

FY2023 Medium-Term Management Plan Food and Beverage Distribution Business

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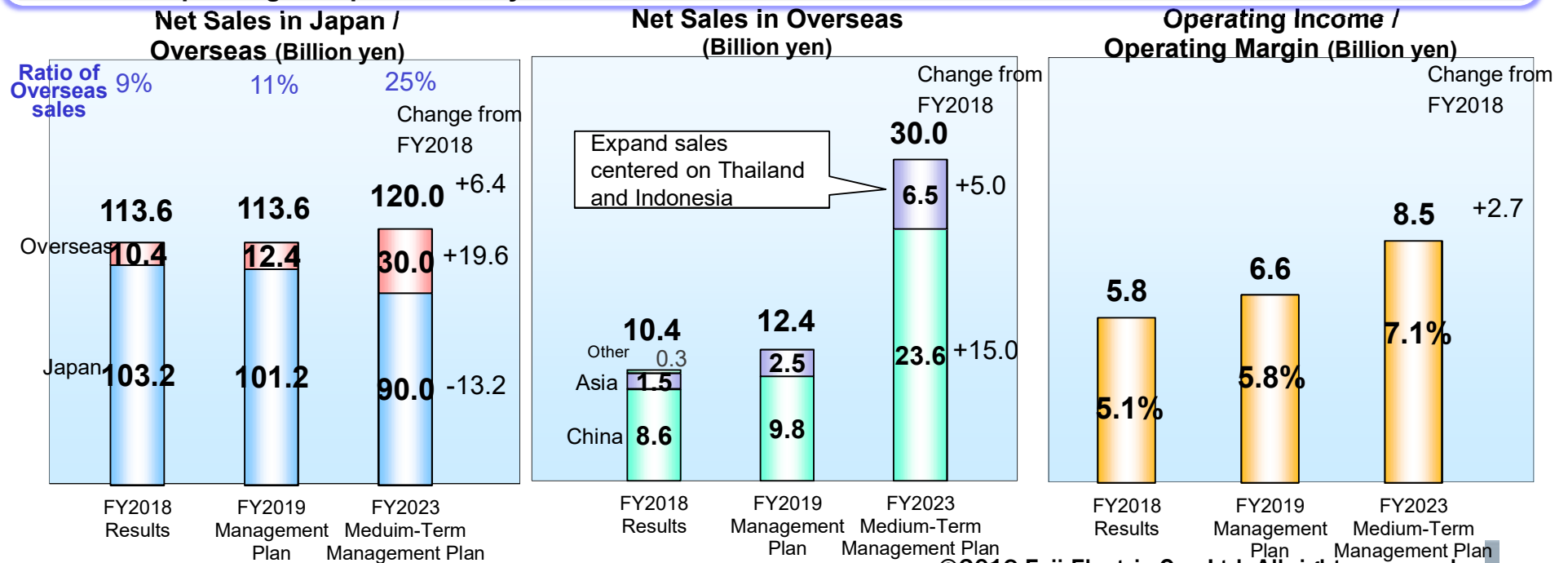
Business Policy / Business Plan

Business Policies

- Transform to combine **core products and systems businesses** with focus on the expansion of core products boasting strength
- Expand overseas operations (**China and other parts of Asia**)

Priority Measures

- Expand systems businesses geared toward addressing customer needs
(Maximization of efficiency in vending machine operations, store labor-saving solutions, energy-saving products, facility management)
- Enhance **sensing technologies** and **communications and information coordination technologies** to expand systems businesses
- Construct optimal global production system



【Overseas Vending Machine】 Transform to Combine Core Products and Systems Businesses

