

## Consolidated Financial Results

under Japanese Standards for the Third quarter of the fiscal year ending April 30, 2017 (Unaudited)

Scheduled filing date of quarterly report: March 10, 2017

Scheduled date of commencement of dividend payment: —

Supplementary documents for quarterly results: Yes

Quarterly results presentation (for institutional investors and analysts): None

(Figures are rounded down to million yen.)

### 1. Consolidated Performance Third Quarter of the Fiscal Year Ending April 30, 2017(May 1, 2016 - January 31, 2017)

(1) Consolidated Results of Operations – cumulative (% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen		Million yen		Million yen		Million yen	
1/31/2017	364,618	2.5%	17,329	45.6%	17,575	51.4%	11,564	68.4%
1/31/2016	355,840	8.4%	11,898	54.8%	11,610	50.6%	6,866	72.5%

Note: Comprehensive income 1/31/2017: 12,934 million yen (84.3%) 1/31/2016: 7,017 million yen (10.0%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
1/31/2017	92.77	92.54
1/31/2016	54.51	54.39

Note: The above “Earnings per share” pertains to common stock. For “Earnings per share” for Class-A Preferred Stock, refer to “Reference” below.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	
1/31/2017	280,418	134,855	47.7%
4/30/2016	287,702	127,215	43.9%

Reference: Equity 1/31/2017: 133,774 million yen 4/30/2016: 126,209 million yen.

### 2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2016	—	20.00	—	20.00	40.00
4/30/2017	—	20.00	—		
4/30/2017 (Forecast)				20.00	40.00

Note: Revision of dividends forecast during the current quarterly period: None

Note: The above “Dividend per share” pertains to common stock. For “Dividend per share” for Class-A Preferred Stock, refer to “Reference” below.

### 3. Forecasted Consolidated Results for the Fiscal Year Ending April 30, 2017 (May 1, 2016 - April 30, 2017)

(% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen		Million yen		Million yen		Million yen		Yen
4/30/2017	475,000	2.0%	20,500	18.9%	19,500	29.4%	12,000	39.3%	94.93

Note: Revision of operation results forecast during the current quarterly period: None

Note: The above “Earnings per share” pertains to common stock. For “Earnings per share” for Class-A Preferred Stock, refer to “Reference” below.

## Notes

(1) Changes in important subsidiaries during this quarter

(Changes in specific subsidiaries accompanied by a change in the scope of consolidation): None

(2) Application of special accounting methods in preparation for quarterly consolidated financial statements: Yes

Note: Application of simplified accounting and specific for preparing the quarterly consolidated financial statements.

(3) Changes in accounting policies, changes in accounting estimates, and restatements

i . Changes in accounting policies associated with in accounting standards: Yes

ii . Changes in accounting policies other than i. above: None

iii . Changes in accounting estimates: Yes

iv . Restatements: None

Note: For further information, please refer to “2. Information Regarding “Notes” in Consolidated Summary Report, (3) Changes in Accounting Policies, Changes Accounting Estimate, and Restatements” on page 4 in the Attachments.

(4) Number of outstanding shares (common stock)

i . Number of outstanding shares (including treasury shares) 1/31/2017 89,212,380 shares 4/30/2016 89,212,380 shares

ii . Number of treasury shares 1/31/2017 521,379 shares 4/30/2016 535,579 shares

iii . Average number of shares during the period 1/31/2017 88,680,982 shares 1/31/2016 88,676,801 shares

Note: The above “Number of outstanding shares” pertains to common stock. For “Number of outstanding shares” for Class-A Preferred Stock, refer to “Reference” below.

\* Indication of quarterly review procedure implementation status

- This quarterly consolidated financial report is not subject to audit procedure based on Financial Instruments and Exchange Act and the audit procedures for the quarterly consolidated financial statements were not being conducted when this report was disclosed.

\*Note: Request for appropriate use of the business outlook and other special remarks

- The forecasts are based on information available to the management at the time of an announcement. Due to variable factors, actual results may be different from the forecast figures. For the basis of presumption of the forecasted operation results and the notes on its use, refer to “(3) Explanations Regarding Forecasts for Consolidated Results and Future Outlook” on page 3.

