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## **Supplementary Material to Financial Results**

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Third Quarter of the Fiscal Year Ending December 2021

Nishimoto Co., Ltd.

November 12, 2021

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- Summary of Financial Results  
for the Third Quarter of the Fiscal Year Ending  
December 2021 P. 3
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## Q3 2021 Financial Results

- ◆ Consumption demand continued to recover from the first half, mainly in North America and Europe. Sales and profits increased significantly year-on-year.

Same period last year

Net sales: 124.3 billion yen    Operating income: 0.05 billion yen,    Ordinary income: ▲0.2 billion yen,    Net profit: 0.3 billion yen<sup>(\*)</sup>

**Current period**

**Net sales: 155.3 billion yen, Operating income: 5.0 billion yen, Ordinary income: 4.9 billion yen, Net profit: 3.2 billion yen<sup>(\*)</sup>**

(\*) Net income attributable to owners of parent

## Forecasts of Financial Results and Year-end Dividend Forecast

- ◆ Both the forecasts of financial results and the year-end dividend forecast have not changed since the announcement of the second quarter financial results.

Forecasts of financial results

Net sales: 200.0 billion yen    Operating income: 5.5 billion yen,    Ordinary income: 5.1 billion yen,    Net profit: 3.8 billion yen<sup>(\*)</sup>

(\*) Net income attributable to owners of parent

Year-end dividend forecast

Interim: 35 yen(Result),    Term end: 45 yen,    Total: 80 yen

- 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

- ◆ Both existing business and new business maintain their original trajectory.
  - Existing business: Continue to focus on rebuilding business models and improving productivity to strengthen profitability.
  - New business: Aim to monetize derivative business from existing business and create next-generation business in new field.
- ◆ The medium-term business plan will be announced at a later date after scrutinizing the transient factors in the business performance for the current fiscal year and the impact of possible changes in the external environment in preparation for the post-pandemic future on the business performance.

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

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**Demand continued to recover from the first half, mainly in Europe and the United States, contributing to a significant increase in sales. In terms of profits, we continued to work on various measures and were able to maintain an increase in profits.**

- ◆ In the same period of the previous year, sales to restaurants decreased significantly due to regulations such as lockdown due to the COVID-19 pandemic. As for Q3, consolidated cumulative period, although some impacts still remained, it recovered steadily, resulting in a significant increase of 24.9% year-on-year.
- ◆ In terms of profits, in addition to the increase in profits due to the revenue growth during Q3, there was a reversal of the provision of allowance for doubtful accounts and loss on valuation of inventories. Furthermore, the implementation of various measures to recover profits, which we have been working on since the first half of the year, was also successful, resulting in a significant increase in profits.
  - In the same period of the previous year, the provision of allowance for doubtful accounts and loss on valuation of inventories (total of about 1.7 billion yen) were recorded as a response to the COVID-19 pandemic.

(Unit: billions of yen)

		FYE December 2020		FYE December 2021		Changes year-on-year
		Q3 Results		Q3 Results		
			Jul.-Sep.		Jul.-Sep.	
Operating results	Net sales	124.3	44.5	155.3	55.4	+24.9%
	Gross profit	20.6	8.0	29.2	10.4	+41.7%
	Operating income (Excluding strategic expenses)	1.5	1.7	6.9	2.3	+359.9%
	Operating income or loss(△)	0.0	1.2	5.0	1.7	-
	Ordinary income or loss(△)	▲0.2	1.2	4.9	1.6	-
	Net income or loss(△) attributable to owners of parent	0.3	1.3	3.2	0.6	+788.6%
Yen/Dollar exchange rate (Average rate during the period)		107.59 yen		108.50 yen		0.91 yen
Quarterly net income or loss(△) per share		25.36		225.30		+788.4%

**The Asian Food Global Business has recovered to the level of 2019 before the impact of the COVID-19 pandemic. In the Agricultural & Seafood Products Trading Business, sales and profits declined due to sluggish demand for imported fruits and vegetables.**

## **Asian Food Global Business (hereinafter called "GAF")**

- ◆ In the mainstay region, North America, sales to restaurants have recovered and expanded due to deregulation and rebound in consumption demand accompanying the progress of vaccination. In addition, sales to grocery stores have remained strong. Sales also recovered steadily in regions other than North America, with sales increasing by 37.3% year-on-year.
  - In North America: + 23.5% year-on-year, recovering above the level of 2019 before the spread of the COVID-19 pandemic.
  - Regions other than North America: + 91.4% year-on-year. (+ 15.0% excluding companies acquired during the period.)

