

[Notes of caution]

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August 14, 2024

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

Listed company name: Ezaki Glico Co., Ltd.

Listed stock exchange: Tokyo Stock Exchange

Securities Code: 2206 URL: <https://www.glico.com/jp/>

Representative: Katsuhisa Ezaki, Chairman

Scheduled filing date of quarterly report: August 14, 2024

Scheduled commencement date of dividend payments: September 5, 2024

Preparation of explanatory materials for financial results: Yes

Holding of a briefing on financial results: Yes

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2024

(January 1, 2024 to June 30, 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	%
Six months ended								
June 30, 2024	154,024	0.6	8,869	9.7	9,625	(5.9)	3,667	(53.1)
June 30, 2023	153,135	10.1	8,086	17.6	10,229	28.4	7,817	65.5

(Note) Comprehensive Income: Six months ended June 30, 2024: ¥16,550 million [(7.2)%]

Six months ended June 30, 2023: ¥17,830 million [0.4%]

	Earnings per share (basic)	Earnings per share (diluted)
Six months ended	¥	¥
June 30, 2024	57.67	-
June 30, 2023	122.93	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of June 30, 2024	372,215	274,381	73.6
As of December 31, 2023	395,743	263,116	66.3

(Reference) Shareholders' equity: As of June 30, 2024: ¥273,775 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	-	45.00			
Fiscal year ending December 31, 2024 (Forecast)			-	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: None

* 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): Yes

New 1 Company (company name) Greenspoon Inc.

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 June 30, 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 June 30, 2024 4,868,241 shares

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

(iii) Average number of shares during fiscal year

Six months ended June 30, 2024 63,595,161 shares

Six months ended June 30, 2023 63,590,628 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. Interim Consolidated Financial Statements
(1) Interim Consolidated Balance Sheets

(Unit: ¥ million)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	97,199	61,445
Notes and accounts receivable - trade	48,433	40,923
Merchandise and finished goods	16,724	22,429
Work in process	1,009	1,204
Raw materials and supplies	16,109	16,852
Other	9,087	11,770
Allowance for doubtful accounts	(98)	(108)
Total current assets	188,464	154,516
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,203	43,888
Machinery, equipment and vehicles, net	35,585	40,647
Tools, furniture and fixtures, net	5,175	6,017
Land	16,069	16,154
Leased assets, net	1,621	2,139
Construction in progress	12,803	3,005
Total property, plant and equipment	111,459	111,852
Intangible assets		
Software	3,758	24,067
Software in progress	22,477	4,134
Goodwill	306	2,004
Other	367	570
Total intangible assets	26,909	30,777
Investments and other assets		
Investment securities	46,840	53,206
Retirement benefit asset	5,639	5,811
Investment property, net	12,224	12,244
Other	4,259	3,862
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	68,909	75,069
Total non-current assets	207,278	217,698
Total assets	395,743	372,215

(Unit: ¥ million)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,326	36,787
Short-term borrowings	—	25
Accrued expenses	25,837	23,798
Income taxes payable	3,181	1,780
Refund liability	8,383	6,622
Current portion of convertible bond-type bonds with share acquisition rights	30,001	—
Provision for bonuses for directors (and other officers)	80	—
Provision for share awards	45	—
Provision for system failure response costs	—	1,461
Other	10,133	7,906
Total current liabilities	115,991	78,382
Non-current liabilities		
Long-term borrowings	—	165
Retirement benefit liability	1,426	1,418
Deferred tax liabilities	8,977	11,118
Other	6,231	6,747
Total non-current liabilities	16,635	19,451
Total liabilities	132,626	97,833
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,894	7,133
Retained earnings	226,230	227,354
Treasury shares	(13,809)	(13,781)
Total shareholders' equity	230,089	228,480
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,604	18,738
Deferred gains or losses on hedges	164	749
Foreign currency translation adjustment	16,573	24,864
Remeasurements of defined benefit plans	1,111	942
Total accumulated other comprehensive income	32,454	45,295
Non-controlling interests	572	605
Total net assets	263,116	274,381
Total liabilities and net assets	395,743	372,215

