

SUZUMO REPORT

Business Report for the 60th Fiscal Year

April 1, 2019 to March 31, 2020

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Introduction

We would like to express our deepest condolences to those who have lost their lives to the COVID-19 pandemic, and our heartfelt sympathy to those who are suffering from the disease. We also express our gratitude and respect to all those in the medical profession who are working hard to provide treatment and prevent infection, as well as to everyone who is working on the front line to support the infrastructure of our daily lives, such as supermarkets and restaurants. With the prevention of the spread of infection as our top priority, we will continue to take action with the safety and well-being of our customers, employees and related parties as our first priority.

We will provide updates on the situation regarding the spread of the COVID-19 pandemic, our measures, and the holding of events and the operation of related business facilities, etc., via our website and other channels.

Finally, we sincerely hope that the current situation will end as soon as possible.

June 2020

Suzumo Machinery Co., Ltd.

Top message

The first year of the new SUZUMO

New vision

Delivering "Deliciousness" and "Warmth"
to the world

**President, Representative Director
Minako Suzuki**



Taking the rice-based staple food culture
to the world
Inheriting and developing the good old DNA

As an industry pioneer, our company has maintained a leading market share and continued to increase both sales and profits. However, in recent years, there has been a downturn in our business performance. One of the reasons

for this is the rapid changes that are occurring in society and the environment. In this situation, what should we do? We believe that the answer to this question is to return to basics.

The Sushi Machine was invented in 1981 by the company's founder, Kisaku Suzuki. We believe that it was the founder's creativity, passion and strong drive that made it possible to popularize sushi, which had previously been seen as a luxury food. However, simply going back to basics is not enough to move forward. We also need the vitality to cast aside our old stereotypes and look to new things, and to try them out. We will continue to develop while incorporating new things, while inheriting the good old DNA of our founder, who was good at seeing things from a different perspective. We would like to create a new world view for SUZUMO in the future.

**"We are not just a machine manufacturer"
Our thoughts as a company that can convey
"deliciousness"**



Kisaku Suzuki, the founder of the company, devoted his life to product development, including innovative products that helped popularize sushi, with the hope of developing rice culture and creating employment.

We are a B to B machine manufacturer. However, we want to be a B to B to C company. We sell machines, but we are not just a machine manufacturer. We are proud to be a company that can deliver deliciousness to everyone through the machines we manufacture and sell, and we conduct our business activities with this in mind.

We want to convey "deliciousness" to people all over the world. And we want to be a company that creates a rich sense of warmth through food. These are the ideas that guide us.

**Becoming a company that makes the most of
the "power of each and every employee" and
where "each and every employee can shine"**

As a company's mission, it is obvious that we must survive and improve our performance. With this in mind, the most important thing is to create "a company where each and every employee can shine". Without this, I don't think it will be possible to survive or improve business performance. I also think that I myself must take on new challenges in order to make our company a place where each and every employee, who are the company's assets, can have dreams, hopes and pride. We have around 400 employees, so it is a company where you can see the faces of each and every employee, and I think it is very important for leaders to show that they are taking the initiative.

We are a machine manufacturer that delivers "deliciousness". It is the power of our employees that develops, sells and maintains these machines. I strongly believe that SUZUMO would not exist without the employees who work to respond to customer's voices. I believe that by being sincere to people and things, we will be able to create machines that realize something that does not exist now. And, in order to create a stage where the employees who create these machines can work with vitality, we are determined to work on this as the "first year of the new SUZUMO".

SUZUMO

Sales trends and history

A graphical introduction to the history and development of Suzumo Machinery since its founding



Original ideas

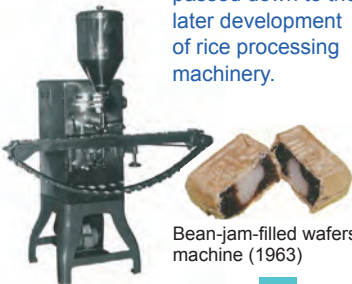
Two-color ice cream universal filling machine

A young man's first steps towards becoming an entrepreneur

1961
Founder Kisaku Suzuki established Suzumo Shoji, the predecessor to Suzumo Machinery. Developed innovative products such as "ice cream solidifiers".

