

Wismettac Letter

Business Report

2021.1.1-2021.6.30



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 Nishimoto's distribution business of Japanese food in **Australia**.

Wismettac Group in Australia

NTC Wismettac Australia Pty Ltd. was established in 2012 and operates in four major cities in Australia. They mainly sell sushi related ingredients such as rice, fishery products, and ginger to Japanese and Asian restaurant industries and supermarkets.

In addition, in collaboration with group companies around the world, including the United States, they plan products that meet customer needs and develop a business model in which the process from purchasing to sales is carried out in-house. Recently, they have been focusing on online orders, aiming to develop a larger market.



Characteristics of the Australian market

In Australia, more than 60% of restaurant customers ordered takeaways and brought home meals before the COVID-19 outbreak. Therefore, even during the period when restaurants around the world suffered serious blows due to the measures prohibiting eating out in restaurants, sales did not drop significantly, but continued to perform steadily in Australia, where "takeaway" was already popular.

Focusing on this "takeaway" business, the Company Group is promoting the sale of high value-added frozen marine products and processed marine products such as fried shrimp and tempura shrimp. Takeaway sushi restaurants offer not only sushi, but also warm delicacies such as spring rolls, fried crab claws, takoyaki (Octopus balls), and dumplings. Enjoying sushi with hot food is the Australian style.

For future growth



Many Australian food manufacturers and catering companies are actively using Japanese ingredients. In addition, they have found new business opportunities in sauce factories and bread factories. Going forward, we will continue to strive to increase our reputation and presence as a Japanese food supplier and expand our sales activities to enrich the diets of everyone living in Australia, not just Asian residents.

TOP MESSAGE



In areas that are integrated with new fields such as “Medical/ Health Care”, “Eco”, “New Lifestyle”, and “Food Informatics”, we will continuously create new businesses and aim for global expansion.

Yoshiro Susaki Chairman & President CEO

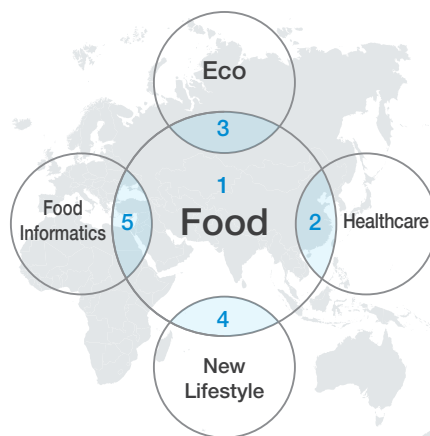
I would like to express my sincere gratitude to our shareholders and investors for their continued support.

Today’s food needs are becoming more diversified and personalized, and digital transformation (DX) is rapidly permeating, even in the conservative food industry. In order to respond to various needs/issues that will be further diversified in the future due to the COVID-19 pandemic, the Company Group Wismettac has continued to aggressively approach new business initiatives in the second quarter of the fiscal year ending December 31, 2021 as shown in the year-end business report for the previous fiscal year.

In addition to the traditional food field, we aim to build business models for various startups in new food industry areas. For example, the future-oriented “Medical/Health Care” and “Eco” fields, “New Lifestyle” - a field where change is accelerating due to the COVID-19 pandemic, and the field of “Food Informatics”. Through our strong global network, we will expand these fields globally while forming alliances or joint ventures with other companies.

While the impact of the spread of the COVID-19 remains, we are continuing to actively invest, including investments in human resources, to create businesses in new areas.

Regarding existing businesses, we are fully aware that the Asian Food Global Business and the Agricultural & Seafood Products Trading Business are areas in which sufficient growth potential can be expected, while maintaining superiority over market competition. We will focus on further improving profitability. To that end, we will grow in new markets with the rise of ready-made and home-cooked meals on a global scale, improve supply chain efficiency, invest in IT infrastructure, and promote the development of PB (private brand) products.

