

**[Notes of caution]**

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May 15, 2017

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended March 31, 2017

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 29, 2017

Scheduled filing date of securities report: June 30, 2017

Scheduled commencement date of dividend payments: June 6, 2017

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, 2017

(April 1, 2016 to March 31, 2017)

## (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, 2017	353,217	4.4	24,254	41.8	26,367	37.1	18,147	30.5
March 31, 2016	338,437	6.0	17,110	20.1	19,229	9.2	13,903	-34.0

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

Fiscal year ended March 31, 2016: ¥7,462million (-75.1%)

	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, 2017	276.20	-	9.9	8.8	6.9
March 31, 2016	212.00	-	8.1	7.0	5.1

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2017: ¥ -49million

Fiscal year ended March 31, 2016: ¥ 183million

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2017	324,118	198,434	59.4	2,927.10
As of March 31, 2016	274,974	179,151	63.1	2,646.45

(Reference)Shareholders' equity: As of March 31, 2017: ¥192,449million

As of March 31, 2016: ¥173,591million

## (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
	¥ million	¥ million	¥ million	¥ million
Fiscal year ended March 31, 2017	29,563	-14,059	24,213	90,238
March 31, 2016	17,658	-13,773	-10,061	52,010

## 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, 2016	¥ -	¥ 20.0	¥ -	¥ 20.0	¥ 40.0	¥ million 2,625	% 18.9	% 1.5
Fiscal year ended March 31, 2017	-	20.0	-	30.0	50.0	3,295	18.1	1.8
Fiscal year ending March 31, 2018(Forecast)	-	20.0	-	20.0	40.0		14.8	

\* Dividends for the fiscal year ending March 31, 2017

Ordinary dividends:¥20

Commemorative dividends:¥30

## 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 parent company shareholders		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
2Q end (Cumulative)	195,800	5.1	15,300	-6.8	16,100	-1.2	11,200	-3.1	170.35
Full year	375,000	6.2	25,000	3.1	26,200	-0.6	17,800	-1.9	270.73

\* 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): None

New – Company (company name), 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.: Yes

(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, 2017 69,430,069 shares

As of March 31, 2016 69,430,069 shares

(ii) Treasury shares as of term-end

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

As of March 31, 2016 3,836,000 shares

(iii) Average shares during fiscal year

Fiscal year ended March 31, 2017 65,703,822 shares

Fiscal year ended March 31, 2016 65,581,965 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, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	50,941	96,018
Notes and accounts receivable - trade	35,113	36,832
Securities	11,395	3,238
Merchandise and finished goods	12,451	13,460
Work in process	865	894
Raw materials and supplies	13,578	13,457
Advance payments - trade	657	15
Prepaid expenses	156	316
Short-term loans receivable	108	87
Deferred tax assets	2,563	2,515
Others	3,556	3,409
Allowance for doubtful accounts	(54)	(47)
Total current assets	131,335	170,199
Non-current assets		
Property, plant & equipment		
Buildings and structures	61,765	70,893
Accumulated depreciation and impairment loss	(39,276)	(39,293)
Buildings and structures, net	22,489	31,599
Machinery, equipment and vehicles	102,204	110,694
Accumulated depreciation and impairment loss	(73,825)	(76,977)
Machinery, equipment and vehicles, net	28,379	33,717
Tools, furniture and fixtures	23,660	24,279
Accumulated depreciation and impairment loss	(20,103)	(20,684)
Tools, furniture and fixtures, net	3,557	3,594
Land	15,711	15,763
Leased assets	1,180	1,099
Accumulated depreciation and impairment loss	(764)	(838)
Leased assets, net	415	261
Construction in progress	12,025	4,445
Total property, plant and equipment	82,577	89,382
Intangible assets		
Software	2,365	4,530
Others	1,687	1,171
Total intangible assets	4,053	5,702
Investments and other assets		
Investment securities	37,922	39,842
Long-term loans receivable	1,142	1,065
Long-term prepaid expenses	141	226
Net defined benefit asset	1,963	2,534
Real estate for investment	12,673	12,667
Accumulated depreciation and impairment loss	(270)	(304)
Real estate for investment, net	12,402	12,363
Deferred tax assets	406	474
Others	3,080	2,378
Allowance for doubtful accounts	(52)	(50)
Total investments and other assets	57,008	58,834
Total non-current assets	143,639	153,919
Total assets	274,974	324,118