## **Agricultural & Seafood Products Trading Business**

- ◆ Sales of imported fruits and vegetables, our main product, decreased by 1.3% due to sluggish demand due to a prolonged state of emergency and competition with low-priced domestic products.
- ◆ In terms of overall profits, it was in the red. Global logistics disruptions such as container delays have led to product inventory retention and quality degradation, resulting in price collapse.

(Unit: billions of yen)

Business segments		FYE December 2020		FYE December 2021		Changes year-on-year
		Q3 Results		Q3 Results		
			Jun.-Sep.		Jun.-Sep.	
GAF	Net sales	84.7	31.5	116.3	43.2	+37.3%
	Operating income or loss(△)	▲0.1	0.9	5.6	2.2	-
Agricultural & Seafood Products Trading Business	Net sales	37.1	12.2	36.6	11.4	▲1.3%
	Operating income or loss(△)	0.5	0.5	▲0.0	▲0.2	-
Other	Net sales	2.5	0.6	2.3	0.7	▲6.4%
	Operating income or loss(△)	0.0	▲0.0	▲0.0	▲0.0	-
Adjustment	Net sales	-	-	-	-	-
	Operating loss(△)	▲0.4	▲0.1	▲0.4	▲0.2	-
Total	Net sales	124.3	44.5	155.3	55.4	+24.9%
	Operating income	0.0	1.2	5.0	1.7	-

# Consolidated Balance Sheet (Summary)



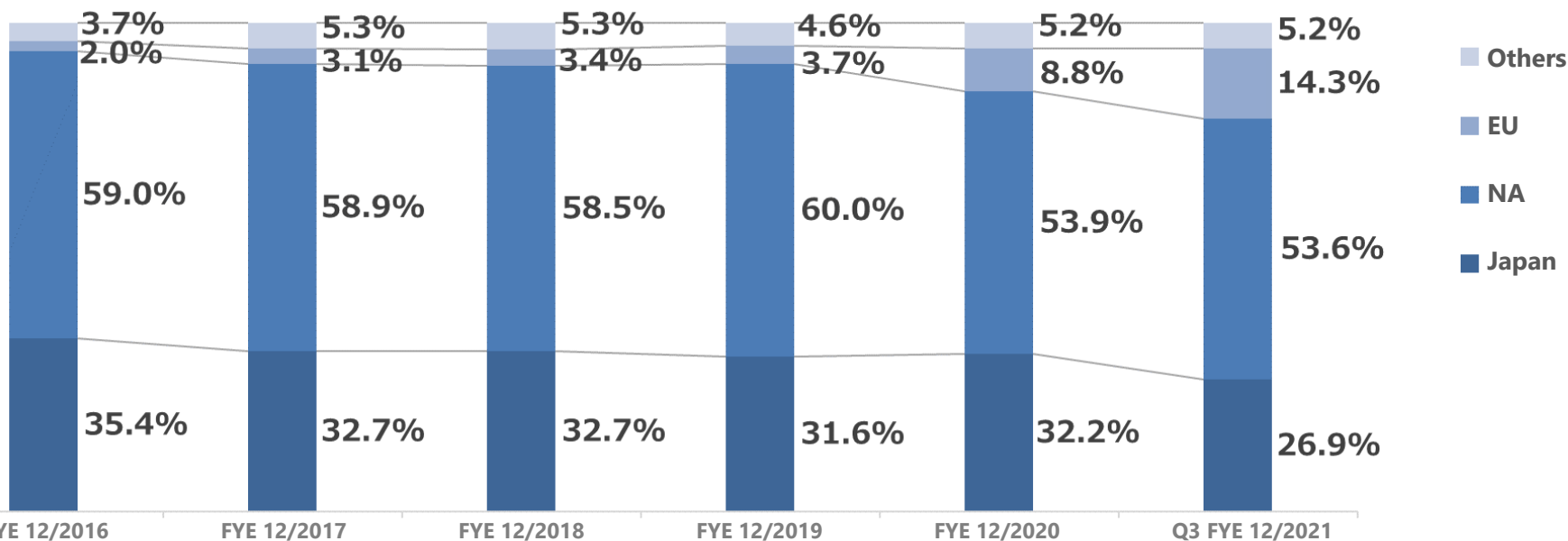
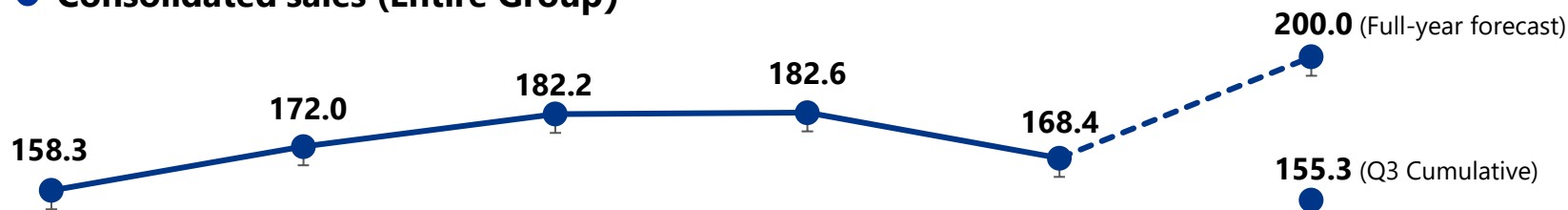
(Unit: billions of yen)

