

SUZUMO REPORT

62nd Fiscal Year

April 1, 2021 to March 31, 2022

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Top message

Overview of the 62nd fiscal year and prospects for the next fiscal year

**President,
Representative Director
Minako Suzuki**

**Both sales and profits reach new record highs
New shareholder return policy established**

Looking back on the 62nd fiscal year

I would like to express my sincere gratitude to our shareholders for their continued support.

In the 62nd fiscal year, net sales totaled 11,565 million yen, operating income 1,517 million yen, and net income 1,070 million yen, all of which reached the highest levels ever recorded. In the midst of the COVID-19 pandemic, labor-saving and take-out demand expanded in the restaurant and retail industries, and both domestic and overseas sales

greatly exceeded those of the previous year. In particular, overseas sales more than doubled from the previous year in North America and Europe, as the trend to replace human labor with machines accelerated in the midst of the COVID-19 pandemic.

On the other hand, production activities have remained limited since the second quarter due to global shortages of semiconductors and components. To meet the ever-increasing demand for Sushi Machines and Rice-Serving Machines in Japan and overseas, we will respond to this demand by developing new suppliers of parts and materials and changing designs.

In consideration of our financial situation and future business development, we have decided to pay a dividend of 20 yen per share for the 62nd fiscal year, an increase of 20 yen from the previous fiscal year.

Initiatives for the 63rd fiscal year

In the 63rd fiscal year, we plan to achieve sales of 13 billion yen, operating income of 1,800 million yen, and net income of 1,315 million yen, taking into account the restricted production activities due to the global shortage of semiconductors and materials. We will proactively strengthen our business foundation to ensure further growth by looking ahead to the future changes in the COVID-19 pandemic. We will not simply sell machines, but will build a solution system that can respond to a wide range of issues faced by customers, from kitchens to halls.

In order to further enhance shareholder returns, we have changed our shareholder return policy to a "total return ratio of 30% or more" and "interim dividend payment", and plan to pay a total dividend of 62 yen, consisting of a 30 yen dividend at the end of the second quarter and a 32 yen dividend at the end of the fiscal year.

We would like to ask our shareholders for continuing support.

Special article

Governance initiatives

Aiming for long-term business growth by clearly separating management oversight and execution

The "Executive officer system", which was introduced last year as part of efforts to improve and strengthen corporate governance, is one of the major changes to the existing structure.

Under the previous director system, management supervision and execution were so deeply intertwined that the execution part was often obscured. The management supervision portion was streamlined to three outside directors and two full-time directors. By concentrating on management policy making and management supervision, we have created a system that can respond quickly and flexibly to changes in the business environment. On the other hand, seven executive officers, including myself, will be responsible for the execution of business operations, clarifying responsibilities and ensuring a correct understanding of the situation.

In introducing the Executive officer system, we also announced the introduction of a "Restricted stock grant plan for directors and executive officers" to ensure their commitment to the company's management and business performance. As an incentive compensation for executive officers, shares were promptly granted to them at the start of the new management structure. This system is meant to encourage executive officers to think and act from the perspective of shareholders, and to fulfill their responsibilities not only in the short term, but also in the medium- to long-term, with the aim of achieving sustainable growth and improving the company's business performance.

Director, Senior
managing
executive officer

**Toru
Taniguchi**



Establishment of the "Nomination and compensation committee" to maintain corporate transparency and enhance governance structure

In December last year, we launched the "Nomination and compensation committee" as a voluntary advisory body to the Board of Directors. The committee deliberates and evaluates whether the selection and nomination of directors and executive officers are appropriate and whether their compensation is commensurate with their duties. The objective is to enhance the supervisory function of the Board of Directors by ensuring the decision-making process and objectivity of nomination and compensation. The committee consists of two independent outside directors and President, Representative Director Suzuki. The committee's structure is transparent from an external perspective, and is essential for listed companies to meet the requirements of the corporate governance code.

We will continue to take proactive steps to enhance and strengthen our governance structure and move closer to our ideal image as a publicly traded company.

