

Fiscal 2023 Results

(For the Period from January 1, 2023, to December 31, 2023)

Yamazaki Baking Co., Ltd.

(February 14, 2024)

I . Fiscal 2023 Consolidated Results

Consolidated Results

1. Overview

(Millions of yen)

	Fiscal 2022	%	Fiscal 2023	%	Increase/ (decrease)	Percentage change
Net sales	1,077,009	100.0	1,175,562	100.0	98,553	9.2
Operating income	22,032	2.0	41,962	3.6	19,929	90.5
Ordinary income	26,127	2.4	45,526	3.9	19,398	74.2
Profit attributable to owners of parent	12,368	1.1	30,168	2.6	17,800	143.9

Comprehensive income	36,628	3.4	47,714	4.1	11,085	30.3
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	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2023
Net sales	276,839	287,104	282,281	329,337	1,175,562
Operating income	9,335	11,274	7,258	14,093	41,962

	Fiscal 2022	Fiscal 2023	Increase/ (decrease)
Number of consolidated subsidiaries	35	36	1
Number of equity-method subsidiaries	2	2	0

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2022	Percentage of total	Fiscal 2023	Percentage of total	Increase/ (decrease)	Percentage change
Food business	1,002,148	93.1	1,093,762	93.0	91,614	9.1
Bread	100,347	9.3	108,569	9.2	8,222	8.2
Sweet buns	380,206	35.3	433,362	36.9	53,155	14.0
Japanese-style confectionery	70,793	6.6	73,793	6.3	3,000	4.2
Western-style confectionery	144,994	13.5	151,918	12.9	6,924	4.8
Processed bread, prepared rice and processed noodles	144,720	13.4	152,962	13.0	8,241	5.7
Biscuits, crackers, <i>sembei</i> and other merchandise	161,086	15.0	173,156	14.7	12,070	7.5
Retail business	61,657	5.7	67,952	5.8	6,295	10.2
Other businesses	13,203	1.2	13,847	1.2	644	4.9
Total	1,077,009	100.0	1,175,562	100.0	98,553	9.2

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Increase/ (decrease)	Percentage change
Food business	22,326	40,704	18,378	82.3
Retail business	(3,101)	(1,789)	1,311	—
Other businesses	2,427	2,682	254	10.5
Subtotal	21,652	41,597	19,944	92.1
Adjustment	380	364	(15)	—
Total	22,032	41,962	19,929	90.5

Consolidated Results

4. Income and Expenses

(Millions of yen)

	Fiscal 2022		Fiscal 2023		Increase/ (decrease)	Percentage change	Reasons
		%		%			
Gross profit	343,607	31.9	379,046	32.2	35,439	10.3	
Selling, general and administrative expenses	321,574	29.9	337,084	28.6	15,510	4.8	Increase in cargo volume
Sales promotion expenses	5,381		5,746		364		
Advertising expenses	11,735		11,579		(155)		
Haulage expenses	63,361		67,858		4,497		
Personnel expenses	146,413		149,907		3,494		
Depreciation and amortization	12,836		13,243		407		
Rental fees	23,456		23,503		47		
Others	58,389		65,245		6,855		
Operating income	22,032	2.0	41,962	3.6	19,929	90.5	
Nonoperating income	5,615	0.5	5,146	0.4	(468)	(8.3)	
Interest income	122		272		149		
Dividend income	1,383		1,531		148		
Rent income on fixed assets	992		1,028		36		
Equity in earnings of affiliates	585		539		(45)		
Foreign exchange gains	879		503		(375)		
Other nonoperating income	1,652		1,270		(381)		
Nonoperating expenses	1,520	0.1	1,582	0.1	61	4.1	
Interest expense	752		740		(11)		
Rent expenses on fixed assets	327		308		(18)		
Other nonoperating expenses	441		533		92		
Ordinary income	26,127	2.4	45,526	3.9	19,398	74.2	
Extraordinary gains	900	0.1	3,396	0.3	2,496	277.3	Recorded due to new consolidation of YK Baking Company, Ltd.
Gain on sales of fixed assets	108		137		28		
Gain on bargain purchase	–		2,697		2,697		
Gain on sale of shares of subsidiaries and associates	–		390		390		
Subsidy income	591		–		(591)		
Subsidy income	168		27		(140)		
Other extraordinary gains	31		144		112		
Extraordinary losses	3,808	0.3	3,100	0.3	(708)	(18.6)	
Loss on sales and retirement of fixed assets	1,617		1,635		18		
Impairment loss	1,449		1,031		(418)		
Other extraordinary losses	742		434		(308)		
Income before income taxes	23,218	2.2	45,821	3.9	22,602	97.3	
Income and other taxes	8,728	0.9	14,190	1.2	5,461	62.6	
Profit	14,490	1.3	31,631	2.7	17,141	118.3	
Profit attributable to non-controlling interests	2,121	0.2	1,462	0.1	(658)	(31.1)	
Profit attributable to owners of parent	12,368	1.1	30,168	2.6	17,800	143.9	
Comprehensive income	36,628	3.4	47,714	4.1	11,085	30.3	

