

[Notes of caution]

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November 6, 2024

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Third 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 commencement date of dividend payments: -

Preparation of explanatory materials for financial results: Yes

Holding of a briefing on financial results: None

(Amounts less than ¥ million are rounded down.)

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

(January 1, 2024 to September 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	
Nine months ended	¥ million	%	¥ million	%	¥ million	%	¥ million	%
September 30, 2024	241,170	(2.2)	12,670	(20.4)	15,328	(14.8)	8,216	(36.8)
September 30, 2023	246,541	9.1	15,910	30.7	17,994	37.6	12,992	24.8

(Note) Comprehensive Income: Nine months ended September 30, 2024: ¥10,489 million [(59.3)%]

Nine months ended September 30, 2023: ¥25,741 million [12.4%]

	Earnings per share (basic)	Earnings per share (diluted)
Nine months ended	¥	¥
September 30, 2024	129.18	-
September 30, 2023	204.31	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2024	361,864	265,738	73.3
As of December 31, 2023	395,743	263,116	66.3

(Reference) Shareholders' equity: As of September 30, 2024: ¥265,133 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	330,000	(0.8)	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): 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 September 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 September 30, 2024 4,803,160 shares

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

(iii) Average number of shares during fiscal year

Nine months ended September 30, 2024 63,603,949 shares

Nine months ended September 30, 2023 63,590,496 shares

* Review of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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 September 30, 2024
Assets		
Current assets		
Cash and deposits	97,199	54,175
Notes and accounts receivable - trade	48,433	41,896
Merchandise and finished goods	16,724	22,076
Work in process	1,009	1,300
Raw materials and supplies	16,109	19,027
Other	9,087	12,911
Allowance for doubtful accounts	(98)	(100)
Total current assets	188,464	151,287
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	40,203	42,891
Machinery, equipment and vehicles, net	35,585	39,973
Tools, furniture and fixtures, net	5,175	6,194
Land	16,069	16,105
Leased assets, net	1,621	2,557
Construction in progress	12,803	2,288
Total property, plant and equipment	111,459	110,010
Intangible assets		
Software	3,758	23,670
Software in progress	22,477	4,532
Goodwill	306	1,866
Other	367	526
Total intangible assets	26,909	30,595
Investments and other assets		
Investment securities	46,840	47,828
Retirement benefit asset	5,639	5,920
Investment property, net	12,224	12,232
Other	4,259	4,027
Allowance for doubtful accounts	(55)	(40)
Total investments and other assets	68,909	69,969
Total non-current assets	207,278	210,576
Total assets	395,743	361,864

(Unit: ¥ million)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,326	34,960
Short-term borrowings	—	22
Accrued expenses	25,837	23,302
Income taxes payable	3,181	1,988
Refund liability	8,383	8,158
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	—	1,298
Other	10,133	9,091
Total current liabilities	115,991	78,822
Non-current liabilities		
Long-term borrowings	—	165
Retirement benefit liability	1,426	1,451
Deferred tax liabilities	8,977	8,714
Other	6,231	6,972
Total non-current liabilities	16,635	17,303
Total liabilities	132,626	96,125
Net assets		
Shareholders' equity		
Share capital	7,773	7,773
Capital surplus	9,894	7,230
Retained earnings	226,230	229,041
Treasury shares	(13,809)	(13,597)
Total shareholders' equity	230,089	230,447
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,604	15,651
Deferred gains or losses on hedges	164	(386)
Foreign currency translation adjustment	16,573	18,560
Remeasurements of defined benefit plans	1,111	860
Total accumulated other comprehensive income	32,454	34,686
Non-controlling interests	572	604
Total net assets	263,116	265,738
Total liabilities and net assets	395,743	361,864

