



Founding principle

Supplying Japanese food to the world and bringing the world's food to Japan

Dream

Enrich the lives of people throughout the world through food



Wismettac Letter

Business Report

Vol.3

2018.1.1-2018.12.31



Discover more

about Nishimoto Wismettac Holdings!

This report highlights **Nishimoto's distribution business of Japanese food in the UK.**

The Group is promoting expansion of the Japanese food distribution business in Europe as part of our growth strategy. In this report, our Managing Director Mototsugu Ichikawa outlines Harro Foods Ltd., a consolidated subsidiary in the UK.

Q1

What is the situation with Japanese food in the UK?

A Kaiten-zushi (an inexpensive sushi bar) is widely popular in the UK.

In the UK, there are said to be more than 1,500 Japanese restaurants, ranging from Michelin-starred high-end restaurants to fast-food outlets. The most popular Japanese food is sushi. Recently, besides nigiri and maki – the most common types of sushi, sushi for vegetarians and vegans is finding its way onto the menu. You can also find specialty restaurants offering poke, a Hawaiian dish made with raw fish. Sushi has become very familiar, especially to the younger generation.



A A wide range of Japanese foods including sushi ingredients

We offer almost everything you need to open a Japanese restaurant except fresh fish, meat and vegetables. We also carry a good selection of alcoholic drinks such as Japanese sake and shochu (distilled spirits), as well as wine specially made to accompany Japanese food.

Q2

What products does Harro Foods Ltd. offer?



Q3

What makes Harro Foods Ltd. special?

A With over 20 years' expertise, we deliver unbeatable value to our customers.

Our strength lies in our ability to develop and procure products to meet market demands on a global basis, combined with the logistics that ensure prompt and accurate delivery to our customers. Our long history of stable business operations in the UK is another reason why we are highly trusted.



We continue to offer new values to stay ahead of significant changes in the external environment

Message to Shareholders

We would like to express our gratitude to our shareholders and investors for your ongoing support.

In 2018, U.S. rate hikes and trade tensions fueled global economic uncertainty. Unlike in Japan where the population is shrinking, demand for food products is rising globally, and some ingredients that are close to raw materials have become more vulnerable to price fluctuations. Regarding food distribution, online shopping is now widespread and food provision has taken many different forms. Technological innovations such as AI and robotics have heavily influenced the food industry, and personnel costs and logistics expenses related to food distribution continue to rise.

Under these circumstances, the Group recorded increased sales and profits in FY 2018; however, we remain cautious about the medium- to long-term prospects. For a company to survive 10 or 20 years, we believe it is imperative to create new values ahead of significant changes in the external environment, bring them together, and offer them consistently. With such a strong sense of crisis, we will strive to manage the Group without letting down our guard.

With this in mind, in 2019 we will proactively invest in human resources and digitalization toward medium- to long-term goals. Sales are forecast to remain solid but profits might be below your expectations. We sincerely hope you will understand that we are making upfront investments for the future.

Currently, we are reviewing our mid-term management plan and will announce the revised version once it is ready.

Our basic policy on returning profits is to maintain stable dividend payments while keeping internal reserves to develop future business and reinforce the Group's financial position. Amid a challenging earnings environment in 2019 as mentioned earlier, we plan to maintain the FY 2018 dividend level and pay a dividend of 95 yen per common share for FY 2019 (40 yen for the interim dividend and 55 yen for the year-end dividend).

We are committed to improving our corporate value for the medium to long term, and look forward to the continued understanding and support of our shareholders and investors.



Yoshiro Susaki
Chairman & CEO

Takayuki Kanai
President & COO

News & Topics

Opening the Seoul Representative Office

In August 2018, our group company, Wismettac Foods, Inc. (former Nishimoto Trading Co., Ltd.)¹ opened a representative office in the city of Seoul, South Korea. South Korea is the fifth-largest importer of Japanese agriproducts and seafood,² with approximately 9,000 Japanese restaurants operating in the country.³ As the Japanese food market in South Korea is expected to expand further, food processing businesses are clustering together. Taking advantage of such an environment, the Seoul Representative Office aims to serve as a support hub for purchase activities as well as an information-gathering base for Northeast Asia where significant changes are likely to occur in the future. The office is expected to contribute substantially to the Group's business expansion.

