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(Securities Code 2593)
July 4, 2024

To Shareholders with Voting Rights:

Daisuke Honjo
President
ITO EN, LTD.
47-10 Honmachi 3-chome, Shibuya-
ku, Tokyo, Japan

**NOTICE OF
THE 59TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

It is our pleasure to inform you of the 59th Annual General Meeting of Shareholders of ITO EN, LTD. (the “Company”). The meeting will be held for the purposes as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on each of the following websites. Please access one of the websites to view the information.

[The Company’s website] <https://www.itoen-global.com/>

[Website for posted informational materials for the General Meeting of Shareholders]
<https://d.sokai.jp/2593/teiji/> (in Japanese)

[Tokyo Stock Exchange (TSE) website (Listed Company Search)]
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Access the TSE website by using the internet address shown above, enter “ITO EN” in “Issue name (company name)” or the Company’s securities code “2593” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you plan to be absent from the meeting, you may exercise your voting right on the internet, etc. or in writing (by mail). Please read the reference documents for the General Meeting of Shareholders and exercise your voting right in accordance with the “Guidance on Exercising Voting Rights” (in Japanese only), by 5:00 p.m. on Thursday, July 25, 2024, Japan time.

- 1. Date and Time:** Friday, July 26, 2024 at 10:00 a.m. Japan time
- 2. Place:** Grand ballroom “Konron” 3F International Convention Center Pamir, Grand Prince Hotel Shin Takanawa located at 13-1 Takanawa 3-chome, Minato-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Non-consolidated Financial Statements for the Company’s 59th Fiscal Year (May 1, 2023 - April 30, 2024)
 2. Consolidated Financial Statements for the Company’s 59th Fiscal Year (May 1, 2023 - April 30, 2024) and results of audits of the Consolidated Financial Statements by the Financial Auditor and Audit and Supervisory Committee
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of 9 Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal 3:** Election of 1 Director who is an Audit and Supervisory Committee Member

- * The following information is posted on websites such as the Company’s website indicated on page 1 of this notice of convocation as information subject to measures for providing information in electronic format. It is not included in the information provided in electronic format indicated in the material sent to those shareholders who have requested the written version of the material pursuant to applicable laws and regulations and Article 23, paragraph 2 of the Articles of Incorporation of the Company.
1. Notes to non-consolidated financial statements
 2. Notes to consolidated financial statements
- Therefore, the information in the document indicating items subject to measures for providing information in electronic format is a part of documents audited by the Financial Auditor when preparing accounting audit reports and by Audit and Supervisory Committee when preparing audit reports.
- * We will post any revision made to the items subject to measures for providing information in electronic format on the Company’s website or other appropriate websites if such a revision has been made.

Requests to Shareholders

- If attending the meeting in person, please submit your voting rights exercise form to the reception desk at the venue.
- Souvenirs will not be distributed to shareholders attending. We request your understanding in this matter.
- If there is a significant change in the operation of the General Meetings of Shareholders, we will post the details on the Company’s website.

The Company’s website

<https://www.itoen-global.com/>

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company proposes that surplus be appropriated as follows.

1. Matters concerning year-end dividend

Our basic policy regarding earnings distribution is to assure stable distribution of dividends.

Taking into account the Company's business performance for the fiscal year ended April 30, 2024, as well as the future business development, etc., the year-end dividend payment for the fiscal year ended April 30, 2024, is proposed to be made as follows.

For Class-A Preferred Stock, the year-end dividend payment per share for the fiscal year ended April 30, 2024, is to be made as cash in the amount of 125 percent of the amount of cash to be distributed per share of common stock (calculation shall be made to the first decimal place and the first decimal place shall be rounded up) based on the terms of the Class-A Preferred Stock.

(1) Type of dividend assets

Cash

(2) Matters concerning allocation of dividend assets and the total amount thereof

Dividend per share of the Company's common stock: ¥21

Total amount of dividend for common stock: ¥1,853,722,542

Dividend per share of the Company's Class-A Preferred Stock: ¥27

Total amount of dividend for Class-A Preferred Stock: ¥845,189,289

The annual dividend for the fiscal year ended April 30, 2024, including the interim dividend, will amount to ¥42 per share of common stock and ¥54 per share of Class-A Preferred Stock.

(3) Effective date of dividends of surplus

July 29, 2024

2. Matters concerning appropriation of other surplus

The use of retained earnings is proposed as follows for the purpose of making investments for enhancement of corporate value and strengthening the management foundation in preparation for aggressive business development in the future.

(1) Item and amount of surplus to be increased

General reserve: ¥7,000,000,000

(2) Item and amount of surplus to be decreased

Retained earnings brought forward: ¥7,000,000,000

Proposal 2: Election of 9 Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all 10 Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this proposal) will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of 9 Directors, lowering the number of Directors by 1.

With regard to this proposal, the Company's Audit and Supervisory Committee has determined that all candidates for Director are qualified.

The candidates are as follows:

No.		Name	Current positions and responsibilities at the Company
1	Reappointment	Hachiro Honjo	Director and Honorary Chairman of the Board
2	Reappointment	Daisuke Honjo	President and Executive Officer
3	Reappointment	Shusuke Honjo	Executive Vice President, Representative Director and Executive Officer General Manager of Sales Control Headquarters and CDO Marketing Division
4	Reappointment	Yoshihisa Nakano	Director and Senior Managing Executive Officer General Manager of Production Division and CSO Logistics Division
5	Reappointment	Shigeru Kamiya	Director and Senior Managing Executive Officer General Planning Division, in charge of Special Assignments
6	Reappointment	Yosuke Jay Oceanbright Honjo	Director and Executive Officer U.S. businesses
7	Reappointment	Atsushi Hirata	Director and Senior Managing Executive Officer General Manager of Administration Division and CHRO Compliance, Internal Control
8	Reappointment Outside Independent	Hideo Takano	Outside Director
9	Reappointment Outside Independent	Keiko Abe	Outside Director

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Class and number of shares of the Company held	Special interests with the Company
1	Hachiro Honjo (August 31, 1940)	August 1964 Established Japan Family Service Co., Ltd. Director August 1966 Established Frontier Tea Corporation (The company name was changed to ITO EN, LTD. in May 1969) Director May 1969 Managing Director June 1970 Executive Managing Director May 1978 Executive Vice President April 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)	Common stock 2,446,230 Class-A preferred stock 882,900	Not applicable
[Reason for the nomination as a candidate for Director] Mr. Hachiro Honjo has long been responsible for management with his strong leadership as the founder of the Company and has extensive experience and achievement in group management. The Company re-nominates him as a candidate for Director because it has judged that he appropriately strengthens the group governance and conducts supervision of business execution and therefore is a suitable candidate for our aim to continually enhance the Company's corporate value.				
2	Daisuke Honjo (October 7, 1963)	April 1987 Joined the Company July 1990 Director May 1997 Managing Director May 2000 Executive Managing Director July 2002 Executive Vice President and Representative Director May 2009 President May 2019 President and Executive Officer (current post) [Significant concurrent positions] Director of ITO EN Asia Pacific Holdings Pte. Ltd.	Common stock 1,165,660 Class-A preferred stock 216,870	Not applicable
[Reason for the nomination as a candidate for Director] Mr. Daisuke Honjo has continued leading management by leveraging his extensive experience and knowledge. The Company re-nominates him as a candidate for Director because it has judged that he is a suitable candidate for executing business with a view to continually developing the Company and enhancing its corporate value to make it a "Global Tea Company" as a "Health Creation Company."				
3	Shusuke Honjo (September 27, 1967)	April 1994 Joined the Company July 2003 Director May 2005 Managing Director May 2008 Executive Managing Director May 2010 Executive Vice President August 2014 Executive Vice President and Representative Director May 2018 General Manager 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 Division (current post) [Significant concurrent positions] Representative Director of Tully's Coffee Japan Co., Ltd. Representative Director of Chichiyasu Company Director of ITO EN Asia Pacific Holdings Pte. Ltd.	Common stock 513,690 Class-A preferred stock 81,480	Not applicable
[Reason for the nomination as a candidate for Director] Mr. Shusuke Honjo has long led the sales division and is making efforts to strengthen relationships with business partners. In addition, he has extensive experience and knowledge of overall management. The Company re-nominates him as a candidate for Director because it has judged that he is a suitable candidate for executing business.				

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Class and number of shares of the Company held	Special interests with the Company
4	Yoshihisa Nakano (June 27, 1966)	<p>March 1989 Joined the Company</p> <p>May 2010 General Manager of Personnel and General Affairs Division</p> <p>July 2010 Director</p> <p>May 2014 Managing Director</p> <p>May 2015 General Manager of National Distribution Sales Division</p> <p>May 2019 Director and Senior Managing Executive Officer (current post)</p> <p> General Manager of Production Division (current post)</p> <p>May 2022 In charge of Logistics Division (current post)</p> <p>May 2023 Chief Sustainability Officer (CSO) (current post)</p> <p>[Significant concurrent positions] Director of ITO EN AUSTRALIA PTY. LIMITED</p>	<p>Common stock 14,100</p> <p>Class-A preferred stock 2,000</p>	Not applicable
<p>[Reason for the nomination as a candidate for Director] Mr. Yoshihisa Nakano has extensive experience and knowledge, having led the sales division and personnel and general affairs division. He currently leads the production division and logistics division. The Company re-nominates him as a candidate for Director based on such achievement.</p>				
5	Shigeru Kamiya (September 15, 1959)	<p>March 1982 Joined the Company</p> <p>May 2012 Executive Officer General Manager of National Retailer Sales Division</p> <p>July 2014 Director</p> <p>May 2016 Managing Director</p> <p>May 2019 In charge of National Distribution Sales Division Director and Senior Managing Executive Officer (current post)</p> <p>May 2021 General Manager of Tokyo and Chiba Area Sales Division</p> <p>May 2022 In charge of National Retailer Sales Division</p> <p>May 2023 In charge of General Planning Division</p> <p>May 2024 General Planning Division, in charge of Special Assignments (current post)</p>	<p>Common stock 11,700</p> <p>Class-A preferred stock 640</p>	Not applicable
<p>[Reason for the nomination as a candidate for Director] Mr. Shigeru Kamiya has primarily led the sales division and actively promoted sales activities through all channels such as convenience stores, national retailers, and area sales, while making efforts to strengthen relationships with business partners. The Company re-nominates him as a candidate for Director based on such achievement.</p>				
6	Yosuke Jay Oceanbright Honjo (November 29, 1966)	<p>March 1992 Joined the Company</p> <p>May 2001 President & CEO of ITO EN (North America) INC. (current post)</p> <p>July 2002 Director (current post)</p> <p>February 2015 CEO of Distant Lands Trading Co. (current post)</p> <p>November 2015 CEO of ITO EN (Hawaii) LLC (current post)</p> <p>June 2023 Executive Officer In charge of U.S. businesses (current post)</p> <p>[Significant concurrent positions] President & CEO of ITO EN (North America) INC. Chairman of the Board/CEO of Distant Lands Trading Co. CEO/COO of ITO EN (Hawaii) LLC</p>	<p>Common stock 480,350</p> <p>Class-A preferred stock -</p>	Not applicable
<p>[Reason for the nomination as a candidate for Director] Mr. Yosuke Jay Oceanbright Honjo has led U.S. businesses as CEO and made efforts to enable the Company to promote global business management since the Company entered its U.S. operations. The Company re-nominates him as a candidate for Director based on such achievement.</p>				

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Class and number of shares of the Company held	Special interests with the Company
7	Atsushi Hirata (July 25, 1963)	<p>May 1988 Joined the Company</p> <p>May 2010 Executive Officer</p> <p>May 2012 General Manager of Administration Division</p> <p>May 2014 Managing Executive Officer</p> <p> General Manager of Personnel and General Affairs Division</p> <p>May 2016 General Manager of Administration Division (current post)</p> <p>May 2019 Senior Managing Executive Officer In charge of Internal Control (current post)</p> <p>July 2020 Director and Senior Managing Executive Officer (current post)</p> <p>May 2022 In charge of compliance (current post)</p> <p>May 2023 Chief Human Resource Officer (CHRO) (current post)</p> <p>[Significant concurrent positions] Director of ITO EN (North America) INC.</p>	<p>Common stock 2,665</p> <p>Class-A preferred stock 120</p>	Not applicable
<p>[Reason for the nomination as a candidate for Director] Mr. Atsushi Hirata has primarily led the administration division, and has extensive experience and knowledge in the finance and accounting, personnel and general affairs fields. The Company re-nominates him as a candidate for Director based on such achievement.</p>				
8	Hideo Takano (July 25, 1951)	<p>April 1977 Joined The Tokyo Chamber of Commerce and Industry</p> <p>April 2006 General Manager of General Affairs Management Department, The Tokyo Chamber of Commerce and Industry</p> <p>April 2009 Councilor and General Manager of the Secretarial Office, The Tokyo Chamber of Commerce and Industry</p> <p>April 2012 Executive Councilor, The Tokyo Chamber of Commerce and Industry</p> <p>October 2015 President of Japan Retailers Association</p> <p>November Chairman of the Japanese Folk Arts and 2015 Techniques Preservation Association</p> <p>June 2016 Full-time Advisor of The Tokyo Chamber of Commerce and Industry</p> <p>May 2019 Councilor of Japan Retailers Association (current post)</p> <p>July 2020 Outside Director of the Company (current post)</p> <p>[Significant concurrent positions] Councilor of Japan Retailers Association</p>	<p>Common stock -</p> <p>Class-A preferred stock -</p>	Not applicable
<p>[Reason for the nomination as a candidate for Outside Director and outline of expected role] Mr. Hideo Takano was deeply involved in providing support for the management of various companies for many years, through his career at The Tokyo Chamber of Commerce and Industry. Leveraging his extensive experience and broad insight, he has provided opinions, advice, and proposals that contribute to the enhancement of the ITO EN Group's corporate value, from a standpoint independent of the Board of Directors and the management of the Company. Based on such achievement and extensive experience, the Company re-nominates him as a candidate for Outside Director in the expectation that he will continue to serve as an advisor and highly effective supervisor of the Company's Group management.</p>				

