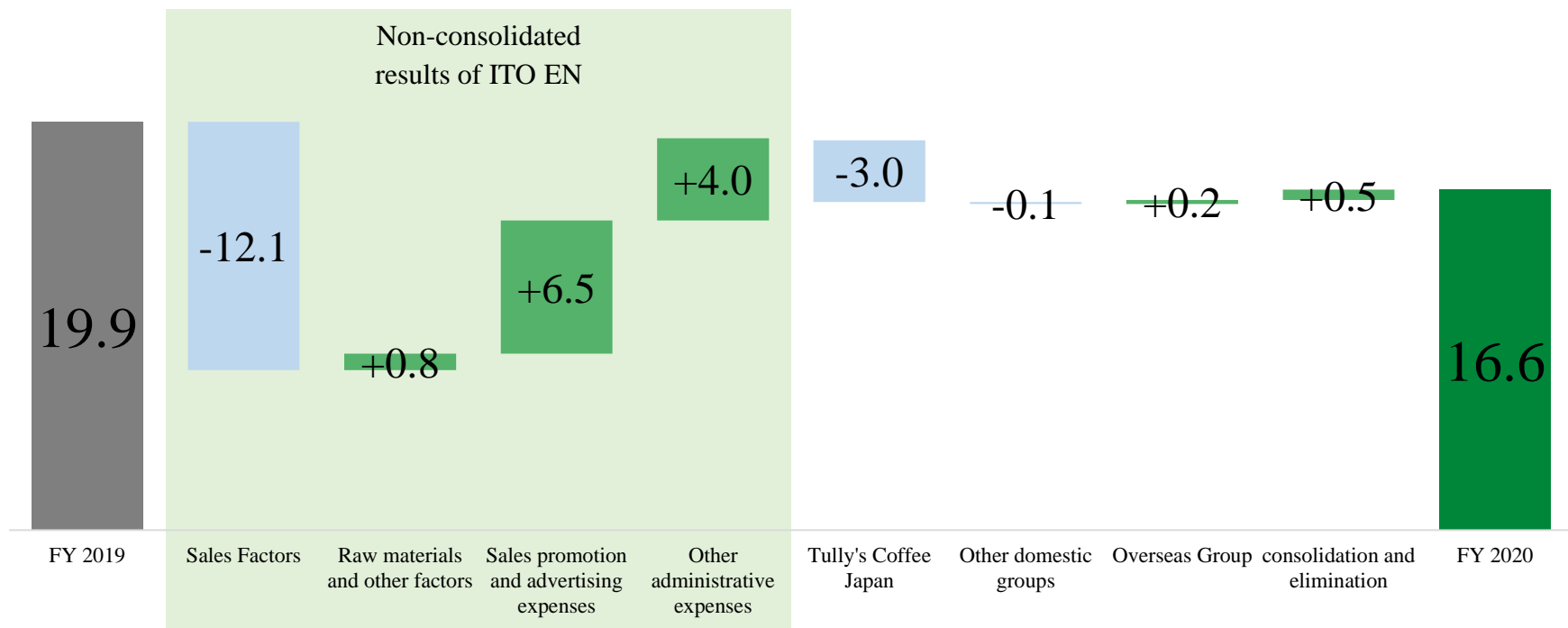
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# Appendix: Factors of changes in consolidated operating income

## Major factors of changes in consolidated operating income for the FY 2020 (Fiscal Year Ended April 30, 2021)

Decrease in profit due to sales decrease in non-consolidated results of ITO EN and Tully's Coffee Japan

Unit: ¥ billion



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

- |   |      |  |      |
|---|------|--|------|
| • Impact of increase/decrease in sales        | -12  | • Controlling advertising expenses   | -1.1 |
| • Changes in container mix, product mix, etc. | -0.1 | • Reduction of sales promotion expenses due to the impact of increase/decrease in sale | -5.3 |

# Appendix: Factors of changes in consolidated operating income

## Major factors of changes in consolidated operating income

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

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

Unit: ¥ billion



\*Conventional standard



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

- |   |      |  |      |
|---|------|--|------|
| • Impact of increase/decrease in sales        | +8.3 | • Controlling advertising expenses   | +1.0 |
| • Changes in container mix, product mix, etc. | -0.4 | • Reduction of sales promotion expenses due to the impact of increase/decrease in sale | +3.3 |

# Appendix : Related materials

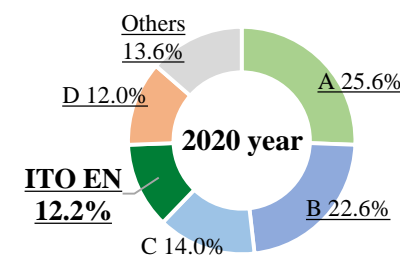
## ITO EN (non-consolidated) Results & Forecasts by Category

