

[Notes of caution]

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July 31, 2018

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending March 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: August 3, 2018
 Scheduled commencement date of dividend payments: -
 Preparation of explanatory materials for financial results: Yes
 Holding of a briefing on financial results: None

Listed stock exchange: Tokyo Stock Exchange

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the Cumulative First Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 to June 30, 2018)

(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, 2018	88,484	-0.4	5,995	-8.7	7,358	-1.7	4,937	-5.7
June 30, 2017	88,814	0.1	6,567	-16.2	7,483	0.3	5,236	-5.8

(Note)Comprehensive Income: Three months ended June 30, 2018: ¥5,960million (-8.6%)
 Three months ended June 30, 2017: ¥6,523million (34.3%)

	Net income per share(basic)	Net income per share(diluted)
Three months ended June 30, 2018	¥ 75.06	-
June 30, 2017	79.64	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of June 30, 2018	346,753	218,742	61.2	3,224.72
As of March 31, 2018	341,063	214,788	61.1	3,165.88

(Reference)Shareholders' equity: As of June 30, 2018: ¥212,145million
 As of March 31, 2018: ¥208,294million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended March 31, 2018	¥ -	¥ 20.0	¥ -	¥ 30.0	¥ 50.0
Fiscal year ending March 31, 2019	-				
Fiscal year ending March 31, 2019(Forecast)		25.0		30.0	55.0

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

3. Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
2Q end(Cumulative)	192,000	2.3	11,500	-25.8	12,500	-25.0	8,800	-22.5	133.75
Full year	364,000	3.0	18,000	-11.7	19,900	-9.5	13,600	-10.6	206.71

(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, 2018 69,430,069 shares

As of March 31, 2018 69,430,069 shares

(ii) Treasury shares as of term-end

As of June 30, 2018 3,642,766 shares

As of March 31, 2018 3,636,411 shares

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

Three months ended June 30, 2018 65,783,885 shares

Three months ended June 30, 2017 65,756,672 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, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	104,336	102,470
Notes and accounts receivable – trade	41,360	42,924
Securities	2,240	1,932
Merchandise and finished goods	13,992	15,816
Work in process	791	806
Raw materials and supplies	12,704	14,058
Others	3,483	3,513
Allowance for doubtful accounts	-31	-31
Total current assets	178,878	181,491
Non-current assets		
Property, plant & equipment		
Buildings and structures, net	31,618	31,428
Machinery, equipment and vehicles , net	33,430	33,298
Land	15,758	15,774
Construction in progress	6,871	7,376
Others,net	4,135	4,320
Total property, plant and equipment	91,814	92,198
Intangible assets		
Software	5,000	4,681
Goodwill	4,051	3,924
Others	561	643
Total intangible assets	9,612	9,249
Investments and other assets		
Investment securities	42,958	46,059
Real estate for investment, net	12,329	12,321
Others	5,518	5,483
Allowance for doubtful accounts	-49	-50
Total investments and other assets	60,757	63,814
Total non-current assets	162,184	165,262
Total assets	341,063	346,753

(Unit: ¥ million)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,872	39,600
Short-term loans payable	842	188
Accrued expenses	27,946	26,056
Income taxes payable	3,352	1,804
Provision for sales promotion expenses	1,887	1,812
Provision for directors' bonuses	38	-
BIP stock benefit allowance	75	-
Others	10,828	9,762
Total current liabilities	78,843	79,225
Long-term liabilities		
Convertible bond-type bonds with subscription rights to shares	30,125	30,119
Long-term loans payable	443	362
Net defined benefit liability	6,215	6,150
Deferred tax liabilities	5,070	6,483
Others	5,576	5,670
Total long-term liabilities	47,431	48,785
Total liabilities	126,275	128,011
Net assets		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	9,095	9,095
Retained earnings	182,627	185,587
Treasury shares	-6,802	-6,820
Total shareholders' equity	192,694	195,636
Other comprehensive income		
Valuation difference on available-for-sale securities	13,587	15,535
Deferred hedge gains and losses	-	24
Foreign currency translation adjustment	1,922	883
Remeasurements of defined benefit plans	91	65
Total other comprehensive income	15,600	16,508
Non-controlling interests	6,493	6,597
Total net assets	214,788	218,742
Total liabilities and net assets	341,063	346,753

