

## Consolidated Financial Results

Under Japanese Standards for the fiscal year ended April 30, 2020 (Unaudited)

Scheduled date of general shareholder's meeting: July 28, 2020

Scheduled date of commencement of dividend payment: July 29, 2020

Scheduled filing date of securities report: July 29, 2020

Supplementary documents for financial results: Yes

Quarterly results presentation (for institutional investors and analysts): Yes

(Figures are rounded down to million yen.)

### 1. Consolidated Performance for the Fiscal Year Ended April 30, 2020 (May 1, 2019 - April 30, 2020)

#### (1) Consolidated Results of Operations – cumulative (% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen		Million yen		Million yen		Million yen	
4/30/2020	483,360	-4.1%	19,940	-12.6%	19,432	-16.3%	7,793	-46.1%
4/30/2019	504,153	1.9%	22,819	3.5%	23,211	8.3%	14,462	15.2%

Note: Comprehensive income 4/30/2020: 5,894 million yen (-59.1%) 4/30/2019: 14,422 million yen (9.4%)

	Earnings per share	Earnings per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen			
4/30/2020	61.53	61.38	5.2%	6.5%	4.1%
4/30/2019	116.02	115.74	9.9%	7.7%	4.5%

Reference: Equity in earnings (losses) of affiliated companies 4/30/2020: 91 million yen 4/30/2019: 153 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) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen		Yen
4/30/2020	290,651	149,695	51.0%	1,221.92
4/30/2019	303,981	150,923	49.2%	1,229.28

Reference: Equity 4/30/2020: 148,315 million yen 4/30/2019: 149,661 million yen.

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

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million Yen	Million yen
4/30/2020	24,719	(9,217)	(12,905)	63,710
4/30/2019	26,128	(10,635)	(15,005)	61,950

## 2. Dividends

	Dividend per share					Total dividend paid	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen		
4/30/2019	–	20.00	–	20.00	40.00	3,542	34.5%	3.3%
4/30/2020	–	20.00	–	20.00	40.00	3,527	65.0%	3.3%
4/30/2021 (Forecast)	–	20.00	–	20.00	40.00		38.3%	

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)

(% changes as compared with the corresponding period of the previous fiscal year)

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

## Notes

(1) Changes in important subsidiaries during the period

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

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

- i. Changes in accounting policies associated with in accounting standards: None
- ii. Changes in accounting policies other than i. above: None
- iii. Changes in accounting estimates: None
- iv. Restatements: None

(3) Numbers of shares outstanding (common stock)

- i. Numbers of shares outstanding (including treasury stock) 4/30/2020 89,212,380 shares 4/30/2019 89,212,380 shares
- ii. Numbers of treasury stock 4/30/2020 1,023,467 shares 4/30/2019 656,736 shares
- iii. Average number of shares during the period 4/30/2020 88,231,914 shares 4/30/2019 88,567,561 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.

### (Reference) Summary of Non-Consolidated Financial Results

#### 1. Non-Consolidated Performance for Fiscal Year Ended April 30, 2020 (May 1, 2019 - April 30, 2020)

(1) Non-Consolidated Results of Operation

(% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen		Million yen		Million yen		Million yen	
4/30/2020	377,787	-4.2%	16,626	4.9%	18,142	-2.5%	13,148	-1.0%
4/30/2019	394,495	2.9%	15,851	3.0%	18,600	8.5%	13,282	10.0%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
4/30/2020	105.69	105.44
4/30/2019	106.33	106.08

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

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen		Yen
4/30/2020	266,436	147,918	55.5%	1,217.27
4/30/2019	270,427	142,830	52.8%	1,172.01

Reference: Equity 4/30/2020: 147,751 million yen 4/30/2019: 142,696 million yen

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

#### 2. Forecasted Non-Consolidated Results for the Fiscal Year Ending April 30, 2021(May 1, 2020 - April 30, 2021)

(% changes as compared with the corresponding period of the previous fiscal year)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
4/30/2021	376,200 -0.4%	16,700 0.4%	18,600 2.5%	13,200 0.4%	106.11

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

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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

Forward-looking statements in this document, including forecasts, are based on information available to management at the time of the announcement, which management assumes to be reasonable. Therefore, 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 “1. Overview of the Management Operations’ Results, etc., (4) Future Outlook” on page 3 in the Attachments.

