

Wismettac Letter

Business Report

2023.1.1-2023.6.30

World-to-World
Being the Global Bridge Between Food Industry and Consumer,
Bringing about Solutions to Unmet Needs























Nishimoto Wismettac Holdings

Introduction to Our Group's Approach to Sustainability.

Key Issues ("Materiality") and Challenges of Sustainable Management

We, Wismettac Group, aim to contribute to the realization of a sustainable society through food. In order to widely and clearly demonstrate our stance toward this goal both internally and externally, we have formulated the "Basic Sustainability Policy". In addition, we have identified key issues (materiality) and challenges to be addressed in sustainable management. Measures will be taken to overcome these findings as a priority over the long term, based on this policy.

ESG	Key issues (Materiality) and initiatives	Sustainable development goals
E Environment 	Contributions to the global environment <ul style="list-style-type: none"> Mitigate and adapt to climate change Support circular economy Support biodiversity Provide environmentally friendly products 	    
	Ensure food safety and quality <ul style="list-style-type: none"> Continual improvement in food safety 	
	Solving issues related to food and well-being <ul style="list-style-type: none"> Address aging society and promote healthier, better quality of life through introducing foods that improves physical fitness and prevents illnesses Provide digital food platforms and other services that meet the needs of changing lifestyles and create new business opportunities 	
S Social 	Diversity in workplace <ul style="list-style-type: none"> Promote diversity, equity, and inclusion and provide energetic work environment that fosters good employee work-life balance Recruitment, development, and promotion of global human resources to support sustainable business development 	 
	Contribute to a sustainable society <ul style="list-style-type: none"> Support sustainable regional development Supply chain management 	       
G Governance 	Strengthen governance and compliance <ul style="list-style-type: none"> Strengthen corporate governance Ensure compliance Enhance risk management and information management 	 
	Continuous improvement of food compliance system <ul style="list-style-type: none"> Continual update to comply with various regional food regulations 	 

Examples of specific initiatives:

- Diversity in workplace
- Contribute to a sustainable society
- Continuous improvement of food compliance system

Received the Excellent Health Management Corporation Certificate (Large Corporation Category) in 2023 for the third consecutive year
 Made donations equivalent to approximately 120 million yen to food banks in the three years from 2020 to 2022
 Made group-wide efforts to strengthen food safety and distribute products in accordance with the regulations of each importing country

Message to Shareholders

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

During the current fiscal year, FY2023, the Wismettac Group has been steadily building its business results with the aim of increasing both sales and income beyond that of the previous fiscal year, FY2022, when it recorded the highest net sales and income since being listed on the Tokyo Stock Exchange. Accordingly, the Group ended the first half of FY2023 with results that exceeded the initial forecasts, which led to the full-year forecasts being revised upward.

The Group refuses to settle for the status quo and will continue its growth acceleration to leap forward and evolve into a world-renowned global food solution company by focusing on the following growth strategies:

1. Accelerate growth in existing business

To further enhance our competitive advantage in existing business, primarily the Asian Food Global Business, we will strengthen our product development capabilities to develop sales channels in major local supermarkets, restaurant chains, and the ready-made meal market, as well as significantly reduce costs by streamlining our supply chain management. In addition, we aim to expand our business scale through aggressive M&A, etc., by leveraging our ample equity capital and cash and deposits while maintaining a strong financial base.

2. Growth through the creation of new business

As for new business, we are also focusing on creating business solutions that utilize new technologies, including digital and food tech, and we are aggressively investing in human resources. We are promoting our initiatives for the full-scale operation of this business and making it profitable in order to transform it into a new earnings pillar that will play a key role in the Group.

3. Promotion of global development in the fruit and vegetable wholesale business

In addition to our primary business, the wholesale imports of fruits and vegetables for the domestic market, we will cultivate overseas production and sales of Japanese fruits and vegetables as a new earnings pillar to diversify and stabilize the earnings structure of the fruit and vegetable wholesale business.

4. Creating a foundation for the medical food business domain through industry/academia collaboration, etc.

We will consider creating business opportunities that leverage industry/academia collaboration with universities, etc., and intellectual property (IP) with the aim of developing and providing food that everyone can enjoy equally regardless of their health conditions.

Through these strategies, we hope to contribute not only to the growth of our Group but also to the development of the global food industry and international society. Our goal is to use food to provide people around the world with fresh experiences and comfort in their daily lives by leveraging the global popularization of Asian foods and Japanese products, including fruits and vegetables, and providing transformative solutions to address the various issues and needs regarding food, thereby committing to fostering the happiness and prosperity of all the people involved in the food industry.

