

## **1. Qualitative Information on the Consolidated Business Results for the Six Months Ended March 31, 2024**

### **(1) Consolidated Operating Performance**

In the first half of the fiscal year ending September 30, 2024 (October 1, 2023 – March 31, 2024), the Japanese economy showed signs of a moderate recovery as the prolonged impact of COVID-19 subsided and the Nikkei Stock Average exceeded its pre-bubble high. At the same time, however, the economic environment remains uncertain, with concerns about downside risks such as rising prices due to soaring import prices caused by the weak yen, the lifting of zero interest rates, and financial market volatility.

Against this backdrop, the Yokorei Group formulated a new medium-term management plan (Phase II) “The Power to Connect,” with the final year of 2026. The Refrigerated Warehousing Business aims to “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 aims to “provide our customers with seasonal and delicious products through our discerning abilities by leveraging our network with domestic and overseas producers.” In order to achieve the quantitative targets of “consolidated net sales of ¥150 billion,” “operating income of ¥6.5 billion,” “EBITDA of ¥13 billion,” “ROE of 5% or higher,” and “equity ratio to be maintained in the 40% or higher range” in the final year (fiscal year ending in September 2026), we have been working on the respective priority measures.

As a result, the Yokorei Group recorded consolidated net sales of ¥62,025 million, down 2.0% year on year, in the first half of the current fiscal year. Operating income totaled ¥2,795 million, up 64.7% year on year, and ordinary income was ¥2,371 million, up 19.0% year on year. Profit attributable to owners of the parent totaled ¥1,644 million, a year-on-year increase of 38.2%.

#### **Refrigerated Warehousing Business**

The Refrigerated Warehousing Business posted a year-on-year increase in both sales and profit in the first half of the fiscal year.

Inventory levels have remained high, continuing from the previous fiscal year. Livestock products, which had temporarily declined, picked up, and handling volumes for marine products and agricultural products increased, resulting in increases in storage fees and revenue from loading/unloading fees, related transportation handling and customs clearance handling revenues. In addition, rate revisions were made to compensate for rising costs, resulting in increased revenues and profits.

Our consolidated subsidiary, THAI YOKOREI CO., LTD., also saw handling volumes for its core livestock and dairy products increase, driving segment profit.

As a result, overall segment sales came to ¥16,980 million, up 10.0% year on year, and operating income was ¥3,969 million, up 22.0% year on year.

#### **Food Sales Business**

The Food Sales Business posted a year-on-year decrease in sales but an increase in profit in the first half of the fiscal year.

In marine products, the mainstay salmon/trout sales declined but profits increased, while tuna and sardines increased in both sales and profits due to a higher volume handled, and sardines and mackerel for feed also grew in volume handled. In addition, the market price of shrimp, whose profit margin fell due to the decline in market prices in the previous fiscal year, recovered, and overall profit of marine products increased despite a decline in revenue due to our efforts to focus on profit.

In livestock products, handling volumes grew due to increased demand for pork and chicken from restaurants for inbound tourists, resulting in increased sales and profits.

Agricultural products had a poor harvest due to abnormal weather caused by high temperatures last summer, resulting in lower sales and profits.

As a result, overall segment sales came to ¥45,015 million, down 5.8% year on year, and operating income was ¥798 million, up 69.8% year on year.

## **(2) Consolidated Financial Position**

### **Assets, Liabilities, and Net Assets**

Total assets as of March 31, 2024, amounted to ¥210,633 million, an increase of ¥12,938 million from the previous fiscal year-end (September 30, 2023). The main changes include a ¥12,306 million increase in property, plant and equipment.

Total liabilities amounted to ¥122,369 million, ¥12,008 million more than at the previous fiscal year-end. This was mainly due to increases of ¥6,907 million in other (notes payable-facilities and accounts payable-facilities), ¥3,190 million in loans payable and ¥1,175 million in notes and accounts payable - trade.

Total net assets amounted to ¥88,264 million, an increase of ¥929 million from the previous fiscal year-end.

### **Cash Flows**

Cash and cash equivalents (hereinafter, “cash”) at the end of the period amounted to ¥4,826 million, an increase of ¥898 million from the previous fiscal year-end (September 30, 2023). The main factors affecting cash flows during the first half of the fiscal year are summarized as follows.

#### **(Cash flows from operating activities)**

Net cash provided by operating activities amounted to ¥7,208 million, compared with ¥7,219 million used in the same period of the previous fiscal year. Cash inflow was mainly attributable to ¥2,371 million in income before income taxes, depreciation and amortization of ¥3,379 million, and a ¥1,175 million increase in accounts payable - trade and ¥1,068 million decrease in accounts receivable - trade. These inflows exceeded cash outflows mainly attributable to a ¥489 million increase in advance payments and ¥376 million of income taxes paid.