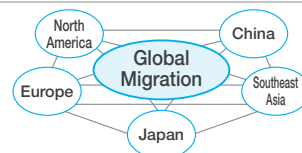


Wismettac’s Business Domain

1. Food: Make a leap forward based on existing businesses
2. Field where food and medical (health care) intersect
3. Field where food and ecology intersect
4. Field where food and new lifestyle intersect
This field that will change drastically with the COVID-19 pandemic - evolution of how to supply food.
5. Food Informatics

Global Migration

Collaborative development of the most advanced startup business model in 5 Regions of the world (NA, EU, China, Japan, SE Asia) through alliances and joint ventures with other companies.



The social roles and responsibilities required of our Company, such as contribution to Environmental, Social, and Governance (ESG) and ensuring global food safety, are increasing more and more. Through new business investment in these areas as well, we will demonstrate synergies between business growth and social contribution.

As a global frontline food company with over a 100-year history, we will continue to innovatively lead the global food industry.

Overview of business during the period up to the second quarter of the term to December 2021

In the second quarter of the fiscal year ending December 31, 2021, the Company had net sales of 99.9 billion yen (20.1 billion yen increase year-on-year), operating income of 3.2 billion yen (4.5 billion yen increase year-on-year), ordinary income of 3.3 billion yen (4.8 billion yen increase year-on-year), and profit attributable to owners of parent of 2.5 billion yen (3.5 billion yen increase year-on-year), a significant increase in sales and profits from the earnings forecasts announced in February this year. As a result, sales and profits increased significantly from the Forecasts of Financial Results published in February this year.

In addition, in the same period of the previous year, considering the impact of the COVID-19 pandemic, a total of 1.7 billion yen was recorded as an allowance for doubtful accounts and a loss on valuation of inventories, however, in the current period, provision of allowance for

doubtful accounts and valuation loss on inventories were reversed by approximately 0.4 billion yen. That also contributed to the increase in profits from the same period of the previous year.

By segment, the Asian Food Global Business that mainly deals with Japanese food continues to perform well in sales to grocery stores, as consumer demand for eating-out is recovering faster than initially expected due to the progress of vaccination and the relaxation of various regulations in North America, Europe, and other regions. The Asian Food Global Business improved the commercial value of products for take-out and grocery stores which have been in high demand during the COVID-19 pandemic and took measures to adjust prices and control SG & A expenses with improved efficiency in preparation for soaring sea freight rates and rising commodity costs. As a result, this led to a significant increase in profits.

The Agricultural & Seafood Products Trading Business segment is working to optimize inventory levels amid sluggish demand due to continued business regulations for the domestic restaurant industry and a sharp fluctuation in the supply-demand balance of our mainstay imported citrus fruits. Despite of it, they have increased sales compared with the same period last year. Special demand for Taiwanese pineapple also contributed to sales. In terms of profits, we were able to maintain a favorable market price and increased profits compared to the same period of the previous year, when it was difficult to secure profits due to overstocking and sluggish price.

Operating results for the second quarter of the term to December 2021

Net sales	99.9 billion yen
Operating income	3.2 billion yen
Ordinary income	3.3 billion yen
Quarterly profit attributable to owners of the parent	2.5 billion yen

Progress in the second half and revision of the annual financial results forecasts

Regarding the consolidated financial results forecasts for the full fiscal year ending December 31, 2021, it was announced with correspondingly conservative figures in February this year, when the risk of the spread of the COVID-19 infection had increased again in the mainstay markets in North America, Europe and other regions and it was unclear how much impact it would have on our business results for the current fiscal year.

However, the business performance has not declined as expected since January this year. In the second quarter, regulations on the restaurant industry were relaxed due to the progress of vaccination mainly in Europe and the United States, resulting in a faster than expected recovery in consumer demand and a higher-than-expected sales growth. We raised product prices at an early stage in preparation for rising sea freight rates due to sudden changes in the supply-demand balance and rising labor costs for warehouses/drivers due to the tight labor market in North America. In addition, we kept SG&A expenses down. These measures also contribute to the improvement of profits.

