

Fiscal 2020 Results

(For the Period from January 1, 2020, to December 31, 2020)

Yamazaki Baking Co., Ltd.

(February 12, 2021)

I. Fiscal 2020 Consolidated Results

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2019		Fiscal 2020		Increase/ (decrease)	Percentage change
		%		%		
Net sales	1,061,152	100.0	1,014,741	100.0	(46,410)	(4.4)
Operating income	24,824	2.3	17,438	1.7	(7,386)	(29.8)
Ordinary income	27,621	2.6	19,734	1.9	(7,887)	(28.6)
Profit attributable to owners of parent	13,858	1.3	6,956	0.7	(6,901)	(49.8)

Comprehensive income	17,983	1.7	8,771	0.9	(9,211)	(51.2)
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	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2020
Net sales	258,768	249,058	241,697	265,217	1,014,741
Operating income	5,478	4,390	1,064	6,504	17,438

	Fiscal 2019	Fiscal 2020	Increase/ (decrease)
Number of consolidated subsidiaries	30	30	0
Number of equity-method subsidiaries	3	3	0

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2019		Fiscal 2020		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Food business	995,681	93.8	952,178	93.8	(43,503)	(4.4)
Bread	96,578	9.1	95,600	9.4	(977)	(1.0)
Sweet buns	361,471	34.0	340,765	33.6	(20,706)	(5.7)
Japanese-style confectionery	70,987	6.7	70,698	7.0	(288)	(0.4)
Western-style confectionery	137,459	12.9	139,848	13.8	2,389	1.7
Processed bread, prepared rice and processed noodles	160,917	15.2	142,457	14.0	(18,460)	(11.5)
Biscuits, crackers, <i>sembei</i> and other merchandise	168,267	15.9	162,806	16.0	(5,460)	(3.2)
Retail business	53,702	5.1	49,350	4.9	(4,352)	(8.1)
Other businesses	11,768	1.1	13,213	1.3	1,445	12.3
Total	1,061,152	100.0	1,014,741	100.0	(46,410)	(4.4)

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2019	Fiscal 2020	Increase/ (decrease)	Percentage change
Food business	24,217	18,582	(5,634)	(23.3)
Retail business	(1,639)	(3,892)	(2,253)	—
Other businesses	1,884	2,365	480	25.5
Subtotal	24,462	17,055	(7,407)	(30.3)
Adjustment	362	383	21	—
Total	24,824	17,438	(7,386)	(29.8)

4. Income and Expenses

(Millions of yen)

	Fiscal 2019		Fiscal 2020		Increase/ (decrease)	Percentage change	Reasons
		%		%			
Gross profit	374,795	35.3	353,618	34.8	(21,176)	(5.7)	
Selling, general and administrative expenses	349,970	33.0	336,180	33.1	(13,790)	(3.9)	
Sales promotion expenses	35,267		33,738		(1,528)		
Advertising expenses	12,904		11,373		(1,530)		
Haulage expenses	66,589		64,103		(2,485)		
Personnel expenses	140,094		137,442		(2,652)		
Depreciation and amortization	11,993		12,015		22		
Rental fees	22,992		21,579		(1,413)		
Others	60,129		55,927		(4,202)		
Operating income	24,824	2.3	17,438	1.7	(7,386)	(29.8)	
Nonoperating income	4,214	0.4	3,921	0.4	(293)	(7.0)	
Interest income	86		107		20		
Dividend income	1,213		1,210		(3)		
Rent income on fixed assets	902		917		14		
Equity in earnings of affiliates	368		402		34		
Other nonoperating income	1,643		1,283		(359)		
Nonoperating expenses	1,417	0.1	1,625	0.2	207	14.7	
Interest expense	716		653		(63)		
Rent expenses on fixed assets	336		337		0		
Foreign exchange losses	75		240		164		
Other nonoperating expenses	288		394		106		
Ordinary income	27,621	2.6	19,734	1.9	(7,887)	(28.6)	
Extraordinary gains	141	0.0	273	0.0	132	93.8	
Gain on sales of fixed assets	89		85		(3)		
Subsidy income	–		113		113		
Gain on sales of investment securities	0		69		68		
Subsidy income	37		–		(37)		
Other extraordinary gains	13		5		(8)		
Extraordinary losses	4,417	0.4	3,601	0.3	(816)	(18.5)	
Loss on sales and retirement of fixed assets	1,991		1,630		(360)		
Impairment loss	1,477		1,276		(200)		
Loss on temporary closure, etc.	–		456		456		
Other extraordinary losses	948		237		(711)		
Income before income taxes	23,345	2.2	16,406	1.6	(6,938)	(29.7)	
Income and other taxes	8,531	0.8	8,423	0.8	(107)	(1.3)	
Profit	14,813	1.4	7,983	0.8	(6,830)	(46.1)	
Profit attributable to non-controlling interests	955	0.1	1,026	0.1	70	7.4	
Profit attributable to owners of parent	13,858	1.3	6,956	0.7	(6,901)	(49.8)	
Comprehensive income	17,983	1.7	8,771	0.9	(9,211)	(51.2)	

