1. Overview of Consolidated Business Results

(1) Consolidated Operating Performance

(Operating environment)
In the fiscal year ended September 30, 2021 (October 1, 2020 – September 30, 2021), the Japanese economy continued to face adverse conditions caused by the novel coronavirus pandemic, including prolonged restrictions on social and economic activities.

Despite progress with vaccinations, especially in more-developed nations, the economic outlook in overseas markets remains uncertain as the negative economic impact from a resurgence in infections caused by the spread of novel coronavirus variants in some countries has been compounded by rising crude oil prices, supply constraints and other factors weighing on global economic conditions.

The food industries related to the Yokohama Reito Group's business continue to be greatly affected by the pandemic. While demand for takeout food and meal deliveries has increased, conditions remained difficult for eating and drinking establishments in Japan, as states of emergency and measures to prevent the spread of infections required them to cease operations or shorten operating hours with alcoholic beverage provision being prohibited.

(Operating results)
In this environment, the Yokohama Reito Group formulated the Medium-term Management Plan (Phase I) "The Power to Create", which covers the period through September 2023. During this period, the Refrigerated Warehousing Business will work on creating new business models, while the Food Sales Business will focus on creating new food value. Each business of the Group is implementing various key strategies to achieve their business goals and sustainability targets by the final year of the plan (the fiscal year ending September 30, 2023).

As a result, the Group recorded consolidated net sales of ¥110,782 million, down 3.7% year on year. Operating income totaled ¥2,562 million, down 24.9% year on year, and ordinary income was ¥2,762 million, down 25.4%. Profit attributable to owners of the parent totaled ¥3,605 million, a year-on-year increase of 54.0%.

The above results include (1) extraordinary income of ¥2,646 million due to the transfer of the Company's equity holdings in HIYR AS (the holding company of Hofseth Aqua AS) and Syvde Eiendom AS as part of the reorganization of the Company's Norway trout cultivation business, (2) impairment loss of ¥598 million yen due to revision of the Kimobetsu Logistics Center business plan, and (3) a loss of ¥234 million related to the closure of the Hakozaki Logistics Center.

(Results by business segment)

1) Refrigerated Warehousing Business
The Refrigerated Warehousing Business posted year-on-year declines in sales and profits in the fiscal year ended September 30, 2021.

Amid the pandemic, the slowdown in cargo movement pushed up inventories in the previous fiscal year, but in the year under review inventories decreased as cargo owners adjusted the previous year's large inventories.

In addition, the shortage of marine containers delayed cargo coming into warehouses. As a result, it has taken time to replenish inventory volumes, which has weighed on segment profits.

Consolidated subsidiary Thai Yokorei Co., Ltd., posted sales and profit declines as inventories of its core livestock products were pushed down by pandemic-induced labor shortages at manufacturers' plants and inventory adjustments.

As a result, overall segment sales came to ¥28,281 million, down 0.7% year on year, and operating income was ¥5,977 million, down 8.0%.

2) Food Sales Business
The Food Sales Business saw its sales decline in the year under review.

The domestic food sales business sharply increased its profits despite lower sales as it pushed forward with structural reforms designed to raise its profitability, one of the key measures in our Medium-Term Management Plan.

In the marine products category, profits were up year on year despite lower sales. Sales of core products, such as eel, salmon/trout, and crab generated higher profit thanks to efforts to hold inventories at appropriate levels and a profit-focused sales approach.

The livestock products category achieved higher profit despite lower sales. Profit from beef sales was down as we reduced volume with market prices rising. However, in the midst of the pandemic, we increased profit on chicken as we expanded our sales channels to food makers and mass retailers. Profit-focused selling also increased profit from pork sales.

The agricultural products category posted increases in sales and profits as we expanded the sales volumes of vegetables to food manufacturers and mass retailers.

The Norway trout cultivation business posted higher sales, but profits fell. The business's profits fell sharply owing to production costs being inflated by delays in growth in haul volumes owing to the need to take measures to remove sea lice (parasites) and a higher death rate and to higher cost of sales. The decline in profit from the Norway trout cultivation business was the major reason for the Food Sales Business recording an operating loss in the year under review.

Reflecting the above factors, segment sales came to ¥82,445 million, down 4.7% year on year, and the segment posted an operating loss of ¥302 million (compared with a loss of ¥336 million in the previous fiscal year).

At a meeting on September 28, 2021, the Board of Directors resolved to restructure the company's Norwegian aquaculture business with the aim of expanding and strengthening the Norway salmon business. Although this restructuring means Hofseth Aqua AS, which operates the aquaculture business in Norway, will be deconsolidated, the Food Sales Business will not only continue to aggressively promote trout sales but will also add Atlantic salmon, which has a larger market, to its product portfolio. We plan to expand sales of Norway salmon in Japan and the ASEAN region.

