

**[Notes of caution]**

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January 31, 2018

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Third 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: February 5, 2018

Scheduled commencement date of dividend payments: -

Preparation of explanatory materials for financial results: Yes

Holding of a briefing on financial results: None

(Amounts less than ¥ million are rounded down.)

### 1. Consolidated Financial Results for the Cumulative Third Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 to December 31, 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	%
Nine months ended								
December 31, 2017	272,211	0.4	19,211	-15.4	20,912	-14.5	14,796	-12.8
December 31, 2016	271,041	3.7	22,714	34.7	24,471	27.9	16,976	23.0

(Note)Comprehensive Income: Nine months ended December 31, 2017: ¥20,181million (24.0%)

Nine months ended December 31, 2016: ¥16,278million (40.2%)

	Net income per share(basic)	Net income per share(diluted)
Nine months ended	¥	¥
December 31, 2017	224.97	-
December 31, 2016	258.43	-

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of December 31, 2017	343,380	215,475	60.9	3,176.62
As of March 31, 2017	324,118	198,434	59.4	2,927.10

(Reference)Shareholders' equity: As of December 31, 2017: ¥208,983million

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: 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): 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 December 31, 2017 69,430,069 shares

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

(ii) Treasury shares as of term-end

As of December 31, 2017 3,642,154 shares

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

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

Nine months ended December 31, 2017 65,771,325 shares

Nine months ended December 31, 2016 65,690,237 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 December 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	96,018	107,093
Notes and accounts receivable – trade	36,832	39,841
Securities	3,238	4,026
Merchandise and finished goods	13,460	13,540
Work in process	894	773
Raw materials and supplies	13,457	12,547
Others	6,343	5,795
Allowance for doubtful accounts	-47	-53
<b>Total current assets</b>	<b>170,199</b>	<b>183,565</b>
<b>Non-current assets</b>		
<b>Property, plant &amp; equipment</b>		
Buildings and structures, net	31,599	31,074
Machinery, equipment and vehicles , net	33,717	34,388
Land	15,763	15,744
Construction in progress	4,445	5,397
Others,net	3,856	4,512
<b>Total property, plant and equipment</b>	<b>89,382</b>	<b>91,117</b>
<b>Intangible assets</b>		
Others	5,702	6,164
<b>Total intangible assets</b>	<b>5,702</b>	<b>6,164</b>
<b>Investments and other assets</b>		
Investment securities	39,842	45,417
Real estate for investment, net	12,363	12,338
Others	6,678	4,828
Allowance for doubtful accounts	-50	-49
<b>Total investments and other assets</b>	<b>58,834</b>	<b>62,533</b>
<b>Total non-current assets</b>	<b>153,919</b>	<b>159,815</b>
<b>Total assets</b>	<b>324,118</b>	<b>343,380</b>

(Unit: ¥ million)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	29,200	34,885
Short-term loans payable	1,126	832
Current portion of long-term loans payable	486	-
Accrued expenses	26,024	24,791
Income taxes payable	3,701	3,067
Provision for sales promotion expenses	1,795	1,716
Provision for directors' bonuses	38	-
BIP stock benefit allowance	89	-
Others	12,963	12,313
Total current liabilities	75,426	77,607
Long-term liabilities		
Convertible bond-type bonds with subscription rights to shares	30,146	30,130
Long-term loans payable	644	475
Net defined benefit liability	7,846	6,074
Deferred tax liabilities	5,646	7,989
Others	5,973	5,628
Total long-term liabilities	50,257	50,298
Total liabilities	125,684	127,905
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	9,049	9,095
Retained earnings	170,706	182,207
Treasury shares	-7,093	-6,839
Total shareholders' equity	180,435	192,237
Other comprehensive income		
Valuation difference on available-for-sale securities	11,318	15,546
Foreign currency translation adjustment	896	1,282
Remeasurements of defined benefit plans	-200	-83
Total other comprehensive income	12,014	16,745
Non-controlling interests	5,984	6,492
Total net assets	198,434	215,475
<b>Total liabilities and net assets</b>	<b>324,118</b>	<b>343,380</b>

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

(Unit: ¥ million)