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

(Millions of yen)

	Fiscal 2019	Fiscal 2020	Increase/ (decrease)	Reasons
Current assets	261,839	256,255	(5,584)	
Cash and deposits	111,112	108,588	(2,524)	Decrease in loans payable: ¥4.8 billion Collection of accounts receivable, etc.: ¥2.3 billion
Notes and accounts receivable	114,559	112,639	(1,920)	Decrease due to decrease in sales
Merchandise and finished goods	12,178	11,966	(211)	
Work in process	653	788	134	
Raw materials and supplies	10,978	10,442	(536)	
Other current assets	12,697	12,212	(485)	
Allowance for doubtful accounts	(342)	(382)	(40)	
Fixed assets	466,309	458,188	(8,121)	Capital investment: ¥38.0 billion Depreciation and amortization: ¥37.4 billion
Tangible fixed assets	317,483	315,572	(1,911)	
Buildings and structures	105,175	103,467	(1,707)	
Machinery, equipment and vehicles	88,538	84,528	(4,009)	
Tools, furniture and fixtures	8,557	8,362	(194)	
Land	109,752	110,593	841	
Lease assets	3,923	3,923	(0)	
Construction in progress	1,536	4,697	3,160	Contract deposit for construction of new building at Iseaki Plant of Yamazaki Baking Co., Ltd.: ¥2.1 billion
Intangible fixed assets	22,424	21,481	(943)	Amortization of goodwill: ¥1.5 billion
Investments and other assets	126,401	121,134	(5,267)	
Investment securities	72,361	68,442	(3,918)	Decrease due to mark-to-market valuation differences: ¥4.9 billion
Long-term loans receivable	836	824	(11)	
Net defined benefit asset	594	378	(215)	
Deferred tax assets	24,973	25,409	436	
Other investments and other assets	30,479	28,747	(1,732)	
Allowance for doubtful accounts	(2,843)	(2,668)	174	
Total assets	728,149	714,443	(13,705)	
Current liabilities	224,073	216,962	(7,111)	
Notes and accounts payable	78,805	75,466	(3,338)	
Short-term loans payable	49,293	50,716	1,422	Increase in new loans payable: ¥2.3 billion Decrease due to repayment, etc.: ¥0.8 billion
Lease obligations	1,598	1,499	(98)	
Accrued income tax	6,817	6,179	(638)	
Accrued expenses	40,756	40,079	(677)	
Allowance for employees' bonuses	4,437	4,571	133	
Reserve for sales promotion expenses	1,117	1,232	114	
Provision for loss on store closures	0	–	(0)	
Asset retirement obligations	40	1	(39)	
Other current liabilities	41,204	37,214	(3,989)	
Long-term liabilities	145,658	135,098	(10,560)	
Bonds	90	–	(90)	
Long-term loans payable	22,904	16,601	(6,302)	Increase in new loans payable: ¥3.6 billion Transfer to short-term loans payable: ¥9.8 billion
Lease obligations	2,768	2,879	110	
Reserve for retirement benefits for directors and corporate auditors	3,818	4,072	253	
Provision for environmental measures	20	1	(18)	
Net defined benefit liability	104,646	100,222	(4,423)	Decrease due to increase in pension assets: ¥4.8 billion
Asset retirement obligations	4,600	4,744	143	
Other long-term liabilities	6,809	6,575	(234)	
Total liabilities	369,732	352,060	(17,672)	
Total net assets	358,416	362,383	3,966	Non-controlling interests: ¥31.8 billion (up ¥0.7 billion)
Total liabilities and net assets	728,149	714,443	(13,705)	

