Financial Results

for the Fiscal Year Ended April 30, 2018

June 2018 ITO EN, LTD.





INDEX



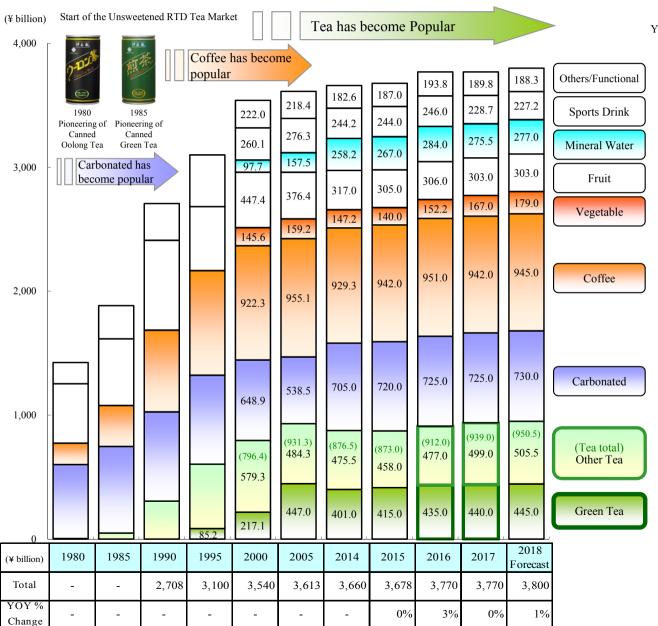
to SDGs

Soft Drink Market in Japan	P.1	
Results & Forecasts by Category (Non-Consolidated)	P.2	
Results of Operations FYE April 2018	P.3	
Forecasts FYE April 2019	P.4	
Brand: Oi Ocha (1)	P.5	<u>Appendix</u>
Brand: Oi Ocha (2)	P.6	Our Business Model Based on "Customer First' Principle
Brand: Healthy Mineral Barley Tea	P.7	About ITO EN Group (1)
Brand: TULLY'S COFFEE & Vegetable Juice	P.8	About ITO EN Group (2)
Tea Leaf Products & Matcha	P.9	Development Program of Tea-growing Area
Building the Value Chain of Coffee Business	P.10	Summary of Consolidated Balance Sheet &
Global Business Strategy	P.11	Others (Consolidated) Management Index (Consolidated)
Management Policy	P.12	Management Index (Consolidated)
ESG in Our Value Chain	P.13	
Medium and Long-Term Management Plan	P.14	Japan. Committed

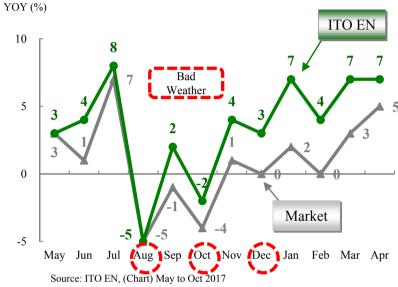
Soft Drink Market in Japan



Soft Drink Market Trends



Monthly Sales Volume Trends



Topics of Soft Drink Market (2017)

Market (Volume) stayed flat due to the weather changes in Summer 2017

(Overall thirst-quenching drinks showed slower growth)

- 1. RTD Green Tea Market: +3%
 RTD Green Tea well performed thanks to major brand renewals
- RTD Coffee Market: -1%
 500ml PET and Bottled Can led the sales but substantial decrease in SOT(stay-on-tab can) Can
- 3. Vegetable Beverage: +16% Strong growth mainly with Tomato Juice

Source: ITO EN, Calendar year

Results & Forecasts by Category (Non-Consolidated) We Love Nature



(¥ million)

