ITO EN
INTEGRATED REPORT
2025

Fiscal year ended April 30, 2025



ITO EN
We Love Nature

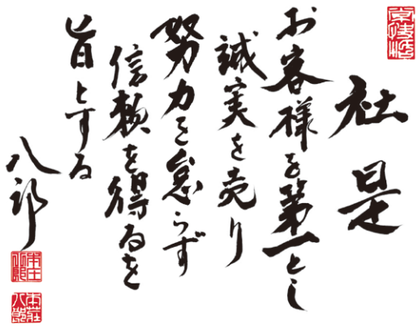
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ITO EN

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 principle, 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

Group Management Principle

"Always Putting the Customer First"

Group Mission

Health Creation Company

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

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

Mission & Vision Values for realization

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

Code of Conduct

Policies and Declarations

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

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

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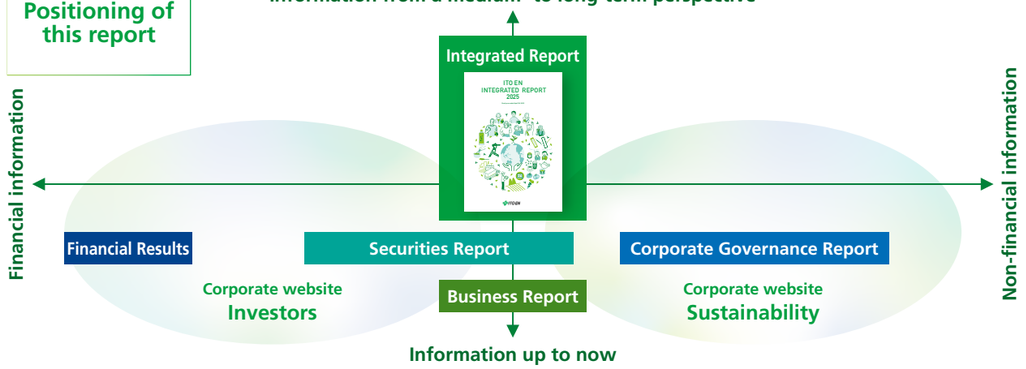
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Positioning of this report

Information from a medium- to long-term perspective



Corporate website

Investors
Financial results information / Securities Report, etc.
https://www.itoen-global.com/investors/

Sustainability
Initiatives addressing social and environmental issues / Sustainability data, etc.
https://www.itoen-global.com/sustainability/

Corporate Governance
Corporate Governance Report, etc.
https://www.itoen-global.com/company/governance.html

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.

Based on our Group mission as a Health Creation Company, this report aims to clearly communicate our path to value creation and sustainable growth. It focuses on progress during the first year of our Medium-Term Management Plan, strategies for developing *Oi Ocha* into a global standard brand, and newly identified materiality issues following a review.

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

Period covered
Fiscal year ended April 30, 2025
(May 1, 2024–April 30, 2025)
*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 2025
(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.

Accelerating Transformation and Global Growth to Last 100 Years as a Health Creation Company



Daisuke Honjo
President and Executive Officer, ITO EN, LTD.

The ITO EN Group Mission in an Era of Transformation

Since its foundation, ITO EN has conducted business with the spirit of "STILL NOW," where we constantly ask what customers might still be dissatisfied with now, based on our management principle of "Always Putting the Customer First." Since launching operations in 1966 as a tea retailer, ITO EN pioneered packaged tea sales at retail stores and mass retailers ahead of the industry; launched the world's first unsweetened tea beverage, Canned Oolong Tea, in 1980; and developed the world's first green tea beverage, Canned Sencha (green tea), in 1984 and launched it the following year. We have forged the unsweetened beverage market through these and other world-first and industry-first innovations.

The world is currently in a time of drastic change. Circumstances surrounding us have changed dramatically in the five years since 2020, with recovery from the COVID-19 pandemic, rapid inflation, advances in AI, and more. Even Japan, which have tried to avoid deflation, is now experiencing price hikes exceeding 3%, well above the 2% inflation target.

Amid these rapid changes, we announced a five-year Medium-Term Management Plan in 2024, our 60th anniversary, that will serve as a new starting line for building a company that lasts 100 years. With this, we are embarking on our second foundation as a company that lasts 100 years, emphasizing speed and a frontier spirit, as we respond to drastic environmental changes.

Responding to these changes requires not only executing our management plan but also changing our own awareness, mindsets, and actions when needed. ITO EN has forged the unsweetened beverage market and grown around the *Oi Ocha* brand. While our aggressive sales abilities, which have been our strength, will remain vital going forward, we must also review our organizational management, including evaluation methods, work styles, and governance. Changes in the external environment have also affected corporate governance, working style and other elements of the workplace environment, and even the values held by customers and employees, making it essential to pursue necessary reforms in line with the times.

That is why I have insisted on the importance of "transformation and reform in mindset and behavior" to all Group employees. This is no mere slogan, but my way of encouraging employees to think for themselves about what must be fundamentally changed and what must be sustained while undergoing reforms, then take autonomous action. I communicate at every opportunity the policies that "each and every one of us should think and act proactively to transform and grow alongside the Company," that "we should boost the overall abilities of our people and the organization in addition to our sales abilities," that "we should focus not only on results but also the process in assessments," and that "management should be accountable for results."

In 2009, when I was appointed president, I also launched Team ITO EN, which encouraged the departments and organizations of ITO EN to work together, but we began expanding Group companies both in Japan and abroad starting from around 2010 and in 2023 elevated this to Team ITO EN Group, which clearly articulated a policy of working together across the organizational boundaries between Group companies and departments. In our current Medium-Term Management Plan, we are at the stage of expanding our overseas business and production locations using the globalization of *Oi Ocha* as our growth strategy. Group management that combines the data and strengths of different departments and Group companies to create new value has become increasingly vital.

Transformation is not something to wait for, but something to actively pursue. ITO EN is implementing concrete organizational and human resource reforms at the operational level while leveraging the management strengths we have cultivated in our long history. Currently, we are deliberately implementing such initiatives as employee exchanges between Groups and between sales and staff departments in an effort to produce short- to medium-term results. While transforming values and mindsets takes time, management will spearhead this reform by articulating policies clearly and implementing in stages while regularly verifying progress. This initiative values the mindset of our visionary founder while evolving it into the driving force for our next stage of growth. We will build a system in which all employees work together with a sense of ownership over their work to achieve sustainable growth through the power of the organization overall.

Our Group Mission as a Health Creation Company

That said, there is something that will not change and must never be changed our management principle of "Always Putting the Customer First," which aims to earn the trust of all customers who interact with the ITO EN Group. The ITO EN Group operates under our Group mission of being a Health Creation Company that creates three types of health value—mental and physical health, the health of society, and the health of the planet—to help customers achieve healthy, fulfilling lives and build a sustainable society. Creating these three types of health value is, in essence, putting the principle of "Always Putting the Customer First" into concrete practice through our business activities. Dealing in food and beverages derived from tea and other ingredients and providing products that are safe, reliable, delicious, and beneficial to health is our very purpose as a Group, and our employees find joy in creating health values through our products and services. As a Health Creation Company, we will continue providing products and services that contribute to these three types of health value: mental and physical health, the health of society, and the health of the planet.

For Our Long-Term Vision of Becoming a Global Tea Company

Our long-term vision is to become a "Global Tea Company" under our Group mission of being a "Health Creation Company." We pride ourselves on the fact that no Japanese company has worked more to expand Japanese tea globally than the ITO EN Group.

We will establish a solid revenue foundation for our core tea business based on the globalization of *Oi Ocha*, then, in the medium to long term, we will connect with tea cultures around the world to create new tea markets just as we have created value in Japan through such innovations as turning tea into a bottled drink product.

The ITO EN Group possesses uniqueness and strengths, such as its ability to create products starting from tea farms through the Tea-Producing Region Development Project, and aims to become a Global Tea Company by creating value in flavor and health through a variety of tea products and business efforts, then expanding this value globally.

Results and Assessment of the First Year of the Medium-Term Management Plan

In FY4/2025 (refer to pp. 23–28), the first year of our Medium-Term Management Plan (FY4/2025 to FY4/2029), while sales reached record highs* with consolidated revenue of 472,716 million yen and non-consolidated revenue of 334,800 million yen, profits declined due to a combination of factors such as unanticipated increases in raw material prices and energy costs as well as increases in human resource and logistics costs. However, we were able to lay important groundwork for the future. In 2024, we expanded our overseas business locations as planned, established a business location in Germany and commenced production locally, and made a full-scale foray into Europe, an extremely significant achievement in the history of ITO EN. Especially significant was the fact that

* After application of the revenue recognition standard in FY4/2022

we addressed pesticide residue standards for green tea ingredients that vary by country, overcoming barriers to entry in manufacturing technology to develop ingredients for *Oi Ocha* that meet global quality standards. This will serve as a starting point for local production, sales, and other business developments not only in Europe but also in countries around the world. Performance in Southeast Asia, which has experienced remarkable economic growth, remained steady, and we entered Vietnam following Singapore, Thailand, and Indonesia.

We also entered into a Global Ambassador contract with Major League Baseball player Shohei Ohtani, who continues to strive for excellence on the world stage, and have actively marketed *Oi Ocha* both in Japan and abroad, boosting brand awareness, image, and customer mind share.

Going forward, we will implement the key strategies outlined in our Medium-Term Management Plan—developing *Oi Ocha* into a global standard brand, solidifying existing businesses in Japan, creating new businesses, strengthening the management base, and promoting sustainability management—with even greater speed and power.

High Profitability and Further Development of Overseas Business

Our overseas business, which plans to develop *Oi Ocha* into a global standard brand, experienced significant improvements in profitability in FY4/2025, and further growth is anticipated in the future. Higher *Oi Ocha* brand sales have led to double-digit operating margins in our tea-related businesses, especially those in the United States, for two consecutive fiscal years, achieving high profitability. We attribute this to increased demand for unsweetened green tea and matcha driven by growing health consciousness and increased awareness of Japanese food culture, as well as the fact that there are currently few competing products in this category, giving us an advantage in pricing and retail placement.

However, while we have demonstrated leadership in the market as pioneers of green tea and matcha internationally, reinforcing our sales network and product supply system remains a challenge. We are confident that if we reinforce these supply chains, grow in scale, and maintain current profitability, this business will be extremely attractive. That is why, after trial and error in selling local brands developed for local markets since the 2000s, we have concentrated our management resources on the *Oi Ocha* brand for the past decade or so. *Oi Ocha* is sold in 47 countries and regions as of the end of April 2025, with a business location in India slated for the end of April 2026 as our next foray as well as plans to enter Africa in the latter half of the Medium-Term Management Plan.

We will also implement marketing initiatives featuring Shohei Ohtani to strengthen our international branding. We also entered into a contract with Major League Baseball (MLB) in 2025 and will reinforce our supply system and grow the scale of our sales in the United States, a key nation in our overseas business.

Full-Scale Initiatives Aimed at Supply Chain Reform

To solidify existing businesses in Japan, we have begun comprehensively revising costs. Emblematic of these initiatives is optimization of the entire supply chain. While ITO EN generally does not possess its own factories and instead outsources beverage production to partner companies across Japan, there are issues in terms of cost and speed when looking at the entire supply chain, which has not been sufficiently optimized. To address this, we established a new Supply Chain Strategy Department directly under my control in FY4/2026 and are working on comprehensive structural reforms for everything from product planning and development to ingredient procurement and sales.

These structural reforms also extend to our sales bases and logistics within Japan. We must reconsider how we conduct business in line with changes in retail and distribution, consumer purchasing behavior, and logistics networks. We have approximately 160 sales bases as of the end of April 2025 and are reorganizing through consolidation and expansion. While our conventional route sales involved delivering products to clients in sales vehicles while conducting business negotiations and creating retail displays, we have begun partially transitioning to a model in which delivery is outsourced to logistics companies. This allows sales staff to focus more on creating retail displays and promotional proposals at stores and lets us shift our business structure to better suit the times, such as transitioning from two- or three-tonne trucks to passenger cars for our sales vehicles.

Preparations have also been underway since last year to strengthen Group logistics functions. We believe that implementing structural reforms across the entire supply chain both swiftly and steadily will be critical to our future growth strategy and market competitiveness.

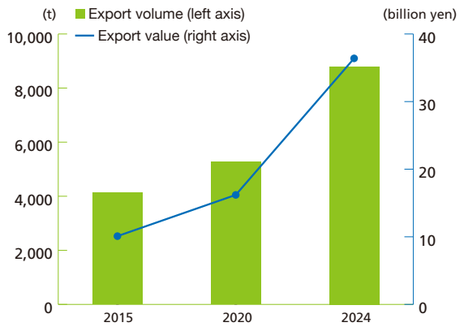
Meeting the Needs of the Global Matcha Boom

In creating new businesses, we are focusing on matcha in particular as we aim to expand our business areas. Growing health consciousness and other factors have led to a global matcha boom in recent years, with exports of matcha and other Japanese teas on the rise (see the graph below). I experienced these market changes firsthand when I visited our international business locations in 2025 and witnessed an increasing number of cafes and specialty shops prominently featuring the word matcha in local towns.

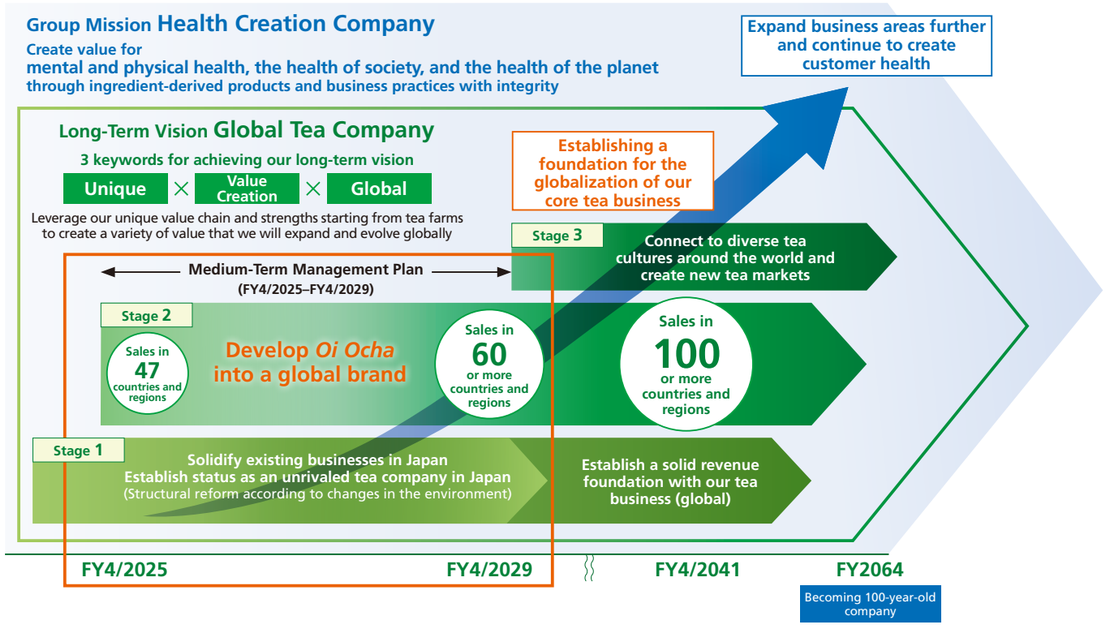
Used widely as a flavor in drinks and sweets, matcha has experienced a global rise in recognition. In recent years, it has transcended mere luxury to become a part of many people's everyday lifestyles. This trend has helped matcha take root in food cultures overseas, creating a major market opportunity for the Group. While ITO EN has already implemented a variety of initiatives focused on the potential of matcha, we will work to further bolster our matcha business starting in FY4/2026. We will also reorganize, establish departments and sections specializing in matcha for ingredient procurement, products and marketing, and overseas business, coordinate as teams, and reinforce the entire supply chain from product planning and

Export volume and export value of green tea (including matcha)

(Processed based on data from the Ministry of Finance)



Our future vision of lasting 100 years as a Health Creation Company



Quantitative targets of the Medium-Term Management Plan

	FY4/2025 actual results	FY4/2026 plans	Medium-Term Management Plan (FY4/2025–FY4/2029) FY4/2029 targets	Long-term future vision FY4/2041
Consolidated net sales (billion yen)	472.7	490.0	Average annual growth rate of 2% or more (8% or more overseas) * Excluding the impact of foreign exchange rates	Average annual growth rate of 3% or more
Growth rate of net sales	4.1% YoY	3.7% YoY		
Operating income ratio	4.9%	5.2%	8% or more	10% or more
ROE	8.0%	8.9%	10% or more	—
Total return ratio	144%	40% or more		—
Oi Ocha overseas sales volume	9% YoY	Average annual growth rate of 24% or more		Average annual growth rate of 10% or more

development to ingredient procurement and sales.

Internationally, the ITO EN Group will gradually consolidate matcha and other Japanese tea products for consumers under the *Oi Ocha* brand and lead efforts to further popularize and ingrain Japanese green tea and matcha.

Reorganizing Group Companies for Future Growth and Higher Profitability

Strengthening the management base requires addressing challenges in Group company reorganization as well as the recruitment and development of human resources. In 2024, we transferred our directly managed store operations, which include tea specialty shops and other retail and restaurant locations, to ITO EN FOOD SERVICE CO., LTD. This aims to create synergies with Tully's Coffee Japan Co., Ltd., which operates food and beverage businesses, while boosting expertise. Amid ongoing labor shortages, we hope to build a system that lets us deploy staff flexibly between our directly managed stores and Tully's Coffee shops.

We also split Hokkaido operations to establish HOKKAIDO ITO EN, LTD. in 2024 in order to improve logistics efficiency and build stronger ties to the region. From 2025 onward, we will further optimize logistics functions across Group companies.

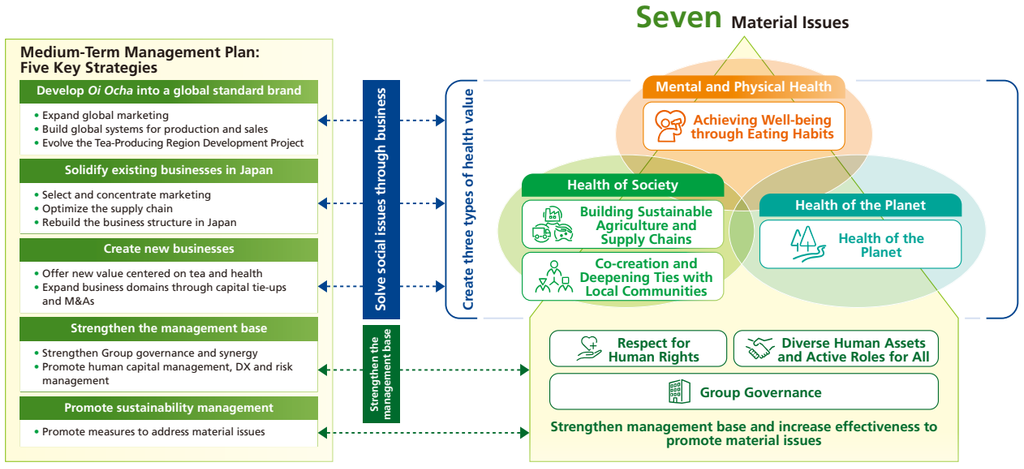
Furthermore, in order to boost production capacity and productivity and establish international production operations as part of our global strategy, we integrated ITO EN SANGYO, LTD. and ITO EN KANSAI CHAGYO, LTD., which dealt in leaf product manufacturing and processing, into ITOENTEAFACTORY CO.,LTD. This will increase productivity in product manufacturing and processing as well as boost our production capacity for tea bags and other products for international markets. We will also accelerate the training of human resources versed in leaf product manufacturing.

As we go forward, we will continue pursuing high profitability and a strong management base for our future growth strategy.

Addressing Issues in Human Resource Hiring and Training

Securing and training human resources is critical in implementing these structural reforms. The hiring environment has changed dramatically, and it remains difficult to secure both new graduates and experienced workers. We once hired 300 or more new graduates annually, but current hires have declined due to changes in our management plan and external circumstances. Under these circumstances, it is essential that we provide human resource training that increases the skills of each of our current employees as well as career support and a good work environment. To ensure each employee thinks for themselves and acts proactively to achieve high results despite fewer workers, we must fundamentally review working hours and work styles to boost productivity and shift to more efficient organizational management. To achieve this, we are implementing concrete measures such as training courses, on-the-job training, employee exchanges, and individual training plans. Management will be accountable in implementing these initiatives and supporting employee growth. In human resource evaluations, we have adopted a policy that emphasizes process instead of just results and, by reflecting employee thinking and processes into evaluations, will encourage a culture of taking on new challenges and learning.

Structural reform requires changes in organizational culture, employee values, and mindset. We also recognize that management reform is essential.



Management will strengthen our governance system and create an environment in which all employees can thrive. Departments and Group companies will work together to achieve sustainable growth through the consolidated power of the entire Group.

Promoting Sustainability Management Identifying the 7 Material Issues

As I have said already, the Group is implementing new reforms for sustainable growth into the future. While taking into account current stock price trends, we are steadily implementing initiatives from a medium- to long-term perspective to build a company that lasts 100 years so that we are able to meet the expectations of our diverse shareholders and investors.

An example of this is our seven material issues, which we revised and identified anew in light of changes in the external environment and the creation of our Medium-Term Management Plan. These issues align with and embody the key strategies of our Medium-Term Management Plan outlined earlier, and, in addition to reinforcing our management base, aim to balance sustainable Group growth with solutions to social and environmental issues by contributing to the creation of the three types of health value—mental and physical health, the health of society, and the health of the planet—through our business. In particular, "Achieving Well-being through Eating Habits" and "Building Sustainable Agriculture and Supply Chains" with green tea, matcha, and coffee are closely connected to our overseas business and domestic structural reforms, which are our growth strategies. We will promote sustainability in management alongside our Medium-Term Management Plan based on a long-term perspective of building a company that lasts 100 years.

To Our Stakeholders

For the quantitative targets in our Medium-Term Management Plan, we will achieve growth not in a straight line but in stages as we experience plateaus and fluctuations over the long term. While the first year of our Medium-Term Management Plan resulted in a plateau, we are not deeply concerned about the future given that we are concentrating management resources on our core brands (*Oi Ocha, Kenko Mineral Mugicha* (Healthy Mineral Barley Tea), and TULLY'S COFFEE).

Profitability, on the other hand, remains a challenge. Competing on low costs makes profits difficult and causes the entire industry to suffer, which is why we will offer differentiated value to avoid competing on the same terms and ensure sustainable earnings. We will boost profitability by honing our unique strengths, which are difficult to replicate, and maintaining our competitive advantage.



As the ITO EN Group celebrates its 60th anniversary, we now have a total of 46 Group companies in Japan and abroad (as of the end of April 2025). We are now in a period of the greatest transformation and reform in our history. Through our Medium-Term Management Plan, we will solidify our foundation for sustainable growth through globalization and swift structural reforms. While this transformation and reform will not happen overnight, I will move forward with strong resolve as a leader to develop the ITO EN Group into the "new ITO EN Group" that the future generations can be proud of.

While I understand that investors have expectations for short-term performance improvements, I hope you will support our growth from a medium- to long-term perspective and build a partnership to move forward together toward new growth.

ITO EN started as a tea retailer. I believe that, as a leading tea company, the Group's mission is to spread Japanese green tea and matcha culture around the world through the *Oi Ocha* brand and pass it on to future generations. The Group goes beyond tea to carry all kinds of products and services that are delicious and beneficial to health, such as coffee, vegetables and fruit juices, and dairy products, which we will connect as a whole to growth.

Coming together as Team ITO EN Group, we will build a foundation for globalization in our tea business to become a Global Tea Company while expanding our business areas as a Health Creation Company on our path to building a company that lasts 100 years.

Daisuke Honjo

President and Executive Officer, ITO EN, LTD.

ITO EN Group's Value Creation Journey

The ITO EN Group started as a tea retailer in 1966. Since then, it has pioneered innovations in the tea industry through a succession of world-first and industry-first technologies, while also creating the unsweetened tea beverage market. Our journey is also one of creating markets and creating value.

1966—
Started as a tea retailer

Frontier Tea Corporation, ITO EN's predecessor, was established in 1966. Tea was mainly sold by weight at specialty shops at that time. In response, we developed packaged tea in convenient, easy-to-purchase small portions and started route sales (direct sales to retailers) of green tea. 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

1980—
Created the unsweetened tea beverage market

Amidst the growing Westernization of Japanese diets, in 1979 we signed the first exclusive agency agreement between China and Japan, for oolong tea, and began selling oolong tea leaves. In 1980, we launched a world first, Canned Oolong Tea, creating the unsweetened beverage market. In the hope that people could enjoy the great taste inherent in green tea anytime, anywhere, we also started working on portable, canned green tea, launching the world's first Canned Sencha (green tea) in 1985. This further developed the unsweetened beverage market by making green tea an outdoor beverage. In 1987, we established 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 the *Oi Ocha* brand, contributed greatly to the growth of our business

In 1989, we renamed our Canned Sencha (green tea), and the *Oi Ocha* brand was born. In 1990, we launched the world's first green tea beverage in PET bottles and the first *Oi Ocha* brand leaf products. Additionally, in 1996, we launched the personal-sized 500 mL PET bottle. These products contributed greatly to the growth in our results. Moreover, in 1992, a time when tomato-based vegetable beverages were the mainstream product in the industry, we launched *Jujitsu Yasai*, a carrot-based mixed vegetable juice beverage. This created a new market for vegetable beverages.



1990 Launched *Oi Ocha* 1.5L PET bottle

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

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

1970 1.9 billion yen

1980 10.1 billion yen

1990 54.8 billion yen

2000—
Development as a comprehensive beverage manufacturer in Japan

To ensure stable procurement of high-quality raw ingredients for the future growth of *Oi Ocha*, we launched the new tea farms business in 2001 to convert abandoned farmland and other sites into tea fields. Furthermore, in the 2000s, we launched products such as barley tea beverages that have since grown into the No. 1 brands in their respective categories, establishing our foundation as a comprehensive beverage manufacturer in Japan.

2000 192.7 billion yen



2002 Launched *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea)
*The product name at the time of launch was *Natural Mineral Mugicha* (meaning "barley tea").

2000 Products in heated PET bottles, a first in the industry

2004 Launched *Oi Ocha Koicha* (Unsweetened Bold Green Tea)
* The product name at launch was *Oi Ocha Koi Aji*.



2004 Launched *Ichinichibun no Yasai* (a day's worth of vegetables)

2009 Launched first bottle-type canned coffee under the TULLY'S COFFEE brand

2010—
Strengthening overseas business toward becoming a "Global Tea Company"

Since 2011, we have pursued the long-term vision of becoming a Global Tea Company. Following the United States, China, and Australia, we established business locations in various Southeast Asian countries, laying the groundwork for our global expansion. Additionally, we advanced strategies to expand awareness of the ITO EN brand and the *Oi Ocha* brand overseas. In Japan, we launched products under the Chichiyasu brand in 2011, expanding our product categories as a Health Creation Company.



2011 Launched Chichiyasu brand products

2015 Launched global brand MATCHA GREEN TEA

2019 *Oi Ocha* products using 100% recycled PET bottles, safe for microwave use

2024 Began European production of *Oi Ocha* beverage products developed to meet global quality standards

2020—
The second stage of becoming a Global Tea Company: Develop *Oi Ocha* into a global brand

In the Medium-Term Management Plan formulated in 2024, the ITO EN Group positioned this move as the full-scale entry into the second stage of becoming a Global Tea Company. In the same year, we developed *Oi Ocha* beverage ingredients that met global quality standards, while also establishing a new location in Germany to begin production and sales of *Oi Ocha* for the European market. As of the end of April 2025, *Oi Ocha* products (beverages and tea bags) are sold in 47 countries and regions.

2024 472.7 billion yen

2025 500.0 billion yen

2030 1 trillion yen

1966 **1970** **1980** **1990** **1995** **2000** **2010** **2015** **2024**

Market share in unsweetened beverages in the Japanese domestic beverage market

1% 12% 25% 31% 39% 45% 57%

Major Milestones in the History of the ITO EN Group

In Japan

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.
* Now the Shizuoka Factory
May 1992 Listed its stock on the over-the-counter market.
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.
Oct. 2006 Obtained shares of FoodX Globe Co., Ltd. (present Tully's Coffee Japan Co., Ltd.), which operates the Tully's Coffee chain.
Mar. 2008 Concluded an exclusive distributor contract for the sale of Evian® natural mineral water in Japan with the Danone Group (headquartered in France).
Sep. 2008 Signed a sales agreement for the sale of a selection of Fujiya Co., Ltd. beverages, including Nectar.
*In May 2018, contracted as exclusive distributor for all of Fujiya Co., Ltd.'s beverages
Feb. 2010 Established Green Value Co., Ltd., which engages in the maintenance and procurement of automated vending machines.
May 2011 Obtained shares of Chichiyasu Company, which manufactures and sells dairy products.
Oct. 2012 Obtained shares of NEOS Corporation, which engages in automated vending machine business operations.
Apr. 2022 Shifted to the Prime Market of the Tokyo Stock Exchange.
May 2024 Opened a museum complex (the OCHA CULTURE CREATION MUSEUM and *Oi Ocha* Museum) in Shinbashi, Tokyo.

Overseas

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.
*Present ITO EN (Hawaii) LLC
Sep. 1994 Established ITO EN AUSTRALIA PTY. LIMITED in Australia.
May 2001 Established ITO EN (North America) INC. in New York, USA.
Oct. 2004 Built a new crude tea leaf plant and commenced production at ITO EN AUSTRALIA PTY. LIMITED.
Jun. 2006 ITO EN (North America) INC. obtained shares of Mason Distributors, Inc. (based in Florida, USA), which engages in the nutritional supplement business.
Jun. 2012 Established ITO EN Asia Pacific Holdings Pte. Ltd. in Singapore.
Dec. 2012 Established ITO EN BEVERAGE (SHANGHAI), Ltd. in China.
May 2013 Established ITO EN (Thailand) Co., Ltd. in Thailand.
Jul. 2013 Established PT ITO EN ULTRAJAYA WHOLESALE in Indonesia.
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.
Mar. 2024 Established ITO EN Europe GmbH (Germany)
May 2024 Established ITO EN VIETNAM CO., LTD.

Main Sustainability Initiatives

1960 1970 1980 1990 2000 2010 2020

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.
1994 Started the ITO EN Tea Taster Business Skill Test.
*Received approval through the Ministry of Health, Labour and Welfare (MHLW) in-house business skill test certification system in 2017.
2001 Invested in the Used Tea Leaves Recycling System (Proprietary technology making it possible to recycle used tea leaves discharged when manufacturing tea beverages such as *Oi Ocha*).
2008 Started the "Make Lake Biwa Beautiful with Tea" project.
2010 Launched the "Make Japan Beautiful with Tea" project.
2011 Introduced CSR management based on ISO 26000. Established material issues.
2014 Began sales of PET bottle products made from recycled materials.
2022 Material issues were revised to promote sustainability management. Declared support for TCFD recommendations.
2024 Declared support for TNFD recommendations. Promoted environmentally friendly agriculture through DX of tea farming, etc. Launched the global social contribution project "Green Tea for Good"

Actual Results in FY4/2025

Net sales (consolidated)
472.7 billion yen

Operating income (consolidated)
22.9 billion yen

Number of group companies
46 companies

Sales of *Oi Ocha*
47 countries and regions

ITO EN's share of unsweetened beverages
Over 75 %

Guinness World Records™ awarded



Oi Ocha brand*1



Kenko Mineral Mugicha (Healthy Mineral Barley Tea) brand*2

Sales performance No.1



TULLY'S COFFEE Bottle-type canned coffee black*3

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

1. 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
*Period covered: January–December 2024
2. Official name of record: Best-selling RTD barley tea brand-current
Record-setting brand: *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea)
Target period: 2022, 2023, 2024
3. INTAGE SRI + Bottle-type canned coffee black market data / January-December each year, 2017–2024

ITO EN Group's Value Creation Process

The ITO EN Group, as a Health Creation Company, will capitalize on the vertically integrated business model cultivated through its tea business, one that begins in the fields, to create sustainable, global value.