6. Major Subsidiaries

(1) Net sales (Millions of yen)

	Fiscal 2019	Fiscal 2020	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	103,347	99,085	(4,262)
Sun-Delica Co., Ltd.	119,828	107,158	(12,669)
Yamazaki Biscuits Co., Ltd.	32,271	33,209	938
Tohato Inc.	26,307	27,256	948
Vie de France Co., Ltd.	33,062	23,565	(9,496)

(2) Operating income (Millions of yen)

	Fiscal 2019	Fiscal 2020	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	1,837	2,497	660
Sun-Delica Co., Ltd.	2,748	(277)	(3,026)
Yamazaki Biscuits Co., Ltd.	79	410	330
Tohato Inc.	928	1,249	320
Vie de France Co., Ltd.	308	(3,439)	(3,748)

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

	Fiscal 2019	Fiscal 2020	Increase/ (decrease)
Capital investment	41,012	38,056	(2,955)
Depreciation and amortization	37,188	37,420	231

* 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 2019	Fiscal 2020	Increase/ (decrease)	Reasons
Interest-bearing debt	82,938	78,092	(4,845)	

Consolidated Results

9. Cash Flows

(Millions of yen)

	Fiscal 2019	Fiscal 2020	Increase/ (decrease)	Reasons
Net cash provided by operating activities	57,880	47,157	(10,723)	Decrease in income before income taxes
Net cash used in investing activities	(42,173)	(38,623)	3,550	Decrease in payments for purchase of tangible fixed assets
Net cash used in financing activities	(18,466)	(11,585)	6,880	Decrease in expenditure due to repayments of loans payable
Cash and cash equivalents at beginning of period	106,423	105,916	(507)	
Cash and cash equivalents at end of period	105,916	102,842	(3,073)	

10. Number of Employees by Segment

(Number of employees)

	Fiscal 2019		Fiscal 2020		Increase/(decrease)	
Food business	26,906	[19,035]	27,331	[19,261]	425	[226]
Retail business	788	[153]	822	[143]	34	[(10)]
Other businesses	1,030	[898]	1,090	[898]	60	[0]
Total	28,724	[20,086]	29,243	[20,302]	519	[216]

* 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 2019	Fiscal 2020	Increase/ (decrease)
Daily Yamazaki	1,443	1,420	(23)
Fujiya [Western-style confectionery]	829	951	122
Vie de France	266	264	(2)

II. Projections for Fiscal 2021

Consolidated Projection

1. Overview

(Millions of yen)

	Fiscal 2020		Fiscal 2021 projection		Increase/ (decrease)	Percentage change
		%		%		
Net sales	1,014,741	100.0	1,037,000	100.0	22,258	2.2
Gross profit	353,618	34.8	363,000	35.0	9,381	2.7
Selling, general and administrative expenses	336,180	33.1	341,500	32.9	5,319	1.6
Operating income	17,438	1.7	21,500	2.1	4,061	23.3
Ordinary income	19,734	1.9	23,200	2.2	3,465	17.6
Extraordinary losses	(3,327)	(0.3)	(3,200)	(0.3)	127	(3.8)
Profit attributable to owners of parent	6,956	0.7	10,100	1.0	3,143	45.2

	Fiscal 2021 first half projection			Fiscal 2021 second half projection		
		Increase/ (decrease)	Percentage change		Increase/ (decrease)	Percentage change
Net sales	510,500	2,673	0.5	526,500	19,584	3.9
Operating income	10,800	931	9.4	10,700	3,130	41.4
Ordinary income	11,200	297	2.7	12,000	3,168	35.9
Profit attributable to owners of parent	5,000	100	2.0	5,100	3,043	147.9

