

## Consolidated Financial Results

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

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

Scheduled date of commencement of dividend payment: January 15, 2021

Supplementary documents for quarterly results prepared: Yes

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

(Figures are rounded down to million yen.)

### 1. Consolidated Performance for the Second Quarter of the Fiscal Year Ending April 30, 2021 (May 1, 2020 - October 31, 2020)

(1) Consolidated Results of Operations – cumulative

(% indicates year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen		Million yen		Million yen		Million yen	
10/31/2020	236,585	-10.9%	8,610	-39.0%	8,317	-40.0%	4,596	-48.5%
10/31/2019	265,471	-3.6%	14,107	6.8%	13,872	0.4%	8,925	2.6%

Note: Comprehensive income 10/31/2020: 4,741 million yen (-42.0%) 10/31/2019: 8,171 million yen (-11.3%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
10/31/2020	36.54	36.46
10/31/2019	72.20	72.03

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	
10/31/2020	303,900	151,719	49.5%
4/30/2020	290,651	149,695	51.0%

Reference: Shareholders' equity 10/31/2020: 150,370 million yen 4/30/2020: 148,315 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
4/30/2020	–	20.00	–	20.00	40.00
4/30/2021	–	20.00	–	–	–
4/30/2021 (Forecast)	–	–	–	20.00	40.00

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

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

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

(% indicates year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen		Million yen		Million yen		Million yen		Yen
4/30/2021	450,000	-6.9%	12,300	-38.3%	12,100	-37.7%	5,800	-25.6%	45.09

Note: Revision to the most recently forecasted consolidated results: Yes

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)	10/31/2020	89,212,380 shares	4/30/2020	89,212,380 shares
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ii. Number of treasury stock	10/31/2020	1,013,467 shares	4/30/2020	1,023,467 shares
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iii. Average number of shares during the period	10/31/2020	88,191,927 shares	10/31/2019	88,277,554 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 4.

## Reference

### (1) Per share information of Class-A Preferred Stock (May 1, 2020 – October 31, 2020)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
10/31/2020	41.54	41.46
10/31/2019	77.20	77.03

### (2) Dividends – Class-A Preferred Stock

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2020	–	25.00	–	25.00	50.00
4/30/2021	–	25.00			
4/30/2021 (Forecast)			–	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
4/30/2021	55.09

Note: Revision to the most recently forecasted consolidated results: Yes

### (4) Number of outstanding shares – Class-A Preferred Stock

i. Number of outstanding shares (including treasury stock)	10/31/2020	34,246,962 shares	4/30/2020	34,246,962 shares
ii. Number of treasury stock	10/31/2020	1,193,600 shares	4/30/2020	1,192,090 shares
iii. Average number of shares during the period	10/31/2020	33,054,234 shares	10/31/2019	33,056,683 shares

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# 1. Qualitative Information Regarding Consolidated Financial Results for This Quarter

## (1) Explanations Regarding Consolidated Results of Operations

During the six months of the fiscal year ending April 30, 2021 (May 1, 2020 - October 31, 2020), the Japanese economy has continued to be in a tough situation due to the impact of the novel coronavirus disease (COVID-19), which is spreading globally. Despite personal consumption showing signs of picking up in some areas, there are concerns about the resurgence of the spread of COVID-19 and the uncertain situation is expected to continue.

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

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

As a result, the business performance for the six months of the fiscal year ending April 30, 2021 was as follows. Please note that as extraordinary losses, we reported 9 million yen in costs related to disasters due to the Heavy Rain Event of July 2020, etc., and 378 million yen in “Loss on COVID-19 impact.”

Net sales	236,585 million yen, down 10.9%
Operating income	8,610 million yen, down 39.0%
Ordinary income	8,317 million yen, down 40.0%
Profit attributable to owners of parent	4,596 million yen, down 48.5%

Performance by each of the business segments was as follows.

### <Tea Leaves and Beverages Business>

[Domestic tea leaf products]

This year, together with “*Japanese Tea Day*” on October 1, the Company launched the in-store sales promotion campaign featuring the 3D virtual character “Avatar Tea Taster *Oi Ocha-kun*” that can be controlled remotely, held “*Online Cha-Kai* (fall tea event),” etc. and spread the enjoyment of tea in new ways.

