

1. Overview of Consolidated Business Results

(1) Consolidated Operating Performance

(Operating environment)

In the fiscal year ended September 30, 2020 (October 1, 2019 – September 30, 2020), the Japanese economy deteriorated rapidly due to the impacts of the novel coronavirus outbreak, including government requests for companies to suspend operations, and people refraining from outings, as well as a consumption tax hike, resulting in extremely adverse conditions. Overseas, intensification of US-China trade frictions, as well as the novel coronavirus-related lockdowns and stay-at-home orders imposed in major cities around the world, have had an enormous impact on economic activity worldwide.

The food industries related to the Yokohama Reito Group's business were also severely affected by the novel coronavirus outbreak, with the declaration of a state of emergency in Japan forcing eating and drinking establishments to refrain from operations or shorten their operating hours, creating an unprecedentedly difficult operating environment.

(Operating results)

In this environment, the Yokohama Reito Group entered the final year of its Sixth Medium-Term Management Plan (three-year plan), "Growing Value 2020". Under this plan, the Refrigerated Warehousing Business is aiming for innovation and advancement reflective of market needs. The Food Sales Business is aiming to establish a stable food supply structure through the development of food resources and food production. The Group executed various initiatives during the period on the basis of these business operational policies.

Also, on January 1, 2020, consolidated subsidiaries Alliance Seafoods Inc. and Clover Trading Co., Ltd., were absorbed in an absorption-type merger intended to further strengthen procurement, development, and sales capabilities and to facilitate quicker strategic and operational decision-making.

As a result, the Group's consolidated net sales for the fiscal year totaled ¥115,025 million, a 17.8% decrease compared to the previous fiscal year. Operating income totaled ¥3,412 million, down 28.5% year on year, and ordinary income totaled ¥3,701 million, down 25.2%. Profit attributable to owners of the parent totaled ¥2,340 million, a year-on-year decline of 30.9%.

(Results by business segment)

1) Refrigerated Warehousing Business

The Refrigerated Warehousing Business posted increases in sales and profits in the fiscal year ended September 30, 2020. Following the declaration of the state of emergency, the slowdown in cargo movement became more pronounced. Although revenues from cargo movements, such as loading/unloading fees and transportation fees, decreased, storage fee revenues increased due to higher inventory levels, leading to record segment operating income. The newly opened Tsukuba Logistics Center contributed to the record earnings as it saw inventories accumulate immediately after opening. Consolidated subsidiary Thai Yokorei Co., Ltd., saw its sales and profits decline as inventories returned to normal from the previous year's high level and the spread of the novel coronavirus pandemic suppressed inbound cargo volume.

As a result, segment sales came to ¥28,486 million, an increase of 0.7% compared with the previous fiscal year, and operating income totaled ¥6,496 million, a year-on-year increase of 2.3%.

2) Food Sales Business

The Food Sales Business posted lower sales and profits year on year.

The marine products category posted lower sales but higher profit. Sales and profits were down for

mackerel on lower handling volume owing to a poor catch, and for eel and crab due to lower prices. Profits on salmon/trout and shrimp also decreased but profit margins recovered as inventory levels were held down in consideration of the absorption-type merger of consolidated subsidiaries and the situation created by the novel coronavirus crisis. Profits were higher for squid, Atka mackerel, and Pacific ocean perch on a recovery in profit margins after posting losses on sales of these products in the previous fiscal year. Increased export volumes of tuna and sardines made a positive contribution to earnings.

The livestock products category saw its sales and profits decline. Cargo movement to hotels and restaurants, our main customers for pork, beef, and chicken, was sluggish, leading to a sharp drop in handling volume. In addition, despite holding down inventory levels, a fall in market prices resulting from a significant increase in overall inventories of these products in Japan pushed down the profit margin in this category.

In the agricultural products category, profit-focused selling of potatoes, the category's mainstay product, led to higher profits despite lower sales.

The Norway trout cultivation business posted lower sales and profits due to lower haul volumes caused by low seawater temperatures and to higher production costs owing to the need to take measures against sea lice (parasites).

