

[Notes of caution]

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May 14, 2018

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended 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 date of Annual Shareholders' Meeting: June 28, 2018

Scheduled filing date of securities report: June 29, 2018

Scheduled commencement date of dividend payments: June 6, 2018

Preparation of explanatory materials for financial results: Yes

Holding of a briefing on financial results: Yes

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

(April 1, 2017 to March 31, 2018)

(1) Consolidated results of operations

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

	Net sales		Operating income		Ordinary income		Net income attributable to parent company shareholders	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal year ended March 31, 2018	353,432	0.1	20,377	-16.0	21,993	-16.6	15,216	-16.2
March 31, 2017	353,217	4.4	24,254	41.8	26,367	37.1	18,147	30.5

(Note)Comprehensive Income: Fiscal year ended March 31, 2018: ¥19,457million (-7.2%)

Fiscal year ended March 31, 2017: ¥20,977million (181.1%)

	Net income per share(basic)	Net income per share(diluted)	Return on Equity	Ordinary income to total asset ratio	Operating income to net sales ratio
Fiscal year ended	¥	¥	%	%	%
March 31, 2018	231.34	-	7.6	6.6	5.8
March 31, 2017	276.20	-	9.9	8.8	6.9

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2018: ¥ -53million

Fiscal year ended March 31, 2017: ¥ -49million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2018	343,198	214,788	60.7	3,165.88
As of March 31, 2017	324,118	198,434	59.4	2,927.10

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

As of March 31, 2017: ¥192,449million

(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 year
Fiscal year ended	¥ million	¥ million	¥ million	¥ million
March 31, 2018	31,493	-25,044	-4,454	93,017
March 31, 2017	29,563	-14,059	24,213	90,238

2. Dividend Status

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	1Q end	2Q end	3Q end	Year end	Total			
Fiscal year ended March 31, 2017	¥ -	¥ 20.0	¥ -	¥ 30.0	¥ 50.0	¥ million 3,295	% 18.1	% 1.8
Fiscal year ended March 31, 2018	-	20.0	-	30.0	50.0	3,295	21.6	1.6
Fiscal year ending March 31, 2019(Forecast)	-	25.0	-	30.0	55.0		26.6	

* Dividends for the fiscal year ended March 31, 2017

Ordinary dividends:¥10

Commemorative dividends:¥20

Dividends for the fiscal year ended March 31, 2018

Ordinary dividends:¥30

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 parent company shareholders		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

* 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): Yes

New 1 Company (company name) Glico Asia Pacific Pte. Ltd., Eliminated – Company (company name)

(2) 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

(3) Shares issued (common stock)

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

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

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

(ii) Treasury shares as of term-end

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

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

(iii) Average shares during fiscal year

Fiscal year ended March 31, 2018 65,776,159 shares

Fiscal year ended March 31, 2017 65,703,822 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. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	96,018	104,336
Notes and accounts receivable – trade	36,832	41,360
Securities	3,238	2,240
Merchandise and finished goods	13,460	13,992
Work in process	894	791
Raw materials and supplies	13,457	12,704
Advance payments – trade	15	18
Prepaid expenses	316	656
Short-term loans receivable	87	66
Deferred tax assets	2,515	2,478
Others	3,409	2,741
Allowance for doubtful accounts	(47)	(31)
Total current assets	170,199	181,357
Non-current assets		
Property, plant & equipment		
Buildings and structures	70,893	70,454
Accumulated depreciation and impairment loss	(39,293)	(38,836)
Buildings and structures, net	31,599	31,618
Machinery, equipment and vehicles	110,694	116,523
Accumulated depreciation and impairment loss	(76,977)	(83,093)
Machinery, equipment and vehicles, net	33,717	33,430
Tools, furniture and fixtures	24,279	24,938
Accumulated depreciation and impairment loss	(20,684)	(21,544)
Tools, furniture and fixtures, net	3,594	3,394
Land	15,763	15,758
Leased assets	1,099	1,637
Accumulated depreciation and impairment loss	(838)	(895)
Leased assets, net	261	741
Construction in progress	4,445	6,871
Total property, plant and equipment	89,382	91,814
Intangible assets		
Goodwill	150	4,051
Software	4,530	5,000
Others	1,021	561
Total intangible assets	5,702	9,612
Investments and other assets		
Investment securities	39,842	42,958
Long-term loans receivable	1,065	946
Long-term prepaid expenses	226	146
Net defined benefit asset	2,534	1,420
Real estate for investment	12,667	12,667
Accumulated depreciation and impairment loss	(304)	(338)
Real estate for investment, net	12,363	12,329
Deferred tax assets	474	505
Others	2,378	2,156
Allowance for doubtful accounts	(50)	(49)
Total investments and other assets	58,834	60,413
Total non-current assets	153,919	161,840
Total assets	324,118	343,198

