

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

February 10, 2023

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: February 10, 2023  
 Scheduled date for dividend payment: —  
 Supplementary materials for quarterly financial statements: None  
 Results briefing to be held: None

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

1. Consolidated financial results for the nine months ended December 31, 2022 (April 1, 2022 to December 31, 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	%
Nine months ended								
December 31, 2022	10,033	14.7	842	-38.0	774	-43.6	548	-43.0
December 31, 2021	8,747	26.1	1,358	114.3	1,372	117.1	963	128.9

(Note) Comprehensive income: Nine months ended December 31, 2022: 724 million yen (-29.5%)  
 Nine months ended December 31, 2021: 1,028 million yen (139.4%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2022	42.50	—
December 31, 2021	74.68	—

(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			
December 31, 2022	16,642	13,555	81.3
March 31, 2022	16,416	13,254	80.6

(Reference) Shareholders' equity: As of December 31, 2022: 13,531 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
	13,390	15.8	1,230	-18.9	1,150	-25.5	770	-28.0	59.60

(Note 1) Changes in earnings forecast from the most recent announcement: Yes

(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):

December 31, 2022: 12,960,000 shares

March 31, 2022: 12,960,000 shares

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

December 31, 2022: 33,112 shares

March 31, 2022: 56,900 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2022: 12,917,415 shares

Nine months ended December 31, 2021: 12,898,491 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.

## Contents of Attached Materials

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Business Results .....	2
(2) Explanation of Financial Condition .....	3
(3) Explanation of Consolidated Financial Earnings Forecast and Other Forward-Looking Information .....	3
2. Quarterly Consolidated Financial Statements and Primary Notes .....	4
(1) Consolidated Balance Sheet .....	4
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	6
(3) Notes to Quarterly Consolidated Financial Statements .....	8
(Notes on going concern assumption) .....	8
(Notes in the event of significant changes in shareholders' equity) .....	8
(Application of special accounting treatment in preparing the quarterly financial statements) .....	8

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

In the first nine months of the fiscal year ending March 31, 2023 (April 1, 2022–December 31, 2022), business sentiment in the manufacturing sector deteriorated on an increase in raw material costs, while business sentiment in the non-manufacturing sector improved significantly in consumption-related sectors such as accommodation and food services, reflecting a rapid recovery in inbound demand. Business sentiment was thus polarized. Private consumption continues to be affected by COVID-19, but a significant decline has been avoided due to factors such as a with-COVID lifestyle taking root.

Going forward, the economy is expected to recover as economic activity normalizes, but it is necessary to continue to pay close attention to prices, resource prices, foreign exchange trends, and international developments.

Under these circumstances, during the first nine months of the fiscal year ending March 31, 2023, demand for our products remained high as the food service and retail industries, our key customers, further accelerated their mechanization and labor-saving initiatives. Meanwhile, although the semiconductor and material supply shortage has continued to affect our manufacturing activities, improvements have been progressing since the third quarter of the fiscal year ending March 31, 2023. In addition, we have continued to expand our supply chain for parts and materials and switch to alternative parts through changes in product design to meet growing demand.

Although Japan entered the eighth wave of the COVID-19 pandemic, there were no restrictions on movement as in the seventh wave. Inbound demand has been recovering due to this and the significant easing of entry restrictions since October. On the other hand, the business environment remains difficult for the restaurant and retail industries due to continued high raw material and energy prices and the ongoing labor shortage, but moves to save labor are progressing. By business category, the demand for the Fuwarica rice serving machine continued to increase from restaurants and cafeterias, and the demand for sushi robots from major conveyor-belt sushi chains remained strong. 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, product demand has remained firm despite the rising risk of recession, mainly in the US and Europe, due to inflation and tightening of financial conditions. The trend toward mechanization, which replaces human labor with machines, continues to accelerate due to the worsening labor shortage and soaring labor costs in the restaurant and retail industries. Overseas sales were up year on year due to expanding product demand in Southeast Asia as food service demand continued to recover, and continuing strong demand for sushi robot products from restaurant operators and supermarkets in North America.

As a result, net sales for the first nine months of the fiscal year ending March 31, 2023, were 10,033 million yen (+14.7% YoY). Of the total, domestic sales were 6,707 million yen (+18.0% YoY) and overseas sales were 3,325 million yen (+8.6% YoY).

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

	Nine months ended December 31, 2021		Nine months ended December 31, 2022		Amount of change	Percentage change
	Millions of yen	% of net sales	Millions of yen	% of net sales	Millions of yen	%
Net sales	8,747	100.0	10,033	100.0	1,285	14.7
Domestic	5,685	65.0	6,707	66.9	1,022	18.0
Overseas	3,062	35.0	3,325	33.1	263	8.6
Gross profit	4,294	49.1	4,651	46.4	357	8.3
Operating profit	1,358	15.5	842	8.4	-516	-38.0
Ordinary profit	1,372	15.7	774	7.7	-598	-43.6

Profit attributable to owners of parent	963	11.0	548	5.5	-414	-43.0
---	-----	------	-----	-----	------	-------

On the profit front, gross profit rose to 4,651 million yen (+8.3% YoY) due to higher sales, although the cost of sales ratio rose due to higher product material costs and foreign exchange effects related to the elimination of unrealized gains on inventory assets at overseas subsidiaries. Operating profit was down from the same period of the previous year to 842 million yen (-38.0% YoY) due to: increased costs for the company due to the addition of JSP to the group; an increase in packing and transportation costs due to soaring logistics costs; expenses for establishing various systems in anticipation of business growth and aggressive investment in human resources; increases in travel expenses mainly for overseas business trips due to the relaxation of travel restrictions, and exhibition costs; and an increase in SG&A expenses mainly associated with the relocation of the head office. Ordinary profit was down from the same period of the previous year to 774 million yen (-43.6% YoY) due to the decrease in operating profit as well as an equity-method investment loss of 128 million yen, which was recorded as a non-operating expense in consideration of the impact on the company's future results of a decline in operating results at Bluefin Trading LLC, an equity-method affiliate, in the third quarter of the fiscal year ending March 31, 2023 and an expected decrease in sales to major trading partners. Profit attributable to owners of parent decreased to 548 million yen (-43.0% YoY) due to the decline in ordinary profit, despite an extraordinary gain of 128 million yen on the sale of investment securities from the company's policy shareholdings.