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Class and number of shares of the Company held	Special interests with the Company
9	Keiko Abe (March 8, 1947)	<p>June 1994 Associate Professor of Faculty of Agriculture, The University of Tokyo</p> <p>April 1996 Professor of Graduate School of Agricultural and Life Sciences, The University of Tokyo</p> <p>April 2008 Research Advisor of Kanagawa Academy of Science and Technology (currently Kanagawa Institute of Industrial Science and Technology)</p> <p>April 2010 Project Professor of Graduate School of Agricultural and Life Sciences, The University of Tokyo</p> <p>June 2010 Professor Emeritus of The University of Tokyo (current post)</p> <p>June 2019 Outside Director of Taiyo Kagaku Co., Ltd. (current post)</p> <p>July 2022 Outside Director of the Company (current post)</p> <p>[Significant concurrent positions] Professor Emeritus of The University of Tokyo Outside Director of Taiyo Kagaku Co., Ltd.</p>	<p>Common stock -</p> <p>Class-A preferred stock -</p>	Not applicable
<p>[Reason for the nomination as a candidate for Outside Director and outline of expected role] Ms. Keiko Abe has extensive experience and expert knowledge as a professor of the Graduate School of Agricultural and Life Sciences, The University of Tokyo and has been actively involved in the field of research on food functionality for many years. She has made statements that contribute to the improvement of corporate value by providing useful opinions and advice on research areas related to medium- to long-term management based on her extensive experience and expertise in food functionality research. Based on her extensive experience and knowledge, the Company re-nominates her as a candidate for Outside Director in the expectation that she will continue to serve as an advisor and highly effective supervisor of the Company's Group management.</p>				

(Notes)

- Each candidate has no special interest in the Company.
- Mr. Hideo Takano and Ms. Keiko Abe are candidates for Outside Director.
- The reason why the Company judged that the candidate for Outside Director who has previously not participated in management of companies other than as Outside Director or outside corporate auditor can appropriately execute his/her duties as an Outside Director
Mr. Hideo Takano engaged in providing support for the management of various companies for many years, through his career at The Tokyo Chamber of Commerce and Industry, and has extensive experience and broad insight. Therefore, the Company has judged that he can appropriately perform his duties as an Outside Director.
Ms. Keiko Abe has engaged in the field of research on food functionality for many years as a university and graduate school professor and has extensive experience and expert knowledge. Therefore, the Company has judged that she can appropriately perform her duties as an Outside Director.
- Mr. Hideo Takano and Ms. Keiko Abe currently serve as Outside Directors of the Company. At the conclusion of this General Meeting of Shareholders, Mr. Hideo Takano will have served for four years and Ms. Keiko Abe for two years.
- In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into contracts with Mr. Hideo Takano and Ms. Keiko Abe to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this contract shall be the minimum amount stipulated by laws and regulations. If the reelection of Mr. Hideo Takano and Ms. Keiko Abe is approved, the Company intends to continue said contracts.
- In accordance with Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy (D&O insurance policy), in which Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and the ITO EN Group are insureds. The insurance policy covers losses that may result from the directors and officers being liable for their performance of duties. However, there are certain reasons for coverage exclusion, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations. If the said proposal is approved as proposed, the Company plans to include each of the candidates as an insured in the insurance contract.
The policy period is one year, and the Company plans to renew the policy after a resolution by the Board of Directors before the expiration of the policy.

7. Mr. Hideo Takano and Ms. Keiko Abe meet the requirements for independent officer in accordance with the provisions of the Tokyo Stock Exchange, and therefore the Company has appointed them as independent officers and registered them with the Tokyo Stock Exchange. If elected as proposed, the Company plans for their designation as an independent director to continue.

Proposal 3: Election of 1 Director who is an Audit and Supervisory Committee Member

Mr. Yutaka Tanaka, a Director who was an Audit and Supervisory Committee Member, resigned for personal reasons as of December 1, 2023.

Therefore, the Company proposes the election of 1 Director who is an Audit and Supervisory Committee Member.

In accordance with the Company's Articles of Incorporation, the term of office of the Director who is an Audit and Supervisory Committee Member to be elected will expire at the conclusion of the 60th Ordinary General Meeting of Shareholders to be held in July 2025, when Mr. Yutaka Tanaka's term of office would expire.

The Audit and Supervisory Committee has given its consent to this proposal.

The candidate for Director who is an Audit and Supervisory Committee Member is as follows.

Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Class and number of shares of the Company held	Special interests with the Company
Yoshihiko Okuda (August 20, 1957)	March 1976 Entered the Fukuoka Regional Taxation Bureau	Common stock - Class-A preferred stock -	Not applicable
	July 2004 Associate Appeals Judge of Fukuoka National Tax Tribunal		
	July 2006 Deputy District Director of Kokura Tax Office		
	July 2009 Professor, Technical Education Department, National Tax College		
	July 2013 District Director of Kanoya Tax Office		
	April 2015 Director (Appeals Judge), Yokohama Branch of Tokyo Regional Tax Tribunal		
	April 2017 Director-General of Takamatsu National Tax Tribunal		
	March 2018 Attached to the Commissioner's Secretariat of National Tax Agency		
	June 2018 Registered as a tax accountant		
	March 2020 Outside Audit & Supervisory Board Member of Milbon Co., Ltd. (current post)		
December 2021 Director of SKM Business Co., Ltd. (current post)			
[Significant concurrent positions]			
Outside Audit & Supervisory Board Member of Milbon Co., Ltd.			
[Reason for the nomination as a candidate for Outside Director and outline of expected role]			
Mr. Yoshihiko Okuda possesses expert insight and extensive knowledge and experience as a licensed tax accountant. The Company nominates him as a new candidate for Outside Director because we believe that he will provide advice and conduct highly effective audits of our management based on his extensive experience and expertise.			

(Notes)

- Mr. Yoshihiko Okuda has no special interest in the Company.
- Mr. Yoshihiko Okuda is a new candidate for Director.
- Mr. Yoshihiko Okuda is a candidate for Outside Director.
- The reason why the Company judged that the candidate for Outside Director who has previously not participated in management of companies other than as Outside Director or outside corporate auditor can appropriately execute his/her duties as an Outside Director
Mr. Yoshihiko Okuda possesses expert insight and extensive knowledge and experience as a licensed tax accountant. Therefore, the Company has judged that he can perform his duties as an Outside Director.
- If this proposal is approved as originally proposed, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company plans to enter into a contract with Mr. Yoshihiko Okuda to limit his liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this contract shall be the minimum amount stipulated by laws and regulations.
- In accordance with Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy (D&O insurance policy), in which Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and the ITO EN Group are insureds. The insurance policy covers losses that may result from the directors and officers being liable for their performance of duties. However, there are certain reasons for coverage exclusion, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations. If the said proposal is approved as proposed, the Company plans to include the candidate as an insured in the insurance contract.

The policy period is one year, and the Company plans to renew the policy after a resolution by the Board of Directors before the expiration of the policy.

7. Mr. Yoshihiko Okuda meets the requirements for independent officer in accordance with the provisions of the Tokyo Stock Exchange, and therefore the Company plans to appoint him as an independent officer and register him with the Tokyo Stock Exchange.

(Reference)

Skills Matrix (if each candidate is elected at this General Meeting of Shareholders)

	Name	Position	Corporate management	Brand strategy Marketing Sales	R&D and agriculture Procurement and manufacturing	Overseas strategy	Finance and accounting	Personnel and labor affairs Human resource development	ESG	Legal affairs Compliance Risk management
Directors	1	Hachiro Honjo	Director and Honorary Chairman of the Board	○			○			
	2	Daisuke Honjo	President and Executive Officer	○	○		○		○	
	3	Shusuke Honjo	Executive Vice President, Representative Director and Executive Officer	○	○		○		○	
	4	Yoshihisa Nakano	Director and Senior Managing Executive Officer	○		○			○	
	5	Shigeru Kamiya	Director and Senior Managing Executive Officer	○	○					
	6	Yosuke Jay Oceanbright Honjo	Director and Executive Officer	○	○		○			
	7	Atsushi Hirata	Director and Senior Managing Executive Officer	○				○	○	○
	8	Hideo Takano	Outside Director	○					○	
	9	Keiko Abe	Outside Director			○			○	
Directors who are Audit and Supervisory Committee Members	1	Kiyoshi Kondo	Director		○					○
	2	Yuichi Usui	Outside Director	○				○	○	
	3	Hitoshi Yokokura	Outside Director				○			○
	4	Yoshihiko Okuda	Outside Director				○		○	

*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 (○).

(Reference)

<Standards for Determining the Independence of Outside Directors>

Based on the standards for the independence of outside officers specified by Tokyo Stock Exchange Inc., the Company's standards for the independence of independent Outside Directors are as described below.

- Persons who do not fall under below and are deemed unlikely to have conflicts of interest with general shareholders
 - (1) The ITO EN Group's executive persons who has fallen under recently and in the past 10 years
 - (2) Those who have been listed in any of the following (i) to (viii) in the recent and past 5 years
 - (i) A major customer of the ITO EN Group or their executive persons
 - (ii) A major business partner of the ITO EN Group or their executive persons
 - (iii) Consultants, certified public accountants or legal specialists who obtain a large amount of money or other property, other than officers' remuneration, from the ITO EN Group (in cases in which persons obtaining the properties are corporate bodies, associations or other organizations, persons who belong to said organizations)
 - (iv) Employees, partners, or associates of the ITO EN Group's financial auditor, the audit corporation
 - (v) Major shareholders of the ITO EN Group (if such major shareholder is a corporation, its executive person)
 - (vi) Executive persons of corporations in which the ITO EN Group is a major shareholder
 - (vii) Executive persons of the corporation with which the relationship of mutual appointment of officers is made
 - (viii) Persons who have received donations or grants of a certain amount from the ITO EN Group (if the donor or grantee is a corporation, partnership, or other organization, its executive persons)
 - (3) Close relatives (only important person) listed in (1) or (2) above

(Notes)

1. The term "the ITO EN Group" means the Company and its subsidiaries.
2. "Executive persons" means executive directors, executive officers, other officers who execute the business of a juridical person, employees who execute the business of a juridical person, and other persons or employees who are equivalent thereto.
3. A "major customer of the ITO EN Group" is defined as a customer that has received payment from the ITO EN Group in an amount equal to 2% or more of the customer's consolidated sales (consolidated sales revenue) in the most recent fiscal year.
4. A "major business partner of the ITO EN Group" is a person who falls under any of the following categories.
 - Persons who have made payments to the ITO EN Group in an amount equal to or greater than 2% of the ITO EN Group's consolidated net sales in the most recent fiscal year
 - Financial institutions and other major creditors that are essential to the ITO EN Group's financing and on which the ITO EN Group relies to the extent that there is no alternative
5. A "large amount of money or other property" means, in the case of an individual, money or other property income of 10 million yen or more per year in the most recent fiscal year, or in the case of an organization, money or other property income of 2% or more of the total income of the organization in the most recent fiscal year.
6. A "major shareholder" is a shareholder that directly or indirectly holds 10% or more of the total voting rights.
7. "Relationship of mutual appointment of officers" means a relationship in which an executive person of the ITO EN Group is an outside officer of another corporation and the executive person of that other corporation is an Outside Director of the ITO EN Group.
8. A "certain amount" is defined as 10 million yen or more per year.
9. "Close relatives" means a spouse, a relative within the second degree of kinship, or a relative living in the same household.
10. "Important person" means, with respect to an executive person, a director or a department manager, and with respect to (iii) and (iv) above, a certified public accountant, an attorney, or a person who is objectively and reasonably considered to be of equal importance to these persons.

Business Report

(From May 1, 2023 to April 30, 2024)

1. Items regarding current status of corporate group

(1) Business activities and results

During the fiscal year ended April 30, 2024 (May 1, 2023 - April 30, 2024), the Japanese economy exhibited signs of a gradual recovery due to factors such as the recovery of foot traffic with the reclassification of the novel coronavirus disease (COVID-19) to Class 5, the recovery in personal consumption due to the improvement in the employment and income environment, and the increase in inbound demand from overseas tourism. However, certain conditions continue to present an uncertain outlook, such as concerns regarding the economic impact of high energy prices and raw material costs in conjunction with foreign exchange fluctuations.