## Reference

**(1) Per Share information of Class-A Preferred Stock in Consolidated Results of Operation**

	Earnings per share	Earnings per share (diluted)	Net assets per share
	Yen	Yen	Yen
4/30/2020	71.53	71.38	1,226.92
4/30/2019	126.00	125.72	1,234.28

**(2) Dividends per Share – Class-A Preferred Stock**

	Dividend per share					Total dividend paid	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen		
4/30/2019	–	25.00	–	25.00	50.00	1,657	39.7%	4.1%
4/30/2020	–	25.00	–	25.00	50.00	1,652	69.9%	4.1%
4/30/2021 (Forecast)	–	25.00	–	25.00	50.00		43.7%	

**(3) Per Share information of Class-A Preferred Stock in Forecasted Results**

	Earnings per share (Consolidated)	Earnings per share (Non-Consolidated)
	Yen	Yen
4/30/2021	114.46	116.11

**(4) Numbers of Outstanding Shares – Class-A Preferred Stock**

i. Numbers of outstanding shares (including treasury stock)	4/30/2020	34,246,962 shares	4/30/2019	34,246,962 shares
ii. Numbers of treasury stock	4/30/2020	1,192,090 shares	4/30/2019	1,189,831 shares
iii. Average number of shares during the period	4/30/2020	33,056,063 shares	4/30/2019	33,226,503 shares

**(5) Per Share information of Class-A Preferred Stock in Non-Consolidated Results of Operation**

	Net income per share	Net income per share (diluted)	Net assets per share
	Yen	Yen	Yen
4/30/2020	115.69	115.44	1,222.27
4/30/2019	116.31	116.06	1,177.01

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## 1. Overview of the Management Operations' Results, etc.

### (1) Overview of the Management Operations' Results in the Current Financial Year

During the fiscal year ended April 30, 2020 (May 1, 2019 - April 30, 2020), the Japanese economy has continued a trend of gradual recovery in part due to improvements in the employment/income environment and the effect of various policies. However, since January 2020, the situation turned very tough due to the infections of the novel coronavirus (COVID-19), which have spread worldwide. Personal consumption has sharply decreased due to the infections and the uncertain situation is expected to continue. In the beverage industry as well, the business environment continues to be very tough because of the persistent savings-oriented mind among consumers and the effect of natural disasters, in addition to the impact of the novel coronavirus (COVID-19).

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

As a result, the business performance for the fiscal year under review was as follows. Please note that as extraordinary losses, we reported 5,275 million yen in impairment losses on goodwill related to Distant Lands Trading Co., etc. and 68 million yen in costs related to disasters due to Typhoon No. 19 of 2019, etc.

Net sales	483,360 million yen, down	4.1% year on year
Operating income	19,940 million yen, down	12.6% year on year
Ordinary income	19,432 million yen, down	16.3% year on year
Profit attributable to owners of parent	7,793 million yen, down	46.1% year on year

Performance by each of the business segments were as follows.

#### <Tea Leaves and Beverages Business>

The Company made proposals on how to brew delicious green tea fit for each season and how to enjoy green tea through events it held, such as "ITO EN Dai-Cha-Kai," (green tea demonstration sales and tasting events), and "Seminar on how to brew delicious tea." ITO EN actively proposed not only leaf products that are brewed in the traditional Japanese teapot *Kyusu*, but also tea bag and instant products like green tea powder, which is easily solved in cold and hot water and served conveniently, to convey the appeal of Japanese tea.

In August 2019, the Company started selling "Oi Ocha strong green tea" labeled with the functional food claim of "Reduces body fat" based on the function of gallate catechins while maintaining the product taste. Sales in the second half remained well, accounting for 1.6 times the previous year's result.

The "Oi Ocha" brand was recognized<sup>※</sup> by Guinness World Records<sup>TM</sup> as the world's number one seller in "largest natural healthy RTD green tea beverages (sales in the most current fiscal year)" and received the official certification for the second consecutive year after it was so recognized in May 2019. We will continue to care for community-based events so that "Oi Ocha" will be loved by people as more familiar Japanese tea. As a leading tea company in Japan, we will also make the charm of tea known to the public in various ways and aim to be a leading tea company in the world.

