



[Notes of caution]

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<Full Version>

**Glico Group Financial Results
For the First Half of the Fiscal Year Ending
December 31, 2020**

Ezaki Glico Co., Ltd.

Securities Code: 2206

August 27, 2020

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I. FYE December 2020 First Half Earnings Report and Progress Report on FYE December 2020 Initiatives

Summary for the First Half FYE December 2020



1. Consolidated net sales fell slightly by -0.3% YoY, in part due to overseas struggles associated with the COVID-19 pandemic.

- In Japan, increases in revenues were achieved due to strong performance by the Ice Cream business. This was in spite of difficulties in the Confectionery business that were attributable to the effects of the COVID-19 pandemic. Overseas, decreases in revenues resulting from the COVID-19 pandemic were seen in the first quarter in China, first half in ASEAN, and second quarter in the U.S.A.

2. Consolidated operating income rose substantially by +63.2% YoY in the current first half.

- Primarily in Japan, income increased substantially due to suppressed travel and transport expenditure attributable to the COVID-19 pandemic and the postponement of operational expenses, advertising expenses, and sales promotion expenses until the second half. Overseas, although income did not meet planned targets, it achieved an increase YoY due to the fact that the previous FY posted a deficit.

3. The Ice Cream business posted increased earnings (+12.3% YoY).
The Health Business category continued achieving increases in revenues as a result of value creation in the health segment (+3.7% YoY).

- The Ice Cream business achieved increases in revenues due to strong performance by “Ice no mi,” “Giant Cone,” “PAPICO,” and other products.
- In the Health Business category, “Almond Koka” maintained growth due to the creation of the almond milk market, and the “SUNAO” brand achieved growth in the reduced-sugar market.

Effects of the COVID-19 Pandemic in Japan and Overseas

Japan	Overseas
<ul style="list-style-type: none">■ Demand from tourists and inbound visitors decreased dramatically as a result of the state of emergency declaration. At the same time, fewer people went outside due to work from home, school closures, etc.■ Earnings from confectioneries sold as souvenirs and “Bâton d’or” fell and the vending machine business (“Seventeen Ice,” etc.) struggled as a result of people’s staying at home. The growing number of people working from home also impacted on convenience store channels and the Office Glico business.■ On the other hand, retort pouch products and other areas of the Food business were strong as a result of the greater number of hours families stayed at home.■ With rising health-consciousness, needs for yoghurt and other products aimed at improving immunity rose, and there was also growing demand for healthier products.	<ul style="list-style-type: none">■ China The supply chain stopped temporarily during the first quarter, primarily in February. Earnings also plummeted amid restrictions on leaving home. Beginning in March, however, negative effects of the pandemic relaxed in the second quarter and increased earnings were achieved based on the local currency.■ ASEAN In Thailand, Malaysia, and other countries, decreased earnings continued upon entering the second quarter, in part due to lockdowns in cities.■ U.S.A. Earnings were down throughout the U.S.A. business in the second quarter amid lockdown restrictions against going outdoors and the closure of some retail stores.

Ezaki Glico's Initiatives to Cope with COVID-19



We provided confectioneries and drinks free of charge to hospitals and clinics for use by medical personnel; to hotels and training facilities for use by patients with minor symptoms; and to local governments, social welfare councils, and orphanages for use by children. (Photo: Distributing products at a children's facility in Tondabayashi City, Osaka Prefecture)

We used the "Dotonbori Glico Sign" at Dotonbori, Osaka, and "Glico Vision Shibuya" at the Shibuya Scramble Crossing in Tokyo to send messages of gratitude and support to the medical personnel working hard to treat COVID-19 as well as everyone else combating the disease on the front lines. (Photo: The "finish line" mark lit up in blue with the message "ARIGATO" [thank you])



In the Republic of Ghana, which is a major supplier of cacao beans (the main ingredient of chocolate products), we provided hygienic support to deal with COVID-19 as well as employment support to help cope with the disease's effects. In rural areas, we provided hygiene goods and helped build wells for regions that produce cacao bean. At the same time, we supported employment in urban areas by consigning the manufacture of masks for Japan to a local business. (Photos: Children wearing delivered masks [left] and hygiene products delivered to a health center [right])

Status of Consolidated Performance



- Net Sales: Domestic businesses achieved increased revenue while overseas businesses struggled. There was a slight -0.3% decrease in revenue compared to the previous year throughout the consolidated Group.
- Operating income: There was a +63.2% increase YoY resulting from suppressed SG&A expenses and postponements to the second half, primarily in Japan.

(Unit: 100 million yen)

	1H FYE Dec. 2019	1H FYE Dec. 2020			
	Cum Total	Forecast	Results	Change from Previous Period (%)	Change from Forecast (%)
	Results (following adjustment)				
Net sales	1,664	1,705	1,660	-0.3	-2.7
Operating income	53	54	87	+63.2	+61.7
Ordinary income	63	60	97	+52.8	+61.2
Net income	37	43	63	+70.9	+46.1
Operating profit margin (%)	3.2	3.2	5.3	-	-

Status of Operating Income



(Unit: 100 million yen)

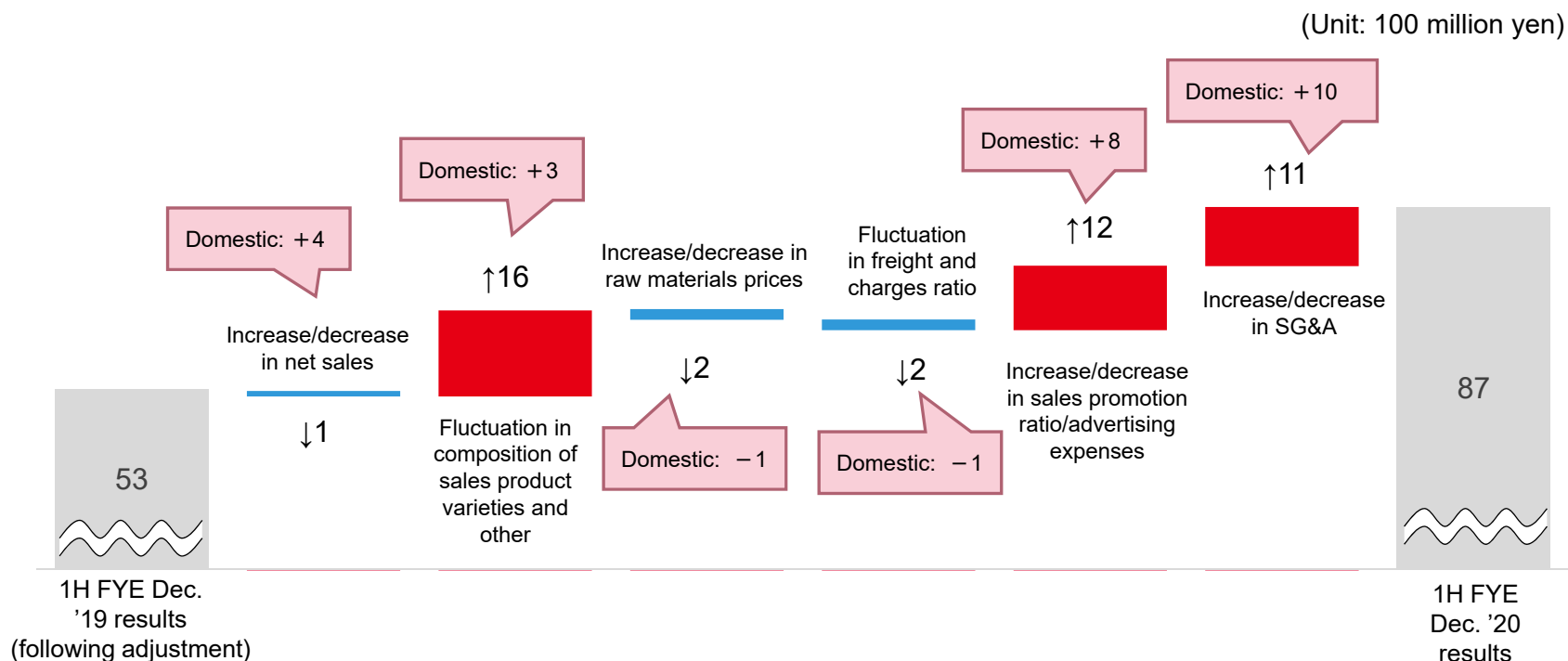
	1H FYE Dec. 2019 Cum Total		1H FYE Dec. 2020 Cum Total	
	Results (following adjustment)	Sales Ratio %	Results	Sales Ratio %
Net sales	1,664	100.0	1,660	100.0
Cost of sales	876	52.7	860	51.8
Gross profit	788	47.3	799	48.2
Freight and charges	152	9.1	153	9.2
Sales promotion	268	16.1	264	15.9
Advertising expenses	70	4.2	61	3.7
Salaries and benefits	143	8.6	144	8.7
Expenses and depreciation	102	6.1	89	5.4
SGA total	734	44.1	712	42.9
Operating income	53	3.2	87	5.3

