



Supplementary Material to Financial Results

Second Quarter of the Fiscal Year Ending December 2021

Nishimoto Co., Ltd.

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*WMC...The Wismettac Group

Q2 2021 Financial Results

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- ◆ Significant increases in sales and profits year-on-year, mainly in North America and Europe, reflecting growth in consumer demand due to progress in vaccination and deregulation, as well as the success of various measures aimed at achieving a recovery in business performance.

Same period last year

Net sales: 79.8 billion yen

Operating income: ▲1.2 billion yen,

Ordinary income: ▲1.5 billion yen,

Net profit^(*): ▲0.9 billion yen

Current period

Net sales: 99.9 billion yen,

Operating income: 3.2 billion yen,

Ordinary income: 3.3 billion yen,

Net profit^(*): 2.5 billion yen

Forecasts of Full-Year Financial Result

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- ◆ Full-year earnings forecasts have been revised as follows based on the second quarter financial results and the current business environment.

Before revision (published 02/2021)

Net sales: 187.0 billion yen

Operating income: 2.0 billion yen,

Ordinary income: 1.7 billion yen,

Net profit^(*): ▲1.0 billion yen

After revision

Net sales: 200.0 billion yen,

Operating income: 5.5 billion yen,

Ordinary income: 5.1 billion yen,

Net profit^(*): 3.8 billion yen

Interim dividend and year-end dividend forecast

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- ◆ Revised the year-end dividend forecast in light of the second quarter results and revisions to the full-year earnings forecast. The annual dividend is 80 yen per share.

FYE 12/2020

Interim: dividend postponement,

Term end: 20 yen,

Total: 20 yen

FYE 12/2021

Interim: 35 yen,

Term end: 45 yen (forecast),

Total: 80 yen (forecast)

- ◆ As previously planned, the dividend payout ratio is an important indicator, and the company aims for a consolidated dividend payout ratio of around 30% for the full fiscal year.

The direction WMC is aiming for

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- ◆ Existing businesses: Continue to focus on rebuilding business models and improving productivity to strengthen profitability.
- ◆ New Businesses: Aim to monetize derivative businesses derived from existing businesses and create next-generation businesses in new field.
- ◆ **The Company plans to announce the 2021 Medium-Term Business Plan at a later date.**

(*)...Net income or loss attributable to owners of parent

Summary of Financial Results for the Second Quarter of the Fiscal Year Ending December 2021



Mainly in Europe and the United States, demand recovered faster than initially expected, and sales increased year-on-year. In terms of profits, the implementation of various measures to recover demand and the reduction of SG & A expenses contributed to the improvement of profit margins.

- ◆ In North America and Europe (some regions such as the United Kingdom), progress in vaccination and various regulations on measures to prevent the spread of infection have been relaxed, and consumption demand for leisure and eating out has recovered rapidly. French company C3C, which has been consolidated since the second half of the previous year, also contributed, and sales increased significantly to 25.2% year-on-year.
- ◆ WMC has strengthened its product appeal for groceries, take-outs, delivery, e-commerce, etc. which have been in high demand during the COVID-19 pandemic and made early price adjustments in preparation for rising sea freight rates and rising commodity procurement costs, and at the same time, curtailed SG & A expenses. As a result, operating income increased significantly by 4.5 billion yen. In the same period for the previous year, a total of 1.7 billion yen was recorded as an allowance for doubtful accounts and a loss on valuation of inventories in consideration of the spread of infection of COVID-19.

(Unit: billions of yen)

		FYE December 2020	FYE December 2021	
		Q2 Results	Q2 Results	Changes year-on-year
Operating results	Net sales	79.8	99.9	+25.2%
	Gross profit	12.5	18.7	+49.1%
	Operating income (Excluding strategic expenses)	▲0.2	4.6	-
	Operating income or loss(▲)	▲1.2	3.2	-
	Ordinary income or loss(▲)	▲1.5	3.3	-
	Net income or loss(▲) attributable to owners of parent	▲0.9	2.5	-
Yen/Dollar exchange rate (Average rate during the period)		108.27 yen	107.69 yen	▲0.58 yen
Quarterly net income or loss(▲) per share		▲65.43 yen	180.26 yen	-

In the Asian Food Global Business, both sales and profits increased due to a recovery in demand from restaurants and the maintenance of strong sales in groceries. In the Agricultural and Seafood Products Trading Business, sales increased slightly year on year, despite the impact of market fluctuations, mainly for major products.

