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Financial Results for the Nine Months Ended December 31, 2021 [Japanese GAAP] (Consolidated)



January 27, 2022

Company name: Tatsuta Electric Wire & Cable Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Stock Code: 5809

URL: <https://www.tatsuta.com>

Representative: Hirohito Miyashita, President and Representative Director

Contact: Masafumi Imai, Director, Executive Officer, General Manager of Accounting and Finance Department

Phone: +81-6-6721-3011

Scheduled date of filing Quarterly Report: February 10, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2021	45,139	9.6	2,405	(24.5)	2,562	(21.2)	1,766	(23.5)
Nine months ended December 31, 2020	41,190	(6.2)	3,185	6.9	3,250	7.8	2,308	9.3

(Note) Comprehensive income: Nine months ended December 31, 2021: 1,532 million yen [(48.9)%]

Nine months ended December 31, 2020: 2,996 million yen [43.1%]

	Income per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	28.59	-
Nine months ended December 31, 2020	37.36	-

(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, 2021	57,790	47,321	81.9	765.95
As of March 31, 2021	56,961	46,901	82.3	759.14

(Reference) Equity: As of December 31, 2021: 47,321 million yen

As of March 31, 2021: 46,901 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	9.00	-	9.00	18.00
Fiscal year ending March 31, 2022	-	9.00	-		
Fiscal year ending March 31, 2022 (Forecast)				9.00	18.00

(Note) Revisions from the most recently announced dividends forecast: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	61,700	13.2	3,600	1.9	3,700	1.9	2,650	0.2	42.89

(Note) Revisions from the most recently announced financial results forecast: No

Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
 Newly added: NA Excluded: NA

(2) Application of special accounting treatment in preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, changes in accounting estimates and retrospective restatement

1) Changes in accounting principles due to the revision of accounting standards: Yes

2) Changes in accounting principles other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common stock)

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

As of December 31, 2021	70,156,394 shares
As of March 31, 2021	70,156,394 shares

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

As of December 31, 2021	8,374,947 shares
As of March 31, 2021	8,374,360 shares

3) Average number of shares during the period (cumulative quarterly period):

Nine months ended December 31, 2021	61,781,736 shares
Nine months ended December 31, 2020	61,782,362 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

* Overview of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the date of publication of this document and should not be interpreted as any kind of guarantee or promise by the Company to achieve such forecasts. In addition, actual results may differ significantly from these forecasts due to a wide range of factors.

The supplemental financial information is scheduled to be disclosed on the TDnet on that same day as well as on the Company's website.

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1. Qualitative Information on Financial Results for the Quarterly Period Under Review

(1) Overview of business results

During the nine months ended December 31, 2021, as the Japanese economy saw gradual mitigation of the harsh situation owing to the impact of COVID-19 despite the ongoing influence of the shortage of semiconductors, there remained signs of recovery in areas including corporate earnings, capital investment, and production. In the world economy as well, although the shortage of semiconductors continued, expectations for phased resumption and recovery of economic activities were increasing as the impact of COVID-19 decreased. Recently, however, the future remains uncertain due to the impact of semiconductor supply shortfalls, a sharp rise in raw material prices, and the spread of new variants.

Domestic quotation prices for copper, the main raw material used for the Company's products, have been rising since the beginning of the previous fiscal year, causing the average domestic quotation prices for copper during the nine months ended December 31, 2021, to be on levels significantly higher compared to the same period of the previous fiscal year.

At the same time, demand for electric wires for infrastructure has been on a recovery trend from the significant decline during the previous fiscal year due to the impact of COVID-19, and in the equipment wire and cable business as well, a recovery in demand for some users continued. Although the sales of smartphones, the main usage of functional films, continued strong, the materials demand was affected by reduced demand for products for mobile terminals other than smartphones compared to the previous corresponding period, semiconductor supply shortfalls, and the inventory adjustments by users, etc.

In this environment, net sales for the nine months ended December 31, 2021, were 45,139 million yen (up 9.6% year on year), recording higher income. Operating income was 2,405 million yen (down 24.5% year on year), and ordinary income was 2,562 million yen (down 21.2% year on year). Income attributable to owners of parent was 1,766 million yen (down 23.5% year on year), recording lower profit.

An overview of the Group's business performance by segment is as follows:

[Electric Wire and Cable Business]

Although electric wires for infrastructure are on a recovery trend from the impact of COVID-19, sales volume was down (down 3.5% year on year) compared to the corresponding period of the previous fiscal year. Meanwhile, owing to factors such as the significant increase in copper prices, and a recovery in demand at some customers for equipment wire and cable, segment net sales were 29,879 million yen (up 22.1% year on year). Operating income was 540 million yen (up 84.0% year on year) due to a recovery in the equipment wire and cable business, etc., despite a rise in raw materials prices and the effect of copper price movement.

[Electronic Materials Business]

Demand for functional films, our flagship products, saw a decline in sales volume (down 14.2% year on year) owing to factors such as the effects of semiconductor supply shortfalls and inventory adjustments by users, resulting in segment net sales of 13,731 million yen (down 10.7% year on year) and operating income of 2,355 million yen (down 32.1% year on year).