	April 1, 2016 - December 31, 2016	April 1, 2017 - December 31, 2017
Net sales	271,041	272,211
Cost of sales	144,158	143,772
Gross profit	126,883	128,438
Selling, general and administrative expenses		
Transportation and warehousing expenses	23,434	23,225
Promotion expenses	38,346	40,082
Provision for sales promotion expenses	1,725	1,716
Advertising expenses	8,279	9,944
Retirement benefit expenses	802	589
Others	31,579	33,669
Total selling, general and administrative expenses	104,168	109,227
Operating income	22,714	19,211
Non-operating income		
Interest income	296	403
Dividend income	697	685
Subsidy	-	468
Others	1,539	1,488
Total non-operating income	2,534	3,045
Non-operating expenses		
Interest expenses	75	35
Foreign exchange loss	113	-
Loss on abandonment of non-current assets	4	315
Others	584	991
Total non-operating expenses	776	1,343
Ordinary Income	24,471	20,912
Extraordinary income		
Gain on redemption of investment securities	-	486
Gain on step acquisitions	-	471
Gain on bargain purchase	313	-
Others	12	60
Total extraordinary income	326	1,018
Extraordinary losses		
Impairment loss	76	157
Loss on abolishment of retirement benefit plan	286	0
Others	12	12
Total extraordinary losses	375	171
Income before income taxes and minority interests	24,422	21,759
Income taxes – current	6,367	6,111
Income taxes – deferred	508	453
Total income taxes	6,876	6,565
Net income	17,546	15,194
(Breakdown)		
Net income attributable to owners of parent	16,976	14,796
Net income attributable to non-controlling interests	569	397
Other comprehensive income		
Valuation difference on available-for-sale securities	3,463	4,228
Foreign currency translation adjustment	-4,785	600
Remeasurements of defined benefit plans	428	117
Share of other comprehensive income of entities accounted for using equity method	-374	40
Total other comprehensive income	-1,267	4,986
Comprehensive income	16,278	20,181
(Breakdown)		
Comprehensive income attributable to owners of parent	16,545	19,527
Comprehensive income attributable to non-controlling interests	-266	653

(Segment Information, etc.)  
[Segment Information]

I. First nine months of the Previous consolidated fiscal year(April 1, 2016- December 31, 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	86,146	77,118	15,190	73,699	8,158	260,312	10,728	271,041	-	271,041
Inter-segment sales and transfers	3	-	-	53	132	188	3,455	3,644	-3,644	-
Total	86,150	77,118	15,190	73,752	8,290	260,501	14,184	274,685	-3,644	271,041
Segment income	8,443	8,993	760	4,254	713	23,165	445	23,611	-896	22,714

(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 -896 million yen in segment income includes 637 million yen for the elimination of intersegment transactions and other adjustment amounts of -1,534 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 nine months of the consolidated fiscal year under review (April 1, 2017- December 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 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	90,664	72,827	15,356	73,033	8,552	260,434	11,776	272,211	-	272,211
Inter-segment sales and transfers	918	183	1	79	123	1,306	2,854	4,161	-4,161	-
Total	91,583	73,011	15,357	73,112	8,676	261,741	14,631	276,372	-4,161	272,211
Segment income	7,513	6,526	713	3,411	1,031	19,196	97	19,294	-82	19,211

(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 -82 million yen in segment income includes 855 million yen for the elimination of intersegment transactions and other adjustment amounts of -938 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 Third 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 3Q	FYE March'18 3Q	Change from Previous period	
			Amount	%
Net sales	2,710	2,722	12	0.4
Operating income	227	192	-35	-15.4
Ordinary income	245	209	-36	-14.5
Net income	170	148	-22	-12.8

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

Unit:100 million yen

	FYE March'17 3Q	FYE March'18 3Q	Change from Previous period	
			Amount	%
Japan	2,406	2,381	-25	-1.0
China	172	190	18	10.3
Southeast Asia	89	97	8	9.4
Others	44	55	11	23.7
Total	2,710	2,722	12	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'17 3Q		FYE March'18 3Q	
	Results	%	Results	%
Net sales	2,710	100.0	2,722	100.0
Cost of sales	1,442	53.2	1,438	52.8
Gross profit	1,269	46.8	1,284	47.2
Freight and charges	234	8.6	232	8.5
Sales promotion	401	14.8	418	15.4
Advertising expenses	83	3.1	99	3.7
Salaries and benefits	211	7.8	212	7.8
Expenses and depreciation	112	4.1	131	4.8
Total	1,042	38.4	1,092	40.1
Operating income	227	8.4	192	7.1

