

# Financial Results Presentation for FY2021

(Fiscal Year Ended April 30, 2022)

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June 2022 ITO EN, LTD.

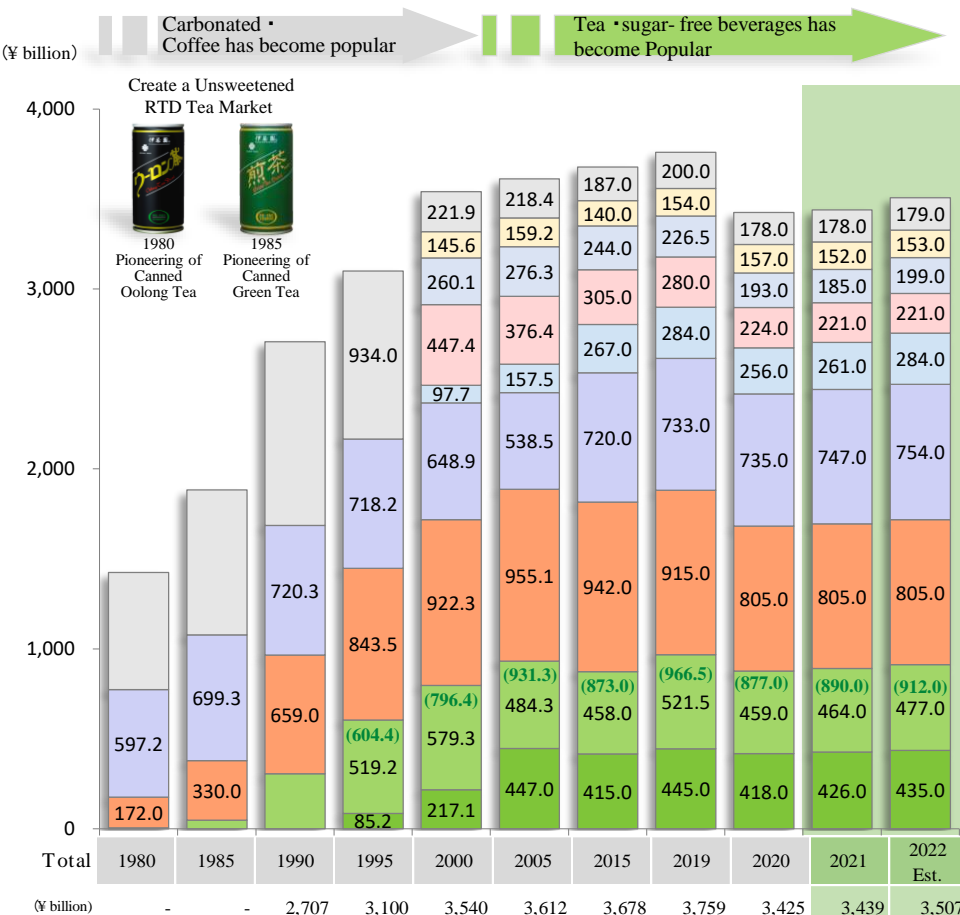


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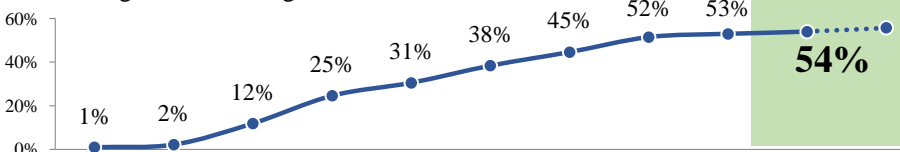
## Soft Drink Market in Japan, Financial Results and Targets

# Soft Drink Market in Japan

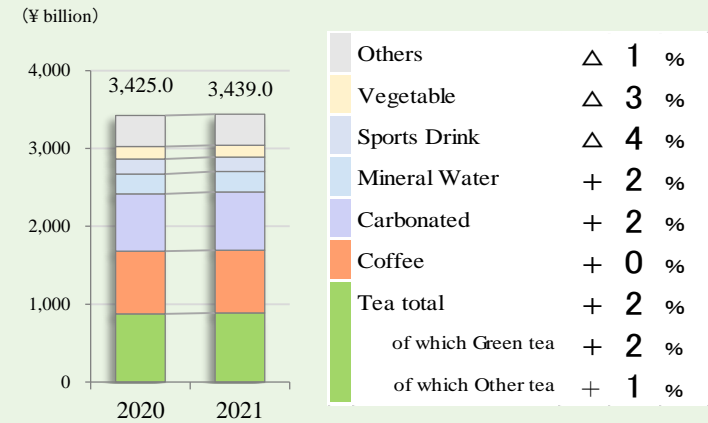
## Soft Drink Market Trends



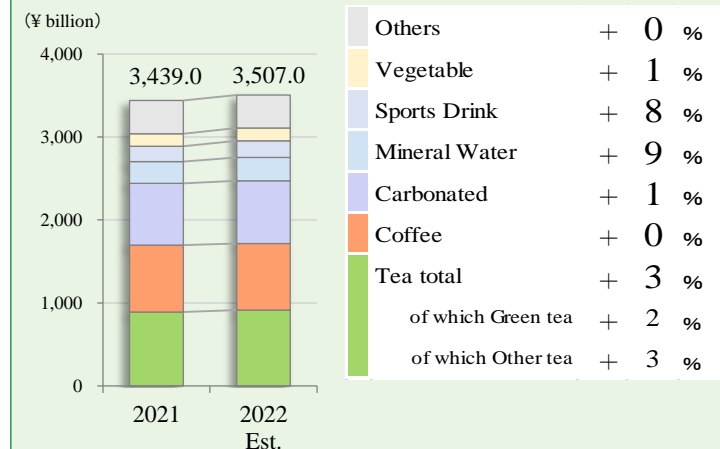
## Trends in sugar-free beverages market



## Results 2021 year YoY +0.4%



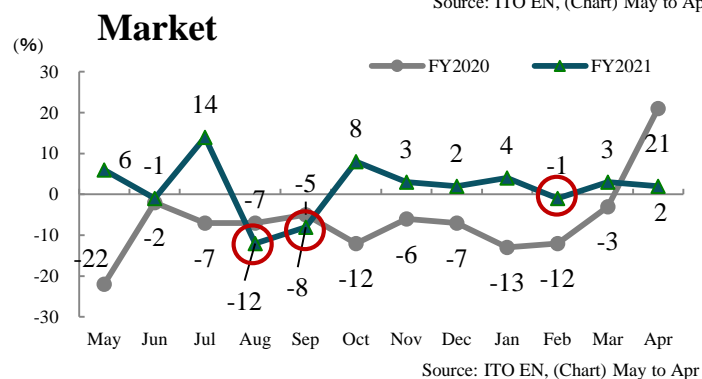
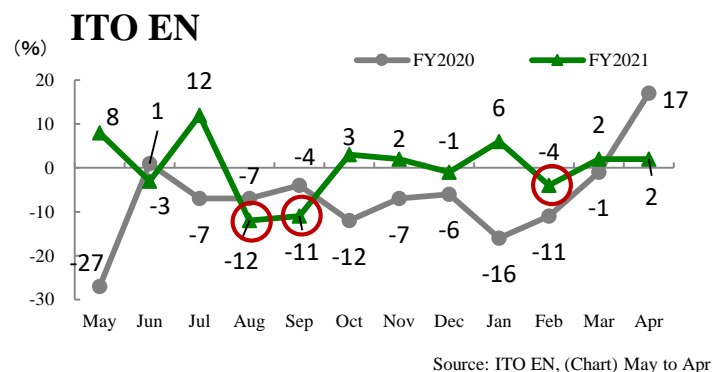
## Forecast 2022 year Est. YoY +2%



**Sugar-free beverages continue to grow as a percentage of total sales.**  
**More than half of all domestic beverages are sugar-free.**

# Soft Drink Market in Japan and ITO EN

## Monthly Sales Volume Trends



## News Related to Soft Drink Market

- 2021 May Re-issuance and extension of the state of emergency.  
Early start of the rainy season, especially in western Japan.
- Jul Early end of the rainy season in Japan.
- Aug The exceptionally long rainy season brought a record amount of rainfall.
- Sep State of emergency was extended. Weather conditions were bad.
- 2022 Jan Priority Preventative Measures in place that were once lifted are re-applied.
- Feb Colder than in average years, mainly in east and west Japan.
- Apr Warm across the country with an increasing probability of no restrictions during Golden Week.

