



Consolidated Financial Results for the Fiscal Year Ended December 31, 2018
(Japanese GAAP)

February 14, 2019

Company name: Nishimoto Co., Ltd Listed exchange: Tokyo
 Code: 9260 URL: <http://www.wismettac.com/>
 Representative: Takayuki Kanai, President (Phone) 03-6870-2015
 Contact: Atsuhiko Kimura, Director and CFO
 Scheduled date of the Annual General Meeting of Shareholders: March 27, 2019
 Scheduled date of commencement of dividend payments: March 13, 2019
 Scheduled date of submission of the annual securities report: March 28, 2019
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results presentation meeting: Yes (For institutional investors and analysts)
 (Amounts are rounded down to the nearest million yen)

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

(1) Consolidated results of operations (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 | % |
| FY ended December 31, 2018 | 182,220 | 5.9 | 6,719 | 6.2 | 6,585 | 11.3 | 4,634 | 51.1 |
| FY ended December 31, 2017 | 172,078 | 8.7 | 6,324 | (13.7) | 5,916 | (14.5) | 3,067 | 7.7 |

(Note) Comprehensive income

FY ended December 31, 2018: 3,596 million yen (45.6%)

FY ended December 31, 2017: 2,470 million yen (33.3%)

| | Net income per share | Diluted net income per share | Return on equity | Ordinary income to total assets | Operating income to net sales |
|----------------------------|----------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| FY ended December 31, 2018 | 322.89 | — | 9.1 | 7.8 | 3.7 |
| FY ended December 31, 2017 | 236.37 | — | 6.9 | 7.5 | 3.7 |

(Reference) Equity in earnings of affiliates

FY ended December 31, 2018: (15) million yen

FY ended December 31, 2017: 28 million yen

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. Net income per share was calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2017.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY ended December 31, 2018 | 83,587 | 51,770 | 61.9 | 3,606.92 |
| FY ended December 31, 2017 | 84,336 | 49,753 | 59.0 | 3,466.38 |

(Reference) Shareholders' equity

FY ended December 31, 2018: 51,770 million yen

FY ended December 31, 2017: 49,753 million yen

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. Net assets per share was calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2017.

(3) Status of consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of the period |
|----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| FY ended December 31, 2018 | 5,587 | (1,215) | (6,843) | 28,516 |
| FY ended December 31, 2017 | 1,399 | (1,488) | 8,598 | 31,286 |

2. Dividends

| | Annual dividends | | | | | Total amount of dividends (Total) | Payout ratio (Consolidated) | Dividends on net assets (Consolidated) |
|--|-------------------|--------------------|-------------------|----------|-------|-----------------------------------|-----------------------------|--|
| | First quarter-end | Second quarter-end | Third quarter-end | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| FY ended December 31, 2017 | – | 0.00 | – | 70.00 | 70.00 | 1,004 | 32.8 | 2.3 |
| FY ended December 31, 2018 | – | 40.00 | – | 55.00 | 95.00 | 1,363 | 29.4 | 2.7 |
| FY ending December 31, 2019 (Forecast) | – | 40.00 | – | 55.00 | 95.00 | | 31.4 | |

(Note) 1. The Company conducted a five-for-one common stock split on June 1, 2017.

2. The payout ratio (consolidated) and the ratio of dividends to net assets (consolidated) for the term ended December 2017 are respectively the ratio obtained by dividing the total amount of dividends by that of net income attributable to the owners of the parent company and that obtained by dividing the total amount of dividends by that of net assets.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

(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, 2019 | 96,028 | 6.4 | 2,953 | (3.6) | 2,982 | (3.1) | 2,128 | (2.5) | 148.27 |
| FY ending December 31, 2019 | 193,000 | 5.9 | 6,000 | (10.7) | 6,052 | (8.1) | 4,337 | (6.4) | 302.20 |

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

New – companies (Company name) / Excluded – companies (Company name)

(2) 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

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)

| | | | |
|-------------------|-------------------|-------------------|-------------------|
| December 31, 2018 | 14,353,140 shares | December 31, 2017 | 14,353,140 shares |
| December 31, 2018 | 112 shares | December 31, 2017 | 36 shares |
| December 31, 2018 | 14,353,072 shares | December 31, 2017 | 12,976,450 shares |

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares during the period

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period and the average number of shares during the period were calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2017.

(Reference) Overview of respective financial results

1. Respective financial results for the period ended December 31, 2018 (from January 1, 2018 to December 31, 2018)

(1) Respective operating results

(Percentages denote year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|----------------------------|----------------------|------|------------------------------|-------|-----------------|--------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY ended December 31, 2018 | 2,910 | 56.0 | 1,201 | 498.3 | 1,173 | — | 1,153 | 768.6 |
| FY ended December 31, 2017 | 1,865 | 17.9 | 200 | 31.4 | 93 | (41.5) | 132 | 48.9 |
| | Net income per share | | Diluted net income per share | | | | | |
| | Yen | | Yen | | | | | |
| FY ended December 31, 2018 | 80.37 | | — | | | | | |
| FY ended December 31, 2017 | 10.24 | | — | | | | | |

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. Net income per share is calculated on the assumption that the stock split took place at the beginning of the previous business year.