Factors behind change in operating income	vs FYE March'17	
		Of which, is domestic
(1) Change due increase/decrease in net sales	3	-6
(2) Change due to fluctuation in composition of sales product varieties and other and Change due to increase/decrease in raw materials prices	10	10
(3) Change due to fluctuation in freight and charges ratio	3	2
(4) Change due to increase/decrease in sales promotion ratio / advertising expenses	-32	-21
(5) Change due to increase/decrease in SG&A	-19	-9
Total	-35	-23



## (4) Status of Net Sales by Segment

Unit:100 million yen

	FYE March'17 3Q	FYE March'18 3Q	Change from Previous period	
			Amount	%
Confectioneries	861	907	45	5.2
(Of which, is domestic confectioneries)	570	576	6	1.0
Ice Cream	771	728	-43	-5.6
(Of which, is domestic ice cream)	765	723	-42	-5.5
Milk and Dairy Products	737	730	-7	-0.9
(Of which, is domestic milk and dairy products)	730	725	-5	-0.7
Food Products	152	154	2	1.1
Food Ingredients	82	86	4	4.8
Other	107	118	10	9.8
Total	2,710	2,722	12	0.4

\*Above figures for domestic and non-domestic segments

Domestic	2,406	2,381	-25	-1.0
Overseas	305	341	37	12.0
Total	2,710	2,722	12	0.4

&lt;Reference&gt;

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

	FYE March'17 3Q	FYE March'18 3Q
China	1CNY=15.14YEN	1CNY=16.96YEN
Thailand	1THB= 2.91YEN	1THB= 3.38YEN

## (5) Status of Operating Income by Segment

Unit:100 million yen

	FYE March'17 3Q	FYE March'18 3Q	Change from Previous period	
			Amount	%
Confectioneries	84	75	-9	-11.0
(Of which, is domestic confectioneries)	52	51	-0	-0.9
Ice Cream	90	65	-25	-27.4
(Of which, is domestic ice cream)	91	69	-22	-24.4
Milk and Dairy Products	43	34	-8	-19.8
(Of which, is domestic milk and dairy products)	42	34	-8	-19.4
Food Products	8	7	-0	-6.2
Food Ingredients	7	10	3	44.6
Other	-5	0	5	-
Total	227	192	-35	-15.4

\*Above figures for domestic and non-domestic segments

Domestic	195	171	-23	-12.1
Overseas	32	21	-12	-35.6
Total	227	192	-35	-15.4

&lt;Reference&gt;

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

	FYE March'17 3Q	FYE March'18 3Q
China	1CNY=15.14YEN	1CNY=16.96YEN
Thailand	1THB= 2.91YEN	1THB= 3.38YEN

## 2.Consolidated financial position

Unit:100 million yen

	Mar.'17	Dec.'17	Change		Mar.'17	Dec.'17	Change
Current assets total	1,702	1,836	134	Current liabilities	754	776	22
Cash and deposits	960	1,071	111	Notes and accounts payable	292	349	57
Notes and accounts receivable	368	398	30	Short-term loans payable	16	8	-8
Inventories	278	269	-10	Others	446	419	-27
Others	95	98	2	Long-term liabilities	503	503	0
Non-current assets total	1,539	1,598	59	Convertible bond-type bonds with subscription rights to shares	301	301	-0
Property, plant and equipment	894	911	17	Long-term loans payable	6	5	-2
Intangible assets	57	62	5	Net defined benefit liability	78	61	-18
Investment securities	398	454	56	Others	116	136	20
Real estate for investment	124	123	-0	Total liabilities	1,257	1,279	22
Others	66	48	-19	Total net assets	1,984	2,155	170
				Total shareholders' equity	1,804	1,922	118
				Other comprehensive income	120	167	47
				Non-controlling interests	60	65	5
Total assets	3,241	3,434	193	Total liabilities and net assets	3,241	3,434	193