

June 1, 2021

ITO EN, LTD. Securities numbers : 2593 (Common Stock)

: 25935 (Class-A Preferred Stock)

(URL <https://www.itoen.co.jp>)

47-10, Honmachi 3 chome, Shibuya-ku, Tokyo

Representative: Daisuke Honjo (President)

Consolidated Financial Results

Under Japanese Standards for the fiscal year ended April 30, 2021 (Unaudited)

For Immediate Release

Scheduled date of general shareholder's meeting: July 27, 2021

Scheduled date of commencement of dividend payment: July 28, 2021

Scheduled filing date of securities report: July 28, 2021

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, 2021 (May 1, 2020 - April 30, 2021)

(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	
4/30/2021	446,281	-7.7%	16,675	-16.4%	17,029	-12.4%	7,011	-10.0%
4/30/2020	483,360	-4.1%	19,940	-12.6%	19,432	-16.3%	7,793	-46.1%

Note: Comprehensive income 4/30/2021: 8,672 million yen (47.1%) 4/30/2020: 5,894 million yen (-59.1%)

	Earnings per share	Earnings per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen			
4/30/2021	55.10	54.97	4.7%	5.5%	3.7%
4/30/2020	61.53	61.38	5.2%	6.5%	4.1%

Reference: Equity in earnings (losses) of affiliated companies 4/30/2021: 114 million yen 4/30/2020: 91 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
4/30/2021	333,065	153,057	45.6%	1,250.37
4/30/2020	290,651	149,695	51.0%	1,221.92

Reference: Equity 4/30/2021: 151,773 million yen 4/30/2020: 148,315 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
4/30/2021	25,351	(7,514)	25,813	107,763
4/30/2020	24,719	(9,217)	(12,905)	63,710

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		
4/30/2020	–	20.00	–	20.00	40.00	3,527	65.0%	3.3%
4/30/2021	–	20.00	–	20.00	40.00	3,527	72.6%	3.2%
4/30/2022 (Forecast)	–	20.00	–	20.00	40.00		38.9%	

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, 2022 (May 1, 2021 - April 30, 2022)

(% represent changes from the previous fiscal year for the full year, and from the same period of the previous fiscal year for the first half of the fiscal year (cumulative))

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen		Million yen		Million yen		Million yen		Yen
10/31/2021	215,900	–	10,500	21.9%	10,400	25.0%	6,800	48.0%	54.72
4/30/2022	410,000	–	20,000	19.9%	19,800	16.3%	12,800	82.5%	102.84

Notes 1: As the Company will adopt the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. starting from the beginning of the fiscal year ending April 30, 2022, the forecasted consolidated results stated above are the forecasted figures for business performance that have applied the applicable accounting standard, etc. As a result, the rate of increase or decrease from the previous fiscal year is not shown, as net sales will be significantly affected by the application of such accounting standard, etc.

If the fiscal year ended April 30, 2021, is calculated using the same standards, net sales are expected to increase by 5.9% for the second quarter (cumulative) and 5.8% for the full year. There is no impact to operating income, ordinary income, and profit attributable to owners of parent before and after the adoption of the standard.

2: 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) 4/30/2021 89,212,380 shares 4/30/2020 89,212,380 shares

ii. Numbers of treasury stock 4/30/2021 1,012,267 shares 4/30/2020 1,023,467 shares

iii. Average number of shares during the period 4/30/2021 88,195,444 shares 4/30/2020 88,231,914 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, 2021 (May 1, 2020 - April 30, 2021)

(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	
4/30/2021	352,732	-6.6%	15,759	-5.2%	17,565	-3.2%	7,115	-45.9%
4/30/2020	377,787	-4.2%	16,626	4.9%	18,142	-2.5%	13,148	-1.0%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
4/30/2021	55.96	55.83
4/30/2020	105.69	105.44

