



Supplementary Material to Financial Results

Fiscal Year Ended December 2022

Nishimoto Co., Ltd.

February 14, 2023

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FYE 12/2022 Financial Results

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- ◆ Both sales and profits achieved significant year-on-year increases. (Net sales: +29.1%, Operating income: +43.8%, Net profit: +35.5%)

FYE 12/2021	Net sales: 213.2 billion yen	Operating income: 7.3 billion yen	Ordinary income: 7.2 billion yen	Net profit: 5.0 billion yen*
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FYE 12/2022	Net sales: 275.2 billion yen	Operating income: 10.5 billion yen	Ordinary income: 10.8 billion yen	Net profit: 6.8 billion yen*
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*Net income attributable to owners of parent

- ◆ The strong performance of the Asian Food Global Business mainly in the North American region underpinned the entire Group's performance. The impact of foreign currency exchange rates due to the depreciation of the yen also contributed.
- ◆ The Agricultural & Seafood Products Trading Business picked up slightly in the fourth quarter. However, profits decreased significantly year on year due to the significant impact of external factors such as the depreciating yen.

FYE 12/2023 Earnings and Dividends Forecasts

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- ◆ We are aiming for year-on-year increases in both sales and profits by maintaining the profit levels of the Asian Food Global Business and restoring the performance of the Agricultural & Seafood Products Trading Business.

Earnings Forecast for the Fiscal Year Ending December 2023

Midterm	Net sales: 149.0 billion yen	Operating income: 5.2 billion yen	Ordinary income: 5.2 billion yen	Net profit: 3.6 billion yen*
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Full Year	Net sales: 304.0 billion yen	Operating income: 11.0 billion yen	Ordinary income: 11.0 billion yen	Net profit: 7.3 billion yen*
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*Net income attributable to owners of parent

Dividends Forecast for the Fiscal Year Ending December 2023

FYE 12/2022	Interim dividend: 70 yen (Results)	Year-end dividend: 75 yen	Total: 145 yen
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FYE 12/2023	Interim dividend: 70 yen	Year-end dividend: 80 yen	Total: 150 yen
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- The year-end dividend forecast for the fiscal year ended December 2022 remained unchanged from that announced in the second-quarter financial results. The annual dividend was 145 yen, the highest since the Company was listed.
- The Company considers the dividend payout ratio as an important indicator and aims for a dividend payout ratio of approximately 30% for the full year. (FYE 12/2022: 30.5%)

Summary of Financial Results for the Fiscal Year Ended December 2022



◆ **Both net sales and income achieved record highs, and both sales and profits increased significantly year on year.**

- ◆ The Asian Food Global Business continued its strong performance mainly in the North American region amidst a sales situation reflecting a recovery trend in demand. Both sales and profits significantly increased year on year, and the entire Group achieved record-high profits.
 - Net sales: +29.1% YoY, Operating income: +43.8% YoY, Net profit: +35.5% YoY
- ◆ Amid increasing costs mainly driven by ongoing inflation and increases in energy costs around the world, the Company secured profits through appropriate price adjustments.
- ◆ The full-year earnings forecast announced in the second-quarter financial results was nearly achieved.

(Unit: billions of yen)

		FY ended December 2021		FY ended December 2022		Changes year-on-year (Cumulative comparison)		<Reference> FY2022 full-year forecast (Revised in Aug. 2022)
		Full Year results		Full Year results				
				(Oct-Dec)		(Oct-Dec)		
Operating results	Net sales	213.2	57.9	275.2	72.9	+62.0	+29.1%	265.0
	Gross profit	41.0	11.8	55.3	14.7	+14.3	+34.8%	-
	Operating income (Excluding strategic expenses)	10.0	3.0	13.3	2.8	+3.3	+32.6%	-
	Operating income or loss(△)	7.3	2.3	10.5	2.2	+3.2	+43.8%	10.5
	Ordinary income or loss(△)	7.2	2.2	10.8	2.1	+3.6	+49.7%	10.5
	Net income or loss(△) attributable to owners of parent	5.0	1.8	6.8	1.1	+1.8	+35.5%	7.0
Yen/Dollar exchange rate (Average rate during the period)		109.80 yen		131.43 yen		+21.63 yen		
Quarterly net income or loss(△) per share		350.34 yen		474.87 yen		+35.5%		

Asian Food Global Business (hereinafter called "AFB")

- ◆ In addition to an increase in profit margin through price adjustments and other measures mainly in the first half of the year, the impact of foreign currency exchange rates due to the depreciation of the yen contributed to year-on-year increases in both sales and profits.
 - Net sales increased 35% YoY in the North American region, 28% YoY in regions other than North America.
- ◆ In the second half of the year, due to changes in the competition and sales environments during the inventory adjustment phase and increased costs affected by ongoing inflation, etc., the profit margin of ingredients decreased compared to the first half of the year. However, a certain profit margin was maintained for processed foods through appropriate price adjustments.
- ◆ In Europe, the impact of ongoing inflation and soaring energy costs led to slower sales and increased costs overall.

