

# Financial Results Presentation for FY2023 2Q

(Fiscal Year Ending April 30, 2024)

December 2023 ITO EN, LTD.



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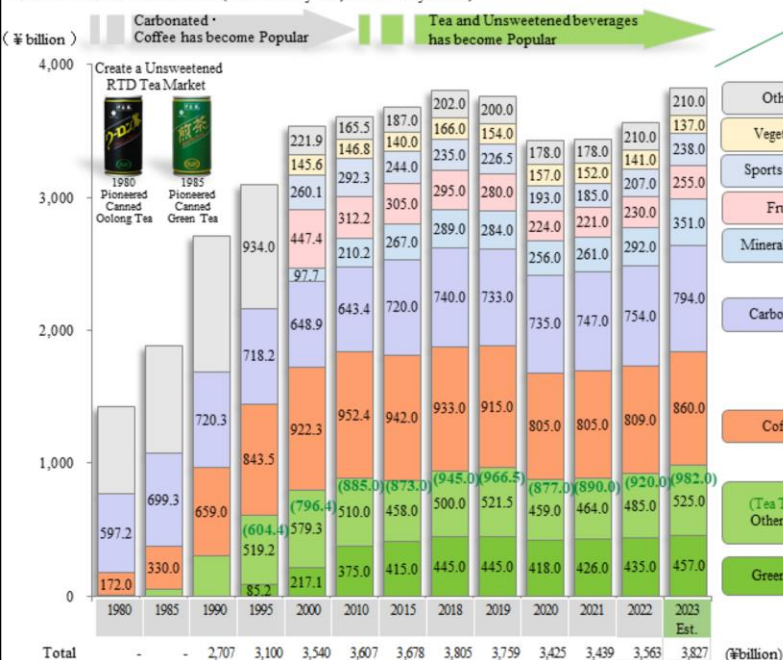
Presentation for FY2023 2Q with a note

Soft Drink Market in Japan, Financial Results for FY2023 2Q and Full-Year Forecast	...P.3
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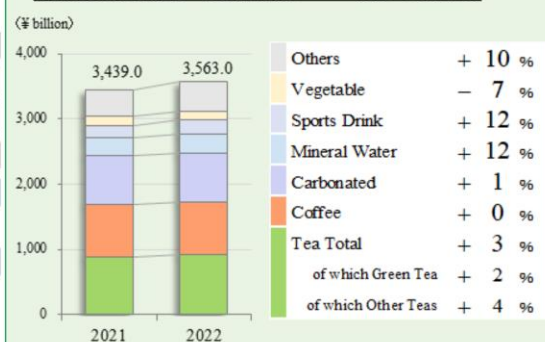
## Soft Drink Market in Japan, Financial Results for FY2023 2Q and Full-Year Forecast

# Soft Drink Market in Japan

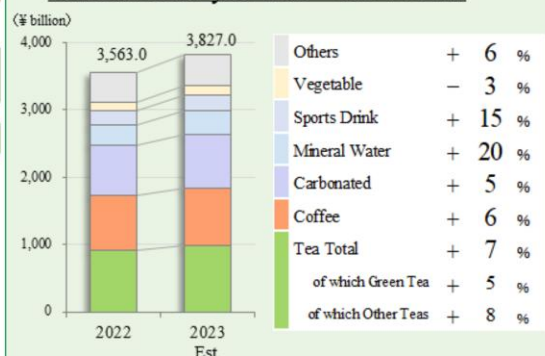
Soft Drink Market Trends(Calendar year, Monetary base)



Forecast 2022 Year Est. YoY +3.6%

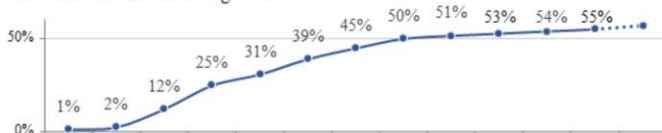


Forecast 2023 year Est. YoY +7.4%



Source: ITOEN

Trends in Unsweetened Beverages Market



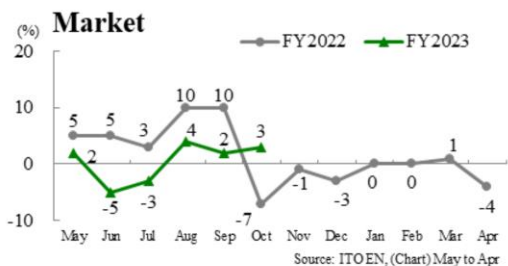
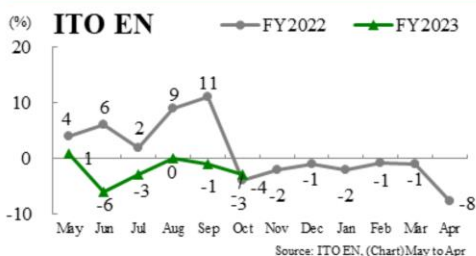
**Unsweetened beverages continue to grow as a percentage of total sales.**  
**More than half of all domestic beverages are unsweetened.**

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For the soft drink market in Japan, we forecast a year-on-year increase of 7.4% in value terms for the period from January to December 2023, and the same level as the previous year in volume terms. In terms of categories, water and sports drinks saw significant growth, while the vegetable category continued its downtrend. In the first half of the year, the beverage industry as a whole grew as a result of factors such as the price revision in October last year, the recovery of human flow since May, and favorable weather conditions, all of which contributed to positive sales.

## Monthly Sales Volume Trends



## Beverage Market Environment Topics

2023	May	Mixed positive aspects of recovery in human flow and negative aspects of can product price revisions.
	Jun	Decrease in volume due to price revision and reaction to favorable weather in the previous year.
	Jul	Weather was favorable, but the impact of price revisions continued.
	Aug	Sales of thirst-quenching beverages increased due to the continued heat wave. The category showed a clear difference in sales.
	Sep	Continued increase in thirst-quenching beverages, driven by the unrelenting heat wave.
	Oct	Positive due to the rebound from the previous year's price revision reduction.

