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Financial Results for the Year Ended March 31, 2023 [Japanese GAAP] (Consolidated)



May 11, 2023

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

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Scheduled date of General Meeting of Shareholders: June 23, 2023

Scheduled date of filing Annual Securities Report: June 23, 2023

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	61,476	2.7	1,701	(41.0)	1,864	(40.1)	967	(58.5)
Fiscal year ended March 31, 2022	59,861	9.8	2,885	(18.3)	3,114	(14.2)	2,330	(11.9)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: 825 million yen [(65.3) %]

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

	Income per share	Diluted income per share	Rate of return on equity	Return on assets	Operating income ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	15.67	—	2.0	3.2	2.8
Fiscal year ended March 31, 2022	37.72	—	4.9	5.4	4.8

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2023: NA

Fiscal year ended March 31, 2022: NA

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	58,457	47,882	81.9	775.04
As of March 31, 2022	58,654	48,169	82.1	779.68

(Reference) Equity: As of March 31, 2023: 47,882 million yen

As of March 31, 2022: 48,169 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, 2023	1,877	(855)	(1,112)	1,246
Fiscal year ended March 31, 2022	(3,061)	4,178	(1,112)	1,389

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 ended March 31, 2023	–	9.00	–	0.00	9.00
Fiscal year ending March 31, 2024 (Forecast)	–	–	–	–	–

	Total dividend paid out	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	Million yen	%	%
Fiscal year ended March 31, 2022	1,112	47.7	2.3
Fiscal year ended March 31, 2023	556	57.4	1.2
Fiscal year ending March 31, 2024 (Forecast)		–	

For the dividend for the fiscal year ending March 31, 2023, please refer to the “Notice Regarding Revision of Dividend Forecast (No Dividend) for the Fiscal Year Ending March 31, 2023” published on December 21, 2022.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

As announced in the Notice on Position Statement concerning Planned Commencement of a Tender Offer by JX Nippon Mining & Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on December 21, 2022, the Company’s stock is planned to be delisted. A consolidated financial results forecast for the fiscal year ending March 31, 2024 is therefore not presented.

Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly added: NA Excluded: NA
- (2) Changes in accounting principles, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting principles due to the revision of accounting standards: No
 - 2) Changes in accounting principles other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No

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

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

As of March 31, 2023	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 March 31, 2023	8,376,022 shares
As of March 31, 2022	8,375,147 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023	61,781,050 shares
Fiscal year ended March 31, 2022	61,781,630 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

As announced in the Notice on Position Statement concerning Planned Commencement of a Tender Offer by JX Nippon Mining & Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on December 21, 2022, the Company's stock is planned to be delisted. A consolidated financial results forecast for the fiscal year ending March 31, 2024 is therefore not presented.

The supplementary briefing material on annual financial results 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 movement restrictions due to the COVID-19 pandemic were lifted, the Japanese economy saw signs of moderate recovery in corporate earnings, capital investment, production, personal consumption, etc. The world economy is also expected to continue improving modestly as the impact of COVID-19 decreases, although the economy in some regions is at a standstill. However, downside risks are increasing due to volatility in the financial and capital markets and rising prices amid ongoing global monetary tightening, resource and raw material prices fluctuating at high levels, the prolonged 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, during the fiscal year under review was on levels higher compared to the previous fiscal year.

In the meantime, demand for electric wires for infrastructure was on levels lower compared to the previous fiscal year, while in the industrial equipment wire business, a recovery in demand from some users continued. Sales volume of smartphones, the main usage of functional films, remained weak due to a global price increase, a slowdown of the Chinese economy, the effects of lockdowns in the country, etc. The materials demand was affected by sluggish product sales, shortfalls in semiconductors and other components and materials, inventory adjustments by users, etc.

In this environment, net sales for the fiscal year under review amounted to 61,476 million yen (up 2.7% year on year). Operating income was 1,701 million yen (down 41.0% year on year), ordinary income was 1,864 million yen (down 40.1% year on year), and income attributable to owners of parent was 967 million yen (down 58.5% year on year).

The Company is currently listed in the Tokyo Stock Exchange Inc. as of the end of the fiscal year under review. As announced in the Notice on Position Statement concerning Planned Commencement of a Tender Offer by JX Nippon Mining & Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on December 21, 2022, JX Nippon Mining & Metals Corporation plans to commence the tender offer for shares of the Company as soon as the prospect for clearance of competition laws of relevant countries becomes probable. The details of the schedule will be notified promptly after the determination. Through the tender offer and subsequent series of procedures, the Company is planned to become a wholly-owned subsidiary of JX Nippon Mining & Metals Corporation, and the Company's stock is planned to be delisted.

