

Wismettac Letter

Business Report

2021.1.1-2021.12.31



Global solutions company that solves various problems faced by the food industry worldwide and creates and offers new value

Discover more about! Nishimoto Wismettac Holdings

This report highlights two of Nishimoto's new businesses in Japan

Food × New Lifestyle

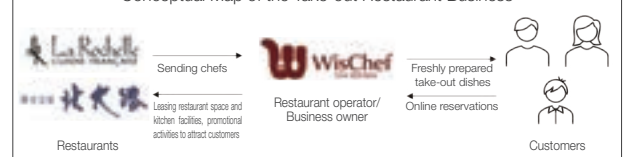
Newly opened, take-out restaurant with open kitchen, "WisChef™"

The restaurant industry is undergoing major changes due to recent trends in "Work Style Reforms" and the impact of the COVID-19 pandemic, this is especially detrimental to fine dining restaurants. There is an urgent need to respond to this rapidly changing market. In order to establish a new revenue model for high-end restaurants, our group opened WisChef™, a take-out fine dining store with an open kitchen.

This project employs the "cloud kitchen" system, which allows restaurants to start without major capital investment, and the store serves only takeout food. This allows customers to enjoy fine dining cuisine at an accessible price. WisChef™ is distinguished by the variety of dishes offered, an open kitchen where the chefs serve the main dish right in front of the customers, and the ability to serve freshly prepared dishes. Moreover, its pre-order system can achieve a reduction in waste by preparing only the necessary ingredients. It also contributes to a sustainable future by reducing the use of plastic in the store.



Conceptual Map of the Take-out Restaurant Business



Food × Medical (HealthCare)

New development of Medical Food,

"食卓の名医™ (Shokutaku no Meii = good doctor on our dining table)"

Under the supervision of physicians and registered dietitians, our group has launched a new brand "食卓の名医™ (Shokutaku no Meii)", which offers a line of food products for people with digestive anxiety, such as after gastric cancer surgery.

The new lineup, "消化にあんしん™ (Sho-ka ni Anshin=no worries about digestion)", was developed as a new frozen food category. As the food products are processed and softened using a patented technology called "freeze-thaw impregnation", even people with digestive anxiety, such as after gastric cancer surgery, can eat without difficulties, and can enjoy their meals. In the products development process, tasting panels were conducted for people who has had part of the stomach surgically removed. The products are highly evaluated for good digestibility, softness, and ease of preparation.

The products reflect the feedback from product testers and consumers.



TOP MESSAGE

Since our establishment, we have been building a global food-related network. Leveraging this network, we are developing “digital service” solutions in addition to “physical product (food)” solutions. We aim to be a company that solves various needs and issues faced by the food industry sales channels.

Yoshiro Susaki Chairman & President CEO



I would like to express my sincere gratitude to our shareholders and investors for their continued support.

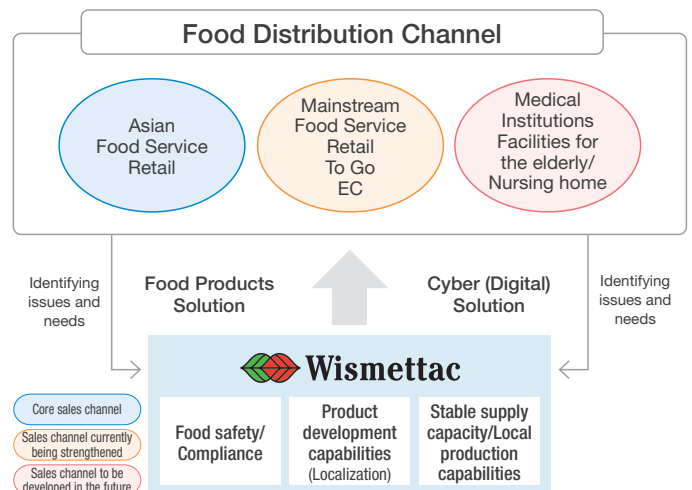
Our group was founded in 1912 and will celebrate its 110th anniversary in 2022. Since our establishment, we have been leading the global food industry with a focus on food safety and legal compliance, as well as product development that meets local needs, stable supply, and local production. For sustainable growth with a view to the next 10 years and even 100 years from now, we will aim to develop a global business model with multiple sales channels, consisting of two types of solutions. One is “food” solutions that leverage our existing strengths, such as stable supply of food and food ingredients and new product development, and the other is “digital service” solutions to solve various needs/issues in the increasingly Digital Transformation (DX)-oriented food industry.