The rise of technology to mechanize craftsmanship, starting with confectionery machines

1964-1975
Starting with the "Bean-jam-filled wafers machine", Japanese confectionery manufacturing machines have continued to evolve. The passion for creating machines that could reproduce the techniques of craftsmen was passed down to the later development of rice processing machinery.



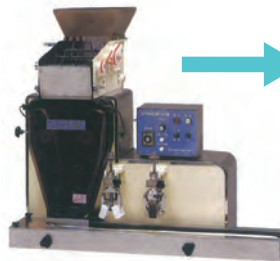
Bean-jam-filled wafers machine (1963)

Throwing a stone into society

SUZUMO trivia

When the "automatic sushi forming machine" was featured on a TV program, TV announcer Masataka Itsumi exclaimed, "This really is just like a robot", leading to the product being named "Sushi Machine".

Sushi Machine No. 1 (1981)



Sushi Machine (current model)



The world's first Sushi Machine was born from the founder's passion

1981
The impetus for developing the Sushi Machine came from anger at the government's rice production reduction policy. The founder's passion for rice led to the development of a product that makes it cheaper and more accessible to enjoy sushi.

Sushi Machine world market share No.1



Desktop semi-automatic seaweed rolling machine "Norimakikun" (1983)

Founding period



1961	Invader game boom	1981	Consumption tax to 5% Pokemon and Tamagotchi boom
1962	Sadahanu Oh hits world record 75th home run	1982	Yoshiharu Haba becomes the first man in history to win seven shogi titles
1963	Sapporo Olympics Okinawa is returned to Japan and diplomatic relations between Japan and China are normalized	1983	Great Hanshin-Awaji Earthquake Tokyo subway sahn attack
1964	Conveyor belt sushi becomes popular	1984	Rainbow Bridge opens
1965	Japan World Expo (Osaka Expo)	1985	Barcelona Olympics
1966	Minskirt boom	1986	Yokozuna Chiyonofuji retires
1967	Tokyo Olympics	1987	Waka Taka boom
1968	Taiho becomes the first sumo wrestler in history to win all six tournaments	1988	Helsinki era begins
1969	The first manned space flight in human history (former Soviet Union)	1989	Fall of the Berlin Wall
1970	Tokyo Tower completed	1990	End of the Cold War
1971	Japan's first conveyor belt sushi restaurant opens (black and white television, refrigerator, and washing machine)	1991	Seoul Olympics
1972	The early days of the food service industry, including family restaurants and fast-food restaurants	1992	Seikan Tunnel opens
1973		1993	Chernobyl nuclear power plant accident
1974		1994	Tsukuba Science Expo
1975		1995	Growth period of the ready-meal industry, including supermarkets and CSV
1976		1996	
1977		1997	
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2025		2045	
2026		2046	
2027		2047	
2028		2048	
2029		2049	
2030		2050	

Japan's first rice burger is born

1987
Commercialized using rice processing machinery developed by our company. The rice burger, with a patty of cooked rice instead of a bun, was born.

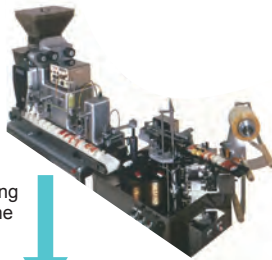


Rice burger



Sushi wrapping Machine (current model)

Sushi wrapping Machine (1987)



Developing new markets with "Serving Machine"

2003
We succeeded in developing a "Serving Machine" that can fluff up rice and serve it evenly. This product is expected to expand its market as a product that strongly supports accurate measurement and hygiene in places such as cafeterias, hospitals, nursing homes, and hotels.



Serving Machine (2003)



Serving Machine (current model)

SUZUMO trivia

The "wooden rice bowl type Sushi Machine" and "wooden rice bowl type rice ball robot" were highly praised for their high-end design and excellent patent structure, and were awarded the Good Design Award in 2001.



Wooden rice bowl type Sushi Machine (1999)

Pioneer of proposal-based sales

"Sushi wrapping Machine" inspired in the United States

1987
At a food show in the United States, the idea was changed after seeing participants showing reluctance to try sushi with their bare hands. The individually "wrapped sushi" became very popular, and was a major stepping stone for overseas expansion.

