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On February 10, 2021, Suzumo Machinery Co., Ltd. (Suzumo) announced earnings results for Q3 FY03/21.

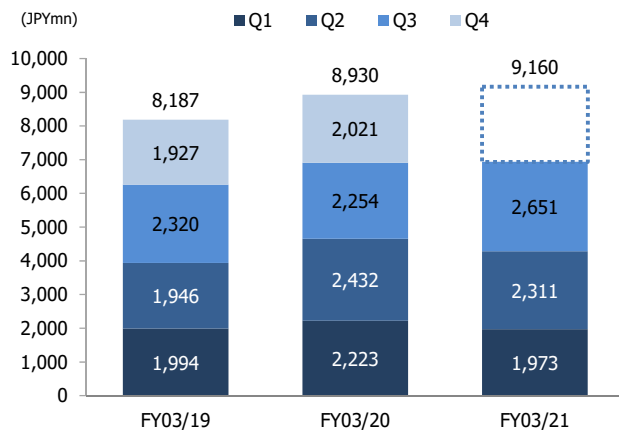
Cumulative (JPYmn)	FY03/20				FY03/21			FY03/21	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	% of FY	FY Est.
Sales	2,223	4,655	6,910	8,930	1,973	4,284	6,935	75.7%	9,160
YoY	11.5%	18.2%	10.4%	9.1%	-11.3%	-8.0%	0.4%		2.6%
Gross profit	1,050	2,196	3,321	4,245	890	1,920	3,184		
YoY	6.8%	16.2%	10.5%	8.3%	-15.3%	-12.6%	-4.1%		
Gross profit margin	47.2%	47.2%	48.1%	47.5%	45.1%	44.8%	45.9%		
SG&A expenses	873	1,772	2,608	3,479	842	1,740	2,550		
YoY	5.4%	6.5%	7.3%	7.8%	-3.6%	-1.8%	-2.2%		
SG&A-to-sales ratio	39.3%	38.1%	37.8%	39.0%	42.7%	40.6%	36.8%		
Operating profit	177	424	713	766	48	180	634	88.7%	715
YoY	14.5%	88.5%	23.8%	10.5%	-72.8%	-57.5%	-11.0%		-6.6%
Operating profit margin	8.0%	9.1%	10.3%	8.6%	2.4%	4.2%	9.1%		7.8%
Recurring profit	178	425	644	702	48	178	632	89.0%	710
YoY	15.9%	87.1%	10.8%	0.9%	-72.9%	-58.1%	-1.9%		1.1%
Recurring profit margin	8.0%	9.1%	9.3%	7.9%	2.4%	4.2%	9.1%		7.8%
Net income	-38	162	232	322	30	117	421	85.9%	490
YoY	-	4.1%	-38.3%	-31.4%	-	-27.6%	81.1%		52.3%
Net margin	-	3.5%	3.4%	3.6%	1.5%	2.7%	6.1%		5.3%

Quarterly (JPYmn)	FY03/20				FY03/21		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales	2,223	2,432	2,254	2,021	1,973	2,311	2,651
YoY	11.5%	25.0%	-2.8%	4.9%	-11.3%	-5.0%	17.6%
Gross profit	1,050	1,146	1,125	924	890	1,031	1,264
YoY	6.8%	26.5%	0.8%	1.1%	-15.3%	-10.1%	12.4%
Gross profit margin	47.2%	47.1%	49.9%	45.7%	45.1%	44.6%	47.7%
SG&A expenses	873	900	836	871	842	898	810
YoY	5.4%	7.6%	9.2%	9.3%	-3.6%	-0.1%	-3.1%
SG&A-to-sales ratio	39.3%	37.0%	37.1%	43.1%	42.7%	38.9%	30.6%
Operating profit	177	247	289	53	48	132	454
YoY	14.5%	251.4%	-17.7%	-54.9%	-72.8%	-46.5%	57.1%
Operating profit margin	8.0%	10.2%	12.8%	2.6%	2.4%	5.7%	17.1%
Recurring profit	178	248	219	58	48	130	454
YoY	15.9%	234.8%	-38.2%	-49.2%	-72.9%	-47.4%	107.4%
Recurring profit margin	8.0%	10.2%	9.7%	2.9%	2.4%	5.6%	17.1%
Net income	-38	199	71	89	30	87	304
YoY	-	298.7%	-68.0%	-3.0%	-	-56.1%	329.4%
Net margin	-	8.2%	3.1%	4.4%	1.5%	3.8%	11.5%

