



Supplementary Material to Financial Results

First Quarter of the Fiscal Year Ending December 2023

Nishimoto Co., Ltd.

May 12, 2023

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Q1 2023 Financial Results

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- ◆ Strong performance of the Asian Food Global Business and the impact of foreign currency exchange rates led to year-on-year increase in both sales and profits. The Company has made solid progress towards achieving its interim and full-year forecasts.

Same period last year Net sales: 59.0 billion yen Operating income: 2.9 billion yen Ordinary income: 3.2 billion yen Net profit: 2.2 billion yen*

Current period Net sales: 69.8 billion yen Operating income: 3.2 billion yen Ordinary income: 3.4 billion yen Net profit: 2.3 billion yen*

(*) Net income attributable to owners of parent

- ◆ The Asian Food Global Business attained year-on-year sales and profit growth on the back of solid overall sales, despite the impact of lower profit margins in North America.
- ◆ The Agricultural & Seafood Products Trading Business posted higher sales year-on-year, but profits declined year-on-year due to delays in price adjustments in response to rising procurement costs. The Company seeks to improve profitability from the previous fiscal year by expanding the market share of mainstay products.

FYE 12/2023 Earnings and Dividends Forecasts

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- ◆ There are no changes from the initial forecast (announced in February 2023) for both earnings and dividends.

Earnings Forecast for the Fiscal Year Ending December 2023

Interim Net sales: 149.0 billion yen Operating income 5.2 billion yen Ordinary income: 5.2 billion yen Net profit: 3.6 billion yen*

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*

(*) Net income attributable to owners of parent

Dividends Forecast for the Fiscal Year Ending December 2023

Interim dividend: 70 yen Year-end dividend: 80 yen Total: 150 yen

Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 2023



◆ **Results of the quarter surpassed strong performance of the same period last year, and we are making solid progress towards achieving the interim and full-year forecasts**

- ◆ The Company achieved significant increases year-on-year in both net sales and profits.
 - Net sales increased 18% year-on-year.
 - ✓ Strong sales continued in the Asian Food Global Business segment.
 - ✓ During the same period of the previous fiscal year, sales were sluggish in the domestic market due to remaining restrictions to prevent the spread of COVID-19.
 - Operating income increased 9% year-on-year.
 - ✓ While ocean freight rates declined as global logistics moved to regain stability, expenses increased mainly in logistics costs (such as energy costs) and labor costs.

(Unit: billions of yen)

		FY ended December 2022	FY ending December 2023	Year-on-year		[Reference]	
		First quarter results	First quarter results			Earnings forecast Midterm	Full year
Operating results	Net sales	59.0	69.8	+10.8	+18.2%	149.0	304.0
	Gross profit	12.5	14.6	+2.0	+16.3%		
	Operating income or loss(△)	2.9	3.2	+0.3	+9.1%	5.2	11.0
	Ordinary income or loss(△)	3.2	3.4	+0.2	+5.4%	5.2	11.0
	Net income or loss(△) attributable to owners of parent	2.2	2.3	+0.1	+6.8%	3.6	7.3
Yen/Dollar exchange rate (Average rate during the period)		116.20 yen	132.34 yen	+16.14 yen			
Quarterly net income or loss(△) per share		150.77 yen	161.01 yen	+6.8%			

Asian Food Global Business (hereinafter referred to as "AFB")

- ◆ Net sales increased by 20% year-on-year. (+21% YoY in North America and +17% YoY in regions outside North America)
 - In North America, both restaurant and grocery sales grew amid firm sales conditions.
 - In Europe, sales to wholesalers were partially affected by inventory adjustment trends, but the decline in consumption due to inflation and other factors was within the Company's initial expectations.
- ◆ Profits increased compared with the same period of the previous fiscal year, which was strong mainly in North America, despite the significant impact of foreign exchange rate fluctuations.
 - Profit margin in North America has leveled off from the same period of the previous fiscal year, when it was higher than in the past, due to the supply-demand situation associated with stabilized logistics, increase in expenses mainly in labor costs, and inventory valuation losses. The Company will seek to maintain its profit margin by continuing to make appropriate price adjustments and securing market share.

