

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP] (Consolidated)



July 27, 2022

Company name: Tatsuta Electric Wire & Cable Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Stock Code: 5809
 URL: <https://www.tatsuta.com>
 Representative: Hiroya Yamada, President and Representative Director
 Contact: Masafumi Imai, Director, Senior Executive Officer, General Manager of Accounting and Finance Department
 Phone: +81-6-6721-3011
 Scheduled date of filing Quarterly Report: August 5, 2022
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results (Cumulative) (% 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	%
Three months ended June 30, 2022	14,732	3.2	327	(49.4)	437	(38.9)	323	(38.6)
Three months ended June 30, 2021	14,276	6.8	648	(6.5)	716	1.8	526	1.7

(Note) Comprehensive income: Three months ended June 30, 2022: (18) million yen [(105.1)%]

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

	Income per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	5.23		-	
Three months ended June 30, 2021	8.52		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2022	57,724		47,595		82.5		770.38	
As of March 31, 2022	58,654		48,169		82.1		779.68	

(Reference) Equity: As of June 30, 2022: 47,595 million yen
 As of March 31, 2022: 48,169 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, 2022	-	9.00	-	9.00	18.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (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, 2023 (From 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	32,400	9.4	1,300	(23.7)	1,400	(23.5)	1,100	(17.6)	17.80
Full year	67,600	12.9	3,200	10.9	3,350	7.6	2,500	7.3	40.47

(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: No
- 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, 2022	70,156,394 shares
As of March 31, 2022	70,156,394 shares

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

As of June 30, 2022	8,375,147 shares
As of March 31, 2022	8,375,147 shares

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

Three months ended June 30, 2022	61,781,247 shares
Three months ended June 30, 2021	61,781,931 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.

Table of Contents of Reference Materials

1. Qualitative Information on Financial Results for the Quarterly Period Under Review.....	1
(1) Overview of business results.....	1
(2) Overview of financial position.....	2
(3) Overview of forward-looking information such as consolidated financial results forecasts	2
2. Quarterly Consolidated Financial Statements.....	3
(1) Quarterly Consolidated Balance Sheets.....	3
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	5

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

(1) Overview of business results

During the three months ended June 30, 2022, as the Japanese economy saw mitigation of the harsh situation owing to the impact of COVID-19, there were signs of recovery in areas including corporate earnings, capital investment, personal consumption, and housing construction. The world economy is also expected to continue improving as the impact of COVID-19 decreases. However, the outlook is uncertain due to the risk of the spread of new coronavirus variants, a rise in resource and raw material prices, semiconductor supply constraints, the Russia-Ukraine crisis, and the lingering effects of restraints on economic activity in China.

The average domestic quotation price for copper, the main raw material used for the Company's products, for the three months ended June 30, 2022 was on levels higher than for the same period of the previous fiscal year, but fell toward the end of the period under review.

In the meantime, demand for electric wires for infrastructure was on levels lower than for the same period of the previous fiscal year, while in the equipment wire and cable business, demand from some users continued recovering. Sales of smartphones, the main application of functional films, remained weak in terms of volumes due to a slowdown of the Chinese economy and the effects of lockdowns in the country. Demand for materials was affected by sluggish product sales, shortages in supplies of semiconductors and other components and materials, and other factors.

In this environment, net sales for the three months ended June 30, 2022 increased to 14,732 million yen (up 3.2% year on year), but profits decreased, with operating income of 327 million yen (down 49.4% year on year), ordinary income of 437 million yen (down 38.9% year on year), and income attributable to owners of parent of 323 million yen (down 38.6% year on year).

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

[Electric Wire and Cable Business]

Sales volumes of electric wires for infrastructure were lower than for the same period of the previous fiscal year (down 13.2% year on year) as customers continued conservative buying due to higher copper prices and competition intensified, fueled by selling price revisions implemented in response to rising raw material prices. However, owing to factors such as higher copper prices as well as a continued recovery in demand from some customers for equipment wire and cable, net sales for this segment increased to 9,926 million yen (up 3.9% year on year). Meanwhile, despite efforts to improve margins, such as selling price revisions, the Company posted operating loss of 166 million yen (as opposed to operating income of 191 million yen for the same period of the previous fiscal year) due to lower sales volumes, higher raw material prices, slow progress on selling price revisions, fluctuations in copper prices, and other factors.

[Electronic Materials Business]

Demand for functional films, the Company's flagship products, decreased (down 2.3% year on year) due to lower production and sales volumes for smartphones, the major application of functional films, lockdowns in China, and shortages in supplies of semiconductors and other components and materials, and as a result, net sales for this segment were 4,228 million yen (down 0.5% year on year). Despite cost reduction efforts, etc., operating income decreased to 642 million yen (down 1.0% year on year) due to lower sales and higher material prices.