Special article

Shareholder return policy

Director, Senior managing
executive officer

Toru Taniguchi



Revision of shareholder return policy to enhance shareholder returns

The Company considers the return of profits to shareholders as one of its most important management issues, and has been paying continuous and stable dividend. The Company has decided to revise its shareholder return policy to further enhance shareholder returns. The total return ratio will be 30% or more, and dividend will be paid twice a year, including an interim dividend. The new policy will be applied to the interim and year-end dividend for the fiscal year ending March 31, 2023.

We believe that increasing the number of shareholders and investors who participate in the trading of our company's shares is, in a large sense, a form of shareholder return. We believe that shareholder return means providing capital gains (trading margins) and income gains (dividend and shareholder benefits). We are proud that our company can still grow, and in that sense, we believe that a major point is to properly generate capital gains. The most important point is that we need to attract more people to become our shareholders. However, our company's recognition as a

company is low, and in order to solve this problem, we must focus on disseminating information that increases our corporate value so that investors will consider our company as a good investment. If not only individual investors but also institutional investors increase their participation, transactions will become more active and the environment will become more conducive to trading. While we aim to grow by pursuing capital gains, we will also clearly state our policy on income gains and strive to increase the number of participants in the trading of our company's shares.

Corporate actions to increase investment participation

We receive many requests from our shareholders for more appropriate stock price measures. We have been gradually working to increase the number of investors. One such initiative was the introduction of online access to financial results briefings last year. We also disclosed the content of the meetings in the form of scripts so that investors can see what was discussed at the meetings even after the fact. We are also working to respond to the needs of overseas investors, and have prepared materials in English. We are also considering ways to expand opportunities for individual investors to participate, and are building measures to implement a variety of actions. We intend to actively develop IR activities and increase opportunities for dialogue with our shareholders. Please look forward to the future of SUZUMO.

Topic ①

Domestic business

Executive officer, General manager of sales division
Kenji Nakamura



Despite the COVID-19 pandemic, sales for this fiscal year remained strong Responding to further growth in demand

Although we were able to achieve the overall performance of our domestic business as planned, we were unable to fully meet customer demand because we were unable to procure parts as expected due to the shortage of semiconductors and production could not sufficiently keep up with demand.

Supermarkets, which are our main customers, continue to enjoy strong demand for home-cooked and ready-made meals, and we have heard that sushi sales are also strong. Conveyor belt sushi restaurants are accelerating the opening of new restaurants not only in the suburbs but also in urban centers, giving us the impression that they are firmly developing their restaurants with an eye on the post-pandemic market.

In addition, demand for takeout from families is increasing at suburban stores in the beef bowl business, which is a rice-based fast food.

In this difficult environment of labor shortages and soaring raw material prices, we will strive to be of service to our customers through the development of new equipment and various proposals.

"Fuwarica" installations are going well Keeping in mind the need to respond to the increased activity of human flows

"Fuwarica", a Rice-Serving Machine, has been steadily increasing sales at rice fast food restaurants, and is also being adopted by business hotels throughout Japan. In the COVID-19 pandemic, we introduced our "Fuwarica" robot and installed it in a breakfast room as part of a capital investment to improve sanitation and labor efficiency. The "Fuwarica" system is also being used in golf course clubhouse restaurants, and is expected to take root in the food scene as a strong way to support food safety and security.

The first step in our domestic sales development is to strengthen products that meet the demand for take-out sushi. We have already received numerous inquiries from supermarkets and sushi conveyor chains, and our products are highly evaluated. We also expect significant sales synergies with Japan System Project, which became a group company last year and sells self-checkout machines, touch panels, and other products. We expect inbound demand to return in the near future, and we will continue to make proposals and cultivate new customers in the hotel, restaurant, employee cafeteria, convenience store vendor, and other industries that are likely to see an upturn in the future.



