



[Notes of caution]

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<Excerpted Version >

Glico Group Financial Results For the Fiscal Year Ended December 31, 2021

Ezaki Glico Co., Ltd.

Securities Code: 2206

February 14, 2022

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I. FYE December 2021 Earnings Report

Summary for FYE December 2021



1. Overseas, revenues increased by 19.6% year-on-year due to robust performance in China and the U.S.A. However, in Japan, revenues continued to decrease at -5.3% year-on-year. Consolidated net sales decreased by -1.6% compared to the previous year.

- Overseas, revenue increased as a result of continuing strong online sales in China and expanded sales in retail in the U.S.A. However, In Japan, revenue continued to decrease in Confectioneries and Food Products and other sectors.
- COVID-19 had negative impacts on business performance. In Japan, negative effects included decreases in the special demand rebound of the previous year and demand associated with going outdoors. And in overseas business they included lockdowns in ASEAN and the disruption of container transport in the U.S.A.

2. The Health Business category achieved an increase of +18.5% compared to the previous year as a result of value creation in Health.

- “Almond Koka” again achieved a significant increase that was attributable to the creation of the almond milk market amid growing demand for health value. An increase of +18.5% was achieved in the Health Business category as a whole.

3. Consolidated operating income increased by +4.2% YoY due to the effects of increased profits in Health category and overseas business.

- Consolidated operating income rose by +800 million yen (+4.2%) YoY due to the effects of increases in the Health category of Other and overseas.

Status of Consolidated Performance



- Net sales: Despite increases in overseas business, net sales decreased by -1.6% YoY due to difficulties in Japan.
- Operating income: There was a 4.2% increase YoY that was attributable to increases in the domestic Health category and overseas business.

(Unit: 100 million yen)

	FYE Dec. 2020	FYE Dec. 2021			
	Results	Forecast	Results	Change from previous period	Change from forecast
Net sales	3,440	3,440	3,386	-1.6%	-1.6%
Operating income	185	190	193	+4.2%	+1.6%
Ordinary income	196	195	217	+10.5%	+11.3%
Net income	118	120	135	+14.2%	+12.7%
Operating profit margin	5.4%	5.5%	5.7%	-	-

Status of Operating Income



(Unit: 100 million yen)

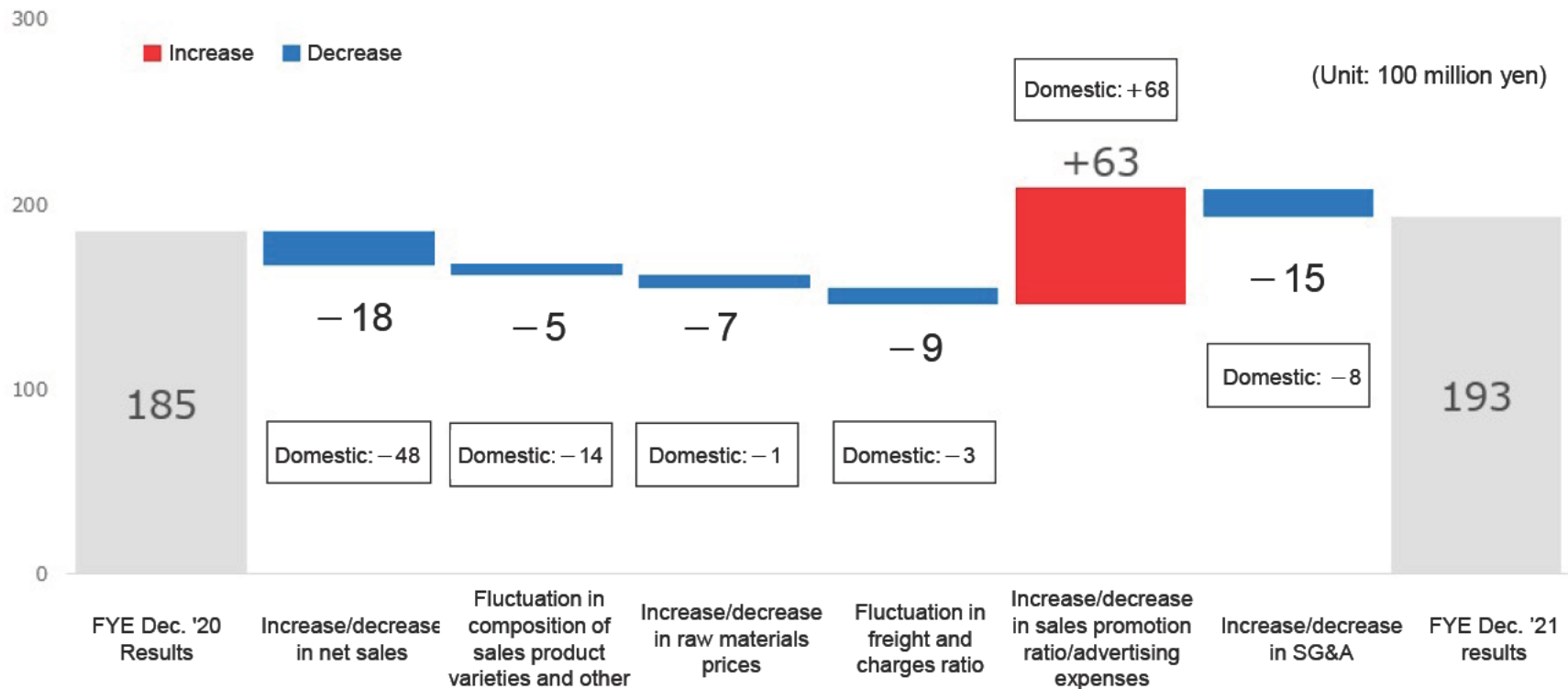
	FYE Dec. 2020		FYE Dec. 2021	
	Results	Sales Ratio	Results	Sales Ratio
Net sales	3,440	100.0%	3,386	100.0%
Cost of sales	1,816	52.8%	1,805	53.3%
Gross profit	1,624	47.2%	1,580	46.7%
Freight and charges	315	9.2%	319	9.4%
Sales promotion	528	15.4%	479	14.1%
Advertising expenses	121	3.5%	100	3.0%
Salaries and benefits	289	8.4%	287	8.5%
Expenses and depreciation	186	5.4%	203	6.0%
SGA total	1,439	41.8%	1,387	41.0%
Operating income	185	5.4%	193	5.7%