Among other beverage products, "Kenko Mineral Mugicha" (healthy mineral barley tea), the top non-caffeine tea beverage brand, has performed well not only as a beverage for hot summer but also as one that can provide users with minerals and keep them well hydrated throughout the year. "TULLY'S COFFEE," which is a coffee beverage, has continued to gain popularity as a beverage with a professional quality as served at the specialty coffee chain TULLY'S COFFEE.

Overseas, ITO EN has actively been selling continuously "MATCHA GREEN TEA," a leaf product offered in "Global Brand" mainly in the U.S. and China, and "Oi Ocha" brand beverage products, backed by a global boom of Japanese food and matcha as well as the increasing health-conscious trend.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 444,071 million yen, down 4.1% year on year, and operating income of 18,783 million yen, down 5.2%.

※ Authorized figure: \$1,882,900,000 (estimated) Based on third-party global survey data

#### <Restaurant Business>

Tully's Coffee Japan Co., Ltd. released "Almond Praline Soy Latte" in February 2020, which gained popularity as an "all soy" drink with a topping of whipped cream made from soymilk. In March 2020, it released three types of "Tully's Brazil Fazenda Bau" beans, which were cultivated at its partner Bau farm in Brazil. Their sales also performed favorably. New coffee shop openings have been smooth with the total number of coffee shops at present being 747.

Against the spread of the novel coronavirus (COVID-19), we prioritize the safety of our customers and employees (fellows), and take preventive measures such as taking holidays or shortening business hours at more than 90% of coffee shops in response to the declaration of an emergency. However, the government's state of emergency declaration and self-restraint of shop operations and unnecessary and non-urgent outings considerably affected the performance in the fourth quarter.

As a result of these activities, the Restaurant Business recorded net sales of 32,798 million yen, down 5.1 % year on year, and operating income of 1,725 million yen, down 50.8%.

<Others>

The Others recorded net sales of 6,490 million yen, down 3.9% year on year, and operating income of 656 million yen, down 14.9%.

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

The following is a consolidated financial position for the fiscal year ended April 30, 2020.

(Assets)

Total assets at the end of the fiscal year ended April 30, 2020 stood at 290,651 million yen, decreased by 13,330 million yen from the previous fiscal year. These changes in total assets mainly reflected increases of 1,074 million yen in “Cash and deposits,” 1,503 million yen in “Raw materials and supplies,” 2,039 million yen in “Tools, furniture and fixtures,” and decreases of 7,412 million yen in “Notes and accounts receivable - trade,” 3,862 million yen in “Leased assets,” and 6,854 million yen in “Goodwill.”

(Liabilities)

Liabilities at the end of the fiscal year ended April 30, 2020 stood at 140,956 million yen, decreased by 12,102 million yen from the previous fiscal year. These changes in liabilities mainly reflected decreases of 3,734 million yen in “Notes and accounts payable - trade,” 2,566 million yen in “Lease obligations,” and 1,439 million yen in “Income taxes payable.”

(Net assets)

Net assets at the end of the fiscal year ended April 30, 2020 stood at 149,695 million yen, decreased by 1,227 million yen from the previous fiscal year. This mainly reflected an increase of 7,793 million yen in “Retained earnings” due to “Profit attributable to owners of parent,” a decrease of 5,187 million yen in “Retained earnings” due to “Dividends of surplus.”

As a result, the shareholders’ equity ratio became 51.0% compared with 49.2% at the end of the previous fiscal year.

## (3) Overview of the Cash flows in the Current Financial Year

Cash and cash equivalents at the end of the fiscal year ended April 30, 2020 amounted to 63,710 million yen, increased by 1,760 million yen from the end of the previous fiscal year.

Cash flows during the fiscal year ended April 30, 2020 and their causes are as follows.

(Cash flows from operating activities)

Net cash inflows from operating activities were 24,719 million yen (compared with 26,128 million yen inflow in the previous fiscal year).

The major factors affecting this were increases due to income before income taxes of 14,368 million yen and depreciation of 13,103 million yen and income taxes paid of 8,060 million yen.

(Cash flows from investing activities)

Net cash outflows from investing activities were 9,217 million yen (compared with 10,635 million yen outflow in the previous fiscal year).

The major factors affecting this was purchase of property, plant and equipment and intangible assets of 10,348 million yen.

(Cash flows from financing activities)

Net cash outflows from financing activities were 12,905 million yen (compared with 15,005 million yen outflow in the previous fiscal year).

The major factors of cash outflows were repayments of finance lease obligations of 4,679 million yen and cash dividends paid of 5,180 million yen.

