

## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023 (JGAAP)

November 11, 2022

Company name: Suzumo Machinery Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Stock code: 6405  
 URL: <https://www.suzumokikou.com/>  
 Representative: Minako Suzuki, President  
 Contact: Toru Shiga, Executive Officer and General Manager of Administration Division  
 Phone: +81-3-3993-1371  
 Scheduled date to file quarterly report: November 11, 2022  
 Scheduled date for dividend payment: —  
 Supplementary materials for quarterly financial statements: Yes  
 Results briefing to be held: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (Percentages indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	6,351	22.1	436	-31.2	468	-27.9	379	-20.2
September 30, 2021	5,201	21.4	634	252.0	650	264.6	475	306.3

(Note) Comprehensive income: Six months ended September 30, 2022: 499 million yen (-11.4%)  
 Six months ended September 30, 2021: 564 million yen (301.1%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2022	29.39	—
September 30, 2021	36.87	—

(Note) The Company split shares of common stock at a ratio of 2 for 1 on August 1, 2022.

Earnings per share are calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2022	16,830	13,524	80.2
March 31, 2022	16,416	13,254	80.6

(Reference) Shareholders' equity: As of September 30, 2022: 13,502 million yen  
 As of March 31, 2022: 13,236 million yen

2. Dividends

	Annual dividend per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	0.00	—	40.00	40.00
Fiscal year ending March 31, 2023	—	15.00			
Fiscal year ending March 31, 2023 (forecast)			—	16.00	31.00

(Note 1) Changes in dividend forecast from the most recent announcement: None

(Note 2) The Company split shares of common stock at a ratio of 2 for 1 on August 1, 2022.

For the fiscal year ended March 2022, the actual amount of dividends before the stock split is stated. For the fiscal year ending March 2023 (forecast), the amount of dividends after the stock split is stated.

3. Consolidated earnings forecast for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)  
(Percentages indicate year-on-year change)

Full-year	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	13,000	12.4	1,800	18.6	1,800	16.6	1,315	22.9	101.81

(Note 1) Changes in earnings forecast from the most recent announcement: None

(Note 2) The Company split shares of common stock at a ratio of 2 for 1 on August 1, 2022.

Earnings per share are calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

Newly included: —

Excluded: —

(2) Application of special accounting treatment in preparing the quarterly financial statements: Yes

(Note) For details, please see the attached materials on page 8, "2. Quarterly Consolidated Financial Statements and Primary Notes; (3) Notes to Quarterly Consolidated Financial Statements (Application of special accounting treatment in preparing the quarterly financial statements)."

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to revision of accounting standards: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022: 12,960,000 shares

March 31, 2022: 12,960,000 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 32,540 shares

March 31, 2022: 56,900 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2022: 12,913,292 shares

Six months ended September 30, 2021: 12,895,884 shares

(Note) Company split shares of common stock at a ratio of 2 for 1 on August 1, 2022.

The number of issued shares (common stock) is calculated based on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

\* The quarterly financial statements are outside the scope of quarterly reviews by certified public accountants and auditing firms.

\* Explanation of the proper use of financial results forecast and other notes

Forward-looking statements in this document, including outlook on future performance, are based on currently available information and certain assumptions that the Company regards as reasonable, and the Company does not in any way guarantee their achievement. Actual results may differ substantially from the projections herein depending on various factors. For the preconditions of and precautions in using the financial results forecast, please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Earnings Forecast and Other Forward-Looking Information" on page 3 of the Attachment.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

In the first six months of the fiscal year ending March 31, 2023 (April 1, 2022–September 30, 2022), the Japanese economy saw diverging business sentiments across industries. While the manufacturing industry was weighed down by soaring raw material prices stemming from a rise in resource prices and a weak yen, the non-manufacturing industry saw improvements in a range of fields including construction and logistics-related. Individual consumption is on a recovery track owing to a decline in COVID-19 cases nationwide since September 2022, and travel-related spending in particular is expected to receive a boost from government subsidies going forward.

However, the economy presently faces numerous downside risks, including the rise in consumer prices, particularly for daily necessities such as food and energy, yen depreciation and rising resource prices, and geopolitical instability caused in large part by the Russian invasion of Ukraine.

Under these conditions, during the six months ended September 30, 2022, demand for our products remained high as the food service and retail industries, our key customers, further accelerated their mechanization and labor-saving initiatives. On the other hand, the semiconductor and material supply shortage continued to affect our manufacturing activities, and we responded to the growing demand by securing new material and part vendors and changing product designs to enable the use of alternative parts.