## Reference

### (1) Earnings per Share – Class-A Preferred Stock (May 1, 2016 - January 31, 2017)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
1/31/2017	97.77	97.54
1/31/2016	59.51	59.39

### (2) Dividends – Class-A Preferred Stock

(Record date)	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
4/30/2016	—	25.00	—	25.00	50.00
4/30/2017	—	25.00	—		
4/30/2017 (Forecast)				25.00	50.00

Note: Revision of dividends forecast during the current quarterly period: None

### (3) Earnings per Share – Class-A Preferred Stock in Forecasted Consolidated Operation Results

	Earnings per share (Consolidated)
	Yen
4/30/2017	104.93

Note: Revision of operation results forecast during the current quarterly period: None

### (4) Number of Outstanding Shares – Class-A Preferred Stock

i . Number of outstanding shares (including treasury shares)	1/31/2017	34,246,962 shares	4/30/2016	34,246,962 shares
ii . Number of treasury shares	1/31/2017	115,528 shares	4/30/2016	110,038 shares
iii . Average number of shares during the period	1/31/2017	34,134,222 shares	1/31/2016	34,141,332 shares

## Contents of Attachments

<b>1. Qualitative Information Regarding Consolidated Financial Results for This Quarter .....</b>	<b>2</b>
(1) Explanations Regarding Consolidated Results of Operations .....	2
(2) Explanations Regarding Consolidated Financial Position.....	3
(3) Explanations Regarding Forecasts for Consolidated Results and Future Outlook .....	3
<b>2. Information Regarding “Notes” in Consolidated Summary Report .....</b>	<b>4</b>
(1) Changes in Important Subsidiaries during this Quarter.....	4
(2) Application of Special Accounting Methods in Preparation for Quarterly Consolidated Financial Statements .....	4
(3) Changes in Accounting Policies, Changes Accounting Estimate, and Restatements .....	4
<b>3. Quarterly Consolidated Financial Statements.....</b>	<b>5</b>
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statement of Income and Comprehensive Income .....	7
Quarterly Consolidated Statement of Income [Third quarter period] .....	7
Quarterly Consolidated Statement of Comprehensive Income [Third quarter period] .....	8
(3) Notes to Quarterly Consolidated Financial Statements .....	9
(Note Regarding the Company’s Position as a Going Concern).....	9
(Note Regarding Significant Changes in the Amount of Shareholders’ Equity) .....	9
(Segment Information, etc.) .....	9
(Significant Subsequent Events) .....	10

# 1. Qualitative Information Regarding Consolidated Financial Results for This Quarter

## (1) Explanations Regarding Consolidated Results of Operations

During the Third quarter of the fiscal year ending April 30, 2017 (May 1, 2016 - January 31, 2017), the Japanese economy has been on a moderate recovery track, helped by improved employment and income conditions combined with the effects of government policies. Nevertheless, there is continued uncertainty about the outlook being driven by unpredictability in overseas economies.

In the beverage industry, sales competition continues and consumer sentiment has been weak, notwithstanding favorable weather in some regions. Due to these factors, the business climate has become increasingly severe.

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, ITO EN recorded consolidated net sales of 364,618 million yen, up 2.5% from the same period of the previous fiscal year. On the earnings front, we recorded operating income of 17,329 million yen, up 45.6% year on year, ordinary income of 17,575 million yen, up 51.4% year on year, and profit attributable to owners of parent of 11,564 million yen, up 68.4% year on year.

Net sales	364,618 million yen, up 2.5%
Operating income	17,329 million yen, up 45.6%
Ordinary income	17,575 million yen, up 51.4%
Profit attributable to owners of parent	11,564 million yen, up 68.4%

An analysis of sales by business segment is as follows.

### <Tea Leaves and Beverages Business>

Regarding the domestic business, in the tea leaf product category, we strengthened sales of comparatively highly priced packaged teas through activities that include demonstration sales of tea made with the traditional Japanese teapot “*Kyusu*” and tasting events by employees who hold the “*Tea Taster*” certification based on the internal certification system. Also, convenient tea leaf products that can be made with ease, such as “*Premium Tea Bag Series*” and other instant powder-type green teas, are being well received by domestic customers as well as tourists from overseas.

