



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2021 (Japanese GAAP)

May 14, 2021

Company name: Nishimoto Co., Ltd.	Listed exchange: Tokyo
Code: 9260	URL: https://www.wismettac.com/
Representative: Yoshiro Susaki, Chairman & President CEO	
Contact: Yuji Sasa, Director/CFO	(Phone) 03-6870-2015
Scheduled date of filing of quarterly report:	May 14, 2021
Scheduled date of commencement of dividend payments:	—
Preparation of supplementary materials for quarterly financial results:	Yes
Holding of quarterly financial results presentation meeting:	No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the first quarter of the fiscal year ending December 31, 2021 (from January 1, 2021 to March 31, 2021)

(1) Consolidated results of operations (cumulative)

(Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of FY ending December 31, 2021	44,611	3.6	1,122	—	1,167	—	904	695.9
First quarter of FY ended December 31, 2020	43,058	(1.6)	5	(99.6)	(270)	—	113	(88.8)

(Note) Comprehensive income

First quarter of FY ending December 31, 2021: 3,706 million yen (—%)

First quarter of FY ended December 31, 2020: (576) million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of FY ending December 31, 2021	63.03	—
First quarter of FY ended December 31, 2020	7.92	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2021 (FY 2021 1Q)	121,313	54,262	44.4
As of December 31, 2020 (FY 2020)	113,606	50,842	44.4

(Reference) Shareholders' equity

First quarter of FY ending December 31, 2021: 53,866 million yen

FY ended December 31, 2020: 50,454 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended December 31, 2020	—	0.00	—	20.00	20.00
FY ending December 31, 2021	—	—	—	—	—
FY ending December 31, 2021 (Forecast)	—	—	—	20.00	—

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated financial results forecast for the fiscal year ending December 31, 2021
(from January 1, 2021 to December 31, 2021)

(Percentages denote year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY ending December 31, 2021	90,000	12.8	600	—	450	—	300	—	20.90
FY ending December 31, 2021	187,000	11.0	2,000	0.9	1,700	(0.9)	1,000	(1.6)	69.67

(Note) Revision to the forecast for financial results announced most recently: None

* Notes

(1) Changes in significant subsidiaries during the first three months of the fiscal year: None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
New – companies (Company name) / Excluded – companies (Company name)

(2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes to accounting estimates, and restatements

(i) Changes in accounting policies due to revisions of accounting standards: None

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(4) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)	As of March 31, 2021	14,353,140 shares	December 31, 2020	14,353,140 shares
(ii) Number of treasury shares at the end of the period	As of March 31, 2021	153 shares	December 31, 2020	112 shares
(iii) Average number of shares during the period (three months ended March 31, 2021)	As of March 31, 2021	14,353,006 shares	March 31, 2020	14,353,028 shares

* These quarterly financial results are not subject to quarterly review procedures.

* Explanation of the proper use of financial results forecasts and other notes

(Cautionary note on forward-looking statements, etc.)

The forward-looking statements such as financial results forecasts contained in this document are based on information currently available to the Company and certain reasonable assumptions. Thus, these statements are not intended for management to promise the achievement of the forecast. Actual financial results may differ materially due to various factors. For conditions of the assumptions in the forecast and notes to use of the forecast, please see the section titled "(3) Explanation of future forecasts such as consolidated financial results forecasts" under the chapter titled "1. Qualitative information on quarterly financial results" on the page 4 of the attachment.

(How to obtain the quarterly financial results supplementary materials)

The quarterly financial results supplementary materials will be disclosed on TDnet on May 14, 2021 and will also be posted on the Company's website.

