

Wismettac Letter

Business Report

2022.1.1-2022.12.31



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about!

Nishimoto Wismettac Holdings

This report highlights Nishimoto's distribution business of Japanese food in the **Hong Kong**

Wismettac Group in Hong Kong

~Enhancing product development and marketing, taking advantage of 'Japan Brand' ~

Wismettac Nippon Foods Co., Ltd. (hereinafter referred to as "WNF"), located in Hong Kong, joined our group in 2016. The acquisition of the company, an importer and wholesaler of Japanese food products, has strengthened our sales in the Asian region. Their product range includes dairy products, eggs, meat products, sauces, alcoholic drinks, beverage and seafoods for Japanese restaurants, supermarkets, major e-commerce partners as well as food manufacturers & caterers. Hong Kong is a market with a strong demand for Japanese foods. However, there is a fierce competition for this lucrative market. WNF's goal is to work with Japanese suppliers in Japan to advertise and develop the market steadily from a medium-term perspective. For foods and ingredients that are already popular in Hong Kong, they aim at becoming a partner that can provide value-added services to their customers by leveraging the group's PB (private brand) development expertise.



Market Characteristics ~Promising market with many pro-Japanese and upper-income families~

Hong Kong has a population of about 7.5 million and 2.2 million of those people visited Japan every year until 2019, before the COVID-19 pandemic. People there are very fond of Japanese culture and products.

As Japanese food has been drawing increasing attention, not only from high-end restaurants but also from major Japanese-affiliated chains which have entered the market, are opening numerous restaurants. In the retail industry, Japanese supermarkets and convenience stores are also making inroads, and the volume of Japanese food being handled is increasing year by year.

Due to the expanding base of Japanese food consumption and the geographical advantage, the value of agricultural and seafood products exported from Japan is second only to that of the mainland China. What is unique about Japanese imports is that dairy products and eggs are among the top imported products.

The photos on the right show an advertising campaign for a Japanese dairy product. This type of advertising is particularly effective in Hong Kong, where many people are fascinated by Japanese culture and products.



Top message

I would like to express my gratitude to all our shareholders for their continued support.

The Wismettac Group closed the 2022 fiscal year, the 110th anniversary of our founding, with the highest sales and profits recorded since listing on the Tokyo Stock Exchange.

We could not have achieved this without your support and the support of our business partners and stakeholders. Once again, I thank you from the bottom of my heart.

The world is now experiencing a major political transition and at the same time economic structural changes. Geopolitical risks are emerging, social divisions are deepening, environmental issues are being urgently debated, and revolutionary technologies are evolving. Amid these changes, we believe that the food industry is also in need of fundamental change. What is the role we should play as a global food company, and what mission and vision should our group aim for?

In the food industry, there are businesses and individuals who do not have the means to solve their problems. There are businesses, universities, and other research facilities that

have new value-added technologies; however, many of them do not have the tools to commercialize and monetize their technologies. Our group has been developing digital technology, food tech, physical sales, procurement and logistics capabilities.

These capabilities will enable us to provide optimal solutions to all those who do not have the tools.

We, the Wismettac Group, are determined to build a solid reputation as a global food company based on the fusion of the latest technology and existing practices, and to achieve dramatic growth over the next 100 years. We will strive to realize the ideal that all people involved in the food industry will be able to lead affluent lives. This is our Company's "Purpose." As a global company capable of providing solutions to the food industry, we will be a front-runner in this era of historical change with firm conviction and determination.

Yoshiro Susaki Chairman & CEO

Yuji Sasa President, Director of the board, Managing Executive Officer, COO, CFO

Business Overview for FY12/2022

For FY2022, we achieved significant year-on-year increases in both sales and income, with net sales of 275.2 billion yen (up 62.0 billion yen year-on-year), operating income of 10.5 billion yen (up 3.2 billion yen year-on-year), ordinary income of 10.8 billion yen (up 3.6 billion yen year-on-year), and net income attributable to shareholders of the parent company of 6.8 billion yen (up 1.8 billion yen year-on-year).

Our mainstay Asia Foods Global Business achieved significant growth in both sales and profits, and the group achieved record highs in both sales and respective profits.

