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Financial Results for the Year Ended March 31, 2021 [Japanese GAAP] (Consolidated)



May 12, 2021

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

Stock exchange listing: Tokyo Stock Exchange

Stock Code: 5809

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

Representative: Hirohito Miyashita, President and Representative Director

Contact: Tetsuya Shibata, Director, Senior Executive Officer

Phone: +81-6-6721-3011

Scheduled date of General Meeting of Shareholders: June 18, 2021

Scheduled date of filing Annual Securities Report: June 18, 2021

Scheduled date of commencing dividend payments: May 31, 2021

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for institutional investors, analysts and journalists)

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

1. Consolidated Financial Results for the Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	54,516	(6.3)	3,532	(6.6)	3,629	(7.4)	2,645	(3.5)
Fiscal year ended March 31, 2020	58,171	0.3	3,781	(7.0)	3,917	(4.1)	2,740	(6.4)

(Note) Comprehensive income: Fiscal year ended March 31, 2021: 3,874 million yen [107.2%]

Fiscal year ended March 31, 2020: 1,870 million yen [(35.5)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Return on assets	Operating profit ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2021	42.83	-	5.8	6.5	6.5
Fiscal year ended March 31, 2020	44.36	-	6.3	7.3	6.5

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2021: NA

Fiscal year ended March 31, 2020: NA

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	56,961	46,901	82.3	759.14
As of March 31, 2020	54,970	44,139	80.3	714.43

(Reference) Equity: As of March 31, 2021: 46,901 million yen

As of March 31, 2020: 44,139 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2021	5,153	(3,952)	(1,212)	1,444
Fiscal year ended March 31, 2020	7,223	(5,839)	(1,050)	1,462

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, 2020	-	9.00	-	9.00	18.00
Fiscal year ended March 31, 2021	-	9.00	-	9.00	18.00
Fiscal year ending March 31, 2022 (Forecast)	-	9.00	-	9.00	18.00

	Total dividend paid out	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	Million yen	%	%
Fiscal year ended March 31, 2020	1,112	40.6	2.5
Fiscal year ended March 31, 2021	1,112	42.0	2.4
Fiscal year ending March 31, 2022 (Forecast)		38.3	

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	30,400	11.0	2,300	14.3	2,350	15.6	1,700	16.4	27.52
Full year	60,300	10.6	4,000	13.2	4,100	13.0	2,900	9.6	46.94

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

1) Changes in accounting principles due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

As of March 31, 2021	70,156,394 shares
As of March 31, 2020	70,156,394 shares

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

As of March 31, 2021	8,374,360 shares
As of March 31, 2020	8,373,920 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2021	61,782,316 shares
Fiscal year ended March 31, 2020	61,782,768 shares

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

* Explanation 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. Overview of Business Results, etc.

(1) Overview of business results for the fiscal year under review

(i) Operating results for the period under review

The Japanese economy experienced a substantial decline during the first three months of the fiscal year under review due to the impact of COVID-19, in terms of aspects including corporate earnings, capital investment, personal consumption, and production. There were subsequently signs of a recovery, despite slowdowns due to the impact of the second and third wave of infections. Overall, however, conditions were extremely adverse. The world economy also experienced a serious slump due to the impact of COVID-19, and conditions remained adverse despite some subsequent signs of an upturn in places.

Domestic quotation prices for copper, the main raw material used for the Company's products, continued to rise from the start of the fiscal year onward. The year-end price was significantly higher than the price at the beginning of the year, and average prices were also up year on year.

At the same time, demand for electric wires for infrastructure declined substantially due to factors such as the postponement of works and the revision of investment plans due to the impact of COVID-19. Demand conditions in the equipment wire and cable business were also severe overall, despite a recovery in demand from some users. Meanwhile, materials demand remained strong for mobile terminals, the main usage of functional films, increasing year on year.

In this environment, income and profit both fell compared to the previous fiscal year. Net sales for the fiscal year under review amounted to 54,516 million yen (down 6.3% from the previous fiscal year), operating income was 3,532 million yen (down 6.6%), ordinary income was 3,629 million yen (down 7.4%), and profit attributable to owners of parent was 2,645 million yen (down 3.5%).

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2020 (previous fiscal year)	Fiscal year ended March 31, 2021 (fiscal year under review)	Year on year change
Net sales	58,171	54,516	(6.3)%
Operating income	3,781	3,532	(6.6)%
Ordinary income	3,917	3,629	(7.4)%
Profit attributable to owners of parent	2,740	2,645	(3.5)%

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

[Electric Wire and Cable Business]

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2020 (previous fiscal year)	Fiscal year ended March 31, 2021 (fiscal year under review)	Year on year change
Net sales	36,996	33,007	(10.8)%
Operating income	523	409	(21.9)%

Demand for electric wires for infrastructure slumped due to factors such as the postponement of works and the revision of investment plans due to the impact of COVID-19, and sales volume declined (down 12.2% from the

previous fiscal year). This impact also brought about a continuing slowdown in sales of equipment wire and cable. As a result, segment net sales were 33,007 million yen (down 10.8% from the previous fiscal year). Operating income was 409 million yen (down 21.9%) due to the slump in demand, despite improvements due to sales mix and the effect of movements in copper prices.