On the other hand, in the second half of the year, there are concerns that will add pressure on profits. For example, soaring sea freight rates caused by logistics turmoil, rising logistics-related costs such as labor costs, and potentially lost business opportunities due to global container shortage and associated shipping delays and shortages.

In addition, if a new variant of COVID-19 spreads and the COVID-19 regulations on business are implemented, consumer sentiment may decline again. At the moment, however, the current business performance is still viewed in a favorable light.

In consideration of these factors, the consolidated financial results forecast for the fiscal year ending December 2021 has been revised to net sales of 200.0 billion yen, operating income of 5.5 billion yen, ordinary income of 5.1 billion yen, and net income attributable to owners of parent of 3.8 billion yen. As for existing businesses, we expect sales and profits to significantly exceed the medium-term plan announced in the previous year, driven by the Asian Food Global Business, which maintains favorable business conditions in North America and other regions. Although risk factors such as rising logistics costs are expected, we will continue to focus on improving efficiency and profitability.

Regarding new businesses, although there are some delays in market development due to the prolonged COVID-19 pandemic, we are almost on the right track towards full-scale operation of some planned businesses. To that end, investment, including securing human resources, is continuing.

The forecast figures for the second half will be in the black: net sales 100.0 billion yen, operating income 2.2 billion yen, ordinary income 1.7 billion yen, quarterly net income 1.2 billion yen. We will aim for further profit improvement towards the end of the fiscal year.

(unit: billion yen)

		FY2021 (2021/2 Published)	FY2021 Revised	Comment
Entire company	Sales	187.0	200.0	- Continue to accelerate investment for strengthening IT infrastructure and DX of existing businesses, and investment in new businesses.
	Profit	2.0	5.5	
Existing	Sales	180.5	193.7	- In existing businesses, profits are expected to exceed the previous medium-term management plan for FY 2021.
	Profit	4.7 (5.2)	8.2 (8.7)	
GAF	Sales	128.0	142.9	- Improved profitability due to recovery of demand in the United States and other regions and implementing price adjustments. Still, we are paying close attention to the impact of rising costs and logistics costs.
	Profit	4 (4.5)	7.5 (8.2)	
Agricultural & Seafood Products	Sales	50.4	47.0	- Establishing a system to strengthen domestic and overseas sales, while the impact of re-tightening regulations on the food service industry remains.
	Profit	0.7	0.6	
Domestic BtoC	Sales	3.8	3.8	- The domestic business environment is still recovering, however, there have been no major changes from the initial regulations.
	Profit	0	0.1	
New	Sales	6.5	6.3	- Although there are some delays in market development due to the prolonged COVID-19 pandemic, new businesses are progressing toward full-scale operation.
	Profit	(2.7)	(2.7)	

Planning assumption The yen/dollar exchange rate in the revised forecast is assumed to be 1\$=108 yen.

Message to Shareholders

Regarding the return of profits to shareholders, our basic policy is to continue providing stable dividends while striving to maintain retained earnings to develop its businesses in the future and to improve its financial strength.

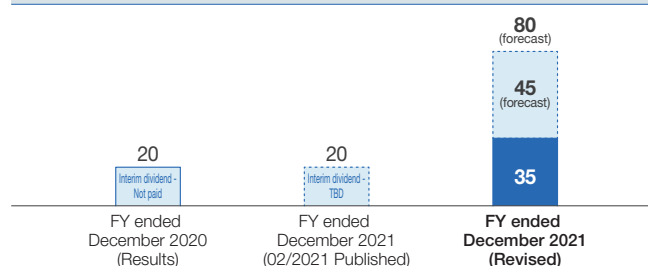
At the time of the announcement in February of this year, the COVID-19 infection had not yet been controlled and the degree of impact on the Company's business was unclear. Therefore, the amount of interim dividend was undecided, and our forecast for the total annual dividend for both interim and year-end dividends was to be 20 yen per share, the same as in the fiscal year ended December 2020.

