



ITO EN INTEGRATED REPORT 2024

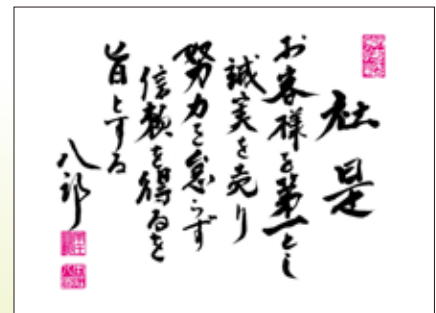
Fiscal year ended April 30, 2024



ITO EN Group's Management Principle and Management Philosophy

"Always Putting the Customer First" is the ITO EN Group's management principle, representing the fact that the foundation of business management at ITO EN is our commitment to placing importance on each and every customer. Our definition of customers includes consumers, shareholders, retailers, suppliers, financial institutions and local communities. We regard everyone involved with the ITO EN Group as our customers, and earnestly strive to address our customers' needs through the opinions and requests we receive, and by always using the perspective of our customers as the foundation of our management strategies. Under this management principles we aim to create the three health values of mental and physical health, health of society and health of the planet and to achieve our long-term vision of becoming a Global Tea Company, as part of our Group mission of being a Health Creation Company.

Definition of Our Customers		
Consumers	Shareholders	Retailers
Suppliers	Financial institutions	Local communities



Management Principle "Always Putting the Customer First"

The spirit of "STILL NOW"

We constantly ask ourselves "what customers are still now dissatisfied with," and contribute to solving their requests and dissatisfactions.

5 concepts for product development

Natural, Healthy, Safe, Well-designed, Delicious

5 marketing functions

- Know your customer
- Attend to the customer's wants and needs
- Provide service to the customer
- Attract the customer
- Communicate with the customer



Contribute to realizing healthy and fulfilling lifestyles and a sustainable society by creating **Mental and Physical Health, Health of Society and Health of the Planet**

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

Statements of ITO EN Group's approach and way of thinking

- ITO EN Group Code of Conduct
- ITO EN Group Basic Sustainability Policy
- ITO EN Group Quality Policy
- ITO EN Group Human Rights Policy
- ITO EN Group Fundamental Supplier Policy
- ITO EN Group Human Resources Policy
- ITO EN Group Environmental Policy
- ITO EN Group Risk Management Policy etc.

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Editorial policy

The ITO EN Group publishes the ITO EN Integrated Report as a communication tool, to give shareholders, investors and other stakeholders a better understanding of the Group's initiatives for enhancement of corporate value in the medium and long term.

The structure of this report is centered on the new Medium-Term Management Plan announced in June 2024 and the second stage of realizing our long-term vision of becoming a Global Tea Company, which is to spread Japanese tea under our core *Oi Ocha* brand around the world.

Our aim was to clearly set out how our Group's initiatives, which make use of our unique value chain from farms, will generate value creation and sustainable growth and will help us evolve globally.

We hope that this report will serve as an opportunity for greater communication with all our stakeholders.

Period covered

Fiscal year ended April 30, 2024
(May 1, 2023–April 30, 2024)

*The report also includes information on some activities before that period, and some very recent activities.

Scope covered

ITO EN, LTD. and its subsidiaries

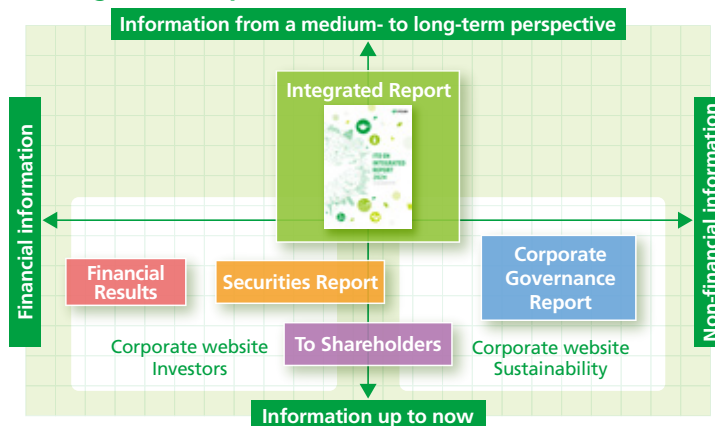
Date of publication

October 2024 (published annually)

Notice concerning forward-looking statements

The forward-looking statements in this report are based on information available at the time of publication. The actual results and performance of ITO EN, LTD. and the ITO EN Group may differ significantly from these forward-looking statements.

Positioning of this report



Corporate website

Investors

Financial results information / Securities Report, etc.



Sustainability

Initiatives addressing social and environmental issues / Sustainability data, etc.



Corporate Governance

Corporate Governance Report, etc.



Accelerating Global Growth and Making Further Strides as a Group to Become a “Global Tea Company”

Daisuke Honjo

President and Executive Officer



At the Turning Point of the 60th Anniversary of Our Foundation, Taking on New Challenges to Make Further Strides

The ITO EN Group celebrated the 60th anniversary of its foundation in October 2024. Since our foundation, we have conducted business in the spirit of “STILL NOW,” constantly considering “what customers are still now dissatisfied with” for all our customers, based on our management principle of “always putting the customer first.” Starting full-scale operations as a tea company in 1966, we have brought about world-first and industry-first innovations and created the unsweetened beverage market, including launching packaged tea at mass retailers ahead of others in the industry, launching the world’s first unsweetened tea beverage, Canned Oolong Tea, in 1980 and developing the world’s first green tea beverage, Canned Sencha (green tea), in 1984 (launched the following year). To this day, we have continued to actively take on challenges rooted in our “STILL NOW” awareness of issues and our approach of creating products that no one else can imitate, so that tea is readily available in great-tasting products for different lifestyle scenarios.

At present, the ITO EN Group aims to achieve its long-term vision of becoming a Global Tea Company, upholding its Group mission of being a Health Creation Company, by realizing healthy and fulfilling lifestyles for customers and a sustainable society through the creation of three types of health value: mental and physical health, the health of society, and the health of the planet. We announced the ITO EN Group new Medium-Term Management Plan in June 2024 and renewed our determination, perceiving the turning point of our 60th anniversary as a new start toward becoming a 100-year-old company.

We will continue innovating with determination across the whole Group and taking on challenges going forward to make further strides, expanding globally from being the No. 1 tea company in Japan.

Looking Back on the Previous Medium- to Long-Term Management Plan

Looking back on our previous Medium- to Long-Term Management Plan (FY4/2023–FY4/2024), we achieved an expansion of sales and an improvement of profitability through business optimization and price revisions, established local subsidiaries as new Group companies overseas in Germany and Vietnam, and made steady progress in developing *Oi Ocha* into a global brand.

Against this backdrop, our consolidated net sales in FY4/2024 rose 5.1% year on year, to 453,899 million yen, while our operating income climbed 27.7% year on year, to 25,023 million yen. Even amid the harsh external environment of soaring costs of raw ingredients and materials, we secured profits through our continuous work as a whole Group to improve profitability, as well as through the understanding of consumers regarding price revisions.

In February 2024, our core brand *Oi Ocha* celebrated 35 years since its launch, and it has expanded not only in Japan but also in over 40 countries and regions around the world, with a total annual sales volume in Japan and overseas topping 90 million cases. In addition, we have succeeded in advancing the Tea-Producing Region Development Project launched in 1976 and developing green tea and matcha raw ingredients that make use of fewer agrochemicals and organic farming technology in response to quality standards in various countries overseas. Furthermore, local production of *Oi Ocha* that guarantees the same great taste and quality as products in Japan became possible thanks to a new manufacturing method and an adjustment of the production and management system for contract manufacturing of *Oi Ocha* in Europe (Germany). I hope that our accomplishments in Germany will be a basis for business expansion to Europe and become a touchstone for local production and market expansion in other countries and regions going forward.

Carrying Out the New Medium-Term Management Plan with Strong Determination

In the wake of the COVID-19 pandemic, the business environment faces an even tougher situation and the future is even more uncertain due to factors such as significant changes in consumer lifestyles and values, the intensification of international conflicts and heightened geopolitical risks, price increases due to soaring costs of raw materials and worldwide supply chain disruption, fluctuating foreign exchange rates, and disasters caused by extreme weather and worsening climate change.

Under the ITO EN Group Medium- to Long-Term

Management Plan, lasting for five years until the fiscal year ending April 30, 2027 and announced in June 2022, we faced a sense of crisis of the market leaving us behind unless we forged ahead with greater speed, due to changes in the business environment exceeding expectations in the two years since the plan's formulation.

Therefore, we envisioned how we would like the Group to be in 2040 and revised the plan into the new Medium-Term Management Plan, with the final year being the fiscal year ending April 30, 2029, in order to respond flexibly to changes in the business environment accordingly while also realizing sustainable growth.

In particular, since it is predicted that the very impactful soaring costs of raw materials cannot be completely absorbed simply by extending previous efforts, we will promote structural reform to more solid management based on the new Medium-Term Management Plan.

The Approach of the New Medium-Term Management Plan: Progressing to the Next Stage of Realizing Our Long-Term Vision

The ITO EN Group has established three key pillars of initiatives in aiming for its long-term vision of becoming a Global Tea Company: Unique, Value Creation, and Global. Being unique refers to its unique business model and technological development capability, spanning from creating products from farms to resource recycling, and our uniqueness is the source of our innovation and value creation, which cannot be imitated by other companies. The products and services created from the ITO EN Group's uniqueness will lead to value creation, contributing to great taste, customers' mental and physical health, and helping solve social and environmental issues, and will also lead to the starting point of "Global" initiatives that will support the healthy and fulfilling lifestyles of people around the world.

Currently, of the three growth stages to becoming a Global Tea Company, we have passed through the first stage of "Solidifying the existing businesses in Japan" and have begun to enter the second stage of "Developing *Oi Ocha* into a global brand."

The new Medium-Term Management Plan has established approximately 2040, the period we anticipate having entered into the third stage of "Connecting to diverse tea cultures around the world and creating new tea markets," just before the realization of becoming a Global Tea Company, as our long-term future vision (how we would like to be) (refer to the figure on p. 5). Considering what must be done in the next five years to realize our long-term future vision, our main quantitative targets are an average annual growth rate in consolidated net sales of 2%

or more (8% or more overseas), an operating income ratio of 8% or more and ROE of 10% or more. We established growth rate rather than net sales in the final fiscal year as the target in order to emphasize continued growth, not simply pursuing results but embodying our determination to emphasize the process.

The competitive environment in Japan is also expected to intensify, but we will accelerate our global expansion, with a focus on *Oi Ocha*, to speed up overseas business growth. As for profitability, our target is an operating income ratio of 8% or more, and we will work even harder on radical reform and solidification of our income base through centralization of capital in our core brands and structural reform. It will not be easy to achieve both business growth and improved profitability, but I believe it is achievable by flexibly implementing structural reform to improve profitability as a whole Group in our existing businesses in Japan, in addition to expanding overseas business.

We will accelerate our initiatives toward further growth not with the mindset that we should achieve our quantitative targets in the final fiscal year of the plan but by responding in advance, with a sense of speed.

Structural Reform Optimizing the Group for Sustainable Solidification of the Businesses in Japan

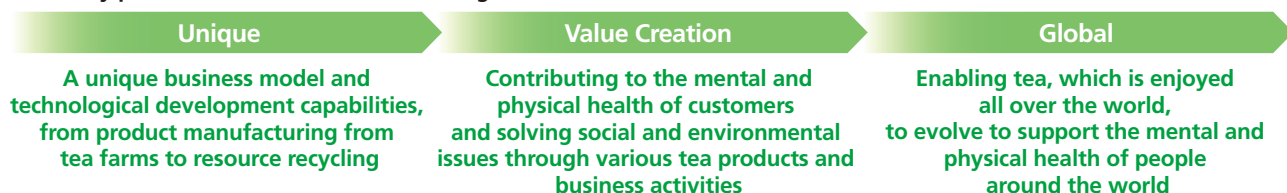
The ITO EN Group will further reform our profit structure to strengthen the foundations of each of our businesses in Japan. We will invest in overseas businesses and growth fields while identifying businesses that have not been profitable and adjusting its organizational structure to aim for optimization of the entire Group.

First, regarding products and marketing directly tied to earning power, we will concentrate capital in our core

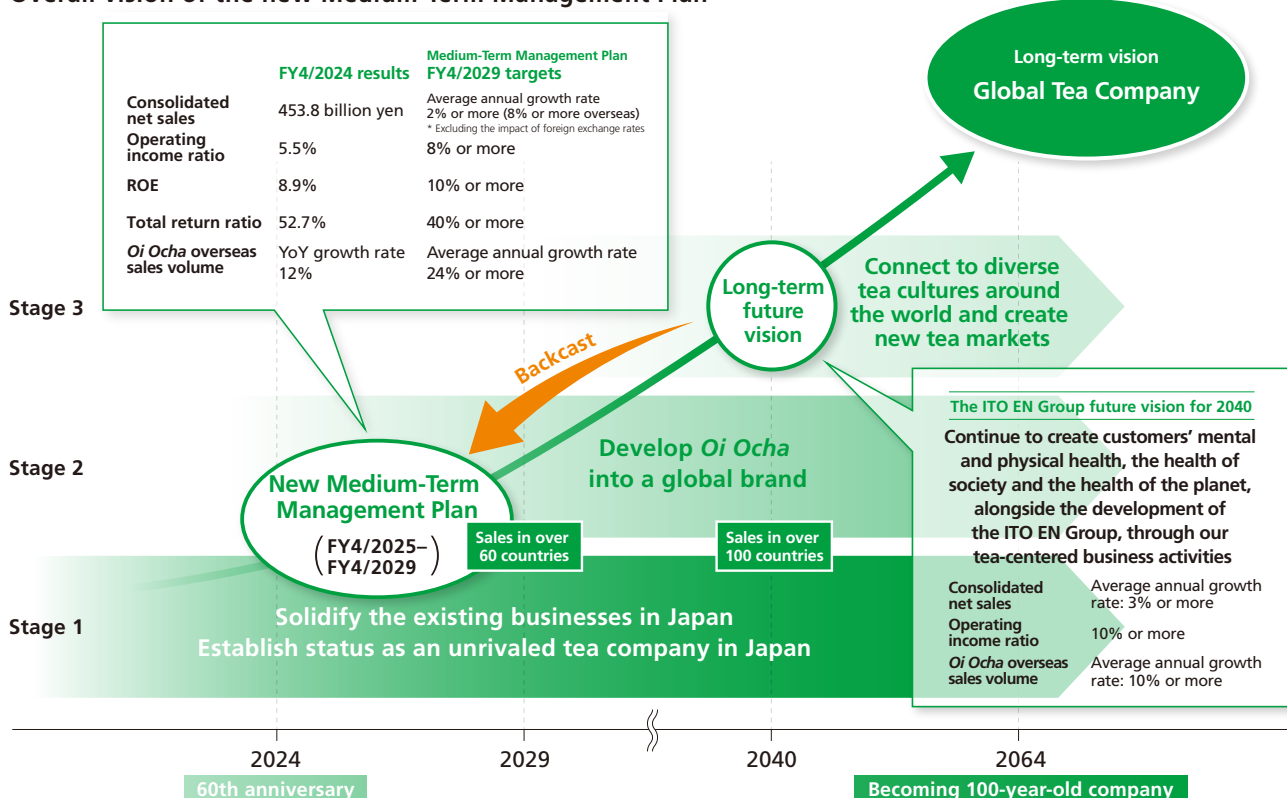
Long-term vision Global Tea Company

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

Three key pillars of initiatives for the our long-term vision



Overall vision of the new Medium-Term Management Plan



brands, including *Oi Ocha*, and work on packaging-structure revision and item integration. In addition, we will further cultivate our strengths as a manufacturer by expanding our research in the health and functionality fields, centered on tea, and adding value to our products. We would like to strive for optimization of the whole supply chain in order to maintain profitability through our products and marketing and maximize investment efficiency. In particular, we are facing various issues regarding production and logistics, such as rising costs in all respects, including energy; labor shortages; and environmental measures. Coordination within the Group and with suppliers, as well as DX promotion, are essential to solving these social issues and realizing productivity improvement and optimization. We will work to optimize the supply chain while considering collaboration with various companies, without relying on precedents.

Furthermore, we will enhance and rebuild the sales structure of the whole Group to respond flexibly to a business environment that is changing with increasing speed. We will leverage the route sales (direct sales to retailers) and network of sales locations throughout Japan that we have cultivated over many years to coordinate within the Group regarding automated vending machine business operations and to reinforce marketing and sales that makes use of Group synergy with Tully's Coffee and Chichiyasu.

The strong point of community-based sales is that salespeople visit customers directly, unifying activities from negotiations through delivery, creation of sales spaces and follow-up, during which process they build a relationship of trust with customers. Although operations have become more efficient thanks to the spread of online negotiations and digital marketing after the COVID-19 pandemic, issues have arisen such as reduced communication with customers and a lack of new proposals. I believe that the solutions to ever-changing issues and new proposals come from the sites that are closest to customers.

Therefore, based on our spirit since our foundation of "STILL NOW" ("what customers are still now dissatisfied with"), we established HOKKAIDO ITO EN, LTD. in May 2024 through a spinoff of our sales operations in Hokkaido so that our employees on the front lines could develop business activities more rooted in the customers of the local community. In addition, in August, the retail and restaurant businesses of the Directly Managed Store Division were taken over by ITO EN FOOD SERVICE CO., LTD. via a company split. This created a structure for prompter managerial and other decision-making through the concentration of in-house resources, including specialized human resources in each business. We will also work on optimizing operations by integrating indirect operations within the Group and training human resources for future organizational functional enhancement.

The ITO EN Group will realize the solidification of businesses in Japan and sustainable growth by having all employees strengthen points of contact with customers through their work, pursuing partnership with customers and Group synergy in every area of the value chain.

Expansion of the Business Domain for Tea

Approximately 90% of our sales are currently from beverage products. We started out as a tea company, and we occupy the No. 1 share in tea leaf products in Japan. We are "a group of tea specialists" who take great pride in being knowledgeable about tea plant varieties, tea farming, and processing and manufacturing technologies for producing various tea products. Our uniqueness is that we are involved with the entire supply chain, from tea-producing regions to processing, manufacturing and sales, so we can develop not only beverages but all forms of products, such as high-quality teas, matcha, tea bag products and instant teas (granule products), and conduct all aspects of business related to tea. Our Tea-Producing Region Development Project along with tea producers makes it possible to develop raw ingredients in line with end products. We will make use of our strength in raw materials to further develop our business model toward expanding the business domain of our tea business. Focusing on export demand for products like matcha that are expected to expand in the future, and on environmental measures, the Tea-Producing Region Development Project made a capital and business alliance with Water-Cell Inc., a company developing agricultural support tools and the agri-note app. With them, we jointly developed the Pesticide Suitability Assessment System. We will enhance our procurement capabilities and supply system in order to propose safe, secure, delicious and high-quality raw materials suited to the needs of customers around the world.

In addition, we would like to focus efforts going forward on matcha, demand for which is increasing both inside and outside Japan. I believe that strengthening matcha exports will also play an important role in developing *Oi Ocha* into a global brand. More overseas markets are handling matcha-related products in recent years, but the reality is that many of these products are still produced abroad. One could say that matcha, part of the traditional culture of Japan, has yet to gain understanding and permeation around the world. For that reason, as a leading tea company, we must create the global standard for matcha by providing Japan's high-quality matcha to the world. We would like to focus on wholesaling of raw ingredients, selling matcha to cafe chains, food companies and for commercial use, to strengthen our unique proposals using matcha as a raw ingredient and developing it for each sales channel. We will expand our

business domain by promoting capital tie-ups and M&As with businesses from which we can anticipate new synergy, targeting groups like young people and foreigners visiting Japan, which we had not previously captured, like in our capital and business alliance with THE MATCHA TOKYO, a 100% organic matcha specialty shop, some time ago.

We will aim for targeting the whole world with the “total power of tea,” including beverages and leaves, to expand the basic value of tea in order to contribute to healthy and fulfilling lifestyles for customers in all countries and regions.

Developing *Oi Ocha* into a Global Brand

We have now entered full force into the second stage of becoming a Global Tea Company, and expansion of the overseas market is positioned as our greatest growth opportunity in the new Medium-Term Management Plan. The five years of the new Medium-Term Management Plan will thoroughly expand *Oi Ocha* to overseas markets in all product forms, including beverages and tea bags, with the target of selling *Oi Ocha* in 60 or more countries. While the middle-income class is expanding with the continued population growth around the world, people’s health awareness has increased even more, including about obesity issues due to nutritional imbalance and infection control measures. With more attention on Japanese food, green tea and matcha, the unsweetened green tea *Oi Ocha* brand has steadily taken hold over the past few years.

By region, we will expand sales in countries with existing development, such as in North America and Asia, and going forward, we will extend to untapped countries in Asia, such as Vietnam, where we recently founded a local subsidiary, and India, as well as in Africa. Beginning with Germany, where we established a local subsidiary in April of

this year, we also made a full-scale entry in the European market that had been a target for many years. There were a variety of hurdles in Europe, including long geographical distances, restrictions on pesticide residue in raw ingredients and environmental regulations on packaging, but we now have a system that allows demonstration experiments using a sequential, one-stop process, from product development to production, sales and marketing, thanks to the arrangement of a local production system that clears those hurdles. Going forward, I would like to break new ground in the European market with Germany as a base, popularizing the habit of drinking green tea and matcha with highly health-conscious consumers as our target. In the long term, we will increase awareness of healthy lifestyles through tea, as well as take on challenges in areas where health issues (such as obesity) accompanying economic growth are on the rise, leading to the development of a tea culture across the world and creating new markets for tea.

Pursuing Both Business Growth and Sustainability as “Team ITO EN Group”

In recent years, there is an increasing number of issues that need to be addressed, including the pursuit of both economic growth and solutions to sustainability issues such as energy and resources, climate change and human rights, and neither individuals nor companies will be able to grow if they are bound by existing organizational frameworks and ways of thinking. I came up with the “Team ITO EN Group” approach, which involves addressing such problems beyond organizational boundaries, in FY4/2024. As of August 2024, the ITO EN Group has 46 companies in Japan and overseas. With changes to the organizational structure within the Group due to a company split and the establishment of new companies, we will be more aware than ever before of synergy across the Group. Specifically, the Group Business Management Department has been established to promote coordination and collaboration for all Group companies, generating synergy from the viewpoints of people, things, money and information, and we are enhancing the structure of the Group Business Management promotion to improve productivity and aim for the maximum degree of efficiency. In addition, we are reinforcing the system of main committees such as the DX Promotion Committee and Sustainability Promotion Committee system, whereby the officers of Group companies attend meetings, and promoting theme-based cross-organizational sustainability management.

For issues that are difficult to solve solely through our own efforts, I believe that there are also themes that can be surmounted through partnerships outside the Company. Regarding this, for the ITO EN Group, which practices



fabless management in beverage production, partnership is our corporate culture in itself. There is room for greater cooperation with other companies in our industry and with food companies, etc., which are close to us, in non-competitive areas such as logistics. Examples of cooperation in a variety of business fields including manufacturing, logistics and environmental measures have actually begun to emerge, and I would like to cooperate with a flexible viewpoint going forward.

An Organizational Culture of Continuing to Challenge Ourselves toward Our Vision

We are urging people within the Company to change previous ways of doing things and work with new perspectives and methods to achieve the new Medium-Term Management Plan. It is no exaggeration to say that the next five years will decide the future of the ITO EN Group.

The ITO EN Group has been a company that has attached importance to the frontier spirit since the beginning, as reflected in its former company name, the Frontier Tea Corporation. I would like to remind everyone in the Company of the importance of the frontier spirit to carve out new paths and to transform to an organizational culture of continuing to challenge ourselves toward our ambitious vision of becoming a Global Tea Company. New perspectives and flexible thinking are needed to achieve challenging goals and generate innovation. Therefore, we will bring about an organizational culture where diverse ideas are produced and it is easy to take on challenges by stimulating cross-company personnel exchanges between Group companies, both in Japan and overseas. In addition, through transfers within the Group and personnel exchanges with outside companies, people will experience the chief positions in each business department and management positions in Group companies, cultivating management human resources that are equipped with the necessary skills and know-how for management who will drive global growth.

A work environment where individual employees can feel satisfied with their jobs and demonstrate their skills to the greatest extent is required to achieve becoming an organization where we continue to challenge ourselves toward our vision, oriented toward active roles for all as "Team ITO EN Group." We will understand the costs necessary for organizational and personal growth as "growth investments" and continue to strive to increase the material and psychological satisfaction of all employees working for us, not only through pay raises but also through strengthening human resource development, expanding provisions and systems for workplaces that are easy to work in, and more.

Passing on Japanese Tea to the World and Future Generations

By all means, I hope that our shareholders and investors will continue to be shareholders for a long time and follow the path toward new growth along with us. In the new Medium-Term Management Plan, ROE is defined as the most important business performance indicator, and the target is an ROE of 10% or more. In particular, we will aim to achieve both business growth and improved profitability by emphasizing profitability to grow ROE and accelerating overseas business. I therefore believe that we must expedite managerial and other decision-making, and promote the new Medium-Term Management Plan with greater speed. We will work to respond to globalization and changes in the business environment, arrange a solid management foundation in accordance with business stages in Japan and overseas, and further strengthen and enhance corporate governance to become a Global Tea Company.

Spreading Japanese tea culture to the world and passing it on to future generations is our mission. Since our foundation, we have offered tea to match changes in the times and lifestyles, enabling tea culture to permeate life as a familiar presence for Japanese people and proposing a "life with tea."

As a leading tea company, we will convey the role that tea has played until now and the future prospects of tea to continue to be part of people's lives around the world as we spread tea culture overseas going forward. The OCHA CULTURE CREATION MUSEUM and Oi Ocha Museum, a complex museum to serve as a base for joint development of the future of tea, opened in May 2024, also play a part in that goal. What can we do so that people will continue to enjoy great-tasting tea in the future? I would like to make this an opportunity to once more consider this question in order to lead to the future of the tea industry.

As the stepping stone, "Team ITO EN Group" will unite in 2024 to work toward quickly realizing the development of *Oi Ocha* into a global brand. We will hasten progress to make strides to become a Global Tea Company as a Health Creation Company contributing to healthy and fulfilling lifestyles for customers around the world.



President and Executive Officer

ITO EN Group's History of Value Creation

Since starting out as a tea company in 1966, the ITO EN Group has continued to deliver innovations in the tea industry, such as with the popularization of packaged green tea. We have continued to identify changes in the lifestyles of Japanese people, creating the unsweetened tea beverage market in Japan with the launch of products such as the world's first canned oolong tea in 1980 and canned Sencha (green tea) in 1985. Since then, we have continued to deliver products that enable consumers to enjoy delicious tea anytime, anywhere, through a stream of world and industry first technologies. Our history is also one of market creation and value creation.

Since 1966

Started as a tea company

When the Company was founded, tea was mainly sold by weight at specialty shops. We then developed packed tea leaves in smaller quantities that were easier to buy. We started route sales (direct sales to retailers) of green tea in 1966. Five years after launching our packed tea leaves, the Company had the top sales in the tea industry thanks to our response to lifestyle changes by introducing tea in the supermarket business category and spreading the great taste of tea to many customers.



Launched packaged green tea

Since 1980

Created the unsweetened tea beverage market

With the progressing Westernization of Japanese people's food, we signed the first exclusive agency agreement between China and Japan in 1979, for oolong tea, which pairs well with fatty meals. We began selling oolong tea (tea leaves) in Japan. In 1980, we launched a world first, Canned Oolong Tea, and created the unsweetened beverage market in Japan. We also started working on portable, canned green tea, in the hope that people could enjoy the great taste inherent in green tea anytime, anywhere. In 1985, we launched another world first, Canned Sencha (green tea), further developing the unsweetened beverage market by making green tea an outdoor beverage. In 1986, we founded the Central Research Institute (Makinohara-shi, Shizuoka) to perform basic and applied research on tea, etc. In 1987, we established what is now ITO EN (Hawaii) LLC in Hawaii, USA, embarking on expansion overseas.



1980
Launched a world first, Canned Oolong Tea



1985
Launched a world first, Canned Sencha (green tea)



1989
Launched *Oi Ocha*



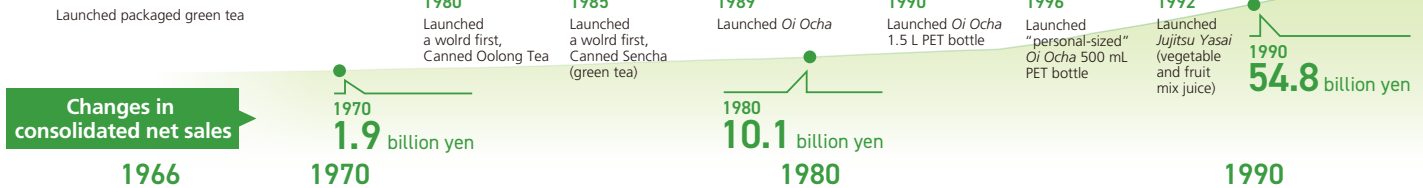
1990
Launched *Oi Ocha* 1.5 L PET bottle



1996
Launched "personal-sized" *Oi Ocha* 500 mL PET bottle



1992
Launched *Jujitsu Yasai* (vegetable and fruit mix juice)



Market share in unsweetened beverages in the Japanese domestic beverage market

1%

12%

History of the ITO EN Group

Oct. 1964 Founded.

Aug. 1966 Established Frontier Tea Corporation, ITO EN's predecessor, in Shizuoka-shi, Shizuoka.

May 1969 Changed the Company's name to ITO EN, LTD.

May 1974 Constructed Shizuoka Sagara Factory at Sagaracho, Haibara-gun (now Makinohara-shi), Shizuoka.

Aug. 1979 Signed an exclusive agency agreement with China National Native Produce and Animal By-products Import and Export Corporation to import oolong tea for the first time in Japan.

Sep. 1981 Started selling black tea imported directly from Sri Lanka.

Jul. 1987 Established ITO EN (USA) INC. in Hawaii, USA.

*Currently ITO EN (Hawaii) LLC

May 1992 Listed its stock on the over-the-counter market.

May 1994 Established ITO EN AUSTRALIA PTY. LIMITED in Australia.

Sep. 1996 Became a listed company on the Second Section of the Tokyo Stock Exchange.

Oct. 1998 Stock advanced to the First Section of the Tokyo Stock Exchange.

Main Sustainability Initiatives

1960

1970

1980

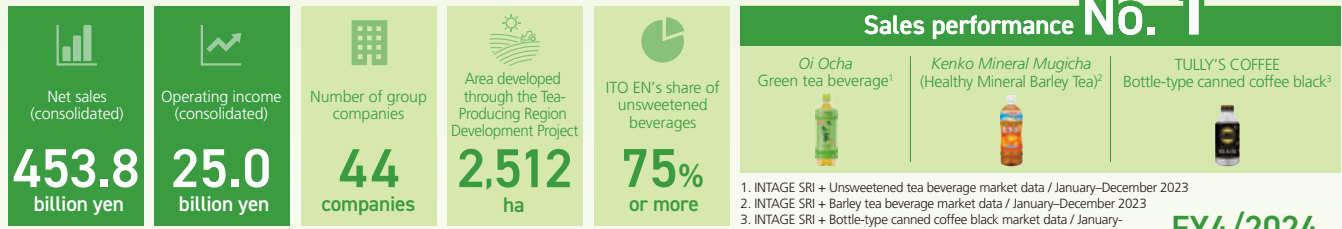
1976 Started the Tea-Producing Region Development Project for stable procurement of the raw ingredients of green tea products.

*Contract farming with tea farmers

1982 Established organic fertilizer-based green tea cultivation technology.

1989 Started the ITO EN *Oi Ocha* Shinhaiku Contest.

Actual Results in FY4/2024



1. INTAGE SRI + Unsweetened tea beverage market data / January–December 2023
 2. INTAGE SRI + Barley tea beverage market data / January–December 2023
 3. INTAGE SRI + Bottle-type canned coffee black market data / January–December each year, 2017–2023

FY4/2024
453.8 billion yen

Since 2000

Development as a comprehensive beverage manufacturer in Japan

Acquiring high-quality raw ingredients for the future growth of *Oi Ocha* became an issue for the Company, and an increase in dilapidated farmlands and lack of successors became issues for tea farming. That is why, in 2001, we launched new tea farms business as part of the Tea-Producing Region Development Project to cooperate with local governments in everything from creating tea plantations to making tea. In addition, we launched *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea) in 2002, the 100% vegetable juice *Ichinichibun no Yasai* (a day's worth of vegetables) in 2004, a chilled coffee beverage jointly developed with Tully's Coffee Japan Co., Ltd. in 2007, and bottle-type canned coffee in 2009. We built our base as a comprehensive beverage manufacturer in Japan in the 2000s and have now grown into the No. 1 brand in every category.

2000
192.7 billion yen



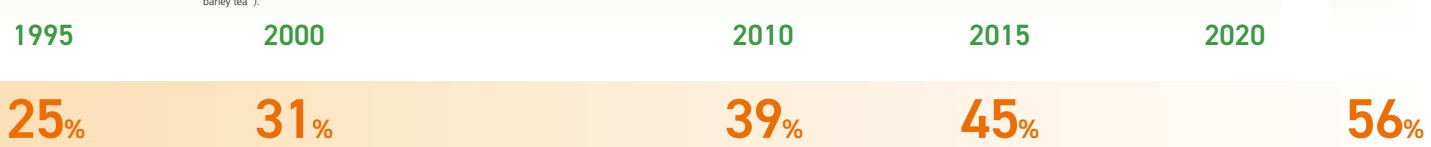
Since 2010

Strengthening overseas business toward becoming a "Global Tea Company"

The ITO EN Group has positioned becoming a Global Tea Company as our long-term vision since 2011, and we have advanced strategies to enhance overseas recognition of ITO EN brands and develop *Oi Ocha* into a global brand. Since ITO EN (North America) INC., founded in New York, began selling *Oi Ocha* in the United States in 2001, the countries and regions where it is sold have expanded against the backdrop of a worldwide boom in Japanese cuisine and matcha, and increasing health consciousness. Following the United States, China and Australia, we also built operations bases in the Southeast Asian region for further global expansion, and we launched our global MATCHA GREEN TEA brand in 2015. In addition, we are promoting initiatives to reduce environmental burden, such as our launch of products using 100% recycled PET bottles in 2019, to contribute to a sustainable society and environment.

*Revenue recognition standard is applied from the fiscal year ended April 30, 2022.

FY4/2025



- | | | | |
|---|---|---|--|
| <p>May 2001 Established ITO EN (North America) INC. in New York, USA.</p> <p>Oct. 2004 Built a new crude tea leaf plant and commenced production at ITO EN AUSTRALIA PTY. LIMITED.</p> <p>Jun. 2006 ITO EN (North America) INC. obtained shares of Mason Distributors, Inc. (based in Florida, USA), which engages in the nutritional supplement business.</p> | <p>Oct. 2006 Obtained shares of FoodXo GLOBE Co., Ltd. (now Tully's Coffee Japan Co., Ltd.), which operates the Tully's Coffee chain.</p> <p>Mar. 2008 Concluded an exclusive distributor contract for the sale of Evian natural mineral water in Japan with the Danone Group (headquartered in France).</p> <p>Sep. 2008 Signed a sales agreement for the sale of a selection of Fujiya Co., Ltd. beverages, including Nectar.
<small>*In May 2018, contracted as exclusive distributor for all of Fujiya Co., Ltd.'s beverages</small></p> | <p>Feb. 2010 Established Green Value Co., Ltd. which engages in the maintenance and procurement of automated vending machines.</p> <p>May 2011 Obtained shares of Chichiyasu Company, which manufactures and sells dairy products.</p> <p>Jun. 2012 Established ITO EN ASIA Pacific Holdings Pte. Ltd. in Singapore.</p> <p>Sep. 2012 Established ITO EN BEVERAGE (SHANGHAI), Ltd. in China.</p> <p>Oct. 2012 Obtained shares of NEOS Corporation, which engages in automated vending machine business operations.</p> <p>May 2013 Established ITO EN (Thailand) Co., Ltd. in Thailand.</p> | <p>Jul. 2013 Established PT ITO EN ULTRAJAYA WHOLESAL in Indonesia.</p> <p>Feb. 2015 ITO EN (North America) INC. obtained the shares of Distant Lands Trading Co., which is involved in the cultivation and sale of coffee beans mainly in the United States.</p> <p>Apr. 2022 Shifted to the Prime Market of the Tokyo Stock Exchange.</p> <p>Apr. 2024 Founded ITO EN Europe GmbH in Germany and ITO EN VIETNAM CO., LTD. in Vietnam.</p> <p>May 2024 Opened a museum complex (the OCHA CULTURE CREATION MUSEUM and <i>Oi Ocha</i> Museum) in Shinbashi, Tokyo.</p> |
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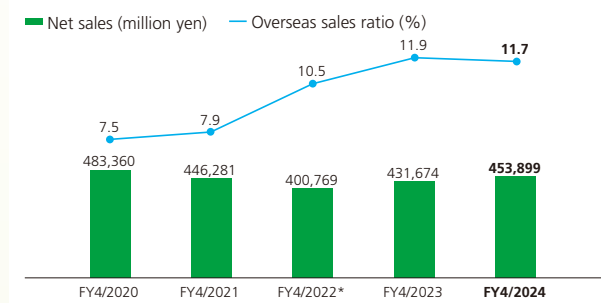


Financial and Non-financial Highlights

Financial Indicators

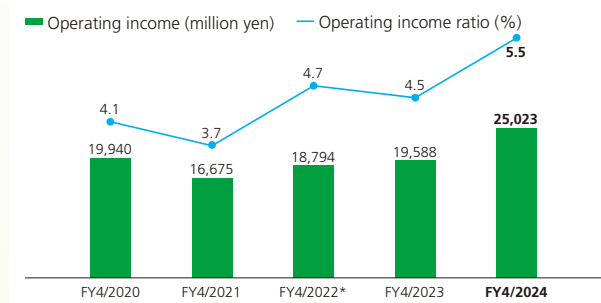
*Revenue recognition standard is applied from the fiscal year ended April 30, 2022.

