

Food and Beverage Distribution Business Strategies

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■ Business Overview

■ FY2022 Management Plan

- Market Outlook
- Business Policies / Business Plan
- Priority Measures
(Including Profitability Improvement and Approach to Decarbonizing Business)
- Capital Investment / Research and Development

■ Progress under Medium-Term Management Plan

Vending Machines

Japan

No. 1 share*

Two-way communication vending machines



Beverage vending machines



High-value added vending machines
Two-way functionality, cashless payments, touchless use



Refrigerated food vending machines
Industry-first



Frozen food vending machines
Large capacity, high energy efficiency

Overseas

No. 1 share of beverage sales in China*



Energy-saving beverage vending machines



Food vending machines

No. 1 share in Thailand*



Large-container beverage vending machines



Large-scale food vending machines

Store Distribution

Japan



Refrigerated and freezer showcases



Total store solution



Counter fixtures



Automatic change dispensers

Major Customer Industries

Vending Machines (Japan)

- Beverages
- Food products
- Vending machine operation

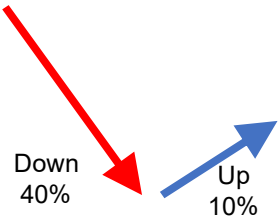

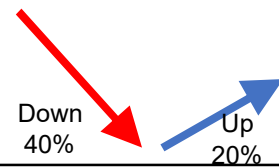

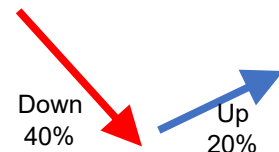

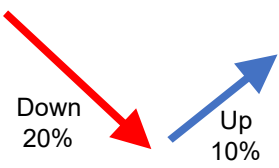

Vending Machines (Overseas)

- Beverages
- Vending machine operation
- Convenience stores

Store Distribution

- Convenience stores
- Super markets
- Point of sale systems

* Based on FY2021 performance; Source: Fuji Electric Co., Ltd.

		FY2022 Market Outlook		
		FY2019→FY2020 →FY2021	FY2021 →FY2022	Details
Vending Machines	Japan	 <p>Down 40% Up 10%</p>	 (Slight increase)	<p>Slight increase from FY2021</p> <p>Market Needs</p> <ul style="list-style-type: none"> Recovery trend in vending machine investment in beverage field (existing) Growth of new vending machine use among rising demand for frozen and other food products
	China	 <p>Down 40% Up 20%</p>	 (Unchanged)	<p>Market recovery driven by diversification of customer needs</p> <p>Market Needs</p> <ul style="list-style-type: none"> Need for energy saving, eco-friendliness, and vending machines that can sell large items from beverage manufacturers
	Southeast Asia	 <p>Down 40% Up 20%</p>	 (Slight increase)	<ul style="list-style-type: none"> Demand for using vending machines as satellite locations and for selling wider ranges of items from convenience store operations
Store Distribution	Japan	 <p>Down 20% Up 10%</p>	 (Unchanged)	<p>Flat growth from FY2021</p> <p>Market Needs</p> <ul style="list-style-type: none"> Rising upgrade demand spurred by move to reduce environmental impacts (conserve energy) Need for labor saving and food loss reduction measures, contact-free and non-face-to-face options, and satellite locations

Business Policies

- **Topline earnings improvement pursued** through proposal of products and services matched to market needs
- **Improvement of profitability** through deployment of high-value-added products, cost reductions, and rationalization activities

