

[Notes of caution]

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May 10, 2021

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2021

Listed company name: Ezaki Glico Co., Ltd.
Securities Code: 2206 URL: <https://www.glico.com/jp/>
Representative: Katsuhisa Ezaki, President and CEO
Scheduled filing date of quarterly report: May 11, 2021
Scheduled commencement date of dividend payments: -
Preparation of explanatory materials for financial results: Yes
Holding of a briefing on financial results: None

Listed stock exchange: Tokyo Stock Exchange

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2021

(January 1, 2021 to March 31, 2021)

(1) Consolidated results of operations

(The percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
March 31, 2021	74,293	(4.8)	4,088	18.0	4,646	19.5	3,279	27.3
March 31, 2020	77,999	-	3,465	-	3,886	-	2,576	-

(Note) Comprehensive Income: Three months ended March 31, 2021: ¥10,141 million [-%]
Three months ended March 31, 2020: ¥(2,414) million [-%]

	Earnings per share (basic)	Earnings per share (diluted)
Three months ended	¥	¥
March 31, 2021	50.59	-
March 31, 2020	39.69	-

The Company has changed its fiscal year-end from March 31 to December 31 from the fiscal year ended December 31, 2019.

Accordingly, percentage changes from the previous corresponding period are not presented, since the consolidation periods for the three months ended March 31, 2020 (January 1, 2020 to March 31, 2020) and for the corresponding period for three months ended June 30, 2019 (April 1, 2019 to June 30, 2019) differ from each other.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of March 31, 2021	337,431	230,463	68.2
As of December 31, 2020	340,081	222,551	65.2

(Reference) Shareholders' equity: As of March 31, 2021: ¥230,107 million
As of December 31, 2020: ¥221,755 million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	¥	¥	¥	¥	¥
Fiscal year ended December 31, 2020	-	30.00	-	35.00	65.00
Fiscal year ending December 31, 2021	-				
Fiscal year ending December 31, 2021 (Forecast)		35.00	-	35.00	70.00

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

3. Consolidated Performance Forecasts for the Fiscal Year Ending December 31, 2021 (January 1, 2021 - December 31, 2021)

(The percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	350,000	1.7	19,000	2.6	19,500	(0.7)	12,000	1.4	185.12

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

* 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) 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) Number of shares issued (common stock)

(i) Number of shares issued as of term-end (including treasury shares)

As of March 31, 2021 68,468,569 shares

As of December 31, 2020 68,468,569 shares

(ii) Number of treasury shares as of term-end

As of March 31, 2021 3,634,280 shares

As of December 31, 2020 3,645,167 shares

(iii) Average number of shares during fiscal year

Three months ended March 31, 2021 64,829,687 shares

Three months ended March 31, 2020 64,917,086 shares

* Quarterly summaries of financial results are exempt from review conducted by certified public accountants or an audit corporation.

* 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 December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	97,904	94,998
Notes and accounts receivable - trade	43,520	35,717
Securities	731	201
Merchandise and finished goods	13,593	16,140
Work in process	1,004	933
Raw materials and supplies	14,265	14,912
Other	6,875	5,542
Allowance for doubtful accounts	(81)	(102)
Total current assets	177,813	168,344
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,428	40,619
Machinery, equipment and vehicles, net	32,613	34,037
Tools, furniture and fixtures, net	3,414	3,697
Land	15,659	15,664
Leased assets, net	790	736
Construction in progress	4,678	3,040
Total property, plant and equipment	97,584	97,794
Intangible assets		
Software	5,425	5,048
Software in progress	4,627	6,483
Goodwill	411	430
Other	250	240
Total intangible assets	10,715	12,203
Investments and other assets		
Investment securities	35,392	40,230
Retirement benefit asset	3,175	3,259
Investment property, net	12,184	12,254
Other	3,253	3,382
Allowance for doubtful accounts	(37)	(38)
Total investments and other assets	53,967	59,088
Total non-current assets	162,267	169,086
Total assets	340,081	337,431

(Unit: ¥ million)

	As of December 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,552	28,371
Short-term borrowings	232	232
Accrued expenses	24,767	23,077
Income taxes payable	5,185	1,584
Provision for sales promotion expenses	3,730	3,296
Provision for bonuses for directors (and other officers)	82	82
Provision for share-based remuneration	29	—
Other	9,009	6,213
Total current liabilities	75,590	62,858
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	30,066	30,060
Long-term borrowings	345	290
Retirement benefit liability	1,228	1,283
Deferred tax liabilities	5,128	7,398
Other	5,171	5,076
Total non-current liabilities	41,939	44,109
Total liabilities	117,530	106,968
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,479	9,945
Retained earnings	205,821	206,828
Treasury shares	(9,392)	(9,336)
Total shareholders' equity	213,682	215,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,236	11,479
Deferred gains or losses on hedges	(179)	311
Foreign currency translation adjustment	(669)	2,421
Remeasurements of defined benefit plans	686	683
Total accumulated other comprehensive income	8,073	14,896
Non-controlling interests	795	355
Total net assets	222,551	230,463
Total liabilities and net assets	340,081	337,431

