

[Notes of caution]

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October 31, 2017

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Second 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: November 1, 2017

Scheduled commencement date of dividend payments: December 8, 2017

Preparation of explanatory materials for financial results: Yes

Holding of a briefing on financial results: Yes(for institutional investors and analysts)

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the Cumulative Second Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 to September 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	%
Six months ended								
September 30, 2017	187,604	0.7	15,503	-5.6	16,664	2.2	11,354	-1.7
September 30, 2016	186,242	3.4	16,423	30.4	16,303	13.7	11,555	13.3

(Note)Comprehensive Income: Six months ended September 30, 2017: ¥13,337million (45.8%)

Six months ended September 30, 2016: ¥9,147million (10.6%)

	Net income per share(basic)	Net income per share(diluted)
Six months ended	¥	¥
September 30, 2017	172.65	-
September 30, 2016	175.97	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of September 30, 2017	344,108	209,958	59.1	3,094.15
As of March 31, 2017	324,118	198,434	59.4	2,927.10

(Reference)Shareholders' equity: As of September 30, 2017: ¥203,522million

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	-	20.0			
Fiscal year ending					
March 31, 2018(Forecast)			-	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 owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	367,000	3.9	22,000	-9.3	23,900	-9.4	16,200	-10.7	246.29

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

* 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): Yes

New 1 Company (company name) Glico Asia Pacific Pte.Ltd., 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 September 30, 2017 69,430,069 shares

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

(ii) Treasury shares as of term-end

As of September 30, 2017 3,653,433 shares

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

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

Six months ended September 30, 2017 65,765,964 shares

Six months ended September 30, 2016 65,667,022 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 September 30, 2017
Assets		
Current assets		
Cash and deposits	96,018	106,786
Notes and accounts receivable - trade	36,832	45,662
Securities	3,238	6,479
Merchandise and finished goods	13,460	13,753
Work in process	894	865
Raw materials and supplies	13,457	12,210
Others	6,343	6,222
Allowance for doubtful accounts	-47	-60
Total current assets	170,199	191,920
Non-current assets		
Property, plant & equipment		
Buildings and structures, net	31,599	31,065
Machinery, equipment and vehicles , net	33,717	34,867
Land	15,763	15,726
Construction in progress	4,445	2,048
Others, net	3,856	4,209
Total property, plant and equipment	89,382	87,918
Intangible assets		
Others	5,702	5,583
Total intangible assets	5,702	5,583
Investments and other assets		
Investment securities	39,842	41,498
Real estate for investment, net	12,363	12,346
Others	6,678	4,891
Allowance for doubtful accounts	-50	-50
Total investments and other assets	58,834	58,686
Total non-current assets	153,919	152,187
Total assets	324,118	344,108

(Unit: ¥ million)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,200	39,718
Short-term loans payable	1,126	1,083
Current portion of long-term loans payable	486	246
Accrued expenses	26,024	28,262
Income taxes payable	3,701	5,408
Provision for sales promotion expenses	1,795	1,901
Provision for directors' bonuses	38	-
BIP stock benefit allowance	89	-
Others	12,963	8,359
Total current liabilities	75,426	84,979
Long-term liabilities		
Convertible bond-type bonds with subscription rights to shares	30,146	30,135
Long-term loans payable	644	543
Net defined benefit liability	7,846	6,051
Deferred tax liabilities	5,646	6,442
Others	5,973	5,997
Total long-term liabilities	50,257	49,170
Total liabilities	125,684	134,150
Net assets		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	9,049	9,049
Retained earnings	170,706	180,083
Treasury shares	-7,093	-6,910
Total shareholders' equity	180,435	189,996
Other comprehensive income		
Valuation difference on available-for-sale securities	11,318	13,019
Foreign currency translation adjustment	896	626
Remeasurements of defined benefit plans	-200	-118
Total other comprehensive income	12,014	13,526
Non-controlling interests	5,984	6,435
Total net assets	198,434	209,958
Total liabilities and net assets	324,118	344,108