Consolidated Results

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

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Increase/ (decrease)	Reasons
Current assets	291,321	314,787	23,466	
Cash and deposits	125,184	134,937	9,752	
Note receivable	184	148	(36)	
Accounts receivable	123,520	134,965	11,444	Increase due to higher sales
Merchandise and finished goods	13,254	13,750	495	
Work in process	922	728	(194)	
Raw materials and supplies	13,952	15,203	1,251	
Other current assets	14,690	15,396	705	
Allowance for doubtful accounts	(388)	(341)	47	
Fixed assets	466,709	487,247	20,537	Capital investment: ¥44.6 billion Depreciation and amortization: ¥40.3 billion
Tangible fixed assets	332,385	347,586	15,200	
Buildings and structures	112,360	114,277	1,917	
Machinery, equipment and vehicles	88,336	88,980	644	
Tools, furniture and fixtures	7,628	8,609	980	
Land	114,813	124,291	9,478	Increase due to new consolidation of YK Baking Company, Ltd.: ¥8.8 billion
Lease assets	6,939	7,387	447	
Construction in progress	2,307	4,040	1,732	
Intangible fixed assets	23,365	21,417	(1,947)	
Investments and other assets	110,958	118,242	7,284	
Investment securities	65,876	80,580	14,703	Increase due to a rise in prices of stock held: ¥12.3 billion
Long-term loans receivable	812	1,218	405	
Net defined benefit asset	490	649	159	
Deferred tax assets	16,129	9,621	(6,508)	Decrease due to a rise in prices of stock held: ¥3.7 billion Decrease due to tax effect of retirement benefit accounting: ¥2.5 billion
Other investments and other assets	29,866	28,574	(1,291)	
Allowance for doubtful accounts	(2,217)	(2,401)	(183)	
Total assets	758,031	802,035	44,004	
Current liabilities	237,341	257,877	20,535	
Notes and accounts payable	83,496	89,239	5,743	Increase in purchase amount due to higher sales
Short-term loans payable	55,795	55,608	(186)	
Lease obligations	3,159	3,551	392	
Accrued income tax	6,273	11,576	5,302	Increase in taxes paid reflecting an increase in profit Increase in expenses for maintenance of facilities such as repairs and supplies
Accrued expenses	39,079	41,541	2,461	
Allowance for employees' bonuses	5,186	5,793	607	
Provision for loss on store closures	47	48	0	
Asset retirement obligations	29	21	(8)	
Other current liabilities	44,272	50,495	6,222	Increase in accounts payable-other: ¥3.4 billion Increase in accrued consumption taxes: ¥1.2 billion
Long-term liabilities	112,791	98,025	(14,766)	
Long-term loans payable	22,779	16,690	(6,089)	Transfer to short-term loans payable: ¥9.3 billion Increase in new loans payable: ¥3.2 billion
Lease obligations	4,476	4,282	(194)	
Reserve for retirement benefits for directors and corporate auditors	4,795	5,113	318	
Reserve for loss on guarantees	33	-	(33)	
Net defined benefit liability	68,598	58,293	(10,304)	Decrease due to improvement of yields of pension asset management: ¥13.8 billion Increase due to new consolidation of YK Baking Company, Ltd.: ¥4.3 billion
Asset retirement obligations	4,977	4,813	(163)	
Other long-term liabilities	7,131	8,831	1,700	
Total liabilities	350,133	355,902	5,769	
Total net assets	407,897	446,132	38,235	Non-controlling interests: ¥45.9 billion (up ¥1.8 billion)
Total liabilities and net assets	758,031	802,035	44,004	