Asian Food Global Business (hereinafter called "GAF")

- ◆ Although there are differences in the recovery trend by region, sales to restaurants recovered due to the relaxation of various regulations accompanying the progress of vaccination and the recovery of consumer sentiment. Sales for grocery, take-out and e-commerce, following increased demand during the COVID-19 crisis, also remained strong, resulting in a 37.5% year-on-year increase in sales.
 - In North America, sales to restaurants showed a steady recovery with +17.8% YoY
 - Regions other than North America: +84.5% YoY (+31.1% excluding three non-consolidated 3 C3C Group companies)
- ◆ In the second quarter of the current fiscal year, approximately 0.4 billion yen of loss on valuation of inventories and allowance for doubtful accounts was reversed. Operating income after deducting the impact is approximately 3 billion yen.

Agricultural & Seafood Products Trading Business

- ◆ Net sales increased 1.6% year on year. There was sluggish demand for commercial-use products because of continued regulation of the domestic restaurant industry and the fluctuation in supply-demand balance of the main product, citrus fruits. However, sales increase year-on-year due to efforts to optimize inventory level.
- ◆ In terms of profits, sales of citrus fruits, WMC's major commodity, contributed to maintaining favorable market prices compared to the same period for the previous year.

(Unit: billions of yen)

Business segments		Q2 FYE December 2020 Results	FYE December 2021	
			Q2 Results	Changes year-on-year
GAF	Net sales	53.1	73.0	+37.5%
	Operating income or loss(▲)	▲1.0	3.3	-
Agricultural & Seafood Products Trading Business	Net sales	24.8	25.2	+1.6%
	Operating income or loss(▲)	0.0	0.2	+264.1%
Other	Net sales	1.8	1.5	▲13.9%
	Operating income or loss(▲)	0.0	▲0.0	-
Adjustment	Net sales	-	-	-
	Operating loss(▲)	▲0.3	▲0.2	-
Total	Net sales	79.8	99.9	+25.2%
	Operating income	▲1.2	3.2	-

Consolidated Balance Sheet (Summary)

(Unit: billions of yen)

	End of 12/2020	End of 06/2021	Amount/rate of increase (decrease)	Main reasons for changes
Current assets	98.1	106.8	+8.7	Inventories +4.9, Accounts receivable-trade, etc. +2.0
Non-current assets	15.4	17.5	+2.0	Goodwill +0.7 Lease asset +0.7
Total assets	113.6	124.4	+10.8	
Current liabilities	21.4	27.5	+6.0	Current portion of long-term loans payable +3.0, Accounts payable-trade +2.4
Non-current liabilities	41.2	40.8	▲0.4	
Total liabilities	62.7	68.3	+5.5	
Total net assets	50.8	56.1	+5.2	Foreign currency translation adjustment +2.8, Retained earnings +2.3
Total liabilities and net assets	113.6	124.4	+10.8	
Shareholders' equity ratio	44.4%	44.7%	+0.3 pt	
Current ratio	456.5%	388.2%	▲68.3 pt	

Consolidated Statements of Cash Flows (Summary)

(Unit: billions of yen)

	Q2 FYE 12/2020 Year-to-date Actual	Q2 FYE 12/2021 Year-to-date Actual	Changes Year-on-year	Main reasons for changes (changes year-on-year)
Cash flows from operating activities	3.3	0.6	▲2.7	Net income before income taxes and others +4.8, Trade receivables ▲5.1, Inventories ▲5.6
Cash flows from investing activities	▲3.1	▲0.1	+3.0	Payments from changes in ownership interests in subsidiaries that results in change in scope of consolidation (Difference) +1.1
Cash flows from financing activities	3.3	0.7	▲2.5	Proceeds from long-term loans payable ▲3.2
Exchange rate change	▲0.3	1.7	+2.1	

