

Glico Group Financial Results

For the Fiscal Year ended March 31,2017

May 25, 2017

EZAKI GLICO CO., LTD.

Securities Code - 2206

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Contents

**I. FYE March 2017 Earnings Report and
Review of FYE March 2017 Core Initiatives
P. 3-17**

**II. FYE March 2018 Full-Year Earnings Forecast
P. 18-31**

**(Supplemental Materials)
P. 32- 35**

I. FYE March 2017 Earnings Report and Review of FYE March 2017 Core Initiatives

FYE March 2017 Earnings Report

Status of Net Sales and Income

(Unit:100 million yen)

	FYE March'16	FYE March'17					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change (%)	Amount	Change (%)
Net sales	3,384	3,585	3,532	148	4.4	-53	-1.5
Operating income	171	225	243	71	41.8	18	7.8
Ordinary income	192	230	264	71	37.1	34	14.6
Net income	139	160	181	42	30.5	21	13.4

Note) Forecasts are figures released on November 7, 2016 (same applies to all slides).

FYE March 2017 Earnings Report

Status of Operating Income

(Unit:100 million yen)

	FYE March'16		FYE March'17			
	Results	%	Forecast	%	Results	%
Net sales	3,384	100.0	3,585	100.0	3,532	100.0
Cost of sales	1,839	54.3	1,927	53.8	1,881	53.2
Gross profit	1,545	45.7	1,658	46.2	1,651	46.8
Freight and charges	300	8.9	314	8.8	304	8.6
Sales promotion	521	15.4	561	15.7	543	15.4
Advertising expenses	122	3.6	126	3.5	117	3.3
Salaries and benefits	282	8.3	283	7.9	280	7.9
Expenses and depreciation	150	4.4	148	4.1	165	4.7
SGA Total	1,374	40.6	1,433	40.0	1,409	39.9
Operating income	171	5.1	225	6.3	243	6.9

FYE March 2017 Earnings Report

Factors of increases (decreases) in operating income

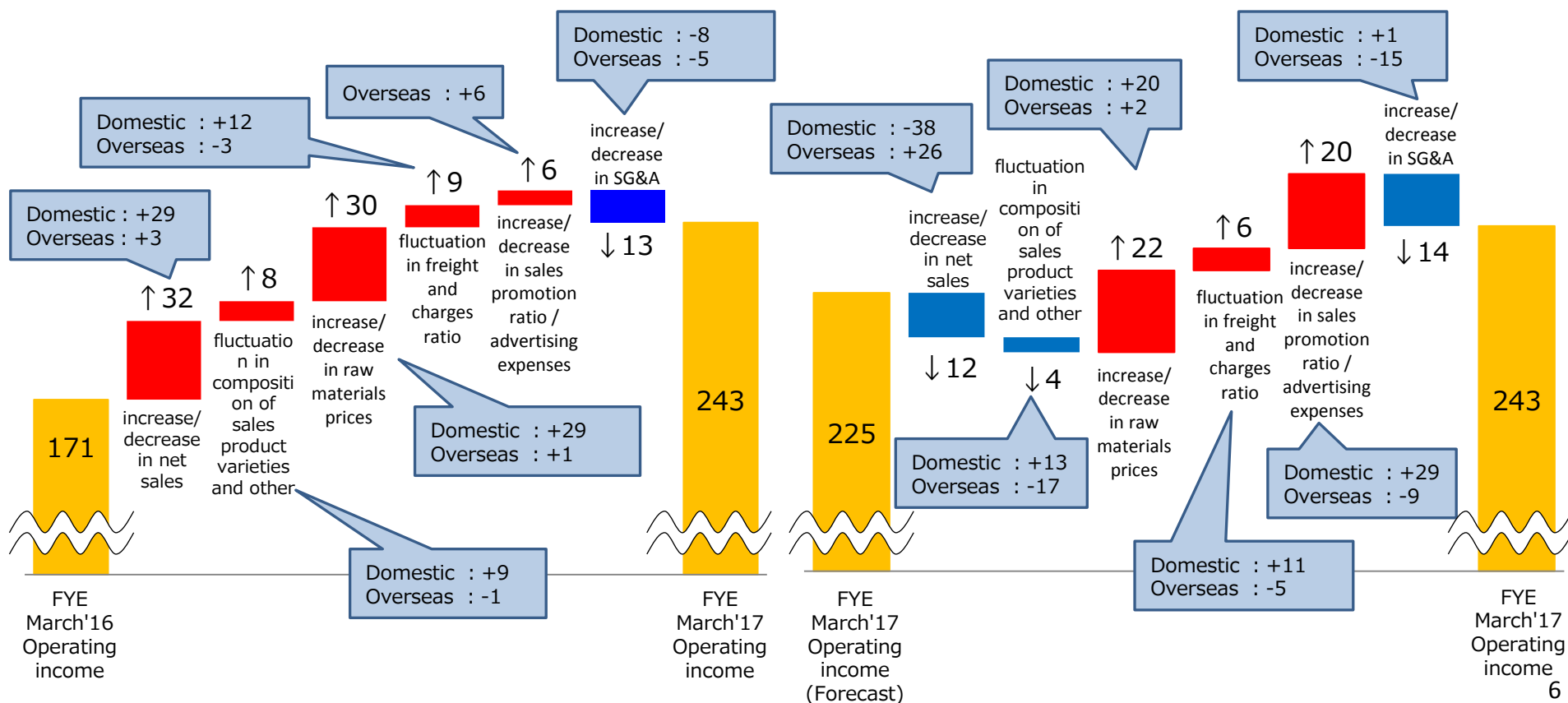
(Unit:100 million yen)

<FYE March 2017 (YoY)>

- ✓ Income increased by ¥3.2 billion thanks to increased net sales of ¥14.8 billion.
- ✓ Raw material costs declined thanks to yen appreciation and relative stability on raw materials markets, resulting in increased income of ¥3.0 billion.

<FYE March 2017 (vs. Plan)>

- ✓ Although income declined by ¥1.2 billion due to a ¥5.3 billion decline in net sales, lower raw materials costs resulted in increased income of ¥2.2 billion.
- ✓ The efficient use of sales and promotion budget in Japan resulted in increased income of ¥2.0 billion.



FYE March 2017 Earnings Report

Status of Net Sales by Segment

(Unit: 100 million yen)

	FYE March'16	FYE March'17					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change	Amount	Change
Total	3,384	3,585	3,532	148	4.4	-53	-1.5
Confectioneries	1,212	1,203	1,211	-0	0.0	8	0.6
(Of which, is domestic confectioneries)	765	787	776	11	1.4	-11	-1.4
Ice Cream	810	914	924	114	14.1	10	1.1
(Of which, is domestic ice cream)	810	906	916	106	13.0	10	1.1
Milk and Dairy Products	978	991	949	-30	-3.0	-42	-4.3
(Of which, is domestic milk and dairy products)	978	982	939	-39	-4.0	-43	-4.3
Food Products	202	202	202	0	0.2	0	0.1
Food Ingredients	102	109	104	2	1.9	-5	-4.4
Other	80	165	142	61	76.4	-24	-14.3

※Above figures for domestic and overseas segments

Domestic	2,938	3,151	3,079	141	4.8	-72	-2.3
Overseas	446	434	453	7	1.5	19	4.3

<Reference>

China & Thailand results and forecasts are calculated by using the rates indicated below.

	FYE March '16 Results	FYE March '17 Forecast	FYE March '17 Results
China	1CNY = ¥ 18.36	1CNY = ¥ 15.14	1CNY = ¥ 16.76
Thailand	1THB = ¥ 3.34	1THB = ¥ 2.91	1THB = ¥ 3.24

FYE March 2017 Earnings Report

Status of Operating Income by Segment

(Unit: 100 million yen)

	FYE March'16	FYE March'17					
	Results	Forecast	Results	Change from Previous period		Change from Forecast	
				Amount	Change	Amount	Change
Total	171	225	243	71	41.8	18	7.8
Confectioneries	92	91	105	13	14.6	14	15.9
(Of which, is domestic confectioneries)	54	59	67	13	24.9	9	14.5
Ice Cream	55	77	84	30	54.1	7	9.2
(Of which, is domestic ice cream)	55	79	87	31	56.9	7	9.3
Milk and Dairy Products	45	42	48	3	6.0	6	13.1
(Of which, is domestic milk and dairy products)	45	42	47	2	4.6	5	13.0
Food Products	1	6	8	7	653.6	2	31.3
Food Ingredients	5	10	10	5	93.5	-0	-0.1
Other	-27	-2	-13	14	—	-12	—

※Above figures for domestic and overseas segments

Domestic	134	194	206	73	54.4	12	6.1
Overseas	38	31	36	-1	-3.2	6	18.5

<Reference>

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	FYE March '16 Results	FYE March '17 Forecast	FYE March '17 Results
China	1CNY = ¥ 18.36	1CNY = ¥ 15.14	1CNY = ¥ 16.76
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FYE March 2017 Earnings Report and FYE March 2018 Targets

Impact of Raw Material Price Fluctuations on Costs

◆ **Review of FYE March 2017:** Although the price of sugars, meats, etc., rose compared to the previous year, the influence of price reductions for overseas milk products, almonds, etc. was significant, resulting in overall raw material cost reductions for the Group.

◆ **FYE March 2018 targets:** Although the cost of almonds are expected to decrease, due to the rise in the cost of dairy products, compared to the previous year, the Glico group shall be expecting a rise of 1.7 billion yen in the cost of raw materials.