The Company will develop synergies, including efficient utilization of management resources of both companies; further enhancement of business competitiveness in the electronic materials area; and enhancement of business foundation in the electric wire and cable area, in an effort to increase corporate value.

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

[Electric Wire and Cable Business]

The sales volume of electric wires for infrastructure declined from the previous fiscal year (down 9.2% 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. Meanwhile, owing to the increase in copper prices, a continued recovery in demand at some customers for industrial equipment wires, etc., segment net sales were 43,975 million yen (up 8.8% year on year). Operating income was 768 million yen (up 2.3% year on year) due to efforts to secure profits by increasing sales of industrial equipment wires, making progress on selling price revisions, reducing costs, etc., despite a decrease in sales of electric wires for infrastructure, an increase in costs attributable to a rise in raw material and energy prices, the effect of copper price movement, etc.

[Electronic Materials Business]

Demand for functional films, our flagship products, decreased (down 13.5% year on year) due to lower sales volume for smartphones, the main usage of functional films, lockdowns in China, shortfalls in semiconductors and other components and materials, inventory adjustments by users, etc. As a result, segment net sales were 15,064 million yen (down 12.7% year on year). Operating income was 1,463 million yen (down 45.9% year on year) due to an increase in costs attributable to a rise in raw material and energy prices, etc. in addition to a decrease in sales volume despite our efforts to reduce costs, losses, etc.

[Other Businesses]

The sensor, medical equipment materials, and environmental analysis businesses saw an ongoing recovery in demand. Segment net sales were 2,463 million yen (up 9.8% year on year), and operating income was 161 million yen (up 15.6% year on year).

(ii) Earnings forecasts for the next term

As announced in the Notice on Position Statement concerning Planned Commencement of a Tender Offer by JX Nippon Mining & Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on December 21, 2022, the Company's stock is planned to be delisted. A consolidated financial results forecast for the fiscal year ending March 31, 2024 is therefore not presented.

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

Total assets at the end of the fiscal year under review decreased by 196 million yen from the end of the previous fiscal year to 58,457 million yen mainly due to a decrease in short-term loans receivable despite an increase in notes and accounts receivable - trade.

Total liabilities increased by 91 million yen from the end of the previous fiscal year to 10,575 million yen primarily as a result of an increase in accounts payable - other.

Total net assets decreased by 287 million yen from the end of the previous fiscal year to 47,882 million yen mainly due to a decrease in retained earnings, resulting from dividends paid despite 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 81.9%.

(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 1,246 million yen, a decrease of 142 million yen from the end of the previous fiscal year.

Overall cash flows and the reasons therefor are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,877 million yen, an increase in cash inflow of 4,938 million yen from the previous fiscal year, with cash inflow factors such as depreciation of 1,993 million yen and income before income taxes of 1,331 million yen, partially offset by cash outflow factors such as an increase in trade receivables of 1,533 million yen and income taxes paid of 819 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 855 million yen, an increase in cash outflow of 5,033 million yen from the previous fiscal year, with cash outflow factors such as purchase of property, plant and equipment of 1,707 million yen, partially offset by cash inflow factors such as a net decrease in short-term loans receivable of 1,074 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 1,112 million yen, an increase in cash outflow of 0 million yen, mainly due to dividends paid of 1,112 million yen.

(4) Basic policy on distribution of profits

The Company’s basic policy on dividends, etc., was to provide stable dividend payments on a continuing basis with a target of a dividend payout ratio of 30%. It made a determination by comprehensively taking trends of business performance and future capital expenditures into consideration.

However, as announced in the Notice on Position Statement concerning Planned Commencement of a Tender Offer by JX Nippon Mining & Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on December 21, 2022, the Company’s stock is planned to be delisted. The price of the offer, etc. in the tender offer was comprehensively judged and determined based on the assumption that the year-end dividend with a record date of March 31, 2023 would not be paid. The Company therefore resolved at the Company’s Board of Directors meeting held on December 21, 2022 that it would not pay a year-end dividend with a record date of March 31, 2023.

The dividend for the fiscal year under review will thus be 9 yen per share (the interim dividend).