Factors of Increases (Decreases) in Operating Income



Change from previous period

- “Fluctuation in composition of sales product varieties and other” rose by 1.6 billion yen as a result of lower ratio of costs of sales, primarily overseas.
- Sales promotion/advertising expenses and SG&A expenses rose by 2.3 billion yen as a result of the postponement (partial reduction) of expenditures to the second half.



Impact of Raw Material Cost Fluctuations on Costs



- 2Q FYE Dec. 2020 Cumulative Total (Results)

Although prices for flour and juice/fruit decreased, overall procurement costs for the Group rose by 200 million yen due to higher prices for dairy products and chocolate raw materials.

- FYE Dec. 2020 (Latest Forecast)

We forecast a rise in prices for dairy products and chocolate raw materials during the second half of FYE December 2020, but also anticipate that this rise will be offset by further decreases in juice/fruit prices.

As a result, we predict that procurement costs will rise by 200 million yen for the full year compared to the previous year.

(Unit: 100 million yen)

	2Q FYE Dec. 2020 Cumulative Total Results	FYE Dec. 2020 Latest Forecast
	Change from Previous Period*1	Change from Previous Period*2
Group total (including overseas subsidiaries)	+2	+2

Note: Including impact of fluctuations in foreign exchange rates

*1 (1H FY 2020 actual unit price – 1H FY 2019 actual unit price) × 1H FY 2020 actual volume used

*2 (FY 2020 full-year unit price forecasts – FY 2019 full-year actual unit prices) × FY 2020 full-year projected volume used

Status of Net Sales by Segment



- Despite severe results for Confectioneries and Milk and Dairy Products, the domestic segment achieved an increase of +0.8% YoY that was driven by Ice Cream.
- The overseas segment slowed as a result of the COVID-19 pandemic and posted a year-on-year decrease in revenues (-2.8% based on local currencies).

(Unit: 100 million yen)

	1H FYE Dec. 2019 Cum Total	1H FYE Dec. 2020 Cum Total			
	Results (following adjustment)	Forecast	Results	Change from Previous Period (%)	Change from Forecast (%)
Total	1,664	1,705	1,660	-0.3	-2.7
Confectioneries and Food Products	459	457	443	-3.5	-3.0
Confectioneries	371	372	346	-6.6	-6.9
Food Products	88	85	97	+9.5	+13.9
Ice Cream	380	398	427	+12.3	+7.4
Milk and Dairy Products	429	408	415	-3.1	+1.8
Food Ingredients	51	52	49	-4.2	-5.6
Overseas business	253	293	237	-6.3	-19.0
Other	91	97	87	-4.3	-10.0
Health	60	66	62	+3.7	-5.5

Reference: The following exchange rates are used.

	1H FYE Dec. 2019 Cum Total (Results)	1H FYE Dec. 2020 Cum Total (Forecast)	1H FYE Dec. 2020 Cum Total (Results)
China (CNY)	1 CNY = 16.22 JPY	1 CNY = 15.50 JPY	1 CNY = 15.37 JPY
Thailand (THB)	1 THB = 3.47 JPY	1 THB = 3.40 JPY	1 THB = 3.45 JPY
U.S.A (USD)	1 USD = 110.12 JPY	1 USD = 109.00 JPY	1 USD = 108.43 JPY

Status of Operating Income by Segment



- The domestic segment posted an increase of 2.3 billion yen YoY that resulted from suppressed SG&A and postponement to the second half due to the COVID-19 pandemic, among other factors.
- The overseas segment posted an increase of 1.1 billion yen that was attributable to lower ratio of costs of sales, etc.

(Unit: 100 million yen)

	1H FYE Dec. 2019 Cum Total	1H FYE Dec. 2019 Cum Total			
	Results (following adjustment)	Forecast	Results	Change from Previous Period	Change from Forecast
Total	53	54	87	+ 34	+ 33
Confectioneries and Food Products	24	21	26	+ 3	+ 5
Confectioneries	25	20	21	- 3	+ 2
Food Products	- 1	2	5	+ 6	+ 3
Ice Cream	23	21	29	+ 6	+ 8
Milk and Dairy Products	10	4	12	+ 3	+ 9
Food Ingredients	4	4	4	+ 0	- 0
Overseas business	- 2	11	9	+ 11	- 3
Other	1	- 6	- 2	- 3	+ 4
Adjustment	- 5	- 2	9	+ 14	+ 11

Reference: The following exchange rates are used.

	1H FYE Dec. 2019 Cum Total (Results)	1H FYE Dec. 2020 Cum Total (Forecast)	1H FYE Dec. 2020 Cum Total (Results)
China (CNY)	1 CNY = 16.22 JPY	1 CNY = 15.50 JPY	1 CNY = 15.37 JPY
Thailand (THB)	1 THB = 3.47 JPY	1 THB = 3.40 JPY	1 THB = 3.45 JPY
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Domestic Business: Situation by Category



Category	1H FYE Dec. 2020	
	*1 Net sales (% of previous period)	
Chocolate	21.6 billion yen (−6.9%)	The mainstay product “Pocky” posted a decrease resulting from decreased sales, which included items sold as souvenirs, as a result of the COVID-19 pandemic. The category generally struggled despite strong performance by the health-oriented product “GABA.”
Cookies	12.1 billion yen (−2.1%)	Although the mainstay product “Pretz” maintained an upward trend resulting from its renewal last year and other factors, the category posted a decrease compared to the previous year because “BISCO” struggled.
Ice Cream	42.7 billion yen (+ 12.3%) *2	“Ice no mi,” “PAPICO,” and “Giant Cone,” performed well. However, “Seventeen Ice” struggled, in part due to the effects of the COVID-19 pandemic. Wholesale subsidiaries posted an increase.
Yoghurt	10.4 billion yen (−2.3%)	“BifiX yoghurt” achieved a year-on-year increase. However, the category posted a decrease compared to the previous year due to depressed sales of single pack “Apple Yoghurt” and other products.
Drinking Milk	12.2 billion yen (−5.8%)	The mainstay brand “Cafe Ore” posted a year-on-year increase following a basic product overhaul. However, milk and other products saw decreases.
Baby care	2.6 billion yen (−3.9%)	Infant Formula posted a decrease, in part due to a depressed market in the second quarter.
Health	6.2 billion yen (+ 3.7%)	“Almond Koka” continued to perform robustly, and “SUNAO” also posted a year-on-year increase.

