

SUZUMO REPORT

64th Fiscal Year

April 1, 2023 to March 31, 2024

Index

Top message	P.01
Overview of the 64th fiscal year and prospects for the next fiscal year	
Special article	P.03
Domestic and overseas business strategies	
TOPICS	P.05
Financial highlights	P.07
Survey report	

HOLLYWOOD



Top message

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



Overview of the 64th fiscal year and prospects for the next fiscal year

President, Representative Director
Minako Suzuki

Looking back on the 64th fiscal year

In the 64th fiscal year ending March 31, 2024, we were able to end the year with an increase in both sales and profit.

Consolidated sales continued to increase for the fifth consecutive year, reaching 14,514 million yen, up 7.9% from the previous year. As for profits, operating profit was 1,475 million yen, 22.5% up from the previous year, and profit attributable to owners of parent was 1,140 million yen, 38.1% up from the previous year, roughly in line with the initial plan for both sales and income.

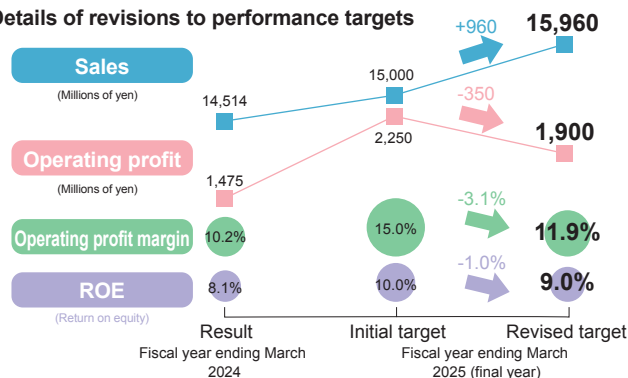
Change in performance targets in Medium-term management plan

The 65th fiscal year is the final year of our Medium-term management plan "Growth 2025", and we have decided to revise downward our performance targets for operating profit, operating profit margin, and ROE.

In terms of sales, sales of rice processing machines both in Japan and overseas have grown significantly, and we plan to exceed our sales target of 15 billion yen, but in anticipation of further growth in the future, we are making necessary investments in strengthening human resources, upgrading our core systems, and upgrading our main office and service centers, so we are revising our operating profit forecast from 2.25 billion yen to 1.9 billion yen, our operating profit margin forecast from 15% to 11.9%, and our ROE forecast from 10% to 8%.

Although we have decided to change the performance target figures for operating profit, as originally intended in this Medium-term management plan "Growth 2025", we have been able to respond to changes in customer needs and find new directions for the future growth of our company amid the major changes in the business environment caused by the COVID-19 pandemic. We intend to continue to steadily implement the business direction and growth strategies of our Medium-term management plan "Growth 2025" without changing direction.

Details of revisions to performance targets



Initiatives for the 65th fiscal year

In the 65th fiscal year, we expect that the business environment in the food service and retail industries will continue to be challenging due to the global rise in raw material and energy prices, but we also believe that demand for labor-saving and mechanization will continue to increase due to the ongoing shortage of labor.

For the 65th fiscal year, we are planning sales of 15.96 billion yen, up 10% from the previous fiscal year, and operating income of 1.9 billion yen, up 28.8% from the previous fiscal year.

In domestic markets, we expect sales of the Rice-Serving Machine (Fuwarica) to increase. In addition to the rice bowl chain restaurants, the robot is being used in family restaurants and hotels, and demand is also increasing in ramen restaurants. In the 64th fiscal year, sales increased significantly by 1.6 times compared to the previous year. The self-service style of rice serving at breakfast buffets is becoming more and more popular, and we expect this trend to continue. We think it won't be long before our Rice-Serving Machine (Fuwarica) becomes a familiar sight in the homes of our shareholders.

In overseas markets, Japanese businesses are expanding their presence in North America at an accelerating pace, and further growth is expected. In the United States, the popularity of sushi is continuing to grow, with sales at sushi restaurants expected to expand by 4.5% in 2023. There is a diversification of sushi restaurants, from low-priced all-you-can-eat restaurants to high-end establishments, and the popularity of nigiri-zushi (hand-formed sushi) is also growing, not just sushi rolls.