(Unit: 100 million yen)

	FYE March'17 Results		FYE March'18 Forecast
	Change from Previous period*1	Change from Forecast*2	Change from Previous period*3
Group total (including overseas subsidiaries)	-30	-22	17

Note) includes impact of currency

*1(FYE March 2017 actual unit price - FYE March 2016 actual unit price) × FYE March 2017 actual volume used

*2(FYE March 2017 actual unit price - FYE March 2017 projected unit price) × FYE March 2017/2H actual volume used

*3(FYE March 2018 projected unit price - FYE March 2017 actual unit price) × FYE March 2018 projected volume used

FYE March 2017 Earnings Report and FYE March 2018 Targets

Capital Investments, Depreciation, and R&D Expenditures

(Unit:100 million yen)

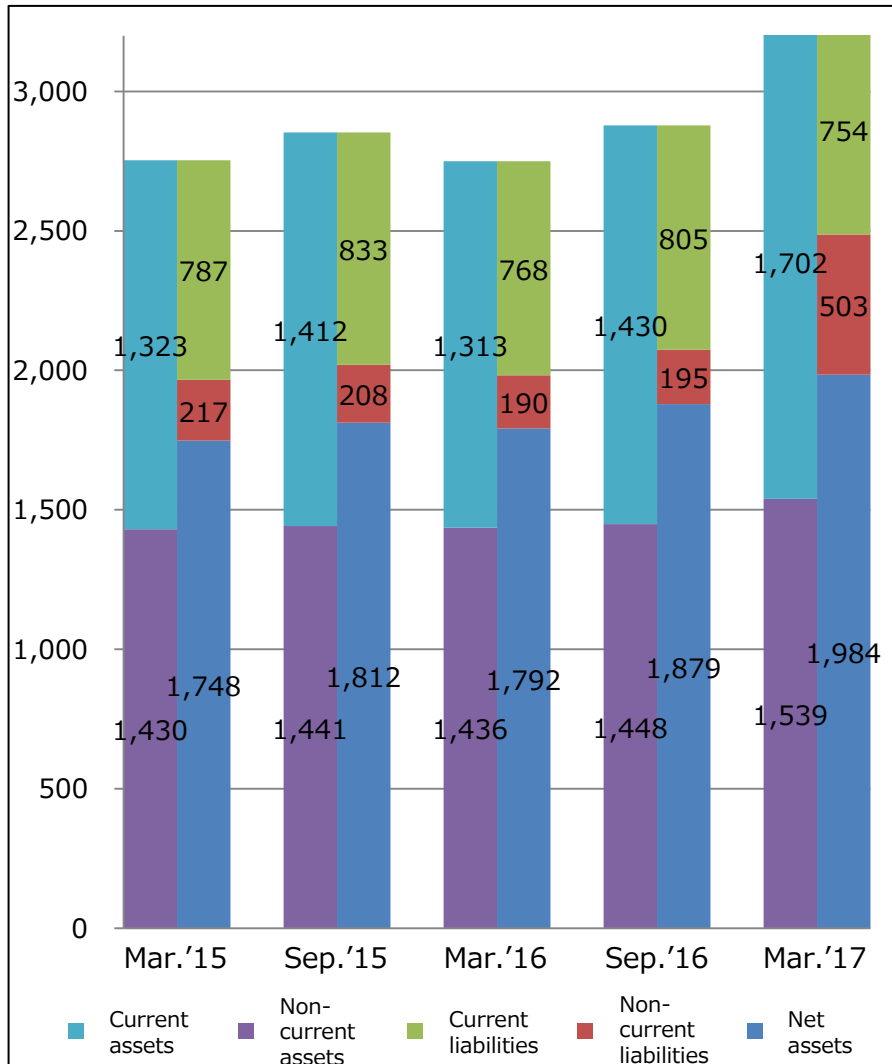
	FYE March'16	FYE March'17		FYE March'18	Total (FYE March'16~FYE March'18)		
	Results	Forecast	Results	Forecast	Previous forecast	Results + Forecast	Change from Previous forecast
Confectioneries - Domestic	32	23	28	51	106	111	5
Confectioneries - Overseas	9	11	11	28	124	48	-76
Ice Cream - Domestic	76	108	114	78	359	268	-90
Ice Cream - Overseas	—	4	2	3	—	7	7
Milk and Dairy Products	18	11	12	21	77	50	-27
Food Products	2	2	2	1	7	5	-2
Food Ingredients	1	1	1	3	5	5	-0
Other	26	7	8	33	23	67	45
Capital investment Total	166	167	177	218	700	561	-139
Unconsolidated subsidiaries •investment and lending	9	15	5	0	—	14	14
System investment	17	—	24	15	—	55	55
Total	192	182	206	233	700	630	-70
Depreciation	108	116	111	130			
R&D expenditures	51	58	55	58			

FYE March 2017 Earnings Report

Status of Balance Sheet

◆The issuance of ¥30 billion in convertible bonds resulted in a significant increase in "Cash and deposits" and "Long-term liabilities".

◆Net worth ratio (%): 63.1% → 59.4%



○Non-current assets – Major account items (Unit:100 million yen)

	Mar.'16	Sep.'16	Mar.'17	Vs Mar. '16	Vs Sep.'16
Cash and deposits	509	609	960	451	351
Notes and accounts receivable-trade	351	403	368	17	-34
Securities	114	91	32	-82	-58
Inventories	269	266	278	9	12

○Non-current assets – Major account items

	Mar.'16	Sep.'16	Mar.'17	Vs Mar. '16	Vs Sep.'16
Property, plant and equipment	826	831	894	68	63
Intangible assets	41	51	57	16	6
Investment securities	379	384	398	19	15

○Current liabilities – Major account items

	Mar.'16	Sep.'16	Mar.'17	Vs Mar. '16	Vs Sep.'16
Notes and accounts payable- trade	284	335	292	8	-43
Short-term loans payable					
Current portion of long-term loans payable	57	22	16	-41	-6

○Non-current liabilities – Major account items

	Mar.'16	Sep.'16	Mar.'17	Vs Mar. '16	Vs Sep.'16
Convertible Bond	-	-	301	301	301
Long-term loans payable	5	11	6	1	-5

○Net assets – Major account items

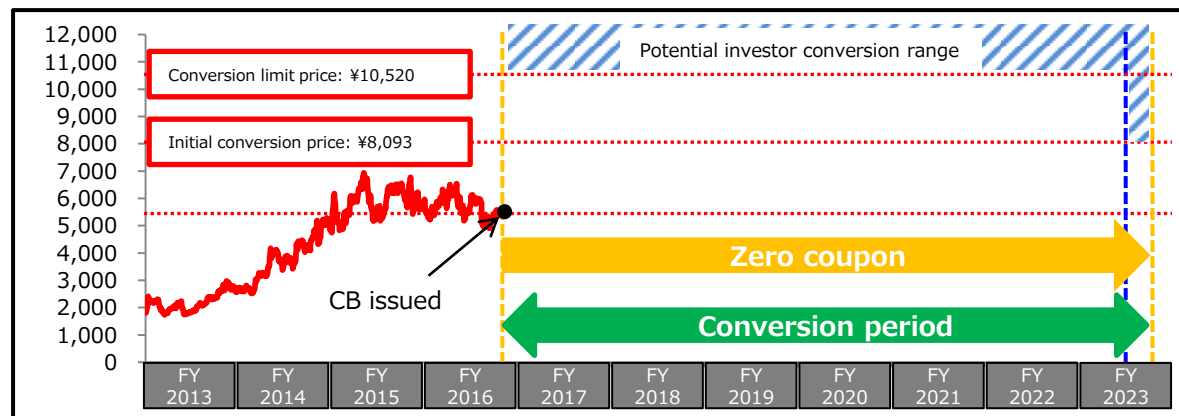
	Mar.'16	Sep.'16	Mar.'17	Vs Mar. '16	Vs Sep.'16
Shareholders' equity	1,640	1,751	1,804	165	53

FYE March 2017 Earnings Report

Euro-yen convertible bonds

Summary

- Issue amount: ¥30 billion
- Coupon: Zero
- Issue date: January 30, 2017
- Maturity: January 30, 2024
- Initial conversion price: ¥8,093
- Contingency: 130% conversion contingency



Application of raised capital

(1)Overseas business	Approximately ¥4.5 billion	<ul style="list-style-type: none"> ■ Increase production capacity at overseas plants ○ Investment in production plants in China and South Korea (Approximately ¥3.5 billion) ○ Capital expenditures aimed at expanding sales in Thailand and Indonesia (Approximately ¥1.0billion)
(2)Ice cream business	Approximately ¥11.0 billion	<ul style="list-style-type: none"> ■ Capital expenditures aimed at increasing production capacity at Chiba Plant, etc., and expanding sales
(3)Confectioneries business and Milk and Dairy Products business	Approximately ¥7.0 billion	<ul style="list-style-type: none"> ■ Capital expenditures aimed at increasing production capacity, etc.
(4)Strengthening product development and fundamental research	Approximately ¥7.5 billion	<ul style="list-style-type: none"> ■ Capital expenditures related to R&D conducted at the main office

FYE March 2017 Earnings Report

Status of Cash flows

(Unit:100 million yen)

	FYE March'13	FYE March'14	FYE March'15	FYE March'16	FYE March'17		Main reasons for gains/losses	
	Results	Results	Results	Results	Results	YoY		YoY
Cash flows from operating activities	145	225	245	177	295	118	Increase in net income before income taxes and minority interests Increased depreciation expenses Increase in retirement benefits (DC migration) Decrease in ESOP underwriting Decrease in operating capital Decrease in corporate taxes, etc. payments Subtotal	55 3 -26 -27 57 40 102
Cash flows from investing activities	-114	-149	-79	-138	-141	-3	Decrease in long-term deposits Increase in marketable securities Increase in acquisition of tangible fixed assets Decrease in interest and dividends Subtotal	43 -27 -11 -11 -6
Free cash flows	31	76	166	39	154	115		
Cash flows from financing activities	-11	-89	-132	-101	242	343	Decrease in loan repayments Decrease in dividend payments Issuance of bonds with share warrants Decrease in treasury stock Subtotal	28 6 300 7 341
Cash and cash equivalents at end of year	353	542	594	520	902	382		