	End of 12/2020	End of 09/2021	Amount/rate of increase (decrease)	Main reasons for changes
Current assets	98.1	107.8	+9.7	Cash and deposits +1.5, Trade accounts receivable +2.2, Inventories +5.6
Non-current assets	15.4	16.8	+1.3	Lease asset(net increase) +0.6 Goodwill +0.6
<b>Total assets</b>	<b>113.6</b>	<b>124.7</b>	<b>+11.1</b>	
Current liabilities	21.4	27.2	+5.7	Accounts payable-trade +2.0, Short-term loans payable +0.1, Current portion of long-term loans payable +2.8
Non-current liabilities	41.2	40.7	▲0.4	Long-term loans payable(net decrease) ▲0.4
<b>Total liabilities</b>	<b>62.7</b>	<b>68.0</b>	<b>+5.2</b>	
<b>Total net assets</b>	<b>50.8</b>	<b>56.7</b>	<b>+5.8</b>	
<b>Total liabilities and net assets</b>	<b>113.6</b>	<b>124.7</b>	<b>+11.1</b>	
<b>Shareholders' equity ratio</b>	<b>44.4%</b>	<b>45.1%</b>	<b>+0.7 pt</b>	
<b>Current ratio</b>	<b>456.5%</b>	<b>396.1%</b>	<b>▲60.4 pt</b>	

# (Ref.) Sales Composition Ratio by Region

\* Sales to external customers  
Unit: billions of yen

## ● Consolidated sales (Entire Group)



WMC made SSP (Germany 2020/2), C3C (France 2020/7) into consolidated subsidiaries.

WMC made Sco-Fro Group (Scotland 2021/2) into consolidated a subsidiary.



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# Corporate Profile

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◆ **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)

