

Wismettac Letter

Business Report

2020.1.1-2020.12.31



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 Nishimoto's distribution business of Japanese food in the **Europe**

The Wismettac Group employs a region system in Europe. Although we have based our business on the Asian Food Global Business, we also expanded our business locations in FY2020 by fully consolidating SSP Konsumgüter TRADE & CONSULT GmbH (in Germany), and Comptoires Des 3 Caps SAS (in France). Hereafter, we will focus on new businesses, including product development, in cooperation with our business locations.

Wismettac Group in Europe

Wismettac Group has business locations in four countries: Netherlands, the U.K., Germany and France. Based on our existing Asian Food Global Business, we have been selling and delivering our goods to the restaurant industry and other businesses in European countries. We will operate our advantageous cross-border business model in Europe, as well, by leveraging each country's needs and characteristics.



Consolidation of SSP Konsumgüter TRADE & CONSULT GmbH (in Germany), and Comptoires Des 3 Caps SAS (in France) as subsidiaries

NTC Wismettac Europe B.V. has consolidated SSP Konsumgüter TRADE & CONSULT GmbH in Germany, and Comptoires Des 3 Caps SAS in France as its subsidiaries. Especially, the joining of SSP, with which we had a long and close business relationship, will enable us to further increase our market share in Germany and promote cooperation between our business locations in Europe, as well as our entry in Eastern Europe and Russia. Going forward, we will aim to be an existence that will support the base of Asian Food Global Business in Europe.



Product Development and Growth Strategy, etc.

Regarding the Asian Food Global Business in Europe, we will focus on the development and sale of new product lines for Japanese foods, as well as frozen sushi and other products for hotel chains, to meet the changing needs of our existing customers, including Japanese food restaurants and retailers. With our private brand "Shirakiku," we will develop products to meet the needs of not only existing Japanese and Asian food markets, but also local markets in order to exploit new channels and further expand our business.



TOP
MESSAGE

We aim to be a specialized
global solution company
in the food field and “food combined
with new fields” category.

Yoshiro Susaki Chairman & President CEO

We express our sincere thanks to our shareholders and investors for their constant, special support. In 2020, the COVID-19 pandemic changed peoples' lifestyle more rapidly than expected. The business environment surrounding us is also facing a global, big wave of innovation backed by the flow of food technology and digital transformation. We take this environment as an opportunity to position ourselves as “a one-stop solution company that tries to combine healthcare and food” as the group's target direction in our medium-term business plan, announced last year. As a company with over 100 years in the food business, we will develop a more advanced “field of food and healthcare” by taking into account social responsibility and our advantages. By utilizing our

advantage to operate a global supply chain, we aim to complete a business entity that can globally provide innovative, specialized solutions in a category combining the food field with “healthcare,” “Ecology,” “new lifestyle” and “assistance in international deployment of new businesses” in order to meet more personalized and diversified needs. On the other hand, we will exert effort to reinforce the profitability of the existing businesses we have been fostering, by considering the irreversible changes in dietary habits caused by the COVID-19 pandemic and focusing on projects to restructure our business model and improve our productivity by improving our supply chain efficiency, investing in IT infrastructure and promoting the development of private brand products.

Overview of business during the fiscal year ended December 2020

Our business performance in 2020 resulted in increased revenue and decreased income, with net sales of 168.4 billion yen (down 7.8% year on year), operating income of 1.9 billion yen (down 54.4% year on year), ordinary income of 1.7 billion yen (down 62.2% year on year) and net income attributable to owners of parent of 1 billion yen (down 59.2% year on year).

Looking into each segment, the sales of the Asian Food Global Business, mainly consisting of Japanese foods for the restaurant industry, our group's main clientele, temporarily fell rapidly and significantly from March onwards due to the global lockdowns. As the lockdowns were gradually lifted in each country, we reviewed our product structure and took other measures, in line with our clients, who were shifting their business styles to takeout, delivery and so on. On the other hand, sales

to wholesalers and other stores remained good through the year due to increase in domestic consumption. However, this was not sufficient to cover the decrease in sales to the restaurant industry, resulting in decreased revenue and decreased income through the year.

In the Agricultural & Seafood Products Trading Business, demand from the restaurant industry largely decreased due to the declared state of emergency and the request to refrain from going outside and doing business from March onwards. Particularly, the sales of citrus fruits, our main products, decreased and their selling prices lowered significantly. From July onwards, the demand for imported fresh fruits and vegetables grew due to poor harvests in domestic fresh fruits and vegetables resulting from bad weather, whereby the quantity and prices mainly for the sale to wholesalers remained stable, but this was not sufficient to cover the decrease in the first half of the year, resulting in decreased revenue and decreased income through the year.

