

Fiscal 2022 Results

(For the Period from January 1, 2022, to December 31, 2022)

Yamazaki Baking Co., Ltd.

(February 14, 2023)

I . Fiscal 2022 Consolidated Results

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2021		Fiscal 2022		Increase/ (decrease)	Percentage change	Increase/ (decrease) before application of revenue recognition standards	Percentage change before application of revenue recognition standards
		%		%				
Net sales	1,052,972	100.0	1,077,009	100.0	24,036	2.3	65,404	6.2
Operating income	18,359	1.7	22,032	2.0	3,673	20.0	–	–
Ordinary income	21,382	2.0	26,127	2.4	4,745	22.2	–	–
Profit attributable to owners of parent	10,378	1.0	12,368	1.1	1,990	19.2	–	–

Comprehensive income	24,012	2.3	36,628	3.4	12,616	52.5
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	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2022
Net sales	259,727	268,524	263,876	284,880	1,077,009
Operating income	6,945	7,435	1,644	6,007	22,032

	Fiscal 2021	Fiscal 2022	Increase/ (decrease)
Number of consolidated subsidiaries	34	35	1
Number of equity-method subsidiaries	3	2	(1)

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2021		Fiscal 2022		Increase/ (decrease)	Percentage change	Increase/ (decrease) before application of revenue recognition standards	Percentage change before application of revenue recognition standards
		Percentage of total		Percentage of total				
Food business	980,599	93.1	1,002,148	93.1	21,549	2.2	63,497	6.5
Bread	95,160	9.0	100,347	9.3	5,186	5.5	5,670	6.0
Sweet buns	359,934	34.2	380,206	35.3	20,272	5.6	22,840	6.3
Japanese-style confectionery	68,379	6.5	70,793	6.6	2,413	3.5	2,851	4.2
Western-style confectionery	144,861	13.7	144,994	13.5	133	0.1	1,233	0.9
Processed bread, prepared rice and processed noodles	143,086	13.6	144,720	13.4	1,634	1.1	11,221	7.8
Biscuits, crackers, <i>sembei</i> and other merchandise	169,177	16.1	161,086	15.0	(8,091)	(4.8)	19,679	11.6
Retail business	59,494	5.7	61,657	5.7	2,162	3.6	1,310	2.2
Other businesses	12,878	1.2	13,203	1.2	325	2.5	595	4.6
Total	1,052,972	100.0	1,077,009	100.0	24,036	2.3	65,404	6.2

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Increase/ (decrease)	Percentage change
Food business	20,027	22,326	2,298	11.5
Retail business	(4,193)	(3,101)	1,092	–
Other businesses	2,154	2,427	273	12.7
Subtotal	17,988	21,652	3,664	20.4
Adjustment	371	380	8	–
Total	18,359	22,032	3,673	20.0

Consolidated Results

4. Income and Expenses

(Millions of yen)

	Fiscal 2021		Fiscal 2022		Increase/ (decrease)	Percentage change	Reasons
		%		%			
Gross profit	367,855	34.9	343,607	31.9	(24,248)	(6.6)	Figures in brackets indicate the actual performance before application of revenue recognition
			<381,636>	<34.1>	<13,780>	<3.7>	
Selling, general and administrative expenses	349,496	33.2	321,574	29.9	(27,921)	(8.0)	
			<359,603>	<32.2>	<10,107>	<2.9>	
Sales promotion expenses	34,916		5,381		(29,534)		
			<35,065>		<148>		
Advertising expenses	11,165		11,735		569		
			<12,135>		<970>		
Haulage expenses	65,270		63,361		(1,909)		
			<68,666>		<3,395>		
Personnel expenses	143,803		146,413		2,610		
Depreciation and amortization	13,020		12,836		(183)		
Rental fees	22,969		23,456		487		
Others	58,351		58,389		38		
			<61,030>		<2,679>		
Operating income	18,359	1.7	22,032	2.0	3,673	20.0	
Nonoperating income	4,624	0.4	5,615	0.5	990	21.4	
Interest income	149		122		(27)		
Dividend income	1,292		1,383		91		
Rent income on fixed assets	892		992		99		
Foreign exchange gains	546		879		333		
Equity in earnings of affiliates	510		585		74		
Other nonoperating income	1,232		1,652		419		
Nonoperating expenses	1,601	0.1	1,520	0.1	(81)	(5.1)	
Interest expense	787		752		(35)		
Rent expenses on fixed assets	315		327		11		
Other nonoperating expenses	498		441		(57)		
Ordinary income	21,382	2.0	26,127	2.4	4,745	22.2	
Extraordinary gains	2,430	0.2	900	0.1	(1,530)	(63.0)	
Gain on sales of fixed assets	100		108		8		
Subsidy income	2,329		591		(1,737)		
Subsidy income	–		168		168		
Other extraordinary gains	1		31		30		
Extraordinary losses	3,857	0.3	3,808	0.3	(48)	(1.3)	
Loss on sales and retirement of fixed assets	1,375		1,617		241		
Impairment loss	1,827		1,449		(377)		
Other extraordinary losses	654		742		87		
Income before income taxes	19,955	1.9	23,218	2.2	3,263	16.4	
Income and other taxes	7,475	0.7	8,728	0.9	1,253	16.8	
Profit	12,480	1.2	14,490	1.3	2,009	16.1	
Profit attributable to non-controlling interests	2,102	0.2	2,121	0.2	19	0.9	
Profit attributable to owners of parent	10,378	1.0	12,368	1.1	1,990	19.2	
Comprehensive income	24,012	2.3	36,628	3.4	12,616	52.5	