In the domestic market, despite a surge in COVID-19 cases in the seventh wave of the infections, the pandemic is showing signs of settling down, and inbound demand is expected to recover owed to a substantial easing of immigration regulations and a weak yen. The food service and retail industries continue to face harsh business environments due to a surge in raw material and energy prices and labor shortages, but advances are being made in labor-saving efforts. By business category, demand for the Fuwarica rice serving machine from restaurants and cafeterias continued to expand, and demand for sushi robots from major conveyor belt sushi chains increased. In addition, domestic sales rose year on year since sales from Japan System Project Co., Ltd. (JSP), which joined our group in October 2021, contributed to consolidated results from the first quarter of the current fiscal year.

Overseas, demand for our products expanded as the intensified labor shortage and rising labor costs in the food service and retail industries further accelerated the move to mechanization. Overseas sales were up year on year due to solid contributions from the growing demand for sushi robot products from food service operators and supermarkets in North America, in addition to increased demand in Southeast Asia driven by a recovery in eating-out demand.

As a result, net sales in the six months ended September 30, 2022 stood at 6,351 million yen (+22.1% YoY). Of the total, domestic sales were 4,189 million yen (+23.6% YoY) and overseas sales were 2,162 million yen (+19.4% YoY).

#### Summary of results in the first six months of the fiscal year ending March 31, 2023

	Six months ended September 30, 2021		Six months ended September 30, 2022		Amount of change	Percentage change
	Millions of yen	% of net sales	Millions of yen	% of net sales	Millions of yen	%
Net sales	5,201	100.0	6,351	100.0	1,150	22.1
Domestic	3,391	65.2	4,189	66.0	798	23.6
Overseas	1,810	34.8	2,162	34.0	351	19.4
Gross profit	2,561	49.3	3,036	47.8	474	18.5
Operating profit	634	12.2	436	6.9	-198	-31.2
Ordinary profit	650	12.5	468	7.4	-181	-27.9
Profit attributable to owners of parent	475	9.1	379	6.0	-95	-20.2

On the profit front, gross profit was up 18.5% to 3,036 million yen owing to the increase in net sales. Operating profit decreased 31.2% to 436 million yen as a result of higher SG&A expenses, driven by the addition of JSP to the group; higher packing and transportation costs due to soaring logistics costs; aggressive investment in personnel and costs for establishing various systems with an eye to business growth; exhibition expenses and higher travel expenses mainly for overseas travel following the easing of travel restrictions; and expenses arising from the relocation of the head office. Ordinary profit was down 27.9% to 468 million yen, and profit attributable to owners of parent was down 20.2% to 379 million yen despite an extraordinary gain of 128 million yen on the sale of investment securities from its policy shareholdings, due to higher SG&A expenses.

## (2) Explanation of Financial Condition

### (Assets)

Total assets as of September 30, 2022 were up 414 million yen from March 31, 2022 to 16,830 million yen. This change was primarily due to increases of 303 million yen in inventories and 108 million yen in building and structures, net.

### (Liabilities)

Liabilities as of September 30, 2022 were up 144 million yen from March 31, 2022 to 3,306 million yen. This change was chiefly due to a 168 million yen increase in provision for bonuses.

### (Net assets)

Net assets as of September 30, 2022 were up 270 million yen from March 31, 2022 to 13,524 million yen. This change was mainly due to a 258 million yen decrease in retained earnings due to the payment of dividends and a 91 million yen decrease in valuation difference on available-for-sale securities, offset by increases of 379 million yen in profit attributable to owners of parent and 197 million yen in foreign currency translation adjustment.

## (3) Explanation of Consolidated Financial Earnings Forecast and Other Forward-Looking Information

Earnings forecast is based on currently available information. Actual results may differ substantially from the projections herein depending on various factors. The forecast figures remain unchanged from those announced on May 13, 2022.

