1. Overview of Consolidated Business Results

(1) Consolidated Operating Performance

(Operating environment)
In the fiscal year ended September 30, 2022 (October 1, 2021 – September 30, 2022), Japan experienced a rapid resurgence in COVID-19 infections during a seventh wave of the pandemic, but government measures to sustain social and economic activity enabled the Japanese economy to continue on a path toward normalization.

However, the economic outlook remains clouded by various factors, including concerns about a rise in consumer prices being driven by raw material and fuel prices pushed up by the Ukraine crisis and other supply chain constraints, and volatile exchange rate fluctuations caused by policy interest rate hikes in the United States widening the interest rate differential between Japan and the United States.

The food industries related to the Yokorei Group's business continue to face a difficult business environment characterized by soaring energy prices and logistics costs, and increasing consumer cost-consciousness triggered by continuing price increases.

(Operating results)
The Yokorei Group formulated its Medium-term Management Plan (Phase I) "The Power to Create," covering the period through September 2023, where the Refrigerated Warehousing Business is to create new business models, while the Food Sales Business is to create new food value. Under the prevailing environment mentioned above, the Group has made efforts in implementing various priority measures to achieve the Group's business goals and sustainability targets by the final year of the plan (the fiscal year ending September 30, 2023).

As a result of these efforts, Yokorei Group recorded consolidated net sales of ¥115,257 million, a 4.0% year-on-year increase. Operating income expanded 65.9% year-on-year to ¥4,252 million, and ordinary income increased 81.0% year-on-year to ¥4,999 million. However, profit attributable to owners of the parent came to ¥3,317 million, 8.0% lower than in the previous fiscal year when profit attributable to owners was boosted by extraordinary income of ¥2,646 million related to the reorganization of the Group's Norway trout cultivation business.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the fiscal year ended September 30, 2022. 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 "3. Consolidated Financial Statements, (5) Notes on the Consolidated Financial Statements (Change in Accounting Policies)."

Results by business segment are as follows.

(Results by business segment)

1) Refrigerated Warehousing Business
The Refrigerated Warehousing Business posted year-on-year increases in sales and profit in the fiscal year ended September 30, 2022.

Despite the pandemic's continuing impact, cargo movement rebounded, with inbound and outbound cargo volumes and inventories all rising above previous-year levels.

In particular, the business's efforts to provide a consolidated logistics service that supports environment-friendly management, one of the priority measures in the Group's Medium-Term Management Plan, contributed to continued growth in the volume of frozen foods handled.

In addition, the elimination of delays in receiving cargo caused by the shortage of marine containers, more active in-port cargo movements, and the recovery in handling volume that had decreased in the previous fiscal year contributed significantly to profits.

Consolidated subsidiary Thai Yokorei Co., Ltd., posted gains in sales and profit as inbound and outbound cargo volumes both increased, especially for core livestock products.

As a result, overall segment sales came to ¥30,045 million, up 6.2% year on year, and operating income was ¥6,447 million, an increase of 7.9%.

2) Food Sales Business

The Food Sales Business also achieved year-on-year increases in the year under review.

In the marine products category, the Company is promoting internal collaborations with its production area sales offices, and collaborations with its overseas partners, another priority measure in the Medium-Term Management Plan. In particular, strengthening of the Norwegian salmon trade with the Hofseth Group has helped expand sales to domestic mass retailers and restaurants. In addition, domestic and overseas sales of fish roe, Peruvian squid, and other marine products contributed significantly to profits. Meanwhile, profit was negatively affected by falling market prices for crab caused by the Ukraine crisis and an increase in demurrage costs owing to lockdowns in China. Nonetheless, the marine products category as a whole still managed to achieve sales and profit growth.

In the livestock products category, the business's shifting focus from quantity to quality, another Medium-Term Management Plan priority measure, has led to increased sales of chicken to restaurants, home meal replacement businesses, mass retailers, and pet food makers. However, 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 while profit increased.

In the agricultural products category, sales of potatoes, a mainstay product, were generally in line with the previous year, but sales and profit were up year on year thanks to increased sales of cabbage.

Reflecting the above factors, Food Sales Business sales totaled to ¥85,157 million, a 3.3% year on year gain, and operating income improved to ¥1,324 million, rebounding from an operating loss of ¥302 million in the previous year.

(2) Consolidated Financial Position

Assets, Liabilities, and Net Assets

Total assets as of September 30, 2022, amounted to ¥179,021 million, an increase of ¥818 million from the previous fiscal year-end (September 30, 2021). The main changes include increases of ¥3,916 million in merchandise, ¥2,342 million in investment securities, and ¥2,106 million in notes and accounts receivable-trade, and a decrease of ¥8,249 million in other (accounts receivable).