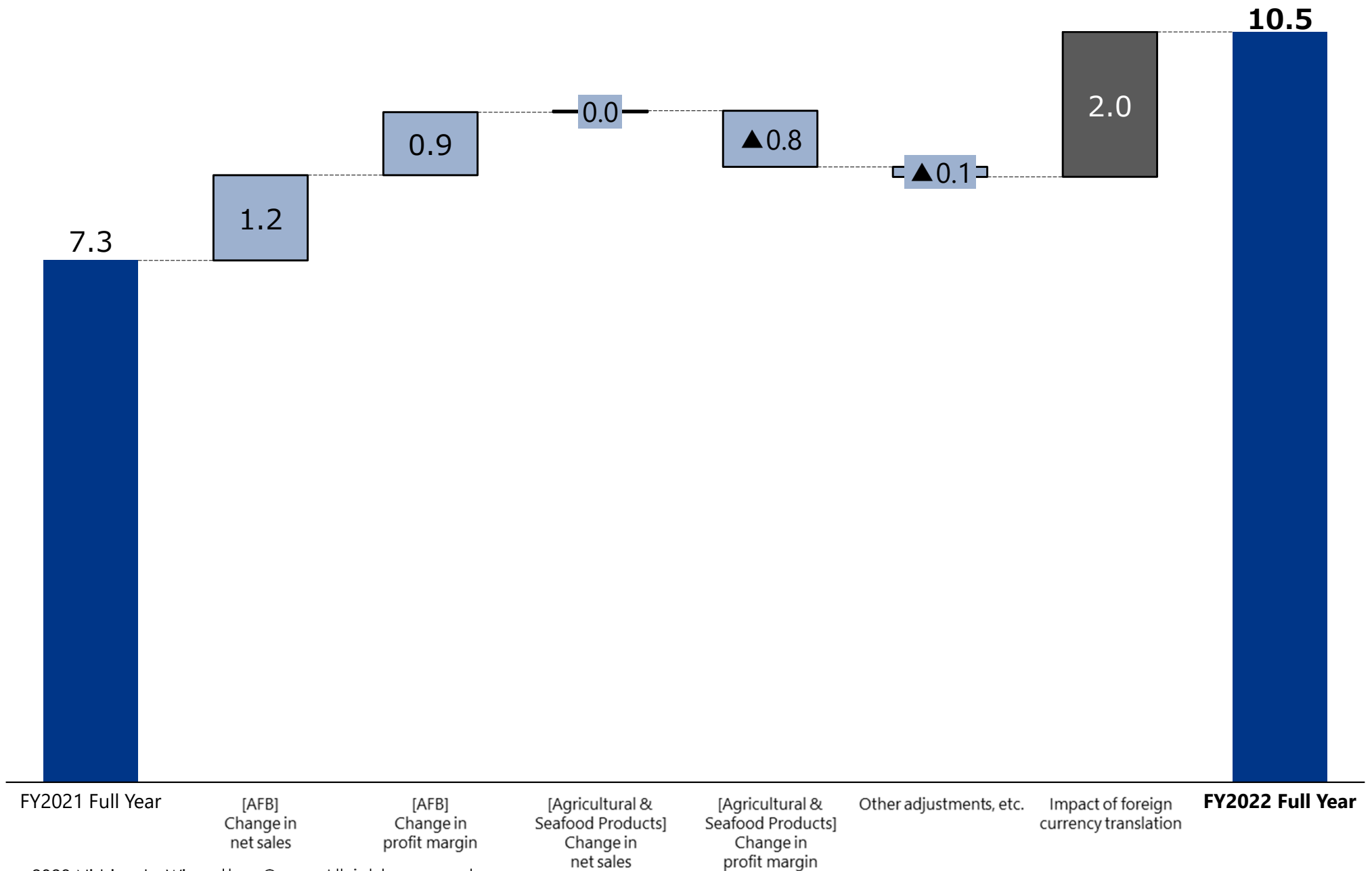
Agricultural & Seafood Products Trading Business

- ◆ Net sales in the segment as a whole increased significantly mainly due to the consolidation of the fruit and vegetable wholesaler Ban Choon Marketing Pte. Ltd. (BCM) in Singapore.
- ◆ In the domestic market, the Agricultural & Seafood Products Trading Business picked up slightly in the fourth quarter. However, profits decreased significantly year on year due to the significant impact of external factors such as the depreciating yen.
- ◆ In the overseas market, the Agricultural & Seafood Products Trading Business ended up in the red due to the higher prices of overseas agricultural products which were caused by ongoing inflation, the strong dollar, the effects of the lockdowns in China, and increased expenses related to the integration of BCM into the Group.

(Unit: billions of yen)

Business segments		FY ended December 2021		FY ended December 2022		Changes year-on-year (Cumulative comparison)	
		Full Year results		Full Year results			
			(Oct-Dec)		(Oct-Dec)		
AFB	Net sales	162.5	46.1	216.1	58.3	+53.7	+33.0%
	Operating income or loss(△)	8.3	2.6	12.4	2.7	+4.1	+49.6%
Agricultural & Seafood Products Trading Business	Net sales	47.3	10.5	55.2	13.1	+7.9	+16.6%
	Operating income or loss(△)	▲ 0.1	▲ 0.0	▲ 0.9	▲ 0.2	▲0.8	-
Other	Net sales	3.4	1.2	3.9	1.4	+0.4	+12.3%
	Operating income or loss(△)	0.0	0.1	▲ 0.2	▲ 0.0	▲0.3	-
Adjustment	Net sales	-	-	-	-	-	-
	Operating income or loss(△)	▲ 0.9	▲ 0.4	▲ 0.7	▲ 0.3	+0.2	-
Total	Net sales	213.2	57.9	275.2	72.9	+62.0	+29.1%
	Operating income or loss(△)	7.3	2.3	10.5	2.2	+3.2	+43.8%

Unit: billions of yen



Consolidated Balance Sheet (Summary)



