

Fiscal 2021 Results

(For the Period from January 1, 2021, to December 31, 2021)

Yamazaki Baking Co., Ltd.

(February 15, 2022)

I . Fiscal 2021 Consolidated Results

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2020	%	Fiscal 2021	%	Increase/ (decrease)	Percentage change
Net sales	1,014,741	100.0	1,052,972	100.0	38,230	3.8
Operating income	17,438	1.7	18,359	1.7	921	5.3
Ordinary income	19,734	1.9	21,382	2.0	1,647	8.3
Profit attributable to owners of parent	6,956	0.7	10,378	1.0	3,421	49.2

Comprehensive income	8,771	0.9	24,012	2.3	15,240	73.7
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	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2021
Net sales	252,786	259,423	249,845	290,916	1,052,972
Operating income	5,875	6,348	1,473	4,662	18,359

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)
Number of consolidated subsidiaries	30	34	4
Number of equity-method subsidiaries	3	3	0

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2020	Percentage of total	Fiscal 2021	Percentage of total	Increase/ (decrease)	Percentage change
Food business	952,178	93.8	980,599	93.1	28,421	3.0
Bread	95,600	9.4	95,160	9.0	(440)	(0.5)
Sweet buns	340,765	33.6	359,934	34.2	19,168	5.6
Japanese-style confectionery	70,698	7.0	68,379	6.5	(2,318)	(3.3)
Western-style confectionery	139,848	13.8	144,861	13.7	5,012	3.6
Processed bread, prepared rice and processed noodles	142,457	14.0	143,086	13.6	628	0.4
Biscuits, crackers, <i>sembei</i> and other merchandise	162,806	16.0	169,177	16.1	6,370	3.9
Retail business	49,350	4.9	59,494	5.7	10,144	20.6
Other businesses	13,213	1.3	12,878	1.2	(335)	(2.5)
Total	1,014,741	100.0	1,052,972	100.0	38,230	3.8

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)	Percentage change
Food business	18,582	20,027	1,445	7.8
Retail business	(3,892)	(4,193)	(300)	—
Other businesses	2,365	2,154	(211)	(8.9)
Subtotal	17,055	17,988	933	5.5
Adjustment	383	371	(12)	—
Total	17,438	18,359	921	5.3

Consolidated Results

4. Income and Expenses

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change	Reasons
		%		%			
Gross profit	353,618	34.8	367,855	34.9	14,237	4.0	
Selling, general and administrative expenses	336,180	33.1	349,496	33.2	13,316	4.0	
Sales promotion expenses	33,738		34,916		1,177		
Advertising expenses	11,373		11,165		(208)		
Haulage expenses	64,103		65,270		1,167		
Personnel expenses	137,442		143,803		6,361		
Depreciation and amortization	12,015		13,020		1,004		
Rental fees	21,579		22,969		1,389		
Others	55,927		58,351		2,424		
Operating income	17,438	1.7	18,359	1.7	921	5.3	
Nonoperating income	3,921	0.4	4,624	0.4	703	17.9	
Interest income	107		149		42		
Dividend income	1,210		1,292		81		
Rent income on fixed assets	917		892		(24)		
Equity in earnings of affiliates	402		510		108		
Foreign exchange gains	–		546		546		
Other nonoperating income	1,283		1,232		(50)		
Nonoperating expenses	1,625	0.2	1,601	0.1	(23)	(1.4)	
Interest expense	653		787		134		
Rent expenses on fixed assets	337		315		(21)		
Foreign exchange losses	240		–		(240)		
Other nonoperating expenses	394		498		103		
Ordinary income	19,734	1.9	21,382	2.0	1,647	8.3	
Extraordinary gains	273	0.0	2,430	0.2	2,157	788.9	
Gain on sales of fixed assets	85		100		14		
Subsidy income	113		2,329		2,216		Subsidies related to COVID-19
Gain on sales of investment securities	69		–		(69)		
Other extraordinary gains	5		1		(3)		
Extraordinary losses	3,601	0.3	3,857	0.3	256	7.1	
Loss on sales and retirement of fixed assets	1,630		1,375		(255)		
Impairment loss	1,276		1,827		550		
Loss on temporary closure, etc.	456		94		(361)		
Other extraordinary losses	237		559		322		
Income before income taxes	16,406	1.6	19,955	1.9	3,548	21.6	
Income and other taxes	8,423	0.8	7,475	0.7	(948)	(11.3)	
Profit	7,983	0.8	12,480	1.2	4,497	56.3	
Profit attributable to non-controlling interests	1,026	0.1	2,102	0.2	1,075	104.8	
Profit attributable to owners of parent	6,956	0.7	10,378	1.0	3,421	49.2	
Comprehensive income	8,771	0.9	24,012	2.3	15,240	73.7	

