

Consolidated Financial Results

under Japanese Standards for the fiscal year ended April 30, 2018 (Unaudited)

Scheduled date of general shareholder's meeting: July 26, 2018 Scheduled date of commencement of dividend payment: July 27, 2018

Scheduled filing date of securities report: July 27, 2018

Supplementary documents for financial results: Yes

Financial results presentation (for institutional investors and analysts): Yes

(Figures are rounded down to million yen.)

1. Consolidated Performance for the Fiscal Year Ended April 30, 2018 (May 1, 2017 - April 30, 2018)

(1) Consolidated Results of Operations (% 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	
4/30/2018	494,793	4.0%	22,043	1.2%	21,441	-0.4%	12,553	-8.3%
4/30/2017	475,866	2.2%	21,774	26.3%	21,524	42.8%	13,693	58.9%

Note: Comprehensive income 4/30/2018: 13,180 million yen (-14.2%) 4/30/2017: 15,364 million yen (144.5%)

	Earnings per share	Earnings per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen			
4/30/2018	99.79	99.54	9.0%	7.1%	4.5%
4/30/2017	108.77	108.50	10.5%	7.3%	4.6%

Reference: Equity in earnings (losses) of affiliated companies 4/30/2018: 131 million yen 4/30/2017: 119 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen		Yen
4/30/2018	301,180	143,750	47.3%	1,165.80
4/30/2017	302,405	136,709	44.8%	1,105.09

Reference: Equity 4/30/2018: 142,536 million yen 4/30/2017: 135,520 million yen.

Note: The above per share information pertains to Common Stock. For per share information for Class-A Preferred Stock, refer to "Reference" below.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million Yen	Million yen
4/30/2018	25,322	(11,359)	(16,639)	61,376
4/30/2017	27,098	(8,243)	(8,012)	64,202

2. Dividends

	Dividend per share					Total dividend paid	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen		
4/30/2017	-	20.00	-	20.00	40.00	3,547	36.8%	3.8%
4/30/2018	-	20.00	-	20.00	40.00	3,548	40.1%	3.5%
4/30/2019 (Forecast)	-	20.00	-	20.00	40.00		35.8%	

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, 2019 (May 1, 2018 - April 30, 2019)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen		Million yen		Million yen		Million yen		Yen
10/31/2018	273,800	3.0%	14,800	2.1%	14,600	-0.0%	9,000	-2.7%	72.13
4/30/2019	507,800	2.6%	23,000	4.3%	22,500	4.9%	14,000	11.5%	111.61

Note: The above per share information in forecasted consolidated results pertains to Common Stock. For per share information for Class-A Preferred Stock, refer to "Reference" below.

Notes

(1) Changes in important subsidiaries during the period

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

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

i. Changes in accounting policies associated with in accounting standards: None

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

iii. Changes in accounting estimates: None

iv. Restatements: None

(3) Number of outstanding shares (common stock)

i. Number of outstanding shares (including treasury stock) 4/30/2018 89,212,380 shares 4/30/2017 89,212,380 shares

ii. Number of treasury stock 4/30/2018 499,602 shares 4/30/2017 519,379 shares

iii. Average number of shares during the period 4/30/2018 88,704,891 shares 4/30/2017 88,683,613 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.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Performance for Fiscal Year Ended April 30, 2018 (May 1, 2017 - April 30, 2018)

(1) Non-Consolidated Results of Operation (% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen		Million yen		Million yen		Million yen	
4/30/2018	383,212	3.1%	15,394	-1.6%	17,142	-1.8%	12,069	-0.2%
4/30/2017	371,831	1.8%	15,646	31.1%	17,460	36.2%	12,095	35.3%

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
4/30/2018	95.84	95.60
4/30/2017	95.76	95.52

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen		Yen
4/30/2018	270,770	137,199	50.6%	1,121.29
4/30/2017	272,676	130,546	47.9%	1,063.94

Reference: Equity 4/30/2018: 137,101 million yen 4/30/2017: 130,480 million yen

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

2. Forecasted Non-Consolidated Results for the Fiscal Year Ending April 30, 2019

(May 1, 2018 - April 30, 2019)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen		Million yen		Million yen		Million yen		Yen
10/31/2018	215,500	3.4%	10,900	2.6%	11,950	-2.5%	8,000	-8.0%	63.96
4/30/2019	394,300	2.9%	16,500	7.2%	18,180	6.1%	12,300	1.9%	97.72

Note: The above per share information in forecasted non-consolidated results pertains to Common Stock. For per share information for Class-A Preferred Stock, refer to “Reference” below.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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

Forward-looking statements in this document, including forecasts, are based on information available to management at the time of the announcement, which management assumes to be reasonable. Therefore, our company does not guarantee the achievement of forecasts and other forward-looking statements. Because of variable factors, actual results may differ from the forecast figures. For the basis of presumption of the forecasted operation results and the notes on its use, refer to “1. Overview of the Management Operations’ Results, etc., (4) Future Outlook” on page 4 in the Attachments.