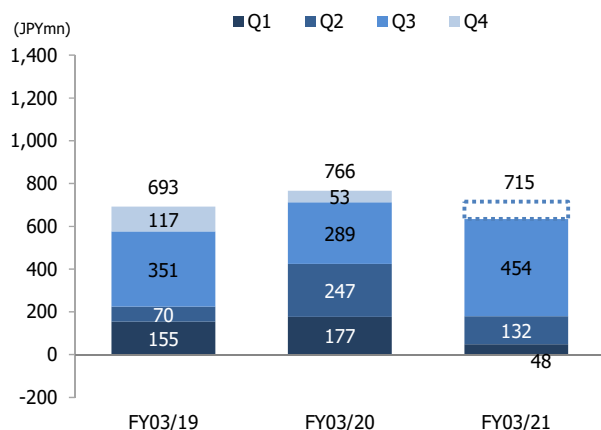
Source: Shared Research based on company data

Note: Figures above may differ from those shown in company materials due to differences in rounding.

Sales breakdown by quarter



Operating profit breakdown by quarter



Source: Shared Research based on company data

Q3 FY03/21 results (out February 10, 2021)

Results overview

Cumulative Q3 FY03/21 results overview (April–December 2020)

- ▷ Sales: JPY6.9bn (+0.4% YoY)
- ▷ Operating profit: JPY634mn (-11.0% YoY)
- ▷ Recurring profit: JPY632mn (-1.9% YoY)
- ▷ Net income* JPY421mn (+81.1% YoY)

* Net income attributable to owners of the parent

- ▷ With no sign yet of the COVID-19 pandemic being resolved and many countries around the world experiencing a spread of the infection, the market outlook remains uncertain. Even in Japan, capital investment has declined due to worsening corporate performance, and employment and income environment has continued to deteriorate, meaning that the lag in consumer spending is becoming long-term. In such conditions, Suzumo's sales rose 0.4% YoY to JPY6.9bn in cumulative Q3 FY03/21. By region, sales rose 3.8% YoY to JPY5.4bn in Japan and dropped 10.1% YoY to JPY1.5bn overseas. Starting in FY03/20, the company changed its segmentation scheme and now has only one reportable segment, so it no longer discloses information by segment.
- ▷ Sales in Japan: Although the COVID-19 pandemic had an impact in Q1 (April–June 2020), demand for the company's products was robust from Q2 (July–September 2020) onward due to heightened awareness of hygiene among businesses and end consumers and an accelerated shift toward self-service and manpower reduction accompanying restructuring of the industry toward takeout and deliveries. By product, demand for Fuwarica rice-serving machines grew mainly among cafeterias and restaurants as a result of the shift toward self-service, while demand for sushi robots (sharidama robots) with a function for transferring the rice to containers for takeout also grew mainly among major kaiten sushi chains. In addition, in an ongoing trend that started in Q1, there has been greater demand for robots for preparing sushi rolls at supermarkets due to an increase in at-home consumption, along with growth in hygiene supplies-related sales. As a result, domestic sales rose 3.8% YoY.
- ▷ Overseas sales: Although the COVID-19 pandemic had a significant impact in Q1 (April–June 2020) in terms of urban lockdowns and restrictions on outings and international travel, sales began recovering from Q2 (July–September 2020) onward as economic activity gradually resumed. However, the impact of weak sales in the Southeast Asia region in 1H was particularly large, causing sales to fall 10.1% YoY.
- ▷ Gross profit was JPY3.2bn (-4.1% YoY). This decline was the result of medium- and long-term investment, including spending on molds for the development of new products and investment in production management systems. Operating profit fell 11.0% YoY to JPY634mn despite a 2.2% YoY reduction in SG&A expenses.