Consolidated Results

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

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Increase/ (decrease)	Reasons
Current assets	289,984	291,321	1,336	
Cash and deposits	138,143	125,184	(12,958)	Repayments of loans payable: ¥18.1 billion New loans payable: ¥6.3 billion
Notes and accounts receivable	114,588	123,705	9,117	Increase due to higher sales
Merchandise and finished goods	12,034	13,254	1,219	
Work in process	718	922	203	
Raw materials and supplies	11,793	13,952	2,158	
Other current assets	13,093	14,690	1,597	
Allowance for doubtful accounts	(387)	(388)	(1)	
Fixed assets	467,367	466,709	(657)	Capital investment: ¥41.4 billion Depreciation and amortization: ¥39.4 billion
Tangible fixed assets	328,527	332,385	3,858	
Buildings and structures	108,925	112,360	3,434	Confectionery production facilities of Hadano Factory of Fujiya Co., Ltd.: ¥2.8 billion
Machinery, equipment and vehicles	86,902	88,336	1,434	Construction of a new factory and confectionery production facilities of Fujiya (Hangzhou) Food Co., Ltd.: ¥2.3 billion
Tools, furniture and fixtures	7,631	7,628	(2)	
Land	113,331	114,813	1,481	
Lease assets	6,779	6,939	159	
Construction in progress	4,957	2,307	(2,649)	
Intangible fixed assets	22,258	23,365	1,107	Renewal of financial and management accounting systems of Yamazaki Baking Co., Ltd.: ¥1.3 billion
Investments and other assets	116,581	110,958	(5,623)	
Investment securities	65,219	65,876	657	
Long-term loans receivable	877	812	(65)	
Net defined benefit asset	457	490	33	
Deferred tax assets	22,309	16,129	(6,179)	Decrease due to tax effect of retirement benefit accounting: ¥6.5 billion
Other investments and other assets	30,243	29,866	(377)	
Allowance for doubtful accounts	(2,525)	(2,217)	308	
Total assets	757,352	758,031	678	
Current liabilities	235,286	237,341	2,055	
Notes and accounts payable	76,414	83,496	7,081	Increase in purchase amount due to higher sales
Short-term loans payable	60,913	55,795	(5,118)	Decrease due to repayment: ¥17.5 billion Transfer from long-term loans payable: ¥10.8 billion
Lease obligations	2,942	3,159	216	
Accrued income tax	5,793	6,273	480	
Accrued expenses	41,634	39,079	(2,554)	Decrease due to application of revenue recognition
Allowance for employees' bonuses	4,952	5,186	233	
Reserve for sales promotion expenses	1,238	–	(1,238)	Decrease due to application of revenue recognition
Provision for loss on store closures	37	47	10	
Asset retirement obligations	16	29	13	
Other current liabilities	41,342	44,272	2,930	Increase due to application of revenue recognition
Long-term liabilities	139,848	112,791	(27,057)	
Long-term loans payable	29,172	22,779	(6,393)	Transfer to short-term loans payable: ¥10.8 billion Increase in new loans payable: ¥5.1 billion
Lease obligations	4,831	4,476	(354)	
Reserve for retirement benefits for directors and corporate auditors	4,212	4,795	582	
Reserve for loss on guarantees	33	33	–	
Net defined benefit liability	89,943	68,598	(21,344)	Decrease due to higher discount rate: ¥28.2 billion Increase due to deteriorated pension asset management: ¥6.8 billion
Asset retirement obligations	5,043	4,977	(66)	
Other long-term liabilities	6,611	7,131	519	
Total liabilities	375,135	350,133	(25,001)	
Total net assets	382,217	407,897	25,680	Non-controlling interests: ¥44.1 billion (up ¥4.5 billion)
Total liabilities and net assets	757,352	758,031	678	