With this corporate philosophy in mind, the Wismettac Group, as a global food solution company, will strive to evolve into a company of professionals with expertise that generates unique new value while embracing change.

We would sincerely appreciate your continued support.

Yoshiro Susaki Chairman & CEO

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

Overview of Business up to Q2 2023

In the second quarter of FY2023, net sales were 146.3 billion yen (up 15.5 billion yen year-on-year), operating income was 5.7 billion yen (down 0.3 billion yen year-on-year), ordinary income was 6.5 billion yen (up 0.0 billion yen year-on-year), and profit attributable to owners of parent was 4.4 billion yen (down 0.1 billion yen year-on-year), all of which were on par with the favorable results of the same period last year and exceeded the figures for the interim earnings forecast.

In the Asian Food Global Business, sales continued to be robust overall, and the situation remained favorable, particularly in North America. As for profit, we faced increasing product costs, escalating inflation, and rising energy costs, but we continued to implement appropriate and timely price adjustments, which led to an increase in profit that was partially due to the impact of currency conversion resulting from the yen's depreciation, despite a slight decline in profit margin from that of the same period of the previous year, which was high compared to previous years.

In the Agricultural & Seafood Products Trading Business, sales increased both domestically and overseas due to

relatively steady shipments of imported fruits and vegetables, our primary business, and as a result of stabilized logistics and a recovery in demand for commercial use. Profits increased only slightly from the same period of the previous year, mainly due to the continued difficult business environment caused by the weak yen and other factors as well as sales measures prioritizing volume in our primary products despite our efforts to increase selling prices.

As for the balance sheet, both assets and liabilities increased partly due to the accumulation of profit and the impact of foreign currency conversion. Inventories increased by 1.3 billion yen, but this was also due to the impact of foreign currency conversion and decreased substantially from the end of the previous period. Inventory in North America has decreased by approximately 10.0 billion yen compared to its peak at the end of June last year and is now back to an almost appropriate inventory level. As a result, the equity ratio as of June 30, 2023, was 42%, up 2 percent from the end of the previous fiscal year. Since the ratio continues to remain above 40%, it can be said that we are in a sound financial position.

Revision of Annual Profit Earnings Forecasts for the Fiscal Year Ending December 2023

In the full-year consolidated earnings forecast announced in February 2023, we forecasted net sales of 304.0 billion yen, operating income and ordinary income of 11.0 billion yen respectively, and profit attributable to owners of parent of 7.3 billion yen.

Although the net sales forecast remains unchanged, we have decided on upward revisions to the full-year forecasts for operating income, ordinary income, and profit attributable to owners of parent, taking into consideration

our first-half performance, the positive impact of increased profits due to the continued depreciation of the yen, and the impact on our financial position of higher interest rates on deposits. Accordingly, we have revised the full-year forecast as shown in the chart below.

In addition, following this revision, we have changed the assumed yen-dollar exchange rate for the full-year earnings forecast from ¥130 to ¥135 to the U.S. dollar.

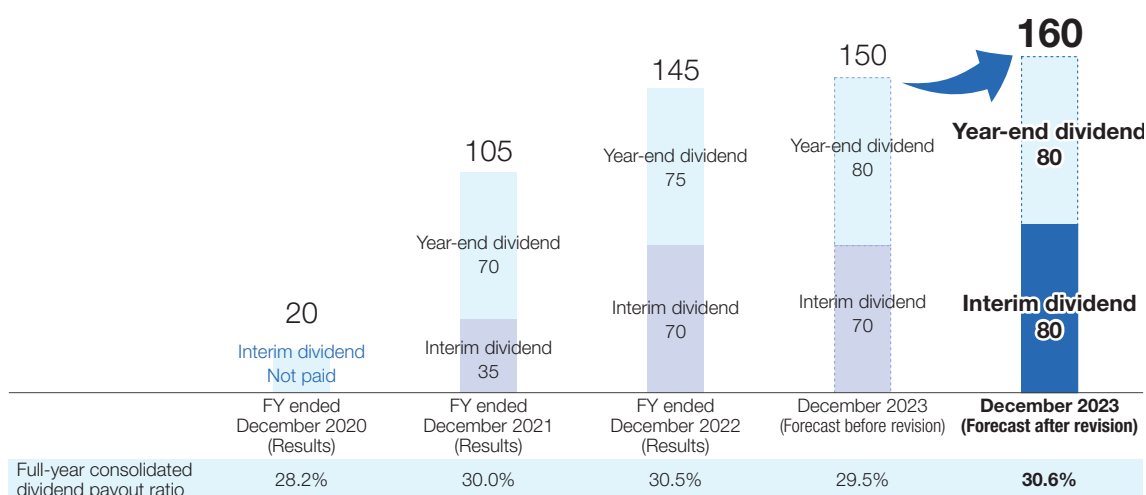
	FY2022		FY2023		Before revision
	Interim	Full Year	Interim	Full Year (Forecast)	
Net sales	130.7 billion yen	275.2 billion yen	146.3 billion yen	304.0 billion yen	304.0 billion yen
Operating income	6.1 billion yen	10.5 billion yen	5.7 billion yen	12.0 billion yen	11.0 billion yen
Ordinary income	6.4 billion yen	10.8 billion yen	6.5 billion yen	12.5 billion yen	11.0 billion yen
Profit attributable to owners of parent Net income per share	4.5 billion yen	6.8 billion yen	4.4 billion yen	7.5 billion yen	7.3 billion yen
(Average USD exchange rate during the year)		(131.43)		(135.00)	(130.00)