2. Quarterly Consolidated Financial Statements and Primary Notes  
(1) Consolidated Balance Sheet

(Thousands of yen)

	Fiscal year ended March 31, 2022 (as of March 31, 2022)	Six months ended September 30, 2022 (as of September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	8,276,521	8,033,495
Notes and accounts receivable - trade	1,287,167	1,360,226
Electronically recorded monetary claims - operating	172,495	85,359
Inventories	2,199,405	2,503,195
Other	150,156	237,434
Total current assets	12,085,747	12,219,711
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,427,535	1,536,141
Land	1,125,607	1,167,767
Other, net	229,073	469,506
Total property, plant and equipment	2,782,217	3,173,415
Intangible assets		
Goodwill	41,864	37,457
Other	282,871	324,151
Total intangible assets	324,736	361,609
Investments and other assets		
Investment securities	403,207	183,426
Deferred tax assets	509,644	584,515
Other	319,180	316,766
Allowance for doubtful accounts	(8,680)	(8,680)
Total investments and other assets	1,223,352	1,076,027
Total non-current assets	4,330,306	4,611,052
Total assets	16,416,053	16,830,764

(Thousands of yen)

	Fiscal year ended March 31, 2022 (as of March 31, 2022)	Six months ended September 30, 2022 (as of September 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	489,936	478,565
Current portion of long-term borrowings	46,273	47,630
Income taxes payable	323,417	156,836
Provision for bonuses	182,648	351,606
Other	732,767	870,289
Total current liabilities	1,775,043	1,904,928
Non-current liabilities		
Long-term borrowings	193,180	169,979
Deferred tax liabilities	38	—
Provision for retirement benefits for directors (and other officers)	10,105	2,460
Retirement benefit liability	1,106,754	1,108,156
Other	76,865	120,819
Total non-current liabilities	1,386,943	1,401,414
Total liabilities	3,161,987	3,306,343
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,154,418	1,154,418
Capital surplus	986,618	998,054
Retained earnings	11,102,138	11,223,649
Treasury shares	(37,774)	(20,707)
Total shareholders' equity	13,205,400	13,355,414
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91,095	—
Foreign currency translation adjustment	47,881	245,747
Remeasurements of defined benefit plans	(108,177)	(98,362)
Total accumulated other comprehensive income	30,800	147,385
Non-controlling interests	17,864	21,621
Total net assets	13,254,066	13,524,421
Total liabilities and net assets	16,416,053	16,830,764

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## Consolidated Statement of Income

	(Thousands of yen)	
	Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)
Net sales	5,201,787	6,351,837
Cost of sales	2,639,812	3,315,244
Gross profit	2,561,974	3,036,593
Selling, general and administrative expenses	1,927,105	2,600,106
Operating profit	634,869	436,486
Non-operating income		
Interest income	108	133
Dividend income	1,244	864
Foreign exchange gains	10,472	33,093
Share of profit of entities accounted for using equity method	1,442	—
Other	4,879	5,570
Total non-operating income	18,146	39,662
Non-operating expenses		
Interest expenses	135	1,089
Restricted stock-related expenses	2,473	1,082
Share of loss of entities accounted for using equity method	—	4,971
Other	100	78
Total non-operating expenses	2,708	7,221
Ordinary profit	650,307	468,928
Extraordinary income		
Gain on sale of investment securities	39,000	128,234
Total extraordinary income	39,000	128,234
Extraordinary losses		
Loss on retirement of non-current assets	21	233
Retirement benefits for directors (and other officers)	—	5,400
Loss on extinguishment of tie-in shares	—	25,441
Total extraordinary losses	21	31,075
Profit before income taxes	689,286	566,087
Income taxes	212,517	185,516
Profit	476,768	380,571
Profit attributable to non-controlling interests	1,263	997
Profit attributable to owners of parent	475,504	379,573



Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)
Profit	476,768	380,571
Other comprehensive income		
Valuation difference on available-for-sale securities	29,188	(91,095)
Foreign currency translation adjustment	37,837	170,468
Remeasurements of defined benefit plans, net of tax	9,600	9,814
Share of other comprehensive income of entities accounted for using equity method	10,920	30,156
Total other comprehensive income	87,547	119,343
Comprehensive income	564,315	499,914
(Breakdown)		
Comprehensive income attributable to owners of parent	562,289	496,158
Comprehensive income attributable to non-controlling interests	2,025	3,756

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the event of significant changes in shareholders' equity)

There is no relevant information.

(Application of special accounting treatment in preparing the quarterly financial statements)

(Calculation of tax expenses)

In regard to tax expenses, we have adopted the calculation method of rationally estimating the effective tax rate on profit before income taxes for the consolidated fiscal year, after application of tax effect accounting; then multiplying the profit before income taxes for the period under review by the said tax rate. However, in the event the estimated effective tax rate cannot be applied, statutory effective tax rate is used.