Net sales (consolidated) / Overseas sales ratio



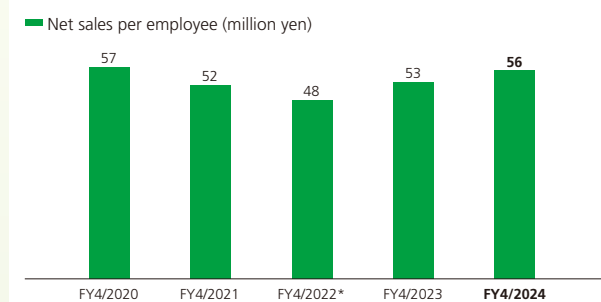
In the fiscal year ended April 30, 2024, both consolidated and non-consolidated net sales increased due to increased movement of people, the weather and price revisions. The new Medium-Term Management Plan (FY4/2025–FY4/2029) establishes the target of an average annual growth rate of 2% or more (8% or more overseas). The ratio of overseas sales to total sales in the fiscal year ended April 30, 2024 was 11.7%.

Operating income / Operating income ratio (consolidated)



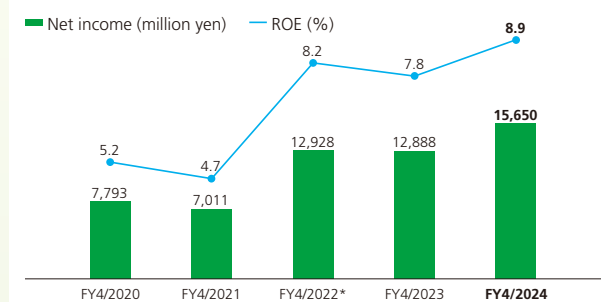
Both consolidated and non-consolidated operating income rose in the fiscal year ended April 30, 2024. The consolidated operating income ratio improved by 1.0 point year-on-year, while the non-consolidated operating income ratio improved by 0.4 points year-on-year. The new Medium-Term Management Plan particularly emphasizes profitability, targeting a consolidated operating income ratio of 8% or more.

Net sales per employee



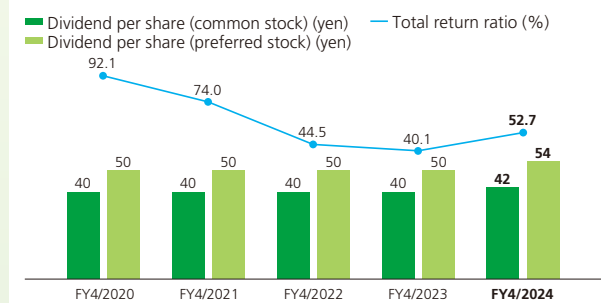
Although net sales per employee temporarily decreased due to the impact of the COVID-19 pandemic and the application of the revenue recognition standard, they have steadily improved, reaching 56 million yen in the fiscal year ended April 30, 2024. The Group as a whole will work to improve labor productivity going forward.

Net income / ROE (consolidated)



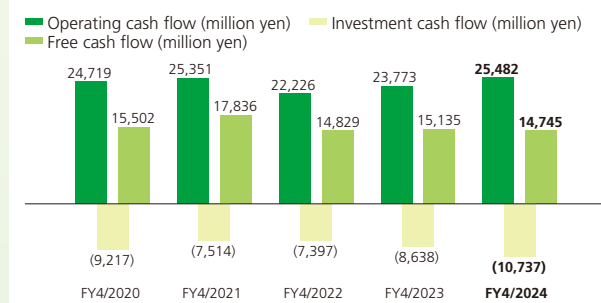
Both consolidated and non-consolidated net income increased in the fiscal year ended April 30, 2024, and consolidated ROE rose by 1.1% year-on-year. The new Medium-Term Management Plan establishes a consolidated ROE of 10% or more as a target and aims for management with an emphasis on capital efficiency.

Annual dividend per share / total return ratio



We have strived to implement stable, continuous return to shareholders, with a target of maintaining a total return ratio of 40%. In the fiscal year ended April 30, 2024, the total return ratio was 52.7% as a result of a dividend per share of common stock increased by 2 yen, a dividend per share of preferred stock increased by 4 yen, and the acquisition of treasury stock. The new Medium-Term Management Plan establishes a total return ratio of 40% or more as a target and aims for stable return to shareholders.

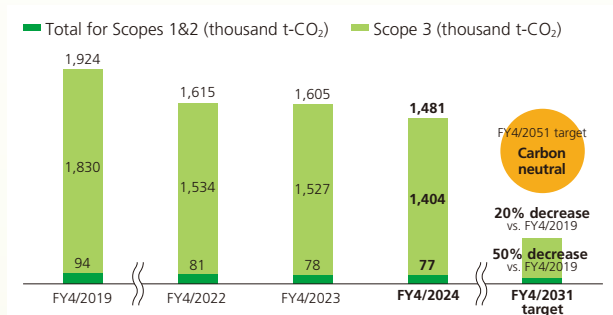
Cash flow (consolidated)



Consolidated free cash flow in the fiscal year ended April 30, 2024 was 14,745 million yen. Going forward, we will invest in areas of future growth in Japan and overseas, in addition to creating stable and continuous cash flow, and in consideration of balance with return to shareholders.

Non-financial Indicators

GHG emissions

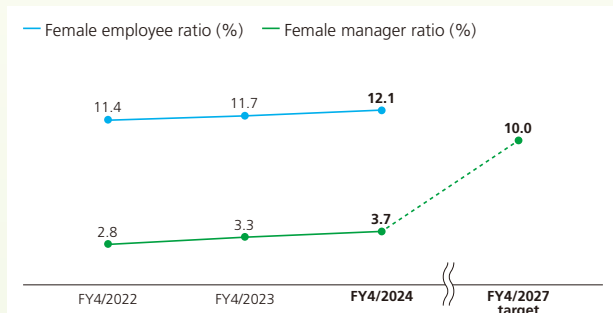


With the fiscal year ended April 30, 2019 as the reference year, we reduced GHG emissions for the fiscal year ended April 30, 2024 by a total of 17.9% for Scopes 1 and 2, and 23.3% for Scope 3. The Group as a whole will promote efforts going forward to achieve the ITO EN Group Medium- to Long-Term Environmental Goals of a total reduction of 50% for Scopes 1 and 2, and 20% for Scope 3, in FY4/2031, with the aim of realizing carbon neutrality in FY4/2051.

*The reporting boundary used for Scopes 1 and 2 is ITO EN, LTD. and its consolidated subsidiaries (Except for Cafetalera de Tierras Ticas, S.A. and EMPRESAS DE ANTIOQUIA LTDA).

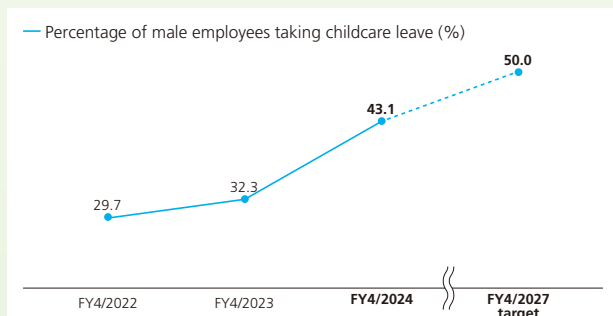
*The reporting boundary used for the reported Scope 3 emissions is ITO EN, LTD. and its consolidated subsidiaries in Japan.

Female employee and manager ratio



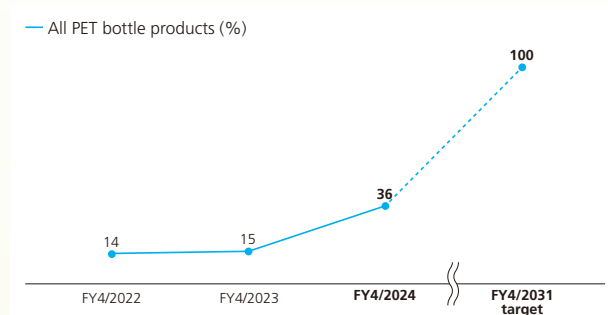
Our female employee ratio in the fiscal year ended April 30, 2024 was 12.1%, up 0.4% year-on-year, and our female manager ratio was 3.7% (+0.4% year-on-year). We will promote efforts going forward toward our goal for FY4/2027 (a female manager ratio of 10%).

Percentage of male employees taking childcare leave



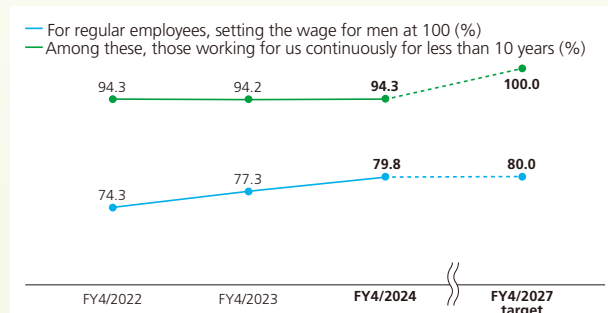
The percentage of male employees taking childcare leave in the fiscal year ended April 30, 2024 was 43.1%, up 10.8% year-on-year. This percentage has increased steadily over the last three years. Going forward, we will promote a variety of efforts, such as expanding the system, sharing feedback from male employees taking childcare leave and arranging a work follow-up system, toward realizing a 50% percentage of male employees taking childcare leave in FY4/2027.

Percentage ratio of recycled materials used for all PET bottles



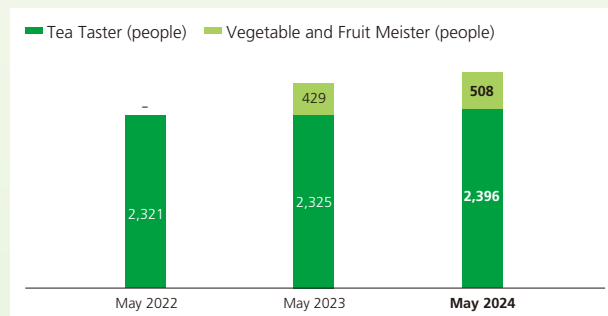
The percentage ratio of recycled materials used for all PET bottle products for the fiscal year ended April 30, 2024 was 36%. Going forward, we will promote consumers' understanding of how to separate PET bottles and further our bottle-to-bottle initiative through partnerships with our stakeholders in order to achieve the FY4/2031 target, the 100% ratio of recycled materials used for all PET bottle products, in the ITO EN Group Medium- to Long-Term Environmental Goals, with the aim of realizing a recycling-oriented society.

Pay gap between male and female full-time employees



Female full-time employees made 79.8% of the pay of male full-time employees in the fiscal year ended April 30, 2024. We are making steady progress toward the target of 80% or more for FY4/2027. Meanwhile, the ratio was 94.3% for employees who had been working continuously for us for less than 10 years. Going forward, we will promote efforts to shrink the wage gap toward our target for FY4/2027.

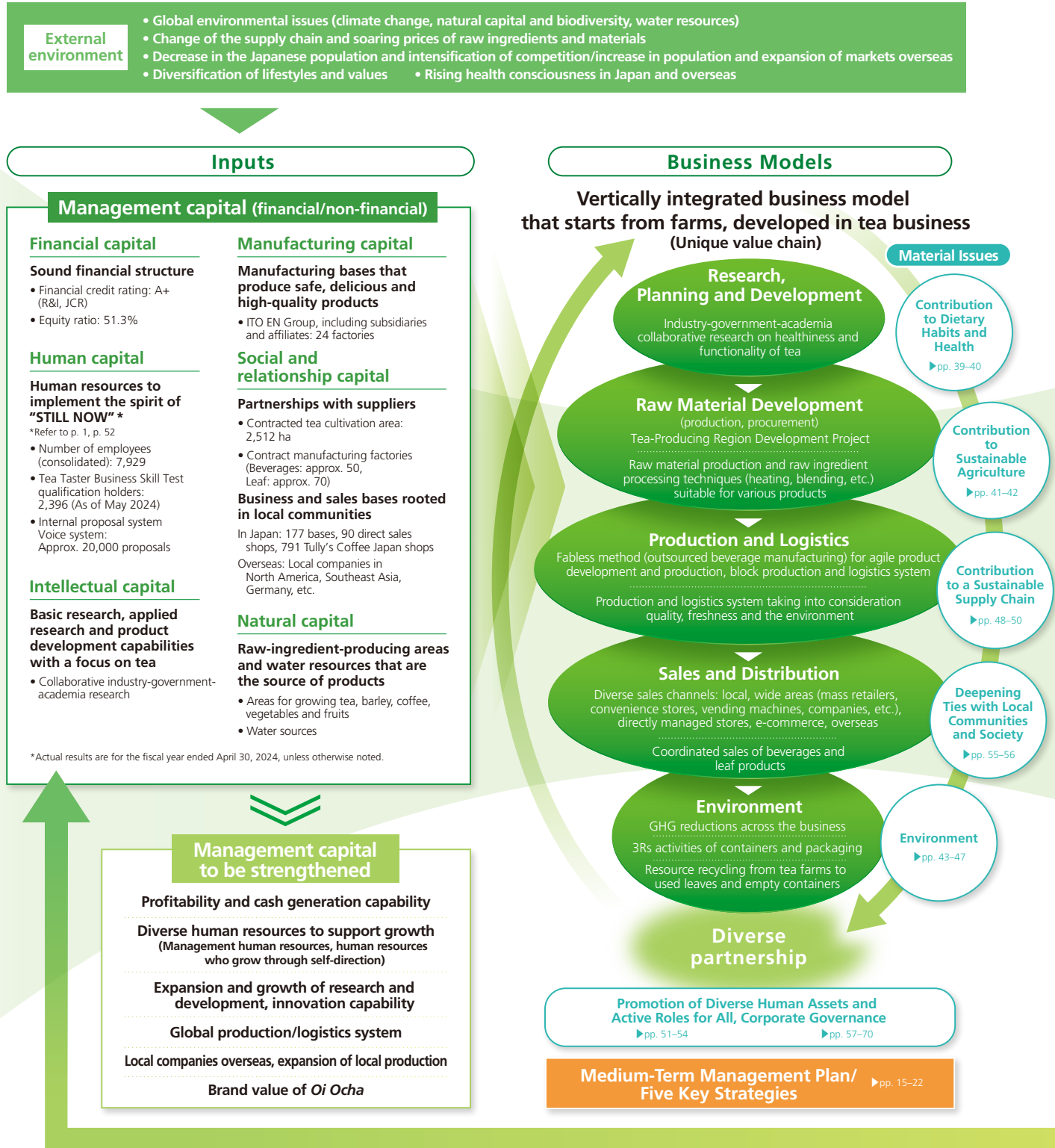
Number of in-house certification holders



The ITO EN Tea Taster Business Skill Test is an in-house business skill testing system that has been implemented since 1994 for the purpose of training tea professionals and educating about tea culture (received approval from the Ministry of Health, Labour and Welfare [MHLW] in 2017). Certification holders with Grades 3 to 1 are active throughout Japan. The Vegetable and Fruit Meister Business Skill Test began in the fiscal year ended April 30, 2023 to cultivate human resources who can communicate the appeal of vegetables and fruits both inside and outside the Company.

ITO EN Group's Value Creation Process

The ITO EN Group has a unique “vertically integrated business model that starts from farms,” which has been developed in the tea business. This will generate research results and high-quality raw materials and products through various partnerships, leading to sustainable global value creation.



Long-term vision

Global Tea Company

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

Three key pillars of initiatives for the long-term vision

Unique

A unique business model and technological development capabilities, from product manufacturing from tea farms to resource recycling

Value Creation

Contributing to the mental and physical health of customers and solving social and environmental issues through various tea products and business activities

Global

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

Outputs

Research results on the healthiness and functionality of green tea, information sharing on evidence, and development of Foods for Specified Health Uses (FOSHU) and Foods with Functional Claims

Product development suited to every drinking scene, such as beverages, leaf, tea bags, instant, and matcha



Development of green tea and matcha matching the standards of countries overseas

Development of new manufacturing methods for overseas local production



Barley tea products, coffee products, vegetable and fruit juice products



Promotion of GHG reduction in the value chain

Shift to sustainable containers and packaging

Effective use of used tea leaves (Upcycling into products, composting of used tea leaves)

Horizontal expansion of business model developed in tea into other categories

Outcomes

Creating three types of health

Enjoyment of deliciousness

Enhancing dietary habits and extending healthy life expectancy

Activation of the tea industry

Enhancing the quality of raw ingredients and final products

Creating new dietary habits overseas

Creating and developing the unsweetened tea beverage market

Mental and physical health

Health of society

Health of the planet

Management targets

Medium-Term Management Plan

	FY4/2029 Targets	FY4/2041 Targets
Average annual growth rate of consolidated net sales	2% or more (8% or more overseas)	3% or more
Operating income ratio	8% or more	10% or more
ROE	10% or more	—
Total return ratio	40% or more	—
Average overseas annual growth rate of <i>Oi Ocha</i> (Sales volume)	24% or more	10% or more

Sustainable value creation as a Health Creation Company

New Medium-Term Management Plan (FY4/2025–FY4/2029)

Key Points of the New Medium-Term Management Plan

Toward becoming a 100-year-old company after our 60th anniversary in 2024, the Long-Term Management Planning Committee discussed our future vision (how we would like to be) at the midpoint in 2040 and formulated a long-term policy and a new, five-year Medium-Term Management Plan backcasting from 2040. As our growth strategy, we will contribute to the healthy lifestyles of overseas customers and create the unsweetened beverage market by accelerating overseas development of our core *Oi Ocha* brand and spreading the green tea that typifies Japan to other countries and regions. As for our existing businesses in Japan, we will respond rapidly to changes in the business environment and implement structural reform to improve profitability and develop globally.



Kazuhiko Nakajima
Executive Officer and Head of International Business
Chair of Long-Term Management Planning Committee

Key points

- ✓ Formulation of a future vision (how we would like to be) for approx. 2040, and of quantitative targets
Based on that, formulation of a five-year Medium-Term Management Plan
- ✓ Acceleration of the development of *Oi Ocha* into a global brand to become a Global Tea Company
- ✓ Structural reform of income for businesses in Japan and enhancement of group synergy

Approach to business performance indicators

- ✓ Emphasis on profitability
- ✓ Sustainable growth to raise profits and our market share
- ✓ Management emphasizing capital efficiency
- ✓ Stable return to shareholders

Looking Back on the Previous Medium- to Long-Term Management Plan, and the New Medium-Term Management Plan

The initial five-year period of the previous Medium- to Long-Term Management Plan was revised after two years, from the fiscal year ended April 30, 2023 to the fiscal year ended April 30, 2024. However, we made steady progress toward global branding, such as business optimization, sales growth and profitability improvement thanks to appropriate price revisions, and the start of local production of *Oi Ocha* in Europe. The new Medium-Term Management Plan is positioned as the second stage toward the long-term vision of becoming a Global Tea Company. It will grow sales of *Oi Ocha* in our overseas businesses by an annual average

of over 24% by the fiscal year ending April 30, 2029, and accelerate global development with the target of expanding the current sales in 40 or more countries and regions to 60 or more countries. As for business in Japan, we will strive for a consolidated operating income ratio of 8% or more and an ROE of 10% or more by improving profitability through efforts such as selection and concentration of products and marketing, optimization of the whole supply chain and rebuilding of the business structure.

Previous Medium- to Long-Term Management Plan: Chief progress/results and challenges of key strategies

Key Strategies

- Solidify the existing businesses in Japan
- Develop *Oi Ocha* into a global brand
- Create new businesses
- Strengthen the management base
- Promote sustainability management

Chief progress/results

- Grew sales and improved profitability through appropriate price revisions
- Started production of *Oi Ocha* in Europe by establishing a new manufacturing method
- Invested in agricultural DX and matcha-related companies
- Transitioned to a company with an Audit and Supervisory Committee
- Established a calculation method for GHG emissions at all group companies

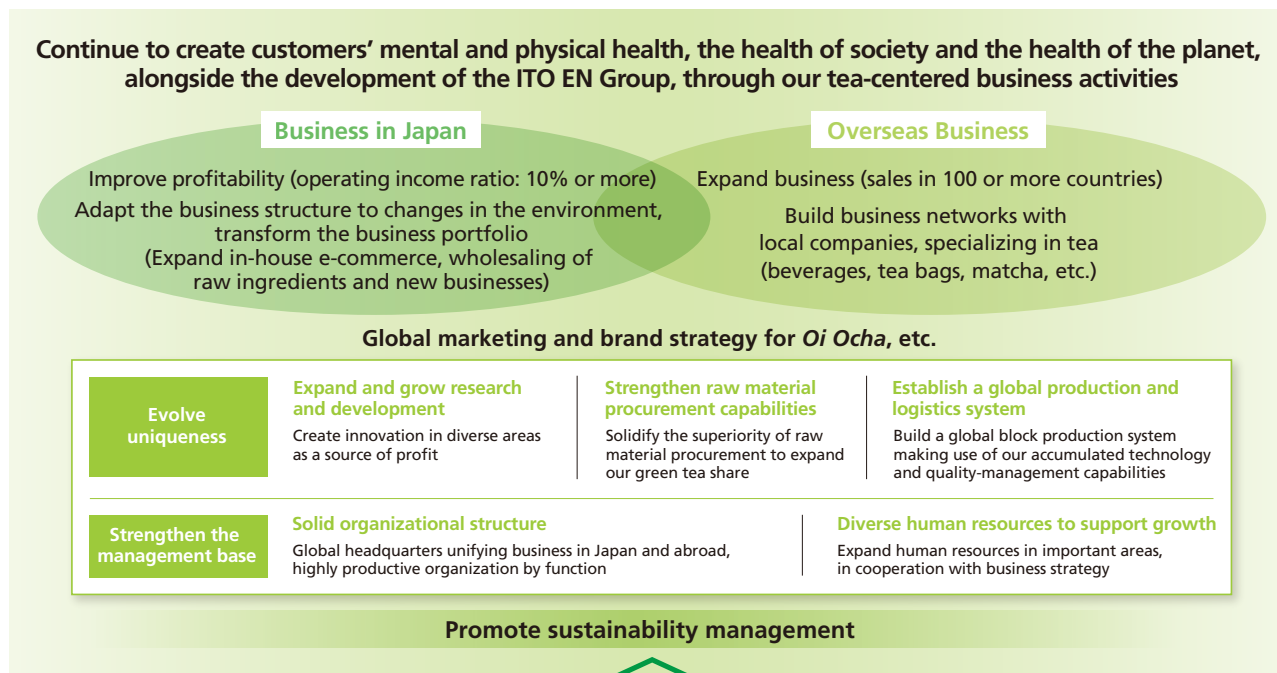
Main challenges

- Accelerate overseas business development
- Improve profitability
- Strengthen group synergy
- Expand the business domain
- Promote sustainability management

		Three Medium- to Long-Term Management Plans ago (three years)		Medium- to Long-Term Management Plan before the previous one (five years)			Previous Medium- to Long-Term Management Plan (five years) (Plan revised in FY4/2025)		
		FY4/2014 actual results	FY4/2015–FY4/2017		FY4/2018–FY4/2022			FY4/2023–FY4/2027	
			FY4/2017 targets	FY4/2017 actual results	FY4/2022 targets	FY4/2022 actual results (former standard)	FY4/2022 actual results (new standard)	FY4/2027 targets	FY4/2024 actual results
Financial targets	Consolidated net sales (billion yen)	437.7	500.0 or more	475.8	600.0	461.3	400.7	—	453.8
	Average annual growth rate of net sales	—	4.5%	2.8%	4.7%	(0.6%)	—	3% or more	6.4%
	Operating income ratio	4.8%	5% (maintain)	4.6%	—	4.0%	4.7%	7%	5.5%
	ROE	10.4%	10%	10.5%	10% or more	8.2%	8.2%	10% or more	8.9%
	Total return ratio	42.6%	—	43.5%	40% or more	44.5%	44.5%	40% (maintain)	52.7%

*Revenue recognition standard applied from the fiscal year ended April 30, 2022

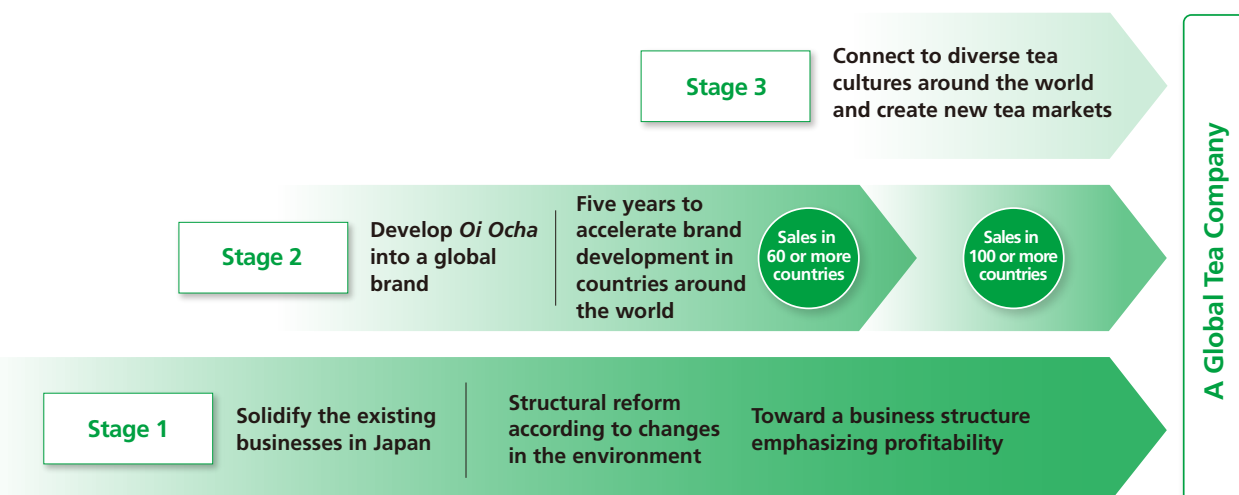
ITO EN Group Future Vision (How We Would Like to Be) for Approximately 2040



Long-term response policy anticipating changes in the business environment

- **Overseas business:** Expansion of the overseas market is the greatest opportunity for growth. Concentrate management resources in tea, our strength.
- **Business in Japan:** Optimize the business structure and improve profitability. Also, expand the business domain for tea.
- **Research and development, procurement, and production:** Supply high-value-added products through stable procurement of raw ingredients by supporting tea-producing regions and technological innovation.
- **Management base:** Promote transition to a function-specific organization and cultivate diverse human resources.

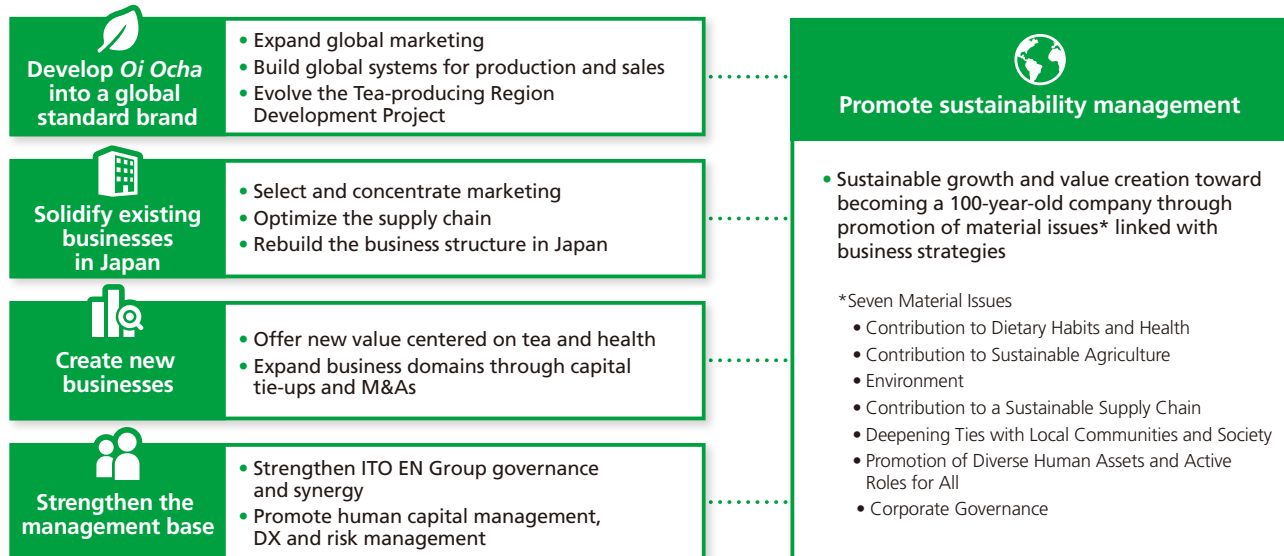
Roadmap and quantitative targets of the new Medium-Term Management Plan



	FY4/2024 actual results	Plan revision	New Medium-Term Management Plan (FY4/2025–FY4/2029)	Long-term future vision (FY4/2041)
		FY4/2029 targets		
Consolidated net sales (billion yen)	453.8	Average annual growth rate of 2% or more (8% or more overseas) <small>*Excluding the impact of foreign exchange rates</small>		Average annual growth rate of 3% or more
Average annual growth rate of net sales	6.4%			
Operating income ratio	5.5%	8% or more		10% or more
ROE	8.9%	10% or more		—
Total return ratio	52.7%	40% or more		—
<i>Oi Ocha</i> overseas sales volume	Annual growth rate YoY 12%	Average annual growth rate of 24% or more		Average annual growth rate of 10% or more

New Medium-Term Management Plan: Five Key Strategies

Closely connecting the growth of overseas business with improving the profitability of existing businesses in Japan, we have established five key strategies to achieve our goals such as a consolidated operating income ratio of 8% or more and an ROE of 10% or more. There is no change from the key strategies of the previous Medium- to Long-Term Management Plan, but the new Medium-Term Management Plan will center on the promotion of sustainability management, further integrating business strategies with material issues.



Develop *Oi Ocha* into a Global Standard Brand ▶ Refer to the feature on pp. 19–22 for details

The New Medium-Term Management Plan establishes the target of selling *Oi Ocha* in 60 or more countries in the fiscal year ending April 30, 2029 as the second stage toward becoming a Global Tea Company. As a global brand, *Oi Ocha* will contribute to the well-being of people and society around the world through the deliciousness, aroma and healthiness of green tea, and we will develop unsweetened *Oi Ocha* into a global-standard drink for the new age.

Solidify the Existing Businesses in Japan: Structural Reform of Businesses in Japan

To make ourselves into a highly profitable company with a competitive edge and lead to growth in Japan and overseas in the future, we will focus our efforts mainly on the following three points. We will conduct “selection and concentration of products and marketing,” which is the core of earning power; “promotion of optimization of the whole supply chain,” from raw ingredients, materials and production to sales; and “rebuilding the business structure in Japan” in response to changes in the business environment while leveraging our strength in our characteristic route sales and network of sales bases throughout Japan.

Selection and concentration of products and marketing

- Concentration of advertising and sales promotion in core and growth brands
- Shift to highly profitable container structures
- Added value of products through expansion of research on the health and functionality of tea and peripheral ingredients

Promotion of optimization of the whole supply chain

- Unification of product materials and standards, expansion of production lots
- Revision of stock points (product logistics relay bases)
- Strengthening of cooperation within the ITO EN Group and with suppliers
- Optimization through DX promotion

Rebuilding the business structure in Japan

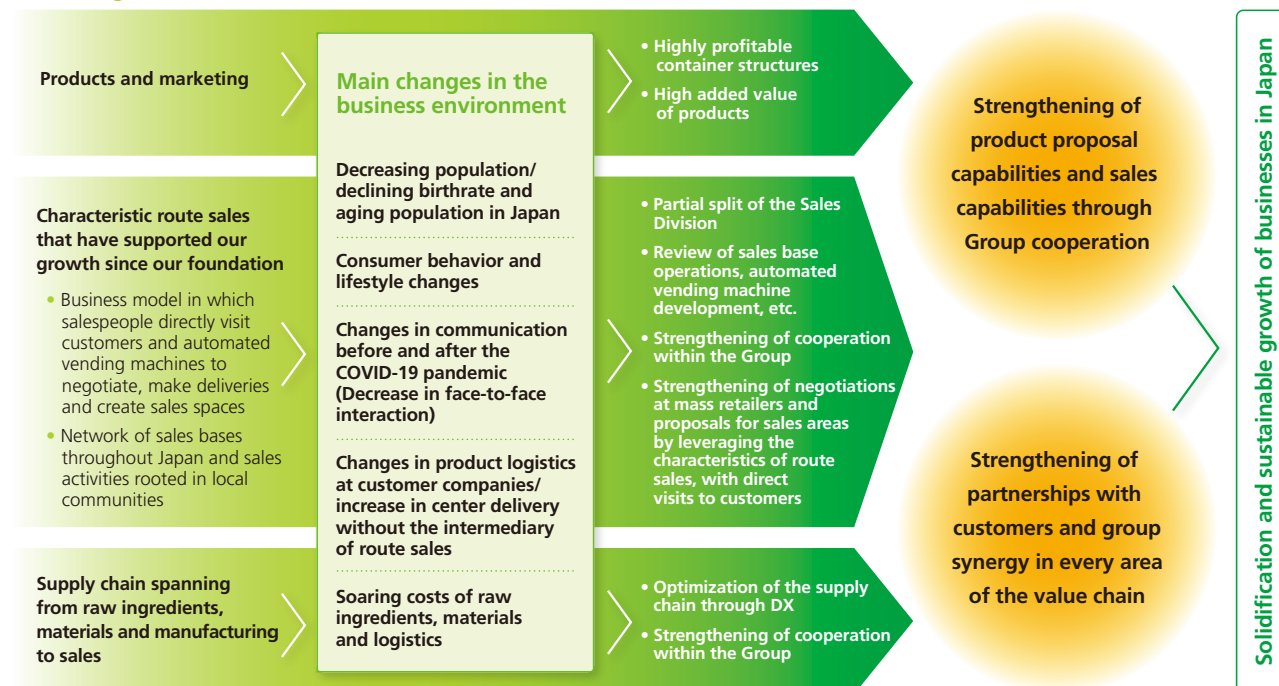
- Structural rebuilding to strengthen local sales, cooperation within the Group for the automated vending machine business, and the mass retailer business in response to changes in populations in business regions and the business environment

Example: We established HOKKAIDO ITO EN, LTD. by spinning off beverage sales operations in Hokkaido in order to be able to make quicker managerial and other decisions, with an understanding of changes in the local community and customers (May 2024). We also passed on the retail and restaurant businesses of the Directly Managed Store Department to ITO EN FOOD SERVICE CO., LTD. (August 2024).

Value created through structural reform of businesses in Japan

Main categories of reform

Main structural reforms



Create New Businesses: Expansion of the Business Domain for Tea

In addition to having proprietary technology in the aspects of development of raw materials and manufacturing, and offering a full lineup of tea products, including beverages, leaves and matcha, we have knowledge and research results regarding the health, functionality and palatability of tea and its peripheral ingredients. We will strive to expand the business domain for tea by making use of resources that contribute to tea for areas not fully addressed by existing businesses, such as changes in consumer behavior for the market and customers, and diversification of sales channels.

Creating a full lineup of tea sales channels

We will add to our full lineup of products with an equally extensive lineup of tea sales channels. We will strengthen the raw material wholesaling and in-house e-commerce businesses, in which a greater expansion of demand can be expected, not only our existing channels (convenience stores, mass retailers, direct sales stores, automated vending machines, e-commerce, etc.). In addition, we will actively advance capital and business tie-ups with new lines of business that can contribute to capturing inbound demand and developing overseas business, similar to THE MATCHA TOKYO.*

Raw materials wholesale business

- Functional materials leveraging matcha produced in Japan, green tea raw materials, tea ingredients, etc.



In-house e-commerce business

- Sales of higher-priced, highly palatable bottled products using single-variety *Ichibancha* (first picked tea), and value-added products with health functionality, etc.

▶ Refer to p. 29 (Business Overview)

Expansion of the business domain for tea



Promotion of capital tie-ups and M&As with companies with which synergy can be anticipated

We will promote capital tie-ups and M&As with companies with which we can anticipate synergy, such as to develop overseas business, respond to agricultural and environmental issues, etc.

