

June 1, 2026

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

: 25935 (Class-A Preferred Stock)

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

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For Immediate Release

Consolidated Financial Results

Under Japanese standards for the fiscal year ended April 30, 2026 (Unaudited)

Scheduled date of general shareholder's meeting: July 24, 2026

Scheduled date of commencement of dividend payment: July 27, 2026

Scheduled filing date of securities report: July 21, 2026

Supplementary documents for financial results: Yes

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, 2026 (May 1, 2025 - April 30, 2026)

(1) Consolidated Results of Operations

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
4/30/2026	497,877	5.3	21,684	(5.6)	23,267	1.3	3,466	(75.5)
4/30/2025	472,716	4.1	22,969	(8.2)	22,973	(13.9)	14,156	(9.5)

Note 1: Comprehensive income 4/30/2026: 7,845 million yen [(41.0)%] 4/30/2025: 13,293 million yen [(30.8)%]

	Earnings per share	Earnings per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
4/30/2026	26.87	26.82	2.0	6.8	4.4
4/30/2025	117.50	117.26	8.0	6.6	4.9

Reference: Equity in earnings (losses) of affiliated companies 4/30/2026: 434 million yen 4/30/2025: 132 million yen

Note 2: The 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
4/30/2026	342,667	177,951	51.4	1,527.27
4/30/2025	344,598	175,971	50.6	1,511.77

Reference: Shareholders' equity 4/30/2026: 176,173 million yen 4/30/2025: 174,279 million yen

Note: The 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
4/30/2026	11,301	(11,072)	(16,609)	71,080
4/30/2025	18,038	(13,333)	(23,236)	85,565

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	Year end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
4/30/2025	–	22.00	–	22.00	44.00	3,775	37.4	2.9
4/30/2026	–	24.00	–	24.00	48.00	4,047	178.6	3.2
4/30/2027 (Forecast)	–	26.00	–	26.00	52.00		54.5	

Note: The 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, 2027 (May 1, 2026 - April 30, 2027)

(% indicates year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
4/30/2027	500,000	0.4	20,000	(7.8)	20,500	(11.9)	11,430	229.7	95.44

Note: The per share information in forecasted consolidated results pertains to Common Stock. For per share information for Class-A Preferred Stock, refer to "Reference" below.

Reference

(1) Per share information of Class-A Preferred Stock in consolidated results of operations

	Earnings per share	Earnings per share (diluted)	Net assets per share
	Yen	Yen	Yen
4/30/2026	38.88	38.83	1,533.27
4/30/2025	129.46	129.22	1,517.77

(2) Dividends – 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	Year end	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
4/30/2025	–	28.00	–	28.00	56.00	1,727	43.3	3.7
4/30/2026	–	30.00	–	30.00	60.00	1,854	154.3	3.9
4/30/2027 (Forecast)	–	33.00	–	33.00	66.00		60.3	

(3) Per share information of Class-A Preferred Stock in forecasted consolidated results

	Earnings per share (Consolidated)	Earnings per share (Non-Consolidated)
	Yen	Yen
4/30/2027	109.44	108.31

(4) Number of issued shares – Class-A Preferred Stock

- i. Number of issued shares (including treasury stock) 4/30/2026 32,246,962 shares 4/30/2025 32,246,962 shares
- ii. Number of treasury stock 4/30/2026 1,339,088 shares 4/30/2025 1,394,070 shares
- iii. Average number of shares outstanding during the period 4/30/2026 30,881,397 shares 4/30/2025 30,950,121 shares

(5) Per share information of Class-A Preferred Stock in non-consolidated results of operations

	Earnings per share	Net income per share (diluted)	Net assets per share
	Yen	Yen	Yen
4/30/2026	21.64	21.62	1,377.00
4/30/2025	108.25	108.05	1,406.36

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1. Overview of the Consolidated Results of Operations, etc.

(1) Overview of the Consolidated Results of Operations in the Current Fiscal Year

During the fiscal year ended April 30, 2026 (May 1, 2025 – April 30, 2026), the Japanese economy continued on a gradual recovery driven by the improvement in the employment and income environment and the effects of various policies. However, certain conditions continue to present an uncertain outlook, such as soaring raw material costs and energy prices, as well as the impact of policy developments in the United States, and the situation in the Middle East.

