

[Notes of caution]

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November 5, 2020

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Third Quarter of the Fiscal Year Ending December 31, 2020

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: November 6, 2020
 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, 2020

(January 1, 2020 to September 30, 2020)

(1) Consolidated results of operations

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine months ended September 30, 2020	259,316	-	15,234	-	16,227	-	10,811	-
December 31, 2019	-	-	-	-	-	-	-	-

(Note) Comprehensive Income: Nine months ended September 30, 2020: ¥8,238 million [-%]
 Nine months ended December 31, 2019: ¥ - million [-%]

	Earnings per share (basic)	Earnings per share (diluted)
Nine months ended September 30, 2020	¥ 166.63	¥ -
December 31, 2019	-	-

The Company changed its fiscal year end from March 31 to December 31 upon the resolution of “Partial Amendment of Articles of Incorporation” at the 114th Annual Shareholders Meeting held on June 25, 2019. Accordingly, the consolidated period for the nine months ended December 31, 2019 was not prepared, and therefore changes from the previous corresponding period for the nine months ended September 30, 2020 and the consolidated results of operations for the nine months ended December 31, 2019 have not been provided.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2020	338,959	224,709	64.1
As of December 31, 2019	343,812	220,915	62.0

(Reference) Shareholders' equity: As of September 30, 2020: ¥217,197 million
 As of December 31, 2019: ¥213,181 million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended December 31, 2019	¥ -	¥ 30.00	¥ -	¥ 30.00	¥ 60.00
Fiscal year ending December 31, 2020	-	30.00	-		
Fiscal year ending December 31, 2020 (Forecast)				35.00	65.00

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

3. Consolidated Performance Forecasts for the Fiscal Year Ending December 31, 2020 (January 1, 2020 - December 31, 2020)

(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	358,000	-	18,000	-	18,500	-	12,500	-	192.57

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

Due to a change in the fiscal year, the previous consolidated fiscal year was the nine months starting on April 1, 2019 and ending on December 31, 2019. As a result, changes from the previous corresponding period have not been provided.

* 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) PT Glico Manufacturing Indonesia, 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 September 30, 2020 68,468,569 shares

As of December 31, 2019 68,468,569 shares

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

As of September 30, 2020 3,660,950 shares

As of December 31, 2019 3,557,196 shares

(iii) Average number of shares during fiscal year

Nine months ended September 30, 2020 64,880,295 shares

Nine months ended December 31, 2019 - shares

The Company changed its fiscal year end from March 31 to December 31 upon the resolution of “Partial Amendment of Articles of Incorporation” at the 114th Annual Shareholders Meeting held on June 25, 2019. Accordingly, the consolidated financial statements for the nine months ended December 31, 2019 was not prepared, and therefore the average number of shares during the nine months ended December 31, 2019 has not been provided.

* 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, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	99,640	96,331
Notes and accounts receivable - trade	43,788	41,472
Securities	5,968	3,020
Merchandise and finished goods	14,061	16,240
Work in process	795	981
Raw materials and supplies	15,016	13,768
Other	5,132	7,984
Allowance for doubtful accounts	(50)	(55)
Total current assets	184,352	179,743
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,656	41,035
Machinery, equipment and vehicles, net	35,953	33,489
Tools, furniture and fixtures, net	3,649	3,449
Land	15,259	14,583
Leased assets, net	513	723
Construction in progress	3,774	3,272
Total property, plant and equipment	99,807	96,552
Intangible assets		
Software	4,776	4,721
Goodwill	489	417
Other	1,721	4,702
Total intangible assets	6,987	9,840
Investments and other assets		
Investment securities	35,302	34,817
Retirement benefit asset	1,901	2,272
Investment property, net	12,240	12,216
Other	3,273	3,570
Allowance for doubtful accounts	(53)	(54)
Total investments and other assets	52,665	52,822
Total non-current assets	159,460	159,216
Total assets	343,812	338,959

(Unit: ¥ million)

