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February 14, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)

Company name: Yamazaki Baking Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 2212
 URL: <https://www.yamazakipan.co.jp/>
 Representative: Nobuhiro Iijima, President
 Inquiries: Masahisa Aida, Senior Managing Director
 Telephone: +81-3-3864-3110
 Scheduled date of annual general meeting of shareholders: March 28, 2024
 Scheduled date to commence dividend payments: March 29, 2024
 Scheduled date to file annual securities report: March 28, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and securities analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	1,175,562	9.2	41,962	90.5	45,526	74.2	30,168	143.9
December 31, 2022	1,077,009	—	22,032	20.0	26,127	22.2	12,368	19.2

Note: Comprehensive income For the fiscal year ended December 31, 2023: ¥47,714 million [30.3%]
 For the fiscal year ended December 31, 2022: ¥36,628 million [52.5%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2023	146.19	—	7.9	5.8	3.6
December 31, 2022	59.10	—	3.5	3.4	2.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended December 31, 2023: ¥539 million
 For the fiscal year ended December 31, 2022: ¥585 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the consolidated fiscal year ended December 31, 2022. As a result, the Company has omitted year-on-year change in net sales from the previous fiscal year, as this was prior to application of the above accounting standard. Assuming, however, that the above accounting standard, etc. had been applied effective from the fiscal year ended December 31, 2021, the year-on-year change would be 6.2%.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	802,035	446,132	49.9	1,942.85
December 31, 2022	758,031	407,897	48.0	1,743.42

Reference: Equity

As of December 31, 2023: ¥400,137 million

As of December 31, 2022: ¥363,738 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	73,689	(45,659)	(18,834)	129,582
December 31, 2022	52,773	(41,984)	(26,695)	119,559

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2022	—	—	—	22.00	22.00	4,589	37.2	1.3
Fiscal year ended December 31, 2023	—	—	—	25.00	25.00	5,148	17.1	1.4
Fiscal year ending December 31, 2024 (Forecast)	—	—	—	28.00	28.00		18.0	

3. Forecast of consolidated results for the year ending December 31, 2024

(January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter-end (Cumulative)	606,000	7.5	24,000	16.4	25,500	12.1	16,000	13.8	78.64
Full year	1,223,000	4.0	48,000	14.4	51,000	12.0	31,500	4.4	155.18

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	220,282,860 shares
As of December 31, 2022	220,282,860 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2023	14,328,495 shares
As of December 31, 2022	11,647,754 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	206,366,962 shares
Fiscal year ended December 31, 2022	209,281,399 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
December 31, 2023	821,632	6.9	30,710	102.5	35,295	74.4	22,987	106.4
December 31, 2022	768,695	—	15,169	2.8	20,233	8.6	11,134	13.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2023	111.39	—
December 31, 2022	53.21	—

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the fiscal year ended December 31, 2022. As a result, the Company has omitted year-on-year change in net sales from the previous fiscal year, as this was prior to application of the above accounting standard. Assuming, however, that the above accounting standard, etc. had been applied effective from the fiscal year ended December 31, 2021, the year-on-year change would be 4.2%.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	572,040	323,456	56.5	1,570.53
December 31, 2022	549,583	301,239	54.8	1,443.86

Reference: Equity

As of December 31, 2023: ¥323,456 million
As of December 31, 2022: ¥301,239 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The Company has resolved at the Board of Directors' meeting on February 14, 2024, on matters pertaining to purchase of treasury shares based on the provisions of Article 156 of the Companies Act applied by replacing the terms and phrases pursuant to the provisions of Article 165, paragraph 3 of the same Act. Therefore, basic earnings per share in the forecast of consolidated results for the year ending December 31, 2024 take into account the impacts of purchase of treasury shares.

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

The Company plans to hold a financial results briefing for institutional investors and securities analysts on Tuesday, February 20, 2024. The materials, etc. distributed at the briefing will be posted on the Company's website immediately after the briefing.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	125,184	134,937
Notes receivable - trade	184	148
Accounts receivable - trade	123,520	134,965
Merchandise and finished goods	13,254	13,750
Work in process	922	728
Raw materials and supplies	13,952	15,203
Other	14,690	15,396
Allowance for doubtful accounts	(388)	(341)
Total current assets	291,321	314,787
Non-current assets		
Property, plant and equipment		
Buildings and structures	416,940	433,007
Accumulated depreciation	(304,580)	(318,729)
Buildings and structures, net	112,360	114,277
Machinery, equipment and vehicles	557,718	581,140
Accumulated depreciation	(469,382)	(492,160)
Machinery, equipment and vehicles, net	88,336	88,980
Tools, furniture and fixtures	40,826	43,677
Accumulated depreciation	(33,197)	(35,068)
Tools, furniture and fixtures, net	7,628	8,609
Land	114,813	124,291
Leased assets	19,872	21,469
Accumulated depreciation	(12,933)	(14,081)
Leased assets, net	6,939	7,387
Construction in progress	2,307	4,040
Total property, plant and equipment	332,385	347,586
Intangible assets		
Goodwill	10,518	9,052
Other	12,847	12,365
Total intangible assets	23,365	21,417
Investments and other assets		
Investment securities	65,876	80,580
Long-term loans receivable	812	1,218
Retirement benefit asset	490	649
Deferred tax assets	16,129	9,621
Other	29,866	28,574
Allowance for doubtful accounts	(2,217)	(2,401)
Total investments and other assets	110,958	118,242
Total non-current assets	466,709	487,247
Total assets	758,031	802,035

