

May 14, 2020

To whom it may concern:

Company name: Nishimoto Co., Ltd
Representative: Yoshiro Susaki, Chairman & President
(Code No.: 9260 First Section of the Tokyo Stock Exchange)
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Notification Regarding Additional Provision for the Allowance for Doubtful Accounts and Revision of Earnings and Dividend Forecasts

The Company has provided an additional allowance for doubtful accounts in its financial statements for the first quarter of the fiscal year ending December 2020 as outlined below. Also, based on recent performance trends, the Company has revised its consolidated earnings and dividend forecasts for the fiscal year ending December 2020, which was released on February 14, 2020, as outlined below.

Details

1. Additional provision for the allowance for doubtful accounts

Due to the spread of the new coronavirus (COVID-19), a lockdown has been in place since March mainly in North America and some other regions. As a result, sales have rapidly and drastically decreased centering on the food service industry where the Company Group's main customers are operating their business.

Under such circumstances, in the first quarter of the current consolidated accounting period, the Company Group provided an additional allowance for doubtful accounts of 818 million yen in response to the deterioration in customers' credit standing.

2. Revision of earnings forecast

- (1) Revision of the consolidated earnings forecast for the second quarter of the fiscal year ending December 2020 (from January 1, 2020 to June 30, 2020)

(Unit: millions of yen, %)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share (yen)
Previous Forecast (A) (Announced on February 14, 2020)	99,102	1,360	1,380	1,212	84.50
Revised Forecast (B)	TBD	TBD	TBD	TBD	TBD
Variance in Amount (B - A)	-	-	-	-	
Variance in Percentage (%)	-	-	-	-	
Previous Year Results (Fiscal year ended December 2019)	92,181	2,568	2,664	1,878	130.86

- (2) Revision of the consolidated earnings forecast for the fiscal year ending December 31, 2020
(from January 1, 2020 to December 31, 2020)

(Unit: millions of yen, %)

	Net sales	Operating profit	Ordinary income	Profit attributable to owners of parent	Net income per share (yen)
Previous Forecast (A) (Announced on February 14, 2020)	205,835	3,052	3,143	2,836	197.64
Revised Forecast (B)	TBD	TBD	TBD	TBD	TBD
Variance in Amount (B - A)	-	-	-	-	
Variance in Percentage (%)	-	-	-	-	
Previous Year Results (Fiscal year ended December 2019)	182,603	4,343	4,543	2,493	173.71

- (3) Reasons for the revisions of earnings forecasts

With the spread of COVID-19, global governments have imposed restrictions on unnecessary outings and lockdowns involving restrictions on business operations of retail stores and the food service industry. Since mid-March, while the Company Group's sales to retail stores have remained steady in North America, Europe, and Asia (including Japan), orders from the food service and restaurant industries have significantly decreased, impacting earnings.

Because the impact on future business activities and business performance is currently under scrutiny, it is difficult to appropriately and reasonably calculate the consolidated earnings forecast at this time. Therefore, the Company has decided to withdraw the consolidated earnings forecast released on February 14, 2020. Accordingly, the forecast is yet to be determined at present. The Company will promptly announce its consolidated earnings forecast once it becomes possible to make a proper and reasonable calculation, while carefully observing the situation.

3. Revision of dividend forecast

- (1) Dividend forecast for the fiscal year ending December 2020)

	Annual dividend (yen)		
	Second-quarter end	Year-end	Total
Previous Forecast (A) (Announced on February 14, 2020)	25.00	35.00	60.00
Revised Forecast (B)	TBD	TBD	TBD
Previous Year Results (Fiscal year ended December 2019)	40.00	55.00	95.00

- (2) Reason for the revision of dividend forecast

The Company has a basic policy of maintaining stable dividends, while securing internal reserves for future business development and for bolstering its financial position. The Company considers the dividend payout ratio as an important indicator of how appropriate a dividend payment is, and targets a dividend payout ratio on a consolidated basis of approximately 30% for each fiscal year.

However, as stated above, both the consolidated earnings forecasts for the second quarter and the full year of the fiscal year ending December 31, 2020 are undetermined, therefore, the forecasts for the second-quarter end and year-end dividends for the same fiscal year are also undetermined. The dividend forecasts will be announced promptly once it becomes possible to make a proper and reasonable calculation of the consolidated earnings forecast for each period.