1. Qualitative Information on the Consolidated Business Results for the Nine Months Ended June 30, 2022

(1) Consolidated Operating Performance

In the first nine months of the fiscal year ending September 30, 2022 (October 1, 2021 – June 30, 2022), the Japanese economy began to see movement toward the normalization of economic activity as the number of COVID-19 infections decreased. However, the outlook for the rest of the fiscal year is clouded by a number of downside risk factors that bear close monitoring, including the potential for further rises in the costs of raw materials and energy prices, the fluctuations in the forex and financial markets, etc. amid the new wave of COVID-19 infections in Japan, restrictions on economic activity in China, and the prolongation of the Ukraine crisis.

The food industries related to the Yokorei Group's business continue to face a difficult business environment, with the yen's depreciation further pushing up the prices of wheat flour, oils and fats, and other core raw materials.

In this environment, the Yokorei Group continues its efforts to realize its two longer-term visions for 2030—the Yokorei Business Vision 2030 and the Yokorei Sustainability Vision 2030. Under the Medium-term Management Plan (Phase I) "The Power to Create", which covers the period through September 2023, the Refrigerated Warehousing Business is striving to create new business models, and the Food Sales Business is focusing on creating new food value. Each business is implementing various key strategies to achieve the Group's quantitative targets of consolidated net sales of ¥120 billion, operating income of ¥5 billion, EBITDA of ¥11 billion, and maintenance of an equity ratio in the mid-40s in the final year of the medium-term plan (ending September 30, 2023).

As a result of Group company efforts during the first nine months of the fiscal year, consolidated net sales came to ¥84,531 million, up 1.8% year on year. Operating income increased 49.8% to ¥3,587 million, and ordinary income reached ¥4,395 million, a year-on-year gain of 39.0%. Profit attributable to owners of the parent totaled ¥2,957 million, an increase of 42.2%.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the current fiscal year. Owing to the change in the accounting standard, the year-on-year percent change figures are based on differing calculation methods. For a more detailed explanation, please refer to "2. Consolidated Financial Statements, (4) Notes on the Consolidated Financial Statements (Change in Accounting Policies)."

Refrigerated Warehousing Business

The Refrigerated Warehousing Business posted year-on-year increases in sales and profit in the first nine months of the fiscal year.

Despite continuing to be affected by the pandemic, the Refrigerated Warehousing Business is seeing a rebound in cargo movement, with inbound and outbound cargo volumes and inventories all rising above previous-year levels.

Despite the current wave of new coronavirus infections, inbound cargo delays caused by shortages of marine containers are being alleviated, and in-port cargo movements have become more active, contributing significantly to profits.

In addition, segment growth is being driven by the increase in frozen food volumes achieved by the business's successful initiatives to provide a consolidated logistics service that enhances customer convenience and supports environment-friendly management.

Consolidated subsidiary Thai Yokorei Co., Ltd., posted gains in sales and profit as inbound and outbound cargo volumes both increased despite the ongoing impact from the pandemic. The volume increases were particularly notable for mainstay chicken and dairy products.

As a result, overall segment sales came to ¥22,254 million, up 5.7% year on year, and operating income totaled ¥5,101 million, an increase of 8.8%.

The application of the new accounting standard for revenue recognition reduced both sales and operating income by ¥39 million each.

Food Sales Business
The Food Sales Business posted year-on-year increases in sales and profit in the first nine months of the fiscal year.

In the marine products category, the Company is promoting greater cooperation between the locations where products are cultivated and the business locations where they are consumed, one of the priority measures for the segment in the Company's Medium-Term Management Plan. During the period under review, the Company increased sales of Norway salmon and other marine products to mass retailers. It also expanded its overseas sales channel for scallops and other products. As a result, it greatly increased its domestic and overseas sales of many products, including salmon/trout, shrimp, octopus, sardines, eel, and roe, which contributed to profits in the period under review. On the other hand, profit was negatively affected by falling market prices for crab caused by the Ukraine crisis. Nonetheless, the marine products category as a whole achieved sales and profit growth.

In the livestock products category, the Company increased its sales of chicken to restaurants, home meal replacement businesses, mass retailers, and pet food makers, but sales of pork to restaurants declined due to the impact of measures to prevent the spread of COVID-19 infections. As a result, livestock product sales declined but profit increased.

