

[Notes of caution]

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July 28, 2017

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 31, 2018

Listed company name: EZAKI GLICO CO.,LTD.

Listed stock exchange: Tokyo Stock Exchange

Securities Code : 2206 URL: <https://www.glico.com/jp/>

Representative: Katsuhisa Ezaki , President and CEO

Scheduled filing date of quarterly report: August 1, 2017

Scheduled commencement date of dividend payments: -

Preparation of explanatory materials for financial results: Yes

Holding of a briefing on financial results: None

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the Cumulative First Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 to June 30, 2017)

(1) Consolidated results of operations

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three months ended								
June 30, 2017	88,814	0.1	6,567	-16.2	7,483	0.3	5,236	-5.8
June 30, 2016	88,747	4.2	7,840	36.6	7,462	15.5	5,558	22.5

(Note)Comprehensive Income: Three months ended June 30, 2017: ¥6,523million (34.3%)

Three months ended June 30, 2016: ¥4,856million (4.2%)

	Net income per share(basic)	Net income per share(diluted)
Three months ended	¥	¥
June 30, 2017	79.64	-
June 30, 2016	84.73	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of June 30, 2017	326,461	203,117	60.3	2,993.84
As of March 31, 2017	324,118	198,434	59.4	2,927.10

(Reference)Shareholders' equity: As of June 30, 2017: ¥196,911million

As of March 31, 2017: ¥192,449million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended	¥	¥	¥	¥	¥
March 31, 2017	-	20.0	-	30.0	50.0
Fiscal year ending					
March 31, 2018	-				
Fiscal year ending					
March 31, 2018(Forecast)		20.0	-	20.0	40.0

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

(Note) Dividend for the fiscal year ended March 31, 2017: Ordinary dividend: ¥20 Commemorative dividend: ¥10

3. Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 - March 31, 2018)

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

	Net sales		Operating income		Ordinary income		Net income attributable to parent company shareholders		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
2Q end(Cumulative)	195,800	5.1	15,300	-6.8	16,100	-1.2	11,200	-3.1	170.35
Full year	375,000	6.2	25,000	3.1	26,200	-0.6	17,800	-1.9	270.73

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

* Notes to the Consolidated Financial Statements

(1) Transfers of important subsidiaries during the current quarterly consolidated cumulative period (changes in designated subsidiaries due to a change in the 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): None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Shares issued (common stock)

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

As of June 30, 2017 69,430,069 shares

As of March 31, 2017 69,430,069 shares

(ii) Treasury shares as of term-end

As of June 30, 2017 3,657,756 shares

As of March 31, 2017 3,682,471 shares

(iii) Average shares during fiscal year (quarterly cumulative total)

Three months ended June 30, 2017 65,756,672 shares

Three months ended June 30, 2016 65,602,547 shares

*This summary is not subject to audit procedures.

*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. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	96,018	97,318
Notes and accounts receivable - trade	36,832	39,095
Securities	3,238	3,334
Merchandise and finished goods	13,460	14,807
Work in process	894	922
Raw materials and supplies	13,457	13,158
Others	6,343	5,127
Allowance for doubtful accounts	-47	-53
Total current assets	170,199	173,711
Non-current assets		
Property, plant & equipment		
Buildings and structures, net	31,599	31,474
Machinery, equipment and vehicles , net	33,717	35,052
Land	15,763	15,767
Construction in progress	4,445	2,201
Others, net	3,856	3,861
Total property, plant and equipment	89,382	88,358
Intangible assets		
Others	5,702	5,561
Total intangible assets	5,702	5,561
Investments and other assets		
Investment securities	39,842	41,611
Real estate for investment, net	12,363	12,354
Others	6,678	4,915
Allowance for doubtful accounts	-50	-51
Total investments and other assets	58,834	58,830
Total non-current assets	153,919	152,750
Total assets	324,118	326,461

(Unit: ¥ million)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,200	33,442
Short-term loans payable	1,126	1,003
Current portion of long-term loans payable	486	244
Accrued expenses	26,024	24,614
Income taxes payable	3,701	2,053
Provision for sales promotion expenses	1,795	1,769
Provision for directors' bonuses	38	-
BIP stock benefit allowance	89	-
Others	12,963	11,036
Total current liabilities	75,426	74,163
Long-term liabilities		
Convertible bond-type bonds with subscription rights to shares	30,146	30,141
Long-term loans payable	644	573
Net defined benefit liability	7,846	6,210
Deferred tax liabilities	5,646	6,330
Others	5,973	5,925
Total long-term liabilities	50,257	49,180
Total liabilities	125,684	123,344
Net assets		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	9,049	9,049
Retained earnings	170,706	173,965
Treasury shares	-7,093	-6,938
Total shareholders' equity	180,435	183,850
Other comprehensive income		
Valuation difference on available-for-sale securities	11,318	12,911
Foreign currency translation adjustment	896	314
Remeasurements of defined benefit plans	-200	-163
Total other comprehensive income	12,014	13,061
Non-controlling interests	5,984	6,205
Total net assets	198,434	203,117
Total liabilities and net assets	324,118	326,461