Priority Measures

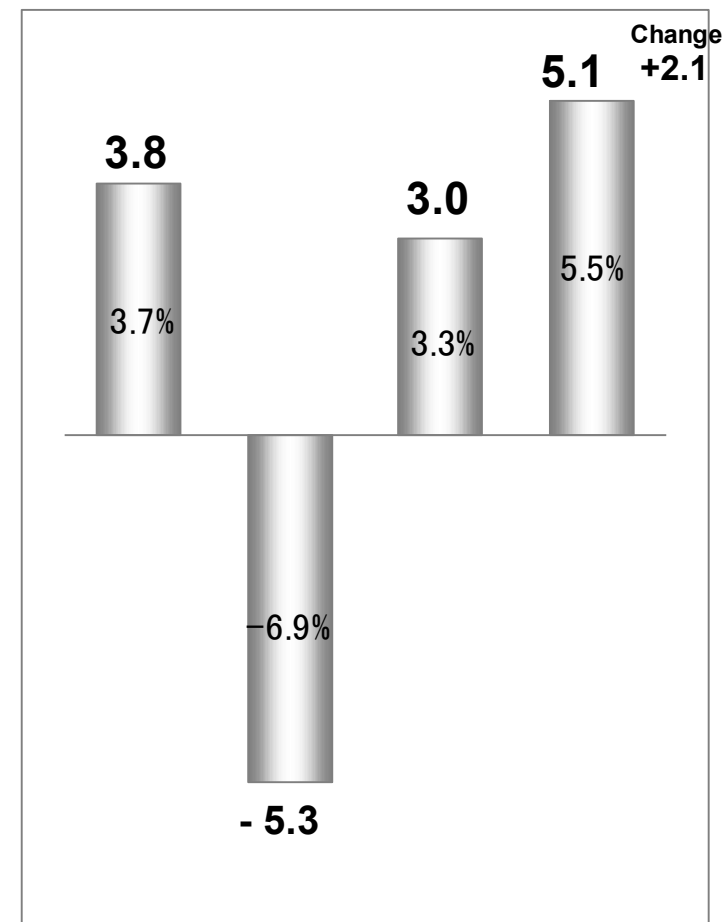
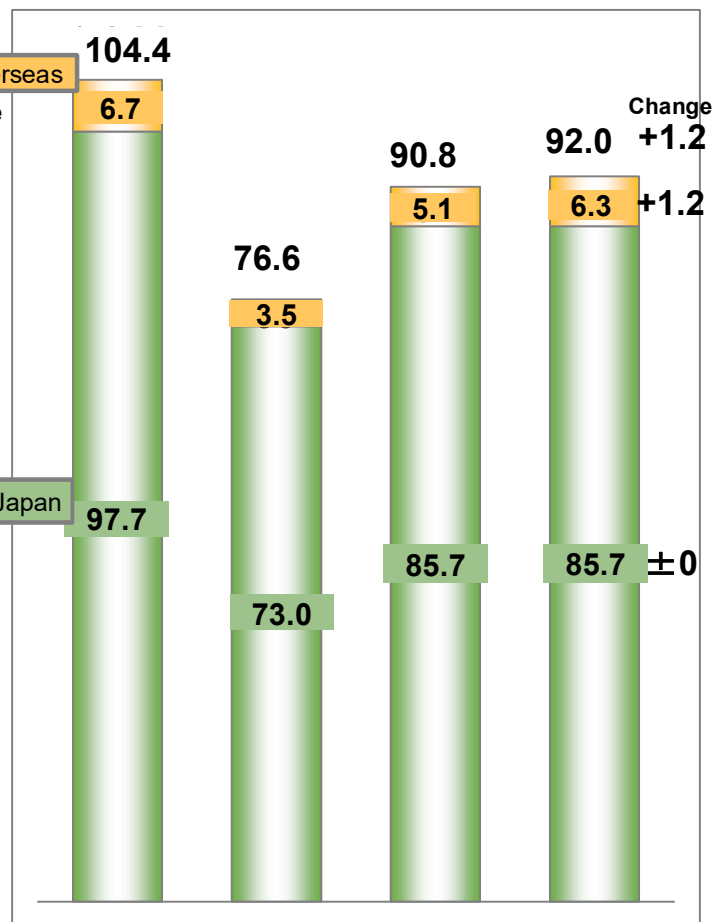
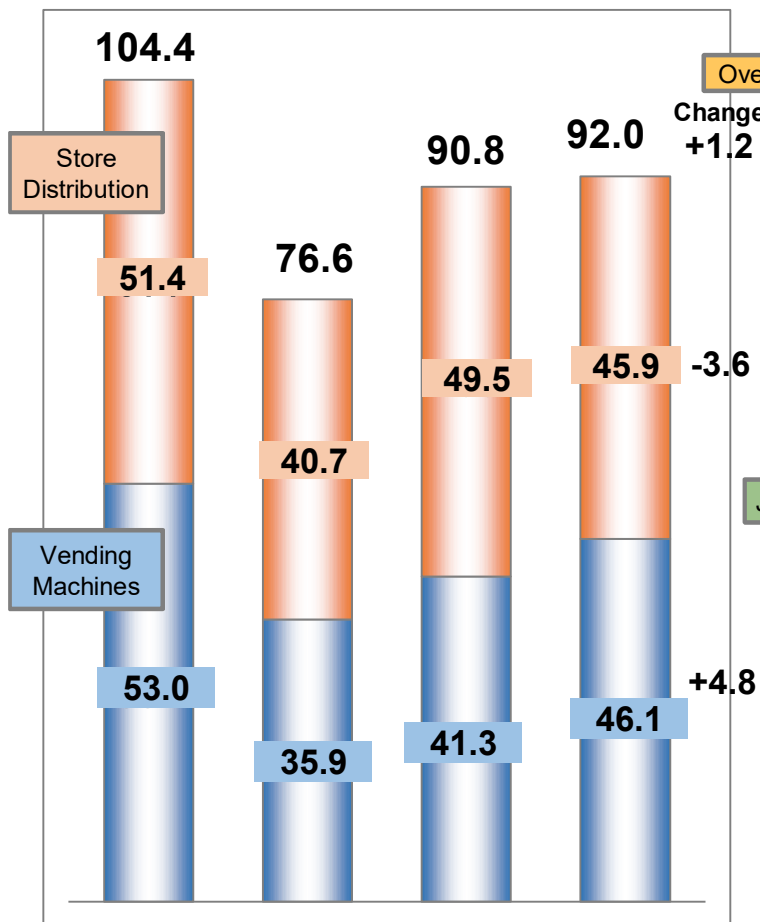
- **Vending Machines**
 - Japan: Improvement of profit margins by maintaining current level of topline earnings and deploying **high-value-added vending machines**
 - Overseas: Promotion of customer strategies matched to needs while capitalizing on the benefits of **new customers (unofficial agreements reached)**
- **Store distribution**
 - Deployment of eco-friendly products while **capitalizing on the benefits of new products (unofficial agreements reached)**
 - Promotion of **solutions based on new needs** of convenience stores
- **General**
 - Exploration of **new customers** and introduction of **new products matched to customer needs**
 - Efficient manufacturing utilizing benefits of Mie Factory in Japan as well as bases in China and Indonesia

Sales and income growth targeted by increasing topline earnings and improving profitability

Net Sales by Subsegment (Billions of yen)

Net Sales in Japan / Overseas (Billions of yen)

Operating Income / Operating Margin (Billions of yen)



FY2019 Results FY2020 Results FY2021 Results FY2022 Management Plan

FY2019 Results FY2020 Results FY2021 Results FY2022 Management Plan

FY2019 Results FY2020 Results FY2021 Results FY2022 Management Plan

FY2022 Net Sales Plan (Year-on-Year Growth)

