



Supplementary Material to Financial Results

Third Quarter of the Fiscal Year Ending December 2022

Nishimoto Co., Ltd.

November 14, 2022

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for the Third Quarter of the Fiscal Year Ending
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Financial Results for the Third Quarter of the Fiscal Year Ending December 2022

- ◆ The Asian Food Global Business drove the performance of the entire Group, which achieved significant year-on-year increases in both sales and profits.
 - The Company maintained strong performance through sales growth driven by recovery in demand and appropriate price adjustments, mainly in the North American region.
 - The impact of foreign currency translation boosted sales and profits further due to the depreciation of the yen.
- ◆ In the domestic market, income decreased year on year particularly in the Agricultural & Seafood Products Trading Business, which sells imported fruits and vegetables, as we were hit significantly by the impact of increasing purchase costs driven by rapid depreciation of the yen and increases in logistics cost.

Same period last year

Net sales: 155.3 billion yen, Operating income: 5.0 billion yen, Ordinary income: 4.9 billion yen, Net profit: 3.2 billion yen*

Current period

Net sales: 202.3 billion yen, Operating income: 8.3 billion yen, Ordinary income: 8.6 billion yen, Net profit: 5.6 billion yen*

(*) Net income attributable to owners of parent

Full-Year Earnings Forecast and Year-End Dividend Forecast [No Change]

- ◆ No change in the full-year earnings forecast and year-end dividend forecast from the previous announcement (at the time of earnings announcement for the second quarter)

Full-year earnings forecast

FYE 12/2021 (Results)

Net sales: 213.2 billion yen, Operating income: 7.3 billion yen, Ordinary income: 7.2 billion yen, Net profit: 5.0 billion yen*

FYE 12/2022 (Forecasts)

Net sales: 265.0 billion yen, Operating income: 10.5 billion yen, Ordinary income: 10.5 billion yen, Net profit: 7.0 billion yen*

(*) Net income attributable to owners of parent

Dividends Forecast for the Fiscal Year Ending December 2022

FYE 12/2021 Interim dividend: 35 yen, Year-end dividend: 70 yen, Total: 105 yen

FYE 12/2022 Interim dividend: 70 yen, Year-end dividend: 75 yen (forecast), Total: 145 yen (forecast)

- The Company will maintain stable dividends, while securing internal reserves for future business development and for bolstering its financial position.
- 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.

Summary of Financial Results for the Third Quarter of the Fiscal Year Ending December 2022



◆ **The Asian Food Global Business drove the performance of the entire Group, which achieved significant year-on-year increases in both sales and profits.**

- ◆ Although profit margin tended to be lower in the third quarter than in the first half of the year due to increasing costs mainly driven by global progression of inflation and increases in energy cost, the Company secured profits through appropriate price adjustments.
- ◆ Besides the sales situation reflecting the recovery trend in demand overseas, the impact of the yen's depreciation on foreign currency translation boosted net sales and profits, resulting in an increase in sales (up 30.2% YoY) and net income (up 75.6% YoY).

(Unit: billions of yen)

		FY ended December 2021		FY ending December 2022		Changes year-on-year (Cumulative comparison)	
		Third quarter results		Third quarter results			
		(Jul-Sep)		(Jul-Sep)			
Operating results	Net sales	155.3	55.4	202.3	71.5	+46.9	+30.2%
	Gross profit	29.2	10.4	40.6	13.9	+11.4	+39.2%
	Operating income (Excluding strategic expenses)	6.9	2.3	10.4	3.0	+3.4	+49.9%
	Operating income or loss(△)	5.0	1.7	8.3	2.2	+3.2	+64.9%
	Ordinary income or loss(△)	4.9	1.6	8.6	2.2	+3.7	+74.7%
	Net income or loss(△) attributable to owners of parent	3.2	0.6	5.6	1.1	+2.4	+75.6%
Yen/Dollar exchange rate (Average rate during the period)		108.50 yen		128.05 yen		+19.55 yen	
Quarterly net income or loss(△) per share		225.30 yen		395.70 yen		+75.6%	

- ◆ **The Asian Food Global Business recorded significant year-on-year increases in both sales and profits.**
- ◆ **The Agricultural & Seafood Products Trading Business and other domestic businesses recorded a year-on-year increase in sales and a year-on-year decrease in profits.**

Asian Food Global Business (hereinafter called "AFB")

- ◆ Net sales increased significantly year on year, mainly in North America, mainly due to the strong sales situation on the back of recovery in demand and price adjustments to reflect rising costs. The impact of foreign currency translation boosted sales and profits due to the depreciation of the yen.
 - Sales in the North American region increased by 37.0% year on year (up 40.5% from the pre-COVID-19 level in the same period in FY2019).
 - Sales in regions other than North America increased by 32.1% year-on-year. The Company worked to expand distribution channels by, for example, expanding trading areas and developing sales channels to retail customers.
- ◆ In and after the latter half of the second quarter, progression of inflation and increases in energy cost and other costs affected the sales situation and profit margin in certain regions.