Under these business conditions, in keeping with its “Always Putting the Customer First” management principle of valuing each and every customer forms the basis of management, the ITO EN Group treats everyone involved with the Group as a customer, carefully listening to their opinions and requests, and vigorously taking a concerted approach to engaging in business activities while aiming to consider the customer’s viewpoint at all times.

In the beverage industry, which is our Group’s core business, the business environment remained challenging as rising costs—including raw materials, logistics, and labor—persisted, while consumers remained highly budget-conscious. In particular, with regard to the vending machine business, a decline in profitability was observed due to a decrease in sales volume. Consequently, an impairment loss was recognized during the current fiscal year, resulting in a significant decrease in profit attributable to owners of parent.

Performance for the fiscal year ended April 30, 2026 was as follows:

Net sales	497,877 million yen,	up 5.3% year on year
Operating income	21,684 million yen,	down 5.6% year on year
Ordinary income	23,267 million yen,	up 1.3% year on year
Profit attributable to owners of parent	3,466 million yen,	down 75.5% year on year

Performance by each of the business segments was as follows.

<Tea Leaves and Beverages Business>

In the Tea Leaves and Beverages Business, net sales for the fiscal year ended April 30, 2026, overseas sales remained strong, driven by growing demand for Japanese tea, including matcha, particularly in the United States and Southeast Asia (ASEAN), while domestic sales were generally on par with the previous year. Going forward, we will continue to promote the further globalization of “*Oi Ocha*” while continuing to roll out our marketing efforts with Shohei Otani serving as a global ambassador both in Japan and overseas.

On the earnings front, while we saw some improvement due to efforts to enhance the profitability of our U.S. coffee bean business, adjust prices both domestically and internationally, and control operating expenses, the increase in various costs, including raw material expenses, was greater than expected, resulting in a decline in operating profit.

With regard to the vending machine business, as part of structural reforms aimed at addressing changing market conditions, we will transfer the business to our subsidiary, Neos Corporation, (which will change its name to ITO EN NEOS, LTD. effective May 1, 2026), which operates vending machines business and other businesses. Through this transfer, we aim to flexibly execute strategies and establish a profit base.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 443,443 million yen, up 5.5% year on year, and operating income of 17,500 million yen, down 8.0% year on year.

<Restaurant Business>

In addition to its traditional “*TULLY’S COFFEE*” brand, the specialty coffee shop “*TULLY’S COFFEE*” has actively expanded into the “&TEA” and “PRIME FIVE” formats, opening stores in a wide variety of locations, including airports, train stations, and hospitals. Thanks to steady growth in the number of stores, price revisions, and media exposure, sales exceeded the previous year’s figures and remained strong. Operating income also increased, as we managed to control expenses effectively despite the continued rise in coffee bean prices and store opening costs.

In March of this year, we opened the “PRIME FIVE TULLY’S COFFEE Hiroo (Tokyo)” as a concept store that embodies TULLY’S COFFEE’s “Five Best” operational philosophy. The store offers a limited menu designed to showcase the appeal of our carefully crafted espresso, as well as a unique spatial experience that elevates one’s everyday coffee break. The total number of stores was 850, up 32 stores from the end of the previous fiscal year, as of the end of April 2026.

As a result of these activities, the Restaurant Business recorded net sales of 46,495 million yen, up 6.2% year on year, and operating income of 3,555 million yen, up 1.1% year on year.

<Others>

The Others recorded net sales of 7,938 million yen, down 7.9% year on year, and operating income of 659 million yen, down 13.9% year on year.

(2) Overview of the Financial Position in the Current Fiscal Year

The following is the consolidated financial position at the end of the fiscal year ended April 30, 2026.

(Assets)

Total assets at the end of the fiscal year ended April 30, 2026 stood at 342,667 million yen, decreased by 1,931 million yen from the end of the previous fiscal year. These changes in total assets mainly reflected a decrease of 14,714 million yen in “Cash and deposits,” an increase of 3,181 million yen in “Accounts receivable - trade,” an increase of 10,710 million yen in “Merchandise and finished goods,” an increase of 4,179 million yen in “Raw materials and supplies,” an increase of 1,067 million yen in “Other in current assets,” a decrease of 11,907 million yen in “Tools, furniture and fixtures,” a decrease of 1,358 million yen in “Leased assets,” an increase of 1,027 million yen in “Investment securities,” and an increase of 3,358 million yen in “Deferred tax assets.”

