



Supplementary Material to Financial Results

First Quarter of the Fiscal Year Ending December 2020

Nishimoto Co., Ltd.

May 14, 2020

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for the First Quarter of the Fiscal Year Ending
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Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 2020



Sales decreased year-on-year due to the novel coronavirus pandemic from March and yen appreciation. Profits decreased year-on-year due to the provision of an allowance for doubtful accounts, an increase in policy expenses and so on.

- ◆ Despite year-on-year growth in January and February, net sales slightly declined 1.6% from the same period of the previous year to 43 billion yen because the yen appreciation decreased the value denominated in yen and the novel coronavirus pandemic from Mid-March caused a significant decrease in sales to restaurant chains.
- ◆ Operating income decreased 99.6% year-on-year due to the impact of the novel coronavirus pandemic (i.e. provision of allowance for doubtful accounts receivable and income decrease) and an increase in SG&A including up-front expenditures for future growth (hereinafter called “policy expenses” *1).
- ◆ The impact of foreign currency rates in converting to the yen for consolidated financial statements (the yen appreciated 1.28 yen year-on-year against the U.S. dollar) caused net sales to decrease by 500 million yen from the previous year with almost no impact on operating income.

(Unit: billions of yen, Percentage to net sales is stated in parentheses)

		FY ended December 2019	FY ending December 2020	
		First quarter results [*]	First quarter results	Changes year-on-year
Operating results	Net sales	43.7 (100.0%)	43.0 (100.0%)	-1.6%
	Gross profit	7.9 (18.1%)	7.9 (18.4%)	+0.0%
	Operating income (Excluding policy expenses)	1.5 (3.5%)	0.4 (1.1%)	-70.3%
	Operating income	1.4 (3.3%)	0.0 (0.0%)	-99.6%
	Ordinary income	1.4 (3.3%)	-0.2 (-0.6%)	-118.6%
	Net income attributable to owners of parent	1.0 (2.3%)	0.1 (0.3%)	-88.8%
Yen/Dollar exchange rate (Average rate during the period)		110.20 yen	108.92 yen	-1.28 yen
Quarterly net income per share		70.90 yen	7.92 yen	-88.8%

*1 Operating expenses, labor costs and so on to bolster overseas management and create new businesses

Profits from the Asian Food Global Business decreased year-on-year due to the provision of an allowance for doubtful accounts in North America. Profits from the Agricultural & Seafood Products Trading Business decreased year-on-year due to sluggish demand for eating-out due to novel coronavirus pandemic in addition to warm winter.

Asian Food Global Business (hereinafter called "GAF")

- ◆ We planned the net sales increase through acquisition of SSP as a consolidated subsidiary, but kept the almost same level as in the previous year marking +0.2% because the sales in Europe and U.S. steeply decreased from restaurants being ordered to close and restrictions on going out from Mid-March and the yen appreciation decreased the value denominated in yen.
 - In North American regions, it decreased 2.4% (or 1.3% in a local-currency basis)
 - In regions outside of North America, it increased 15.6% (or 18.9% in a local-currency basis) and decreased 0.5% (or increased 2.8% in a local-currency basis) excluding SSP.
- ◆ Operating income decreased 94.5% year-on-year due to the provision of allowance for doubtful accounts receivable mainly from restaurants in North America.
 - In North America, it decreased 78.0% year-on-year due to the provision of 800 million yen for an allowance for doubtful accounts receivable from restaurants.
 - In regions outside of North America, operating income decreased 217.6% due to an increase in policy expenses mainly for bolstering management and an income decrease by restrictions on restaurant business and going out.

Agricultural & Seafood Products Trading Business

- ◆ Net sales fell 6.6% year-on-year because the warm winter slowed cargo movement of citrus and vegetables and the novel coronavirus pandemic decreased the sales to restaurants. Operating income decreased 81.0% year-on-year due to the impact of lower net sales.

