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## Financial Results for the Year Ended March 31, 2022 [Japanese GAAP] (Consolidated)



May 13, 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

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Scheduled date of General Meeting of Shareholders: June 17, 2022

Scheduled date of filing Annual Securities Report: June 17, 2022

Scheduled date of commencing dividend payments: May 30, 2022

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, 2022 (April 1, 2021 to March 31, 2022)

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

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	59,861	9.8	2,885	(18.3)	3,114	(14.2)	2,330	(11.9)
Fiscal year ended March 31, 2021	54,516	(6.3)	3,532	(6.6)	3,629	(7.4)	2,645	(3.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: 2,380 million yen [(38.6) %]

Fiscal year ended March 31, 2021: 3,874 million yen [107.2%]

	Income per share	Diluted earnings per share	Rate of return on equity	Return on assets	Operating income ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	37.72	–	4.9	5.4	4.8
Fiscal year ended March 31, 2021	42.83	–	5.8	6.5	6.5

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2022: NA

Fiscal year ended March 31, 2021: NA

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	58,654	48,169	82.1	779.68
As of March 31, 2021	56,961	46,901	82.3	759.14

(Reference) Equity: As of March 31, 2022: 48,169 million yen

As of March 31, 2021: 46,901 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, 2022	(3,061)	4,178	(1,112)	1,389
Fiscal year ended March 31, 2021	5,153	(3,952)	(1,212)	1,444

## 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 ended March 31, 2022	–	9.00	–	9.00	18.00
Fiscal year ending March 31, 2023 (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	42.0	2.4
Fiscal year ended March 31, 2021	1,112	47.7	2.3
Fiscal year ending March 31, 2022 (Forecast)		41.2	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	34,700	17.2	1,900	11.5	1,950	6.5	1,450	8.7	23.47
Full year	69,700	16.4	3,600	24.8	3,700	18.8	2,700	15.8	43.70

### 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: Yes
- 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, 2022	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 March 31, 2022	8,375,147 shares
As of March 31, 2021	8,374,360 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2022	61,781,630 shares
Fiscal year ended March 31, 2021	61,782,316 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

During the current fiscal year under review, 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, personal consumption, 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. However, the future outlook is even more uncertain due to growing concerns over a further rise in energy and raw material prices caused by Ukraine crisis, in addition to a prolonged shortage of semiconductor supply, a sharp rise in resource and raw material prices, and ongoing impact of COVID-19.

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 fiscal year under review, to be on levels significantly higher compared to 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, though the demand has waned into the second half of the year. In the equipment wire and cable business, a recovery in demand 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 fiscal year, semiconductor supply shortfalls, and the inventory adjustments by users, etc.

In this environment, net sales for the fiscal year under review increased to 59,861 million yen (up 9.8% year on year). Operating income was 2,885 million yen (down 18.3% year on year), ordinary income was 3,114 million yen (down 14.2% year on year), and income attributable to owners of parent was 2,330 million yen (down 11.9% year on year).

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2021 (previous fiscal year)	Fiscal year ended March 31, 2022 (fiscal year under review)	Year on year change
Net sales	54,516	59,861	9.8%
Operating income	3,532	2,885	(18.3)%
Ordinary income	3,629	3,114	(14.2)%
Income attributable to owners of parent	2,645	2,330	(11.9)%

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, 2021 (previous fiscal year)	Fiscal year ended March 31, 2022 (fiscal year under review)	Year on year change
Net sales	33,007	40,400	22.4%
Operating income	409	750	83.5%

Although demand of electric wires for infrastructure, adversely affected by COVID-19, was on a recovery trend, it slowed down into the second half of year due to conservative buying following a prolonged hike in copper prices, the sales volume declined from the previous fiscal year (down 2.3% year on 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 40,400 million yen (up 22.4% year on year). Operating income was 750 million yen (up 83.5% year on year) due to revenue recovery in the equipment wire business as well as improved sales mix and cost reduction related to electric wires for infrastructure, etc., despite a rise in raw materials prices and the effect of copper price movement.

