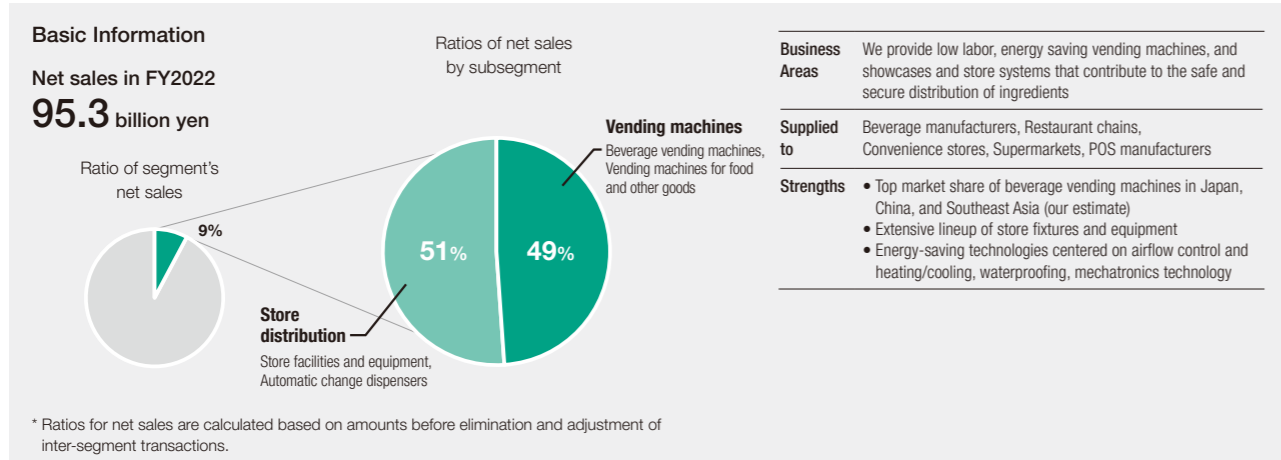


## Food and Beverage Distribution



**We will enhance profitability by introducing high-value-added products to the market and promoting cost reduction and streamlining in order to explore new areas.**

**Keiichi Asano**  
Executive Officer  
Corporate General Manager, Food and Beverage Distribution Business Group

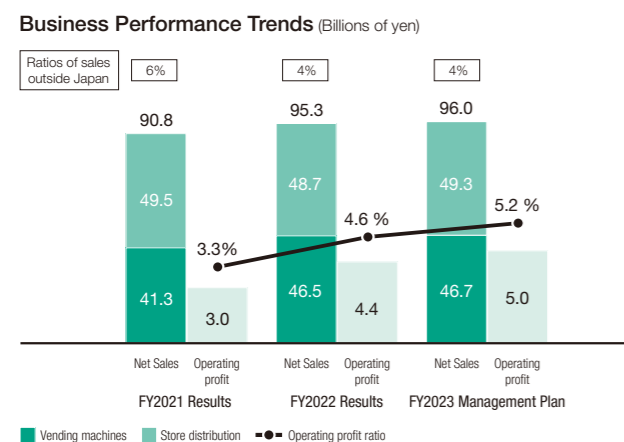


## Market Trends and Business Opportunities

As the COVID-19 situation is improving, the food and beverage distribution market continues to recover and we anticipate the market conditions to be almost the same level as the previous fiscal year. New business opportunities are arising as needs are diversifying to include energy saving, labor saving, and contract-free, non-face-to-face interactions.

Subsegments	Market Trends and Business Opportunities
Vending machines	In Japan, we expect investments for vending machines to be at the same level as the previous year as there is a continuing demand for IoT services to achieve energy saving and streamlining of operations, and growing needs of customers newly adopting vending machines resulted from growing sales demand for frozen and other foods. Overseas, market conditions are recovering with increasing replacement demand in China and diversification of customer needs for energy saving and eco-friendliness.
Store distribution	Along with an increase in demand for store renovations to meet energy-saving requirements, particularly in convenience stores, needs are diversifying to include labor saving, food loss reduction, contact-free, non-face-to-face interactions, and satellite locations.

## Fiscal 2022 Results and Fiscal 2023 Plan



In fiscal 2022, despite deterioration in profit as a result of allocating allowance for doubtful accounts for our Chinese subsidiary, we achieved increase in sales and profit thanks to factors including increase in investment in vending machines mainly by Japanese beverage manufacturers, more high-value-added products, and promotion of cost reduction in the vending machine and store distribution businesses.

In fiscal 2023, we forecast net sales of ¥96.0 billion, up ¥0.7 billion year on year, and operating profit of ¥5.0 billion year, up ¥0.6 billion, with an operating profit ratio of 5.2%, driven mainly by further deployment and expansion of high-value-added products in both vending machine and store distribution businesses.

## Priority Measures

### Deploying high-value-added products and promoting price strategy in the vending machine business

In the vending machine business in Japan, we will offer high-value-added vending machines that meet such needs as energy saving and digital transformation (DX) and enhance the value we provide to our customers.

