

[Notes of caution]

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February 14, 2023

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year Ended December 31, 2022

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 date of Annual Shareholders' Meeting: March 29, 2023

Scheduled filing date of securities report: March 30, 2023

Scheduled commencement date of dividend payments: March 8, 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 Fiscal Year Ended December 31, 2022

(January 1, 2022 - December 31, 2022)

(1) Consolidated results of operations

(The percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
December 31, 2022	303,921	-	12,845	(33.5)	13,646	(37.1)	8,099	(40.1)
December 31, 2021	338,571	(1.6)	19,307	4.2	21,708	10.5	13,519	14.2

(Note) Comprehensive Income: Fiscal year ended December 31, 2022: ¥14,113 million [(38.2) %]

Fiscal year ended December 31, 2021: ¥22,835 million [101.7 %]

Fiscal year ended	Earnings per share (basic)	Earnings per share (diluted)	Return on equity	Ordinary profit to total asset ratio	Operating profit to net sales ratio
	¥	¥	%	%	%
December 31, 2022	126.59	-	3.3	3.8	4.2
December 31, 2021	208.44	-	5.8	6.2	5.7

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended December 31, 2022: ¥460 million

Fiscal year ended December 31, 2021: ¥467 million

(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. The change calculated on the assumption that the relevant accounting standards were applied in the fiscal year ended December 31, 2021 is 3.9%.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	¥ million	¥ million	%	¥
December 31, 2022	369,056	244,760	66.2	3,841.62
December 31, 2021	356,745	241,177	67.5	3,710.65

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

As of December 31, 2021: ¥240,791 million

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	¥ million	¥ million	¥ million	¥ million
December 31, 2022	16,802	(20,140)	(10,284)	79,917
December 31, 2021	28,651	(29,194)	(4,859)	89,463

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, 2021	-	35.00	-	35.00	70.00	4,545	33.6	2.0
December 31, 2022	-	40.00	-	40.00	80.00	5,087	63.2	2.1
Fiscal year ending December 31, 2023 (Forecast)	-	40.00	-	40.00	80.00		50.9	

(Note) 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

*Notes to the Consolidated Financial Statements

(1) Transfers of important subsidiaries during fiscal year (transfers of designated subsidiaries incidental to changes in scope of consolidation): Yes

New 1 Company (company name) Shanghai Ezaki Glico Minfa Foods 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.: Yes

(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, 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 December 31, 2022 4,877,747 shares

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

(iii) Average number of shares during fiscal year

Fiscal year ended December 31, 2022 63,984,620 shares

Fiscal year ended December 31, 2021 64,856,919 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 to the Company at the time of preparing the materials and on certain assumptions deemed reasonable. 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	102,026	91,705
Notes and accounts receivable - trade	42,898	45,372
Securities	219	226
Merchandise and finished goods	15,000	17,861
Work in process	838	891
Raw materials and supplies	12,316	14,093
Prepaid expenses	1,036	987
Other	4,372	7,143
Allowance for doubtful accounts	(83)	(113)
Total current assets	178,626	178,168
Non-current assets		
Property, plant and equipment		
Buildings and structures	82,062	85,851
Accumulated depreciation and impairment	(42,423)	(44,626)
Buildings and structures, net	39,638	41,225
Machinery, equipment and vehicles	128,736	132,874
Accumulated depreciation and impairment	(98,361)	(98,336)
Machinery, equipment and vehicles, net	30,374	34,538
Tools, furniture and fixtures	25,929	26,853
Accumulated depreciation and impairment	(21,797)	(22,151)
Tools, furniture and fixtures, net	4,132	4,702
Land	15,969	15,984
Leased assets	2,133	3,970
Accumulated depreciation and impairment	(1,436)	(1,809)
Leased assets, net	697	2,161
Construction in progress	10,268	11,426
Total property, plant and equipment	101,080	110,038
Intangible assets		
Software	4,340	4,401
Software in progress	11,020	16,746
Goodwill	391	352
Other	214	181
Total intangible assets	15,967	21,682
Investments and other assets		
Investment securities	41,627	39,265
Long-term loans receivable	24	13
Long-term prepaid expenses	600	125
Retirement benefit asset	4,340	4,432
Investment property	12,606	12,648
Accumulated depreciation and impairment	(393)	(433)
Investment property, net	12,213	12,214
Deferred tax assets	894	1,473
Other	1,703	1,682
Allowance for doubtful accounts	(334)	(39)
Total investments and other assets	61,071	59,168
Total non-current assets	178,118	190,888
Total assets	356,745	369,056