Consolidated Results

6. Major Subsidiaries

(1) Net sales

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Increase/ (decrease)	Increase/ (decrease) before application of revenue recognition standards	Percentage change before application of revenue recognition standards
Fujiya Co., Ltd. (Consolidated)	104,751	100,614	(4,136)	13,374	12.8
Sun-Delica Co., Ltd.	105,247	99,936	(5,311)	3,855	3.7
Yamazaki Biscuits Co., Ltd.	33,657	29,174	(4,482)	(502)	(1.5)
Vie de France Co., Ltd.	24,279	26,289	2,010	2,038	8.4
Tohato Inc.	28,564	24,654	(3,909)	2,467	8.6

(2) Operating income

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	4,146	4,334	188
Sun-Delica Co., Ltd.	54	366	312
Yamazaki Biscuits Co., Ltd.	553	(450)	(1,003)
Vie de France Co., Ltd.	(2,677)	(1,138)	1,539
Tohato Inc.	1,473	986	(486)

7. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Increase/ (decrease)
Capital investment	43,625	41,447	(2,177)
Depreciation and amortization	38,997	39,436	438

* 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 2021	Fiscal 2022	Increase/ (decrease)	Reasons
Interest-bearing debt	104,074	92,277	(11,796)	

Consolidated Results

9. Cash Flows

(Millions of yen)

	Fiscal 2021	Fiscal 2022	Increase/ (decrease)	Reasons
Net cash provided by operating activities	57,071	52,773	(4,298)	Increase in accounts receivable
Net cash used in investing activities	(37,790)	(41,984)	(4,194)	Increase in payments for purchase of tangible and intangible fixed assets
Net cash provided by (used in) financing activities	2,070	(26,695)	(28,766)	(Previous period) Revenue due to new loans payable
Cash and cash equivalents at beginning of period	102,842	133,495	30,652	
Cash and cash equivalents at end of period	133,495	119,559	(13,936)	

10. Number of Employees by Segment

(Number of employees)

	Fiscal 2021		Fiscal 2022		Increase/(decrease)	
Food business	30,490	[18,898]	30,107	[18,169]	(383)	[(729)]
Retail business	907	[238]	891	[213]	(16)	[(25)]
Other businesses	1,130	[875]	1,212	[880]	82	[5]
Total	32,527	[20,011]	32,210	[19,262]	(317)	[(749)]

* 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 2021	Fiscal 2022	Increase/ (decrease)
Daily Yamazaki	1,389	1,349	(40)
Fujiya [Western-style confectionery]	976	954	(22)
Vie de France	250	231	(19)

II. Projections for Fiscal 2023

Consolidated Projection

1. Overview

(Millions of yen)

	Fiscal 2022	%	Fiscal 2023 projection	%	Increase/ (decrease)	Percentage change
Net sales	1,077,009	100.0	1,108,000	100.0	30,990	2.9
Gross profit	343,607	31.9	354,500	32.0	10,892	3.2
Selling, general and administrative expenses	321,574	29.9	327,500	29.6	5,925	1.8
Operating income	22,032	2.0	27,000	2.4	4,967	22.5
Ordinary income	26,127	2.4	31,000	2.8	4,872	18.6
Extraordinary gains (losses)	(2,908)	(0.3)	(3,800)	(0.3)	(891)	30.6
Profit attributable to owners of parent	12,368	1.1	15,000	1.4	2,631	21.3

	Fiscal 2023 first half projection			Fiscal 2023 second half projection		
		Increase/ (decrease)	Percentage change		Increase/ (decrease)	Percentage change
Net sales	550,000	21,747	4.1	558,000	9,242	1.7
Operating income	15,200	818	5.7	11,800	4,148	54.2
Ordinary income	17,500	388	2.3	13,500	4,483	49.7
Profit attributable to owners of parent	9,200	176	2.0	5,800	2,455	73.4