Agricultural & Seafood Products Trading Business

- ◆ Sales in the segment as a whole increased by 14.2% year on year, mainly due to the consolidation of a leading fruit and vegetable wholesaler in Singapore.
- ◆ In the domestic market, purchase costs of imported fruits and vegetables rose mainly due to the depreciation of the yen. Although the Company strived to secure profits by passing on higher costs to selling prices, profits decreased significantly year on year mainly due to the impact of declines in price competitiveness, decreases in handling volume of mass retailers, and quality deterioration caused by the delayed arrival of containerships while market demand as a whole remained weak due to rampant inflation.

(Unit: billions of yen)

Business segments		FY ended December 2021		FY ending December 2022		Changes year-on-year (Cumulative comparison)	
		Third quarter results		Third quarter results			
			(Jul-Sep)		(Jul-Sep)		
AFB	Net sales	116.3	43.2	157.7	57.3	+41.4	+35.6%
	Operating income or loss(△)	5.6	2.2	9.6	3.1	+4.0	+70.8%
Agricultural & Seafood Products Trading Business	Net sales	36.8	11.5	42.0	13.4	+5.2	+14.2%
	Operating income or loss(△)	▲ 0.0	▲ 0.2	▲ 0.6	▲ 0.5	▲0.5	-
Other	Net sales	2.1	0.6	2.4	0.7	+0.2	+12.1%
	Operating income or loss(△)	▲ 0.0	▲ 0.0	▲ 0.2	▲ 0.1	▲0.1	-
Adjustment	Net sales	-	-	-	-	-	-
	Operating income or loss(△)	▲ 0.4	▲ 0.2	▲ 0.4	▲ 0.2	+0.0	-
Total	Net sales	155.3	55.4	202.3	71.5	+46.9	+30.2%
	Operating income or loss(△)	5.0	1.7	8.3	2.2	+3.2	+64.9%

- ◆ **Assets, liabilities, and net assets increased from the end of the previous fiscal year due to an increase in both lease assets and lease obligations as a result of the application of the new lease standard at a consolidated subsidiary in the U.S., along with the impact of the yen's depreciation, etc.**
- ◆ **Inventories increased by 15.4 billion yen from the end of the previous fiscal year due to an increase in inventories for the purpose of stable supply under the unstable logistics situation, as well as higher purchase costs and the yen's depreciation (a decrease of 2.4 billion yen from the end of the second quarter).**
- ◆ **In the third quarter, we raised funds through long-term loans (17.0 billion yen, for the tenures of 7 to 10 years).**

(Unit: billions of yen)

