

SUZUMO REPORT

63rd Fiscal Year

April 1, 2022 to March 31, 2023

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Top message

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



Overview of the 63rd fiscal year and prospects for the next fiscal year

**President, Representative Director
Minako Suzuki**

Looking back on the 63rd fiscal year

In the 63rd fiscal year ending March 31, 2023, results showed an increase in sales and a decrease in profit. Although the COVID-19 pandemic is still lingering in the environment, the trend toward labor saving is accelerating in

the food service and retail industries, and the accompanying demand for products has remained at a high level.

Although sales exceeded the plan of 13 billion yen, profits fell short of the plan by more than 30%, resulting in a downward revision.

The 63rd fiscal year was also a year in which we lacked cost control, as the cost ratio rose due to soaring product and raw material costs, and profits declined due to increases in fixed costs and overhead expenses. Going forward, we believe that we need to have a more severe and heightened sense of cost control. However, it is important to proceed while determining the balance between investments necessary for business growth, and we intend to make management decisions that will contribute to the enhancement of corporate value.

In the next fiscal year and onward, we will take into account the situation in the 63rd fiscal year, and ensure that we are able to make the necessary efforts toward the 65th fiscal year, the final year of the Growth2025 medium-term management plan.

Prospects for the 64th fiscal year

In the business environment for the 64th term, further increases in raw material and labor costs are inevitable in the restaurant and retail industries. However, we believe that capital investment in labor-saving and other labor-saving measures will accelerate as economic and social activities become more active.

We have set a sales target of 15 billion yen for the 64th fiscal year, one year ahead of the target of 15 billion yen set in our medium-term management plan Growth 2025. We are aiming for operating income of 1.5 billion yen, although it will not reach the level of the medium-term management plan.

In the domestic business, we continue to see large demand from major conveyor belt sushi chain restaurants. Demand for self-service at restaurants and hotel buffets is also expected to grow as the post-pandemic economy becomes more active. The pandemic over the past three years has greatly increased awareness of hygiene among both customers and businesses, and we would like to actively promote self-service by Fuwarica, which is one of our key initiatives.

In the overseas business, we will focus on sales of a new type of seaweed rolling robot as our main product for North America and Europe, where roll-type sushi is the mainstream. In the East and Southeast Asian markets, Japanese companies are making remarkable inroads, and we expect this trend to further expand, so we intend to provide even more extensive and attentive support to our customers.

New business as a key to growth

In new business, we started developing a system for automatic seating allocation in restaurants that uses AI. This system, which incorporates the knowledge of skilled staff to guide customers smoothly to their seats, is being introduced on a trial basis at actual stores.

From rice processing machine manufacturer to store operation efficiency improvement, SUZUMO is on a steady path to growth.

Changes in the board of executive officers

Effective from the 64th fiscal year, we have made changes in representative directors and executive officers. As for representative director, in addition to myself, Toru Taniguchi, Director and Senior managing executive officer, has been

appointed as Executive Vice President, Representative Director and Executive officer.

In recent years, rapid action is required in a business environment that is undergoing significant change and becoming increasingly complex. Therefore, we have two directors with representative authority in order to make timely and accurate management decisions.

In addition, Kenji Nakamura, Executive officer and General manager of sales division, has been appointed President, Representative Director of Japan System Project Co., Ltd. (JSP), a SUZUMO Group company. One of the objectives of this appointment is to expand the solutions business created by SUZUMO and JSP based on his experience in the sales division of the Company. He will be succeeded by Sadahito Nagamoto, Deputy general manager of sales division, who will start his 64th term as Executive officer and General manager of sales division.



Special article

Management growth strategy for the 64th fiscal year and beyond



**Executive Vice
President,
Representative
Director**

Toru Taniguchi

Aiming for further business growth by changing the mindset of executive officers and employees

With two years remaining in the 60th Medium-term management plan, we expect to achieve the sales target one year ahead of schedule, but the key point is how to move toward clearing the 2.25 billion yen target in terms of profit. When we announced our Medium-term management plan, it was not only about achieving numerical targets, but also about clearly articulating our vision for SUZUMO's growth. It was a statement of our determination as a BtoB machine manufacturer to become a reliable partner and a useful company for the business challenges and concerns of food businesses, and to make this our future role and position at

SUZUMO. Three and a half years have passed, and little by little, I feel that we are steadily moving closer to the company we aspire to be and the future we want to achieve.