Topic 2

Overseas business

Executive officer, General manager of overseas business division
Yasuhiro Murase

Entering the Middle East market on a full scale Aiming to deliver delicious Japanese food

In 2018, we formed a capital and business alliance with Mizuho Gulf Capital Partners Ltd. based in Dubai, UAE, to create a fourth market following North America, Europe, and Asia. In the following year, in 2019, we will acquire a 35% stake in Bluefin Trading LLC, which operates large supermarkets in the region. Although there are currently very few Japanese companies entering the Middle East restaurant market, the expansion of Japanese-style rice meals, such as sushi, is a market that is just beginning to develop. To be honest, the COVID-19 pandemic hit just as we were about to start full-scale operations, and the situation for a year or two was frustrating. However, we considered this period as a strategic preparation period and worked to build a foundation in the Middle East market by introducing Japanese rice and recipes to local businesses, including Bluefin. We have already built up a sales track record in Asia, Europe, and the U.S., and we feel that if we offer delicious products anywhere in the world, the results will follow. We believe that if we can promote Japanese food culture in the Middle East in a way that is not forced, we will surely be accepted by the local people.



Bluefin Trading LLC Director
Shigeru Tachiki

Grand opening of MOMIJI, an authentic Japanese restaurant in Dubai, UAE

In February 2022, MOMIJI, a full-featured Japanese restaurant, opened for business in Dubai. Japanese food in the Middle East is fusion Japanese. The restaurant serves a variety of Japanese dishes, such as Saikyo-yaki (sauteed cod) on top of ramen noodles.

The concept of "MOMIJI" is Japanese Authentic Cuisine. It is our wish to introduce authentic Japanese food to the local people and let them know how delicious it is. The Japanese food served in the open restaurant has been well received, and we are putting a lot of effort into menu development and staff training.



Inside the "MOMIJI" in Dubai

In Dubai, delivery services have always been popular, but the COVID-19 pandemic has accelerated demand. We would like to expand our business further by taking advantage of our strength of having our own physical stores and entering the industry with the "MOMIJI" brand.



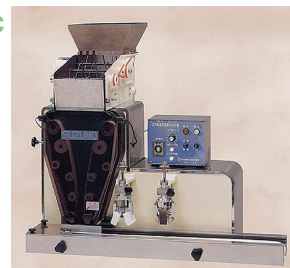
NEWS

Pick Up!

SUZUMO's first Sushi Machine, the ST-77 Edomae sushi automatic nigiri machine, recognized as "Mechanical Engineering Heritage"

The Japan Society of Mechanical Engineers (JSME) established the "Mechanical Engineering Heritage" to preserve historical mechanical engineering heritage and pass it on to the next generation. The technology developed by the company's founder, Kisaku Suzuki, was recognized as a Mechanical Engineering Heritage in 2021, as

it was the driving force behind the development of conveyor belt sushi and the popularization of sushi, both in Japan and abroad.



Topic 3

Domestic
new businessEnergizing food service by self-service
Aiming for further evolution through fusion with SUZUMO

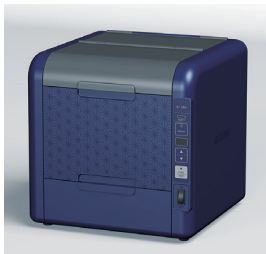
We have been supporting restaurants with systems based on our 30 years of experience and accumulated know-how. As labor shortages in restaurants become increasingly severe, the need for more labor-saving, non-contact systems is expected to increase. In addition to the conventional JSP package systems such as "Self-order" and "Self-checkout", we will strengthen



Self-ordering terminals and mobile terminals for staff that are not affected by the Internet environment

New product
informationCompact sushi rice ball
(sharidama) robot "S-Cube" is born

As the name suggests, it is a cube-shaped compact design with a navy-colored body and a traditional Japanese hemp leaf pattern on the front. The concept is "small, smart, and simple", and like its predecessors, it delivers a fluffy rice filling that makes it possible to serve delicious sushi anywhere in the world.

Senior managing director of Japan System
Project Co., Ltd.
Yoshiaki Menjo

the development of functions specialized for the conveyor belt sushi and yakiniku (barbecue) businesses. Specifically, we will differentiate ourselves from competitors' systems by improving master maintainability for daily foodstuff purchases, improving user interfaces, and linking with SUZUMO's Sushi Machines. There are high expectations from clients for the synergistic effects of the fusion of SUZUMO and JSP. We will be required to play a role as a SI partner capable of proposing solutions, not just selling packages to existing clients. We will further promote the development of new products while promoting alliances with partner companies that possess technologies such as IoT, AI, and image recognition.