*1: *Comparison with 1H FYE December 2019 results (following adjustment)

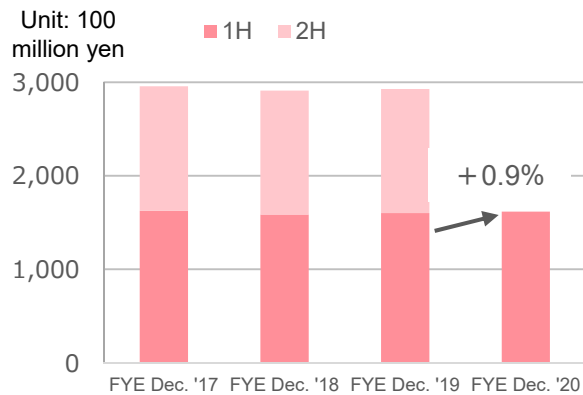
*2: Includes net sales of ice cream wholesale, etc.

Domestic Business: Situation by Category (Chocolate/Cookies)

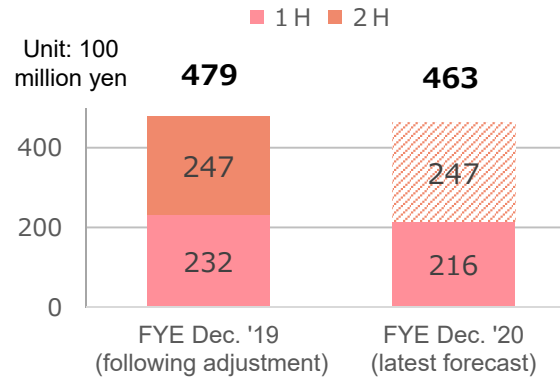


Chocolate category

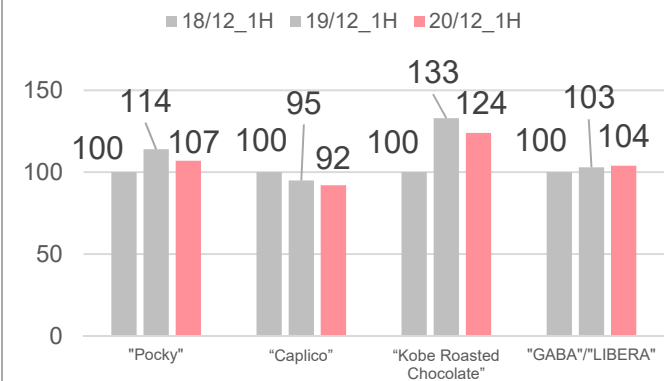
Chocolate Market (Intage SRI)



Result and Forecasted Net Sales - Chocolate category -

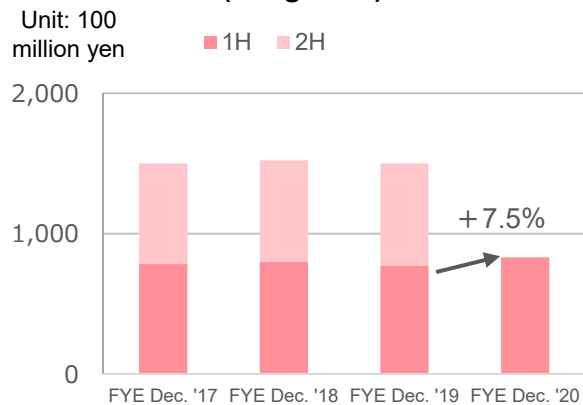


Net Sales by Brand (When 1H FYE Dec. 2018 net sales are set as 100)

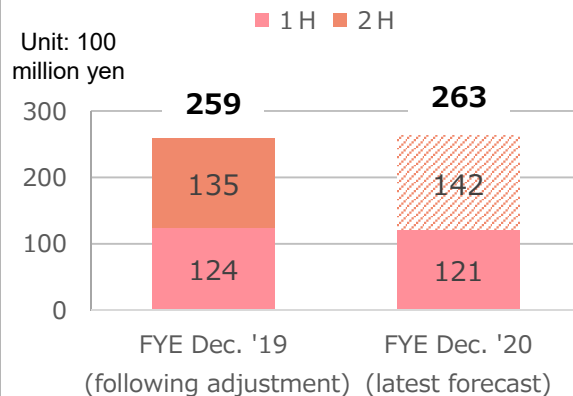


Cookies category

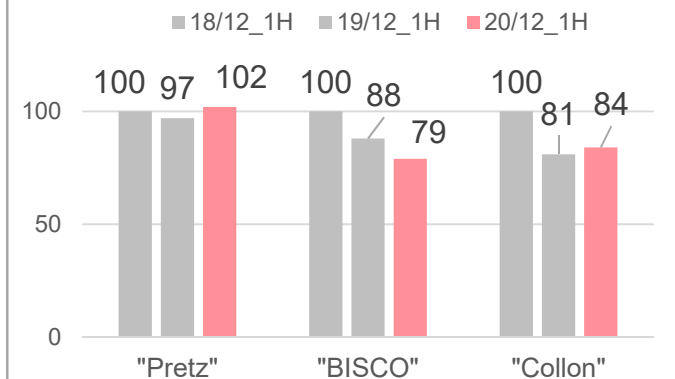
Cookies Market (Intage SRI)



Result and Forecasted Net Sales - Cookies category -



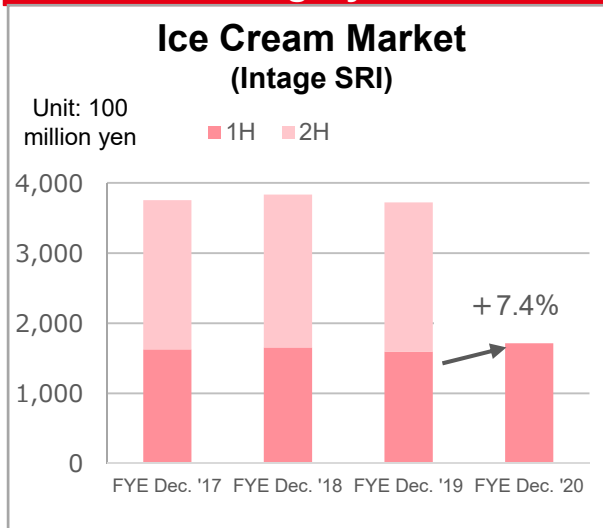
Net Sales by Brand (When 1H FYE Dec. 2018 net sales are set as 100)



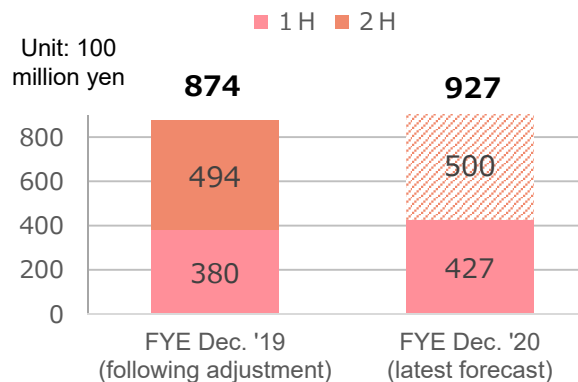
Domestic Business: Situation by Category (Ice Cream/Yoghurt)