Domestic business: FYE March 2017 Target Points

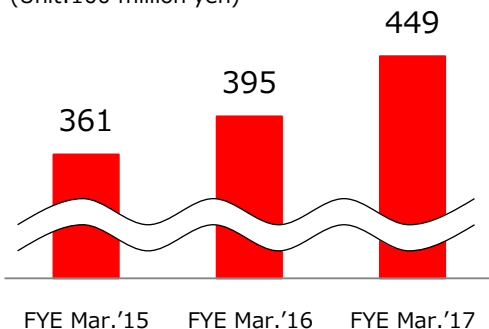
Category	Plan	Results
Chocolate	<ul style="list-style-type: none"> Enhance mainstay brands (Pocky, Caplico, Kobe Roasted Chocolate, etc.) Grow existing brands (Peak, Bitte, Van Houten, etc.) Launched first functional food products in chocolate category in March of last year. Increase presence on health-conscious chocolate 	<p>*1 Source: Intage SRI, *2 Source: Ice Cream Ryutsu Shimbun</p> <ul style="list-style-type: none"> Market scale (FY2016) *1 ¥289.6 billion (104.5% compared to previous year) Glico (FY2016) ¥44.9 billion (111.0% compared to previous year) <p>-Mainstay brand Caplico and Kobe Roasted Chocolate increased by more than 10%. -GABA and LIBERA, Foods with Function Claims, contributed significantly to increased revenue. -Outperformed market growth.</p>
Cookies	<ul style="list-style-type: none"> Enhance mainstay brands (Pretz, Bisco, Colon, etc.) Rejuvenate snack brands such as Cheeza, Cratz, etc. 	<ul style="list-style-type: none"> Market scale (FY2016) *1 ¥152.4 billion (99.5% compared to previous year) Glico (FY2016) *excluding gum, candy ¥25.3 billion (92.9% compared to previous year) <p>-Amid sluggish market growth, sales of Pretz were largely unchanged year on year. Bisco supply declined temporarily due to line construction to increase manufacturing capacity. Slight decline in revenues due to constrained sales. -Cheeza and Cratz struggled due to contraction of snack market</p>
Ice cream	<ul style="list-style-type: none"> Enhance mainstay brands (Giant Cone, Papico, 17 Ice, etc.) Grow existing brands (Panapp, Ice no Mi, Bokujo Shibori, etc.) Promote Otona Series, increase added value Implement marketing strategy to achieve profitability in second half. Focus on stable operations at new plant. 	<ul style="list-style-type: none"> Market scale (FY2016) *2 ¥493.0 billion (106.5% compared to previous year) Glico (FY2016) ¥91.6 billion (113.0% compared to previous year) <p>-Propelled in part by climate factors, sales of mainstay brands such as Giant Cone and Papico as well as existing brands such as Panapp, Ice no Mi, etc. increased significantly. -Sales of the high added value Otona Series were favorable and 2H profitability improved. -New plant began operations in February 2017 as scheduled.</p>
Western confections	<ul style="list-style-type: none"> Enhance sales of mainstay brands with focus on Pucchin Pudding and Torori Cream On. Rejuvenate Dororich brand 	<ul style="list-style-type: none"> Market scale (FY2016) *1 ¥64.7 billion (98.7% compared to previous year) Glico (FY2016) ¥10.4 billion (95.5% compared to previous year) <p>-The entire Pucchin Pudding series was largely unchanged year on year but sales of the core products (Big, 3 Pack) were favorable. -We begun preparations aimed at rejuvenating the Dororich brand and will launch a revamped product this fiscal year.</p>
Yogurt/ Drinking milk	<ul style="list-style-type: none"> Promote income management by implementing category management <p><Yogurt> Re-released all BifiX products as functional food products. Enhance sales by promoting functionality.</p> <p><Milk, dairy beverages> Invest resources with focus on Cafe Ole series as core brand.</p>	<ul style="list-style-type: none"> Market scale (FY2016) *1 Yogurt: ¥397.9 billion (103.6% compared to previous year) Drinking milk: ¥565.5 billion (98.1% compared to previous year) Glico (FY2016) Yogurt: ¥25.4 billion (101.0% compared to previous year) Drinking milk: ¥28.3 billion (87.7% compared to previous year) <p>-In the spring of last year, we achieved Foods with Functional Claims labeling for all BifiX products. In the autumn, we will conduct an aggressive package renewal by displaying "Improve Bowel Functions" to promote product benefits and increase product turnover. -Cafe Ole sales declined. Despite maintaining shipments, turnover continues to decline. Conducted relaunch featuring quality improvements in March of this year. -Elimination of specialty products resulted in significant decline in sales in the milk and dairy products category.</p>

Domestic business: FYE March 2017 Target Points

Chocolate category

Transitions in net sales -Chocolate category total-

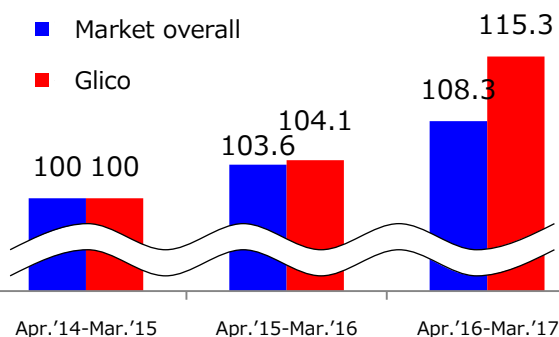
(Unit:100 million yen)



Chocolate Market

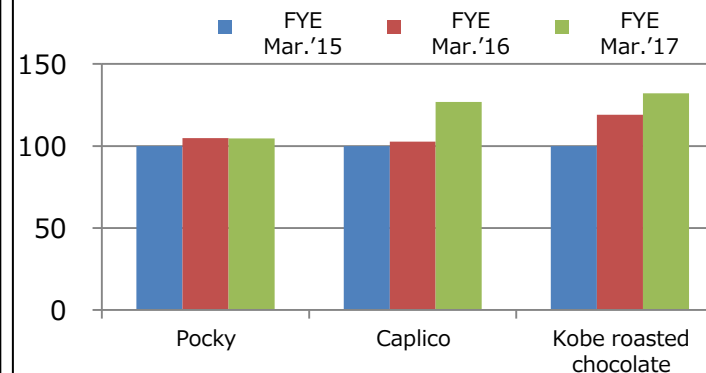
(When April 2014-March 2015 is set as 100. Intage SRI)

■ Market overall
■ Glico



Transitions in Net Sales by Brand

(When FYE March 2015 net sales are set as 100.)

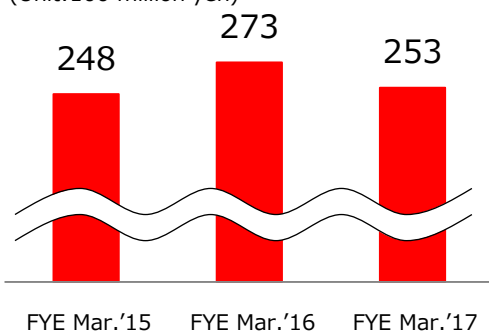


Cookies category

Transitions in net sales -Cookies category total-

*Excludes gum and candy

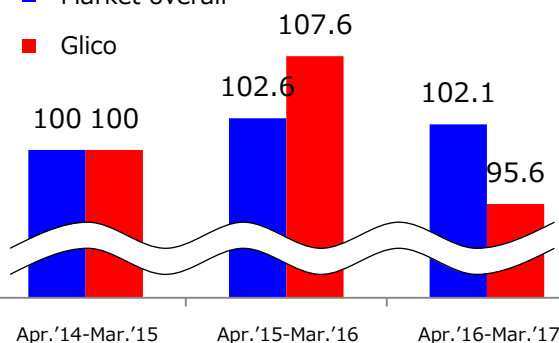
(Unit:100 million yen)



Cookies Market

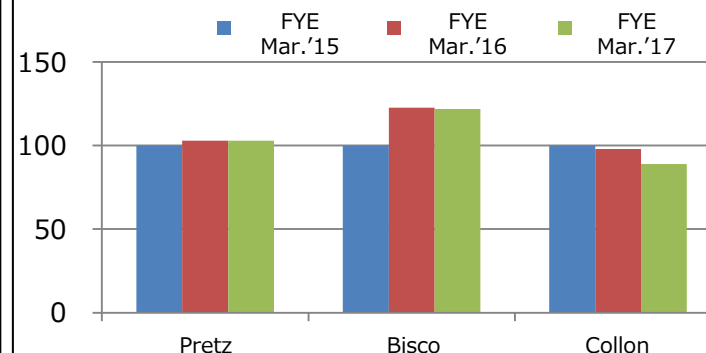
(When April 2014-March 2015 is set as 100. Intage SRI)

■ Market overall
■ Glico



Transitions in Net Sales by Brand

(When FYE March 2015 net sales are set as 100.)

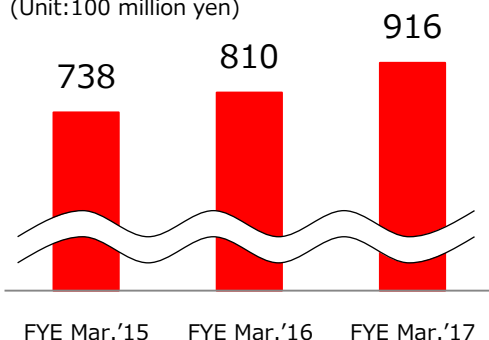


Domestic business: FYE March 2017 Target Points

Ice cream category

Transitions in net sales -Ice cream category total-

(Unit:100 million yen)

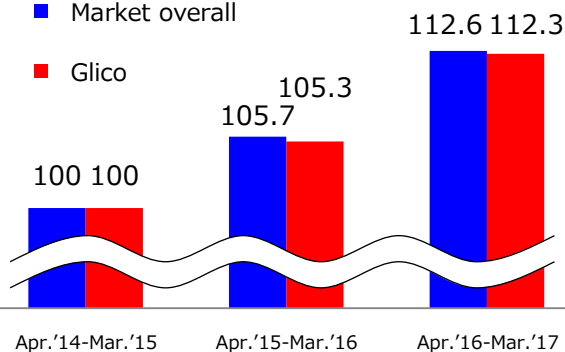


Ice cream Market

(When April 2014-March 2015 is set as 100. Ice cream ryutsu shimbun)

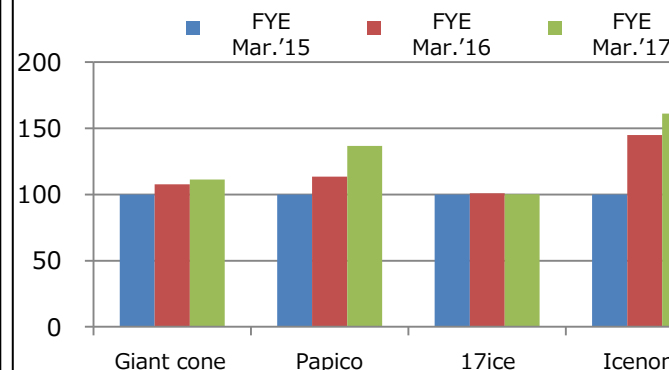
■ Market overall

■ Glico



Transitions in Net Sales by Brand

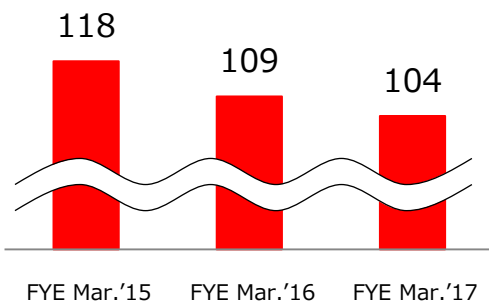
(When FYE March 2015 net sales are set as 100.)



