

Message to Shareholders

We would like to express our sincere gratitude to our shareholders and investors for their extraordinary support.

We have consistently expanded our business scale and profits despite the impact of COVID-19 lingering in the business environment. In the fiscal year ended December 31, 2023, we achieved record-high performance for the third consecutive year, expanding our business and earnings even further from those of the previous fiscal year ended December 31, 2022, when we saw favorable results against the backdrop of a rapid recovery in consumption.

In October last year, we announced the Mid-Term Business Plan (2024–2026), which aims for sales of 500 billion yen and operating income of 25 billion yen during the final year of the plan, FY2026. Although the specified numerical targets presented in the Mid-Term Business Plan cover the three years through FY2026, we are placing greater focus on medium- to long-term business growth. To achieve our future vision, we have developed the Mid-Term Business Plan based on a proactive review of what we need to accomplish over the next three years, including management issues, business strategies, and the level of sales and operating income we should aim to achieve, informed by backcasting. We consider the period from FY2024 to FY2026 to be a major turning point for our company following our having gone public in 2017. We, the entire management team, are committed to achieving our

goals with resolute determination to make further progress and evolve as a global food solutions company, thereby achieving long-term sustainable growth.

We believe that achieving the Mid-Term Business Plan will, in addition to enhancing our corporate value, lead us to a foothold toward the vision that we aim to materialize. As Japanese and other Asian foods become more prevalent as daily foods throughout the world while the forms of food offerings diversify, and as the reputation of Japanese fruit and vegetables rises year after year, the role that we can play and the potential of our global business also grow by the year. We will provide people around the world with fresh experiences in eating and enjoyable daily lives by promoting Asian food as well as Japanese fruits and vegetables, and we will contribute to the happiness and prosperity of those involved in the food industry by providing transformative solutions to various issues and needs in the industry by leveraging the network we have established thus far. Keeping in mind these corporate philosophies and the social responsibilities that we should fulfill, we will strive to further evolve as a company in the food industry.

We would sincerely appreciate your continued support.

Yoshiro Susaki Chairman & CEO

Yuji Sasa President, Director of the board, COO, CFO

Discover
more about!

Nishimoto Wismettac Group

In this issue, we will introduce our business strategies under
the group's New Mid-Term Business Plan.

Overview of the New Mid-Term Business Plan (2024–2026)

- The company commits to achieving **sales of 500 billion yen and operating income of 25 billion yen** by 2026 through the organic growth of existing businesses^{*1}.
- The company establishes a **strategic investment quota of 100 billion yen**^{*2} through operating cash flows and new fundraising.
- Maintain **equity ratio of 30-40% and dividend payout ratio of 30%**
- Manage financial, market, geopolitical, and other risks while responding to uncertainties

^{*1} Including M&A transactions which are currently planned and under implementation

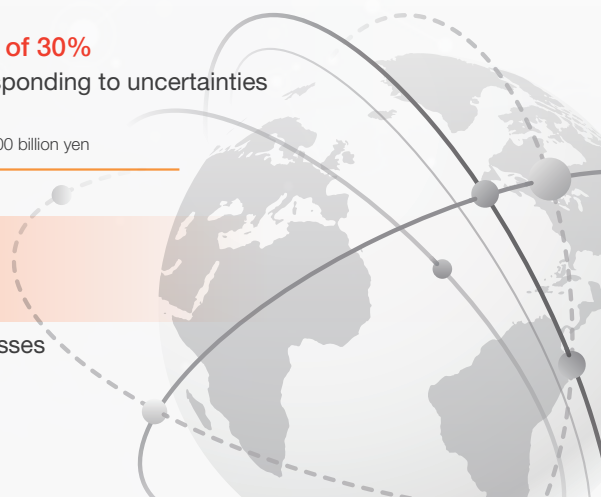
^{*2} Based on an estimate that the balance of cash and cash equivalents at the end of 2023 was 100 billion yen

