



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

2018.1.1-2018.6.30



Discover more about Nishimoto Wismettac Holdings!

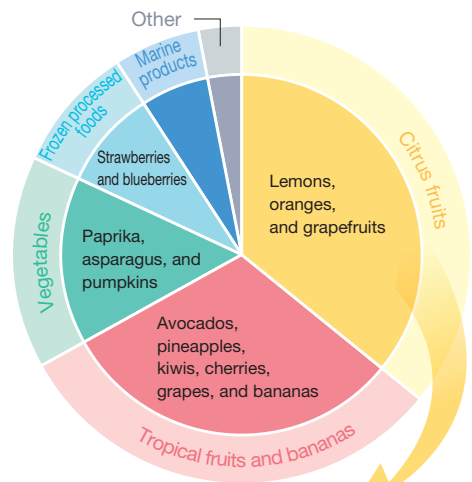
This report outlines the main operations of Nishimoto's Agricultural & Seafood Products Trading Business


Providing a wide range of products to satisfy customer needs

Establishing a dominant position as an importer of fruits to Japan

We import fruit and vegetables, marine products and other foods from all over the world and wholesale them to wholesale markets, volume stores, restaurant operators, and food manufacturers throughout Japan. The trading business handles a wide variety of foods, including fruits and vegetables, frozen processed foods and marine products that suit diverse sales channels, and offer a wide range of products that satisfy customer needs—this is our strength. With security and safety as our keywords, we are implementing a unique business model that manages all processes from development of producing centers to production and quality control to shipment.

Major Products Handled

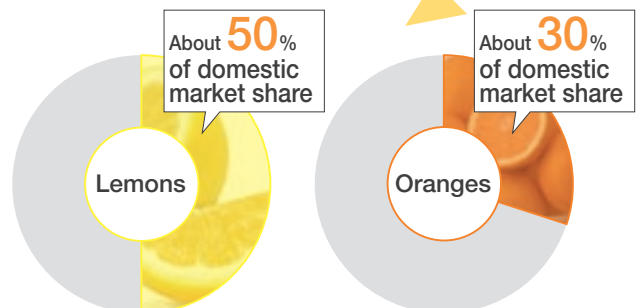


 1968: Became the general import agent for Sunkist Growers Inc. for Japan

Handling the largest amount of citrus fruits in Japan

In the category of fruits and vegetables, we are the general import agency in Japan for Sunkist Growers Inc., America's largest agricultural producers' union. We boast the most lemons, oranges, grapefruits, and other citrus fruits imported and sold in Japan.

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All figures have been calculated by Nishimoto Wismettac Holdings using Ministry of Finance statistics.

Expanding our sales network in Asian countries, too, by establishing relationships of trust with producers

Developing wholesale business for fruits and vegetables in the Chinese market

In March 2009, as overseas producers were directing their attention to China, where individual purchasing power was growing, we established Shanghai IPM Co., Ltd. and have developed a wholesale business for fruits and vegetables as in Japan. We sell fruits and vegetables—particularly citrus fruits—to wholesale markets, online shopping sites and other sales channels. By increasing sales in Asian countries, we will further strengthen our relationships of trust with producers in each of them.





Nishimoto Wismettac Group Companies
西本Wismettacグループ

Targeting further global business development and growth based on success in North America



Takayuki Kanai
President & COO

Yoshiro Susaki
Chairman & CEO

Overview of business during the period up to the second quarter

We would like to express our heartfelt appreciation to all shareholders for their long-standing, great patronage of Nishimoto Co., Ltd. This Wismettac Letter gives you an overview of the consolidated financial results for the second quarter of the term to December 2018, and reports initiatives for the second half of the term and the forecast for the entire fiscal year.

During the second quarter of the term to December 2018, net sales and operating income were 90.2 billion yen (up 4.2% compared to the same period of the previous year) and 3 billion yen (down 6.0%), respectively. Ordinary income and profit attributable to owners of the parent were 3 billion yen (up 0.8%) and 2.1 billion yen (up 50.7%), respectively.

The Asian Food Global Business saw its revenue grow but its profits fall. In North America, our key business area, net sales remained strong, registering an increase, but profits fell for reasons such as rises in the cost of some market-affected products and in logistics and personnel expenses, additional expenses to rationalize distribution systems, and measures taken to increase the capabilities of local management. In the same region, we launched initiatives for new, thorough structural reforms in the second quarter.

In regions other than North America, we have strived to develop new markets with the aim of expanding our business foundation. The result has been increased sales and profits as we successfully acquired new customers and escalated sales to existing ones.