[Electronic Materials Business]

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2020 (previous fiscal year)	Fiscal year ended March 31, 2021 (fiscal year under review)	Year on year change
Net sales	19,129	19,595	2.4%
Operating income	3,762	3,813	1.3%

We endeavored to maintain and expand our market share for functional films, our flagship products, and expand sales of high function products, amid strong demand for materials for mobile terminals. As a result, sales volume increased year on year (up 6.1% from the previous fiscal year) and segment net sales were 19,595 million yen (up 2.4%). Operating income was 3,813 million yen (up 1.3%) as a result of the increase in sales and our efforts to reduce costs, despite a deterioration in sales mix.

[Other Businesses]

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2020 (previous fiscal year)	Fiscal year ended March 31, 2021 (fiscal year under review)	Year on year change
Net sales	2,073	1,946	(6.1)%
Operating income	159	39	(75.4)%

Despite efforts to reduce costs across the board at our sensor, medical equipment materials, and environmental analysis businesses, we faced a significant decline in demand due to the impact of COVID-19, and segment net sales were 1,946 million yen (down 6.1% from the previous fiscal year) and operating income was 39 million yen (down 75.4%).

(ii) Earnings forecasts for the next term

The future outlook is uncertain for both the domestic and global economy at present, with the persisting impact of COVID-19 in addition to factors such as the continuation of US-China antagonism. However, we expect the recovery trend observed during the second half of the fiscal year under review to continue.

The Company's businesses are also anticipated to enter a recovery phase in business performance overall, despite the recovery in demand for some products still expected to fall short of the levels seen prior to the COVID-19 crisis.

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 steadily seizing business opportunities associated with the spread of 5G and carbon-neutral society, we will endeavor to maintain and build on our existing competitive strength, expand sales into periphery fields and strengthen our cost competitiveness in our flagship electric wires for infrastructure and films businesses. At the

same time, we will actively pursue business growth in other businesses as well, through sales expansion and product development accurately capturing the recovery in demand.

Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
First half	30,400	2,300	2,350	1,700
Full year	60,300	4,000	4,100	2,900
(Reference) Fiscal year ended March 31, 2021	54,516	3,532	3,629	2,645

(2) Overview of financial position for the fiscal year under review

Total assets at the end of the fiscal year under review increased by 1,990 million yen from the end of the previous fiscal year to 56,961 million yen, mainly due to increases in short-term loans receivable, work in process, raw materials and supplies, despite a decrease in notes and accounts receivable – trade. The increases in work in process and raw materials and supplies are due mainly to a hike in copper price.

Total liabilities decreased by 771 million yen from the end of the previous fiscal year to 10,060 million yen primarily as a result of decreases in income taxes payable and retirement benefit liability.

Total net assets increased by 2,762 million yen from the end of the previous fiscal year to 46,901 million yen mainly due to an increase in retained earnings, resulting from the posting of profit attributable to owners of parent, as well as increases in deferred gains or losses on hedges and remeasurements of defined benefit plans.

As a result, the equity ratio increased by 2.0 percentage points from the end of the previous fiscal year to 82.3%.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the fiscal year under review amounted to 1,444 million yen, a decrease of 18 million yen from the end of the previous fiscal year.

Overall cash flows and the reasons therefor are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,153 million yen, a decrease in cash inflow of 2,070 million yen from the previous fiscal year, with netting factors such as profit before income taxes of 3,618 million yen, decrease in trade receivables of 2,026 million yen, and the posting of depreciation of 1,770 million yen contributing to an increase in funds and factors contributing to a decrease in funds including income taxes paid of 1,362 million yen.

(Cash flows from investing activities)

Net cash used in investing activities resulted in a net cash outflow of 3,952 million yen, a decrease in cash outflow of 1,886 million yen from the previous fiscal year, due primarily to an increase in short-term loans receivable of 1,906 million yen and the purchase of property, plant and equipment of 1,793 million yen contributing to a decrease in funds.

(Cash flows from financing activities)

Net cash used in financing activities resulted in a net cash outflow of 1,212 million yen mainly due to cash dividends paid of 1,112 million yen, an increase in net cash outflow by 161 million yen from the previous fiscal year.