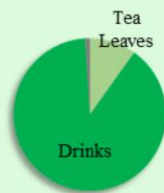
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Source: ITO EN

## ITO EN (non-consolidated) FY2023 2Q (May to Oct, 2023)

	YoY %Change
Net Sales	+ 7 %
Tea Leaves	+ 6 %
Drinks	+ 7 %
Others	- 5 %

Amount base



Sales Composition



Tea Leaves 9%



Drinks 90%



Others 1%

(Unit : ten thousand case)

Drinks Sales Volume by Category	FY 2022 Results	Sales Composition	YoY %Change	FY 2023 Results	Sales Composition	YoY %Change
Drinks	12,418	100%	+ 5 %	12,169	100%	- 2 %
Tea Total	8,848	71%	+ 5 %	8,706	72%	- 2 %
Japanese Teas	8,100	65%	+ 6 %	7,892	65%	- 3 %
Chinese Tea	467	4%	- 4 %	498	4%	+ 7 %
Other Tea	281	2%	+ 9 %	315	3%	+ 12 %
Vegetable	1,449	12%	- 9 %	1,307	11%	- 10 %
Coffee	892	7%	+ 11 %	890	7%	- 0 %
Mineral Water	380	3%	+ 6 %	353	3%	- 7 %
Carbonated	318	3%	+ 37 %	358	3%	+ 13 %
Fruit	241	2%	+ 6 %	272	2%	+ 13 %
Others	285	2%	+ 28 %	280	2%	- 2 %

**FY2023 Results Ratio of Unsweetened Beverages : Higher than 75%**

(\*\*) Composition ratios are rounded off, so the total may not necessarily equal 100.

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The first half of the year, August and September, was the hottest on record since statistics began in 1964, providing a major boost to the beverage industry and our company. First half sales were +7% vs. prior year, +6% for leaf and +7% for drinks. On a drinks volume basis, sales were -2%, and by category, tea beverages -2%, vegetable beverages -10%, and coffee beverages -0%. As mentioned earlier, sales of vegetable beverages were down by double digits. In other categories, sales of sugar-free carbonated beverages grew, with sales of new highly carbonated products focused on the EC category up 13%, and sales of fruit beverages up 13%, thanks to the launch of a number of new products in collaboration with ZEN-NOH.



# Financial Results for FY2023 2Q

First half (May to October 2023)

(Unit: million yen, thousand dollars)

	FY2022		FY2023		
	Results	Sales Composition	Results	Sales Composition	YoY % Change
Net Sales	227,262	100.0%	242,527	100.0%	6.7%
Gross Profit	85,211	37.5%	94,371	38.9%	10.8%
Advertising	5,612	2.5%	5,981	2.5%	6.6%
Freight	7,751	3.4%	7,558	3.1%	-2.5%
Depreciation and Amortization	4,017	1.8%	3,047	1.3%	-24.1%
Selling General and Administrative Expenses	73,875	32.5%	77,325	31.9%	4.7%
Operating Income	11,335	5.0%	17,046	7.0%	50.4%
Ordinary Income	12,548	5.5%	18,089	7.5%	44.2%
Extraordinary Losses and Income	-370	-	-784	-	-
Net Income	7,923	3.5%	11,209	4.6%	41.5%

	FY2022		FY2023		
	Results	Sales Composition	Results	Sales Composition	YoY % Change
Net Sales	167,752	100.0%	178,861	100.0%	6.6%
Gross Profit	60,397	36.0%	65,907	36.8%	9.1%
Operating Income	9,017	5.4%	13,061	7.3%	44.8%
Ordinary Income	11,002	6.6%	14,802	8.3%	34.5%

Upper: Net Sales Bottom: Operating Income		FY2022	FY2023	
		Results	Results	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	49,809	53,285	7.0%
		2,325	3,130	34.6%
	Tully's Coffee Japan Co., Ltd.	16,963	19,630	15.7%
		1,334	1,794	34.4%
	Chichiyasu Company	6,180	6,413	3.8%
		406	650	60.0%
	Overseas Subsidiaries	27,165	27,132	-0.1%
		257	1,387	439.2%
	US Business	23,922	23,493	-1.8%
		- 321	550	-
		\$ 174,008	\$ 163,465	-6.1%
		\$ -2,337	\$ 3,833	-
	Other Overseas Subsidiaries	3,243	3,639	12.2%
		578	836	44.6%
	Elimination of Internal Transactions	- 17,466	- 16,752	-
		- 265	- 533	-
Exchange rate (US\$) (First Half Average Rate)		137.48	143.72	

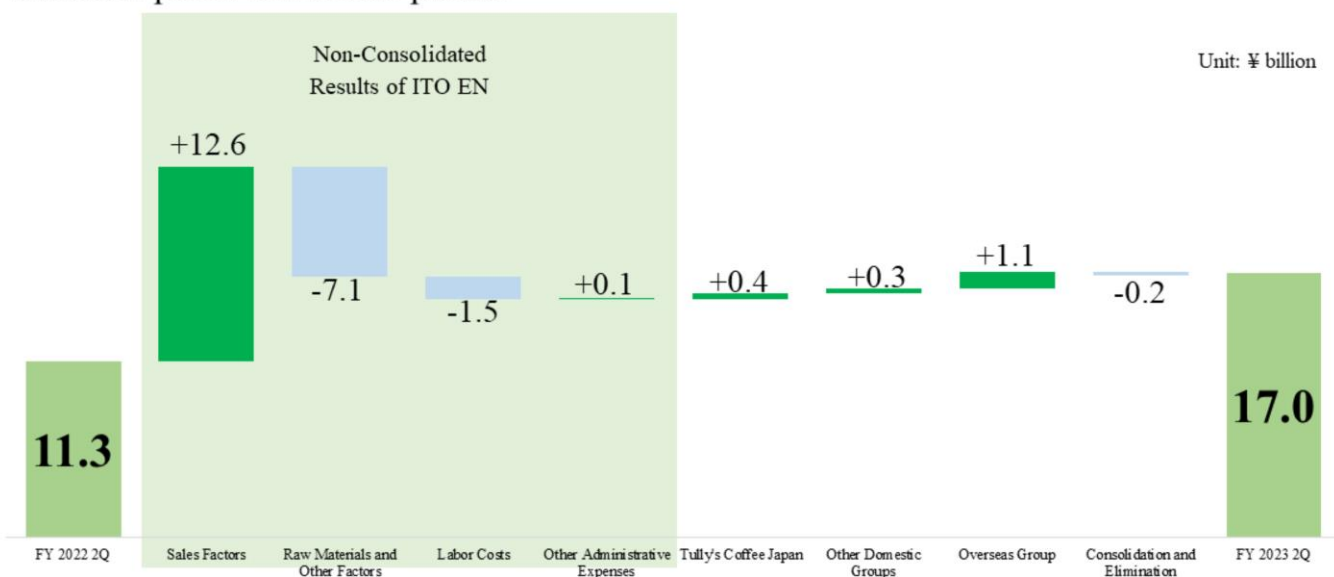
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The results for the financial results for FY2023 2Q are as stated. As mentioned at the beginning of this report, the first half of the fiscal year saw an increase in both sales and income due to various favorable factors, and we issued an upward revision on November 29, 2023. Both sales and income increased not only at the parent company but also at TULLY'S COFFEE JAPAN CO.,Ltd. and Chichiyasu Company, a group company, and the U.S. business returned to the black after a loss in the previous fiscal year.

