

**Consolidated Financial Results for the First Six Months (Interim Period) of
the Fiscal Year Ending March 31, 2025 (JGAAP)**

November 14, 2024

Company name: Suzumo Machinery Co., Ltd.
 Listing: Tokyo Stock Exchange
 Stock code: 6405
 URL: <http://www.suzumokikou.com/>
 Representative: Minako Suzuki, President
 Contact: Junko Koshino, Director and Managing Executive Officer
 Phone: +81-3-3993-1371
 Scheduled date to file interim report: November 14, 2024
 Scheduled date for dividend payment: December 11, 2024
 Supplementary materials for 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, 2024 (April 1, 2024 to September 30, 2024)

(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, 2024	7,874	16.9	1,051	131.1	1,092	126.2	794	169.0
September 30, 2023	6,735	6.0	454	4.2	482	3.0	295	-22.2

(Note) Comprehensive income: Six months ended September 30, 2024: 1,032 million yen (139.3%)
 Six months ended September 30, 2023: 431 million yen (-13.7%)

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	61.45	—
September 30, 2023	22.85	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	19,161	15,409	80.2
March 31, 2024	18,201	14,580	79.9

(Reference) Shareholders' equity: As of September 30, 2024: 15,370 million yen
 As of March 31, 2024: 14,545 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, 2024	—	15.00	—	17.00	32.00
Fiscal year ending March 31, 2025	—	15.00			
Fiscal year ending March 31, 2025 (forecast)			—	18.00	33.00

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

3. Consolidated earnings forecast for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)
(Percentages indicate year-on-year change)

	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
Full-year	15,960	10.0	1,900	28.8	1,915	27.8	1,350	18.3	104.41

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

Notes:

(1) Significant changes in the scope of consolidation during the period under review: None

Newly included: —

Excluded: —

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

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

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

3) Changes in accounting estimates: Yes

4) Retrospective restatement: None

(Note) For details, please see the attached materials on page 8, "2. Interim Consolidated Financial Statements and Primary Notes; (3) Notes to Interim Consolidated Financial Statements (Changes in accounting policies) and (Changes in accounting estimates)."

(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, 2024: 12,960,000 shares

March 31, 2024: 12,960,000 shares

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

September 30, 2024: 19,598 shares

March 31, 2024: 30,180 shares

3) Average number of shares outstanding during the interim period:

Six months ended September 30, 2024: 12,934,093 shares

Six months ended September 30, 2023: 12,928,703 shares

* The interim financial statements are outside the scope of 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. Summary of Business Results, (3) Explanation of Consolidated Financial Earnings Forecast and Other Forward-Looking Information" on page 2 of the attached materials.

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1. Summary of Business Results

(1) Summary of Business Results for the First Six Months of the Fiscal Year Ending March 31, 2025

In the first six months (interim period) of the fiscal year ending March 31, 2025 (April 1, 2024–September 30, 2024), the Japanese economy was on a gradual recovery path due to an improved employment and income environment and rising inbound demand, although some stagnation was observed in certain areas. On the other hand, the outlook remains uncertain due to downside risks in overseas economies, including monetary tightening primarily in Europe and the U.S. and concerns about the outlook for the Chinese economy; rising prices led by raw materials and energy; and instability in the Middle East.

In this environment, during the six months under review, the movement toward mechanization and labor saving in the restaurant and retail industries continued, and product demand remained firm. We have been implementing price revisions for products and parts since April 2024, applying these revisions to delivered items in Japan and to orders received overseas.

In Japan, the business environment remained difficult for the restaurant and retail industries due to soaring raw material and energy prices. However, product demand continued to be steady, supported by the ongoing recovery in food service demand, the expansion of inbound demand, and labor-saving efforts amid a labor shortage. By product and business category, although product demand for sushi robots remained steady due to expansion needs from supermarkets and new store openings, sales declined as replacement demand from major conveyor belt sushi chains ran its course. Meanwhile, demand for our Fuwarica rice serving machines grew due to replacement demand mainly from major chain operators in the restaurant and cafeteria sector, as well as product demand associated with new store openings. The effects of price revisions also contributed to higher domestic sales than in the six months ended September 30, 2023.

Overseas, while uncertainties continue against the backdrop of inflation, monetary tightening, the situation in Ukraine, and prolonged geopolitical risks in the Middle East, product demand has grown on increased overseas expansion by Japanese companies in the restaurant and retail industries, continued movements toward labor saving due to the worsening labor shortage and rising labor costs, and the growing popularity of Japanese food. By region, East and Southeast Asia remained generally on par year on year, as sales of large-scale machines for food factories in the Mongolian market, driven by the expansion of rice consumption, offset the continued impact of China's economic slowdown, which led to the cancellation or postponement of capital investment plans by businesses. On the other hand, in North America, the popularity of Japanese food and the expansion of Japanese companies into the region accelerated, and the movements toward mechanization and labor saving remained strong, leading to increased demand for products. In Europe, although soaring energy prices and supply concerns caused by the situation in Ukraine continued to impact businesses, product demand has recovered, aided by efforts since the previous fiscal year to tap into demand from local businesses. Just as in Japan, the effects of price revisions also contributed to higher overseas sales than in the six months ended September 30, 2023.