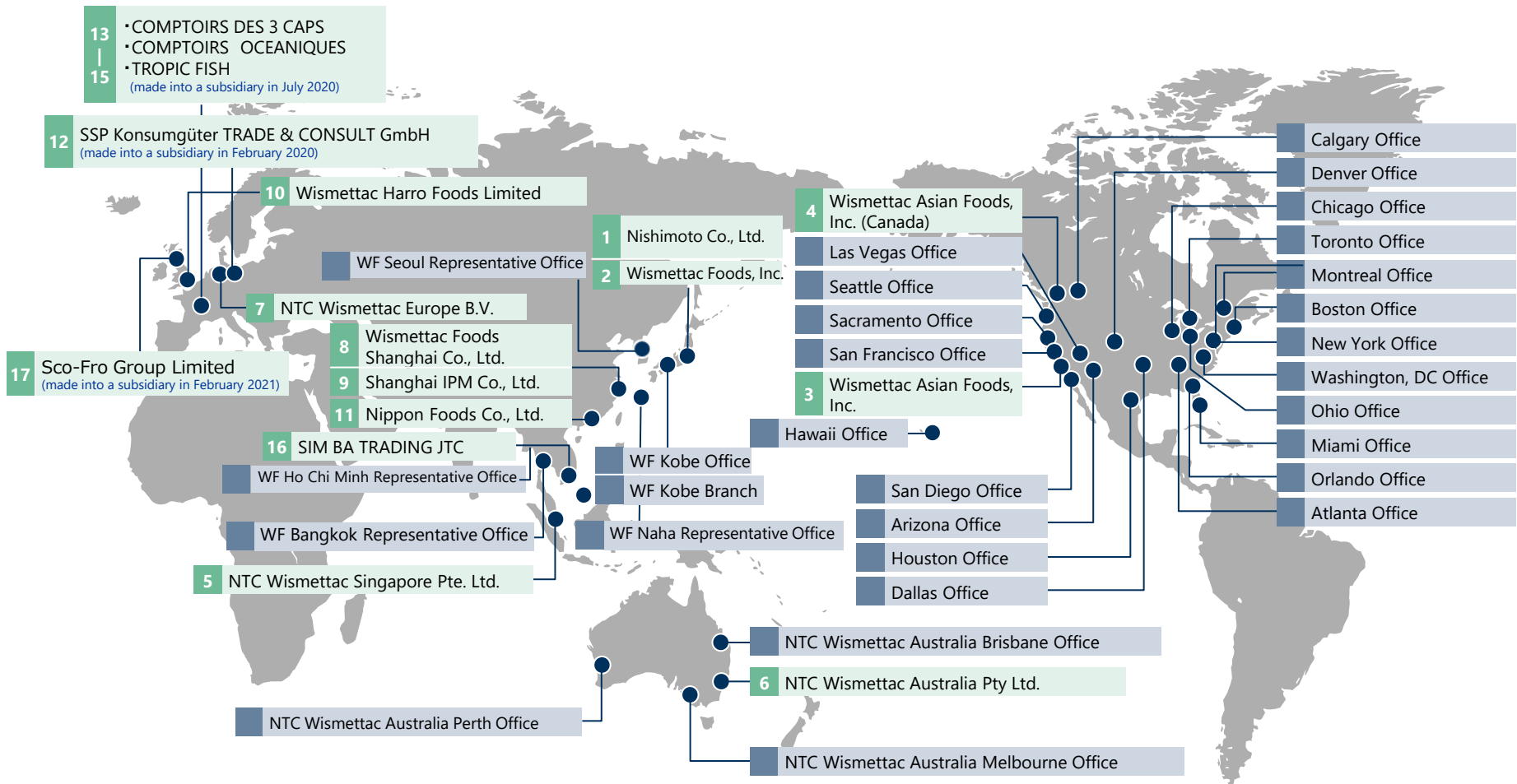
< **Metta** > (Eastern knowledge)  
(Metta means kindness or empathy in Pali, an ancient Indian language)

< **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**

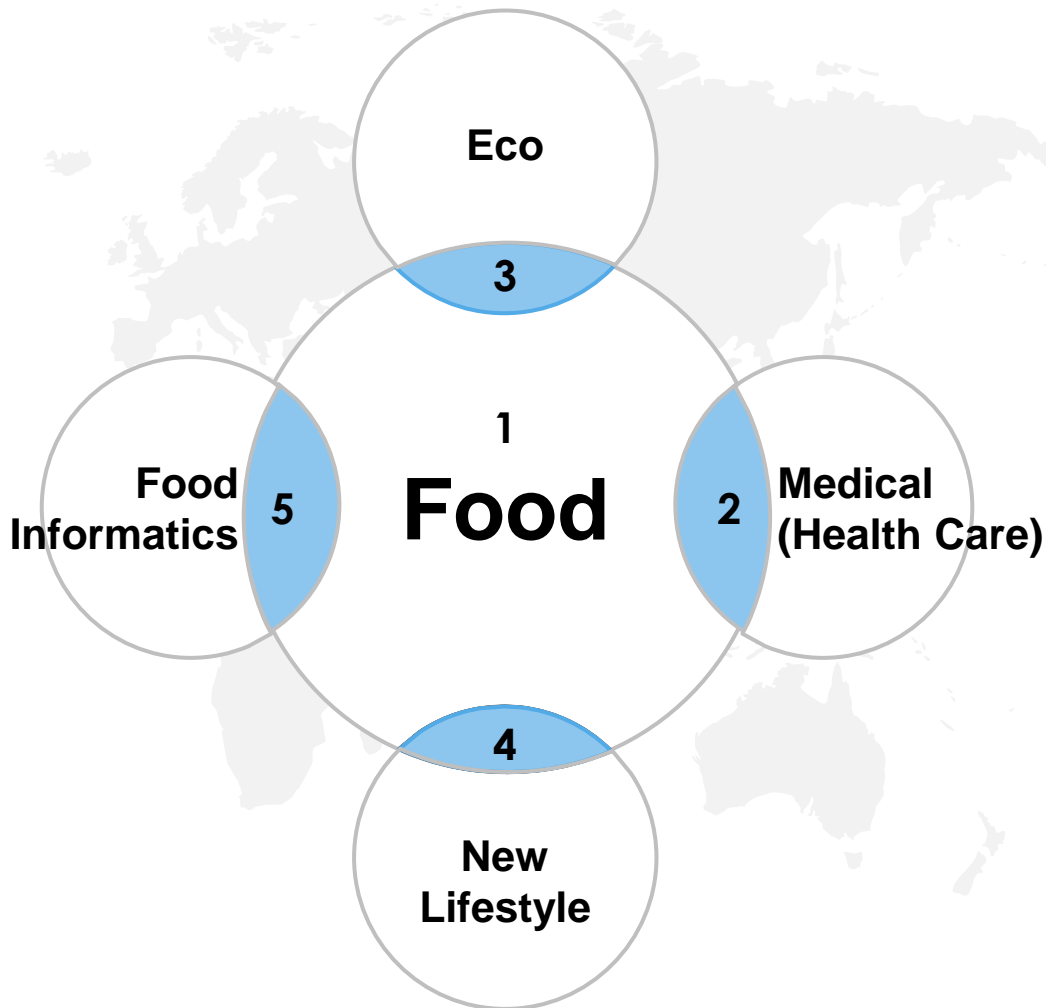
Company name	Nishimoto Co., Ltd.	
Head office	15 <sup>th</sup> Floor, Nihonbashi Muromachi Mitsui Tower, 3-2-1, Nihonbashi Muromachi, Chuo-ku, Tokyo	
Established	May 1912	
Representative directors	Yoshiro Susaki, Chairman & President CEO	
Number of employees	1,768 (including 1,455 in the Asian Food Global Business) [As of December 31, 2020]	
Business	<ul style="list-style-type: none"> <li>◆ Development and sales of Asian food worldwide</li> <li>◆ Imports and sales of fruit, vegetables and related processed products, and supply of food ingredients to food manufacturers and the restaurant sector</li> </ul>	
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"