○ Attachment: Table of Contents

1. Qualitative information on quarterly financial results	2
(1) Explanation of operating results	2
(2) Explanation of financial position	3
(3) Explanation of future forecasts such as consolidated financial results forecasts	4
2. Quarterly consolidated financial statements and major notes	5
(1) Quarterly consolidated balance sheet	5
(2) Quarterly consolidated statements of income and comprehensive income	7
(3) Notes to the quarterly consolidated financial statements	9
(Notes to assumption of going concern)	9
(Notes on significant changes in shareholders' equity)	9
(Application of accounting treatment specific to the preparation of quarterly consolidated financial statements)	9
(Additional information)	9
(Segment information)	10
(Business combination and other relationships)	11

1. Qualitative information on quarterly financial results

(1) Explanation of operating results

[Outline of the first quarter of the current consolidated fiscal year]

During the first quarter of the current consolidated fiscal year, uncertainty remained in the global economy due to the impact of the COVID-19 pandemic. However, in countries and regions where vaccine development has progressed, regulations have been partially relaxed and fiscal and monetary policy measures have been implemented, and it seems that confusion has abated and the situation has settled down somewhat. Also, the restaurant industry, which was hard-hit by COVID-19 during the previous fiscal year, seems to be recovering gradually by adopting new forms of business suited to the circumstances wrought by COVID-19, such as take-out and delivery services.

On the other hand, in countries and regions where COVID-19 has been resurging, regulations appear to have been reenforced and gaps between regions have arisen in terms of the state of economic improvement. In Japan, the second state of emergency was declared in January for 10 prefectures, and measures were implemented, such as requesting restaurants to shorten their business hours. Therefore, people have come to feel cooped-up in their daily lives.

Under such circumstances, the Company Group reacknowledged its mission as a food distributor and has been making efforts to steadily supply goods while ensuring employee safety. The main businesses of the Company Group are the Asian Food Global Business that distributes Asian food products and ingredients such as Japanese food around the world with a focus on North America, as well as in Europe, China, South East Asia, Australia, etc., and the Agricultural & Seafood Products Trading Business that distributes fruits and vegetables, fishery products, etc. in domestic markets, as well as overseas markets through exports and offshore trading. Also, the Company Group engages in business that distributes foreign brand foods, seasonal goods planned and developed by the Company Group, and character goods to imported food stores, daily sundry shops, etc. in Japan, and in business that manufactures and distributes natural supplements.

As for the Asian Food Global Business, the Company Group has been actively promoting a structural reform to continuously achieve sustainable and stable incomes from the North American region and an expansion of the business platform in regions outside of North America as one of our growth strategies. As for the Agricultural & Seafood Products Trading Business, the Company Group has been working on expanding sales to the wholesale market, which is the main distribution route, mass retailers, restaurant chains, home-meal replacement industries, etc. and overseas distribution routes (export of domestic fruits and vegetables, offshore trading in fruits and vegetables, wholesale business in China, etc.).

As a result, with respect to the financial results for the first quarter of the current consolidated fiscal year, net sales stood at 44,611 million yen (3.6% increase year-on-year), operating income amounted to 1,122 million yen (operating income of 5 million yen in the same period of the previous year), ordinary income amounted to 1,167 million yen (ordinary loss of 270 million yen in the same period of the previous year) and profit attributable to owners of parent totaled 904 million yen (profit attributable to owners of parent of 113 million yen in the same period of the previous year).

Financial results by segment are as follows: It is noted that net sales of segments are net sales to external customers.

[Outline of operating results by segment]

(i) Asian Food Global Business

In the Asian Food Global Business, for the first quarter of the current consolidated fiscal year, the Company had net sales of 33,348 million yen (7.1% increase year-on-year) and operating income of 1,248 million yen (operating income of 65 million yen in the same period of the previous year).

In the North American region, at the end of the previous fiscal year, it was forecast that the COVID-19 pandemic would peak in January or February, so the forecast was conservative for the first quarter of the current consolidated fiscal year. In fact, the number of new infections started to decline in mid-January. Although the business environment for restaurants, which are the Company Group's major customers, remains difficult, net sales to restaurants are on a recovery trend because various measures are being taken, including resumption of outdoor eating and drinking, resumption of eating and drinking inside restaurants with reservations, and easing of capacity requirements for eating and drinking inside restaurants, etc. Also, sales to grocery stores continue to be robust. In addition to efforts for existing businesses, promotion of sales to non-Asian grocery stores and expansion of e-commerce also contributed to net sales. In March, average sales per day to restaurants and grocery stores overall recovered to the level of 2019 prior to the COVID-19 pandemic. On the other hand, a delay in the arrival of goods due to a global shortage of containers and turbulence in logistics resulted in opportunity losses due to stockouts and increased transportation costs.