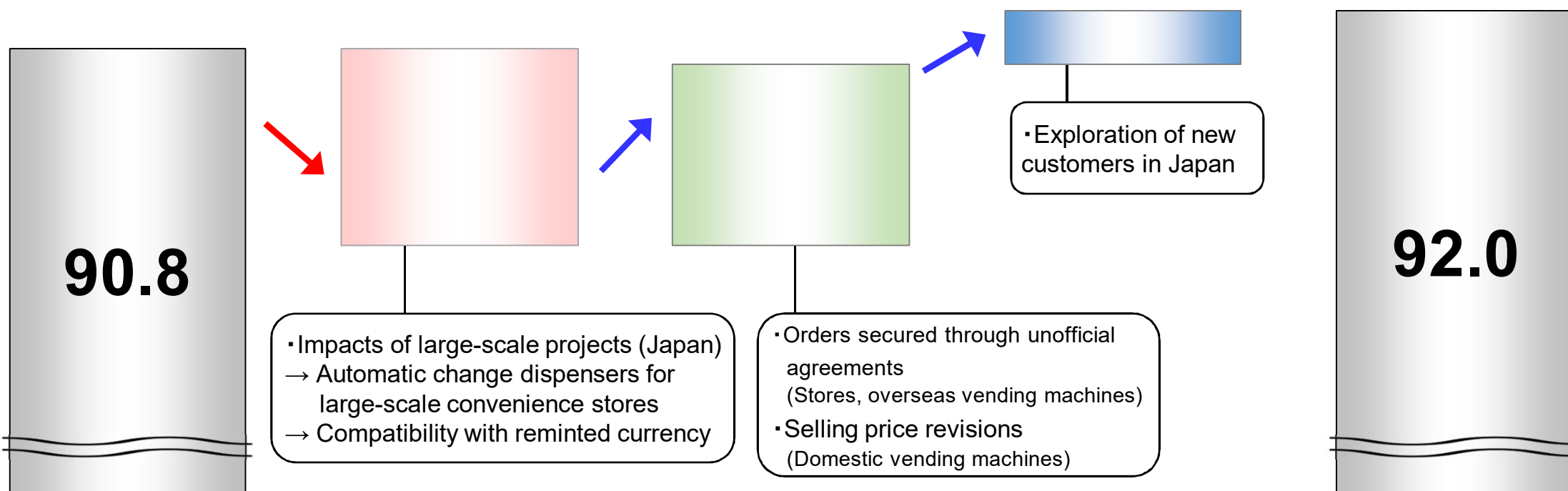
Increase of ¥1.2 billion in net sales roughly 80% attributable to benefits of measures conducted in FY2021 and 20% attributable to benefits of measures conducted in FY2022

← **Net sales: Increase of ¥1.2 billion** →

FY2021 measures
Approx. 80%

FY2022 measures
Approx. 20%

(Billions of yen)



FY2021
Results

FY2022
Plan

FY2022 Operating Income Plan (Year-on-Year Growth)

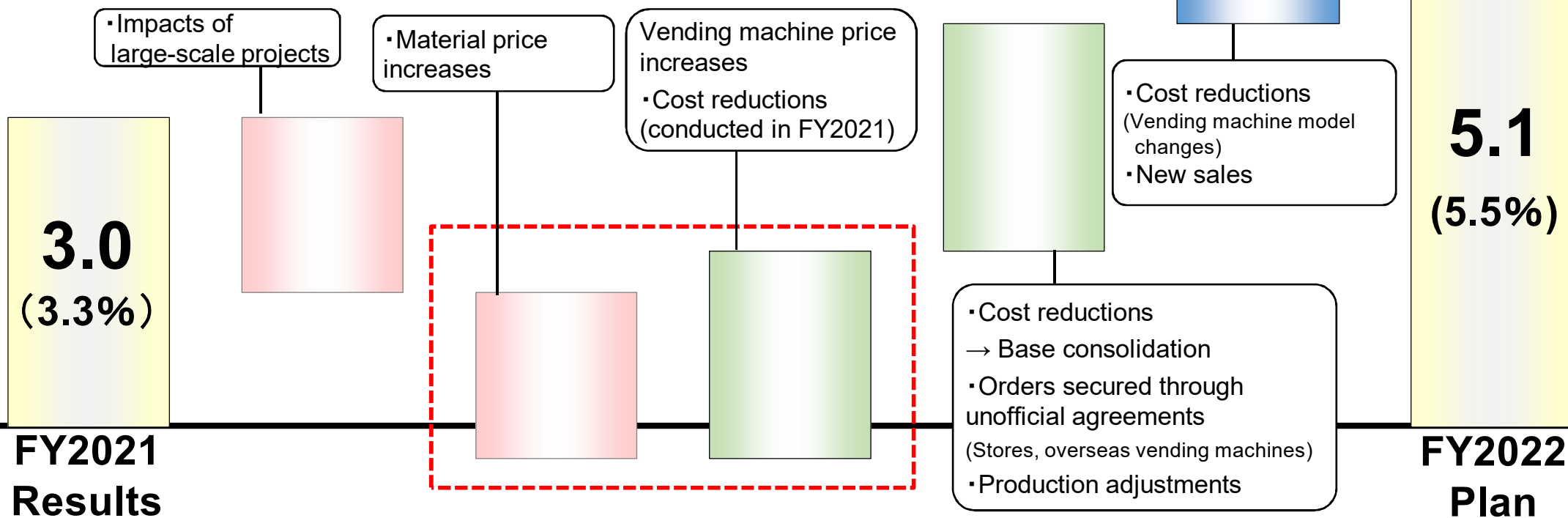
Increase of ¥2.1 billion in operating income roughly 80% attributable to benefits of measures conducted in FY2021 and 20% attributable to benefits of measures conducted in FY2022