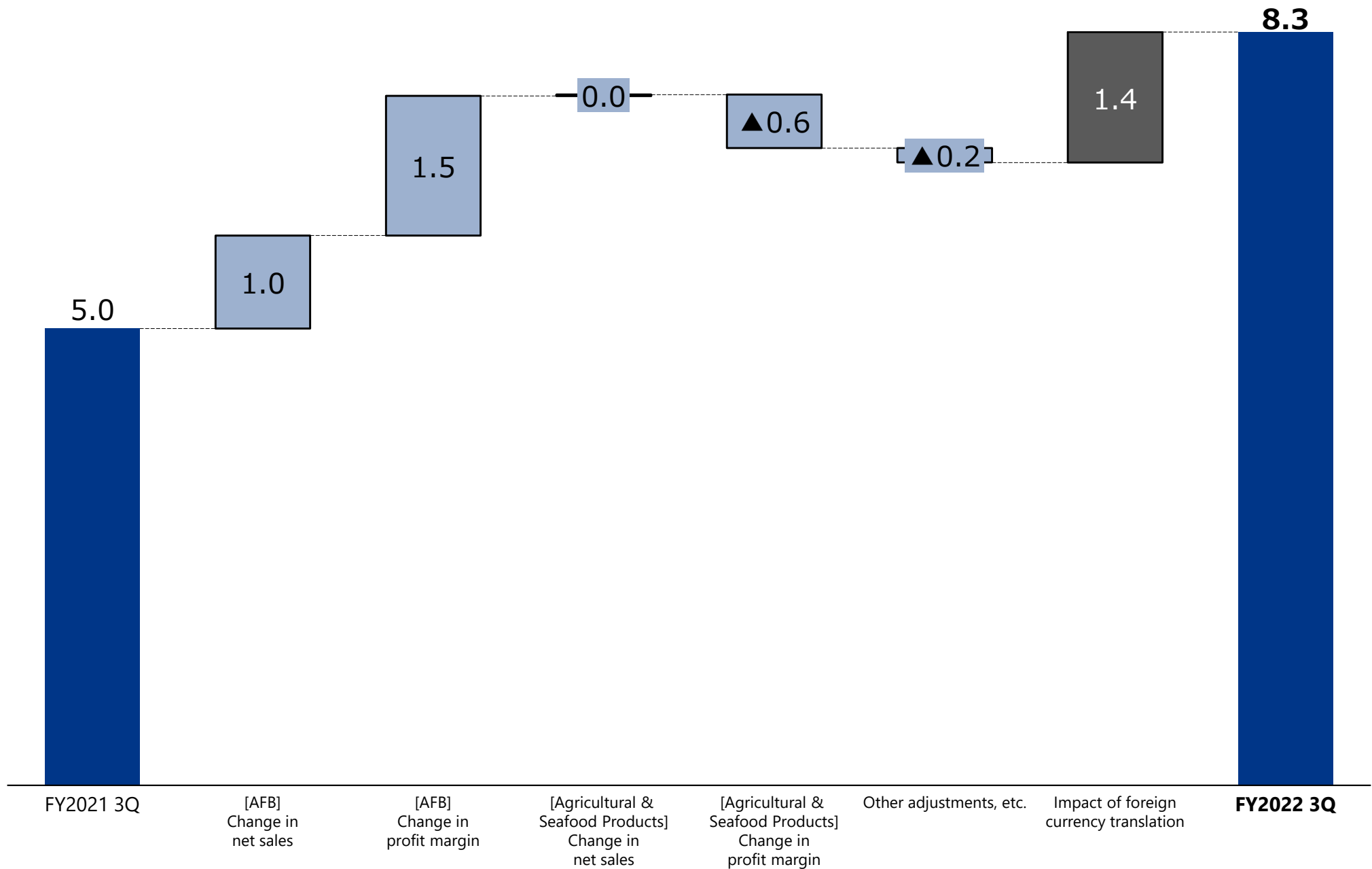
		End of 12/2021	End of 09/2022	Changes	Main reasons for changes
	Current assets	124.7	161.6	+36.9	Cash and deposits +13.2, Trade receivables +6.9, Inventories +15.4
	Non-current assets	17.0	30.9	+13.8	Lease assets (net) +11.2
Total assets		141.7	192.5	+50.8	
	Current liabilities	36.6	39.7	+3.0	Lease obligations +2.2
	Non-current liabilities	45.2	76.2	+31.0	Long-term loans payable +21.7, Lease obligations +9.5
Total liabilities		81.9	116.0	+34.1	
Total net assets		59.8	76.5	+16.6	Foreign currency translation adjustment +12.8
Total liabilities and net assets		141.7	192.5	+50.8	
Yen/Dollar exchange rate (Year-end rate)		115.02 yen	144.81 yen	+29.79 yen	

Shareholders' equity ratio	41.9%	39.5%	▲2.4pt	
Current ratio	339.9%	406.3%	+66.3pt	

Major Factors Affecting Year-on-Year Changes in Operating Income



(Unit: billions of yen)



◆ Continues to implement initiatives and investments to strengthen the foundations of existing businesses and evolve into new business models.

	Measures	Amount (including expenses/billions of yen)			Aims
		2021	2022	2022	
		Results	Plan	3Q Results	
1 Expansion Business Fields	◆ Creation of new businesses in the intersection of the fields of Food, Healthcare, Ecology, New Lifestyle and Food informatics	0.5	0.8	0.6	◆ Diversification of the business portfolio
	◆ Formation and strengthening of regional management teams ◆ Product development and mainstream sales channel development in Europe and China	1.2	1.5	0.9	◆ Strengthening management and operational capabilities in each region ◆ Building business strategies for strengthening mainstream sales channel, etc., and building business strategies for deepening transactions
3 Strengthening Profitability of Existing Business	◆ Enhancement of the product development divisions	0.1	0.2	0.1	◆ Further expansion of the private brand product lineup ◆ Development of health-conscious products
	◆ SCM and IT infrastructure investments	0.0	0.5	0.1	◆ Improve accuracy of SCM operations ◆ Build a more customer-oriented organization
	◆ Organizational revitalization/streamlining (NA, etc.) and reform of compensation system	0.5	0.1	0.1	◆ Introduction of compensation system based on company and staff performance ◆ Strengthen in-house collaboration across divisions and departments
4 Development of New Businesses Derived from Existing Businesses	◆ Construction of a mechanism for overseas export of Japanese agricultural products	0.2	0.3	0.2	◆ Capturing growth in overseas markets
	◆ Development of new services to the restaurant industry (New Normal eating habits)	0.2	0.2	0.1	◆ Capturing food service businesses responding to the New Normal lifestyle
Total		2.7	3.6	2.1	