As a result, segment sales amounted to ¥86,490 million, 22.5% less than a year earlier, and the segment posted an operating loss of ¥336 million (compared with an operating income of ¥1,023 million in the previous fiscal year).

(2) Consolidated Financial Position

Assets, Liabilities, and Net Assets

Total assets as of September 30, 2020, amounted to ¥179,935 million, an increase of ¥688 million from the end of the previous fiscal year. The main changes are an increase of ¥7,988 million in property, plant and equipment, largely owing to the establishment of new logistics centers, and decreases of ¥5,672 million in merchandise and ¥2,757 million in notes and accounts receivable - trade.

Total liabilities amounted to ¥99,960 million, an increase of ¥1,293 million compared with the previous fiscal year-end. The increase reflects an increase of ¥2,396 million in loans payable, partially offset by a ¥1,027 million decrease in notes and accounts payable - trade.

Total net assets amounted to ¥79,975 million, a decrease of ¥605 million from the previous fiscal year-end.

(3) Cash Flows

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year amounted to ¥4,121 million, an increase of ¥744 million compared with the previous fiscal year-end (September 30, 2019). 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 ¥16,850 million compared with ¥27,424 million provided in the previous fiscal year. Cash inflow was mainly attributable to income before income taxes of ¥3,701 million, depreciation and amortization of ¥6,037 million, and a decrease of ¥5,405 million in inventories.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥16,944 million, compared with ¥15,643 million used in the previous fiscal year. The main investment outflows were ¥14,242 million used for the purchase of property, plant and equipment and ¥6,053 million in payments of loans receivable, which offset an inflow of ¥3,434 million from the collection of loans receivable.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥994 million, compared with ¥11,282 million used in the previous fiscal year. This net inflow was mainly derived from a net increase in loans payable from financial institutions of ¥2,666 million, which was partly offset by dividends paid to shareholders of ¥1,355 million.

Cash Flow-related Indices

	Year ended September 30, 2018	Year ended September 30, 2019	Year ended September 30, 2020
Equity ratio (%)	41.5	43.7	43.2
Equity ratio based on market value (%)	28.9	33.8	29.8
Ratio of cash flow to interest-bearing debt (years)	7.5	2.9	4.9
Interest coverage ratio (times)	15.4	35.8	24.2

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, 2021

Regarding the future business environment, competition for food resources is intensifying due to the population explosion overseas. In Japan, however, the population is declining, with the birthrate falling and the elderly age demographic increasing. Dietary habits are diversifying, and the demand for prepared and frozen foods is expected to increase. With no end in sight to the novel coronavirus pandemic, people's lifestyles and food distribution are expected to undergo a wide variety of changes, and the adverse business environment is expected to continue. On top of these challenges, companies are being expected to become more actively engaged in "environmental management" that balances consideration for the global environment and sustainable corporate growth.

In this environment, the Yokohama Reito Group has formulated two new visions to guide its direction over the longer term to 2030—the Yokohama Reito Business Vision 2030 and the Yokohama Reito Sustainability Vision 2030. We also have formulated a new Medium-Term Management Plan (Phase I) "The Power to Create" as the first stage toward realization of these longer-term visions. To achieve the goals of this new medium-term management plan, the Refrigerated Warehousing Business will be making efforts to create new business models, while the Food Sales Business will endeavor to create new food value. To provide a management base to underpin these activities, administrative divisions and other related divisions will aim to foster human resources able to advance our globalization.

Based on the above, the Yokohama Reito Group's consolidated earnings forecast for the fiscal year ending September 30, 2021, is as follows:

- Net sales: ¥111,000 million (-3.5% year on year)

- Operating income: ¥3,900 million (+14.3% year on year)
- Ordinary income: ¥3,800 million (+2.7% year on year)
- Profit attributable to owners of the parent: ¥2,400 million (+2.5% year on year)

