

[Notes of caution]

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November 4, 2022

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Third Quarter of the Fiscal Year Ending December 31, 2022

Listed company name: Ezaki Glico Co., Ltd.
Securities Code: 2206 URL: <https://www.glico.com/jp/>
Representative: Katsuhisa Ezaki, Chairman
Scheduled filing date of quarterly report: November 7, 2022
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 Third Quarter of the Fiscal Year Ending December 31, 2022 (January 1, 2022 to September 30, 2022)

(1) Consolidated results of operations

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
September 30, 2022	225,933	-	12,170	(24.8)	13,072	(26.3)	10,412	(16.9)
September 30, 2021	252,480	(2.6)	16,192	6.3	17,732	9.3	12,529	15.9

(Note) Comprehensive Income: Nine months ended September 30, 2022: ¥22,908 million [14.3%]
Nine months ended September 30, 2021: ¥20,040 million [143.2%]

	Earnings per share (basic)	Earnings per share (diluted)
Nine months ended	¥	¥
September 30, 2022	162.39	-
September 30, 2021	193.21	-

(Note) The company has been applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter consolidated accounting period. Therefore, the change in net sales against the same quarter of the previous year is not given for the Third quarter of the business year ending September 2021. The change calculated assuming said accounting standards, etc., were applied to the term ended September 2021 would be a increase of 3.8%.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2022	375,185	253,630	67.5
As of December 31, 2021	356,745	241,177	67.5

(Reference) Shareholders' equity: As of J September 30, 2022: ¥253,197 million
As of December 31, 2021: ¥240,791 million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	¥	¥	¥	¥	¥
Fiscal year ended December 31, 2021	-	35.00	-	35.00	70.00
Fiscal year ending December 31, 2022	-	40.00			
Fiscal year ending December 31, 2022 (Forecast)			-	40.00	80.00

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

Dividends for the second quarter 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	301,000	-	15,000	(22.3)	16,000	(26.3)	11,000	(18.6)	170.84

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

The company has been applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter consolidated accounting period. 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 2.9% 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 period (transfers of designated subsidiaries incidental to changes in scope of consolidation): Yes

New 1 Company (company name), Shanghai Ezaki Glico Minfa Foods Co., Ltd.

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) Number of shares issued (common stock)

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

As of J September 30, 2022 68,468,569 shares

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

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

As of September 30, 2022 4,877,394 shares

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

(iii) Average number of shares during fiscal year

Nine months ended September 30, 2022 64,117,288 shares

Nine months ended September 30, 2021 64,848,696 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, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	102,026	97,906
Notes and accounts receivable - trade	42,898	40,691
Securities	219	241
Merchandise and finished goods	15,000	19,134
Work in process	838	967
Raw materials and supplies	12,316	13,136
Other	5,409	10,083
Allowance for doubtful accounts	(83)	(69)
Total current assets	178,626	182,091
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,638	38,446
Machinery, equipment and vehicles, net	30,374	27,393
Tools, furniture and fixtures, net	4,132	4,251
Land	15,969	16,139
Leased assets, net	697	2,503
Construction in progress	10,268	21,842
Total property, plant and equipment	101,080	110,576
Intangible assets		
Software	4,340	4,644
Software in progress	11,020	14,552
Goodwill	391	400
Other	214	190
Total intangible assets	15,967	19,788
Investments and other assets		
Investment securities	41,627	42,494
Retirement benefit asset	4,340	4,714
Investment property, net	12,213	12,224
Other	3,223	3,334
Allowance for doubtful accounts	(334)	(39)
Total investments and other assets	61,071	62,729
Total non-current assets	178,118	193,094
Total assets	356,745	375,185

(Unit: ¥ million)

	As of December 31, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,373	33,586
Short-term borrowings	232	—
Accrued expenses	25,293	22,799
Income taxes payable	3,207	4,012
Refund liability	—	8,118
Provision for sales promotion expenses	4,106	—
Provision for bonuses for directors (and other officers)	67	—
Provision for share awards	21	—
Other	6,848	8,129
Total current liabilities	72,150	76,646
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	30,044	30,028
Long-term borrowings	77	—
Retirement benefit liability	1,299	1,461
Deferred tax liabilities	7,006	6,483
Other	4,988	6,934
Total non-current liabilities	43,416	44,908
Total liabilities	115,567	121,555
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,959	9,967
Retained earnings	214,795	219,497
Treasury shares	(9,057)	(13,805)
Total shareholders' equity	223,470	223,433
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,277	10,908
Deferred gains or losses on hedges	253	1,063
Foreign currency translation adjustment	4,758	16,943
Remeasurements of defined benefit plans	1,030	848
Total accumulated other comprehensive income	17,320	29,763
Non-controlling interests	386	432
Total net assets	241,177	253,630
Total liabilities and net assets	356,745	375,185