(4) Basic policy on distribution of profits and dividends for the current term and next term

The Company’s basic policy on dividends, etc., is to provide stable dividend payments on a continuing basis with a target of a dividend payout ratio of 30%. It makes a determination by comprehensively taking trends of business performance and future capital expenditures into consideration. The Company intends to pay the year-end dividend of 9 yen per share, resulting in a total dividend of 18 yen per share for the year including the interim dividend.

As for the next fiscal year, the Company intends to pay a total dividend of 18 yen per share with an interim dividend of 9 yen and a year-end dividend of 9 yen.

2. Overview of Group Operations

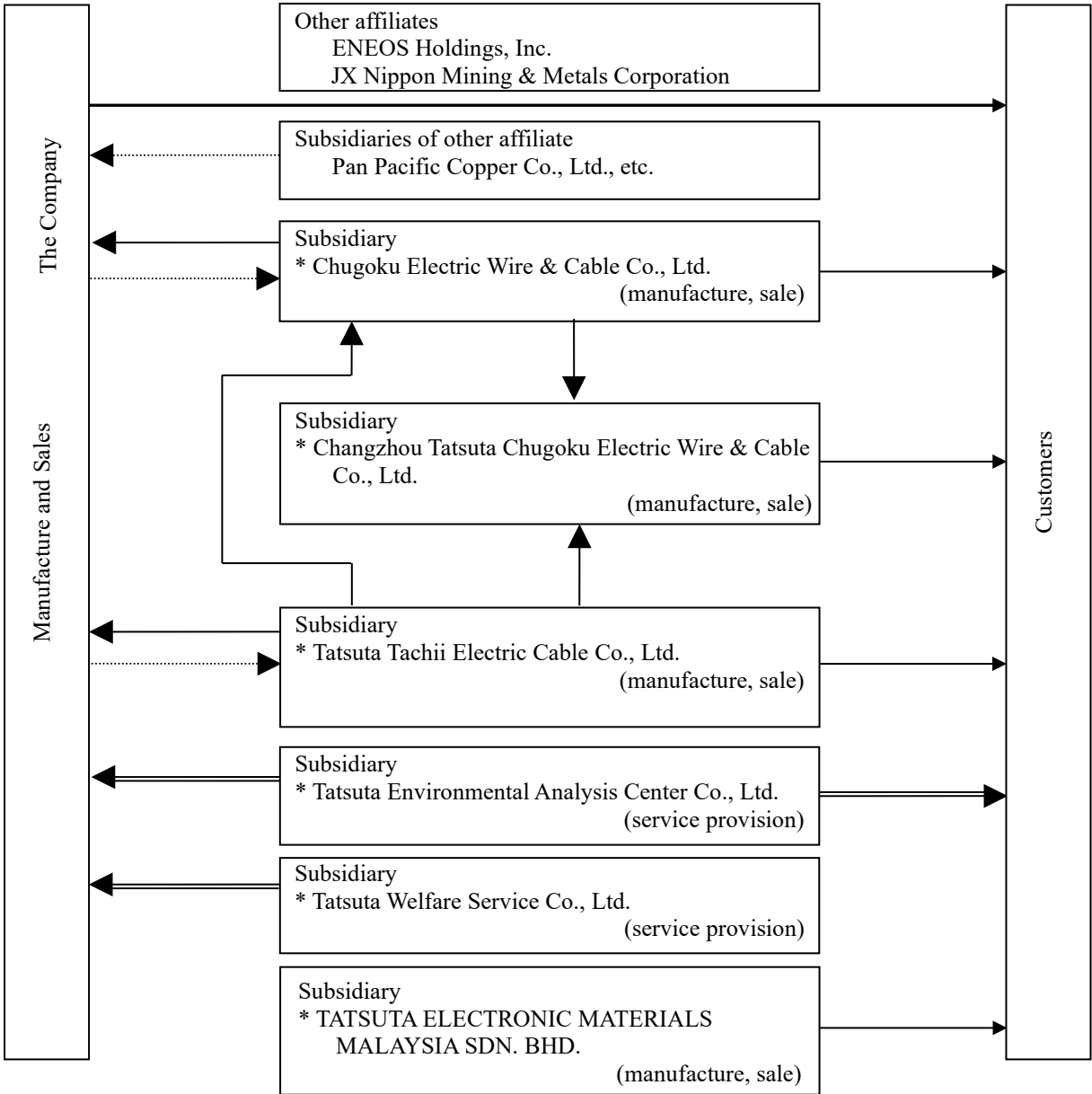
The Company's Group is comprised of the Company and six subsidiaries, and is engaged in the electric wire and cable business, the electronic materials business, as well as the sensor and medical products business, and the environmental analysis business etc.




The details of businesses of the Company's Group and the positioning of subsidiaries in each business segment are as follows.