As a result, net sales for the six months ended September 30, 2024 totaled 7,874 million yen (+16.9% YoY). Of the total, domestic sales were 5,210 million yen (+10.3% YoY), and overseas sales came to 2,663 million yen (+32.3% YoY).

Summary of results in the first six months of the fiscal year ending March 31, 2025

	Six months ended September 30, 2023		Six months ended September 30, 2024		Amount of change	Percentage change
	Millions of yen	% of net sales	Millions of yen	% of net sales	Millions of yen	%
Net sales	6,735	100.0	7,874	100.0	1,138	16.9
Domestic	4,721	70.1	5,210	66.2	488	10.3
Overseas	2,013	29.9	2,663	33.8	650	32.3
Gross profit	3,165	47.0	3,989	50.7	824	26.1

Operating profit	454	6.8	1,051	13.4	596	131.1
Ordinary profit	482	7.2	1,092	13.9	609	126.2
Profit attributable to owners of parent	295	4.4	794	10.1	499	169.0

Gross profit rose to 3,989 million yen (+26.1% YoY) owing to the increase in net sales and the effects of price revisions. Operating profit climbed to 1,051 million yen (+131.1% YoY), supported by the rise in gross profit despite higher SG&A expenses. While exhibition expenses and other costs declined through effective cost controls, SG&A expenses increased due to several factors. These included higher personnel expenses resulting from new hires associated with business expansion and base salary increases, increased R&D expenses for future new products and businesses, higher amortization expenses following the replacement of the core system implemented in the previous fiscal year, and increased packing and transportation costs driven by higher overseas sales. Additional contributors were higher travel and transportation expenses related to market research and enhanced engagement with local businesses to capture overseas market demand, alongside rising costs at overseas subsidiaries due to the depreciation of the yen. Ordinary profit grew to 1,092 million yen (+126.2% YoY). Profit attributable to owners of parent surged to 794 million yen (+169.0% YoY), primarily due to the recording of an extraordinary gain of 25 million yen on the sale of a portion of the business of consolidated subsidiary Japan System Project Co., Ltd.

(2) Summary of Financial Condition for the First Six Months of the Fiscal Year Ending March 31, 2025

The Company's financial position is as follows.

(Assets)

Total assets as of September 30, 2024 were up 959 million yen from March 31, 2024 to 19,161 million yen. This was mainly due to an increase of 744 million yen in cash and deposits.

(Liabilities)

Liabilities as of September 30, 2024 were up 130 million yen from March 31, 2024 to 3,751 million yen. This owed primarily to an increase of 158 million yen in provision for bonuses.

(Net assets)

Net assets as of September 30, 2024 were up 828 million yen from March 31, 2024 to 15,409 million yen. This was mainly attributable to an increase of 575 million yen in retained earnings brought forward and a rise of 220 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 consolidated forecast figures remain unchanged from those announced on May 13, 2024.

2. Interim Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (as of March 31, 2024)	Six months ended September 30, 2024 (as of September 30, 2024)
Assets		
Current assets		
Cash and deposits	6,017,416	6,761,751
Notes and accounts receivable - trade	1,542,113	1,545,408
Electronically recorded monetary claims - operating	311,653	422,944
Inventories	2,562,521	2,587,736
Other	267,105	325,961
Allowance for doubtful accounts	(8,136)	—
Total current assets	10,692,674	11,643,803
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,001,638	1,955,147
Land	3,522,922	3,522,922
Other, net	460,404	510,621
Total property, plant and equipment	5,984,965	5,988,691
Intangible assets		
Software	532,713	494,191
Other	6,385	23,126
Total intangible assets	539,098	517,317
Investments and other assets		
Investment securities	47,349	53,363
Deferred tax assets	673,244	698,338
Other	272,153	267,692
Allowance for doubtful accounts	(7,680)	(7,680)
Total investments and other assets	985,067	1,011,714
Total non-current assets	7,509,132	7,517,723
Total assets	18,201,806	19,161,526

