

[Notes of caution]

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August 5, 2021

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Second Quarter of the Fiscal Year Ending 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 filing date of quarterly report: August 6, 2021

Scheduled commencement date of dividend payments: September 3, 2021

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 Second Quarter of the Fiscal Year Ending December 31, 2021

(January 1, 2021 to June 30, 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	
Six months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
June 30, 2021	160,300	(3.4)	9,971	14.2	11,186	15.7	7,880	25.4
June 30, 2020	165,975	-	8,731	-	9,671	-	6,283	-

(Note) Comprehensive Income: Six months ended June 30, 2021: ¥13,773 million [253.2%]

Six months ended June 30, 2020: ¥3,900 million [-%]

	Earnings per share (basic)	Earnings per share (diluted)
Six months ended	¥	¥
June 30, 2021	121.54	-
June 30, 2020	96.79	-

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 six months ended June 30, 2020 (January 1, 2020 to June 30, 2020) and for the corresponding period for six months ended September 30, 2019 (April 1, 2019 to September 30, 2019) differ from each other.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of June 30, 2021	343,071	234,219	68.2
As of December 31, 2020	340,081	222,551	65.2

(Reference) Shareholders' equity: As of June 30, 2021: ¥233,873 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	-	35.00			
Fiscal year ending December 31, 2021 (Forecast)			-	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	344,000	(0.0)	19,000	2.6	19,500	(0.7)	12,000	1.4	185.12

(Note) Revisions to financial forecasts published most recently: Yes

* 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 June 30, 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 June 30, 2021 3,609,628 shares

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

(iii) Average number of shares during fiscal year

Six months ended June 30, 2021 64,839,893 shares

Six months ended June 30, 2020 64,919,103 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 June 30, 2021
Assets		
Current assets		
Cash and deposits	97,904	94,137
Notes and accounts receivable - trade	43,520	38,441
Securities	731	206
Merchandise and finished goods	13,593	18,449
Work in process	1,004	958
Raw materials and supplies	14,265	13,552
Other	6,875	5,170
Allowance for doubtful accounts	(81)	(106)
Total current assets	177,813	170,810
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,428	40,197
Machinery, equipment and vehicles, net	32,613	32,593
Tools, furniture and fixtures, net	3,414	3,824
Land	15,659	15,664
Leased assets, net	790	729
Construction in progress	4,678	5,480
Total property, plant and equipment	97,584	98,489
Intangible assets		
Software	5,425	4,807
Software in progress	4,627	7,871
Goodwill	411	420
Other	250	231
Total intangible assets	10,715	13,331
Investments and other assets		
Investment securities	35,392	41,483
Retirement benefit asset	3,175	3,441
Investment property, net	12,184	12,245
Other	3,253	3,308
Allowance for doubtful accounts	(37)	(37)
Total investments and other assets	53,967	60,440
Total non-current assets	162,267	172,261
Total assets	340,081	343,071

(Unit: ¥ million)

	As of December 31, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,552	30,224
Short-term borrowings	232	232
Accrued expenses	24,767	23,161
Income taxes payable	5,185	2,705
Provision for sales promotion expenses	3,730	3,625
Provision for bonuses for directors (and other officers)	82	—
Provision for share-based remuneration	29	—
Other	9,009	5,584
Total current liabilities	75,590	65,532
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	30,066	30,055
Long-term borrowings	345	213
Retirement benefit liability	1,228	1,309
Deferred tax liabilities	5,128	6,620
Other	5,171	5,121
Total non-current liabilities	41,939	43,320
Total liabilities	117,530	108,852
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,479	9,959
Retained earnings	205,821	211,429
Treasury shares	(9,392)	(9,227)
Total shareholders' equity	213,682	219,935
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,236	10,710
Deferred gains or losses on hedges	(179)	272
Foreign currency translation adjustment	(669)	2,325
Remeasurements of defined benefit plans	686	629
Total accumulated other comprehensive income	8,073	13,937
Non-controlling interests	795	346
Total net assets	222,551	234,219
Total liabilities and net assets	340,081	343,071