Consolidated Results
5. Consolidated Balance Sheets (Including Reasons for Major Changes)

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)	Reasons
Current assets	256,255	289,984	33,729	
Cash and deposits	108,588	138,143	29,555	Increase in loans payable: ¥20.6 billion Collection of accounts receivable, etc.: ¥8.9 billion
Notes and accounts receivable	112,639	114,588	1,948	Increase due to increase in sales
Merchandise and finished goods	11,966	12,034	67	
Work in process	788	718	(69)	
Raw materials and supplies	10,442	11,793	1,351	
Other current assets	12,212	13,093	880	
Allowance for doubtful accounts	(382)	(387)	(4)	
Fixed assets	458,188	467,367	9,179	Capital investment: ¥43.6 billion Depreciation and amortization: ¥38.9 billion
Tangible fixed assets	315,572	328,527	12,955	
Buildings and structures	103,467	108,925	5,458	Extension of red bean paste and frozen food production line at Isesaki Plant: ¥2.9 billion
Machinery, equipment and vehicles	84,528	86,902	2,373	
Tools, furniture and fixtures	8,362	7,631	(731)	
Land	110,593	113,331	2,737	Purchase of land of Fujiya Co., Ltd.'s Yokohama Center Building: ¥ 1.5 billion
Lease assets	3,923	6,779	2,856	
Construction in progress	4,697	4,957	260	
Intangible fixed assets	21,481	22,258	776	Amortization of goodwill: ¥1.6 billion
Investments and other assets	121,134	116,581	(4,552)	
Investment securities	68,442	65,219	(3,222)	Increase due to mark-to-market valuation difference: ¥2.3 billion Decrease resulting from changes in the scope of consolidation: ¥6.2 billion
Long-term loans receivable	824	877	52	
Net defined benefit asset	378	457	78	
Deferred tax assets	25,409	22,309	(3,100)	Decrease due to tax effect of retirement benefit accounting: ¥3.6 billion
Other investments and other assets	28,747	30,243	1,496	
Allowance for doubtful accounts	(2,668)	(2,525)	142	
Total assets	714,443	757,352	42,908	
Current liabilities	216,962	235,286	18,323	
Notes and accounts payable	75,466	76,414	947	
Short-term loans payable	50,716	60,913	10,196	Transfer from long-term loans payable: ¥17.2 billion Decrease due to repayment, etc.: ¥12.3 billion
Lease obligations	1,499	2,942	1,442	
Accrued income tax	6,179	5,793	(385)	
Accrued expenses	40,079	41,634	1,555	
Allowance for employees' bonuses	4,571	4,952	381	
Reserve for sales promotion expenses	1,232	1,238	6	
Provision for loss on store closures	–	37	37	
Asset retirement obligations	1	16	14	
Other current liabilities	37,214	41,342	4,127	
Long-term liabilities	135,098	139,848	4,750	
Long-term loans payable	16,601	29,172	12,571	Increase in new loans payable: ¥29.7 billion Transfer to short-term loans payable: ¥17.2 billion
Lease obligations	2,879	4,831	1,951	
Reserve for retirement benefits for directors and corporate auditors	4,072	4,212	140	
Provision for environmental measures	1	–	(1)	
Reserve for loss on guarantees	–	33	33	
Net defined benefit liability	100,222	89,943	(10,279)	Decrease due to increase in pension assets: ¥10.9 billion
Asset retirement obligations	4,744	5,043	299	
Other long-term liabilities	6,575	6,611	35	
Total liabilities	352,060	375,135	23,074	
Total net assets	362,383	382,217	19,833	Non-controlling interests: ¥39.6 billion (up ¥7.7 billion)
Total liabilities and net assets	714,443	757,352	42,908	