Looking ahead to 2035

Become a world-renowned
global food solution company

- (1) Accelerate quantitative and qualitative growth in existing businesses
- (2) Promote global expansion of the fruit and vegetable business
- (3) Achieve growth by creating new businesses
- (4) Establish a foundation in the business area of medical foods^{*3}

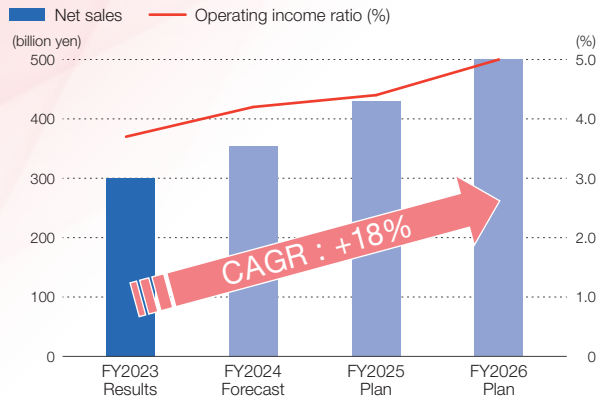
^{*3} Foods designed to meet special nutritional requirements for medical reasons



Our goals under the New Mid-Term Business Plan (2024–2026)

As the first step under the New Mid-Term Business Plan (2024–2026) we have formulated, we aim to grow into a global manufacturing and retailing company in the food industry by achieving sales of 500 billion yen and operating income of 25 billion yen by 2026.

To achieve our target, in the Asian food global business (AFB), we will strive to grow by adding new sales channels and increasing market share as well as by expanding business areas through M&A and other measures while continuing to invest in human resources, who are involved in strengthening the foundation of our existing businesses, including warehouse operations and logistics systems.



Three-Year Business Plan (Exchange rate: USD=135 JPY) (billion yen)

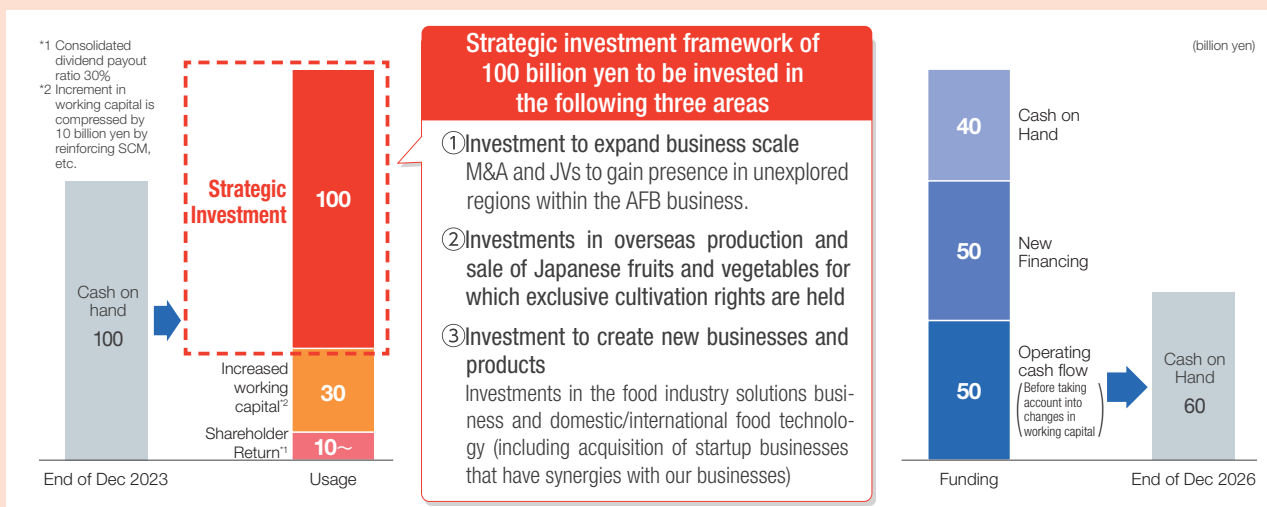
	FY2023 Results	FY2024 Forecast	FY2025 Plan	FY2026 Plan
Net sales	300.8	354.0	430.0	500.0
Operating income	11.0	15.0	19.0	25.0
Operating income ratio	3.7%	4.2%	4.4%	5.0%
ROWC	19%	24%	27%	31%