Initiatives for FY4/2024

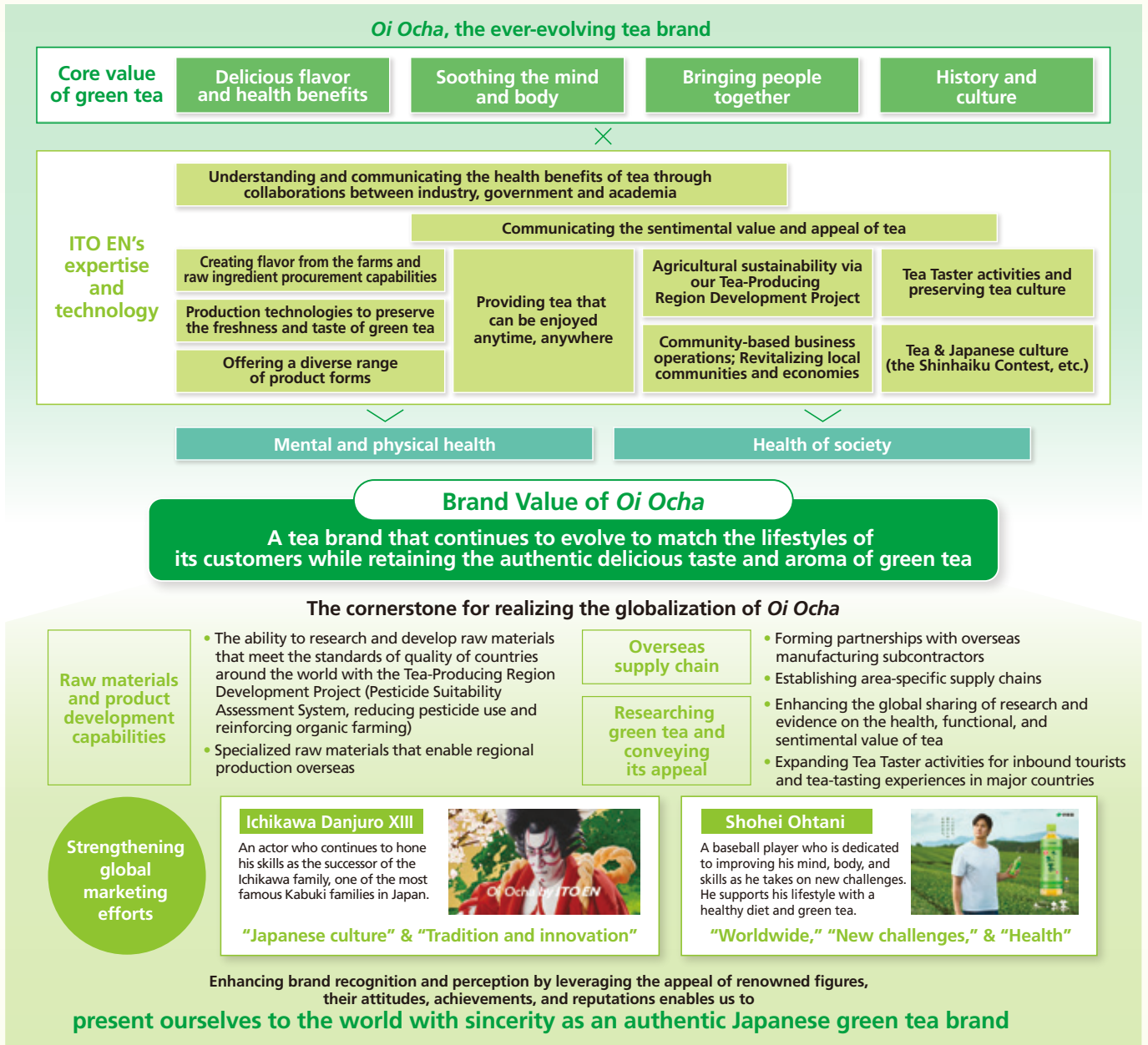
- Capital and business tie-up with Water-Cell Inc., working cooperatively on introducing agricultural support tools and the Pesticide Suitability Assessment System to tea producers
 - ▶ Refer to p. 42 (Contribution to Sustainable Agriculture)
- Capital and business tie-up with THE MATCHA TOKYO Co., Ltd.,* working cooperatively on sales promotion of Japan-produced, organic matcha in Japan and abroad

* With approximately 20 shops in Japan and abroad, shares the value of Japan-produced, organic matcha with young people and foreigners.

Feature Spreading *Oi Ocha* to the World

Our Company started out as a tea company in 1966. In 1985, we made history by launching a world first, Canned Sencha (green tea), and in 1989 our *Oi Ocha* brand was born. We have been able to keep up with the changing lifestyles of the Japanese people, transforming from tea brewed in traditional teapots (*kyusu*) to tea beverages that people can enjoy anytime, anywhere. And by creating products straight from the farms, we continue to pursue the authentic delicious flavor and aroma of green tea and matcha.

Furthermore, as a result of our many years of research into the various properties of tea, we know that drinking it contributes to a healthy lifestyle for our customers. The Group remains dedicated to providing the authentic flavor and health benefits of green tea to customers in Japan and around the world. As a Health Creation Company, we aim to establish our unsweetened *Oi Ocha* as a global brand that helps address the world's food and health challenges.



Oi Ocha brands spreading from Japan to overseas



Our Vision as a Global Brand

Our goal is to enhance the well-being of people and societies worldwide by providing the delicious taste and aroma of green tea, in addition to its health benefits and cultural significance. We aspire to establish our unsweetened *Oi Ocha* as a new global standard for beverages in the modern era.

Global food and health-related issues and opportunities

- Sweetened carbonated drinks with additives are the norm
- By 2035, half of the world's population may be overweight or obese (Source: World Obesity Federation)
- Increased awareness of well-being



The value that *Oi Ocha* offers for the future

- Spreading awareness of the taste, aroma, and health benefits of unsweetened tea drinks leads to an increase in the number of people who drink them
- Contributing to the improvement of dietary habits of countries and regions around the world
- Contributing to mental and physical health and the health of society

Results for FY4/2024

- Sold in over 40 countries and regions
- Year-on-year increase of 12% in overseas sales volume

New Medium-Term Management Plan

(FY4/2025-FY4/2029)

KPIs (indicators) for FY4/2029

- Sell in over 60 countries
 - 24% or higher average annual growth rate in overseas sales volume over 5 years
- Expansion of brand recognition and value comprehension (When it comes to green tea, think *Oi Ocha*)

Long-term vision

KPIs (indicators) for FY4/2041

- Sell in over 100 countries
- Average annual overseas sales volume growth rate of 10% or more

Creation and development of the unsweetened tea market

Contributing to healthy and prosperous lifestyles as a popular everyday drink around the world

Selling in more countries and regions

Starting with our local subsidiary in Germany, we will roll out our products across all areas of Europe

Expand sales to India, previously unreachable countries in Asia, and Africa by 2030

Establish new overseas bases of operations

Establish new regional production systems to build up a global supply chain (overseas block production, block quality management system)

2030s

Reach countries and regions where health issues are increasing alongside economic growth

Promote the health benefits of green tea and matcha

Share research findings on the health, functionality, and sentimental value of tea and promote awareness of the effects of catechins and theanine

Product development and marketing

Product development tailored to market conditions, including beverages, tea bags, instant tea, and matcha (see below)

Global and local marketing (tasting, sampling, social media advertising) tailored to each country and region to promote the value of *Oi Ocha* and develop new markets

Reinforcement of the wholesale sale of ITO EN Matcha raw ingredients produced in Japan

Global brands *Oi Ocha*

that can be enjoyed anytime, anywhere



2000
Launched heated PET bottle products

Responding to diversifying tastes, drinking styles, and health needs



Bringing the natural delicious flavor and aroma of green tea to the people of Japan and the world

Developing products for overseas markets that meet the quality standards and environmental regulations of various countries



International State of Affairs and Future Strategy

Continued growth in existing markets

In order to globalize the *Oi Ocha* brand, we first need to promote awareness and understanding of its value in the countries where our subsidiaries are located and further expand sales. In North America, which is the most important region for our overseas business, and in Southeast Asian countries such as Indonesia and Vietnam, where economic growth is particularly strong, the retail price of our beverage and tea leaf products is higher than that of local companies' products. Even so, our sales are increasing as the reputation of *Oi Ocha* spreads, particularly among people who are economically affluent and health-conscious.

When it comes to tea beverages overseas, most of them are sweetened products. Many products contain not only sugar but also various other additives stand out. Against this market backdrop, *Oi Ocha* is a product that stands out from the crowd, with no added sugar and the authentic flavor and aroma of green tea. The key to further growth lies in raising awareness and understanding of the core value of *Oi Ocha*: an unsweetened drink with the pleasant taste and aroma of green tea that can be enjoyed anytime, anywhere, in addition to the inherent value of Japanese green tea and matcha itself. We will continue to grow sales through initiatives such as in-store product tastings, sampling, advertising on social networking sites, and acquiring certification marks (halal, health-promoting products, etc.) that reflect the values and wellness awareness of each region.

Spreading Japanese-grown matcha tea to the world

Our strength lies in our ability to offer a comprehensive lineup of beverages, tea leaves (tea bags and powder), and matcha that all maintain the same high quality and taste as those available domestically in Japan. In particular, there is great potential for growth in wholesale channels for matcha, for use not only as a leaf product or beverage, but also as a raw material for food chains and food companies, etc., which will enable us to reinforce sales and promote Japanese-grown ITO EN Matcha.

Expanding sales to new countries and building a global supply chain

During the five years covered in our new Medium-Term Management Plan, we plan to start test marketing in India beginning in 2024. Additionally, we are planning sales expansions into untapped markets in Europe, Asia, regions situated between Asia and Europe, and Africa. In addition to production in Southeast Asia and Germany, we will continue to expand our overseas regional production, building a global supply chain for *Oi Ocha*.



Makoto Ogi
General Manager of
International Business
Promotion Department



Tastings and product sampling in stores and at various locations, such as tourist attractions

〈Overseas Business Locations〉 11 locations across 8 countries (as of May 2024)

North America	1987 ITO EN (Hawaii) LLC 2001 ITO EN (North America) INC.	Southeast Asia	2012 ITO EN Singapore Pte. Ltd. (Singapore) 2013 ITO EN (Thailand) Co., Ltd. (Thailand) 2013 PT ITO EN ULTRAJAYA WHOLESALE (Indonesia)
China	1994 Ningbo Shunyi Tea Products Co., Ltd. 1998 Fujian New Oolong Drink Co., Ltd. 2012 ITO EN BEVERAGE (SHANGHAI), LTD.		
Australia	1994 ITO EN AUSTRALIA PTY. LIMITED		

Apr. 2024 New Locations

Vietnam
ITO EN VIETNAM CO., LTD.

Europe (Germany)
ITO EN Europe GmbH

〈Overseas Manufacturing Locations〉 9 locations in 7 countries—7 beverage locations and 2 tea bag locations (as of May 2024)

Beverage products: Hawaii, Thailand, Indonesia, China, Taiwan, and Germany | Tea bag products: China and Australia

Apr. 2024 Launched consignment production of beverages in Germany



Marketability and potential in Germany

In April 2024, we established ITO EN Europe GmbH in Germany and began consignment production of beverages there, marking our full-scale foray into the European market. Europe is home of the world's most stringent environmental standards and regulations on pesticide residues in raw ingredients. In addition to developing raw materials for local production, we also sell *Oi Ocha* in paper containers with tethered caps to comply with regulations that mandate the adoption of containers with caps that cannot be detached even after the container has been opened. By manufacturing products that meet local regulations, we aim to solve the issue of stabilizing the supply chain and expand sales from Germany to other countries in Europe.

At present, the unsweetened tea beverage market in Germany is next to nonexistent. Iced tea is a sweet, sugared product and drinks that are drunk during meals do not include tea. Under such circumstances, we are marketing our products by participating in events and offering product sampling, targeting mainly health-conscious people and those who are highly interested in Japanese culture. We have created points of contact and opportunities to drink unsweetened *Oi Ocha* by actively participating in exhibitions that are attended by people who are interested in Japanese pop culture.

Furthermore, sales of *Oi Ocha* in Germany are mainly conducted in stores frequented by customers who are highly health conscious and interested in Japanese food culture, and we intend to use this trend to expand our sales channels to other European countries going forward.

Growing our market presence in European countries

We have noticed that even among European countries, there are differences in the national character of the people. When we highlight the taste of *Oi Ocha* and the health benefits of unsweetened tea to people in Germany, they purchase it upon understanding the reasons for drinking it. Many Italians understand the subtle differences in different types of roasted teas, so we feel that they will be able to appreciate the value in the delicate flavor of green tea. Since matcha is also highly valued in Europe, we launched *Oi Ocha* Matcha Green Tea in tethered-cap paper containers in September to complement our existing matcha-infused tea bags and other products.

Promoting the *Oi Ocha* brand entails creating a new market for unsweetened tea beverages. By introducing the option of unsweetened tea (like unsweetened iced tea) to the existing European market, which is currently dominated by sweetened products, we aim to highlight the delicious flavor of our brand and help it gain market traction.

Development of *Oi Ocha* products for Europe

In June 2022, we initiated a project involving a cross-section of relevant departments. First, we searched for a factory in Europe that could be used for consignment production. However, it was difficult to find a factory with the same production methods and water quality as in Japan, as well as other challenges to developing an *Oi Ocha* tea with the same quality and taste as the Japanese version. Over the years, we have been exploring raw material development and manufacturing methods to make *Oi Ocha* taste good as a beverage. For example, we have sustained the high quality of *Oi Ocha* by developing raw materials exclusively for the brand via our Tea-Producing Region Development Project as well as by developing manufacturing technologies that preserve the freshness and flavor of green tea.

Now, for the first time, the 2nd Product Development Department has succeeded in establishing local production in Europe by designing products around an understanding of the water quality and manufacturing process of the consigned European factory, which differ from those in Japan, in addition to developing unique and specialized raw materials.

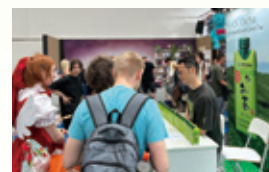
Leveraging our expertise and strengths in tea production

Since developing the world's first canned green tea, we have accumulated a great deal of expertise in tea production. Our strength lies in our talented employees, who are capable of quickly identifying and analyzing the factors that contribute to challenges, as well as in our firm partnerships with our suppliers.

Going forward, we will make the most of our expertise and strengths to refine our technologies and prepare for any potential local production opportunities. This will enable us to provide *Oi Ocha* to people globally, allowing them to savor its delicious taste anytime, anywhere.



Akito Suzuki
Managing Director of
ITO EN Europe GmbH



Participation in German convention (Comic Market) to offer product samples and conduct sales



Yasuhiro Haraguchi
General Manager of 2nd Product Development Department
(second from right)
*Haraguchi and other members in charge of *Oi Ocha* product development in Europe



Oi Ocha paper container with tethered cap sold in Europe
(left side: Green Tea, right side: Matcha Green Tea)

Financial and Capital Strategy

Our goal is to achieve sustainable growth and enhance corporate value through steady and continuous cash flow. This cash will be reinvested in growth fields, strengthening our earning power and cash generation capabilities and enabling us to further invest in additional growth sectors.

In addition, we will also provide stable and continuous shareholder returns (dividends and acquisition of treasury stock) that will contribute to improved shareholder value.



Atsushi Hirata

Director and Senior Managing Executive Officer
General Director of Administration Headquarters
and CHRO with responsibility for Internal Control
and Compliance

Taking the Business Environment into Account

Although the Japanese economy has shown signs of gradual recovery due to a rebound in the flow of people following the reclassification of COVID-19 to category 5, a resurgence in individual consumption driven by improved employment and income conditions, and an increase in inbound demand, there remain concerns about the impact of soaring energy and raw material costs and exchange rate fluctuations on the economy, causing the outlook to remain uncertain for now.

Under these circumstances, our Group has been united in its proactive business activities for all of our customers, constantly asking ourselves “What are our customers still now dissatisfied with?” as part of our “Always Putting the Customer First” management principle. Our Group will continue to make efforts to strengthen our brand through active communication with customers as we continue to propose products that meet the needs of consumers, reduce costs, and pursue efficiency.

Financial Policy and ROE Policy

To achieve sustainable growth and development while enhancing corporate value, our Group will aim to increase returns above the cost of capital and generate a stable and continuous cash flow. Our basic policy is to allocate the resulting funds to investments to further strengthen profitability, investments in new businesses, and shareholder returns. To achieve this, we have set ROE (Return on Equity) of 10% or more and operating income ratio of 8% or more as our KPIs.

While ROE is a typical indicator of capital efficiency, we also recognize that it is an important indicator for improving basic earning power and cash-generating capacity. ROE is comprised of three elements: Ratio of net income to net sales (profitability), asset turnover ratio (efficiency), and financial leverage (financial structure), but our company places particular importance on profitability. As our Company seeks greater efficiency in our assets through fables management (outsourcing of beverage production), significant efficiency improvements are challenging. However, because we don't bear the burden of large capital investments in manufacturing factories and other facilities, we do not require substantial financing. This results in a relatively stable financial structure, meaning our ROE is primarily determined by profitability.

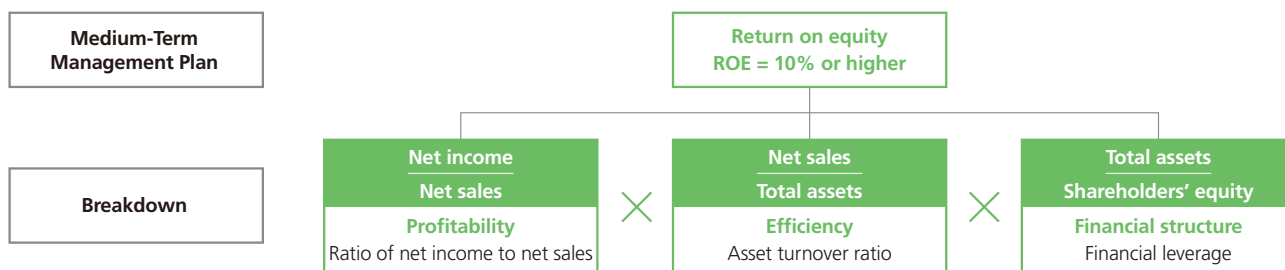
The reason we have set not only ROE but also operating income ratio as a KPI is that we prioritize profitability. As many

of our employees are engaged in sales, operating profit is more relevant to them than net income, which includes financial income and tax expenses.

One indicator of corporate value is PBR (Price Book-value Ratio), and our Group has maintained a PBR of over 1x. PBR is made up of two elements: ROE and PER (Price Earnings Ratio), and improving ROE means a higher PBR. The fact that we have been able to maintain a PBR of over 1x is one indication of the market's recognition of our management's emphasis on ROE.

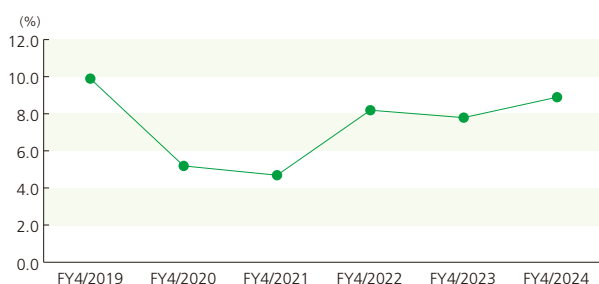
	Results in FY4/2024	Targets in FY4/2029
Operating income ratio	5.5%	8% or more
ROE	8.9%	10% or more
Total return ratio	52.7%	40% or more

ITO EN's ROE-based Corporate Management and Financial Tree Comprising Profitability, Efficiency, and Financial Standing (Conceptual Diagram)



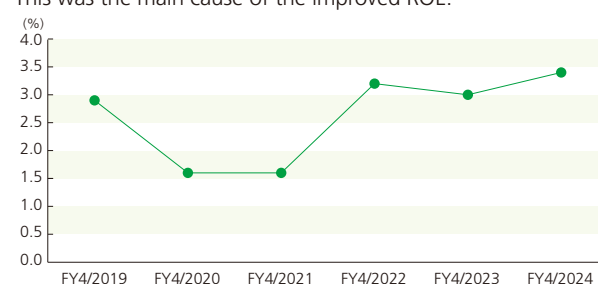
ROE Evaluation

Because there is little change in equity, the trend is the same as the changes in net income. ROE of 8% or more has been secured through changes in structure made to ensure profitability.



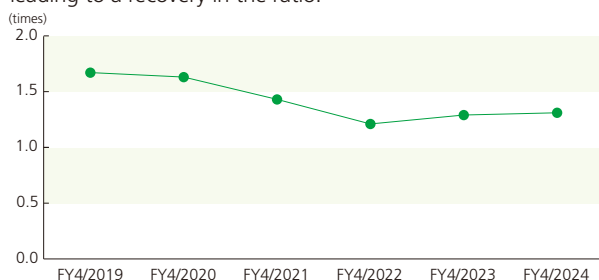
Ratio of Net Income to Net Sales Evaluation

Since the fiscal year ended April 2020, the profit margin deteriorated due to the impact of the COVID-19 pandemic and the posting of impairment losses, but it recovered as the economy recovered from the impact of the pandemic. This was the main cause of the improved ROE.



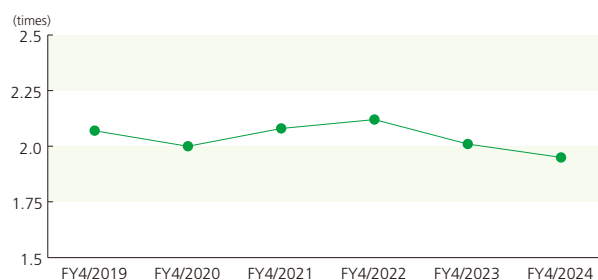
Asset Turnover Ratio Evaluation

The restrictions on people's movement during the COVID-19 pandemic impacted net sales, leading to a decline in the asset turnover ratio. However, sales are increasing as mobility recovers, and the rationale for retaining assets is being re-evaluated, leading to a recovery in the ratio.



Financial Leverage Evaluation

Although there have been no major fluctuations, financial leverage is on a slightly downward trend as repayments of bank loans and lease obligations are being carried out as originally scheduled.



Toward Further Improvement in ROE

Improving profitability is important for achieving the target ROE of 10% or more. If we achieve the 8% or more operating income ratio target for the fiscal year ending April 2029, the ratio of net income to net sales will also increase, leading to an improvement in ROE. To accomplish this, we will promote the globalization of *Oi Ocha* and the solidification of our existing businesses in Japan, as part of the five key strategies outlined in our Medium-Term Management Plan.

To solidify our existing business in Japan, we will implement structural reforms focusing on profitability in response to changes in the business environment. This includes rebuilding our sales framework to be optimized for individual customers and regions, rather than using a uniform national framework, along with

restructuring our logistics system accordingly. This transition entails adopting a sales evaluation system that places more emphasis on profitability, concentrating marketing investments on our mainstay brands and high-value-added products that emphasize health benefits and functionality, and promoting a shift to packaging formats with higher profit margins.

As we globalize the *Oi Ocha* brand, we aim to accelerate our global branding efforts by developing effective global and local marketing strategies tailored to each area and channel. Working together as the Group, we aim to expand our presence to over 60 countries within five years. We are also establishing a product supply system and sales offices as part of this initiative.

Cash Allocation

By implementing the five key strategies outlined in our Medium-Term Management Plan, we aim to boost profitability and cash-generating capabilities, targeting a cumulative operating cash flow of at least 160 billion yen over the five years leading up to the fiscal year ending April 2029 (compared to 121.5 billion yen over the most recent five years).

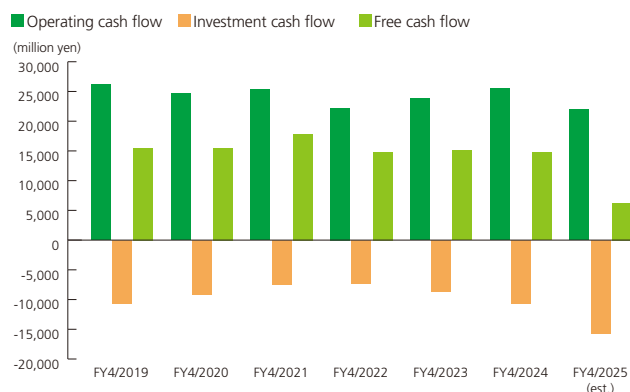
The 30 billion yen in cash generated by the Group (including overseas and domestic business investments) will be used over the next five years to invest in future growth. Our goal is to expand the scope of our business operations, including new ventures that leverage our strengths in raw material procurement, extensive knowledge of tea and wellness, and unique technologies and expertise. Additionally, we will pursue capital tie-ups and M&A with companies that offer synergy potential. These future growth investments, which aim to expand our business domains,

are essential for the Company's sustainable growth, development, and increased corporate value. We will actively consider these options as well as collaborations with external parties and their expert opinions.

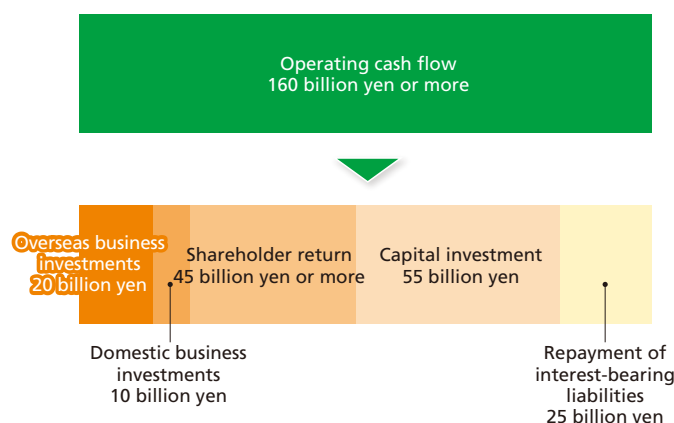
We intend to return more than 45 billion yen to shareholders over the next five years (31.5 billion yen over the last five years).

Furthermore, over the next five years, 55 billion yen (41.6 billion yen over the last five years) will be allocated to capital investments to solidify existing businesses in Japan, including new shop openings for Tully's Coffee Japan and the renovation of existing facilities to improve production efficiency. In addition, 25 billion yen (5.8 billion yen over the last five years) will be allocated to repay interest-bearing debt over the next five years to strengthen the Company's financial position.

Consolidated cash flow trends



5-year cumulative cash flow (FY4/2025–FY4/2029)



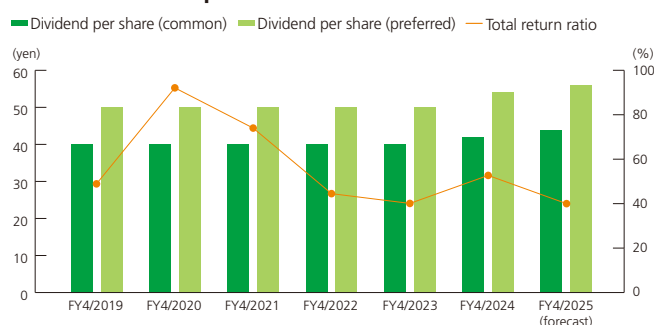
Shareholder Returns Policy

We recognize the need to improve corporate value by maintaining a favorable balance between investment in the solidification of existing businesses, investment in medium- to long-term business development, and shareholder returns. We intend to maintain a total return ratio of at least 40%.

Our basic policy on dividends is to maintain stable payouts without reductions, and to increase dividends in line with profit growth. The Group will distribute dividends twice a year: once at the end of the first half of the fiscal year and again at the end of the fiscal year. We also plan to increase dividends for the fiscal year ending April 2025, as we did in the fiscal year ended April 2024.

We acquired treasury stock worth 2.8 billion yen in the fiscal year ended April 2024. Moving forward, the Group will continue to acquire treasury stock using funds from improved profitability, taking into account factors such as business performance, stock price trends, and market conditions.

Annual dividend per share and total return ratio



Earnings per share

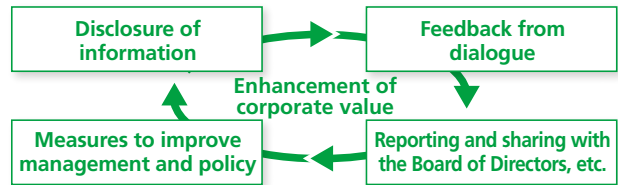
		FY4/2019	FY4/2020	FY4/2021	FY4/2022	FY4/2023	FY4/2024
EPS (Common stock)	(yen)	116.02	61.53	55.10	103.92	103.82	126.42
EPS (Preferred stock)	(yen)	126.00	71.53	65.10	113.89	113.82	138.26

Engagement with Investors / External Evaluations

We promote proactive and flexible IR activities. The Group holds regular financial results briefings and individual interviews, engaging in continuous dialogue with shareholders, investors, and analysts, both in Japan and overseas. We also provide opportunities where we can listen to a wide range of opinions from not only investors but also experts.

Opinions that we receive from investors, shareholders and external experts are shared at Board of Directors meetings and actively utilized in corporate management.

We will continue to actively disclose information that improves understanding of our Group as we aim for fair societal evaluation and improvement of our corporate value over the medium to long term.



Main Initiatives

Raise awareness of our Tea-Producing Region Development Project

When engaging in dialogue during IR activities, it is essential that we explain our unique Tea-Producing Region Development Project, as it serves as a source of sustainable growth and value creation for our Group. However, we recognize that we have not done enough to explain this initiative to investors so that they can better understand and recognize its importance.

To help investors gain a deeper understanding of the initiative, we held an engagement activity in 2023, in the form of a tour of one of our contracted tea-growing sites in Kyushu. This provided an opportunity for us to explain our strong ties and working relationships with tea producers, as well as our raw ingredients procurement capabilities.

While the investors who took part in the tour gained a better understanding of these aspects, they also kindly noted that we had not sufficiently explained our management strategy for leveraging our competitive advantages in tea-producing regions and raw material development as a way to add value to *Oi Ocha* and strengthen the brand. For this reason, our *Integrated Report 2023* included a special section on our Tea-Producing Region Development Project, and this 2024 edition also focuses on initiatives that contribute to the globalization of *Oi Ocha* (see pp. 19–22 and 41–42). Furthermore, we also seek to improve and enhance the quality of the information we provide on our website.

ESG/SDGs seminar engagement activity

Our Group participated in a seminar on ESG/SDGs hosted by a life insurance company, during which we explained our sustainability management and engaged in dialogue with the host regarding ESG investing. The content of the seminar was streamed to a number of investors in video format, which helped to promote understanding of our Group.

While this was our first attempt at this type of engagement, we will continue to explore other means of engaging with investors in the future, with the aim of enhancing our corporate value.

Sustainability briefing for domestic institutional investors

In March 2024, we held a sustainability briefing, which was attended by four domestic institutional investors. The briefing, attended by our CSO, CHRO, and other staff, included explanations of our *Oi Ocha* globalization initiatives, including development of tea-producing regions, our sustainability strategy for becoming a Global Tea Company, and our human capital management (human resource strategies). Investors suggested that in overseas business, we should set KPIs that contribute to improving the health of consumers, such as increasing the ratio of unsweetened and sugar-free beverages, rather than focusing solely on the number of countries in which we operate. We have revised our KPIs in response to this suggestion (see pp. 37–38). We will continue to incorporate investor feedback into our material issues assessments and improvements to our management strategies.



Sustainability briefing

External Evaluations (as of July 2024)

In recognition of our ESG initiatives, we have been included in several major ESG indices, including the FTSE4Good Index Series, a leading global ESG index, and the ESG investment index for Japanese companies run by the Government Pension Investment Fund (GPIF), one of the world's largest pension funds.

Additionally, in a survey on climate change conducted by the CDP, an international non-governmental organization (NGO), our Group had its environmental targets and initiatives evaluated and received an "A-" rating.



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI NIPPON INDEX
ESG SELECT LEADERS INDEX



Business Overview

The ITO EN Group operates Tea Leaves and Beverages Business using ingredients derived primarily from farm-grown ingredients as well as a Restaurant Business that includes Tully's Coffee Japan, and also manufactures and sells supplements. By deploying a vertically integrated business model cultivated in the tea business horizontally to other categories from raw materials to products as well as recycling and other environmental initiatives, we contribute to sustainable growth and solutions to social and environmental issues through our products and services.

This unique business model will be evolved further to improve profitability and achieve business growth going forward, and initiatives to accomplish our Medium-Term Management Plan will be advanced rapidly.



Shusuke Honjo

Executive Vice President
Representative Director and Executive Officer
General Director of Sales Control Headquarters
Chief Digital Officer with responsibility for Marketing Headquarters

Business Overview

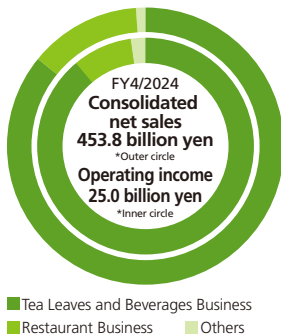
Consolidated net sales increased 5.1% year-on-year, while the consolidated operating income ratio improved by 1.0 percentage points and the non-consolidated ratio improved by 0.4 percentage points. Among our affiliates, Tully's Coffee Japan saw an increase in customer visits despite price revisions, and Chichiyasu also performed well, resulting in increased profits. Our U.S. business, which was in the red last fiscal year, also returned to profitability in the fiscal year ended April 2024.

We gained 36% of the green tea beverage market share, which reached a record high at 458.0 billion yen in 2023. In leaf products as well, our ability to sell in conjunction with beverages is a strength competitors cannot match, and sales of tea bags and other convenient products, favored for their ease of use,

are growing. Net sales in the Tea Leaves and Beverages Business were 405.5 billion yen (up 4.0% year-on-year), with operating income of 22.1 billion yen (up 24.0% year-on-year).

In the Restaurant Business, Tully's Coffee Japan Co., Ltd. has explored new locations through diverse shop development, including the expansion of its new format &TEA shops, reaching a total of 791 locations as of the end of April 2024. This resulted in 40.3 billion yen in net sales for the Restaurant Business (up 13.7% year-on-year), with operating income of 3.2 billion yen (up 33.2% year-on-year). We will continue to ramp up new shop openings through diverse shop formats in the future.

ITO EN Group business segment results



Results in FY4/2024

Tea Leaves and Beverages Business

Consolidated net sales **405.5 billion yen** (+4.0% y-o-y)
Operating income **22.1 billion yen** (+24.0% y-o-y)
Operating income ratio **5.5%** (+0.9 points y-o-y)

Restaurant Business

Consolidated net sales **40.3 billion yen** (+13.7% y-o-y)
Operating income **3.2 billion yen** (+33.2% y-o-y)
Operating income ratio **8.0%** (+1.2 points y-o-y)
Tully's Coffee Japan Co., Ltd. **791 locations**

Others

Consolidated net sales **8.0 billion yen** (+30.3% y-o-y)
Operating income **300 million yen** (previous year: operating loss of 20 million yen)
Operating income ratio **4.5%**

FY4/2029 Targets

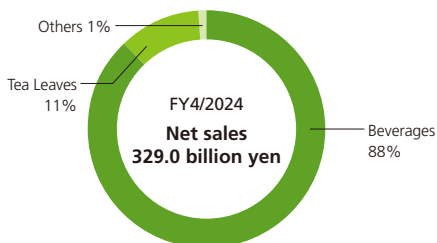
Consolidated net sales
Average annual growth rate

2% or higher

Operating income ratio

8% or higher

ITO EN (non-consolidated) (Price base)



ITO EN (non-consolidated) results by category

Category	Result (ten thousand cases)	FY4/2024	
		Sales Composition	YoY %Changes
Beverages	21,452	100%	-2%
Tea total	15,088	70%	-1%
Japanese Tea	13,612	63%	-2%
Chinese Tea	877	4%	+5%
Other Tea	599	3%	+3%
Vegetable	2,404	11%	-7%
Coffee	1,728	8%	-1%
Mineral Water	632	3%	-5%
Carbonated	582	3%	+9%
Fruit	516	2%	+14%
Others	499	2%	-8%

Business Performance Trends

ITO EN achieved increased revenue and profits in the fiscal year ended April 2024 compared to the previous year and showed a positive tendency in the 10-year compound annual growth rate (CAGR) using FY4/2015 as the base year.

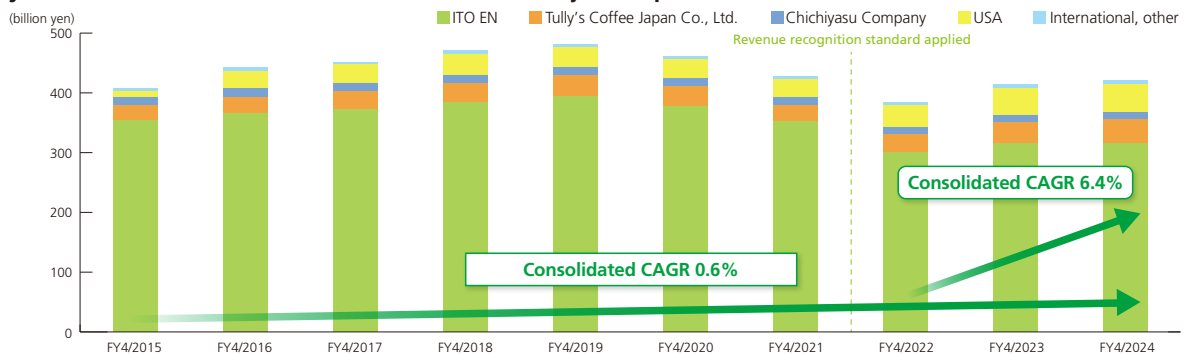
While the CAGR for consolidated net sales is +0.6%, since revenue recognition standard has been applied from the fiscal year ended April 2022, the CAGR for consolidated net sales based on FY4/2022 would be +6.4%.

The CAGR for consolidated operating income was +9.1% for the 10 years up to the fiscal year ended April 2024 as a result of efforts to improve structure to focus on profitability.