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2020	Fiscal 2021 projection	Increase/ (decrease)	Percentage change
Food business	952,178	964,830	12,651	1.3
Bread	95,600	96,330	729	0.8
Sweet buns	340,765	346,150	5,384	1.6
Japanese-style confectionery	70,698	71,050	351	0.5
Western-style confectionery	139,848	139,960	111	0.1
Processed bread, prepared rice and processed noodles	142,457	145,240	2,782	2.0
Biscuits, crackers, <i>sembei</i> and other merchandise	162,806	166,100	3,293	2.0
Retail business	49,350	59,100	9,749	19.8
Other businesses	13,213	13,070	(143)	(1.1)
Total	1,014,741	1,037,000	22,258	2.2

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2020	Fiscal 2021 projection	Increase/ (decrease)	Percentage change
Food business	18,582	22,170	3,587	19.3
Retail business	(3,892)	(3,150)	742	-
Other businesses	2,365	2,080	(285)	(12.1)
Subtotal	17,055	21,100	4,044	23.7
Adjustment	383	400	16	-
Total	17,438	21,500	4,061	23.3

4. Major Subsidiaries

(1) Net sales (Millions of yen)

	Fiscal 2020	Fiscal 2021 plan	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	99,085	101,000	1,914
Sun-Delica Co., Ltd.	107,158	109,950	2,791
Yamazaki Biscuits Co., Ltd.	33,209	33,970	760
Tohato Inc.	27,256	27,770	513
Vie de France Co., Ltd.	23,565	25,700	2,134

(2) Operating income (Millions of yen)

	Fiscal 2020	Fiscal 2021 plan	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	2,497	2,800	302
Sun-Delica Co., Ltd.	(277)	480	757
Yamazaki Biscuits Co., Ltd.	410	520	109
Tohato Inc.	1,249	1,290	40
Vie de France Co., Ltd.	(3,439)	(2,720)	719

5. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2020	Fiscal 2021 plan	Increase/ (decrease)
Capital investment	38,056	45,320	7,263
Depreciation and amortization	37,420	38,140	719

* 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 2020 Nonconsolidated Results

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2019		Fiscal 2020		Increase/ (decrease)	Percentage change
		%		%		
Net sales	753,733	100.0	730,270	100.0	(23,462)	(3.1)
Operating income	17,977	2.4	16,734	2.3	(1,243)	(6.9)
Ordinary income	21,805	2.9	19,775	2.7	(2,029)	(9.3)
Profit	13,013	1.7	7,488	1.0	(5,524)	(42.5)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2020
Net sales	186,922	180,898	173,096	189,353	730,270
Operating income	5,081	5,373	1,860	4,418	16,734

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2019		Fiscal 2020		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	99,019	13.1	98,122	13.4	(897)	(0.9)
Sweet buns	332,374	44.1	320,237	43.9	(12,136)	(3.7)
Japanese-style confectionery	70,695	9.4	70,411	9.6	(283)	(0.4)
Western-style confectionery	103,795	13.8	109,782	15.0	5,987	5.8
Processed bread, prepared rice and processed noodles	55,281	7.3	48,289	6.6	(6,992)	(12.6)
Biscuits, crackers, <i>sembei</i> and other merchandise	46,526	6.2	41,988	5.8	(4,537)	(9.8)
Subtotal	707,693	93.9	688,833	94.3	(18,860)	(2.7)
Daily Yamazaki business	59,735	7.9	55,040	7.5	(4,694)	(7.9)
Internal elimination	(13,695)	(1.8)	(13,602)	(1.8)	92	—
Total	753,733	100.0	730,270	100.0	(23,462)	(3.1)

* "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 2019		Fiscal 2020		Increase/ (decrease)	Percentage change
		%		%		
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	19,616	2.8	20,626	3.0	1,009	5.1
Daily Yamazaki business	(1,639)	(2.7)	(3,892)	(7.1)	(2,253)	-

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

(Millions of yen)

	Fiscal 2019		Fiscal 2020		Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
		%		%			
Gross profit	219,839	31.1	216,994	31.5	(2,845)	(1.3)	Decrease in net sales (8,738) Decrease in raw material expenses 3,803 Increase in manufacturing labor cost (998) Decrease in manufacturing expenses 998 Increase in manufacturing amortization (11) Decrease in goods purchased, etc. 2,101
Selling, general and administrative expenses	200,222	28.3	196,367	28.5	(3,855)	(1.9)	Decrease in personnel expenses 102 Decrease in expenses 3,469 Decrease in amortization 284

* 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 2019		Fiscal 2020		Increase/(decrease)	
Number of employees	19,490	[7,192]	19,832	[7,056]	342	[(136)]

* 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 2019	Fiscal 2020	Increase/ (decrease)
Daily Yamazaki	1,414	1,393	(21)
Yamazaki Shop	2,745	2,671	(74)
Saint Etoile	472	460	(12)
Other licensed stores	275	273	(2)
Supermarkets	19,626	19,877	251
Convenience stores	53,032	52,874	(158)
General stores and other	32,628	31,813	(815)
Total	110,192	109,361	(831)

* The total number of stores of Daily Yamazaki including area franchise stores is 1,420.