In the beverage product category, products such as “*Oi Ocha Hojicha*” (roasted green tea), “*Oi Ocha Genmaicha*” (brown rice tea with green tea) and “*Kyoto-Uji-Matcha-iri Oi Ocha*” (green tea with *Matcha* Powder produced in the Uji region of the Kyoto Prefecture) have performed well in meeting consumers’ preferences in the mainstay “*Oi Ocha*” line. Continuing on from last year, the “*Sakura* (cherry blossoms) Package” is being rolled out sequentially from late January 2017. In addition to introducing the appeal of cherry blossoms, a symbol of Japanese spring, and those found in various parts of Japan through “*Oi Ocha*,” ITO EN aims to further enhance the value of “*Oi Ocha*” as the leading brand of tea beverage.

Mainly in the *Kyusu* area, we are working to realize stable procurement of high-quality raw materials by actively utilizing abandoned farmlands through managing the large-scale tea plantations and achieving productivity and environmental preservation. ITO EN has increased the prescribed amount of the so-called “*Oi Ocha Senyo Chayou*” (“Tea Leaves, exclusively used for the preparation of *Oi Ocha* products”) —which are cultivated by paying special attention to the aroma, through the “Tea-producing region development project”—in order to pursue the original fragrance and flavors in teas served from a “*Kyusu*” (traditional Japanese teapot), along with continuing to further enhance the value of the “*Oi Ocha*” brand.

In the Japanese tea /Healthy tea category, the mainstay product “*Kenko Mineral Mugicha*” (healthy mineral barley tea) continued to perform well.

In the coffee beverages category, the “TULLY’S COFFEE” brand products continue to enjoy popularity, achieving ever higher sales volumes and improved business performance.

In addition to the various measures mentioned above, we will continue our efforts to improve the profitability by strengthening mainstay brands with a focus on beverages in small containers, making further cost cuts, bolstering control of advertising, sales and marketing expenses while being mindful of their cost benefits, and strengthening management of business results by area, amid the harsh business environment surrounding sales activities.

Chichiyasu Company has been engaging in active sales of milk and yogurt, mainly in Hiroshima Prefecture, and expanding its brand synergies through joint development with ITO EN. In addition, with its robust sales channels in western Japan, NEOS Corporation has been continuously adding to its foundation for boosting the profitability of the Group’s vending machine business.

In the overseas markets, regarding tea leaf products, ITO EN has actively expanded its business, particularly in the U.S., Australia and Southeast Asia, through sales of matcha green tea offered under the “*Global Brand*.”

For beverage products, ITO EN (North America) INC. steadily increased sales of sugar-free beverages such as “*Oi Ocha*” driven by the global boom of Japanese food and matcha green tea as well as the increasing health-conscious trend. In addition, Distant Lands Trading Company, which engages in the entire process from cultivation to sales of coffee beans, mainly in the U.S.,

will continue to pursue synergies through measures such as sales of our Group's products to its main customers, namely food service chain operators.

Toward the Tokyo Olympic and Paralympic Games to be held in Tokyo in 2020, we will continue active sales activities for tea leaf products and beverage products and concurrently bring out the best in the Company's unique business model covering the entire process from the tea fields to products to provide new value for a healthy and rich dietary life around the world. To that end, we aim at growing our brands from the current "ITO EN mainly operating in Japan" to the "Global ITO EN."

As a result, net sales in the Tea Leaves and Beverages Business was up 2.0%, to 337,404 million yen, and operating income was up 47.8%, to 15,006 million yen from the same period of the previous fiscal year.

#### <Restaurant Business>

In addition to drinks centered on seasonal products such as the "Tully's Snowman Latte" performing well at Tully's Coffee Japan Co., Ltd., delicatessen items such as pasta, and sandwich items are also popular.

Furthermore, new coffee shop openings have been smooth, and expansion continues, with the total number of coffee shops at present being 663. Further brand enhancement as a specialty coffee shop will be achieved through revitalization, such as renovating existing stores and strengthening store competitiveness, and active ongoing investment.