I believe that the biggest hurdle to realizing our vision is the awareness of our people. While our existing business as a machine manufacturer continues to expand steadily, it is important for us to be able to propose solutions to our customers in a variety of ways, rather than simply selling machines. In this sense, I feel that the awareness and perspective of our employees has broadened considerably, and we are now able to make proposals that lead to cost reductions for our customers, including halls and overall stores, rather than simply selling SUZUMO machines.

Maximizing synergies and focusing on new business development

The Business development office, established a year ago to plan and study new products and businesses, was upgraded to the Planning and development department in April, and will strengthen the development function to realize SUZUMO's vision. We believe that the value we can provide to our customers will be further enhanced by promoting collaboration among the Company, Group companies, AI venture companies, and robotics-related businesses.

At the recent SUZUMO Fair in Tokyo, the SUZUMO Group was able to present a proposal for the future of operations, which was very meaningful, and I feel that what we have been working on for the past two and a half years is moving forward. SUZUMO's machines have been providing value in manpower saving and operational efficiency. At this year's SUZUMO Fair, we exhibited a revolutionary ordering system and unmanned seating system developed through the synergy effect of the Group's joint development. It was a

great achievement for us to be able to showcase something new to energize customers in the restaurant industry.

A new factory site is acquired to create the future of SUZUMO

For nearly 35 years, we have manufactured all of our products in Japan and overseas at our Tokyo factory (Kawashima-machi, Hiki-gun, Saitama Prefecture), and while we have expanded our production capacity along with the growth of SUZUMO, we are reaching the limit of our production capacity due to increased demand over the past few years.

A new factory (first stage) is scheduled to be completed and begin operation in March 2026 in Tsurugashima-shi in Saitama Prefecture. Since we are considering a complete relocation from the current factory in the future, we were looking for a site in the surrounding area with as little impact as possible on the commuting and daily lives of the employees working at the current factory. A purchase agreement was signed this March. The site where the new factory will be built is considered safe according to hazard maps, and is an area that is actively attracting cutting-edge technology companies. We believe that the acquisition of the land is the result of Saitama Prefecture's recognition of our commitment to the SDGs and our company's solid technological capabilities that will contribute to the future of food.

Needless to say, the construction of the new factory is intended to further increase production capacity in anticipation of future demand growth. Furthermore, we intend to make the factory a place where we can coexist in harmony with the local community while firmly envisioning "the future of SUZUMO's manufacturing". We believe

that the opening of the new factory will not only create employment in the surrounding area, but also provide an opportunity for children to visit the factory for social studies and for local residents to become more familiar with SUZUMO's activities through the factory tours. Above all, we hope to increase the number of SUZUMO fans as much as possible.

Making decisions on shareholder returns from a medium-to-long term perspective

As indicated in the financial results, we announced an annual dividend of 31 yen for the fiscal year ending March 31, 2023, and maintained the same amount for the forecasted annual dividend for the fiscal year ending March 31, 2024. Although we did not achieve our initial profit forecast for the previous fiscal year, we have decided not to change the dividend from a medium-to-long term perspective. The dividend payout ratio will be 48.5% for the previous fiscal year and 39.3% for the current fiscal year. The revised shareholder return policy for the previous fiscal year called for a "total return ratio of 30% or more", so we hope you will understand that we did our best to maintain the previous year's dividend amount.

The Shareholders' Meeting in June was held at a new office building in Nakano, which is easily accessible by public transportation, and we decided to hold the meeting on a Saturday since last year in the hope that many shareholders would attend. We considered the General Shareholders' Meeting as a good opportunity to let our shareholders get to know SUZUMO, and after the meeting, we held a briefing session with the main SUZUMO products in operation.

We would like to continue to actively disseminate IR information to investors and individual shareholders through a variety of opportunities.

Topic 1: Changes in the board of executive officers



On assuming the position of Executive officer and General manager of sales division

Executive officer, General manager of sales division

Sadato Nagamoto

I have taken over the legacy of Suzumo Machinery Co., Ltd. and will play a major role in building the medium-term foundation for the 64th term and beyond. I am very much looking forward to this new challenge.