Reference

(1) Per Share information of Class-A Preferred Stock in Consolidated Results of Operation

	Earnings per share	Earnings per share (diluted)	Net assets per share
	Yen	Yen	Yen
4/30/2018	109.75	109.50	1,170.80
4/30/2017	118.73	118.46	1,110.09

(2) Dividends per Share – Class-A Preferred Stock

	Dividend per share					Total dividend paid	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	First quarter end	Second quarter end	Third quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen		
4/30/2017	–	25.00	–	25.00	50.00	1,698	42.1%	4.7%
4/30/2018	–	25.00	–	25.00	50.00	1,679	45.6%	4.4%
4/30/2019 (Forecast)	–	25.00	–	25.00	50.00		41.1%	

(3) Per Share information of Class-A Preferred Stock in Forecasted Consolidated Results

	Earnings per share (Consolidated)	Earnings per share (Non-Consolidated)
	Yen	Yen
10/31/2018	77.14	68.97
4/30/2019	121.57	107.68

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

- | | | | | |
|--|-----------|-------------------|-----------|-------------------|
| i. Number of outstanding shares (including treasury stock) | 4/30/2018 | 34,246,962 shares | 4/30/2017 | 34,246,962 shares |
| ii. Number of treasury stock | 4/30/2018 | 837,653 shares | 4/30/2017 | 459,928 shares |
| iii. Average number of shares during the period | 4/30/2018 | 33,724,074 shares | 4/30/2017 | 34,086,922 shares |

(5) Per Share information of Class-A Preferred Stock in Non-Consolidated Results of Operation

	Earnings per share	Earnings per share (diluted)	Net assets per share
	Yen	Yen	Yen
4/30/2018	105.80	105.56	1,126.29
4/30/2017	105.72	105.48	1,068.94

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1. Overview of the Management Operations' Results, etc.

(1) Overview of the Management Operations' Results in the Current Financial Year

During the fiscal year ended April 30, 2018 (May 1, 2017– April 30, 2018), the Japanese economy has continued a trend of gradual recovery in part due to the employment/income environment and the effect of various policies, although attention needs to be given to the impact of uncertainty in overseas economies and fluctuations in the finance and capital markets.

In the beverage industry, the business environment continues to be tough because of the persistent thriftiness.

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, the business performance for the fiscal year under review was as follows.

Net sales	494,793 million yen, up 4.0%
Operating income	22,043 million yen, up 1.2%
Ordinary income	21,441 million yen, down 0.4%
Profit attributable to owners of parent	12,553 million yen, down 8.3%

Performance by each of the business segments were as follows.

<Tea Leaves and Beverages Business>

[Domestic tea leaf products]

We strove in efforts to present various flavors of tea and how to enjoy them to suit to each facet of life. These efforts are such as employing a design appealing the ice-cold brewing as the package of “*Kyoto-Uji-Matcha-iri Oi Ocha*” (green tea with Kyoto Uji matcha powder) leaf tea bag products as well as holding “*Dai-Cha-Kai*” (green tea demonstration sales and tasting events) by “*Cha-Shi*” (experts in blending green tea) who have obtained “*ITO EN Tea Taster*” certification approved by the Ministry of Health, Labour and Welfare at stores all over Japan. In addition to leaf tea bag products, we have actively proposed products that can be made with ease, such as powdered green tea products that dissolve quickly in cold or hot water, which have found popularity.

[Domestic beverage products]

In relation to the mainstay product “*Oi Ocha*” (green tea), we have expanded limited seasonal packaging with “*Sakura*” (cherry blossoms) package in spring and “*Momiji*” (autumn color of maple leaves) package in autumn. By introducing the names of places famous for cherry blossoms throughout Japan in the “*Sakura*” (cherry blossoms) package and the attractive local cuisine for 47 prefectures in the “*Momiji*” (autumn color of maple leaves) package, we build excitement for spring and autumn in Japan. We will further enhance the value of the “*Oi Ocha*” (green tea) brand through product expansion that takes advantage of this type of seasonal presence as well as our distinct capabilities in raw material procurement and tea product production techniques.

“*Kenko Mineral Mugicha*” (healthy mineral barley tea), the best-selling non-caffeinated tea product, has continued to sell well, as a tasty beverage that are safe to all the family and prevents dehydration and supplements minerals year-round.

“*TULLY'S COFFEE*,” which is a coffee beverage, is supervised by a Tully's Coffee barista who pursues the utmost excellence in the coffee beans, roasting, and extraction. The coffee is finished with a robust fragrance by reducing the time from the grinding of the coffee beans to the extraction of the coffee to keep its aroma, which is one of the attractions of coffee. We will further enhance the value of the “*TULLY'S COFFEE*” brand by expanding products that follow the various tastes of the consumer.

We have been transitioning to providing the month and year for “best before.” Through this effort, around 80% of all our items now display the month and year. We expect this to lead to enhanced productivity as a result of improved operational efficiency, including reduced environmental burden through the reduction of CO2 emissions associated with reduced food waste and improved logistical efficiency as well as reduced numbers of lots to manage at stores and warehouses and less required storage space.

[Overseas tea leaf products]

ITO EN has actively been selling “*MATCHA GREEN TEA*” offered in “*Global Brand*,” particularly in the U.S. and China.