Reporting segment	Details of business	Primary company(s)
Electric Wire and Cable Business	Electric wire and cable business Manufacturing and sales of wires for infrastructure and general industrial machinery	The Company
	Equipment wire and cable business Manufacturing and sales of wires for FAs and precision industrial machinery	The Company, Chugoku Electric Wire & Cable Co., Ltd., Tatsuta Tachii Electric Cable Co., Ltd., Changzhou Tatsuta Chugoku Electric Wire & Cable Co., Ltd.
Electronic Materials Business	Functional films business Manufacturing and sales of EMI shielding film etc. for electronic equipment	The Company
	Functional paste business Manufacturing and sales of conductive paste, etc. for electronic equipment	The Company
	Bonding wire business Manufacturing and sales of ultra-fine bonding wires for wiring of electronic parts	The Company, TATSUTA ELECTRONIC MATERIALS MALAYSIA SDN. BHD.

Other Businesses	<p>Sensor & medical products business (Sensor business) Manufacturing and sales of water leakage detection systems, intrusion monitoring systems, access control systems, and other equipment systems, as well as visible wavelengths fiber devices, optical fiber couplers, and other photo-electronics products</p> <p>(Medical equipment materials business) Manufacturing and sales of equipment, components, and materials for medical use, including sensors, tubes, and wires for medical use.</p>	The Company
	<p>Environmental analysis business Measurement and analysis of water quality, air, noise, vibration and odor; research and analysis of toxic substance, soil pollution and asbestos</p>	Tatsuta Environmental Analysis Center Co., Ltd.

The Group's business organization chart is as follows:



Note 1 * Consolidated subsidiaries
 Note 2  Products
 Services
 Materials

3. Basic Approach to the Selection of Accounting Standards

The policy of the Group is to prepare its consolidated financial statements under the Japanese standards, in consideration of the comparability of its consolidated financial statements between periods and other factors.

Meanwhile, we intend to address the future application of IFRS in a timely and appropriate manner upon taking both internal and external environments into consideration.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	1,462	1,444
Notes and accounts receivable - trade	16,682	14,457
Finished goods	2,416	2,491
Work in process	4,609	5,304
Raw materials and supplies	897	1,244
Short-term loans receivable	10,660	12,579
Other	339	1,271
Allowance for doubtful accounts	(205)	(13)
Total current assets	36,864	38,780
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,098	19,375
Accumulated depreciation	(11,222)	(11,765)
Buildings and structures, net	7,876	7,610
Machinery, equipment and vehicles	21,746	23,152
Accumulated depreciation	(19,184)	(19,795)
Machinery, equipment and vehicles, net	2,562	3,357
Tools, furniture and fixtures	3,078	3,127
Accumulated depreciation	(2,707)	(2,772)
Tools, furniture and fixtures, net	371	355
Land	3,799	3,799
Construction in progress	947	606
Total property, plant and equipment	15,556	15,728
Intangible assets		
Software	143	138
Software in progress	7	9
Right to use facilities	5	5
Other	8	5
Total intangible assets	165	158
Investments and other assets		
Investment securities	815	922
Long-term prepaid expenses	23	11
Deferred tax assets	1,433	986
Other	118	566
Allowance for doubtful accounts	(7)	(193)
Total investments and other assets	2,384	2,293
Total non-current assets	18,106	18,181
Total assets	54,970	56,961

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,963	3,757
Current portion of long-term borrowings	1,000	-
Accounts payable – other	926	928
Accrued expenses	1,493	1,469
Income taxes payable	843	541
Other	721	979
Total current liabilities	8,948	7,676
Non-current liabilities		
Long-term borrowings	-	900
Provision for environmental measures	110	-
Retirement benefit liability	1,599	1,301
Asset retirement obligations	62	70
Deferred tax liabilities	0	1
Other	110	109
Total non-current liabilities	1,883	2,383
Total liabilities	10,831	10,060
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	36,183	37,717
Treasury shares	(2,458)	(2,458)
Total shareholders' equity	44,918	46,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	142	212
Deferred gains or losses on hedges	(308)	414
Foreign currency translation adjustment	(57)	(62)
Remeasurements of defined benefit plans	(555)	(114)
Total accumulated other comprehensive income	(779)	449
Total net assets	44,139	46,901
Total liabilities and net assets	54,970	56,961

