

[Notes of caution]

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August 3, 2023

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

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, Chairman

Scheduled filing date of quarterly report: August 4, 2023

Scheduled commencement date of dividend payments: September 4, 2023

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 Second Quarter of the Fiscal Year Ending December 31, 2023

(January 1, 2023 to June 30, 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	%
Six months ended								
June 30, 2023	153,135	10.1	8,086	17.6	10,229	28.4	7,817	65.5
June 30, 2022	139,147	-	6,877	(31.0)	7,965	(28.8)	4,723	(40.1)

(Note) Comprehensive Income: Six months ended June 30, 2023: ¥17,830 million [0.4%]
Six months ended June 30, 2022: ¥17,758 million [28.9%]

	Earnings per share (basic)	Earnings per share (diluted)
Six months ended	¥	¥
June 30, 2023	122.93	-
June 30, 2022	73.36	-

(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 June 30, 2023	377,444	260,040	68.8
As of December 31, 2022	369,056	244,760	66.2

(Reference) Shareholders' equity: As of June 30, 2023: ¥259,533 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	-	40.00			
Fiscal year ending December 31, 2023 (Forecast)			-	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	327,000	7.6	16,000	24.6	17,000	24.6	10,000	23.5	157.26

(Note) Revisions to financial forecasts published most recently: Yes

* 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 June 30, 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 June 30, 2023 4,878,181 shares

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

(iii) Average number of shares during fiscal year

Six months ended June 30, 2023 63,590,628 shares

Six months ended June 30, 2022 64,387,282 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 June 30, 2023
Assets		
Current assets		
Cash and deposits	91,705	86,622
Notes and accounts receivable - trade	45,372	42,146
Securities	226	237
Merchandise and finished goods	17,861	22,028
Work in process	891	1,053
Raw materials and supplies	14,093	14,528
Other	8,130	9,437
Allowance for doubtful accounts	(113)	(114)
Total current assets	178,168	175,940
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	41,225	40,848
Machinery, equipment and vehicles, net	34,538	37,729
Tools, furniture and fixtures, net	4,702	4,901
Land	15,984	16,130
Leased assets, net	2,161	2,604
Construction in progress	11,426	9,269
Total property, plant and equipment	110,038	111,483
Intangible assets		
Software	4,401	4,100
Software in progress	16,746	18,475
Goodwill	352	353
Other	181	167
Total intangible assets	21,682	23,096
Investments and other assets		
Investment securities	39,265	46,330
Retirement benefit asset	4,432	4,590
Investment property, net	12,214	12,246
Other	3,295	3,814
Allowance for doubtful accounts	(39)	(58)
Total investments and other assets	59,168	66,924
Total non-current assets	190,888	201,504
Total assets	369,056	377,444

(Unit: ¥ million)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,430	32,957
Accrued expenses	24,789	20,560
Income taxes payable	2,562	2,490
Refund liability	7,256	7,834
Current portion of convertible bond-type bonds with share acquisition rights	—	30,012
Provision for bonuses for directors (and other officers)	73	—
Other	8,762	7,014
Total current liabilities	79,875	100,869
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	30,023	—
Retirement benefit liability	1,350	1,422
Deferred tax liabilities	6,633	8,415
Other	6,414	6,696
Total non-current liabilities	44,421	16,534
Total liabilities	124,296	117,404
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,894	9,894
Retained earnings	217,184	222,458
Treasury shares	(13,806)	(13,808)
Total shareholders' equity	221,046	226,318
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,945	14,196
Deferred gains or losses on hedges	(59)	628
Foreign currency translation adjustment	11,756	17,882
Remeasurements of defined benefit plans	602	507
Total accumulated other comprehensive income	23,245	33,215
Non-controlling interests	468	507
Total net assets	244,760	260,040
Total liabilities and net assets	369,056	377,444