New generation serving robot that realizes 50cm aisle width travel

SDGs initiatives

SUSTAINABLE
DEVELOPMENT GOALSUpcycling the rice used for
the demonstration

In cooperation with FERMENTATION Co., Ltd., a company that aims to create a sustainable "recycling-oriented society", we are promoting efforts to use rice used for demonstrations, etc. instead of discarding it. White rice is fermented and distilled to produce ethanol, which is then recycled into feed and sterilized tissue. In the future, we will also focus on the recycling of vinegar rice.

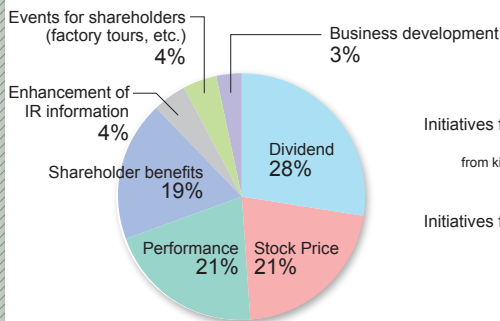
Survey report

As a result of our request for your cooperation in the last issue of the SUZUMO REPORT (62nd interim period), we received many responses from our shareholders.

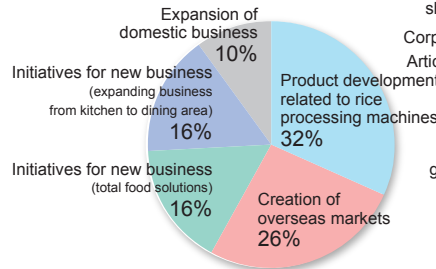
Thank you very much for your cooperation.

We will use your feedback to improve our future management.

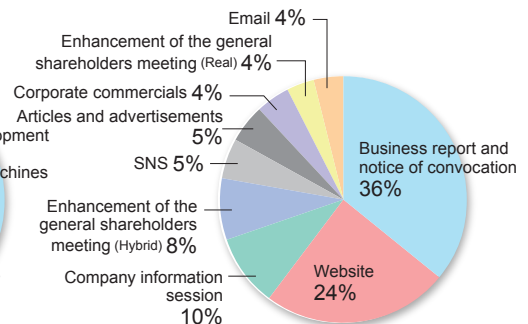
The following are excerpts from the responses.



What to expect in the future
(Multiple answers)



Interest in projects and initiatives
(Multiple answers)



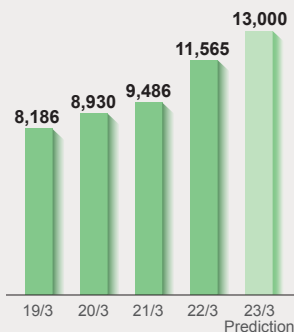
Preferred means of providing information

*Excluding 1 response of nothing in particular

Sales (Millions of yen)

11,565 million yen

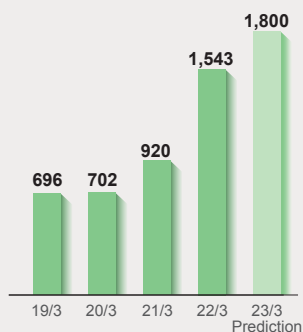
21.9% increase from previous fiscal year



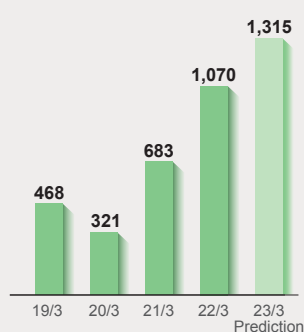
Ordinary profit (Millions of yen)

1,543 million yen

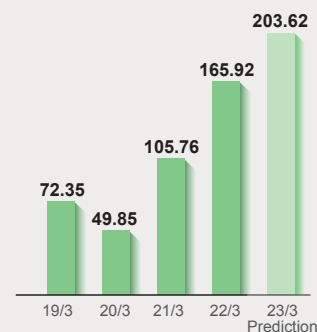
67.7% increase from previous fiscal year