Group mission of being a Health Creation Company

Create value for mental and physical health, the health of society, and the health of the planet through ingredient-derived products and business practices with integrity

External environment

- Changes in the world's economy, society, and markets
- Growing importance of sustainability, including global environmental challenges
- Advancements in technologies such as AI and the increasing importance of information security
- Increased awareness of health and well-being

Inputs

Management capital (financial/non-financial)

Financial capital

Sound financial structure
- Financial credit rating: A+ (R&I, JCR)
- Equity ratio: 50.6%

Intellectual capital

Basic research, applied research and product development capabilities with a focus on tea
- Collaborative industry-government-academia research

Manufacturing capital

Manufacturing bases that produce safe, delicious and high-quality products
- ITO EN Group, including subsidiaries and affiliates: 20 or more factories

Human capital

A diverse workforce that puts "Always Putting the Customer First" into practice
- Tea Taster Business Skill Test qualification holders: 2,527 (As of May 2025)
- Internal proposal system, Voice system

Social and relationship capital

Partnerships with suppliers
- Contracted tea cultivation area in Japan: 2,585 ha
- Domestic and overseas contract manufacturing factories (Beverages: 50 or more, Leaf: approx. 70)

Business and sales bases rooted in local communities
- Japan: approx. 160 bases, approx. 80 direct sales shops
  818 Tully's Coffee Japan shops
- Overseas business locations

Natural capital

Raw-ingredient-producing areas and water resources that are the source of products
- Areas for growing tea, barley, coffee, vegetables and fruits

*Actual results are for the fiscal year ended April 30, 2025, unless otherwise noted

Strengthening of management capital

- **Profitability and cash generation capability**
- **Innovation capability**
- **Human resources who can create three types of health value**
- **Expanding overseas business and manufacturing locations**
- **Building a global supply chain**

Seven Material Issues ⇒pp. 35-64

- Achieving Well-being through Eating Habits
- Building Sustainable Agriculture and Supply Chains
- Health of the Planet
- Co-creation and Deepening Ties with Local Communities
- Respect for Human Rights
- Diverse Human Assets and Active Roles for All
- Group Governance

Medium-Term Management Plan/ Five Key Strategies ⇒pp. 13-22

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

Business Models

Vertically integrated business model that starts from farms, developed in tea business
(Unique value chain)

Research, Planning and Development
- Industry-government-academia collaborative research on healthiness and functionality of tea

Raw Ingredient Development (production, procurement)
- Tea-Producing Region Development Project for development of raw ingredients for a wide range of products and raw ingredients meeting overseas quality standards

Production and Logistics
- Fabless method (outsourced beverage manufacturing) for agile product development
- Production and logistics system taking into consideration quality, freshness and the environment

Sales and Distribution
- Diverse sales channels in Japan and overseas
- Coordinated sales of beverages and leaf products

Environment
- GHG emission reduction rate across the business as a whole
- 3Rs activities of containers and packaging
- Resource recycling from tea farms to used leaves and empty containers

Diverse partnership

Expanding a business model that starts from farms, developed in tea business, to other businesses

Outputs

Communication of research findings and their social implementation regarding the health benefits of green tea and matcha

Development of Foods for Specified Health Uses (FOSHU) and Foods with Functional Claims ⇒pp. 39-40

Product development suited to a variety of drinking scenes

Beverages, leaf, tea bags, instant tea, and matcha (from tea ceremony use to beverages, ingredients, and commercial use)



⇒pp. 29-30

Development of green tea and matcha matching the standards of each foreign country



⇒pp. 43-44

Coffee products, barley tea products, vegetable and fruit juice products, dairy products



Coordinated sales across a wide range of product lines through Group collaboration

⇒pp. 27-34

Promotion of GHG emission reductions across the entire value chain

Shift to sustainable containers and packaging

Promotion of sustainable agriculture (reduced pesticide use, organic farming, biochar, etc.)

Effective utilization of used tea leaves, used barley tea dregs, and coffee grounds

⇒pp. 47-51

Outcomes

Creating three types of health

- Enjoyment of deliciousness
- Enhancing dietary habits and extending healthy life expectancy
- Activation of the tea industry

→ **Mental and physical health**

- Enhancing the quality of raw ingredients and final products
- Creating new dietary habits overseas

→ **Health of society**

- Creating and developing the unsweetened tea beverage market

→ **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 *Oi Ocha* (Sales volume)	24% or more	10% or more

* Excluding the impact of foreign exchange rates

Develop *Oi Ocha* into a global brand

Globalization of our core tea business **Becoming a Global Tea Company**

Expanding business areas as a Health Creation Company and continuing to create value that contributes to health

Group Management Principle "Always Putting the Customer First"

Group Code of Conduct | The Spirit of "STILL NOW" | 5 concepts for product development | 5 marketing functions

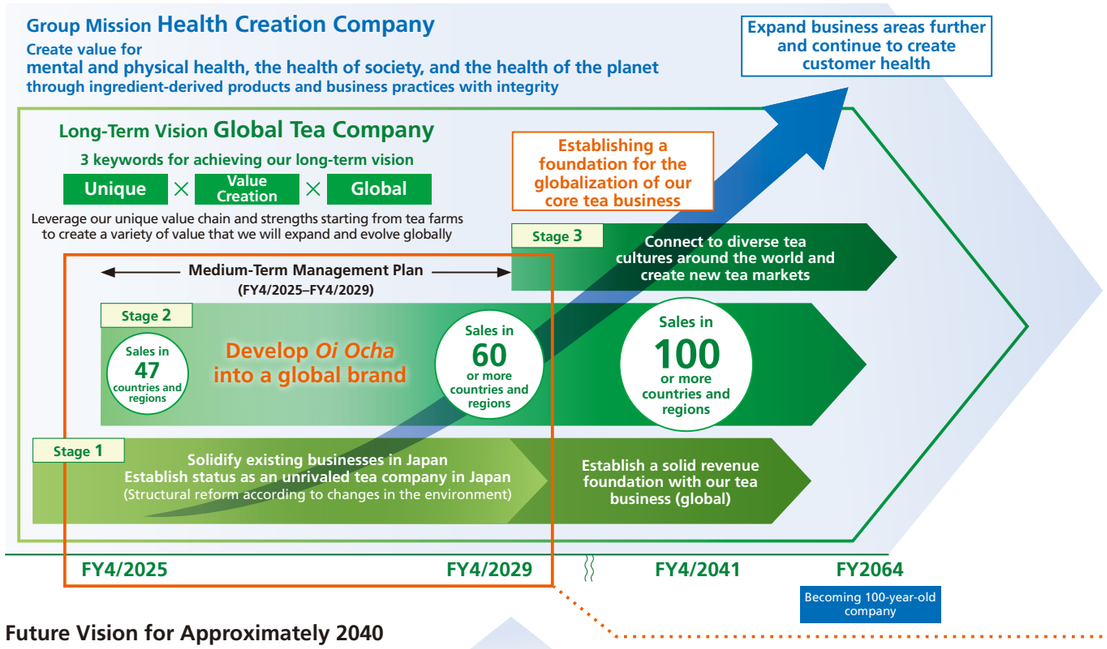
Progress of the Medium-Term Management Plan

(FY4/2025–FY4/2029)

As a Health Creation Company, the ITO EN Group aspires to become a "Global Tea Company." We are establishing a foundation for the globalization of our core tea business, further expanding our business areas, and striving to reach a century-long legacy of consistently creating health for our customers.

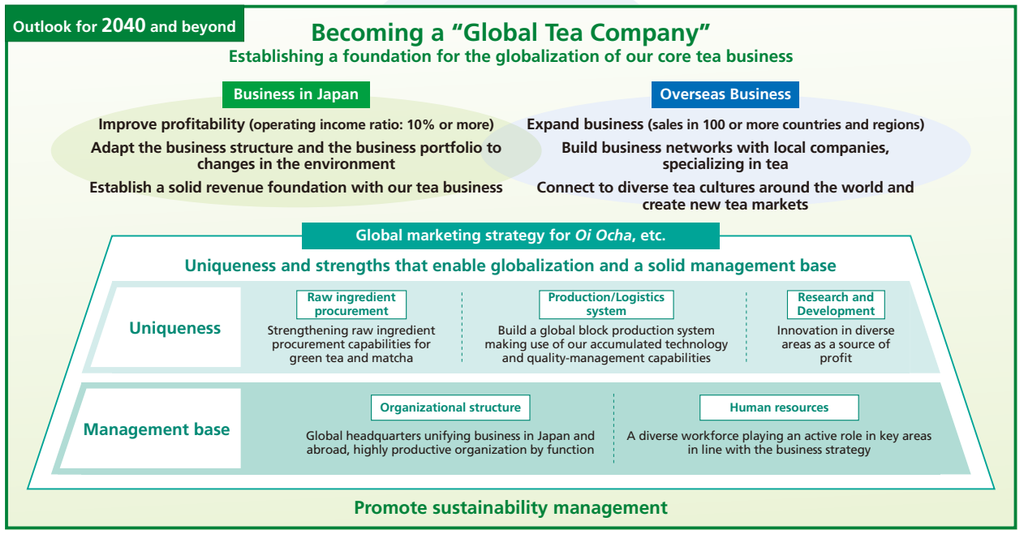
In our Medium-Term Management Plan (FY4/2025–FY4/2029), we are advancing initiatives under our key strategies, which include "developing *Oi Ocha* into a global standard brand" and "solidifying existing businesses in Japan" as the second phase toward becoming a "Global Tea Company."

Our future vision of lasting 100 years as a Health Creation Company



Future Vision for Approximately 2040

As a Health Creation Company,
expand business areas and continue to create customer health



Medium-Term Management Plan: Five key strategies

Develop *Oi Ocha* into a global standard brand
- Expand global marketing
- Build global systems for production and sales
- Evolve the Tea-Producing Region Development Project

⇨ pp. 15-18

Solidify existing businesses in Japan
- Select and concentrate marketing
- Optimize the supply chain
- Rebuild the business structure in Japan

⇨ pp. 19-21

Create new businesses
- Offer new value centered on tea and health
- Expand business domains through capital tie-ups and M&As

⇨ p. 22

Strengthen the management base
- Strengthen ITO EN Group governance and synergy
- Promote human capital management, DX and risk management

⇨ pp. 52-64

Promote sustainability management

- **Sustainable growth and value creation toward becoming a 100-year-old company through promotion of material issues linked with business strategies**
  - Achieving Well-being through Eating Habits
  - Building Sustainable Agriculture and Supply Chains
  - Health of the Planet
  - Co-creation and Deepening Ties with Local Communities
  - Respect for Human Rights
  - Diverse Human Assets and Active Roles for All
  - Group Governance

⇨ pp. 35-64

Quantitative targets of the Medium-Term Management Plan

	FY4/2025 actual results	FY4/2026 plans	Medium-Term Management Plan (FY4/2025–FY4/2029) FY4/2029 targets	Long-term future vision FY4/2041
Consolidated net sales (billion yen)	472.7	490.0	Average annual growth rate of 2% or more (8% or more overseas) *Excluding the impact of foreign exchange rates	Average annual growth rate of 3% or more
Growth rate of net sales	4.1% YoY	3.7% YoY		
Operating income ratio	4.9%	5.2%	8% or more	10% or more
ROE	8.0%	8.9%	10% or more	—
Total return ratio	144%	40% or more		—
Oi Ocha overseas sales volume	9% YoY	Average annual growth rate of 24% or more		Average annual growth rate of 10% or more

Key Strategies		FY4/2025 achievements and progress	Challenges / Future initiatives
Develop *Oi Ocha* into a global standard brand	Target countries and regions	◇ **Overseas business locations** - 13 locations in 10 countries ◇ **Countries/regions where sales are conducted** FY4/2024: 40 countries and regions → expanded to 47 * As of the end of April 2025	**Goal for FY4/2029: Expand to 60+ countries and regions** • Expanding from business locations in Germany, ASEAN, and other regions to cover all of Europe, India, and untapped countries in Asia, Africa, and beyond • Building networks with local companies overseas
	Sales and marketing	◇ **Overseas *Oi Ocha* beverage product sales growth rate** +9% YoY ◇ **Sales performance** **North America/Asian countries** • Popular in Asian supermarkets; accelerating expansion into major local retailers • The tea business is highly profitable **Europe** • Expansion of products starting from German business location ◇ **Global and local marketing** • Leveraging Shohei Ohtani and Ichikawa Danjuro XIII • Brand awareness through Japanese culture, anime, sports, etc. ⇒pp. 15-18	Failure to meet target average annual growth rate of 24% **Toward an average annual growth rate of 24% or higher** • Expanding the product lineup, introducing products to major retailers, and increasing market penetration • Building a global supply chain ✓ Preparing for expansion of regional production ✓ Strengthening of procurement capabilities for reduced pesticide use and organically cultivated green tea and matcha ✓ Preparing for overseas tea leaf production • Strategic utilization of Shohei Ohtani and Ichikawa Danjuro XIII marketing based on country/region characteristics • Promotion of brand awareness and tasting experiences tailored to specific regions and occasions
Solidify existing businesses in Japan	Sales and marketing	◇ **Focus on the *Oi Ocha* brand: No. 1 in Japan** • Reviewing the number of products and shifting toward a high-profit, small-to-medium container portfolio • Focused deployment of marketing initiatives	• Continuation and optimization of marketing efforts featuring Shohei Ohtani • Reducing container weight and lowering container costs
	Supply chain	◇ **Structural reforms across the Group through supply chain optimization** • Establishment of a dedicated supply chain department; integration of two tea leaf-producing Group companies into the ITOENTEAFACTORY CO., LTD. • Optimization of sales networks, productivity improvements • Promotion of Group-wide collaboration in vending machine operations ⇒pp. 19-21	• Accelerating structural reforms under a new organizational structure • Optimization of product design, procurement and production, and stock points • Establishment of a sales structure optimized to respond to environmental changes • Promoting collaboration both within Group companies and with external companies
Create new businesses		Establishment of a new department or section dedicated to matcha to respond to rising demand and concentrate resources ⇒p. 22	• Implementing capital investment in matcha and growth fields
Strengthen the management base		Promotion of Group Risk Management System and establishment of Group System DX Headquarters	• Enhancing risk management and cybersecurity
Promote sustainability management		Comprehensive review of material issues, establishment of key themes and KPIs	• Promoting material issues initiatives in conjunction with the Medium-Term Management Plan

Feature 1

Develop *Oi Ocha* into a Global Standard Brand

The ITO EN Group, founded as a tea retailer, revolutionized tea by launching packaged tea, the world's first Canned Green Tea, and green tea beverage in PET bottles, keeping pace with changes in the lifestyles of the Japanese people. Since its launch in 1989, *Oi Ocha* has served as the embodiment of our "straight from the farm" philosophy, consistently delivering the authentic taste and aroma of green tea while adapting to evolving lifestyles. By leveraging our long-standing expertise in raw ingredient and product development, incorporating research on the health benefits of green tea and matcha, and advancing our global supply chain through regional manufacturing locations, we will continue to cultivate unsweetened *Oi Ocha* as a global brand that helps address the world's food and health challenges.

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. (Sales in 100 or more countries and regions by around 2040)

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 and health benefits of unsweetened tea leads to an increase in the number of people who drink it
- Contributing to the improvement of dietary habits of countries and regions around the world
- Achieving general well-being (mental and physical health, the health of society)

Brand Value of *Oi Ocha*

Evolving to match changing lifestyles while continuing to soothe people's bodies and spirits with the authentic delicious taste and aroma of tea

The cornerstone for achieving the globalization of *Oi Ocha*

Raw ingredient development and procurement capabilities

- Development of raw ingredients for overseas markets through initiatives such as the Tea-Producing Region Development Project (reduced pesticide use, organic cultivation, etc.)
- Matcha raw ingredient procurement capabilities
- Raw ingredient development for overseas regional production

A supply chain that expands across Japan and countries worldwide

- Building a global supply chain
- Partnerships with manufacturing contractors, etc.
- Expanding business and manufacturing locations

Researching green tea and matcha and conveying its appeal

- Researching the health benefits of tea through industry-government-academia collaboration
- Disseminating research findings domestically and internationally and applying them to society
- Promoting the appeal of green tea and matcha through the Tea Taster System

Accumulated expertise in tea/technical capabilities/product development capabilities

- Developing tea products for diverse drinking scenarios (leaf tea, tea bags, instant tea, matcha)
- Production technologies that preserve flavor and freshness

Tea brewed in a Japanese teapot (kyusu) → Made into a beverage product (world's first) → Evolution into tea that can be enjoyed anytime, anywhere → Responding to diversifying tastes, drinking styles, and health needs



- **Since 1966** Launched packaged green tea
- **1985** Launched a world first, Canned Sencha (green tea)
- **1989** Launched *Oi Ocha*
- **1990** Launched a world first, green tea beverage in a PET bottle (1.5 L)
- **1996** Launched "personal-sized" *Oi Ocha* 500 mL PET bottle
- **2000** Launched heated PET bottle products

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 pesticide residue standards and environmental regulations of various countries



Japan, United States, Canada, China, Hong Kong, Taiwan, South Korea, Australia, Singapore, Thailand, Indonesia, Vietnam, Europe

***Oi Ocha* beverage products sold in various countries and regions**

Tea bags, Instant green tea, Matcha

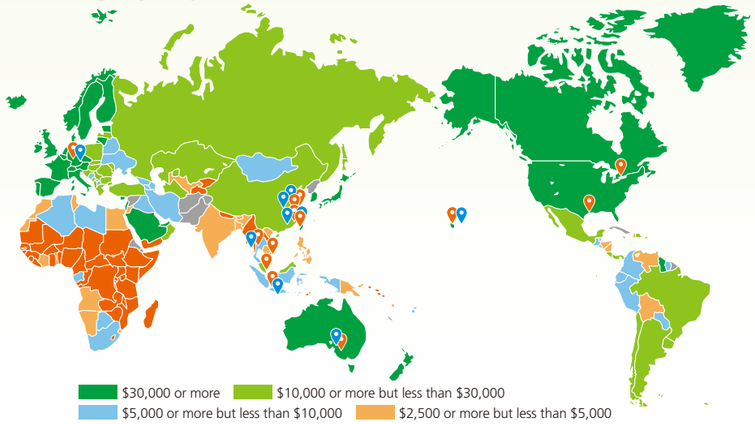
Products such as *Oi Ocha* tea bags

Toward 100 Countries and Regions: Part 1 Selecting Countries and Regions for Expansion

In existing markets, *Oi Ocha* and matcha products are beginning to gain traction among health-minded consumers with higher disposable incomes. In selecting markets such as these, we focus on factors such as population, economic viability (business practices, per capita GDP, economic growth, etc.), affinity with Japanese culture (food and tea culture, commitment to quality, etc.), and social stability and maturity. Strategic decisions are made considering barriers to entry (such as pesticide residue standards, environmental regulations, tariffs, and distance from Japan).

Furthermore, to establish a foothold for future expansion into new markets and regions, and to build a global supply chain that balances profitability with quality assurance, we will expand our business and production locations.

Overseas business and manufacturing locations color-coded by country/region per capita GDP



Based on IMF (International Monetary Fund) nominal GDP per capita data for 2025, compiled according to Company standards.

Overseas Business Locations and branches

USA (North America)
1987 ITO EN (Hawaii) LLC
2001 ITO EN (North America) INC.
2013 ITO EN (North America) INC. Toronto Office

China
1994 Ningbo Shunyi Tea Products Co., Ltd.
1998 Fujian New Oolong Drink Co., Ltd.
2012 ITO EN BEVERAGE (SHANGHAI), LTD.

Taiwan
2012 Okinawa ITO EN Taiwan Branch

Australia
1994 ITO EN AUSTRALIA PTY. LIMITED

Southeast Asia
2012 ITO EN Singapore Pte. Ltd. (Singapore)
2013 ITO EN (Thailand) Co., Ltd. (Thailand)
2013 PT ITO EN ULTRAJAYA WHOLESALE (Indonesia)
2024 ITO EN VIETNAM CO., LTD. (Vietnam)

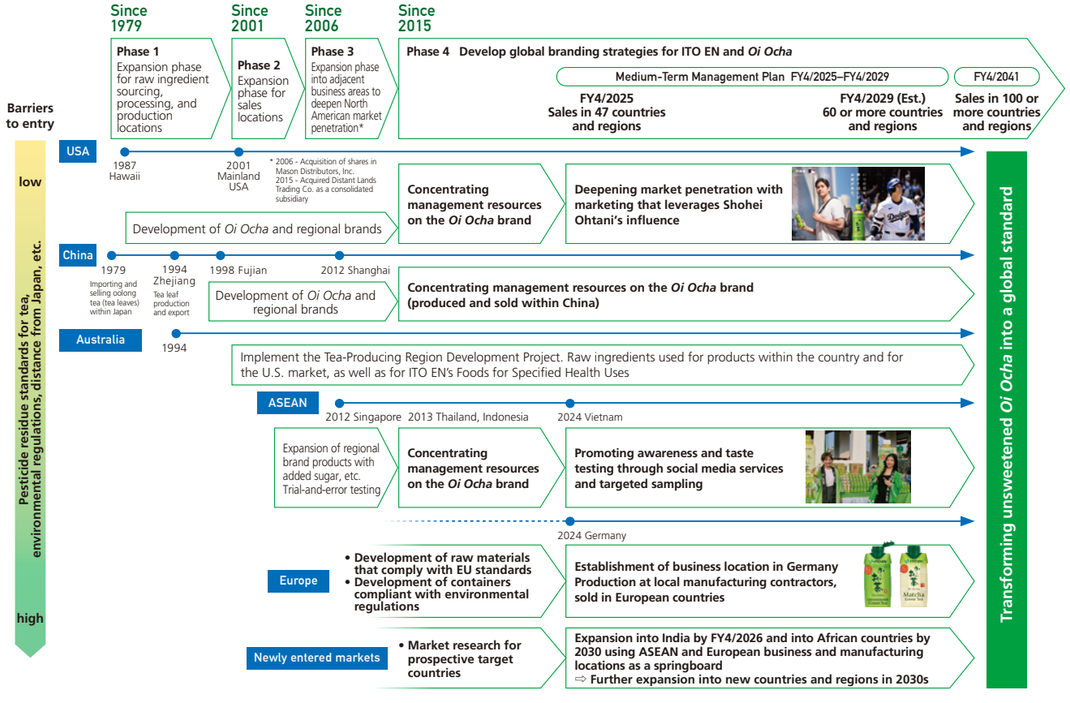
Europe
2024 ITO EN Europe GmbH (Germany)

Overseas Manufacturing Locations

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

* As of the end of April 2025

Toward 100 Countries and Regions: Part 2 Expansion into More Countries and Regions



Toward 100 Countries and Regions: Part 3 Promoting the *Oi Ocha* Brand in New Markets

In our target countries, sugary beverages tend to dominate the market for premium drinks other than water and sparkling water, with little to no preference for unsweetened tea beverages. However, in the United States, Europe, and the rapidly growing ASEAN (Southeast Asian) region, health awareness and interest in Japanese food and culture are increasing. We are focusing our efforts on activities that promote brand awareness and opportunities to try our products, targeting the health-conscious upper-middle class and beyond, as well as those with a strong interest in Japanese culture. To this end, we use a combination of "global marketing" that features athletes like Shohei Ohtani and actors like Ichikawa Danjuro XIII, and "local marketing" that is tailored to each country and region. Effective strategies combine global marketing aimed at consistently conveying the brand's core values and vision worldwide with local influencer outreach on social media, alongside sampling and tasting events in collaboration with local communities, businesses, organizations, and Japanese pop culture. This approach expands awareness and opportunities to drink the product through the concept of "*Oi Ocha* × Health × Japanese culture," fostering habitual consumption and driving sales growth.

Diagram of overseas marketing structure

Target audience in target countries • Highly health-conscious • Upper-middle class and beyond • Highly interested in Japanese culture

Global marketing

• Advertising and promotions featuring Shohei Ohtani and Ichikawa Danjuro XIII

Shohei Ohtani

A baseball player who is dedicated to improving his mind, body, and skills as he takes on new challenges. He supports his lifestyle with a healthy diet and green tea.



"Worldwide," "New challenges," & "Health"

Ichikawa Danjuro XIII

An actor who continues to hone his skills as the successor of the Ichikawa family, one of the most famous Kabuki families in Japan.



"Japanese culture" & "Tradition and innovation"

Communicating the health benefits and appeal of green tea, matcha, and unsweetened tea

×

Local marketing in each country and region

• Leveraging social media and influencers
• Penetration into daily life and culture

Halal and Kosher certifications and certifications related to health benefits

Group companies in each country

Corporate Customers	Local communities, organizations, medical institutions, and sports facilities	Japanese culture Traditions, pop culture

Coordinated implementation of sales initiatives, sampling/tasting events, and awareness-raising events

Creating habitual consumption of *Oi Ocha*, green tea and matcha through awareness and drinking experiences

ASEAN

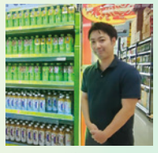
Expanding the reach and distribution channels of unsweetened *Oi Ocha*

Most Vietnamese customers who try *Oi Ocha* for the first time react with surprise, saying things like, "It's tea, but it's not sweet!" At times like this, we feel that there is great potential in the ASEAN market, where only sweetened tea is available. We have switched our product labels from English to Vietnamese and increased the number of points of contact for customers by utilizing sampling and social media. These efforts, combined with growing health consciousness, mean sales are increasing daily, primarily in Ho Chi Minh City convenience stores, despite higher prices compared to local products. We have also begun transactions with local mass-market retail chains.

Across ASEAN countries, we are expanding our retail business and strengthening connections with customers, inviting them to drink, learn about, and fall in love with our products, as we pursue ongoing sales growth.



Example of a display at a mass retailer



Ayumu Kikuta
ITO EN VIETNAM CO.,LTD.

* Affiliated as of August 2025

EU

Making *Oi Ocha* a part of British food culture

The penetration of unsweetened *Oi Ocha* has only just begun, and we see great potential driven by trends surrounding health awareness, Japanese cuisine, and matcha. Promoting the health benefits of green tea and matcha, suggesting food pairings with green tea, and exhibiting at pop culture events attended by people with a strong interest in Japanese culture are all effective ways to raise product awareness.

In the UK, the country I oversee, there is a degree of resistance to accepting other cultures, but I often hear that once something catches on, it becomes a staple. Even sushi took time to gain acceptance, but it has now firmly established itself as a part of the food culture. We aim to achieve the same for *Oi Ocha*, green tea, and matcha, making them readily available anytime, anywhere.



Example of a brand awareness/ promotion event



Saeko Yuki
ITO EN Europe GmbH

* Affiliated as of August 2025

Progress on Developing *Oi Ocha* into a Global Brand

Achievements and Future Plans

For the second phase of our mission to become a "Global Tea Company," our Group is promoting a global brand strategy for *Oi Ocha* via two parallel approaches: deepening penetration in existing markets, and expanding into new sales territories.

In FY4/2025, the first year of our Medium-Term Management Plan, sales volume for *Oi Ocha* beverage products grew by 9% year-on-year, while tea bags achieved a 41% increase. Although beverage product growth fell short of projections, we are seeing steady progress in brand penetration across all markets in which we operate. While we are concentrating management resources on the *Oi Ocha* brand across all countries, our U.S. (North American) operations have achieved profitability over the past two years and are delivering high returns. In the ASEAN region, Group companies serving as business hubs are located in countries such as Thailand and Indonesia, where a supply chain has been established to produce and sell beverage products through local manufacturing contractors. By the final year of the Medium-Term Management Plan, FY4/2029, the overseas sales volume of *Oi Ocha* beverage products will exceed 10 million cases. In ASEAN, where economic growth and health consciousness are rising, we plan to more than triple sales volume. Group companies in existing markets have largely achieved profitability, and we also intend to bring the European and Vietnamese operations established in 2024 into profitability at an early stage.



Kazuhiko Nakajima
Executive Officer and Head of International Business
Chair of Long-Term Management Planning Committee, ITO EN, LTD.

Expanding sales overseas and establishing a profitable global supply chain

The selection of new locations for expansion is based on experience gained since our entry into the US (North America) mainland in 2001, consideration of economic viability and market potential, and the establishment of supply chains leveraging existing business and production locations as foundations. We aim to expand sales to 60 or more countries and regions by FY4/2029, and to 100 or more by FY4/2041. We plan to enter the Indian market within FY4/2026 and expand into African countries by 2030.

Amid uncertainties surrounding global economic conditions and geopolitical risks, developing profitable and sustainable overseas operations requires building supply chains with a medium- to long-term perspective. We are currently exploring the possibility of establishing operations overseas that handle everything from raw ingredient production to manufacturing and sales of *Oi Ocha* as close as possible to locations where it is consumed. While various obstacles remain to be overcome, we are confident this effort will lead to a significant leap forward for our overseas business.

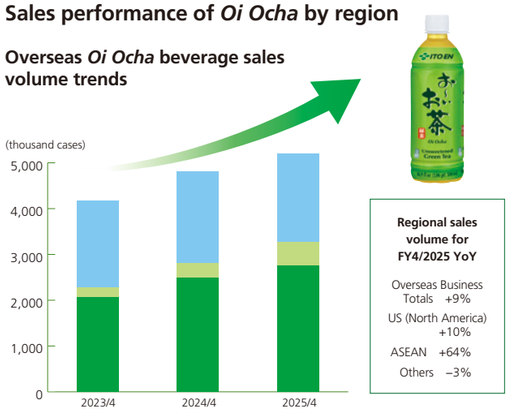
Spreading Japanese green tea and matcha worldwide

Visits to countries around the world reveal that matcha is gaining popularity everywhere, representing a significant business opportunity. As such, to reinforce sales and a stable supply of tencha, the raw ingredient for matcha, we have reorganized our organizational structure effective FY4/2026 (refer to p.22, p.44).

The Group's mission is to popularize Japanese green tea and matcha worldwide. Through the global branding of *Oi Ocha*, we will expand our overseas business and promote Japanese tea culture internationally.

Sales performance of *Oi Ocha* by region

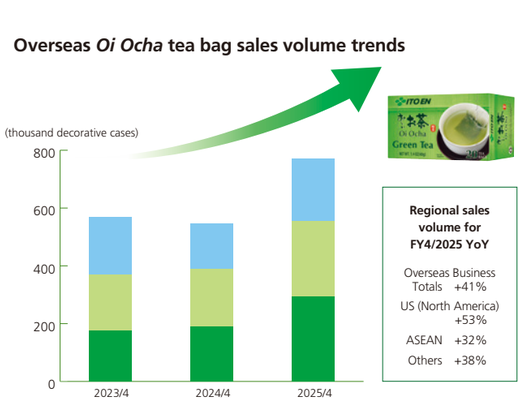
Overseas *Oi Ocha* beverage sales volume trends



Regional sales volume for FY4/2025 YoY

Overseas Business Totals	+9%
US (North America)	+10%
ASEAN	+64%
Others	–3%

Overseas *Oi Ocha* tea bag sales volume trends



Regional sales volume for FY4/2025 YoY

Overseas Business Totals	+41%
US (North America)	+53%
ASEAN	+32%
Others	+38%

■ North America ■ ASEAN ■ Others

Solidify existing businesses in Japan

Changes in the External Environment and Structural Reform of Businesses in Japan



Shigeru Kamiya
Director and Senior Managing Executive Officer
General Planning Department, Group Business Management Department, In charge of Supply Chain Strategy Department and Special Assignment Officer, ITO EN, LTD

The ITO EN Group has grown by drawing on its unique strengths, such as "route sales," sales activities deeply rooted in local communities with close ties to customers and retail outlets, and the "fabless method," where beverage products are manufactured by partner factories.

However, in recent years, external factors such as changes in Japan's demographics, rising raw material costs, and evolving dynamics within the retail and distribution industries, our key business partners, have had a significant impact on our operations. Therefore, the need to reassess the role of route sales and the sales structure at our nationwide sales bases, which have driven our growth to date, along with our transition from operating solely as ITO EN to strengthening Group management, indicates that we are entering a period of transformation and reform.

This period of transformation and reform involves tackling risks, but it also presents an opportunity to build a solid foundation for future growth strategies both in Japan and overseas. Therefore, our Group is further advancing the "structural reform of businesses in Japan" undertaken at key milestones of business growth since our founding. This involves optimizing manufacturing locations, logistics hubs, and sales bases while maintaining visibility across the entire domestic supply chain.

The overseas initiative of "developing *Oi Ocha* into a global standard brand" and the domestic initiative of "solidifying existing businesses in Japan" through structural reforms to enhance profitability and productivity, both part of the growth strategy in the Medium-Term Management Plan that runs through to FY4/2029, are key dual strategies driving the achievement of our quantitative targets: ROE and operating income ratio.

We will transform our existing domestic operations, which account for over 80% of our Group-wide sales, into a "sustainable profit-generating structure." By investing the resources generated from this transformation into overseas business, research and development, and employee salary increases, we will create a virtuous cycle of sustainable growth. We will advance structural reforms across the entire supply chain to enhance our competitiveness both in Japan and overseas.

Changes in the External Environment

Although the external environment, encompassing society, markets, and customers, has undergone changes over the long term, the pace of change has accelerated rapidly in recent years, triggered by events such as the COVID-19 pandemic and the Russia-Ukraine situation.

Changes in Society

- Population decline leading to regional depopulation, labor shortages, and rising wages
- Response to various social and environmental challenges such as climate change and resource circulation
- Growth of inbound tourism
- Rising costs of logistics, raw ingredients, materials, and energy

Changes in Markets and Customers

Restructuring and consolidation in the retail sector



Against the backdrop of accelerating regional depopulation, a shrinking working-age population, changes in sales channels, and the rapid evolution of AI and IoT, the retail sector, including mass retailers and drugstores, is undergoing restructuring and consolidation of its chain stores. In addition, the proportion of shipments to distribution centers for wholesalers, mass retailers, and drugstores is increasing in each region. In the face of these changes, our Company will draw upon the strengths of our on-the-ground route sales while establishing a more efficient and sustainable supply system.

Changes in the vending machine sector



Across the entire beverage industry, sales from vending machines, as "stores" where purchases can be made anytime, anywhere, are experiencing a decline. This is due to factors such as the increase in retail outlets such as convenience stores, extended operating hours at mass retailers and drugstores, and the decline in the Japanese population. In recent years, there has been a focus on expanding into prime locations, such as cities and tourist destinations, while also optimizing placement according to local conditions.

Changes in the e-commerce sector



In the e-commerce sector, as the market expands and matures, the use of major e-commerce platforms is growing, and logistics and product development tailored to e-commerce are expanding in rapid succession.

Reform of Route Sales

The strength of route sales lies in creating points of contact with customers in each region, building trust, and responding to their underlying needs. However, with changes in society, markets, and customers, we are now at a point where we must reevaluate our traditional approach.

Our route sales model is distinguished by a nationwide network of sales bases and distribution channels, with sales staff closely tied to each region handling everything from negotiations and delivery to creating retail displays. This has resulted in a largely uniform sales structure across the country. However, in recent years, a store-based sales model has become increasingly common. This approach involves outsourcing some of the product logistics to logistics companies in accordance with the characteristics of business partners, the region, and the trading area, allowing sales staff to focus on creating in-store retail displays and business negotiations.

Other key challenges include streamlining of route sales operations, optimization through reorganization of sales bases, and creation of Group synergies, and the Company is advancing reforms to address these (see (1) to (3) below).

While maintaining direct store visits and points of contact with customers as before, we are enhancing the efficiency of route sales and aiming to build a sustainable sales structure.

(1) Improving productivity by streamlining sales operations

ITO EN's route sales approach enables sales tailored precisely to local conditions, yet it has also sometimes led to efficiency issues due to unique rules at each sales base. As such, we are streamlining operations by reviewing delivery frequency and per-delivery volume while maintaining points of contact with customers.

Analysis of sales bases that conducted operational streamlining showed instances where sales per salesperson increased for FY4/2025, while also contributing to reductions in overtime hours.