We are now at a crossroads in our company's business operations, as the COVID-19 pandemic and geopolitical changes have brought about a wave of global inflation, and we urgently need to respond to the changing environment.

As stated in our company motto, "Sincerity, Passion, Creativity", I (and our leaders) will take this sense of crisis as my own with "sincerity", transform myself in response to the changing environment, enhance my resilience, think with "passion", lead and grow the company, and "create" economic and social value. I look forward to your continued support. We look forward to your continued support.



Looking to solve problems in the food and beverage industry with DX

Japan System Project Co., Ltd.
President, Representative Director

Kenji Nakamura

As of May, the classification of the COVID-19 has been downgraded to category 5, and the food and beverage industry, which has been struggling until now, has come back to life. However, the chronic shortage of labor will not be resolved in the future. Japan System Project, as a member of the SUZUMO Group, believes that our mission is to solve the labor shortage with DX and contribute to our clients' sales and profits. We aim to maximize customer satisfaction by combining the backyard efficiency and labor-saving know-how we have cultivated to date with floor efficiency and labor saving.

We will continue to strive to be a partner in the food and beverage industry.

NEWS

Exhibiting a concept model aimed at new solutions for the SUZUMO Group

In April 2023, "SUZUMO Fair Tokyo 2023" was held in Ikebukuro, Tokyo. In addition to the more than 450 companies and 730 visitors over the two-day event, the fair was covered by numerous media outlets, including TV programs and industry magazines.

Two corners were set up in the "Future Zone", which exhibited the SUZUMO Group's future initiatives.

The first, the "Suzumo After Value (SAV) section", exhibited

the company's vision of using IoT technology to create new value after delivery, such as improving the quality of after-sales support by collecting and remotely managing data on operating status and production volume from the company's machines, and combining this with external data such as weather and human flow to forecast demand.

The second, "Next generation store section", exhibited a concept model aimed at reducing manpower and improving

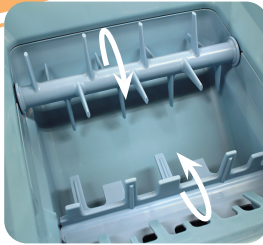
Topic 2: Survey for shareholders: Pick up!

Origin of SUZUMO! Introducing the Sushi Machine!

4,800 rice balls
per hour, the fastest in the industry!
No.1 share of the global
Sushi Machine market!



Sushi Machine
No. 1 (1981)



Unraveling

In order to make the soft and viscous material called rice soft and fluffy, we do not knead or crush it, but rather "unravel" it.

Measuring

Since rice and air mix to produce delicious rice balls, "measuring" combines the volume of air and the volume of rice.

Forming

The rice is "formed" into delicious, mouth-watering rice balls without collapsing the air and while maintaining the graininess of each individual rice grain.

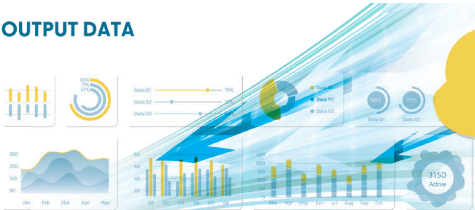
Sushi Machine was born from the passion of the founder

The impetus for developing the sushi robot 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.

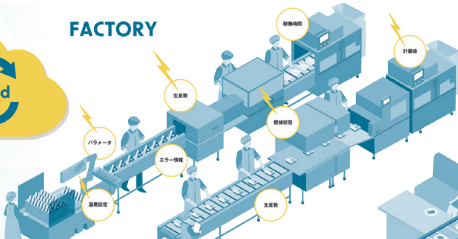
The Sushi Machine, born from this passion, has been a driving force behind the development and popularization of conveyor belt sushi both domestically and internationally, and in recognition of its success, the first Sushi Machine was recognized as a 2021 Mechanical Engineering Heritage.

The main places of use are conveyor belt sushi chains, supermarkets, take-out restaurants, and central kitchens. Some of our customers use our products for molding confectionery, and we have appeared on variety shows!