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2022	Fiscal 2023 projection	Increase/ (decrease)	Percentage change
Food business	1,002,148	1,029,070	26,921	2.7
Bread	100,347	102,800	2,452	2.4
Sweet buns	380,206	388,850	8,643	2.3
Japanese-style confectionery	70,793	71,940	1,146	1.6
Western-style confectionery	144,994	147,280	2,285	1.6
Processed bread, prepared rice and processed noodles	144,720	149,640	4,919	3.4
Biscuits, crackers, <i>sembei</i> and other merchandise	161,086	168,560	7,473	4.6
Retail business	61,657	65,460	3,802	6.2
Other businesses	13,203	13,470	266	2.0
Total	1,077,009	1,108,000	30,990	2.9

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2022	Fiscal 2023 projection	Increase/ (decrease)	Percentage change
Food business	22,326	26,120	3,793	17.0
Retail business	(3,101)	(1,960)	1,141	–
Other businesses	2,427	2,450	22	0.9
Subtotal	21,652	26,610	4,957	22.9
Adjustment	380	390	9	–
Total	22,032	27,000	4,967	22.6

4. Major Subsidiaries

(1) Net sales (Millions of yen)

	Fiscal 2022	Fiscal 2023 plan	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	100,614	106,000	5,385
Sun-Delica Co., Ltd.	99,936	102,470	2,533
Yamazaki Biscuits Co., Ltd.	29,174	31,050	1,875
Vie de France Co., Ltd.	26,289	27,890	1,600
Tohato Inc.	24,654	25,260	605

(2) Operating income (Millions of yen)

	Fiscal 2022	Fiscal 2023 plan	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	4,334	5,000	665
Sun-Delica Co., Ltd.	366	800	433
Yamazaki Biscuits Co., Ltd.	(450)	260	710
Vie de France Co., Ltd.	(1,138)	80	1,218
Tohato Inc.	986	1,110	123

5. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2022	Fiscal 2023 plan	Increase/ (decrease)
Capital investment	41,447	42,840	1,392
Depreciation and amortization	39,436	41,680	2,243

* 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 2022 Nonconsolidated Results

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2021		Fiscal 2022		Increase/ (decrease)	Percentage change	Increase/ (decrease) before application of revenue recognition standards	Percentage change before application of revenue recognition standards
		%		%				
Net sales	741,371	100.0	768,695	100.0	27,323	3.7	31,021	4.2
Operating income	14,750	2.0	15,169	2.0	419	2.8	—	—
Ordinary income	18,622	2.5	20,233	2.6	1,610	8.6	—	—
Profit	9,821	1.3	11,134	1.4	1,312	13.4	—	—

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2022
Net sales	188,496	193,697	185,360	201,140	768,695
Operating income	5,034	5,745	793	3,596	15,169

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2021		Fiscal 2022		Increase/ (decrease)	Percentage change	Increase/ (decrease) before application of revenue recognition standards	Percentage change before application of revenue recognition standards
		Percentage of total		Percentage of total				
Bread	94,700	12.8	99,265	12.9	4,565	4.8	5,146	5.4
Sweet buns	331,150	44.7	341,685	44.4	10,534	3.2	13,646	4.1
Japanese-style confectionery	67,540	9.1	69,792	9.1	2,252	3.3	2,798	4.1
Western-style confectionery	110,603	14.9	109,342	14.2	(1,261)	(1.1)	(199)	(0.2)
Processed bread, prepared rice and processed noodles	48,921	6.6	52,806	6.9	3,884	7.9	4,284	8.8
Biscuits, crackers, <i>sembei</i> and other merchandise	42,668	5.7	46,520	6.1	3,851	9.0	3,897	9.1
Subtotal	695,585	93.8	719,412	93.6	23,827	3.4	29,573	4.3
Daily Yamazaki business	60,570	8.2	64,880	8.4	4,310	7.1	3,458	5.7
Internal elimination	(14,784)	(2.0)	(15,598)	(2.0)	(814)	—	(2,010)	—
Total	741,371	100.0	768,695	100.0	27,323	3.7	31,021	4.2

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

3. Operating Income

(Millions of yen)

	Fiscal 2021	%	Fiscal 2022	%	Increase/ (decrease)	Percentage change
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	18,814	2.7	18,154	2.5	(659)	(3.5)
Daily Yamazaki business	(4,064)	(6.7)	(2,985)	(4.6)	1,079	—

<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	%	Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
Gross profit	217,023	31.2	214,828	29.9	(2,194)	(1.0)	Increase in net sales 13,317 Increase in raw material expenses (2,289) Decrease in manufacturing labor cost 400 Increase in manufacturing expenses (5,914) Increase in manufacturing amortization (91) Others (1,871) Impact of revenue recognition (decrease in sales) (5,746)
Selling, general and administrative expenses	198,209	28.5	196,674	27.3	(1,535)	(0.8)	Increase in personnel expenses (423) Increase in expenses (3,788) Impact of revenue recognition (cost reduction) 5,746

* 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).

