

Fiscal 2021
Second Quarter Results
(For the Period from January 1, 2021, to June 30, 2021)

Yamazaki Baking Co., Ltd.

(August 3, 2021)

I. Consolidated Results for the Second Quarter of Fiscal 2021

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Net sales	507,826	100.0	512,210	100.0	4,384	0.9
Operating income	9,868	1.9	12,223	2.4	2,355	23.9
Ordinary income	10,902	2.1	13,753	2.7	2,850	26.1
Profit attributable to owners of parent	4,899	1.0	7,237	1.4	2,337	47.7

Comprehensive income	1,359	0.3	10,441	2.0	9,081	668.0
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	1st Quarter	2nd Quarter
Net sales	252,786	259,423
Operating income	5,875	6,348

	Fiscal 2020 2nd Quarter	Fiscal 2021 2nd Quarter	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 2020		Fiscal 2021		Increase/ (decrease)	Percentage change
	2nd Quarter	Percentage of total	2nd Quarter	Percentage of total		
Food business	477,795	94.1	479,917	93.7	2,122	0.4
Bread	51,279	10.1	48,756	9.5	(2,523)	(4.9)
Sweet buns	172,769	34.0	174,929	34.2	2,160	1.3
Japanese-style confectionery	34,620	6.8	33,270	6.5	(1,349)	(3.9)
Western-style confectionery	68,779	13.5	71,567	14.0	2,788	4.1
Processed bread, prepared rice and processed noodles	71,850	14.2	69,911	13.6	(1,939)	(2.7)
Biscuits, crackers, <i>sembei</i> and other merchandise	78,495	15.5	81,481	15.9	2,986	3.8
Retail business	23,420	4.6	26,011	5.1	2,590	11.1
Other businesses	6,610	1.3	6,281	1.2	(328)	(5.0)
Total	507,826	100.0	512,210	100.0	4,384	0.9

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2020 2nd Quarter	Fiscal 2021 2nd Quarter	Increase/ (decrease)	Percentage change
Food business	10,493	13,083	2,589	24.7
Retail business	(1,987)	(2,206)	(218)	—
Other businesses	1,083	1,075	(7)	(0.7)
Subtotal	9,588	11,952	2,363	24.6
Adjustment	280	271	(8)	—
Total	9,868	12,223	2,355	23.9

Consolidated Results

4. Income and Expenses

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change	Reasons
	2nd Quarter	%	2nd Quarter	%			
Gross profit	178,218	35.1	181,131	35.4	2,913	1.6	
Selling, general and administrative expenses	168,349	33.2	168,907	33.0	558	0.3	
Sales promotion expenses	17,531		17,677		146		
Advertising expenses	5,698		5,541		(156)		
Haulage expenses	32,068		31,789		(278)		
Personnel expenses	68,737		69,617		879		
Depreciation and amortization	5,779		5,759		(19)		
Rental fees	10,609		10,769		159		
Others	27,924		27,751		(172)		
Operating income	9,868	1.9	12,223	2.4	2,355	23.9	
Nonoperating income	1,807	0.4	2,324	0.5	517	28.6	
Interest income	57		70		13		
Dividend income	663		717		54		
Rent income on fixed assets	455		451		(4)		
Equity in earnings of affiliates	86		231		145		
Foreign exchange gains	—		342		342		
Other nonoperating income	543		510		(33)		
Nonoperating expenses	773	0.2	795	0.2	22	2.9	
Interest expense	328		356		27		
Rent expenses on fixed assets	168		149		(19)		
Other nonoperating expenses	275		289		14		
Ordinary income	10,902	2.1	13,753	2.7	2,850	26.1	
Extraordinary gains	109	0.0	972	0.1	863	789.2	
Gain on sales of fixed assets	53		47		(5)		
Subsidy income	56		922		866		Subsidies related to COVID-19
Other extraordinary gains	—		2		2		
Extraordinary losses	1,174	0.2	1,222	0.2	48	4.1	
Loss on sales and retirement of fixed assets	492		475		(17)		
Impairment loss	478		479		1		
Other extraordinary losses	203		267		64		
Income before income taxes	9,837	1.9	13,503	2.6	3,665	37.3	
Income and other taxes	4,851	0.9	5,554	1.0	702	14.5	
Profit	4,986	1.0	7,949	1.6	2,962	59.4	
Profit attributable to non-controlling interests	86	0.0	712	0.2	625	721.3	
Profit attributable to owners of parent	4,899	1.0	7,237	1.4	2,337	47.7	
Comprehensive income	1,359	0.3	10,441	2.0	9,081	668.0	

Consolidated Results

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

(Millions of yen)