[Other Businesses]

In each of the businesses of our sensor, medical equipment materials, and environmental analysis businesses, a recovery of demand continued in some areas, and segment net sales were 1,550 million yen (up 13.0% year on year), and operating income was 40 million yen (operating loss of 34 million yen in the same period of the previous fiscal year).

As a company, our priority will be to continue to secure the safety of our employees and society through intensive COVID-19 countermeasures and fulfill our responsibility to maintain supply to our customers. On this premise, while accurately capturing demand that is now on a recovery trend, we will promote growth through response to increasing business opportunities associated with the spread of 5G and the expansion of a carbon-neutral society.

(2) Overview of financial position

Total assets at the end of the nine months ended December 31, 2021, increased by 828 million yen from the end of the previous fiscal year to 57,790 million yen, mainly due to increases in notes and accounts receivable - trade and inventories, despite a decrease in short-term loans receivable.

Total liabilities increased by 408 million yen from the end of the previous fiscal year to 10,468 million yen primarily as a result of an increase in accounts payable – other and notes and accounts payable - trade.

Total net assets increased by 420 million yen from the end of the previous fiscal year to 47,321 million yen mainly due to an increase in retained earnings.

As a result, the equity ratio decreased by 0.4 percentage points from the end of the previous fiscal year to 81.9%.

(3) Overview of forward-looking information such as consolidated financial results forecasts

No revisions have been made to the financial results forecast announced at the earnings announcement on October 26, 2021.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	1,444	1,192
Notes and accounts receivable - trade	14,457	20,492
Finished goods	2,491	3,559
Work in process	5,304	6,088
Raw materials and supplies	1,244	1,698
Short-term loans receivable	12,579	4,934
Other	1,271	743
Allowance for doubtful accounts	(13)	(13)
Total current assets	38,780	38,697
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,610	7,534
Machinery, equipment and vehicles, net	3,357	3,250
Tools, furniture and fixtures, net	355	419
Land	3,799	3,799
Construction in progress	606	1,455
Total property, plant and equipment	15,728	16,459
Intangible assets		
Software	138	136
Software in progress	9	10
Right to use facilities	5	5
Other	5	5
Total intangible assets	158	156
Investments and other assets		
Investment securities	922	972
Long-term prepaid expenses	11	6
Deferred tax assets	986	1,116
Other	566	566
Allowance for doubtful accounts	(193)	(184)
Total investments and other assets	2,293	2,477
Total non-current assets	18,181	19,093
Total assets	56,961	57,790

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,757	4,013
Accounts payable - other	928	1,198
Accrued expenses	1,469	1,043
Income taxes payable	541	143
Other	979	1,554
Total current liabilities	7,676	7,952
Non-current liabilities		
Long-term borrowings	900	900
Retirement benefit liability	1,301	1,453
Asset retirement obligations	70	69
Deferred tax liabilities	1	1
Other	109	91
Total non-current liabilities	2,383	2,516
Total liabilities	10,060	10,468
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	37,717	38,372
Treasury shares	(2,458)	(2,458)
Total shareholders' equity	46,452	47,106
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	212	209
Deferred gains or losses on hedges	414	136
Foreign currency translation adjustment	(62)	(64)
Remeasurements of defined benefit plans	(114)	(66)
Total accumulated other comprehensive income	449	215
Total net assets	46,901	47,321
Total liabilities and net assets	56,961	57,790

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive
Income
Quarterly Consolidated Statements of Income
Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Net sales	41,190	45,139
Cost of sales	30,865	35,578
Gross income	10,324	9,561
Selling, general and administrative expenses	7,139	7,155
Operating income	3,185	2,405
Non-operating income		
Interest income	11	13
Dividend income	18	20
Foreign exchange gains	-	63
Subsidy income	21	31
Other	45	38
Total non-operating income	96	167
Non-operating expenses		
Interest expenses	5	4
Foreign exchange losses	18	-
Other	7	5
Total non-operating expenses	31	10
Ordinary income	3,250	2,562
Extraordinary income		
Gain on sale of investment securities	0	-
Gain on sale of non-current assets	-	3
Total extraordinary income	0	3
Extraordinary losses		
Loss on abandonment of non-current assets	16	149
Total extraordinary losses	16	149
Income before income taxes	3,234	2,416
Income taxes - current	1,010	678
Income taxes - deferred	(84)	(28)
Total income taxes	925	649
Income	2,308	1,766
Income attributable to owners of parent	2,308	1,766

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Income	2,308	1,766
Other comprehensive income		
Valuation difference on available-for-sale securities	20	(2)
Deferred gains or losses on hedges	606	(278)
Foreign currency translation adjustment	(3)	(1)
Remeasurements of defined benefit plans, net of tax	65	48
Total other comprehensive income	688	(234)
Comprehensive income	2,996	1,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,996	1,532