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	252,480	225,933
Cost of sales	133,335	142,577
Gross profit	119,145	83,356
Selling, general and administrative expenses		
Transportation and storage costs	23,821	20,475
Promotion expenses	32,483	6,297
Provision for promotion expenses	3,670	—
Advertising expenses	7,118	6,893
Retirement benefit expenses	353	205
Other	35,505	37,313
Total selling, general and administrative expenses	102,952	71,185
Operating profit	16,192	12,170
Non-operating income		
Interest income	251	324
Dividend income	363	405
Foreign exchange gains	202	—
Subsidy income	320	423
Rental income from real estate	409	398
Other	1,277	922
Total non-operating income	2,823	2,473
Non-operating expenses		
Interest expenses	23	62
Foreign exchange losses	—	245
Loss on retirement of non-current assets	104	157
Loss on abandonment of non-current assets	463	266
Loss on guarantees	—	123
Other	692	715
Total non-operating expenses	1,283	1,571
Ordinary profit	17,732	13,072
Extraordinary income		
Gain on sale of non-current assets	758	—
Gain on sale of investment securities	—	3,519
Total extraordinary income	758	3,519
Extraordinary losses		
Loss on sale of investment securities	40	—
Loss on COVID-19	—	645
Total extraordinary losses	40	645
Profit before income taxes	18,450	15,946
Income taxes - current	6,194	6,339
Income taxes - deferred	(282)	(844)
Total income taxes	5,912	5,495
Profit	12,538	10,450
Profit attributable to		
Profit attributable to owners of parent	12,529	10,412
Profit attributable to non-controlling interests	8	38

(Unit: ¥ million)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Other comprehensive income		
Valuation difference on available-for-sale securities	3,958	(368)
Deferred gains or losses on hedges	435	809
Foreign currency translation adjustment	2,979	11,420
Remeasurements of defined benefit plans, net of tax	(112)	(182)
Share of other comprehensive income of entities accounted for using equity method	240	779
Total other comprehensive income	7,502	12,458
Comprehensive income	20,040	22,908
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,020	22,855
Comprehensive income attributable to non-controlling interests	20	53

(Segment Information, etc.)

[Segment Information]

I. Nine months ended September 30, 2021 (January 1, 2021- September 30, 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	56,448	69,220	60,596	7,941	43,580	237,787	14,693	252,480	-	252,480
Inter-segment sales and transfers	424	60	4	171	-	661	8,768	9,429	(9,429)	-
Total	56,873	69,281	60,600	8,112	43,580	238,448	23,462	261,910	(9,429)	252,480
Segment profit	2,868	4,770	1,910	797	3,113	13,460	992	14,452	1,739	16,192

(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 ¥1,739 million in segment profit or losses includes ¥1,134 million for the elimination of intersegment transactions and other adjustment amounts of ¥605 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. Nine months ended September 30, 2022 (January 1, 2022- September 30, 2022)

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	46,554	63,786	50,885	8,322	42,462	212,011	13,922	225,933	-	225,933
Inter-segment sales and transfers	496	50	5	173	-	725	8,685	9,410	(9,410)	-
Total	47,051	63,836	50,890	8,495	42,462	212,736	22,607	235,344	(9,410)	225,933
Segment profit	3,183	3,915	247	971	798	9,117	651	9,769	2,401	12,170

(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 ¥2,401 million in segment profit or losses includes ¥1,300 million for the elimination of intersegment transactions and other adjustment amounts of ¥1,100 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.
3. Matters related to change in reporting segments
Since the company has been applying the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter consolidated accounting period, and has changed its accounting procedures for revenue recognition, the company has also changed its methods for measuring segment profit or loss accordingly.

