

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2023 (Based on Japanese GAAP)

February 13, 2024

Company name: TAZMO CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 6266 URL <https://www.tazmo.co.jp/ja/ir/index.html>
 Representative: Representative Director YASUYUKI SATO
 Manager for General Affairs
 Inquiries: Department ,General Maneger of HISAO YOSHIKUNI TEL 086-239-5000
 Administration Division
 Scheduled date of ordinary general meeting of shareholders: March 27, 2024
 Scheduled date to file Securities Report: March 28, 2024
 Scheduled date to commence dividend payments: March 28, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2023	28,161	15.6	3,654	30.2	3,890	23.9	2,356	4.1
Year ended December 31, 2022	24,356	10.7	2,806	34.1	3,138	41.5	2,263	29.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2023	161.34	–	12.7	9.0	13.0
Year ended December 31, 2022	162.09	–	14.8	9.1	11.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	47,428	20,095	41.7	1,350.22
As of December 31, 2022	39,397	17,549	43.9	1,188.12

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2023	(261)	(1,392)	3,275	6,771
Year ended December 31, 2022	(1,513)	(669)	4,098	5,024

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2022	–	0.00	–	21.00	21.00	311	13.0	1.8
Year ended December 31, 2023	–	0.00	–	24.00	24.00	356	14.9	1.8
Year ending December 31, 2024 (Forecast)	–	0.00	–	30.00	30.00		14.3	

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

Percentages indicate year-on-year changes

	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
Six months ending June 30, 2024	16,865	61.6	2,110	291.0	2,090	195.7	1,455	960.3	99.67
Full year	36,000	27.8	4,600	25.9	4,500	15.7	3,060	29.8	209.48

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of December 31, 2023	14,836,691 shares	As of December 31, 2022	14,813,300 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	196,237 shares	As of December 31, 2022	264,282 shares
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Average number of shares during the period

Year ended December 31, 2023	14,607,537 shares	Year ended December 31, 2022	13,963,523 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	5,141,311	6,899,779
Notes and accounts receivable - trade	4,496,041	5,674,454
Electronically recorded monetary claims - operating	1,869,262	2,712,839
Merchandise and finished goods	62,670	46,169
Work in process	13,032,935	17,012,488
Raw materials and supplies	4,888,049	5,115,312
Other	2,415,311	1,959,636
Total current assets	<u>31,905,581</u>	<u>39,420,680</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,998,159	8,361,060
Accumulated depreciation	(4,380,328)	(4,595,183)
Buildings and structures, net	<u>3,617,831</u>	<u>3,765,877</u>
Machinery, equipment and vehicles	3,449,937	3,622,892
Accumulated depreciation	(2,658,801)	(2,496,359)
Machinery, equipment and vehicles, net	<u>791,135</u>	<u>1,126,533</u>
Tools, furniture and fixtures	1,265,101	1,276,914
Accumulated depreciation	(961,705)	(1,074,104)
Tools, furniture and fixtures, net	<u>303,396</u>	<u>202,810</u>
Land	1,291,426	1,288,477
Leased assets	34,648	34,648
Accumulated depreciation	(25,281)	(31,393)
Leased assets, net	<u>9,366</u>	<u>3,254</u>
Construction in progress	228,147	315,546
Other	165,283	337,098
Accumulated depreciation	(138,802)	(31,860)
Other, net	<u>26,481</u>	<u>305,238</u>
Total property, plant and equipment	<u>6,267,785</u>	<u>7,007,738</u>
Intangible assets		
Software	138,991	106,467
Other	59,184	51,307
Total intangible assets	<u>198,175</u>	<u>157,774</u>
Investments and other assets		
Investment securities	401,948	66,921
Deferred tax assets	212,650	359,900
Other	415,450	420,639
Allowance for doubtful accounts	(4,576)	(4,797)
Total investments and other assets	<u>1,025,472</u>	<u>842,665</u>
Total non-current assets	<u>7,491,434</u>	<u>8,008,177</u>
Total assets	<u>39,397,015</u>	<u>47,428,858</u>