6. Major Subsidiaries

(1) Net sales

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	100,614	105,534	4,920
Sun-Delica Co., Ltd.	99,936	104,079	4,143
Yamazaki Biscuits Co., Ltd.	29,174	31,896	2,722
Vie de France Co., Ltd.	26,289	28,406	2,116
Tohato Inc.	24,654	26,672	2,017

(2) Operating income

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	4,334	1,374	(2,959)
Sun-Delica Co., Ltd.	366	1,855	1,488
Yamazaki Biscuits Co., Ltd.	(450)	1,018	1,468
Vie de France Co., Ltd.	(1,138)	298	1,436
Tohato Inc.	986	1,434	447

7. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Increase/ (decrease)
Capital investment	41,447	44,644	3,196
Depreciation and amortization	39,436	40,318	882

* 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 2022	Fiscal 2023	Increase/ (decrease)
Interest-bearing debt	92,277	85,916	(6,360)

9. Cash Flows

(Millions of yen)

	Fiscal 2022	Fiscal 2023	Increase/ (decrease)	Reasons
Net cash provided by operating activities	52,773	73,689	20,916	Increase in income before income taxes
Net cash used in investing activities	(41,984)	(45,659)	(3,674)	Increase in payments due to acquisition of shares of subsidiaries resulting in change in scope of consolidation
Net cash used in financing activities	(26,695)	(18,834)	7,861	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 period	119,559	129,582	10,022	

10. Number of Employees by Segment

(Number of employees)

	Fiscal 2022		Fiscal 2023		Increase/(decrease)	
Food business	30,107	[18,169]	30,554	[19,144]	447	[975]
Retail business	891	[213]	899	[189]	8	[(24)]
Other businesses	1,212	[880]	1,272	[853]	60	[(27)]
Total	32,210	[19,262]	32,725	[20,186]	515	[924]

* 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 2022	Fiscal 2023	Increase/ (decrease)
Daily Yamazaki	1,349	1,315	(34)
Fujiya [Western-style confectionery]	954	939	(15)
Vie de France	231	208	(23)

II . Projections for Fiscal 2024

Consolidated Projection

1. Overview

(Millions of yen)

	Fiscal 2023	%	Fiscal 2024 projection	%	Increase/ (decrease)	Percentage change
Net sales	1,175,562	100.0	1,223,000	100.0	47,437	4.0
Gross profit	379,046	32.2	394,300	32.2	15,253	4.0
Selling, general and administrative expenses	337,084	28.6	346,300	28.3	9,215	2.7
Operating income	41,962	3.6	48,000	3.9	6,037	14.4
Ordinary income	45,526	3.9	51,000	4.2	5,473	12.0
Extraordinary gains (losses)	295	0.0	(2,000)	(0.2)	(2,295)	–
Profit attributable to owners of parent	30,168	2.6	31,500	2.6	1,331	4.4

	Fiscal 2024 first half projection			Fiscal 2024 second half projection		
		Increase/ (decrease)	Percentage change		Increase/ (decrease)	Percentage change
Net sales	606,000	42,055	7.5	617,000	5,381	0.9
Operating income	24,000	3,389	16.4	24,000	2,648	12.4
Ordinary income	25,500	2,743	12.1	25,500	2,730	12.0
Profit attributable to owners of parent	16,000	1,944	13.8	15,500	(613)	(3.8)

2. Net Sales by Segment

(Millions of yen)

	Fiscal 2023	Fiscal 2024 projection	Increase/ (decrease)	Percentage change
Food business	1,093,762	1,134,700	40,937	3.7
Bread	108,569	112,410	3,840	3.5
Sweet buns	433,362	456,050	22,687	5.2
Japanese-style confectionery	73,793	75,640	1,846	2.5
Western-style confectionery	151,918	155,410	3,491	2.3
Processed bread, prepared rice and processed noodles	152,962	157,830	4,867	3.2
Biscuits, crackers, <i>sembei</i> and other merchandise	173,156	177,360	4,203	2.4
Retail business	67,952	74,060	6,107	9.0
Other businesses	13,847	14,240	392	2.8
Total	1,175,562	1,223,000	47,437	4.0

3. Operating Income by Segment

(Millions of yen)