(2) Respective financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| FY ended December 31, 2018 | 16,685 | 12,880 | 77.2 | 897.42 |
| FY ended December 31, 2017 | 17,071 | 13,315 | 78.0 | 927.69 |

(Reference) Shareholders' equity

FY ended December 31, 2018: 12,880 million yen FY ended December 31, 2017: 13,315 million yen

(Note) The Company conducted a five-for-one common stock split on June 1, 2017. Net asset per share is calculated on the assumption that the stock split took place at the beginning of the previous business year.

* These financial results are not audited by certified public accountants or an audit corporation.

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

(Notes on forward-looking statements)

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 "(4) Future forecasts" under the chapter titled "1. Overview of operating results, etc." on the page 4 of the attachment.

(How to obtain supplementary explanatory materials for the financial results)

On February 14, 2019, supplementary explanatory materials for the financial results will be disclosed via TDnet and posted on the Company's website. On February 19, 2019, based on these materials, a meeting will be held to brief institutional investors and analysts on the financial results.

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1. Overview of operating results, etc.

(1) Overview of operating results for the current period

[Overview of the current consolidated fiscal year]

During the current consolidated fiscal year, the world economy, albeit still moderately recovering on the whole, continued to be faced with future uncertainty such as unpredictability for the direction for China and other Asian emerging economies and countries' policies as well as potential effects of trade issues on the global economy.

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

Under these circumstances, the Company Group worked on improving its operating results by running two main businesses; "Asian Food Global Business" that distributes Asian food products and ingredients such as Japanese food 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 mainly in domestic markets as well as in China and South East Asia.

In the Asian Food Global Business, the Company continued to proactively develop markets deeming growth in North America and business platform expansion in regions other than North America to be a growth strategy for the Company Group. In the Agricultural & Seafood Products Trading Business, the Company endeavored to expand its main wholesale market distribution route as well as other routes (mass retailers, restaurant chains and home-meal replacement industries, etc.) and overseas distribution routes (export of domestic fruits and vegetables, offshore trade for fruits and vegetables and wholesale business in China).

As a result, with respect to the financial results for the current consolidated fiscal year, net sales stood at 182,220 million yen (5.9% increase year-on-year), operating income amounted to 6,719 million yen (6.2% increase year-on-year), ordinary income amounted to 6,585 million yen (11.3% increase year-on-year) and profit attributable to owners of parent totaled 4,634 million yen (51.1% increase year-on-year).

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

[Overview of financial results by segment]

(i) Asian Food Global Business

In regard to financial results of the Asian Food Global Business for the current consolidated fiscal year, net sales stood at 125,112 million yen (5.6% increase year-on-year) and operating income amounted to 5,409 million yen (5.1% decrease year-on-year).

Although net sales in the North American region grew steadily, operating income declined as purchase prices of rice and other products climbed during the period while personnel and logistics unit expenses, including gasoline bills, rose following on from the previous fiscal year. From the fourth quarter under review, profits rebounded as price revisions progressed, among other things. In this region, we will further bolster our ongoing efforts on restructuring (profitability improvement and logistics expenses restraint), thereby working to deliver increased profitability.

In regions outside of North America, both net sales and operating income grew as new customer acquisition and sales to existing customers went on steadily and our business platform expanded.

(ii) Agricultural & Seafood Products Trading Business

With respect to financial results of the Agricultural & Seafood Products Trading Business for the current consolidated fiscal year, net sales stood at 52,886 million yen (6.5% increase year-on-year) and operating income amounted to 1,040 million yen (141.0% increase year-on-year).

Net sales grew thanks to steady sales of avocado and small apples for overseas distribution routes. Net sales and operating income increased as, on the profit front, citrus and tropical commodities for Japan recovered for the period under review after having struggled during the previous fiscal year.

(iii) Other businesses

As to financial results of other businesses for the current consolidated fiscal year, net sales stood at 4,221 million yen (5.8% increase year-on-year) and operating income amounted to 262 million yen (50.6% increase year-on-year).

Net sales and operating income grew as sales of seasonal products and character products, etc. for Japan expanded.

(2) Overview of financial position for the current period

(Assets)

Total assets as of December 31, 2018 stood at 83,587 million yen, a decrease of 749 million yen compared to December 31, 2017, and was mainly attributable to the following.

Total current assets as of December 31, 2018 amounted to 75,124 million yen, a decrease of 197 million yen compared to December 31, 2017. The decrease in current assets is attributed to a decrease of 2,783 million yen in cash and deposits despite an increase of 2,239 million yen in inventory assets.

Total non-current assets as of December 31, 2018 came to 8,462 million yen, a decrease of 551 million yen compared to December 31, 2017. The decrease in fixed assets is attributed to a decrease of 597 million yen in buildings and structures and a decrease of 359 million yen in customer-related assets.