The agricultural products category achieved sales and profit growth, with a significant increase in sales of onions making a major contribution to category profit.

Reflecting the above factors, Food Sales Business sales totaled ¥62,237 million, up 0.5% year on year, and operating income improved to ¥1,097 million, rebounding from an operating loss of ¥24 million a year earlier.

The application of the new accounting standard for revenue recognition reduced sales by ¥1,483 million, while also reducing cost of sales by ¥1,361 million.

(2) Consolidated Financial Position

Assets, Liabilities, and Net Assets
Total assets as of June 30, 2022, amounted to ¥177,355 million, a decrease of ¥847 million from the previous fiscal year-end (September 30, 2021). The main changes include increases of ¥4,294 million in merchandise, ¥1,620 million in notes and accounts receivable-trade, and ¥1,561 million in loans receivable and a decrease of ¥7,879 million in other (accounts receivable).

Total liabilities amounted to ¥92,094 million, ¥3,540 million less than at the previous fiscal year-end. The decline mainly reflects decreases of ¥2,715 million in other (notes payable-facilities) and ¥899 million in loans payable.

Total net assets amounted to ¥85,261 million, an increase of ¥2,692 million from the previous fiscal year-end.

Cash Flows
Cash and cash equivalents (hereinafter, "cash") at the end of the period amounted to ¥3,283 million, an increase of ¥123 million from the previous fiscal year-end (September 30, 2021). The main factors affecting cash flows during the first nine months of the fiscal year are summarized as follows.

(Cash flows from operating activities)
Net cash provided by operating activities amounted to ¥2,679 million compared with ¥7,398 million provided in the same period of the previous fiscal year. Positive cash inflow was mainly attributable to ¥4,395 million in income before income taxes and depreciation and amortization of ¥4,760 million, which offset cash outflows consisting mainly of increases of ¥4,282 million in inventories and ¥1,674 million in income taxes paid.

(Cash flows from investing activities)
Net cash used in investing activities amounted to ¥93 million, compared with ¥10,806 million used in the same period of the previous fiscal year. The main investment outflows included ¥7,403 million used for the purchase of property, plant and equipment and ¥4,480 million in payments of loans receivable, which offset inflows of ¥7,784 million in income generated by the sale of shares of

subsidiaries resulting in a change in the scope of consolidation and ¥3,574 million from the collection of loans receivable.

(Cash flows from financing activities)
Net cash used in financing activities came to ¥2,474 million, compared with ¥2,547 million provided by financing activities in the same period of the previous fiscal year. Net cash used mainly reflects a net decrease of ¥1,034 million in loans payable to financial institutions and ¥1,361 million in dividends paid to shareholders.

(3) Consolidated Earnings Forecast
The Company’s earnings forecast for the fiscal year ending September 30, 2022, is unchanged from the forecast announced with the release of the “Notice Regarding Revision of Earnings Forecast” on May 12, 2022.

2. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2021	As of June 30, 2022
	Amount	Amount
Assets		
Current assets		
Cash and deposits	3,170	3,293
Notes and accounts receivable - trade	11,827	13,447
Merchandise	11,743	16,038
Advance payments	322	333
Short-term loans receivable	5,303	6,228
Other	9,090	936
Allowance for doubtful accounts	(81)	(83)
Total current assets	41,376	40,195
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	53,339	52,017
Machinery, equipment and vehicles, net	8,833	8,445
Land	29,597	30,207
Leased assets, net	238	276
Construction in progress	579	1,148
Other, net	876	846
Total property, plant and equipment	93,464	92,940
Intangible fixed assets		
Goodwill	102	79
Other	2,185	2,250
Total intangible fixed assets	2,287	2,329
Investments and other assets		
Investment securities	37,014	37,331
Long-term loans receivable	3,816	4,452
Other	832	948
Allowance for doubtful accounts	(588)	(843)
Total investments and other assets	41,074	41,889
Total noncurrent assets	136,826	137,159
Total assets	178,203	177,355

(Millions of yen)

