



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2017  
(Japanese GAAP)

November 13, 2017

Company name: Nishimoto Co., Ltd. Listed exchange: Tokyo  
Code: 9260 URL: <http://www.wismettac.com/>  
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Preparation of supplementary materials for quarterly financial results: No  
Holding of quarterly financial results presentation meeting: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the third quarter of the fiscal year ending December 31, 2017  
(from January 1, 2017 to September 30, 2017)

(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	%
Third quarter of FY ending December 31, 2017	128,995	—	4,820	—	4,468	—	2,359	—
Third quarter of FY ended December 31, 2016	—	—	—	—	—	—	—	—

(Note) Comprehensive income

Third quarter of FY ending December 31, 2017: 1,625 million yen (—%)

Third quarter of FY ended December 31, 2016: — million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
Third quarter of FY ending December 31, 2017	188.55	—
Third quarter of FY ended December 31, 2016	—	—

(Note) 1. Figures for the third quarter of the fiscal year ended December 31, 2016 and year-on-year percentage changes are not shown since the Company did not prepare quarterly consolidated financial statements for the period.

2. The Company conducted a five-for-one common stock split on June 1, 2017 pursuant to the resolution of a Board of Directors meeting held on May 15, 2017. Net income per share for the third quarter was calculated on the assumption that the stock split had been conducted at the beginning of the fiscal year ending December 31, 2017.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2017 (FY 2017 3Q)	86,519	48,876	56.5
As of December 31, 2016 (FY 2016)	72,721	38,979	53.6

(Reference) Shareholders' equity

Third quarter of FY ending December 31, 2017: 48,876 million yen

FY ended December 31, 2016: 38,979 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, 2016	—	0.00	—	2.00	2.00
FY ending December 31, 2017	—	0.00	—	—	—
FY ending December 31, 2017 (Forecast)	—	—	—	—	—

(Note) 1. Revision to the forecast for dividends announced most recently: None

2. The Company conducted a five-for-one common stock split on June 1, 2017 pursuant to the resolution of a Board of Directors meeting held on May 15, 2017.

The Company has not yet determined a forecast for dividends for the fiscal year ending December 31, 2017.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2017  
(from January 1, 2017 to December 31, 2017)

(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
FY ending December 31, 2017	169,434	7.0	6,835	(6.7)	6,306	(8.9)	3,349	17.6	258.08

(Note) 1. Revision to the forecast for financial results announced most recently: None  
2. The Company conducted a five-for-one common stock split on June 1, 2017 pursuant to the resolution of a Board of Directors meeting held on May 15, 2017. Net income per share in the forecast of financial results for the fiscal year ending December 31, 2017 is shown in an amount reflecting the effect of the stock split.

\* Notes

- (1) Changes in significant subsidiaries during the first nine 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)	As of September 30, 2017	14,343,240 shares	December 31, 2016	13,213,240 shares
(ii) Number of treasury shares at the end of the period	As of September 30, 2017	— shares	December 31, 2016	720,000 shares
(iii) Average number of shares during the period (nine months ended September 30, 2017)	As of September 30, 2017	12,513,569 shares	September 30, 2016	12,493,240 shares

(Note) The Company conducted a five-for-one common stock split on June 1, 2017 pursuant to the resolution of a Board of Directors meeting held on May 15, 2017. The number of shares outstanding at the end of the period, number of treasury shares at the end of the period and the average number of shares outstanding during the period were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2016.

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

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

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 attachment.

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(i) 1. Qualitative information on quarterly financial results

(i) (1) Explanation of operating results

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

During the first nine months of the fiscal year ending December 31, 2017 (from January 1, 2017 to September 30, 2017), the overall world economy continued in its ongoing moderate recovery. However, future outlook was still uncertain for places such as China and other emerging market economies in Asia, as well as the developments and effects of U.S. government policies.

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

Under these circumstances, net sales for the first nine months of the fiscal year stood at 128,995 million yen and operating income amounted to 4,820 million yen. Ordinary income totaled 4,468 million yen and profit attributable to owners of parent came to 2,359 million yen.

Operating results by segment are as follows:

[Outline of operating results by segment]

(i) Asian Food Global Business

In the Asian Food Global Business, net sales stood at 94,553 million yen and operating income amounted to 4,449 million yen for the first nine months of the fiscal year.