## ITO EN (non-consolidated) FY2021

	Results	YoY %Change
Net Sales	358.4	+ 2 %
Tea Leaves	36.8	+ 1 %
Drinks	318.3	+ 1 %
Others	3.2	+ 29 %

\*Previous standard



(Unit: ten thousand case)						
Drinks sales volume by category	FY 2020 Results	Sales Composition	YoY %Change	FY 2021 Results	Sales Composition	YoY %Change
Drinks	21,585	100 %	- 7 %	21,525	100 %	- 0 %
Tea total	14,929	69 %	- 7 %	14,928	69 %	- 0 %
Japanese Tea	13,257	61 %	- 6 %	13,589	63 %	+ 3 %
Chinese Tea	1,168	5 %	- 13 %	868	4 %	- 26 %
Other Tea	504	2 %	- 15 %	470	2 %	- 7 %
Vegetable	3,257	15 %	- 3 %	2,937	14 %	- 10 %
Coffee	1,502	7 %	- 4 %	1,664	8 %	+ 11 %
Mineral Water	658	3 %	- 16 %	664	3 %	+ 1 %
Carbonated	377	2 %	- 14 %	401	2 %	+ 6 %
Others	858	4 %	- 18 %	928	4 %	+ 8 %

\*Percentages are rounded to the first decimal place, so the total may not necessarily equal 100.

Ratio of sugar-free beverages: **75 % or more**

# Financial Results for FY2021

Full year (May 2021 to April 2022)

		FY2020 Results*	*Previous Standard	FY2021 Results	Sales Composition	YoY % Change
			Sales Composition			
Consolidated	Net Sales	446,281	100.0%	400,769	100.0%	*
	Gross Profit	215,003	48.2%	159,581	39.8%	*
	Sales Commission	74,313	16.7%	252	0.1%	*
	Advertising	9,808	2.2%	9,980	2.5%	1.8%
	Freight	13,833	3.1%	13,751	3.4%	-0.6%
	Depreciation and Amortization	10,207	2.3%	9,153	2.3%	-10.3%
	Selling, General and Administrative Expenses	198,327	44.4%	140,787	35.1%	-29.0%
	Operating Income	16,675	3.7%	18,794	4.7%	12.7%
	Ordinary Income	17,029	3.8%	19,971	5.0%	17.3%
	Extraordinary Losses and Income	-3,634	-	372	-	-
	Net Income	7,011	1.6%	12,928	3.2%	84.4%

		FY2020 Results*	*Previous Standard	FY2021 Results	Sales Composition	YoY % Change
			Sales Composition			
Non-Consolidated	Net Sales	352,732	100.0%	300,319	100.0%	*
	Gross Profit	169,621	48.1%	114,135	38.0%	*
	Operating Income	15,759	4.5%	15,685	5.2%	-0.5%
	Ordinary Income	17,565	5.0%	17,409	5.8%	-0.9%

(Unit: million yen, thousand dollars// \*Previous Standard)

Upper: Net Sales Bottom: Operating Income		FY2020 Results *	FY2021 Results	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	91,732	90,390	*
		13	2,249	16,438.5%
	Tully's Coffee Japan Co., Ltd.	26,215	30,060	*
		- 1,374	860	-
	Chichiyasu Company	13,897	11,844	*
		702	734	4.5%
	Overseas Subsidiaries	35,355	41,927	18.6%
		1,864	1,472	-21.0%
	US Business	30,068	36,771	22.3%
		717	555	-22.6%
		\$ 283,135	\$ 323,156	14.1%
		\$ 6,758	\$ 4,881	-27.8%
	Other Overseas Subsidiaries	5,286	5,155	-2.5%
		1,146	917	-20.0%
	Elimination of Internal Transactions	- 33,538	- 31,867	-
- 962		- 613	-	

Exchange rate (US\$) 106.20 113.79  
(average during a year)

\*The revenue recognition standard has been applied since fiscal year 2021. A year-on-year change is not indicated for items that will be significantly impacted by this application.

# Financial Results for FY2021

## (Reference) Year-on-year comparison based on Previous Standard

Full year (May 2021 to April 2022)

		FY2020 Results	Sales Composition	FY2021 Results	Sales Composition	YoY % Change
Consolidated	Net Sales	446,281	100.0%	461,316	100.0%	3.4%
	Gross Profit	215,003	48.2%	220,205	47.7%	2.4%
	Sales Commission	74,313	16.7%	77,526	16.8%	4.3%
	Advertising	9,808	2.2%	9,980	2.2%	1.8%
	Freight	13,833	3.1%	13,751	3.0%	-0.6%
	Depreciation and Amortization	10,207	2.3%	9,153	2.0%	-10.3%
	Selling, General and Administrative Expenses	198,327	44.4%	201,532	43.7%	1.6%
	Operating Income	16,675	3.7%	18,672	4.0%	12.0%
	Ordinary Income	17,029	3.8%	19,849	4.3%	16.6%
	Extraordinary Losses and Income	-3,634	-	372	-	-
	Net Income	7,011	1.6%	12,848	2.8%	83.2%

		FY2020 Results	Sales Composition	FY2021 Results	Sales Composition	YoY % Change
Non-Consolidated	Net Sales	352,732	100.0%	358,435	100.0%	1.6%
	Gross Profit	169,621	48.1%	172,328	48.1%	1.6%
	Operating Income	15,759	4.5%	15,685	4.4%	-0.5%
	Ordinary Income	17,565	5.0%	17,409	4.9%	-0.9%

(Unit: million yen, thousand dollars)

	Upper: Net Sales Bottom: Operating Income	FY2020 Results	FY2021 Results	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	91,732	93,734	2.2%
		13	2,127	15,544.1%
	Tully's Coffee Japan Co., Ltd.	26,215	29,938	14.2%
		- 1,374	739	-
	Chichiyasu Company	13,897	13,424	-3.4%
		702	734	4.5%
	Overseas Subsidiaries	35,355	41,927	18.6%
		1,864	1,472	-21.0%
	US Business	30,068	36,771	22.3%
		717	555	-22.6%
		\$ 283,135	\$ 323,156	14.1%
		\$ 6,758	\$ 4,881	-27.8%
	Other Overseas Subsidiaries	5,286	5,155	-2.5%
		1,146	917	-20.0%
	Elimination of Internal Transactions	- 33,538	- 32,781	-
		- 962	- 613	-
Exchange rate (US\$) (average during a year)		106.20	113.79	



# Forecasts for FY 2022

(Unit: million yen, thousand dollars)

		FY2021		FY2022		
		Results	Sales Composition	Forecast	Sales Composition	YoY % Change
Consolidated	Net Sales	400,769	100.0%	418,000	100.0%	4.3%
	Gross Profit	159,581	39.8%	162,300	38.8%	1.7%
	Sales Commission	252	0.1%	258	0.1%	2.2%
	Advertising	9,980	2.5%	11,015	2.6%	10.4%
	Freight	13,751	3.4%	14,291	3.4%	3.9%
	Depreciation and Amortization	9,153	2.3%	8,310	2.0%	-9.2%
	Selling, General and Administrative Expenses	140,787	35.1%	142,300	34.0%	1.1%
	Operating Income	18,794	4.7%	20,000	4.8%	6.4%
	Ordinary Income	19,971	5.0%	19,500	4.7%	-2.4%
	Extraordinary Losses and Income	372	-	-500	-	-
	Net Income	12,928	3.2%	12,000	2.9%	-7.2%

		FY2021		FY2022		
		Results	Sales Composition	Forecast	Sales Composition	YoY % Change
Non-Consolidated	Net Sales	300,319	100.0%	312,500	100.0%	4.1%
	Gross Profit	114,135	38.0%	116,500	37.3%	2.1%
	Operating Income	15,685	5.2%	16,500	5.3%	5.2%
	Ordinary Income	17,409	5.8%	17,800	5.7%	2.2%

Upper: Net Sales Bottom: Operating Income		FY2021		FY2022	
		Results		Forecast	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	90,390		96,314	6.6%
		2,249		2,528	12.4%
	Tully's Coffee Japan Co., Ltd.	30,060		33,000	9.8%
		860		1,200	39.5%
	Chichiyasu Company	11,844		12,560	6.0%
		734		735	0.1%
	Overseas Subsidiaries	41,927		46,515	10.9%
		1,472		1,612	9.5%
	US Business	36,771		40,412	9.9%
		555		377	-32.1%
		\$ 323,156		\$ 336,770	4.2%
		\$ 4,881		\$ 3,144	-35.6%
	Other Overseas Subsidiaries	5,155		6,102	18.4%
		917		1,234	34.6%
	Elimination of Internal Transactions	- 31,867		- 37,329	-
		- 613		- 640	-
Exchange rate (US\$) (average during a year)		113.79		120.00	