(Liabilities)

Liabilities at the end of the fiscal year ended April 30, 2026 stood at 164,715 million yen, decreased by 3,910 million yen from the end of the previous fiscal year. These changes in liabilities mainly reflected a decrease of 18,179 million yen in “Short-term loans payable,” an increase of 1,718 million yen in “Accrued expenses,” and an increase of 11,035 million yen in “Long-term loans payable.”

(Net assets)

Net assets at the end of the fiscal year ended April 30, 2026 stood at 177,951 million yen, increased by 1,979 million yen from the end of the previous fiscal year. This mainly reflected an increase of 3,466 million yen in “Retained earnings” due to “Profit attributable to owners of parent,” a decrease of 5,669 million yen in “Retained earnings” due to “Dividends of surplus,” and an increase of 2,933 million yen in “Foreign currency translation adjustment.”

As a result, the shareholders’ equity ratio was 51.4% compared with 50.6% at the end of the previous fiscal year.

(3) Overview of the Cash Flows in the Current Fiscal Year

Cash and cash equivalents at the end of the fiscal year ended April 30, 2026 amounted to 71,080 million yen, decreased by 14,485 million yen from the end of the previous fiscal year.

Cash flows during the fiscal year ended April 30, 2026 and their causes are as follows.

(Cash flows from operating activities)

Net cash inflows from operating activities were 11,301 million yen (compared with 18,038 million yen inflow in the previous fiscal year). The major factors affecting this were income before income taxes of 6,843 million yen, depreciation of 8,553 million yen, impairment loss of 14,883 million yen, an increase in inventories of 12,817 million yen and income taxes paid of 6,258 million yen.

(Cash flows from investing activities)

Net cash outflows from investing activities were 11,072 million yen (compared with 13,333 million yen outflow in the previous fiscal year). The major factor affecting this was purchase of property, plant and equipment and intangible assets of 11,304 million yen.

(Cash flows from financing activities)

Net cash outflows from financing activities were 16,609 million yen (compared with 23,236 million yen outflow in the previous fiscal year). The major factors affecting this were proceeds from long-term loans payable of 14,435 million yen, repayments of long-term loans payable of 23,548 million yen, and cash dividends paid of 5,660 million yen.

(4) Future Outlook

Looking ahead, although the outlook remains uncertain due to factors like U.S. policy developments, geopolitical risks causing international instability, and increased consumer frugality due to inflation, the Group will continue to propose products that meet consumer needs and further strengthen its brand through active communication with customers, while continuing corporate efforts to reduce costs and pursue greater efficiency.

The forecast for the fiscal year ending April 30, 2027 is as follows.

Net sales	500.0 billion yen,	up 0.4% year on year
Operating income	20.0 billion yen,	down 7.8% year on year
Ordinary income	20.5 billion yen,	down 11.9% year on year
Profit attributable to owners of parent	11.4 billion yen,	up 229.7% year on year

The above forecasts are based on information available at the time this report was prepared, and actual results may differ from the forecasts due to various factors in the future.

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, the ITO EN Group plans to appropriately respond after considering the circumstances in Japan and overseas.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

As of April 30, 2025 and April 30, 2026

(Millions of yen)