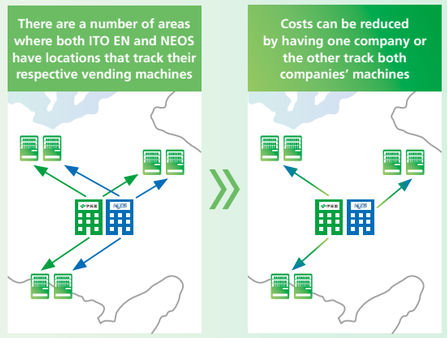
(2) Optimization of sales bases across the entire Group

We are consolidating our sales bases scattered throughout the country into large-scale hubs.

In addition to reducing fixed costs such as land, building, and vehicle expenses, this will improve sales efficiency by eliminating duplicate visits to the same area by multiple bases and reducing variation in operational practices.

Furthermore, in the medium term, we will leverage the Group's functions as a logistics company to develop an optimal supply chain that takes into account logistics and sales aspects. This will be achieved through collaboration between Group companies, including ITO EN itself, and NEOS Corporation (hereinafter NEOS), which handles vending machine operations.

Figure 1



(3) Creating synergies in the vending machine business (see Figures 1 and 2 on right)

We are strengthening our collaboration with NEOS in the vending machine business.

To enhance the profitability of the vending machine business, we are removing low-performing machines while simultaneously optimizing our sales structure, including co-locating the two companies' sales bases and outsourcing vending machine operations where necessary. This optimization, which also involves NEOS, is tailored to the specific characteristics of each area and business partner.

As a result, the combined per-unit sales of vending machines for our Company and NEOS over the past three years have shown an upward trend.

Furthermore, we are conducting sales activities from multiple angles. This includes not only reducing duplicate deliveries and shipments by both companies to the same customers or areas, but also proposing new vending machine installations by combining both companies' sales capabilities, and our showcasing of the "B.B.CAMP" office cafes* operated by NEOS.

* An internal cafe service that can be operated in a small space within a company's office. It is currently being introduced primarily in office space belonging to IT and financial services companies in the Tokyo metropolitan area.

Figure 2

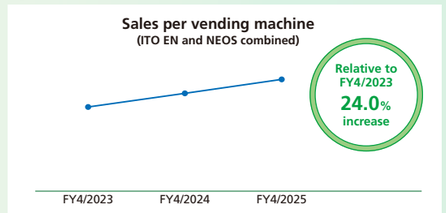




Illustration of NEOS' "B.B.CAMP" office cafe

Structural Reform Across the Entire Domestic Supply Chain

The domestic supply chain encompasses everything from product planning and development to procurement, processing, manufacturing, logistics, sales and marketing. The ITO EN Group possesses distinct characteristics at each stage, including procurement of raw ingredients for green tea, a fabless method in which beverage manufacturing is outsourced, and route sales. However, when the supply chain is viewed holistically, challenges remain in terms of cost and speed, and sufficient optimization has not been achieved.

In addition to the ongoing reform of route sales (refer to p. 20), we are verifying improvements in logistics efficiency through restructuring of Group companies, including spin-offs and integrations, and establishing new stock points (logistics hubs).

Furthermore, since May 2025, we have been working to accelerate structural reforms across our domestic operations, including the establishment of a new Supply Chain Strategy Department that reports directly to the President.

Conceptual diagram of structural reform across the entire domestic supply chain

ITO EN's characteristics and strengths

Procurement of raw ingredients for green tea



Unique expertise, covering fields to raw ingredients

Block production and logistics based on a fabless method



"Route sales" regional sales system



Sales closely aligned with local customers, emphasizing the "5 marketing functions" and the spirit of "STILL NOW" (refer to p. 1)

Changes in the external environment

Changes in society

- Population decline leading to regional depopulation, labor shortages, and rising wages
- Social and environmental challenges such as climate change and resource circulation
- Growth of inbound tourism
- Rising costs of logistics, raw ingredients, materials, and energy

Changes in markets and customers

- Restructuring and consolidation in the retail sector
- Changes in the vending machine sector
- Changes in the e-commerce sector

Responding to changes in the external environment requires building an efficient, profitable, and sustainable supply chain

Key points of reform

Planning and Development → Procurement and processing → Manufacturing → Logistics → Sales and Marketing

Selection and concentration of products and marketing

- Further strengthening of core brands and optimization of specifications and item counts



Rebuilding the business structure in Japan

- Integration of two tea leaf-producing Group companies into ITOENTEAFACTORY CO., LTD.
- Highly flexible production, logistics, and sales systems tailored to local consumption patterns

Collaboration with partner factories / Expansion of logistics centers / Promotion of Group synergies (ITO EN, NOOS) / Joint deliveries with other companies

Building a holistically optimized core system + Setting of KPIs and alert functions

Optimization of the entire supply chain, solidification of businesses in Japan, and further growth of the ITO EN Group

TOPICS

Restructuring the Business Structure in Japan to Develop *Oi Ocha* Into a Global Standard Brand: Operations Begin at ITOENTEAFACTORY CO., LTD., the Core Company of the Manufacturing Business

In May 2025, we integrated ITO EN SANGYO, LTD. and ITO EN KANSAI CHAGYO, LTD., Group companies that had previously handled tea leaf product manufacturing operations, into ITOENTEAFACTORY CO., LTD. This company oversees the entire ITO EN Group's manufacturing operations, for both Japan and overseas, with business operations now underway.

This integration aims to accelerate the development of personnel skilled in tea leaf product manufacturing, with a view toward the global expansion of *Oi Ocha*, as well as to enhance production capabilities, improve productivity, and establish overseas production systems as part of our global strategy.

As a crucial step toward advancing the key strategies outlined in our Medium-Term Management Plan, "develop *Oi Ocha* into a global standard brand" and "solidify existing businesses in Japan," we will concentrate the management capital developed by the two companies, including technology, expertise, personnel, and production facilities, to strengthen the manufacturing operations of the entire ITO EN Group, including overseas operations.



Create New Businesses

Leveraging our core tea business to expand the matcha business

Our Company has consistently undertaken a wide range of initiatives concerning matcha, a long-standing Japanese traditional tea. These include developing matcha products for ceremonial tea preparation and lattes, as well as matcha-based beverages, and conducting research on its health benefits, such as cognitive function. In recent years, matcha has been attracting global attention for its health benefits and cultural appeal, leading to an increase in export volumes. However, this growth has been accompanied by challenges, including insufficient domestic production and supply of tencha (the raw ingredient for matcha) and rising raw ingredient prices. In addition, with the increase in visitors to Japan and the resulting expansion of inbound demand, the market has entered a new stage of growth.

In response to these circumstances, as Japan's leading tea company, we are leveraging our established capabilities in raw material procurement and manufacturing technologies to further strengthen our matcha business and expand its business domain. In May 2025, we established the "Matcha Business Department" to strengthen our raw ingredient procurement and production structure for matcha, along with marketing teams specialized for the domestic and overseas markets, thereby enhancing our Company-wide framework for promoting the matcha business.

Building the foundation for expanding the matcha business

As Japan's leading tea company, we are further strengthening the matcha business and expanding into this new business area

- Leveraging our long-cultivated raw ingredient procurement capabilities to the fullest
- Expanding ITO EN's Matcha around the world in conjunction with the global branding of *Oi Ocha*
- Sharing market insights with THE MATCHA TOKYO overseas and fostering synergies with our overseas business

Procurement / **Production**

System

- New establishment of the Matcha Business Department
- Establishment of a dedicated matcha section within the sales and marketing divisions
  ➡ Establishment of a Company-wide framework for cross-organizational promotion

Overseas Expansion / **Initiatives for inbound customers**

- Expansion of matcha production lines in November 2025
  ➡ Stable supply and quality management to meet growing demand
- Launching matcha products for inbound visitors to Japan
  ➡ Suggest diverse ways to enjoy matcha

Matcha has been attracting global attention for its health benefits and cultural appeal

<Procurement>
We are working to establish a stable procurement system for matcha ingredients, centered around our Matcha Business Department staffed with tea experts in collaboration with external partners.

<Production>
In November 2025, we will expand the production lines at the "Matcha Studio" facility located within the ITO EN Shizuoka Factory, to establish a stable supply system and high-standard quality control framework to meet increasing demand both in Japan and internationally.

<Initiatives for inbound customers>
In response to the growing inbound demand, we will expand products tailored to the needs of international visitors to Japan, thereby accommodating the diversification of ways to enjoy matcha.

<Global Expansion>
In our overseas business, we will further strengthen the global expansion of "ITO EN's matcha" by leveraging the knowledge and expertise we have cultivated as a leading tea company. We will also strengthen our collaboration with THE MATCHA TOKYO Co., Ltd., which operates an organic matcha beverage business. In addition to collaboration in matcha raw ingredient procurement, we will share overseas market needs from a network of approximately 50 stores across 6 countries (as of the end of September 2025), including the company's international franchise operations, thereby creating synergies with our overseas business centered on the developing *Oi Ocha* into a Global Standard Brand.

TOPICS

Challenges Leveraging Our In-House Venture System: New Business "Crazy Jasmine"

Crazy Jasmine, a fragrance brand born from our In-House Venture System, where employees can challenge themselves with new business ideas using their own concepts (see p. 56), is a challenge-driven initiative that delivers the scent of freshly bloomed jasmine as a product available year-round.

We are currently conducting test marketing through limited-time pop-up stores at department stores and commercial facilities across Japan, as well as through e-commerce. By leveraging the fragrance development expertise gained through our beverage and leaf businesses, we aim to explore new market opportunities in different concept areas.

In addition to enhancing the brand value of our products, we seek to contribute to people's well-being through the power of fragrance.





The limited-time pop-up store that was actually launched

Financial and Capital Strategy



Atsushi Hirata
Director and Senior Managing Executive Officer CHRO CFO
General Director of Administration Headquarters, in charge of Internal Control, ITO EN, LTD.

The ITO EN Group acknowledges the growing expectations that come with the market's increasingly favorable assessment of our Company. We recognize the need to expand beyond our focus in Japan and achieve further growth in overseas markets. While there is still room for improvement, we are currently refining our decision-making process with capital costs as a premise, and as part of this effort, we will clarify our capital allocation policy. This will allow us to strive for enhanced capital efficiency through the optimization of growth investments, shareholder returns, and financial soundness.

Taking the Business Environment into Account

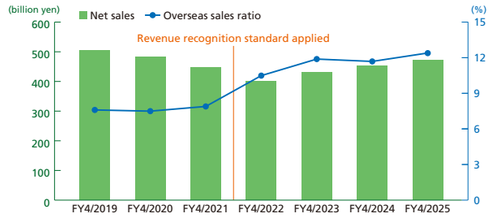
While we are aiming for an operating income ratio of 8% or more in our Medium-Term Management Plan, we recognize a current gap driven by significant external challenges. These challenges include domestic demographic changes, increasing raw material costs, and evolving dynamics within our main retail and distribution partners. Soaring costs for raw materials, supplies and other factors during FY4/2025 resulted in an additional 6.3 billion yen in costs for ITO EN alone. The impact is not limited to a single fiscal year; it has amounted to 26.4 billion yen over the last three fiscal years. While we have mainly absorbed cost increases through higher sales, the surge in raw material and packaging prices is expected to continue. To mitigate the impact of rising costs, we will revise product designs, improve containers and product configurations, and implement a price revision in October 2025.

Looking beyond FY4/2026, we will seek to enhance our gross profit margin by reviewing the number of product items and enhancing our product value and price mix. We will also advance marketing investments through research and development of high-value-added products and selective focus.

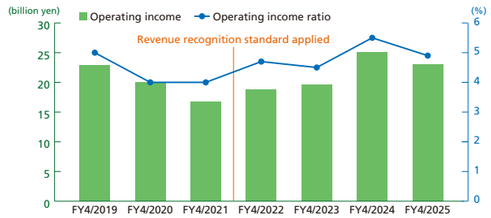
With "Develop *Oi Ocha* into a global standard brand" as a key strategy in our Medium-Term Management Plan and the strengthening of the matcha business serving as growth drivers, we will take a comprehensive view of the entire supply chain, from raw material procurement and production to sales and marketing, to build a system capable of stably securing profits. We will promote structural reforms in our domestic operations by optimizing the entire supply chain, including production and logistics, to improve profitability while aiming to achieve an operating income ratio of 8% or more.

Despite challenging revenue conditions, we believe we have made progress in establishing a foundation for improving performance within the "Team ITO EN Group." In the past, when Group companies faced challenging business conditions, ITO EN (non-consolidated) covered their shortfalls. However, in FY4/2025, Group companies offset the profit shortfall of ITO EN, which struggled on the profit front. While external factors make it difficult to make a simple comparison, we can say that earnings have been steadily improving, particularly in our overseas operations.

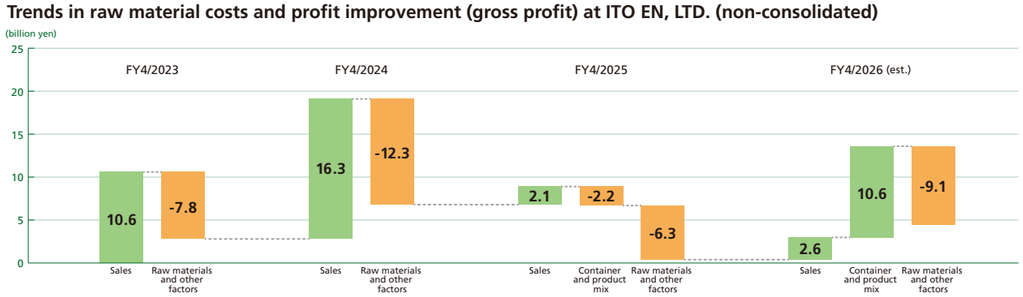
Trends in net sales and overseas sales ratio



Trends in operating income and operating income ratio



Trends in raw material costs and profit improvement (gross profit) at ITO EN, LTD. (non-consolidated)



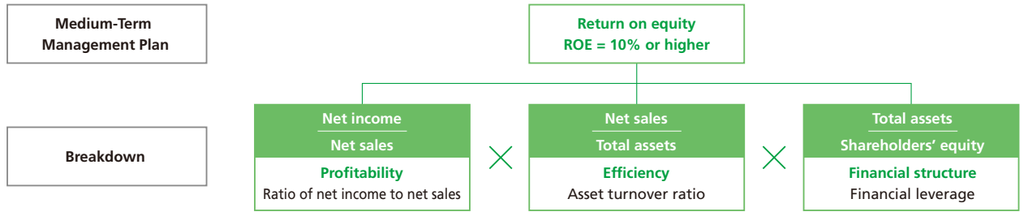
Financial Policy

Although PBR (Price Book-value Ratio) has consistently remained at a level of 1 or higher, we aim to further enhance it as an indicator that reflects market expectations. Specifically, we will work to enhance corporate value by implementing the growth strategy outlined in our Medium-Term Management Plan: "Develop *Oi Ocha* into a global standard brand," strengthening the matcha business, and reinforcing our profit base through structural reforms in our domestic operations.

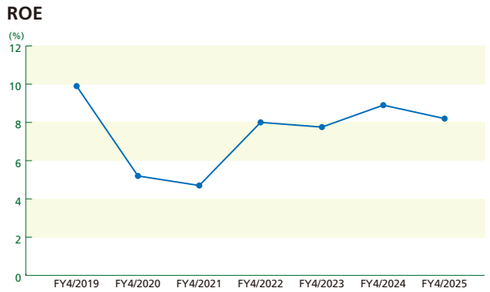
PBR is composed of two factors: ROE (Return on Equity) and PER (Price Earnings ratio). Our Company has long emphasized ROE-based management, and in the Medium-Term Management Plan, we set a target of achieving an ROE of 10% or more by FY4/2029. ROE is a representative indicator of capital efficiency, and we recognize it as an important measure for enhancing both our fundamental profitability and cash-generating capacity. ROE is composed of three elements: ratio of net income to net sales (profitability), asset turnover ratio (efficiency), and financial leverage (financial structure). We are advancing initiatives in each of these areas. Regarding profitability, we place particular emphasis on it in our Medium-Term Management Plan, targeting an operating income ratio of 8% or more by FY4/2029. This is because a large proportion of our Group employees are engaged in sales, and therefore operating income is more familiar to them than net income, which includes financial income and expenses as well as tax expenses. Each business department is considering what it can do and is engaged in initiatives to improve profitability. Regarding efficiency, we have been promoting a fabless business model (outsourcing beverage production to partner factories) to optimize asset utilization. To further accelerate this effort, we are advancing structural reforms through the optimization of the entire supply chain. Regarding financial structure, we will continue to make appropriate investments with our future growth strategies in mind, while also enhancing shareholder returns and maintaining a balanced approach.

In addition, with the progress of our global expansion under the Medium-Term Management Plan, further enhancement of financial governance has become essential. To this end, we will implement a global cash management system to centralize the Group's funds and manage and operate them efficiently. By implementing this system, we will achieve Group-wide cash visibility, centralized management of foreign exchange risk, and optimal allocation of surplus funds. This will enhance agility in growth investments while maintaining financial soundness, thereby ensuring sustainable enhancement of corporate value.

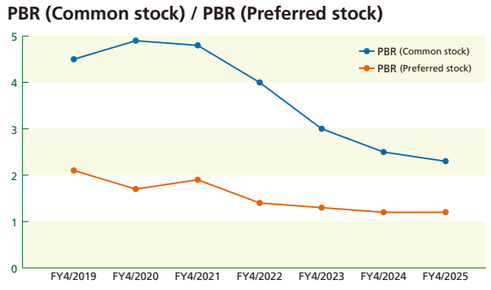
ITO EN's ROE-based Management and Financial Tree of Profitability, Efficiency, and Financial Structure



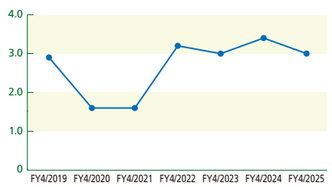
ROE



PBR (Common stock) / PBR (Preferred stock)

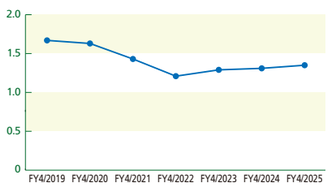


Ratio of net income to net sales



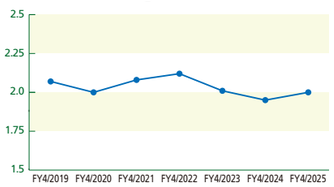
Although profit margins have been recovering along with the economic rebound from the COVID-19 pandemic, they declined in FY4/2025 due to the impact of rising costs of raw materials, supplies, and other factors

Asset turnover ratio



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



For FY4/2025, financial leverage increased due to a decrease in net assets resulting from the acquisition and cancellation of treasury stock

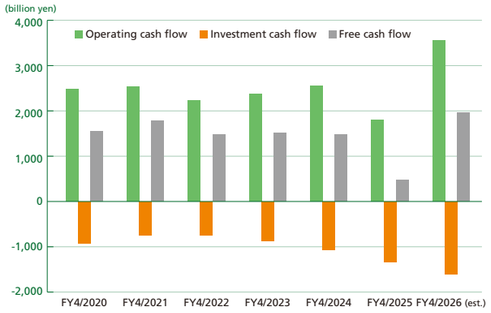
Cash Allocation

By executing the "five key strategies" outlined in our Medium-Term Management Plan, we aim to enhance profitability and cash-generating capacity, targeting cumulative operating cash flow of 160.0 billion yen or more over the five-year period ending April 2029. The cash generated will be allocated to future growth initiatives aimed at expanding our business domains, including new businesses that leverage our strengths in raw ingredient procurement, extensive expertise in tea and health, and proprietary technologies and know-how, as well as capital and business alliances or M&A with companies expected to create synergies. These investments for growth are indispensable to the Group's sustainable growth and enhancement of corporate value, and we will continue to actively explore them.

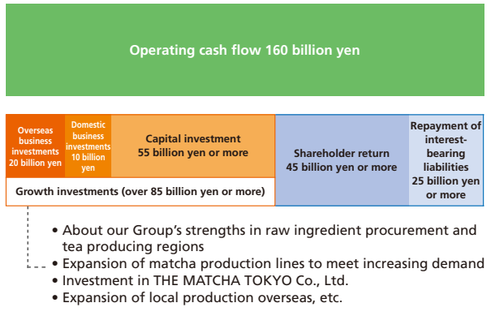
With respect to shareholder returns, we will maintain our fundamental policy of ensuring stable and continuously increasing dividends in line with profit growth. We will enhance shareholder returns by achieving stable free cash flow generation through improved profitability. We will maintain a balanced approach to investment and shareholder returns, while anticipating further globalization and making growth investments specifically in matcha-related businesses beyond our Medium-Term Management Plan.

Furthermore, we also regard improving financial soundness as a key management priority. If we include our lease liabilities, our Company has approximately 70.0–80.0 billion yen of debt. With capital costs in mind, we are planning to repay 25.0 billion yen or more in interest-bearing debt over the medium term to achieve an optimal capital structure. Amid expectations of a continued rise in interest rates, we will continue to strengthen our financial position. This involves reducing interest expense through planned debt repayments and improving our capital adequacy ratio to achieve greater financial soundness.

Consolidated cash flow trends



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



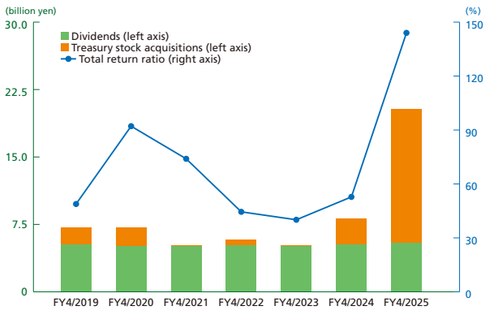
- About our Group's strengths in raw ingredient procurement and tea producing regions
- Expansion of matcha production lines to meet increasing demand
- Investment in THE MATCHA TOKYO Co., Ltd.
- Expansion of local production overseas, etc.

Approach to Shareholder Returns

We have increased dividends for two consecutive fiscal years and plan to increase them again in FY4/2026. We recognize shareholder returns as an important management priority. Our fundamental policy is to maintain stable dividends without reductions and to continue increasing them in line with profit growth, with dividends paid twice a year (interim and year-end). Taking a comprehensive approach that considers the strengthening of existing businesses and growth investments aimed at future medium- to long-term business development, we will aim for a total shareholder return ratio of 40% or higher.

As for the treasury stock acquisitions, we executed approximately 15.0 billion yen's worth in FY4/2025. Going forward, we will further promote management with an even greater focus on capital efficiency, while taking a comprehensive approach that considers our financial position, capital efficiency, and stock price trends to carry out share repurchases in a flexible and timely manner.

Trends in total return ratio and dividends + treasury stock acquisitions



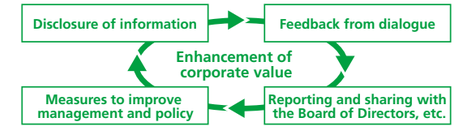
Trends in EPS and DOE for common and preferred stock

	FY4/2019	FY4/2020	FY4/2021	FY4/2022	FY4/2023	FY4/2024	FY4/2025
EPS (Common stock)	116.02	61.53	55.10	103.92	103.82	126.42	117.50
EPS (Preferred stock)	126.00	71.53	65.10	113.89	113.82	138.26	129.46
DOE (Common stock)	3.25	3.27	3.20	3.00	2.84	2.77	2.91
DOE (Preferred stock)	4.05	4.08	3.98	3.73	3.54	3.55	3.69

Engagement with Investors

The ITO EN Group is proactively and flexibly promoting its investor relations (IR) activities. We hold financial results briefings and individual meetings on a regular basis, engaging in ongoing dialogue with shareholders, investors, and analysts in Japan and overseas. In addition to investors, we also provide opportunities to receive opinions and insights from experts in a wide range of fields. Opinions that we received from investors, shareholders, experts, and others are shared at Board of Directors meetings and actively used to improve corporate management and business initiatives.

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

Promoting institutional investors' understanding of the Tea-Producing Region Development Project



Scenes from the tea-producing region site visit

Our Tea-Producing Region Development Project is a unique sustainable agriculture model that achieves both stable procurement of high-quality raw materials and stable management for tea producers. To promote institutional investors' understanding of the Tea-Producing Region Development Project, we held a tea-producing region site visit in Kagoshima Prefecture in June 2025. Through the site visit, participants gained a deeper understanding of our close partnership with tea producers, our initiatives to develop green tea and matcha raw materials that meet global quality standards, and other unique efforts that serve as the foundation for the delicious taste and growth potential of our products.

On the other hand, participants pointed out that our communication efforts toward the capital and consumer markets are insufficient. They emphasized that enhancing this communication would effectively highlight our unique competitive initiatives, differentiating our products among the many tea beverages available and providing a clear opportunity to reassess our corporate value. We recognize that strengthening communication of our Tea-Producing Region Development Project, which serves as the source of value creation for realizing the global expansion of *Oi Ocha*, remains a key challenge. To address this, we will continue to enhance our information disclosure through ongoing site visits such as this and by further enriching the content of the ITO EN Integrated Report and our corporate website.

* Refer to p. 15 and pp. 43–44 for details on the Tea-Producing Region Development Project

Key topics from overseas IR activities

Overseas investors pointed out to some Japanese companies, other than ours, that they place excessive emphasis on risk management rather than pursuing the ideal form of sustainability management that balances both risks and opportunities. We take such observations seriously and place importance not only on reducing risks such as those related to climate change, but also on creating and expanding business opportunities through initiatives such as our Tea-Producing Region Development Project, which represents our efforts to build a sustainable agriculture and supply chain. Through the advancement of sustainability management, we aim to enhance corporate value over the medium to long term and provide appropriate returns to our investors.

Dialogue between institutional investors and outside directors

Dialogue between institutional investors and outside directors enables outside directors to gain direct insight into investors' concerns and expectations. By incorporating the content of these dialogues in Board of Directors discussions, we will build a more effective governance system and create opportunities to realize management decisions that prioritize shareholder value.

External Evaluations

The ITO EN Group's ESG initiatives have earned significant recognition, leading to our inclusion in multiple major indices. These include the globally leading FTSE4Good Index Series and various Japanese equity ESG investment indices adopted by the Government Pension Investment Fund (GPIF), one of the world's largest pension funds.

Furthermore, in a survey conducted by the international non-governmental organization (NGO) CDP, we were selected as a "Supplier Engagement Leader," the highest rating. We received an "A" rating for "Water Security" and a "B" rating for "Climate Change."

FTSE4Good
FTSE Blossom Japan
FTSE Blossom Japan Sector Relative Index
2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
CDP 2024
CDP A List 2024
S&P/JPX Carbon Efficient Index

THE INCLUSION OF ITO EN, LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF ITO EN, LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

To Our Shareholders and Investors

The ITO EN Group will accurately assess the changing business environment and accelerate our growth as a global enterprise through capital-cost-conscious management and strategic investments. Based on the trend in PBR, we will prioritize efforts to improve profitability while striking a balanced approach between investment and shareholder returns to achieve growth.

Business Overview



Shusuke Honjo
Executive Vice President, Representative Director and Executive Officer, CDO, General Director of Sales Control Headquarters, General Director of Group System DX Headquarters, with responsibility for Marketing Headquarters, ITO EN, LTD.

For FY4/2025, the ITO EN Group recorded its highest-ever sales since adopting revenue recognition standards in FY4/2022. This was attributable to growing health consciousness, weather impacts, and price revisions. However, profits declined due to lower standalone earnings, resulting in increased revenue but decreased profits. Within this context, some major Group companies achieved both increased revenue and profits, demonstrating steady performance.

To adapt to external factors such as the polarization of consumption and demand from inbound tourism, we must strengthen our sales efforts with agility and speed. By drawing on the Group's teamwork capabilities in sales activities and sharing successful case studies for horizontal rollout, we will strengthen sales centered on our flagship brands. The mutual reinforcement of our commitment to quality and taste, unique value chain, and brand image, particularly for *Oi Ocha*, will lead to acquiring loyal customers. In recent years, as an aggressive move toward overseas expansion, we have been focusing on further strengthening our brand, including the use of Shohei Ohtani. Keeping pace with changes in our customers' lifestyles, we will cultivate brands that will be embraced by both existing and new customers for the long term.

Overview of the Business as a Whole, ITO EN, and Main Group Companies

For FY4/2025, both consolidated and non-consolidated results showed an increase in revenue but a decrease in profit. For the Group as a whole, net sales increased by 4.1% compared to the previous fiscal year, while the operating income ratio decreased by 0.6 percentage points. For ITO EN alone, net sales increased by 1.7%, while the operating income ratio decreased by 1.2 percentage points. Although we implemented a price revision in October 2024, the combined impact of various external factors has resulted in the effect of this revision being less than anticipated. Consequently, we have been unable to offset the surge in raw material and supply costs, and this is the primary reason for the decline in profits. On the other hand, Tully's Coffee Japan and Chichiyasu have seen increased revenue and profits, and our U.S. businesses are also performing steadily.

ITO EN Group (consolidated) financial results for FY4/2025

Net sales	472.7 billion yen	(+4.1% YoY)
Operating income	22.9 billion yen	(-8.2% YoY)
Operating income ratio	4.9%	(-0.6 points YoY)

FY4/2029 Targets

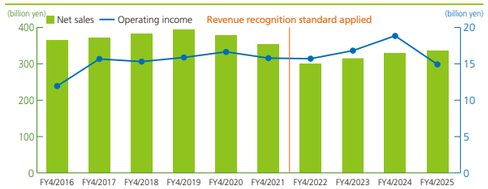
- Net sales: Average annual growth rate **2% or more**
- Operating income ratio: **8% or higher**

Financial results for ITO EN and main Group companies over time

ITO EN

Results in FY4/2025

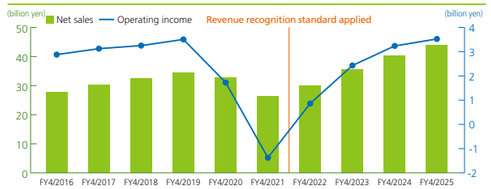
Net sales	334.8 billion yen	(+1.7% YoY)
Operating income	14.9 billion yen	(-20.8% YoY)
Operating income ratio	4.5 %	(-1.2 points YoY)



Tully's Coffee Japan Co., Ltd.

Results in FY4/2025

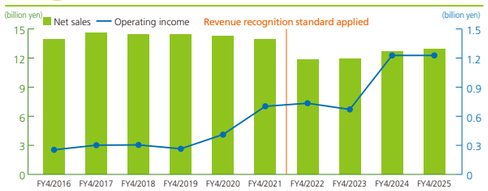
Net sales	43.7 billion yen	(+8.5% YoY)
Operating income	3.5 billion yen	(+8.7% YoY)
Operating income ratio	8.0 %	(±0 points)



Chichiyasu Company

Results in FY4/2025

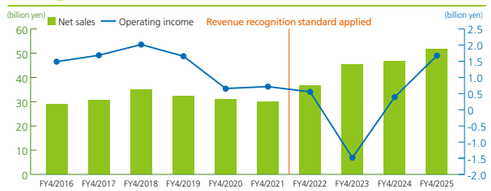
Net sales	12.8 billion yen	(+1.6% YoY)
Operating income	1.2 billion yen	(+0.2% YoY)
Operating income ratio	9.5 %	(-0.2 points YoY)



U.S. business

Results in FY4/2025

Net sales	51.6 billion yen	(+10.8% YoY)
Operating income	1.6 billion yen	(+324% YoY)
Operating income ratio	3.2 %	(+2.4 points YoY)



Overview of Business Segments

The ITO EN Group operates a Tea Leaves and Beverages Business, which includes *Oi Ocha* and uses 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.

Revenue for the Tea Leaves and Beverages Business in FY4/2025 remained solid, primarily driven by products under the *Oi Ocha* brand. However, profits declined due to factors such as rising costs for raw ingredients and other inputs, as well as increased rebates resulting from intensifying competition. The Restaurant Business has recovered from the COVID-19 pandemic, achieving increased revenue and profits, and is expected to continue expanding in the future. Other businesses also saw increased revenue and profits.

ITO EN Group business segment results



Tea Leaves and Beverages Business
Net sales 420.3 billion yen (+3.6% YoY)
Operating income 19.0 billion yen (-13.9% YoY)
Operating income ratio 4.5% (-1.0 points YoY)

Restaurant Business
Net sales 43.7 billion yen (+8.5% YoY)
Operating income 3.5 billion yen (+8.7% YoY)
Operating income ratio 8.0% (±0 points YoY)

Others
Net sales 8.6 billion yen (+7.6% YoY)
Operating income 0.7 billion yen (+112.8% YoY)
Operating income ratio 8.9% (+4.4 points YoY)

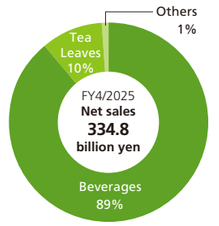
	Japan	Overseas
Tea Leaves and Beverages Business	伊藤園 チチヤス evian 沖縄伊藤園 北海道伊藤園 伊藤園ティーファクトリー お茶の生倉 伊藤園フードサービス	ITO EN DISTANT LANDS COFFEE
Restaurant Business	TULLY'S COFFEE	—
Others	—	MASON natural

Product Category Results and Future Initiatives

Future initiatives

Centered on our flagship brands, we will strengthen sales by advancing product development that responds to the diverse and shifting needs of our customers, while harnessing the benefits of Group collaboration. The ITO EN Group possesses distinctive strengths: a unique value chain centered on tea, starting from raw materials, and expertise unmatched by competitors, drawing on processing and manufacturing technologies that bring out the deliciousness and health benefits of the ingredients. These strengths enable us to develop a wide-ranging product lineup and pursue coordinated sales and marketing efforts across beverages and tea leaf products, allowing us to reach a broad customer base. These sales across such a diverse product lineup hinge on collaboration that builds on the roles and strengths of each Group company. Going forward, we will continue to strengthen our core brands as the "Team ITO EN Group."

