

Food and Beverage Distribution Business Strategies for FY2025

Food and Beverage Distribution Business Group

May 27, 2025

Hello everyone.

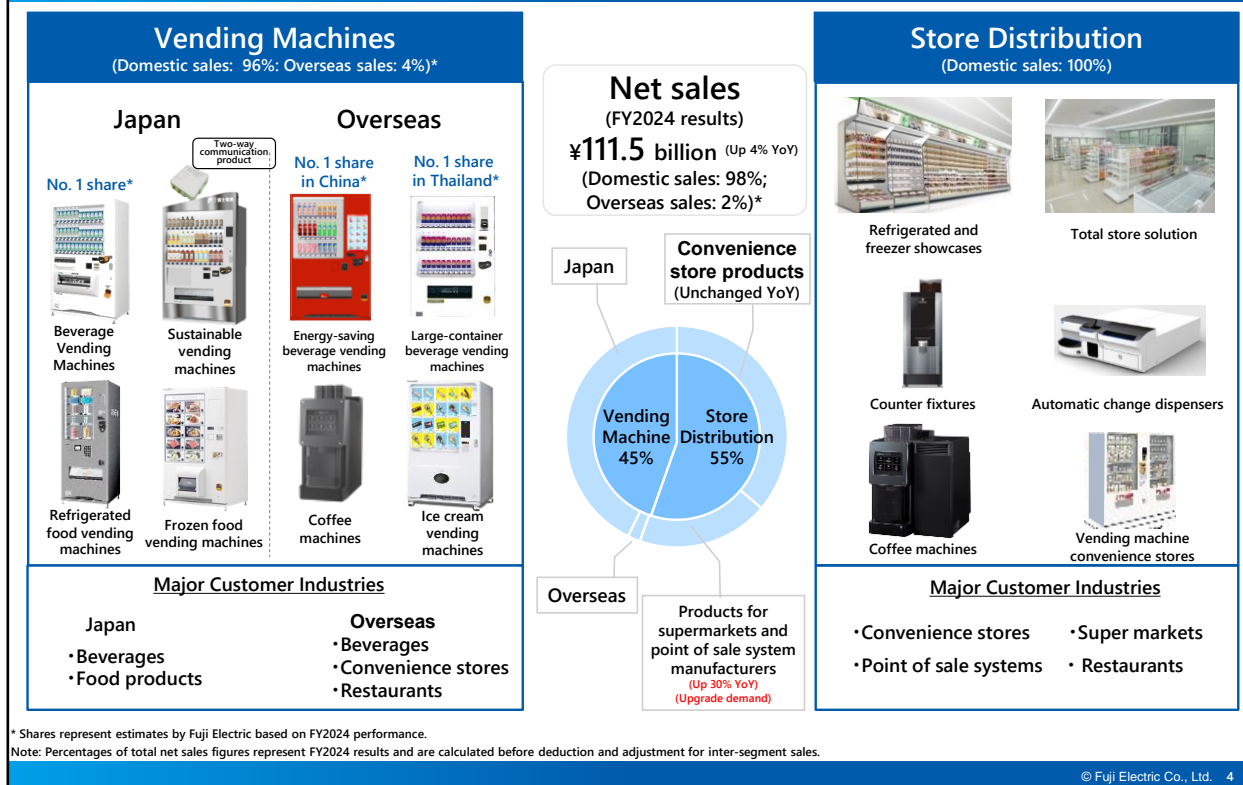
My name is Asano, and I am in charge of Food and Beverage Distribution Business.
Thank you for your attention. Now, allow me to begin my explanation.

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I will explain the business overview, review of FY2024, and the management plan for FY 2025.

1 Business Overview

Business Overview



* Shares represent estimates by Fuji Electric based on FY2024 performance.
Note: Percentages of total net sales figures represent FY2024 results and are calculated before deduction and adjustment for inter-segment sales.

I will explain the business overview.

The Food and Beverage Distribution business operates in two sub-segments: vending machines and store distribution.

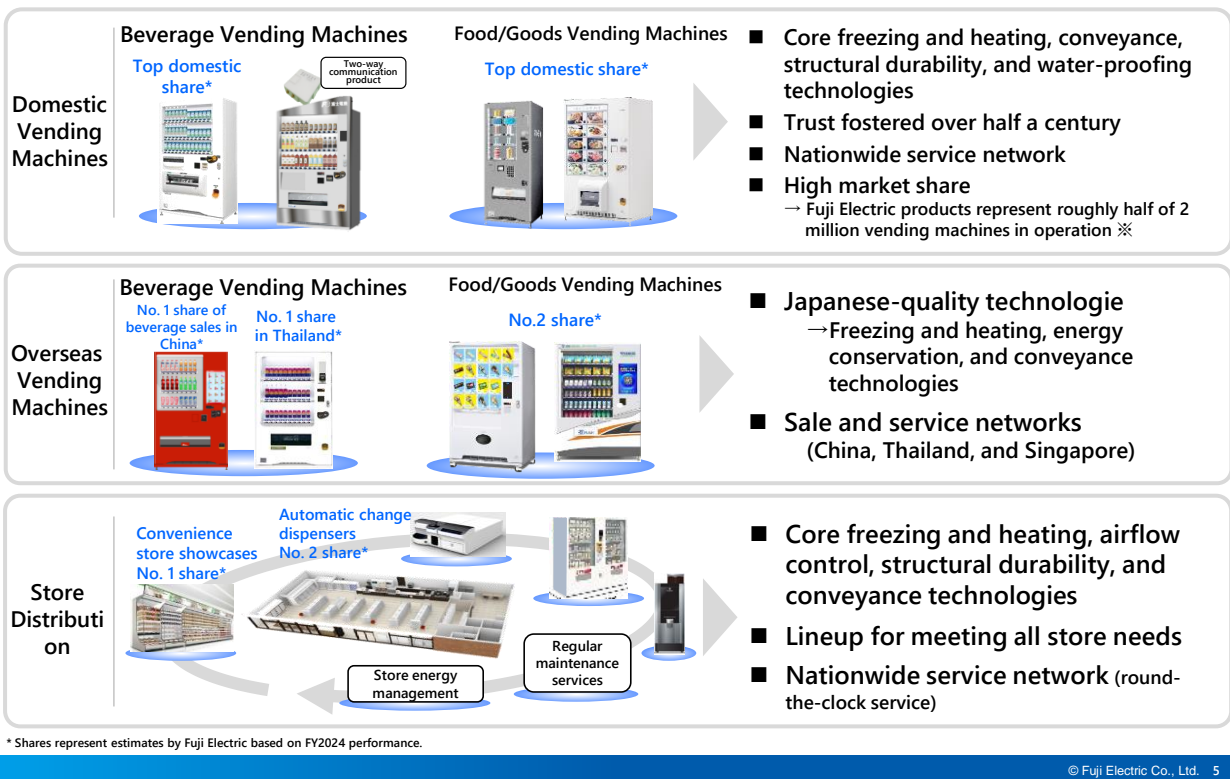
In the domestic vending machine segment, we maintain a top market share and conduct our business mainly with beverage manufacturers. We are driving our business forward by accelerating the evolution from conventional equipment to high value-added equipment.

