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# **Supplementary Material to Financial Results**

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Fiscal Year Ended December 2020

Nishimoto Co., Ltd.

February 12, 2021

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Summary of Financial Results  
for the Fiscal Year Ended December 2020

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**Although sales to the restaurant industry decreased significantly due to the spread of the novel coronavirus, the good performance of sales to retailers and expense reduction efforts resulted in an operating income of 1,900 million yen and a net income of 1,000 million yen.**

- ◆ Net sales declined 7.8% year-on-year on a cumulative basis despite a steady recovery in and after the third quarter owing to the reopening of the restaurant industry after the easing of regulations in countries around the world and a shift to the formats of take-out and food delivery as well as the continued good performance of sales to retailers.
- ◆ Profit remained steady in and after the third quarter as net sales were recovering, and operating income reached 1,900 million yen on a cumulative basis.
  - The additional provision of allowance for doubtful accounts and valuation loss of inventories, recorded in the first half as measures against the novel coronavirus pandemic (an approximate total of 1,700 million yen), were partially reversed. The amount of the reversal was 1,200 million yen in total.

(Units: billions of yen)

		FY ended December 2019	FY ended December 2020	
		Full-year results	Full-year results	Changes year-on-year
Operating results	Net sales	182.6	168.4	-14.1
	Gross profit	32.1	29.4	-2.6
	Operating income (Excluding policy expenses)	5.1	4.1	-1.0
	Operating income or loss	4.3	1.9	-2.3
	Ordinary income or loss	4.5	1.7	-2.8
	Net income or loss attributable to owners of parent	2.4	1.0	-1.4
Yen/Dollar exchange rate (Average rate during the period)		109.05 yen	106.82 yen	-2.23 yen
Net income or loss per share		173.71 yen	70.80 yen	-102.91 yen

**In the Asian Food Global Business, profit decreased year-on-year due to the decrease in sales to the restaurant industry caused mainly by the tightening of operating regulations in the second and the fourth quarters. The Agricultural & Seafood Products Trading Business secured about the same level of sales and profit as the previous term due to strong sales in China.**

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

- ◆ Sales to the restaurant industry recovered moderately due to the gradual easing of regulations and a change of business formats, mainly to take-out and food delivery. Sales to retailers maintained steady growth after the lifting of lockdowns. Although net sales declined on a cumulative basis, they showed a strong recovery in the second half of the year particularly in Hong Kong, Singapore, Australia, and Netherlands.
  - In the North American region, sales decreased 17.3% year-on-year.
  - In regions outside of North America, sales increased +36.4% year-on-year (a negative 1.3% excluding four companies in total in the SSP and C3C Groups that were not subject to consolidation in the previous term).
- ◆ As for profit, the segment posted an operating income of 1,800 million yen, including a partial reversal of the provision of allowance for doubtful accounts and valuation loss of inventories recorded in the first half.
  - In the North American region, the operating income was 1,730 million yen (an operating income of 3,600 million yen in the same period of the previous year).
  - In regions outside of North America, the operating income was 70 million yen (an operating income of 500 million yen in the same period of the previous year).

## Agricultural & Seafood Products Trading Business

- ◆ Net sales declined 3.8% year-on-year due to a delay in the recovery of demand in the restaurant industry although sales of fruits and vegetables to retailers performed well from the third quarter onward. Profit decreased 10.7% year-on-year (a decrease of 80 million yen) due to the decrease in net sales and an increase in selling, general and administrative expenses.