2. Basic Policy on Selecting Accounting Standards

The Yokohama Reito 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

	As of September 30, 2019	(Millions of yen) As of September 30, 2020
	Amount	Amount
Assets		
Current assets		
Cash and deposits	3,387	4,131
Notes and accounts receivable - trade	17,284	14,527
Merchandise	17,888	12,215
Advance payments	974	267
Short-term loans receivable, net	17,734	20,684
Other	945	785
Allowance for doubtful accounts	(19)	(16)
Total current assets	58,195	52,594
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	46,738	51,764
Machinery, equipment and vehicles, net	7,003	8,192
Land	29,017	29,946
Leased assets, net	1,419	1,460
Construction in progress	3,418	4,176
Other, net	1,117	1,163
Total property, plant and equipment	88,715	96,704
Intangible fixed assets		
Goodwill	6,060	4,871
Overseas aquaculture business license	6,816	5,993
Other	2,317	2,175
Total intangible fixed assets	15,194	13,040
Investments and other assets		
Investment securities	12,790	13,615
Long-term loans receivable	3,951	3,590
Deferred tax assets	24	0
Other	778	811
Allowance for doubtful accounts	(403)	(421)
Total investments and other assets	17,141	17,595
Total noncurrent assets	121,052	127,340
Total assets	179,247	179,935

	As of September 30, 2019 Amount	(Millions of yen) As of September 30, 2020 Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,011	3,983
Short-term loans payable	16,238	16,478
Current portion of long-term loans payable	4,640	5,969
Lease obligations	226	274
Income taxes payable	1,373	483
Accrued employees' bonuses	757	754
Accrued bonuses for directors and corporate auditors	32	18
Other	6,109	6,435
Total current liabilities	<u>34,389</u>	<u>34,398</u>
Noncurrent liabilities		
Bonds	20,000	20,000
Long-term loans payable	39,071	39,898
Lease obligations	889	860
Deferred tax liabilities	2,592	3,003
Provision for Executive Compensation BIP Trust	221	143
Net defined benefit liability	829	904
Asset retirement obligations	91	91
Other	580	658
Total noncurrent liabilities	<u>64,277</u>	<u>65,561</u>
Total liabilities	<u>98,666</u>	<u>99,960</u>
Net assets		
Shareholders' equity		
Common stock	14,303	14,303
Capital surplus	14,370	14,387
Retained earnings	45,956	46,941
Treasury stock	(507)	(382)
Total shareholders' equity	<u>74,122</u>	<u>75,248</u>
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,697	4,334
Deferred gain (loss) on derivatives under hedge accounting	75	(20)
Foreign currency translation adjustments	489	(1,824)
Remeasurements of defined benefit plans	(74)	(82)
Total accumulated other comprehensive income	<u>4,187</u>	<u>2,406</u>
Non-controlling interests	<u>2,269</u>	<u>2,319</u>
Total net assets	<u>80,580</u>	<u>79,975</u>
Total liabilities and net assets	<u>179,247</u>	<u>179,935</u>

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

	(Millions of yen)	
	Year ended September 30, 2019	Year ended September 30, 2020
	Amount	Amount
Net sales	139,970	115,025
Cost of sales	124,895	101,156
Gross profit	15,074	13,868
Selling, general and administrative expenses	10,300	10,455
Operating income	4,774	3,412
Other income		
Interest income	809	858
Dividend income	202	144
Insurance dividends	39	33
Insurance received	101	47
Purchase discounts	280	44
Other	462	576
Total other income	1,894	1,706
Other expenses		
Interest expense	792	688
Commission fee	2	2
Provision of allowance for doubtful accounts	280	23
Loss on valuation of investment securities	30	154
Loss on valuation of derivatives	227	201
Foreign exchange losses	239	220
Other	150	126
Total other expenses	1,723	1,417
Ordinary income	4,945	3,701
Extraordinary income		
Gain on sales of noncurrent assets	1,013	-
Total extraordinary income	1,013	-
Income before income taxes	5,958	3,701
Income taxes - Current	1,694	828
Income taxes - Deferred	8	449
Total income taxes	1,703	1,278
Profit	4,255	2,422
Profit attributable to non-controlling interests	869	82
Profit attributable to owners of the parent	3,385	2,340

