

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 13, 2023

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 TOSHIO IKEDA  
 Senior Managing Director, General Manager of Administration Division SHIGEO KAMEYAMA TEL 086-239-5000  
 Inquiries: SHIGEO KAMEYAMA TEL 086-239-5000  
 Scheduled date of ordinary general meeting of shareholders: March 28, 2023  
 Scheduled date to file Securities Report: March 29, 2023  
 Scheduled date to commence dividend payments: March 29, 2023  
 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, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	24,356	10.7	2,806	34.1	3,138	41.5	2,263	29.4
Year ended December 31, 2021	22,001	12.7	2,092	10.9	2,218	20.0	1,749	3.3

	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, 2022	162.09	–	14.8	9.1	11.5
Year ended December 31, 2021	132.21	–	14.1	7.9	9.5

(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, 2022	39,397	17,549	43.9	1,188.12
As of December 31, 2021	29,390	13,574	45.5	1,009.37

(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, 2022	(1,513)	(669)	4,098	5,024
Year ended December 31, 2021	336	(795)	523	2,981

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, 2021	–	0.00	–	16.00	16.00	216	12.1	1.6
Year ended December 31, 2022	–	0.00	–	21.00	21.00	311	13.0	1.8
Year ending December 31, 2023 (Forecast)	–	0.00	–	21.00	21.00		13.9	

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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, 2023	13,610	5.6	1,187	(7.9)	1,170	(32.2)	800	(35.7)	57.34
Full year	31,423	29.0	3,118	11.1	3,087	(1.6)	2,109	(6.8)	151.07

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2022

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

(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: Yes

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, 2022	14,813,300 shares	As of December 31, 2021	13,508,300 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	264,282 shares	As of December 31, 2021	271,849 shares
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Average number of shares during the period

Year ended December 31, 2022	13,963,523 shares	Year ended December 31, 2021	13,234,187 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,267,552	5,141,311
Notes and accounts receivable - trade	5,475,653	4,496,041
Electronically recorded monetary claims - operating	1,201,953	1,869,262
Merchandise and finished goods	73,744	62,670
Work in process	9,260,408	13,032,935
Raw materials and supplies	2,050,306	4,888,049
Other	746,302	2,415,311
<b>Total current assets</b>	<b>22,075,920</b>	<b>31,905,581</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	7,758,239	7,998,159
Accumulated depreciation	(4,230,582)	(4,380,328)
Buildings and structures, net	3,527,656	3,617,831
Machinery, equipment and vehicles	3,219,466	3,449,937
Accumulated depreciation	(2,435,058)	(2,658,801)
Machinery, equipment and vehicles, net	784,408	791,135
Tools, furniture and fixtures	1,048,473	1,265,101
Accumulated depreciation	(884,397)	(961,705)
Tools, furniture and fixtures, net	164,075	303,396
Land	1,259,848	1,291,426
Leased assets	130,648	34,648
Accumulated depreciation	(115,134)	(25,281)
Leased assets, net	15,513	9,366
Construction in progress	56,800	228,147
Other	161,432	165,283
Accumulated depreciation	(98,813)	(138,802)
Other, net	62,619	26,481
<b>Total property, plant and equipment</b>	<b>5,870,923</b>	<b>6,267,785</b>
<b>Intangible assets</b>		
Software	139,220	138,991
Other	8,246	59,184
<b>Total intangible assets</b>	<b>147,467</b>	<b>198,175</b>
<b>Investments and other assets</b>		
Investment securities	401,975	401,948
Deferred tax assets	473,342	212,650
Other	420,484	415,450
Allowance for doubtful accounts	—	(4,576)
<b>Total investments and other assets</b>	<b>1,295,803</b>	<b>1,025,472</b>
<b>Total non-current assets</b>	<b>7,314,194</b>	<b>7,491,434</b>
<b>Total assets</b>	<b>29,390,115</b>	<b>39,397,015</b>

