1. Overview of Consolidated Business Results

(1) Consolidated Operating Performance

(Operating environment)

In the fiscal year ended September 30, 2023 (October 1, 2022 - September 30, 2023), Japan's economy showed signs of normalizing social and economic activities, including a gradual recovery in domestic demand and demand from inbound tourism. On the other hand, the economic outlook remains uncertain due to continued international instability, the depreciation of the yen, and rising prices.

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)

Under these circumstances, based on "The Power to Create" of the Yokorei Group Medium-term Management Plan (Phase I: October 2020 to September 2023), whose final year falls under the current fiscal period, the Refrigerated Warehousing Business has a policy of "creating a new business model," while the Food Sales Business has a policy of "creating new food value," and both have been committed to them as their focused measures.

As a result, the Yokorei Group recorded consolidated net sales of ¥133,862 million, up 16.1% year on year. Operating income totaled ¥3,785 million, down 11.0% year on year, and ordinary income was ¥4,203 million, down 15.9% year on year. Profit attributable to owners of the parent totaled ¥2,831 million, a year-on-year decline of 14.6%.

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, 2023.

Revenue from storage fees increased significantly due to the high level of inventory that has continued from the previous fiscal year. In particular, the business's efforts to provide a consolidated logistics services that support 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. Additionally, in response to higher costs caused by soaring electricity rates, progress was made in energy-saving measures such as replacing existing equipment and in rate revision negotiations, which contributed to increased sales and profits.

At THAI YOKOREI CO. LTD., a consolidated subsidiary in Thailand, both inbound and outbound cargo volumes exceeded the previous term due to the fast movement of cargo, resulting in an increase in cargo handling revenue. However, due to a decrease in the inventory ratio of main items such as livestock products, storage fee revenue decreased, resulting in a decrease in both revenue and profit.

As a result, overall segment sales came to ¥31,827 million, up 5.9% year on year, and operating income was ¥6,689 million, up 3.8% year on year.

2) Food Sales Business

The Food Sales Business posted year-on-year increases in sales but profits decreased in the fiscal year ended September 30, 2023.

In marine products, the handling volume of such items as Peruvian squid as strategic business products, Norwegian salmon, sardines and mackerel for feed on the foreshore, and an abundant catch of albacore tuna in Kesennuma grew and we recovered profits in the third quarter of the fiscal period. Since July, the volume of scallops handled for export has declined due to the release of ALPS treated water. Additionally, the prices of Hokkaido products declined, reducing profits. Instead, although trilateral trade increased, it did not cover these negative factors, resulting in an increase in sales and a decrease in profits for the full year in the entire marine products.

In livestock products, sales and profits increased due to a recovery in demand for pork from inbound tourists and restaurants. On the other hand, although sales of chicken to mass retailers grew and revenue increased, profit margins declined due to an imbalance between supply and demand, and overall livestock products saw increased sales but lower profits.

Agricultural products did not have a good harvest due to abnormal weather, but drove the segment forward through the expansion of the sales channels, led by potatoes and cabbage, resulting in increased sales and profits.

As a result, overall segment sales came to ¥101,976 million, up 19.8% year on year, and operating income was ¥1,158 million, down 12.5% year on year.

(2) Consolidated Financial Position

Assets, Liabilities, and Net Assets

Total assets as of September 30, 2023, amounted to ¥197,695 million, an increase of ¥18,674 million from the previous fiscal year-end (September 30, 2022). This was mainly due to increases of ¥6,331 million in property, plant and equipment, ¥6,069 million in notes and accounts receivable-trade, ¥2,907 million in investment securities, and ¥2,274 million in merchandise, and a decrease of ¥4,021 million in loans receivable.

Total liabilities increased ¥16,509 million from the end of the previous fiscal year to ¥110,360 million. This was mainly due to an increase of ¥18,354 million in loans payable.

Total net assets amounted to ¥87,334 million, an increase of ¥2,164 million from the previous fiscal year-end.