[Other Businesses]

In each of the sensor, medical equipment material, and environmental analysis businesses, demand from some customers continued recovering, and new products launched at the end of the previous fiscal year contributed to sales for the medical equipment material business. As a result, net sales for this segment increased to 582 million yen (up 20.1% year on year) and operating income was 45 million yen (as opposed to operating loss of 10 million yen for the same period of the previous fiscal year).

(2) Overview of financial position

Total assets at the end of the three months ended June 30, 2022 decreased by 929 million yen from the end of the previous fiscal year to 57,724 million yen, mainly due to a decrease in notes and accounts receivable - trade.

Total liabilities decreased by 354 million yen from the end of the previous fiscal year to 10,129 million yen, mainly due to decreases in accrued expenses and income taxes payable.

Total net assets decreased by 574 million yen from the end of the previous fiscal year to 47,595 million yen, mainly due to a decrease in deferred gains or losses on hedges, as well as a decrease in retained earnings resulting from the payment of dividends, despite the posting of income attributable to owners of parent.

As a result, the equity ratio increased by 0.4 percentage points from the end of the previous fiscal year to 82.5%.

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

The Company has revised the consolidated financial results forecasts for the first half and the full year of the fiscal year ending March 31, 2023 announced on May 13, 2022. For details, please see “Financial Summary for Three Months Ended June 30,2022” announced today.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	1,389	1,327
Notes and accounts receivable - trade	19,419	18,295
Finished goods	3,957	4,123
Work in process	6,127	6,575
Raw materials and supplies	1,869	2,281
Short-term loans receivable	5,686	5,293
Other	1,235	692
Allowance for doubtful accounts	(13)	(12)
Total current assets	39,671	38,576
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,305	8,406
Machinery, equipment and vehicles, net	3,259	3,279
Tools, furniture and fixtures, net	417	390
Land	3,721	3,721
Construction in progress	522	461
Total property, plant and equipment	16,225	16,258
Intangible assets		
Software	146	147
Software in progress	9	13
Right to use facilities	5	5
Other	4	3
Total intangible assets	165	169
Investments and other assets		
Investment securities	1,082	1,307
Long-term prepaid expenses	2	2
Deferred tax assets	1,030	1,182
Other	659	407
Allowance for doubtful accounts	(181)	(178)
Total investments and other assets	2,591	2,720
Total non-current assets	18,982	19,148
Total assets	58,654	57,724

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,883	4,111
Accounts payable - other	815	701
Accrued expenses	1,518	1,040
Income taxes payable	456	125
Other	1,446	1,777
Total current liabilities	8,121	7,755
Non-current liabilities		
Long-term borrowings	900	900
Retirement benefit liability	1,302	1,280
Asset retirement obligations	68	64
Deferred tax liabilities	1	1
Other	91	127
Total non-current liabilities	2,363	2,374
Total liabilities	10,484	10,129
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	38,936	38,703
Treasury shares	(2,458)	(2,458)
Total shareholders' equity	47,670	47,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216	250
Deferred gains or losses on hedges	232	(161)
Foreign currency translation adjustment	(63)	(49)
Remeasurements of defined benefit plans	113	118
Total accumulated other comprehensive income	499	157
Total net assets	48,169	47,595
Total liabilities and net assets	58,654	57,724

(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, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Net sales	14,276	14,732
Cost of sales	11,236	12,016
Gross income	3,040	2,715
Selling, general and administrative expenses	2,391	2,387
Operating income	648	327
Non-operating income		
Interest income	4	4
Dividend income	10	12
Foreign exchange gains	40	80
Other	14	16
Total non-operating income	69	113
Non-operating expenses		
Interest expenses	0	1
Other	0	2
Total non-operating expenses	1	3
Ordinary income	716	437
Extraordinary income		
Gain on sale of non-current assets	3	0
Total extraordinary income	3	0
Extraordinary losses		
Loss on abandonment of non-current assets	5	1
Total extraordinary losses	5	1
Income before income taxes	713	436
Income taxes - current	192	107
Income taxes - deferred	(5)	5
Total income taxes	187	113
Income	526	323
Income attributable to owners of parent	526	323

Quarterly Consolidated Statements of Comprehensive Income

Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Income	526	323
Other comprehensive income		
Valuation difference on available-for-sale securities	2	33
Deferred gains or losses on hedges	(186)	(393)
Foreign currency translation adjustment	2	13
Remeasurements of defined benefit plans, net of tax	16	4
Total other comprehensive income	(164)	(341)
Comprehensive income	361	(18)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	361	(18)