# Business Strategy and Marketing Strategy

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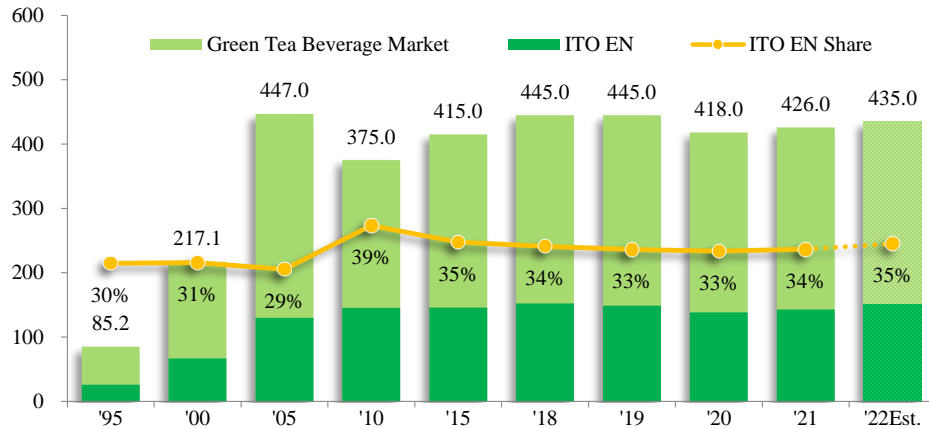
# Oi Ocha Growth Strategy

## Green Tea Beverage Market Trends

おーいお茶  
Oi Ocha

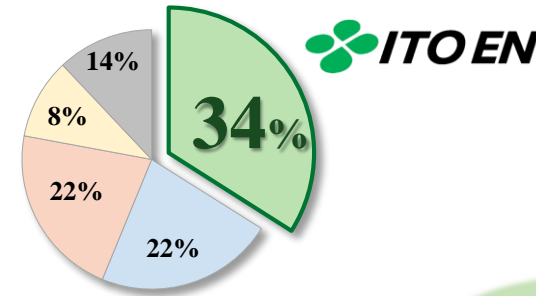
ITO EN's unique strategy creates the unsweetened beverage market and drives the green tea beverage market.

(Market / ¥billion)



Source: ITO EN Calendar year

Market share of Green Tea Beverages sold in 2021



Source: ITO EN (Forecast for 2021)



## Technology



Deliciousness/  
Quality Product Technology/  
Technology to meet the challenges of a sustainable society



## Health



Reinvigorating the market  
by expanding the lineup/  
Health benefits of Green tea and Matcha



## Communication

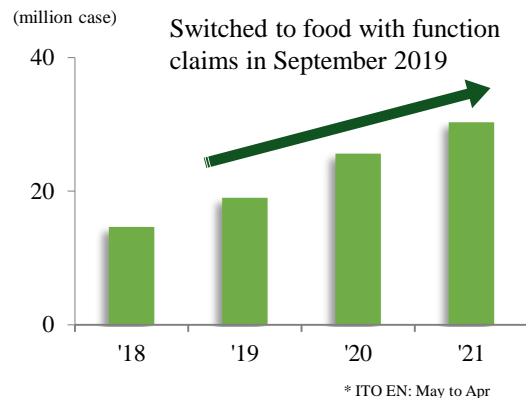


Through Tea Communication  
with customers both online and offline

“STILL NOW “ Evolve into a brand that is closer to customers and create value together with them.

## Ever-growing needs for food with function claims

### Sales trend of Oi Ocha Koicha



おーお茶 濃い茶  
“Oi Ocha Bold Green Tea”

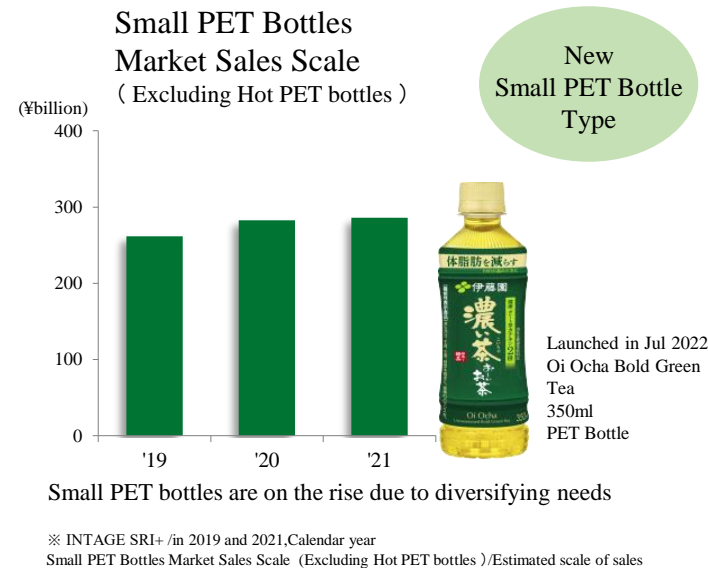
Annual sales volume in FY2021

**Over 30 million cases**

**The government-designated drink  
with function claims**

**Sales quantity #.1**

\*INTAGE SRI+ Jan to Dec 2021 (quantity base)

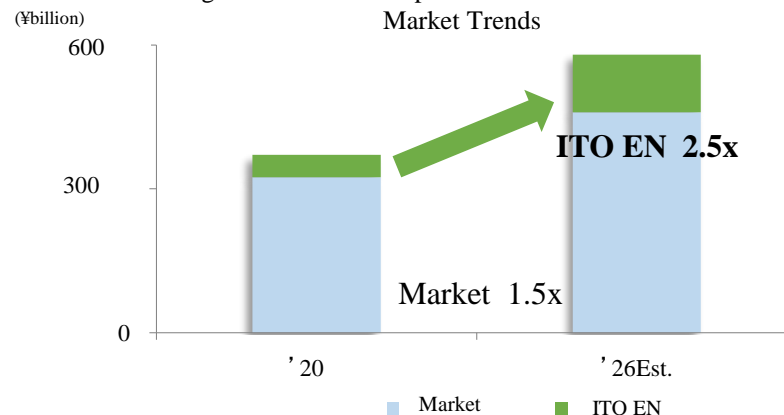


## Helping customers around the world live healthy, fulfilling lives

### Tea seminars by ITO EN Tea Tasters

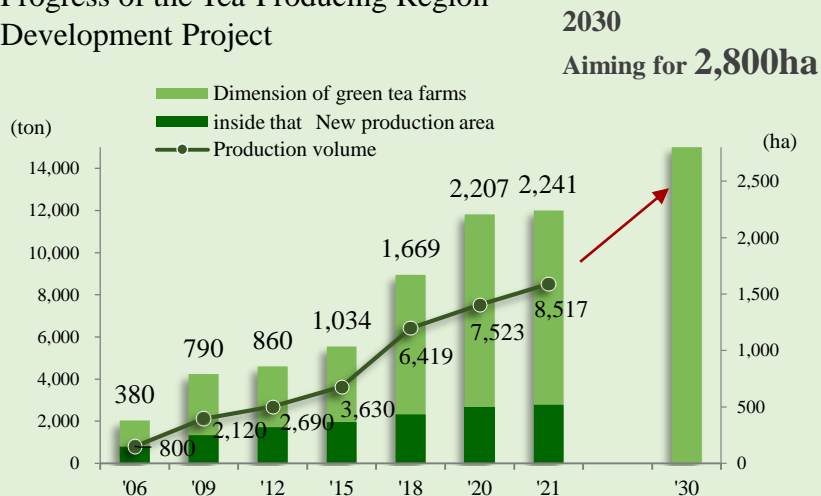


### Speeding up and strengthening to meet health value needs Forecasting FOSHU-certified products and food with function claims Market Trends



## Aiming for both stable raw material procurement and sustainable revitalization of tea farming

### Progress of the Tea-Producing Region Development Project



\*Japan's tea plantation area: Jan to Dec each year  
Tea-Producing Region Development Project : May to Apr

### Issues

- Stable production of safe and secure raw materials for green tea products that coexist with the environment.
- Creation of employment and rejuvenation of farmers.

### Actions under the Tea-Producing Region Development Project (new tea plantations business)

The implementation area consists of nine districts in seven prefectures.



Iruma District, Saitama Prefecture with full-scale development in 2022.



Exclusive crude tea leaf plant for ITO EN

### Actions to accelerate DX: AI-assisted image analysis

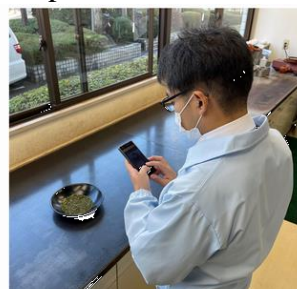
No experience in agriculture is required. ➡ Lack of successors

Lowering of tea production entry barriers

• Judgment of timing of plucking



• Component valuation of crude tea leaf



Developed lightweight panels blended using recycled tea leaves.

Adopted as a trestle for sales vehicles.

Up to 110 kg weight reduction



Use of "lightweight panels blended using recycled tea leaves" for door panels and flooring materials of the girders.