(Liabilities)

Total liabilities as of December 31, 2018 stood at 31,817 million yen, a decrease of 2,766 million yen compared to December 31, 2017, and was mainly attributable to the following.

Total current liabilities as of December 31, 2018 amounted to 20,176 million yen, an increase of 527 million yen compared to December 31, 2017. The increase in current liabilities is attributed to an increase of 1,581 million yen in notes payable and accounts payable, and an increase of 505 million yen in income taxes payable despite a decrease of 2,295 million yen in short-term loans payable.

Total fixed liabilities as of December 31, 2018 amounted to 11,641 million yen, a decrease of 3,293 million yen compared to December 31, 2017. The decrease in fixed liabilities is attributed to a decrease of 3,261 million yen in long-term loans payable.

(Net assets)

Total net assets as of December 31, 2018 amounted to 51,770 million yen, an increase of 2,016 million yen compared to December 31, 2017. The increase in net assets is mainly attributed to an increase of 3,055 million yen in retained earnings.

(3) Overview of cash flows for the current period

Cash and cash equivalents (hereinafter referred to as "funds") as of December 31, 2018 amounted to 28,516 million yen, a decrease of 2,770 million yen compared to December 31, 2017.

The status of respective cash flows for the current consolidated fiscal year and its main factors are as follows:

(Cash flows from operating activities)

Cash flows from operating activities were positive at 5,587 million yen and major factors are as follows. Major factors include an increase of 2,716 million yen in inventory assets, an increase of 1,807 million yen in accounts payable-trade, payment for 1,288 million yen in income taxes, and 6,440 million yen in net income before income taxes.

The amount of funds obtained increased by 4,188 million yen (by 199.3%) compared to the previous consolidated fiscal year. Major factors include an increase of 452 million yen in expenditures for inventory assets, a decrease of 1,201 million yen in payment for income taxes, an increase of 1,038 million yen in net income before income taxes, and an increase of 814 million yen in income for accounts payable-other.

(Cash flows from investing activities)

Cash flows from investing activities were negative at 1,215 million yen and major factors are as follows. Major factors include payment of 728 million yen in guarantee deposits, an expenditure of 337 million yen for the acquisition of intangible fixed assets, and an expenditure of 127 million yen for the acquisition of tangible fixed assets.

The amount of funds spent decreased by 273 million yen (by 18.3%) compared to the previous consolidated fiscal year. Major factors include a decrease of 1,444 million yen in incomes for time deposits, an increase of 701 million yen in expenditures due to payment for guarantee deposits, cancellation of expenditures for the acquisition of shares in affiliated companies in the amount of 1,142 million yen in the current consolidated fiscal year, a decrease of 638 million yen in expenditures due to loans, and a decrease of 562 million yen in expenditures due to the acquisition of tangible fixed assets.

(Cash flows from financing activities)

Cash flows from financial activities were negative at 6,843 million yen. Major factors include an expenditure of 3,383 million yen due to repayment of long-term loans payable, a decrease of 1,823 million yen in short-term loans payable, and payment of 1,577 million yen for dividends.

The amount of funds spent increased by 15,441 million yen (8,598 million yen in fund was obtained in the previous consolidated fiscal year) compared to the previous consolidated fiscal year. Major factors include an income of 5,092 million yen due to the issuance of shares, cancellation of income due to the sale of treasury shares in the amount of 3,216 million yen in the current consolidated fiscal year, an increase of 3,223 million yen in expenditures due to repayment of long-term loans payable, and an increase of 2,341 million yen in expenditures due to a decrease in short-term loans payable.

(4) Future forecasts

(Millions of yen)

| | FY ended December 31, 2018 (Actual) | FY ending December 31, 2019 (Forecast) | Increase (decrease) | Increase (decrease) rate |
|--|---|--|------------------------|-----------------------------|
| Net sales | 182,220 | 193,000 | 10,779 | 5.9 |
| Operating income | 6,719 | 6,000 | (719) | (10.7) |
| Ordinary income | 6,585 | 6,052 | (533) | (8.1) |
| Profit attributable to owners of parent | 4,634 | 4,337 | (297) | (6.4) |

In the Asian Food Global Business, we will continue to grow stably in existing markets such as for Japanese foods in the North American region while further expanding our business platform in other regions. In the North American region, we will further seek to acquire new distribution routes for non-Japanese food products (corporate customers) and develop products actively to this end. In the Agricultural & Seafood Products Trading Business, we will continue to maintain sales to the Japanese wholesale market, and work on expanding distribution routes to mass retailers, home-meal replacement industries, restaurant chains and food product manufacturers as well as overseas distribution routes.

Meanwhile, amid a significant change to the external environment, the Company Group will strategically recruit professionals equipped with specialized skills in a front-loaded manner, among other efforts, for the purpose of endeavors envisioning a future growth. In the North American region, we will develop our logistics and operation and seek to acquire new distribution routes (corporate customers). In other regions, we will build a structure to perform management on an area-by-area basis. For the Group as a whole, we will recruit specialized professionals in an effort to further promote endeavors to broaden our product lineup and develop and bolster our logistics and operation across the Group. The Tokyo office is scheduled to be relocated in the second half of the fiscal year in progress. We will work to vitalize communication and streamline operations by consolidating office spaces, currently being on four different floors, into one single floor. We predict cost to rise for the Group on the whole due to these measures.