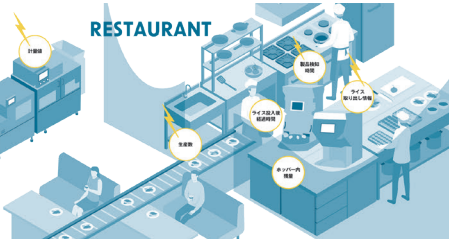
OUTPUT DATA



FACTORY



RESTAURANT



productivity in restaurants by automating a series of processes from reception to checkout, in conjunction with SUZUMO Group's products.

The contents of the exhibition were realized by collaborating

with products from multiple companies. We feel that we were able to embody our company's stance of working together with various companies to accelerate the pace of development and achieve a high degree of perfection.

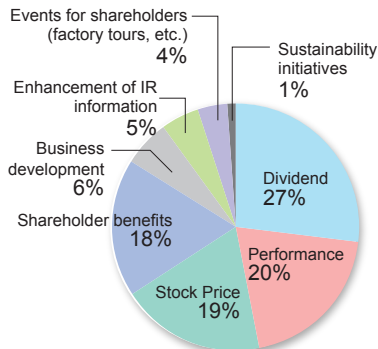
Survey report

As a result of our request for your cooperation
in the last issue of the SUZUMO REPORT (63rd interim period),
we received many responses from our shareholders.

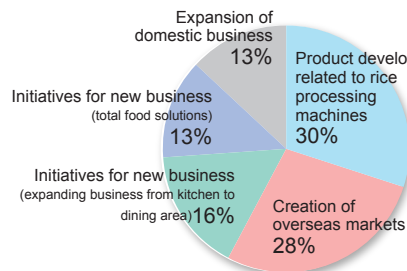
Thank you very much for your cooperation.

We will use your feedback to improve our future management.

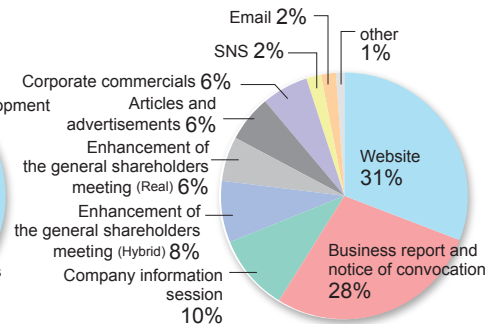
The following are excerpts from the responses.



What to expect in the future
(Multiple answers)



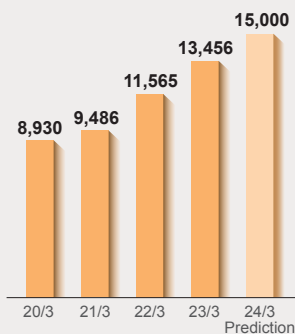
Interest in projects and initiatives
(Multiple answers)



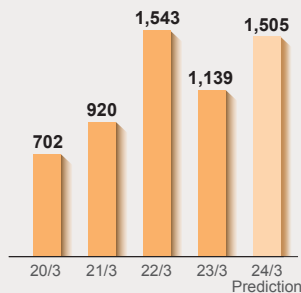
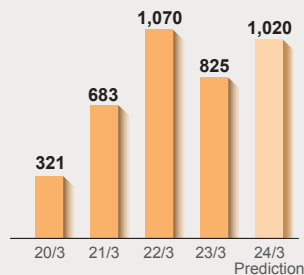
Preferred means of providing information
(Multiple answers)

* Excluding response of nothing in particular

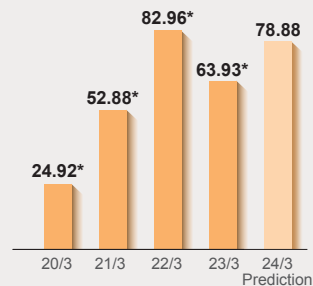
Sales (Millions of yen)

13,456 million yen16.3% increase from
previous fiscal year

Ordinary profit (Millions of yen)

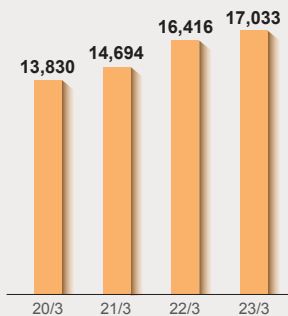
1,139 million yen26.2% decrease from
previous fiscal yearProfit attributable (Millions of yen)
to owners of paren**825** million yen22.8% decrease from
previous fiscal year

Earnings per share (Yen)

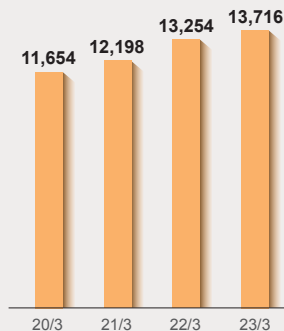
63.93 yen

* 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.

