

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

Listed company name: Ezaki Glico Co., Ltd.
 Securities Code: 2206 URL: <https://www.glico.com/jp/>
 Representative: Katsuhisa Ezaki, President and CEO
 Scheduled filing date of quarterly report: May 13, 2019
 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, 2020 (January 1, 2020 to March 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	
Three months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
March 31, 2020	77,999	-	3,465	-	3,886	-	2,576	-
June 30, 2019	89,028	0.6	5,263	(12.2)	6,375	(13.4)	4,107	(16.8)

(Note) Comprehensive Income: Three months ended March 31, 2020: ¥(2,414) million [-%]
 Three months ended June 30, 2019: ¥2,516 million [(57.8)%]

	Earnings per share (basic)	Earnings per share (diluted)
Three months ended	¥	¥
March 31, 2020	39.69	-
June 30, 2019	62.96	-

The Company changed its fiscal year end from March 31 to December 31 upon the resolution of “Partial Amendment of Articles of Incorporation” at the 114th Annual Shareholders Meeting held on June 25, 2019. Accordingly, because the consolidation period for the three months ended March 31, 2020 (from January 1, 2020 to March 31, 2020) differs with the previous consolidation period for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019), changes from the previous corresponding period have not been provided.

Additionally, for the three months ended June 30, 2019 for the Company and subsidiaries with fiscal year ended March 31, the consolidation period was the three months from April 1, 2019 to June 30, 2019 and for subsidiaries with fiscal year ended December 31, the consolidation period was the three months from January 1, 2019 to March 31, 2019.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of March 31, 2020	324,386	216,589	64.6
As of December 31, 2019	343,812	220,915	62.0

(Reference) Shareholders' equity: As of March 31, 2020: ¥209,467 million
 As of December 31, 2019: ¥213,181 million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended December 31, 2019	¥ -	¥ 30.00	¥ -	¥ 30.00	¥ 60.00
Fiscal year ending December 31, 2020	-				
Fiscal year ending December 31, 2020 (Forecast)		30.00	-	35.00	65.00

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

3. Consolidated Performance Forecasts for the Fiscal Year Ending December 31, 2020 (January 1, 2020 - December 31, 2020)

(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	%	¥
2Q end (Cumulative)	170,500	-	5,400	-	6,000	-	4,300	-	66.24
Full year	366,000	-	18,000	-	18,500	-	12,500	-	192.57

(Note) Due to a change in the fiscal year, the previous consolidated fiscal year was the nine months starting on April 1, 2019 and ending on December 31, 2019. As a result, changes from the previous corresponding period have not been provided.

* 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 1 Company (company name) PT Glico Manufacturing Indonesia, 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 March 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 March 31, 2020 3,547,282 shares

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

(iii) Average number of shares during fiscal year

Three months ended March 31, 2020 64,917,086 shares

Three months ended June 30, 2019 65,245,149 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	99,640	87,544
Notes and accounts receivable - trade	43,788	37,702
Securities	5,968	6,159
Merchandise and finished goods	14,061	16,529
Work in process	795	904
Raw materials and supplies	15,016	14,464
Other	5,132	5,987
Allowance for doubtful accounts	(50)	(53)
Total current assets	184,352	169,239
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,656	40,706
Machinery, equipment and vehicles, net	35,953	35,768
Tools, furniture and fixtures, net	3,649	3,565
Land	15,259	15,237
Leased assets, net	513	500
Construction in progress	3,774	2,206
Total property, plant and equipment	99,807	97,984
Intangible assets		
Software	4,776	4,926
Goodwill	489	432
Other	1,721	2,214
Total intangible assets	6,987	7,574
Investments and other assets		
Investment securities	35,302	32,284
Retirement benefit asset	1,901	2,023
Real estate for investment, net	12,240	12,232
Other	3,273	3,097
Allowance for doubtful accounts	(53)	(49)
Total investments and other assets	52,665	49,588
Total non-current assets	159,460	155,147
Total assets	343,812	324,386

(Unit: ¥ million)

	As of December 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,020	29,890
Short-term loans payable	244	170
Accrued expenses	28,413	24,597
Income taxes payable	4,266	1,793
Provision for sales promotion expenses	2,977	3,247
Provision for bonuses for directors (and other officers)	36	36
Provision for share-based remuneration	30	-
Provision for loss on guarantees	134	143
Other	8,565	6,657
Total current liabilities	80,689	66,536
Non-current liabilities		
Convertible bond-type bonds with share acquisition rights	30,087	30,082
Retirement benefit liability	2,831	2,793
Deferred tax liabilities	4,186	3,304
Other	5,102	5,080
Total non-current liabilities	42,207	41,260
Total liabilities	122,897	107,797
Net assets		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	7,459	7,459
Retained earnings	197,881	198,496
Treasury shares	(8,944)	(8,881)
Total shareholders' equity	204,169	204,848
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,835	6,425
Deferred gains or losses on hedges	73	64
Foreign currency translation adjustment	45	(1,947)
Remeasurements of defined benefit plans	56	76
Total accumulated other comprehensive income	9,011	4,619
Non-controlling interests	7,733	7,121
Total net assets	220,915	216,589
Total liabilities and net assets	343,812	324,386