- ◆ **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, which were the result of the application of the new lease standard at consolidated subsidiaries in the U.S., along with the impact of the yen's depreciation, etc.**
- ◆ **Inventories increased by 8.1 billion yen from the end of the previous fiscal year due to an increase in inventories for the purpose of maintaining stable supply in the current unstable logistics situation, as well as higher purchase costs and the yen's depreciation. (Since the end of the second quarter, the level of quarter-to-quarter inventory increase has slowed.)**

(Unit: billions of yen)

		End of 12/2021	End of 12/2022	Changes	Main reasons for changes
Total assets	Current assets	124.7	151.0	+26.3	Cash and deposits +10.1, Inventories +8.1, Trade receivables +6.9
	Non-current assets	17.0	28.2	+11.2	Lease assets (net) +9.7
		141.8	179.2	+37.4	
Total liabilities	Current liabilities	36.7	33.6	▲3.1	Long-term loans payable (within a year) ▲8.8, Short-term loans payable +3.1, Lease obligations +2.1
	Non-current liabilities	45.2	73.6	+28.3	Long-term loans payable +20.6, Lease obligations +8.1
		81.9	107.2	+25.3	
Total net assets		59.9	72.0	+12.2	Foreign currency translation adjustment +7.3
Total liabilities and net assets		141.8	179.2	+37.4	
Yen/Dollar exchange rate (Year-end rate)		115.02 yen	132.70 yen	+17.68 yen	

Shareholders' equity ratio	42%	40%	▲2pt	
Current ratio	340%	449%	+109pt	

Consolidated Statements of Cash Flows (Summary)



(Unit: billions of yen)

	FY ended December 2021 Full Year results	FY ended December 2022 Full Year results	Changes Year-on year	Main reasons for changes (Change from previous period)
Cash flows from operating activities	2.2	▲ 1.2	▲ 3.3	Change in trade payables (▲ denotes a decrease) ▲5.9 Net income before income taxes and others +2.6 Change in inventories (▲ denotes an increase) +2.9
Cash flows from investing activities	▲ 0.3	▲ 3.1	▲ 2.8	Net change in time deposits (▲ denotes an increase) ▲1.8
Cash flows from financing activities	9.7	9.9	+0.1	Net change in short-term loans payable +2.4 Dividends paid ▲1.2
Exchange rate change	3.1	4.5	+1.4	

	FY ended December 2021 Full Year results	FY ended December 2022 Full Year results	Changes Year-on year	Remarks
Cash and cash equivalents				
Cash and cash equivalents at beginning of period	50.9	65.6	+14.7	
Net increase (decrease) in cash and cash equivalents	14.7	10.1	▲ 4.6	
Cash and cash equivalents at end of year	65.6	75.8	+10.1	

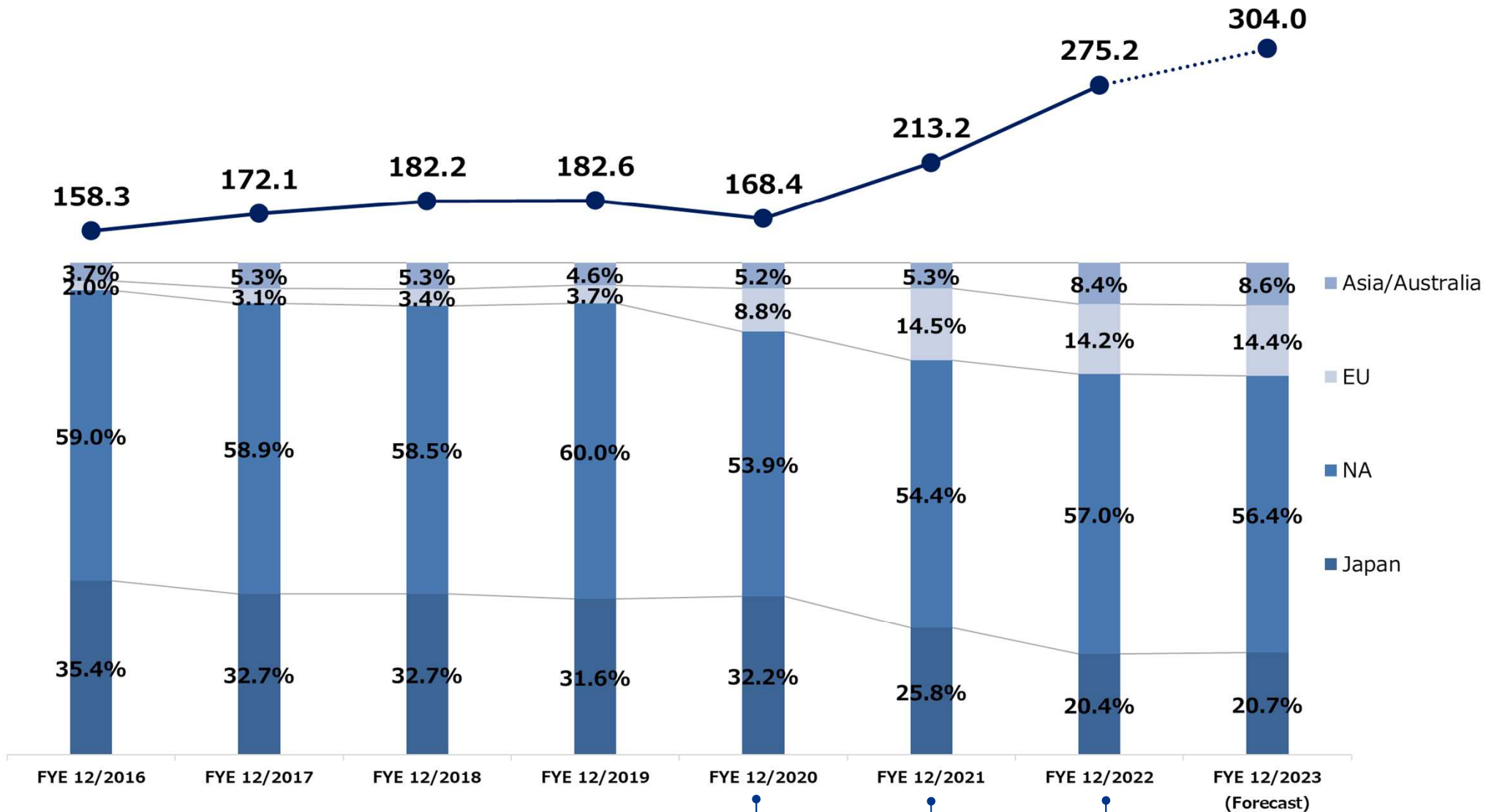
(Ref.) Sales Composition Ratio by Region