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	77,999	74,293
Cost of sales	39,868	38,720
Gross profit	38,131	35,573
Selling, general and administrative expenses		
Transportation and storage costs	7,061	7,051
Promotion expenses	9,504	7,907
Provision for promotion expenses	3,247	3,296
Advertising expenses	3,035	1,795
Retirement benefit expenses	221	163
Other	11,595	11,270
Total selling, general and administrative expenses	34,665	31,485
Operating profit	3,465	4,088
Non-operating income		
Interest income	92	83
Dividend income	57	45
Subsidy income	465	309
Other	542	513
Total non-operating income	1,157	951
Non-operating expenses		
Interest expenses	4	6
Foreign exchange losses	410	88
Loss on abandonment of non-current assets	10	30
Other	310	268
Total non-operating expenses	736	393
Ordinary profit	3,886	4,646
Extraordinary income		
Gain on sales of non-current assets	-	737
Total extraordinary income	-	737
Extraordinary losses		
Loss on sales of investment securities	-	40
Total extraordinary losses	-	40
Profit before income taxes	3,886	5,342
Income taxes - current	1,509	1,551
Income taxes - deferred	(214)	495
Total income taxes	1,294	2,047
Profit	2,591	3,295
Profit attributable to		
Profit attributable to owners of parent	2,576	3,279
Profit attributable to non-controlling interests	15	15
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,409)	3,243
Deferred gains or losses on hedges	(8)	490
Foreign currency translation adjustment	(2,062)	2,954
Remeasurements of defined benefit plans, net of tax	17	(2)
Share of other comprehensive income of entities accounted for using equity method	(542)	159
Total other comprehensive income	(5,005)	6,845
Comprehensive income	(2,414)	10,141
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,815)	10,103
Comprehensive income attributable to non-controlling interests	(598)	37

(Segment Information, etc.)

[Segment Information]

I. Three months ended March 31, 2020 (January 1, 2020- March 31, 2020))

1. Information on net sales and profit or losses by reportable segment

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on quarterly consolidated financial statements (Note 3)
	Confec- tionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	23,628	16,424	19,900	2,215	11,703	73,873	4,126	77,999	-	77,999
Inter-segment sales and transfers	231	12	1	54	-	300	2,195	2,496	(2,496)	-
Total	23,859	16,437	19,902	2,270	11,703	74,173	6,321	80,495	(2,496)	77,999
Segment profit	1,673	674	415	131	271	3,166	(168)	2,997	467	3,465

(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 ¥467 million in segment profit or losses includes ¥330 million for the elimination of intersegment transactions and other adjustment amounts of ¥137 million in companywide expenses not allocated to any reporting segment.
3. The total amount for segment profit is adjusted based on the operating profit recorded for quarterly consolidated financial statements.

2. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.

Not applicable.

II. Three months ended March 31, 2021 (January 1, 2021- March 31, 2021)

1. Information on net sales and profit or losses by reportable segment

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on quarterly consolidated financial statements (Note 3)
	Confec- tionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	19,864	15,954	18,440	2,283	13,460	70,003	4,290	74,293	-	74,293
Inter-segment sales and transfers	175	12	1	54	-	243	3,010	3,253	(3,253)	-
Total	20,039	15,966	18,442	2,338	13,460	70,247	7,300	77,547	(3,253)	74,293
Segment profit	1,288	(13)	79	215	1,398	2,967	168	3,135	952	4,088

(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 ¥952 million in segment profit or losses includes ¥437 million for the elimination of intersegment

transactions and other adjustment amounts of ¥515 million in companywide expenses not allocated to any reporting segment.

3. The total amount for segment profit is adjusted based on the operating profit recorded for quarterly consolidated financial statements.

2. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.

Not applicable.

Supplementary Information

For the First Quarter of the Fiscal Year Ending December 31, 2021

Ezaki Glico Co.,Ltd.