Under these business conditions, in keeping with the management principle of “Always Putting the Customer First,” the ITO EN Group vigorously engaged in business activities while constantly seeking to identify and address areas of customer dissatisfaction in the beverage market.

As a result, consolidated performance for the fiscal year ended April 30, 2024 was as follows. The Group recorded net sales of 453,899 million yen (up 5.1% year on year), operating income of 25,023 million yen (up 27.7% year on year), ordinary income of 26,681 million yen (up 31.2% year on year), and profit attributable to owners of parent of 15,650 million yen (up 21.4% year on year).

Performance by each of the business segments was as follows.

<Tea Leaves and Beverages Business>

We launched “*Ice Cold Brew Tea Bag Zeitaku na Oi Ocha,*” a new series in the “*Oi Ocha*” brand, which brings out the overwhelming umami (richness) of high-quality teas in an easy-to-enjoy cold brew tea bag. Catering to “the desire for any easy way to drink delicious green tea,” the product provides a superior taste to everyday green tea. The Company aims to further enhance the value of Japanese tea while spreading the Japanese culture of tea, by continuing to propose ways to enjoy diverse varieties of tea in line with ever-changing modern lifestyles.

We worked to further enhance brand value in the Company’s core “*Oi Ocha*” brand, which celebrated its 35th anniversary in February 2024, through activities such as product development based on technologies and experience accumulated from a desire to offer people delicious tea “anytime, anywhere,” and initiatives such as the “*Japanese Tea Day Oi Ocha Grand Tea Ceremony*” and the “*Making Japan Beautiful Through Tea*’ campaign.”

In May, we sold “*Oi Ocha Shinya (new tea)*” leaf products and beverages for enjoyment of the once-a-year seasonal taste. We also launched “*Oi Ocha Maroyaka,*” which was developed with youth using key phrases “fresh aroma and mild tea flavor” and “values of youth,” responding quickly to the diversifying needs of the times and proposing a brand that can be shared by men and women of all ages to continue providing “*Oi Ocha,*” which is loved as the most familiar Japanese tea.

“*Kenko Mineral Mugicha*” (healthy mineral barley tea), a long-standing favorite among customers, received global No.1 status from Guinness World Records™, which recognized it as “the top-selling RTD barley tea brand (latest annual sales volume),” marking the 35th anniversary of the launch of barley tea beverages in 1988. The barley tea beverage market continues to expand every year, and “*Kenko Mineral Mugicha*” has been a leading presence in the market, enjoying year-round support from a wide range of ages, from infants to the elderly. Looking ahead, the Company aims to win wide-ranging support for “*Kenko Mineral Mugicha*” as a beverage brand that can be enjoyed by anyone, anywhere, at any time, with the concept of a “tasty hydration and mineral” under the brand vision, “Supporting customers’ efforts to achieve good health.”

In addition, the Company participates in the “*Nippon Yell Project,*” an initiative to support production areas through collaboration by the National Federation of Agricultural Cooperative Associations (JA ZEN-NOH), manufacturers such as the Company, and sales channels, based on the concept of “sending a ‘yell of support’ to food sourced from production areas nationwide and also to Japan,” to assist with the sustained development of the agricultural sector. Since joining the project in June 2021, we have jointly developed products using distinctive agricultural products from around Japan and sold numerous products such as the revamped “*Nippon Yell Miyazakiken-san Hyuuganatsu.*” Looking ahead, the Company will continue to serve

as a bridge that connects Japanese agriculture and consumers and contribute to increasing awareness and consumption of domestic agricultural and livestock products through its sales of products jointly developed with JA ZEN-NOH.

The Company will continue to reduce costs through even greater corporate efforts based on “Always Putting the Customer First,” and work towards the development and supply of products with value and quality that satisfy customers.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 405,536 million yen, up 4.0% year on year, and operating income of 22,103 million yen, up 24.0% year on year.

<Restaurant Business>

As limited-edition seasonal spring beverages, Tully’s Coffee Japan Co., Ltd. launched its “*Cacao & Almond Milk Latte*” and “*Peach & Apricot Royal Almond Milk Tea*,” the first use of almond milk by Tully’s, and delivering new coffee and tea experiences. Furthermore, in the season of new beginnings in April, we sold the fresh-flavored “*Strawberry Yogurt SWIRKLE®*” and “*Matcha Tiramisu Shake*” that can bring a dessert-like enjoyment, which were well received. In addition, in the sales of goods category, the collaborative items produced with the tenugui towel brand “KAMAWANU” and the fashion brand “Manhattan Portage” attracted much attention and sold well. Steady progress was made with newly opened stores including the expansion of the “&TEA” format to 30 stores nationwide, and the opening of the first store with a drive-through facility in the Kanto region “Forest Mall Shinmaebashi shop,” with the total number of shops as of April 30, 2024 standing at 791.

As a result, Restaurant Business recorded net sales of 40,350 million yen, up 13.7% year on year, and operating income of 3,236 million yen, up 33.2% year on year.

<Others>

The Others recorded net sales of 8,013 million yen, up 30.3% year on year, and operating income of 360 million yen, compared with operating loss of 20 million yen in the same period last year.

(2) Net sales by segment

(Millions of yen)

Business segment	58th term (from May 1, 2022 to April 30, 2023)		59th term (from May 1, 2023 to April 30, 2024)		YoY change % (decrease)
	Net sales	Sales Composition	Net sales	Sales Composition	
Tea Leaves and Beverages Business	390,033	% 90.4	405,536	% 89.3	% 4.0
Restaurant Business	35,492	8.2	40,350	8.9	13.7
Others	6,148	1.4	8,013	1.8	30.3
Total	431,674	100.0	453,899	100.0	5.1

(Note) Intersegment transactions have been eliminated in the above figures for net sales.

(3) Capital investments

Total capital investments in the fiscal year ended April 30, 2024 amounted to 10.2 billion yen. The main components thereof were as follows.

Company name	Details of main facilities and equipment
The Company	Vending machines, etc.
Tully's Coffee Japan Co., Ltd.	New store facilities, etc.

(4) Financing

In order to efficiently secure working capital, the Company has entered into a syndicated commitment line agreement with seven banks with which it has a transactional relationship, for a total amount of 10.0 billion yen. In addition, the Company has also entered into an overdraft agreement with four banks with which it has a transactional relationship, for a total amount of 6.5 billion yen.

In addition, we procured 10.0 billion yen in funds through the issue of our 3rd Unsecured Bonds on February 22, 2024.

(5) Issues to be addressed

The ITO EN Group will continue to strive to meet the expectations of consumers regarding its social responsibility as a company, through compliance with laws, regulations, and social norms, and by establishing structures that ensure product safety and quality control, with an unwavering commitment to the management principle of “Always Putting the Customer First” in the pursuit of further enhancing corporate and shareholder value. To this end, the Group will pursue the following initiatives.

(i) Brand strategy

1. Product development

Under the five product development concepts of “natural, healthy, safe, well-designed, and delicious,” the Company is actively developing new products and improving existing products through the utilization of the Voice System (proposal system that incorporates customers’ complaints and requests into product development), which is the Company’s proprietary proposal system, through all its employees, and considers the “STILL NOW” (“still now considering” what customers are dissatisfied with). The Company will continue to use the Voice System actively to develop and improve products in a way tailored to customers’ needs.

2. R&D

In its research and development, the ITO EN Group is proceeding with both basic and applied research, with a particular emphasis on “Healthy,” “Safe” and “Delicious” in addition to “The Environment,” which contributes to a sustainable society. The products the Company provides undergo various testing for confirmation of their human health benefits, and the latest information is always made publicly available. The ITO EN Group will also emphasize the development of foods for specified health uses (FOSHU), which are permitted to display their health benefits on the label, and products labeled with functional food claims. The ITO EN Group also conducts research on ingredients and physical properties that affect the deliciousness of beverages, and works on new technologies toward the development of superior products. With regard to the environment, we are promoting a “Used Tea Leaves Recycling System” that transforms tea leaves generated in the manufacturing process of

beverages such as “*Oi Ocha*” into new upcycled products, in addition to reusing them as fertilizer and feed.

3. Brand strengthening strategy

With the ITO EN brand at its core, the Company is actively promoting several other individual beverage brands such as “*Oi Ocha*” green tea beverage, “*Kenko Mineral Mugicha*” (healthy mineral barley tea), “*TULLY’S COFFEE*,” and “*Ichinichibun no Yasai*” (a day’s worth of vegetables).

With regard to the Company’s flagship product, “*Oi Ocha*,” the Company pursues the utmost excellence in the ingredients and production method that have continued since its launch in 1985, and brings out the authentic taste of green tea that “tastes so natural, with no added flavorings or seasonings,” which it provides to customers. Moreover, the Company has been working to enhance container capacities and variations so that customers can enjoy green tea beverages in various drinking situations. Using its technical capabilities as the first company to launch a green tea beverage, the Company will further strengthen its brand by incorporating the characteristics of tea leaves, such as with seasonal products and “*Koicha* (unsweetened bold green tea), *Hojicha* (roasted tea), *Matcha iri* (green tea with matcha), and *Genmaicha* (green tea with roasted rice),” and launching products that promote the value of beverages. Along with diversifying its product lineups, the Company will nonetheless serve authentic flavors for full enjoyment.

(ii) Enhancing the marketing base

1. Route sales system

The route sales system is a sales system that enables the provision of products and services directly to customers. By adopting this system, the Company has expanded sales activities with close regional ties as it has been placed in direct contact with customers.

Furthermore, the Company is working to provide efficient and appropriate services to customers by utilizing portable terminals with excellent functionality and portability for use by its route sales representatives.

2. Strengthening customer service

The Company has been fully utilizing its route sales system to bring unparalleled levels of service to its customers, but to build a strong marketing base, the ITO EN Group has been focusing on acquiring new customers while enhancing its existing face-to-face visits. Furthermore, the Company listens to customers’ complaints, and carries out comprehensive proposals, such as the development of products that can satisfy customers and the creation of an attractive sales floor, through its route sales system.

(iii) Across-the-board cost cutting

1. Fabless system

Our Beverage Division’s production strategy is based on what is termed a fabless (fabrication-less) method which means that the Company does not have its own production. Not only can the Company keep capital investment to a minimum, but it can also respond quickly to changes in the market as they arise.

Furthermore, the Company has adopted a “block-based production system,” which means the Company has divided its domestic business territory into five blocks to keep production facilities as close to markets as possible in order to make logistics operations more efficient.

2. Strengthening purchasing power of raw materials

As a top manufacturer of green tea, the Company handles approximately one quarter of the crude tea leaves harvested in Japan and uses its extremely strong purchasing power to secure a stable supply of high-quality plucked tea leaves as a result of relationships built on trust with producers over many years. Over those years, the Company has also accumulated a high level of production expertise, making it the beverage company that can self-produce high-quality green tea leaves for beverages. In Japan, the aging of agricultural workers and the lack of young people willing to inherit and carry on work in the agricultural field, are resulting in a reduction in tea-producing land and growers. The Company has been engaged in the Tea-Producing Region Development Project since 1976 with the aim of both solving Japan’s agricultural issues and stably procuring raw materials, primarily for green tea beverages, for which demand is expected to increase going forward. The Company supports tea-producing regions through “cultivation under contract,” where it purchases the entire volume of tea leaves from tea farmers in each region, and the “new tea plantations business,” which converts dilapidated farmland, etc. into large-scale tea fields and produces tea leaves. In the “new tea plantations business,” the Company assists farmers in five prefectures in the Kyushu region in addition to Shizuoka Prefecture and Saitama Prefecture with the selection of saplings and development of tea plantations, and provides them with cultivation and crude tea processing expertise to enable them to use machines and IT to manage those plantations at low cost. Through this business of cultivating green tea growing areas, we are aiming to stably procure even higher quality plucked tea leaves through the promotion of tea plantation

management with a balance between productivity and environmental protection, and working to revitalize the tea industry and local communities by utilizing dilapidated farmland, creating employment and encouraging young people to inherit and take on the work of agriculture.

In addition, the “TULLY’S COFFEE” brand managed by the Company uses high-quality arabica coffee beans. In procuring the coffee beans, the Company utilizes the collaboration in the value chain within the Group (the Company, Tully’s Coffee Japan Co., Ltd. and Distant Lands Trading Co., which is based in the United States) to procure materials from regions and suppliers in various countries around the world.

(iv) Strengthening overseas operations

In order for the Company’s consolidated subsidiary ITO EN (North America) INC. to establish and develop a market for green tea in the U.S., the Company is working to establish the “ITO EN” and “Oi Ocha” brands, while at the same time spreading authentic Japanese tea throughout the U.S. by conducting sales activities at natural food markets, national chain stores, etc. throughout the U.S. With regard to ITO EN “MATCHA GREEN TEA” high-quality green tea teabag products and matcha products, which were previously not available in the U.S. market, and the full product lineup of “Oi Ocha” spanning from green tea teabags to instant, matcha and beverage products like those available in Japan, they have proven extremely popular with customers and have made a significant contribution to the growth of the Japanese tea market in the U.S. The Company will continue to strengthen this business going forward. The Group will also continue to strengthen sales in China, Southeast Asia, Australia, and Europe, where a subsidiary was established in April 2024.