*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

Earnings Forecast
for the Fiscal Year Ending December 2023



- ◆ We aim to increase sales through stable growth in Asian food products, expansion of our sales channels and market share, and recovery of sales in the Agricultural & Seafood Products Trading Business.
- ◆ A slight decline in profit margin is expected due to higher purchase costs and labor and logistics-related expenses.
- ◆ Continuing investment to strengthen the foundations of existing businesses as well as to promote new businesses.

	FY2022		FY2023		Changes year-on-year	
	Results		Forecasts			
	Midterm	Full Year	Midterm	Full Year	Midterm	Full Year
Net sales	130.7 billion yen	275.2 billion yen	149.0 billion yen	304.0 billion yen	+18.3 (+14.0%)	+28.8 (+10.5%)
Operating income	6.1 billion yen	10.5 billion yen	5.2 billion yen	11.0 billion yen	▲0.9 (▲14.1%)	+0.5 (+4.8%)
Ordinary income	6.4 billion yen	10.8 billion yen	5.2 billion yen	11.0 billion yen	▲1.2 (▲19.3%)	+0.2 (+2.0%)
Net income attributable to owners of parent	4.5 billion yen	6.8 billion yen	3.6 billion yen	7.3 billion yen	▲0.9 (▲20.1%)	+0.5 (+7.1%)

(Average USD exchange rate during the year)

(131.43)

(130.00)

Assumption

- ◆ The Asian food market (restaurant, take-out, and retail), our mainstay, is expected to continue to expand.
 - In Europe, consumption has been slowing since the second half of last year, but we forecast steady growth in the second half of the year based on relatively stable household savings.
- ◆ The exchange rate is assumed to be roughly the same as the average exchange rate for the fiscal year ended December 2022 (USD 1 = JPY 130).
 - Despite the monetary tightening policies in many countries that are expected to continue for the time being, we take into account the possibility that the gaps between domestic and foreign interest rates will narrow towards the second half of the fiscal year due to slowing inflation in the U.S. and Europe.

Continue to invest aggressively for the future

- ◆ Evolution to a new business model: Promote various initiatives by strengthening the business promotion system for overseas business sites, hiring specialized personnel, and developing products for new sales channels.
- ◆ Strengthen the foundations of existing businesses: Continue to work to improve warehouse operations and logistics systems and promote operational efficiency and labor-saving measures.

Planning assumption

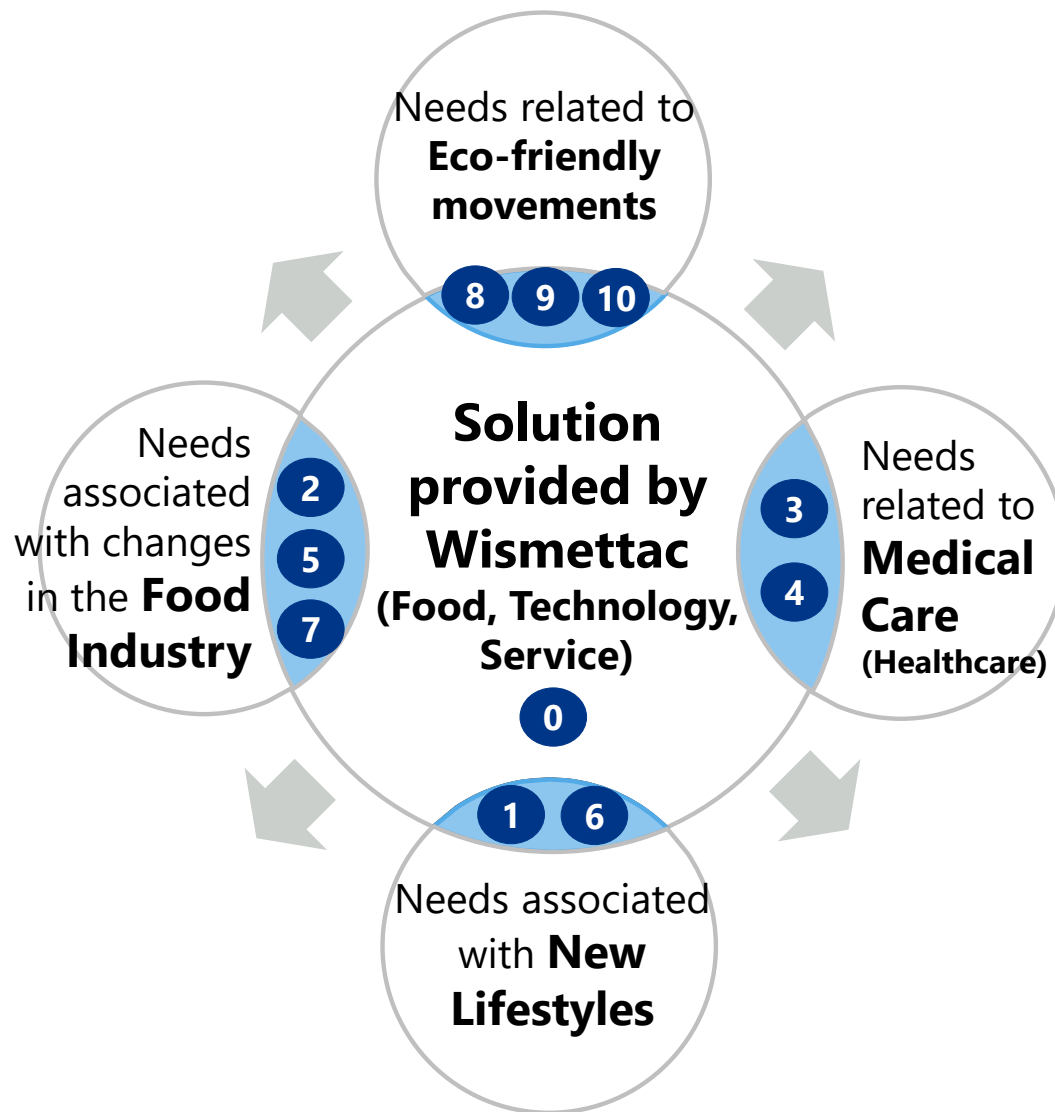
The yen/dollar exchange rate in the forecast is assumed to be 1\$=130 yen