(Unit: ¥ million)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,200	33,872
Short-term loans payable	1,126	842
Current portion of long-term loans payable	486	-
Accrued expenses	26,024	27,946
Income taxes payable	3,701	3,352
Provision for sales promotion expenses	1,795	1,887
Provision for directors' bonuses	38	38
BIP stock benefit allowance	89	75
Others	12,963	10,828
Total current liabilities	75,426	78,843
Long-term liabilities		
Convertible bond-type bonds with subscription rights to shares	30,146	30,125
Long-term loans payable	644	443
Net defined benefit liability	7,846	6,215
Deferred tax liabilities	5,646	7,205
Others	5,973	5,576
Total long-term liabilities	50,257	49,566
Total liabilities	125,684	128,409
Net assets		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	9,049	9,095
Retained earnings	170,706	182,627
Treasury shares	(7,093)	(6,802)
Total shareholders' equity	180,435	192,694
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,318	13,587
Foreign currency translation adjustment	896	1,922
Remeasurements of defined benefit plans	(200)	91
Total accumulated other comprehensive income	12,014	15,600
Non-controlling interests	5,984	6,493
Total net assets	198,434	214,788
Total liabilities and net assets	324,118	343,198

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Fiscal year ended March 31, 2017 (April 1,2016- March 31,2017)	Fiscal year ended March 31, 2018 (April 1,2017- March 31,2018)
Net sales	353,217	353,432
Cost of sales	188,086	187,194
Gross profit	165,131	166,238
Selling, general and administrative expenses		
Transportation and warehousing expenses	30,398	29,965
Promotion expenses	52,460	53,597
Provision for sales promotion expenses	1,795	1,887
Advertising expenses	11,710	13,621
Provision of allowance for doubtful accounts	(0)	(5)
Salaries and allowances	16,194	16,549
Bonuses	5,460	5,509
Provision for directors' bonuses	38	38
BIP stock benefit allowance allocation amount	89	75
Retirement benefit expenses	1,057	817
Welfare expenses	5,201	5,100
Depreciation	1,800	2,503
Others	14,669	16,200
Total selling, general and administrative expenses	140,877	145,860
Operating income	24,254	20,377
Non-operating income		
Interest income	419	553
Dividend income	689	685
Real estate rent	638	762
Subsidy	-	477
Others	1,797	1,325
Total non-operating income	3,545	3,804
Non-operating expenses		
Interest expenses	115	51
Contribution	165	46
Loss on retirement of non-current assets	183	245
Depreciation of inactive non-current assets	179	189
Loss on abandonment of non-current assets	11	349
Foreign exchange loss	207	644
Others	570	662
Total non-operating expenses	1,433	2,188
Ordinary Income	26,367	21,993
Extraordinary income		
Gain on sales of investment securities	222	492
Gain on redemption of investment securities	-	486
Gain on step acquisitions	-	471
Gain on bargain purchase	313	-
Others	-	60
Total extraordinary income	536	1,510
Extraordinary losses		
Impairment loss	112	833
Special retirement expenses	-	197
Loss on abolishment of retirement benefit plan	286	0
Others	12	-
Total extraordinary losses	411	1,031
Income before income taxes and minority interests	26,492	22,473
Income taxes – current	6,847	6,873
Income taxes – deferred	836	126
Total income taxes	7,683	6,999
Net income	18,808	15,473

