

**[Notes of caution]**

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November 7, 2016

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Second Quarter of the Fiscal Year Ending 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 filing date of quarterly report: November 8, 2016

Scheduled commencement date of dividend payments: December 9, 2016

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, 2017 (April 1, 2016 to September 30, 2016)

## (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, 2016	186,242	3.4	16,423	30.4	16,303	13.7	11,555	13.3
September 30, 2015	180,186	8.7	12,594	32.8	14,336	29.5	10,199	-33.4

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

Six months ended September 30, 2015: ¥8,268million (-50.6%)

	Net income per share(basic)	Net income per share(diluted)
Six months ended	¥	¥
September 30, 2016	175.97	-
September 30, 2015	155.53	-

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of September 30, 2016	287,857	187,860	63.4	2,777.98
As of March 31, 2016	274,974	179,151	63.1	2,646.45

(Reference)Shareholders' equity: As of September 30, 2016: ¥182,602million

As of March 31, 2016: ¥173,591million

## 2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended	¥	¥	¥	¥	¥
March 31, 2016	-	20.0	-	20.0	40.0
Fiscal year ending					
March 31, 2017	-	20.0			
Fiscal year ending					
March 31, 2017(Forecast)			-	20.0	40.0

(Note) Revisions to dividend forecasts published most recently: None

## 3. Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(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	%	¥
Full year	358,500	5.9	22,500	31.5	23,000	19.6	16,000	15.1	243.65

(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.: Yes

(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, 2016 69,430,069 shares

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

(ii) Treasury shares as of term-end

As of September 30, 2016 3,697,953 shares

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

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

Six months ended September 30, 2016 65,667,022 shares

Six months ended September 30, 2015 65,575,904 shares

\*Notations concerning implementation status of quarterly review procedures

This summary of quarterly financial results is not applicable to quarterly review procedures stipulated in the Financial Instruments and Exchange Law and review procedures for quarterly financial statements required in accordance with the Financial Instruments and Exchange Law has not been completed at the time of disclosure of this summary of quarterly financial results.

\*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, 2016	As of September 30, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	50,941	60,903
Notes and accounts receivable - trade	35,113	40,267
Securities	11,395	9,075
Merchandise and finished goods	12,451	13,127
Work in process	865	867
Raw materials and supplies	13,578	12,636
Others	7,042	6,229
Allowance for doubtful accounts	-54	-59
<b>Total current assets</b>	<b>131,335</b>	<b>143,046</b>
<b>Non-current assets</b>		
<b>Property, plant &amp; equipment</b>		
Buildings and structures, net	22,489	30,451
Machinery, equipment and vehicles , net	28,379	27,646
Land	15,711	15,697
Construction in progress	12,025	5,341
Others,net	3,972	3,937
<b>Total property, plant and equipment</b>	<b>82,577</b>	<b>83,075</b>
<b>Intangible assets</b>		
Others	4,053	5,104
<b>Total intangible assets</b>	<b>4,053</b>	<b>5,104</b>
<b>Investments and other assets</b>		
Investment securities	37,922	38,365
Real estate for investment, net	12,402	12,380
Others	6,735	5,935
Allowance for doubtful accounts	-52	-50
<b>Total investments and other assets</b>	<b>57,008</b>	<b>56,630</b>
<b>Total non-current assets</b>	<b>143,639</b>	<b>144,811</b>
<b>Total assets</b>	<b>274,974</b>	<b>287,857</b>

(Unit: ¥ million)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	28,396	33,472
Short-term loans payable	5,218	1,781
Current portion of long-term loans payable	501	439
Accrued expenses	25,107	26,740
Income taxes payable	2,179	4,440
Provision for sales promotion expenses	1,675	1,912
Provision for directors' bonuses	41	-
BIP stock benefit allowance	56	-
ESOP distribution allowance	1,366	-
Others	12,253	11,692
Total current liabilities	76,795	80,478
Long-term liabilities		
Long-term loans payable	501	1,139
Net defined benefit liability	10,927	8,075
Others	7,598	10,304
Total long-term liabilities	19,027	19,518
Total liabilities	95,822	99,996
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	7,816	9,048
Retained earnings	155,190	165,468
Treasury shares	-6,811	-7,191
Total shareholders' equity	163,968	175,099
Other comprehensive income		
Valuation difference on available-for-sale securities	7,949	9,257
Foreign currency translation adjustment	2,646	-1,143
Remeasurements of defined benefit plans	-973	-610
Total other comprehensive income	9,623	7,503
Non-controlling interests	5,560	5,258
Total net assets	179,151	187,860
<b>Total liabilities and net assets</b>	<b>274,974</b>	<b>287,857</b>

