

[Notes of caution]

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May 9, 2023

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2023

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, 2023
 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, 2023 (January 1, 2023 to March 31, 2023)

(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, 2023	71,075	8.6	3,900	(4.3)	5,303	10.6	4,230	26.9
March 31, 2022	65,420	-	4,076	(0.3)	4,794	3.2	3,332	1.6

(Note) Comprehensive Income: Three months ended March 31, 2023: ¥6,036 million [(32.0)%]
 Three months ended March 31, 2022: ¥8,878 million [(12.4)%]

	Earnings per share (basic)	Earnings per share (diluted)
Three months ended	¥	¥
March 31, 2023	66.52	-
March 31, 2022	51.34	-

(Note) From the beginning of the fiscal year ended December 31, 2022, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations. 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.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of March 31, 2023	358,395	248,247	69.1
As of December 31, 2022	369,056	244,760	66.2

(Reference) Shareholders' equity: As of March 31, 2023: ¥247,789 million
 As of December 31, 2022: ¥244,291 million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended December 31, 2022	¥ -	¥ 40.00	¥ -	¥ 40.00	¥ 80.00
Fiscal year ending December 31, 2023	-				
Fiscal year ending December 31, 2023 (Forecast)		40.00	-	40.00	80.00

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

Dividends for the second quarter of the fiscal year ended December 31, 2022: Ordinary dividends: ¥35

Commemorative dividends: ¥5

Dividends for the year end of the fiscal year ended December 31, 2022: Ordinary dividends: ¥35

Commemorative dividends: ¥5

3. Consolidated Performance Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(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	317,000	4.3	16,000	24.6	17,000	24.6	10,000	23.5	157.26

(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.: 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, 2023 68,468,569 shares

As of December 31, 2022 68,468,569 shares

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

As of March 31, 2023 4,877,887 shares

As of December 31, 2022 4,877,747 shares

(iii) Average number of shares during fiscal year

Three months ended March 31, 2023 63,590,746 shares

Three months ended March 31, 2022 64,898,836 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	91,705	84,286
Notes and accounts receivable - trade	45,372	36,999
Securities	226	230
Merchandise and finished goods	17,861	20,520
Work in process	891	1,118
Raw materials and supplies	14,093	14,110
Other	8,130	7,996
Allowance for doubtful accounts	(113)	(110)
Total current assets	178,168	165,150
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	41,225	40,633
Machinery, equipment and vehicles, net	34,538	36,826
Tools, furniture and fixtures, net	4,702	4,630
Land	15,984	16,033
Leased assets, net	2,161	2,650
Construction in progress	11,426	9,737
Total property, plant and equipment	110,038	110,511
Intangible assets		
Software	4,401	4,144
Software in progress	16,746	17,538
Goodwill	352	337
Other	181	174
Total intangible assets	21,682	22,195
Investments and other assets		
Investment securities	39,265	40,256
Retirement benefit asset	4,432	4,522
Investment property, net	12,214	12,257
Other	3,295	3,541
Allowance for doubtful accounts	(39)	(39)
Total investments and other assets	59,168	60,537
Total non-current assets	190,888	193,244
Total assets	369,056	358,395

(Unit: ¥ million)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,430	29,810
Accrued expenses	24,789	19,635
Income taxes payable	2,562	1,858
Refund liability	7,256	6,738
Current portion of convertible bond-type bonds with share acquisition rights	—	30,017
Provision for bonuses for directors (and other officers)	73	73
Other	8,762	7,306
Total current liabilities	79,875	95,440
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	30,023	—
Retirement benefit liability	1,350	1,357
Deferred tax liabilities	6,633	6,614
Other	6,414	6,735
Total non-current liabilities	44,421	14,707
Total liabilities	124,296	110,147
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,894	9,894
Retained earnings	217,184	218,871
Treasury shares	(13,806)	(13,807)
Total shareholders' equity	221,046	222,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,945	11,431
Deferred gains or losses on hedges	(59)	(82)
Foreign currency translation adjustment	11,756	13,157
Remeasurements of defined benefit plans	602	551
Total accumulated other comprehensive income	23,245	25,057
Non-controlling interests	468	457
Total net assets	244,760	248,247
Total liabilities and net assets	369,056	358,395