Priority measures to increase sales and operating income

- Increase sales in existing sales channels that are continuing to expand, and increase production of private-brand products in the Asian food global business.
- Reduce product costs through end-to-end global integration of supply chain management.
- Raise the profit margin 2% by reducing the ratio of selling, general, and administrative expenses through investment in digitalization and labor-saving logistics.

Cash management and allocation policy for the period from 2024 to 2026

As for the areas of investment in the Asian food global business, in addition to expanding the areas and bases of existing businesses through M&A (quantitative expansion), we will engage in full-scale upstream expansion and improvement of our own operational capacity by enhancing our R&D and production management capabilities. In addition, we will thoroughly reduce product costs as well as logistics and operating costs through investment in supply chain management (qualitative improvement).



Financial Policy

Fundamental Policy

At the Tokyo Exchange's Prime market, balance the proactive investments to expand business and stable dividend in order to achieve sustainable growth with healthy financial foundation

Target

Shareholders' equity ratio 30 - 40% ROE over 10% Consolidated dividend payout ratio 30%

Key points of our financial results

- ◆ The company achieved its highest-ever net sales, operating income, and ordinary income.
- ◆ Due to various factors, such as deposit interest rates in the U.S. remaining high, non-operating income rose, and as a result, ordinary income registered a significant YoY increase.
- ◆ Net profit fell slightly because the company posted an impairment loss related to Singapore BCM.

► Business Overview for FY12/2023

In FY2023, we achieved 300.8 billion yen in sales (up 25.6 billion yen YoY), 11.0 billion yen in operating income (up 0.5 billion yen), 12.5 billion yen in ordinary income (up 1.7 billion yen YoY), and 6.3 billion yen in net profit (down 0.5 billion yen), achieving all-time highest figures for sales, operating income, and ordinary income. Net profit was 6.3 billion yen, slightly lower than the figure for the previous year, due to recording impairment losses on goodwill and customer-related assets of an overseas subsidiary in Singapore, which became a consolidated subsidiary in 2022.

In the Asian food global business, we achieved higher net sales and operating income than those of the previous fiscal year, which were very strong in North America. Although growth in net sales was subdued compared to the period from FY2021 to FY2022, when the impact of rebound demand following COVID-19 still lingered, we were able to steadily secure operating income through appropriate and timely price adjustments as well as other measures, even amid rising costs due to ongoing inflation and other factors. In addition, in regions other than North America, sales to major retail chains and other customers increased and profit margins improved, resulting in significant increases in sales and income in both the European region and elsewhere.