	=									(± 1111111011)
		FYE Apr. 30,			FYE Apr. 30,			FYE Apr. 30,		
		2017	Sales Composition	YOY % Change	2018	Sales Composition	YOY % Change	2019 Est.	Sales Composition	YOY % Change
	Net Sales	371,831	100.0%	1.8%	383,212	100.0%	3.1%	394,300	100.0%	2.9%
	Tea Leaves	33,675	9.1%	3.7%	35,700	9.3%	6.0%	38,361	9.7%	7.5%
	Drinks	334,843	90.0%	1.6%	343,853	89.7%	2.7%	352,632	89.4%	2.6%
	Others	3,312	0.9%	-1.2%	3,659	1.0%	10.5%	3,306	0.9%	-9.6%
	Japanese Tea/Healthy Tea	183,644	49.4%	1.4%	186,579	48.7%	1.6%	192,180	48.7%	3.0%
	Chinese Tea	17,037	4.6%	-2.6%	17,421	4.5%	2.3%	17,219	4.4%	-1.2%
ks	Vegetable	44,300	11.9%	3.2%	47,154	12.3%	6.4%	49,519	12.6%	5.0%
of Drinks	Fruit	10,739	2.9%	-1.8%	11,866	3.1%	10.5%	11,542	2.9%	-2.7%
	Coffee	42,399	11.4%	3.1%	42,758	11.2%	0.8%	43,848	11.1%	2.5%
Breakdown	Black Tea	4,900	1.3%	-19.4%	5,083	1.3%	3.7%	5,273	1.3%	3.7%
reak	Functional	7,064	1.9%	2.1%	6,821	1.8%	-3.4%	6,997	1.8%	2.6%
B	Mineral Water	10,958	2.9%	17.7%	10,462	2.7%	-4.5%	10,488	2.7%	0.2%
	Carbonated	9,988	2.7%	2.4%	11,936	3.1%	19.5%	11,928	3.0%	-0.1%
	Others	3,809	1.0%	1.0%	3,768	1.0%	-1.1%	3,634	0.9%	-3.5%

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Results of Operations FYE April 2018



■Sı	ımmary of Operations (Conso	lidated and No	n-Consolid	ated)		(¥ million)
		FYE Apr. 30,		FYE Apr. 30,		
		2017	Sales Composition	2018	Sales Composition	YOY % Change
	Net Sales	475,866	100.0%	494,793	100.0%	4.0%
I						

			1 1L/Apr. 50,		1 1L71pi. 50,		
			2017	Sales Composition	2018	Sales Composition	YOY % Change
	N	et Sales	475,866	100.0%	494,793	100.0%	4.0%
	G	ross Profit	226,170	47.5%	233,983	47.3%	3.5%
		Sales Commission	79,034	16.6%	81,615	16.5%	3.3%
		Advertising	12,937	2.7%	12,491	2.5%	-3.4%
lated		Freight	12,940	2.7%	14,188	2.9%	9.6%
solid		Depreciation and Amortization	10,312	2.2%	10,873	2.2%	5.4%
Consolidated		Selling, General and Administrative Expenses	204,395	43.0%	211,939	42.8%	3.7%
	O	perating Income	21,774	4.6%	22,043	4.5%	1.2%
	O	rdinary Income	21,524	4.5%	21,441	4.3%	-0.4%
		Extraordinary Losses and Income	-801	-	-450	-	-
	N	et Income	13,693	2.9%	12,333	2.5%	-8.3%
					(Note) Accounting	for effects o	f the US tay

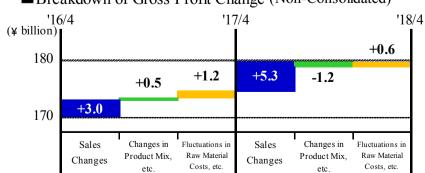
(Note)Accounting for effects of the US tax reform: -829 million yen

lated	Net Sales	371,831	100.0%	383,212	100.0%	3.1%
-Consolidated	Gross Profit	174,999	47.1%	179,707	46.9%	2.7%
n-Coi	Operating Income	15,646	4.2%	15,394	4.0%	-1.6%
Non-	Ordinary Income	17,460	4.7%	17,142	4.5%	-1.8%

■ Performances of S	Subsidiaries	(¥ million,	\$ thousand)
Upper: Net Sales Bottom: Operating Income	FYE Apr. 30, 2017	FYE Apr. 30, 2018	YOY % Change
Domestic Subsidiaries	103,478	104,722	1.2%
Domestic Subsidiaries	5,378	5,620	4.5%
Tully's Coffee	30,268	32,589	7.7%
Japan Co., Ltd.	3,130	3,250	3.8%
Chichiyasu	14,621	14,398	-1.5%
Company	300	305	1.6%
Overseas Subsidiaries	34,863	40,362	15.8%
Overseas Subsidiaries	2,225	2,619	17.7%
	30,469	35,130	15.3%
LIC Duginage	1,687	2,018	19.7%
US Business	\$281,268	\$317,650	12.9%
	\$15,573	\$18,253	17.2%
Other Overseas	4,393	5,231	19.1%
Subsidiaries	538	600	11.6%
Elimination of	-34,307	-33,504	-
Internal Transactions	-1,476	-1,592	-

Exchange rate (US\$) ¥108.4 ¥110.6 (average during a year)

■ Breakdown of Gross Profit Change (Non-Consolidated)