Many of our customers, famous Japanese restaurant chains, have also announced their plans to expand into North America. Until now, Japanese companies have mainly expanded into East and Southeast Asia, but now they are starting to expand into North America in earnest. As Japanese companies expand, we can expect to see an improvement in the quality of sushi served, and an increase in recognition of the deliciousness of sushi.

In the 65th fiscal year, we will continue to expand our domestic and overseas businesses, develop new businesses, and build a foundation for business growth, while also positioning this as an important year for formulating our next Medium-term management plan, and we will consider strengthening our systems and strategies for further growth.

Construction of factory

As announced on March 23rd of last year, with the aim of expanding production capacity, we acquired a 36,000m² factory site in Tsurugashima-shi, Saitama Prefecture for approximately 2.5 billion yen, and are currently preparing for construction with the aim of starting operations in March 2026. We are making preparations for construction with the aim of starting operations in March 2026. We plan to begin construction work in the fall of 2024, and we expect the total construction cost to be around 2.6 billion yen. For the time being, we plan to continue operating the factory currently in operation in Kawajima-machi, Saitama Prefecture, in parallel with the new factory.

Shareholder return

With regard to dividend for the fiscal year ending March 2024, we have revised the year-end dividend from 16 yen to 17 yen, an increase of 1 yen, taking into account factors such as the fact that profit attributable to owners of parent exceeded the previous forecast, resulting in a total dividend of 32 yen. In addition, based on our shareholder return policy of total return ratio of 30% or more, we plan to pay a total dividend of 33 yen for the fiscal year ending March 2025, consisting of an interim dividend of 15 yen and a year-end dividend of 18 yen.

As of the end of March 2024, the number of our shareholders exceeded 6,000, and the number of shareholders has tripled in the past two years. We would like to strengthen IR measures to improve liquidity by increasing opportunities for individual and institutional investors to understand the initiatives of our group through face-to-face meetings and web-based briefings.

Special article

Domestic and overseas business strategies



**Executive Vice President,
Representative Director
Toru Taniguchi**

Outcomes and challenges of the 64th fiscal year

In the 64th fiscal year, we were able to achieve most of the performance targets set at the beginning of the fiscal year. In the domestic business, our multifaceted proposal activities to support customers' businesses and services resulted in existing customers replacing their machines and installing additional machines, and Fuwarica's proactive sales expansion activities yielded significant results in attracting new business categories and customers. On the other hand, in the overseas business, we believe that challenges for future business expansion have become apparent. Since the maturity and trends of overseas markets differ by country and region, it is important to work closely with local subsidiaries and dealers in each region to grasp market changes and customer needs, but we consider that

we did not function sufficiently in this area. As a result, we fell short of our initial plan, and in some regions, we fell below the previous year's level. In the current fiscal year, we will rebuild our overseas business structure.

Developing new clients with Fuwarica and S-Cube

In the 65th fiscal year, we will continue to expand sales of Fuwarica, which is not merely a labor-saving machine, but a machine that can serve rice "deliciously", "quickly", "without waste", and "hygienically", which is difficult to do by hand. We will communicate the features and value of our machines to our customers to create new demand for these machines. Also, we will be releasing the S-Cube (compact rice ball machine) as a new product this fiscal year. This machine is smaller and lighter than conventional machines, making it portable and inexpensive, and it is designed to meet the potential demand of food service providers, hotels, caterers, and meal service providers that do not mainly serve sushi but wish to offer sushi as a new product. The product will also be marketed overseas, so we will strive to develop the market on a global scale.

Global support system for Japanese companies expanding overseas

Japanese food service operators are accelerating their overseas expansion. In the past, overseas expansion was focused on East Asia and some countries and regions in Southeast Asia, but recently it has expanded to the entire Asian region, North America, and Europe. Until recently, our overseas business divisions have been responsible for helping customers expand overseas, but recently we established a global account structure that includes participation by our domestic business divisions, overseas subsidiaries, and Japan System Project, and the entire

SUZUMO Group is now working together to support our customers. We have already begun to see results and are expanding the scale of our business per project by providing multifaceted support by offering our own machinery, systems, and other companies' equipment to our customers' overseas expansion.