	As of April 30, 2025	As of April 30, 2026
Assets		
Current assets		
Cash and deposits	89,908	75,193
Notes receivable - trade	65	68
Accounts receivable - trade	66,839	70,020
Merchandise and finished goods	46,255	56,966
Raw materials and supplies	13,014	17,193
Accounts receivable - other	11,038	11,727
Other	5,295	6,363
Allowance for doubtful accounts	(423)	(355)
Total current assets	231,995	237,179
Non-current assets		
Property, plant and equipment		
Buildings and structures	59,661	62,228
Accumulated depreciation	(33,897)	(35,854)
Buildings and structures, net	25,764	26,373
Machinery, equipment and vehicles	31,682	34,094
Accumulated depreciation	(25,335)	(27,399)
Machinery, equipment and vehicles, net	6,347	6,694
Tools, furniture and fixtures	41,218	38,831
Accumulated depreciation	(25,523)	(35,044)
Tools, furniture and fixtures, net	15,694	3,787
Land	23,223	23,674
Leased assets	14,729	9,611
Accumulated depreciation	(10,206)	(6,447)
Leased assets, net	4,522	3,164
Construction in progress	1,305	1,486
Other	498	489
Total property, plant and equipment	77,356	65,669
Intangible assets		
Goodwill	762	1,071
Software	3,637	3,419
Other	2,122	2,954
Total intangible assets	6,521	7,446
Investments and other assets		
Investment securities	4,939	5,966
Deferred tax assets	5,913	9,271
Other	17,997	17,291
Allowance for doubtful accounts	(125)	(157)
Total investments and other assets	28,724	32,371
Total non-current assets	112,603	105,487
Total assets	344,598	342,667

Consolidated Balance Sheet – Continued

(Millions of yen)

	As of April 30, 2025	As of April 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	35,292	36,170
Short-term loans payable	24,177	5,997
Lease obligations	1,448	1,134
Accrued expenses	32,418	34,136
Income taxes payable	2,749	3,593
Provision for bonuses	4,292	4,674
Other	7,741	8,254
Total current liabilities	108,120	93,961
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	35,001	46,037
Lease obligations	2,445	2,470
Net defined benefit liability	6,824	6,369
Deferred tax liabilities for land revaluation	740	740
Other	5,493	5,136
Total non-current liabilities	60,505	70,754
Total liabilities	168,626	164,715
Net assets		
Shareholders' equity		
Capital stock	19,912	19,912
Capital surplus	4,788	4,788
Retained earnings	153,367	151,162
Treasury shares	(5,930)	(5,764)
Total shareholders' equity	172,137	170,099
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,059	2,820
Revaluation reserve for land	(6,074)	(6,074)
Foreign currency translation adjustment	5,400	8,334
Remeasurements of defined benefit plans	755	994
Total accumulated other comprehensive income	2,141	6,074
Share acquisition rights	82	47
Non-controlling interests	1,610	1,730
Total net assets	175,971	177,951
Total liabilities and net assets	344,598	342,667

(2) Consolidated Statement of Income and Comprehensive Income

For the fiscal year ended April 30, 2025 and 2026 (May 1, 2024 - April 30, 2025 and May 1, 2025 - April 30, 2026)

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended April 30, 2025		Fiscal year ended April 30, 2026	
Net sales		472,716		497,877
Cost of sales		*1 293,078		*1 318,459
Gross profit		179,638		179,417
Selling, general and administrative expenses		*2, *3 156,668		*2, *3 157,733
Operating income		22,969		21,684
Non-operating income				
Interest income		609		415
Dividend income		92		111
Share of profit of entities accounted for using equity method		132		434
Gain on prepaid card		147		196
Foreign exchange gains		—		1,007
Other		506		666
Total non-operating income		1,488		2,831
Non-operating expenses				
Interest expenses		511		909
Foreign exchange losses		573		—
Loss on cancellation of leases		156		82
Other		244		257
Total non-operating expenses		1,485		1,249
Ordinary income		22,973		23,267
Extraordinary income				
Gain on sales of non-current assets		*4 17		*4 10
Gain on donation of non-current assets		4		—
Gain on sales of investment securities		31		110
Gain on step acquisitions		—		191
Other		2		—
Total extraordinary income		56		312
Extraordinary losses				
Loss on sales of non-current assets		*5 —		*5 4
Loss on abandonment of non-current assets		*6 298		*6 1,084
Impairment loss		*7 489		*7 14,883
Loss on valuation of investment securities		9		345
Loss on sale of investment securities		0		35
Loss on valuation of shares of subsidiaries and associates		0		382
Other		0		—
Total extraordinary losses		799		16,736
Income before income taxes		22,231		6,843
Income taxes - current		6,648		6,634
Income taxes - deferred		1,081		(3,553)
Total income taxes		7,729		3,080
Net income		14,501		3,762
Profit attributable to non-controlling interests		345		295
Profit attributable to owners of parent		14,156		3,466