Agricultural & Seafood Products Trading Business

- ◆ Net sales increased both domestically and overseas year-on-year due to the stabilization of the logistics situation and the recovery of demand for commercial use.
- ◆ Due to the continued challenging business environment caused by the weak yen and other factors, delays in price adjustments, and unfavorable weather in production regions, the Company struggled to secure earnings mainly from its mainstay products, resulting in lower income year-on-year. The Company will strive to recover sales and improve profitability toward the latter half of the fiscal year.

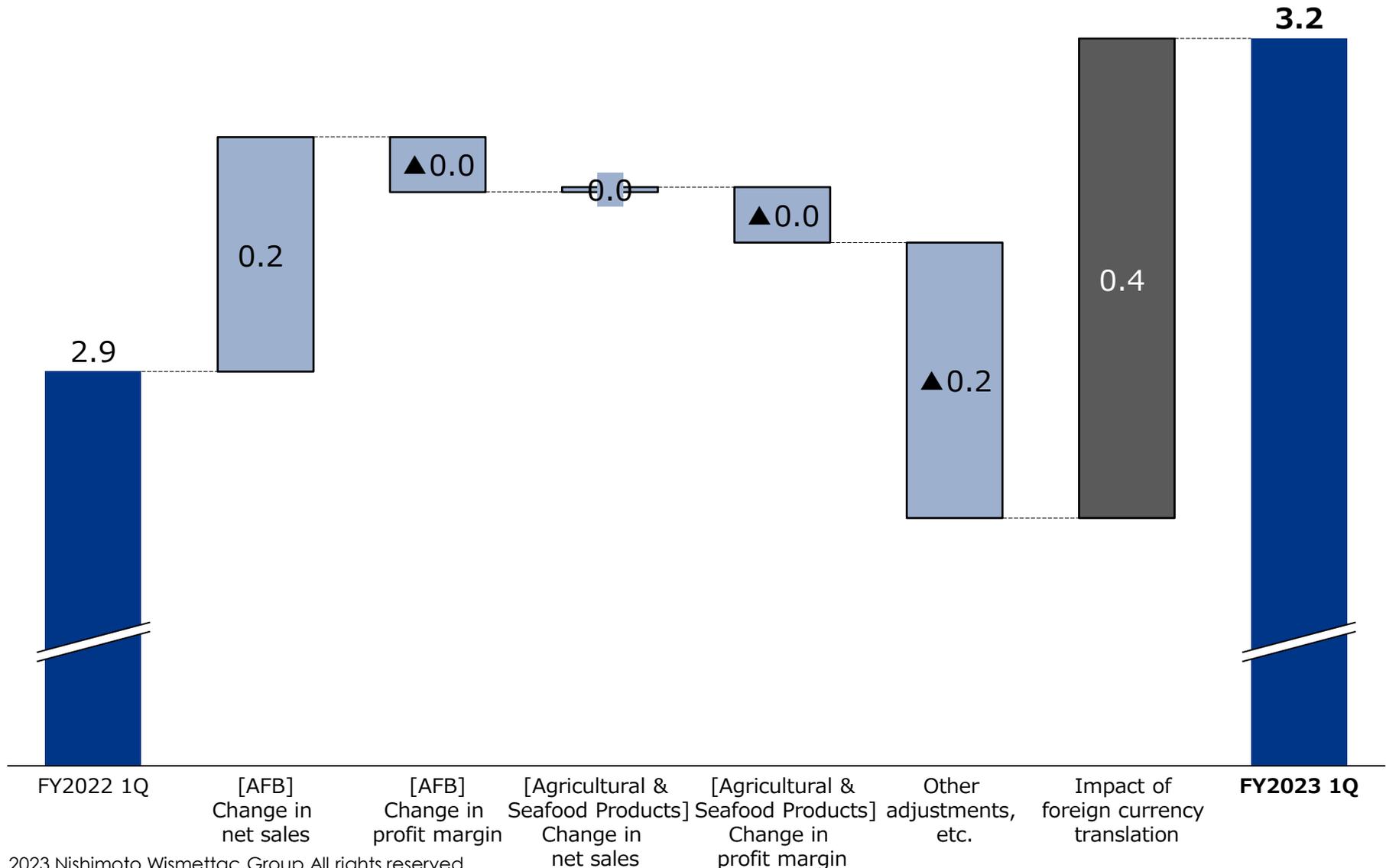
(Unit: billions of yen)