Total liabilities amounted to ¥93,850 million, ¥1,783 million less than at the previous fiscal year-end. The change mainly reflects a ¥2,144 million decrease in loans payable.

Total net assets amounted to ¥85,170 million, an increase of ¥2,601 million from the previous fiscal year-end.

(3) Cash Flows

Cash and cash equivalents at the end of the fiscal year amounted to ¥2,413 million, a decrease of ¥747 million compared with the previous fiscal year-end (September 30, 2021). The main factors affecting cash flows during the fiscal year are summarized as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥5,982 million compared with ¥12,786 million provided in the previous fiscal year. Positive cash inflow was mainly attributable to ¥4,999 million in income before income taxes, and depreciation and amortization of ¥6,413 million, which offset cash outflows consisting mainly of increases of ¥2,070 million in accounts receivable – trade and ¥3,928 million in inventories.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥2,910 million, compared with ¥11,644 million used in the previous fiscal year. The main investment outflows included ¥8,565 million used for the purchase of property, plant and equipment and ¥2,998 million for the purchase of investment securities, 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.

(Cash flows from financing activities)
Net cash used in financing activities came to ¥3,839 million, compared with ¥2,215 million used in the previous fiscal year. Net cash used mainly reflects a net decrease of ¥2,374 million in loans payable to financial institutions and ¥1,358 million in dividends paid to shareholders.

Cash Flow-related Indices

	Year ended September 30, 2020	Year ended September 30, 2021	Year ended September 30, 2022
Equity ratio (%)	43.2	45.7	46.8
Equity ratio based on market value (%)	29.8	29.3	28.9
Ratio of cash flow to interest-bearing debt (years)	4.9	6.2	12.9
Interest coverage ratio (times)	24.2	22.5	16.9

Notes:
1. The above indices are calculated as follows:
   Equity ratio: Total equity/Total assets
   Equity ratio based on market value: Market capitalization/Total assets
   Ratio of cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow
   Interest coverage ratio: Operating cash flow/Interest expense
   *All indices are calculated based on consolidated figures.
   *Market capitalization is calculated by multiplying the stock price at fiscal year-end by the total number of issued and outstanding shares (excluding treasury stock) at the end of the year.
   *The interest expense is the figure used in the consolidated statements of cash flow.
2. The interest-bearing debt represents the portion of total debt from the consolidated balance sheet for which interest is paid.

(4) Outlook for the Fiscal Year Ending September 30, 2023

The Yokorei Group's business environment remains uncertain, clouded by the yen's continued depreciation, rising electricity costs due to soaring energy prices, and the prolonged crisis in Ukraine.

In countries around the world, large-scale natural disasters and environmental problems are becoming more serious each year, and efforts aimed at carbon neutrality are accelerating. In Japan, population decline and low food self-sufficiency are major issues.

In this environment, the Yokorei Group is advancing policies outlined in two long-term visions for the decade from 2020 to 2030—Yokorei Business Vision 2030 and Yokorei Sustainability Vision 2030.

In addition, the Group is implementing its Medium-Term Management Plan (Phase I) "The Power to Create," which will conclude in 2023 and serves as the first stage toward realization of the longer-term visions. Under this plan, the Refrigerated Warehousing Business is expanding its refrigeration warehouse network and investing in digital transformation (DX) and IT robotics to achieve greater labor productivity with a smaller workforce, and the Food Sales Business is expanding cooperation between business locations and promoting a shift from quantity to quality.

On the sustainability front, the Group has expressed its agreement with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and has joined the TCFD Consortium. In addition, all of the Group's refrigerated warehouses in Hokkaido have been shifted to 100% renewable energy power sources. On the ESG front, Yokorei has been selected as a constituent stock in the FTSE Blossom Japan Sector Relative Index.

The Yokorei Group will continue to contribute to a sustainable society through the stable supply of food.

Medium-Term Management Plan's Priority Measures

Refrigerated Warehousing Business

(1) Eco-friendly logistics centers - [Continue] Strategic investment centered on new logistics centers
- [Accelerate] Utilize renewable energy
- [Promote] Switch to natural refrigerants

(2) Deepen YOKOREI Quality - Invest in IT and robotics
- Focus human resources on advanced areas

(3) New business development in Japan - Expansion of combined multi-logistics services
- Expand logistics network with new centers

(4) Overseas business expansion - Strengthen international logistics efforts based in Thailand

Food Sales Business

(1) Structural reforms for greater profitability - Revise inventory controls and other aspects of sales management structure
- Strengthen and expand cooperation between business locations

(2) Expanded sales of strategic business products - Expand sales by leveraging food material procurement Capabilities
- Increase domestic & overseas sales of YOKOREI frozen processed foods

(3) Development of original products - Products for HMR, volume retail, gift markets, etc.