Cash and cash equivalents	Q2 FYE 12/2020 Year-to-date Actual	Q2 FYE 12/2021 Year-to-date Actual	Changes Year-on-year	Remarks
Cash and cash equivalents at beginning of period	38.8	50.9	+12.0	
Net increase (decrease) in cash and cash equivalents	3.1	3.0	▲0.1	
Cash and cash equivalents at end of period	42.0	53.9	+11.9	

Revision of Annual Profit Earnings Forecasts for the Fiscal Year Ending December 2021



Full-year earnings forecasts have been revised in consideration of sales growth mainly due to changes in the supply-demand balance in the Asian Food Global Business, strong performance against the backdrop of a recovery in consumer sentiment, and future outlook.

	2021/2 Published	Revised		Q2 FYE 12/2021 cumulative
Net sales	187.0 billion yen	200.0 billion yen	(+13.0)	99.917
Operating income	2.0 billion yen	5.5 billion yen	(+3.5)	3.275
Ordinary income	1.7 billion yen	5.1 billion yen	(+3.4)	3.334
Net income attributable to owners of parent	1.0 billion yen	3.8 billion yen	(+2.8)	2.587

Factors behind revisions to net sales and profits

- ◆ Consumption demand is recovering faster than initially expected, particularly in North America. From Q2 onward, in Europe and other regions, the movement to accumulate inventories in anticipation of the end of the COVID-19 crisis has accelerated, leading to higher sales than initially planned.
- ◆ In addition to the increase in net sales, early implementation of price adjustments and the effects of curbing SG&A expenses contributed to the improvement in profitability, particularly in the first half of the fiscal year.

Risk Factors for Results in the Second Half

- ◆ The Company assumes that the impact of a decrease in vessel allocation due to a worldwide shortage of containers, delays in shipments, and soaring marine freight rates will continue for the time being.
- ◆ Concerns in terms of profits are delivery-related expenses, particularly warehouses due to the tightening of the North American labor market, higher SG&A expenses due to higher driver labor costs, and the loss of revenue opportunities due to delayed shipments
- ◆ In addition, if the following events become apparent toward the end of the fiscal year, it may affect the full-year results forecast.
 - Large-scale lock-down and sales restrictions due to expansion of variants of new coronavirus infection. Extremely sluggish consumer sentiment.
 - Higher purchasing costs due to the appreciation of the yen against the backdrop of uncertainty about the future of the U.S. and global economies.

Planning
assumption

The yen/dollar exchange rate in the revised forecast is assumed to be 1 \$ = 108 yen.

(Units: billions of yen)

Unit: billions of yen		FY2019 Result	FY2020 Result	FY2021 (2021/2 Published)	FY2021 Revised	Comment
Entire company	Sales	182.6	168.4	187.0	200.0	Investments to strengthen IT infrastructure and promote DX in existing businesses and investments in new businesses will continue to be accelerated.
	Profit	4.3	1.9	2.0	5.5	
Existing	Sales	180.5	165.7	180.5	193.7	In existing businesses, profits are expected to exceed the previous medium-term plan for the same year.
	Profit	5.4	3.9	4.7(5.2)	8.2(8.7)	
GAF	Sales	128.8	116.3	128.0	142.9	Demand recovered mainly in the United States, and profits improved through price adjustments. Pay close attention to the impact of rising costs and logistics costs.
	Profit	4.5	3.0	4.0(4.5)	7.5(8.2)	
Agricultural & Seafood Products	Sales	47.7	45.8	50.4	47.0	Although the impact of tightening regulations on the food service industry remains, the organizational structure has been established to strengthen domestic and overseas sales.
	Profit	0.8	0.8	0.7	0.6	
Domestic BtoC	Sales	3.9	3.6	3.8	3.8	The state of the domestic business is still in the process of recovery, however, there have been no major changes from the initial assumptions.
	Profit	0.1	0.1	0.0	0.1	
New	Sales	2.1	2.7	6.5	6.3	Due to the prolonged COVID-19 pandemic, although there are some delays in market development, etc., new businesses are progressing toward full-scale operation.
	Profit	▲1.1	▲2.0	▲2.7	▲2.7	
(USD exchange rate)		(109.05)	(106.82)	(100.00)	(108.00)	

Figures in () represent operating income excluding the effect of strategic investments to strengthen IT infrastructure and promote DX and are calculated for management purposes.