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
4/30/2021	296,470	150,501	50.7%	1,238.65
4/30/2020	266,436	147,918	55.5%	1,217.27

Reference: Equity 4/30/2021: 150,353 million yen 4/30/2020: 147,751 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, 2022 (May 1, 2021 - April 30, 2022)

(% represent changes from the previous fiscal year for the full year, and from the same period of the previous fiscal year for the first half of the fiscal year (cumulative))

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Million yen		Million yen		Million yen		Million yen		Yen
10/31/2021	166,000	-	9,500	13.1%	10,100	7.7%	7,000	3.0%	56.37
4/30/2022	311,000	-	17,000	7.9%	17,600	0.2%	11,400	60.2%	91.30

Notes 1: As the Company will adopt the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. starting from the beginning of the fiscal year ending April 30, 2022, the forecasted non-consolidated results stated above are the forecasted figures for business performance that have applied the applicable accounting standard, etc. As a result, the rate of increase or decrease from the previous fiscal year is not shown, as net sales will be significantly affected by the application of such accounting standard, etc. If the fiscal year ended April 30, 2021, is calculated using the same standards, net sales are expected to increase by 5.0% for the second quarter (cumulative) and 4.9% for the full year. There is no impact to operating income, ordinary income, and net income before and after the adoption of the standard.

2: 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 4 in the Attachments.

(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
4/30/2021	65.10	64.97	1,255.37
4/30/2020	71.53	71.38	1,226.92

(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		
4/30/2020	–	25.00	–	25.00	50.00	1,652	69.9%	4.1%
4/30/2021	–	25.00	–	25.00	50.00	1,652	76.8%	4.0%
4/30/2022 (Forecast)	–	25.00	–	25.00	50.00		44.3%	

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

	Earnings per share (Consolidated)	Earnings per share (Non-Consolidated)
	Yen	Yen
10/31/2021	59.72	61.37
4/30/2022	112.84	101.30

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

- | | | | | |
|---|-----------|-------------------|-----------|-------------------|
| i. Numbers of outstanding shares (including treasury stock) | 4/30/2021 | 34,246,962 shares | 4/30/2020 | 34,246,962 shares |
| ii. Numbers of treasury stock | 4/30/2021 | 1,196,320 shares | 4/30/2020 | 1,192,090 shares |
| iii. Average number of shares during the period | 4/30/2021 | 33,053,124 shares | 4/30/2020 | 33,056,063 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
4/30/2021	65.96	65.83	1,243.65
4/30/2020	115.69	115.44	1,222.27

Contents of Attachments

1. Overview of the Management Operations' Results, etc.	2
(1) Overview of the Management Operations' Results in the Current Financial Year	2
(2) Overview of the Financial Position in the Current Financial Year	3
(3) Overview of the Cash flows in the Current Financial Year	4
(4) Future Outlook	4
2. Basic Policies Concerning Selection of Accounting Standards	5
3. Consolidated Financial Statements and Main Notes	6
(1) Consolidated Balance Sheets.....	6
(2) Consolidated Statements of Income and Comprehensive Income	8
Consolidated Statements of Income.....	8
Consolidated Comprehensive Income.....	9
(3) Consolidated Statement of Changes in Shareholders' Equity	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	14
(Note Regarding the Company's Position as a Going Concern).....	14
(Basis of Presentation of Consolidated Financial Statements)	14
(Change in presentation method).....	14
(Notes to Consolidated Statements of Income)	15
(Segment Information, etc.)	17
(Notes to Per Share Data).....	18
(Notes to Subsequent Events).....	18

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, 2021 (May 1, 2020 - April 30, 2021), the Japanese economy was in an extremely difficult situation due to the impact of the novel coronavirus disease (COVID-19), which is spreading globally. Despite a temporary recover in personal consumption, a state of emergency was declared twice since the beginning of the year and the uncertain situation is expected to continue.