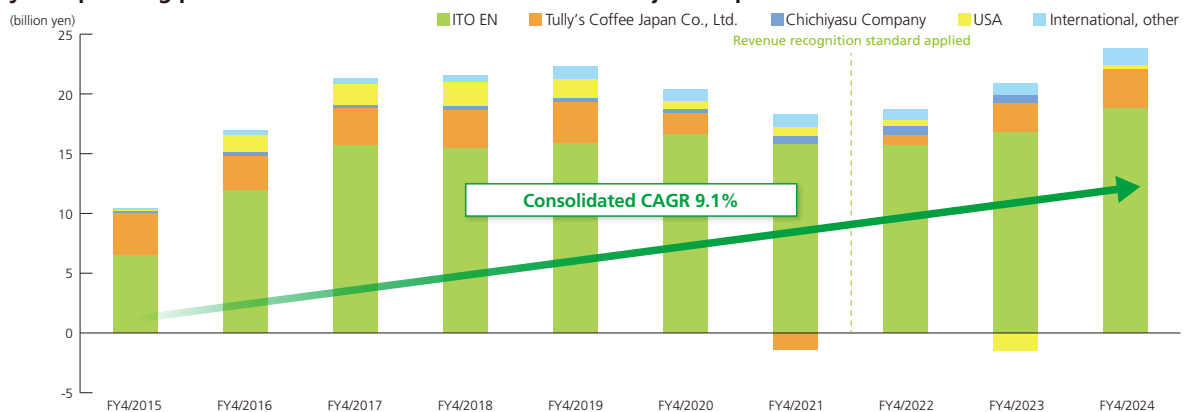
The 10-year CAGR for major Group companies is shown in the table on the right.

	Rate of y-o-y change for FY4/2024		10-year CAGR	
	Net sales	Operating income	Net sales	Operating income
Consolidated	5.1%	27.7%	0.6%	9.1%
ITO EN (Non-consolidated)	4.5%	12.1%	-0.8%	12.6%
Domestic affiliates	6.8%	35.8%	-1.2%	-1.3%
Tully's Coffee Japan Co., Ltd.	13.7%	33.2%	5.0%	-1.1%
Chichiyasu Company	6.1%	83.1%	-0.4%	34.2%
International affiliates	3.8%	Turned to profitable	14.9%	21.6%
USA	2.7%	Turned to profitable	19.6%	17.1%
Others	12.0%	33.2%	1.4%	23.3%

10-year net sales trends and consolidated CAGR at major companies



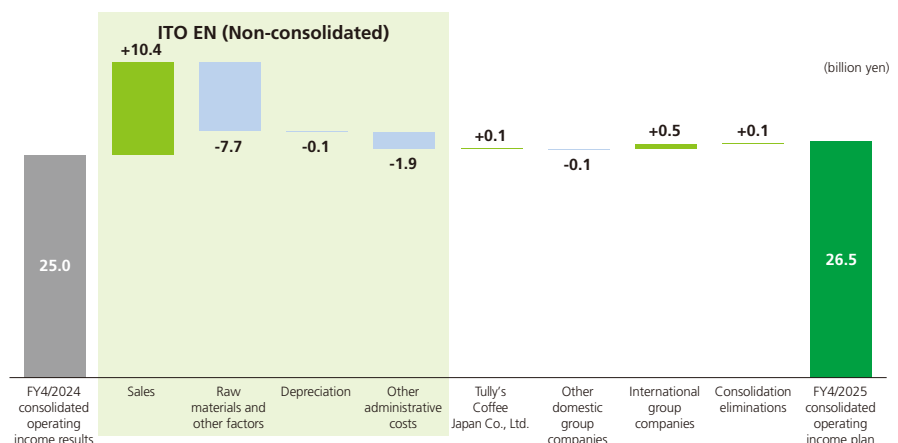
10-year operating profit trends and consolidated CAGR at major companies



FY4/2025 Consolidated Operating Income Plan

In continuation of the previous fiscal year, we anticipate major impact from soaring raw material costs in the fiscal year ending April 2025, with an expected cost increase of 7.7 billion yen.

We will continue to monitor trends while working to boost profitability through increased sales, changes in container composition, and other measures, and plan to increase operating income by 1.5 billion yen from the actual operating income in the fiscal year ended April 2024 of 25.0 billion yen.



Oi Ocha Beverages and Green Tea Leaf Products

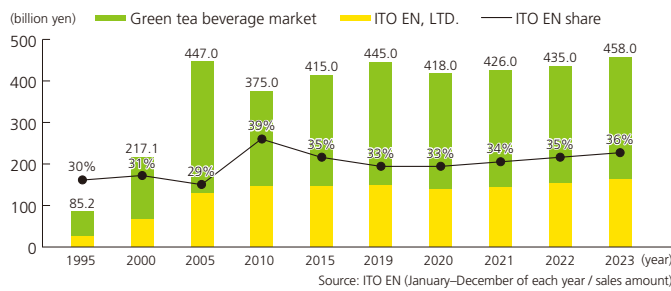
Market Overview

In 2023, the scale of Japan's domestic green tea beverage market reached a new record high of 458.0 billion yen, up 5% year-on-year. While the market slowed down due to the COVID-19 pandemic, it has been trending toward expansion, mainly reflecting recovery in inbound tourism and other traffic as well as growing health awareness.

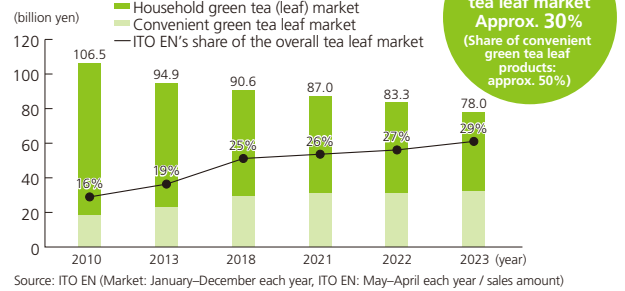
On the other hand, while the market for green tea leaves for household use (household packaged tea) in 2023 was 78.0

billion yen, down roughly 6% year-on-year, the Company's market share reached nearly 30%. While demand for tea leaves brewed in teapots has decreased due to increasing opportunities to leave the home, demand for easy and convenient products such as tea bags, granules, and other instant teas is expected to continue growing.

Green tea beverage market



Household green tea leaf market



Achievements and Challenges

Oi Ocha beverage products

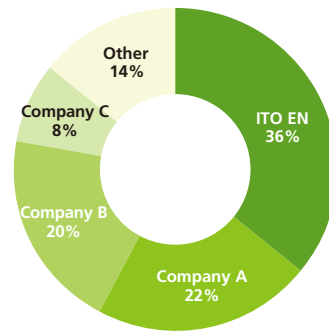
The market share of green tea beverage sales has increased by 1 percentage point annually over the past four years, reaching 36% in 2023. *Oi Ocha*, the world's top unsweetened green tea beverage brand,¹ boasts annual sales of over 90 million cases in Japan and abroad through product development that leverages manufacturing and processing technology as well as special high-quality ingredients that start with tea farms, and we aim to exceed 100 million cases in the near future.

In FY4/2024, we worked to continuously boost the value of the *Oi Ocha* brand and fortify the product line to meet diverse customer needs.

In 2024, we focused on measures to acquire a younger demographic, which had been a challenge for us, through the ongoing joint development of *Oi Ocha Maroyaka* (Fresh Aroma and Mild Taste) with youth (university students) by expanding seasonal flavor varieties. To commemorate the 35th anniversary of *Oi Ocha*, we released limited editions of Bottled *Oi Ocha MEGAMI* and *Oi Ocha SEIMEI* at 3,000 yen per bottle (excluding tax), using only first-grade tea of single varieties to convey the allure and joy of high-quality tea to customers.

To achieve further growth, it is vital to have customers recognize and understand our unique initiatives, such as product development that starts with tea farms, and to boost added value for products while cultivating products for the next generation (especially the youth demographic) and making sure these become entrenched. In international markets, expanding sales channels and bolstering marketing efforts are essential to make *Oi Ocha* a global brand.

Share of the value of green tea beverages sold



Toward the early achievement of 100 million cases worldwide



1, 2. Official name of record: Largest unsweetened green tea RTD brand – retail, current Record-setting brand: *Oi Ocha* brand (excluding *Oi Ocha Hojicha* beverage products) INTAGE SRI+ unsweetened tea beverage market data / January–December 2023



Green tea leaf products (tea bags and instant teas)

ITO EN engages in direct tea leaf procurement and the Tea-Producing Region Development Project, with raw ingredient procurement that handles around one quarter of the total volume of crude tea in Japan as its strength. Our ability to develop optimal ingredients and processing technologies tailored to the final product, such as tea leaves, tea bags, instant (granule) products, and matcha, allows us to offer a diverse product line in terms of tea leaf type, packaging forms, and brewing methods for everything from high-quality teas to everyday teas.

In FY4/2024, we bolstered our response to growing demand for personal water bottle use and time effectiveness, increasing our market share in the expanding market for convenient products.

We also continued efforts to spread tea culture and bolster

customer contact points in FY4/2024 with Tea Taster activities, including the 100,000 Cups Challenge, a large-scale tea tasting event at approximately 400 stores nationwide, implemented in time with the Japanese Green Tea Day (October 1), as well as through the donation of teapots to elementary and junior high schools through the Tea Education Project, a collaboration between the tea industry and the Ministry of Agriculture, Forestry and Fisheries.

On the other hand, revitalization of the tea leaf market, which includes tea leaf products brewed in teapots which have seen slowing demand, remains a challenge for the future.



Voice

The Evolution of Tea and Future Prospects Addressing Diverse Lifestyles through Oi Ocha

Throughout its long history, tea has seen changes in brewing and drinking methods along with changes in the times and lifestyles. Amid this, *Oi Ocha* has been a part of lives not only through beverages and tea leaves brewed in teapots but through convenient products (tea bags, instant tea), matcha, and all kinds of other products. We will continue working to develop products tailored to increasingly diverse customer lifestyles, delivering Japanese tea to even more customers, expanding from Japan to the world and to the future.



Fumi Ueki
Product Chief,
Leaf Brand Group

Future Strategies

The new Medium-Term Management Plan aims to establish our status as the dominant tea company in Japan and develop *Oi Ocha* into a global brand. While refining the strengths of our unique value chain that starts with farms, we will promote marketing efforts to help even more customers experience the value of *Oi Ocha* that lets you enjoy the taste and aroma inherent to green tea anytime, anywhere. We will also address the challenge of strengthening how we tell the story behind the flavor to help increase added value for our products.

Expanding the market share in Japan for both beverages and leaf products and increasing brand recognition and opportunities to drink our products internationally requires that we instill motivation to drink tea instead of water as well as the added value of life with tea.

To this end, we will engage in further research on nutrients

in tea such as catechins and theanine as well as the health benefits of matcha, which will aid in communicating evidence as well as in developing Food for Specified Health Uses and Foods with Function Claims.

Furthermore, as a company striving to be a Global Tea Company, we will continue to offer ways to drink tea tailored to customers' lifestyles while promoting the development and expansion of traditional tea culture. We will expand our line of leaf tea products that incorporate the trend toward convenience as well as products with high health and taste appeal in e-commerce sales to expand our consumer base.

To increase recognition of the appeal and taste of Japanese tea and *Oi Ocha* globally, we will focus on communication efforts, including campaigns featuring global ambassador Shohei Ohtani.

TOPICS

The ITO EN Oi Ocha Shinhaiku Contest

One of the largest haiku contests in Japan, continuing for 35 years alongside *Oi Ocha* since its launch in 1989. Shinhaiku ("new haiku") allows free expression without the constraints of traditional haiku rules, such as seasonal words or fixed forms. Award-winning works selected by judges from a wide range of genres, including the Minister of Education, Culture, Sports, Science and Technology Award, are featured on *Oi Ocha* packages, totaling 2,000 haiku. With 90% of entries coming from educational institutions, primarily group entries from elementary, junior high, and high schools (over 3,000 schools in total), this contest helps pass down Japanese culture and boost interest among younger generations.



The 35th
ITO EN *Oi Ocha*
Shinhaiku Contest

Number of entries:
1,889,582

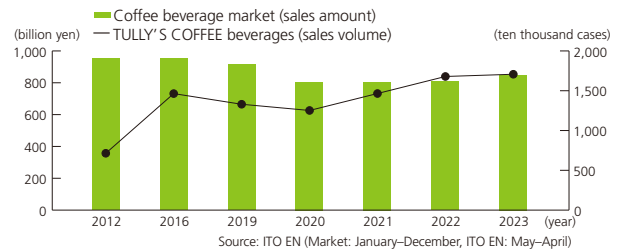
Total number of participants
More than 500,000 for
7 years in a row

TULLY'S COFFEE

Market Overview

While the coffee beverage market has been shrinking due in part to the shrinkage of the vending machine channel as the main sales channel and a decline in demand for stay-on-tab (SOT) cans, which have a high share of the market, there is a trend in which products developed in pursuit of taste and aroma are the force driving the market. In the household coffee market, simple drip products have grown, and it is expected that the market's support for high-quality, convenient products will increase.

Coffee beverage market



Achievements and Challenges

The TULLY'S COFFEE brand operated by ITO EN features high-quality Arabica coffee beans roasted in Japan and adopts a unique method as the key to good taste.

In FY4/2024, the annual cumulative sales volume of the TULLY'S COFFEE brand surpassed 17 million cases, the highest ever. Even amid the impact of price revisions, customers appreciate these beverage products that offer shop quality.

Meanwhile, amid whispers of the "2050 Problem" where suitable cultivation areas for Arabica coffee may be halved due

to soaring raw material prices, exchange rate risks, and climate change, bolstering efforts for sustainable raw ingredients procurement will be a challenge for us going forward.



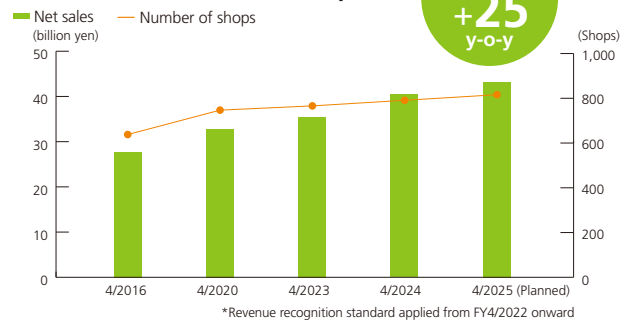
*Growth rate: ITO EN (May 2023–April 2024/based on volume)

Tully's Coffee Japan Shop Openings

Since 1997, we have been operating Tully's Coffee, a specialty coffee shop chain originating from Seattle, in Japan. Under the philosophy of creating community cafes rooted in local communities, we offer select coffees from around the world and relaxing spaces. In FY4/2024, both sales and the number of stores increased significantly, with the total number of stores reaching 791 as of the end of April 2024.

We will continue to accelerate efforts with production areas to improve quality and opening of new shops suited to their locations in an effort to further enhance the value of the TULLY'S COFFEE brand.

Net sales and number of shops



TOPICS

Peru Grafting Project: Protecting Good Quality and Future of Coffee

Tully's Coffee Japan is deeply involved in production areas across nations in an effort to improve quality. One such initiative is the Grafting Project, which we have worked on since 2019 with the Peruvian cooperative CENFROCAFE. In partnership with local producers, we conducted tests on coffee similar to the original strain, which is now considered rare due to factors such as global warming and repeated strain improvements and commenced full-scale production in 2024. We will continue to focus on producing tasty coffee that reflects the idiosyncrasy of the coffee variety to deliver an awe-inspiring cup of coffee to customers.



Sales of rare coffee produced in the project test commenced in May 2024

Future Strategy

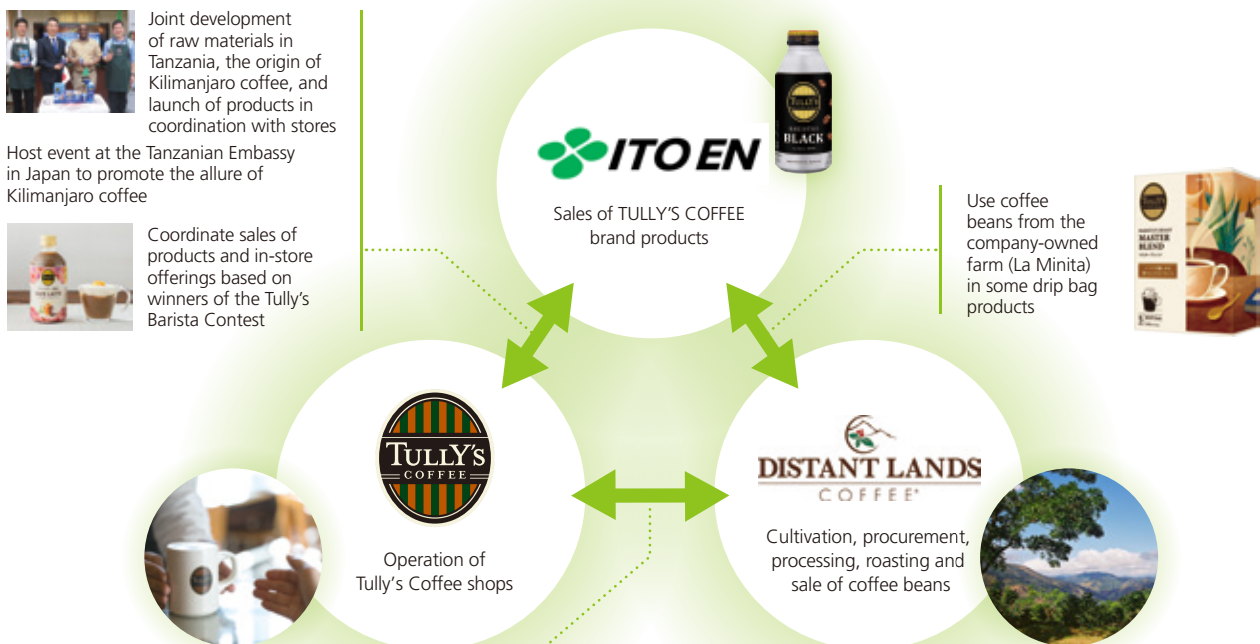
The ITO EN Group's coffee business consists of sales of the TULLY'S COFFEE brand (ITO EN), development of Tully's Coffee shops (Tully's Coffee Japan: "TCJ"), green coffee bean and roasted coffee bean wholesaling, and coffee farms in Central and South America (Distant Lands Trading Co.: "DLTC"), and we will boost partnership between these three companies throughout the value chain.

ITO EN leverages TCJ's expertise in coffee (production area selection, raw ingredients development, roasting, blending, extraction, cupping, product development) to develop TULLY'S COFFEE brand products (beverages, drip bags) in conjunction with shops. Meanwhile, TCJ is working to build recognition of the shop brand through ITO EN's marketing activities for these products, strengthening the overall TULLY'S COFFEE brand. Furthermore, since 2023, we have jointly developed products made with coffee beans from La Minita farm, a company-owned farm, leveraging the strengths of US-based DLTC in production areas and raw ingredients.

Going forward, we will strive to create further group synergy, increase customer contact points through raw ingredients procurement, product development, and communication, and increase brand value.



Tsuyoshi Minamikawa
Deputy Director of the Materials Purchasing Department, ITO EN



Strengths of partnership between the 3 companies

The ingredients	Product development	Communication
Develop high-quality, distinctive raw ingredients suited to the TULLY'S brand	<ul style="list-style-type: none"> Consistent product development from raw ingredients to finished products in pursuit of shop quality Coordinated product launches between ITO EN and Tully's Coffee Japan 	Cultivate expertise through human resource exchanges and data sharing, communicate stories that start with production areas and producers

Voice



Eiko Watanabe
Beans Development Group,
Product Division,
Tully's Coffee Japan

A strong pipeline with production areas is essential to consistently secure high-quality coffee. We believe that, by building relationships with production areas within the ITO EN Group, we can continuously deliver delicious coffee to our customers. We want to continue telling the story behind delicious coffee so that people can enjoy Tully's Coffee anytime, anywhere.



Harry Odio
Vice President Farm
Operation,
Distant Lands Trading Co.

Having the possibility to be vertically integrated is a blessing and a sustainable reality. The interaction and continuous joint efforts to provide our partners, ITO EN and Tully's, with their specialty type of coffee, has been a great motivation for La Minita. Challenging our people and working together to understand our direct and final consumer, has resulted on a marvelous product as per requirements. We thank our partner for the possibility of this marvelous joint venture and we will continue to strive for improvements on our final product.

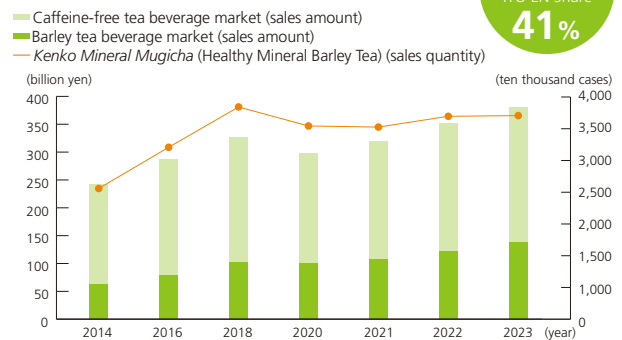
Kenko Mineral Mugicha (Healthy Mineral Barley Tea) and the Caffeine-Free RTD Tea Category

Market Overview

In the ten years to 2023, the caffeine-free tea beverage market grew approximately 1.3 times while the barley tea beverage market more than doubled,¹ driven by increasing health and beauty awareness. Within this growing market, *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea), our mainstay brand, boasts the largest share of the market, supported by a broad range of consumers including men and women of all ages.² There has also been increased interest in caffeine-free tea products made from single ingredients such as rooibos tea and black soybean tea products, with demand expected to continue growing in the future.

1. Source: ITO EN
(Comparison of caffeine-free tea beverage market scale between 2014 and 2023/sales amount)
Source: ITO EN
(Comparison of the size of the barley tea beverage market between 2014 and 2023/sales amount)
2. INTAGE SRI+ the barley tea beverage market data
(period: January-December 2023/sales amount)

Caffeine-free tea beverage market



Achievements and Challenges

Our strengths lie in our ability to procure raw ingredients, as we account for approximately 50% of the handling volume for barley tea raw ingredients distributed in Japan, and in the unique roasting processing technologies of the ITO EN Group. This has enabled linked sales of beverages and tea leaf products on sales floors with a wide range of products including beverages, tea bags and instant products.

Kenko Mineral Mugicha (Healthy Mineral Barley Tea), ITO EN's mainstay brand, has been the Guinness World Records™ record holder for the best-selling RTD barley tea brand (in terms of the most recent annual sales volume) for two consecutive years.*

*Official name of record: Best-selling RTD barley tea brand-current
Official name of record: Best-selling RTD barley tea brand-current
Record-setting brand: *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea)
Target period: 2023



Through hydration and minerals, it has been able to establish a firm brand image of a beverage that supports health.

Meanwhile, challenges we face include soaring raw material prices and decreased raw material supply due to unseasonable weather. We will bolster risk management through efforts toward domestic barley procurement.

In healthy caffeine-free tea beverages, we are growing by capturing demand among women, the main consumers. Going forward, promoting the health value of our products, expanding recognition further, and cultivating brands will be vital.



*Growth rate: ITO EN
(Beverage products, May 2023–April 2024/quantity)

Future Strategies

Demand for barley tea is expected to grow further as a measure against intense heat from heat waves. For *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea), we will adopt new technologies and equipment in the manufacturing process to pursue quality that will make customers want to keep drinking our product.

With sleep issues plaguing many consumers, we expect to be able to offer value that only caffeine-free tea products can provide.

Going forward, we will continue to develop products that draw out the health benefits of single-ingredient raw materials and contribute to daily health.

Voice

Creating Healthy Products for Women

The reason many health- and beauty-conscious women choose black soybean tea products is for the soy isoflavones. The natural sweetness and aroma of the ingredients create a gentle flavor that is renowned by customers, leading to repeat purchases. In the growing caffeine-free tea beverage market, we will continue to develop products that leverage the characteristics of ingredients and contribute to the mental and physical health of customers.



Yuri Nemoto
S IV, Barley Tea, Black Tea, and Healthy Tea Brand Group

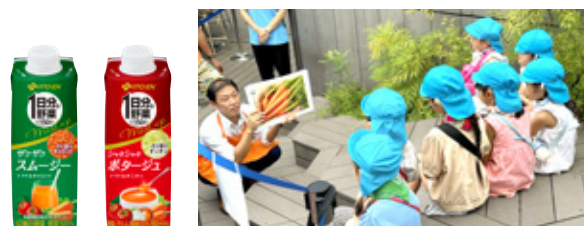
Vegetable & Fruit Beverages / Other

Boosting *Ichinichibun no Yasai* and Other Vegetable Products

In the 1980s and 1990s, when tomato-based vegetable beverages were the mainstream product in the industry, ITO EN developed carrot-based mixed vegetable juice beverages—creating a market for vegetable beverages (carrot beverages). We are currently working to increase demand through new product development and communication centered on the *Ichinichibun no Yasai* (a day's worth of vegetables) brand, which uses vegetables equivalent to 350g, the daily vegetable intake recommended by the Ministry of Health, Labour and Welfare. For *Ichinichibun no Yasai*, we worked to boost our product line with new containers and volumes to match changing lifestyles, including the *Ichinichibun no Yasai* Meal Up series, which offers the satisfaction of “eating” vegetables using new containers that are a first in the industry.

We also conducted major tasting events nationwide for *Ichinichibun no Yasai* hosted by Vegetable and Fruit Meisters

certified through our internal certification system, allowing customers to experience the allure of the product. We will grow our consumer base through product offerings that convey the health value of vegetables and by strengthening customer contact points through tasting events and food education efforts.



Food education efforts aimed at children

Supporting Domestic Agriculture through Fruit Beverages

We are developing products in partnership with Japanese agriculture support initiatives led by the Japan Agricultural Cooperatives (JA ZEN-NOH) primarily through fruit beverages.

Japanese agriculture faces many challenges, including aging farmers and a lack of successors. We participate in the Nippon Yell Project, which promotes domestic agricultural products and supports production areas through products.

JA ZEN-NOH, manufacturers including ITO EN, and retailers are working together to address challenges among producers, such as developing products using crops that cannot be sold in ordinary market channels due to shape or appearance.

We have launched multiple beverage products under the Nippon Yell brand



and will keep contributing to domestic produce consumption growth and production through our products.

Voice



Naoki Nishida

S IV, Vegetable, Fruit, Lactic Acid, Functional, and Food Brand Group

The foundation of our manufacturing is visiting production areas and listening directly to how agricultural products are made and producers' ideas, then incorporate these into product development process. Going forward, we will strive with JA ZEN-NOH to solve challenges faced by production areas and serve as a bridge between producers and consumers as a company that contributes to agriculture.

TOPICS

Opening a Museum Complex as a Center for Co-Creating the Future of Tea

In 2024, ITO EN marked its 60th anniversary and the 35th anniversary of *Oi Ocha*. With conveying the role tea has played throughout history and its prospects as a continued part of people's lives in the future as our mission, we opened a museum complex in May 2024 to serve as a center for co-creating the future of tea.

This complex consists of two museums, the OCHA CULTURE CREATION MUSEUM and the *Oi Ocha* Museum. By providing opportunities to experience the allure of tea and the wonder of drinking it, this museum will help boost the value of tea.

Tea Museum Complex ▶ <https://www.ochamuseum.jp/> (Japanese only)



Message from the CSO (Chief Sustainability Officer)

Executing the Medium-Term Management Plan Based on Sustainability Management

Our goal at the ITO EN Group is to be a company that lasts for 100 years, 200 years, and beyond. Achieving this requires that we build a robust management foundation and pursue both “company sustainability,” which enables business growth, and “social sustainability,” which is created through solving social and environmental issues, based on sustainability management.

We revised our management plan based on major changes to the external environment and launched the new Medium-Term Management Plan in FY4/2025. At this corporate stage of accelerating globalization toward our long-term vision of becoming a Global Tea Company, we will evolve our future initiatives using sustainability management as the foundation of five key strategies in our Medium-Term Management Plan.

Addressing Material Issues

We have currently identified seven material issues (refer to p. 37 onward). In addressing these material issues, I have felt strongly that our initiatives do not exist in isolation but are interconnected. We define our Group Mission of being a Health Creation Company as a company that creates the three types of health value: mental and physical health, the health of society, and the health of the planet. As CSO, I will ensure these initiatives are not split by organization but put into practice across the entire ITO EN Group and its supply chain to keep contributing to these three areas of health.

To achieve these, we established a Group-wide system to promote sustainability in FY4/2024, joined by all Group companies, including those overseas. In environment, for example, we began calculating Group-wide GHG emissions in FY4/2024 and addressed TCFD and TNFD as well as began developing products in compliance with European environmental regulations for containers and packaging as our business globalizes.



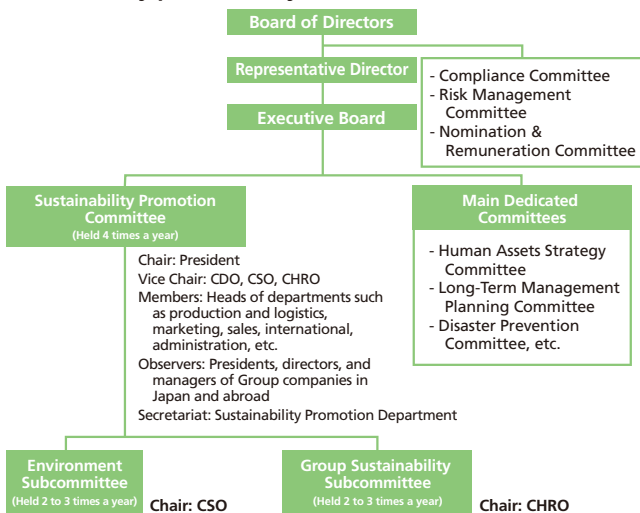
Yoshihisa Nakano
 Director and Senior Managing Executive Officer
 General Director of Production Headquarters and CSO with responsibility for the Logistics Headquarters

Achieving Both Social Value Creation and Business Growth to Contribute to Sustainable Agriculture

The tea industry in Japan faces a number of challenges, including decreasing tea production volume and cultivation area as well as aging among tea producers. This stems from declining demand for the highest quality first-flush tea due to factors such as fewer people brewing tea in Japanese traditional teapots (*kyusu*), meaning trade prices for first-flush tea, the most expensive tea in a year, have dropped significantly from peak levels, greatly impacting tea producers’ operations.

A key initiative for Contributing to Sustainable Agriculture in the Tea-Producing Region Development Project we have implemented since 1976 is to purchase all tea leaves produced by contract tea farmers at fixed prices, from first and second flush to

Sustainability promotion system (May 2024 onward)



Sustainability management Key FY4/2024 initiatives

Overall	<ul style="list-style-type: none"> Define Health Creation Company as a company that creates three types of health value: mental and physical health, the health of society, and the health of the planet Strengthen governance by transitioning to a company with an Audit and Supervisory Committee and establishing a sustainability promotion system
Agriculture	<ul style="list-style-type: none"> Develop green tea and matcha that meet quality standards of different nations through the Tea-Producing Region Development Project Promote DX through use of agri-note farming support tool and proprietary Pesticide Suitability Assessment System (Reduce environmental toll and develop global business through reduced pesticide use and organic agriculture)
Environment	<ul style="list-style-type: none"> Establish GHG emissions and water calculation methods for all consolidated subsidiaries, including Group companies overseas (Scope 1, 2, and 3 for Japanese subsidiaries, Scope 1, 2, and some items of Scope 3 for international subsidiaries) Response to TCFD and TNFD <ul style="list-style-type: none"> Analyze storm and flood damage risks at Japanese distribution warehouses Conduct analysis to assess/identify risks for domestic green tea ingredients highly dependent on and easily affected by natural capital Participate in the 30by30 Alliance
Human Rights	<ul style="list-style-type: none"> Commence human rights due diligence (Contract tea farmers in Japan and company-owned factories)

teas picked in fall. This lets tea producers grow tea with peace of mind, securing both stable management and stable procurement of high-quality ingredients.

Stable procurement of high-quality, high-value-added ingredients is essential for us to promote the globalization of *Oi Ocha* to create a Global Tea Company. Given the current state of the Japanese economy and tea industry, we must sustainably evolve the Tea-Producing Region Development Project, the source of our growth potential, by contributing to stability among tea producers through tea leaf purchase price revisions and more. In recent years, we have adopted a proprietary Pesticide Suitability Assessment System to develop green tea and matcha that meet quality standards of different nations and further promote environmentally friendly agriculture. We also provide support for streamlining and digitalizing knowledge on tea cultivation through the use of the agri-note farming support tool. We will continue working with tea producers to achieve both business growth and the creation of social value in agriculture.

First-Flush Tea and Other Diverse Ingredients for Product and Value Creation

The Tea-Producing Region Development Project contributes to the quality of *Oi Ocha* through the development of exclusive ingredients, building brand value. However, a challenge we face is that consumers do not fully understand the added value of our products or recognize these joint efforts with tea producers.

Sourcing all of our diverse ingredients from the Tea-Producing Region Development Project allows us to offer products such as loose leaf teas for teapots, beverages in PET bottles, matcha, tea bags and other convenient products, and premium bottled beverages¹ made with only first-flush, single-variety teas to meet needs for diverse scenarios. Through these products, we hope to pioneer new possibilities by having customers experience the appeal of tea and by generating interest in tea-producing regions and ingredient development initiatives.

1. Limited pre-order products: Bottled *Oi Ocha MEGAMI* (Makinohara, Shizuoka) and *SEIMEI* (Shibushi, Kagoshima), 3,000 yen per bottle (tax excluded). ▶ Refer to p. 29

Contribution to Dietary Habits and Health, Essential for a Health Creation Company

Health is a major keyword in our business. Tea offers both sentimental value, such as cultural value and communication over tea, and health and functional value. ITO EN's competitive edge is our high ratio of unsweetened tea as well as coffee and carbonated drinks compared to others in the Japanese soft drink market.²

We also conduct research through partnerships with industry, government, and academia to obtain evidence on health and functional aspects, such as the effects of tea on cognitive function. We aim to grow our sphere of impact on sustainable agriculture by actively sharing these research results and tying them to product development to contribute to healthy and prosperous lifestyles (Refer to pp. 39–40 Contribution to Dietary Habits and Health).

2. While sugar-free beverages account for 56% of the Japanese beverage market, they make up over 75% of our products

Contributing to a Sustainable Supply Chain through Strong Partnerships

We employ a fables system in which partner factories manufacture our beverage products. We have also built strong partnerships over many years with all kinds of suppliers, including tea producers, manufacturing contractors, logistics contractors, and material procurement sources. In recent years, stakeholders demand not only that we provide safe, reliable products, but that we address such issues as climate change, resource recycling, and human rights. We cannot address these issues without partnerships with suppliers. In working on sustainable supply chain management, we hold quality meetings with suppliers several times a year to share challenges and progress.

In March 2024, we held our first Environmental Quality Meeting focused on reducing GHG emissions and water resources in beverage manufacturing, sharing challenges at partner factories as well as measures to reduce GHG emissions and water resource use. As our business continues to globalize, we must monitor the relevant laws and regulations around the world while building our global supply chain management system. While balancing quality and environmental initiatives with economic rationality is challenging both in Japan and abroad, we will increase engagement to build a sustainable supply chain.

Looking Forward

For decades, we have steadily implemented research on tea health benefits, the Tea-Producing Region Development Project, and other initiatives. Pursuing both business growth and the creation of social value has no clear final goal, and this, we believe, is where sustainability management comes in. We sense that the beverage and tea industries are at a turning point where, like other industries, we must consider industry-wide solutions, as there are limits to what a single manufacturer can do to address social and environmental issues and sustainability challenges such as climate change, resource recycling, and logistics. That is why we will promote partnership with other companies in non-competitive fields beyond the ITO EN Group supply chain.

While our seven material issues remain unchanged, we need to review them and take sustainability management to the next level based on the globalization of our business and supply chain as well as changes in the external environment. As CSO, I will work with strong resolve to lead the tea industry, help solve social and environmental issues, and create sustainable corporate value.

Material Issues: Initiative Themes and KPIs

The ITO EN Group is working on initiatives to address seven material issues tied to business strategy of our new Medium-Term Management Plan as we strive to become a Global Tea Company under our long-term vision as a Health Creation Company.

Material issues identification process

1

Identification of social issues

Identify social issues by referring to multiple international standards from the perspective of the changing external environment, the demands and expectations of society, and key customer issues.

*Disclosure standards referred to: GRI Standards, SASB Standards, ESG evaluations (FTSE, MSCI), SDGs, ISO 26000.

Importance/materiality evaluation

Evaluate candidates for material issues by adopting a double material issues approach, which maps the extracted social issues from both the perspective of their importance for stakeholders and their importance for the sustainable growth of the ITO EN Group.

Materiality map

The materiality map is a 2x2 matrix. The vertical axis is 'Importance for stakeholders' (High to Very high) and the horizontal axis is 'Importance for the ITO EN Group' (High to Very high). Issues are placed in boxes within the matrix:

- Very High Stakeholder Importance, High ITO EN Importance:** Respect for human rights, Stakeholder dialogue, Resource recycling and waste reduction, Job satisfaction, and occupational health and safety, Human resources development and diversity, Food safety and security, Responding to the needs of the next generation, Measures against climate change and global warming, Water resources, Promoting DX.
- Very High Stakeholder Importance, Very High ITO EN Importance:** Health, Agricultural sustainability, Sustainable supply chain, Dietary education and passing on tea culture, R&D and innovation, Plastics issue.
- High Stakeholder Importance, High ITO EN Importance:** Contributing to local communities, Biodiversity conservation.
- High Stakeholder Importance, Very High ITO EN Importance:** Corporate governance, Risk management and business continuity planning (BCP).

2

Stakeholder dialogues

Send questionnaires to external experts, investors, internal and external officers and other stakeholders asking about their expectations and requests for the ITO EN Group and issues that should be prioritized based on candidates for material issues identified and host stakeholder dialogues by senior management and external experts.