(4) Expanded sales channels overseas - Japan business and Thai subsidiary cooperate to strengthen business in ASEAN region

While working to achieve the above objectives, the Yokorei Group is aiming for consolidated net sales of ¥124,000 million, operating income of ¥5,000 million, ordinary income of ¥5,200 million, and ¥3,400 million in profit attributable to owners of the parent in the fiscal year ending September 30, 2023.

2. Basic Policy on Selecting Accounting Standards

The Yokorei Group currently adopts Japanese accounting standards for its financial reporting in view of comparability between fiscal years on financial statements and comparability with other companies.

Regarding the adoption of the International Financial Reporting Standards (IFRS), the Group will respond appropriately in consideration of the trends of other companies in Japan.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
	Amount	Amount
Assets		
Current assets		
Cash and deposits	3,170	2,423
Notes and accounts receivable - trade	11,827	13,933
Merchandise	11,743	15,660
Advance payments	322	169
Short-term loans receivable, net	5,303	4,953
Other	9,090	841
Allowance for doubtful accounts	(81)	(47)
Total current assets	41,376	37,934
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	*2, *3, *4 53,339	*2, *3, *4 51,457
Machinery, equipment and vehicles, net	*2, *4 8,833	*2 8,139
Land	*4 29,597	30,229
Leased assets, net	*2 238	*2 276
Construction in progress	579	3,924
Other, net	*2 876	*2 809
Total property, plant and equipment	93,464	94,837
Intangible fixed assets		
Goodwill	102	72
Other	2,185	2,215
Total intangible fixed assets	2,287	2,287
Investments and other assets		
Investment securities	*1 37,014	*1 39,357
Long-term loans receivable	3,816	4,661
Other	832	1,084
Allowance for doubtful accounts	(588)	(1,141)
Total investments and other assets	41,074	43,961
Total noncurrent assets	136,826	141,087
Total assets	178,203	179,021

(Millions of yen)

	As of September 30, 2021	As of September 30, 2022
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,709	5,225
Short-term loans payable	*6 14,013	*6 13,093
Current portion of long-term loans payable	6,007	4,364
Lease obligations	77	79
Income taxes payable	1,071	933
Accrued employees' bonuses	788	791
Accrued bonuses for directors and corporate auditors	24	29
Other	7,600	*7 6,911
Total current liabilities	34,293	31,430
Noncurrent liabilities		
Bonds	30,000	30,000
Long-term loans payable	29,309	29,727
Lease obligations	175	213
Deferred tax liabilities	195	229
Provision for Executive Compensation BIP Trust	143	143
Net defined benefit liability	720	979
Asset retirement obligations	91	91
Other	705	1,035
Total noncurrent liabilities	61,341	62,420
Total liabilities	95,634	93,850
Net assets		
Shareholders' equity		
Common stock	14,303	14,303
Capital surplus	14,394	14,399
Retained earnings	49,188	50,740
Treasury stock	(336)	(286)
Total shareholders' equity	77,550	79,157
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,630	3,988
Deferred gain (loss) on derivatives under hedge accounting	(65)	147
Foreign currency translation adjustments	199	605
Remeasurements of defined benefit plans	86	(92)
Total accumulated other comprehensive income	3,850	4,647
Non-controlling interests	1,167	1,365
Total net assets	82,568	85,170
Total liabilities and net assets	178,203	179,021

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

(Millions of yen)

	Year ended September 30, 2021	Year ended September 30, 2022
	Amount	Amount
Net sales	110,782	115,257
Cost of sales	96,985	102,672
Gross profit	13,797	12,584
Selling, general and administrative expenses	*1 11,234	*1 8,332
Operating income	2,562	4,252
Other income		
Interest income	610	529
Dividend income	249	470
Insurance dividends	33	34
Insurance received	22	90
Foreign exchange gains	130	964
Other	587	401
Total other income	1,633	2,491
Other expenses		
Interest expense	593	359
Commission fee	205	2
Loss on retirement of non-current assets	84	211
Provision of allowance for doubtful accounts	275	553
Loss on valuation of derivatives	120	422
Other	153	195
Total other expenses	1,433	1,743
Ordinary income	2,762	4,999
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	*2 2,646	-
Total extraordinary income	2,646	-
Extraordinary losses		
Impairment losses	*3 598	-
Loss on removal of refrigerated warehouses	234	-
Total extraordinary losses	833	-
Income before income taxes	4,575	4,999
Income taxes - Current	1,376	1,554
Income taxes - Deferred	(472)	40
Total income taxes	903	1,595
Profit	3,672	3,404
Profit attributable to non-controlling interests	66	87
Profit attributable to owners of the parent	3,605	3,317