Business segments		FY ended December 2022	FY ending December 2023	Year-on-year		[Less impact of foreign currency translation] Year-on-year	
		First quarter results	First quarter results				
AFB	Net sales	46.4	55.5	+9.2	+19.8%	+3.3	+7.1%
	Operating income or loss(△)	3.0	3.5	+0.5	+17.6%	+0.1	+4.8%
Agricultural & Seafood Products Trading Business	Net sales	11.5	12.9	+1.4	+12.5%	+1.1	+9.7%
	Operating income or loss(△)	0.0	▲ 0.0	▲ 0.0	-	▲ 0.0	-
Other	Net sales	1.1	1.3	+0.1	+12.1%	+0.1	+12.1%
	Operating income or loss(△)	0.1	0.1	+0.0	+13.7%	+0.0	+13.7%
Adjustment	Net sales	-	-	-	-	-	-
	Operating income or loss(△)	▲ 0.1	▲ 0.4	▲ 0.2	-	▲ 0.2	-
Total	Net sales	59.0	69.8	+10.8	+18.2%	+4.6	+7.7%
	Operating income or loss(△)	2.9	3.2	+0.3	+9.1%	▲ 0.1	▲ 4.0%

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



(Unit: billions of yen)



◆ No significant change from the end of the previous fiscal year, and a stable financial base, including liquidity on hand, is maintained

(Unit: billions of yen)

		End of 12/2022	End of 03/2023	Changes	Main reasons for changes
	Current assets	151.0	153.7	+2.7	Cash and deposits +5.3, Inventories ▲1.3
	Non-current assets	28.2	27.8	▲0.4	
Total assets		179.2	181.6	+2.3	
	Current liabilities	33.6	34.6	+1.0	Trade payables +1.3, Short-term loans payable ▲0.7
	Non-current liabilities	73.5	73.1	▲0.4	
Total liabilities		107.2	107.7	+0.5	
Total net assets		72.1	73.9	+1.8	Retained earnings +1.2, Foreign currency translation adjustment +0.5
Total liabilities and assets		179.2	181.6	+2.3	