## (4) Future Outlook

With regard to the forecast for the fiscal year ending April 30, 2021, the impact of the novel coronavirus (COVID-19) infection is expected to be particularly significant. However, it is unclear at this time 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 light of the future impact of the novel coronavirus (COVID-19) outbreaks and other factors, we have decided to revise our earnings forecast.

In light of the future impact of the novel coronavirus (COVID-19) infection on the Company's business performance and other factors, it is necessary to revise the financial forecast. In the event that the Company is unable to comply with this

requirement, it will promptly disclose the information.

At this current point in time, the forecast for the fiscal year ending April 30, 2021 is as follows.

Net sales	481,000 million yen, down	0.5% year on year
Operating income	20,000 million yen, up	0.3% year on year
Ordinary income	19,800 million yen, up	1.9% year on year
Profit attributable to owners of parent	13,000 million yen, up	66.8% year on year

## **2. Basic Policies Concerning Selection of Accounting Standards**

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

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



### 3. Consolidated Financial Statements and Main Notes

#### (1) Consolidated Balance Sheets

As of April 30, 2019 and April 30, 2020

(Millions of yen)

	As of April 30, 2019	As of April 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	63,738	64,813
Notes and accounts receivable - trade	56,581	49,168
Merchandise and finished goods	35,079	35,710
Raw materials and supplies	8,509	10,013
Accounts receivable - other	10,301	10,744
Other	3,313	3,614
Allowance for doubtful accounts	(74)	(99)
<b>Total current assets</b>	<b>177,449</b>	<b>173,966</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	47,877	49,186
Accumulated depreciation	(25,587)	(26,983)
Buildings and structures, net	22,289	22,203
Machinery, equipment and vehicles	22,954	24,935
Accumulated depreciation	(17,379)	(18,426)
Machinery, equipment and vehicles, net	5,574	6,508
Tools, furniture and fixtures	24,418	30,112
Accumulated depreciation	(10,207)	(13,861)
Tools, furniture and fixtures, net	14,211	16,250
Land	22,335	22,046
Leased assets	55,576	47,089
Accumulated depreciation	(36,186)	(31,562)
Leased assets, net	19,389	15,527
Construction in progress	384	449
<b>Total property, plant and equipment</b>	<b>84,186</b>	<b>82,986</b>
<b>Intangible assets</b>		
Goodwill	14,729	7,875
Software	1,416	984
Other	2,810	2,711
<b>Total intangible assets</b>	<b>18,956</b>	<b>11,570</b>
<b>Investments and other assets</b>		
Investment securities	5,035	3,546
Deferred tax assets	5,847	6,082
Other	12,754	12,684
Allowance for doubtful accounts	(248)	(184)
<b>Total investments and other assets</b>	<b>23,389</b>	<b>22,128</b>
<b>Total non-current assets</b>	<b>126,532</b>	<b>116,685</b>
<b>Total assets</b>	<b>303,981</b>	<b>290,651</b>

## Consolidated Balance Sheets – Continued

(Millions of yen)

	As of April 30, 2019	As of April 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	30,181	26,447
Short-term loans payable	2,020	6,820
Lease obligations	5,051	3,979
Accrued expenses	24,839	23,631
Income taxes payable	4,660	3,220
Provision for bonuses	4,370	3,783
Other	5,350	3,190
<b>Total current liabilities</b>	<b>76,473</b>	<b>71,072</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	44,522	38,922
Lease obligations	7,450	5,956
Net defined benefit liability	10,313	10,612
Deferred tax liabilities for land revaluation	719	719
Other	3,579	3,674
<b>Total non-current liabilities</b>	<b>76,585</b>	<b>69,884</b>
<b>Total liabilities</b>	<b>153,058</b>	<b>140,956</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,912	19,912
Capital surplus	18,640	18,646
Retained earnings	119,242	121,848
Treasury shares	(4,547)	(6,499)
<b>Total shareholders' equity</b>	<b>153,248</b>	<b>153,907</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,279	1,232
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	671	(449)
Remeasurements of defined benefit plans	(484)	(322)
<b>Total accumulated other comprehensive income</b>	<b>(3,586)</b>	<b>(5,592)</b>
<b>Share acquisition rights</b>	<b>133</b>	<b>167</b>
<b>Non-controlling interests</b>	<b>1,127</b>	<b>1,213</b>
<b>Total net assets</b>	<b>150,923</b>	<b>149,695</b>
<b>Total liabilities and net assets</b>	<b>303,981</b>	<b>290,651</b>

