

**[Notes of caution]**

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May 13, 2019

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2019

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 25, 2019

Scheduled filing date of securities report: June 26, 2019

Scheduled commencement date of dividend payments: June 6, 2019

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, 2019

(April 1, 2018 to March 31, 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	%
Fiscal year ended								
March 31, 2019	350,270	(0.9)	16,746	(17.8)	19,217	(12.6)	11,844	(22.2)
March 31, 2018	353,432	0.1	20,377	(16.0)	21,993	(16.6)	15,216	(16.2)

(Note) Comprehensive Income: Fiscal year ended March 31, 2019: ¥9,520 million [(51.1)%]

Fiscal year ended March 31, 2018: ¥19,457 million [(7.2)%]

	Earnings per share (basic)	Earnings per share (diluted)	Return on Equity	Ordinary profit to total asset ratio	Operating profit to net sales ratio
Fiscal year ended	¥	¥	%	%	%
March 31, 2019	180.02	-	5.6	5.6	4.8
March 31, 2018	231.34	-	7.6	6.6	5.8

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2019: ¥138 million

Fiscal year ended March 31, 2018: ¥(53) million

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2019	348,452	220,853	61.4	3,250.07
As of March 31, 2018	341,024	214,788	61.1	3,165.88

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

As of March 31, 2018: ¥208,294 million

#### (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, 2019	20,324	(8,697)	(4,566)	99,237
March 31, 2018	31,493	(25,044)	(4,454)	93,017

## 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	¥	¥	¥	¥	¥	¥ million	%	%
March 31, 2018	-	20.00	-	30.00	50.00	3,295	21.6	1.6
March 31, 2019	-	25.00	-	35.00	60.00	3,952	33.3	1.9
Fiscal year ending December 31, 2019 (Forecast)	-	30.00	-	30.00	60.00		32.9	

## 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	%	¥
2Q end (Cumulative)	190,000	2.2	11,500	(10.7)	15,000	(15.1)	7,800	(21.5)	118.52
Full year	292,000	-	16,200	-	17,600	-	12,000	-	182.34

(Note) The Company intends to change its fiscal year end from March 31 to December 31 effective the fiscal year 2020 under the condition that the proposed "Partial Amendment of Articles of Incorporation" will be approved at the 114th Annual Shareholders Meeting to be held on June 25, 2019. Accordingly, subject to the aforementioned approval, in the transitional period, which shall end on December 31, 2019, the period for consolidated accounting of the Company and its subsidiaries whose fiscal year end is on March 31 shall be a nine-month period from April 1, 2019 until December 31, 2019. For 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.

### [Reference]

The percentage values presented below (adjusted percentage change) show the percentage change when comparing the forecasted results of the next term against the business performance of the first nine months of the fiscal year under review (April 1, 2019 to December 31, 2019).

(Unit: ¥ million unless otherwise stated)

Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
292,000	+2.5%	16,200	+1.6%	17,600	(4.5%)	12,000	+1.0%

### \* 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 North America Holdings, Inc. 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) Number of shares issued (common stock)

- (i) Number of shares issued as of term-end (including treasury shares)
  - As of March 31, 2019 69,414,469 shares
  - As of March 31, 2018 69,430,069 shares
- (ii) Number of treasury shares as of term-end
  - As of March 31, 2019 3,602,394 shares
  - As of March 31, 2018 3,636,411 shares
- (iii) Average number of shares during fiscal year
  - Fiscal year ended March 31, 2019 65,795,742 shares