Yen/Dollar exchange rate (Year-end rate)	132.70 yen	133.53 yen	+0.83 yen	
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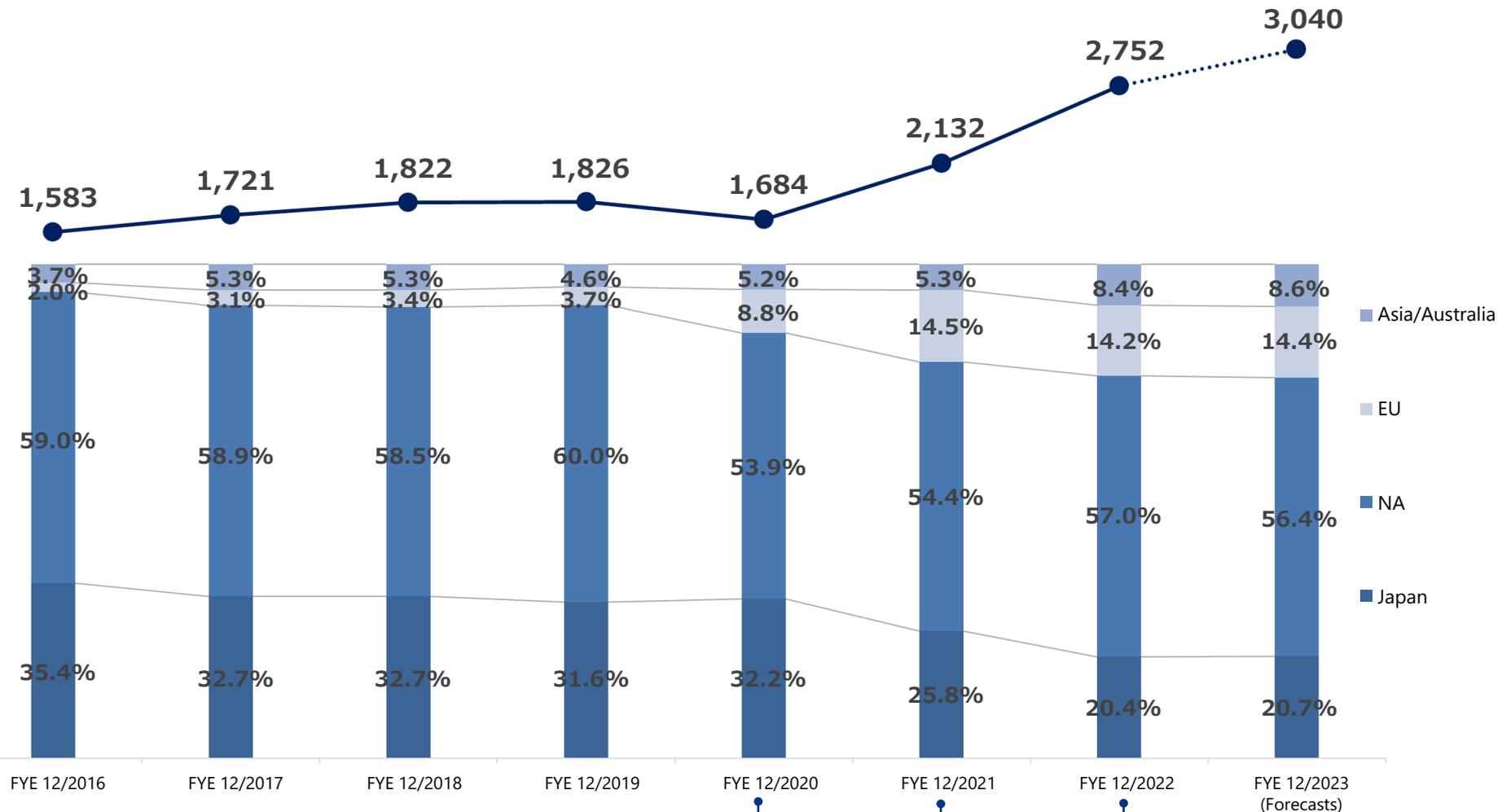
Shareholders' equity ratio	40%	40%	+0pt	
Current ratio	449%	445%	▲5pt	

- Retrospective application of changes in tax effect accounting standards for certain foreign subsidiaries for the previous fiscal year end (December 31, 2022)
- Insignificant impact on retrospective application on total assets and profit attributable to owners of parent