## (2) Consolidated Statements of Income and Comprehensive Income

For the fiscal year ended April 30, 2019 and 2020 (May 1, 2018 - April 30, 2019 and May 1, 2019 - April 30, 2020)

### Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
<b>Net sales</b>	<b>504,153</b>	<b>483,360</b>
Cost of sales	*1 263,778	*1 250,605
<b>Gross profit</b>	<b>240,375</b>	<b>232,755</b>
Selling, general and administrative expenses	*2 217,555	*2 212,814
<b>Operating income</b>	<b>22,819</b>	<b>19,940</b>
<b>Non-operating income</b>		
Interest income	82	95
Dividend income	68	78
Rent income	88	78
Compensation income for damaged products	49	44
Share of profit of entities accounted for using equity method	153	91
Gain on prepaid card	126	136
Foreign exchange gains	295	—
Other	282	324
<b>Total non-operating income</b>	<b>1,147</b>	<b>850</b>
<b>Non-operating expenses</b>		
Interest expenses	462	352
Foreign exchange losses	—	646
Loss on cancellation of leases	121	153
Other	171	205
<b>Total non-operating expenses</b>	<b>755</b>	<b>1,358</b>
<b>Ordinary income</b>	<b>23,211</b>	<b>19,432</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	*3 9	*3 121
Gain on donation of non-current assets	5	32
Gain on sales of investment securities	551	437
Compensation income	114	48
Other	45	5
<b>Total extraordinary income</b>	<b>726</b>	<b>645</b>
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	—	0
Loss on abandonment of non-current assets	*4 197	*4 104
Impairment loss	*5 488	*5 5,275
Loss on valuation of investment securities	—	42
Loss on abandonment of inventories	*6 673	—
Loss on disaster	66	68
Other	24	218
<b>Total extraordinary losses</b>	<b>1,451</b>	<b>5,709</b>
<b>Income before income taxes</b>	<b>22,486</b>	<b>14,368</b>
<b>Income taxes - current</b>	<b>7,808</b>	<b>6,589</b>
<b>Income taxes - deferred</b>	<b>(55)</b>	<b>(167)</b>
<b>Total income taxes</b>	<b>7,752</b>	<b>6,422</b>
<b>Net income</b>	<b>14,733</b>	<b>7,945</b>
<b>Profit attributable to non-controlling interests</b>	<b>271</b>	<b>152</b>
<b>Profit attributable to owners of parent</b>	<b>14,462</b>	<b>7,793</b>

Consolidated **Comprehensive Income**

(Millions of yen)

	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
<b>Net income</b>	<b>14,733</b>	<b>7,945</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(719)	(968)
Foreign currency translation adjustment	329	(1,142)
Remeasurements of defined benefit plans, net of tax	41	164
Share of other comprehensive income of entities accounted for using equity method	37	(104)
<b>Total other comprehensive income</b>	<b>(311)</b>	<b>(2,051)</b>
<b>Comprehensive income</b>	<b>14,422</b>	<b>5,894</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,165	5,787
Comprehensive income attributable to non-controlling interests	257	107

### (3) Consolidated Statement of Changes in Shareholders' Equity

For the fiscal year ended April 30, 2019 (May 1, 2018 - April 30, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	18,645	110,066	(2,798)	145,826
Changes of items during period					
Dividends of surplus			(5,212)		(5,212)
Profit attributable to owners of parent			14,462		14,462
Purchase of treasury shares				(1,870)	(1,870)
Disposal of treasury shares		(4)	(73)	120	41
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4)	9,176	(1,749)	7,422
Balance at end of current period	19,912	18,640	119,242	(4,547)	153,248

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,951	(6,053)	337	(525)	(3,289)	97	1,116	143,750
Changes of items during period								
Dividends of surplus								(5,212)
Profit attributable to owners of parent								14,462
Purchase of treasury shares								(1,870)
Disposal of treasury shares								41
Net changes of items other than shareholders' equity	(671)	—	333	40	(297)	36	11	(249)
Total changes of items during period	(671)	—	333	40	(297)	36	11	7,172
Balance at end of current period	2,279	(6,053)	671	(484)	(3,586)	133	1,127	150,923

