

# Financial Results

## Presentation for FY2024 2Q

(Fiscal Year Ending April 30, 2025)

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December 2024 ITO EN, LTD.



Soft Drink Market in Japan, Financial Results for  
FY2024 2Q and Full-Year Forecast ...P.3

Business and Marketing Strategy ...P.10

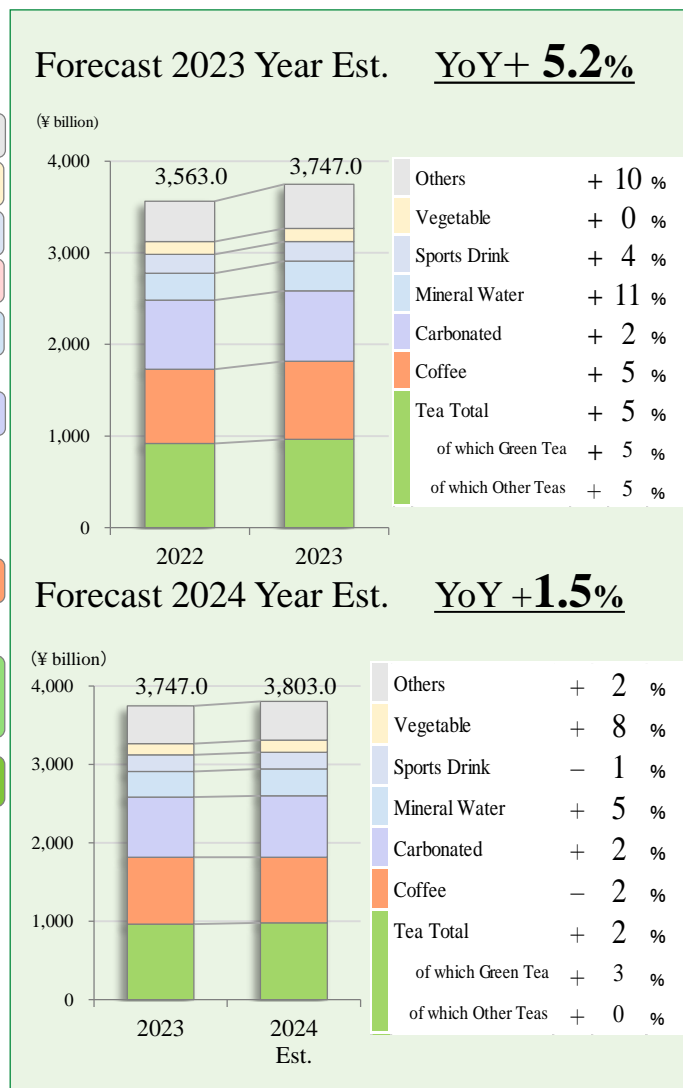
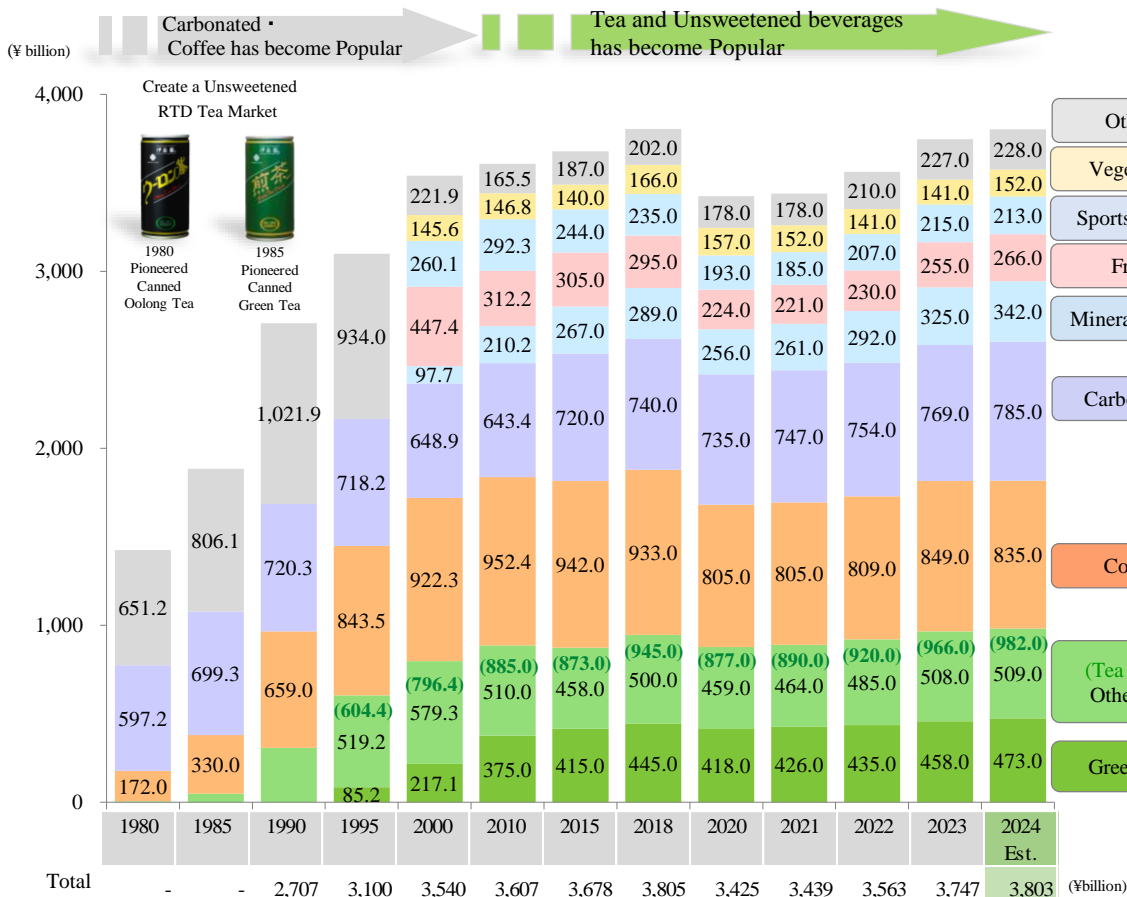
Appendix ...P.25

# Soft Drink Market in Japan, Financial Results for FY2024 2Q and Full-Year Forecast

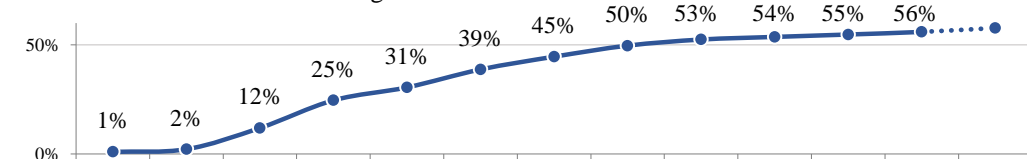
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# Soft Drink Market in Japan

## ▼Soft Drink Market Trends(Calendar year, Monetary base)



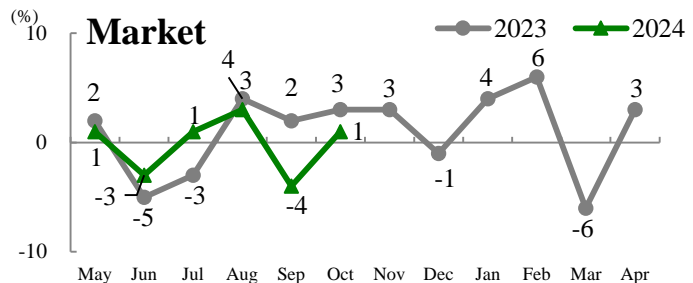
## ▼Trends in Unsweetened Beverages Market



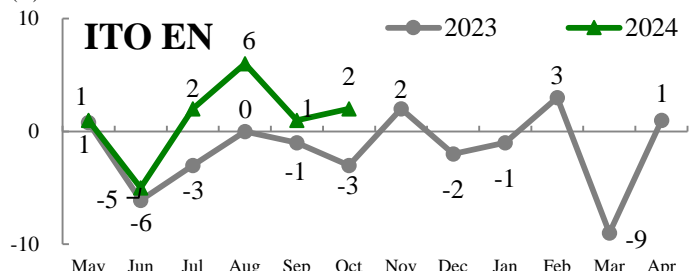
**The Percentage of Unsweetened Beverages Continues to Grow. More than half of all domestic beverages are unsweetened.**

Source: ITO EN

## Monthly Sales Volume Trends



Source: ITO EN, (Chart) May to Apr



Source: ITO EN, (Chart) May to Apr

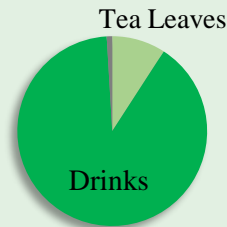
## Beverage Market Environment Topics

- 2024 May** Moderate due to unseasonable weather and other negative factors.
- Jun.** Intermittent price hikes have led to a trend toward prioritizing the necessities of life.
- Jul.** Although there were expectations of a halt in demand due to the nationwide heat wave, However, price revisions and the extremely hot weather in the same month of the previous year limited the reactionary increase.
- Aug.** In addition to the demand for stoppage demand due to the heat wave, stockpiling demand surged due to earthquake information and the impact of typhoons. The categories were divided into bright and dark areas.
- Sep.** This was due to one less operating day than the previous year, the impact of price revisions for large PET bottles, and sluggish demand for fall and winter merchandise due to lingering summer heat.
- Oct.** Although there were concerns that the price revisions would reduce consumption, it was not a major negative factor.

