

Fiscal 2023
Second Quarter Results
(For the Period from January 1, 2023, to June 30, 2023)

Yamazaki Baking Co., Ltd.

(August 1, 2023)

I. Consolidated Results for the Second Quarter of Fiscal 2023

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2022		Fiscal 2023		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Net sales	528,252	100.0	563,944	100.0	35,692	6.8
Operating income	14,381	2.7	20,610	3.7	6,228	43.3
Ordinary income	17,111	3.2	22,756	4.0	5,645	33.0
Profit attributable to owners of parent	9,023	1.7	14,055	2.5	5,031	55.8

Comprehensive income	12,897	2.4	18,770	3.3	5,872	45.5
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	1st Quarter	2nd Quarter
Net sales	276,839	287,104
Operating income	9,335	11,274

	Fiscal 2022 2nd Quarter	Fiscal 2023 2nd Quarter	Increase/ (decrease)
Number of consolidated subsidiaries	35	35	0
Number of equity-method subsidiaries	2	2	0

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2022		Fiscal 2023		Increase/ (decrease)	Percentage change
	2nd Quarter	Percentage of total	2nd Quarter	Percentage of total		
Food business	491,953	93.1	525,013	93.1	33,059	6.7
Bread	51,692	9.8	53,463	9.5	1,770	3.4
Sweet buns	187,083	35.4	204,168	36.2	17,085	9.1
Japanese-style confectionery	34,138	6.4	35,093	6.2	955	2.8
Western-style confectionery	71,751	13.6	75,274	13.3	3,522	4.9
Processed bread, prepared rice and processed noodles	69,753	13.2	74,208	13.2	4,454	6.4
Biscuits, crackers, <i>sembei</i> and other merchandise	77,533	14.7	82,804	14.7	5,270	6.8
Retail business	29,995	5.7	32,200	5.7	2,205	7.4
Other businesses	6,303	1.2	6,730	1.2	426	6.8
Total	528,252	100.0	563,944	100.0	35,692	6.8

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2022 2nd Quarter	Fiscal 2023 2nd Quarter	Increase/ (decrease)	Percentage change
Food business	14,712	20,170	5,458	37.1
Retail business	(1,804)	(1,165)	638	—
Other businesses	1,195	1,321	126	10.6
Subtotal	14,103	20,326	6,222	44.1
Adjustment	277	283	5	—
Total	14,381	20,610	6,228	43.3

4. Income and Expenses

(Millions of yen)

	Fiscal 2022		Fiscal 2023		Increase/ (decrease)	Percentage change	Reasons
	2nd Quarter	%	2nd Quarter	%			
Gross profit	173,835	32.9	183,494	32.5	9,658	5.6	
Selling, general and administrative expenses	159,454	30.2	162,884	28.8	3,430	2.2	
Sales promotion expenses	3,236		3,478		241		
Advertising expenses	5,856		5,365		(490)		
Haulage expenses	31,377		31,653		275		
Personnel expenses	72,962		73,750		788		
Depreciation and amortization	6,123		6,222		98		
Rental fees	11,608		11,500		(108)		
Others	28,288		30,913		2,624		
Operating income	14,381	2.7	20,610	3.7	6,228	43.3	
Nonoperating income	3,438	0.6	2,929	0.5	(509)	(14.8)	
Interest income	62		100		38		
Dividend income	747		802		54		
Rent income on fixed assets	496		492		(3)		
Foreign exchange gains	1,143		668		(475)		
Equity in earnings of affiliates	339		224		(115)		
Other nonoperating income	650		641		(8)		
Nonoperating expenses	708	0.1	782	0.2	74	10.5	
Interest expense	367		353		(13)		
Rent expenses on fixed assets	163		153		(9)		
Loss on disaster	1		126		125		
Other nonoperating expenses	176		148		(27)		
Ordinary income	17,111	3.2	22,756	4.0	5,645	33.0	
Extraordinary gains	441	0.1	221	0.1	(220)	(49.9)	
Gain on sales of fixed assets	52		61		9		
Gain on sale of shares of subsidiaries and associates	—		76		76		
Subsidy income	375		—		(375)		
Other extraordinary gains	13		83		69		
Extraordinary losses	1,756	0.3	948	0.2	(808)	(46.0)	
Loss on sales and retirement of fixed assets	658		471		(187)		
Impairment loss	610		288		(322)		
Loss on valuation of investment securities	305		2		(302)		
Other extraordinary losses	182		186		4		
Income before income taxes	15,796	3.0	22,028	3.9	6,232	39.5	
Income and other taxes	5,673	1.1	7,441	1.3	1,767	31.2	
Profit	10,122	1.9	14,587	2.6	4,464	44.1	
Profit attributable to non-controlling interests	1,099	0.2	532	0.1	(566)	(51.5)	
Profit attributable to owners of parent	9,023	1.7	14,055	2.5	5,031	55.8	
Comprehensive income	12,897	2.4	18,770	3.3	5,872	45.5	