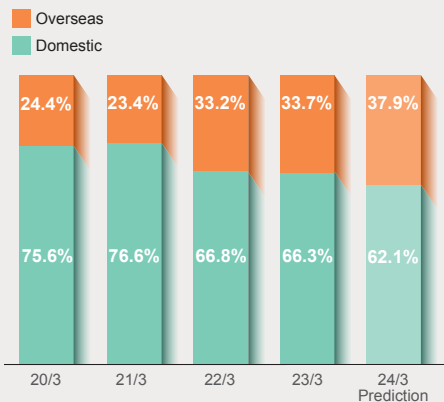
Total assets (Millions of yen)

17,033 million yen

Net assets (Millions of yen)

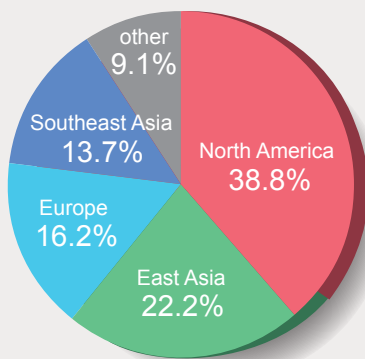
13,716 million yen

Domestic and overseas sales ratio

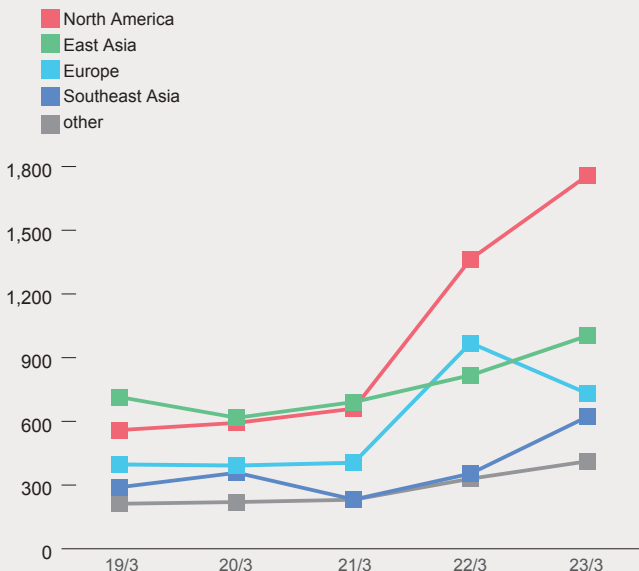


Financial highlights

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)

Subjects	Current period As of March 31, 2023	Previous period As of March 31, 2022
Assets		
Current assets	9,685	12,085
Cash and deposits	4,865	8,276
Notes and accounts receivable	1,577	1,287
Electronically recorded monetary claims	168	172
Inventories	2,762	2,199
other	312	150
Non-current assets	7,347	4,330
Total assets	17,033	16,416
Liabilities		
Current liabilities	1,802	1,775
Non-current liabilities	1,514	1,386
Total liabilities	3,316	3,161
Net assets		
Shareholders' equity	13,607	13,205
Accumulated other comprehensive income	83	30
Minority interests	25	17
Total net assets	13,716	13,254
Total liabilities and net assets	17,033	16,416

Consolidated statement of income

(Millions of yen)

Subjects	Current period April 1 2022 – March 31 2023	Previous period April 1 2021 – March 31 2022
Net sales	13,456	11,565
Operating profit	1,203	1,517
Ordinary profit	1,139	1,543
Profit attributable to owners of parent	825	1,070

Consolidated statement of cash flows

(Millions of yen)

Subjects	Current period April 1 2022 – March 31 2023	Previous period April 1 2021 – March 31 2022
Cash flows from operating activities	-11	1,340
Cash flows from investing activities	-3,062	- 268
Cash flows from financing activities	-463	-194
Effect of exchange rate changes on cash and cash equivalents	105	55
Net increase (decrease) in cash and cash equivalents	-3,431	933
Cash and cash equivalents at beginning of period	8,276	7,342
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	—
Cash and cash equivalents at end of period	4,865	8,276