(3) Cash Flows

Cash and cash equivalents at the end of the fiscal year amounted to ¥3,927 million, an increase of ¥1,514 million compared with the previous fiscal year-end (September 30, 2022). The main factors affecting cash flows during the fiscal year are summarized as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥1,309 million, compared with ¥5,982 million provided in the same period of the previous fiscal year. Cash inflow was mainly attributable to ¥4,464 million in income before income taxes and depreciation and amortization of ¥6,581 million. These inflows were outweighed by cash outflows mainly attributable to an increase of ¥6,051 million in accounts receivable - trade, an increase of ¥2,247 million in inventories, an increase of ¥1,988 million in advance payments, and ¥1,724 million in income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥13,798 million, compared with ¥2,910 million used in the same period of the previous fiscal year. Cash inflow was mainly attributable to ¥4,542 million from the collection of loans receivable. This inflow was outweighed by cash outflows of ¥14,427 million for the purchase of property, plant and equipment, and ¥2,611 million for the purchase of investment securities.

(Cash flow from financing activities)

Net cash provided by financing activities amounted to ¥16,611 million, compared with ¥3,839 million used in the same period of the previous fiscal year. This net inflow was mainly due to a net increase in loans payable from financial institutions of ¥18,268 million, which was partly offset by dividends paid to shareholders of ¥1,358 million.

Cash Flow-Related Indices

	Year ended September 30, 2021	Year ended September 30, 2022	Year ended September 30, 2023
Equity ratio (%)	45.7	46.8	43.4
Equity ratio based on market value (%)	29.3	28.9	36.0
Ratio of cash flow to interest-bearing debt (years)	6.2	12.9	-
Interest coverage ratio (times)	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.
3. The ratio of cash flow to interest-bearing debt and the interest coverage ratio for the fiscal year ended September 30, 2023, are not shown because of the negative cash flows.

(4) Outlook for the Fiscal Year Ending September 30, 2024

The Yokorei Group’s business environment remains uncertain, clouded by the 2024 logistics problem due to work style reforms, labor shortages due to population decline, increased electricity costs due to soaring energy prices, and prolonged international instability.

Globally, the weakening of the yen, climate change, and environmental problems are becoming more serious year by year, and competition for food resources is intensifying as food resources are depleted due to global population growth. There is a need for proactive initiatives for sustainability to balance consideration for the global environment and sustainable corporate growth.

Against this backdrop, the Yokorei Group has set forth the long-term direction for 2030, “Yokorei Business Vision 2030” and “Yokorei Sustainability Vision 2030.”

As the second stage toward realization, we have formulated a new medium-term management plan (Phase II: October 2023 to September 2026), “The Power to Connect,” with the final year of 2026.

In order to achieve this medium-term management plan, the Refrigerated Warehousing Business will “solve domestic and overseas issues with the high-quality logistics we have accumulated over the years and provide smart cold services to customers,” and the Food Sales Business will “provide our customers with seasonal and delicious products through our discerning abilities by leveraging our network with domestic and overseas (global) producers.” And as the management foundation to support it, our policy is to improve productivity and accelerate the speed of business growth.

Based on the above, the Yokorei Group is aiming for consolidated net sales of ¥139,000 million, operating income of ¥4,550 million, ordinary income of ¥4,750 million, and ¥3,050 million in profit attributable to owners of the parent in the fiscal year ending September 30, 2024.

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.

1. **Consolidated Financial Statements**

(1) Consolidated Balance Sheets

(Millions of yen)

