

October 31, 2019

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Second Quarter of the Fiscal Year Ending December 31, 2019

Listed company name: Ezaki Glico Co., Ltd.  
 Securities Code: 2206 URL: <https://www.glico.com/jp/>  
 Representative: Katsuhisa Ezaki, President and CEO  
 Scheduled filing date of quarterly report: November 5, 2019  
 Scheduled commencement date of dividend payments: December 6, 2019  
 Preparation of explanatory materials for financial results: Yes  
 Holding of a briefing on financial results: Yes

Listed stock exchange: Tokyo Stock Exchange

(Amounts less than ¥ million are rounded down.)

### 1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2019 (April 1, 2019 to September 30, 2019)

#### (1) Consolidated results of operations

(The percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six months ended								
September 30, 2019	185,525	(0.2)	10,774	(16.3)	11,744	(20.1)	8,783	(11.6)
September 30, 2018	185,979	(0.9)	12,874	(17.0)	14,705	(11.8)	9,938	(12.5)

(Note) Comprehensive Income: Six months ended September 30, 2019: ¥6,939 million [(41.6)%]  
 Six months ended September 30, 2018: ¥11,885 million [(10.9)%]

	Earnings per share (basic)	Earnings per share (diluted)
Six months ended	¥	¥
September 30, 2019	134.98	-
September 30, 2018	151.07	-

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2019	344,536	220,646	61.9
As of March 31, 2019	348,452	220,853	61.4

(Reference) Shareholders' equity: As of September 30, 2019: ¥213,304 million  
 As of March 31, 2019: ¥213,893 million

### 2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	¥	¥	¥	¥	¥
Fiscal year ended March 31, 2019	-	25.00	-	35.00	60.00
Fiscal year ending December 31, 2019	-	30.00			
Fiscal year ending December 31, 2019 (Forecast)			-	30.00	60.00

(Note) Revisions to dividend forecasts published most recently: None

3. Consolidated Performance Forecasts for the Fiscal Year Ending December 31, 2019 (April 1, 2019 - December 31, 2019)

(The percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	286,000	-	16,200	-	17,600	-	12,000	-	182.34

(Note) Revisions to financial forecasts published most recently: Yes

The Company has changed its fiscal year end from March 31 to December 31 effective the fiscal year 2020 under approval of the proposed “Partial Amendment of Articles of Incorporation” that was held at the 114th Annual Shareholders Meeting on June 25, 2019. Due to this change, subsidiaries whose fiscal year end is already December 31, as their period for consolidated accounting will be as before, their fiscal year shall be from January 1, 2019 until December 31, 2019. Therefore, the percentages indicating year-on-year changes are not presented for the full year.

\* Notes to the Consolidated Financial Statements

(1) Transfers of important subsidiaries during fiscal period (transfers of designated subsidiaries incidental to changes in scope of consolidation): None

New – Company (company name), Eliminated – Company (company name)

(2) Application of special accounting treatments for the creation of the quarterly consolidated financial statements: None

(3) Changes in accounting practices, changes in accounting estimates, retrospective restatements

(i) Changes in accounting practices due to a revision of accounting standards, etc.: None

(ii) Changes in accounting practices other than (i): Yes

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Number of shares issued (common stock)

(i) Number of shares issued as of term-end (including treasury shares)

As of September 30, 2019 68,468,569 shares

As of March 31, 2019 69,414,469 shares

(ii) Number of treasury shares as of term-end

As of September 30, 2019 3,572,853 shares

As of March 31, 2019 3,602,394 shares

(iii) Average number of shares during fiscal year

Six months ended September 30, 2019 65,068,233 shares

Six months ended September 30, 2018 65,787,578 shares

\* Quarterly summaries of financial results are exempt from review conducted by certified public accountants or an audit corporation.

