

[Notes of caution]

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November 5, 2021

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Third 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: November 8, 2021

Scheduled commencement date of dividend payments: -

Preparation of explanatory materials for financial results: Yes

Holding of a briefing on financial results: None

(Amounts less than ¥ million are rounded down.)

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

(January 1, 2021 to September 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	
Nine months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
September 30, 2021	252,480	(2.6)	16,192	6.3	17,732	9.3	12,529	15.9
September 30, 2020	259,316	-	15,234	-	16,227	-	10,811	-

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

Nine months ended September 30, 2020: ¥8,238 million [-%]

	Earnings per share (basic)	Earnings per share (diluted)
Nine months ended	¥	¥
September 30, 2021	193.21	-
September 30, 2020	166.63	-

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

Accordingly, the consolidated financial statements 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 have not been provided.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2021	347,839	238,276	68.4
As of December 31, 2020	340,081	222,551	65.2

(Reference) Shareholders' equity: As of September 30, 2021: ¥237,938 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: 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 September 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 September 30, 2021 3,597,487 shares

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

(iii) Average number of shares during fiscal year

Nine months ended September 30, 2021 64,848,696 shares

Nine months ended September 30, 2020 64,880,295 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 September 30, 2021
Assets		
Current assets		
Cash and deposits	97,904	97,392
Notes and accounts receivable - trade	43,520	38,982
Securities	731	209
Merchandise and finished goods	13,593	16,564
Work in process	1,004	925
Raw materials and supplies	14,265	12,553
Other	6,875	5,092
Allowance for doubtful accounts	(81)	(107)
Total current assets	177,813	171,614
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,428	39,778
Machinery, equipment and vehicles, net	32,613	30,877
Tools, furniture and fixtures, net	3,414	3,878
Land	15,659	15,688
Leased assets, net	790	700
Construction in progress	4,678	7,592
Total property, plant and equipment	97,584	98,515
Intangible assets		
Software	5,425	4,464
Software in progress	4,627	9,392
Goodwill	411	398
Other	250	222
Total intangible assets	10,715	14,478
Investments and other assets		
Investment securities	35,392	44,141
Retirement benefit asset	3,175	3,544
Investment property, net	12,184	12,235
Other	3,253	3,351
Allowance for doubtful accounts	(37)	(41)
Total investments and other assets	53,967	63,232
Total non-current assets	162,267	176,225
Total assets	340,081	347,839

(Unit: ¥ million)

	As of December 31, 2020	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,552	29,472
Short-term borrowings	232	232
Accrued expenses	24,767	24,637
Income taxes payable	5,185	2,477
Provision for sales promotion expenses	3,730	3,670
Provision for bonuses for directors (and other officers)	82	—
Provision for share-based remuneration	29	—
Other	9,009	5,436
Total current liabilities	75,590	65,925
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	30,066	30,050
Long-term borrowings	345	156
Retirement benefit liability	1,228	1,367
Deferred tax liabilities	5,128	6,921
Other	5,171	5,141
Total non-current liabilities	41,939	43,637
Total liabilities	117,530	109,563
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,479	9,959
Retained earnings	205,821	213,805
Treasury shares	(9,392)	(9,164)
Total shareholders' equity	213,682	222,374
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,236	12,195
Deferred gains or losses on hedges	(179)	255
Foreign currency translation adjustment	(669)	2,539
Remeasurements of defined benefit plans	686	574
Total accumulated other comprehensive income	8,073	15,564
Non-controlling interests	795	338
Total net assets	222,551	238,276
Total liabilities and net assets	340,081	347,839

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	259,316	252,480
Cost of sales	136,085	133,335
Gross profit	123,231	119,145
Selling, general and administrative expenses		
Transportation and storage costs	23,958	23,821
Promotion expenses	36,549	32,483
Provision for promotion expenses	3,633	3,670
Advertising expenses	8,736	7,118
Retirement benefit expenses	557	353
Other	34,561	35,505
Total selling, general and administrative expenses	107,996	102,952
Operating profit	15,234	16,192
Non-operating income		
Interest income	236	251
Dividend income	422	363
Foreign exchange gains	—	202
Subsidy income	464	320
Rental income from real estate	617	409
Other	855	1,277
Total non-operating income	2,596	2,823
Non-operating expenses		
Interest expenses	22	23
Foreign exchange losses	325	—
Loss on abandonment of non-current assets	45	463
Loss on retirement of non-current assets	227	104
Other	982	692
Total non-operating expenses	1,603	1,283
Ordinary profit	16,227	17,732
Extraordinary income		
Gain on sales of non-current assets	784	758
Total extraordinary income	784	758
Extraordinary losses		
Business restructuring expenses	289	—
Extra retirement payments	117	—
Loss on sales of investment securities	—	40
Loss on termination of retirement benefit plan	251	—
Total extraordinary losses	658	40
Profit before income taxes	16,353	18,450
Income taxes - current	5,627	6,194
Income taxes - deferred	(499)	(282)
Total income taxes	5,127	5,912
Profit	11,225	12,538
Profit attributable to		
Profit attributable to owners of parent	10,811	12,529
Profit attributable to non-controlling interests	414	8