#### **(Cash flows from investing activities)**

Net cash used in investing activities amounted to ¥8,741 million, compared with ¥4,234 million used in the same period of the previous fiscal year. Cash inflow was mainly attributable to ¥293 million from the collection of loans receivable. This inflow was outweighed by cash outflows of ¥9,029 million for the purchase of property, plant and equipment, and others.

#### **(Cash flows from financing activities)**

Net cash provided by financing activities amounted to ¥2,370 million, compared with ¥12,974 million provided in the same period of the previous fiscal year. This net inflow was mainly derived from a net increase in loans payable from financial institutions of ¥3,171 million, which was partly offset by dividends paid to shareholders of ¥738 million.

## **(3) Consolidated Earnings Forecast**

The earnings forecast for the first half of the fiscal year ending September 30, 2024, has been revised from the figures announced on November 14, 2023, with the financial results for the fiscal year ended September 30, 2023.

For details, please refer to the “Notice of Difference between Earnings Forecast and Actual Results” released on May 14, 2024.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	As of September 30, 2023 Amount	(Millions of yen) As of March 31, 2024 Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,937	4,836
Notes and accounts receivable - trade	20,002	18,939
Merchandise	17,935	17,895
Advance payments	2,178	1,245
Short-term loans receivable	870	642
Other	1,355	3,589
Allowance for doubtful accounts	(101)	(99)
Total current assets	46,179	47,048
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	54,182	66,290
Machinery, equipment and vehicles, net	8,353	10,046
Land	30,507	30,674
Leased assets, net	312	352
Construction in progress	7,056	5,168
Other, net	756	943
Total property, plant and equipment	101,168	113,475
Intangible fixed assets		
Goodwill	32	11
Other	3,398	3,315
Total intangible fixed assets	3,431	3,327
Investments and other assets		
Investment securities	42,264	42,434
Long-term loans receivable	4,724	4,719
Other	1,200	905
Allowance for doubtful accounts	(1,274)	(1,276)
Total investments and other assets	46,915	46,782
Total noncurrent assets	151,516	163,585
<b>Total assets</b>	197,695	210,633

	As of September 30, 2023	(Millions of yen) As of March 31, 2024
	Amount	Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,871	6,047
Short-term loans payable	21,087	19,737
Current portion of long-term loans payable	5,864	5,653
Current portion of bonds payable	-	10,000
Lease obligations	95	96
Income taxes payable	899	921
Accrued employees' bonuses	812	681
Accrued bonuses for directors and corporate auditors	45	18
Other	5,099	12,770
Total current liabilities	<u>38,777</u>	<u>55,928</u>
<b>Noncurrent liabilities</b>		
Bonds	30,000	20,000
Long-term loans payable	38,586	43,338
Lease obligations	245	287
Deferred tax liabilities	333	350
Provision for Executive Compensation BIP Trust	143	95
Net defined benefit liability	1,081	1,079
Asset retirement obligations	91	91
Other	1,102	1,198
Total noncurrent liabilities	<u>71,583</u>	<u>66,440</u>
<b>Total liabilities</b>	<u>110,360</u>	<u>122,369</u>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	14,303	14,303
Capital surplus	14,419	14,428
Retained earnings	52,213	53,119
Treasury stock	(386)	(282)
Total shareholders' equity	<u>80,549</u>	<u>81,569</u>
<b>Accumulated other comprehensive income</b>		
Unrealized gain on available-for-sale securities	4,392	4,510
Deferred gain (loss) on derivatives under hedge accounting	213	(19)
Foreign currency translation adjustments	884	841
Remeasurements of defined benefit plans	(164)	(151)
Total accumulated other comprehensive income	<u>5,326</u>	<u>5,180</u>
<b>Non-controlling interests</b>	<u>1,459</u>	<u>1,514</u>
<b>Total net assets</b>	<u>87,334</u>	<u>88,264</u>
<b>Total liabilities and net assets</b>	<u>197,695</u>	<u>210,633</u>

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

	(Millions of yen)	
	Six months ended March 31, 2023	Six months ended March 31, 2024
	Amount	Amount
Net sales	63,271	62,025
Cost of sales	57,201	54,838
Gross profit	6,069	7,187
Selling, general and administrative expenses	4,371	4,392
Operating income	1,697	2,795
Other income		
Interest income	188	114
Dividend income	219	153
Insurance dividends	33	18
Delinquency charge received	-	198
Other	416	187
Total other income	858	671
Other expenses		
Interest expense	183	225
Commission expenses	18	236
Foreign exchange losses	300	268
Other	61	364
Total other expenses	563	1,095
Ordinary income	1,992	2,371
Income before income taxes	1,992	2,371
Income taxes - Current	664	624
Income taxes - Deferred	123	66
Total income taxes	788	691
Profit	1,204	1,679
Profit attributable to non-controlling interests	14	35
Profit attributable to owners of the parent	1,190	1,644