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Net income	14,501	3,762
Other comprehensive income		
Valuation difference on available-for-sale securities	295	704
Revaluation reserve for land	(21)	-
Foreign currency translation adjustment	(1,672)	3,047
Remeasurements of defined benefit plans, net of tax	257	238
Share of other comprehensive income of entities accounted for using equity method	(68)	92
Total other comprehensive income	(1,208)	4,083
Comprehensive income	13,293	7,845
Comprehensive income attributable to owners of parent	12,955	7,399
Comprehensive income attributable to non-controlling interests	337	446

(3) Consolidated Statement of Changes in Shareholders' Equity

For the fiscal year ended April 30, 2025 (May 1, 2024 - April 30, 2025)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	18,554	149,154	(9,480)	178,141
Changes of items during period					
Dividends of surplus			(5,483)		(5,483)
Profit attributable to owners of parent			14,156		14,156
Purchase of treasury shares				(14,887)	(14,887)
Disposal of treasury shares		(18)		229	211
Cancellation of treasury shares		(18,207)		18,207	-
Transfer of loss on disposal of treasury shares		4,459	(4,459)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(13,766)	4,212	3,550	(6,003)
Balance at end of current period	19,912	4,788	153,367	(5,930)	172,137

	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	1,849	(6,053)	7,046	499	3,342	104	1,627	183,216
Changes of items during period								
Dividends of surplus								(5,483)
Profit attributable to owners of parent								14,156
Purchase of treasury shares								(14,887)
Disposal of treasury shares								211
Cancellation of treasury shares								-
Transfer of loss on disposal of treasury shares								-
Net changes of items other than shareholders' equity	210	(21)	(1,646)	256	(1,200)	(22)	(17)	(1,241)
Total changes of items during period	210	(21)	(1,646)	256	(1,200)	(22)	(17)	(7,244)
Balance at end of current period	2,059	(6,074)	5,400	755	2,141	82	1,610	175,971

For the fiscal year ended April 30, 2026 (May 1, 2025 - April 30, 2026)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	4,788	153,367	(5,930)	172,137
Changes of items during period					
Dividends of surplus			(5,669)		(5,669)
Profit attributable to owners of parent			3,466		3,466
Capital increase of consolidated subsidiaries		(0)			(0)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		(1)		171	169
Cancellation of treasury shares					-
Transfer of loss on disposal of treasury shares		1	(1)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	(2,204)	166	(2,038)
Balance at end of current period	19,912	4,788	151,162	(5,764)	170,099

	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	2,059	(6,074)	5,400	755	2,141	82	1,610	175,971
Changes of items during period								
Dividends of surplus								(5,669)
Profit attributable to owners of parent								3,466
Capital increase of consolidated subsidiaries								(0)
Purchase of treasury shares								(5)
Disposal of treasury shares								169
Cancellation of treasury shares								-
Transfer of loss on disposal of treasury shares								-
Net changes of items other than shareholders' equity	760	-	2,933	238	3,932	(34)	120	4,018
Total changes of items during period	760	-	2,933	238	3,932	(34)	120	1,979
Balance at end of current period	2,820	(6,074)	8,334	994	6,074	47	1,730	177,951

(4) Consolidated Statement of Cash Flows

For the fiscal year ended April 30, 2025 and 2026 (May 1, 2024 - April 30, 2025 and May 1, 2025 - April 30, 2026)

(Millions of yen)

	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Cash flows from operating activities		
Income before income taxes	22,231	6,843
Depreciation	8,745	8,553
Impairment loss	489	14,883
Amortization of goodwill	693	253
Increase (decrease) in allowance for doubtful accounts	237	(84)
Increase (decrease) in provision for bonuses	(313)	324
Increase (decrease) in net defined benefit liability	(320)	(128)
Interest and dividend income	(702)	(527)
Interest expenses	511	909
Foreign exchange losses (gains)	437	(629)
Loss on abandonment of non-current assets	298	1,084
Decrease (increase) in notes and accounts receivable - trade	(5,104)	(402)
Decrease (increase) in inventories	(3,327)	(12,817)
Decrease (increase) in other current assets	(1,099)	(1,994)
Decrease (increase) in other non-current assets	(21)	684
Increase (decrease) in notes and accounts payable - trade	4,091	(1,419)
Increase (decrease) in accrued consumption taxes	(911)	928
Increase (decrease) in other current liabilities	1,276	1,748
Increase (decrease) in other non-current liabilities	(705)	(614)
Other, net	34	200
Subtotal	26,540	17,796
Interest and dividend income received	649	683
Interest expenses paid	(522)	(919)
Income taxes paid	(8,627)	(6,258)
Net cash provided by (used in) operating activities	18,038	11,301
Cash flows from investing activities		
Net decrease (increase) in time deposits	(485)	696
Purchase of property, plant and equipment and intangible assets	(12,286)	(11,304)
Purchase of investment securities	(0)	(420)
Proceeds from sales of investment securities	144	145
Purchase of shares of subsidiaries and associates	(697)	(0)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(131)
Decrease (increase) in other investments	(9)	(57)
Net cash provided by (used in) investing activities	(13,333)	(11,072)