In the Asian Food Global Business, we believe that product development and supply will continue to be essential to meet the demand for home-cooked or ready-to-eat meals. While growing our existing sales channels to the Asian restaurant and retail industries, we will strengthen our earning power by further developing the local sales channel which we call the “Mainstream” market.

In addition, we will also continue our aggressive approach toward new business development, as indicated in last year’s business report. Regarding the “Medical Food” sales channel in the “Medical (Healthcare)” field, we have launched a business in Japan in 2021. We intend to develop

sales channels for medical institutions and elderly/nursing care facilities while further promoting the development of new medical food products.

Last but certainly not least, in order to realize the above mentioned business model, we will work with startups, universities, and research institutions to identify technologies that can be used to solve problems. We will then, leveraging the strength of our Group’s global network, work to establish a framework for cross-border deployment of these solutions in Five Regions (North America, Europe, China, Japan, and Southeast Asia).



— Overview of business during the fiscal year ended December 2021

For the fiscal year 2021, the Group reported an increase in both sales and profits, with net sales of 213.2 billion yen (up 44.7 billion yen from the previous year), operating income of 7.3 billion yen (up 5.3 billion yen from the previous year), ordinary income of 7.2 billion yen (up 5.4 billion yen from the previous year), and net income attributable to owners of parent of 5.0 billion yen (up 4.0 billion yen from the previous year).

By segment, the Asian Foods Global Business, centered on Japanese food, reported a year-on-year increase in sales. This was due to our efforts to maintain a stable supply, especially of products for restaurants, for which demand has recovered, while focusing on inventory control in the midst of global logistics disruptions.

In addition, the various measures implemented led to an increase in profits. For example, expansion of products for delivery, take-out, and grocery stores, early price adjustments assuming an increase in raw materials, sea freight, labor costs, etc., and reduction of SG&A expenses.

In the Agricultural & Seafood Products Trading Business, sales increased from the previous year as a result of special demand for Taiwan's pineapples and efforts to optimize inventory levels in the first half of the year. In the second half, sales decreased slightly from the previous year. This was due to sluggish demand for mainstay imported fruits and vegetables because of the prolonged declaration of a state of emergency and competition with domestic products, as well as a delay in the recovery of demand from the restaurant industry and other sectors even after the relaxation of opening hours restrictions for restaurants in Japan. Profit decreased mainly due to losses incurred in the third quarter, the

peak season. This is the result of implementing sales measures that prioritize inventory turnover amid difficulties in controlling inventories based on supply-demand forecasts due to the turmoil in global logistics and rising purchase costs caused by the depreciation of the yen.

Operating results for the fiscal year ended December 31, 2021

Net sales	213.2 billion yen
Operating income	7.3 billion yen
Ordinary income	7.2 billion yen
Profit attributable to owners of the parent	5.0 billion yen

— Initiatives and forecast for the fiscal year ending December 2022

There are signs of upward momentum, although the business environment remains uncertain in the phase toward the end of the COVID-19 pandemic. We will work to further expand our business base by developing new sales channels and launching new businesses, aiming for steady growth. However, increased costs for raw materials, ocean freight, labor, etc. in response to global logistics disruptions are having an impact on current earnings conditions. In the North American in particular, logistics-related expenses, particularly labor costs, are expected to continue to rise. In such a business environment, the Group will continue to aggressively invest to strengthen its existing business base by improving warehouse operations and distribution systems, promoting labor savings, and other measures, in addition to investments to reform

its business model and seize growth opportunities.

