



Mid-Term Business Plan (2024–2026)

Nishimoto Co., Ltd.

October 16, 2023





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2. Looking ahead to 2035

- Within the Asian Food Global Business (hereinafter referred to as AFB), the company commits to achieve a **sales of 500 billion yen and an operating income of 25 billion yen through organic growth of existing businesses by 2026** (*1). The company plan a 2% profit margin increase by expanding sales in existing sales channels (mainly mainstream), increasing PB production, reducing product costs through global EtoE integration of SCM, and reducing operating expenses through digitalization and investments in logistical efficiency.
- In addition to the above, the company has generated 100 billion yen (*2) through operating and financial cashflow, and allocated the **100 billion yen (*2) for strategic investments** mainly in the follow three areas;
 1. M&A and JVs to gain presence in unexplored regions within the AFB business, upfront investments in products/resources for which there are potential concerns regarding supply shortages in the future, investments to improve in-house production capability such as R&D and RTE products development, upfront investments in upstream areas where expansion is expected in the future such as plant-based seafood/meat and land-based aquaculture.
 2. Investments in overseas production and sales of Japanese fruits and vegetables holding exclusive cultivation rights
 3. Investments in the food industry solutions business and domestic/international food technology (including the acquisition of startup businesses with synergy).
- Maintain **equity ratio of 30-40% and dividend payout ratio of 30%**
- Manage financial, market, geopolitical, and other risks while responding to uncertainties

<Note-1> **Assumed average exchange rate** during the period of the mid-term business plan: **USD = 135 JPY**

<Note-2> As **export products from Japan account for 15% of the AFB in North America** and they offset foreign exchange reserves with the imported fruit, vegetable and the other products, **the actual impact caused by USD/JPY exchange rate fluctuations on our business is minimal** (*3)

<Note-3> As the mid-term business plan will be fixed and unchanged for three years, the next mid-term business plan (2027-2029) will be announced in 2026 or later (*4)

(*1) Including M&A transactions which are currently planned and under implementation

(*2) Cash and cash equivalents at the end of 2023 are expected to be 100 billion yen

(*3) Excluding the impact of conversion of financial statements of foreign subsidiaries resulting from exchange rate fluctuations on consolidated results

(*4) Plans will be revised and announced as deemed necessary due to major changes in the business environment

Three-Year Business Plan (Organic)

* Including only scheduled M&As.

Un-planned M&As are additional opportunities to be overlaid.