(2) Interim Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	153,135	154,024
Cost of sales	96,090	92,153
Gross profit	57,044	61,871
Selling, general and administrative expenses		
Transportation and storage costs	12,492	11,970
Promotion expenses	4,789	4,952
Advertising expenses	5,302	6,240
Salaries and allowances	9,945	10,880
Retirement benefit expenses	214	68
Other	16,214	18,888
Total selling, general and administrative expenses	48,958	53,001
Operating profit	8,086	8,869
Non-operating income		
Interest income	290	414
Dividend income	325	385
Foreign exchange gains	756	—
Subsidy income	225	20
Rental income from real estate	306	319
Gain on investments in investment partnerships	—	93
Other	1,033	995
Total non-operating income	2,938	2,229
Non-operating expenses		
Interest expenses	44	44
Donations	244	117
Foreign exchange losses	—	612
Loss on investments in investment partnerships	205	—
Loss on retirement of non-current assets	105	176
Loss on abandonment of non-current assets	9	11
Other	186	511
Total non-operating expenses	795	1,473
Ordinary profit	10,229	9,625
Extraordinary income		
Gain on sale of investment securities	—	443
Gain on step acquisitions	—	1,563
Total extraordinary income	—	2,006
Extraordinary losses		
Loss on liquidation of subsidiaries	30	—
System failure response costs	—	5,673
Total extraordinary losses	30	5,673
Profit before income taxes	10,198	5,958
Income taxes - current	2,290	2,209
Income taxes - deferred	66	68
Total income taxes	2,356	2,277
Profit	7,841	3,680
Profit attributable to		
Profit attributable to owners of parent	7,817	3,667
Profit attributable to non-controlling interests	24	13

(Segment Information, etc.)

[Segment Information]

I. Six months ended June 30, 2023 (January 1, 2023- June 30, 2023)

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

(Unit: ¥ million)

	Reportable Segment							Adjusted amount (Note)1	Amounts indicated on interim 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	21,892	32,341	28,584	6,203	30,398	33,713	153,135	-	153,135
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	21,892	32,341	28,584	6,203	30,398	33,713	153,135	-	153,135
Inter-segment sales and transfers	-	-	-	152	4,831	-	4,983	(4,983)	-
Total	21,892	32,341	28,584	6,356	35,230	33,713	158,119	(4,983)	153,135
Segment profit	86	(250)	2,835	1,031	866	1,905	6,473	1,612	8,086

(Notes)

1. The adjusted amount of ¥1,612 million in segment profit or losses includes ¥962 million for the elimination of intersegment transactions and other adjustment amounts of ¥650 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 interim consolidated financial statements.
2. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.
Not applicable.

II. Six months ended June 30, 2024 (January 1, 2024- June 30, 2024)

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

(Unit: ¥ million)

	Reportable Segment							Adjusted amount (Note)1	Amounts indicated on interim 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	20,618	27,261	29,962	6,614	30,125	39,441	154,024	-	154,024
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	20,618	27,261	29,962	6,614	30,125	39,441	154,024	-	154,024
Inter-segment sales and transfers	-	-	-	156	6,957	-	7,113	(7,113)	-
Total	20,618	27,261	29,962	6,771	37,082	39,441	161,137	(7,113)	154,024
Segment profit	(43)	(2,330)	2,880	969	288	4,767	6,532	2,337	8,869

(Notes)

- The adjusted amount of ¥2,337 million in segment profit or losses includes ¥1,014 million for the elimination of intersegment transactions and other adjustment amounts of ¥1,322 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 interim consolidated financial statements.
2. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.
(Significant changes in the amount of goodwill)
- During the second quarter of the current consolidated fiscal year, the company included Greenspoon Inc. in the scope of consolidation, resulting in goodwill of ¥1,771 million yen in the Other Domestic Business segment.
3. 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 second quarter of the current consolidated fiscal year increased by ¥90 million for the Health and Food Business segment, ¥389 million for the Dairy Business segment, ¥164 million for the Nutritional Confectionery Business segment, ¥16 million for the Food Ingredients Business segment and ¥31 million for the Other Domestic Business segment, compared to the previous method.

Supplementary Information

For the Second 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 June)	FYE Dec. '24 (Jan. to June)	Change from previous period	
			Amount	%
Net sales	153,135	154,024	889	0.6
Operating profit	8,086	8,869	783	9.7
Ordinary profit	10,229	9,625	(604)	(5.9)
Profit	7,817	3,667	(4,149)	(53.1)