[Electronic Materials Business]

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2021 (previous fiscal year)	Fiscal year ended March 31, 2022 (fiscal year under review)	Year on year change
Net sales	19,595	17,247	(12.0)%
Operating income	3,813	2,705	(29.0)%

Demand for functional films, our flagship products, saw a decline in sales volume (down 15.9% year on year) mainly for tablets, owing to factors such as the effects of inventory adjustments by users and semiconductor supply shortfalls. Furthermore, mass production of products such as functional paste was delayed, though some progress was made in the certification process of such products. As a result, segment net sales were 17,247 million yen (down 12.0% year on year). Operating income was 2,705 million yen (down 29.0% year on year) due to an increase in depreciation, etc. despite our cost reduction efforts.

[Other Businesses]

(Millions of yen, unless otherwise stated)

	Fiscal year ended March 31, 2021 (previous fiscal year)	Fiscal year ended March 31, 2022 (fiscal year under review)	Year on year change
Net sales	1,946	2,243	15.2%
Operating income	39	139	256.0%

Medical equipment materials business launched new products at the end of the fiscal year, however, sales were sluggish due some delays in the plan. Meanwhile, sensor, and environmental analysis businesses saw an ongoing recovery in demand for their products and services, and segment net sales were 2,243 million yen (up 15.2% year on year) and operating income was 139 million yen (up 256.0% year on year).

(ii) Earnings forecasts for the next term

The future outlook is uncertain for both the domestic and global economy at present due to factors such as Ukraine crisis, semiconductor supply shortfalls, a sharp rise in energy and raw material prices, and concerns over the spread of new COVID-19 variants. However, we expect phased resumption and recovery of economic activities to continue.

The Company's businesses are anticipated to post higher sales and income mainly due to a phased easing of

semiconductor shortfall and recovery of economic activities impacted by COVID-19, despite soaring energy and raw material prices. On the other hand, we are expected to fall far behind the targets set under the second period Medium-term Management Plan, mainly because energy and raw material prices are rising and revenue contribution from for-growth business is delayed. Under the third period Medium-term Management Plan to be formulated in this fiscal year, we will validate and update the targets of the 2025 Long-Term Vision and the timing to deliver them, given the current situations.

The products and services we provide are necessary for the development of the IoT, AI, and 5G communications, as well as the advance of medical, and our view that demand will expand in the medium and long term remains unchanged despite uncertain and harsh business environment. We will address various issues and diligently promote sales expansion and product development initiatives, in line with the recovery of the economic activities affected by COVID-19.

Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023

(Millions of yen)

	Net sales	Operating income	Ordinary income	Income attributable to owners of parent
First half	34,700	1,900	1,950	1,450
Full year	69,700	3,600	3,700	2,700
(Reference) Fiscal year ended March 31, 2022	59,861	2,885	3,114	2,330

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

Total assets at the end of the fiscal year under review increased by 1,692 million yen from the end of the previous fiscal year to 58,654 million yen mainly due to increases in notes and accounts receivable – trade, and finished goods, despite a decrease in short-term loans receivable.

Total liabilities increased by 423 million yen from the end of the previous fiscal year to 10,484 million yen primarily as a result of an increase in notes and accounts payable – trade.

Total net assets increased by 1,268 million yen from the end of the previous fiscal year to 48,169 million yen mainly due to an increase in retained earnings, resulting from the posting of income attributable to owners of parent.

As a result, the equity ratio decreased by 0.2 percentage points from the end of the previous fiscal year to 82.1%.

## (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 1,389 million yen, a decrease of 55 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 amounted to 3,061 million yen, a decrease in cash inflow of 8,214 million yen from the previous fiscal year, with cash outflow factors such as an increase in trade receivables of 4,920 million yen and an increase in inventories of 2,889 million yen, partially offset by cash inflow factors such as income before income taxes of 3,189 million yen and depreciation of 1,980 million yen.

### (Cash flows from investing activities)

Net cash provided by investing activities amounted to 4,178 million yen, a decrease in cash outflow of 8,131 million yen from the previous fiscal year, with cash inflow factors such as a net decrease in short-term loans receivable of 6,893 million yen, partially offset by cash outflow factors such as purchase of property, plant and equipment of 2,673 million yen.

### (Cash flows from financing activities)

Net cash used in financing activities amounted to 1,112 million yen, a decrease in cash outflow of 99 million yen, mainly due to cash dividends paid of 1,112 million yen.

