

[Notes of caution]

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February 12, 2021

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

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 date of Annual Shareholders' Meeting: March 24, 2021

Scheduled filing date of securities report: March 25, 2021

Scheduled commencement date of dividend payments: March 5, 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 Fiscal Year Ended December 31, 2020

(January 1, 2020 to December 31, 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	
Fiscal year ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
December 31, 2020	344,048	-	18,523	-	19,641	-	11,836	-
December 31, 2019	288,187	-	15,605	-	17,002	-	12,047	-

(Note) Comprehensive Income: Fiscal year ended December 31, 2020: ¥11,322 million [- %]

Fiscal year ended December 31, 2019: ¥9,057 million [- %]

	Earnings per share (basic)	Earnings per share (diluted)	Return on Equity	Ordinary profit to total asset ratio	Operating profit to net sales ratio
Fiscal year ended	¥	¥	%	%	%
December 31, 2020	182.48	-	5.4	5.7	5.4
December 31, 2019	185.31	-	5.6	4.9	5.4

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended December 31, 2020: ¥261 million

Fiscal year ended December 31, 2019: ¥181 million

The Company changed its fiscal year end from March 31 to December 31 from the fiscal year ended December 31, 2019 upon the resolution of "Partial Amendment of Articles of Incorporation" at the 114th Annual Shareholders Meeting held on June 25, 2019. As a result, the length of the current fiscal year (from January 1, 2020 until December 31, 2020) is different from the length of the previous fiscal year (from April 1, 2019 until December 31, 2019), which is the comparison fiscal year. Therefore, the percentages indicating year-on-year changes are not presented. For the previous fiscal year, the period for consolidated accounting of the Company and its domestic subsidiaries whose fiscal year end was March 31 is the nine-month period from April 1, 2019 until December 31, 2019. The period for consolidated accounting of overseas subsidiaries whose fiscal year end is already December 31 is the twelve-month period from January 1, 2019 until December 31, 2019.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	¥ million	¥ million	%	¥
December 31, 2020	340,081	222,551	65.2	3,420.92
December 31, 2019	343,812	220,915	62.0	3,284.19

(Reference) Shareholders' equity: As of December 31, 2020: ¥221,755 million

As of December 31, 2019: ¥213,181 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	¥ million	¥ million	¥ million	¥ million
December 31, 2020	17,218	(12,444)	(9,738)	92,449
December 31, 2019	17,344	(9,022)	(9,616)	98,005

2. Dividend Status

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets ratio (consolidated)
	1Q end	2Q end	3Q end	Year end	Total			
Fiscal year ended	¥	¥	¥	¥	¥	¥ million	%	%
December 31, 2019	-	30.00	-	30.00	60.00	3,895	32.4	1.8
December 31, 2020	-	30.00	-	35.00	65.00	4,221	35.6	1.9
Fiscal year ending December 31, 2021 (Forecast)	-	35.00	-	35.00	70.00		37.8	

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	350,000	1.7	19,000	2.6	19,500	(0.7)	12,000	1.4	185.12

*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 2 Companies (company name) PT Glico Manufacturing Indonesia, Glico Manufacturing Japan Co., Ltd.

Eliminated – Company (company name)

- (2) 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

- (3) Number of shares issued (common stock)

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

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

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

- (iii) Average number of shares during fiscal year

Fiscal year ended December 31, 2020 64,864,039 shares

Fiscal year ended December 31, 2019 65,013,019 shares

* Summaries of financial results are exempt from audit 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 December 31, 2020
Assets		
Current assets		
Cash and deposits	99,640	97,904
Notes and accounts receivable - trade	43,788	43,520
Securities	5,968	731
Merchandise and finished goods	14,061	13,593
Work in process	795	1,004
Raw materials and supplies	15,016	14,265
Advance payments - trade	100	24
Prepaid expenses	800	705
Short-term loans receivable	44	23
Other	4,186	6,122
Allowance for doubtful accounts	(50)	(81)
Total current assets	184,352	177,813
Non-current assets		
Property, plant and equipment		
Buildings and structures	80,573	80,403
Accumulated depreciation and impairment loss	(39,916)	(39,974)
Buildings and structures, net	40,656	40,428
Machinery, equipment and vehicles	123,428	125,472
Accumulated depreciation and impairment loss	(87,475)	(92,859)
Machinery, equipment and vehicles, net	35,953	32,613
Tools, furniture and fixtures	24,799	24,789
Accumulated depreciation and impairment loss	(21,149)	(21,375)
Tools, furniture and fixtures, net	3,649	3,414
Land	15,259	15,659
Leased assets	1,385	1,976
Accumulated depreciation and impairment loss	(871)	(1,186)
Leased assets, net	513	790
Construction in progress	3,774	4,678
Total property, plant and equipment	99,807	97,584
Intangible assets		
Software	4,776	5,425
Software in progress	1,441	4,627
Goodwill	489	411
Other	279	250
Total intangible assets	6,987	10,715
Investments and other assets		
Investment securities	35,302	35,392
Long-term loans receivable	72	49
Long-term prepaid expenses	133	673
Retirement benefit asset	1,901	3,175
Investment property	12,605	12,555
Accumulated depreciation and impairment loss	(364)	(370)
Investment property, net	12,240	12,184
Deferred tax assets	798	737
Other	2,269	1,793
Allowance for doubtful accounts	(53)	(37)
Total investments and other assets	52,665	53,967
Total non-current assets	159,460	162,267
Total assets	343,812	340,081