Consolidated Statement of Cash Flows – Continued

(Millions of yen)

	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	600	(80)
Proceeds from long-term loans payable	12,000	14,435
Repayments of long-term loans payable	(13,522)	(23,548)
Purchase of treasury shares	(14,887)	(5)
Proceeds from disposal of treasury shares	0	0
Repayments of finance lease obligations	(1,594)	(1,404)
Cash dividends paid	(5,474)	(5,660)
Dividends paid to non-controlling interests	(347)	(334)
Other, net	(11)	(11)
Net cash provided by (used in) financing activities	(23,236)	(16,609)
Effect of exchange rate change on cash and cash equivalents	(1,300)	1,877
Net increase (decrease) in cash and cash equivalents	(19,832)	(14,502)
Cash and cash equivalents at beginning of period	105,397	85,565
Increase in cash and cash equivalents resulting from merger	–	17
Cash and cash equivalents at end of period	85,565	71,080

(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 34 companies

Effective May 1, 2025, ITO EN KANSAI CHAGYO, LTD. and ITO EN SANGYO, LTD. conducted an absorption-type merger with ITO EN SANGYO, LTD. as the surviving company, changing its trade name to ITO EN Tea Factory, Ltd. As a result ITO EN KANSAI CHAGYO, LTD. has been excluded from the scope of consolidation from the fiscal year ended April 30, 2026.

Due to additional investment in ITO EN Logitem Co., Ltd., the company has been included in the scope of consolidation in the fiscal year ended April 30, 2026.

- (2) Non-consolidated subsidiaries 3 companies

2. Application of equity method

- (1) Equity - method applied to non-consolidated subsidiaries 3 companies
(2) Equity - method applied to affiliated 1 companies
(3) Equity - method unapplied to affiliated 6 companies

(Notes to Consolidated Statement of Income)

- *1. Ending finished goods inventory 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, 2025	Fiscal year ended April 30, 2026
Cost of sales	50	374

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

	Million yen	
	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Vending machine selling commission	15,481	14,509
Advertising	12,784	11,617
Transportation	14,503	15,466
Salaries and wages to employees	50,420	52,421
Provision for bonuses	3,678	4,032
Retirement benefit expenses	1,294	1,378
Research and development expenses	2,391	2,418
Depreciation	6,396	5,938

- *3. Total amount of research and development expenses included in general and administrative expenses (No research and development expenses were included in manufacturing costs for the period under review)

	Million yen	
	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
General and administrative expenses	2,391	2,418

- *4. Breakdown of gain on sales of non-current assets

	Million yen	
	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Buildings and structures	13	2
Machinery, equipment and vehicles	4	5
Tools, furniture and fixtures	0	2
Total	17	10

- *5. Breakdown of loss on sales of non-current assets

	Million yen	
	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Buildings and structures	–	4
Total	–	4

- *6. Breakdown of loss on abandonment of non-current assets

	Million yen	
	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Buildings and structures	38	65
Machinery, equipment and vehicles	0	4
Tools, furniture and fixtures	162	574
Software	0	8
Software in progress	–	353
Others	96	77
Total	298	1,084

- *7. Impairment loss

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

For the fiscal year ended April 30, 2025 (May 1, 2024 - April 30, 2025)