(Unit: billions of yen)

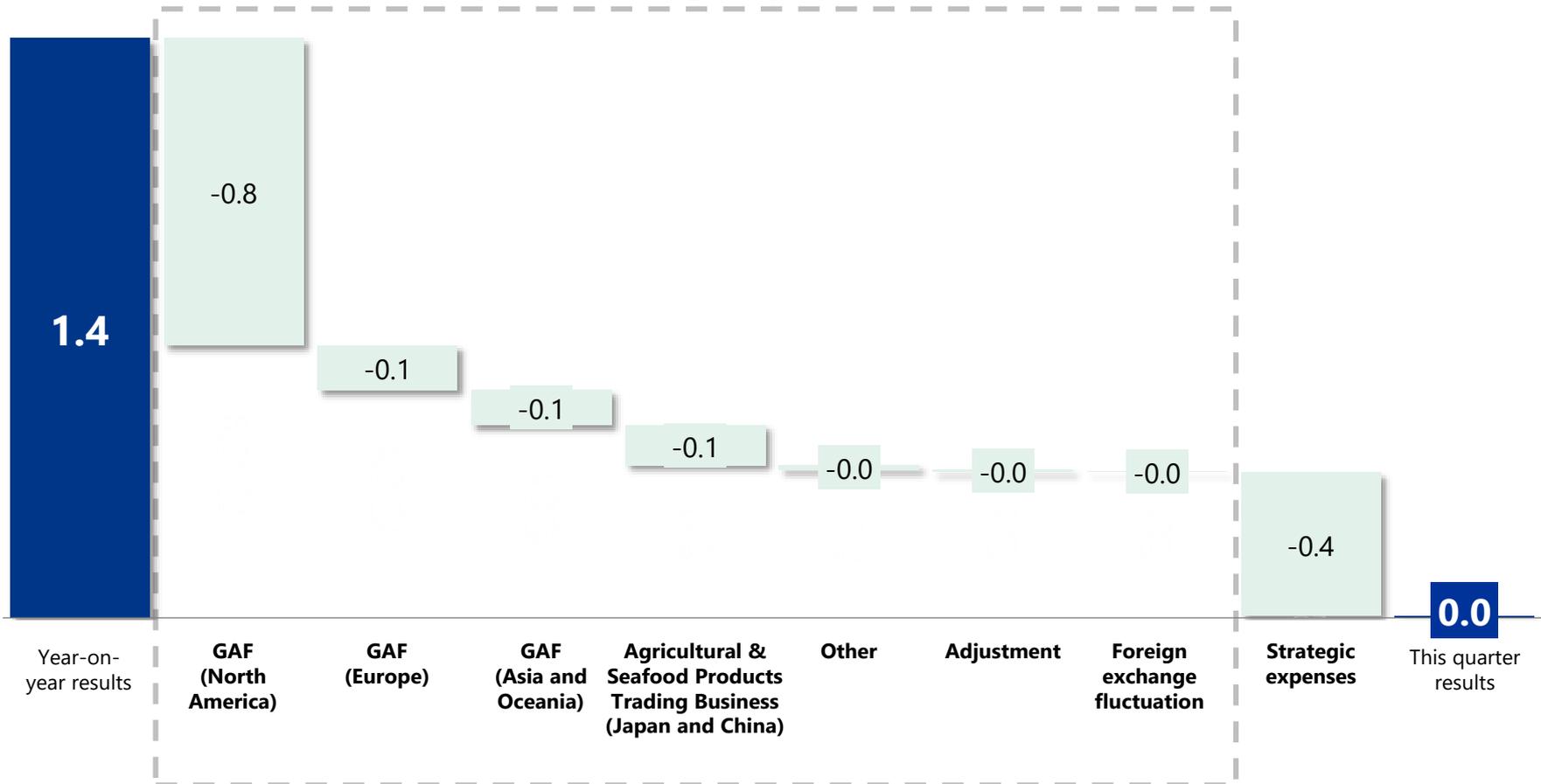
Business segments		First Quarter of FY ended December 2019 results	FY ending December 2020	
			First Quarter results	Changes year-on-year
GAF	Net sales	31.0	31.1	+0.2%
	Operating income	1.2	0.0	-94.5%
Agricultural & Seafood Products Trading Business	Net sales	11.4	10.7	-6.6%
	Operating income	0.1	0.0	-81.0%
Other	Net sales	1.1	1.2	+2.2%
	Operating income	0.1	0.1	-10.0%
Total	Net sales	43.7	43.0	-1.6%
	Operating income	1.4	0.0	-99.6%

Profit decrease is mainly due to the provision of an allowance for doubtful accounts in the North America, excluding policy expenses. Impact of novel coronavirus pandemic is limited in the first quarter because restrictions on going out and businesses started in Mid-March in Europe, U.S. and Japan.

