



Consolidated Financial Results for the Fiscal Year Ended December 31, 2020
(Japanese GAAP)

February 12, 2021

Company name: Nishimoto Co., Ltd. Listed exchange: Tokyo
 Code: 9260 URL: <https://www.wismettac.com/>
 Representative: Yoshiro Susaki, Chairman & President CEO
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 Scheduled date of the Annual General Meeting of Shareholders: March 30, 2021
 Scheduled date of commencement of dividend payments: March 16, 2021
 Scheduled date of submission of the annual securities report: March 31, 2021
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results presentation meeting: Yes (For institutional investors and analysts)
 (Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended December 31, 2020
(from January 1, 2020 to December 31, 2020)

(1) Consolidated results of operations (Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended December 31, 2020	168,449	(7.8)	1,982	(54.4)	1,715	(62.2)	1,016	(59.2)
FY ended December 31, 2019	182,603	0.2	4,343	(35.2)	4,543	(30.9)	2,493	(46.1)

(Note) Comprehensive income

FY ended December 31, 2020: (1,063) million yen (-%)

FY ended December 31, 2019: 2,179 million yen (-39.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY ended December 31, 2020	70.80	—	2.0	1.6	1.2
FY ended December 31, 2019	173.71	—	4.8	5.0	2.4

(Reference) Equity in earnings of affiliates

FY ended December 31, 2020: (3) million yen

FY ended December 31, 2019: 29 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended December 31, 2020	113,606	50,842	44.4	3,515.28
FY ended December 31, 2019	96,587	52,337	54.2	3,646.41

(Reference) Shareholders' equity

FY ended December 31, 2020: 50,454 million yen

FY ended December 31, 2019: 52,337 million yen

(3) Status of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
FY ended December 31, 2020	10,490	(9,002)	12,085	50,941
FY ended December 31, 2019	843	(1,832)	11,472	38,844

2. Dividends

	Annual dividends					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended December 31, 2019	—	40.00	—	55.00	95.00	1,363	54.7	2.6
FY ended December 31, 2020	—	0.00	—	20.00	20.00	287	28.2	0.6
FY ending December 31, 2021 (Forecast)	—	—	—	20.00	—	—	—	—

3. Consolidated financial results forecast for the fiscal year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY ending December 31, 2021	90,000	12.8	600	–	450	–	300	–	20.90
FY ending December 31, 2021	187,000	11.0	2,000	0.9	1,700	(0.9)	1,000	(1.6)	69.67

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

New – companies (Company name) / Excluded – companies (Company name)

(2) Changes in accounting policies, changes to accounting estimates, and restatements

(i) Changes in accounting policies due to revisions of accounting standards: None

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)

December 31, 2020	14,353,140 shares	December 31, 2019	14,353,140 shares
December 31, 2020	112 shares	December 31, 2019	112 shares
December 31, 2020	14,353,028 shares	December 31, 2019	14,353,028 shares

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares during the period

(Reference) Overview of respective financial results

1. Respective financial results for the period ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(1) Respective operating results

(Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended December 31, 2020	3,149	(2.0)	1,420	2.0	1,141	(18.5)	754	(45.4)
FY ended December 31, 2019	3,215	10.5	1,392	15.9	1,400	19.4	1,381	19.8

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended December 31, 2020	52.60	—
FY ended December 31, 2019	96.28	—

(2) Respective financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended December 31, 2020	39,570	12,859	32.5	895.96
FY ended December 31, 2019	35,987	12,900	35.8	898.82

(Reference) Shareholders' equity

FY ended December 31, 2020: 12,859 million yen

FY ended December 31, 2019: 12,900 million yen

* These financial results are not audited by certified public accountants or an audit corporation.

* Explanation of the proper use of financial results forecasts and other notes

(Notes on forward-looking statements)

The forward-looking statements such as financial results forecasts contained in this document are based on information currently available to the Company and certain reasonable assumptions. Thus, these statements are not intended for management to promise the achievement of the forecast. Actual financial results may differ materially due to various factors. For conditions of the assumptions in the forecast and notes to use of the forecast, please see the section titled "(4) Future forecasts" under the chapter titled "1. Overview of operating results, etc." on the page 4 of the attachment.

(How to obtain supplementary explanatory materials for the financial results)

On Friday, February 12, 2021, supplementary explanatory materials for the financial results will be disclosed via TDnet and posted on the Company's website. On Wednesday, February 17, 2021, based on these materials, a meeting will be held to brief institutional investors and analysts on the financial results.

○ Attachment: Table of Contents

1. Overview of operating results, etc.	2
(1) Overview of operating results for the current period.....	2
(2) Overview of financial position for the current period.....	3
(3) Overview of cash flows for the current period.....	3
(4) Future forecasts.....	4
2. Basic approach on selection of accounting standards	5
3. Consolidated financial statements and major notes.....	6
(1) Consolidated balance sheet.....	6
(2) Consolidated statements of income and comprehensive income	8
(3) Consolidated statement of changes in equity	10
(4) Consolidated statement of cash flows	12
(5) Notes to the consolidated financial statements	13
(Notes to assumption of going concern)	13
(Additional information).....	13
(Segment information).....	13
(Business combinations).....	17
(Per share information).....	20
(Significant subsequent events)	20

1. Overview of operating results, etc.

(1) Overview of operating results for the current period

[Overview of the current consolidated fiscal year]

The current consolidated fiscal year was a very difficult year in which economic activities were restricted worldwide due to the novel coronavirus infection spread and responses to it, such as emergency declarations and lockdowns. Whereas the economy started to recover temporarily due to the gradual relaxation of various regulations, corporate business, especially in the tourism, restaurant and airline industries, has been significantly impacted particularly by reinstated restrictions on going out mainly in Europe and the U.S. due to the infection spreading again.