Based on the above, for the fiscal year 2022, we forecast net sales of 240.0 billion yen (up 26.751 billion yen from the previous year), operating income of 5.0 billion yen (down 2.301 billion yen from the previous year), ordinary income of 4.7 billion yen (down 2.504 billion yen from the previous year), and net income attributable to owners of parent of 3.3 billion yen (down 1.728 billion yen from the previous year). The exchange rate is assumed to be 110 yen to the U.S. dollar.

Although this is a conservative outlook in light of the current business environment and other factors, we will continue to work to improve our corporate value over the medium to long term.

	FY2021 Results	FY2022 Forecasts	
Net sales	213.2 billion yen	240.0 billion yen	+26.7 billion yen
Operating income	7.3 billion yen	5.0 billion yen	△2.3 billion yen
Ordinary income	7.2 billion yen	4.7 billion yen	△2.5 billion yen
Profit attributable to owners of the parent	5.0 billion yen	3.3 billion yen	△1.7 billion yen

— Message to Shareholders

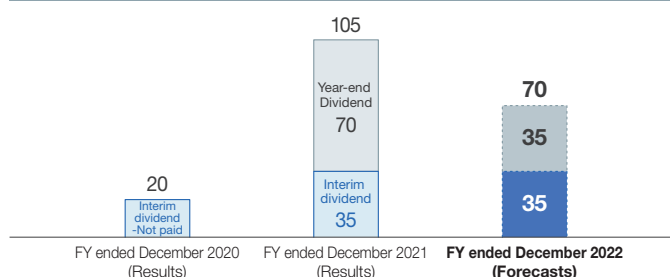
Our basic policy for returning profits to shareholders is to maintain a stable dividend payout ratio of 30% on a consolidated basis for the full year, while securing internal reserves for future business development and strengthening our financial position. In the fiscal year 2021, the full-year dividend was 105 yen, the highest dividend since the Company was listed. In the fiscal year 2022, we plan to pay an interim dividend of 35 yen and a year-end dividend of 35 yen per common stock, for a total annual dividend of 70 yen, taking into account the policy and the above-mentioned business outlook.

The Company has submitted an application to select the "Prime Market", in connection with the restructuring of the market segments of the Tokyo Stock Exchange, Inc. The issue for us in maintaining our listing is the achievement of a "the tradable share ratio of 35% or more" among the standard requirements for the Prime Market. We will consider and implement initiatives to increase the tradable share ratio in consideration of the business environment and stock market trends during the four-

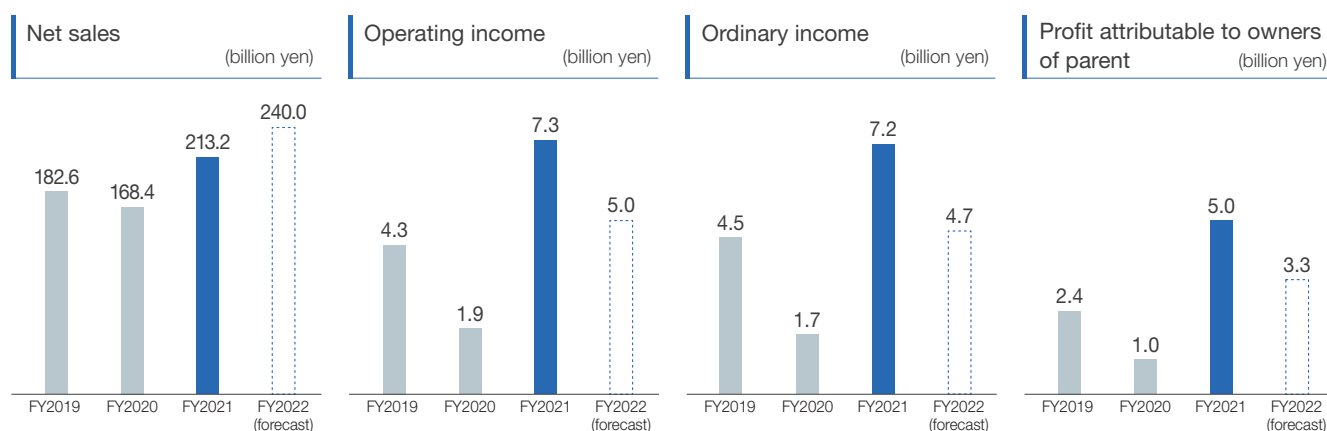
year plan period ending December 2025. For example, making a proposal to the major corporate shareholders and individual major shareholders, increasing capital through public offering, etc.