(2) Consolidated Financial Position

Assets, Liabilities, and Net Assets
Total assets as of September 30, 2021, amounted to ¥178,203 million, a decrease of ¥1,732 million from the previous fiscal year-end (September 30, 2020). The decline is mainly attributable to decreases of ¥15,155 million in loans receivable and ¥10,753 million in intangible fixed assets, which offset a ¥23,398 million increase in investment securities.

Total liabilities amounted to ¥95,634 million, ¥4,325 million less than at the previous fiscal year-end. The change mainly reflects a ¥13,016 million decrease in loans payable and a ¥10,000 increase in bonds.

Total net assets amounted to ¥82,568 million, an increase of ¥2,593 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 ¥3,160 million, a decrease of ¥961 million compared with the previous fiscal year-end (September 30, 2020). 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 ¥12,786 million compared with ¥16,850 million provided in the previous fiscal year. Cash inflow was mainly attributable to income before income taxes of ¥4,575 million and depreciation and amortization of ¥6,688 million, which offset a ¥1,580 million increase in inventories and a decline in funds owing to a ¥2,646 million gain on sales of shares of subsidiaries and associates.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥11,644 million, compared with ¥16,944 million used in the previous fiscal year. The main investment outflows were ¥12,689 million used for the purchase of property, plant and equipment and ¥4,171 million in payments of loans receivable, which offset an inflow of ¥4,670 million from the collection of loans receivable.

(Cash flows from financing activities)
Net cash used by financing activities amounted to ¥2,215 million, compared with ¥994 million provided in the previous fiscal year. The net outflow mainly reflects a net decrease in loans from financial institutions of ¥10,543 million and dividends paid to shareholders of ¥1,356 million, which offset inflows including ¥10,000 million from the issuance of bonds.

Cash Flow-related Indices

	Year ended September 30, 2019	Year ended September 30, 2020	Year ended September 30, 2021
Equity ratio (%)	43.7	43.2	45.7
Equity ratio based on market value (%)	33.8	29.8	29.3
Ratio of cash flow to interest-bearing debt (years)	2.9	4.9	6.2
Interest coverage ratio (times)	35.8	24.2	22.5

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, 2022

In 2020, the Yokohama Reito Group formulated two new visions to guide its direction over the next decade to 2030—the Yokohama Reito Business Vision 2030 and the Yokohama Reito Sustainability Vision 2030.

We have also formulated a new Medium-Term Management Plan (Phase I) “The Power to Create,” which will conclude in 2023 and serves as the first stage toward realization of our longer-term visions.

The business environment is expected to improve and economic activity to recover as more people receive vaccinations. However, we must continue to monitor the situation closely, as pandemic-related conditions are evolving, as shown by the emergence of variants and breakthrough infections among vaccinated populations.

Meanwhile, to sustain growth Japanese companies will need to make efforts to resolve many social issues, including implementing work-style reforms, measures to deal with a declining birthrate and aging population, and environmental measures, starting with decarbonization efforts to realize the Japanese government’s announced goal of achieving carbon neutrality in 2050. In this environment, the Yokohama Reito Group plans to promote the following growth strategies in its businesses.

(Refrigerated Warehousing Business)
The Group plans to sustain the growth of its Refrigerated Warehousing Business by investing ¥30 billion over the next three years in new refrigerated warehouse facilities, a core source of Group profits.

We anticipate that demand for refrigerated warehouses will increase as consumers’ use of frozen foods and e-commerce becomes more frequent, and the Yokohama Reito Group will meet this demand by building new refrigerated warehouses and expanding our refrigerated warehouse network to key points in the logistics channel. We will invest in digital transformation (DX) and IT robotics to achieve greater labor productivity with a smaller, more diverse workforce.

(Food Sales Business)

In the Food Sales Business, we will build a network to secure the stable procurement and supply of food resources as we aim for sustainable growth.

Procurement costs have been rising overseas during the coronavirus pandemic owing to production volume decreases caused by worker shortages and higher shipping costs caused by the shortage of available marine containers. In Japan, it continues to be difficult to pass those cost increases on to selling prices, and we need to secure a route for stable resource procurement.

Accordingly, overseas we will secure value-added marine resources, such as Norwegian salmon, and in Japan we will construct state-of-the-art sorting and freezing facilities at leading landing ports in Japan. We will establish an integrated business model that covers the entire product chain, from procurement of marine products to freezing, storing, and selling, and relies entirely on our own procurement and sales channels in Japan and overseas. Toward that end, we will secure resource procurement routes and expand our sales channels, starting with export channels.