ITO EN (non-consolidated) (Price base)



ITO EN (non-consolidated) results by category

Category	Results in FY4/2025		
	Result (ten thousand cases)	Sales Composition	YoY %Changes
Beverages	21,563	100%	+1%
Tea total	15,061	70%	-0%
Japanese Tea	13,489	63%	-1%
Green Tea	9,579	44%	-0%
Mugicha	3,909	18%	-2%
Chinese Tea	941	4%	+7%
Other Tea	631	3%	+5%
Vegetable	2,335	11%	-3%
Coffee	1,863	9%	+8%
Mineral Water	775	4%	+22%
Carbonated	510	2%	-12%
Fruit	510	2%	-1%
Others	506	2%	+1%

Oi Ocha and other green tea beverages and leaf products
Beverages and leaves (tea bags, instant tea)

⇨ pp. 29-30

Kenko Mineral Mugicha (Healthy Mineral Barley Tea) and other health-oriented tea beverages
Beverages and leaves (tea bags, instant tea)

⇨ p. 32

Strengths of the ITO EN Group
Raw ingredient development and procurement
Technological and product development capabilities
A unique value chain, etc.


Raw ingredient and product manufacturing at ITOENTEAFACTORY


Joint development of raw materials with Tully's Coffee Japan and coordinated sales with stores

チチヤス Coordinated sales with Chichiyasu yogurt

This enables coordinated sales across a wide range of product lines through Group collaboration

TULLY'S COFFEE
Beverages, drip bags

⇨ p. 31, pp. 33-34

Ichinichibun no Yasai and other vegetable beverages / Other
Beverages, powders, etc.

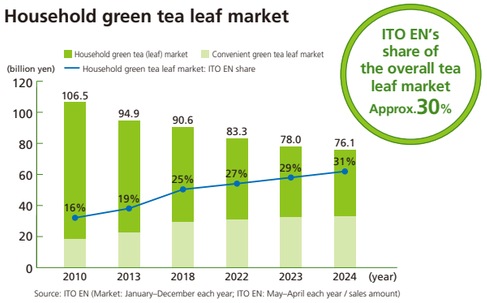
⇨ p. 32

Oi Ocha Beverages and Leaf Products

Market Overview

The green tea beverage market in Japan reached an all-time high in 2024 and is projected to see further growth. Although competition intensified due to factors such as increased product volume by competing brands, our Company has maintained a 36% market share, and continues to be the leading brand in the market.

Household green tea leaf market

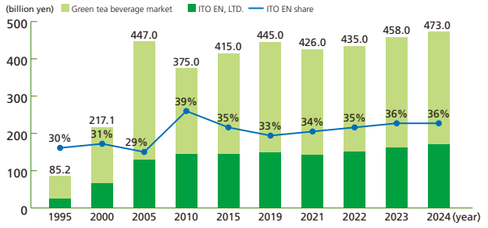


Source: ITO EN (Market: January–December each year; ITO EN: May–April each year / sales amount)

ITO EN's share of the overall tea leaf market Approx.30%

While the household green tea leaf market (packaged tea for home use) decreased compared to the previous year, our market share has increased to 31%. The demand for leaf tea brewed in a teapot has been decreasing, but the demand for convenient products such as tea bags and instant tea is growing.

Green tea beverage market



Source: ITO EN (January–December of each year / sales amount)

Share of the value of green tea beverages sold



Source:(Total for January–December 2024; ITO EN only:Total for May 2024–April 2025)

1. 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 2024

Achievements and Challenges

As the leading tea company, ITO EN Group handles approximately one-fourth of Japan's crude tea production thanks to its strong raw ingredient procurement capabilities and possesses product development strength that optimally combines raw ingredients, supplies, and processing technologies for final products. Our brand enhancement and customer base expansion efforts center on diverse product development based on our high-quality, dedicated raw ingredient manufacturing and processing technologies, beginning in the tea fields.

Oi Ocha beverage products

In FY4/2025, we expanded sales to 47 countries and regions worldwide, while in Japan, we developed new products aimed at capturing new demand.

Responding to growing health consciousness

With the progression of a super-aging society, expectations for the health benefits of beverages are increasing. We have focused on strengthening the *Oi Ocha Koicha* (Bold Green Tea) series for health-conscious consumers, achieving the No. 1 sales volume in beverages with functional claims.[2] Developed in response to customer demand for a "richer" taste, *Oi Ocha Koicha* (Bold Green Tea) PREMIUM STRONG has gained support, particularly among middle-aged and older consumers.

Acquisition of younger customers

As consumers place greater value on individuality and personalization, approaches that differ from traditional methods are needed for green tea beverages now. In response to these external changes, we launched the *Oi Ocha PURE* series with the motto: "Let's Break the Tea Norms." The flavor, with reduced bitterness and astringency unique to tea, is well-received, particularly among younger consumers.

2. INTAGE SRI+ Functional claims food & beverage market data / January–December 2024 / cumulative sales volume

Diverse Lineup Tailored to Customer Preferences and Occasions



Oi Ocha regular products

Oi Ocha Koicha (Bold Green Tea) series, etc.

Oi Ocha PURE series

Furthermore, by featuring Shohei Ohtani, we have revamped our brand image to embody concepts such as "global," "health," and "challenge." On the other hand, further capturing demand across age groups and new segments for each *Oi Ocha* product remains a challenge as we aim to achieve the dominant No. 1 share in the domestic green tea market.

Green tea leaf products (tea bags and instant teas)

In FY4/2025, driven by increased demand for convenient products such as tea bags and instant tea, we expanded our product lineups and strengthened our retail presence, thereby successfully increasing our share in the household green tea leaf market.

As an initiative to attract younger consumers drifting away from tea, we also launched the *Oi Ocha PURE GREEN* Tea Bags in conjunction with our beverage products. Promoting tea culture among younger generations remains an ongoing challenge for us, and we are implementing various initiatives to address this.[3]

Additionally, the popularity of matcha is rising overseas, driven by growing interest in Japanese culture and increasing health consciousness. Drawing on the matcha processing technologies we have cultivated over many years, we have expanded our product lineup, resulting in steady growth in matcha product sales.

On the other hand, stimulating the entire leaf tea market, including teapot-brewed leaf products, is an ongoing challenge.

3. See TOPICS at the bottom of this page.
4. Growth rate: ITO EN (May 2024–April 2025 / amount-based)



Future Strategies

The Medium-Term Management Plan aims to establish our status as the dominant tea company in Japan and develop *Oi Ocha* into a global standard brand.

To expand market share domestically and increase brand recognition and consumption opportunities overseas requires improving product taste through our uniqueness and strengths while also reinforcing marketing activities that convey brand value. In order to strengthen our brand, we will promote initiatives that allow more customers to experience our value: "evolving to match changing lifestyles while continuing to soothe people's bodies and spirits with the authentic delicious taste and aroma of tea."

Building on this approach, we will leverage our raw ingredient development and procurement capabilities, technologies, and product development strengths to further develop products tailored to diverse needs, expand our customer base, and continue pioneering new markets for the next generation.

Furthermore, to globalize the brand, it is necessary to build a supply chain covering both domestic and international markets. We will take prompt action to reinforce supplier relationships and enhance our production capacity.

As a global brand, we envision "enhancing 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, becoming a new global standard beverage in the modern era." Through our unsweetened *Oi Ocha*, we will seek to help solve global food and health issues while supporting the development of tea culture and the tea industry.

TOPICS 1

Increasing Customer Touchpoints by Using Products Targeted at Younger Consumers and Matcha as Entry Points



Yuta Kurahashi

Oi Ocha PURE GREEN Product Development Staff Green Tea Brand Group SIV

To broaden the appeal of tea to those who don't usually drink it, we have launched the *Oi Ocha PURE* series, inspired by tea essences that are trending overseas. Resulting in a greater appeal to younger consumers and women compared to regular green tea beverages. Going forward, we will not only refine our products but also increase customer touchpoints through advertising and promotional activities, creating more opportunities for customers to experience them firsthand.



Besides *Oi Ocha*, we have also launched the flavored tea leaf product series, Aroma Brew Tea, as a strategy targeting younger consumers, proposing new ways to enjoy tea

We are aiming to reach customers with a strong interest in matcha through matcha-derived products



TOPICS 2

The ITO EN *Oi Ocha* Shinhaiku Contest

One of the largest haiku contests in Japan, continuing for 36 years alongside *Oi Ocha* since its launch in 1989. 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. In recent years, we have established a Video Haiku Division to make participation more accessible to younger generations.



The 36th ITO EN *Oi Ocha* Shinhaiku Contest

Number of entries: Approx. 1.85 million haiku poems

Participants: Over 480,000 people

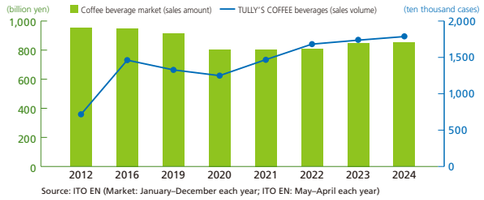
TULLY'S COFFEE

Coffee Beverage Market Overview

The coffee beverage market is the largest segment in Japan's soft drink industry, with a scale of approximately 850 billion yen. Amid trends of declining canned products and growing PET bottle products, the market saw a slight year-over-year increase. The annual sales volume of TULLY'S COFFEE beverage products exceeded 17 million cases, setting a new record high.

TULLY'S brand annual sales volume
All-time high

Coffee beverage market



Source: ITO EN (Market: January–December each year; ITO EN: May–April each year)

TULLY'S COFFEE Brand Beverage Products: Achievements and Challenges

More and more customers are placing importance on the taste and aroma of coffee in beverages. At ITO EN, we are pursuing the same quality found in our specialty coffee shops, Tully's Coffee, across our beverage products. TULLY'S COFFEE brand beverage products remain committed to TULLY'S quality, with unsweetened products performing exceptionally well. In particular, TULLY'S COFFEE BARISTA'S BLACK Kilimanjaro, promoted through enhanced marketing highlighting the origin of the coffee beans, led the lineup's growth.

On the other hand, we will further invigorate our flagship bottled coffee TULLY'S COFFEE BARISTA'S BLACK and increase sales of PET bottles and paper containers. We will continue to expand our lineup, including drip bags, striving to create an environment where customers can experience TULLY'S quality anytime.

"Kilimanjaro" beverage product sales volume
+49% YoY *



Implemented size-expansion and chilled-section distribution

*Growth rate: Beverage products (May 2024–April 2025 / volume-based)





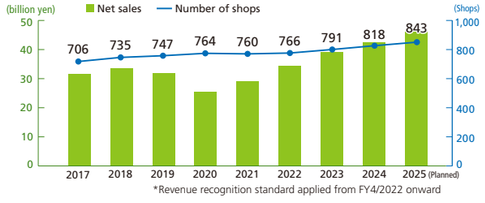
BARISTA'S BLACK

Tully's Coffee Japan Shop Openings

Tully's Coffee, a specialty coffee shop brand that originated in Seattle, has been operating in Japan since 1997. Since joining the ITO EN Group in 2006, we have continued to offer carefully selected coffees from around the world, and provide a relaxing space, based on our philosophy of "Creating community cafes rooted in local communities." By the end of April 2025, the total number of shops reached 818, including formats such as Tully's Coffee & TEA, which focuses on providing new tea experiences, and the compact Tully's Coffee -SELECT-, designed to reduce food waste and improve operational efficiency.

We will continue our initiatives to improve quality and expand our shop network tailored to business formats and locations, aiming for 1,000 stores nationwide.

Net sales and number of shops



*Revenue recognition standard applied from FY4/2022 onward

Number of locations:
+27 YoY

We opened the pet-friendly and environmentally conscious community cafe, Tully's Coffee Musashisakai Kaede Street branch, designed to be a space rooted in the local community



Future Strategy

The Group's coffee business consists of ITO EN, which possesses roasting techniques, diverse sales channels, and marketing strength; Tully's Coffee Japan, which operates shops and provides delicious flavor, spatial value, and experiential value; and Distant Lands Trading Co., which owns its own farms and possesses cultivation and processing expertise. Its distinctive feature is collaboration that leverages the strengths of each Group company. By leveraging synergies across product planning and development, sustainable raw ingredient procurement, roasting, sales, and marketing, we will strive to improve flavor and further elevate the value of the TULLY'S COFFEE brand. ▶ ⇨pp. 33-34

It is also important to display signage to help customers feel the value of the TULLY'S COFFEE brand. Aiming to achieve 1,000 shops, ITO EN and Tully's Coffee Japan will strengthen information sharing and collaboration to create synergies in store development.

Kenko Mineral Mugicha (Healthy Mineral Barley Tea) and Other Health-Oriented Tea Beverages

Market Overview and Brand Enhancement Initiatives for *Kenko Mineral Mugicha*

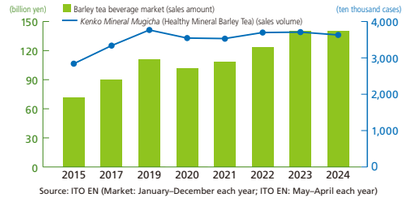
Barley tea beverage market 2024 ITO EN Share
42%

The barley tea beverage market has approximately doubled over the past decade, driven by growing awareness of the importance of hydration and mineral intake. The *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea) brand continues to be supported by a wide range of customers and has been recognized by Guinness World Records™ for three consecutive years as the best-selling RTD[1] barley tea brand (latest annual sales volume).[2]

Kenko Mineral Mugicha has undertaken initiatives such as nurturing future athletes based on its vision of "supporting our customers' health." In July 2025, we launched collaborative products with Major League Baseball (MLB) as part of our initiatives to support children aspiring to become future Major League Baseball players and athletes. We will strive to become the beverage brand of choice for those engaging in healthy physical activity, and earn the support of our customers.

1. Ready to Drink
2. Official name of record: Best-selling RTD barley tea brand - current
Record-setting brand: *Kenko Mineral Mugicha* (Healthy Mineral Barley Tea) Target year: 2022, 2023, 2024

Barley tea beverage market



Source: ITO EN (Market: January–December each year; ITO EN: May–April each year)







The brand has gained support as a preferred beverage for situations involving physical exertion and sweating. The MLB collaboration helped propel July 2025 sales past 100 million bottles, marking a record high for a single month.

Growing Interest in Health Teas: Black Soybean Tea

Sales volume of black soybean tea products
+73% YoY*

Due to the growing focus on health and beauty, consumers are increasingly drawn to caffeine-free health teas featuring functional ingredients like rooibos and pearl barley. Black soybean tea is experiencing especially strong growth, as its health benefits from soybean isoflavones are gaining popularity among women.

Drawing upon the expertise and technology we have cultivated through tea, we offer black soybean tea products in various formats (including cold and hot PET-bottled beverages, instant powders, and tea bags), enabling us to provide options tailored to diverse lifestyles. In response to today's diverse needs, we contribute to our customers' healthy and fulfilling lives through products that optimally harness the value inherent in black soybeans (their health benefits, delicious flavor, etc.).



Cold Hot Instant Tea bags

*Growth rate: Beverage products, May 2024–April 2025/volume-based

Vegetable Beverages

Ichinichibun no Yasai: First Seasonal Release to Drive Further Growth

As demand for vegetables expands due to growing health consciousness and an aging population, the *Ichinichibun no Yasai* (a day's worth of vegetables) brand, which uses the 350g daily intake recommended by the Ministry of Health, Labour and Welfare, presents opportunities for further growth. During FY4/2025, with the existing customer base aging, the brand carried out its first-ever seasonal launch to attract new customers. As a product that allows consumers to enjoy seasonal vegetables, it helped attract new users, particularly women. The seasonal product featuring tomatoes was especially well received, leading to its transition into a year-round offering.

At the same time, enhancing communication to raise awareness of the gap between actual daily vegetable intake and recommended levels, and thereby stimulating the demand, remains an ongoing challenge. Besides the *Ichinichibun no Yasai* brand, tomato beverages have also experienced significant growth due to their health benefits. We will actively promote new value propositions for other products, such as green juice beverages, to further stimulate the market.



Sales volume of tomato beverage products
+16% YoY*



*Growth rate: May 2024–April 2025 / volume-based

Voice



Masahiro Yamaguchi
Vegetable, Fruit, and Lactic Acid Brand Group Product Chief

By introducing seasonal products to meet consumer demand for enjoying seasonal vegetables, we have successfully revitalized the brand as a whole. Building on our strengths in raw ingredient procurement and technology development, which have driven the vegetable beverage market, we will offer products that meet the demands of a new era and evolving consumer needs.

Feature 2

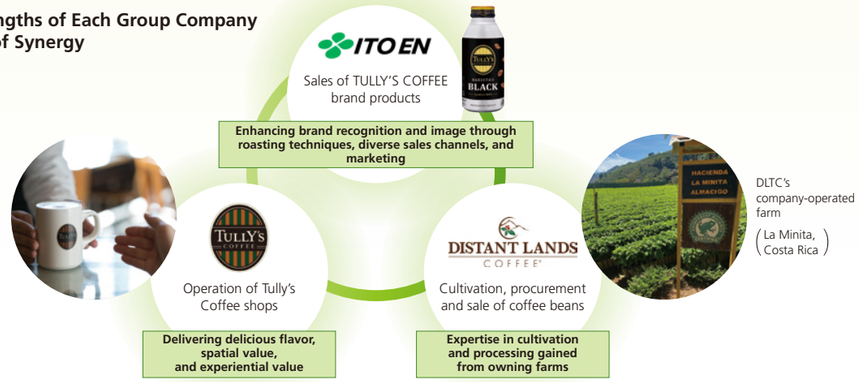
TULLY'S COFFEE: Synergy Creation by Group Companies

The specialty coffee shop Tully's Coffee offers experiential value through its relaxing atmosphere and its pursuit of the "Prime Five"* to deliver delicious flavor. The pursuit of TULLY'S quality remains the same for ITO EN's TULLY'S COFFEE brand products and at Distant Lands Trading Co. (DLTC), which cultivates coffee beans. In our Group, ITO EN, Tully's Coffee Japan, and DLTC collaborate at every stage from product development to customer delivery to generate synergy with the goal to pursue delicious flavor, enhance the value of the TULLY'S COFFEE brand, and contribute to the well-being of our customers and society.

* 1. Prime beans! 2. Prime roast! 3. Prime barista! 4. Prime hospitality! 5. And prime...! The fifth "prime" is that each Fellow (employee) sets daily goals and strives to deliver the very best of something every day.

In synergy, we pursue delicious flavor, enhance brand value, and contribute to the well-being of our customers and society

Roles and Strengths of Each Group Company as the Source of Synergy



Major Initiatives by Each Company

	ITO EN, LTD.	Tully's Coffee Japan	DLTC
Planning and Development	Product planning and development pursuing TULLY'S COFFEE quality		
Sustainable Raw Ingredient Procurement	Sourced from partner farms and markets in Brazil, Tanzania, Ethiopia, Peru, Guatemala, and other countries		Sourced from all over the world, starting from their own farm (La Minita, Costa Rica)
	• Without fixation on specific origins or brands, buyers from ITO EN and Tully's Coffee Japan personally visit the production sites, focusing on flavor evaluations through cupping* to source distinctive, unique beans • A stable procurement system for raw coffee beans is established by continuously sourcing high-quality beans, discovering small-scale producers, independently supporting quality improvement at the farm or cooperative level, and employing processing and refining methods that bring out each bean's unique characteristics beyond conventional techniques *Cupping: A tasting method used to compare and evaluate the quality of coffee		
	Initiatives for preserving coffee varieties and producing high-quality coffee in collaboration with producers • Guatemala "Cupping Contest" (2008–) • Costa Rica "Micro Lot Project" (2008–) • "Grafting Project" (2019–) • Brazil "Cultivation of Bourbon Variety in Tully's-Dedicated Plots" (2006–) For more information: https://www.tullys.co.jp/fyt/ (Japanese only)		The company-owned farms and processing plants have obtained Rainforest Alliance certification
Roasting		• Roasted 100% in Japan with a commitment to delicious flavor at ITO EN's Shizuoka Factory and contracted facilities • The roaster carefully analyzes the day's temperature, humidity, and the condition of the green beans to bring out the beans' unique characteristics to the fullest	
Sales and Marketing	• Selling TULLY'S COFFEE-quality products, with a focus on coffee beans and roasting, through diverse channels • Marketing initiatives to enhance TULLY'S COFFEE brand awareness and image	• Offering relaxing atmosphere, comfortable space, and delicious coffee • Promoting community cafes rooted in local communities	 Products that have been collaboratively developed with DLTC are sold at Tully's Coffee Japan shops

Pursuing Consistent TULLY'S Quality from Raw Beans to Finished Products

Our Group's coffee business delivers value, including delicious flavor, by leveraging the roles and strengths of each Group company. In terms of product planning and development, we begin by ensuring all stakeholders share a common understanding of market and customer needs, as well as the desired product vision. From the raw beans to the finished product, we are constantly pursuing TULLY'S COFFEE quality. Alongside Tully's Coffee Japan, our marketing, production, and procurement teams at ITO EN visit production sites like DLTC's farms and farms in various countries, engage in dialogue with producers, and conduct repeated cuppings to assess quality. Another strength is that we have our own roasting facility, where we hone our skills daily.



Our TULLY'S COFFEE brand products are sold through a variety of channels, including retail stores and vending machines, and are supported by marketing initiatives such as advertising and promotional campaigns. This creates synergy that enhances the overall recognition and brand image of TULLY'S COFFEE, including its shops.



Osamu Aizawa
ITO EN Marketing Headquarters
Coffee, Evian,
and Carbonated Brand Group
Brand Manager

The Challenges for Sustainable, High-Quality Coffee Production

At the company-operated farms on vast and naturally rich land of Costa Rica, including La Minita Farm, high-quality coffee sought by many customers, including the TULLY'S COFFEE brand, is cultivated by producers with extensive expertise. In addition to focusing on quality, attention is also given to labor conditions, welfare, and respect for human rights, such as providing housing, childcare, and medical facilities for the families of seasonal workers who come from neighboring countries. Additionally, all farms and processing facilities have obtained Rainforest Alliance certification, and the operations in Costa Rica have achieved carbon neutrality from an environmental standpoint. Such initiatives have been recognized with awards from the Costa Rican government, and have received high acclaim, including a visit to La Minita Farm by the Queen of Belgium, who serves as Honorary President of UNICEF Belgium.

Furthermore, green beans harvested or refined/processed in-house are beginning to expand their sales channels within Japan. This includes not only within our Group, but also in coffee products provided to customers by ITO EN's business partners.



Childcare facilities for children of harvest workers



Blending Diverse Cultures to Deliver Delicious Coffee

We believe the key to success lies in consistently putting our customers first. Creating well-being (a healthy and fulfilling lifestyle) through the provision of products and services is at the heart of our Group's values. By collaborating across the Group, pursuing vertical integration from the production regions, and emphasizing sustainability, we gain a competitive advantage in delivering the products our customers seek.

Harry Odio
Vice President
Farm Operation
Distant Lands Trading Co.

While the production of sustainable, high-quality coffee presents an ongoing daily challenge, it is achievable through the mutual collaboration across our Group companies and our shared values as family and partners. We will continue to blend diverse cultures and provide delicious coffee for our customers.

Contributing to Customer Well-being Through a Single Cup of Coffee by Leveraging Synergy



Fumitake Waga
Etomo Jiyugaoka branch: Fellow
Tully's Coffee Japan

There are moments when I feel the synergy of the Group through our interactions with customers. Customers at our shops also find ITO EN's TULLY'S brand beverage products are a familiar part of their lives, which has a significant impact on the brand's safety and trustworthiness. It is precisely because of DLTC's deep-rooted connections with coffee-producing regions that we find profound value in conveying the passionate dedication of those involved in both the production regions and coffee cultivation through initiatives such as product packaging and coffee schools. In 2024, I participated in a training program at the La Minita Farm in Costa Rica. I hope to share these firsthand experiences from the production site in my conversations and convey to as many customers as possible the impression that "Tully's employees are directly involved with producers."

There are also moments when I feel I have contributed to our customers' well-being. For example, we have regular customers who visit our shop early in the morning. For our customers who make visiting our shop and enjoying a cup of coffee a part of their daily morning routine, delicious coffee will continue to be served with passion, so that they can start their day with a touch of color and excitement.



Waga Fellow in training at the production site factory (front right)

Review of Our Material Issues



Yoshihisa Nakano
Director and Senior Managing Executive Officer,
General Director of Production Headquarters and CSO with responsibility for the Logistics Headquarters, ITO EN, LTD.

The ITO EN Group has promoted sustainability management that balances business growth with solving social and environmental issues through such initiatives as the Tea-Producing Region Development Project, which we started in 1976, as well as the establishment of the Central Research Institute in 1986, where we have worked on researching and communicating the health benefits of tea.

In the process, we identified seven material issues in 2022, but in FY4/2025, we conducted a comprehensive review of these material issues based on changes in the external environment and our Medium-Term Management Plan (FY4/2025–FY4/2029), which sets globalization as a growth strategy. As a Health Creation Company, we identified four material issues for solving social issues through our business by creating three types of health (mental and physical health, the health of society, and the health of the planet), and three material issues for building a stronger management foundation.

In reviewing and identifying our material issues, we held deliberations with inside and outside directors and received input from outside experts.

As we celebrate our 60th anniversary, we are working on our new material issues starting in FY4/2026 as a new step in sustainability management as we consider how to spend the next 40 years so that we can build a company that lasts 100 years.

Material Issues That Prioritize Growth as a Health Creation Company

The keywords in our review of the material issues are "globalization" and "health." We prioritized connecting material issues to our growth strategy of globalization as well as to the three types of health (mental and physical health, the health of society, and the health of the planet) as a Health Creation Company. For example, we revised material issues that previously prioritized contributions to physical health as "Contribution to Dietary Habits and Health" into "Achieving Well-being through Eating Habits," which focuses more broadly on well-being (physical, mental, and social health). We aim to contribute to the well-being of people and society through the flavor and health benefits of our products and our hospitality, including not only green tea and matcha but also coffee.

We also consolidated our previously separate material issues of "Sustainable Agriculture" and "Sustainable Supply Chain" into "Building Sustainable Agriculture and Supply Chains" that aims to create value seamlessly from farms to products, from Japan to abroad, as a sustainable global supply chain.

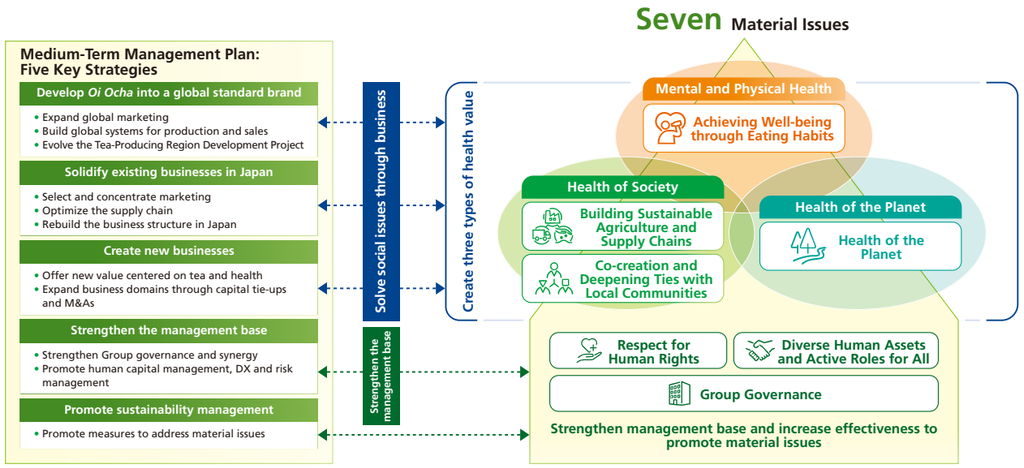
Furthermore, from the standpoint of globalization, fabless management, employee well-being, and more, we made "Respect for Human Rights" an independent material issue to address heightened human rights risks.

The Future of Management

We have set key themes as well as concrete initiatives and KPIs for each of our new seven material issues to align with the key strategies of our Medium-Term Management Plan.

To promote these initiatives across Group companies and all relevant departments, I will manage these as CSO through the Sustainability Promotion Committee and other channels to increase effectiveness.

There are also many social and environmental issues that we cannot solve on our own, such as those involving research, the environment, logistics, and human rights. For such issues, we will build partnerships with diverse stakeholders and promote sustainability management aimed at the development both of ITO EN and society.



The Review Process

1 Identification of social issues

We identified social issues referring to international disclosure standards, ESG evaluation criteria, the SDGs, and more based on changes in the external environment, demands and expectations from society, key customer issues, and other perspectives.

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

2 Importance/materiality evaluation

The ITO EN Group adopts a double material issues approach that evaluates the extracted social issues from both the perspective of their importance to stakeholders and their importance to the ITO EN Group. Candidate material issues were evaluated by surveying external parties (experts, institutional investors, and outside directors) as well as internal parties (directors, executive officers, and department heads at ITO EN and Group companies).

3 Stakeholder dialogues

For candidate material issues evaluated through surveys and other means, we held stakeholder dialogues (see "TOPICS" below for details) between management and outside experts to receive input on review points, management issues, expectations for the ITO EN Group, and more.

Internal participants: Daisuke Honjo, Representative Director, President and Executive Officer; Shusuke Honjo, Representative Director, Executive Vice President, Executive Officer, General Director of Sales Control Headquarters, and CDO; Yoshihisa Nakano, Director, Senior Managing Executive Officer, General Director of Production Headquarters and CSO with responsibility for Logistics Headquarters; Atsushi Hirata, Director, Senior Managing Executive Officer, General Director of Administrative Headquarters and CHRO with responsibility for Internal Control and Compliance; Kazuhiko Nakajima, Executive Officer, Head of International Business, and Chairperson of the Long-Term Management Planning Committee
*Titles and affiliations as of the stakeholder dialogue date (February 12, 2025)

4 Identification of material issues

After going through the process above, the Board of Directors deliberated and identified material issues and key themes to address as management issues and promote in alignment with the key strategies of our Medium-Term Management Plan.

TOPICS

Stakeholder Dialogue Held in February 2025

We received the following feedback on management overall, including on creating a stronger management foundation in terms of governance, risk management, and human capital, all of which are essential to the globalization strategy in our Medium-Term Management Plan, as well as our initiatives as a Health Creation Company.

Feedback from Experts (excerpts)

*Titles and affiliations as of the dialogue date (February 12, 2025)



Yoshitsugu Minagawa
Chairman of Norinchukin Research Institute Co., Ltd.
Chairman of Nihon Noufuku Renkei Kyokai (the Japan Agricultural Welfare Partnership Association)

- Amid changes in the external environment, companies that wish to become global enterprises must review and transform their traditional governance structures. I hope ITO EN will take on this challenge of transformation by addressing diversity, promoting sustainability management, and establishing Group-wide risk management systems.
- Boosting Group synergies in Japan and abroad requires a process of sharing common values, such as corporate philosophy, and making these transparent. I will be watching ITO EN's initiatives for developing international talent.



Minoru Matsubara
Chief Sustainability Officer
Managing Executive Officer, Responsible Investment Division
Resona Asset Management Co., Ltd.

- I look forward how ITO EN will, having identified its material issues, solve social issues through business and provide value through mental and physical health, the health of society, and the health of the planet, as well as how they will visualize the correlation between the corporate value envisioned by ITO EN and the value provided through these initiatives.
- For corporate growth, it is vital to increase human capital rather than treat people as resources. I also hope to see discussions on human capital that view all stakeholders, including not only employees but also business partners, as a workforce that sustains the growth of the ITO EN Group.



Yukari Takamura
Professor at the Institute for Future Initiatives, the University of Tokyo

- It would be great to have junior employees participate in management strategy discussions, such as the material issues identification process. I believe this is vital for developing future management talent at the ITO EN Group, which is in a major transformation period as it globalizes.
- Even amid changes in the external environment, health is the element that clarifies the position of the ITO EN Group. I believe that continuing to provide value to customers through health will serve as the foundation of material issues.

Based on feedback from the stakeholder dialogue, we will promote sustainability management by linking the material issues we have reviewed and identified to our Medium-Term Management Plan.