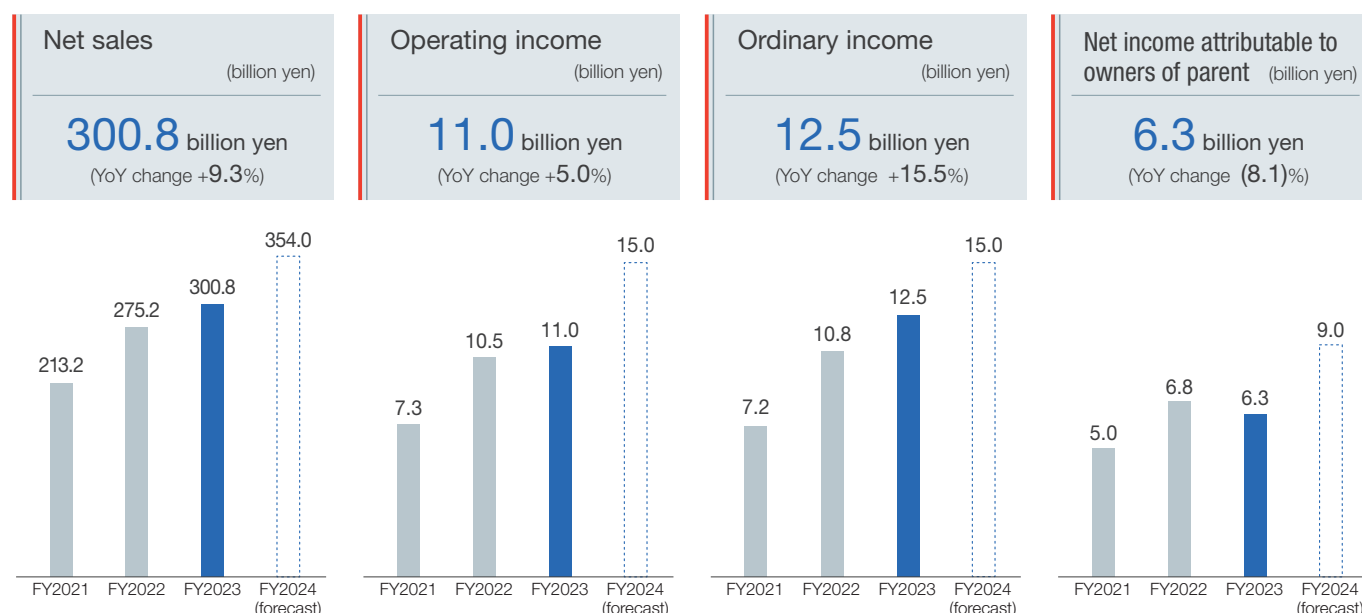
In the Agricultural Products Trading Business, sales increased due to aggressive sales measures to expand

market share of imported fruits and vegetables as well as steady shipments in the export business and the frozen processed food ingredient business.

As for income, however, operating income decreased from the previous fiscal year to a loss of approximately 1.0 billion yen due to a significant decline in the market prices of major products (fruits and vegetables) starting in the latter half of the third quarter as well as deterioration in earnings of an overseas subsidiary in Singapore.

Regarding the balance sheet, both assets and liabilities partially increased due to growth in sales, the impact of foreign currency conversion, and the use of long-term borrowings in anticipation of future business expansion and higher interest rates. Assets, liabilities, and equity of Uniontrade S.p.A. (UT) in Italy, which became a consolidated subsidiary in October 2023, have been combined from the fourth quarter onward.

As of December 31, 2023, the net worth ratio was 38%, down approximately 2 percentage points from the end of the previous fiscal year. Although the net worth ratio has declined slightly, we believe that we remain in a sound financial state as we have maintained our target level of 30% to 40%, which we committed to in the financial policy of the Mid-Term Business Plan announced in October 2023.



► Initiatives and Earning forecasts for FY12/2024

As for the full-year forecast of consolidated financial results for FY2024, we expect sales of 354 billion yen (up 53.2 billion yen YoY), operating income of 15 billion yen (up 4 billion yen YoY), ordinary income of 15 billion yen (up 2.5 billion yen YoY), and net profit of 9 billion yen (up 2.7 billion yen YoY). We assume exchange rates of 135 yen to the U.S. dollar and 145 yen to the euro.

In addition, as key performance indicators clearly stated in the Mid-Term Business Plan, we will target an operating profit margin of 4.2%, return on working capital (ROWC) of 24%, return on equity (ROE) of 10% or more, and an equity ratio of 30% to 40%.

In the Asian food global business, our mainstay business, we expect to continue to further expand business areas and scale as well as to increase operating profit margins. For North America, we will promote product development in cooperation with the Procurement Division at the Tokyo Head Office, and we will focus on increasing market share and expanding sales channels to mainstream customers by expanding our product lineup. In Europe, we will expand sales channels to restaurants and major retail chains by developing new sales areas while strengthening control of selling, general, and administrative expenses.