In addition, as part of its initiatives related to tea, the Company expanded the “new tea plantations business,” which actively promotes the conversion of abandoned farmland, etc. into new large-scale tea fields to produce tea leaves exclusively for the “*Oi Ocha*” (green tea) brand, etc., to eight areas in six prefectures, including the Fukuroi area in Shizuoka prefecture from this year. Going forward, including the newly added Shizuoka prefecture, the Company will further expand the tea-producing region development project together with “cultivation under contract” and the “new tea plantations business,” aiming to maintain employment of producers and support the development of the tea industry.

Through these initiatives, the Company will convey new ways of enjoying tea and the delicious flavor and appeal of tea to many people in Japan and overseas, and help to spread interest in green tea and Japanese culture around the world.

(\*) “*Japanese Tea Day*”:

On October 1, 1587, *Hideyoshi Toyotomi* held “*Dai-Cha-Kai*” in the *Kitano Tenmangu Shrine* in Kyoto, spreading the tea culture to many people, irrespective of their social positions. Accordingly, the Company established October 1 as “*Japanese Tea Day*.” (Established 2002 by the Japan Anniversary Association)

[Domestic beverage products]

In September 2020, the Company launched sales of products from the “*Oi Ocha*” brand, which is the best-selling tea beverage brand, in plastic bottles that can be easily heated in microwave ovens. The heatable “*Oi Ocha*” products use carefully selected raw tea leaves (100% unscented and unflavored domestic tea leaves) and the Company’s original technology to produce a fragrant and delicious tea that can be enjoyed whether warm, cold or at room temperature. By providing customers with products in the same series that can be easily reheated to enjoy delicious warm tea until they are finished even if the customers drink the products slowly over time, the Company will improve the value and mindshare of the “*Oi Ocha*” brand for the fall and winter seasons.

“*Kenko Mineral Mugicha*” (healthy mineral barley tea), the best-selling non-caffeinated tea product, is quite popular among a wide range of customers as a sugar-free, caffeine-free and calorie-free beverage. Against the backdrop of increasing health-conscious trend, in addition to the demand as a beverage for drinking as a measure against heat, many customers love to drink it as a product that meets the need for replenishing water and minerals during exercise regardless of the season.

For “*TULLY’S COFFEE*,” which is a coffee beverage, the Company launched sales of “*TULLY’S COFFEE KILIMANJARO BLACK*” and “*TULLY’S COFFEE BRAZIL 100% CLEAR BITTER*” in October. The “*TULLY’S COFFEE*” brand, which pursues the utmost excellence in the coffee beans, roasting and extraction, provides products featuring the appeal of the producing countries to meet diverse customer needs.

[Overseas tea leaf products]

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

[Overseas beverage products]

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

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

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 221,395 million yen, down 9.5% year on year, and operating income of 9,893 million yen, down 21.8%.

#### <Restaurant Business>

For Tully’s Coffee Japan Co., Ltd., “*Caramel Pumpkin Latte*,” which is made using the typical fall ingredient of pumpkin and was inspired by pumpkin pudding, and new products of “*Ball Park Hot Dog*” that features a spicy and rich flavor under the concept of an overseas gourmet taste, were popular. In addition, Tully’s Coffee released various seasonal coffee beans to respond to the demand of home cafes. Among these coffee beans, especially beans such as the “*Tully’s Cupper Reserve Collection*” of gold-award winning beans from Tully’s Coffee’s own cupping contest for agricultural cooperatives throughout Guatemala performed favorably. New coffee shop openings made steady progress with the total number of coffee shops at present being 772.

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

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

As a result of these activities, the Restaurant Business recorded net sales of 11,855 million yen, down 32.6% year on year, and operating loss of 1,243 million yen, compared with operating income of 1,759 million yen in the same period last year.

#### <Others>

The Others recorded net sales of 3,334 million yen, up 6.4% year on year, and operating income of 330 million yen, up 3.4%.

