



## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2018 (Japanese GAAP)

May 14, 2018

Company name: Nishimoto Co., Ltd.	Listed exchange: Tokyo
Code: 9260	URL: <a href="http://www.wismettac.com/">http://www.wismettac.com/</a>
Representative: Takayuki Kanai, President	
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Scheduled date of filing of quarterly report:	May 15, 2018
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, 2018 (from January 1, 2018 to March 31, 2018)

#### (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, 2018	42,815	—	1,647	—	1,535	—	1,118	—
First quarter of FY ended December 31, 2017	—	—	—	—	—	—	—	—

(Note) Comprehensive income

First quarter of FY ending December 31, 2018: (1,117) million yen (—%)

First quarter of FY ended December 31, 2017: —million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of FY ending December 31, 2018	77.91	—
First quarter of FY ended December 31, 2017	—	—

(Note) Figures for the first quarter of the fiscal year ended December 31, 2017 and year-on-year percentage changes are not shown since the Company did not prepare quarterly consolidated financial statements for the period.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2018 (FY 2018 1Q)	82,120	47,630	58.0
As of December 31, 2017 (FY 2017)	84,336	49,753	59.0

(Reference) Shareholders' equity

First quarter of FY ending December 31, 2018: 47,630 million yen

FY ended December 31, 2017: 49,753 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, 2017	—	0.00	—	70.00	70.00
FY ending December 31, 2018	—	—	—	—	—
FY ending December 31, 2018 (Forecast)	—	40.00	—	55.00	95.00

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

3. Consolidated financial results forecast for the fiscal year ending December 31, 2018  
(from January 1, 2018 to December 31, 2018)

(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, 2018	92,334	6.6	3,167	(2.8)	3,120	2.2	2,180	50.5	151.93
FY ending December 31, 2018	184,814	7.4	6,775	7.1	6,681	12.9	4,664	52.1	324.98

(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)
- (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)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares during the period (three months ended March 31, 2018)

As of March 31, 2018	14,353,140 shares	December 31, 2017	14,353,140 shares
As of March 31, 2018	67 shares	December 31, 2017	36 shares
As of March 31, 2018	14,353,100 shares	March 31, 2017	— shares

(Note) For the first quarter of the fiscal year ended December 31, 2017, the quarterly consolidated financial statements were not disclosed, and therefore the average number of shares during the period is not stated.

\* 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 3 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, 2018 and will also be posted on the Company’s website.

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## 1. Qualitative information on quarterly financial results

### (1) Explanation of operating results

[Outline of the first three months of the fiscal year]

The overall world economy during the first quarter of the current consolidated fiscal year continued its ongoing moderate recovery. However, the future outlook for places such as China and other emerging market economies in Asia, as well as developments in and effects of U.S. government policies, etc., continue to be uncertain.

Meanwhile, the overall Japanese economy kept on its moderate recovery track as corporate business results and the employment situation improved.

Under such circumstances, the Company Group has been working on improving operating results by operating two main businesses: 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 Agricultural & Seafood Products Trading Business, that distributes fruits and vegetables, fishery products, etc., with a focus on domestic markets, as well as in China, South East Asia, etc.

With regard to the Asian Food Global Business, in addition to the growth in the North American region, the Company Group has been aggressively developing markets, setting the strengthening of business bases in other regions as one of the Company Group's growth strategies. As for the Agricultural & Seafood Products Trading Business, in addition to the wholesale market, which is the main distribution route, the Company Group has been working on developing other distribution routes (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 42,815 million yen, operating income amounted to 1,647 million yen, ordinary income amounted to 1,535 million yen, and profit attributable to owners of parent totaled 1,118 million yen.

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, net sales stood at 29,866 million yen and operating income amounted to 1,333 million yen for the first three months of the fiscal year.

Although net sales in the North American region grew steadily, selling, general and administrative expenses increased because expenses in the logistics department, etc., such as personnel expenses have been rising since the previous consolidated fiscal year. In the North American region, the Company Group will further strengthen and accelerate the structural reform (improvement in the profit margin and reduction in logistics expenses) that has been promoted, as well as making efforts to improve profitability.