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

(Millions of yen)

	Fiscal 2022	Fiscal 2023 2nd Quarter	Increase/ (decrease)	Reasons
Current assets	291,321	272,902	(18,419)	
Cash and deposits	125,184	133,252	8,067	Repayments of loans payable: ¥6.2 billion New loans payable: ¥2.4 billion
Notes and accounts receivable	184	162	(22)	
Accounts receivable	123,520	95,955	(27,565)	Decrease due to seasonal fluctuation
Merchandise and finished goods	13,254	13,918	664	
Work in process	922	952	29	
Raw materials and supplies	13,952	13,844	(107)	
Other current assets	14,690	15,171	480	
Allowance for doubtful accounts	(388)	(354)	34	
Fixed assets	466,709	473,360	6,650	Capital investment: ¥15.2 billion Depreciation and amortization: ¥19.0 billion
Tangible fixed assets	332,385	326,884	(5,500)	
Buildings and structures	112,360	111,217	(1,143)	
Machinery, equipment and vehicles	88,336	84,427	(3,908)	
Tools, furniture and fixtures	7,628	7,517	(111)	
Land	114,813	114,972	159	
Lease assets	6,939	6,430	(509)	
Construction in progress	2,307	2,320	12	
Intangible fixed assets	23,365	22,097	(1,268)	
Investments and other assets	110,958	124,378	13,419	
Investment securities	65,876	81,641	15,764	Acquisition of YK Baking Company, Ltd.: ¥6.7 billion Increase due to mark-to-market valuation difference: ¥8.7 billion
Long-term loans receivable	812	2,778	1,966	
Net defined benefit asset	490	476	(14)	
Deferred tax assets	16,129	12,934	(3,195)	
Other investments and other assets	29,866	28,666	(1,199)	
Allowance for doubtful accounts	(2,217)	(2,118)	98	
Total assets	758,031	746,262	(11,768)	
Current liabilities	237,341	222,293	(15,048)	
Notes and accounts payable	83,496	77,655	(5,840)	Decrease due to seasonal fluctuation
Short-term loans payable	55,795	55,690	(105)	
Lease obligations	3,159	2,870	(288)	
Accrued income tax	6,273	8,977	2,703	
Accrued expenses	39,079	36,044	(3,035)	Decrease due to seasonal fluctuation
Allowance for employees' bonuses	5,186	5,002	(183)	
Provision for loss on store closures	47	47	(0)	
Asset retirement obligations	29	28	(0)	
Other current liabilities	44,272	35,975	(8,297)	
Long-term liabilities	112,791	106,773	(6,017)	
Long-term loans payable	22,779	19,016	(3,763)	Increase in new loans payable: ¥0.9 billion Transfer to short-term loans payable: ¥4.6 billion
Lease obligations	4,476	4,045	(431)	
Reserve for retirement benefits for directors and corporate auditors	4,795	4,918	123	
Reserve for loss on guarantees	33	33	-	
Net defined benefit liability	68,598	66,909	(1,688)	Increase due to provision for liabilities: ¥4.6 billion Decrease due to pension contributions/benefits: ¥6.3 billion
Asset retirement obligations	4,977	4,880	(96)	
Other long-term liabilities	7,131	6,970	(160)	
Total liabilities	350,133	329,067	(21,066)	
Total net assets	407,897	417,195	9,297	Non-controlling interests: ¥44.2 billion
Total liabilities and net assets	758,031	746,262	(11,768)	

