

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 10, 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 YASUYUKI SATO
 Manager for General Affairs
 Inquiries: Department ,General Maneger of HISAO YOSHIKUNI TEL 086-239-5000
 Administration Division
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

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	%
Six months ended June 30, 2023	10,434	(19.0)	539	(58.1)	706	(59.0)	137	(89.0)
Six months ended June 30, 2022	12,885	32.3	1,289	72.7	1,725	110.0	1,246	125.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	9.42		–	
Six months ended June 30, 2022	93.21		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	43,247	18,122	41.2	1,216.69
As of December 31, 2022	39,397	17,549	43.9	1,188.12

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2022	–	0.00	–	21.00	21.00
Year ending December 31, 2023	–	0.00	–	–	–
Year ending December 31, 2023 (Forecast)	–	–	–	21.00	21.00

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
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 six months ended June 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 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 June 30, 2023	199,282 shares	As of December 31, 2022	264,282 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023	14,575,874 shares	Six months ended June 30, 2022	13,368,484 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	5,141,311	5,139,878
Notes and accounts receivable - trade	4,496,041	4,052,190
Electronically recorded monetary claims - operating	1,869,262	2,378,799
Inventories	17,983,655	22,426,458
Other	2,415,311	1,861,104
Total current assets	31,905,581	35,858,431
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,617,831	3,597,879
Machinery, equipment and vehicles, net	791,135	823,122
Land	1,291,426	1,291,426
Other, net	567,391	669,132
Total property, plant and equipment	6,267,785	6,381,560
Intangible assets		
Software	138,991	173,544
Other	59,184	55,245
Total intangible assets	198,175	228,790
Investments and other assets		
Investment securities	401,948	66,898
Deferred tax assets	212,650	287,283
Other	415,450	428,854
Allowance for doubtful accounts	(4,576)	(4,799)
Total investments and other assets	1,025,472	778,236
Total non-current assets	7,491,434	7,388,587
Total assets	39,397,015	43,247,018

	(Thousands of yen)	
	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,725,959	2,063,736
Electronically recorded obligations - operating	4,350,479	3,851,399
Short-term borrowings	5,279,474	4,687,431
Accounts payable - other	1,585,551	1,278,606
Income taxes payable	505,697	305,420
Contract liabilities	3,691,848	5,570,047
Provision for bonuses	318,104	227,653
Provision for product warranties	301,542	292,446
Provision for share awards	5,751	4,792
Liability related to paid transactions	577,364	-
Other	121,592	152,042
Total current liabilities	18,463,365	18,433,577
Non-current liabilities		
Long-term borrowings	2,643,216	6,032,223
Provision for share awards	251,593	267,924
Provision for retirement benefits for directors (and other officers)	21,177	23,178
Provision for share awards for directors (and other officers)	122,187	-
Retirement benefit liability	66,417	68,225
Asset retirement obligations	171,580	193,068
Other	108,214	106,213
Total non-current liabilities	3,384,387	6,690,833
Total liabilities	21,847,753	25,124,411
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	9,978,126
Treasury shares	(434,156)	(316,660)
Total shareholders' equity	16,643,947	16,633,664
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	150	71
Foreign currency translation adjustment	641,870	1,175,491
Total accumulated other comprehensive income	642,020	1,175,562
Non-controlling interests	263,294	313,381
Total net assets	17,549,262	18,122,607
Total liabilities and net assets	39,397,015	43,247,018

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	12,885,557	10,434,328
Cost of sales	9,415,582	7,572,078
Gross profit	3,469,975	2,862,249
Selling, general and administrative expenses	2,180,555	2,322,542
Operating profit	1,289,419	539,706
Non-operating income		
Interest income	8,692	22,700
Foreign exchange gains	439,866	163,425
Subsidy income	4,389	1,164
Other	14,530	8,159
Total non-operating income	467,477	195,449
Non-operating expenses		
Interest expenses	16,849	23,234
Other	14,052	5,020
Total non-operating expenses	30,901	28,254
Ordinary profit	1,725,996	706,901
Extraordinary income		
Gain on sale of non-current assets	64,999	14,582
Total extraordinary income	64,999	14,582
Extraordinary losses		
Loss on valuation of investment securities	–	335,030
Total extraordinary losses	–	335,030
Profit before income taxes	1,790,996	386,453
Income taxes	524,930	226,867
Profit	1,266,065	159,585
Profit attributable to non-controlling interests	20,029	22,265
Profit attributable to owners of parent	1,246,035	137,320

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	1,266,065	159,585
Other comprehensive income		
Valuation difference on available-for-sale securities	(60)	(79)
Foreign currency translation adjustment	649,912	566,832
Total other comprehensive income	649,852	566,753
Comprehensive income	1,915,917	726,339
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,858,561	670,862
Comprehensive income attributable to non-controlling interests	57,356	55,476

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,790,996	386,453
Depreciation	330,816	353,394
Gain on sale of non-current assets	(64,999)	(14,582)
Loss (gain) on valuation of investment securities	–	335,049
Increase (decrease) in allowance for doubtful accounts	4,905	223
Increase (decrease) in provision for bonuses	(58,498)	(90,450)
Decrease (increase) in Provision for Employee Stock Ownership Plan Trust	24,976	25,437
Decrease (increase) in Provision for Management Board Incentive Plan Trust	15,420	(122,187)
Decrease (increase) in trade receivables	639,978	43,140
Decrease (increase) in inventories	(2,120,297)	(4,129,132)
Increase (decrease) in trade payables	1,777,677	(297,424)
Increase (Decrease) Contract Liabilities	(1,042,527)	1,749,035
Other, net	(463,005)	(127,260)
Subtotal	835,442	(1,888,303)
Income taxes paid	(269,509)	(431,839)
Other payments	(8,156)	(534)
Net cash provided by (used in) operating activities	557,776	(2,320,676)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	68,229	54,979
Purchase of investment securities	(60)	(79)
Proceeds from sale of property, plant and equipment	65,000	19,690
Purchase of property, plant and equipment	(441,360)	(356,264)
Purchase of intangible assets	(80,169)	(58,512)
Other, net	9,912	1,123
Net cash provided by (used in) investing activities	(378,448)	(339,063)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,100,000)	(1,500,000)
Proceeds from long-term borrowings	3,000,000	5,200,000
Repayments of long-term borrowings	(855,118)	(903,036)
Redemption of bonds	(300,000)	–
Proceeds from issuance of shares	1,530,385	–
Dividends paid	(216,152)	(310,526)
Proceeds from sale of treasury shares	–	7,686
Other, net	(4,374)	3,479
Net cash provided by (used in) financing activities	2,054,739	2,497,603
Effect of exchange rate change on cash and cash equivalents	225,521	223,376
Net increase (decrease) in cash and cash equivalents	2,459,588	61,239
Cash and cash equivalents at beginning of period	2,981,549	5,024,659
Cash and cash equivalents at end of period	5,441,137	5,085,898