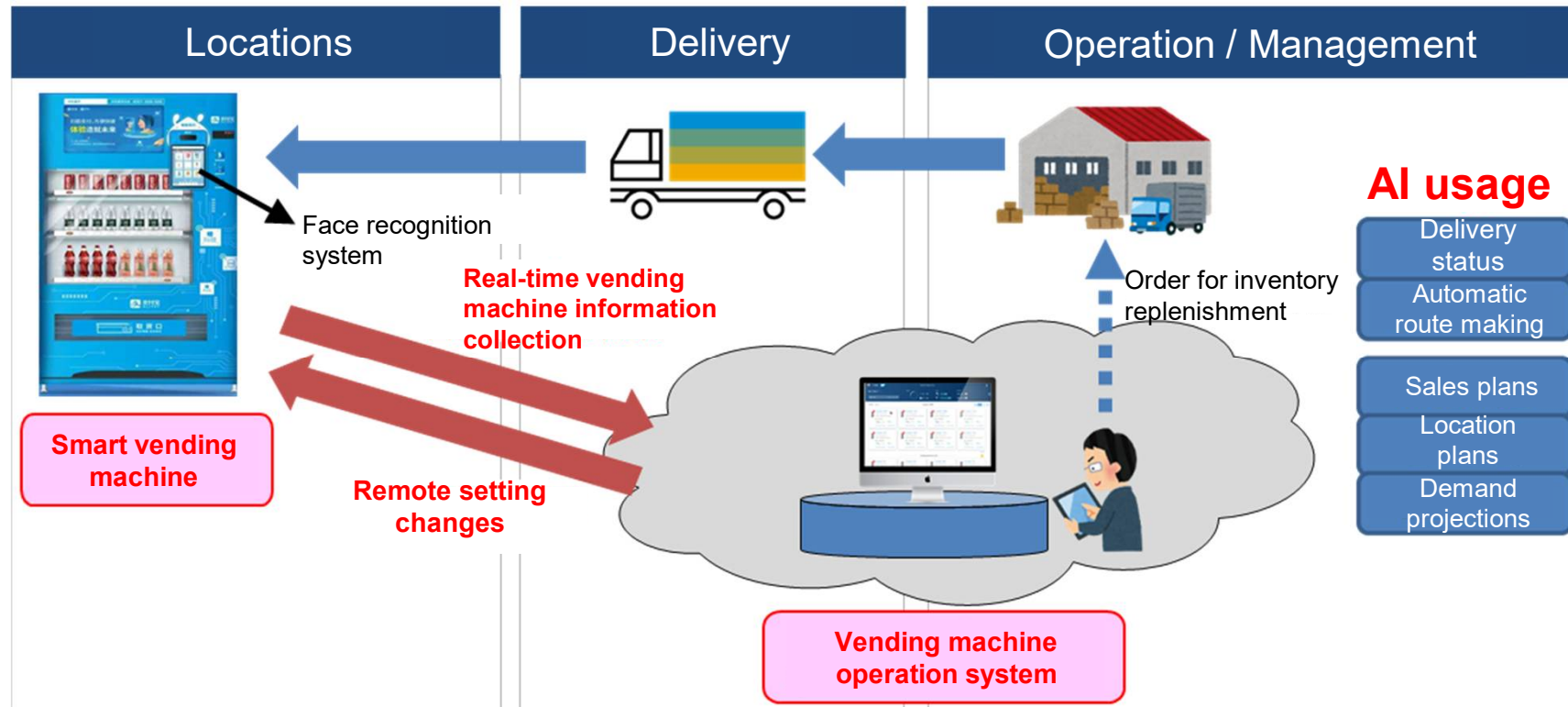
◆ Continue expanding businesses through sales of solutions combining smart vending machines and operation systems

【Current Challenges in Vending Machine Operations】

- Lack of vending machine operation expertise
- Low investment returns on vending machines

【Future Business Model】

Provision of comprehensive vending machine and operation system bundles



Benefits for customers

Improvement of route efficiency, reduction of lost sales opportunities, and other contributions to increased earnings power

【Overseas Vending Machine】 Market Projections and Priority Measures

- ◆ China: Growth to be driven by diversification of customer needs despite opaque economy (Market entry by major beverage manufacturers and new players)
- ◆ Asia: Market still taking shape, but rising vending machine needs centered on Thailand (Participation by major new customers, rising need for new vending machines due to trend toward cashless payment)