## Foundation to support Oi Ocha

### Work with lots of stakeholders

#### Raw Material Development



※ Since 1976, we have been working with tea farmers the Tea-Producing Region Development Project

#### Production and Logistics

- Production is outsourced to all over the country
- A five block system of production and logistics introduced



### Community Relations

Enjoying tea and realizing a healthy and affluent lifestyle

Project for creating shared value  
The Lifestyles with Tea Project in Senshu has begun.



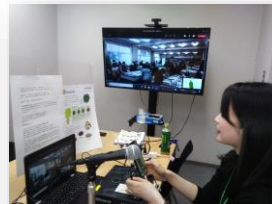
### Communication via the Internet



**CHA GOCORO**

### Interactive Communication by ITO EN Tea Tasters

#### Online communication



Tea Seminar



ITO EN Official Twitter

#### Face-to-face communication



Tea Seminar



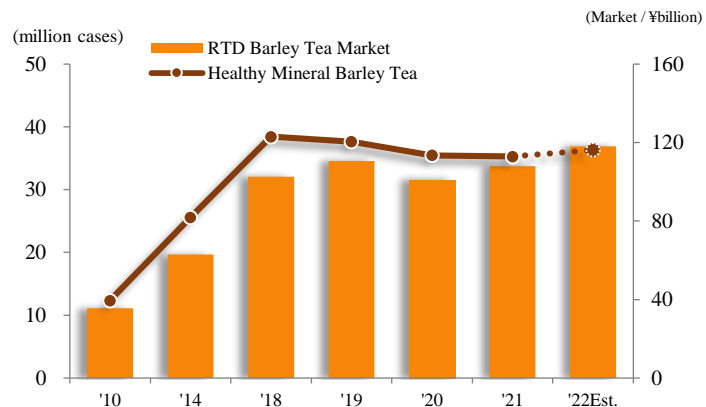
Enjoying Matcha

The post-COVID-19 pandemic, brings together relationships through communication over tea.

# Barley Tea & Vegetable Juice

## RTD Barley Tea

### RTD Barley Tea Market



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

## Supporting your healthy lifestyle

Standard

### Kenko Mineral Mugicha (Healthy Mineral Barley Tea)



Aroma and sweet richness  
So tastes great and is easy to drink

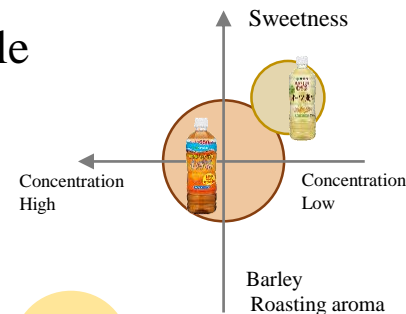
Sugar-free sports drink  
All-season, Supply of minerals



New

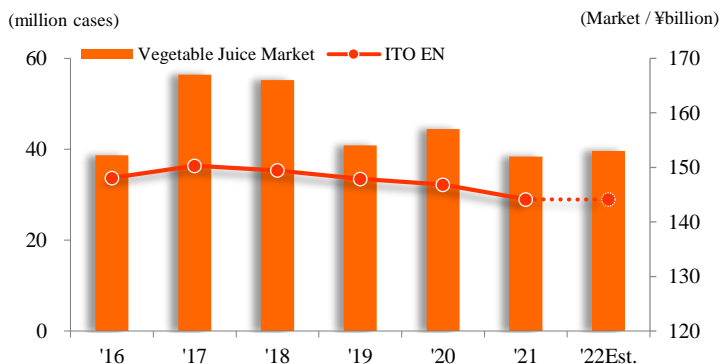
### Kenko Mineral Mugicha with Oats

Soft aroma and sweetness  
Refreshing and tasty



## Vegetable Juice

### Vegetable Juice Market



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

Strengthening the Brand through Linked Sales

### Enhance the Ichinichibun no Yasai brand



### Accelerate development of Aojiru (barley grass green Juice)



Sugar-free green juice product  
Sales volume

growth in 5 years **5x**

※ Source: ITO EN, Comparing sales volume  
in 2017 and 2021, May to Apr / Price base

Food with nutritional function claims

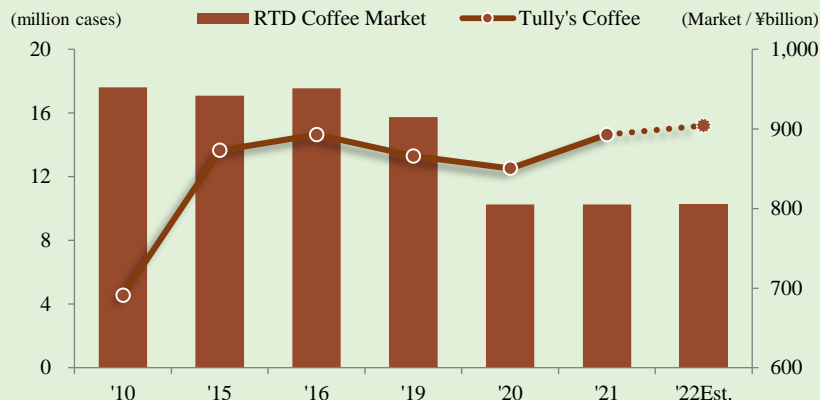
### Vegetable for Easy Health Support

New "Vegetable Dietary Education Qualification System" launched



## RTD coffee market

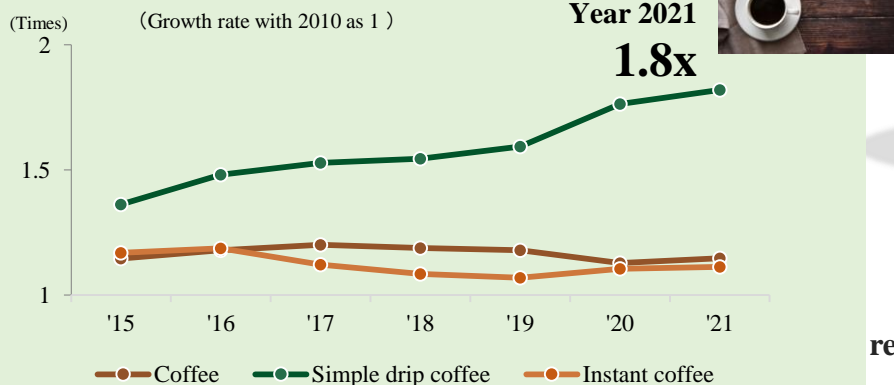
Tully's Coffee sales and the RTD coffee market



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

## Simple drip coffee THE BARISTA'S ROAST

State of household-use coffee market  
Growth rate



※Source: ITO EN, Market: Calendar year

## Lineup expansion

### TULLY'S COFFEE BARISTA'S

**BLACK**  
390ml  
Bottled-Canned

YoY  
**+ 10%**

**Sugar-free LATTE**  
370ml  
Bottled-Canned

YoY  
**+ 70%**

ITO EN: May to Apr/ Sales Volume

### Japanese tea-based latte



Hojicha latte

Matcha latte

(Roasted Green Tea latte)

## Coffee at home / Lineup expansion

### THE BARISTA'S ROAST

#### Simple Drip coffee



#### Single Use Pack(powder)



Growing demand  
related to enjoying time  
at home



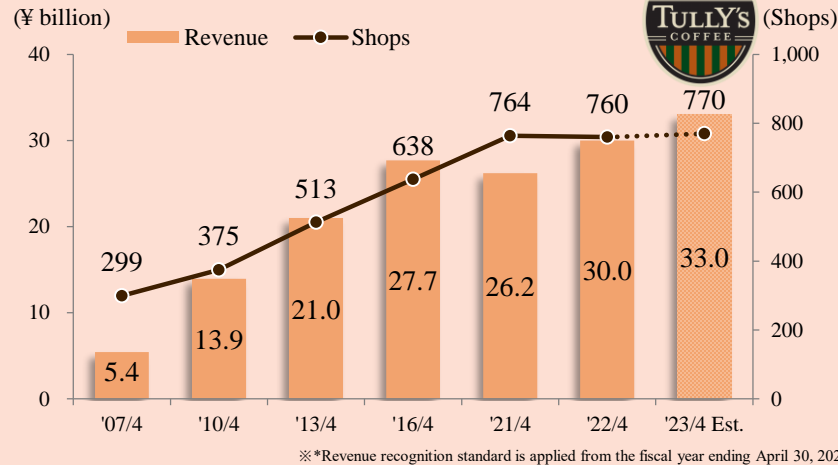
**MY HOME  
BLACK COFFEE**  
/low in sugar COFFEE

1000ml  
In one-liter paper cartons with caps



## Tully's Coffee Japan Co., Ltd

Trends in sales revenue and the number of stores operated



## Sales for FY2021 (May, 2021 to Apr, 2022)

### Sales at major locations (YoY)

In urban areas and transport facilities: + 21 %

In suburban areas: + 22 %

※\*Year-on-year comparison of net sales at stores in operation for 15 months or longer, excluding the month of launch

### Coffee beans sales (YoY)

+7.2 %



### Launched in May 2022

In commemoration of the 25th anniversary of its founding 1997 Classic Roast Full Body – TULLY'S traditional dark roast coffee

## TULLY'S COFFEE Hibiya Park Shop

Open on May 30, 2022

The first TULLY'S COFFEE shop inside a park operated by the Tokyo Metropolitan Government



It also offers soft serve ice cream, alcoholic beverages and other items available at this store only.