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Three months ended June 30, 2019	Three months ended March 31, 2020
Net sales	89,028	77,999
Cost of sales	46,590	39,868
Gross profit	42,437	38,131
Selling, general and administrative expenses		
Transportation and warehousing expenses	8,059	7,061
Promotion expenses	11,033	9,504
Provision for sales promotion expenses	2,529	3,247
Advertising expenses	3,858	3,035
Retirement benefit expenses	165	221
Other	11,528	11,595
Total selling, general and administrative expenses	37,174	34,665
Operating profit	5,263	3,465
Non-operating income		
Interest income	120	92
Dividend income	375	57
Subsidy income	548	465
Other	495	542
Total non-operating income	1,538	1,157
Non-operating expenses		
Interest expenses	0	4
Foreign exchange losses	86	410
Loss on abandonment of non-current assets	58	10
Other	279	310
Total non-operating expenses	426	736
Ordinary profit	6,375	3,886
Extraordinary losses		
Special retirement expenses	19	-
Business structure improvement expenses	75	-
Total extraordinary losses	95	-
Profit before income taxes	6,280	3,886
Income taxes - current	1,617	1,509
Income taxes - deferred	389	(214)
Total income taxes	2,006	1,294
Profit	4,274	2,591
Profit attributable to		
Profit attributable to owners of parent	4,107	2,576
Profit attributable to non-controlling interests	166	15
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,236)	(2,409)
Deferred gains or losses on hedges	(189)	(8)
Foreign currency translation adjustment	662	(2,062)
Remeasurements of defined benefit plans, net of tax	18	17
Share of other comprehensive income of entities accounted for using equity method	(12)	(542)
Total other comprehensive income	(1,757)	(5,005)
Comprehensive income	2,516	(2,414)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,195	(1,815)
Comprehensive income attributable to non-controlling interests	320	(598)

(Segment Information, etc.)

[Segment Information]

I. Three months ended June 30, 2019 (April 1, 2019- June 30, 2019)

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	21,461	24,033	22,431	2,831	13,237	83,995	5,032	89,028	-	89,028
Inter-segment sales and transfers	187	31	21	60	-	301	1,323	1,625	(1,625)	-
Total	21,649	24,065	22,452	2,892	13,237	84,297	6,356	90,653	(1,625)	89,028
Segment profit	921	2,551	668	280	412	4,833	(125)	4,708	554	5,263

(Notes)

1. The “Other” category is a business segment not included in reporting segments, and includes the Health segment (includes former Sports Foods segment), Office Glico segment, and the Systems Maintenance & Development Business segment.
2. The adjusted amount of ¥554 million in segment profit or losses includes ¥594 million for the elimination of intersegment transactions and other adjustment amounts of negative ¥39 million in companywide expenses not allocated to any reporting segment.
3. The total amount for segment income 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, 2020 (January 1, 2020- March 31, 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	23,628	16,424	19,900	2,215	11,703	73,873	4,126	77,999	-	77,999
Inter-segment sales and transfers	231	12	1	54	-	300	2,195	2,496	(2,496)	-
Total	23,859	16,437	19,902	2,270	11,703	74,173	6,321	80,495	(2,496)	77,999
Segment profit	1,673	674	415	131	271	3,166	(168)	2,997	467	3,465

(Notes)

1. The “Other” category is a business segment not included in reporting segments, and includes the Health segment (includes

former Sports Foods segment), Office Glico segment, and the Systems Maintenance & Development Business segment.

