



[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, 2022

Ezaki Glico Co., Ltd.

Securities Code: 2206

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I. FYE December 2022 First Half Earnings Report

*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.

1. Although net sales increased in the first half, operating income decreased due to the impact of the COVID-19-caused lockdown in Shanghai, China, and decreased revenues from domestic operations.

- First half sales increased +0.9 year-on-year but operating income fell -31.0%.
- However, if China, which was affected by lockdowns, is excluded, sales increased +2.9%.

2. ASEAN and the U.S.A. achieved solid revenue growth.

- Driven by growth in ASEAN and the U.S.A., overseas business achieved +8.0% revenue growth despite the lockdown in Shanghai, China. Excluding China, revenue rose +36.0%, in part due to the effects of foreign exchange rates. However, income declined due to the lockdown in Shanghai, China, as well as the start-up of a new plant in Indonesia and soaring logistics costs in the U.S.A.

3. Domestic Confectioneries, Ice Cream, and Milk and Dairy Products faced a tough situation, but new products associated with health value were launched domestically and internationally.

- Domestically, reduced-available carbohydrates SUNAO pasta, reduced-available carbohydrates snacks (Cheeza and Cratz), and other products were launched, while overseas, products with health value—such as SUNAO ice cream in Thailand and Almond Koka in Taiwan—entered the market.

Status of Consolidated Performance



- Net sales: Despite the lockdown in Shanghai, China, and struggles of the Confectioneries and Milk and Dairy Product businesses in Japan, other segments, including overseas and the Health Business category, performed well, resulting in a 0.9% increase YoY.
- Operating income: Decreased -31.0% YoY due to the lockdown in Shanghai, China, and struggling domestic operations.

(Unit: 100 million yen)

	FYE Dec. 2021 (previous standards)	FYE Dec. 2021 (new standards)	FYE Dec. 2022 (new standards)	
	First half results	First half results	First half results	Change from previous period
Net sales	1,603	1,380	1,391	+0.9%
Operating income	100	100	69	-31.0%
Ordinary income	112	112	80	-28.8%
Net income	79	79	47	-40.1%
Operating income margin	6.2%	7.2%	4.9%	—

Status of Operating Income



((Unit: 100 million yen))

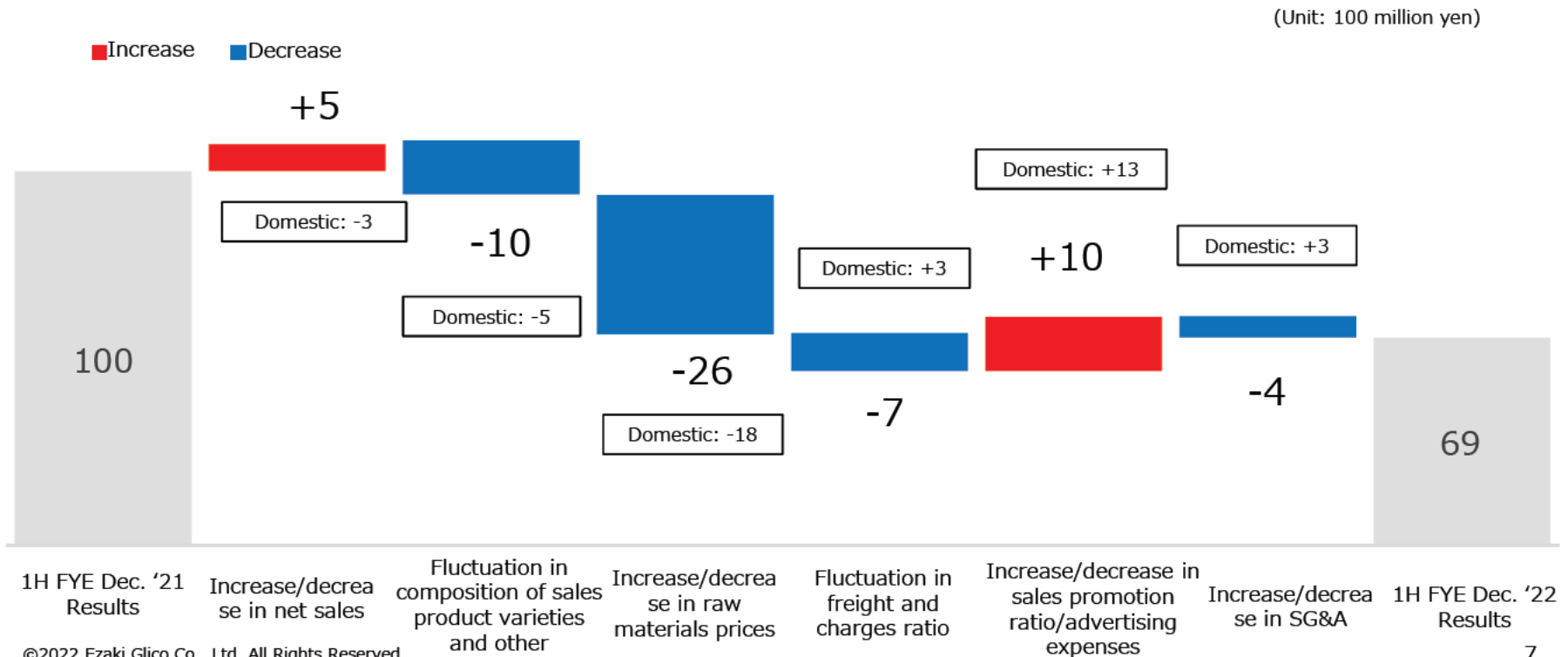
	FYE Dec. 2021 (new standards)		FYE Dec. 2022 (new standards)	
	First Half Results	Sales Ratio	First Half Results	Sales Ratio
Net sales	1,380	100.0%	1,391	100.0%
Cost of sales	836	60.6%	877	63.0%
Gross profit	544	39.4%	515	37.0%
Freight and charges	120	8.7%	127	9.2%
Sales promotion	43	3.1%	39	2.8%
Advertising expenses	44	3.2%	38	2.7%
Salaries and benefits	140	10.2%	147	10.6%
Expenses and depreciation	97	7.1%	94	6.8%
SGA total	444	32.2%	446	32.0%
Operating income	100	7.2%	69	4.9%