Launch of the large-size machine business for food factories

The chronic shortage of labor has led to more efficient

and larger-scale food production, and demand for large machines in food factories and supermarket central kitchens is increasing. In addition, an increasing number of overseas convenience stores, particularly in Asia, are offering Japanese food such as sushi and onigiri. In light of these market trends, we launched the Factory Solutions Business Division in the 64th term. Until now, the large-size machine business has lagged behind competitors, but from now on the Factory Solutions Business Division will be the starting point for the SUZUMO Group as a whole to expand this business.

Greetings from the new director and executive officer

Director, Managing executive officer

Junko Koshino



I am pleased to accept the important responsibility of taking charge of planning and administration division. I would like to contribute to the reinforcement of the company's internal structure that can flexibly respond to the ever-complicated global situation and customer needs by combining my knowledge of management strategy formulation and finance, which I have gained through working with a number of companies.

When Jim Collins was asked "what makes a great, enduring company," one of his answers was "making an impact on the world through the power of ideas". I thought back to our founder, Kisaku Suzuki. I am determined to continue to

make a lasting change for the better in our business with the help of all our stakeholders. I appreciate your continued guidance and support.

Career summary

- April 1993 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
- January 1997 Investment analyst, Investment management department, FIL Investments (Japan) Limited
- April 2002 Investment analyst, Investment management department, Capital Research and Management Company
- February 2006 Investment analyst, Tokyo representative office, Halberdier Capital Management Singapore Pte. Ltd.
- April 2012 Executive officer and General manager of Corporate planning department, MORITO CO., LTD.
- October 2015 General manager of Corporate planning department, Otsuka Kagu, Ltd.
- April 2016 General manager of Corporate strategy department and Business development department, Business planning department, JVCKENWOOD Corporation
- April 2019 Executive officer and General manager of Business planning department
- April 2020 Executive officer and Assistant to CEO
- July 2020 Executive officer and General manager of Business planning department, Company business planning division, Frontier Management Inc.
- June 2021 Outside director of Saxa Holdings, Inc.
- June 2022 Outside director of Rikei Corporation (current position)

Business report of North America

Suzumo International Corporation
Director and Vice president
Tomoyuki Takiguchi



In North America, the trend toward mechanization is accelerating against the backdrop of a worsening labor shortage and soaring labor costs triggered by COVID-19, and the region has surpassed East Asia as the highest percentage of the SUZUMO Group's overseas sales. Our business in North America is centered on our U.S. subsidiary SIC, and we would like to report on the situation with a focus

on our customers in the region.

Wegmans is an upscale supermarket chain with over 100 stores on the East Coast of the United States. Wegmans has been voted one of the best retailers in the U.S. and uses SUZUMO Sushi Machines in all of its stores to prepare sushi in-store. In the Astor Place store in New York, which opened in October 2023, the sushi section is located in the middle of the floor and the Sushi Machines are in clear view of shoppers.



Astor Place store, from outside and inside (Wegmans)

Recently, even high-end supermarkets such as Wegmans have been introducing more and more sushi, and we expect to see further demand growth in the North American market.

SUZUMO robots are used not only in Japanese restaurants and supermarkets, but also in a wide range of other fields.

For example, they are used in the California headquarters of Apple Inc. and Facebook Meta, in the cafeterias of many universities and hospitals, in major global chain hotels such as Hyatt and Four Seasons, in resorts and casino hotels in tourist destinations, and in buffets on luxury cruise ships, among many other places.

Furthermore, many people cheered while drinking beer and eating sushi made on Sushi Machines at the stadiums of the LA Lakers, the home of Japanese NBA player Rui Hachimura, the Jacksonville Jaguars, Universal Studios in Hollywood and Orlando, and many other locations.

Until now, mechanization has mainly been used in restaurants and supermarkets, but recently, the use of mechanization has



San Diego State University cafeteria
The students themselves choose whether to serve white or brown rice and operate the Rice-Serving Machine to serve the rice.

expanded to universities, hospitals, sports facilities, etc. We will not miss such business opportunities and will work to develop the market.