2. The adjusted amount of ¥467 million in segment profit or losses includes ¥330 million for the elimination of intersegment transactions and other adjustment amounts of ¥137 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 Fiscal Year Ending 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 1Q (Adjusted)	FYE Dec. '20 1Q Results	Change from previous period	
			Amount	%
Net sales	78,541	77,999	(541)	(0.7)
Operating profit	1,000	3,465	2,465	246.4
Ordinary profit	1,514	3,886	2,371	156.6
Profit	519	2,576	2,056	395.8

(2) Status of Net Sales by Geographic Segment

Unit:1 million yen

	FYE Dec. '19 1Q (Adjusted)	FYE Dec. '20 1Q Results	Change from previous period	
			Amount	%
Japan	-	66,295	-	-
China	-	6,023	-	-
Southeast Asia	-	3,240	-	-
Others	-	2,439	-	-
Total	-	77,999	-	-

*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 1Q (Adjusted)		FYE Dec. '20 1Q Results	
	Results	%	Results	%
Net sales	78,541	100.0	77,999	100.0
Cost of sales	41,854	53.3	39,868	51.1
Gross profit	36,686	46.7	38,131	48.9
Freight and charges	7,011	8.9	7,061	9.1
Sales promotion	13,060	16.6	12,752	16.3
Advertising expenses	3,041	3.9	3,035	3.9
Salaries and benefits	7,125	9.1	7,132	9.1
Expenses and depreciation	5,446	6.9	4,684	6.0
Total	35,685	45.4	34,665	44.4
Operating profit	1,000	1.3	3,465	4.4

Factors behind change in operating income	vs FYE Dec. '19 1Q (Adjusted)	Of which, is domestic
(1) Change due increase/decrease in net sales	(145)	255
(2) Change due to fluctuation in composition of sales product varieties and other	1,815	1,054
(3) Change due to increase/decrease in raw materials prices	(85)	(12)
(4) Change due to fluctuation in freight and charges ratio	(98)	27
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	223	288
(6) Change due to increase/decrease in SG&A	755	837
Total	2,465	2,449

(4) Status of Net Sales by Segment

Unit: 1 million yen

	FYE Dec. '19 1Q (Adjusted)	FYE Dec. '20 1Q Results	Change from previous period	
			Amount	%
Confectioneries and Food Products	24,435	23,628	(806)	(3.3)
(Of which, is confectioneries)	19,690	18,639	(1,051)	(5.3)
(Of which, is food products)	4,744	4,989	244	5.2
Ice Cream	14,007	16,424	2,417	17.3
Dairy	20,569	19,900	(669)	(3.3)
Food Ingredients	2,292	2,215	(76)	(3.3)
Overseas	13,268	11,703	(1,564)	(11.8)
Other	3,968	4,126	157	4.0
Total	78,541	77,999	(541)	(0.7)

(5) Status of Operating Profit by Segment

Unit: 1 million yen

	FYE Dec. '19 1Q (Adjusted)	FYE Dec. '20 1Q Results	Change from previous period	
			Amount	%
Confectioneries and Food Products	1,404	1,673	268	19.1
(Of which, is confectioneries)	1,252	1,425	173	13.9
(Of which, is food products)	152	247	95	62.5
Ice Cream	(197)	674	872	-
Dairy	321	415	94	29.4
Food Ingredients	117	131	14	12.1
Overseas	255	271	16	6.3
Other	233	(168)	(402)	-
Adjustment	(1,133)	467	1,601	-
Total	1,000	3,465	2,465	246.4

<Reference>

The following rates have been used for currency conversion.

FYE Dec. '19 1Q (Adjusted)	FYE Dec. '20 1Q Results
1CNY = 16.37YEN	1CNY = 15.56YEN
1THB = 3.48YEN	1THB = 3.49YEN
1USD = 110.46YEN	1USD = 109.22YEN

2. Consolidated financial position

Unit: 1 million yen

	Dec. '19	Mar.'20	Change		Dec. '19	Mar.'20	Change
Total current assets	184,352	169,239	(15,113)	Total current liabilities	80,689	66,536	(14,152)
Cash and deposits	99,640	87,544	(12,095)	Notes and accounts payable-trade	36,020	29,890	(6,130)
Notes and accounts receivable-trade	43,788	37,702	(6,086)	Short-term loans payable	244	170	(73)
Inventories	29,873	31,898	2,025	Other	44,424	36,476	(7,948)
Other	11,050	12,093	1,043	Total non-current liabilities	42,207	41,260	(947)
Total non-current assets	159,460	155,147	(4,313)	Convertible bond-type bonds with share acquisition rights	30,087	30,082	(5)
Property, plant and equipment	99,807	97,984	(1,822)	Retirement benefit liability	2,831	2,793	(38)
Intangible assets	6,987	7,574	586	Other	9,289	8,385	(904)
Investment securities	35,302	32,284	(3,018)	Total liabilities	122,897	107,797	(15,100)
Real estate for investment	12,240	12,232	(8)	Total net assets	220,915	216,589	(4,326)
Other	5,122	5,071	(50)	Shareholders' equity	204,169	204,848	678
				Accumulated other comprehensive income	9,011	4,619	(4,391)
				Non-controlling interests	7,733	7,121	(612)
Total assets	343,812	324,386	(19,426)		343,812	324,386	(19,426)