(Unit: ¥ million)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,020	32,552
Short-term borrowings	244	232
Accrued expenses	28,413	24,767
Income taxes payable	4,266	5,185
Provision for sales promotion expenses	2,977	3,730
Provision for bonuses for directors (and other officers)	36	82
Provision for share-based remuneration	30	29
Provision for loss on guarantees	134	-
Other	8,565	9,009
Total current liabilities	80,689	75,590
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	30,087	30,066
Long-term borrowings	-	345
Retirement benefit liability	2,831	1,228
Deferred tax liabilities	4,186	5,128
Other	5,102	5,171
Total non-current liabilities	42,207	41,939
Total liabilities	122,897	117,530
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	7,459	9,479
Retained earnings	197,881	205,821
Treasury shares	(8,944)	(9,392)
Total shareholders' equity	204,169	213,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,835	8,236
Deferred gains or losses on hedges	73	(179)
Foreign currency translation adjustment	45	(669)
Remeasurements of defined benefit plans	56	686
Total accumulated other comprehensive income	9,011	8,073
Non-controlling interests	7,733	795
Total net assets	220,915	222,551
Total liabilities and net assets	343,812	340,081

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	288,187	344,048
Cost of sales	150,127	181,640
Gross profit	138,060	162,407
Selling, general and administrative expenses		
Transportation and storage costs	24,855	31,493
Promotion expenses	42,776	49,111
Provision for promotion expenses	2,977	3,730
Advertising expenses	11,717	12,131
Provision of allowance for doubtful accounts	(0)	25
Salaries and allowances	14,182	17,459
Bonuses	4,069	5,349
Provision for bonuses for directors (and other officers)	36	82
Provision for share-based remuneration	30	29
Retirement benefit expenses	723	724
Welfare expenses	4,127	5,209
Depreciation	2,354	3,557
Other	14,602	14,978
Total selling, general and administrative expenses	122,454	143,884
Operating profit	15,605	18,523
Non-operating income		
Interest income	434	360
Dividend income	720	672
Rental income from real estate	602	818
Subsidy income	534	468
Other	934	1,185
Total non-operating income	3,227	3,504
Non-operating expenses		
Interest expenses	11	32
Donations	113	274
Foreign exchange losses	315	258
Loss on abandonment of non-current assets	235	131
Loss on retirement of non-current assets	238	673
Depreciation of inactive non-current assets	211	207
Provision for loss on guarantees	134	-
Other	571	808
Total non-operating expenses	1,831	2,386
Ordinary profit	17,002	19,641

(Unit: ¥ million)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Extraordinary income		
Gain on sales of non-current assets	1,621	1,307
Gain on sales of investment securities	5,647	-
Total extraordinary income	7,268	1,307
Extraordinary losses		
Impairment loss	3,249	555
Business restructuring expenses	75	364
Loss on valuation of investment securities	650	-
Extra retirement payments	18	93
Loss on termination of retirement benefit plan	-	251
Other	92	-
Total extraordinary losses	4,087	1,265
Profit before income taxes	20,183	19,683
Income taxes - current	6,909	5,874
Income taxes - deferred	862	1,166
Total income taxes	7,771	7,040
Profit	12,411	12,643
Profit attributable to		
Profit attributable to owners of parent	12,047	11,836
Profit attributable to non-controlling interests	364	806
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,716)	(599)
Deferred gains or losses on hedges	0	(253)
Foreign currency translation adjustment	231	(947)
Remeasurements of defined benefit plans, net of tax	281	629
Share of other comprehensive income of entities accounted for using equity method	(153)	(150)
Total other comprehensive income	(3,354)	(1,320)
Comprehensive income	9,057	11,322
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,263	10,898
Comprehensive income attributable to non-controlling interests	793	424

(Segment Information, etc.)

