



Supplementary Material to Financial Results

First Quarter of the Fiscal Year Ending December 2021

Nishimoto Co., Ltd.

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Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 2021



Although uncertainty remains due to the impact of the COVID-19 pandemic, operating income of 1.1 billion yen and net income of 0.9 billion yen were recorded thanks to the recovery in sales of the restaurant industry and steady sales to grocery stores.

- ◆ Operating regulations for restaurants mainly in North America and Asia were partially relaxed as vaccine development progressed and the number of new infections declined. Therefore, sales to the restaurant industry showed a recovery trend and sales to grocery stores were steady. As a result, net sales increased by 3.6% year-on year.
- ◆ In addition to sales recovery, other contributors to income included price adjustments and a reduction in selling, general, and administrative expenses by promoting operational efficiency after COVID-19.
 - Being affected by the COVID-19 pandemic in the same period of the previous year, the Company recorded an additional provision of allowance for doubtful accounts in consideration of the deterioration in the credit conditions of customers, including those in the restaurant industry. This additional provision was reversed at the end of the previous year, which is part of the reason for the increased operating income compared to the same period of the previous year.

(Unit: billions of yen)

		FY ended December 2020	FY ending December 2021	
		First quarter results	First quarter results	Changes year-on-year
Operating results	Net sales	43.0	44.6	+3.6%
	Gross profit	7.9	8.5	+7.9%
	Operating income (Excluding strategic expenses)	0.4	1.8	+299.8%
	Operating income	0.0	1.1	-
	Ordinary income or loss	-0.2	1.1	-
	Net income attributable to owners of parent	0.1	0.9	+695.9%
Yen/Dollar exchange rate (Average rate during the period)		108.92 yen	105.90 yen	-3.02 yen
Quarterly net income per share		7.92 yen	63.03 yen	+695.8%

Net sales of the Asian Food Global Business significantly increased compared to the same period of the previous year due to the recovery in demand in the restaurant industry, etc.

Net sales of the Agricultural & Seafood Products Trading Business decreased compared to the same period of the previous year due to the reinforcement of domestic operating regulations and price drops.

Asian Food Global Business (hereinafter called "GAF")

- ◆ Net sales to the restaurant industry recovered as the operating regulations for restaurants mainly in North America and Asia were partially relaxed. Net sales to grocery stores have also remained steady since the previous year and increased by 7.1% year-on-year.
 - In the North American region, net sales decreased by 5.8% year-on-year because sales in January and February in the previous year were robust, yet sales are on a recovery trend.
 - In regions outside of North America, sales increased by 72.2% year-on-year (increased by 12.6% excluding three companies in total in the C3C Group that were not subject to consolidation in the same period of the previous year).
- ◆ Although income was affected by an increase in costs due to the global shortage of containers and the turbulence in logistics, it improved thanks to the effects of price adjustments and a reduction in selling, general, and administrative expenses.
 - In the North American region, the operating income was 1,190 million yen (operating income of 230 million yen in the same period of the previous year, including the aforementioned additional provision of allowance for doubtful accounts).
 - In regions outside of North America, the operating income was 50 million yen (operating loss of 160 million yen in the same period of the previous year).

Agricultural & Seafood Products Trading Business

- ◆ Net sales declined by 4.3% year-on-year due to a decrease in demand attributable to operating regulations imposed on the domestic restaurant industry, the impact of price drops of imported citrus fruits, etc.
- ◆ The segment aims to improve cash flows starting from the second quarter by taking measures such as normalization of inventory levels and price increases.

(Unit: billions of yen)

Business segments		First Quarter of FY ended December 2020 results	FY ending December 2021	
			First Quarter results	Changes year-on-year
GAF	Net sales	31.1	33.3	+7.1%
	Operating income	0.0	1.2	-
Agricultural & Seafood Products Trading Business	Net sales	10.7	10.2	-4.3%
	Operating income or loss	0.0	-0.0	-
Other	Net sales	1.2	1.0	-17.5%
	Operating income	0.1	0.0	-38.7%
Adjustment	Net sales	-	-	-
	Operating loss	-0.1	-0.1	-
Total	Net sales	43.0	44.6	+3.6%
	Operating income	0.0	1.1	-

Consolidated Balance Sheet (Summary)



(Unit: billions of yen)