\* Explanation of appropriate use of earnings projections, other explanatory notes

Earnings projections and other forward-looking statements indicated in these materials are based on information available at the time and on certain assumptions deemed reasonable at the time. These statements do not represent any guarantee of achievement by the Company. Furthermore, there is the possibility of significant changes in actual earnings due to various factors.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2019	As of September 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	103,601	96,409
Notes and accounts receivable - trade	40,128	41,946
Securities	1,645	3,624
Merchandise and finished goods	16,237	14,196
Work in process	768	846
Raw materials and supplies	14,106	15,025
Other	3,733	3,611
Allowance for doubtful accounts	(50)	(51)
<b>Total current assets</b>	<b>180,171</b>	<b>175,609</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	32,659	40,451
Machinery, equipment and vehicles, net	35,019	36,744
Tools, furniture and fixtures, net	3,165	3,519
Land	15,584	15,312
Leased assets, net	615	570
Construction in progress	12,421	3,194
<b>Total property, plant and equipment</b>	<b>99,465</b>	<b>99,793</b>
<b>Intangible assets</b>		
Software	4,688	4,166
Goodwill	3,874	3,561
Other	914	1,627
<b>Total intangible assets</b>	<b>9,477</b>	<b>9,355</b>
<b>Investments and other assets</b>		
Investment securities	41,799	42,465
Retirement benefit asset	1,336	1,466
Real estate for investment, net	12,296	12,280
Other	3,959	3,619
Allowance for doubtful accounts	(53)	(53)
<b>Total investments and other assets</b>	<b>59,338</b>	<b>59,778</b>
<b>Total non-current assets</b>	<b>168,281</b>	<b>168,926</b>
<b>Total assets</b>	<b>348,452</b>	<b>344,536</b>

(Unit: ¥ million)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	33,831	32,762
Short-term loans payable	417	188
Accrued expenses	30,128	28,624
Income taxes payable	2,651	3,779
Provision for sales promotion expenses	2,448	2,632
Provision for bonuses for directors (and other officers)	38	-
Provision for share-based remuneration	44	-
Other	12,188	10,815
<b>Total current liabilities</b>	<b>81,749</b>	<b>78,804</b>
<b>Non-current liabilities</b>		
Convertible bond-type bonds with share acquisition rights	30,103	30,092
Long-term loans payable	220	107
Retirement benefit liability	5,286	5,207
Deferred tax liabilities	5,098	4,443
Other	5,140	5,235
<b>Total non-current liabilities</b>	<b>45,849</b>	<b>45,085</b>
<b>Total liabilities</b>	<b>127,598</b>	<b>123,890</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	7,773	7,773
Capital surplus	8,999	7,459
Retained earnings	190,892	196,564
Treasury shares	(6,566)	(9,044)
<b>Total shareholders' equity</b>	<b>201,098</b>	<b>202,753</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	12,551	11,147
Deferred gains or losses on hedges	73	(17)
Foreign currency translation adjustment	395	(383)
Remeasurements of defined benefit plans	(225)	(196)
<b>Total accumulated other comprehensive income</b>	<b>12,794</b>	<b>10,550</b>
<b>Non-controlling interests</b>	<b>6,960</b>	<b>7,342</b>
<b>Total net assets</b>	<b>220,853</b>	<b>220,646</b>
<b>Total liabilities and net assets</b>	<b>348,452</b>	<b>344,536</b>

## (2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	185,979	185,525
Cost of sales	97,535	97,644
Gross profit	88,444	87,880
Selling, general and administrative expenses		
Transportation and warehousing expenses	16,062	16,491
Promotion expenses	26,270	26,373
Provision for sales promotion expenses	2,011	2,632
Advertising expenses	7,383	7,373
Retirement benefit expenses	239	287
Other	23,602	23,947
Total selling, general and administrative expenses	75,570	77,105
Operating profit	12,874	10,774
Non-operating income		
Interest income	251	248
Dividend income	420	376
Foreign exchange gains	289	-
Subsidy income	504	543
Other	1,076	859
Total non-operating income	2,542	2,027
Non-operating expenses		
Interest expenses	33	13
Foreign exchange losses	-	222
Loss on retirement of non-current assets	167	89
Loss on abandonment of non-current assets	122	231
Other	387	500
Total non-operating expenses	711	1,057
Ordinary profit	14,705	11,744