	As of September 30, 2022	As of September 30, 2023
	Amount	Amount
Assets		
Current assets		
Cash and deposits	2,423	3,937
Notes and accounts receivable - trade	*1 13,933	*1 20,002
Merchandise	15,660	17,935
Advance payments	169	2,178
Short-term loans receivable, net	4,953	870
Other	841	1,355
Allowance for doubtful accounts	(47)	(101)
Total current assets	37,934	46,179
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	*3, *4 51,457	*3, *4 54,182
Machinery, equipment and vehicles, net	*3, *5 8,139	*3, *5 8,353
Land	30,229	30,507
Leased assets, net	*3 276	*3 312
Construction in progress	3,924	7,056
Other, net	*3 809	*3 756
Total property, plant and equipment	94,837	101,168
Intangible fixed assets		
Goodwill	72	32
Other	2,215	3,398
Total intangible fixed assets	2,287	3,431
Investments and other assets		
Investment securities	*2 39,357	*2 42,264
Long-term loans receivable	4,661	4,724
Other	1,084	1,200
Allowance for doubtful accounts	(1,141)	(1,274)
Total investments and other assets	43,961	46,915
Total noncurrent assets	141,087	151,516
Total assets	179,021	197,695

(Millions of yen)

	As of September 30, 2022	As of September 30, 2023
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,225	4,871
Short-term loans payable	*7 13,093	*7 21,087
Current portion of long-term loans payable	4,364	5,864
Lease obligations	79	95
Income taxes payable	933	899
Accrued employees' bonuses	791	812
Accrued bonuses for directors and corporate auditors	29	45
Other	*8 6,911	*8 5,099
Total current liabilities	31,430	38,777
Noncurrent liabilities		
Bonds	30,000	30,000
Long-term loans payable	29,727	38,586
Lease obligations	213	245
Deferred tax liabilities	229	333
Provision for Executive Compensation BIP Trust	143	143
Net defined benefit liability	979	1,081
Asset retirement obligations	91	91
Other	1,035	1,102
Total noncurrent liabilities	62,420	71,583
Total liabilities	93,850	110,360
Net assets		
Shareholders' equity		
Common stock	14,303	14,303
Capital surplus	14,399	14,419
Retained earnings	50,740	52,213
Treasury stock	(286)	(386)
Total shareholders' equity	79,157	80,549
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	3,988	4,392
Deferred gain (loss) on derivatives under hedge accounting	147	213
Foreign currency translation adjustments	605	884
Remeasurements of defined benefit plans	(92)	(164)
Total accumulated other comprehensive income	4,647	5,326
Non-controlling interests	1,365	1,459
Total net assets	85,170	87,334
Total liabilities and net assets	179,021	197,695

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

(Millions of yen)

	Year ended September 30, 2022	Year ended September 30, 2023
	Amount	Amount
Net sales	*1 115,257	*1 133,862
Cost of sales	102,672	121,037
Gross profit	12,584	12,824
Selling, general and administrative expenses	*2 8,332	*2 9,039
Operating income	4,252	3,785
Other income		
Interest income	529	307
Dividend income	470	435
Insurance dividends	34	33
Insurance received	90	75
Foreign exchange gains	964	196
Other	401	335
Total other income	2,491	1,384
Other expenses		
Interest expense	359	399
Loss on retirement of non-current assets	211	95
Provision of allowance for doubtful accounts	553	205
Loss on valuation of derivatives	422	178
Other	197	87
Total other expenses	1,743	966
Ordinary income	4,999	4,203
Extraordinary income		
Gain on receipt of contingent consideration	-	*3 260
Total extraordinary income	-	260
Income before income taxes	4,999	4,464
Income taxes - Current	1,554	1,669
Income taxes - Deferred	40	(79)
Total income taxes	1,595	1,589
Profit	3,404	2,874
Profit attributable to non-controlling interests	87	43
Profit attributable to owners of the parent	3,317	2,831

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended September 30, 2022 Amount	Year ended September 30, 2023 Amount
Profit	3,404	2,874
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	357	404
Deferred gain (loss) on derivatives under hedge accounting	212	66
Foreign currency translation adjustments	540	355
Remeasurements of defined benefit plans	(178)	(72)
Total other comprehensive income	*1 931	*1 754
Comprehensive income	4,335	3,629
Breakdown:		
Comprehensive income attributable to owners of the parent	4,113	3,509
Comprehensive income attributable to non-controlling interests	222	119