	As of September 30, 2021	As of June 30, 2022
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,709	4,920
Short-term loans payable	14,013	13,013
Current portion of long-term loans payable	6,007	4,400
Lease obligations	77	86
Income taxes payable	1,071	435
Accrued employees' bonuses	788	201
Accrued bonuses for directors and corporate auditors	24	20
Other	7,600	4,923
Total current liabilities	34,293	28,001
Noncurrent liabilities		
Bonds	30,000	30,000
Long-term loans payable	29,309	31,016
Lease obligations	175	208
Deferred tax liabilities	195	828
Provision for Executive Compensation BIP Trust	143	143
Net defined benefit liability	720	849
Asset retirement obligations	91	91
Other	705	953
Total noncurrent liabilities	61,341	64,093
Total liabilities	95,634	92,094
Net assets		
Shareholders' equity		
Common stock	14,303	14,303
Capital surplus	14,394	14,399
Retained earnings	49,188	50,380
Treasury stock	(336)	(286)
Total shareholders' equity	77,550	78,798
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,630	4,576
Deferred gain (loss) on derivatives under hedge accounting	(65)	140
Foreign currency translation adjustments	199	436
Remeasurements of defined benefit plans	86	10
Total accumulated other comprehensive income	3,850	5,164
Non-controlling interests	1,167	1,298
Total net assets	82,568	85,261
Total liabilities and net assets	178,203	177,355

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

(Millions of yen)

	Nine months ended June 30, 2021	Nine months ended June 30, 2022
	Amount	Amount
Net sales	83,034	84,531
Cost of sales	72,276	74,787
Gross profit	10,758	9,744
Selling, general and administrative expenses	8,363	6,157
Operating income	2,394	3,587
Other income		
Interest income	445	392
Dividend income	232	382
Insurance dividends	31	34
Foreign exchange gains	309	684
Other	400	403
Total other income	1,419	1,897
Other expenses		
Interest expense	468	272
Commission fee	2	1
Provision of allowance for doubtful accounts	-	256
Loss on valuation of derivatives	77	312
Other	105	246
Total other expenses	653	1,088
Ordinary income	3,161	4,395
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	243	-
Total extraordinary income	243	-
Extraordinary losses		
Loss on removal of refrigerated warehouses	227	-
Total extraordinary losses	227	-
Income before income taxes	3,178	4,395
Income taxes—Current	1,058	1,052
Income taxes—Deferred	(2)	332
Total income taxes	1,056	1,384
Profit	2,121	3,011
Profit attributable to non-controlling interests	41	53
Profit attributable to owners of the parent	2,079	2,957

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended June 30, 2021	Nine months ended June 30, 2022
	Amount	Amount
Profit	2,121	3,011
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	84	946
Deferred gain (loss) on derivatives under hedge accounting	53	205
Foreign currency translation adjustments	2,930	316
Remeasurements of defined benefit plans	106	(75)
Total other comprehensive income	3,175	1,392
Comprehensive income	5,297	4,403
Breakdown:		
Comprehensive income attributable to owners of the parent	5,233	4,271
Comprehensive income attributable to non-controlling interests	63	132

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended June 30, 2021	Nine months ended June 30, 2022
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	3,178	4,395
Depreciation and amortization	4,949	4,760
Amortization of goodwill	408	29
Increase (decrease) in accrued employees' bonuses	(539)	(587)
Increase (decrease) in accrued bonuses for directors and corporate auditors	(0)	(3)
Increase (decrease) in allowance for doubtful accounts	(21)	256
Increase (decrease) in net defined benefit liability	31	48
Loss on removal of refrigerated warehouses	227	-
Interest and dividend income	(678)	(775)
Interest expenses	468	272
Loss (gain) on valuation of derivatives	77	312
Loss (gain) on sales of shares of subsidiaries and associates	(243)	-
Decrease (increase) in accounts receivable - trade	(928)	(1,599)
Decrease (increase) in inventories	421	(4,282)
Decrease (increase) in advance payments	8	(52)
Increase (decrease) in accounts payable - trade	496	210
Increase (decrease) in accrued expenses	257	199
Other - net	(178)	612
Sub total	7,933	3,798
Interest and dividend income received	708	788
Interest paid	(362)	(232)
Income taxes paid	(880)	(1,674)
Net cash provided by (used in) operating activities	7,398	2,679
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,141)	(7,403)
Proceeds from sales of property, plant and equipment	16	2
Purchase of intangible fixed assets	(94)	(312)
Purchase of investment securities	(3)	(3)
Proceeds from sales of investment securities	5	-
Proceeds from redemption of investment securities	-	961
Purchase of shares of subsidiaries and associates	(729)	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	998	7,784
Payments of loans receivable	(3,257)	(4,480)
Collection of loans receivable	3,501	3,574
Other - net	(100)	(217)
Net cash provided by (used in) investing activities	(10,806)	(93)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	8,282	(1,105)
Proceeds from long-term loans payable	522	5,000
Repayments of long-term loans payable	(4,663)	(4,928)
Purchase of treasury stock	(0)	(0)
Dividends paid to shareholders	(1,358)	(1,361)
Other - net	(235)	(77)
Net cash provided by (used in) financing activities	2,547	(2,474)
Effect of exchange rate changes on cash and cash equivalents	185	11
Net increase (decrease) in cash and cash equivalents	(674)	123
Cash and cash equivalents, beginning of period	4,121	3,160
Cash and cash equivalents, end of period	3,447	3,283