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Forecasts FYE April 2019



FYE Apr. 30, 2018 Sales FYE Apr. 30, 2019 Est. Sales YOY %	■ Summary of Operations (Conso	lidated and No	n-Consolid	ated)	(¥ million)
Composition Composition Change		•		• /	

			FYE Apr. 30,		FYE Apr. 30,		
			2018	Sales Composition	2019 Est.	Sales Composition	YOY % Change
	No	et Sales	494,793	100.0%	507,800	100.0%	2.6%
	G	ross Profit	233,983	47.3%	239,600	47.2%	2.4%
		Sales Commission	81,615	16.5%	81,767	16.1%	0.2%
		Advertising	12,491	2.5%	13,265	2.6%	6.2%
latec		Freight	14,188	2.9%	14,726	2.9%	3.8%
Consolidated		Depreciation and Amortization	10,873	2.2%	10,746	2.1%	-1.2%
Con		Selling, General and Administrative Expenses	211,939	42.8%	216,600	42.7%	2.2%
	0	perating Income	22,043	4.5%	23,000	4.5%	4.3%
	0:	rdinary Income	21,441	4.3%	22,500	4.4%	4.9%
		Extraordinary Losses and Income	-450	-	-1,080	-	-
	No	et Income	12,553	2.5%	14,000	2.8%	11.5%

ated	Net Sales	383,212	100.0%	394,300	100.0%	2.9%
-Consolidated	Gross Profit	179,707	46.9%	183,116	46.4%	1.9%
n-Coi	Operating Income	15,394	4.0%	16,500	4.2%	7.2%
Non-	Ordinary Income	17,142	4.5%	18,180	4.6%	6.1%

■ Performances of S	Subsidiaries	(¥ million,	\$ thousand)
Upper: Net Sales Bottom: Operating Income	FYE Apr. 30,	FYE Apr. 30,	WOWA
Bottom: Operating meanic	2018	2019 Est.	YOY % Change
Domestic Subsidiaries	104,722	108,242	
Domestic Subsidiaries	5,620	5,429	-3.4%
Tully's Coffee	32,589	34,300	5.2%
Japan Co., Ltd.	3,250	3,270	0.6%
Chichiyasu	14,398	15,100	4.9%
Company	305	370	21.0%
Overseas Subsidiaries	40,362	39,565	-2.0%
	2,619	3,096	18.2%
	35,130	34,044	-3.1%
US Business	2,018	2,015	-0.2%
US Dusilless	\$317,650	\$315,230	-0.8%
	\$18,253	\$18,660	2.2%
Other Overseas	5,231	5,521	5.5%
Subsidiaries	600	1,081	79.9%
Elimination of	-33,504	-34,308	-

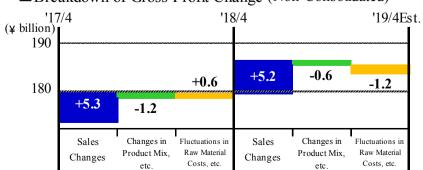
Exchange rate (US\$) ¥110.6 ¥108.0 (average during a year)

Internal Transactions

■ Breakdown of Gross Profit Change (Non-Consolidated)

-1,592

-2,025





Brand: Oi Ocha (1)



Green Tea Beverage Market



Oi Ocha

No.1 Brand in RTD Tea Category *1



*1 Source: ITO EN, Jan to Dec 2017

RTD Roasted Green Tea

Promoting Summer Consumption

RTD Roasted
Green Tea
No.1 Share
70%

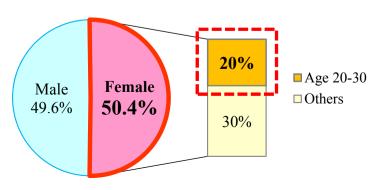
*2 Source: ITO EN, Jan to Dec 2017



Developing New Fan Base



User Composition of "Oi Ocha Shin-Ryoku" (New Green Tea) *3





Brand: Oi Ocha (2)



RTD Tea Brands Led by "Oi Ocha"

Long Selling Brand marks the 30th Anniversary

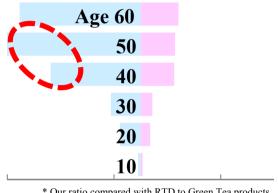


Double in Healthy Catechin with Matcha*



❤ 伊藤園

❤ 伊藤園



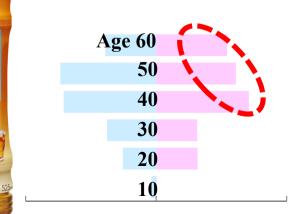
^{*} Our ratio compared with RTD to Green Tea products

The Ice Brew Green Tea with Matcha



Roasted Green Tea, Used 100% First Flush Tea Leaves grown in Japan

Male 51% Female 49%



FOSHU (Tea Catechin)





Low-Caffeine (Jasmine Tea etc.)