Overseas, our main markets are China and Thailand in Southeast Asia, where we are actively expanding our business.

On the right side, regarding store distribution, we are rolling out a wide range of equipment such as showcases, counter equipment, and change dispensers, mainly to major convenience stores in Japan, to promote our business.

As shown in the central pie chart, the sales composition for FY2024 reflects a slightly higher sales ratio for store distribution, due to increased demand for equipment updates associated with the issuance of new banknotes in 2024.

Strengths of Food and Beverage Distribution Segment



Next, I would like to introduce the strengths of our business.

Our domestic vending machine business holds the number one position in market share for both beverage and food machines. Our strengths include industry-leading technological capabilities such as refrigeration/heating, dispensing, durability, and waterproofing, as well as the reliability we have cultivated over half a century.

Furthermore, we have a high market share, with approximately half of the machines operated in Japan manufactured by our company, enabling us to secure stable replacement demand, which is also recognized as one of our strengths.

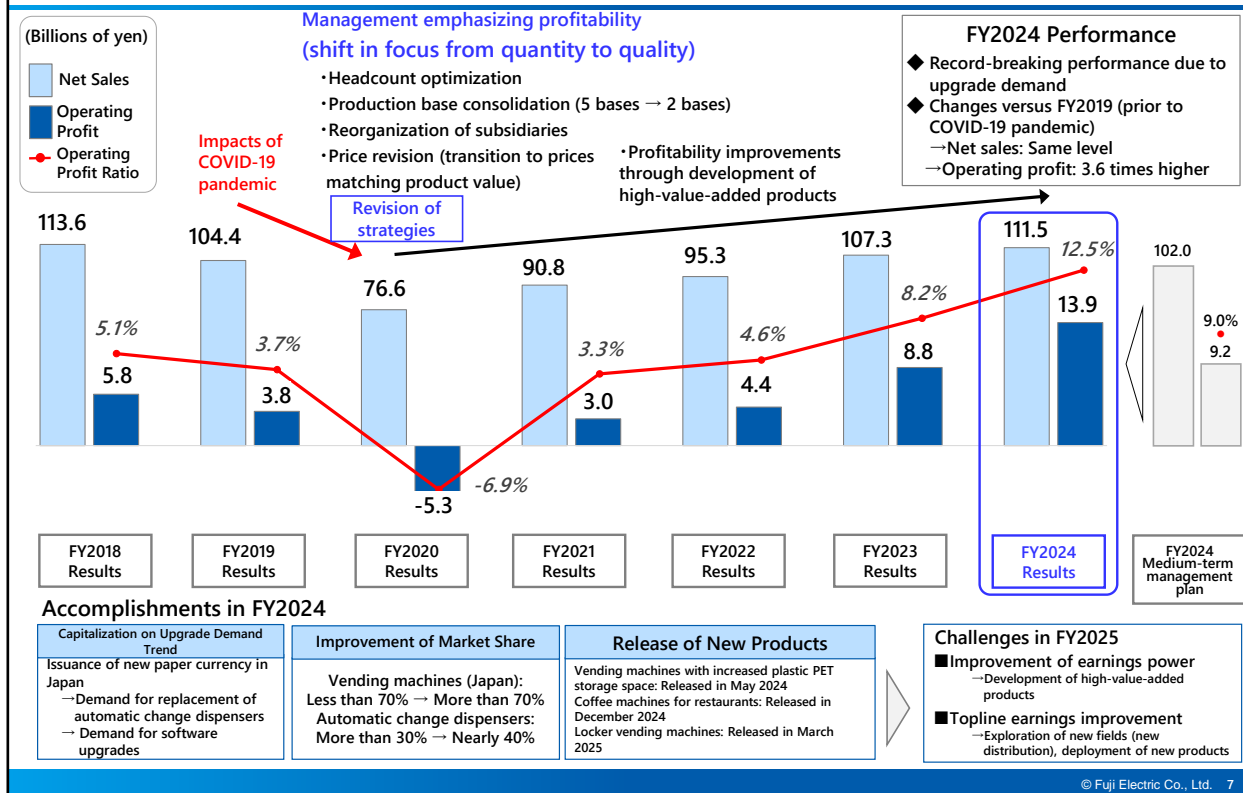
In addition, our overseas vending machine business holds the number one market share in China and Thailand. Our strength lies in possessing advanced Japanese-quality technology.

Our store distribution business holds the number one share of convenience store showcases and the number two position in change dispensers in Japan. Our strengths include a wide range of technologies such as refrigeration/freezing, airflow control, liquid extraction, and fine transport. In addition, we maintain a 24-hour, 365-day service system, which we believe has earned high customer evaluation.

2 Review of FY2024

I will explain the review of the FY2024.

Review of FY2024



This shows the performance trends since FY2018. For each year, sales are indicated on the left and operating profit on the right.

In FY2020, the Food and Beverage Distribution business was hit hard by the impact of COVID-19, resulting in a significant decline in performance. In this situation, we responded by revising our strategies. We shifted our direction from "quantity to quality" and "profit-oriented management," actively undertaking structural reforms such as optimizing personnel, reorganizing production bases, restructuring subsidiaries, and revising prices to reflect product value. As a result of these initiatives, we achieved a return to profitability in FY2021.

Since then, we have continued to improve profitability by increasing the added value of our products and reducing costs.

As a result, we have achieved continuous increases in both sales and profits, with FY2024 recording sales of 111.5 billion yen, operating profit of 13.9 billion yen, and an operating profit ratio of 12.5%.

On the far right is the FY2024 plan from the current medium-term management plan formulated last year. Compared to this, driven by demand for renewals and increased sales and profits mainly through store distribution, we have exceeded the targets.

Furthermore, both the amount and rate of profit have reached record highs.

Compared with the pre-COVID-19 level in 2019, sales have returned to similar levels, while