6. Major Subsidiaries

(1) Net sales		(Millions of yen)	
	Fiscal 2020	Fiscal 2021	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	99,085	104,751	5,665
Sun-Delica Co., Ltd.	107,158	105,247	(1,911)
Yamazaki Biscuits Co., Ltd.	33,209	33,657	447
Tohato Inc.	27,256	28,564	1,308
Vie de France Co., Ltd.	23,565	24,279	713

(2) Operating income		(Millions of yen)	
	Fiscal 2020	Fiscal 2021	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	2,497	4,146	1,648
Sun-Delica Co., Ltd.	(277)	54	332
Yamazaki Biscuits Co., Ltd.	410	553	143
Tohato Inc.	1,249	1,473	224
Vie de France Co., Ltd.	(3,439)	(2,677)	761

7. Capital Investment and Depreciation and Amortization (Millions of yen)

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)
Capital investment	38,056	43,625	5,568
Depreciation and amortization	37,420	38,997	1,577

* The amounts of capital investment and depreciation and amortization of tangible fixed assets and of intangible fixed assets including lease assets have been disclosed.

8. Interest-bearing Debt

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)	Reasons
Interest-bearing debt	78,092	104,074	25,981	

Consolidated Results

9. Cash Flows

(Millions of yen)

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)	Reasons
Net cash provided by operating activities	47,157	57,071	9,913	Increase in income before income taxes
Net cash used in investing activities	(38,623)	(37,790)	832	Decrease in payments for purchase of investment securities
Net cash provided by (used in) financing activities	(11,585)	2,070	13,655	Increase in revenue due to new loans payable
Cash and cash equivalents at beginning of period	105,916	102,842	(3,073)	
Cash and cash equivalents at end of period	102,842	133,495	30,652	

10. Number of Employees by Segment

(Number of employees)

	Fiscal 2020		Fiscal 2021		Increase/(decrease)	
Food business	27,331	[19,261]	30,490	[18,898]	3,159	[(363)]
Retail business	822	[143]	907	[238]	85	[95]
Other businesses	1,090	[898]	1,130	[875]	40	[(23)]
Total	29,243	[20,302]	32,527	[20,011]	3,284	[(291)]

* Figures without brackets indicate permanent employees, and figures with brackets indicate the average number of temporary employees for each respective period.

11. Number of Stores

(Number of stores)

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)
Daily Yamazaki	1,420	1,389	(31)
Fujiya [Western-style confectionery]	951	976	25
Vie de France	264	250	(14)

II . Projections for Fiscal 2022

Consolidated Projection

1. Overview

(Millions of yen)

	Fiscal 2021	%	Fiscal 2022 projection	%	Increase/ (decrease)	Percentage change	Impact of revenue recognition	Amount excl. impact of revenue recognition	Percentage change excl. impact of revenue recognition
Net sales	1,052,972	100.0	1,056,000	100.0	3,027	0.3	37,419	1,093,419	3.8
Gross profit	367,855	34.9	347,600	32.9	(20,255)	(5.5)	37,419	385,019	4.7
Selling, general and administrative expenses	349,496	33.2	323,600	30.6	(25,896)	(7.4)	37,419	361,019	3.3
Operating income	18,359	1.7	24,000	2.3	5,640	30.7	–	–	–
Ordinary income	21,382	2.0	26,000	2.5	4,617	21.6	–	–	–
Extraordinary gains (losses)	(1,426)	(0.1)	(3,700)	(0.4)	(2,273)	159.4	–	–	–
Profit attributable to owners of parent	10,378	1.0	12,000	1.1	1,621	15.6	–	–	–