Priority Measures

- Transform to combine core products and systems businesses

- Expansion of sales channels

Utilization of sales companies, collaboration, and distributor network development

- Bolstering of model lineup

IoT compatibility, low-priced models, and high-value-added models

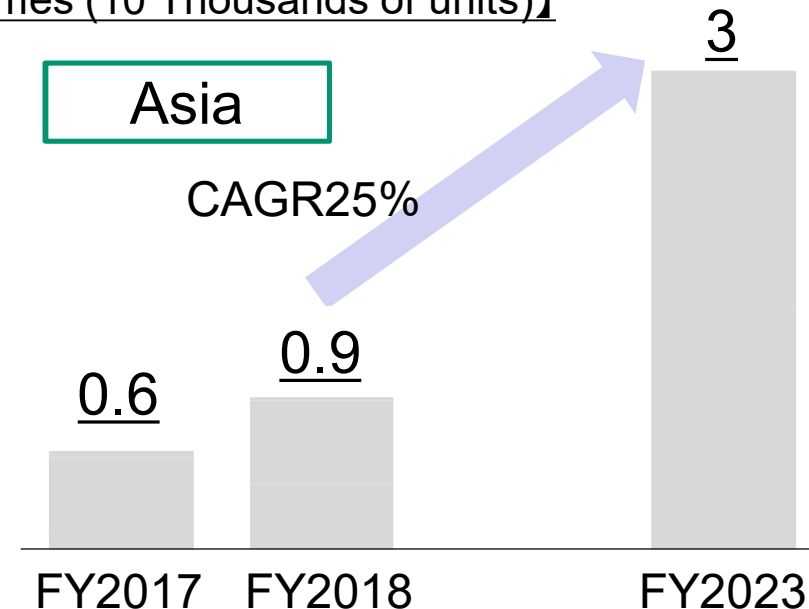
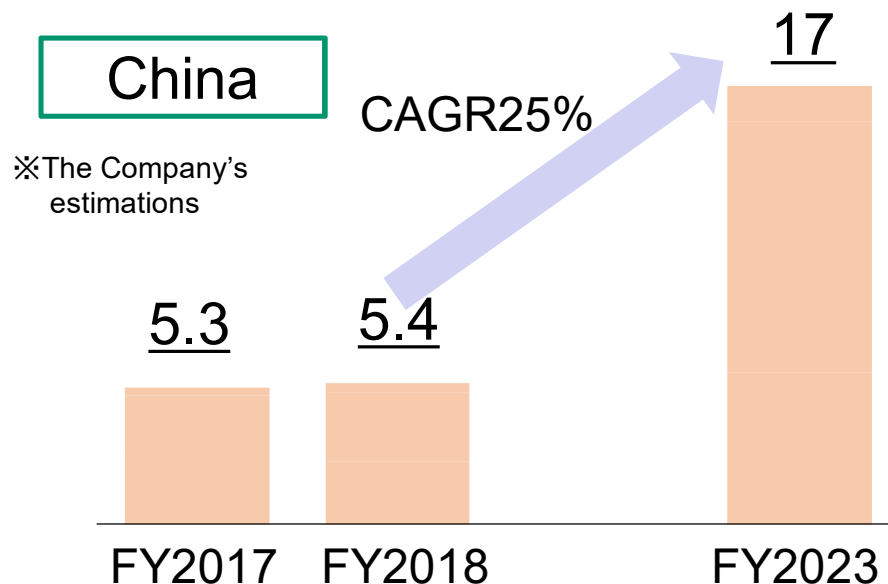
- Cost reductions

Local procurement, planning, and development and in-house production

- Reinforcement of service systems

Utilization of DFBS and FMS

【 Vending Machine Market Scale : Shipment Volumes (10 Thousands of units)】



*DFBS : Dalian Fuji Bingshan Vending Machine Sales Co., Ltd.
FMS : P.T. FUJI METEC SEMARANG