## Actions

1) Increase home delivery and goods sales in accordance with the diversification of lifestyles

Uber Eats  
Demaecan

Revamp of the condensed milked coffee liquid



2) Accelerate productivity enhancement

Accelerate productivity Enhancement.  
Introduce new systems to all shops.  
Rigidly implement appropriate staff shift management and others.



3) TULLY'S ACTION (Environmental protection)



Introduce paper cups for both cold and hot servings across the country



Rolling out silver skin paper straws

## Development of technology from reduced pesticides to organic cultivation

### Roadmap of ITO EN's development and promotion of tea farming technologies

#### Technical development

(remote sensing,  
steam pest control machine)

#### Establishment of technologies

(compost containing used tea leaves,  
commercialization of steam  
pest control machine)

#### Verification at contract plantations

(identifying issues, reducing costs)

#### Increasing use at contract plantations

#### ► Current initiatives to establish technologies

##### Development of fertilizers from used tea leaves.

>Produce compost with high content of  
used tea leaves. Matching beverage  
factories and contract plantations



Nitrogen Composition in Tea Husks in tea hulls

##### Recyclable Fertilizers

Reduce both fertilizer costs  
and environmental impact



Increasing use of  
steam pestcontrol machines  
>Pest control and weeding using steam



Fly pests and kill weeds

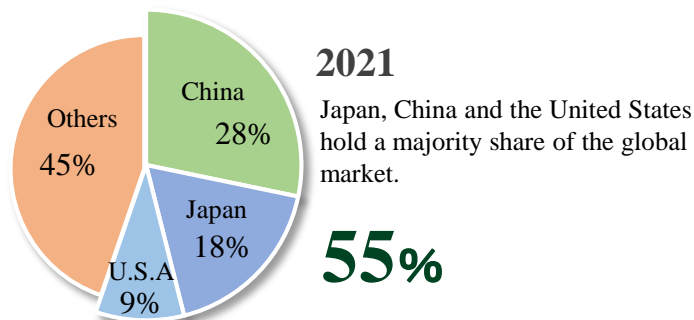
Reduction of chemical pesticides  
⇒Less herbicides

From raw materials to final products, a “safe and environmental consideration” brand. Export expansion.

# Strengthening the Overseas Business

Japanese green tea offers a healthy lifestyle to people around the world

## Global Tea Market Size by Country



※ Source: ITO EN, Market: Calendar year/U.S. dollars

## 2027

Priority regions

**Strengthen foundations in North America and China**

Priority issues

- Marketing matched with the region
- Train personnel to work globally
- Develop raw materials that conform to local standards

Embark on organic farming and low chemical farming

Ratio of overseas sales to total sales

**Over 12%**



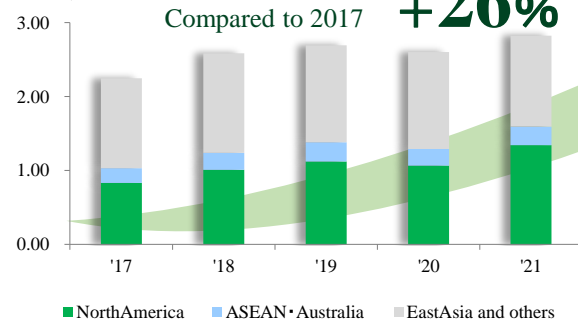
Solidify the foundation to enable the brand to become rooted in the region

## Trend in sales of Oi Ocha beverages

Overseas "Oi Ocha" sales volume

**2021**

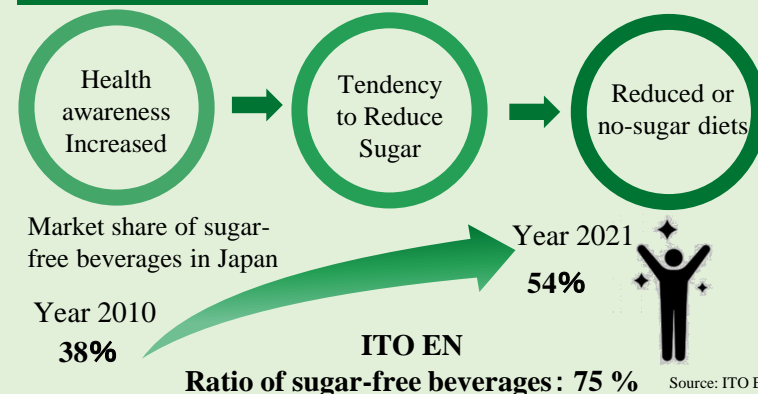
(million case)



Source: ITO EN, ITO EN: May to Apr



Around the world, health consciousness has shifted to reduced and no sugar.



**As a Global Tea Company, we aim to contribute to the well-being of its customers and supporting the fulfilling lifestyles.**

## New Medium- to Long-Term Management Plan

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## Group's Management Principle

### “Always Putting the Customer First”

ITO EN understands that its customers are all of the parties in relationships with it. This includes consumers, shareholders, selling destinations, suppliers, financial institutions and local communities.

## Mission

# Health Creation Company

Create healthy and fulfilling lifestyles for customers and a sustainable society

## Vision

# Global Tea Company

Connect to the cultures of tea around the world and broadly share taste and value as a tea specialist

### Global

Enable tea, which is enjoyed all over the world, to evolve to support the mental and physical health of people around the world.



### Value Creation

Use the knowledge cultivated in tea to create value that aids health and a sustainable society.



### Unique

Be a unique company that integrates tradition and cutting-edge technologies in domains ranging from agriculture to resource circulation.



# New Medium-to-Long-Term Management Plan

## Framework of the new Medium-to-Long-Term Management Plan

Always Putting the Customer First

Health Creation Company

Global Tea Company strategy

New Medium-to-Long-Term Management Plan(FY4/2023-FY4/2027)

### Five key strategies



#### Solidify the existing businesses in Japan

- Establish the status of an unrivaled tea company in Japan
- Increase the brand value centering on health appeal, Improve contact with customers



#### Develop Oi Ocha into a global standard brand

- Combine and create Oi Ocha with eating cultures in the United States, China and other countries into daily life



#### Create new businesses

- Offer new value for food and life
- Leverage tea's functionality and the techniques and relationships cultivated in the tea business



#### Strengthen the management base

- Increase synergy within the ITO EN Group
- Accelerate human resources development, research and development and DX



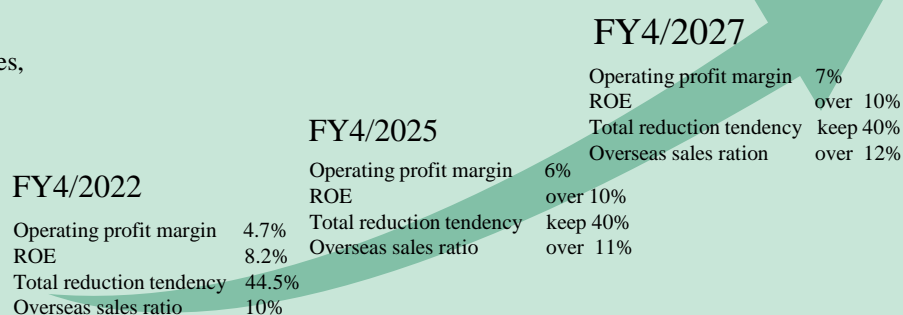
#### Promote sustainability management

- Contribute to consumers, local communities, agriculture and the resolution of global environmental issues through business activities appropriate to ITO EN
- Achieve continuous growth towards being a 100-year-old company

### Quantitative goals

#### Stance on growth

- ✓ Focus on profitability
- ✓ Continuous growth to increase profit and market share
- ✓ Increase the return on equity



Average five-year growth rate in consolidated net sales **over 3 %**

### Business investments Cumulative total five-year cash flows

Cash in		Cash out		
Operating cash flow Over 150 billion yen	▶	business investments 70 billion yen	Repay interest-bearing debt 40 billion yen	Shareholder return over 35 billion yen

Our company's overall direction is to be a unique and sustainable company. We will achieve healthy and fulfilling lifestyle of the customers and sustainable society.