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Net sales	58,171	54,516
Cost of sales	44,367	41,301
Gross profit	13,803	13,215
Selling, general and administrative expenses	10,021	9,682
Operating profit	3,781	3,532
Non-operating income		
Interest income	7	15
Dividend income	23	18
Royalty income	18	18
Subsidy income	89	24
Other	30	42
Total non-operating income	168	119
Non-operating expenses		
Interest expenses	9	6
Foreign exchange losses	15	6
Other	7	8
Total non-operating expenses	32	22
Ordinary profit	3,917	3,629
Extraordinary income		
Gain on sale of investment securities	106	0
Gain on sale of non-current assets	-	17
Insurance claim income	59	-
Total extraordinary income	166	18
Extraordinary losses		
Loss on valuation of investment securities	57	-
Impairment losses	5	-
Loss on abandonment of non-current assets	-	29
Total extraordinary losses	63	29
Profit before income taxes	4,020	3,618
Income taxes - current	1,336	1,075
Income taxes - deferred	(56)	(102)
Total income taxes	1,279	972
Profit	2,740	2,645
Profit attributable to owners of parent	2,740	2,645

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Profit	2,740	2,645
Other comprehensive income		
Valuation difference on available-for-sale securities	(89)	69
Deferred gains or losses on hedges	(400)	723
Foreign currency translation adjustment	0	(5)
Remeasurements of defined benefit plans, net of tax	(380)	440
Total other comprehensive income	(870)	1,228
Comprehensive income	1,870	3,874
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,870	3,874

(3) Consolidated Statements of Changes in Equity

Previous fiscal year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,676	4,516	34,493	(2,457)	43,228
Changes during period					
Dividends of surplus			(1,050)		(1,050)
Profit attributable to owners of parent			2,740		2,740
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	1,690	(0)	1,690
Balance at end of period	6,676	4,516	36,183	(2,458)	44,918

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	231	91	(58)	(174)	91	43,319
Changes during period						
Dividends of surplus						(1,050)
Profit attributable to owners of parent						2,740
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(89)	(400)	0	(380)	(870)	(870)
Total changes during period	(89)	(400)	0	(380)	(870)	819
Balance at end of period	142	(308)	(57)	(555)	(779)	44,139

Current fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,676	4,516	36,183	(2,458)	44,918
Changes during period					
Dividends of surplus			(1,112)		(1,112)
Profit attributable to owners of parent			2,645		2,645
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	1,533	(0)	1,533
Balance at end of period	6,676	4,516	37,717	(2,458)	46,452

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	142	(308)	(57)	(555)	(779)	44,139
Changes during period						
Dividends of surplus						(1,112)
Profit attributable to owners of parent						2,645
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	69	723	(5)	440	1,228	1,228
Total changes during period	69	723	(5)	440	1,228	2,762
Balance at end of period	212	414	(62)	(114)	449	46,901

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	4,020	3,618
Depreciation	1,836	1,770
Impairment losses	5	-
Increase (decrease) in retirement benefit liability	253	304
Decrease (increase) in retirement benefit asset	-	(2)
Increase (decrease) in provision for environmental measures	-	3
Increase (decrease) in allowance for doubtful accounts	204	(5)
Interest and dividend income	(30)	(34)
Loss (gain) on sale and valuation of investment securities	(49)	(0)
Subsidy income	(89)	(24)
Insurance claim income	(59)	-
Interest expenses	9	6
Loss (gain) on sale of non-current assets	-	(17)
Loss on abandonment of non-current assets	1	34
Decrease (increase) in trade receivables	808	2,026
Decrease (increase) in inventories	759	(1,114)
Decrease (increase) in other assets	78	(277)
Increase (decrease) in trade payables	523	(202)
Increase (decrease) in accounts payable - other	(123)	29
Increase (decrease) in accrued expenses	132	(21)
Increase (decrease) in accrued consumption taxes	162	(268)
Increase (decrease) in other liabilities	(426)	630
Subtotal	8,018	6,453
Interest and dividends received	30	27
Interest paid	(9)	(8)
Income taxes paid	(890)	(1,362)
Subsidies received	69	44
Proceeds from insurance income	59	-
Payments associated with disaster loss	(53)	-
Net cash provided by (used in) operating activities	7,223	5,153

(Millions of yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Cash flows from investing activities		
Purchase of investment securities	(4)	(2)
Proceeds from sale of investment securities	122	1
Purchase of property, plant and equipment	(2,176)	(1,793)
Proceeds from sale of property, plant and equipment	-	17
Purchase of intangible assets	(65)	(49)
Net decrease (increase) in short-term loans receivable	(3,665)	(1,906)
Other, net	(50)	(219)
Net cash provided by (used in) investing activities	(5,839)	(3,952)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	900
Repayments of long-term borrowings	-	(1,000)
Dividends paid	(1,050)	(1,112)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(1,050)	(1,212)
Effect of exchange rate change on cash and cash equivalents	10	(6)
Net increase (decrease) in cash and cash equivalents	343	(18)
Cash and cash equivalents at beginning of period	1,118	1,462
Cash and cash equivalents at end of period	1,462	1,444

(5) Notes to the consolidated financial statements

(Notes on the going concern assumption)

N/A

(Notes on important matters for the preparation of consolidated financial statements)

1. Scope of the consolidation

(1) Number of consolidated subsidiaries: 6

Chugoku Electric Wire & Cable Co., Ltd.