Progress Status against Full-Year Earnings Forecasts for the Fiscal Year Ending December 2022



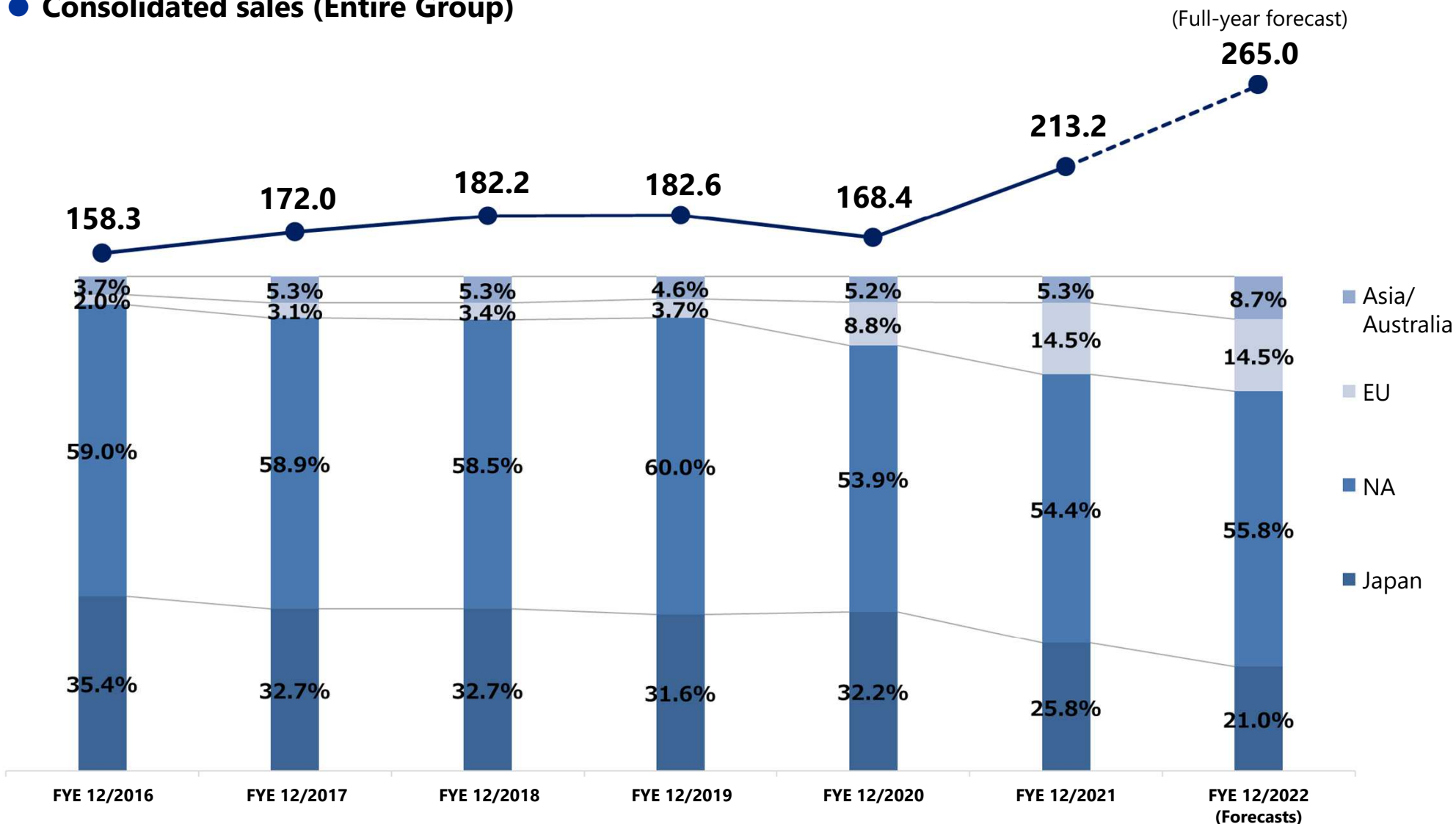
◆ **Although the Agricultural & Seafood Products Trading Business continues to face unfavorable business conditions, the Group as a whole aims to achieve the full-year earnings forecast both in net sales and profits.**