## ITO EN (non-consolidated) FY2024 2Q (May to Oct,2024)

	YoY % Change
Net Sales	+ 2 %
Tea Leaves	- 3 %
Drinks	+ 2 %
Others	+ 5 %

Amount base



Sales Composition



Tea Leaves  
8%



Drinks  
91%



Others  
1%

( Unit : ten thousand case)

Drinks Sales Volume by Category	FY 2023 Results	Sales Composition	YoY % Change	FY 2024 Results		
				Sales Composition	YoY % Change	
Drinks	12,169	100 %	- 2 %	12,327	100 %	+ 1 %
Tea Total	8,706	72 %	- 2 %	8,739	71 %	+ 0 %
Japanese Tea	7,892	65 %	- 3 %	7,890	64 %	- 0 %
Green Tea	5,209	43 %	- 4 %	5,208	42 %	- 0 %
Barley Tea	2,682	22 %	- 0 %	2,681	22 %	- 0 %
Chinese Tea	498	4 %	+ 7 %	530	4 %	+ 7 %
Other Tea	315	3 %	+ 12 %	318	3 %	+ 1 %
Vegetable	1,307	11 %	- 10 %	1,264	10 %	- 3 %
Coffee	890	7 %	- 0 %	998	8 %	+ 12 %
Mineral Water	353	3 %	- 7 %	427	3 %	+ 21 %
Carbonated	358	3 %	+ 13 %	338	3 %	- 6 %
Fruit	272	2 %	+ 13 %	293	2 %	+ 8 %
Others	280	2 %	- 2 %	265	2 %	- 5 %

FY2024 Results Ratio of Unsweetened Beverages : Higher than **80%**

# Financial Results for FY2024 2Q

First half (May to October 2024)

	FY2023 Results		FY2024 Results		
		Sales Composition		Sales Composition	YoY % Change
<b>Consolidated</b>					
Net Sales	242,527	100.0%	252,321	100.0%	4.0%
Gross Profit	94,371	38.9%	94,845	37.6%	0.5%
Advertising	5,981	2.5%	6,833	2.7%	14.2%
Freight	7,558	3.1%	7,742	3.1%	2.4%
Depreciation and Amortization	3,047	1.3%	3,136	1.2%	2.9%
Selling, General and Administrative Expenses	77,325	31.9%	80,456	31.9%	4.1%
Operating Income	17,046	7.0%	14,389	5.7%	-15.6%
Ordinary Income	18,089	7.5%	14,617	5.8%	-19.2%
Extraordinary Losses and Income	-784	-	-311	-	-
Net Income	11,209	4.6%	9,191	3.6%	-18.0%

	FY2023 Results		FY2024 Results		
		Sales Composition		Sales Composition	YoY % Change
<b>Non-Consolidated</b>					
Net Sales	178,861	100.0%	181,687	100.0%	1.6%
Gross Profit	65,907	36.8%	61,768	34.0%	-6.3%
Operating Income	13,061	7.3%	9,507	5.2%	-27.2%
Ordinary Income	14,802	8.3%	10,874	6.0%	-26.5%

(Unit: million yen, thousand dollars)

	FY2023 Results		FY2024 Results	
				YoY % Change
<b>Upper: Net Sales</b>				
<b>Bottom: Operating Income</b>				
<b>Performances of Subsidiaries</b>				
Domestic Subsidiaries	53,285	62,209	16.7%	
Tully's Coffee Japan Co., Ltd.	3,130	3,348	7.0%	
Chichiyasu Company	19,630	21,620	10.1%	
	1,794	2,064	15.1%	
Overseas Subsidiaries	6,413	6,696	4.4%	
	650	681	4.8%	
US Business	27,132	29,339	8.1%	
	1,387	1,806	30.2%	
Tea-Related Business Companies ※	23,493	25,638	9.1%	
	550	1,005	82.5%	
	\$ 163,465	\$ 168,552	3.1%	
	\$ 3,833	\$ 6,610	72.4%	
Other Overseas Subsidiaries	8,855	10,190	15.1%	
	980	1,289	31.6%	
	\$ 61,613	\$ 66,991	8.7%	
	\$ 6,820	\$ 8,478	24.3%	
Elimination of Internal Transactions	3,639	3,700	1.7%	
	836	800	-4.3%	
	- 16,752	- 20,914	-	
	- 533	- 273	-	

Exchange rate (US\$)  
(First Half Average Rate)

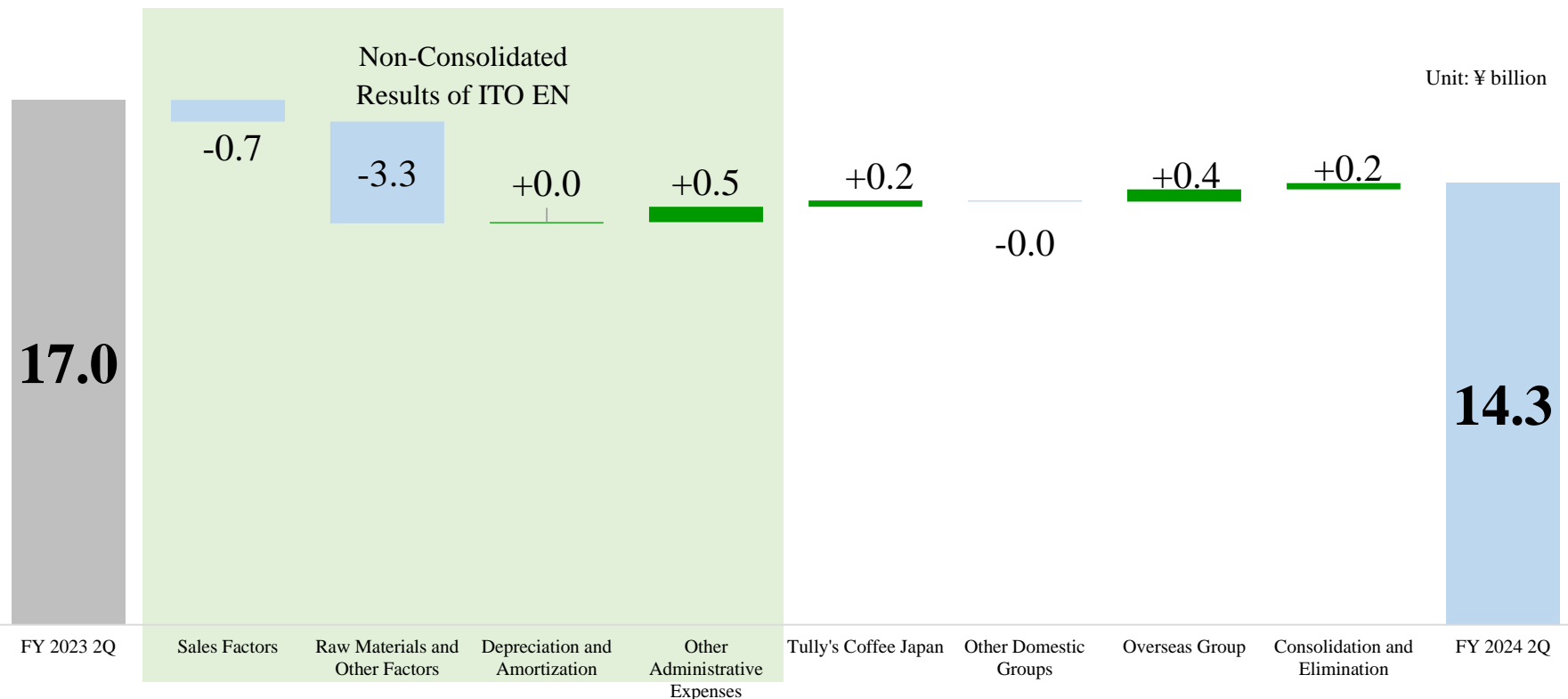
143.72

152.11

※Sum of ITO EN (North America) INC. and ITO EN (Hawaii) LCC

## Major Factors Impacting Consolidated Operating Income for the First Half of the FY2024

Despite continued efforts to improve profitability, the impact of the sharp rise in raw material and material costs could not be absorbed.