In other regions, since the development of new customers and the boosting of existing customers have been steadily progressing, the business base has been strengthening.

#### (ii) Agricultural & Seafood Products Trading Business

In the Agricultural & Seafood Products Trading Business, net sales stood at 11,801 million yen and operating income amounted to 260 million yen for the first three months of the fiscal year.

With regard to net sales, the sales of fruits and vegetables to domestic wholesale markets, mass retailers, restaurant chains and home-meal replacement industries grew steadily. As for overseas distribution routes, the sales of avocado, small apples, etc., grew steadily. Income increased because the sales of citrus and tropical commodities in domestic markets, which have experienced difficulties in the same period a year ago, recovered and grew in the current period.

#### (iii) Other businesses

In respect to the financial results for the first quarter of the current consolidated fiscal year, net sales stood at 1,147 million yen and operating income amounted to 77 million yen due to an increase in sales of products in domestic markets, including products for Valentine's Day and White Day.

(Note) Since the Company did not prepare quarterly consolidated financial statements for the first three months of the fiscal year ended December 31, 2017, an analysis was not performed compared to the same period in the previous fiscal year.

## (2) Explanation of financial position

### (Assets)

Total assets as of March 31, 2018 stood at 82,120 million yen, a decrease of 2,216 million yen compared to December 31, 2017, and was mainly attributable to the following.

Total current assets as of March 31, 2018, amounted to 73,882 million yen, a decrease of 1,781 million yen compared to December 31, 2017. The decrease in current assets was due to a decrease of 2,786 million yen in cash and deposits although an increase of 1,485 million yen in inventories.

Total non-current assets as of March 31, 2018, came to 8,238 million yen, a decrease of 434 million yen compared to December 31, 2017. The decrease in total non-current assets was mainly caused by a decrease of 207 million yen in buildings and structures (net) and a decrease of 110 million yen in customer-related assets.

### (Liabilities)

Total liabilities as of March 31, 2018 stood at 34,490 million yen, a decrease of 93 million yen compared to December 31, 2017, and was mainly attributable to the following.

Total current liabilities as of March 31, 2018, amounted to 19,696 million yen, an increase of 47 million yen compared to December 31, 2017. The increase in total current liabilities was due to an increase of 1,194 million yen in accounts payable—other and an increase of 487 million yen in notes and accounts payable—trade although a decrease of 1,516 million yen in short-term loans payable.

Total non-current liabilities as of March 31, 2018 came to 14,793 million yen, a decrease of 140 million yen compared to December 31, 2017, which was caused by a decrease of 111 million yen in long-term loans payable.

### (Net assets)

Total net assets as of March 31, 2018, stood at 47,630 million yen, a decrease of 2,122 million yen compared to December 31, 2017, which was due mainly to a decrease of 2,203 million yen in foreign currency translation adjustment.

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

Financial results forecasts for the fiscal year ending December 31, 2018, are as stated in the Consolidated Financial Results for the Fiscal Year Ended December 31, 2017, (Japanese GAAP) announced on February 14, 2018 and no changes have been made to the forecasts.

## 2. Quarterly consolidated financial statements and major notes

### (1) Quarterly consolidated balance sheet

(Millions of yen)

	FY 2017 (As of December 31, 2017)	First quarter of FY 2018 (As of March 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	31,303	28,517
Notes and accounts receivable—trade	18,816	18,706
Inventories	23,185	24,671
Deferred tax assets	553	585
Other	2,066	1,646
Allowance for doubtful accounts	(262)	(244)
<b>Total current assets</b>	<b>75,663</b>	<b>73,882</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,455	2,247
Machinery, equipment and vehicles, net	451	401
Tools, furniture and fixtures, net	105	96
Leased assets, net	246	218
Other, net	280	257
<b>Total property, plant and equipment</b>	<b>3,538</b>	<b>3,222</b>
Intangible assets		
Goodwill	760	694
Software	195	201
Customer-related assets	1,174	1,063
Other	114	130
<b>Total intangible assets</b>	<b>2,245</b>	<b>2,090</b>
Investments and other assets		
Investment securities	1,303	1,329
Guarantee deposits	365	364
Deferred tax assets	484	523
Other	762	732
Allowance for doubtful accounts	(26)	(24)
<b>Total investments and other assets</b>	<b>2,889</b>	<b>2,925</b>
<b>Total non-current assets</b>	<b>8,673</b>	<b>8,238</b>
<b>Total assets</b>	<b>84,336</b>	<b>82,120</b>

