

News Release

March 26, 2018

Nishimoto Co., Ltd.

(Listed in the 1st section of the Tokyo Stock Exchange, securities code 9260)

Wismettac Foods establishes a joint company for online grocery shopping in China

We are pleased to announce that our group company Wismettac Foods Inc. (head office: Chuo District, Tokyo, President Hiroshi Tsujikawa, hereafter WF) has established a joint company Wisbridge Trading (Kunshan) Co., Ltd. (head office: Kunshan, Jiangsu; legal representative: Mr. Zhao Guozhang; hereafter “the joint company”) with Shanghai Freshbridge Trading Co., Ltd. (head office: Shanghai; legal representative: Mr. Zhao Guozhang; hereafter “Shanghai Trading”), a subsidiary of Shanghai Fruitday E-COMMERCE CO., LTD (head office: Shanghai; legal representative: Mr. Wang Wei; hereafter “Fruitday”) for post-harvest ripening^{*1} of groceries, including avocados and bananas.

1. Purpose of establishing the joint company

In China, Fruitday (<http://www.fruitday.com/>) is a major online marketer of groceries, mainly focusing on fruit. The second largest online commerce group JD.com Inc. is also their major shareholder. Fruitday’s subsidiary Shanghai Trading is responsible for sourcing groceries.

WF plans to sell avocados and other groceries to the joint company, and the joint company is to perform post-harvest ripening the groceries and sell them on Fruitday’s online shopping site.

On top of conventional bulk-sale and retail channels, online sales of groceries in China are showing significant growth, from 499 billion yen in 2014 to 1,570 billion yen in 2016 (source: Analysys.cn, published in 2017).

Also, the market size of imported groceries in China was about 5.6 billion dollars in 2016. Of which, import of avocado has shown a significant increase of 560% in recent years, from 11.8 million USD in 2014 to 78.3 million USD in 2016 (source: public data by the Chinese customs in 2017).

Just like Japan, there is a strong need from consumers for avocados that have already been ripened post-harvest. The joint company is going to establish and operate a facility that deploys the ripening technology WF owns and has patented to expand sales in China and respond to China’s strong demand for avocados.

In addition, as we are already beginning to form a distribution and sales network in Shanghai and Hong Kong to sell Japanese food ingredients and materials, we will use this opportunity to construct a sales structure to sell these items through Fruitday’s online shopping site.

2. Future prospect

The first-year sales of the joint company are expected to be about 200 million yen and reach about 2 billion yen within a few years.

The joint company is scheduled to become a company accounted for using the equity method, and its

impact on the consolidated performance for the fiscal year ending December 2018 is expected to be minimal.

*1: Post-harvest ripening is a technique applied to some fruit, where the fruit is preserved for a certain period of time after harvest in a way that suits the fruit, to make it softer or sweeter, ready for consumption.

3. Outline of the joint company

- (1) Company: Wisbridge Trading (Kunshan) Co., Ltd.
- (2) Address: No. 41-3, Huaqiao Town, Kunshan, Jiangsu, China
- (3) Representative: Legal representative Mr. Zhao Guozhang
- (4) Capital: 10,000,000 yuan
- (5) Established: March 2018
- (6) Shareholder ratio: 60% Shanghai Trading, 40% WF
- (7) Business: Post-harvest ripening and sales of groceries including avocados and bananas

4. Outline of Shanghai Fruitday E-COMMERCE CO., LTD.

- (1) Company: Shanghai Fruitday E-COMMERCE CO., LTD.
- (2) Head office: 4/F, NO. 71-72, LANE 887, Zuchongzhi road, CHINA (SHANGHAI) PILOT FREE TRADE ZONE, Shanghai, China
- (3) Representative: Legal representative Mr. Wang Wei
- (4) Capital: 4,039,755 yuan
- (5) Major shareholders: The management, JD.com group and others
- (6) Business: E-commerce focused on fruit