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,725,959	2,098,819
Electronically recorded obligations - operating	4,350,479	4,097,812
Short-term borrowings	5,279,474	6,436,717
Lease liabilities	8,666	4,153
Accounts payable - other	1,585,551	1,472,832
Income taxes payable	505,697	1,023,245
Contract liabilities	3,691,848	5,246,027
Provision for bonuses	318,104	328,488
Provision for product warranties	301,542	454,568
Provision for share awards	5,751	6,869
Liability related to paid transactions	577,364	—
Other	112,925	210,827
Total current liabilities	18,463,365	21,380,362
Non-current liabilities		
Long-term borrowings	2,643,216	5,075,329
Lease liabilities	10,267	6,422
Deferred tax liabilities	25,618	17,038
Provision for share awards	251,593	284,299
Provision for retirement benefits for directors (and other officers)	21,177	25,179
Provision for share awards for directors (and other officers)	122,187	—
Retirement benefit liability	66,417	68,343
Asset retirement obligations	171,580	187,778
Other	72,329	288,301
Total non-current liabilities	3,384,387	5,952,693
Total liabilities	21,847,753	27,333,055
Net assets		
Shareholders' equity		
Share capital	3,495,400	3,556,896
Capital surplus	3,430,855	3,415,301
Retained earnings	10,151,848	12,197,637
Treasury shares	(434,156)	(311,894)
Total shareholders' equity	16,643,947	18,857,940
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	150	30
Foreign currency translation adjustment	641,870	909,862
Total accumulated other comprehensive income	642,020	909,892
Non-controlling interests	263,294	327,969
Total net assets	17,549,262	20,095,803
Total liabilities and net assets	39,397,015	47,428,858

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Thousands of yen)	
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	24,356,236	28,161,419
Cost of sales	17,028,216	19,603,040
Gross profit	7,328,020	8,558,379
Selling, general and administrative expenses		
Freight costs	341,736	288,866
Remuneration for directors (and other officers)	286,044	292,828
Salaries and allowances	1,034,546	1,094,266
Bonuses	301,011	311,295
Legal welfare expenses	231,737	243,746
Retirement benefit expenses	49,161	51,217
Research and development expenses	367,634	435,161
Provision of allowance for doubtful accounts	4,665	–
Other	1,905,025	2,186,367
Total selling, general and administrative expenses	4,521,562	4,903,748
Operating profit	2,806,458	3,654,630
Non-operating income		
Interest income	13,824	51,630
Subsidy income	6,357	9,449
Foreign exchange gains	330,711	229,430
Other	36,440	16,493
Total non-operating income	387,334	307,004
Non-operating expenses		
Interest expenses	31,693	60,926
Share issuance costs	12,511	–
Other	10,709	10,699
Total non-operating expenses	54,914	71,626
Ordinary profit	3,138,878	3,890,008
Extraordinary income		
Gain on sale of non-current assets	64,999	11,556
Total extraordinary income	64,999	11,556
Extraordinary losses		
Loss on valuation of investment securities	–	335,030
Other	–	16,903
Total extraordinary losses	–	351,934
Profit before income taxes	3,203,878	3,549,630
Income taxes - current	643,977	1,321,280
Income taxes - deferred	263,293	(184,700)
Total income taxes	907,270	1,136,580
Profit	2,296,607	2,413,050
Profit attributable to non-controlling interests	33,240	56,218
Profit attributable to owners of parent	2,263,366	2,356,831

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	2,296,607	2,413,050
Other comprehensive income		
Valuation difference on available-for-sale securities	(150)	(120)
Foreign currency translation adjustment	344,911	281,839
Total other comprehensive income	344,761	281,718
Comprehensive income	2,641,368	2,694,769
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,586,874	2,624,703
Comprehensive income attributable to non-controlling interests	54,493	70,065

Consolidated statements of changes in equity

Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,724,067	2,659,522	8,104,586	(446,249)	13,041,925
Changes during period					
Issuance of new shares	771,333	771,333			1,542,666
Dividends of surplus			(216,104)		(216,104)
Profit attributable to owners of parent			2,263,366		2,263,366
Purchase of treasury shares				(48)	(48)
Disposal of treasury shares				12,141	12,141
Net changes in items other than shareholders' equity					–
Total changes during period	771,333	771,333	2,047,261	12,093	3,602,021
Balance at end of period	3,495,400	3,430,855	10,151,848	(434,156)	16,643,947

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	300	318,211	318,512	214,190	13,574,628
Changes during period					
Issuance of new shares			–		1,542,666
Dividends of surplus			–		(216,104)
Profit attributable to owners of parent			–		2,263,366
Purchase of treasury shares			–		(48)
Disposal of treasury shares			–		12,141
Net changes in items other than shareholders' equity	(150)	323,658	323,508	49,103	372,611
Total changes during period	(150)	323,658	323,508	49,103	3,974,633
Balance at end of period	150	641,870	642,020	263,294	17,549,262