For the fiscal year ended April 30, 2020 (May 1, 2019 - April 30, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	18,640	119,242	(4,547)	153,248
Changes of items during period					
Dividends of surplus			(5,187)		(5,187)
Profit attributable to owners of parent			7,793		7,793
Purchase of treasury shares				(2,000)	(2,000)
Disposal of treasury shares		5		48	54
Net changes of items other than shareholders' equity					
Total changes of items during period	–	5	2,605	(1,951)	659
Balance at end of current period	19,912	18,646	121,848	(6,499)	153,907

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,279	(6,053)	671	(484)	(3,586)	133	1,127	150,923
Changes of items during period								
Dividends of surplus								(5,187)
Profit attributable to owners of parent								7,793
Purchase of treasury shares								(2,000)
Disposal of treasury shares								54
Net changes of items other than shareholders' equity	(1,047)	–	(1,121)	162	(2,006)	33	85	(1,887)
Total changes of items during period	(1,047)	–	(1,121)	162	(2,006)	33	85	(1,227)
Balance at end of current period	1,232	(6,053)	(449)	(322)	(5,592)	167	1,213	149,695

#### (4) Consolidated Statements of Cash Flows

For the fiscal year ended April 30, 2019 and 2020 (May 1, 2018 - April 30, 2019 and May 1, 2019 - April 30, 2020)

(Millions of yen)

	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
Cash flows from operating activities		
Income before income taxes	22,486	14,368
Depreciation	13,411	13,103
Impairment loss	488	5,275
Amortization of goodwill	1,777	1,762
Increase (decrease) in allowance for doubtful accounts	(27)	(30)
Increase (decrease) in provision for bonuses	890	(587)
Increase (decrease) in net defined benefit liability	450	535
Loss on abandonment of inventories	673	—
Loss on disaster	66	68
Interest and dividend income	(151)	(174)
Interest expenses	462	352
Foreign exchange losses (gains)	(282)	582
Decrease (increase) in notes and accounts receivable - trade	1,586	7,187
Decrease (increase) in inventories	(4,700)	(2,554)
Decrease (increase) in other current assets	(1,538)	(423)
Decrease (increase) in other non—current assets	(94)	40
Increase (decrease) in notes and accounts payable — trade	262	(3,604)
Increase (decrease) in accrued consumption taxes	(453)	(764)
Increase (decrease) in other current liabilities	(666)	(1,546)
Other, net	(1,104)	(639)
<b>Subtotal</b>	<b>33,536</b>	<b>32,952</b>
Interest and dividend income received	177	181
Interest expenses paid	(462)	(354)
Income taxes paid	(7,122)	(8,060)
<b>Net cash provided by (used in) operating activities</b>	<b>26,128</b>	<b>24,719</b>
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,512)	575
Purchase of property, plant and equipment and intangible assets	(10,088)	(10,348)
Purchase of investment securities	(33)	(6)
Proceeds from sales of investment securities	798	640
Purchase of long—term prepaid expenses	(117)	(50)
Purchase of shares of subsidiaries and associates	—	(42)
Decrease (increase) in other investments	317	14
<b>Net cash provided by (used in) investing activities</b>	<b>(10,635)</b>	<b>(9,217)</b>

## Consolidated Statements of Cash Flows – Continued

(Millions of yen)

	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	600
Repayments of long—term loans payable	(1,400)	(1,400)
Purchase of treasury shares	(1,870)	(2,000)
Proceeds from disposal of treasury shares	1	0
Repayments of finance lease obligations	(6,514)	(4,679)
Cash dividends paid	(5,206)	(5,180)
Dividends paid to non—controlling interests	(4)	(345)
Proceeds from share issuance to non—controlling shareholders	–	112
Other, net	(12)	(13)
<b>Net cash provided by (used in) financing activities</b>	<b>(15,005)</b>	<b>(12,905)</b>
Effect of exchange rate change on cash and cash equivalents	86	(836)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>573</b>	<b>1,760</b>
Cash and cash equivalents at beginning of period	61,376	61,950
<b>Cash and cash equivalents at end of period</b>	<b>61,950</b>	<b>63,710</b>



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

Not applicable

**(Basis of Presentation of Consolidated Financial Statements)**

**1. Consolidation scope**

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

**2. Application of equity method**

- |  |             |
|--|-------------|
| (1) Equity - method applied to non-consolidated subsidiaries | 2 companies |
| (2) Equity - method applied to affiliated                    | 3 companies |
| (3) Equity - method unapplied to affiliated                  | 4 companies |