Accordingly, we expect that net sales will stand at 193,000 million yen (an increase of 10,779 million yen compared to the previous period), operating income will amount to 6,000 million yen (a decrease of 719 million yen compared to the previous period), ordinary income will amount to 6,052 million yen (a decrease of 533 million yen compared to the previous period), and profit attributable to owners of parent will total 4,337 million yen (a decrease of 297 million yen compared to the previous period).

[Prerequisites for the forecast]

The exchange rate is assumed to be 110 yen/U.S. dollar.

2. Basic approach on selection of accounting standards

The Company Group prepares the consolidated financial statements in accordance with Japanese Generally Accepted Accounting Principles ("Japanese GAAP"), taking into consideration the workload for establishing the system for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Millions of yen)

| | FY 2017 (As of December 31, 2017) | FY 2018 (As of December 31, 2018) |
|--|--------------------------------------|--------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 31,303 | 28,520 |
| Notes and accounts receivable—trade | 18,816 | 19,547 |
| Inventories | 23,185 | 25,425 |
| Deferred tax assets | 212 | 185 |
| Other | 2,066 | 1,604 |
| Allowance for doubtful accounts | (262) | (158) |
| Total current assets | 75,322 | 75,124 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 2,455 | 1,857 |
| Machinery, equipment and vehicles, net | 451 | 374 |
| Tools, furniture and fixtures, net | 105 | 75 |
| Leased assets, net | 246 | 185 |
| Other, net | 280 | 279 |
| Total property, plant and equipment | 3,538 | 2,771 |
| Intangible assets | | |
| Goodwill | 760 | 671 |
| Software | 195 | 168 |
| Software in progress | 40 | 303 |
| Customer-related assets | 1,174 | 815 |
| Other | 73 | 69 |
| Total intangible assets | 2,245 | 2,028 |
| Investments and other assets | | |
| Investment securities | 1,303 | 1,255 |
| Guarantee deposits | 365 | 1,058 |
| Deferred tax assets | 825 | 718 |
| Other | 762 | 810 |
| Allowance for doubtful accounts | (26) | (178) |
| Total investments and other assets | 3,230 | 3,662 |
| Total non-current assets | 9,014 | 8,462 |
| Total assets | 84,336 | 83,587 |

(Millions of yen)

| | FY 2017 (As of December 31, 2017) | FY 2018 (As of December 31, 2018) |
|---|--------------------------------------|--------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 9,959 | 11,540 |
| Short-term loans payable | 4,935 | 2,640 |
| Current portion of long-term loans payable | 151 | 140 |
| Lease obligations | 60 | 52 |
| Accounts payable—other | 2,322 | 2,740 |
| Income taxes payable | 195 | 700 |
| Provision for bonuses | 525 | 538 |
| Provision for shareholders' benefits | — | 5 |
| Other | 1,497 | 1,816 |
| Total current liabilities | 19,648 | 20,176 |
| Non-current liabilities | | |
| Long-term loans payable | 12,612 | 9,351 |
| Lease obligations | 191 | 135 |
| Deferred tax liabilities | 221 | 126 |
| Provision for directors' retirement benefits | 494 | 560 |
| Net defined benefit liability | 1,007 | 1,087 |
| Other | 406 | 378 |
| Total non-current liabilities | 14,934 | 11,641 |
| Total liabilities | 34,583 | 31,817 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,646 | 2,646 |
| Capital surplus | 6,531 | 6,531 |
| Retained earnings | 39,173 | 42,229 |
| Treasury shares | (0) | (0) |
| Total shareholders' equity | 48,351 | 51,406 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 15 | 6 |
| Deferred gains or losses on hedges | 8 | (3) |
| Foreign currency translation adjustment | 1,378 | 360 |
| Total accumulated other comprehensive income | 1,402 | 363 |
| Total net assets | 49,753 | 51,770 |
| Total liabilities and net assets | 84,336 | 83,587 |

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Millions of yen)

| | FY 2017 (January 1, 2017 to December 31, 2017) | FY 2018 (January 1, 2018 to December 31, 2018) |
|---|--|--|
| Net sales | 172,078 | 182,220 |
| Cost of sales | 142,232 | 150,361 |
| Gross profit | 29,845 | 31,858 |
| Selling, general and administrative expenses | 23,521 | 25,139 |
| Operating income | 6,324 | 6,719 |
| Non-operating income | | |
| Interest and dividend income | 95 | 158 |
| Share of profit of entities accounted for using equity method | 28 | — |
| Insurance benefits received | 1 | 176 |
| Other | 32 | 38 |
| Total non-operating income | 158 | 373 |
| Non-operating expenses | | |
| Interest expenses | 197 | 160 |
| Listing-related expenses | 114 | — |
| Loss on equity-method investments | — | 15 |
| Foreign exchange losses | 252 | 214 |
| Provision of allowance for doubtful accounts | — | 58 |
| Other | 1 | 57 |
| Total non-operating expenses | 565 | 506 |
| Ordinary income | 5,916 | 6,585 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 2 | 1 |
| Total extraordinary income | 2 | 1 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 1 | 0 |
| Impairment loss | 515 | 146 |
| Total extraordinary losses | 516 | 146 |
| Profit before income taxes | 5,402 | 6,440 |
| Income taxes—current | 2,201 | 1,753 |
| Income taxes—deferred | 133 | 52 |
| Total income taxes | 2,334 | 1,805 |
| Net income | 3,067 | 4,634 |
| Profit attributable to non-controlling interests | — | — |
| Profit attributable to owners of parent | 3,067 | 4,634 |

