

Financial Results

Presentation for FY2020 3Q

(Fiscal Year Ending April 30, 2021)

March 1, 2021 ITO EN, LTD.



Financial Results for FY2020 3Q

■ Summary of Operations (Consolidated and Non-Consolidated)

(¥ million)

		FY 2019 3Q(9months)		FY 2020 3Q(9months)		YoY % Change
			Sales Composition		Sales Composition	
Consolidated	Net Sales	379,214	100.0%	338,641	100.0%	-10.7%
	Gross Profit	182,394	48.1%	161,138	47.6%	-11.7%
	Sales Commission	63,195	16.7%	56,828	16.8%	-10.1%
	Advertising	9,201	2.4%	7,943	2.3%	-13.7%
	Freight	11,519	3.0%	10,573	3.1%	-8.2%
	Depreciation and Amortization	8,312	2.2%	7,689	2.3%	-7.5%
	Selling, General and Administrative Expenses	164,542	43.4%	150,701	44.5%	-8.4%
	Operating Income	17,852	4.7%	10,436	3.1%	-41.5%
	Ordinary Income	17,690	4.7%	10,240	3.0%	-42.1%
	Extraordinary Losses and Income	-33	-	-309	-	-
	Net Income	11,299	3.0%	5,754	1.7%	-49.1%

Non-Consolidated	Net Sales	295,751	100.0%	268,458	100.0%	-9.2%
	Gross Profit	140,446	47.5%	127,014	47.3%	-9.6%
	Operating Income	13,342	4.5%	9,688	3.6%	-27.4%
	Ordinary Income	15,167	5.1%	10,936	4.1%	-27.9%

■ Performances of Subsidiaries

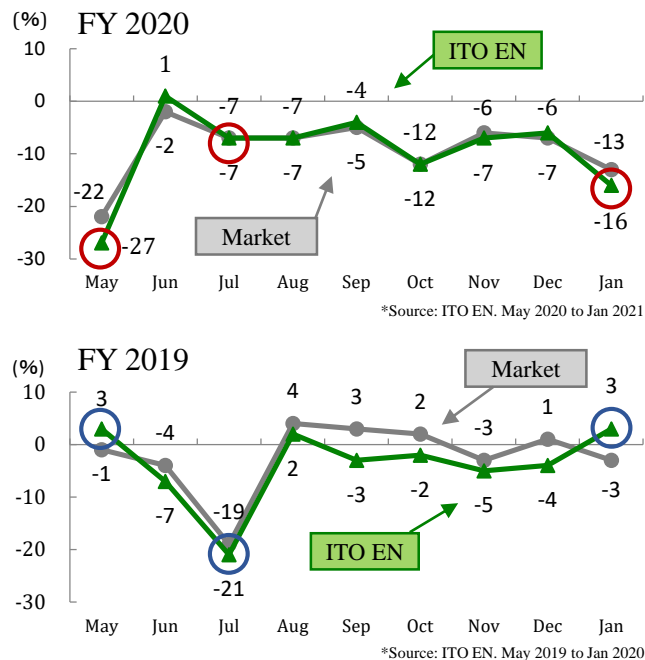
(¥ million, \$ thousand)

Upper: Net Sales Bottom: Operating Income	FY 2019 3Q(9months)		FY 2020 3Q(9months)		YoY % Change
Domestic Subsidiaries		81,170	69,111	-14.9%	
		4,350	88	-98.0%	
	Tully's Coffee Japan Co., Ltd.	27,267	19,454	-28.7%	
	Chichiyasu Company	2,878	- 1,106	-	
Overseas Subsidiaries		10,631	10,517	-1.1%	
		348	573	64.5%	
		27,718	26,098	-5.8%	
		1,292	1,392	7.9%	
US Business		23,382	21,970	-6.0%	
		453	487	7.8%	
		\$ 215,723	\$ 207,977	-3.6%	
		\$ 4,184	\$ 4,619	10.4%	
Other Overseas Subsidiaries		4,336	4,127	-4.8%	
		839	904	7.9%	
Elimination of Internal Transactions		- 25,424	- 25,026	-	
		- 1,132	- 732	-	
Exchange rate (US\$)		108.39	105.64		
(3Q average rate)					