## Major Factors Impacting Consolidated Operating Income for the First Half of the FY2023

Price revisions and profit improvement efforts to absorb sharp rises in raw materials and materials prices and secure profits.



### Additional factors of changes in non-consolidated results of ITO EN

• Impact of increase in sales	+3.9	• Impact of soaring raw material costs and production materials	-7.1
• Changes in packaging and product mix, etc.	+8.6	• Increase in labor costs due to higher wages	-1.5

The main factors behind the change in operating income for the first half of the FY2023 are as follows. The impact of the sharp rise in prices of raw materials and materials, etc. was 7.1 billion yen. This was offset by an increase in sales (+3.9 billion yen) and changes in container and product mix (+8.6 billion yen). In particular, while improving profitability, sales efforts to curb price declines for large package were particularly successful.

# Forecast for FY2023

Full year (May 2023 to April 2024)

		FY2022 Results	Sales Composition	FY2023 Forecast	Sales Composition	YoY% Change
Consolidated	Net Sales	431,674	100.0%	450,000	100.0%	4.2%
	Gross Profit	165,585	38.4%	173,700	38.6%	4.9%
	Advertising	10,048	2.3%	10,549	2.3%	5.0%
	Freight	14,386	3.3%	14,012	3.1%	-2.6%
	Depreciation and Amortization	7,921	1.8%	6,295	1.4%	-20.5%
	Selling, General and Administrative Expenses	145,996	33.8%	150,500	33.4%	3.1%
	Operating Income	19,588	4.5%	23,200	5.2%	18.4%
	Ordinary Income	20,341	4.7%	24,200	5.4%	19.0%
	Extraordinary Losses and Income	-657	-	-1,400	-	-
	Net Income	12,888	3.0%	14,700	3.3%	14.1%

		FY2022 Results	Sales Composition	FY2023 Forecast	Sales Composition	YoY % Change
Non-Consolidated	Net Sales	315,025	100.0%	326,600	100.0%	3.7%
	Gross Profit	116,986	37.1%	119,600	36.6%	2.2%
	Operating Income	16,785	5.3%	18,400	5.6%	9.6%
	Ordinary Income	18,864	6.0%	20,700	6.3%	9.7%

(Unit: million yen, thousand dollars)

Upper: Net Sales Bottom: Operating Income		FY2022 Results	FY2023 Forecast	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	97,548	103,479	6.1%
		3,784	4,745	25.4%
	Tully's Coffee Japan Co., Ltd.	35,495	39,600	11.6%
		2,429	2,945	21.2%
	Chichiyasu Company	11,947	12,689	6.2%
		670	918	36.9%
	Overseas Subsidiaries	51,252	54,020	5.4%
		- 433	1,857	
	US Business	45,361	47,475	4.7%
		- 1,483	555	-
		\$ 333,292	\$ 327,419	-1.8%
		\$ -10,897	\$ 3,833	-
	Other Overseas Subsidiaries	5,891	6,544	11.1%
		1,049	1,301	24.0%
	Elimination of Internal Transactions	- 32,150	- 34,099	-
		- 548	- 1,802	-
Exchange rate (US\$) (average during a year)		136.10	145.00	

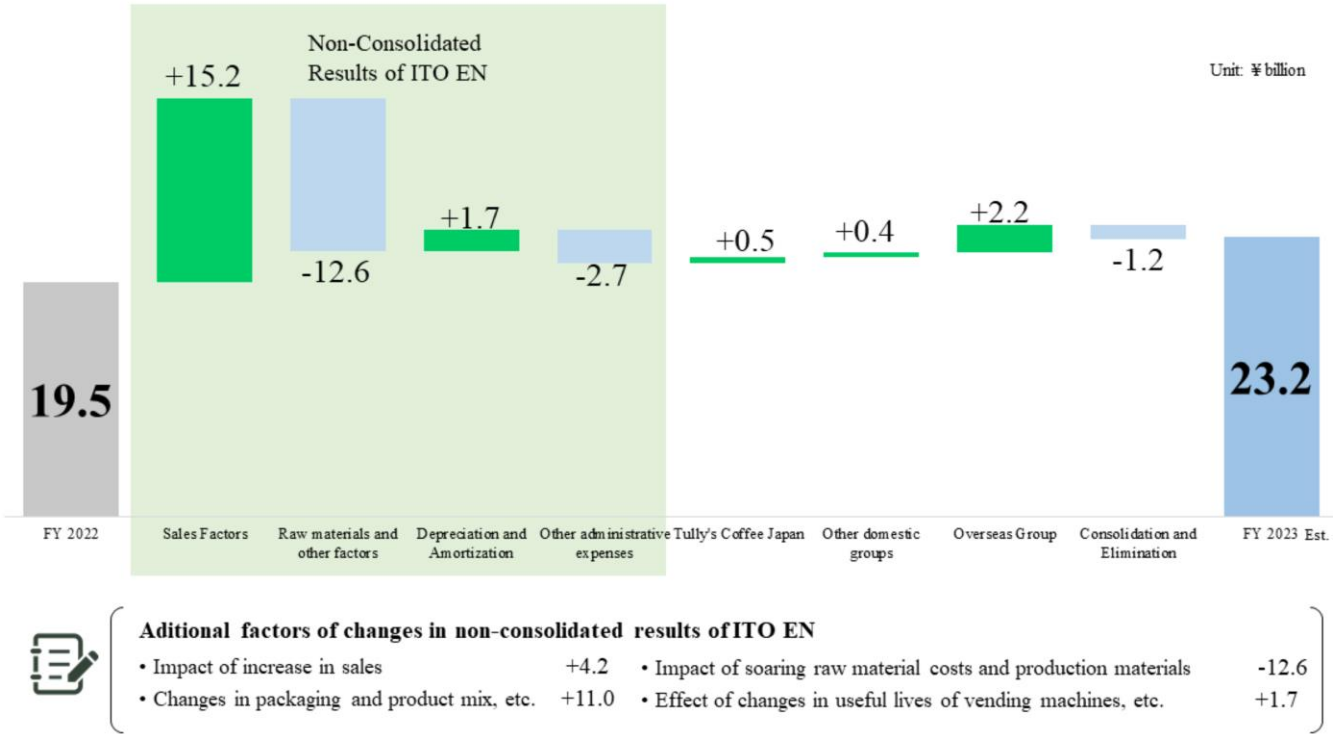
The forecast for FY2023 plan is as stated. We revised our full-year forecast on November 29. We expect conditions to remain difficult in the second half of the year, and our plan is conservative.