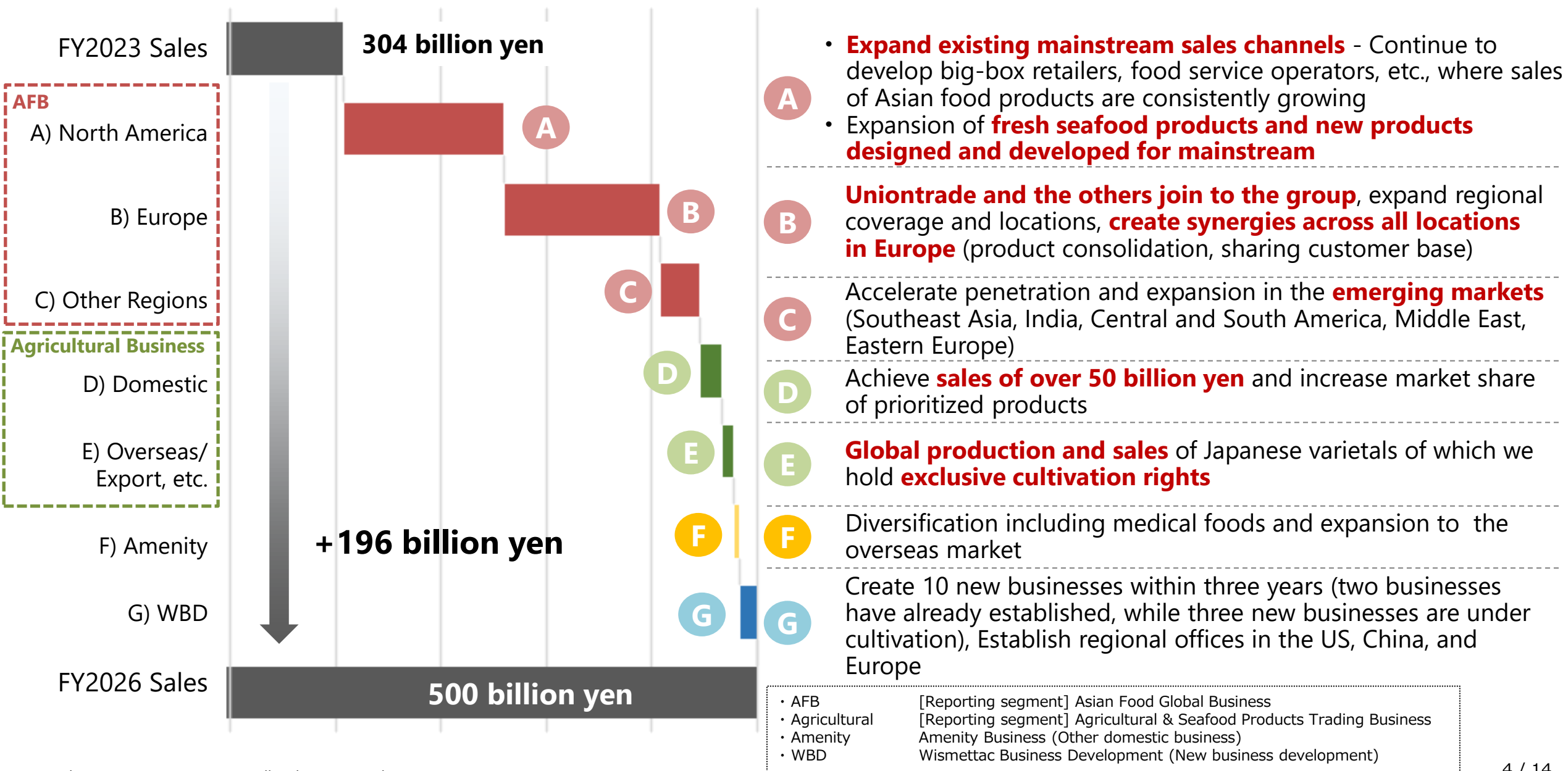
	FY2022 Results	FY2023 Forecast	FY2024 Plan	FY2025 Plan	FY2026 Plan
Sales	275.2	304.0	354.0	430.0	500.0
Operating Income	10.5	12.0	15.0	19.0	25.0
Operating Margin	3.8%	3.9%	4.2%	4.4%	5.0%
ROWC	21%	21%	24%	27%	31%

(Exchange rate: USD=135 JPY)

In addition to expansion of existing sales channels and PB production, we will accelerate growth and eliminate redundancy through data-driven management based on visualization, investments to save labor in logistics, and commit to achieve a sales of 500 billion yen and operating income of 25 billion yen in 2026