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	April 1, 2016 - September 30, 2016	April 1, 2017 - September 30, 2017
Net sales	186,242	187,604
Cost of sales	99,307	98,632
Gross profit	86,935	88,972
Selling, general and administrative expenses		
Transportation and warehousing expenses	16,141	16,195
Promotion expenses	25,219	26,226
Provision for sales promotion expenses	1,912	1,901
Advertising expenses	5,843	6,720
Retirement benefit expenses	560	394
Others	20,834	22,030
Total selling, general and administrative expenses	70,511	73,469
Operating income	16,423	15,503
Non-operating income		
Interest income	188	254
Dividend income	361	400
Subsidy	-	455
Others	1,059	897
Total non-operating income	1,609	2,007
Non-operating expenses		
Interest expenses	68	24
Foreign exchange loss	1,293	-
Others	367	821
Total non-operating expenses	1,729	846
Ordinary Income	16,303	16,664
Extraordinary income		
Gain on redemption of investment securities	-	177
Gain on abolishment of retirement benefit plan	-	34
Gain on bargain purchase	313	-
Others	-	26
Total extraordinary income	313	238
Extraordinary losses		
Impairment loss	76	157
Loss on abolishment of retirement benefit plan	194	0
Others	12	0
Total extraordinary losses	284	159
Income before income taxes and minority interests	16,332	16,743
Income taxes - current	4,764	5,504
Income taxes - deferred	-402	-489
Total income taxes	4,361	5,015
Net income	11,971	11,727
(Breakdown)		
Net income attributable to owners of parent	11,555	11,354
Net income attributable to non-controlling interests	415	372
Other comprehensive income		
Valuation difference on available-for-sale securities	1,307	1,701
Foreign currency translation adjustment	-4,149	-179
Remeasurements of defined benefit plans	363	82
Share of other comprehensive income of entities accounted for using equity method	-345	5
Total other comprehensive income	-2,824	1,609
Comprehensive income	9,147	13,337
(Breakdown)		
Comprehensive income attributable to owners of parent	9,435	12,867
Comprehensive income attributable to non-controlling interests	-288	470

(Segment Information, etc.)

[Segment Information]

I. First six months of the Previous consolidated fiscal year(April 1, 2016- September 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	54,113	59,057	9,722	50,416	5,629	178,939	7,303	186,242	-	186,242
Inter-segment sales and transfers	2	-	-	35	92	129	2,526	2,656	-2,656	-
Total	54,115	59,057	9,722	50,451	5,722	179,069	9,829	188,898	-2,656	186,242
Segment income	4,615	8,395	360	2,895	487	16,754	360	17,115	-692	16,423

(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 -692 million yen in segment income includes 675 million yen for the elimination of intersegment transactions and other adjustment amounts of -1,367 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 six months of the consolidated fiscal year under review (April 1, 2017- September 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	56,333	56,916	9,667	50,576	5,997	179,491	8,113	187,604	-	187,604
Inter-segment sales and transfers	522	151	1	56	80	812	1,852	2,665	-2,665	-
Total	56,855	57,067	9,668	50,633	6,078	180,303	9,966	190,270	-2,665	187,604
Segment income	4,255	7,231	419	2,954	754	15,614	93	15,708	-204	15,503

(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 -204 million yen in segment income includes 741 million yen for the elimination of intersegment transactions and other adjustment amounts of -946 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.

Supplementary Information

For the Second 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	
	1H	1H	Amount	%
Net sales	1,862	1,876	14	0.7
Operating income	164	155	-9	-5.6
Ordinary income	163	167	4	2.2
Net income	116	114	-2	-1.7

(2) Status of Net Sales by Geographic segment

Unit:100 million yen

	FYE March'17	FYE March'18	Change from Previous period	
	1H	1H	Amount	%
Japan	1,659	1,656	-3	-0.2
China	117	120	3	2.8
Southeast Asia	57	64	7	12.9
Others	29	35	6	20.6
Total	1,862	1,876	14	0.7