Operating results for the fiscal year ended December 31, 2022

Net sales	275.2 billion yen
Operating income	10.5 billion yen
Ordinary income	10.8 billion yen
Profit attributable to owners of the parent	6.8 billion yen

The Asian Foods Global Business continued to perform well, especially in North America, posting significant year-on-year increases in both sales and profits. Amid rising costs, especially logistics costs, due to rapid inflation and rising energy costs, the Company maintained a certain profit margin by implementing appropriate and timely price adjustments. In addition, the impact of foreign currency translation due to the weak yen also contributed to the positive results.

The Agricultural & Seafood Products Trading Business recorded a year-on-year increase in sales. This was due to the consolidation in January 2022 of Ban Choon Marketing Pte. Ltd., a major fruit and vegetable wholesaler in Singapore. Profits, however, declined significantly from the previous year. This is largely due to the rapid depreciation of the yen and disruptions in logistics; price competitiveness declined due to soaring procurement prices and increased logistics-related costs, and the volume of products handled by large-scale retailers declined.

As for the balance sheet, both assets and liabilities increased. This was due to sales growth, the effect of foreign currency translation, and the implementation of long-term

debt in anticipation of future business expansion and higher interest rates. Inventories increased from the previous fiscal year-end due to the buildup of inventories for the purpose of stable supply under the unstable logistics situation and the

impact of yen depreciation. We will continue to strive for proper inventory management. As a result, the equity ratio at the end of the fiscal year was 40%, indicating that the Company maintains a sound financial position.

Initiatives and Earning forecasts for FY 12/2023

For the fiscal year ending December 2023 (hereinafter referred to as “FY2023”), we project consolidated net sales of 304.0 billion yen (up 28.8 billion yen from the previous year), operating income of 11.0 billion yen (up 0.5 billion yen), ordinary income of 11.0 billion yen (up 0.2 billion yen), and net income attributable to shareholders of the parent company of 7.3 billion yen (up 0.5 billion yen). These forecasts are based assumed exchange rate of 130 yen to the U.S. dollar.

In FY2022, the post-pandemic impact was still significant due to market movements and logistical disruptions caused by a full-fledged recovery in market demand. The Company, however, expects to be affected by different factors in FY2023, including lower profit margins as the supply and demand balance normalizes, as well as higher SG&A expenses due to inflation. Although the business environment continues to change rapidly, the Wismettac Group will aim to achieve year-on-year increases in both sales and profits.

Our mainstay Asian Foods Global Business is expected to experience a slight decrease in profit margins compared to FY2022 due to higher procurement costs and logistics-

related expenses. Additionally, rapid inflation and other factors are slowing consumption in some regions. However, we are confident that the Asian food market itself, including Japanese food, will continue to grow in the coming years. We aim to capitalize on this growth by increasing our market share. By doing so, we will be able to secure profits beyond FY2022.

The Agricultural & Seafood Products Trading Business faced significant challenges during the fiscal year 2022. Moving forward into FY2023, we are committed to making substantial progress towards enhancing our financial performance. To achieve this, we will take measures related to strengthening our sales force, setting appropriate selling prices, and reviewing purchase costs and expenses.

In FY2023, we will strengthen the foundations of these existing businesses. In addition, we remain committed to investing in and building new business models to revolutionize the food industry by discovering and developing innovative solutions.

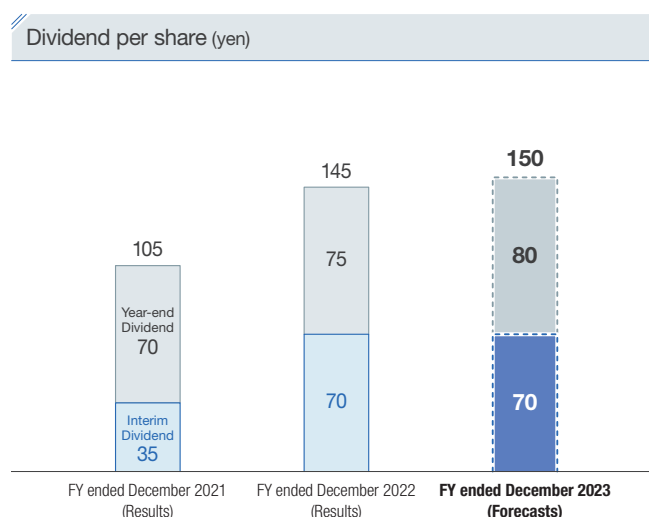
	FY ended December 2022 (Results)	FY ended December 2023 (Forecasts)	
Net sales	275.2 billion yen	304.0 billion yen	+28.8 billion yen
Operating income	10.5 billion yen	11.0 billion yen	+0.5 billion yen
Ordinary income	10.8 billion yen	11.0 billion yen	+0.2 billion yen
Profit attributable to owners of the parent	6.8 billion yen	7.3 billion yen	+0.5 billion yen

Message to Shareholders

Regarding shareholder returns, our fundamental policy is to maintain consistent dividends while also preserving internal reserves for future business expansion and strengthening our financial position. We view the dividend payout ratio as a crucial indicator and aim for a consolidated dividend payout ratio of approximately 30% for the full year.