(Units: billions of yen)

		FY ended December 2019	FY ended December 2020	
		Full-year results	Full-year results	Changes year-on-year
GAF	Net sales	128.8	116.8	-11.9
	Operating income or loss	4.1	1.8	-2.3
Agricultural & Seafood Products Trading	Net sales	49.8	47.9	-1.8
	Operating income or loss	0.7	0.6	-0.0
Other	Net sales	3.9	3.6	-0.3
	Operating income or loss	0.1	0.1	-0.0
Adjustment	Net sales	-	-	-
	Operating income or loss	-0.7	-0.6	0.0
Total	Net sales	182.6	168.4	-14.1
	Operating income or loss	4.3	1.9	-2.3

# Consolidated Balance Sheet (Summary)



(Unit: billions of yen)

	FY ended December 2019	FY ended December 2020	Amount/rate of increase (decrease)	Main reasons for changes
Current assets	87.9	98.1	+10.1	Cash and deposits +13.5, Accounts receivable-trade -0.8, Inventories -1.4 * Including the SSP and C3C Groups' accounts receivable-trade and inventories of 4.7 in total
Non-current assets	8.6	15.4	+6.8	Goodwill +4.1, Customer-related assets +3.5
<b>Total assets</b>	<b>96.5</b>	<b>113.6</b>	<b>+17.0</b>	
Current liabilities	19.0	21.4	+2.4	Accounts payable-trade +0.8, Short-term loans payable +0.6 * Including the SSP and C3C Groups' accounts payable-trade of 1.2
Non-current liabilities	25.1	41.2	+16.0	Long-term loans payable +14.0
<b>Total liabilities</b>	<b>44.2</b>	<b>62.7</b>	<b>+18.5</b>	
<b>Total net assets</b>	<b>52.3</b>	<b>50.8</b>	<b>-1.4</b>	Foreign currency translation adjustment -2.0, Non-controlling interests +0.3
<b>Total liabilities and net assets</b>	<b>96.5</b>	<b>113.6</b>	<b>+17.0</b>	
<b>Shareholders' equity ratio</b>	<b>54.2%</b>	<b>44.4%</b>	<b>-9.8pt</b>	
<b>Current ratio</b>	<b>461.5%</b>	<b>456.5%</b>	<b>-5.0pt</b>	

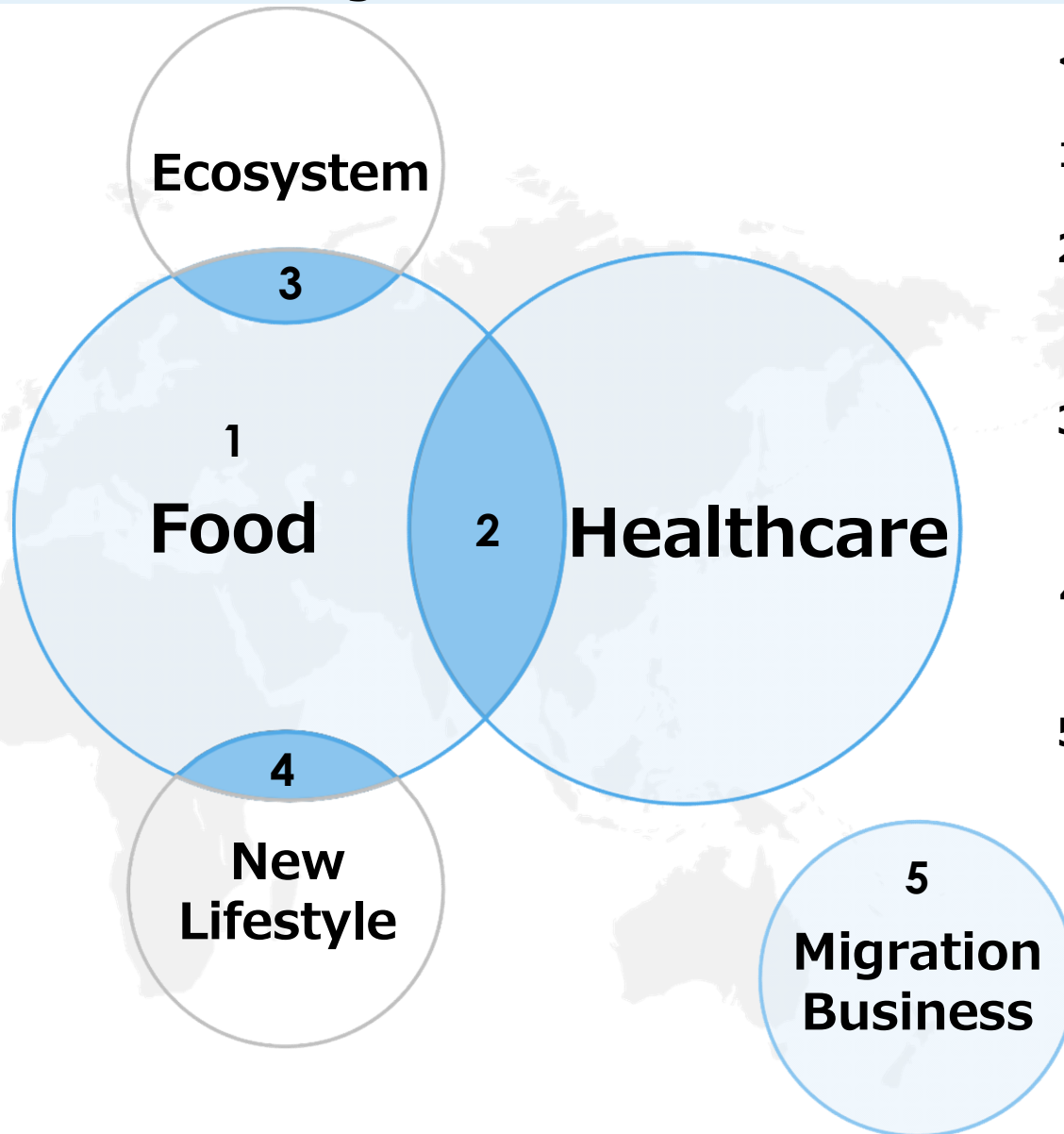
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# Forecasts of Financial Results for the Fiscal Year Ending December 2021