Net sales for the first quarter of the current consolidated fiscal year decreased slightly year-on-year because sales in January and February in the same period of the previous year were very robust and the impact of the COVID-19 pandemic on sales throughout the previous year was minimal despite the effects of COVID-19, which began to be felt in late March. Income in the first quarter of the current consolidated fiscal year significantly increased not only due to no additional provision of allowance for doubtful accounts in the current fiscal year, which was recorded in the same period of the previous year, in

consideration of the impact of the COVID-19 pandemic during and after the second quarter, but also due to a reduction in personnel expenses thanks to the successful pricing policy and efficient management of drivers and warehouse staff.

With regard to regions outside of North America, both net sales and income made steady progress in the Asia and Oceania region, which has made progress overcoming the impact of the COVID-19 pandemic. In the European region, the regulatory level has not been lowered, and restaurants are forced to continue to conduct limited operations, so recovery is delayed. In contrast, in the UK, where vaccination has been relatively successful, the regulatory level is planned to be lowered by means of reservations, so there are some positive signs. Both net sales and income increased compared to the same period of the previous year because COMPTOIRS DES 3 CAPS, which had been a French corporation and an equity method affiliate, was made into a consolidated subsidiary in July 2020.

(ii) Agricultural & Seafood Products Trading Business

In the Agricultural & Seafood Products Trading Business, for the first quarter of the current consolidated fiscal year, the Company had net sales of 10,262 million yen (4.3% decrease year-on-year) and operating losses of 57 million yen (operating income of 24 million yen in the same period of the previous year).

With regard to perishable fruits and vegetables, under the declaration of a state of emergency, industrial demand declined due to operating regulations for the restaurant industry and domestically produced citrus fruits were plentiful, so sales of imported citrus fruits as a whole were slow, resulting in price drops and quality deterioration due to long-term inventory. For this reason, sales at significantly reduced prices were unavoidable until February, resulting in sales losses. In March, normalization of inventory levels and price increases worked well to establish a structure to improve cash flows starting from the second quarter.

As for frozen food items, distribution routes to manufacturers and retailers have made relatively steady progress. Although distribution routes to the restaurant industry still face difficulties, shipping speed increased in the latter half due to the building up of inventory in anticipation of the lifting of the declaration of the state of emergency.

(iii) Other businesses

In other businesses, for the first quarter of the current consolidated fiscal year, the Company had net sales of 1,000 million yen (17.5% decrease year-on-year) and operating income of 62 million yen (38.7% decrease year-on-year).

During the Valentine's Day and White Day sales season in the first quarter of the current consolidated fiscal year, when sales are customarily expected to increase significantly, the Company, under the declaration of the state of emergency, made efforts to ensure profit by reducing purchases according to the plan, reducing the number of temporary salespersons, and making use of e-commerce amid the expectation of an adverse environment, such as a reduction in the scale of events held by department stores. The existing imported food and supplement business was steady, but this was not enough to compensate for the decrease in sales during the Valentine's sales season.

(2) Explanation of financial position

(Assets)

Total assets as of March 31, 2021 stood at 121,313 million yen, an increase of 7,707 million yen compared to December 31, 2020, and was mainly attributable to the following.

Total current assets as of March 31, 2021 amounted to 104,245 million yen, an increase of 6,124 million yen compared to December 31, 2020. The increase in total current assets was due to an increase of 3,630 million yen in inventories, an increase of 1,313 million yen in cash and deposits, and an increase of 875 million yen in notes and accounts receivable—trade.

Total non-current assets as of March 31, 2021, came to 17,067 million yen, an increase of 1,582 million yen compared to December 31, 2020. The increase in total non-current assets was due to an increase of 825 million yen in goodwill and an increase of 754 million yen in buildings and structures, net.

(Liabilities)

Total liabilities as of March 31, 2021 stood at 67,051 million yen, an increase of 4,287 million yen compared to December 31, 2020, and was mainly attributable to the following.

