

Financial Results Presentation for FY2020 1Q

(Fiscal Year Ending April 30, 2021)

September 2020 ITO EN, LTD.



Financial Results for FY2020 1Q

Summary of Operations (Consolidated and Non-Consolidated) (¥ million)

	FY 2019		FY 2020			
	1Q(3months)	Sales Composition	1Q(3months)	Sales Composition	YoY % Change	
Consolidated	Net Sales	130,367	100.0%	112,714	100.0%	-13.5%
	Gross Profit	62,553	48.0%	53,760	47.7%	-14.1%
	Sales Commission	21,708	16.7%	18,754	16.6%	-13.6%
	Advertising	3,472	2.7%	2,254	2.0%	-35.1%
	Freight	4,015	3.1%	3,643	3.2%	-9.3%
	Depreciation and Amortization	2,832	2.2%	2,585	2.3%	-8.7%
	Selling, General and Administrative Expenses	56,346	43.2%	49,544	44.0%	-12.1%
	Operating Income	6,207	4.8%	4,216	3.7%	-32.1%
	Ordinary Income	5,882	4.5%	3,984	3.5%	-32.3%
	Extraordinary Losses and Income	-15	-	-60	-	-
Net Income	3,658	2.8%	1,993	1.8%	-45.5%	

Non-Consolidated	Net Sales	101,782	100.0%	90,332	100.0%	-11.2%
	Gross Profit	48,279	47.4%	43,191	47.8%	-10.5%
	Operating Income	4,365	4.3%	4,375	4.8%	0.2%
	Ordinary Income	5,260	5.2%	5,357	5.9%	1.8%

Performances of Subsidiaries (¥ million, \$ thousand)

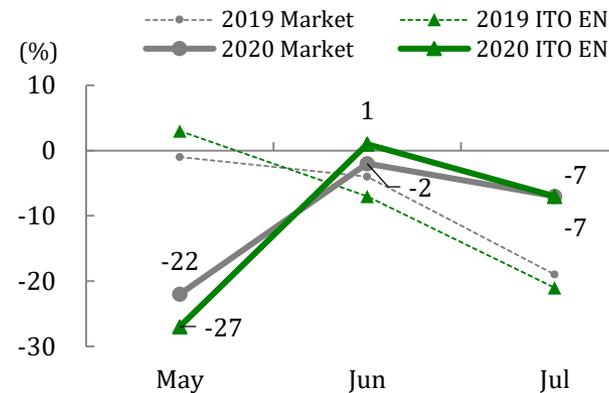
	FY 2019		FY 2020	
	1Q(3months)	1Q(3months)	1Q(3months)	YoY % Change
Upper: Net Sales				
Bottom: Operating Income				
Domestic Subsidiaries	28,264	22,680	-19.8%	
	1,699	- 348	-	
Tully's Coffee Japan Co., Ltd.	8,931	5,087	-43.0%	
	1,035	- 877	-	
Chichiyasu Company	3,812	3,781	-0.8%	
	141	230	63.1%	
Overseas Subsidiaries	9,613	8,694	-9.6%	
	517	424	-18.0%	
US Business	8,141	7,339	-9.9%	
	286	106	-62.9%	
	\$ 74,882	\$ 68,442	-8.6%	
	\$ 2,636	\$ 994	-62.3%	
Other Overseas Subsidiaries	1,472	1,355	-7.9%	
	231	318	37.7%	
Elimination of Internal Transactions	- 9,293	- 8,993	-	
	- 375	- 235	-	
Exchange rate (US\$)	108.72	107.24		
(1Q average rate)				

Results by Category

(¥ million)

1Q(3months)	FY 2019	FY 2019		FY 2020	FY 2020	
		Sales Composition	YoY % Change		Sales Composition	YoY % Change
Net Sales	101,782	100.0%	-8.1%	90,332	100.0%	-11.2%
Tea Leaves	8,583	8.5%	-1.5%	8,543	9.5%	-0.5%
Drinks	92,375	90.7%	-8.6%	81,268	89.9%	-12.0%
Tea total	59,263	58.3%	-8.2%	52,762	58.4%	-11.0%
Japanese Tea/Healthy Tea	53,743	52.9%	-7.9%	47,867	53.1%	-10.9%
Chinese Tea	4,566	4.5%	-0.7%	3,802	4.2%	-16.7%
Black Tea	954	0.9%	-39.6%	1,093	1.2%	14.5%
Vegetable	11,357	11.2%	-9.1%	11,529	12.8%	1.5%
Coffee	10,121	9.9%	-6.9%	7,963	8.8%	-21.3%
Mineral Water	2,744	2.7%	-12.5%	2,013	2.2%	-26.6%
Carbonated	3,474	3.4%	-14.2%	2,842	3.1%	-18.2%
Fruit	2,568	2.5%	-11.3%	1,985	2.2%	-22.7%
Others	2,843	2.7%	-9.0%	2,168	2.4%	-23.7%
Others	823	0.8%	-7.8%	520	0.6%	-36.7%