In the beverage industry as well, the business environment continued to be tough throughout the year due to the negative impact of economic stagnation, which was the result of restrictions on activities and people refraining from going out due to the spread of COVID-19, and changes in lifestyles such as an increase in working at home, in addition to the impact of abnormal weather and unseasonable weather, such as the Heavy Rain Event of July 2020.

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.

Please note that as extraordinary losses, we reported 4,056 million yen in impairment losses on goodwill, etc. related to NEOS Co., Ltd. and stores, etc. related to Tully's Coffee Japan Co., Ltd.

Net sales	446,281 million yen, down 7.7% year on year
Operating income	16,675 million yen, down 16.4% year on year
Ordinary income	17,029 million yen, down 12.4% year on year
Profit attributable to owners of parent	7,011 million yen, down 10.0% year on year

Performance by each of the business segments were as follows.

<Tea Leaves and Beverages Business>

[Domestic tea leaf products]

In March 2021, the Company launched the "Oi Ocha, First Picking" series of tea products that, while maintaining the delicious flavor of the tea, have the functional food claim of "reducing body fat in people with a high BMI." Persons who drink this tea product can take in 340 mg of gallate catechins (per 16 g of tea leaves after brewing), which is the ingredient reported to have the function of reducing body fat in people with a high BMI. We use 100% Japanese-made first-grade tea, which is richer in catechins and amino acids compared to ordinary tea, and by brewing it with boiling water, customers can enjoy not only its strong flavor, but also the sweet aroma and rich taste of first-grade tea at the same time.

In the same month, we also launched a new version of our long-selling "One-Pot Eco Tea Bag" series of tea bags for pots that can be easily and deliciously brewed with cold or hot water. Against the backdrop of people spending more time at home, sales have been increasing for teabags for large Japanese teapots, which are convenient for using at home. For this product, we switched to environmentally friendly tea bags using filters made of plant-derived biodegradable materials.

By launching products that leverage these unique R&D capabilities, the Company, as "Ochano ITO EN," will deliver the charm of tea throughout Japan and the world, as well as contribute to the revitalization and further development of Japan's tea industry.

[Domestic beverage products]

In March 2021, the Company launched "Oi Ocha Roasted Green Tea," which has the sweet aroma unique to roasted green tea, and "Oi Ocha Green Tea with Roasted Rice," which has the sweet aroma unique to freshly roasted rice, from the "Oi Ocha" brand. Both of these products were developed in the pursuit of the "happiness aroma," which is characteristic of traditional Japanese flavored teas, by further enhancing the aroma compared to current products.

The "Oi Ocha" brand was recognized by Guinness World RecordsTM 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 third consecutive year after it was so recognized in May 2019. In 2020, accumulated sales of "Oi Ocha" surpassed 35 billion units in terms of 525-milliliter PET bottles as people became more familiar with Japanese tea. The Company will continue to provide products to people around the world in response to the needs of our customers and the changing times, while we aim to be "a company that creates healthy lives with the power of tea."

For black tea beverages, we launched "TEAs' TEA NEW AUTHENTIC Fresh Lemon Tea, Sugar-free," an aromatic sugar-free lemon-flavored tea product that is made by extracting fresh lemon together with black tea, in April 2021.

For coffee beverages, we launched "TULLY'S COFFEE BARISTA'S CAPPUCCINO," for the enjoyment of the sweet aroma of cinnamon and the deep flavor of coffee, "TULLY'S COFFEE BARISTA'S BLACK," a drink that can be diluted and easily

customized to suit one's taste simply by adding milk, water, etc., and "TULLY'S COFFEE ESPRESSO WITH MILK," a drink that provides the delicious bitterness and deep flavor of coffee made with an espresso machine, in March 2021. In addition, we launched "TULLY'S COFFEE HONEY MILK LATTE," a drink that is characterized by the gentle sweetness of honey and made with the same honey sold as "TULLY'S HONEY" at "TULLY'S COFFEE" specialty coffee shops, in April.