6. Major Subsidiaries

(1) Net sales		(Millions of yen)	
	Fiscal 2022 2nd Quarter	Fiscal 2023 2nd Quarter	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	48,599	51,010	2,410
Sun-Delica Co., Ltd.	47,332	49,842	2,510
Yamazaki Biscuits Co., Ltd.	14,482	14,917	435
Vie de France Co., Ltd.	12,939	14,061	1,121
Tohato Inc.	12,378	13,605	1,226

(2) Operating income		(Millions of yen)	
	Fiscal 2022 2nd Quarter	Fiscal 2023 2nd Quarter	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	2,160	205	(1,955)
Sun-Delica Co., Ltd.	(64)	364	428
Yamazaki Biscuits Co., Ltd.	255	256	0
Vie de France Co., Ltd.	(662)	112	775
Tohato Inc.	610	869	259

7. Capital Investment and Depreciation and Amortization

		(Millions of yen)	
	Fiscal 2022 2nd Quarter	Fiscal 2023 2nd Quarter	Increase/ (decrease)
Capital investment	15,074	15,206	131
Depreciation and amortization	18,919	19,053	133

* 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. Cash Flows

(Millions of yen)

	Fiscal 2022 2nd Quarter	Fiscal 2023 2nd Quarter	Increase/ (decrease)	Reasons
Net cash provided by operating activities	48,619	52,135	3,516	Increase in income before income taxes
Net cash used in investing activities	(21,306)	(29,023)	(7,717)	Increase in payments for purchase of investment securities
Net cash used in financing activities	(21,780)	(15,118)	6,662	Decrease in repayments of loans payable
Cash and cash equivalents at beginning of period	133,495	119,559	(13,936)	
Cash and cash equivalents at end of quarter	140,111	127,412	(12,699)	

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	1,133,000	100.0	55,990	5.2
Operating income	22,032	2.0	34,000	3.0	11,967	54.3
Ordinary income	26,127	2.4	38,000	3.4	11,872	45.4
Profit attributable to owners of parent	12,368	1.1	20,000	1.8	7,631	61.7

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2022	Fiscal 2023 projection	Increase/ (decrease)	Percentage change
Food business	1,002,148	1,054,390	52,241	5.2
Bread	100,347	103,540	3,192	3.2
Sweet buns	380,206	406,180	25,973	6.8
Japanese-style confectionery	70,793	72,450	1,656	2.3
Western-style confectionery	144,994	149,120	4,125	2.8
Processed bread, prepared rice and processed noodles	144,720	151,480	6,759	4.7
Biscuits, crackers, <i>sembei</i> and other merchandise	161,086	171,620	10,533	6.5
Retail business	61,657	64,930	3,272	5.3
Other businesses	13,203	13,680	476	3.6
Total	1,077,009	1,133,000	55,990	5.2

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2022	Fiscal 2023 projection	Increase/ (decrease)	Percentage change
Food business	22,326	32,900	10,573	47.4
Retail business	(3,101)	(1,940)	1,161	–
Other businesses	2,427	2,660	232	9.6
Subtotal	21,652	33,620	11,967	55.3
Adjustment	380	380	0	–
Total	22,032	34,000	11,967	54.3

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	103,310	3,373
Yamazaki Biscuits Co., Ltd.	29,174	30,890	1,715
Vie de France Co., Ltd.	26,289	28,250	1,960
Tohato Inc.	24,654	26,680	2,025

(2) Operating income (Millions of yen)

	Fiscal 2022	Fiscal 2023 plan	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	4,334	3,100	(1,234)
Sun-Delica Co., Ltd.	366	1,190	823
Yamazaki Biscuits Co., Ltd.	(450)	440	890
Vie de France Co., Ltd.	(1,138)	240	1,378
Tohato Inc.	986	1,490	503