*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	
	1H		1H	
	Results	%	Results	%
Net sales	1,862	100.0	1,876	100.0
Cost of sales	993	53.3	986	52.6
Gross profit	869	46.7	890	47.4
Freight and charges	161	8.7	162	8.6
Sales promotion	271	14.6	281	15.0
Advertising expenses	58	3.1	67	3.6
Salaries and benefits	141	7.6	140	7.4
Expenses and depreciation	73	3.9	85	4.5
Total	705	37.9	735	39.1
Operating income	164	8.8	155	8.3

Factors behind change in operating income	vs FYE March'17	
		Of which, is domestic
(1) Change due increase/decrease in net sales	3	-1
(2) Change due to fluctuation in composition of sales product varieties and other	11	11
(3) Change due to increase/decrease in raw materials prices	3	5
(4) Change due to fluctuation in freight and charges ratio	1	0
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	-17	-14
(6) Change due to increase/decrease in SG&A	-10	-5
Total	-9	-4

(4) Status of Net Sales by Segment

Unit:100 million yen

	FYE March'17 1H	FYE March'18 1H	Change from Previous period	
			Amount	%
Confectioneries	541	563	22	4.1
(Of which, is domestic confectioneries)	346	350	4	1.1
Ice Cream	591	569	-21	-3.6
(Of which, is domestic ice cream)	586	566	-20	-3.5
Milk and Dairy Products	504	506	2	0.3
(Of which, is domestic milk and dairy products)	500	502	2	0.5
Food Products	97	97	-1	-0.6
Food Ingredients	56	60	4	6.5
Other	73	81	8	11.1
Total	1,862	1,876	14	0.7

*Above figures for domestic and non-domestic segments

Domestic	1,659	1,656	-3	-0.2
Overseas	203	220	17	8.2
Total	1,862	1,876	14	0.7

<Reference>

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

	FYE March'17 1H	FYE March'18 1H
China	1CNY=15.46YEN 1THB= 2.93YEN	1CNY=16.49YEN 1THB= 3.29YEN

(5) Status of Operating Income by Segment

Unit:100 million yen

	FYE March'17 1H	FYE March'18 1H	Change from Previous period	
			Amount	%
Confectioneries	46	43	-4	-7.8
(Of which, is domestic confectioneries)	23	23	0	0.4
Ice Cream	84	72	-12	-13.9
(Of which, is domestic ice cream)	85	74	-11	-12.6
Milk and Dairy Products	29	30	1	2.0
(Of which, is domestic milk and dairy products)	28	29	1	3.3
Food Products	4	4	1	16.1
Food Ingredients	5	8	3	54.8
Other	-3	-1	2	-
Total	164	155	-9	-5.6

*Above figures for domestic and non-domestic segments

Domestic	141	137	-4	-3.0
Overseas	23	18	-5	-22.0
Total	164	155	-9	-5.6

<Reference>

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

	FYE March'17 1H	FYE March'18 1H
China	1CNY=15.46YEN 1THB= 2.93YEN	1CNY=16.49YEN 1THB= 3.29YEN

2.Consolidated financial position

Unit:100 million yen

	Mar.'17	Sep.'17	Change		Mar.'17	Sep.'17	Change
Current assets total	1,702	1,919	217	Current liabilities	754	850	96
Cash and deposits	960	1,068	108	Notes and accounts payable	292	397	105
Notes and accounts receivable	368	457	88	Short-term loans payable	16	13	-3
Inventories	278	268	-10	Others	446	439	-7
Others	95	126	31	Long-term liabilities	503	492	-11
Non-current assets total	1,539	1,522	-17	Convertible bond-type bonds with subscription rights to shares	301	301	-0
Property, plant and equipment	894	879	-15	Long-term loans payable	6	5	-1
Intangible assets	57	56	-1	Net defined benefit liability	78	61	-18
Investment securities	398	415	17	Others	116	124	8
Real estate for investment	124	123	-0	Total liabilities	1,257	1,342	85
Others	66	48	-18	Total net assets	1,984	2,100	115
				Total shareholders' equity	1,804	1,900	96
				Other comprehensive income	120	135	15
				Non-controlling interests	60	64	5
Total assets	3,241	3,441	200	Total liabilities and net assets	3,241	3,441	200