

[Notes of caution]

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February 14, 2022

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

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: March 24, 2022

Scheduled filing date of securities report: March 25, 2022

Scheduled commencement date of dividend payments: March 4, 2022

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 December 31, 2021

(January 1, 2021 - December 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	
Fiscal year ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
December 31, 2021	338,571	(1.6)	19,307	4.2	21,708	10.5	13,519	14.2
December 31, 2020	344,048	-	18,523	-	19,641	-	11,836	-

(Note) Comprehensive Income: Fiscal year ended December 31, 2021: ¥22,835 million [101.7 %]

Fiscal year ended December 31, 2020: ¥11,322 million [- %]

	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ordinary profit to total asset ratio	Operating profit to net sales ratio
Fiscal year ended	¥	¥	%	%	%
December 31, 2021	208.44	-	5.8	6.2	5.7
December 31, 2020	182.48	-	5.4	5.7	5.4

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended December 31, 2021: ¥467 million

Fiscal year ended December 31, 2020: ¥261 million

The Company changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2019. As a result, the length of the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020) is different from the length of the fiscal year ended December 31, 2019 (from April 1, 2019 to December 31, 2019), which is the comparison fiscal year. Therefore, the percentages indicating year-on-year changes for the fiscal year ended December 31, 2020 are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	¥ million	¥ million	%	¥
December 31, 2021	356,745	241,177	67.5	3,710.65
December 31, 2020	340,081	222,551	65.2	3,420.92

(Reference) Shareholders' equity: As of December 31, 2021: ¥240,791 million

As of December 31, 2020: ¥221,755 million

(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
Fiscal year ended	¥ million	¥ million	¥ million	¥ million
December 31, 2021	28,651	(29,194)	(4,859)	89,463
December 31, 2020	17,218	(12,444)	(9,738)	92,449

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	¥	¥	¥	¥	¥	¥ million	%	%
December 31, 2020	-	30.00	-	35.00	65.00	4,221	35.6	1.9
December 31, 2021	-	35.00	-	35.00	70.00	4,545	33.6	2.0
Fiscal year ending December 31, 2022 (Forecast)	-	40.00	-	40.00	80.00		37.1	

(Note) Dividends for the second quarter of the fiscal year ending December 31, 2022: Ordinary dividends: ¥35

Commemorative dividends: ¥5

Dividends for the Year end of the fiscal year ending December 31, 2022: Ordinary dividends: ¥35

Commemorative dividends: ¥5

3. Consolidated Performance Forecasts for the Fiscal Year Ending December 31, 2022 (January 1, 2022 - December 31, 2022)

(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	303,300	-	20,500	6.2	22,000	1.3	14,000	3.6	215.74

From the beginning of the fiscal year ending December 31, 2022, the Company will apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant ASBJ regulations. The above forecasts are based on this standard. Therefore, the percentage indicating the year-on-year change in net sales compared to the fiscal year ended December 31, 2021, which was before the application of the said standard, is not presented.

The net sales in the above consolidated performance forecasts represent an increase of 3.7% compared to the net sales calculated on the assumption that the said standards are applied to the fiscal year ended December 31, 2021 (¥292,557 million).

*Notes to the Consolidated Financial Statements

(1) Transfers of important subsidiaries during fiscal year (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.: None

(ii) Changes in accounting practices other than (i): None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(3) Number of shares issued (common stock)

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

As of December 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 December 31, 2021 3,576,677 shares

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

(iii) Average number of shares during fiscal year

Fiscal year ended December 31, 2021 64,856,919 shares

Fiscal year ended December 31, 2020 64,864,039 shares

* Summaries of financial results are exempt from audit 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 to the Company at the time of preparing the materials and on certain assumptions deemed reasonable. 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 December 31, 2021
Assets		
Current assets		
Cash and deposits	97,904	102,026
Notes and accounts receivable - trade	43,520	42,898
Securities	731	219
Merchandise and finished goods	13,593	15,000
Work in process	1,004	838
Raw materials and supplies	14,265	12,316
Prepaid expenses	705	1,036
Other	6,169	4,372
Allowance for doubtful accounts	(81)	(83)
Total current assets	177,813	178,626
Non-current assets		
Property, plant and equipment		
Buildings and structures	80,403	82,062
Accumulated depreciation and impairment	(39,974)	(42,423)
Buildings and structures, net	40,428	39,638
Machinery, equipment and vehicles	125,472	128,736
Accumulated depreciation and impairment	(92,859)	(98,361)
Machinery, equipment and vehicles, net	32,613	30,374
Tools, furniture and fixtures	24,789	25,929
Accumulated depreciation and impairment	(21,375)	(21,797)
Tools, furniture and fixtures, net	3,414	4,132
Land	15,659	15,969
Leased assets	1,976	2,133
Accumulated depreciation and impairment	(1,186)	(1,436)
Leased assets, net	790	697
Construction in progress	4,678	10,268
Total property, plant and equipment	97,584	101,080
Intangible assets		
Software	5,425	4,340
Software in progress	4,627	11,020
Goodwill	411	391
Other	250	214
Total intangible assets	10,715	15,967
Investments and other assets		
Investment securities	35,392	41,627
Long-term loans receivable	49	24
Long-term prepaid expenses	673	600
Retirement benefit asset	3,175	4,340
Investment property	12,555	12,606
Accumulated depreciation and impairment	(370)	(393)
Investment property, net	12,184	12,213
Deferred tax assets	737	894
Other	1,793	1,703
Allowance for doubtful accounts	(37)	(334)
Total investments and other assets	53,967	61,071
Total non-current assets	162,267	178,118
Total assets	340,081	356,745