1. Consolidated results of operations (Cumulative)

(1) Status of Net Sales and Profit

Unit:1 million yen

	FYE Dec. '20 1Q Results	FYE Dec. '21 1Q Results	Change from previous period	
			Amount	%
Net sales	77,999	74,293	(3,705)	(4.8)
Operating profit	3,465	4,088	622	18.0
Ordinary profit	3,886	4,646	759	19.5
Profit	2,576	3,279	703	27.3

(2) Status of Operating Profit

Unit:1 million yen

	FYE Dec. '20 1Q Results		FYE Dec. '21 1Q Results	
	Results	%	Results	%
Net sales	77,999	100.0	74,293	100.0
Cost of sales	39,868	51.1	38,720	52.1
Gross profit	38,131	48.9	35,573	47.9
Freight and charges	7,061	9.1	7,051	9.5
Sales promotion	12,752	16.3	11,203	15.1
Advertising expenses	3,035	3.9	1,795	2.4
Salaries and benefits	7,132	9.1	6,825	9.2
Expenses and depreciation	4,684	6.0	4,609	6.2
Total	34,665	44.4	31,485	42.4
Operating profit	3,465	4.4	4,088	5.5

Factors behind change in operating income	vs FYE Dec. '20 1Q	Of which, is
(1) Change due increase/decrease in net sales	(1,144)	(1,549)
(2) Change due to fluctuation in composition of sales	(630)	(895)
(3) Change due to increase/decrease in raw materials prices	157	126
(4) Change due to fluctuation in freight and charges ratio	(325)	(276)
(5) Change due to increase/decrease in sales promotion	2,182	1,706
(6) Change due to increase/decrease in SG&A	382	384
Total	622	(504)

(3) Status of Net Sales by Segment

*The following figures have been aggregated for managerial accounting purposes.

Unit:1 million yen

Segment	Category	FYE Dec. '20 1Q Results	FYE Dec. '21 1Q Results	Change from previous period	
				Results	%
Confectioneries and Food Products	Chocolate (including "Pocky")	12,133	10,496	(1,637)	(13.5)
	Cookies (including "Pretz")	5,885	5,083	(801)	(13.6)
	Food products	4,989	3,875	(1,113)	(22.3)
	Other	620	408	(211)	(34.1)
	Total	23,628	19,864	(3,764)	(15.9)
Ice Cream		16,424	15,954	(470)	(2.9)
Milk and Dairy Products	Yoghurt	4,893	4,291	(601)	(12.3)
	Drinking Milk	5,794	5,456	(338)	(5.8)
	Fruit juices, Carbonated	5,001	4,905	(96)	(1.9)
	Western confections	2,738	2,657	(80)	(2.9)
	Baby care	1,472	1,129	(342)	(23.3)
	Total	19,900	18,440	(1,459)	(7.3)
Food Ingredients		2,215	2,283	67	3.1
Overseas		11,703	13,460	1,756	15.0
Other	Health	2,622	3,090	467	17.8
	Total	4,126	4,290	163	4.0
Total		77,999	74,293	(3,705)	(4.8)

(4) Status of Operating Profit by Segment

Unit: 1 million yen

Segment	FYE Dec. '20 1Q Results	FYE Dec. '21 1Q Results	Change from previous period	
			Amount	%
Confectioneries and	1,673	1,288	(385)	(23.0)
(Of which, is confectioneries)	1,425	1,244	(181)	(12.7)
(Of which, is food products)	247	43	(203)	(82.4)
Ice Cream	674	(13)	(688)	-
Dairy	415	79	(335)	(80.8)
Food Ingredients	131	215	83	63.8
Overseas	271	1,398	1,126	414.9
Other	(168)	168	337	-
Adjustment	467	952	484	103.6
Total	3,465	4,088	622	18.0

(5) Status of overseas Business: Region-Specific Net Sales and Operating Income

*The following figures are for managerial accounting purposes and differ from figures appearing in consolidated financial statements.

Regional classifications also differ from those used in consolidated financial statements.

◆China

Unit: 1 million CNY

	FYE Dec. '20 1Q Results	FYE Dec. '21 1Q Results	Change from previous period	
			Amount	%
Net sales	384	443	59	15.5
Operating income	13	41	27	213.8

◆ASEAN

Unit: 1 million USD

	FYE Dec. '20 1Q Results	FYE Dec. '21 1Q Results	Change from previous period	
			Amount	%
Net sales	30	28	(1)	(4.8)
Operating income	(3)	(1)	1	-

※1Q FYE Dec. 2020 are converted at the average rate of exchange in effect during 1Q 2021.

◆U.S.A.

Unit: 1 million USD

	FYE Dec. '20 1Q Results	FYE Dec. '21 1Q Results	Change from previous period	
			Amount	%
Net sales	17	24	6	36.5
Operating income	7	9	2	28.8

※Figures for the U.S.A. are based on consolidated results of Ezaki Glico USA Corporation