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	139,147	153,135
Cost of sales	87,696	96,090
Gross profit	51,451	57,044
Selling, general and administrative expenses		
Transportation and storage costs	12,740	12,492
Promotion expenses	3,928	4,789
Advertising expenses	3,753	5,302
Salaries and allowances	9,153	9,945
Retirement benefit expenses	128	214
Other	14,869	16,214
Total selling, general and administrative expenses	44,574	48,958
Operating profit	6,877	8,086
Non-operating income		
Interest income	188	290
Dividend income	365	325
Foreign exchange gains	—	756
Subsidy income	416	225
Rental income from real estate	262	306
Other	832	1,033
Total non-operating income	2,065	2,938
Non-operating expenses		
Interest expenses	45	44
Donations	32	244
Foreign exchange losses	55	—
Loss on investments in investment partnerships	102	205
Loss on retirement of non-current assets	71	105
Loss on abandonment of non-current assets	256	9
Provision for loss on guarantees	122	—
Other	289	186
Total non-operating expenses	977	795
Ordinary profit	7,965	10,229
Extraordinary income		
Gain on sale of investment securities	20	—
Total extraordinary income	20	—
Extraordinary losses		
Loss on COVID-19	476	—
Loss on liquidation of subsidiaries	—	30
Total extraordinary losses	476	30
Profit before income taxes	7,510	10,198
Income taxes - current	2,753	2,290
Income taxes - deferred	21	66
Total income taxes	2,775	2,356
Profit	4,734	7,841
Profit attributable to		
Profit attributable to owners of parent	4,723	7,817
Profit attributable to non-controlling interests	11	24

(Unit: ¥ million)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Other comprehensive income		
Valuation difference on available-for-sale securities	1,974	3,251
Deferred gains or losses on hedges	812	688
Foreign currency translation adjustment	9,689	5,416
Remeasurements of defined benefit plans, net of tax	(117)	(95)
Share of other comprehensive income of entities accounted for using equity method	665	728
Total other comprehensive income	13,023	9,989
Comprehensive income	17,758	17,830
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,718	17,787
Comprehensive income attributable to non-controlling interests	40	43

(Segment Information, etc.)
 [Segment Information]

I. Six months ended June 30, 2022 (January 1, 2022- June 30, 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	21,503	31,598	27,489	5,246	28,671	24,638	139,147	-	139,147
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	21,503	31,598	27,489	5,246	28,671	24,638	139,147	-	139,147
Inter-segment sales and transfers	-	-	-	114	5,312	-	5,426	(5,426)	-
Total	21,503	31,598	27,489	5,361	33,983	24,638	144,574	(5,426)	139,147
Segment profit	1,105	279	2,614	645	349	(322)	4,672	2,205	6,877

(Notes)

1. The adjusted amount of ¥2,205 million in segment profit or losses includes ¥757 million for the elimination of intersegment transactions and other adjustment amounts of ¥1,447 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. Six months ended June 30, 2023 (January 1, 2023- June 30, 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	21,892	32,341	28,584	6,203	30,398	33,713	153,135	-	153,135
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	21,892	32,341	28,584	6,203	30,398	33,713	153,135	-	153,135
Inter-segment sales and transfers	-	-	-	152	4,831	-	4,983	(4,983)	-
Total	21,892	32,341	28,584	6,356	35,230	33,713	158,119	(4,983)	153,135
Segment profit	86	(250)	2,835	1,031	866	1,905	6,473	1,612	8,086

(Notes)

1. The adjusted amount of ¥1,612 million in segment profit or losses includes ¥962 million for the elimination of intersegment transactions and other adjustment amounts of ¥650 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 second quarter of the fiscal year ended December 31, 2022 has been presented based on the segment classifications after the change.