← Income: **Improvement of ¥2.1 billion** →

FY2021 measures
Approx. 80%

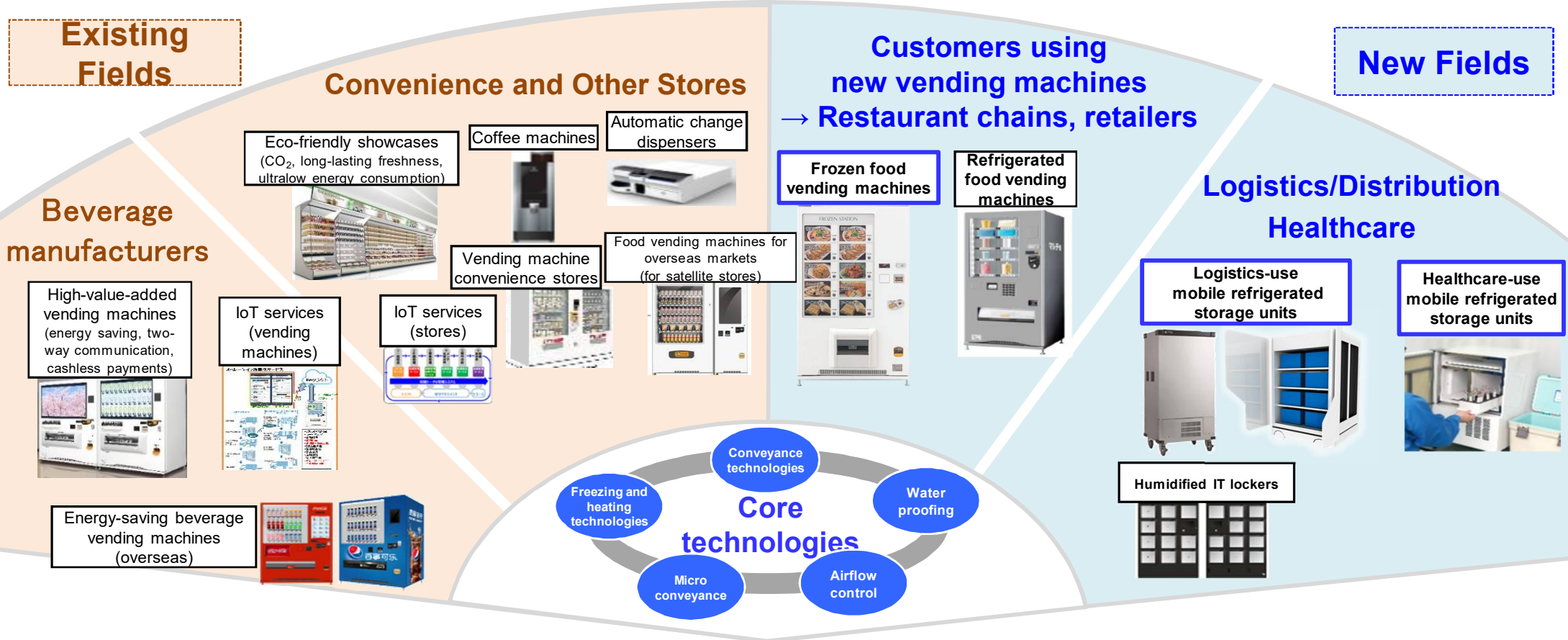
FY2022 measures
Approx. 20%

(Billions of yen)



Growth Strategies for Increasing Topline Earnings in Food and Beverage Distribution Segment

Provision of **products and solutions** matched to **market needs** and based on **core technologies** in response to decarbonization, digital transformation, and other megatrends



Existing Fields

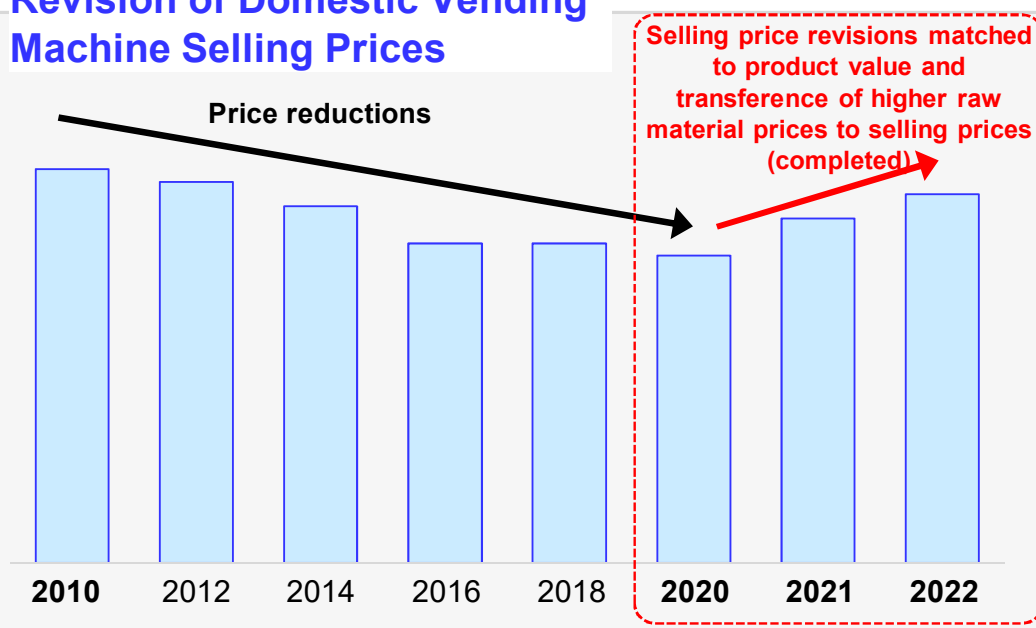
1. Improvement of product value
 2. Enhancement of eco-friendly products
 3. New services made possible by digital transformation
→ IoT-powered vending machine efficiency improvement services
- Topline earnings growth driven by high-margin products**