Sushi bar on a luxury cruise ship (IZUMI)
Sushi Machines are also used in the sushi bars on Royal Caribbean-operated cruise ships.

Topic 2: Exhibition report

Exhibition in Italy

In this issue, we would like to report on one of our business activities in Europe, an exhibition we participated in Milan, Italy, in October 2023. Unlike exhibitions in Japan, many people have never heard of Sushi Machines, but awareness and consumption of Japanese food and rice dishes are gradually increasing. Therefore, we exhibited under the following three themes in order to gain a foothold in the European market: (1) Development of the Onigiri market (2) Relationships strengthening with retailers (3) Promotion of new models. Among them, we will focus on the development of the Onigiri market in this issue.

—Onigiri Market—

With the onigiri (rice ball) boom spreading around the world, the SUZUMO Group is aiming to develop the market ahead of other companies. The awareness of onigiri among visitors to the exhibition booth



this year was 66%, compared to 2% in a survey conducted at a French exhibition in 2022, indicating that awareness of onigiri among businesses has expanded rapidly in just one year. On the other hand, in interviews with general consumers, the level of recognition was almost zero. We are still in the phase of market creation. They also showed great interest in the round shape (rice ball), which is not the image of "Onigiri = triangle". We reaffirmed the importance of creating a market by focusing on local needs, rather than being bound by stereotypes.

Although business conditions in the European market remain difficult, we will continue to expand and create a new market for Japanese food in cooperation with food service operators and retailers through each of the activities we have described here.



From left to right: Demonstration, exhibiting at an exhibition in cooperation with a local distributor, new rice sheet machine (SVS-FCA)

Pick up 1: Received the Food Service Award 2023

We received the 20th Food Service Award 2023 (sponsored by the Food Service Industry Press Association) for our significant contribution to improving the efficiency of restaurant operations and addressing labor shortages. We will continue to propose and develop labor-saving and cost reduction solutions for entire restaurants in order to contribute to the improvement of added value of the entire restaurant.



Pick up 2: Newly established service center

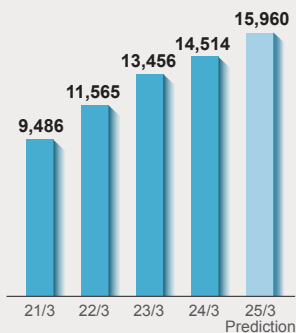
In order to improve the after-sales maintenance function and increase operational efficiency, we have consolidated our Kanto service bases in Wako-shi, Saitama Prefecture, and established the Wako service center. We will continue to emphasize the importance of after-sales maintenance in line with the expectations of our customers and strive for smooth business operations.



Sales (Millions of yen)

14,514 million yen

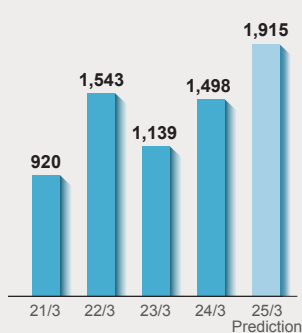
7.9% increase from previous fiscal year



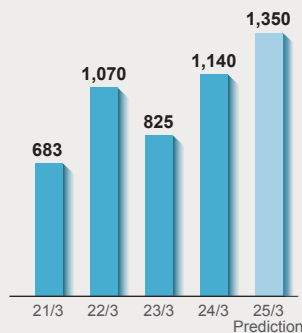
Ordinary profit (Millions of yen)

1,498 million yen

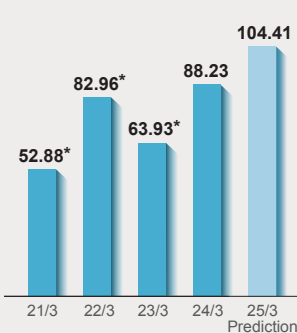
31.5% increase from previous fiscal year