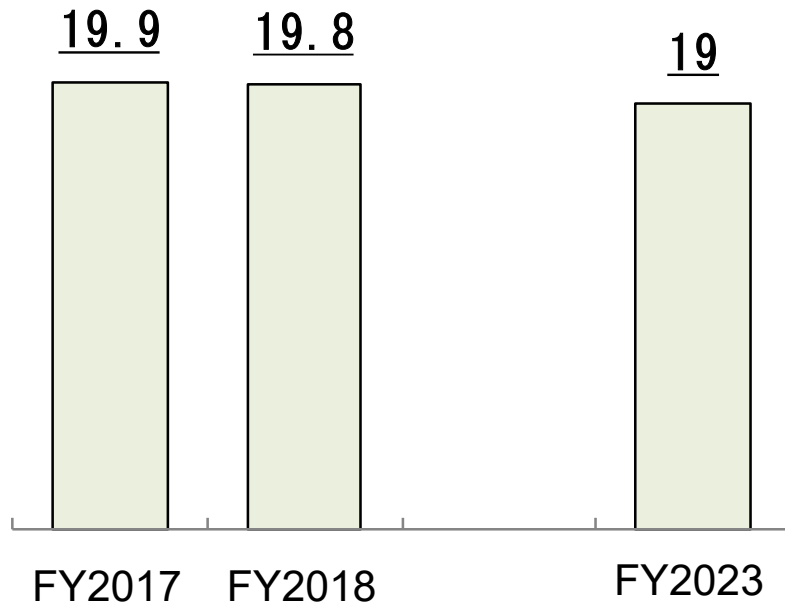
【Domestic Vending Machine】 Market Projections and Priority Measures

- ◆ Contraction of beverage market stopped in 2016, current conditions to become normal going forward
- ◆ Increase in need to boost sales of items offered in vending machines and reduce labor requirements among customers in conjunction with aging population, falling birth rate, and labor shortfalls

Priority Measures

- Maintenance of top share through customer retention activities
- Proposal of development of new products in response to customer needs (boosting sales of items offered in vending machines)
- Provisions of systems for resolving customer issues (need for operational efficiency increases) with IoT and AI technologies

【 Vending Machine Market Scale :
Shipment Volumes (10 Thousands of units)】



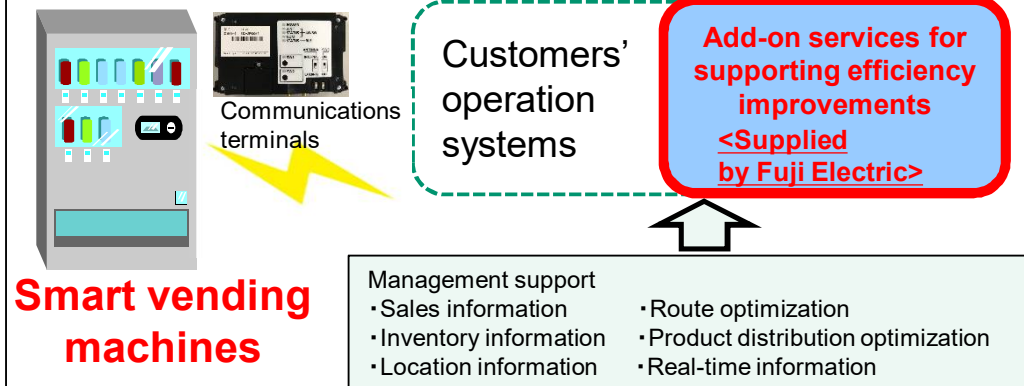
※The Company's estimations

【Current Customer Challenges】

- Labor shortfalls, declining sales of items offered in vending machines

【Future Business Model】

- Provision of frameworks for improving customer operations
⇒ Labor saving, simplification,* and efficiency improvement
⇒ Optimization for increasing sales



*Simplification of operation procedures to enable them to be performed even by the inexperienced