	As of December 31, 2019	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,020	31,362
Short-term borrowings	244	232
Accrued expenses	28,413	26,776
Income taxes payable	4,266	2,481
Provision for sales promotion expenses	2,977	3,633
Provision for bonuses for directors (and other officers)	36	—
Provision for share-based remuneration	30	—
Provision for loss on guarantees	134	—
Other	8,565	7,980
Total current liabilities	80,689	72,466
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	30,087	30,071
Long-term borrowings	—	417
Retirement benefit liability	2,831	2,770
Deferred tax liabilities	4,186	3,461
Other	5,102	5,061
Total non-current liabilities	42,207	41,783
Total liabilities	122,897	114,249
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	7,459	7,472
Retained earnings	197,881	204,783
Treasury shares	(8,944)	(9,473)
Total shareholders' equity	204,169	210,555
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,835	7,921
Deferred gains or losses on hedges	73	(101)
Foreign currency translation adjustment	45	(1,275)
Remeasurements of defined benefit plans	56	97
Total accumulated other comprehensive income	9,011	6,641
Non-controlling interests	7,733	7,511
Total net assets	220,915	224,709
Total liabilities and net assets	343,812	338,959

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Nine months ended September 30, 2020
Net sales	259,316
Cost of sales	136,085
Gross profit	123,231
Selling, general and administrative expenses	
Transportation and storage costs	23,958
Promotion expenses	36,549
Provision for promotion expenses	3,633
Advertising expenses	8,736
Retirement benefit expenses	557
Other	34,561
Total selling, general and administrative expenses	107,996
Operating profit	15,234
Non-operating income	
Interest income	236
Dividend income	422
Subsidy income	464
Rental income from real estate	617
Other	855
Total non-operating income	2,596
Non-operating expenses	
Interest expenses	22
Foreign exchange losses	325
Loss on abandonment of non-current assets	45
Loss on retirement of non-current assets	227
Other	982
Total non-operating expenses	1,603
Ordinary profit	16,227
Extraordinary income	
Gain on sales of non-current assets	784
Total extraordinary income	784
Extraordinary losses	
Business restructuring expenses	289
Extra retirement payments	117
Loss on termination of retirement benefit plan	251
Total extraordinary losses	658
Profit before income taxes	16,353
Income taxes - current	5,627
Income taxes - deferred	(499)
Total income taxes	5,127
Profit	11,225
Profit attributable to	
Profit attributable to owners of parent	10,811
Profit attributable to non-controlling interests	414

(Unit: ¥ million)

	Nine months ended September 30, 2020
Other comprehensive income	
Valuation difference on available-for-sale securities	(914)
Deferred gains or losses on hedges	(175)
Foreign currency translation adjustment	(1,663)
Remeasurements of defined benefit plans, net of tax	39
Share of other comprehensive income of entities accounted for using equity method	(272)
Total other comprehensive income	(2,986)
Comprehensive income	8,238
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	8,441
Comprehensive income attributable to non-controlling interests	(202)

(Segment Information, etc.)

[Segment Information]

I. Nine months ended September 30, 2020 (January 1, 2020- September 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)
	Confec- tionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	63,441	75,018	63,705	7,640	35,979	245,785	13,531	259,316	-	259,316
Inter-segment sales and transfers	444	57	6	155	-	664	6,855	7,519	(7,519)	-
Total	63,886	75,075	63,712	7,796	35,979	246,449	20,386	266,836	(7,519)	259,316
Segment profit or losses	2,998	6,675	2,313	645	1,348	13,980	56	14,036	1,197	15,234

(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 ¥1,197 million in segment profit or losses includes ¥1,035 million for the elimination of intersegment transactions and other adjustment amounts of ¥161 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.
Omitted due to lack of significance.

Supplementary Information

For the Fiscal Year Ending December 31, 2020

Ezaki Glico Co.,Ltd.

1. Consolidated results of operations (Cumulative)

(1) Status of Net Sales and Profit Unit:1 million yen

	FYE Dec. '19 3Q (Adjusted)	FYE Dec. '20 3Q Results	Change from previous period	
			Amount	%
Net sales	263,778	259,316	(4,461)	(1.7)
Operating profit	12,006	15,234	3,228	26.9
Ordinary profit	13,011	16,227	3,215	24.7
Profit	8,909	10,811	1,901	21.3

(2) Status of Net Sales by Geographic Segment Unit:1 million yen

	FYE Dec. '19 3Q (Adjusted)	FYE Dec. '20 3Q Results	Change from previous period	
			Amount	%
Japan	-	223,337	-	-
China	-	18,637	-	-
Southeast Asia	-	9,840	-	-
Others	-	7,502	-	-
Total	-	259,316	-	-

- *1 Sales information is based on the geographical location of customers, and it is classified by country or region.
- *2 Due to the change of the fiscal year end, adjusted net sales results by geographic segment for the fiscal year ended December 31, 2019 are not calculated.

