

おいさと健康



[Notes of caution]

This documents is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.

<Excerpted Version >

Glico Group Financial Results For the First Half of the Fiscal Year Ending December 31, 2021

Ezaki Glico Co., Ltd.

Securities Code: 2206

August 5, 2021

Contents



I. FYE December 2021 First Half Earnings Report	P. 3 – 10
II. FYE December 2021 Full-Year Earnings Forecast	P. 11 – 12
(Supplemental Materials)	P. 13 – 15

I. FYE December 2021 First Half Earnings Report

Summary for the First Half FYE December 2021



1. In Japan, revenues continued to decrease at -7.0%. However, overseas, revenues increased by +18.0% due to robust performance in China and the U.S.A. Consolidated net sales decreased by -3.4% compared to the previous year.

- In Japan, revenue continued to decrease as a result of the COVID-19 pandemic and lower competitiveness. However, overseas, revenue increased as a result of strong online sales in China and expanded sales in retail in the U.S.A.

2. Consolidated operating income increased by +14.2% YoY, primarily due to the effects of increased overseas revenue.

- Consolidated operating income rose by +1.2 billion yen (+14.2%) YoY due to significant increases in revenue overseas.

3. The Health Business category achieved an increase of +10.6% as a result of value creation in the health segment.

- "Almond Koka" had a significant increase that was attributable to expansion in the almond milk market amid growing demand for health value. An increase of +10.6% was achieved in the Health Business category as a whole.

4. Performance fell in Japan and overseas as a result of the COVID-19 pandemic.

- In Japan, revenue fell amid depressed demand for confectioneries sold as souvenirs as well as foods and other products sold for consumption at home. Overseas revenue fell due to the effects of lockdowns in some cities in ASEAN and other regions.

Status of Consolidated Performance



- Net sales: Despite steady performance in China and the U.S.A., net sales decreased by -3.4% due to difficulties in Japan.
- Operating income: There was a +14.2% increase YoY that was mainly attributable to increases overseas.

(Unit: 100 million yen)

	FYE Dec. 2020	FYE Dec. 2021	
	First Half Results	First Half Results	Change from Previous Period
Net sales	1,660	1,603	- 3.4%
Operating income	87	100	+ 14.2%
Ordinary income	97	112	+ 15.7%
Net income	63	79	+ 25.4%
Operating profit margin	5.3%	6.2%	—

Status of Operating Income



(Unit: 100 million yen)