Unit: billions of yen		FY2020 Result	FY2021 Result	FY2022 Forecast (revised in August)	Result through 3Q	Current status
Entire company	Sales	168.4	213.2	265.0	202.3	Aims to achieve the full-year earnings forecast, focusing on the existing AFB business as a main driver.
	Profit	1.9	7.3	10.5	8.3	
Existing	Sales	165.7	207.3	251.0	192.8	Works to boost revenue, develop new distribution channels, and strengthen frameworks toward the next fiscal year despite the current increasingly uncertain environment due to, for example, progression of inflation and geopolitical risks.
	Profit	3.9	10.5	13.0	9.8	
AFB	Sales	116.3	159.8	201.3	155.6	In North America, the sales situation remains strong despite the declining trend of profit margin. In Europe, the impact of inflation and soaring energy cost on consumer trends is watched closely.
	Profit	3.0	10.5	13.0	10.2	
Agricultural & Seafood Products	Sales	45.8	43.9	46.0	34.8	Sales volume and profit margin in the domestic market are sluggish mainly due to the impact of increases in costs due to logistics disruptions and the yen's depreciation and consumer trends in response to rising prices.
	Profit	0.8	▲0.1	0.0	▲0.4	
Domestic BtoC	Sales	3.6	3.7	3.7	2.4	Works to develop new channels and expand product lineup despite the continuation of unfavorable conditions due to higher purchase costs caused by the weaker yen.
	Profit	0.1	0.1	0.0	▲0.0	
New	Sales	2.7	6.0	14.0	9.5	Promote initiatives aimed at medium- to long-term growth while modifying investment plans and business models in accordance with the business environment.
	Profit	▲2.0	▲3.2	▲2.5	▲1.5	
(Average USD exchange rate during the year)		(106.82)	(109.80)	(127.00)	(128.05)	

(Ref.) Sales Composition Ratio by Region

* Sales to external customers
Unit: billions of yen

● Consolidated sales (Entire Group)



SSP (Germany 2020/2), C3C (France 2020/7) joined the WMC Group as consolidated subsidiaries	Sco-Fro Group (Scotland 2021/2) joined the WMC Group as a consolidated subsidiary	BCM (Singapore 2022/1) joined the WMC Group as a consolidated subsidiary
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Wismettac Group 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)

Purpose Statement

Contribution to society as a company in the food industry

Mission Statement

Our business model to bring our Purpose a reality

Contribute to the well-being of humanity through providing the most cutting-edge and powerful solutions to customers and the food industry around the world

To bring our Purpose a reality, we actively search global best-in-class solutions for unmet needs and issues which shall be brought to our attention through our day-to-day close interactions with customers and the food industry around the world.

In other words, we will be the link between the most cutting-edge and best fit solutions and the issues or unmet needs identified through our global network.

To accomplish our mission, we will commit ourselves to evolving our cross-border supply chain into the "Silk Road in Food Industry."

Providing Japanese food, fruit and vegetables, and imported processed foods

"From Japan to the World" & "From the World to Japan"