(v) Promotion of Sustainability Management

<Material Issues for Sustainability>

The Group aims to both solve social and environmental issues and enhance corporate value (creation of shared value: CSV) by promoting and implementing sustainability management. As a “Health Creation Company,” we create three types of health value: mental and physical health, the health of society, and the health of the planet. To realize our long-term vision of becoming a “Global Tea Company,” under the ITO EN Group Basic Sustainability Policy, we are promoting initiatives that are interlinked with our business strategies with seven material issues (materiality) as our management strategy.



<Dietary Habits and Health>

The Group is committed to helping our customers lead healthy and fulfilling lives through research and development that contributes to the extension of healthy life expectancy and mental and physical fulfillment, and by providing products and services that improve nutrition and contribute to good health.

As a leading tea company, we promote research on the functionality of active ingredients in green tea and matcha to address global nutritional issues such as insufficient intake of vitamins and minerals and excessive intake of fat, sugar, and salt, as well as age-related health issues such as cognitive function and frailty in the elderly. In December 2023, we obtained ISO/IEC 17025 certification, the international standard for laboratory accreditation in catechin analysis. We will continue to enhance our technical capabilities to present our customers with highly accurate results that meet international standards, and strengthen our initiatives aimed at the safety and security of our products.

In addition, we will widely communicate the results of our research and the health value of tea through the “ITO EN Wellness Forum” and other events, and create connections through “tea” to support the health of our customers from both a mental and physical perspective.

<Sustainable Agriculture>

For the Tea-Producing Region Development Project, which we have been working on since 1976, we are stably procuring high-quality plucked tea leaves, in addition to engaging in the realization of sustainable farming by converting dilapidated farmland, etc. into tea plantations, and promoting environmentally friendly agriculture.

Overseas export opportunities for ingredients for green tea and matcha are expected to increase due to the growing global awareness of reduced-sugar and sugar-free products and health consciousness, and various efforts are required to meet the quality standards of each country and to address climate change. To provide products that take safety and security into consideration, and realize production and procurement of plucked tea leaves that meet the standards of and have acquired certification in various countries around the world, we have fully acquired “GAP Certification(*1),” which is the certification system for the management of agricultural production processes, for the Tea-Producing Region Development Project. In terms of tea plantation management tools, through the introduction of a cloud-type cultivation management system in part of the Tea-Producing Region Development Project, we are promoting the shift to DX for tea plantations. In order to further enhance traceability, in January 2024 we began operating a proprietary system that judges whether green tea raw ingredients bound for export are compliant with the pesticide standards of each country.

In terms of environmental measures, we compost the tea residues emitted from the contracted factories during the manufacturing process for beverages such as “*Oi Ocha*,” and promote circular agriculture by using the resulting substance as fertilizer on tea fields, and we are also performing tests involving the spreading of “biochar”(*2) with the aim of fixing CO₂ in the soil. “Biochar” is also expected to lead to soil improvements, and in addition to evaluating its effects as a measure to combat global warming, we are verifying the contribution it makes to improving tea cultivation productivity.

We will continue to contribute to the stable procurement of high-quality plucked tea leaves and the development of sustainable tea farming through the development and expansion of the Tea-Producing Region Development Project, leading to further business opportunities in the future.

(*1) The GAP certification system, which is given to farms that are committed to food safety and environmental preservation in addition to carrying out initiatives such as respecting human rights, occupational safety and farm management, includes GLOBALG.A.P. (Good Agricultural Practices), which is a global standard, as well as JGAP and ASIAGAP developed by the Japan GAP Foundation, and refers to farms that have obtained one of these three certifications.

(*2) Carbonized wood, bamboo, etc.

<Initiatives for Environmental Issues>

The Group believes that protecting the global environment shared by all humankind and passing it down to the next generation is one of its most important issues as a company that conducts business activities that are primarily related to products derived from nature. Against the backdrop of environmental issues such as climate change, water resources and waste, primarily plastics, as well as the diverse issues regarding biodiversity, which is closely affected by these issues, the Group has set Medium- to Long-Term Environmental Goals under the “ITO EN Group Environmental Policy” and works to reduce the environmental burden and prevent pollution for the entire value chain for the Group’s business activities.

ITO EN Group’s Medium- to Long-Term Environmental Goals

Realization of carbon neutrality for the entire value chain by FY 2050

Indicators	FY 2030 Targets
CO ₂ emissions Scope 1 and 2	50% reduction* ¹
CO ₂ emissions Scope 3	20% reduction* ¹
Water usage basic unit* ² reduction *consumption per 1 kiloliter of production	16% reduction* ¹
Ratio of recycled materials* ³ used for all PET bottles *including bio-derived materials	100%

(*1) Compared to base year FY 2018

• Response to climate change

The Group has expressed its endorsement of the TCFD (Task Force on Climate Change-related Financial Disclosures) recommendations for the solving of various issues related to climate change.

The Group has proceeded with the evaluation of the impact of risks and opportunities pertaining to climate change on business activities and investigation of response measures throughout the entire value chain, and presented the details in the ITO EN Integrated Report, the Company's website, etc.

We contribute to the reduction of petroleum resources used and CO₂ emissions for the realization of a decarbonized society. Furthermore, we have worked to switch to electric vehicles for its commercial fleet, implement eco-driving, introduce solar power generation facilities at our plants and offices, and increase the ratio of electricity derived from renewable energy sources by purchasing electricity with a CO₂-free plan.

- Water resources

We aim to utilize sustainable water resources, and promotes initiatives such as the reduction of the volume of water used in production activities. In addition to evaluating and identifying water risks applicable to our plants and partner plants and taking necessary measures, we cooperate with partner plants and promote forest protection activities, which will lead to the protection of water resources, which are the intake source around plants.

- Containers and packaging

Companies are being required to step up their initiatives to achieve a decarbonized and circular society in response to the global trend of strengthening regulations to resolve the plastics problem. The Group is working on 3R (Recycle, Reduce, Replace & Reuse) + Clean (environmental protection) for containers and packaging by reducing the weight of materials, such as PET bottles, caps and labels, and other initiatives, as well as expanding label-less products and making substitutions using environmentally friendly materials and reusable containers, which include biodegradable materials derived from plants, in accordance with the "ITO EN Group Policy on Plastics" and the "ITO EN Group Policy on Containers and Packaging." In addition, we are aiming to raise the ratio of recycled materials used for PET bottles to 100% by FY2030, and are cooperating with associated parties, including local governments and partner plants, to promote resource circulation through horizontal recycling into new PET bottles (bottle-to-bottle). In FY2023, the ratio of recycled materials used for all PET bottle products was 36%. Going forward, we will continue to promote understanding of PET bottle sorting among consumers, and implement initiatives to promote the bottle-to-bottle movement in order to contribute to achieving a circular society.

- Biodiversity

The Group, which carries out business activities that use the abundant blessings of nature, is promoting initiatives through its business activities based on the "ITO EN Group Basic Policy on Biodiversity Protection" for the protection and recovery of biodiversity, which is an urgent issue similar to climate change. We have expressed our support for the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations and are working to respond to them, and are also making further efforts to realize nature positivity through our participation in the "30 by 30 Alliance for Biodiversity"(*) led by the Ministry of the Environment of Japan.

(*) A target to effectively conserve at least 30% of land and sea areas as healthy ecosystems by 2030 with the goal of halting the loss of and restoring biodiversity by 2030 (nature positivity)

<Initiatives for respecting human rights>

Respect for human rights is the foundation of the Group's management philosophy of "Always Putting the Customer First" and is the basis of all our business activities. The Group promotes initiatives for respecting the human rights of all people in the value chain under the "ITO EN Group Human Rights Policy" and the "ITO EN Group Fundamental Supplier Policy." We have been building a human rights due diligence system and promoting related initiatives since 2023, and in FY 2023, based on the high-priority and important human rights themes we have identified, we conducted an investigation by an external agency targeting foreign workers and specified technical interns at tea producers and our own factories within Japan. We will continue to implement human rights due diligence in our supply chain for the realization of sustainable supply chain management.

<Initiatives for human resources>

Based on the belief that "people" are the most important asset, the Group sees all human resources that work for it as "human assets," and aims to develop human resources that can always take on challenges in a positive manner under the "ITO EN Group Human Resources Policy."

The Human Assets Strategy Committee was established in FY 2023 to address various issues in human capital management, and also to study medium- to long-term human resources strategies in cooperation with related committees.

We will continue to strengthen our organizational culture to enable employees to learn, act, and take on challenges on their own initiative, and further develop our human resource management initiatives through the development of human resources who can grow autonomously amid change, with the aim of improving the job satisfaction (work engagement) of all employees and becoming a “Global Tea Company” as a “Health Creation Company.”

<External evaluations>

The Group’s ESG initiatives have been evaluated, and the Group has been included as a constituent in “FTSE4Good Index Series,” one of the world’s leading ESG indexes, and several of the ESG investment indexes for stocks of Japanese companies that have been adopted by the Government Pension Investment Fund (GPIF), one of the largest pension fund in the world.

In addition, in a survey conducted by CDP, an international non-governmental organization (NGO), in the area of “climate change,” the Group’s environmental goals and efforts to achieve them were highly evaluated and received an “A-” rating, one level higher than the previous rating, for the first time.

The Group also worked to promote health management for the maintenance and improvement of the health of employees and their families, and continued to receive certification under the “2024 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) (White 500),” which is jointly implemented by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.



2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX



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*The information as of April 30, 2024 is presented.

(6) Trends in assets and operating results

(i) Assets and operating results of the Group

Item \ Term	56th term (fiscal year ended April 30, 2021)	57th term (fiscal year ended April 30, 2022)	58th term (fiscal year ended April 30, 2023)	59th term (current fiscal year) (fiscal year ended April 30, 2024)
Net sales (Millions of yen)	446,281	400,769	431,674	453,899
Ordinary income (Millions of yen)	17,029	19,971	20,341	26,681
Profit attributable to owners of parent (Millions of yen)	7,011	12,928	12,888	15,650
Earnings per share of common stock (Yen)	55.10	103.92	103.82	126.42
Earnings per share of Class-A preferred stock (Yen)	65.10	113.89	113.82	138.26
Total assets (Millions of yen)	333,065	328,359	338,774	353,892
Net assets (Millions of yen)	153,057	163,012	172,128	183,216
Net assets per share of common stock (Yen)	1,250.37	1,334.88	1,408.55	1,516.16
Net assets per share of Class- A preferred stock (Yen)	1,255.37	1,339.88	1,413.55	1,522.16

(ii) Assets and operating results of the company preparing the Business Report

Item \ Term	56th term (fiscal year ended April 30, 2021)	57th term (fiscal year ended April 30, 2022)	58th term (fiscal year ended April 30, 2023)	59th term (current fiscal year) (fiscal year ended April 30, 2024)
Net sales (Millions of yen)	352,732	300,319	315,025	329,069
Ordinary income (Millions of yen)	17,565	17,409	18,864	21,493
Net income (Millions of yen)	7,115	12,360	13,281	13,813
Earnings per share of common stock (Yen)	55.96	99.24	107.07	111.22
Earnings per share of Class-A preferred stock (Yen)	65.96	109.21	117.07	123.06
Total assets (Millions of yen)	296,470	278,776	288,473	293,821
Net assets (Millions of yen)	150,501	156,444	165,038	171,199
Net assets per share of common stock (Yen)	1,238.65	1,290.96	1,361.57	1,429.28
Net assets per share of Class- A preferred stock (Yen)	1,243.65	1,295.96	1,366.57	1,435.28

(Notes)

- Earnings per share are calculated based on the average number of shares outstanding during the period minus treasury stock, and net assets per share are calculated based on the number of shares outstanding at the end of the period minus treasury stock.

2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 57th term, and figures for assets and operating results for the terms from the 57th term are the figures after applying the accounting standard and relevant ASBJ regulations.

(7) Significant subsidiaries

Company name	Capital stock	Equity investment ratio	Principal lines of business
ITO EN SANGYO, LTD.	300 million yen	100.0%	Tea manufacturing and sales
ITO EN KANSAI CHAGYO, LTD.	10 million yen	100.0%	Tea manufacturing and sales
Tully’s Coffee Japan Co., Ltd.	100 million yen	100.0%	Restaurant management and franchise restaurant operation
Chichiyasu Company	100 million yen	100.0%	Processing and sales of milk, and manufacturing and sales of cultured milk, etc.
NEOS Corporation	80 million yen	92.6%	Beverage sales
ITO EN (North America) INC.	US\$ 170.80 million	100.0%	Beverage and tea sales
Mason Distributors, Inc.	US\$ 0 million	[100.0%]	Supplement manufacturing and sales
Distant Lands Trading Co.	US\$ 83.75 million	[100.0%]	Coffee bean cultivation, procurement, processing, manufacture, roasting, sale, etc.
ITO EN (Hawaii) LLC	US\$ 28.80 million	[100.0%]	Beverage manufacturing and sales
ITO EN AUSTRALIA PTY. LIMITED	A\$ 26.70 million	100.0%	Tea manufacturing and sales
ITO EN Asia Pacific Holdings Pte. Ltd.	US\$ 25.50 million	100.0%	Beverage and tea sales

(Note) Equity investment ratios for the Company in square brackets ([]) indicate indirect holding ratios.

The total number of consolidated subsidiaries is 32, including the above significant subsidiaries.