Operating results for the fiscal year ended December 31, 2020

Net sales	168.4 billion yen
Operating income	1.9 billion yen
Ordinary income	1.7 billion yen
Profit attributable to owners of the parent	1 billion yen

Initiatives and forecast for the fiscal year ending December 2021

The forecast for 2021 is as follows: net sales of 187 billion yen (up 18.550 billion yen year on year), operating income of 2 billion yen (up 17 million yen year on year), ordinary income of 1.7 billion yen (down 15 million yen year on year) and net income attributable to owners of parent of 1 billion yen (down 16 million yen year on year).

(unit : billion yen)

		year ended December 31, 2019	year ended December 31, 2020
Asian Food Global Business	Net sales	128.8	116.8
	Operating income	4.1	1.8
Agricultural & Seafood Products Trading Business	Net sales	49.8	47.9
	Operating income	0.7	0.6
Amenities & Retail Business	Net sales	3.9	3.6
	Operating income	0.1	0.1

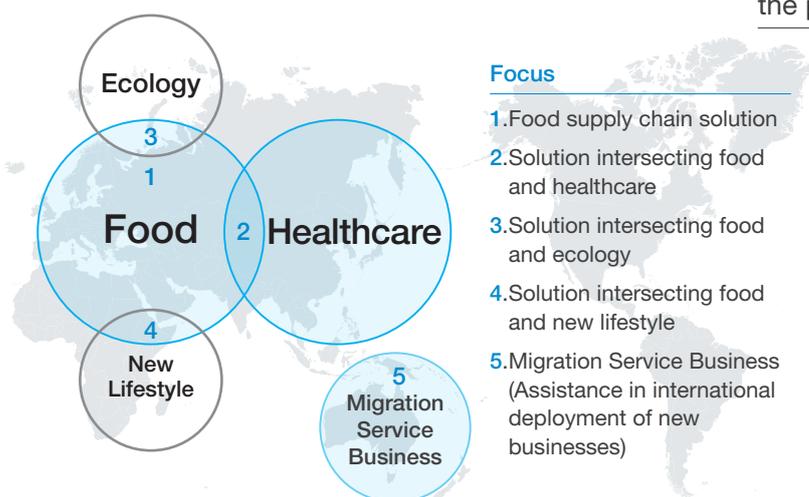
Primary factors for decreased profits in FY 2020

- Restriction on worldwide economic activities due to the COVID-19 pandemic
- Lower consumer spending due to uncertain future economic environment

Strategic investment was recorded for the recruitment of professional staff with specialized skills, including global business management and new business development, and the investment in digitalization. In the North American regions, we will develop the logistics and operations, and exploit new channels. In other regions, we will further promote our efforts of structuring and reinforcement of management schemes for each area; expand product line for the entire group; and develop and reinforce the group's logistics and operations.

Numerical targets for fiscal 2021

Net sales	187 billion yen
Operating income	2 billion yen
Ordinary income	1.7 billion yen
Profit attributable to owners of the parent	1 billion yen



Initiatives for the fiscal year ending December 2021

Focus on improving the productivity of existing businesses, reinforcing profitability and creating next-generation businesses in new fields

Asian Food Global Business

- Promote product development ability to respond to changing needs of existing customers, including Japanese food restaurants and retailers
- Discover new channels and further reinforcement of business foundation

Agricultural & Seafood Products Trading Business

- Maintain sales to and assurance of profit from domestic wholesale markets
- Expand channels to wholesalers, home-meal replacement providers, restaurants, food makers and overseas channels

Message to Shareholders

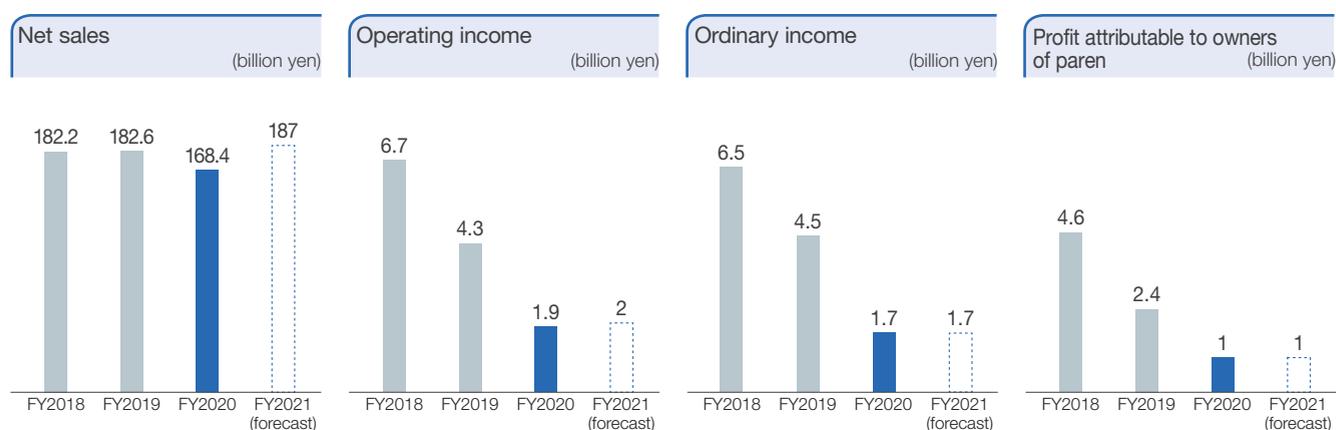
The Company's basic policy is to return dividends with a ratio of approximately 30% while striving to maintain retained earnings to develop the business in the future and improve its financial strength. For the year 2021, as it is extremely difficult to predict when the COVID-19 pandemic will subside, as it continues to last since the end of the previous year. This includes the resurgence of cases and tougher regulations such as a lockdowns. Due to this, the amount of the interim dividend has not been