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	65,420	71,075
Cost of sales	40,486	44,761
Gross profit	24,933	26,313
Selling, general and administrative expenses		
Transportation and storage costs	5,989	5,809
Promotion expenses	1,909	2,124
Advertising expenses	1,385	1,718
Salaries and allowances	4,328	4,579
Retirement benefit expenses	53	127
Other	7,190	8,052
Total selling, general and administrative expenses	20,857	22,412
Operating profit	4,076	3,900
Non-operating income		
Interest income	91	170
Dividend income	24	37
Foreign exchange gains	156	601
Subsidy income	401	113
Other	677	722
Total non-operating income	1,351	1,645
Non-operating expenses		
Interest expenses	16	17
Loss on abandonment of non-current assets	244	0
Provision for loss on guarantees	120	—
Other	251	225
Total non-operating expenses	633	242
Ordinary profit	4,794	5,303
Extraordinary income		
Gain on sale of investment securities	20	—
Total extraordinary income	20	—
Extraordinary losses		
Loss on liquidation of subsidiaries	—	30
Total extraordinary losses	—	30
Profit before income taxes	4,815	5,272
Income taxes - current	1,549	1,390
Income taxes - deferred	(74)	(352)
Total income taxes	1,475	1,038
Profit	3,339	4,233
Profit attributable to		
Profit attributable to owners of parent	3,332	4,230
Profit attributable to non-controlling interests	7	3

(Unit: ¥ million)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Other comprehensive income		
Valuation difference on available-for-sale securities	687	485
Deferred gains or losses on hedges	310	(22)
Foreign currency translation adjustment	4,291	1,169
Remeasurements of defined benefit plans, net of tax	(64)	(51)
Share of other comprehensive income of entities accounted for using equity method	314	221
Total other comprehensive income	5,539	1,802
Comprehensive income	8,878	6,036
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,856	6,042
Comprehensive income attributable to non-controlling interests	22	(6)

(Segment Information, etc.)
 [Segment Information]

I. 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 Segment							Adjusted amount (Note)1	Amounts indicated on quarterly consolidated financial statements (Note)2
	Health and Food Business	Dairy Food Business	Nutritional Confectionery Business	Food Ingredients Business	Other Domestic Business	Overseas Business	Total		
Net sales									
Revenue from contracts with customers	9,159	14,040	13,733	2,253	12,994	13,238	65,420	-	65,420
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	9,159	14,040	13,733	2,253	12,994	13,238	65,420	-	65,420
Inter-segment sales and transfers	-	-	-	55	2,667	-	2,723	(2,723)	-
Total	9,159	14,040	13,733	2,309	15,662	13,238	68,144	(2,723)	65,420
Segment profit	104	(462)	1,359	251	192	701	2,147	1,928	4,076

(Notes)

1. The adjusted amount of ¥1,928 million in segment profit or losses includes ¥420 million for the elimination of intersegment transactions and other adjustment amounts of ¥1,508 million in companywide expenses not allocated to any reporting segment.
 2. 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, 2023 (January 1, 2023- March 31, 2023)

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

(Unit: ¥ million)

	Reportable Segment							Adjusted amount (Note)1	Amounts indicated on quarterly consolidated financial statements (Note)2
	Health and Food Business	Dairy Food Business	Nutritional Confectionery Business	Food Ingredients Business	Other Domestic Business	Overseas Business	Total		
Net sales									
Revenue from contracts with customers	9,454	14,285	14,208	2,697	13,647	16,780	71,075	-	71,075
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	9,454	14,285	14,208	2,697	13,647	16,780	71,075	-	71,075
Inter-segment sales and transfers	-	-	-	78	2,386	-	2,465	(2,465)	-
Total	9,454	14,285	14,208	2,776	16,034	16,780	73,540	(2,465)	71,075
Segment profit	(119)	(539)	1,622	584	592	794	2,934	965	3,900

(Notes)

1. The adjusted amount of ¥965 million in segment profit or losses includes ¥510 million for the elimination of intersegment transactions and other adjustment amounts of ¥455 million in companywide expenses not allocated to any reporting segment.
2. 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
From the beginning of the fiscal year ending December 31, 2023, the Company has changed its reportable segments from "Confectioneries and Food Products" "Ice Cream" "Dairy" "Food Ingredients" "Overseas" to "Health and Food Business" "Dairy Food Business" "Nutritional Confectionery Business" "Food Ingredients Business" "Other Domestic Business" "Overseas Business" due to reorganization. The segment information for the first quarter of the fiscal year ended December 31, 2022 has been presented based on the segment classifications after the change.