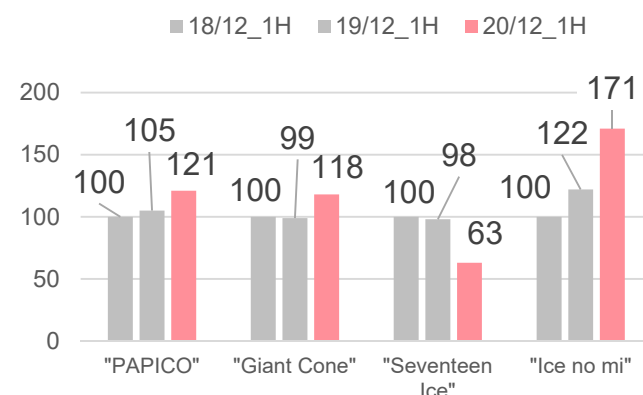
Ice Cream category



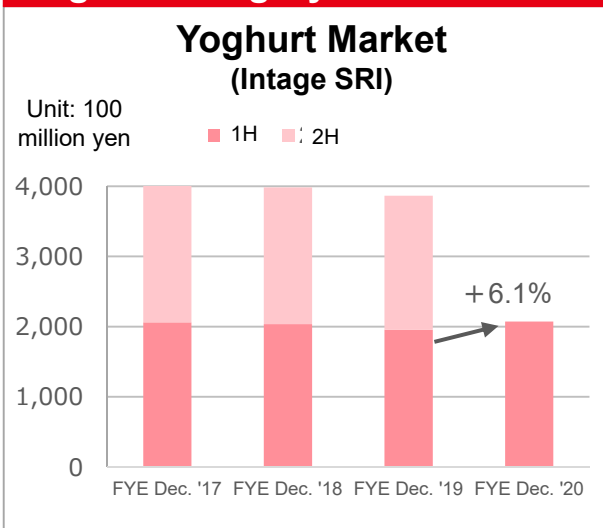
Result and Forecasted Net Sales - Ice Cream category -



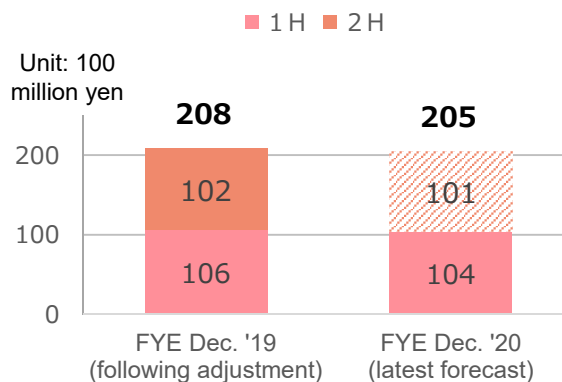
Net Sales by Brand (When 1H FYE Dec. 2018 net sales are set as 100)



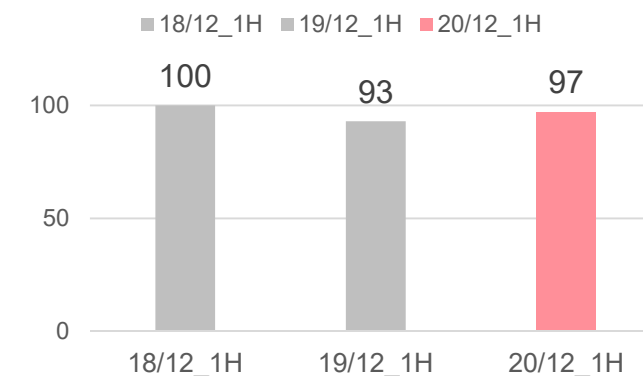
Yoghurt category



Result and Forecasted Net Sales - Yoghurt category -



BifiX Yoghurt Net Sales (When 1H FYE Dec. 2018 net sales are set as 100)

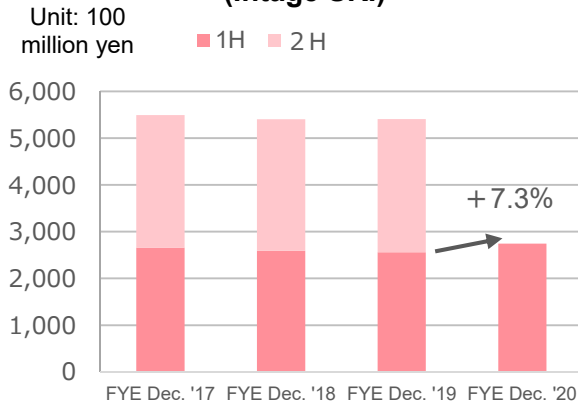


Domestic Business: Situation by Category (Drinking Milk/Infant Formula)

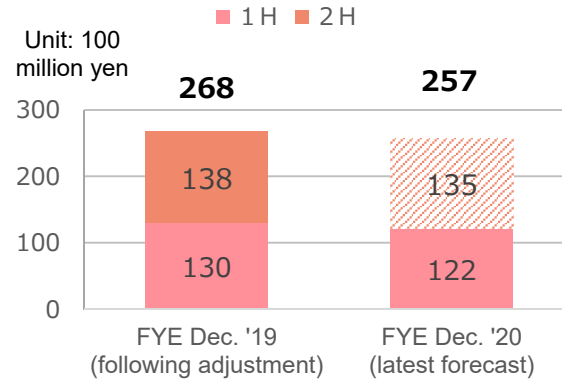


Drinking Milk category

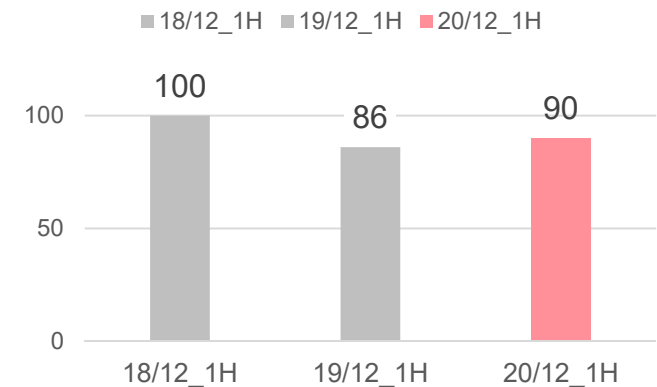
Drinking Milk Market
(Intage SRI)



Result and Forecasted Net Sales - Drinking Milk category -

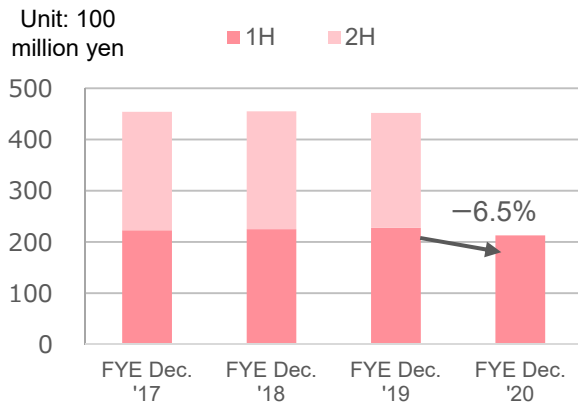


Cafe Ore Net Sales
(When 1H FYE Dec. 2018 net sales are set as 100)

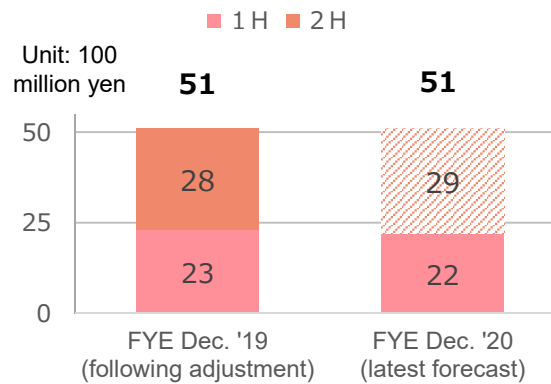


Infant Formula category

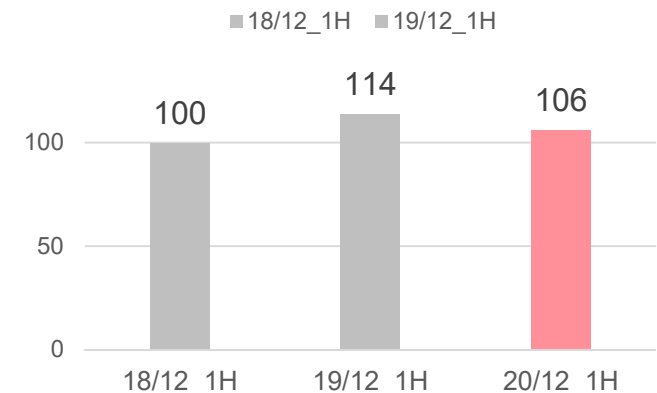
Infant Formula Market
(Intage SDI/SCI estimates)