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

• Impact of increase in sales	+1.0	• Impact of soaring raw material costs and production materials	-3.3
• Changes in packaging and product mix, etc.	-1.8	• Impact of spin-off, etc.	+0.6

# Forecast for FY2024

Full year (May 2024 to April 2025)

	FY2023 Results		FY2024 Forecast			
		Sales Composition		Sales Composition	YoY % Change	
Consolidated	Net Sales	453,899	100.0%	466,600	100.0%	2.8%
	Gross Profit	177,067	39.0%	186,150	39.9%	5.1%
	Advertising	11,454	2.5%	12,820	2.7%	11.9%
	Freight	14,168	3.1%	15,292	3.3%	7.9%
	Depreciation and Amortization	6,156	1.4%	6,837	1.5%	11.1%
	Selling, General and Administrative Expenses	152,044	33.5%	159,650	34.2%	5.0%
	Operating Income	25,023	5.5%	26,500	5.7%	5.9%
	Ordinary Income	26,681	5.9%	26,700	5.7%	0.1%
	Extraordinary Losses and Income	-2,156	-	-600	-	-
	Net Income	15,650	3.4%	17,200	3.7%	9.9%

	FY2023 Results		FY2024 Forecast			
		Sales Composition		Sales Composition	YoY % Change	
Non-Consolidated	Net Sales	329,069	100.0%	336,470	100.0%	2.2%
	Gross Profit	120,985	36.8%	123,660	36.8%	2.2%
	Operating Income	18,819	5.7%	19,600	5.8%	4.2%
	Ordinary Income	21,493	6.5%	21,650	6.4%	0.7%

(Unit: million yen, thousand dollars)

Upper: Net Sales Bottom: Operating Income		FY2023 Results	FY2024 Forecast	YoY % Change
Performances of Subsidiaries	Domestic Subsidiaries	104,134	114,180	9.6%
		5,138	5,094	-0.8%
	Tully's Coffee Japan Co., Ltd.	40,352	43,200	7.1%
		3,236	3,380	4.4%
	Chichiyasu Company	12,681	12,656	-0.2%
		1,227	1,180	-3.9%
	Overseas Subsidiaries	53,193	51,012	-4.1%
		1,791	2,343	30.8%
	US Business	46,598	44,318	-4.9%
		393	984	149.9%
		\$ 318,577	\$ 316,562	-0.6%
		\$ 2,692	\$ 7,029	161.1%
	Tea-Related Business Companies ※	17,843	17,425	-2.3%
		1,827	1,796	-1.7%
		\$ 121,987	\$ 124,470	2.0%
	\$ 12,491	\$ 12,830	2.7%	
Other Overseas Subsidiaries	6,595	6,693	1.5%	
	1,397	1,359	-2.7%	
Elimination of Internal Transactions	-32,498	-35,062	-	
	-725	-537	-	

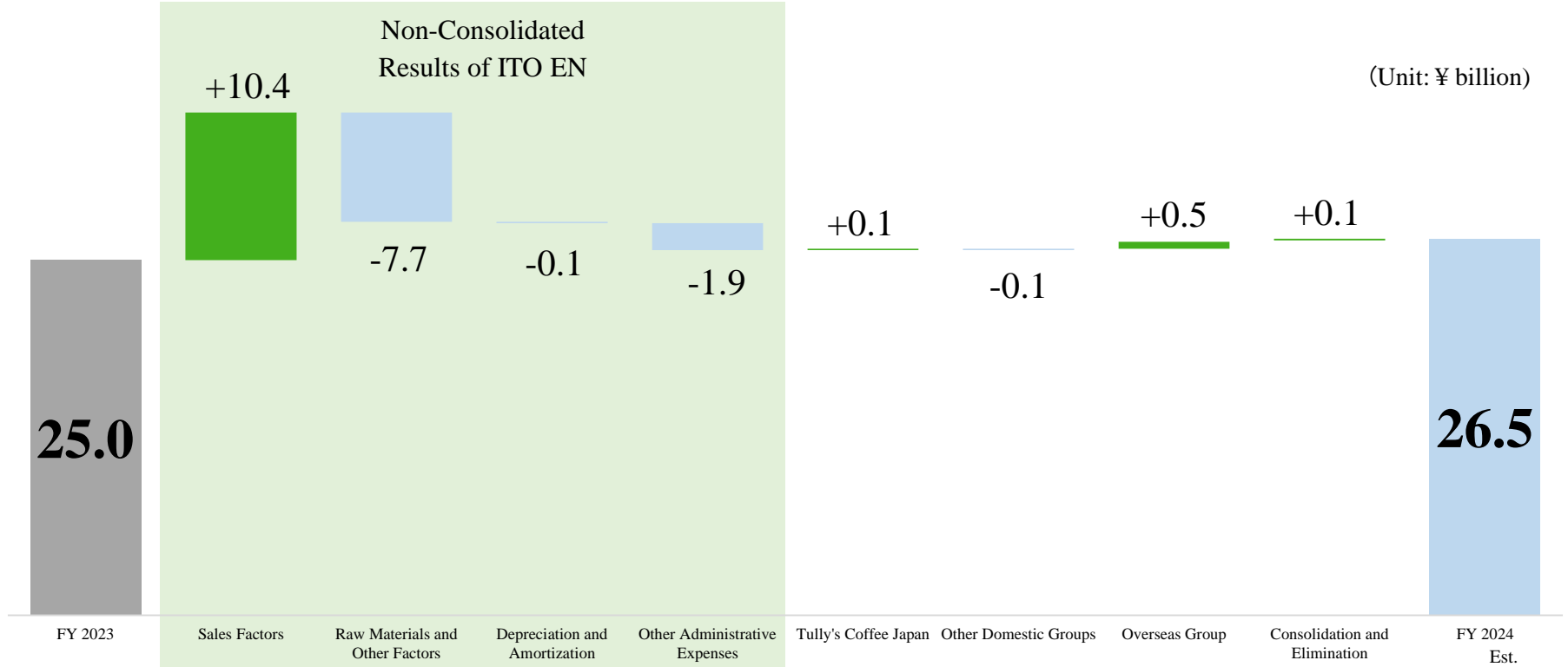
Exchange rate (US\$) 146.27 140.00  
(average during a year) ※Sum of ITOEN (North America) INC. and ITOEN (Hawaii) LCC



# Factors Impacting Consolidated Operating Income (Full Year Forecast)

## Major Factors Impacting Consolidated Operating Income Forecasts for the FY 2024 (Fiscal Year Ending April 30, 2025)

Continue to improve profitability and increase profit margins in response to rising costs of raw materials and supplies



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

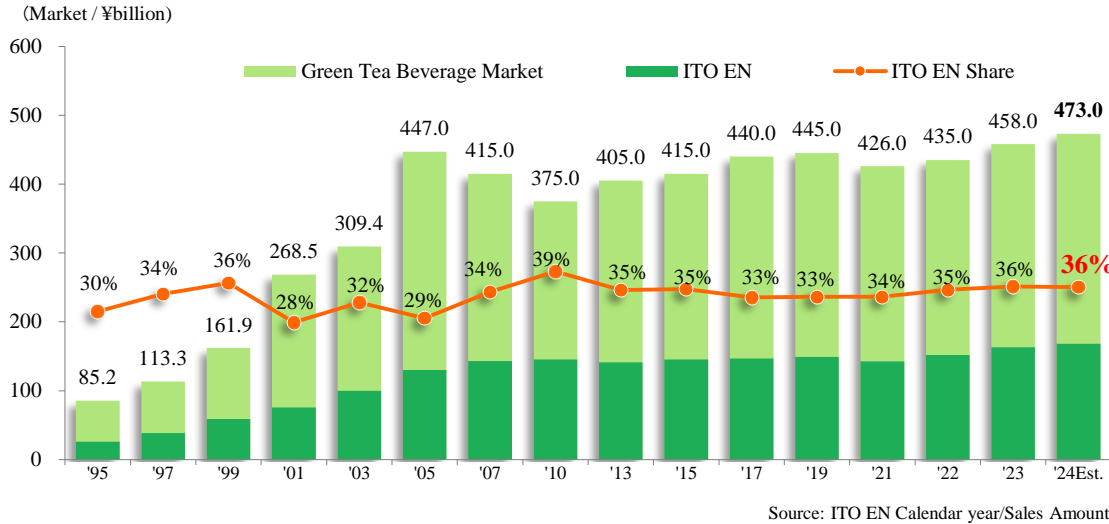
- Impact of increase in sales + 2.7
- Changes in packaging and product mix, etc. + 7.7
- Impact of soaring raw material costs and production materials -7.7
- Marketing, sales promotion, etc. -1.5

