

[Notes of caution]

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October 31, 2018

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Second Quarter of the Fiscal Year Ending 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 filing date of quarterly report: November 5, 2018

Scheduled commencement date of dividend payments: December 10, 2018

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, 2019 (April 1, 2018 to September 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	%
Six months ended								
September 30, 2018	185,979	-0.9	12,874	-17.0	14,705	-11.8	9,938	-12.5
September 30, 2017	187,604	0.7	15,503	-5.6	16,664	2.2	11,354	-1.7

(Note)Comprehensive Income: Six months ended September 30, 2018: ¥11,885million (-10.9%)

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

	Net income per share(basic)	Net income per share(diluted)
Six months ended	¥	¥
September 30, 2018	151.07	-
September 30, 2017	172.65	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of September 30, 2018	355,965	224,701	61.3	3,314.24
As of March 31, 2018	341,063	214,788	61.1	3,165.88

(Reference)Shareholders' equity: As of September 30, 2018: ¥218,054million

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	-	25.0			
Fiscal year ending					
March 31, 2019(Forecast)			-	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	%	¥
Full year	358,000	1.2	18,000	-11.7	19,900	-9.5	13,600	-10.6	206.71

(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): 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 September 30, 2018 69,430,069 shares

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

(ii) Treasury shares as of term-end

As of September 30, 2018 3,636,880 shares

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

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

Six months ended September 30, 2018 65,787,578 shares

Six months ended September 30, 2017 65,765,964 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 September 30, 2018
Assets		
Current assets		
Cash and deposits	104,336	110,301
Notes and accounts receivable – trade	41,360	44,398
Securities	2,240	1,646
Merchandise and finished goods	13,992	13,888
Work in process	791	798
Raw materials and supplies	12,704	14,100
Others	3,483	3,841
Allowance for doubtful accounts	-31	-30
Total current assets	178,878	188,943
Non-current assets		
Property, plant & equipment		
Buildings and structures, net	31,618	32,263
Machinery, equipment and vehicles , net	33,430	32,274
Land	15,758	15,474
Construction in progress	6,871	8,598
Others,net	4,135	4,248
Total property, plant and equipment	91,814	92,859
Intangible assets		
Software	5,000	4,441
Goodwill	4,051	3,913
Others	561	803
Total intangible assets	9,612	9,158
Investments and other assets		
Investment securities	42,958	46,927
Real estate for investment, net	12,329	12,313
Others	5,518	5,814
Allowance for doubtful accounts	-49	-51
Total investments and other assets	60,757	65,004
Total non-current assets	162,184	167,021
Total assets	341,063	355,965

(Unit: ¥ million)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,872	38,623
Short-term loans payable	842	188
Accrued expenses	27,946	28,676
Income taxes payable	3,352	4,983
Provision for sales promotion expenses	1,887	2,011
Provision for directors' bonuses	38	-
BIP stock benefit allowance	75	-
Others	10,828	8,485
Total current liabilities	78,843	82,969
Long-term liabilities		
Convertible bond-type bonds with subscription rights to shares	30,125	30,114
Long-term loans payable	443	329
Net defined benefit liability	6,215	5,755
Deferred tax liabilities	5,070	6,127
Others	5,576	5,968
Total long-term liabilities	47,431	48,294
Total liabilities	126,275	131,264
Net assets		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	9,095	9,095
Retained earnings	182,627	190,589
Treasury shares	-6,802	-6,783
Total shareholders' equity	192,694	200,675
Other comprehensive income		
Valuation difference on available-for-sale securities	13,587	16,425
Deferred hedge gains and losses	-	163
Foreign currency translation adjustment	1,922	744
Remeasurements of defined benefit plans	91	46
Total other comprehensive income	15,600	17,379
Non-controlling interests	6,493	6,646
Total net assets	214,788	224,701
Total liabilities and net assets	341,063	355,965

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	April 1, 2017 - September 30, 2017	April 1, 2018 - September 30, 2018
Net sales	187,604	185,979
Cost of sales	98,632	97,535
Gross profit	88,972	88,444
Selling, general and administrative expenses		
Transportation and warehousing expenses	16,195	16,062
Promotion expenses	26,226	26,270
Provision for sales promotion expenses	1,901	2,011
Advertising expenses	6,720	7,383
Retirement benefit expenses	394	239
Others	22,030	23,602
Total selling, general and administrative expenses	73,469	75,570
Operating income	15,503	12,874
Non-operating income		
Interest income	254	251
Dividend income	400	420
Subsidy income	455	504
Others	897	1,366
Total non-operating income	2,007	2,542
Non-operating expenses		
Interest expenses	24	33
Others	821	677
Total non-operating expenses	846	711
Ordinary Income	16,664	14,705
Extraordinary income		
Gain on sales of non-current assets	26	358
Gain on sales of investment securities	-	133
Gain on redemption of investment securities	177	-
Gain on abolishment of retirement benefit plan	34	-
Total extraordinary income	238	491
Extraordinary losses		
Impairment loss	157	46
Loss on abolishment of retirement benefit plan	0	153
Others	0	19
Total extraordinary losses	159	219
Income before income taxes and minority interests	16,743	14,977
Income taxes – current	5,504	4,994
Income taxes – deferred	-489	-365
Total income taxes	5,015	4,629
Net income	11,727	10,347
(Breakdown)		
Net income attributable to owners of parent	11,354	9,938
Net income attributable to non-controlling interests	372	409
Other comprehensive income		
Valuation difference on available-for-sale securities	1,701	2,838
Deferred hedge gains and losses	-	163
Foreign currency translation adjustment	-179	-1,240
Remeasurements of defined benefit plans	82	-44
Share of other comprehensive income of entities accounted for using equity method	5	-179
Total other comprehensive income	1,609	1,538
Comprehensive income	13,337	11,885
(Breakdown)		
Comprehensive income attributable to owners of parent	12,867	11,717
Comprehensive income attributable to non-controlling interests	470	168

(Segment Information, etc.)