Although net sales in North America grew steadily on a local currency basis, profits declined as selling, general and administrative expenses climbed due to a headcount expansion aimed to bolster the logistics business unit.

In regions outside of North America, both net sales and operating income saw a marked increase because we converted Harro Foods Limited in the U.K. and Wismettac Nippon Foods Co., Ltd. in Hong Kong (the company's name was changed from "Nippon Foods Co., Ltd." as of September 29, 2017) into consolidated subsidiaries of the Group, as well as business expansion and strengthening of earning power at existing facilities.

(ii) Agricultural & Seafood Products Trading Business

In the Agricultural & Seafood Products Trading Business, net sales stood at 39,301 million yen and operating income amounted to 341 million yen for the first nine months of the fiscal year.

Although net sales exceeded that of the previous fiscal year, operating income declined year on year as we had no alternative but to engage in below-cost sales as a result of a spike in the cost of citrus and tropical commodities since the fourth quarter of the fiscal year ended December 31, 2016.

(iii) Other businesses

In other businesses, net sales stood at 2,584 million yen and operating loss amounted to 7 million yen for the first nine months of the fiscal year.

(Note 1) Net sales figures shown in the "Outline of operating results by segment" section above include intersegment sales and transfers.

(Note 2) Since the Company did not prepare quarterly consolidated financial statements for the first nine months of the fiscal year ended December 31, 2016, an analysis was not performed compared to the same period in the previous fiscal year.

(ii) (2) Explanation of financial position

(Assets)

Total assets as of September 30, 2017 stood at 86,519 million yen, an increase of 13,798 million yen compared to December 31, 2016, and was mainly attributable to the following.

Total current assets as of September 30, 2017 amounted to 77,774 million yen, an increase of 12,637 million yen compared to December 31, 2016, which was chiefly due to an increase of 10,305 million yen in cash and deposits and an increase of 1,470 million yen in inventories.

Total non-current assets as of September 30, 2017 came to 8,744 million yen, an increase of 1,161 million yen compared to December 31, 2016, which was caused by an increase of 1,151 million yen in investment securities that were newly acquired by the Company.

(Liabilities)

Total liabilities as of September 30, 2017 stood at 37,642 million yen, an increase of 3,900 million yen compared to December 31, 2016, and was mainly attributable to the following.

Total current liabilities as of September 30, 2017 amounted to 22,688 million yen, an increase of 3,857 million yen compared to December 31, 2016, which was chiefly due to an increase of 2,577 million yen in short-term loans payable and a rise of 2,225 million yen in notes and accounts payable—trade in relation to increased net sales.

Total non-current liabilities as of September 30, 2017 came to 14,954 million yen, an increase of 43 million yen compared to December 31, 2016, which was caused by an increase of 93 million yen in long-term loans payable.

(Net assets)

Total net assets as of September 30, 2017 stood at 48,876 million yen, an increase of 9,897 million yen compared to December 31, 2016, which was due to an increase of 2,524 million yen in capital stock and an increase of 5,734 million yen in capital surplus resulting from the issuance of new shares and the disposal of treasury shares in relation to the listing of the Company's stock on the First Section of the Tokyo Stock Exchange, as well as an increase of 2,366 million yen in retained earnings.

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

Forecasts of financial results for the fiscal year ending December 31, 2017 are described in the Notification on Financial Results and Related Information of Nishimoto Co., Ltd. Associated with the Listing of its Stock on the First Section of the Tokyo Stock Exchange published on September 29, 2017. The forecasts remain unchanged.