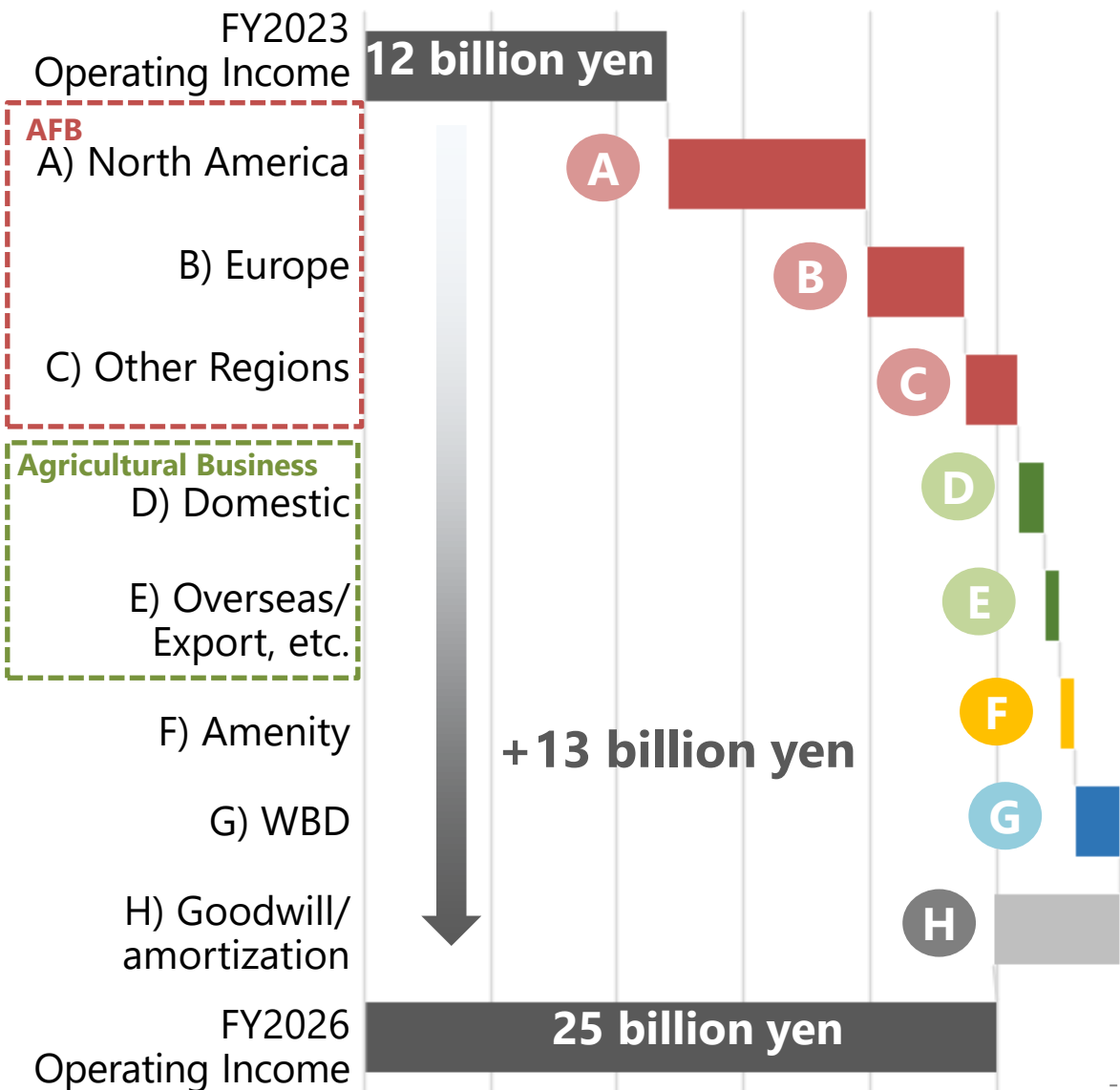
Sales Growth Plan (Organic)

* Including only scheduled M&As.
Un-planned M&As are additional opportunities to be overlaid.



Operating Income Growth Plan (Organic)

* Including only scheduled M&As.
Un-planned M&As are additional opportunities to be overlaid.



- A**
 - Gross margin improvement through the **expansion of sales to mainstream segment which has higher sales and profit per product** (due to lower SG&A)
 - Improve gross margin through **further expansion of PB ratio** of existing businesses - establish R&D locations on site and expand OEM production capability and plants
 - Global EtoE integration of SCM** to improve gross profit and significantly reduce logistics costs
- B**
 - Sales and gross margin improvement through product consolidation, **elimination of duplicated management costs between locations**, cost reduction from **shared SCM, operations, and IT infrastructure**
- C**
 - Increase profit through expansion into Southeast Asia, India, Central and South America, Middle East, and Eastern Europe
- D**
 - Improve profitability through higher import sales and lower SG&A ratio
 - Reduction in procurement costs through **exploration of emerging production areas and supply sources and building relationships with them**
- E**
 - Reduction in freight costs through joint procurement
 - Expand exports and overseas production and sales, and expand overseas locations
- F**
 - New business development and transform business structure to be less susceptible to exchange rate fluctuations through increasing export business, as well as licensed domestic production, etc.
- G**
 - Monetize new businesses asap and accelerate new business creation process (**Achieve profitability by 2024**)
- H**
 - Goodwill assumed to be amortized over 10 years in principle