	Fiscal 2020	Fiscal 2021 2nd Quarter	Increase/ (decrease)	Reasons
Current assets	256,255	263,498	7,243	
Cash and deposits	108,588	144,421	35,832	Increase in loans payable: ¥28.9 billion Collection of accounts receivable, etc.: ¥6.8 billion
Notes and accounts receivable	112,639	85,053	(27,585)	Decrease due to seasonal fluctuation
Merchandise and finished goods	11,966	11,827	(139)	
Work in process	788	855	67	
Raw materials and supplies	10,442	9,703	(738)	
Other current assets	12,212	12,006	(205)	
Allowance for doubtful accounts	(382)	(370)	12	
Fixed assets	458,188	454,592	(3,596)	Capital investment: ¥14.6 billion Depreciation and amortization: ¥16.7 billion
Tangible fixed assets	315,572	313,329	(2,242)	
Buildings and structures	103,467	101,921	(1,545)	
Machinery, equipment and vehicles	84,528	80,425	(4,103)	
Tools, furniture and fixtures	8,362	7,922	(439)	
Land	110,593	110,594	0	
Lease assets	3,923	4,384	461	
Construction in progress	4,697	8,082	3,384	Contract deposit for construction of new building at Isesaki Plant of Yamazaki Baking Co., Ltd.: ¥1.3 billion
Intangible fixed assets	21,481	20,957	(524)	Amortization of goodwill: ¥0.7 billion
Investments and other assets	121,134	120,305	(828)	
Investment securities	68,442	69,021	578	Increase due to mark-to-market valuation difference: ¥0.4 billion
Long-term loans receivable	824	840	15	
Net defined benefit asset	378	394	16	
Deferred tax assets	25,409	24,854	(555)	
Other investments and other assets	28,747	27,851	(895)	
Allowance for doubtful accounts	(2,668)	(2,656)	11	
Total assets	714,443	718,091	3,647	
Current liabilities	216,962	207,940	(9,021)	
Notes and accounts payable	75,466	70,138	(5,328)	Decrease due to seasonal fluctuation
Short-term loans payable	50,716	54,573	3,856	Transfer from long-term loans payable: ¥9.0 billion Decrease due to repayment, etc.: ¥6.5 billion
Lease obligations	1,499	1,534	35	
Accrued income tax	6,179	7,209	1,030	
Accrued expenses	40,079	36,056	(4,022)	Decrease due to seasonal fluctuation
Allowance for employees' bonuses	4,571	4,569	(1)	
Reserve for sales promotion expenses	1,232	997	(235)	
Provision for loss on store closures	–	81	81	
Asset retirement obligations	1	19	17	
Other current liabilities	37,214	32,760	(4,453)	
Long-term liabilities	135,098	152,254	17,156	
Long-term loans payable	16,601	34,648	18,046	Increase in new loans payable: ¥27.6 billion Transfer to short-term loans payable: ¥9.0 billion
Lease obligations	2,879	3,349	469	
Reserve for retirement benefits for directors and corporate auditors	4,072	4,048	(24)	
Provision for environmental measures	1	–	(1)	
Net defined benefit liability	100,222	98,933	(1,289)	Increase due to provision for liabilities: ¥6.4 billion Decrease due to pension contributions/benefits: ¥7.7 billion
Asset retirement obligations	4,744	4,728	(16)	
Other long-term liabilities	6,575	6,547	(27)	
Total liabilities	352,060	360,195	8,135	
Total net assets	362,383	357,895	(4,488)	Non-controlling interests: ¥32.4 billion (up ¥0.5 billion)
Total liabilities and net assets	714,443	718,091	3,647	

6. Major Subsidiaries

(1) Net sales (Millions of yen)

	Fiscal 2020 2nd Quarter	Fiscal 2021 2nd Quarter	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	46,984	50,208	3,223
Sun-Delica Co., Ltd.	53,323	51,017	(2,305)
Yamazaki Biscuits Co., Ltd.	16,628	16,781	153
Tohato Inc.	13,630	14,335	705
Vie de France Co., Ltd.	11,566	11,807	241

(2) Operating income (Millions of yen)

	Fiscal 2020 2nd Quarter	Fiscal 2021 2nd Quarter	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	287	1,621	1,333
Sun-Delica Co., Ltd.	(364)	(169)	194
Yamazaki Biscuits Co., Ltd.	175	503	328
Tohato Inc.	709	844	135
Vie de France Co., Ltd.	(1,763)	(1,487)	275

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

	Fiscal 2020 2nd Quarter	Fiscal 2021 2nd Quarter	Increase/ (decrease)
Capital investment	15,948	15,618	(330)
Depreciation and amortization	18,010	17,753	(257)