Monthly Sales Volume Trends



Source: ITO EN, (Chart) May to July 2020

Sales composition by Packaging

(thousand cases)

1Q(3months)	FY 2019	FY 2020	YoY %
Sales Volume	64,467	57,355	-11.0%
Cans	6,184	6,009	-2.8%
PET(large)	21,041	19,453	-7.5%
PET(small)	29,017	24,246	-16.4%
Carton	7,524	7,158	-4.9%
Others	698	486	-30.4%

ITO EN (non-consolidated) Main impact on sales *1Q (May to July, 2020)

- 11.2 %

Reference: FY2019 4Q
(Feb to Apr, 2020)

- 8.5 %

Changes in sales composition by channel

- Purchases at supermarkets and mass retailers remained steady.
- Visits to convenience stores decreased primarily in urban areas.
- Purchases from vending machines at traffic facilities, tourist facilities and offices decreased.

Other notes

- Sales were affected in May and June due to the absence of a temporary rise in demand in the previous year before increases in prices for products in large PET bottles.
- Sales in July, which had been expected to rise in reaction to the previous season's poor results caused by the cold summer, were affected again by this year's poor weather conditions.

Sales results YoY change		(Apr)	May	Jun	Jul	1Q
ITO EN (non-consolidated)		(- 22%)	- 25%	+ 0%	- 8%	- 11.2%
Business type	Supermarkets	(- 13%)	- 12%	+ 9%	+ 1%	- 1%
	Convenience Store	(- 23%)	- 33%	- 6%	- 18%	- 19%
	Vending Machine	(- 36%)	- 38%	- 8%	- 13%	- 20%
By product	Tea Total	(- 27%)	- 27%	+ 4%	- 8%	- 11%
	Vegetable	(+ 1%)	- 8%	+ 6%	+ 6%	+ 2%

Subsidiaries Main impact on sales *1Q (May to July, 2020)

Tully's Coffee Japan

- 43 %

Reference: FY2019 4Q
(Feb to Apr, 2020)

- 34 %

- Shops were operated with the highest consideration given for the safety of customers and colleagues (employees)
- Sales are on the recovery trend due to a decline in the number of temporarily closed shops and shops that shortened operating hours.

Sales results YoY change	(Apr)	May	Jun	Jul
Sales	(- 75%)	- 68%	- 34%	- 28%
Ratio of shops that suspended operations or shortened business hours (at the end of the month)	(97%)	85%	49%	35%

US Business (ITO EN (North America) INC.)

- 14 %

Reference: FY2019 4Q
(Feb to Apr, 2020)

- 9 %

- Sales to offices such as IT companies decreased as a result of teleworking.
- Online sales (online shopping services) remained strong.

China Business

- 5 %

Reference: FY2019 4Q
(Jan to Mar, 2020)

- 19 %

- Sales are on the recovery trend, reflecting the slowdown in the spread of COVID-19.

*With respect the China business, numbers are based on results for the period from April 2020 until June 2020.

August, 2020

Further expansion of the tea-producing region development project **Started to promote a new tea plantations business in the Fukuroi area, Shizuoka prefecture.**

With the support of local governments (Shizuoka prefecture and Fukuroi city), Akita Seicha LLC and the Company started to promote a new tea plantations business (the tea-producing region development project) collaboratively to convert abandoned farmland into large-scale tea fields.

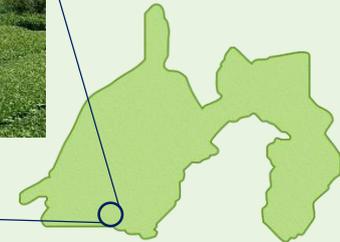
Points

- Local governments seek to revitalize abandoned farmland to maintain and develop tea production in the prefecture while simultaneously moving forward with the consolidation of farmland for farm operators.
- Farm operators facilitate stable and sustainable farm management while also creating jobs.
- ITO EN seeks to improve quality, reduce costs and maintain traceability.