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Year ended September 30, 2019	Year ended September 30, 2020
	Amount	Amount
Profit	4,255	2,422
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(12)	636
Deferred gain (loss) on derivatives under hedge accounting	118	(96)
Foreign currency translation adjustments	(1,064)	(2,321)
Remeasurements of defined benefit plans	(107)	(8)
Total other comprehensive income	(1,066)	(1,789)
Comprehensive income	3,189	633
Breakdown:		
Comprehensive income attributable to owners of the parent	2,279	559
Comprehensive income attributable to non-controlling interests	910	73

(3) Consolidated Statements of Changes in Shareholders' Equity

Year ended September 30, 2019 (October 1, 2018 – September 30, 2019)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of October 1, 2018	14,303	14,370	44,014	(507)	72,181
Changes during period					
Cash dividends			(1,443)		(1,443)
Profit attributable to owners of the parent			3,385		3,385
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock					-
Net change in items other than shareholders' equity during period					-
Total changes during period	-	-	1,942	(0)	1,941
Balance as of September 30, 2019	14,303	14,370	45,956	(507)	74,122

	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, 2018	3,710	(43)	1,593	33	5,294	1,382	78,858
Changes during period							
Cash dividends					-		(1,443)
Profit attributable to owners of the parent					-		3,385
Purchase of treasury stock					-		(0)
Disposal of treasury stock					-		-
Net change in items other than shareholders' equity during period	(12)	118	(1,104)	(107)	(1,106)	886	(220)
Total changes during period	(12)	118	(1,104)	(107)	(1,106)	886	1,721
Balance as of September 30, 2019	3,697	75	489	(74)	4,187	2,269	80,580

Year ended September 30, 2020 (October 1, 2019 – September 30, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of October 1, 2019	14,303	14,370	45,956	(507)	74,122
Changes during period					
Cash dividends			(1,356)		(1,356)
Profit attributable to owners of the parent			2,340		2,340
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		16		125	141
Net change in items other than shareholders' equity during period					-
Total changes during period	-	16	984	124	1,125
Balance as of September 30, 2020	14,303	14,387	46,941	(382)	75,248

	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, 2019	3,697	75	489	(74)	4,187	2,269	80,580
Changes during period							
Cash dividends					-		(1,356)
Profit attributable to owners of the parent					-		2,340
Purchase of treasury stock					-		(0)
Disposal of treasury stock					-		141
Net change in items other than shareholders' equity during period	636	(96)	(2,313)	(8)	(1,781)	50	(1,731)
Total changes during period	636	(96)	(2,313)	(8)	(1,781)	50	(605)
Balance as of September 30, 2020	4,334	(20)	(1,824)	(82)	2,406	2,319	79,975

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Year ended September 30, 2019	Year ended September 30, 2020
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	5,958	3,701
Depreciation and amortization	5,685	6,037
Amortization of goodwill	551	500
Increase (decrease) in accrued employees' bonuses	(6)	(2)
Increase (decrease) in accrued bonuses for directors and corporate auditors	0	(14)
Increase (decrease) in net defined benefit liability	137	65
Increase (decrease) in provision for Executive Compensation BIP Trust	54	-
Increase (decrease) in allowance for doubtful accounts	313	16
Interest and dividend income	(1,011)	(1,003)
Interest expense	792	688
Loss (gain) on valuation of investment securities	30	154
Loss (gain) on valuation of derivatives	227	201
Loss (gain) on sales of noncurrent assets	(1,013)	-
Decrease (increase) in accounts receivable - trade	3,656	2,483
Decrease (increase) in inventories	6,554	5,405
Decrease (increase) in advance payments	5,747	681
Increase (decrease) in accounts payable - trade	886	(941)
Increase (decrease) in accrued expenses	(578)	(521)
Other - net	466	594
Sub total	28,454	18,048
Interest and dividend income received	964	1,075
Interest paid	(766)	(695)
Income taxes paid	(1,227)	(1,578)
Net cash provided by (used in) operating activities	27,424	16,850
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,339)	(14,242)
Proceeds from sales of property, plant and equipment	4,408	5
Purchase of intangible fixed assets	(749)	(72)
Purchase of investment securities	(7)	(127)
Proceeds from sales of investment securities	-	182
Payments of loans receivable	(9,964)	(6,053)
Collection of loans receivable	3,033	3,434
Other - net	(26)	(71)
Net cash provided by (used in) investing activities	(15,643)	(16,944)

