

**[Notes of caution]**

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January 31, 2017

## Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Third 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: February 1, 2017

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, 2017 (April 1, 2016 to December 31, 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	
Nine months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
December 31, 2016	271,041	3.7	22,714	34.7	24,471	27.9	16,976	23.0
December 31, 2015	261,478	7.1	16,861	33.5	19,131	23.2	13,803	-27.2

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

Nine months ended December 31, 2015: ¥11,607million (-48.1%)

	Net income per share(basic)	Net income per share(diluted)
Nine months ended	¥	¥
December 31, 2016	258.43	-
December 31, 2015	210.48	-

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of December 31, 2016	290,452	193,739	64.9	2,866.64
As of March 31, 2016	274,974	179,151	63.1	2,646.45

(Reference)Shareholders' equity: As of December 31, 2016: ¥188,460million

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: 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): 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 December 31, 2016 69,430,069 shares

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

(ii) Treasury shares as of term-end

As of December 31, 2016 3,687,555 shares

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

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

Nine months ended December 31, 2016 65,690,237 shares

Nine months ended December 31, 2015 65,578,625 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 December 31, 2016
Assets		
Current assets		
Cash and deposits	50,941	63,884
Notes and accounts receivable - trade	35,113	39,633
Securities	11,395	6,640
Merchandise and finished goods	12,451	12,692
Work in process	865	763
Raw materials and supplies	13,578	13,007
Others	7,042	5,634
Allowance for doubtful accounts	-54	-53
Total current assets	131,335	142,202
Non-current assets		
Property, plant & equipment		
Buildings and structures, net	22,489	30,477
Machinery, equipment and vehicles, net	28,379	26,688
Land	15,711	15,697
Construction in progress	12,025	8,193
Others, net	3,972	3,795
Total property, plant and equipment	82,577	84,852
Intangible assets		
Others	4,053	5,141
Total intangible assets	4,053	5,141
Investments and other assets		
Investment securities	37,922	39,650
Real estate for investment, net	12,402	12,371
Others	6,735	6,284
Allowance for doubtful accounts	-52	-50
Total investments and other assets	57,008	58,256
Total non-current assets	143,639	148,250
Total assets	274,974	290,452

(Unit: ¥ million)

	As of March 31, 2016	As of December 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	28,396	33,879
Short-term loans payable	5,218	228
Current portion of long-term loans payable	501	436
Accrued expenses	25,107	24,815
Income taxes payable	2,179	3,438
Provision for sales promotion expenses	1,675	1,725
Provision for directors' bonuses	41	-
BIP stock benefit allowance	56	-
ESOP distribution allowance	1,366	-
Others	12,253	12,870
Total current liabilities	76,795	77,394
Long-term liabilities		
Long-term loans payable	501	672
Net defined benefit liability	10,927	7,902
Others	7,598	10,743
Total long-term liabilities	19,027	19,318
Total liabilities	95,822	96,713
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	7,816	9,049
Retained earnings	155,190	169,570
Treasury shares	-6,811	-7,126
Total shareholders' equity	163,968	179,267
Other comprehensive income		
Valuation difference on available-for-sale securities	7,949	11,413
Foreign currency translation adjustment	2,646	-1,675
Remeasurements of defined benefit plans	-973	-545
Total other comprehensive income	9,623	9,192
Non-controlling interests	5,560	5,279
Total net assets	179,151	193,739
Total liabilities and net assets	274,974	290,452

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

(Unit: ¥ million)