<Reference> Business Plan by Segment

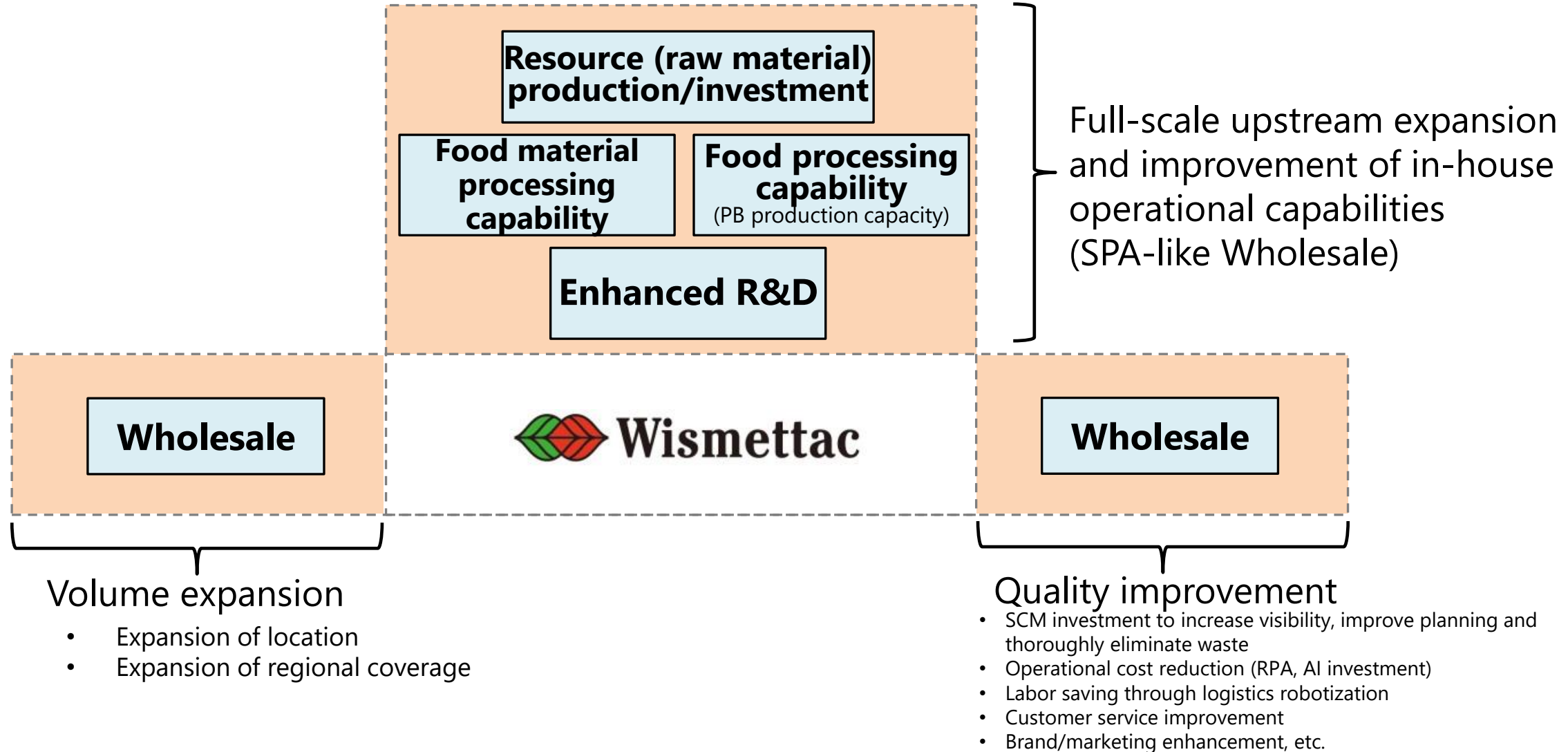
		Sales (billion yen)				
		2022 Actual	2023 Forecast	2024 Plan	2025 Plan	2026 Plan
	AFB	216.1	238.2	281.0	347.0	406.0
	Agricultural Business	55.2	61.7	67.5	74.0	79.0
	Others	3.9	4.1	5.5	9.0	15.0
Company total		275.2	304.0	354.0	430.0	500.0

		Operating Income (billion yen)				
		2022 Actual	2023 Forecast	2024 Plan	2025 Plan	2026 Plan
	AFB	12.2	13.2	14.8	18.0	22.0
	Agricultural Business	-0.9	-0.3	0.1	0.5	1.5
	Others	-0.8	-0.9	0.1	0.5	1.5
Company total		10.5	12.0	15.0	19.0	25.0

(*1) Others = Amenity + WBD
 (*2) After allocation of "Adjustment" (unallocated expenses, etc.)