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,495,400	3,430,855	10,151,848	(434,156)	16,643,947
Changes during period					
Issuance of new shares	61,496	61,496			122,992
Dividends of surplus			(311,041)		(311,041)
Profit attributable to owners of parent			2,356,831		2,356,831
Purchase of treasury shares				(186)	(186)
Disposal of treasury shares				45,398	45,398
Cancellation of treasury shares		(77,050)		77,050	–
Net changes in items other than shareholders' equity					–
Total changes during period	61,496	(15,554)	2,045,789	122,261	2,213,993
Balance at end of period	3,556,896	3,415,301	12,197,637	(311,894)	18,857,940

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	150	641,870	642,020	263,294	17,549,262
Changes during period					
Issuance of new shares			–		122,992
Dividends of surplus			–		(311,041)
Profit attributable to owners of parent			–		2,356,831
Purchase of treasury shares			–		(186)
Disposal of treasury shares			–		45,398
Cancellation of treasury shares			–		–
Net changes in items other than shareholders' equity	(120)	267,992	267,872	64,675	332,547
Total changes during period	(120)	267,992	267,872	64,675	2,546,540
Balance at end of period	30	909,862	909,892	327,969	20,095,803

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,203,878	3,549,630
Depreciation	698,880	757,467
Gain on sale of non-current assets	(64,999)	(11,556)
Loss (gain) on valuation of investment securities	—	335,030
Increase (decrease) in allowance for doubtful accounts	4,576	221
Increase (decrease) in provision for bonuses	76,807	10,384
Increase (decrease) in provision for product warranties	3,288	153,025
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3,952	4,002
Increase (decrease) in retirement benefit liability	8,341	1,925
Increase (decrease) in provision for share awards	49,253	71,536
Increase (decrease) in provision for share awards for directors (and other officers)	30,876	(122,187)
Interest and dividend income	(13,834)	(51,637)
Interest expenses	31,693	60,926
Foreign exchange losses (gains)	(214,984)	(128,878)
Share issuance costs	12,511	543
Decrease (increase) in trade receivables	530,516	(1,940,880)
Decrease (increase) in inventories	(6,415,724)	(4,023,645)
Decrease (increase) in other current assets	(868,722)	(65,255)
Increase (decrease) in trade payables	1,542,114	36,906
Increase (Decrease) Contract Liabilities	228,775	1,506,403
Increase (decrease) in accounts payable - other	187,397	(25,657)
Increase (decrease) in accrued consumption taxes	12	38,378
Increase (decrease) in other current liabilities	(12,478)	180,113
Other, net	(37,101)	229,012
Subtotal	(1,014,968)	565,809
Interest and dividends received	13,837	51,912
Interest paid	(33,112)	(59,300)
Income taxes paid	(479,444)	(819,561)
Net cash provided by (used in) operating activities	(1,513,688)	(261,138)

	(Thousands of yen)	
	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from investing activities		
Payments into time deposits	–	(20,393)
Proceeds from withdrawal of time deposits	190,942	–
Purchase of investment securities	(122)	(124)
Proceeds from sale of property, plant and equipment	65,000	29,161
Purchase of property, plant and equipment	(809,117)	(1,355,453)
Purchase of intangible assets	(116,976)	(41,039)
Other, net	322	(4,968)
Net cash provided by (used in) investing activities	(669,951)	(1,392,816)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,700,000	500,000
Proceeds from long-term borrowings	3,000,000	5,200,000
Repayments of long-term borrowings	(1,601,549)	(2,110,644)
Redemption of bonds	(300,000)	–
Proceeds from issuance of shares	1,530,155	–
Payments for issuance of shares	–	(543)
Repayments of lease liabilities	(8,749)	(4,336)
Dividends paid	(216,298)	(311,005)
Dividends paid to non-controlling interests	(5,390)	(5,390)
Purchase of treasury shares	(48)	(186)
Proceeds from sale of treasury shares	–	7,686
Net cash provided by (used in) financing activities	4,098,119	3,275,581
Effect of exchange rate change on cash and cash equivalents	128,629	125,113
Net increase (decrease) in cash and cash equivalents	2,043,109	1,746,739
Cash and cash equivalents at beginning of period	2,981,549	5,024,659
Cash and cash equivalents at end of period	5,024,659	6,771,398