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

- \* Summaries of financial results are exempt from audit 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, 2018	As of March 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	104,336	103,601
Notes and accounts receivable - trade	41,360	40,128
Securities	2,240	1,645
Merchandise and finished goods	14,009	16,237
Work in process	791	768
Raw materials and supplies	12,704	14,106
Advance payments - trade	18	29
Prepaid expenses	406	385
Short-term loans receivable	66	49
Other	2,741	3,268
Allowance for doubtful accounts	(31)	(50)
<b>Total current assets</b>	<b>178,645</b>	<b>180,171</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	70,454	73,062
Accumulated depreciation and impairment loss	(38,836)	(40,402)
Buildings and structures, net	31,618	32,659
Machinery, equipment and vehicles	116,523	118,992
Accumulated depreciation and impairment loss	(83,093)	(83,972)
Machinery, equipment and vehicles, net	33,430	35,019
Tools, furniture and fixtures	24,938	24,340
Accumulated depreciation and impairment loss	(21,544)	(21,174)
Tools, furniture and fixtures, net	3,394	3,165
Land	15,758	15,584
Leased assets	1,637	1,720
Accumulated depreciation and impairment loss	(895)	(1,105)
Leased assets, net	741	615
Construction in progress	6,871	12,421
<b>Total property, plant and equipment</b>	<b>91,814</b>	<b>99,465</b>
<b>Intangible assets</b>		
Software	5,000	4,688
Goodwill	4,246	3,874
Other	561	914
<b>Total intangible assets</b>	<b>9,807</b>	<b>9,477</b>
<b>Investments and other assets</b>		
Investment securities	42,958	41,799
Long-term loans receivable	946	917
Long-term prepaid expenses	146	113
Retirement benefit asset	1,420	1,336
Real estate for investment	12,667	12,667
Accumulated depreciation and impairment loss	(338)	(371)
Real estate for investment, net	12,329	12,296
Deferred tax assets	849	939
Other	2,156	1,987
Allowance for doubtful accounts	(49)	(53)
<b>Total investments and other assets</b>	<b>60,757</b>	<b>59,338</b>
<b>Total non-current assets</b>	<b>162,379</b>	<b>168,281</b>
<b>Total assets</b>	<b>341,024</b>	<b>348,452</b>

(Unit: ¥ million)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	33,872	33,831
Short-term loans payable	842	417
Accrued expenses	27,907	30,128
Income taxes payable	3,352	2,651
Provision for sales promotion expenses	1,887	2,448
Provision for bonuses for directors (and other officers)	38	38
BIP stock benefit allowance	75	-
Provision for share-based remuneration	-	44
Other	10,828	12,188
<b>Total current liabilities</b>	<b>78,805</b>	<b>81,749</b>
<b>Non-current liabilities</b>		
Convertible bond-type bonds with share acquisition rights	30,125	30,103
Long-term loans payable	443	220
Retirement benefit liability	6,215	5,286
Deferred tax liabilities	5,070	5,098
Other	5,576	5,140
<b>Total non-current liabilities</b>	<b>47,431</b>	<b>45,849</b>
<b>Total liabilities</b>	<b>126,236</b>	<b>127,598</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	7,773	7,773
Capital surplus	9,095	8,999
Retained earnings	182,627	190,892
Treasury shares	(6,802)	(6,566)
<b>Total shareholders' equity</b>	<b>192,694</b>	<b>201,098</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	13,587	12,551
Deferred gains or losses on hedges	-	73
Foreign currency translation adjustment	1,922	395
Remeasurements of defined benefit plans	91	(225)
<b>Total accumulated other comprehensive income</b>	<b>15,600</b>	<b>12,794</b>
<b>Non-controlling interests</b>	<b>6,493</b>	<b>6,960</b>
<b>Total net assets</b>	<b>214,788</b>	<b>220,853</b>
<b>Total liabilities and net assets</b>	<b>341,024</b>	<b>348,452</b>

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

(Unit: ¥ million)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	353,432	350,270
Cost of sales	187,194	184,167
Gross profit	166,238	166,103
Selling, general and administrative expenses		
Transportation and warehousing expenses	29,965	30,617
Promotion expenses	53,597	53,243
Provision for sales promotion expenses	1,887	2,448
Advertising expenses	13,621	14,408
Provision of allowance for doubtful accounts	(5)	22
Salaries and allowances	16,549	17,200
Bonuses	5,509	5,615
Provision for bonuses for directors (and other officers)	38	38
BIP stock benefit allowance allocation amount	75	–
Provision for share-based remuneration	–	44
Retirement benefit expenses	817	492
Welfare expenses	5,100	5,158
Depreciation	2,503	2,635
Other	16,200	17,430
Total selling, general and administrative expenses	145,860	149,357
Operating profit	20,377	16,746
Non-operating income		
Interest income	553	545
Dividend income	685	729
Foreign exchange gains	–	176
Real estate rent	762	757
Subsidy income	477	489
Other	1,325	1,239
Total non-operating income	3,804	3,937
Non-operating expenses		
Interest expenses	51	33
Foreign exchange losses	644	–
Contribution	46	71
Loss on abandonment of non-current assets	349	149
Loss on retirement of non-current assets	245	336
Depreciation of inactive non-current assets	189	265
Other	662	609
Total non-operating expenses	2,188	1,466
Ordinary profit	21,993	19,217