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. Nonconsolidated Results for Second Quarter of Fiscal 2023

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2022		Fiscal 2023		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Net sales	382,194	100.0	407,701	100.0	25,507	6.7
Operating income	10,779	2.8	16,775	4.1	5,996	55.6
Ordinary income	14,329	3.7	19,635	4.8	5,306	37.0
Profit	9,259	2.4	12,893	3.2	3,633	39.2

	1st Quarter	2nd Quarter
Net sales	200,270	207,430
Operating income	7,158	9,616

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2022		Fiscal 2023		Increase/ (decrease)	Percentage change
	2nd Quarter	Percentage of total	2nd Quarter	Percentage of total		
Bread	50,431	13.2	51,998	12.8	1,566	3.1
Sweet buns	172,175	45.0	187,102	45.9	14,926	8.7
Japanese-style confectionery	33,905	8.9	34,850	8.5	945	2.8
Western-style confectionery	54,296	14.2	56,955	14.0	2,658	4.9
Processed bread, prepared rice and processed noodles	25,119	6.6	27,075	6.6	1,955	7.8
Biscuits, crackers, <i>sembei</i> and other merchandise	22,208	5.8	24,148	5.9	1,939	8.7
Subtotal	358,137	93.7	382,130	93.7	23,993	6.7
Daily Yamazaki business	31,451	8.2	34,036	8.4	2,585	8.2
Internal elimination	(7,395)	(1.9)	(8,466)	(2.1)	(1,071)	—
Total	382,194	100.0	407,701	100.0	25,507	6.7

* "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		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	12,509	3.5	17,897	4.7	5,387	43.1
Daily Yamazaki business	(1,730)	(5.5)	(1,122)	(3.3)	608	—

<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		Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
	2nd Quarter	%	2nd Quarter	%			
Gross profit	110,883	31.0	118,198	30.9	7,315	6.6	Increase in net sales 11,044 Increase in raw material expenses (3,249) Decrease in manufacturing labor cost 924 Increase in manufacturing expenses (1,933) Decrease in manufacturing amortization 225 Others 304
Selling, general and administrative expenses	98,373	27.5	100,301	26.2	1,927	2.0	Decrease in personnel expenses 249 Increase in expenses (2,152) Increase in amortization (24)

* 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).

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	810,000	100.0	41,304	5.4
Operating income	15,169	2.0	23,000	2.8	7,830	51.6
Ordinary income	20,233	2.6	28,000	3.5	7,766	38.4
Profit	11,134	1.4	16,000	2.0	4,865	43.7

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2022		Fiscal 2023 plan		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	99,265	12.9	102,320	12.6	3,054	3.1
Sweet buns	341,685	44.4	366,670	45.4	24,984	7.3
Japanese-style confectionery	69,792	9.1	71,440	8.8	1,647	2.4
Western-style confectionery	109,342	14.2	112,830	13.9	3,487	3.2
Processed bread, prepared rice and processed noodles	52,806	6.9	55,320	6.8	2,513	4.8
Biscuits, crackers, <i>sembei</i> and other merchandise	46,520	6.1	48,910	6.0	2,389	5.1
Subtotal	719,412	93.6	757,490	93.5	38,077	5.3
Daily Yamazaki business	64,880	8.4	69,790	8.6	4,909	7.6
Internal elimination	(15,598)	(2.0)	(17,280)	(2.1)	(1,681)	—
Total	768,695	100.0	810,000	100.0	41,304	5.4

* "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	24,900	3.3	6,745	37.2
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	226,910	30.0	12,081	5.6	Increase in net sales 17,185 Increase in raw material expenses (4,974) Decrease in manufacturing labor cost 615 Increase in manufacturing expenses (1,550) Decrease in manufacturing amortization 258 Others 547
Selling, general and administrative expenses	196,674	27.3	202,010	26.7	5,335	2.7	Increase in personnel expenses (415) Increase in expenses (4,764) Increase in amortization (156)

* 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.