## (ii) 2. Quarterly consolidated financial statements and major notes

## (iv) (1) Quarterly consolidated balance sheet

(Millions of yen)

	FY 2016 (As of December 31, 2016)	Third quarter of FY 2017 (As of September 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	24,452	34,757
Notes and accounts receivable—trade	17,633	17,599
Inventories	21,266	22,736
Deferred tax assets	872	805
Other	1,248	2,143
Allowance for doubtful accounts	(335)	(268)
<b>Total current assets</b>	<b>65,137</b>	<b>77,774</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,356	2,274
Machinery, equipment and vehicles, net	417	407
Tools, furniture and fixtures, net	109	117
Leased assets, net	298	260
Other, net	318	547
<b>Total property, plant and equipment</b>	<b>3,499</b>	<b>3,606</b>
Intangible assets		
Goodwill	919	778
Software	149	193
Other	2,101	1,337
<b>Total intangible assets</b>	<b>3,170</b>	<b>2,308</b>
Investments and other assets		
Investment securities	129	1,280
Guarantee deposits	361	361
Deferred tax assets	408	488
Other	50	731
Allowance for doubtful accounts	(35)	(34)
<b>Total investments and other assets</b>	<b>914</b>	<b>2,828</b>
<b>Total non-current assets</b>	<b>7,583</b>	<b>8,744</b>
<b>Total assets</b>	<b>72,721</b>	<b>86,519</b>

(Millions of yen)

	FY 2016 (As of December 31, 2016)	Third quarter of FY 2017 (As of September 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	8,772	10,997
Short-term loans payable	4,194	6,771
Current portion of long-term loans payable	143	151
Lease obligations	62	59
Accounts payable—other	3,111	2,708
Income taxes payable	367	139
Provision for bonuses	540	426
Other	1,638	1,433
<b>Total current liabilities</b>	<b>18,830</b>	<b>22,688</b>
Non-current liabilities		
Long-term loans payable	12,542	12,636
Lease obligations	237	205
Deferred tax liabilities	369	242
Provision for directors' retirement benefits	502	478
Net defined benefit liability	897	981
Other	361	409
<b>Total non-current liabilities</b>	<b>14,911</b>	<b>14,954</b>
<b>Total liabilities</b>	<b>33,741</b>	<b>37,642</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	100	2,624
Capital surplus	774	6,509
Retained earnings	36,111	38,477
Treasury shares	(5)	—
<b>Total shareholders' equity</b>	<b>36,980</b>	<b>47,611</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	12
Deferred gains or losses on hedges	42	6
Foreign currency translation adjustment	1,945	1,246
<b>Total accumulated other comprehensive income</b>	<b>1,999</b>	<b>1,265</b>
<b>Total net assets</b>	<b>38,979</b>	<b>48,876</b>
<b>Total liabilities and net assets</b>	<b>72,721</b>	<b>86,519</b>

(v) (2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

First nine months ending September 30, 2017

(Millions of yen)

	First nine months of FY 2017 (January 1, 2017 to September 30, 2017)
Net sales	128,995
Cost of sales	106,953
Gross profit	22,041
Selling, general and administrative expenses	17,221
Operating income	4,820
Non-operating income	
Interest and dividend income	72
Share of profit of entities accounted for using equity method	29
Other	17
Total non-operating income	119
Non-operating expenses	
Interest expenses	148
Listing-related expenses	99
Foreign exchange losses	221
Other	1
Total non-operating expenses	471
Ordinary income	4,468
Extraordinary income	
Total extraordinary income	—
Extraordinary losses	
Impairment loss	514
Total extraordinary losses	514
Profit before income taxes	3,954
Income taxes—current	1,695
Income taxes—deferred	(100)
Total income taxes	1,594
Net income	2,359
Profit attributable to non-controlling interests	—
Profit attributable to owners of parent	2,359



Quarterly consolidated statement of comprehensive income

First nine months ending September 30, 2017

(Millions of yen)

	First nine months of FY 2017 (January 1, 2017 to September 30, 2017)
Net income	2,359
Other comprehensive income	
Valuation difference on available-for-sale securities	1
Deferred gains or losses on hedges	(35)
Foreign currency translation adjustment	(792)
Share of other comprehensive income of entities accounted for using equity method	93
Total other comprehensive income	(733)
Comprehensive income	1,625
(Breakdown)	
Comprehensive income attributable to owners of parent	1,625
Comprehensive income attributable to non-controlling interests	—

(vi) (3) Notes to the quarterly consolidated financial statements

(Changes in significant subsidiaries during the first nine months of the fiscal year)

No relevant items.

(Notes to assumption of going concern)

No relevant items.