	FY ended December 2020	FY ended March 2021	Amount/rate of increase (decrease)	Main reasons for changes
Current assets	98.1	104.2	+6.1	
Non-current assets	15.4	17.0	+1.5	Goodwill +0.8
Total assets	113.6	121.3	+7.7	
Current liabilities	21.4	26.1	+4.6	Notes and accounts payable— trade +0.8
Non-current liabilities	41.2	40.9	-0.3	
Total liabilities	62.7	67.0	+4.2	
Total net assets	50.8	54.2	+3.4	Foreign currency translation adjustment +2.7
Total liabilities and net assets	113.6	121.3	+7.7	
Shareholders' equity ratio	44.4%	44.4%	+0.0 pt	
Current ratio	456.5%	399.0%	-57.5 pt	

Management Policies, etc. for the First Quarter of the Fiscal Year Ending December 2021

* Excerpts from the Supplementary Material to the Financial Results for the Fiscal Year Ended December 2020 that was disclosed on February 12, 2021



The existing businesses will focus on the reconstruction of their business models and productivity improvements to strengthen earning capacity. New businesses will aim to start to make a profit from businesses derived from existing businesses, while creating next-generation businesses in new fields.

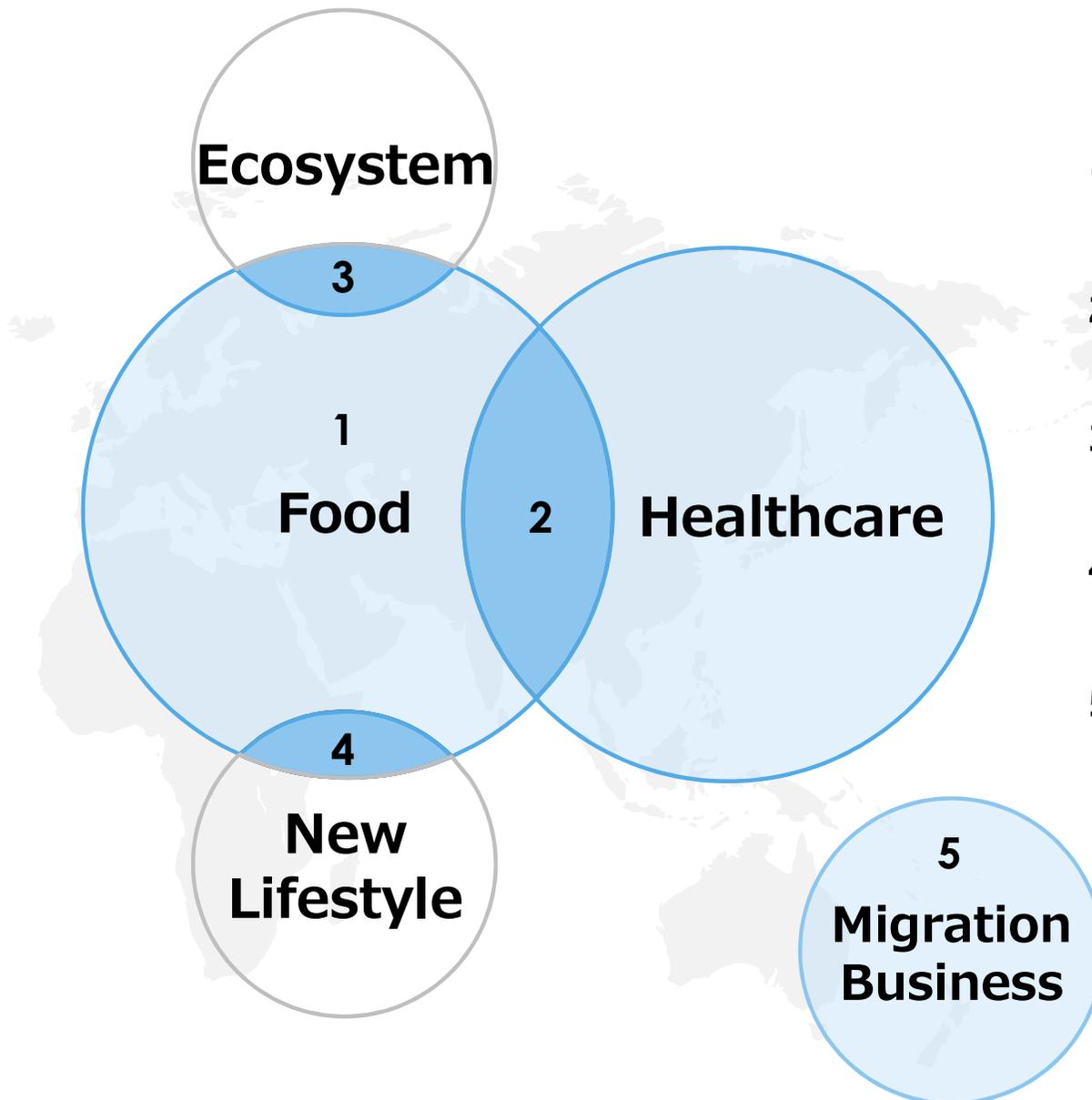
Assumptions about the external environment