Material Issues: Key Themes and KPIs

The ITO EN Group is working on initiatives to address seven material issues linked to key strategies in our 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	Key Themes	Initiatives	Indicators (KPIs)	SDGs (Contributable Goals and Targets)
Achieving Well-being through Eating Habits ⇨pp. 39-40	**Providing drinking opportunities tailored to diversifying lifestyles and contributing to physical and mental well-being**	Visualize the contribution to well-being by materials (green tea, matcha, coffee, etc.) by deepening research on industry-government-academia collaboration.	• Conduct joint research projects with universities and research institutions: 3 projects per year • Publication of peer-reviewed articles on health functionality: 3 papers per year	3.3 3.4 4.4 4.7 17.17
		Dissemination of domestic and overseas research results and promotion of efforts toward social implementation	• Disseminate information through ITO EN Wellness Forum, etc.: At least 2 times a year • Collaborate with local governments to solve health issues and promote food culture awareness: 3 per year • Reporting on the results of activities in collaboration with local governments: Once per year	
		Expanding the taste and healthiness of unsweetened tea and unsweetened products derived from ingredients as a new value and new beverage option overseas	• *Oi Ocha* overseas sales volume: Average annual growth rate 24% or more (FY4/2025–FY4/2029) • Development and implementation of overseas tea culture awareness programs (training of ITO EN Tea Tasters who can work overseas, etc.)	
		Promoting social connections through nutrition education activities, production area experiences, coffee, etc.	• Number of contacts with customers through nutrition education activities to pass on tea culture and revitalize the tea market: 400,000 people per year (including seminars for elementary and junior high school students) • Tully's Coffee Japan: Continue to implement the Community Cafe Award and Tully's Coffee School to pursue Prime Five and to become a community café rooted in the local community, while providing the value of the experience through a cup of coffee.	
Building Sustainable Agriculture and Supply Chains ⇨pp. 43-46	**Evolution of the "The Tea-Producing Region Development Project" in collaboration with tea grower**	The Tea-Producing Region Development Project expansion of development area	• FY4/2031 2,800 ha	2.3 2.4 8.3 11.α 17.16
		Promotion of sustainable agriculture such as reduced use of pesticides and organic farming and increased production of overseas standard raw ingredients	• Promoting Sustainable Agriculture • Supply of raw materials (green tea and powdered green tea) for overseas use: 200% improvement in FY4/2029 (300% improvement for powdered green tea) vs. FY4/2025	
		Expand local production overseas through advancements in technology and expertise	• Expansion of overseas local production through evolution of technology and know-how	
	Sustainable sourcing of raw ingredients (tea leaves, etc.)	Sustainable sourcing of raw materials (tea leaves, coffee, vegetable juices)	• Maintain 100% GAP certification in "The Tea-Producing Region Development Project" and respond to globalization • Establish responsible and sustainable sourcing by pursuing second-party certification from international organizations related to coffee sustainability • Maintain 100% tracing of green tea raw ingredients and deepen tracing of other raw ingredients	2.4
	Deepen supplier engagement and pursue safe and secure quality	Obtained international food safety certification for domestic manufacturing plants (beverage and leaf)	• Factory audit implementation rate: 100% • 100% acquisition rate of international food safety certifications	9.4 17.16
		Thorough quality and safety management at overseas manufacturing plants that are certified internationally or equivalent to international certification.	• 100% of overseas manufacturing plants (beverage, leaf) have been audited in accordance with international food safety certifications	
		Conduct supplier evaluations in response to changes in the environment (domestic and overseas)		
		Continue to hold domestic quality meetings, hold global quality meetings	• At least 7 times a year	
		Holding "environmental quality meetings" with contract manufacturing factories	• At least once a year	
	Building a sustainable logistics system	Improving logistics efficiency	• Improved loading per vehicle: Beverage 10.4t or more, Leaf 12.6m³ or more • Reduction of more than 20,000 work hours of outsourced logistics by promotion of regular pallet trade * vs. FY4/2024	8.7 8.8 13.1 17.16
		Promote modal shift and strengthen transportation and delivery capabilities through the use of railroads and ferries	• Reduce crew working hours by 400 hours or more • CO_2 emissions (JR Freight) by 25t-CO_2 or more vs. FY4/2024	
		Expansion of other cooperative businesses	• Reduction in the number of trucks used and CO_2 emissions through heavy/light consolidation and round transportation and delivery	
Health of the Planet ⇨pp. 47-51	**Response to climate change**	GHG emission reduction rate (base year: FY4/2019)	• FY4/2031 Scope 1 & 2: 50% reduction, Scope 3: 30% reduction • FY4/2051 Net zero	7.2 12.2 13.1
		Use of renewable energy	• Company-wide renewable energy ratio FY4/2031: 75%	
		Electric vehicles: EVs, HVs, PHVs, and FCVs with hydrogen	• Electric vehicles: 25% by FY4/2031	
	Sustainable containers and packaging	Percentage ratio of recycled materials used for all PET bottle products	• FY4/2031: 100% (All PET bottled products)	12.2 12.5 14.1
		Promote 3Rs (Recycle, Reduce, Replace & Reuse) in packaging, sales promotion materials, and materials, and switch to environmentally friendly materials		
	Water resources	Reduction water use consumption during beverage production	• Water consumption per unit of production: 3.0 m3/kl or less by FY4/2031 *Dedicated in-house production lines at our own and partner factories	6.4 12.2
		Implementation of water source conservation activities at beverage manufacturing factory.	• Water source recharge rate relative to water intake at each plant: 100% or more by FY4/2031 *Some of our own and cooperative plants	
	Natural capital and biodiversity conservation	Study of global indicators based on TNFD recommendations and promotion of sustainable agriculture		12.2 14.1 15.4
	Resource recycling/promoting waste reduction	Improvement of food recycling rate	• ITO EN to maintain at least 90% annually • Tully's Coffee Japan 60% in FY4/2031	9.4 12.2 12.3 12.5
		Effective use of tea, barley and coffee grounds	• Market products utilizing tea, barley, and coffee grounds dregs: At least 10 cases per year	
		Tully's Coffee Japan Promoting waste reduction	• Promote use of in-store mugs and glasses • Test introduction of reusable cup system • Promoting the use of tumblers	
		Reduce use of plastics derived from fossil fuels	• ITO EN: Reduction in vending machine dummy plastic use FY4/2029 50% reduction (vs. FY4/2019) • Tully's Coffee Japan: Promotion of switching to paper cups for iced drinks provided in plastic cups, and weight reduction of plastic bags containing 25% biomass	
Co-creation and Deepening Ties with Local Communities ⇨pp. 41-42	**Creating business opportunities to solve social issues in each country and region**	Co-creation with stakeholders on food and health (obesity, overweight, nutritional balance, etc.) and social and environmental issues	• Understand social and environmental issues through dialogue with stakeholders in countries and regions where we operate overseas • Develop and implement a plan for problem-solving initiatives	3.3 3.4 11.4 11.α 17.17
	Collaboration with local communities and collaborators through business activities	Dissemination of research results and promotion of social implementation initiatives aimed at solving health issues in local communities	• Collaborate with local governments to solve health issues and promote food culture awareness: 3 per year • Reporting on the results of activities in collaboration with local governments: Once per year *Partial restatement of initiatives and KPIs for material issues "Achieving Well-being through Eating Habits"	
		Collaboration with local governments and stakeholders in each region, including Green Tea for Good "Make the World Beautiful with Tea"	• Conduct conservation activities, including forest, water, and biodiversity Environmental action target: 2,500 participants per year	
Respect for Human Rights ⇨p. 52	**Respect for human rights in the value chain**	Understand (identify and assess) human rights risks that may cause or contribute to human rights violations through ITO EN Group's businesses and services, and formulate a human rights due diligence plan by FY4/2026.		4.7 8.5 8.7 8.8 10.2
		Conduct human rights assessments of suppliers		
		Conduct human rights due diligence at raw material production areas and production sites	• At least 5 times by FY4/2029	
		Disseminate and expand the scope of the grievance mechanism Priority targets: Suppliers and employees over whom the ITO EN Group can exercise influence		
		Conduct internal human rights awareness training	• At least 3 times a year	
Diverse Human Assets and Active Roles for All ⇨pp. 53-56	**Development and empowering of diverse human resources**	Employee engagement score	• FY4/2027: 4.2 or higher (out of 6 points)	3.5 3.α 4.4 5.5 8.5
		Female manager ratio	• FY4/2027: 10%	
		Gender pay gap (regular full-time employees, male employees = 100)	• FY4/2027: 80% Of the above, less than 10 years of service 100%	
		Percentage of male employees taking childcare leave	• FY4/2027: 50%	
	Promoting health and productivity management	Maintain Health and Productivity Management Organization (White 500) certification		
Group Governance ⇨pp. 57-64	**Establishment of group governance structure**	Develop the next generation of management personnel (directors, executive officers, and managers)		16.5
		Development of training plans for managers and CXOs of major ITO EN Group companies		
		Promoting efforts to nurture the younger generation with a view to future management personnel		
	Strengthening Group risk management	Identification of management risks and consideration of countermeasures		
		Forecast the future, identify business opportunities, and review strategies		
	Information security/protection of customer privacy	Establishment of information security governance structure	• Enhance understanding among board members and employees of the use and risks of information technology and DX	
	Enhanced stakeholder engagement	Conduct stakeholder dialogues to improve management	• At least once a year	

*All targets apply to ITO EN, LTD. and consolidated Group companies

*Review and formulate key themes and KPIs by examining the human capital strategy linked to the management strategy during FY4/2026 (to be disclosed in FY4/2027)
The following is a list of current themes and KPIs to be addressed

Achieving Well-being through Eating Habits



Mitsumasa Shida
Executive Officer,
General Director of Marketing
Headquarters, ITO EN, LTD.

Green tea and matcha are traditional beverages valued for their flavor and health benefits, the comfort they bring both to the body and the mind, and for bringing people together. Health consciousness around the world is on the rise, and at ITO EN, we have long conducted research through collaboration between industry, government, and academia to scientifically verify the diverse health benefits of green tea and matcha. By continuing to share high-quality, evidence-based data and promote social initiatives that foster understanding of the health value of tea, we will boost brand value and increase demand for ITO EN green tea and matcha in Japan and abroad. We believe that achieving longer health spans and well-being through tea as well as the evolution of tea culture around the world is something only ITO EN can do.

The ITO EN Group's coffee business also offers experiential value in terms of flavor and relaxation.* As a Health Creation Company, we aim to contribute to the well-being of customers and society through research and communication, the flavor and health benefits of our tea and coffee products, and our hospitality.

*For details on coffee business initiatives, see pp. 33–34.

Sharing Research on Green Tea and Matcha to Contribute to Well-being and Increased Demand for Tea

The Fundamental Value of Green Tea and Matcha
- Delicious flavor and health benefits
- Soothing the mind and body
- Bringing people together
- History and culture

Management Issues
- Globalization of *Oi Ocha* and ITO EN green tea and matcha
- Revitalization of the tea market in Japan and abroad
- Creating and developing the unsweetened tea market

Research Through Industry-Government-Academia Collaboration

Research not only on physical health benefits but on mental and psychological health benefits as well as social health benefits, which in recent years are expected to correlate with well-being

Value for Social Health, etc.
Common issues across all age groups: social isolation, loneliness, lack of sense of purpose, social recognition, coexistence, human relationships, and work engagement

Joint research at TAKANAWA GATEWAY CITY on the relationship and effects of green tea drinking habits on mental health and sleep

Value for Mental and Psychological Health, etc.
Issues among primarily younger and middle-aged groups: depression, stress, and concentration issues

Research has shown that drinking green tea during mental tasks (such as arithmetic) quickly improves performance and enhances flow (a psychological state of deep immersion)

Value for Physical Health, etc.
Issues across all age groups, primarily the middle-aged: obesity, lifestyle-related diseases, cognitive function, and infectious diseases

Applying research findings to develop Foods for Specified Health Uses related to body fat and cholesterol, as well as Foods with Functional Claims related to body fat and cognitive function, helping address health issues and improve business performance

Main Joint Research Institutions, Local Governments, and Facilities

Tohoku University: Inhibition of fat absorption and reduction of LDL cholesterol through the effects of gallate-type catechins in green tea
University of Shizuoka: Antiviral and infection-preventing effects of green tea
University of Tokyo: Measures to combat frailty and eat-loss (eating disorders) using tea ingredients
University of Tsukuba and MCBI Inc.: Validation of the effects of green tea and matcha on cognitive function and sleep, elucidation of the mechanism (see "Voice," p. 40)
University of Occupational and Environmental Health, Japan and Chitose Institute of Science and Technology: Effects of green tea consumption on mental task performance and subjective evaluation of flow experience
Hannan City, Osaka Prefecture: Health value from continuous consumption of green tea and matcha by residents

TOPICS

Joint Research on the Correlation and Effects of Green Tea Consumption on Well-being

We have commenced joint research on the correlation and effects of green tea consumption on mental health and sleep among office workers at TAKANAWA GATEWAY CITY, which is directly connected to Takanawa Gateway Station.

Through this research, we aim to gain a deeper understanding of the correlation between green tea consumption and work engagement, health awareness, sleep, mental health, and more, with the goal of demonstrating the benefits of mindfulness and mental reset brought about by the components in tea as well as by tea time. We are also working on the practical implementation of personalized recommendations for tea types and consumption methods tailored to individual mental states and preferences.

This joint research is an initiative that combines social implementation of the mental, psychological, and social health benefits of green tea in our effort to co-create "life with tea" as the new tea culture for the next 100 years as a Health Creation Company.

*Joint research partner: ACCELStars, Inc. (a sleep tech startup originating from the University of Tokyo)



Established a lab at TAKANAWA GATEWAY Link Scholars' Hub (LiSH) and commenced research on the theme of co-creation from basic to applied studies



Tea consumption trials to develop a point-of-sale diagnostic app that provides personalized tea recommendations

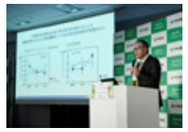
Becoming a Global Tea Company as a Health Creation Company

Press releases

Wellness forums

Local mini seminars and health seminars

Academic conference presentations and papers published



Expanded network of experts from industry, government, and academia*
*Researchers, medical professionals, caregivers, registered dietitians, clinical psychologists, physical therapists, and more
*36 joint research projects with industry, government, and academia (as of September 2025)

Share research findings → **Social implementation of research findings** → **Share findings in Japan and abroad and expand, advance, and continue social implementation**

Boost customer understanding of the health benefits of green tea and matcha





Continue civic lectures, local mini seminars, health seminars, and more

Offer life with tea based on research findings
- Consume 2g of matcha daily
- Create social bonds through tea
- Combine exercise, diet, and tea

⇨See p. 41

Develop products based on research findings
- Foods for specified health uses (FOSHU)
- Foods with functional claims

Outcomes

Boost brand value of ITO EN green tea and matcha

Increase demand for green tea and matcha worldwide

Extend health spans worldwide

International organizations[1] have reported that improving risk factors[2] for lifestyle diseases and other conditions can reduce dementia risk by up to 45%.

Green tea and matcha consumption may contribute to this potential

1. Sources
Risk reduction of cognitive decline and dementia: WHO guideline (2019), *The Lancet Commission Report* (2024)
2. Obesity, dyslipidemia, and more

Achieve well-being for people and societies around the world through tea

Evolve tea culture and increase tea consumption worldwide

Voice



Professor Tetsuaki Arai
Psychiatry and Clinical Medicine
Institute of Medicine
University of Tsukuba

The Health Benefits and Potential of Matcha Gaining Worldwide Attention

Cognitive decline with aging leads to isolation, depression, and increased risk of dementia. This research demonstrated that matcha, a common drink, may help maintain social cognitive function and prevent dementia. This may lead to new dementia prevention measures in the future, such as attempts at early diagnosis of cognitive decline.

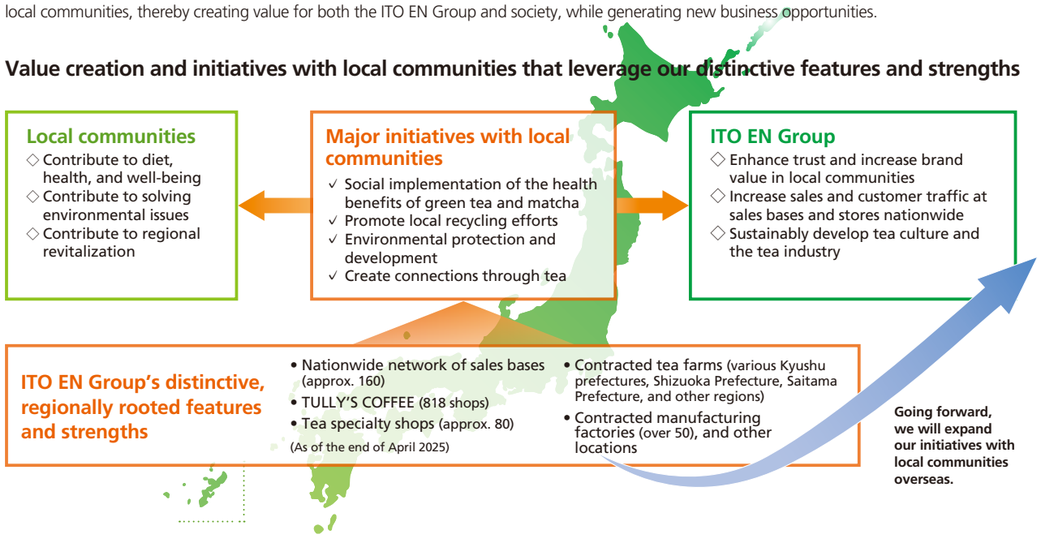
In the super-aged society of Japan, research on cognitive improvements through matcha is expected to serve as a role model for extending health spans worldwide. The benefits of matcha may serve as a natural cognitive support measure through not only expanding the consumption of tea itself but also as an ingredient and in food cultures around the world. This non-pharmaceutical, low-cost, and sustainable approach will be easy to incorporate into national policies.

This collaboration between industry and academia holds great significance as a model case for addressing social issues such as aging populations and rising medical costs by providing science-backed evidence for traditional foods. Our goal is to create a sustainable society where everyone can live healthy and authentic lives both physically and mentally, regardless of age.

Co-creation and Deepening Ties with Local Communities

The ITO EN Group operates sales bases across Japan and engages in regionally rooted business activities. These activities encompass everything from sourcing raw ingredients and manufacturing through contracted tea farms and manufacturing contractors to sales and consumption. The presence of these business locations and suppliers, combined with our stakeholder relationships, has been a distinctive feature and strength of the ITO EN Group, and has supported our growth. We will continue to leverage this distinctive feature and strength to pursue initiatives aligned with other material issues that address social and environmental issues. Through these efforts, we will realize co-creation and deepening ties with local communities, thereby creating value for both the ITO EN Group and society, while generating new business opportunities.

Value creation and initiatives with local communities that leverage our distinctive features and strengths



Initiatives Aimed at the Social Implementation of the Health Benefits of Green Tea and Matcha

The outcomes of industry-government-academia research into the health benefits of green tea and matcha can contribute to solving issues such as expanding people's healthy lifespan. This can be achieved by having customers understand these benefits and incorporating them into their diets. That is why we are working with local governments, corporations, and experts to hold seminars on the health benefits of green tea and matcha. We are also continuing our research into the relationship between regular consumption of green tea and matcha and mental health.

TOPICS 1

Regional Health Seminars

In 2024, we invited a leading expert in dementia treatment and prevention to hold a "Tea and Health Seminar" for members of the local community. In the seminar, we proposed a research-based "Life With Tea" through a talk session by the expert on "Enjoying the Process of Aging" and a presentation by an ITO EN tea taster on "How to Incorporate Matcha into Your Diet."

Local healthcare professionals attended the seminars held in various regions. The sessions helped deepen their understanding of the health benefits of tea, and we envisage that this will support the broader dissemination of information, leading to the social implementation of these benefits.


Regional health seminar

TOPICS 2

Research Into the Relationship Between Regular Consumption of Green Tea and Matcha and Mental Health

ITO EN has been working with Hannan City in Osaka Prefecture on the "Life With Tea" project since 2022. This project aims to build connections within the local community through building tea farms and cultivating tea leaves, along with educating people on tea. As part of this project, starting in 2023, we conducted a survey of 4,000 Hannan City residents aged 18 to 79 regarding the relationship between regular consumption of green tea and mental health jointly with the Clinical Psychoinformatics Laboratory at Tokushima University Graduate School.

Part of the research results were presented at the 89th Annual Convention of the Japanese Psychological Association in September 2025. Focusing on analysis of teapot users, the presentation was titled "Relationship Between Regular Consumption of Tea and Mental Health Among Elderly Residents in Regional Cities."

We believe that the results of this research, which clarified the relationship between citizens' regular green tea drinking and robust mental health, will serve as a foundation for creating new health value for green tea. We will expand this research into a demonstration study of office workers and commercial facility users at TAKANAWA GATEWAY CITY (refer to p. 39).


Takanobu Takihara　Moeno Aihara
Central Research Institute
TAKANAWA GATEWAY CITY Lab

Promote Local Recycling Efforts in Shizuoka Prefecture

ITO EN, as a company deeply involved in agriculture, has focused on research into converting residual beverage residues, such as used tea leaves, into carbon resources (biochar). As a result of joint research with Shine Organic Laboratory LLC, we successfully developed high-quality biochar made by combining used tea leaves and coffee grounds.* Two of our partner companies, HOTEI FOODS CORPORATION LIMITED, a manufacturing subcontractor for beverages, and Akitaseicha Co., Ltd., a contracted tea farm, are located in Shizuoka Prefecture. In July 2025, we launched a circular model in which biochar is produced from used tea leaves and coffee grounds generated during beverage production in Shizuoka Prefecture. This is then applied to contracted tea farms in the prefecture. Biochar is known to sequester carbon and help improve soil quality. Through this initiative, we aim to promote the circulation of local resources in Shizuoka Prefecture and contribute to the promotion of eco-friendly, sustainable agriculture.

* Biochar is a carbonized material produced by heating biomass—organic resources such as wood or bamboo.
(⇨Refer to pp. 50-51 for other initiatives aimed at solving environmental issues together with local communities)



Nationwide Support for Environmental Protection and Development

Through our *Oi Ocha* brand, we have been contributing a portion of the sales from our products to environmental conservation and development activities in all 47 prefectures of Japan. Local residents and company employees have actively participated together on initiatives, including the "Make Japan Beautiful with Tea" initiative (launched in 2010). In the fiscal year ending April 30, 2025, we launched the global social contribution project, "Green Tea for Good," with our global ambassador, Shohei Ohtani. We are expanding our efforts from Japan to overseas, under the moniker of "Make the World Beautiful with Tea."

Green Tea for Good website ▶ https://www.itoen.jp/greenteaforgood/en/

TOPICS 3

Make the World BeauTEAful with Hanamaki Higashi High School

As part of the "Green Tea for Good" initiative, we held the "Make the World BeauTEAful" campaign in March 2025 to promote litter collection through *Oi Ocha* together with students from Shohei Ohtani's alma mater, Hanamaki Higashi High School. ITO EN employees also participated in the event, bringing the total number of participants to around 800. The event was held in the vicinity of Hanamaki Higashi High School, Hanamaki City, Iwate Prefecture.


Students from Hanamaki Higashi High School who participated in litter collection

Create Connections Through Tea

The Group has established the ITO EN Tea Taster System, an internal certification system, where employees with extensive knowledge and expertise in tea culture promote it both within and outside the Company. Certified employees across Japan engage directly with customers at regional tourist sites, educational facilities, public facilities, and mass-market retail outlets, sharing information about the value of tea and how to make a delicious cup.

(In FY4/2025, these activities were conducted 1,800 times, engaging 400,000 customers)

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

TOPICS 4

Museum Complex Co-Creating the Future of Tea: OCHA CULTURE CREATION MUSEUM and Oi Ocha Museum

The mission of the OCHA CULTURE CREATION MUSEUM is to "pass on Japanese lifestyle culture and food culture through tea." It has received certification as a "Registered Museum," which aims to maintain and develop its functions in social education and cultural promotion. As a lifelong learning center featuring displays on the history of tea and the evolution of tea-drinking customs, the museum will continue to develop alongside local communities.

The Oi Ocha Museum features exhibits on everything from tea farms to the production process and used tea leaves, and conducts hands-on seminars. By sharing the appeal of *Oi Ocha*, a brand that continues to support people's physical and emotional well-being as customer lifestyles evolve, we aim to further enhance its brand value.


OCHA CULTURE CREATION MUSEUM


Tea brewing seminars are held at the Oi Ocha Museum

Official website ▶ https://www.ochamuseum.jp/en/

Building Sustainable Agriculture and Supply Chains



Kozo Nagata
Executive Officer,
Deputy Director-General of Production Headquarters, ITO EN, LTD.

The Tea-Producing Region Development Project, which aims to ensure stable procurement of high-quality raw ingredients for green tea, and the adoption of the "fabless method" whereby the manufacture of beverage products is outsourced to partner factories, are distinctive features of the ITO EN Group. In order to deliver safe, reliable, and delicious products to our customers in a flexible and sustainable manner, a robust partnership with our suppliers, including tea producers and contract manufacturing factories, is essential. As *Oi Ocha* expands globally, we will be required to further strengthen our supply chain management, encompassing production, manufacturing, logistics, and sales, expanding from domestic operations to a global scale. Based on relevant Group policies,* we will build sustainable agriculture and supply chains from domestic to global operations as the foundation of our business, focusing not only on quality but also on addressing environmental issues like climate change and water resources, as well as respecting human rights.

*The ITO EN Group Fundamental Supplier Policy, ITO EN Group Procurement Policy, ITO EN Group Human Rights Policy, etc.
ITO EN Group Code of Conduct/Policies ▶ **https://www.itoen-global.com/company/policy.html**

Main Initiatives for the *Oi Ocha* Value Chain

* Major initiatives relating to the environment

Research Planning Development

◇ Research on the health benefits of green tea and matcha through industry-government-academia collaboration
◇ Product development that draws out the best from materials, guided by the spirit of "STILL NOW" (what customers are still now dissatisfied with) and five product development concepts (Natural, Healthy, Safe, Well-designed, Delicious)

- **Product development which takes environmentally conscious materials (such as biodegradable materials) into consideration** ⇨ pp. 50–51

Raw Ingredient Development Procurement

◇ Volume of domestic crude tea handled: Approximately one-quarter of the Japanese total (about 17,000 tonnes)

The Tea-Producing Region Development Project
We have tea producers cultivate high-quality raw ingredients suitable for final products and purchase the entire harvest
- Contracted tea cultivation with existing producers
- New tea farms business to convert dilapidated farmland and other areas into tea fields

"Purchasing from the market"
Employees with extensive tea experience assess quality and make purchases

◇ Handling of raw ingredients for overseas markets
- Raw ingredient development to meet international quality standards
- Development of crude tea production technology in overseas tea-producing regions

- **Environmentally conscious agriculture (reduced pesticide use, organic cultivation)** ⇨ p. 44, p. 51

Production (Technology Development) Logistics

◇ Fabless method (outsourced beverage manufacturing) that enables agile product development and production of beverage products; block production and logistics system
◇ Manufacturing techniques that bring out the natural flavor and aroma of green tea, and freshness preservation technology

- **Reducing water usage during beverage production; water conservation activities** ⇨ pp. 49–50
- **Promoting the 3Rs for containers and packaging (label-free, lightweight, bottle-to-bottle recycling)** ⇨ pp. 50–51
- **Improving logistics efficiency and promoting modal shift** ⇨ p. 46

Sales and Distribution

◇ **Japan:** Diversified sales channels including route sales rooted in local communities, wide-area sales targeting retail chains and corporate clients, specialty tea shops, e-commerce, and commercial use
◇ **Overseas:** International sales, retail chains in various countries and regions, e-commerce, etc.
◇ Employee-led activities by Tea Tasters and Vegetable and Fruit Meisters (food education and awareness)

- **"Make the World Beautiful with Tea," and other conservation activities in various regions** ⇨ p. 42
- **Collection by sales staff of resources (empty containers) from recycling boxes next to vending machines**

Quality Management and Quality Assurance

Wide-ranging partnerships and supplier engagement

We have established agreements with municipalities and businesses nationwide to promote bottle-to-bottle recycling (horizontal recycling from used PET bottles to new PET bottles) ⇨ p. 50

Upcycling used tea leaves into products

Effective Use of Used Tea Leaves
- Composting used tea leaves
- Used tea leaves recycling system

Resource recycling (tea leaf composting)

Export of raw ingredients overseas

Local production at manufacturing locations (in-house and contracted factories) in Southeast Asia, Germany, etc.
*For some products

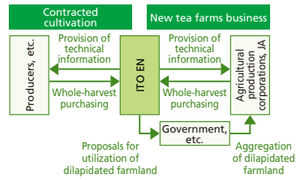
Sales of *Oi Ocha* (beverages, tea bags, etc.) in 47 countries and regions worldwide
(As of the end of April 2025)



Oi Ocha in tethered-cap paper cartons compliant with EU environmental regulations for containers and packaging

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

The Tea-Producing Region Development Project, launched in 1976 to ensure stable procurement of high-quality tea leaves and streamline production, is a unique and sustainable agricultural model. It involves working with tea producers to cultivate high-quality raw ingredients suitable for final products and purchasing the entire harvest, realizing "product development that starts with farms." This initiative, comprising two components, contract cultivation with existing producers and new tea farms business (launched in 2001) that converts dilapidated farmland into tea fields, generates diverse value for both our Company and society.



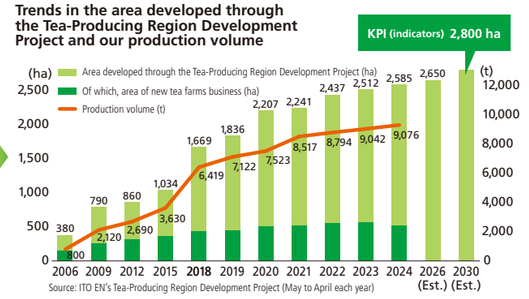
Expansion of Operational Scale Despite Declining Domestic Production Volume and Cultivation Area

Domestic crude tea production
Down 26% in 48 years
1976: Approx. 100,000 tonnes
2024: 74,000 tonnes

Domestic tea cultivation area
Down 42% in 48 years
1976: Approx. 60,000 ha
2024: 35,000 ha

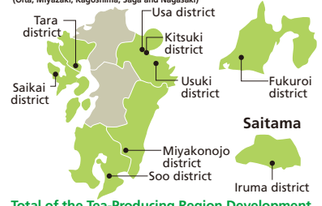
*Production and cultivation area of crude tea
Source: Ministry of Agriculture, Forestry and Fisheries

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



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

New tea farms business districts
(Expanded to nine districts in seven prefectures as of FY4/2025)
Five prefectures in Kyushu
(Oita, Miyazaki, Kagoshima, Saga and Nagasaki)



Total of the Tea-Producing Region Development Project in FY4/2025: 2,585 ha
(Of which, new tea farms: 500 ha or more)

Main Project Results

Value for ITO EN
- Stable procurement of high-quality raw ingredients
- Improving the quality of *Oi Ocha* and other products
- Diverse raw ingredients and product development
- Expanding share in the green tea market
- Expanding export opportunities for green tea and matcha

Value for society
- Stable management of tea farmers through whole-harvest purchasing
- Passing on tea cultivation, processing techniques, and expertise
- Effective utilization of dilapidated farmland, etc.
- Job creation and regional revitalization
- Enhancing the sustainability of tea-producing areas

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

Labor hours per 10 a (new tea farms)
Approx. **43** hours
(Average in Shizuoka: approx. 122 hours)

Average age of employees
Approx. **45** years old
(national average: 57.8 years old)

GAP certification
100%
*Contract tea farms in the Tea-Producing Region Development Project

Addressing Challenges for the Sustainable Development of the Green Tea Business

In its green tea business, ITO EN is advancing initiatives to analyze and address climate change and impacts on natural capital/biodiversity in line with the TCFD and TNFD frameworks, striving to balance these efforts with the development of its overseas business.

Main challenges	Main initiatives
The impact of global warming on tea cultivation Tea is a subtropical plant, and while no significant impact on yield or quality due to rising temperatures has been confirmed, the timing of first flush harvests may become more variable	**Selection and development of tea varieties that take into account quality, productivity, and resistance to climate change, pests, and diseases**
GHG emissions during tea cultivation GHGs are emitted from soil during cultivation of agricultural products such as tea	**Surveys of actual GHG emissions and various cultivation trials for reduction**
Impact on natural capital and biodiversity Excessive use of chemical fertilizers and pesticides burdens the environment around tea-producing regions	**Reduction and optimization of chemical fertilizer and pesticide usage**
Passing on tea cultivation expertise to the next generation and improving productivity	**Promotion of agricultural DX** Promoting adoption of the agri-note farming support tool among tea producers, and introducing the Pesticide Suitability Assessment System

Reducing environmental impact on tea-producing areas and enhancing sustainability

Expanding production of green tea and matcha ingredients that meet the pesticide residue standards of various countries

Sustainable procurement of high-quality raw ingredients

TOPICS

Responding to the Growing Global Demand for Matcha

Building a sustainable matcha supply chain is essential for responding to growing demand for matcha, both domestically and internationally, and for strengthening sales of ITO EN matcha. From FY4/2026, ITO EN has established four specialized matcha teams, each demonstrating expertise at distinct stages: product planning and development, raw ingredients procurement, and sales.

With respect to raw ingredient procurement, we have established a dedicated Matcha Business Division within the Production Headquarters. Staff with specialized expertise are working in collaboration with relevant departments to build a stable procurement system for matcha raw ingredients. Beyond raw ingredient sourcing, we are taking a holistic view of the entire supply chain and actively developing new partners for ingredient processing, grinding, and packaging facilities. Furthermore, contract cultivation under the Tea-Producing Region Development Project helps ensure stable procurement of matcha raw ingredients, both in terms of purchase price and production volume.



Yoshihiko Horiuchi
Manager, Matcha Procurement Section, Matcha Business Division

Developing Supplier Engagement

To achieve sustainable profits for both the ITO EN Group and our suppliers, while addressing social and environmental issues, we are enhancing our engagement with our suppliers. A robust partnership with suppliers is a crucial asset and foundation for enabling the flexible 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.

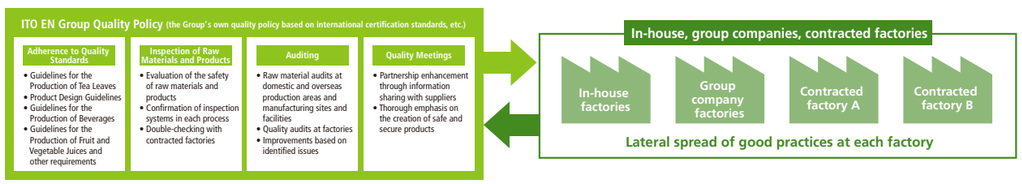
Pursuing Safe and Secure Products

In ITO EN's Quality Control Division, the Quality Control Department has established rigorous quality control systems to ensure the safety of our products, from product design, raw ingredients and packaging materials to manufacturing and distribution, and takes the lead in coordinating with our own factories, Group company factories, and contract manufacturing facilities.

All products are manufactured in factories that meet ITO EN's quality control standards, and regular site visits and quality meetings are conducted to ensure that our products are safe and secure.

In FY4/2026, the Quality Control Division underwent organizational restructuring, becoming the Quality Control Department, primarily responsible for process management at manufacturing factories, and the Quality Assurance Department, responsible for ensuring product quality. This restructuring will not only enhance management of domestic production bases but also accelerate analysis of residual pesticides and support for overseas production bases to meet the demands of global expansion, thereby establishing a more robust quality management system.

ITO EN Group quality control system



Thorough quality control

In order to deliver safe and secure products, the ITO EN Group conducts various inspections, including sensory evaluations and pesticide residue analysis, at predetermined frequencies for each raw material and product. During our shipping inspection process, sensory evaluations are conducted by qualified personnel who have passed our Company's competency certification tests, ensuring the consistent delivery of delicious products to our customers.