(4) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)
Not applicable

(Notes on Significant Changes in Shareholders' Equity)
Not applicable

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, Etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the current fiscal year.

With this change, for the Food Sales Business, a portion of the promotion expenses, etc. that had previously been recorded as selling, general and administrative expenses is now deducted from net sales. Meanwhile, with regard to agent transactions, the Company has shifted to the method by which it recognizes revenue at the net amount of consideration. For the Refrigerated Warehousing Business, with regard to the loading/unloading fees that were recorded as a lump sum as sales at the time of entry of cargo into warehouses, the Company changed the method of recognizing revenue related to removal of cargo from warehouses at the point when the performance obligation is satisfied.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was reflected in the beginning balance of retained earnings at the beginning of the current fiscal year, and the new accounting policy was thus applied from the beginning balance.

For the first nine months of the fiscal year under review, as a result of this change, net sales decreased by 1,523 million yen, cost of sales decreased by 1,361 million yen, selling, general and administrative expenses decreased by 122 million yen, and operating income, ordinary income and income before income taxes each decreased by 39 million yen. In addition, other under current liabilities increased by 628 million yen and the balance of retained earnings as of the beginning of the current fiscal year showed a decline of 406 million yen.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. Furthermore, in accordance with the transitional treatment stipulated in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers for the first nine months of the fiscal year ended September 30, 2021, is omitted.

(Application of Accounting Standard for Fair Value Measurement, Etc.)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. have been applied from the beginning of the current fiscal year, and in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy set forth by the Accounting Standard for Fair Value Measurement, etc. are applied prospectively. The impact of these changes on the Company's consolidated quarterly financial statements is minor.

Segment Information

I. Nine months ended June 30, 2021 (October 1, 2020 – June 30, 2021)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated statements of income*2
	Refrigerated Warehousing	Food Sales	Other	Total		
Net sales						
Sales to outside customers	21,057	61,933	43	83,034	-	83,034
Intersegment sales or transfers	1,201	-	40	1,241	(1,241)	-
Total	22,258	61,933	84	84,276	(1,241)	83,034
Segment profit (loss)	4,688	(24)	50	4,715	(2,320)	2,394

Notes: 1. The minus 2,320 million yen adjustment for segment profit (loss) was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.

2. Segment profit (loss) was adjusted based on operating income reported on the consolidated statements of income for the corresponding period.

II. Nine months ended June 30, 2022 (October 1, 2021 – June 30, 2022)

1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated statements of income*2
	Refrigerated Warehousing	Food Sales	Other	Total		
Net sales						
Sales to outside customers	22,254	62,237	39	84,531	-	84,531
Intersegment sales or transfers	1,428	-	34	1,463	(1,463)	-
Total	23,683	62,237	73	85,995	(1,463)	84,531
Segment profit (loss)	5,101	1,097	38	6,237	(2,650)	3,587

Notes: 1. The minus 2,650 million yen adjustment for segment profit (loss) was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.

2. Segment profit (loss) was adjusted based on operating income reported on the consolidated statements of income for the corresponding period.

2. Matters relating to changes in reportable segments, etc.

As stated under “Changes in Accounting Policies,” the Accounting Standards for Revenue Recognition, etc. have been applied from beginning of the current fiscal year. As a result of a change in the method of accounting treatment for revenue recognition, the method of measuring profit or loss in each business segment has also been changed accordingly.

As a result of this change, for the nine months under review, compared with the previous method of calculation, for the Refrigerated Warehousing Business, net sales and segment income each decreased by ¥39 million, and for the Food Sales Business, net sales decreased by ¥1,483 million.