	Six months ended September 30, 2018	Six months ended September 30, 2019
Extraordinary income		
Gain on sales of non-current assets	358	1,173
Gain on sales of investment securities	133	90
Total extraordinary income	491	1,263
Extraordinary losses		
Impairment loss	46	120
Business structure improvement expenses	19	75
Extra retirement payments	0	18
Loss on termination of retirement benefit plan	153	-
Total extraordinary losses	219	215
Profit before income taxes	14,977	12,793
Income taxes - current	4,994	3,940
Income taxes - deferred	(365)	(170)
Total income taxes	4,629	3,770
Profit	10,347	9,022
Profit attributable to		
Profit attributable to owners of parent	9,938	8,783
Profit attributable to non-controlling interests	409	239
Other comprehensive income		
Valuation difference on available-for-sale securities	2,838	(1,404)
Deferred gains or losses on hedges	163	(90)
Foreign currency translation adjustment	(1,240)	(375)
Remeasurements of defined benefit plans, net of tax	(44)	29
Share of other comprehensive income of entities accounted for using equity method	(179)	(241)
Total other comprehensive income	1,538	(2,082)
Comprehensive income	11,885	6,939
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,717	6,538
Comprehensive income attributable to non-controlling interests	168	401

(Segment Information, etc.)

[Segment Information]

I. Six months ended September 30, 2018 (April 1, 2018- September 30, 2018)

1. Information on net sales and profit or losses by reportable segment

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on quarterly consolidated financial statements (Note 3)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	43,091	55,556	47,740	5,837	24,236	176,463	9,516	185,979	-	185,979
Inter-segment sales and transfers	357	62	74	105	1	601	1,914	2,515	(2,515)	-
Total	43,449	55,618	47,815	5,943	24,237	177,064	11,431	188,495	(2,515)	185,979
Segment profit	2,159	6,799	1,852	547	1,389	12,748	37	12,786	88	12,874

(Notes)

1. The "Other" category is a business segment not included in reporting segments, and includes the Health segment (includes former Sports Foods segment), Office Glico segment, and the Systems Maintenance & Development Business segment.
2. The adjusted amount of ¥88 million in segment profit includes ¥385 million for the elimination of intersegment transactions and other adjustment amounts of negative ¥296 million in companywide expenses not allocated to any reporting segment.
3. The total amount for segment income is adjusted based on the operating profit recorded for quarterly consolidated financial statements.

2. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.

Omitted due to lack of significance.

II. Six months ended September 30, 2019 (April 1, 2019- September 30, 2019)

1. Information on net sales and profit or losses by reportable segment

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on quarterly consolidated financial statements (Note 3)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	43,647	55,350	45,634	5,723	25,275	175,632	9,892	185,525	-	185,525
Inter-segment sales and transfers	325	67	5	107	-	506	2,720	3,227	(3,227)	-
Total	43,973	55,418	45,640	5,831	25,275	176,139	12,613	188,753	(3,227)	185,525
Segment profit (loss)	2,203	5,615	1,813	505	(125)	10,012	53	10,065	708	10,774

(Notes)

1. The "Other" category is a business segment not included in reporting segments, and includes the Health segment (includes former Sports Foods segment), Office Glico segment, and the Systems Maintenance & Development Business segment.
2. The adjusted amount of ¥708 million in segment profit or loss includes ¥1,025 million for the elimination of intersegment

transactions and other adjustment amounts of negative ¥316 million in companywide expenses not allocated to any reporting segment.

3. The total amount for segment profit is adjusted based on the operating profit recorded for quarterly consolidated financial statements.
2. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.  
Omitted due to lack of significance.



# **Supplementary Information**

For the Second Quarter of the FYE December 31,2019

Ezaki Glico Co.,Ltd.

## 1. Consolidated results of operations (Cumulative)

### (1) Status of Net Sales and Profit

Unit:1 million yen

	FYE Mar. '19 2Q Results	FYE Dec. '19 2Q Results	Change from previous period	
			Amount	%
Net sales	185,979	185,525	(454)	(0.2)
Operating profit	12,874	10,774	(2,099)	(16.3)
Ordinary profit	14,705	11,744	(2,961)	(20.1)
Profit	9,938	8,783	(1,155)	(11.6)

### (2) Status of Net Sales by Geographic Segment

Unit:1 million yen

	FYE Mar. '19 2Q Results	FYE Dec. '19 2Q Results	Change from previous period	
			Amount	%
Japan	161,743	160,249	(1,493)	(0.9)
China	13,556	13,064	(491)	(3.6)
Southeast Asia	6,813	7,672	859	12.6
Others	3,866	4,538	672	17.4
Total	185,979	185,525	(454)	(0.2)

\*Sales information is based on the geographical location of customers, and it is classified by country or region.

