

[Notes of caution]

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May 9, 2022

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the First 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: May 10, 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 First Quarter of the Fiscal Year Ending December 31, 2022 (January 1, 2022 to March 31, 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	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three months ended								
March 31, 2022	65,420	-	4,076	(0.3)	4,794	3.2	3,332	1.6
March 31, 2021	74,293	(4.8)	4,088	18.0	4,646	19.5	3,279	27.3

(Note) Comprehensive Income: Three months ended March 31, 2022: ¥8,878 million [(12.4%)]
 Three months ended March 31, 2021: ¥10,141 million [-%]

	Earnings per share (basic)	Earnings per share (diluted)
Three months ended	¥	¥
March 31, 2022	51.34	-
March 31, 2021	50.59	-

(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 first quarter of the business year ending March 2021. The change calculated assuming said accounting standards, etc., were applied to the term ended March 2021 would be an increase of 2.7%

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of March 31, 2022	358,401	246,953	68.8
As of December 31, 2021	356,745	241,177	67.5

(Reference) Shareholders' equity: As of March 31, 2022: ¥246,551 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	-				
Fiscal year ending December 31, 2022 (Forecast)		40.00	-	40.00	80.00

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

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

(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 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 period (transfers of designated subsidiaries incidental to changes in scope of consolidation): None

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 March 31, 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 March 31, 2022 3,563,052 shares

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

(iii) Average number of shares during fiscal year

Three months ended March 31, 2022 64,898,836 shares

Three months ended March 31, 2021 64,829,687 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 March 31, 2022
Assets		
Current assets		
Cash and deposits	102,026	97,648
Notes and accounts receivable - trade	42,898	35,944
Securities	219	228
Merchandise and finished goods	15,000	17,849
Work in process	838	967
Raw materials and supplies	12,316	13,181
Other	5,409	7,825
Allowance for doubtful accounts	(83)	(87)
Total current assets	178,626	173,558
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,638	39,277
Machinery, equipment and vehicles, net	30,374	29,654
Tools, furniture and fixtures, net	4,132	3,988
Land	15,969	16,030
Leased assets, net	697	2,007
Construction in progress	10,268	14,079
Total property, plant and equipment	101,080	105,037
Intangible assets		
Software	4,340	4,215
Software in progress	11,020	12,287
Goodwill	391	407
Other	214	207
Total intangible assets	15,967	17,117
Investments and other assets		
Investment securities	41,627	42,878
Retirement benefit asset	4,340	4,488
Investment property, net	12,213	12,245
Other	3,223	3,113
Allowance for doubtful accounts	(334)	(39)
Total investments and other assets	61,071	62,686
Total non-current assets	178,118	184,842
Total assets	356,745	358,401

(Unit: ¥ million)

	As of December 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,373	28,968
Short-term borrowings	232	255
Accrued expenses	25,293	20,931
Income taxes payable	3,207	2,238
Refund liability	—	6,924
Provision for sales promotion expenses	4,106	—
Provision for bonuses for directors (and other officers)	67	67
Provision for share awards	21	—
Provision for loss on guarantees	—	120
Other	6,848	6,608
Total current liabilities	72,150	66,114
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	30,044	30,039
Long-term borrowings	77	—
Retirement benefit liability	1,299	1,354
Deferred tax liabilities	7,006	7,477
Other	4,988	6,461
Total non-current liabilities	43,416	45,332
Total liabilities	115,567	111,447
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,959	9,959
Retained earnings	214,795	214,961
Treasury shares	(9,057)	(8,987)
Total shareholders' equity	223,470	223,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,277	11,965
Deferred gains or losses on hedges	253	563
Foreign currency translation adjustment	4,758	9,349
Remeasurements of defined benefit plans	1,030	966
Total accumulated other comprehensive income	17,320	22,844
Non-controlling interests	386	402
Total net assets	241,177	246,953
Total liabilities and net assets	356,745	358,401

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	74,293	65,420
Cost of sales	38,720	40,486
Gross profit	35,573	24,933
Selling, general and administrative expenses		
Transportation and storage costs	7,051	5,989
Promotion expenses	7,907	1,909
Provision for promotion expenses	3,296	—
Advertising expenses	1,795	1,385
Retirement benefit expenses	163	53
Other	11,270	11,519
Total selling, general and administrative expenses	31,485	20,857
Operating profit	4,088	4,076
Non-operating income		
Interest income	83	91
Dividend income	45	24
Foreign exchange gains	—	156
Subsidy income	309	401
Other	513	677
Total non-operating income	951	1,351
Non-operating expenses		
Interest expenses	6	16
Foreign exchange losses	88	—
Loss on abandonment of non-current assets	30	244
Provision for loss on guarantees	—	120
Other	268	251
Total non-operating expenses	393	633
Ordinary profit	4,646	4,794
Extraordinary income		
Gain on sale of non-current assets	737	—
Gain on sale of investment securities	—	20
Total extraordinary income	737	20
Extraordinary losses		
Loss on sale of investment securities	40	—
Total extraordinary losses	40	—
Profit before income taxes	5,342	4,815
Income taxes - current	1,551	1,549
Income taxes - deferred	495	(74)
Total income taxes	2,047	1,475
Profit	3,295	3,339
Profit attributable to		
Profit attributable to owners of parent	3,279	3,332
Profit attributable to non-controlling interests	15	7

(Unit: ¥ million)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Other comprehensive income		
Valuation difference on available-for-sale securities	3,243	687
Deferred gains or losses on hedges	490	310
Foreign currency translation adjustment	2,954	4,291
Remeasurements of defined benefit plans, net of tax	(2)	(64)
Share of other comprehensive income of entities accounted for using equity method	159	314
Total other comprehensive income	6,845	5,539
Comprehensive income	10,141	8,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,103	8,856
Comprehensive income attributable to non-controlling interests	37	22

(Segment Information, etc.)