While working to achieve those objectives, in the fiscal year ending September 30, 2022, we are aiming for sales of ¥107,000 million, operating income of ¥3,700 million, ordinary income of ¥4,100 million, and ¥2,800 million in profit attributable to owners of the parent.

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

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
	Amount	Amount
Assets		
Current assets		
Cash and deposits	4,131	3,170
Notes and accounts receivable - trade	14,527	11,827
Merchandise	12,215	11,743
Advance payments	267	322
Short-term loans receivable, net	20,684	5,303
Other	785	9,090
Allowance for doubtful accounts	(16)	(81)
Total current assets	52,594	41,376
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	51,764	53,339
Machinery, equipment and vehicles, net	8,192	8,833
Land	29,946	29,597
Leased assets, net	1,460	238
Construction in progress	4,176	579
Other, net	1,163	876
Total property, plant and equipment	96,704	93,464
Intangible fixed assets		
Goodwill	4,871	102
Overseas aquaculture business license	5,993	-
Other	2,175	2,185
Total intangible fixed assets	13,040	2,287
Investments and other assets		
Investment securities	13,615	37,014
Long-term loans receivable	3,590	3,816
Deferred tax assets	0	-
Other	811	832
Allowance for doubtful accounts	(421)	(588)
Total investments and other assets	17,595	41,074
Total noncurrent assets	127,340	136,826
Total assets	179,935	178,203

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,983	4,709
Short-term loans payable	16,478	14,013
Current portion of long-term loans payable	5,969	6,007
Lease obligations	274	77
Income taxes payable	483	1,071
Accrued employees' bonuses	754	788
Accrued bonuses for directors and corporate auditors	18	24
Other	6,435	7,600
Total current liabilities	34,398	34,293
Noncurrent liabilities		
Bonds	20,000	30,000
Long-term loans payable	39,898	29,309
Lease obligations	860	175
Deferred tax liabilities	3,003	195
Provision for Executive Compensation BIP Trust	143	143
Net defined benefit liability	904	720
Asset retirement obligations	91	91
Other	658	705
Total noncurrent liabilities	65,561	61,341
Total liabilities	99,960	95,634
Net assets		
Shareholders' equity		
Common stock	14,303	14,303
Capital surplus	14,387	14,394
Retained earnings	46,941	49,188
Treasury stock	(382)	(336)
Total shareholders' equity	75,248	77,550
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	4,334	3,630
Deferred gain (loss) on derivatives under hedge accounting	(20)	(65)
Foreign currency translation adjustments	(1,824)	199
Remeasurements of defined benefit plans	(82)	86
Total accumulated other comprehensive income	2,406	3,850
Non-controlling interests	2,319	1,167
Total net assets	79,975	82,568
Total liabilities and net assets	179,935	178,203

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

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021
	Amount	Amount
Net sales	115,025	110,782
Cost of sales	101,156	96,985
Gross profit	13,868	13,797
Selling, general and administrative expenses	10,455	11,234
Operating income	3,412	2,562
Other income		
Interest income	858	610
Dividend income	144	249
Insurance dividends	33	33
Insurance received	47	22
Purchase discounts	44	-
Other	576	717
Total other income	1,706	1,633
Other expenses		
Interest expense	688	593
Commission fee	2	205
Provision of allowance for doubtful accounts	23	275
Loss on valuation of investment securities	154	-
Loss on valuation of derivatives	201	120
Foreign exchange losses	220	-
Other	126	238
Total other expenses	1,417	1,433
Ordinary income	3,701	2,762
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	2,646
Total extraordinary income	-	2,646
Extraordinary losses		
Impairment losses	-	598
Loss on removal of refrigerated warehouses	-	234
Total extraordinary losses	-	833
Income before income taxes	3,701	4,575
Income taxes - Current	828	1,376
Income taxes - Deferred	449	(472)
Total income taxes	1,278	903
Profit	2,422	3,672
Profit attributable to non-controlling interests	82	66
Profit attributable to owners of the parent	2,340	3,605

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021
	Amount	Amount
Profit	2,422	3,672
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	636	(703)
Deferred gain (loss) on derivatives under hedge accounting	(96)	(44)
Foreign currency translation adjustments	(2,321)	2,014
Remeasurements of defined benefit plans	(8)	168
Total other comprehensive income	(1,789)	1,435
Comprehensive income	633	5,107
Breakdown:		
Comprehensive income attributable to owners of the parent	559	5,056
Comprehensive income attributable to non-controlling interests	73	50