(8) Principal lines of business

The ITO EN Group’s main business is the manufacture, procurement, and sale of green tea and other tea leaf products and tea beverages, vegetable beverages, coffee beverages, and other drink products in Japan and overseas, and its main method of sales is centered on route sales. In addition, the Company also operates a restaurant business.

(9) Major business offices

Offices		Location, etc.
The Company	Head Office	47-10 Honmachi 3-chome, Shibuya-ku, Tokyo, Japan
	Sales offices	177 offices in 29 regions nationwide
	Stores	90 stores nationwide
	Factories	Shizuoka Sagara Factory (Makinohara-shi, Shizuoka) Kobe Factory (Kobe-shi, Hyogo) Hamaoka Factory (Omaezaki-shi, Shizuoka) Fukushima Factory (Fukushima-shi, Fukushima) Okinawa Nago Factory (Nago-shi, Okinawa)
	Research Institute	Central Research Institute (Makinohara-shi, Shizuoka)
Subsidiaries	Domestic sales offices	NEOS Corporation: 66 offices nationwide
	Overseas sales offices	ITO EN (North America) INC. (The United States) Distant Lands Trading Co. (The United States) ITO EN (Hawaii) LLC(The United States) ITO EN Asia Pacific Holdings Pte. Ltd. (Singapore), etc.
	Stores	Tully's Coffee Japan Co., Ltd.: 791 stores nationwide
	Domestic production bases	ITO EN SANGYO, LTD. (Makinohara-shi, Shizuoka and Kumagaya-shi, Saitama) ITO EN KANSAI CHAGYO, LTD. (Kobe-shi, Hyogo) Chichiyasu Company (Hatsukaichi-shi, Hiroshima), etc.
	Overseas production bases	ITO EN AUSTRALIA PTY. LIMITED (Australia) Distant Lands Trading Co. (The United States), etc.

(10) Status of employees (as of April 30, 2024)**(i) Number of employees of the corporate group**

Business segment	Number of employees	Increase/decrease from the previous fiscal year-end
Tea Leaves and Beverages Business	6,844	Increase by 10
Restaurant Business	871	Increase by 11
Others	214	Decrease by 20
Total	7,929	Increase by 1

(Note) The above numbers of employees do not include 22 persons seconded to other companies and 10,972 temporary employees (temporary employees, contract employees, and part-time employees). In addition, the numbers include 3 persons seconded from another company.

(ii) Number of employees of the company preparing the Business Report

Number of employees	Increase/decrease from the previous fiscal year-end	Average age	Average years of service
5,226	Increase by 21	41.5 years old	17.7 years

(Note) The above numbers of employees do not include 120 persons seconded to other companies and 1,515 temporary employees (temporary employees, contract employees, and part-time employees). In addition, the numbers include 32 persons seconded from another company.

2. Status of shares of the Company (as of April 30, 2024)

(1) Total number of authorized shares

Common stock 200,000,000 shares

Class-A preferred stock 200,000,000 shares

(2) Total number of issued shares

Common stock 89,212,380 shares (including 939,878 treasury stock)

Class-A preferred stock 34,246,962 shares (including 2,943,655 treasury stock)

(3) Number of shareholders

Common stock 88,417 (Increase by 26,967 from the previous fiscal year-end)

Class-A preferred stock 76,471 (Increase by 8,600 from the previous fiscal year-end)

(4) Major shareholders

Name of shareholder	Number of shares held			Shareholding ratio
	Common stock	Class-A preferred stock	Total	
	Thousands of shares	Thousands of shares	Thousands of shares	%
Green Core Co., Ltd.	17,603	5,895	23,498	19.65
The Master Trust Bank of Japan, Ltd. (Trust account)	10,183	68	10,252	8.57
Honjo International Scholarship Foundation	5,200	1,560	6,760	5.65
Hachiro Honjo	2,446	882	3,329	2.78
The Bank of New York 134104	–	2,243	2,243	1.88
ITO EN Employees' Shareholding Association	1,979	233	2,212	1.85
Toyo Seikan Group Holdings, Ltd.	1,955	126	2,081	1.74
Resona Bank, Limited	1,933	–	1,933	1.62
Custody Bank of Japan, Ltd. (Trust Account)	1,912	–	1,912	1.60
The Bank of New York Mellon (International) Limited 131800	1,477	–	1,477	1.24

(Notes)

1. The Company holds 3,883 thousand treasury stock (939 thousand shares of common stock and 2,943 thousand shares of Class-A preferred stock), but is excluded from the major shareholders listed above.
2. Shareholding ratio is calculated with the exclusion of treasury stock.

(5) Other important matters regarding shares

The Company acquired treasury stock as follows based on the resolution of the meeting of the Board of Directors held on November 29, 2023.

Class and number of shares acquired:	Class-A preferred stock	1,500,000 shares
Total acquisition amount:	2,808 million yen	
Acquisition period:	From December 4, 2023 to April 15, 2024	

3. Matters regarding share acquisition rights, etc. of the Company

(1) Status of share acquisition rights, etc. held by officers of the Company delivered as consideration for their execution of duties as of the final day of the fiscal year ended April 30, 2024

Name	Second series of share acquisition rights of ITO EN, LTD.	13th series of share acquisition rights of ITO EN, LTD.
Number of holders Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	3	1
Date of resolution on issuance	July 28, 2004	October 26, 2018
Exercise period for share acquisition rights	From September 1, 2004 to August 31, 2034	From September 1, 2019 to August 31, 2024
Number of share acquisition rights	873	45
Class of shares underlying share acquisition rights	Common stock of the Company	Common stock of the Company
Number of shares underlying share acquisition rights	226,980 shares	4,500 shares
Issuance price of share acquisition rights	Gratis	Gratis
Amount to be paid in upon exercise of share acquisition rights	1 yen	1 yen

Name	14th series of share acquisition rights of ITO EN, LTD.	15th series of share acquisition rights of ITO EN, LTD.
Number of holders Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	2	4
Date of resolution on issuance	October 25, 2019	October 26, 2022
Exercise period for share acquisition rights	From September 1, 2020 to August 31, 2025	From September 1, 2023 to August 31, 2028
Number of share acquisition rights	67	91
Class of shares underlying share acquisition rights	Common stock of the Company	Common stock of the Company
Number of shares underlying share acquisition rights	6,700 shares	9,100 shares
Issuance price of share acquisition rights	Gratis	Gratis
Amount to be paid in upon exercise of share acquisition rights	1 yen	1 yen

(2) Status of share acquisition rights delivered to employees, etc. as consideration for the execution of duties during the fiscal year ended April 30, 2024

Not applicable.

4. Matters regarding company officers

(1) Directors

Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Chairman of the Board and CEO	Hachiro Honjo	Chairman of the Board of ITO EN (North America) INC. Chairman of the Board of ITO EN (Hawaii) LLC Director of ITO EN AUSTRALIA PTY. LIMITED Chairman of the Board of ITO EN Asia Pacific Holdings Pte. Ltd. Chairman of the Board of Mason Distributors, Inc.
President and Executive Officer	Daisuke Honjo	Chairman of the Board of Distant Lands Trading Co. Director of ITO EN Asia Pacific Holdings Pte. Ltd.
Executive Vice President, Representative Director and Executive Officer	Shusuke Honjo	CDO In charge of Marketing Division General Manager of Sales Control Headquarters Director of ITO EN Asia Pacific Holdings Pte. Ltd. Representative Director of Tully's Coffee Japan Co., Ltd. Representative Director of Chichiyasu Company
Director, Vice Chairman and Executive Officer	Minoru Watanabe	In charge of Administration Division, International Division, and Group Management Promotion Director of ITO EN (North America) INC. Director of Distant Lands Trading Co. Director of ITO EN (Hawaii) LLC Director of ITO EN AUSTRALIA PTY. LIMITED Director of ITO EN Asia Pacific Holdings Pte. Ltd. Chairman of the Board and CEO of NEOS Corporation Director of Mason Distributors, Inc.
Director and Senior Managing Executive Officer	Yoshihisa Nakano	CSO In charge of Logistics Division General Manager of Production Division
Director and Senior Managing Executive Officer	Shigeru Kamiya	In charge of National Distribution Sales Division, National Retailer Sales Division and General Planning Division
Director and Executive Officer	Yosuke Jay Oceanbright Honjo	In charge of U.S. businesses President & CEO of ITO EN (North America) INC. CEO of Distant Lands Trading Co. CEO of ITO EN (Hawaii) LLC
Director and Senior Managing Executive Officer	Atsushi Hirata	CHRO In charge of Compliance and Internal Control General Manager of Administration Division
Director	Hideo Takano	Councilor of Japan Retailers Association
Director	Keiko Abe	Professor Emeritus of The University of Tokyo Outside Director of Taiyo Kagaku Co., Ltd.
Director (Full-Time Audit and Supervisory Committee Member)	Kiyoshi Kondo	
Director (Audit and Supervisory Committee Member)	Yuichi Usui	Representative of Usui Firm Outside Corporate Auditor of OHSO FOOD SERVICE CORP.
Director (Audit and Supervisory Committee Member)	Hitoshi Yokokura	Partner attorney of Waseda Legal Commons, LPC Outside Director of Credit Saison Co., Ltd. Outside Corporate Auditor, Yoshinoya Holdings Co., Ltd.

(Notes)

1. In accordance with the resolution of the 58th Annual General Meeting of Shareholders held on July 26, 2023, the Company has transitioned to a company with an Audit and Supervisory Committee as of the same date.
2. Directors Hideo Takano and Keiko Abe are Outside Directors as defined in Article 2, Item 15 of the Companies Act.
3. Directors (Audit and Supervisory Committee Members) Yuichi Usui and Hitoshi Yokokura are Outside Directors as defined in Article 2, Item 15 of the Companies Act.
4. There are no special relationships that are required to be disclosed between firms where outside officers hold significant concurrent positions and the Company.

5. The Company has registered Directors Hideo Takano, Keiko Abe, and Directors (Audit and Supervisory Committee Members) Yuichi Usui and Hitoshi Yokokura as independent officers with the Tokyo Stock Exchange.
6. Director (Audit and Supervisory Committee Member) Hitoshi Yokokura possesses considerable knowledge regarding finance, accounting and legal affairs as a Certified Public Accountant and an attorney.
7. Summary of the details of a directors and officers liability insurance policy
 In accordance with Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a directors and officers liability insurance policy (D&O insurance policy), in which Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and the ITO EN Group are insureds. The insurance policy covers losses that may result from the directors and officers being liable for their performance of duties. However, there are certain reasons for coverage exclusion, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations.
 Insured persons who are Directors of the Company (excluding Outside Directors) partially pay their own insurance premiums. For other insured persons, the Company bears the full amount of insurance premiums. The policy period is one year, and the Company plans to renew the policy after a resolution by the Board of Directors before the expiration of the policy.
8. The Company has entered into contracts with Directors Hideo Takano and Keiko Abe, and Directors (Audit and Supervisory Committee Members) Kiyoshi Kondo, Yuichi Usui and Hitoshi Yokokura to limit their liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this contract shall be the amount stipulated by laws and regulations.
 A similar agreement had also been entered into with Mr. Yutaka Tanaka, who resigned as Director (Audit and Supervisory Committee Member), effective December 1, 2023.
9. Effective December 1, 2023, Director (Audit and Supervisory Committee Member) Yutaka Tanaka left his position due to resignation. His important concurrent position at the time of his retirement from the Company was Head of Tanaka Tax Certified Accountant Office. He was also qualified as tax accountant and had considerable knowledge of finance and accounting.
10. The Company has a Full-Time Audit and Supervisory Committee Member for the purpose of collecting information and enhancing the effectiveness of audits, including continuous and effective attendance at important meetings other than Board of Directors meetings.
11. Changes in Directors from the fiscal year ended April 30, 2024
 Position and responsibilities in the Company and significant concurrent positions outside the Company for Directors as of May 1, 2024 are as follows.

Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Director Honorary Chairman of the Board	Hachiro Honjo	Chairman of the Board of ITO EN (North America) INC. Chairman of the Board of ITO EN (Hawaii) LLC Director of ITO EN AUSTRALIA PTY. LIMITED Chairman of the Board of ITO EN Asia Pacific Holdings Pte. Ltd. Chairman of the Board of Mason Distributors, Inc.
Director Senior Managing Executive Officer	Shigeru Kamiya	General Planning Division, in charge of Special Assignments

(2) Remuneration for Directors and Audit & Supervisory Board Members

Category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of eligible Directors and Audit & Supervisory Board Members (persons)
		Fixed remuneration	Variable remuneration		
			Performance-linked remuneration	Share-based remuneration	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	529	445	–	84	8
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	10	10	–	–	1
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	3	–	–	1
Outside Directors (excluding Outside Audit and Supervisory Committee Members)	27	27	–	–	5
Outside Directors (Audit and Supervisory Committee Members)	19	19	–	–	3
Outside Audit & Supervisory Board Members	8	8	–	–	3

(Notes)

- As of the end of the fiscal year ended April 30, 2024, there were 10 Directors and three Directors (Audit and Supervisory Committee Members).
- The above includes three Directors (all Outside Directors) and four Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) who retired at the conclusion of the 58th Annual General Meeting of Shareholders held on July 26, 2023. The Company has adopted the “Company with Audit and Supervisory Committee System” as of the same date, and the amount paid and the number for the one person who newly assumed the position of Outside Director (Audit and Supervisory Committee Member) after retiring from the position of Outside Audit & Supervisory Board Member at the conclusion of the said General Meeting of Shareholders are included in the figures for Outside Audit & Supervisory Board Members for the term of office as an Outside Audit & Supervisory Board Member, and in the figures for Outside Directors (Audit and Supervisory Committee Members) for the term of office as an Outside Director (Audit and Supervisory Committee Member).
The amount paid and the number for the two persons who retired as Outside Directors (excluding Audit and Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders and were newly appointed as Outside Directors (Audit and Supervisory Committee Members) are included in the figures for Outside Directors (excluding Audit and Supervisory Committee Members) for the term of office as Outside Directors (excluding Audit and Supervisory Committee Members), and in the figures for Outside Directors (Audit and Supervisory Committee Members) for the term of office as Outside Directors (Audit and Supervisory Committee Members).
- The total amount of the remuneration for Directors (excluding Audit and Supervisory Committee Members and Outside Directors) does not include employee salary paid to Directors serving concurrently as employees.