Variation analysis of operating income
(Compared to same period in previous year)

(Unit: billions of yen)

Increase/decrease of operating income excluding policy expenses



Impact of the Coronavirus Pandemic on the Company's Business Results



Many of our main client restaurant chains are refraining from or are prohibited from doing business, which affects sales. Consolidated financial results forecast and dividends in this period cannot be calculated properly and reasonably and have been temporarily changed to "TBD."

Impact on sales (Mid-March to April)

GAF

- ◆ GAF rapidly fell into a tough situation through April in our main markets of Europe and U.S.
 - Sales to restaurants temporarily fell to about 30% but gradually recovered due to an increase in take-out and delivery systems.
 - Sales to retailers remained robust at a level higher than in the previous year due to an increase in eating at home.
 - As a whole, it remained about 60% year-on-year.
- ◆ The number of clients requesting an extension of the due date of accounts payable increases.

Domestic market
(Other than GAF)

- ◆ Sales of fresh and frozen fruits and vegetables fell to about 85% year-on-year due to a decrease in sales to restaurants.
- ◆ Sales of event and project goods are sluggish due to self-restraint of retailers, but sales of health foods are good.

Future outlook

Currently, the future prospect is uncertain though a sign of recovery is being shown by easing restriction on business and outgoing.

<Factors to push up recovery>

- ◆ More entry of restaurants in take-out and delivery markets
- ◆ Financial support of the government to corporations and individuals
- ◆ Worldwide easing and lifting of restrictions on going out and business
 - China
 - Europe (Germany, France, Netherlands, etc.)
 - Australia

<Factors to push down recovery>

- ◆ Return to enhanced restriction on business and going out due to a second pandemic
- ◆ Avoidance of eating out due to anxiety of getting infected or a decrease in income
- ◆ Fiercer price competition to sell excess inventory
- ◆ Shortage of materials and personnel for take-out and delivery

Forecast of financial results and dividends will be announced after looking at the lifting of restrictions on going out and business and recovery of the restaurant business in respective countries.

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)

“A solution company resolving food and health-related issues and creating and providing new value”

Until now

- ◆ Food trade and logistics company
 - Provide a platform to spread Asian food globally (development, procurement and delivery)
 - Worldwide import and sale of food products, mainly fruits and vegetables