# Business and Marketing Strategy

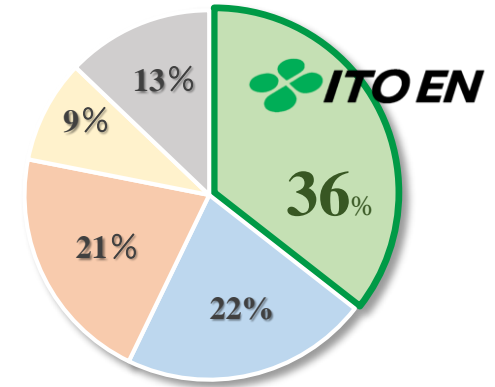
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# Green Tea Beverage Trends

## Green Tea Beverage Market Trends



## Unsweetened Tea Beverages Share (Forecast for 2024)



Source: ITO EN / Period: January-December 2024 Total Forecast

## The commitment to the deliciousness of "Oi Ocha"

- Making products from the Field and Raw Material Procurement Capabilities
- Manufacturing technology to protect taste and freshness
- Proposals in various product forms

おいお茶  
Oi Ocha

**100 Million Cases**  
Worldwide Target



(\*1) Guinness World Record TM Record name "Largest unsweetened green tea beverage brand (latest annual sales)" official English record name: Largest unsweetened green tea RTD brand - retail, current record subject brand: Oi Ocha brand (excluding Oi Ocha hojicha product) year covered: January - December 2023

**"Oi Ocha" Tea that continues to Evolve in Harmony with Changes in Customers and the Times.**

# Efforts of "Oi Ocha"

With the release of the Shohei Ohtani player package, "Oi Ocha" has seen growth.

Launched on July 8<sup>th</sup>

## Shohei Ohtani Player Package



Sales Volume

**+9.2%**

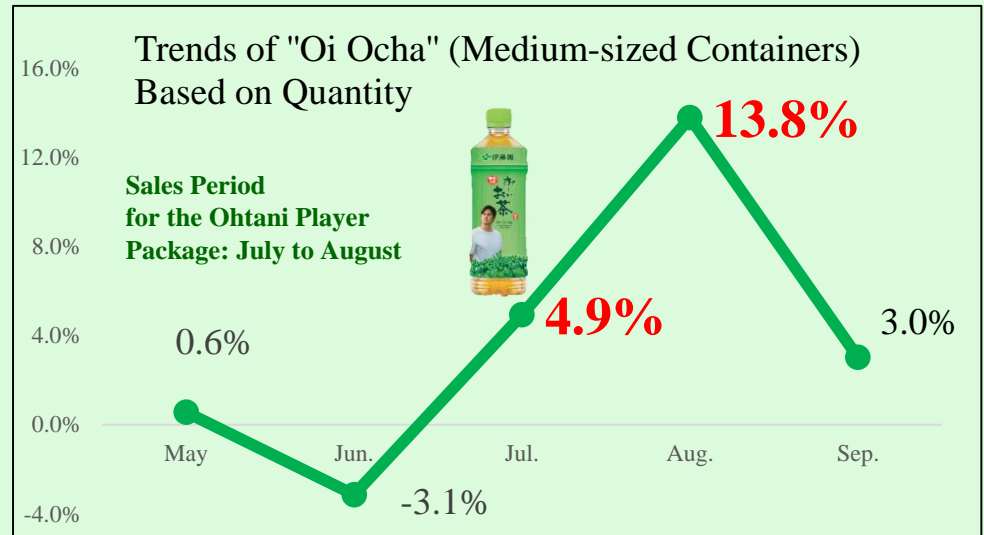
(July-August compared to previous year)

When it comes to Green Tea Beverages, Mindshare

26.8% → **37.3%**

Mar. 2024

Sep. 2024



Source: ITO EN (period: May-Sep 2024/Volume Base)

We will continue to expand sales of "Oi Ocha" through various initiatives.

## Marketing of "Oi Ocha" in Japan and Overseas

### Continuous Communication Development with Ohtani on Multi-Year Contract

- April 30 Global contract signed
- May 20 Appointed as Global Ambassador
- May 31 Jacked up huge outdoor advertisements in more than 85 locations around the world!
- July 10 Global Social Contribution Projects "Green Tea for Good" started
- October 1 Launch of "Green Tea for Family" Japanese Tea Day



## Global Social Contribution Projects

### "Green Tea for Good" \*(Starts July 10)

\* Social Contribution Projects that utilize a portion of the sales from the "Oi Ocha" brand beverages and leaf products to carry out conservation efforts, including those related to forests, water, and biodiversity in Japan and overseas.

"Making Iwate Beautiful With Green Tea" Implemented on August 4th



"Making Hawaii Beautiful With Green Tea" Implemented on August 18th



Enhance the Social Value of "Oi Ocha"

## "Oi Ocha Bold Green Tea"

Leading the Market for Functional Foods

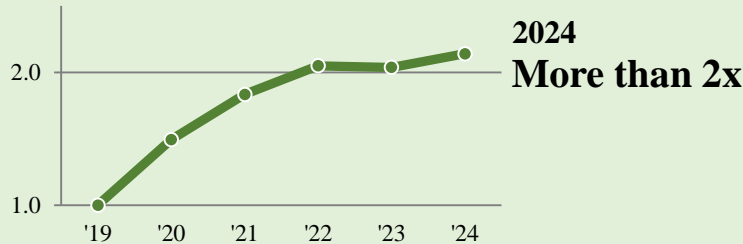
### ▼ The Market Expands due to Increase of Health Consciousness



お〜お茶 濃い茶

"Oi Ocha Bold Green Tea"

Growth rate with 2019 as 1.0  
(Period: May-October sales of each year/Volume Base)



### Sales Volume in the First Half of the Year Reaches an All-time High

Growth rate for ITO EN: May - October 2024 /Volume Base

YoY  
+ **5.0%**

### Functional Beverages Sales Volume No. 1

\*Intage SRI- / Functional Food Beverages Market / 2023 / Cumulative Sales Volume

Contains **Twice the Amount** of Gallate-type Catechins

\*Contains twice as much green tea as our main green tea beverage

### 【"Oi Ocha Bold Green Tea" PREMIUM STRONG】

Developed in Response to Customer Requests for a "Much Stronger" Green Tea.

【 Contributed to the Acquisition of New Customers 】



The Consumption Ratio in their 10s and 20s is Approximately **Three times Higher\***

\*Comparison with Bold Tea (based on in-house research)

### Further Market Expansion A Wide Range of Products from Drinks to Powders



Contributing to Customers' Health

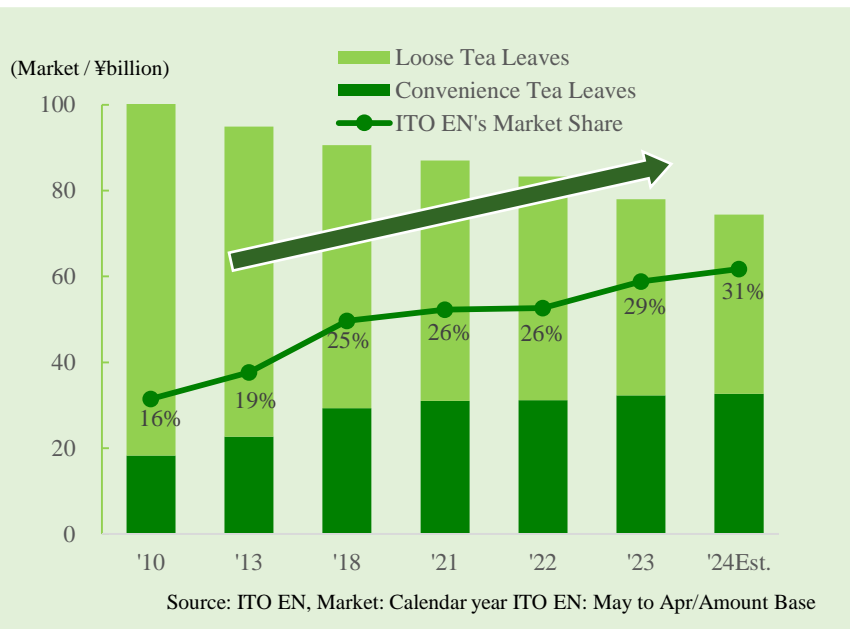
# Further Expansion of Convenience Products