[Segment Information]

I. Three months ended March 31, 2021 (January 1, 2021- March 31, 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	19,864	15,954	18,440	2,283	13,460	70,003	4,290	74,293	-	74,293
Inter-segment sales and transfers	175	12	1	54	-	243	3,010	3,253	(3,253)	-
Total	20,039	15,966	18,442	2,338	13,460	70,247	7,300	77,547	(3,253)	74,293
Segment profit	1,288	(13)	79	215	1,398	2,967	168	3,135	952	4,088

(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 ¥952 million in segment profit or losses includes ¥437 million for the elimination of intersegment transactions and other adjustment amounts of ¥515 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. Three months ended March 31, 2022 (January 1, 2022- March 31, 2022)

1. Information on net sales and profit or losses by reportable segment

(Unit: ¥ million)

	Reportable segments						Other	Total	Reconciling items	Per quarterly consolidated financial statements
	Confectioneries and Food Products	Ice Cream	Dairy	Food Ingredients	Overseas	Reportable segments				
Sales										
Revenues from external customers	15,936	14,193	15,687	2,253	13,238	61,310	4,110	65,420	-	65,420
Transactions with other segments	191	8	1	55	-	256	2,667	2,924	△2,924	-
Net sales	16,128	14,201	15,688	2,309	13,238	61,567	6,778	68,345	△2,924	65,420
Operating profit (loss)	1,412	△456	△121	251	701	1,787	385	2,173	1,902	4,076

(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 ¥1,902 million in segment profit or losses includes ¥427 million for the elimination of intersegment transactions and other adjustment amounts of ¥1,475 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 First 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 Mar.) *new standards	FYE Dec. '22 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	63,676	65,420	1,743	2.7
Operating profit	4,088	4,076	(11)	(0.3)
Ordinary profit	4,646	4,794	148	3.2
Profit	3,279	3,332	52	1.6

(2) Status of Operating Profit

Unit:1 million yen

	FYE Dec. '22 (Jan. to Mar.) *new standards		FYE Dec. '22 (Jan. to Mar.)	
	(Jan. to Dec.)	%	(Jan. to Dec.)	%
Net sales	63,676	100.0	65,420	100.0
Cost of sales	38,720	60.8	40,486	61.9
Gross profit	24,956	39.2	24,933	38.1
Freight and charges	5,512	8.7	5,989	9.2
Promotion expenses	2,125	3.3	1,909	2.9
Advertising expenses	1,795	2.8	1,385	2.1
Salaries and benefits	6,825	10.7	6,987	10.7
Expenses and depreciation	4,609	7.2	4,584	7.0
Total	20,868	32.8	20,857	31.9
Operating profit	4,088	6.4	4,076	6.2

Factors behind change in operating profit	vs FYE Dec. '21 (Jan. to Mar.)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	638	(200)
(2) Change due to fluctuation in composition of sales product varieties and other	208	156
(3) Change due to increase/decrease in raw materials prices	(1,079)	(630)
(4) Change due to fluctuation in freight and charges ratio	(326)	93
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	684	1,130
(6) Change due to increase/decrease in SG&A expenses	(136)	136
Total	(11)	685

(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 Mar.) *new standards	FYE Dec. '22 (Jan. to Mar.)	Change from previous period	
				Results	%
Confectioneries and Food Products	Chocolate	8,726	8,123	(602)	(6.9)
	Cookies	4,317	4,454	137	3.2
	Food products	2,885	2,975	90	3.1
	Other	370	382	11	3.2
	Total	16,299	15,936	(362)	(2.2)
Ice Cream		14,004	14,193	189	1.4
Dairy	Yoghurt	3,682	3,065	(616)	(16.8)
	Drinking Milk	4,873	4,739	(134)	(2.8)
	Fruit juices, Carbonated drinks	4,376	4,270	(105)	(2.4)
	Western confections	2,313	2,592	279	12.1
	Baby care	1,005	1,018	12	1.3
	Total	16,251	15,687	(564)	(3.5)
Food Ingredients		2,278	2,253	(24)	(1.1)
Overseas		10,881	13,238	2,357	21.7
Other	Health	2,789	2,892	103	3.7
	Total	3,961	4,110	148	3.8
Total		63,676	65,420	1,743	2.7

(4) Status of Operating Profit by Segment

Unit: 1 million yen

Segment	FYE Dec. '21 (Jan. to Mar.) *new standards	FYE Dec. '22 (Jan. to Mar.)	Change from previous period	
			Amount	%
Confectioneries and Food Products	1,288	1,412	124	9.7
(Of which, is confectioneries)	1,244	1,331	86	7.0
(Of which, is food products)	43	81	37	85.9
Ice Cream	(13)	(456)	(442)	-
Dairy	79	(121)	(201)	-
Food Ingredients	215	251	36	16.9
Overseas	1,398	701	(696)	(49.8)
Other	168	385	217	129.5
Adjustment	952	1,902	950	99.8
Total	4,088	4,076	(11)	(0.3)

(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 Mar.) *new standards	FYE Dec. '22 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	324	319	(5)	(1.5)
Operating profit	41	17	(23)	(56.3)

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '21 (Jan. to Mar.) *new standards	FYE Dec. '22 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	21	28	7	33.3
Operating profit	(1)	(1)	(0)	-

*Actual results for the 1Q of the fiscal year ended December 31, 2021 have been replaced by the average rate for the 1Q of the fiscal year ended December 31, 2022.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '21 (Jan. to Mar.)	FYE Dec. '22 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	24	24	0	3.2
Operating profit	9	6	(2)	(29.1)

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