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February 13, 2025

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Notice Concerning Formulation of the New Mid-Term Management Plan <FY2025-2027>

The company hereby announces that it has formulated a new mid-term management plan for the three-year period FY2025 to FY2027.

* For details of the new mid-term management plan <FY2025 to FY2027>, please refer to the attached document.

End

Healthier days,
Wellbeing for life



[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.

Mid-term Management Plan [Acceleration Phase: FY25-27] Explanatory Materials

Ezaki Glico Co., Ltd.

Securities Code: 2206

These materials are posted on February 13, 2025.

PURPOSE

Healthier days, Wellbeing for life

Long-term Strategy

Business plan

- Launch products that can provide “Great Taste and Good Health” based on scientific evidence
- Build a consumer-driven value chain globally
- Make a transition from “category marketing management” to “business unit management”

R&D plan

- Focus on creating evidence in the R&D area which corresponds to focus areas
- Establish an R&D portfolio management system and introduce gate management
- Improve the R&D organization’s ability (Utilize external resources and improve the digital data function)

Human resources plan

- Implement the Long-term Management Plan as if it were your own plan
- Transform mindset and actions based on Glico’s Seven Principles
- Acquire skills necessary to achieve the long-term vision
- Promote learning by providing support to individuals and organizations

Mid-term Management Plan

FY22-24: Foundation Phase

Net sales: +3-5%

Operating income: +5-10%

* CAGR (Compared to FY21)