4. The business results related to the performance-linked remuneration are as shown in “(6) Trends in assets and operating results” on page 22.
5. Matters regarding resolutions of the General Meeting of Shareholders on remuneration, etc. of Directors
 The maximum amount of monetary remuneration for Directors before the transition to a company with an Audit and Supervisory Committee is 100 million yen per month based on the resolution of the 27th Annual General Meeting of Shareholders held on July 29, 1992. The number of Directors as of the conclusion of the relevant General Meeting of Shareholders is nineteen (19). The maximum amount of remuneration and the maximum number of shares for performance-linked remuneration separate to monetary remuneration are 100 million yen per year and 32,000 shares of common stock, respectively, in accordance with the resolution of the 46th Annual General Meeting of Shareholders held on July 26, 2011. The number of Directors as of the conclusion of the relevant General Meeting of Shareholders is twenty-one (21). The maximum amount of monetary remuneration for Audit & Supervisory Board Members is 6 million yen per month based on the resolution of the 27th Annual General Meeting of Shareholders held on July 29, 1992. The number of Audit & Supervisory Board Members as of the conclusion of the relevant General Meeting of Shareholders is three (3).
 In addition, the maximum amount of monetary remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) after the transition to a company with an Audit and Supervisory Committee is 1,200 million yen per year (including 100 million yen for Outside Directors) based on the resolution of the 58th Annual General Meeting of Shareholders held on July 26, 2023. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) as of the conclusion of this General Meeting of Shareholders is ten (10) (including two (2) Outside Directors). The maximum amount of remuneration and the maximum number of shares for performance-linked remuneration separate to monetary remuneration are 200 million yen per year (not including the employee’s salary for Directors who concurrently serve as employees) and 48,000 shares of common stock, respectively, in accordance with the resolution of the 58th Annual General Meeting of Shareholders held on July 26, 2023. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) as of the conclusion of this General Meeting of Shareholders is ten (10) (including two (2) Outside Directors), and the number of eligible Directors is seven (7). The maximum amount of monetary remuneration for Directors who are Audit and Supervisory Committee Members is 72 million yen per year based on the resolution of the 58th Annual General Meeting of Shareholders held on July 26, 2023. The number of Directors who are Audit and Supervisory Committee Members as of the conclusion of the relevant General Meeting of Shareholders is four (4).
6. The amount of the above-stated share-based remuneration is 33 million yen in an amount expensed during the fiscal year under review in relation to share acquisition rights granted in the form of share options to seven (7) Directors (excluding Audit & Supervisory Board Members and Outside Directors) and 50 million yen in an amount expensed during the fiscal year under review in relation to share-based remunerations granted in the form of restricted stock to six (6) Directors (excluding Audit and Supervisory Committee Members and Outside Directors).
7. Retirement benefits for officers were discontinued in July 2002.

(3) Policy for determining the remuneration for Directors

As of July 26, 2023, the Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee, and at the Board of Directors meeting held on July 26, 2023, the Company revised its policy for determining Directors’ remuneration, etc. as follows.

Remuneration for Directors is deliberated by the Nomination & Remuneration Committee, a majority of which is composed of Independent Outside Directors, in order to ensure objectivity and transparency in compliance with the Company’s basic views on corporate governance and its basic policy on remuneration. The Board of Directors determines the remuneration for Directors respecting the report of the Nomination & Remuneration Committee.

Remuneration for Directors shall be determined separately between Directors who are Audit and Supervisory Committee Members and those who are not by a resolution of the General Meeting of Shareholders within the range of remuneration limit resolved at the General Meeting of Shareholders.

The Nomination & Remuneration Committee deliberates on the remuneration of individual Directors in accordance with the Company’s basic policy and the evaluation of the remuneration based on the remuneration standards, and the Board of Directors makes decisions respecting the report of the Nomination & Remuneration Committee.

- (a) Basic policy
1. Remuneration shall be 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 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.
- (b) Composition of the remuneration
1. Remuneration for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) shall comprises fixed remuneration and variable remuneration, with fixed remuneration comprising approximately 65% and variable remuneration approximately 35% (approximately 20% of performance-linked remuneration and approximately 15% of share-based remuneration).
 2. Remuneration for Outside Directors and Directors who are Audit and Supervisory Committee Members shall be fixed remuneration only.

Composition

← Fixed remuneration →	← Variable remuneration →	
<u>Base remuneration</u> <u>(Monetary remuneration)</u> <u>(65% ±10%)</u>	<u>Performance-linked remuneration</u> <u>(Monetary remuneration)</u> <u>(20% ±5%)</u>	<u>Share-based remuneration</u> <u>(Restricted stock compensation)</u> <u>(15% ±5%)</u>

- (i) Fixed remuneration
- Fixed remuneration shall be the basic reward paid in cash according to positions and roles, which shall be paid, in principle, monthly.
- (ii) Variable remuneration
- Performance-linked remuneration is monetary remuneration determined based on performance assessment for the applicable period, which, in principle, paid monthly.
- Share-based remuneration is paid for the purpose of promoting interest and further encouraging motivation and morale in raising the share price and improving business performance by increasing the link between remuneration and the share price of the Company’s stock and placing Directors in a position to share the value of impact of share price fluctuations with shareholders. Directors concurrently serving as Executive Officers shall be given common stock of the Company as restricted stock once a year depending on their positions and roles during the applicable 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 are “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).”

(4) Major activities of outside officers during the fiscal year

Item	Name	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings	Attendance at Audit & Supervisory Board meetings	Summary of duties performed by outside officers regarding the expected roles
Director	Hideo Takano	12/12	–	–	Mr. Hideo Takano views an overall picture of the management of the Group and has offered opinions, advice and proposals that contribute to the enhancement of the Group's corporate value, from a standpoint independent of the Board of Directors and the management of the Company. In particular, he has substantially fulfilled the role expected of him by providing highly effective supervision of the management of the Company, offering opinions by leveraging his years of experience and broad insight gained as he has been deeply engaged in providing support for the management of various companies.
Director	Keiko Abe	11/12	–	–	Ms. Keiko Abe views an overall picture of the management of the Group and has offered opinions, advice and proposals that contribute to the enhancement of the Group's corporate value, from a standpoint independent of the Board of Directors and the management of the Company. In particular, she has usefully fulfilled her role in the research field, which influenced the medium- to long-term management, by offering opinions, leveraging her extensive experience and expert knowledge in the research of food functionality. She has also contributed to the fair and transparent management of the Nomination & Remuneration Committee as a member of the committee.
Director (Audit and Supervisory Committee Member)	Yuichi Usui	12/12	9/9	–	Mr. Yuichi Usui views an overall picture of the management of the Group and has offered opinions, advice and proposals that contribute to the enhancement of the Group's corporate value, from a standpoint independent of the Board of Directors and the management of the Company. In particular, he has substantially fulfilled the role expected of him by identifying risks and providing highly effective supervision of the management of the Company by leveraging his years of experience and broad insight as a policeman, as well as his experience as a corporate manager. He has also contributed to the fair and transparent management of the Nomination & Remuneration Committee as a member of the committee.
Director (Audit and Supervisory Committee Member)	Yutaka Tanaka	7/7	5/5	–	Mr. Yutaka Tanaka viewed an overall picture of the management of the Group and had offered opinions, advice and proposals that contribute to the enhancement of the Group's corporate value, from a standpoint independent of the Board of Directors and the management of the Company. In particular, he had substantially fulfilled the role expected of him by offering opinions that leverage his expertise and broad knowledge and experience as a certified tax accountant. He has also performed his duties and contributed the fair and transparent management of the Nomination & Remuneration Committee by utilizing his wealth of experience and achievements made when he served as Outside Audit & Supervisory Board Member of the Company.

Item	Name	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings	Attendance at Audit & Supervisory Board meetings	Summary of duties performed by outside officers regarding the expected roles
Director (Audit and Supervisory Committee Member)	Hitoshi Yokokura	12/12	9/9	3/3	Mr. Hitoshi Yokokura views an overall picture of the management of the Group and has offered opinions, advice and proposals that contribute to the enhancement of the Group's corporate value, from a standpoint independent of the Board of Directors and the management of the Company. In particular, he has substantially fulfilled the role expected of him by offering opinions that leverage his expertise and broad knowledge and experience as a certified public accountant and an attorney. He has also contributed to the fair and transparent management of the Nomination & Remuneration Committee as a member of the committee.

(Notes)

1. As of the conclusion of the 58th Annual General Meeting of Shareholders held on July 26, 2023, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee. The above shows the state of attendance in the fiscal year under review for the Audit & Supervisory Board meetings before the transition and the Audit and Supervisory Committee meeting after the transition.
2. The status of Outside Director Yutaka Tanaka is shown until his retirement by resignation on December 1, 2023.

5. Accounting Auditor

(1) Name KPMG AZSA LLC

(2) Amount of remuneration

Item	Amount paid
Amount of remuneration for Accounting Auditor for the fiscal year	78 million yen
Total of money and other economic benefits that the Company and subsidiaries should pay to Accounting Auditor	110 million yen

(Notes)

1. Under the audit agreement between the Company and the Accounting Auditor, remuneration, etc. for audits pursuant to the Companies Act and remuneration, etc. for audits pursuant to the Financial Instruments and Exchange Act are not explicitly distinguished, and otherwise cannot practically be separated. Consequently, the amount of remuneration for the Accounting Auditor for the fiscal year reflects the total remuneration for these types of audit.
2. The Audit and Supervisory Committee judged the amount of remuneration, etc. for the Accounting Auditor to be appropriate and consented as provided for in Article 399, Paragraph 1 of the Companies Act after fully examining details explained by the Accounting Auditor such as the number of days and allocation of personnel in the financial audit plans for the current fiscal year, the verification and evaluation of the results of the audit in the previous fiscal year, the appropriateness of the execution of audits by the Accounting Auditor, and the grounds for calculated estimates forming the basis for the remuneration.
3. Of the Company's significant subsidiaries, overseas subsidiaries are audited by audit corporations (including entities overseas with qualifications equivalent to those of a Japanese audit corporation) other than the Company's Accounting Auditor.

(3) Details of non-audit operations

The Company pays to the Accounting Auditor a consideration for the preparation of comfort letters.

(4) Policy for determining of the dismissal or non-reappointment of Accounting Auditor

The Audit and Supervisory Committee shall dismiss the Accounting Auditor, based on the consent of all Audit and Supervisory Committee Members, in the event the Accounting Auditor is deemed to fall under any of the cases set forth in each item of Article 340, Paragraph 1 of the Companies Act. In this case, an Audit and Supervisory Committee Member appointed by the Audit and Supervisory Committee shall report on the decision of dismissal and its reasons at the first General Meeting of Shareholders convened after the dismissal. In addition, the Audit and Supervisory Committee shall determine the content of proposals to be submitted to the General Meeting of Shareholders with regard to dismissal or non-reappointment of the Accounting Auditor in cases when it is judged necessary after comprehensively considering the status of the execution of duties by the Accounting Auditor and other factors.

6. Systems to ensure the adequacy of operations and the operational status of these systems

The Company has developed the following systems to ensure the adequacy of operations pursuant to the provisions of the Companies Act and the Regulation for Enforcement of the Companies Act.

Furthermore, pursuant to provisions concerning the “evaluation of the system for ensuring the appropriateness of documents and other information related to financial accounting” in the Financial Instruments and Exchange Act, the Company has created development and operational systems to ensure that internal control systems are operated appropriately, including at Group companies, in order to ensure that internal control reports are submitted with securities reports, and receive audit certification from the Accounting Auditor.

(1) Basic views on corporate governance

Based on the group management principle of “Always Putting the Customers First,” the Company is committed to fulfilling our corporate social responsibility in order to achieve sustainable growth and increase corporate value, proactively in cooperation with the government, local communities, consumers, shareholders, retailers, suppliers, sales partners, financial institutions, employees, and other stakeholders, and will make it a fundamental approach. The management principle above is the basic concept of the Group’s corporate ethics and the unchanging truth that supports our corporate governance. Every officer and employee of the Group is actively promoting concerted efforts to achieve a sustainable society and strives to repay the trust of all stakeholders.

