

TOOTSIE ROLL INDUSTRIES, INC.

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PRESS RELEASE

STOCK TRADED: NYSE

TICKER SYMBOL: TR

FOR IMMEDIATE RELEASE

Wednesday, July 24, 2024

CHICAGO, ILLINOIS – July 24, 2024 - Ellen R. Gordon, Chairman, Tootsie Roll Industries, Inc. reported second quarter and first half 2024 net sales and net earnings.

Second quarter 2024 net sales were \$148,819,000 compared to \$158,837,000 in second quarter 2023, a decrease of \$10,018,000 or 6%. Second quarter 2024 net earnings were \$15,640,000 compared to \$14,726,000 in second quarter 2023, and net earnings per share were \$0.22 and \$0.20 in second quarter 2024 and 2023, respectively, an increase of \$0.02 per share or 10%.

First half 2024 net sales were \$300,283,000 compared to \$319,548,000 in first half 2023, a decrease of \$19,265,000 or 6%. First half 2024 net earnings were \$31,474,000 compared to \$28,127,000 in first half 2023, and net earnings per share were \$0.44 and \$0.39 in first half 2024 and 2023, respectively, an increase of \$0.05 per share or 13%.

Mrs. Gordon said, “We continued to face a more challenging market in second quarter and first half 2024 as customers and consumers became more resistant to higher price realization. Second quarter and first half 2024 sales were also impacted by customer inventory adjustments which adversely affected customer orders and sales in these periods. In addition, first half 2024 sales were also adversely affected by the timing of seasonal sales between first quarter 2024 and fourth quarter 2023 when compared to the prior year comparative periods.

Second quarter and first half 2024 gross profit margins benefited from higher price realization and improvements in plant manufacturing operating efficiencies. However, lower sales volumes adversely affected our results in second quarter and first half 2024 because much of our plant overhead costs, and certain other costs and operating expenses, do not decrease with lower sales. More favorable freight and delivery costs in second quarter and first half 2024 contributed to increased net earnings in these periods.

In response to increases in input costs in recent years, many companies in the consumer products industry have increased selling prices. We have implemented price increases as well during this period with the objective of improving sales price realization in order to recover our margin declines. We made progress in restoring our margins in 2023 and continue to do so in 2024. Cocoa and chocolate costs have moved significantly higher in the markets this year, and we expect these increases to have some adverse effects on our input costs and margins in second half 2024 and 2025. Although the Company continues to monitor its input costs, we are mindful of the effects and limits when passing on the above-discussed higher input costs to our customers as well as the final consumers of our products.

Second quarter and first half 2024 net earnings benefited from increased investment income from the Company's investments in marketable securities, higher leasing revenue from the leasing of certain real estate to third parties, and more favorable foreign exchange. The Company's effective income tax rates were 23.1% and 24.7% in second quarter 2024 and 2023, respectively, and 22.3% and 24.3% in first half 2024 and 2023, respectively. These lower effective income tax rates also contributed to higher net earnings in second quarter and first half 2024. Lower state income taxes and increases in federal income tax credits were the principal reasons for these lower effective income tax rates. Earnings per share did benefit from stock purchases in the open market over the preceding twelve months resulting in fewer shares outstanding in second quarter and first half 2024 compared to the corresponding periods in 2023.

We are focused on the longer term and therefore are continuing to make investments in plant manufacturing operations to meet new consumer and customer product demands, achieve product quality improvements, expand capacity in certain product lines, and increase operational efficiencies in order to provide genuine value to consumers.”

Safe Harbor Statement

This release contains forward-looking statements that are based largely on the Company's current expectations and are made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of words such as “anticipated,” “believe,” “expect,” “intend,” “estimate,” “project,” “plan” and other words of similar meaning in connection with a discussion of future operating or financial performance and are subject to certain factors, risks, trends and uncertainties that could cause actual results and achievements to differ materially from those expressed in the forward-looking statements. Such factors, risks, trends and uncertainties, which in some instances are beyond the Company's control, include the overall competitive environment in the Company's industry, the ability to recover increases in input costs through price increases, successful distribution and sell-through during Halloween and other seasons, and changes in assumptions, judgments and risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

The risk factors referred to above are believed to be significant factors, but not necessarily all of the significant factors that could cause actual results to differ from those expressed in any forward-looking statement. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made only as of the date of this report. The Company undertakes no obligation to update such forward-looking statements.

TOOTSIE ROLL INDUSTRIES, INC.
CONSOLIDATED SUMMARY OF SALES & EARNINGS
FOR THE PERIODS ENDED
JUNE 30, 2024 and 2023

	Second Quarter Ended	
	2024	2023
Net Product Sales	\$148,819,000	\$158,837,000
Net Earnings	\$ 15,640,000	\$ 14,726,000
Net Earnings Per Share*	\$ 0.22	\$ 0.20
Average Shares Outstanding*	71,417,000	72,164,000

	Six Months Ended	
	2024	2023
Net Product Sales	\$300,283,000	\$319,548,000
Net Earnings	\$ 31,474,000	\$ 28,127,000
Net Earnings Per Share*	\$ 0.44	\$ 0.39
Average Shares Outstanding*	71,417,000	72,231,000

* Based on average shares outstanding adjusted for 3% stock dividends distributed April 5, 2024 and April 7, 2023.