



**[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.

## <Excerpt Version>

# Glico Group Financial Results For the Fiscal Year Ended December 31, 2020

Ezaki Glico Co., Ltd.

Securities Code: 2206

February 12, 2020

# Contents

---



I. FYE December 2020 Earnings Report P. 3 – 11

(Supplemental Materials) P.12 – 14

# I. FYE December 2020 Earnings Report

---

# Summary of FYE December 2020 Performance

---

1. Consolidated net sales fell by -2.7% YoY due to continuing struggles amid the COVID-19 pandemic in Japan and overseas. Decreases in revenues accelerated in the fourth quarter, falling by -5.8% YoY.

- In Japan, the Ice Cream business was strong but revenues in all other segments decreased for the whole year. Revenues also decreased overseas due to the severity of the COVID-19 pandemic.

2. Consolidated operating income rose by +13.9% YoY, primarily due to reductions in SG&A expenses.

- In Japan, revenues increased as a result of efforts to control expenses in such areas as advertising, sales promotion and operational expenses. Revenues also increased YoY overseas, in part as a result of a lower ratio of cost of sales.

3. The Health Business category continued achieving increases in revenues as a result of value creation in the health field. (+5.0% YoY).

- In the Health Business category, “Almond Koka” achieved significant growth due to the creation of the almond milk market, and the “SUNAO” brand achieved growth with “reduced sugar” value.

# Status of Consolidated Performance



- Net sales: Both domestic and overseas businesses had decreases, and a YoY decrease of -2.7% was posted for the entire consolidated Group.
- Operating income: Increases were posted for both domestic and overseas businesses. In Japan, an increase of +13.9% that resulted from efforts to control SG&A expenses was posted.

(Unit: 100 million yen)

	*(Following adjustment) FYE Dec. 2019	FYE Dec. 2020			
	Results (Jan - Dec)	Forecast (Jan - Dec)	Results (Jan - Dec)	Change from Previous Period (%)	Change from Forecast (%)
Net sales	3,537	3,580	3,440	-2.7%	-3.9%
Operating income	163	180	185	+13.9%	+2.9%
Ordinary income	175	185	196	+12.1%	+6.2%
Net income	121	125	118	-2.4%	-5.3%
Operating profit margin	4.6%	5.0%	5.4%	-	-

\*FYE December 2019 full-year results (following adjustment) are cumulative totals for January to December 2019 for both domestic and overseas business (the same applies to all pages).

# Status of Operating Income



(Unit: 100 million yen)

	(Following adjustment) FYE Dec. 2019		FYE Dec. 2020	
	Results (Jan - Dec)	Sales Ratio	Results (Jan - Dec)	Sales Ratio
Net sales	3,537	100.0%	3,440	100.0%
Cost of sales	1,860	52.6%	1,816	52.8%
Gross profit	1,677	47.4%	1,624	47.2%
Freight and charges	313	8.8%	315	9.2%
Sales promotion	559	15.8%	528	15.4%
Advertising expenses	139	3.9%	121	3.5%
Salaries and benefits	294	8.3%	289	8.4%
Expenses and depreciation	210	6.0%	186	5.4%
SGA total	1,514	42.8%	1,439	41.8%
Operating income	163	4.6%	185	5.4%