(2) Status of Operating Profit

Unit: 1 million yen

	FYE Dec. '23		FYE Dec. '24	
	(Jan. to June)	%	(Jan. to June)	%
Net sales	153,135	100.0	154,024	100.0
Cost of sales	96,090	62.7	92,153	59.8
Gross profit	57,044	37.3	61,871	40.2
Freight and charges	12,492	8.2	11,970	7.8
Promotion expenses	4,789	3.1	4,952	3.2
Advertising expenses	5,302	3.5	6,240	4.1
Salaries and benefits	15,544	10.2	16,719	10.9
Expenses and depreciation	10,829	7.1	13,117	8.5
Total	48,958	32.0	53,001	34.4
Operating profit	8,086	5.3	8,869	5.8

Factors behind change in operating profit	vs FYE Dec. '23 (Jan. to June)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	892	(1,441)
(2) Change due to increase/decrease in raw materials prices	(1,837)	(2,533)
(3) Change due to increase/decrease from other changes in cost of sales *	5,698	4,045
(4) Change due to fluctuation in freight and charges ratio	594	349
(5) Change due to increase/decrease in sales promotion expenses / advertising expenses	(1,101)	(271)
(6) Change due to increase/decrease in SG&A expenses	(3,463)	(2,227)
Total	783	(2,078)

* 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 June)	FYE Dec. '24 (Jan. to June)	Change from previous period		
			Results	%	
Health and Food Business	Health	6,144	4,341	(1,802)	(29.3)
	Ice cream	8,142	9,462	1,319	16.2
	Other	7,605	6,814	(791)	(10.4)
	Total	21,892	20,618	(1,274)	(5.8)
Dairy Business	Yoghurt	5,941	3,267	(2,673)	(45.0)
	Ice cream	12,717	14,723	2,006	15.8
	Other	13,683	9,271	(4,412)	(32.2)
	Total	32,341	27,261	(5,079)	(15.7)
Nutritional Confectionery Business	Chocolate	16,290	17,526	1,236	7.6
	Cookies	9,526	10,737	1,210	12.7
	Other	2,767	1,698	(1,069)	(38.6)
	Total	28,584	29,962	1,378	4.8
Food Ingredients Business	6,203	6,614	411	6.6	
Other Domestic Business	30,398	30,125	(273)	(0.9)	
Overseas Business	33,713	39,441	5,727	17.0	
Total	153,135	154,024	889	0.6	

(4) Status of Operating Profit by Segment

Unit: 1 million yen

	FYE Dec. '23 (Jan. to June)	FYE Dec. '24 (Jan. to June)	Change from previous period	
			Amount	%
Health and Food Business	86	(43)	(130)	-
Dairy Business	(250)	(2,330)	(2,079)	-
Nutritional Confectionery Business	2,835	2,880	45	1.6
Food Ingredients Business	1,031	969	(61)	(6.0)
Other Domestic Business	866	288	(577)	(66.7)
Overseas Business	1,905	4,767	2,861	150.2
Adjustment	1,612	2,337	724	45.0
Total	8,086	8,869	783	9.7

(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 June)	FYE Dec. '24 (Jan. to June)	Change from previous period	
			Amount	%
Net sales	694	898	203	29.3
Operating profit	56	139	83	147.6

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '23 (Jan. to June)	FYE Dec. '24 (Jan. to June)	Change from previous period	
			Amount	%
Net sales	64	64	(0)	(0.7)
Operating profit	(0)	0	0	-

*Actual results for the 2Q of the fiscal year ended December 31, 2023 have been replaced by the average rate for the 2Q of the fiscal year ending December 31, 2024.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '23 (Jan. to June)	FYE Dec. '24 (Jan. to June)	Change from previous period	
			Amount	%
Net sales	58	50	(8)	(14.3)
Operating profit	9	15	6	65.4

*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	49,000	48,500	(1,999)	(4.0)
Dairy Business	69,675	60,000	60,000	(9,675)	(13.9)
Nutritional Confectionery Business	61,890	63,700	63,200	1,309	2.1
Food Ingredients Business	13,348	13,700	13,700	351	2.6
Other Domestic Business	65,962	63,600	65,600	(362)	(0.6)
Overseas Business	71,214	86,000	85,000	13,785	19.4
Total	332,590	336,000	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	800	800	(1,264)	(61.2)
Dairy Business	529	(3,300)	(3,300)	(3,829)	-
Nutritional Confectionery Business	6,525	5,790	4,800	(1,725)	(26.4)
Food Ingredients Business	2,427	2,090	2,090	(337)	(13.9)
Other Domestic Business	2,047	1,100	1,180	(867)	(42.4)
Overseas Business	4,165	8,000	8,000	3,834	92.1
Adjustment	862	(480)	430	(432)	(50.1)
Total	18,622	14,000	14,000	(4,622)	(24.8)