	Fiscal 2022 first half projection			Fiscal 2022 second half projection		
		Increase/ (decrease)	Percentage change		Increase/ (decrease)	Percentage change
Net sales	525,000	12,789	2.5	531,000	(9,761)	(1.8)
Operating income	13,500	1,276	10.4	10,500	4,364	71.1
Ordinary income	15,000	1,246	9.1	11,000	3,371	44.2
Profit attributable to owners of parent	7,500	262	3.6	4,500	1,359	43.3

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2021	Fiscal 2022 projection	Increase/ (decrease)	Percentage change	Impact of revenue recognition	Amount excl. impact of revenue recognition	Percentage change excl. impact of revenue recognition
Food business	980,599	982,710	2,110	0.2	36,538	1,019,248	3.9
Bread	95,160	96,950	1,789	1.9	717	97,667	2.6
Sweet buns	359,934	370,250	10,315	2.9	2,526	372,776	3.6
Japanese-style confectionery	68,379	70,190	1,810	2.6	509	70,699	3.4
Western-style confectionery	144,861	146,880	2,018	1.4	1,042	147,922	2.1
Processed bread, prepared rice and processed noodles	143,086	141,530	(1,556)	(1.1)	7,452	148,982	4.1
Biscuits, crackers, <i>sembei</i> and other merchandise	169,177	156,910	(12,267)	(7.3)	24,292	181,202	7.1
Retail business	59,494	60,170	675	1.1	635	60,805	2.2
Other businesses	12,878	13,120	241	1.9	246	13,366	3.8
Total	1,052,972	1,056,000	3,027	0.3	37,419	1,093,419	3.8

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2021	Fiscal 2022 projection	Increase/ (decrease)	Percentage change
Food business	20,027	24,480	4,452	22.2
Retail business	(4,193)	(3,070)	1,123	–
Other businesses	2,154	2,220	65	3.1
Subtotal	17,988	23,630	5,641	31.4
Adjustment	371	370	(1)	–
Total	18,359	24,000	5,640	30.7

4. Major Subsidiaries

(1) Net sales

(Millions of yen)

	Fiscal 2021	Fiscal 2022 plan	Increase/ (decrease)	Impact of revenue recognition	Amount excl. impact of revenue recognition	Percentage change excl. impact of revenue recognition
Fujiya Co., Ltd. (Consolidated)	104,751	99,000	(5,751)	16,629	115,629	10.4
Sun-Delica Co., Ltd.	105,247	99,740	(5,507)	7,823	107,563	2.2
Yamazaki Biscuits Co., Ltd.	33,657	30,740	(2,917)	4,077	34,817	3.4
Vie de France Co., Ltd.	24,279	26,490	2,210	14	26,504	9.2
Tohato Inc.	28,564	23,720	(4,844)	6,149	29,869	4.6

(2) Operating income

(Millions of yen)

	Fiscal 2021	Fiscal 2022 plan	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	4,146	5,300	1,153
Sun-Delica Co., Ltd.	54	390	335
Yamazaki Biscuits Co., Ltd.	553	700	146
Vie de France Co., Ltd.	(2,677)	(1,820)	857
Tohato Inc.	1,473	1,400	(73)

5. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2021	Fiscal 2022 plan	Increase/ (decrease)
Capital investment	43,625	43,540	(85)
Depreciation and amortization	38,997	40,490	1,492

* The amounts of capital investment and depreciation and amortization of tangible fixed assets and of intangible fixed assets including lease assets have been disclosed.

III. Fiscal 2021 Nonconsolidated Results

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change
		%		%		
Net sales	730,270	100.0	741,371	100.0	11,100	1.5
Operating income	16,734	2.3	14,750	2.0	(1,983)	(11.9)
Ordinary income	19,775	2.7	18,622	2.5	(1,152)	(5.8)
Profit	7,488	1.0	9,821	1.3	2,333	31.2

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2021
Net sales	183,772	188,759	178,995	189,844	741,371
Operating income	5,007	5,505	1,337	2,899	14,750