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Nishimoto Wismettac aims to become a specialized global solutions company in the five fields shown below, which consist of the food field and other new fields intersecting with the food field.



## <Focus>

1. Food supply chain solution
2. Solution in the intersection between food and healthcare
3. Solution in the intersection between food and ecosystem
4. Solution in the intersection between food and new lifestyle
5. Migration Service Business



**The existing businesses will focus on the reconstruction of their business models and productivity improvements to strengthen earning capacity. New businesses will aim to start to make a profit from businesses derived from existing businesses, while creating next-generation businesses in new fields.**

**Assumptions about the external environment**

**Direction of the Company**

GAF	<ul style="list-style-type: none"> <li>◆ The spread of novel coronavirus will subside in the second half of 2021, and the economy will recover gradually.</li> <li>◆ Although the recovery of the restaurant industry will be slow, sales to retailers (including mass, grocery, and online retailers) will be strong.</li> <li>◆ Container freight rates will rise and the yen will continue to be strong.</li> </ul>
Agricultural & Seafood Products	<ul style="list-style-type: none"> <li>◆ Focus will be on data-based sales and purchases.</li> <li>◆ As in foreign countries, the recovery of the restaurant industry in Japan will be slow. Sales to retailers will continue to be strong.</li> <li>◆ The moderate tightening trend of the supply-demand balance in the agricultural and seafood product markets will subside for the time being and market prices will fall.</li> </ul>
Domestic	<ul style="list-style-type: none"> <li>◆ In-person and event sales in a three-C situation will continue to be difficult.</li> <li>◆ The shift to online shopping will be promoted.</li> </ul>

- 1. Create next-generation businesses in new fields**
  - Develop businesses in the intersection between the fields of food, healthcare, and ecosystem
  - Put in place a mechanism to create new businesses at overseas business sites in Japan, Europe, the U.S., China, and other Asian countries.
- 2. Boost the earnings capacity of existing businesses**
  - Reconstruct business models to suit the current market conditions
  - Improve productivity by introducing IT systems
- 3. Expand new businesses derived from existing businesses**
  - Develop sales channels to sell products to overseas mainstream customers
  - Create a new mechanism for exporting agricultural and seafood products

**A strategic investment of about 3.9 billion yen will be made to boost the earning capacity of existing businesses and to create new businesses.**