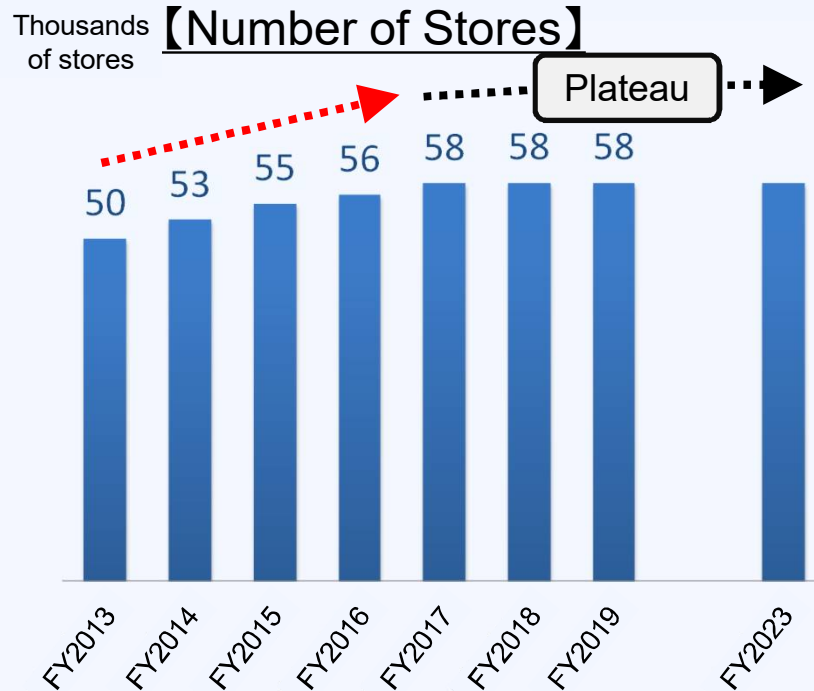
【Domestic Store Distribution】 Market Projections and Priority Measures

- ◆ Convenience store saturation with **58,000 stores** primarily operated by oligopoly comprised of three major companies
- ◆ Transition from competition through store openings to focus on bolstering sales on an individual-store basis (**new stores** → **renovations**)
- ◆ Increase in **labor-saving and energy-saving needs** driven by labor shortfalls

Priority Measures

- Expansion of core products boasting strength and systems businesses
- Deployment of new products that address labor-saving needs (departure from 24-hour manned stores)
- Promotion of in-house production of equipment, etc.