determined at this point in time. Our dividend forecast for the year 2021 is a total of 20.00 yen per share combining both interim and year-end dividends, same as for the year ending December 2020.

For existing businesses, we will aim to steadily recover performance while we make efforts to improve our medium- and long-term corporate value by actively developing a new field. We ask our shareholders and investors for your understanding and support.

Consolidated Financial Highlights

		FY2018	FY2019	FY2020	FY2021 (forecast)
Net sales	(billion yen)	182.2	182.6	168.4	187
Operating income	(billion yen)	6.7	4.3	1.9	2
Ordinary income	(billion yen)	6.5	4.5	1.7	1.7
Profit attributable to owners of parent	(billion yen)	4.6	2.4	1	1
Net assets	(billion yen)	51.5	52.3	50.8	—
Total assets	(billion yen)	83.7	96.5	113.6	—
Net assets per share	(Yen)	3,589.58	3,646.41	3,515.28	—
Net income per share	(Yen)	322.18	173.71	70.80	69.67
Equity ratio	(%)	61.5	54.2	44.4	—
ROE	(%)	9.1	4.8	2.0	—



Fiscal year ended December 2020 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.

Wismettac EU Headquarters



Anthony Johnson
(Head of Company 1 - Europe Region)

Q How have you been approaching new customers and developing product solutions?

We have identified the following channels that exist beyond our Japanese restaurant trade: prepared food manufacturers, food service providers, traditional retailers and direct to consumer "online trade". To be successful, the team and I are applying a "customer focused" approach, questioning eating trends, consumer needs, market gaps, pricing and CSR requirements in each target channel. Answering these questions and aligning to our customer needs and setting inspired product presentations will give us the best possible chance to win and develop long term business.

Q How have you used your previous work experience in your current role at Wismettac ?

I have spent most of my career developing products and bringing them to market, so I clearly draw on that understanding, but I think my experience working in retail for Tesco has been the most valuable. It helps to be able to "think like a retailer" and understand the pressures that exist on "the other side of the fence". Putting the consumer and customer first is the key to success in any business and this approach has served me well in the past.



Bhaven Pandit
(Chief Operating Officer
- Europe Region)

Q What do you feel are the current challenges for EU HQ's future business growth and governance?

With 4 companies (3 acquired) in different countries, they bring along their own culture, values and business ethos. You must find the right balance between post-merger integration and strategic agility without hindering business growth.

Governance should provide a secure foundation to conduct business, continue to support the changeover from family-owned business to a corporate organisation. The key is to observe, measure and adapt our governance policies so that they become key tools to enable well researched decision making and in turn support business growth, whilst keeping the agility to adapt to the market.

Q Please tell us about the unique characteristics of the EU food industry, and what kind of unique strategy you are taking based on that.

The EU food industry is a mature market with penetration rates being very high and this leads to increased competition. The competition is seen at various levels such as restaurants, cash and carry stores and mainstream chain stores. The current EU trend is positive for Asian fusion and vegan food and Wismettac EU aims to continue to grow its share in the market. Our strategy is to grow and build our core supply business to Japanese restaurant sector through market leading customer service and product development. Our business growth will accelerate as we innovate and develop new ranges of products with the Shirakiku brand selling into new customer channels. This approach will be supported by expanding our offer across the EU region.

News & Topics We have been accredited as a "2021 Health and Productivity Company (large-scaled corporation division)."

We have been accredited as a "2021 Health and Productivity Company" selected jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. Health and Productivity Companies are corporations that consider employee health management from a managerial perspective and commit to it strategically. We aim to grow further as a corporate group that contributes to the well-being of our employees and people around the world.



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 Information (as of December 31, 2020)

▶ 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, 2021)

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, 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

▶ Stock Information

Total Number of Shares Authorized	50,000,000
Total Number of Shares Outstanding	14,353,140
Number of Shareholders	4,990

▶ 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
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	536	3.7
GOVERNMENT OF NORWAY	326	2.2
The Master Trust Bank of Japan, Ltd. (trust account)	288	2.0
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OMO2 505002	258	1.8
Custody Bank of Japan, Ltd. (trust account)	220	1.5
Custody Bank of Japan, Ltd. (trust account 9)	188	1.3
Takayuki Kanai	140	0.9

(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.

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

Tel: +81-3-6870-2015 Fax: +81-3-6870-2016