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	165,975	160,300
Cost of sales	86,039	83,582
Gross profit	79,935	76,717
Selling, general and administrative expenses		
Transportation and storage costs	15,314	15,172
Promotion expenses	22,474	19,803
Provision for promotion expenses	3,890	3,625
Advertising expenses	6,145	4,380
Retirement benefit expenses	374	234
Other	23,005	23,528
Total selling, general and administrative expenses	71,204	66,745
Operating profit	8,731	9,971
Non-operating income		
Interest income	201	170
Dividend income	347	333
Foreign exchange gains	-	43
Subsidy income	465	317
Rental income from real estate	414	278
Other	515	665
Total non-operating income	1,944	1,809
Non-operating expenses		
Interest expenses	16	19
Foreign exchange losses	208	-
Loss on retirement of non-current assets	116	74
Loss on abandonment of non-current assets	31	9
Other	629	491
Total non-operating expenses	1,003	594
Ordinary profit	9,671	11,186
Extraordinary income		
Gain on sales of non-current assets	-	739
Total extraordinary income	-	739
Extraordinary losses		
Loss on sales of investment securities	-	40
Extra retirement payments	115	-
Loss on termination of retirement benefit plan	246	-
Total extraordinary losses	362	40
Profit before income taxes	9,309	11,885
Income taxes - current	3,244	3,894
Income taxes - deferred	(204)	104
Total income taxes	3,039	3,998
Profit	6,270	7,886
Profit attributable to		
Profit attributable to owners of parent	6,283	7,880
Profit (loss) attributable to non-controlling interests	(13)	6

(Unit: ¥ million)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,288)	2,473
Deferred gains or losses on hedges	(41)	452
Foreign currency translation adjustment	(911)	2,831
Remeasurements of defined benefit plans, net of tax	16	(56)
Share of other comprehensive income of entities accounted for using equity method	(144)	185
Total other comprehensive income	(2,369)	5,886
Comprehensive income	3,900	13,773
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,217	13,745
Comprehensive income attributable to non-controlling interests	(316)	28

(Segment Information, etc.)

[Segment Information]

I. Six months ended June 30, 2020 (January 1, 2020- June 30, 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)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	44,323	42,734	41,541	4,909	23,739	157,248	8,727	165,975	-	165,975
Inter-segment sales and transfers	327	29	4	112	-	474	4,085	4,559	(4,559)	-
Total	44,650	42,764	41,545	5,022	23,739	157,722	12,812	170,535	(4,559)	165,975
Segment profit	2,620	2,943	1,229	411	861	8,066	(217)	7,849	881	8,731

(Notes)

1. The “Other” category is a business segment not included in reporting segments, and includes the Health Business , Office Glico Business, and the Systems Maintenance & Development Business .
2. The adjusted amount of ¥881 million in segment profit or losses includes ¥634 million for the elimination of intersegment transactions and other adjustment amounts of ¥247 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. Six months ended June 30, 2021 (January 1, 2021- June 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)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	38,994	39,470	39,399	5,110	28,006	150,980	9,319	160,300	-	160,300
Inter-segment sales and transfers	313	34	2	118	-	468	6,046	6,515	(6,515)	-
Total	39,307	39,504	39,401	5,228	28,006	151,449	15,365	166,815	(6,515)	160,300
Segment profit	2,314	2,088	1,089	558	2,126	8,178	645	8,823	1,147	9,971

(Notes)

1. The “Other” category is a business segment not included in reporting segments, and includes the Health Business , Office Glico Business, and the Systems Maintenance & Development Business .
2. The adjusted amount of ¥1,147 million in segment profit or losses includes ¥801 million for the elimination of intersegment

transactions and other adjustment amounts of ¥346 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 Second 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	FYE Dec. '21	Change from previous period	
	2Q Results	2Q Results	Amount	%
Net sales	165,975	160,300	(5,675)	(3.4)
Operating profit	8,731	9,971	1,240	14.2
Ordinary profit	9,671	11,186	1,514	15.7
Profit	6,283	7,880	1,597	25.4