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	83,496	89,239
Short-term borrowings	55,795	55,608
Lease liabilities	3,159	3,551
Income taxes payable	6,273	11,576
Accrued expenses	39,079	41,541
Provision for bonuses	5,186	5,793
Provision for loss on store closings	47	48
Asset retirement obligations	29	21
Other	44,272	50,495
Total current liabilities	237,341	257,877
Non-current liabilities		
Long-term borrowings	22,779	16,690
Lease liabilities	4,476	4,282
Provision for retirement benefits for directors (and other officers)	4,795	5,113
Provision for loss on guarantees	33	–
Retirement benefit liability	68,598	58,293
Asset retirement obligations	4,977	4,813
Other	7,131	8,831
Total non-current liabilities	112,791	98,025
Total liabilities	350,133	355,902
Net assets		
Shareholders' equity		
Share capital	11,014	11,014
Capital surplus	9,632	9,632
Retained earnings	317,816	343,395
Treasury shares	(21,891)	(26,185)
Total shareholders' equity	316,572	337,856
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,838	36,112
Deferred gains or losses on hedges	(14)	–
Revaluation reserve for land	99	99
Foreign currency translation adjustment	5,635	6,494
Remeasurements of defined benefit plans	13,607	19,575
Total accumulated other comprehensive income	47,166	62,281
Non-controlling interests	44,158	45,994
Total net assets	407,897	446,132
Total liabilities and net assets	758,031	802,035

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	1,077,009	1,175,562
Cost of sales	733,401	796,516
Gross profit	343,607	379,046
Selling, general and administrative expenses	321,574	337,084
Operating profit	22,032	41,962
Non-operating income		
Interest income	122	272
Dividend income	1,383	1,531
Income from lease of fixed assets	992	1,028
Share of profit of entities accounted for using equity method	585	539
Foreign exchange gains	879	503
Miscellaneous income	1,652	1,270
Total non-operating income	5,615	5,146
Non-operating expenses		
Interest expenses	752	740
Rental expenses on non-current assets	327	308
Miscellaneous losses	441	533
Total non-operating expenses	1,520	1,582
Ordinary profit	26,127	45,526
Extraordinary income		
Gain on sale of non-current assets	108	137
Gain on bargain purchase	–	2,697
Gain on sale of shares of subsidiaries and associates	–	390
Subsidy income	591	–
Subsidy income	168	27
Other	31	144
Total extraordinary income	900	3,396
Extraordinary losses		
Loss on sale and retirement of non-current assets	1,617	1,635
Impairment losses	1,449	1,031
Other	742	434
Total extraordinary losses	3,808	3,100
Profit before income taxes	23,218	45,821
Income taxes - current	9,275	13,896
Income taxes - deferred	(546)	293
Total income taxes	8,728	14,190
Profit	14,490	31,631
Profit attributable to non-controlling interests	2,121	1,462
Profit attributable to owners of parent	12,368	30,168

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	14,490	31,631
Other comprehensive income		
Valuation difference on available-for-sale securities	1,077	8,348
Foreign currency translation adjustment	6,054	1,483
Remeasurements of defined benefit plans, net of tax	15,037	6,212
Share of other comprehensive income of entities accounted for using equity method	(30)	39
Total other comprehensive income	22,138	16,083
Comprehensive income	36,628	47,714
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,871	45,284
Comprehensive income attributable to non-controlling interests	3,757	2,430

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,014	9,633	310,080	(14,817)	315,910
Cumulative effects of changes in accounting			36		36
Restated balance	11,014	9,633	310,117	(14,817)	315,947
Changes during period					
Dividends of surplus			(4,682)		(4,682)
Profit attributable to owners of parent			12,368		12,368
Increase of consolidated subsidiaries accounted for by the equity method			13		13
Additional purchase of shares of subsidiaries		(1)			(1)
Purchase of treasury shares				(7,073)	(7,073)
Net changes in items other than shareholders' equity					
Total changes during period	–	(1)	7,699	(7,073)	624
Balance at end of period	11,014	9,632	317,816	(21,891)	316,572