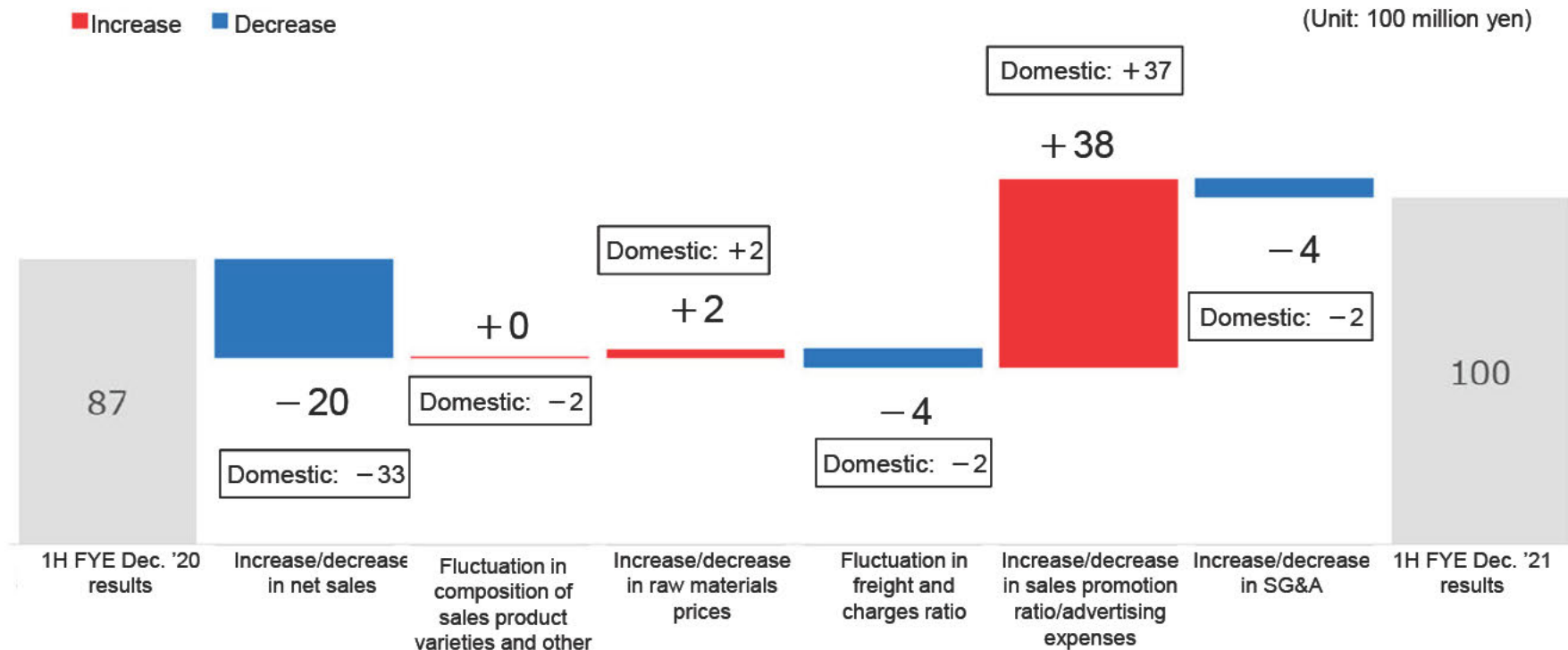
	FYE Dec. 2020		FYE Dec. 2021	
	First Half Results	Sales Ratio	First Half Results	Sales Ratio
Net sales	1,660	100.0%	1,603	100.0%
Cost of sales	860	51.8%	836	52.1%
Gross profit	799	48.2%	767	47.9%
Freight and charges	153	9.2%	152	9.5%
Sales promotion	264	15.9%	234	14.6%
Advertising expenses	61	3.7%	44	2.7%
Salaries and benefits	144	8.7%	140	8.8%
Expenses and depreciation	89	5.4%	97	6.1%
SGA total	712	42.9%	667	41.6%
Operating income	87	5.3%	100	6.2%

Factors of Increases (Decreases) in Operating Income



<Change from previous period>

- In Japan, despite a significant decrease in sales promotion ratio and advertising expenses, operating income remained at the same level as the previous period due to a decrease in net sales.
- Overseas operating income increased, primarily due to increases in net sales.



Status of Net Sales by Segment



- Despite posting increases in Other, including Health, the domestic segment had a year-on-year decrease of -7.0% due to poor performance in Confectioneries and Food Products.
- The overseas segment performed well in China and the U.S.A. and posted a +18.0% increase (in terms of JPY).

(Unit: 100 million yen)

	FYE Dec. 2020	FYE Dec. 2021	
	First Half Results	Results	Change from Previous Period
Total	1,660	1,603	- 3.4%
(Japan)	1,422	1,323	- 7.0%
Confectioneries and Food Products	443	390	- 12.0%
(Confectioneries)	346	313	- 9.6%
(Food Products)	97	77	- 20.6%
Ice Cream	427	395	- 7.6%
Milk and Dairy Products	415	394	- 5.2%
Food Ingredients	49	51	+ 4.1%
Overseas business	237	280	+ 18.0%
Other	87	93	+ 6.8%
(Health)	62	69	+ 10.6%

Reference: The following exchange rates are used.

Exchange rate	1H FYE Dec. 2020 Cum Total (Results)	1H FYE Dec. 2021 Cum Total (Results)
China (CNY)	1 CNY = 15.37 JPY	1 CNY = 16.63 JPY
Thailand (THB)	1 THB = 3.45 JPY	1 THB = 3.49 JPY
U.S.A (USD)	1 USD = 108.43 JPY	1 USD = 107.74 JPY

Status of Operating Income by Segment



- Despite a decrease attributable to lower sales, the domestic segment remained at the same level as the previous period due to reductions in sales promotion and advertising expenses.
- The overseas segment posted an increase of 1.3 billion yen YoY that was attributable to the effects of increased income, etc. (Unit: 100 million yen)

	FYE Dec. 2020	FYE Dec. 2021	
	First Half Results	First Half Results	Change from Previous Period
Total	87	100	12
(Japan)	79	78	0
Confectioneries and Food Products	26	23	-3
(Confectioneries)	21	22	1
(Food Products)	5	1	-4
Ice Cream	29	21	-9
Milk and Dairy Products	12	11	-1
Food Ingredients	4	6	1
Overseas business	9	21	13
Other	-2	6	9
Adjustment	9	11	3

Reference: The following exchange rates are used.