[Segment Information]

I. First six months of the Previous consolidated fiscal year(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)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingred- ients	Overseas	Subtotal				
Net sales										
Sales to third parties	44,645	56,594	50,245	5,997	22,008	179,491	8,113	187,604	-	187,604
Inter-segment sales and transfers	523	151	56	80	-	812	1,852	2,665	-2,665	-
Total	45,169	56,745	50,302	6,078	22,008	180,303	9,966	190,270	-2,665	187,604
Segment income	2,729	7,428	2,924	754	1,778	15,614	93	15,708	-204	15,503

(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 -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.

II. First six months of the consolidated fiscal year under review (April 1, 2018- September 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	43,091	55,556	47,740	5,837	24,236	176,463	9,516	185,979	-	185,979
Inter-segment sales and transfers	357	62	74	105	1	601	1,914	2,515	-2,515	-
Total	43,449	55,618	47,815	5,943	24,237	177,064	11,431	188,495	-2,515	185,979
Segment income	2,159	6,799	1,852	547	1,389	12,748	37	12,786	88	12,874

(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 88 million yen in segment income includes 385 million yen for the elimination of intersegment transactions and other adjustment amounts of -296 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 six 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 six months of the previous consolidated fiscal year is based on the division of the reportable segment of the first six 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 Second 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	
	1H	1H	Amount	%
Net sales	1,876	1,860	-16	-0.9
Operating income	155	129	-26	-17.0
Ordinary income	167	147	-20	-11.8
Net income	114	99	-14	-12.5

(2) Status of Net Sales by Geographic segment

Unit:100 million yen

	FYE March'18	FYE March'19	Change from Previous period	
	1H	1H	Amount	%
Japan	1,656	1,617	-39	-2.3
China	120	136	15	12.5
Southeast Asia	64	68	4	6.2
Others	35	39	3	9.1
Total	1,876	1,860	-16	-0.9

*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	
	1H		1H	
	Results	%	Results	%
Net sales	1,876	100.0	1,860	100.0
Cost of sales	986	52.6	975	52.4
Gross profit	890	47.4	884	47.6
Freight and charges	162	8.6	161	8.6
Sales promotion	281	15.0	283	15.2
Advertising expenses	67	3.6	74	4.0
Salaries and benefits	140	7.4	142	7.6
Expenses and depreciation	85	4.5	96	5.2
Total	735	39.1	756	40.7
Operating income	155	8.3	129	6.9

Factors behind change in operating income	vs FYE March'18	
		Of which, is domestic
(1) Change due increase/decrease in net sales	-4	-11
(2) Change due to fluctuation in composition of sales product varieties and other	-0	-3
(3) Change due to increase/decrease in raw materials prices	3	2
(4) Change due to fluctuation in freight and charges ratio	-0	0
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	-11	-6
(6) Change due to increase/decrease in SG&A	-14	-3
Total	-26	-22

(4) Status of Net Sales by Segment

Unit:100 million yen

	FYE March'18 1H	FYE March'19 1H	Change from Previous period	
			Amount	%
Confectioneries and Food Products	446	431	-16	-3.5
(Of which, is confectioneries)	350	335	-14	-4.1
(Of which, is food products)	97	95	-1	-1.3
Ice Cream	566	556	-10	-1.8
Dairy	502	477	-25	-5.0
Food Ingredients	60	58	-2	-2.7
Overseas	220	242	22	10.1
Other	81	95	14	17.3
Total	1,876	1,860	-16	-0.9

(5) Status of Operating Income by Segment

Unit:100 million yen

	FYE March'18 1H	FYE March'19 1H	Change from Previous period	
			Amount	%
Confectioneries and Food Products	27	22	-6	-20.9
(Of which, is confectioneries)	23	19	-4	-19.0
(Of which, is food products)	4	3	-1	-31.2
Ice Cream	74	68	-6	-8.5
Dairy	29	19	-11	-36.6
Food Ingredients	8	5	-2	-27.4
Overseas	18	14	-4	-21.9
Other	-1	1	2	-
Total	155	129	-26	-17.0

<Reference>

The results are calculated by using the rates indicated below.

FYE March'18 1H	FYE March'19 1H
1CNY= 16.49YEN	1CNY= 16.66YEN
1THB= 3.29YEN	1THB= 3.33YEN
1USD=112.00YEN	1USD=110.54YEN

2.Consolidated financial position

Unit:100 million yen

	Mar.'18	Sep.'18	Change		Mar.'18	Sep.'18	Change
Current assets total	1,789	1,889	101	Current liabilities	788	830	41
Cash and deposits	1,043	1,103	60	Notes and accounts payable	339	386	48
Notes and accounts receivable	414	444	30	Short-term loans payable	8	2	-7
Inventories	275	288	13	Others	441	442	0
Others	57	55	-2	Long-term liabilities	474	483	9
Non-current assets total	1,622	1,670	48	Convertible bond-type bonds with subscription rights to shares	301	301	-0
Property, plant and equipment	918	929	10	Long-term loans payable	4	3	-1
Intangible assets	96	92	-5	Net defined benefit liability	62	58	-5
Investment securities	430	469	40	Others	106	121	14
Real estate for investment	123	123	-0	Total liabilities	1,263	1,313	50
Others	55	58	3	Total net assets	2,148	2,247	99
				Total shareholders' equity	1,927	2,007	80
				Other comprehensive income	156	174	18
				Non-controlling interests	65	66	2
Total assets	3,411	3,560	149	Total liabilities and net assets	3,411	3,560	149