Consolidated statement of comprehensive income

(Millions of yen)

| | FY 2017 (January 1, 2017 to December 31, 2017) | FY 2018 (January 1, 2018 to December 31, 2018) |
|--|--|--|
| Net income | 3,067 | 4,634 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4 | (8) |
| Deferred gains or losses on hedges | (34) | (11) |
| Foreign currency translation adjustment | (679) | (945) |
| Share of other comprehensive income of entities accounted for using equity method | 112 | (72) |
| Total other comprehensive income | (596) | (1,038) |
| Comprehensive income | 2,470 | 3,596 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 2,470 | 3,596 |
| Comprehensive income attributable to non-controlling interests | – | – |

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from January 1, 2017 to December 31, 2017)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Beginning balance | 100 | 774 | 36,111 | (5) | 36,980 |
| Changes during the period | | | | | |
| Issuance of new shares | 2,546 | 2,546 | | | 5,092 |
| Dividends of surplus | | | (4) | | (4) |
| Profit attributable to owners of parent | | | 3,067 | | 3,067 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 3,210 | | 5 | 3,216 |
| Changes in items other than shareholders' equity, net | | | | | |
| Total changes during the period | 2,546 | 5,756 | 3,062 | 5 | 11,370 |
| Ending balance | 2,646 | 6,531 | 39,173 | (0) | 48,351 |

| | Accumulated other comprehensive income | | | | Total net assets |
|---|---|------------------------------------|---|--|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Beginning balance | 11 | 42 | 1,945 | 1,999 | 38,979 |
| Changes during the period | | | | | |
| Issuance of new shares | | | | | 5,092 |
| Dividends of surplus | | | | | (4) |
| Profit attributable to owners of parent | | | | | 3,067 |
| Purchase of treasury shares | | | | | (0) |
| Disposal of treasury shares | | | | | 3,216 |
| Changes in items other than shareholders' equity, net | 4 | (34) | (567) | (596) | (596) |
| Total changes during the period | 4 | (34) | (567) | (596) | 10,774 |
| Ending balance | 15 | 8 | 1,378 | 1,402 | 49,753 |

Current consolidated fiscal year (from January 1, 2018 to December 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Beginning balance | 2,646 | 6,531 | 39,173 | (0) | 48,351 |
| Changes during the period | | | | | |
| Dividends of surplus | | | (1,578) | | (1,578) |
| Profit attributable to owners of parent | | | 4,634 | | 4,634 |
| Purchase of treasury shares | | | | (0) | (0) |
| Changes in items other than shareholders' equity, net | | | | | |
| Total changes during the period | - | - | 3,055 | (0) | 3,055 |
| Ending balance | 2,646 | 6,531 | 42,229 | (0) | 51,406 |

| | Accumulated other comprehensive income | | | | Total net assets |
|---|---|------------------------------------|---|--|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Total accumulated other comprehensive income | |
| Beginning balance | 15 | 8 | 1,378 | 1,402 | 49,753 |
| Changes during the period | | | | | |
| Dividends of surplus | | | | | (1,578) |
| Profit attributable to owners of parent | | | | | 4,634 |
| Purchase of treasury shares | | | | | (0) |
| Changes in items other than shareholders' equity, net | (8) | (11) | (1,018) | (1,038) | (1,038) |
| Total changes during the period | (8) | (11) | (1,018) | (1,038) | 2,016 |
| Ending balance | 6 | (3) | 360 | 363 | 51,770 |

(4) Consolidated Statement of Cash Flows

(Millions of yen)