Exchange rate	1H FYE Dec. 2020 Cum Total (Results)	1H FYE Dec. 2021 Cum Total (Results)
China (CNY)	1 CNY = 15.37 JPY	1 CNY = 16.63 JPY
Thailand (THB)	1 THB = 3.45 JPY	1 THB = 3.49 JPY
U.S.A (USD)	1 USD = 108.43 JPY	1 USD = 107.74 JPY

Domestic Business: Situation by Category



Category	1H FYE Dec. 2021	
	Net sales (% of previous period)	
Chocolate	19.7 billion yen (− 8.8%)	The mainstay product “Pocky” posted increases from April to June but had a slight decrease overall in the first half due to struggling performance by “Pocky” sold as souvenirs. Other brands also continued to struggle.
Cookies	10.9 billion yen (− 10.0%)	“Paetz” sold as souvenirs continued to struggle. “BISCO” performed poorly despite a product overhaul last year.
Ice Cream	39.5 billion yen ^{*1} (− 7.6%)	Although “Seventeen Ice” recovered after being affected by the COVID-19 pandemic, “Ice no mi,” “PAPICO,” and other brands struggled. Wholesale subsidiaries posted an increase.
Yoghurt	9.0 billion yen (− 13.4%)	“BigFix yogurt,” “Apple Yoghurt,” and other brands performed poorly overall, in part due to a contracting yoghurt market.
Drinking Milk	11.7 billion yen (− 4.3%)	The mainstay brand “Cafe Ore” and other brands struggled overall.
Baby care	2.3 billion yen (− 12.3%)	Infant Formula struggled in January-March, in part due to a depressed market, but showed a recovery in April-June.
Health	6.9 billion yen (+ 10.6%)	The mainstay brand “Almond Koka” (drink) drove strong performance with significant increases.

*1 Includes net sales of wholesale subsidiaries

II. FYE December 2021 Full-Year Earnings Forecast

Full-Year Plan and Forecast



- Net sales: Although the overseas segment is performing well, overall consolidated net sales are expected to decrease by -1.7% from the initial forecast, or about the same level as last year, reflecting the domestic business's struggles in the first half.
- Operating income: Consolidated operating income is expected to increase +2.6% YoY, which is unchanged from the initial forecast.

(Unit: 100 million yen)

	FYE Dec. 2020 (full year)	FYE Dec. 2021 (full year)			
	Results	Forecast	Latest Forecast	Change from Previous Period	Change from Forecast
Net sales	3,440	3,500	3,440	0.0%	-1.7%
Operating income	185	190	190	+2.6%	0.0%
Ordinary income	196	195	195	-0.7%	0.0%
Net income	118	120	120	+1.4%	0.0%
Operating profit margin	5.4%	5.4%	5.5%		