*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

Planning assumption

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

Unit: billions of yen		FY2022 Results	FY2023 Forecasts	FY2023 1Q	FY2023 Policies
Entire company	Sales	275.2	304.0	69.8	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	10.5	11.0	3.2	
Existing	Sales	261.3	286.0	65.7	While AFB will maintain operating income due to sales increases, we expect improved profits in the Agricultural & Seafood Products Trading Business.
	Profit	12.5	13.2	3.6	
AFB	Sales	212.9	232.1	54.5	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	13.0	13.1	3.5	
Agricultural & Seafood Products	Sales	44.6	49.4	10.0	The accuracy of purchase and sales plans and profitability will be improved by enhancing information-gathering capabilities particularly in the wholesale market.
	Profit	▲0.5	0.1	▲0.0	
Domestic BtoC	Sales	3.8	4.6	1.3	We aim to increase sales by expanding the product lineup and sales channels.
	Profit	0.0	0.0	0.1	
New	Sales	13.9	18.0	4.0	While continuing to invest in creating new businesses, focus will be maintained on expanding sales through enhanced sales channels (mainstream, etc.).
	Profit	▲2.0	▲ 2.2	▲ 0.4	
(USD exchange rate)		(131.43)	(130.00)	(132.34)	

◆ 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)		
			2022 Results	2023 Forecasts	2023 1Q
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) 	0.8	0.9	0.2
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 ◆ Strengthening management and operational capabilities in each region 	<ul style="list-style-type: none"> ◆ Product development and mainstream sales channel development in Europe and China ◆ Strengthening of overseas regional management systems 	1.1	1.1	0.2
3 Strengthening Profitability of Existing Businesses	<ul style="list-style-type: none"> ◆ Further expansion of the private brand product lineup ◆ Development of health-conscious products ◆ Improve operational efficiency and information security ◆ Improve accuracy of SCM operations ◆ Build a more customer-oriented organization ◆ Strengthen in-house collaboration across divisions and departments 	<ul style="list-style-type: none"> ◆ Enhancement of the product development divisions ◆ SCM and IT infrastructure investments ◆ Organizational revitalization/streamlining 	0.1 0.2 0.1	0.2 0.6 0.1	0.0 0.0 0.0
4 Development of New Businesses Derived from Existing Businesses	<ul style="list-style-type: none"> ◆ Capturing growth in overseas markets ◆ Capturing food service businesses responding to the New Normal lifestyle 	<ul style="list-style-type: none"> ◆ Construction of a mechanism for overseas export of Japanese agricultural products ◆ Development of new services to the restaurant industry (New Normal eating habits) 	0.3 0.1	0.3 0.3	0.1 0.0
			2.7	3.5	0.6

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.
- ◆ 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.
- ◆ 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%.

