

## Consolidated Financial Results

Under Japanese Standards for the First Quarter of the fiscal year ending April 30, 2020 (Unaudited)

Scheduled filing date of quarterly securities report: September 13, 2019

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, 2020 (May 1, 2019 - July 31, 2019)

#### (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	
7/31/2019	130,367	-6.6%	6,207	2.3%	5,882	-7.8%	3,658	6.6%
7/31/2018	139,568	2.3%	6,068	-4.0%	6,381	3.9%	3,431	-7.1%

Note: Comprehensive income 7/31/2019: 2,690 million yen (-30.4%) 7/31/2018: 3,863 million yen (-7.3%)

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
7/31/2019	30.13		30.06	
7/31/2018	28.13		28.06	

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	
7/31/2019	301,353	148,911	49.0%
4/30/2019	303,981	150,923	49.2%

Reference: Shareholders' equity 7/31/2019: 147,775 million yen 4/30/2019: 149,661 million yen

### 2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2019	–	20.00	–	20.00	40.00
4/30/2020	–				
4/30/2020 (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, 2020 (May 1, 2019 - April 30, 2020)

(% 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	
10/31/2019	276,500	0.4%	13,400	1.4%	14,000	1.3%	9,000	3.5%	72.75
4/30/2020	510,000	1.2%	23,000	0.8%	22,800	-1.8%	14,200	-1.8%	114.21

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)	7/31/2019	89,212,380 shares	4/30/2019	89,212,380 shares
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ii. Number of treasury stock	7/31/2019	1,032,268 shares	4/30/2019	656,736 shares
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iii. Average number of shares during the period	7/31/2019	88,374,191 shares	7/31/2018	88,617,488 shares
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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, 2019 – July 31, 2019)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
7/31/2019	30.13	30.06
7/31/2018	28.13	28.06

### (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
4/30/2019	–	25.00	–	25.00	50.00
4/30/2020	–				
4/30/2020 (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 (Consolidated)
	Yen
10/31/2019	77.73
4/30/2020	124.16

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)	7/31/2019	34,246,962 shares	4/30/2019	34,246,962 shares
ii. Number of treasury stock	7/31/2019	1,190,361 shares	4/30/2019	1,189,831 shares
iii. Average number of shares during the period	7/31/2019	33,056,772 shares	7/31/2018	33,343,628 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, 2020 (May 1, 2019 - July 31, 2019), 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.

In the beverage industry, the business environment continues to be tough because of the persistent competitive sales environment between the various companies, as well as the effect of low temperatures and long periods of rain, particularly in eastern Japan.

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, 2020 was as follows.

Net sales	130,367 million yen, down 6.6%
Operating income	6,207 million yen, up 2.3%
Ordinary income	5,882 million yen, down 7.8%
Profit attributable to owners of parent	3,658 million yen, up 6.6%

Performance by each of the business segments was as follows.

### <Tea Leaves and Beverages Business>

#### [Domestic tea leaf products]

Holding “*ITO EN Dai-Cha-Kai*” (green tea demonstration sales and tasting events) and “Seminar on how to brew delicious tea,” we have proposed how to brew and enjoy delicious tea in different seasons and obtained a good reputation. In this season with increasing heat, we proposed the ice-cold brewing that provides the sweetness of green tea leaves with ease.

#### [Domestic beverage products]

We have made efforts to make “*Oi Ocha*,” our mainstay product, an even more familiar drink in the lives of Japanese people, with whom “*ocha*” is an aspect of Japanese culture, since its release on February 1, 1989. We worked toward releasing the first plastic bottle green tea beverage in the world, and have contributed to developing a new lifestyle. With the 30th anniversary of “*Oi Ocha*,” we are aiming to make it “the *ocha* of Japan,” which continues to be rooted in communities and is loved by people throughout Japan. “*Oi Ocha Japanese Green Tea*,” “*Oi Ocha strong green tea*” and “*Oi Ocha Roasted Green Tea*” with limited edition packaging that used famous places and specialty products from each of the 47 prefectures in their designs, were released on May 27, 2019 and gained popularity. As a leading tea company, we will continue to face challenges for further development so that “*Oi Ocha*,” whose history almost coincides with the Heisei era, will be loved by people as more familiar Japanese tea. The “*Oi Ocha*” brand was recognized by Guinness World Records as the world’s number one seller in “natural healthy RTD green tea beverages (sales in the most current fiscal year)” and received the official certification on May 23, 2019.

