

[Notes of caution]

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May 8, 2024

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the First Quarter of the Fiscal Year Ending December 31, 2024

Listed company name: Ezaki Glico Co., Ltd.
 Securities Code: 2206 URL: <https://www.glico.com/jp/>
 Representative: Katsuhisa Ezaki, Chairman
 Scheduled filing date of quarterly report: May 9, 2024
 Scheduled commencement date of dividend payments: -
 Preparation of explanatory materials for financial results: Yes
 Holding of a briefing on financial results: None

Listed stock exchange: Tokyo Stock Exchange

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2024 (January 1, 2024 to March 31, 2024)

(1) Consolidated results of operations

(The percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three months ended								
March 31, 2024	78,986	11.1	7,266	86.3	7,552	42.4	5,119	21.0
March 31, 2023	71,075	8.6	3,900	(4.3)	5,303	10.6	4,230	26.9

(Note) Comprehensive Income: Three months ended March 31, 2024: ¥11,626 million [92.6%]
 Three months ended March 31, 2023: ¥6,036 million [(32.0)%]

	Earnings per share (basic)	Earnings per share (diluted)
Three months ended	¥	¥
March 31, 2024	80.51	-
March 31, 2023	66.52	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of March 31, 2024	361,648	272,188	75.1
As of December 31, 2023	395,743	263,116	66.3

(Reference) Shareholders' equity: As of March 31, 2024: ¥271,623 million
 As of December 31, 2023: ¥262,543 million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
	¥	¥	¥	¥	¥
Fiscal year ended December 31, 2023	-	40.00	-	40.00	80.00
Fiscal year ending December 31, 2024	-				
Fiscal year ending December 31, 2024 (Forecast)		45.00	-	45.00	90.00

(Note) Revisions to dividend forecasts published most recently: None

3. Consolidated Performance Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 - December 31, 2024)

(The percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	336,000	1.0	14,000	(24.8)	16,000	(24.8)	11,000	(22.2)	172.98

(Note) Revisions to financial forecasts published most recently: Yes

* Notes to the Consolidated Financial Statements

(1) Transfers of important subsidiaries during fiscal period (transfers of designated subsidiaries incidental to changes in scope of consolidation): None

New – Company (company name)

Eliminated – Company (company name)

(2) Application of special accounting treatments for the creation of the quarterly consolidated financial statements: None

(3) Changes in accounting practices, changes in accounting estimates, retrospective restatements

(i) Changes in accounting practices due to a revision of accounting standards, etc.: None

(ii) Changes in accounting practices other than (i): Yes

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Number of shares issued (common stock)

(i) Number of shares issued as of term-end (including treasury shares)

As of March 31, 2024 68,468,569 shares

As of December 31, 2023 68,468,569 shares

(ii) Number of treasury shares as of term-end

As of March 31, 2024 4,878,811 shares

As of December 31, 2023 4,878,498 shares

(iii) Average number of shares during fiscal year

Three months ended March 31, 2024 63,589,846 shares

Three months ended March 31, 2023 63,590,746 shares

* Quarterly summaries of financial results are exempt from review conducted by certified public accountants or an audit corporation.

* Explanation of appropriate use of earnings projections, other explanatory notes

Earnings projections and other forward-looking statements indicated in these materials are based on information available at the time and on certain assumptions deemed reasonable at the time. These statements do not represent any guarantee of achievement by the Company. Furthermore, there is the possibility of significant changes in actual earnings due to various factors.

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: ¥ million)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	97,199	58,515
Notes and accounts receivable - trade	48,433	46,414
Merchandise and finished goods	16,724	18,694
Work in process	1,009	1,147
Raw materials and supplies	16,109	15,656
Other	9,087	9,716
Allowance for doubtful accounts	(98)	(103)
Total current assets	188,464	150,042
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,203	40,289
Machinery, equipment and vehicles, net	35,585	36,140
Tools, furniture and fixtures, net	5,175	5,496
Land	16,069	16,117
Leased assets, net	1,621	2,131
Construction in progress	12,803	11,950
Total property, plant and equipment	111,459	112,126
Intangible assets		
Software	3,758	3,587
Software in progress	22,477	23,890
Goodwill	306	298
Other	367	368
Total intangible assets	26,909	28,144
Investments and other assets		
Investment securities	46,840	49,077
Retirement benefit asset	5,639	5,750
Investment property, net	12,224	12,256
Other	4,259	4,305
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	68,909	71,334
Total non-current assets	207,278	211,605
Total assets	395,743	361,648