	Fiscal 2023	Fiscal 2024 projection	Increase/ (decrease)	Percentage change
Food business	40,704	45,650	4,945	12.2
Retail business	(1,789)	(700)	1,089	–
Other businesses	2,682	2,690	7	0.3
Subtotal	41,597	47,640	6,042	14.5
Adjustment	364	360	(4)	–
Total	41,962	48,000	6,037	14.4

4. Major Subsidiaries

(1) Net sales (Millions of yen)

	Fiscal 2023	Fiscal 2024 plan	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	105,534	109,000	3,465
Sun-Delica Co., Ltd.	104,079	106,530	2,450
YK Baking Company, Ltd.	24,568	35,160	10,591
Yamazaki Biscuits Co., Ltd.	31,896	32,460	563
Vie de France Co., Ltd.	28,406	29,280	873
Tohato Inc.	26,672	27,660	987

* The figure for fiscal 2023 of YK Baking Company, Ltd. indicates nine months actual results from April 1 through December 31.

(2) Operating income (Millions of yen)

	Fiscal 2023	Fiscal 2024 plan	Increase/ (decrease)
Fujiya Co., Ltd. (Consolidated)	1,374	3,600	2,225
Sun-Delica Co., Ltd.	1,855	2,290	434
YK Baking Company, Ltd.	187	320	132
Yamazaki Biscuits Co., Ltd.	1,018	1,050	31
Vie de France Co., Ltd.	298	700	401
Tohato Inc.	1,434	1,620	185

* The figure for fiscal 2023 of YK Baking Company, Ltd. indicates nine months actual results from April 1 through December 31.

5. Capital Investment and Depreciation and Amortization

(Millions of yen)

	Fiscal 2023	Fiscal 2024 plan	Increase/ (decrease)
Capital investment	44,644	48,440	3,795
Depreciation and amortization	40,318	42,160	1,841

* 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 2023 Nonconsolidated Results

Nonconsolidated Results

1. Overview

(Millions of yen)

	Fiscal 2022		Fiscal 2023		Increase/ (decrease)	Percentage change
		%		%		
Net sales	768,695	100.0	821,632	100.0	52,937	6.9
Operating income	15,169	2.0	30,710	3.7	15,541	102.5
Ordinary income	20,233	2.6	35,295	4.3	15,062	74.4
Profit	11,134	1.4	22,987	2.8	11,852	106.4

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Fiscal 2023
Net sales	200,270	207,430	198,428	215,502	821,632
Operating income	7,158	9,616	4,513	9,421	30,710

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2022		Fiscal 2023		Increase/ (decrease)	Percentage change
		Percentage of total		Percentage of total		
Bread	99,265	12.9	103,346	12.6	4,080	4.1
Sweet buns	341,685	44.4	371,563	45.2	29,878	8.7
Japanese-style confectionery	69,792	9.1	72,284	8.8	2,492	3.6
Western-style confectionery	109,342	14.2	113,528	13.8	4,186	3.8
Processed bread, prepared rice and processed noodles	52,806	6.9	56,620	6.9	3,814	7.2
Biscuits, crackers, <i>sembei</i> and other merchandise	46,520	6.1	50,532	6.2	4,011	8.6
Subtotal	719,412	93.6	767,875	93.5	48,463	6.7
Daily Yamazaki business	64,880	8.4	71,799	8.7	6,918	10.7
Internal elimination	(15,598)	(2.0)	(18,043)	(2.2)	(2,444)	—
Total	768,695	100.0	821,632	100.0	52,937	6.9

* "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 2022	%	Fiscal 2023	%	Increase/ (decrease)	Percentage change
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	18,154	2.5	32,440	4.2	14,286	78.7
Daily Yamazaki business	(2,985)	(4.6)	(1,730)	(2.4)	1,255	—

<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)
Gross profit	214,828	29.9	233,971	30.5	19,142	8.9	Increase in net sales 22,074 Increase in raw material expenses (3,706) Decrease in manufacturing labor cost 1,163 Increase in manufacturing expenses (1,021) Decrease in manufacturing amortization 246 Others 386
Selling, general and administrative expenses	196,674	27.3	201,530	26.2	4,856	2.5	Decrease in personnel expenses 15 Increase in expenses (4,618) Increase in amortization (253)

* 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 2022		Fiscal 2023		Increase/(decrease)	
Number of employees	19,750	[6,626]	19,446	[6,601]	(304)	[(25)]

* 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 2022	Fiscal 2023	Increase/ (decrease)
Daily Yamazaki	1,324	1,291	(33)
Yamazaki Shop	2,632	2,568	(64)
Saint Etoile and other licensed stores	714	679	(35)
Supermarkets	20,356	20,904	548
Convenience stores	52,546	52,432	(114)
General stores and other	31,563	30,963	(600)
Total	109,135	108,837	(298)

* The total number of stores of Daily Yamazaki including area franchise stores is 1,315.

