

Wismettac Letter

Business Report

2019.1.1-2019.6.30



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 outlines the Japanese food sales business in **Singapore**






Restaurant situation in Singapore

Restaurant situation

1 Number of restaurants by cuisine

In terms of market share in Singapore, Japanese food restaurants rank second after Chinese food restaurants.

 Chinese food
  Japanese food
  Singaporean food

Restaurant situation

2 Top 5 most common Japanese restaurants by food type

-  1 Sushi/sashimi
-  2 Ramen
-  3 Yakiniku/teppanyaki
-  4 Rice dishes
-  5 Desserts/cakes

Seiichiro Isoda, Managing Director of NTC Wismettac Singapore Pte.Ltd. (hereinafter Wismettac Singapore), outlines our Group's base in Singapore where dining culture is thriving.



Q1 | What are the key products handled by Wismettac Singapore and what is your market share?

A1 | We provide sushi ingredients and sake to approximately 70 percent of the Japanese restaurants in Singapore.

Currently, it is believed that there are 1,200 to 1,300 Japanese restaurants in Singapore. We provide ingredients and sake to about 900 of them. Key product groups include seafood, seaweed, rice, vinegar, processed foods, and condiments. Sales destinations include sushi restaurants, tavern-style restaurants, restaurant chains, and specialty stores.

Q2 | What are the trends in Japanese food in Singapore?

A2 | Following on from the sushi boom, the range of specialized Japanese restaurants is growing.

The number of Singaporeans visiting Japan reached a record high of 430,000 (total) in 2018. This means as many as 8% of the population of 5.64 million people visited Japan. Their number one goal is eating and drinking, and the growth in the popularity of Japanese food in Singapore, along with the increase in the number of tourists visiting Japan, shows no signs of slowing down. The boom began with sushi and now encompasses a wide range of Japanese cuisine, including ramen, tendon (tempura on a bowl of rice), yakiniku (grilled meat), hamburger steak, yakitori (grilled chicken), grilled fish, bread, soft-serve ice cream, etc., with specialty stores increasing. The most popular foreign food among Singaporeans is certainly Japanese food, and it has become more than a boom with eateries ranging from upscale restaurants such as those found in Ginza to fast food outlets.



A Message from Management

We will start afresh as a “global solutions company that solves various problems faced by the food industry worldwide and creates and offers new value.”



Yoshiro Susaki
Chairman & CEO

**We introduced
business casual
as of July 2019.**



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

The world’s food industry, which is our Group’s business domain, is facing transformation on an unprecedented scale, including disinflation due to globalization, the diversification of needs shown, for example, by the growing demand for gluten-free food and for halal food, the rise of vegetable factories and aquaculture, the evolution and expansion of home-meal replacement and delivery systems, and the response to climate change and food shortages, in addition to issues such as food safety, traceability, and compliance.

To respond to these various needs, our Group is utilizing our collaborative relationships with manufacturers, producers, and startups working to develop new technology in order to accelerate our problem-solving efforts. By distributing content with high added-value using the Group’s platform, we strive to continuously build and develop new business portfolios.

Our group will transform itself into a global solutions company that solves various problems faced by the food industry worldwide and creates and offers new value.

Overview of business during the period up to the second quarter of the term to December 2019

During the second quarter of the term to December 2019, net sales and operating income were 92.1 billion yen (up 2.1% compared to the same period of the previous year) and 2.5 billion yen (down 16.0%), respectively. Ordinary income and profit attributable to owners of the parent were 2.6 billion yen (down 13.2%) and 1.8 billion yen (down 13.8%), respectively.

The Asian Food Global Business saw its revenue grow but its profits fall. Net sales grew strong in North America, our key business area, as well as in areas other than North America. Profitability was at a level similar to the same period last year in North America, despite expenses continuing to remain high for logistics including personnel expenses.