## (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

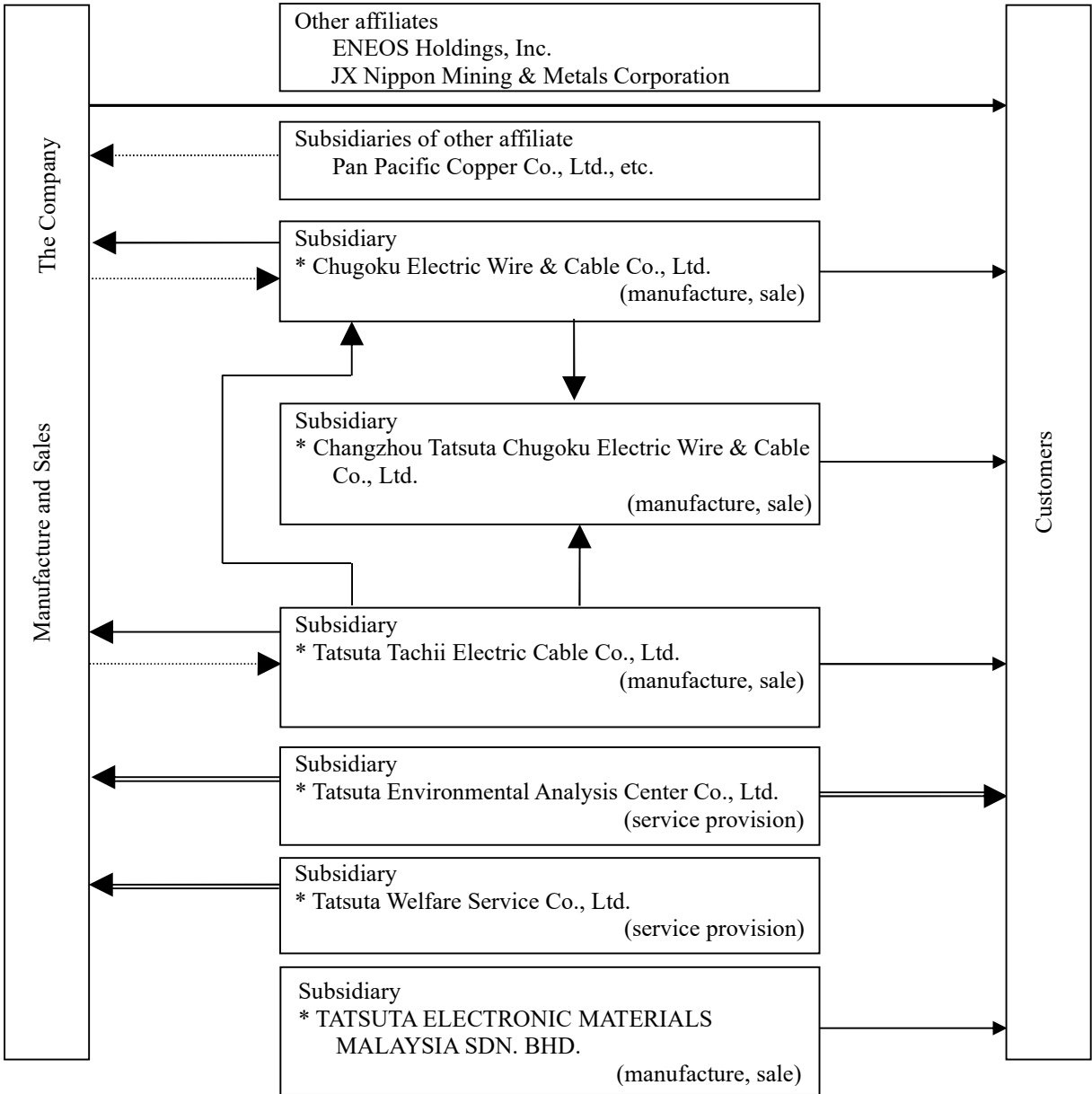
The Company's Group is comprised of the Company and six subsidiaries, and is engaged in the electric wire and cable business, the electronic materials business, as well as the sensor and medical products business, and the environmental analysis business etc.