However, after comprehensively considering the current business environment surrounding the Company Group and future business outlook, etc., we have revised the interim dividend to 35 yen per share, the year-end dividend forecast to 45 yen per share, and the annual dividend forecast to 80 yen per share.

As a result, we expect to maintain a full-year dividend payout ratio of 30%, which we have considered as the Company's important indicator.

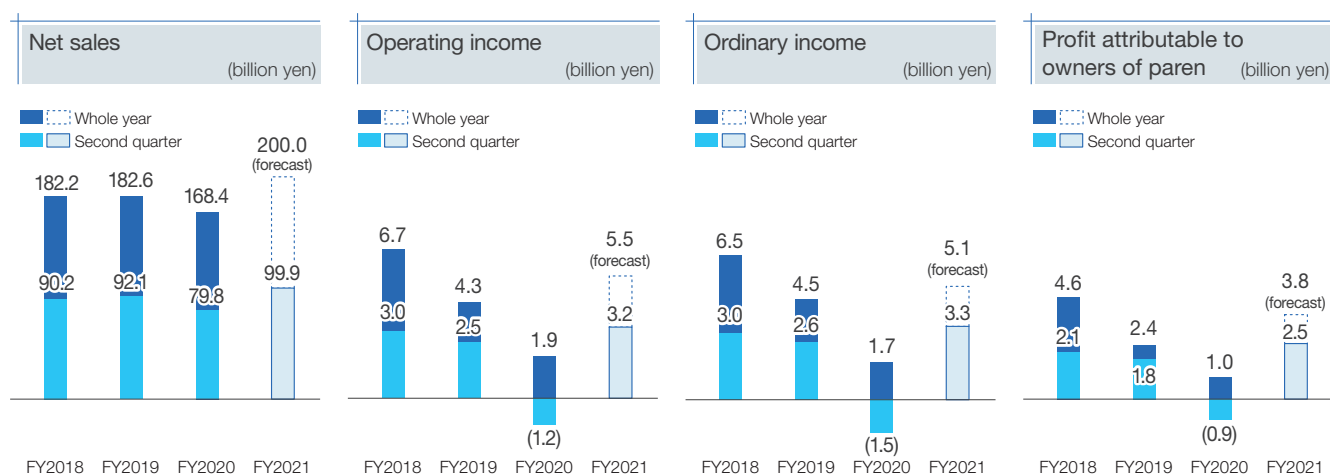
We would like to thank all of our shareholders and investors for their kind support and appreciate their continued cooperation.

Dividend per share



Consolidated Financial Highlights

		FY2018		FY2019		FY2020		FY2021 (forecast)	
		Second quarter	Whole year	Second quarter	Whole year	Second quarter	Whole year	Second quarter	Whole year (forecast)
Net sales	(billion yen)	90.2	182.2	92.1	182.6	79.8	168.4	99.9	200.0
Operating income	(billion yen)	3.0	6.7	2.5	4.3	(1.2)	1.9	3.2	5.5
Ordinary income	(billion yen)	3.0	6.5	2.6	4.5	(1.5)	1.7	3.3	5.1
Profit attributable to owners of parent	(billion yen)	2.1	4.6	1.8	2.4	(0.9)	1.0	2.5	3.8
Net assets	(billion yen)	49.6	51.5	51.5	52.3	49.6	50.8	56.1	-
Total assets	(billion yen)	8.3	83.7	83.5	96.5	94.9	113.6	124.4	-
Net income per share	(Yen)	151.75	322.18	130.86	173.71	(65.43)	70.80	180.26	264.75
Equity ratio	(%)	59.8	61.5	61.7	54.2	52.3	44.4	44.7	-