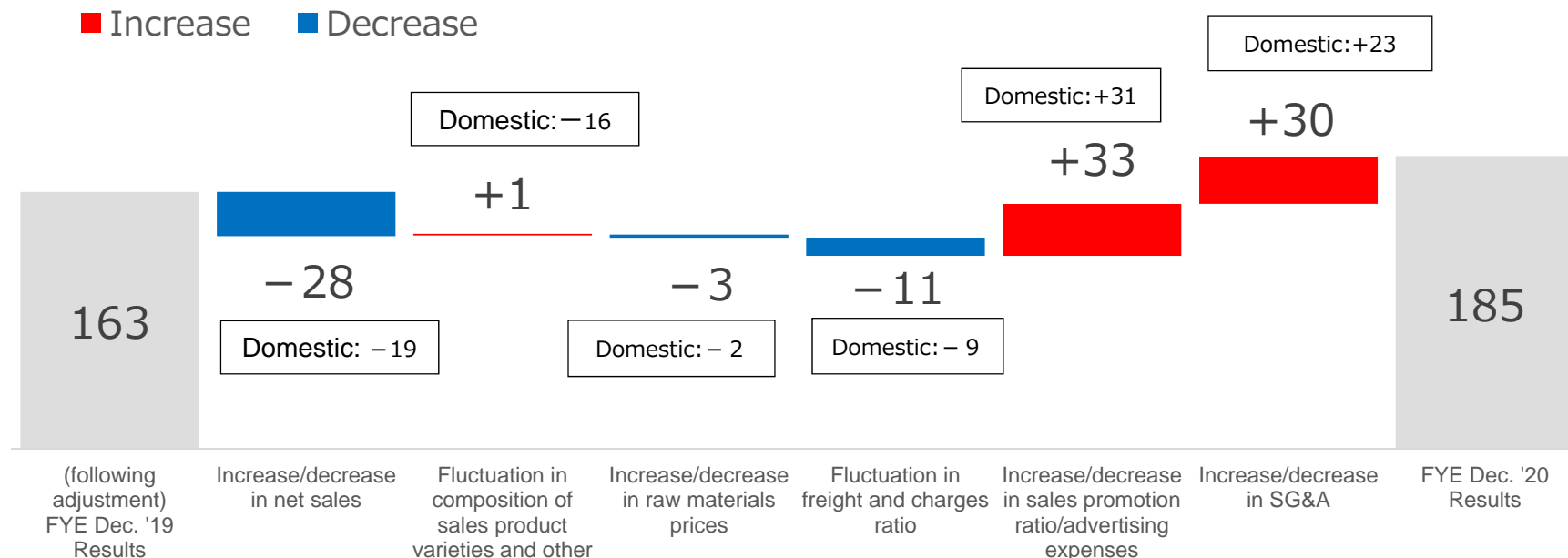
# Factors of Increases (Decreases) in Operating Income



## Change from previous period

- In Japan, although decreased net sales, “fluctuation in composition of sales product varieties and other,” and other items were factors that decreased operating income, lower sales promotion ratio/advertising expenses, and SG&A expenses led to an increase overall.
- Overseas, although decreased net sales and other items were factors that decreased operating income, “fluctuation in composition of sales product varieties and other,” lower SG&A expenses, etc., led to an overall increase.

(Unit: 100 million yen)



# Status of Net Sales by Segment



- Although Ice Cream was performance driver, other segments struggled, and as a result the domestic segment posted a year-on-year decrease of -2.4%.
- The overseas segment posted a year-on-year decrease (-1.9% based on local currencies) as a result of worsening market conditions attributable to the COVID-19 pandemic and slowing personal consumption.

(Unit: 100 million yen)

	(Following adjustment) FYE Dec. 2019	FYE Dec. 2020			
	Results (Jan - Dec)	Forecast (Jan - Dec)	Results (Jan - Dec)	Change from previous period	Change from forecast
Total (Domestic)	3,537 (3,003)	3,580 (3,012)	3,440 (2,930)	(-2.7%) (-2.4%)	(-3.9%) (-2.7%)
Confectioneries and Food Products	962	948	893	(-7.2%)	(-5.8%)
(Confectioneries)	(770)	(746)	(702)	(-8.7%)	(-5.9%)
(Food products)	(192)	(201)	(191)	(-1.0%)	(-5.3%)
Ice Cream	874	927	923	(+5.7%)	(-0.4%)
Milk and Dairy Products	876	850	834	(-4.8%)	(-1.8%)
Food Ingredients	106	102	101	(-5.2%)	(-1.7%)
Overseas business	534	568	510	(-4.5%)	(-10.3%)
Other (Health)	185 (123)	185 (130)	180 (129)	(-2.9%) (+5.0%)	(-2.8%) (-0.7%)

Exchange rates	(following adjustment) FYE Dec. 2019 Results	FYE Dec. 2020 (forecast)	FYE Dec. 2020 (results)
China (CNY)	1 CNY= 15.85 JPY	1 CNY= 15.50 JPY	1 CNY= 15.44 JPY
Thailand (THB)	1 THB= 3.52 JPY	1 THB= 3.40 JPY	1 THB= 3.42 JPY
U.S.A (USD)	1 USD= 109.37 JPY	1 USD= 109.00 JPY	1 USD= 106.67 JPY



# Status of Operating Income by Segment



- The domestic segment posted an increase of 800 million yen YoY that resulted from suppressed SG&A expenses due to the COVID-19 pandemic.
- The overseas segment posted an increase of 1.4 billion yen that was attributable to lower ratio of costs of sales, etc.