Major Factors Impacting Consolidated Operating Income Forecasts for the FY 2023

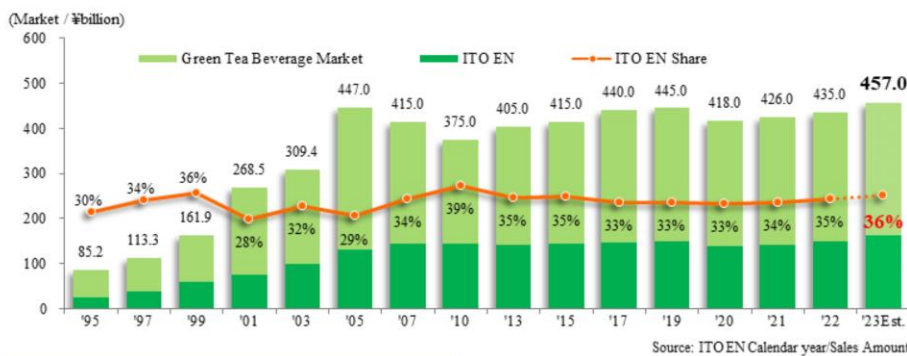
(Fiscal Year Ending April 30, 2024)

Aiming to secure profits by continuing to improve profitability in the face of soaring prices of raw materials and materials, etc.

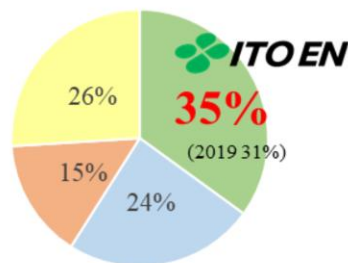


# Marketing and Business Strategy

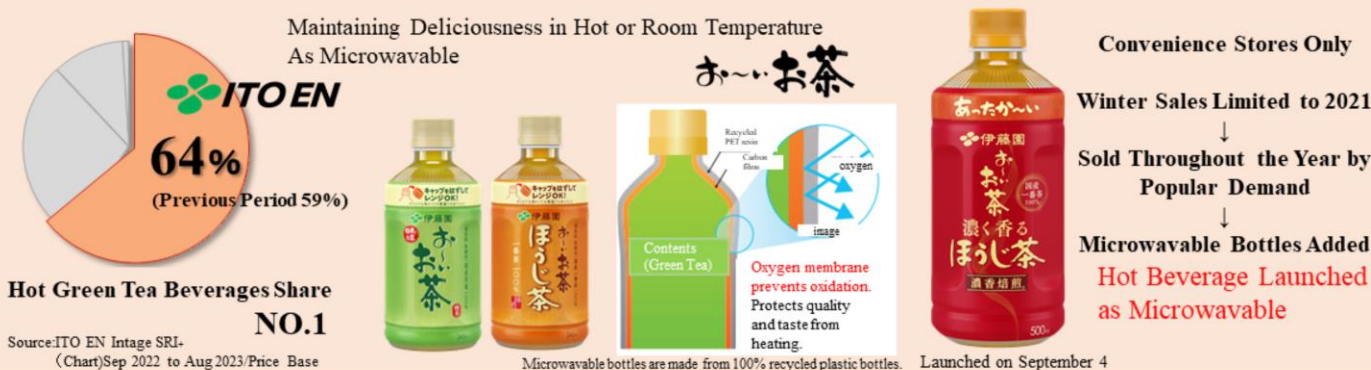
## Green Tea Beverage Market Trends



## Unsweetened Tea Beverages Share (Forecast for 2023)



## Hot Green Tea Beverages



The green tea beverage market is forecast to reach a record high of 457 billion yen in value terms in 2023. Until now, the market peaked at 447 billion yen in 2005, but the record high is expected due to the boost from the increase in unit price since last October. Against this backdrop, we are forecasting a 36% share of the market; when the green tea beverage market slumped in 2010, our 39% share was the highest ever. While increasing its market share by 1% in each of the last few years, it is projected to have a 36% share of the market this fiscal year amidst a record high market value. In hot green tea beverages, which will become more common in the winter season, our share is 64%. Sales of hojicha tea (roasted green tea) were particularly strong, increasing 5 percentage points from the previous year. The company is showing strength in hot green tea beverages. In addition to green tea, the unsweetened tea category also includes barley tea and health tea, and we are increasing our share of the unsweetened tea beverage market.

# Approach to people who do not have the habit of drinking Green Tea

Held the **"100,000 Cup Challenge,"** a major tasting event with at approximately 400 stores participating in 47 prefectures throughout Japan.



Tea Industry Officials × Ministry of Agriculture, Forestry and Fisheries

**"Education in Tea Culture" Project**

**Donated Teapots to Elementary and Junior High Schools**

Convenient for  
Tumblers  
Brews  
Plentiful



Which type  
is your  
preference?