As the economic outlook is highly uncertain and consumer spending is also stagnant, it is expected to take a certain amount of time before economic activity returns to the level of the pre-pandemic era.

Amid these global changes, future uncertainty and unpredictability is increasing, and consumers' lifestyle is about to change significantly. The food industry, which used to be a stable sector not susceptible to changes in the economic environment, is no exception and faces the need to offer different products in a different manner to suit the change in consumption style.

The Company Group suffered a significant impact on its two main businesses: the Asian Food Global Business that distributes Asian food products and ingredients such as Japanese food around the world with a focus on North America, as well as in Europe, China, South East Asia, Australia, etc., and the Agricultural & Seafood Products Trading Business that distributes fruits and vegetables, fishery products, etc., in domestic markets, as well as overseas markets through exports and offshore trading. In the current consolidated fiscal year, the Company Group worked to improve the operating results of existing businesses, while actively making investments that will be necessary from the medium- to long-term perspective in the changing food industry.

As a result, with respect to the financial results for the current consolidated fiscal year, net sales stood at 168,449 million yen (7.8% decrease year-on-year), operating income amounted to 1,982 million yen (54.4% decrease year-on-year), ordinary income amounted to 1,715 million yen (62.2% decrease year-on-year) and profit attributable to owners of parent totaled 1,016 million yen (59.2% decrease year-on-year).

Financial results by segment are as follows: It is noted that net sales of segments are net sales to external customers.

[Overview of financial results by segment]

(i) Asian Food Global Business

In regard to financial results of the Asian Food Global Business for the current consolidated fiscal year, net sales stood at 116,870 million yen (9.3% decrease year-on-year) and operating income amounted to 1,807 million yen (56.0% decrease year-on-year).

Since March 2020, sales to the restaurant industry, which is the main customer of the Company Group, have fallen rapidly and significantly at a certain point due to the worldwide lockdowns. After the gradual lifting of lockdowns in countries around the world, as increasing numbers of customers have adopted new business formats, such as take-out and delivery services, the Company responded to their needs by modifying its product mix. Sales to the restaurant industry are in a moderate recovery trend partly because subsidies of the governments of countries around the worlds have helped our customers to reduce the burden of expenses. Nonetheless, the outlook remains uncertain as regulations are being tightened again due to the resurgence of novel coronavirus infection.

On the other hand, sales to mass and other retailers remained strong throughout the year due to an increase in stay-at-home consumption. However, the effect of this is not large enough to make up for the plunge of sales to the restaurant industry, resulting in a decrease in net sales.

The Company worked to improve operating efficiency regarding SG&A by, for example, reducing personnel expenses through active responses to adapt to novel coronavirus infection prevention measures implemented worldwide. However, profit also fell mainly due to the recording of valuation loss on inventories in consideration of the effect of the novel coronavirus pandemic and the provision on allowance for doubtful accounts mainly for the North American region.

(ii) Agricultural & Seafood Products Trading Business

With respect to financial results of the Agricultural & Seafood Products Trading Business for the current consolidated fiscal year, net sales stood at 47,931 million yen (3.8% decrease year-on-year) and operating income amounted to 683 million yen (10.7% decrease year-on-year).

Sales were hit by a significant decrease in demand from the restaurant industry due to the effect of emergency declarations and restrictions on going out and operations in and after March 2020. In particular, sales of citrus fruits, which are our main products, declined, and their sales prices have also slumped. Sales to retailers remained stable both in terms of volume and price, particularly to mass retailers, on the back of increased demand for imported fruits and vegetables in and after July in the wake of the poor performance of domestic produce resulting from bad weather. However, effect of this is not large enough to make up for the decrease in the first half, resulting in a decrease in net sales for the full year.

Profit also decreased mainly due to an increase in SG&A despite the recovery in sales from July onward in the domestic market mentioned above as well as other positive factors including steady sales of imported fruits and vegetables in China.

(iii) Other businesses

As to financial results of other businesses for the current consolidated fiscal year, net sales stood at 3,646 million yen (8.3% decrease year-on-year) and operating income amounted to 133 million yen (22.9% decrease year-on-year).

Sales of health-related products, which mainly consist of dietary supplements, remained strong throughout the year. However, both sales and profit declined due to sluggish sales of event-related products resulting from department stores and other retailers refraining from business, the cancellation of various events, and a drop in consumer spending.

(2) Overview of financial position for the current period

(Assets)

Total assets as of December 31, 2020 stood at 113,606 million yen, an increase of 17,019 million yen compared to December 31, 2019, and was mainly attributable to the following.

Total current assets as of December 31, 2020 amounted to 98,121 million yen, an increase of 10,160 million yen compared to December 31, 2019. The increase in total current assets was due to an increase of 13,587 million yen in cash and deposits, despite a decrease of 1,449 million yen in inventories, a decrease of 896 million yen in notes and accounts receivable—trade, a decrease of 728 million yen in other current liabilities including income taxes receivable, and an increase of 351 million yen in the allowance for doubtful accounts.