The number of stores for fiscal 2019 takes into account the transfer of business categories carried out in fiscal 2020.

6. Sales by Sales Channel

(%)

	Fiscal 2019	Fiscal 2020	Increase/ (decrease)
Daily Yamazaki	2.1	1.9	(0.2)
Yamazaki Shop	3.5	2.9	(0.6)
Saint Etoile	1.7	1.4	(0.3)
Other licensed stores	1.2	1.0	(0.2)
Supermarkets	43.3	46.0	2.7
Convenience stores	26.1	25.2	(0.9)
General stores and other	22.1	21.6	(0.5)
Total	100.0	100.0	0.0

* The number of sales for fiscal 2019 takes into account the transfer of business categories carried out in fiscal 2020.

IV. Plans for Fiscal 2021

Nonconsolidated Plan

1. Overview

(Millions of yen)

	Fiscal 2020		Fiscal 2021 plan		Increase/ (decrease)	Percentage change
		%		%		
Net sales	730,270	100.0	750,000	100.0	19,729	2.7
Gross profit	238,036	32.6	243,950	32.5	5,913	2.5
Selling, general and administrative expenses	221,302	30.3	226,250	30.1	4,947	2.2
Operating income	16,734	2.3	17,700	2.4	965	5.7
Ordinary income	19,775	2.7	20,500	2.7	724	3.7
Extraordinary losses	(6,563)	(0.9)	(4,130)	(0.6)	2,433	(37.1)
Profit	7,488	1.0	10,200	1.4	2,711	36.2

	Fiscal 2021 first half plan			Fiscal 2021 second half plan		
		Increase/ (decrease)	Percentage change		Increase/ (decrease)	Percentage change
Net sales	372,500	4,679	1.3	377,500	15,049	4.2
Operating income	10,500	45	0.4	7,200	920	14.7
Ordinary income	12,000	(203)	(1.7)	8,500	927	12.3
Profit	7,400	(492)	(6.2)	2,800	3,203	-

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2020		Fiscal 2021 plan		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	98,122	13.4	99,510	13.3	1,387	1.4
Sweet buns	320,237	43.9	329,140	43.9	8,902	2.8
Japanese-style confectionery	70,411	9.6	71,120	9.5	708	1.0
Western-style confectionery	109,782	15.0	109,110	14.5	(672)	(0.6)
Processed bread, prepared rice and processed noodles	48,289	6.6	48,740	6.5	450	0.9
Biscuits, crackers, <i>sembei</i> and	41,988	5.8	43,480	5.8	1,491	3.6
Subtotal	688,833	94.3	701,100	93.5	12,266	1.8
Daily Yamazaki business	55,040	7.5	66,050	8.8	11,009	20.0
Internal elimination	(13,602)	(1.8)	(17,150)	(2.3)	(3,547)	-
Total	730,270	100.0	750,000	100.0	19,729	2.7

* "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 2020		Fiscal 2021 plan		Increase/ (decrease)	Percentage change
		%		%		
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	20,626	3.0	20,850	3.0	223	1.1
Daily Yamazaki business	(3,892)	(7.1)	(3,150)	(4.8)	742	-

<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 plan		Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
		%		%			
Gross profit	216,994	31.5	220,100	31.4	3,105	1.4	Increase in net sales 5,445 Decrease in raw material expenses 163 Increase in manufacturing labor cost (1,428) Decrease in manufacturing expenses 74 Increase in manufacturing amortization (677) Others (472)
Selling, general and administrative expenses	196,367	28.5	199,250	28.4	2,882	1.5	Increase in personnel expenses (1,166) Increase in expenses (1,500) Increase in amortization (216)

* 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.