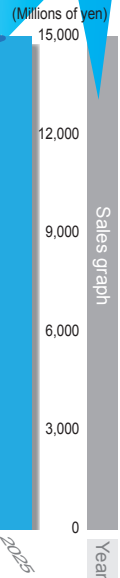
Listed on the JASDAQ market

Development period

Medium-term management plan

Growth 2025

2025 Consolidated target figures
Sales 15 billion yen



Growth2025



Senior managing director
Toru Taniguchi

Publicly demonstrating the company's commitment to improve the feasibility of the management plan

The medium-term management plan "Growth 2025" that we have formulated is a guideline for ensuring that SUZUMO survives and grows in a world where things are changing drastically. We do not see achieving these goals as the end of the process, but as the first step in a series of initiatives that will lead us to the future. By announcing them externally, we aim to make them more feasible and achieve true globalization for the new SUZUMO.

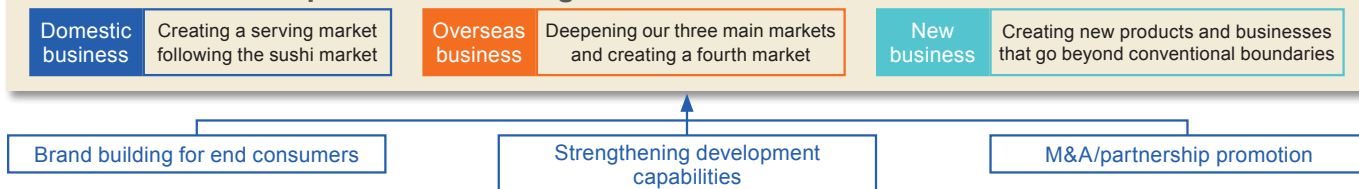
Basic policy of medium-term management plan Growth 2025

- 1) Grow and penetrate further in existing markets
- 2) Develop new growth areas/businesses
- 3) Proactively invest and collaborate to support business growth
- 4) Maximize corporate value through business growth and enhanced social value

Working to expand the market for Serving Machines and strengthen branding

The "Sushi Machine market" in Japan is entering a mature phase, and the "Serving Machine market" that follows is entering a period of full-scale expansion. There is still a lot of room for growth in the demand for rice serving robots in new areas such as independently-run restaurants, breakfast buffets at hotels, and nursing care facilities, and just as drink bars have become commonplace in family restaurants, it seems likely that the time is not far off when rice serving will become a "self-service" option. Furthermore, in addition to the background of a shortage of manpower, we believe that consumer interest will increase from the perspective of hygiene, and that this is a market with almost unlimited potential. We will also promote "visualization" for general consumers, and work to have SUZUMO recognized as a familiar and indispensable product.

Expansion of existing markets and creation of new markets



Cultivating new businesses and products that will be the next step in our growth

As people's lifestyles change, it is important to have an antenna that can pick up on changes in the market, including changes in the way we eat, and to be able to analyze these changes. The key to growth is to respond to the needs of society while maintaining a technological perspective. Therefore, we will break away from our previous self-sufficiency and create new businesses through collaboration with venture companies and external businesses that have innovative ideas. We will put into practice the know-how, network, and hardware related to rice that SUZUMO has to the fullest extent.

Proactively implementing investments that contribute to business growth and IR/information dissemination

In addition to increasing production capacity, we will also actively invest in facilities such as molds and IT systems for new product development, as well as in human resources to improve our business competitiveness.

With regard to returning profits to shareholders, we will continue to pay stable dividends.

We are proud to be a growing company, and we believe we can increase our value even further. In order to increase the number of people investing in our company's stock, we believe it is necessary to disclose our goals and to disseminate information about our activities and initiatives, as well as information about how we are working to increase our corporate value.

We will continue our activities to increase the number of fans of our company by making more people aware of the fact that everyone in Japan, no matter where they are, has eaten rice cooked by SUZUMO at some point.

We have also introduced a new "Restricted stock grant plan". We will provide the same incentives to all employees of our overseas group companies. These ideas are that all employees share the same values and goals, and that we all share the results of our management efforts. We are truly working to achieve our goals as one team.