Company Information (As of March 31, 2023)

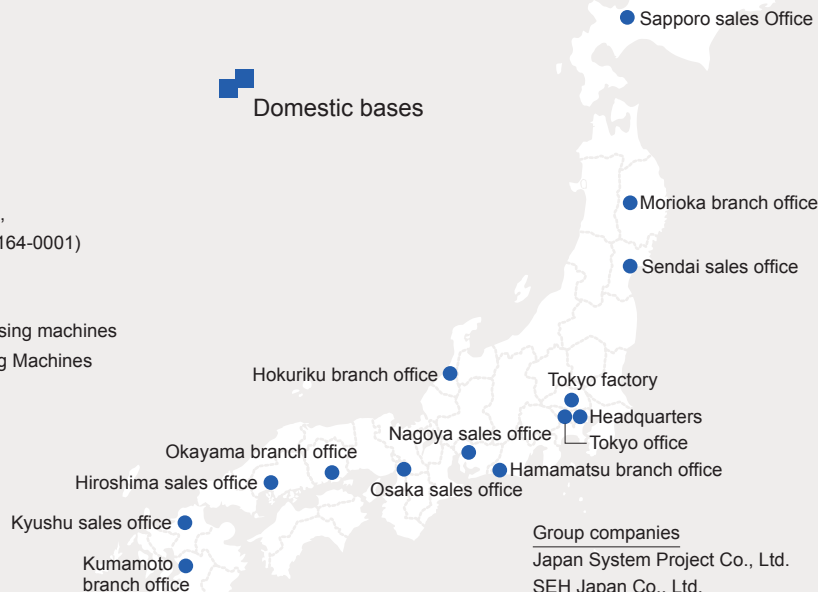
Trade name	Suzumo Machinery Co., Ltd.
Established	January 13, 1961
Headquarters	6th Floor, Nakano Central Park East, 4-10-1 Nakano, Nakano-ku, Tokyo (164-0001) +81-3-3993-1371 (main number)
Capital	1,154,418 thousand yen
Business Contents	Manufacture and sale of rice processing machines such as Sushi Machines and Serving Machines
Number of Employees	481 (as of the end of March 2023)
URL	https://www.suzumo.co.jp/

Directors and Corporate Auditors

(As of June 24, 2023)

Status	Name	Responsibilities and important concurrent positions
President, Representative Director	Minako Suzuki	
Executive Vice President, Representative Director	Toru Taniguchi	
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 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, 2023)

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

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

Number of shareholders **4,690**

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%
NORTHERN TRUST CO.(AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	655,800	5.07%
Suzumo Machinery Trading Partners Shareholding Association	615,880	4.76%
Tachibana Securities Co., Ltd.	300,200	2.32%
Custody Bank of Japan, Ltd. (Trust account)	287,000	2.22%
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.

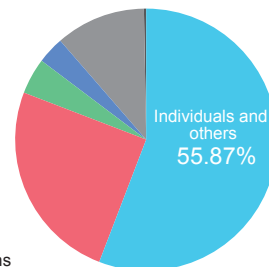
(Note 2) Equity ownership is calculated excluding treasury stock (34,014 shares).

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.

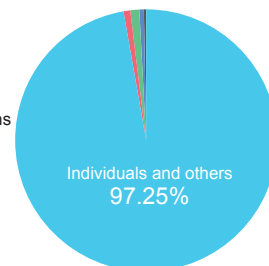
Number of shares by owner

Treasury stock	0.26%
Foreign corporations, etc.	25.13%
Financial institutions	4.31%
Financial instruments business operator	3.56%
Other domestic corporations	10.87%



Shareholder distribution status by owner

Treasury stock	0.02%
Foreign corporations, etc.	0.96%
Other domestic corporations	1.22%
Financial instruments business operator	0.45%
Financial institutions	0.11%



●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.



Suzumo Machinery Co., Ltd.

6th Floor, Nakano Central Park East,
4-10-1, Nakano, Nakano-ku, Tokyo (164-0001)
+81-3-3993-1371 (main number)
URL: https://www.suzumo.co.jp/