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



October 26, 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: November 11, 2021

Scheduled date of commencing dividend payments: December 1, 2021

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly 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 Six Months Ended September 30, 2021 (From April 1, 2021 to September 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	%
Six months ended September 30, 2021	29,604	8.1	1,704	(15.3)	1,830	(9.9)	1,334	(8.7)
Six months ended September 30, 2020	27,386	(6.0)	2,011	(1.8)	2,032	(1.7)	1,460	2.2

(Note) Comprehensive income: Six months ended September 30, 2021: 1,012 million yen [(49.6)%]

Six months ended September 30, 2020: 2,008 million yen [56.9%]

	Income per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	21.60	-
Six months ended September 30, 2020	23.64	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	57,804	47,357	81.9	766.53
As of March 31, 2021	56,961	46,901	82.3	759.14

(Reference) Equity: As of September 30, 2021: 47,357 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: 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: No

(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 September 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 September 30, 2021	8,374,827 shares
As of March 31, 2021	8,374,360 shares

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

Six months ended September 30, 2021	61,781,838 shares
Six months ended September 30, 2020	61,782,383 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 six months ended September 30, 2021, while the Japanese economy remains in a harsh situation owing to the impact of COVID-19 and restrictions on social and economic activities continue, there are signs pointing to recovery in areas including corporate earnings, capital investment, and production, although there are weaknesses in some areas. In the world economy as well, although conditions are still harsh in some areas due to the global spread of COVID-19 and there are concerns over semiconductor supply shortfalls, vaccine administration is progressing and there are signs of a recovery, creating a hope for economic recovery.

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 six months ended September 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 for some users continued. Although the sales of mobile terminals, the main usage of functional films, continued strong, the materials demand was affected by the inventory adjustments by users.

In this environment, net sales for the six months ended September 30, 2021, were 29,604 million yen (up 8.1% year on year), recording higher income. Operating income was 1,704 million yen (down 15.3% year on year), and ordinary income was 1,830 million yen (down 9.9% year on year). Income attributable to owners of parent was 1,334 million yen (down 8.7% 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 8.3% 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 19,331 million yen (up 17.9% year on year). Operating income was 407 million yen (up 53.1% 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 10.2% year on year) owing to factors such as the effects of inventory adjustments by users and semiconductor shortages, resulting in segment net sales of 9,292 million yen (down 8.3% year on year) and operating income of 1,646 million yen (down 22.6% 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 994 million yen (up 13.9% year on year), and operating income was 6 million yen (operating loss of 43 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 six months ended September 30, 2021, increased by 842 million yen from the end of the previous fiscal year to 57,804 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 386 million yen from the end of the previous fiscal year to 10,446 million yen primarily as a result of an increase in notes and accounts payable - trade.

Total net assets increased by 456 million yen from the end of the previous fiscal year to 47,357 million yen mainly due to an increase in retained earnings owing to the posting of income attributable to owners of parent, despite a decrease stemming from the payment of dividends.

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 cash flows

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the six months ended September 30, 2021, amounted to 1,293 million yen, a decrease of 151 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 used in operating activities resulted in a net cash outflow of 1,279 million yen, a decrease in cash inflow of 3,723 million yen from a net cash inflow of 2,444 million yen in the same period of the previous fiscal year, with netting factors such as income before income taxes of 1,824 million yen, the posting of depreciation of 930 million yen, and an increase in trade payables of 350 million yen contributing to an increase in funds and factors contributing to a decrease in funds including increase in trade receivables of 3,189 million yen and increase in inventories of 1,313 million yen.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to 1,721 million yen, an increase in cash inflow of 3,712 million yen from a net cash outflow of 1,991 million yen in the same period of the previous fiscal year, due primarily to a net decrease in short-term loans receivable of 3,146 million yen contributing to an increase in funds, despite the purchase of property, plant and equipment of 1,301 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 556 million yen mainly due to cash dividends paid of 556 million yen, an increase in net cash outflow by 0 million yen from the same period of the previous fiscal year.

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

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)	65,200	3,600	3,700	2,650	42.89 yen
Newly announced forecast (B)	61,700	3,600	3,700	2,650	42.89 yen
Amount of change (B-A)	(3,500)	-	-	-	-
Percent change (%)	(5.4)%	-	-	-	-
(Reference) Results for the fiscal year ended March 31, 2021	54,516	3,532	3,629	2,645	42.83 yen

(Reasons for revision)

For financial results forecasts for the full year of the fiscal year ending March 31, 2022, net sales are projected to be lower due to sales volume decline in the electric wire and cable business and the electronic materials business compared to the financial results forecast announced at the earnings announcement on July 27, 2021. Operating income is projected to remain the same as the results of improvements in the sales mix and reductions in the cost and loss.