	(Thousands of yen)	
	Fiscal year ended March 31, 2024 (as of March 31, 2024)	Six months ended September 30, 2024 (as of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	571,231	571,857
Current portion of long-term borrowings	56,109	55,677
Income taxes payable	289,024	311,195
Provision for bonuses	221,888	380,803
Other	868,681	780,550
Total current liabilities	2,006,935	2,100,084
Non-current liabilities		
Long-term borrowings	153,860	128,199
Provision for retirement benefits for directors (and other officers)	3,720	4,140
Retirement benefit liability	1,208,389	1,247,494
Asset retirement obligations	150,315	150,980
Other	97,778	120,888
Total non-current liabilities	1,614,063	1,651,703
Total liabilities	3,620,998	3,751,787
Net assets		
Shareholders' equity		
Share capital	1,154,418	1,154,418
Capital surplus	1,001,696	1,013,545
Retained earnings	12,216,103	12,791,104
Treasury shares	(15,975)	(9,498)
Total shareholders' equity	14,356,242	14,949,569
Accumulated other comprehensive income		
Foreign currency translation adjustment	269,954	490,617
Remeasurements of defined benefit plans	(80,204)	(70,071)
Total accumulated other comprehensive income	189,750	420,546
Non-controlling interests	34,814	39,623
Total net assets	14,580,807	15,409,738
Total liabilities and net assets	18,201,806	19,161,526

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

(Thousands of yen)

	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
Net sales	6,735,651	7,874,387
Cost of sales	3,570,564	3,884,761
Gross profit	3,165,087	3,989,625
Selling, general and administrative expenses	2,710,176	2,938,253
Operating profit	454,911	1,051,371
Non-operating income		
Interest income	1,004	3,419
Dividend income	35	34
Foreign exchange gains	10,240	23,484
Share of profit of entities accounted for using equity method	8,558	12,301
Surrender value of insurance policies	8,000	—
Other	2,713	4,658
Total non-operating income	30,552	43,898
Non-operating expenses		
Interest expenses	1,828	2,724
Restricted stock-related expenses	616	272
Other	241	22
Total non-operating expenses	2,686	3,019
Ordinary profit	482,777	1,092,250
Extraordinary income		
Gain on sale of businesses	—	25,869
Total extraordinary income	—	25,869
Extraordinary losses		
Loss on retirement of non-current assets	174	596
Impairment losses	28,644	—
Total extraordinary losses	28,818	596
Profit before income taxes	453,958	1,117,523
Income taxes	155,557	319,046
Profit	298,400	798,476
Profit attributable to non-controlling interests	2,938	3,668
Profit attributable to owners of parent	295,462	794,807

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
Profit	298,400	798,476
Other comprehensive income		
Foreign currency translation adjustment	119,177	217,952
Remeasurements of defined benefit plans, net of tax	10,362	10,133
Share of other comprehensive income of entities accounted for using equity method	3,725	6,276
Total other comprehensive income	133,265	234,362
Comprehensive income	431,665	1,032,838
(Breakdown)		
Comprehensive income attributable to owners of parent	426,502	1,025,603
Comprehensive income attributable to non-controlling interests	5,163	7,235

(3) Notes to Interim Consolidated Financial Statements

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, "2022 Revised Accounting Standard") has been applied from the beginning of the current interim period .

With regard to the revision of the classification of corporate income taxes (taxation on other comprehensive income), the Company adheres to the transitional treatment stipulated in the provisory clause of Paragraph 20-3 of the 2022 Revised Accounting Standard, as well as that in the provisory clause of Paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policy has no impact on the interim consolidated financial statements.

(Changes in accounting estimates)

(Change in the useful life of property, plant and equipment)

In the "Other" category under property, plant and equipment owned by the Company, molds were previously depreciated over a useful life of two years. However, in response to expanding overseas sales and the diversification of customer preferences, the Company has changed its management policy to more actively invest in new products. As continuous investment is expected in the future, it is anticipated that mold investments will significantly increase, leading to a rise in the significance of molds and their depreciation expenses. Given this situation, the Company has determined that it is appropriate to review the useful life of molds to better reflect the actual conditions. Based on a reasonable estimate of the useful life based on actual use to date, the Company has changed the useful life to eight years effective from the beginning of the current interim period. As a result of this change, gross profit, operating profit, ordinary profit, and profit before income taxes each increased by 22,532 thousand yen from the beginning of the current interim period, compared with the previous method.

(Application of special accounting treatment in preparing interim financial statements)

(Calculation of tax expenses)

We have adopted the method of rationally estimating the effective tax rate after application of tax effect accounting on profit before income taxes for the consolidated fiscal year, and calculating by multiplying this estimated effective tax rate by the interim profit before income taxes. However, in the event the estimated effective tax rate cannot be applied, statutory effective tax rate is used.

(Notes on segment information, etc.)

[Segment information]

Our group operates in a single segment, the cooked-rice processing equipment business, so segment data are omitted.

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

There is no relevant information.

(Notes on going concern assumption)

There is no relevant information.