In regions other than North America, overall profits fell, in part due to profits falling for Harro Foods Limited, our subsidiary in the

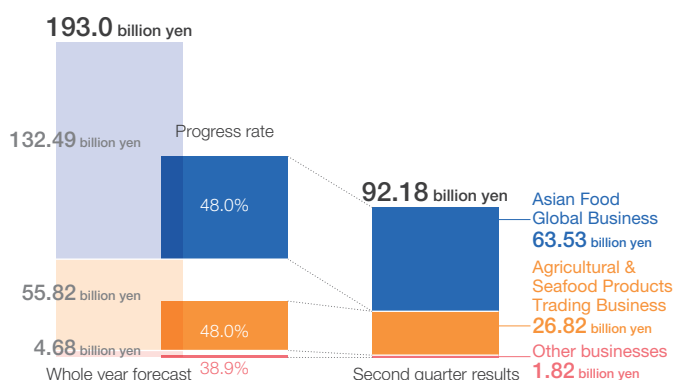
UK. The company was impacted by the increase in purchasing costs due to continued exchange rate fluctuations associated with Brexit.

The Agricultural & Seafood Products Trading Business saw its sales and profits fall. Sales was impacted by struggles in domestic sales as well as the fall in unit sales price of fruits and vegetables in general (citrus fruits, tropical fruits, vegetables). Profitability was impacted by decreased sales of fruits and vegetables in general as well as increases in cost.

Operating results for the second quarter of the term to December 2019

| | |
|---|---------------------------|
| Net sales | 92,181 million yen |
| Operating income | 2,568 million yen |
| Ordinary income | 2,664 million yen |
| Quarterly profit attributable to owners of the parent | 1,878 million yen |

Progress in sales by segment



December 2019 term to December 2021 term New mid-term management plan

Vision

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

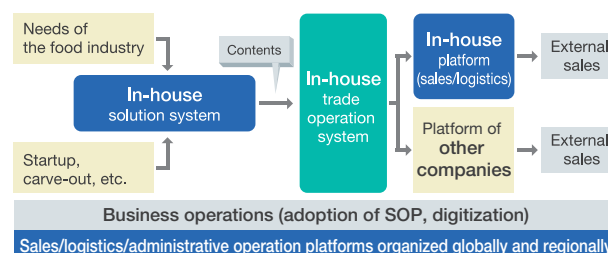
Awareness of the external environment

Our external environment is facing transformation on an unprecedented scale.

- Soaring personnel and logistics expenses
- Tightening of food-related regulations
- Changes in demographics
- Fluctuation of ingredient costs
- Changes in consumption behavior such as online shopping, home-meal replacement, and health consciousness
- Diversification and localization of Japanese food
- Digitization (new logistics technology)
- Global disinflation



Fundamental reform of business model ahead of environmental transformation



Basic strategy: Build multiple business portfolios by deploying Contents and Platforms

Contents/Platforms in our Group

Contents: High added-value products, high added-value services or a combination of the two

Platform: Business platform in each country where business is operated (sales/logistics/administrative operation)

- Build platforms in each of the 5 areas and ensure an approach that is more closely tailored to the market and speedy management.
- System for deploying high added-value contents globally and locally based on the needs captured through deep relationships with customers, and building business portfolios
- Build more advanced commercial distribution and physical distribution such as efficient global and local connections through digitization and knowledge accumulation.

Platform deployment image



Actively hire professional and management human resources to expand existing business and to fundamentally reform the business model.

Goals for fiscal 2021

To secure stable profit from existing business during major transformation of the external environment,

- aim to be a preeminent force in multiple niche markets through business portfolios (combination of Contents and Platform). Establish a foundation for securing lasting growth for the Group by building an organization where this is continuously reproduced.
- Focus investment and spending on human resources and systems in an extremely bold manner to expand the functions of contents, trade operations, and platforms globally.