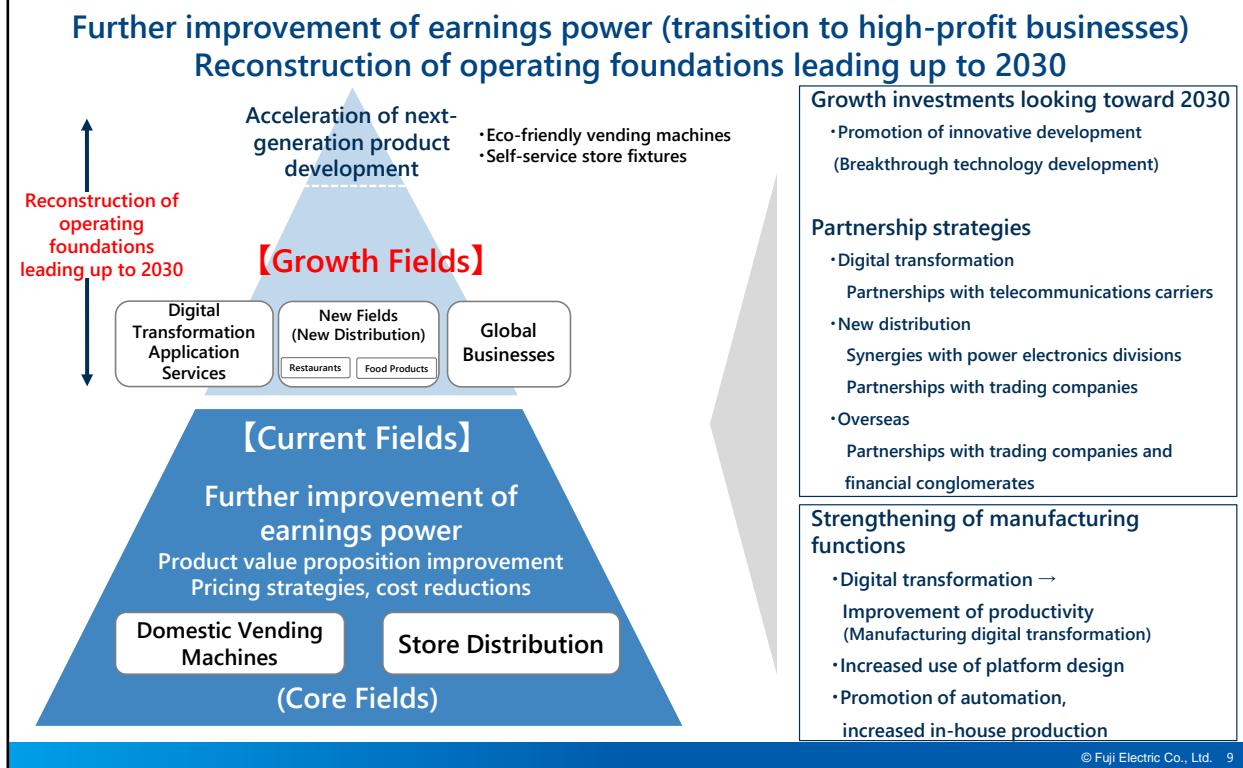
operating profit has increased more than threefold, and we recognize that our business is now capable of generating stable profits.

As for challenges, we recognize the need to further strengthen our earning power and expand our top line.

3 Management Plan for FY2025

I will explain the business plan for FY2025.

Overview of FY2026 Medium-Term Management Plan



This is the overall picture of the medium-term plan for food distribution that we presented last year.

Our business policies are "further strengthening of profitability" and "establishing a business foundation for 2030."

We will continue to move forward in line with this plan in FY2025 as well.

	Operating environment Changes in needs	Business opportunities Response to needs (provision of value)	Market Trends (FY2024 to FY2025)	
Vending Machines	Japan (Existing Fields)	<ul style="list-style-type: none">•Energy conservation, green power•Improvement of vending machine operational efficiency	<ul style="list-style-type: none">•Proposal of high-value-added vending machines•Expansion of digital transformation application services	Vending Machines → Investment curtailing
	Japan (New Fields [New Distribution])	<ul style="list-style-type: none">•Automation of fresh food sales•Automated medicine sales made possible by regulatory reforms	<ul style="list-style-type: none">•Promotion of sales of locker vending machine•Proposal of medicine vending machines	New Fields → Growth
	Overseas	<ul style="list-style-type: none">•Changing tastes•Diversification of product lineup	<ul style="list-style-type: none">•Proposal of global-specification coffee machines•Promotion of ice cream vending machines	China → Unchanged Asia → Unchanged
Store Distribution	Convenience stores	<ul style="list-style-type: none">•Eco-friendliness (shift toward non-fluorocarbon gas and lower GWP)•Diversification of tastes	<ul style="list-style-type: none">•Reduction of GWP of showcases•Proposal of new counter fixtures	Convenience Stores → Unchanged
	Automatic change dispensers	<ul style="list-style-type: none">•Convergence of upgrade demand•Trend toward space saving	<ul style="list-style-type: none">•Proposal of new automatic change dispensers	Automatic change dispensers → Dissipation of upgrade demand
	New Fields (New Distribution)	<ul style="list-style-type: none">•Labor saving to address labor shortfalls (restaurants)	<ul style="list-style-type: none">•Accelerated promotion of self-service coffee machines	New Fields → Growth

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I will explain the surrounding business environment and market trends.

In the domestic vending machine market, there is a trend among beverage manufacturers to restrain investments in vending machines, and we expect the market to shrink compared to the previous year. Our company aims to expand into new markets by proposing high value-added vending machines, expanding DX-applied services, and introducing innovative vending machines such as locker-type models that have not been seen before.

In the overseas vending machine market, especially in China and Asia, there are changes in food preferences, including a growing demand for coffee. By introducing products such as global coffee machines and ice vending machines, our company plans to expand orders in these markets.

In the convenience store sector within retail distribution, we expect renovation investments to remain almost flat compared to the previous year. Our company will respond by timely launching products such as environmentally friendly showcases and new counter equipment.

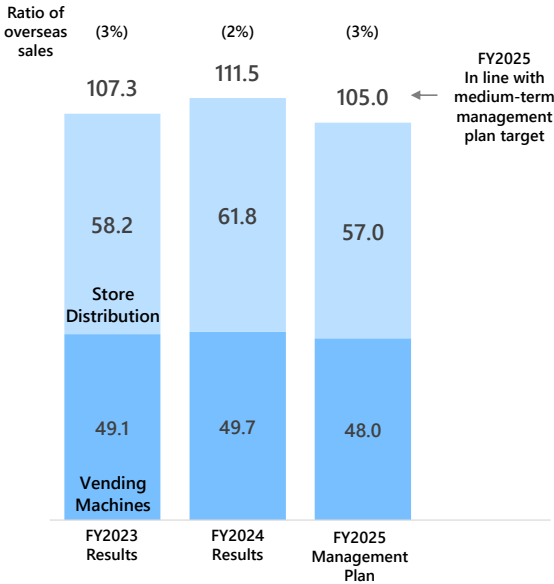
In the money handling equipment sector, demand is expected to decline due to the fading of currency redesign demand, but we aim to expand orders by introducing space-saving vertical automatic change machines.

Lastly, in new segments of retail distribution, particularly in the food service sector, needs such as labor saving, automation, and manpower reduction have become apparent. We will focus on the self-service coffee machines for the food service

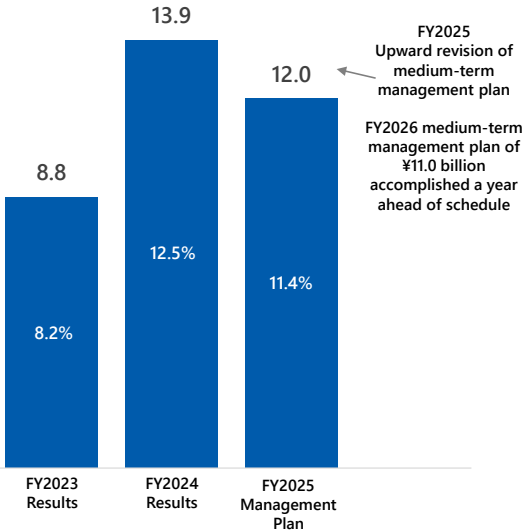
sector that we introduced last year and accelerate order expansion.

