

To whom it may concern:

Nishimoto Co., Ltd.
Yoshiro Susaki, Chairman & CEO

CEO Message

The Impact of Exchange Rate Fluctuations on Our Business Structure

~ Addressing Shareholder and Investor Questions on Our ‘Medium-term Business Plan (2024-2026)’ ~

With regard to the ‘Medium-term Business Plan (2024-2026)’ and the Company’s business performance announced on October 16, 2023, we aim to provide detailed answers and explanations in response to a specific question that has been raised by many of our shareholders and investors.

【Q.】 What is the impact of expected future changes in the exchange rate between the dollar and the yen on your Company’s performance?

【A.】 For our Group, **a stronger yen** generally leads to **increased profits**. On the other hand, a weaker yen tends to be a negative factor in terms of our business structure.

However, based on past experience, fluctuations in the exchange rate between the dollar and the yen generally do not have a significant impact on our short-term performance. This is largely because the extent to which changes in exchange rates are reflected in sales prices varies, depending on the economic conditions of each country and other factors. From a long-term perspective, on a year-by-year basis, a stronger yen contributes to higher profits.

(*) Excluding the impact on our consolidated results from the translation of financial statements of our foreign subsidiaries, which is affected by fluctuations in exchange rates.

<Background Information (The figures presented below represent the actual results for FY2022)>

- (1) Dollar-yen export exchange: Approx. 22 billion yen (the total amount of dollar sales and yen purchases for the Group)
- (2) Dollar-yen import exchange: Approx. 37.9 billion yen (the total amount of dollar buying and yen selling for the Group)
- (3) Difference: Approx. 15.9 billion yen - A structure where the yen’s appreciation has a positive effect on performance.

<Supplementary Explanation >

- (1) Exports: Approx. 22 billion yen (all yen-denominated in real terms)
Breakdown: 14.9 billion yen in food products for our overseas subsidiaries, 5 billion yen in food products for other companies, and 2.1 billion yen in fruit and vegetables for other companies.
Note: Of the Japanese and Asian foods sold overseas (primarily in North America), only approximately 15% of the shipments, denominated in yen, originate from Japan. This is the result of our long-standing strategy for global optimum sourcing.
- (2) Imports: Approx. 37.9 billion yen (primarily dollar-denominated in real terms, with some transactions in other currency)
- (3) Breakdown: 33.8 billion yen in fruit and vegetables, and 4.1 billion yen in other food products.

<Impact on the Current Financial Year’s Results and the Medium-term Business Plan Starting Next Year >

As previously stated, for our Company, a depreciation of the yen adversely affects our finances, while an appreciation of the yen is beneficial. However, when converting the profits of our overseas subsidiaries to yen, this naturally becomes a negative factor. For this reason, in our Medium-term Business Plan, we have established an assumed exchange rate of 135 yen to the dollar. As of now, there are no plans to revise this assumption.