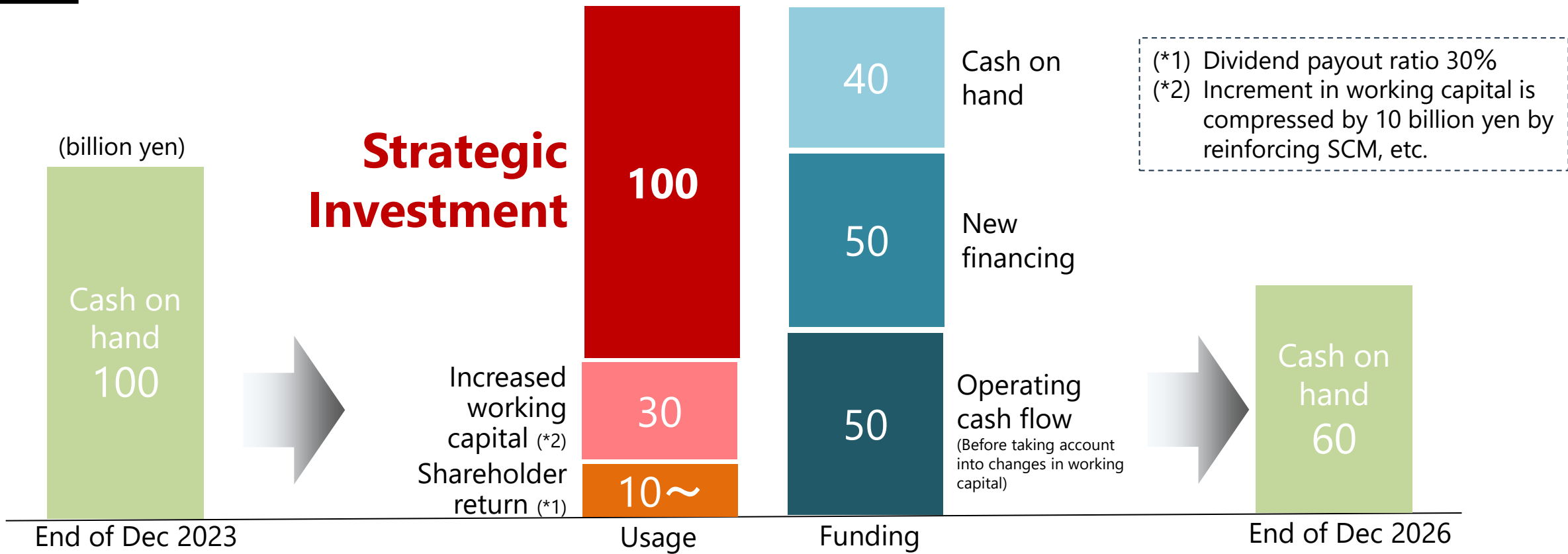
M&A/JV Strategy/Technology Investments (AFB)

※ Additional opportunities for further profit growth / Not included in Organic Plan



Expansion of regional coverage and operational capability through new M&A, improvement of R&D and production management capabilities, reduction of product costs and logistics/operational costs through investments in SCM

Cash Management and Allocation Policy



Strategic investment framework of 100 billion yen to be invested in the follow three areas

1. M&A and JVs to gain presence in unexplored regions within the AFB business, upfront investments in products/resources for which there are potential concerns regarding supply shortages in the future, investments to improve in-house production capability such as R&D and RTE products development, upfront investments in upstream areas where expansion is expected in the future such as plant-based seafood/meat and land-based aquaculture.
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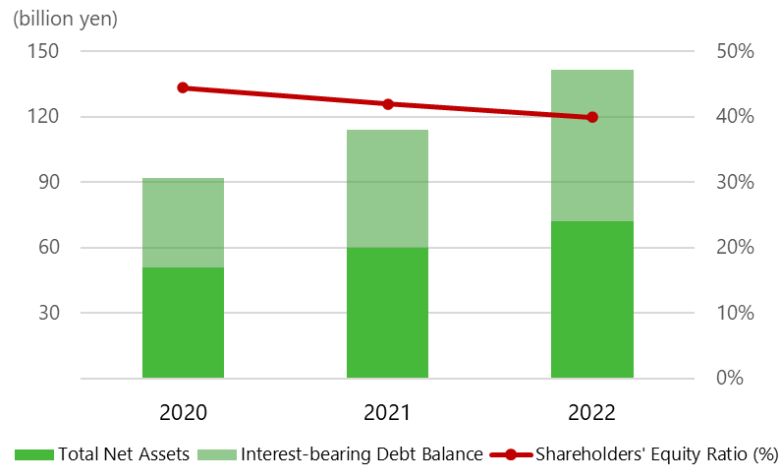
Fundamental Policy