Soft Drink Market in Japan and ITO EN

Monthly Sales Volume Trends



Topics of Soft Drink Market

2020	Apr	Declaration of the State of Emergency
	May	Lifting of the State of Emergency
	Jul	Record amount of rainfall and long rainy season
	Aug	Surge in COVID-19 (2nd wave) Reduced summer holiday and self-restraint on events
	Oct	Voluntary restraint on outdoor amusement events and athletic meets in autumn
	Dec	Voluntary restraint on year-end events and homecoming visits
2021	Jan	Voluntary restraint on New Year's events such as New Year's visit to shrines
		Declaration of the State of Emergency (2nd time)

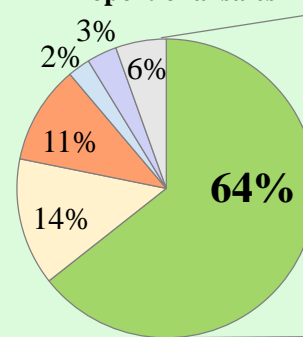
Beverage business of ITO EN (non-consolidated)

*Unit: Price base

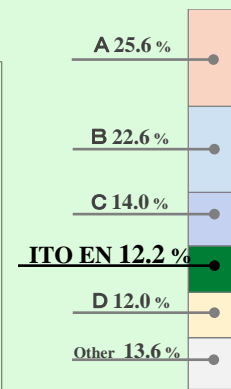
FY 2020 3Q (May 2020 to Jan 2021) YoY -10.3%

Shares in soft drink market

Proportional sales



	YoY
Tea total	- 10.6 %
Vegetable	+ 0.6 %
Coffee	- 10.4 %
Mineral Water	- 23.1 %
Carbonated	- 15.3 %
Others	- 20.1 %



*2020 year / Quantity based

Ratio of sugar-free beverages: 75 %

(¥ million)

3Q(9months)	FY 2019 Results	SalesComposition	YoY % Change	FY 2020 Results	SalesComposition	YoY % Change
Drinks	267,594	100.0%	-2.8%	240,060	100.0%	-10.3%
Tea total	172,627	64.5%	0.4%	154,345	64.3%	-10.6%
Japanese Tea/Healthy Tea	152,678	57.1%	-1.0%	139,976	58.3%	-8.3%
Chinese Tea	13,775	5.1%	6.8%	11,385	4.7%	-17.4%
Black Tea	6,174	2.3%	28.3%	2,984	1.2%	-51.7%
Vegetable	33,120	12.4%	-5.4%	33,326	13.9%	0.6%
Coffee	28,577	10.7%	-10.9%	25,591	10.7%	-10.4%
Mineral Water	7,581	2.8%	-13.9%	5,830	2.4%	-23.1%
Carbonated	9,209	3.4%	-5.4%	7,802	3.3%	-15.3%
Others	16,480	6.2%	-6.7%	13,166	5.5%	-20.1%

Source: ITO EN

ITO EN (non-consolidated) Main impact on sales *3Q (Nov 2020 to Jan 2021)

Nov 2020 to Jan 2021

- 9.1 %

Reference: 2Q
(Aug to Oct, 2020)

- 7.4 %

Shift to telecommuting

- Decrease in visits to convenience stores particularly in urban areas
- Decline in purchase from vending machines at offices
- Increase in consumers making tea and coffee from leaves and beans at home

Nationwide re-expansion of COVID-19 cases (serious cases)

- Voluntary restraint on year-end events, homecoming visits and New Year's events including New Year's visit to shrines
- Suspension of business of supermarkets, etc. for the first three days of the New Year
- The government declared the state of emergency(2nd time) in Tokyo and three neighboring prefectures on January 7, 2021