In the top barley tea brand, “*Kenko Mineral Mugicha*,” “*Kenko Mineral Mugicha Fresh Healthy Tea Blend*” was released as a new product from March 2019. It is a caffeine free barley tea beverage (certified as safe to consume for infants) in which you can thoroughly sense the “sweetness and aroma of barley” within its fresh flavor. In addition to continuing to support a healthy lifestyle, we are aiming to further expand the market share in the top barley tea brand, “*Kenko Mineral Mugicha*,” which we are expecting to grow in the future.

“*TULLY’S COFFEE*,” which is a coffee beverage, has continued to pursue professional quality as served at the specialty coffee chain TULLY’S COFFEE, and going forward, developments are occurring based on the various preferences of the customers.

#### [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]

Sales of sugar-free tea beverages such as “*Oi Ocha*” (green tea) have steadily increased, driven by the increasing health-conscious trend and the Japanese food boom, etc.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 119,769 million yen, down 7.3% year on year, and operating income of 5,269 million yen, up 2.8%.

### <Restaurant Business>

Tully's Coffee Japan Co., Ltd. released seasonal limited beverages such as "Tapioca Strawberry Cafe au Lait" and "Tapioca Hojicha Latte," with which customers can enjoy the popular tapioca, and sales of tapioca drinks increased. Furthermore, tea beverages, such as the seasonal limited "&TEA Grapefruit Separate Tea," performed favorably. In food items, "Mentaiko pasta with shrimp - finished with white wine" was released in July and gained popularity. New coffee shop openings have been smooth with the total number of coffee shops at present being 739. Further brand enhancement as a specialty coffee shop will be achieved through revitalization, such as renovating existing stores and strengthening store competitiveness, and active ongoing investment.

As a result of these activities, the Restaurant Business recorded net sales of 8,928 million yen, up 4.5% year on year, and operating income of 1,035 million yen, up 2.2%.

### <Others>

The Others recorded net sales of 1,669 million yen, down 6.4% year on year, and operating income of 210 million yen, down 14.4%.

## (2) Explanations Regarding Consolidated Financial Position

The following is a consolidated financial position for the First quarter of the fiscal year ending April 30, 2020.

Total assets as of July 31, 2019 stood at 301,353 million yen, decreased by 2,628 million yen from the end of the previous fiscal year. These changes in total assets mainly reflected a decrease of 11,774 million yen in "Cash and deposits," an increase of 2,947 million yen in "Notes and accounts receivable - trade," an increase of 6,891 million yen in "Merchandise and finished goods" and a decrease of 1,019 million yen in "Leased assets."

Liabilities as of July 31, 2019 stood at 152,442 million yen, decreased by 615 million yen from the end of the previous fiscal year. These changes in liabilities mainly reflected an increase of 3,944 million yen in "Notes and accounts payable - trade," and decreases of 2,268 million yen in "Income taxes payable" and 2,381 million yen in "Provision for bonuses."

Net assets as of July 31, 2019 stood at 148,911 million yen, decreased by 2,012 million yen from the end of the previous fiscal year. This mainly reflected an increase of 3,658 million yen in "Retained earnings" due to "Profit attributable to owners of parent," a decrease of 2,597 million yen in "Retained earnings" due to "Dividends of surplus," and a decrease of 1,981 million yen in "Treasury shares."

## (3) Explanations Regarding Forecasts for Consolidated Results and Future Outlook

As for the consolidated business outlook for the first half year and full fiscal year, no changes have been made to the forecasts that were announced on June 3, 2019.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheet

As of April 30, 2019 and July 31, 2019

(Millions of yen)

	As of April 30, 2019	As of July 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	63,738	51,964
Notes and accounts receivable - trade	56,581	59,528
Merchandise and finished goods	35,079	41,970
Raw materials and supplies	8,509	10,300
Other	13,615	12,980
Allowance for doubtful accounts	(74)	(66)
<b>Total current assets</b>	<b>177,449</b>	<b>176,679</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	22,289	22,112
Land	22,335	22,256
Leased assets, net	19,389	18,370
Other, net	20,170	20,886
<b>Total property, plant and equipment</b>	<b>84,186</b>	<b>83,626</b>
<b>Intangible assets</b>		
Goodwill	14,729	14,118
Other	4,227	3,888
<b>Total intangible assets</b>	<b>18,956</b>	<b>18,006</b>
<b>Investments and other assets</b>		
Other	23,638	23,279
Allowance for doubtful accounts	(248)	(239)
<b>Total investments and other assets</b>	<b>23,389</b>	<b>23,040</b>
<b>Total non-current assets</b>	<b>126,532</b>	<b>124,673</b>
<b>Total assets</b>	<b>303,981</b>	<b>301,353</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	30,181	34,125
Short-term loans payable	2,020	2,020
Lease obligations	5,051	4,718
Accrued expenses	24,839	26,011
Income taxes payable	4,660	2,391
Provision for bonuses	4,370	1,989
Other	5,350	5,222
<b>Total current liabilities</b>	<b>76,473</b>	<b>76,479</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	44,522	44,172
Lease obligations	7,450	6,995
Net defined benefit liability	10,313	11,616
Other	4,299	3,179
<b>Total non-current liabilities</b>	<b>76,585</b>	<b>75,963</b>
<b>Total liabilities</b>	<b>153,058</b>	<b>152,442</b>