Profit attributable (Millions of yen)
to owners of parent**1,140** million yen

38.1% increase from previous fiscal year

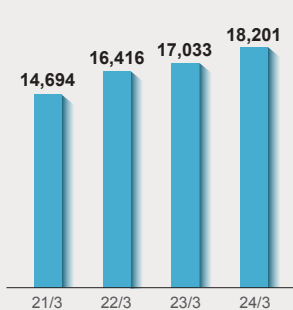


Earnings per share (Yen)

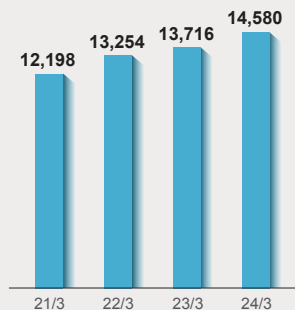
88.23 yen

* The Company conducted a 2-for-1 stock split of shares of common stock on August 1, 2022. Earnings per share are adjusted retroactively to account for the stock split.

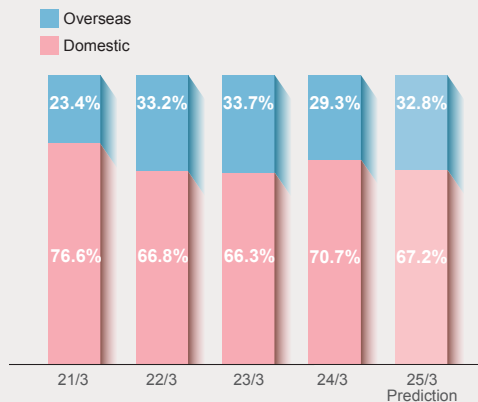
Total assets (Millions of yen)

18,201 million yen

Net assets (Millions of yen)

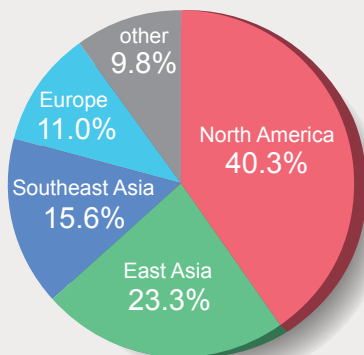
14,580 million yen

Domestic and overseas sales ratio

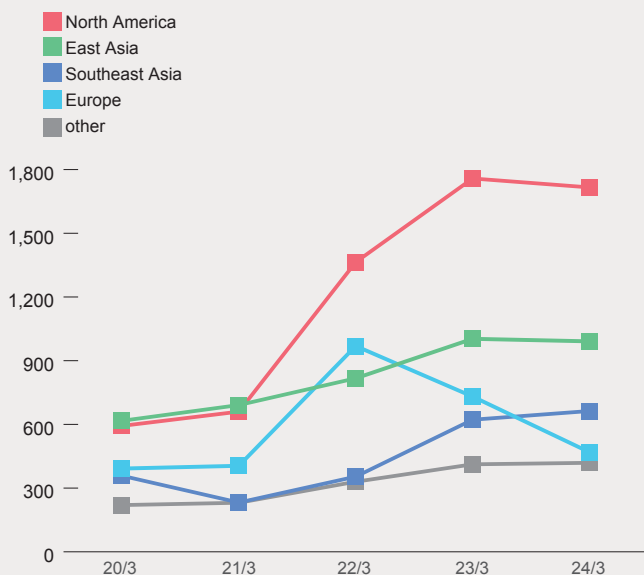


*Amounts less than one million yen are rounded downs

Overseas sales ratio by region



Overseas sales trends by region (Millions of yen)



Consolidated balance sheet

(Millions of yen)

Items	Current period As of March 31, 2024	Previous period As of March 31, 2023
Assets		
Current assets	10,692	9,685
Cash and deposits	6,017	4,865
Notes and accounts receivable	1,542	1,577
Electronically recorded monetary claims	311	168
Inventories	2,562	2,762
other	258	312
Non-current assets	7,509	7,347
Total assets	18,201	17,033
Liabilities		
Current liabilities	2,006	1,802
Non-current liabilities	1,614	1,514
Total liabilities	3,620	3,316
Net assets		
Shareholders' equity	14,356	13,607
Accumulated other comprehensive income	189	83
Minority interest	34	25
Total net assets	14,580	13,716
Total liabilities and net assets	18,201	17,033