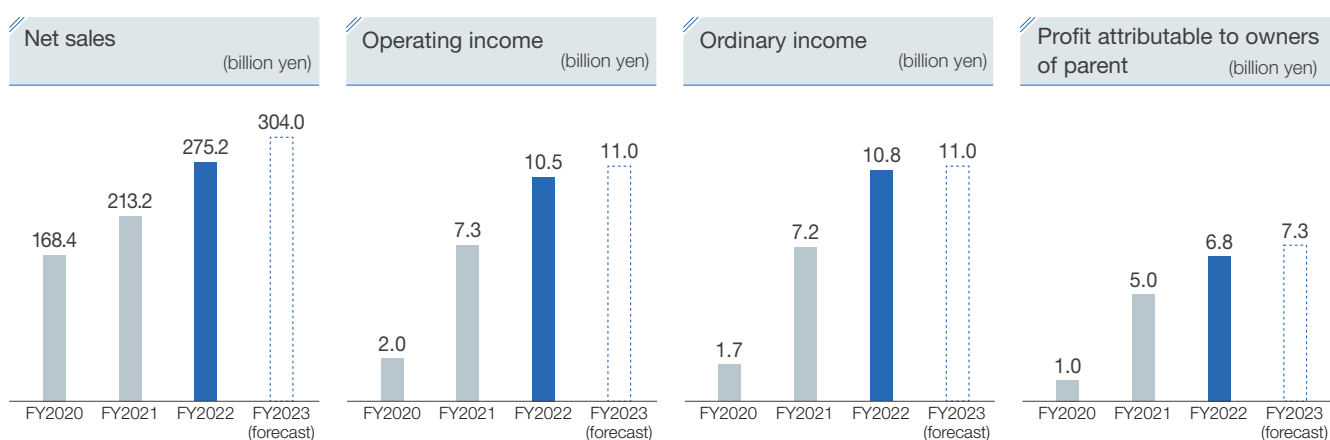
Based on the policy, we have set the full-year dividend for FY2022 at 145 yen per share and the year-end dividend at 75 yen per share. This results in a consolidated dividend payout ratio of 30% for the full fiscal year. This is the highest dividend amount since the Company was listed on the Tokyo Stock Exchange.

For FY2023, we plan to pay an interim dividend of 70 yen per share and a year-end dividend of 80 yen per share, for a total annual dividend of 150 yen per share. This is based on the Company’s fundamental policy for shareholder return and the full-year earnings forecast.



Consolidated Financial Highlights

		FY2020	FY2021	FY2022	FY2023(forecast)
Net sales	(billion yen)	168.4	213.2	275.2	304.0
Operating income	(billion yen)	2.0	7.3	10.5	11.0
Ordinary income	(billion yen)	1.7	7.2	10.8	11.0
Profit attributable to owners of parent	(billion yen)	1.0	5.0	6.8	7.3
Net assets	(billion yen)	50.8	59.9	72.0	—
Total assets	(billion yen)	113.6	141.8	179.2	—
Net assets per share	(Yen)	3,515.28	4,141.34	4,984.67	—
Net income per share	(Yen)	70.80	350.34	474.87	508.61
Equity ratio	(%)	44.4	41.9	39.9	—
ROE	(%)	2.0	9.2	10.4	—



Fiscal year ended December 2022 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/en/index.html>



Nishimoto Wismettac

The Nishimoto Wismettac Group is developing business globally

Vol.10

Hong Kong

慧思味達日本食品有限公司 (Wismettac Nippon Foods Co., Ltd.)

Q Please tell us about the strengths and focus products of Wismettac Nippon Foods Co., Ltd.

Our Company focuses on Japanese sales channels, including foodservice, groceries, etc., by leveraging our strong procurement networks in Japan, Asia, and China. We provide a comprehensive solution, especially for Japanese restaurants, by supplying such major products as sashimi-grade seafoods, frozen meats, milk, eggs, seasonings, and beverages, mostly at competitive prices.