4. Number of Employees

(Number of employees)

	Fiscal 2021	Fiscal 2022	Increase/(decrease)
Number of employees	19,985 [6,843]	19,750 [6,626]	(235) [(217)]

* 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 2021	Fiscal 2022	Increase/(decrease)
Daily Yamazaki	1,364	1,324	(40)
Yamazaki Shop	2,704	2,632	(72)
Saint Etoile and other licensed stores	718	714	(4)
Supermarkets	20,177	20,356	179
Convenience stores	52,622	52,546	(76)
General stores and other	31,705	31,563	(142)
Total	109,290	109,135	(155)

* The total number of stores of Daily Yamazaki including area franchise stores is 1,349.

6. Sales by Sales Channel

(%)

	Fiscal 2021	Fiscal 2022	Increase/(decrease)
Daily Yamazaki	1.8	1.8	0.0
Yamazaki Shop	2.9	3.1	0.2
Saint Etoile and other licensed stores	2.4	2.4	0.0
Supermarkets	45.8	45.7	(0.1)
Convenience stores	25.5	24.6	(0.9)
General stores and other	21.6	22.4	0.8
Total	100.0	100.0	0.0

IV. Plans for Fiscal 2023

Nonconsolidated Plan

1. Overview

(Millions of yen)

	Fiscal 2022	%	Fiscal 2023 plan	%	Increase/ (decrease)	Percentage change
Net sales	768,695	100.0	786,000	100.0	17,304	2.3
Gross profit	242,681	31.6	249,400	31.7	6,718	2.8
Selling, general and administrative expenses	227,512	29.6	232,400	29.5	4,887	2.1
Operating income	15,169	2.0	17,000	2.2	1,830	12.1
Ordinary income	20,233	2.6	22,000	2.8	1,766	8.7
Extraordinary gains (losses)	(3,194)	(0.4)	(3,600)	(0.5)	(405)	12.7
Profit	11,134	1.4	12,000	1.5	865	7.8

	Fiscal 2023 first half plan			Fiscal 2023 second half plan		
		Increase/ (decrease)	Percentage change		Increase/ (decrease)	Percentage change
Net sales	395,000	12,805	3.4	391,000	4,499	1.2
Operating income	11,800	1,020	9.5	5,200	809	18.4
Ordinary income	14,800	470	3.3	7,200	1,295	21.9
Profit	9,400	140	1.5	2,600	724	38.6

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2022	Percentage of total	Fiscal 2023 plan	Percentage of total	Increase/ (decrease)	Percentage change
Bread	99,265	12.9	101,920	13.0	2,654	2.7
Sweet buns	341,685	44.4	347,890	44.3	6,204	1.8
Japanese-style confectionery	69,792	9.1	71,140	9.0	1,347	1.9
Western-style confectionery	109,342	14.2	111,360	14.2	2,017	1.8
Processed bread, prepared rice and processed noodles	52,806	6.9	53,890	6.8	1,083	2.1
Biscuits, crackers, <i>sembei</i> and other merchandise	46,520	6.1	47,460	6.0	939	2.0
Subtotal	719,412	93.6	733,660	93.3	14,247	2.0
Daily Yamazaki business	64,880	8.4	69,440	8.8	4,559	7.0
Internal elimination	(15,598)	(2.0)	(17,100)	(2.1)	(1,501)	—
Total	768,695	100.0	786,000	100.0	17,304	2.3

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

3. Operating Income

(Millions of yen)

	Fiscal 2022	%	Fiscal 2023 plan	%	Increase/ (decrease)	Percentage change
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	18,154	2.5	18,900	2.6	745	4.1
Daily Yamazaki business	(2,985)	(4.6)	(1,900)	(2.7)	1,085	—

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

(Millions of yen)

	Fiscal 2022	%	Fiscal 2023 plan	%	Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
Gross profit	214,828	29.9	219,400	29.9	4,571	2.1	Increase in net sales 6,348 Decrease in raw material expenses 39 Decrease in manufacturing labor cost 283 Increase in manufacturing expenses (2,616) Decrease in manufacturing amortization 163 Others 354
Selling, general and administrative expenses	196,674	27.3	200,500	27.3	3,825	1.9	Increase in personnel expenses (1,413) Increase in expenses (1,807) Increase in amortization (605)

* 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.