(3) Consolidated Statements of Changes in Shareholders' Equity

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

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
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
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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended September 30, 2020 Amount	Year ended September 30, 2021 Amount
Cash flows from operating activities		
Income before income taxes	3,701	4,575
Depreciation and amortization	6,037	6,688
Impairment losses	-	598
Amortization of goodwill	500	532
Increase (decrease) in accrued employees' bonuses	(2)	33
Increase (decrease) in accrued bonuses for directors and corporate auditors	(14)	5
Increase (decrease) in allowance for doubtful accounts	16	231
Increase (decrease) in net defined benefit liability	65	(13)
Loss on removal of refrigerated warehouses	-	234
Interest and dividend income	(1,003)	(860)
Interest expense	688	593
Loss (gain) on valuation of investment securities	154	-
Loss (gain) on valuation of derivatives	201	120
Loss (gain) on sales of shares of subsidiaries and associates	-	(2,646)
Decrease (increase) in accounts receivable - trade	2,483	1,255
Decrease (increase) in inventories	5,405	(1,580)
Decrease (increase) in advance payments	681	15
Increase (decrease) in accounts payable - trade	(941)	2,172
Increase (decrease) in accrued expenses	(521)	(784)
Other - net	594	2,183
Sub total	18,048	13,356
Interest and dividend income received	1,075	884
Interest paid	(695)	(568)
Income taxes paid	(1,578)	(885)
Net cash provided by (used in) operating activities	16,850	12,786
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,242)	(12,689)
Proceeds from sales of property, plant and equipment	5	16
Purchase of intangible fixed assets	(72)	(182)
Purchase of shares of subsidiaries and associates	(96)	(729)
Proceeds from sales of investment securities	182	418
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	1,166
Payments of loans receivable	(6,053)	(4,171)
Collection of loans receivable	3,434	4,670
Other - net	(102)	(144)
Net cash provided by (used in) investing activities	(16,944)	(11,644)

(Millions of yen)

	Year ended September 30, 2020	Year ended September 30, 2021
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	245	(2,441)
Proceeds from long-term loans payable	7,000	10,861
Repayments of long-term loans payable	(4,578)	(18,964)
Proceeds from issuance of bonds	-	10,000
Purchase of treasury stock	(0)	(0)
Dividends paid to shareholders	(1,355)	(1,356)
Other - net	(317)	(315)
Net cash provided by (used in) financing activities	994	(2,215)
Effect of exchange rate changes on cash and cash equivalents	(156)	112
Net increase (decrease) in cash and cash equivalents	744	(961)
Cash and cash equivalents, beginning of period	3,377	4,121
Cash and cash equivalents, end of period	4,121	3,160

(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.

During the fiscal year ended September 30, 2021, Syvde Eiendom AS, formerly a consolidated subsidiary of the Company, was excluded from consolidation, due to the sale of its shares.

Additionally, HIYR AS, formerly a consolidated subsidiary of the Company, was excluded from consolidation, due to the sale of all common shares. As a result, Hofseth Aqua AS in which HIYR AS held shares and Aspoy AS in which Hofseth Aqua AS held shares were also excluded from consolidation.

(2) Number of unconsolidated subsidiaries: 5

Names of major unconsolidated subsidiaries:

Global Agency Co., Ltd.

Yokorei 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 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. and 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 Yokohama Reito 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 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.

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, 2019 – September 30, 2020)

(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	28,486	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 assets.

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.

(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.

b. Related information

(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	Asia	Northern Europe	Total
82,438	6,623	7,642	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.

(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	Northern Europe	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.

c. Impairment loss on noncurrent assets by reportable segment

(October 1, 2019 – September 30, 2020)
Not applicable.

(October 1, 2020 – September 30, 2021)

(Millions of yen)

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

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

(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

(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

e. Gain on negative goodwill by reportable segment

(October 1, 2019 – September 30, 2020)
Not applicable.

(October 1, 2020 – September 30, 2021)
Not applicable.

(Per-Share Information)

	Year ended September 30, 2020	Year ended September 30, 2021
	yen	yen
Net assets per share	1,321.34	1,383.60
Profit attributable to owners of the parent per share	39.86	61.30

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, 2020	Year ended September 30, 2021
Profit attributable to owners of the parent per share		
Profit attributable to owners of the parent (millions of yen)	2,340	3,605
Amount not attributable to common stock shareholders (millions of yen)	-	-
Profit attributable to owners of the parent related to common stock (millions of yen)	2,340	3,605
Average number of shares outstanding (thousands of shares)	58,721	58,813

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 (252,469 shares for the fiscal year ended September 30, 2020; 222,500 shares for the fiscal year ended September 30, 2021).

(Significant Subsequent Events)

Not applicable.