### (3) Status of Operating Profit

Unit:1 million yen

	FYE Mar. '19		FYE Dec. '19	
	2Q Results		2Q Results	
	Results	%	Results	%
Net sales	185,979	100.0	185,525	100.0
Cost of sales	97,535	52.4	97,644	52.6
Gross profit	88,444	47.6	87,880	47.4
Freight and charges	16,062	8.6	16,491	8.9
Sales promotion	28,281	15.2	29,006	15.6
Advertising expenses	7,383	4.0	7,373	4.0
Salaries and benefits	14,222	7.6	14,287	7.7
Expenses and depreciation	9,619	5.3	9,946	5.4
Total	75,570	40.7	77,105	41.6
Operating profit	12,874	6.9	10,774	5.8

Factors behind change in operating income	vs FYE Mar. '19 2Q Results	Of which, is domestic
(1) Change due increase/decrease in net sales	(138)	(441)
(2) Change due to fluctuation in composition of sales product varieties and other	102	17
(3) Change due to increase/decrease in raw materials prices	(419)	(402)
(4) Change due to fluctuation in freight and charges ratio	(468)	(308)
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	(784)	191
(6) Change due to increase/decrease in SG&A	(392)	357
Total	(2,099)	(586)

## (4) Status of Net Sales by Segment

Unit: 1 million yen

	FYE Mar. '19 2Q Results	FYE Dec. '19 2Q Results	Change from previous period	
			Amount	%
Confectioneries and Food Products	43,091	43,647	556	1.3
(Of which, is confectioneries)	33,546	34,536	989	3.0
(Of which, is food products)	9,545	9,111	(433)	(4.5)
Ice Cream	55,556	55,350	(205)	(0.4)
Dairy	47,740	45,634	(2,105)	(4.4)
Food Ingredients	5,837	5,723	(114)	(2.0)
Overseas	24,236	25,275	1,039	4.3
Other	9,516	9,892	375	3.9
Total	185,979	185,525	(454)	(0.2)

## (5) Status of Operating Profit by Segment

Unit: 1 million yen

	FYE Mar. '19 2Q Results	FYE Dec. '19 2Q Results	Change from previous period	
			Amount	%
Confectioneries and Food Products	2,159	2,203	43	2.0
(Of which, is confectioneries)	1,871	2,229	358	19.2
(Of which, is food products)	288	(26)	(314)	-
Ice Cream	6,799	5,615	(1,183)	(17.4)
Dairy	1,852	1,813	(39)	(2.1)
Food Ingredients	547	505	(41)	(7.6)
Overseas	1,389	(125)	(1,514)	-
Other	37	53	16	43.0
Adjustment	88	708	620	-
Total	12,874	10,774	(2,099)	(16.3)

&lt;Reference&gt;

The following rates have been used for currency conversion.

FYE Mar. '19 2Q Results	FYE Dec. '19 2Q Results
1CNY = 16.66YEN	1CNY = 16.22YEN
1THB = 3.33YEN	1THB = 3.47YEN
1USD = 110.54YEN	1USD = 110.12YEN

## 2. Consolidated financial position

Unit: 1 million yen

	Mar. '19	Sept. '19	Change		Mar. '19	Sept. '19	Change
Total current assets	180,171	175,609	(4,561)	Total current liabilities	81,749	78,804	(2,944)
Cash and deposits	103,601	96,409	(7,191)	Notes and accounts payable-trade	33,831	32,762	(1,068)
Notes and accounts receivable-trade	40,128	41,946	1,817	Short-term loans payable	417	188	(228)
Inventories	31,112	30,069	(1,043)	Other	47,500	45,852	(1,647)
Other	5,328	7,184	1,855	Total non-current liabilities	45,849	45,085	(763)
Total non-current assets	168,281	168,926	645	Convertible bond-type bonds with share acquisition rights	30,103	30,092	(10)
Property, plant and equipment	99,465	99,793	327	Long-term loans payable	220	107	(113)
Intangible assets	9,477	9,355	(122)	Retirement benefit liability	5,286	5,207	(78)
Investment securities	41,799	42,465	665	Other	10,238	9,678	(560)
Real estate for investment	12,296	12,280	(16)	Total liabilities	127,598	123,890	(3,708)
Other	5,241	5,033	(208)	Total net assets	220,853	220,646	(207)
				Shareholders' equity	201,098	202,753	1,655
				Accumulated other comprehensive income	12,794	10,550	(2,244)
				Non-controlling interests	6,960	7,342	382
Total assets	348,452	344,536	(3,915)		348,452	344,536	(3,915)