Easily dissolves in  
Hot or Cold  
Water

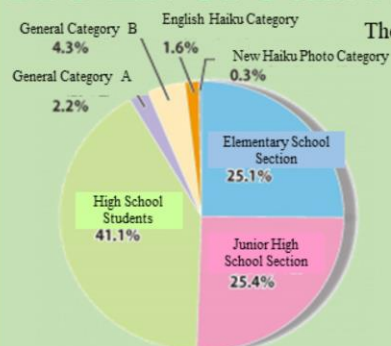


Tea Bag Type

Instant Type



## ITO EN Oi Ocha New Haiku Contest



The 34th Total Cumulative Number of Entries

**1,921,404 entries**

Elementary, Junior High and  
High School Students

**91.6%**

Number of Participating Schools

**3,040**



第三十四回伊藤園新俳句大賞  
文部科学大臣賞  
初日の出とても小さい駅で見た  
(文部科学大臣賞・総務・小林 悠)

**First Steps in Green Tea Drinking Opportunities for the Youth**

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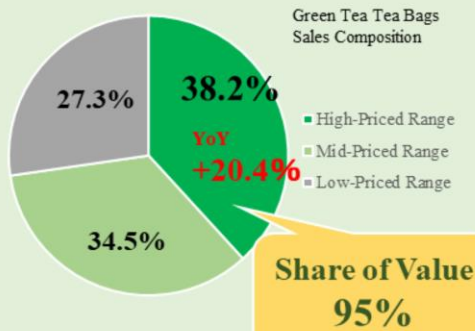
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On October 1, "Japanese Tea Day," we held a big tea party with tastings and sales at mass merchandisers nationwide. There, we held the "100,000 Cups Challenge. As a result, we achieved 150,000 cups, far surpassing the previous target, and donated teapots through the "Tea Education" project with the Ministry of Agriculture, Forestry and Fisheries. In the past few years, packaged teas have performed well due to "at-home demand," but now that human demand is recovering, we are strengthening our lineup of convenient products such as teabags and instant teas that help shorten the time needed to make a purchase.

The ITO EN Oi Ocha New Haiku Grand Prix, now in its 34th year, has received more than 1,920,000 entries, more than 90% of which are from elementary, junior high and high school students. Although the target prize winner this year was 8 years old, more and more schools are participating in the contest. We will continue our efforts to increase the number of young people who do not have the habit of drinking green tea by introducing them to green tea and expanding their opportunities to drink green tea.



## High-Priced Premium Tea Bags Performed Well



Source: ITO EN/SRI (Period: Jan-Dec 2022/Price Base)

## Growth is in the Instant Market



Source: ITO EN/SRI (Calendar year/Price Base)

## Big Box 50 Bags Renewal



September 18 Relaunch



Height  
95mm  
×  
Width  
80mm



Height  
80mm  
×  
Width  
70mm

- Smart Sizing Reduces Carton size by **25%**.  
→ Improved shelf/loading efficiency
- Paper packaging and miniaturization of individual packages → **Reduction in Plastic Use**



From October,  
Kumagaya Factory of Ito En Sangyo begins operations.  
**Strengthened Tea Bag Supply Capacity**

## Instant Tea Increase

**Inbound demand has been extremely strong**

**Instant Sales Volume YoY change**

(First half of the year May – Oct, Price Base)

**Specialized Inbound Stores 5.4x**

**Airport-Related Stores 4.5x**



Source: ITO EN



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High-priced tea bag products are performing well, accounting for 38.2% of the composition. ITO EN has products in all price ranges, but there is no competition in this high price range, and ITO EN's market share is 95%. We have received many requests from people who have been drinking green tea in a kyusu (Japanese teapot) for the past several years, but who now do not have time to brew it in a kyusu but still want to drink delicious green tea. We are strengthening our high price range tea bag products for such people, and have also strengthened our supply capacity by starting operation of a production plant of a group company in October. Instant products are also performing well. Our share of the green tea instant market is 73%. Inbound demand has been particularly strong since May, with many people purchasing tea bags and instant products as souvenirs.



Creating products that are easy to understand in terms of health value and that people can pick up in their daily habits



おいお茶 濃い茶

"Oi Ocha Bold Green Tea"

Functional Beverages

**No.1 in Sales**

\*Intage SRI- / Functional Food Beverages Market / 2022 / Cumulative Sales Amount

Functional Ingredients: 340 mg of gallated catechin  
Notification No.H30

## Functional Food & Specified Health Food Market



## Functional Food Vegetable Beverages

First Half YoY(Amount) **+18.6%**

First Half Of The Year  
**YoY+20%**  
3 Functions in 1 Bottle



Functional Ingredients  
indigestible dextrin  
(Dietary fiber), GABA  
Notification No.F959

Functional Ingredients  
GABA  
Notification No.H904

Functional Ingredients  
Guar gum degradate  
(Dietary fiber)  
Notification No.H908

Functional Ingredients  
GABA  
Notification No.H903

In the Vegetable Category

**Healthy + Ease of Consuming + Meal Performance**

Even if you do not like vegetables,  
An easy way to enjoy  
nutritious vegetables



Launched on October 9

**Gulps of Refreshment**



Launched on October 2

**Convenient to Carry, Just Pour Over Any Meal**

**Responding to Customer Needs STILL NOW, Using Technology and Research Cultivated Over Many Years to Create Products.**

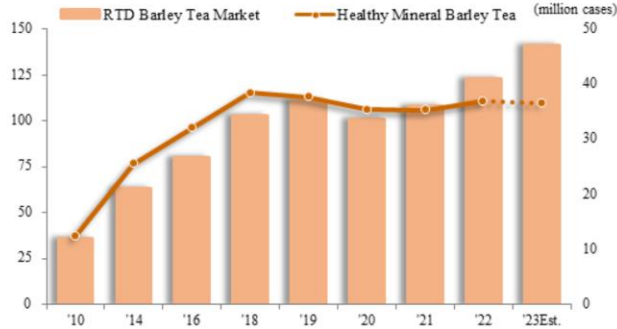
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The product that grew the most during the Corona pandemic was "Oi Ocha Bold Green Tea". Compared to pre-Corona in 2019, our Functional Foods and Foods for Specified Health Use increased 2.6 times and the market increased 1.3 times. While vegetable beverages are on the decline, our vegetable beverages with functional claims are growing 18.6% compared to the first half of the previous year. Tomato-based beverages have been particularly strong, and we launched a new product, "TOMAADE," which was designed to be easy to drink. We also launched the "Mashimashi Yasai" series (Nutritious vegetable powder). This is a powdered product that does not interfere with the original taste when sprinkled on instant ramen noodles and other dishes. It is a nutritional supplement for everyday meals. In the tea and coffee category, we have introduced not only drink-type products but also tea bags and drip bags. In the vegetable category, we have taken on the challenge of developing products other than drinks.