Total non-current assets as of December 31, 2020 came to 15,485 million yen, an increase of 6,858 million yen compared to December 31, 2019. The increase in total non-current assets, despite a decrease of 875 million yen in investments and other assets, was due to an increase of 4,187 million yen in goodwill and an increase of 3,546 million yen in customer-related assets.

(Liabilities)

Total liabilities as of December 31, 2020 stood at 62,763 million yen, an increase of 18,513 million yen compared to December 31, 2019, and was mainly attributable to the following.

Total current liabilities as of December 31, 2020 amounted to 21,493 million yen, an increase of 2,434 million yen compared to December 31, 2019. The increase in total current liabilities was due to an increase of 937 million yen in notes and accounts payable—trade, an increase of 622 million yen in short-term loans payable, an increase of 333 million yen in other current liabilities including accrued expenses, an increase of 238 million yen in income taxes payable, an increase of 228 million yen in current portion of long-term loans payable, and an increase of 182 million yen in provision for bonuses, despite a decrease of 147 million yen in accounts payable—other.

Total fixed liabilities as of December 31, 2020 amounted to 41,270 million yen, an increase of 16,078 million yen compared to December 31, 2019. The increase in fixed liabilities is attributed to an increase of 14,052 million yen in long-term loans payable and an increase of 993 million yen in deferred tax liabilities.

(Net assets)

Total net assets as of December 31, 2020 amounted to 50,842 million yen, a decrease of 1,494 million yen compared to December 31, 2019. The decrease in total net assets is mainly due to a decrease of 2,077 million yen in foreign currency translation adjustment, despite an increase of 387 million yen in non-controlling interests.

(3) Overview of cash flows for the current period

Cash and cash equivalents (hereinafter referred to as "funds") as of December 31, 2020 amounted to 50,941 million yen, an increase of 12,096 million yen compared to December 31, 2019.

The status of respective cash flows for the current consolidated fiscal year and its main factors are as follows:

(Cash flows from operating activities)

Cash flows from operating activities were positive at 10,490 million yen and major factors are as follows. The major factors included a 778 million yen loss on step acquisitions, payments for 611 million yen in income taxes, a decrease of 3,355 million yen in inventories, a decrease of 2,606 million yen in notes and accounts receivable—trade, 2,231 million yen in profit before income taxes, and 1,749 million yen in depreciation and amortization, a non-cash expense.

The amount of funds obtained increased by 9,646 million yen (1,143.1% increase year-on-year) compared to in the previous consolidated fiscal year. The major factors included a decrease of 1,521 million yen in net profit before income taxes, an increase of 778 million yen in expenditures due to a loss on step acquisitions, an increase of 4,827 million yen in income due to changes in inventories, an increase of 2,612 million yen in income due to changes in notes and accounts receivable—trade, a decrease of 2,057 million yen in expenditures for payment for income taxes, and a decrease of 1,313 million yen in expenditures due to changes in notes and accounts payable—trade.

(Cash flows from investing activities)

Cash flows from investing activities were negative at 9,002 million yen and major factors are as follows. The major factors included proceeds of 77 million yen from refunds of guarantee deposits, expenditure of 6,262 million yen for the purchase of shares of subsidiaries resulting in change in scope of consolidation, expenditure of 1,488 million yen due to a net change in time deposits, and expenditure of 589 million yen for the purchase of property, plant and equipment.

The amount of funds spent increased by 7,169 million yen (391.3% increase year-on-year) compared to in the previous consolidated fiscal year. Major factors included a decrease of 865 million yen in expenditures due to the purchase of property, plant and equipment, an increase of 6,262 million yen in expenditures for the purchase of shares of subsidiaries resulting in change in scope of consolidation, and an increase of 1,219 million yen in expenditures due to a net change in time deposits.

(Cash flows from financing activities)

Cash flows from financial activities were positive at 12,085 million yen. The major factors included a repayment of long-term loans payable of 1,452 million yen, a payment of 789 million yen for dividends, and proceeds of 14,106 million yen from long-term borrowings.

The amount of funds obtained increased by 612 million yen (5.3% increase year-on-year) compared to in the previous consolidated fiscal year. Major factors included an increase of 1,292 million yen in expenditures due to repayments of long-term loans payable, an increase of 1,106 million yen in proceeds from long-term borrowings, and a decrease of 574 million yen in expenditures due to payments of dividends.

(4) Future forecasts

(Millions of yen)

	FY ended December 31, 2020 (Actual)	FY ending December 31, 2021 (Forecast)	Increase (decrease)	Increase (decrease) rate
Net sales	168,449	187,000	18,550	11.0
Operating income	1,982	2,000	17	0.9
Ordinary income	1,715	1,700	(15)	(0.9)
Profit attributable to owners of parent	1,016	1,000	(16)	(1.6)

The future trend of novel coronavirus infection and various related regulations of countries around the world, as well as their impact on the global economy and corporate earnings, remain uncertain. The infection may rapidly subside due to effective vaccines or may continue to surge and subside repeatedly. Under both scenarios, we will focus on preparing for recovering and maintaining the stability of operating results. In the Asian Food Global Business, we will work to further enhance the business foundation by strengthening the product development capability to meet the changing needs of existing customers including Japanese restaurants and retailers and developing new sales channels. In the Agricultural & Seafood Products Trading Business, we will continue to maintain sales to the Japanese wholesale market, and work on expanding distribution routes to mass retailers, home-meal replacement industries, restaurant chains and food product manufacturers as well as overseas distribution routes.