Location	Use	Type of assets	Impairment loss (million yen)
Kakegawa-shi, Shizuoka, etc.	Store (Tully's Coffee Japan Co., Ltd.)	Buildings and structures, etc.	454
Koto-ku, Tokyo, etc.	Merchandise outlet, etc. (ITO EN FOOD SERVICE CO., LTD.)	Buildings and structures, etc.	35

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 or expected to incur continuous deficits in cash flows arising from operating activities, the book values of their assets were reduced to recoverable amounts and an impairment loss in extraordinary losses, amounting to 454 million yen

(buildings and structures 372 million yen, tools, furniture and fixtures 79 million yen, and other investments and other assets 1 million yen), was recorded as of the end of the fiscal year ended April 30, 2025. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

In the case of the consolidated subsidiary ITO EN FOOD SERVICE CO., LTD., asset grouping is conducted with each merchandise outlet, etc. as the basic unit of measurement, as these are the smallest units of cash flow generation. Out of the merchandise outlets, etc. stated in the above, for those incurred or expected to incur continuous deficits in cash flows arising from operating activities, the book values of their assets were reduced to recoverable amounts and an impairment loss in extraordinary losses, amounting to 35 million yen (buildings and structures 28 million yen, tools, and furniture and fixtures 6 million yen), was recorded as of the end of the fiscal year ended April 30, 2025. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

For the fiscal year ended April 30, 2026 (May 1, 2025 - April 30, 2026)

Location	Use	Type of assets	Impairment loss (million yen)
Shibuya-ku, Tokyo, etc.	Vending machines, etc. (ITO EN, LTD.)	Tools, furniture, fixtures, etc.	12,065
Taito-ku, Tokyo	Vending machines, etc. (NEOS Corporation)	Leased assets, etc.	1,807
Minato-ku, Tokyo, etc.	Store (Tully's Coffee Japan Co., Ltd.)	Buildings and structures, etc.	900
Shibuya-ku, Tokyo, etc.	Merchandise outlet, etc. (ITO EN FOOD SERVICE CO., LTD.)	Buildings and structures, etc.	110

We primarily group our assets by region, and for rental properties, we group them using individual properties as the basic unit of measurement. However, in conjunction with the transfer of our “vending machine business” to our wholly owned subsidiary, NEOS Corporation (which changed its trade name to ITO EN NEOS, LTD. effective May 1, 2026), we have revised our grouping method for impairment accounting, dividing the segment previously recognized as a single business for the entire company into the “vending machine business” and the “other business,” and grouping them by region. Upon confirming signs of impairment for each business, it was recognized that the “vending machine business” is experiencing a significant deterioration in its operating environment due to ongoing increases in costs such as raw materials, logistics, and labor, while sales volumes are declining. Consequently, the book values of the relevant vending machines, etc., as of the fiscal year ended April 30, 2026, were reduced to their recoverable amounts, and an impairment loss amounting to 12,065 million yen (tools, furniture and fixtures 11,953 million yen, software 71 million yen, and leased assets 39 million yen) was recorded. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

Since our consolidated subsidiary, NEOS Corporation, engages in the single business of “vending machine business,” all of its business assets are classified as a single asset group. Upon confirming signs of impairment in NEOS Corporation’s business, it was recognized that the operating environment has significantly deteriorated due to ongoing increases in costs such as raw materials, logistics, and labor, while sales volumes are declining. Consequently, the book values of the relevant fixed assets were reduced to their recoverable amounts, and an impairment loss amounting to 1,807 million yen (leased assets 1,004 million yen, tools, furniture and fixtures 566 million yen, buildings and structures 151 million yen, software 52 million yen, other intangible assets 30 million yen, and machinery, equipment, and vehicles 2 million yen) was recorded. The recoverable amounts are measured based on net realizable value, using appraisal reports from real estate appraisers for land, while the sale value for fixed assets other than land is assessed as zero.