Total current liabilities as of March 31, 2021, amounted to 26,125 million yen, an increase of 4,632 million yen compared to December 31, 2020. The increase in total current liabilities was due to an increase of 3,198 million yen in the current portion of long-term loans payable, an increase of 836 million yen in notes and accounts payable—trade, and an increase of 290 million yen in accounts payable—other.

Total non-current liabilities as of March 31, 2021 was 40,925 million yen (a decrease of 344 million yen compared to December 31, 2020). The decrease in total non-current liabilities was due to a decrease of 446 million yen in long-term loans payable, despite an increase of 63 million yen in other non-current liabilities including derivative obligations, etc.

(Net assets)

Total net assets as of December 31, 2021 amounted to 54,262 million yen, an increase of 3,419 million yen compared to December 31, 2020. The increase in total net assets was mainly due to an increase of 2,750 million yen in foreign currency translation adjustment and an increase of 617 million yen in retained earnings.

(3) Explanation of future forecasts such as consolidated financial results forecasts

Forecasts of financial results for the fiscal year ending December 31, 2021 are described in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 (Japanese GAAP) announced on February 12, 2021. The forecasts remain unchanged.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	FY 2020 (As of December 31, 2020)	First quarter of FY 2021 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	52,718	54,031
Notes and accounts receivable—trade	18,510	19,385
Inventories	25,223	28,853
Other	2,196	2,503
Allowance for doubtful accounts	(527)	(528)
Total current assets	98,121	104,245
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,408	3,163
Machinery, equipment and vehicles, net	458	465
Tools, furniture and fixtures, net	407	413
Leased assets, net	779	789
Other, net	520	204
Total property, plant and equipment	4,573	5,035
Intangible assets		
Goodwill	4,187	5,013
Software	330	330
Software in progress	438	599
Customer-related assets	3,877	3,873
Other	57	57
Total intangible assets	8,891	9,874
Investments and other assets		
Investment securities	288	313
Guarantee deposits	843	846
Deferred tax assets	791	900
Other	161	164
Allowance for doubtful accounts	(63)	(67)
Total investments and other assets	2,020	2,158
Total non-current assets	15,485	17,067
Total assets	113,606	121,313

(Millions of yen)

	FY 2020 (As of December 31, 2020)	First quarter of FY 2021 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	10,930	11,767
Short-term loans payable	3,513	3,511
Current portion of long-term loans payable	371	3,569
Lease obligations	290	292
Accounts payable—other	2,445	2,735
Income taxes payable	383	527
Provision for bonuses	823	872
Provision for directors' bonuses	88	87
Provision for shareholders' benefits	11	10
Other	2,635	2,750
Total current liabilities	21,493	26,125
Non-current liabilities		
Long-term loans payable	36,267	35,821
Lease obligations	486	495
Deferred tax liabilities	1,059	1,019
Provision for bonuses	35	62
Provision for directors' retirement benefits	645	671
Net defined benefit liability	1,731	1,747
Other	1,043	1,106
Total non-current liabilities	41,270	40,925
Total liabilities	62,763	67,051
Net assets		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,531
Retained earnings	43,339	43,957
Treasury shares	(0)	(0)
Total shareholders' equity	52,517	53,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	8
Deferred gains or losses on hedges	0	36
Foreign currency translation adjustment	(2,045)	704
Remeasurements of defined benefit plans	(18)	(17)
Total accumulated other comprehensive income	(2,062)	731
Non-controlling interests	387	395
Total net assets	50,842	54,262
Total liabilities and net assets	113,606	121,313

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First three months ended March 31, 2021

(Millions of yen)