Result and Forecasted Net Sales - Infant Formula category -



Icreo (Infant Formula) Net Sales
(When 1H FYE Dec. 2018 net sales are set as 100)



Three Strategic Mainstays:

1. Rebuild by concentrating on core brands and aiming for continuous growth of long-selling brands
2. Achieve continuous growth of sales of added-value health brands
➡ Habitualization
3. Create and expand new markets to resolve social issues

Grand Goal:

Execute the philosophy of “A Wholesome Life in the Best of Taste”
Snack foods company ➡ Transforming into a company
supplying the foods people need every day

Transforming into a company supplying the foods people need every day



Concentration on core brands: Rebuilding to achieve continuous growth of long-selling brands

1. Recovery of ice cream brand growth

“PAPICO”
 “Giant Cone” and “Ice no mi”
 are Double-digit growth



“PAPICO”



More than 7.5 million views on YouTube
 Ranked sixth among favorite confectionery commercials in May

“Giant Cone”



More than 3.5 million views on YouTube
 Ranked first among favorite confectionery commercials in March
 Also garnered a high product preference score
 The highest ever for “Giant Cone”!

“Ice no mi”



More than 4.0 million views on YouTube
 Ranked second among favorite confectionery commercials in June
 Also earned sixth place in overall product preference score
 (among a total of 2,191 brands)

Transforming into a company supplying the foods people need every day



Concentration on core brands: Rebuilding to achieve continuous growth of long-selling brands

1. Fundamental product renewal of base SKU

“Pretz”

Even as base souvenir products struggle, achieve growth in base SKU through demand for products enjoyed when staying at home alone.



2. Marketing innovation of base SKU

“Pocky”

With demand for base souvenir products and products associated with new living and going outdoors plummeting below the previous year’s level, aim for recovery with the lenaka Sharehappi campaign.



Transforming into a company supplying the foods people need every day



Concentration on core brands: Rebuilding to achieve continuous growth of long-selling brands

“BifiX”

Surpass the previous year’s sales through renewal to “rejuvenate the intestines” with Bifidobacterium BifiX × dietary fiber insulin.



“Cafe Ore”

Surpass the previous year’s sales through a shift from sugar sweetness to unprocessed milk sweetness + major packaging redesign.



Transforming into a company supplying the foods people need every day



Achieve continuous growth of sales of added-value health brands

- 1) Continued growth of “GABA for Sleep”
- 2) Sixth consecutive year of growth for “Almond Koka”
Market share of 90% or higher
- 3) Year-on-year sales increase for “SUNAO” ice cream
(Double-digit growth for April to June)
- 4) “PAPIVEGE” begins net increase from “PAPICO” base



Transforming into a company supplying the foods people need every day: “Icreo Milk”

Create and expand new markets to resolve social issues



Promoting the diversification of child-rearing and fathers' participation in nursing



Work from home for fathers amid the COVID-19 pandemic. An environment that makes asking grandparents to handle child-rearing difficult. Inability to receive normally required feeding guidance due to calls to stay at home.

=> **Highlighting the “father” as a basic team member in “team child-rearing”**

Ezaki Glico supports families with children from multiple births with cooperation from the Japan Multiple Births Association.



The harsh realities of multiple birth child-rearing (e.g., frequent feeding, lack of sleep, and excessive mental and physical stress) are becoming a social problem. To alleviate this burden, we have begun providing support using “liquid milk” with cooperation from the Japan Multiple Births Association.

Press conference at the Ministry of Health, Labor and Welfare on July 15

Strengthening contact points by moving online

- At various contact points, we are utilizing **online media** to provide feeding guidance that was traditionally done face-to-face.
- At “fan communities,” we are gathering core fans into a Facebook group and **creating a place where they can share the joys and anxieties of child-rearing.**



Facebook community Happy Kosodate (child-rearing) Project

Main Initiatives for the Second Half and Beyond



◆ Changing consumer attitudes and values expressed in “life with the coronavirus”

1. “More is More” in the sense of “trying new things” (consumption for pleasure)
 - ➔ “Less is More” (selective consumption) in the sense of “choosing only trustworthy genuine products”
2. Within a certain degree, lack of sleep and excesses in eating and drinking do not lead to serious disease
 - ➔ Living a well-regulated life and eating healthfully are the only ways to prevent disease
3. “Citizens as consumers” and enrichment of the “individual” ➔ Return to “coexisting citizens” and enrichment of “bonds”



◆ Transforming into a company supplying the foods people need every day for “A Wholesome Life in the Best of Taste”

1. Continue being consumers’ choice by enhancing the products and communication value of long-selling brands and deepening trust.
Accelerate the creation of health value for “PAPIVEGE” and other products in core brands.
2. Realize Glico’s founding purpose of “Enhance health through food!” by creating the value of “preventing illness through food.”
“Almond Koka”: Antioxidant “SUNAO”: Low-carb living “BifiX”: Immunity enhancement from the intestines “GABA”: “Visible” sleep quality “Office Glico”: Use as a health management support tool And others
3. Pursue products and marketing innovation to meet demand associated with coexistence and interpersonal bonds. “Icreo Akachan Milk”: Support for families with children from multiple births, fathers’ participation in child-rearing, “Seventeen Ice” x Shogakukan supplement, stronger collaboration with the “with Glico Co-Sodate Project,” etc.

II. Overseas Business Earnings Report

Overseas Business: Region-Specific Net Sales and Operating Income



◆ China

(Unit: 1 million CNY)

	FYE Dec. 2019		FYE Dec. 2020			FYE Dec. 2020		
	2Q	Full year	2Q			Full year		
	Results	Results	Forecast	Results	Change from previous period	Forecast	Prediction	Change from previous period
Net sales	785	1,652	975	795	+ 1.2%	2,041	1,943	+ 17.6%
Operating income	-2	99	84	52	-	135	135	+ 36.6%

◆ ASEAN*

(Unit: 1 million USD)

	FYE Dec. 2019		FYE Dec. 2020			FYE Dec. 2020		
	2Q	Full year	2Q			Full year		
	Results	Results	Forecast	Results	Change from previous period	Forecast	Prediction	Change from previous period
Net sales	68	146	80	64	-6.3%	177	146	+0.5%
Operating income	-3	-9	-6	-6	-	-11	-12	-

◆ U.S.A.*

(Unit: 1 million USD)

	FYE Dec. 2019		FYE Dec. 2020			FYE Dec. 2020		
	2Q	Full year	2Q			Full year		
	Results	Results	Forecast	Results	Change from previous period	Forecast	Prediction	Change from previous period
Net sales	30	64	33	32	+ 7.5%	70	69	+ 8.1%
Operating income	10	17	8	12	+ 24.4%	16	16	-5.7%

*Concerning the accounting terms for ASEAN countries, figures were converted with the real exchange rate for 1H FYE December 2020 for each country.

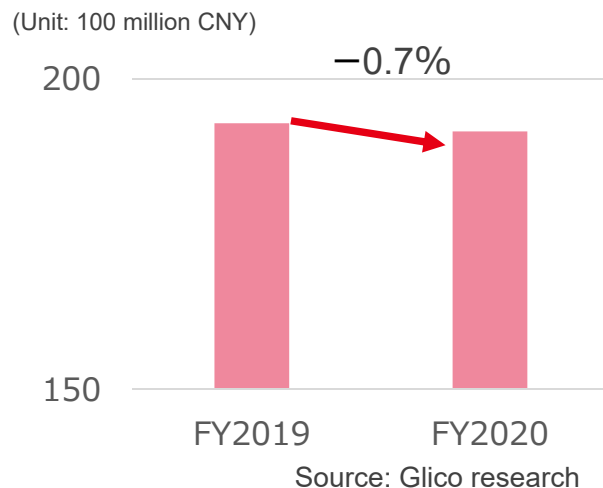
*Figures for the U.S.A. are based on consolidated results of Ezaki Glico USA.