Caffeine-Free (Rooibos Tea etc.)



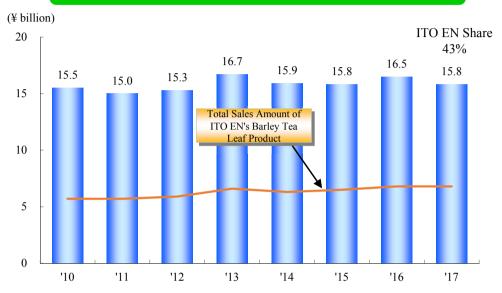




Brand: Healthy Mineral Barley Tea

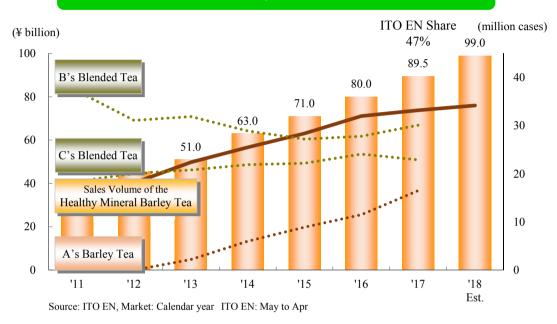


Barley Tea Leaf Product Market



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

RTD Barley Tea Market



Easy and Tasty with Cold Brew
Tea Bag Products Supplying Minerals



Instant Barley Tea



FOODEX 美良女子 グランプリク 2017 タ





No.1 Share in "Caffeine-Free RTD Tea" Category*

Supplement Minerals for Sports Activities



Frozen Bottle



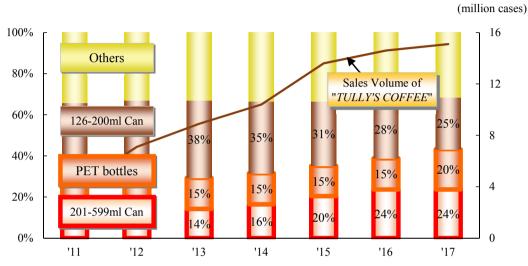
* Source: ITO EN, Jan to Dec 2017



Brand: TULLY'S COFFEE & Vegetable Juice



RTD Coffee Market



Source: ITO EN, Market: INTAGE Inc. SRI, 2011 to 2017 ITO EN: May 2011 to Apr 2017 Market share by sales amount for all coffee beverage containers and quantities (total for supermarkets, convenience stores and drug stores)

TULLY'S COFFEE Brand

Accumulated sales volume achieved

Over 100 million

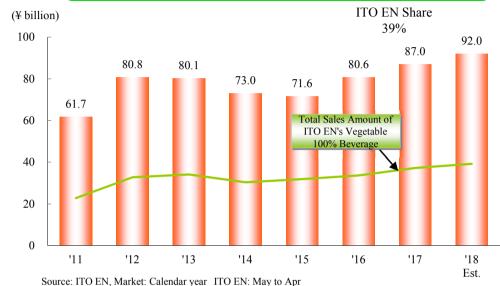




Sugar-Free Latte



100% Vegetable Juice Market



One day Veggie (a day's worth of vegetables)

Promote Collaboration with Managerial Nutritionist





Aojiru (Green Juice)

Double-digit Growth



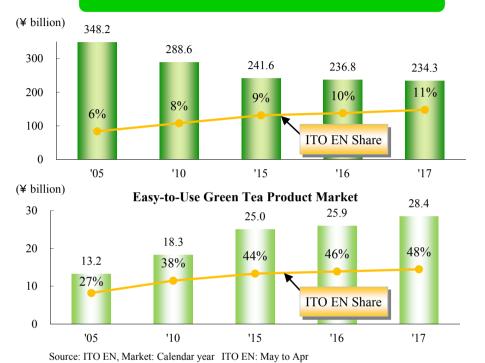


20 Packs (Sticks) ¥1.410 (Tax Excluded)

Tea Leaf Products & Matcha



Green Tea Leaf Product Market



Stimulating the Japanese Green Tea Leaves Market

Sales Shelf with Hanger Hook

Increase in

SKUs and Sales



"ITO EN Dai-Cha-Kai" (sales demonstration and tasting events of green tea) held by our certified TEA TASTER employees