	(Millions of yen)	
	Year ended	Year ended
	September 30, 2019	September 30, 2020
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(11,690)	245
Proceeds from long-term loans payable	2,050	7,000
Repayments of long-term loans payable	(9,949)	(4,578)
Proceeds from issuance of bonds	10,000	-
Purchase of treasury stock	(0)	(0)
Dividends paid to shareholders	(1,442)	(1,355)
Other - net	(250)	(317)
Net cash provided by (used in) financing activities	(11,282)	994
Effect of exchange rate changes on cash and cash equivalents	(29)	(156)
Net increase (decrease) in cash and cash equivalents	469	744
Cash and cash equivalents, beginning of period	2,907	3,377
Cash and cash equivalents, end of period	3,377	4,121

(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: 6

Names of consolidated subsidiaries:

Thai Yokorei Co., Ltd.

Best Cold Chain Co., Ltd.

Syvde Eiendom AS

Hofseth Aqua AS

HIYR AS

Aspoy AS

During the fiscal year ended September 30, 2020, Alliance Seafoods Inc. and Clover Trading Co., Ltd., formerly consolidated subsidiaries of the Company, were excluded from consolidation, due to an absorption-type merger in which the Company was the surviving company and Alliance Seafoods Inc. and Clover Trading Co., Ltd. were the non-surviving companies.

Additionally, Aqua Shipping AS, formerly a consolidated subsidiary of the Company, was excluded from consolidation, due to an absorption-type merger in which Hofseth Aqua AS, a consolidated subsidiary of the Company, was the surviving company and Aqua Shipping AS was the non-surviving company.

(2) Number of unconsolidated subsidiaries: 3

Names of major unconsolidated subsidiaries:

Global Agency Co., Ltd.

Yokorei Co., Ltd.

PAX FREEZER Co., Ltd.

(3) Reason for excluding from the scope of consolidation:

Global Agency Co., Ltd., Yokorei Co., Ltd. and PAX FREEZER Co., Ltd. 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 three (3) unconsolidated subsidiaries and three (3) affiliates (Kobe Danchi Reizo Co., Ltd., Diamond Tokachi K.K. and one other company) 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 Yokohama Reito Group.

3. Fiscal year-end date of consolidated subsidiaries and related matters

The fiscal year period of Syvde Eiendom AS, Hofseth Aqua AS, HIYR AS and Aspoy AS ends on December 31, while the fiscal year period of Thai Yokorei Co., Ltd. and Best Cold Chain Co., Ltd. ends on June 30.

In the preparation of the consolidated financial statements, the financial statements based on the provisional settlement of accounts conducted as of June 30 were used for Syvde Eiendom AS, Hofseth Aqua AS, HIYR AS and Aspoy AS.

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 which market value is available:

The present market value is recorded based on the market prices etc. at the fiscal year-end date. (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 which market value 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 domestic consolidated subsidiaries use simplified accounting methods.
- (5) 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.

- (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) Amortization of goodwill

Goodwill is amortized with the straight-line method over ten (10) to fifteen (15) years.

(8) 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.

(9) Other significant information regarding the preparation of consolidated financial statements

Accounting methods for consumption tax:

Consumption tax and local consumption tax are accounted for using the tax-excluded method.

(Changes in Presentation Methods)

(Notes on the Consolidated Statements of Income)

“Loss on valuation of investment securities”, which had been included in “Other” under “Other expenses” in the consolidated statements of income for the previous fiscal year, have been stated separately from the current fiscal year, as the amount has exceeded 10% of the total amount of “Other expenses”. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation method.

As a result, the ¥180 million, which had been presented as “Other” under “Other expenses” in the consolidated statements of income for the previous fiscal year, has been reclassified as ¥30 million of “Loss on valuation of investment securities” and ¥150 million of “Other.”

(Notes on the Consolidated Statements of Cash Flows)

“Loss (gain) on valuation of investment securities”, which had been included in “Other” under “Cash flows from operating activities” in the previous fiscal year, has been stated separately from the current fiscal year, due to its increasing monetary significance. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the presentation method.