(Unit: ¥ million)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Extraordinary income		
Gain on sales of non-current assets	26	358
Gain on sales of investment securities	492	425
Gain on redemption of investment securities	486	–
Gain on step acquisitions	471	–
Other	34	–
Total extraordinary income	1,510	784
Extraordinary losses		
Impairment loss	833	307
Business structure improvement expenses	–	516
Special retirement expenses	197	85
Loss on abolishment of retirement benefit plan	0	292
Total extraordinary losses	1,031	1,202
Profit before income taxes	22,473	18,798
Income taxes - current	6,873	5,911
Income taxes - deferred	126	470
Total income taxes	6,999	6,381
Profit	15,473	12,417
Profit attributable to		
Profit attributable to owners of parent	15,216	11,844
Profit attributable to non-controlling interests	257	572
Other comprehensive income		
Valuation difference on available-for-sale securities	2,269	(1,035)
Deferred gains or losses on hedges	–	73
Foreign currency translation adjustment	1,366	(1,435)
Remeasurements of defined benefit plans, net of tax	292	(314)
Share of other comprehensive income of entities accounted for using equity method	55	(184)
Total other comprehensive income	3,983	(2,896)
Comprehensive income	19,457	9,520
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,802	9,039
Comprehensive income attributable to non-controlling interests	654	481

(Segment Information, etc.)

[Segment Information]

I. Previous fiscal year (April 1, 2017- March 31, 2018)

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 consolidated financial statements (Note 3)
	Confectioneries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	99,301	87,106	93,566	10,747	47,683	338,406	15,026	353,432	-	353,432
Inter-segment sales and transfers	1,094	146	22	165	-	1,429	4,292	5,722	(5,722)	-
Total	100,396	87,253	93,588	10,913	47,683	339,835	19,319	359,154	(5,722)	353,432
Segment profit	8,131	6,602	3,844	1,157	2,081	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 negative ¥1,685 million in segment profit or losses includes ¥1,158 million for the elimination of intersegment transactions and other adjustment amounts of negative ¥2,843 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 consolidated financial statements.

II. Current fiscal year (April 1, 2018- March 31, 2019)

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 consolidated financial statements (Note 3)
	Confectioneries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	94,905	85,037	90,149	10,768	51,572	332,434	17,836	350,270	-	350,270
Inter-segment sales and transfers	965	120	177	204	1	1,469	4,855	6,325	(6,325)	-
Total	95,871	85,157	90,327	10,973	51,573	333,904	22,692	356,596	(6,325)	350,270
Segment profit	6,134	6,864	2,821	915	1,409	18,145	336	18,481	(1,735)	16,746

(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 negative ¥1,735 million in segment profit or losses includes ¥1,290 million for the elimination of intersegment transactions and other adjustment amounts of negative ¥3,026 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 consolidated financial statements.

2. Change of reportable segment

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



The segment information of the previous fiscal year is based on the division of the reportable segment of the current 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 Division.'

# **Supplementary Information**

For the Fiscal Year Ended March 31, 2019

Ezaki Glico Co.,Ltd.