## 7 Materialities



Diet and health

### Expansion of research and development Improving health awareness of Green tea and Matcha

- Enlightenment activities by Health Forum
- Cultivation of researcher of industry-government-academia collaboration
- Expand of food for specified health uses and food products with functional claims

Health



Sustainable  
agriculture  
in Japan

### Genuine deliciousness from tea fields

- Development of specialized raw materials optimized for each product
- Evolution of method and materials to satisfying customers needs
- Develop embark on organic farming and low chemical farming
- Brand image of safety, security and environmental considerations

Technologies



Community and  
society

### Communication with customers both online and offline

- Wide range of target customer in Generation Z etc
- Create service through customer interest and characteristic

Communication



Environment

### Evolution of Recycling-Oriented Business Model

- Used Tea Leaves Recycling System
- Promotion of Containers and packaging 3R (recycle, reduce, replace & reuse)
- Response to climate change issues, water resources

Environment



Enable the active participation  
of diverse people



Corporate Governance



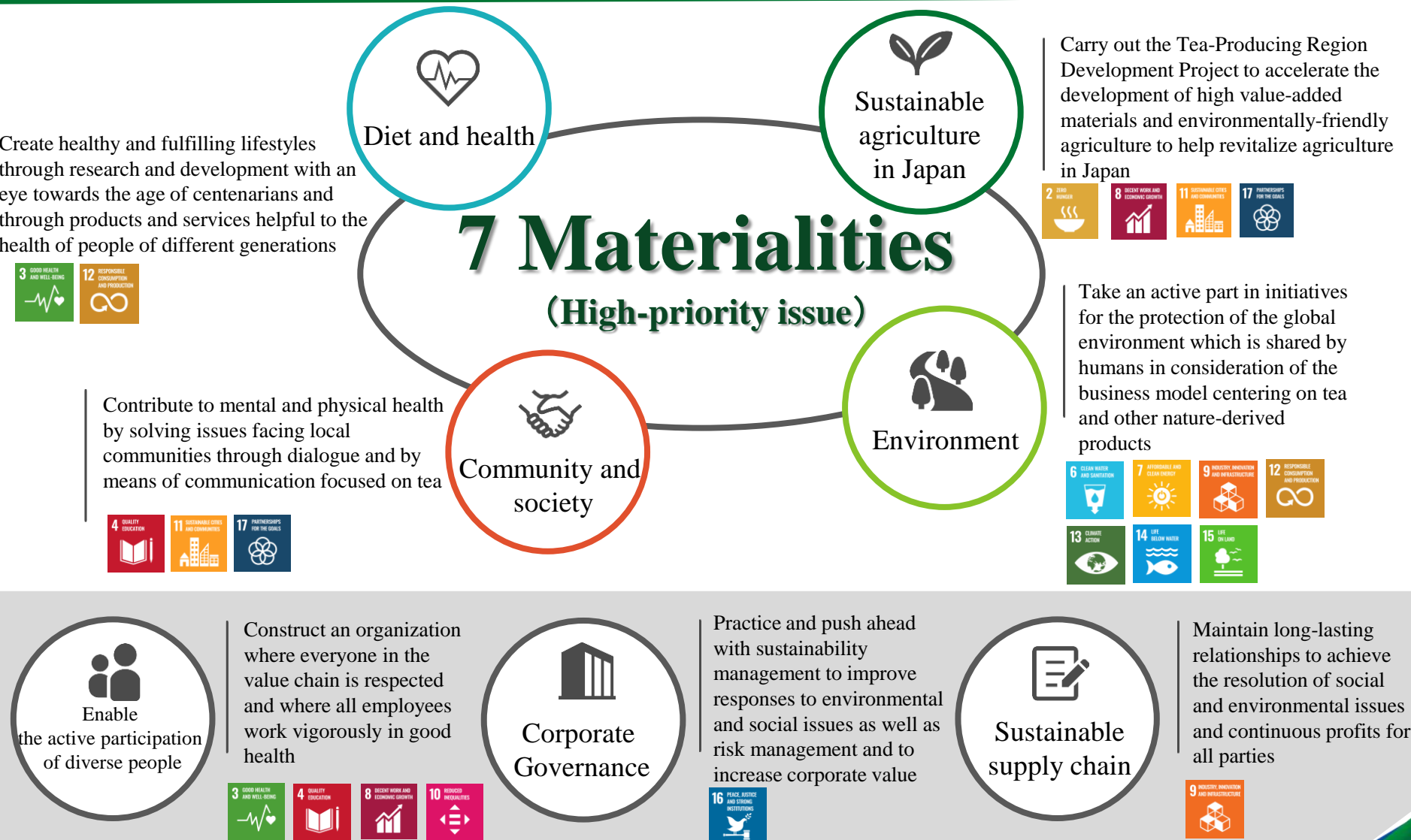
Sustainable supply chain



## Appendix

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## To promote Sustainability Management



# Appendix : Environmental Contributions

## Across the Entire Product Life Cycle

Expanding the recycling model of “From tea fields, used tea leaves to containers” to other product categories

<b>Product development</b>  Concepts for Product (Natural, Healthy, Safe, Well- designed, Delicious)	<b>Green tea products</b>  	<b>Barley tea products</b>  	<b>Coffee products</b>  	<b>Vegetable and Aojiru (barley grass green juice) products</b>  
<b>Material Procurement</b>  Material development and sustainable agriculture tailored to products	<ul style="list-style-type: none"> <li>• 100% domestic tea leaves</li> <li>• Tea production area development projects, 100% GAP certification</li> <li>• Development of tea leaves exclusively for beverage products</li> </ul>  <p>(※) to obtain any of GLOBAL GAP, JGAP, ASIAGAP</p>	<ul style="list-style-type: none"> <li>• Procurement of raw barley suitable for product quality</li> </ul> 	<ul style="list-style-type: none"> <li>• DLTC's own farm (Costa Rica) Rainforest Alliance certification acquired</li> </ul> 	<ul style="list-style-type: none"> <li>• Cultivation of dedicated raw materials (carrot "Shui", barley young leaves, and others)</li> </ul> 
<b>Production and Logistics</b>  Unique manufacturing technology Fabless method	<ul style="list-style-type: none"> <li>• “Freshness heating” to enhance the aroma and taste of raw tea leaves</li> <li>• Natural clear manufacturing method</li> <li>• Natural extraction and fresh manufacturing method</li> <li>• Tea pot type extractor</li> </ul>	<ul style="list-style-type: none"> <li>• Kettle quality (hot air roasting, medium roasting)</li> </ul> 	<ul style="list-style-type: none"> <li>• Freshly baked (within 2 weeks)</li> <li>• Freshly ground (within 24 hours)</li> <li>• Freshly brewed</li> </ul> 	<ul style="list-style-type: none"> <li>• Natural sweet manufacturing method, etc</li> </ul> 
<b>Sales and Distribution</b>  ITO EN unique sales method	<ul style="list-style-type: none"> <li>• Linked sales of beverages and leaf products</li> <li>• Tea taster activity</li> </ul>	<ul style="list-style-type: none"> <li>• Linked sales of beverages and leaf products</li> </ul>	<ul style="list-style-type: none"> <li>• Linked development of beverages, drip coffee product, shops</li> </ul>	<ul style="list-style-type: none"> <li>• Linked sales of aojiru drinks and green powder</li> </ul>
<b>Environment</b>  Efforts to recycle resources, and others	<ul style="list-style-type: none"> <li>• Bottle-to bottle recycling</li> <li>• Weight reduction of PET bottles</li> <li>• Used tea leaves recycling system</li> </ul> 	<ul style="list-style-type: none"> <li>• Weight reduction of PET bottles</li> <li>• Barley tea used tea leaves recycling system</li> </ul> 	<ul style="list-style-type: none"> <li>• Silver skin* recycling (Efforts at Tully's Coffee Japan store)</li> </ul> 	<ul style="list-style-type: none"> <li>• Brick type aluminumless paper pack beverage container</li> <li>• Biodegradable ECO straw</li> </ul> 

# Appendix : Medium- to Long-Term Environmental Goals

**commitment** : We will approach the environmental issue as a company that utilizes natural materials to make our products.