## Healthy Mineral Barley Tea Brand Value Enhancement

### RTD Barley Tea Market

(Market/ ¥ billion)



**This Barley Brand Can Expand Sales Space with Collaboration of Leaf Products**  
**Babies Can Drink this Caffeine-Free Brand Safely**



Launched on September 11

**Demand for Unsweetened and Caffeine-Free Products driven by Health-Conscious Consumers**

## Caffeine-Free/Unsweetened +α For Individual Needs

**Soy Isoflavones**  
**Zero Sugar,**  
**Zero Fat**



**Hot Temperature**  
**as Microwavable+Rich Taste**



Launched on  
September 25

Launched on  
September 11

## Food with Functional Claims

**Maintain Bone Strength,\*1**  
**100% Japanese Soybeans**

\*1 Functional Ingredients:  
Soy Isoflavones 25 mg (aglycon equivalent)  
Notification No. E11



**Hydrates Skin,\*2\*3**  
**100% Domestic**  
**Pearl Barley**

Launched on September 25

\*2 Functional Ingredients:  
Vanillic acid 0.25 mg  
Notification No. H637  
\*3 Middle-aged people who tend  
to have dry skin.

## Non-Caffeine Health Tea to be a New Category

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The barley tea market has expanded significantly since competitors entered the market last year. We are expanding our products horizontally in various categories, and in the barley tea category, we have now launched a new product called "Amber Barley Tea". This product is hot temperature as microwavable. Barley tea is also popular as a caffeine-free beverage, and black bean tea, another caffeine-free beverage, is also doing well. Although there is no advertising, this product has maintained strong sales and is also being marketed as a food with functional claims. We have also launched a new product, "Hato-mugi-cha" (Pearl barley tea) as a non-caffeine functional food. The product has grown into a category of health tea.

# Projection for TULLY'S Coffee Brand

## Tully's Coffee Japan



Tully's Coffee Brand

## Record Sales Volume in the First Half of the Year

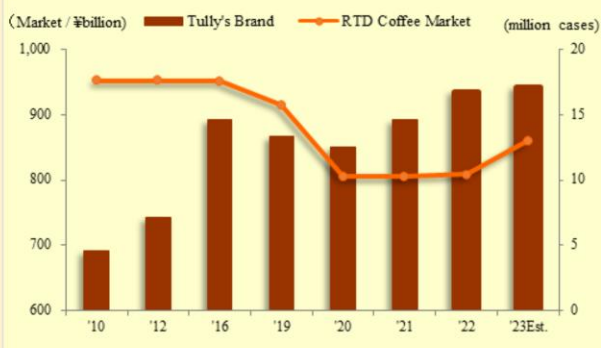
▶ Two Leading Unsweetened Coffees Items Driving Strong Sales

+ **BLACK Kilimanjaro**

TULLY'S COFFEE  
BARISTA'S BLACK

TULLY'S COFFEE  
BARISTA'S Sugar-Free Latte

TULLY'S COFFEE BARISTA'S  
BLACK Kilimanjaro



※Source: ITOEN, Market: Calendar year / Sales Amount ITOEN: May to Apr Sales Volume

## Tully's Brand New Product Lineup for the First Half of the Year

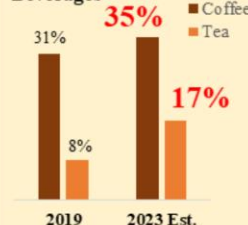
- Offering shop-quality products that meet diversifying customer tastes and preferences -



● Launched on September 18  
Diluted type 340ml  
ESPRESSO BASE  
Sugar-Free/Mildly Sweet

● Launched on September 18  
5 Drip Bags  
BARISTA'S ROAST  
BLACK Kilimanjaro Blend

### Percentage of Unsweetened Beverages



Source: ITOEN/SRL (Period: Calendar year/Price Base)



## TULLY'S & TEA



● Launched September 11  
Tea bags 20P  
Darjeeling Blend Original

● Launched September 11  
Tea bags 20P  
Citrus Earl Grey

● Launched October 9  
Tea bags 20P  
Honey Lemon & Ginger



Spring 2024  
New Products to  
be Launched

TULLY'S COFFEE brand recorded record high sales volume in the first half of the year. Unsweetened black coffee and unsweetened lattes continue to drive strong sales, with high turnover at all sales outlets. The introduction of Kilimanjaro in the black coffee category has also maintained strong sales. TULLY's brand also includes tea, and we will continue to strengthen our beverage lineup in the same way as we do in our stores.



## Tully's Coffee Japan



Trends in sales revenue and the number of stores operated



First half of FY2023:

Favorable Trend with Recovery of Customer Traffic

▶ As of Oct. 31, 2023

**777 Stores**(Net increase 11 stores /YoY)

Attempt in FY2023

Strengthening store development is underway.



**Compact type**  
**Tully's Coffee Select**  
**Opened 4 Stores**  
**during the first half of the year**



**Full lineup of tea**  
**& TEA Stores**  
**Opened 7 Stores**  
**during the first half of the year**

## Tully's Coffee × ITO EN Joint Brand Presentation by Two Companies

**2023 Costa Rica Micro lot\***  
**Launched October 11**

\*Very small manufacturing units.



- Initiatives with Quality Dota Agricultural Cooperatives
- Started in 2008, this year is the 16<sup>th</sup>
- Tully's development staff conducts on-site cupping review
- Maintain and strengthen initiatives with production areas
- Enjoy the individuality of each producer's beans Products sold exclusively at our stores

**Commercialization of Gold Award-Winning Lots**

**Limited Sales in 7 areas**

**Aiming to Enhance Tully's Brand Value by Strengthening New Initiatives**



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Tully's Coffee Shops are rapidly returning to customer numbers after COVID-19. We had 777 stores at the end of the first half and plan to have 792 stores at the end of this fiscal year. In store development, we are steadily opening stores such as the compact type "SELECT" and the "& TEA" tea specialty store, and we will continue to accelerate store openings while keeping an eye on locations.

## "Oi Ocha" Drinks Sold Well in Various Countries

### ►Sales Volume of "Oi Ocha"



### ►Sales Volume of "Oi Ocha" FY2023 First Half Results

(Compared with the first half of the previous year)

**North America +6% China +18% Singapore +76%**

Source: ITO EN (Period: May to October 2023 / Volume Basis)

Strong Sales Volume in Each Region of the World,  
Recovering from COVID-19

### ►Tea Bag Products Sales Volume FY2023 First Half Results

(Compared with the first half of the previous year)

**North America +11% Singapore +8%**

Source: ITO EN (Period: May to October 2023 / Volume Basis)

Drink and Leaf +Sales Promotion Tools  
Promoted "Oi Ocha" brand.