(2) Status of Operating Profit

Unit:1 million yen

	FYE Dec. '20		FYE Dec. '21	
	2Q Results		2Q Results	
	Results	%	Results	%
Net sales	165,975	100.0	160,300	100.0
Cost of sales	86,039	51.8	83,582	52.1
Gross profit	79,935	48.2	76,717	47.9
Freight and charges	15,314	9.2	15,172	9.5
Sales promotion	26,364	15.9	23,428	14.6
Advertising expenses	6,145	3.7	4,380	2.7
Salaries and benefits	14,449	8.7	14,030	8.8
Expenses and depreciation	8,930	5.4	9,732	6.1
Total	71,204	42.9	66,745	41.6
Operating profit	8,731	5.3	9,971	6.2

Factors behind change in operating profit	vs FYE Dec. '20 2Q	Of which, is domestic
(1) Change due increase/decrease in net sales	(1,997)	(3,282)
(2) Change due to fluctuation in composition of sales product varieties and other	14	(229)
(3) Change due to increase/decrease in raw materials prices	188	204
(4) Change due to fluctuation in freight and charges ratio	(381)	(202)
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	3,799	3,711
(6) Change due to increase/decrease in SG&A	(383)	(226)
Total	1,240	(24)

(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	FYE Dec. '21	Change from previous period	
		2Q Results	2Q Results	Results	%
Confectioneries and Food Products	Chocolate (including "Pocky")	21,625	19,726	(1,898)	(8.8)
	Cookies (including "Pretz")	12,113	10,897	(1,215)	(10.0)
	Food products	9,680	7,682	(1,997)	(20.6)
	Other	903	687	(215)	(23.9)
	Total	44,322	38,994	(5,328)	(12.0)
Ice Cream		42,734	39,470	(3,263)	(7.6)
Dairy	Yoghurt	10,371	8,981	(1,389)	(13.4)
	Drinking Milk	12,197	11,667	(530)	(4.3)
	Fruit juices, Carbonated drinks	10,680	10,882	202	1.9
	Western confections	5,712	5,606	(106)	(1.9)
	Baby care	2,578	2,261	(317)	(12.3)
	Total	41,540	39,399	(2,141)	(5.2)
Food Ingredients		4,909	5,110	201	4.1
Overseas		23,738	28,006	4,267	18.0
Other	Health	6,225	6,887	662	10.6
	Total	8,726	9,319	592	6.8
Total		165,975	160,300	(5,674)	(3.4)

(4) Status of Operating Profit by Segment

Unit: 1 million yen

Segment	FYE Dec. '20 2Q Results	FYE Dec. '21 2Q Results	Change from previous period	
			Amount	%
Confectioneries and Food Products	2,620	2,314	(305)	(11.6)
(Of which, is confectioneries)	2,136	2,203	67	3.1
(Of which, is food products)	483	110	(372)	(77.0)
Ice Cream	2,943	2,088	(854)	(29.0)
Dairy	1,229	1,089	(140)	(11.4)
Food Ingredients	411	558	146	35.6
Overseas	861	2,126	1,264	146.7
Other	(217)	645	863	-
Adjustment	881	1,147	265	30.2
Total	8,731	9,971	1,240	14.2

(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 2Q Results	FYE Dec. '21 2Q Results	Change from previous period	
			Amount	%
Net sales	794	886	91	11.5
Operating profit	51	50	(1)	(2.5)

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '20 2Q Results	FYE Dec. '21 2Q Results	Change from previous period	
			Amount	%
Net sales	65	61	(3)	(5.4)
Operating profit	(6)	(4)	2	-

※2Q FYE Dec. 2020 are converted at the average rate of exchange in effect during 2Q 2021.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '20 2Q Results	FYE Dec. '21 2Q Results	Change from previous period	
			Amount	%
Net sales	32	48	16	50.2
Operating profit	12	18	6	51.1

※Figures for the U.S.A. are based on consolidated results.