(Unit: ¥ million)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Other comprehensive income		
Valuation difference on available-for-sale securities	(914)	3,958
Deferred gains or losses on hedges	(175)	435
Foreign currency translation adjustment	(1,663)	2,979
Remeasurements of defined benefit plans, net of tax	39	(112)
Share of other comprehensive income of entities accounted for using equity method	(272)	240
Total other comprehensive income	(2,986)	7,502
Comprehensive income	8,238	20,040
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,441	20,020
Comprehensive income attributable to non-controlling interests	(202)	20

(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	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 Business , Office Glico Business, and the Systems Maintenance & Development Business .
2. The adjusted amount of ¥1,197 million in segment profit or losses includes ¥1,035million 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.

II. Nine months ended September30, 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 Business , Office Glico Business, and the Systems Maintenance & Development Business .
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.

Supplementary Information

For the Third 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	
	3Q Results	3Q Results	Amount	%
Net sales	259,316	252,480	(6,836)	(2.6)
Operating profit	15,234	16,192	957	6.3
Ordinary profit	16,227	17,732	1,505	9.3
Profit	10,811	12,529	1,718	15.9

(2) Status of Operating Profit

Unit:1 million yen

	FYE Dec. '20		FYE Dec. '21	
	3Q Results		3Q Results	
	Results	%	Results	%
Net sales	259,316	100.0	252,480	100.0
Cost of sales	136,085	52.5	133,335	52.8
Gross profit	123,231	47.5	119,145	47.2
Freight and charges	23,958	9.2	23,821	9.4
Sales promotion	40,182	15.5	36,153	14.3
Advertising expenses	8,736	3.4	7,118	2.8
Salaries and benefits	21,538	8.3	21,199	8.4
Expenses and depreciation	13,579	5.2	14,660	5.8
Total	107,996	41.6	102,952	40.8
Operating profit	15,234	5.9	16,192	6.4

Factors behind change in operating profit	vs FYE Dec. '20 3Q	Of which, is domestic
(1) Change due increase/decrease in net sales	(2,350)	(4,664)
(2) Change due to fluctuation in composition of sales product varieties and other	167	(621)
(3) Change due to increase/decrease in raw materials prices	(210)	29
(4) Change due to fluctuation in freight and charges ratio	(494)	(249)
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	4,587	4,944
(6) Change due to increase/decrease in SG&A	(742)	(246)
Total	958	(807)

(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	
		3Q Results	3Q Results	Results	%
Confectioneries and Food Products	Chocolate (including "Pocky")	30,112	27,412	(2,700)	(9.0)
	Cookies (including "Pretz")	17,807	16,297	(1,509)	(8.5)
	Food products	14,314	11,766	(2,547)	(17.8)
	Other	1,207	972	(235)	(19.5)
	Total	63,441	56,448	(6,993)	(11.0)
Ice Cream		75,018	69,220	(5,797)	(7.7)
Dairy	Yoghurt	15,260	13,255	(2,005)	(13.1)
	Drinking Milk	19,467	18,086	(1,381)	(7.1)
	Fruit juices, Carbonated drinks	16,672	17,175	502	3.0
	Western confections	8,483	8,561	78	0.9
	Baby care	3,821	3,518	(303)	(7.9)
	Total	63,705	60,596	(3,109)	(4.9)
Food Ingredients		7,640	7,941	300	3.9
Overseas		35,979	43,580	7,601	21.1
Other	Health	9,826	11,088	1,262	12.8
	Total	13,531	14,693	1,162	8.6
Total		259,316	252,480	(6,836)	(2.6)

(4) Status of Operating Profit by Segment

Unit: 1 million yen

Segment	FYE Dec. '20 3Q Results	FYE Dec. '21 3Q Results	Change from previous period	
			Amount	%
Confectioneries and Food Products	2,998	2,868	(129)	(4.3)
(Of which, is confectioneries)	2,214	2,573	358	16.2
(Of which, is food products)	783	295	(488)	(62.3)
Ice Cream	6,675	4,770	(1,904)	(28.5)
Dairy	2,313	1,910	(403)	(17.4)
Food Ingredients	645	797	151	23.5
Overseas	1,348	3,113	1,765	131.0
Other	56	992	936	1,663.1
Adjustment	1,197	1,739	541	45.2
Total	15,234	16,192	957	6.3

(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 3Q Results	FYE Dec. '21 3Q Results	Change from previous period	
			Amount	%
Net sales	1,193	1,367	173	14.6
Operating profit	63	68	5	9.2

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '20 3Q Results	FYE Dec. '21 3Q Results	Change from previous period	
			Amount	%
Net sales	92	94	2	2.7
Operating profit	(8)	(5)	3	-

※3Q FYE Dec. 2020 are converted at the average rate of exchange in effect during 3Q 2021.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '20 3Q Results	FYE Dec. '21 3Q Results	Change from previous period	
			Amount	%
Net sales	54	73	18	33.8
Operating profit	19	26	6	30.8

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