**(Notes to Consolidated Statements of Income)**

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

	Million yen	
	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
Cost of sales	25	574

\*2. Main items of selling, general and administrative expenses

	Million yen	
	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
Selling commission	84,760	80,537
Advertising	11,544	11,206
Allowance for doubtful accounts	10	31
Transportation	15,210	14,651
Salaries and wages to employees	44,292	44,836
Provision for bonuses	3,909	3,357
Retirement and severance benefit costs for employees	1,851	1,896
Lease payment	1,533	1,501
Depreciation	11,296	10,957
Research and development expenses	1,833	1,817

\*3. Breakdown of gain on sales of non-current assets is as follows.

	Million yen	
	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
Buildings and structures	-	1
Machinery, equipment and vehicles	9	2
Tools, furniture and fixtures	0	1
Land	-	115
<b>Total</b>	<b>9</b>	<b>121</b>

\*4. Breakdown of loss on abandonment of non-current assets is as follows.

	Million yen	
	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
Buildings and structures	18	19
Machinery, equipment and vehicles	0	14
Tools, furniture and fixtures	12	20
Software	0	-
Other	166	50
<b>Total</b>	<b>197</b>	<b>104</b>

\*5. Impairment loss

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

For the fiscal year ended April 30, 2019 (May 1, 2018 - April 30, 2019)

Location	Use	Type of assets	Impairment loss (million yen)
Yokohama-shi, Kanagawa, etc.	Store, etc. (Tully's Coffee Japan Co., Ltd.)	Buildings, etc.	465
Sapporo-shi, Hokkaido, etc.	Business assets (TSUCHIKURA Co., Ltd.)	Land, etc.	22

In the case of the consolidated subsidiary Tully's Coffee Japan Co., Ltd., asset grouping is conducted with each shop as the basic unit of measurement, as these are the smallest units of cash flow generation. Out of the stores stated in the above, for those incurred continuous deficits in cash flows arising from operating activities, the book values of their assets were reduced to recoverable values and recorded as impairment loss in extraordinary losses, amounting to 465 million yen (buildings and structures 369 million yen, tools, furniture and fixtures 42 million yen, and other 53 million yen) as of the fiscal year ended April 30, 2019. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

In the case of the consolidated subsidiary TSUCHIKURA Co., Ltd., whole assets are grouped as a single asset group, because the company conducts a single business. For this fiscal year under review, the book values of its assets were reduced to recoverable values and recorded as impairment loss in extraordinary losses, amounting to 22 million yen (land 14 million yen, machinery and equipment 6 million yen and other assets 1 million yen) as of the fiscal year ended April 30, 2019, because it incurred continuous deficits in profit and loss arising from operating activities. The recoverable amount was measured at their net realizable values, while the amount of land was determined based on its appraisal value or devaluation of property, plant and equipment. But the net realizable values of the other assets are calculated as zero, because they are difficult to sell or to convert to other uses.

For the fiscal year ended April 30, 2020 (May 1, 2019 - April 30, 2020)

Location	Use	Type of assets	Impairment loss (million yen)
Fukuoka-shi, Fukuoka, etc.	Store, etc. (Tully's Coffee Japan Co., Ltd.)	Buildings, etc.	370
State of Delaware, U.S.	— (Distant Lands Trading Co.)	Goodwill	4,904

In the case of the consolidated subsidiary Tully's Coffee Japan Co., Ltd., asset grouping is conducted with each shop as the basic unit of measurement, as these are the smallest units of cash flow generation. Out of the stores stated in the above, for those incurred continuous deficits in cash flows arising from operating activities, the book values of their assets were reduced to recoverable values and recorded as impairment loss in extraordinary losses, amounting to 370 million yen (buildings and structures 335 million yen, tools, furniture and fixtures 34 million yen, and other 0 million yen) as of the fiscal year ended April 30, 2020. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

In the case of the consolidated subsidiary Distant Lands Trading Co., whole assets are grouped as a single asset group, because the company conducts a single business. The book values of its assets were reduced to the recoverable values and recorded as impairment loss, amounting to 4,904 million yen (goodwill 4,904 million yen) due to the not being able to rely on the excess earning power initially expected as a result of reviewing the future recoverable amount because of a significant worsening of the business environment. The recoverable amount was calculated using the value in use based on the future business plan. The discount rate applied to calculate the value in use was 8.07%.