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

(Unit: ¥ million)

	April 1, 2015 - September 30, 2015	April 1, 2016 - September 30, 2016
Net sales	180,186	186,242
Cost of sales	97,291	99,307
Gross profit	82,894	86,935
Selling, general and administrative expenses		
Transportation and warehousing expenses	16,426	16,141
Promotion expenses	24,676	25,219
Provision for sales promotion expenses	1,671	1,912
Advertising expenses	6,616	5,843
Retirement benefit expenses	447	560
Others	20,462	20,834
Total selling, general and administrative expenses	70,300	70,511
Operating income	12,594	16,423
Non-operating income		
Interest income	191	188
Dividend income	1,479	361
Others	976	1,059
Total non-operating income	2,646	1,609
Non-operating expenses		
Interest expenses	103	68
Foreign exchange loss	478	1,293
Others	323	367
Total non-operating expenses	905	1,729
Ordinary Income	14,336	16,303
Extraordinary income		
Gain on bargain purchase	-	313
Gain on redemption of investment securities	402	-
Gain on sales of investment securities	55	-
Total extraordinary income	457	313
Extraordinary losses		
Loss on abolishment of retirement benefit plan	-	194
Impairment loss	18	76
Others	-	12
Total extraordinary losses	18	284
Income before income taxes and minority interests	14,775	16,332
Income taxes - current	4,255	4,764
Income taxes - deferred	-43	-402
Total income taxes	4,212	4,361
Net income	10,562	11,971
(Breakdown)		
Net income attributable to owners of parent	10,199	11,555
Net income attributable to non-controlling interests	363	415
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,621	1,307
Foreign currency translation adjustment	406	-4,149
Remeasurements of defined benefit plans	103	363
Share of other comprehensive income of entities accounted for using equity method	-182	-345
Total other comprehensive income	-2,294	-2,824
Comprehensive income	8,268	9,147
(Breakdown)		
Comprehensive income attributable to owners of parent	7,861	9,435
Comprehensive income attributable to non-controlling interests	406	-288

(Segment Information, etc.)  
[Segment Information]

I. First six months of the Previous consolidated fiscal year(April 1, 2015- September 30, 2015)

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	57,049	50,430	10,263	53,579	5,681	177,003	3,182	180,186	-	180,186
Inter-segment sales and transfers	337	-	-	313	85	737	1,873	2,610	-2,610	-
Total	57,387	50,430	10,263	53,893	5,766	177,741	5,055	182,796	-2,610	180,186
Segment income	4,251	5,917	110	2,523	320	13,123	-84	13,039	-444	12,594

(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 -444 million yen in segment income includes 502 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 includes 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, 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 or losses	4,615	8,395	360	2,895	487	16,754	360	17,115	-692	16,423

(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 -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 includes 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, 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	
	1H	1H	Amount	%
Net sales	1,802	1,862	61	3.4
Operating income	126	164	38	30.4
Ordinary income	143	163	20	13.7
Net income	102	116	14	13.3

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

Unit:100 million yen

	FYE March'16	FYE March'17	Change from Previous period	
	1H	1H	Amount	%
Japan	1,579	1,659	80	5.0
China	145	117	-28	-19.4
Southeast Asia	54	57	3	4.7
Others	23	29	7	28.9
Total	1,802	1,862	61	3.4