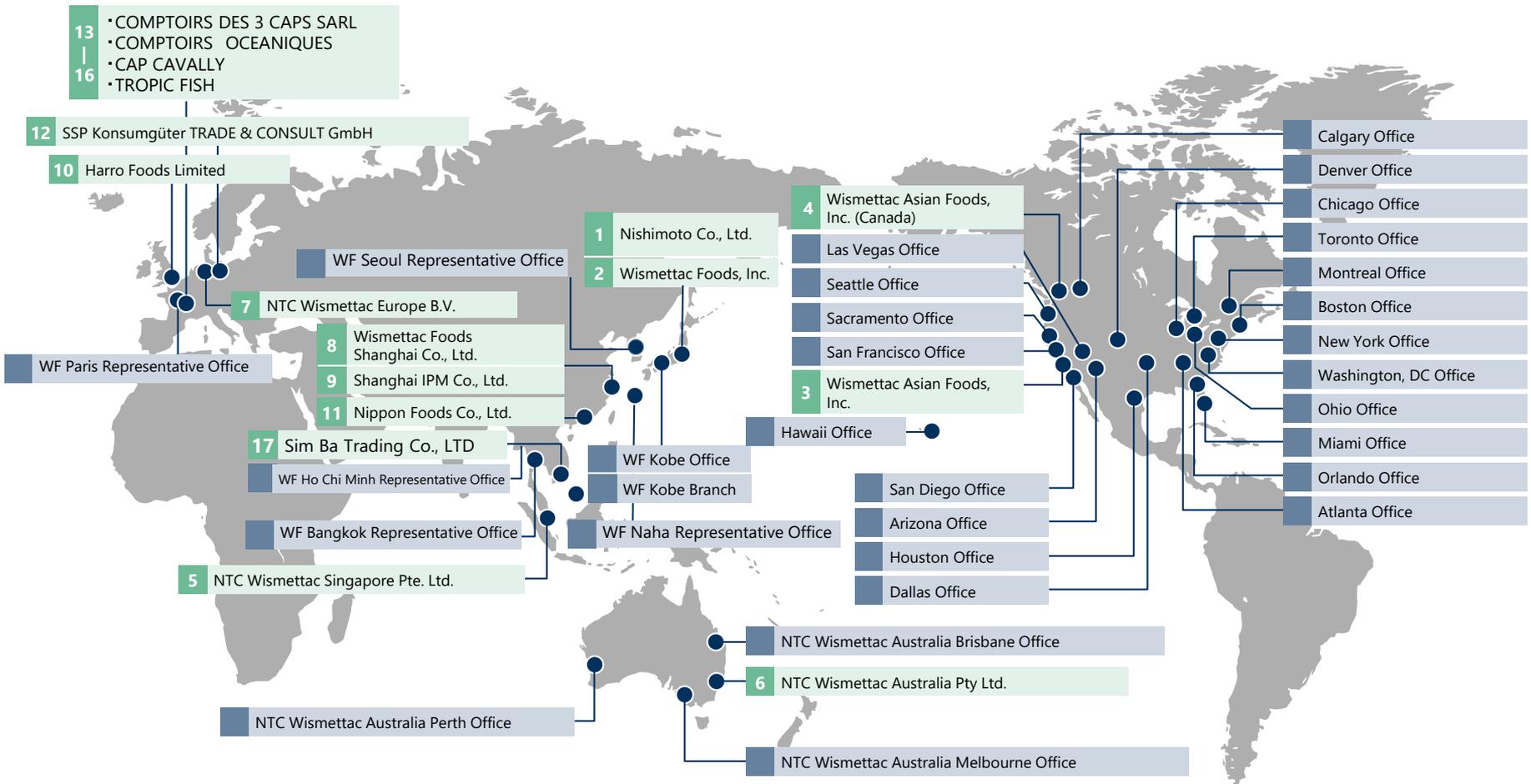
What we want to be

- ◆ A company providing solutions for consumer needs and challenges on “food and health” in the entire supply chain including business partners as well as ourselves
 - Evolving into a business entity having functions of growing fruits and vegetables and engaging in the planning, development, logistics, sales, risk management, etc. of food products
 - Flexibly leveraging external solutions, such as the latest technologies in various fields

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	
Representative directors	Yoshiro Susaki, Chairman & President CEO	
Number of employees	1,671 (including 1,374 in the Asian Food Global Business) [As of December 31, 2019]	
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	11 subsidiaries, 5 affiliates	
Business sites	49 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	182.6 billion yen (FY ended December 2019)	* Overseas sales ratio 67.7%
Consolidated ordinary income	4.5 billion yen (FY ended December 2019)	
Shareholders' equity ratio	54.2% (FY ended December 2019)	

Developing businesses in all continents with 49 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"

Distribution of Asian food ingredients and food products with a focus on Japanese food around the world centering on North America. Achievement of in-house streamlined commerce and logistics from product development and planning to sales and delivery.

Streamlined supply chain management

Product development and planning

Purchasing and procurement

Customs clearance

Storage

Sales

Sorting and delivery

Developing new private brand products

“Shirakiku” brand accounts for about 40% of sales.
(North American business performance, 2019)



Logistics capabilities (trucks and warehouses)



Wide product range and diversified suppliers (about 7,900 items)

- ◆ The most suitable production region can be chosen globally.
- ◆ Working with producers to develop products tailored to customer needs
- ◆ Implementing production and quality control systems that comply with local regulations

Sales structure and global network (24 locations in North America, 49 locations globally)