- ◆ We are aiming to be a corporate group that expands globally by continuously creating new business (business models, products) that combine Needs/Issues and solutions in areas where 'Food' and other fields intersect.

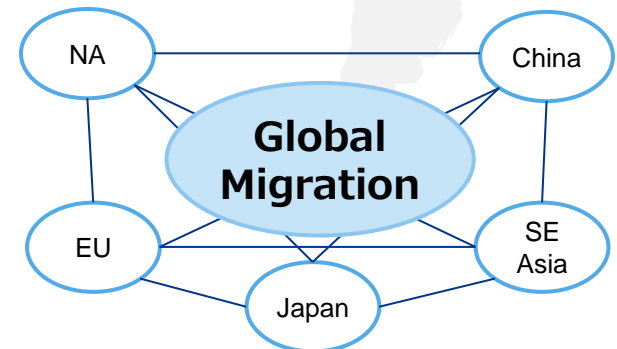


## Wismettac's Business Domains

1. **Food: Make a leap forward based on existing business**
2. **The area where Food and Medical (Health Care) intersect**
3. **The area where Food and Eco intersect**
4. **The area where Food and New Lifestyle intersect**  
This area 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.



**Continue investing to strengthen the profitability of existing business and create business 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 Results	2021 Forecast	2021 Q3 Results		
1	<b>expand business fields</b>	◆ Creation of new business in the intersection of the fields of food, healthcare, ecosystem, Food informatics, and new lifestyle	0.3	0.8	0.4	◆ Diversification of business portfolio
2	<b>Strengthening interregional cooperation</b>	◆ Establishment of an overseas regional management team and enhancement of its function ◆ Product development and mainstream sales channel development in Europe and China	1.0	1.6	0.8	◆ Strengthening organizational management capabilities in each region ◆ Securing mainstream sales channels and building business strategies for deepening transactions
3	<b>Boost the earnings capacity of existing business</b>	◆ Enhancement of the product development division ◆ SCM and IT infrastructure investments ◆ Organizational revitalization/streamlining(NA) and reform of compensation system	0.1 0.0 0.5	0.2 0.5 0.5	0.1 0.0 0.3	◆ Further expansion of the private brand product lineup ◆ Development of health-oriented products ◆ 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	<b>Expand new business derived from existing business</b>	◆ Developing sales channels and strengthening management capability in local markets overseas ◆ Development of new services to the restaurant industry (New Normal eating habits)	0.1 0.2	0.1 0.2	0.1 0.1	◆ Tapping growth market overseas ◆ Restaurant operation format suitable to New Normal
<b>TOTAL</b>			2.2	3.9	1.8	

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