## Consolidated Statements of Comprehensive Income

	Six months ended March 31, 2023	(Millions of yen) Six months ended March 31, 2024
	Amount	Amount
Profit	1,204	1,679
Other comprehensive income		
Unrealized gain on available-for-sale securities	(1,458)	117
Deferred gain (loss) on derivatives under hedge accounting	(244)	(233)
Foreign currency translation adjustments	(116)	(22)
Remeasurements of defined benefit plans	93	13
Total other comprehensive income	<u>(1,726)</u>	<u>(124)</u>
Comprehensive income	<u>(521)</u>	<u>1,555</u>
Breakdown:		
Comprehensive income attributable to owners of the parent	(518)	1,499
Comprehensive income attributable to non-controlling interests	(2)	55

### (3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended March 31, 2023	Six months ended March 31, 2024
	Amount	Amount
<b>Cash flows from operating activities</b>		
Income before income taxes	1,992	2,371
Depreciation and amortization	3,139	3,379
Amortization of goodwill	20	22
Increase (decrease) in accrued employees' bonuses	(209)	(131)
Increase (decrease) in accrued bonuses for directors and corporate auditors	(3)	(26)
Increase (decrease) in allowance for doubtful accounts	(82)	1
Increase (decrease) in net defined benefit liability	(46)	10
Increase (decrease) in provision for Executive Compensation BIP Trust	-	(48)
Interest and dividend income	(408)	(267)
Interest expense	183	225
Loss (gain) on valuation of derivatives	(141)	166
Decrease (increase) in accounts receivable - trade	(3,260)	1,068
Decrease (increase) in inventories	(7,124)	12
Decrease (increase) in advance payments	(470)	(489)
Increase (decrease) in accounts payable - trade	324	1,175
Increase (decrease) in accrued expenses	71	315
Other-net	(622)	(244)
Sub total	<u>(6,639)</u>	<u>7,540</u>
Interest and dividend income received	395	267
Interest paid	(195)	(223)
Income taxes paid	(779)	(376)
<b>Net cash provided by (used in) operating activities</b>	<u>(7,219)</u>	<u>7,208</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,462)	(9,029)
Proceeds from sales of property, plant and equipment	3	5
Purchase of intangible fixed assets	(152)	(71)
Purchase of investment securities	(2,607)	(3)
Proceeds from redemption of investment securities	115	-
Payments of loans receivable	(300)	(17)
Collection of loans receivable	3,215	293
Other-net	(46)	81
<b>Net cash provided by (used in) investing activities</b>	<u>(4,234)</u>	<u>(8,741)</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	1,105	(1,360)
Proceeds from long-term loans payable	15,000	7,500
Repayments of long-term loans payable	(2,202)	(2,968)
Purchase of treasury stock	(200)	(0)
Dividends paid to shareholders	(679)	(738)
Other-net	(48)	(62)
<b>Net cash provided by (used in) financing activities</b>	<u>12,974</u>	<u>2,370</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(2)</u>	<u>61</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>1,518</u>	<u>898</u>
<b>Cash and cash equivalents, beginning of period</b>	<u>2,413</u>	<u>3,927</u>
<b>Cash and cash equivalents, end of period</b>	<u>3,931</u>	<u>4,826</u>

**(4) Notes on the Consolidated Financial Statements**

(Notes on the Going-concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Accounting Policies)

Not applicable.



## Segment Information

### I. Six months ended March 31, 2023 (October 1, 2022 – March 31, 2023)

#### 1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated statements of income *2
	Refrigerated Warehousing Business	Food Sales Business	Other	Total		
Net sales						
Sales to outside customers	15,434	47,807	28	63,271	-	63,271
Intersegment sales or transfers	1,082	-	16	1,099	(1,099)	-
Total	16,517	47,807	44	64,370	(1,099)	63,271
Segment profit (loss)	3,253	470	14	3,738	(2,040)	1,697

- Notes:
1. The adjustment amount (-2,040 million yen) to segment profit (loss) 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. Segment profit (loss) was adjusted based on operating income reported on the consolidated statements of income for the corresponding period.

### II. Six months ended March 31, 2024 (October 1, 2023 – March 31, 2024)

#### 1. Net sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment				Adjustments *1	Amounts reported on consolidated statements of income *2
	Refrigerated Warehousing Business	Food Sales Business	Other	Total		
Net sales						
Sales to outside customers	16,980	45,015	29	62,025	-	62,025
Intersegment sales or transfers	970	-	16	986	(986)	-
Total	17,951	45,015	45	63,012	(986)	62,025
Segment profit (loss)	3,969	798	9	4,776	(1,981)	2,795

- Notes:
1. The adjustment amount (-1,981 million yen) to segment profit (loss) 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. Segment profit (loss) was adjusted based on operating income reported on the consolidated statements of income for the corresponding period.