¹ Effective January 1, 2019, Nishimoto Trading Co., Ltd. absorbed Wismettac Foods, Inc. and changed its trade name to Wismettac Foods, Inc.

² Calculated by the Ministry of Agriculture, Forestry and Fisheries of Japan based on the Trade Statistics of Japan by the Ministry of Finance.

³ Surveyed by the Ministry of Foreign Affairs of Japan, estimates by the Ministry of Agriculture, Forestry and Fisheries of Japan.

Overview of business during the fiscal year ended December 2018

In the fiscal year ended December 2018, net sales stood at 182.2 billion yen (up 5.9% year-on-year), operating income amounted to 6.7 billion yen (up 6.2% yoy), ordinary income amounted to 6.5 billion yen (up 11.3% yoy) and profit attributable to owners of parent totaled 4.6 billion yen (up 51.1% yoy).

The Asian Food Global Business saw its sales grow but its profits fall. In the North American region, although net sales grew steadily, operating income declined as purchase prices of some market-affected products climbed while logistics and personnel expenses rose during the period. From the fourth quarter, profits rebounded as price revisions progressed, among other things. We will further bolster our ongoing efforts toward restructuring, thereby working to deliver increased profitability. In regions outside North America, both net sales and operating income grew as we

successfully acquired new customers, increased sales to existing customers, and expanded our business platform.

In the Agricultural & Seafood Products Trading Business, both sales and profits increased. Net sales grew thanks to steady sales through overseas distribution routes. Meanwhile, operating income increased as citrus and tropical commodities for Japan recovered for FY 2018 after having struggled during the previous fiscal year.

Operating results for the fiscal year ended December 31, 2018

Net sales	182,220million yen
Operating income	6,719million yen
Ordinary income	6,585million yen
Profit attributable to owners of the parent	4,634million yen

Initiatives and forecast for the fiscal year ending December 2019

The basic policy for the Group's mid-term management plan is to ensure stable growth of existing businesses, increase sales substantially in regions other than North America, and develop new BtoB businesses as the next pillar of growth. Our vision for the business structure is to build a business platform optimized for the market in each country and area where we develop business, and use that platform to become the only firm to offer a number of contents (products and services).

In the Asian Food Global Business, we will continue to grow sustainably in existing markets such as for Japanese foods in the North American region while further expanding our business platform in other regions. In the North American region, we will further seek to acquire new distribution routes for non-Japanese food products (corporate customers) and actively develop products to this end. In the Agricultural & Seafood Products Trading Business, we will continue to maintain sales to the Japanese wholesale market, and work on expanding distribution routes to mass retailers,

home-meal replacement industries, restaurant chains and food product manufacturers as well as overseas distribution routes.

Meanwhile, amid a significant change to the external environment, the Group will strategically recruit professionals equipped with specialized skills in a front-loaded manner, among other efforts, to support endeavors envisioning a future growth. In the North American region, we will develop our logistics and operations and seek to acquire new distribution routes (corporate customers). In other regions, we plan to build a management structure on an area-by-area basis. For the Group as a whole, we will be recruiting specialized professionals to further promote endeavors to broaden our product lineup and enhance and bolster our logistics and operations across the Group. Accordingly, we expect that net sales will stand at 193 billion yen (up 5.9% year-on-year), operating income will amount to 6 billion yen (down 1 0.7% yoy), ordinary income will amount to 6 billion yen (down 8.1% yoy) and profit attributable to owners of parent will total 4.3 billion yen (down 6.4% yoy).

Vision of what our Group aims to become

Develop unique positioning in the global food distribution industry by building a cross-border platform optimized to countries/regions of operation, and developing multiple contents (products and services) to operate on that platform.