[Overseas beverage products]

ITO EN (North America) INC. steadily increased sales of sugar-free tea beverages such as “*Oi Ocha*” (green tea) 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.

As a result of these activities, the Tea Leaves and Beverages Business recorded net sales of 455,603 million yen, up 3.6% year on year, and operating income of 19,151 million yen, up 0.3%.

<Restaurant Business>

Tully's Coffee Japan Co., Ltd. released the "Flat White" as a new standard espresso beverage, as well as the "Easter Latte" developed on the concept of Easter, which are popular. In addition, tea beverages, such as the "Very Berry Royal Milk Tea" and the "Fruit Cocktail Tea," are also popular. New coffee shop openings have been smooth with the total number of coffee shops at present being 706.

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 7.7% year on year, to 32,570 million yen, and operating income rose 3.8% year on year, to 3,250 million yen.

<Others>

Mason Distributors, Inc. continued to show good results with dietary supplement sales, with increased revenue and earnings.

As a result, net sales in the Other rose 11.9% year on year, to 6,619 million yen, and operating income rose 17.2% year on year, to 939 million yen.

(2) Overview of the Financial Position in the Current Financial Year

The following is a consolidated financial position for the fiscal year ended April 30, 2018.

(Assets)

Total assets at the end of the fiscal year ended April 30, 2018 stood at 301,180 million yen, decreased by 1,225 million yen from the previous fiscal year. The main changes are as follows.

Increase in notes and accounts receivable - trade	3,405 million yen
Decrease in accounts receivable - other	2,975 million yen
Increase in tools, furniture and fixtures	4,261 million yen
Decrease in leased assets	3,878 million yen
Decrease in goodwill	2,007 million yen

(Liabilities)

Liabilities at the end of the fiscal year ended April 30, 2018 stood at 157,429 million yen, decreased by 8,266 million yen from the previous fiscal year. The main changes are as follows.

Decrease in notes and accounts payable - trade	3,182 million yen
Decrease in lease obligations	5,178 million yen

(Net assets)

Net assets at the end of the fiscal year ended April 30, 2018 stood at 143,750 million yen, increased by 7,041 million yen from the previous fiscal year. The main changes are as follows.

Increase in retained earnings due to profit attributable to owners of parent	12,553 million yen
Decrease in retained earnings due to dividends of surplus	5,237 million yen

(3) Cash flows in the Current Financial Year

(Cash flows from operating activities)

Net cash inflows from operating activities were 25,322 million yen (compared with 27,098 million yen inflow in the previous fiscal year). The major factors affecting this were increases due to income before income taxes of 20,990 million yen and depreciation of 13,222 million yen and decrease due to income taxes paid of 7,640 million yen.

(Cash flows from investing activities)

Net cash outflows from investing activities were 11,359 million yen (compared with 8,243 million yen outflow in the previous fiscal year). The major factor of cash outflows was 10,569 million yen for capital investment.

(Cash flows from financing activities)

Net cash outflows from financing activities were 16,639 million yen (compared with 8,012 million yen outflow in the previous fiscal year). The major factors of cash outflows were repayments of finance lease obligations of 8,616 million yen and cash dividends paid of 5,232 million yen.

As a result, cash and cash equivalents at the end of the fiscal year ended April 30, 2018 amounted to 61,376 million yen, decreased by 2,825 million yen from the end of the previous fiscal year.

(4) Future Outlook

The ITO EN Group will continue to pursue sustainable growth through “The CSV (Creating Shared Value)” and further enhance the corporate value, while aiming to become a Global Tea Company.

In the domestic market, we will further strengthen “*Oi Ocha*,” the top brand in green tea beverages, enhance other individual brands including “*Kenko Mineraru Mugicha*” (healthy mineral barley tea), “*TULLY’S COFFEE*,” “*Ichinichibun no Yasai*” (a day’s worth of vegetables) and “*Jujitsu-Yasai*” (mixed vegetable and fruit beverage), and improve sales of leaf products centering on easy-to-use products. In addition, ITO EN will further improve business performance by establishing a marketing platform by route sales, pursuing comprehensive cost reductions, and creating Group-wide synergies.

Moving towards “The Tokyo Olympic and Paralympic Games” to be held in 2020 in Tokyo, we will use our company’s strengths, both domestically and internationally, to provide new value for a healthy and rich dietary life around the world. In order to increase the recognition ratio of ITO EN, so that when people all over the world say “Japanese Tea”, they will always be reminded of ITO EN, starting from the current “mainly Japanese ITO EN”, to that end, we aim at growing up our brands to the level of the “Global ITO EN”.

At this current point in time, the forecast for the fiscal year ending April 30, 2019 is as follows.

Net sales	507,800 million yen, up 2.6%
Operating income	23,000 million yen, up 4.3%
Ordinary income	22,500 million yen, up 4.9%
Profit attributable to owners of parent	14,000 million yen, up 11.5%

2. Basic Policies Concerning Selection of Accounting Standards

Taking into consideration reliable year-on-year and company-to-company comparisons in the consolidated financial statements, the ITO EN Group’s policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards.