6. Sales by Sales Channel

(%)

	Fiscal 2022	Fiscal 2023	Increase/ (decrease)
Daily Yamazaki	1.8	1.8	0.0
Yamazaki Shop	3.1	3.2	0.1
Saint Etoile and other licensed stores	2.4	2.5	0.1
Supermarkets	45.7	45.4	(0.3)
Convenience stores	24.6	25.0	0.4
General stores and other	22.4	22.1	(0.3)
Total	100.0	100.0	0.0

IV. Plans for Fiscal 2024

Nonconsolidated Plan

1. Overview

(Millions of yen)

	Fiscal 2023	%	Fiscal 2024 plan	%	Increase/ (decrease)	Percentage change
Net sales	821,632	100.0	843,000	100.0	21,367	2.6
Gross profit	264,660	32.2	272,840	32.4	8,179	3.1
Selling, general and administrative expenses	233,949	28.5	240,340	28.5	6,390	2.7
Operating income	30,710	3.7	32,500	3.9	1,789	5.8
Ordinary income	35,295	4.3	37,000	4.4	1,704	4.8
Extraordinary gains (losses)	(1,691)	(0.2)	(2,210)	(0.3)	(518)	30.7
Profit	22,987	2.8	24,000	2.8	1,012	4.4

	Fiscal 2024 first half plan			Fiscal 2024 second half plan		
		Increase/ (decrease)	Percentage change		Increase/ (decrease)	Percentage change
Net sales	423,500	15,798	3.9	419,500	5,569	1.3
Operating income	18,000	1,224	7.3	14,500	564	4.1
Ordinary income	20,500	864	4.4	16,500	839	5.4
Profit	13,500	606	4.7	10,500	406	4.0

2. Net Sales by Product Category

(Millions of yen)

	Fiscal 2023	Percentage of total	Fiscal 2024 plan	Percentage of total	Increase/ (decrease)	Percentage change
Bread	103,346	12.6	105,450	12.5	2,103	2.0
Sweet buns	371,563	45.2	380,180	45.1	8,616	2.3
Japanese-style confectionery	72,284	8.8	73,930	8.8	1,645	2.3
Western-style confectionery	113,528	13.8	115,680	13.7	2,151	1.9
Processed bread, prepared rice and processed noodles	56,620	6.9	57,740	6.8	1,119	2.0
Biscuits, crackers, <i>sembei</i> and other merchandise	50,532	6.2	51,310	6.1	777	1.5
Subtotal	767,875	93.5	784,290	93.0	16,414	2.1
Daily Yamazaki business	71,799	8.7	78,720	9.3	6,920	9.6
Internal elimination	(18,043)	(2.2)	(20,010)	(2.3)	(1,966)	—
Total	821,632	100.0	843,000	100.0	21,367	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.

3. Operating Income

(Millions of yen)

	Fiscal 2023	%	Fiscal 2024 plan	%	Increase/ (decrease)	Percentage change
Operating income						
Yamazaki Baking Company's primary business (excluding its Daily Yamazaki business)	32,440	4.2	33,190	4.2	749	2.3
Daily Yamazaki business	(1,730)	(2.4)	(690)	(0.9)	1,040	—

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

(Millions of yen)

	Fiscal 2023	%	Fiscal 2024 plan	%	Increase/ (decrease)	Percentage change	Factors affecting operating income increase/(decrease)
Gross profit	233,971	30.5	239,100	30.5	5,128	2.2	Increase in net sales 7,302 Increase in raw material expenses (21) Increase in manufacturing labor cost (1,119) Increase in manufacturing expenses (910) Increase in manufacturing amortization (175) Others 51
Selling, general and administrative expenses	201,530	26.2	205,910	26.3	4,379	2.2	Increase in personnel expenses (1,820) Increase in expenses (1,794) Increase in amortization (765)

* 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.