Profit attributable (Millions of yen)
to owners of parent**1,070** million yen

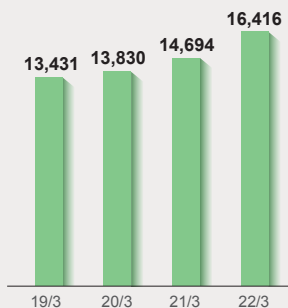
56.6% increase from previous fiscal year



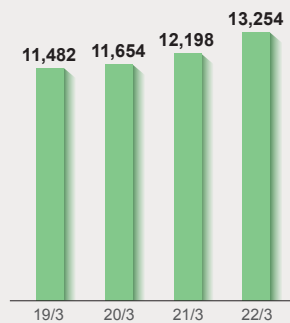
Earnings per share (Yen)

165.92 yen

Total assets (Millions of yen)

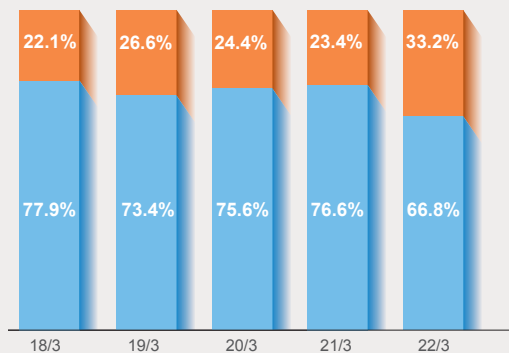
16,416 million yen

Net assets (Millions of yen)

13,254 million yen

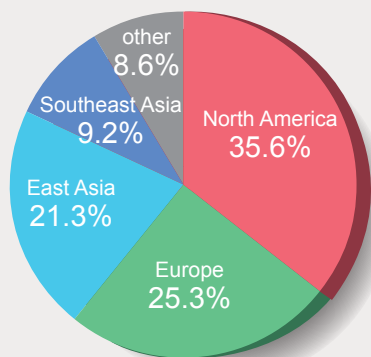
Domestic and overseas sales ratio

Overseas
Domestic

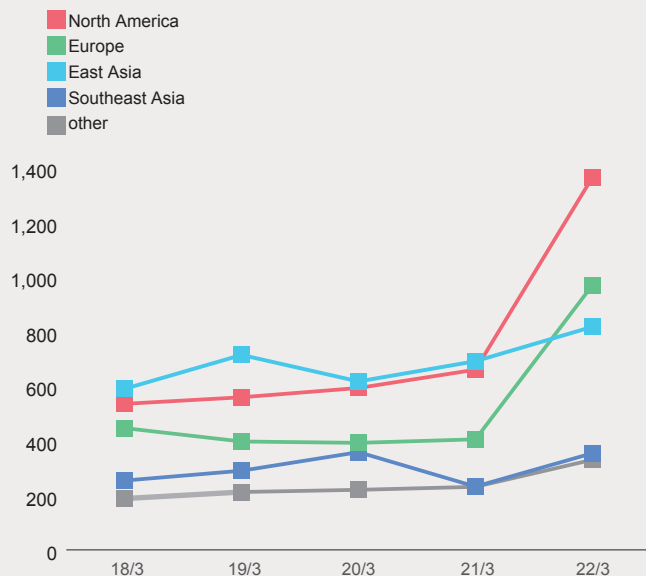


Financial highlights

Overseas sales ratio by region



Overseas sales trends by region (Millions of yen)



Overview of the consolidated financial statements

Overview of the consolidated financial statements

*Amounts less than one million yen are rounded downs

Consolidated balance sheet

(Millions of yen)

Items	Current period	Previous period
	As of March 31, 2022	As of March 31, 2021
Assets		
Current assets	12,085	10,568
Cash and deposits	8,276	7,342
Notes and accounts receivable	1,287	1,321
Electronically recorded monetary claims	172	16
Inventories	2,199	1,801
other	150	85
Non-current assets	4,330	4,125
Total assets	16,416	14,694
Liabilities		
Current liabilities	1,775	1,382
Non-current liabilities	1,386	1,114
Total liabilities	3,161	2,496
Net assets		
Shareholders' equity	13,205	12,246
Accumulated other comprehensive income	30	-62
Minority interests	17	14
Total net assets	13,254	12,198
Total liabilities and net assets	16,416	14,694