Western confections category

Transitions in net sales -Western confections category total-

(Unit:100 million yen)

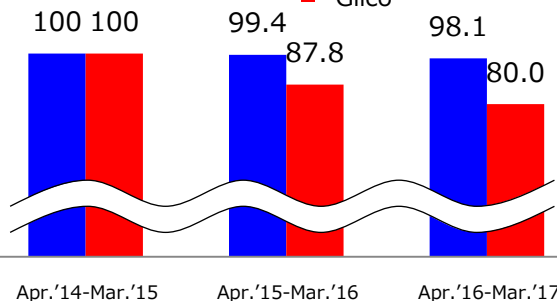


Chilled dessert Market

(When April 2014-March 2015 is set as 100. Intage SRI)

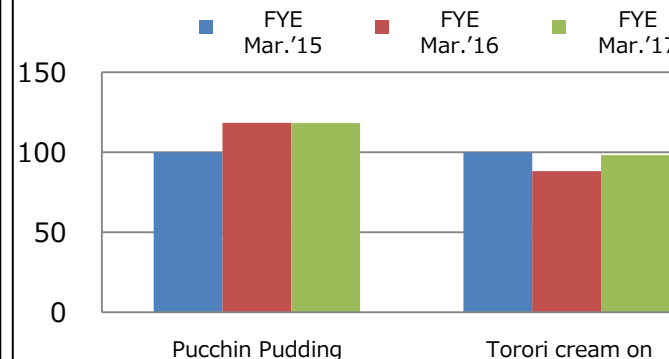
■ Market overall

■ Glico



Transitions in Net Sales by Brand

(When FYE March 2015 net sales are set as 100.)

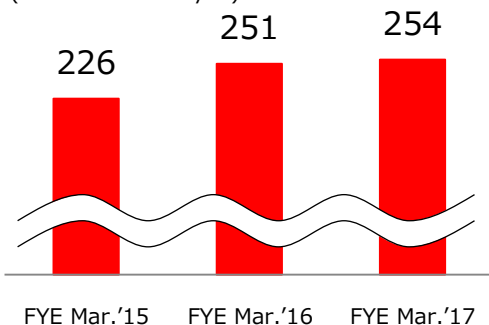


Domestic business: FYE March 2017 Target Points

Yogurt category

Transitions in net sales -Yogurt category total-

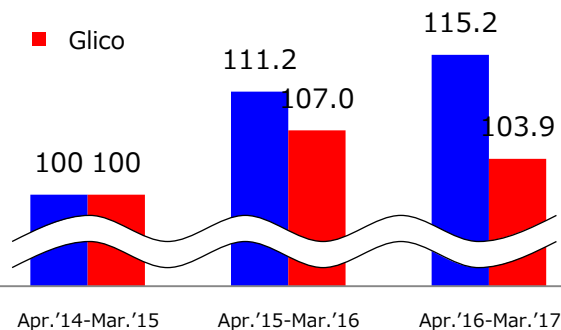
(Unit:100 million yen)



Yogurt Market

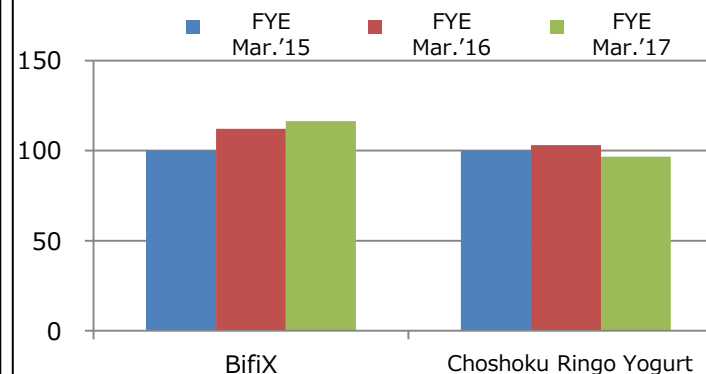
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■ Market overall
■ Glico



Transitions in Net Sales by Brand

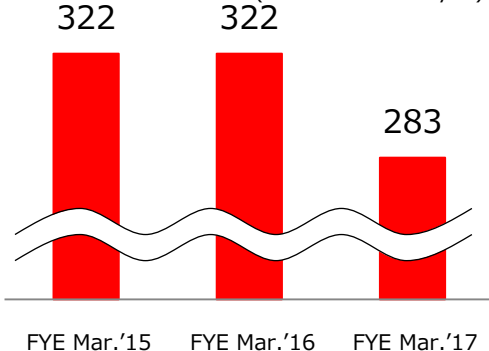
(When FYE March 2015 net sales are set as 100.)



Drinking milk category

Transitions in net sales -Drinking milk category total-

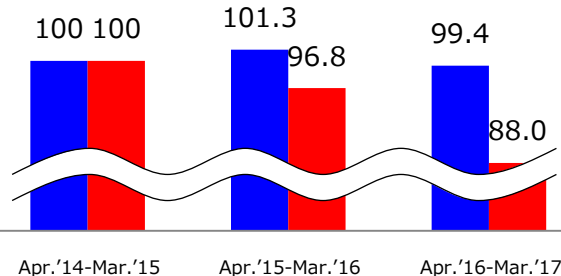
(Unit:100 million yen)



Drinking milk Market

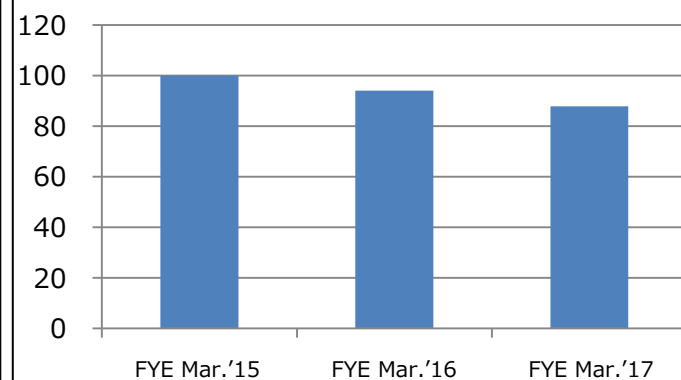
(When April 2014-March 2015 is set as 100. Intage SRI)

■ Market overall
■ Glico



Cafre au Lait transitions in net sales

(When FYE March 2015 net sales are set as 100.)



II. FYE March 2018 Full-Year Earnings Forecast

FYE March 2018 Full-Year Earnings Forecast

Full-Year Plan and Forecast

(Unit: 100 million yen)

	FYE March'16	FYE March'17	FYE March'18			
	Full year	Full year	First half	Full year		
	Results	Results	Forecast	Forecast	Change from Previous period	
					Amount	Change (%)
Net sales	3,384	3,532	1,971	3,750	218	6.2
Operating income	171	243	153	250	7	3.1
Ordinary income	192	264	161	262	-2	-0.6
Net income	139	181	112	178	-3	-1.9

FYE March 2018 Full-Year Earnings Forecast

Operating Income Forecast

(Unit:100 million yen)

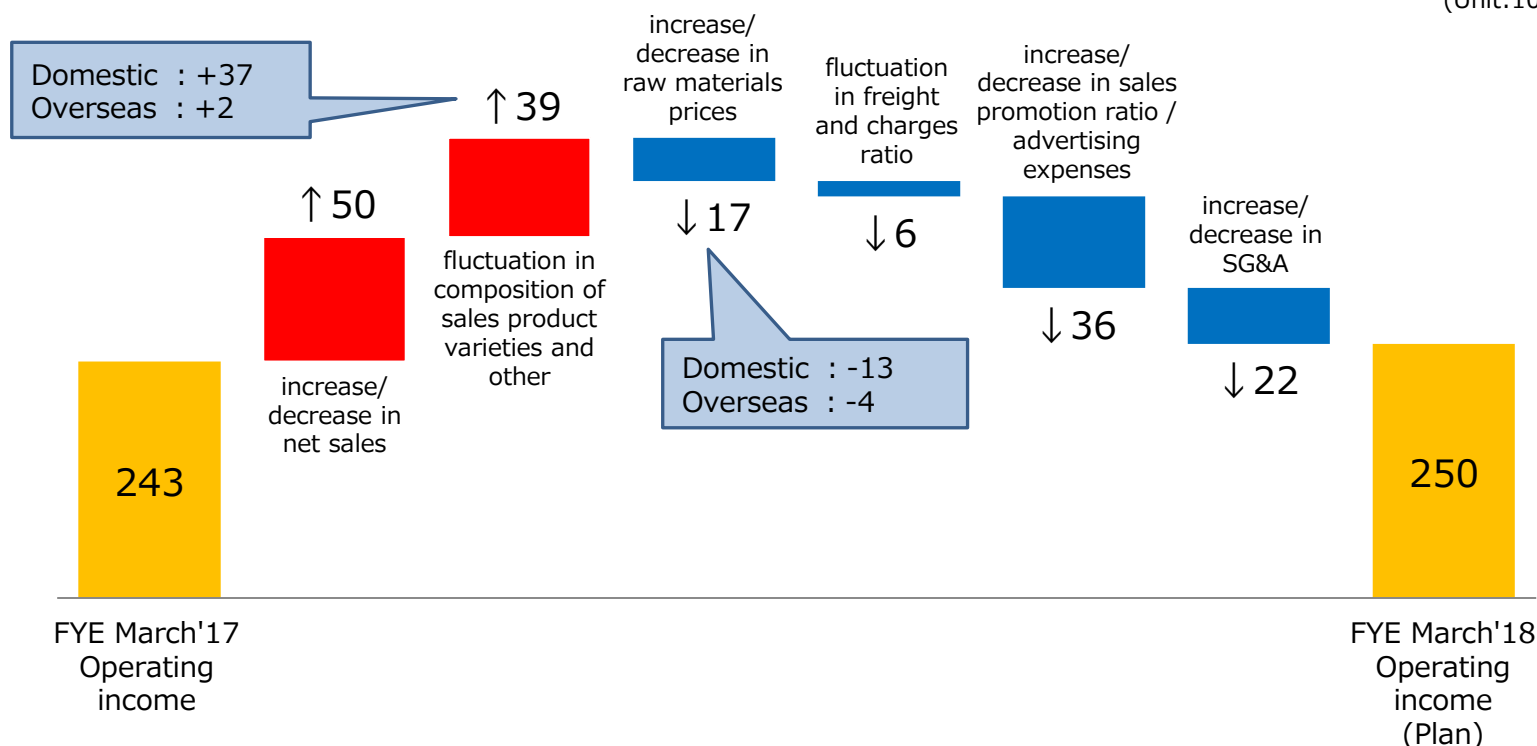
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Sales promotion	521	15.4	543	15.4	590	15.7
Advertising expenses	122	3.6	117	3.3	139	3.7
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Expenses and depreciation	150	4.4	165	4.7	179	4.8
SGA Total	1,374	40.6	1,409	39.9	1,525	40.7
Operating income	171	5.1	243	6.9	250	6.7