## Progress of Efforts in Each Country

### ►Further Promotion of ITO EN = Japanese Brand



From November, Singapore, Thailand  
Sold in bamboo bottles exclusively for "Oi Ocha"

### ►Accelerate expansion of "Oi Ocha" sales to new countries and regions

Sold in **40 countries** and regions worldwide, with more to come



We currently sell drinks and tea bags in 40 countries and regions worldwide. Although the situation differs in each country, overall sales are growing, and we will continue to expand our sales regions.



## Strengthen Sales of Tea Bags

### ►Global Tea Bags

### MATCHA GREEN TEA Complete Renewal\*



- Environmentally friendly teabag material **Biodegradable Filters**
- Further enhances the beautiful green tea infusion color
- Redesigned natural packaging

\*January 2024 - Gradual switchover from the U.S.

### ►Sales Promotions Common to Each Country and Region



For VIP Guest Rooms in Japanese Hotels  
**Introduction of Tea Bag Set with Oi Ocha Pamphlet**

Tea Bags & Matcha Tea Sets with Drinks are Introduced at the Exhibition

## Strengthen Sales of Matcha Green Tea Commercial Use has Expanded to Various Countries

### Matcha Exports

Results for the first half of FY2023

YoY **+33%**

\*ITOEN (Period: May - Oct. 2023/Weight)



►Organic Matcha Available in Hawaii from Oct.



- 100% Japanese Organic Matcha Green Tea
- Fit for lattes, smoothies, and cooking.

### ►Introducing Matcha at Exhibitions and Events Around the World



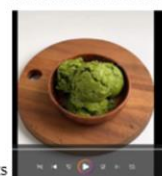
Hawaiian-Japanese Restaurants  
Matcha powder introduced



Thailand  
Matcha Latte well received



Germany  
Sold in combination with drinks



Produced a promotional video to increase awareness of Matcha



## Strengthening the Worldwide Recognition of Ito En As a Global Tea Company

19

Global tea bags were also completely renewed. Matcha exports are also doing well, up 33% year-on-year in the first half of the year. Matcha is also popular among tourists visiting Japan, and we plan to expand our matcha business overseas in the future.

# Initiatives for a Global Tea Company

Become a Global Tea Company by promoting "Oi Ocha" and Green Tea Culture and Japanese Culture in Each Country and Region of the World

## ► Full-scale expansion into Europe

**April 1, 2024 Establishment of subsidiary in Germany**  
Consignment production of beverages in Germany and sales in major European countries



**Trade Name :** ITO EN Europe GmbH  
**Location :** Federal Republic of Germany  
Düsseldorf  
**Business Description :** Import and sales of ITO EN brand products  
**Sales Destination :** Germany and other major European countries

## ► Full-scale entry into Vietnam, where sales are strong

**April 1, 2024 Establishment of subsidiary in Vietnam**



Vietnam Domestic Beverage Tea Bags  
YoY Results **+32%** **+28%**

Source: ITO EN (Period: May - Oct. 2023 Volume Basis)

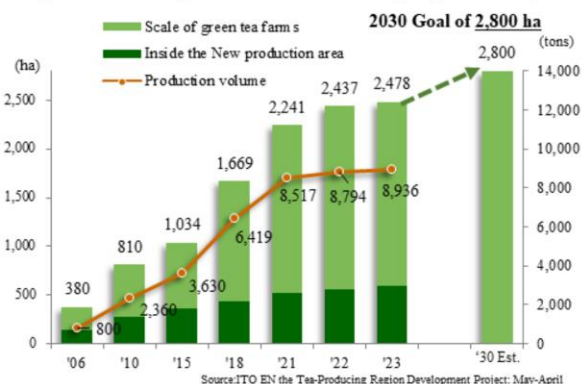
**Trade Name :** ITO EN VIETNAM CO., LTD  
**Location :** Socialist Republic of Vietnam  
Ho Chi Minh City  
**Business Description :** Import and sales of ITO EN brand products  
**Sales Destination :** In Vietnam

## ► With certification marks from around the world Good Appeal for customers around the world



ITO EN Advantage = To Secure Raw Materials Through "the Tea-Producing Region Development Project"

## ○ Changes in the Development of the Tea-Producing Region Development Project



We will establish a local subsidiary in Germany and make a full-scale entry into Europe. We will develop paper containers as locally manufactured products and strengthen sales throughout Europe from our base in Germany. We will also establish a local subsidiary in Vietnam, where sales are currently strong, to strengthen our operations. We will accelerate our overseas expansion at a dash. An important part of our overseas expansion is securing high-quality raw materials. We will continue to work on the business of cultivating tea production areas so that we can deliver safe, reliable, and delicious products to the entire world.



## Contributing to a Sustainable Society and Sustainable Growth Through Good Taste & Health



### Raw Material

- The Tea-Producing Region Development Project
  - Conversion of Abandoned Farmland to Tea Plantations
  - Development of Pesticide Reduction and Organic Cultivation Techniques
  - Practice Cultivation Techniques of Environmentally Friendly Agriculture
  - Bio-Carbon Spreading Test



100% Oi Ocha Ingredients



### Container Packaging

- Efforts for 3Rs of Containers and Packaging
  - Lightweight Materials
  - Recycled Materials in Plastic Bottles(PET)
  - Use of Environmentally Friendly Materials
- Empty Container Collection



### Contract Manufacturing Factory

- Energy Conservation During Manufacturing
- Reduced Water Consumption
- Low CO<sub>2</sub> Emissions of Crude Tea Factory in Operation

### Used Tea Leaves Recycling System

- Upcycling Used Tea Leaves into a Product
- Focus on CO<sub>2</sub> Resource Conservation
- Used Tea Leaves Composting



- Research and Communication of the Health Benefits of Green Tea. Product Development Utilizing Research
- Marketing Tailored to Each Country's Regional Food Culture and Unsweetened Tea Custom
- Contribute to Improving Community & Environmental Issues

We will continue to promote sustainability management and are once again considering our future growth strategy after COVID-19. We will also revisit the medium-to long-term plan announced last year and continue to accelerate our growth.