As for the application of international accounting standards, ITO EN plans to appropriately respond after considering the circumstances in Japan and overseas.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of April 30, 2017 and April 30, 2018

(Millions of yen)

	As of April 30, 2017	As of April 30, 2018
Assets		
Current assets		
Cash and deposits	64,202	61,664
Notes and accounts receivable - trade	54,677	58,083
Merchandise and finished goods	30,718	30,833
Raw materials and supplies	7,181	7,875
Accounts receivable - other	11,741	8,765
Deferred tax assets	3,387	2,959
Other	2,849	3,685
Allowance for doubtful accounts	(99)	(69)
Total current assets	174,657	173,798
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,796	45,676
Accumulated depreciation	(22,808)	(24,084)
Buildings and structures, net	20,987	21,592
Machinery, equipment and vehicles	20,861	21,966
Accumulated depreciation	(14,558)	(15,938)
Machinery, equipment and vehicles, net	6,303	6,028
Tools, furniture and fixtures	12,454	18,224
Accumulated depreciation	(6,623)	(8,131)
Tools, furniture and fixtures, net	5,830	10,092
Land	21,587	21,745
Leased assets	63,373	61,796
Accumulated depreciation	(35,484)	(37,785)
Leased assets, net	27,889	24,010
Construction in progress	440	1,353
Total property, plant and equipment	83,039	84,822
Intangible assets		
Goodwill	18,371	16,364
Software	2,936	2,070
Other	3,146	3,153
Total intangible assets	24,454	21,588
Investments and other assets		
Investment securities	5,254	6,272
Deferred tax assets	3,657	2,545
Other	11,628	12,433
Allowance for doubtful accounts	(285)	(279)
Total investments and other assets	20,254	20,971
Total non-current assets	127,748	127,382
Total assets	302,405	301,180

Consolidated Balance Sheets – Continued

(Millions of yen)

	As of April 30, 2017	As of April 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,061	29,879
Short-term loans payable	2,364	2,020
Lease obligations	8,995	7,002
Accrued expenses	25,297	25,896
Income taxes payable	4,490	3,948
Provision for bonuses	3,549	3,480
Other	3,802	4,961
Total current liabilities	81,560	77,187
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	47,433	45,922
Lease obligations	13,468	10,282
Deferred tax liabilities for land revaluation	719	719
Net defined benefit liability	9,455	9,922
Other	3,059	3,395
Total non-current liabilities	84,135	80,241
Total liabilities	165,696	157,429
Net assets		
Shareholders' equity		
Capital stock	19,912	19,912
Capital surplus	18,644	18,645
Retained earnings	102,750	110,066
Treasury shares	(1,983)	(2,798)
Total shareholders' equity	139,323	145,826
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,133	2,951
Revaluation reserve for land	(6,053)	(6,053)
Foreign currency translation adjustment	747	337
Remeasurements of defined benefit plans	(629)	(525)
Total accumulated other comprehensive income	(3,802)	(3,289)
Share acquisition rights	66	97
Non-controlling interests	1,122	1,116
Total net assets	136,709	143,750
Total liabilities and net assets	302,405	301,180

(2) Consolidated Statements of Income and Comprehensive Income

For the fiscal year ended April 30, 2017 and 2018 (May 1, 2016 - April 30, 2017 and May 1, 2017 - April 30, 2018)

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Net sales	475,866	494,793
Cost of sales	249,696	260,810
Gross profit	226,170	233,983
Selling, general and administrative expenses	*1 204,395	*1 211,939
Operating income	21,774	22,043
Non-operating income		
Interest income	50	61
Dividend income	65	68
Rent income	96	97
Compensation income for damaged products	50	44
Share of profit of entities accounted for using equity method	119	131
Gain on prepaid card	110	122
Foreign exchange gains	205	—
Other	310	290
Total non-operating income	1,008	817
Non-operating expenses		
Interest expenses	884	656
Foreign exchange losses	—	347
Loss on cancellation of leases	144	249
Other	229	166
Total non-operating expenses	1,258	1,419
Ordinary income	21,524	21,441
Extraordinary income		
Gain on sales of non-current assets	11	9
Gain on sales of investment securities	20	41
Gain on donation of non-current assets	21	24
Other	0	0
Total extraordinary income	53	75
Extraordinary losses		
Loss on abandonment of non-current assets	43	51
Impairment loss	*2 299	*2 455
Loss on liquidation of subsidiaries and associates	480	—
Other	31	19
Total extraordinary losses	854	526
Income before income taxes	20,723	20,990
Income taxes - current	7,389	7,189
Income taxes - deferred	(519)	1,157
Total income taxes	6,870	8,346
Net income	13,853	12,643
Profit attributable to non-controlling interests	160	90
Profit attributable to owners of parent	13,693	12,553

Comprehensive Income

(Millions of yen)

	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Net income	13,853	12,643
Other comprehensive income		
Valuation difference on available-for-sale securities	284	646
Deferred gains or losses on hedges	45	–
Foreign currency translation adjustment	584	(387)
Remeasurements of defined benefit plans, net of tax	591	105
Share of other comprehensive income of entities accounted for using equity method	5	172
Total other comprehensive income	1,510	537
Comprehensive income	15,364	13,180
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,242	13,066
Comprehensive income attributable to non-controlling interests	121	113