FY25-27: Acceleration Phase

ROE: 6-8%

Net sales: +5-10% per year

Operating income: +10-15%
per year

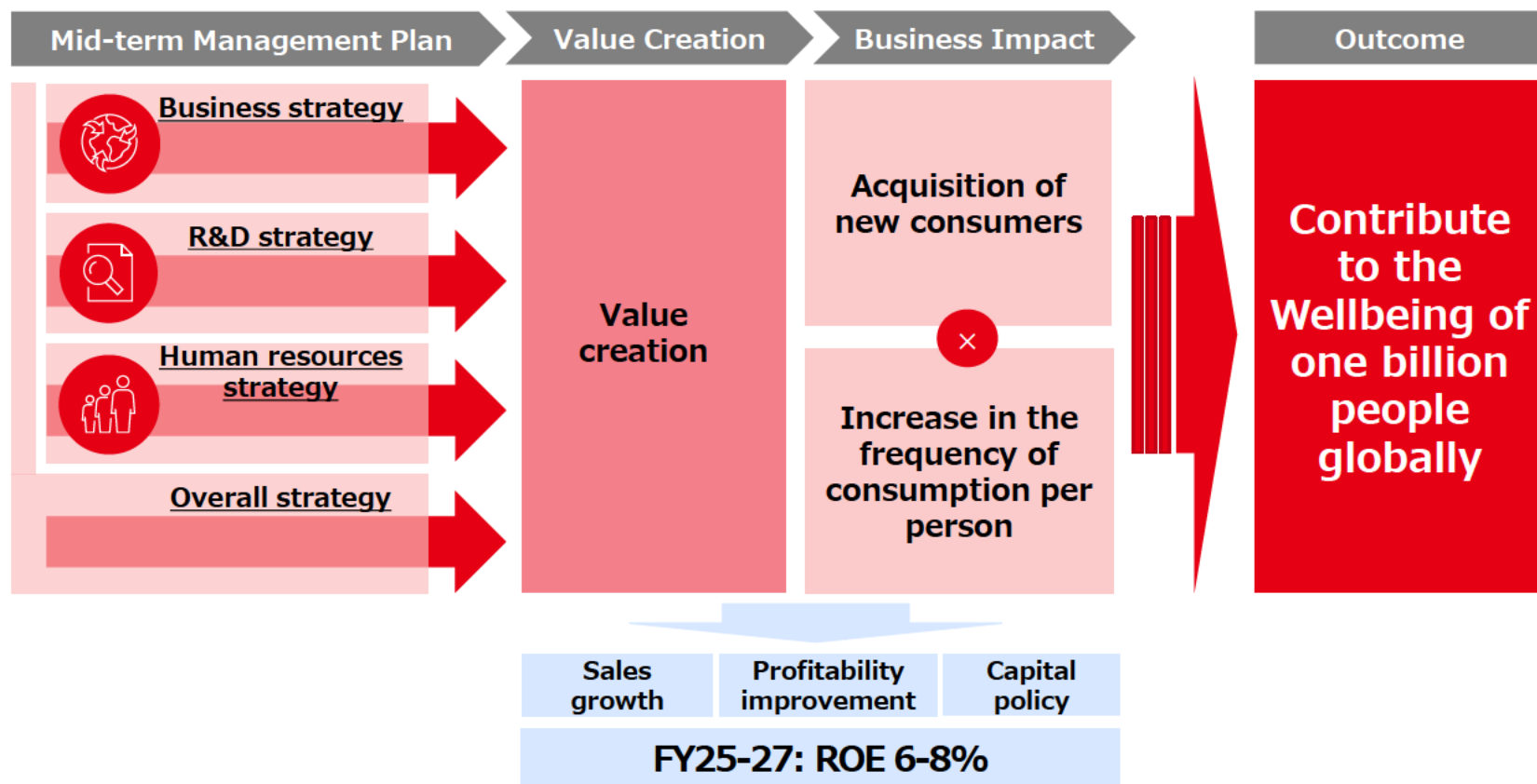
FY28-30: Development Phase

ROE: Aim at further
improvement

1. Positioning of Value Creation and Improvement in the Mid-term Management Plan

PURPOSE

Healthier days, Wellbeing for life

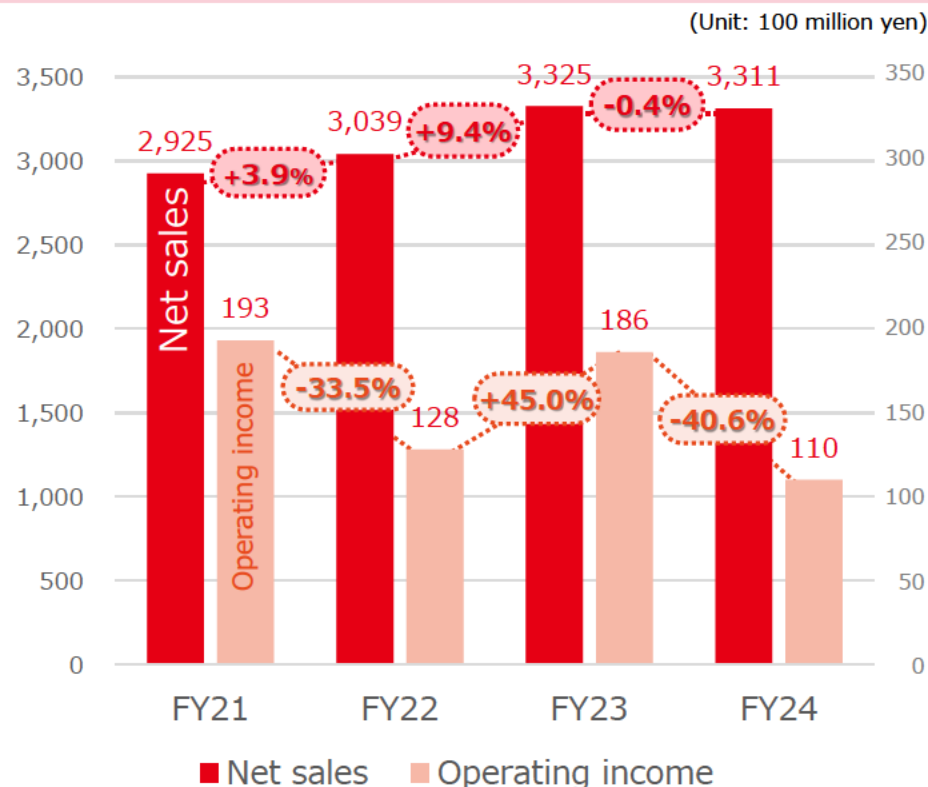


2. Review of the Previous Mid-term Management Plan [FY22-24] (1)

CAGR (Compound average growth rate) * Compared to FY21

- **Net sales: +4.2%**
(+3-5% per year)
- **Operating income: -17.0%**
(+5-10% per year)