	Measures	Aims	Amount (including expenses, billions of yen)		
			2020	2021	Changes
<b>1</b> <b>Expand business fields</b>	<ul style="list-style-type: none"> <li>◆ Creation of new businesses in the intersection of the fields of food, healthcare, ecosystem, and new lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>◆ Diversification of business portfolio</li> </ul>	0.3	0.8	0.5
<b>2</b> <b>Boost the earnings capacity of existing businesses</b>	<ul style="list-style-type: none"> <li>◆ Enhancement of the product development division</li> </ul>	<ul style="list-style-type: none"> <li>◆ Further expansion of the private brand product lineup</li> <li>◆ Development of health-oriented products</li> </ul>	0.1	0.2	0.1
	<ul style="list-style-type: none"> <li>◆ SCM and IT infrastructure investments</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reduction of SG&amp;A expenses and logistics expenses leveraging DX and robotics</li> </ul>	0.0	0.5	0.5
	<ul style="list-style-type: none"> <li>◆ Organizational Revitalization</li> </ul>	<ul style="list-style-type: none"> <li>◆ Stronger organizational power</li> <li>◆ Establishment of KPIs linked to individual rewards</li> <li>◆ Stronger teamwork capability through the introduction of internal communication/coordination tools</li> </ul>	0.5	0.5	0.0
	<ul style="list-style-type: none"> <li>◆ Developing sales channels and strengthening management capability in local markets overseas</li> </ul>	<ul style="list-style-type: none"> <li>◆ Development of mainstream sales channels</li> </ul>	1.0	1.6	0.6
<b>3</b> <b>Expand new businesses derived from existing businesses</b>	<ul style="list-style-type: none"> <li>◆ Creation of a mechanism to export domestic agricultural products</li> </ul>	<ul style="list-style-type: none"> <li>◆ Tapping growth markets overseas</li> </ul>	0.1	0.1	0.0
	<ul style="list-style-type: none"> <li>◆ Development of new services to the restaurant industry (New Normal eating habits)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Restaurant operation format suitable to New Normal</li> </ul>	0.2	0.2	0.0
<b>Total</b>			<b>2.2</b>	<b>3.9</b>	<b>1.7</b>

Despite the existence of headwinds such as the lingering effect of the novel coronavirus pandemic that did not exist when the previous medium-term business plan was developed, we will realize a steady recovery of existing businesses and the acceleration of new businesses.

Planning assumption

The recovery from the effect of the novel coronavirus pandemic is expected in the second half of FY 2021 (first half in the previous medium-term business plan). The yen/dollar exchange rate is assumed to be 100 yen (108 yen in the previous medium-term business plan).

(Units: billions of yen)

Unit: billions of yen		Result FY 2019	Result FY 2020	Previous plan FY 2021	Current plan FY 2021	Comment
Entire company	Sales	182.6	<b>168.4</b>	<b>193.2</b>	<b>187.0</b>	Investments to strengthen IT infrastructure and promote DX and investments in new businesses will be accelerated.
	Profit	4.3	<b>1.9</b>	<b>2.5</b>	<b>2.0</b>	
Existing	Sales	180.5	<b>165.7</b>	<b>184.8</b>	<b>180.5</b>	Operating income of existing businesses will recover to about the same levels as in the previous medium-term business plan.
	Profit	5.4	<b>3.9</b>	<b>4.8</b>	<b>4.7(5.2)</b>	
GAF	Sales	128.8	<b>116.3</b>	<b>131.8</b>	<b>128.0</b>	The effect of the acquisition of C3C will realize and the earning capacity will steadily recover all over the world.
	Profit	4.5	<b>3.0</b>	<b>4.0</b>	<b>4.0(4.5)</b>	
Agricultural & Seafood Products	Sales	47.7	<b>45.8</b>	<b>49.1</b>	<b>50.4</b>	Earning capacity will be steadily enhanced by the strengthening of domestic and international businesses.
	Profit	0.8	<b>0.8</b>	<b>0.6</b>	<b>0.7</b>	
Domestic BtoC	Sales	3.9	<b>3.6</b>	<b>3.9</b>	<b>3.8</b>	Operating results are expected to be about the same as this year, but operating income will decrease due to changes in allocation basis for internal expenses.
	Profit	0.1	<b>0.1</b>	<b>0.2</b>	<b>0.0</b>	
New	Sales	2.1	<b>2.7</b>	<b>8.4</b>	<b>6.5</b>	New businesses will further accelerate.
	Profit	▲1.1	<b>▲2.0</b>	<b>▲2.2</b>	<b>▲2.7</b>	