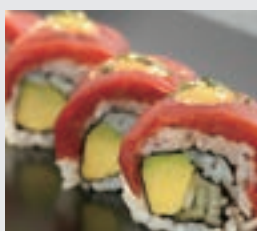
The Agricultural & Seafood Products Trading Business also saw its sales and profits grow. Sales of products such as avocados and apples for overseas sales channels continued to be strong. In terms of profitability, sales and profits of citrus and tropical fruits, product categories in which we struggled during the same period last year, recovered to the average level.

Operating results for the second quarter of the term to December 2018

Net sales	90,251 million yen
Operating income	3,063 million yen
Ordinary income	3,077 million yen
Quarterly profit attributable to owners of the parent	2,183 million yen

Forming a capital and business alliance with America's Ocean Hugger Foods, Inc. Starting sales of sushi ingredients for vegetarians

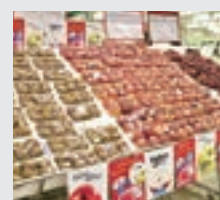
As the food market for vegetarians has expanded due to high interest in sustainability and health, our Group recently formed a capital and business alliance with Ocean Hugger Foods, Inc. (OHF) and started sales of sushi ingredients for vegetarians. These are substitutes for marine products. In 2017, OHF attracted public attention when they began to sell a vegetarian substitute for tuna, under the Ahimi brand. Going forward, the Group will take advantage of our network of bases worldwide to lead sales of this vegetarian sushi ingredient.



Ahimi uses tomatoes like tuna.

Beginning to export the domestically grown *Sugoi** small apple

Our Group started the export of the *Sugoi* small apple to Southeast Asian countries, centered on Thailand, with the cooperation of JA Zen-Noh Aomori and JA Tsugaru Mirai. In Thailand, fruits grown in Japan have a strong image of being high-grade articles, and the consumer base for them is limited. However, we will work to develop the Asian market by providing reasonably priced, quality apples grown in Japan.



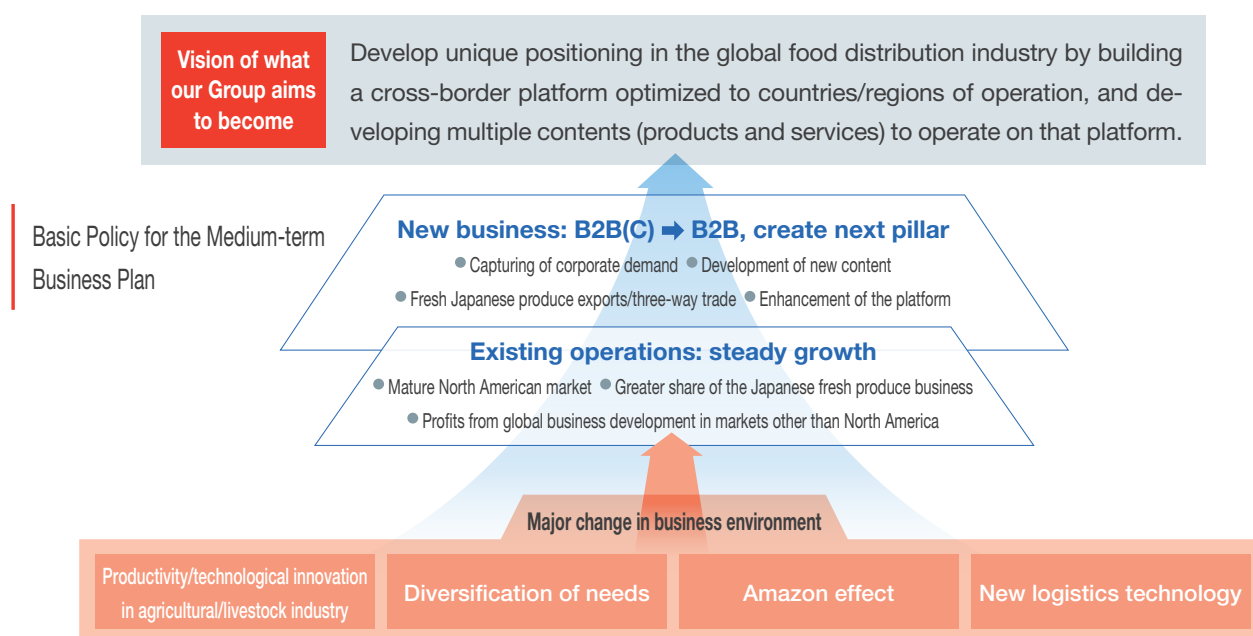
*Sugoi is a brand name.