We would like to thank all of our shareholders and investors for their kind support and appreciate their continued cooperation.

Dividend per share



		FY2019	FY2020	FY2021	FY2022(forecast)
Net sales	(billion yen)	182.6	168.4	213.2	240.0
Operating income	(billion yen)	4.3	1.9	7.3	5.0
Ordinary income	(billion yen)	4.5	1.7	7.2	4.7
Profit attributable to owners of parent	(billion yen)	2.4	1.0	5.0	3.3
Net assets	(billion yen)	52.3	50.8	59.8	—
Total assets	(billion yen)	96.5	113.6	141.7	—
Net assets per share	(Yen)	3,646.41	3,515.28	4,141.34	—
Net income per share	(Yen)	173.71	70.80	350.34	229.92
Equity ratio	(%)	54.2	44.4	41.9	—
ROE	(%)	4.8	2.0	9.2	—



Fiscal year ended December 2021 Overview by segment

Composition of sales (%)



Our Website

Our website presents information about our business, news & topics, and an overview of the Nishimoto Wismettac Group. The Investor Relations page offers the latest financial data, IR news, the IR Library, and much more. Please visit our website.



Nishimoto Wismettac

Search

<https://www.wismettac.com/ja/index.html>



In this issue, we interviewed the persons in charge of “WisChef™”(the open kitchen take-out restaurant business), and our new brand “食卓の名医™ (Shokutaku no Meii)”.



Wismettac Business Development Company Director, Lifestyle Group

Shigeki Yamada

● Nishimoto Co., Ltd.

Q What were some of the challenges and rewards of launching WisChef™?

New endeavors are always fraught with new challenges. I feel that this project has been particularly challenging because of the large number of parties involved. In advancing the project, it took a lot of time and effort to share the business objectives with all parties involved, including restaurant operators and partners necessary for the launch and operation of the take-out platform business. However, it was also a good opportunity for me to affirm that the “vision” (described later) is unwavering. I have a strong belief that this is something that benefits both restaurants and consumers, and this is what makes it so rewarding for me.

Q For future projects, what kind of partner companies will you be looking for?

We envision the companies with a strong will to proactively respond to changes in consumer lifestyles. The companies I want to partner with and work towards the same goals are those that are willing to work with us to eliminate their fear of change, while maintaining a sense of concern about the status quo.

Q What is your vision for the future that you would like to achieve through this project?

As consumer lifestyles, especially purchasing channels, diversify, some food and beverage-related businesses are unable to cope with the changes on their own. I would like to provide support for these businesses to enter new channels. Currently, we are supporting the entry of restaurants into the take-out channel, but in the future, we will not be limited to this. As an intermediary between businesses with quality products and services and consumers who potentially desire them, I hope to provide new value to both parties.



Wismettac Business Development Company Healthcare & Medical Group
Misaki Soda

Q Could you make use of your career to date in this project?

In my previous job at a general trading company, I was in charge of managing new investments and business for client companies. There, I experienced the formulation and execution of business strategies and business plans. In creating a new business from scratch in this project, I was able to use the experience I gained in my previous job to conduct market research, formulate business strategies, and plan products and services that meet the needs of our customers. In addition, the experience of setting up a new business from scratch with diverse parties was an experience that will be advantageous to my future career.

Q What were some of the challenges and rewards of launching the “食卓の名医™ (Shokutaku no Meii)”?