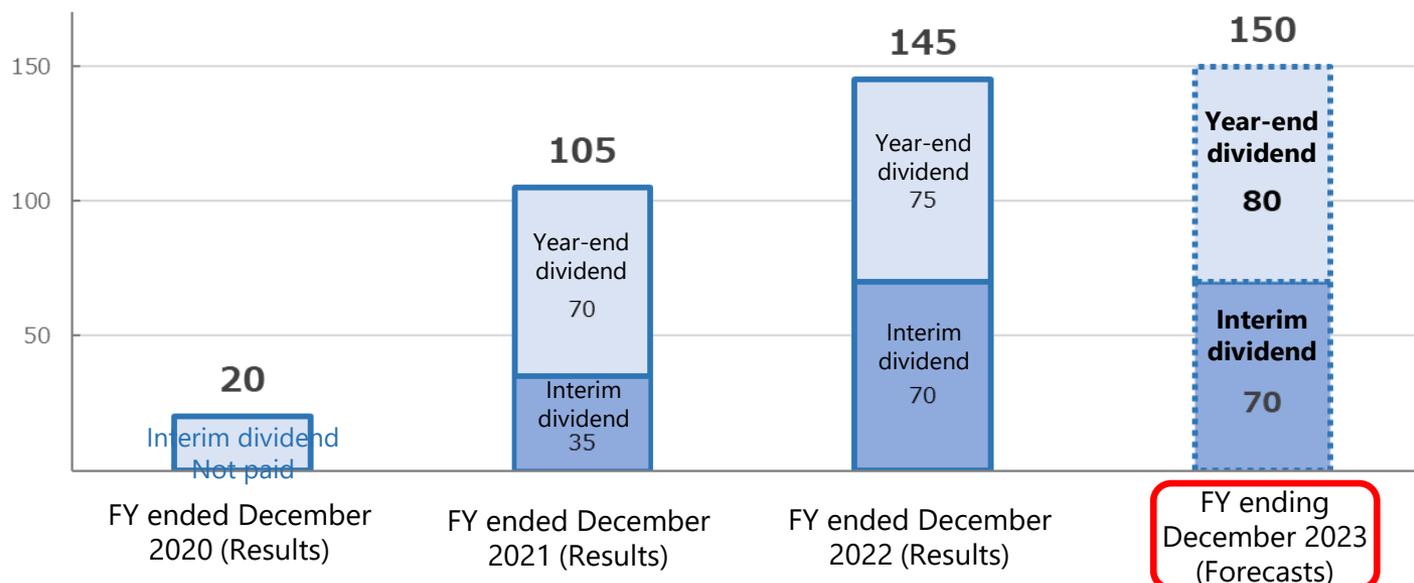
Dividends Forecast

FY2023

(Reference)
FY2022

Dividend per share

(yen)



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)

Purpose Statement

Contribution to society as a company in the food industry

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

Mission Statement

Our business model to bring our Purpose a reality

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"

→

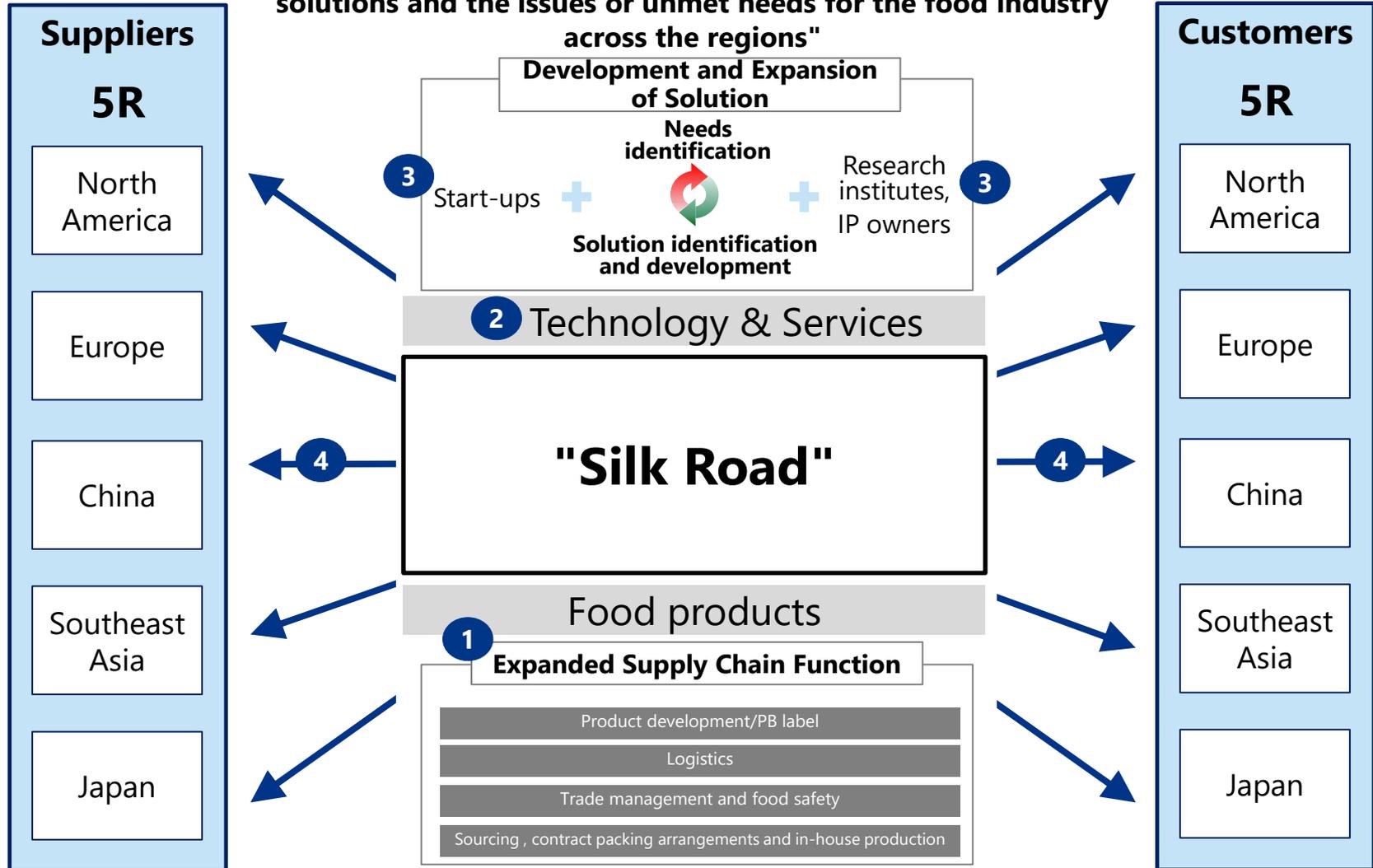
Providing every type of solutions from food to technology and services