Factors of Increases (Decreases) in Operating Income



Change from previous period

- In Japan, despite decreases in sales promotion ratio/advertising expenses, operating income fell due to rising raw materials prices and fluctuations in the composition of sales product varieties and other.
- Overseas, although increase/decrease in net sales was a factor leading to increased operating income, as the decrease in sales from the lockdown in Shanghai, China was offset by ASEAN, the U.S.A., and foreign exchange, operating income decreased due to the freight and charges ratio, higher raw material prices, and increased SG&A expenses.



Status of Net Sales by Segment



- Despite posting increases in Food Products, Ice Cream, Food Ingredients and Other, including Health, the domestic segment had a year-on-year decrease of -0.6% due to poor performance in Milk and Dairy Products and Confectioneries.
- Despite the lockdown in Shanghai, China, overseas net sales increased +8.0% YoY due to higher sales in ASEAN and the U.S.A. and the effects of foreign exchange rates.

(Unit: 100 million yen)

	FYE Dec. 2021 (new standards)	FYE Dec. 2022 (new standards)	
	First half results	First half results	Change from previous period
Total	1,380	1,391	+0.9%
(Domestic)	1,152	1,145	-0.6%
Confectioneries and Food Products	321	316	-1.6%
(Confectioneries)	263	257	-2.4%
(Food products)	58	59	+2.2%
Ice Cream	346	358	+3.3%
Milk and Dairy Products	348	330	-5.1%
Food Ingredients	51	52	+2.9%
Overseas business	228	246	+8.0%
Other	86	89	+3.6%
(Health)	62	64	+3.0%

Reference:	Exchange rate	FYE Dec. 2021 1H Cum Total (Results)	FYE Dec. 2022 1H Cum Total (Results)
China (CNY)	1 CNY =	16.63 JPY	1 CNY = 18.98 JPY
Thailand (THB)	1 THB =	3.49 JPY	1 THB = 3.63 JPY
U.S.A. (USD)	1 USD =	107.74 JPY	1 USD = 123.16 JPY

Status of Operating Income by Segment



- Domestic operating income decreased -0.6 billion yen due to struggles in Ice Cream brands and Milk and Dairy Products as well as soaring raw material prices.
- Overseas operating income decreased -2.4 billion yen, mainly from the impact of the lockdown in Shanghai, China.