An approx. 40 ha tea field in the Fukuroi area, Shizuoka prefecture.

Planted areas will be increased to **100 ha** by 2040.



October, 2020

Hot black tea beverage developed using syrup marinated in fresh orange

TEAs'TEA NEW AUTHENTIC Fresh Orange Tea



The issue that should be solved in the development of hot beverages with fruit juice flavor was how to prevent sugar from changing due to long-time continuous heating and affecting the flavor of orange. The Company has decided to release a new hot black tea beverage that tastes refreshing and slightly sweet with the inclusion of syrup marinated in fresh orange.

Launched on Oct 5



August, 2020

Started to run the Company's first TV commercial for Aojiru.

Mainichi-ippai-no (a bottle a day) Aojiru

The Company started to run its first TV commercial for Aojiru (green juice) on Monday, August 17. The product has been garnering favorable evaluations thanks to its smoothness and deliciousness, which makes it acceptable to people who dislike Aojiru. The Company will step up its efforts to continue to raise awareness of delicious Aojiru products.



Appendix : Forecast for FY2020

■ Summary of Operations (Consolidated and Non-Consolidated) (¥ million)

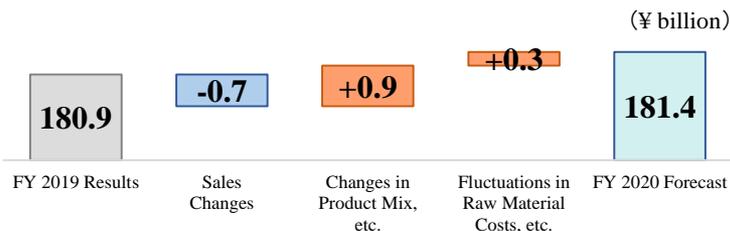
	FY 2019 Results		FY 2020 Forecast		YoY % Change	
		Sales Composition		Sales Composition		
Consolidated	Net Sales	483,360	100.0%	481,000	100.0%	-0.5%
	Gross Profit	232,755	48.2%	233,300	48.5%	0.2%
	Sales Commission	80,537	16.7%	80,764	16.8%	0.3%
	Advertising	11,206	2.3%	11,359	2.4%	1.4%
	Freight	14,651	3.0%	14,592	3.0%	-0.4%
	Depreciation and Amortization	10,957	2.3%	10,402	2.2%	-5.1%
	Selling, General and Administrative Expenses	212,814	44.0%	213,300	44.3%	0.2%
	Operating Income	19,940	4.1%	20,000	4.2%	0.3%
	Ordinary Income	19,432	4.0%	19,800	4.1%	1.9%
	Extraordinary Losses and Income	-5,064	-	-500	-	-
	Net Income	7,793	1.6%	13,000	2.7%	66.8%

Non-Consolidated	Net Sales	377,787	100.0%	376,200	100.0%	-0.4%
	Gross Profit	180,977	47.9%	181,442	48.2%	0.3%
	Operating Income	16,626	4.4%	16,700	4.4%	0.4%
	Ordinary Income	18,142	4.8%	18,600	4.9%	2.5%

■ Performances of Subsidiaries (¥ million, \$ thousand)

	FY 2019 Results		FY 2020 Forecast		YoY % Change
Upper: Net Sales					
Bottom: Operating Income					
Domestic Subsidiaries	102,885		102,334		-0.5%
	3,196		3,116		-2.5%
Tully's Coffee Japan Co., Ltd.	32,811		33,700		2.7%
	1,725		1,750		1.4%
Chichiyasu Company	14,251		13,548		-4.9%
	410		411		0.2%
Overseas Subsidiaries	36,282		36,785		1.4%
	1,617		2,093		29.4%
US Business	30,971		31,621		2.1%
	654		1,075		64.4%
	\$ 285,736		\$ 292,794		2.5%
	\$ 6,034		\$ 9,956		65.0%
Other Overseas Subsidiaries	5,311		5,163		-2.8%
	963		1,018		5.7%
Elimination of Internal Transactions	-33,595		-34,319		-
	-1,500		-1,910		-
Exchange rate (US\$)		108.39		108.00	
(average during a year)					

■ Breakdown of Gross Profit Change (Non-Consolidated)





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.