As a result, the ¥497 million, which had been presented as “Other” under “Cash flows from operating activities” for the previous fiscal year, has been reclassified as ¥30 million of “Loss (gain) on valuation of investment securities” and ¥466 million of “Other”.

Segment Information

a. Business segment information

1. Overview of reportable segments

The Company's reportable segments are components of the Company 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, 2018 – September 30, 2019)

(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	28,296	111,617	56	139,970	-	139,970
Intersegment sales or transfers	1,679	-	41	1,721	(1,721)	-
Total	29,976	111,617	98	141,692	(1,721)	139,970
Segment profit	6,349	1,023	56	7,429	(2,655)	4,744
Segment assets	83,271	83,943	1,481	168,697	10,550	179,247
Other items						
Depreciation and amortization*3	4,762	581	7	5,351	334	5,685
Amortization of goodwill	34	517	-	551	-	551
Increase in property, plant and equipment and intangible fixed assets*3	8,571	3,718	-	12,290	907	13,197

Notes: 1. Details of adjustments are as follows:

- 1) The minus 2,655 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 10,550 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 334 million yen adjustment for depreciation and amortization was for unallocated corporate assets.
 - 4) The 907 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, 2019 – September 30, 2020)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated warehousing	Food sales	Other	Total		
Net sales						
Sales to outside customers	28,486	86,490	48	115,025	-	115,025
Intersegment sales or transfers	1,462	-	49	1,511	(1,511)	-
Total	29,948	86,490	98	116,536	(1,511)	115,025
Segment profit	6,496	(336)	51	6,211	(2,799)	3,412
Segment assets	90,833	74,872	1,470	167,176	12,758	179,935
Other items						
Depreciation and amortization*3	5,026	659	7	5,693	344	6,037
Amortization of goodwill	46	454	-	500	-	500
Increase in property, plant and equipment and intangible fixed assets*3	13,281	1,648	0	14,930	650	15,581

Notes: 1. Details of adjustments are as follows:

- 1) The minus 2,799 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 12,758 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 344 million yen adjustment for depreciation and amortization was for unallocated corporate
 - 4) The ¥650 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, 2018 – September 30, 2019)

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
121,496	6,909	10,385	286	892	139,970

2) Property, plant and equipment

(Millions of yen)

Japan	Northern Europe	Asia	Total
73,651	8,100	6,964	88,715

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, 2019 – September 30, 2020)

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
102,239	5,812	5,725	147	1,100	115,025

2) Property, plant and equipment

(Millions of yen)

Japan	Northern Europe	Asia	Total
82,438	7,642	6,623	96,704

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, 2018 – September 30, 2019)

Not applicable.

(October 1, 2019 – September 30, 2020)

Not applicable.

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

(October 1, 2018 – September 30, 2019)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/corporate	Total
Amortization expense	34	517	-	551	-	551
Unamortized balance	162	5,897	-	6,060	-	6,060

(October 1, 2019 – September 30, 2020)

(Millions of yen)

	Refrigerated warehousing	Food sales	Other	Sub total	Elimination/corporate	Total
Amortization expense	46	454	-	500	-	500
Unamortized balance	141	4,730	-	4,871	-	4,871

e. Gain on negative goodwill by reportable segment

(October 1, 2018 – September 30, 2019)

Not applicable.

(October 1, 2019 – September 30, 2020)

Not applicable.

(Per-Share Information)

	Year ended September 30, 2019	Year ended September 30, 2020
	yen	yen
Net assets per share	1,336.12	1,321.34
Profit attributable to owners of the parent per share	57.77	39.86

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, 2019	Year ended September 30, 2020
Profit attributable to owners of the parent per share		
Profit attributable to owners of the parent (millions of yen)	3,385	2,340
Amount not attributable to common stock shareholders (millions of yen)	-	-
Profit attributable to owners of the parent related to common stock (millions of yen)	3,385	2,340
Average number of shares outstanding (thousands of shares)	58,610	58,721

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 (319,900 shares for the fiscal year ended September 30, 2019; 252,469 shares for the fiscal year ended September 30, 2020).

(Significant Subsequent Events)

Not applicable.