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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

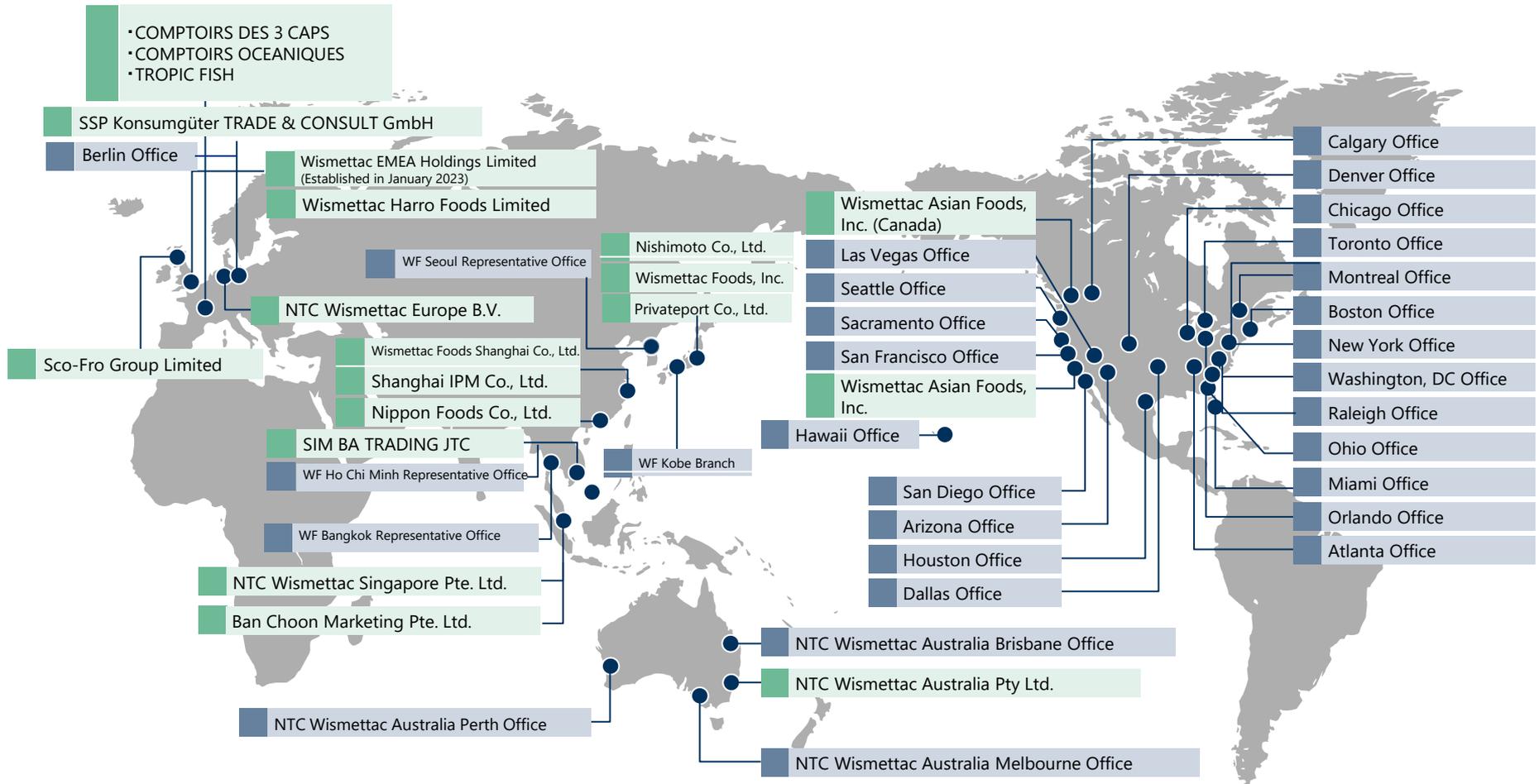
"Become the link between the most cutting-edge and best fit solutions and the issues or unmet needs for the food industry across the regions"