Unit: billions of yen		FY2021 Results	FY2022 Results	FY2023 Forecasts	FY2023 Policies
Entire company	Sales	213.2	275.2	304.0	Despite the headwinds caused by lower profit margins due to the normalization of the supply-demand balance and higher SG&A expenses due to accelerating inflation, the entire Group aims to increase sales and profits.
	Profit	7.3	10.5	11.0	
Existing	Sales	207.3	261.3	286.0	While AFB will maintain operating income due to sales increases, we expect improved profits in the Agricultural & Seafood Products Trading Business.
	Profit	10.5	12.5	13.2	
AFB	Sales	159.8	212.9	232.1	Lower profit margins due to the normalization of the supply-demand balance and higher SG&A expenses due to inflation will be offset by increased sales resulting from sales channel expansion and improved operational efficiency.
	Profit	10.5	13.0	13.1	
Agricultural & Seafood Products	Sales	43.9	44.6	49.4	The accuracy of purchase and sales plans and profitability will be improved by enhancing information-gathering capabilities particularly in the wholesale market.
	Profit	▲0.1	▲ 0.5	0.1	
Domestic BtoC	Sales	3.7	3.8	4.6	We aim to increase sales by expanding the product lineup and sales channels.
	Profit	0.1	0.0	0.0	
New	Sales	6.0	13.9	18.0	While continuing to invest in creating new businesses, focus will be maintained on expanding sales through enhanced sales channels (mainstream, etc.).
	Profit	▲3.2	▲ 2.0	▲ 2.2	
(USD exchange rate)		(109.80)	(131.43)	(130.00)	

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

	Aims	Measures	Amount (including expenses/billions of yen)		
			2021 Results	2022 Results	2023 Forecasts
1 Expansion Business Fields	<ul style="list-style-type: none"> ◆ Diversification of the business portfolio 	<ul style="list-style-type: none"> ◆ Creation of new businesses that integrate food, healthcare, etc. (new solution development business) 	0.5	0.8	0.9
2 Sales Channel Development and System Enhancement (Strengthening Interregional Cooperation)	<ul style="list-style-type: none"> ◆ Building business strategies for strengthening mainstream sales channel, etc., and building business strategies for deepening transactions 	<ul style="list-style-type: none"> ◆ Product development and mainstream sales channel development in Europe and China 	1.2	1.1	1.1
	<ul style="list-style-type: none"> ◆ Strengthening management and operational capabilities in each region 	<ul style="list-style-type: none"> ◆ Strengthening of overseas regional management systems 			
3 Strengthening Profitability of Existing Businesses	<ul style="list-style-type: none"> ◆ Further expansion of the private brand product lineup 	<ul style="list-style-type: none"> ◆ Enhancement of the product development divisions 	0.1	0.1	0.2
	<ul style="list-style-type: none"> ◆ Development of health-conscious products 				
	<ul style="list-style-type: none"> ◆ Improve operational efficiency and information security 	<ul style="list-style-type: none"> ◆ SCM and IT infrastructure investments 	0.0	0.2	0.6
	<ul style="list-style-type: none"> ◆ Improve accuracy of SCM operations 				
	<ul style="list-style-type: none"> ◆ Build a more customer-oriented organization 	<ul style="list-style-type: none"> ◆ Organizational revitalization/streamlining 	0.5	0.1	0.1
	<ul style="list-style-type: none"> ◆ Strengthen in-house collaboration across divisions and departments 				
4 Development of New Businesses Derived from Existing Businesses	<ul style="list-style-type: none"> ◆ Capturing growth in overseas markets 	<ul style="list-style-type: none"> ◆ Construction of a mechanism for overseas export of Japanese agricultural products 	0.2	0.3	0.3
	<ul style="list-style-type: none"> ◆ Capturing food service businesses responding to the New Normal lifestyle 	<ul style="list-style-type: none"> ◆ Development of new services to the restaurant industry (New Normal eating habits) 	0.2	0.1	0.3
			2.7	2.7	3.5

- ◆ 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.