As a result, net sales in the Restaurant Business rose 11.1% year on year to 22,900 million yen, and operating income increased 12.2% year on year to 2,651 million yen.

#### <Others>

Mason Distributors, Inc. showed good results with dietary supplement sales, but it was affected by fluctuations in foreign exchange.

As a result, net sales in the Others fell 5.0% year on year to 4,314 million yen, and operating income fell 14.5% to 616 million yen from the same period of the previous fiscal year.

## (2) Explanations Regarding Consolidated Financial Position

The following is as consolidated financial position for the Third quarter of the fiscal year ending April 30, 2017.

#### <Assets>

Assets as of January 31, 2017 stood at 280,418 million yen, a decrease of 7,283 million yen from the end of the previous fiscal year. The major factors for the change were a rise of 2,367 million yen in "Cash and deposits" and an increase of 1,519 million yen in "Buildings and structures," as well as a decrease of 8,233 million yen in "Notes and accounts receivable-trade," and a decrease of 2,671 million yen in "Other current assets."

#### <Liabilities>

Liabilities as of January 31, 2017 stood at 145,563 million yen, a decrease of 14,923 million yen from the end of the previous fiscal year. The major factors for the decrease were decreases of 7,261 million yen in "Notes and accounts payable-trade," 3,209 million yen in "Lease obligations," 1,265 million yen in "Accrued expenses," 1,555 million yen in "Provision for bonuses," and 1,338 million yen in "Other current liabilities."

#### <Net assets>

Net assets as of January 31, 2017 stood at 134,855 million yen, an increase of 7,639 million yen from the end of the previous fiscal year. The major factors for the changes of the net assets were "Retained earnings" increasing by 11,564 million yen due to "Profit attributable to owners of parent" and decreasing by 5,253 million yen due to "Dividends from surplus," and a 780 million yen increase in "Foreign currency translation adjustment."

## (3) Explanations Regarding Forecasts for Consolidated Results and Future Outlook

As for the consolidated business outlook for full fiscal year, considering the financial results of the third quarter of the current fiscal year and the managerial environment, no change has been made without reviewing.

## **2. Information Regarding “Notes” in Consolidated Summary Report**

### **(1) Changes in Important Subsidiaries during this Quarter**

Not applicable.

### **(2) Application of Special Accounting Methods in Preparation for Quarterly Consolidated Financial Statements**

(Calculation of income taxes)

The effective tax rate after the application of deferred tax accounting to the profit before income taxes for the consolidated fiscal year including the third quarter under review is reasonably estimated, and the tax expenses are calculated by multiplying profit before income taxes by this estimated effective tax rate.

### **(3) Changes in Accounting Policies, Changes Accounting Estimate, and Restatements**

Changes in Accounting Policies

(Application of Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes)

With the revision to the Corporation Tax Act, the “Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016” (Practical Issues Task Force No. 32 of June 17, 2016) was applied to the consolidated first fiscal quarter and the depreciation method for buildings accompanying facilities and structures obtained on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

In addition, this change will have an insignificant impact on profits and losses for the consolidated third quarter under review.

Changes in Accounting Estimate

(Change in the service life)

A service life of 5 to 6 years had been applied to the vending machines included in tools, appliances, and fixtures and leased assets in possession of the Group, taking into account depreciation. However, the service life was reviewed and changed to 8 years for and after the consolidated first fiscal quarter.

Following the introduction of the high-performance vending machine that is better than the previous ones, it was discovered during the consolidated first quarter under review that the new machine can be used longer than before.

As a result of this discovery, it was found that there is a difference between the service life before the change and the estimated economically usable period. Thus, it is believed that the cost allocation over 8 years should properly reflect the actual conditions of the Group.