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. (TSE Prime 9260)	
Head office	15th Floor, Nihonbashi Muromachi Mitsui Tower, 3-2-1, Nihonbashi Muromachi, Chuo-ku, Tokyo	
Established	May 1912	
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 ◆ Other domestic sales activities (amenity products, supplements, medical food, etc.) 	
Subsidiaries and affiliates	24 subsidiaries, 1 affiliate [As of March 31, 2023]	
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"

(Reference) Progress Based On the Plan for Conforming to the Criteria for Maintaining TSE Prime Listing



Plan

(Submitted in December 2021)

- ◆ Challenge: Achieving "ratio of shares in circulation 35% or more"
- ◆ Details of Initiatives and Planned Timeframe
 - With the aim to increase the ratio of shares in circulation, the Company will consider offering to sell a portion of its shares to major corporate and individual shareholders and public offering of new shares, based on a phased approach while taking into account the business environment, stock market trends, etc.
 - Planned timeframe of four years (by December 2025)

Implementation Status of Initiatives Future Challenges

(As of end of December 2022, announced on March 30)

- ◆ Implementation Status and Evaluation of Initiatives
Number of shareholders, market capitalization of shares in circulation, and average daily trading value increased, but the ratio of shares in circulation fell short of the target.
 - Achieved record profits in fiscal year ended December 2022.
 - The Company will advance investor relations activities, such as investor meetings, and enhance corporate governance systems.
- ◆ The Company will seek to increase corporate value over the medium to long term and meet the criteria for maintaining listing within the timeframe specified in the plan.

		Number of shareholders	Number of shares in circulation	Market capitalization of shares in circulation	Ratio of shares in circulation	Daily average trading value
Conformance status and progress	As of June 30, 2021 (Transition reference date)*1	4,907	38,488 units	10.76B yen	26.8%	28.0M yen
	December 31, 2022*1, 2	8,268	37,877 units	14.47B yen	26.3%	133.0M yen
Listing maintenance criteria		800	20,000 units	10.0B yen	35%	20.0M yen
Planned period		-	-	-	End of Dec. 2025	-
Conformance status		○	○	○	×	○

*1 The conformance status as of each reference date is calculated based on the distribution of the Company's shares as of the reference date as ascertained by the TSE.

*2 The daily average trading value is based on the "Conformance Status with Listing Maintenance Criteria (Trading Value Criteria)" notified by the TSE on January 11, 2023.

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