For beverage manufacturers, we will offer DX-related products including sustainable vending machines, which reduce energy consumption by maximum 20% compared to our conventional models (85% reduction from 2001), a dynamic pricing function, which offers the flexibility to change the price of products depending on demand trends, and vending machine IoT services for beverage manufacturers and vending machine operators to improve the efficiency of product replenishment operations.

For customers who are considering new adoption of vending machines to respond to needs such as contact-free, non-face-to-face, and 24-hour sales, we will launch upgraded frozen food vending machines as fiscal 2023 models.

To enhance profitability, in addition to passing on increased material prices, we will implement a pricing strategy for high-value-added products. We will also reduce costs by creating platforms, as well as promote service reform, operational streamlining, and other rationalization.

For overseas markets, we will promote a selective and

focused sales strategy for customers with strong purchasing power. We will offer differentiated products that meet the needs, for example, beverage vending machines with energy saving functions in China, and food vending machines with conveyance functions in Asia.

### Proposing solutions that meet diversifying needs

In the store distribution business, we will continue to propose total solutions to meet needs such as energy saving and labor saving.

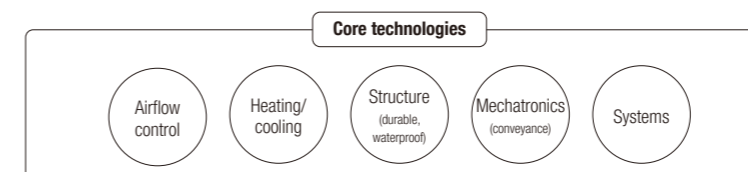
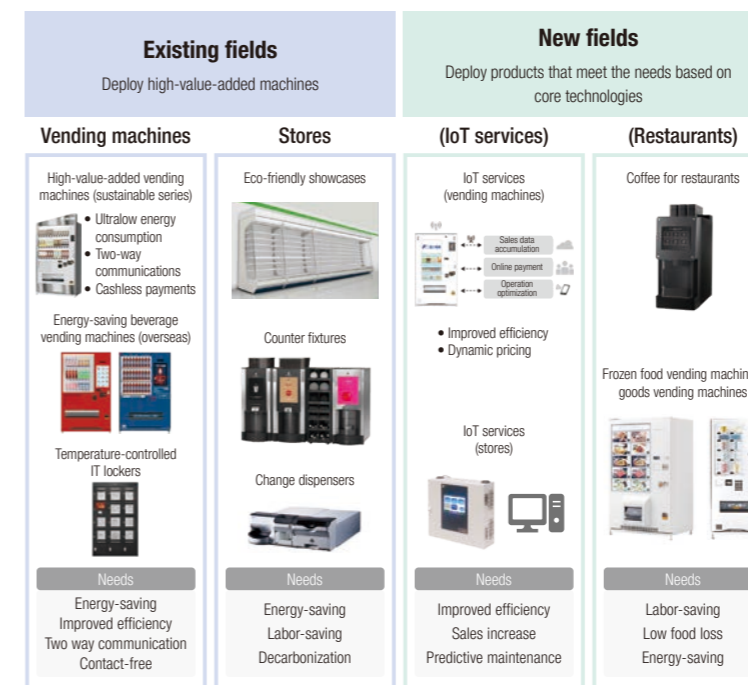
For convenience stores, we will offer differentiated functions and launch high-value-added products, including eco-friendly showcases, store IoT services, and new counter fixtures.

We are also introducing new coffee machine models for restaurant chains to expand sales.

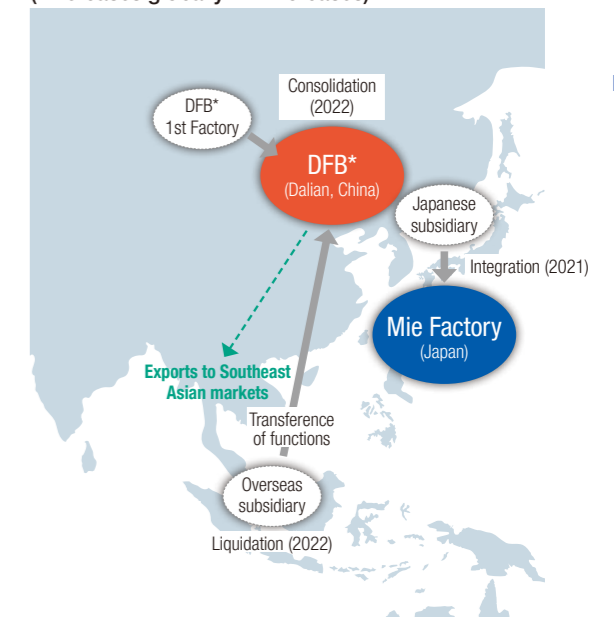
### Enhancing business constitution through reorganization of the manufacturing system

We have reorganized our manufacturing system to better match the business scale, and consolidated the bases into two global locations in Japan and in China (Dalian). We will continue to pursue total cost reductions including cost reduction, improvement of operational efficiency, and improvement of productivity, in order to further enhance our business constitution.

### Deployment of High-Value-Added Products and Development of New Areas



### Reorganization of Manufacturing System (Five bases globally → Two bases)



\* DFB: Dalian Fuji Bingshan Vending Machine Co., Ltd.