(Unit: ¥ million)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,326	31,982
Accrued expenses	25,837	20,372
Income taxes payable	3,181	3,003
Refund liability	8,383	8,333
Current portion of convertible bond-type bonds with share acquisition rights	30,001	—
Provision for bonuses for directors (and other officers)	80	80
Provision for share awards	45	—
Other	10,133	7,515
Total current liabilities	115,991	71,287
Non-current liabilities		
Retirement benefit liability	1,426	1,448
Deferred tax liabilities	8,977	10,019
Other	6,231	6,703
Total non-current liabilities	16,635	18,172
Total liabilities	132,626	89,459
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,894	9,894
Retained earnings	226,230	228,807
Treasury shares	(13,809)	(13,810)
Total shareholders' equity	230,089	232,664
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,604	17,118
Deferred gains or losses on hedges	164	385
Foreign currency translation adjustment	16,573	20,429
Remeasurements of defined benefit plans	1,111	1,025
Total accumulated other comprehensive income	32,454	38,958
Non-controlling interests	572	565
Total net assets	263,116	272,188
Total liabilities and net assets	395,743	361,648

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	71,075	78,986
Cost of sales	44,761	47,195
Gross profit	26,313	31,791
Selling, general and administrative expenses		
Transportation and storage costs	5,809	6,198
Promotion expenses	2,124	2,323
Advertising expenses	1,718	2,154
Salaries and allowances	4,579	5,092
Retirement benefit expenses	127	34
Other	8,052	8,720
Total selling, general and administrative expenses	22,412	24,524
Operating profit	3,900	7,266
Non-operating income		
Interest income	170	188
Dividend income	37	81
Foreign exchange gains	601	—
Share of profit of entities accounted for using equity method	212	189
Other	624	506
Total non-operating income	1,645	965
Non-operating expenses		
Interest expenses	17	19
Foreign exchange losses	—	438
Other	225	221
Total non-operating expenses	242	679
Ordinary profit	5,303	7,552
Extraordinary income		
Gain on sale of investment securities	—	443
Total extraordinary income	—	443
Extraordinary losses		
Loss on liquidation of subsidiaries	30	—
Total extraordinary losses	30	—
Profit before income taxes	5,272	7,996
Income taxes - current	1,390	2,976
Income taxes - deferred	(352)	(92)
Total income taxes	1,038	2,883
Profit	4,233	5,112
Profit attributable to		
Profit attributable to owners of parent	4,230	5,119
Profit attributable to non-controlling interests	3	(7)
Other comprehensive income		
Valuation difference on available-for-sale securities	485	2,514
Deferred gains or losses on hedges	(22)	220
Foreign currency translation adjustment	1,169	3,585
Remeasurements of defined benefit plans, net of tax	(51)	(86)
Share of other comprehensive income of entities accounted for using equity method	221	279
Total other comprehensive income	1,802	6,514
Comprehensive income	6,036	11,626
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,042	11,624
Comprehensive income attributable to non-controlling interests	(6)	1

(Segment Information, etc.)

[Segment Information]

I. Three months ended March 31, 2023 (January 1, 2023- March 31, 2023)

1. Information on net sales and profit or losses by reportable segment

(Unit: ¥ million)

	Reportable Segment							Adjusted amount (Note)1	Amounts indicated on quarterly consolidated financial statements (Note)2
	Health and Food Business	Dairy Business	Nutritional Confectionery Business	Food Ingredients Business	Other Domestic Business	Overseas Business	Total		
Net sales									
Revenue from contracts with customers	9,454	14,285	14,208	2,697	13,647	16,780	71,075	-	71,075
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	9,454	14,285	14,208	2,697	13,647	16,780	71,075	-	71,075
Inter-segment sales and transfers	-	-	-	78	2,386	-	2,465	(2,465)	-
Total	9,454	14,285	14,208	2,776	16,034	16,780	73,540	(2,465)	71,075
Segment profit	(119)	(539)	1,622	584	592	794	2,934	965	3,900

(Notes)

1. The adjusted amount of ¥965 million in segment profit or losses includes ¥510 million for the elimination of intersegment transactions and other adjustment amounts of ¥455 million in companywide expenses not allocated to any reporting segment.
 2. The total amount for segment profit is adjusted based on the operating profit recorded for quarterly consolidated financial statements.
2. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.
Not applicable.