(Unit: 100 million yen)

	(Following adjustment) FYE Dec. 2019	FYE Dec. 2020			
	Results (Jan - Dec)	Forecast (Jan - Dec)	Results (Jan - Dec)	Change from Previous Period	Change from Forecast
Total (Domestic)	163 (151)	180 (163)	185 (159)	+23 (+8)	+5 (-4)
Confectioneries and Food Products	66	70	50	-17	-20
(Confectioneries)	(62)	(60)	(41)	(-21)	(-19)
(Food products)	(4)	(10)	(9)	(+5)	(-1)
Ice Cream	60	70	61	+1	-9
Milk and Dairy Products	26	25	25	-1	+1
Food Ingredients	8	8	9	+1	+1
Overseas business	12	17	26	+14	+9
Other	4	1	3	-1	+2
Adjustment	-13	-10	12	+25	+21

Exchange rates	(following adjustment) FYE Dec. 2019 Results	FYE Dec. 2020 (forecast)	FYE Dec. 2020 (results)
China (CNY)	1 CNY= 15.85 JPY	1 CNY= 15.50 JPY	1 CNY= 15.44 JPY
Thailand (THB)	1 THB= 3.52 JPY	1 THB= 3.40 JPY	1 THB= 3.42 JPY
U.S.A (USD)	1 USD= 109.37 JPY	1 USD= 109.00 JPY	1 USD= 106.67 JPY

# Domestic Business: Situation by Category



Category	*1 Net sales (% of previous period)	FYE Dec. 2020 Results
Chocolate	44.5 billion yen (−7.2%)	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. Other brands also generally struggled.
Cookies	24.0 billion yen (−7.4%)	During the second half, “Pretz” struggled due to weak performance of items sold as souvenirs and the end of its renewal last year. “BISCO” also struggled despite its renewal October 2020.
Ice Cream	92.3 billion yen (+5.7%) *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 a increase.
Yoghurt	19.5 billion yen (−6.1%)	“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	25.6 billion yen (−4.5%)	The mainstay brand “Cafe Ole” posted a year-on-year increase following a basic product overhaul. However, milk and other products saw decreases.
Baby care	5.2 billion yen (−12.1%)	Infant Formula posted a decrease since the second quarter, in part due to the effect of COVID-19.
Health	12.9 billion yen (+5.0%)	“Almond Koka” continued to perform robustly, and “SUNAO” also posted a year-on-year increase.

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

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

# Overseas Business: Region-Specific Net Sales and Operating Income



## ◆China

(Unit: 1 million CNY)

	FYE Dec. 2019	FYE Dec. 2020			
	Results (Jan - Dec)	Forecast (Jan - Dec)	Results (Jan - Dec)	Change from Previous Period	Change from Forecast
Net sales	1,652	1,943	1,706	+3.3%	− 12.2%
Operating income	99	135	151	+52.3%	+11.5%

## ◆ASEAN \*

(Unit: 1 million USD)

	FYE Dec. 2019	FYE Dec. 2020			
	Results (Jan - Dec)	Forecast (Jan - Dec)	Results (Jan - Dec)	Change from Previous Period	Change from Forecast
Net sales	147	147	128	− 12.7%	− 12.9%
Operating income	− 10	− 12	− 11	−	−

## ◆U.S.A \*

(Unit: 1 million USD)

	FYE Dec. 2019	FYE Dec. 2020			
	Results (Jan - Dec)	Forecast (Jan - Dec)	Results (Jan - Dec)	Change from Previous Period	Change from Forecast
Net sales	64	69	71	+11.8%	+3.5%
Operating income	17	16	20	+17.7%	+24.8%

\*Concerning each term's figures for ASEAN countries, figures were converted with the real full-year exchange rate for FYE December 2020 for each country.