Factors of increases (decreases) operating income

<FYE March 2018 Plan (YoY)>

- ✓ Compared to FYE March 2017, net sales will increase by ¥21.8 billion for a ¥5.0 billion increase in income and changes to our product composition will result in increased income of ¥3.9 billion.
- ✓ We project that costs will rise on raw material markets, particularly for milk products, which will result in a ¥1.7 billion decrease in income.
- ✓ Sales promotion cost margin will increase due to intensifying sales competition and the implementation of aggressive sales strategies. As we will increase the advertising budget by ¥2.2 billion, sales, promotion, and advertising will in total result in a ¥3.6 billion decrease in income.

(Unit:100 million yen)



FYE March 2018 Full-Year Earnings Forecast

Net Sales Forecast by Segment

(Unit:100 million yen)

	FYE March'16	FYE March'17	FYE March'18			
	Full year	Full year	First half	Full year		
	Results	Results	Forecast	Forecast	Change from Previous period	
					Amount	Change (%)
Total	3,384	3,532	1,958	3,750	218	6.2
Confectioneries	1,212	1,211	573	1,311	100	8.2
(Of which, is domestic confectioneries)	765	776	371	864	89	11.4
Ice Cream	810	924	591	904	-20	-2.2
(Of which, is domestic ice cream)	810	916	587	895	-21	-2.3
Milk and Dairy Products	978	949	542	1,023	74	7.8
(Of which, is domestic milk and dairy products)	978	939	536	1,011	72	7.6
Food Products	202	202	101	210	8	3.9
Food Ingredients	102	104	64	128	24	22.7
Other	80	142	87	174	32	22.9

*Above figures for domestic and overseas segments

Domestic	2,938	3,079	1,747	3,282	203	6.6
Overseas	446	453	211	468	14	3.2

<Reference>

China & Thailand results and forecasts are calculated by using the rates indicated below.

	FYE March '16 Full year Results	FYE March '17 Full year Results	FYE March '18 First half Forecast	FYE March '18 Full year Forecast
China	1CNY=¥18.36	1CNY=¥16.76	1CNY=¥15.00	1CNY=¥15.00
Thailand	1THB=¥3.34	1THB=¥3.24	1THB=¥3.00	1THB=¥3.00

FYE March 2018 Full-Year Earnings Forecast

Operating Income Forecast by Segment

(Unit:100 million yen)

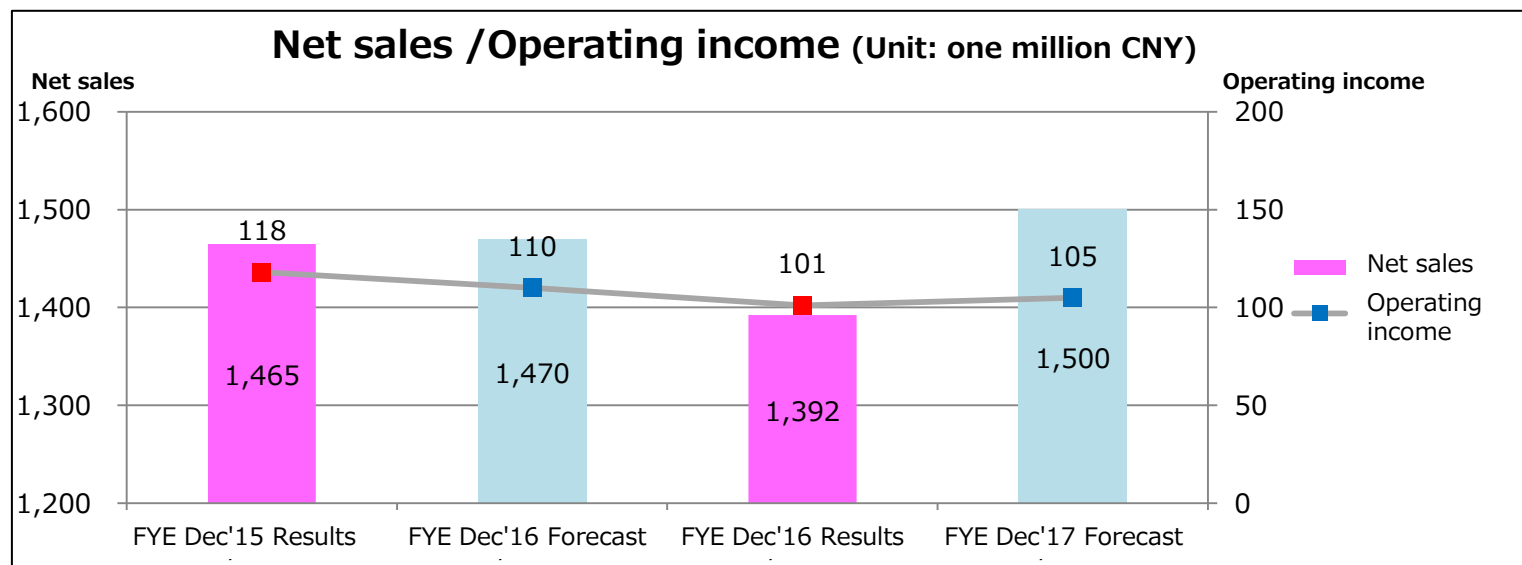
	FYE March'16	FYE March'17	FYE March'18			
	Full year	Full year	First half	Full year		
	Results	Results	Forecast	Forecast	Change from Previous period	
					Amount	Change (%)
Total	171	243	153	250	7	3.1
Confectioneries	92	105	36	105	-0	-0.4
(Of which, is domestic confectioneries)	54	67	21	75	8	12.0
Ice Cream	55	84	74	70	-14	-17.1
(Of which, is domestic ice cream)	55	87	76	73	-14	-15.6
Milk and Dairy Products	45	48	32	55	7	14.9
(Of which, is domestic milk and dairy products)	45	47	32	55	7	15.6
Food Products	1	8	5	9	1	6.6
Food Ingredients	5	10	7	14	4	47.1
Other	-27	-13	-1	-3	10	-77.3
*Above figures for domestic and overseas segments						
Domestic	134	206	140	223	17	8.3
Overseas	38	36	13	27	-10	-26.5

<Reference>

China & Thailand results and forecasts are calculated by using the rates indicated below.

	FYE March '16 Full year Results	FYE March '17 Full year Results	FYE March '18 First half Forecast	FYE March '18 Full year Forecast
China	1CNY=¥18.36	1CNY=¥16.76	1CNY=¥15.00	1CNY=¥15.00
Thailand	1THB=¥3.34	1THB=¥3.24	1THB=¥3.00	1THB=¥3.00

China(Glico Shanghai):Status of Net Sales and Income



(Unit: one million CNY)

	FYE Dec'15	FYE Dec'16						FYE Dec'17			
	Full year	Full year						First half	Full year		
	Results	Forecast	Results	Change from Previous period		Change from Forecast		Forecast	Forecast	Change from Previous period	
				Amount	(%)	Amount	(%)			Amount	(%)
Net sales	1,465	1,470	1,392	-73	-5.0	-78	-5.3	774	1,500	108	7.7
Operating income	118	110	101	-17	-14.4	-9	-8.1	70	105	4	3.8
Ordinary income	122	113	99	-23	-19.1	-14	-12.8	70	105	6	6.6
Net income	98	82	88	-10	-10.6	6	7.1	58	79	-9	-10.0

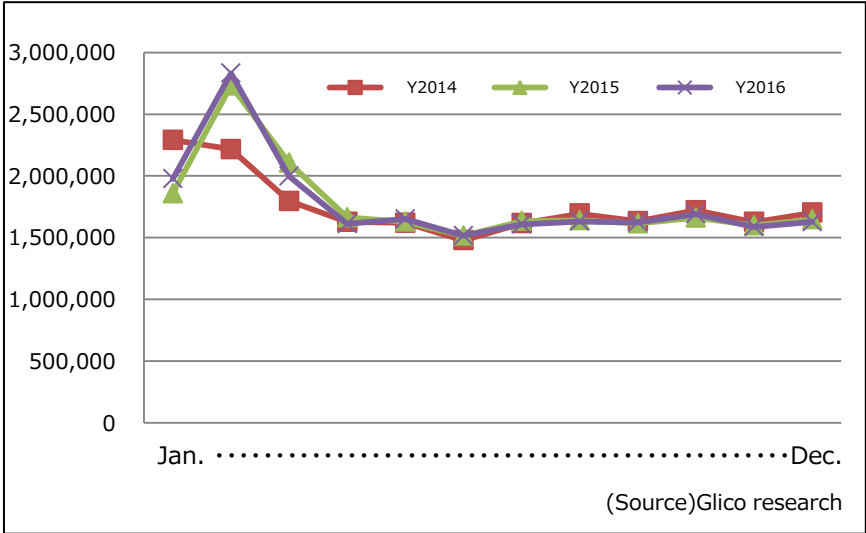
*Figures based on local accounting. Refer to ending notes regarding currency rates.