\*6. Loss on abandonment of inventories

For the fiscal year ended April 30, 2019 (May 1, 2018 - April 30, 2019)

Please note that as extraordinary losses, we reported 673 million yen in cost related to the disposal of products that fail to meet the company's quality standards.

For the fiscal year ended April 30, 2020 (May 1, 2019 - April 30, 2020)

Not applicable

**(Segment Information, etc.)****Segment Information**

## 1. Outline of reporting segments

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

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

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

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

Profit of reporting segments is based on operating income.

Sales and transfer of intersegment are based on prevailing market price.

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

For the fiscal year ended April 30, 2019 (May 1, 2018 - April 30, 2019)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	462,841	34,555	6,756	504,153	–	504,153
(2) Intersegment	437	12	2,792	3,242	(3,242)	–
Total net sales	463,278	34,568	9,549	507,396	(3,242)	504,153
Segment profits (losses)	19,806	3,504	771	24,083	(1,263)	22,819
Segment assets	268,535	17,015	6,744	292,294	11,687	303,981
Others:						
(1) Depreciation	12,331	940	139	13,411	–	13,411
(2) Amortization of goodwill	211	–	69	280	1,496	1,777
(3) Investments to entities accounted for using equity method	1,514	–	–	1,514	–	1,514
(4) Increase in property, plant and equipment and intangible assets	10,843	1,491	47	12,383	–	12,383

Notes: i. The segment profits (losses) adjustment (1,263) million yen includes (1,496) million yen in amortization of goodwill and 232 million yen in intersegment transactions.

ii. The segment assets adjustment 11,687 million yen is unamortized balance of goodwill, and etc.

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

For the fiscal year ended April 30, 2020 (May 1, 2019 - April 30, 2020)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	444,071	32,798	6,490	483,360	–	483,360
(2) Intersegment	339	13	2,934	3,287	(3,287)	–
Total net sales	444,411	32,811	9,424	486,647	(3,287)	483,360
Segment profits (losses)	18,783	1,725	656	21,165	(1,224)	19,940
Segment assets	263,808	15,057	6,647	285,513	5,137	290,651
Others:						
(1) Depreciation	12,015	948	139	13,103	–	13,103
(2) Amortization of goodwill	211	–	67	278	1,483	1,762
(3) Investments to entities accounted for using equity method	1,483	–	–	1,483	–	1,483
(4) Increase in property, plant and equipment and intangible assets	10,810	1,805	45	12,662	–	12,662

Notes: i. The segment profits (losses) adjustment (1,224) million yen includes (1,483) million yen in amortization of goodwill and 259 million yen in intersegment transactions.

ii. The segment assets adjustment 5,137 million yen is unamortized balance of goodwill, and etc.

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

**(Notes to Per Share Data)**

For the fiscal year ended April 30, 2019 and 2020 (May 1, 2018 - April 30, 2019 and May 1, 2019 - April 30, 2020)

	Yen	
	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
Common Stock		
Net assets per share	1,229.28	1,221.92
Earnings per share	116.02	61.53
Earnings per share (diluted)	115.74	61.38
Class-A Preferred Stock		
Net assets per share	1,234.28	1,226.92
Earnings per share	126.00	71.53
Earnings per share (diluted)	125.72	71.38

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

	Fiscal year ended April 30, 2019	Fiscal year ended April 30, 2020
Earnings per share		
Profit attributable to owners of parent (Million yen)	14,462	7,793
Profit attributable to owners of parent pertaining to common stock (Million yen)	10,275	5,428
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	4,186	2,364
Weighted average number of shares of common stock (Thousands of shares)	88,567	88,231
Weighted average number of shares of Class-A Preferred Stock (Thousands of shares)	33,226	33,056
Earnings per share (diluted)		
Adjustments to profit attributable to owners of parent (Million yen)	-	-
Increase in common stock (Thousands of shares)	291	286
(*Stock acquisition rights (Thousands of shares))	(291)	(286)
Profit attributable to owners of parent pertaining to common stock (Million yen)	10,284	5,433
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	4,177	2,359
Summary of potentially dilutive shares not included in the calculation of earnings per share (diluted) due to their anti-dilutive effect	-	-

**(Notes to Subsequent Events)**

Not applicable