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended September 30, 2021	Year ended September 30, 2022
	Amount	Amount
Profit	3,672	3,404
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(703)	357
Deferred gain (loss) on derivatives under hedge accounting	(44)	212
Foreign currency translation adjustments	2,014	540
Remeasurements of defined benefit plans	168	(178)
Total other comprehensive income	*1 1,435	*1 931
Comprehensive income	5,107	4,335
Breakdown:		
Comprehensive income attributable to owners of the parent	5,056	4,113
Comprehensive income attributable to non-controlling interests	50	222

(3) Consolidated Statements of Changes in Shareholders' Equity

Year ended September 30, 2021 (October 1, 2020 – September 30, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of October 1, 2020	14,303	14,387	46,941	(382)	75,248
Cumulative effect of change in accounting policies					-
Balance as of October 1, 2020 reflecting change in accounting policies	14,303	14,387	46,941	(382)	75,248
Changes during period					
Cash dividends			(1,357)		(1,357)
Profit attributable to owners of the parent			3,605		3,605
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		7		46	54
Net change in items other than shareholders' equity during period					-
Total changes during period	-	7	2,247	46	2,301
Balance as of September 30, 2021	14,303	14,394	49,188	(336)	77,550

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gain on available -for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of October 1, 2020	4,334	(20)	(1,824)	(82)	2,406	2,319	79,975
Cumulative effect of change in accounting policies					-		-
Balance as of October 1, 2020 reflecting change in accounting policies	4,334	(20)	(1,824)	(82)	2,406	2,319	79,975
Changes during period							
Cash dividends					-		(1,357)
Profit attributable to owners of the parent					-		3,605
Purchase of treasury stock					-		(0)
Disposal of treasury stock					-		54
Net change in items other than shareholders' equity during period	(703)	(44)	2,023	168	1,444	(1,152)	291
Total changes during period	(703)	(44)	2,023	168	1,444	(1,152)	2,593
Balance as of September 30, 2021	3,630	(65)	199	86	3,850	1,167	82,568

Year ended September 30, 2022 (October 1, 2021 – September 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of October 1, 2021	14,303	14,394	49,188	(336)	77,550
Cumulative effect of change in accounting policies			(406)		(406)
Balance as of October 1, 2021 reflecting change in accounting policies	14,303	14,394	48,782	(336)	77,144
Changes during period					
Cash dividends			(1,359)		(1,359)
Profit attributable to owners of the parent			3,317		3,317
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		5		50	55
Net change in items other than shareholders' equity during period					-
Total changes during period	-	5	1,957	49	2,013
Balance as of September 30, 2022	14,303	14,399	50,740	(286)	79,157

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized gain on available -for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of October 1, 2021	3,630	(65)	199	86	3,850	1,167	82,568
Cumulative effect of change in accounting policies					-		(406)
Balance as of October 1, 2021 reflecting change in accounting policies	3,630	(65)	199	86	3,850	1,167	82,162
Changes during period							
Cash dividends					-		(1,359)
Profit attributable to owners of the parent					-		3,317
Purchase of treasury stock					-		(0)
Disposal of treasury stock					-		55
Net change in items other than shareholders' equity during period	357	212	405	(178)	796	198	995
Total changes during period	357	212	405	(178)	796	198	3,008
Balance as of September 30, 2022	3,988	147	605	(92)	4,647	1,365	85,170

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended September 30, 2021	Year ended September 30, 2022
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	4,575	4,999
Depreciation and amortization	6,688	6,413
Impairment losses	598	-
Amortization of goodwill	532	41
Increase (decrease) in accrued employees' bonuses	33	2
Increase (decrease) in accrued bonuses for directors and corporate auditors	5	5
Increase (decrease) in allowance for doubtful accounts	231	518
Increase (decrease) in net defined benefit liability	(13)	70
Loss on removal of refrigerated warehouses	234	-
Interest and dividend income	(860)	(1,000)
Interest expense	593	359
Loss (gain) on valuation of derivatives	120	422
Loss (gain) on sales of shares of subsidiaries and associates	(2,646)	-
Decrease (increase) in accounts receivable - trade	1,255	(2,070)
Decrease (increase) in inventories	(1,580)	(3,928)
Decrease (increase) in advance payments	(33)	(55)
Increase (decrease) in accounts payable - trade	2,172	516
Increase (decrease) in accrued expenses	205	186
Other - net	1,062	538
Sub total	13,175	7,021
Interest and dividend income received	884	1,018
Interest paid	(568)	(352)
Income taxes paid	(704)	(1,704)
Net cash provided by (used in) operating activities	12,786	5,982
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,689)	(8,565)
Proceeds from sales of property, plant and equipment	16	3
Purchase of intangible fixed assets	(182)	(317)
Purchase of shares of subsidiaries and associates	(729)	-
Purchase of investment securities	-	(2,998)
Proceeds from redemption of investment securities	-	1,084
Proceeds from sales of investment securities	418	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,166	7,784
Payments of loans receivable	(4,171)	(4,266)
Collection of loans receivable	4,670	4,649
Other - net	(144)	(284)
Net cash provided by (used in) investing activities	(11,644)	(2,910)