	April 1, 2015 - December 31, 2015	April 1, 2016 - December 31, 2016
Net sales	261,478	271,041
Cost of sales	141,788	144,158
Gross profit	119,690	126,883
Selling, general and administrative expenses		
Transportation and warehousing expenses	23,460	23,434
Promotion expenses	37,345	38,346
Provision for sales promotion expenses	1,520	1,725
Advertising expenses	9,373	8,279
Retirement benefit expenses	671	802
Others	30,458	31,579
Total selling, general and administrative expenses	102,828	104,168
Operating income	16,861	22,714
Non-operating income		
Interest income	282	296
Dividend income	1,754	697
Others	1,389	1,539
Total non-operating income	3,426	2,534
Non-operating expenses		
Interest expenses	126	75
Foreign exchange loss	332	113
Others	698	588
Total non-operating expenses	1,156	776
Ordinary Income	19,131	24,471
Extraordinary income		
Gain on bargain purchase	-	313
Gain on sales of investment securities	1,414	12
Gain on redemption of investment securities	402	-
Total extraordinary income	1,816	326
Extraordinary losses		
Loss on abolishment of retirement benefit plan	-	286
Impairment loss	18	76
Others	-	12
Total extraordinary losses	18	375
Income before income taxes and minority interests	20,930	24,422
Income taxes - current	5,590	6,367
Income taxes - deferred	1,207	508
Total income taxes	6,797	6,876
Net income	14,132	17,546
(Breakdown)		
Net income attributable to owners of parent	13,803	16,976
Net income attributable to non-controlling interests	329	569
Other comprehensive income		
Valuation difference on available-for-sale securities	-648	3,463
Foreign currency translation adjustment	-1,647	-4,785
Remeasurements of defined benefit plans	154	428
Share of other comprehensive income of entities accounted for using equity method	-384	-374
Total other comprehensive income	-2,525	-1,267
Comprehensive income	11,607	16,278
(Breakdown)		
Comprehensive income attributable to owners of parent	11,833	16,545
Comprehensive income attributable to non-controlling interests	-226	-266

(Segment Information, etc.)  
[Segment Information]

I. First nine months of the Previous consolidated fiscal year(April 1, 2015- December 31, 2015)

1. Information on net sales and income(loss) 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	89,447	66,703	15,383	75,830	8,095	255,459	6,019	261,478	-	261,478
Inter-segment sales and transfers	511	-	-	457	122	1,091	3,087	4,179	-4,179	-
Total	89,959	66,703	15,383	76,287	8,217	256,551	9,106	265,658	-4,179	261,478
Segment income	7,203	5,807	98	3,331	433	16,873	-58	16,815	46	16,861

(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 46 million yen in segment income includes 849 million yen for the elimination of intersegment transactions and other adjustment amounts of -802 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 or losses 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, 2016- December 31, 2016)

1. Information on net sales and income(loss) 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. Changes in Reportable Segment, etc.

Following the amendment to the Corporation Tax Act, the Company changed the depreciation method applied to facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method. The depreciation method for segments has also changed accordingly. As a result of this change, for the first nine months of fiscal year ending March 31, 2017, the segment income has increased as follows: 7 million yen for the Confectionaries

Segment, 84 million yen for the Ice cream Segment, 0 million yen for the Food segment, 1 million yen for the Milk and dairy products Segment, 0 million yen for the Food ingredients Segment, 7 million yen for the Other segment.

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 Third 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 3Q	FYE March'17 3Q	Change from Previous period	
			Amount	%
Net sales	2,615	2,710	96	3.7
Operating income	169	227	59	34.7
Ordinary income	191	245	53	27.9
Net income	138	170	32	23.0

(2)Status of Net Sales by Geographic segment Unit:100 million yen

	FYE March'16 3Q	FYE March'17 3Q	Change from Previous period	
			Amount	%
Japan	2,285	2,406	121	5.3
China	217	172	-45	-20.8
Southeast Asia	74	89	15	19.8
Others	39	44	5	12.9
Total	2,615	2,710	96	3.7