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,873,986	1,725,959
Electronically recorded obligations - operating	2,488,484	4,350,479
Short-term borrowings	3,171,522	5,279,474
Current portion of bonds payable	300,000	–
Lease liabilities	8,666	8,666
Accounts payable - other	1,267,615	1,585,551
Income taxes payable	313,392	505,697
Advances received	3,371,322	–
Contract liabilities	–	3,691,848
Provision for bonuses	241,296	318,104
Provision for product warranties	298,254	301,542
Provision for share awards	5,911	5,751
Liability related to paid transactions	–	577,364
Other	117,070	112,925
<b>Total current liabilities</b>	<b>13,457,522</b>	<b>18,463,365</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,652,717	2,643,216
Lease liabilities	19,016	10,267
Deferred tax liabilities	29,928	25,618
Provision for share awards	214,321	251,593
Provision for retirement benefits for directors (and other officers)	17,225	21,177
Provision for share awards for directors (and other officers)	91,310	122,187
Retirement benefit liability	58,076	66,417
Asset retirement obligations	149,345	171,580
Other	126,022	72,329
<b>Total non-current liabilities</b>	<b>2,357,964</b>	<b>3,384,387</b>
<b>Total liabilities</b>	<b>15,815,486</b>	<b>21,847,753</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,724,067	3,495,400
Capital surplus	2,659,522	3,430,855
Retained earnings	8,104,586	10,151,848
Treasury shares	(446,249)	(434,156)
<b>Total shareholders' equity</b>	<b>13,041,925</b>	<b>16,643,947</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	300	150
Foreign currency translation adjustment	318,211	641,870
<b>Total accumulated other comprehensive income</b>	<b>318,512</b>	<b>642,020</b>
<b>Non-controlling interests</b>	<b>214,190</b>	<b>263,294</b>
<b>Total net assets</b>	<b>13,574,628</b>	<b>17,549,262</b>
<b>Total liabilities and net assets</b>	<b>29,390,115</b>	<b>39,397,015</b>

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

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	22,001,810	24,356,236
Cost of sales	16,068,117	17,028,216
Gross profit	5,933,693	7,328,020
Selling, general and administrative expenses		
Freight costs	281,634	341,736
Remuneration for directors (and other officers)	261,444	286,044
Salaries and allowances	1,004,145	1,034,546
Bonuses	258,293	301,011
Legal welfare expenses	225,701	231,737
Retirement benefit expenses	50,187	49,161
Research and development expenses	374,248	367,634
Provision of allowance for doubtful accounts	–	4,665
Other	1,385,804	1,905,025
Total selling, general and administrative expenses	3,841,460	4,521,562
Operating profit	2,092,232	2,806,458
Non-operating income		
Interest income	15,335	13,824
Subsidy income	6,580	6,357
Foreign exchange gains	101,497	330,711
Other	42,187	36,440
Total non-operating income	165,601	387,334
Non-operating expenses		
Interest expenses	31,125	31,693
Share issuance costs	–	12,511
Other	8,274	10,709
Total non-operating expenses	39,399	54,914
Ordinary profit	2,218,434	3,138,878
Extraordinary income		
Gain on sale of non-current assets	–	64,999
Total extraordinary income	–	64,999
Profit before income taxes	2,218,434	3,203,878
Income taxes - current	357,524	643,977
Income taxes - deferred	75,751	263,293
Total income taxes	433,276	907,270
Profit	1,785,158	2,296,607
Profit attributable to non-controlling interests	35,467	33,240
Profit attributable to owners of parent	1,749,690	2,263,366

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	1,785,158	2,296,607
Other comprehensive income		
Valuation difference on available-for-sale securities	44	(150)
Foreign currency translation adjustment	425,108	344,911
Total other comprehensive income	425,153	344,761
Comprehensive income	2,210,312	2,641,368
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,149,926	2,586,874
Comprehensive income attributable to non-controlling interests	60,385	54,493