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	26,780	0	99	987	(1,204)	26,663	39,643	382,217
Cumulative effects of changes in accounting								36
Restated balance	26,780	0	99	987	(1,204)	26,663	39,643	382,253
Changes during period								
Dividends of surplus								(4,682)
Profit attributable to owners of parent								12,368
Increase of consolidated subsidiaries accounted for by the equity method								13
Additional purchase of shares of subsidiaries								(1)
Purchase of treasury shares								(7,073)
Net changes in items other than shareholders' equity	1,058	(14)	–	4,647	14,811	20,503	4,515	25,018
Total changes during period	1,058	(14)	–	4,647	14,811	20,503	4,515	25,643
Balance at end of period	27,838	(14)	99	5,635	13,607	47,166	44,158	407,897

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,014	9,632	317,816	(21,891)	316,572
Changes during period					
Dividends of surplus			(4,589)		(4,589)
Profit attributable to owners of parent			30,168		30,168
Purchase of treasury shares				(4,294)	(4,294)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	25,578	(4,294)	21,283
Balance at end of period	11,014	9,632	343,395	(26,185)	337,856

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	27,838	(14)	99	5,635	13,607	47,166	44,158	407,897
Changes during period								
Dividends of surplus								(4,589)
Profit attributable to owners of parent								30,168
Purchase of treasury shares								(4,294)
Net changes in items other than shareholders' equity	8,273	14	–	859	5,968	15,115	1,835	16,951
Total changes during period	8,273	14	–	859	5,968	15,115	1,835	38,235
Balance at end of period	36,112	–	99	6,494	19,575	62,281	45,994	446,132

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	23,218	45,821
Depreciation	39,436	40,318
Impairment losses	1,449	1,031
Loss on disaster	235	129
Extraordinary loss due to closing and other	6	–
Amortization of goodwill	1,641	1,654
Gain on bargain purchase	–	(2,697)
Increase (decrease) in allowance for doubtful accounts	(335)	(211)
Increase (decrease) in provision for bonuses	144	494
Increase (decrease) in retirement benefit liability	145	(3,596)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	510	318
Interest and dividend income	(1,505)	(1,803)
Dividends received from entities accounted for using equity method	134	154
Interest expenses	752	740
Foreign exchange losses (gains)	(879)	(503)
Subsidy income	(591)	–
Subsidy income	(168)	(27)
Share of loss (profit) of entities accounted for using equity method	(585)	(539)
Loss (gain) on sale and retirement of non-current assets	1,508	1,497
Loss (gain) on sale of investment securities	(15)	(20)
Loss (gain) on sale of shares of subsidiaries and associates	–	(390)
Loss (gain) on valuation of investment securities	305	5
Decrease (increase) in trade receivables	(7,204)	(8,001)
Decrease (increase) in inventories	(3,255)	(1,247)
Increase (decrease) in trade payables	5,467	3,350
Increase (decrease) in accrued consumption taxes	498	1,368
Other, net	(1,234)	3,587
Subtotal	59,679	81,431
Interest and dividends received	1,506	1,801
Interest paid	(765)	(520)
Income taxes paid	(8,286)	(9,009)
Subsidies received	744	–
Other, net	(104)	(13)
Net cash provided by (used in) operating activities	52,773	73,689
Cash flows from investing activities		
Decrease (increase) in time deposits	(862)	367
Purchase of property, plant and equipment	(36,744)	(38,175)
Proceeds from sale of property, plant and equipment	124	154
Purchase of intangible assets	(3,824)	(2,280)
Purchase of investment securities	(33)	(146)
Proceeds from sale of investment securities	18	598
Purchase of noncurrent assets for rent	(38)	(67)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(5,268)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	448	–
Loan advances	(29)	(452)
Proceeds from collection of loans receivable	38	467
Other, net	(1,083)	(856)
Net cash provided by (used in) investing activities	(41,984)	(45,659)

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(109)	1,269
Repayments of lease liabilities	(2,543)	(3,110)
Proceeds from long-term borrowings	5,107	3,250
Repayments of long-term borrowings	(16,759)	(10,804)
Purchase of treasury shares	(7,073)	(4,294)
Dividends paid	(4,670)	(4,579)
Dividends paid to non-controlling interests	(646)	(563)
Net cash provided by (used in) financing activities	(26,695)	(18,834)
Effect of exchange rate change on cash and cash equivalents	1,970	827
Net increase (decrease) in cash and cash equivalents	(13,936)	10,022
Cash and cash equivalents at beginning of period	133,495	119,559
Cash and cash equivalents at end of period	119,559	129,582