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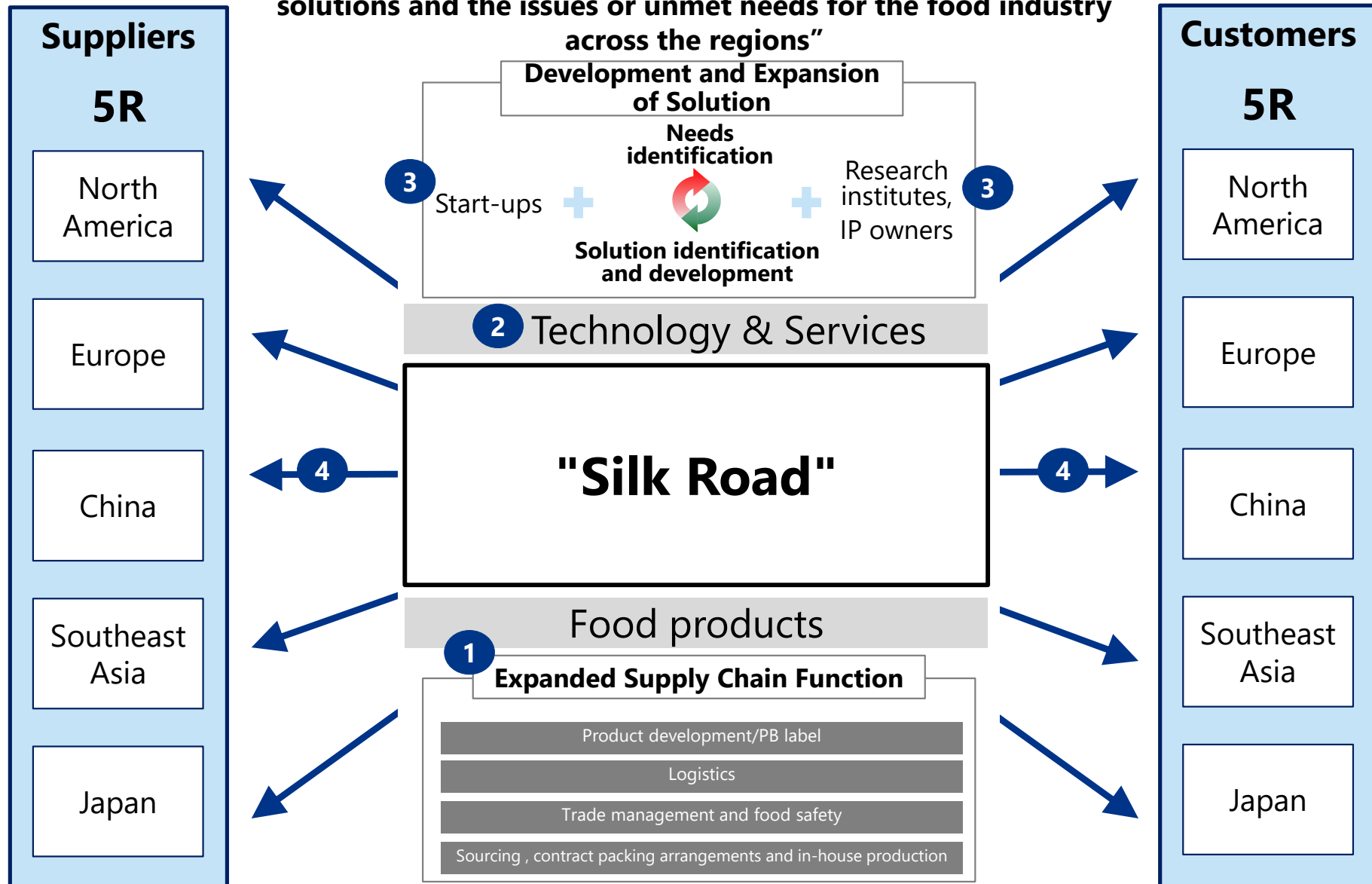
Providing every type of solutions from food to technology and services

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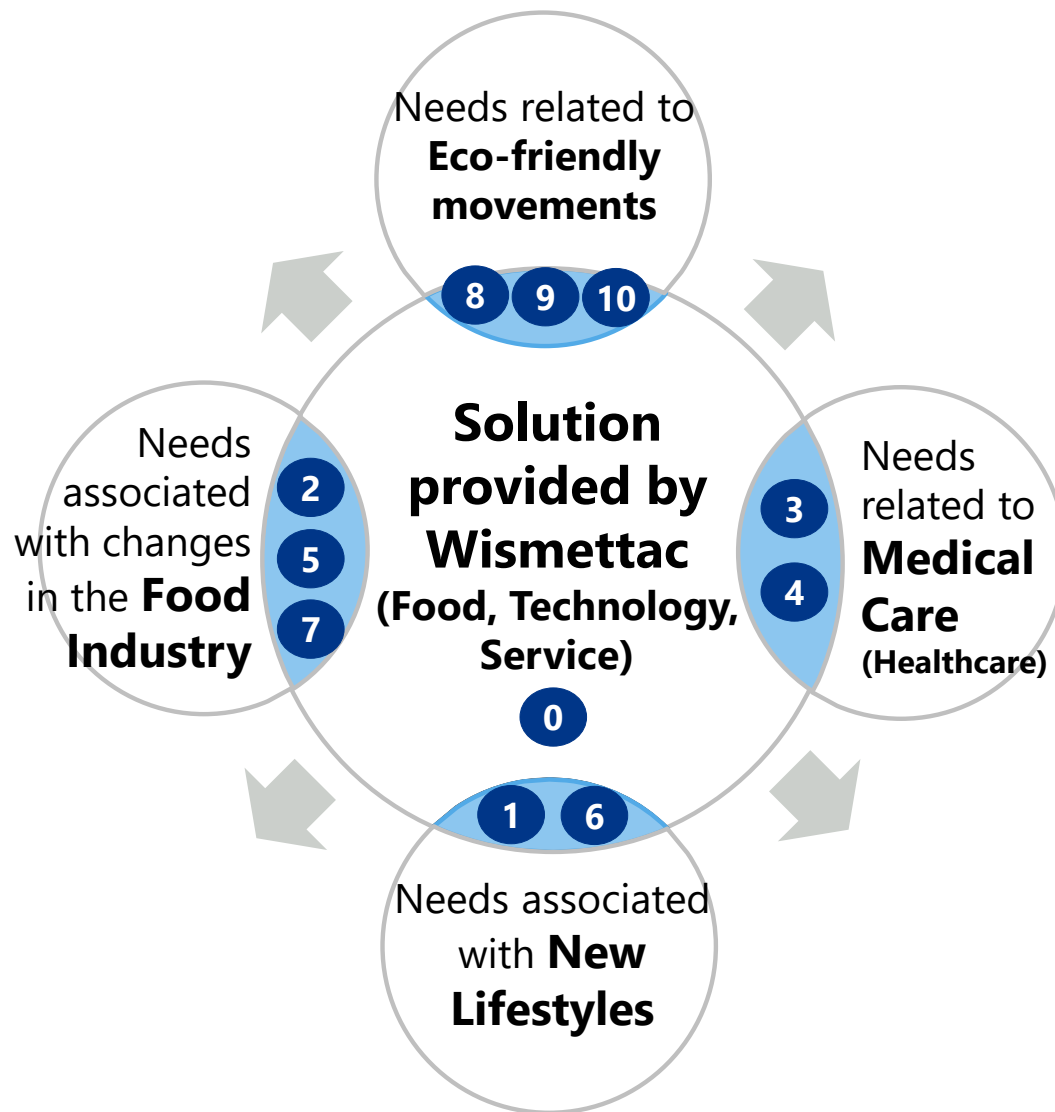
**"World-to-World"
- Interactive business in five regions**