\*Conventional standard

(Unit: million yen)

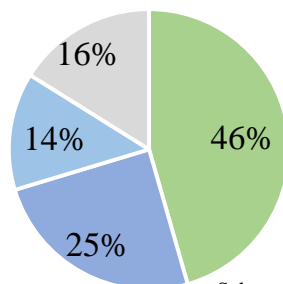
	FY 2019 Results			FY 2020 Results			FY 2021 Forecast		
		Sales Composition	YoY % Change		Sales Composition	YoY % Change		Sales Composition	YoY % Change
Net Sales	377,787	100.0%	-4.2%	352,732	100.0%	-6.6%	370,000	100.0%	4.9%
Tea Leaves	35,269	9.3%	-4.6%	36,449	10.4%	3.3%	37,548	10.1%	3.0%
Drinks	339,395	89.9%	-4.1%	313,777	88.9%	-7.5%	328,662	88.9%	4.7%
Tea total	218,143	57.8%	-1.4%	201,133	57.0%	-7.8%	210,783	56.9%	4.8%
Japanese Tea/Healthy Tea	193,246	51.2%	-2.8%	182,681	51.7%	-5.5%	193,394	52.2%	5.9%
Chinese Tea	17,219	4.6%	2.6%	14,611	4.1%	-15.1%	13,548	3.7%	-7.3%
Black Tea	7,677	2.0%	34.1%	3,841	1.1%	-50.0%	3,840	1.0%	0.0%
Vegetable	43,960	11.6%	-3.5%	43,622	12.4%	-0.8%	45,382	12.3%	4.0%
Coffee	36,538	9.7%	-12.5%	34,486	9.8%	-5.6%	35,766	9.7%	3.7%
Mineral Water	9,396	2.5%	-14.9%	7,752	2.2%	-17.5%	9,480	2.6%	22.3%
Carbonated	11,175	3.0%	-6.2%	9,916	2.8%	-11.3%	10,241	2.8%	3.3%
Fruit	8,855	2.3%	-15.3%	7,651	2.2%	-13.6%	7,557	2.0%	-1.2%
Others	11,325	3.0%	-4.9%	9,214	2.6%	-18.6%	9,451	2.6%	2.6%
Others	3,122	0.8%	-13.4%	2,505	0.7%	-19.8%	3,789	1.0%	51.2%

### Reference : Market Share of beverage industry



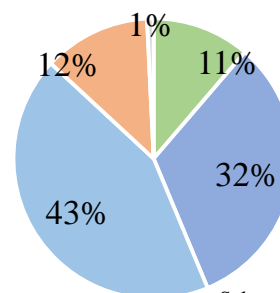
\*Jan to Dec 2020 / Quantity base

## Sales composition by Channels (Non-Consolidated) Sales composition by Packaging (Non-Consolidated)



FY 2020 4Q(12months)		
	Composition ratio YoY	YOY % Change
Supermarket	+ 2 pt	- 1 %
ConvenienceStore	- 2 pt	- 13 %
VendingMachine	- 0 pt	- 9 %
Others	- 0 pt	- 7 %

Unit: Price base



4Q(12months)	FY 2019	FY 2020	Composition ratio YOY	YOY % Change
Drink Total	231,881	215,852	-	- 7 %
Cans	23,699	24,668	+ 1 pt	+ 4 %
PET(large)	70,663	68,515	+ 1 pt	- 3 %
PET(small)	106,754	94,035	- 2 pt	- 12 %
Cartons	28,517	27,135	+ 0 pt	- 5 %
Others	2,247	1,498	- 0 pt	- 33 %