However, performance in the fiscal year under review was significantly affected by a delay in the recovery of demand as a result of restrictions on activities and people refraining from unnecessary and non-urgent outings associated with the declaration of a state of emergency and adoption of strict infection control measures.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 413,581 million yen, down 6.9% year on year, and operating income of 18,164 million yen, down 3.3%.

<Restaurant Business>

Tully's Coffee Japan Co., Ltd. released "Almond Praline Soy Latte," a limited time only "all soy" drink made from soymilk, "&TEA Rooibos Royal Milk Tea, Honey Ginger," a drink made from rooibos tea which has a growing market as a healthy drink, and other popular products. In addition, the need remains high for "home cafes" where customers can purchase coffee beans they like to enjoy while relaxing at home, and sales of coffee beans and "Tully's Specialty Café au Lait Base, 275 ml," which enliven the times spent drinking coffee at home, performed favorably. The total number of coffee shops at present is 764.

We are actively taking 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 fiscal year under review was significantly affected by a delay in the recovery of demand as a result of shortened operating hours and people refraining from unnecessary and non-urgent outings associated with the declaration of a state of emergency and adoption of strict infection control measures.

As a result of these activities, the Restaurant Business recorded net sales of 26,206 million yen, down 20.1% year on year, and operating loss of 1,374 million yen, compared with operating income of 1,725 million yen in the same period last year.

<Others>

The Others recorded net sales of 6,493 million yen, up 0.0% year on year, and operating income of 617 million yen, down 5.9%.

(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, 2021.

(Assets)

Total assets at the end of the fiscal year ended April 30, 2021 stood at 333,065 million yen, increased by 42,414 million yen from the previous fiscal year. These changes in total assets mainly reflected an increase of 44,617 million yen in "Cash and deposits," an increase of 3,969 million yen in "Notes and accounts receivable - trade," an increase of 1,463 million yen in "Accounts receivable - other," a decrease of 1,315 million yen in "Buildings and structures," a decrease of 3,320 million yen in "Leased assets," and a decrease of 3,249 million yen in "Goodwill."

(Liabilities)

Liabilities at the end of the fiscal year ended April 30, 2021 stood at 180,007 million yen, increased by 39,051 million yen from the previous fiscal year. These changes in liabilities mainly reflected an increase of 3,552 million yen in "Notes and accounts payable - trade," an increase of 18,184 million yen in "Short-term loans payable," a decrease of 1,945 million yen in "Lease obligations," an increase of 1,226 million yen in "Accrued expenses" and an increase of 16,936 million yen in "Long-term loans payable."

(Net assets)

Net assets at the end of the fiscal year ended April 30, 2021 stood at 153,057 million yen, increased by 3,362 million yen from the previous fiscal year. This mainly reflected an increase of 7,011 million yen in "Retained earnings" due to "Profit attributable to owners of parent," a decrease of 5,180 million yen in "Retained earnings" due to "Dividends of surplus."

As a result, the shareholders' equity ratio became 45.6% compared with 51.0% 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, 2021 amounted to 107,763 million yen, increased by 44,052 million yen from the end of the previous fiscal year.

Cash flows during the fiscal year ended April 30, 2021 and their causes are as follows.

(Cash flows from operating activities)

Net cash inflows from operating activities were 25,351 million yen (compared with 24,719 million yen inflow in the previous fiscal year). The major factors affecting this were income before income taxes of 13,395 million yen, depreciation of 12,427 million yen, amortization of goodwill of 1,266 million yen and income taxes paid of 5,949 million yen.

(Cash flows from investing activities)

Net cash outflows from investing activities were 7,514 million yen (compared with 9,217 million yen outflow in the previous fiscal year). The major factor affecting this was purchase of property, plant and equipment and intangible assets of 7,080 million yen.