Meanwhile, we anticipate the further acceleration of structural changes in the food and related industries due to the novel coronavirus pandemic. We see these changes as good opportunities. In conjunction with the expansion to new business fields indicated in the medium-term business plan, we will continue to actively recruit professionals with specialized skills in the areas of digitalization, global management, new business development, etc., and invest in digitalization. In the North American region, we will develop our logistics and operations and seek to acquire new distribution routes. In other regions, we will build and reinforce a structure to perform management on an area-by-area basis. For the Group as a whole, we will further promote efforts to broaden our product lineup and develop and bolster our logistics and operations across the Group.

Accordingly, we expect that net sales will stand at 187,000 million yen (an increase of 18,550 million yen year-on-year), operating income will amount to 2,000 million yen (an increase of 17 million yen year-on-year), ordinary income will amount to 1,700 million yen (a decrease of 15 million yen year-on-year), and profit attributable to owners of parent will total 1,000 million yen (a decrease of 16 million yen year-on-year).

[Prerequisites for the forecast]

The exchange rate is assumed to be 100 yen/U.S. dollar.

2. Basic approach on selection of accounting standards

The Company Group prepares the consolidated financial statements in accordance with Japanese Generally Accepted Accounting Principles ("Japanese GAAP"), taking into consideration the workload for establishing the system for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

	(Millions of yen)	
	FY 2019 (As of December 31, 2019)	FY 2020 (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	39,130	52,718
Notes and accounts receivable—trade	19,407	18,510
Inventories	26,672	25,223
Other	2,925	2,196
Allowance for doubtful accounts	(175)	(527)
Total current assets	87,960	98,121
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,609	2,408
Machinery, equipment and vehicles, net	438	458
Tools, furniture and fixtures, net	208	407
Leased assets, net	467	779
Other, net	186	520
Total property, plant and equipment	3,910	4,573
Intangible assets		
Goodwill	—	4,187
Software	417	330
Software in progress	12	438
Customer-related assets	330	3,877
Other	62	57
Total intangible assets	823	8,891
Investments and other assets		
Investment securities	1,164	288
Guarantee deposits	926	843
Deferred tax assets	1,092	791
Other	777	161
Allowance for doubtful accounts	(67)	(63)
Total investments and other assets	3,893	2,020
Total non-current assets	8,627	15,485
Total assets	96,587	113,606

(Millions of yen)

	FY 2019 (As of December 31, 2019)	FY 2020 (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	9,993	10,930
Short-term loans payable	2,890	3,513
Current portion of long-term loans payable	143	371
Lease obligations	206	290
Accounts payable—other	2,592	2,445
Income taxes payable	144	383
Provision for bonuses	641	823
Provision for directors' bonuses	137	88
Provision for shareholders' benefits	7	11
Other	2,301	2,635
Total current liabilities	19,058	21,493
Non-current liabilities		
Long-term loans payable	22,215	36,267
Lease obligations	265	486
Deferred tax liabilities	66	1,059
Provision for bonuses	—	35
Provision for directors' bonuses	58	—
Provision for directors' retirement benefits	645	645
Net defined benefit liability	1,527	1,731
Other	413	1,043
Total non-current liabilities	25,191	41,270
Total liabilities	44,250	62,763
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,531
Retained earnings	43,112	43,339
Treasury shares	(0)	(0)
Total shareholders' equity	52,290	52,517
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	1
Deferred gains or losses on hedges	6	0
Foreign currency translation adjustment	31	(2,045)
Remeasurements of defined benefit plans	0	(18)
Total accumulated other comprehensive income	46	(2,062)
Non-controlling interests	—	387
Total net assets	52,337	50,842
Total liabilities and net assets	96,587	113,606

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Millions of yen)

	FY 2019 (January 1, 2019 to December 31, 2019)	FY 2020 (January 1, 2020 to December 31, 2020)
Net sales	182,603	168,449
Cost of sales	150,495	139,017
Gross profit	32,108	29,431
Selling, general and administrative expenses	27,764	27,448
Operating income	4,343	1,982
Non-operating income		
Interest and dividend income	242	75
Share of profit of entities accounted for using equity method	29	–
Insurance benefits received	0	37
Reversal of allowance for doubtful accounts	8	6
Other	58	44
Total non-operating income	339	164
Non-operating expenses		
Interest expenses	122	217
Loss on equity-method investments	–	3
Foreign exchange losses	17	180
Other	0	30
Total non-operating expenses	139	431
Ordinary income	4,543	1,715
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on step acquisitions	–	778
Total extraordinary income	1	778
Extraordinary losses		
Loss on retirement of non-current assets	3	3
Impairment loss	788	199
Loss on revision of retirement benefit plan	–	59
Total extraordinary losses	791	261
Profit before income taxes	3,753	2,231
Income taxes—current	1,386	1,040
Income taxes—deferred	(126)	162
Total income taxes	1,259	1,203
Net income	2,493	1,027
Profit attributable to non-controlling interests	–	11
Profit attributable to owners of parent	2,493	1,016