(3) Consolidated Statement of Changes in Shareholders' Equity

For the fiscal year ended April 30, 2017 (May 1, 2016 - April 30, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	18,640	94,311	(1,302)	131,562
Changes of items during period					
Dividends of surplus			(5,253)		(5,253)
Profit attributable to owners of parent			13,693		13,693
Purchase of treasury shares				(717)	(717)
Disposal of treasury shares		3		35	39
Net changes of items other than shareholders' equity					
Total changes of items during period	-	3	8,439	(681)	7,761
Balance at end of current period	19,912	18,644	102,750	(1,983)	139,323

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	1,828	(45)	(6,053)	137	(1,219)	(5,352)	39	965	127,215
Changes of items during period									
Dividends of surplus									(5,253)
Profit attributable to owners of parent									13,693
Purchase of treasury shares									(717)
Disposal of treasury shares									39
Net changes of items other than shareholders' equity	304	45	-	610	589	1,549	26	156	1,732
Total changes of items during period	304	45	-	610	589	1,549	26	156	9,493
Balance at end of current period	2,133	-	(6,053)	747	(629)	(3,802)	66	1,122	136,709

For the fiscal year ended April 30, 2018 (May 1, 2017 - April 30, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,912	18,644	102,750	(1,983)	139,323
Changes of items during period					
Dividends of surplus			(5,237)		(5,237)
Profit attributable to owners of parent			12,553		12,553
Purchase of treasury shares				(858)	(858)
Disposal of treasury shares		1		43	45
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1	7,316	(814)	6,502
Balance at end of current period	19,912	18,645	110,066	(2,798)	145,826

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,133	-	(6,053)	747	(629)	(3,802)	66	1,122	136,709
Changes of items during period									
Dividends of surplus									(5,237)
Profit attributable to owners of parent									12,553
Purchase of treasury shares									(858)
Disposal of treasury shares									45
Net changes of items other than shareholders' equity	818	-	-	(409)	104	513	31	(6)	538
Total changes of items during period	818	-	-	(409)	104	513	31	(6)	7,041
Balance at end of current period	2,951	-	(6,053)	337	(525)	(3,289)	97	1,116	143,750

(4) Consolidated Statements of Cash Flows

For the fiscal year ended April 30, 2017 and 2018 (May 1, 2016 - April 30, 2017 and May 1, 2017 - April 30, 2018)

(Millions of yen)

	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Cash flows from operating activities		
Income before income taxes	20,723	20,990
Depreciation	12,469	13,222
Impairment loss	299	455
Amortization of goodwill	1,765	1,819
Increase (decrease) in allowance for doubtful accounts	(44)	(36)
Increase (decrease) in provision for bonuses	265	(69)
Increase (decrease) in net defined benefit liability	641	618
Interest and dividend income	(115)	(130)
Interest expenses	884	656
Foreign exchange losses (gains)	(163)	212
Loss on liquidation of subsidiaries and associates	480	-
Decrease (increase) in notes and accounts receivable - trade	(1,104)	(3,501)
Decrease (increase) in inventories	(2,816)	(988)
Decrease (increase) in other current assets	222	2,602
Decrease (increase) in other non-current assets	149	(31)
Increase (decrease) in notes and accounts payable - trade	(307)	(3,136)
Increase (decrease) in accrued consumption taxes	(1,012)	120
Increase (decrease) in other current liabilities	2,493	712
Other, net	(113)	(59)
Subtotal	34,717	33,455
Interest and dividend income received	129	165
Interest expenses paid	(898)	(657)
Income taxes paid	(6,850)	(7,640)
Net cash provided by (used in) operating activities	27,098	25,322
Cash flows from investing activities		
Payments into time deposits	-	(284)
Purchase of property, plant and equipment and intangible assets	(8,294)	(10,569)
Purchase of investment securities	(14)	(93)
Proceeds from sales of investment securities	49	50
Purchase of long-term prepaid expenses	(82)	(35)
Purchase of shares of subsidiaries and associates	(11)	-
Decrease (increase) in other investments	110	(427)
Net cash provided by (used in) investing activities	(8,243)	(11,359)

Consolidated Statements of Cash Flows – Continued

(Millions of yen)

	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Cash flows from financing activities		
Proceeds from long-term loans payable	20,000	–
Repayments of long-term loans payable	(1,660)	(1,853)
Proceeds from issuance of bonds	9,951	–
Redemption of bonds	(20,000)	–
Purchase of treasury shares	(717)	(858)
Proceeds from disposal of treasury shares	0	0
Repayments of finance lease obligations	(10,361)	(8,616)
Cash dividends paid	(5,245)	(5,232)
Dividends paid to non-controlling interests	(75)	(195)
Proceeds from share issuance to non-controlling shareholders	110	130
Other, net	(14)	(13)
Net cash provided by (used in) financing activities	(8,012)	(16,639)
Effect of exchange rate change on cash and cash equivalents	99	(47)
Net increase (decrease) in cash and cash equivalents	10,942	(2,723)
Cash and cash equivalents at beginning of period	53,259	64,202
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	(101)
Cash and cash equivalents at end of period	64,202	61,376