Consolidated target figures

	Results for the fiscal year ending March 2020	Target for the fiscal year ending March 2025
Sales (Millions of yen)	8,930	15,000
Operating profit (Millions of yen)	765	2,250
Operating profit margin	8.6%	15.0%
Return on equity (ROE)	2.8%	10.0%

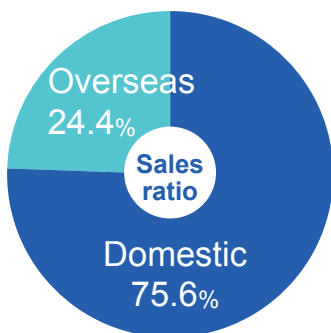
Growth strategy for overseas business

with an eye to further expansion of rice consumption

President, Representative Director
Minako Suzuki

The path that SUZUMO is aiming for, as seen from its overseas bases

Our company has overseas subsidiaries in the United States and Singapore. The United States was one of the first countries to embrace sushi, and localized sushi, such as the California roll, has become firmly established there, making it a country with great market appeal. First, we established a local subsidiary in California in 2006, and later set up an office in New Jersey, putting in



* Actual figures for the fiscal year
ending March 2020

place a system that allows us to operate in both the eastern and western parts of the United States. What I have felt from visiting the local area is that the United States is still a market with great potential. I think it is important to further

strengthen the sales system of the local corporation and to expand the doors to customers.

On the other hand, Singapore is an overseas base that serves as a hub for Asia, and we are active in Southeast Asian countries. Southeast Asia is a region where many Japanese companies have expanded. Recently, local food service and retail companies have been gradually gaining strength, and it is a market that is definitely worth paying attention to. In the past, it was often said that the relatively low cost of labor in many countries meant that companies were reluctant to introduce machinery, but recently, we are seeing an increase in the number of companies that are actively moving towards mechanization. Many countries in the region have a sense of urgency, and I think it is a market that we can look forward to in the future.

Dividing the infinite overseas market into regions and strategically approaching it

Japanese food, and sushi in particular, is becoming more and more recognized around the world. Unfortunately,

however, sushi has not yet become as popular as it could be. There are many countries and restaurants that serve sushi by copying what they see, and to be honest, the quality is not always consistent. Overseas, the degree of sushi popularity and maturity differs, so it is necessary to develop a strategy for each region.

Further expanding our approach to the North American market

In the North American market, sushi is becoming more popular. This means that anyone can eat delicious sushi at any time and any place at a reasonable price. Sushi

that is not inferior to that in Japan is lined up in supermarkets, and sushi is starting to appear in university cafeterias and even school lunches. The country's large land area and large population mean that it has great potential as a market. In the North American market, we will expand our bases, enhance our sales and service channels, and carefully address the vast market.



Approaches to the Asian market, which has a rice culture, and to the European and Middle Eastern regions

In the Asian market, countries such as Singapore, Taiwan and Hong Kong, which are already advanced in terms of Japanese food, are like showcases for Japanese food, and we would like to expand this trend to countries such as Southeast Asia and China, which are emerging markets for Japanese food.

In Europe, there is a wide variety of traditional and diverse food cultures, and the rice food market is also diverse, so we are reviewing our approach and aiming for further growth.

In addition, we are working with local businesses to create a rice food market in the Middle East, which we see as a market with potential for the future.

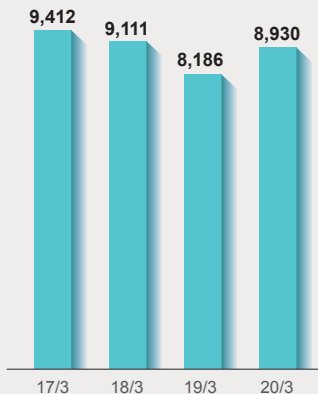


Financial highlights

Sales (Millions of yen)

8,930 million yen

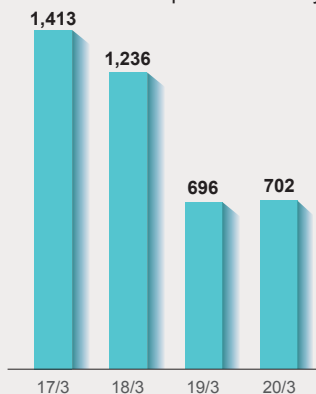
9.1% increase from previous fiscal year



Ordinary profit (Millions of yen)