(Unit: 100 million yen)

	FYE Dec. 2021	FYE Dec. 2022	
	First half results	First half results	Change from Previous Period
Total	100	69	-31
(Domestic)	78	72	-6
Confectioneries and Food Products	23	26	3
(Confectioneries)	22	25	3
(Food products)	1	1	0
Ice Cream	21	10	-10
Milk and Dairy Products	11	1	-10
Food Ingredients	6	6	1
Overseas business	21	-3	-24
Other	6	6	0
Adjustment	11	22	10

Reference:

Exchange rate	FYE Dec. 2021	FYE Dec. 2022
	1H Cum Total (Results)	1H Cum Total (Results)
China (CNY)	1 CNY = 16.63 JPY	1 CNY = 18.98 JPY
Thailand (THB)	1 THB = 3.49 JPY	1 THB = 3.63 JPY
U.S.A. (USD)	1 USD = 107.74 JPY	1 USD = 123.16 JPY

Domestic Business: Situation by Category



Category	1H FYE Dec. 2022	
	Net sales (% of previous period)	
Chocolate	15.7 billion yen (-4.4%)	Operating income from the mainstay "Pocky" increased, but "Kobe Roasted Chocolate" and other brands struggled.
Cookies	9.3 billion yen (+0.5%)	Pretz, Cratz, and other products increased. BISCO fell.
Ice Cream	^{*1} 35.8 billion yen (+3.3%)	Giant Cone, Ice no mi, PAPICO, and other brands struggled, but wholesale subsidiaries and Seventeen Ice posted increases.
Yoghurt	6.3 billion yen (-18.5%)	BifiX yogurt, Apple Yoghurt, and other brands performed poorly overall, in part due to a contracting yoghurt market.
Baby Care	2.0 billion yen (-0.7%)	Although liquid milk posted an increase, there was a slight decrease overall due poor performance by Follow-Up Milk.
Health	6.4 billion yen (+3.0%)	The mainstay brand "Almond Koka" (drink) powered an increase.

*1 Includes net sales of wholesale subsidiaries

Overseas Business: Region-Specific Net Sales and Operating Income



◆China

(Unit: 1 million CNY)

	FYE Dec. 2021 (new standards)	FYE Dec. 2022 (new standards)	
	First half results	First half results	Change from previous period
Net sales	645	430	-33.2
Operating income	50	-47	—

◆ASEAN *

(Unit: 1 million USD)

	FYE Dec. 2021 (new standards)	FYE Dec. 2022 (new standards)	
	First half results	First half results	Change from previous period
Net sales	47	58	+23.7
Operating income	-3	-3	—

◆U.S.A.*

(Unit: 1 million USD)

	FYE Dec. 2021	FYE Dec. 2022	
	First half results	First half results	Change from previous period
Net sales	48	54	+11.7%
Operating income	18	13	-26.0%

*Concerning the accounting terms for ASEAN countries, figures were converted with the real exchange rate for the 1H FYE December 2022 total of each country.

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



II. FYE December 2022 Full-Year Earnings Forecast

Full-Year Plan and Forecast



- Net sales : Consolidated net sales are expected to decrease -0.8% from the initial forecast and increase +2.9% from the previous year, mainly due to the impact of the lockdown in Shanghai, China.
- Operating income : Consolidated operating income is expected to decrease -26.8% from the initial forecast and decrease -22.3% from the previous year, mainly due to the impact of the lockdown in Shanghai, China, but also reflecting the situation in Japan.

(Unit: 100 million yen)

	FYE Dec. 2021 (previous standards)	FYE Dec. 2021 (new standards)	FYE Dec. 2022 (new standards)			
	Results	Results	Initial forecast	Latest forecast	Change from previous period	Change from forecast
Net sales	3,386	2,926	3,033	3,010	+2.9%	▲0.8%
Operating income	193	193	205	150	▲22.3%	▲26.8%
Ordinary income	217	217	220	160	▲26.3%	▲27.3%
Net income	135	135	140	110	▲18.6%	▲21.4%
Operating income margin	5.7%	6.6%	6.8%	5.0%		