New Fields

1. Clarification of new target markets (restaurant chains, logistics, healthcare)
2. Augmentation of development capabilities
→ Acceleration of new product launches
3. Establishment of organizations for exploring fields

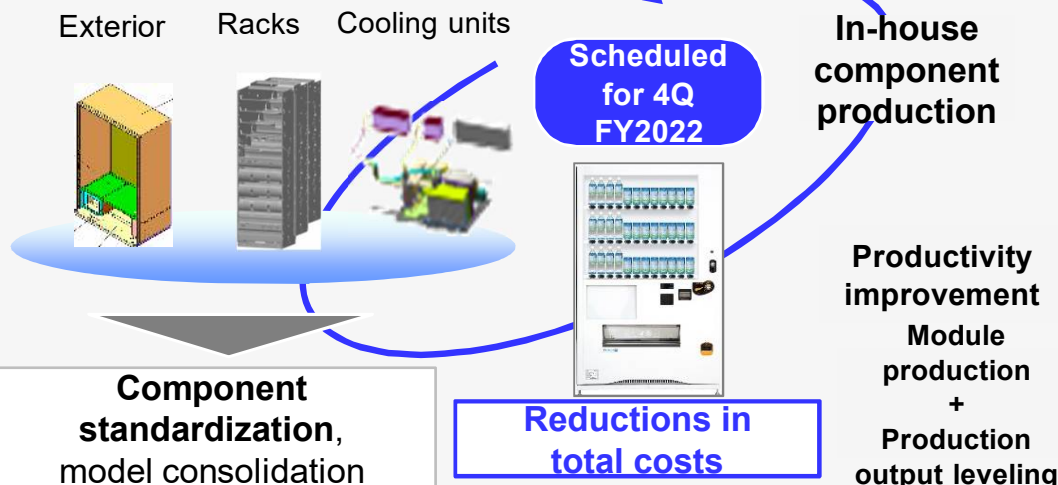
Profitability Improvement Measures in Food and Beverage Distribution Segment

Revision of Domestic Vending Machine Selling Prices



Introduction of Full Model Change Vending Machines to Reduce Costs

New platform design



Deployment of High-Value-Added Products

Increases in topline earnings and in profitability

Vending machines		Store Distribution	
Ultralow energy consumption	IoT services	CO ₂ showcases Long-lasting freshness showcases	mobile refrigerated storage units
Frozen food vending machines	Humidified IT lockers	New counter fixtures	Logistics
			Healthcare

Further Reduction of Fixed Costs

■ Manufacturing reorganizations

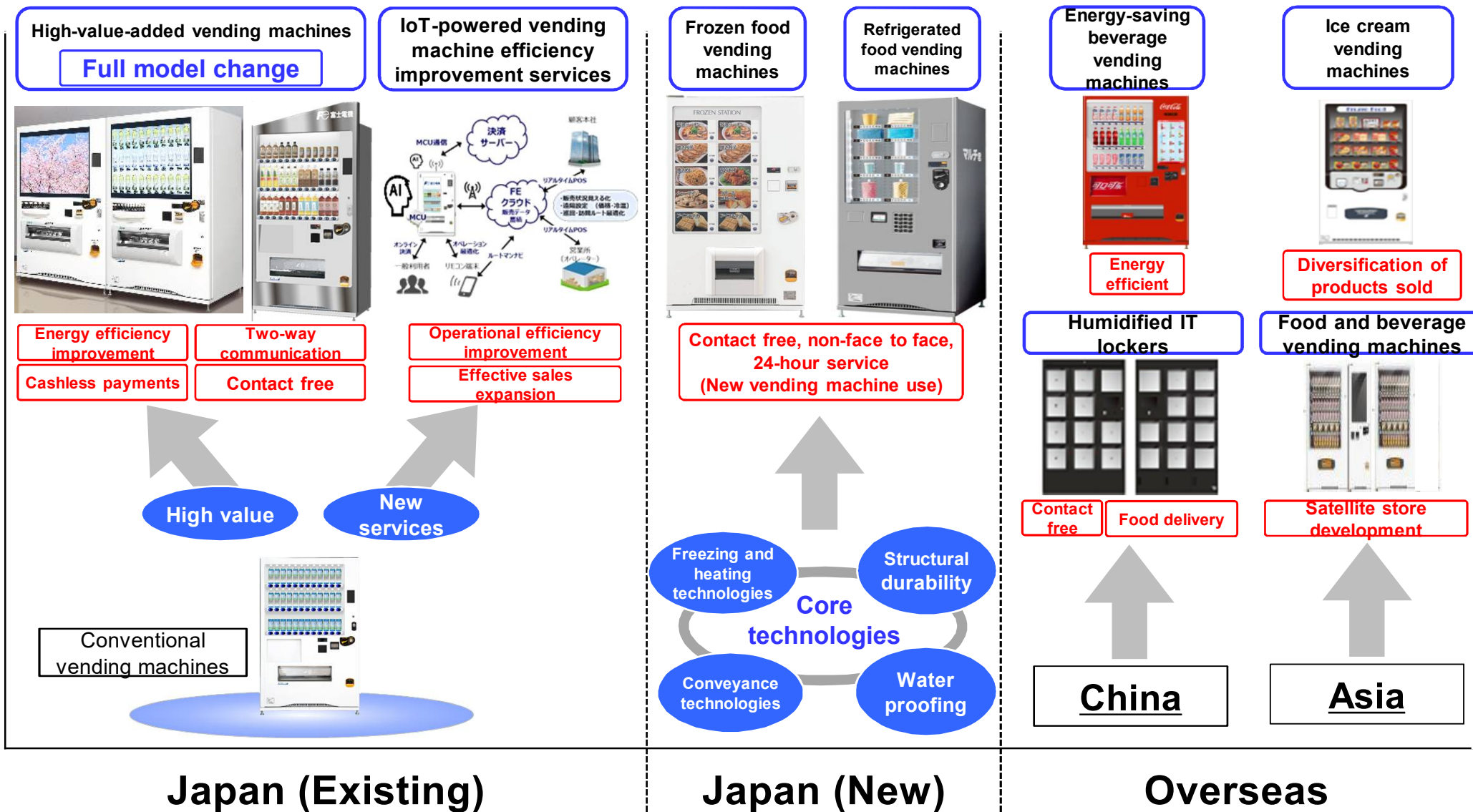
→ Capitalization of benefits of integration of operations in Mie area at domestic subsidiaries