→FY24: Net sales impacted by the ERP problem:
-0.4% year-on-year
* Domestic net sales except chilled products: +8% year-on-year



Payout ratio

- **Paid a stable dividend of at least 35% to grow with shareholders**

FY22	FY23	FY24
63.2%	36.0%	70.6%

2. Review of the Previous Mid-term Management Plan [FY22-24] (2)

Transformation of domestic business

- Transitioned from category management to business unit management
- Promoted creation of health value peculiar to Glico from three standpoints (R&D, materials and food culture) for five focus areas in the units of "H&W Innovation Business," "Dairy Business," "Global Brand Business" and "Nutritional Confectionery/Supplement Business"

Expansion of overseas business

- Strived to expand earnings together with net sales growth of 10% or more

Net sales growth: Average annual growth rate of 18%
Operating profit margin: Improved from 7.8% to 10.2%

25 products with a theme of value creation were launched
FY21: 0 → FY24: 11 products



Participation of Greenspoon Co.
Co-creating shared value in the area of main dishes and side dishes



A new plant started operations in Indonesia
Enhanced the stable supply capacity overseas



2. Review of the Previous Mid-term Management Plan [FY22-24] (3)

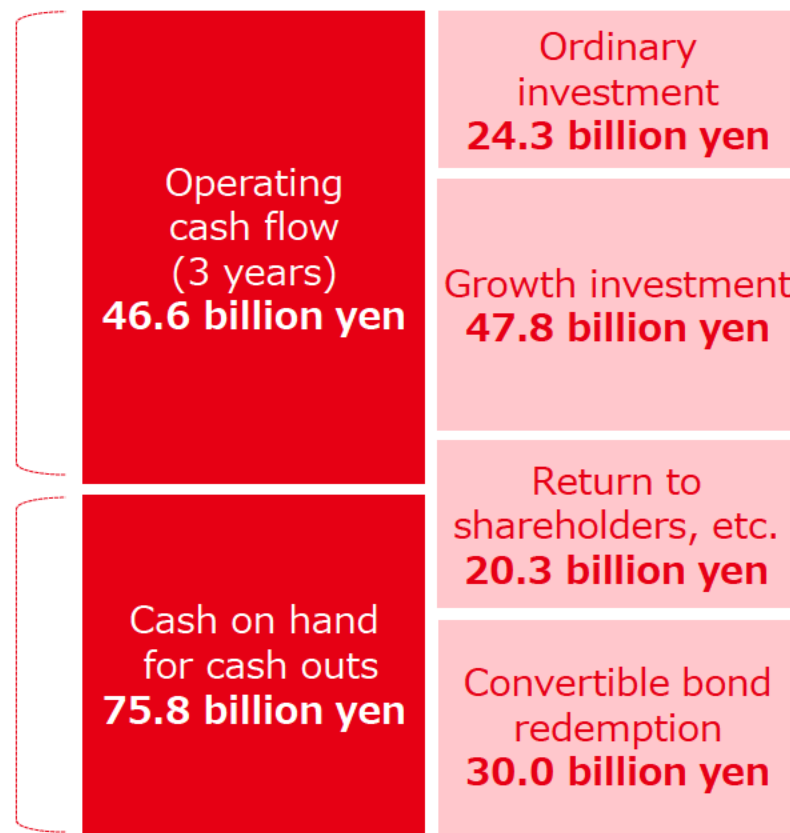
Proactively invested to achieve growth while providing stable returns to shareholders in line with profit growth

Results

Operating cash flow

- FY22: 16.8 billion yen
- FY23: 28.0 billion yen
- FY24: 1.8 billion yen

Cash on hand for cash outs



Ordinary investment: 24.3 billion yen

- Japan: 16.6 billion yen
- Overseas: 6.2 billion yen
- System: 1.5 billion yen

Growth investment: 47.8 billion yen

- Renewal of the core system: 22.8 billion yen (Total 34.7 billion yen)
- New plant facility in Gifu: 9.0 billion yen (Total 9.0 billion yen)
- New plant facility in Indonesia: 8.8 billion yen (Total 16.8 billion yen)
- Others (M&A, investment, etc.): 7.1 billion yen