Numerical targets for fiscal 2021

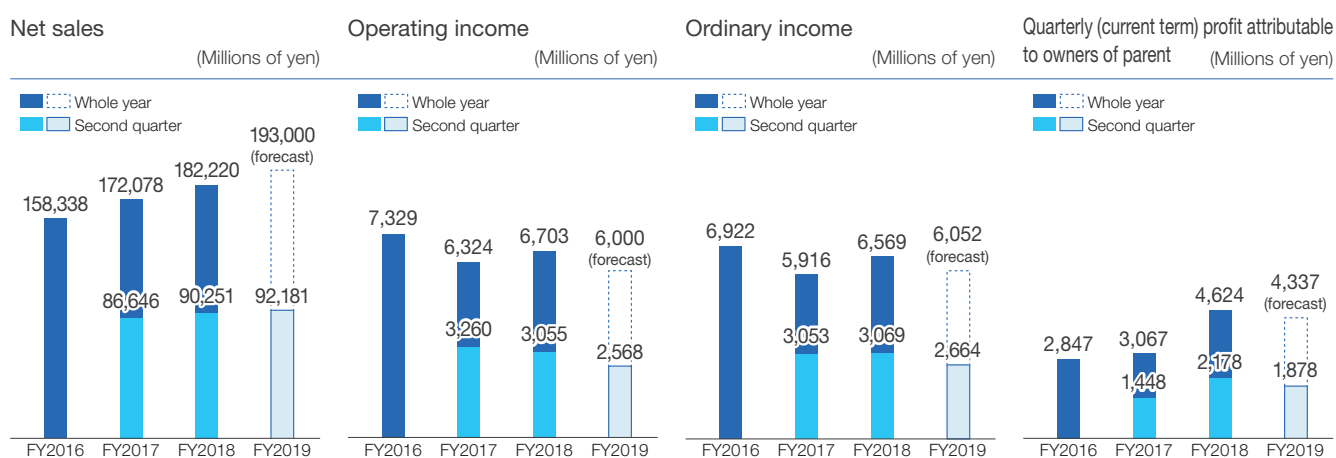
Consolidated net sales **240** billion yen

Consolidated operating income **8** billion yen

Consolidated operating income after deduction of human resources expenditure **6.5** billion yen

Consolidated Financial Highlights

| | | FY2016 | FY2017 | | FY2018 | | FY2019 | |
|--|-------------------|------------|----------------|------------|----------------|------------|----------------|-----------------------|
| | | Whole year | Second quarter | Whole year | Second quarter | Whole year | Second quarter | Whole year (forecast) |
| Net sales | (Millions of yen) | 158,338 | 86,646 | 172,078 | 90,251 | 182,220 | 92,181 | 193,000 |
| Operating income | (Millions of yen) | 7,329 | 3,260 | 6,324 | 3,055 | 6,703 | 2,568 | 6,000 |
| Ordinary income | (Millions of yen) | 6,922 | 3,053 | 5,916 | 3,069 | 6,569 | 2,664 | 6,052 |
| Quarterly (current term) profit attributable to owners of parent | (Millions of yen) | 2,847 | 1,448 | 3,067 | 2,178 | 4,624 | 1,878 | 4,337 |
| Net assets | (Millions of yen) | 38,979 | 39,259 | 49,753 | 49,678 | 51,521 | 51,542 | — |
| Total assets | (Millions of yen) | 72,721 | 75,929 | 84,336 | 83,011 | 83,719 | 83,517 | — |
| Quarterly (current term) net income per share | (Yen) | 227.95 | 115.95 | 236.37 | 151.75 | 322.18 | 130.86 | — |
| Equity ratio | (%) | 53.6 | 51.7 | 59.0 | 59.8 | 61.5 | 61.7 | — |



Second quarter of the term to December 2019 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.



Voice from overseas



Nicholas Tan
Wismettac Singapore
Sales Manager



Please tell us about your job as Sales Manager and your techniques for developing customers.