(Unit: ¥ million)

	Fiscal year ended March 31, 2017 (April 1,2016- March 31,2017)	Fiscal year ended March 31, 2018 (April 1,2017- March 31,2018)
(Breakdown)		
Net income attributable to parent company shareholders	18,147	15,216
Net income attributable to non-controlling interests	660	257
Other comprehensive income		
Valuation difference on available-for-sale securities	3,368	2,269
Foreign currency translation adjustment	(1,860)	1,366
Remeasurements of defined benefit plans	774	292
Share of other comprehensive income of entities accounted for using equity method	(114)	55
Total other comprehensive income	2,168	3,983
Comprehensive income	20,977	19,457
(Breakdown)		
Comprehensive income attributable to parent company shareholders	20,538	18,802
Comprehensive income attributable to non-controlling interests	438	654

(Segment Information, etc.)

[Segment Information]

I. Previous consolidated fiscal year(April 1,2016- March 31,2017)

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 consolidated financial statements (Note 3)
	Confectionaries	Ice Cream	Food Products	Milk and Dairy Products	Food Ingred- ients	Subtotal				
Net sales										
Sales to third parties	121,116	92,416	20,220	94,871	10,434	339,059	14,158	353,217	-	353,217
Inter-segment sales and transfers	4	-	-	68	173	246	5,125	5,371	(5,371)	-
Total	121,120	92,416	20,220	94,940	10,607	339,305	19,284	358,589	(5,371)	353,217
Segment income	10,546	8,444	844	4,788	952	25,576	477	26,053	(1,798)	24,254

(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 -1,798 million yen in segment income or losses includes 1,255 million yen for the elimination of intersegment transactions and other adjustment amounts of -3,053 million yen in companywide expenses not allocated to any reporting segment.

3. The total amount for segment income is adjusted based on the operating income recorded for consolidated financial statements.

II. Consolidated fiscal year under review (April 1,2017- March 31,2018)

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 consolidated financial statements (Note 3)
	Confectionaries	Ice Cream	Food Products	Milk and Dairy Products	Food Ingred- ients	Subtotal				
Net sales										
Sales to third parties	124,946	87,866	20,461	94,383	10,747	338,406	15,026	353,432	-	353,432
Inter-segment sales and transfers	1,093	146	1	22	165	1,429	4,292	5,722	(5,722)	-
Total	126,040	88,013	20,462	94,405	10,913	339,835	19,319	359,154	(5,722)	353,432
Segment income	9,862	6,092	808	3,896	1,157	21,817	246	22,063	(1,685)	20,377

(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 -1,685 million yen in segment income or losses includes 1,158 million yen for the elimination of intersegment transactions and other adjustment amounts of -2,843 million yen in companywide expenses not allocated to any reporting segment.

3. The total amount for segment income is adjusted based on the operating income recorded for consolidated financial statements.

Supplementary Information

For the Fiscal Year Ended 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	
			Amount	%
Net sales	3,532	3,534	2	0.1
Operating income	243	204	▲ 39	-16.0
Ordinary income	264	220	▲ 44	-16.6
Net income	181	152	▲ 29	-16.2

(2)Status of Net Sales by Geographic segment

Unit:100 million yen

	FYE March'17	FYE March'18	Change from Previous period	
			Amount	%
Japan	3,079	3,057	▲ 22	-0.7
China	251	261	10	4.1
Southeast Asia	133	136	3	1.9
Others	69	80	11	15.9
Total	3,532	3,534	2	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	
	Results	%	Results	%
Net sales	3,532	100.0	3,534	100.0
Cost of sales	1,881	53.2	1,872	53.0
Gross profit	1,651	46.8	1,662	47.0
Freight and charges	304	8.6	300	8.5
Sales promotion	543	15.4	555	15.7
Advertising expenses	117	3.3	136	3.9
Salaries and benefits	280	7.9	281	7.9
Expenses and depreciation	165	4.7	187	5.3
Total	1,409	39.9	1,459	41.2
Operating income	243	6.9	204	5.8