YoY decrease in sales due to temporary benefits of upgrade demand
Operating profit reaching level targeted by FY2026 medium-term management plan a year ahead of schedule

Net Sales by Subsegment (Billions of yen)



Operating Profit / Operating Profit Ratio (Billions of yen)



In this context, I will explain the business plan.
On the left is net sales, and on the right is operating profit.

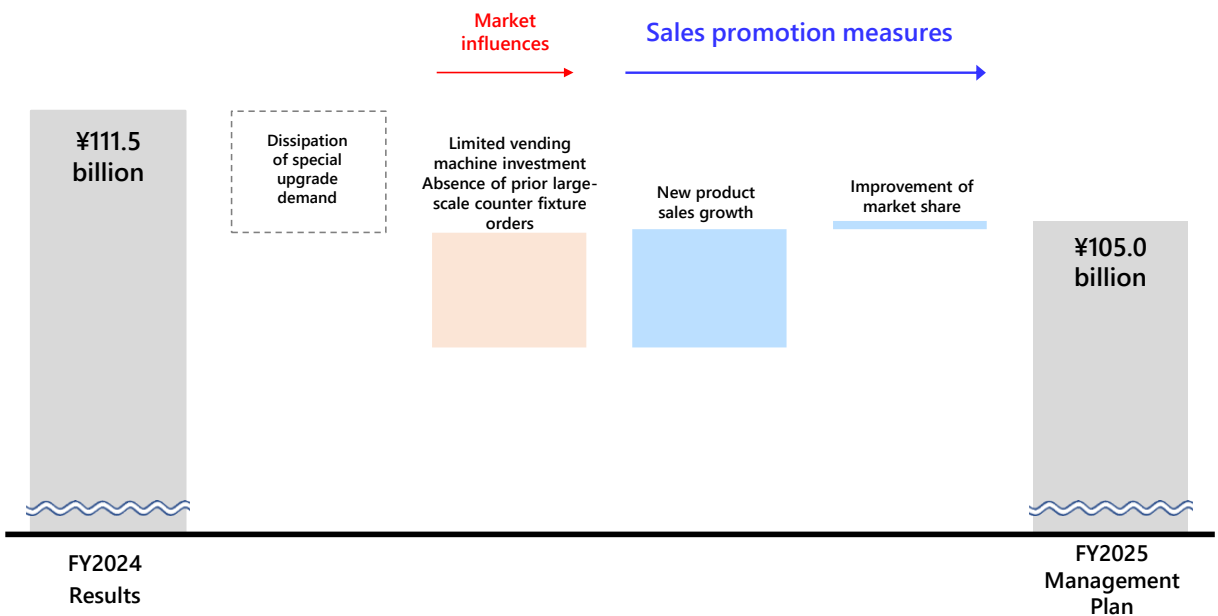
Regarding sales, there will be a decrease in revenue due to the decline in demand from the currency redesign in FY2024, and we are planning for 105 billion yen in sales. Compared to the target for FY2025 in the medium-term plan, this is almost as planned.

On the right is operating profit.
We are planning for an overall operating profit of 12 billion yen, with an operating profit ratio of 11.4%.

Although this represents a decrease in profit from the previous year, compared to the medium-term plan, it is a revision upwards against the FY2025 target, and demonstrates a stance of achieving the FY2026 medium-term plan goals one year ahead of schedule.

Net Sales Forecast (YoY Changes)

Sales promotion measures to grow new product sales and market share to be advanced despite decline in sales associated with dissipation of special upgrade demand

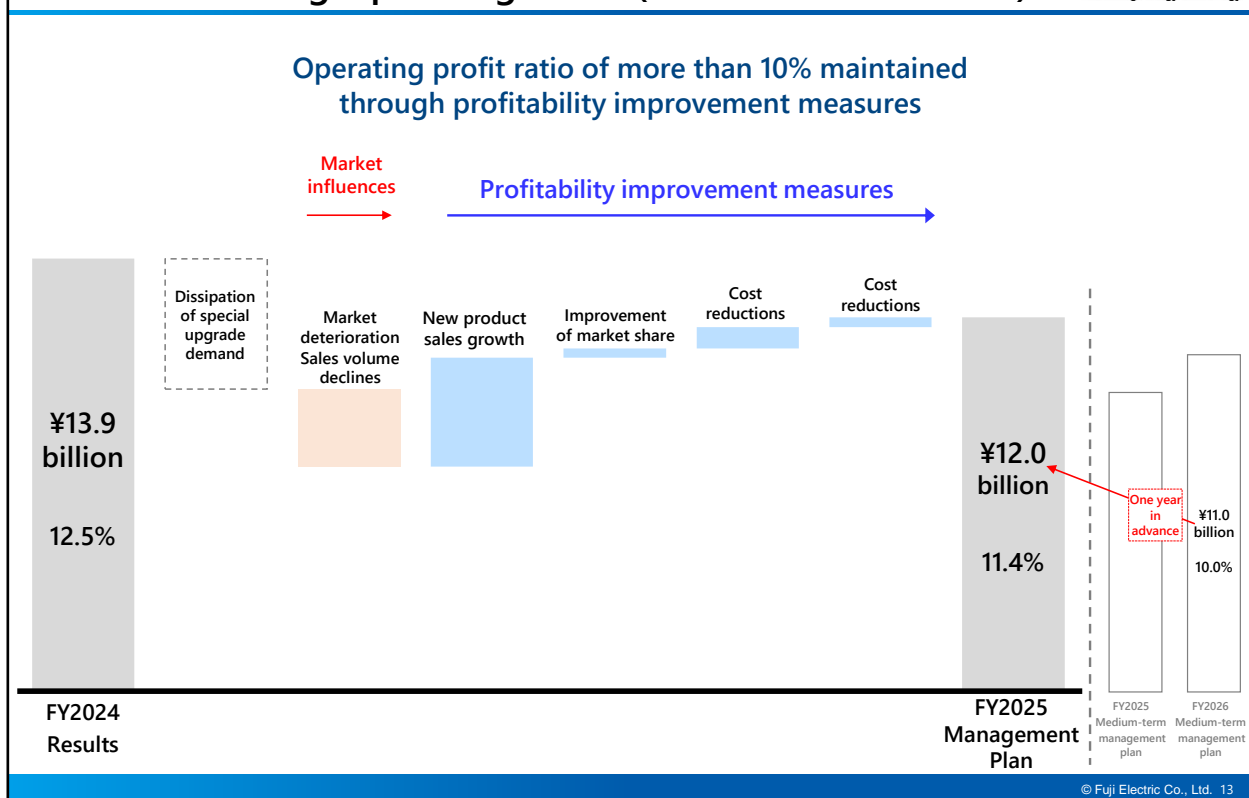


This is a graph showing the year-on-year change in sales.