Basic Policy for the Medium-term Business Plan

New business: B2B(C) → B2B, create next pillar

- Capturing of corporate demand
- Development of new content
- Fresh Japanese produce exports/three-way trade
- Enhancement of the platform

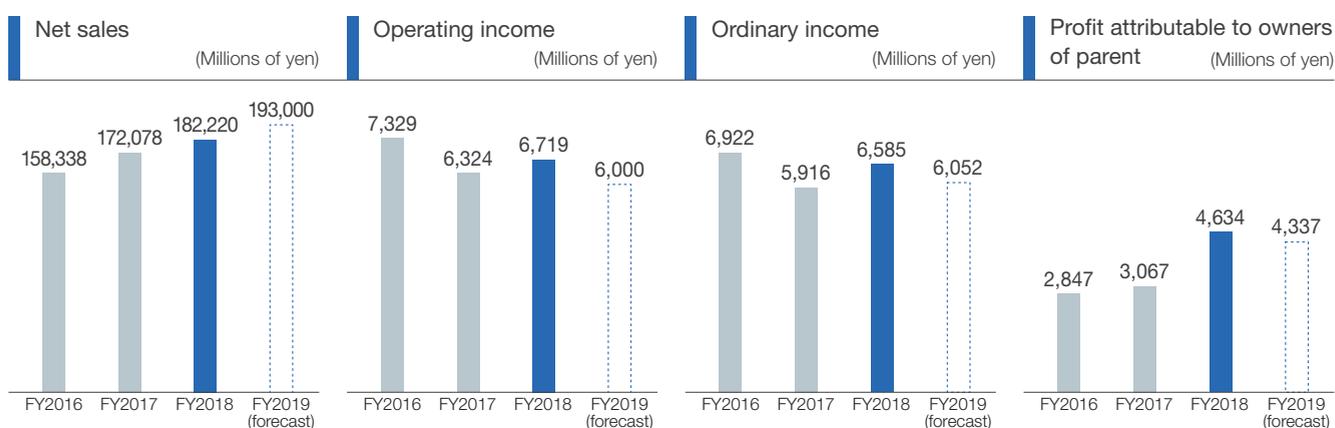
Existing operations: steady growth

- Mature North American market
- Greater share of the Japanese fresh produce business
- Profits from global business development in markets other than North America

Major change in business environment

- Diversification and localization of Japanese foods
- Tightening of food-related regulations
- New logistics technology, IoT
- Climate change, increasing population
- Changes in costs of foodstuffs
- Changing consumer behavior (e.g., online shopping)
- Rising personnel and logistics expenses

		FY2016	FY2017	FY2018	FY2019 (forecast)
Net sales	(Millions of yen)	158,338	172,078	182,220	193,000
Operating income	(Millions of yen)	7,329	6,324	6,719	6,000
Ordinary income	(Millions of yen)	6,922	5,916	6,585	6,052
Profit attributable to owners of parent	(Millions of yen)	2,847	3,067	4,634	4,337
Net assets	(Millions of yen)	38,979	49,753	51,770	—
Total assets	(Millions of yen)	72,721	84,336	83,587	—
Net assets per share	(Yen)	3,120.03	3,466.38	3,606.92	—
Net income per share	(Yen)	227.95	236.37	322.89	302.20
Equity ratio	(%)	53.6	59.0	61.9	—
ROE	(%)	7.5	6.9	9.1	—



Fiscal year ended December 2018 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 Group Around the World

The Nishimoto Wismettac Group is developing business globally to enrich the lives of people throughout the world through food.



Harro Foods Ltd., a consolidated subsidiary in the UK



Voice from overseas



Harro Foods Limited
Transport Manager
Maxwell Keh

Q What are the strengths and characteristics of Harro Foods Ltd.'s logistics?