Consolidated statement of comprehensive income

	(Millions of yen)	
	FY 2019 (January 1, 2019 to December 31, 2019)	FY 2020 (January 1, 2020 to December 31, 2020)
Net income	2,493	1,027
Other comprehensive income		
Valuation difference on available-for-sale securities	2	(6)
Deferred gains or losses on hedges	9	(6)
Foreign currency translation adjustment	(287)	(2,041)
Remeasurements of defined benefit plans	3	(18)
Share of other comprehensive income of entities accounted for using equity method	(40)	(18)
Total other comprehensive income	(314)	(2,091)
Comprehensive income	2,179	(1,063)
(Breakdown)		
Comprehensive income attributable to owners of parent	2,179	(1,092)
Comprehensive income attributable to non-controlling interests	-	29

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (from January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	2,646	6,531	41,983	(0)	51,160
Changes during the period					
Dividends of surplus			(1,363)		(1,363)
Profit attributable to owners of parent			2,493		2,493
Changes in items other than shareholders' equity, net					
Total changes during the period	-	-	1,129	-	1,129
Ending balance	2,646	6,531	43,112	(0)	52,290

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	6	(3)	360	(2)	360	-	51,521
Changes during the period							
Dividends of surplus							(1,363)
Profit attributable to owners of parent							2,493
Changes in items other than shareholders' equity, net	2	9	(328)	3	(314)	-	(314)
Total changes during the period	2	9	(328)	3	(314)	-	815
Ending balance	8	6	31	0	46	-	52,337

Current consolidated fiscal year (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	2,646	6,531	43,112	(0)	52,290
Changes during the period					
Dividends of surplus			(789)		(789)
Profit attributable to owners of parent			1,016		1,016
Changes in items other than shareholders' equity, net					
Total changes during the period	-	-	226	-	226
Ending balance	2,646	6,531	43,339	(0)	52,517

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	8	6	31	0	46	-	52,337
Changes during the period							
Dividends of surplus							(789)
Profit attributable to owners of parent							1,016
Changes in items other than shareholders' equity, net	(6)	(6)	(2,077)	(18)	(2,108)	387	(1,720)
Total changes during the period	(6)	(6)	(2,077)	(18)	(2,108)	387	(1,494)
Ending balance	1	0	(2,045)	(18)	(2,062)	387	50,842

(4) Consolidated statement of cash flows

(Millions of yen)

	FY 2019 (January 1, 2019 to December 31, 2019)	FY 2020 (January 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Profit before income taxes	3,753	2,231
Depreciation and amortization	1,281	1,749
Loss (gain) on step acquisitions	–	(778)
Impairment loss	788	199
Increase (decrease) in allowance for doubtful accounts	6	211
Interest and dividend income	(242)	(75)
Interest expenses	122	217
Share of (profit) loss of entities accounted for using equity method	(29)	3
Foreign exchange losses (gains)	74	11
Decrease (increase) in notes and accounts receivable—trade	(5)	2,606
Decrease (increase) in inventories	(1,471)	3,355
Increase (decrease) in notes and accounts payable—trade	(1,461)	(147)
Increase (decrease) in accounts payable—other	(136)	(117)
Increase (decrease) in provision for bonuses	107	232
Increase (decrease) in provision for directors' bonuses	194	(117)
Increase (decrease) in provision for shareholder benefit program	2	3
Increase (decrease) in net defined benefit liability	147	168
Other	(47)	956
Subtotal	3,084	10,711
Interest and dividend income received	317	124
Interest expenses paid	(115)	(191)
Income taxes paid	(2,668)	(611)
Income taxes refunded	226	456
Cash flows from operating activities	843	10,490
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,455)	(589)
Purchase of intangible assets	(88)	(473)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(6,262)
Purchase of shares of affiliates	–	(221)
Expenditures due to payment for guarantee deposits	(72)	(32)
Proceeds from refunds of guarantee deposits	261	77
Payments of loans receivable	(138)	–
Net decrease (increase) in time deposits	(268)	(1,488)
Other	(70)	(11)
Cash flows from investing activities	(1,832)	(9,002)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	203	490
Proceeds from long-term borrowings	13,000	14,106
Repayments of long-term borrowings	(159)	(1,452)
Repayments of finance lease obligations	(208)	(270)
Cash dividends paid	(1,363)	(789)
Other	–	(0)
Cash flows from financing activities	11,472	12,085
Effect of exchange rate change on cash and cash equivalents	(156)	(1,476)
Net increase (decrease) in cash and cash equivalents	10,327	12,096
Cash and cash equivalents at beginning of period	28,516	38,844
Cash and cash equivalents at end of period	38,844	50,941

(5) Notes to the consolidated financial statements

(Notes to assumption of going concern)

No relevant items.

(Additional information)

Accounting estimate associated with the novel coronavirus pandemic

The current consolidated fiscal year was a very difficult year in which economic activities were restricted worldwide due to the novel coronavirus infection spread and infection prevention responses, such as emergency declarations and lockdowns. Whereas the economy appeared to recover temporarily due to the stepwise relaxation of various regulations, corporate business, especially in the tourism, restaurant and airline industries, has been significantly impacted particularly by reinstated restrictions on going out, mainly in Europe and the U.S., due to the infection spreading again.

As the economic outlook is highly uncertain and consumer spending is also stagnant, it is expected to take a certain amount of time before economic activity returns to the level of the pre-pandemic era.

Under these circumstances, the Company Group determines the amount of allowance for doubtful accounts for the current consolidated fiscal year according to the recoverability of the debt, taking into account the status of the debt being collected and circumstances of major customers.