Full-year company forecasts for FY03/21

(JPYmn)	FY03/18			FY03/19			FY03/20			FY03/21		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.
Sales	4,662	4,450	9,112	3,940	4,246	8,187	4,655	4,275	8,930	4,284	4,876	9,160
YoY	-0.4%	-6.0%	-3.2%	-15.5%	-4.6%	-10.2%	18.2%	0.7%	9.1%	-8.0%	14.1%	2.6%
Cost of goods sold	2,400	2,359	4,759	2,051	2,216	4,267	2,459	2,226	4,685	2,364	-	-
Gross profit	2,262	2,091	4,353	1,889	2,030	3,919	2,196	2,048	4,245	1,920	-	-
Gross profit margin	48.5%	47.0%	47.8%	48.0%	47.8%	47.9%	47.2%	47.9%	47.5%	44.8%	-	-
SG&A expenses	1,612	1,503	3,115	1,664	1,562	3,226	1,772	1,707	3,479	1,740	-	-
SG&A-to-sales ratio	34.6%	33.8%	34.2%	42.2%	36.8%	39.4%	38.1%	39.9%	39.0%	40.6%	-	-
Operating profit	650	588	1,238	225	468	693	424	342	766	180	535	715
YoY	-4.7%	-19.3%	-12.2%	-65.4%	-20.4%	-44.0%	88.5%	-27.0%	10.5%	-57.5%	56.5%	-6.6%
Operating profit margin	13.9%	13.2%	13.6%	5.7%	11.0%	8.5%	9.1%	8.0%	8.6%	4.2%	11.0%	7.8%
Recurring profit	654	583	1,237	227	469	696	425	277	702	178	532	710
YoY	-4.2%	-20.3%	-12.5%	-65.3%	-19.5%	-43.7%	87.1%	-40.9%	0.9%	-58.1%	91.9%	1.1%
Recurring profit margin	14.0%	13.1%	13.6%	5.8%	11.0%	8.5%	9.1%	6.5%	7.9%	4.2%	10.9%	7.8%
Net income	436	397	833	155	313	469	162	160	322	117	373	490
YoY	40.0%	-22.1%	1.5%	-64.4%	-21.0%	-43.8%	4.1%	-48.9%	-31.4%	-27.6%	133.0%	52.3%
Net margin	9.4%	8.9%	9.1%	3.9%	7.4%	5.7%	3.5%	3.7%	3.6%	2.7%	7.6%	5.3%

Source: Shared Research based on company data

Note: Figures above may differ from company materials due to differences in rounding.

Consolidated earnings forecast for FY03/21 (out February 10, 2021)

- ▷ Sales: JPY9.2bn (previous forecast was JPY8.6bn)
- ▷ Operating profit: JPY715mn (JPY430mn)
- ▷ Recurring profit: JPY710mn (JPY420mn)
- ▷ Net income*: JPY490mn (JPY290mn)
- ▷ EPS: JPY75.79 (JPY44.85)

* Net income attributable to owners of the parent

- ▷ Forecast revised: The main reason for the revisions was that changes in the domestic business environment for restaurants and retailers triggered by the COVID-19 pandemic were greater than the company had anticipated. There was increased demand for takeout and delivery at restaurants, mechanization due to growing non-contact needs, and a shift from the izakaya (Japanese-style pub) format to a format centered around set meals. As a result, demand for the company's sushi robots increased for takeout use at major kaiten sushi chains, and there was greater replacement demand at supermarkets. In addition, there was unexpected demand for Fuwarica rice-serving machines due to the change in izakaya format. SG&A expenses decreased due to limitations on sales activities in light of the pandemic, making it likely that profits from the operating line down will exceed initial projections.

This note is the most recent addition to the [full report](#).

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