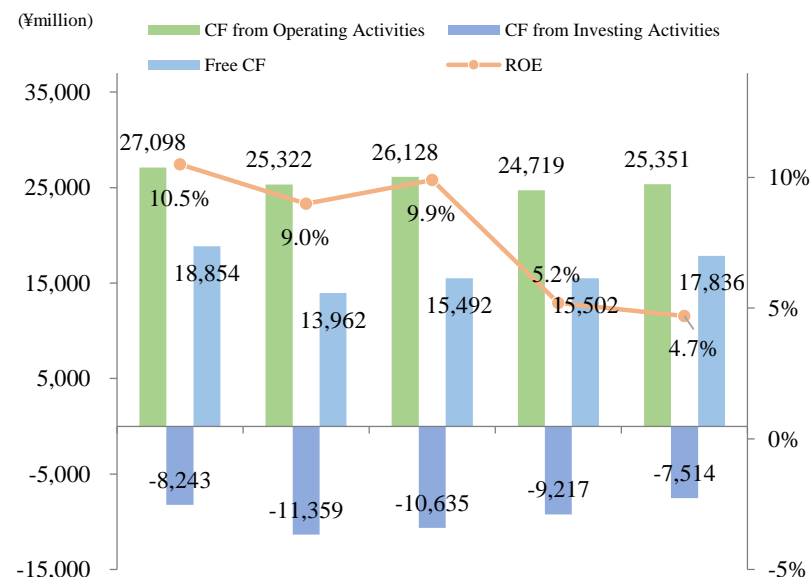
Unit: Thousand cases

# Appendix : Related materials

## Consolidated Balance Sheet

	(¥million)		
	2020	2021	Change
<b>Current assets</b>	<b>173,966</b>	<b>223,880</b>	<b>49,914</b>
Cash and deposits	64,813	109,430	44,617
Accounts receivable-trade and inventories	94,891	98,570	3,679
<b>Property, plant and equipment</b>	<b>82,986</b>	<b>78,099</b>	<b>-4,887</b>
Land	22,046	22,060	14
Leased assets	15,527	12,206	-3,321
Other	45,413	43,833	-1,580
<b>Intangible fixed assets</b>	<b>11,570</b>	<b>8,335</b>	<b>-3,235</b>
Goodwill	7,875	4,625	-3,250
<b>Investments and other assets</b>	<b>22,128</b>	<b>22,749</b>	<b>621</b>
<b>Total assets</b>	<b>290,651</b>	<b>333,065</b>	<b>42,414</b>
<b>Current liabilities</b>	<b>71,072</b>	<b>93,548</b>	<b>22,476</b>
Accounts payable	26,447	29,999	3,552
Short-term loans payable	6,820	25,004	18,184
Lease obligations	3,979	2,966	-1,013
Income taxes payable	3,220	3,453	233
<b>Non-current liabilities</b>	<b>69,884</b>	<b>86,459</b>	<b>16,575</b>
Corporate bonds	10,000	10,000	-
Long-term loans payable	38,922	55,858	16,936
Lease obligations	5,956	5,023	-933
<b>Total liabilities</b>	<b>140,956</b>	<b>180,007</b>	<b>39,051</b>
<b>Net assets</b>	<b>149,695</b>	<b>153,057</b>	<b>3,362</b>

## Consolidated Cash Flows



(¥ million)	'17/4	'18/4	'19/4	'20/4	'21/4
Capital Investments	8,135	11,062	10,006	9,990	7,199
Depreciation/Amortization	5,418	6,180	6,735	7,022	7,255
Leased Assets Depr.	7,052	7,042	6,675	6,081	5,171
Lease obligations (Repayment)	-10,361	-8,616	-6,514	-4,679	-3,691

Rating	A+	Equity ratio	'20/4	51.0%
Bond shelf registration(straight bonds)	¥ 40billion		'21/4	45.6%



Water resources have been added to the medium- to long-term environmental goals of the ITO EN Group.

## I. Efforts on containers and packages

- Striving to increase the ratio of recycled materials, including bio-derived materials, to the materials for PET bottles to 100% by 2030

## II. Response to climate change

- Established CO2 emissions reduction targets and started climate change analysis concerning tea leaves.

## III. Response to water resources

\* Details of I and II can be found on ITO EN's website..

### • Reduction of water consumption

[Goal] Basic unit of water consumption in fiscal 2030\* Reduce 16% (base year fiscal 2018)

Coverage: Water consumption in production at beverage manufacturing plants of ITO EN and production on NS lines at plants of outsourced beverage producers

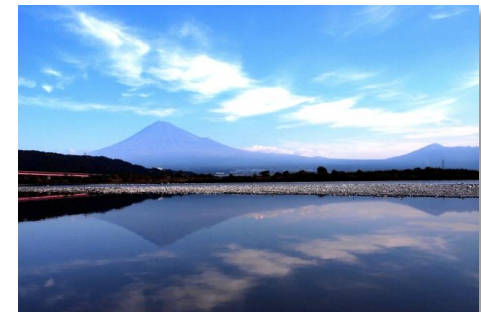
\*Basic unit: Target water consumption per 1kl production in fiscal 2030 Scope 1 and Scope 2: Reduce the total amount by 26%, Scope 3: Reduce the basic unit by 26%.

### • Promotion of water source conservation activities

ITO EN will undertake water source conservation activities in collaboration with outsourcing partners and regions mainly in the watershed areas of water sources of beverage manufacturing plants of ITO EN and plants of outsourced beverage producers. ITO EN will also step up its efforts to conserve water sources in collaboration with governments, industry associations, business partners and local residents, among other stakeholders. ITO EN will promote understanding of the importance of water sources.