Following this change, operating income increased by 2,459 million yen, and ordinary income and income before income taxes increased by 2,417 million yen for the consolidated third quarter under review.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

as of January 31, 2017 and April 30, 2016

	Million yen	
	4/30/2016	1/31/2017
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	53,259	55,627
Notes and accounts receivable - trade	53,553	45,319
Merchandise and finished goods	27,074	27,883
Raw materials and supplies	7,981	8,082
Other	17,752	15,081
Allowance for doubtful accounts	(105)	(107)
<b>Total current assets</b>	<b>159,517</b>	<b>151,887</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures, net	19,593	21,112
Land	20,644	20,678
Lease assets, net	29,154	28,525
Other, net	11,625	12,166
<b>Subtotal</b>	<b>81,018</b>	<b>82,483</b>
<b>Intangible assets:</b>		
Goodwill	20,179	19,089
Other	6,975	6,402
<b>Subtotal</b>	<b>27,154</b>	<b>25,492</b>
<b>Investments and other assets:</b>		
Other	20,336	20,867
Allowance for doubtful accounts	(323)	(311)
<b>Subtotal</b>	<b>20,012</b>	<b>20,556</b>
<b>Total non-current assets</b>	<b>128,185</b>	<b>128,531</b>
<b>Total assets:</b>	<b>287,702</b>	<b>280,418</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable-trade	33,353	26,092
Short-term loans payable	1,801	1,864
Current portion of bonds	20,000	20,000
Lease obligations	10,442	9,471
Accrued expenses	23,194	21,929
Income taxes payable	3,945	3,360
Provision for bonuses	3,284	1,728
Other	4,734	3,395
<b>Total current liabilities</b>	<b>100,756</b>	<b>87,842</b>
<b>Non-current liabilities:</b>		
Long-term loans payable	29,653	29,470
Lease obligations	16,630	14,392
Net defined benefit liability	9,668	10,048
Other	3,777	3,810
<b>Total non-current liabilities</b>	<b>59,729</b>	<b>57,720</b>
<b>Total liabilities</b>	<b>160,486</b>	<b>145,563</b>



## Quarterly Consolidated Balance Sheets - Continued

	Million yen	
	4/30/2016	1/31/2017
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Capital stock	19,912	19,912
Capital surplus	18,640	18,640
Retained earnings	94,311	100,624
Treasury stock	(1,302)	(1,282)
<b>Total shareholders' equity</b>	<b>131,562</b>	<b>137,895</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	1,828	2,135
Deferred gains or losses on hedges	(45)	—
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	137	917
Remeasurements of defined benefit plans	(1,219)	(1,120)
<b>Total accumulated other comprehensive income</b>	<b>(5,352)</b>	<b>(4,120)</b>
<b>Subscription rights to shares</b>	<b>39</b>	<b>48</b>
<b>Non-controlling interests</b>	<b>965</b>	<b>1,031</b>
<b>Total net assets</b>	<b>127,215</b>	<b>134,855</b>
<b>Total liabilities and net assets</b>	<b>287,702</b>	<b>280,418</b>

**(2) Quarterly Consolidated Statement of Income and Comprehensive Income**

from May 1, 2016 to January 31, 2017

**Quarterly Consolidated Statement of Income [Third quarter period]**

	Million yen	
	1/31/2016	1/31/2017
<b>Net sales</b>	<b>355,840</b>	<b>364,618</b>
Cost of sales	191,555	192,621
<b>Gross profit</b>	<b>164,285</b>	<b>171,997</b>
Selling, general and administrative expenses	152,387	154,667
<b>Operating income</b>	<b>11,898</b>	<b>17,329</b>
<b>Non-operating income:</b>		
Interest income	55	36
Dividend income from securities	63	65
Foreign exchange gains	219	573
Equity income from an unconsolidated subsidiary and affiliates	44	72
Other	406	444
<b>Total non-operating income</b>	<b>788</b>	<b>1,192</b>
<b>Non-operating expenses:</b>		
Interest expense	838	683
Other	238	262
<b>Total non-operating expense</b>	<b>1,076</b>	<b>946</b>
<b>Ordinary income</b>	<b>11,610</b>	<b>17,575</b>
<b>Extraordinary gains:</b>		
Gain on sales of fixed assets	144	11
Gain on donation of fixed assets	5	12
Gain on sales of investment securities	0	20
Eviction income	14	—
<b>Total extraordinary gains</b>	<b>164</b>	<b>44</b>
<b>Extraordinary losses:</b>		
Loss on abandonment of fixed assets	17	18
Loss on sales of investment securities	—	0
Loss on valuation of investment securities	3	0
Impairment loss	54	150
Other	1	6
<b>Total extraordinary losses</b>	<b>76</b>	<b>175</b>
<b>Income before income taxes</b>	<b>11,697</b>	<b>17,443</b>
<b>Total income taxes</b>	<b>4,695</b>	<b>5,719</b>
<b>Net income</b>	<b>7,002</b>	<b>11,724</b>
<b>Profit attributable to non-controlling interests</b>	<b>136</b>	<b>159</b>
<b>Profit attributable to owners of parent</b>	<b>6,866</b>	<b>11,564</b>