(3) Consolidated Statements of Changes in Shareholders' Equity

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

Year ended September 30, 2023 (October 1, 2022- September 30, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of October 1, 2022	14,303	14,399	50,740	(286)	79,157
Changes during period					
Cash dividends			(1,358)		(1,358)
Profit attributable to owners of the parent			2,831		2,831
Purchase of treasury stock				(200)	(200)
Disposal of treasury stock		19		99	119
Net change in items other than shareholders' equity during period					-
Total changes during period	-	19	1,472	(100)	1,392
Balance as of September 30, 2023	14,303	14,419	52,213	(386)	80,549

	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, 2022	3,988	147	605	(92)	4,647	1,365	85,170
Changes during period							
Cash dividends					-		(1,358)
Profit attributable to owners of the parent					-		2,831
Purchase of treasury stock					-		(200)
Disposal of treasury stock					-		119
Net change in items other than shareholders' equity during period	404	66	279	(72)	678	93	772
Total changes during period	404	66	279	(72)	678	93	2,164
Balance as of September 30, 2023	4,392	213	884	(164)	5,326	1,459	87,334

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended September 30, 2022 Amount	Year ended September 30, 2023 Amount
Cash flows from operating activities		
Income before income taxes	4,999	4,464
Depreciation and amortization	6,413	6,581
Amortization of goodwill	41	43
Increase (decrease) in accrued employees' bonuses	2	21
Increase (decrease) in accrued bonuses for directors and corporate auditors	5	15
Increase (decrease) in allowance for doubtful accounts	518	186
Increase (decrease) in net defined benefit liability	70	25
Interest and dividend income	(1,000)	(743)
Interest expense	359	399
Loss (gain) on valuation of derivatives	422	178
Gain on receipt of contingent consideration	-	(260)
Decrease (increase) in accounts receivable - trade	(2,070)	(6,051)
Decrease (increase) in inventories	(3,928)	(2,247)
Decrease (increase) in advance payments	(55)	(1,988)
Increase (decrease) in accounts payable - trade	516	(353)
Increase (decrease) in accrued expenses	186	354
Other - net	538	(577)
Sub total	7,021	46
Interest and dividend income received	1,018	774
Interest paid	(352)	(406)
Income taxes paid	(1,704)	(1,724)
Net cash provided by (used in) operating activities	5,982	(1,309)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,565)	(14,427)
Proceeds from sales of property, plant and equipment	3	5
Purchase of intangible fixed assets	(317)	(1,413)
Purchase of investment securities	(2,998)	(2,611)
Proceeds from redemption of investment securities	1,084	293
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	7,784	-
Proceeds from settlement of contingent consideration	-	260
Payments of loans receivable	(4,266)	(326)
Collection of loans receivable	4,649	4,542
Other - net	(284)	(122)
Net cash provided by (used in) investing activities	(2,910)	(13,798)

(Millions of yen)

	Year ended September 30, 2022	Year ended September 30, 2023
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,100)	7,926
Proceeds from long-term loans payable	5,000	15,465
Repayments of long-term loans payable	(6,274)	(5,123)
Purchase of treasury stock	(0)	(200)
Dividends paid to shareholders	(1,358)	(1,358)
Other - net	(105)	(97)
Net cash provided by (used in) financing activities	(3,839)	16,611
Effect of exchange rate changes on cash and cash equivalents	19	9
Net increase (decrease) in cash and cash equivalents	(747)	1,514
Cash and cash equivalents, beginning of period	3,160	2,413
Cash and cash equivalents, end of period	2,413	3,927

(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: 3

Names of consolidated subsidiaries:

THAI YOKOREI CO.,LTD.
BEST COLD CHAIN CO.,LTD.
VIETNAM YOKOREI CO.,LTD.

Of the above, VIETNAM YOKOREI CO., LTD. is included in the scope of consolidation as it was newly established in the current fiscal year.