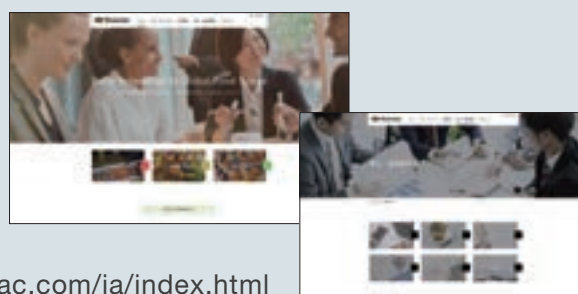
Fiscal year ended December 2021 Overview by segment

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>



Nishimoto Wismettac

The Nishimoto Wismettac Group is developing business globally



Voice from overseas



Wismettac Australia



Assistant Sales Manager
Sydney Office
Takeyuki Kondo



Please tell us about your work, and what makes you feel satisfied about your work in the sales field at the Sydney office.

Ever since I joined the Company, I have been working on developing new stores, new business, and new sales areas, and at the same time, I'm trying to build a relationship of trust with customers while working on my day-to-day activities. In sales operations, we are required to respond flexibly to changing situations and make the most appropriate decisions at each time. When I sign up a new customer, we get not only a sense of accomplishment, but a sense of responsibility to take charge of the new customer. Building a strong relationship of trust with existing customers often leads to new business, and at such times I find my job very rewarding.



From what perspective are you working on discovering and developing new businesses and new sales areas?

In many cases, the steady efforts such as always to keep myself open to my surroundings and observing closely have borne fruit. For example, when I go out, I try to check the flow of people in the area, the number of customers in the stores there, what kind of restaurants are increasing recently, etc. In addition, when I see a delivery vehicle such as a lorry, I may remember the company name on the vehicle and research it later to find out if it will lead to future transactions.



What is the most memorable thing about doing this job?

It was when I heard that many customers would like to purchase from me, despite the market turbulence due to the COVID-19 pandemic. In sales, I've been trying to make our customers choose us by increasing the added value of our products, rather than increasing sales through extreme price cuts and bargain sales. I am therefore very grateful that our customers continue to purchase from me, even if the product price is sometimes high compared to the competitors. I believe that this was because of the relationships of trust that we had built up so far. I am convinced that I was able to turn the crisis of sales decline into an opportunity during the COVID-19 pandemic. I will keep these customers' words in mind and continue to work on.



Please tell us if there are any best-selling products or Japanese foods localized in Sydney.

Among the takeaway businesses, the most common menu is sushi hand rolls. The Aussie-style is to add soy sauce in a fish-shaped plastic container ("luncharm") to a sushi roll that looks like a Futomaki (sushi burrito) and eat it like a snack. Nowadays, it is said that empty luncharms are often found at the side of the road rather than cigarette butts in the city.



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 2020

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.

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.

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.



The coupon codes sent to shareholders at the end of December 2020 can be used during the period **from April 2021 to the end of December 2021.**

For inquires, 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

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

<日本>

- Nishimoto Co., Ltd.
- Tokyo Head Office, Okinawa Representative Office, Kobe Office (Registered Head Office Location)
- Nishimoto Trading Co., Ltd.
- Tokyo Head Office, Kobe Office (Registered Head Office Location)
- Wismettac Foods, Inc.
- Tokyo Head Office, Kobe Office, Kobe Branch Tobu Sales 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.
- 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
- COMPTOIRS DES 3 CAPS SAS
- Comptoirs Oceaniques
 - Tropic Fish
- Sco-Fro Group Limited

Stock Information

Total Number of Shares Authorized	50,000,000株
Total Number of Shares Outstanding	14,353,140株
Number of Shareholders	2,300名

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	553	3.9
The Master Trust Bank of Japan, Ltd. (trust account)	409	2.9
GOVERNMENT OF NORWAY	387	2.7
Custody Bank of Japan, Ltd. (trust account)	289	2.0
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	279	1.9
Custody Bank of Japan, Ltd. (trust account 9)	217	1.5
Takayuki Kanai	138	1.0

(Note 1) Numbers of shares held are rounded down to the nearest one thousand.
(Note 2) In calculating shareholding ratios, 112 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

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>

Method of Public Notice

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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