(5) Notes to Consolidated Financial Statements
(Note Regarding the Company's Position as a Going Concern)

Not applicable

(Basis of Presentation of Consolidated Financial Statements)

1. Consolidation scope

(1) Consolidated subsidiaries	31 companies
(2) Non-consolidated subsidiaries	2 companies

2. Application of equity method

(1) Equity - method applied to unconsolidated subsidiaries	2 companies
(2) Equity - method applied to affiliated	3 companies
(3) Equity - method unapplied to affiliated	3 companies

3. Changes to the Consolidation Scope and Application of Equity Method

Newly included to consolidation scope: 1 company

Excluded from consolidation scope: 2 companies

Newly included to scope of application of equity method: 1 company

Excluded from scope of application of equity method: 0 companies

(Notes to Consolidated Statements of Income)***1. Main items of selling, general and administrative expenses**

	Million yen	
	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Selling commission	79,034	81,615
Salaries and wages to employees	42,069	43,572
Transportation	12,940	14,188
Advertising	12,937	12,491
Depreciation	10,312	10,873
Accrued bonuses	3,204	3,114
Retirement and severance benefit costs for employees	1,831	1,827
Research and development expenses	1,825	1,786
Allowance for doubtful accounts	(5)	(18)

***2. Impairment loss**

A consolidated group company recognized impairment losses on the assets group listed below.

For the fiscal year ended April 30, 2017 (May 1, 2016 - April 30, 2017)

Location	Use	Type of assets	Impairment loss (million yen)
Fukuoka-shi, Fukuoka	Store, etc. (Tully's Coffee Japan Co., Ltd.)	Buildings, etc.	299

In the case of the consolidated subsidiary Tully's Coffee Japan Co., Ltd. asset grouping is conducted with each shop as the basic unit of measurement, as these are the smallest units of cash flow generation. An extraordinary loss has been recognized on the assets group, which incurred continuous deficits in cash flow generation arising from operating activities, amounting to as impairment loss for the total book value was 299 million yen (buildings and structures 258 million yen, tools, furniture and fixtures 32 million yen, and other 8 million yen) as of the fiscal year ended April 30, 2017. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

For the fiscal year ended April 30, 2018 (May 1, 2017 - April 30, 2018)

Location	Use	Type of assets	Impairment losses (million yen)
Yokohama-shi, Kanagawa, etc.	Store, etc. (Tully's Coffee Japan Co., Ltd.)	Buildings, etc.	455

In the case of the consolidated subsidiary Tully's Coffee Japan Co., Ltd. asset grouping is conducted with each shop as the basic unit of measurement, as these are the smallest units of cash flow generation. An extraordinary loss has been recognized on the assets group, which incurred continuous deficits in cash flow generation arising from operating activities, amounting to as impairment loss for the total book value was 455 million yen (buildings and structures 386 million yen, tools, furniture and fixtures 60 million yen, and other 8 million yen) as of the fiscal year ended April 30, 2018. The recoverable amount was determined through measurement of the value in use, which is calculated as zero.

(Segment Information, etc.)

1. Outline of reporting segments

The ITO EN Group reporting segments shall be part of our organizational units whose financial information is individually available, and shall be subject to regular review by its Board of Directors for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The ITO EN Group is engaged in the manufacture, purchase and sales of products of tea leaves/beverages in both domestic and overseas markets as its mainstay business and also is engaged in restaurant business. As such, our reporting segments consist of “Tea Leaves/Beverage Businesses,” “Restaurant Business,” and “Others.”

2. Basis for calculating sales, profit or loss, assets, liabilities, and other items by reporting segment

Accounting treatment for reporting segments is the same as basis of preparation for the consolidated financial statements.

Profit of reporting segments is based on operating income.

Sales and transfer of intersegment are based on prevailing market price.

3. Information regarding amounts of sales, profit or loss, assets, liabilities, and other items by reporting segment

For the fiscal year ended April 30, 2017 (May 1, 2016 - April 30, 2017)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	439,698	30,252	5,915	475,866	–	475,866
(2) Intersegment	374	16	2,581	2,972	(2,972)	–
Total net sales	440,073	30,268	8,496	478,838	(2,972)	475,866
Segment profit (loss)	19,093	3,130	801	23,025	(1,250)	21,774
Segment assets (loss)	265,926	14,792	7,067	287,786	14,619	302,405
Others:						
(1) Depreciation	11,401	927	140	12,469	–	12,469
(2) Amortization of goodwill	213	–	67	281	1,484	1,765
(3) Investments to entities accounted for using equity method	977	–	–	977	–	977
(4) Increase in fixed assets	12,577	1,640	57	14,276	–	14,276

Notes: i. The segment profit (loss) adjustment (1,250) million yen includes (1,484) million yen in amortization of goodwill and 233 million yen in intersegment transactions.

ii. The segment asset (loss) adjustment 14,619 million yen is unamortized balance of goodwill, and etc.

iii. Segment profit (loss) is adjusted to the operating income figure on the consolidated statements of operation.