*Coverage areas were expanded to 11 prefectures on January 13

Sales results YoY		(April)	2Q Aug to Oct, 2020	November	December	January	3Q Nov 2020 to Jan 2021
ITO EN (non-consolidated)		- 22%	- 7.4%	- 8%	- 5%	- 15%	- 9.1%
Business type	Supermarkets	- 13%	- 3%	- 3%	+ 3%	- 5%	- 1%
	Convenience Store	- 23%	- 12%	- 14%	- 14%	- 26%	- 17%
	Vending Machine	- 36%	- 10%	- 9%	- 6%	- 19%	- 11%
	Mail Order	- 7%	+ 21%	+ 14%	+ 25%	+ 19%	+ 19%
By product	Tea Total (RTD)	- 27%	- 10%	- 11%	- 4%	- 20%	- 12%
	Vegetable (RTD)	+ 1%	+ 0%	+ 1%	+ 3%	- 5%	- 0%
	Tea Leaf	- 7%	+ 7%	- 1%	+ 9%	+ 3%	+ 4%

Subsidiaries Main impact on sales *3Q (Nov 2020 to Jan 2021)

Tully's Coffee Japan

Nov 2020 to Jan 2021

- 21 %

Reference: 2Q
(Aug to Oct, 2020)

- 22 %

- Business hours have been shortened in the coverage areas of the state of emergency since January 2021.
- It has an impact on stores in urban areas and around transportation, but its impact is relatively minor compared with the time of the previous state of emergency because fewer stores suspend operations.

Sales results YoY	(April)	November	December	January
Sales	- 75%	- 20%	- 9%	- 35%
Ratio of shops that suspended operations or shortened business hours (at the end of the month)	97%	17%	23%	61%

As of April 30, 2020

Area subject to Emergency Declaration

All Prefectures

Tully's Coffee Japan
Ratio of shops that suspended operations **76 %**
Ratio of shops that shortened business hours **21 %**

As of January 31, 2021

Area subject to Emergency Declaration

11 Prefectures

Tully's Coffee Japan
Ratio of shops that suspended operations **1 %**
Ratio of shops that shortened business hours **60 %**

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

Nov 2020 to Jan 2021

- 9 %

Reference: 2Q
(Aug to Oct, 2020)

- 1 %

- Re-expansion of COVID-19.
- Online sales (online shopping services) remained strong.

Online sales **+43 %**

China Business

Oct to Dec, 2020

+ 4 %

Reference: 2Q
(Jul to Sep, 2020)

- 1 %

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

*With respect the China business, numbers are based on results for the period from Oct to Dec, 2020.

*Nov 2020 to Jan 2021

March 15, 2021

Japan's first food with function claims that reduces body fat in people with high body mass index*

“Premium Oi Ocha” (Japanese green tea leaf product)

*Japan's first food with function claims that reduces body fat by gallate catechins as functional ingredients in the green tea leaf product category

Three kinds of green tea leaf products of food with function claims that reduces body fat supported by gallate catechins' functions will go on sale nationwide on March 15. They will contribute to the health of customers by adding new value to green tea leaf products, which are growing on the back of a recent increase in “at-home demand”.

Features

- Functional ingredients: **Gallate catechins**
- **Procurement of raw materials and a quality control system** able to solidly secure functional ingredients

*ITO EN handles about 25% of the crude tea production volume in Japan.



Content of gallate catechins, functional ingredients of food with function claims: 340 mg (after extraction)
[Notification labeling] This product contains gallate catechins. Gallate catechins are reported to have a function of reducing the body fat of people with high BMI. ●A dietary lifestyle should consider a dietary balance based on a staple food, a main dish and a side dish. ●This product is not for the diagnosis, treatment and prevention of diseases. ●This product does not obtain a license from the government.

Reference: Status of research and development

ITO EN has been working on extensive research and development on tea to open up its possibilities for about half a century. ITO EN will continue to create and provide health value in response to changes in lifestyles in collaboration with various stakeholders.

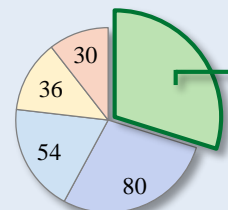


Three key themes

- **Healthy**
- **Delicious**
- **Environment**

Status of research and development of five main beverage manufacturers

○ Total number of FOSHU-certified products and food with function claims*

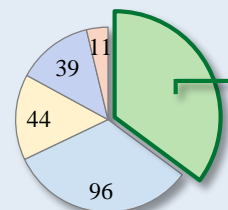


ITO EN No.1 (Total 85 cases)

Of which, a total of 33 products contain tea catechins as functional ingredients.