TTM Currency Rate



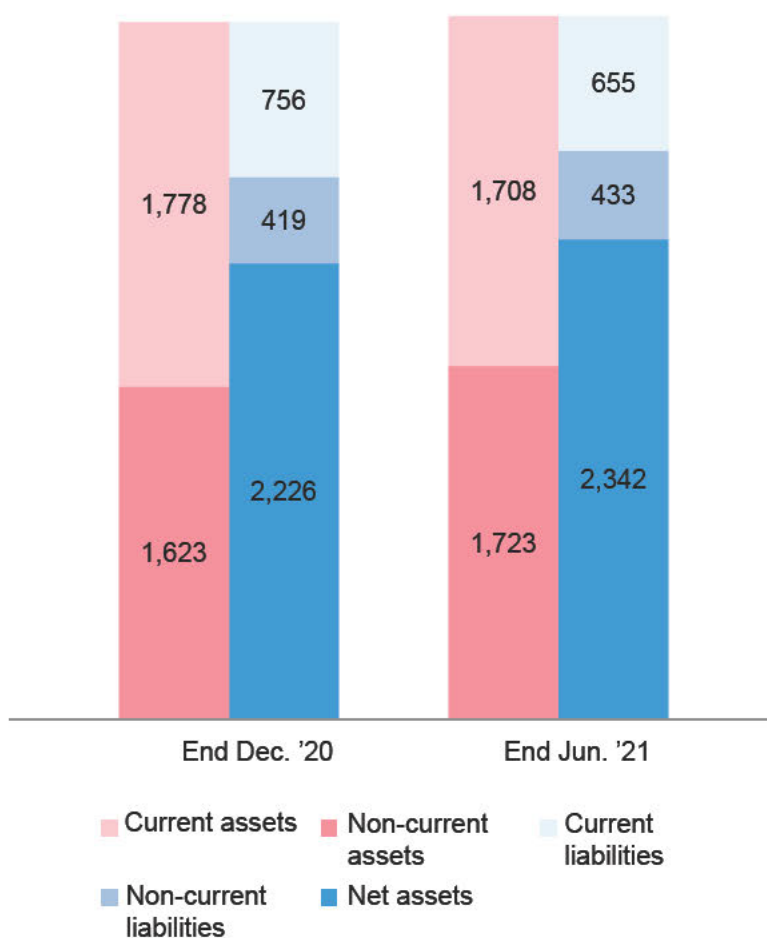
		USD	EUR	THB	CNY	100KRW	100IDR
<u>2018</u>	3/31	106.24	130.52	3.40	16.92	9.99	0.78
	6/30	110.54	127.91	3.33	16.66	9.88	0.77
	9/30	113.57	132.14	3.50	16.50	10.23	0.76
	12/31	111.00	127.00	3.41	16.16	9.94	0.77
<u>2019</u>	3/31	110.99	124.56	3.49	16.47	9.80	0.78
	6/30	107.79	122.49	3.50	15.69	9.33	0.77
	9/30	107.92	118.02	3.53	15.13	8.99	0.76
	12/31	109.56	122.54	3.63	15.67	9.46	0.79
<u>2020</u>	3/31	108.83	119.55	3.34	15.31	8.92	0.67
	6/30	107.74	121.08	3.49	15.23	9.00	0.76
	9/30	105.80	124.17	3.34	15.54	9.08	0.72
	12/31	103.50	126.95	3.44	15.88	9.52	0.74
<u>2021</u>	3/31	110.71	129.80	3.54	16.84	9.78	0.77
	6/30	110.58	131.58	3.44	17.11	9.78	0.77

Status of Balance Sheet



(Unit: 100 million yen)

◆ Net worth ratio: 65.2% (end of December 2020)
→ 68.2% (end of June 2021)



Assets Major account items		End Dec. '20	End Jun. '21	Vs. end Dec. '20
Current assets	Cash and deposits	979	941	- 38
	Notes and accounts receivable	435	384	- 51
	Securities	7	2	- 5
	Inventories	289	330	+41
	Total current assets	1,778	1,708	- 70
Non-current assets	Property, plants and equipment	976	985	+9
	Intangible assets	107	133	+26
	Investment securities	354	415	+61
	Total non-current assets	1,623	1,723	+100
Liabilities and net assets Major account items		End Dec. '20	End Jun. '21	Vs. end Dec. '20
Current liabilities	Notes and accounts payable, trade	326	302	- 23
	Short-term loans payable			
	Current portion of long-term loans payable	2	2	+0
	Total current liabilities	756	655	- 101
Non-current liabilities	Convertible bonds	301	301	- 0
	Long-term loans payable	3	2	- 1
	Total non-current liabilities	419	433	+14
Net assets	Shareholders' equity	2,137	2,199	+63
	Total net assets	2,226	2,342	+117

[Notes of caution]

*Current Glico and Glico Group plans, forecasts, and initiatives indicated in these materials reflect determinations made based on information available at the present time. As such, this information may include major risks and uncertainties. Please note that actual performance may differ significantly from these predictions due to a number of factors.

*Examples of such factors include economic decline, currency rate fluctuations, changes in legal code or administrative systems, pressure from competitor pricing or product strategies, decline in the marketability of new or existing Glico products, production stoppages, infringement of Glico intellectual property rights, sudden technological innovation, and unfavorable decisions in major lawsuits and other factors. However, factors that influence earnings are not limited to these factors.

Address inquiries to:

Hisashi Yasakawa

General Manager, IR Division

Ezaki Glico Co., Ltd.

Tel.: 06-6477-8167

E-mail: ir-division@glico.com