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 fell due to a decrease in net sales and fluctuations in the composition of sales product varieties.
- 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 -5.3% due to poor performance in Confectioneries and Food Products.
- The overseas segment performed well in China and the U.S.A. and posted a year-on-year increase of 19.6% (in terms of JPY).
- There was a -1.6% decrease in revenue compared to the previous year throughout the consolidated Group. However, there was a +1.6% increase in the fourth quarter alone. (Unit: 100 million yen)

	FYE Dec. 2020	FYE Dec. 2021			
	Results	Forecast	Results	Change from previous period	Forecast
Total	3,440	3,440	3,386	-1.6%	-1.6%
(Domestic)	2,930	2,815	2,776	-5.3%	-1.4%
Confectioneries and Food Products	893	810	792	-11.3%	-2.3%
(Confectioneries)	702	649	632	-10.0%	-2.6%
(Food products)	191	161	159	-16.4%	-1.0%
Ice Cream	923	897	878	-4.9%	-2.2%
Milk and Dairy Products	834	801	799	-4.3%	-0.3%
Food Ingredients	101	108	105	+4.6%	-2.6%
Overseas business	510	625	610	+19.6%	-2.4%
Other	180	199	202	+12.6%	+1.7%
(Health)	129	147	153	+18.5%	+4.2%

Reference:

Exchange rate	FYE Dec. 2020 Results	FYE Dec. 2021 Forecast	FYE Dec. 2021 Results
China (CNY)	1 CNY=15.44 JPY	1 CNY=16.85 JPY	1 CNY=17.03 JPY
Thailand (THB)	1 THB=3.42 JPY	1 THB=3.46 JPY	1 THB=3.43 JPY
U.S.A (USD)	1 USD=106.67 JPY	1 USD=109.05 JPY	1 USD=109.84 JPY

Status of Operating Income by Segment



- Despite a decrease in sales promotion and advertising expenses, the domestic segment posted a year-on-year decrease of -500 million yen due to decreased sales.
- The overseas segment posted a year-on-year increase of 1.3 billion yen that was attributable to the effects of increased income, etc.