(Millions of yen)

	FY 2017 (As of December 31, 2017)	First quarter of FY 2018 (As of March 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	9,959	10,446
Short-term loans payable	4,935	3,418
Current portion of long-term loans payable	151	148
Lease obligations	60	56
Accounts payable—other	2,322	3,517
Income taxes payable	195	94
Provision for bonuses	525	424
Other	1,497	1,588
<b>Total current liabilities</b>	<b>19,648</b>	<b>19,696</b>
Non-current liabilities		
Long-term loans payable	12,612	12,501
Lease obligations	191	167
Deferred tax liabilities	221	201
Provision for directors' retirement benefits	494	510
Net defined benefit liability	1,007	1,037
Other	406	376
<b>Total non-current liabilities</b>	<b>14,934</b>	<b>14,793</b>
<b>Total liabilities</b>	<b>34,583</b>	<b>34,490</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,646	2,646
Capital surplus	6,531	6,531
Retained earnings	39,173	39,286
Treasury shares	(0)	(0)
<b>Total shareholders' equity</b>	<b>48,351</b>	<b>48,464</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15	18
Deferred gains or losses on hedges	8	(26)
Foreign currency translation adjustment	1,378	(825)
<b>Total accumulated other comprehensive income</b>	<b>1,402</b>	<b>(833)</b>
<b>Total net assets</b>	<b>49,753</b>	<b>47,630</b>
<b>Total liabilities and net assets</b>	<b>84,336</b>	<b>82,120</b>

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First three months ending March 31, 2018

	(Millions of yen)
	First three months of FY 2018 (January 1, 2018 to March 31, 2018)
Net sales	42,815
Cost of sales	35,063
Gross profit	7,751
Selling, general and administrative expenses	6,103
Operating income	1,647
Non-operating income	
Interest and dividend income	24
Share of profit of entities accounted for using equity method	14
Insurance benefits received	167
Other	8
Total non-operating income	213
Non-operating expenses	
Interest expenses	43
Foreign exchange losses	279
Other	2
Total non-operating expenses	325
Ordinary income	1,535
Extraordinary income	
Total extraordinary income	—
Extraordinary losses	
Total extraordinary losses	—
Profit before income taxes	1,535
Income taxes—current	511
Income taxes—deferred	(94)
Total income taxes	417
Net income	1,118
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	1,118



Quarterly consolidated statement of comprehensive income

First three months ending March 31, 2018

(Millions of yen)

	First three months of FY 2018 (January 1, 2018 to March 31, 2018)
Net income	1,118
Other comprehensive income	
Valuation difference on available-for-sale securities	2
Deferred gains or losses on hedges	(34)
Foreign currency translation adjustment	(2,162)
Share of other comprehensive income of entities accounted for using equity method	(41)
Total other comprehensive income	(2,236)
Comprehensive income	(1,117)
(Breakdown)	
Comprehensive income attributable to owners of parent	(1,117)
Comprehensive income attributable to non-controlling interests	—

### (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 an accounting treatment specific to the preparation of the 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.

(Segment information)

First three months of the fiscal year (from January 1, 2018 to March 31, 2018)

#### 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	29,866	11,801	1,147	42,815	—	42,815
Intersegment sales or transfers	4,425	41	—	4,467	(4,467)	—
Total	34,291	11,842	1,147	47,282	(4,467)	42,815
Segment profit	1,333	260	77	1,671	(23)	1,647

(Note) 1. The segment profit adjustment of (23) million yen includes the elimination of intersegment transactions of (1,204) million yen, as well as the company-wide profit and loss (net of company-wide revenues and company-wide expenses) of 1,180 million yen that have not been allocated to each reporting segment. The company-wide income is mainly dividend income from each reporting segment and the company-wide expenses are mainly general and administrative expenses that are not attributable to any 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

No relevant items.

(Significant subsequent events)

No relevant items.