With a highly motivated sales team of 7 people and an efficient logistics team, supported by our well-established structure, we are able to provide excellent service to our customers and quickly react and adjust to market demands.



Managing Director
Henry Yim

Q Please tell us about your business vision and how you plan to grow WNF's business? For example, are you exploring new sales channels or implementing other measures?

Over the past 3 years, we have nearly doubled our topline sales by introducing new products such as Japanese eggs, Japanese pork, new sakes, seafoods, while also increasing our customers base by an average of acquiring 10-15 new customers every month.

In near future, we plan to further increase our customer base by exploring new channels such as convenience stores, non-Japanese restaurants, old-aged homes, and hospitals. We will also explore new product categories, including processed seafoods, new sake & whiskey, new processed eggs and medical soft foods developed by our Japan R&D team. Additionally, we are considering the possibility of launching our own BtoC e-commerce site.



Sales & Marketing
Executive

Bonnie Lam

Q Please tell us about your duties as Sales & Marketing Executive and what you hope to achieve in your role?

I am a Sales & Marketing Executive, and my duties include two major functions - sales and marketing. For sales function, I am responsible for finding new customers while maintaining good relationships with existing customers. My customer profile is diversified; comprising Japanese restaurants/groceries, food manufacturers, e-commerce and lately hospitals for our newly developed medical soft foods. For marketing function that has newly been set up, I am responsible for packaging design of our "Shirakiku" brand, marketing campaigns to enhance the "Ohaso Milk" brand image via tram, Mass Transit Railway escalator crowns, bus shelters and YouTube commercials.

Q Please tell us about events that made you glad that you joined this company.

When I introduce myself to new customers and mention our Company's name, "Wismettac", they usually respond by acknowledging that we supply extremely high-quality foods and drinks in the market. This has made me feel very proud of working in our Company. At times, I have to work on such holidays as Easter, Christmas and New Year. As a major food supplier, we must ensure timely delivery to restaurants, supermarkets and any other places even on holidays so that people can enjoy their vacations. Therefore, I find my job meaningful in contributing to society.

NEWS & TOPICS

Note: Next issue of Wismettac Letter

Until now, the "Wismettac Letter" has been delivered by mail. However, starting from the next issue, it will only be available on the website. This decision is in line with our efforts to provide shareholder meeting materials electronically and reflects our commitment to environmental sustainability.

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 2022

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/?lang=en>

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 2022 can be used during the period from **April 2023 to the end of December 2023**.

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, 2022)

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, 2023)

Chairman & CEO	Yoshiro Susaki	Outside Director	Hajime Arai
President, Director of the board, Managing Executive Officer, COO, CFO	Yuji Sasa	Director (Full-time Audit & Supervisory Committee Member)	Toshiyuki Nishikawa
Director Executive Vice President	Hiroyuki Shinkai	Outside Director (Audit & Supervisory Committee Member)	Kimikazu Nomi
Director	Hiroshi Tsujikawa	Outside Director (Audit & Supervisory Committee Member)	Yukiko Omura

Worldwide Network

<Japan>

Nishimoto Co., Ltd.

- Tokyo Head Office, Kobe Office (Registered Head Office Location)

Wismettac Foods, Inc.

- Tokyo Head Office, Kobe Office (Registered Head Office Location), Ota Office, Omori Office, Kobe Branch Tobu Sales Office

Privateport Co., Ltd.

<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.

IPM Co., Ltd.

NTC Wismettac Singapore Pte. Ltd.

Ban Choon Marketing 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

- Berlin Office

COMPTOIRS DES 3 CAPS SAS

- Comptoirs Oceaniques
- Tropic Fish

Sco-Fro Group Limited

Stock Information

Total Number of Shares Authorized	50,000,000
Total Number of Shares Outstanding	14,353,140
Number of Shareholders	8,490

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
The Master Trust Bank of Japan, Ltd. (trust account)	564	3.9
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	348	2.4
Custody Bank of Japan, Ltd. (trust account)	263	1.8
GOVERNMENT OF NORWAY	191	1.3
Takayuki Kanai	106	0.7
FIDELITY INVESTMENT TRUST : FIDELITY JAPAN FUND	95	0.7
BNYM RE BNYMLB RE GPP CLIENT MONEY AND ASSETS AC	92	0.6

(Note) In calculating shareholding ratios, 220 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

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