Supplementary Information

For the Third Quarter of the Fiscal Year Ending December 31, 2022

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. '21 (Jan. to Sept.) *new standards	FYE Dec. '22 (Jan. to Sept.)	Change from previous period	
			Amount	%
Net sales	217,677	225,933	8,256	3.8
Operating profit	16,192	12,170	(4,021)	(24.8)
Ordinary profit	17,732	13,072	(4,659)	(26.3)
Profit	12,529	10,412	(2,117)	(16.9)

(2) Status of Operating Profit

Unit: 1 million yen

	FYE Dec. '22 *new standards		FYE Dec. '22	
	(Jan. to Sept.)	%	(Jan. to Sept.)	%
Net sales	217,677	100.0	225,933	100.0
Cost of sales	133,335	61.3	142,577	63.1
Gross profit	84,341	38.7	83,356	36.9
Freight and charges	18,821	8.6	20,475	9.1
Promotion expenses	6,349	2.9	6,297	2.8
Advertising expenses	7,118	3.3	6,893	3.1
Salaries and benefits	21,199	9.7	22,648	10.0
Expenses and depreciation	14,660	6.7	14,869	6.6
Total	68,148	31.3	71,185	31.5
Operating profit	16,192	7.4	12,170	5.4

Factors behind change in operating profit	vs FYE Dec. '21 (Jan. to Sept.)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	3,669	565
(2) Change due to fluctuation in composition of sales product varieties and other	(875)	(508)
(3) Change due to increase/decrease in raw materials prices	(4,495)	(3,112)
(4) Change due to fluctuation in freight and charges ratio	(940)	475
(5) Change due to increase/decrease in sales promotion expenses / advertising expenses	277	1,111
(6) Change due to increase/decrease in SG&A expenses	(1,657)	(237)
Total	(4,021)	(1,706)

(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. '21 (Jan. to Sept.) *new standards	FYE Dec. '22 (Jan. to Sept.)	Change from previous period	
				Results	%
Confectioneries and Food Products	Chocolate	22,976	21,851	(1,124)	(4.9)
	Cookies	13,813	14,448	634	4.6
	Food products	8,862	9,283	421	4.8
	Other	894	971	76	8.5
	Total	46,547	46,554	7	0.0
Ice Cream		60,634	63,786	3,152	5.2
Dairy	Yoghurt	11,352	9,370	(1,981)	(17.5)
	Drinking Milk	16,098	15,267	(831)	(5.2)
	Fruit juices, Carbonated drinks	15,307	15,058	(249)	(1.6)
	Western confections	7,469	8,080	610	8.2
	Baby care	3,223	3,108	(115)	(3.6)
	Total	53,452	50,885	(2,566)	(4.8)
Food Ingredients		7,923	8,322	398	5.0
Overseas		35,571	42,462	6,891	19.4
Other	Health	10,026	10,129	102	1.0
	Total	13,548	13,922	373	2.8
Total		217,677	225,933	8,256	3.8

(4) Status of Operating Profit by Segment

Unit: 1 million yen

Segment	FYE Dec. '21 (Jan. to Sept.) *new standards	FYE Dec. '22 (Jan. to Sept.)	Change from previous period	
			Amount	%
Confectioneries and Food Products	2,868	3,183	315	11.0
(Of which, is confectioneries)	2,573	2,895	322	12.5
(Of which, is food products)	295	288	(7)	(2.4)
Ice Cream	4,770	3,915	(854)	(17.9)
Dairy	1,910	247	(1,663)	(87.1)
Food Ingredients	797	971	174	21.9
Overseas	3,113	798	(2,315)	(74.4)
Other	992	651	(340)	(34.3)
Adjustment	1,739	2,401	662	38.1
Total	16,192	12,170	(4,021)	(24.8)

(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. '21 (Jan. to Sept.) *new standards	FYE Dec. '22 (Jan. to Sept.)	Change from previous period	
			Amount	%
Net sales	1,001	829	(172)	(17.2)
Operating profit	68	(1)	(70)	-

◆ASEAN

Unit: 1 million USD

	FYE Dec. '21 (Jan. to Sept.) *new standards	FYE Dec. '22 (Jan. to Sept.)	Change from previous period	
			Amount	%
Net sales	71	86	15	20.9
Operating profit	(4)	(4)	(0)	-

*Actual results for the 3Q of the fiscal year ended December 31, 2021 have been replaced by the average rate for the 3Q of the fiscal year ended December 31, 2022.

◆U.S.A.

Unit: 1 million USD

	FYE Dec. '21 (Jan. to Sept.)	FYE Dec. '22 (Jan. to Sept.)	Change from previous period	
			Amount	%
Net sales	73	84	11	15.1
Operating profit	26	18	(7)	(30.3)

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