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	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 (Medical equipment materials business) Manufacturing and sales of equipment, components, and materials for medical use, including sensors, tubes, and wires for medical use.	The Company

	Environmental analysis business Measurement and analysis of water quality, air, noise, vibration and odor; research and analysis of toxic substance, soil pollution and asbestos	Tatsuta Environmental Analysis Center Co., Ltd.
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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, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	1,444	1,389
Notes and accounts receivable – trade	14,457	19,419
Finished goods	2,491	3,957
Work in process	5,304	6,127
Raw materials and supplies	1,244	1,869
Short-term loans receivable	12,579	5,686
Other	1,271	1,235
Allowance for doubtful accounts	(13)	(13)
<b>Total current assets</b>	<b>38,780</b>	<b>39,671</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,375	20,358
Accumulated depreciation	(11,765)	(12,053)
Buildings and structures, net	7,610	8,305
Machinery, equipment and vehicles	23,152	23,722
Accumulated depreciation	(19,795)	(20,463)
Machinery, equipment and vehicles, net	3,357	3,259
Tools, furniture and fixtures	3,127	3,300
Accumulated depreciation	(2,772)	(2,883)
Tools, furniture and fixtures, net	355	417
Land	3,799	3,721
Construction in progress	606	522
<b>Total property, plant and equipment</b>	<b>15,728</b>	<b>16,225</b>
Intangible assets		
Software	138	146
Software in progress	9	9
Right to use facilities	5	5
Other	5	4
<b>Total intangible assets</b>	<b>158</b>	<b>165</b>
Investments and other assets		
Investment securities	922	1,082
Long-term prepaid expenses	11	2
Deferred tax assets	986	1,030
Other	566	659
Allowance for doubtful accounts	(193)	(181)
<b>Total investments and other assets</b>	<b>2,293</b>	<b>2,591</b>
<b>Total non-current assets</b>	<b>18,181</b>	<b>18,982</b>
<b>Total assets</b>	<b>56,961</b>	<b>58,654</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	3,757	3,883
Accounts payable – other	928	815
Accrued expenses	1,469	1,518
Income taxes payable	541	456
Other	979	1,446
Total current liabilities	7,676	8,121
Non-current liabilities		
Long-term borrowings	900	900
Retirement benefit liability	1,301	1,302
Asset retirement obligations	70	68
Deferred tax liabilities	1	1
Other	109	91
Total non-current liabilities	2,383	2,363
Total liabilities	10,060	10,484
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	37,717	38,936
Treasury shares	(2,458)	(2,458)
Total shareholders' equity	46,452	47,670
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	212	216
Deferred gains or losses on hedges	414	232
Foreign currency translation adjustment	(62)	(63)
Remeasurements of defined benefit plans	(114)	113
Total accumulated other comprehensive income	449	499
Total net assets	46,901	48,169
Total liabilities and net assets	56,961	58,654

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

## Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net sales	54,516	59,861
Cost of sales	41,301	47,475
Gross income	13,215	12,386
Selling, general and administrative expenses	9,682	9,501
Operating income	3,532	2,885
Non-operating income		
Interest income	15	17
Dividend income	18	20
Foreign exchange gains	–	112
Royalty income	18	9
Subsidy income	24	31
Other	42	50
Total non-operating income	119	243
Non-operating expenses		
Interest expenses	6	6
Foreign exchange losses	6	–
Other	8	7
Total non-operating expenses	22	13
Ordinary income	3,629	3,114
Extraordinary income		
Gain on sale of investment securities	0	–
Gain on sale of non-current assets	17	244
Total extraordinary income	18	244
Extraordinary losses		
Loss on sale of non-current assets	–	4
Loss on abandonment of non-current assets	29	165
Total extraordinary losses	29	169
Income before income taxes	3,618	3,189
Income taxes – current	1,075	927
Income taxes – deferred	(102)	(68)
Total income taxes	972	858
Income	2,645	2,330
Income attributable to owners of parent	2,645	2,330

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Income	2,645	2,330
Other comprehensive income		
Valuation difference on available-for-sale securities	69	4
Deferred gains or losses on hedges	723	(182)
Foreign currency translation adjustment	(5)	(0)
Remeasurements of defined benefit plans, net of tax	440	228
Total other comprehensive income	1,228	50
Comprehensive income	3,874	2,380
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,874	2,380