(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

Among the consolidated subsidiaries, THAI YOKOREI CO., LTD., BEST COLD CHAIN CO., LTD., and VIETNAM YOKOREI CO., LTD. are consolidated based on their financial statements as of their respective closing 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 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 on or after April 1, 1998, and for facilities attached to buildings and structures acquired by the Company 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 (usual point in time for recognizing revenue) are as follows:

1) Refrigerated Warehousing Business

It mainly provides loading/unloading services including entering cargo into and removing cargo from refrigerated warehouses, as well as services for storing deposited items under the conditions requested by customers. For consideration for loading/unloading services including entering cargo into and removing cargo from there, we receive the total amount of the contract including fees for entering and removing, at the time of warehousing. Performance obligations related to services are determined to be satisfied over a certain period from the receipt of the deposited goods to the delivery of those, and the progress estimate is measured as the ratio of the quantity received and delivered to the total quantity received and delivered for each contract. We recognize the amount calculated by multiplying the total cargo handling service fee by the degree of progress as revenue.

The consideration for storage services for deposited items is calculated based on the unit price for each deposited item (monthly or semi-monthly), storage quantity, and storage period as determined in the contract with the customer. The performance obligation related to storage services is to store the deposited items under the conditions requested by the customer, and revenue is recognized when it is determined that the performance obligation is satisfied over a certain period of storage.

The transaction price is calculated by deducting variable consideration such as discounts from the consideration promised in the contract with the customer. The consideration under the contract is received within one year from the time the services are provided to the customer.

Significant financial factors are not included.

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 goods or products is recognized primarily at the point in time when the goods or products are delivered to the customer or on the shipping date, etc. both 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 alternative treatment specified in Paragraph 98 of the Implementation Guidance on Revenue Recognition has been applied, and for domestic sales of goods or products, if the period from the time of shipment to the time when control of the goods or products is transferred to the customer is an usual period, revenue is recognized at the time of shipment. The Company also engages in transactions of promotion expenses, etc. and agent transactions. Treatment of these transactions is as follows:

The transaction price is calculated by deducting variable consideration such as discounts from the consideration promised in the contract with the customer. The consideration under the contract is received within one year from the time the services are provided to the customer.

Significant financial factors are not included.

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. Agent transactions

Some of the sales transactions of marine products and agricultural and livestock products involve other parties in the provision of goods or services to customers, for which we determine that we are an agent because we have no primary responsibility, inventory risk, or price discretionary authority, and for which revenues are recognized on a net basis. Such transactions include those in which our customers entrust us with procurement of raw materials, processing of products, and delivery of products. Such transactions have the following characteristics: (1) specifications and suppliers are designated by the customer for the procurement of raw materials; (2) the Company is not responsible for the processing and quality of the products in addition to the designation of the subcontractor for the processing of the products; (3) the Company has no inventory risk related to retention, etc.; and (4) the selling price is agreed to be the actual cost of raw materials, processing costs, etc. plus fees. Therefore, we have determined that our performance obligation with respect to such transactions is to arrange for the products to be provided to the customer by the other party.

(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 a 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 and scheduled 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 Implementation Guidance on Accounting Standard for Fair Value Measurement)

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 31, June 17, 2021, hereinafter “Accounting Standard Guidance for Fair Value Measurement”) have been applied from the beginning of the fiscal year under review, and in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Accounting Standard Guidance for Fair Value Measurement, we have decided to apply the new accounting policy specified in the Accounting Standard Guidance for Fair Value Measurement in the future. 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, 2021 - September 30, 2022)

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated Warehousing Business	Food Sales Business	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 adjustment amount (-3,567 million yen) to segment profit is for company-wide expenses that are not allocated to each reportable segment. Company-wide expenses are mainly general and administrative expenses that do not belong to any reportable segment.
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.