Perfect Tea Pot



"Skilled Professional on ITO EN TEA TASTER"
was Approved by Ministry of Health, Labor
and Welfare

Expand Distribution of "ITO EN Matcha"



Original Clean Processing Facilities



Overseas Sales Volume of Matcha Products

(Increased) Tripled in Three Years

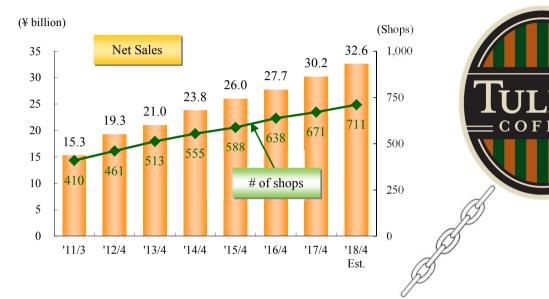


High Quality and Vivid Green Color

Building the Value Chain of Coffee Business



Tully's Coffee Japan Co., Ltd. **Business Overview**



Distant Lands Trading Co.

Our Business Scope: From Coffee Farm to Distributions

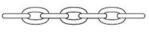




The Company's Own Farms and Mills are Rainforest Alliance Certified









Value Creation throughout Our Integrated Coffee Business System

Production / Planning / **Production** / **Procurement** Logistics **Development** Overseas: DLTC Overseas: DLTC Overseas: DLTC Own roasting factory ■ Domestic: ITO EN, Tully's Coffee Own farm and mills in Costa Rica ■ Domestic: ITO EN, Tully's Coffee Development of beverage products Own roasting factory

Sales

- Overseas: DLTC (Mainly USA)
- Domestic: ITO EN

(Supermarket · CVS · Vending Machine) **Tully's Coffee Shops**







silverskin-composition paper napkins

Overseas Business Strategy



Connect the people of the World with "Oi Ocha" and

Oi Ocha Japanese Green Tea

Mid-Term Goals

Annual Sales Volume

100 Million Cases



1996

Launched

PET 500ml Bottle

2017

"Oi Ocha"

Accelerate the Overseas

Business Strategy

- ·Universal Label Design
- ·Product description in Local Languages

2015

Launched **Global Brand** MATCHA GREEN TEA







Launched the World's First

Canned

Green Tea *

1985



Launched "Oi Ocha"

Brand

1989



Management Policy



Sustainable Growth

1. Strengthening of the Domestic Business

- Strengthen the Existing Brands
- **Development of the New Brands**
- Increasing Company's Share in the Beverage Market
- Improvement of Profitability



2. Strengthening of the International Business

- Double-digit Growth, Mainly in North America
- Maximize the Group's Synergy



3. Strengthening ROE Management

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



4. Promotion of Sustainability Management

- •Enhancement of Governance
- Further effort of CSR/CSV Issues

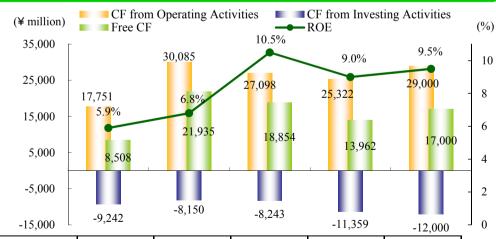




Sales force = (Sojourn time in store) \times (Frequency of visits)