### (3) Consolidated Statements of Changes in Equity

Previous 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)
Income 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)
Income 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

Current fiscal year (From April 1, 2021 to March 31, 2022)

(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	37,717	(2,458)	46,452
Changes during period					
Dividends of surplus			(1,112)		(1,112)
Income attributable to owners of parent			2,330		2,330
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,218	(0)	1,218
Balance at end of period	6,676	4,516	38,936	(2,458)	47,670

	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	212	414	(62)	(114)	449	46,901
Changes during period						
Dividends of surplus						(1,112)
Income attributable to owners of parent						2,330
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	4	(182)	(0)	228	50	50
Total changes during period	4	(182)	(0)	228	50	1,268
Balance at end of period	216	232	(63)	113	499	48,169

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	3,618	3,189
Depreciation	1,770	1,980
Increase (decrease) in retirement benefit liability	304	307
Decrease (increase) in retirement benefit asset	(2)	(10)
Increase (decrease) in provision for environmental measures	3	–
Increase (decrease) in allowance for doubtful accounts	(5)	(11)
Interest and dividend income	(34)	(38)
Loss (gain) on sale and valuation of investment securities	(0)	–
Subsidy income	(24)	(31)
Insurance claim income	–	(12)
Interest expenses	6	6
Loss (gain) on sale of non-current assets	(17)	(240)
Loss on abandonment of non-current assets	34	170
Decrease (increase) in trade receivables	2,026	(4,920)
Decrease (increase) in inventories	(1,114)	(2,889)
Decrease (increase) in other assets	(277)	(38)
Increase (decrease) in trade payables	(202)	165
Increase (decrease) in accounts payable - other	29	(57)
Increase (decrease) in accrued expenses	(21)	48
Increase (decrease) in accrued consumption taxes	(268)	(17)
Increase (decrease) in other liabilities	630	276
Subtotal	6,453	(2,123)
Interest and dividends received	27	27
Interest paid	(8)	(6)
Income taxes paid	(1,362)	(1,003)
Subsidies received	44	31
Proceeds from insurance income	–	12
Net cash provided by (used in) operating activities	5,153	(3,061)

(Millions of yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(2)	(151)
Proceeds from sale of investment securities	1	–
Purchase of property, plant and equipment	(1,793)	(2,673)
Proceeds from sale of property, plant and equipment	17	346
Purchase of intangible assets	(49)	(62)
Net decrease (increase) in short-term loans receivable	(1,906)	6,893
Other, net	(219)	(173)
Net cash provided by (used in) investing activities	(3,952)	4,178
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	900	–
Repayments of long-term borrowings	(1,000)	–
Dividends paid	(1,112)	(1,112)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(1,212)	(1,112)
Effect of exchange rate change on cash and cash equivalents	(6)	(60)
Net increase (decrease) in cash and cash equivalents	(18)	(55)
Cash and cash equivalents at beginning of period	1,462	1,444
Cash and cash equivalents at end of period	1,444	1,389

(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 other than shares, etc. for which market quotations are unavailable

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, etc. for which market quotations are unavailable

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

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.

(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) Accounting policy for recognition of significant revenues and expenses

The Company and its domestic consolidated subsidiaries have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Implementation Guideline on Accounting Standard for Revenue Recognition” (ASBJ Statement No. 30, March 26, 2021). The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. For domestic sales of

products, revenue is recognized at the time of shipment when the control of the goods is transferred to the client within a normal period of time.

(6) 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 income 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.

(7) Method of important hedge accounting

a) Method of hedge accounting

The Company has adopted the deferred hedge accounting method.

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)
Commodity derivatives	Raw materials

c) Hedging policy

Commodity derivatives are used to hedge 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.

(8) 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.

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

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).

The Company will also apply, at the beginning of the next consolidated fiscal year, “Practical Solution on the

Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42; August 12, 2021) which stipulates income taxes, local taxes, and treatment and disclosure of tax effect accounting when applying the Group Tax Sharing System.