# Appendix

## Drink Sales Volume by Category

(Unit: ten thousand case)

FY2023	1Q (May to Jul)	Sales Composition	YoY % Change	2Q (Aug to Oct)	Sales Composition	YoY % Change	FY 2023 Forecast	Sales Composition	YoY % Change
Drinks	6,093	100%	- 3 %	6,075	100%	- 1 %	21,447	100.0%	-2%
Tea total	4,351	71.4%	- 3 %	4,355	71.7%	+ 0 %	15,020	70.0%	-2%
Japanese Tea	3,942	64.7%	- 5 %	3,949	65.0%	- 0 %	13,537	63.1%	-2%
Chinese Tea	242	4.0%	+ 6 %	256	4.2%	+ 7 %	885	4.1%	6%
Other Tea	166	2.7%	+ 33 %	149	2.5%	- 5 %	597	2.8%	3%
Vegetable	656	10.8%	- 10 %	651	10.7%	- 9 %	2,451	11.4%	-5%
Coffee	453	7.4%	+ 3 %	437	7.2%	- 3 %	1,738	8.1%	-1%
Mineral Water	175	2.9%	- 11 %	177	2.9%	- 4 %	611	2.9%	-8%
Carbonated	180	3.0%	+ 15 %	177	2.9%	+ 10 %	595	2.8%	11%
Fruit	141	2.3%	+ 11 %	131	2.2%	+ 14 %	513	2.4%	13%
Others	135	2.2%	+ 3 %	145	2.4%	- 6 %	516	2.4%	-5%

## Sales Composition by Packaging (Non-Consolidated)

FY2023 (May 2023 to October 2023)

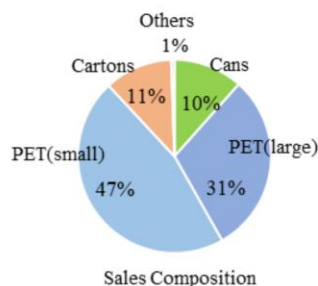
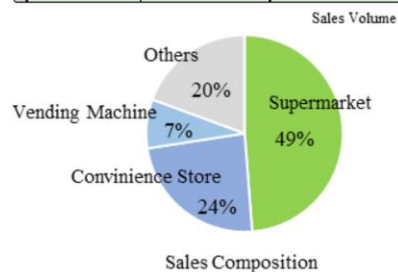
(Unit: Ten thousand cases)

FY2023	1Q (May to Jul)	YoY % Change	2Q (Aug to Oct)	YoY % Change	FY2023 2Q	Composition ratio YOY	YOY % Change
Drink Total	6,093	- 3 %	6,075	- 1 %	12,169	+ 0 pt	- 2 %
Cans	622	- 6 %	619	- 10 %	1,242	+ 0 pt	- 8 %
PET(large)	1,871	- 8 %	1,943	+ 1 %	3,814	+ 0 pt	- 3 %
PET(small)	2,887	+ 1 %	2,804	+ 1 %	5,692	- 0 pt	+ 1 %
Cartons	678	- 4 %	671	- 4 %	1,350	+ 0 pt	- 4 %
Others	34	+ 0 %	35	+ 15 %	70	- 0 pt	+ 7 %

## Sales Composition by Channels (Non-Consolidated)

FY2023 (May 2023 to October 2023)

	Composition ratio YoY	YOY % Change
Supermarket	- 2 pt	- 6 %
Convenience Store	+ 2 pt	+ 5 %
Vending Machine	- 1 pt	- 10 %
Others	+ 1 pt	+ 4 %

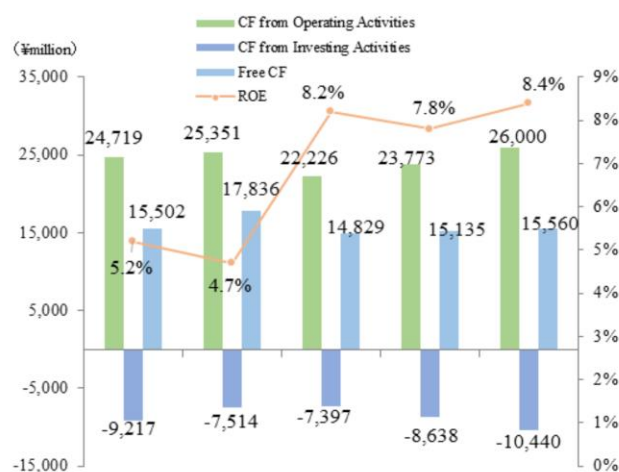




## Consolidated Balance Sheet (YoY Comparison)

	End of Oct. 2022	End of Oct. 2023	Change
(¥million)			
<b>Current assets</b>	<b>232,934</b>	<b>247,527</b>	<b>14,593</b>
Cash and deposits	100,525	114,136	13,610
Accounts receivable-trade and inventories	119,741	120,065	324
<b>Property, plant and equipment</b>	<b>74,757</b>	<b>73,479</b>	<b>-1,278</b>
Land	23,344	23,229	-115
Leased assets	7,146	5,398	-1,747
Other	44,266	44,851	584
<b>Intangible fixed assets</b>	<b>8,484</b>	<b>8,060</b>	<b>-423</b>
Goodwill	3,078	1,997	-1,081
Investments and other assets	22,175	24,647	2,471
<b>Total assets</b>	<b>338,351</b>	<b>353,714</b>	<b>15,362</b>
<b>Current liabilities</b>	<b>76,813</b>	<b>93,982</b>	<b>17,169</b>
Accounts payable	30,439	31,881	1,442
Corporate bonds	-	10,000	10,000
Short-term loans payable	2,532	1,737	-794
Lease obligations	2,370	1,885	-485
Income taxes payable	4,520	6,092	1,572
<b>Non-current liabilities</b>	<b>90,783</b>	<b>76,798</b>	<b>-13,985</b>
Corporate bonds	10,000	-	-10,000
Long-term loans payable	60,441	59,467	-974
Lease obligations	4,542	3,063	-1,479
<b>Total liabilities</b>	<b>167,597</b>	<b>170,781</b>	<b>3,183</b>
<b>Net assets</b>	<b>170,754</b>	<b>182,932</b>	<b>12,178</b>

## Consolidated Cash Flows



(¥million)	'20/4	'21/4	'22/4	'23/4	'24/4 Est.
Capital Investments	9,990	7,199	7,511	7,259	9,855
Depreciation/Amortization	7,022	7,255	7,246	7,582	6,921
Leased Assets Depr.	6,081	5,171	4,035	2,771	1,651
Lease obligations (Repay assets)	-4,679	-3,691	-2,732	-2,278	-1,879

Rating	A+	Equity Ratio	10/2022	50.1%
Bond Shelf Registration (Straight Bonds)	¥ 40 billion		10/2023	51.3%



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.