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Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP] (Consolidated)



July 27, 2021

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

Stock exchange listing: Tokyo Stock Exchange

Stock Code: 5809

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Scheduled date of filing Quarterly Report: August 5, 2021

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 Three Months Ended June 30, 2021 (From April 1, 2021 to June 30, 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	%
Three months ended June 30, 2021	14,276	6.8	648	(6.5)	716	1.8	526	1.7
Three months ended June 30, 2020	13,365	(0.3)	693	61.4	703	54.9	517	61.6

(Note) Comprehensive income: Three months ended June 30, 2021: 361 million yen [(64.4)%]

Three months ended June 30, 2020: 1,015 million yen [599.8%]

	Income per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	8.52		-	
Three months ended June 30, 2020	8.38		-	

(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, 2021	55,919	46,706	83.5	756.00
As of March 31, 2021	56,961	46,901	82.3	759.14

(Reference) Equity: As of June 30, 2021: 46,706 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	-				
Fiscal year ending March 31, 2022 (Forecast)		9.00	-	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
First half	32,100	17.2	1,700	(15.5)	1,750	(13.9)	1,300	(11.0)	21.04
Full year	65,200	19.6	3,600	1.9	3,700	1.9	2,650	0.2	42.89

(Note) Revisions from the most recently announced financial results forecast: Yes

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 June 30, 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 June 30, 2021	8,374,607 shares
As of March 31, 2021	8,374,360 shares
 - 3) Average number of shares during the period (cumulative quarterly period):

Three months ended June 30, 2021	61,781,931 shares
Three months ended June 30, 2020	61,782,434 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 three months ended June 30, 2021, although the Japanese economy remains in a harsh situation owing to the impact of COVID-19 and restrictions on social and economic activity continue, there are signs pointing to recovery in areas including corporate earnings, capital investment, and production. In the world economy as well, although conditions are harsh due to the global spread of COVID-19, vaccine administration is gradually progressing and there are signs of a recovery, creating an atmosphere of hope regarding the future.

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 three months ended June 30, 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 have 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 was seen from some users. Although sales of mobile terminals, the main usage of functional films, were strong, the materials demand was affected by inventory adjustments by users.

In this environment, net sales for the three months ended June 30, 2021, were 14,276 million yen (up 6.8% year on year), recording higher income, operating income was 648 million yen (down 6.5% year on year), recording lower profit, ordinary income was 716 million yen (up 1.8% year on year), and income attributable to owners of parent was 526 million yen (up 1.7% year on year), recording a slight increase in 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 7.5% year on year) compared to the relatively solid 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 9,550 million yen (up 14.5% year on year). Operating income was 191 million yen (up 272.5% year on year) due to the effect of movements in copper prices and a recovery in the equipment wire and cable business, etc., despite a rise in raw materials prices.

[Electronic Materials Business]

Demand for functional films, our flagship products, saw a decline in sales volume (down 9.1% year on year) owing to factors such as the effects of inventory adjustments by users, resulting in segment net sales of 4,249 million yen (down 8.5% year on year). Although we endeavored to reduce costs, etc., factors such as a deterioration in the sales mix resulted in operating income of 649 million yen (down 23.3% year on year).

[Other Businesses]

In each of the businesses of our sensor, medical equipment materials, and environmental analysis businesses, a recovery from the subdued demand caused by the impact of COVID-19 was seen in some areas, and segment net sales were 485 million yen (up 24.4% year on year), while operating loss was 10 million yen (operating loss of 44

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 three months ended June 30, 2021, decreased by 1,042 million yen from the end of the previous fiscal year to 55,919 million yen, mainly due to a decrease in short-term loans receivable.

Total liabilities decreased by 847 million yen from the end of the previous fiscal year to 9,212 million yen primarily as a result of decreases in income taxes payable and accrued expenses.

Total net assets decreased by 194 million yen from the end of the previous fiscal year to 46,706 million yen mainly due to a decrease in retained earnings stemming from the payment of dividends and a decrease in deferred gains or losses on hedges, despite the posting of income attributable to owners of parent.

As a result, the equity ratio increased by 1.2 percentage points from the end of the previous fiscal year to 83.5%.