Return to shareholders/employees: 20.3 billion yen

- Payout ratio: 35% or more (15.3 billion yen)
- Purchase of treasury shares: Executed in FY22 (5.0 billion yen)
- Cross-shareholdings: 9.5% of net assets

Convertible Bond (CB) redemption: 30.0 billion yen

- Redeemed at the end of January 2024

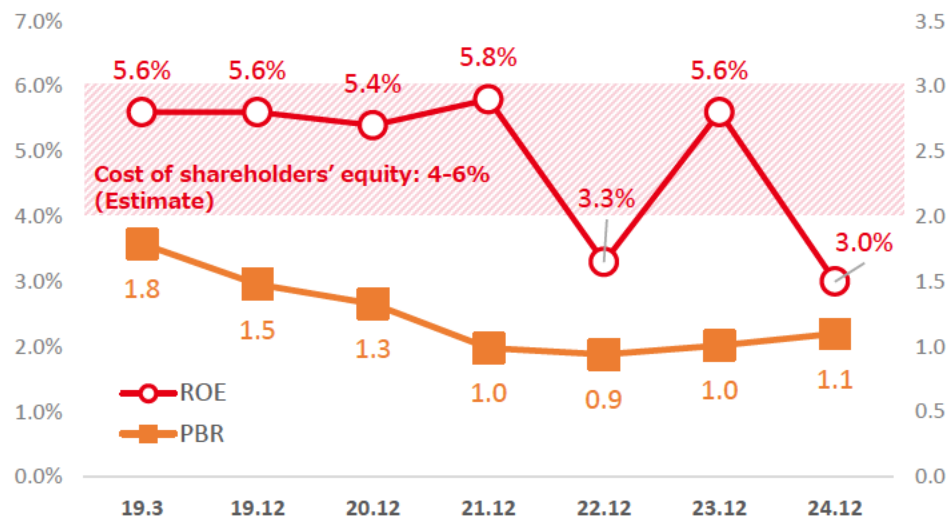
Working capital and surplus funds

3. Analysis of Market's Evaluation and Capital Profitability



Recognition of current situation about capital costs

- Cost of shareholders' equity: Assumed at 4-6%
 - WACC: 3.69-5.29%
 - CAPM: 5.27-5.29%
 - Earnings yield (1/PER): 3.69%



Initiattoward improving ROE and reducing capital costsives

- Accelerate profit generation by creating value to improve market's evaluation and capital profitability
- Set the ROE target level at 6-8% and strictly manage earnings by introducing the ROIC by business

Profitability (Net income / Net sales)	Efficiency (Net sales / Total assets)	Financial leverage (Total assets / Shareholders' equity)	Reduction in capital costs
Generate profits by creating value <ul style="list-style-type: none"> • Strengthen priority areas and improve profitability • Accelerate growth investment (R&D, human resources and digital) by co-creating both internally and externally (including M&A, investment, etc.) 	Promote improvement in asset efficiency <ul style="list-style-type: none"> • Strictly manage earnings by business unit management and the ROIC by business • Reduce working capital • Reduce cross-shareholdings (10% or less of net assets) 	Grow with shareholders <ul style="list-style-type: none"> • Raise the payout ratio (45% or more) 	<ul style="list-style-type: none"> • Dialogue with the stock market and improve information disclosure • Promote sustainability management • Strengthen human resources strategy and digital strategy

4. Outline of the New Mid-term Management Plan [FY25-27]

Accelerate profit generation by creating value and aim to achieve ROE of 6-8%

ROE	FY25-27: 6-8% FY28-30: Aim to further improve
Net sales / Operating income (annual growth rate, year on year)	Net sales: +5-10% Operating income: +10-15% ✓ Improve profits by increasing products that create and improve value, and increase net sales ✓ Set the ROE target level at 6-8% and strictly manage earnings by introducing the ROIC by business
Capital policy	Improve capital efficiency and increase returns to shareholders while accelerating growth investment ✓ Take advantage of the growth investment line and returns to shareholders flexibly and promptly on the assumption that the ROE target is achieved