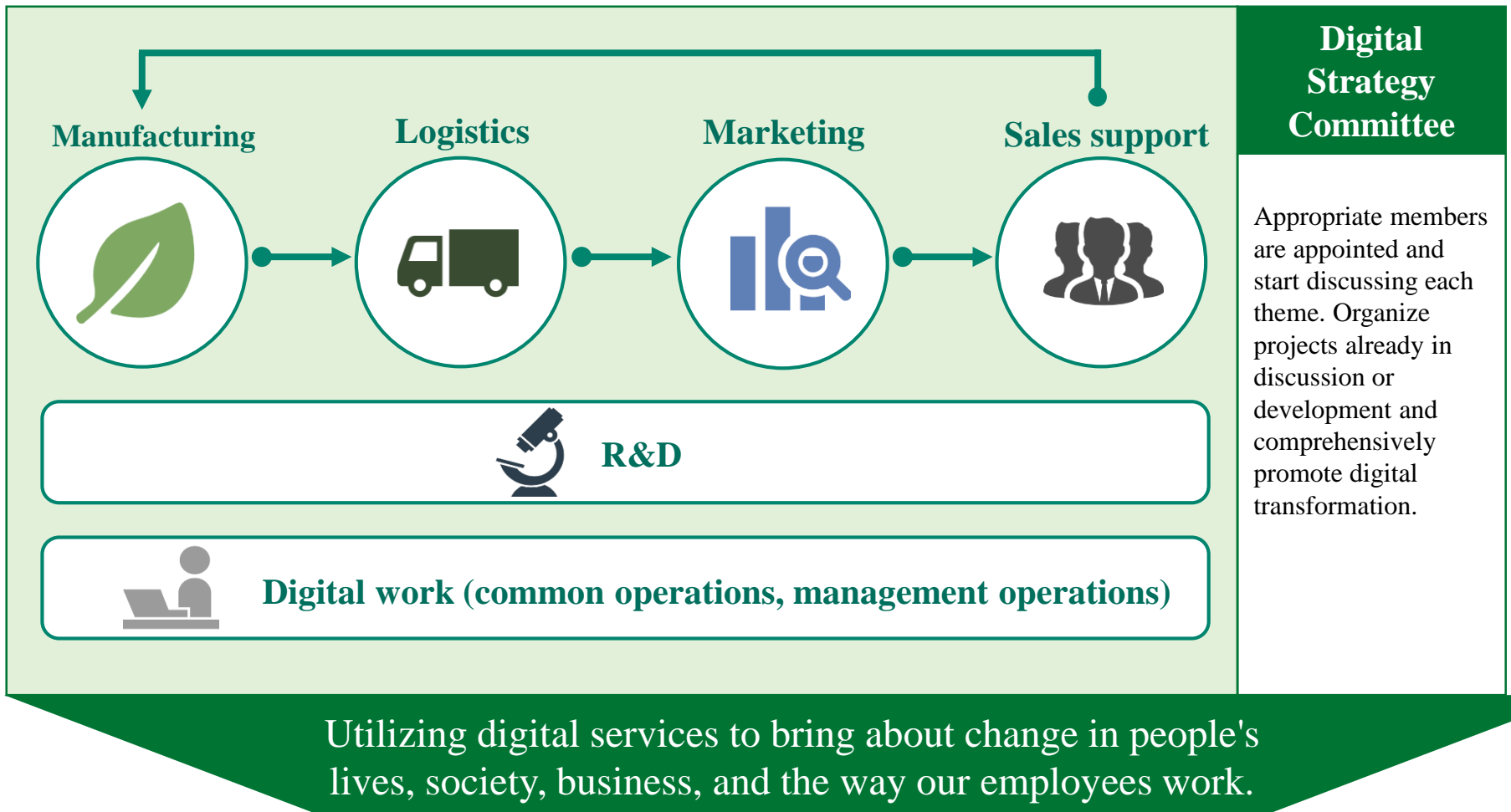
### • Tracking and reducing water risk

ITO EN will regularly check whether its business bases and related parties in its supply chain including raw material suppliers are located in watershed areas with a high water stress or watershed areas where water disasters are likely to occur, and will take measures against any risk.



\*Images are for reference only.

Digitizes information accumulated in each area and shares it across the areas. Improves overall productivity based on integrated information using the latest technologies such as AI.







The purpose of the materials you have received is to provide the means for a more thorough understanding of ITO EN and should not necessarily be regarded as a recommendation to invest. Furthermore, the data in these materials is based on what we believe is the most accurate information. However, please understand that even without advance notice, both past data and future forecasts may be revised.