(Changes in accounting policies)

1. “Accounting Standard for Revenue Recognition”, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the consolidated fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

As a result of this change, revenue related to processing contract which was recognized at gross amount is changed to a method of recognizing at net amount after judging whether the role (processing) of the Company is a principal or agent in providing goods or services to a client. Consideration payable to specific customers such as sales commissions, which was previously recognized as “Selling, general and administrative expenses” is changed to be deducted from the transaction amount.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the consolidated fiscal year under review, and there is no impact on the starting balance of the fiscal year under review, with the new accounting policies applied from the starting balance.

As a result of this change, for the consolidated fiscal year under review, net sales decreased by 3,039 million yen, cost of sales by 3,009 million yen, gross income by 29 million yen, and selling, general and administrative expenses by 29 million yen. There is no impact on operating income, ordinary income and income before income taxes.

2. “Accounting Standard for Fair Value Measurement”, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Standard”) and other standards from the beginning of the consolidated fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided for in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements for the consolidated fiscal year under review.



(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, income 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, income or loss, assets and other items by reportable segments

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

	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)	–
<b>Total</b>	<b>33,007</b>	<b>19,595</b>	<b>52,602</b>	<b>1,946</b>	<b>54,549</b>	<b>(32)</b>	<b>54,516</b>
Segment income	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 income (loss) of negative 729 million yen represents 12 million yen in inter-segment eliminations and negative 742 million yen of corporate expenses not allocated to each reportable segment. Corporate expenses 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 income is adjusted to operating income in the consolidated financial statements.

Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

	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	40,400	17,247	57,648	2,213	59,861	–	59,861
Net intersegment sales or transfer	–	–	–	29	29	(29)	–
Total	40,400	17,247	57,648	2,243	59,891	(29)	59,861
Segment income	750	2,705	3,456	139	3,596	(710)	2,885
Segment assets	32,475	12,409	44,884	1,869	46,753	11,900	58,654
Other items							
Depreciation and amortization	868	786	1,655	141	1,796	183	1,980
Increase in property, plant, equipment and intangible assets	982	1,401	2,384	91	2,475	115	2,590

(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 income (loss) of negative 710 million yen represents 12 million yen in inter-segment eliminations and 723 million yen of corporate expenses not allocated to each reportable segment. Corporate expenses mainly include general administrative expenses and research expenses that are not attributable to reportable segments.

- (2) The adjustment to segment assets of 11,900 million yen represents negative 2,266 million yen in offsets against receivables of the administrative division of headquarters and 14,167 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 115 million yen represents capital investment including headquarters building, administration and research divisions (general affairs, basic research).
3. Segment income is adjusted to operating income in the consolidated financial statements.
4. As disclosed in “Changes in accounting policies”, the Company applied the “Accounting Standard for Revenue Recognition”, etc. from the consolidated financial statements for the consolidated fiscal year under review, and changed the accounting method for revenue recognition. Accordingly, the Company also changed the method for calculating segment income (loss) for business segments.
- With this change, as compared to the previous method, net sales of Electric Wire and Cable Business for the consolidated fiscal year under review decreased by 3,039 million yen, however, there is no impact on segment income.

[Related Information]

Previous consolidated fiscal year (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 HST Cable, Ltd.	11,077	Electric Wire and Cable Business

Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

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
43,363	9,977	3,354	3,101	64	59,861

(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 HST Cable, Ltd.	14,875	Electric Wire and Cable Business

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

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

N/A

Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

N/A

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

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

N/A

Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

N/A

[Information on gain on negative goodwill by reportable segment]

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)

N/A

Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)

N/A

(Per share information)

Previous consolidated fiscal year (from April 1, 2020 to March 31, 2021)		Consolidated fiscal year under review (from April 1, 2021 to March 31, 2022)	
Net assets per share	759.14 yen	Net assets per share	779.68yen
Net income per share	42.83 yen	Net income per share	37.72 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	46,901 million yen	Total amount in net assets on the consolidated balance sheet	48,169 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	46,901 million yen	Net assets on common shares	48,169 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	61,781 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	2,645 million yen	Net income (loss) attributable to owners of parent in consolidated statements of income	2,330 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	2,645 million yen	Net income (loss) attributable to owners of parent on common shares	2,330 million yen
Average number of common shares during the period	61,782 thousand shares	Average number of common shares during the period	61,781 thousand shares

(Important subsequent events)

N/A