Policy of Returning Profits to Shareholders

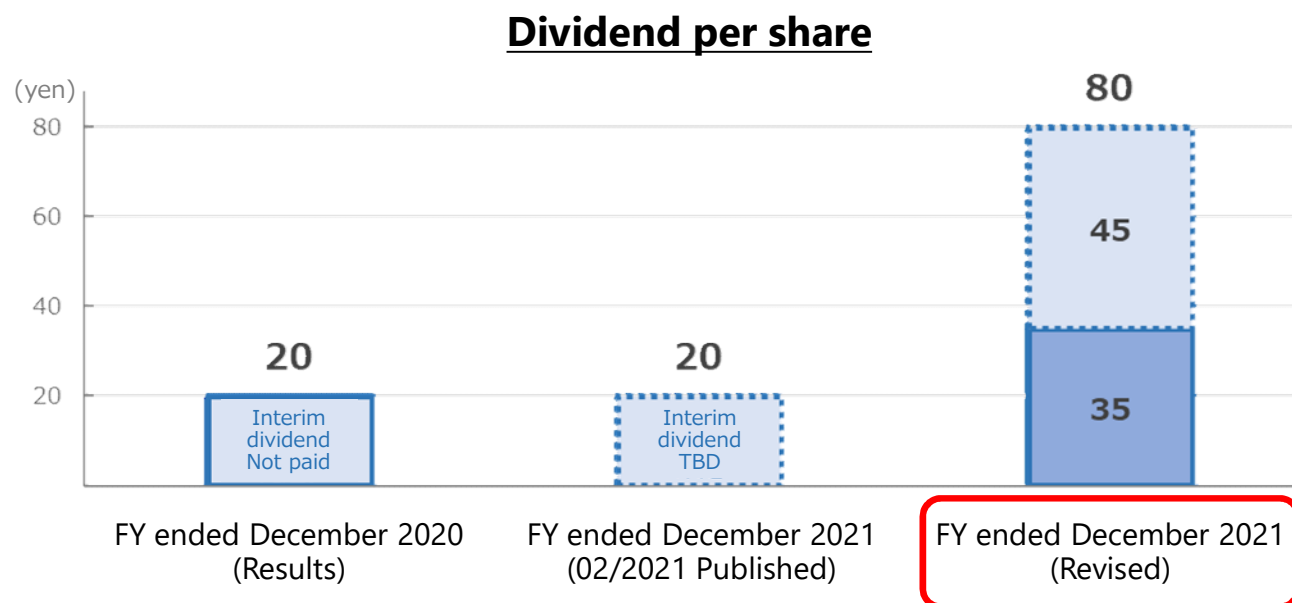


Basic Policy

- ◆ The Company will continue providing stable dividends while striving to maintain retained earnings to develop its businesses in the future and to improve its financial strength.
- ◆ The Company considers the dividend payout ratio as an important indicator of how appropriate a dividend payment is, and targets a dividend payout ratio on a consolidated basis of approximately 30% for the whole fiscal year.