■ Rationalization of indirect divisions

→ Operational efficiency improvements
→ Operational reforms

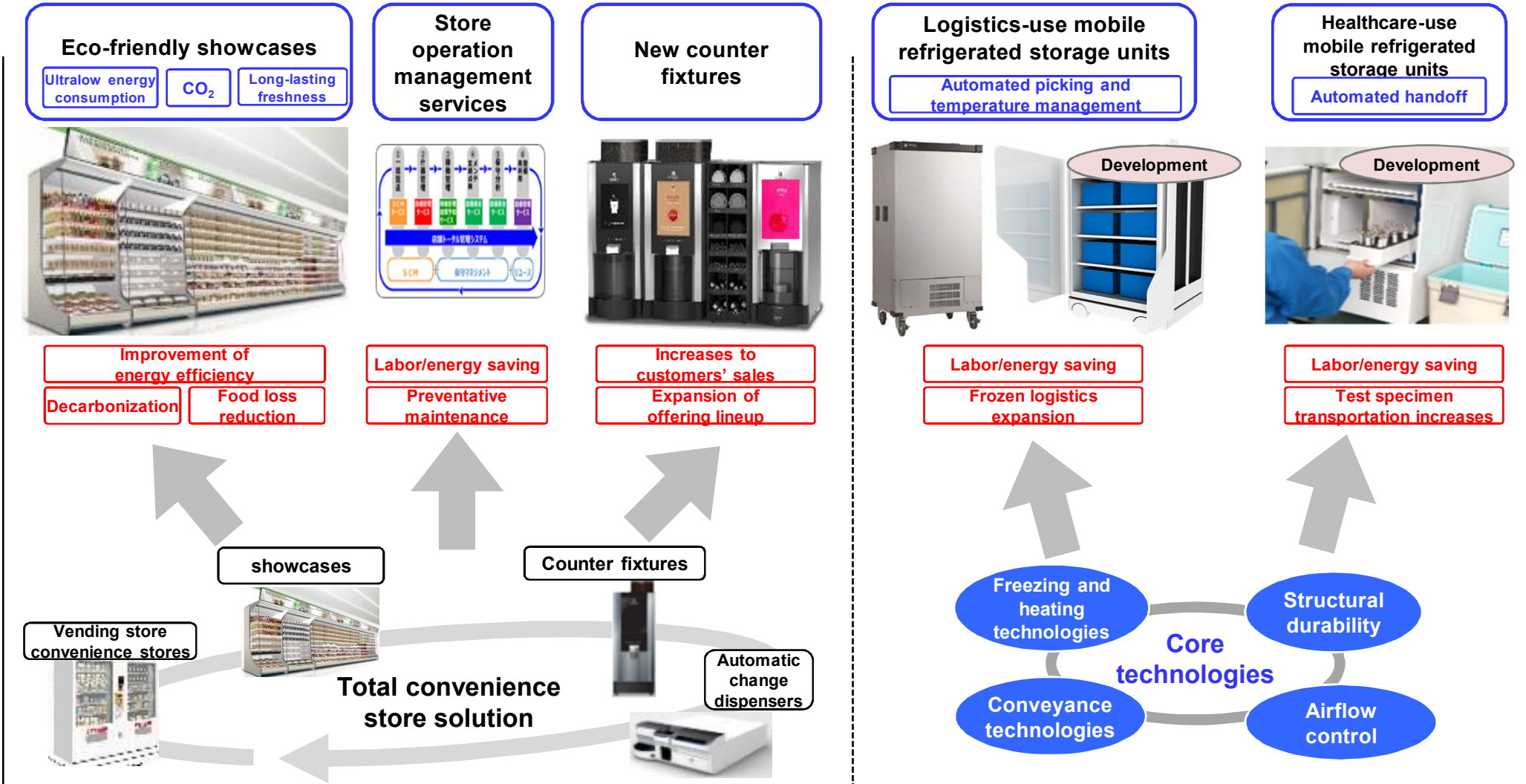
Deployment of high-value-added products matched to diversifying needs