\*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	
	1H		1H	
	Results	%	Results	%
Net sales	1,802	100.0	1,862	100.0
Cost of sales	973	54.0	993	53.3
Gross profit	829	46.0	869	46.7
Freight and charges	164	9.1	161	8.7
Sales promotion	263	14.6	271	14.6
Advertising expenses	66	3.7	58	3.1
Salaries and benefits	135	7.5	141	7.6
Expenses and depreciation	74	4.1	73	3.9
Total	703	39.0	705	37.9
Operating income	126	7.0	164	8.8

Factors behind change in operating income	vs FYE March'16
(1) Change due increase/decrease in net sales	13
(2) Change due to fluctuation in cost-to-sales ratio	13
(3) Change due to fluctuation in freight and charges ratio	8
(4) Change due to increase/decrease in sales promotion ratio / advertising expenses	9
(5) Change due to increase/decrease in SG&A	-5
Total	38



## (4) Status of Net Sales by Segment

Unit: 100 million yen

	FYE March'16 1H	FYE March'17 1H	Change from Previous period	
			Amount	%
Confectioneries	570	541	-29	-5.1
(Of which, is domestic confectioneries)	348	346	-2	-0.6
Ice Cream	504	591	86	17.1
(Of which, is domestic ice cream)	504	586	82	16.3
Milk and Dairy Products	536	504	-32	-5.9
(Of which, is domestic milk and dairy products)	536	500	-36	-6.6
Food Products	103	97	-5	-5.3
Food Ingredients	57	56	-1	-0.9
Other	32	73	41	129.5
Total	1,802	1,862	61	3.4

\*Above figures for domestic and non-domestic segments

Domestic	1,579	1,659	80	5.0
Overseas	223	203	-19	-8.6
Total	1,802	1,862	61	3.4

&lt;Reference&gt;

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

	FYE March'16 1H	FYE March'17 1H
China	1CNY= ¥ 19.73	1CNY= ¥ 15.46
Thailand	1THB= ¥ 3.62	1THB= ¥ 2.93

## (5) Status of Operating Income by Segment

Unit: 100 million yen

	FYE March'16 1H	FYE March'17 1H	Change from Previous period	
			Amount	%
Confectioneries	43	46	4	8.6
(Of which, is domestic confectioneries)	18	23	5	30.8
Ice Cream	59	84	25	41.9
(Of which, is domestic ice cream)	59	85	26	43.6
Milk and Dairy Products	25	29	4	14.7
(Of which, is domestic milk and dairy products)	25	28	3	12.2
Food Products	1	4	3	227.3
Food Ingredients	3	5	2	52.2
Other	-5	-3	2	-
Total	126	164	38	30.4

\*Above figures for domestic and non-domestic segments

Domestic	101	141	40	40.0
Overseas	25	23	-2	-8.6
Total	126	164	38	30.4

&lt;Reference&gt;

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

	FYE March'16 1H	FYE March'17 1H
China	1CNY= ¥ 19.73	1CNY= ¥ 15.46
Thailand	1THB= ¥ 3.62	1THB= ¥ 2.93

## 2.Consolidated financial position

Unit:100 million yen

	Mar.'16	Jun.'16	Change		Mar.'16	Jun.'16	Change
Current assets total	1,313	1,430	117	Current liabilities	768	805	37
Cash and deposits	509	609	100	Notes and accounts payable	284	335	51
Notes and accounts receivable	351	403	52	Short-term loans payable	57	22	-35
Inventories	269	266	-3	Others	427	448	21
Others	184	152	-31	Long-term liabilities	190	195	5
Non-current assets total	1,436	1,448	12	Long-term loans payable	5	11	6
Property, plant and equipment	826	831	5	Net defined benefit liability	109	81	-29
Intangible assets	41	51	11	Others	76	103	27
Investment securities	379	384	4	Total liabilities	958	1,000	42
Real estate for investment	124	124	-0	Total net assets	1,792	1,879	87
Others	67	59	-8	Total shareholders' equity	1,640	1,751	111
				Other comprehensive income	96	75	-21
				Non-controlling interests	56	53	-3
Total assets	2,750	2,879	129	Total liabilities and net assets	2,750	2,879	129