2. Overview of Group Operations

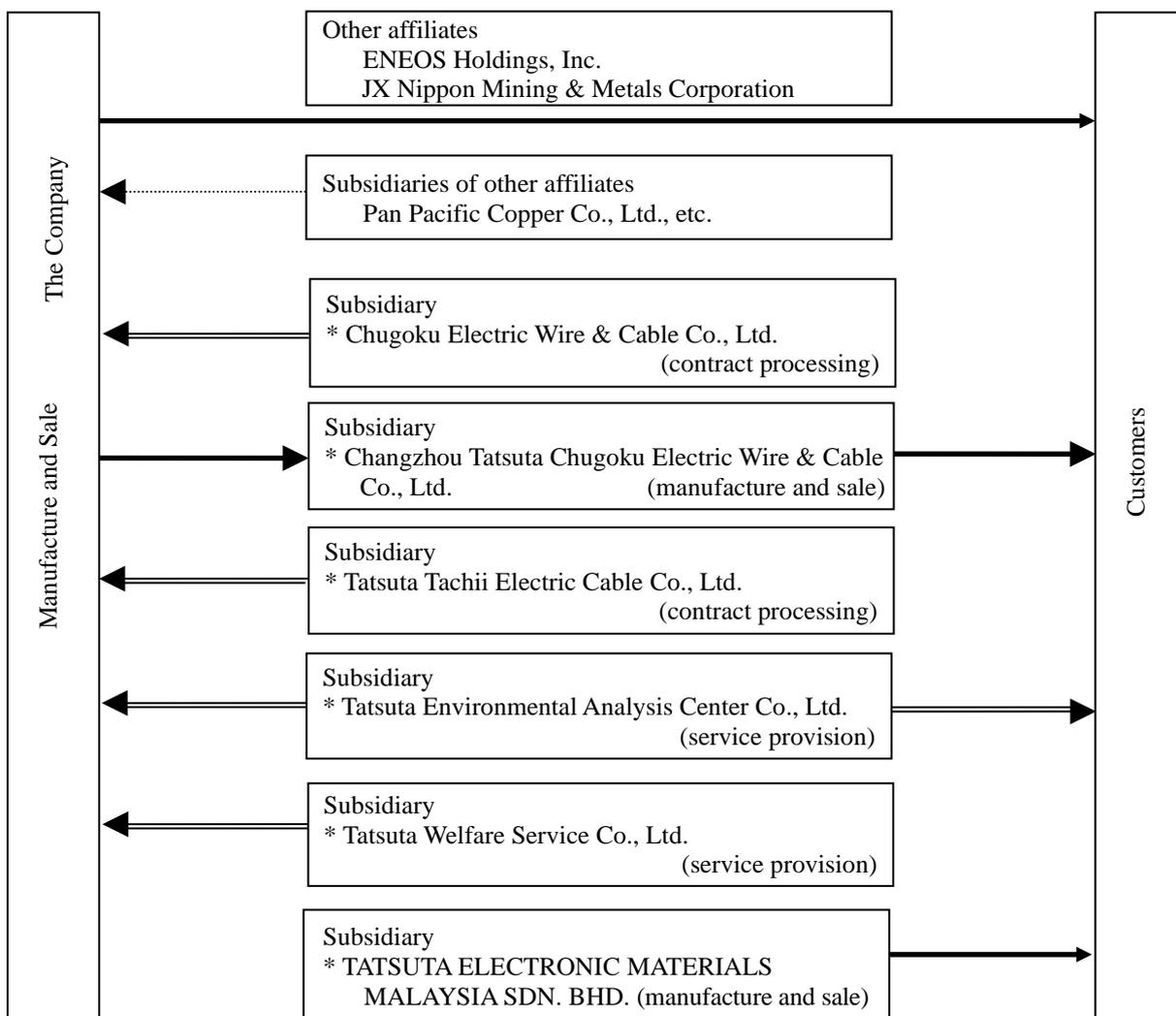
The Company's Group is comprised of the Company and six subsidiaries, and is engaged in the electric wire and cable business, the electronic materials business, as well as the sensor & medical products business, the environmental analysis business, etc.