Initiative theme	Climate Change	Water resources	Containers and packaging	Waste reduction/ Promotion of container resource recycling
KPI	<p>CO2 emission reduction targets</p> <p>2030 target(Against 18 years)</p> <p>Scope1+2 : <b>50% reduction</b></p> <p>Scope3 : <b>20% reduction</b></p> <p>2050 target</p> <p><b>Carbon neutral</b></p>	<p>Water usage intensity(*)</p> <p>2030 target(Against 18 years)</p> <p><b>16%reduction</b></p> <p><small>* Basic unit: Water consumption per 1 kℓ of production</small></p>	<p>the ratio of recycled materials(*)</p> <p>2030 target : <b>100%</b></p> <p><small>*including biological sources</small></p>	<p>Waste reduction</p> <p>Food recycling rate</p> <p><b>90% or more</b></p>
Details of efforts	<ul style="list-style-type: none"> <li>• <b>Promotion of introduction electric vehicle</b> Hybrid, Plug-in hybrid, Electric vehicle, Fuel cell vehicle</li> <li>• <b>Renewable Energy 100%</b> Introduction of solar equipment, LED, Re-energy power purchase etc.</li> <li>• <b>Analysis and Disclosure based on TCFD recommendations</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Reduction of water usage in manufacturing process</b>  The NS (*) System helps reduce sterilized water and used water, increased ratio of the NS System  <small>(*)The NS ((Non-Sterilant)</small></li> <li>• <b>Promotion of water resource protection programs</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Reliable supply of PET bottle that can use recycled material</b> <small>(quality・value・recovery amount)</small></li> <li>• <b>Creating and recycling products that are environmentally friendly</b>  brickshaped aluminum-free paper containers, Labelless products etc</li> <li>• <b>3R (recycle, reduce, replace &amp; reuse)</b> <b>+Promotion of clean activities</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Used Tea Leaves Recycling System(*)</b> tatami mats, building material products, Plastic product, Paper products etc.</li> <li>in more than 100 familiar used Tea Leaves products</li> <li><small>(*)Unique ITO EN technologies that after the extraction stage, used tea leaves are recycled as a raw material for various industrial products that can utilize the functions of these leaves in the manufacturing process</small></li> </ul>

## Summary

- While the COVID-19 pandemic and poor weather in peak summer periods severely impacted sales, the sales share of sugar-free beverages rose and tea, food with function claims and leaf products achieved strong sales amid growing health consciousness during the pandemic and the establishment of new lifestyles. Profit was gained through operational improvements and efforts to increase earnings such as comprehensive cost reduction.
- Tully's Coffee sales were significantly higher than the previous year due to a rebound from the impact of the spread of the new coronavirus infection in the previous year and an increase in store sales due to the recovery of human flow.
- In the U.S. business, ITO EN (North America) INC. posted higher sales, but profits deteriorated due to higher ocean freight and domestic transportation costs caused by supply chain disruptions.

**ITO EN**  
**(non-consolidated)**

**+1.6 %**

Reference:FY2020 **-6.6 %**

\* Previous standard (YoY %)

**TULLY'S COFFEE JAPAN**

**+14.2 %**

Reference:FY2020 **-20.1 %**

\* Previous standard (YoY %)

**US Business**

**+14.1 %**

Reference:FY2020 **-0.9 %**

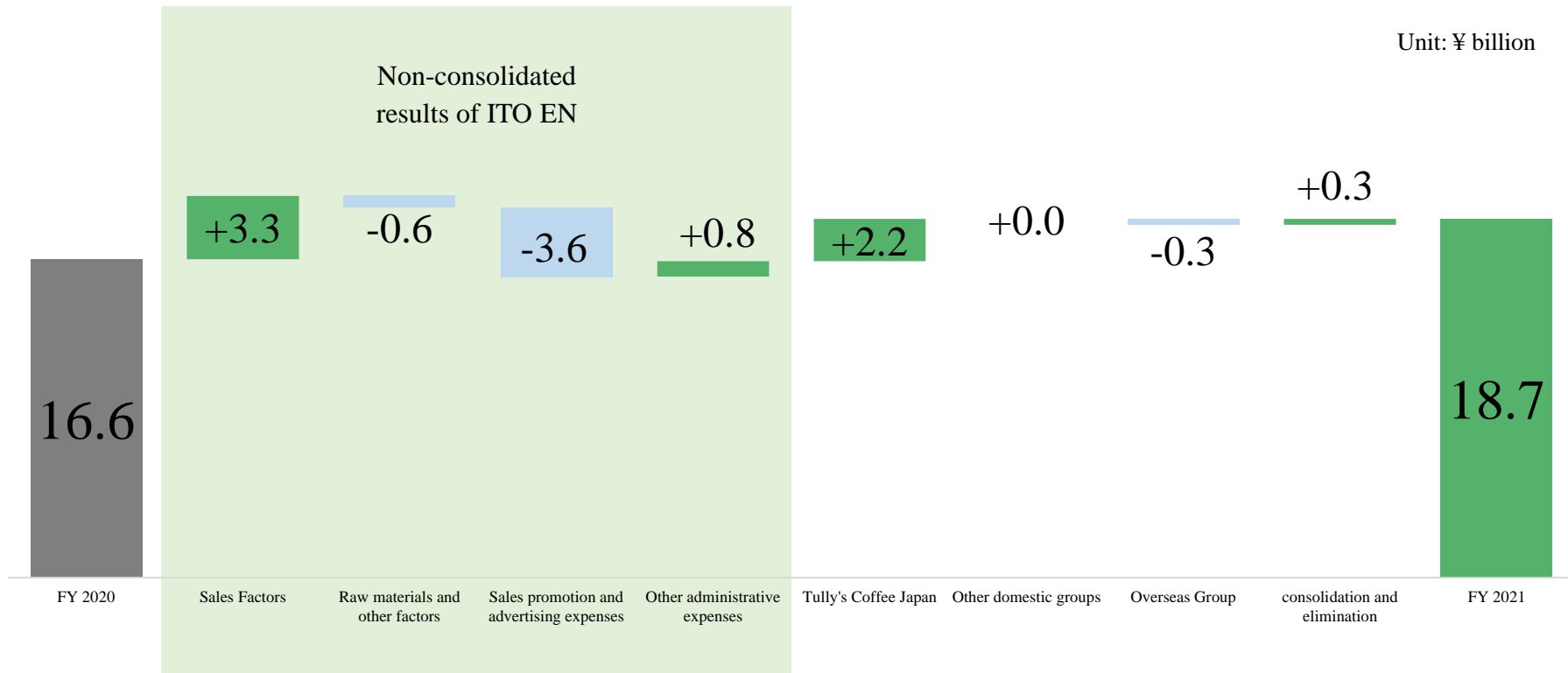
\* Local currency base (YoY %)



# Appendix: Factors of changes in consolidated operating income

## Major factors of changes in consolidated operating income for the FY 2021 (Fiscal Year Ended April 30, 2022)

Profitability was secured through sales recovery, response to rising raw material and material costs, and efforts to improve profitability.