(Unit: ¥ million)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,552	32,373
Short-term borrowings	232	232
Accrued expenses	24,767	25,293
Income taxes payable	5,185	3,207
Provision for sales promotion expenses	3,730	4,106
Provision for bonuses for directors (and other officers)	82	67
Provision for share awards	29	21
Other	9,009	6,848
Total current liabilities	75,590	72,150
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	30,066	30,044
Long-term borrowings	345	77
Retirement benefit liability	1,228	1,299
Deferred tax liabilities	5,128	7,006
Other	5,171	4,988
Total non-current liabilities	41,939	43,416
Total liabilities	117,530	115,567
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,479	9,959
Retained earnings	205,821	214,795
Treasury shares	(9,392)	(9,057)
Total shareholders' equity	213,682	223,470
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,236	11,277
Deferred gains or losses on hedges	(179)	253
Foreign currency translation adjustment	(669)	4,758
Remeasurements of defined benefit plans	686	1,030
Total accumulated other comprehensive income	8,073	17,320
Non-controlling interests	795	386
Total net assets	222,551	241,177
Total liabilities and net assets	340,081	356,745

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	344,048	338,571
Cost of sales	181,640	180,537
Gross profit	162,407	158,033
Selling, general and administrative expenses		
Transportation and storage costs	31,493	31,889
Promotion expenses	49,111	43,746
Provision for promotion expenses	3,730	4,106
Advertising expenses	12,131	10,021
Provision of allowance for doubtful accounts	25	(2)
Salaries and allowances	17,459	17,619
Bonuses	5,349	5,415
Provision for bonuses for directors (and other officers)	82	67
Provision for share awards	29	21
Retirement benefit expenses	724	406
Welfare expenses	5,209	5,138
Depreciation	3,557	3,641
Other	14,978	16,652
Total selling, general and administrative expenses	143,884	138,726
Operating profit	18,523	19,307
Non-operating income		
Interest income	360	335
Dividend income	672	644
Foreign exchange gains	-	261
Gain on investments in investment partnerships	44	432
Share of profit of entities accounted for using equity method	261	467
Rental income from real estate	818	541
Subsidy income	468	328
Other	879	924
Total non-operating income	3,504	3,935
Non-operating expenses		
Interest expenses	32	37
Donations	274	83
Foreign exchange losses	258	-
Loss on abandonment of non-current assets	131	490
Loss on retirement of non-current assets	673	151
Depreciation of inactive non-current assets	207	144
Other	808	626
Total non-operating expenses	2,386	1,534
Ordinary profit	19,641	21,708

(Unit: ¥ million)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Extraordinary income		
Gain on sale of non-current assets	1,307	746
Gain on sale of investment securities	-	172
Total extraordinary income	1,307	918
Extraordinary losses		
Impairment losses	555	119
Business restructuring expenses	364	-
Loss on valuation of investment securities	-	1,363
Loss on sale of investment securities	-	42
Extra retirement payments	93	-
Loss on termination of retirement benefit plan	251	-
Provision of allowance for doubtful accounts	-	294
Total extraordinary losses	1,265	1,820
Profit before income taxes	19,683	20,806
Income taxes - current	5,874	7,082
Income taxes - deferred	1,166	157
Total income taxes	7,040	7,239
Profit	12,643	13,567
Profit attributable to		
Profit attributable to owners of parent	11,836	13,519
Profit attributable to non-controlling interests	806	48
Other comprehensive income		
Valuation difference on available-for-sale securities	(599)	3,041
Deferred gains or losses on hedges	(253)	433
Foreign currency translation adjustment	(947)	5,116
Remeasurements of defined benefit plans, net of tax	629	344
Share of other comprehensive income of entities accounted for using equity method	(150)	332
Total other comprehensive income	(1,320)	9,267
Comprehensive income	11,322	22,835
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,898	22,766
Comprehensive income attributable to non-controlling interests	424	69

(Segment Information, etc.)