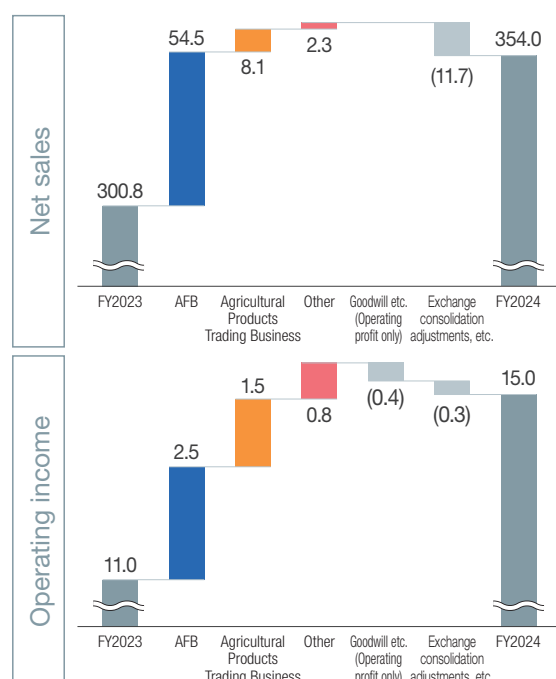
In addition to growing our existing subsidiaries, we expect contributions to earnings from UT, which we acquired last year, and from the M&A projects to be implemented during the current fiscal year.

In the Agricultural Products Trading Business, we have set a goal of recovering from the losses recorded in the previous fiscal year, and we have undertaken a fundamental review of our business strategy and organization. For the overseas subsidiary in Singapore, which recorded impairment losses, we have undertaken a fundamental review of its operational structure with a view to returning it to profitability in FY2024. We will work to return to profitability by improving the gross profit margin rate and reducing selling, general, and administrative expenses through liquidating unprofitable transactions and other measures.

As for new business development, which is included in the Other Businesses segment, we have started a fundamental organizational review with the aim of achieving profitability as quickly as possible. We will review the new business development promotion system, including the existing Proof of Concept (PoC), and strengthen control of selling, general, and administrative expenses.

	FY ended December 2023 (Results)	FY ended December 2024 (Forecasts)	
Net sales	300.8 billion yen	354.0 billion yen	+53.2 billion yen
Operating income	11.0 billion yen	15.0 billion yen	+4.0 billion yen
Ordinary income	12.5 billion yen	15.0 billion yen	+2.5 billion yen
Net income attributable to owners of parent	6.3 billion yen	9.0 billion yen	+2.7 billion yen

FYE 12/2024 forecasts of consolidated financial results (by Segment) * On a managerial accounting basis (Unit: billions of yen)



AFB Business

Further business expansion

- ◆ Work more closely with the Procurement Division to concentrate on increasing market share by expanding product lineups and on widening mainstream sales channels in North America.
- ◆ Uniontrade and an M&A project are expected to contribute to P/L during the current term in Europe.

Agricultural Business (Agricultural Products Trading Business)

Recovery from the previous term's loss

- ◆ In domestic sales of fruits and vegetables, we will review sales strategies and purchases by product category, and we will concentrate on establishing operations to minimize the impact of market fluctuations.
- ◆ A drastic review of Singapore BCM's operation system, including reorganization of non-performing transactions, is in progress to return BCM to profitability in FY2024. BCM aims to improve its gross profit ratio.

Other businesses (including new-business development)

Review of the new-business development system

- ◆ Review the system and future policy to promote the development of new businesses, including existing PoC, to generate profits at an early stage and control selling, general, and administrative expenses more tightly.