Consolidated statement of income

(Millions of yen)

Items	Current period	Previous period
	April 1 2021 – March 31 2022	April 1 2020 – March 31 2021
Net sales	11,565	9,486
Operating profit	1,517	919
Ordinary profit	1,543	920
Profit attributable to owners of parent	1,070	683

Consolidated statement of cash flows

(Millions of yen)

Items	Current period	Previous period
	April 1 2021 – March 31 2022	April 1 2020 – March 31 2021
Cash flows from operating activities	1,340	1,245
Cash flows from investing activities	-268	-344
Cash flows from financing activities	-194	-184
Effect of exchange rate changes on cash and cash equivalents	55	-21
Net increase (decrease) in cash and cash equivalents	933	695
Cash and cash equivalents at beginning of period	7,342	6,603
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	43
Cash and cash equivalents at end of period	8,276	7,342

Company Information (As of March 31, 2022)

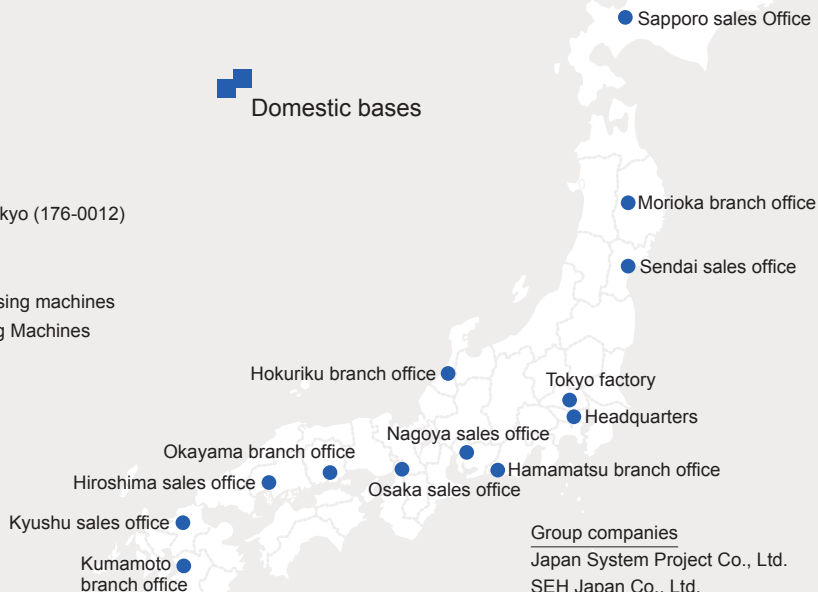
Trade name	Suzumo Machinery Co., Ltd.
Established	January 13, 1961
Headquarters	2-23-2, Toyotamakita, Nerima-ku, Tokyo (176-0012) +81-3-3993-1371 (main number)
Capital	1,154,418 thousand yen
Business Contents	Manufacture and sale of rice processing machines such as Sushi Machines and Serving Machines
Number of Employees	432 (as of the end of March 2022)
URL	https://www.suzumo.co.jp/

Directors and Corporate Auditors

(As of June 25, 2022)

Status	Name	Responsibilities and important concurrent positions
President, Representative Director	Minako Suzuki	
Director, Senior managing executive officer	Toru Taniguchi	
Outside director	Masami Takahashi	President, Representative Director of Royal Medical Club Co., Ltd. / Director of Eco's Co., Ltd.
Outside director	Akio Takahashi	Outside director of Biomass Fuel Co., Ltd. / Outside director of MTG Co., Ltd.
Outside director	Yasushi Hashimoto	Outside director of YU-WA Creation Holdings Co., Ltd. / Representative partner of Bridge Partners LLC
Audit & Supervisory Board Member	Jun Kono	
Outside Audit & Supervisory Board Member	Junya Murai	Murai Law and Accounting Office Lawyer and certified public accountant
Outside Audit & Supervisory Board Member	Takamasa Nakashima	

Domestic bases



Overseas network



Stock status

(As of March 31, 2022)