Supplementary Information

For the Second 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 June)	FYE Dec. '23 (Jan. to June)	Change from previous period	
			Amount	%
Net sales	139,147	153,135	13,987	10.1
Operating profit	6,877	8,086	1,209	17.6
Ordinary profit	7,965	10,229	2,263	28.4
Profit	4,723	7,817	3,093	65.5

(2) Status of Operating Profit

Unit:1 million yen

	FYE Dec. '22 (Jan. to June)		FYE Dec. '23 (Jan. to June)	
	(Jan. to June)	%	(Jan. to June)	%
Net sales	139,147	100.0	153,135	100.0
Cost of sales	87,696	63.0	96,090	62.7
Gross profit	51,451	37.0	57,044	37.3
Freight and charges	12,740	9.2	12,492	8.2
Promotion expenses	3,928	2.8	4,789	3.1
Advertising expenses	3,753	2.7	5,302	3.5
Salaries and benefits	14,722	10.6	15,544	10.2
Expenses and depreciation	9,429	6.8	10,829	7.1
Total	44,574	32.0	48,958	32.0
Operating profit	6,877	4.9	8,086	5.3

Factors behind change in operating profit	vs FYE Dec. '22 (Jan. to June)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	6,008	2,023
(2) Change due to increase/decrease in raw materials prices	(3,886)	(3,879)
(3) Change due to increase/decrease from other changes in cost of sales *	2,191	3,103
(4) Change due to fluctuation in freight and charges ratio	1,528	441
(5) Change due to increase/decrease in sales promotion expenses / advertising expenses	(2,410)	(1,213)
(6) Change due to increase/decrease in SG&A expenses	(2,222)	(1,492)
Total	1,209	(1,018)

* Including fluctuation in composition of sales product varieties and other

(3) Status of Net Sales by Segment

Unit:1 million yen

	FYE Dec. '22 (Jan. to June)	FYE Dec. '23 (Jan. to June)	Change from previous period		
			Results	%	
Health and Food Business	Health	6,091	6,144	52	0.9
	Ice cream	7,339	8,142	803	10.9
	Other	8,072	7,605	(467)	(5.8)
	Total	21,503	21,892	389	1.8
Dairy Food Business	Yoghurt	6,271	5,941	(330)	(5.3)
	Ice cream	11,833	12,717	883	7.5
	Other	13,493	13,683	190	1.4
	Total	31,598	32,341	743	2.4
Nutritional Confectionery Business	Chocolate	15,715	16,290	574	3.7
	Cookies	9,301	9,526	225	2.4
	Other	2,471	2,767	295	12.0
	Total	27,489	28,584	1,095	4.0
Food Ingredients Business	5,246	6,203	957	18.2	
Other Domestic Business	28,671	30,398	1,727	6.0	
Overseas Business	24,638	33,713	9,074	36.8	
Total	139,147	153,135	13,987	10.1	

(4) Status of Operating Profit by Segment

Unit: 1 million yen

	FYE Dec. '22 (Jan. to June)	FYE Dec. '23 (Jan. to June)	Change from previous period	
			Amount	%
Health and Food Business	1,105	86	(1,018)	(92.2)
Dairy Food Business	279	(250)	(530)	-
Nutritional Confectionery Business	2,614	2,835	220	8.4
Food Ingredients Business	645	1,031	385	59.7
Other Domestic Business	349	866	516	148.0
Overseas Business	(322)	1,905	2,227	-
Adjustment	2,205	1,612	(592)	(26.9)
Total	6,877	8,086	1,209	17.6

(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 June)	FYE Dec. '23 (Jan. to June)	Change from previous period	
			Amount	%
Net sales	430	694	263	61.2
Operating profit	(47)	56	103	-

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '22 (Jan. to June)	FYE Dec. '23 (Jan. to June)	Change from previous period	
			Amount	%
Net sales	56	68	11	19.6
Operating profit	(3)	(0)	2	-

*Actual results for the 2Q of the fiscal year ended December 31, 2022 have been replaced by the average rate for the 2Q of the fiscal year ending December 31, 2023.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '22 (Jan. to June)	FYE Dec. '23 (Jan. to June)	Change from previous period	
			Amount	%
Net sales	54	58	4	8.5
Operating profit	13	9	(4)	(32.6)

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