Based on this principle, as a “Health Creation Company,” the Group aims to achieve its long-term vision of becoming a “Global Tea Company.” The Group will also work to further strengthen corporate governance, leading to sustainable growth and medium- to long-term enhancement of corporate value through our contributions to the health of customers around the world.

The Company has made the transition from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee following a resolution at the Annual General Meeting of Shareholders held on July 26, 2023 to amend its Articles of Incorporation to make the transition to a company with an Audit and Supervisory Committee in order to strengthen the supervisory function of the Board of Directors and further enhance corporate governance.

As a company with an Audit and Supervisory Committee, in order to conduct appropriate corporate governance, Audit and Supervisory Committee Members implement audits by checking with the representative directors, the directors in charge, the executive officers, and the employees of ITO EN Group companies about their respective business conditions, decision-making processes, and other matters.

Audit and Supervisory Committee Members attend each meeting of the Board of Directors, offering objective and fair advice on the status of audits for overall corporate affairs and each item of business, and audit business execution by the Directors in accordance with the audit policy stipulated by the Audit and Supervisory Committee.

(2) Systems to ensure that the Group’s Directors and employees execute duties in compliance with laws and regulations and the Articles of Incorporation

- (i) The Board of Directors has passed a resolution of the “ITO EN Group Code of Conduct” pertaining to the compliance system, and the Company has made the Code of Conduct a basic policy for the Group’s Directors and employees to take action in compliance with laws and regulations, the Articles of Incorporation and corporate ethics.
- (ii) The Company has established a Compliance Committee, which is chaired by a Director appointed by the President, and an administrative office for the Committee in the Compliance Section of the Legal Department to enhance the effectiveness of the compliance system of the ITO EN Group based on the ITO EN Group Code of Conduct.
- (iii) The Company has set contact points inside and outside the company as a means for employees, etc. to be able to directly provide information on acts that run counter to laws and regulations and compliance.

(3) Systems to store and manage information on the execution of duties by Directors

- (i) During the storage period of information on the execution of duties by Directors that is provided for by laws and regulations and internal regulations, the Company records and stores the information in documents or electromagnetic media in a searchable state and maintains a state to allow the Directors to inspect the information.
- (ii) Unless otherwise provided for by laws and regulations, the storage period of documents above shall be dependent on the type of each document specified by the Documents Handling Regulations.

(4) Regulations concerning the Group's management of risk of loss and other systems

- (i) In order to develop the Group's risk management system, the Company has established Risk Management Regulations and a Risk Management Committee chaired by the President.
- (ii) The Risk Management Committee monitors the status of the Group's risk information and responses, and reports to the Board of Directors on the identification and evaluation of material risks and responses, etc. such as avoidance, reduction, etc. of such risks.
- (iii) The Company has established committees, etc., for each risk area, such as compliance, sustainability, quality, and disaster prevention, and has a system in place to coordinate with the Risk Management Committee.
- (iv) The Company has developed a system to minimize damages when an unforeseen situation occurs by establishing a task force headed by the President to prevent the expansion of damages by taking prompt measures.

(5) Systems to ensure the efficient execution of duties by Directors

- (i) With the Board of Directors and the Executive Board as the basis of these systems, the Company holds meetings of these boards once a month, in principle, and on a temporary basis, as needed.
- (ii) Within the Company, each department in charge executes operations based on decisions of the Board of Directors according to the division of duties and the Authority Regulations, and the Directors in charge check the execution of operations as needed.

(6) Systems to ensure the adequacy of operations in the Group

- (i) The Company has established the "ITO EN Group Code of Conduct" to ensure the compliance system in the Group companies and prepared a whistleblowing desk inside and outside the company for the employees, etc. to provide information on acts, such as a violation of any law and regulation by a Group company or the Company, directly to the Company.
- (ii) For the business management of the Group companies, the Company has established management systems and management standards in the Affiliates Management Regulations, and they are reported and examined at a conference, etc. that is held regularly. Important matters are determined by resolution of the Board of Directors of the Company.
- (iii) The Internal Auditing Department conducts audits on the internal control system of the Company and the Group companies and reports the audit results to the President, the Board of Directors and the Audit and Supervisory Committee.

(7) Matters concerning employees to assist the duties of the Audit and Supervisory Committee, matters concerning the independence of such employees from Directors who are not Audit and Supervisory Committee Members, and matters concerning the assurance of the effectiveness of instructions given to such employees by the Audit and Supervisory Committee

- (i) The Company assigns the necessary Audit and Supervisory Committee staff to the Internal Auditing Department to assist the Audit and Supervisory Committee in its duties.
- (ii) Audit and Supervisory Committee staff assist the Audit and Supervisory Committee in its duties under the direction and orders of the Audit and Supervisory Committee, and are not subject to the direction and orders of Directors (excluding Directors who are Audit and Supervisory Committee Members) or others.
- (iii) The Company ensures independence from Directors (excluding Directors who are Audit and Supervisory Committee Members) by obtaining the consent of the Audit and Supervisory Committee for the appointment, evaluation, transfer, etc. of Audit and Supervisory Committee staff.

(8) Systems for the Group's Directors and employees to report to the Audit and Supervisory Committee and other systems to report to the Audit and Supervisory Committee

- (i) The Group's Directors and employees appropriately report important issues that could have a major impact on the execution of operations and the management to the Audit and Supervisory Committee.
- (ii) The Audit and Supervisory Committee may ask the Group's Directors and employees for a report, as needed.
- (iii) The Company prohibits treating the Group's Directors and employees who make a report to the Audit and Supervisory Committee disadvantageously as a result.

(9) Systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

- (i) The Audit and Supervisory Committee exchanges information and opinions with the President, the Internal Auditing Department and the Accounting Auditor to enhance their audit work.

- (ii) When the Audit and Supervisory Committee recognizes that there is a problem in the development and operation of the Company's internal control, it may express opinions at a meeting of the Board of Directors and ask for the implementation and reporting of improvement measures.
- (iii) The Company will secure a system for the violation of laws and regulations and other compliance problems in the Group to be reported appropriately to the Audit and Supervisory Committee.
- (iv) When the Audit and Supervisory Committee requests the advance payment of expenses necessary for the execution of its duties, the Company appropriately processes the expenses or payables.
- (v) In order to ensure audit independence and maintain an effective and efficient audit system, in the event of a conflict between the instructions of the President and the instructions of the Audit and Supervisory Committee in directing auditing functions, the latter takes precedence.

(10) Overview of operational status

The Company made the "ITO EN Group Code of Conduct" as its operational guidelines for day-to-day operations. The Company also distributed copies of its handbook to officers and employees and made efforts to increase awareness of it, while at the same time conducting education related to compliance as appropriate.

The Compliance Committee, which is led by a Director appointed by the President, met four times, while the Internal Control Promotion Committee met four times. At these meetings, the committees confirmed and discussed issues related to compliance systems and internal controls at the Company and measures to respond to these issues, in a cross-sectional manner.

In terms of information security, the Company formulated and put into effect the Basic Regulations on Information Security, to ensure that electronic information assets are appropriately stored and managed.

For quality risks, the Product Risk Control Committee met four times to deliberate risks related to products manufactured and sold by the Company and measures for addressing those risks.

The Board of Directors met 12 times and the Executive Board met 11 times in the fiscal year ended April 30, 2024. At these meetings, important matters related to the execution of operations were discussed and determined, and the execution of duties at ITO EN Group companies was supervised. All Audit and Supervisory Committee Members attend meetings of the Board of Directors. The Full-Time Audit and Supervisory Committee Member also attends meetings of the Executive Board.

The Internal Auditing Department audited the Company and ITO EN Group companies, and gave directions for improvement as necessary, after reporting the results of the audit to the President and the Audit and Supervisory Committee as necessary.

7. Basic policies related to control of the Company

At the time of submission of this Business Report, the Company has not introduced any takeover countermeasures. This is because it cannot be guaranteed that takeover countermeasures would function effectively, and there is a risk that the introduction of such measures would cause the share price to fall and conversely increase the risk of takeover. The Company believes that it is important to form close relationships with all stakeholders, increase business performance, ensure that stakeholders form a deep understanding of the Company, and always increase corporate value.

8. Policy on decisions on dividends and other appropriation of surplus

Our basic policy regarding earnings distribution is to assure stable distribution of dividends.

In addition, in order to facilitate agile capital policies in response to changes in the corporate environment, the Company appropriately purchases treasury stock, while taking into consideration its financial position, trends in the share price, and other factors.

Under these policies, the Company paid an interim dividend of 21 yen per share of common stock, and 27 yen per share of Class-A preferred stock.

In addition, the annual dividend for the fiscal year ended April 30, 2024, including the interim dividend, will amount to 42 yen per share of common stock and 54 yen per share of Class-A preferred stock.

Furthermore, the Company intends to actively return retained earnings to shareholders through future business development, by utilizing retained earnings for investments to enhance corporate value, etc., and endeavoring to increase corporate value, i.e., increase the value of shareholders' investment.

(Note) Monetary amounts and numbers of shares less than the units used for display purposes have been rounded down in this Business Report.

Non-consolidated Balance Sheet

(As of April 30, 2024)

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Current assets	186,697	Current liabilities	73,010
Cash and deposits	84,461	Accounts payable - trade	23,937
Notes receivable - trade	67	Short-term loans payable	13,500
Accounts receivable - trade	52,895	Lease obligations	936
Merchandise and finished goods	28,992	Accounts payable - other	1,448
Raw materials and supplies	8,553	Accrued expenses	25,209
Prepaid expenses	3,028	Income taxes payable	3,534
Short-term loans receivable from subsidiaries and associates	739	Unearned revenue	14
Accounts receivable - other	7,491	Provision for bonuses	3,415
Other	480	Other	1,013
Allowance for doubtful accounts	(12)	Non-current liabilities	49,611
Non-current assets	107,124	Bonds payable	10,000
Property, plant and equipment	45,497	Long-term loans payable	29,250
Buildings	10,567	Lease obligations	1,458
Structures	204	Provision for retirement benefits	6,395
Machinery and equipment	2,014	Deferred tax liabilities for land revaluation	719
Vehicles	15	Other	1,788
Tools, furniture and fixtures	12,538		
Land	15,182	Total liabilities	122,622
Leased assets	3,686	Net assets	
Construction in progress	1,288	Shareholders' equity	175,486
Intangible assets	4,147	Capital stock	19,912
Leasehold interests in land	80	Capital surplus	20,201
Trademark right	875	Legal capital surplus	5,000
Software	2,772	Other capital surplus	15,201
Telephone subscription right	89	Retained earnings	144,853
Other	329	Legal retained earnings	1,320
Investments and other assets	57,479	Other retained earnings	143,533
Investment securities	4,331	Reserve for tax purpose reduction entry of non-current assets	523
Shares of subsidiaries and associates	37,420	General reserve	124,616
Investments in capital	9	Retained earnings brought forward	18,393
Investments in capital of subsidiaries and associates	1,051	Treasury shares	(9,480)
Long-term loans receivable from subsidiaries and associates	3,150	Valuation and translation adjustments	(4,392)
Distressed receivables	25	Valuation difference on available-for-sale securities	1,661
Long-term prepaid expenses	2,013	Revaluation reserve for land	(6,053)
Deferred tax assets	4,216	Share acquisition rights	104
Leasehold and guarantee deposits	1,879		
Business insurance premiums	1,777	Total net assets	171,199
Other	1,702		
Allowance for doubtful accounts	(99)	Total liabilities and net assets	293,821
Total assets	293,821		

(Note) Amounts of less than one million yen are rounded down.

Non-consolidated Statement of Income

(From May 1, 2023 to April 30, 2024)

(Millions of yen)

Account	Amount	
Net sales		329,069
Cost of sales		208,083
Gross profit		120,985
Selling, general and administrative expenses		102,166
Operating income		18,819
Non-operating income		
Interest and dividend income	1,534	
Foreign exchange gains	996	
Other	609	3,141
Non-operating expenses		
Interest expenses	115	
Interest on bonds	28	
Rent expenses	45	
Depreciation on rental buildings	62	
Loss on cancellation of leases	52	
Other	162	466
Ordinary income		21,493
Extraordinary income		
Gain on sales of non-current assets	1	
Gain on sales of investment securities	116	118
Extraordinary losses		
Loss on abandonment of non-current assets	226	
Loss on valuation of investment securities	172	
Loss on valuation of shares of subsidiaries and associates	923	
Loss on revision of retirement benefit plan	79	1,402
Income before income taxes		20,210
Income taxes - current	6,084	
Income taxes - deferred	312	6,396
Net income		13,813

(Note) Amounts of less than one million yen are rounded down.