702 million yen

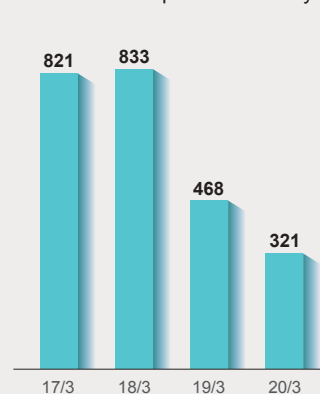
0.9% increase from previous fiscal year



Profit attributable (Millions of yen) to owners of parent

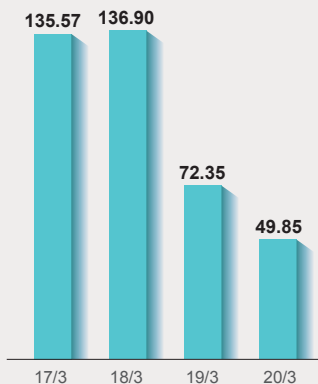
321 million yen

31.4% decrease from previous fiscal year



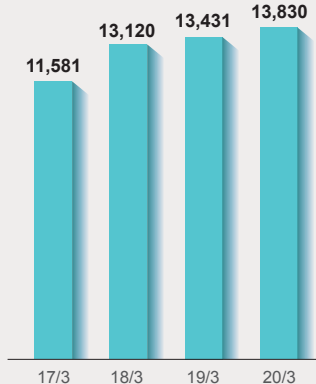
Earnings per share (Yen)

49.85 yen



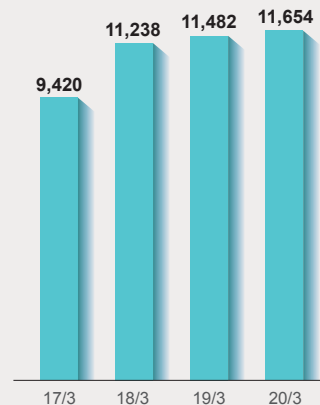
Total assets (Millions of yen)

13,830 million yen

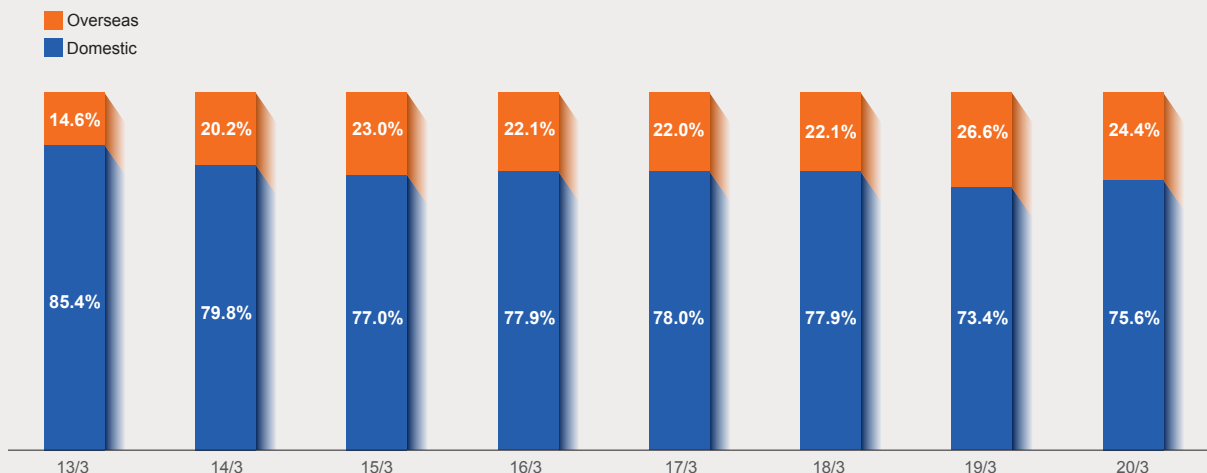


Net assets (Millions of yen)