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

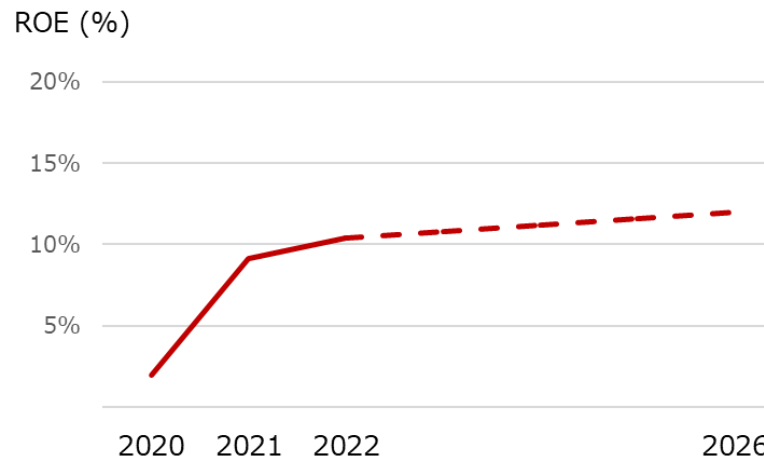
Shareholders' equity ratio
30 - 40%
 (As of end of June 2023: 42%)

Maintained a solid financial base



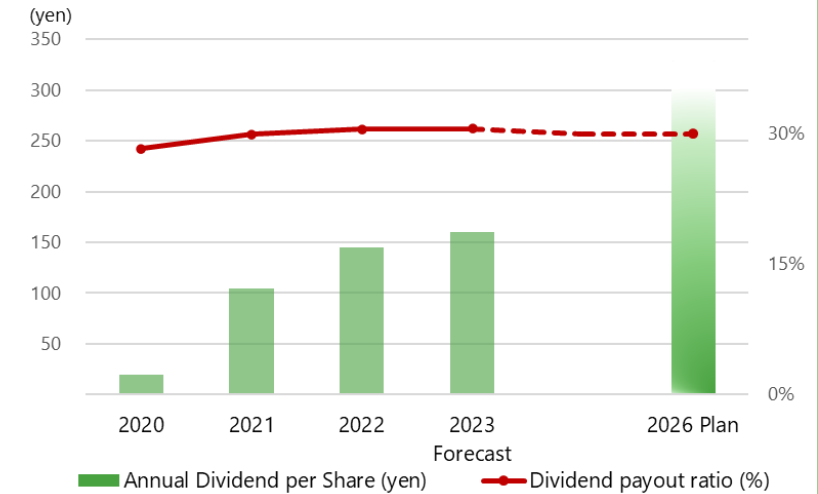
ROE over 10%

Target level achieved if it wasn't for COVID-19 impact



Dividend payout ratio 30%

Maintained 30% level since listing, even during COVID-19



Foreign Exchange Risk

- Hedge the real impact on our business by using exchange marry^(*) in transactions between group companies trilateral trades
- The ratio of sourcing products from Japan for the overseas AFB business will be maintained at approximately 15% (same as the present)

(*) Offsetting impact caused by foreign exchange fluctuation by tying together selling and buying foreign exchange position. The impact on profits is minimal.

Interest Rate Risk

Understanding the interest rate trends and their impact on interest payments, and implementing optimal funding strategies (implementing a financial policy that is less susceptible to changes in the financial environment)

Geopolitical/ Climate Change Risks

Avoid regional concentration of suppliers and mitigate risks of regional conflicts and climate change by diversifying sources for the same product (already implemented for multiple key products)



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Looking ahead to 2035

**Become a world-renowned
global food solution company**

Sales to exceed
2 trillion yen

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(2024–2026)

Sales:
500 billion yen
Operating income:
25 billion yen

Sales:
304 billion yen
Operating income:
12 billion yen

Become a global food SPA

Become a global food solution company

4) Generate foundation for medical food^(*) business area

- Development and provision of food that is equally delicious for everyone
- Commercialization through industry-academia collaboration and IP (intellectual property)

3) Growth through new business creation

- Create solution businesses utilizing new technologies such as digital and food tech (10 businesses in three years)