Non-consolidated Statement of Changes in Shareholders' Equity

(From May 1, 2023 to April 30, 2024)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			
						Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance as of May 1, 2023	19,912	5,000	15,205	20,205	1,320	524	117,616	16,901	136,362
Changes of items during period									
Dividends of surplus								(5,323)	(5,323)
General reserve							7,000	(7,000)	
Reversal of reserve for tax purpose reduction entry of non-current assets						(1)		1	
Net income								13,813	13,813
Purchase of treasury shares									
Disposal of treasury shares			(3)	(3)					
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	(3)	(3)	-	(1)	7,000	1,492	8,490
Balance as of April 30, 2024	19,912	5,000	15,201	20,201	1,320	523	124,616	18,393	144,853

	Shareholders' equity		Valuation and translation adjustments			Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Valuation and translation adjustments		
Balance as of May 1, 2023	(6,911)	169,568	1,388	(6,053)	(4,664)	134	165,038
Changes of items during period							
Dividends of surplus		(5,323)					(5,323)
General reserve		–					–
Reversal of reserve for tax purpose reduction entry of non-current assets		–					–
Net income		13,813					13,813
Purchase of treasury shares	(2,813)	(2,813)					(2,813)
Disposal of treasury shares	244	240					240
Net changes of items other than shareholders' equity			272		272	(29)	242
Total changes of items during period	(2,569)	5,918	272	–	272	(29)	6,160
Balance as of April 30, 2024	(9,480)	175,486	1,661	(6,053)	(4,392)	104	171,199

(Note) Amounts of less than one million yen are rounded down.

Consolidated Balance Sheet

(As of April 30, 2024)

(Millions of yen)

Assets		Liabilities	
Account	Amount	Account	Amount
Current assets	243,749	Current liabilities	96,665
Cash and deposits	109,313	Accounts payable - trade	31,616
Notes receivable - trade	78	Short-term loans payable	14,442
Accounts receivable - trade	62,352	Lease obligations	1,682
Merchandise and finished goods	43,603	Accrued expenses	31,667
Raw materials and supplies	13,752	Income taxes payable	4,972
Accounts receivable - other	9,711	Provision for bonuses	4,606
Other	5,157	Other	7,677
Allowance for doubtful accounts	(219)	Non-current liabilities	74,010
Non-current assets	110,142	Bonds payable	10,000
Property, plant and equipment	74,036	Long-term loans payable	47,306
Buildings and structures	22,868	Lease obligations	2,572
Machinery, equipment and vehicles	6,044	Net defined benefit liability	7,511
Tools, furniture and fixtures	14,465	Deferred tax liabilities for land revaluation	719
Land	23,154	Other	5,901
Leased assets	4,815		
Construction in progress	2,046	Total liabilities	170,675
Other	641	Net assets	
Intangible assets	7,110	Shareholders' equity	178,141
Goodwill	1,456	Capital stock	19,912
Software	3,250	Capital surplus	18,554
Other	2,403	Retained earnings	149,154
Investments and other assets	28,995	Treasury shares	(9,480)
Investment securities	4,581	Accumulated other comprehensive income	3,342
Deferred tax assets	7,411	Valuation difference on available-for-sale securities	1,849
Other	17,130	Revaluation reserve for land	(6,053)
Allowance for doubtful accounts	(127)	Foreign currency translation adjustment	7,046
		Remeasurements of defined benefit plans	499
		Share acquisition rights	104
		Non-controlling interests	1,627
		Total net assets	183,216
Total assets	353,892	Total liabilities and net assets	353,892

(Note) Amounts of less than one million yen are rounded down.

Consolidated Statement of Income

(From May 1, 2023 to April 30, 2024)

(Millions of yen)

Account	Amount	
Net sales		453,899
Cost of sales		276,832
Gross profit		177,067
Selling, general and administrative expenses		152,044
Operating income		25,023
Non-operating income		
Interest income	451	
Dividend income	89	
Share of profit of entities accounted for using equity method	170	
Gain on prepaid card	175	
Foreign exchange gains	1,088	
Subsidy income	13	
Other	488	
		2,478
Non-operating expenses		
Interest expenses	481	
Other	339	
		820
Ordinary income		26,681
Extraordinary income		
Gain on sales of non-current assets	10	
Gain on donation of non-current assets	3	
Gain on sales of investment securities	158	
		172
Extraordinary losses		
Loss on sales of non-current assets	6	
Loss on abandonment of non-current assets	252	
Impairment loss	1,815	
Loss on valuation of investment securities	172	
Loss on revision of retirement benefit plan	80	
		2,328
Income before income taxes		24,525
Income taxes - current	8,506	
Income taxes - deferred	33	
		8,539
Net income		15,985
Profit attributable to non-controlling interests		335
Profit attributable to owners of parent		15,650

(Note) Amounts of less than one million yen are rounded down.

Consolidated Statement of Changes in Shareholders' Equity

(From May 1, 2023 to April 30, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of May 1, 2023	19,912	18,558	138,827	(6,911)	170,386
Changes of items during period					
Dividends of surplus			(5,323)		(5,323)
Profit attributable to owners of parent			15,650		15,650
Purchase of treasury shares				(2,813)	(2,813)
Disposal of treasury shares		(3)		244	240
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(3)	10,327	(2,569)	7,754
Balance as of April 30, 2024	19,912	18,554	149,154	(9,480)	178,141

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of May 1, 2023	1,693	(6,053)	4,132	429	202	134	1,404	172,128
Changes of items during period								
Dividends of surplus								(5,323)
Profit attributable to owners of parent								15,650
Purchase of treasury shares								(2,813)
Disposal of treasury shares								240
Net changes of items other than shareholders' equity	155	-	2,914	69	3,140	(29)	222	3,333
Total changes of items during period	155	-	2,914	69	3,140	(29)	222	11,087
Balance as of April 30, 2024	1,849	(6,053)	7,046	499	3,342	104	1,627	183,216

(Note) Amounts of less than one million yen are rounded down.

Independent Auditor's Report (Translation)

June 19, 2024

ITO EN, LTD.

To the Board of Directors

KPMG AZSA LLC
Tokyo Office

Kensuke Sodekawa
Certified Public Accountant
Designated Engagement Partner

Hiroto Yamane
Certified Public Accountant
Designated Engagement Partner

Yukihiro Kase
Certified Public Accountant
Designated Engagement Partner

Audit Opinion

We have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, the related notes and the accompanying supplemental schedules (collectively, "non-consolidated financial statements, etc.") of ITO EN, LTD. (the "Company") for the Company's 59th Fiscal Year (May 1, 2023 - April 30, 2024) in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the non-consolidated financial statements, etc. were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Disclosures

Other disclosures consist of the Business Report and the accompanying supplemental schedules. Management is responsible for the preparation and disclosure of the other disclosures. It is also the responsibility of the Audit and Supervisory Committee to monitor Directors' performance of their duties in the development and operation of the reporting process for other disclosures.

Our opinion regarding the non-consolidated financial statements, etc. does not cover other disclosures, and we express no opinion on other disclosures.

Our responsibility in the audit of the non-consolidated financial statements, etc. is to read other disclosures carefully and, in the course of reading, to consider whether there are material differences between other disclosures and the non-consolidated financial statements, etc., or knowledge obtained in the audit, and to pay attention to whether there are any indications of material errors in other disclosures other than such material differences.

If, based on the work performed, we determine that there are material errors in other disclosures, we are required to report those facts.

Regarding other disclosures, there are no required reporting items by us.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, including the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern, and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Board Committee regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Board Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures

taken to eliminate obstruction factors, or safeguards in order to reduce obstruction factors to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor’s Report (Translation)

June 19, 2024

ITO EN, LTD.

To the Board of Directors

KPMG AZSA LLC
Tokyo Office

Kensuke Sodekawa
Certified Public Accountant
Designated Engagement Partner

Hiroto Yamane
Certified Public Accountant
Designated Engagement Partner

Yukihiro Kase
Certified Public Accountant
Designated Engagement Partner

Audit Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders’ equity and the related notes of ITO EN, LTD. (the “Company”) and its consolidated subsidiaries (collectively referred to as the “Group”) for the fiscal year from May 1, 2023 to April 30, 2024 in accordance with Article 444, Paragraph 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Disclosures

Other disclosures consist of the Business Report and the accompanying supplemental schedules. Management is responsible for the preparation and disclosure of the other disclosures. It is also the responsibility of the Audit and Supervisory Board Committee to monitor Directors’ performance of their duties in the development and operation of the reporting process for other disclosures.

Our opinion regarding the consolidated financial statements does not cover other disclosures, and we express no opinion on other disclosures.

Our responsibility in the audit of the consolidated financial statements is to read other disclosures carefully and, in the course of reading, to consider whether there are material differences between other disclosures and the consolidated financial statements or knowledge obtained in the audit, and to pay attention to whether there are any indications of material errors in other disclosures other than such material differences.

If, based on the work performed, we determine that there are material errors in other disclosures, we are required to report those facts.

Regarding other disclosures, there are no required reporting items by us.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, including the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing matters related to going concern as applicable in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, in making those risk assessments, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Board Committee regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Board Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures

taken to eliminate obstruction factors, or safeguards in order to reduce obstruction factors to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and the designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report

The Audit and Supervisory Committee has audited the execution of Directors' duties during the 59th fiscal year from May 1, 2023 to April 30, 2024. The methods and results are reported as follows.

1. Audit methods and results

The Audit and Supervisory Committee regularly received reports from Directors, executive officers, employees, and others on the details of the resolutions of the Board of Directors concerning the matters set forth in Article 399-13, Paragraph 1, Items 1(b) and (c) of the Companies Act and the status of establishment and operation of systems (internal control systems) established in accordance with such resolutions, and requested explanations and expressed opinions as necessary, and conducted audits using the following methods.

- i) The Audit and Supervisory Committee has established the basic audit policy of establishing a good corporate governance system for the Company and the Group, and contributing to sound and sustainable growth and enhancement of societal trust. Following the audit policy, audit plan and allocation of duties established by the Audit and Supervisory Committee for the current period, and in coordination with the Company's Internal Auditing Department, each Audit and Supervisory Committee Member attended Board of Directors meetings and other important meetings, in addition to receiving reports related to performance of duties from Directors, executive officers and employees and requesting explanations as necessary, reviewing important approved documents, and examining the status of operations and status of assets at the Head Office and other principal business locations. With regard to subsidiaries, Audit and Supervisory Committee Members conducted visits to the subsidiaries based on the audit plan and communicated and exchanged information with the Directors, Audit & Supervisory Board Members, etc. of the subsidiaries and received business reports as necessary.
- ii) With regard to the basic policy as set forth in Article 118, Item 3(a) of the Regulation for Enforcement of the Companies Act and included in the Business Report, the contents were considered after taking into account the state of discussions at the Board of Directors and elsewhere. Furthermore, with regard to internal controls over financial reporting, Audit and Supervisory Committee Members received reports from Directors, etc. and the Accounting Auditor on the evaluations of the internal controls and on the status of audits, and requested explanations as necessary.
- ii) In addition to monitoring and verifying whether the Accounting Auditor maintained its independence and conducted appropriate audits, Audit and Supervisory Committee Members received reports from the Accounting Auditor on the status of the execution of its duties, including audit plans, quarterly review results, and year-end audit results, and requested explanations as necessary. In addition, Audit and Supervisory Committee Members attended the on-site inspection of major branch offices conducted by the Accounting Auditor and confirmed the status of execution of duties by the Accounting Auditor. In addition, each Audit and Supervisory Committee Member was notified by the Accounting Auditor that it had established a "system for ensuring that duties are performed properly" (as set forth in each item of Article 131 of the Regulation on Corporate Accounting) in accordance with the "product quality management standards regarding audits" (Business Accounting Council), etc., and requested explanations as necessary.

In accordance with the procedures mentioned above, we have reviewed the Business Report and accompanying supplemental schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in shareholders' equity, and notes to the non-consolidated financial statements) and accompanying supplemental schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements), for the fiscal year ended April 30, 2024.

2. Results of audit

(1) Results of audit of business report

- i) We acknowledge that the Business Report and accompanying supplemental schedules fairly present the status of the Company in conformity with the related laws and regulations and the Articles of Incorporation.

- ii) With respect to directors' performance of their duties, we acknowledge that no instance of misconduct or material fact constituting a violation of any law and regulation nor the Articles of Incorporation was found.
 - iii) We acknowledge that the Board of Directors' resolutions with respect to internal control systems are appropriate. We do not find any matters to be additionally mentioned with respect to the contents of the Business Report and directors' performance of their duties in relation to the internal control systems including internal controls over financial reporting.
 - iv) We acknowledge that the basic policies related to control of the Company included in the Business Report are appropriate.
- (2) Results of audit of financial statements and the accompanying supplementary schedules
We acknowledge that the methods and results of audit performed by the Accounting Auditor, KPMG AZSA LLC, are appropriate.
- (3) Results of audit of consolidated financial statements
We acknowledge that the methods and results of audit performed by the Accounting Auditor, KPMG AZSA LLC, are appropriate.

June 25, 2024

Audit and Supervisory Committee
ITO EN, LTD.
Kiyoshi Kondo (Seal)
Audit and Supervisory Committee Member
Yuichi Usui (Seal)
Audit and Supervisory Committee Member
Hitoshi Yokokura (Seal)
Audit and Supervisory Committee Member

- Notes: 1. Audit and Supervisory Committee Members Yuichi Usui and Hitoshi Yokokura are Outside Directors as defined in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.
2. Because the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee as of the conclusion of the 58th Annual General Meeting of Shareholders held on July 26, 2023, details for the period from May 1, 2023 to July 25, 2023, are based on the matters inherited from the previous Audit & Supervisory Board.