## Household Leaf Market and ITO EN Sales and Initiatives

## Expansion of the Lineup of Convenience Products

### ▼ Household Leaf Market and ITO EN Market Share

### ▼ Launched Shohei Ohtani Package Design (12Types,Limited Quantity)



### Creating Opportunities for Many Customers to Pick Up Our Products



### ▼ Expanding Strong Sales of Instant (Powdered) Products to Health Tea

### ▼ Simplified Products are also Performing well in Inbound Demand

A New Proposal Utilizing Traditional Materials that can be Commercialized only by ITO EN

Capture Inbound Demand at Airport Stores

#### Expanded Lineup

Product	Launch Date
Green Tea	Launched on September 2nd
Black Soybean Tea	Launched on September 16th
Rooibos Tea	Launched on September 16th
Burdock Tea	Launched on September 16th

Narita Airport Store

Sales Amount Compared to the Previous year at All Airport Stores

YoY +13.6%

(ITO EN: May to October 2024 / Amount Base)

## Making "Tea" More Accessible and Easier to Use with Convenience Products

# "Oi Ocha" Overseas Expansion

## Expanding "Oi Ocha" Overseas

▼ "Development of Raw Materials that can Deliver the Same Taste and Quality in any Country around the World  
 ⇒ Expanding Distribution Channels with a Greater Sense of Speed than Before."



**FY2023**  
 Sales in more than **40** Countries and Regions

**FY2028**  
 Sales in more than **60** Countries and Regions  
 Sales Volume **10 Million Cases**

**FY2040**  
 Sales in more than **100** Countries and Regions

### Expansion of Sales Countries and Channels



### Product Marketing

- Product development tailored to market characteristics, including beverages, tea bags, instant and matcha teas, etc.
- Global marketing & local marketing rooted in each country/region



**Unsweetered "Oi Ocha" to become a Global Brand**

# "Oi Ocha" Overseas Marketing

Acquiring Awareness of "Oi Ocha" and Promoting Understanding of "Oi Ocha" Value

## Global x Local Value Appeal and Market Development of "Oi Ocha"

### Global Marketing

Mr. Danjuro Ichikawa



Japanese Culture, Tradition and Innovation

Mr. Shohei Ohtani



Global, Challenge, Health

### North America



Exhibited at ANIME NYC, a Japanese pop culture festival in Manhattan, North America



At Kapiolani Park, Hawaii  
Sampling  
"Oi Ocha"

### Europe



Sampling at Germany's largest anime and manga exhibition



Exhibited at Japan Expo in Paris, France  
Sold "Oi Ocha"

### Asia



For those who purchase products at our stores in Thailand  
Clear file present project



Wrapping vending machines at the Japan Festival in Kuala Lumpur, and uploading "Oi Ocha" video on a large screen at the venue.

Marketing to Expand "Oi Ocha" to People Around the World in accordance with the Region

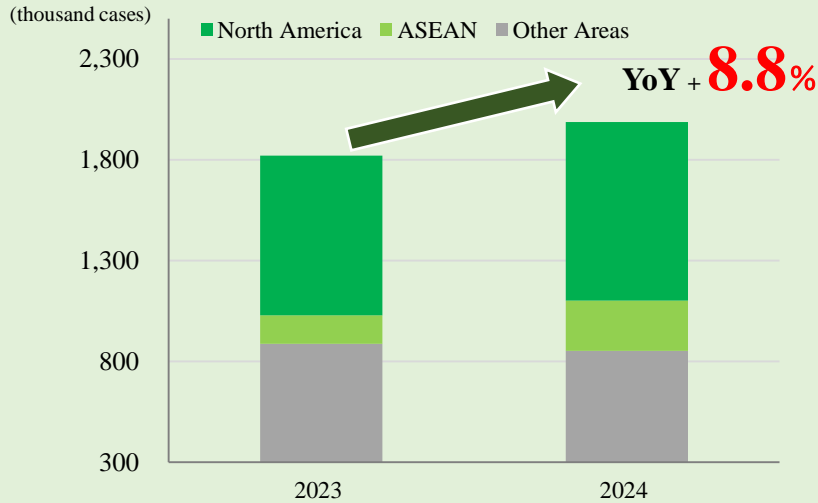


# "Oi Ocha" Overseas Sales Status

## Sales of "Oi Ocha" by Region

### ▼ Oi Ocha RTD Sales Trend

#### North America + ASEAN + Other Areas



### « Beverage Sales »

Source: ITO EN (Period: May to October)

**North America: Asian Supermarkets Performing Well, ASEAN: CVS Introduction Stores Increase**



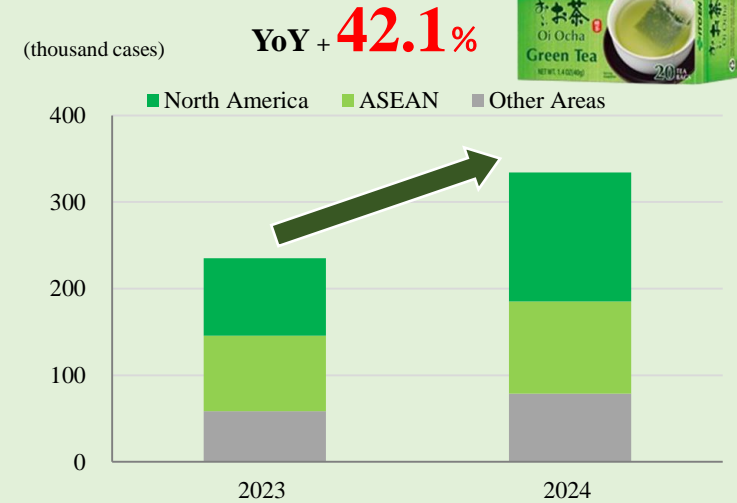
Exhibited at ANIME NYC, a Japanese pop culture festival in Manhattan, North America



Sponsored cleanup activities at Wat Arun in Thailand

### ▼ Sales Volume of "Oi Ocha" Tea Bags

#### North America + ASEAN + Other Areas



### « Tea Bag Sales »

Source: ITO EN (Period: May to October)

**Increased Awareness through Sampling and Sales Linked to Beverages**



Tea leaf Shelf in Malaysia



Sampling in Hawaii

**Continue to Expand Sales Channels to be "A Global Tea Company"**

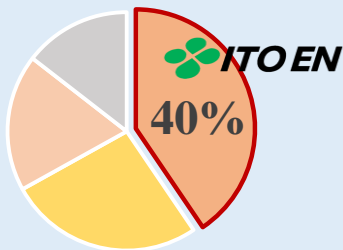
# Barley Tea and Health Tea Beverages

## Healthy Mineral Barley Tea

### ▼ No. 1 Barley Tea Beverage

Supported by a Wide Range of Consumers

Domestic sales value share of barley tea beverages in 2024 (forecast)



Source: ITO EN  
(period: January to December 2024 forecast)

Record Name: "Most Sold RTD Barley Tea Brand (Latest Annual Sales Volume)"  
Official English Record Name: "Best-selling RTD barley tea brand – current"  
Recorded Brand: "Healthy Mineral Mugi-cha" (Barley Tea)  
Year Covered: 2023

### A Brand that Babies can Drink Safely



The "Tamahiyo Baby Goods Award 2024" is a project to announce the results of a survey conducted by 2,062 mothers and fathers of Tamahiyo readers on products and services they are glad they actually used, in a ranking format. (Survey conducted in September 2023 and published in the web media "Tamahiyo")



### Toward Further Expansion of the Barley Tea Market Expanding the "Healthy Mineral Barley Tea" Brand

New product to be introduced as the second pillar of the "Healthy Mineral Barley Tea" brand to be launched next spring

## Healthy Tea(Caffeine-Free Beverages)

### Black Bean Tea Products

Growth rate is for drink products (ITO EN: May to Oct 2024/ Volume Base)

New Products



YoY  
+69.6%



Delicious **Soy Isoflavones** can be enjoyed anytime, whether cold or hot.

## Chinese Tea(Aromatic Beverages)

### Jasmine Tea Products

Growth rate is for drink products (ITO EN: May to Oct 2024/ Volume Base)



YoY  
+8.6%



The pleasant aroma and refreshing aftertaste have made it a favorite drink of many people, especially women.

## Linked Sales of Drinks and Reefs, One of Our Strengths

# Vegetable and Fruit Juice Products

## Focus on the Health Value of Vegetables

### ▼ Tomato Boom Continues

**For those who want to take lycopene**



Tomato Beverages Overall YoY

**+17.2%**

Appeal with in-store POP



(ITO EN: May to Oct 2024/Volume Base)



### Strengthening Tomato Products

Launched on Sept. 30.  
Ripe Tomatoes (need to be refrigerated)  
Chilled paper carton 900ml

## ▼ Long-time Bestseller "One Day Veggies", 20th Anniversary of the Launch

You can obtain the main nutritional components equivalent to the daily vegetable intake target of 350g from a single serving.