(Millions of yen)

	Year ended September 30, 2021	Year ended September 30, 2022
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,441)	(1,100)
Proceeds from long-term loans payable	10,861	5,000
Repayments of long-term loans payable	(18,964)	(6,274)
Proceeds from issuance of bonds	10,000	-
Purchase of treasury stock	(0)	(0)
Dividends paid to shareholders	(1,356)	(1,358)
Other - net	(315)	(105)
Net cash provided by (used in) financing activities	(2,215)	(3,839)
Effect of exchange rate changes on cash and cash equivalents	112	19
Net increase (decrease) in cash and cash equivalents	(961)	(747)
Cash and cash equivalents, beginning of period	4,121	3,160
Cash and cash equivalents, end of period	3,160	2,413

(5) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable.

(Significant Information Regarding the Preparation of Consolidated Financial Statements)

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 2
   Names of consolidated subsidiaries:
   Thai Yokorei Co., Ltd.
   Best Cold Chain Co., Ltd.

   (2) Number of unconsolidated subsidiaries: 5
   Names of major unconsolidated subsidiaries:
   Global Agency Co., Ltd.
   YOKOREI (THAILAND) Co., Ltd.
   PAX FREEZER Co., Ltd.
   H&C Co., Ltd.
   Seiki, Inc.

   (3) Reason for excluding from the scope of consolidation:
   Global Agency Co., Ltd., YOKOREI (THAILAND) Co., Ltd., PAX FREEZER Co., Ltd., H&C Co., Ltd. and Seiki, Inc. were excluded from consolidation because they are small in size, and their total assets, net sales, profit/loss (amounts proportionate to the Company's equity interest) and retained earnings (amount proportionate to the Company's equity interest) are of minor importance for the consolidated financial statements.

2. Application of the equity method
   The equity method was not applied to five (5) unconsolidated subsidiaries and two (2) affiliates (Kobe Danchi Reizo Co., Ltd. and Diamond Tokachi K.K.) because they are of minor importance in terms of the bearing of their profit/loss (amounts proportionate to the Company's equity interest) and retained earnings (amount proportionate to the Company's equity interest) for the consolidated financial statements, and in terms of their position within the whole Yokorei Group.

3. Fiscal year-end date of consolidated subsidiaries and related matters
   The consolidated financial statements have consolidated the financial statements of Thai Yokorei Co., Ltd. and Best Cold Chain Co., Ltd. as of their respective fiscal year-end dates.
   For significant transactions that took place during the period between the above fiscal year-end dates of each company and the consolidated year-end date, adjustments necessary for consolidation were performed.

4. Accounting policies
   (1) Valuation standards/methods for principal assets
   1) Securities
   Shares in subsidiaries and affiliated companies:
   Moving-average cost method

   Available-for-sale securities:
   For securities other than shares, etc. for which a market price is not available:
   The present market value is recorded. (Valuation differences between this and acquisition cost were incorporated into net assets in full. Costs of securities sold were computed with the moving-average cost method.)
   For shares, etc. for which market price is not available:
   Valued using the moving-average cost method

2) Derivatives

The market value method

3) Inventories

Merchandise:

The cost method is mainly applied based on the specific cost method.
(The value recorded on the balance sheets is computed with devaluation treatment based on reduction of profitability.)

(2) Depreciation and amortization of principal depreciable assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries mainly use the declining-balance method. Overseas consolidated subsidiaries use the straight-line method.

The straight-line method, however, is used for buildings (except for facilities attached to buildings) acquired by the Company or its domestic consolidated subsidiaries on or after April 1, 1998, and facilities attached to buildings and structures acquired by the Company or its domestic consolidated subsidiaries on or after April 1, 2016.

The useful lives of property, plant and equipment are as follows:

Buildings and structures: 5-50 years
Machinery, equipment and vehicles: 4-17 years

2) Intangible fixed assets (excluding leased assets)

The straight-line method is used.
The cost of computer software developed or obtained for internal use is amortized using the straight-line method over its estimated internal useful life (5 years).

3) Leased assets

Leased assets associated with finance leases for which ownership of the leased assets does not transfer to the lessee:

The straight-line method is employed assuming that the lease period equals the estimated useful life and the residual value at the end of the lease term is nil.

(3) Accounting standards for principal provisions and allowances

1) Allowance for doubtful accounts

Allowances for general doubtful accounts are set aside on the basis of historical losses experienced on receivables/loans. For bankruptcy/reorganization claims and certain receivables/loans for which default is expected, allowances are recorded in the estimated unrecoverable amounts in consideration of the obligor's financial position.