Domestic Convenience Store Market



※The Company's estimations

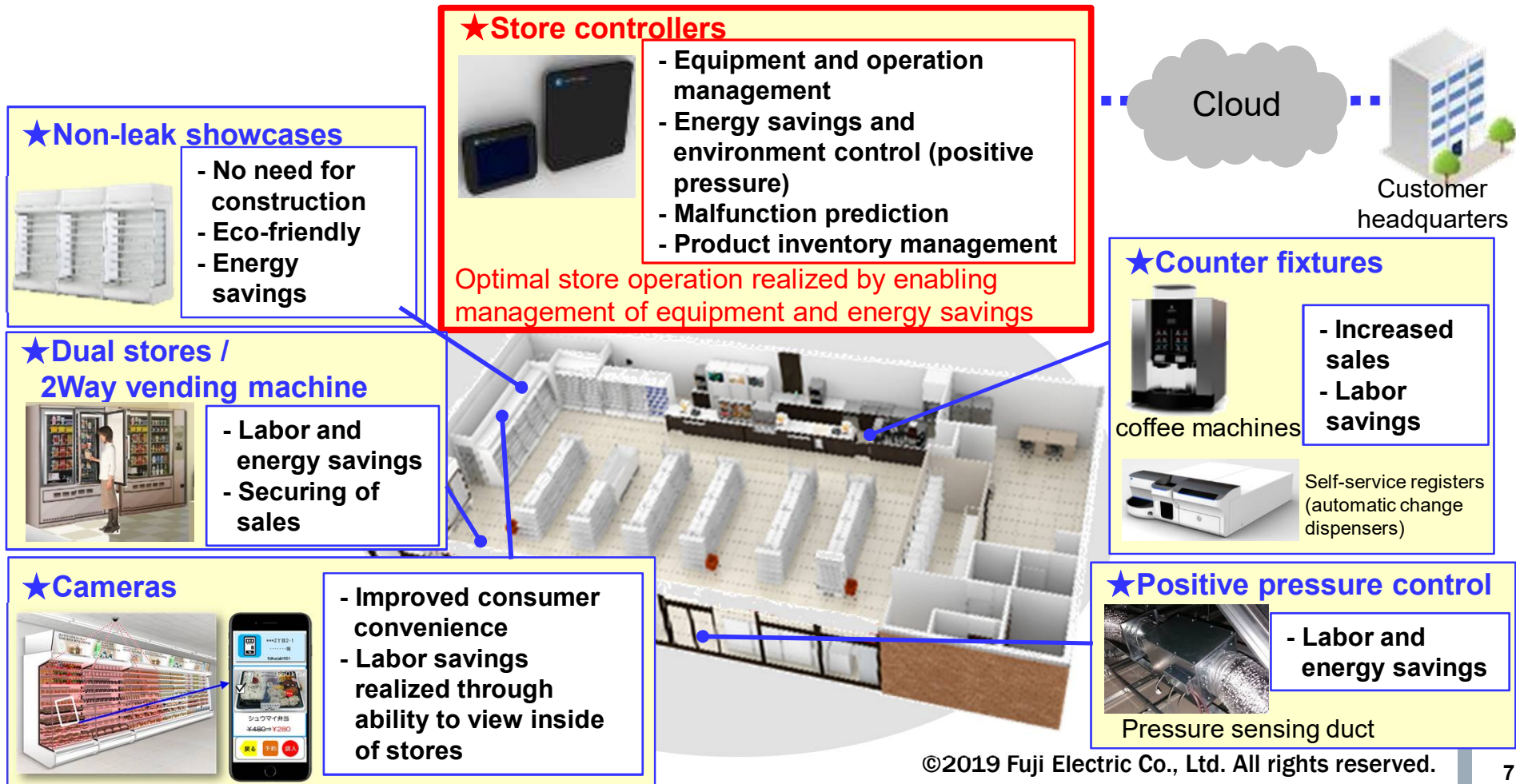
【Domestic Store Distribution】

Transformation to Combine Core Products and Store Management Systems

◆ Realization of comprehensive store solutions combining existing technologies with sensing technologies and communications and information coordination technologies

Current Store Operation Landscape (Challenges)

Equipment management	Lack of accuracy and traceability due to paper documentation by human hands
Energy saving management	Inability to identify reasons for differences in electricity bills between similar stores



【Domestic Store Distribution】

Dual Stores / 2Way Vending Machines (Labor Savings)

- ◆ Rising demand for **new store formats** in conjunction with reevaluation of need to operate convenience stores 24 hours a day

Changes in Store Operation Landscape

- Rising wages due to shrinking workforce and labor shortfalls
- **Difficulty in securing night shift workers**
- Diversification of store formats and **securing of sales** at existing stores

Dual Stores / 2Way Vending Machines

【Daytime (showcases = manned stores)】



【Nighttime (vending machines = unmanned stores)】



Provision of store formats that utilize automation technologies to move away from 24-hour manned stores

【Domestic Store Distribution】 Positive Pressure Control (Labor and Energy Savings)

◆ Proposal of **system solutions** that address store labor-saving and energy-saving needs

Current Store Operation Landscape

- Increased influx of outside air from opening and closing of doors resulted from negative pressure environment
- ⇒ **Issues: Increased burden on air conditioning, influx of dust and garbage**

Positive Pressure Control

Detection and control of differences between pressure inside and outside of stores to adjust air supply and maintain positive pressure

- ⇒ **Benefits: Energy savings** from reduced burden on air conditioning
Labor savings (reduced need for cleaning) from limiting influx of dust and garbage