	First three months of FY 2020 (January 1, 2020 to March 31, 2020)	First three months of FY 2021 (January 1, 2021 to March 31, 2021)
Net sales	43,058	44,611
Cost of sales	35,135	36,066
Gross profit	7,923	8,545
Selling, general and administrative expenses	7,918	7,423
Operating income	5	1,122
Non-operating income		
Interest and dividend income	41	14
Share of profit of entities accounted for using equity method	7	1
Insurance benefits received	16	3
Foreign exchange gains	—	110
Reversal of allowance for doubtful accounts	1	1
Other	8	9
Total non-operating income	75	139
Non-operating expenses		
Interest expenses	31	86
Foreign exchange losses	318	—
Provision of allowance for doubtful accounts	—	3
Other	1	4
Total non-operating expenses	350	95
Ordinary income or loss	(270)	1,167
Extraordinary income		
Marginal gain for gradual acquisition	325	—
Total extraordinary income	325	—
Extraordinary losses		
Total extraordinary losses	—	—
Profit before income taxes	55	1,167
Income taxes—current	72	425
Income taxes—deferred	(130)	(172)
Total income taxes	(58)	252
Net income	113	914
Profit attributable to non-controlling interests	—	9
Profit attributable to owners of parent	113	904

Quarterly consolidated statement of comprehensive income

First three months ended March 31, 2021

(Millions of yen)

	First three months of FY 2020 (January 1, 2020 to March 31, 2020)	First three months of FY 2021 (January 1, 2021 to March 31, 2021)
Net income	113	914
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	7
Deferred gains or losses on hedges	(8)	36
Foreign currency translation adjustment	(651)	2,734
Remeasurements of defined benefit plans	0	0
Share of other comprehensive income of entities accounted for using equity method	(23)	13
Total other comprehensive income	(690)	2,792
Comprehensive income	(576)	3,706
(Breakdown)		
Comprehensive income attributable to owners of parent	(576)	3,698
Comprehensive income attributable to non-controlling interests	—	7

(3) Notes to the quarterly consolidated financial statements

(Notes to assumption of going concern)

No relevant items.

(Notes on significant changes in shareholders' equity)

No relevant items.

(Application of accounting treatment specific to the preparation of quarterly consolidated financial statements)

Calculation of tax expenses

The tax expenses of some of non-Japan consolidated subsidiaries were calculated by multiplying net income before taxes by an effective tax rate, which was estimated as the rate after the application of tax effect accounting to net income before taxes for the fiscal year including the first quarter of the fiscal year.

(Additional information)

Accounting estimates associated with the novel coronavirus pandemic

There have been no significant changes in the assumptions regarding the impact of the COVID-19 pandemic, which were described under Additional information—Accounting estimate associated with the novel coronavirus pandemic in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2020.

(Segment information)

First three months of the fiscal year (from January 1, 2020 to March 31, 2020)

1. Information related to net sales and profits/losses by reporting segment

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	31,126	10,719	1,212	43,058	–	43,058
Intersegment sales or transfers	3,883	0	–	3,883	(3,883)	–
Total	35,009	10,719	1,212	46,942	(3,883)	43,058
Segment profit	65	24	101	191	(186)	5

(Note) 1. "Adjustment" for segment profit in the amount of (186) million yen includes (1,403) million yen for elimination of intersegment transactions and 1,217 million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to reporting segments.

2. The segment profit is reconciled with the operating income on the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment

(Material fluctuation in goodwill)

In the Asian Food Global Business segment, shares of SSP Konsumgüter TRADE & CONSULT GmbH, an equity method affiliate, were additionally acquired, and the company was made into a consolidated subsidiary. The increase in goodwill attributable to this event was 2,794 million yen in the first quarter of the previous consolidated fiscal year.

The goodwill is a provisionally calculated amount because the acquisition cost had not been fully distributed at the end of the first quarter of the previous consolidated fiscal year.

First three months of the fiscal year (from January 1, 2021 to March 31, 2021)

1. Information related to net sales and profits/losses by reporting segment

(Millions of yen)

	Reporting segment			Total	Adjustment (Note 1)	Amounts recorded in the quarterly consolidated statement of income (Note 2)
	Asian Food Global Business	Agricultural & Seafood Products Trading Business	Other business			
Net sales						
Sales to external customers	33,348	10,262	1,000	44,611	–	44,611
Intersegment sales or transfers	2,329	0	–	2,329	(2,329)	–
Total	35,677	10,262	1,000	46,940	(2,329)	44,611
Segment profit/loss	1,248	(57)	62	1,253	(131)	1,122

(Note) 1. "Adjustment" for segment profit or loss in the amount of (131) million yen includes (119) million yen for elimination of intersegment transactions and (11) million yen for company profit/loss not allotted to reporting segments (net company profits and net company expenses). Company profits consist mainly of dividend income from reporting segments, and company expenses mainly comprise general and administrative expenses not attributed to reporting segments.