\*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 3Q		FYE March'17 3Q	
	Results	%	Results	%
Net sales	2,615	100.0	2,710	100.0
Cost of sales	1,418	54.2	1,442	53.2
Gross profit	1,197	45.8	1,269	46.8
Freight and charges	235	9.0	234	8.6
Sales promotion	389	14.9	401	14.8
Advertising expenses	94	3.6	83	3.1
Salaries and benefits	202	7.7	211	7.8
Expenses and depreciation	109	4.2	112	4.1
Total	1,028	39.4	1,042	38.4
Operating income	169	6.4	227	8.4

Factors behind change in operating income	vs FYE March'16
(1) Change due increase/decrease in net sales	22
(2) Change due to fluctuation in cost-to-sales ratio	28
(3) Change due to fluctuation in freight and charges ratio	9
(4) Change due to increase/decrease in sales promotion ratio / advertising expenses	13
(5) Change due to increase/decrease in SG&A	-13
Total	59

## (4) Status of Net Sales by Segment

Unit: 100 million yen

	FYE March'16 3Q	FYE March'17 3Q	Change from Previous period	
			Amount	%
Confectioneries	894	861	-33	-3.7
(Of which, is domestic confectioneries)	564	570	6	1.0
Ice Cream	667	771	104	15.6
(Of which, is domestic ice cream)	667	765	98	14.7
Milk and Dairy Products	758	737	-21	-2.8
(Of which, is domestic milk and dairy products)	758	730	-29	-3.8
Food Products	154	152	-2	-1.3
Food Ingredients	81	82	1	0.8
Other	60	107	47	78.2
Total	2,615	2,710	96	3.7

\*Above figures for domestic and non-domestic segments

Domestic	2,285	2,406	121	5.3
Overseas	330	305	-25	-7.7
Total	2,615	2,710	96	3.7

&lt;Reference&gt;

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

	FYE March'16 3Q	FYE March'17 3Q
China	1CNY=¥18.96	1CNY=¥15.14
Thailand	1THB=¥3.29	1THB=¥2.91

## (5) Status of Operating Income by Segment

Unit: 100 million yen

	FYE March'16 3Q	FYE March'17 3Q	Change from Previous period	
			Amount	%
Confectioneries	72	84	12	17.2
(Of which, is domestic confectioneries)	41	52	10	25.0
Ice Cream	58	90	32	54.9
(Of which, is domestic ice cream)	58	91	33	56.8
Milk and Dairy Products	33	43	9	27.7
(Of which, is domestic milk and dairy products)	33	42	8	24.9
Food Products	1	8	7	671.3
Food Ingredients	4	7	3	64.7
Other	-0	-5	-4	-
Total	169	227	59	34.7

\*Above figures for domestic and non-domestic segments

Domestic	138	195	57	41.1
Overseas	31	32	2	5.9
Total	169	227	59	34.7

&lt;Reference&gt;

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

	FYE March'16 3Q	FYE March'17 3Q
China	1CNY=¥18.96	1CNY=¥15.14
Thailand	1THB=¥3.29	1THB=¥2.91

2.Consolidated financial position

Unit:100 million yen

	Mar.'16	Dec.'16	Change		Mar.'16	Dec.'16	Change
Current assets total	1,313	1,422	109	Current liabilities	768	774	6
Cash and deposits	509	639	129	Notes and accounts payable	284	339	55
Notes and accounts receivable	351	396	45	Short-term loans payable	57	7	-51
Inventories	269	265	-4	Others	427	429	2
Others	184	122	-62	Long-term liabilities	190	193	3
Non-current assets total	1,436	1,483	46	Long-term loans payable	5	7	2
Property, plant and equipment	826	849	23	Net defined benefit liability	109	79	-30
Intangible assets	41	51	11	Others	76	107	31
Investment securities	379	397	17	Total liabilities	958	967	9
Real estate for investment	124	124	-0	Total net assets	1,792	1,937	146
Others	67	62	-4	Total shareholders' equity	1,640	1,793	153
				Other comprehensive income	96	92	-4
				Non-controlling interests	56	53	-3
Total assets	2,750	2,905	155	Total liabilities and net assets	2,750	2,905	155