(3) Status of Operating Profit Unit:1 million yen

	FYE Dec. '19 3Q (Adjusted)		FYE Dec. '20 3Q Results	
	Results	%	Results	%
Net sales	263,778	100.0	259,316	100.0
Cost of sales	139,217	52.8	136,085	52.5
Gross profit	124,560	47.2	123,231	47.5
Freight and charges	23,605	8.9	23,958	9.2
Sales promotion	41,524	15.7	40,182	15.5
Advertising expenses	10,379	3.9	8,736	3.4
Salaries and benefits	21,436	8.1	21,538	8.3
Expenses and depreciation	15,608	5.9	13,579	5.2
Total	112,554	42.7	107,996	41.6
Operating profit	12,006	4.6	15,234	5.9

Factors behind change in operating income	vs FYE Dec. '19 3Q (Adjusted)	Of which, is domestic
(1) Change due increase/decrease in net sales	(1,516)	(711)
(2) Change due to fluctuation in composition of sales product varieties and other	1,419	(270)
(3) Change due to increase/decrease in raw materials prices	(132)	(21)
(4) Change due to fluctuation in freight and charges ratio	(752)	(588)
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	2,282	2,298
(6) Change due to increase/decrease in SG&A	1,927	1,526
Total	3,228	2,234

(4) Status of Net Sales by Segment

Unit:1 million yen

	FYE Dec. '19 3Q (Adjusted)	FYE Dec. '20 3Q Results	Change from previous period	
			Amount	%
Confectioneries and Food Products	68,067	63,441	(4,626)	(6.8)
(Of which, is confectioneries)	54,211	49,127	(5,084)	(9.4)
(Of which, is food products)	13,855	14,314	458	3.3
Ice Cream	69,351	75,018	5,666	8.2
Dairy	66,055	63,705	(2,349)	(3.6)
Food Ingredients	8,017	7,640	(376)	(4.7)
Overseas	38,257	35,979	(2,278)	(6.0)
Other	14,027	13,531	(496)	(3.5)
Total	263,778	259,316	(4,461)	(1.7)

(5) Status of Operating Profit by Segment

Unit:1 million yen

	FYE Dec. '19 3Q (Adjusted)	FYE Dec. '20 3Q Results	Change from previous period	
			Amount	%
Confectioneries and Food Products	3,643	2,998	(645)	(17.7)
(Of which, is confectioneries)	3,514	2,214	(1,299)	(37.0)
(Of which, is food products)	128	783	654	509.1
Ice Cream	5,398	6,675	1,276	23.6
Dairy	2,137	2,313	176	8.2
Food Ingredients	622	645	23	3.7
Overseas	354	1,348	993	280.6
Other	229	56	(173)	(75.5)
Adjustment	(379)	1,197	1,577	-
Total	12,006	15,234	3,228	26.9

<Reference>

The following rates have been used for currency conversion.

FYE Dec. '19 3Q (Adjusted)	FYE Dec. '20 3Q Results
1CNY= 15.93YEN	1CNY= 15.34YEN
1THB= 3.49YEN	1THB= 3.42YEN
1USD=109.38YEN	1USD=107.48YEN

2. Consolidated financial position

Unit:1 million yen

	Dec. '19	Sept. '20	Change		Dec. '19	Sept. '20	Change
Total current assets	184,352	179,743	(4,609)	Total current liabilities	80,689	72,466	(8,223)
Cash and deposits	99,640	96,331	(3,308)	Notes and accounts payable-trade	36,020	31,362	(4,658)
Notes and accounts receivable-trade	43,788	41,472	(2,316)	Short-term loans payable	244	232	(12)
Inventories	29,873	30,990	1,116	Other	44,424	40,871	(3,552)
Other	11,050	10,949	(101)	Total non-current liabilities	42,207	41,783	(424)
Total non-current assets	159,460	159,216	(243)	Convertible bond-type bonds with share acquisition rights	30,087	30,071	(16)
Property, plant and equipment	99,807	96,552	(3,254)	Retirement benefit liability	2,831	2,770	(60)
Intangible assets	6,987	9,840	2,853	Other	9,289	8,941	(347)
Investment securities	35,302	34,817	(485)	Total liabilities	122,897	114,249	(8,647)
Real estate for investment	12,240	12,216	(24)	Total net assets	220,915	224,709	3,794
Other	5,122	5,789	666	Shareholders' equity	204,169	210,555	6,385
				Accumulated other comprehensive income	9,011	6,641	(2,369)
				Non-controlling interests	7,733	7,511	(222)
Total assets	343,812	338,959	(4,853)		343,812	338,959	(4,853)