Consolidated Cash Flows

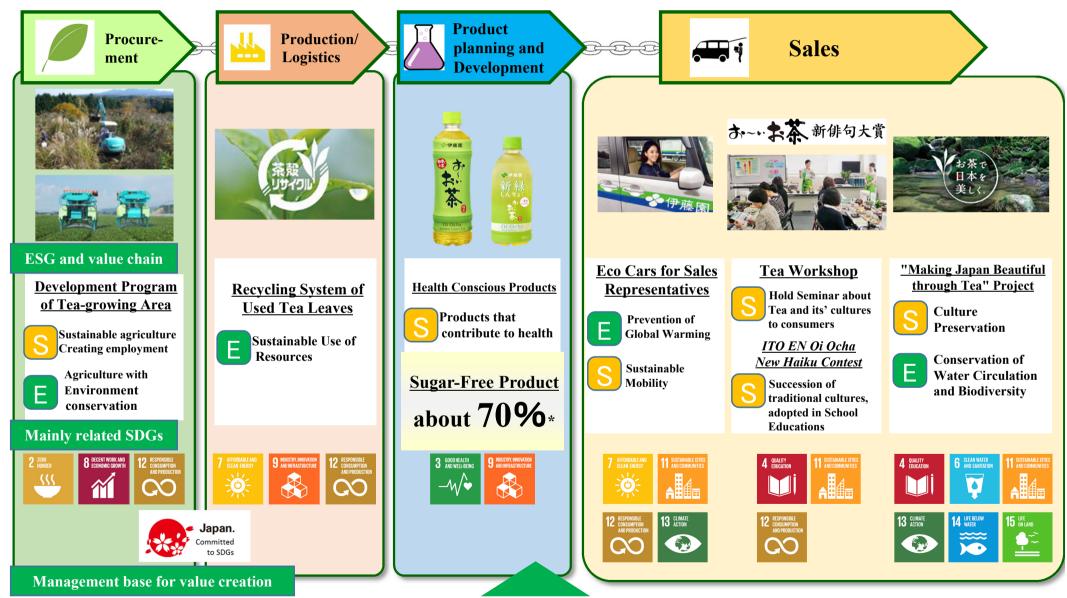


					,
	'15/4	'16/4	'17/4	'18/4	'19/4Est.
Capital Investments	3,731	8,603	8,135	11,062	12,535
Depreciation Amortization	4,568	5,203	5,418	6,179	6,915
Leased Assets Depr.	11,085	10,872	7,051	7,042	6,751
Lease obligations (Repayment)	-12,143	-11,236	-10,361	-8,616	-7,115

ESG in Our Value Chain



Management base for sustainable growth







Corporate Governance / Risk Management / Compliance / Supply Chain Management / Respect for Human Rights / Human Resource Management / Financial Management

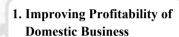
Medium and Long-Term Management Plan





2015 - 2017

Medium-Term Management Plan



2. Launched Global Brand Products



2018 - 2022

Medium and Long-Term Management Plan

Long-Term Vision

"Global Tea Company"

Towards a "Global Tea Company"

- 1. Global expansion of " **ITO EN**" and "Oi Ocha" Brands
- 2. <u>#.1</u> market shares both in Domestic and Global Green Tea Markets
- 3. Train world-class Tea Tasters

Domestic:

Excellent Beverage Company Challenge for New Businesses

- 1. Strengthen the Brand and Develop New Brands
- 2. Increase Customers and Improving Profitability
- 3. Challenge for New Businesses

2020

30th Anniversary of the "Oi Ocha" (February 2019)

The Tokyo Olympic and Paralympic Games (to be held in Tokyo in 2020)

FYE April 2022 Plan (Consolidated)

Net Sales

ROE

Total Return Ratio

¥600.0 billion

Over 10%

Over 40%

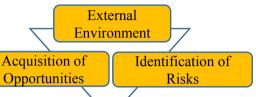
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Appendix

Our Business Model Based on "Customer First" Principle



We will create various added value by optimizing the allocation of capital in our business activities.



Input Management capital (Source of competitive advantage)

Financial capital

•Financial management integrated with business model

Manufacturing capital

- Fabless management in cooperation with manufacturing subcontractors
- •Five block system of production and logistics
- · Sales bases nationwide

Intellectual capital

- Five product development concepts
- ·Brand strength
- Traceability
- Quality control system for manufacturing subcontractors

Human capital

- ·Route sales
- ·Professional team of Tea Taster

Social and relationship capital

- •Raw material procurement capability with scale advantage
- •Collaboration and network with related parties

Natural capital

• Quality improvement of tea leaves and the stable procurement of raw materials based on the Tea-producing region development project

Business model Strengthening of influence in the value chain Improvement of business position Production and Product Planning Logistics and Development Advantages of ITO EN Value chain that gives rise to technological innovation and creation of new markets "Always Putting the Profitability Creating Customer and shared value First" efficiency in cooperation based on a with high share and related parties CSV model Utilization of established CSR/CSV system From CSR to ESG Utilization of established CSR / CSV Community involvement and Human rights system Organizational Labor practices Consumer issues Fair operating The environment **Environment** From CSR to ESG





Outcome (value to create)

Financial capital

- Improvement of profitability and capital efficiency
- · Stable stockholder returns

Manufacturing capital

- •Flexible production in line with demand
- Supply of products nationwide on the basis of community-based sales

Intellectual capital

- •Development of products tailored to diverse needs
- Optimum sales proposals in light of various product and market trends
- •Use of optimum raw materials according to diverse products

Human capital

- · Human resources development
- Creation of a pleasant working environment

Social and relationship capital

- Safety and security of consumers
- Provision of health value to a wide range of customers
- Dissemination and succession of Japanese tradition and tea culture