Strategic investment policy

Intensive investments in focused areas

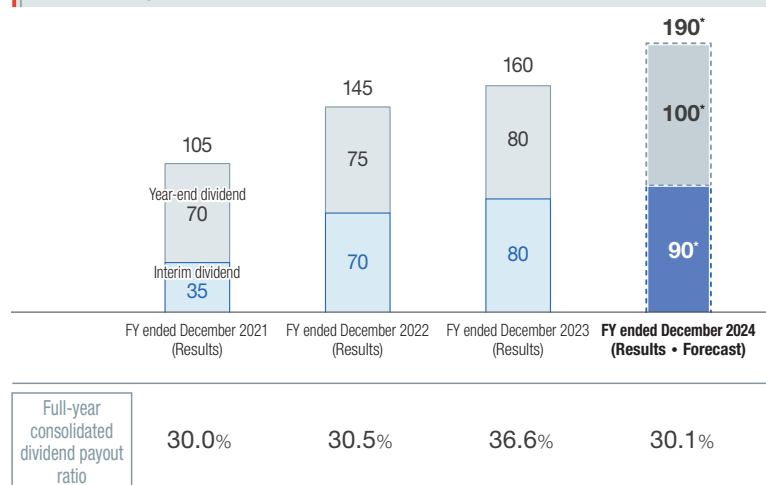
- ◆ Intensive investments in the target areas listed below
 - ① Business expansion (such as M&A)
 - ② Reducing operational labor and achieving greater operational efficiency with focus on logistics
 - ③ Investments for digitization
- ◆ Strengthen the profit management system of the entities acquired (including dispatch of human resources)

► Policy on shareholder returns and dividends

The year-end dividend for FY2023 was 80 yen per share, as announced at the beginning of the fiscal year. Combined with the interim dividend of 80 yen, the total dividend of 160 yen per share, up 15 yen from the previous year, is the highest annual dividend ever paid since the Company became listed on the stock exchange.

As for the dividend forecast for FY2024, we plan to pay an interim dividend of 90 yen per share and a year-end dividend of 100 yen per share, totaling 190 yen per share for the full year, based on our target consolidated payout ratio of approximately 30% for the full year as before. Please note that we plan to conduct a 3-for-1 stock split that is to be effective as of June 30, 2024. The projected dividend amount and graph for FY2024 do not take into account the impact of this stock split.