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 or expected to incur continuous deficits in cash flows arising from operating activities, the book values of their assets were reduced to recoverable amounts and an impairment loss in extraordinary losses, amounting to 900 million yen (buildings and structures 795 million yen, tools, furniture and fixtures 104 million yen, and other investments and other assets 0 million yen), was recorded as of the end of the fiscal year ended April 30, 2026. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

In the case of the consolidated subsidiary ITO EN FOOD SERVICE CO., LTD., asset grouping is conducted with each merchandise outlet, etc. as the basic unit of measurement, as these are the smallest units of cash flow generation. Out of the merchandise outlets, etc. stated in the above, for those incurred or expected to incur continuous deficits in cash flows arising from operating activities, the book values of their assets were reduced to recoverable amounts and an impairment loss in extraordinary losses, amounting to 110 million yen (buildings and structures 84 million yen, tools, furniture and fixtures 25 million yen, and machinery, equipment and vehicles 0 million yen), was recorded as of the end of the fiscal year ended April 30, 2026. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

(Notes on 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 the restaurant business. As such, our reporting segments consist of “Tea Leaves and Beverages Business,” “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.

Intersegment sales and transfers 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, 2025 (May 1, 2024 - April 30, 2025)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea Leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	420,328	43,769	8,619	472,716	–	472,716
(2) Intersegment	1,222	15	2,495	3,733	(3,733)	–
Total net sales	421,550	43,784	11,115	476,450	(3,733)	472,716
Segment profits	19,025	3,518	766	23,309	(339)	22,969
Segment assets	313,307	21,960	8,825	344,093	505	344,598
Others:						
Depreciation	7,537	1,082	125	8,745	–	8,745
Amortization of goodwill	–	–	7	7	685	693
Investments in entities accounted for using equity method	3,285	–	–	3,285	–	3,285
Increase in property, plant and equipment and intangible assets	11,356	2,826	171	14,354	–	14,354

Notes: i. The segment profits adjustment of (339) million yen includes (685) million yen in amortization of goodwill and 345 million yen in intersegment transactions.

ii. The segment assets adjustment of 505 million yen is unamortized balance of goodwill, etc.

iii. Segment profits are adjusted to the operating income figure on the Consolidated Statement of Income.

For the fiscal year ended April 30, 2026 (May 1, 2025 - April 30, 2026)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea Leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	443,443	46,495	7,938	497,877	–	497,877
(2) Intersegment	1,689	360	541	2,592	(2,592)	–
Total net sales	445,133	46,856	8,480	500,469	(2,592)	497,877
Segment profits	17,500	3,555	659	21,715	(30)	21,684
Segment assets	310,264	23,259	8,892	342,416	251	342,667
Others:						
Depreciation	7,216	1,219	118	8,553	–	8,553
Amortization of goodwill	–	–	–	–	253	253
Investments in entities accounted for using equity method	3,217	–	–	3,217	–	3,217
Increase in property, plant and equipment and intangible assets	9,954	2,419	162	12,536	–	12,536

- Notes: i. The segment profits adjustment of (30) million yen includes (253) million yen in amortization of goodwill and 222 million yen in intersegment transactions.
- ii. The segment assets adjustment of 251 million yen is unamortized balance of goodwill, etc.
- iii. Segment profits are adjusted to the operating income figure on the Consolidated Statement of Income.

(Notes to Per Share Data)

For the fiscal year ended April 30, 2025 and 2026 (May 1, 2024 - April 30, 2025 and May 1, 2025 - April 30, 2026)

	Yen	
	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Common Stock		
Net assets per share	1,511.77	1,527.27
Earnings per share	117.50	26.87
Earnings per share (diluted)	117.26	26.82
Class-A Preferred Stock		
Net assets per share	1,517.77	1,533.27
Earnings per share	129.46	38.88
Earnings per share (diluted)	129.22	38.83

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

	Fiscal year ended April 30, 2025	Fiscal year ended April 30, 2026
Earnings per share		
Profit attributable to owners of parent (Million yen)	14,156	3,466
Profit attributable to owners of parent pertaining to common stock (Million yen)	10,149	2,265
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	4,006	1,200
Weighted average number of shares of common stock (Thousands of shares)	86,378	84,318
Weighted average number of shares of Class-A Preferred Stock (Thousands of shares)	30,950	30,881
Earnings per share (diluted)		
Adjustments to profit attributable to owners of parent (Million yen)	-	-
Increase in common stock (Thousands of shares)	241	233
[of which stock acquisition rights (Thousands of shares)]	[241]	[233]
Profit attributable to owners of parent pertaining to common stock (Million yen)	10,156	2,267
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	3,999	1,199
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