(October 1, 2022 – September 30, 2023)

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated financial statements*2
	Refrigerated Warehousing Business	Food Sales Business	Other	Total		
Net sales						
Sales to outside customers	31,827	101,976	58	133,862	-	133,862
Intersegment sales or transfers	2,096	-	32	2,128	(2,128)	-
Total	33,923	101,976	90	135,990	(2,128)	133,862
Segment profit	6,689	1,158	33	7,881	(4,096)	3,785
Segment assets	104,976	68,966	1,599	175,541	22,153	197,695
Other items						
Depreciation and amortization*3	5,888	107	16	6,012	568	6,581
Amortization of goodwill	43	-	-	43	-	43
Increase in property, plant and equipment and intangible fixed assets*3	11,972	184	34	12,191	236	12,428

Notes: 1. Details of adjustments are as follows:

1) The adjustment amount (-4,096 million yen) to segment profit is for company-wide expenses that are not allocated to each reportable segment. Company-wide expenses are mainly general and administrative expenses that do not belong to any reportable segment.
2) The 22,153 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 568 million yen adjustment for depreciation and amortization was for unallocated corporate assets.
4) The 236 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, 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
102,950	7,340	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.

(October 1, 2022 - September 30, 2023)

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	Central and South America	Asia	North America	Other	Total
117,596	8,188	7,670	293	113	133,862

2) Property, plant and equipment

(Millions of yen)

Japan	Asia	Total
92,986	8,182	101,168

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, 2021 - September 30, 2022)

Not applicable.

(October 1, 2022 - September 30, 2023)

Not applicable.

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

(Millions of yen)

(October 1, 2021 - September 30, 2022)

	Refrigerated Warehousing Business	Food Sales Business		Other	Total	Elimination/ corporate	
Amortization expense	41	-		-	41	-	
Balance as of September 30, 2022	72	-		-	72	-	

(October 1, 2022 - September 30, 2023)

(Millions of yen)

	Refrigerated Warehousing Business	Food Sales Business	Other	Total	Elimination/ corporate	Total
Amortization expense	43	-	-	43	-	43
Balance as of September 30, 2023	32	-	-	32	-	32

e. Gain on negative goodwill by reportable segment

(October 1, 2021 - September 30, 2022)

Not applicable.

(October 1, 2022 - September 30, 2023)

Not applicable.

(Revenue Recognition)

1 Information on the breakdown of revenue from contracts with customers

(Millions of yen)

	Year ended September 30, 2022	Year ended September 30, 2023
Refrigerated Warehousing		
(Storage)	14,858	16,209
(Loading/unloading)	6,505	6,513
(Transportation and handling, etc.)	8,681	9,103
Sub total	30,045	31,827
Food Sales		
(Marine products)	68,253	83,961
(Livestock products)	15,461	16,107
(Agricultural products, etc.)	1,443	1,907
Sub total	85,157	101,976
Other	-	-
Revenue from contracts with customers	115,202	133,803
Other revenue	54	58
Sales to outside customers	115,257	133,862

2. Information that forms the basis for understanding revenue from contracts with customers

Information that forms the basis for understanding revenue is as stated in “(5) Accounting standards for significant revenues and expenses” under “4. Accounting policies” of “(Significant Information Regarding the Preparation of Consolidated Financial Statements).”

(Per-Share Information)

	Year ended September 30, 2022	Year ended September 30, 2023
	yen	yen
Net assets per share	1,422.83	1,460.17
Earnings per share	56.34	48.16

Notes: 1. Information on diluted earnings per share is omitted, as there were no dilutive shares.

2. The basis for calculating earnings per share is as follows:

	Year ended September 30, 2022	Year ended September 30, 2023
Earnings per share		
Profit attributable to owners of the parent (millions of yen)	3,317	2,831
Amount not attributable to common stock shareholders (millions of yen)	-	-
Profit attributable to owners of the parent related to common stock (millions of yen)	3,317	2,831
Average number of shares outstanding (thousands of shares)	58,879	58,793

Note: In calculating "earnings per share," the Company's shares held by the Executive Compensation BIP Trust are included in the treasury stock which are deducted in the calculation of the average number of outstanding shares (222,500 shares for the previous fiscal year, and 222,500 shares for the current fiscal year).

(Significant Subsequent Events)

Not applicable.