**Quarterly Consolidated Statement of Comprehensive Income** [Third quarter period]

	Million yen	
	1/30/2016	1/31/2017
<b>Net income</b>	<b>7,002</b>	<b>11,724</b>
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	14	286
Deferred gains or losses on hedges	(21)	45
Foreign currency translation adjustment	(30)	783
Remeasurements of defined benefit plans, net of tax	55	99
Share of other comprehensive income of entities accounted for using equity method	(2)	(3)
<b>Other comprehensive income</b>	<b>15</b>	<b>1,210</b>
<b>Comprehensive income</b>	<b>7,017</b>	<b>12,934</b>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	6,916	12,795
Comprehensive income attributable to non-controlling interests	101	138

### (3) Notes to Quarterly Consolidated Financial Statements

(Note Regarding the Company's Position as a Going Concern)

Not applicable.

(Note Regarding Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

Information regarding amounts of sales and profits or losses by reporting segment.

i . For the Third quarter of the previous fiscal year ended April 30, 2016 (May 1, 2015 – January 31, 2016)

(Figures are rounded down to million yen.)

	Reporting Segment				Adjustment	Amount on Consolidated Statements of Operations
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	330,679	20,616	4,543	355,840	—	355,840
(2) Intersegment	271	208	1,934	2,414	(2,414)	—
Total net sales	330,951	20,825	6,477	358,254	(2,414)	355,840
Segment profits (losses)	10,153	2,362	721	13,237	(1,339)	11,898

Notes: i . The segment profits (losses) adjustment includes (1,455) million yen in amortization of goodwill and 116 million yen in intersegment transactions.

ii .Segment profits are adjusted to the operating income figure on the Quarterly Consolidated Statements of Income.

ii . For the Third quarter of the fiscal year ending April 30, 2017 (May 1, 2016 – January 31, 2017)

(Figures are rounded down to million yen.)

	Reporting Segment				Adjustment	Amount on Consolidated Statements of Operations
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	337,404	22,900	4,314	364,618	—	364,618
(2) Intersegment	296	14	1,945	2,255	(2,255)	—
Total net sales	337,700	22,914	6,259	366,874	(2,255)	364,618
Segment profits (losses)	15,006	2,651	616	18,274	(945)	17,329

Notes: i . The segment profits (losses) adjustment includes (1,107) million yen in amortization of goodwill and 161 million yen in intersegment transactions.

ii .Segment profits are adjusted to the operating income figure on the Quarterly Consolidated Statements of Income.

(Significant Subsequent Events)

Large amount of financing

(1) In the meeting of the Board of Directors held on January 26, 2017, the Company took out the following loan.

(i) Lenders:	Resona Bank, Ltd. and others
(ii) Total amount borrowed:	20,000 million yen
(iii) Loan execution date:	February 2017
(iv) Interest rate:	Fixed interest rate
(v) Loan period:	4 to 10 years
(vi) Assets provided as collateral or guarantee:	None
(vii) Use of funds:	Redemption of bonds and other uses

(2) Based on the comprehensive resolution made in the meeting of the Board of Directors held on January 26, 2017, the Company decided upon the conditions on February 17, 2017, and issued the following bonds.

(i) Title of bonds:	ITO EN, LTD. 2nd Series Unsecured Pari Passu Bonds
(ii) Total amount of issue:	10,000 million yen
(iii) Issue price:	100 yen per face value 100 yen
(iv) Interest rate:	0.220% per annum
(v) Payment date:	February 23, 2017
(v) Maturity date:	February 23, 2024
(vii) Use of funds:	Redemption of bonds