Product Value Improvements

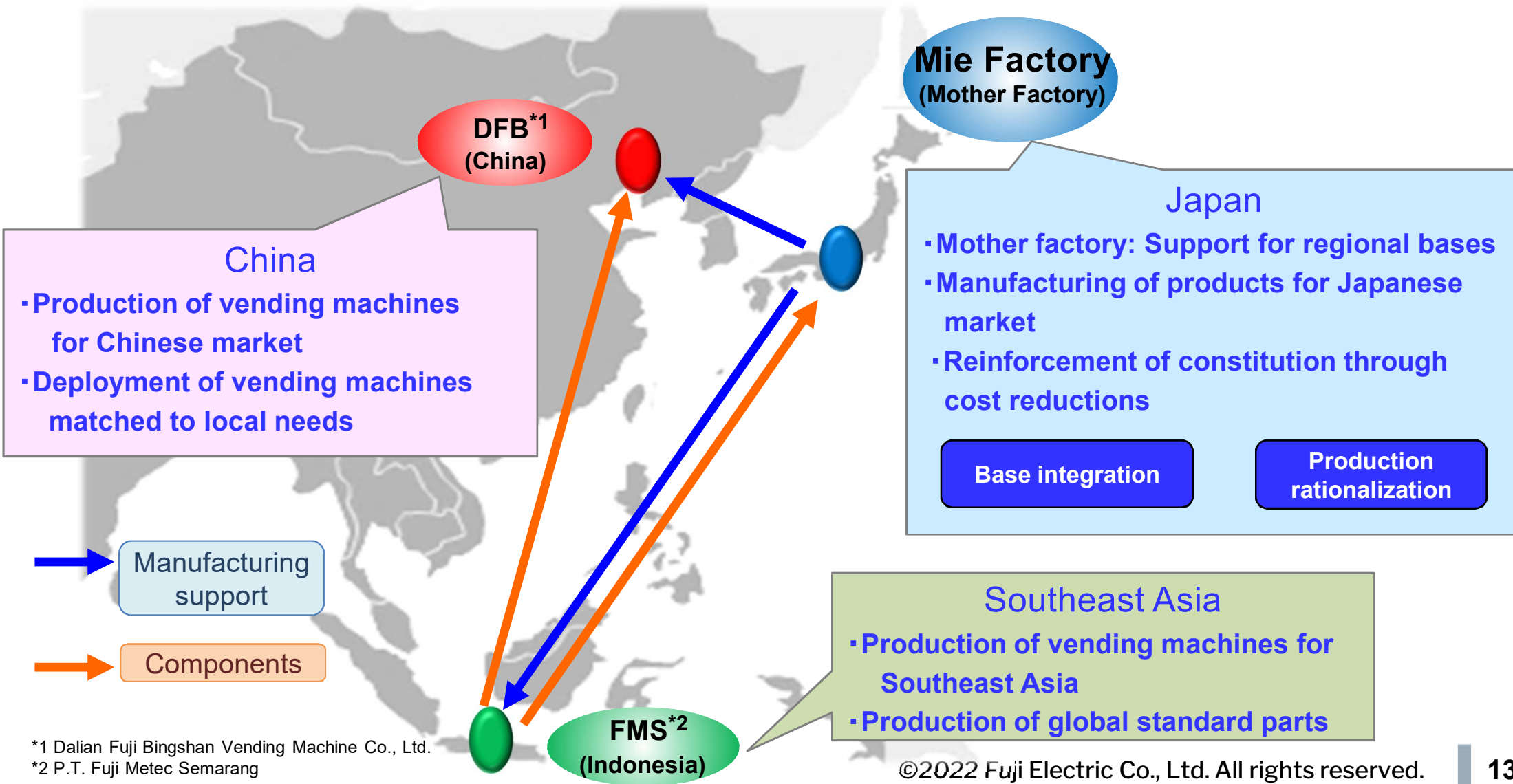


Bolstering of lineup of high-value-added products to maintain share in market for equipment for domestic convenience stores

Product Value Improvements



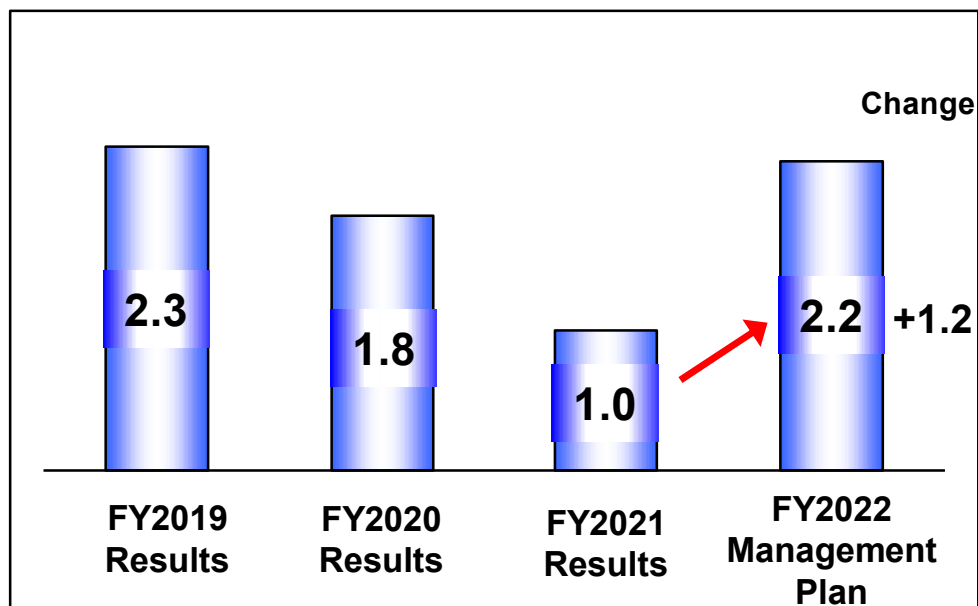
Promotion of efficient manufacturing at individual bases
through local production and consumption