(Cash flows from financing activities)

Net cash inflows from financing activities were 25,813 million yen (compared with 12,905 million yen outflow in the previous fiscal year). The major factors affecting this were long-term loans payable of 40,169 million yen, repayments of long-term borrowings of 5,608 million yen, repayments of finance lease obligations of 3,691 million yen and cash dividends paid of 5,175 million yen.

(4) Future Outlook

As for the future outlook, although vaccination against COVID-19 has started in some areas, the timing of the cessation of COVID-19 is uncertain at this point, and it is difficult to reasonably calculate the amount of impact on the business performance of the Group. Therefore, if it becomes necessary to revise the forecast of business results based on the impact of COVID-19 on business results, we will disclose it promptly.

At this current point in time, the forecast for the fiscal year ending April 30, 2022 is as follows.

Net sales	410,000 million yen	
Operating income	20,000 million yen,	up 19.9% year on year
Ordinary income	19,800 million yen,	up 16.3% year on year
Profit attributable to owners of parent	12,800 million yen,	up 82.5% year on year

As the Company will adopt the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. starting from the beginning of the fiscal year ending April 30, 2022, the figures presented above are forecasts based on the applicable standards, etc. If the fiscal year ended April 30, 2021, is calculated using the same standards, net sales are expected to increase by 5.8% for the full year. There is no impact to operating income, ordinary income, and profit attributable to owners of parent before and after the adoption of the standard.

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, 2020 and April 30, 2021

(Millions of yen)

	As of April 30, 2020	As of April 30, 2021
Assets		
Current assets		
Cash and deposits	64,813	109,430
Notes and accounts receivable - trade	49,168	53,137
Merchandise and finished goods	35,710	35,177
Raw materials and supplies	10,013	10,255
Accounts receivable - other	10,744	12,208
Other	3,614	3,774
Allowance for doubtful accounts	(99)	(103)
Total current assets	173,966	223,880
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,186	49,399
Accumulated depreciation	(26,983)	(28,511)
Buildings and structures, net	22,203	20,887
Machinery, equipment and vehicles	24,935	26,045
Accumulated depreciation	(18,426)	(19,954)
Machinery, equipment and vehicles, net	6,508	6,091
Tools, furniture and fixtures	30,112	33,635
Accumulated depreciation	(13,861)	(17,194)
Tools, furniture and fixtures, net	16,250	16,440
Land	22,046	22,060
Leased assets	47,089	36,834
Accumulated depreciation	(31,562)	(24,628)
Leased assets, net	15,527	12,206
Construction in progress	449	404
Other	-	7
Total property, plant and equipment	82,986	78,099
Intangible assets		
Goodwill	7,875	4,625
Software	984	1,001
Other	2,711	2,708
Total intangible assets	11,570	8,335
Investments and other assets		
Investment securities	3,546	4,477
Deferred tax assets	6,082	5,657
Other	12,684	12,750
Allowance for doubtful accounts	(184)	(135)
Total investments and other assets	22,128	22,749
Total non-current assets	116,685	109,184
Total assets	290,651	333,065

Consolidated Balance Sheets – Continued

(Millions of yen)

	As of April 30, 2020	As of April 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,447	29,999
Short-term loans payable	6,820	25,004
Lease obligations	3,979	2,966
Accrued expenses	23,631	24,858
Income taxes payable	3,220	3,453
Provision for bonuses	3,783	3,543
Other	3,190	3,723
Total current liabilities	71,072	93,548
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	38,922	55,858
Lease obligations	5,956	5,023
Net defined benefit liability	10,612	11,000
Deferred tax liabilities for land revaluation	719	719
Other	3,674	3,858
Total non-current liabilities	69,884	86,459
Total liabilities	140,956	180,007
Net assets		
Shareholders' equity		
Capital stock	19,912	19,912
Capital surplus	18,646	18,660
Retained earnings	121,848	123,679
Treasury shares	(6,499)	(6,466)
Total shareholders' equity	153,907	155,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,232	1,956
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	(449)	217
Remeasurements of defined benefit plans	(322)	(133)
Total accumulated other comprehensive income	(5,592)	(4,012)
Share acquisition rights	167	148
Non-controlling interests	1,213	1,136
Total net assets	149,695	153,057
Total liabilities and net assets	290,651	333,065