| | FY 2017 (January 1, 2017 to December 31, 2017) | FY 2018 (January 1, 2018 to December 31, 2018) |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 5,402 | 6,440 |
| Depreciation and amortization | 1,116 | 1,104 |
| Impairment loss | 515 | 146 |
| Increase (decrease) in allowance for doubtful accounts | (70) | 54 |
| Interest and dividend income | (95) | (158) |
| Interest expenses | 197 | 160 |
| Share of (profit) loss of entities accounted for using equity method | (28) | 15 |
| Foreign exchange losses (gains) | 424 | 38 |
| Decrease (increase) in notes and accounts receivable—trade | (1,432) | (1,041) |
| Decrease (increase) in inventories | (2,263) | (2,716) |
| Increase (decrease) in notes and accounts payable—trade | 1,196 | 1,807 |
| Increase (decrease) in accounts payable—other | (378) | 436 |
| Increase (decrease) in provision for bonuses | (4) | 21 |
| Increase (decrease) in provision for shareholder benefit program | — | 5 |
| Increase (decrease) in net defined benefit liability | 102 | 146 |
| Other | (796) | 233 |
| Subtotal | 3,883 | 6,692 |
| Interest and dividend income received | 102 | 168 |
| Interest expenses paid | (189) | (170) |
| Income taxes paid | (2,489) | (1,288) |
| Income taxes refunded | 92 | 184 |
| Cash flows from operating activities | 1,399 | 5,587 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (689) | (127) |
| Purchase of intangible assets | (171) | (337) |
| Expenditures due to payment for guarantee deposits | (27) | (728) |
| Purchase of shares of affiliates | (1,142) | — |
| Additional purchase of shares of subsidiaries | (305) | — |
| Payments of loans receivable | (638) | — |
| Net decrease (increase) in time deposits | 1,461 | 17 |
| Other | 24 | (38) |
| Cash flows from investing activities | (1,488) | (1,215) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 517 | (1,823) |
| Repayments of long-term loans payable | (159) | (3,383) |
| Proceeds from issuance of common shares | 5,092 | — |
| Purchase of treasury shares | (0) | (0) |
| Repayments of finance lease obligations | (63) | (58) |
| Cash dividends paid | (4) | (1,577) |
| Proceeds from sales of treasury shares | 3,216 | — |
| Cash flows from financing activities | 8,598 | (6,843) |
| Effect of exchange rate change on cash and cash equivalents | (249) | (299) |
| Net increase (decrease) in cash and cash equivalents | 8,259 | (2,770) |
| Cash and cash equivalents at beginning of period | 22,909 | 31,286 |
| Increase (decrease) in cash and cash equivalents resulting from merger of consolidated subsidiaries and nonconsolidated subsidiaries | 117 | — |
| Cash and cash equivalents at end of period | 31,286 | 28,516 |

(5) Notes to the consolidated financial statements

(Notes to assumption of going concern)

No relevant items.

(Changes in presentation methods)

(Changes associated with the application of the U.S. Accounting Standards "Balance Sheet Classification of Deferred Taxes")

Consolidated overseas subsidiaries, that adopt U.S. Accounting Standards, applied "Balance Sheet Classification of Deferred Taxes" (U.S. Financial Accounting Standards Board Accounting Standards Update 2015-17, November 20, 2015) starting from consolidated financial statements at the end of the current consolidated fiscal year. As a result, starting from the current consolidated fiscal year, they changed the presentation methods for deferred tax assets and liabilities, including deferred tax assets in the category of investments and other assets and deferred tax liabilities in the category of fixed liabilities.

Consequently, 553 million yen included in "deferred tax assets" in the category of current assets and 484 million yen included in "deferred tax assets" in the category of investments and other assets were rearranged with 212 million yen for "deferred tax assets" in the current assets and 825 million assets for "deferred tax assets" in investments and other assets.

(Consolidated balance sheet)

Starting from the current consolidated fiscal year, "Software in progress," included in "Other" of the intangible fixed assets in the previous consolidated fiscal year, was reported as an independent account because it gained financial importance. The consolidated financial statements for the previous consolidated fiscal year were rearranged to reflect this change in the presentation method thereon.

As a result, 114 million yen, included in "Other" of the intangible fixed assets in the balance sheet of the previous consolidated fiscal year, was rearranged with 40 million yen for "Software in progress" of the intangible fixed assets and 73 million yen for "Other."

(Consolidated cash flow statements)

Starting from the current consolidated fiscal year, "Expenditures due to payment for guarantee deposits," included in "Other" of the cash flows from investment activities in the previous consolidated fiscal year, was reported as an independent account because it had gained financial importance. The consolidated financial statements for the previous consolidated fiscal year were rearranged to reflect this change in the presentation method.

As a result, (2) million yen, indicated in "Other" of the cash flows from investment activities in the consolidated cash flow statements of the previous consolidated fiscal year, was rearranged with (27) million yen for "Expenditures due to payment for guarantee deposits" and (24) million yen for "Other."

(Segment information)

[Segment information]

1. Overview of reporting segments

A reporting segments of the Company Group is one of the structural units of the Company Group, in which segregated financial information is available, and is subject to review on a regular basis so that the Board of Directors could determine the allocation of management resources and evaluate the operating results.

Under the Company Group's holding company structure, respective companies including Nishimoto Trading Co., Ltd., Wismettac Asian Foods, Inc., etc., that carry on the "Asian Food Global Business," Wismettac Foods, Inc. that carries on the "Agricultural & Seafood Products Trading Business," etc., develop a comprehensive strategy regarding the products and services provided and conduct business activities.

Therefore, the Company Group considers the similarities of economic characteristics, etc., and classifies each company into either one of three reporting segments that are "Asian Food Global Business," "Agricultural & Seafood Products Trading Business," and "Other business."