Total number of authorized shares..... 16,000,000

Total number of issued shares 6,480,000

Number of shareholders 2,422

Number of shares per unit 100

Major shareholders

Name	Number of shares held	Equity ownership
Setsuko Suzuki	1,300,240	20.15%
GULF JAPAN 1	898,500	13.93%
Minako Suzuki	813,000	12.60%
Akiko Suzuki	813,000	12.60%
NORTHERN TRUST CO.(AVFC) RE HCR00	423,600	6.57%
Suzumo Machinery Trading Partners Shareholding Association	293,940	4.56%
Tachibana Securities Co., Ltd.	120,700	1.87%
BNYM RE BNYMLB RE GPP CLIENT MONEY AND ASSETS AC	98,500	1.53%
Shoji Iwamoto	98,000	1.52%
The Master Trust Bank of Japan, Ltd.	93,100	1.44%

(Note 1) Equity ownership is rounded to two decimal places.

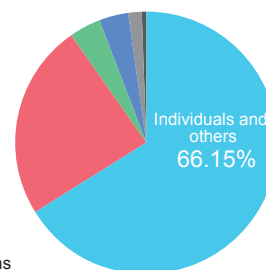
(Note 2) Equity ownership is calculated excluding treasury stock (28,450 shares).

Shareholder memo

Fiscal year	From April 1 to March 31 of the following year
Reference date	March 31
Ordinary general meeting of shareholders	Every June
Account management institution of shareholder registry administrator special account	Mitsubishi UFJ Trust and Banking Corporation
Contact details	Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department 1-1, Nikko-cho, Fuchu-shi, Tokyo +81-120-232-711 Mailing address 137-8081 Shin-Tokyo Post Office P.O. Box No. 29 Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department
Listed market	Tokyo Stock Exchange (Standard market) Electronic announcement (https://www.suzumo.co.jp/ir/)
Method of announcement	However, if an electronic announcement is not possible due to an accident or other unavoidable reason, the announcement will be published in the Nihon Keizai Shimbun.

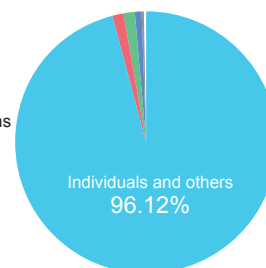
Number of shares by owner

Treasury stock	0.44%
Foreign corporations, etc.	24.21%
Financial institutions	3.96%
Financial instruments business operator	3.60%
Other domestic corporations	1.64%



Shareholder distribution status by owner

Treasury stock	0.04%
Foreign corporations, etc.	1.24%
Other domestic corporations	1.49%
Financial instruments business operator	0.87%
Financial institutions	0.25%



● Notices

1. Notices on various procedures

(1) In principle, any changes to shareholders' addresses, requests for purchase, or other various procedures are to be handled by the account management institution (brokerage firm, etc.) where the account was opened. Please contact the brokerage firm, etc. where the account was opened. Please note that the shareholder register administrator (Mitsubishi UFJ Trust and Banking Corporation) cannot handle these matters.

(2) To designate a bank account for dividend payments, please submit the "Dividend Payment Transfer Designation Form" via your account management institution. For more information on the procedure for designating a bank account for dividend payments, please contact your account management institution.

(3) For various procedures related to shares recorded in special accounts, please contact Mitsubishi UFJ Trust and Banking Corporation, the account management institution for special accounts, as it is the account management institution for special accounts. In addition, each branch of Mitsubishi UFJ Trust and Banking Corporation nationwide will also handle your inquiries.

(4) For dividends that have not been received, payment will be made at the head office and branches of Mitsubishi UFJ Trust and Banking Corporation.

2. Statement of Year-End Dividend

As with shareholders who have designated a bank account for dividend payments, a "Statement of Year-End Dividend" is also enclosed for shareholders who receive dividends by "Year-End Dividend Receipt". This can be used as a reference document after you have received your dividend.



Suzumo Machinery Co., Ltd.

2-23-2, Toyotamakita, Nerima-ku, Tokyo (176-0012)

+81-3-3993-1371 (main number)

URL: <https://www.suzumo.co.jp/>