In the current consolidated fiscal year, the Company Group recorded a valuation loss on inventories for those items for which declines in profitability are expected by estimating their future salability in consideration of the worsening market environment.

In determining the recoverability of deferred tax assets, we have made an accounting estimate on the assumption that the economic situation will slowly recover and normalize by the end of 2021.

It is uncertain when the novel coronavirus infection will cease and, if its impact lasts and the aforesaid assumption no longer holds, our future financial status and business performance may be affected.

(Segment information)

1. Overview of reporting segments

A reporting segments of the Company Group is one of the structural units of the Company Group, in which segregated financial information is available, and is subject to review on a regular basis so that the Board of Directors could determine the allocation of management resources and evaluate the operating results.

The Company Group has a holding company structure, in which the Company is the holding company. The Company formulates the Group's business strategies and performs general management and the subsidiaries conduct business activities. The Company Group consists of business segments that are classified, in consideration of similarities in economic characteristics, etc., into one of three reportable segments: the Asian Food Global Business, the Agricultural & Seafood Products Trading Business, and the Other business.

The details of services that are included in each reporting segment are as follows:

Segment	Major products or business details
Asian Food Global Business	Wholesaling and distribution business of Asian food products and ingredients with a focus on Japanese food around the world, etc.
Agricultural & Seafood Products Trading Business	Import and wholesaling of perishable and frozen processed fruits and vegetables, marine products, etc. to wholesale markets, volume sellers, restaurants, home-meal replacement industry, food manufacturers, etc. in Japan, export of domestically produced vegetables and fruits, triangular trade, and so forth.
Other business	Original product sales business using foreign brand foods and characters, sales of supplements, catalog mail order business, etc.

2. Method of calculation of the amount of sales, profit or loss, assets, liabilities and other items for each reporting segment

The accounting treatment for the reported business segments is basically the same as that adopted in the preparation of the consolidated financial statements.

The profit of the reporting segment is a figure on an operating income basis. The amount of intersegment sales and transfers are based on market prices.

3. Information on the amount of sales, profit or loss, assets, liabilities and other items for each reporting segment

Previous consolidated fiscal year (from January 1, 2019 to December 31, 2019)

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amount recorded on the Consolidated Financial Statements (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	128,820	49,805	3,977	182,603	–	182,603
Intersegment sales or transfers	8,382	32	–	8,415	(8,415)	–
Total	137,203	49,837	3,977	191,019	(8,415)	182,603
Segment profit	4,108	765	173	5,048	(704)	4,343
Segment assets	59,466	9,077	1,849	70,393	26,193	96,587
Other items						
Depreciation	990	8	9	1,008	199	1,207
Investments in entities accounted for using equity method	1,065	–	–	1,065	–	1,065
Increase in property, plant and equipment as well as intangible assets	1,139	15	13	1,168	862	2,031

(Note) 1. Adjustments are as follows:

- (1) "Adjustment" for segment profit in the amount of (704) million yen includes (1,396) million yen for elimination of intersegment transactions and 692 million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to reporting segments.
 - (2) "Adjustment" for segment assets in the amount of 26,193 million yen includes 35,530 million yen for company assets not allotted to reporting segments and so forth. The company-wide assets are mainly surplus funds (cash and deposits) that are not attributable to any reporting segments.
 - (3) The depreciation adjustment of 199 million yen is mainly depreciation concerning company-wide assets.
 - (4) The adjustment of 862 million yen in relation to the increase in property, plant and equipment as well as intangible assets is the increase in non-current assets concerning the company-wide assets.
2. Segment profit is adjusted with operating income in the consolidated financial statements.

Current consolidated fiscal year (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Reporting segment			Total	Adjustments (Note 1)	Amount recorded on the Consolidated Financial Statements (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	116,870	47,931	3,646	168,449	–	168,449
Intersegment sales or transfers	6,386	0	–	6,386	(6,386)	–
Total	123,257	47,931	3,646	174,836	(6,386)	168,449
Segment profits	1,807	683	133	2,625	(642)	1,982
Segment assets	78,053	8,463	1,544	88,061	25,545	113,606
Other items						
Depreciation	1,172	10	7	1,189	311	1,501
Investments in entities accounted for using equity method	198	–	–	198	–	198
Increase in property, plant and equipment as well as intangible assets	886	34	7	928	419	1,348

(Note) 1. Adjustments are as follows:

- (1) "Adjustment" for segment profit in the amount of (642) million yen includes (1,403) million yen for elimination of intersegment transactions and 760 million yen company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to reporting segments.
 - (2) "Adjustment" for segment assets in the amount of 25,545 million yen includes 39,320 million yen for company assets not allotted to reporting segments and so forth. The company-wide assets are mainly surplus funds (cash and deposits) that are not attributable to any reporting segments.
 - (3) The depreciation adjustment of 311 million yen is mainly depreciation concerning company-wide assets.
 - (4) The adjustment of 419 million yen in relation to the increase in property, plant and equipment as well as intangible assets is the increase in non-current assets concerning the company-wide assets.
2. Segment profit is adjusted with operating income in the consolidated financial statements.

[Related information]

Previous consolidated fiscal year (from January 1, 2019 to December 31, 2019)

1. Information on respective products and services

Similar information is disclosed in the "Segment information," and therefore descriptions are omitted.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	North America	Other	Total
57,762	109,647	15,193	182,603

(Note) Of North America, 95,577 million yen is for the U.S.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Other	Total
807	1,909	1,193	3,910

(Note) 1. Of North America, 1,850 million yen is for the U.S.