At the moment, I manage a sales team with four subordinates, but I also work to develop customers and expand sales as a “player-manager.” I believe that having a trusting relationship is most important in developing customers as well as in managing subordinates. Thinking about developing customers, it is relatively easy to expand the business if one has relationships based on trust. When dealing with various challenges as a team, a trusting relationship strengthens the team’s unity. To build a trusting relationship, I focus more on understanding the challenges of the overall restaurant operation of the customer, rather than on selling products to the customer, and try to propose a solution. When managing subordinates, I try to listen carefully to what they say and come up with a solution together.



Please tell us about “Hawker Centers,” which are distinctive venues for eating out in Singapore.

Yes, “Hawker Centers” are distinctive places to eat out in Singapore. With their origins dating back to the 1800s, these were dining areas created when vendors brought hand-pulled food stands into open spaces or parking lots. Due to hygiene management problems, the government fixed the location of the food stands and installed roofs and tables, resulting in the Hawker Centers you see today. Hawker Centers are characterized by a collection of cuisines from different countries, such as Chinese foods from Guangdong, Chiu Chow, and Hannan, food from northern and southern India, Malaysian food, and Peranakan food, which is a mix between Chinese and Malaysian food. Recently, there are ramen and rice bowl food stands as a result of the Japanese food boom. There is also a stall which has won a Michelin star. At the moment, there are more than 110 Hawker Centers in Singapore offering a relaxing place for Singaporean families and friends to get together, eat, and chat.



News from an employee at the local office

Status of Japanese food overseas

Singaporeans living in a multiethnic society are very curious in their outlook

With the development of the Internet and SNS, new food concepts spread instantly thanks to food bloggers and the like. Additionally, various foods are brought in by foreigners visiting Singapore and Singaporeans travelling around the world. Singaporeans are extremely interested in foreign cuisine and look forward to eating different foods. Japan is the most popular travel destination and Japanese food always ranks No.1 in popularity.



News & Topics

Tokyo Head Office will be moving in September 2019

On September 24, 2019, we are planning to move our Tokyo Head Office and that of our subsidiary, Wismettac Foods, Inc. (contract ending at our current Tokyo Head Office)

Our current Tokyo Head Office has become small with the business expanding. Additionally, by gathering the four floors of the current office on a single floor at the new Tokyo Head Office, we aim to increase communication, unite human resources and organizations, streamline operations, as well as introduce quality ICT equipment and further promote our global business.

New address

Nihonbashi-Muromachi Mitsui Tower 15F, 3-2-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo 103-0022



The photo is for illustration purpose only.

NISHIMOTO WORLD GIFT : Special benefits offered to shareholders

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.

1 Membership registration through the log-in screen

2 Enter your coupon codes in the coupon point designation screen

3 Proceed to the payment screen after confirming your order

The coupon codes sent to shareholders at the end of December 2017 can be used during the period from **April 2019 to the end of December 2019.**

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

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 Information (as of June 30, 2019)

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) | 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

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 | 2,609 |

Major Shareholders

| Shareholder Name | Number of shares held (thousands) | Shareholding ratio (%) |
|---|-----------------------------------|------------------------|
| Tatsumi Sangyo Co., Ltd. | 6,235 | 43.45 |
| Yoshiro Susaki | 2,910 | 20.27 |
| Susaki Welfare Foundation | 1,300 | 9.06 |
| Japan Trustee Services Bank, Ltd. (trust account) | 592 | 4.13 |
| GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch) | 385 | 2.69 |
| NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (Standing proxy: Custody Services Department, Tokyo Branch, HSBC) | 367 | 2.56 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 313 | 2.18 |
| Takayuki Kanai | 140 | 0.98 |
| THE CHASE MANHATTAN BANK 385036 (Standing proxy: Settlement Sales Department, Mizuho Bank) | 123 | 0.86 |
| STATE STREET BANK AND TRUST CLIENT AMNIBUS ACCOUNT 0M02 505002 (Standing proxy: Settlement Sales Department, Mizuho Bank) | 118 | 0.82 |

(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

Our head office will be moving on September 24, 2019.

New address: Nihonbashi-Muromachi Mitsui Tower 15F, 3-2-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo 103-0022