Additionally, we implement personnel and equipment measures to eliminate the possibility of foreign matter contamination during manufacturing. In terms of personnel measures, we enforce strict compliance with regulations on clothing and personal items. In terms of equipment measures, we have implemented thorough foreign object contamination prevention by introducing systems such as metal detectors and X-ray inspection machines to eliminate foreign objects, as well as establishing a robust pest control management system.

The Analysis Department is expanding the scope of its ISO/IEC 17025 accreditation, originally obtained for catechin analysis in FY4/2024, to include pesticide residue testing and microbiological testing, thereby strengthening our commitment to safety and security.

TOPICS

Over 90% of our domestic beverage and leaf manufacturing factories have obtained international certifications (such as FSSC 22000 and ISO 9001) and established management systems for food safety and quality. Furthermore, at all manufacturing factories both in Japan and overseas, we support the production of safe and secure products by conducting factory audits using ITO EN's proprietary checklists, which are based on international standards.



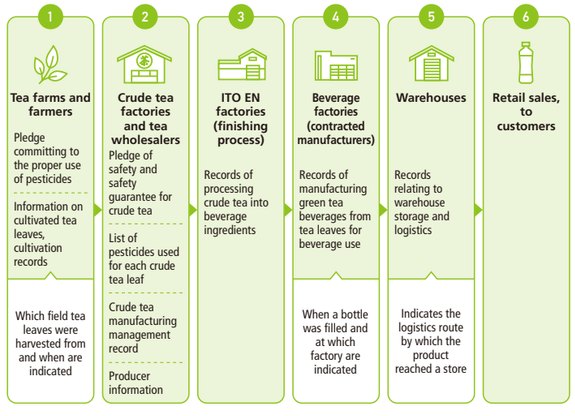
Yoko Haraguchi
Manager, Quality Assurance Section 3, Quality Assurance Department

Traceability initiatives

The ITO EN Group has established a traceability system that enables prompt investigation of product history information, allowing us to verify details ranging from the best-before date printed on products to manufacturing conditions and the raw materials used.

Process for the *Oi Ocha* green tea beverage

ITO EN has implemented a traceability system that records and stores information about the history and inspection results of an ingredient or product at every stage, from the tea farm and farmers to the final product shipment.



Quality Meetings and Environmental Quality Meetings

Implementing quality meetings

As part of our efforts to prevent problems before they occur and create a better manufacturing environment, ITO EN provides opportunities for our contract manufacturing factories and suppliers to share best practices, examples of defects, and our Company's requirements. During FY4/2025, we held nine sessions for suppliers, including manufacturing contractors, raw materials suppliers, and material manufacturers. In these meetings, we provide feedback on supplier evaluations regarding quality, and beyond quality, also share our environmental and human rights policies to enhance supplier engagement.

Environmental Quality Meetings

To promote environmental initiatives at beverage manufacturing contractors, we held the second Environmental Quality Meeting in April 2025. This group discussion, a first-time initiative, aimed to foster active exchange of opinions among suppliers. Participants shared the respective challenges they face and best practices in reducing water usage, and also explored implementation measures. Additionally, regarding energy conservation measures, we visited contracted factories implementing cutting-edge initiatives and promoted the horizontal rollout of specific examples. We will continue to hold regular meetings to advance initiatives across the entire supply chain, aiming to achieve the ITO EN Group Medium- to Long-Term Environmental Goals.

Feedback from participating suppliers

We hope you'll continue sharing best practices and other useful examples for reference



After having case studies shared with us, we intend to re-examine our own management system

At the environmental quality meeting

The need to undertake water source conservation activities and the methods given for doing so were informative



It clarified the challenges our company faces in achieving our goals

Scene from the Environmental Quality Meeting's visit to a contracted factory

Sustainable Logistics

The ITO EN Group is actively working across the entire organization to improve logistics efficiency and strengthen transportation and delivery capabilities, setting internal KPIs to improve productivity in logistics and address social challenges against the backdrop of responding to the "2024 Logistics Problem."

As part of our efforts to improve logistics efficiency, we have implemented "block production and logistics," which involves dividing the country into regions and producing products at factories suited to each area for supply to neighboring regions. We are also working to improve loading rates and promote transactions using single-product pallets. Furthermore, by promoting modal shift and enhancing transport capacity through the use of railways and ferries, we have achieved reductions in crew working hours and CO_2 emissions. As a countermeasure against long working hours, we are also implementing "relay transportation" initiatives to reduce environmental impact, ensure stable product supply, and help address societal challenges in logistics.

Expand collaboration with other companies

To help realize a sustainable society by reducing environmental impact, we are promoting logistics efficiency and environmental initiatives across the ITO EN Group. We are also working to optimize our logistics network by strengthening collaboration with other companies. To continue delivering safe and secure products to our customers, we will establish an efficient logistics system that cuts across industries and sectors, aiming to build a sustainable supply chain.

TOPICS

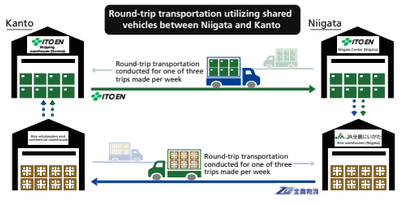
Joint Delivery with Morinaga&Co., Ltd.

Since July 2025, we have been transporting beverages and confectionery products in mixed loads of heavy and light goods between Gunma and Hokkaido through NIPPON EXPRESS CO., LTD., a logistics partner of both ITO EN and Morinaga&Co., Ltd. This has improved loading rates compared to conventional methods and reduced the number of trucks used by approximately 24%. While collaborative mixed-load shipping generally increases loading/unloading points, posing challenges in terms of long working hours for truck drivers, this initiative resolved the issue by consolidating loading points to a single location with the cooperation of NIPPON EXPRESS CO., LTD. We are considering expanding this initiative to other areas in the future.



Round-Trip Transport with ZEN-NOH Group

Together with the ZEN-NOH Group, we have established a "round-trip transport" scheme utilizing shared vehicles to transport beverages and rice. By implementing a reciprocal round-trip transport arrangement for one of the three weekly runs operated by both companies between Niigata and the Kanto region, the number of trucks used is expected to decrease by approximately 33% compared to conventional transportation methods, while CO_2 emissions are projected to be reduced by about 16%. Going forward, we will further strengthen our collaboration and explore logistics cooperation across a wider range of areas.



Health of the Planet

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 solutions to such environmental issues as decarbonization and resource recycling entire our value chain to create shared value with diverse stakeholders.

In FY4/2025, we expanded the scope of calculation of our greenhouse gas (GHG) emissions to our overseas offices and calculated GHG emissions entire our value chain of ITO EN and our consolidated subsidiaries. "Team ITO EN Group" will unite in our efforts with an awareness of the need for greater speed in our decarbonization initiatives.

"ITO EN Group Environmental Policy" "ITO EN Group Policy on Biodiversity Conservation" "ITO EN Group Policy on Plastics" "ITO EN Group Policy on Containers and Packaging"
ITO EN Group Code of Conduct/Policies ▶ https://www.itoen-global.com/company/policy.html

Review of the Medium- to Long-Term Environmental Goals

The ITO EN Group is addressing such environmental issues as climate change, water resources, resource recycling, and natural capital and biodiversity conservation entire our value chain. In FY4/2025, we revised the GHG reduction targets and water resource targets in our Medium- to Long-Term Environmental Goals based on changes in the external environment.

Themes	Indicators	Results in FY4/2025	Targets in FY4/2031
Climate change	GHG emission reduction rate Base year: FY4/2019[1]	(From the base year) Scopes 1 + 2 -21.3% Scope 3 -21.7%	(From the base year) Scopes 1 + 2 -50% Scope 3 -30% **FY4/2051**: Net zero
	Use of renewable energy[1]	Percentage ratio of use: 16.7%	Percentage ratio of use: 75%
	Introduction of electric vehicles (EVs, HVs, PHVs, FCVs)[1]	Electric vehicle usage percentage ratio: 9.7%	Electric vehicle usage percentage ratio: 25%
Water resources	Reduction in water usage in beverage manufacturing	4.2 m^3/kl	Consumption rate of water usage[2]: 3.0 m^3/kL or less[3]
	Implementation of water source recharge activities at beverage manufacturing factories	——	100% or more[4]
Sustainable containers and packaging	Percentage ratio of recycled materials used for all PET bottle products	45%	100% (all PET bottles)
	Encouragement of the 3Rs and shift to environmentally friendly materials in containers, packaging, promotional items, and materials		
Natural capital and biodiversity conservation	Examination of global metrics based on TNFD and promotion of sustainable agriculture		

1. By ITO EN and its consolidated subsidiaries 2. Consumption rate: Water use per 1 kL of production
3. At the Company and the Company's dedicated lines at beverage manufacturing contractors
4. At some Company factories and beverage manufacturing contractors

■ Review of greenhouse gas (GHG) reduction targets

In addition to reviewing our target values in order to set GHG reduction targets in line with the standards required by the Paris Agreement, we submitted a commitment letter to the Science Based Targets initiative, an organization that recognizes science based targets (SBTs) for GHG reduction, in November 2024. The letter declared our goal of obtaining SBT recognition within two years. All ITO EN Group businesses will work to reduce GHG emissions, including in the value chain, toward achieving net zero in FY4/2051.

■ Review of water resource targets

The ITO EN Group's business activities significantly depend on water above all other natural capital. As the amount of water used is deeply connected to climate change as well as biodiversity conservation and natural capital, we will work actively on this issue as part of our integrated response. We have therefore set the target of recharging at least 100% of our drawn water with beverage manufacturing contractors closely related to the Company, in addition to our water withdrawal reduction targets when producing beverages.

TCFD and TNFD analysis (summary)

The ITO EN Group has specified and assessed important risks and opportunities for matters related to climate change, biodiversity conservation, and natural capital in our business since FY4/2022, implementing integrated information disclosure based on the TCFD and TNFD recommendations. We previously conducted analyses of the raw ingredients for our main products in the value chain, but we expanded the scope to include the entire value chains for green tea and coffee in FY4/2025.

Category	TCFD	TNFD
Governance	• The Sustainability Promotion Committee (chaired by the President) discusses policies, strategies, and measures to address such issues as climate change, 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 will strengthen the conservation and restoration of natural capital and biodiversity. • Results of outside rating agencies on ESG, including climate change factors, are reflected in compensation assessments for executives.	
Strategy	**1. Scenario Analysis** • 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 **2. Analysis Results Based on Scenarios** **Transition Risks** • Cost increases due to the introduction of carbon taxes • Amount of impact: FY4/2031 projections Without GHG reduction measures: Approx. 2.0 billion yen With GHG reduction targets achieved: Approx. 1.0 billion yen *For Scopes 1 and 2 **Physical Risks** • Storm and flood damage risk analysis at Company-owned/contracted factories, Group companies/major contracted factories, and distribution warehouses • Impact on yield and quality of ingredients for main products (green tea, barley, coffee beans) **3. Transition Plan** • 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. 49 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 pp. 50–51 Sustainable Containers and Packaging, p. 45 Developing Supplier Engagement)	**The LEAP Approach** ■ **Scoping: Selection of targets for analysis and evaluation in all businesses** • Analysis of business activities and their relationship to biodiversity conservation and natural capital on the scope of direct operations in the Tea Leaves and Beverages Business and all its value chains • Selection of green tea, which is the raw ingredient for our main products, and coffee, which is heavily impacted by climate change and biodiversity conservation, as targets for analysis and evaluation ■ **Locate: Discovery of points of contact with nature** • **Material regions: Areas considered important for business** Green tea: New producing farms in seven Japanese prefectures, nine districts, and Australia as a part of the Tea-Producing Region Development Project. Coffee: In-house farms (Costa Rica) and countries with a high handling volume Distribution in Japan is roughly the same as for green tea above • Regions requiring special attention: Weak areas from the viewpoint of biodiversity conservation and natural capital Green tea: Tea farms, in-house factories, and contracted factories scattered throughout Japan Coffee: Main coffee-producing regions, in-house factories, and contracted factories ■ **Evaluate: Diagnosis of dependencies and impacts** • Understand the high degree of dependence and impact on nature at the cultivation stage Recognize dependence on the abundance of water, climate, and pests In addition, recognize the high impact on nature of packaging materials such as PET bottles, along with cultivation ■ **Assess: Evaluation of risks and opportunities** • Analyze business risks and opportunities diagnosed during "Evaluate" to identify the ideal state. Then, formulate present and long-term countermeasures to achieve the ideal state ■ **Prepare: Future initiatives and activities** • Organize future initiatives and activities to reduce risks regarding the risks and opportunities identified during "Assess." In addition, clarify indicators and targets regarding risks and opportunities
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. 47 Medium- to Long-Term Environmental Goals	*Refer to pp. 43–46 Building Sustainable Agriculture and Supply Chains

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

Natural Capital and Biodiversity Conservation

The ITO EN Group evaluates the impact of risks and opportunities due to climate change and considers countermeasures for the entire value chain for the green tea raw ingredient for our main products, and for coffee raw ingredient. As a result, we ascertained that risks will arise for suitable cultivation areas and the quality of green tea and coffee due to global warming and changes in rainfall and climate patterns caused by climate change.

Based on the results of our analysis, we reconfirmed the close connection between climate change and biodiversity conservation and natural capital, and we believe that an integrated solution to these issues is crucial.

In addition to maintaining 100% GAP certification for farms in the Tea-Producing Region Development Project, we are working to boost control of proper fertilizers through agricultural DX promotion, biochar distribution demonstration experiments, and the promotion of organic farming.

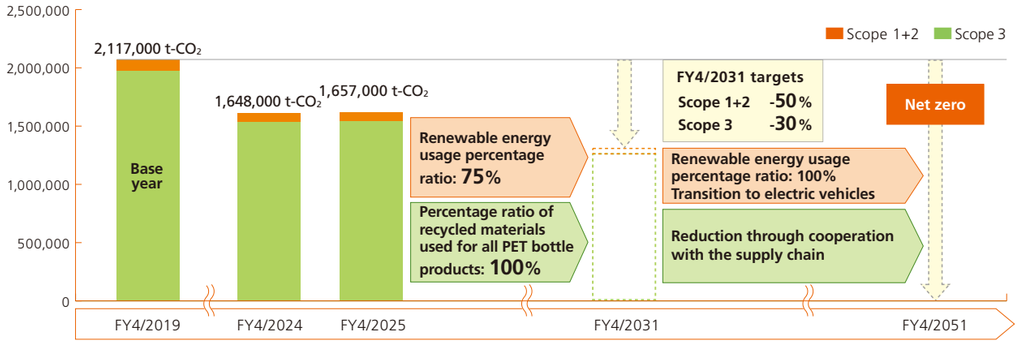
We will continue considering countermeasures in partnership with tea producers and external organizations while expanding and deepening the scope of analysis of the impact of climate change on our business due to the loss of natural capital and biodiversity.

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

Response to Climate Change (Efforts to Reduce GHG Emissions)

In FY4/2025, Group GHG emissions totaled 1,657,000 t-CO_2 entire our value chain (down 21.7% from the base year), 75,000 t-CO_2 for Scopes 1 and 2 (down 21.3% from the base year), and 1,582,000 t-CO_2 for Scope 3 (down 21.7% from the base year). We expanded the scope to include overseas consolidated subsidiaries from the results in FY4/2025.

GHG emissions and reduction targets



Reductions measures by scope

Scope 1+2

We are promoting optimization of sales routes and eco-friendly driving to reduce GHG emissions from vehicles, which make up over 70% of Scope 1 emissions. In addition, we are switching over to hybrid and electric vehicles that emit less GHG, and the ratio of electric vehicles in the Company fleet reached 9.7% in FY4/2025. To achieve a 25% electric vehicle usage ratio, we will transition to hybrid vehicles for our passenger cars and switch to electric and fuel cell vehicles for our bottle cars.

We are also promoting energy conservation and implementing a transition to renewable energy with entire our Group. Power consumption in buildings owned by ITO EN became 100% renewable energy in FY4/2025, making the Group-wide renewable energy usage ratio 16.7%. To achieve a renewable energy usage ratio of 75%, we will promote the installation of solar power panels at our manufacturing factories in Japan and overseas, as well as promote the transition to renewable energy at our sales bases.



An EV bottle car

Scope 3

Scope 3 accounts for more than 95% of Group GHG emissions. More than 80% of this is in Category 1 (raw material/material procurement, manufacturing), so we are promoting GHG reduction with a focus on Category 1. To achieve a reduction in GHG emissions due to raw material procurement, we are working to cooperate with suppliers in gathering primary data, as well as working to reduce container and packaging weight and switch to PET bottle containers made with recycled materials. Our target is to use recycled materials in all PET bottle products, and we are striving to promote resource recycling to reduce our environmental impact.



Solar energy panels installed at Fujian New Oolong Drink Co., Ltd.

Water Resources Response

Water resources are the primary ingredient in the ITO EN Group's beverages and are vital to crop growth and production processes; therefore, we are working to conserve water resources so that people can enjoy nature's gifts sustainably. We have set targets for the reduction of water usage in beverage manufacturing and are promoting water source recharge activities, such as developing the forests that are our water sources at beverage manufacturing factories, as initiatives to reduce water use through proper water withdrawal management and reuse, as well as returning used water to its sources. We are also carrying out these initiatives in cooperation with the factories of our beverage manufacturing contractors throughout Japan.

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 and verify our in-house Business Continuity Plan (BCP) measures to improve engagement.

Reducing water usage at beverage manufacturing factories

We have set targets to reduce the water used per production amount in order to promote reducing water usage in beverage manufacturing. We are working to properly manage the amount of water drawn at our beverage factories as well as to conserve water resources through the use of recycled water and water reuse. We have also installed flow meters in our production lines and are visualizing water usage to implement concrete reduction measures.

Water resource recharge activities at beverage manufacturing factories

Along with reducing water usage, we are working on recharge activities at the sources of manufacturing factories in cooperation with beverage manufacturing contractors in order to preserve the good water quality and quantity of the water sources used in beverage manufacturing. We are striving to protect water sources by conducting water source recharge activities such as developing the forests that are water sources for manufacturing factories, including planting and thinning trees to maintain and cultivate healthy forests, and mowing and maintaining riverbeds to improve river environments and vegetation, and to restore and maintain ecosystems.

Going forward, we will cooperate with beverage manufacturing contractors to conserve water resources, focusing on factories with a significant amount of contracted production and regions with comparatively high risk of water shortages and flooding, to achieve our target water source recharge ratio of 100% or more of drawn water at beverage manufacturing factories by FY4/2031.



A water source conservation activity in cooperation with a factory of a manufacturing contractor

TOPICS 1

Water Source Recharge Activities at Beverage Manufacturing Contractors

Initiatives in Japan

We conducted conservation activities to cultivate forests that are water sources, such as planting, thinning, and pruning trees; cutting undergrowth; and maintaining sidewalks, with Gold-Pak Co., Ltd. in June 2024 and NIHON CANPACK CO., LTD. in December 2024.

Initiatives overseas

Our Group company ITO EN (Thailand) Co., Ltd. planted 300 mangrove saplings with Toyo Seikan (Thailand) Co., Ltd. We recognize mangrove planting as an important initiative contributing to the conservation of the environment and biodiversity through carbon sequestration. We will continue to work on water source recharge activities both in Japan and overseas in the future.



Initiatives overseas

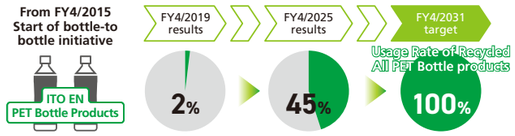
Sustainable Containers and Packaging

The ITO EN Group proactively engages in activities to promote 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.

We are striving to improve the recyclability of our containers and packaging from the product design stage for the purpose of using resources effectively and reducing the environmental toll. With regulations on plastic waste tightening internationally, we will continue working to realize a resource-recycling society and reduce GHG emissions.

Recycling

We are concentrating efforts on horizontal recycling (bottle-to-bottle) to recycle used bottles from businesses and local governments into new bottles. This has resulted in a 45% usage rate of recycled materials used in PET bottles in FY4/2025. We aim to achieve a recycled material usage rate of 100% for all our PET bottle products by FY4/2031, and we will also work actively to educate consumers about proper trash separation and discharge.



TOPICS 2

Bottle-to-Bottle Initiative in Cooperation with Shibuya City and Companies in the Industry

In April 2025, we began a bottle-to-bottle initiative with Shibuya City, Tokyo and three beverage companies using PET bottles collected from households as raw material, based on an agreement on the horizontal recycling of PET bottles.

The agreement is for the purpose of promoting resource recycling through cooperation between the government and the private sector in Shibuya City, where each company has a head office or office. In addition to collecting and recycling the PET bottles to make into new products, five entities also collaborate in activities to raise residents' awareness regarding trash separation.





TOPICS 3

Initiatives with Omaezaki City, Shizuoka Prefecture to Shape a Sustainable Environment and Society

Our Hamaoka Factory, which is a tea farm and conducts primary processing of tea leaves, is in Omaezaki City, Shizuoka Prefecture. We concluded an environmental collaboration agreement in February 2025 to strengthen our relationship with Omaezaki City, which is working actively to conserve its rich natural environment and develop a comfortable living environment, as well as to promote initiatives to shape a sustainable environment and society in the region. We will work on resource recycling and addressing regional issues through horizontal recycling of used PET bottles, beach cleaning, and research demonstrations on climate change measures with Omaezaki City.



Reduce & Replace

In accordance with the ITO EN Group Environmental Policy, we are working to reduce the amount of petroleum-derived plastics by making beverage materials for items such as PET bottles, caps, and labels lighter and thinner, and by using biomass and recycled resins in some of our plastic products.

TOPICS 4

Switch to Environmentally Friendly Materials

We have adopted Pure Filter biodegradable biomass filters certified by the Japan BioPlastics Association for the filters of our tea bag products, including *Oi Ocha PURE GREEN* tea bags and the *Kaoru Aroma Brew Tea* series. Pure Filters are made from biodegradable material (polylactic acid) broken down into water and carbon dioxide with the power of microbes. In addition, the structure of the tea bags was revised so the contents are visible when drinking, a design that allows for more enjoyment.


Pure Filter

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 products formulated with tea leaves. Currently, roughly 100 different products, including previously upcycled products utilizing used tea leaves as a raw material in place of limited resources, have been developed.

Technological developments to reduce pesticide use and promote organic farming with used tea leaves

We are working to develop technology for reduced pesticide use and organic farming in anticipation of further expansion in demand in the overseas market. As a replacement for the nitrogen fertilizer needed for tea cultivation, we have started using nitrogen components contained in used tea leaves. In addition to promoting recycling-oriented agriculture by composting tea leaves discharged from contracted factories in the beverage product manufacturing process and using them at contracted farms, we use steam pest exterminators to protect plants from pests and perform weeding using steam, not pesticides. We will contribute to environmentally friendly tea agriculture and the expansion of overseas exports of Japanese tea through these efforts.

Examples of effective use of used tea leaves

Artificial grass infill



◆ Suppresses rise in surface temperature
◆ Reduces CO_2 in the atmosphere

Truck panels with materials including used tea leaves



◆ Used in the frames of sales vehicles to reduce CO_2 emissions thanks to their lighter weight

Sus-TEA-nable fertilizer containing used tea leaves



◆ Reduces the amount of chemical fertilizers used

Examples of recycling-oriented agriculture utilizing used tea leaves

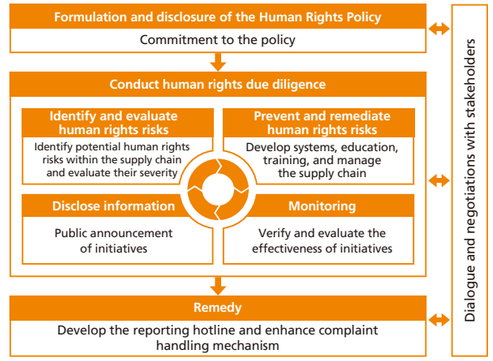


Respect for Human Rights

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 ITO EN Group Human Rights Policy and ITO EN Group Fundamental Supplier Policy, to encourage respect for the human rights of all people in our value chain. In line with the ITO EN Group Human Rights Policy, we engage in dialogue with stakeholders and, with the cooperation of human rights experts, have established and implemented a human rights due diligence framework. This framework enables us to identify and evaluate human rights risks, take preventive and corrective measures, conduct monitoring, and provide remedies.

Moreover, the importance of addressing human rights risks is increasing in light of factors such as the development of global supply chains, our fabless business model, and employee well-being. Therefore, when reviewing our material issues for FY4/2025, we elevated Respect for Human Rights to an independent material issue from its previous position as an important issue within the supply chain. We are working to minimize human rights risks within our global supply chain and among our employees and strive to build trust with our stakeholders.



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. Here, we identified potential human rights issues and affected rights holders throughout the entire supply chain and specified high-priority and important topics.

High-priority and important human rights topics

- **Working conditions for foreign workers at tea producers and in-house factories**
- **Working conditions of workers at subcontractors (manufacturing, logistics, waste management)**
- **Working conditions of workers and environmental impacts on local communities at overseas raw ingredient procurement sites (Central and South America)**

We expanded the scope of our assessment regarding the working conditions of foreign workers employed by tea producers, and in September 2024, conducted interviews with foreign workers and Japanese managers at secondary and tertiary suppliers involved in contracted cultivation.

In February 2025, we conducted on-site visits along the coffee bean supply chain—from producing regions (farms) to shipments destined for Japan and other countries—and held interviews with workers, managers, and local organizations, including industry groups, certification bodies, regional agricultural cooperatives, and NGOs.

We will share our findings regarding human rights due diligence both inside and outside the Company and strengthen our dedication to advancing human rights.

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 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.co.jp/sustainability/supplychain/#effort4**
(Japanese Only)

Implementing In-House Education on Human Rights Awareness Activities

The ITO EN Group ensures that its Human Rights Policy is effectively implemented by providing essential education and training. In February 2025, we invited an external lecturer to give a lecture titled "Business and Human Rights" to ITO EN employees in general manager positions or higher.

As part of our compliance training for employees, we ensure that topics such as power harassment and sexual harassment are thoroughly addressed.

Diverse Human Assets and Active Roles for All



Atsushi Hirata
Director and Senior Managing Executive Officer CHRO CFO General Director of Administration Headquarters, in charge of Internal Control ITO EN, LTD.

I believe that people are the ITO EN Group's most important asset, and that they are the key to the Group's sustainable growth. Investment in human resources is necessary to achieve growth, and the Group promotes human capital management so that everyone working at the Group can participate actively and demonstrate their abilities and value to the fullest.

The Ideal Human Resources and Human Resource Development We Strive For

The Medium-Term Management Plan contains five key strategies including developing *Oi Ocha* into a global standard brand, solidifying existing businesses in Japan that form our revenue foundation for future growth (structural reform of our businesses in Japan), and creating new businesses. Advancing these key strategies requires not only global management human resources who can drive overseas business but also human resources who can take action to think for themselves, take on challenges, and achieve goals with their expertise and the mindset of facing difficulties in response to changes in the business environment.

We need to embody these key strategies to further promote diversity, including of gender and nationality, as well as improve individual employees' diversity of experience, abilities, and knowledge, in order for the ITO EN Group to grow to the next stage. We will develop our human resources by deploying employees according to their abilities and characteristics, such as by developing human resources through a wide range of experiences in fields including sales, staff, and production, and having human resources improve expertise in specified fields.

It is important to develop human resources who overlook business from the perspective of what is optimal overall, not with an attachment to their own department or the tasks they are in charge of, to make decisions and implement them with an understanding of the reality. We offer personnel transfers by our companies and personnel exchanges between Group companies, as well as career-formation support systems for self-development for employees to work on themselves, as measures to develop human resources.

Human resource development does not happen in a day, so our companies invest in human resources and employees consider their own career formation from a medium- to long-term viewpoint. We will build an organization where diverse human resources can work toward the same goals, with mutual cooperation to demonstrate their combined strength as a team.

Human Resource Utilization in Response to Changes in the Business Environment

Amid changes in the business environment in recent years, ITO EN has been implementing structural reform throughout its supply chain, including route sales, which have driven growth in Japan until now, and our network of sales bases nationwide.

Our route sales business has changed due to the enlargement and reorganization of our sales bases, but the presence of many employees who always continue to keep the spirit of "STILL NOW" in mind when acting, in line with our management principle of "Always Putting the Customer First," is a significant asset for the Group. Leveraging this significant human capital while continuing structural reform of the whole Group and supply chain, and conducting thorough analysis with an eye toward the present and future, while deploying the right employees in the right jobs, will raise the standard of the entire Group.

Human Capital Investment, the Cornerstone of Growth for Employees and the Organization

In addition, raising wages that reward the efforts and contributions of employees, as well as human resource development and training costs, are not costs at all but necessary human capital investments for employees to continue working for a long time and to improve their skills and experience, and are the cornerstone of future Company growth.

We would like to strive to enhance medium- to long-term corporate value by increasing individual labor productivity and maintaining or increasing labor share, creating a virtuous circle of rewarding individuals with remuneration, further resulting in increasing the number of satisfied employees and leading to achievements.

Future Challenges

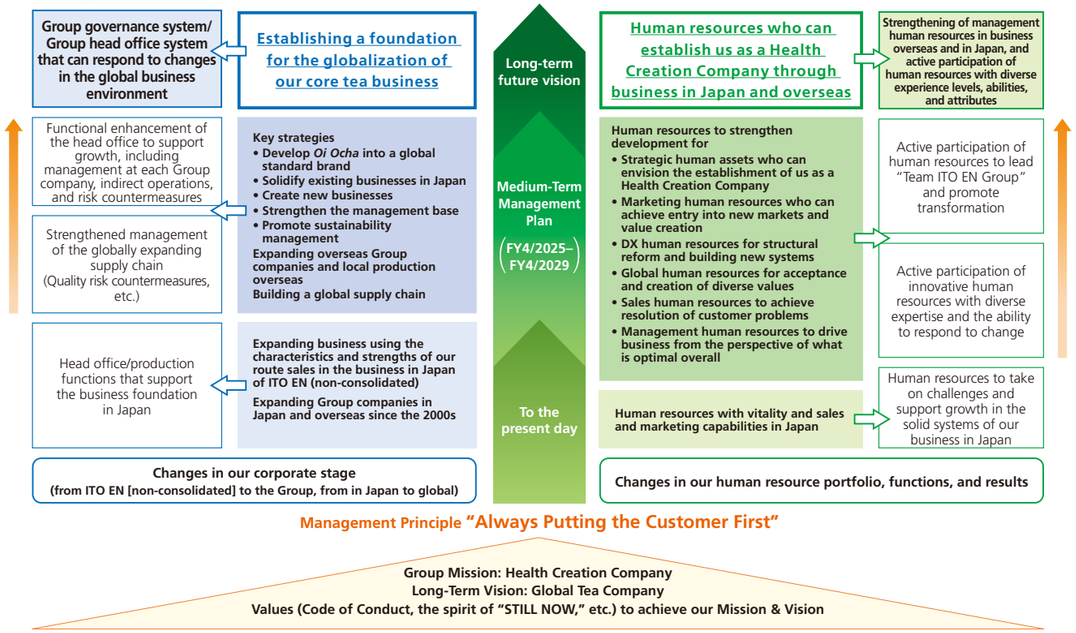
In FY4/2026, restructuring a human assets strategy linked to management strategy is a significant challenge for the sustainable growth of the ITO EN Group and the enhancement of our medium- to long-term corporate value.

Issues have accumulated at the base of the whole Group, including solidifying our medium- to long-term approach to human resources and standardizing the different human resources systems and employee benefits systems at each Group company. Under the circumstances, in FY4/2026, our officers and relevant departments will hold discussions linked to management strategy on the main dedicated committees (including the Long-Term Management Planning Committee, Human Assets Strategy Committee, and Sustainability Promotion Committee). We will clarify our ideal state regarding points such as human resources and the organization to consider key themes and KPIs we must work on to achieve that vision.

Toward Considering and Formulating a Medium- to Long-Term Human Assets Strategy

The ITO EN Group is taking measures toward the human resources and organization we are seeking in anticipation of changes in our corporate stage and human resource portfolio moving forward with the Medium-Term Management Plan and the future beyond, based on our values including our management principle of "Always Putting the Customer First," our mission and vision, our Code of Conduct, and the spirit of "STILL NOW." Along with solving issues such as solidifying our medium- to long-term approach to human resources and standardizing the human resources systems and evaluation systems at each Group company with a view to the whole Group, we will consider a human assets strategy linked to our management strategy and growth stage.

Changes in the ITO EN Group's growth stage and human resource portfolio (conceptual diagram)



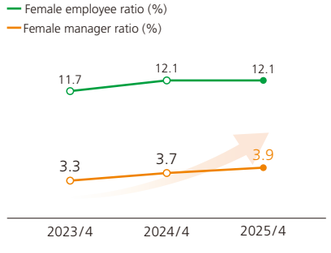
KPI Results up to FY4/2025

We have established and are working toward KPIs for the development and active participation of diverse human resources and for promoting health and productivity management, and we have already achieved our KPIs for FY4/2027 in some categories. From FY4/2026, we will continue these efforts, as well as consider and formulate a human assets strategy linked to our management strategy, key themes, and KPIs.