(2) Consolidated Statements of Income and Comprehensive Income

For the fiscal year ended April 30, 2020 and 2021 (May 1, 2019 - April 30, 2020 and May 1, 2020 - April 30, 2021)

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Net sales	483,360	446,281
Cost of sales	*1 250,605	*1 231,278
Gross profit	232,755	215,003
Selling, general and administrative expenses	*2 212,814	*2 198,327
Operating income	19,940	16,675
Non-operating income		
Interest income	95	88
Dividend income	78	65
Rent income	78	90
Compensation income for damaged products	44	28
Share of profit of entities accounted for using equity method	91	114
Gain on prepaid card	136	149
Foreign exchange gains	–	243
Other	324	360
Total non-operating income	850	1,140
Non-operating expenses		
Interest expenses	352	436
Foreign exchange losses	646	–
Loss on cancellation of leases	153	154
Other	205	195
Total non-operating expenses	1,358	786
Ordinary income	19,432	17,029
Extraordinary income		
Gain on sales of non-current assets	*3 121	*3 7
Gain on donation of non-current assets	32	6
Gain on sales of investment securities	437	–
Subsidy income	–	1,230
Compensation income	48	87
Other	5	2
Total extraordinary income	645	1,334
Extraordinary losses		
Loss on sales of non-current assets	*4 0	*4 5
Loss on abandonment of non-current assets	*5 104	*5 94
Loss on valuation of investment securities	42	4
Impairment loss	*6 5,275	*6 4,056
Loss on disaster	68	142
Loss on COVID-19 impact	218	544
Other	–	121
Total extraordinary losses	5,709	4,969
Income before income taxes	14,368	13,395
Income taxes - current	6,589	6,209
Income taxes - deferred	(167)	170
Total income taxes	6,422	6,379
Net income	7,945	7,015
Profit attributable to non-controlling interests	152	3
Profit attributable to owners of parent	7,793	7,011

Consolidated Comprehensive Income

(Millions of yen)

	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Net income	7,945	7,015
Other comprehensive income		
Valuation difference on available-for-sale securities	(968)	642
Foreign currency translation adjustment	(1,142)	722
Remeasurements of defined benefit plans, net of tax	164	190
Share of other comprehensive income of entities accounted for using equity method	(104)	100
Total other comprehensive income	(2,051)	1,656
Comprehensive income	5,894	8,672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,787	8,591
Comprehensive income attributable to non-controlling interests	107	80

(3) Consolidated Statement of Changes in Shareholders' Equity

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

For the fiscal year ended April 30, 2021 (May 1, 2020 - April 30, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	18,646	121,848	(6,499)	153,907
Changes of items during period					
Dividends of surplus			(5,180)		(5,180)
Profit attributable to owners of parent			7,011		7,011
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		13		43	56
Net changes of items other than shareholders' equity					
Total changes of items during period	-	13	1,831	33	1,878
Balance at end of current period	19,912	18,660	123,679	(6,466)	155,785

	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	1,232	(6,053)	(449)	(322)	(5,592)	167	1,213	149,695
Changes of items during period								
Dividends of surplus								(5,180)
Profit attributable to owners of parent								7,011
Purchase of treasury shares								(9)
Disposal of treasury shares								56
Net changes of items other than shareholders' equity	723	-	667	189	1,579	(18)	(76)	1,484
Total changes of items during period	723	-	667	189	1,579	(18)	(76)	3,362
Balance at end of current period	1,956	(6,053)	217	(133)	(4,012)	148	1,136	153,057