Review of FYE March 2017 and FYE March 2018 Targets

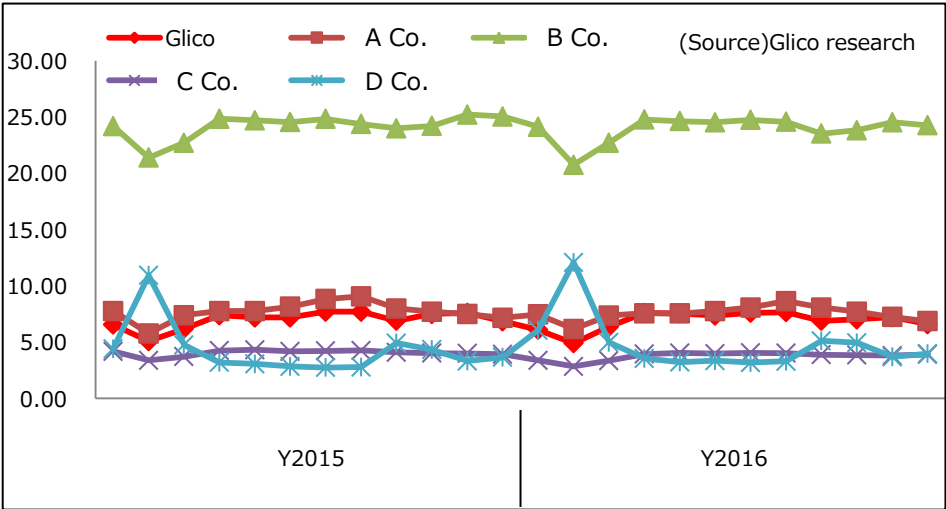
China(Glico Shanghai):Cookie market environment in China

- During FY2016, the China cookie market saw zero growth, result in a stagnant market.
- Looking at share by manufacturer, our share was largely unchanged. D Co.'s share increased (+0.6%) and industry leader B Co.'s share declined.
- This year, cheese-flavored snacks are trending on the Chinese confectionery market. We launched a salt-flavored Pejoy in March to respond to changing consumer needs.

(1) Cookie market - Nationwide, All channels, Monthly sales (1,000 CNY)



(2) Market share by manufacturer (cookies, all channels)



(3) Salt-flavored Pejoy
(From left, Cheese, Tomato, Corn Soup)



China(Glico Shanghai):Response for China's EC market

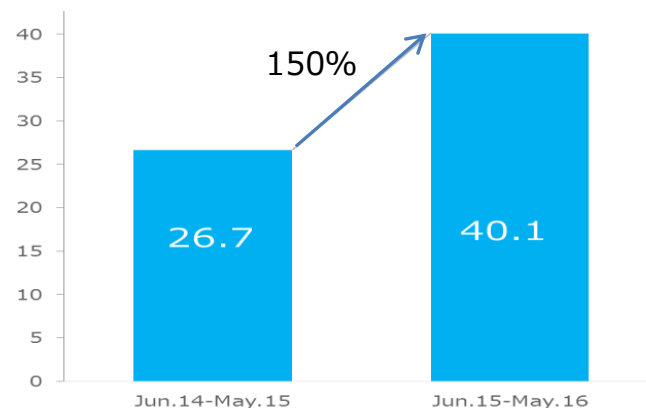
■ On the China cookie market, EC net sales are growing significantly. The ratio of EC net sales relative to the entire market reached 16% in 2015.

■ In light of this, we opened flagships stores on T-mall, EC (BtoC) market share No. 1, in August of last year and on market share No. 2 JD.COM in April of this year.

■ Representing a combined 80% share of the EC (BtoC) market, we will focus on using these two companies to expand our EC business and net sales.

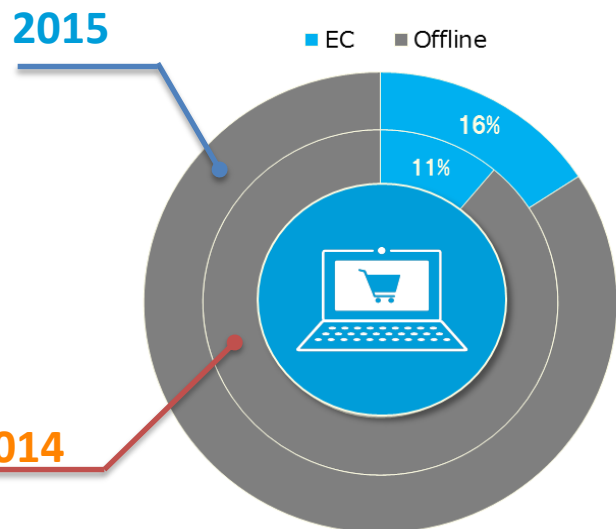
(1) EC sales and YoY growth rate for overall China cookie market
(Comparison of 2014/6-2015/5 and 2015/6-2016/5)

100 million CNY



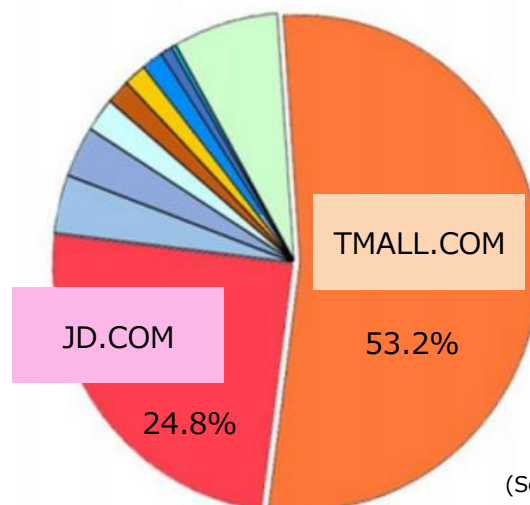
(Source)Glico research

(2) Ratio of EC sales (%) in overall China cookie market



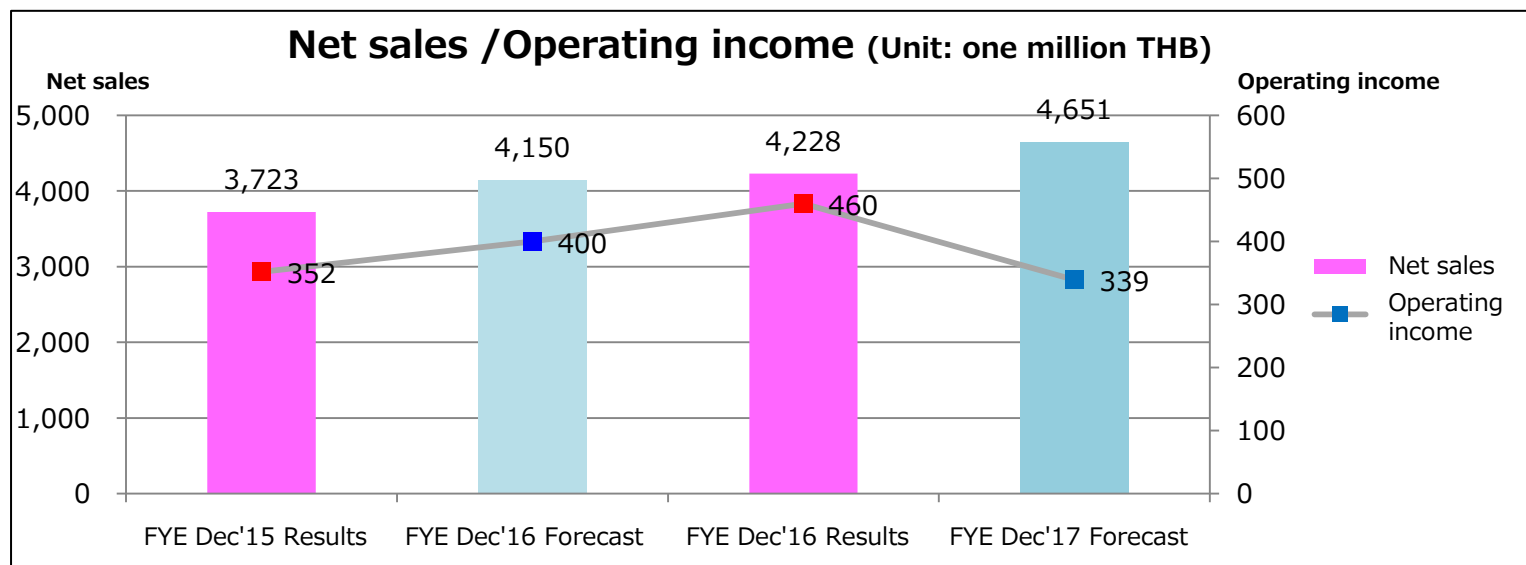
(Source)Glico research

(3) EX (B2C) market share (1H/2016)



(Source)Glico research

Thailand(Glico Thailand):Status of Net Sales and Income



(Unit: one million THB)

	FYE Dec'15	FYE Dec'16						FYE Dec'17			
	Full year	Full year						First half	Full year		
	Results	Forecast	Results	Change from Previous period		Change from Forecast		Forecast	Forecast	Change from Previous period	
				Amount	(%)	Amount	(%)			Amount	(%)
Net sales	3,723	4,150	4,228	505	13.6	78	1.9	2,157	4,651	423	10.0
Operating income	352	400	460	108	30.6	60	14.9	158	339	-121	-26.3
Ordinary income	385	390	533	148	38.5	143	36.6	158	339	-194	-36.4
Net income	365	290	409	45	12.3	119	41.2	100	240	-169	-41.4

*Includes exports to Indonesia and other nearby countries

*Figures based on local accounting. Refer to ending notes regarding currency rates.