In FY2025, in addition to the loss of the special demand from the currency redesign, there will be a decrease linked to market trends as mentioned earlier. However, we aim to offset this with sales expansion measures such as the expansion of new products and increased market share.

The expansion of new products will be a key point, which I will explain in detail later.

Factors Affecting Operating Profit (Year-on-Year Growth)



Next, this is the year-on-year change graph for operating profit.

As with sales, there are negative factors, but we will roll out measures to improve profitability and work to offset them.

Specifically, as mentioned earlier, we will expand new products, and in addition to the volume effect of increasing our share through high value-added products, regarding cost reduction, although there is an impact from rising material prices, we plan to offset this through cost-cutting and improve profit and loss.

Furthermore, regarding expenses, although there are increases in labor and logistics costs, we will work to increase profits by controlling other expenses.

As shown on the far right, the medium-term plan for FY2026 aims for an operating profit of 11 billion yen and an operating profit ratio of 10%. We are planning to achieve this target one year ahead of schedule.

Improvement of Earnings Power and Operating Foundation Reconstruction (Topline Earnings Improvement)

Improvement of profitability

① Domestic Vending Machines

• Deployment of high-value-added vending machines matched to customer needs and advancement of pricing strategies



② Store Distribution

• Convenience store showcases → Promotion of high-value-added products to increase market share

• Development of new high-value-added products (new counter fixtures, automatic change dispensers)



③ Reductions in total costs

• Optimization and digital transformation of manufacturing systems

• Expansion of platform designs

• Promotion of automation and expansion of in-house production

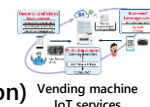


Operating foundation reconstruction (Topline sales growth)

① Digital transformation application services

• Deployment of operational efficiency improvement services (vending machines)

• Redoubling of energy management proposals (store distribution)



② Exploration of new distribution services (New Distribution)

• Entry into new fields (restaurants, food products, and logistics)

(New products: Accelerated deployment of coffee machines for restaurants and locker vending machines)



③ Global strategies

• Deployment of new products matched to needs and expansion of regional coverage



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I will explain the key initiatives.

We will implement them along two axes: strengthening profitability and expanding the top line.

I will explain each initiative in detail later, but to highlight the main points:

For strengthening profitability,

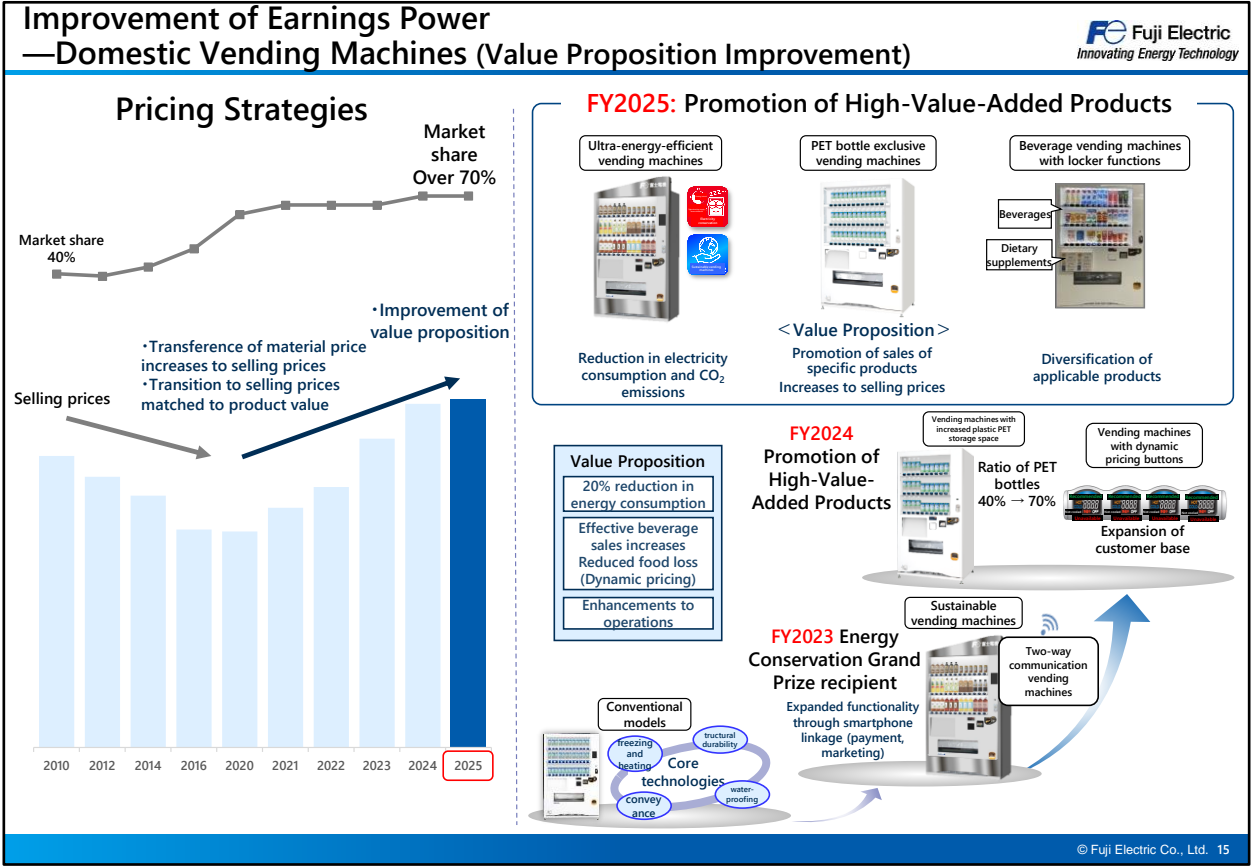
we will promote higher value-added vending machines in Japan.

For store distribution, the focus will be on launching new products with high added value.

Regarding overall cost reduction, we will strengthen DX promotion, automation, and in-house production to improve profitability.

As for expanding the top line, we will introduce new products into new fields.

I will explain this in more detail later.



I will explain our initiatives regarding domestic vending machines as part of our efforts to strengthen profitability.

On the left side is our pricing strategy.
The bar graph shows the trend of average sales prices for vending machines.
Since FY2021, in addition to reflecting higher material costs in our prices, we have raised prices to match the value of our products, implementing price revisions accordingly.