Policy on shareholder returns and dividends

Our basic policy on shareholder returns is to continue to pay stable dividends while securing internal reserves for future business development and strengthening our financial position. We also consider the dividend payout ratio as an important indicator and aim for a consolidated dividend payout ratio of around 30% for the full year. Based on this basic policy and the first-half business results, we

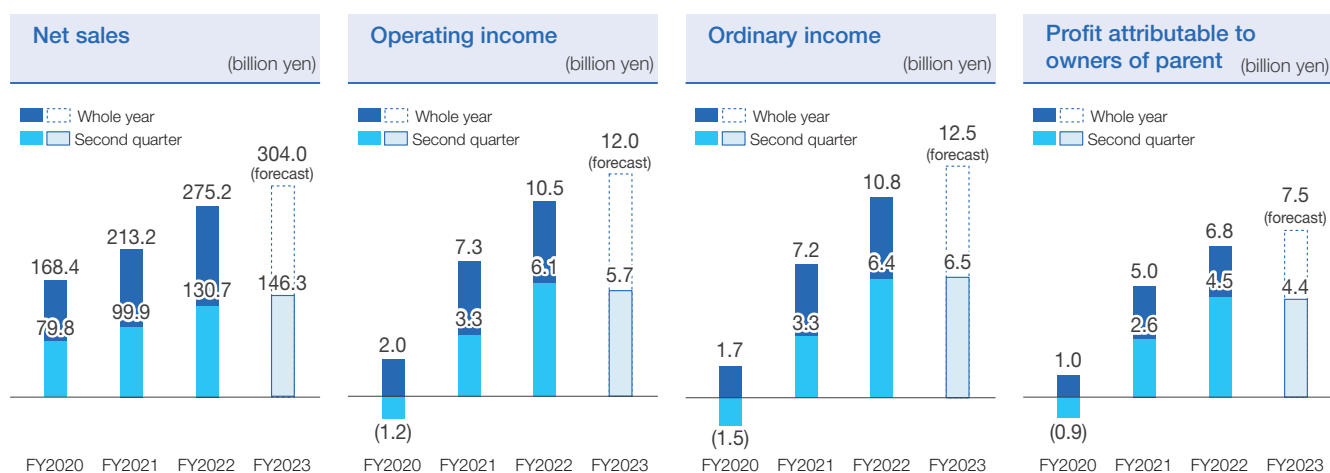
have decided to increase the interim dividend by 10 yen from the 70 yen per share indicated in the forecast announced in February 2023 to 80 yen per share, the highest interim dividend since the Company was first listed on the stock exchange. Consequently, together with the 80 yen year-end dividend forecast, the annual dividend forecast will increase to 160 yen per share.