Supplementary Information

For the First Quarter of the Fiscal Year Ending December 31, 2023

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. '22 (Jan. to Mar.)	FYE Dec. '23 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	65,420	71,075	5,654	8.6
Operating profit	4,076	3,900	(175)	(4.3)
Ordinary profit	4,794	5,303	508	10.6
Profit	3,332	4,230	897	26.9

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

	FYE Dec. '22 (Jan. to Mar.)		FYE Dec. '23 (Jan. to Mar.)	
	(Jan. to Mar.)	%	(Jan. to Mar.)	%
Net sales	65,420	100.0	71,075	100.0
Cost of sales	40,486	61.9	44,761	63.0
Gross profit	24,933	38.1	26,313	37.0
Freight and charges	5,989	9.2	5,809	8.2
Promotion expenses	1,909	2.9	2,124	3.0
Advertising expenses	1,385	2.1	1,718	2.4
Salaries and benefits	6,987	10.7	7,437	10.5
Expenses and depreciation	4,584	7.0	5,323	7.5
Total	20,857	31.9	22,412	31.5
Operating profit	4,076	6.2	3,900	5.5

Factors behind change in operating profit	vs FYE Dec. '22 (Jan. to Mar.)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	2,013	692
(2) Change due to increase/decrease in raw materials prices	(1,938)	(1,897)
(3) Change due to increase/decrease from other changes in cost of sales*	623	1,783
(4) Change due to fluctuation in freight and charges ratio	697	190
(5) Change due to increase/decrease in sales promotion expenses / advertising expenses	(382)	(256)
(6) Change due to increase/decrease in SG&A expenses	(1,189)	(780)
Total	(176)	(268)

*Including fluctuation in composition of sales product varieties and other

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

Segment	FYE Dec. '22 (Jan. to Mar.)	FYE Dec. '23 (Jan. to Mar.)	Change from previous period	
			Results	%
Health and Food Business	9,159	9,454	295	3.2
Dairy Food Business	14,040	14,285	245	1.7
Nutritional Confectionery Business	13,733	14,208	474	3.5
Food Ingredients Business	2,253	2,697	444	19.7
Other Domestic Business	12,994	13,647	653	5.0
Overseas Business	13,238	16,780	3,541	26.8
Total	65,420	71,075	5,654	8.6

(4) Status of Operating Profit by Segment

Unit: 1 million yen

Segment	FYE Dec. '22 (Jan. to Mar.)	FYE Dec. '23 (Jan. to Mar.)	Change from previous period	
			Amount	%
Health and Food Business	104	(119)	(224)	-
Dairy Food Business	(462)	(539)	(76)	-
Nutritional Confectionery Business	1,359	1,622	262	19.3
Food Ingredients Business	251	584	333	132.4
Other Domestic Business	192	592	400	207.8
Overseas Business	701	794	92	13.2
Adjustment	1,928	965	(962)	(49.9)
Total	4,076	3,900	(175)	(4.3)

(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. '22 (Jan. to Mar.)	FYE Dec. '23 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	319	309	(10)	(3.2)
Operating profit	17	29	11	63.4

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '22 (Jan. to Mar.)	FYE Dec. '23 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	27	38	11	41.8
Operating profit	(2)	2	4	-

*Actual results for the 1Q of the fiscal year ended December 31, 2022 have been replaced by the average rate for the 1Q of the fiscal year ended December 31, 2023.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '22 (Jan. to Mar.)	FYE Dec. '23 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	24	32	7	28.2
Operating profit	6	1	(5)	(78.4)

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