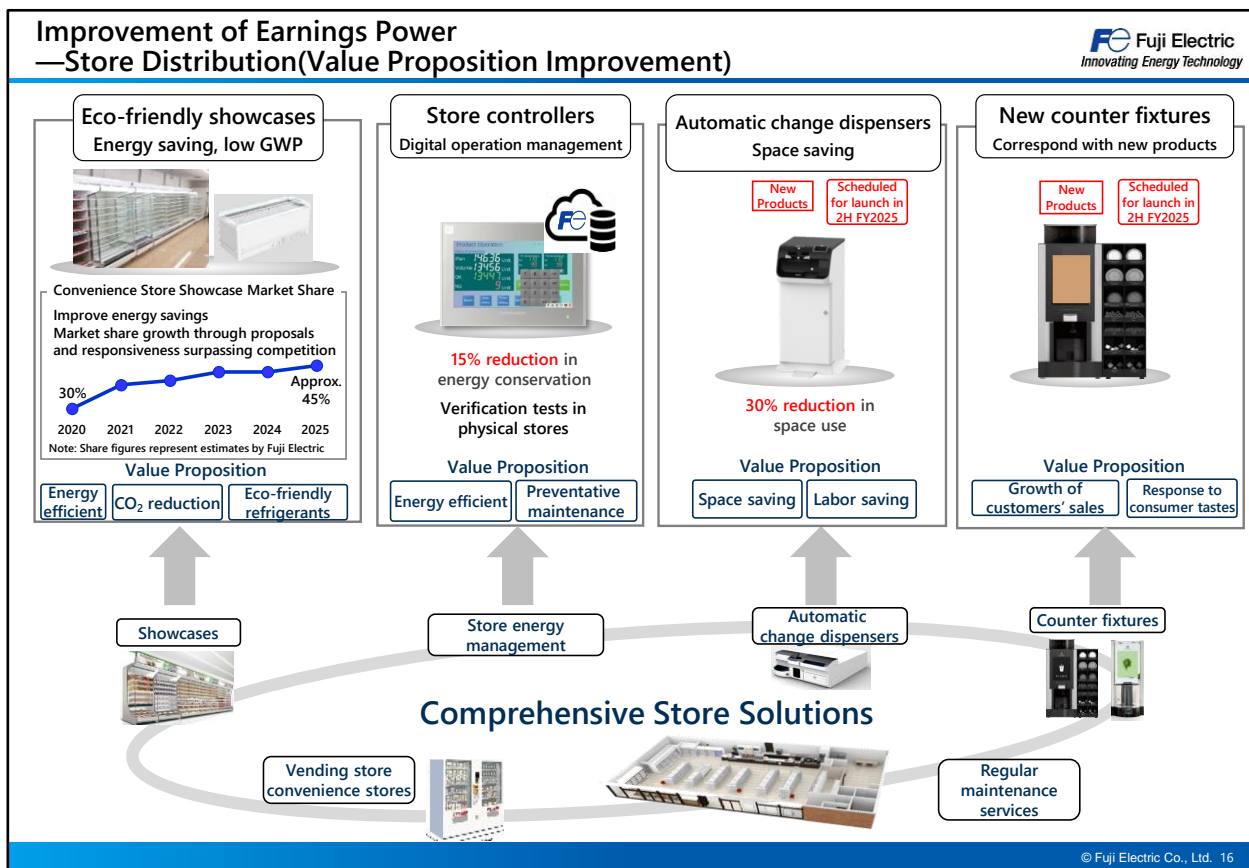
In FY2025 as well, we will further enhance the value we provide to customers and continue to promote high value-added products.
We will continue our efforts while maintaining our high market share of 70%.

The right side explains the content of our high value-added initiatives.
In 2023, we launched our sustainable vending machine, which won the Minister of Economy, Trade and Industry Award at the Energy Conservation Grand Prize.
In FY2024, we introduced a vending machine with expanded capacity for PET bottle products, increasing the ratio of PET bottle offerings to 70%.

Moreover, we have expanded the installation of bidirectional communication devices and added features such as dynamic pricing buttons, further enhancing the value provided to our customers.

In FY2025, we will expand our lineup of ultra-energy-saving vending machines and introduce vending machines compatible with only PET bottles.

Furthermore, we will introduce vending machines with locker functions that enable the simultaneous sale of beverages and supplements. We will continue to launch models designed to help our customers increase their sales.



I will explain the high value-added strategy for store distribution.

Focusing on major convenience store chains, we are advancing high value-added solutions by providing total solutions.

For showcases, we are promoting the evolution toward environmentally friendly showcases.

Regarding market share, we have been improving it through differentiation from other companies.

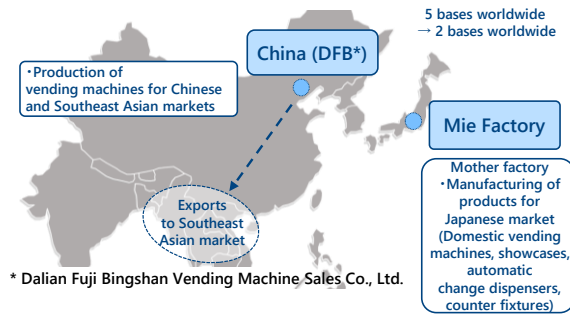
By introducing CO₂ showcases and improving daily customer satisfaction through our services, we are successfully increasing our market share.

We expect our market share to further increase in FY2025, and we are committed to fully capitalizing on those benefits.

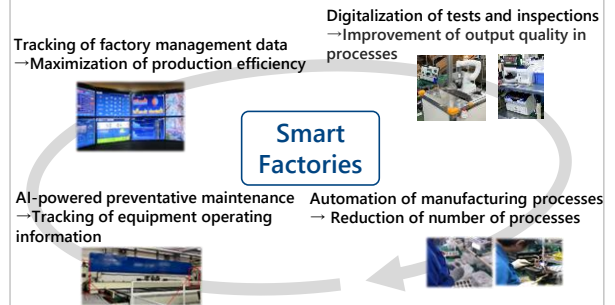
In the fall of 2025, we will launch new models of store controllers to the market, contributing to overall energy saving and predictive maintenance for our customers' stores.

In addition, we will introduce high value-added products such as vertical coin dispensers and new types of counter equipment.
 Further details will be explained later.

Manufacturing Network (2 Bases Worldwide)



Digital Transformation of Manufacturing Processes



Rationalization of Manufacturing

Cost reduction through capital investment in rationalization and automation

Automation of parts assembly



Automated vending machine rack assembly lines

Increased in-house sheet metal processing



Integrated laser processing equipment

Increased use of platform design

Showcases

Standardization of showcase
Rate of standardization:
60% → 85%



- Consolidation of models
- Development of shared modules
- Reduction of important materials through standardization of parts

Automatic change dispensers



- Development of shared modules
- Standardization of parts
- In-house production of cabinets

I will explain our manufacturing approach.

We position our Mie plant in Japan as the mother factory, and will continue to develop manufacturing with a two-base global structure.

By promoting manufacturing rationalization, digitalization, and expanding platform design, we aim to achieve total cost reduction.