Initiatives for the second half of the term and forecast for the entire fiscal year

The basic policy for our 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 terms of the Asian Food Global Business, we will strive to expand the scale of our business worldwide by working on structural reforms to ensure long-term, stable growth in the North American Business and transplanting that North American expertise into other regions and ensure it takes root there. In terms of new merchandise, we will develop products such as vegetarian ingredients and cooked

Japanese foods for each target market. Regarding the Agricultural & Seafood Trading Business, we will be stepping up our efforts to produce fruits and vegetables in Japan and sell them overseas and concentrate on expanding our product lineups chiefly by developing characteristic products such as the *Sugoi* small apple.

During the second half of the term, we will further reinforce these initiatives, and the prospects for the whole year's financial results remain the same as initially forecast. For the term to December 2018, we expect 184.8 billion yen in net sales (up 7.4% compared to the previous year) and 6.7 billion yen in operating income (up 7.1%), respectively. We also predict 6.6 billion yen in ordinary income (up 12.9%) and 4.6 billion yen in profit attributable to owners of the parent (up 52.1%), respectively.



Message to Shareholders

Since it was established in 1912, our Group has striven to develop global food logistics under the founding principle “Bringing the world’s foods to Japan and Japan’s foods to the world.” It achieved a listing on the First Section of the Tokyo Stock Exchange on September 29, 2017, and we will soon celebrate our first anniversary on the Exchange. We would like to express our heartfelt appreciation because this is entirely the result of support from many stakeholders, including shareholders.

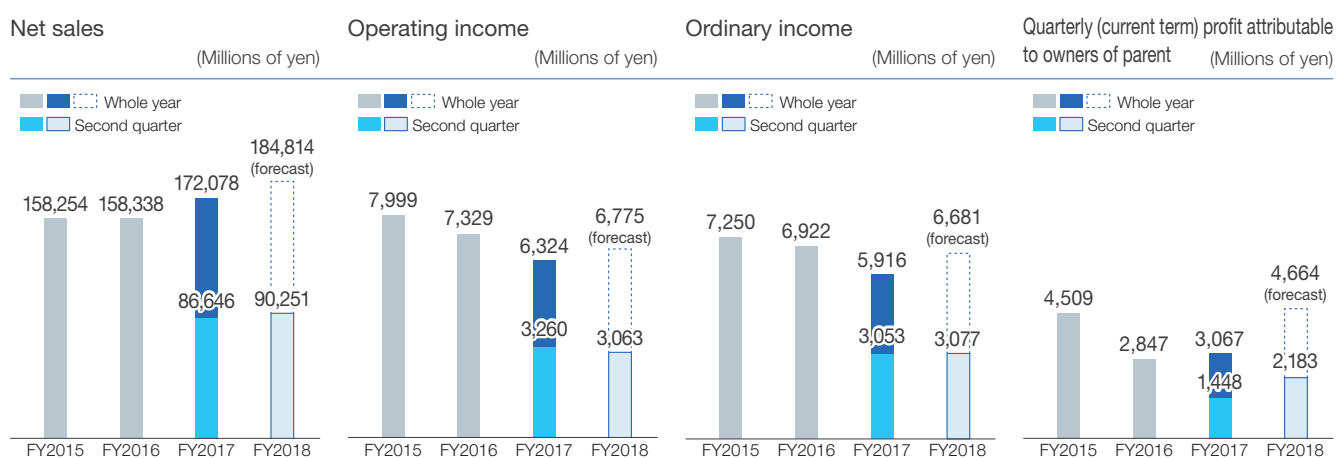
Unlike the domestic market, global food demand is expanding; in addition, technological innovation as typified by AI and robotics is influencing the food industry more and more each day. Owing to this, Japanese foods are penetrating widely and deeply into

dietary cultures right across the world. Considering these changes as an opportunity to expand our business domains, we aim at contributing to the international community as a company that delivers new value to the world’s food industry through BtoB business, thus increasing our corporate value.

Our Group views returning profits to shareholders as a high priority of management, and its basic policy is to maintain stable dividend payments while keeping internal reserves to develop future business and reinforce the Group’s financial structure. We plan to pay a dividend of 95 yen per common share for the whole year (40 yen for the interim dividend and 55 yen for the year-end one).