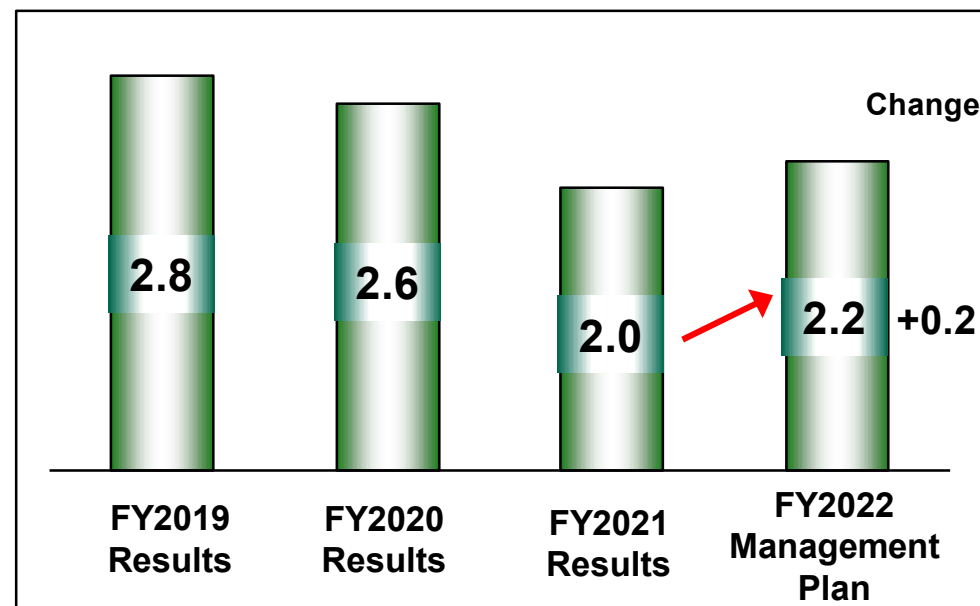
*1 Dalian Fuji Bingshan Vending Machine Co., Ltd.

*2 P.T. Fuji Metec Semarang

Capital Investment (Billions of yen)



Research and Development (Billions of yen)



Prioritization of investment in new product development, rationalization, and automation

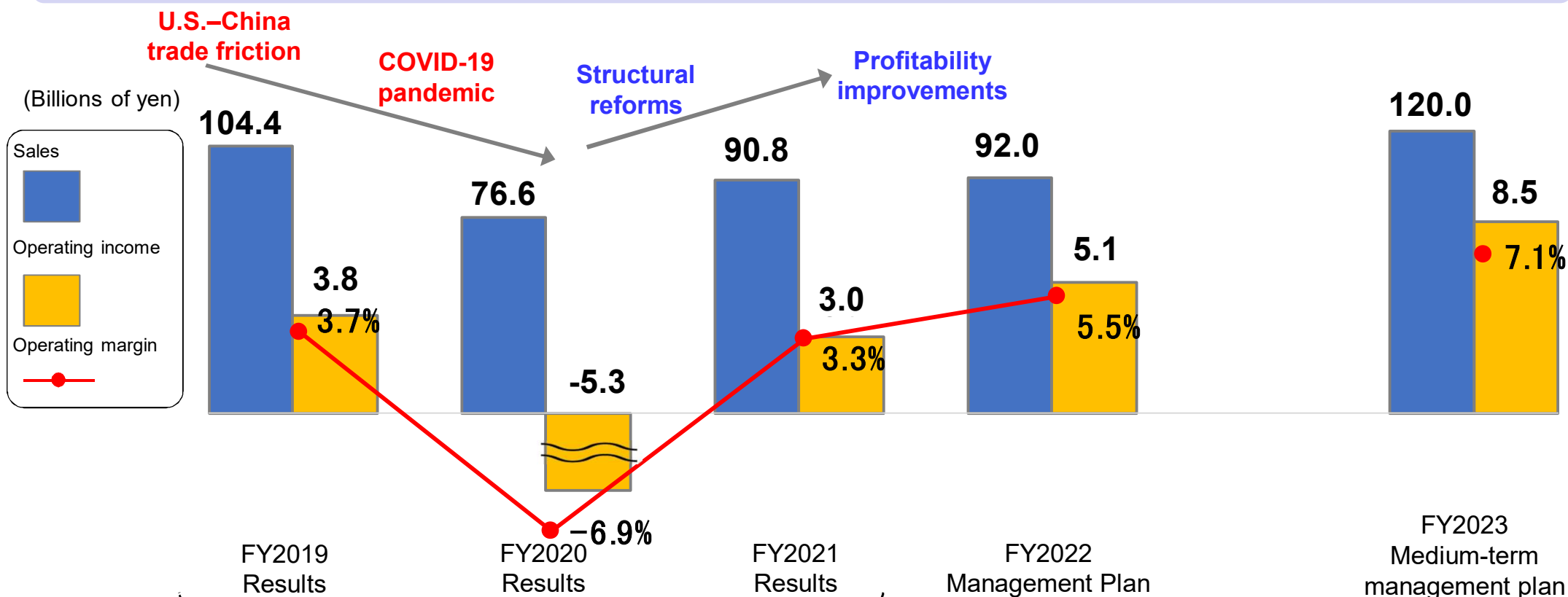
- Productivity improvements (rationalization, automation)
- Molds for expanding range of models produced

Focus on development of products necessary for growth strategies

- High-value-added vending machines and frozen food vending machines
- Eco-friendly showcases, etc.
- System business products utilizing IoT and AI

Note: The R&D expenditure figures above represent expenditures that have been allocated to segments based on theme and may therefore differ from figures contained in consolidated financial reports.

Improvement of earnings power to boost profitability



Successes from FY2019–2021 (Three Years)

Operating Environment Changes

- Substantial market deterioration stemming from COVID-19 pandemic (Japan, China, other parts of Asia)

Successes

- Improvement of profitability through structural reforms
- Share increases, selling price revisions

Profitability Improvements

- Increased promotions of high-value-added products
- Cost reductions
- Rationalization
- Selling price revisions

Changes from Initial Plan

- COVID-19 pandemic
- Massive downturn in Chinese market

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