Dividends for the Fiscal Year Ending December 2021

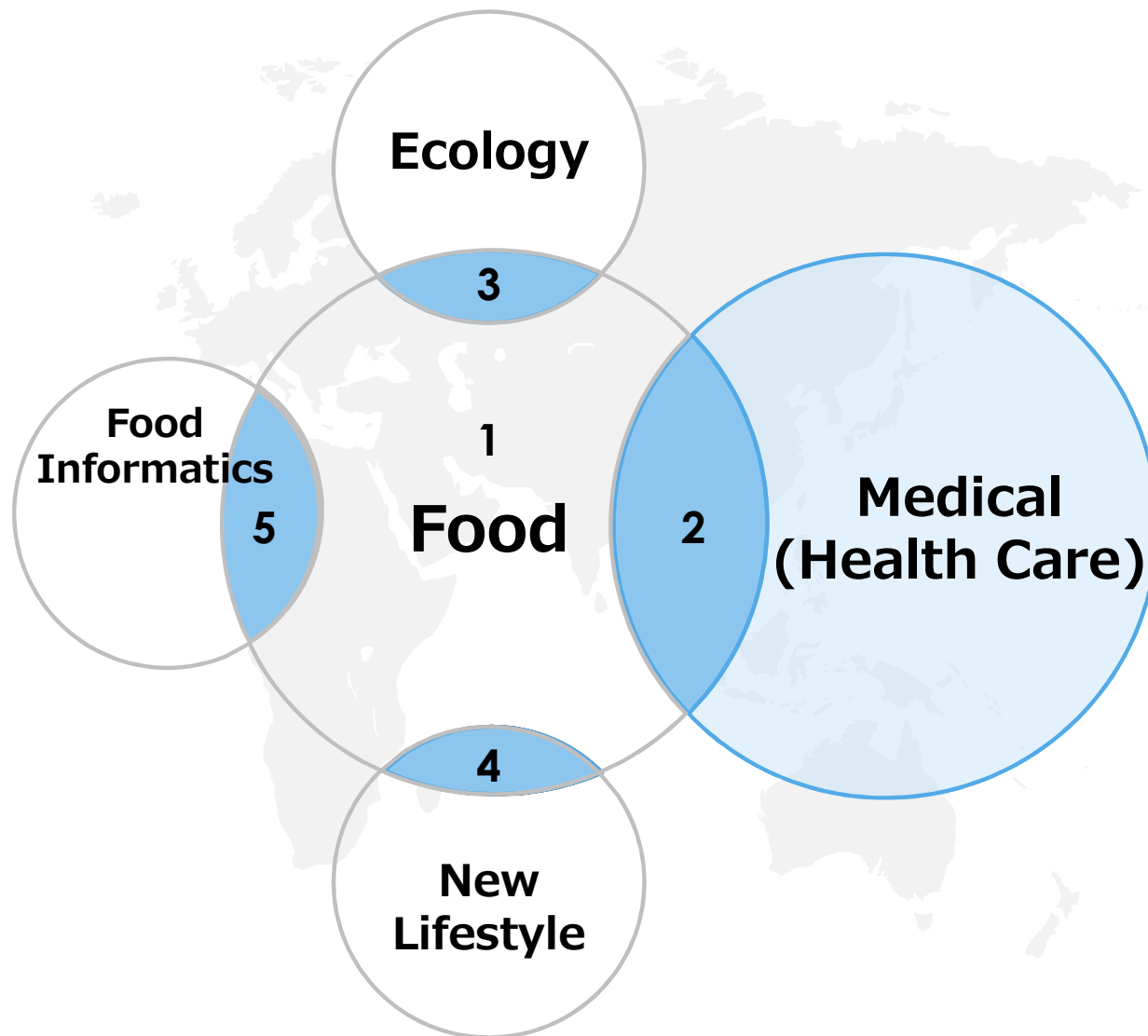
- ◆ The forecasts for interim and end-of-year dividends are determined in consideration of the above basic policy, the business environment surrounding the Group, and future business outlook.
- ◆ The interim dividend is set at 35 yen per share, and the end-of-year dividend forecast is revised to 45 yen per share. The annual dividend is 80 yen, and the payout ratio for the whole fiscal year is approximately 30%.



The direction WMC is aiming for



WMC aims to be a corporate group that expands globally by continuously creating new businesses (business models, products) that combine Needs/Issues and solutions in areas where the food field and other fields are fused.

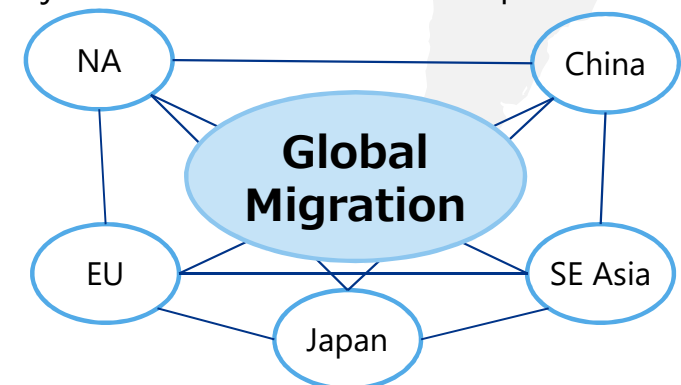


Wismettac's Business Fields

1. **Food** : Make a leap forward based on existing businesses
2. **Field where food and medical (health care) intersect**
3. **Field where food and ecology intersect**
4. **Field where food and new lifestyle intersect**
This field that will change drastically with the COVID-19 pandemic - evolution of how to supply food.
5. **Food Informatics**

Global Migration

- Collaborative development of the most advanced startup business model in 5 Regions of the world (NA, EU, China, Japan, SE Asia) through alliances and joint ventures with other companies.