We will ① strengthen further the supply chain functions we have cultivated to date, ② develop "service and technology" solutions for needs identified through our network within the food industry in the 5Rs (five regions around the world), ③ open up our "Silk Road" for external research institutes and start-up companies, and ④ expand products and services around the 5Rs through our Silk Road

"Become the link between the most cutting-edge and best fit solutions and the issues or unmet needs for the food industry across the regions"



In order to build a methodology for continuous business creation, we will accelerate the pace of exploring needs and developing solutions. Our attention is drawn to macro-socioeconomic dynamics for our business creation, which are regularly reviewed from the commercial feasibility point of view.



Projects in progress for commercialization

1	"Deskilled" product development (ready-to-eat product, etc.)	5 Regions
2	Export-support business utilizing cross-border e-commerce	Between China and Japan
3	Health-conscious food business (including some initiatives by existing businesses)	China/Japan
4	Business to improve the quality of life through foods for the sick and elderly	China/Japan
5	BtoB e-commerce platform business for purchasing food products and ingredients	Japan
6	Support for restaurants (foodservice industry) to start omni-channel sales (incl. ready meals)	Japan/US
7	Agricultural products export-support platform business (led by the Agri/Aqua Div.)	Japan/SE Asia
8	Distribution of RAS aquaculture products (led by the existing AFB Business)	Europe
9	Distribution of plant-based meat and fish products (led by the existing AFB Business)	5 Regions
10	Support for resource-saving farming technology	Japan/Australia/US
0	Identify business ideas and solutions Collaboration with Startups, universities, research institutions, and VCs	Japan/ Europe/ China

We will achieve a moderate growth of the profit, as the revenue growth offsets a decline in gross profit margin due to the normalization of the supply chain. We are aiming for 304.5 billion yen in sales and 10 billion yen in operating income by 2024.