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Net sales	246,541	241,170
Cost of sales	154,794	146,053
Gross profit	91,746	95,116
Selling, general and administrative expenses		
Transportation and storage costs	19,681	19,773
Promotion expenses	7,429	7,518
Advertising expenses	8,592	10,134
Salaries and allowances	15,071	16,320
Retirement benefit expenses	315	132
Other	24,744	28,566
Total selling, general and administrative expenses	75,835	82,446
Operating profit	15,910	12,670
Non-operating income		
Interest income	432	650
Dividend income	327	386
Foreign exchange gains	275	320
Share of profit of entities accounted for using equity method	731	695
Subsidy income	343	497
Rental income from real estate	452	483
Other	828	778
Total non-operating income	3,391	3,812
Non-operating expenses		
Interest expenses	60	58
Donations	609	172
Loss on investments in investment partnerships	275	120
Loss on retirement of non-current assets	53	218
Loss on abandonment of non-current assets	10	33
Other	298	550
Total non-operating expenses	1,307	1,154
Ordinary profit	17,994	15,328
Extraordinary income		
Gain on change in equity	400	—
Gain on sale of investment securities	16	1,129
Gain on step acquisitions	—	1,563
Total extraordinary income	416	2,692
Extraordinary losses		
Impairment losses	248	—
Loss on valuation of investment securities	35	269
Loss on liquidation of subsidiaries	30	—
System failure response costs	—	6,288
Total extraordinary losses	314	6,557
Profit before income taxes	18,096	11,463
Income taxes - current	5,249	3,757
Income taxes - deferred	(196)	(557)
Total income taxes	5,052	3,200
Profit	13,043	8,263
Profit attributable to		
Profit attributable to owners of parent	12,992	8,216
Profit attributable to non-controlling interests	51	46

(Unit: ¥ million)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Other comprehensive income		
Valuation difference on available-for-sale securities	4,313	1,046
Deferred gains or losses on hedges	951	(550)
Foreign currency translation adjustment	6,834	1,820
Remeasurements of defined benefit plans, net of tax	(144)	(250)
Share of other comprehensive income of entities accounted for using equity method	743	160
Total other comprehensive income	12,698	2,225
Comprehensive income	25,741	10,489
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,665	10,448
Comprehensive income attributable to non-controlling interests	75	40

(Segment Information, etc.)

[Segment Information]

I. Nine months ended September 30, 2023 (January 1, 2023- September 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	39,165	53,431	42,185	9,928	50,069	51,761	246,541	-	246,541
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	39,165	53,431	42,185	9,928	50,069	51,761	246,541	-	246,541
Inter-segment sales and transfers	-	-	-	231	8,141	-	8,372	(8,372)	-
Total	39,165	53,431	42,185	10,159	58,211	51,761	254,914	(8,372)	246,541
Segment profit	2,281	1,230	3,996	1,878	1,837	3,506	14,729	1,180	15,910

(Notes)

1. The adjusted amount of ¥1,180 million in segment profit or losses includes ¥1,481 million for the elimination of intersegment transactions and other adjustment amounts of negative ¥301 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.
Omitted due to lack of significance.

II. Nine months ended September 30, 2024 (January 1, 2024- September 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	36,837	41,912	43,325	10,340	49,881	58,871	241,170	-	241,170
Other revenues	-	-	-	-	-	-	-	-	-
Sales to third parties	36,837	41,912	43,325	10,340	49,881	58,871	241,170	-	241,170
Inter-segment sales and transfers	-	-	-	237	9,770	-	10,008	(10,008)	-
Total	36,837	41,912	43,325	10,578	59,652	58,871	251,178	(10,008)	241,170
Segment profit	1,508	(3,095)	3,387	1,594	292	6,668	10,356	2,314	12,670

(Notes)

1. The adjusted amount of ¥2,314 million in segment profit or losses includes ¥1,370 million for the elimination of intersegment transactions and other adjustment amounts of ¥944 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.

(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 third quarter of the current consolidated fiscal year increased by ¥167 million for the Health and Food Business segment, ¥748 million for the Dairy Business segment, ¥245 million for the Nutritional Confectionery Business segment, ¥26 million for the Food Ingredients Business segment and ¥50 million for the Other Domestic Business segment, compared to the previous method.

Supplementary Information

For the Third 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 Sept.)	FYE Dec. '24 (Jan. to Sept.)	Change from previous period	
			Amount	%
Net sales	246,541	241,170	(5,370)	(2.2)
Operating profit	15,910	12,670	(3,239)	(20.4)
Ordinary profit	17,994	15,328	(2,665)	(14.8)
Profit	12,992	8,216	(4,776)	(36.8)

(2) Status of Operating Profit Unit:1 million yen

	FYE Dec. '23		FYE Dec. '24	
	(Jan. to Sept.)	%	(Jan. to Sept.)	%
Net sales	246,541	100.0	241,170	100.0
Cost of sales	154,794	62.8	146,053	60.6
Gross profit	91,746	37.2	95,116	39.4
Freight and charges	19,681	8.0	19,773	8.2
Promotion expenses	7,429	3.0	7,518	3.1
Advertising expenses	8,592	3.5	10,134	4.2
Salaries and benefits	23,634	9.6	25,307	10.5
Expenses and depreciation	16,497	6.7	19,712	8.2
Total	75,835	30.8	82,446	34.2
Operating profit	15,910	6.5	12,670	5.3