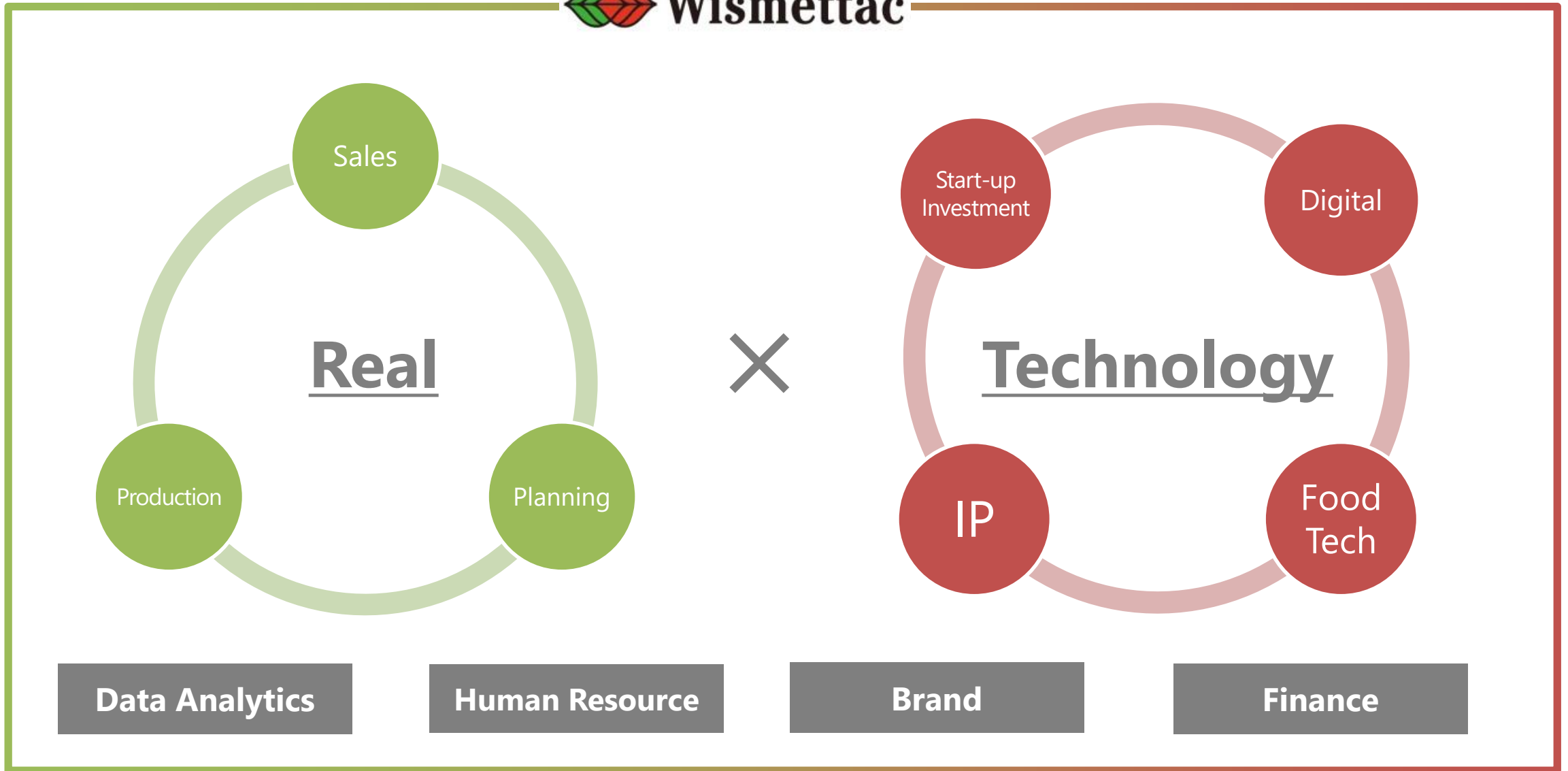
2) Promote global expansion of fruit and vegetable business

- Cultivation of overseas production of Japanese fruits and vegetables utilizing intellectual property rights and overseas sales business as a new earnings pillar
- Diversify and stabilize the earnings structure of the fruit and vegetable wholesale business

1) Accelerate quantitative and qualitative growth in the existing businesses

- Develop new markets and sales channels by strengthening sales and product development capabilities
- Increase gross profit margin by expanding PB and reducing distribution costs
- Reduce cost ratio by strengthening SCM in addition to digitization and AI of sales and import/export operations
- Expansion of business scale through M&A, etc., utilizing ample equity capital as well as cash and deposits

(*) Foods designed to meet special nutritional requirements related to medical reasons



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