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

Revision to Consolidated Financial Results Forecast for the First Half of the Fiscal Year Ending March 31, 2022
(From April 1, 2021 to September 30, 2021)

(Millions of yen, unless otherwise stated)

	Net sales	Operating income	Ordinary income	Income attributable to owners of parent	Income per share
Previously announced forecast (A)	30,400	2,300	2,350	1,700	27.52 yen
Newly announced forecast (B)	32,100	1,700	1,750	1,300	21.04 yen
Amount of change (B-A)	1,700	(600)	(600)	(400)	(6.48) yen
Percent change (%)	5.6%	(26.1)%	(25.5)%	(23.5)%	(23.5)%
(Reference) Results for the first half of the fiscal year ended March 31, 2021	27,386	2,011	2,032	1,460	23.64 yen

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

(Millions of yen, unless otherwise stated)

	Net sales	Operating income	Ordinary income	Income attributable to owners of parent	Income per share
Previously announced forecast (A)	60,300	4,000	4,100	2,900	46.94 yen
Newly announced forecast (B)	65,200	3,600	3,700	2,650	42.89 yen
Amount of change (B-A)	4,900	(400)	(400)	(250)	(4.05) yen
Percent change (%)	8.1%	(10.0)%	(9.8)%	(8.6)%	(8.6)%
(Reference) Results for the fiscal year ended March 31, 2021	54,516	3,532	3,629	2,645	42.83 yen

(Reasons for revision)

Financial results forecasts for the first half and full year of the fiscal year ending March 31, 2022, have been modified compared to the financial results forecast announced at the earnings announcement on May 12, 2021, primarily due to the following reasons.

In the electric wire and cable business, sales volume of electric wires for infrastructure during the first half is projected to fall short of the previous fiscal year despite a recovery trend, but both sales and profits are projected to be higher due to the effects of an increase in copper prices, etc.

In the electronic materials business, sales and profits are projected to decrease in the first half due to the effects of inventory adjustments by users and semiconductor shortages, etc., during the first half. Additionally, for the full year, a recovery in some areas is projected to occur during the second half, narrowing the gap for the decline in profit.

*The above forecasts are projections utilizing judgments based on information currently obtainable, and include various uncertain factors. Actual values for business results may differ from forecast figures due to various future factors.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	1,444	1,459
Notes and accounts receivable - trade	14,457	16,390
Finished goods	2,491	2,777
Work in process	5,304	5,801
Raw materials and supplies	1,244	1,176
Short-term loans receivable	12,579	9,231
Other	1,271	771
Allowance for doubtful accounts	(13)	(13)
Total current assets	38,780	37,594
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,610	7,560
Machinery, equipment and vehicles, net	3,357	3,214
Tools, furniture and fixtures, net	355	386
Land	3,799	3,799
Construction in progress	606	828
Total property, plant and equipment	15,728	15,790
Intangible assets		
Software	138	135
Software in progress	9	10
Right to use facilities	5	5
Other	5	6
Total intangible assets	158	156
Investments and other assets		
Investment securities	922	928
Long-term prepaid expenses	11	11
Deferred tax assets	986	1,064
Other	566	565
Allowance for doubtful accounts	(193)	(190)
Total investments and other assets	2,293	2,378
Total non-current assets	18,181	18,325
Total assets	56,961	55,919

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,757	3,786
Accounts payable - other	928	682
Accrued expenses	1,469	1,007
Income taxes payable	541	198
Other	979	1,105
Total current liabilities	7,676	6,780
Non-current liabilities		
Long-term borrowings	900	900
Retirement benefit liability	1,301	1,368
Asset retirement obligations	70	70
Deferred tax liabilities	1	1
Other	109	91
Total non-current liabilities	2,383	2,432
Total liabilities	10,060	9,212
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	37,717	37,688
Treasury shares	(2,458)	(2,458)
Total shareholders' equity	46,452	46,422
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	212	214
Deferred gains or losses on hedges	414	228
Foreign currency translation adjustment	(62)	(60)
Remeasurements of defined benefit plans	(114)	(98)
Total accumulated other comprehensive income	449	284
Total net assets	46,901	46,706
Total liabilities and net assets	56,961	55,919

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive
Income
Quarterly Consolidated Statements of Income
Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Net sales	13,365	14,276
Cost of sales	10,208	11,236
Gross income	3,157	3,040
Selling, general and administrative expenses	2,463	2,391
Operating income	693	648
Non-operating income		
Interest income	2	4
Dividend income	10	10
Foreign exchange gains	-	40
Other	11	14
Total non-operating income	23	69
Non-operating expenses		
Interest expenses	1	0
Foreign exchange losses	9	-
Other	2	0
Total non-operating expenses	13	1
Ordinary income	703	716
Extraordinary income		
Gain on sale of non-current assets	-	3
Total extraordinary income	-	3
Extraordinary losses		
Loss on abandonment of non-current assets	-	5
Total extraordinary losses	-	5
Income before income taxes	703	713
Income taxes - current	178	192
Income taxes - deferred	7	(5)
Total income taxes	185	187
Income	517	526
Income attributable to owners of parent	517	526

Quarterly Consolidated Statements of Comprehensive Income

Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Income	517	526
Other comprehensive income		
Valuation difference on available-for-sale securities	9	2
Deferred gains or losses on hedges	474	(186)
Foreign currency translation adjustment	(7)	2
Remeasurements of defined benefit plans, net of tax	21	16
Total other comprehensive income	497	(164)
Comprehensive income	1,015	361
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,015	361