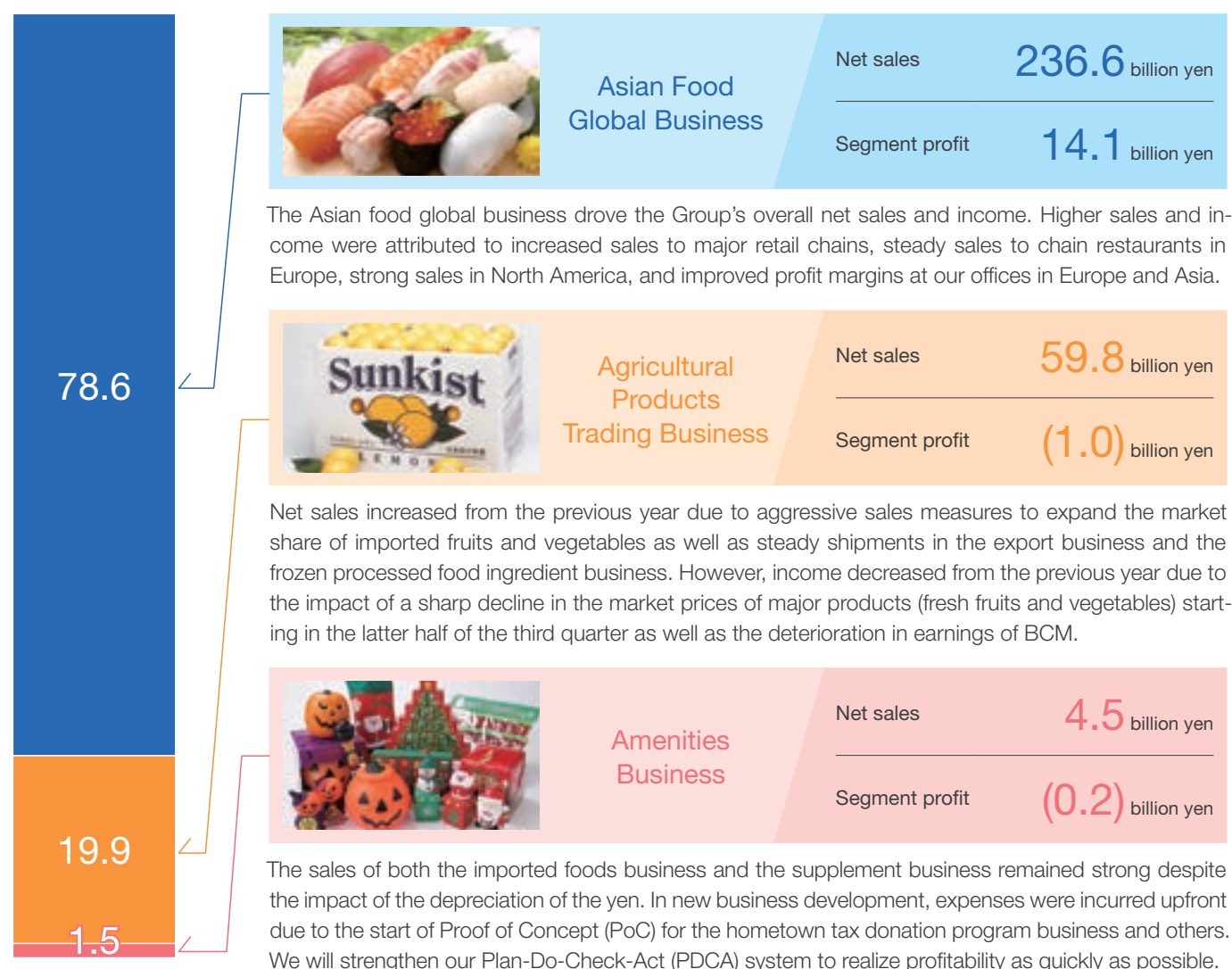
Dividend per share (yen)



* The amounts and other figures shown in the dividend forecast for the fiscal year ending December 31, 2024 do not take into account the impact of the stock split.

► Fiscal year ended December 2023 Overview by segment

Composition of sales (%)



Corporate Information (as of December 31, 2023)

Directors (as of March 28, 2024)

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

Worldwide Network

[Click here](#) for information on our domestic and international business sites.

Shareholder Memo

[Click here](#) for clarifications and procedures.

Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Office of Shareholder Registry Administrator	Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Stock Information

Total Number of Shares Authorized	50,000,000
Total Number of Shares Outstanding	14,353,140
Number of Shareholders	7,192

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)	560	3.9
Custody Bank of Japan, Ltd. (trust account)	341	2.4
SMBC Nikko Securities Inc.	208	1.5
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	181	1.3
GOVERNMENT OF NORWAY	161	1.1
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE—AC)	101	0.7
BNYM RE BNYMLB RE GPP CLIENT MONEY AND ASSETS AC	92	0.6

(Note) In calculating shareholding ratios, 241 shares of treasury stock are excluded.

Nishimoto Co., Ltd.

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Nihonbashi-Muromachi, Chuo-ku, Tokyo 103-0022
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Special Benefits for Shareholders

We annually offer special benefits for shareholders to express our appreciation for their long-standing support.



Notice concerning the shareholder benefit program

The Company offers special gifts to shareholders registered in the shareholders' directory as of December 31 each year, in proportion to the number of shares held. The new shareholder benefit program accompanying the stock split to be executed on July 1, 2024 will be applied starting with the gifts to be presented to our shareholders registered in the shareholders' directory as of December 31, 2024.

The Company is evaluating the content of the shareholder benefit program and will promptly disclose specific details as soon as they are determined.

(Reference) 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

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.

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

★First-time users need to register for membership.

The coupon codes sent to shareholders at the end of December 2023 can be used during the period from **April 2024 to the end of December 2024.**

For inquiries, 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)