We have an extensive temperature-controlled distribution network with dedicated drivers and provide efficient services. The company has also earned BRC (British Retail Consortium) food safety certification to ensure the highest quality standards and safety of food storage and distribution systems.

To maintain such high-quality service amid increased global economic uncertainty and rising distribution costs, we have developed and implemented a suitable operational management strategy from early on. Examples include buying fuel in bulk to save costs and introducing a vehicle tracking and route-planning system. Furthermore, we also pay attention to managing employees' health and safety and motivating them as our top priorities.

Q Please tell us about local customs and events in London, and accompanying stories related to food.

London has a number of community-based customs and events with a long-standing history.

For example, the Notting Hill Carnival in western London is one of the world's largest festivals, attracting nearly a million people every year. At the festival, people in costume perform Caribbean dancing on the street to the tune of traditional Caribbean music such as reggae and merengue. Food stalls are abundant, selling seasoned jerk chicken (Jamaican cuisine), callaloo (a leaf vegetable commonly used in Caribbean cuisine) and traditional goat stew.



News from an employee at the local office

Status of Japanese food overseas

Londoners love sushi and all that Japanese food.

In London, sushi is the most popular Japanese food. A Hawaiian-style seafood bowl called Poke has also found its way onto the menu at Japanese restaurants. There are also websites offering sushi-making courses, where people learn how to make sushi.

Recently, Japanese-style curry is gaining popularity among Londoners. They love eating curry with a chicken cutlet, pork cutlet, lobster roll or octopus carpaccio. My favorite Japanese food is curry with a chicken cutlet on top.

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 2018

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.

The coupon codes sent to shareholders at the end of December 2018 can be used during the period from **April 2019 to the end of December 2019.**

URL for the website

<https://www.hello-worldgift.com/?lang=en>

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



First-time users need to register for membership.

1 Membership registration through the log-in screen

First-time users, please proceed to new membership registration through the log-in screen. Enter all necessary matters in the membership registration screen and set an email address and password required for log-in.

2 Enter your coupon codes in the coupon point designation screen

Choose products from the product categories and product search areas, and then click "Put in the basket." Follow the purchase steps and enter your coupon codes in the coupon point designation screen.

3 Proceed to the payment screen after confirming your order

After confirming that you have correctly input your order, proceed to the credit card payment step if total purchases exceed 3,000 yen. If they are 3,000 yen or less, no payment is necessary.

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	Onward Park Building, 3-10-5 Nihonbashi, Chuo-ku, Tokyo
Capital	2,646,177,532 yen

Directors (as of March 27, 2019)

Chairman & CEO	Yoshihiro Susaki	Director (Full-time Audit & Supervisory Committee Member)	Yuji Sasa
President & COO	Takayuki Kanai	Outside Director (Audit & Supervisory Committee Member)	Kimikazu Nomi
Director & CFO	Atsuhiko Kimura	Outside Director (Audit & Supervisory Committee Member)	Yukiko Omura
Director	Hiroshi Tsujikawa		

Worldwide Network

<Japan>

- 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, 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)

<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>

- Nishimoto Trading Co., Ltd.
 - Paris Representative Office
- NTC Wismettac Europe B.V.
- Harro Foods Limited
- SSP Konsumgüter TRADE & CONSULT GmbH
- COMPTOIRS DES 3 CAPS SARL
 - Comptoirs Oceaniques
 - Cap Cavally
 - Tropic Fish

Stock Information

Total Number of Shares Authorized	50,000,000
Total Number of Shares Outstanding	14,353,140
Number of Shareholders	2,783

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
Japan Trustee Services Bank, Ltd. (trust account)	721	5.0
The Master Trust Bank of Japan, Ltd. (trust account)	429	3.0
GOVERNMENT OF NORWAY	294	2.1
Takayuki Kanai	140	1.0
BNYM AS AGT/CLTS 10 PERCENT	119	0.8
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	118	0.8
Japan Trustee Services Bank, Ltd. (trust account 5)	87	0.6

(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
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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