Breakdown of Strategic Investment

Continue investing to strengthen the profitability of existing businesses and create businesses in new fields. While the impact of the COVID-19 pandemic remains, some measures are steadily being promoted, although progress is slower than originally planned.

	Measures	Amount (including expenses, billions of yen)			Aims
		2020 Result	2021 Forecast	2021 First Half	
1 Expand business fields	◆ Creation of new businesses in the intersection of the fields of food, healthcare, ecosystem, and new lifestyle	0.3	0.8	0.2	◆ Diversification of business portfolio
2 Strengthening interregional cooperation	◆ Establishing an overseas regional management team	1.0	1.6	0.6	◆ Strengthening organizational management capabilities in each region
	◆ Product development and mainstream sales channel development in Europe and China (Sushi platform, etc.)				◆ Securing mainstream sales channels and building business strategies for deepening transactions
3 Boost the earnings capacity of existing businesses	◆ Enhancement of the product development division	0.1	0.2	0.1	◆ Further expansion of the private brand product lineup
	◆ SCM and IT infrastructure investments	0.0	0.5	0.0	◆ Development of health-oriented products
	◆ Organizational revitalization/streamlining(NA) and reform of compensation system	0.5	0.5	0.3	◆ Reduction of SG&A expenses and logistics expenses leveraging DX and robotics
					◆ Stronger organizational power
					◆ Compensation according to company and individual performance
					◆ Stronger teamwork capability through the introduction of internal communication/coordination tools
4 Expand new businesses derived from existing businesses	◆ Developing sales channels and strengthening management capability in local markets overseas	0.1	0.1	0.1	◆ Tapping growth market overseas
	◆ Development of new services to the restaurant industry (New Normal eating habits)	0.2	0.2	0.1	◆ Restaurant operation format suitable to New Normal
TOTAL		2.2	3.9	1.4	