2) Accrued employees' bonuses

To use for the payment of bonuses to employees, a provision is recorded in the amount deemed to have accrued during the fiscal year under review.

3) Accrued bonuses for directors and corporate auditors

To prepare for the payment of bonuses to directors and corporate auditors, a provision is recorded based on the amount deemed to have accrued during the fiscal year under review.

4) Provision for Executive Compensation BIP Trust

To prepare for the future delivery of the Company's stocks to the directors, a provision is recorded based on the amount of stock expected to be delivered, commensurate with the points accumulated by each director, in accordance with the Stock Delivery Regulations.

(4) Accounting treatment for retirement benefits

1) The method for attributing projected retirement benefits to periods of employee service

In calculating retirement benefit obligations, the benefit formula basis is used to attribute projected retirement benefits for the period up to the end of the fiscal year under review.

2) Treatment of actuarial differences as expenses

Any actuarial gain/loss is charged to expenses from the fiscal year following its incurrence using the straight-line method over a certain number of years (10 years) within average remaining years of service of the employees when incurred.

Some consolidated subsidiaries use simplified accounting methods.

(5) Accounting standards for significant revenues and expenses

Major performance obligations in the main businesses related to revenue arising from contracts with customers of the Yokorei Group and the normal time for satisfying the performance obligations (the normal time of recognizing revenue) are as follows:

1) Refrigerated Warehousing Business

The Company engages primarily in the provision of loading/unloading services including entering cargo into and removing cargo from refrigerated warehouses, and storage and delivery services of goods. Revenue from the provision of loading/unloading service including entering cargo into and removing cargo from warehouses is recognized at a point in time when the provision of service is completed, and revenue from the provision of delivery services is recognized at the point in time when the goods are delivered to the place designated by the customer, which is when the performance obligations are respectively deemed to be satisfied. Revenue from the provision of storage services of goods is recognized and the performance obligations are deemed to be satisfied over the period when the goods are stored in the warehouses.

2) Food Sales Business

The Company engages primarily in the processing, sale, and import/export of marine products, and agricultural and livestock products. Revenue from sales of these products is recognized primarily at the point in time when the products are delivered to the customer or the date of loading, etc. at which the customer obtained control of these products, which is the point in time when the performance obligations are deemed to be satisfied. The Company also engages in transactions of promotion expenses, etc., buy-sell transactions, and agent transactions. Treatment of these transactions are as follows:

a. Promotion expenses, etc.

Promotion expenses, etc. are paid to sellers such as retailers and wholesalers, within the prescribed period, based on the predetermined sales volume or sales amount. The amount of promotion expenses, etc. is calculated based on the estimated sales volume or sales amount when the Company recognizes the revenue, and is deducted from the revenue.

b. Buy-sell transactions

For buy-sell transactions in which the Company has an obligation to process sold raw materials, etc. and buy them back as finished products, the Company does not recognize such revenue.

c. Agent transactions

For agent transactions, in which the Company acts as an agent in selling products to customers, the Company recognizes revenue based on the net amount, in consideration of the main responsibility, inventory risk, and discretionary authority to set the transaction price.

(6) Translation of principal assets and liabilities denominated in foreign currencies into yen

Monetary receivables and payables denominated in foreign currencies are translated into yen based on the spot exchange rate in the foreign exchange market on the consolidated year-end date, and the foreign exchange differences from the translations are recognized in profit or loss. Assets and liabilities and revenues and expenses of overseas subsidiaries are translated into yen based on the spot exchange rate in the foreign exchange market on the fiscal year-end date, and the differences resulting from these translations are included in foreign currency translation adjustments and non-controlling interests under net assets.

(7) Accounting method for principal hedges

1) Hedge accounting

Deferral hedge accounting is used.

Receivables and payables denominated in foreign currencies with forward exchange contract are translated and allocated at a predetermined rate if they meet specific conditions for such treatment.

Interest rate swap contracts are accounted for using the special accounting method if they meet specific conditions for such treatment.

2) Hedging instruments and hedged items

a. Hedging instruments:	Forward exchange transactions
Hedged items:	Receivables and payables denominated in foreign currencies arising from export/import of merchandise as well as forecasted transactions denominated in foreign currencies
b. Hedging instruments:	Interest rate swap contracts and currency swap contracts
Hedged items:	Loans payable

3) Hedging policy

In accordance with internal regulations, the Company utilizes hedging instruments against future risk of interest rate fluctuations and foreign exchange fluctuations. The Company has a policy of not utilizing derivative contracts for speculation purposes.

4) Method for evaluating effectiveness of hedges

Evaluation of effectiveness of hedges is omitted for forecasted transactions because those transactions are hedged with forward exchange transactions in the same currency to thoroughly offset the future effects of foreign currency fluctuations.