*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 September 30, 2021
Assets		
Current assets		
Cash and deposits	1,444	1,293
Notes and accounts receivable - trade	14,457	17,671
Finished goods	2,491	2,829
Work in process	5,304	6,092
Raw materials and supplies	1,244	1,444
Short-term loans receivable	12,579	9,433
Other	1,271	456
Allowance for doubtful accounts	(13)	(13)
Total current assets	38,780	39,207
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,610	7,512
Machinery, equipment and vehicles, net	3,357	3,168
Tools, furniture and fixtures, net	355	409
Land	3,799	3,799
Construction in progress	606	1,074
Total property, plant and equipment	15,728	15,964
Intangible assets		
Software	138	134
Software in progress	9	6
Right to use facilities	5	5
Other	5	5
Total intangible assets	158	152
Investments and other assets		
Investment securities	922	933
Long-term prepaid expenses	11	6
Deferred tax assets	986	1,160
Other	566	566
Allowance for doubtful accounts	(193)	(187)
Total investments and other assets	2,293	2,479
Total non-current assets	18,181	18,596
Total assets	56,961	57,804

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,757	4,070
Accounts payable - other	928	800
Accrued expenses	1,469	1,334
Income taxes payable	541	560
Other	979	1,208
Total current liabilities	7,676	7,975
Non-current liabilities		
Long-term borrowings	900	900
Retirement benefit liability	1,301	1,407
Asset retirement obligations	70	70
Deferred tax liabilities	1	1
Other	109	91
Total non-current liabilities	2,383	2,471
Total liabilities	10,060	10,446
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	37,717	38,495
Treasury shares	(2,458)	(2,458)
Total shareholders' equity	46,452	47,230
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	212	218
Deferred gains or losses on hedges	414	57
Foreign currency translation adjustment	(62)	(66)
Remeasurements of defined benefit plans	(114)	(82)
Total accumulated other comprehensive income	449	127
Total net assets	46,901	47,357
Total liabilities and net assets	56,961	57,804

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive
Income
Quarterly Consolidated Statements of Income
Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Net sales	27,386	29,604
Cost of sales	20,582	23,104
Gross income	6,804	6,499
Selling, general and administrative expenses	4,792	4,795
Operating income	2,011	1,704
Non-operating income		
Interest income	6	9
Dividend income	10	10
Foreign exchange gains	-	54
Subsidy income	8	29
Other	27	29
Total non-operating income	52	133
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	21	-
Other	6	4
Total non-operating expenses	31	7
Ordinary income	2,032	1,830
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	8	10
Total extraordinary losses	8	10
Income before income taxes	2,024	1,824
Income taxes - current	635	524
Income taxes - deferred	(70)	(35)
Total income taxes	564	489
Income	1,460	1,334
Income attributable to owners of parent	1,460	1,334

Quarterly Consolidated Statements of Comprehensive Income

Six months ended September 30

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Income	1,460	1,334
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	6
Deferred gains or losses on hedges	523	(356)
Foreign currency translation adjustment	(3)	(3)
Remeasurements of defined benefit plans, net of tax	43	32
Total other comprehensive income	548	(321)
Comprehensive income	2,008	1,012
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,008	1,012

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Income before income taxes	2,024	1,824
Depreciation	825	930
Increase (decrease) in retirement benefit liability	119	152
Decrease (increase) in retirement benefit asset	-	(5)
Increase (decrease) in provision for environmental measures	3	-
Increase (decrease) in allowance for doubtful accounts	(1)	(5)
Interest and dividend income	(16)	(20)
Loss (gain) on sale and valuation of investment securities	(0)	-
Subsidy income	(8)	(29)
Interest expenses	3	2
Loss (gain) on sale of non-current assets	-	(3)
Loss on abandonment of non-current assets	11	13
Decrease (increase) in trade receivables	1,173	(3,189)
Decrease (increase) in inventories	(652)	(1,313)
Decrease (increase) in other assets	(120)	244
Increase (decrease) in trade payables	(244)	350
Increase (decrease) in accounts payable - other	148	75
Increase (decrease) in accrued expenses	(133)	(135)
Increase (decrease) in accrued consumption taxes	(264)	15
Increase (decrease) in other liabilities	291	281
Subtotal	3,159	(812)
Interest and dividends received	14	15
Interest paid	(3)	(2)
Income taxes paid	(754)	(508)
Subsidies received	28	29
Net cash provided by (used in) operating activities	2,444	(1,279)
Cash flows from investing activities		
Purchase of investment securities	(1)	(0)
Proceeds from sale of investment securities	1	-
Purchase of property, plant and equipment	(830)	(1,301)
Proceeds from sale of property, plant and equipment	-	3
Purchase of intangible assets	(8)	(20)
Net decrease (increase) in short-term loans receivable	(1,052)	3,146
Other, net	(99)	(106)
Net cash provided by (used in) investing activities	(1,991)	1,721
Cash flows from financing activities		
Dividends paid	(556)	(556)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(556)	(556)
Effect of exchange rate change on cash and cash equivalents	9	(37)
Net increase (decrease) in cash and cash equivalents	(93)	(151)
Cash and cash equivalents at beginning of period	1,462	1,444
Cash and cash equivalents at end of period	1,369	1,293