5. Outline of Shanghai Freshbridge Trading Co., Ltd.

- (1) Company: Shanghai Freshbridge Trading Co., Ltd.
- (2) Head office: Room A-737, No. 188, Yesheng road, CHINA (SHANGHAI) PILOT FREE TRADE ZONE, Shanghai, China
- (3) Representative: Legal representative Mr. Zhao Guozhang
- (4) Capital: 10,000,000 yuan
- (5) Major shareholders: Shanghai Fruitday E-COMMERCE CO., LTD. 100%
- (6) Business: Sourcing Fruitday's groceries

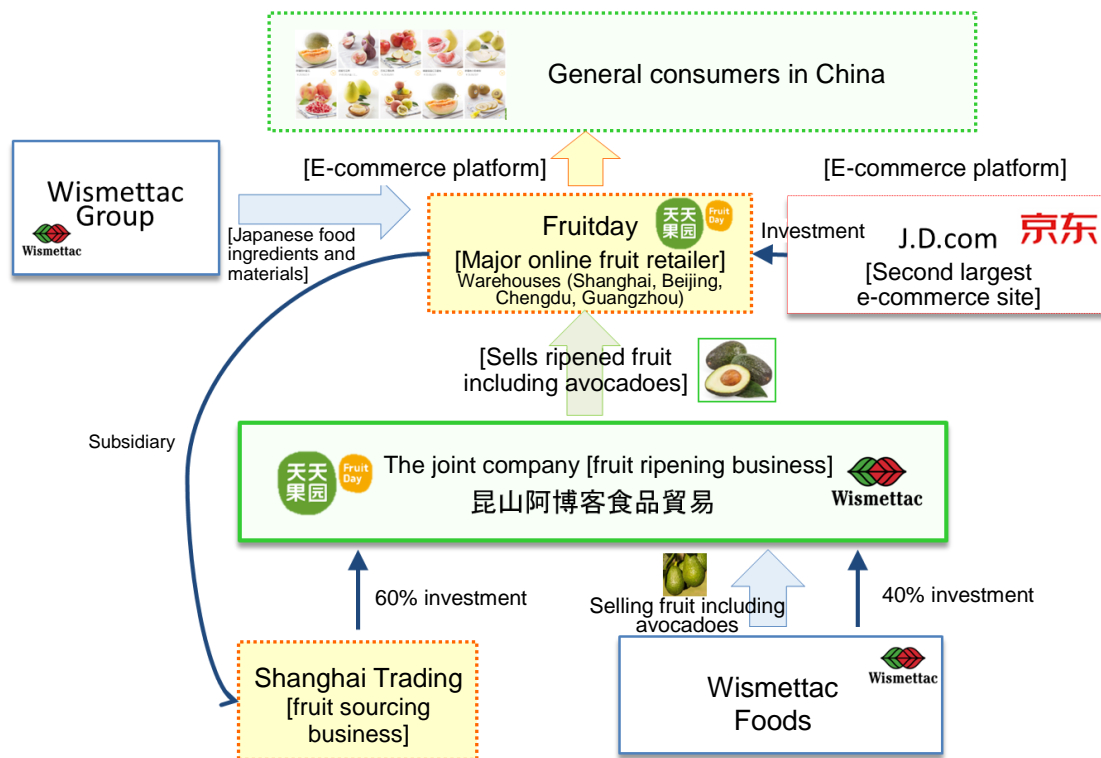
6. Outline of Wismettac Foods Inc.

- (1) Company: Wismettac Foods Inc.
- (2) Head office: 3-10-5 Nihonbashi, Chuo-ku, Tokyo
- (3) Representative: President Hiroshi Tsujikawa
- (4) Capital: 30,000,000 yen
- (5) Major stockholders: 100% Nishimoto Co., Ltd.
- (6) Business: Selling agriculture and seafood products in Japan and overseas (agriculture and seafood product trading)

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<For reference>

Distribution and capital chart



【Inquiries about this news release】

Nishimoto Co., Ltd.

Management Planning Department TEL: 03-6870-2015