## Quarterly Consolidated Balance Sheets – Continued

(Millions of yen)

	As of April 30, 2019	As of July 31, 2019
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,912	19,912
Capital surplus	18,640	18,644
Retained earnings	119,242	120,303
Treasury shares	(4,547)	(6,529)
<b>Total shareholders' equity</b>	<b>153,248</b>	<b>152,331</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,279	2,010
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	671	(36)
Remeasurements of defined benefit plans	(484)	(476)
<b>Total accumulated other comprehensive income</b>	<b>(3,586)</b>	<b>(4,556)</b>
<b>Share acquisition rights</b>	<b>133</b>	<b>139</b>
<b>Non-controlling interests</b>	<b>1,127</b>	<b>996</b>
<b>Total net assets</b>	<b>150,923</b>	<b>148,911</b>
<b>Total liabilities and net assets</b>	<b>303,981</b>	<b>301,353</b>



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

From May 1 to July 31, 2018 and 2019

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

(Millions of yen)

	Three months ended July 31, 2018	Three months ended July 31, 2019
<b>Net sales</b>	<b>139,568</b>	<b>130,367</b>
Cost of sales	74,604	67,813
<b>Gross profit</b>	<b>64,963</b>	<b>62,553</b>
Selling, general and administrative expenses	58,895	56,346
<b>Operating income</b>	<b>6,068</b>	<b>6,207</b>
<b>Non-operating income</b>		
Interest income	17	21
Dividend income	41	40
Foreign exchange gains	239	–
Share of profit of entities accounted for using equity method	60	26
Other	136	183
<b>Total non-operating income</b>	<b>496</b>	<b>271</b>
<b>Non-operating expenses</b>		
Interest expenses	129	96
Foreign exchange losses	–	388
Other	53	110
<b>Total non-operating expenses</b>	<b>183</b>	<b>596</b>
<b>Ordinary income</b>	<b>6,381</b>	<b>5,882</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	2	2
Gain on donation of non-current assets	–	1
<b>Total extraordinary income</b>	<b>2</b>	<b>4</b>
<b>Extraordinary losses</b>		
Loss on abandonment of non-current assets	125	10
Loss on valuation of investment securities	–	4
Impairment loss	–	4
Loss on abandonment of inventories	672	–
Loss on disaster	36	–
<b>Total extraordinary losses</b>	<b>834</b>	<b>19</b>
<b>Income before income taxes</b>	<b>5,549</b>	<b>5,866</b>
<b>Income taxes</b>	<b>2,027</b>	<b>2,177</b>
<b>Net income</b>	<b>3,521</b>	<b>3,689</b>
<b>Profit attributable to non-controlling interests</b>	<b>89</b>	<b>31</b>
<b>Profit attributable to owners of parent</b>	<b>3,431</b>	<b>3,658</b>

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

(Millions of yen)

	Three months ended July 31, 2018	Three months ended July 31, 2019
<b>Net income</b>	<b>3,521</b>	<b>3,689</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(2)	(268)
Foreign currency translation adjustment	228	(738)
Remeasurements of defined benefit plans, net of tax	32	8
Share of other comprehensive income of entities accounted for using equity method	83	(1)
<b>Total other comprehensive income</b>	<b>342</b>	<b>(999)</b>
<b>Comprehensive income</b>	<b>3,863</b>	<b>2,690</b>
Comprehensive income attributable to owners of parent	3,784	2,688
Comprehensive income attributable to non-controlling interests	78	1

**(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, 2019 (May 1, 2018 – July 31, 2018)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Other	Total		
Net sales:						
(1) Outside	129,241	8,542	1,784	139,568	–	139,568
(2) Intersegment	115	4	768	888	(888)	–
Total net sales	129,356	8,546	2,553	140,456	(888)	139,568
Segment profits (losses)	5,124	1,013	246	6,383	(315)	6,068

Notes: i. The segment profits (losses) adjustment includes (373) million yen in amortization of goodwill and 57 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, 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.