TTM Currency Rate

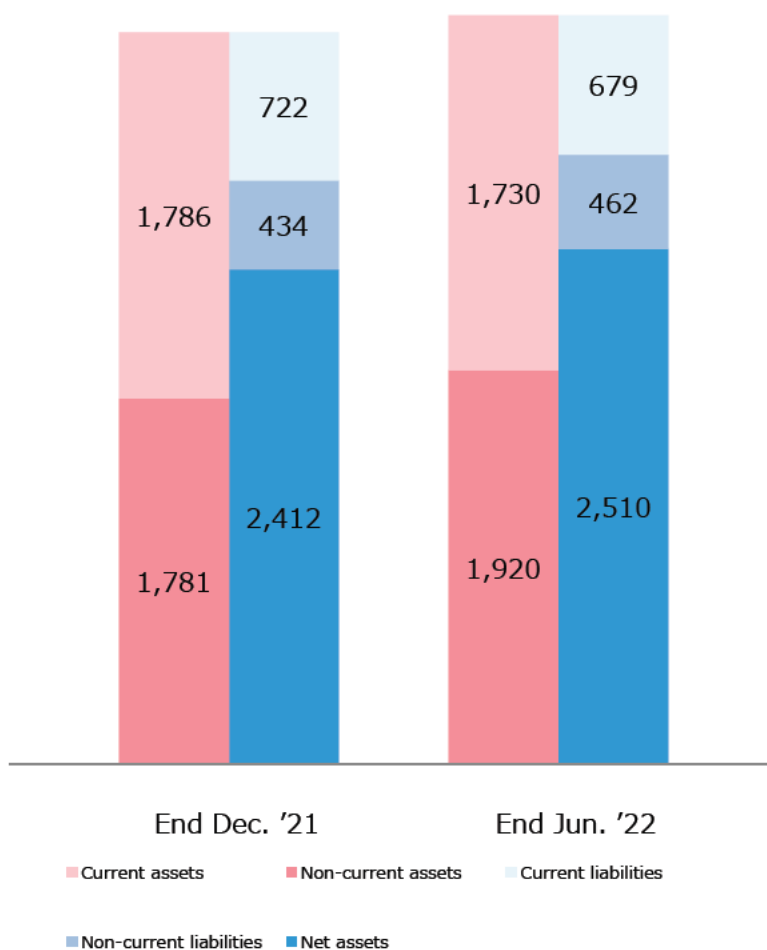
		USD	EUR	THB	CNY	100KRW	100IDR
<u>2019</u>	3/31	110.99	124.56	3.49	16.47	9.80	0.78
	6/30	107.79	122.49	3.50	15.69	9.33	0.77
	9/30	107.92	118.02	3.53	15.13	8.99	0.76
	12/31	109.56	122.54	3.63	15.67	9.46	0.79
<u>2020</u>	3/31	108.83	119.55	3.34	15.31	8.92	0.67
	6/30	107.74	121.08	3.49	15.23	9.00	0.76
	9/30	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
<u>2022</u>	3/31	122.39	136.70	3.68	19.26	10.13	0.86
	6/30	136.68	142.67	3.85	20.38	10.52	0.92

Status of Balance Sheet



(Unit: 100 million yen)

◆ Net worth ratio: → 67.5% (end of December 2021)
⇒ 68.6% (end of June 2022)



Assets Major account items		End of December 2021	End of June 2022	Vs. end of December 2021
Current assets	Cash and deposits	1,020	913	-107
	Notes and accounts receivable	429	386	-43
	Securities	2	2	+0
	Inventories	282	334	+52
	Total current assets	1,786	1,730	-56
Non-current assets	Property, plants and equipment	1,011	1,069	+58
	Intangible assets	160	183	+23
	Investment securities	416	469	+52
	Total non-current assets	1,781	1,920	+139
Liabilities and net assets Major account items		End of December 2021	End of June 2022	Vs. end of December 2021
Current liabilities	Notes and accounts payable, trade	324	317	-7
	Short-term loans payable Current portion of long-term loans payable	2	2	-1
	Total current liabilities	722	679	-43
Non-current liabilities	Convertible bonds	300	300	-0
	Long-term loans payable	1	0	-1
	Total non-current liabilities	434	462	+27
Net assets	Shareholders' equity	2,235	2,202	-32
	Total net assets	2,412	2,510	+98

[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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