(Unit: ¥ million)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,373	36,430
Short-term borrowings	232	–
Accrued expenses	25,293	24,789
Income taxes payable	3,207	2,562
Refund liability	–	7,256
Provision for sales promotion expenses	4,106	–
Provision for bonuses for directors (and other officers)	67	73
Provision for share awards	21	–
Other	6,848	8,762
Total current liabilities	72,150	79,875
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	30,044	30,023
Long-term borrowings	77	–
Retirement benefit liability	1,299	1,350
Deferred tax liabilities	7,006	6,633
Other	4,988	6,414
Total non-current liabilities	43,416	44,421
Total liabilities	115,567	124,296
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,959	9,894
Retained earnings	214,795	217,184
Treasury shares	(9,057)	(13,806)
Total shareholders' equity	223,470	221,046
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,277	10,945
Deferred gains or losses on hedges	253	(59)
Foreign currency translation adjustment	4,758	11,756
Remeasurements of defined benefit plans	1,030	602
Total accumulated other comprehensive income	17,320	23,245
Non-controlling interests	386	468
Total net assets	241,177	244,760
Total liabilities and net assets	356,745	369,056

(2) Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	338,571	303,921
Cost of sales	180,537	193,172
Gross profit	158,033	110,749
Selling, general and administrative expenses		
Transportation and storage costs	31,889	27,122
Promotion expenses	43,746	8,956
Provision for promotion expenses	4,106	–
Advertising expenses	10,021	10,257
Provision of allowance for doubtful accounts	(2)	37
Salaries and allowances	17,619	18,590
Bonuses	5,415	5,806
Provision for bonuses for directors (and other officers)	67	73
Provision for share awards	21	–
Retirement benefit expenses	406	272
Welfare expenses	5,138	5,889
Depreciation	3,641	3,425
Other	16,652	17,470
Total selling, general and administrative expenses	138,726	97,903
Operating profit	19,307	12,845
Non-operating income		
Interest income	335	550
Dividend income	644	657
Foreign exchange gains	261	–
Gain on investments in investment partnerships	432	–
Share of profit of entities accounted for using equity method	467	460
Rental income from real estate	541	552
Subsidy income	328	425
Other	924	854
Total non-operating income	3,935	3,500
Non-operating expenses		
Interest expenses	37	96
Donations	83	143
Foreign exchange losses	–	1,002
Loss on investments in investment partnerships	–	170
Loss on abandonment of non-current assets	490	294
Loss on retirement of non-current assets	151	218
Depreciation of inactive non-current assets	144	116
Loss on guarantees	–	123
Other	626	534
Total non-operating expenses	1,534	2,699
Ordinary profit	21,708	13,646

(Unit: ¥ million)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Extraordinary income		
Gain on sale of non-current assets	746	–
Gain on sale of investment securities	172	3,519
Total extraordinary income	918	3,519
Extraordinary losses		
Impairment losses	119	419
Loss on valuation of investment securities	1,363	2,163
Loss on sale of investment securities	42	–
Provision of allowance for doubtful accounts	294	–
Loss on COVID-19	–	647
Total extraordinary losses	1,820	3,229
Profit before income taxes	20,806	13,936
Income taxes - current	7,082	5,955
Income taxes - deferred	157	(176)
Total income taxes	7,239	5,779
Profit	13,567	8,156
Profit attributable to		
Profit attributable to owners of parent	13,519	8,099
Profit attributable to non-controlling interests	48	56
Other comprehensive income		
Valuation difference on available-for-sale securities	3,041	(332)
Deferred gains or losses on hedges	433	(313)
Foreign currency translation adjustment	5,116	6,659
Remeasurements of defined benefit plans, net of tax	344	(426)
Share of other comprehensive income of entities accounted for using equity method	332	370
Total other comprehensive income	9,267	5,956
Comprehensive income	22,835	14,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,766	14,024
Comprehensive income attributable to non-controlling interests	69	88