Direction of the Company

<p>GAF</p>	<ul style="list-style-type: none"> ◆ The spread of novel coronavirus will subside in the second half of 2021, and the economy will recover gradually. ◆ Although the recovery of the restaurant industry will be slow, sales to retailers (including mass, grocery, and online retailers) will be strong. ◆ Container freight rates will rise and the yen will continue to be strong.
<p>Agricultural & Seafood Products</p>	<ul style="list-style-type: none"> ◆ Focus will be on data-based sales and purchases. ◆ As in foreign countries, the recovery of the restaurant industry in Japan will be slow. Sales to retailers will continue to be strong. ◆ The moderate tightening trend of the supply-demand balance in the agricultural and seafood product markets will subside for the time being and market prices will fall.
<p>Domestic</p>	<ul style="list-style-type: none"> ◆ In-person and event sales in a three-C situation will continue to be difficult. ◆ The shift to online shopping will be promoted.

1. **Create next-generation businesses in new fields**
 - Develop businesses in the intersection between the fields of food, healthcare, and ecosystem
 - Put in place a mechanism to create new businesses at overseas business sites in Japan, Europe, the U.S., China, and other Asian countries.
2. **Boost the earnings capacity of existing businesses**
 - Reconstruct business models to suit the current market conditions
 - Improve productivity by introducing IT systems
3. **Expand new businesses derived from existing businesses**
 - Develop sales channels to sell products to overseas mainstream customers
 - Create a new mechanism for exporting agricultural and seafood products

Nishimoto Wismettac aims to become a specialized global solutions company in the five fields shown below, which consist of the food field and other new fields intersecting with the food field.



<Focus>

1. Food supply chain solution
2. Solution in the intersection between food and healthcare
3. Solution in the intersection between food and ecosystem
4. Solution in the intersection between food and new lifestyle
5. Migration Service Business

Corporate Profile



- ◆ **Two spheres symbolizing the Earth and Globalism**
 - Red is used to show Innovation, green represents Nature
 - Expresses the Company's "lasting commitment to creating healthier and richer lives through food"
- ◆ **Incorporates the letters "W" "M" and "C" from the Company name**

- < **Wisdom** > (Western knowledge)
- < **Metta** > (Eastern knowledge)
(Metta means kindness or empathy in Pali, an ancient Indian language)
- < **Creativity** > (Ability to create value)

Founded in 1912, Nishimoto Wismettac has grown into a global company supplying food ingredients and food products to markets worldwide

Company name	Nishimoto Co., Ltd.	
Head office	15 th Floor, Nihonbashi Muromachi Mitsui Tower, 3-2-1, Nihonbashi Muromachi, Chuo-ku, Tokyo	
Established	May 1912	
Representative directors	Yoshiro Susaki, Chairman & President CEO	
Number of employees	1,768 (including 1,455 in the Asian Food Global Business) [As of December 31, 2020]	
Business	<ul style="list-style-type: none"> ◆ Development and sales of Asian food worldwide ◆ Imports and sales of fruit, vegetables and related processed products, and supply of food ingredients to food manufacturers and the restaurant sector 	
Subsidiaries and affiliates	21 subsidiaries, 1 affiliate	
Business sites	48 worldwide (including 24 in North America) Locations in Japan, the U.S., Canada, Singapore, Australia, Netherlands, U.K., Germany, France, China, Hong Kong, Thailand, Vietnam and South Korea	
Consolidated net sales	168.4 billion yen (FY ended December 2020)	* Overseas sales ratio 67.8%
Consolidated ordinary income	1.7 billion yen (FY ended December 2020)	
Shareholders' equity ratio	44.4% (FY ended December 2020)	

In February 2021, the Company Group acquired 100 percent of shares of Interlock Investments Limited in Scotland, UK, which is a pure holding company of Sco-Fro Group Limited.