【Standard store: Negative pressure】

→ Outside air flows into store



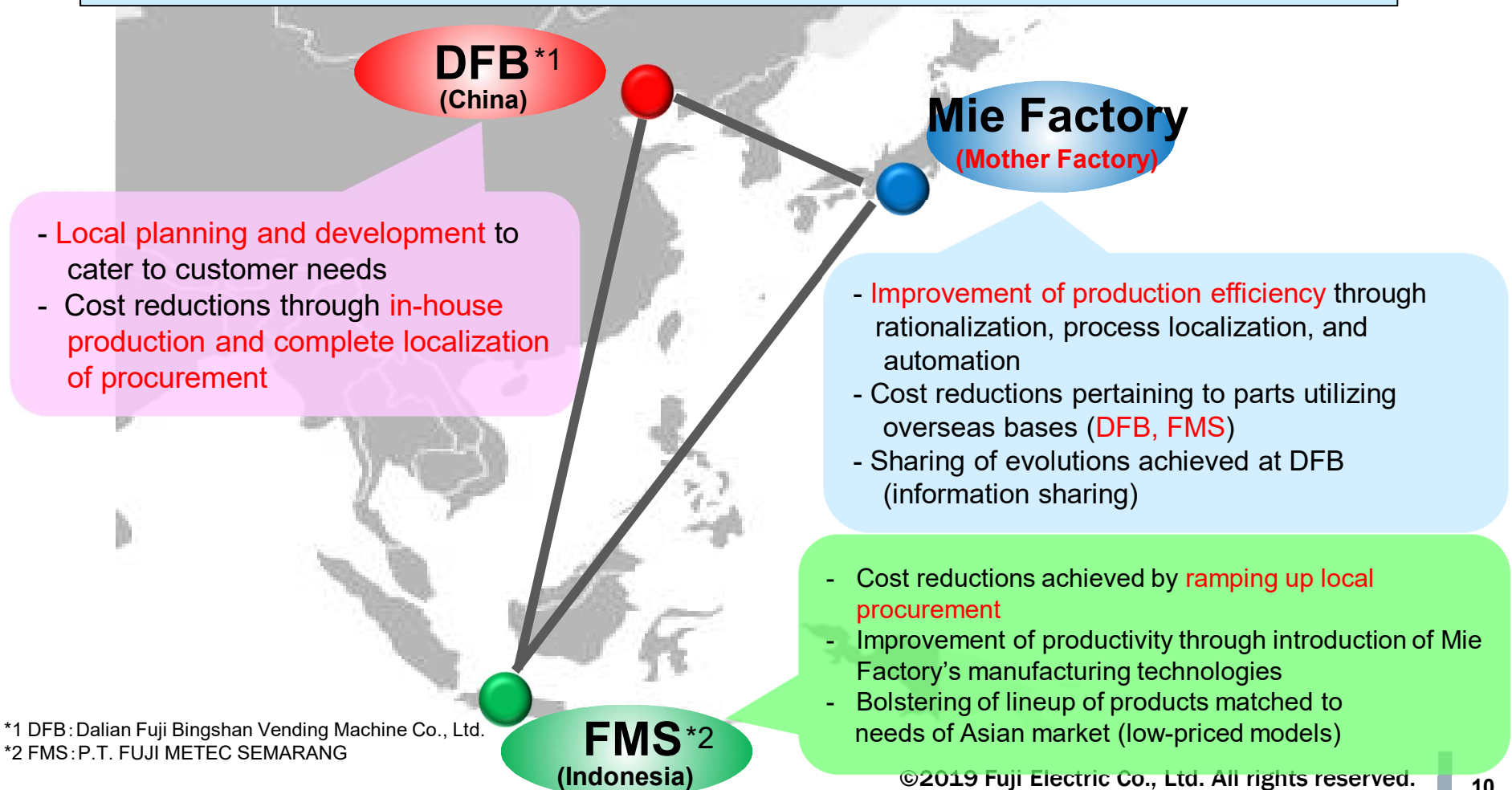
【Positive pressure-controlled store: Equal pressure inside and outside of store】