\*Main Nutritional Components (proprietary standard)  
Vitamin C, beta-carotene, calcium, magnesium, potassium

### New Proposal

Delivering Seasonal Deliciousness and Nutrition  
"One Day Veggies" (Season Limited Editions)



July  
Concentrated  
Tomato



September  
Sweet Potato



December  
Carrot

## Nippon Yell Project Joint Project by JA Zen-Noh

### ▼ Nippon Yell Project

An initiative under the concept of "Let's send cheers to Japanese food delivered from all over the country, and to Japan," where JA Zen-Noh, ITO EN, and other manufacturers and retailers collaborate to support production areas.

Supporting manufacturers promote and support production areas by selling products under the same theme.



Nagano Prefecture  
The Three Apple  
Brothers

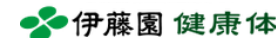


## Focus on the Health Value of Pomegranates

### ▼ Pomegranate Products Grew in Sales.

**For those who care about their daily beauty and health.**

ITO EN's Official Online Shopping Site



Online Shop

### Mail Order-only "Pomegranate" Products



Paper Carton 200ml



Supplements



Jelly



Beverages

## Proposal of Health Value with Materials

# Coffee Shop Quality

## TULLY'S COFFEE



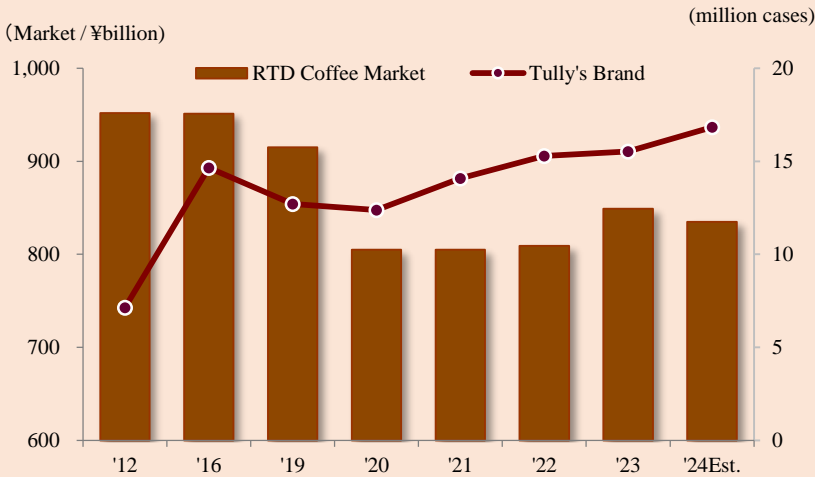
Tully's Coffee Brand

YoY + **14.9%**

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

Growth rate is ITO EN: May - Oct 2024/Volume Base

### ▼ Coffee Beverage Market Situation



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

### Unsweetened Coffee Favored by Coffee Lovers



TULLY'S COFFEE BARISTA'S BLACK



TULLY'S COFFEE BARISTA'S Sugar-Free Latte



TULLY'S COFFEE BARISTA'S BLACK Kilimanjaro

### New Non-Bitter Coffee With a Distinctive Aroma



PET TULLY'S COFFEE AROMA ESPRESSO Cafe Latte/Non-Sugar Latte/Black

## Synergy with TULLY'S COFFEE

### YoY **93.1%** First "Tully's Coffee Japan x ITO EN" Initiative

Products made with jointly procured Kilimanjaro beans will be sold in conjunction with shops, along with information dissemination.



#### ▼ Joint Procurement of Beans ( Kilimanjaro Beans )



#### ▼ Product Launches

( ITO EN: bottled cans, Tully's Coffee Japan: beans, drip )



#### ▼ Information Dissemination (Oct. 1 Coffee Day)



## Synergies that Enhance the Value of the Tully's Brand

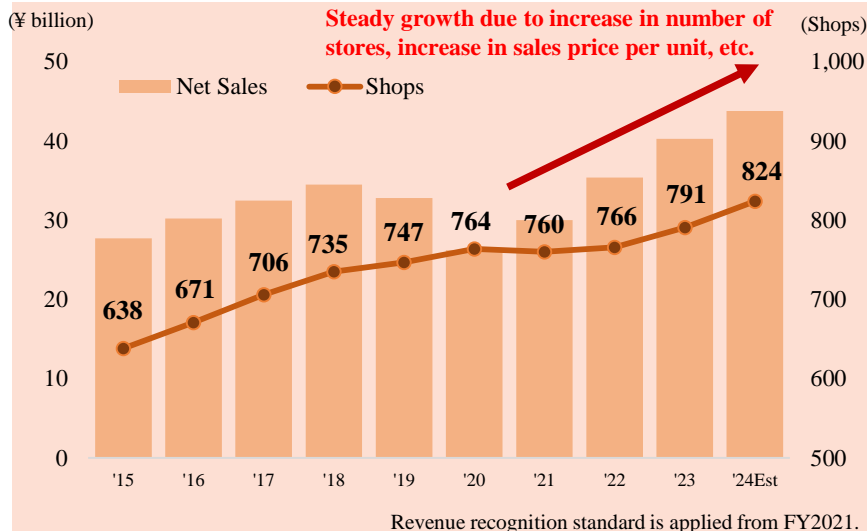
Growth rate is ITO EN: May - Oct 2024/Volume Base

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## Proposing the Most Suitable Stores for each Location

### ▼ Trends in the Sales\* and Number of Stores



### ▼ First Half Hit Products

Combined with the summer heat, iced drinks, including frozen drinks, sold well.



The “Vanilla Affogato Shake” frozen drink, launched for a limited time to commemorate the company's founding, enjoyed strong sales in the first half of the year, and the “Tully's Bearful Hug Me Bottle” sold out immediately.

### ▼ Store Development Based on Four Business Categories

As of October 31, 2024 **800 stores**

(Net Increase **9 Stores** / FY2023)

Opened on September 6, 2024  
Tully's Coffee Gran Green Osaka



TULLY'S COFFEE  
-SELECT-



A store that offers new values where customers can enjoy carefully selected books and art experiences with a cup of coffee.

### ▼ Commitment to Raw Materials

We work together at La Minita Estate, which is owned by DISTANT LANDS TRADING CO.



Confirmation work with Tully's representative and farm engineer



DISTANT LANDS  
COFFEE



Costa Rica La Minita Wetmill  
Sweet Washed  
Launched on Nov. 20th

## Strengthen Efforts to Enhance the Value of the Tully's Brand

# Aiming to Create Markets in New Categories

Proposing Product Development that Provides New Experiential Value to the Market at a Faster Pace than Ever Before

## Portable "Drinking Sweets" Beverages

### New "Drinking Sweets" Beverage Favored By Young Women



**Part 1** Launched on  
September 16th

**A Hot Topic on SNS**

#### ► Almond Oolong

Sweet and smooth texture like apricot bean curd, with the refreshing taste of oolong tea that gives it a sharp taste.



#### **Part 2**

Launched on  
December 9th

#### ► Strawberry

**Dou Hua Oolong**  
Smooth Taste reminiscent of Sweet Strawberries and Gentle Soybean Pudding



#### **Part 3**

Scheduled to  
be launched  
next spring

Coming soon!  
Stay tuned!

## Textured "Eatable Juice" Beverages

Responding to the Needs from Snack Time to Satisfying Small Hunger

### "MOG-GOOD!" with a Munching Texture

Enjoy the Chewy Texture of Nata de Coco

Sales from vending machines and storefronts are also performing well

Launched on March 4th



Launched on August 26th



(Left) Nata de coco & mango  
(Right) Nata de coco & mellow grape

## Carbonated Beverages with a Nostalgic Taste

### Retro Taste Favored By All Generations

A Rich and Creamy Café-quality Carbonated Drink that Tastes like Melted Ice Cream

Launched on  
October 7th



Launched on  
March 18th



(Left) Thick banana cream soda at a cafe  
(Right) Thick melon cream soda at a cafe



Showa-retro motif with a fresh and unique design with a sense of nostalgia

## Product Development that Embraces Diverse Ideas and Challenges

## Strengthen Research through Industry-Government-Academia Collaboration

### ▼ ITO EN Central Research Laboratory



### Proving and Communicating the “Value of Green Tea” through Industry-Government-Academia Collaborative Research

In recent years, through industry-government-academia collaboration, promotion of research to scientifically prove the “health and functional value” of green tea, such as the function of catechins and theanine, and the “emotional value” of physical and mental health, such as aroma and communication through tea.