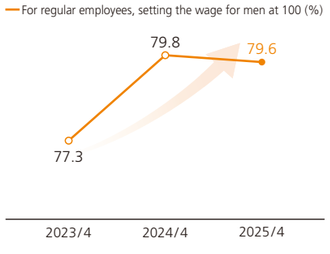
Diverse Human Assets and Active Roles for All KPIs (ITO EN non-consolidated)

Employee engagement score	Percentage of female managers	Gender pay gap (Regular full-time employees, male employees = 100)	Percentage of male employees taking childcare leave	Maintain Health and Productivity Management Organization (White 500) certified
FY4/2027 target: 4.2 or higher /6 points	FY4/2027 target: 10%	FY4/2027 target: 80% (Of the above, less than 10 years of service: 100%)	FY4/2027 target: 50%	FY4/2025 certified
FY4/2025 result: 4.00	FY4/2025 result: 3.9%	FY4/2025 result: 79.6% (Less than 10 years of service: 94.3%)	FY4/2025 result: 62.2%	

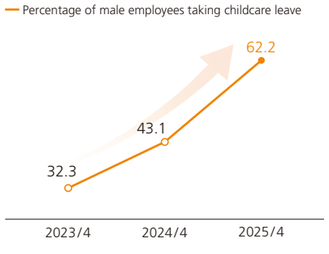
Female employee and manager ratio



Pay gap between male and female full-time employees



Percentage of male employees taking childcare leave



Toward Improving Employee Engagement

The ITO EN Group is working to achieve sustainable growth and the enhancement of corporate value based on the new Medium-Term Management Plan. To do so, it is essential that individual employees learn autonomously and continue to take on challenges to create an organization that is resilient to change. In addition, to realize our long-term vision of becoming a Global Tea Company, it is important that our employees understand and share our mission to improve engagement.

The Company ascertains employee engagement with an annual awareness survey, using this to identify issues and plan initiatives. The survey results have confirmed that engagement improves with increased opportunities for contact with supervisors, as well as recognition and praise for results. Improving communication, such as recognition and feedback, will enhance enthusiasm for work and self-efficacy, in turn leading to an improvement in the culture to support taking on challenges and in the ease of working.

Going forward, we will further prepare an environment where individual employees can actively participate by strengthening systems to increase opportunities for feedback and recognition from supervisors, visualizing and refining careers, and promoting diverse work styles. We will also expand our surveys throughout the Group to strive for Group-wide enhancement of engagement.

	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	=	Employee engagement
FY4/2024	4.21	3.39	4.10	4.08	4.08	4.09	=	3.99
FY4/2025	4.18	3.46	4.11	4.06	4.08	4.11	=	4.00

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

The Company 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.

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 for active participation of women. We provide 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 translating the provision of rank-based training for female employees (such as the ITO EN Group Project for the Active Participation of Women*) 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.

* A project started at the ITO EN Group in FY4/2026 as a forum for female managers to consider their future challenges and roles. Its purpose is for female managers to exchange opinions and learn from each other to broaden their perspectives, as well to further connections and relationships within the Group.

The ITO EN Group Project for the Active Participation of Women



Shiho Ota
General Director of Product Development Department, Chichiyasu Company

I am currently involved in the development of yogurt, dairy products, and beverages, creating products in cooperation with related departments. As a manager, I am conscious of creating an atmosphere where everyone can easily share their opinion and of offering fair opportunities to take on challenges.

At the in-person training for the ITO EN Group Project for the Active Participation of Women in June 2025, I was motivated by the female managers from Group companies speaking with confidence, and I was convinced that I could also boldly drive the organization. Sharing worries about education also created an awareness of a shared mindset and was a great encouragement. I will aim to bring out members' potential and be a female manager who can be powerful in leading the organization in the future.

Promotion of male employees taking childcare leave

Male employees are also encouraged to take childcare leave with the intention of balancing life stages (such as birth, childcare, and caregiving) and their careers to improve work-life balance and productivity. The percentage of male employees taking childcare leave in FY4/2025 was 62.2% (ITO EN non-consolidated), exceeding our 50% KPI for FY4/2027.

Promotion of employees with diverse skills and experiences

The Company 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-Group 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.

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 by promoting the management of human resources and organizations as group management under the "Team ITO EN Group." In addition, our companies understand the experience, abilities, and career vision of each employee to place them in the right jobs, and the Group is working to visualize our human resource information for the strategic deployment and development of human resources, and to build systems for personnel exchanges and transfers between Group companies. This human resource and organizational management will enhance employee abilities, knowledge, and engagement; activate Group organizations; and strengthen synergies.

Development of Diverse Human Resources (Various Education, Self-Development, and Career Support Systems)

On the basis of the concept of "merit-based," the ITO EN Group provides equal opportunities to each employee and conducts fair evaluations, and we make an effort to develop human resources who always take on challenges proactively. We believe that diverse human resources pursuing their vision and thinking, learning, and taking the initiative to act themselves to achieve their own dreams are precisely what will support sustainable corporate growth and development and raise corporate value; therefore, we assist in career formation for employee self-realization.

Human resource development and education systems and their connection with desired results

Issues

- Achieving employees' autonomous growth and an organization that continues taking on challenges in response to changes in the business environment
- Improving sense of fulfillment and engagement
- Improving well-being

Main education and training and the content thereof		Human resources to develop
Education and training of executives/heads of departments	• Through training by external lecturers and cross-industry exchanges, students will acquire the perspective, knowledge, and leadership necessary as executives	Management human resources Management candidates who can plan the future vision of the Company
ITO EN Business College (1989–) ITO EN Graduate School (2009–)	• Students can select from programs such as sales, finance, marketing, and global studies, and gain knowledge and improve their problem-handling skills through schooling and discussion • 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 *A total of more than 17,000 students have taken courses at ITO EN Business College and ITO EN Graduate School	
ITO EN Tea Taster Business Skill Test (1994–)	• An in-house system recognized as a business skill test approved by the Ministry of Health, Labour and Welfare (approved in 2017) for the purpose of developing tea professionals and educating about tea culture. The test is held once a year * Qualification holders: 20 Grade 1, 443 Grade 2, 2,064 Grade 3; 2,527 employees total (as of May 1, 2025)	Specialized human resources
ITO EN Vegetable and Fruit Meister System (2022–)	• 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 The test is held once a year * Qualification holders: 5 advanced, 539 beginner (as of May 1, 2025)	
Tully's Coffee Master, Coffee Advisor	• An in-house qualification for coffee professionals to gain sufficient knowledge of coffee to suggest ways to enjoy coffee and give advice on selecting beans * Coffee Master: 54 employees, Coffee Advisor: Approx. 3,500 employees (as of the end of August 2025)	
Chichiyasu Milk Master System (2019–)	• An in-house qualification system for developing human resources to acquire advanced expertise regarding milk (including regarding production methods, lactic acid bacteria, and dairy farming) to communicate its appeal inside and outside the Company * Qualification holders: 83 Grade 3 (As of May 1, 2025)	
Internal Recruitment System	• 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	Human resources who can gain and use diverse knowledge and skills to build their own careers
In-House FA System	• A system that allows highly rated employees to autonomously express their desired career path	
Job Trial System	• A system that allows employees to experience a department different from their current one for a certain period of time	
Skill Bank System	• Support employees' success both inside and outside the Company by applying their various skills outside the Company	
System for assisting with obtaining qualifications	• A career-formation support system promoted by companies to acquire qualifications and licenses needed for business • Diverse career-formation support, including development of DX human resources and reskilling support for employees 50 and older	
Overseas Training System	• An experience for relocating to work locally at overseas Group companies for the purpose of developing human resources to participate actively in overseas business in the future	Global human resources
In-House Venture System	• A system that allows employees to transfer to an environment where they can work full-time to commercialize their ideas and start an in-house business	Human resources who can create and propose new value
Voice System (internal proposal)	• A system that allows proposals for new products, improvements to existing products, sales promotion, etc., leveraging the spirit of "STILL NOW"	

- Acceleration of individual and organizational growth
- Becoming a Global Tea Company as a Health Creation Company

The Internal Recruitment System



Emiri Katayama
Barley Tea, Black Tea, and Healthy Tea Brand Group Marketing Headquarters, ITO EN, LTD.

After joining the Company, I was involved in retail sales at a mass retailer, but I applied to the Marketing Headquarters via the Internal Recruitment System. I transferred in FY4/2026, and now I am in charge of product planning for black tea and Chinese tea. My major at university was modern sociology, and in retail sales I experienced firsthand how proposals that meet customers' diverse needs lead to purchasing behavior. That made me want to do work that would move people emotionally through unique products and promotional proposals, so I applied to the Internal Recruitment System.

Applying to the system was a very valuable experience not only for career formation—my current interests and what kind of person I wanted to be in the future—but also as an opportunity for understanding myself and considering future actions. Going forward, I would like to take responsibility for my own decision-making to provide products that grasp customer needs, remembering my gratitude to everyone involved.

Health and Productivity Management, Occupational Health and Safety

Continuing to be a workplace environment where each employee can work healthily, safely, and energetically is essential for business development and contributes to enhancing employee engagement and the well-being of employees and their families. The Company has 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 2025, for the fourth consecutive year, we have been certified a KENKO Investment in Health Organization (Large Enterprise Category) - White 500.

2025 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

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. The Group's basic views on corporate governance are in line with this management priority.

As a Health Creation Company that contributes to the health of customers worldwide, we will further strengthen and enhance our corporate governance framework to realize our long-term vision of becoming a Global Tea Company.

Corporate Governance Guidelines (revised on May 1, 2025)
► **https://www.itoen-global.com/up_image/company/2025/Corporate_Governance_Guidelines_May_1_2025.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	2025
Organization design						• Established the Nomination &Remuneration Committee			• Changed chairperson of the Nomination & Remuneration Committee and the majority of its members to independent outside directors	• 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*)		
									• Appointed CXOs		CSO (Chief Sustainability Officer) CHRO (Chief Human Resource Officer)		CFO (Chief Financial Officer)
									CDO (Chief Digital Officer)				
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)			• Disclosed the skills matrix for Board of Directors	• 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	• Revised criteria for determining the independence of outside directors		
Board effectiveness evaluation, officers' remuneration				• Started 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

To strengthen the supervisory function of the Board of Directors and further enhance corporate governance, the Company has adopted the organizational structure of a company with an Audit & Supervisory Committee, as defined under the Companies Act.

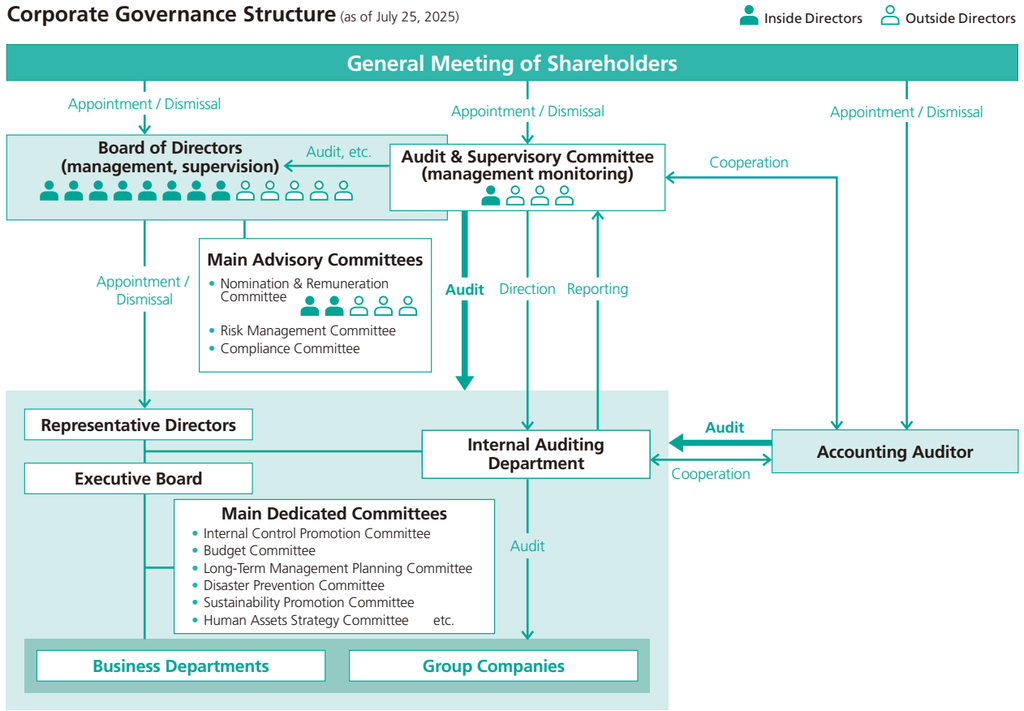
We have introduced an executive officer system to speed up decision-making. Also, to enhance the objectivity and transparency of management, we have set up a Nomination & Remuneration Committee, composed of a majority of independent outside directors, as an advisory body to the Board of Directors.

Overview of the new system

(as of July 25, 2025)

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
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 25, 2025)



Major Bodies and Committees

Board of Directors

The Board of Directors oversees overall management to improve profitability and capital efficiency, aiming for the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term. The Board of Directors determines direction of the Company, including its management principle, management strategy, and management plan, and supervises the execution of duties by the directors.

As a general rule, meetings of the Board of Directors are held once every month, with additional meetings convened as necessary. In FY4/2025, 12 meetings were held, totaling approximately 1,000 minutes of deliberation time. 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.

	Topic
Business strategy (including identifying material issues)	• Formulation and progress status of the Medium-Term Management Plan (including overseas business) • Review and revision of KPIs and material issues prioritized for Group-wide initiatives • Execution of important business operations such as the restructuring of affiliated companies, and capital and business alliances • Status of intellectual property strategy activities
Sustainability (besides identifying material issues)	• Initiatives for SBT (Science Based Targets) certification • Review of the Group Medium- to Long-Term Environmental Goals • Review of issues based on external ESG evaluation results
Governance	• Appointment and dismissal of senior managers and the nomination of directors • Determination of remuneration for senior managers and directors • Evaluation of the effectiveness of the Board of Directors
Compliance Risk management	• Operational status of internal control systems and establishment of Group-wide risk management systems • Revision of the Declaration of Partnership Building • Consideration of cybersecurity measures • Activities of the Compliance Committee and Risk Management Committee
Finance and capital	• Buyback and cancellation of treasury stock • Sale of cross-shareholdings • Approval of financial statements and budgets

Audit & Supervisory Committee
The Audit & Supervisory Committee consists of four members, including three independent outside directors, to enhance the independence and neutrality of the audit system.

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.

Internal Auditing Department
The committee reports directly to the President and 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 established a Nomination & Remuneration Committee to strengthen the independence, objectivity, and accountability of the Board of Directors. This is achieved by ensuring appropriate involvement and advice from independent outside directors on important matters related to corporate governance, such as the nomination and remuneration of directors and other officers. The Nomination & Remuneration Committee consists of five members (three independent outside directors and two inside directors), and is chaired by an independent outside director. It deliberates on matters such as organizational changes, remuneration policies, officer appointment and remuneration, and submits recommendations to the Board of Directors.

Executive Board
The Executive Board consists of 25 executive officers. The purpose of the Executive Board is to discuss and make decisions 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.

Main Dedicated Committees
The Company has ten 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.

• Long-Term Management Planning Committee
Chaired by the Head of International Business, an executive officer, this committee is composed of general directors and deputy director-generals of divisions and the general managers of departments. It formulates and revises medium- to long-term management plans based on instructions from the President, undertaking planning and overall coordination.

• Sustainability Promotion Committee
Chaired by the President, this committee consists of members including inside directors as well as observers from the management of affiliated companies. Its purpose is to strengthen sustainability management by establishing and operating a sustainability promotion framework, and formulating and reviewing material issues and KPIs.

• Human Assets Strategy Committee
Chaired by the CHRO, this committee examines various initiatives aimed at aligning business strategy with human resource strategy. In engages in discussions, as a key issue, regarding the optimal utilization of human resources across the entire ITO EN Group.

• DX Promotion Committee
Chaired by the CDO, this committee examines Company-wide initiatives that harness digital services to drive productivity improvements and to transform business operations and employee workstyles, with the goal of strengthening the Company's management. The management from affiliated companies participate as observers, advancing DX across the ITO EN Group as a whole.

Note: For information about the Risk Management Committee and Compliance Committee, advisory bodies to the Board of Directors, please refer to pp. 63 and 64.

Directors as of July 25, 2025	Members of the major boards and committees (FY4/2024)			Number of meetings attended in FY4/2025	
	Board of Directors	Audit & Supervisory Committee	Nomination & Remuneration Committee	Board of Directors	Nomination & Remuneration Committee
Hachiro Honjo (Director and Honorary Chairman of the Board)	○			10 times / 12 times (83.3%)	—
Daisuke Honjo (President and Executive Officer)	○ Chairperson		○	12 times / 12 times (100%)	7 times / 7 times (100%)
Shusuke Honjo (Executive Vice President, Representative Director and Executive Officer)	○		○	12 times / 12 times (100%)	7 times / 7 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)	○		○	12 times / 12 times (100%)	7 times / 7 times (100%)
Kiyoshi Kondo (Director, Audit & Supervisory Committee Member)	○	○ Chairperson		12 times / 12 times (100%)	—
Yuichi Usui (Outside Director, Audit & Supervisory Committee Member)	○	○	○ Chairperson	12 times / 12 times (100%)	7 times / 7 times (100%)
Hitoshi Yokokura (Outside Director, Audit & Supervisory Committee Member)	○	○	○	12 times / 12 times (100%)	7 times / 7 times (100%)
Yoshihiko Okuda (Outside Director, Audit & Supervisory Committee Member)*	○	○		10 times / 10 times (100%)	—

* The number of Board of Directors meetings held and attended by Yoshihiko Okuda refers to those held after his appointment as a director on July 26, 2024.

Outside Directors (as of July 25, 2025)
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 and 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 and Supervisory Committee Member)	As a certified public accountant and attorney, possesses specialized expertise along with extensive knowledge and experience, providing insightful guidance from accounting and legal perspectives and conducting highly effective audits and oversight of management at the Company.	○	○
Yoshihiko Okuda (Audit and 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 and conduct highly effective audits and oversight of management at the Company.	○	○

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 2025
(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

Issues pointed out in the evaluation of the effectiveness of the Board of Directors in FY4/2024 (from March to April 2024)	• The necessity of active discussion about medium- to long-term management strategies from ESG and sustainability perspectives, and of further enhancement of sharing the status of efforts toward the aim of becoming a Global Tea Company with domestic and overseas group companies • Further enhancement of periodic progress reports on the Medium-Term Management Plan • Continuation of initiatives to enhance the diversity of the Board of Directors
Response to issues	• Presentation of ERM (Enterprise Risk Management) to outside directors and holding of discussions • Review of monthly plans for items to be submitted to the Board of Directors
Overview of the effectiveness evaluation for FY4/2025 (from March to April 2025)	• 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. Regarding discussions, there were many comments stating that an environment exists where members can speak freely in an open and constructive atmosphere, and that each member actively participates in discussions • There were several comments to the effect that, while improvements have been made regarding the composition of board members, continued initiatives are needed to improve diversity • Comments included the view that the Company should strive to enhance corporate value by realizing medium- to long-term management plans based on sustainability perspectives such as ESG, and that regarding material issues, KPIs should be set with a view to linking them to corporate value and monitoring whether the Company is on a growth trajectory • There were several comments suggesting that opportunities for providing information to and exchanging opinions with outside directors should be increased to strengthen governance
Summary / Future initiatives in FY4/2025	• Regarding the size and operating methods of the Board of Directors, it was confirmed that the Board continues to function sufficiently in terms of fulfillment of its managerial decision-making and supervising functions • Further efforts to enhance diversity will continue from the perspective of achieving a balanced composition of the Board of Directors • Further discussion is needed regarding the positioning of the Board of Directors following the organizational restructuring, and a review will be conducted accordingly • Enhance opportunities for providing information on ERM and material issues to outside directors

Training for Directors and Development of Next-Generation Management

Regarding the development of management personnel, we select candidates from among executives and provide them with opportunities to gain experience managing Group companies and other organizations at an early stage, thereby fostering multifaceted management skills.

Officers' Remuneration

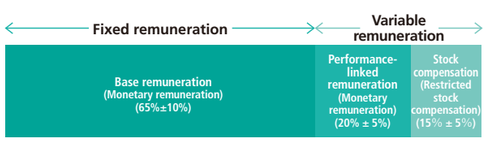
Remuneration, etc., of Directors is deliberated by the Nomination and Remuneration Committee, which consists of a majority of Independent Outside Directors, to ensure objectivity and transparency in accordance with the Company's basic views on corporate governance and basic views on remuneration. The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

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 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

(FY4/2025)

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	Stock compensation	
Director (excluding Audit & Supervisory Committee Members and Outside Directors)	453	393	—	59	8
Director (Audit & Supervisory Committee Member) (excluding Outside Audit & Supervisory Board Members)	14	14	—	—	1
Outside Director (excluding Audit & Supervisory Committee Members)	23	23	—	—	2
Outside Director (Audit & Supervisory Committee Members)	32	32	—	—	3

Cross-Shareholdings

ITO EN will hold cross-shareholdings only when it is deemed to contribute to the enhancement of the Group's medium- to long-term corporate value, such as maintaining and strengthening business relationships. Furthermore, regarding cross-shareholdings, the Board of Directors annually reviews each individual stock to verify whether the purpose of holding remains appropriate and whether the return on invested capital exceeds the cost of capital, thereby confirming the rationale for continuing to hold such shares. For holdings where economic rationality and the rationale for continuing to hold these shares have diminished, we will proceed with divestment and reduction following discussions with the respective companies.

Regarding the exercise of voting rights of shares held in cross holding, the Company shall appropriately address the matter by closely examining each agenda and comprehensively judging if the proposed matter will contribute to the enhancement of the corporate value of the Company and the issuer. ITO EN will not prevent the sale or similar disposition of the Company's shares if a company holding such shares as a cross-shareholder expresses the intention to sell or otherwise dispose of them. Furthermore, with respect to transactions with cross-shareholders, we will thoroughly verify their economic rationality and will not engage in any transactions that harm the interests of the Company or its shareholders.

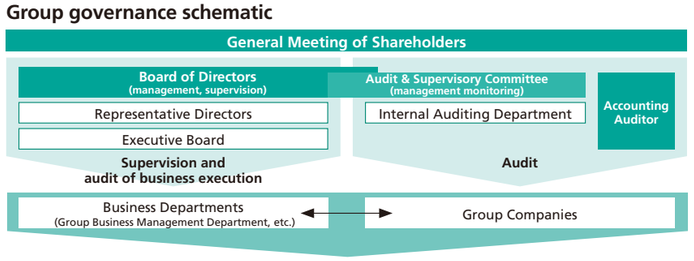
Group Governance

The ITO EN Group places high importance on Group governance as the foundation supporting corporate value enhancement and risk management, addressing increasingly complex management challenges such as changes in the external environment, organizational restructuring, and global expansion. In addition to establishing a management framework based on the Affiliated Company Management Regulations, dispatching officers to Group companies, and coordinating IT and training initiatives to enhance overall Group control and reduce risks, we have formulated the ITO EN Group Risk Management Policy and the ITO EN Group Basic Policy for Internal Control Systems and share them with all Group companies.

In terms of management, we provide strategic direction and involvement in important decisions and investment judgments while respecting the autonomy of each Group company and entrusting them with the planning and execution of individual initiatives.

Furthermore, we have established a Group Business Management Department to strengthen collaboration among domestic and overseas Group companies and enhance control functions through management support and improvement proposals for each company.

Group governance schematic



Main Group Companies	Tea Leaves and Beverages Business				Restaurant Business
	ITOENTEAFACTORY CO., LTD.	Chichiyasu Company	ITO EN (North America) INC.	ITO EN-ITOCHU MINERAL WATERS CO., LTD	Tully's Coffee Japan Co., Ltd
Equity Investment Ratio	100%	100%	100%	65%	100%
The Affiliates Management Regulations			○		
Dispatched officers	3/6	3/4	3/3	5/9	2/6

Note: As of August 1, 2025. Officers include members of Audit & Supervisory Board.

Initiatives for Intellectual Property

ITO EN's intellectual property system

In accordance with its intellectual property policy and important strategies defined in the Medium-Term Management Plan, we promote intellectual property management that contributes to solving social issues and improving corporate value. The Intellectual Property Department collaborates with various departments to support R&D and brand strategies utilizing IP landscapes and provides intellectual property education to relevant departments.

As of the end of April 2025, our success rate of patent applications filed in Japan stood at 58.3% (patents granted ÷ patent applications × 100), and we aim to file applications efficiently, meeting patentability requirements. Furthermore, the ratio of R&D costs to net sales for FY4/2025 stood at 0.51%.

Support for management strategies

The ITO EN Group mission: Being a Health Creation Company

As a Health Creation Company, we support research and development on the functionality of foods, including the effects of green tea and matcha on cognitive function, through our intellectual property activities. This enables us to provide unique products with high health value and contribute to customers' healthy lifestyles.

The long-term vision of becoming a Global Tea Company

To realize our vision of becoming a Global Tea Company, we have secured intellectual property rights across our core tea-related business, from tea plantations to tea products and tea leaf recycling systems, with a focus on the supply chain. In particular, within the field of tea technology (International Patent Classification: A23F3), our share of significant patents in Japan (the proportion of our patents among the top 5% most cited within the same technical classification) is approximately 13%. This demonstrates that our proprietary intellectual property rights pertaining to unique technologies and products enhance our competitive advantage while enabling us to provide products tailored to our customers' wide-ranging needs. We also help solve environmental and social issues by implementing a recycling-oriented business model based on intellectual property rights, including Used Tea Leaves Recycling System, reduced pesticide use and organic farming, and sustainable containers and packaging.

Furthermore, to strengthen our overseas business, we are collecting information on intellectual property rights in each country while promoting the appropriate and effective acquisition of rights to secure intellectual property rights and mitigate risks. As of the end of April 2025, ITO EN had filed 123 patent applications overseas (counting one invention filed in multiple countries as a single application). Approximately 78% of our held patents relate to the tea business, and we will continue to promote the acquisition of overseas patents in conjunction with the global expansion of our tea business.

We have filed 1,183 applications for trademarks in 128 countries worldwide as of the end of April 2025, with a particular focus on applications linked to the global brand expansion of *Oi Ocha*. We will continue to pursue the acquisition of trademark rights in conjunction with the global expansion of our brands.

Investment for the development of human resources and encouragement of innovation

The Intellectual Property Department promotes innovation by providing tailored training to departments involved in intellectual property creation, the R&D, Marketing, and Manufacturing departments. This training addresses each department's specific needs and proficiency levels, thereby building a foundation for intellectual property creation. 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.

Risk Management

Basic Approach to Risk Management

The ITO EN Group defines risks as events that may affect the objectives of corporate management. We define risk management compliance as coordinated and strategic activities to manage risks from a holistic perspective and respond appropriately.

In accordance with the ITO EN Group Risk Management Policy, we work to maintain and enhance corporate value by establishing and operating a risk management compliance process—which consists of risk identification, assessment, response, and monitoring—along with a supervisory and management system.

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

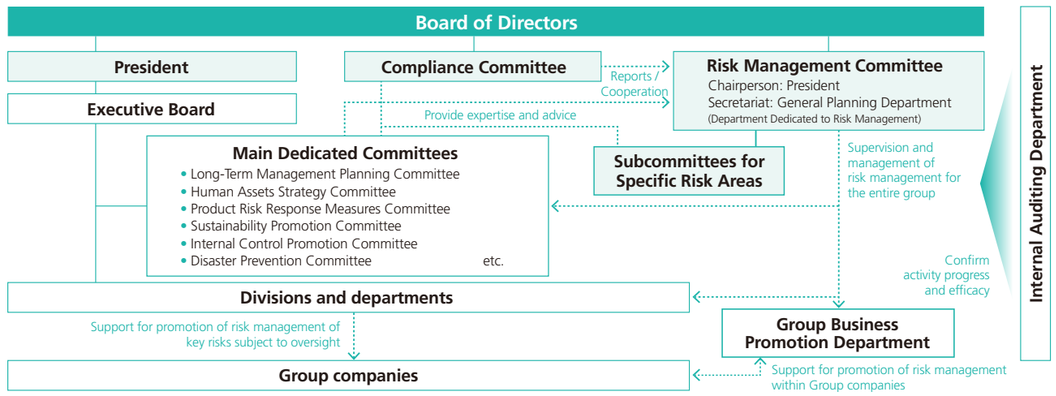
Risk Management System

To enhance risk management across the board, we have created a holistic risk management system by formulating internal risk management rules and establishing a department dedicated to risk management, as well as 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. The Committee also decides on and oversees high-priority individual risks, such as the handling of human rights risks in the supply chain.

We define an "emergency situation" as any situation in which risks that could cause significant disruption or damage to the Group's business activities have materialized or are likely to materialize. Should such a situation arise, a task force headed by the President is established to respond swiftly, prevent the spread of damage, and minimize the impact.

Risk Management System (since July 25, 2025)



Business and Other Risks

Major risks that could affect the Group's operating performance and financial condition, etc., (political, economic, and social trends, food and beverage market trends, climate change, natural disasters, accidents, information security, etc.) are described in securities reports and on the Company's website.

Securities Report (Japanese only) ▶ **https://ssl4.eir-parts.net/doc/2593/yuho_pdf/S100WEAV/00.pdf**
Business and Other Risks ▶ https://www.itoen-global.com/investors/management_plan/business_risk.html

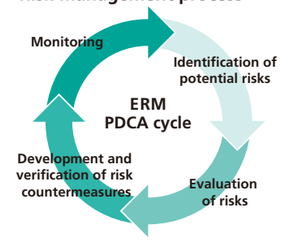
Risk Management Process

The Group identifies Company-wide risks and monitors their response statuses via a process centered on risk-specific subcommittees made up of various divisions and departments. This process involves scenario-based risk identification based on factors, events, and potential impact, as well as evaluation using a three-criterion cycle: impact severity, frequency of occurrence, and readiness of countermeasures. The findings and evaluations from the subcommittees are refined through reviews conducted by management at each division and department, incorporating the latest business plans and changes in both internal and external conditions.

Key risks, along with corresponding response policies and countermeasures, are determined by the Board of Directors based on risk maps formulated through this process. This is done in coordination with the heads of various dedicated committees, following deliberations by the Risk Management Committee. Key risks are reviewed as necessary, such as when external conditions change abruptly, to ensure appropriate risk responses are implemented in a timely manner.

Furthermore, the progress and effectiveness of countermeasures for each risk are regularly monitored once or twice a year to ensure continuous improvements in risk management compliance.

Risk management process



Compliance

Compliance Policy

The 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.

We aim to create workspaces in which all employees can work comfortably, free from misconduct and harassment. This is achieved through regular training sessions to promote awareness of the ITO EN Group Code of Conduct, Company-wide e-learning programs, on-site workplace training, the posting of awareness posters, and the distribution of portable cards.

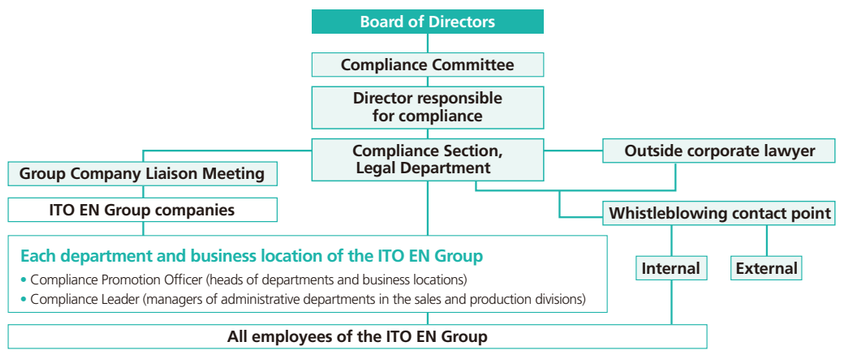
As part of our compliance promotion system, we have established a Compliance Committee as an advisory body to the Board of Directors. This committee reviews activity reports and deliberates on compliance-related plans and measures.

Internal Reporting System

The Company has established the ITO EN Group Internal Whistleblowing Hotline, which is accessible to anyone inside or outside of the Company, including customers. In addition to an internal-department-based hotline, we have also established an external hotline to receive reports and provide consultation. We take great care to ensure that confidentiality is maintained for whistleblowers and related parties, and that whistleblowers do not suffer any disadvantageous treatment. In FY4/2025, there were 55 whistleblowing reports, and 33 of these were whistleblowing and consultation requests regarding the workplace environment and harassment incidents. All incidents identified through whistleblowing, etc., are reported to the officer in charge of compliance, and appropriate action is taken swiftly. Upon confirmation of an issue after an investigation, we take corrective action, which may include disciplinary measures, and communicate the results to the reporting party.

Additionally, starting in November 2023, we launched the ITO EN Group Global Hotline for overseas Group companies to reinforce group governance.