*Unit price adjustments based on the transfer pricing implemented in FY2017 resulted in lower revenues and income of 268 million baht in the FYE December 2017 plan.

Review of FYE March 2017 and FYE March 2018 Targets

Thailand (Glico Thailand): Both Thailand domestic sales and exports saw double-digit growth

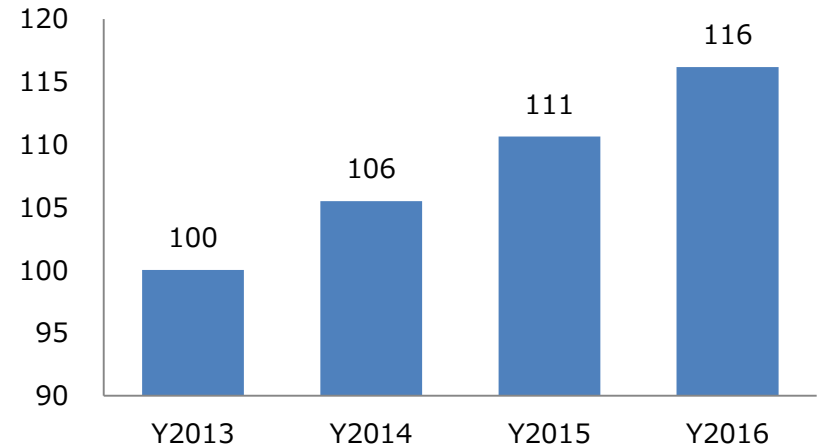
■ Amid a growth rate of 5% for the Thailand domestic cookie market in FY2016, Glico Thailand outperformed this with a sales growth rate of 14%.

■ The Thailand domestic market, which accounts for nearly 70% of sales, has strong relationships with major MT distributors and also is catching up with TT competition.

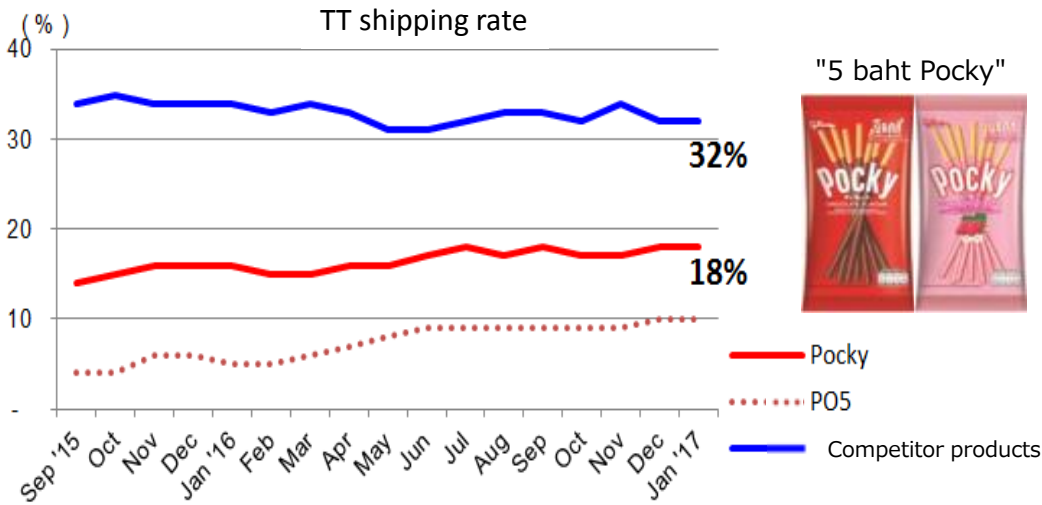
■ Double-digit growth for both Thailand domestic and exports, resulting in even region-specific sales growth.

(1) Cookie market in Thailand (Y2013=100)

(Source)Glico research

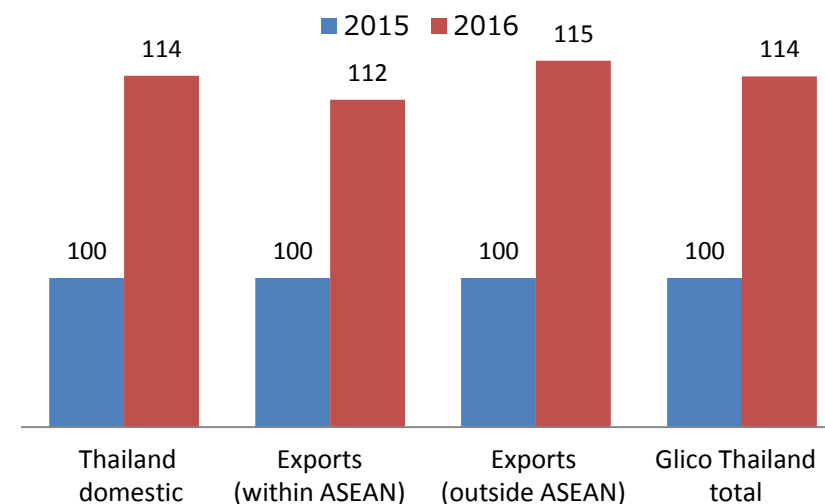


(2) Glico Thailand Trends in TT shipping rates



(Source)Glico research

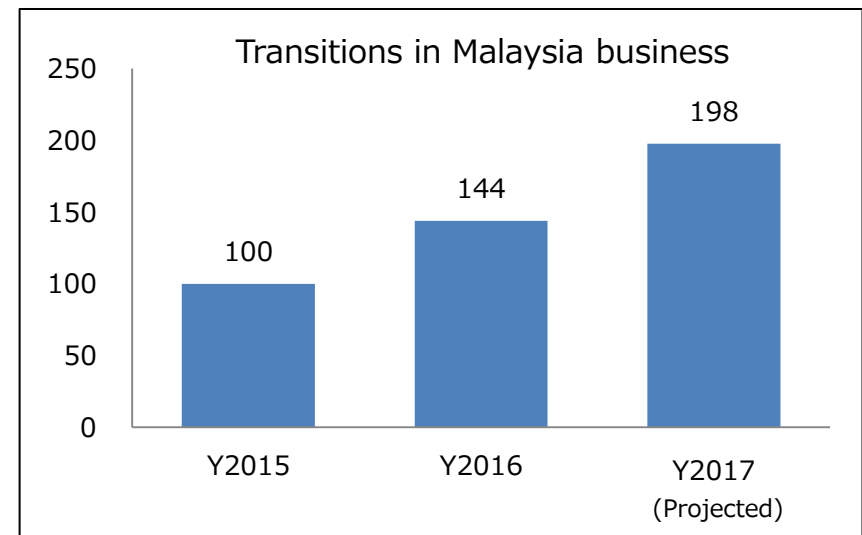
(3) Glico Thailand Sales growth rate (by sales region)



Overseas Business: Enhance ASEAN market initiatives

■ We view the ASEAN market as a core region and are implementing the following initiatives to advance business expansion in the region.

- (1) To establish a position as a brand that is supported by consumers and to accelerate business expansion in the growing ASEAN region, we are planning to establish an ASEAN regional headquarters on June 1. (TSE release issued on May 17)
- (2) The Malaysia satellite office will be elevated to the status of a Malaysia sales company. Launch of business for the sales company is planned for July of this year.
- (3) Work to increase production capacity at the Thailand ice cream business scheduled for completion in June of this year. Production capacity projected to increase by approx. 300%.



Note 1: FY2015 sales set to 100

Note 2: Up to FY2016 indicates sales from Glico Thailand

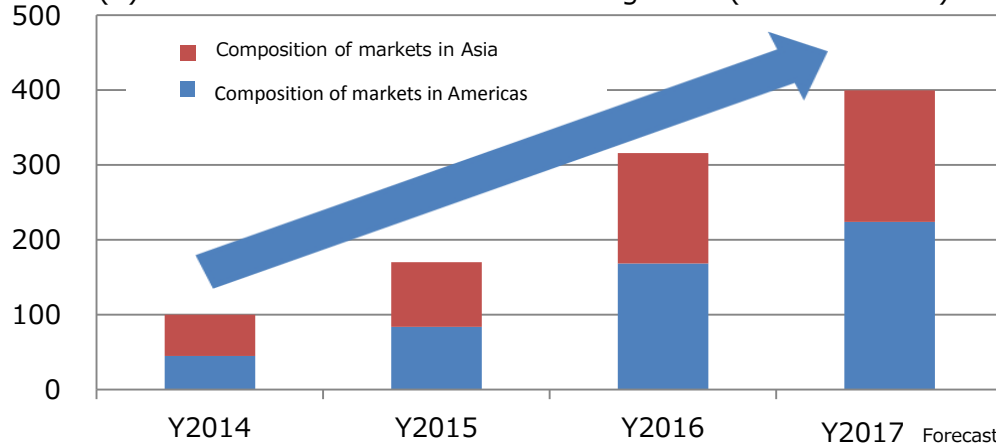
Note 3: FY2017 indicates projected sales for Malaysia sales company

Review of FYE March 2017 and FYE March 2018 Targets

Overseas Business: Confectionery business in America

- The local US subsidiary charged with confectionery business development has succeeded in growing sales by more than 300% between FY2014 and FY2016.
- FY2017 projected to see 400% growth compared to start in FY2014.

(1) Transitions in US Ezaki Glico sales growth (FY2014 = 100)



- (2) Shipping to Costco, Walmart, and other major US channels
 *Of the approx. 500 Costco stores around the US, we have expanded shipments to 353 stores. (as of end of April)

- (3) Concentrated sampling in and shipments to locations where Pocky target customers gather

Using college football tie-up to conduct sports arena sampling



(4) Introduce Pocky locator

Added website search function to enable consumers to easily search for stores with their desired product
 Accessible from both PCs and mobile devices. The closest store is displayed on a map.



Increased shipments to Cinemark, the No. 3 movie theater chain in the US.