### ▼ Drinking green tea and roasted green tea affects multiple physiological responses and contributes to improved work performance and reduced fatigue

(Published in Scientific Reports 2024)

- Collaborative Research Partner:  
University of Occupational and Environmental Health,  
School of Industrial Health, Human Information Science



Using measuring instruments to confirm autonomic nervous system activity, changes in cerebral blood flow, peripheral vascular contraction, and fluctuations in heart rate.

#### ■ Test Methods

Twenty participants were involved in the study. After a 5-minute rest, they performed mental arithmetic tasks for 5 minutes, repeated three times, followed by another 5-minute rest. Before each task and before the final rest, they consumed beverages (hot water, commercially available green tea, or roasted green tea; 50ml × 4 times). Physiological responses were measured during rest and task periods, and subjective fatigue was assessed before and after the tasks.

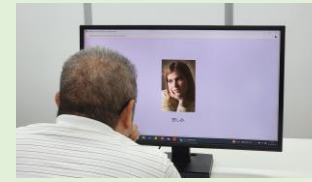
### ▼ Confirmed the effects of matcha on social cognitive function (emotion perception from facial expressions) and sleep quality

(Published in the journal PLOS ONE, 2024)

- Collaborative Research Partner:  
MCBI Corporation, National University Corporation University of Tsukuba,  
Medical Corporation Soshikai Memory Clinic Toride



Capsule filled with 2g of matcha



Determine within 3 seconds whether the facial expression in the photo matches the words of the emotional expression.

#### ■ Test Methods

The effects of long-term consumption of matcha on cognitive function were investigated using test foods, with the matcha group receiving capsules filled with 2g of matcha, while the placebo group received capsules filled with colored corn starch, and the comparison was verified through a comparative study.

## Evolution of a Vertically Integrated Business Model from The Fields Cultivated in Tea

By integrating a vertically integrated business model with the seven materialities and further evolving them, we aim to strengthen the sources of our growth potential.

### Sustainable Agriculture

Vertically Integrated Business Model from the field Cultivated in Tea

Research, Planning and Development

Raw Material Production

Raw Material Procurement and Processing

Manufacturing & Logistics

Sales

Environment/ Resource Recycling

Diverse Human Resources

Governance

### Seven Materialities

#### Diet and Health

Research and dissemination of healthfulness products that contribute to health

#### Sustainable Supply Chain

Supply chain management

#### Community

Creating together with local communities, communication through tea

#### Environment

Environmental response from tea plantation to tea husks and empty containers

Disseminating research results, etc.

Product development for all types of drinking occasions

Development of green tea and matcha that meet the standards of various overseas countries

Horizontal expansion to other categories

Promoting Environmental Consideration in the Value Chain



# Appendix

# Appendix : Contribution to Sustainable Domestic Agriculture

The scale of the Tea-Producing Region Development Project has expanded, while Japanese crude tea production and tea farm area has declined.

**Domestic crude tea production**  
Down approx. 25% over 47 years

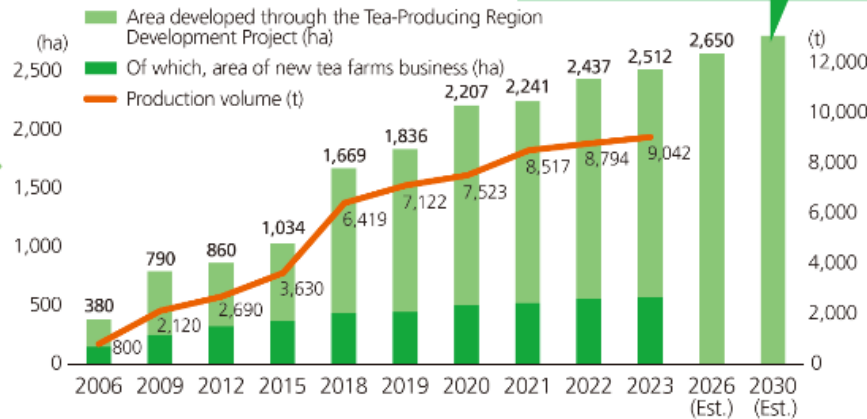
1976: Approx. 100,000 tons  
2023: 75,200 tons

**Domestic tea cultivation area**  
Down approx. 40% in 47 years

1976: Approx. 60,000 ha  
2023: 36,000 ha

Production and cultivation area of crude tea, Source: Ministry of Agriculture, Forestry and Fisheries

**Trends in the area developed through the Tea-Producing Region Development Project and our production volume**



Source: ITO EN's Tea-Producing Region Development Project (May to April each year)

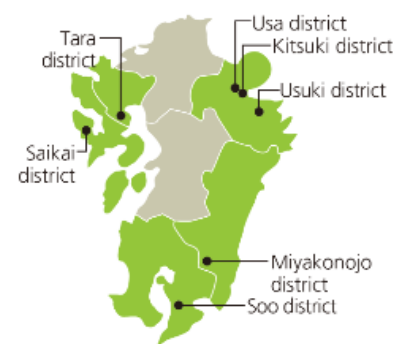
**KPI (indicators) 2,800ha**  
 • Organic production: 500 tons by 2030  
 • Maintain 100% GAP certification

**New tea farms business districts**

(Expanded to nine districts in seven prefectures as of FY4/2024)

**Five prefectures in Kyushu**

(Oita, Miyazaki, Kagoshima, Saga and Nagasaki)



**Shizuoka**



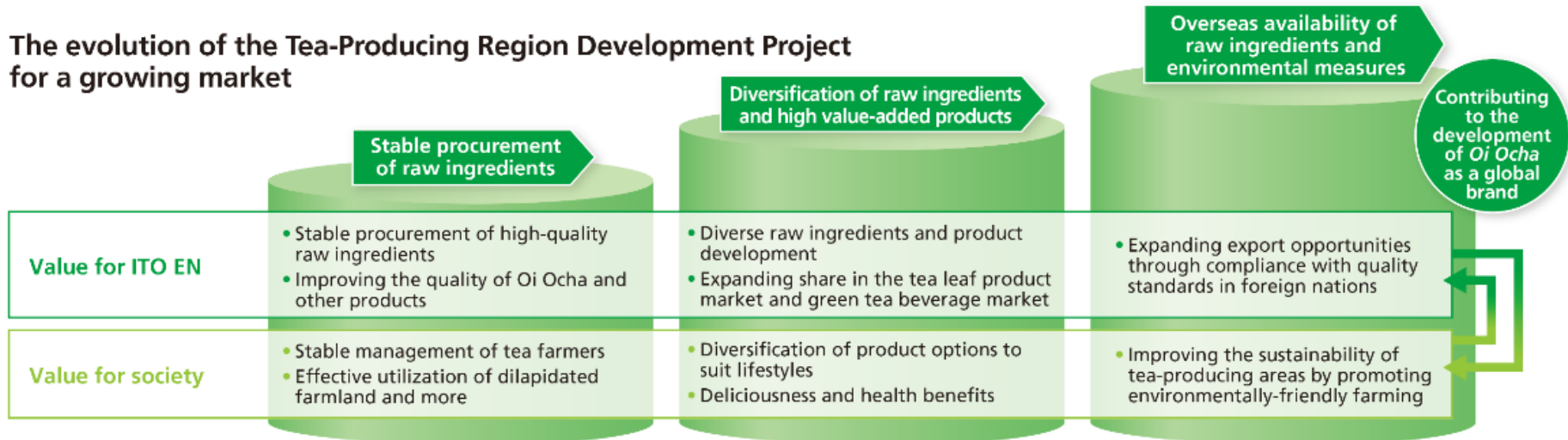
**Saitama**

(expansion started in April 2022)



**Total of the Tea-Producing Region Development Project in FY4/2024: 2,512 ha**  
(Of which, new tea farms: 500 ha or more)