3

Identification of material issues

After steps 1-3, have the Board of Directors deliberate the candidates for material issues in conjunction with the Medium- to Long-Term Management Plan and identify seven material issues as the areas to be addressed as management issues with corresponding themes for initiatives.

4

Seven Material Issues and Key Performance Indicators

Material issues	Commitment
Contribution to Dietary Habits and Health ▶ pp. 39–40	Suggest and provide healthy and fulfilling lifestyles through research and development with an eye towards the age of centenarians and through products and services helpful to the health of people of different generations
Contribution to Sustainable Agriculture ▶ pp. 41–42	Accelerate the development of high-value-added materials and environmentally friendly agriculture through the Tea-Producing Region Development Project to contribute to sustainable agriculture
Environment ▶ pp. 43–47	Engage in initiatives for the protection of the global environment, which is shared by all of humanity, as a company that engages in business activities centered mainly on products derived from nature
Deepening Ties with Local Communities and Society ▶ pp. 55–56	Contribute to the resolution of local societal issues through dialogues with various stakeholders Utilize communication through tea to support both physical and mental health
Contribution to a Sustainable Supply Chain ▶ pp. 48–50	Respect human rights for everyone throughout the value chain and maintain sustainable partnerships with suppliers to both resolve social and environmental issues and achieve sustainable profits for all parties
Promotion of Diverse Human Assets and Active Roles for All ▶ pp. 51–54	Construct an organization where all employees work vigorously in good health
Corporate Governance ▶ pp. 57–70	Practice and push ahead with sustainability management to improve responses to social and environmental issues as well as risk management and to increase corporate value

(KPIs)

Theme	Indicators (KPIs)	FY4/2024 results	SDGs (Contributable Goals and Targets)
Research and development toward the era of the 100-year lifespan	• Number of research presentations relating to health value of foods 25 presentations a year	28	3.3 3.4
Contributing to the health needs of customers and their ever diversifying lifestyles	• FOSHU and Food with Functional Claims sales breakdown FY4/2027: 30% or higher	17.5%	3.3 3.4
	• Nations where Oi Ocha is sold More than 100 countries by FY4/2041 (More than 60 countries by FY4/2029)	40 nations/regions	
	• Ratio of products made with no added sugar* in international beverage sales *Sugar-free beverages (tea/water/carbonated water) + unsweetened natural beverages such as 100% vegetable drinks and fruit drinks	70.6%	
Product safety and security Pursuit of quality and reduction of environmental impact	• International food safety certification rate: 100% *Domestic beverage/leaf manufacturing factories • Beverage/leaf factory audit rate: 100% Domestic beverage/leaf manufacturing factories	95.7% 100%	12.4
Evolution of a unique world-class agricultural model	• Area developed through the Tea-Producing Region Development Project FY4/2027: 2,650 ha FY4/2031: 2,800 ha	2,512 ha	2.3 2.4 8.3 11.a 15.4 17.16
	• Production volume of organic farming FY4/2027: 380 t FY4/2031: 500 t	273 t	
	• Maintenance and operation of GAP certification: 100% *The Tea-Producing Region Development Project	100%	
Response to climate change	• CO ₂ emission reduction rate (compared with FY4/2019) ¹ FY4/2031 Scope 1 & 2: 50% reduction, Scope 3: 20% reduction FY4/2051 Scope 1–3: carbon neutral	Scope 1 & 2 17.9% reduction Scope 3 23.3% reduction	7.2 12.2 13.1
	• Company-wide renewable energy ratio FY4/2031: 100% ²	20%	
	• Ratio of electric vehicles introduced (percentage of all vehicles) FY4/2031: 50% ²	9.7%	
Water resources	• Reduction of basic water usage intensity (compared with FY4/2019) FY4/2031: 16% reduction *Water usage per 1 kl of product produced	5.5% increase	6.4 6.6
Sustainable containers and packaging	• Percentage ratio of recycled materials used for all PET bottles FY4/2031: 100%	36%	12.4 12.5 14.1
Biodiversity conservation	• Total number of participants in water source conservation activities, environmental conservation and maintenance activities: 500 per year	1,221	15.4
Promoting waste reduction/ resource recycling	• Foodstuff recycling rate • ITO EN: Over 90% • Tully's Coffee Japan: Over 50%	ITO EN 94.4% Tully's 51.4%	9.4 12.2 12.3 12.5
	• Number of recycled used tea leaf products launched 10 products a year	16	
	• Reduction in vending machine dummy plastic use FY4/2029 50% reduction (vs. FY4/2019)	27.2% reduction	
Co-creation with local communities	• Number of sakura (cherry trees) planted 150 trees a year	112	11.a 17.17
Creation of connections through tea	• Number of participants in dietary education 600,000 participants a year	454,000	4.4 4.7 11.4
Building a sustainable supply chain	• Number of quality meetings held 7 times a year	10	9.4
	• Conducting assessments of suppliers	Implemented	
Promotion of initiatives to ensure respect for human rights	• Conduct human rights due diligence for high-risk supply chains At least once a year	3	4.7 8.7 8.8 12.6
	• Conduct internal human rights awareness training At least 3 times a year	2	
Development and empowering of diverse human resources	• Employee engagement score FY4/2027: 4.2 or higher *Out of 6 points (Survey items changed since FY4/2024)	3.99* *Conventional standard: 3.19	4.4 4.7 8.5
	• Female manager ratio FY4/2027: 10%	3.7%	
	• Gender pay gap (regular full-time employees, male employees = 100) FY4/2027: 80% Of the above, less than 10 years of service 100%	79.8% Less than 10 years of service 94.3%	
	• Percentage of male employees taking childcare leave FY4/2027: 50%	43.1%	
Promoting health and productivity management	• Maintain Health and Productivity Management Organization (White 500) certification	Certified	3.5 3.6 3.a
Promoting sustainability management	• Strengthen the system for tackling material sustainability issues and supervisory functions, and engage in dialogues with stakeholders	1	
Enhancing group risk management	• Risk Management Committee meetings	2	16.5
	• Regular meetings with affiliated companies	4	
Thorough compliance	• Number of compliance education sessions held (for all employees) 12 times a year	12	8.5 10.2
Promoting DX	• DX Promotion Committee meetings	6	

1. The reporting boundary used for the reported Scope 1 and 2 emissions is ITO EN, LTD. and its consolidated subsidiaries (Except for Cafetalera de Tierras Ticas, S.A. and EMPRESAS DE ANTIOQUIA LTDA).
The reporting boundary used for the reported Scope 3 emissions is ITO EN, LTD. and its consolidated subsidiaries in Japan.
2. Applies to ITO EN, LTD. only.

Contribution to Dietary Habits and Health

Tea has been an integral part of people's lives for centuries, with the tradition of drinking tea being passed down through generations. While preserving this tradition, we have developed and offered a range of products—including beverages, leaf tea, and matcha—that cater to evolving lifestyles, health considerations, and diverse drinking occasions.

In recent years, amid growing global health-consciousness, interest in and demand for green tea and matcha have risen both domestically and internationally. This trend presents significant opportunities for creating and expanding overseas markets. In order to further grow the green tea and matcha markets, it is important that we not only focus on the safety, reliability, and taste of the raw ingredients and quality of the products, but also offer additional value in terms of health benefits and functionality, backed by evidence, and it is also important that we effectively communicating these advantages to international markets.

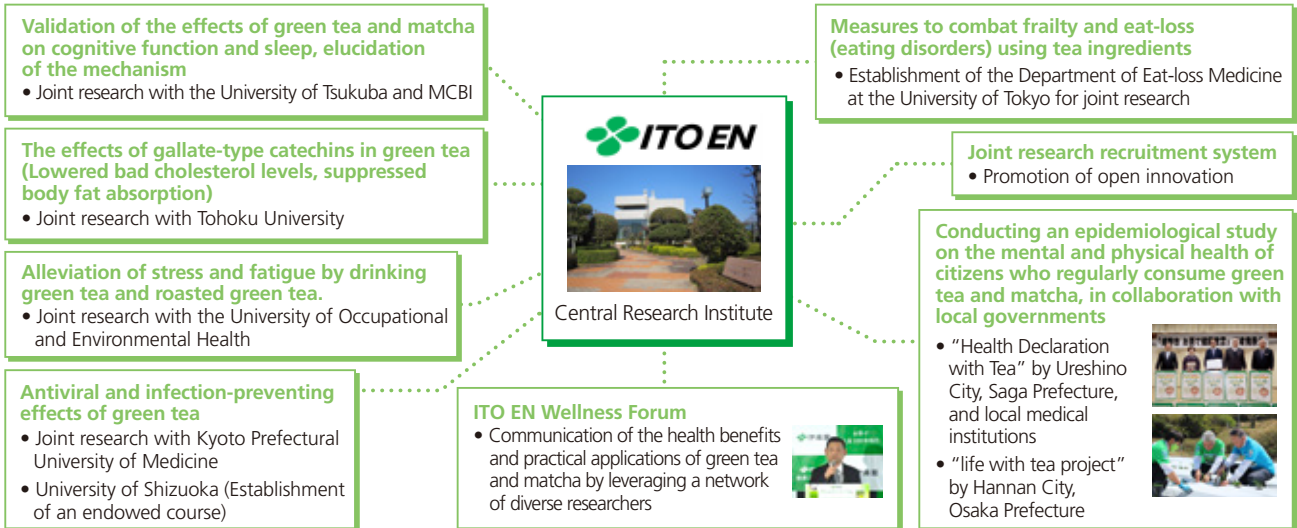
As a Health Creation Company, we strive to achieve further growth by leveraging the inherent value of tea and other raw materials. We aim to advance our research, raw material and product development, and technological capabilities to Contribute to the Dietary Habits and Health of our customers both domestically and internationally.



Mitsumasa Shida
Executive Officer, General Director of Marketing Headquarters

Demonstrating and Communicating the “Value of Green Tea” through Collaborative Research between Industry, Government, and Academia

Since its establishment in 1986, the Central Research Institute has been dedicated to fundamental research on the evaluation of the health benefits of tea and the elucidation of its mechanisms, and to applied research to demonstrate the effectiveness of tea, by looking at the value of tea from a scientific perspective. In recent years, collaborative efforts between industry, government, and academia have been advancing research to scientifically validate the value of green tea. This includes its health and functional benefits derived from catechins and theanine, as well as its sentimental value, the positive impact on mental and physical well-being through its aroma and the social experience of tea drinking.



Value Creation through a Combined Approach to Material Issues: “Contribution to Dietary Habits and Health”



Confirming the Effects of Matcha on Social Cognitive Function (Emotion Recognition from Facial Expressions) and Sleep Quality, and Working toward Societal Implementation

We are researching the effects of matcha on cognitive function with the goal of enhancing the well-being of the elderly. In collaboration with MCBI, the University of Tsukuba, and the Memory Clinic Toride, we conducted a clinical trial focusing on elderly individuals with mild cognitive impairment (MCI) and subjective cognitive decline (SCD). As a result, it was confirmed that continuous intake of matcha improves social cognitive function (emotion recognition from facial expressions). This improvement in functionality is also deemed crucial for improving communication skills, daily activities, and social participation. It is also worth noting that, despite the caffeine content in matcha, there was a tendency toward improved sleep quality. The results of this research were published in the academic journal PLOS ONE on August 30, 2024.

Green tea and matcha can be consumed daily, and given their familiarity among the elderly, it is anticipated that further research will support various initiatives including dementia prevention programs managed by local governments and other organizations in the future.

Voice

Collaborative Researcher's Opinion on Cognitive Function

Green tea and matcha have been a part of Japanese life and culture for centuries, cherished for both their delicious taste and their health benefits owing to their antioxidant properties. Its calming effect on the mind provides an opportunity for self-reflection. To prevent dementia, it's crucial to maintain a balance between mental calmness and a strong determination to persevere. As the term "intellect, emotion, and will" suggests, it's essential to possess not only intellectual qualities such as memory and judgment but also mental and physical stability, along with a resilient will. The joint research with ITO EN on enhancing cognitive function through matcha holds significant potential for social implementation. In terms of overseas expansion, we believe it is effective to convey the value of tea, including its health benefits, by integrating information about its rich history and cultural significance. As the world's population continues to age, we hope that Japan's research into cognitive function will serve as a role model, and that tea will contribute to addressing social issues such as extending healthy life expectancy.



Dr. Takashi Asada

Chairperson, Medical Corporation Association Sochikai
Professor Emeritus, University of Tsukuba
Visiting Professor, Institute of Science Tokyo (formerly Tokyo Medical and Dental University)

Alleviating Stress and Fatigue by Drinking Green Tea and Hojicha (Roasted Green Tea)

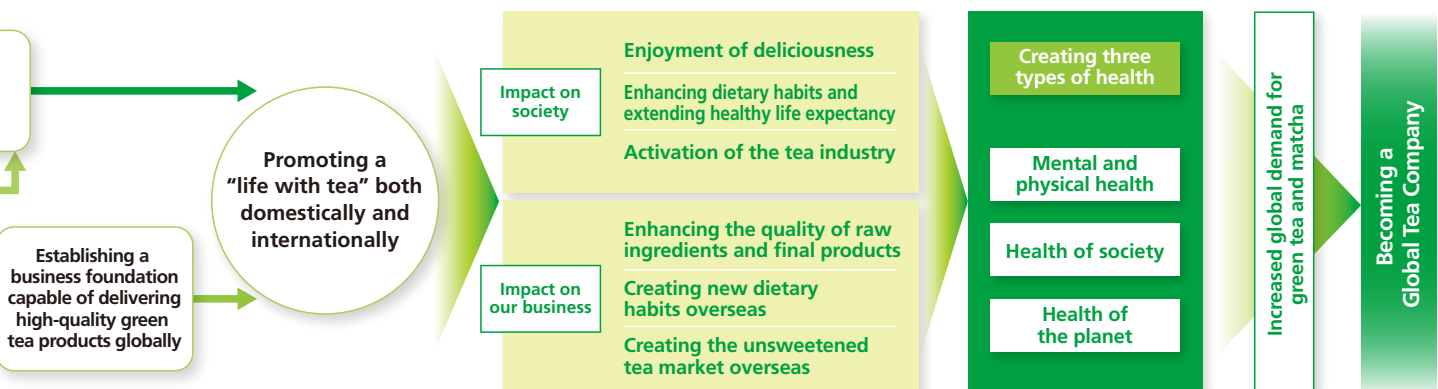
Green tea is popular among individuals in creative fields, particularly at IT companies in the US, where it is regarded as a "creative support drink" due to its refreshing qualities and ability to reduce stress. In collaboration with the University of Occupational and Environmental Health, we have confirmed that consuming green tea and hojicha (roasted green tea) can enhance performance in mental arithmetic tasks, influence autonomic nervous system activity and other physiological responses that promote relaxation, and reduce subjective feelings of fatigue. The results of this study have scientifically validated that consuming green tea or roasted green tea before or during work can lead to improved task performance, such as desk work, while simultaneously reducing subjective feelings of fatigue, all within a relaxed state. The results were published in the academic journal *Scientific Report* on April 13, 2024.

Even a small amount, such as that consumed in daily life, can be expected to reduce stress in a short period of time. We will continue to deepen our research and explore new possibilities for incorporating tea into everyday life from a variety of perspectives.

KPI



and "Contribution to Sustainable Agriculture"



Contribution to Sustainable Agriculture

The ITO EN Group has been developing the Tea-Producing Region Development Project since 1976, forming contracts with tea producers to achieve stable procurement of green tea ingredients. This project features a unique, sustainable agricultural model of “product development that starts with farms” by working with tea producers to develop high-quality ingredients suited to the final product. It is this “product development that starts with farms” that allows us to achieve good flavor for *Oi Ocha* and respond to diversifying needs, a strength that has led to a growing market share of leaf and beverage products. Reducing pesticide use and bolstering organic cultivation has allowed us to contribute not only to environmental conservation but also to the globalization of *Oi Ocha* by meeting different quality standards in countries overseas.

While the domestic tea industry faces such social challenges as aging farmers and a lack of successors, the Tea-Producing Region Development Project has grown in scale, including expansion to new producing regions. Going forward, we aim to contribute to the development of the tea industry by working on sustainable agriculture as a source of value creation for the *Oi Ocha* brand.



Fumio Ito
General Manager of
Agricultural Technology
Department

The Tea-Producing Region Development Project, a Unique Sustainable Agriculture Model

ITO EN handles approximately one-quarter of Japan’s crude tea produced. Procurement routes include the Tea-Producing Region Development Project and purchasing from the tea market, where our procurement managers directly assess quality.

“Purchasing from the market”
Our procurement managers, who are tea professionals, directly assess quality before purchasing.



The Tea-Producing Region Development Project comprises contract farming with existing producers and new tea farms business, which convert dilapidated farmland to tea farms, with ITO EN purchasing all tea leaves produced through both methods.

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

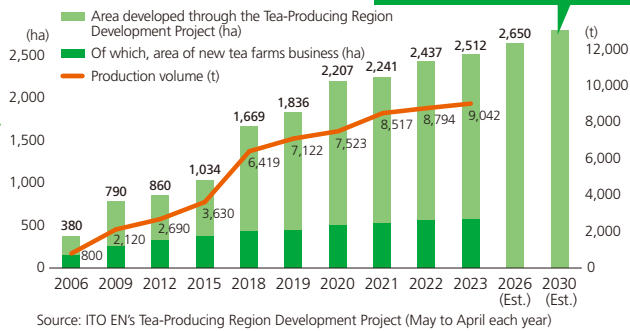
1976: Approx. 100,000 tonnes
2023: 75,200 tonnes

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

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

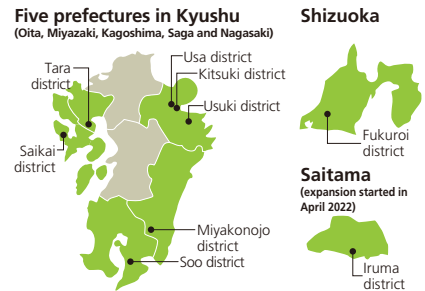
Production and cultivation area of crude tea, Source: Ministry of Agriculture, Forestry and Fisheries

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



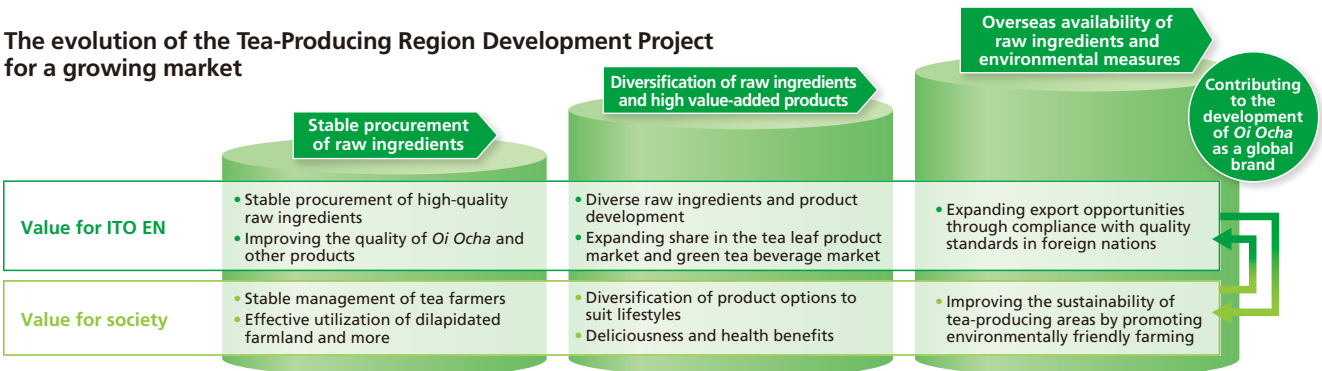
KPI (indicators) 2,800 ha
 ● Organic production: 500 tonnes by 2030
 ● Maintain 100% GAP certification

New tea farms business districts (Expanded to nine districts in seven prefectures as of FY4/2024)



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



Turning dilapidated farms into tea farms
New tea farms: more than 500 ha

Labor hours per 10 a (new tea farms):
approx. **44 hours** (Average in Shizuoka: approx. 122 hours)

100% GAP certification

Increased production ingredients ratio from the Tea-Producing Region Development Project to total crude tea handling volume
FY4/2015 **16%** → FY4/2024 **more than 50%**

*Contract tea farms in the Tea-Producing Region Development Project

Creating Value through the Evolution of the Tea-Producing Region Development Project

Helping improve the flavor of *Oi Ocha*

To deliver the flavor and aroma inherent to the ingredients through product development that starts with farms, we work backward by anticipating consumption scenarios to determine ideal tea plant varieties, harvest times, and processing methods. A portion of the Tea-Producing Region Development Project produces ingredients exclusively for *Oi Ocha* (ingredients with distinctive aroma, savoriness, and flavor characteristics), with the ratio of exclusive ingredients used in *Oi Ocha* Green Tea PET bottle products at 100% since FY4/2024. Through the Tea-Producing Region Development Project, we will continue working to cultivate and expand our high-quality, high-value-added tea ingredients to deliver products that bring out the best of the flavor and aroma inherent to tea leaves.



Risks and Opportunities for the Sustainable Future of Tea

Green tea and nature's bounty lie at the very foundation of our business, and as such we recognize that addressing climate change, natural capital, and biodiversity are among our most critical issues. We analyze impact on the tea business according to TCFD and TNFD recommendation frameworks and promote initiatives to address risks and create opportunities. For example, working on reduced pesticide use and organic cultivation leads not only to addressing environmental issues like improved biodiversity and soil conditions but also to increased production of domestic tea ingredients that we can export overseas. To make the future of tea sustainable, we will strengthen partnerships with tea producers and our partners in industry, government, and academia to address risks while creating new business opportunities.

Addressing Climate Change and Reducing Environmental Toll in Tea-Producing Regions

1. Concerns about the impact of rising average temperatures on quality

As a subtropical plant, tea is not expected to see significant decreases in harvest volume; however, there are concerns about the impact on quality, such as earlier harvest periods and increased damage from pests.

- Select varieties based on quality, productivity, and pest resistance
- Introduce AI image analysis to determine optimal harvest times

• Test distribution of biochar¹, which sequesters carbon in soil

Distributing biochar between tea field ridges is expected to not only reduce GHG emissions but improve soil to increase productivity, and we are working to test this.

1. Carbonized biomass, such as wood and bamboo

2. GHG emissions during tea cultivation

GHGs are emitted from soil during tea cultivation.

3. Impact on natural capital and biodiversity

Excessive use of chemical fertilizers and pesticides burdens the environment around tea-producing regions.

• Efforts to reduce chemical fertilizers and pesticides

Focusing on remaining nitrogen content in used tea leaves, we promote circular agriculture by composting a portion of used tea leaves from green tea beverage production and using them in tea fields in place of common nitrogen fertilizer. This is expected to reduce chemical fertilizer use while improving soil through organic fertilizer.



Promoting DX to Both Reduce Environmental Toll and Develop Business Overseas

We are promoting agricultural DX to translate years of experience in determining harvest times and fertilizer levels into data that can be shared with the next generation of tea growers, as well as to address GAP certification, organic certification, and reducing environmental impact.

In FY4/2024, we formed a capital and business alliance with Water-Cell Inc.² and partially introduced agri-note, a cloud-based cultivation management system, as a farming support tool. We also commenced the Pesticide Suitability Assessment System jointly developed with the Water-Cell to improve productivity and traceability of ingredients for export.

2. A company that builds data platforms useful for producers and solves issues in the agricultural industry through the digitization, sharing, and collaboration of farm data

 agri-note.



agri-note Farming Support Tool

A farming support tool that allows producers to record, tally, and export a variety of farming data using a computer or smartphone. This streamlines management of pesticide usage history and GAP compliance.



Pesticide Suitability Assessment System

A proprietary system that quickly determines whether green tea ingredients produced for export comply with the pesticide standards of each nation.

Environment

The ITO EN Group believes that, as a company whose operations are centered on naturally derived products, protecting the global environment shared by all humans and passing it on to the next generation is one of its most important tasks. Under the ITO EN Group Environmental Policy, we have established the ITO EN Group Medium- to Long-term Environmental Goals and are addressing such environmental issues as climate change, water resources, biodiversity, and resource recycling throughout the value chain.

In April 2022, we declared our support for TCFD recommendations, then performed an assessment on the risks

and opportunities of climate change that would affect business activities across the entire value chain and deliberated countermeasures, then, in April 2024, joined the TNFD Forum* and conducted an analysis on the green tea business based on natural capital and biodiversity while referring to TNFD v1.0. As climate change and natural capital and biodiversity issues are closely interrelated, we will continue working on integrated analyses and measures.

*TNFD Forum: A collective body of stakeholders who aid in discussions of the TNFD and consist of companies, institutions, and organizations that endorse the principles of the TNFD



TCFD and TNFD analysis (summary)

We believe that climate change and natural capital and biodiversity issues are closely connected and require a comprehensive response, and as such the common elements of “Governance” and “Risk and Impact Management” have been integrated whereas the content and response in “Strategy” and “Metrics and Targets” are listed separately.

Category	TCFD	TNFD
Governance	<ul style="list-style-type: none"> The Sustainability Promotion Committee (chaired by the President) discusses policies, strategies, and measures to address such issues as climate change and natural capital and biodiversity. Material issues are reported to and deliberated by the Board of Directors and Executive Board, then reflected in management strategy. Led by the Chief Sustainability Officer (CSO), this system for promoting environmental initiatives centered on climate change and the conservation and restoration of natural capital and biodiversity will be strengthened. Results of outside rating agencies on ESG, including climate change factors, are reflected in compensation assessments for executives. 	
Strategy	<p>1. Scenario Analysis</p> <ul style="list-style-type: none"> Analyze transition risks and opportunities assuming a complete transition to a net zero society under the 1.5/2°C scenarios Analyze physical risks and opportunities assuming continued global temperature rises and worsening impact under the 4°C scenario <p>2. Analysis Results Based on Scenarios</p> <p>Transition Risks</p> <ul style="list-style-type: none"> Cost increases due to the introduction of carbon taxes Amount of impact: FY4/2031 projections Without GHG reduction measures: 1.42 billion yen With GHG reduction targets achieved: 710 million yen *For Scopes 1 and 2 <p>Physical Risks</p> <ul style="list-style-type: none"> Storm and flood damage risk analysis at company-owned/contract factories, Group companies/major contract factories, and distribution warehouses Impact on yield and quality of ingredients for main products (green tea, barley, coffee beans) <p>3. Transition Plan</p> <ul style="list-style-type: none"> For Scopes 1 and 2 reduction measures, create a roadmap and KPIs centered on three pillars—switching to electric sales vehicles, promoting energy conservation, and transitioning to renewable energy—then promote initiatives (Refer to p. 44 Response to Climate Change) For Scope 3, promote reductions through using lightweight containers and packaging, transition to sustainable materials, and strengthening engagement and partnership with suppliers (Refer to p. 46 Sustainable Containers and Packaging, p. 48 Strengthening Supplier Engagement) 	<p>1. The LEAP Approach</p> <p>Limiting our scope to the green tea business critical to operations, we conducted an analysis referencing the LEAP approach. We have performed the steps Locate to identify areas of concern for natural capital and biodiversity impact and up to E2 (identification of dependencies and impacts) of Evaluate to diagnose our interface with nature</p> <p>Locate</p> <ul style="list-style-type: none"> In the green tea business value chain, the cultivation process has the greatest dependency and impact on natural capital and biodiversity Analysis of conditions regarding cultivation at tea farms contracted by the Group <p>Evaluate</p> <ul style="list-style-type: none"> GHG emissions and soil degradation (pollution) in particular deemed dependencies and impacts that are “very high” or “high” <p>2. Transition Plan</p> <ul style="list-style-type: none"> Address potential environmental impacts through proper management of fertilizer levels and soil management Conduct analysis of risks and opportunities based on the connectivity between climate change and natural capital and biodiversity while working on integrated countermeasures
Risk and Impact Management	The Risk Management Committee (chaired by the President), an advisory body to the Board of Directors, incorporates climate change risk and natural capital and biodiversity conservation and restoration, recognized as critical risks, into a company-wide risk management system	
Metrics and Targets	Refer to p. 44 Medium- to Long-Term Environmental Targets and Results	Under consideration *Refer to pp. 41–42 for Contribution to Sustainable Agriculture

Information Disclosure Based on TCFD and TNFD Recommendations ▶ <https://www.itoen-global.com/sustainability/materiality/tcfd.html>

Medium- to Long-Term Environmental Targets and Results

Themes	Indicators	FY4/2024 Results	Medium- to Long-term Targets
Response to climate change	GHG emission reduction rate (base year: 2018)	(From the base year) Scopes 1 & 2: 17.9% reduction Scope 3: 23.3% reduction <div style="border: 1px solid black; padding: 2px; display: inline-block;">Scope of calculation Scopes 1 & 2: All consolidated companies Scope 3: All companies nationwide</div>	(From the base year) FY4/2031 Scopes 1 & 2 50% reduction in total Scope 3 20% reduction in total <div style="border: 1px solid black; padding: 2px; display: inline-block;">FY4/2051 Scope 1-3 Carbon neutral Scope of calculation: All consolidated companies</div>
Conservation of water resources	Water use intensity reduction rate (base year: 2018) *Water use per 1 kL of production	5.5% increase (from base year)	FY4/2031: 16% reduction (from base year)
Biodiversity conservation	—	Analysis based on TNFD recommendations, deliberation of countermeasures	Conservation and restoration of biodiversity
Container packaging and resource recycling	Recycled material usage rate for all PET bottle products	36%	FY4/2031: 100%

Environmental Initiatives through *Oi Ocha*

We implement a variety of initiatives to reduce environmental toll and promote resource recycling at each stage from farms to manufacturing, logistics, sales, and consumption of *Oi Ocha* and other beverages.



Response to Climate Change (Efforts to Reduce GHGs)

In FY4/2024, Group GHG emissions totaled 1,481,000 t-CO₂ for Scopes 1, 2, and 3 combined (down 23.0% from the base year*), 77,000 t-CO₂ for Scopes 1 and 2 (down 17.9% from the base year), and 1,404,000 t-CO₂ for Scope 3 (down 23.3% from the base year).

*Base year: FY4/2019 *Scope: Scopes 1 and 2 cover all consolidated companies; Scope 3 covers all domestic companies

Measures to reduce Scope 1 and Scope 2 emissions

◇ Switch to electric sales vehicles

We are working to reduce fuel consumption by optimizing sales routes and promoting eco-friendly driving at all locations while also switching over to electric vehicles (hybrid vehicles and electric vehicles, etc.) that emit less GHG.

The ratio of electric vehicles in the Company fleet reached 9.7% in FY4/2024. To achieve a 50% electric vehicle usage ratio (FY4/2031), we introduced the industry's first EV Bottle Car (with lightweight panels made from used tea leaves) in FY4/2024, rolling it out at sales locations in the Tokyo area.

◇ Promoting energy conservation and transitioning to renewable energy

Starting in January 2023, we installed solar power generators at the ITO EN Kobe Factory, which is able to produce approximately 10% of total power consumption in the factory. To achieve a Company-wide renewable energy ratio of 100% (FY4/2031), we will set a priority level and promote the transition to renewable energy.

ITO EN Group Code of Conduct/Policies (Environmental Policy) ▶ <https://www.itoen-global.com/company/policy.html>

ITO EN Group Medium- to Long-Term Environmental Goals ▶ <https://www.itoen-global.com/sustainability/materiality/environment.html>

Measure to reduce Scope 3 emissions

Scope 3 accounts for more than 95% of Group GHG emissions, with more than 80% of this being in Category 1 (raw material/ material procurement, manufacturing, etc.), and so we are promoting measures to reduce GHG emissions and water use.

◇ **Materials**

In addition to reducing PET bottle weight, increasing label-free products, and switching to environmentally friendly materials such as plant-derived biodegradable materials and reusable containers, we promote resource recycling with a goal of using recycled materials in all PET bottle products by FY4/2031, which reduces GHG emissions 60% compared to containers made from 100% virgin resources. (Refer to pp. 46–47 Sustainable Containers and Packaging)

◇ **Logistics**

In addition to improving logistics efficiency using block production, we work to expand mixed delivery of beverage and leaf products as well as on partnership with other companies. Furthermore, since we outsource almost all beverage manufacturing to partner companies, we will exchange quantitative and qualitative data through supplier engagement and reflect this in future measures to reduce GHG emissions.

(Refer to pp. 48–49 Contribution to a Sustainable Supply Chain)

Water Resources Response

Water resources are the primary ingredient in beverages and are vital to crop growth and production processes. In beverage production, we are working to reduce water usage at manufacturing contractors, promote recycling, and ensure proper wastewater management. We analyze water-related risks, such as drought and flood risks, at our own business locations and the factories of our manufacturing contractors as well as contracted warehouses, implement an in-house Business Continuity Plan (BCP) and verify BCP measures at suppliers as part of our engagement.

Furthermore, we conduct water source conservation efforts in partnership with manufacturing contractors, focusing on factories with high production volume and those in areas with relatively high drought and flood risks. (Refer to p. 48 Water source conservation activities)

Reducing Water Usage at Beverage Manufacturing Contractors

TOPICS

The NS* System, a beverage filling method developed jointly with Toyo Seikan Co., Ltd. exclusively for ITO EN, uses hot water instead of chemicals to sterilize PET bottles, making it possible to recycle both hot water (sterilization water) and rinse water.

Water recycling in the bottle cleaning process

NS line	Aseptic
<p>Recycling possible because no chemicals are used</p> <p>Bottle cleaning → Rinsing → Filling</p> <p>Hot water recycling (circular arrow)</p> <p>Water recycling (circular arrow)</p>	<p>Rinse water cannot be recycled as it includes chemicals</p> <p>Bottle cleaning → Rinsing → Filling</p> <p>Chemical water recycling (circular arrow)</p> <p>Rinsing (circular arrow with a red X)</p>

In recent years, we have worked with suppliers to reduce hot water usage by roughly 70% while maintaining safety under strict quality control. NIHON CANPACK CO., LTD. and TOYO PACK KIYAMA Co., Ltd. have also helped to reduce water use by sterilizing preforms (PET bottles prior to being inflated).

*NS stands for "Non-Sterilant"

Natural Capital and Biodiversity Conservation

The TCFD and TNFD Report, which sets forth an integrated approach to climate change, was released in July 2024. In FY4/2024, the first year of this effort, we conducted LEAP analysis in reference to TNFD v1.0 in which we analyzed tea farms as well as neighboring natural environments and water risks in the cultivation of green tea, the raw material for the Group's main products. As a result, we identified important biodiversity conservation areas near certain tea farms and came to understand dependencies and impacts on natural capital and biodiversity, including potential soil degradation through leaching and increased GHG emissions caused by overuse of chemical fertilizers and pesticides.

Based on these analysis results, we reaffirmed that climate change and natural capital and biodiversity are closely interconnected and require an integrated approach.

In addition to maintaining 100% GAP certification, we are working to boost control of proper fertilizer levels through agricultural DX promotion, carbon sequestering through biochar distribution, and the promotion of organic farming. (Refer to pp. 41–42 Contribution to Sustainable Agriculture)

We will continue considering countermeasures in partnership with tea producers and external organizations while expanding and deepening the scope of analysis based on the TNFD recommendation framework.

We also participate in the Ministry of the Environment's 30by30 Alliance for Biodiversity.



Sustainable Containers and Packaging

The ITO EN Group proactively engages in activities for the 3Rs (Recycle, Reduce, Replace & Reuse) based on the ITO EN Group Policy on Containers and Packaging and the ITO EN Group Policy on Plastics.

Amid such urgent global issues as climate change and marine plastic waste, corporate responses to problems involving plastics have grown increasingly complex. The ITO EN Group will promote further efforts to use resources effectively and reduce the environmental toll throughout the product lifecycle starting with the design stage to help build a circular economy and reduce GHG emissions.

TOPICS Compliance with EU Regulations on Containers and Packaging

In May 2024, we began selling *Oi Ocha* Green Tea (330 mL paper container with tethered cap) with caps that remain attached after opening to comply with regulations on plastic beverage containers mandatory in the EU starting in July 2024. (Refer to pp. 21–22 International State of Affairs and Future Strategy)

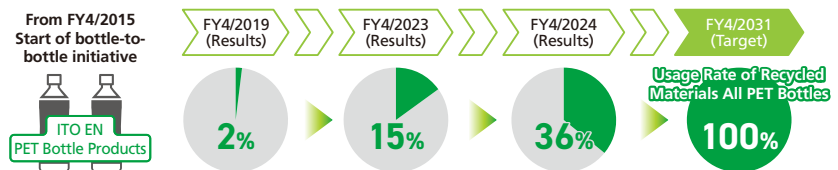


Recycling (bottle-to-bottle)

The ITO EN Group aims to achieve a 100% recycled material usage rate* for all PET bottles by FY4/2031 and is promoting horizontal recycling of these PET bottles (bottle-to-bottle).

To achieve this goal, we proactively work to promote bottle-to-bottle recycling in partnership with businesses and local governments and raise consumer awareness on proper waste separation. This has resulted in a 36% recycled material usage rate in FY4/2024.

*Includes recycled materials and bio-derived materials



TOPICS

Expanding the Bottle-to-Bottle Initiative in Partnership with Businesses and Local Governments

Starting in the summer of 2024, we began bottle-to-bottle recycling initiatives in partnership with such companies as TOEI COMPANY, LTD. (Tokyo) and SHIMA SPAIN VILLAGE CO., LTD. (Mie Prefecture) to recycle PET bottles collected from their facilities. We will conduct awareness activities such as displaying recycling posters for visitors at vending machines and empty container collection boxes installed in facilities.

We have also signed bottle-to-bottle partnership agreements with local governments that support horizontal recycling of used PET bottles from households.