## 1. Consolidated results of operations (Cumulative)

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

Unit:100 million yen

	FYE March '18	FYE March '19	Change from previous period	
			Amount	%
Net sales	3,534	3,503	(32)	(0.9)
Operating profit	204	167	(36)	(17.8)
Ordinary profit	220	192	(28)	(12.6)
Profit	152	118	(34)	(22.2)

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

Unit:100 million yen

	FYE March '18	FYE March '19	Change from previous period	
			Amount	%
Japan	3,057	2,987	(71)	(2.3)
China	261	272	11	4.2
Southeast Asia	136	151	15	11.1
Others	80	93	13	16.1
Total	3,534	3,503	(32)	(0.9)

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

### (3) Status of Operating Profit

Unit:100 million yen

	FYE March '18		FYE March '19	
	Results	%	Results	%
Net sales	3,534	100.0	3,503	100.0
Cost of sales	1,872	53.0	1,842	52.6
Gross profit	1,662	47.0	1,661	47.4
Freight and charges	300	8.5	306	8.7
Sales promotion	555	15.7	557	15.9
Advertising expenses	136	3.9	144	4.1
Salaries and benefits	281	7.9	285	8.1
Expenses and depreciation	187	5.3	201	5.7
Total	1,459	41.2	1,494	42.6
Operating profit	204	5.8	167	4.8

Factors behind change in operating income	vs FYE March '18	
		Of which, is domestic
(1) Change due increase/decrease in net sales	(9)	(19)
(2) Change due to fluctuation in composition of sales product varieties and other	9	1
(3) Change due to increase/decrease in raw materials prices	7	1
(4) Change due to fluctuation in freight and charges ratio	(9)	(7)
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	(15)	(8)
(6) Change due to increase/decrease in SG&A	(18)	2
Total	(36)	(30)

## (4) Status of Net Sales by Segment □

Unit:100 million yen

	FYE March '18	FYE March '19	Change from previous period	
			Amount	%
Confectioneries and Food Products	993	949	(44)	(4.4)
(Of which, is confectioneries)	788	752	(36)	(4.6)
(Of which, is food products)	205	197	(8)	(3.7)
Ice Cream	871	850	(21)	(2.4)
Dairy	936	901	(34)	(3.7)
Food Ingredients	107	108	0	0.2
Overseas	477	516	39	8.2
Other	150	178	28	18.7
Total	3,534	3,503	(32)	(0.9)

## (5) Status of Operating Profit by Segment

Unit:100 million yen

	FYE March '18	FYE March '19	Change from previous period	
			Amount	%
Confectioneries and Food Products	81	61	(20)	(24.6)
(Of which, is confectioneries)	73	56	(17)	(23.4)
(Of which, is food products)	8	5	(3)	(34.9)
Ice Cream	66	69	3	4.0
Dairy	38	28	(10)	(26.6)
Food Ingredients	12	9	(2)	(20.9)
Overseas	21	14	(7)	(32.3)
Other	(14)	(14)	0	-
Total	204	167	(36)	(17.8)

&lt;Reference&gt;

The following rates have been used for currency conversion.

FYE March '18	FYE March '19
1CNY=17.29YEN	1CNY=16.16YEN
1THB=3.45YEN	1THB=3.41YEN
1USD=113.00YEN	1USD=111.00YEN

## 2. Consolidated financial position

Unit:100 million yen

	Mar. '18	Mar. '19	Change		Mar. '18	Mar. '19	Change
Total current assets	1,786	1,802	15	Total current liabilities	788	817	29
Cash and deposits	1,043	1,036	(7)	Notes and accounts payable-trade	339	338	(0)
Notes and accounts receivable-trade	414	401	(12)	Short-term loans payable	8	4	(4)
Inventories	275	311	36	Other	441	475	34
Other	54	53	(1)	Total non-current liabilities	474	458	(16)
Total non-current assets	1,624	1,683	59	Convertible bond-type bonds with share acquisition rights	301	301	(0)
Property, plant and equipment	918	995	77	Long-term loans payable	4	2	(2)
Intangible assets	98	95	(3)	Retirement benefit liability	62	53	(9)
Investment securities	430	418	(12)	Other	106	102	(4)
Real estate for investment	123	123	(0)	Total liabilities	1,262	1,276	14
Other	55	52	(3)	Total net assets	2,148	2,209	60
				Shareholders' equity	1,927	2,011	84
				Accumulated other comprehensive income	156	128	(28)
				Non-controlling interests	65	70	5
Total assets	3,410	3,485	74	Total liabilities and net assets	3,410	3,485	74