[Segment Information]

I. Previous fiscal year (January 1, 2020- December 31, 2020)

Information on net sales, profit or loss, assets and other items by reportable segment

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on consolidated financial statements (Note) 3
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	89,280	92,302	83,445	10,059	50,998	326,087	17,961	344,048	-	344,048
Inter-segment sales and transfers	690	72	7	200	-	971	9,026	9,997	(9,997)	-
Total	89,971	92,375	83,453	10,260	50,998	327,058	26,987	354,046	(9,997)	344,048
Segment profit	4,963	6,134	2,522	879	2,581	17,081	281	17,363	1,159	18,523
Segment assets	49,841	38,815	27,020	5,574	26,967	148,219	2,507	150,726	189,354	340,081
Other items										
Depreciation	3,904	4,057	1,652	156	1,704	11,473	277	11,751	2,825	14,577
Amount of increases in property, plant and equipment and intangible assets	2,332	2,139	1,746	375	4,045	10,639	153	10,792	7,021	17,814

(Notes)

1. The "Others" category is a business segment not included in reportable segments, and includes the Health segment, Office Glico segment, and the Systems Maintenance & Development Business segment.
2. The Adjusted amount of ¥1,159 million in segment profit includes ¥1,401 million for the elimination of inter-segment transactions and other adjustment amounts, and companywide expenses, etc. of negative ¥241 million which are not allocated to any reporting segment. Companywide expenses, etc. are mainly selling, general and administrative expenses that are not attributable to any reportable segment. The Adjusted amount of ¥189,354 million in Segment assets represents corporate assets that are not attributable to any reportable segment. The Adjusted amount of ¥2,825 million in Depreciation and ¥7,021 million in Amount of increases in property, plant and equipment and intangible assets under Other items represent corporate amortization and corporate assets acquired that are not attributable to any reportable segment.
3. The total amount for segment profit is adjusted based on the operating profit in the consolidated financial statements.

II. Current fiscal year (January 1, 2021- December 31, 2021)

Information on net sales, profit or loss, assets and other items by reportable segment

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on consolidated financial statements (Note) 3
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	79,164	87,766	79,892	10,524	60,991	318,339	20,231	338,571	-	338,571
Inter-segment sales and transfers	677	74	5	222	-	980	11,978	12,958	(12,958)	-
Total	79,841	87,840	79,898	10,747	60,991	319,319	32,209	351,529	(12,958)	338,571
Segment profit	5,098	3,799	2,095	919	3,915	15,827	1,525	17,353	1,954	19,307
Segment assets	45,635	36,775	26,690	6,010	38,014	153,126	928	154,055	202,689	356,745
Other items										
Depreciation	3,864	3,880	1,558	195	1,828	11,327	244	11,572	2,677	14,249
Amount of increases in property, plant and equipment and intangible assets	1,722	2,603	688	276	7,533	12,823	85	12,909	8,739	21,649

(Notes)

1. The "Others" category is a business segment not included in reportable segments, and includes the Health segment, Office Glico segment, and the Systems Maintenance & Development Business segment.
2. The Adjusted amount of ¥1,954 million in segment profit includes ¥1,523 million for the elimination of inter-segment transactions and other adjustment amounts, and companywide expenses, etc. of ¥430 million which are not allocated to any reporting segment. Companywide expenses, etc. are mainly selling, general and administrative expenses that are not attributable to any reportable segment. The Adjusted amount of ¥202,689 million in Segment assets represents corporate assets that are not attributable to any reportable segment. The Adjusted amount of ¥2,677 million in Depreciation and ¥8,739 million in Amount of increases in property, plant and equipment and intangible assets under Other items represent corporate amortization and corporate assets acquired that are not attributable to any reportable segment.
3. The total amount for segment profit is adjusted based on the operating profit in the consolidated financial statements.

Supplementary Information

For the Fiscal Year Ended December 31, 2021

Ezaki Glico Co., Ltd.

1. Consolidated results of operations (Cumulative)

*Amounts less than one million yen, one million yuan and one million USD are each rounded down.