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	April 1, 2016 - June 30, 2016	April 1, 2017 - June 30, 2017
Net sales	88,747	88,814
Cost of sales	47,477	46,842
Gross profit	41,269	41,971
Selling, general and administrative expenses		
Transportation and warehousing expenses	7,770	7,742
Promotion expenses	10,615	10,977
Provision for sales promotion expenses	1,632	1,769
Advertising expenses	2,666	3,836
Retirement benefit expenses	266	204
ESOP distribution allowance allocation amount	51	-
Others	10,426	10,873
Total selling, general and administrative expenses	33,428	35,404
Operating income	7,840	6,567
Non-operating income		
Interest income	96	116
Dividend income	359	320
Subsidy income	-	449
Others	357	369
Total non-operating income	814	1,255
Non-operating expenses		
Interest expenses	32	6
Foreign exchange loss	1,033	35
Others	126	296
Total non-operating expenses	1,192	339
Ordinary Income	7,462	7,483
Extraordinary income		
Gain on redemption of investment securities	-	177
Gain on bargain purchase	313	-
Total extraordinary income	313	177
Extraordinary losses		
Loss on step acquisitions	12	-
Total extraordinary losses	12	-
Income before income taxes and minority interests	7,763	7,660
Income taxes - current	2,015	1,990
Income taxes - deferred	-95	235
Total income taxes	1,920	2,225
Net income	5,843	5,434
(Breakdown)		
Net income attributable to owners of parent	5,558	5,236
Net income attributable to non-controlling interests	284	198
Other comprehensive income		
Valuation difference on available-for-sale securities	376	1,593
Foreign currency translation adjustment	-1,351	-451
Remeasurements of defined benefit plans	85	36
Share of other comprehensive income of entities accounted for using equity method	-96	-88
Total other comprehensive income	-986	1,089
Comprehensive income	4,856	6,523
(Breakdown)		
Comprehensive income attributable to owners of parent	4,776	6,283
Comprehensive income attributable to non-controlling interests	80	240

(Segment Information, etc.)
[Segment Information]

I. First three months of the Previous consolidated fiscal year(April 1, 2016- June 30, 2016)

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

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on quarterly consolidated P/L statement and statement of comprehensive income (Note 3)
	Confec- tionaries	Ice Cream	Food Products	Milk and Dairy Products	Food Ingre- dients	Subtotal				
Net sales										
Sales to third parties	28,464	25,213	4,283	24,509	2,797	85,268	3,478	88,747	-	88,747
Inter-segment sales and transfers	1	-	-	17	47	66	1,356	1,423	-1,423	-
Total	28,465	25,213	4,283	24,526	2,845	85,335	4,835	90,170	-1,423	88,747
Segment income or losses	3,131	3,113	-124	1,542	227	7,890	44	7,935	-95	7,840

(Notes)

1. The "Other" category is a business segment not included in reporting segments, and includes the Health segment, Office Glico segment, and the Systems Maintenance & Development Business segment.

2. The adjusted amount of -95 million yen in segment income includes 251 million yen for the elimination of intersegment transactions and other adjustment amounts of -346 million yen in companywide expenses not allocated to any reporting segment. Companywide expenses mainly include sales and general administration expenses not attributable to any particular reporting segment.

3. The total amount for segment income or losses is adjusted based on the operating income recorded for the quarterly consolidated P/L statement and statement of comprehensive income.

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

Omitted due to lack of significance.

II. First three months of the consolidated fiscal year under review (April 1, 2017- June 30, 2017)

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

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on quarterly consolidated P/L statement and statement of comprehensive income (Note 3)
	Confec- tionaries	Ice Cream	Food Products	Milk and Dairy Products	Food Ingre- dients	Subtotal				
Net sales										
Sales to third parties	28,515	24,540	4,255	24,376	3,008	84,696	4,117	88,814	-	88,814
Inter-segment sales and transfers	394	-	-	8	38	440	830	1,270	-1,270	-
Total	28,909	24,540	4,255	24,384	3,046	85,137	4,948	90,085	-1,270	88,814
Segment income or losses	2,362	2,671	-71	1,137	379	6,479	-31	6,448	119	6,567

(Notes)

1. The "Other" category is a business segment not included in reporting segments, and includes the Health segment, Office Glico segment, and the Systems Maintenance & Development Business segment.

2. The adjusted amount of 119 million yen in segment income includes 447 million yen for the elimination of intersegment transactions and other adjustment amounts of -328 million yen in companywide expenses not allocated to any reporting segment. Companywide expenses mainly include sales and general administration expenses not attributable to any particular reporting segment.

3. The total amount for segment income or losses is adjusted based on the operating income recorded for the quarterly consolidated P/L statement and statement of comprehensive income.

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 First Quarter of the Fiscal Year Ending March 31, 2018

EZAKI GLICO CO.,LTD.