For the fiscal year ended April 30, 2018 (May 1, 2017 - April 30, 2018)

(Millions of yen)

	Reporting Segment				Adjustment	Total
	Tea leaves /Beverages Business	Restaurant Business	Others	Total		
Net sales:						
(1) Outside	455,603	32,570	6,619	494,793	–	494,793
(2) Intersegment	391	18	2,977	3,387	(3,387)	–
Total net sales	455,995	32,589	9,596	498,181	(3,387)	494,793
Segment profit (loss)	19,151	3,250	939	23,341	(1,298)	22,043
Segment assets (loss)	265,590	15,766	6,812	288,168	13,012	301,180
Others:						
(1) Depreciation	12,117	964	140	13,222	–	13,222
(2) Amortization of goodwill	213	–	69	282	1,536	1,819
(3) Investments to entities accounted for using equity method	1,313	–	–	1,313	–	1,313
(4) Increase in fixed assets	12,631	2,186	16	14,834	–	14,834

Notes: i. The segment profit (loss) adjustment (1,298) million yen includes (1,536) million yen in amortization of goodwill and 238 million yen in intersegment transactions.

ii. The segment asset (loss) adjustment 13,012 million yen is unamortized balance of goodwill, and etc.

iii. Segment profit (loss) is adjusted to the operating income figure on the consolidated statements of operation.

(Notes to Per Share Data)

For the fiscal year ended April 30, 2017 and 2018 (May 1, 2016 - April 30, 2017 and May 1, 2017 - April 30, 2018)

	Yen	
	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Common Stock		
Net assets per share	1,105.09	1,165.80
Earnings per share	108.77	99.79
Earnings per share (diluted)	108.50	99.54
Class-A Preferred Stock		
Net assets per share	1,110.09	1,170.80
Earnings per share	118.73	109.75
Earnings per share (diluted)	118.46	109.50

Note: The basis for calculating earnings per share and earnings per share (diluted) is as follows:

	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Earnings per share		
Profit attributable to owners of parent (Million yen)	13,693	12,553
Profit attributable to owners of parent pertaining to common stock (Million yen)	9,645	8,851
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	4,047	3,701
Weighted average number of shares of common stock (Thousands of shares)	88,683	88,704
Weighted average number of shares of Class-A Preferred Stock (Thousands of shares)	34,086	33,724
Earnings per share (diluted)		
Adjustments to profit attributable to owners of parent (Million yen)	-	-
Increase in common stock (Thousands of shares)	307	307
(*Share acquisition rights (Thousands of shares))	(307)	(307)
Profit attributable to owners of parent pertaining to common stock (Million yen)	9,655	8,860
Profit attributable to owners of parent pertaining to Class-A Preferred Stock (Million yen)	4,037	3,692
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect	-	-

(Notes to Subsequent Events)

Not applicable

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

As of April 30, 2017 and April 30, 2018

(Millions of yen)

	As of April 30, 2017	As of April 30, 2018
Assets		
Current assets		
Cash and deposits	51,297	49,602
Notes receivable - trade	193	197
Accounts receivable - trade	46,911	50,424
Merchandise and finished goods	20,953	20,705
Raw materials and supplies	5,249	6,123
Prepaid expenses	1,993	2,121
Deferred tax assets	2,135	1,896
Short-term loans receivable from subsidiaries and associates	6,111	2,034
Accounts receivable - other	10,458	7,367
Other	221	543
Allowance for doubtful accounts	(31)	(6)
Total current assets	145,492	141,010
Non-current assets		
Property, plant and equipment		
Buildings	11,446	11,447
Structures	364	418
Machinery and equipment	2,876	2,631
Vehicles	18	11
Tools, furniture and fixtures	4,304	8,646
Land	14,578	14,578
Leased assets	25,289	21,098
Construction in progress	-	30
Total property, plant and equipment	58,877	58,861
Intangible assets		
Leasehold right	80	80
Trademark right	1,225	1,075
Software	2,606	1,817
Telephone subscription right	89	89
Other	0	249
Total intangible assets	4,002	3,312
Investments and other assets		
Investment securities	4,946	5,893
Shares of subsidiaries and associates	40,934	40,934
Investments in capital	9	9
Investments in capital of subsidiaries and associates	843	843
Long-term loans receivable from subsidiaries and associates	11,541	13,812
Claims provable in bankruptcy, claims provable in rehabilitation and other	205	197
Long-term prepaid expenses	401	187
Deferred tax assets	1,146	1,106
Lease and guarantee deposits	2,479	2,409
Business insurance	257	275
Other	1,803	2,170
Allowance for doubtful accounts	(267)	(254)
Total investments and other assets	64,303	67,585
Total non-current assets	127,184	129,759
Total assets	272,676	270,770

Non-Consolidated Balance Sheets – Continued

(Millions of yen)