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	April 1, 2017 - June 30, 2017	April 1, 2018 - June 30, 2018
Net sales	88,814	88,484
Cost of sales	46,842	46,403
Gross profit	41,971	42,081
Selling, general and administrative expenses		
Transportation and warehousing expenses	7,742	7,719
Promotion expenses	10,977	11,035
Provision for sales promotion expenses	1,769	1,812
Advertising expenses	3,836	3,797
Retirement benefit expenses	204	121
Others	10,873	11,599
Total selling, general and administrative expenses	35,404	36,086
Operating income	6,567	5,995
Non-operating income		
Interest income	116	141
Dividend income	320	420
Subsidy income	449	512
Foreign exchange profit	-	177
Others	369	503
Total non-operating income	1,255	1,755
Non-operating expenses		
Interest expenses	6	3
Foreign exchange loss	35	-
Loss on disposition of non-current assets	49	100
Others	246	289
Total non-operating expenses	339	392
Ordinary Income	7,483	7,358
Extraordinary income		
Gain on redemption of investment securities	177	-
Total extraordinary income	177	-
Extraordinary losses		
Loss on abolishment of retirement benefit plan	-	7
Business structure improvement expenses	-	4
Total extraordinary losses	-	11
Income before income taxes and minority interests	7,660	7,346
Income taxes – current	1,990	1,639
Income taxes – deferred	235	546
Total income taxes	2,225	2,186
Net income	5,434	5,160
(Breakdown)		
Net income attributable to owners of parent	5,236	4,937
Net income attributable to non-controlling interests	198	223
Other comprehensive income		
Valuation difference on available-for-sale securities	1,593	1,948
Deferred hedge gains and losses	-	24
Foreign currency translation adjustment	-451	-1,010
Remeasurements of defined benefit plans	36	-25
Share of other comprehensive income of entities accounted for using equity method	-88	-137
Total other comprehensive income	1,089	799
Comprehensive income	6,523	5,960
(Breakdown)		
Comprehensive income attributable to owners of parent	6,283	5,846
Comprehensive income attributable to non-controlling interests	240	113

(Segment Information, etc.)
[Segment Information]

I. First three months of the Previous consolidated fiscal year(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)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingred- ients	Overseas	Subtotal				
Net sales										
Sales to third parties	22,351	24,413	24,209	3,008	10,714	84,696	4,117	88,814	-	88,814
Inter-segment sales and transfers	394	-	8	38	-	440	830	1,270	-1,270	-
Total	22,745	24,413	24,217	3,046	10,714	85,137	4,948	90,085	-1,270	88,814
Segment income	1,249	2,746	1,120	379	982	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 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, 2018- June 30, 2018)

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)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingred- ients	Overseas	Subtotal				
Net sales										
Sales to third parties	21,412	23,669	23,796	2,927	11,916	83,722	4,762	88,484	-	88,484
Inter-segment sales and transfers	199	60	43	51	-	355	869	1,225	-1,225	-
Total	21,612	23,730	23,839	2,978	11,916	84,077	5,632	89,709	-1,225	88,484
Segment income	1,210	2,397	862	310	1,282	6,064	-182	5,881	114	5,995

(Notes)

1. The "Others" 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 114 million yen in segment income includes 602 million yen for the elimination of intersegment transactions and other adjustment amounts of -488 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.

2. Change of reportable segment

From the first three months of the consolidated fiscal year, the previous 'Confectioneries Division' and 'Food Products Division' are merged to become 'Confectioneries and Food Products Division'. Overseas business included in the 'Confectioneries Division,' 'Ice Cream Division,' 'Milk and Dairy Products Division' is separated to form 'Overseas Division.'

The segment information of the first three months of the previous consolidated fiscal year is based on the division of the reportable segment of the first three months of the consolidated fiscal year. These reflect changes made in the corporate management structure including the establishment of the ASEAN regional headquarters.

In addition, the conventional 'Milk and Dairy Products Division' has been renamed to 'Dairy'.

3. 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, 2019

Ezaki Glico Co., Ltd.