Consolidated statement of income

(Millions of yen)

Items	Current period April 1 2023 – March 31 2024	Previous period April 1 2022 – March 31 2023
Net sales	14,514	13,456
Operating profit	1,475	1,203
Ordinary profit	1,498	1,139
Profit attributable to owners of parent	1,140	825

Consolidated statement of cash flows

(Millions of yen)

Items	Current period April 1 2023 – March 31 2024	Previous period April 1 2022 – March 31 2023
Cash flows from operating activities	2,288	-11
Cash flows from investing activities	-653	-3,062
Cash flows from financing activities	-538	-463
Effect of exchange rate changes on cash and cash equivalents	56	105
Net increase (decrease) in cash and cash equivalents	1,151	-3,431
Cash and cash equivalents at beginning of period	4,865	8,276
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	21
Cash and cash equivalents at end of period	6,017	4,865

Company Information (As of March 31, 2024)

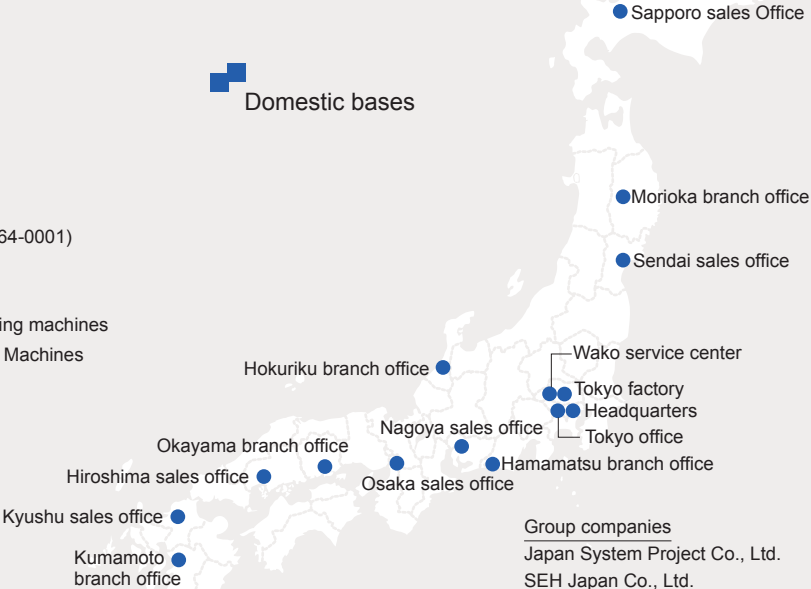
Trade name	Suzumo Machinery Co., Ltd.
Established	January 13, 1961
Headquarters	6th Floor, Nakano Central Park East, 4-10-1 Nakano, Nakano-ku, Tokyo (164-0001) +81-3-3993-1371 (main number)
Capital	1,154,418 thousand yen
Business Contents	Manufacture and sale of rice processing machines such as Sushi Machines and Serving Machines
Number of Employees	485 (as of the end of March 2024)
URL	https://www.suzumo.co.jp/

Directors and Corporate Auditors

(As of June 22, 2024)

Status	Name	Responsibilities and important concurrent positions
President, Representative Director and Executive officer	Minako Suzuki	
Executive Vice President, Representative Director and Executive officer	Toru Taniguchi	
Director, Managing executive officer	Junko Koshino	Outside director of Rikei Corporation
Outside director	Masami Takahashi	President, Representative Director of Royal Medical Club Co., Ltd.
Outside director	Akio Takahashi	Outside director of Biomass Fuel 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	Professor of Miss Paris Academy Professional University of Beauty & Wellness

Domestic bases



Overseas network



Stock status

(As of March 31, 2024)

Total number of authorized shares **32,000,000**

Total number of issued shares **12,960,000**

Number of shareholders **6,501**

Number of shares per unit **100**

Major shareholders

Name	Number of shares held	Equity ownership
GULF JAPAN 1	1,797,000	13.90%
Minako Suzuki	1,626,000	12.58%
Akiko Suzuki	1,626,000	12.58%
AN Corporation LLC	1,237,480	9.57%
Suzumo Machinery Trading Partners Shareholding Association	624,680	4.83%
NORTHERN TRUST CO.(AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	546,500	4.23%
Tachibana Securities Co., Ltd.	268,200	2.07%
UBS AG LONDON A/C IPB SEGREGATED C LINT ACCOUNT	214,500	1.66%
Shoji Iwamoto	200,000	1.55%
BNYM RE BNYMLB RE GPP CLIENT MONEY AND ASSETS AC	197,000	1.52%