Consolidated Financial Highlights

		FY2015	FY2016	FY2017		FY2018	
		Whole year	Whole year	Second quarter	Whole year	Second quarter	Whole year (forecast)
Net sales	(Millions of yen)	158,254	158,338	86,646	172,078	90,251	184,814
Operating income	(Millions of yen)	7,999	7,329	3,260	6,324	3,063	6,775
Ordinary income	(Millions of yen)	7,250	6,922	3,053	5,916	3,077	6,681
Quarterly (current term) profit attributable to owners of parent	(Millions of yen)	4,509	2,847	1,448	3,067	2,183	4,664
Net assets	(Millions of yen)	37,131	38,979	39,259	49,753	49,918	—
Total assets	(Millions of yen)	60,627	72,721	75,929	84,336	82,884	—
Quarterly (current term) net income per share	(Yen)	360.94	227.95	115.95	236.37	152.11	—
Equity ratio	(%)	61.2	53.6	51.7	59.0	60.2	—



Second quarter of the term to 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

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



Nishimoto Wismettac Group Around the World

The Nishimoto Wismettac Group is developing business globally to deliver great taste with convenience to your dinner table.

Nishimoto Trading Co., Ltd. From the Ho Chi Minh Representative Office



Voice from overseas



Kaede Mitsunaga,
director of the Ho Chi Minh Representative Office

Q What led you to desire to become a representative at the Ho Chi Minh Office? Please tell us about goals in your job and new challenges you want to embrace.

Before I joined the company, I had longed to work overseas. And as the years passed, I came to want experience in a business that imports goods from overseas and wholesales them in Japan, the real pleasure of working in the Group. What's more, after becoming a sales representative responsible for Vietnam, dealing with customers as a daily part of my work and repeatedly visiting Vietnam on business trips, I came to like the country and wanted to become a representative there.

At the moment I'm supporting the wholesaling of Japanese foods at local importers with which we've formed business alliances. Other jobs include meeting purchasers' personnel in charge when they come to Vietnam, and coordinating sales promotional events.

The goal for the immediate future is to increase our market share by providing comprehensive support to business partners. The long-term aim is to develop the Representative Office in Vietnam from a purchaser and supplier into one that supports Nishimoto's business in a whole range of aspects.

Q Please tell us about delicious foods you've discovered in Vietnam.

In Japan, any mention of noodles in Vietnam reminds us of *pho*; but actually, there are many kinds of noodles in the country. My favorite is a good and chewy ground-rice noodle in a clear pig-bone soup, which is called "Hu tieu nam vang." Restaurants specializing in this food operate from early morning, and some of them close before noon, so you have to get up early if you want some.

I hear that Vietnamese have an interesting custom of eating "Banh xeo" (Vietnamese-style okonomiyaki ("as-you-like-it" pancake)) on rainy days, but since it rains almost every day during the rainy season, this seems to be a simple justification for eating it whenever they feel like it.



News from an employee at the local office

Status of Japanese food overseas

In Vietnam, the number of Japanese restaurants is increasing rapidly!

Take-out sushi, which can be bought in units of *kan*, warm *udon* noodles, and one-pot meals are widely popular in Vietnam. There are still plenty of tavern-style restaurants that offer several Japanese items on the menu, but the range of Japanese restaurants has started to diversify, from Japanese sake bars to Japanese-style Chinese and Italian restaurants.

Since the dietary culture in Vietnam is close to Japan's, there are few crazy menu items arranged in Vietnamese style. But it's interesting to see an example of localization in which one self-service *udon* restaurant chain offers an all-you-can-eat service for *phak chi* (coriander).

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 (We do not offer special benefits for shareholders during the interim term)

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 2017

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 2017 can be used during the period from **April 2018 to the end of December 2018.**

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, Nishimoto Trading Co., Ltd., on

0120-096-810

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

Corporate Information (as of June 30, 2018)

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

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

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
- Wismettac Foods Shanghai Co., Ltd. (Changed the company name from Nishimoto Trading Group Foodstuffs Shanghai Co., Ltd. on January 5, 2018)
- 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

Nishimoto Co., Ltd.

Onward Park Building, 3-10-5 Nihonbashi, Chuo-ku, Tokyo 103-0027
Tel: +81-3-6870-2015 Fax: +81-3-6870-2016

Stock Information

Total Number of Shares Authorized	50,000,000
Total Number of Shares Outstanding	14,353,140
Number of Shareholders	3,223

Major Shareholders

Shareholder Name	Number of shares held (thousands)	Shareholding ratio (%)
Tatsumi Sangyo Co., Ltd.	6,235	43.4
Yoshiro Susaki	2,910	20.2
Susaki Welfare Foundation	1,300	9.0
Japan Trustee Services Bank, Ltd. (trust account)	651	4.5
The Master Trust Bank of Japan, Ltd. (trust account)	396	2.7
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	261	1.8
GOVERNMENT OF NORWAY	251	1.7
Takayuki Kanai	140	0.9
MSCO CUSTOMER SECURITIES	111	0.7
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	110	0.7

(Note 1) Numbers of shares held are rounded down to the nearest one thousand.
(Note 2) In calculating shareholding ratios, 67 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