Compliance System



Directors and Executive Officers (As of July 25, 2025)

Director



Hachiro Honjo
Director and Honorary Chairman of the Board

Attendance Status at Board of Directors Meetings: 10 times / 12 times

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)

Number of shares held (shares)	
Common stock	2,446,230
Class-A preferred stock	660,700



Daisuke Honjo
President and Executive Officer

Attendance Status at Board of Directors Meetings: 12 times / 12 times

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)

Number of shares held (shares)	
Common stock	1,179,360
Class-A preferred stock	216,870



Shusuke Honjo
Executive Vice President, Representative Director and Executive Officer

Attendance Status at Board of Directors Meetings: 12 times / 12 times

Apr. 1994	Joined the Company
Jul. 2003	Director
May 2005	Managing Director
May 2008	Executive Managing Director
May 2010	Executive Vice President
Apr. 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)
May 2025	General Director of Group System DX Headquarters (current post)

Number of shares held (shares)	
Common stock	449,490
Class-A preferred stock	41,480



Yoshihisa Nakano
Director and Senior Managing Executive Officer

Attendance Status at Board of Directors Meetings: 12 times / 12 times

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)

Number of shares held (shares)	
Common stock	15,600
Class-A preferred stock	2,000



Shigeru Kamiya
Director and Senior Managing Executive Officer

Attendance Status at Board of Directors Meetings: 12 times / 12 times

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
May 2025	General Planning Department, Group Business Management Department In charge of Supply Chain Strategy Department and Special Assignment Officer (current post)

Number of shares held (shares)	
Common stock	13,300
Class-A preferred stock	640



Yosuke Jay Oceanbright Honjo
Director and Executive Officer

Attendance Status at Board of Directors Meetings: 12 times / 12 times

Mar. 1992	Joined the Company
May 2001	President & CEO of ITOEN (North America) INC. (current post)
Jul. 2002	Director (current post)
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	480,350
Class-A preferred stock	—



Atsushi Hirata
Director and Senior Managing Executive Officer

Attendance Status at Board of Directors Meetings: 12 times / 12 times

May 1988	Joined the Company
May 2010	Executive Officer
May 2012	General Director of Administration Headquarters
May 2014	Managing Executive Officer General Director of Personnel and General Affairs Headquarters
May 2016	General Manager of Administration Headquarters (current post)
May 2019	Senior Managing Executive Officer In charge of Internal Control (current post)
Jul. 2020	Director and Senior Managing Executive Officer (current post)
May 2022	In charge of Compliance
May 2023	Chief Human Resource Officer (CHRO) (current post)
May 2025	Chief Financial Officer (CFO) (current post)

Number of shares held (shares)	
Common stock	4,165
Class-A preferred stock	120



Hideo Takano
Outside Director

Attendance Status at Board of Directors Meetings: 12 times / 12 times

Apr. 1977	Joined The Tokyo Chamber of Commerce and Industry
Apr. 2006	General Manager of General Affairs Management Department, The Tokyo Chamber of Commerce and Industry
Apr. 2009	Councilor and General Manager of the Secretarial Office, The Tokyo Chamber of Commerce and Industry
Apr. 2012	Executive Councilor, The Tokyo Chamber of Commerce and Industry
Jun. 2015	Land Valuation Council Member, Tokyo Regional Taxation Bureau
Oct. 2015	President of Japan Retailers Association
Nov. 2015	Chairman of the Japanese Folk Arts and Techniques Preservation Association
Jun. 2016	Full-time Advisor of The Tokyo Chamber of Commerce and Industry
May 2019	Councilor of Japan Retailers Association (current post)
Jul. 2020	Outside Director of the Company (current post)

Number of shares held (shares)	
Common stock	1,000
Class-A preferred stock	—



Keiko Abe
Outside Director

Attendance Status at Board of Directors Meetings: 12 times / 12 times

Jun. 1994	Associate Professor of Faculty of Agriculture, The University of Tokyo
Apr. 1996	Professor of Graduate School of Agricultural and Life Sciences, The University of Tokyo
Apr. 2008	Research Advisor of Kanagawa Academy of Science and Technology (currently Kanagawa Institute of Industrial Science and Technology)
Apr. 2010	Project Professor of Graduate School of Agricultural and Life Sciences, The University of Tokyo
Jun. 2010	Professor Emeritus of The University of Tokyo (current post)
Jun. 2019	Outside Director of Taiyo Kagaku Co., Ltd. (current post)
Jul. 2019	Visiting Professor of Tokyo University of Agriculture (current post)
Jul. 2022	Outside Director of the Company (current post)

Number of shares held (shares)	
Common stock	300
Class-A preferred stock	—



Yuichi Usui
Outside Director (Audit and Supervisory Committee Member)

Attendance Status at Board of Directors Meetings: 12 times / 12 times
Attendance Status at Audit and Supervisory Committee Meetings: 13 times / 13 times

Oct. 1976	Joined Metropolitan Police Department
Feb. 1994	Deputy Chief of the 7th Anti-riot Squad, Metropolitan Police Department
Oct. 2005	General Manager of the 2nd Personnel Section, Metropolitan Police Department
Feb. 2010	General Manager of Regional Department, Metropolitan Police Department
Apr. 2011	Joined YAMATO TRANSPORT CO., LTD. as General Manager of Human Resources and Administration
Apr. 2012	Executive Officer and General Manager of CSR Promotion, YAMATO TRANSPORT CO., LTD.
Apr. 2014	Managing Executive Officer of YAMATO TRANSPORT CO., LTD.
Apr. 2015	Director and Managing Executive Officer of YAMATO TRANSPORT CO., LTD.
Apr. 2018	Member of the Board, YAMATO TRANSPORT CO., LTD.
Jun. 2018	Representative of Usui Firm (current post)
Jul. 2018	Outside Director of the Company
Jun. 2023	Outside Director of OHSHO FOOD SERVICE CORP. (current post)
Jul. 2023	Outside Director of the Company (Audit & Supervisory Committee Member) (current post)

Number of shares held (shares)	
Common stock	1,200
Class-A preferred stock	—



Yoshihiko Okuda
Outside Director (Audit and Supervisory Committee Member)

Attendance Status at Board of Directors Meetings: 10 times / 10 times
Attendance Status at Audit and Supervisory Committee Meetings: 13 times / 13 times

Apr. 1976	Joined the Fukuoka Regional Taxation Bureau
Jul. 2004	Associate Appeals Judge of Fukuoka National Tax Tribunal
Jul. 2006	Deputy District Director of Kokura Tax Office
Jul. 2009	Professor, Technical Education Department, National Tax College
Jul. 2013	District Director of Kanoya Tax Office
Apr. 2015	Director, Yokohama Branch of Tokyo Regional Tax Tribunal
Apr. 2017	Director-General of Takamatsu National Tax Tribunal
Mar. 2018	Attached to the Commissioner's Secretariat of National Tax Agency
Jun. 2018	Registered as a Tax Accountant
Mar. 2020	Outside Audit & Supervisory Board Member of Milbon Co., Ltd. (current post)
Mar. 2020	Director of SKM Business Co., Ltd. (current post)
Jul. 2024	Outside Director of the Company (Audit & Supervisory Committee Member) (current post)

Number of shares held (shares)	
Common stock	100
Class-A preferred stock	—



Kiyoshi Kondo
Director (Audit and Supervisory Committee Member)

Attendance Status at Board of Directors Meetings: 12 times / 12 times
Attendance Status at Audit and Supervisory Committee Meetings: 13 times / 13 times

Aug. 1989	Joined the Company
May 1999	General Manager of South Tokyo Sales Department
May 2002	General Manager of Sales Promotion Department III
May 2009	General Manager of Vending Machine Department
May 2012	Manager of Internal Auditing Office
May 2014	General Director of Regional Sales Management Headquarters
May 2019	General Director of Sales and Management Headquarters
May 2020	Executive Officer
May 2022	Advisor
Jul. 2023	Director of the Company (Audit & Supervisory Committee Member) (current post)

Number of shares held (shares)	
Common stock	2,900
Class-A preferred stock	960



Hitoshi Yokokura
Outside Director (Audit and Supervisory Committee Member)

Attendance Status at Board of Directors Meetings: 12 times / 12 times
Attendance Status at Audit and Supervisory Committee Meetings: 13 times / 13 times

Apr. 1992	Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)
Mar. 1995	Registered as Certified Public Accountant
Jan. 2002	Established Yokokura CPA Office
Dec. 2007	Registered as Attorney (Tokyo Bar Association) Joined Bingham Sakai Mimura Aizawa (currently Anderson Mori & Tomotsune)
Apr. 2014	Partner attorney of Waseda Legal Commons, LPC (current post)
Jul. 2017	Auditor of Minori Audit Corporation
Jun. 2020	Outside Director of Credit Saison Co., Ltd. (current post)
Jul. 2021	Outside Audit & Supervisory Board Member of the Company
May 2023	Outside Corporate Auditor, Yoshinoya Holdings Co., Ltd. (current post)
Jul. 2023	Outside Director of the Company (Audit & Supervisory Committee Member) (current post)

Number of shares held (shares)	
Common stock	900
Class-A preferred stock	—

Executive Officers

Senior Managing Executive Officer

Hideki Yoshida
General Director of Kansai Area Sales Headquarters

Takahiro Sasaki
General Director of Chubu Area Sales Headquarters

Managing Executive Officers

Nozomi Kishi
General Director of Tokyo and South Kanto Area Sales Headquarters

Tsuyoshi Arai
Deputy Director-General of Administration Headquarters and General Manager of Legal Department In charge of compliance

Shinji Karasawa
President of ITO EN FOOD SERVICE CO., LTD.

Toshiyuki Okano
Deputy Director-General of Production Headquarters

Naohiro Nakanishi
General Director of Wide Area Corporate Sales Headquarters

Executive Officers

Hiroyasu Ando
General Director of National Distribution Sales Headquarters

Iwao Sakane
Senior Fellow of Central Research Institute

Mitsumasa Shida
General Director of Marketing Headquarters

Kazuhiko Nakajima
Head of International Business

Satoshi Matsunaga
General Manager of Secretarial Department and Vehicle Operation Department

Katsumi Masui
General Director of National Retailer Sales Headquarters

Koichi Tamaie
General Director of Sales Management Headquarters

Kazuhiro Hiraoka
General Director of Northern and Eastern Kanto Area Sales Headquarters

Nagahisa Shinagawa
General Director of Chugoku, Shikoku and Kyushu Area Sales Headquarters

Yutaka Endo
General Director of Logistics Headquarters

Masato Fukushima
Deputy Director-General of Administration Headquarters and General Manager of Public Relations Department

Kozo Nagata
Deputy Director-General of Production Headquarters and General Manager of Administration Department, Production Headquarters

Skills Matrix

Our Company is strengthening medium- to long-term management strategies and corporate governance frameworks from a sustainability perspective to realize our long-term vision of becoming a Global Tea Company, while driving sustainable growth across domestic and overseas Group companies and enhancing overall corporate value. The Board of Directors believes we possess the necessary skills to achieve these objectives.

Name (horizontal axis)	Hachiro Honjo	Daisuke Honjo	Shusuke Honjo	Yoshihisa Nakano	Shigeru Kamiya	Yosuke Jay Oceanbright Honjo	Atsushi Hirata	Hideo Takano	Keiko Abe	Kiyoshi Kondo	Yuichi Usui	Hitoshi Yokokura	Yoshihiko Okuda
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 (○).

Roundtable Discussion with Outside Directors

A roundtable discussion with five outside directors was held to discuss the ITO EN Group's management and governance in the first year of the Medium-Term Management Plan, where directors exchanged candid opinions on the direction for sustainable growth as well as the potential to improve management.



Hitoshi Yokokura
Outside Director
(Audit & Supervisory Committee Member)

Yuichi Usui
Outside Director
(Audit & Supervisory Committee Member)

Hideo Takano
Outside Director

Keiko Abe
Outside Director

Yoshihiko Okuda
Outside Director
(Audit and Supervisory Committee Member)

Evolving to Boost Board Effectiveness

Usui Discussions between outside directors and internal officers have evolved to be both smoother and more substantive in terms of content. In the Nomination & Remuneration Committee, which I chair, keywords such as "female managers" and "female officers" often come up in conversation, so I feel that management fully recognizes the importance of these.

Abe It is highly commendable that, as ITO EN strives to become a Global Tea Company under its long-term vision, the scope of discussions extends beyond not only the immediate fiscal year or Medium-Term Management Plan and also encompass long-term material issues and sustainability challenges. I have also been on the Nomination & Remuneration Committee since FY4/2024 and really get the sense that the Company is working to proactively develop emerging talent and promote women. These initiatives are important from a global perspective. I am confident they will contribute greatly to the future development of the Company as well.

Okuda I focused on the monitoring function within management in FY4/2025, my first year as an outside director. While this is my first time serving on the Audit & Supervisory Committee, I believe I must play a vital role in reliably implementing "defense" to protect the Company. I will work to take a stance of forward defense by gathering detailed information on on-the-ground perspectives and current conditions so I can bring up any issues at an early stage.

Takano I was appointed outside director in FY4/2021 and am now serving for my fifth year. I had the preconception that the chairperson at the time, now the honorary chairman, would take strong initiative in conducting meetings. However, when I actually participated in Board meetings, I was quite surprised by his approach of carefully absorbing the opinions of other directors and drawing out the expertise of participants to the fullest rather than speaking himself. President Honjo has served as the chairperson since FY4/2025 and has played a vital role in promoting substantive, effective discussions, which are characteristic of President Honjo. I really get the sense that he draws out opinions based on the expertise and background of each outside director to the fullest.



Amid globalization, balancing the ITO EN corporate brand with the *Oi Ocha* brand will be of the utmost importance going forward. I also recognize the need for discussions aimed at identifying the "health value" communicated through our business and products and creating strategies.

——— Hideo Takano

Key Topics and the State of Discussions at Board Meetings:

—— Becoming a Health Creation Company and a Global Tea Company

Takano Amid advancing globalization, balancing the ITO EN corporate brand with the *Oi Ocha* brand will be of the utmost importance going forward. While the "health" in our Group mission of being a Health Creation Company is understood as a broad concept, it might be more effective to limit messaging about "health" communicated through our business and products to specific functionality, such as "reducing body fat" or "improving cognitive function." I recognize the need to focus on these points in discussions and work to create concrete strategies.

Abe I believe growth in overseas business is essential for our goal of being a company that lasts for 100 years. That is why it is of the utmost importance to proactively incorporate overseas perspectives and make our corporate value more visible. While all kinds of initiatives are currently underway, I feel it is a shame these initiatives and their results have not been fully communicated to the market and have thus not been sufficiently recognized, and I get the impression that the Company is modest to a fault in its failure to promote these. I recognize that matcha and other Japanese teas have significant growth potential in overseas markets and believe ITO EN should take the initiative in promoting the value of "Japanese green tea and matcha" to the world. Research and development to prepare for what the world wants next does not immediately translate into profit. However, I am confident that if such efforts are understood to benefit society, they will translate directly into higher corporate value. I hope ITO EN will work to make its multi-faceted value in such areas as tea, health and well-being, and economic impact more visible.

Okuda Globalizing the business is an inevitable challenge if our goal is to have "*Oi Ocha* sold in over 100 countries and regions," our vision for 2040. However, global markets face all kinds of issues, such as geopolitical risks. With differences in systems and cultures across countries and regions, it is essential not to be overly afraid of risks but rather to accurately identify key risks for the Company and continuously monitor these and create countermeasures.

Management with a Focus on Capital Efficiency and Productivity

Yokokura As the market matures, we must shift from the conventional mindset of emphasizing top-line growth to a mindset of pursuing profitability and efficiency. While we do discuss how to catch up on profitability indicators such as operating income ratio when we receive progress reports on the Medium-Term Management Plan at Board meetings, we are still in the early stages when it comes to allocating resources and establishing assessment indicators in a way that focuses on the balance sheet and talent pool. Looking at current performance, while the core Tea Leaves and Beverages Business saw a decline in profits in FY4/2025, I believe the results of the ongoing structural reforms are starting to emerge. The Restaurant Business and overseas

Research and development to prepare for green tea and matcha with potential for growth overseas does not immediately translate into profit. However, I am confident that if such efforts are understood to benefit society, they will translate directly into higher corporate value.

——— Keiko Abe





While we have made steady structural reforms in our domestic business, what matters most is that the employees on the ground fully understand our intent and develop a rewarding work environment themselves.

——— Yoshihiko Okuda

business, which declined during the pandemic, have also rebounded, helping to stem the decline in consolidated profits. I view this as a certain validation that the business portfolio mix is working. It is vital to allocate management resources to markets, business areas, and products expected to achieve high growth or high profitability in the future, even if they are currently small in scale, which is why the Board must discuss initiatives to identify this growth potential, profitability, and efficiency.

Abe The ITO EN Group contains several Group companies with hidden potential. I believe that, if these companies practice autonomous management, they can grow exponentially alongside ITO EN, resulting in significant growth for the entire Group.

Takano Given that our revenue base is concentrated in Japan, a market facing inevitable population decline, structural reforms in our domestic business, such as refining our top-selling products and expanding direct online sales, have become increasingly important. Furthermore, to leverage the power of "people" in particular from among our management resources of people, goods, and capital, we should create an even stronger organizational structure that spans sales, development, and manufacturing so that we are able to create new value.

Okuda To create a solid foundation for our domestic business, we are reviewing the content of our business and making steady organizational reforms, leveraging our limited management resources effectively. However, what matters most is that the employees on the ground fully understand our intent and help create a rewarding work environment themselves. Though attention is focused on boosting profitability, we need to adequately communicate both inside and outside the Company the steady progress being made on initiatives to build less visible value and assets, such as research and development.

Abe The ITO EN Group values people above all else and positions human capital as a critical asset for the Company. Recent changes in external conditions pose risks but also bring new opportunities for the Company. For example, disruptions at U.S. universities due to government subsidy cuts may serve as an excellent opportunity for ITO EN to recruit outstanding international talent. More and more students are interested in sustainable food and agriculture, which is helping create an environment where these outstanding global talent will be drawn to the Company.

Director Nominations and Remuneration

Usui To improve governance, we have reformed performance-linked officers' remuneration and established a system in which performance evaluation indicators now include non-financial elements alongside traditional financial indicators such as sales and operating income.

Yokokura I recognize there are many issues to consider in designing the officers' remuneration structure. There are many points to consider regarding financial indicators for evaluation as well, such as which indicators should be adopted and emphasized to avoid discouraging willingness to take risks and make investments, what ratio of qualitative evaluation to use, what ratio of variable remuneration and restricted stock remuneration to establish, and whether short-term financial indicators are appropriate for evaluating officers working on difficult structural reforms. Although we have been progressively reviewing the system thus far, we will continue deliberations to build a more appropriate framework. Our discussions on the nomination of officers also need to be more replete. I believe it is vital to maintain a strong awareness of alignment with our medium- to long-term management vision, identify the skills and mindset necessary for future management talent through discussions based on the skills matrix, and conduct deliberations accordingly.

It is vital to allocate management resources to markets, business areas, and products expected to achieve high growth or high profitability in the future, even if they are currently small in scale, which is why the Board must discuss initiatives to identify this growth potential, profitability, and efficiency.

——— Hitoshi Yokokura



Message to Our Stakeholders

Okuda The ITO EN Group has grown alongside producers and local communities under a management principle of "Always Putting the Customer First" and has proactively practiced sustainability in its management. To continue upholding this spirit, I will work to fulfill my role by gaining a solid understanding of actual circumstances and working to resolve risks at an early stage by making the necessary recommendations.

Yokokura The Board receives regular reports on IR activity, and I also read analyst reports often. I work to understand how shareholders and investors view the ITO EN Group, what is rated well and what is not, then consider how to reflect this in management from the perspective of an outside director and how to communicate this to the market. The ITO EN Group is a diverse entity, with operations spanning the domestic and global market that range from cultivating tea leaves, as exemplified by the Tea-Producing Region Development Project, and growing coffee beans overseas to manufacturing and selling beverage products, as well as the Restaurant Business utilizing ITO EN products and new businesses leveraging proprietary technologies. Going forward, I hope to listen closely to the opinions we receive from shareholders and investors and incorporate these more in our discussions at the Board.

Usui What ultimately creates a company is its people, and I believe corporate growth ultimately comes down to whether individual employees feel excited in their work. That is why we outside directors will watch over employee vitality closely and support them with all our might.

Abe In the FY4/2025 Board meetings, we saw an increase in confident, forward-looking presentations from the business divisions as well as more agenda items and reports on cross-departmental initiatives. These results are only possible because ITO EN values its people above all else, and I believe we need to work proactively to make these results visible and communicate them externally.

Takano Many of the challenges facing the ITO EN Group are difficult for the Company to solve alone, such as issues involving logistics or climate change. Given this context, I believe opportunities to address issues across the food and beverage industry will increase as well. I also believe it is vital to position industry peers as key stakeholders and work proactively on management support that allows us to work together on various issues going forward.

Note: The roundtable discussion with outside directors was held in June 2025.



What ultimately creates a company is its people, and I believe corporate growth ultimately comes down to whether individual employees feel excited in their work. That is why we outside directors will watch over employee vitality closely and support them with all our might.

——— Yuichi Usui

Key Financial Indicators and Non-financial Indicators

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

11-Year Key Financial Indicators (Consolidated)

		Previous standard							New standard*			
	(Units)	FY4/2015	FY4/2016	FY4/2017	FY4/2018	FY4/2019	FY4/2020	FY4/2021	FY4/2022	FY4/2023	FY4/2024	FY4/2025
P/L												
Net sales	(million yen)	430,541	465,579	475,866	494,793	504,153	483,360	446,281	400,769	431,674	453,899	472,716
Overseas sales ratio	(%)	3.5	7.8	7.3	8.2	7.6	7.5	7.9	10.5	11.9	11.7	12.4
Operating income	(million yen)	11,393	17,243	21,774	22,043	22,819	19,940	16,675	18,794	19,588	25,023	22,969
Profit ratio	(%)	2.6	3.7	4.6	4.5	4.5	4.1	3.7	4.7	4.5	5.5	4.9
Ordinary income	(million yen)	11,229	15,074	21,524	21,441	23,211	19,432	17,029	19,971	20,341	26,681	22,973
Profit ratio	(%)	2.6	3.2	4.5	4.3	4.6	4.0	3.8	5.0	4.7	5.9	4.9
Profit attributable to owners of parent	(million yen)	7,292	8,615	13,693	12,553	14,462	7,793	7,011	12,928	12,888	15,650	14,156
Profit ratio	(%)	1.7	1.9	2.9	2.5	2.9	1.6	1.6	3.2	3.0	3.4	3.0
B/S												
Total assets	(million yen)	285,947	287,702	302,405	301,167	303,981	290,651	333,065	328,359	338,774	353,892	344,598
Total liability	(million yen)	158,185	160,486	165,696	157,416	153,058	140,956	180,007	165,346	166,646	170,675	168,626
Net assets	(million yen)	127,761	127,215	136,709	143,750	150,923	149,695	153,057	163,012	172,128	183,216	175,971
Current ratio	(%)	202.0	158.3	214.1	225.2	232.0	244.8	239.3	290.7	262.7	252.2	214.6
Equity ratio	(%)	44.4	43.9	44.8	47.3	49.2	51.0	45.6	49.2	50.4	51.3	50.6
Debt ratio	(%)	124.7	127.2	122.3	110.4	102.3	95.0	118.6	102.3	97.7	94.0	96.8
Statement of cash flows												
Cash flows from operating activities	(million yen)	17,751	30,085	27,098	25,322	26,128	24,719	25,351	22,226	23,773	25,482	18,038
Cash flows from investing activities	(million yen)	(9,242)	(8,150)	(8,243)	(11,359)	(10,635)	(9,217)	(7,514)	(7,397)	(8,638)	(10,737)	(13,333)
Free cash flow	(million yen)	8,509	21,935	18,854	13,962	15,492	15,502	17,836	14,829	15,135	14,745	4,705
Cash flows from financing activities	(million yen)	(4,835)	(18,018)	(8,012)	(16,639)	(15,005)	(12,905)	25,813	(29,930)	(9,130)	(12,213)	(23,236)
Cash and cash equivalents at the end of period	(million yen)	48,922	53,259	64,202	61,376	61,950	63,710	107,763	94,471	100,899	105,397	85,565
Other												
ROE (Return on Equity)	(%)	5.9	6.8	10.5	9.0	9.9	5.2	4.7	8.2	7.8	8.9	8.0
ROA (Return on Assets)	(%)	2.7	3.0	4.6	4.2	4.8	2.6	2.2	3.9	3.9	4.5	4.1
Common stock												
PER (Price Earnings Ratio)	(times)	44.0	49.9	37.1	43.8	47.7	97.2	109.8	51.4	40.5	30.3	29.1
PBR (Price Book-value Ratio)	(times)	2.4	3.3	3.7	3.7	4.5	4.9	4.8	4.0	3.0	2.5	2.3
EPS (Earnings per Share)	(yen)	56.6	67.37	108.77	99.79	116.02	61.53	55.10	103.92	103.82	126.42	117.50
BPS (Book-value per Share)	(yen)	1,031.19	1,026.26	1,105.09	1,165.80	1,229.28	1,221.92	1,250.37	1,334.88	1,408.55	1,516.16	1,511.77
Annual dividend per share	(yen)	40	40	40	40	40	40	40	40	40	42	44
Preferred stock												
PER	(times)	28.9	24.3	17.7	21.0	20.4	29.3	35.8	16.8	16.2	13.6	13.9
PBR	(times)	1.9	1.8	1.9	2.0	2.1	1.7	1.9	1.4	1.3	1.2	1.2
EPS	(yen)	66.6	77.37	118.73	109.75	126.00	71.53	65.10	113.89	113.82	138.26	129.46
BPS	(yen)	1,036.19	1,031.26	1,110.09	1,170.80	1,234.28	1,226.92	1,255.37	1,339.88	1,413.55	1,522.16	1,517.77
Annual dividend per share	(yen)	50	50	50	50	50	50	50	50	50	54	56
Total return ratio	(%)	72.3	61.2	43.5	48.5	48.9	92.1	74.0	44.5	40.1	52.7	144.0

ROE: Return on Equity = Net Income / Shareholders' Equity x 100
ROA: Return on Assets = Net Income / Total Assets × 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 the period
BPS: Book-value per Share = Net Assets / Number of shares issued at the end of the period

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

Non-Financial Indicators

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

		(Units)	FY4/2023	FY4/2024	FY4/2025
GHG emissions[1] Scope 1: Direct emissions due to use of fuel by the company itself. Scope 2: Indirect emissions accompanying use of power purchased by the company. Scope 3: Other emissions relating to business activities, aside from those covered by Scope 1 and 2.	Scope 1	(thousand t-CO_2)	42	41	41
	Scope 2	(thousand t-CO_2)	36	36	33
	Total for Scopes 1 and 2	(thousand t-CO_2)	79	77	75
	Scope 3	(thousand t-CO_2)	1,704	1,571	1,582
	Total for Scopes 1 to 3 emissions amount	(thousand t-CO_2)	1,782	1,648	1,657
Water resources[2]	Total water withdrawal	(thousand m^3)	1,347	1,400	1,435
	Total water discharge	(thousand m^3)	983	1,040	1,018
Water resources (beverage production outsourcing partners)[3]	Total water withdrawal	(thousand m^3)	17,679	15,251	13,861
	Total water discharge	(thousand m^3)	12,645	10,706	10,453
Percentage ratio of recycled materials used for all PET bottle products[4]	All PET bottles	(%)	15	36	45
Food recycling rate[4]	Food recycling rate	(%)	94.8	94.4	94.5
Amount of raw materials used in products[4]	Total	(t)	89,792	84,809	90,951
	Crude tea (green tea ingredients)	(t)	17,936	17,888	16,936
	Other raw materials (oolong tea, black tea, fruit juice raw materials, and others)	(t)	71,856	66,921	74,015

1. The scope of calculations for Scope 1–3 emissions covers ITO EN, LTD. and its consolidated subsidiaries.
2. The scope of calculations covers ITO EN, LTD. and its consolidated subsidiaries (including some estimates).
   However, this does not include water withdrawal volumes by source and water discharge volumes at ITO EN AUSTRALIA PTY. LTD's own farms.
   Furthermore, water withdrawal and discharge volumes from the hydroelectric facilities of Cafetalera de Tierras Ticas, S.A. are not included.
3. The scope of calculations covers water used by beverage manufacturing contractors specifically for the manufacturing of ITO EN products (including some estimates).
4. For ITO EN, LTD.

		(Units)	FY4/2023	FY4/2024	FY4/2025
Education and training (including online education and e-learning)	Total number of participants per year	(number)	89,009	127,171	111,356
	Minutes training received per employee	(minute)	683.0	846.0	633.0
Employee engagement score (6 points)	*Survey items have been changed from the fiscal year ended April 30, 2024	(score)	3.18	3.99	4.00
Turnover rate of regular employees		(%)	4.65	2.91	2.53
Number of employees (consolidated)	Total	(number)	7,928	7,929	7,916
	Female employee ratio	(%)	18.8	19.1	20.1
Number of employees	Total	(number)	5,205	5,226	4,965
	Female employee ratio	(%)	11.7	12.1	12.1
Female manager ratio		(%)	3.3	3.7	3.9
Employment rate of people with disabilities		(%)	2.48	2.50	2.71
Number of employees taking childcare leave	Percentage of male employees taking childcare leave	(%)	32.3	43.1	62.2
	Percentage of employees returning to work after childcare leave	(%)	98.0	93.1	97.6
Pay gap between male and female employees (Male employee = 100)	Regular employees	(%)	77.3	79.8	79.6
	Of which, less than 10 years of service	(%)	94.2	94.3	94.3
Number of occupational accidents		(number)	116	105	95
Occupational accident rate		(%)	2.26	1.92	2.00
Number of reports to the Corporate Ethics Hotline		(number)	58	54	55
Directors / Audit & Supervisory Committee Members *The figures up to the fiscal year ended April 30, 2023 represent Directors and Audit & Supervisory Board Members.	Total (of which Outside Directors)	(number)	17 (8)	14 (5)	13 (5)
	Directors (same as above)	(number)	13 (5)	10 (2)	9 (2)
	Directors who are Audit & Supervisory Committee Members (same as above)	(number)	4 (3)	4 (3)	4 (3)
	Independent officers	(number)	7	5	5

Note: Unless otherwise specified, the results pertains exclusively to ITO EN, LTD.

Company Outline

Company Profile (as of April 30, 2025)

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	7,916 (consolidated), 4,965 (non-consolidated)
URL	https://www.itoen-global.com

Our Company

Branches, sales offices and local offices	164 offices in 27 regions nationwide
Shops / stores	84 shops nationwide
Factories	6 domestic factories (Shizuoka Prefecture, Hyogo Prefecture, Fukushima Prefecture, Okinawa Prefecture)
Research institute	Central Research Institute (Shizuoka)

Group Company

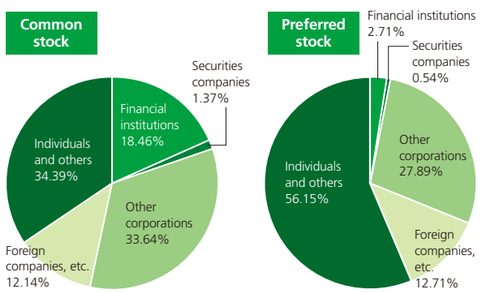
Domestic sales bases	NEOS Corporation: 65 domestic sales bases HOKKAIDO ITO EN, LTD.: 9 domestic sales bases, and others
Overseas sales bases	ITO EN (North America) INC. (USA) Distant Lands Trading Co. (USA) ITO EN (Hawaii) LLC (USA) ITO EN Asia Pacific Holdings Pte. Ltd. (Singapore), and others
Shops / stores	Tully's Coffee Japan Co., Ltd.: 818 stores nationwide HOKKAIDO ITO EN, LTD.: 1 store
Domestic production bases	ITOENTEAFACTORY CO., LTD.* (Shizuoka Prefecture, Hyogo Prefecture, Saitama Prefecture) Chichiyasu Company (Hiroshima Prefecture), and others
Overseas production bases	ITO EN AUSTRALIA PTY. LIMITED (Australia) Distant Lands Trading Co. (USA), and others

* Production bases of ITO EN SANGYO, LTD. or ITO EN KANSAI CHAGYO, LTD. as of April 30, 2025. These two companies were merged, and operations commenced as ITOENTEAFACTORY CO., LTD. on May 1, 2025.

Shares and Shareholders (as of April 30, 2025)

Total number of authorized shares		200,000,000 shares
Total number of issued shares	Common stock	85,212,380 shares
	Preferred stock	32,246,962 shares
Number of shareholders	Common stock	97,585 shareholders
	Preferred stock	88,042 shareholders

Breakdown of shareholdings by investor type



Major shareholders

Name of shareholder	Number of shares owned (thousand shares)			Shareholding ratio (%)
	Common stock	Preferred stock	Total	
Green Core Co., Ltd.	16,781	5,895	22,676	19.69
The Master Trust Bank of Japan, Ltd. (trust account)	8,790	72	8,863	7.70
Honjo International Scholarship Foundation	5,200	1,560	6,760	5.87
Hachiro Honjo	2,446	660	3,106	2.70
ITO EN Employees' Shareholding Association	2,070	224	2,295	1.99
Toyo Seikan Group Holdings, Ltd.	1,955	126	2,081	1.81
Resona Bank, Ltd.	1,611	—	1,611	1.40
Daisuke Honjo	1,179	216	1,396	1.21
Custody Bank of Japan, Ltd. (trust account)	1,387	—	1,387	1.21
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	1,246	—	1,246	1.08

1 ITO EN holds 2,300 thousand shares of treasury stock (906 thousand shares of common stock and 1,394 thousand shares of Class 1 preferred stock) which are excluded from the above list of major shareholders.
2 Percentage of total is calculated based on total shares outstanding excluding treasury stock.

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

1. In some cases, voting rights are available.
2. 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.
3. 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.
4. 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]
1. 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).
2. When, due to a tender offer for the Company's common stock, the shareholding ratio of the tender offeror exceeds 50%.
3. When the listing of the preferred stock of the Company is abolished.

Introduction of Main Group Companies (as of May 1, 2025)

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
Selling beverages and food products through vending machines, and conducting vending machine maintenance.

Green Value Co., Ltd.
Vending machine maintenance and conducting brokerage of vending machine purchases.

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.
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.
Manufacturing and selling beverages and food products, conducting restaurant management and related ancillary businesses.

ITOENTEAFACTORY CO., LTD.
Manufacturing tea leaf products (teabag products, packaged tea products) and roasting barley tea raw materials.


ITOENTEAFACTORY CO., LTD.



Chichiyasu regional specialty shop [Hiroshima Prefecture]

Overseas

USA

ITO EN (North America) INC.
Overseeing North America, the primary market for our overseas business. Pioneering the unsweetened tea market with the *Oi Ocha* brand as its mainstay.

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* etc.

Mason Distributors, Inc.
Manufacturing and selling a wide range of supplements, including vitamins, with an extensive distribution network across the United States and worldwide.

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
Based in Germany, selling beverages and tea leaf products in the European market. The production of *Oi Ocha* beverage products is commissioned to a partner company in Germany to pioneer the unsweetened tea beverage market.

China

Fujian New Oolong Drink Co., Ltd.
Manufacturing, exporting, and selling beverage products such as *Oi Ocha.*

ITO EN BEVERAGE (SHANGHAI), LTD.
Selling tea beverages and leaf products such as *Oi Ocha* manufactured in China throughout China.

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 ULTRA JAYA.
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.

Vietnam

ITO EN VIETNAM CO.,LTD.
Selling *Oi Ocha* beverage products, etc., in Vietnam.

Australia

ITO EN AUSTRALIA PTY. LIMITED
As part of our overseas "Tea-Producing Region Development Project," established a tea plantation in 2001 and began local production of green tea teabag products in 2020.



(Note) Map: Business locations of overseas Group companies only