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

# TTM Currency Rate



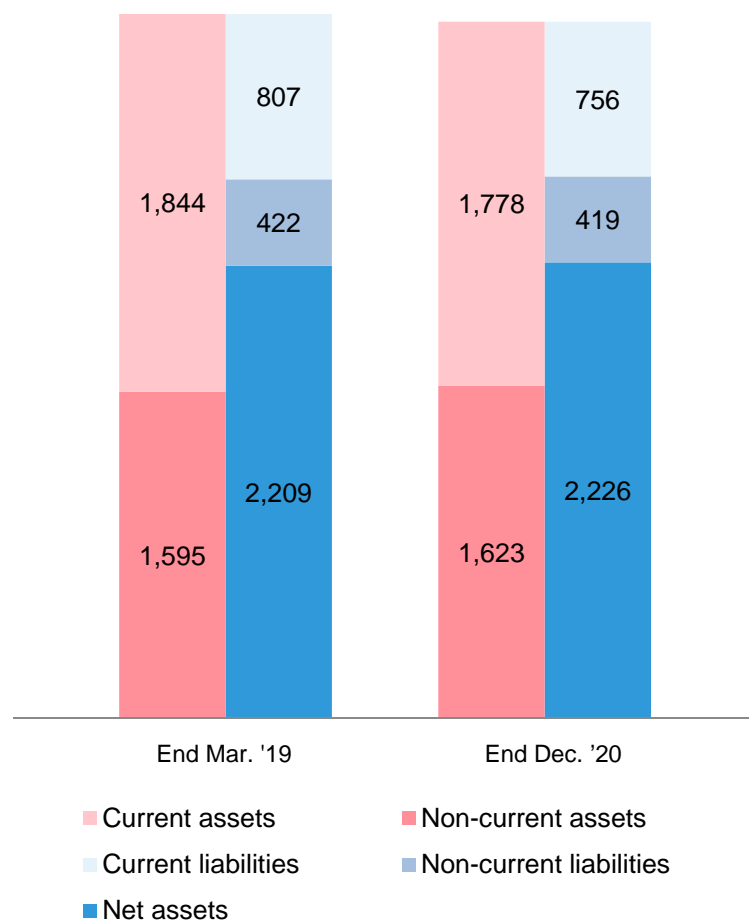
		USD	EUR	THB	CNY	100KRW	100IDR
<u>2017</u>	3/31	112.19	119.79	3.26	16.29	10.04	0.84
	6/30	112.00	127.97	3.29	16.49	9.81	0.84
	9/30	112.73	132.85	3.38	16.96	9.89	0.84
	12/31	113.00	134.94	3.45	17.29	10.62	0.84
<u>2018</u>	3/31	106.24	130.52	3.40	16.92	9.99	0.78
	6/30	110.54	127.91	3.33	16.66	9.88	0.77
	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	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

# Status of Balance Sheet



- Net worth ratio: 62.0% (end of December 2019) → 65.2% (end of December 2020)

(Unit: 100 million yen)



Assets Major account items		End Dec. '19	End Dec. '20	Vs. end Dec. '19
Current assets	Cash and deposits	996	979	-17
	Notes and accounts receivable	438	435	-3
	Securities	60	7	-52
	Inventories	299	289	-10
	Total current assets	1,844	1,778	-65
Non-current assets	Property, plants and equipment	998	976	-22
	Intangible assets	70	107	+37
	Investment securities	353	354	+1
	Total non-current assets	1,595	1,623	+28

Liabilities and net assets Major account items		End Dec. '19	End Dec. '20	Vs. end Dec. '19
Current liabilities	Notes and accounts payable, trade	360	326	-35
	Short-term loans payable			
	Current portion of long-term loans payable	2	2	-0
	Total current liabilities	807	756	-51
Non-current liabilities	Convertible bonds	301	301	-0
	Long-term loans payable	0	3	+3
	Total non-current liabilities	422	419	-3
Net assets	Shareholders' equity	2,042	2,137	+95
	Total net assets	2,209	2,226	+16

# Status of Cash Flows



(Unit: 100 million yen)

	FYE Mar. 2017 Results	FYE Mar. 2018 Results	FYE Mar. 2019 Results	FYE Dec. 2019 Results	FYE Dec. 2020 Results
Cash flows from operating activities	296	315	203	173	172
Cash flows from investing activities	— 141	— 250	— 87	— 90	— 124
FCF (free cash flows)	155	64	116	83	48
Cash flows from financing activities	242	— 45	— 46	— 96	— 97
Cash and cash equivalents at end of year	902	930	992	980	924

[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 Yamakawa

General Manager, IR Division

Ezaki Glico Co., Ltd.

Tel.: 06-6477-8167

E-mail: [ir-division@glico.com](mailto:ir-division@glico.com)