(Unit: 100 million yen)

	FYE Dec. 2020	FYE Dec. 2021			
	Results	Forecast	Results	Change from Previous Period	Change from Forecast
Total	185	190	193	+8	+3
(Domestic)	159	147	154	▲5	+7
Confectioneries and Food Products	50	46	51	+1	+5
(Confectioneries)	41	41	46	+5	+5
(Food products)	9	5	5	▲3	+0
Ice Cream	61	56	38	▲23	▲18
Milk and Dairy Products	25	21	21	▲4	▲0
Food Ingredients	9	9	9	+0	+0
Overseas business	26	43	39	+13	▲4
Other	3	8	15	+12	+7
Adjustment	12	7	20	+8	+13

Reference:	Exchange rate	FYE Dec. 2020 Results	FYE Dec. 2021 Forecast	FYE Dec. 2021 Results
	China (CNY)	1 CNY=15.44 JPY	1 CNY=16.85 JPY	1 CNY=17.03 JPY
	Thailand (THB)	1 THB=3.42 JPY	1 THB=3.46 JPY	1 THB=3.43 JPY
	U.S.A (USD)	1 USD=106.67 JPY	1 USD=109.05 JPY	1 USD=109.84 JPY

Domestic Business: Situation by Category



Category	FYE Dec. 2021 Results (full year)	
	Net sales (% of previous period)	
Chocolate	39.9 billion yen (− 10.2%)	Net sales decreased due to poor performance by “Kobe Roasted Chocolate,” “Pocky,” and other brands.
Cookies	21.8 billion yen (− 9.1%)	Net sales decreased due to poor performance by “Pretz,” “BISCO,” and other brands.
Ice Cream	87.8 billion yen ^{*1} (− 4.9%)	The cold confectionery products “Ice no mi” and “PAPICO” struggled due to the effects of the rainy season, long spells of rain, and cool summer. “Seventeen Ice” and wholesale subsidiaries posted increases.
Yoghurt	16.9 billion yen (− 13.3%)	“BifiX yogurt,” “Apple Yoghurt,” and other brands performed poorly overall, in part due to a contracting yoghurt market.
Baby Care	4.9 billion yen (− 6.9%)	Infant Formula struggled in January-March, in part due to a depressed market.
Health	15.3 billion yen (+ 18.5%)	The mainstay brand “Almond Koka” (drink) maintained strong performance with significant increases.

*1 Includes net sales of wholesale subsidiaries

Overseas Business: Region-Specific Net Sales and Operating Income



◆ China

(Unit: 1 million CNY)

	FYE Dec. 2020	FYE Dec. 2021			
	Results	Forecast	Results	Change from Previous Period	Change from Forecast
Net sales	1,705	1,949	1,899	+ 11.3%	- 2.6%
Operating income	150	182	141	- 6.3%	- 22.5%

◆ ASEAN *

(Unit: 1 million USD)

	FYE Dec. 2020	FYE Dec. 2021			
	Results	Forecast	Results	Change from Previous Period	Change from Forecast
Net sales	128	137	132	+ 2.9%	- 4.2%
Operating income	- 9	- 8	- 8	—	—

◆ U.S.A.*

(Unit: 1 million USD)

	FYE Dec. 2020	FYE Dec. 2021			
	Results	Forecast	Results	Change from Previous Period	Change from Forecast
Net sales	71	98	91	+ 27.8%	- 7.0%
Operating income	20	28	24	+ 19.3%	- 14.5%

*Concerning the accounting terms for ASEAN countries, figures were converted with the real full-year exchange rate for FYE December 2021 for each country.

*Figures for the U.S.A. are based on consolidated results.

*Figures for local currency-denominated performance in overseas business are rounded down to the nearest million CNY and USD.

II . FYE December 2022 Earnings Forecast

*As Glico will apply the “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29) beginning with the first quarter of FYE December 31, 2022., the following earnings forecasts are based on said accounting standards.

*Some selling expenses (rebates, etc.) that were previously recorded as selling, general, and administrative expenses are now deducted from net sales.

Consolidated Earnings Forecast



- Net sales: Although we forecast a double-digit year-on-year increase by overseas business, and we anticipate a 0.8% year-on-year increase by domestic business. We forecast a 3.7% year-on-year increase for the consolidated Group.
- Operating income: Although we anticipate rising raw materials expenses, we forecast a 6.2% increase in operating income for the consolidated Group due to the effect of increased sales by overseas business.