(Unit: ¥ million)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	28,396	29,200
Short-term loans payable	5,218	1,126
Current portion of long-term loans payable	501	486
Accrued expenses	25,107	26,024
Income taxes payable	2,179	3,701
Provision for sales promotion expenses	1,675	1,795
Provision for directors' bonuses	41	38
BIP stock benefit allowance	56	89
ESOP distribution allowance	1,366	-
Others	12,253	12,963
Total current liabilities	76,795	75,426
Long-term liabilities		
Convertible bond-type bonds with subscription rights to shares	-	30,146
Long-term loans payable	501	644
Net defined benefit liability	10,927	7,846
Deferred tax liabilities	3,104	5,646
Others	4,494	5,973
Total long-term liabilities	19,027	50,257
Total liabilities	95,822	125,684
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	7,816	9,049
Retained earnings	155,190	170,706
Treasury shares	(6,811)	(7,093)
Total shareholders' equity	163,968	180,435
Other comprehensive income		
Valuation difference on available-for-sale securities	7,949	11,318
Foreign currency translation adjustment	2,646	896
Remeasurements of defined benefit plans	(973)	(200)
Total other comprehensive income	9,623	12,014
Non-controlling interests	5,560	5,984
Total net assets	179,151	198,434
<b>Total liabilities and net assets</b>	<b>274,974</b>	<b>324,118</b>

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

(Unit: ¥ million)

	Fiscal year ended March 31, 2016 (April 1,2015- March 31,2016)	Fiscal year ended March 31, 2017 (April 1,2016- March 31,2017)
Net sales	338,437	353,217
Cost of sales	183,904	188,086
Gross profit	154,533	165,131
Selling, general and administrative expenses		
Transportation and warehousing expenses	29,983	30,398
Promotion expenses	50,404	52,460
Provision for sales promotion expenses	1,675	1,795
Advertising expenses	12,168	11,710
Provision of allowance for doubtful accounts	(21)	(0)
Salaries and allowances	15,930	16,194
Bonuses	4,870	5,460
Provision for directors' bonuses	41	38
BIP stock benefit allowance allocation amount	56	89
Retirement benefit expenses	898	1,057
Welfare expenses	5,066	5,201
ESOP distribution allowance allocation amount	1,366	-
Depreciation	1,901	1,800
Others	13,082	14,669
Total selling, general and administrative expenses	137,422	140,877
Operating income	17,110	24,254
Non-operating income		
Interest income	380	419
Dividend income	1,756	689
Real estate rent	476	638
Others	1,498	1,797
Total non-operating income	4,112	3,545
Non-operating expenses		
Interest expenses	170	115
Contribution	33	165
Loss on retirement of non-current assets	259	183
Depreciation of inactive non-current assets	174	179
Foreign exchange loss	653	207
Others	702	581
Total non-operating expenses	1,993	1,433
Ordinary Income	19,229	26,367
Extraordinary income		
Gain on bargain purchase	-	313
Gain on sales of investment securities	1,414	222
Gain on redemption of investment securities	402	-
Total extraordinary income	1,816	536
Extraordinary losses		
Loss on abolishment of retirement benefit plan	-	286
Impairment loss	83	112
Others	0	12
Total extraordinary losses	83	411
Income before income taxes and minority interests	20,962	26,492
Income taxes - current	6,272	6,847
Income taxes - deferred	325	836
Total income taxes	6,598	7,683
Net income	14,364	18,808

(Unit: ¥ million)

	Fiscal year ended March 31, 2016 (April 1,2015- March 31,2016)	Fiscal year ended March 31, 2017 (April 1,2016- March 31,2017)
(Breakdown)		
Net income attributable to parent company shareholders	13,903	18,147
Net income attributable to non-controlling interests	461	660
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,925)	3,368
Foreign currency translation adjustment	(1,736)	(1,860)
Remeasurements of defined benefit plans	(930)	774
Share of other comprehensive income of entities accounted for using equity method	(308)	(114)
Total other comprehensive income	(6,901)	2,168
Comprehensive income	7,462	20,977
(Breakdown)		
Comprehensive income attributable to parent company shareholders	7,411	20,538
Comprehensive income attributable to non-controlling interests	50	438

(Segment Information, etc.)  
[Segment Information]

I. Previous consolidated fiscal year(April 1,2015- March 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 consolidated financial statements (Note 3)
	Confec- tionaries	Ice Cream	Food Products	Milk and Dairy Products	Food Ingre- dients	Subtotal				
Net sales										
Sales to third parties	121,157	81,004	20,183	97,821	10,242	330,408	8,029	338,437	-	338,437
Inter-segment sales and transfers	542	-	-	603	160	1,306	4,453	5,760	(5,760)	-
Total	121,699	81,004	20,183	98,425	10,403	331,715	12,482	344,198	(5,760)	338,437
Segment income or loss	9,206	5,478	112	4,516	492	19,806	(41)	19,765	(2,654)	17,110

(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 -2,654 million yen in segment income or losses includes 1,472 million yen for the elimination of intersegment transactions and other adjustment amounts of -4,126 million yen in companywide expenses not allocated to any reporting segment. Companywide expenses mainly includes sales and general administration expenses not attributable to any particular reporting segment, which include the ESOP distribution allowance allocation amount and expenses related to the Glico Dairy Products Co. Ltd. merger.

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

II. Consolidated fiscal year under review (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)
	Confec- tionaries	Ice Cream	Food Products	Milk and Dairy Products	Food Ingre- dients	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.