## (2) Explanation of Financial Condition

### (Assets)

Total assets as of December 31, 2022, increased by 226 million yen to 16,642 million yen from March 31, 2022. This was mainly due to an increase of 543 million yen in property, plant and equipment, 536 million yen in notes and accounts receivable - trade, and 423 million yen in inventories, while cash and deposits decreased by 1,097 million yen.

### (Liabilities)

Liabilities as of December 31, 2022, decreased by 74 million yen to 3,087 million yen from March 31, 2022, mainly due to an increase of 189 million yen in accounts payable – trade, and a decrease of 257 million yen in income taxes payable.

### (Net assets)

Net assets as of December 31, 2022, increased by 301 million yen to 13,555 million yen from March 31, 2022. This was mainly due to the fact that while retained earnings decreased by 451 million yen due to the payment of dividends, profit attributable to owners of parent increased by 548 million yen, and foreign currency translation adjustment increased by 245 million yen.

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

The earnings forecast has been revised from that announced on May 13, 2022. For details, please refer to the Revised Earnings Forecast released today (February 10, 2023).

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)	Nine months ended December 31, 2022 (as of December 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	8,276,521	7,179,225
Notes and accounts receivable - trade	1,287,167	1,823,247
Electronically recorded monetary claims - operating	172,495	122,908
Inventories	2,199,405	2,623,084
Other	150,156	231,023
Total current assets	12,085,747	11,979,488
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,427,535	1,592,257
Land	1,125,607	1,167,767
Other, net	229,073	566,032
Total property, plant and equipment	2,782,217	3,326,057
Intangible assets		
Goodwill	41,864	35,254
Other	282,871	350,161
Total intangible assets	324,736	385,415
Investments and other assets		
Investment securities	403,207	39,236
Deferred tax assets	509,644	609,683
Other	319,180	311,102
Allowance for doubtful accounts	(8,680)	(8,680)
Total investments and other assets	1,223,352	951,342
Total non-current assets	4,330,306	4,662,816
Total assets	16,416,053	16,642,305

	(Thousands of yen)	
	Fiscal year ended March 31, 2022 (as of March 31, 2022)	Nine months ended December 31, 2022 (as of December 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	489,936	679,840
Current portion of long-term borrowings	46,273	47,048
Income taxes payable	323,417	65,902
Provision for bonuses	182,648	123,791
Other	732,767	773,647
Total current liabilities	1,775,043	1,690,230
Non-current liabilities		
Long-term borrowings	193,180	158,555
Deferred tax liabilities	38	—
Provision for retirement benefits for directors (and other officers)	10,105	2,670
Retirement benefit liability	1,106,754	1,113,807
Other	76,865	121,943
Total non-current liabilities	1,386,943	1,396,975
Total liabilities	3,161,987	3,087,206
<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	11,199,148
Treasury shares	(37,774)	(20,707)
Total shareholders' equity	13,205,400	13,330,913
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	91,095	—
Foreign currency translation adjustment	47,881	293,625
Remeasurements of defined benefit plans	(108,177)	(93,455)
Total accumulated other comprehensive income	30,800	200,170
Non-controlling interests	17,864	24,015
Total net assets	13,254,066	13,555,098
Total liabilities and net assets	16,416,053	16,642,305

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

## Consolidated Statement of Income

	(Thousands of yen)	
	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)
Net sales	8,747,611	10,033,137
Cost of sales	4,452,863	5,381,316
Gross profit	4,294,747	4,651,821
Selling, general and administrative expenses	2,935,773	3,809,364
Operating profit	1,358,973	842,457
Non-operating income		
Interest income	164	287
Dividend income	1,967	864
Foreign exchange gains	10,093	55,652
Other	5,990	7,335
Total non-operating income	18,215	64,140
Non-operating expenses		
Interest expenses	312	1,712
Restricted stock-related expenses	3,016	1,381
Share of loss of entities accounted for using equity method	148	128,209
Other	1,531	1,270
Total non-operating expenses	5,009	132,574
Ordinary profit	1,372,180	774,023
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	154	679
Retirement benefits for directors (and other officers)	—	5,400
Loss on extinguishment of tie-in shares	—	25,441
Total extraordinary losses	154	31,520
Profit before income taxes	1,411,026	870,737
Income taxes	446,235	319,112
Profit	964,791	551,624
Profit attributable to non-controlling interests	1,479	2,640
Profit attributable to owners of parent	963,311	548,983



Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)
Profit	964,791	551,624
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,875)	(91,095)
Foreign currency translation adjustment	47,062	240,047
Remeasurements of defined benefit plans, net of tax	14,401	14,722
Share of other comprehensive income of entities accounted for using equity method	12,808	9,205
<b>Total other comprehensive income</b>	<b>63,397</b>	<b>172,879</b>
Comprehensive income	1,028,188	724,503
(Breakdown)		
Comprehensive income attributable to owners of parent	1,025,941	718,353
Comprehensive income attributable to non-controlling interests	2,247	6,150

### (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.