China



- In the first half of 2020, China’s cookie market shrank by -0.7% compared to the previous year. Glico’s net sales exceeded market growth at +1.2% compared to the previous year based on local currency.
- The first quarter fell compared to the previous year due to the effects of COVID-19. While consumer store visits stagnated in the second quarter due to the effects of COVID-19, demand recovered and net sales increased by +17% year on year (based on local currency).
- “Pejoy,” which introduced new products, had increased earnings compared to the previous year. However, “Pocky” and “Pretz” struggled, posting year-on-year decreases. During the second half, we will endeavor to regain strength through marketing measures that include accelerating initiatives for various campaigns and package innovation.

China’s first half cookie market size (offline/EC)



New “Pejoy” products introduced in the first half (Rose-raspberry, lavender-blueberry, etc.)

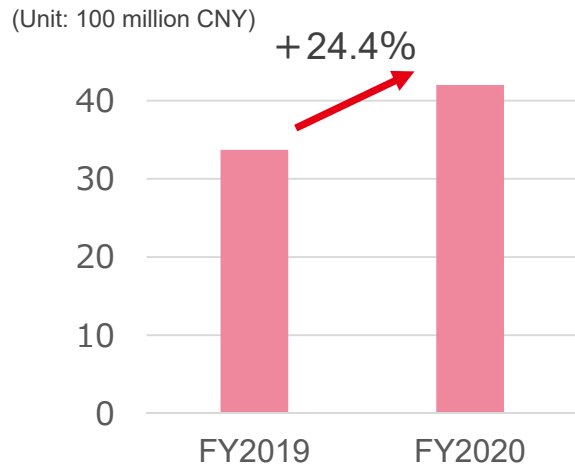


China: Online

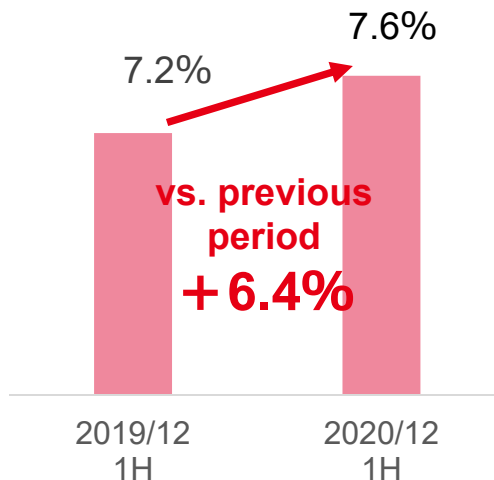


- In the first half of 2020, the EC market in China’s cookie market grew +24.4% compared to the previous year.
- Glico’s EC business’s share is growing within the EC market (POS-based net sales grew +28.4% compared to the previous year). On the EC store side, there was a +6.4% increase (based on shipments) compared to the same period of the previous year attributable to a decrease in inventory. Glico’s EC net sales ratio rose to 7.6%.
- Our repeat rate increased following our development of products matched to various events (such as those of Alibaba and JD.com) and promotion of marketing activities.

China’s first-half cookie market size (EC)



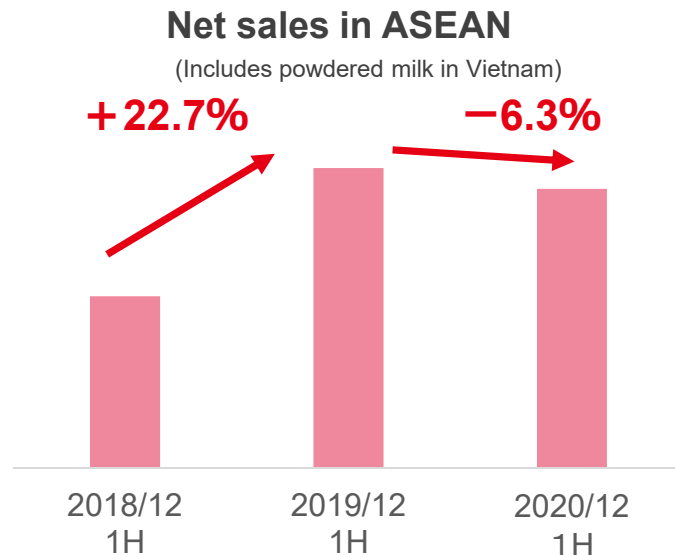
Glico’s EC net sales and EC ratio



EC event “618” in China that lifted Glico’s repeat rate



- Net sales decreased in COVID-19-affected ASEAN countries, as “modern trade” and “traditional trade” customers decreased amid restrictions on going outdoors.
- In Thailand, net sales struggled amid a slowdown in the domestic economy following the declaration of a state of emergency in March resulting from COVID-19, as shop customers decreased and some stores shortened their business hours. Looking ahead, we will aim to regain strength in the second half with sales of “Pocky Wholesome” in July 2020 as a premium line of the mainstay “Pocky” brand made by kneading whole wheat flour into a stick and adding high-quality and healthy fruits and nuts.
- In Indonesia, the first quarter posted an increase exceeding 20% as a result of an expanded distribution area. However, the first half posted an increase of +9.5% as a result of temporary office closures and restrictions on domestic travel caused by the effects of COVID-19.



“Pocky Wholesome” on sale in Thailand in July

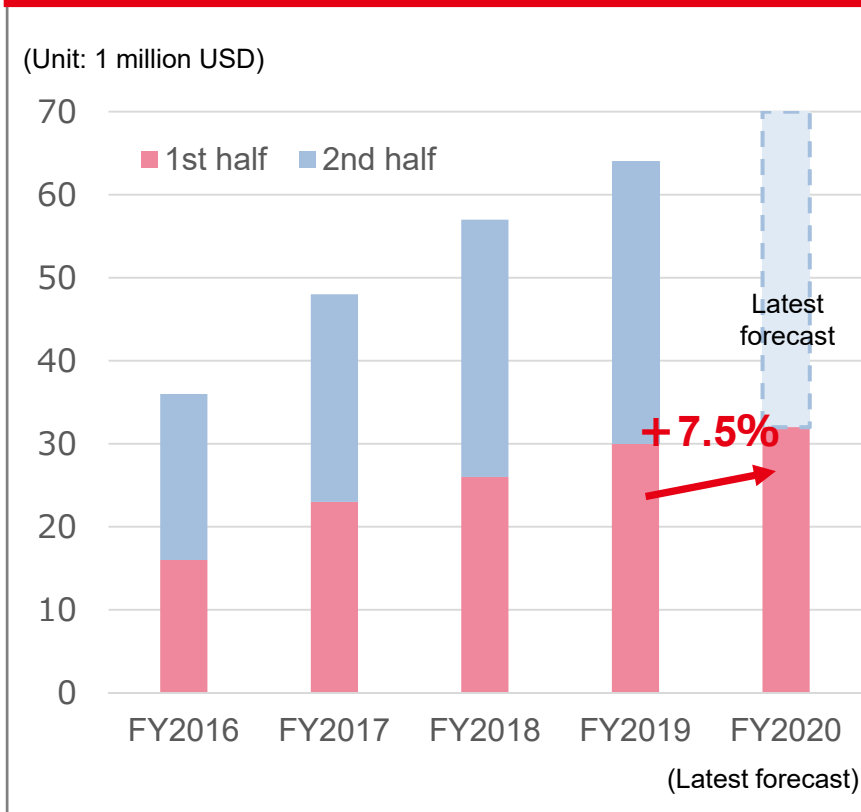


U.S.A.