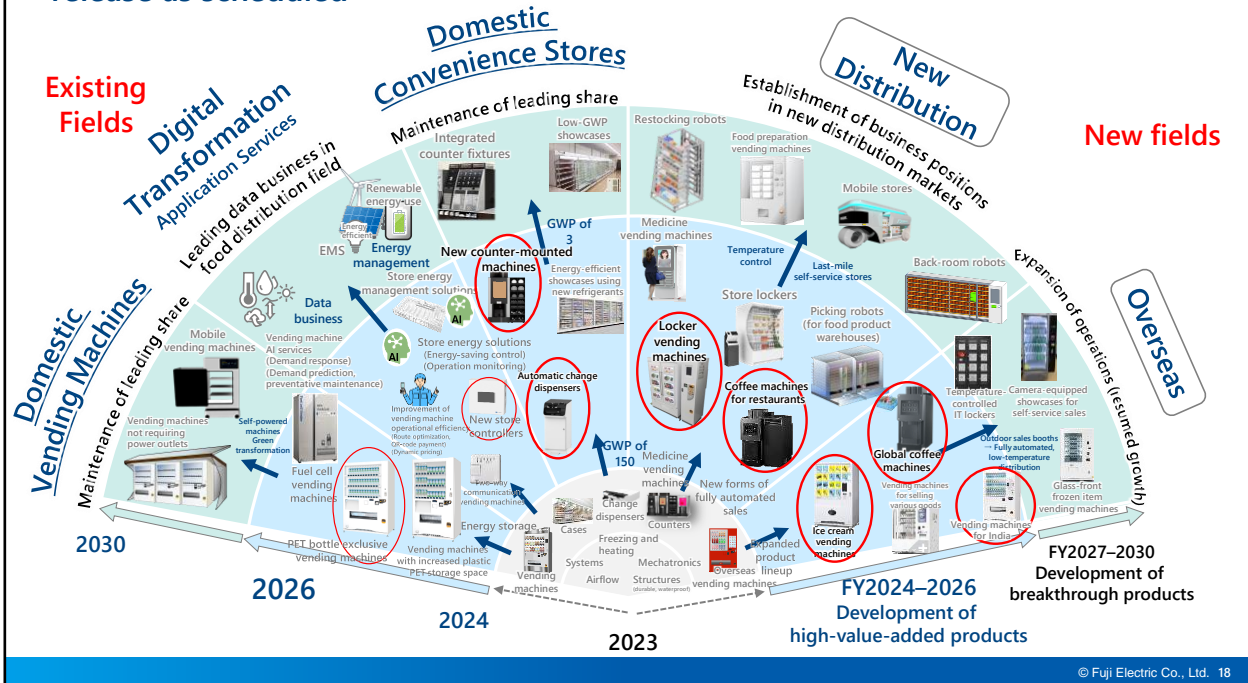
Along with manufacturing rationalization and digitalization shown on the lower left, we will pursue value addition and productivity improvement.

Furthermore, by expanding platform design as shown on the lower right, we plan to reduce costs through the integration and consolidation of product models and the standardization of components.

Topline Earnings Improvement: Product Strategies Leading up to 2030 (Medium-Term Plan)

Launch of new products planned for 2025 release as scheduled

- New counter-mounted machines
- Automatic change dispensers
- Coffee machines for restaurants
- Locker vending machines



Next, I will explain the expansion of the top line.

This is the overall view of the product strategy in the medium-term plan for food distribution toward 2030, which we have shown you last year.

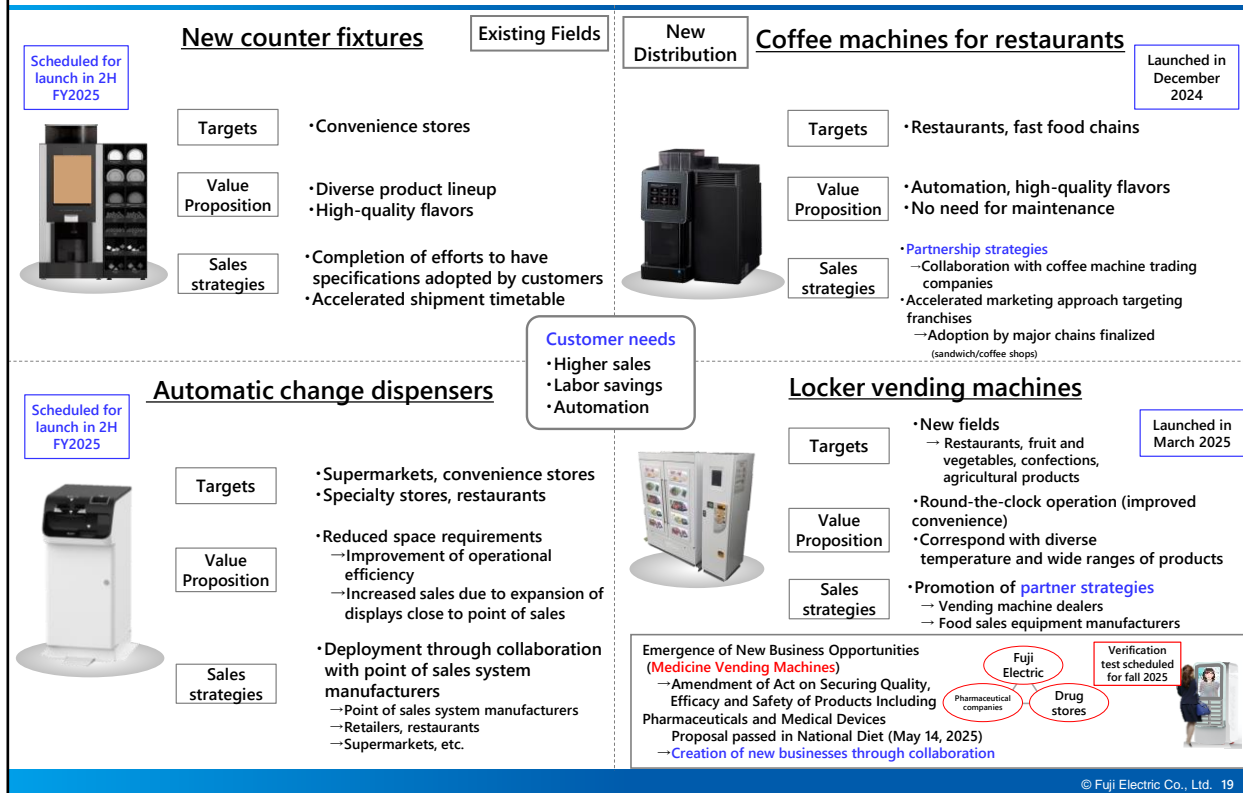
On the left side, in the existing fields, starting from FY2023, we have outlined the product strategies for vending machines, DX-applied services, and store distribution.

For FY2025, we plan to launch the new products, which are marked with circles, into the market as scheduled.

In the new fields on the right side, we will also introduce new products to the market as planned.

I will explain the new key products on the next page.

Topline Earnings Improvement: Deployment of New Products (Japan)



The new type of counter equipment at the top left will be launched on the market to provide new beverages to major convenience store clients. The specification has already been finalized, and we are currently preparing for mass production with delivery scheduled for this autumn.

Regarding the vertical coin changer at the bottom left, we have secured orders from leading POS manufacturers and plan to launch it in the market this autumn. By achieving space saving, it will help expand sales floor areas and facilitate the implementation of fully self-service registers, thereby enhancing the value we offer. This is a product highly anticipated by our customers.