## (2) Explanations Regarding Consolidated Financial Position

### (i) Assets, liabilities and net assets

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

Total assets as of October 31, 2020 stood at 303,900 million yen, increased by 13,249 million yen from the end of the previous fiscal year. These changes in total assets mainly reflected increases of 14,261 million yen in “Cash and deposits,” 4,525 million yen in “Notes and accounts receivable - trade,” and decreases of 1,736 million yen in “Merchandise and finished goods,” and 1,765 million yen in “Leased assets.”

Liabilities as of October 31, 2020 stood at 152,181 million yen, increased by 11,224 million yen from the end of the previous fiscal year. These changes in liabilities mainly reflected a decrease of 1,056 million yen in “Lease obligations,” and increases of 1,790 million yen in “Accrued expenses,” and 9,283 million yen in “Long-term loans payable.”

Net assets as of October 31, 2020 stood at 151,719 million yen, increased by 2,024 million yen from the end of the previous fiscal year. This mainly reflected an increase of 4,596 million yen in “Retained earnings” due to “Profit attributable to owners of parent,” and a decrease of 2,590 million yen in “Retained earnings” due to “Dividends of surplus.”

### (ii) Cash flows

Net cash inflows from operating activities were 13,490 million yen (compared with 13,595 million yen inflow in the same period of the previous fiscal year). The major factors affecting this were increases due to income before income taxes of 8,088 million yen and depreciation of 6,226 million yen, and decreases due to decrease (increase) in notes and accounts receivable - trade of 4,601 million yen, increase (decrease) in notes, and income taxes paid of 2,944 million yen.

Net cash outflows from investing activities were 4,300 million yen (compared with 4,652 million yen outflow in the same period of the previous fiscal year). The major factor of cash outflows was 3,963 million yen for capital investment.

Net cash inflows from financing activities were 4,782 million yen (compared with 8,059 million yen outflow in the same period of the previous fiscal year). The major factor of cash inflows was long-term loans payable of 10,173 million yen and the major factors of cash outflows were repayments of finance lease obligations of 1,983 million yen and cash dividends paid of 2,588

million yen.

As a result, cash and cash equivalents at the end of the second quarter of the fiscal year ending April 30, 2021 amounted to 77,645 million yen, increased by 13,934 million yen from the end of previous fiscal year.

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

Taking into account the results of the six months of the fiscal year under review and the recent business environment, the forecasted consolidated results for the fiscal year announced on June 15, 2020 have been revised as follows. For more information, please refer to the "Notice of Revision of Full-year Consolidated Financial Results Forecast" released today.

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share (common stock)
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	481,000	20,000	19,800	13,000	104.46
Revised forecasts (B)	450,000	12,300	12,100	5,800	45.09
Differences (B-A)	(31,000)	(7,700)	(7,700)	(7,200)	
Changes (%)	-6.4	-38.5	-38.9	-55.4	
(Reference) Previous fiscal year results (ended April 30, 2020)	483,360	19,940	19,432	7,793	61.53

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheet

As of April 30, 2020 and October 31, 2020

(Millions of yen)

	As of April 30, 2020	As of October 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	64,813	79,074
Notes and accounts receivable - trade	49,168	53,694
Merchandise and finished goods	35,710	33,974
Raw materials and supplies	10,013	10,832
Other	14,359	11,994
Allowance for doubtful accounts	(99)	(91)
<b>Total current assets</b>	<b>173,966</b>	<b>189,478</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	22,203	22,229
Land	22,046	22,138
Leased assets, net	15,527	13,761
Other, net	23,209	23,036
<b>Total property, plant and equipment</b>	<b>82,986</b>	<b>81,166</b>
<b>Intangible assets</b>		
Goodwill	7,875	7,236
Other	3,695	3,725
<b>Total intangible assets</b>	<b>11,570</b>	<b>10,961</b>
<b>Investments and other assets</b>		
Other	22,312	22,406
Allowance for doubtful accounts	(184)	(112)
<b>Total investments and other assets</b>	<b>22,128</b>	<b>22,294</b>
<b>Total non-current assets</b>	<b>116,685</b>	<b>114,422</b>
<b>Total assets</b>	<b>290,651</b>	<b>303,900</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	26,447	26,234
Short-term loans payable	6,820	6,732
Lease obligations	3,979	3,443
Accrued expenses	23,631	25,421
Income taxes payable	3,220	3,458
Provision for bonuses	3,783	3,666
Other	3,190	4,237
<b>Total current liabilities</b>	<b>71,072</b>	<b>73,194</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	38,922	48,206
Lease obligations	5,956	5,435
Net defined benefit liability	10,612	10,764
Other	4,393	4,579
<b>Total non-current liabilities</b>	<b>69,884</b>	<b>78,986</b>
<b>Total liabilities</b>	<b>140,956</b>	<b>152,181</b>