II. Three months ended March 31, 2024 (January 1, 2024- March 31, 2024)

1. Information on net sales and profit or losses by reportable segment

(Unit: ¥ million)

	Reportable Segment							Adjusted amount (Note)1	Amounts indicated on quarterly consolidated financial statements (Note)2
	Health and Food Business	Dairy Business	Nutritional Confectionery Business	Food Ingredients Business	Other Domestic Business	Overseas Business	Total		
Net sales									
Revenue from contracts with customers	9,928	15,353	16,470	2,773	14,773	19,687	78,986	-	78,986
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	9,928	15,353	16,470	2,773	14,773	19,687	78,986	-	78,986
Inter-segment sales and transfers	-	-	-	78	3,218	-	3,296	(3,296)	-
Total	9,928	15,353	16,470	2,852	17,991	19,687	82,283	(3,296)	78,986
Segment profit	(113)	(570)	2,135	305	479	3,251	5,487	1,778	7,266

(Notes)

- The adjusted amount of ¥1,778 million in segment profit or losses includes ¥575 million for the elimination of intersegment transactions and other adjustment amounts of ¥1,203 million in companywide expenses not allocated to any reporting segment.
- The total amount for segment profit is adjusted based on the operating profit recorded for quarterly consolidated financial statements.
- Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.
Not applicable.
- Matters related to change in reporting segments

(Change in Depreciation Method for Tangible Fixed Assets)

The company and its domestic subsidiaries mainly used the declining-balance method to depreciate property, plant and equipment (excluding leased assets). Beginning with the first quarter of the current consolidated fiscal year, the company and its domestic subsidiaries have changed to the straight-line depreciation method. As a result of this change, segment income for the first quarter of the current consolidated fiscal year increased by ¥43 million for the Health and Food Business segment, ¥112 million for the Dairy Business segment, ¥78 million for the Nutritional Confectionery Business segment, ¥7 million for the Food Ingredients Business segment and ¥27 million for the Other Domestic Business segment, compared to the previous method.

Supplementary Information

For the First Quarter of the Fiscal Year Ending December 31, 2024

Ezaki Glico Co., Ltd.

Consolidated results of operations (Cumulative)

*Amounts less than one million yen, one million yuan and one million USD are each rounded down.

(1) Status of Net Sales and Profit

Unit:1 million yen

	FYE Dec. '23 (Jan. to Mar.)	FYE Dec. '24 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	71,075	78,986	7,911	11.1
Operating profit	3,900	7,266	3,365	86.3
Ordinary profit	5,303	7,552	2,249	42.4
Profit	4,230	5,119	889	21.0

(2) Status of Operating Profit

Unit:1 million yen

	FYE Dec. '22		FYE Dec. '23	
	(Jan. to Mar.)	%	(Jan. to Mar.)	%
Net sales	71,075	100.0	78,986	100.0
Cost of sales	44,761	63.0	47,195	59.8
Gross profit	26,313	37.0	31,791	40.2
Freight and charges	5,809	8.2	6,198	7.8
Promotion expenses	2,124	3.0	2,323	2.9
Advertising expenses	1,718	2.4	2,154	2.7
Salaries and benefits	7,437	10.5	7,919	10.0
Expenses and depreciation	5,323	7.5	5,927	7.5
Total	22,412	31.5	24,524	31.0
Operating profit	3,900	5.5	7,266	9.2

Factors behind change in operating profit	vs FYE Dec. '23 (Jan. to Mar.)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	2,977	1,780
(2) Change due to increase/decrease in raw materials prices	(1,205)	(1,518)
(3) Change due to increase/decrease from other changes in cost of sales *	3,058	1,268
(4) Change due to fluctuation in freight and charges ratio	257	85
(5) Change due to increase/decrease in sales promotion expenses / advertising expenses	(635)	(244)
(6) Change due to increase/decrease in SG&A expenses	(1,087)	(462)
Total	3,365	909