	FYE Dec. 2021 (previous standards)	FYE Dec. 2021 (new standards)	FYE Dec. 2022 (new standards)	
	Results	Results	Forecast	Change from previous period
Net sales	3,386	2,926	3,033	3.7%
Operating income	193	193	205	6.2%
Ordinary income	217	217	220	1.3%
Net income	135	135	140	3.6%
Operating profit margin	5.7%	6.6%	6.8%	—

TTM Currency Rate

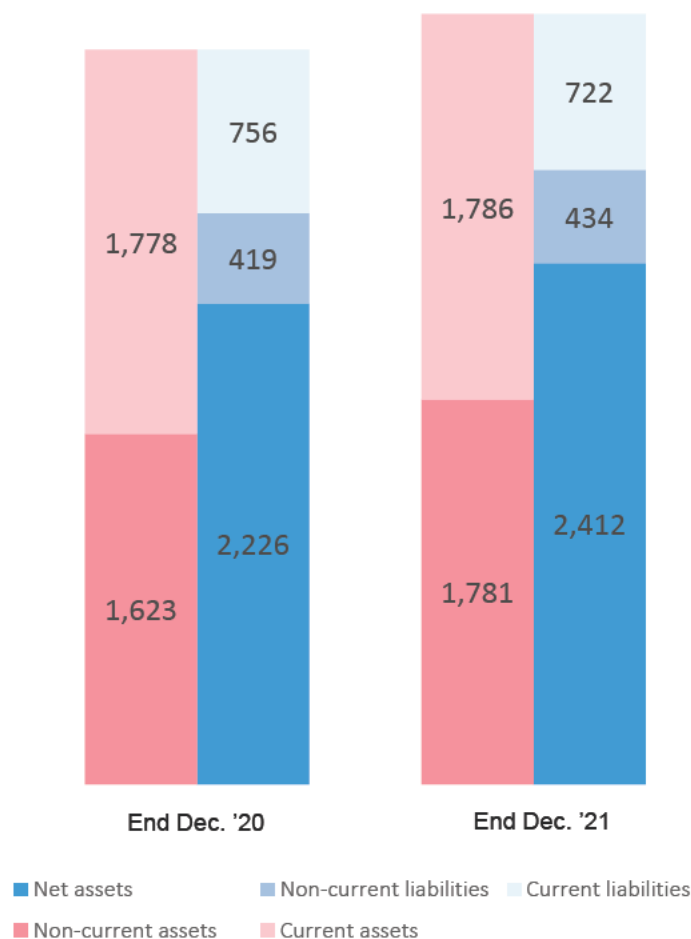
		USD	EUR	THB	CNY	100KRW	100IDR
<u>2018</u>	3/31	106.24	130.52	3.40	16.92	9.99	0.78
	6/30	110.54	127.91	3.33	16.66	9.88	0.77
	9/30	113.57	132.14	3.50	16.50	10.23	0.76
	12/31	111.00	127.00	3.41	16.16	9.94	0.77
<u>2019</u>	3/31	110.99	124.56	3.49	16.47	9.80	0.78
	6/30	107.79	122.49	3.50	15.69	9.33	0.77
	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
	9/30	111.42	129.11	3.26	17.15	9.37	0.73
	12/31	105.02	130.51	3.43	18.06	9.73	0.81

Status of Balance Sheet



- Net worth ratio: 65.2% (end of December 2020)
→ 67.5% (end of December 2021)

(Unit: 100 million yen)



Assets Major account items		End Dec. '20	End Dec. '21	Change from previous period
Current assets	Cash and deposits	979	1,020	+41
	Notes and accounts receivable	435	429	-6
	Securities	7	2	-5
	Inventories	289	282	-7
	Total current assets	1,778	1,786	+8
Non-current assets	Property, plants and equipment	976	1,011	+35
	Intangible assets	107	160	+53
	Investment securities	354	416	+62
	Total non-current assets	1,623	1,781	+159
Liabilities and net assets Major account items		End Dec. '20	End Dec. '21	Change from previous period
Current liabilities	Notes and accounts payable, trade	326	324	-2
	Short-term loans payable			
	Current portion of long-term loans payable	2	2	+0
	Total current liabilities	756	722	-34
Non-current liabilities	Convertible bonds	301	300	-0
	Long-term loans payable	3	1	-3
	Total non-current liabilities	419	434	+15
Net assets	Shareholders' equity	2,137	2,235	+98
	Total net assets	2,226	2,412	+186

Status of Cash Flows

(Unit: 100 million yen)

	FYE Mar. 2018 Results	FYE Mar. 2019 Results	FYE Dec. 2019 Results	FYE Dec. 2020 Results	FYE Dec. 2021 Results
Cash flows from operating activities	315	203	173	172	287
Cash flows from investing activities	-250	-87	-90	-124	-292
FCF (Free cash flows)	64	116	83	48	-5
Cash flows from financing activities	-45	-46	-96	-97	-49
Cash and cash equivalents at end of year	930	992	980	924	895

[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.

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