	As of April 30, 2017	As of April 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	27,710	23,983
Short-term loans payable	1,400	1,400
Lease obligations	8,153	6,159
Accounts payable - other	373	715
Accrued expenses	20,984	21,781
Income taxes payable	3,234	2,787
Unearned revenue	14	13
Provision for bonuses	2,823	2,749
Other	711	1,238
Total current liabilities	65,406	60,828
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	47,322	45,922
Lease obligations	11,900	8,702
Provision for retirement benefits	6,501	7,121
Deferred tax liabilities for land revaluation	719	719
Other	279	276
Total non-current liabilities	76,723	72,741
Total liabilities	142,129	133,570
Net assets		
Shareholders' equity		
Capital stock	19,912	19,912
Capital surplus		
Legal capital surplus	20,259	20,259
Other capital surplus	3	4
Total capital surpluses	20,262	20,263
Retained earnings		
Legal retained earnings	1,320	1,320
Other retained earnings		
Reserve for advanced depreciation of non-current assets	533	532
General reserve	79,616	86,616
Retained earnings brought forward	14,872	14,707
Total retained earnings	96,343	103,175
Treasury shares	(1,983)	(2,798)
Total shareholders' equity	134,534	140,553
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,999	2,601
Revaluation reserve for land	(6,053)	(6,053)
Total valuation and translation adjustments	(4,054)	(3,451)
Share acquisition rights	66	97
Total net assets	130,546	137,199
Total liabilities and net assets	272,676	270,770

(2) Non-Consolidated Statements of Income

For the fiscal year ended April 30, 2017 and 2018 (May 1, 2016 - April 30, 2017 and May 1, 2017 - April 30, 2018)

(Millions of yen)

	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Net sales	371,831	383,212
Cost of sales	196,832	203,505
Gross profit	174,999	179,707
Selling, general and administrative expenses	159,352	164,312
Operating income	15,646	15,394
Non-operating income		
Interest and dividend income	2,300	2,488
Other	669	479
Total non-operating income	2,970	2,968
Non-operating expenses		
Interest expenses	714	550
Interest on bonds	84	22
Foreign exchange losses	-	273
Loss on cancellation of leases	139	249
Other	217	125
Total non-operating expenses	1,157	1,220
Ordinary income	17,460	17,142
Extraordinary income		
Gain on sales of investment securities	19	39
Other	-	0
Total extraordinary income	19	39
Extraordinary losses		
Loss on abandonment of non-current assets	31	23
Loss on valuation of investment securities	0	17
Loss on liquidation of subsidiaries and associates	811	-
Other	5	1
Total extraordinary losses	848	42
Income before income taxes	16,631	17,139
Income taxes - current	4,940	5,073
Income taxes - deferred	(404)	(3)
Total income taxes	4,535	5,070
Net income	12,095	12,069

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

For the fiscal year ended April 30, 2017 (May 1, 2016 - April 30, 2017)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of current period	19,912	20,259	–	20,259	1,320	536	76,116	11,528	89,501
Changes of items during period									
Dividends of surplus								(5,253)	(5,253)
Provision of general reserve							3,500	(3,500)	–
Reversal of reserve for advanced depreciation of non-current assets						(2)		2	–
Net income								12,095	12,095
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	–	(2)	3,500	3,344	6,841
Balance at end of current period	19,912	20,259	3	20,262	1,320	533	79,616	14,872	96,343

	Shareholders' equity		Valuation and translation adjustments				Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of current period	(1,302)	128,370	1,733	(45)	(6,053)	(4,364)	39	124,045
Changes of items during period								
Dividends of surplus		(5,253)						(5,253)
Provision of general reserve		–						–
Reversal of reserve for advanced depreciation of non-current assets		–						–
Net income		12,095						12,095
Purchase of treasury shares	(717)	(717)						(717)
Disposal of treasury shares	35	39						39
Net changes of items other than shareholders' equity			265	45	–	310	26	337
Total changes of items during period	(681)	6,163	265	45	–	310	26	6,500
Balance at end of current period	(1,983)	134,534	1,999	–	(6,053)	(4,054)	66	130,546

For the fiscal year ended April 30, 2018 (May 1, 2017 - April 30, 2018)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward		
Balance at beginning of current period	19,912	20,259	3	20,262	1,320	533	79,616	14,872	96,343
Changes of items during period									
Dividends of surplus								(5,237)	(5,237)
Provision of general reserve							7,000	(7,000)	-
Reversal of reserve for advanced depreciation of non-current assets						(1)		1	-
Net income								12,069	12,069
Purchase of treasury shares									
Disposal of treasury shares			1	1					
Net changes of items other than shareholders' equity									
Total changes of items during period	-	-	1	1	-	(1)	7,000	(165)	6,832
Balance at end of current period	19,912	20,259	4	20,263	1,320	532	86,616	14,707	103,175

	Shareholders' equity		Valuation and translation adjustments				Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of current period	(1,983)	134,534	1,999	-	(6,053)	(4,054)	66	130,546
Changes of items during period								
Dividends of surplus		(5,237)						(5,237)
Provision of general reserve		-						-
Reversal of reserve for advanced depreciation of non-current assets		-						-
Net income		12,069						12,069
Purchase of treasury shares	(858)	(858)						(858)
Disposal of treasury shares	43	45						45
Net changes of items other than shareholders' equity			602	-	-	602	31	633
Total changes of items during period	(814)	6,018	602	-	-	602	31	6,652
Balance at end of current period	(2,798)	140,553	2,601	-	(6,053)	(3,451)	97	137,199