2. "Other" includes 957 million yen for the U.K.

3. Information for major customers

With respect to net sales to external customers, there are no customers that accounts for 10% or more of the net sales on the consolidated statement of income, and therefore descriptions are omitted.

Current consolidated fiscal year (from January 1, 2020 to December 31, 2020)

1. Information on respective products and services

Similar information is disclosed in the "Segment information," and therefore descriptions are omitted.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	North America	Other	Total
54,193	90,719	23,535	168,449

(Note) Of North America, 79,476 million yen is for the U.S.

(2) Property, plant and equipment

(Millions of yen)

Japan	North America	Other	Total
608	1,936	2,028	4,573

(Note) 1. Of North America, 1,496 million yen is for the U.S.

2. "Other" includes 898 million yen for the U.K. and 543 million yen for France.

3. Information for major customers

With respect to net sales to external customers, there are no customers that accounts for 10% or more of the net sales on the consolidated statement of income, and therefore descriptions are omitted.

[Information regarding impairment losses on non-current assets for each reporting segment]

Previous consolidated fiscal year (from January 1, 2019 to December 31, 2019)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Impairment loss	788	–	–	–	788

Current consolidated fiscal year (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Impairment loss	199	–	–	–	199

[Information on amortization of goodwill and unamortized balance for each reporting segment]

Previous consolidated fiscal year (from January 1, 2019 to December 31, 2019)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Amortization for the current period	73	–	–	–	73
Balance at end of current period	–	–	–	–	–

Current consolidated fiscal year (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business	Company-wide/ Eliminations	Total
Amortization for the current period	247	–	–	–	247
Balance at end of current period	4,187	–	–	–	4,187

[Information on gain on bargain purchase for each reporting segment]

Previous consolidated fiscal year (from January 1, 2019 to December 31, 2019)

No relevant items.

Current consolidated fiscal year (from January 1, 2020 to December 31, 2020)

No relevant items.

(Business combinations)

Business combination by acquisition

1. Acquisition of shares of SSP Konsumgüter TRADE & CONSULT GmbH

A consolidated subsidiary of the Company, NTC Wismettac Europe B.V. (hereafter "NTC EU"), acquired an additional 80% stake of common shares in SSP Konsumgüter TRADE & CONSULT GmbH (hereafter "SSP"), an equity method affiliate, on February 1, 2020. As a result, SSP became a consolidated subsidiary of NTC EU.

(1) Outline of business combination

(i) Name of the acquired company and its business lines

Name of the acquired company: SSP Konsumgüter TRADE & CONSULT GmbH

Business lines: Import and distribution business of Japanese and Asian food products and ingredients

(ii) Main reasons for the business combination

One of the Company Group's growth strategies for the Asian Food Global Business is to "expand our business platform in regions outside of North America." Among those regions, Europe in particular is a market with great growth potential over the medium to long term, not to mention in the near term, since the number of Japanese restaurants is growing, and in addition, Asian foods and ingredients, mainly Japanese foods, are being used in various distribution routes there. SSP is an import and wholesale company of Asian foods and ingredients with a focus on Japanese food. It has a long history of business activities in Europe, mainly in Germany, for about 30 years since its establishment in 1990, and it maintains strong customer relationships with many local companies and restaurants.

SSP and the Company Group have had close business ties for many years, with the Company acquiring a 20% stake in SSP in 2017. After that, through a collaboration for sales and product supply in the region, SSP's value in our Europe Strategy was confirmed, and an agreement was reached with SSP's management on the acquisition. Consolidating SSP into the Group will also enable us to further increase our market share in Germany, and we expect SSP's collaboration with our sites in Europe and our business development into Eastern Europe and Russia.

In light of these factors, we have determined that the acquisition of additional shares of SSP will greatly contribute to increasing the Company Group's corporate value.

(iii) Date of business combination

February 1, 2020

(iv) Legal form of the business combination

Through acquisition of shares for cash consideration

(v) Name of the controlling entity after the business combination

The name remains unchanged.

(vi) Percentage share of voting rights acquired

Percentage share of voting rights owned before the business combination: 20%

Percentage share of voting rights additionally acquired at the date of business combination: 80%

Percentage share of voting rights after the acquisition: 100%

(vii) Main reason for deciding to acquire the company

As the Company Group acquired shares of SSP for cash.

(2) Period of the financial results of the acquired entity included in the consolidated financial statements

From January 1, 2020 to December 31, 2020

(3) Acquisition cost of the acquired company and breakdown

Market value of equity held before business combination as of the business combination date	584 million yen
Cash expended for additional acquisition	2,339 million yen
Acquisition cost	2,924 million yen

(4) Difference between the acquisition cost for the acquired company and the total sum of acquisition costs of each transaction for acquisition

Gain on step acquisitions: 324 million yen

(5) Major acquisition-related costs and their amounts

Remuneration, fees, etc., to advisors: 1 million yen

(6) Goodwill, reason for recognizing goodwill, amortization method and amortization period

(i) The amount of goodwill that occurred

1,924 million yen

(ii) The cause of occurrence

The occurrence reflects future excess earnings power that is expected to be created by future business developments and synergies between the Company Group and the acquired company.