1.Consolidated results of operations (Cumulative)

(1)Status of Net Sales and Income

Unit:100 million yen

	FYE March'18	FYE March'19	Change from Previous period	
	1Q	1Q	Amount	%
Net sales	888	885	-3	-0.4
Operating income	66	60	-6	-8.7
Ordinary income	75	74	-1	-1.7
Net income	52	49	-3	-5.7

(2)Status of Net Sales by Geographic segment

Unit:100 million yen

	FYE March'18	FYE March'19	Change from Previous period	
	1Q	1Q	Amount	%
Japan	781	766	-15	-2.0
China	59	70	11	18.1
Southeast Asia	32	32	-0	-0.8
Others	16	18	2	9.6
Total	888	885	-3	-0.4

*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'18		FYE March'19	
	1Q		1Q	
	Results	%	Results	%
Net sales	888	100.0	885	100.0
Cost of sales	468	52.7	464	52.4
Gross profit	420	47.3	421	47.6
Freight and charges	77	8.7	77	8.7
Sales promotion	127	14.4	128	14.5
Advertising expenses	38	4.3	38	4.3
Salaries and benefits	70	7.9	71	8.0
Expenses and depreciation	41	4.6	46	5.2
Total	354	39.9	361	40.8
Operating income	66	7.4	60	6.8

Factors behind change in operating income	vs FYE March'18	
		Of which, is domestic
(1) Change due increase/decrease in net sales	-1	-4
(2) Change due to fluctuation in composition of sales product varieties and other and Change due to increase/decrease in raw materials prices	3	-1
(3) Change due to fluctuation in freight and charges ratio	-0	-0
(4) Change due to increase/decrease in sales promotion ratio / advertising expenses	-1	-1
(5) Change due to increase/decrease in SG&A	-6	-3
Total	-6	-9

(4) Status of Net Sales by Segment

Unit: 100 million yen

	FYE March'18 1Q	FYE March'19 1Q	Change from Previous period	
			Amount	%
Confectioneries and Food Products	224	214	-9	-4.2
(Of which, is confectioneries)	181	171	-10	-5.3
(Of which, is food products)	43	43	0	0.6
Ice Cream	244	237	-7	-3.1
Dairy	242	238	-4	-1.7
Food Ingredients	30	29	-1	-2.7
Overseas	107	119	12	11.2
Other	41	48	6	15.6
Total	888	885	-3	-0.4

(5) Status of Operating Income by Segment

Unit: 100 million yen

	FYE March'18 1Q	FYE March'19 1Q	Change from Previous period	
			Amount	%
Confectioneries and Food Products	13	12	-0	-3.1
(Of which, is confectioneries)	13	12	-2	-12.8
(Of which, is food products)	-1	1	1	-
Ice Cream	27	24	-3	-12.7
Dairy	11	9	-3	-23.0
Food Ingredients	4	3	-1	-18.2
Overseas	10	13	3	30.4
Other	1	-1	-2	-
Total	66	60	-6	-8.7

<Reference>

The results are calculated by using the rates indicated below.

FYE March'18 1Q	FYE March'19 1Q
1CNY=16.29YEN	1CNY=16.92YEN
1THB= 3.26YEN	1THB= 3.40YEN
-	1USD=106.24YEN

2. Consolidated financial position

Unit: 100 million yen

	Mar.'18	JUN.'18	Change		Mar.'18	JUN.'18	Change
Current assets total	1,789	1,815	26	Current liabilities	788	792	4
Cash and deposits	1,043	1,025	-19	Notes and accounts payable	339	396	57
Notes and accounts receivable	414	429	16	Short-term loans payable	8	2	-7
Inventories	275	307	32	Others	441	394	-47
Others	57	54	-3	Long-term liabilities	474	488	14
Non-current assets total	1,622	1,653	31	Convertible bond-type bonds with subscription rights to shares	301	301	-0
Property, plant and equipment	918	922	4	Long-term loans payable	4	4	-1
Intangible assets	96	92	-4	Net defined benefit liability	62	62	-1
Investment securities	430	461	31	Others	106	122	15
Real estate for investment	123	123	-0	Total liabilities	1,263	1,280	17
Others	55	54	-0	Total net assets	2,148	2,187	40
				Total shareholders' equity	1,927	1,956	29
				Other comprehensive income	156	165	9
				Non-controlling interests	65	66	1
Total assets	3,411	3,468	57	Total liabilities and net assets	3,411	3,468	57