Natural capital

- Promotion of environmental conservation-type agriculture
- •Energy saving, resources saving and the prevention of global warming in business activities
- Used tea leaf recycling system

About ITO EN Group (1)



Management principle

"Always Putting the Customer First"



Concept for Product Development

Natural

Products that make use of natural ingredients

Delicious

Delicious flavors that make people feel happy

Healthy

Products that support a healthy life

Welldesigned

Designs that directly convey the delicious flavors of our products

Safe

Products that people can enjoy with complete peace of mind and safety

Corporate History

- 1966 Established
- 1980 Develops the world's first Canned Oolong Tea
- 1984 Develops the world's first Canned Green Tea (launched in 1985)
- 1989 Changes the name of Canned Green Tea products to "Oi Ocha"
- 1990 Releases the world's first PET bottled green tea drinks ("Oi Ocha" Green Tea, 1.5L)
- 1998 Stock advanced to the First Section of the Tokyo Stock Exchange
- 2001 Established ITO EN (North America) INC.
- 2006 Tully's Coffee Japan Co., Ltd., into a consolidated subsidiary
- 2007 Class 1 Preferred Stock listed on the First Section of the Tokyo Stock Exchange
- 2011 Chichiyasu Company, into a consolidated subsidiary
- 2015 Distant Lands Trading Co. company became a consolidated subsidiary Beginning the Worldwide Expansion of the Global Brand
- 2016 "Matcha Ko Bo" (manufacturing factory of real Matcha Powder in ITO EN Shizuoka Sagara Factory), Kobe Factory (Hyogo Prefecture)

Production System

Mainly Raw Beverage Use Tea Leaf Processing Factory



Factory for Tea Bags Manufacturing (ITO EN KANSAI CHAGYO in Hyogo)

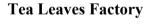


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■ Leaves for green tea & coffee: Own Manufacturing System Realization of High Quality

■Beverages: Fabricationless (5 blocks)

Production to reduce capital expenditures and transportation cost





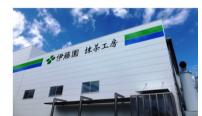


Central Research Institute

Own Coffee **Roasting Factory**



Pulverization Factory for Matcha Powder Raw Material





Factory for Tea Bags



Appendix 2

About ITO EN Group (2)

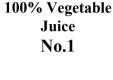


Brands Over 10 Million Cases

(Annual Sales Volume)

RTD Tea No.1





Bottle Can coffee No.1



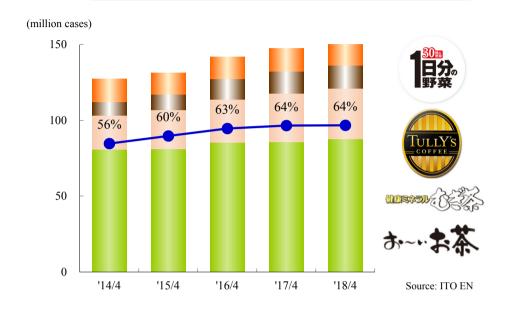






* Source: ITO EN, Jan 2017 to Dec 2017

Transition of Main Brands Product Mix



Provision of Healthy Values

Sugar-Free Products Share among

the all Beverage Sales

From Tea Farm to **Final Tea Products**

Domestic Subsidiaries





Antenna Shop









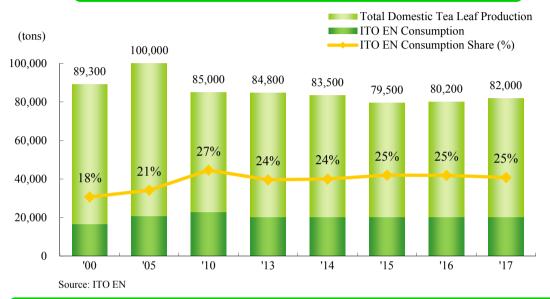


Inside the "LECT" Large Scale Commercial Facility of Izumi Co., Ltd. (Hiroshima Prefecture, Hiroshima City, West Ward)

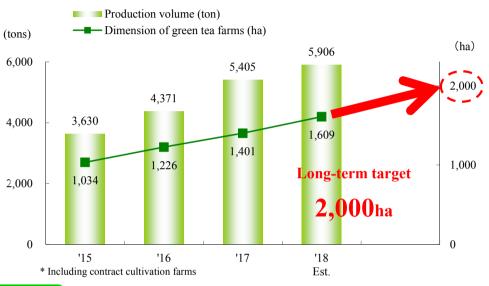
Development Program of Tea-growing Area We Love Nature