(iii) The amortization method and the amortization period

Straight-line amortization over 15 years

(7) Amounts of assets and liabilities acquired on the day of the business combination and breakdown

Current assets	958 million yen
Non-current assets	303
Total assets	1,261
Current liabilities	409
Non-current liabilities	840
Total liabilities	1,250

(8) Amounts allocated to intangible assets other than goodwill and amortization period

Type	Amount	Amortization period
Customer-related assets	1,404 million yen	13 years

2. Acquisition of shares of COMPTOIRS DES 3 CAPS

A consolidate subsidiary of the Company, NTC EU, acquired an additional 70% stake of common shares in COMPTOIRS DES 3 CAPS (hereinafter referred to as "C3C"), an equity method affiliate, on July 1, 2020. As a result, C3C became a consolidated subsidiary of NTC EU.

(1) Outline of business combination

(i) Name of the acquired company and its business lines

Name of the acquired company: COMPTOIRS DES 3 CAPS

Business lines: Importing, processing and wholesaling of tuna and salmon (four of the Group's companies)

(ii) Main reasons for the business combination

NTC EU is importing and wholesaling Japanese foods, mainly in the Netherlands. It has decided to acquire an additional 70% of C3C, a French corporation which is an equity method affiliate of our Company and 20% of whose shares are held by NTC EU. C3C is the holding company for three subsidiaries, so NTC EU has a total of four group companies as consolidated subsidiaries. An absorption-type merger in which COMPTOIRS OCEANIQUES is the surviving entity and CAP CAVALLY is the disappearing entity was carried out on December 31, 2020.

One of the Company Group's growth strategies for the Asian Food Global Business is to "expand our business platform in regions outside of North America." As Europe is a market with great growth potential over the medium to long term, before this transaction NTC EU acquired the equity method affiliate, SSP as a wholly owned subsidiary in February 2020 by additionally acquiring 80% of its shares.

This acquisition of shares by NTC EU enables us to group business units in three key countries in Europe, these being, Wismettac Harro Foods Limited in the U.K., SSP in Germany and (through this acquisition) C3C in France in order to establish a business base in Europe for the Asian Food Global Business, with a focus on Japanese foods.

(iii) Date of business combination

July 1, 2020

(iv) Legal form of the business combination

Through acquisition of shares for cash consideration

(v) Name of the controlling entity after the business combination

The name remains unchanged.

(vi) Percentage share of voting rights acquired

Percentage share of voting rights owned before the business combination: 20%

Percentage share of voting rights additionally acquired at the date of business combination: 70%

Percentage share of voting rights after the acquisition: 90%

(vii) Main reason for deciding to acquire the company

As the Company Group acquired shares of C3C for cash

(2) Period of the financial results of the acquired entity included in the consolidated financial statements

From July 1, 2020 to December 31, 2020

(3) Acquisition cost of the acquired company and breakdown

Market value of equity held before business combination as of the business combination date	1,236 million yen
Cash expended for additional acquisition	4,326 million yen
Acquisition cost	5,562 million yen

(4) Difference between the acquisition cost for the acquired company and the total sum of acquisition costs of each transaction for acquisition

Gain on step acquisitions: 454 million yen

(5) Major acquisition-related costs and their amounts

Remuneration, fees, etc., to advisors: 11 million yen

(6) Goodwill, reason for recognizing goodwill, amortization method and amortization period

(i) The amount of goodwill that occurred

2,335 million yen

(ii) The cause of occurrence

The occurrence reflects future excess earnings power that is expected to be created by future business developments and synergies between the Company Group and the acquired company.

(iii) The amortization method and the amortization period

Straight-line amortization over 10 years

(7) Amounts of assets and liabilities acquired on the day of the business combination and breakdown

Current assets	4,173 million yen
Non-current assets	595
Total assets	4,768
Current liabilities	1,274
Non-current liabilities	1,731
Total liabilities	3,005

(8) Amounts allocated to intangible assets other than goodwill and amortization period

Type	Amount	Amortization period
Customer-related assets	2,531 million yen	11 years

(9) Approximate amount and calculation method of impact on consolidated statements of income for the current consolidated fiscal year calculated as if the business combinations had been completed at the beginning of the consolidated fiscal year

Net sales	5,348 million yen
Operating income	237
Ordinary income	235
Profit before income taxes	235
Profit attributable to owners of parent	143
Net income per share	9.96 yen

(Calculation method of approximate amount)

The approximate amount of the impact was calculated as the difference between the amount of net sales and profit and loss information calculated as if the business combination had been completed at the beginning of the current consolidated fiscal year and the amount of net sales and profit and loss information stated in the consolidated statements of income of the acquiring entity.

It should also be noted that this note has not been audited.

(Per share information)

	FY 2019 (January 1, 2019 to December 31, 2019)	FY 2020 (January 1, 2020 to December 31, 2020)
Net assets per share	3,646.41 yen	3,515.28 yen
Net income per share	173.71 yen	70.80 yen

- (Note) 1. A description of diluted net income per share is omitted as there are no diluted shares.
2. The basis for calculating net income per share is as follows:

	FY 2019 (January 1, 2019 to December 31, 2019)	FY 2020 (January 1, 2020 to December 31, 2020)
Profit attributable to owners of parent (million yen)	2,493	1,016
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent concerning common shares (million yen)	2,493	1,016
Average number of common shares during the period (shares)	14,353,028	14,353,028

(Significant subsequent events)

No relevant items.