[Segment Information]

I. Previous fiscal year (April 1, 2019- December 31, 2019)

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 consolidated financial statements (Note 3)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	71,789	73,353	67,032	8,314	53,200	273,690	14,496	288,187	-	288,187
Inter-segment sales and transfers	598	84	8	164	-	855	4,531	5,386	(5,386)	-
Total	72,388	73,437	67,040	8,479	53,200	274,546	19,028	293,574	(5,386)	288,187
Segment profit	5,236	6,209	2,386	648	1,260	15,742	251	15,993	(388)	15,605
Segment assets	49,584	39,138	29,574	5,650	26,993	150,941	1,390	152,331	191,480	343,812
Other items										
Depreciation	2,742	3,062	1,213	105	1,583	8,707	200	8,907	1,937	10,845
Amount of increases in property, plant and equipment and intangible assets	3,200	1,799	1,824	225	1,395	8,445	98	8,543	5,152	13,696

(Notes)

1. The "Others" category is a business segment not included in reportable segments, and includes the Health segment, Office Glico segment, and the Systems Maintenance & Development Business segment.
2. The "Adjusted amount" of negative ¥388 million in segment profit or losses includes ¥1,740 million for the elimination of intersegment transactions and other adjustment amounts, and companywide expenses, etc. of negative ¥2,128 million which are not allocated to any reporting segment. Companywide expenses, etc. are mainly selling, general and administrative expenses that are not attributable to any reportable segment. The "Adjusted amount" of ¥191,480 million in "Segment assets" represents corporate assets that are not attributable to any reportable segment. The "Adjusted amount" of ¥1,937 million in "Depreciation" and ¥5,152 million in "Amount of increases in property, plant and equipment and intangible assets" under "Other items" represent corporate amortization that is not attributable to any reportable segment, and corporate assets acquired.
3. The total amount for segment profit is adjusted based on the operating profit recorded for consolidated financial statements.

II. Current fiscal year (January 1, 2020- December 31, 2020)

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 consolidated financial statements (Note 3)
	Confectionaries and Food- Products	Ice Cream	Dairy	Food Ingredients	Overseas	Subtotal				
Net sales										
Sales to third parties	89,280	92,302	83,445	10,059	50,998	326,087	17,961	344,048	-	344,048
Inter-segment sales and transfers	690	72	7	200	-	971	9,026	9,997	(9,997)	-
Total	89,971	92,375	83,453	10,260	50,998	327,058	26,987	354,046	(9,997)	344,048
Segment profit	4,963	6,134	2,522	879	2,581	17,081	281	17,363	1,159	18,523
Segment assets	49,841	38,815	27,020	5,574	26,967	148,219	2,507	150,726	189,354	340,081
Other items										
Depreciation	3,904	4,057	1,652	156	1,704	11,473	277	11,751	2,825	14,577
Amount of increases in property, plant and equipment and intangible assets	2,332	2,139	1,746	375	4,045	10,639	153	10,792	7,021	17,814

(Notes)

1. The “Others” category is a business segment not included in reportable segments, and includes the Health segment, Office Glico segment, and the Systems Maintenance & Development Business segment.
2. The “Adjusted amount” of ¥1,159 million in segment profit or losses includes ¥1,401 million for the elimination of intersegment transactions and other adjustment amounts, and companywide expenses, etc. of negative ¥241 million which are not allocated to any reporting segment. Companywide expenses, etc. are mainly selling, general and administrative expenses that are not attributable to any reportable segment. The “Adjusted amount” of ¥189,354 million in “Segment assets” represents corporate assets that are not attributable to any reportable segment. The “Adjusted amount” of ¥2,825 million in “Depreciation” and ¥7,021 million in “Amount of increases in property, plant and equipment and intangible assets” under “Other items” represent corporate amortization that is not attributable to any reportable segment, and corporate assets acquired.
3. The total amount for segment profit is adjusted based on the operating profit recorded for consolidated financial statements.