In Himeji, Hyogo, we conducted awareness efforts on waste sorting and resource recycling through a cleanup activity joined by roughly 300 participants, including the mayor and local organizations, in April 2024. We set up booths where participants could try sorting in a way that was fun and had them separate caps, labels, and bottles into three categories after having consumed *Oi Ocha* distributed as a heat prevention measure.



Flow chart of horizontal recycling with TOEI Company



Sorting boxes set up during the Himeji City cleanup effort

TOPICS

Label-to-Label Proof-of-Concept

We are conducting a label-to-label* horizontal recycling proof-of-concept experiment in the area around Kumagaya, Saitama, collecting shrink labels used for Kumagaya-exclusive *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea) packages through mass retailers and events in the city to recycle them as resources for new labels.

*Removing printed designs from used shrink labels or labels discarded in the manufacturing process and recycling them into new labels



Label collection at stores



Reduce & Replace

We work on environmentally friendly design by reducing material weight, creating thinner packaging, switching to efficient shapes and alternative materials, and making products more compact.

For example, by reducing the outer box of our main tea bag product *Oi Ocha* Premium Tea Bag Uji Matcha Green Tea 50 Bags by 25 mm and switching the individual packaging from plastic to paper, we have reduced annual plastic usage by approximately 40 tonnes.*

*Based on FY4/2023 results



Voice

Reducing Plastic Use in Vending Machines

By switching from conventional 3D plastic dummies to flat card dummies, we reduced plastic use by 27.2% in FY4/2024 (base year: FY4/2019) while streamlining operations. We have also built a resource recycling system where we upcycle unneeded 3D dummies into plastic files for use as employee office supplies.



Keita Ueda
Group Leader, Sales Promotion Section,
Vending Machine Department

Resource Recycling Efforts (Used Tea Leaves Recycling System)

In addition to being repurposed for fertilizer and feed, used tea leaves generated during the manufacturing process of *Oi Ocha* and other tea products are used in the Used Tea Leaves Recycling System established in 2001 as industrial materials to develop new products formulated with tea leaves. Currently, roughly 100 different products, including upcycled products that utilize the deodorizing and antibacterial properties of used tea leaves, have been developed.

Used tea leaves output 58,000 tonnes annually*



*FY4/2023

Used Tea Leaves Recycling System technology developed to store and transport used tea leaves that contain moisture at room temperature
Used tea leaves used to sequester CO₂ and as alternative raw materials to limited resources

Used tea leaves upcycled* into daily necessities and more in addition to fertilizer and feed

*Giving new value to items slated for disposal by transforming them into different products



*Barley tea and coffee silver skin also upcycled in addition to green tea

TOPICS

Recycling Used Coffee Beans (Initiatives at Tully's Coffee Japan)

In July 2023, Tully's Coffee Japan began an initiative where employees collect and recycle used coffee beans at certain cafes to improve food recycling rates.

Currently, the collected beans are reused as feed, but going forward, we aim to build a recycling loop by developing and selling menu items using pork and chicken raised on this feed.



Contribution to a Sustainable Supply Chain

The ITO EN Group employs a fables method, outsourcing the manufacturing of beverage products to partner factories. For this reason, a robust partnership with suppliers is a crucial asset and foundation for the ITO EN Group in enabling the swift and sustainable delivery of safe and reliable products to our customers. To enhance resilience against risks such as abnormal weather, which have become more apparent in recent years, and to ensure transparency in social and environmental aspects, including respect for human rights, we are collaborating with

our suppliers based on the ITO EN Group Fundamental Supplier Policy, the ITO EN Group Procurement Policy, the ITO EN Group Human Rights Policy, and other related policies.

As *Oi Ocha* expands globally, we must implement international supply chain management, incorporating overseas manufacturing contractors and logistics networks. We will deepen our collaboration with suppliers both domestically and internationally to establish a sustainable supply chain.

ITO EN Group Code of Conduct/Policies ▶ <https://www.itoen-global.com/company/policy.html>

KPI



Strengthening Supplier Engagement

To achieve sustainable profits for both our Company and our suppliers, while addressing social and environmental issues, we are enhancing our engagement with our suppliers. Simultaneously, we are dedicated to rigorous quality control and traceability, ensuring excellence from the procurement of raw ingredients through to the delivery of our products to customers.

Supplier evaluation

We are dedicated to continuously enhancing quality through traceability audits, on-site inspections, and regular quality meetings, based on various policies. Our initiatives encompass areas such as product quality, fair procurement, human rights and labor practices, environmental sustainability, and legal compliance.

Implementing quality meetings and an environmental quality meeting

In FY4/2024, we conducted ten quality meetings with various parties, including manufacturing contractors, raw materials suppliers, and material manufacturers. In these meetings, we presented the results of the supplier evaluation on quality, and provided feedback from the environmental and human rights surveys. Additionally, we outlined our future plans.

In March 2024, as part of a new initiative, we conducted an environmental quality meeting with the individuals responsible for facilities and environmental management of each beverage manufacturing contractors. We asked each company to present their implemented energy-saving measures and policies for reducing water consumption, and such initiatives. Additionally, we promoted environmental initiatives by sharing expertise and best practices among suppliers. We will continue to organize these events in the future and promote initiatives across the supply chain to achieve the ITO EN Group Environmental Goals.

Water source conservation activities

We are working with our beverage manufacturing contractors to reduce water usage and to protect the water sources near our production sites.

As an example, we worked with NIHON CANPACK CO., LTD. in November 2023 and Gold Pak Co., Ltd. in June 2024 on forest conservation activities in collaboration with local governments, and our employees actively participated in these initiatives. We are committed to forest conservation activities that lead to the preservation of water sources around factories. Our initiatives include thinning to improve the forest environment and to maintain and nurture healthy forests, as well as mowing and sludge removal to enhance river environments, improve vegetation, and restore and maintain ecosystems. We will continue our water source conservation activities to ensure the sustainable use of water resources in the future.

Feedback from suppliers who attended the environmental quality meeting

It clarified the progress of Medium- to Long-Term Environmental Goals and the prioritization of our initiatives.

It conveyed their determination to promote environmental initiatives as "Team ITO EN Group."



At the environmental quality meeting

We listened to the good practices of other participating companies and it made us want to apply them to our company.



Collaborative water source conservation activities with contracted manufacturing factories

Commitment to Safety and Security as well as Thorough Quality Control

The ITO EN Group has established rigorous quality control systems to ensure the safety of its products, from product design, raw ingredients and packaging materials to manufacturing and distribution. The initiative is being driven by the ITO EN Quality Control Department in collaboration with the Group's in-house factories, group company factories and partner factories.

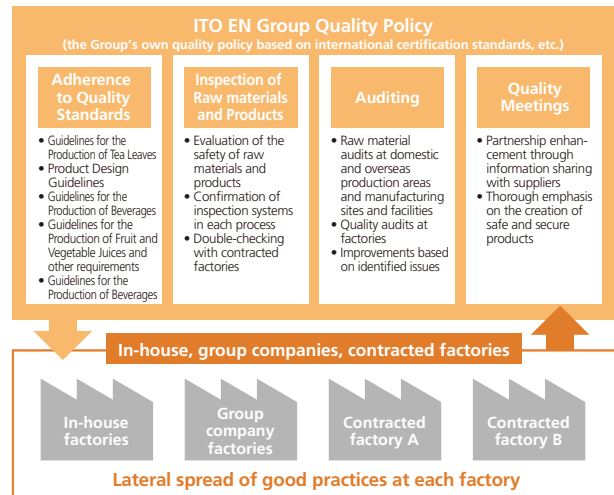
Thorough quality control

ITO EN has implemented a traceability system for its green tea products, including beverages and tea leaves. This system records and stores information about the history and inspection results at every stage, from the tea farm and farmers to the final product shipment. This system allows for the tracking and verification of specific ingredients and products. We conduct comprehensive inspections of all lots and products, including tea leaves and water used as ingredients. To ensure the safety and reliability of our products, we start our inspections at the raw ingredients stage, checking for residual agricultural chemicals.

To eliminate the possibility of foreign material contamination during manufacturing, we diligently carry out thorough measures. This includes clarifying the rules for entering the manufacturing line, preventing foreign material from being brought in through work clothes, implementing measures to prevent foreign material contamination from raw materials and introducing metal detectors and X-ray inspection machines.

We have established the quality control systems, with more than 95% of our domestic beverage and leaf manufacturing factories acquiring international food safety certifications, including FSSC 22000 certification. The products are manufactured in factories that meet ITO EN's quality control standards, and regular factory audits and quality meetings are held to ensure that our products are safe and secure.

ITO EN Group quality control system

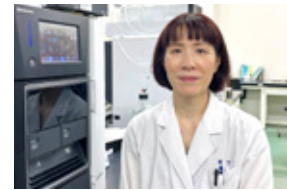


TOPICS

Obtained international standard certification ISO/IEC 17025* for catechin analysis (December 2023)

The accreditation scope covers quantitative testing of the eight types of catechins found in green tea products, including both beverages and leaves. We have been using our catechin research findings to develop products till now. Moving forward, we will enhance our technical capabilities to provide our customers with more accurate results, advance research into the functionality of catechins, and strengthen our efforts to ensure the safety and reliability of our products.

* This standard is used by third-party certification organizations to verify whether a testing laboratory has the capability to produce accurate analytical results. This global standard establishes the requirements for testing laboratories that conduct product inspections, analysis, and measurements. In recent years, there has been a growing trend among global companies in the distribution, retail, and food service industries to promote the acquisition of this certification.



Masako Yorishita
S IV, Section 2 2nd Quality Control Department

Addressing the 2024 Logistics Problem (Approaches to Improving Logistics)

Relay transport initiatives

In FY4/2024, to address the issue of extended working hours due to long-distance transport, we introduced a "relay transport system" between the Kanto and Kansai regions and restructured our logistics system. In addition to ensuring a stable supply of products, we have enhanced working conditions by enabling drivers to work during the day and return home at nights. We are also enhancing our logistics system that segments the country into five production and logistics zones by establishing new consignment warehouses in Hokuriku and shortening delivery distances to consumption points to reduce transportation energy.

Joint transportation initiatives

Together with NISSIN FOOD PRODUCTS CO., LTD., we have established a "round trip logistics" system. The ITO EN tea leaves are transported on the outward journey and NISSIN FOOD PRODUCTS instant noodles on the return journey. This is the first time that both companies have collaborated on a daily joint transport service. By implementing this initiative, we anticipate a reduction in the number of trucks used by approximately 19% compared to conventional transport. Additionally, CO₂ emissions are expected to decrease by around 17%.

We will continue to work with our logistics partners to build efficient logistics systems that consider societal and environmental impacts, with the goal of achieving sustainable logistics.

Voice

From the Suppliers

To address logistics challenges, we collaborated with ITO EN to streamline the logistics routes that necessitate long-distance and extended-hour driving. By leveraging the logistics networks of Tohun and ITO EN, we implemented a relay transport system. This innovation has decreased the workload and time drivers spend on the road, while simultaneously improving transport quality and safety. We will continue to collaborate with ITO EN to create a sustainable logistics system.



Motoyuki Kai
General Manager of the Chubu Business Division, Tohun Co., Ltd.

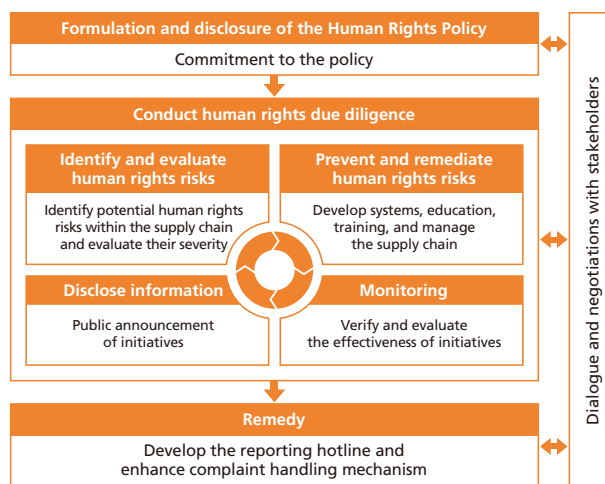


(right) Masahiro Fukai, Managing Director, NISSIN FOOD PRODUCTS CO., LTD.
(left) Yutaka Endo, Executive Officer, ITO EN

Advancing Initiatives to Promote Respect for Human Rights

Respect for Human Rights / Basic Approach

Respect for human rights forms the foundation of the ITO EN Group's management principle, "Always Putting the Customer First," and underlies all of its business activities. In accordance with the United Nations Guiding Principles on Business and Human Rights, the ITO EN Group has formulated policies, including the Human Rights Policy and Fundamental Supplier Policy, to encourage respect for human rights and achieve sustainable supply chain management. Our framework, overseen by the Chief Human Resources Officer (CHRO), who is responsible for promoting human resources and human rights, is centered around the Risk Management Committee, an advisory body to the Board of Directors. We also engage in conversations with stakeholders, including human rights experts and external organizations, to promote initiatives that address social and environmental issues.



Human Rights Due Diligence

The ITO EN Group conducted a workshop on human rights due diligence risk assessment for key department managers in April 2023 in collaboration with the Caux Round Table (CRT) Japan Committee and identified potential human rights issues and affected rights holders throughout the entire supply chain. Based on these insights, we identified high-priority themes. In June of the same year, we conducted interviews with foreign workers* and Japanese managers at two agricultural corporations involved in the Tea-Producing Region Development Project and our Shizuoka Sagara Factory, to understand the working environment of foreign laborers. In September 2024, a follow-up monitoring was conducted for two agricultural corporations.

We will broaden the scope of human rights due diligence and strengthen our dedication to advancing human rights.

*Total of four technical intern trainees and specified skilled workers at the agricultural corporations, and nine specified skilled workers at Shizuoka Sagara Factory



Conducting human rights due diligence with tea farmers
© Caux Round Table (CRT) Japan Committee

Remedy

In line with the United Nations Guiding Principles on Business and Human Rights, we have established the ITO EN Group Supplier Hotline to ensure access to relief within the supply chain. This hotline is dedicated to employees of suppliers, key partners

of the ITO EN Group, providing them with support and guidance on matters such as employment and working conditions, compliance, and business transactions with the ITO EN Group.

ITO EN Group Supplier Hotline ► https://www.itoen-global.com/sustainability/materiality/supplychain/human_rights.html#section05

Implementing In-House Education on Human Rights Awareness Activities

Human rights awareness activities for management and employees

The ITO EN Group ensures that its Human Rights Policy is effectively implemented by providing essential education and training. In 2023, we conducted training sessions specifically for the management and managers of each ITO EN Group company, featuring lectures by experts in business and human rights. As part of our compliance training for employees, we ensure that topics such as power harassment and sexual harassment are thoroughly addressed.

We are actively working to raise employee awareness and promote understanding of human rights in local communities through our efforts to respect human rights in our business activities.



Promotion of Diverse Human Assets and Active Roles for All

In FY4/2025, we launched the new Medium-Term Management Plan. In order to achieve sustainable growth in light of changes in the business environment, it is essential to expand our human capital, which is the key to the organizational foundation. While drawing up a medium- to long-term vision of our human resources and organization, we recognized the gap between the current situation and issues, and will work on enhancing our various systems and education, and strengthening human resource development.

Development of Management Personnel Who Can Play an Active Role Globally

The core growth strategy of the new Medium-Term Management Plan is overseas business. To date, we have established group companies in North America, Indonesia, Australia, and other countries to serve as business bases. In addition, in April 2024, we established new group companies in Vietnam and Germany, and in Germany, we have started local production of *Oi Ocha* for Europe at local manufacturing contractors. In preparation for the establishment of such a system of product development, local production, and sales, and the horizontal expansion in other countries in the future, it is a pressing issue to develop management personnel.

Management personnel who lead overseas business are not necessarily fluent in the language, but should be generalists who are well versed in quality control, manufacturing, and marketing, and above all, who play the role of passing down the Group's management principles, *Oi Ocha*, and Japanese culture. We also need specialists who are familiar with the laws, regulations and circumstances of each country, and who can deal with global issues such as laws, intellectual property, and DX. We will develop such human resources within the Company without relying on experienced people from outside the Company.

In particular, the overseas training system, where employees work for a certain period of time at overseas Group companies, aims to develop human resources who will lead overseas business in the future. Like the managers of new group companies in Vietnam and Germany, people with experience in the system are starting to have a track record of becoming managers of overseas bases one after another. We will use this as a role model to advance human resource development.

Responding to Changes in the Business Environment and Revitalizing Human Resources in Japan

In Japan, we have grown with the characteristics of route sales, where sales staff conduct business negotiations, product delivery, and create sales floors, and the nationwide sales base network. However, in recent years, the business environment has changed. In our company, we are seeing changes such as an increase in sales opportunities that do not carry products in-house, as in e-commerce, and an increase in the need for digital transformation (DX) that makes full use of digital technology. Under the new Medium-Term Management Plan, we will promote the restructuring of domestic sales systems and the optimization of supply chains in response to changes in the external and internal environment, such as the spin-off of the



Atsushi Hirata

Director and Senior Managing Executive Officer
General Director of Administration Headquarters and
CHRO with responsibility for Internal Control and Compliance

Hokkaido beverage sales business and directly managed store divisions. We will increase opportunities to take on challenges through such different sales systems and personnel exchanges within the Group and promote DX, which will lead to improved engagement and productivity.

Fostering Individuals Capable of Self-Driven Personal Development

In order to become a Global Tea Company as a Health Creation Company, we need to become a group of individuals capable of self-driven personal development and become an organization that continuously embraces challenges in the pursuit of its vision. Individuals capable of self-driven personal development are those who can understand changes in the environment, actively gather information, think about countermeasures, and make timely and accurate decisions and take on challenges. In FY4/2025, we expanded our career support systems, including the establishment of the Job Trial System, the In-House Free Agent (FA) System, and the Skill Bank System. If various systems, including existing systems, can support the fulfillment of the "purpose of work" that each employee has and the realization of their "vision," it will be valuable for both employees and the Company.

The most important thing in developing human resources is for managers to understand the job satisfaction, feelings, and issues of each member employee through daily communication and regular interviews. Managers need to be mindful of improving employee engagement, and encourage individual employees to take advantage of personal development and career support programs. As the CHRO, I will focus on education for managers and management personnel who can take into account such considerations, envision the ideal form of human resources and the organization, and contribute to growth.

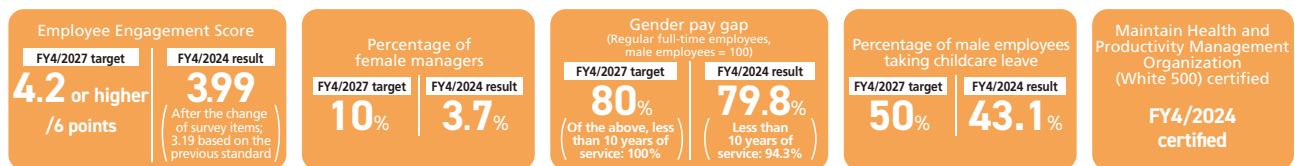
Raising wages that reward the efforts and contributions of employees, as well as human resource development and training costs for business growth, are necessary "human capital investments" over the medium to long term. Going forward, we will continue to develop human resources that are aligned with management strategies so that not just one employee can move forward 100 steps, but 100 employees can move forward even a half step or whole step, and that the growth of employees will strengthen the organization, achieving the Medium-Term Management Plan, and realizing the Global Tea Company of the future.

Human Resources Vision and Strategies Aligned with the Management Philosophy and Management Strategy

The ITO EN Group implements human resource management measures by examining the ideal human resources and human resource strategies in conjunction with the long-term vision, Code of Conduct, and management strategies contained in the management principle and philosophy.



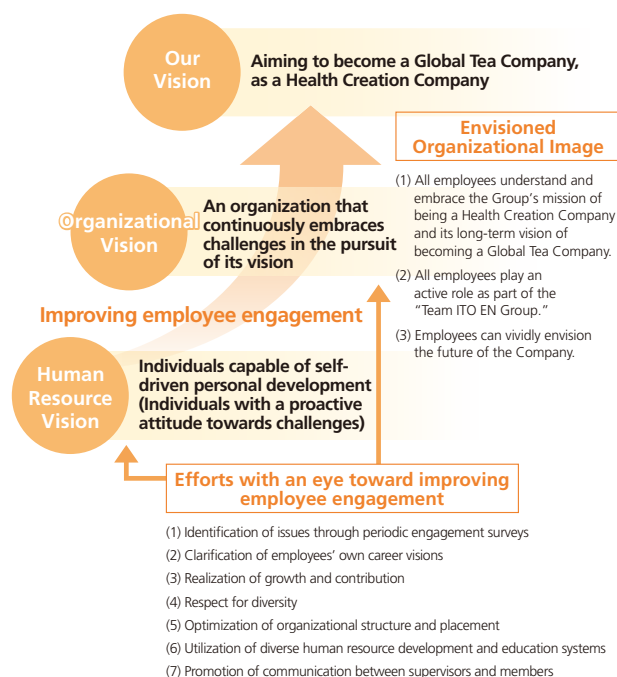
Promotion of Diverse Human Assets and Active Roles for All KPIs (ITO EN non-consolidated)



Toward Improving Employee Engagement

In order to recruit and develop individuals capable of self-driven personal development, to grow and demonstrate their potential, and to realize the vision of the organization and the Company, it is important to improve engagement. We need an organizational culture and work environment that allows each employee to feel motivated, act energetically, and demonstrate their individual abilities to the fullest.

In FY4/2024, our annual awareness survey was conducted based on six indicators (company, job, workplace, supervisor, members, and self), with a partial change in the items related to employee engagement. As a result, the ITO EN Group's mission and long-term vision were understood by and penetrated among all employees under the principle "Always Putting the Customer First," and empathy grew. In line with the Company's movements, there has been a change in employees' motivation to contribute and take on challenges to grow together as individuals and as the ITO EN Group. In order to further improve engagement, we will continue to promote various initiatives, such as strengthening feedback so that employees can visualize their careers, gain a sense of growth and contribution, and optimize the organization and allocation.



Six Indicators of Employee Engagement (new standard from FY4/2024)

Company	Job	Workplace	Supervisor	Members	Self	Average
Shared philosophy Penetration	Enthusiasm Sense of satisfaction	Willingness to contribute Challenge and autonomy	Trust Mutual support	Trust Mutual support	Sense of self-growth Self-efficacy	Employees Engagement
4.21	3.39	4.10	4.08	4.08	4.09	3.99

Creating a Workplace That Respects Diversity and Allows All Employees to Play an Active Role

The ITO EN Group works to create workplaces where diversity is respected, through mutual recognition and acceptance of diverse values regardless of gender, nationality, age, career stage (mid-career hiring, etc.) or disabilities. Workplaces where diverse human resources can play active roles according to their individual abilities and aptitudes, interlinked with improvement of employee engagement, revitalize the business and contribute to the creation of new innovations. In addition, the concept of “merit-based” is the basis for all employees’ activities, in which opportunities are equal to each employee and evaluations are conducted fairly.

Active participation of women

We have formulated a fourth-phase action plan (May 2023–April 2027) based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, and are driving initiatives that promote active participation for women. The Group as a whole provides female employees with opportunities to reach their full potential and to reconsider and shape their career/life plan to advance further in the workplace. The Company is also translating the provision of rank-based training for female employees into improvement in the engagement and the retention rate of female employees, stronger support to help them maintain a work-life balance, and increased female leadership and manager training.

Encouragement of men to take childcare leave

Male employees are encouraged to take childcare leave with the intention of balancing life events and their careers to improve

work-life balance and productivity. We aim to achieve a 50% rate of male employees taking childcare leave by FY4/2027 (ITO EN non-consolidated).

Promotion of employees with diverse skills and experiences

The ITO EN Group encourages the participation of employees with specialized skills, such as lawyers, accountants, and nutritionists, as well as those with diverse experiences, including mid-career hires and cross-company or government-related personnel exchanges. In addition, we have established a system that allows employees who wish to work until the age of 70 to contribute their accumulated experience, knowledge, and expertise to the next generation, and are committed to establishing mechanisms that enable them to play an active role, promoting a lively and healthy working environment.

Optimization of Organization and Staffing

By understanding the experience, abilities, and career vision of each employee and realizing the right person in the right position, we will contribute to the improvement of engagement, the revitalization of employees and the organization, and the sustainable growth of the business. To this end, we believe that strategic allocation and development of human resources across the Group is essential, and we are working to build a system for human resource exchange that allows employees to play an active role across the Group by visualizing Group human resource information, making the most of employees’ experience and abilities.

Health and Productivity Management, Occupational Health and Safety

To ensure that each employee can continue to work in a healthy, safe, and energetic workplace environment, we have established a system to address and improve the mental and physical health of employees and occupational health and safety issues from the perspective of health and productivity management. In 2024, for the third consecutive year, we have been certified a Health and Productivity Management

Organization (Large Enterprise Category) - White 500.



Human Resources and Organizational Management as Group Management

The Human Assets Strategy Committee, chaired by the CHRO, shares the human resources systems of each Group company and examines issues to be addressed by the Group as a whole in order to promote the management of human resources and organizations as group management under the “Team ITO EN Group.”

In addition, we will promote personnel transfers and personnel exchanges between ITO EN Group companies, improve the capabilities and knowledge of employees, share information, and take action to make improvements, to enhance the Group’s organizational strength and synergies.

In FY4/2024, we established the Group Business Management Department within ITO EN to strengthen collaboration, improvement, and business management among Group companies in Japan and overseas. This department participates in the Board of Directors meetings and other meetings of each Group company, shares information and issues of each company, including human resources issues, and promotes initiatives to enhance the value of the Group as a whole.

TOPICS

Corporate Newsletter “Communi tea”

Through regular and timely dissemination of information, we introduce initiatives within the Group and the activities of employees. This is contributing to building momentum and improving employee engagement in the ITO EN Group.

Information dissemination via printed and online versions



In FY/2025, we are carrying out our plan to celebrate our 60th anniversary with the concept of “an Engine for the Future”

Human Resource Development and Education Systems Aimed at Realizing Our Human Resources and Organizational Visions

The ITO EN Group has a variety of systems that suit each individual's career path and purpose in order to realize the autonomous growth of employees and an organization that continues to take on challenges. In principle, each system recruits once annually, and employees who wish to take part do the course or undergo an examination or test.

Purpose	Name (main names are described)	Features
Training of management personnel and executives/general managers	Education and training of executives/general managers ITO EN Graduate School	<ul style="list-style-type: none"> Through training by external lecturers and cross-industry exchanges with external management and managers, students will acquire the perspective, knowledge, and leadership necessary as executives Aimed at ITO EN Business College graduates for the development of human resources who can become executives who can formulate strategies for those in management positions <p>*A total of more than 17,000 students have taken courses at ITO EN Business College and ITO EN Graduate School</p>
We will develop human resources who will support the Company in five to ten years from now	ITO EN Business College	<ul style="list-style-type: none"> Programs such as sales, finance, marketing, and global studies, and improve attainment of knowledge and problem handling skills through schooling and discussion
Cultivation of tea professionals and awareness of tea culture	ITO EN Tea Taster Business Skill Test	<ul style="list-style-type: none"> A system certified by the Ministry of Health, Labour and Welfare's in-house certification system. Implemented since 1994 Qualification holders: 19 Grade 1, 405 Grade 2, and 1,972 Grade 3 *As of May 2024
Development of human resources who can communicate the appeal of vegetables and fruits inside and outside the Company	ITO EN Vegetable and Fruit Meister System	<ul style="list-style-type: none"> Development of human resources who have knowledge of vegetables and fruit and can communicate the appeal of vegetables and fruit inside and outside the Company Qualification holders: 508 *As of May 2024
Improvement of barista techniques, knowledge of coffee, and customer hospitality	Tully's Barista Contest	<ul style="list-style-type: none"> Contest that improves motivation and establishes teamwork for all fellows and stores
Expansion of career options	Internal Recruitment System	<ul style="list-style-type: none"> A system that allows employees to take on the challenge of transferring to a department of their choice through training and interviews four times a year
	In-House Venture System	<ul style="list-style-type: none"> A system that allows employees to take on the challenge of starting an in-house business while working as an employee in order to create new businesses
	Job Trial System	<ul style="list-style-type: none"> A system that allows employees to experience a department different from their current one for a certain period of time (from FY4/2025)
	In-House FA System	<ul style="list-style-type: none"> A system that allows highly rated employees to autonomously express their desired career path (same as above)
	Skill Bank System	<ul style="list-style-type: none"> Support employees' success both inside and outside the Company by applying their various skills outside the Company (same as above)
Development of global human resources	Overseas Training System	<ul style="list-style-type: none"> Experience in working in overseas Group companies by being posted locally
Proposal of new products and plans	Voice System (internal proposal)	<ul style="list-style-type: none"> A system that allows proposals for new products, improvements to existing products, sales promotion, etc. (more than 20,000 proposals per year)
Development of DX human resources	System for assisting with obtaining qualifications	<ul style="list-style-type: none"> DX Points are awarded separately to those who have obtained IT-related qualifications in order to strengthen DX promotion. *A lump-sum payment is provided as "IT Support (OEN) Allowance" when a certain number of points are reached

Person with experience in the Overseas Training System

Hiroaki Murakami

Representative of ITO EN VIETNAM CO., LTD.

The company in Indonesia, where I was assigned as a trainee, was in a very difficult business situation at the time, and it was very difficult to make improvements, even though there were local employees. However, it was a good experience to participate in management, and it helped me to work overseas after that.

I think the company has a culture that allows us to take on challenges. I would like to take advantage of this system and develop overseas business together with many people.



Proposal adopters in the In-House Venture System

Yoko Mukaida

Manager of the New Business Promotion Section, General Planning Department, ITO EN, LTD.

Seeing the potential of the jasmine scent, I proposed the fragrance brand Crazy Jasmine as part of our In-House Venture System.

I am currently testing it at department stores for research, and I was surprised to see that there are so many Jasmine lovers. I am struggling alone toward commercialization.



About the product ▶

Winner of the Voice System (internal proposal) Grand Prize

Miyuki Inoue

ITO EN Customer Service Office, ITO EN, LTD.

The green tea beverage *Oi Ocha Maroyaka* (Fresh Aroma and Mild Taste) for Gen Z was awarded the prize. Praise for the proposed product presented to the Customer Service Office is greatly encouraging. The Voice system, which allows all employees to participate in product planning, is a meaningful system that brings out the creativity of employees and contributes to the sustainable growth of the Company.

I will continue to make proposals that capture STILL NOW.



Winner, Employee Fellow Category, Tully's Barista Contest

Ami Kato

District Manager, West Japan Company Store Group, Tully's Coffee Japan

(At the time of the award, Store Manager of the Tokorozawa Sakura Town Store)

I think the Barista Contest is a place that reminds us of our love for coffee, which is often forgotten in our day-to-day work, and what we want to deliver to our customers.

I also came to like Tully's Coffee more. I have changed jobs, but I would like to use this experience to be a supportive presence for my colleagues.



Deepening Ties with Local Communities and Society

Since its establishment, the ITO EN Group has grown through sales activities rooted in local communities through a nationwide network of sales offices, featuring route sales. “Deepening Ties with Local Communities and Society” is one of our material issues characteristics and strengths. In addition, local communities and society are also opportunities for material issues initiatives such as “Contribution to Dietary Habits and Health” and “Environment,” and value is created in conjunction with each material issue.

We will continue to work on business activities deeply rooted in local communities, aiming to create further value for both the Company and society.

Sales and Distribution System Rooted in Local Communities, Which Has Supported Our Growth in Japan

ITO EN has a comprehensive sales and distribution system closely tied to local communities. Leveraging our nationwide network of 177 sales offices*, our sales and distribution system caters to different channels, such as route sales, directly managed shops (90 shops), and e-commerce, as well as wide-area sales covering mass retailers, convenience stores, and corporate clients. In the route sales operation, sales representatives visit customers at mass retailers and vending machines, handling negotiations, delivery, and in-store displays as part of their integrated duties, closely engaging with customers and local communities.

Furthermore, as part of the ITO EN Group, Tully’s Coffee Japan is committed to the philosophy of “creating community cafes rooted in local communities” and has successfully opened 791 shops* across Japan.

* Number of business locations and shops as of April 30, 2024



Rebuilding the business structure in Japan to strengthen contact points between customers and local communities

Under the new Medium-Term Management Plan, we are rebuilding our business structure in Japan in response to changes in the population of trade areas and the business environment in each region in order to further strengthen the contact points with customers and local communities by leveraging the strengths of locally-based sales. In addition to Group-wide collaboration in the vending machine business and strengthening the mass retail business, in May 2024 we spun off the beverage sales business in Hokkaido to establish HOKKAIDO ITO EN LTD. (formerly Hokkaido Area Sales Headquarters). In August of the same year, we succeeded the retail and restaurant business of directly managed shops such as tea specialty shops and cafes to ITO EN FOOD SERVICE CO., LTD.

Based on the spirit of “STILL NOW” (what customers are still now dissatisfied with), we will build a system that enables employees on the front lines of sales and marketing to strengthen their contact points with local customers and enable swift decision-making and management decisions.



Create Health Value through Co-Creation with Local Communities

We have the advantage of route sales and mass retailer sales that take advantage of our nationwide network of sales bases, where employees are able to identify issues in the local community and respond quickly. As a Health Creation Company, we will address health, society, and environmental issues and create our customers’ mental and physical health, the health of society, and the health of the planet through product sales and campaigns.

Responding to health needs and diversifying lifestyles through product and sales floor proposals

We have an extensive lineup of products that contribute to the deliciousness and health of ingredients, such as unsweetened beverages, tea leaves, vegetable beverages, and *aojiru* (green juice) products. Our sales staff in each region propose products and sales floors tailored to the needs of each customer and region, contributing to the health and diet of our customers.

Voice

Contribute to Solving Local Health Issues

We support the Nagasaki Health Revolution Supporter System, which is being implemented by Nagasaki Prefecture to promote the health of residents in the prefecture. We are working to improve health issues and alleviate health concerns through campaigns using *Ichinichibun no Yasai* (a day’s worth of vegetables), a vegetable drink recommended by registered dietitians, in-store events, and dietary education seminars. I feel that our competitive advantage is that we can work with local communities to propose products and plans that address the health issues of our customers.



Daiki Nakano
Section 1 Group Leader,
Kyushu Mass Retailer
Department

We support environmental conservation and improvement activities throughout Japan through the sale of *Oi Ocha*

Through our *Oi Ocha* brand, we have been contributing a portion of the sales from our beverages and tea leaf products to environmental conservation activities in regions nationwide. * Local residents and company employees have actively participated together on initiatives including the “Make Lake Biwa Beautiful with Tea” initiative (launched in 2008) and the “Make Japan Beautiful with Tea” initiative (launched in 2010). Through co-creation initiatives with local communities, we contribute to the health of society and the health of the global environment. *The cumulative amount of donations from FY4/2011 to FY4/2024 was 432.35 million yen

TOPICS

Starting in FY4/2025, to spread the initiative “Make Japan Beautiful with Tea” overseas, we have appointed Shohei Ohtani as our global ambassador and launched the “Green Tea for Good” project, with a portion of the sales of *Oi Ocha* products used to carry out environment conservation activities. With the slogan “Make the World Beautiful with Tea,” we plan to expand our reach overseas. “Green Tea for Good” environmental activities will be implemented sequentially starting in Iwate Prefecture, Ohtani’s home prefecture, in August 2024.



Cleanup activities and aquatic life surveys of Nakatsu River in Iwate Prefecture

Local disaster response initiatives

In addition to concluding disaster response agreements with local governments in various regions, we also provide support such as the provision of products in the event of a disaster. After the Noto Peninsula Earthquake that occurred in January 2024, we provided products for safe and secure hydration and nutritional supplements to the people affected by the earthquake. We also have a track record of providing a place for residents to communicate and connect with each other through tea by holding seminars on how to prepare delicious Japanese green tea in temporary housing in disaster-stricken areas such as Tohoku and Kyushu. Going forward, we will continue to engage in initiatives that are close to the local community.

TOPICS

We have concluded a partnership agreement with the Japanese Red Cross Society, and donate part of the sales of *Kuromame Cha* (Black Soybean Tea), a health tea drink, to the Japanese Red Cross Society to support disaster prevention and mitigation efforts.



The agreement was signed in March 2024

Tea Taster Activities Contribute to Sustainability of Tea

The Group has established the ITO EN's Tea Taster System (launched in 1994), an internal certification system, where employees possess extensive knowledge of and expertise in tea culture and share it both within and outside the Company. Employees qualified under this system can be found throughout the country, regardless of their department or job position, and are engaged in activities to convey the appeal of tea and how to make tea to customers at schools, public facilities, companies, mass retailers, and so on. Through direct communication with customers, employees will contribute to improving sales capabilities of tea leaf products, passing down tea culture, and sustainability.



Certified as an in-house certification system by the Ministry of Health, Labour and Welfare in 2017 (Logo)



Voice

Passing on the Appeal and Culture of Tea to the Children of the Next Generation

We strongly feel the importance of passing on and disseminating the appeal of tea to children and young people through our products and food education activities. Therefore, we are participating in the Tea Education project led by the Ministry of Agriculture, Forestry and Fisheries, which recognizes the same issues as our Company. In Tea Education, we will continue to contribute to the development of tea culture and the tea industry by donating teapots to elementary and junior high schools and conducting on-site classes by certified Tea Tasters.



Eri Ohora
Section 5, Senior Staff,
Sales Promotion Department

Corporate Governance

Basic Views

The ITO EN Group's management priority is to fulfill its corporate social responsibility by actively cooperating with the government, local communities, consumers, shareholders, retailers, suppliers, financial institutions, employees, and other stakeholders, aiming for sustained corporate growth and the improvement of corporate value under the Group's management principle of Always Putting the Customer First. The Group's

basic views on corporate governance are in line with this management priority.