### Supplement to factors of changes in non-consolidated results of ITO EN

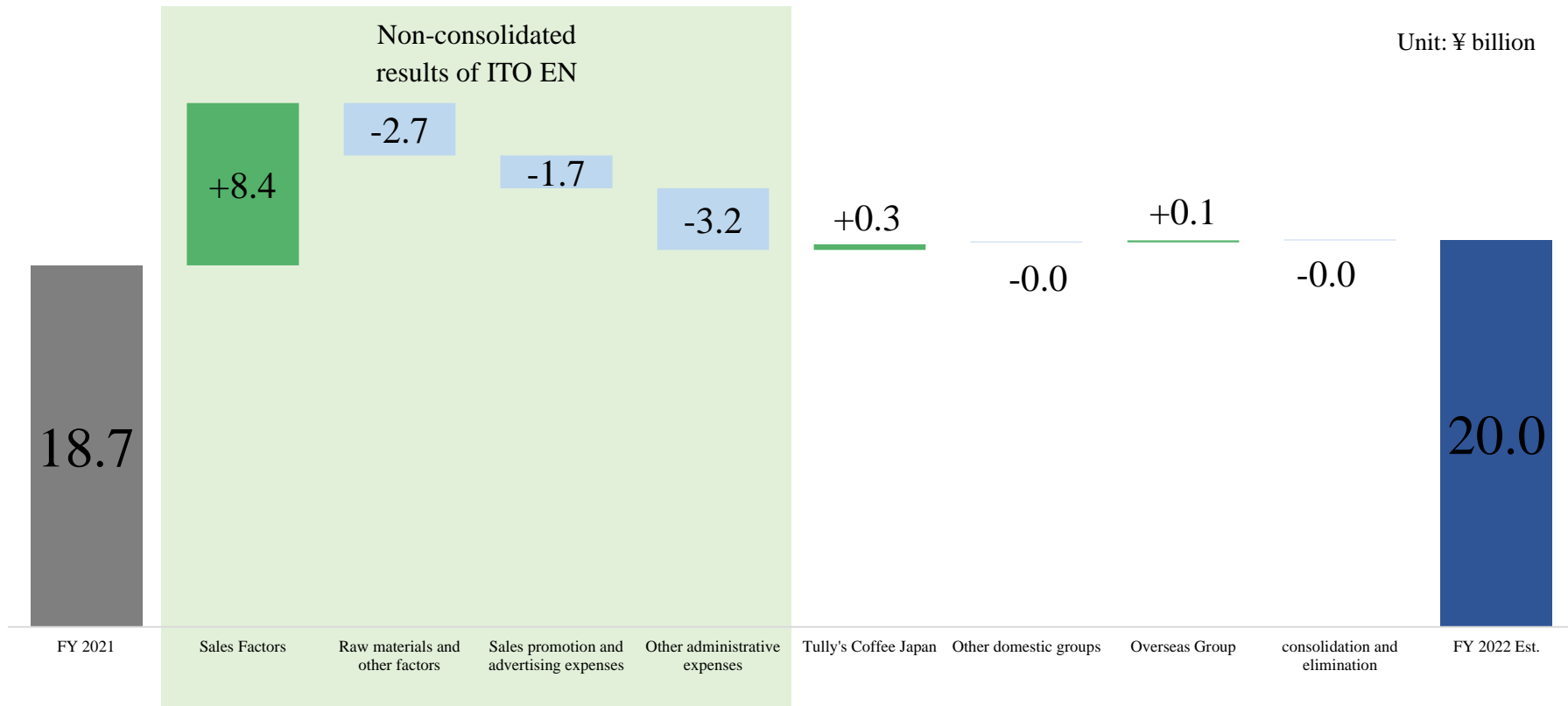


- |   |      |   |      |
|---|------|---|------|
| • Impact of increase in sales                 | +2.7 | • Impact of soaring raw material prices and materials costs                 | -0.6 |
| • Changes in container mix, product mix, etc. | +0.6 | • Increase in sales promotion expenses due to the impact of increased sales | -3.5 |

# Appendix: Factors of changes in consolidated operating income

## Major factors of changes in consolidated operating income Forecasts for the FY 2022 (Fiscal Year Ending April 30, 2023)

Despite soaring raw material and material costs, profit is expected to increase due to sales growth and overall cost reductions.



### Supplement to factors of changes in non-consolidated results of ITO EN



- |   |      |   |      |
|---|------|---|------|
| • Impact of increase in sales                 | +7.0 | • Impact of soaring raw material prices and materials costs                 | -2.7 |
| • Changes in container mix, product mix, etc. | +1.4 | • Increase in sales promotion expenses due to the impact of increased sales | -1.1 |



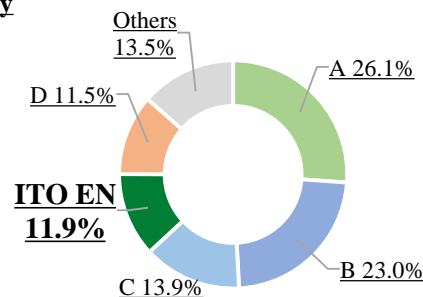
# Appendix : Related materials

## ITO EN (non-consolidated) Results & Forecasts by Category

(Unit: ten thousand case)

Full year (May 2021 to April 2022)	FY 2021 Results	Sales Composition	YoY % Change	FY 2022 Results	Sales Composition	YoY % Change
Drinks	21,525	100.0%	-0.3%	22,013	100.0%	2.3%
Tea total	14,928	69.4%	-0.0%	15,300	69.5%	2.5%
Japanese Tea	13,589	63.1%	2.5%	13,952	63.4%	2.7%
Chinese Tea	868	4.0%	-25.7%	819	3.7%	-5.6%
Other Tea	470	2.2%	-6.8%	528	2.4%	12.3%
Vegetable	2,937	13.6%	-9.8%	2,929	13.3%	-0.3%
Coffee	1,664	7.7%	10.8%	1,682	7.6%	1.1%
Mineral Water	664	3.1%	0.9%	640	2.9%	-3.6%
Carbonated	401	1.9%	6.4%	487	2.2%	21.3%
Fruit	439	2.0%	10.1%	414	1.9%	-5.5%
Others	489	2.3%	6.5%	558	2.5%	14.2%

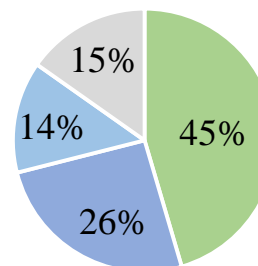
### Reference : Market Share of beverage industry



\*Jan to Dec 2021 / Quantity base

## Sales composition by Channels (Non-Consolidated)

FY 2021 Full year (May 2021 to April 2022)



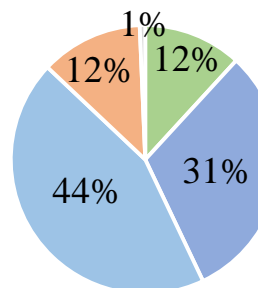
Sales composition

	FY 2021	
	Composition ratio YoY	YOY % Change
Supermarket	- 1 pt	+ 0 %
Convenience Store	- 0 pt	- 0 %
Vending Machine	- 0 pt	+ 1 %
Others	+ 1 pt	+ 10 %

Unit: Price base

## Sales composition by Packaging (Non-Consolidated)

FY 2021 Full year (May 2021 to April 2022)



Sales composition

		FY 2021	
		Composition ratio YOY	YOY % Change
Drink Total	21,525	-	- 0 %
Cans	2,545	+ 0 pt	+ 3 %
PET(large)	6,697	- 1 pt	- 2 %
PET(small)	9,493	+ 1 pt	+ 1 %
Cartons	2,647	- 0 pt	- 2 %
Others	142	- 0 pt	- 5 %

Unit: Ten thousand cases

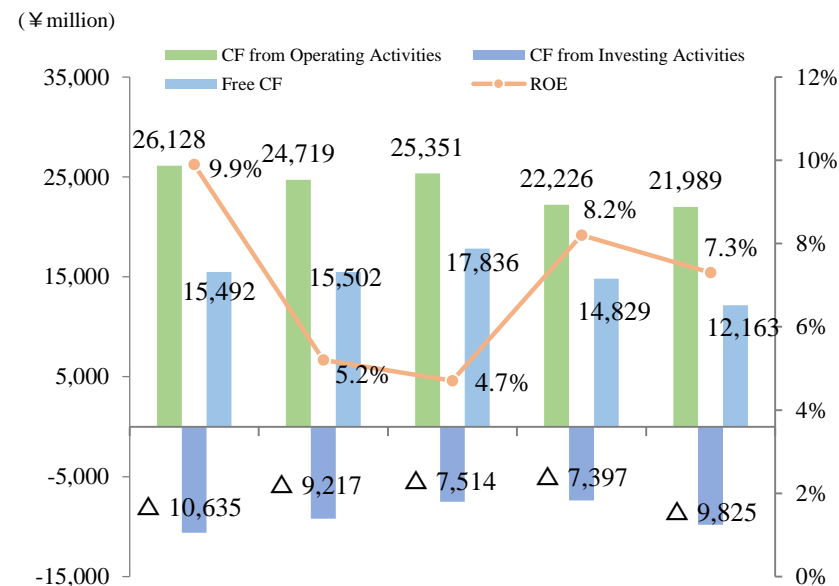
\*Percentages are rounded to the first decimal place, so the total may not necessarily equal 100.

# Appendix : Related materials

## Consolidated Balance Sheet

	(¥million)		
	2021	2022	Change
<b>Current assets</b>	223,880	223,278	-602
Cash and deposits	109,430	96,571	-12,859
Accounts receivable-trade and inventories	98,570	112,333	13,763
<b>Property, plant and equipment</b>	78,099	74,490	-3,609
Land	22,060	22,837	777
Leased assets	12,206	8,268	-3,938
Other	43,833	43,385	-448
<b>Intangible fixed assets</b>	8,335	8,249	-86
Goodwill	4,625	3,594	-1,031
Investments and other assets	22,749	22,340	-409
<b>Total assets</b>	333,065	328,359	-4,706
<b>Current liabilities</b>	93,548	76,796	-16,752
Accounts payable	29,999	30,365	366
Short-term loans payable	25,004	2,897	-22,107
Lease obligations	2,966	2,371	-595
Income taxes payable	3,453	4,948	1,495
<b>Non-current liabilities</b>	86,459	88,549	2,090
Corporate bonds	10,000	10,000	-
Long-term loans payable	55,858	58,917	3,059
Lease obligations	5,023	4,199	-824
<b>Total liabilities</b>	180,007	165,346	-14,661
<b>Net assets</b>	153,057	163,012	9,955

## Consolidated Cash Flows



(¥ million)	'19/4	'20/4	'21/4	'22/4	'23/4 Est
Capital Investments	10,006	9,990	7,199	7,511	9,648
Depreciation/Amortization	6,735	7,022	7,255	7,246	7,482
Leased Assets Depr.	6,675	6,081	5,171	4,035	3,085
Lease obligations(Repayment)	-6,514	-4,679	-3,691	-2,732	-2,271

Rating	A+	Equity ratio	4/2021	45.6%
Bond shelf registration(straight bonds)	¥ 40billion		4/2022	49.2%



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.