As of February 16, 2021 / Source: The Consumer Affairs Agency
*FOSHU-certified products: Number of licenses / Food with function claims: Number of items issued

○ Number of tea-related patents owned*



ITO EN No.1 (Total 103 cases)

As of February 16, 2021 / Source: The National Center for Industrial Property Information and Training
*Tea; tea substitutes; preparations thereof (A23F3)

Appendix: Forecasts for FY 2020

*Earnings forecast announced on December 1, 2020

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

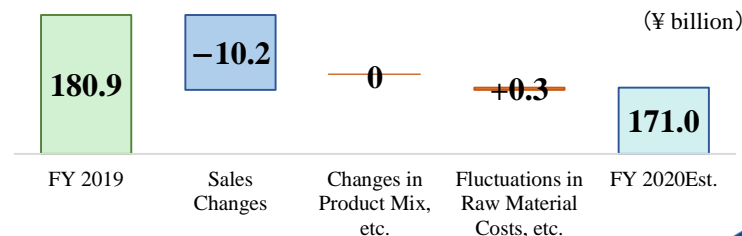
		FY 2019 Results		FY 2020 Forecast		YoY % Change
			Sales Composition		Sales Composition	
Consolidated	Net Sales	483,360	100.0%	450,000	100.0%	-6.9%
	Gross Profit	232,755	48.2%	218,000	48.4%	-6.3%
	Sales Commission	80,537	16.7%	76,056	16.9%	-5.6%
	Advertising	11,206	2.3%	10,845	2.4%	-3.2%
	Freight	14,651	3.0%	13,994	3.1%	-4.5%
	Depreciation and Amortization	10,957	2.3%	10,231	2.3%	-6.6%
	Selling, General and Administrative Expenses	212,814	44.0%	205,700	45.7%	-3.3%
	Operating Income	19,940	4.1%	12,300	2.7%	-38.3%
	Ordinary Income	19,432	4.0%	12,100	2.7%	-37.7%
	Extraordinary Losses and Income	-5,064	-	-3,000	-	-
	Net Income	7,793	1.6%	5,800	1.3%	-25.6%

Non-Consolidated	Net Sales	377,787	100.0%	356,000	100.0%	-5.8%
	Gross Profit	180,977	47.9%	171,000	48.0%	-5.5%
	Operating Income	16,626	4.4%	14,300	4.0%	-14.0%
	Ordinary Income	18,142	4.8%	15,800	4.4%	-12.9%

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

Upper: Net Sales Bottom: Operating Income	FY 2019 Results		FY 2020 Forecast		YoY % Change
Domestic Subsidiaries	102,885	92,745	-9.9%		
	3,196	-1,772	-		
Tully's Coffee Japan Co., Ltd.	32,811	27,500	-16.2%		
	1,725	-1,500	-		
Chichiyasu Company	14,251	14,042	-1.5%		
	410	648	58.0%		
Overseas Subsidiaries	36,282	35,314	-2.7%		
	1,617	2,077	28.4%		
US Business	30,971	29,920	-3.4%		
	654	941	43.9%		
	\$ 285,736	\$ 277,043	-3.0%		
	\$ 6,034	\$ 8,714	44.4%		
Other Overseas Subsidiaries	5,311	5,394	1.6%		
	963	1,136	18.0%		
Elimination of Internal Transactions	-33,595	-34,059	-		
	-1,500	-2,305	-		
Exchange rate (US\$)	108.39	108.00			
(average during a year)					

■ Breakdown of Gross Profit Change (Non-Consolidated)



Appendix : Related materials

ITO EN (non-consolidated) Results & forecast by Category

(¥ million)