## Quarterly Consolidated Balance Sheets – Continued

(Millions of yen)

	As of April 30, 2020	As of October 31, 2020
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,912	19,912
Capital surplus	18,646	18,660
Retained earnings	121,848	123,854
Treasury shares	(6,499)	(6,464)
<b>Total shareholders' equity</b>	<b>153,907</b>	<b>155,962</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,232	1,371
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	(449)	(707)
Remeasurements of defined benefit plans	(322)	(202)
<b>Total accumulated other comprehensive income</b>	<b>(5,592)</b>	<b>(5,591)</b>
<b>Share acquisition rights</b>	<b>167</b>	<b>152</b>
<b>Non-controlling interests</b>	<b>1,213</b>	<b>1,196</b>
<b>Total net assets</b>	<b>149,695</b>	<b>151,719</b>
<b>Total liabilities and net assets</b>	<b>290,651</b>	<b>303,900</b>

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

From May 1 to October 31, 2019 and 2020

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

(Millions of yen)

	Six months ended October 31, 2019	Six months ended October 31, 2020
<b>Net sales</b>	<b>265,471</b>	<b>236,585</b>
Cost of sales	138,547	124,109
<b>Gross profit</b>	<b>126,923</b>	<b>112,475</b>
Selling, general and administrative expenses	112,815	103,864
<b>Operating income</b>	<b>14,107</b>	<b>8,610</b>
<b>Non-operating income</b>		
Interest income	57	40
Dividend income	51	36
Share of profit of entities accounted for using equity method	51	38
Other	299	280
<b>Total non-operating income</b>	<b>458</b>	<b>396</b>
<b>Non-operating expenses</b>		
Interest expenses	187	210
Foreign exchange losses	339	312
Other	167	167
<b>Total non-operating expenses</b>	<b>694</b>	<b>689</b>
<b>Ordinary income</b>	<b>13,872</b>	<b>8,317</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	4	3
Gain on donation of non-current assets	1	2
Subsidies for employment adjustment	–	739
Compensation income	48	87
<b>Total extraordinary income</b>	<b>55</b>	<b>832</b>
<b>Extraordinary losses</b>		
Loss on abandonment of non-current assets	24	69
Loss on valuation of investment securities	4	4
Impairment loss	104	488
Loss on disaster	105	9
Loss on COVID-19 impact	–	378
Other	–	111
<b>Total extraordinary losses</b>	<b>239</b>	<b>1,061</b>
<b>Income before income taxes</b>	<b>13,688</b>	<b>8,088</b>
<b>Income taxes</b>	<b>4,618</b>	<b>3,357</b>
<b>Net income</b>	<b>9,069</b>	<b>4,730</b>
<b>Profit attributable to non-controlling interests</b>	<b>144</b>	<b>134</b>
<b>Profit attributable to owners of parent</b>	<b>8,925</b>	<b>4,596</b>

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

(Millions of yen)