*FY2016 138 theaters → 350 theaters across the US in 2017

Overseas Business (application of equity method): Ice cream business in Indonesia

- In Indonesia, we conducted a 50-50 joint venture with WINGS to establish an ice cream merger company in October 2013. Began production in September 2016 and launched sales on the Indonesian market in November 2016.
- Four original product brands developed by the merger company. Will aim for annual net sales of 1 trillion rupiah (approx. ¥10.0 billion) by 2022.



(Source)Glico research



(Source)Glico research

(3) Production plan (running 6 lines)



Role: Merger company = manufacturing, marketing
WINGS Group = distribution, sales

Manufacturing, marketing
(Facility, plant investment
burden)
*Showcase investments
conducted by merger company

GLICO-WINGS

Sale products

WINGS社

Distribution / sales

Retail

Scheme
Summary

(4) Major brands sold



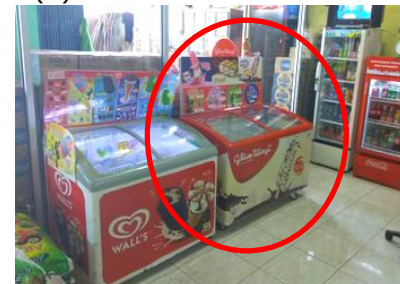
「Frostbite」



「Haku」





















(5) Sales showcase



「Wakuwaku」



Glico Group Overview

Segment	Category	Main products	Main group company
Confectioneries	Chocolate (including Pocky)	    	<div>THAI GLICO CO.,LTD.</div> <div>SHANGHAI EZAKI GLICO FOODS CO.,LTD.</div>
	Cookies (including Pretz)		
	Gum,caramel,candy		
	Overseas		
	Other		
Ice Cream	Personal,multi,vending machine,etc.	     	<div>EZAKI GLICO CO.,LTD.</div> <div>Wholesale subsidiaries - 3 companies</div> <div>GLICO FROZEN (THAILAND) ,LTD.</div>
	Overseas		
Milk and Dairy Products	Western confections	   	<div>ICREO CO., LTD.</div>
	Yogurt		
	Drinking milk		
	Fruit juices, carbonated drinks		
	Infant formula		
	Other		
Food Products	Roux and boil-in-bag	 	<div>EZAKI GLICO CO.,LTD.</div>
	Other		
Food Ingredients	Gluten,starch,dyes,etc.		<div>GLICO NUTRITION CO.,LTD.</div>
Other	Sport foods,office glico,etc.		

Net Sales by Category

(Unit: 100 million yen)

Segment	Category	FYE March'16	FYE March'17	FYE March'18		
		Results	Results	Forecast	Change from Previous period	
					Amount	Change
Confectioneries	Chocolate (including Pocky)	395	449	464	15	3.4
	Cookies (including Pretz)	273	272	325	54	19.8
	Gum, caramel, candy	45	-	-	-	-
	Overseas	446	435	447	11	2.6
	Other	52	55	75	20	35.4
	Total	1,212	1,211	1,311	100	8.3
Ice Cream	Personal, multi, vending machine, etc.	810	916	895	▲ 21	-2.3
	Overseas	-	8	9	1	-
	Total	810	924	904	▲ 20	-2.2
Milk and Dairy Products	Western confections	109	104	120	16	15.0
	Yogurt	251	254	270	16	6.5
	Drinking milk	322	283	323	40	14.2
	Fruit juices, carbonated drinks	246	250	248	▲ 2	-0.8
	Infant formula(Domestic)	45	43	45	2	4.1
	Infant formula(Export)	-	9	12	3	28.2
	Other	4	6	5	▲ 1	-9.1
	Total	978	949	1,023	74	7.8
Food Products	Roux and boil-in-bag	202	202	210	8	3.9
	Total	202	202	210	8	3.9
Food Ingredients	Gluten, starch, dyes, etc.	102	104	128	24	22.7
	Total	102	104	128	24	22.7
Other	Sport foods, office glico, etc.	80	142	174	32	22.9
	Total	80	142	174	32	22.9
Total		3,384	3,532	3,750	218	6.2

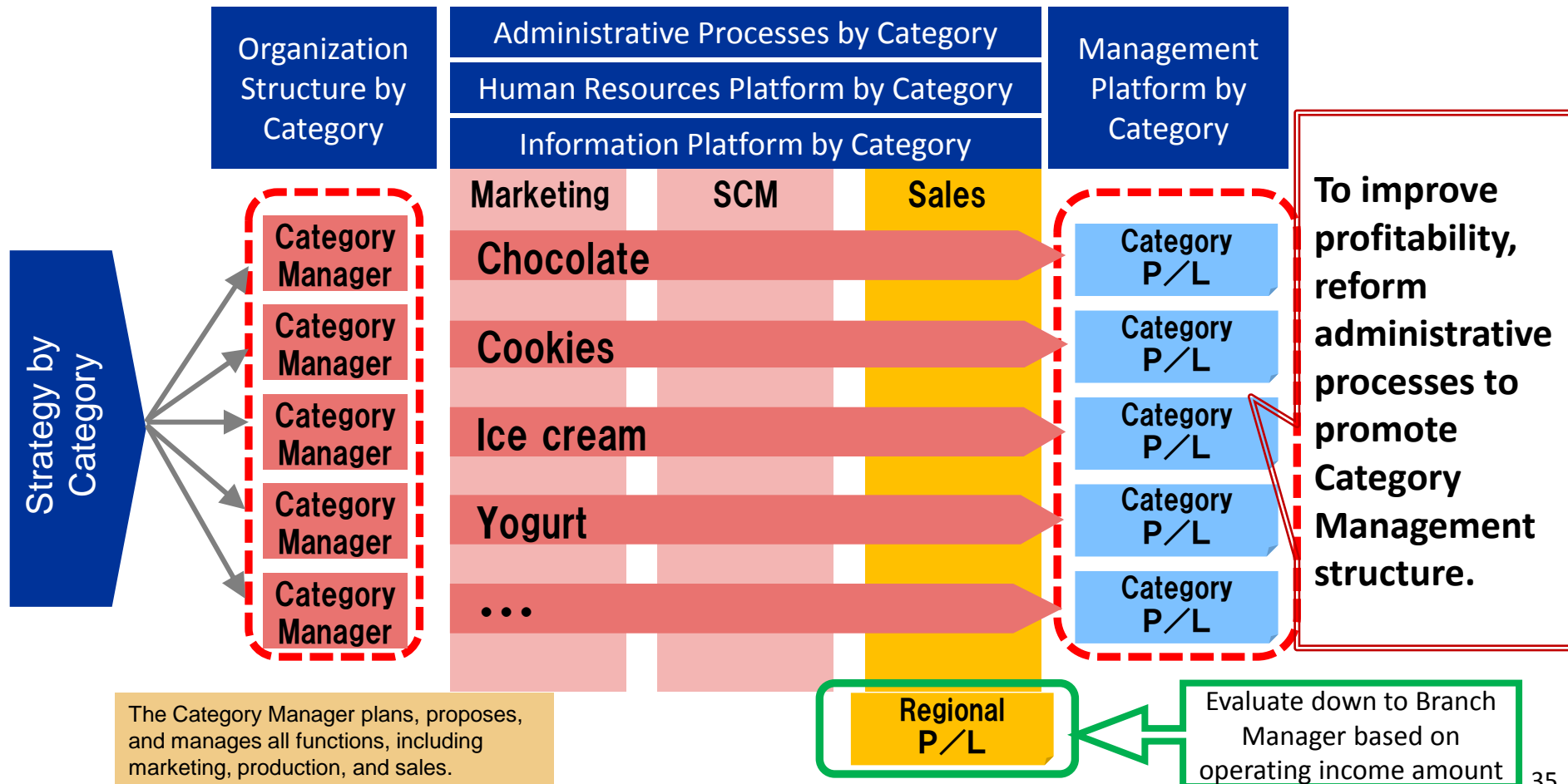
Note) From FYE March 2017, we have eliminated the Gum and Candy category and transferred products to the Chocolate category, Cookies category, and Other segments.

TTM Currency Rate

		USD	EUR	THB	CNY	100KRW	100IDR
2014	3/31	102.92	141.65	3.17	16.59	9.67	0.91
	6/30	101.36	138.31	3.12	16.32	10.02	0.85
	9/30	109.45	138.87	3.38	17.73	10.38	0.90
	12/31	120.55	146.54	3.67	19.35	10.98	0.97
2015	3/31	120.17	130.32	3.70	19.36	10.87	0.92
	6/30	122.45	137.23	3.62	19.73	10.94	0.92
	9/30	119.96	134.97	3.29	18.96	10.06	0.82
	12/31	120.61	131.77	3.34	18.36	10.33	0.88
YoY as of Dec. 31		100.05%	89.92%	91.01%	94.88%	94.08%	90.72%
2016	3/31	112.68	127.70	3.19	17.39	9.86	0.85
	6/30	102.91	114.39	2.93	15.46	8.96	0.79
	9/30	101.12	113.36	2.91	15.14	9.17	0.78
	12/31	116.49	122.70	3.24	16.76	9.68	0.87
YoY as of Dec. 31		96.58%	93.12%	97.01%	91.29%	93.71%	98.86%

Category management

- (1) Category operating income amount is the highest priority business management target.
- (2) Manage sales and promotion expenses, advertising expenses, etc. based on percentage of net sales.
- (3) Expand income-based sales activities and business management to regional level (each branch)
- (4) Concentrate management resources required for categories and brands to be enhanced on a Group-wide level in order to strengthen profitability.



[Notes of caution]

*Current Glico and Glico Group plans, forecasts, and initiatives indicated in these materials reflect determinations made based on information available at the time. As such, this information may include major risks and uncertainties. Please note that actual performance may differ significantly from these predictions due to a number of factors.

*Examples of such factors include economic decline, currency rate fluctuations, changes in legal code or administrative systems, pressure from competitor pricing or product strategies, decline in the marketability of new or existing Glico products, production stoppages, an infringement of Glico intellectual property rights, sudden technological innovation, unfavorable decisions in major lawsuits, and other factors. However, factors that influence earnings are not limited to these factors.