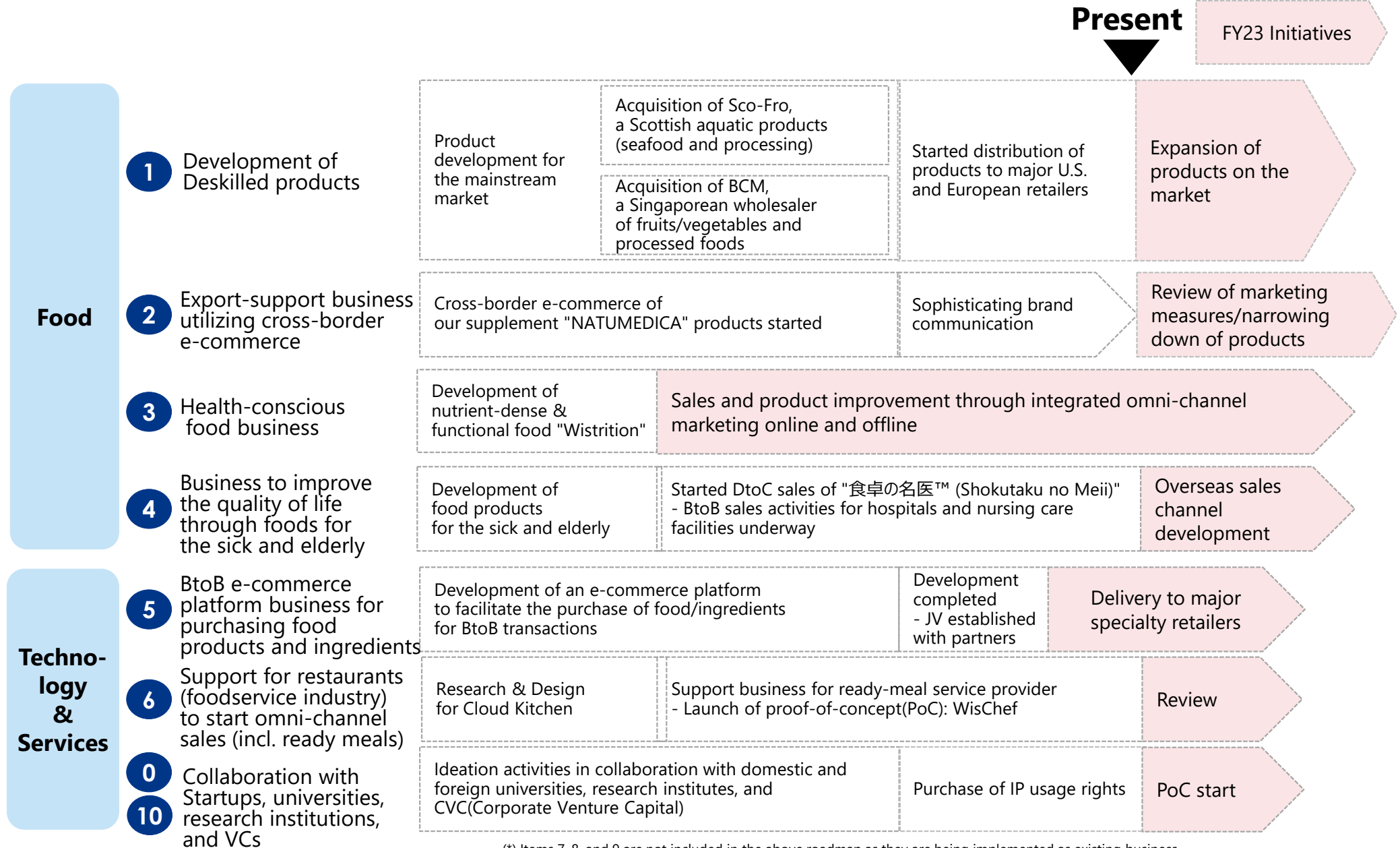


Projects in progress for commercialization

1	"Deskilled" product development (ready-to-eat product, etc.)	5 Regions
2	Export-support business utilizing cross-border e-commerce	China
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	5 Regions
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
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- ◆ For new businesses that have been implemented since last year, we will conduct PoC studies in FY2023 to determine whether to continue the businesses or review their directions.
- ◆ By speeding up decision-making on the future potential of businesses through PoC, we will accelerate business creation by making effective use of limited resources.



(*) Items 7, 8, and 9 are not included in the above roadmap as they are being implemented as existing business or are derived from existing business.

Policy of Returning Profits to Shareholders



Basic Policy

- ◆ The company will continue to pay stable dividends while securing internal reserves for future business development and strengthening the financial structure.
- ◆ The company considers the dividend payout ratio as an important indicator and aims for a consolidated dividend payout ratio of approximately 30% for the full year.