→ Outside air does not flow into store



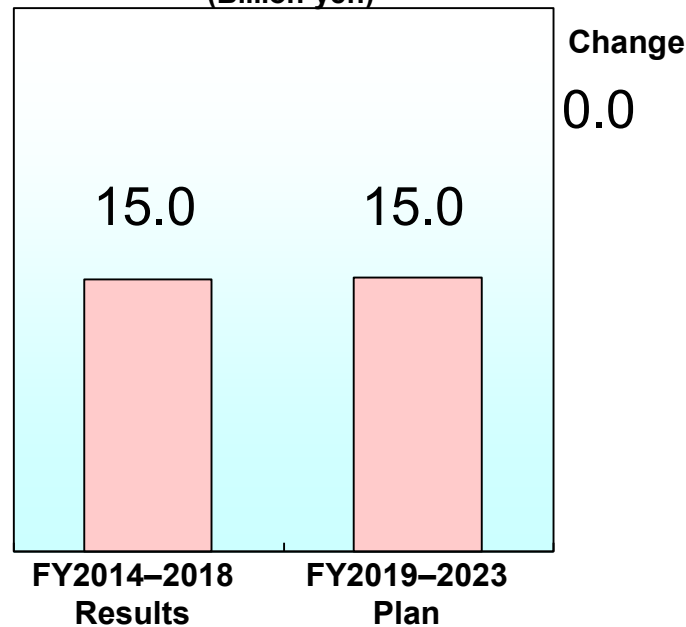
Global Production System

- ◆ Optimization of manufacturing base network with Mie Factory positioned as mother factory (local production and consumption)
 - Reinforcement of base foundation to expand vending machine markets in China and Southeast Asia
 - Reduction of costs at overseas bases and more optimal procurement
 - Swift responses to local customer needs



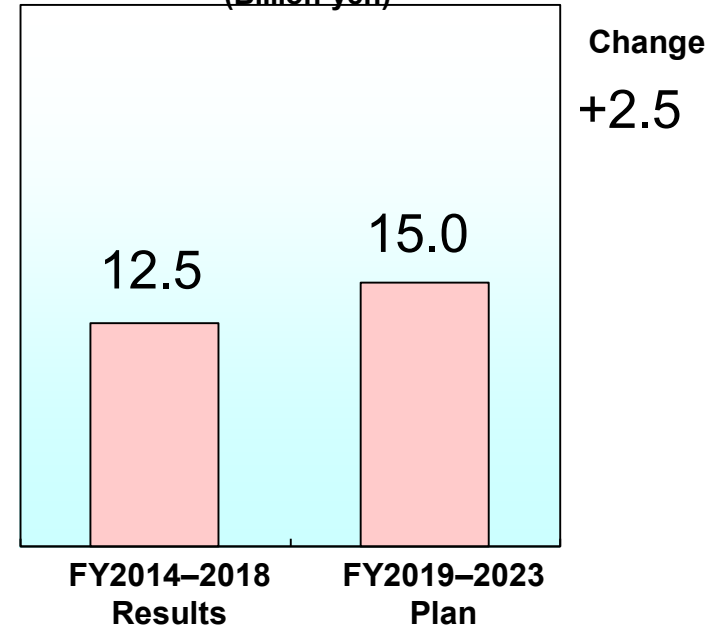
Capital Investment

(Billion yen)



Research and Development

(Billion yen)



● Capital Investment

- Mie: Invest in production efficiency (rationalization, process localization, and automation)
- DFB: Invest in additional assembly lines and dies (production increases and model expansion)
- FMS: Introduce Mie Factory's manufacturing technologies (progressive presses, automatic welding lines, and powder coating)

● Research and Development

- Enhance sensing technologies for use in development of smart vending machines and labor-saving and energy-saving store products
- Develop systems business products utilizing IoT and AI

※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.

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