

June 5, 2020
 ITO EN, LTD. Securities numbers : 2593 (Common Stock)
 : 25935 (Class-A Preferred Stock)
 (URL <https://www.itoen.co.jp>)
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Notice of Posting of Extraordinary Loss (Impairment Loss) and Revision to Financial Results Forecast

ITO EN, LTD. (hereinafter the “Company”) hereby announces that an extraordinary loss arose in the fourth quarter of the fiscal year ended April 30, 2020, and due to this matter, the full-year consolidated financial results forecast for the fiscal year ended April 30, 2020, released on December 2, 2019, has been revised. Details are as follows.

1. Posting of impairment loss

The Company acquired 100% of the outstanding shares of Distant Lands Trading Co. (Delaware, the United States; hereinafter “DLTC”), a specialty coffee company, and made it a consolidated subsidiary in February 2015. Due to intensification of competition in the United States, however, DLTC’s profitability has declined and it is unlikely to earn profits as projected at the time of the share acquisition. In light of this situation, the Company decided to apply impairment accounting to the full amount of the unamortized balance of goodwill for DLTC after estimating expected future cash flows to be generated by DLTC. As a result, an impairment loss of 4,904 million yen will be recorded as extraordinary loss in the fourth quarter of the fiscal year ended April 30, 2020.

2. Revision of full-year financial results forecast (May 1, 2019 - April 30, 2020)

(Unit: million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share (yen) (Common Stock)
Previous forecasts (A)	498,000	23,000	22,800	14,200	114.21
Revised forecasts (B)	483,000	19,900	19,400	7,700	61.00
Difference (B-A)	- 15,000	- 3,100	- 3,400	- 6,500	
Change (%)	- 3.0	- 13.5	- 14.9	- 45.8	
(Reference) Previous year (ended April 30, 2019)	504,153	22,819	23,211	14,462	116.02

* Differences in earnings per share of Class-A Preferred Stock

Previous forecasts 124.16 yen
 Revised forecasts 71.00 yen
 (Reference) Previous year (ended April 30, 2019) 126.00 yen

3. Reason for revision of full-year financial results forecast

In the fourth quarter of the fiscal year under review, consumer spending decreased due to voluntary self-restraint on going out, reflecting the spread of COVID-19, among other things. Accordingly, the Company expects net sales, operating income and ordinary income and profit attributable to owners of parent to fall below its previous forecasts.

Moreover, as profit attributable to owners of parent is projected to fall short of the previous forecast with the posting of an extraordinary loss for said quarter, the full-year consolidated financial results forecast was revised as described above.

Note: The forecasts above have been prepared based on information available at the time this report was prepared. Actual results of operations may differ from the projected figures depending on a variety of factors in the future.