It was challenging to realize the business strategies, products, and services we had envisioned. We developed a wide variety of delicious products, built an e-commerce website and sales and shipping system, and set up operations in cooperation with contractors. The project team worked as one, and through constant trial and error, we were able to achieve a successful launch. There are many hardships involved in creating a new business. However, we received comments from customers: “I have been waiting for a product like this”, “I will continue to count on you!”, etc. These motivate us to deliver our products to as many people with digestive disorders as possible.

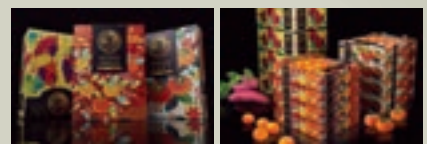
Q What lineups (products) would you like to add to the 食卓の名医™ (Shokutaku no Meii) brand in the future?

In January 2022, we launched “消化にあんしん™やわらかおせち (Sho-ka ni Anshin - Yawaraka Osechi)”, a ‘softened’ version of a traditional Japanese New Year’s dish. The product pleased customers who had refrained from eating the traditional dish due to their poor digestion. We want people with digestive disorders to be able enjoy special occasions just as much as their families and others around them, so we will continue to expand our lineup of dishes for annual events and holidays. To this end, we will continue to listen to our customers’ requests and develop new products for them.

News & Topics

SUGOI brand packing box won the 2021 Japan Packaging Contest

Our SUGOI brand packing box won the “Chairman of Japan External Trade Organization (JETRO) Award” at the 2021 Japan Packaging Contest hosted by the Japan Packaging Institute. It was highly rated for its Japanese-style patterns and eye-catching colors, as well as for its functionality, which enables improved loading efficiency. We will continue our efforts to develop better products and provide better services.



(Courtesy of Rengo Co., Ltd.)

Special Benefits for Shareholders

We annually offer special benefits for shareholders to express our appreciation for their long-standing support.



Outline of the special benefits system for shareholders

1 Shareholders covered by the system

Shareholders holding one unit of shares in Nishimoto Wismettac Holdings (100 shares) or more who are included or recorded in [the list of shareholders at the end of December of each year](#)

2 Special benefits in fiscal 2021

We presented special benefit tickets, which included coupon codes (one coupon code was equivalent to 3,000 yen) that could be used at the online shopping site “Nishimoto World Gift” run by our Group. The tickets were placed in the notice of resolutions of the regular general meeting of shareholders, sent in late March.

URL for the website
<https://www.hello-worldgift.com/>

Accessible from this QR code if you use a smartphone or mobile phone



★First-time users need to register for membership.

Number of units held (number of shares held)	Number of coupon codes
1–3 units (100 shares or more and less than 400)	1 (equivalent to 3,000 yen)
4–6 units (400 shares or more and less than 700)	2 (equivalent to 6,000 yen)
7 unit or more (700 shares or more)	3 (equivalent to 9,000 yen)

*Only one coupon code can be used for one round of product purchases.



The coupon codes sent to shareholders at the end of December 2021 can be used during the period from **April 2022 to the end of December 2022.**

For inquiries, call the World Gift Customer Service, Wismettac Foods, Inc., on

0120-096-810

9:00~17:00
(Excluding Saturday, Sundays, national holidays, and year-end and New Year holidays)

Corporate Profile

Company Name	Nishimoto Co., Ltd.
Established	May 1912
Head Office	Nihonbashi-Muromachi Mitsui Tower 15F, 3-2-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo 103-0022
Capital	2,646,177,532 yen

Directors (as of March 30, 2022)

Chairman & President CEO	Yoshihiro Susaki	Director (Full-time Audit & Supervisory Committee Member)	Atsuhiko Kimura
Director	Hiroshi Tsujikawa	Outside Director (Audit & Supervisory Committee Member)	Kimikazu Nomi
Director	Yuji Sasa	Outside Director (Audit & Supervisory Committee Member)	Yukiko Omura
Director & Global CDO	Celso Guiotoko		