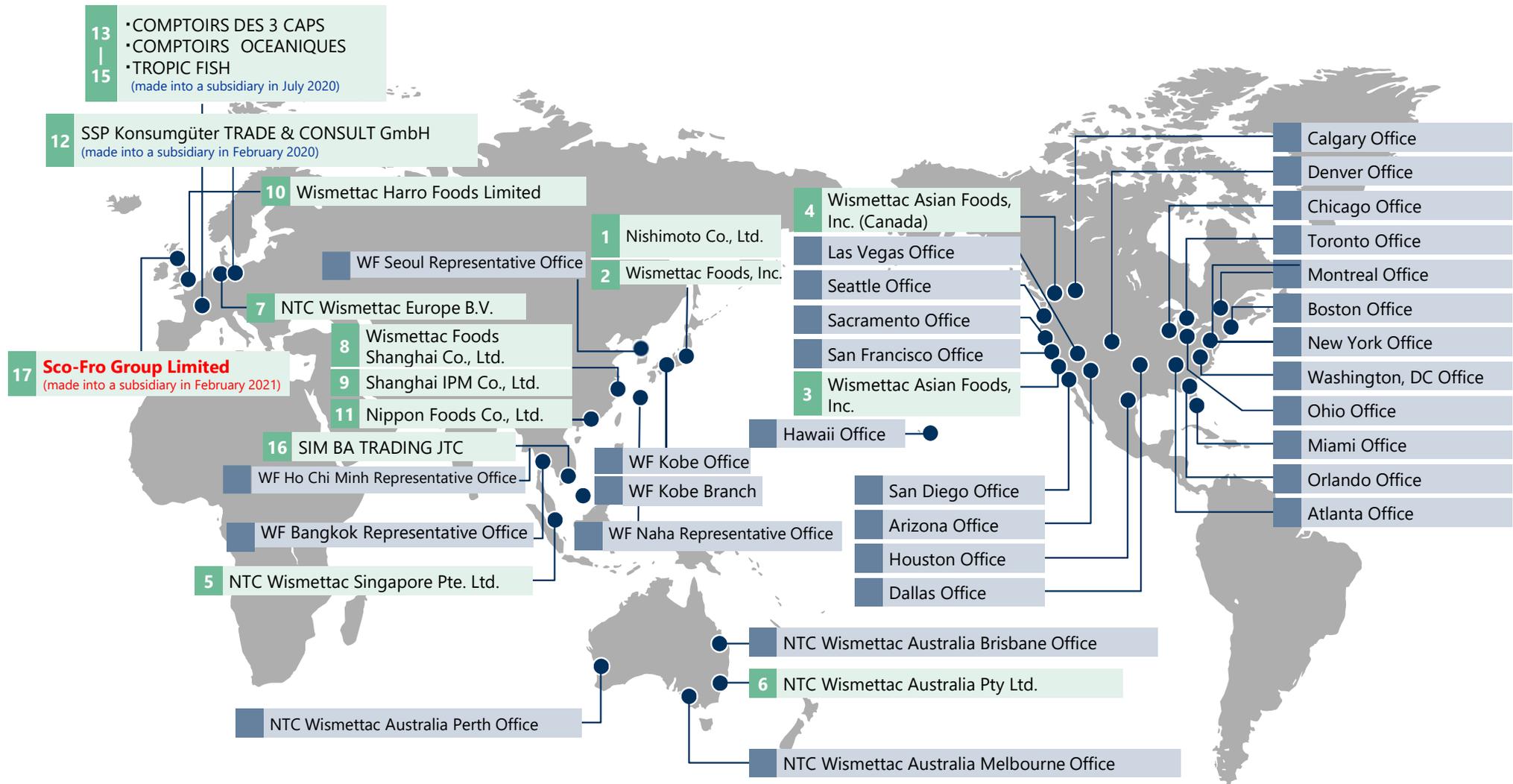
- ◆ Wismettac Harro Foods Limited, a Group company, acquired 100 percent of shares of Interlock Investments Limited (hereinafter referred to as “Interlock”) and made Interlock into a subsidiary.
- ◆ Interlock is a pure holding company of Sco-Fro Group Limited (hereinafter referred to as “Sco-Fro”), which distributes Asian foods to retailers with a focus on the UK. (Total assets at the end of April 2020: £ 7,105 K; Net sales for the fiscal year ended April 2020: £ 18,498 K)



Sco-Fro distributes Asian food products and ingredients such as noodles and frozen fishery products (*kanikama* (imitation crab meat), frozen *sushi*, etc.) based on long-term business relationships with major leading retailers in the UK.

- ◆ In the previous fiscal year, the Company Group made SSP in Germany and the COMPTOIRS Group in France into consolidated subsidiaries and completed the grouping of business units in three key countries in Europe — namely, the UK, Germany, and France.
 - In addition to the existing business for restaurants, the Company Group aims to expand distribution of Japanese food products and ingredients in the UK by utilizing Sco-Fro’s distribution routes to major retailers.

The Company Group maintains 48 locations around the world in North America, Europe, Australia, and Asia and is developing business globally. Among these, North America (the US and Canada) has 24 locations, which account for the majority of sales.



“WF” shown in the figure is an abbreviation for “Wismettac Foods”

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