- During the first half of FYE December 2020, net sales of Ezaki Glico USA, Glico’s local subsidiary in the U.S. confectionery business, posted an increase of +7.5% year on year to 32 million USD based on local currency amid the effects of lockdowns in the second quarter.
- Walmart began distributing Glico products to some of its stores for placement on ordinary confectionery product shelves in addition to shelves for Asian products. Additionally, Walmart moved Glico products to middle shelves having higher visibility.

(1) Changes in Ezaki Glico USA’s net sales

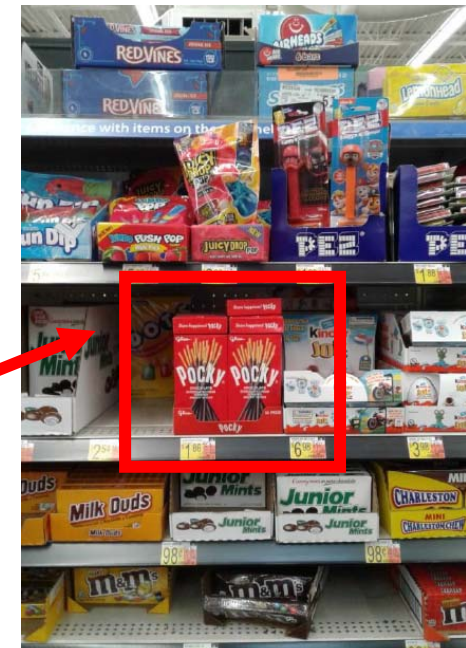


(2) Shelf position in some Walmart stores

Glico products placed on a lower shelf



Glico products placed on a middle shelf



III. FYE December 2020 Full-Year Earnings Forecast

Full-Year Plan and Forecast



- Net sales: We anticipate a decrease of -2.2% (amounting to 8 billion yen) compared to the initial plan, reflecting decreases primarily attributable to COVID-19, and an increase of +1.2% compared to the previous year for the entire consolidated Group.
- Operating income: Increases attributable to lower expenditures, etc., will be offset by decreased revenues from lower net sales. Operating income will remain unchanged from the initial plan due to uncertainties surrounding the COVID-19 situation. (Unit: 100 million yen)

	FYE Dec. 2019 (full year)	FYE Dec. 2020 (full year)			
	Results (following adjustment)	Forecast	Latest Forecast	Change from Previous Period (%)	Change from Forecast (%)
Net sales	3,537	3,660	3,580	+ 1.2	-2.2
Operating income	163	180	180	+ 10.7	-
Ordinary income	175	185	185	+ 5.6	-
Net income	121	125	125	+ 3.1	-
Operating profit margin (%)	4.6	4.9	5.0	-	-

Operating Income Forecast



(Unit: 100 million yen)

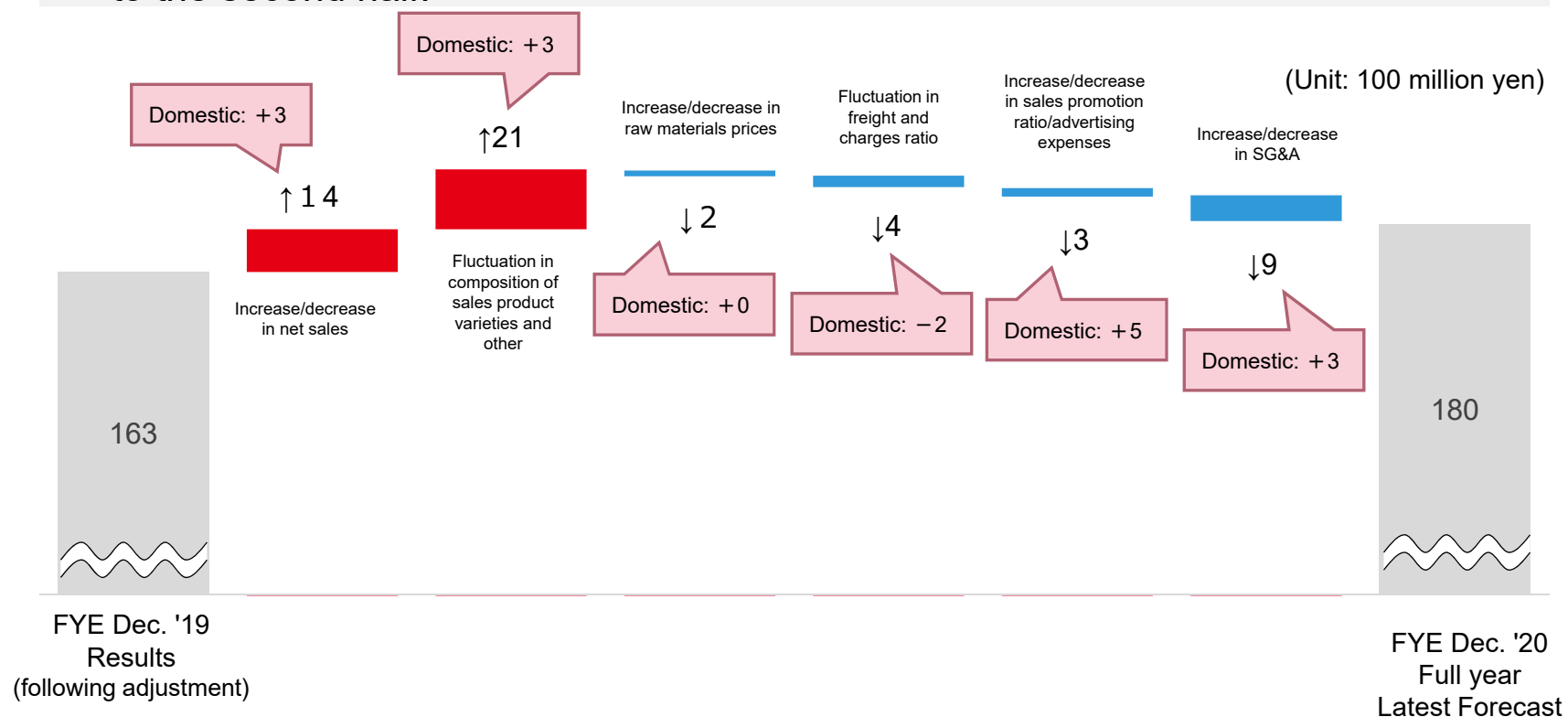
	FYE Dec. 2019 Full year		FYE Dec. 2020 Full year	
	Results (following adjustment)	Sales Ratio %	Latest Forecast	Sales Ratio %
Net sales	3,537	100.0	3,580	100.0
Cost of sales	1,860	52.6	1,859	51.9
Gross profit	1,677	47.4	1,721	48.1
Freight and charges	313	8.8	320	8.9
Sales promotion	559	15.8	567	15.8
Advertising expenses	139	3.9	141	3.9
Salaries and benefits	294	8.3	300	8.4
Expenses and depreciation	210	6.0	212	5.9
SGA total	1,514	42.8	1,541	43.0
Operating income	163	4.6	180	5.0

Factors of Increases (Decreases) in Operating Income



<Change from previous period>

- We anticipate an increase of 1.4 billion yen on higher net sales.
- We anticipate decreases of 300 million yen due to increased sales promotion ratio/advertising expenses and of 900 million yen due to increased SG&A expenses for the full year as a result of the postponement of some expenditures to the second half.



Net Sales Forecast by Segment



- Net sales are forecasted to surpass the previous year in Food Products, Ice Cream, Overseas, and Other (Health).
- A full-year decrease is anticipated vis-à-vis the plan, primarily due to decreased overseas earnings as a result of COVID-19.