As a Health Creation Company that lives up to the trust placed in us by all our stakeholders, the Group will strengthen its corporate governance to achieve its long-term vision of becoming a Global Tea Company.

Corporate Governance Guidelines (revised on July 26, 2023)

▶ https://www.itoen-global.com/up_image/company/2023/Corporate_Governance_Guidelines_July_26_2023.pdf

History of Enhancing the Corporate Governance System

We are continuously enhancing our corporate governance system to make it more effective and transparent, as a foundation for supporting sustainable growth and medium- to long-term enhancement of corporate value.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization design						Established the Nomination & Remuneration Committee			Changed chairperson of the Nomination & Remuneration Committee and the majority of its members to independent outside directors	<ul style="list-style-type: none"> Shifted to the Prime Market Changed number of directors (35 or less → 20 or less) 	Transitioned to a company with an Audit and Supervisory Committee Changed number of directors (20 or less → 11 or less*)	
Rules, policy			Established the Corporate Governance Guidelines			Revised Corporate Governance Guidelines			Revised Corporate Governance Guidelines		Revised Corporate Governance Guidelines	
Directors, executive officers		Appointed independent outside directors				Changed contract format for executive officers (Employment type → delegation type)				Shortened terms of office for directors and executive officers (2 years → 1 year) Appointed a female director Appointed one-third or more directors as independent outside directors		
									Disclosed the skills matrix for Board of Directors			
Board effectiveness evaluation, officers' remuneration					Implemented evaluation of effectiveness of Board of Directors						Introduced a restricted stock compensation plan	

*Excludes Directors who serve as Audit and Supervisory Committee Members

Outline of Corporate Governance System

The Company transitioned to a company with an Audit and Supervisory Committee at the annual General Meeting of Shareholders held on July 26, 2023.

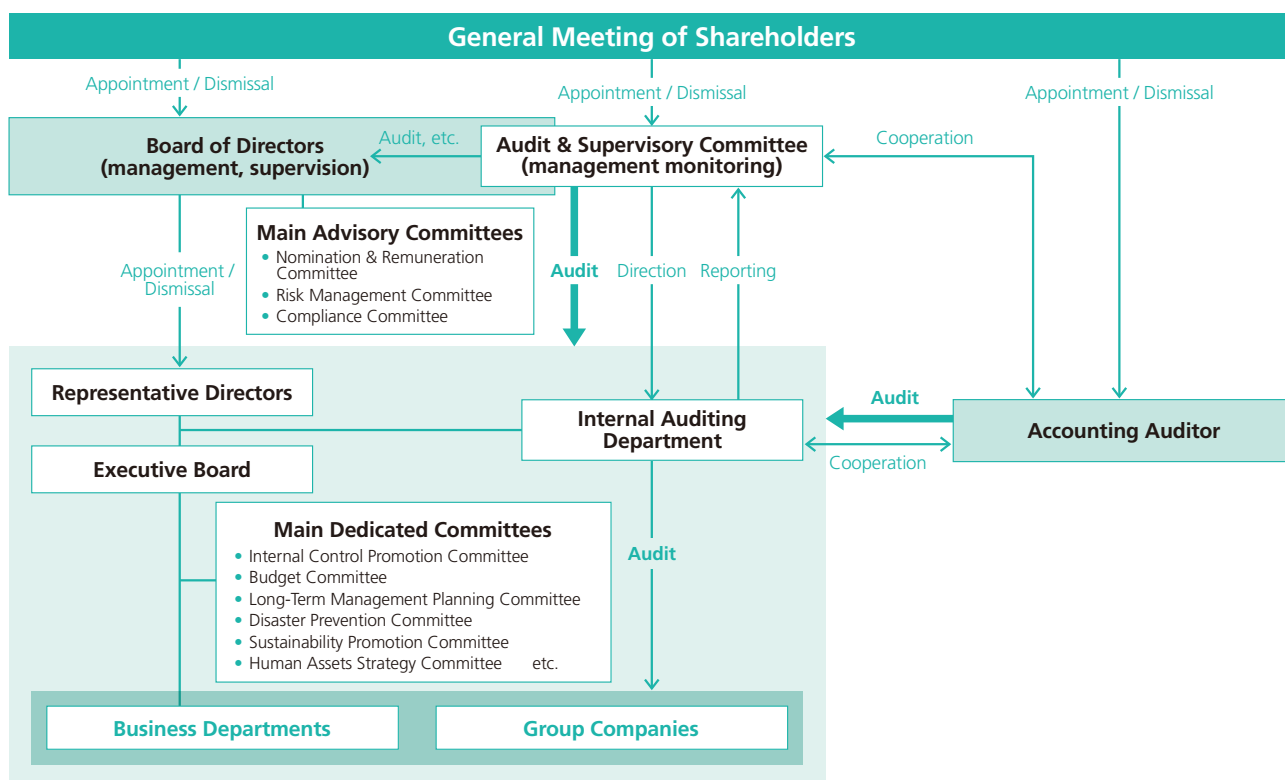
Directors who serve as members of the Audit and Supervisory Committee have voting rights at Board of Directors meetings. The aim of which is to enhance audit and supervisory functions.

We have introduced an executive officer system to speed up decision-making. Also, to enhance the objectivity and transparency of management, we have set up a Nomination & Remuneration Committee, composed of a majority of independent outside directors, as an advisory body to the Board of Directors.

Overview of the new system (as of July 26, 2024)

Organization Form	Company with an Audit & Supervisory Committee
Number of Directors as set forth in the Articles of Incorporation	15
Term of office of the Director as set forth in the Articles of Incorporation	1 year (Directors who serve as Audit and Supervisory Committee Members, 2 years)
Chairperson of the Board of Directors	President
Number of Directors	13
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Outside Directors designated as independent officers	5

Corporate Governance Structure (as of July 26, 2024)



Major Boards and Committees

Board of Directors

The Board of Directors holds a meeting once a month, in principle, to supervise the execution of operations by Directors, in addition to discussing and determining important matters such as the basic management policy and management strategies. In addition, five of thirteen Directors are Independent Outside Directors, and they take on functions to supervise and check the execution of duties from an independent standpoint.

Major agenda items at the Board of Directors meetings in FY4/2024

- Appointment and dismissal of senior managers and the nomination of directors
- Determination of remuneration for senior managers and directors
- Direction of the Company in terms of the Medium-Term Management Plan, management principle, management strategy, and changes to the corporate organization structure, etc.
- Execution of important business operations such as the establishment of affiliated companies, corporate spin-offs, and capital and business alliances
- Establishment of a Risk Management System
- Disclosure based on TCFD recommendations (results of scenario analysis, etc.), costs of environmental response, and disclosure and analysis based on TNFD recommendations, etc.

Audit & Supervisory Committee

At the annual General Meeting of Shareholders held on July 26, 2023, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee to strengthen the supervisory functions of the Board of Directors and enhance corporate governance.

Audit and Supervisory Committee Members attend all Board of Directors meetings and state their opinions objectively and fairly regarding the audit status of the whole company and individual matters. Under the audit policies of the Audit and Supervisory Committee, they audit the execution of operations by directors.

Also, Audit and Supervisory Committee Members conduct audits by confirming the sales situation and decision-making processes with the representative directors, directors in charge, executive officers or employees of Group companies.

Executive Board

The Executive Board consists of 23 executive officers. The purpose of the Executive Board is to discuss and make decision on important matters relating to management, based on the formulation of agenda items for the Board of Directors and the basic management policy decided by the Board of Directors, and to assist the Board of Directors and the Representative Directors in important matters regarding business operations. In principle, the Executive Board holds a meeting once a month to enhance the Board of Directors' supervisory functions and build a system for the agile execution of business.

Internal Auditing Department

The Internal Auditing Department reports directly to the President. The department conducts business management audits. Its main focus is the rationality and efficiency of business operations as a whole, compliance with laws, regulations and internal rules, and the effectiveness of the internal control and risk management systems.

Nomination & Remuneration Committee

The Company has a Nomination & Remuneration Committee which serves as an advisory body to the Board of Directors. The committee's main objective is to improve the independence and objectivity of the Board of Directors in the implementation of its functions and the Directors' accountability. The Nomination & Remuneration Committee is composed of five members (two inside Directors and three Independent Outside Directors). The chairperson is an Independent Outside Director. In FY4/2024, the committee discussed organizational changes, the remuneration policy for Directors, the appointment of officers

and remuneration. The committee reported the results of its discussions to the Board of Directors.

Sustainability Promotion Committee

The Sustainability Promotion Committee comprises 5 Directors and 21 other members. The Chairperson is the President. The committee aims to improve sustainability management. It builds and operates a system for promoting sustainability and determines and revises material sustainability issues and KPIs.

Main Dedicated Committees

The Company has 11 cross-functional dedicated committees under the Executive Board, including the Long-Term Management Planning, Human Assets Strategy, Internal Control Promotion and Product Risk Response Measure committees. They present improvement proposals when appropriate to the Board of Directors or Executive Board for company-wide issues in relevant fields.

Note: For information about the Risk Management Committee and Compliance Committee, advisory bodies to the Board of Directors, please refer to pp. 69-70.

Attendance at meetings of the Board of Directors and the Audit & Supervisory Board

Directors as of July 26, 2024	Members of the major boards and committees (FY4/2024)			Number of meetings attended in FY4/2024	
	Board of Directors	Audit & Supervisory Committee	Nomination & Remuneration Committee	Board of Directors	Nomination & Remuneration Committee
Hachiro Honjo (Director and Honorary Chairman of the Board)	○ Chairperson			12 times / 12 times (100%)	—
Daisuke Honjo (President and Executive Officer)	○		○	12 times / 12 times (100%)	8 times / 8 times (100%)
Shusuke Honjo (Executive Vice President, Representative Director and Executive Officer)	○		○	12 times / 12 times (100%)	8 times / 8 times (100%)
Yoshihisa Nakano (Director and Senior Managing Executive Officer)	○			12 times / 12 times (100%)	—
Shigeru Kamiya (Director and Senior Managing Executive Officer)	○			12 times / 12 times (100%)	—
Yosuke Jay Oceanbright Honjo (Director and Executive Officer)	○			12 times / 12 times (100%)	—
Atsushi Hirata (Director and Senior Managing Executive Officer)	○			12 times / 12 times (100%)	—
Hideo Takano (Outside Director)	○			12 times / 12 times (100%)	—
Keiko Abe (Outside Director) ¹	○		○	11 times / 12 times (91.7%)	6 times / 6 times (100%)
Kiyoshi Kondo (Director, Audit & Supervisory Committee Member) ²	○	○ Chairperson		10 times / 10 times (100%)	—
Yuichi Usui (Outside Director, Audit & Supervisory Committee Member)	○	○	○ Chairperson	12 times / 12 times (100%)	8 times / 8 times (100%)
Hitoshi Yokokura (Outside Director, Audit & Supervisory Committee Member) ³	○	○	○	10 times / 10 times (100%)	6 times / 6 times (100%)
Yoshihiko Okuda (Outside Director, Audit & Supervisory Committee Member) ⁴				—	—

1 and 3. The number of meetings and attendance of the Nomination & Remuneration Committee for Keiko Abe and Hitoshi Yokokura is for the Nomination & Remuneration Committee meetings held after their appointments on July 26, 2023.

2 and 3. The number of meetings and attendance of the Board of Directors for Kiyoshi Kondo and Hitoshi Yokokura is for the Board of Directors meetings held after their appointments on July 26, 2023.

4. Yoshihiko Okuda assumed the post of Outside Director and Audit and Supervisory Committee Member on July 26, 2024.

Audit & Supervisory Committee Members in FY4/2024	FY4/2024 Audit & Supervisory Committee ¹ Number of meetings attended
Kiyoshi Kondo (Standing Audit & Supervisory Committee Member)	9 times / 9 times (100%)
Yuichi Usui (Outside Audit & Supervisory Committee Member)	9 times / 9 times (100%)
Yutaka Tanaka (Outside Audit & Supervisory Committee Member) ²	5 times / 5 times (100%)
Hitoshi Yokokura (Outside Audit & Supervisory Committee Member)	9 times / 9 times (100%)

1. The Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee on July 26, 2023.
2. The number of meetings and attendance of the Audit and Supervisory Committee meetings for Yutaka Tanaka is for the Audit and Supervisory Committee meetings held before his resignation in December 1, 2023.

Evaluation of the Effectiveness of the Board of Directors

The Company has been analyzing and evaluating the effectiveness of the Board of Directors every year since FY4/2016, in an effort to improve its functioning.

(1) Evaluation method

- (i) Survey period: March–April 2024
- (ii) Subjects: All directors
- (iii) Evaluation method
 - Self-assessment by questionnaire
 - Individual interviews based on the results of the questionnaire
 - Tabulation and analysis of questionnaire and interview results

(2) Evaluation item

- (i) Size and composition of the Board of Directors
- (ii) Discussions of the Board of Directors
- (iii) State of operation of the Board of Directors
- (iv) Relationship with shareholders
- (v) Structure of, deliberations at, etc. of Nomination and Remuneration Committee
- (vi) Self-assessment

Results of evaluation and initiatives

Issues pointed out in the evaluation of the effectiveness of the Board of Directors in FY4/2023 <small>(from March to April 2023)</small>	<ul style="list-style-type: none"> The necessity of active discussion about medium- to long-term management strategies from ESG and sustainability perspectives, and of sharing and discussing the status of efforts toward the aim of becoming a Global Tea Company with domestic and overseas group companies
Initiatives in FY4/2024	<ul style="list-style-type: none"> CSO and CHRO appointed to promote cross-organizational management by theme Switched to a system where group company management attends the Sustainability Promotion Committee and various other committees
Evaluation of the effectiveness of the Board of Directors in FY4/2024 <small>(from March to April 2024)</small>	<ul style="list-style-type: none"> Regarding the size and operation of the Board of Directors, it was confirmed that the Board is sufficiently functioning in terms of its fulfillment of its managerial decision-making and supervising functions While the composition of board members is improving, continued initiatives are needed to improve diversity Regarding discussions, there is a free and open constructive atmosphere where people can speak freely, and each member actively participates in discussions The need for active discussion and regular progress updates about medium- to long-term management strategies from ESG and sustainability perspectives, and of sharing and discussing the status of efforts toward the aim of becoming a Global Tea Company with domestic and overseas group companies
Initiatives in FY4/2025	<ul style="list-style-type: none"> Share information on progress in the Medium-Term Management Plan and issues to address in the entire ITO EN Group to become a Global Tea Company Promote sustainability management throughout the ITO EN Group

The Company will seek to improve the effectiveness of the Board of Directors by continuing working to solve issues.

Outside Directors (as of July 26, 2024)

The Company has two Outside Directors (excluding Directors serving as Audit and Supervisory Committee Members) and three Outside Directors serving as Audit and Supervisory Committee Members. Outside Directors attend Board of

Directors meetings in a capacity that is independent of management. They work to enhance the effectiveness of management oversight by requesting clear explanations on Directors' execution of duties.

Name	Career	Audit and Supervisory Committee Member	Independent officer
Hideo Takano	Supervises management as an Outside Director, leveraging the extensive experience and knowledge that he has gained from his many years of work at The Tokyo Chamber of Commerce and Industry supporting the management of various enterprises.		○
Keiko Abe	Has extensive experience and expert knowledge as a professor at the University of Tokyo's Graduate School of Agricultural and Life Sciences and has been actively involved in research in the field of food functionality for many years. Provides useful opinions and advice in the field of R&D relating to medium- to long-term management based on her extensive experience and knowledge.		○
Yuichi Usui (Audit & Supervisory Committee Member)	Possesses extensive experience and broad ranging insights gained through his many years as a police officer, and has also had direct involvement in corporate management at a logistics company. He uses his diverse experience and knowledge in the management of the Company.	○	○
Hitoshi Yokokura (Audit & Supervisory Committee Member)	Possesses expert insight and extensive knowledge and experience as a certified public accountant and an attorney. He points out issues in accounting and legal affairs and conducts effective audits of management at the Company.	○	○
Yoshihiko Okuda (Audit & Supervisory Committee Member)	Possesses expert insight and extensive knowledge and experience as a tax accountant. He uses this wealth of knowledge and specialized experience to give advice about effective audits of management at the Company.	○	○

Message from the Newly Appointed Outside Director

Today, companies must respond to various business risks, including risks related to human capital, IT, and ESG, risks from changes in external or internal environments, and risks from changes to systems and regulations. Therefore, it is vital that companies do not overlook key risks.

I was involved in tax administration for many years, and after leaving that position, I have provided tax advice to companies and worked on audits at other companies. I want to leverage the expertise and experience I have gained to strictly supervise the management structure of the ITO EN Group and thereby contribute to increasing its corporate value.



Yoshihiko Okuda
Outside Director (Audit & Supervisory Committee Member)

Officers' Remuneration

Policy for determining the remuneration for Directors

The Company transitioned to a company with an Audit and Supervisory Committee on July 26, 2023. At a meeting of the Board of Directors held on the same date, it revised its policy for determining the remuneration for Directors as below.

Remuneration, etc., of Directors is deliberated by the Nomination and Remuneration Committee, which consists of a majority of Independent Outside Directors, to ensure objectivity and transparency in accordance with the Company's basic views on corporate governance and basic views on remuneration. The Board of Directors determines the remuneration for Directors, respecting the report by the Nomination and Remuneration Committee.

Basic policy

1. Remuneration shall be such that it is in compliance with the management principle of the ITO EN Group, "Always Putting the Customer First," and will contribute to sustained corporate growth and development and the enhancement of corporate value.
2. Remuneration shall be determined in proportion to the significance of Directors' roles and responsibilities and their contribution to the Company's business performance.
3. Remuneration shall be closely linked to the share price of the Company's stock, so that Directors share the value with the Company's shareholders and the remuneration serves as an incentive for management.
4. Remuneration shall be determined based on objective and fair deliberations and with references to external data.

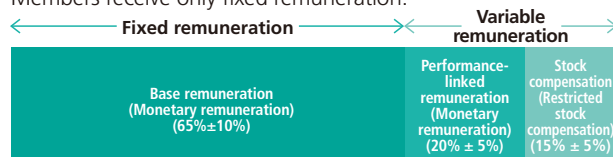
Composition of remuneration

Remuneration, etc., of Directors (excluding Outside Directors and Directors serving as Audit and Supervisory Committee Members) of the Company comprises fixed remuneration and variable remuneration. Fixed remuneration accounts for about 65% of the total remuneration and variable remuneration accounts for about 35% (performance-linked remuneration about 20%, stock remuneration about 15%). Outside Directors

Remuneration for the Directors who serve as Audit and Supervisory Committee Members and for the other Directors is determined separately. Their remuneration does not exceed the maximum set by the General Meeting of Shareholders.

The Nomination and Remuneration Committee deliberates on the individual remuneration, etc., of Directors, including whether it is consistent with the policy for determining remuneration and whether it has been evaluated based on the remuneration standards, and the Board of Directors determines the individual remuneration for Directors giving due respect to the report by the Nomination and Remuneration Committee.

and Directors serving as Audit and Supervisory Committee Members receive only fixed remuneration.



- (i) Fixed remuneration: Fixed remuneration is base remuneration paid in cash according to Directors' positions and roles. In principle, it is paid monthly.
- (ii) Variable remuneration: Performance-linked remuneration is monetary remuneration based on performance evaluation during the evaluation period. In principle, it is paid monthly.

The purpose of stock compensation is to create a stronger connection between compensation and the Company's stock price. This allows Directors to share the effects of changes in the stock price with shareholders. As a result, the Company expects that they should have more interest in the stock price and operating results and increase their motivation to improve them. The stock compensation plan is a restricted stock compensation plan where shares of the Company's stock are allotted annually to the Directors and Executive Officers according to their positions and roles during the period.

(i) Determination of variable remuneration

The Company determines performance-linked remuneration through comprehensive performance evaluation in which, in order to link the business performance and remuneration, the Company designates some of the Company's business

performance indicators as measures for Directors' individual performance, sets the standard ratio of consolidated performance to non-consolidated performance for each position, considers each Director's responsibilities, and awards points to each Director with respect to each business performance indicator.

- (ii) The Company's business performance indicators used as Directors' performance measures

The Company's primary business performance indicators used as performance measures for Directors include net sales (growth), operating income (profitability), cash flows from operating activities (stability), earnings per share (profitability), return on equity (efficiency) and dividend on equity ratio (shareholder return).

Total amounts of remuneration, total amounts by remuneration type, and numbers of recipient officers by corporate officer category (FY4/2024)

Officer category	Total amount of remuneration (million yen)	Total amount of remunerations (million yen)			Number of eligible officers
		Fixed remuneration	Performance-linked remuneration (Monetary remuneration)	Performance-linked remuneration (Stock compensation)	
Director (excluding Audit & Supervisory Committee Members and Outside Directors)	529	445	—	84	8
Director (Audit and Supervisory Committee Member) (excluding Outside Directors)	10	10	—	—	1
Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Members)	3	3	—	—	1
Outside Director (excluding Audit & Supervisory Committee Members)	27	27	—	—	5
Outside Director (Audit and Supervisory Committee Member)	19	19	—	—	3
Outside Audit & Supervisory Board Member	8	34	—	—	3

Cross-shareholdings

The Company holds shares for purposes other than pure investment (cross-shareholdings), including ensuring close business relationships and facilitating every transaction, such as purchases and funding. If cross-shareholdings do not contribute to improving corporate value in the medium to long term, the Company will gradually reduce them.

Each year, the Board of Directors assesses whether the return on invested capital exceeds the cost of capital for each stock of shares held for purposes other than pure investment (cross-shareholdings). In addition, from the perspective of maintaining and strengthening relationships with its clients over

the medium to long term, the Company has confirmed at a Board of Directors' meeting that the significance of cross-shareholdings shall be reviewed and that any stock with reduced economic rationality and reduced significance of cross-holding shall be subject to sale or reduction in holding following dialogue with the issuer company.

Regarding the exercise of voting rights of shares held in cross holding, the Company shall appropriately address the matter by closely examining each agenda item and comprehensively judging if the proposed matter will contribute to the enhancement of the corporate value of the Company and the issuer.

Initiatives for Intellectual Property

Intellectual property system

In accordance with its intellectual property policy and important strategies defined in the Medium-Term Management Plan, the Company promotes intellectual property management that contributes to solving social issues and improving corporate value. The Company has an Intellectual Property Department dedicated to IP matters and consults experts such as patent attorneys and lawyers. The Company has established a system to actively support the R&D division by assigning members of the Intellectual Property Department to the Production Headquarters in Shizuoka Prefecture. The Intellectual Property Department cooperates with other departments, supports

brand strategy, and provides training on intellectual property. In its IP landscape activities, the Department also makes recommendations at R&D strategy meetings and business planning meetings. The Department reports its activities and risk management issues to the Board of Directors and receives feedback. The Company's success rate of patent applications filed in Japan as of April 30, 2024 was 60.1%,¹ and the Company aims to file applications efficiently, meeting patentability requirements. The ratio of R&D costs to net sales was 0.47%.

Support for management strategies

At the ITO EN Group, we have set forth our mission as being a Health Creation Company. We provide unique products with high health value through our support of research and development via intellectual property activities regarding the functionality of food, including the impact of green tea and matcha on cognitive functions. Toward the realization of becoming a Global Tea Company, in our core tea business, we protect IP rights in the supply chain from tea farms through to tea products, and recycling of used tea leaves. In particular, our composition ratio for key domestic patents² in the tea technology sector is 11%, and we are enhancing our competitive advantage through intellectual property rights related to our unique technologies and products. We also help solve environmental and social issues by implementing a recycling-oriented business model based on intellectual property

rights, including the recycling of used tea leaves, organic farming using fewer pesticides, and sustainable containers and packaging.

In terms of enhancing overseas businesses, we are collecting information about intellectual property in each country, and promoting appropriate and effective acquisition of rights. As of April 30, 2024, we have applied for 121 overseas patents,³ approximately 78% of which were related to the tea business. We have submitted 1,090 overseas trademark applications in 123 countries. We are putting particular focus on trademark applications in line with the global expansion of *Oi Ocha*. We are also submitting trademarks for digital data in virtual spaces. We will continue to acquire trademark rights in line with the global expansion of our brand.

Investment for the development of human resources and encouragement of innovation

Our growth has been driven by a range of innovations, such as the creation of beverages from unsweetened tea which had previously been considered impossible. Innovation is the source of our growth, and the Intellectual Property Department promotes innovation by providing training on intellectual property tailored to the needs and proficiency levels of departments including the R&D, Marketing, and Manufacturing departments. In doing so, it is building a foundation for intellectual property creation. In FY4/2024, 159 employees (including 27 who are involved in overseas businesses)

underwent intellectual property training. As of April 30, 2024, the cumulative number of employees who have created intellectual property reached 159. Also, the Department is coordinating with related departments at group companies in the creation and acquisition of intellectual property rights, working to protect and make use of the intellectual property of the ITO EN Group. We have an Employee Invention Compensation System, and in FY4/2024, we paid compensation for 151 inventions. This system encourages employees to create intellectual property, thereby contributing to business development.

1. Success rate of patent applications filed in Japan: Number of patents held ÷ Number of patents applications × 100

2. Composition for key domestic patents: The proportion of Company patents that fall within the top 5% of most-cited patents in the same technical classification

3. Counted as one case for a single invention, even if patent applications are filed in multiple countries

Directors and Executive Officers (As of July 26, 2024)

Position	Hachiro Honjo Director and Honorary Chairman of the Board	Daisuke Honjo President and Executive Officer	Shusuke Honjo Executive Vice President, Representative Director and Executive Officer	Yoshihisa Nakano Director and Senior Managing Executive Officer	Shigeru Kamiya Director and Senior Managing Executive Officer	Yosuke Jay Oceanbright Honjo Director and Executive Officer
Career summary	Aug. 1964 Established Japan Family Service Co., Ltd. Director Aug. 1966 Established Frontier Tea Corporation (The company name was changed to ITO EN, LTD. in May 1969) Director May 1969 Managing Director Jun. 1970 Executive Managing Director May 1978 Executive Vice President Apr. 1987 Executive Vice President and Representative Director May 1988 President May 2009 Chairman of the Board and CEO May 2024 Director and Honorary Chairman of the Board (current post)	Apr. 1987 Joined the Company Jul. 1990 Director May 1997 Managing Director May 2000 Executive Managing Director Jul. 2002 Executive Vice President and Representative Director May 2009 President May 2019 President and Executive Officer (current post)	Apr. 1994 Joined the Company Jul. 2003 Director May 2005 Managing Director May 2008 Executive Managing Director May 2010 Executive Vice President Aug. 2014 Executive Vice President and Representative Director May 2018 General Director of Sales Control Headquarters (current post) May 2019 Executive Vice President, Representative Director and Executive Officer (current post) May 2021 Chief Digital Officer (CDO) (current post) May 2022 In charge of Marketing Headquarters (current post) Feb. 2024 Representative Director of Tully's Coffee Japan Co., Ltd. (current post), Representative Director of Chichiyasu Company (current post)	Mar. 1989 Joined the Company May 2010 General Director of Personnel and General Affairs Headquarters Jul. 2010 Director May 2014 Managing Director May 2015 General Manager of National Distribution Sales Headquarters May 2019 Director and Senior Managing Executive Officer (current post), General Director of Production Headquarters (current post) May 2022 In charge of Logistics Headquarters (current post) May 2023 Chief Sustainability Officer (CSO) (current post)	Mar. 1982 Joined the Company May 2012 Executive Officer General Director of National Retailer Sales Headquarters Jul. 2014 Director May 2016 Managing Director May 2019 In charge of National Distribution Sales Headquarters Director and Senior Managing Executive Officer (current post) May 2021 General Director of Tokyo and Chiba Area Sales Headquarters May 2022 In charge of National Retailer Sales Headquarters May 2023 In charge of General Planning Department May 2024 In charge of General Planning Department and Special Assignment Officer (current post)	Mar. 1992 Joined the Company May 2001 President & CEO of ITO EN (North America) INC. (current post) Jul. 2002 Director Feb. 2015 CEO of Distant Lands Trading Co. (current post) Nov. 2015 CEO of ITO EN (Hawaii) LLC (current post) Jun. 2023 Executive Officer In charge of U.S. business (current post)
Number of shares held (shares)	Common stock 2,446,230 Class-A preferred stock 882,900	Common stock 1,165,660 Class-A preferred stock 216,870	Common stock 513,690 Class-A preferred stock 81,480	Common stock 14,100 Class-A preferred stock 2,000	Common stock 11,700 Class-A preferred stock 640	Common stock 480,350 Class-A preferred stock —

The Company, is strengthening medium- to long-term management strategy and its corporate governance system from the perspective of sustainability. The aim of which is to realize its long-term vision of being a Global Tea Company, and achieve sustainable growth and enhance corporate value at all domestic and overseas group companies.

We believe that the Board of Directors has the skills required to realize this.

Skills Matrix

Name	Hachiro Honjo	Daisuke Honjo	Shusuke Honjo	Yoshihisa Nakano	Shigeru Kamiya	Yosuke Jay Oceanbright Honjo
Corporate management	○	○	○	○	○	○
Brand strategy, Marketing and Sales		○	○		○	○
R&D, Agriculture, Procurement and Manufacturing				○		
Overseas strategy	○	○	○			○
Finance and Accounting						
Personnel, Labor affairs and Human resource development						
ESG		○	○	○		
Legal affairs, Compliance and Risk management						

Note: The above table does not show all the skills possessed by each person. A maximum of four particularly specialized skills possessed by each person are marked with a circle (○).

Managing Executive Officers

General Director of Kansai Area Sales Headquarters Hideki Yoshida	General Director of Tokyo and South Kanto Area Sales Headquarters Nozomi Kishi	General Director of Chubu Area Sales Headquarters Takahiro Sasaki	President of ITO EN FOOD SERVICE CO., LTD. Shinji Karasawa Note: Became president on Aug. 1, 2024	General Director of Wide Area Corporate Sales Headquarters Naohiro Nakanishi	Deputy Director-General of Administration Headquarters and General Manager of Legal Department Tsuyoshi Arai	General Director of National Distribution Sales Headquarters Hiroyasu Ando	Senior Fellow of Central Research Institute Iwao Sakane
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Atsushi Hirata Director and Senior Managing Executive Officer	Hideo Takano Outside Director	Keiko Abe Outside Director	Kiyoshi Kondo Director (Audit and Supervisory Committee Member)	Yuichi Usui Outside Director (Audit and Supervisory Committee Member)	Hitoshi Yokokura Outside Director (Audit and Supervisory Committee Member)	Yoshihiko Okuda Outside Director (Audit and Supervisory Committee Member)
<p>May 1988 Joined the Company</p> <p>May 2010 Executive Officer</p> <p>May 2012 General Director of Administration Headquarters</p> <p>May 2014 Managing Executive Officer General Director of Personnel and General Affairs Headquarters</p> <p>May 2016 General Manager of Administration Headquarters (current post)</p> <p>May 2019 Senior Managing Executive Officer In charge of Internal Control (current post)</p> <p>Jul. 2020 Director and Senior Managing Executive Officer (current post)</p> <p>May 2022 In charge of Compliance (current post)</p> <p>May 2023 Chief Human Resource Officer (CHRO) (current post)</p>	<p>Apr. 1977 Joined The Tokyo Chamber of Commerce and Industry</p> <p>Apr. 2006 General Manager of General Affairs Management Department, The Tokyo Chamber of Commerce and Industry</p> <p>Apr. 2009 Councilor and General Manager of the Secretarial Office, The Tokyo Chamber of Commerce and Industry</p> <p>Apr. 2012 Executive Councilor, The Tokyo Chamber of Commerce and Industry</p> <p>Jun. 2015 Land Valuation Council Member, Tokyo Regional Taxation Bureau</p> <p>Oct. 2015 President of Japan Retailers Association</p> <p>Nov. 2015 Chairman of the Japanese Fork Arts and Techniques Preservation Association</p> <p>Jun. 2016 Full-time Advisor of The Tokyo Chamber of Commerce and Industry</p> <p>May 2019 Councilor of Japan Retailers Association (current post)</p> <p>Jul. 2020 Outside Director of the Company (current post)</p>	<p>Jun. 1994 Associate Professor of Faculty of Agriculture, The University of Tokyo</p> <p>Apr. 1996 Professor of Graduate School of Agricultural and Life Sciences, The University of Tokyo</p> <p>Apr. 2008 Research Advisor of Kanagawa Academy of Science and Technology (currently Kanagawa Institute of Industrial Science and Technology)</p> <p>Apr. 2010 Project Professor of Graduate School of Agricultural and Life Sciences, The University of Tokyo</p> <p>Jun. 2010 Professor Emeritus of The University of Tokyo (current post)</p> <p>Jun. 2019 Outside Director of Taiyo Kagaku Co., Ltd. (current post)</p> <p>Jul. 2019 Visiting Professor of Tokyo University of Agriculture (current post)</p> <p>Jul. 2022 Outside Director of the Company (current post)</p>	<p>Aug. 1989 Joined the Company</p> <p>May 1999 General Manager of South Tokyo Sales Department</p> <p>May 2002 General Manager of Sales Promotion Department III</p> <p>May 2009 General Manager of Vending Machine Department</p> <p>May 2012 Manager of Internal Auditing Office</p> <p>May 2014 General Director of Regional Sales Management Headquarters</p> <p>May 2019 General Director of Sales and Management Headquarters</p> <p>May 2020 Executive Officer</p> <p>May 2022 Advisor</p> <p>Jul. 2023 Director of the Company (Audit & Supervisory Committee Member) (current post)</p>	<p>Oct. 1976 Joined Metropolitan Police Department</p> <p>Feb. 1994 Deputy Chief of the 7th Anti-riot Squad, Metropolitan Police Department</p> <p>Oct. 2005 General Manager of the 2nd Personnel Section, Metropolitan Police Department</p> <p>Feb. 2010 General Manager of Regional Department, Metropolitan Police Department</p> <p>Apr. 2011 Joined YAMATO TRANSPORT CO., LTD. as General Manager of Human Resources and Administration</p> <p>Apr. 2012 Executive Officer and General Manager of CSR Promotion, YAMATO TRANSPORT CO., LTD.</p> <p>Apr. 2014 Managing Executive Officer of YAMATO TRANSPORT CO., LTD.</p> <p>Apr. 2015 Director and Managing Executive Officer of YAMATO TRANSPORT CO., LTD.</p> <p>Apr. 2018 Member of the Board, YAMATO TRANSPORT CO., LTD.</p> <p>Jun. 2018 Representative of Usui Firm (current post)</p> <p>Jul. 2018 Outside Director of the Company</p> <p>Jul. 2023 Outside Director of Ohsho Food Service CO., Inc. (current post)</p> <p>Jul. 2023 Outside Director of the Company (Audit & Supervisory Committee Member) (current post)</p>	<p>Apr. 1992 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)</p> <p>Mar. 1995 Registered as Certified Public Accountant</p> <p>Jan. 2002 Established Yokokura CPA Office</p> <p>Dec. 2007 Registered as Attorney (Tokyo Bar Association) Joined Bingham Sakai Mimura Aizawa (currently Anderson Mori & Tomotsune)</p> <p>Apr. 2014 Partner attorney of Waseda Legal Commons, LPC (current post)</p> <p>Jul. 2017 Auditor of Minori Audit Corporation</p> <p>Jun. 2020 Outside Director of Credit Saison Co., Ltd, (current post)</p> <p>Jul. 2021 Outside Audit & Supervisory Board Member of the Company</p> <p>May 2023 Outside Corporate Auditor, Yoshinoya Holdings Co., Ltd. (current post)</p> <p>Jun. 2023 Outside Director of the Company (Audit & Supervisory Committee Member) (current post)</p>	<p>Apr. 1976 Joined the Fukuoka Regional Taxation Bureau</p> <p>Jul. 2004 Associate Appeals Judge of Fukuoka National Tax Tribunal</p> <p>Jul. 2006 Deputy District Director of Kokura Tax Office</p> <p>Jul. 2009 Professor, Technical Education Department, National Tax College</p> <p>Jul. 2013 District Director of Kanoya Tax Office</p> <p>Apr. 2015 Director, Yokohama Branch of Tokyo Regional Tax Tribunal</p> <p>Apr. 2017 Director-General of Takamatsu National Tax Tribunal</p> <p>Mar. 2018 Attached to the Commissioner's Secretariat of National Tax Agency</p> <p>Jun. 2018 Registered as a Tax Accountant</p> <p>Mar. 2020 Outside Audit & Supervisory Board Member of Milbon Co., Ltd. (current post)</p> <p>Mar. 2020 Director of SKM Business Co., Ltd. (current post)</p> <p>Jul. 2024 Outside Director of the Company (Audit & Supervisory Committee Member) (current post)</p>
<p>Common stock 2,665</p> <p>Class-A preferred stock 120</p>	<p>Common stock —</p> <p>Class-A preferred stock —</p>	<p>Common stock —</p> <p>Class-A preferred stock —</p>	<p>Common stock 2,700</p> <p>Class-A preferred stock 960</p>	<p>Common stock 1,100</p> <p>Class-A preferred stock —</p>	<p>Common stock 500</p> <p>Class-A preferred stock —</p>	<p>Common stock —</p> <p>Class-A preferred stock —</p>

Atsushi Hirata	Hideo Takano	Keiko Abe	Kiyoshi Kondo	Yuichi Usui	Hitoshi Yokokura	Yoshihiko Okuda
○	○			○		
			○			
		○				
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○				○		
	○	○		○		○
○			○		○	

Executive Officers								
General Director of Marketing Headquarters Mitsumasa Shida	Head of International Business Kazuhiko Nakajima	General Manager of Secretarial Department and Vehicle Operation Department Satoshi Matsunaga	Deputy Director-General of Production Headquarters and General Manager of Administration Department, Production Headquarters Toshiyuki Okano	General Director of National Retailer Sales Headquarters Katsumi Masui	General Director of Sales Management Headquarters Koichi Tamaie	General Director of Northern and Eastern Kanto Area Sales Headquarters Kazuhiro Hiraoka	General Director of Chugoku, Shikoku and Kyushu Area Sales Headquarters Nagahisa Shinagawa	General Director of Logistics Headquarters Yutaka Endo

Roundtable Discussion with Outside Directors



Hitoshi Yokokura
Outside Director (Audit &
Supervisory Committee Member)

Keiko Abe
Outside Director

Hideo Takano
Outside Director

Yuichi Usui
Outside Director (Audit &
Supervisory Committee Member)

We held a roundtable discussion with four of our outside directors on the topic of management and governance at ITO EN toward becoming a Global Tea Company. They shared their frank opinions on the progress of initiatives, issues, and future expectations.