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

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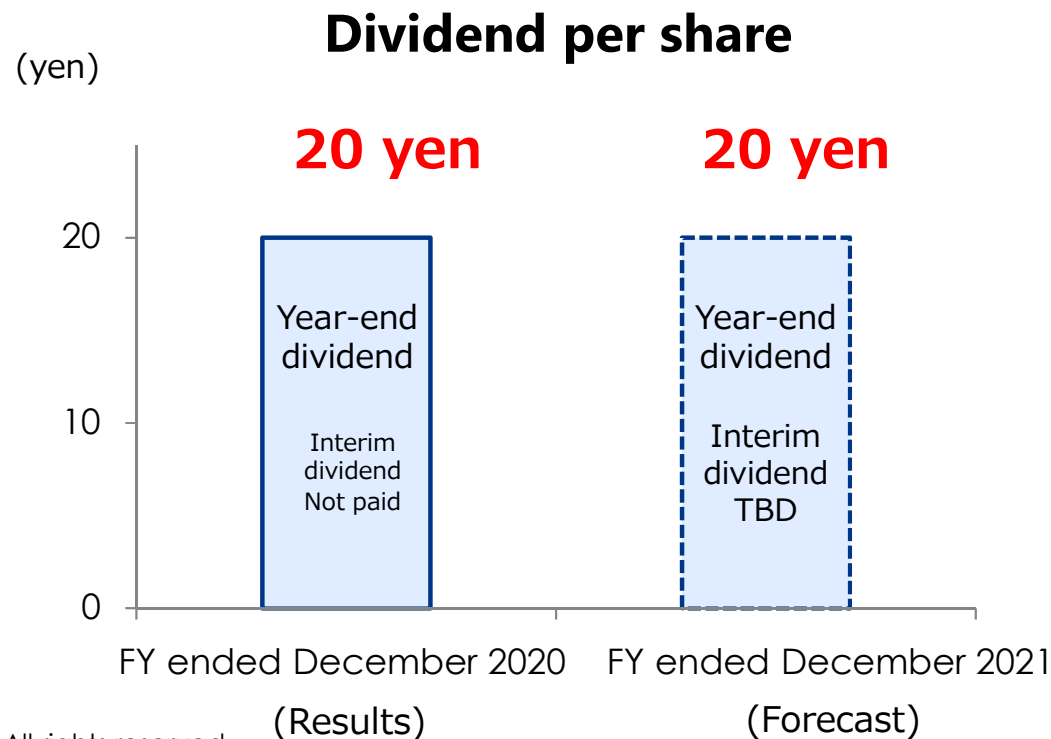
# Policy of Returning Profits to Shareholders

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## [Policy]

- ◆ The Company's basic policy for returning profits to shareholders is to 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 each fiscal year. The Company's forecast of net income for the fiscal year ending December 2021 is 0.3 billion yen for the first half of the year and 1.0 billion yen for the full-year.
- ◆ As it is extremely difficult to predict when the novel coronavirus pandemic will subside, the amount of interim dividend has not been determined at this point.
- ◆ Our dividend forecast for the fiscal year ending December 2021 is 20.00 yen per share in total of both interim and year-end dividends.