(4) Consolidated Statements of Cash Flows

For the fiscal year ended April 30, 2020 and 2021 (May 1, 2019 - April 30, 2020 and May 1, 2020 - April 30, 2021)

(Millions of yen)

	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Cash flows from operating activities		
Income before income taxes	14,368	13,395
Depreciation	13,103	12,427
Impairment loss	5,275	4,056
Amortization of goodwill	1,762	1,266
Increase (decrease) in allowance for doubtful accounts	(30)	(46)
Increase (decrease) in provision for bonuses	(587)	(239)
Increase (decrease) in net defined benefit liability	535	663
Subsidy income	—	(1,230)
Loss on disaster	68	142
Interest and dividend income	(174)	(154)
Interest expenses	352	436
Foreign exchange losses (gains)	582	(181)
Decrease (increase) in notes and accounts receivable - trade	7,187	(3,828)
Decrease (increase) in inventories	(2,554)	506
Decrease (increase) in other current assets	(423)	(1,708)
Decrease (increase) in other non—current assets	40	63
Increase (decrease) in notes and accounts payable — trade	(3,604)	3,472
Increase (decrease) in accrued consumption taxes	(764)	(62)
Increase (decrease) in other current liabilities	(1,546)	1,450
Other, net	(639)	(90)
Subtotal	32,952	30,338
Interest and dividend income received	181	167
Interest expenses paid	(354)	(436)
Income taxes paid	(8,060)	(5,949)
Subsidies received	—	1,230
Net cash provided by (used in) operating activities	24,719	25,351
Cash flows from investing activities		
Net decrease (increase) in time deposits	575	(423)
Purchase of property, plant and equipment and intangible assets	(10,348)	(7,080)
Purchase of investment securities	(6)	(56)
Proceeds from sales of investment securities	640	1
Purchase of long-term prepaid expenses	(50)	(6)
Purchase of shares of subsidiaries and associates	(42)	(129)
Decrease (increase) in other investments	14	180
Net cash provided by (used in) investing activities	(9,217)	(7,514)

Consolidated Statements of Cash Flows – Continued

(Millions of yen)

	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	600	300
Proceeds from long-term loans payable	–	40,169
Repayments of long-term loans payable	(1,400)	(5,608)
Purchase of treasury shares	(2,000)	(9)
Proceeds from disposal of treasury shares	0	0
Repayments of finance lease obligations	(4,679)	(3,691)
Cash dividends paid	(5,180)	(5,175)
Dividends paid to non-controlling interests	(345)	(158)
Proceeds from share issuance to non-controlling shareholders	112	–
Other, net	(13)	(12)
Net cash provided by (used in) financing activities	(12,905)	25,813
Effect of exchange rate change on cash and cash equivalents	(836)	402
Net increase (decrease) in cash and cash equivalents	1,760	44,052
Cash and cash equivalents at beginning of period	61,950	63,710
Cash and cash equivalents at end of period	63,710	107,763

(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	5 companies

(Change in presentation method)

(Consolidated Statements of Income)

“Loss on COVID-19 impact,” which was included in “Other” under “Extraordinary loss” in the previous consolidated fiscal year, is presented as a separate item from the current consolidated fiscal year because it exceeded 10% of total extraordinary loss. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 218 million yen presented as “Other” under “Extraordinary loss” in the consolidated statement of income for the previous fiscal year has been reclassified as “Loss on COVID-19 impact” of 218 million yen.