Insights and Role as an Outside Director

Takano Since becoming an outside director in 2020, I've found that each Board of Directors meeting has allowed for open and candid discussions held in a serious and focused manner. As an outside director, I personally believe that I can best serve ITO EN through giving advice grounded in broader social viewpoints and universal principles, rather than becoming too immersed in the Company's internal culture and atmosphere. As an outside director, I firmly believe that my own growth will lead to the growth and development of ITO EN.

Abe I specialize in the field of academic science, and I view ITO EN's business activities from a global perspective, focusing on people, society, and the planet. ITO EN has defined its Group Mission as being a Health Creation Company that contributes

to mental and physical health, the health of society, and the health of the planet. Looking toward the future, I want to focus on how ITO EN will respond to various social and environmental issues, and how it can approach health issues in different regions around the world using tea which has developed in Japan.

Usui I pay particular attention to the safety of company activities and social contribution. Just as individuals should act with virtue, I believe companies should too. That is why I place importance on how ITO EN can contribute to society through its business activities and whether risk management is being fully implemented in a way to support this goal.

Yokokura As an Audit and Supervisory Committee Member, I place particular emphasis on monitoring management. In recent years there has been an increase in the importance of

corporate governance. Based on my expertise in law and accounting, I always go into Board of Directors meetings by asking myself what shareholders and other stakeholders want from the Company, and how can this be connected to enhancing corporate value.

Looking at ITO EN's market environment, while the domestic market is continuing to mature due to the declining population, there are still opportunities for growth overseas. As shown in the current Medium-Term Management Plan, we must keep our eyes on the goal of increasing the profitability and efficiency of domestic businesses and seeking growth overseas, and acquire and allocate management resources to achieve these goals. I think the importance of discussions from this viewpoint will increase at the Board of Directors.

Governance System Changes

Yokokura The transition to a company with an Audit and Supervisory Committee was a big turning point for governance at the Company. On its 60th anniversary, the Company is entering a new stage of aiming to become a 100-year company. It is necessary to present this big-picture vision both internally and externally from a long-term perspective. With the switch to a company with an Audit and Supervisory Committee, at the Board of Directors, I believe we have created a foundation that enhances discussions about corporate strategy and management planning and connects the outcomes of these discussions to swift action. In light of this, I think it's necessary to delve deeper into discussions on specific governance matters, including the decision-making process.

Usui As an Audit and Supervisory Committee Member, I feel that monitoring has become smoother. This is thanks to opinions and reports provided by the Internal Auditing Department before Board of Directors meetings and the confirmation of feedback from operational departments during the Audit and Supervisory Committee meetings held prior to Board of Directors meetings.

Abe Since FY4/2025, there has been a change in the chairman of the Board from former Chairman of the Board and CEO Hachiro Honjo to current President Daisuke Honjo. Due to the chairman's personality, I feel that unique and diverse discussions are taking place at Board of Directors meetings.

Toward Becoming a Global Tea Company

Takano In order to achieve the long-term vision of becoming a Global Tea Company, ITO EN needs to respond to various social and environmental issues. We must aim to achieve both



profitability and resolution of social and environmental issues, rather than trying to find a balance between the two. To make this reality, we must look at revenue and cost forecasts over the medium to long term, rather than in a short-term or limited period. It won't be easy, but I believe that achieving both is what will truly make us a Global Tea Company.

Abe Looking toward our global future, creating and contributing to the "Health of the planet" aspect of our mission to be a Health Creation Company is vital. In Europe, there are growing movements to change the food industry and people's living environments to cope with global warming.

It is important to implement initiatives across the entire value chain from tea production to sales in anticipation of the various impacts of global warming, such as water shortages and effects on crop yields and quantity.

We should implement future initiatives on a global scale if we want to go from being the number one tea company in Japan to number one in the world.

Usui I agree with the importance of responding to environmental issues. I remember that when we previously tried to export green tea raw ingredients from Australia to the USA, pesticide standards were an obstacle to us. Responding to environmental and agricultural standards and regulations of different countries is essential for the globalization of *Oi Ocha*.

That is why I think it is important to offer tea as an experience, and not only as a product. In the past, tea was served to customers in Japanese teahouses in front of the store. Nowadays, with the rise in inbound tourists, I think it would be good to offer experiences where tourists can enjoy tea, thereby increasing tea's familiarity on a global scale while promoting tea culture.

For example, it is important for us to create more opportunities for people to get familiar with green tea and matcha at the stores of THE MATCHA TOKYO (refer to p. 18) with which we formed a capital alliance, Tully's Coffee Japan, and other specialized tea shops.

Takano The hiring and development of human resources is also a significant issue in the promotion of globalization. When it comes to expanding overseas, human resource strategy becomes the number one issue. It is necessary to specifically review and make clear what kind of people we will hire and how we will train them.

Abe The shortage of labor is a major issue in all industries. The issue of overseas human resources comes up at the Board of Directors, but the discussions are not sufficient. I think we should clarify how we will respond to labor shortages in Japan and overseas in the Medium- to Long-Term Management Plan.

Also, with people around the world becoming more health conscious, I want us to take a data- and evidence-driven approach to communicating the basic values and benefits of tea to the world. Research papers on coffee are often published globally, but the number of papers on tea is only about 1% of that.

We have been conducting research into the health benefits and efficacy of tea for many years. I believe that publishing research papers for a global audience and releasing new products that leverage our research and that employees have developed with passion, will lead to a brighter future for the Company.

Yokokura The Company continued to grow even into the 2000s, increasing our revenue by over double driven by domestic businesses. Something very rare for companies in Japan in the Heisei era.

Looking into the future, we will review the structure of our domestic businesses, increase revenue and efficiency, and use the growth of overseas businesses as the engine that will allow us to become a Global Tea Company as shown in the Medium-Term Management Plan. This is also a challenge into the unknown, with us developing as a company that combines business with values such as health, the environment, and culture on a global scale.



I am going to support the Board of Directors so that they can expand the unique ideas and initiatives of ITO EN, which grew out of building the Japanese market for unsweetened beverages, on a global scale.

Improving the Effectiveness of the Board of Directors

Takano In order to improve the effectiveness of the Board of Directors, we must thoroughly implement PDCA cycles more than before and ensure the transparency of discussions. I think it is necessary to conduct monitoring through progress updates regarding topics that generate a great deal of discussion at the Board of Directors.

Also, we need to quickly share outcomes from R&D, and negative information such as scandals, which should not happen, at the Board of Directors.

Abe I think diversity and sustainability are important. In terms of women's empowerment, I hear about examples of employees overseas, but I would like to see this as quantitative figures in terms of the female ratio of current and future managers.

In addition, from the perspective of leveraging diversity, I feel that there is room for improvement in coordination between outside directors (including Audit and Supervisory Committee Members). For example, I think we will expand the range of our information sharing, discussions, and advice at the Board of Directors by creating opportunities, like this roundtable discussion, for all outside directors to get together and have discussions in one place.

Usui Coordination with affiliated companies is advancing in terms of Group governance. Before the Board of Directors or Audit and Supervisory Committee, we receive updates from the Internal Auditing Department regarding events and issues at Group companies.

Director Nomination and Remuneration

Usui At the Nomination and Remuneration Committee, we receive detailed explanations about personnel matters and remuneration so there is never a case where we cannot make a decision due to a lack of information.

Yokokura How companies apply governance to matters such as personnel and remuneration is a challenge for all Japanese companies. It would be effective if we could identify the necessary skills and mindset required to implement our strategy, visualize ideal human resources using a skill matrix or similar tools, and then have discussions including us outside directors.

Going from the trend for stronger advisory functions, we will eventually be required to have independent outside directors make up the majority of directors, and this will lead to us having a more diverse Board of Directors. As we accelerate our overseas strategy, we will need human resources with insights and fresh perspectives into those areas. Therefore, it seems likely that we will consider candidates from a wide range of options, including candidates from overseas.

Expectations and Messages for the Future of the ITO EN Group

Takano Looking across society as a whole, the advance of technology such as DX is likely to lead to a decrease in in-person interactions. However, connections between people and communication with customers are the strength of ITO EN and the source of its energy. Therefore, I hope that all employees enhance their interpersonal skills.

Abe Tea has aspects of culture and tradition. However, as a company with a rich history representing Japan, I hope we can evolve globally by embracing a corporate culture of valuing tradition while taking on new challenges. An example of this is our use of AI-generated female celebrities in advertising.



Usui Rather than simply selling tea as a product overseas, we should become a company that conveys how tea is positioned within Japan's rich traditions and culture, and shares that with other countries around the world.

Yokokura What ITO EN achieved in creating a market for unsweetened tea beverages from scratch in Japan is an amazing feat, and now it is trying to do the same thing on a global scale. Even before its founding, the ITO EN possessed a pioneering spirit, and it has the DNA to take on challenges that other people don't even think of.

As ITO EN aims to become a 100-year company, I hope it can pass this DNA to the next generation and that it will be common to hear the name ITO EN across the globe. I want our shareholders, investors, and other stakeholders to witness the entire Group working together to achieve this goal.

(The Roundtable Discussion with Outside Directors was held in June 2024.)

Risk Management

Basic Approach to Risk Management

The ITO EN Group defines risks as events that may affect the purpose of corporate management, and works to maintain and improve corporate value by comprehensively and strategically managing and appropriately handling risks that impede the achievement of objectives from a holistic perspective based on the ITO EN Group Risk Management Policy.

ITO EN Group Risk Management Policy ▶ https://www.itoen-global.com/company/policy/risk_management.html

Risk management system

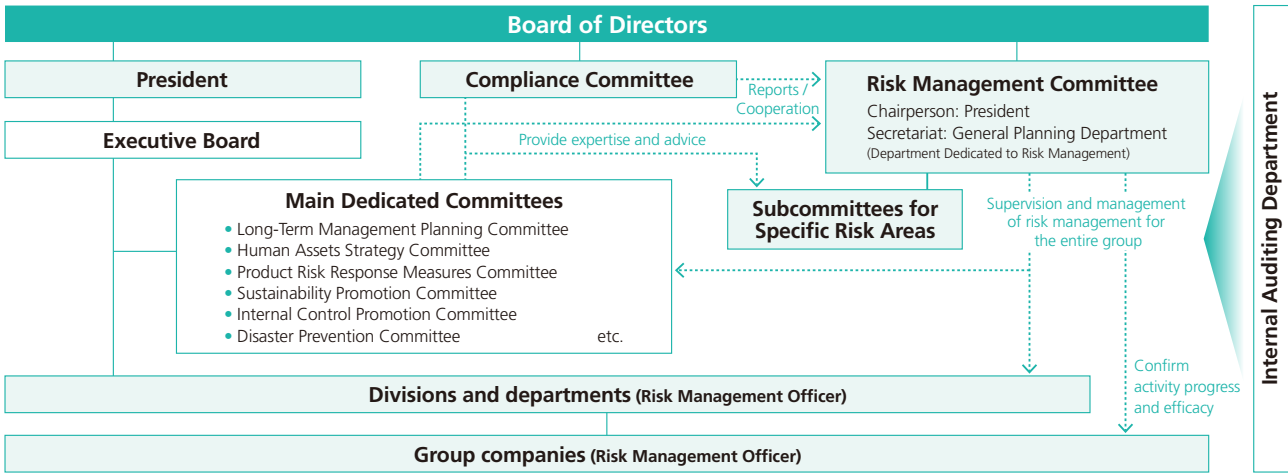
To enhance risk management across the board, the ITO EN Group has created a holistic risk management structure by formulating risk management regulations and related rules and setting up a department dedicated to risk management. Additionally, we have established the Risk Management Committee chaired by the President.

The Risk Management Committee cooperates and shares information regarding the response to various risks and the status of these responses with dedicated committees for sustainability, quality management, and disaster prevention and other matters, in addition to the subcommittees for specific risk

areas and the Compliance Committee, which is an advisory body to the Board of Directors. The Risk Management Committee also examines and discusses matters related to risk management for the entire group. Moreover, the Committee also decides on and oversees high-priority individual risks, such as the handling of human rights risks in the supply chain.

The Company has organized a system to minimize damages when an unforeseen situation occurs by establishing a task force headed by the President to prevent the expansion of damages by taking prompt measures.

Risk management system (since May 2024)



Risk Evaluation

The Company identifies information on company-wide risks and the progress of response through the subcommittees for specific risk areas, which are made up of various divisions and departments. We identify risk based on the cause, event, and potential impact of the risk, and then evaluate it based on impact, frequency, and the readiness of countermeasures.

Based on a risk map made from the findings of this

process, the Risk Management Committee, in cooperation with the various dedicated committees, identifies key risks following examination and discussions and reports to the Board of Directors on the evaluation of and response to these risks.

Regarding response to key risks, we conduct regular confirmation and review as necessary, including the response method.

Business and Other Risks

Major risks that could affect the ITO EN Group’s operating performance, financial condition, etc. (the Japanese economy, consumption trends, climate change, natural disasters, information management, etc.) are described in securities reports and the Company’s website.

Securities Report (Japanese only) ▶ https://ssl4.eir-parts.net/doc/2593/yuho_pdf/S100U4C2/00.pdf
 Business and Other Risks ▶ https://www.itoen-global.com/investors/management_plan/business_risk.html

Compliance

Thorough Observance of the ITO EN Group Code of Conduct is the Foundation of Compliance

The ITO EN Group thoroughly adheres to laws and regulations, ordinances, rules, internal regulations and fair business practices, adapts to corporate ethics and social demand, and promotes competition-based, fair and equitable business practices. To achieve this, we ensure that the basic compliance requirement of the thorough implementation of the ITO EN

Group Code of Conduct, which describes the Company's concept of sound business activities based on the management principle of Always Putting the Customer First (basic policy) and how all of the people working in the Group should act (standard of conduct), is instilled in employees.

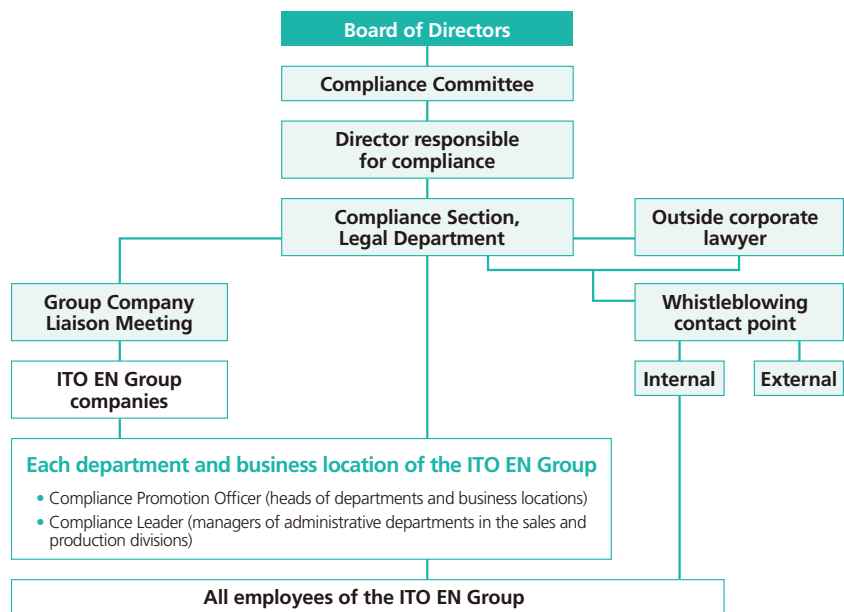
Compliance System

We have also established a system in which the Compliance Committee and the Compliance Section of the Legal Department, which are advisory bodies to the Board of Directors, promptly consider and implement countermeasures in the event of a serious compliance-related incident.

The Compliance Committee meets four times a year and reports on its activities.

The Group Company Liaison Meeting also meets four times a year to share information and enhance cooperation.

Through the collaborative efforts of each section and group company, we are enhancing ITO EN Group Compliance by conducting detailed reviews to prevent compliance violations and their recurrence.



Promotion of Compliance Education to Ensure a Thorough Understanding of Compliance

To promote compliance awareness, 10 curriculums for compliance education are provided annually to all departments and business locations, with the goals of implementing improvements, addressing existing issues and problems and promoting employees' understanding of the ITO EN Group Code of Conduct. To create an environment where everyone can work comfortably and where no fraudulent or harassing

acts are permitted, the Company has also established Compliance Enhancement Promotion Month which occurs twice a year, provides e-learning and face-to-face education at its departments and business locations, posts compliance awareness-raising posters, and distributes pocket-sized compliance cards.

Compliance Support System (Internal Reporting System)

The Company has established a Corporate Ethics Hotline that can be used by anyone, including customers. Whistleblowing, consultation requests and questions are received internally and externally through contact points set up by internal departments and by external contact points. In FY4/2024, there were 54 whistleblowing reports, and 32 of these were whistleblowing and consultation requests regarding the workplace environment and harassment incidents. In accordance with Japan's Whistleblower Protection Act, whistleblowing information is kept confidential by limiting access to contact point staff. In this manner, the anonymity of the whistleblower is protected, and disadvantageous treatment of the whistleblower is prohibited. Incidents identified through whistleblowing, etc., are reported

to the officer in charge of compliance, and appropriate action is taken swiftly. The results of investigations are reported to the whistleblower and management, leading to improvements and measures to prevent recurrence.

Also, as part of measures to enhance group governance, we began operation of the ITO EN Group Global Hotline in November 2023 as a whistleblowing contact point for major compliance violations at global group companies. We will globalize the internal whistleblowing system so that it functions appropriately at overseas group companies. We consider this necessary in order to promote corporate self-regulation and support for healthy work environments.

Key Financial Indicators and Non-financial Indicators

11-Year Key Financial Indicators (Consolidated)

	(Units)	FY4/2014	FY4/2015	FY4/2016	FY4/2017	Previous
P/L						
Net sales	(million yen)	437,755	430,541	465,579	475,866	
Overseas sales ratio	(%)	2.9	3.5	7.8	7.3	
Operating income	(million yen)	21,100	11,393	17,243	21,774	
Profit ratio	(%)	4.8	2.6	3.7	4.6	
Ordinary income	(million yen)	20,518	11,229	15,074	21,524	
Profit ratio	(%)	4.7	2.6	3.2	4.5	
Profit attributable to owners of parent	(million yen)	12,096	7,292	8,615	13,693	
Profit ratio	(%)	2.8	1.7	1.9	2.9	
B/S						
Total assets	(million yen)	258,820	285,947	287,702	302,405	
Total liabilities	(million yen)	138,310	158,185	160,486	165,696	
Net assets	(million yen)	120,509	127,761	127,215	136,709	
Current ratio	(%)	173.8	202.0	158.3	214.1	
Equity ratio	(%)	46.3	44.4	43.9	44.8	
Debt ratio	(%)	115.5	124.7	127.2	122.3	
Statement of cash flows						
Cash flows from operating activities	(million yen)	24,300	17,751	30,085	27,098	
Cash flows from investing activities	(million yen)	(4,598)	(9,242)	(8,150)	(8,243)	
Free cash flow	(million yen)	19,702	8,509	21,935	18,854	
Cash flows from financing activities	(million yen)	(18,147)	(4,835)	(18,018)	(8,012)	
Cash and cash equivalents at the end of period	(million yen)	44,617	48,922	53,259	64,202	
Other						
ROE (Return on Equity)	(%)	10.4	5.9	6.8	10.5	
ROA (Return on Assets)	(%)	4.8	2.7	3.0	4.6	
Common stock						
PER (Price Earnings Ratio)	(times)	22.8	44.0	49.9	37.1	
PBR (Price Book-value Ratio)	(times)	2.2	2.4	3.3	3.7	
EPS (Earnings per Share)	(yen)	95.77	56.6	67.37	108.77	
BPS (Book-value per Share)	(yen)	974.36	1,031.19	1,026.26	1,105.09	
Annual dividend per share	(yen)	39	40	40	40	
Preferred stock						
PER	(times)	16.2	28.9	24.3	17.7	
PBR	(times)	1.8	1.9	1.8	1.9	
EPS	(yen)	105.77	66.6	77.37	118.73	
BPS	(yen)	979.36	1,036.19	1,031.26	1,110.09	
Annual dividend per share	(yen)	49	50	50	50	
Total return ratio	(%)	42.6	72.3	61.2	43.5	

ROE: Return on Equity = Net Income / Shareholders' Equity x 100
 ROA: Return on Assets = Net Income / Total Assets x 100

PER: Price Earnings Ratio = Share Price / Earnings per Share (EPS)
 PBR: Price Book-value Ratio = Share Price / Book-value per Share (BPS)

EPS: Earnings per Share = Net Income / Average number of shares during
 BPS: Book-value per Share = Net Assets / Number of shares issued at the

Non-financial Indicators

	(Units)	FY4/2022	FY4/2023	FY4/2024	
GHG emissions¹					
Scope 1: Direct emissions due to use of fuel by the company itself.	Scope 1	(thousand t-CO ₂)	44	42	41
Scope 2: Indirect emissions accompanying use of power purchased by the company.	Scope 2	(thousand t-CO ₂)	37	36	36
Scope 3: Other emissions relating to business activities, aside from those covered by Scope 1 and 2.	Total for Scopes 1 and 2	(thousand t-CO ₂)	81	78	77
	Scope 3	(thousand t-CO ₂)	1,534	1,527	1,404
	Total for Scopes 1 to 3 emissions amount	(thousand t-CO ₂)	1,615	1,605	1,481
Water resources²					
	Total water withdrawal	(thousand m ³)	1,352	1,275	1,335
	Total water discharge	(thousand m ³)	942	936	1,000
Water resources (beverage production outsourcing partners)³					
	Total water withdrawal	(thousand m ³)	17,848	17,679	15,408
	Total water discharge	(thousand m ³)	12,676	12,645	10,814
Percentage ratio of recycled materials used for all PET bottle products⁴					
	All PET bottles	(%)	14	15	36
Food recycling rate⁴					
	Food recycling rate	(%)	94.4	94.8	94.4
Amount of raw materials used in products⁴					
	Total	(t)	96,218	89,792	84,809
	Crude tea (green tea ingredients)	(t)	19,475	17,936	17,888
	Other raw materials (oolong tea, black tea, fruit juice raw materials, and others)	(t)	76,742	71,856	66,921

1. The reporting boundary used for the reported Scope 1 and 2 emissions is ITO EN, LTD. and its consolidated subsidiaries (except for Cafetalera de Tierras Ticas, S.A. and EMPRESAS DE ANTIOQUIA LTDA).

The reporting boundary used for the reported Scope 3 emissions is ITO EN, LTD. and its consolidated subsidiaries in Japan.

2. The reporting boundary is ITO EN, LTD. and its consolidated subsidiaries (except for water withdrawals and water discharge by source at the own farms of Cafetalera de Tierras Ticas, S.A. and ITO EN AUSTRALIA PTY. LIMITED). Includes some estimates.

3. The reporting boundary is the water use for ITO EN, LTD. products out of total amount of beverage production contractor factories, includes some estimates.

4. For ITO EN, LTD.

For more details regarding finances, please refer to the following link.
<https://www.itoen-global.com/investors/>

standard				New standard*		
FY4/2018	FY4/2019	FY4/2020	FY4/2021	FY4/2022	FY4/2023	FY4/2024
494,793	504,153	483,360	446,281	400,769	431,674	453,899
8.2	7.6	7.5	7.9	10.5	11.9	11.7
22,043	22,819	19,940	16,675	18,794	19,588	25,023
4.5	4.5	4.1	3.7	4.7	4.5	5.5
21,441	23,211	19,432	17,029	19,971	20,341	26,681
4.3	4.6	4.0	3.8	5.0	4.7	5.9
12,553	14,462	7,793	7,011	12,928	12,888	15,650
2.5	2.9	1.6	1.6	3.2	3.0	3.4
301,167	303,981	290,651	333,065	328,359	338,774	353,892
157,416	153,058	140,956	180,007	165,346	166,646	170,675
143,750	150,923	149,695	153,057	163,012	172,128	183,216
225.2	232.0	244.8	239.3	290.7	262.7	252.2
47.3	49.2	51.0	45.6	49.2	50.4	51.3
110.4	102.3	95.0	118.6	102.3	97.7	94.0
25,322	26,128	24,719	25,351	22,226	23,773	25,482
(11,359)	(10,635)	(9,217)	(7,514)	(7,397)	(8,638)	(10,737)
13,962	15,492	15,502	17,836	14,829	15,135	14,745
(16,639)	(15,005)	(12,905)	25,813	(29,930)	(9,130)	(12,213)
61,376	61,950	63,710	107,763	94,471	100,899	105,397
9.0	9.9	5.2	4.7	8.2	7.8	8.9
4.2	4.8	2.6	2.2	3.9	3.9	4.5
43.8	47.7	97.2	109.8	51.4	40.5	30.3
3.7	4.5	4.9	4.8	4.0	3.0	2.5
99.79	116.02	61.53	55.10	103.92	103.82	126.42
1,165.80	1,229.28	1,221.92	1,250.37	1,334.88	1,408.55	1,516.16
40	40	40	40	40	40	42
21.0	20.4	29.3	35.8	16.8	16.2	13.6
2.0	2.1	1.7	1.9	1.4	1.3	1.2
109.75	126.00	71.53	65.10	113.89	113.82	138.26
1,170.80	1,234.28	1,226.92	1,255.37	1,339.88	1,413.55	1,522.16
50	50	50	50	50	50	54
48.5	48.9	92.1	74.0	44.5	40.1	52.7

the period
end of the period

*The revenue recognition standard has been applied from the fiscal year ended April 30, 2022.

For sustainability data, please refer to the following link.
<https://www.itoen-global.com/sustainability/performance.html>

		(Units)	FY4/2022	FY4/2023	FY4/2024
Education and training (including online education and e-learning)	Total number of participants per year	(number)	55,032	89,009	127,171
	Minutes training received per employee	(minute)	362.0	683.0	846.0
Employee engagement score (6 points)	*Survey items have been changed from the fiscal year ended April 30, 2024	(score)	3.22	3.18	3.99 (3.19 under conventional standard)
Turnover rate of regular employees		(%)	3.86	4.65	2.91
Number of employees (consolidated)	Total	(number)	8,028	7,928	7,929
	Female employee ratio	(%)	18.7	18.8	19.1
Number of employees	Total	(number)	5,175	5,205	5,226
	Female employee ratio	(%)	11.4	11.7	12.1
Female manager ratio		(%)	2.8	3.3	3.7
Employment rate of people with disabilities		(%)	2.46	2.48	2.50
Number of employees taking childcare leave	Percentage of male employees taking childcare leave	(%)	29.7	32.3	43.1
	Percentage of employees returning to work after childcare leave	(%)	97.1	98.0	93.1
Pay gap between male and female employees (Male employee = 100)	All employees	(%)	—	58.2	62.0
	Regular employees	(%)	74.3	77.3	79.8
	Of which, less than 10 years of service	(%)	94.3	94.2	94.3
Number of occupational accidents		(number)	110	116	105
Occupational accident rate		(%)	1.86	2.26	1.92
Number of reports to the Corporate Ethics Hotline		(number)	34	58	54
Directors / Audit & Supervisory Committee Members	Total (of which Outside Directors)	(number)	18 (7)	17 (8)	14 (5)
	Directors (same as above)	(number)	14 (4)	13 (5)	10 (2)
	Directors who are Audit & Supervisory Committee Members (same as above)	(number)	4 (3)	4 (3)	4 (3)
	Independent officers	(number)	6	7	5

*The figures up to the fiscal year ended April 30, 2023 represent Directors and Audit & Supervisory Board Members.

Unless otherwise noted, the actual results disclosed below are for ITO EN, LTD.

Introduction of Main Group Companies (as of August 1, 2024)

Domestic

Tully's Coffee Japan Co., Ltd.

Managing and franchise developing specialty coffee shops, Tully's Coffee, which originated in Seattle.

Chichiyasu Company

First released yogurt in Japan in 1917. Mainly manufacturing and selling dairy products such as yogurt and milk.

OKINAWA ITO EN, LTD.

Selling beverages and tea leaf products in Okinawa Prefecture. Selling attractive unique products to Okinawa such as *Sanpin Hanacha* (Jasmine tea).

ITO EN-ITochu Mineral Waters Co., Ltd.

Importing and selling natural mineral water Evian.

NEOS Corporation

Operating vending machines nationwide, such as at railway companies and business offices. A joint venture with Otsuka Wellness Vending Co., Ltd

Green Value Co., Ltd.

Purchase brokerage, management, and maintenance of vending machines, sales fixtures, vehicles, etc.

ITO EN SANGYO, LTD.

Manufacture tea bag products such as *Oi Ocha* and roast raw materials for barley tea products.

ITO EN KANSAI CHAGYO, LTD.

As a production base in western Japan, in collaboration with the ITO EN Kobe Factory, package ITO EN tea bags and packaged tea products.

TSUCHIKURA Co., Ltd.

Founded in Hokkaido in 1958, manufacturing and selling various tea products that suit local tastes as a tea company in Hokkaido.

HOKKAIDO ITO EN, LTD.

Established in May 2024. Conducting sales activities rooted in Hokkaido and selling beverages and tea leaf products. Selling products unique to the region, such as Hokkaido Corn Blend Tea.

ITO EN FOOD SERVICE Co., Ltd.

Conducting retail and restaurant business in the Directly Managed Store Division.

Overseas

USA

ITO EN (North America) INC.

Supervising the North American market, which is the cornerstone of overseas business. Developing unsweetened tea markets centered on the global brands *Oi Ocha* and MATCHA GREEN TEA.

ITO EN (Hawaii) LLC

Predecessor was ITO EN (USA) INC., which became ITO EN's first overseas expansion base, and has more than 30 years history. Manufacturing and selling *Oi Ocha* canned products and tropical drink Aloha Maid.

Mason Distributors, Inc.

Manufacturing and selling a wide variety of supplements including vitamins, using wide sales network in the United States and around the world.

Distant Lands Trading Co.

An integrated system has been realized through coffee bean farms and mills in Costa Rica and Colombia, and roasting and packaging factories in the United States.

Europe

ITO EN Europe GmbH

Established in April 2024. Based in Germany, selling beverages and tea leaf products in the European market. Developing the unsweetened tea beverage market by contracting production of *Oi Ocha* beverage products designed for Europe by a German partner company.

China

Fujian New Oolong Drink Co., Ltd.

Manufacturing, exporting and selling *Oi Ocha* beverage products, and oolong tea beverages for Hong Kong.

ITO EN BEVERAGE (SHANGHAI), LTD.

Selling tea beverages and leaf products such as *Oi Ocha* manufactured in China throughout China. Expanding unsweetened tea beverage market in the Chinese market.

Singapore

ITO EN Asia Pacific Holdings Pte. Ltd.

Promoting business development in Southeast Asia and neighboring countries and regions.

ITO EN Singapore Pte. Ltd.

Selling *Oi Ocha* (beverages, tea bags) products in Singapore and Malaysia.

Indonesia

PT ITO EN ULTRAJAYA WHOLESALE

Established as a joint venture with Indonesian PT ULTRAJAYA. Selling unsweetened tea products such as *Oi Ocha* and MATCHA for business use in the Indonesian market.

Thailand

ITO EN (Thailand) Co., Ltd.

Selling *Oi Ocha* (beverages, tea bags) products in Thailand. From 2020, sales of vegetable beverages have also started.

Vietnam

ITO EN VIETNAM Co., LTD.

Established in April 2024. Selling *Oi Ocha* beverage products, etc., in Vietnam. In Vietnam, where sugared tea drinks dominate the market, we aim to create a market for unsweetened tea beverage.

Australia

ITO EN AUSTRALIA PTY. LIMITED

Started as the Tea-Producing Region Development Project overseas to secure stable green tea ingredients in 2001. In 2020, local production of green tea bag products started.

Company Outline

Company Profile (as of April 30, 2024)

Company name	ITO EN, LTD.
Head office	47-10, Honmachi 3-chome, Shibuya-ku, Tokyo
Established	August 22, 1966
Capital	19,912,300,000 yen
Number of employees	7,929 (consolidated), 5,226 (non-consolidated)
URL	https://www.itoen-global.com
Branches, sales offices and local offices	177 offices in 29 areas throughout Japan
Shops / stores	90 shops nationwide
Factories	Shizuoka Sagara Factory (21, Mekami, Makinohara-shi, Shizuoka) Kobe Factory (5-4-2, Mitsugaoka, Nishi-ku, Kobe-shi, Hyogo) Hamaoka Factory (3406-4, Niino, Omaezakishi, Shizuoka) Fukushima Factory (1-2-9, Araiita, Fukushima-shi, Fukushima) Okinawa Nago Factory (112, Isagawa, Nago-shi, Okinawa)
Research institute	Central Research Institute (21, Mekami, Makinohara-shi, Shizuoka)

Major shareholders

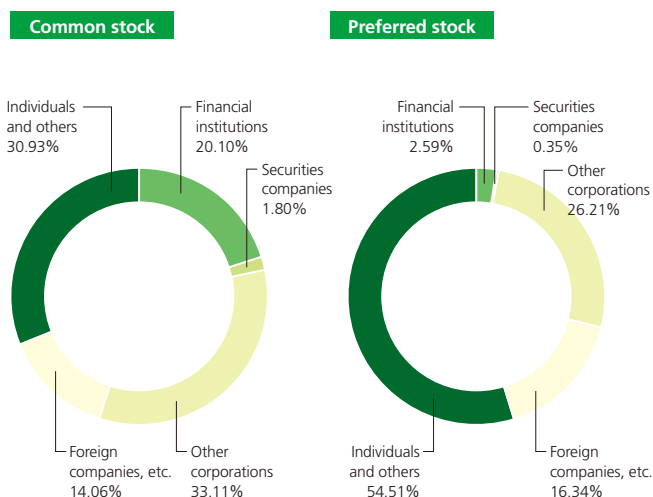
Name of shareholder	Number of shares owned (thousand shares)			Shareholding ratio (%)
	Common stock	Preferred stock	Total	
Green Core Co., Ltd.	17,603	5,895	23,498	19.65
The Master Trust Bank of Japan, Ltd. (trust account)	10,183	68	10,252	8.57
Honjo International Scholarship Foundation	5,200	1,560	6,760	5.65
Hachiro Honjo	2,446	883	3,329	2.78
The Bank of New York 134104	—	2,243	2,243	1.88
ITO EN Employees' Shareholding Association	1,979	233	2,212	1.85
Toyo Seikan Group Holdings, Ltd.	1,955	126	2,081	1.74
Resona Bank, Ltd.	1,933	—	1,933	1.62
Custody Bank of Japan, Ltd. (trust account)	1,912	—	1,912	1.60
The Bank of New York Mellon (International) Limited 131800	1,477	—	1,477	1.24

- ITO EN holds 3,883 thousand shares of treasury stock (939 thousand shares of common stock and 2,943 thousand shares of Class 1 preferred stock) which are excluded from the above list of major shareholders.
- Percentage of total is calculated based on total shares outstanding excluding treasury stock.

Shares and Shareholders (as of April 30, 2024)

Total number of authorized shares	200,000,000 shares	
Total number of issued shares	Common stock	89,212,380 shares
	Preferred stock	34,246,962 shares
Number of shareholders	Common stock	88,417 shareholders
	Preferred stock	76,471 shareholders

Breakdown of shareholdings by investor type



Preferred stock

Preferred stock can receive dividends of profits preferentially compared to common stock.

	Preferred stock	Common stock
Security code	25935	2593
Voting rights	None ¹	Available
Dividends	Preferred dividend Amount of common dividend × 125% ² Any accrued amount is accumulated.	Common dividends not accumulated
Right to receive distributions of residual assets	Equal with common stock ³	—
Conversion rights into common stock	No conversion right based on shareholder's intention ⁴	—
Share unit	100 shares	100 shares
Shareholder special benefit plan	Available	Available

- In some cases, voting rights are available.
- The first decimal place is rounded up to the nearest whole number. The lower limit is 15 yen. Even when no dividend is paid for common stock, 15 yen per share is paid for preferred stock.
- If any accrued amount is accumulated, the shortfall in the payment is paid to the shareholders of preferred stock before the payment for common stock.
- In the specific cases shown below, the Company may obtain preferred stock in exchange for common stock at the ratio of 1:1.

[Specific cases]

- Merger in which the Company becomes an extinct company and share exchange and share transfer in which the Company becomes a wholly owned subsidiary (except those implemented by the Company alone).
- When, due to a tender offer for the Company's common stock, the shareholding ratio of the tender offeror exceeds 50%.
- When the listing of the preferred stock of the Company is abolished.



Sustainability Promotion Department

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