(1) Status of Net Sales and Profit

Unit: 1 million yen

	FYE Dec. '20 (Jan. to Dec.)	FYE Dec. '21 (Jan. to Dec.)	Change from previous period	
			Amount	%
Net sales	344,048	338,571	(5,477)	(1.6)
Operating profit	18,523	19,307	784	4.2
Ordinary profit	19,641	21,708	2,067	10.5
Profit	11,836	13,519	1,682	14.2

(2) Status of Operating Profit

Unit: 1 million yen

	FYE Dec. '20		FYE Dec. '21	
	(Jan. to Dec.)	%	(Jan. to Dec.)	%
Net sales	344,048	100.0	338,571	100.0
Cost of sales	181,640	52.8	180,537	53.3
Gross profit	162,407	47.2	158,033	46.7
Freight and charges	31,493	9.2	31,889	9.4
Promotion expenses	52,841	15.4	47,852	14.1
Advertising expenses	12,131	3.5	10,021	3.0
Salaries and benefits	28,855	8.4	28,670	8.5
Expenses and depreciation	18,562	5.4	20,292	6.0
Total	143,884	41.8	138,726	41.0
Operating profit	18,523	5.4	19,307	5.7

Factors behind change in operating profit	vs FYE Dec. '20 (Jan. to Dec.)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	(1,821)	(4,829)
(2) Change due to fluctuation in composition of sales product varieties and other	(464)	(1,386)
(3) Change due to increase/decrease in raw materials prices	(746)	(95)
(4) Change due to fluctuation in freight and charges ratio	(897)	(269)
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	6,257	6,791
(6) Change due to increase/decrease in SG&A expenses	(1,545)	(762)
Total	784	(550)

(3) Status of Net Sales by Segment

*The following figures for net sales by category are aggregate figures for management accounting purposes. Unit: 1 million yen

Segment	Category	FYE Dec. '20 (Jan. to Dec.)	FYE Dec. '21 (Jan. to Dec.)	Change from previous period	
				Results	%
Confectioneries and Food Products	Chocolate	44,489	39,949	(4,540)	(10.2)
	Cookies	23,996	21,814	(2,181)	(9.1)
	Food products	19,057	15,932	(3,124)	(16.4)
	Other	1,736	1,467	(269)	(15.5)
	Total	89,280	79,164	(10,116)	(11.3)
Ice Cream		92,302	87,766	(4,536)	(4.9)
Dairy	Yoghurt	19,535	16,940	(2,594)	(13.3)
	Drinking Milk	25,546	24,097	(1,449)	(5.7)
	Fruit juices, Carbonated drinks	21,831	22,509	677	3.1
	Western confections	11,317	11,492	174	1.5
	Baby care	5,213	4,852	(360)	(6.9)
	Total	83,445	79,892	(3,552)	(4.3)
Food Ingredients		10,059	10,524	465	4.6
Overseas		50,998	60,991	9,992	19.6
Other	Health	12,921	15,311	2,389	18.5
	Total	17,961	20,231	2,269	12.6
Total		344,048	338,571	(5,477)	(1.6)

(4) Status of Operating Profit by Segment

Unit: 1 million yen

Segment	FYE Dec. '20 (Jan. to Dec.)	FYE Dec. '21 (Jan. to Dec.)	Change from previous period	
			Amount	%
Confectioneries and Food Products	4,963	5,098	135	2.7
(Of which, is confectioneries)	4,075	4,552	476	11.7
(Of which, is food products)	887	545	(341)	(38.5)
Ice Cream	6,134	3,799	(2,334)	(38.1)
Dairy	2,522	2,095	(427)	(17.0)
Food Ingredients	879	919	39	4.5
Overseas	2,581	3,915	1,334	51.7
Other	281	1,525	1,243	441.1
Adjustment	1,159	1,954	794	68.5
Total	18,523	19,307	784	4.2

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

*The following figures are based on management accounting and differ from the figures in the consolidated financial statements.

Geographic segment also differ from those in the figures in the consolidated financial statements.

◆ China

Unit: 1 million CNY

	FYE Dec. '20 (Jan. to Dec.)	FYE Dec. '21 (Jan. to Dec.)	Change from previous period	
			Amount	%
Net sales	1,705	1,899	193	11.3
Operating profit	150	141	(9)	(6.3)

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '20 (Jan. to Dec.)	FYE Dec. '21 (Jan. to Dec.)	Change from previous period	
			Amount	%
Net sales	128	132	3	2.9
Operating profit	(9)	(8)	0	-

*Actual results for the 4Q of the fiscal year ended December 31, 2020 have been replaced by the average rate for the 4Q of the fiscal year ended December 31, 2021.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '20 (Jan. to Dec.)	FYE Dec. '21 (Jan. to Dec.)	Change from previous period	
			Amount	%
Net sales	71	91	19	27.8
Operating profit	20	24	3	19.3

*The figures for the U.S.A. are on a consolidated basis.