(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, 2020	Fiscal year ended April 30, 2021
Cost of sales	574	(657)

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

	Million yen	
	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Selling commission	80,537	74,313
Advertising	11,206	9,808
Allowance for doubtful accounts	31	12
Transportation	14,651	13,833
Salaries and wages to employees	44,836	42,327
Provision for bonuses	3,357	3,122
Retirement and severance benefit costs for employees	1,896	2,075
Lease payment	1,501	1,395
Depreciation	10,957	10,207
Research and development expenses	1,817	1,694

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

	Million yen	
	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Buildings and structures	–	0
Machinery, equipment and vehicles	4	7
Tools, furniture and fixtures	1	0
Land	115	–
Total	121	7

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

	Million yen	
	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Buildings and structures	–	5
Machinery, equipment and vehicles	0	–
Total	0	5

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

	Million yen	
	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Buildings and structures	18	7
Machinery, equipment and vehicles	14	4
Tools, furniture and fixtures	20	1
Construction in progress	5	–
Other	44	80
Total	104	94

*6. Impairment loss

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

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%.

For the fiscal year ended April 30, 2021 (May 1, 2020 - April 30, 2021)

Location	Use	Type of assets	Impairment loss (million yen)
Ota-ku, Tokyo, etc.	Store, etc. (Tully's Coffee Japan Co., Ltd.)	Buildings, etc.	1,872
Koto-ku, Tokyo	— (NEOS Co., Ltd.)	Goodwill, etc.	2,184

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 1,872 million yen (buildings and structures 1,707 million yen, tools, furniture and fixtures 150 million yen, and other 14 million yen) as of the fiscal year ended April 30, 2021. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

In the case of the consolidated subsidiary NEOS Co., Ltd., 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 2,184 million yen (goodwill 1,987 million yen and land 196 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 10.67%.

(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, 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:						
Depreciation	12,015	948	139	13,103	–	13,103
Amortization of goodwill	211	–	67	278	1,483	1,762
Investments to entities accounted for using equity method	1,483	–	–	1,483	–	1,483
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.

For the fiscal year ended April 30, 2021 (May 1, 2020 - April 30, 2021)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	413,581	26,206	6,493	446,281	–	446,281
(2) Intersegment	362	8	2,877	3,249	(3,249)	–
Total net sales	413,943	26,215	9,371	449,531	(3,249)	446,281
Segment profits (losses)	18,164	(1,374)	617	17,408	(732)	16,675
Segment assets	305,918	16,381	6,607	328,907	4,157	333,065
Others:						
Depreciation	11,292	995	138	12,427	–	12,427
Amortization of goodwill	211	–	66	277	989	1,266
Investments to entities accounted for using equity method	1,662	–	–	1,662	–	1,662
Increase in property, plant and equipment and intangible assets	7,447	2,052	111	9,611	–	9,611

Notes: i. The segment profits (losses) adjustment (732) million yen includes (989) million yen in amortization of goodwill and 256 million yen in intersegment transactions.

ii. The segment assets adjustment 4,157 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, 2020 and 2021 (May 1, 2019 - April 30, 2020 and May 1, 2020 - April 30, 2021)

	Yen	
	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Common Stock		
Net assets per share	1,221.92	1,250.37
Earnings per share	61.53	55.10
Earnings per share (diluted)	61.38	54.97
Class-A Preferred Stock		
Net assets per share	1,226.92	1,255.37
Earnings per share	71.53	65.10
Earnings per share (diluted)	71.38	64.97

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

	Fiscal year ended April 30, 2020	Fiscal year ended April 30, 2021
Earnings per share		
Profit attributable to owners of parent (Million yen)	7,793	7,011
Profit attributable to owners of parent pertaining to common stock (Million yen)	5,428	4,859
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	2,364	2,151
Weighted average number of shares of common stock (Thousands of shares)	88,231	88,195
Weighted average number of shares of Class-A Preferred Stock (Thousands of shares)	33,056	33,053
Earnings per share (diluted)		
Adjustments to profit attributable to owners of parent (Million yen)	-	-
Increase in common stock (Thousands of shares)	286	286
(*Stock acquisition rights (Thousands of shares))	(286)	(286)
Profit attributable to owners of parent pertaining to common stock (Million yen)	5,433	4,864
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	2,359	2,147
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