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,724,067	2,645,988	6,571,001	(455,969)	11,485,086
Changes during period					
Dividends of surplus			(216,105)		(216,105)
Profit attributable to owners of parent			1,749,690		1,749,690
Purchase of treasury shares				(121)	(121)
Disposal of treasury shares				9,841	9,841
Capital increase of consolidated subsidiaries		13,533			13,533
Net changes in items other than shareholders' equity					-
Total changes during period	-	13,533	1,533,585	9,719	1,556,838
Balance at end of period	2,724,067	2,659,522	8,104,586	(446,249)	13,041,925

	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	255	(81,979)	(81,723)	171,094	11,574,457
Changes during period					
Dividends of surplus			-		(216,105)
Profit attributable to owners of parent			-		1,749,690
Purchase of treasury shares			-		(121)
Disposal of treasury shares			-		9,841
Capital increase of consolidated subsidiaries			-		13,533
Net changes in items other than shareholders' equity	44	400,191	400,235	43,096	443,332
Total changes during period	44	400,191	400,235	43,096	2,000,171
Balance at end of period	300	318,211	318,512	214,190	13,574,628

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
Capital increase of consolidated subsidiaries					–
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
Capital increase of consolidated subsidiaries			–		–
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



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,218,434	3,203,878
Depreciation	589,233	698,880
Gain on sale of non-current assets	–	(64,999)
Increase (decrease) in allowance for doubtful accounts	–	4,576
Increase (decrease) in provision for bonuses	110,058	76,807
Increase (decrease) in provision for product warranties	74,147	3,288
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3,031	3,952
Increase (decrease) in retirement benefit liability	4,960	8,341
Increase (decrease) in provision for share awards	52,553	49,253
Increase (decrease) in provision for share awards for directors (and other officers)	26,398	30,876
Interest and dividend income	(15,344)	(13,834)
Interest expenses	31,125	31,693
Foreign exchange losses (gains)	(72,298)	(214,984)
Share issuance costs	–	12,511
Decrease (increase) in trade receivables	(652,639)	530,516
Decrease (increase) in inventories	(996,284)	(6,415,724)
Decrease (increase) in other current assets	30,929	(868,722)
Increase (decrease) in trade payables	646,373	1,542,114
Increase (decrease) in advances received	(1,443,286)	–
Increase (Decrease) Contract Liabilities	–	228,775
Increase (decrease) in accounts payable - other	63,380	187,397
Increase (decrease) in accrued consumption taxes	3,273	12
Increase (decrease) in other current liabilities	2,084	(12,478)
Other, net	(59,668)	(37,101)
Subtotal	616,461	(1,014,968)
Interest and dividends received	15,387	13,837
Interest paid	(32,678)	(33,112)
Income taxes paid	(262,920)	(479,444)
Net cash provided by (used in) operating activities	336,250	(1,513,688)

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from investing activities		
Payments into time deposits	(90,144)	–
Proceeds from withdrawal of time deposits	–	190,942
Purchase of investment securities	(200,120)	(122)
Proceeds from sale of property, plant and equipment	–	65,000
Purchase of property, plant and equipment	(470,876)	(809,117)
Purchase of intangible assets	(34,445)	(116,976)
Other, net	405	322
Net cash provided by (used in) investing activities	(795,181)	(669,951)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,180,000	1,700,000
Proceeds from long-term borrowings	800,000	3,000,000
Repayments of long-term borrowings	(1,229,487)	(1,601,549)
Redemption of bonds	–	(300,000)
Proceeds from issuance of shares	–	1,530,155
Repayments of lease liabilities	(7,972)	(8,749)
Dividends paid	(216,130)	(216,298)
Dividends paid to non-controlling interests	(2,965)	(5,390)
Purchase of treasury shares	(121)	(48)
Net cash provided by (used in) financing activities	523,321	4,098,119
Effect of exchange rate change on cash and cash equivalents	167,590	128,629
Net increase (decrease) in cash and cash equivalents	231,980	2,043,109
Cash and cash equivalents at beginning of period	2,749,568	2,981,549
Cash and cash equivalents at end of period	2,981,549	5,024,659