Tatsuta Tachii Electric Cable Co., Ltd.

Tatsuta Environmental Analysis Center Co., Ltd.

Tatsuta Welfare Service Co., Ltd.

Changzhou Tatsuta Chugoku Electric Wire & Cable Co., Ltd.

TATSUTA ELECTRONIC MATERIALS MALAYSIA SDN. BHD.

(2) Number of non-consolidated subsidiaries: 2

(Reason for exclusion from the scope of consolidation)

These non-consolidated subsidiaries are excluded from the scope of consolidation, because they are small in size and their respective total assets, net sales, net income (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) of these companies have little impact on the consolidated financial statements.

2. Application of the equity method

Number of non-consolidated subsidiaries that are not accounted for by the equity method: 2

(Reason for non-application of the equity method)

Non-consolidated subsidiaries that are not accounted for by the equity method are excluded from the scope of the application of the equity method, because their respective net income (corresponding to equity held by the Company) and retained earnings (corresponding to equity held by the Company) have little impact on the consolidated financial statements even if they are excluded from the scope of the equity method, as well as have minor significance as a whole.

3. Fiscal years, etc., of the consolidated subsidiaries

The closing date of Changzhou Tatsuta Chugoku Electric Wire & Cable Co., Ltd. and TATSUTA ELECTRONIC MATERIALS MALAYSIA SDN. BHD., which are among the Company's consolidated subsidiaries, is December 31. The consolidated financial statements of these consolidated subsidiaries were prepared using the financial documents dated as of such closing date. Necessary adjustments are made on any significant transactions that took place between this date and the consolidated closing date.

The final day of the fiscal year of other consolidated subsidiaries is the same as the closing date of the consolidated fiscal year.

4. Notes to accounting policies

(1) Valuation basis and methods for significant assets

a) Marketable securities

Other marketable securities

Securities with market value

Market value method based on the market value, etc., at the end of the consolidated fiscal year (any valuation gain or loss to be reported in a designated component of net assets; cost of sale to be computed by the moving-average method).

Securities without market value

Stated at cost based on the moving average method.

b) Derivatives

Stated at fair value

c) Inventories

Stated at cost mainly using the gross monthly average method (book value is written down based on the decreased profitability).

(2) Depreciation method of significant depreciable assets

a) Property, plant and equipment: Declining-balance method

Straight-line method for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016

Useful lives of major items are as follows:

Buildings and structures: 15 to 38 years

Machinery, equipment and vehicles: 4 to 8 years

b) Intangible fixed assets (excluding leased assets): Straight-line method

Straight-line method for software, which is used in the Company, based on the life in the Company (5 years)

(3) Standards of accounting for significant provisions

a) Allowance for doubtful receivables

In order to provide for losses due to doubtful receivables and bad debts, etc., an amount based on the percentage of actual historical bad debts is recorded for ordinary receivables, and the estimated amounts of irrecoverable debt based on the estimated recoverability of individual cases is recorded for specified receivables such as doubtful receivables.

b) Provision for environmental measures

The Company provided an estimated disposal cost to cover expenditures such as the disposal of PCB waste required under the "Law Concerning Special Measures for Promotion of Appropriate Disposal of PCB (polychlorinated biphenyl) Waste."

(4) Accounting methods for retirement benefits

(i) Method of attributing the projected amount of retirement benefit to the period

In calculating retirement benefit obligations, the Company uses the benefit formula method to allocate the projected retirement benefit for the period up to the end of the consolidated fiscal year under review.

(ii) Method of amortizing actuarial gain and loss and past service cost

Past service cost is amortized by the straight-line method over the average remaining years of service of the employees (11 years).

Actuarial gain and loss are written off in the year following the consolidated fiscal year in which the gain or loss is recognized by the straight-line method over the average remaining years of service of the eligible employees (11 years).

(iii) Application of the simplified method to small-size companies, etc.

For some consolidated subsidiaries, a simplified method is applied for the calculation of retirement benefit obligations and retirement benefit expenses in which the necessary retirement benefit provisions for voluntary resignations at the end of the fiscal year are recorded as retirement benefit obligations.

(5) Basis for the conversion of important foreign-currency assets or liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign exchange gains and losses from translation are recognized in profit or loss. Assets and liabilities of overseas subsidiaries, etc., are translated into Japanese yen using the spot exchange rate on the consolidated balance sheet date thereof. Revenue and expenses are translated into Japanese yen using the average exchange rates of the consolidated fiscal year. The translation differences are included in foreign currency translation adjustment in the net assets section.