1.Consolidated results of operations (Cumulative)

(1)Status of Net Sales and Income

Unit:100 million yen

	FYE March'17	FYE March'18	Change from Previous period	
	1Q	1Q	Amount	%
Net sales	887	888	1	0.1
Operating income	78	66	-13	-16.2
Ordinary income	75	75	0	0.3
Net income	56	52	-3	-5.8

(2)Status of Net Sales by Geographic segment

Unit:100 million yen

	FYE March'17	FYE March'18	Change from Previous period	
	1Q	1Q	Amount	%
Japan	773	781	8	1.0
China	69	59	-10	-14.4
Southeast Asia	30	32	2	5.0
Others	15	16	1	8.7
Total	887	888	1	0.1

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

(3)Status of Operating Income

Unit:100 million yen

	FYE March'17		FYE March'18	
	1Q		1Q	
	Results	%	Results	%
Net sales	887	100.0	888	100.0
Cost of sales	475	53.5	468	52.7
Gross profit	413	46.5	420	47.3
Freight and charges	78	8.8	77	8.7
Sales promotion	122	13.8	127	14.4
Advertising expenses	27	3.0	38	4.3
Salaries and benefits	71	8.0	70	7.9
Expenses and depreciation	36	4.1	41	4.6
Total	334	37.7	354	39.9
Operating income	78	8.8	66	7.4

Factors behind change in operating income	vs FYE March'17	
		Of which, is domestic
(1) Change due increase/decrease in net sales	0	2
(2) Change due to fluctuation in composition of sales product varieties and other and Change due to increase/decrease in raw materials prices	7	9
(3) Change due to fluctuation in freight and charges ratio	0	1
(4) Change due to increase/decrease in sales promotion ratio / advertising expenses	-17	-13
(5) Change due to increase/decrease in SG&A	-3	-2
Total	-13	-3

(4) Status of Net Sales by Segment

Unit: 100 million yen

	FYE March'17 1Q	FYE March'18 1Q	Change from Previous period	
			Amount	%
Confectioneries	285	285	1	0.2
(Of which, is domestic confectioneries)	174	181	7	3.9
Ice Cream	252	245	-7	-2.7
(Of which, is domestic ice cream)	250	244	-6	-2.4
Milk and Dairy Products	245	244	-1	-0.5
(Of which, is domestic milk and dairy products)	243	242	-1	-0.5
Food Products	43	43	0	-0.6
Food Ingredients	28	30	2	7.5
Other	35	41	6	18.4
Total	887	888	1	0.1

*Above figures for domestic and non-domestic segments

Domestic	773	781	8	1.0
Overseas	114	107	-7	-6.3
Total	887	888	1	0.1

<Reference>

The results of China & Thailand are calculated by using the rates indicated below.

	FYE March'17 1Q	FYE March'18 1Q
China	1CNY=17.39円	1CNY=16.29円
Thailand	1THB= 3.19円	1THB= 3.26円

(5) Status of Operating Income by Segment

Unit: 100 million yen

	FYE March'17 1Q	FYE March'18 1Q	Change from Previous period	
			Amount	%
Confectioneries	31	24	-8	-24.6
(Of which, is domestic confectioneries)	12	13	1	12.7
Ice Cream	31	27	-4	-14.2
(Of which, is domestic ice cream)	32	27	-4	-13.8
Milk and Dairy Products	15	11	-4	-26.3
(Of which, is domestic milk and dairy products)	15	11	-4	-25.9
Food Products	-1	-1	1	-
Food Ingredients	2	4	2	66.9
Other	-1	1	1	-
Total	78	66	-13	-16.2

*Above figures for domestic and non-domestic segments

Domestic	59	56	-3	-5.7
Overseas	19	10	-9	-48.7
Total	78	66	-13	-16.2

<Reference>

The results of China & Thailand are calculated by using the rates indicated below.

	FYE March'17 1Q	FYE March'18 1Q
China	1CNY=17.39円	1CNY=16.29円
Thailand	1THB= 3.19円	1THB= 3.26円

2.Consolidated financial position

Unit:100 million yen

	Mar.'17	June.'17	Change		Mar.'17	June.'17	Change
Current assets total	1,702	1,737	35	Current liabilities	754	742	-13
Cash and deposits	960	973	13	Notes and accounts payable	292	334	42
Notes and accounts receivable	368	391	23	Short-term loans payable	16	12	-4
Inventories	278	289	11	Others	446	395	-51
Others	95	84	-11	Long-term liabilities	503	492	-11
Non-current assets total	1,539	1,528	-12	Convertible bond-type bonds with subscription rights to shares	301	301	0
Property, plant and equipment	894	884	-10	Long-term loans payable	6	6	-1
Intangible assets	57	56	-1	Net defined benefit liability	78	62	-16
Investment securities	398	416	18	Others	116	123	6
Real estate for investment	124	124	0	Total liabilities	1,257	1,233	-23
Others	66	49	-18	Total net assets	1,984	2,031	47
				Total shareholders' equity	1,804	1,839	34
				Other comprehensive income	120	131	10
				Non-controlling interests	60	62	2
Total assets	3,241	3,265	23	Total liabilities and net assets	3,241	3,265	23