Dividends Forecast

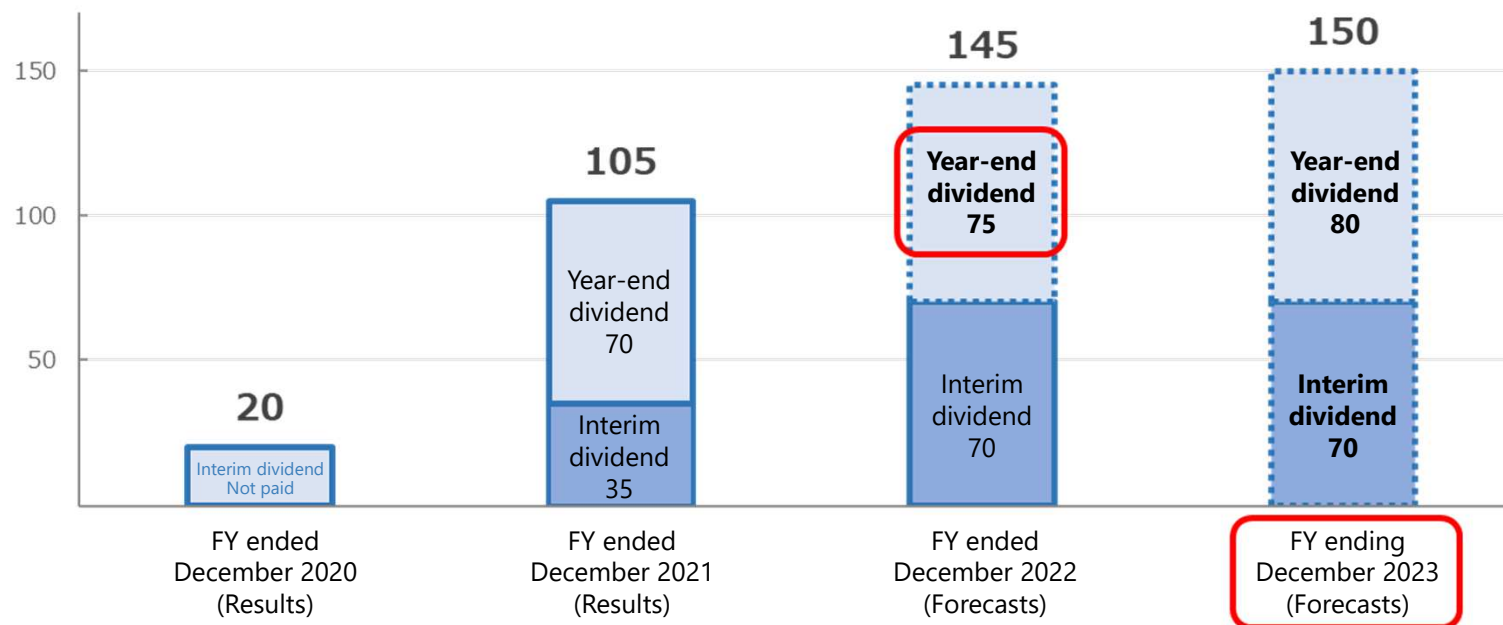
FY2022 (Year-end)

FY2023

- ◆ The year-end dividend will be 75 yen per share as announced in the second-quarter financial results.
- ◆ The annual dividend will be 145 yen per share, the highest dividend for the second consecutive year since the Company was listed.
- ◆ The full-year dividend payout ratio is 30.5%.
- ◆ Dividend per share: The annual dividend will be 150 yen (interim dividend: 70 yen, year-end dividend: 80 yen)
- ◆ Dividends will be determined in consideration of the above basic policy, the Group's business environment, and the future business outlook.

(yen)

Dividend per share



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"

→

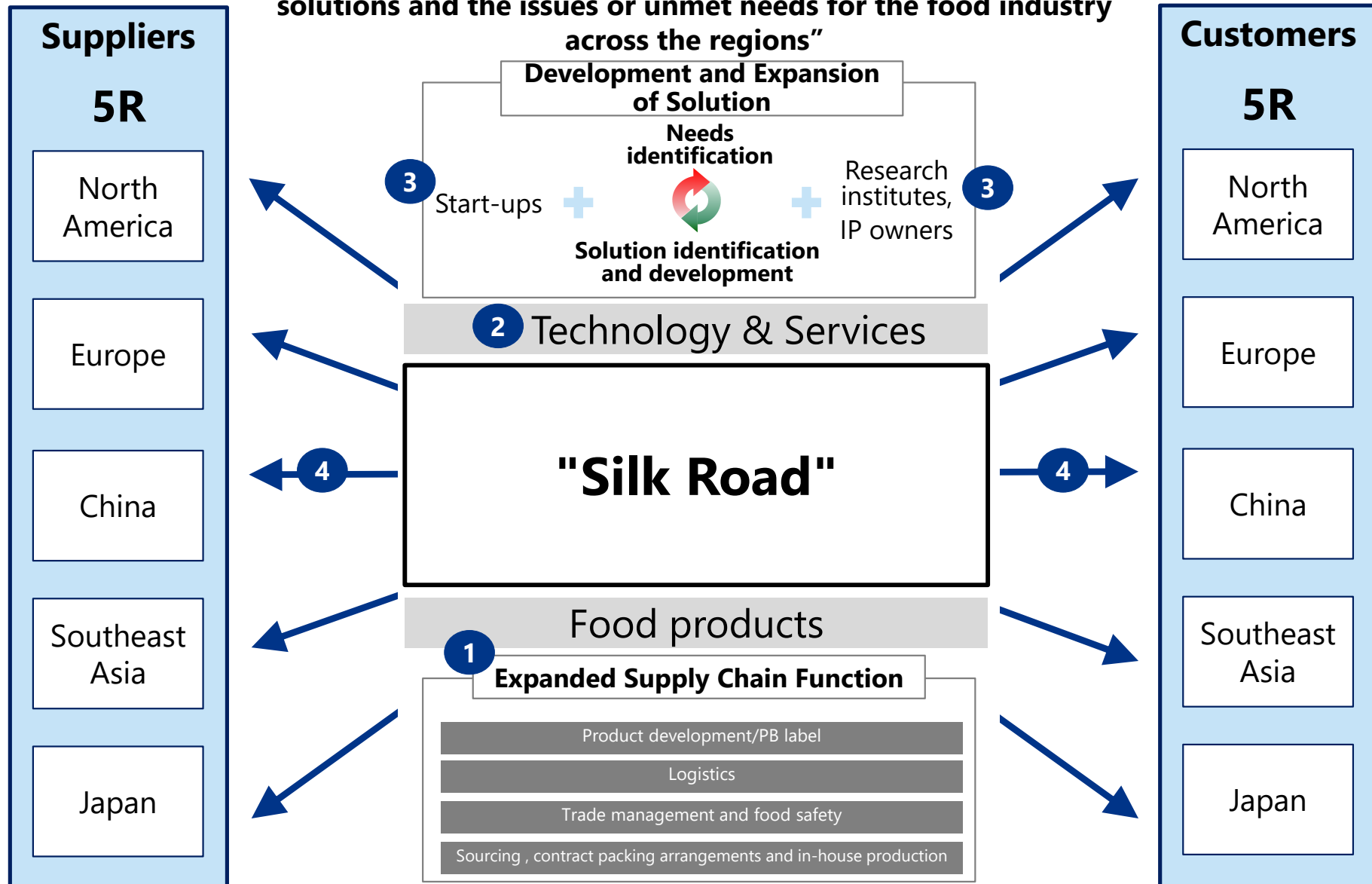
Providing every type of solutions from food to technology and services