	Six months ended October 31, 2019	Six months ended October 31, 2020
<b>Net income</b>	<b>9,069</b>	<b>4,730</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(227)	132
Foreign currency translation adjustment	(765)	(251)
Remeasurements of defined benefit plans, net of tax	64	120
Share of other comprehensive income of entities accounted for using equity method	29	9
<b>Total other comprehensive income</b>	<b>(898)</b>	<b>10</b>
<b>Comprehensive income</b>	<b>8,171</b>	<b>4,741</b>
Comprehensive income attributable to owners of parent	8,075	4,597
Comprehensive income attributable to non-controlling interests	95	143

### (3) Quarterly Consolidated Statements of Cash Flows

For the six months ended October 31, 2019 and 2020 (May 1, 2019 - October 31, 2019 and May 1, 2020 - October 31, 2020)

(Millions of yen)

	Six months ended October 31, 2019	Six months ended October 31, 2020
<b>Cash flows from operating activities</b>		
Income before income taxes	13,688	8,088
Depreciation	6,665	6,226
Impairment loss	104	488
Amortization of goodwill	880	633
Increase (decrease) in provision for bonuses	(563)	(116)
Increase (decrease) in net defined benefit liability	283	326
Subsidies for employment adjustment	–	(739)
Loss on disaster	105	9
Interest and dividend income	(108)	(76)
Interest expenses	187	210
Foreign exchange losses (gains)	313	276
Loss on abandonment of non-current assets	24	69
Decrease (increase) in notes and accounts receivable - trade	(1,326)	(4,601)
Decrease (increase) in inventories	(2,040)	687
Decrease (increase) in other current assets	1,202	2,102
Increase (decrease) in notes and accounts payable - trade	(2,530)	(168)
Increase (decrease) in accrued consumption taxes	(22)	202
Increase (decrease) in other current liabilities	1,112	2,283
Other, net	15	(89)
<b>Subtotal</b>	<b>17,991</b>	<b>15,812</b>
Interest and dividend income received	89	92
Interest expenses paid	(188)	(210)
Income taxes paid	(4,297)	(2,944)
Subsidies for employment adjustment received	–	739
<b>Net cash provided by (used in) operating activities</b>	<b>13,595</b>	<b>13,490</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	608	(305)
Purchase of property, plant and equipment and intangible assets	(5,168)	(3,963)
Proceeds from sales of investment securities	1	1
Purchase of shares of subsidiaries and associates	(42)	(129)
Decrease (increase) in other investments	(51)	97
<b>Net cash provided by (used in) investing activities</b>	<b>(4,652)</b>	<b>(4,300)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	–	(100)
Proceeds from long-term loans payable	–	10,173
Repayments of long-term loans payable	(700)	(701)
Purchase of treasury shares	(1,995)	(3)
Proceeds from disposal of treasury shares	0	0
Repayments of finance lease obligations	(2,527)	(1,983)
Cash dividends paid	(2,593)	(2,588)
Dividends paid to non-controlling interests	(233)	(5)
Other payments	(9)	(8)
<b>Net cash provided by (used in) financing activities</b>	<b>(8,059)</b>	<b>4,782</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(397)</b>	<b>(38)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>485</b>	<b>13,934</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>61,950</b>	<b>63,710</b>
<b>Cash and cash equivalents at end of period</b>	<b>62,435</b>	<b>77,645</b>

**(4) 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 Second 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, etc.)**

[Segment Information]

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

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

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	244,733	17,602	3,135	265,471	–	265,471
(2) Intersegment	168	6	1,498	1,672	(1,672)	–
Total net sales	244,901	17,609	4,633	267,144	(1,672)	265,471
Segment profits (losses)	12,650	1,759	320	14,730	(622)	14,107

Notes: i. The segment profits (losses) adjustment includes (740) million yen in amortization of goodwill and 118 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 six months of the fiscal year ending April 30, 2021 (May 1, 2020 – October 31, 2020)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	221,395	11,855	3,334	236,585	–	236,585
(2) Intersegment	160	4	1,583	1,748	(1,748)	–
Total net sales	221,555	11,860	4,918	238,334	(1,748)	236,585
Segment profits (losses)	9,893	(1,243)	330	8,980	(369)	8,610

Notes: i. The segment profits (losses) adjustment includes (494) million yen in amortization of goodwill and 124 million yen in intersegment transactions.

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