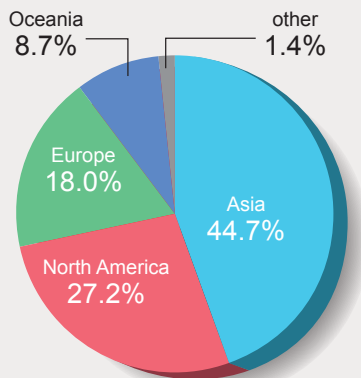
11,654 million yen



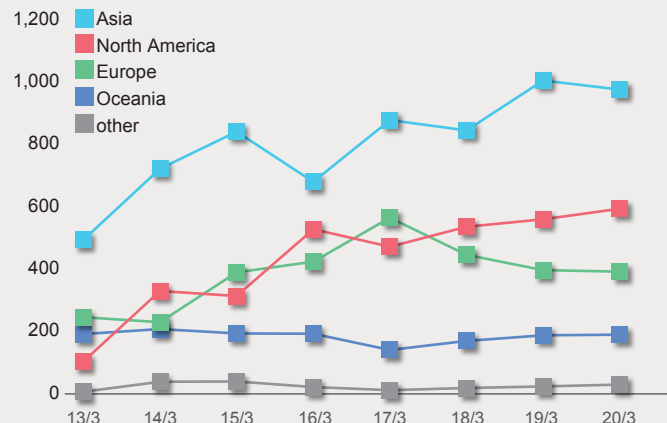
Domestic and overseas sales ratio



Overseas sales ratio by region



Overseas sales trends by region (Millions of yen)



Consolidated business forecasts for the fiscal year ending March 2021 have not been determined due to the difficulty at this stage in reasonably calculating the impact of COVID-19. We will disclose such information as soon as a reasonable forecast becomes possible.

*Amounts less than one million yen are rounded downs

Consolidated balance sheet

(Millions of yen)

Subjects	Current period	Previous period
	As of March 31, 2020	As of March 31, 2019
Assets		
Current assets	9,753	9,592
Cash and deposits	6,603	6,503
Notes and accounts receivable	1,256	1,102
Inventories	1,808	1,866
other	84	120
Non-current assets	4,076	3,838
Total assets	13,830	13,431
Liabilities		
Current liabilities	1,110	939
Non-current liabilities	1,064	1,008
Total liabilities	2,175	1,948
Net assets		
Shareholders' equity	11,722	11,521
Accumulated other comprehensive income	-80	-38
Total net assets	11,654	11,482
Total liabilities and net assets	13,830	13,431

Consolidated statement of income

(Millions of yen)

Subjects	Current period	Previous period
	April 1 2019 - March 31 2020	April 1 2018 - March 31 2019
Net sales	8,930	8,186
Operating profit	765	692
Ordinary profit	702	696
Profit attributable to owners of parent	321	468

Consolidated statement of cash flows

(Millions of yen)

Subjects	Current period	Previous period
	April 1 2019 - March 31 2020	April 1 2018 - March 31 2019
Cash flows from operating activities	660	211
Cash flows from investing activities	-356	-192
Cash flows from financing activities	-275	-119
Effect of exchange rate changes on cash and cash equivalents	-3	-5
Net increase (decrease) in cash and cash equivalents	25	-106
Cash and cash equivalents at beginning of period	6,503	6,609
Cash and cash equivalents at end of period	6,603	6,503

Company Information (As of March 31, 2020)