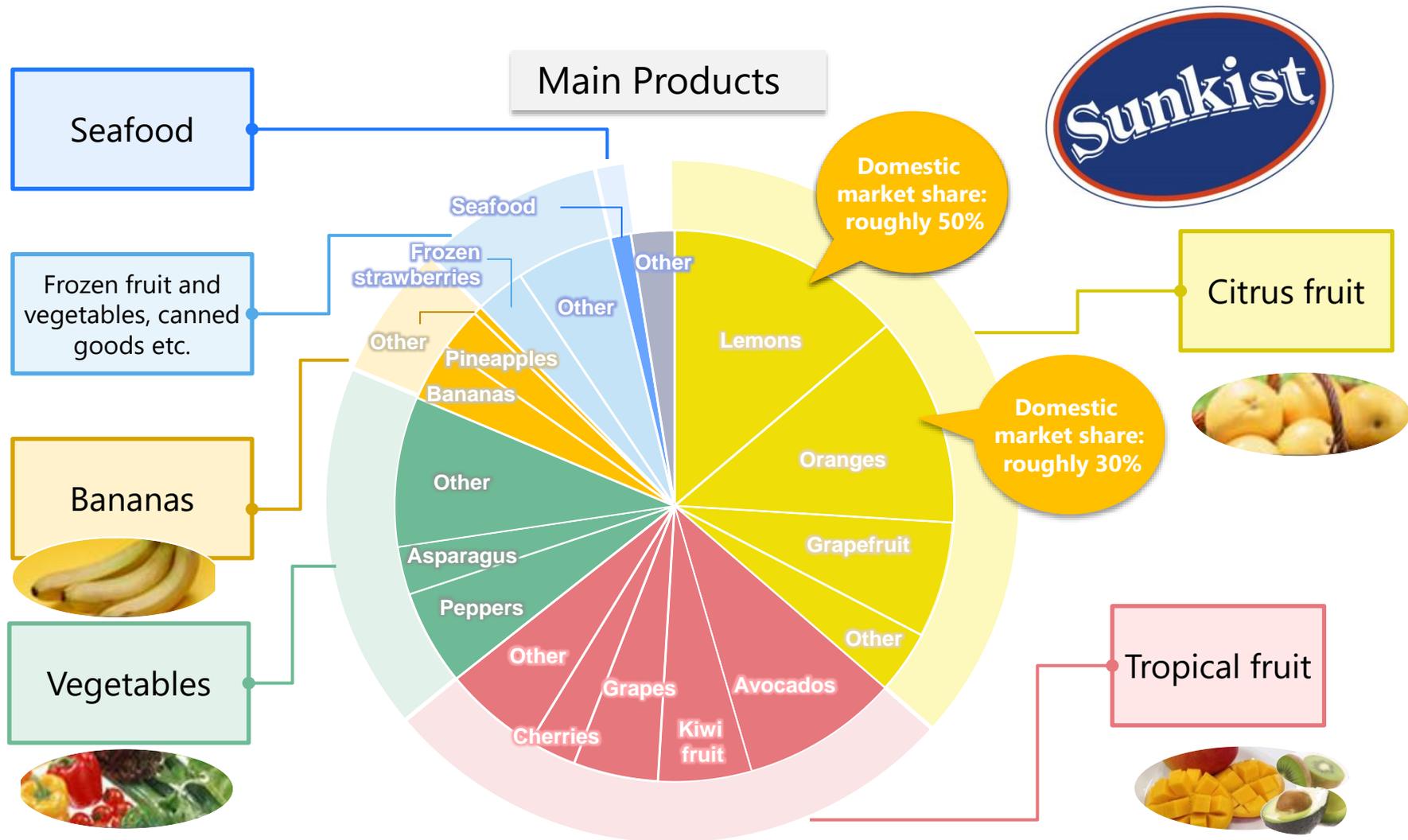


• Network with global Asian foods sales channel and know-how of relevant laws and regulations in various countries

We import and procure Asian food products and ingredients, with a focus on Japanese food, including from the U.S., Japan, China and South East Asia, and distribute approximately 7,900 items on a global basis, principally in North America.



We import and sell mainly fresh and frozen fruits and vegetables to a wide range of customers, including fruit and vegetable markets, retail shops and restaurants in Japan. As the sole import agent in Japan of Sunkist Growers, Inc., we have a large share of the imported citrus fruit market.



* In-house company calculation based on Ministry of Finance trade statistics

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