(Unit: 100 million yen)

	FY23	FY24	FY25	FY25-27: Acceleration Phase
	Results	Results	Plan	Managerial target
Net sales	3,325	3,311	3,700	+5-10% per year
Year on Year	+9.4%	-0.4%	+11.7%	
Operating income	186	110	180	+10-15% per year
Year on Year	+45.0%	-40.6%	+62.7%	
Payout ratio	36.0%	70.6%	50.4%	45% or more
ROE	5.6%	3.0%	4.4%	FY27: 6-8% (FY30: Aim to further improve)

4-1. Basic Strategy



Business strategy

- Acceleration of value creation and evolution of the consumer-driven business model utilizing digital and AI technologies
- Acceleration of brand growth in overseas markets ("Pocky," "BISCO" and "Almond Koka")
 - Acceleration of growth through value creation in China and ASEAN
 - Reinforcement of the business foundation in North America



R&D strategy

- Re-establishment of the R&D strategy and the operation process which are in line with the business strategy
- Reinforcement of the driving force of the entire R&D division to translate the R&D strategy into results



Human resources strategy

- Transformation of intrinsic motivation toward organizational enhancement
- Reinforcement of human resource portfolio

Overall strategy

- Establishment of a structure to facilitate transformation using digital and AI technologies
- Promotion of the sustainability strategy

Capital policy

- Raise in the payout ratio (35% or more -> 45% or more)
- Reduction in cross-shareholdings (10% or less of net assets)

4-2. Strategies of Major Businesses (Domestic) *Glico*



Business strategy (Domestic)

KPI

- Acceleration of value creation and evolution of the consumer-driven business model utilizing digital and AI technologies
- Re-establishment of the business value chain starting from ingredients (milk, cacao, and almonds)
- Net sales: **+5-8% per year**
- The number of value-created products launched, the number of new consumers, and the frequency of consumption

Strategies in the key areas

● Health and Food Business

Value creation of products with health value and acceleration of value communication

● Dairy Business

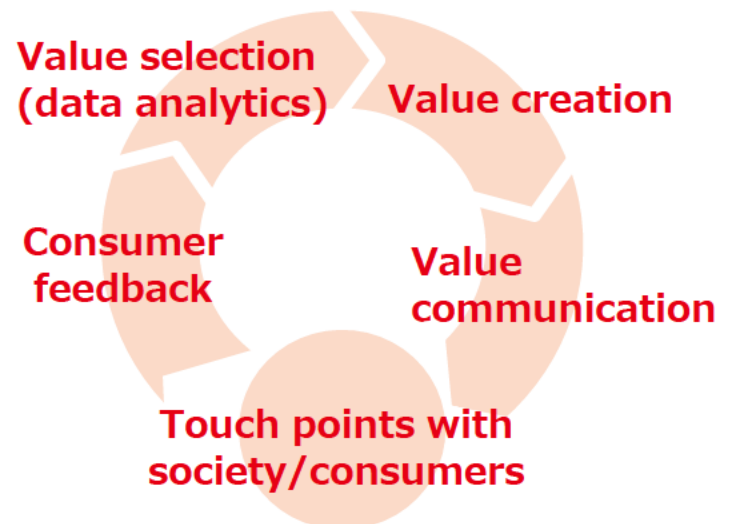
Prompt improvement in the earnings level, and reinforcement of value communication to target consumers of yoghurt

● Nutritional Confectionery Business

Increase in volume due to an increase in the frequency of consumption

Glico's consumer-driven value chain

Continue to provide required products through the consumer-driven value chain where Glico has direct touch points with society and consumers and higher value is generated from the data acquired there



4-3. Strategies of Major Businesses (Overseas) *Glico*



Business strategy (Overseas) — KPI

- Acceleration of brand growth in countries with our establishments (“Pocky,” “BISCO” and “Almond Koka”)
 - Acceleration of sales growth and profits improvement in China and ASEAN
 - Establishment of the business foundation in North America as the next growth base
- Net sales: **+10% or more per year**

Strategies in the key areas

● China

Expansion of touch points with consumers in Tier 1 and Tier 2

● ASEAN

Reinforcement and expansion of touch points with consumers in each country

● U.S.A.