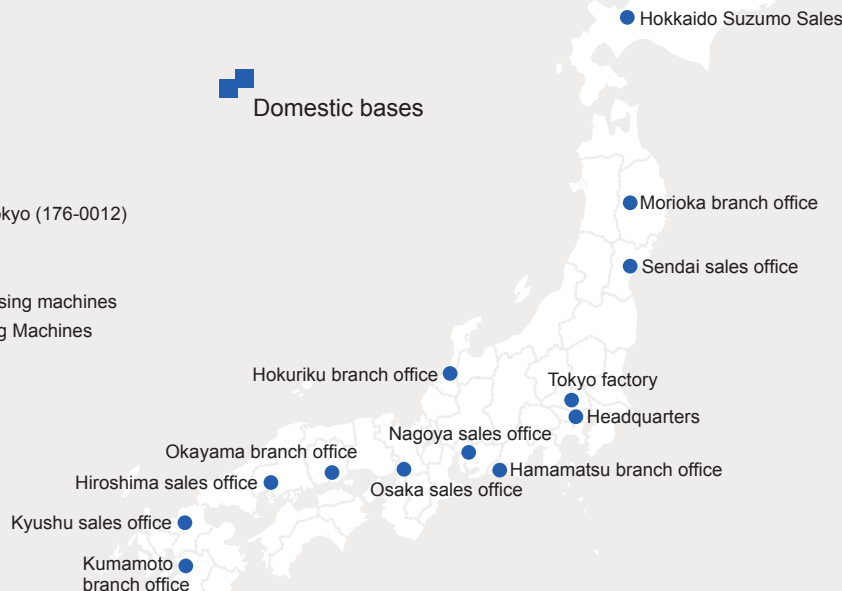
Trade name	Suzumo Machinery Co., Ltd.
Established	January 13, 1961
Headquarters	2-23-2, Toyotamakita, Nerima-ku, Tokyo (176-0012) +81-3-3993-1371 (main number)
Capital	1,154,418 thousand yen
Business Contents	Manufacture and sale of rice processing machines such as Sushi Machines and Serving Machines
Number of Employees	385 (as of the end of March 2020)
URL	https://www.suzumo.co.jp/

Directors and Corporate Auditors

(As of March 31, 2020)

Status	Name	Responsibilities and important concurrent positions
President, Representative Director	Minako Suzuki	
Senior managing director	Toru Taniguchi	
Director	Kenji Nakamura	General manager of sales division
Director	Toshio Kanai	General manager of production division and Tokyo factory manager
Director	Yasuhiro Murase	General manager of overseas business division
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 Kyoto Kimono Yuzen Co., Ltd. / Representative partner of Bridge Partners LLC
Audit & Supervisory Board Member	Kazuhiko Segawa	
Outside Audit & Supervisory Board Member	Kimioki Usa	
Outside Audit & Supervisory Board Member	Junya Murai	Murai Law and Accounting Office Lawyer

Domestic bases



Overseas network



Stock status

(As of March 31, 2020)

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

Total number of issued shares6,480,000

Number of shareholders 2,577

Number of shares per unit 100

Major shareholders

Name	Number of shares held	Equity ownership
Setsuko Suzuki	1,300,240	20.11%
Minako Suzuki	813,000	12.57%
Akiko Suzuki	813,000	12.57%
GULF JAPAN 1	783,600	12.12%
NORTHERN TRUST CO.(AVFC)RE HCR00	423,600	6.55%
Suzumo Machinery Trading Partners Shareholding Association	298,340	4.61%
The Master Trust Bank of Japan, Ltd.	145,000	2.24%
Tachibana Securities Co., Ltd.	121,400	1.88%
Japan Trustee Services Bank, Ltd.	99,900	1.54%
BNYM RE BNYMLB RE GPP CLIENT MONEY AND ASSETS AC	98,500	1.52%

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

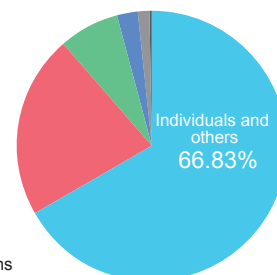
(Note 2) Equity ownership is calculated excluding treasury stock (13,762 shares).

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 (JASDAQ 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.

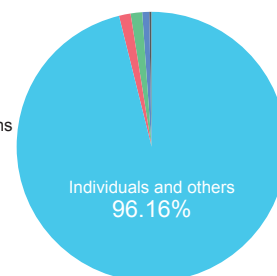
Number of shares by owner

Treasury stock	0.21%
Foreign corporations, etc.	21.85%
Financial institutions	7.24%
Financial instruments business operator	2.44%
Other domestic corporations	1.43%



Shareholder distribution status by owner

Treasury stock	0.04%
Foreign corporations, etc.	1.55%
Other domestic corporations	1.28%
Financial instruments business operator	0.74%
Financial institutions	0.23%



● 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. 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/>