2. The segment profit or loss is reconciled with the operating income on the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reporting segment

(Material fluctuation in goodwill)

In the Asian Food Global Business segment, 100% of shares of Interlock Investments Limited was acquired, and the company was made into a consolidated subsidiary. The increase in goodwill attributable to this event is 828 million yen in this consolidated cumulative first quarter.

The goodwill is an amount calculated provisionally because the acquisition cost is not fully distributed in this consolidated financial first quarter.

(Business combination and other relationships)

(Business combination by acquisition)

Wismettac Harro Foods Limited, which is a consolidated subsidiary of the Company (hereinafter referred to as "Harro Foods"), acquired 100% of shares of Interlock Investments Limited, which is located in Scotland, UK (hereinafter referred to as "Interlock") effective February 20, 2021, and Interlock was made into a consolidated subsidiary.

(1) Outline of business combination

(i) Name of the acquired company and its business lines

Name of the acquired company: Interlock Investments Limited

Business lines: Import and wholesale of noodles and frozen fishery products (*kanikama* (imitation crab meat), frozen *sushi*, etc.)

(ii) Main reasons for the business combination

Harro Foods distributes Japanese food products and ingredients mainly to restaurants with a focus on the UK. This time, Harro Foods acquired 100% of shares of Interlock, which is a pure holding company of Sco-Fro Group Limited (hereinafter referred to as "Sco-Fro"), which distributes Asian food products and ingredients mainly to retailers such as supermarkets with a focus on the UK.

Sco-Fro distributes Asian food products and ingredients such as noodles and frozen fishery products (*kanikama* (imitation crab meat), frozen *sushi*, etc.) based on long-term business relationships with major leading retailers in the UK, such as ALDI, ASDA, and TESCO. Sco-Fro's business performance has been steady despite the COVID-19 pandemic. In addition to the existing business for restaurants, in the future, Harro Foods will distribute Japanese food products and ingredients provided by the Company Group, utilizing the distribution routes to major retailers, a strength of Sco-Fro.

One of the Company Group's growth strategies for the Asian Food Global Business is to "expand our business platform in regions outside of North America." As of the previous fiscal year, the Company Group had completed the grouping of business units in three key countries in Europe — namely, the UK, Germany, and France — and established a business platform in Europe for the Asian Food Global Business with a focus on Japanese foods. This time, distribution routes to retailers in the UK were added to this business platform through Sco-Fro.

(iii) Date of business combination

February 20, 2021

(iv) Legal form of the business combination

Through acquisition of shares for cash consideration

(v) Name of the controlling entity after the business combination

The name remains unchanged

(vi) Percentage share of voting rights acquired

100%

(vii) Main reason for deciding to acquire the company

As the Company acquired shares of Interlock for cash.

(2) Period associated with the business results of the acquired company included in the quarterly consolidated statement of income relating to the quarterly consolidated cumulative period

The deemed acquisition date of the acquired company is January 31, 2021, and only balance sheets were consolidated because the difference in the closing dates of quarterly consolidation between the Company and the acquired company does not exceed three months. Therefore, the first quarter consolidated statement of income for the current fiscal year does not include the financial results of the acquired company.

(3) Acquisition cost of the acquired company and breakdown

Consideration for acquisition: Cash	1,196 million yen
<hr/>	
Acquisition cost	1,196 million yen

(4) Goodwill, reason for recognizing goodwill, amortization method and amortization period

(i) Goodwill accrued

828 million yen

The above is a provisional amount.

(ii) Cause of occurrence

The amount reflects the future excess earning power expected from the future business development and the synergy of the Company Group and the acquired company

(iii) Depreciation method and period

Straight-line method for 10 years