Factors behind change in operating income	vs FYE March'17	
		Of which, is domestic
(1) Change due increase/decrease in net sales	0	▲ 5
(2) Change due to fluctuation in composition of sales product varieties and other	5	3
(3) Change due to increase/decrease in raw materials prices	5	9
(4) Change due to fluctuation in freight and charges ratio	5	4
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	▲ 31	▲ 21
(6) Change due to increase/decrease in SG&A	▲ 23	▲ 13
Total	▲ 39	▲ 23

(4) Status of Net Sales by Segment

Unit:100 million yen

	FYE March'17	FYE March'18	Change from Previous period	
			Amount	%
Confectioneries	1,211	1,249	38	3.2
(Of which, is domestic confectioneries)	776	788	13	1.6
Ice Cream	924	879	▲ 46	-4.9
(Of which, is domestic ice cream)	916	871	▲ 45	-4.9
Milk and Dairy Products	949	944	▲ 5	-0.5
(Of which, is domestic milk and dairy products)	939	936	▲ 4	-0.4
Food Products	202	205	2	1.2
Food Ingredients	104	107	3	3.0
Other	142	150	9	6.1
Total	3,532	3,534	2	0.1

*Above figures for domestic and non-domestic segments

Domestic	3,079	3,057	▲ 22	-0.7
Overseas	453	477	24	5.2
Total	3,532	3,534	2	0.1

<Reference>

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

	FYE March'17	FYE March'18
China	1CNY=16.76YEN	1CNY=17.29YEN
Thailand	1THB= 3.24YEN	1THB= 3.45YEN

(5) Status of Operating Income by Segment

Unit:100 million yen

	FYE March'17	FYE March'18	Change from Previous period	
			Amount	%
Confectioneries	105	99	▲ 7	-6.5
(Of which, is domestic confectioneries)	67	73	6	8.7
Ice Cream	84	61	▲ 24	-27.9
(Of which, is domestic ice cream)	87	66	▲ 21	-23.9
Milk and Dairy Products	48	39	▲ 9	-18.6
(Of which, is domestic milk and dairy products)	47	38	▲ 9	-18.6
Food Products	8	8	▲ 0	-4.3
Food Ingredients	10	12	2	21.5
Other	-13	-14	▲ 1	-
Total	243	204	▲ 39	-16.0

*Above figures for domestic and non-domestic segments

Domestic	206	183	▲ 23	-11.3
Overseas	36	21	▲ 16	-42.7
Total	243	204	▲ 39	-16.0

<Reference>

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

	FYE March'17	FYE March'18
China	1CNY=16.76YEN	1CNY=17.29YEN
Thailand	1THB= 3.24YEN	1THB= 3.45YEN

2.Consolidated financial position

Unit:100 million yen

	Mar.'17	Mar.'18	Change		Mar.'17	Mar.'18	Change
Current assets total	1,702	1,814	112	Current liabilities	754	788	34
Cash and deposits	960	1,043	83	Notes and accounts payable	292	339	47
Notes and accounts receivable	368	414	45	Short-term loans payable	16	8	▲ 8
Inventories	278	275	▲ 3	Others	446	441	▲ 5
Others	95	82	▲ 14	Long-term liabilities	503	496	▲ 7
Non-current assets total	1,539	1,618	79	Convertible bond-type bonds with subscription rights to shares	301	301	▲ 0
Property, plant and equipment	894	918	24	Long-term loans payable	6	4	▲ 2
Intangible assets	57	96	39	Net defined benefit liability	78	62	▲ 16
Investment securities	398	430	31	Others	116	128	12
Real estate for investment	124	123	▲ 0	Total liabilities	1,257	1,284	27
Others	66	51	▲ 15	Total net assets	1,984	2,148	164
				Total shareholders' equity	1,804	1,927	123
				Other comprehensive income	120	156	36
				Non-controlling interests	60	65	5
Total assets	3,241	3,432	191	Total liabilities and net assets	3,241	3,432	191