Establishment of the business foundation, and provision of products satisfying consumers’ demand and markets’ requirements

Glico’s global business model

Develop products that meet the characteristics of respective regions, and expand in an appropriate way in each region





R&D strategy

- Re-establishment of the R&D portfolio and investment prioritization
- Design of operation process that directly links R&D themes to business issues
- Reinforcement of the driving force of the entire R&D division to translate R&D strategies into results
- Design of training program that fosters consumer understanding

PURPOSE Healthier days, Wellbeing for life

Business Strategy

Research-centric perspectives

R&D strategies for each of the five areas

Promotion of R&D themes for commercialization during FY25-27

- (1) Optimized nutritional balance and baby's growth
- (2) Supporting growth
- (3) Strengthening athletic ability and capacity
- (4) Improving brain function
- (5) Healthy aging

Material-centric perspectives

Materials to focus on (Research perspectives)

Exploration of high-quality ingredients equipped with the value of great taste and good health



Food culture-centric perspectives

R&D strategies for good taste

Utilization of high-quality ingredients x manufacturing technologies that bring out the best of ingredients

Ingredient processing technologies (fermentation, etc.)

Additive and cooking technologies (*dashi*, fats and oil, salt, etc.)

Product processing technologies (chilled, frozen, etc.)

Creation of new food culture and lifestyle

4-5. Human Resources Strategy

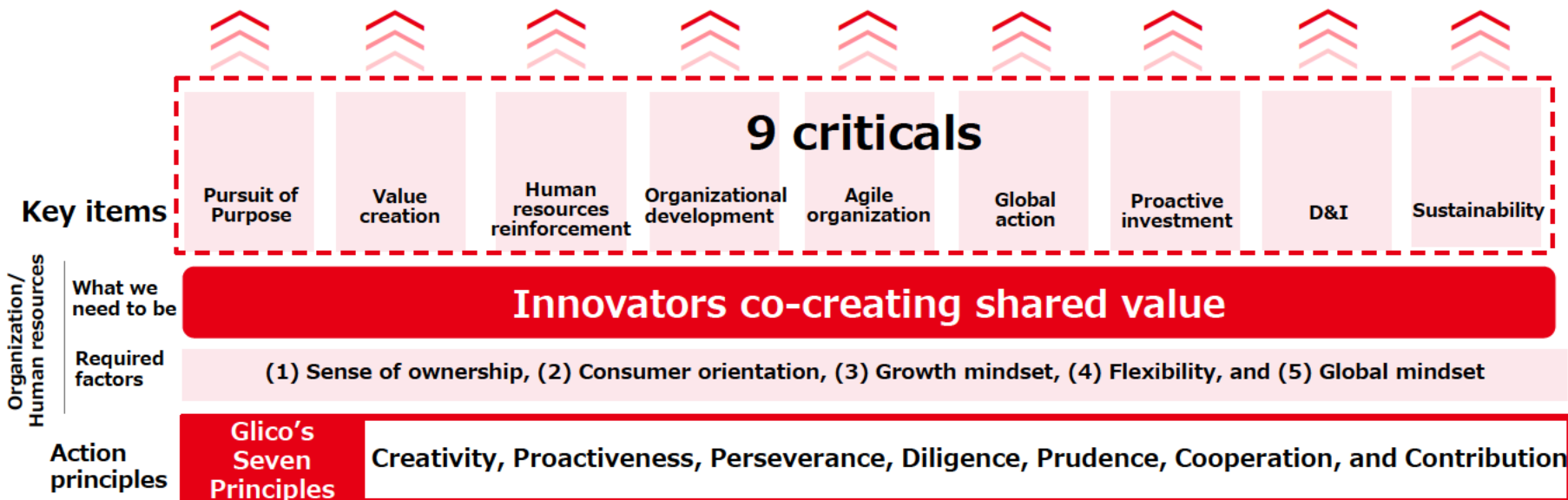


Human resources strategy

- Establishment of a company-wide mechanism to link intrinsic motivation to outcome
- Reinforcement of human resource skills and portfolio
- Establishment of a system to increase the effectiveness of the human capital strategy