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

Consolidated Results

8. Cash Flows

(Millions of yen)

	Fiscal 2020 2nd Quarter	Fiscal 2021 2nd Quarter	Increase/ (decrease)	Reasons
Net cash provided by operating activities	38,324	48,486	10,162	Decrease in expenditures due to increase in trade payables
Net cash used in investing activities	(19,181)	(18,549)	632	Decrease in expenditures related to intangible fixed assets
Net cash used in financing activities	(9,204)	5,975	15,179	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 quarter	115,851	138,981	23,129	

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
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
Profit attributable to owners of parent	6,956	0.7	10,100	1.0	3,143	45.2

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2020	Fiscal 2021 projection	Increase/ (decrease)	Percentage change
Food business	952,178	964,700	12,521	1.3
Bread	95,600	94,390	(1,210)	(1.3)
Sweet buns	340,765	345,300	4,534	1.3
Japanese-style confectionery	70,698	69,860	(838)	(1.2)
Western-style confectionery	139,848	142,820	2,971	2.1
Processed bread, prepared rice and processed noodles	142,457	143,440	982	0.7
Biscuits, crackers, <i>sembei</i> and other merchandise	162,806	168,890	6,083	3.7
Retail business	49,350	59,100	9,749	19.8
Other businesses	13,213	13,200	(13)	(0.1)
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

III. Nonconsolidated Results for Second Quarter of Fiscal 2021

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Net sales	367,820	100.0	372,531	100.0	4,711	1.3
Operating income	10,454	2.8	10,513	2.8	58	0.6
Ordinary income	12,203	3.3	12,582	3.4	379	3.1
Profit	7,892	2.1	8,278	2.2	386	4.9

	1st Quarter	2nd Quarter
Net sales	183,772	188,759
Operating income	5,007	5,505

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2020		Fiscal 2021		Increase/ (decrease)	Percentage change
	2nd Quarter	Percentage of total	2nd Quarter	Percentage of total		
Bread	51,880	14.1	49,380	13.3	(2,500)	(4.8)
Sweet buns	162,458	44.2	167,438	44.9	4,980	3.1
Japanese-style confectionery	34,684	9.4	33,333	8.9	(1,350)	(3.9)
Western-style confectionery	54,255	14.8	56,076	15.1	1,821	3.4
Processed bread, prepared rice and processed noodles	24,263	6.6	23,665	6.4	(598)	(2.5)
Biscuits, crackers, <i>sembei</i> and other merchandise	20,531	5.6	20,539	5.5	7	0.0
Subtotal	348,073	94.7	350,434	94.1	2,360	0.7
Daily Yamazaki business	26,267	7.1	29,243	7.8	2,976	11.3
Internal elimination	(6,520)	(1.8)	(7,146)	(1.9)	(626)	—
Total	367,820	100.0	372,531	100.0	4,711	1.3

* "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 2020		Fiscal 2021		Increase/ (decrease)	Percentage change
	2nd Quarter	%	2nd Quarter	%		
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	12,442	3.6	12,719	3.6	277	2.2
Daily Yamazaki business	(1,987)	(7.6)	(2,206)	(7.5)	(218)	—

<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)
	2nd Quarter	%	2nd Quarter	%			
Gross profit	111,298	32.0	112,106	32.0	807	0.7	Increase in net sales 1,098 Increase in raw material expenses (199) Increase in manufacturing labor cost (730) Decrease in manufacturing expenses 283 Decrease in manufacturing amortization 62 Others 293
Selling, general and administrative expenses	98,856	28.4	99,386	28.4	530	0.5	Increase in personnel expenses (498) Increase in expenses (12) Increase in amortization (20)

* 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 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
Operating income	16,734	2.3	17,700	2.4	965	5.8
Ordinary income	19,775	2.7	20,500	2.7	724	3.7
Profit	7,488	1.0	10,200	1.4	2,711	36.2

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2020	Percentage of total	Fiscal 2021 plan	Percentage of total	Increase/ (decrease)	Percentage change
Bread	98,122	13.4	97,480	13.0	(643)	(0.7)
Sweet buns	320,237	43.9	330,610	44.1	10,372	3.2
Japanese-style confectionery	70,411	9.6	69,780	9.3	(632)	(0.9)
Western-style confectionery	109,782	15.0	111,500	14.9	1,717	1.6
Processed bread, prepared rice and processed noodles	48,289	6.6	48,700	6.5	411	0.9
Biscuits, crackers, <i>sembei</i> and other merchandise	41,988	5.8	43,030	5.7	1,041	2.5
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.

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.