**The evolution of the Tea-Producing Region Development Project for a growing market**

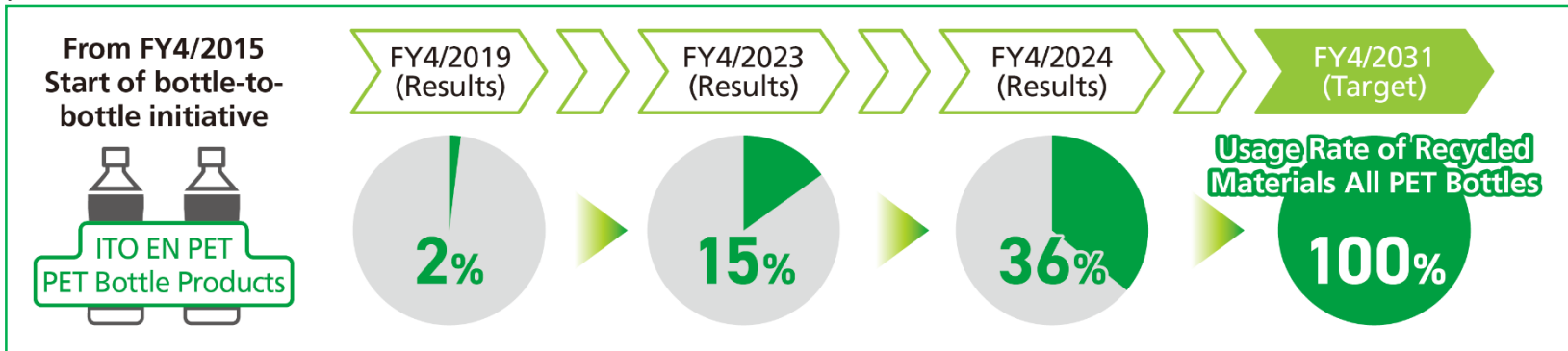


# Appendix : Environmental Initiatives through Oi Ocha

We reduce environmental impact and recycle resources at every stage of our beverage products, including "Oi Ocha" from field to production, distribution, sales, and consumption.



◀ Recycle (Bottle to Bottle) ▶



# Appendix : ITO EN (non-consolidated) Results

## Drink Sales Volume by Category

(Unit: ten thousand case)

	1Q (May to Jul)			2Q (Aug to Oct)		
	Sales Composition	YoY % Change		Sales Composition	YoY % Change	
Drinks	6,068	100%	- 0 %	6,259	100%	+ 3 %
Tea total	4,325	71%	- 1 %	4,414	71%	+ 1 %
Japanese Tea	3,917	65%	- 1 %	3,972	63%	+ 1 %
Green Tea	2,575	42%	- 1 %	2,633	42%	+ 1 %
Barley Tea	1,342	22%	- 0 %	1,339	21%	+ 0 %
Chinese Tea	253	4%	+ 5 %	277	4%	+ 8 %
Other Tea	154	3%	- 7 %	164	3%	+ 10 %
Vegetable	627	10%	- 4 %	636	10%	- 2 %
Coffee	474	8%	+ 5 %	524	8%	+ 20 %
Mineral Water	193	3%	+ 10 %	234	4%	+ 32 %
Carbonated	165	3%	- 9 %	172	3%	- 3 %
Fruit	150	2%	+ 7 %	142	2%	+ 8 %
Others	132	2%	- 2 %	133	2%	- 8 %

## Sales Composition by Packaging (Non-Consolidated)

FY 2024 First half (May to October 2024)

(Unit: ten thousand cases)

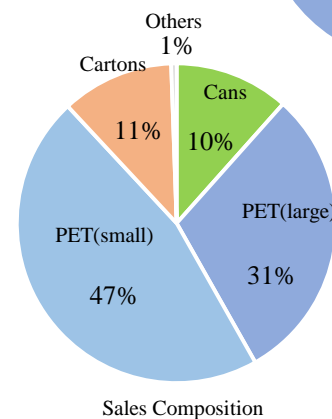
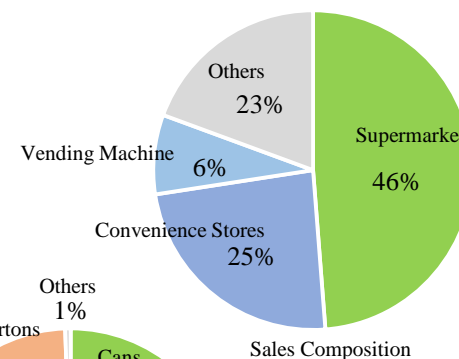
	1Q (May to Jul)		2Q (Aug to Oct)		FY2024 2Q		
	YOY % Change		YOY % Change		Composition ratio YOY	YOY % Change	
Drink Total	6,068	- 0 %	6,259	+ 3 %	12,327	-	+ 1 %
Cans	610	- 2 %	628	+ 1 %	1,239	- 0 pt	- 0 %
PET (large)	1,848	- 1 %	1,971	+ 1 %	3,819	- 0 pt	+ 0 %
PET (small)	2,898	+ 0 %	2,939	+ 5 %	5,838	+ 0 pt	+ 3 %
Cartons	673	- 1 %	683	+ 2 %	1,357	- 0 pt	+ 1 %
Others	37	+ 9 %	35	- 0 %	73	+ 0 pt	+ 5 %

## Sales Composition by Channels (Non-Consolidated)

FY2024 (May to October 2024)

Volume Base

	Composition ratio YoY	YOY % Change
Supermarket	- 3 pt	- 5 %
Convenience Store	+ 1 pt	+ 4 %
Vending Machine	- 1 pt	- 11 %
Others	+ 3 pt	+ 18 %

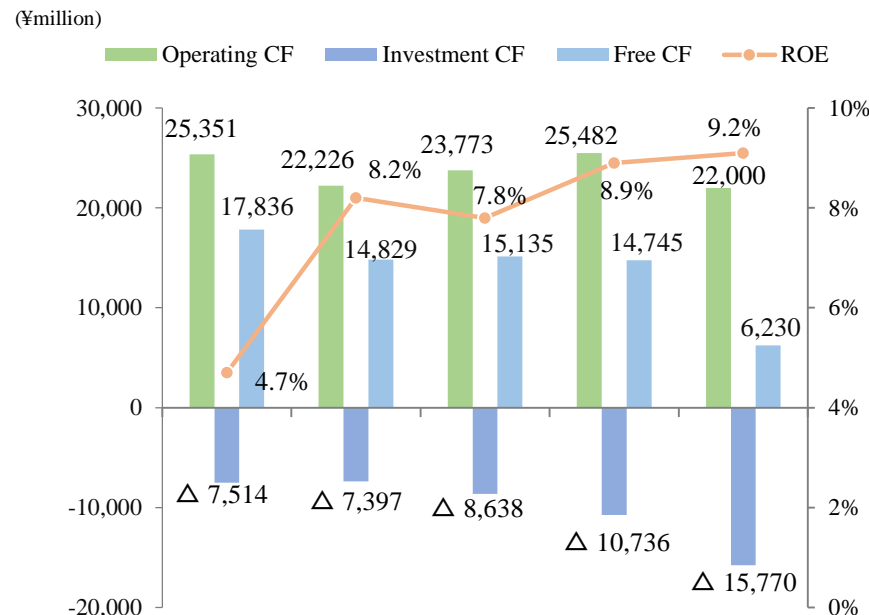


# Appendix : Related Materials

## Consolidated Balance Sheet (YoY Comparison)

	(¥million)		
	End of Oct. 2023	End of Oct. 2024	Change
<b>Current assets</b>	247,527	243,901	-3,626
Cash and deposits	114,136	101,672	-12,463
Accounts receivable-trade and inventories	120,065	127,485	7,420
<b>Property, plant and equipment</b>	73,479	75,629	2,150
Land	23,229	23,076	-152
Leased assets	5,398	4,457	-941
Other	44,851	48,095	3,244
<b>Intangible fixed assets</b>	8,060	6,687	-1,372
Goodwill	1,997	994	-1,003
Investments and other assets	24,647	29,089	4,442
<b>Total assets</b>	353,714	355,307	1,593
<b>Current liabilities</b>	93,982	112,880	18,898
Accounts payable	31,881	32,620	738
Corporate bonds	10,000	-	-10,000
Short-term loans payable	1,737	29,335	27,597
Lease obligations	1,885	1,546	-338
Income taxes payable	6,092	5,294	-798
<b>Non-current liabilities</b>	76,798	57,548	-19,250
Corporate bonds	-	10,000	10,000
Long-term loans payable	59,467	31,826	-27,461
Lease obligations	3,063	2,325	-738
<b>Total liabilities</b>	170,781	170,429	-351
<b>Net assets</b>	182,932	184,878	1,945

## Consolidated Cash Flows



(¥million)	'21/4	'22/4	'23/4	'24/4	'25/4 Est.
Capital Investments	7,199	7,511	7,259	10,256	14,307
Depreciation/Amortization	7,255	7,246	7,582	7,017	7,300
Leased Assets Depr.	5,171	4,035	2,771	1,577	1,578
Lease obligations(Repayment)	-3,691	-2,732	-2,278	-1,989	-1,380

Rating	A+
Bond shelf registration(straight bonds)	40 billion

Equity ratio	10/2023	51.3%
	10/2024	51.6%



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.