Total Volume of Domestic Green Tea Leaf Production



Development Program of Tea-growing Area



Evolution of the "Development Program of Tea-growing Area"









Utilize the same crude **Tea Factory** (Drying Process)









A variety of

Product Lineup







Appendix 4

Summary of Consolidated Balance Sheet & Others (Consolidated)



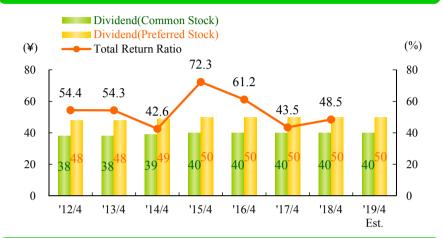
Consolidated Balance Sheet (as of April 30, 2017 and 2018)

(¥ million)

			(¥ million)
	2017	2018	Change
Current assets	174,657	173,798	-859
Cash and deposits	64,202	61,664	-2,538
Accounts receivable-trade and inventories	92,577	96,792	4,214
Property, plant and equipment	83,039	84,822	1,783
Land	21,587	21,745	157
Leased assets	27,889	24,010	-3,878
Other	33,562	39,066	5,504
Intangible fixed assets	24,454	21,588	-2,865
Goodwill	18,371	16,364	-2,007
Investments and other assets	20,254	20,971	716
Total assets	302,405	301,180	-1,225
Current liabilities	81,560	77,187	-4,372
Accounts payable	33,061	29,879	-3,182
Short-term loans payable	2,364	2,020	-344
Lease obligations	8,995	7,002	-1,992
Income taxes payable	4,490	3,948	-541
Non-current liabilities	84,135	80,241	-3,893
Corporate bonds	10,000	10,000	-
Long-term loans payable	47,433	45,922	-1,511
Lease obligations	13,468	10,282	-3,185
Total liabilities	165,696	157,429	-8,266
Net assets	136,709	143,750	7,041

■ Rating	A+	■Equity ratio	
■Bond shelf registration	¥40 billion	4/2017	45.3%
(straight bonds)		4/2018	47.1%

Dividend & Total Return Ratio



Recognition from Society

At 1st "Japan SDGs Award" (FY2017) ITO EN receives "Special SDGs Partnership Award"

We were recognized as a company working on the promotion of SDGs emphasizing partnership through the Tea-Producing Region Development Project (Large-Scale New Tea Farm Business), Used Tea Leaves Recycling System, etc.





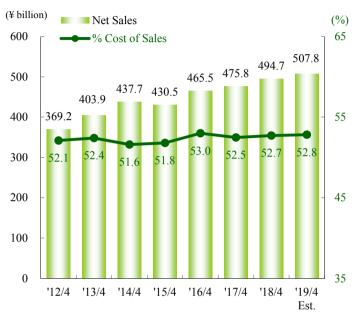
Award ceremony held at the Prime Minister's Office (December 2017)

We are permitted to post links on the Ministry of Foreign Affairs of Japan website and use the logo mark in the above figure.

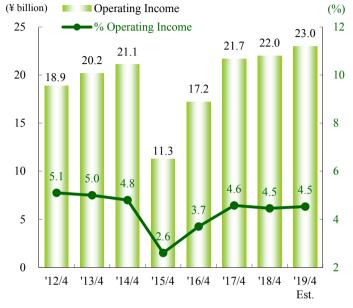
Management Indexes (Consolidated)



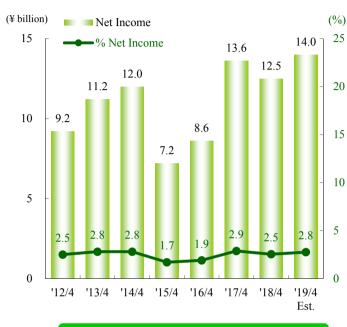




Operating Income



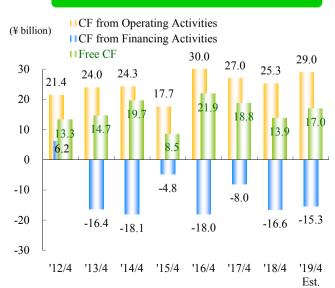
Net Income



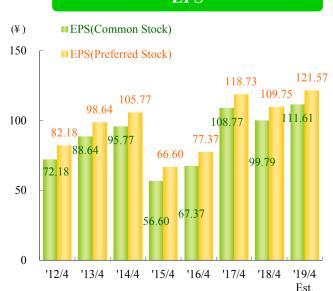
Overseas Business sales ratio



Cash Flows



EPS





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