Evaluation of effectiveness is also omitted for interest rate swap transactions which are accounted for using the special accounting method.

(8) Amortization of goodwill

Goodwill is amortized with the straight-line method over ten (10) years.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, bank deposits which can be withdrawn at any time, and short-term investments with maturities of three months or less at the date of acquisition that can be easily converted into money and are subject to a minor risk of fluctuation in value.

(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; and recognizes revenue as the amount expected to be received in exchange for the promised goods or services at the point in time when the control of the goods or services is transferred to the customer.

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.

As a result of this change, compared with prior to the application of the Accounting Standard for Revenue Recognition, etc., other under current liabilities increased by ¥645 million and the balance of retained earnings as of the beginning of the current fiscal year showed a decline of ¥406 million on the consolidated balance sheets of the current fiscal year. In addition, net sales decreased by ¥2,187 million, cost of sales decreased by ¥1,964 million, selling, general and administrative expenses decreased by ¥166 million, and operating income, ordinary income and income before income taxes each decreased by ¥56 million on the consolidated statements of income of the current fiscal year.

Reflecting the cumulative effect on net assets at the beginning of the current fiscal year, the beginning balance of retained earnings on the consolidated statement of changes in shareholders’ equity decreased by ¥406 million.

(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. There is no impact of these changes on the Company’s consolidated financial statements.

Segment Information

a. Business segment information

1. Overview of reportable segments

The Company's reportable segments are components of the Company and the Yokorei Group about which separate financial information is available and subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance. The Company has three reportable segments categorized by the type of service provided, namely "Refrigerated warehousing business," "Food sales business," and "Other businesses."

Operations in each segment are as follows.

1) Refrigerated warehousing business includes cool storage and frozen storage operations of marine, livestock, and other products as well as related operations.
2) Food sales business includes wholesale sales, processing operations, etc. of marine, livestock, and other products.
3) Other businesses include real estate leasing operations etc.

2. Calculation of net sales, profit/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in reportable business segments largely correspond to what is set forth in *Significant Information Regarding the Preparation of Consolidated Financial Statements*. Reportable segment profit is based on operating income. Intersegment sales or transfers are based on prices of trading with third parties.

3. Net sales, profit/loss, assets, liabilities, and other items by reportable segment
(October 1, 2020 – September 30, 2021)

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other	Total		
Net sales						
Sales to outside customers	28,281	82,445	55	110,782	-	110,782
Intersegment sales or transfers	1,615	-	53	1,669	(1,669)	-
Total	29,896	82,445	109	112,452	(1,669)	110,782
Segment profit	5,977	(302)	61	5,735	(3,173)	2,562
Segment assets	94,542	67,565	1,488	163,596	14,606	178,203
Other items						
Depreciation and amortization*3	5,490	726	9	6,226	461	6,688
Amortization of goodwill	37	495	-	532	-	532
Increase in property, plant and equipment and intangible fixed assets*3	11,448	2,113	27	13,588	394	13,982

Notes: 1. Details of adjustments are as follows:

1) The minus 3,173 million yen adjustment for segment profit was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.

2) The 14,606 million yen adjustment for segment assets was unallocated corporate assets, consisting principally of working funds (cash and deposits) and long-term investment funds (investment securities etc.) of the Company.

3) The 461 million yen adjustment for depreciation and amortization was for unallocated corporate assets.

4) The 394 million yen adjustment for increase in property, plant and equipment and intangible fixed assets was an increase in unallocated corporate assets.

2. Segment profit was adjusted based on operating income reported on the consolidated financial statements for the corresponding period.

3. Depreciation and amortization and increase in property, plant and equipment and intangible fixed assets include long-term prepaid expenses and their amortization expenses.

(October 1, 2021 – September 30, 2022)

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other	Total		
Net sales						
Sales to outside customers	30,045	85,157	54	115,257	-	115,257
Intersegment sales or transfers	1,865	-	43	1,908	(1,908)	-
Total	31,910	85,157	97	117,165	(1,908)	115,257
Segment profit	6,447	1,324	47	7,819	(3,567)	4,252
Segment assets	95,795	67,482	1,581	164,859	14,161	179,021
Other items						
Depreciation and amortization*3	5,728	106	10	5,846	567	6,413
Amortization of goodwill	41	-	-	41	-	41
Increase in property, plant and equipment and intangible fixed assets*3	6,459	62	104	6,626	591	7,218

Notes: 1. Details of adjustments are as follows:

1) The minus 3,567 million yen adjustment for segment profit was unallocated corporate expenses, consisting principally of general administrative expenses that are not attributable to reportable segments.

2) The 14,161 million yen adjustment for segment assets was unallocated corporate assets, consisting principally of working funds (cash and deposits) and long-term investment funds (investment securities etc.) of the Company.