Assumption

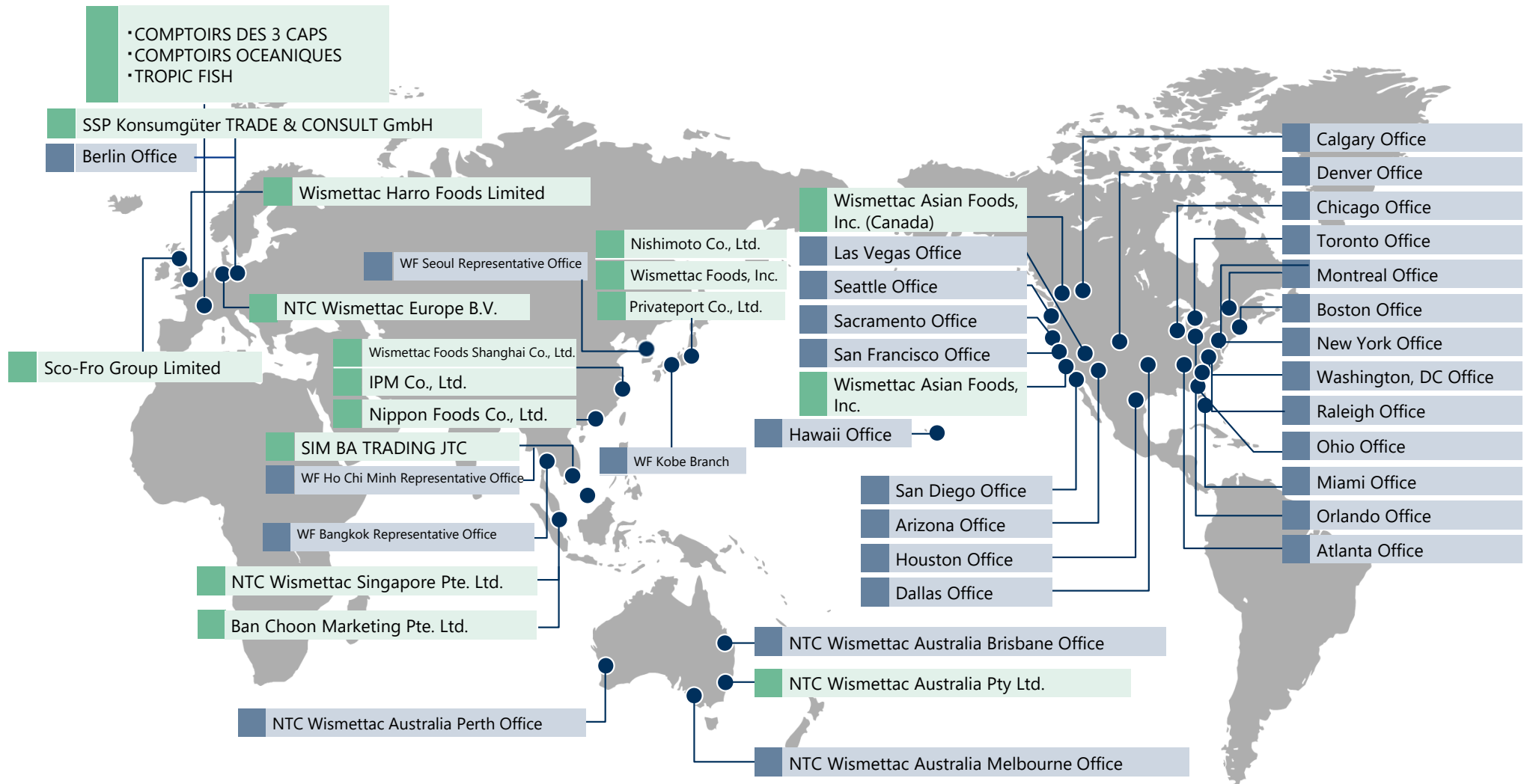
The yen/dollar exchange rate in the forecast is assumed to be 1\$ = 120 yen

Unit: billions of yen		FY2021 Results	FY2022	FY2023	FY2024	Comments:
Entire company	Sales	213.2	254.0	279.2	304.5	Both existing and new sales grew, and we will continue to invest in and reinforce systems for mid- to long-term growth.
	Profit	7.3	9.0	9.5	10.0	
Existing	Sales	207.3	240.0	264.2	287.5	While a decrease in profits due to increased costs will be offset by an increase in sales, investments will continue to be made to strengthen the business foundation for our continuous growth.
	Profit	10.5	11.6	12.2	12.5	
AFB	Sales	159.8	191.0	210.0	230.0	As global supply-demand balance returns to normal and supply volume increases, we will expect a moderate decline in gross profit margin for us, however, this will be offset by an increase in revenues.
	Profit	10.5	11.6	11.5	11.6	
Agricultural & Seafood Products	Sales	43.9	45.0	50.0	53.0	The profitability will increase thanks to operational efficiencies as well as recovery from lower gross margins caused by supply chain disruptions.
	Profit	▲0.1	0.0	0.6	0.8	
Domestic BtoC	Sales	3.7	4.0	4.2	4.5	We are aiming to increase sales by expanding product lineup, introducing online ordering system, etc.
	Profit	0.1	0.0	0.1	0.1	
New	Sales	6.0	14.0	15.0	17.0	We will continue to make investment in developing new solutions
	Profit	▲3.2	▲2.6	▲2.7	▲2.5	
(USD exchange rate)		(109.80)	(120.00)	(120.00)	(120.00)	

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	The Wismettac Group has celebrated the 110th anniversary of its founding in 2022.
Representative directors	Yoshiro Susaki, Chairman & President CEO	
Number of employees	1,813 (including 1,507 in the Asian Food Global Business) [As of December 31, 2021]	
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	23 subsidiaries, 1 affiliate [As of September 30, 2022]	
Business sites	44 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	213.2 billion yen (FY ended December 2021)	* Overseas sales ratio 74.2%
Consolidated ordinary income	7.2 billion yen (FY ended December 2021)	
Shareholders' equity ratio	41.9% (FY ended December 2021)	

The Company Group maintains 44 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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