# **Supplementary Information**

For the Fiscal Year Ending March 31, 2017

**EZAKI GLICO CO.,LTD.**



## 1.Consolidated results of operations (Cumulative)

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

Unit:100 million yen

	FYE March'16	FYE March'17	Change from Previous period	
			Amount	%
Net sales	3,384	3,532	148	4.4
Operating income	171	243	71	41.8
Ordinary income	192	264	71	37.1
Net income	139	181	42	30.5

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

Unit:100 million yen

	FYE March'16	FYE March'17	Change from Previous period	
			Amount	%
Japan	2,938	3,079	141	4.8
China	285	251	-34	-11.8
Southeast Asia	107	133	26	23.7
Others	54	69	15	27.4
Total	3,384	3,532	148	4.4

\*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'16		FYE March'17	
	Results	%	Results	%
Net sales	3,384	100.0	3,532	100.0
Cost of sales	1,839	54.3	1,881	53.2
Gross profit	1,545	45.7	1,651	46.8
Freight and charges	300	8.9	304	8.6
Sales promotion	521	15.4	543	15.4
Advertising expenses	122	3.6	117	3.3
Salaries and benefits	282	8.3	280	7.9
Expenses and depreciation	150	4.4	165	4.7
Total	1,374	40.6	1,409	39.9
Operating income	171	5.1	243	6.9

Factors behind change in operating income	vs FYE March'16
(1) Change due increase/decrease in net sales	32
(2) Change due to fluctuation in composition of sales product varieties and other	8
(3) Change due to increase/decrease in raw materials prices	30
(4) Change due to fluctuation in freight and charges ratio	9
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	6
(6) Change due to increase/decrease in SG&A	-13
Total	71

## (4) Status of Net Sales by Segment

Unit: 100 million yen

	FYE March'16	FYE March'17	Change from Previous period	
			Amount	%
Confectioneries	1,212	1,211	-0	-0.0
(Of which, is domestic confectioneries)	765	776	11	1.4
Ice Cream	810	924	114	14.1
(Of which, is domestic ice cream)	810	916	106	13.0
Milk and Dairy Products	978	949	-30	-3.0
(Of which, is domestic milk and dairy products)	978	939	-39	-4.0
Food Products	202	202	0	0.2
Food Ingredients	102	104	2	1.9
Other	80	142	61	76.4
Total	3,384	3,532	148	4.4

\*Above figures for domestic and non-domestic segments

Domestic	2,938	3,079	141	4.8
Overseas	446	453	7	1.5
Total	3,384	3,532	148	4.4

&lt;Reference&gt;

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

	FYE March'16	FYE March'17
China	1CNY=¥18.36	1CNY=¥16.76
Thailand	1THB=¥3.34	1THB=¥3.24

## (5) Status of Operating Income by Segment

Unit: 100 million yen

	FYE March'16	FYE March'17	Change from Previous period	
			Amount	%
Confectioneries	92	105	13	14.6
(Of which, is domestic confectioneries)	54	67	13	24.9
Ice Cream	55	84	30	54.1
(Of which, is domestic ice cream)	55	87	31	56.9
Milk and Dairy Products	45	48	3	6.0
(Of which, is domestic milk and dairy products)	45	47	2	4.6
Food Products	1	8	7	653.6
Food Ingredients	5	10	5	93.4
Other	-27	-13	14	-
Total	171	243	71	41.8

\*Above figures for domestic and non-domestic segments

Domestic	134	206	73	54.4
Overseas	38	36	-1	-3.2
Total	171	243	71	41.8

&lt;Reference&gt;

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

	FYE March'16	FYE March'17
China	1CNY=¥18.36	1CNY=¥16.76
Thailand	1THB=¥3.34	1THB=¥3.24

## 2.Consolidated financial position

Unit:100 million yen

	Mar.'16	Mar.'17	Change		Mar.'16	Mar.'17	Change
Current assets total	1,313	1,702	389	Current liabilities	768	754	-14
Cash and deposits	509	960	451	Notes and accounts payable	284	292	8
Notes and accounts receivable	351	368	17	Short-term loans payable	57	16	-41
Inventories	269	278	9	Others	427	446	19
Others	184	95	-89	Long-term liabilities	190	503	312
Non-current assets total	1,436	1,539	103	Convertible bond-type bonds with subscription rights to shares	-	301	301
Property, plant and equipment	826	894	68	Long-term loans payable	5	6	1
Intangible assets	41	57	16	Net defined benefit liability	109	78	-31
Investment securities	379	398	19	Others	76	116	40
Real estate for investment	124	124	-0	Total liabilities	958	1,257	299
Others	67	66	-1	Total net assets	1,792	1,984	193
				Total shareholders' equity	1,640	1,804	165
				Other comprehensive income	96	120	24
				Non-controlling interests	56	60	4
Total assets	2,750	3,241	491	Total liabilities and net assets	2,750	3,241	491