(Segment Information, etc.)
[Segment Information]

I. Previous fiscal year (January 1, 2021- December 31, 2021)
Information on net sales, profit or loss, assets and other items 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	79,164	87,766	79,892	10,524	60,991	318,339	20,231	338,571	-	338,571
Inter-segment sales and transfers	677	74	5	222	-	980	11,978	12,958	(12,958)	-
Total	79,841	87,840	79,898	10,747	60,991	319,319	32,209	351,529	(12,958)	338,571
Segment profit	5,098	3,799	2,095	919	3,915	15,827	1,525	17,353	1,954	19,307
Segment assets	45,635	36,775	26,690	6,010	38,014	153,126	928	154,055	202,689	356,745
Other items										
Depreciation	3,864	3,880	1,558	195	1,828	11,327	244	11,572	2,677	14,249
Amount of increases in property, plant and equipment and intangible assets	1,722	2,603	688	276	7,533	12,823	85	12,909	8,739	21,649

(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 ¥1,954 million in segment profit includes ¥1,523 million for the elimination of inter-segment transactions and other adjustment amounts, and companywide expenses, etc. of ¥430 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 ¥202,689 million in Segment assets represents corporate assets that are not attributable to any reportable segment. The Adjusted amount of ¥2,677 million in Depreciation and ¥8,739 million in Amount of increases in property, plant and equipment and intangible assets under Other items represent corporate amortization and corporate assets acquired that are not attributable to any reportable segment.
3. The total amount for segment profit is adjusted based on the operating profit in the consolidated financial statements.

II. Current fiscal year (January 1, 2022- December 31, 2022)

Information on net sales, profit or loss, assets and other items 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	66,717	80,097	67,364	11,158	59,902	285,239	18,682	303,921	-	303,921
Inter-segment sales and transfers	762	62	7	226	-	1,058	12,606	13,664	(13,664)	-
Total	67,479	80,160	67,371	11,384	59,902	286,297	31,288	317,586	(13,664)	303,921
Segment profit	5,004	2,717	(257)	1,238	1,192	9,894	505	10,400	2,445	12,845
Segment assets	44,988	34,139	26,077	7,812	51,067	164,085	1,781	165,866	203,189	369,056
Other items										
Depreciation	3,459	3,588	1,537	206	2,770	11,561	173	11,734	2,162	13,896
Amount of increases in property, plant and equipment and intangible assets	1,576	1,977	1,012	281	8,313	13,161	766	13,927	12,784	26,712

(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 ¥2,445 million in segment profit includes ¥1,798 million for the elimination of inter-segment transactions and other adjustment amounts, and companywide expenses, etc. of ¥646 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 ¥203,189 million in Segment assets represents corporate assets that are not attributable to any reportable segment. The Adjusted amount of ¥2,162 million in Depreciation and ¥12,784 million in Amount of increases in property, plant and equipment and intangible assets under Other items represent corporate amortization and corporate assets acquired that are not attributable to any reportable segment.
3. The total amount for segment profit is adjusted based on the operating profit in the consolidated financial statements.

Supplementary Information

For the Fiscal Year Ended 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 Dec.) *new standards	FYE Dec. '22 (Jan. to Dec.)	Change from previous period	
			Amount	%
Net sales	292,557	303,921	11,364	3.9
Operating profit	19,307	12,845	(6,461)	(33.5)
Ordinary profit	21,708	13,646	(8,062)	(37.1)
Profit	13,519	8,099	(5,419)	(40.1)