The coffee machine for the food service industry at the top right was introduced to the market last year. We are currently accelerating specification activities, focusing on restaurant chains. Adoption has already been decided for well-known sandwich shops and coffee shops run by major franchises, and we will continue to drive horizontal expansion going forward.

Lastly, the locker-type vending machine at the bottom right features the ability to sell refrigerated products of any size, 24 hours a day. It is currently being deployed for products such as fruits and Western confectionery.

A recent topic is that, following legal revisions in May, medicine sales will become

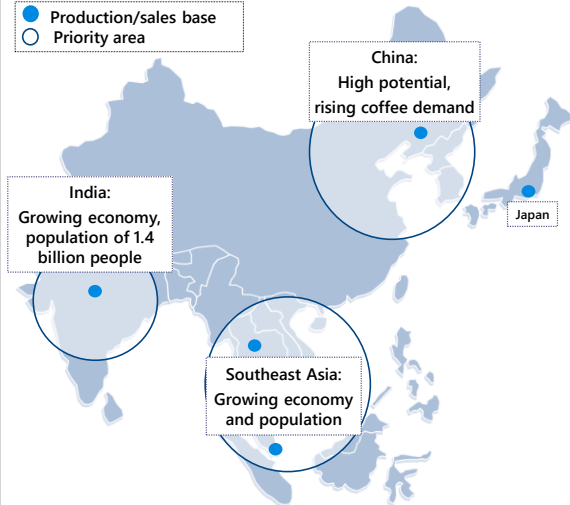
possible at convenience stores and vending machines. We see this as a business opportunity and aim to promote business by collaborating with pharmaceutical manufacturers and drugstores. We have already established a new scheme and intend to move forward with demonstration experiments.

Topline Earnings Improvement: Global Strategies

< Area Strategies >

- China: Acquisition of beverage vending machine replacement orders
Deployment of coffee machines
- Southeast Asia: Promotion of partnership strategies
- India: Entry into this new market through partnership with general trading companies
- Approach targeting manufacturers of global beverage brands in all markets

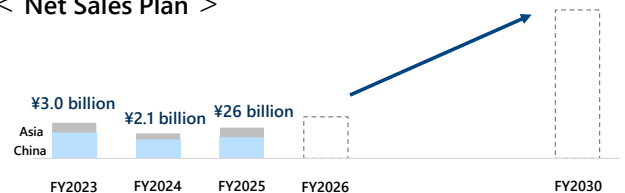
- Production/sales base
- Priority area



< Sales Strategies >

	Existing markets		New markets
	China	Southeast Asia	India
Target customers	<ul style="list-style-type: none"> Major beverage manufacturers Convenience stores Dairy product manufacturers 	<ul style="list-style-type: none"> Major beverage manufacturers Financial conglomerates, convenience stores 	<ul style="list-style-type: none"> Major beverage manufacturers
Product strategies	<div>Beverage vending machines</div> <div>Global coffee machines</div> <div>Ice cream vending machines</div>	<div>Beverage vending machines</div> <div>Global coffee machines</div>	<div>Beverage vending machines</div>
Points of differentiation	<div>Energy saving Large-scale products</div> <div>High-density extraction</div> <div>Stabilization of product temperature</div>	<div>Large capacity</div> <div>High-density extraction</div>	<div>Energy saving Large-scale products</div>
Sales Strategies	<ul style="list-style-type: none"> Global beverage manufacturers Collaboration with general trading companies 	<ul style="list-style-type: none"> Collaboration with coffee bean producers 	<ul style="list-style-type: none"> Partnership with general trading companies

< Net Sales Plan >



Next, let me discuss our overseas operations.

As part of our area strategy, we will continue to target India, in addition to China and Southeast Asia, where we have already been active since last year.

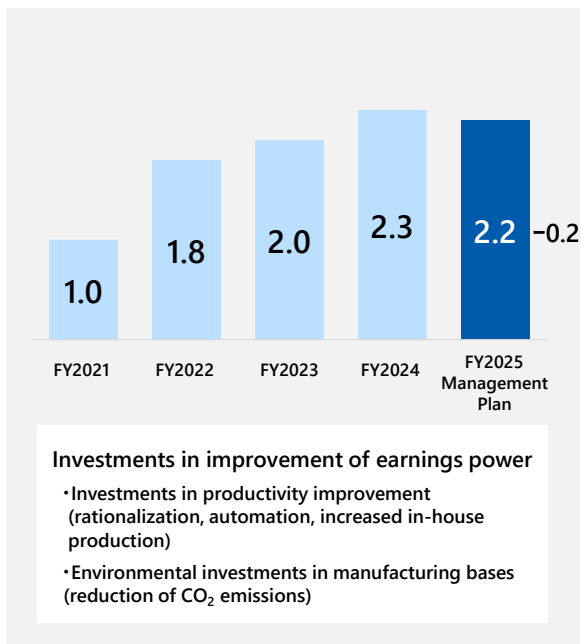
In China, we are working in collaboration with Japanese trading companies to respond to the expanding coffee market by rolling out global coffee machines for convenience stores, based on demand for vending machine replacements among major beverage manufacturers.

In Asia, we are collaborating with coffee ingredient manufacturers to promote coffee machine business discussions with convenience stores. Our drip coffee machines are highly regarded for their delicate extraction technology.

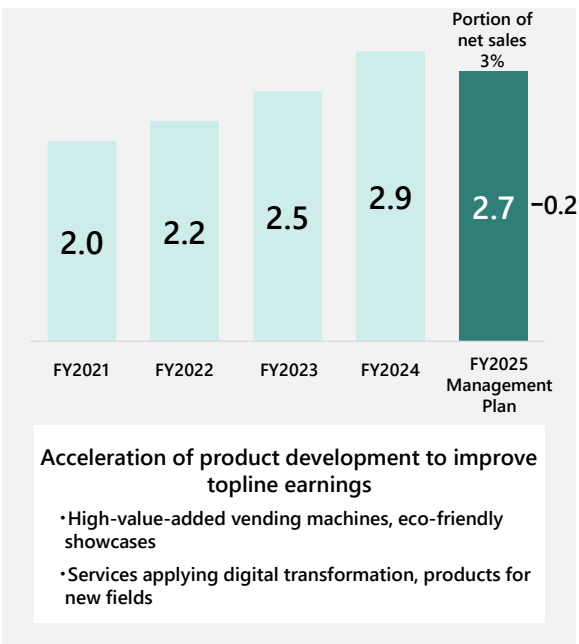
In India, we are advancing our business in collaboration with general trading companies and global beverage manufacturers. Installation is scheduled to begin in the first half of FY2025.

Capital Investment and Research and Development

Capital Investment (Billions of yen)



Research and Development (Billions of yen)



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.

Finally, I will explain our plans for capital investment and research and development.

On the left is capital investment, which will see a slight decrease compared to the previous year. However, we will continue to invest in facilities aimed at strengthening our profitability through rationalization, automation, and in-house production.

On the right is research and development, which will also decrease compared to the previous year. Nonetheless, we intend to further promote the development of products to expand our top line.

That concludes the explanation of our food distribution.

Thank you very much.

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