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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)

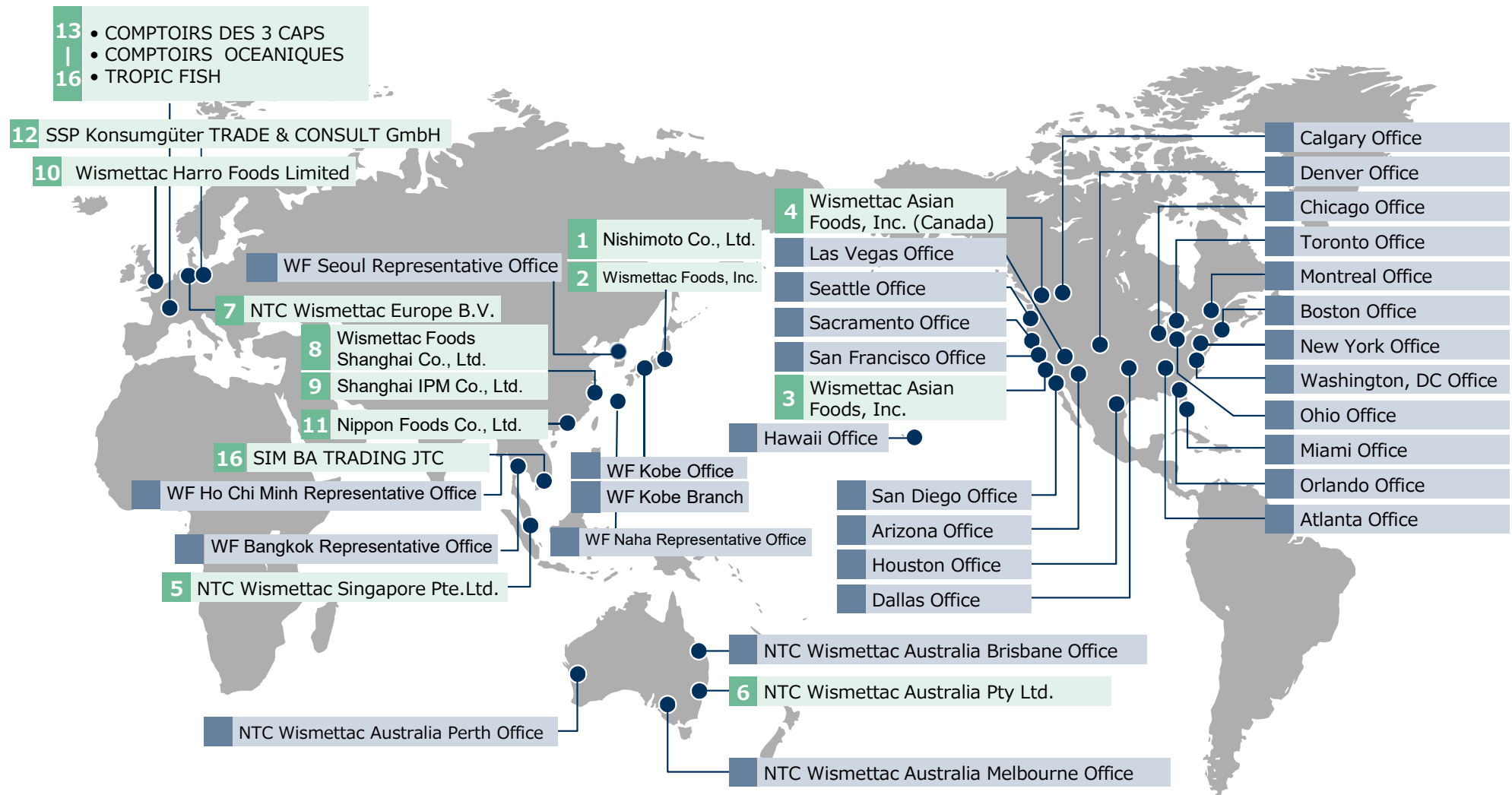
<**Creativity**> (Ability to create value)

**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	15 subsidiaries, 1 affiliate
Business sites	47 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)

# Nishimoto Wismettac: Domestic and Overseas Business Sites Wismettac

Developing businesses in all continents with 47 global locations in North America, Europe, Australia and Asia, among which North America (U.S. and Canada) has 24 locations accounting for the majority of sales



“WF” shown in the figure is an abbreviation for “Wismettac Foods”



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