(6) Method of important hedge accounting

a) Method of hedge accounting

The Company has adopted the deferred hedge accounting method. Certain forward exchange contracts are subject to appropriation if they satisfy the requirements of appropriation treatment (“furiate-shori”).

b) Hedging instruments and hedged items

Hedge accounting was applied to the following hedging instruments and hedged items during the consolidated fiscal year under review.

(Hedging instruments)	(Hedged items)
Foreign exchange forward contracts	Foreign currency receivable and payable, etc.
Commodity derivatives	Raw materials

c) Hedging policy

Foreign exchange forward contracts and commodity derivatives are used to hedge the foreign currency risk on the hedged items and the price fluctuation risk of raw materials in accordance with the internal rules.

d) Method to evaluate effectiveness of hedging

The effectiveness of hedging is assessed based on the market fluctuation of hedging instruments and hedged items through the comparison of the cumulative amount thereof for the period from the commencement of hedging to evaluate the effectiveness thereof.

(7) Scope of funds in the consolidated cash flow statement

Funds in the consolidated cash flow statement (cash and cash equivalents) consists of cash on hand, deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in value.

(8) Other important matters for the preparation of consolidated financial statements

a) Accounting of consumption taxes

Tax exclusion method

b) Application of consolidated tax payment system

Applied

Application of tax effect accounting relating to transition from consolidated tax payment system to group tax sharing system

Regarding the transition to the group tax sharing system established by the Act for Partial Revision of the Income Tax Act, etc. (Act no. 8 of 2020) and the items reviewed on non-consolidated taxation system in line with the transition to the group tax sharing system, in accordance with the treatment specified under Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No.39; March 31, 2020), the Company and its domestic consolidated subsidiaries follow the provisions under tax laws before amendment with respect to the amounts of deferred tax assets and deferred tax liabilities, without applying the provisions under Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28; February 16, 2018).

(Segment information, etc.)

[Segment information]

1 Outline of reportable segments

The reportable segments of the Company are components of the Company about which separate financial information is available and are evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance.

The Company consists of business segments by product and service based on operating divisions and operating companies. Categories of reportable segments and key products, etc., relating to the respective reportable segments are as follows:

Reportable segment	Key products, etc.
Electric Wire and Cable Business	Bare wires, cables (for electric power, fiber optic and telecommunication), covered wires
Electronic Materials Business	Functional film, functional paste, bonding wires

2 Basis for calculating sales, profit and loss, assets and other items by reportable segment

The method for the accounting process of reportable segments is equivalent to the method described in “Notes on important matters for the preparation of consolidated financial statements.” Segment performance is evaluated based on operating income or loss. Profit of reportable segments figures are based on operating income. Inter-segment revenue and transfer within the segments are based on the prevailing market price.

3 Information on amounts of sales, profit or loss, assets and other items by reportable segments

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segment			Other Business (Note 1)	Total	Adjustment (Note 2)	Amounts stated in consolidated financial statements (Note 3)
	Electric Wire and Cable Business	Electronic Materials Business	Subtotal				
Net sales							
Net sales to external customers	36,996	19,129	56,125	2,045	58,171	—	58,171
Net intersegment sales or transfer	—	—	—	27	27	(27)	—
Total	36,996	19,129	56,125	2,073	58,198	(27)	58,171
Segment profit (loss)	523	3,762	4,286	159	4,446	(664)	3,781
Segment assets	24,778	12,144	36,923	1,369	38,292	16,678	54,970
Other items							
Depreciation and amortization	812	749	1,562	95	1,657	178	1,836
Increase in property, plant, equipment and intangible assets	729	1,141	1,870	158	2,029	98	2,128

(Notes)

1. “Other Business” is a business segment that is not included in the reportable segments, and comprises the sensor and medical products business and the environmental analysis business. The equipment system business and the optical components business described in the previous year have been reorganized into the sensor and medical products business.

2. The adjustment is as follows:

- (1) The adjustment to segment profit (loss) of negative 664 million yen represents 12 million yen in inter-segment eliminations and negative 677 million yen of corporate assets not allocated to each reportable segment. Corporate assets mainly include general administrative expenses and research expenses that are not attributable to reportable segments.
- (2) The adjustment to segment assets of 16,678 million yen represents negative 2,059 million yen in offsets against receivables of the administrative division of headquarters and 18,737 million yen of corporate assets not allocated to each reportable segment. Corporate assets mainly include funds to manage surplus assets (cash and short-term loans receivable), long-term investment funds (investment securities), deferred tax assets, and assets related to the administration and research divisions (general affairs, basic research), which are not attributable to reportable segments.
- (3) The adjustment to increase in property, plant, equipment and intangible assets of 98 million yen represents capital investment including headquarters building, administration and research divisions (general affairs, basic research).