(Unit: 100 million yen)

	FYE Dec. 2019 (full year) (following adjustment)	FYE Dec. 2020 (full year) *			
	Results	Forecast	Latest Forecast	Change from Previous Period (%)	Change from Forecast (%)
Total	3,537	3,660	3,580	+1.2	-2.2
Confectioneries and Food Products	962	970	948	-1.5	-2.3
Confectioneries	770	779	746	-3.0	-4.2
Food products	192	191	201	+4.6	+5.4
Ice Cream	874	912	927	+6.1	+1.6
Milk and Dairy Products	876	837	850	-3.0	+1.6
Food Ingredients	106	108	102	-3.5	-5.2
Overseas business	534	631	568	+6.4	-9.9
Other	185	202	185	-0.0	-8.5
Health	123	139	130	+5.8	-6.7

Reference: The following exchange rates are used.

	FYE Dec. 2019 Results	FYE Dec. 2020 Forecast	FYE Dec. 2020 Latest Forecast
China (CNY)	1 CNY = 15.85 JPY	1 CNY = 15.50 JPY	1 CNY = 15.30 JPY
Thailand (THB)	1 THB = 3.52 JPY	1 THB = 3.40 JPY	1 THB = 3.47 JPY
U.S.A (USD)	1 USD = 109.37 JPY	1 USD = 109.00 JPY	1 USD = 108.11 JPY

Operating Income Forecast by Segment



- According to the FYE Dec. 2020 latest forecast, increases are forecasted in comparison with the previous year for all segments except Confectioneries, Milk and Dairy Products, and Other.

(Unit: 100 million yen)

	FYE Dec. 2019 (full year) (following adjustment)	FYE Dec. 2020 (full year)			
	Results	Forecast	Latest Forecast	Change from Previous Period	Change from Forecast
Total	163	180	180	+17	-
Confectioneries and Food Products	66	70	70	+3	-1
Confectioneries	62	64	60	-2	-5
Food products	4	6	10	+6	+4
Ice Cream	60	69	70	+10	+1
Milk and Dairy Products	26	21	25	-2	+4
Food Ingredients	8	8	8	+0	+0
Overseas business	12	17	17	+5	-1
Other	4	5	1	-3	-5
Adjustment	-13	-11	-10	+4	+1

Reference: The following exchange rates are used.

	FYE Dec. 2019 Results	FYE Dec. 2020 Forecast	FYE Dec. 2020 Latest Forecast
China (CNY)	1 CNY = 15.85 JPY	1 CNY = 15.50 JPY	1 CNY = 15.30 JPY
Thailand (THB)	1 THB = 3.52 JPY	1 THB = 3.40 JPY	1 THB = 3.47 JPY
U.S.A (USD)	1 USD = 109.37 JPY	1 USD = 109.00 JPY	1 USD = 108.11 JPY

TTM Currency Rate



		USD	EUR	THB	CNY	100KRW	100IDR
<u>2017</u>	3/31	112.19	119.79	3.26	16.29	10.04	0.84
	6/30	112.00	127.97	3.29	16.49	9.81	0.84
	9/30	112.73	132.85	3.38	16.96	9.89	0.84
	12/31	113.00	134.94	3.45	17.29	10.62	0.84
<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						
	12/31						

Net Sales by Category

(Unit: 100 million yen)

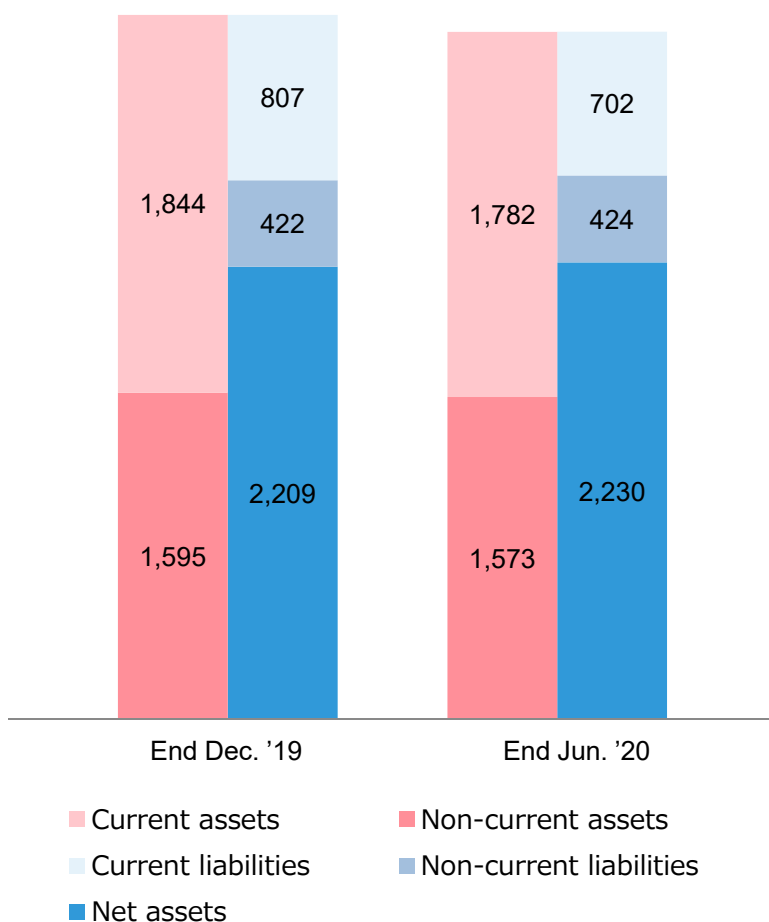
Segment	Category	FYE Dec. 2019 (full year)	FYE Dec. 2020 (full year) *			
		Results (following adjustment)	Forecast	Latest Forecast	Change from Previous Period (%)	Change from Forecast (%)
Confectioneries and Food Products	Chocolate (including "Pocky")	479	485	463	-3.5	-4.6
	Cookies (including "Pretz")	259	261	263	+1.7	+0.7
	Food products	192	191	201	+4.6	+5.4
	Other	31	33	20	-34.4	-37.9
	Total	962	970	948	-1.5	-2.3
Ice Cream	Ice cream, wholesale subsidiaries	874	912	927	+6.1	+1.6
	Total	874	912	927	+6.1	+1.6
Milk and Dairy Products	Yoghurt	208	198	205	-1.6	+3.1
	Drinking Milk	268	254	257	-4.1	+1.1
	Fruit juices, Carbonated drinks	230	218	219	-5.0	+0.3
	Western confections	111	106	114	+2.3	+6.9
	Baby care	59	61	57	-4.6	-6.7
	Total	876	837	850	-3.0	+1.6
Food Ingredients	Food Ingredients	106	108	102	-3.5	-5.2
	Total	106	108	102	-3.5	-5.2
Overseas	Overseas subsidiaries, export	534	631	568	+6.4	-9.9
	Total	534	631	568	+6.4	-9.9
Other	Health	123	139	130	+5.8	-6.7
	Total	185	202	185	-0.0	-8.5
Total		3,537	3,660	3,580	+1.2	-2.2

Status of Balance Sheet



◆ Net worth ratio: 62.0% (end of December 2019) → 64.2% (end of June 2020)

(Unit: 100 million yen)



Assets		End Dec. '19	End Jun. '20	Vs. end Dec. '19
Major account items				
Current assets	Cash and deposits	996	943	-53
	Notes and accounts receivable	438	408	-30
	Securities	60	31	-28
	Inventories	299	336	+37
Non-current assets	Property, plants and equipment	998	970	-28
	Intangible assets	70	85	+15
	Investment securities	353	342	-11
Liabilities and net assets				
Major account items				
Current liabilities	Notes and accounts payable, trade	360	330	-30
	Short-term loans payable			
	Current portion of long-term loans payable	2	4	+1
Non-current liabilities	Convertible bonds	301	301	-0
	Long-term loans payable	0	5	+5
Net assets	Shareholders' equity	2,042	2,086	+45

[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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