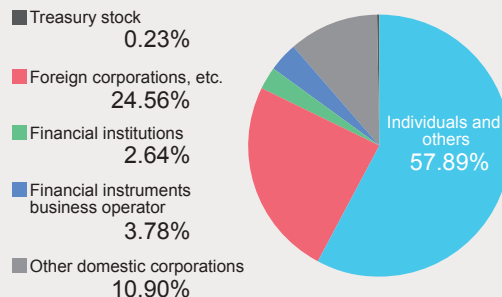
(Note 1) Equity ownership is rounded to two decimal places.

(Note 2) Equity ownership is calculated excluding treasury stock (30,180 shares).

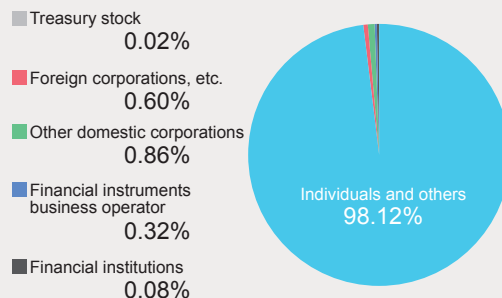
Shareholder memo

Fiscal year	From April 1 to March 31 of the following year
Reference date	Year-end dividend March 31
	Interim dividend November 30
	Ordinary general meeting of shareholders 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)
Method of announcement	Electronic announcement (https://www.suzumo.co.jp/ir/)
	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



Shareholder distribution status by owner



● Notices

1. Notes 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.

Survey report

As a result of our request for your cooperation in the last issue of the SUZUMO REPORT (64th 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.

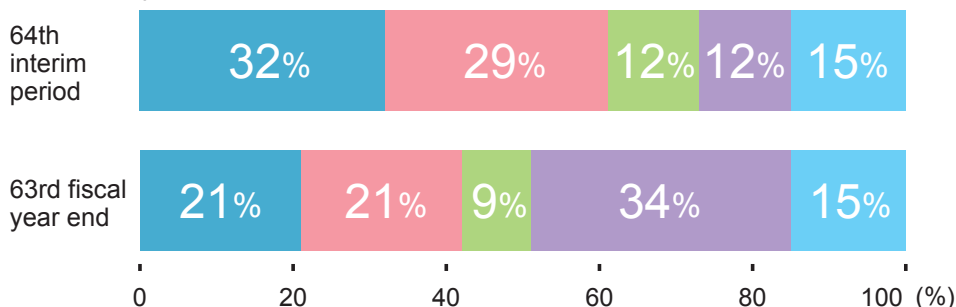
The following are excerpts from the responses.

IR activities based on shareholder surveys

In the previous issue, we published a special feature on the European market, and shareholders showed a high level of interest in the article, with many expressing a desire to know more about our overseas business. Therefore, this time we focused on our overseas business activities, featuring a business report of North America and an exhibition report in Italy.

Themes to be featured

■ Overseas business ■ Product development ■ Customers ■ Business strategy
■ Human capital, shareholder return, and others



Opinions and requests (excerpts)

- I learned more about the company by reading the article about the overseas market.
- It was helpful to learn for the first time that onigiri is becoming popular overseas.
- I especially enjoyed the article "The current situation of Japanese food overseas".
- I would like to see a detailed report on overseas business development.
- I would like to know more about the evaluation and reaction of users overseas, differences in culture, and new initiatives.
- I would like to see a lot of features and reports on the current situation overseas.



SUZUMO

Suzumo Machinery Co., Ltd.

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4-10-1 Nakano, Nakano-ku, Tokyo (164-0001)

+81-3-3993-1371 (main number) URL: <https://www.suzumo.co.jp/>