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	98,122	13.4	94,700	12.8	(3,422)	(3.5)
Sweet buns	320,237	43.9	331,150	44.7	10,913	3.4
Japanese-style confectionery	70,411	9.6	67,540	9.1	(2,871)	(4.1)
Western-style confectionery	109,782	15.0	110,603	14.9	820	0.7
Processed bread, prepared rice and processed noodles	48,289	6.6	48,921	6.6	631	1.3
Biscuits, crackers, <i>sembei</i> and other merchandise	41,988	5.8	42,668	5.7	680	1.6
Subtotal	688,833	94.3	695,585	93.8	6,752	1.0
Daily Yamazaki business	55,040	7.5	60,570	8.2	5,529	10.0
Internal elimination	(13,602)	(1.8)	(14,784)	(2.0)	(1,181)	—
Total	730,270	100.0	741,371	100.0	11,100	1.5

* "Internal elimination" represents the elimination amount of intercompany transactions between the Food business and the Daily Yamazaki business of Yamazaki Baking Co., Ltd.

Nonconsolidated Results
3. Operating Income

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change
		%		%		
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	20,626	3.0	18,814	2.7	(1,812)	(8.8)
Daily Yamazaki business	(3,892)	(7.1)	(4,064)	(6.7)	(171)	—

<Increase or Decrease in the Results of Yamazaki Baking Company's Primary Business (excluding the Daily Yamazaki Business)>

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
		%		%			
Gross profit	216,994	31.5	217,023	31.2	29	0.0	Increase in net sales 3,112 Increase in raw material expenses (779) Increase in manufacturing labor cost (1,345) Increase in manufacturing expenses (672) Increase in manufacturing amortization (120) Others (167)
Selling, general and administrative expenses	196,367	28.5	198,209	28.5	1,842	0.9	Increase in personnel expenses (847) Increase in expenses (989) Increase in amortization (6)

* Negative impacts on operating income are shown in parentheses in the column of "Factors affecting operating income increase/(decrease)."

* The value of the "%" field represents the ratio of each account title to net sales of Yamazaki Baking Company's primary business (excluding those of the Daily Yamazaki business).

Nonconsolidated Results

4. Number of Employees

(Number of employees)

	Fiscal 2020	Fiscal 2021	Increase/(decrease)
Number of employees	19,832 [7,056]	19,985 [6,843]	153 [(213)]

* Figures without brackets indicate permanent employees, and figures with brackets indicate the average number of temporary employees for each respective period.

5. Number of Stores by Sales Channel

(Number of stores)

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)
Daily Yamazaki	1,393	1,364	(29)
Yamazaki Shop	2,671	2,704	33
Saint Etoile and other licensed stores	733	718	(15)
Supermarkets	20,009	20,177	168
Convenience stores	52,874	52,622	(252)
General stores and other	31,681	31,705	24
Total	109,361	109,290	(71)

* The total number of stores of Daily Yamazaki including area franchise stores is 1,389.

The number of stores for fiscal 2020 takes into account the transfer of business categories carried out in fiscal 2021.

6. Sales by Sales Channel

(%)

	Fiscal 2020	Fiscal 2021	Increase/ (decrease)
Daily Yamazaki	1.9	1.8	(0.1)
Yamazaki Shop	2.9	2.9	0.0
Saint Etoile and other licensed stores	2.4	2.4	0.0
Supermarkets	46.0	45.8	(0.2)
Convenience stores	25.2	25.5	0.3
General stores and other	21.6	21.6	0.0
Total	100.0	100.0	0.0

* The number of sales for fiscal 2020 takes into account the transfer of business categories carried out in fiscal 2021.