* Including fluctuation in composition of sales product varieties and other

(3) Status of Net Sales by Segment

Unit:1 million yen

		FYE Dec. '23 (Jan. to Mar.)	FYE Dec. '24 (Jan. to Mar.)	Change from previous period	
				Results	%
Health and Food Business	Health	2,869	2,831	(38)	(1.3)
	Ice cream	2,671	2,950	278	10.4
	Other	3,913	4,146	233	6.0
	Total	9,454	9,928	474	5.0
Dairy Business	Yoghurt	2,790	2,823	32	1.2
	Ice cream	4,975	5,633	658	13.2
	Other	6,519	6,896	376	5.8
	Total	14,285	15,353	1,067	7.5
Nutritional Confectionery Business	Chocolate	8,576	9,862	1,286	15.0
	Cookies	4,354	5,272	918	21.1
	Other	1,277	1,334	57	4.5
	Total	14,208	16,470	2,262	15.9
Food Ingredients Business		2,697	2,773	75	2.8
Other Domestic Business		13,647	14,773	1,125	8.2
Overseas Business		16,780	19,687	2,906	17.3
Total		71,075	78,986	7,911	11.1

(4) Status of Operating Profit by Segment

Unit: 1 million yen

	FYE Dec. '23 (Jan. to Mar.)	FYE Dec. '24 (Jan. to Mar.)	Change from previous period	
			Amount	%
Health and Food Business	(119)	(113)	6	-
Dairy Business	(539)	(570)	(30)	-
Nutritional Confectionery Business	1,622	2,135	512	31.6
Food Ingredients Business	584	305	(279)	(47.8)
Other Domestic Business	592	479	(112)	(19.0)
Overseas Business	794	3,251	2,456	309.3
Adjustment	965	1,778	813	84.2
Total	3,900	7,266	3,365	86.3

(5) Status of overseas Business: Region-Specific Net Sales and Operating Income

*The following figures are based on management accounting and differ from the figures in the consolidated financial statements. Geographic segment also differ from those in the figures in the consolidated financial statements.

◆ China

Unit: 1 million CNY

	FYE Dec. '23 (Jan. to Mar.)	FYE Dec. '24 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	309	460	151	48.8
Operating profit	29	101	71	245.5

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '23 (Jan. to Mar.)	FYE Dec. '24 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	37	32	(4)	(11.6)
Operating profit	2	(0)	(2)	-

*Actual results for the 1Q of the fiscal year ended December 31, 2023 have been replaced by the average rate for the 1Q of the fiscal year ending December 31, 2024.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '23 (Jan. to Mar.)	FYE Dec. '24 (Jan. to Mar.)	Change from previous period	
			Amount	%
Net sales	32	27	(4)	(15.4)
Operating profit	1	9	8	552.9

*The figures for the U.S.A. are on a consolidated basis.

Forecast of Consolidated Financial Results

*Amounts less than one million yen, one million yuan and one million USD are each rounded down.

(1) Net Sales Forecast by Segment

Unit:1 million yen

	FYE Dec. '23 (Jan. to Dec.)	FYE Dec. '24 (Jan. to Dec.)	FYE Dec. '24 (Jan. to Dec.)	Change from previous period	
	Results	Previous forecast	Latest forecast	Amount	%
Health and Food Business	50,499	53,500	49,000	(1,499)	(3.0)
Dairy Business	69,675	72,500	60,000	(9,675)	(13.9)
Nutritional Confectionery Business	61,890	63,700	63,700	1,809	2.9
Food Ingredients Business	13,348	13,700	13,700	351	2.6
Other Domestic Business	65,962	66,600	63,600	(2,362)	(3.6)
Overseas Business	71,214	81,000	86,000	14,785	20.8
Total	332,590	351,000	336,000	3,409	1.0

(2) Operating Profit Forecast by Segment

Unit:1 million yen

	FYE Dec. '23 (Jan. to Dec.)	FYE Dec. '24 (Jan. to Dec.)	FYE Dec. '24 (Jan. to Dec.)	Change from previous period	
	Results	Previous forecast	Latest forecast	Amount	%
Health and Food Business	2,064	2,430	800	(1,264)	(61.2)
Dairy Business	529	600	(3,300)	(3,829)	-
Nutritional Confectionery Business	6,525	5,790	5,790	(735)	(11.3)
Food Ingredients Business	2,427	2,090	2,090	(337)	(13.9)
Other Domestic Business	2,047	1,540	1,100	(947)	(46.3)
Overseas Business	4,165	7,000	8,000	3,834	92.1
Adjustment	862	(450)	(480)	(1,342)	-
Total	18,622	19,000	14,000	(4,622)	-24.8