The details of services that are included in each reporting segment are as follows:

| Segment | Major products or business details |
|--|---|
| Asian Food Global Business | Wholesale and distribution business of Asian food products and ingredients with a focus on Japanese food around the world, etc. |
| Agricultural & Seafood Products Trading Business | Import and wholesaling of perishable and frozen processed fruits and vegetables, marine products, etc. to wholesale markets, volume sellers, restaurants, home-meal replacement industry, food manufacturers, etc. in Japan, export of domestically produced vegetables and fruits, triangular trade, and so forth. |
| Other business | Original product sales business using foreign brand foods and characters, sales of supplements, catalog mail order business, etc. |

2. Method of calculation of the amount of sales, profit or loss, assets, liabilities and other items for each reporting segment

The accounting treatment for the reported business segments is basically the same as that adopted in the preparation of the consolidated financial statements.

The profit of the reporting segment is a figure on an operating income basis. The amount of intersegment sales and transfers are based on market prices.

3. Information on the amount of sales, profit or loss, assets, liabilities and other items for each reporting segment
Previous consolidated fiscal year (from January 1, 2017 to December 31, 2017)

(Millions of yen)

| | Reporting segment | | | Total | Adjustment (Note 1) | Amount recorded on the Consolidated Financial Statements (Note 2) |
|---|-------------------------------|--|----------------|---------|------------------------|--|
| | Asian Food Global Business | Agricultural & Seafood Products Trading Business | Other business | | | |
| Net sales | | | | | | |
| Sales to external customers | 118,444 | 49,643 | 3,990 | 172,078 | – | 172,078 |
| Intersegment sales or transfers | 9,371 | 439 | – | 9,811 | (9,811) | – |
| Total | 127,816 | 50,083 | 3,990 | 181,890 | (9,811) | 172,078 |
| Segment profit | 5,699 | 431 | 174 | 6,305 | 18 | 6,324 |
| Segment assets | 53,111 | 11,249 | 1,807 | 66,168 | 18,168 | 84,336 |
| Other items | | | | | | |
| Depreciation | 929 | 11 | 7 | 948 | 72 | 1,020 |
| Investments in entities accounted for using equity method | 1,247 | – | – | 1,247 | – | 1,247 |
| Increase in property, plant and equipment as well as intangible assets | 764 | 8 | 28 | 800 | 83 | 884 |

(Note) 1. Adjustments are as follows:

- (1) "Adjustment" for segment profit in the amount of 18 million yen includes (201) million yen for elimination of intersegment transactions and 220 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) "Adjustment" for segment assets in the amount of 18,168 million yen includes 22,655 million yen for company assets not allotted to reporting segments and so forth. The company-wide assets are mainly surplus funds (cash and deposits) that are not attributable to any reporting segments.
 - (3) The depreciation adjustment of 72 million yen is mainly depreciation concerning company-wide assets.
 - (4) The adjustment of 83 million yen in relation to the increase in property, plant and equipment as well as intangible assets is the increase in non-current assets concerning the company-wide assets.
2. Segment profit is adjusted with operating income in the consolidated financial statements.

Current consolidated fiscal year (from January 1, 2018 to December 31, 2018)

(Millions of yen)

| | Reporting segment | | | Total | Adjustments (Note 1) | Amount recorded on the Consolidated Financial Statements (Note 2) |
|---|-------------------------------|--|----------------|---------|-------------------------|--|
| | Asian Food Global Business | Agricultural & Seafood Products Trading Business | Other business | | | |
| Net sales | | | | | | |
| Sales to external customers | 125,112 | 52,886 | 4,221 | 182,220 | – | 182,220 |
| Intersegment sales or transfers | 9,423 | 227 | 0 | 9,651 | (9,651) | – |
| Total | 134,536 | 53,113 | 4,221 | 191,872 | (9,651) | 182,220 |
| Segment profits | 5,409 | 1,040 | 262 | 6,712 | 6 | 6,719 |
| Segment assets | 58,093 | 11,598 | 1,842 | 71,534 | 12,053 | 83,587 |
| Other items | | | | | | |
| Depreciation | 937 | 11 | 7 | 957 | 72 | 1,030 |
| Investments in entities accounted for using equity method | – | – | – | – | – | – |
| Increase in property, plant and equipment as well as intangible assets | 169 | 8 | 19 | 196 | 269 | 465 |

(Note) 1. Adjustments are as follows:

- (1) "Adjustment" for segment profit in the amount of 6 million yen includes (1,195) million yen for elimination of intersegment transactions and 1,201 million yen 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) "Adjustment" for segment assets in the amount of 12,053 million yen includes 18,836 million yen for company assets not allotted to reporting segments and so forth. The company-wide assets are mainly surplus funds (cash and deposits) that are not attributable to any reporting segments.
 - (3) The depreciation adjustment of 72 million yen is mainly depreciation concerning company-wide assets.
 - (4) The adjustment of 269 million yen in relation to the increase in property, plant and equipment as well as intangible assets is the increase in non-current assets concerning the company-wide assets.
2. Segment profit is adjusted with operating income in the consolidated financial statements.