Factors behind change in operating profit	vs FYE Dec. '23(Jan. to Sept.)	
		Of which, is domestic
(1) Change due increase/decrease in net sales	(2,301)	(4,927)
(2) Change due to increase/decrease in raw materials prices	(3,656)	(4,320)
(3) Change due to increase/decrease from other changes in cost of sales *	9,756	6,911
(4) Change due to fluctuation in freight and charges ratio	(520)	(627)
(5) Change due to increase/decrease in sales promotion expenses / advertising expenses	(1,631)	(483)
(6) Change due to increase/decrease in SG&A expenses	(4,887)	(2,956)
Total	(3,239)	(6,402)

* 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 Sept.)	FYE Dec. '24 (Jan. to Sept.)	Change from previous period	
				Results	%
Health and Food Business	Health	9,616	7,470	(2,145)	(22.3)
	Ice cream	17,614	19,139	1,525	8.7
	Other	11,934	10,227	(1,706)	(14.3)
	Total	39,165	36,837	(2,327)	(5.9)
Dairy Business	Yoghurt	9,100	4,189	(4,910)	(54.0)
	Ice cream	22,755	24,704	1,948	8.6
	Other	21,575	13,018	(8,556)	(39.7)
	Total	53,431	41,912	(11,518)	(21.6)
Nutritional Confectionery Business	Chocolate	23,035	24,640	1,604	7.0
	Cookies	14,734	16,749	2,014	13.7
	Other	4,415	1,935	(2,479)	(56.2)
	Total	42,185	43,325	1,140	2.7
Food Ingredients Business		9,928	10,340	412	4.2
Other Domestic Business		50,069	49,881	(188)	(0.4)
Overseas Business		51,761	58,871	7,110	13.7
Total		246,541	241,170	(5,370)	(2.2)

(4) Status of Operating Profit by Segment

Unit: 1 million yen

	FYE Dec. '23 (Jan. to Sept.)	FYE Dec. '24 (Jan. to Sept.)	Change from previous period	
			Amount	%
Health and Food Business	2,281	1,508	(772)	(33.9)
Dairy Business	1,230	(3,095)	(4,326)	-
Nutritional Confectionery Business	3,996	3,387	(608)	(15.2)
Food Ingredients Business	1,878	1,594	(283)	(15.1)
Other Domestic Business	1,837	292	(1,544)	(84.1)
Overseas Business	3,506	6,668	3,162	90.2
Adjustment	1,180	2,314	1,133	96.0
Total	15,910	12,670	(3,239)	(20.4)

(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 Sept.)	FYE Dec. '24 (Jan. to Sept.)	Change from previous period	
			Amount	%
Net sales	1,073	1,335	261	24.4
Operating profit	101	176	74	73.2

◆ ASEAN

Unit: 1 million USD

	FYE Dec. '23 (Jan. to Sept.)	FYE Dec. '24 (Jan. to Sept.)	Change from previous period	
			Amount	%
Net sales	95	95	0	0.0
Operating profit	(5)	0	5	-

*Actual results for the 3Q of the fiscal year ended December 31, 2023 have been replaced by the average rate for the 3Q of the fiscal year ending December 31, 2024.

◆ U.S.A.

Unit: 1 million USD

	FYE Dec. '23 (Jan. to Sept.)	FYE Dec. '24 (Jan. to Sept.)	Change from previous period	
			Amount	%
Net sales	89	77	(12)	(13.4)
Operating profit	18	21	3	16.7

*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	48,500	47,500	(2,999)	(5.9)
Dairy Business	69,675	60,000	56,500	(13,175)	(18.9)
Nutritional Confectionery Business	61,890	63,200	63,200	1,309	2.1
Food Ingredients Business	13,348	13,700	13,700	351	2.6
Other Domestic Business	65,962	65,600	65,600	(362)	(0.6)
Overseas Business	71,214	85,000	83,500	12,285	17.3
Total	332,590	336,000	330,000	(2,590)	(0.8)

(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)	(4,800)	(5,329)	-
Nutritional Confectionery Business	6,525	4,800	4,800	(1,725)	(26.4)
Food Ingredients Business	2,427	2,090	2,090	(337)	(13.9)
Other Domestic Business	2,047	1,180	680	(1,367)	(66.8)
Overseas Business	4,165	8,000	8,500	4,334	104.1
Adjustment	862	430	1,930	1,067	123.8
Total	18,622	14,000	14,000	(4,622)	(24.8)