Corporate Profile



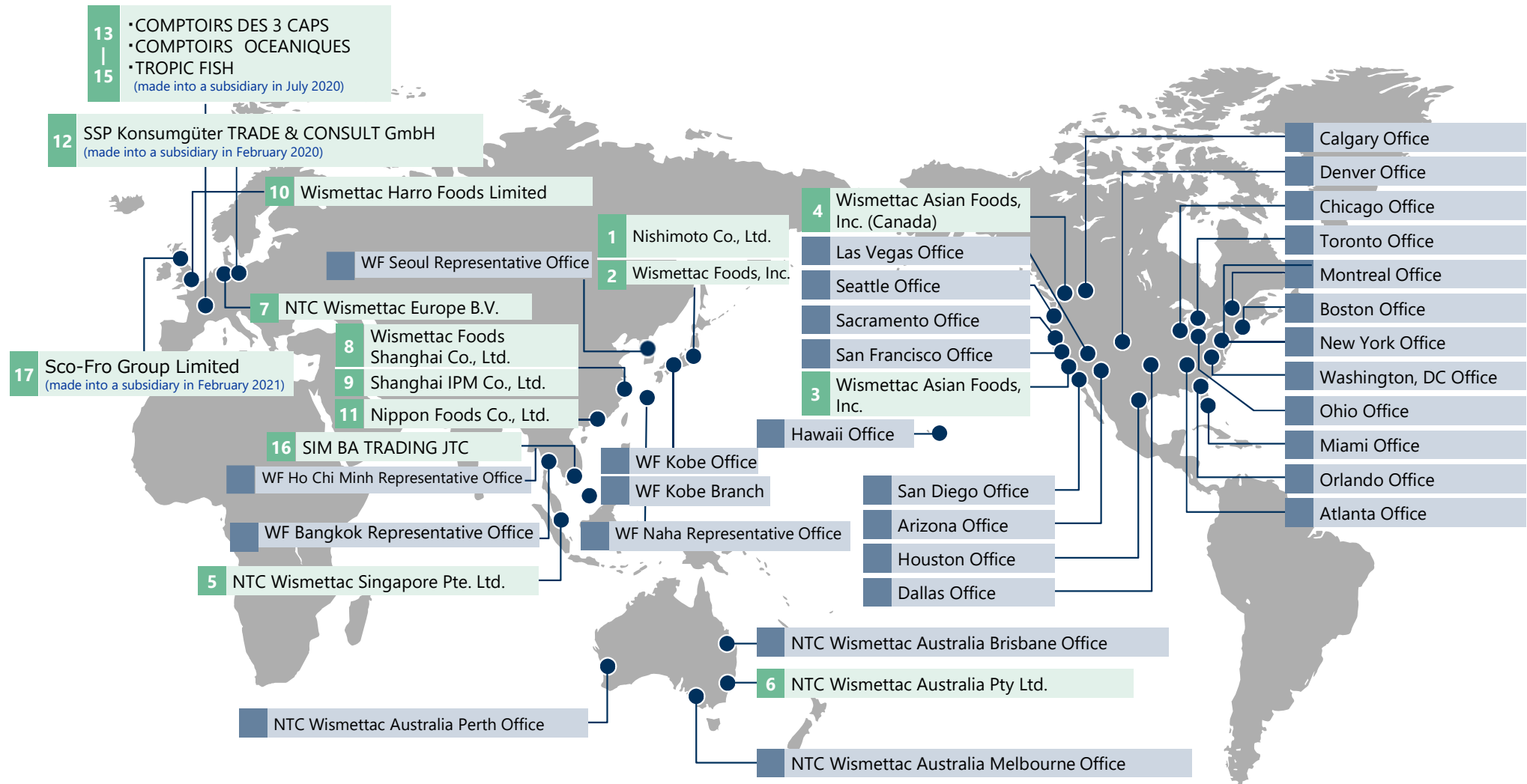
- ◆ **Two spheres symbolizing the Earth and Globalism**
 - Red is used to show Innovation, green represents Nature
 - Expresses the Company's "lasting commitment to creating healthier and richer lives through food"
- ◆ **Incorporates the letters "W" "M" and "C" from the Company name**

- < **Wisdom** > (Western knowledge)
- < **Metta** > (Eastern knowledge)
(Metta means kindness or empathy in Pali, an ancient Indian language)
- < **Creativity** > (Ability to create value)

Founded in 1912, Nishimoto Wismettac has grown into a global company supplying food ingredients and food products to markets worldwide

Company name	Nishimoto Co., Ltd.
Head office	15 th Floor, Nihonbashi Muromachi Mitsui Tower, 3-2-1, Nihonbashi Muromachi, Chuo-ku, Tokyo
Established	May 1912
Representative directors	Yoshiro Susaki, Chairman & President CEO
Number of employees	1,768 (including 1,455 in the Asian Food Global Business) [As of December 31, 2020]
Business	<ul style="list-style-type: none"> ◆ Development and sales of Asian food worldwide ◆ Imports and sales of fruit, vegetables and related processed products, and supply of food ingredients to food manufacturers and the restaurant sector
Subsidiaries and affiliates	21 subsidiaries, 1 affiliate
Business sites	48 worldwide (including 24 in North America) Locations in Japan, the U.S., Canada, Singapore, Australia, Netherlands, U.K., Germany, France, China, Hong Kong, Thailand, Vietnam and South Korea
Consolidated net sales	168.4 billion yen (FY ended December 2020) * Overseas sales ratio 67.8%
Consolidated ordinary income	1.7 billion yen (FY ended December 2020)
Shareholders' equity ratio	44.4% (FY ended December 2020)

The Company Group maintains 48 locations around the world in North America, Europe, Australia, and Asia and is developing business globally. Among these, North America (the US and Canada) has 24 locations, which account for the majority of sales.



"WF" shown in the figure is an abbreviation for "Wismettac Foods"

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