→

**"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

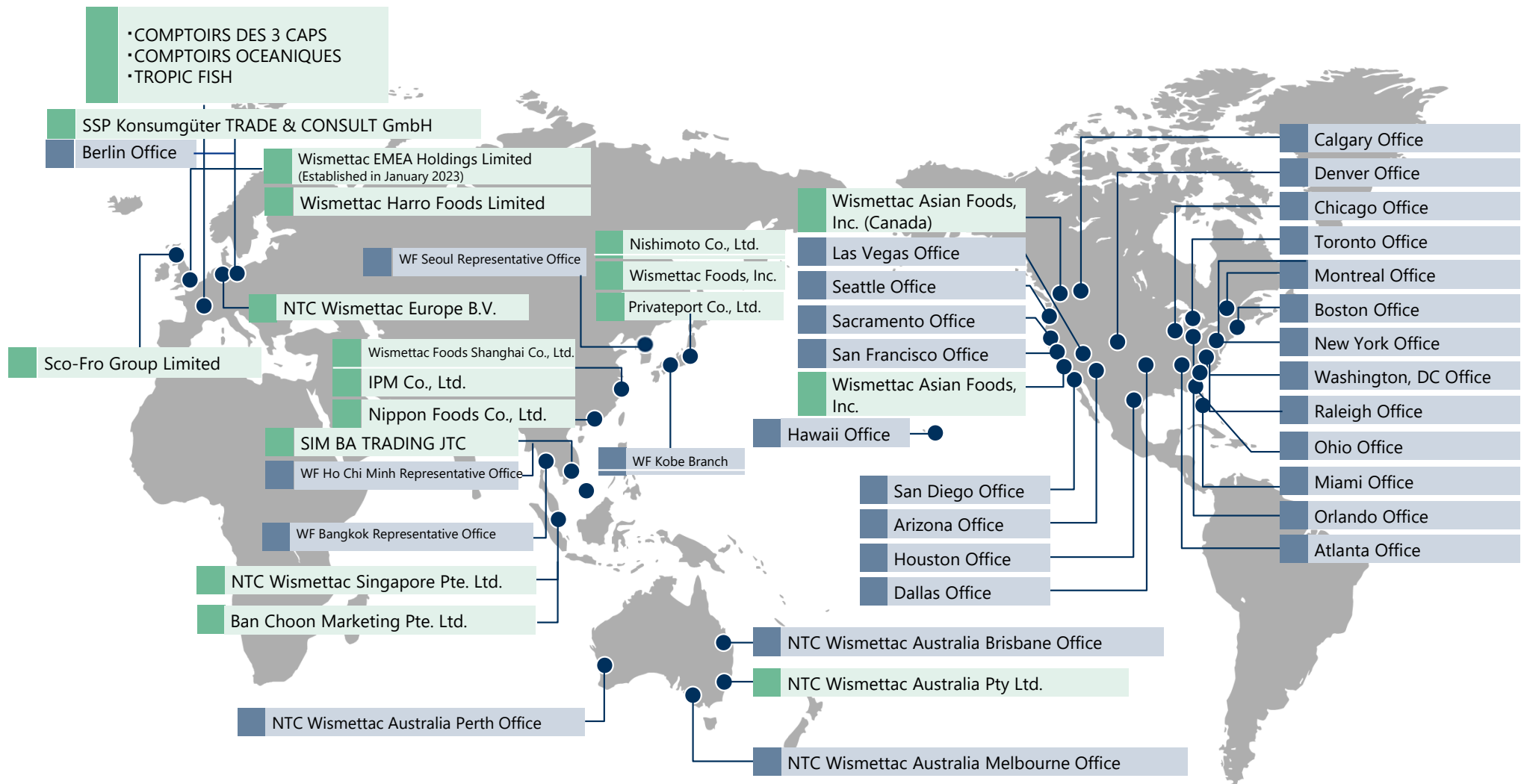
"Become the link between the most cutting-edge and best fit solutions and the issues or unmet needs for the food industry across the regions"



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 & CEO	
Number of employees	2,004 (including 1,541 in the Asian Food Global Business) [As of December 31, 2022]	
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 December 31, 2022]	
Business sites	45 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	275.2 billion yen (FY ended December 2022)	* Overseas sales ratio 79.6%
Consolidated ordinary income	10.8 billion yen (FY ended December 2022)	
Shareholders' equity ratio	39.9% (FY ended December 2022)	

The Company Group maintains 45 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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