3) The 567 million yen adjustment for depreciation and amortization was for unallocated corporate assets.

4) The 591 million yen adjustment for increase in property, plant and equipment and intangible fixed assets was an increase in unallocated corporate assets.

2. Segment profit was adjusted based on operating income reported on the consolidated financial statements for the corresponding period.

3. Depreciation and amortization and increase in property, plant and equipment and intangible fixed assets include long-term prepaid expenses and their amortization expenses.

b. Related information

(October 1, 2020 – September 30, 2021)

1. Information by product and service

Information was omitted from disclosure because *Segment Information* above presents the same information.

2. Information by geographic area

1) Net sales

(Millions of yen)

Japan	Asia	Northern Europe	North America	Other	Total
96,017	6,870	6,194	422	1,278	110,782

2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Total
87,302	6,161	93,464

3. Information by major customer

Information was omitted from disclosure because no outside customer accounts for 10% or higher of total net sales in the consolidated statements of income.

(October 1, 2021 – September 30, 2022)

1. Information by product and service

Information was omitted from disclosure because *Segment Information* above presents the same information.

2. Information by geographic area

1) Net sales

(Millions of yen)

Japan	Asia	Central and South America	North America	Other	Total
103,127	7,163	4,479	332	154	115,257

2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Total
88,354	6,482	94,837

3. Information by major customer

Information was omitted from disclosure because no outside customer accounts for 10% or higher of total net sales in the consolidated statements of income.

c. Impairment loss on noncurrent assets by reportable segment

(October 1, 2020 – September 30, 2021)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/ corporate	Total
Impairment losses	598	-	-	598	-	598

(October 1, 2021 – September 30, 2022)

Not applicable.

d. Amortization expense for and unamortized balance of goodwill by reportable segment

(October 1, 2020 – September 30, 2021)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/ corporate	Total
Amortization expense	37	495	-	532	-	532
Unamortized balance	102	-	-	102	-	102

(October 1, 2021 – September 30, 2022)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/ corporate	Total
Amortization expense	41	-	-	41	-	41
Unamortized balance	72	-	-	72	-	72

e. Gain on negative goodwill by reportable segment

(October 1, 2020 – September 30, 2021)

Not applicable.

(October 1, 2021 – September 30, 2022)

Not applicable.

(Revenue Recognition)

Information on the breakdown of revenue from contracts with customers

(October 1, 2021 – September 30, 2022)

	Net sales (Millions of yen)
Refrigerated warehousing	
(Storage)	14,858
(Loading/unloading)	6,505
(Transportation and handling, etc.)	8,681
Sub total	30,045
Food sales	
(Marine products)	68,253
(Livestock products)	15,461
(Agricultural products, etc.)	1,443
Sub total	85,157
Other	-
Revenue from contracts with customers	115,202
Other revenue	54
Sales to outside customers	115,257

(Per-Share Information)

	Year ended September 30, 2021	Year ended September 30, 2022
	yen	yen
Net assets per share	1,383.60	1,422.83
Profit attributable to owners of the parent per share	61.30	56.34

Notes: 1. Information on profit attributable to owners of the parent per share (diluted) is omitted, as there were no dilutive shares.

2. Profit attributable to owners of the parent per share was calculated based on the following:

	Year ended September 30, 2021	Year ended September 30, 2022
Profit attributable to owners of the parent per share		
Profit attributable to owners of the parent (millions of yen)	3,605	3,317
Amount not attributable to common stock shareholders (millions of yen)	-	-
Profit attributable to owners of the parent related to common stock (millions of yen)	3,605	3,317
Average number of shares outstanding (thousands of shares)	58,813	58,879

Note: In the calculation of profit attributable to owners of the parent per share, the Company's shares held in the Executive Compensation BIP Trust were included in the treasury stock to be deducted in the calculation of the average number of shares outstanding (222,500 shares for the fiscal year ended September 30, 2021; 222,500 shares for the fiscal year ended September 30, 2022).

(Significant Subsequent Events)

(Purchase of treasury stock)

The Company resolved, at the Board of Directors meeting held on November 14, 2022, to purchase its treasury stock pursuant to Article 156 of the Companies Act as applied with the rewording pursuant to Article 165, paragraph (3) thereof.

(1) Reasons for the purchase of treasury stock

To implement a flexible capital policy that responds to changes in the business management environment

(2) Details of the purchase

1) Class of shares to be purchased: common stock
2) Total number of shares to be purchased: 200,000 shares (upper limit) (% of total number of shares issued and outstanding (excluding treasury stock): 0.33)
3) Total amount of purchase price: ¥200 million (upper limit)
4) Period of purchase: From November 15, 2022 to December 20, 2022
5) Method of purchase: Open market purchase on the Tokyo Stock Exchange