IV. Plans for Fiscal 2022

Nonconsolidated Plan

1. Overview

(Millions of yen)

	Fiscal 2021	%	Fiscal 2022 plan	%	Increase/ (decrease)	Percentage change	Impact of revenue recognition	Amount excl. impact of revenue recognition	Percentage change excl. impact of revenue recognition
Net sales	741,371	100.0	754,000	100.0	12,628	1.7	6,447	760,447	2.6
Gross profit	239,062	32.2	239,700	31.8	637	0.3	6,447	246,147	3.0
Selling, general and administrative expenses	224,311	30.2	223,200	29.6	(1,111)	(0.5)	6,447	229,647	2.4
Operating income	14,750	2.0	16,500	2.2	1,749	11.9	—	—	—
Ordinary income	18,622	2.5	20,000	2.7	1,377	7.4	—	—	—
Extraordinary losses	(3,643)	(0.5)	(3,000)	(0.4)	643	(17.7)	—	—	—
Profit	9,821	1.3	11,000	1.5	1,178	12.0	—	—	—

	Fiscal 2022 first half plan			Fiscal 2022 second half plan		
		Increase/ (decrease)	Percentage change		Increase/ (decrease)	Percentage change
Net sales	378,700	6,168	1.7	375,300	6,460	1.8
Operating income	11,000	486	4.6	5,500	1,262	29.8
Ordinary income	13,000	417	3.3	7,000	960	15.9
Profit	8,500	221	2.7	2,500	957	62.0

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2021	Percentage of total	Fiscal 2022 plan	Percentage of total	Increase/ (decrease)	Percentage change	Impact of revenue recognition	Amount excl. impact of revenue recognition	Percentage change excl. impact of revenue recognition
Bread	94,700	12.8	96,000	12.7	1,299	1.4	784	96,784	2.2
Sweet buns	331,150	44.7	336,650	44.7	5,499	1.7	2,726	339,376	2.5
Japanese-style confectionery	67,540	9.1	69,360	9.2	1,819	2.7	563	69,923	3.5
Western-style confectionery	110,603	14.9	111,360	14.8	756	0.7	904	112,264	1.5
Processed bread, prepared rice and processed noodles	48,921	6.6	50,040	6.6	1,118	2.3	406	50,446	3.1
Biscuits, crackers, <i>sembei</i> and other merchandise	42,668	5.7	43,880	5.8	1,211	2.8	356	44,236	3.7
Subtotal	695,585	93.8	707,290	93.8	11,704	1.7	5,739	713,029	2.5
Daily Yamazaki business	60,570	8.2	62,510	8.3	1,939	3.2	708	63,218	4.4
Internal elimination	(14,784)	(2.0)	(15,800)	(2.1)	(1,015)	—	—	(15,800)	—
Total	741,371	100.0	754,000	100.0	12,628	1.7	6,447	760,447	2.6

* "Internal elimination" represents the elimination amount of intercompany transactions between the Food business and the Daily Yamazaki business of Yamazaki Baking Co., Ltd.

Nonconsolidated Plan

3. Operating Income

(Millions of yen)

	Fiscal 2021	%	Fiscal 2022 plan	%	Increase/ (decrease)	Percentage change
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	18,814	2.7	19,500	2.8	685	3.6
Daily Yamazaki business	(4,064)	(6.7)	(3,000)	(4.8)	1,064	—

<Increase or Decrease in the Results of Yamazaki Baking Company's Primary Business (excluding the Daily Yamazaki Business)>

(Millions of yen)

	Fiscal 2021	%	Fiscal 2022 plan	%	Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
Gross profit	217,023	31.2	216,500	30.6	(523)	(0.2)	Increase in net sales 7,726 Decrease in raw material expenses 996 Increase in manufacturing labor cost (1,373) Increase in manufacturing expenses (1,205) Increase in manufacturing amortization (529) Others (399) Impact of revenue recognition (sales deduction) (5,739)
Selling, general and administrative expenses	198,209	28.5	197,000	27.8	(1,209)	(0.6)	Increase in personnel expenses (1,541) Increase in expenses (2,552) Increase in amortization (437) Impact of revenue recognition (cost reduction) 5,739

* Negative impacts on operating income are shown in parentheses in the column of "Factors affecting operating income increase/(decrease)."

* The value of the "%" field represents the ratio of each account title to net sales of Yamazaki Baking Company's primary business (excluding those of the Daily Yamazaki business).

Cautionary Statements

This document contains discussions that include management plans, projections, strategies and estimates that are not historical facts. Projections of future performance are based on management extrapolations from current data, but actual future performance may differ materially from projections.