(2) Status of Operating Profit

Unit: 1 million yen

	FYE Dec. '21 (Jan. to Dec.)		FYE Dec. '22 (Jan. to Dec.)	
	(Jan. to Dec.)	%	(Jan. to Dec.)	%
Net sales	292,557	100.0	303,921	100.0
Cost of sales	180,537	61.7	193,172	63.6
Gross profit	112,019	38.3	110,749	36.4
Freight and charges	25,220	8.6	27,122	8.9
Promotion expenses	8,507	2.9	8,956	2.9
Advertising expenses	10,021	3.4	10,257	3.4
Salaries and benefits	28,670	9.8	30,633	10.1
Expenses and depreciation	20,292	6.9	20,934	6.9
Total	92,712	31.7	97,903	32.2
Operating profit	19,307	6.6	12,845	4.2

Factors behind change in operating profit	vs FYE Dec. '21 (Jan. to Dec.)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	4,840	552
(2) Change due to increase/decrease in raw materials prices	(6,888)	(5,070)
(3) Change due to increase/decrease from other changes in cost of sales*	(202)	(386)
(4) Change due to fluctuation in freight and charges ratio	(922)	580
(5) Change due to increase/decrease in sales promotion expenses / advertising expenses	(685)	770
(6) Change due to increase/decrease in SG&A expenses	(2,604)	(184)
Total	(6,461)	(3,738)

*Including fluctuation in composition of sales product varieties and other

(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 Dec.) *new standards	FYE Dec. '22 (Jan. to Dec.)	Change from previous period	
				Results	%
Confectioneries and Food Products	Chocolate	33,690	33,057	(633)	(1.9)
	Cookies	18,523	19,511	987	5.3
	Food products	12,078	12,737	659	5.5
	Other	1,342	1,411	68	5.1
	Total	65,634	66,717	1,082	1.6
Ice Cream		77,246	80,097	2,850	3.7
Dairy	Yoghurt	14,497	12,304	(2,192)	(15.1)
	Drinking Milk	21,478	20,221	(1,256)	(5.8)
	Fruit juices, Carbonated drinks	20,065	19,658	(406)	(2.0)
	Western confections	10,012	10,810	797	8.0
	Baby care	4,464	4,368	(96)	(2.2)
	Total	70,518	67,364	(3,154)	(4.5)
Food Ingredients		10,500	11,158	657	6.3
Overseas		49,920	59,902	9,982	20.0
Other	Health	13,845	13,532	(312)	(2.3)
	Total	18,735	18,682	(53)	(0.3)
	Total	292,557	303,921	11,364	3.9

(4) Status of Operating Profit by Segment

Unit: 1 million yen

Segment	FYE Dec. '21 (Jan. to Dec.) *new standards	FYE Dec. '22 (Jan. to Dec.)	Change from previous period	
			Amount	%
Confectioneries and Food Products	5,098	5,004	(93)	(1.8)
(Of which, is confectioneries)	4,552	4,600	47	1.1
(Of which, is food products)	545	404	(141)	(26.0)
Ice Cream	3,799	2,717	(1,081)	(28.5)
Dairy	2,095	(257)	(2,352)	-
Food Ingredients	919	1,238	319	34.8
Overseas	3,915	1,192	(2,723)	(69.6)
Other	1,525	505	(1,020)	(66.9)
Adjustment	1,954	2,445	491	25.1
Total	19,307	12,845	(6,461)	(33.5)

(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 Dec.) *new standards	FYE Dec. '22 (Jan. to Dec.)	Change from previous period	
			Amount	%
Net sales	1,410	1,261	(148)	(10.5)
Operating profit	141	60	(80)	(56.8)

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '21 (Jan. to Dec.) *new standards	FYE Dec. '22 (Jan. to Dec.)	Change from previous period	
			Amount	%
Net sales	98	113	14	14.9
Operating profit	(7)	(13)	(5)	-

*Actual results for the 4Q of the fiscal year ended December 31, 2021 have been replaced by the average rate for the 4Q of the fiscal year ended December 31, 2022.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '21 (Jan. to Dec.)	FYE Dec. '22 (Jan. to Dec.)	Change from previous period	
			Amount	%
Net sales	91	108	16	18.5
Operating profit	24	17	(6)	(25.2)

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