Worldwide Network

<Japan>

- Nishimoto Co., Ltd.
- Tokyo Head Office, Kobe Office (Registered Head Office Location)
- Wismettac Foods, Inc.
- Tokyo Head Office, Kobe Office (Registered Head Office Location), Kobe Branch Okinawa Representative Office

<North America>

- Wismettac Asian Foods, Inc.
- Los Angeles Office (Corporate Headquarters), Arizona Office, Atlanta Office, Chicago Office, Dallas Office, Denver Office, Miami Office, Hawaii Office, Houston Office, Las Vegas Office, New York Office, San Diego Office, San Francisco Office, Seattle Office, Washington, DC office, Toronto Office, Vancouver Office, Montreal Office, Orlando Office, Boston Office (Satellite Office), Sacramento Office (Satellite Office), Calgary Office (Satellite Office), Ohio Office (Satellite Office), Raleigh Office (Satellite Office)

<Asia>

- Nishimoto Trading Co., Ltd.
- Bangkok Representative Office, Ho Chi Minh Representative Office, Seoul Representative Office
- Wismettac Foods Shanghai Co., Ltd.
- Shanghai IPM Co., Ltd.
- NTC Wismettac Singapore Pte. Ltd.
- Ban Choon Marketing Pte. Ltd.
(joined the our group as a consolidated subsidiary in January 2022)
- Wismettac Nippon Foods Co., Ltd.

<Oceania>

- NTC Wismettac Australia Pty Ltd.
- Sydney Office, Melbourne Office, Perth Office, Brisbane Office

<Europe>

- NTC Wismettac Europe B.V.
- Wismettac Harro Foods Limited
- SSP Konsumgüter TRADE & CONSULT GmbH
- Berlin Office
- COMPTOIRS DES 3 CAPS SAS
- Comptoires Oceaniques
 - Tropic Fish
- Sco-Fro Group Limited

Stock Information

Total Number of Shares Authorized	50,000,000
Total Number of Shares Outstanding	14,353,140
Number of Shareholders	5,265

Major Shareholders

Shareholder Name	Number of shares held (thousands)	Shareholding ratio (%)
Tatsumi Sangyo Co., Ltd	6,235	43.4
Yoshiro Susaki	2,910	20.3
Susaki Welfare Foundation	1,300	9.1
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	560	3.9
The Master Trust Bank of Japan, Ltd. (trust account)	543	3.8
STATE STREET BANK AND TRUST CLIENT OMO2 505002	260	1.8
Custody Bank of Japan, Ltd. (trust account 9)	217	1.5
GOVERNMENT OF NORWAY	187	1.3
Custody Bank of Japan, Ltd. (trust account)	173	1.2
FIDELITY INVESTMENT TRUST : FIDELITY JAPAN FUND	137	1.0

(Note 1) Numbers of shares held are rounded down to the nearest one thousand.
(Note 2) In calculating shareholding ratios, 153 shares of treasury stock are excluded.

Shareholder Memo

Fiscal Year	January 1 - December 31
General Meeting of Shareholders	Within three months from the day following the last day of each fiscal year
Record Date	December 31
Dividend Record Dates	June 30 for interim dividend December 31 for year-end dividend
Investment Unit	100 shares
Office of Shareholder Registry Administrator	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Method of Public Notice	The Company publishes public notices by posting electronic public notices. However, in the event that an electronic public notice is impracticable as a result of an accident or for other unavoidable reasons, the Company shall post its public notices in The Nikkei. URL for posting electronic public notices http://www.wismettac.com/ja/ir/e-announce.html

Contributing to the world as a link to food

What is Wismettac?



The logotype consists of two spheres that represent the earth itself and globalism.

- Red for innovation and green for nature
- The inexhaustible will to provide a healthier and more varied dietary lifestyle

The design uses the three letters (W, M, and C) included in the company name as motifs.

Wisdom:

Western wisdom

Metta:

Oriental wisdom
(Pali word meaning gentility and consideration)

Creativity:

Ability to create value

Nishimoto Co., Ltd.

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