[Related information]

Previous consolidated fiscal year (from January 1, 2017 to December 31, 2017)

1. Information on respective products and services

Similar information is disclosed in the "Segment information," and therefore descriptions are omitted.

2. Information for each region

(1) Net sales

(Millions of yen)

| Japan | North America | Other | Total |
|--------|---------------|--------|---------|
| 56,340 | 101,424 | 14,313 | 172,078 |

(Note) Of North America, 88,022 million yen is for the U.S.

(2) Property, plant and equipment

(Millions of yen)

| Japan | North America | Other | Total |
|-------|---------------|-------|-------|
| 118 | 2,232 | 1,187 | 3,538 |

(Note) 1. Of North America, 2,170 million yen is for the U.S.

2. "Other" includes 950 million yen for the United Kingdom.

3. Information for major customers

With respect to net sales to external customers, there are no customers that accounts for 10% or more of the net sales on the consolidated statement of income, and therefore descriptions are omitted.

Current consolidated fiscal year (from January 1, 2018 to December 31, 2018)

1. Information on respective products and services

Similar information is disclosed in the "Segment information," and therefore descriptions are omitted.

2. Information for each region

(1) Net sales

(Millions of yen)

| Japan | North America | Other | Total |
|--------|---------------|--------|---------|
| 59,623 | 106,668 | 15,928 | 182,220 |

(Note) Of North America, 92,699 million yen is for the U.S.

(2) Property, plant and equipment

(Millions of yen)

| Japan | North America | Other | Total |
|-------|---------------|-------|-------|
| 77 | 1,821 | 872 | 2,771 |

(Note) 1. Of North America, 1,770 million yen is for the U.S.

2. "Other" includes 845 million yen for the United Kingdom.

3. Information for major customers

With respect to net sales to external customers, there are no customers that accounts for 10% or more of the net sales on the consolidated statement of income, and therefore descriptions are omitted.

[Information regarding impairment losses on non-current assets for each reporting segment]

Previous consolidated fiscal year (from January 1, 2017 to December 31, 2017)

(Millions of yen)

| | Asian Food Global Business | Agricultural & Seafood Products Trading Business | Other business | Company-wide/ Eliminations | Total |
|-----------------|----------------------------|--|----------------|----------------------------|-------|
| Impairment loss | 515 | – | – | – | 515 |

Current consolidated fiscal year (from January 1, 2018 to December 31, 2018)

(Millions of yen)

| | Asian Food Global Business | Agricultural & Seafood Products Trading Business | Other business | Company-wide/ Eliminations | Total |
|-----------------|----------------------------|--|----------------|----------------------------|-------|
| Impairment loss | 146 | – | – | – | 146 |

[Information on amortization of goodwill and unamortized balance for each reporting segment]

Previous consolidated fiscal year (from January 1, 2017 to December 31, 2017)

(Millions of yen)

| | Asian Food Global Business | Agricultural & Seafood Products Trading Business | Other business | Company-wide/ Eliminations | Total |
|-------------------------------------|----------------------------|--|----------------|----------------------------|-------|
| Amortization for the current period | 95 | – | – | – | 95 |
| Balance at end of current period | 760 | – | – | – | 760 |

Current consolidated fiscal year (from January 1, 2018 to December 31, 2018)

(Millions of yen)

| | Asian Food Global Business | Agricultural & Seafood Products Trading Business | Other business | Company-wide/ Eliminations | Total |
|-------------------------------------|----------------------------|--|----------------|----------------------------|-------|
| Amortization for the current period | 74 | – | – | – | 74 |
| Balance at end of current period | 671 | – | – | – | 671 |

[Information on gain on bargain purchase for each reporting segment]

Previous consolidated fiscal year (from January 1, 2017 to December 31, 2017)

No relevant items.

Current consolidated fiscal year (from January 1, 2018 to December 31, 2018)

No relevant items.

(Per share information)

| | FY 2017 (January 1, 2017 to December 31, 2017) | FY 2018 (January 1, 2018 to December 31, 2018) |
|----------------------|---|---|
| Net assets per share | 3,466.38 yen | 3,606.92 yen |
| Net income per share | 236.37 yen | 322.89 yen |

- (Note)
1. With respect to diluted net income per share, there are no diluted shares, and therefore descriptions are omitted.
 2. The Company conducted a five-for-one common stock split on June 1, 2017. Net assets per share and net income per share for the current period were calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2017.
 3. The basis for calculating net income per share is as follows:

| | FY 2017 (January 1, 2017 to December 31, 2017) | FY 2018 (January 1, 2018 to December 31, 2018) |
|--|--|--|
| Profit attributable to owners of parent (million yen) | 3,067 | 4,634 |
| Amount not attributable to common shareholders (million yen) | – | – |
| Profit attributable to owners of parent concerning common shares (million yen) | 3,067 | 4,634 |
| Average number of common shares during the period (shares) | 12,976,450 | 14,353,072 |

(Significant subsequent events)

No relevant items.