PURPOSE Healthier days, Wellbeing for life

VISION: Through the creative development of high-quality ingredients, the Glico Group provides "Great Taste and Good Health" for people to live satisfying lives.



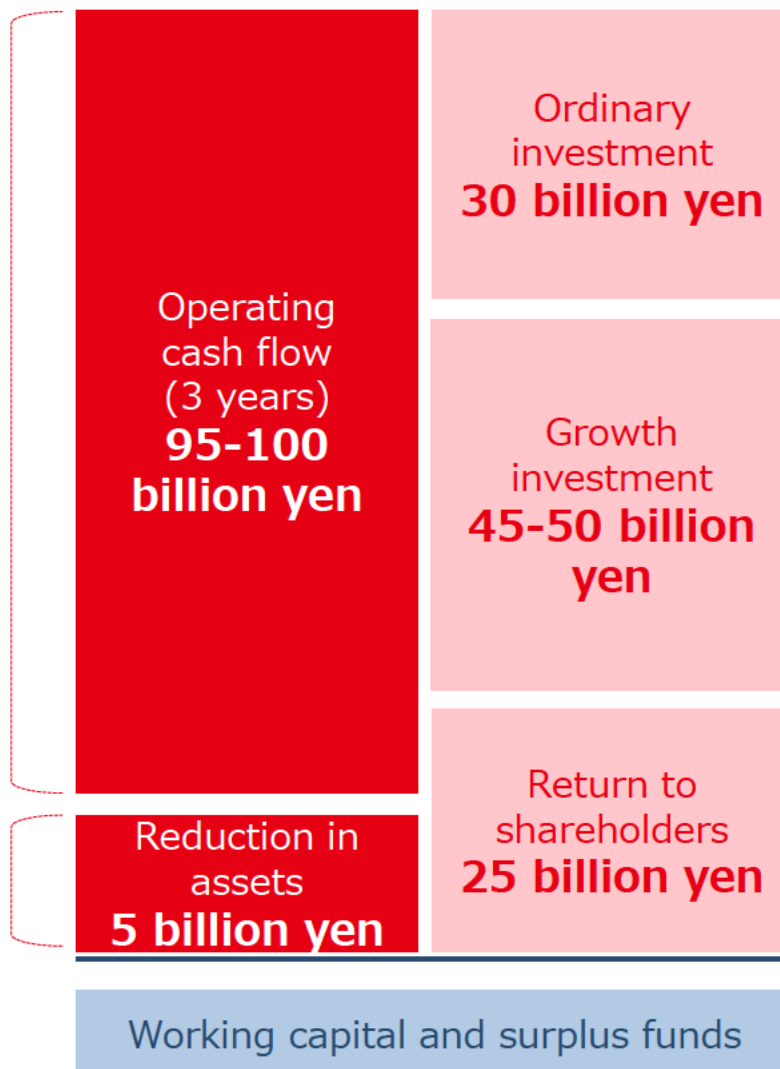
4-6. Capital Policy (Cash Flow Allocation)



Enhance growth investment focusing on foreign countries

Operating cash flow
95-100 billion yen

Reduction in assets
5 billion yen
(including reduction in cash on hand)
■ Reduction in cross-shareholdings
(10% or less of net assets)



Ordinary investment:
30 billion yen

- Investment to continue businesses (Renewal and countermeasures against aging)

Growth investment:
45-50 billion yen

- Capital investment required to reinforce overseas production capacity
- Strategic investment for mid- and long-term growth (M&A, investment, etc.)

Return to shareholders:
25 billion yen

- Raise the payout ratio to 45% or more