3. Segment profit (loss) is adjusted to operating income in the consolidated financial statements.

Consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segment			Other Business (Note 1)	Total	Adjustment (Note 2)	Amounts stated in consolidated financial statements (Note 3)
	Electric Wire and Cable Business	Electronic Materials Business	Subtotal				
Net sales							
Net sales to external customers	33,007	19,595	52,602	1,914	54,516	—	54,516
Net intersegment sales or transfer	—	—	—	32	32	(32)	—
Total	33,007	19,595	52,602	1,946	54,549	(32)	54,516
Segment profit (loss)	409	3,813	4,222	39	4,261	(729)	3,532
Segment assets	25,226	11,551	36,777	1,392	38,169	18,792	56,961
Other items							
Depreciation and amortization	798	701	1,500	101	1,601	169	1,770
Increase in property, plant, equipment and intangible assets	926	479	1,405	145	1,551	396	1,947

(Notes)

1. “Other Business” is a business segment that is not included in the reportable segments, and comprises the sensor and medical products business and the environmental analysis business. The equipment system business and the optical components business described in the previous year have been reorganized into the sensor and medical products business.

2. The adjustment is as follows:

- (1) The adjustment to segment profit (loss) of negative 729 million yen represents 12 million yen in inter-segment eliminations and negative 742 million yen of corporate assets not allocated to each reportable segment. Corporate assets mainly include general administrative expenses and research expenses that are not attributable

to reportable segments.

(2) The adjustment to segment assets of 18,792 million yen represents negative 1,808 million yen in offsets against receivables of the administrative division of headquarters and 20,601 million yen of corporate assets not allocated to each reportable segment. Corporate assets mainly include funds to manage surplus assets (cash and short-term loans receivable), long-term investment funds (investment securities), deferred tax assets, and assets related to the administration and research divisions (general affairs, basic research), which are not attributable to reportable segments.

(3) The adjustment to increase in property, plant, equipment and intangible assets of 396 million yen represents capital investment including headquarters building, administration and research divisions (general affairs, basic research).

3. Segment profit (loss) is adjusted to operating income in the consolidated financial statements.

[Related Information]

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

1. Information by product and service

Information is omitted as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	China	South Korea	Other Asia	Other	Total
39,651	11,162	2,744	4,550	61	58,171

(Note) 1. Net sales are segmented by country or region based on customer location.

(2) Property, plant, and equipment

Information is omitted since amount of property, plant and equipment in Japan exceeds 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment name
SUMIDEN HITACHI CABLE Ltd.	12,230	Electric Wire and Cable Business

Consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

1. Information by product and service

Information is omitted as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	China	South Korea	Other Asia	Other	Total
35,530	11,320	3,566	4,053	45	54,516

(Note) 1. Net sales are segmented by country or region based on customer location.

(2) Property, plant, and equipment

Information is omitted since amount of property, plant and equipment in Japan exceeds 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment name
SUMIDEN HITACHI CABLE Ltd.	11,077	Electric Wire and Cable Business

[Information on impairment loss on fixed assets by reportable segment]

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segment			Other Business	Total	Corporate items and eliminations	Total
	Electric Wire and Cable Business	Electronic Materials Business	Subtotal				
Impairment loss	5	—	5	—	5	—	5

Consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

N/A

[Information on amortization of goodwill and unamortized balance by reportable segment]

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

N/A

Consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

N/A

[Information on gain on negative goodwill by reportable segment]

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

N/A

Consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

N/A

(Per share information)

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)		Consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)	
Net assets per share	714.43 yen	Net assets per share	759.14 yen
Net income per share	44.36 yen	Net income per share	42.83 yen
There is no diluted net income per share as there are no shares with dilutive effect.		There is no diluted net income per share as there are no shares with dilutive effect.	
Basis for calculation		Basis for calculation	
1. Net assets per share		1. Net assets per share	
Total amount in net assets on the consolidated balance sheet	44,139 million yen	Total amount in net assets on the consolidated balance sheet	46,901 million yen
Amount deducted from the total amount in net assets	- million yen	Amount deducted from the total amount in net assets	- million yen
Net assets on common shares	44,139 million yen	Net assets on common shares	46,901 million yen
Number of common shares at the end of fiscal year	61,782 thousand shares	Number of common shares at the end of fiscal year	61,782 thousand shares
2. Net income per share		2. Net income per share	
Net income (loss) attributable to owners of parent in consolidated statements of income	2,740 million yen	Net income (loss) attributable to owners of parent in consolidated statements of income	2,645 million yen
Amount not attributable to common shares	- million yen	Amount not attributable to common shares	- million yen
Net income (loss) attributable to owners of parent on common shares	2,740 million yen	Net income (loss) attributable to owners of parent on common shares	2,645 million yen
Average number of common shares during the period	61,782 thousand shares	Average number of common shares during the period	61,782 thousand shares

(Important subsequent events)

N/A