Supplementary Information

For the Fiscal Year Ended 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 (Adjusted)	FYE Dec. '20	Change from previous period	
			Amount	%
Net sales	353,686	344,048	(9,637)	(2.7)
Operating profit	16,259	18,523	2,264	13.9
Ordinary profit	17,522	19,641	2,119	12.1
Profit	12,125	11,836	(289)	(2.4)

(2) Status of Net Sales by Geographic Segment

Unit: 1 million yen

	FYE Dec. '19 (Adjusted)	FYE Dec. '20	Change from previous period	
			Amount	%
Japan	-	293,049	-	-
China	-	27,211	-	-
Southeast Asia	-	13,541	-	-
U.S.A.	-	8,215	-	-
Others	-	2,029	-	-
Total	-	344,048	-	-

*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		FYE Dec. '20	
	(Adjusted)	%	Results	%
Net sales	353,686	100.0	344,048	100.0
Cost of sales	185,984	52.6	181,640	52.8
Gross profit	167,702	47.4	162,407	47.2
Freight and charges	31,255	8.8	31,493	9.2
Sales promotion	55,853	15.8	52,841	15.4
Advertising expenses	13,929	3.9	12,131	3.5
Salaries and benefits	29,359	8.3	28,855	8.4
Expenses and depreciation	21,045	6.0	18,562	5.4
SG&A expenses	151,443	42.8	143,884	41.8
Operating profit	16,259	4.6	18,523	5.4

Factors behind change in operating profit	vs FYE Dec. '19 (Adjusted)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	(2,805)	(1,934)
(2) Change due to fluctuation in composition of sales product varieties and other	137	(1,586)
(3) Change due to increase/decrease in raw materials prices	(253)	(154)
(4) Change due to fluctuation in freight and charges ratio	(1,089)	(914)
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	3,287	3,147
(6) Change due to increase/decrease in SG&A	2,987	2,290
Total	2,264	849

(4) Status of Net Sales by Segment

Unit: 1 million yen

	FYE Dec. '19 (Adjusted)	FYE Dec. '20	Change from previous period	
			Amount	%
Confectioneries and Food Products	96,194	89,280	(6,914)	(7.2)
(Of which, is confectioneries)	76,950	70,223	(6,727)	(8.7)
(Of which, is food products)	19,244	19,057	(187)	(1.0)
Ice Cream	87,353	92,302	4,948	5.7
Dairy	87,610	83,445	(4,164)	(4.8)
Food Ingredients	10,607	10,059	(548)	(5.2)
Overseas	53,429	50,998	(2,430)	(4.5)
Other	18,490	17,961	(528)	(2.9)
Total	353,686	344,048	(9,637)	(2.7)

(5) Status of Operating Profit by Segment

Unit: 1 million yen

	FYE Dec. '19 (Adjusted)	FYE Dec. '20	Change from previous period	
			Amount	%
Confectioneries and Food Products	6,643	4,963	(1,680)	(25.3)
(Of which, is confectioneries)	6,219	4,075	(2,144)	(34.5)
(Of which, is food products)	423	887	463	109.5
Ice Cream	6,012	6,134	122	2.0
Dairy	2,644	2,522	(121)	(4.6)
Food Ingredients	764	879	115	15.0
Overseas	1,166	2,581	1,414	121.3
Other	375	281	(93)	(24.9)
Adjustment	(1,347)	1,159	2,507	-
Total	16,259	18,523	2,264	13.9

<Reference>

The following rates have been used for currency conversion.

FYE Dec. '19 (Adjusted)	FYE Dec. '20
1CNY= 15.85YEN	1CNY= 15.44YEN
1THB= 3.52YEN	1THB= 3.42YEN
1USD=109.37YEN	1USD=106.67YEN

2.Consolidated financial position

Unit: 1 million yen

	Dec. '19	Dec. '20	Change		Dec. '19	Dec. '20	Change
Total current assets	184,352	177,813	(6,538)	Total current liabilities	80,689	75,590	(5,099)
Cash and deposits	99,640	97,904	(1,735)	Notes and accounts payable-trade	36,020	32,552	(3,468)
Notes and accounts receivable-trade	43,788	43,520	(268)	Short-term borrowings	244	232	(12)
Inventories	29,873	28,863	(1,009)	Other	44,424	42,805	(1,618)
Other	11,050	7,525	(3,524)	Total non-current liabilities	42,207	41,939	(268)
Total non-current assets	159,460	162,267	2,807	Convertible bond-type bonds with share acquisition rights	30,087	30,066	(21)
Property, plant and equipment	99,807	97,584	(2,222)	Retirement benefit liability	2,831	1,228	(1,603)
Intangible assets	6,987	10,715	3,727	Other	9,289	10,645	1,356
Investment securities	35,302	35,392	89	Total liabilities	122,897	117,530	(5,367)
Investment property	12,240	12,184	(56)	Total net assets	220,915	222,551	1,636
Other	5,122	6,391	1,268	Shareholders' equity	204,169	213,682	9,512
				Accumulated other comprehensive income	9,011	8,073	(938)
				Non-controlling interests	7,733	795	(6,937)
Total assets	343,812	340,081	(3,731)	Total liabilities and net assets	343,812	340,081	(3,731)