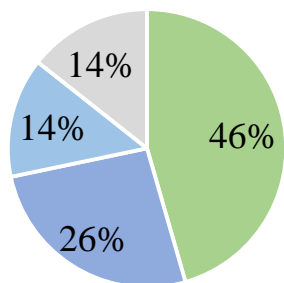
3Q(9months)	FY 2019	Sales		YoY % Change	FY 2020	Sales		YoY % Change
		Composition				Composition		
Net Sales	295,751	100.0%		-3.0%	268,458	100.0%		-9.2%
Tea Leaves	25,649	8.7%		-5.2%	26,532	9.8%		3.4%
Drinks	267,594	90.5%		-2.8%	240,060	89.7%		-10.3%
Tea total	172,627	58.4%		0.4%	154,345	57.5%		-10.6%
Japanese Tea/Healthy Tea	152,678	51.6%		-1.0%	139,976	52.5%		-8.3%
Chinese Tea	13,775	4.7%		6.8%	11,385	4.2%		-17.4%
Black Tea	6,174	2.1%		28.3%	2,984	1.1%		-51.7%
Vegetable	33,120	11.2%		-5.4%	33,326	12.4%		0.6%
Coffee	28,577	9.7%		-10.9%	25,591	9.5%		-10.4%
Mineral Water	7,581	2.6%		-13.9%	5,830	2.2%		-23.1%
Carbonated	9,209	3.1%		-5.4%	7,802	2.9%		-15.3%
Fruit	7,087	2.4%		-13.2%	5,721	2.1%		-19.3%
Others	9,388	3.1%		-1.2%	7,437	2.8%		-20.8%
Others	2,506	0.8%		-2.7%	1,866	0.7%		-25.6%

(¥ million)

Full-year (2020/5-2021/4)	FY 2019 Results	Sales		YoY % Change	FY 2020 Forecast	Sales		YoY % Change
		Composition				Composition		
Net Sales	377,787	100.0%		-4.2%	356,000	100.0%		-5.8%
Tea Leaves	35,269	9.3%		-4.6%	36,142	10.2%		2.5%
Drinks	339,395	89.9%		-4.1%	316,838	89.0%		-6.6%
Tea total	218,142	57.8%		-1.4%	202,790	57.0%		-7.0%
Japanese Tea/Healthy Tea	193,246	51.2%		-2.8%	183,814	51.6%		-4.9%
Chinese Tea	17,219	4.6%		2.6%	14,838	4.2%		-13.8%
Black Tea	7,677	2.0%		34.1%	4,138	1.2%		-46.1%
Vegetable	43,960	11.6%		-3.5%	44,741	12.6%		1.8%
Coffee	36,538	9.7%		-12.5%	33,895	9.5%		-7.2%
Mineral Water	9,396	2.5%		-14.9%	7,547	2.1%		-19.7%
Carbonated	11,175	3.0%		-6.2%	10,101	2.8%		-9.6%
Fruit	8,855	2.3%		-15.3%	7,797	2.2%		-11.9%
Others	11,325	3.0%		-4.9%	9,965	2.8%		-12.0%
Others	3,122	0.8%		-13.4%	3,019	0.8%		-3.3%

*Earnings forecast announced on December 1, 2020

Sales composition by Channels (Non-Consolidated)



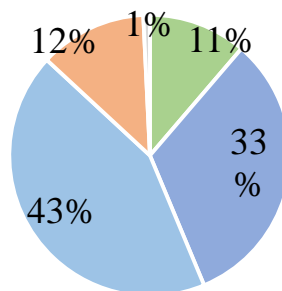
Sales composition

FY 2020 3Q(9months)		Composition ratio YoY
Supermarket		+ 3 pt
ConvenienceStore		- 2 pt
VendingMachine		- 1 pt
Others		- 0 pt

Unit: Price base

May 2020 to Jan 2021

Sales composition by Packaging (Non-Consolidated)



Sales composition

3Q(9months)	FY 2019	FY 2020	YOY % Change	Composition ratio YOY
Drink Total	182,543	165,687	-9.2%	-
Cans	18,374	18,680	1.7%	+ 1 pt
PET(large)	56,119	53,738	-4.2%	+ 2 pt
PET(small)	84,566	71,545	-15.4%	- 3 pt
Cartons	21,656	20,463	-5.5%	+ 0 pt
Others	1,828	1,259	-31.1%	- 0 pt

Unit: thousand cases

May 2020 to Jan 2021



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.