(Notes on significant changes in shareholders' equity)

The Board of Directors of the Company made a resolution at the meeting held on August 25, 2017 to issue 1,130,000 shares of common stock and dispose of 720,000 treasury shares of the Company through general offering in Japan (an offering through a book building method) and an offering in overseas markets (excluding the U.S. and Canada). The payment was completed on September 28, 2017. As a result, during the first nine months of the fiscal year, capital stock increased by 2,524 million yen, capital surplus increased by 5,734 million yen, while treasury shares decreased by 5 million yen, and therefore, as of September 30, 2017, capital stock stood at 2,624 million yen and capital surplus amounted to 6,509 million yen.

(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 income before taxes by an effective tax rate, which was estimated as the rate after the application of tax effect accounting to income before taxes for the fiscal year including the third quarter of the fiscal year.

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

No relevant items.

(Additional information)

(Application of the application guidelines regarding the recoverability of deferred tax assets)

Starting from the first quarter of the fiscal year ending December 31, 2017, the Application Guidelines regarding the Recoverability of Deferred Tax Assets (Application Guidelines for Business Accounting Standards No. 26 of March 28, 2016) were applied.

(Segment information)

First nine months of the fiscal year (from January 1, 2017 to September 30, 2017)

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

(Millions of yen)

	Reporting segment			Total	Adjustments (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	87,377	39,033	2,584	128,995	—	128,995
Intersegment sales or transfers	7,175	267	—	7,443	(7,443)	—
Total	94,553	39,301	2,584	136,439	(7,443)	128,995
Segment profits (losses)	4,449	341	(7)	4,783	36	4,820

(Note) 1. Adjustments are as follows:

The intersegment sales or transfers of (7,443) million yen are the elimination of intersegment transactions.

The adjustments to segment profits (losses) include the elimination of intersegment transactions and the expenses of all group companies. The expenses of all group companies mainly consist of selling, general and administrative expenses, and are not attributable to any reporting segments.

2. The segment profits (losses) are adjusted with operating income in the quarterly consolidated statement of income.

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

In the Asian Food Global Business segment, we reviewed the use of some customer-related assets. As a result, regarding the business-use assets of a Hong Kong subsidiary for its import and wholesale of Japanese ingredients and food products, we estimate that the recoverable amount is nil and will record it as an impairment loss.

The said impairment loss recorded is 514 million yen in the first nine months of the fiscal year.

(Business combination)

Determination of a provisional accounting treatment for business combinations

Regarding Wismettac Nippon Foods Co., Ltd. in Hong Kong (the company's name was changed from "Nippon Foods Co., Ltd." as of September 29, 2017) acquired in the previous fiscal year, we had applied a provisional accounting treatment to the allocation of its acquisition cost in the previous fiscal year, but the final accounting treatment was determined in the second quarter of the current fiscal year.

As for the goodwill of 1,640 million yen calculated on a temporary basis in the previous fiscal year, it was settled as such that goodwill decreased by 721 million yen, intangible assets and deferred tax liabilities increased by 863 million yen and 142 million yen, respectively, using the straight-line method of depreciation over 11 years.

(Significant subsequent events)

(Issuance of new shares by allotment to a third party, and issuance of new shares related to the secondary offering of shares through over-allotment)

The Board of Directors of the Company made resolutions at the meetings held on August 25, 2017 and September 11, 2017 to issue new shares by allotment to a third party, in which Nomura Securities Co., Ltd. is the underwriter, in relation to the secondary offering of shares of the Company stock through an over-allotment conducted by Nomura Securities Co., Ltd. The payment was completed on October 30, 2017.

(1) Class and number of shares issued:	9,900 shares of common stock of the Company
(2) Allotment price:	4,467.37 yen per share
(3) Amount incorporated into capital stock:	2,233.685 yen per share
(4) Total allotment price:	44 million yen
(5) Total amount incorporated into capital stock:	22 million yen
(6) Payment date:	October 30, 2017
(7) Underwriter:	Nomura Securities Co., Ltd.
(8) Use of proceeds:	The proceeds will be used to establish a product standard management system in the Asian Food Global Business to comply with the laws and regulations of each country, develop a system platform for the purpose of renovating workflows and strengthening cooperation among locations, establish an automatic ordering system using product sales data, prepare for the automation of logistics facilities, as well as relocate and upgrade warehouses in the North American region. They will also be used as working capital and for the repayment of loans.