Dividend per share (yen)



Consolidated Financial Highlights

		FY2020		FY2021		FY2022		FY2023	
		Second quarter	Whole year	Second quarter	Whole year	Second quarter	Whole year	Second quarter	Whole year (forecast)
Net sales	(billion yen)	79.8	168.4	99.9	213.2	130.7	275.2	146.3	304.0
Operating income	(billion yen)	(1.2)	2.0	3.3	7.3	6.1	10.5	5.7	12.0
Ordinary income	(billion yen)	(1.5)	1.7	3.3	7.2	6.4	10.8	6.5	12.5
Profit attributable to owners of parent	(billion yen)	(0.9)	1.0	2.6	5.0	4.5	6.8	4.4	7.5
Net assets	(billion yen)	49.6	50.8	56.1	59.9	73.1	72.1	81.0	—
Total assets	(billion yen)	94.9	113.6	124.5	141.8	174.0	179.2	193.8	—
Net assets per share	(yen)	(65.43)	70.80	180.26	350.34	313.84	475.15	305.07	522.54
Equity ratio	(%)	52.3	44.4	44.7	41.9	41.7	39.9	41.8	—



Second quarter of the term to December 2023 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>



Interview with person in charge

Wismettac Voice

Japan

We interviewed the person in charge of [MOGUFULL] a hometown tax payment project specializing in food.

● Nishimoto Co., Ltd. | Introducing New Business in Japan

Food x Digital

The opening of [MOGUFULL] a hometown tax payment website that helps people discover local foods and expands sales channels for Japanese food.

Background of the launch of the new business, [MOGUFULL] a hometown tax payment website:

As the Japanese food market continues to shrink, the Group has begun to feel the need to provide local producers and business operators with new sales networks and markets. Therefore, in a new business development, we launched [MOGUFULL] a food-specific hometown tax payment business, in September as one way to deliver excellent local food products and ingredients to customers across Japan.

In this project, we discover appealing local food products and deliver "hometown wishes" to donors by communicating the stories behind the products and the thoughts of the producers. We also plan to introduce a translation function so that we can more widely deliver these food products – with their local charm of all of the various regions of Japan – to foreign residents.



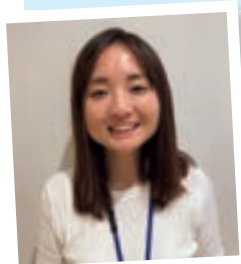
Website URL <https://mogufull.jp/>

[MOGUFULL] is attending [EXPAT EXPO TOKYO 2023], an event for foreign residents and their employers in Japan. At the event, benefits of Furusato Nozei system will be introduced, to encourage enrollment for foreign residents.



Participating municipalities (partial list)

- Numata Town, Hokkaido
- Nisshin City, Aichi
- Hirao Town, Yamaguchi
- Akkeshi Town, Hokkaido
- Taki Town, Mie
- Saiki City, Oita
- Iizuna Town, Nagano
- Yuasa Town, Wakayama
- Kagoshima City, Kagoshima



Leader of the hometown tax payment project

Tomoko Yamazaki

Q What unique strengths of your hometown tax payment project come from being a trading company specializing in food?

Having been active in the food industry for more than 110 years, our greatest strength is our ability to offer a wide range of planning, sales, and marketing services. In addition to providing support, including planning and development, to business operators while operating the portal website, we will offer new sales networks in the future that are not limited to the hometown tax payment project by leveraging our domestic and international networks to create a sustainable society.

Q What made you focus on foreign residents as users?

Foreign nationals are also eligible for the tax exemption for donations if they have income in Japan and pay income or resident tax, but there are not many websites that are available in foreign languages. Through our multilingual [MOGUFULL] we hope to make foreign nationals aware of the charms of each region of Japan. We aim to create a user-friendly website for all those who wish to support local communities and that helps them discover the wonders of Japan through this country's world-class specialty products.

Q How do you want to develop [MOGUFULL] in the future?

We would like to develop [MOGUFULL] into a platform that contributes to the revitalization of the entire region, including not only local governments but also local producers and business operators. In the future, we plan to go beyond the hometown tax payment program and deliver the products of business operators that have been connected through [MOGUFULL] to a broad range of overseas markets. We would also like to create a system in which a portion of the revenue we receive through [MOGUFULL] can be returned to society by providing support for business operators to expand their sales channels, holding workshops for business operators, making donations to local cafeterias for children, and promoting the development of global human resources in Japan.

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 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

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>

- Wismettac EMEA Holdings Ltd.
- 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	3,713

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)	732	5.1
NORTHERN TRUST CO. (AVFC)RE FIDELITY FUNDS	348	2.4
Custody Bank of Japan, Ltd. (trust account)	308	2.1
GOVERNMENT OF NORWAY	300	2.1
RE FUND 107-CLIENT AC	134	0.9
SMBC Nikko Securities Inc.	123	0.9
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.

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.

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