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

Reportable segment	Details of business	Primary company(s)
Electric Wire and Cable Business	Infrastructure wire business Manufacture and sale of electric wires for infrastructure, including construction, power plants, power distribution, etc.	The Company
	Industrial equipment wire business Manufacture and sale of electric wires for industrial machinery and FAs	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 Manufacture and sale of EMI shielding film, etc. for electronic equipment	The Company
	Functional paste business Manufacture and sale of conductive paste, etc. for electronic equipment	The Company
	Bonding wire business Manufacture and sale 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) Manufacture and sale 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) Manufacture and sale 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 and contract processing
 ⋯ 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	1,389	1,246
Notes and accounts receivable - trade	19,419	20,973
Finished goods	3,957	3,852
Work in process	6,127	6,653
Raw materials and supplies	1,869	1,822
Short-term loans receivable	5,686	4,611
Other	1,235	613
Allowance for doubtful accounts	(13)	(12)
Total current assets	39,671	39,761
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,358	20,653
Accumulated depreciation	(12,053)	(12,144)
Buildings and structures, net	8,305	8,508
Machinery, equipment and vehicles	23,722	24,477
Accumulated depreciation	(20,463)	(21,444)
Machinery, equipment and vehicles, net	3,259	3,032
Tools, furniture and fixtures	3,300	3,379
Accumulated depreciation	(2,883)	(3,008)
Tools, furniture and fixtures, net	417	371
Land	3,721	3,721
Construction in progress	522	295
Total property, plant and equipment	16,225	15,929
Intangible assets		
Software	146	136
Software in progress	9	15
Right to use facilities	5	4
Other	4	1
Total intangible assets	165	157
Investments and other assets		
Investment securities	1,082	1,067
Long-term prepaid expenses	2	0
Deferred tax assets	1,030	1,190
Other	659	521
Allowance for doubtful accounts	(181)	(169)
Total investments and other assets	2,591	2,609
Total non-current assets	18,982	18,696
Total assets	58,654	58,457

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,883	4,279
Accounts payable - other	815	1,243
Accrued expenses	1,518	1,381
Income taxes payable	456	87
Other	1,446	939
Total current liabilities	8,121	7,931
Non-current liabilities		
Long-term borrowings	900	900
Retirement benefit liability	1,302	1,572
Asset retirement obligations	68	42
Deferred tax liabilities	1	1
Other	91	127
Total non-current liabilities	2,363	2,644
Total liabilities	10,484	10,575
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	38,936	38,792
Treasury shares	(2,458)	(2,459)
Total shareholders' equity	47,670	47,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216	249
Deferred gains or losses on hedges	232	131
Foreign currency translation adjustment	(63)	(55)
Remeasurements of defined benefit plans	113	31
Total accumulated other comprehensive income	499	356
Total net assets	48,169	47,882
Total liabilities and net assets	58,654	58,457

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

Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net sales	59,861	61,476
Cost of sales	47,475	50,197
Gross income	12,386	11,279
Selling, general and administrative expenses	9,501	9,577
Operating income	2,885	1,701
Non-operating income		
Interest income	17	12
Dividend income	20	22
Foreign exchange gains	112	90
Subsidy income	31	6
Other	60	50
Total non-operating income	243	183
Non-operating expenses		
Interest expenses	6	8
Loss on disaster	–	5
Other	7	6
Total non-operating expenses	13	20
Ordinary income	3,114	1,864
Extraordinary income		
Compensation for forced relocation	–	101
Gain on sale of investment securities	–	6
Gain on sale of non-current assets	244	0
Total extraordinary income	244	108
Extraordinary losses		
Loss on valuation of investment securities	–	406
Loss on sale of non-current assets	4	0
Loss on abandonment of non-current assets	165	44
TOB related expenses	–	189
Total extraordinary losses	169	641
Income before income taxes	3,189	1,331
Income taxes - current	927	456
Income taxes - deferred	(68)	(92)
Total income taxes	858	363
Income	2,330	967
Income attributable to owners of parent	2,330	967

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Income	2,330	967
Other comprehensive income		
Valuation difference on available-for-sale securities	4	32
Deferred gains or losses on hedges	(182)	(101)
Foreign currency translation adjustment	(0)	7
Remeasurements of defined benefit plans, net of tax	228	(82)
Total other comprehensive income	50	(142)
Comprehensive income	2,380	825
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,380	825

(3) Consolidated Statements of Changes in Equity

Previous 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

Current fiscal year (From April 1, 2022 to March 31, 2023)

(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	38,936	(2,458)	47,670
Changes during period					
Dividends of surplus			(1,112)		(1,112)
Income attributable to owners of parent			967		967
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(144)	(0)	(144)
Balance at end of period	6,676	4,516	38,792	(2,459)	47,525

	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	216	232	(63)	113	499	48,169
Changes during period						
Dividends of surplus						(1,112)
Income attributable to owners of parent						967
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	32	(101)	7	(82)	(142)	(142)
Total changes during period	32	(101)	7	(82)	(142)	(287)
Balance at end of period	249	131	(55)	31	356	47,882

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Income before income taxes	3,189	1,331
Depreciation	1,980	1,993
Increase (decrease) in retirement benefit liability	307	167
Decrease (increase) in retirement benefit asset	(10)	(14)
Increase (decrease) in allowance for doubtful accounts	(11)	(12)
Interest and dividend income	(38)	(35)
Loss (gain) on sale and valuation of investment securities	–	399
Subsidy income	(31)	(6)
Insurance claim income	(12)	(15)
Compensation for forced relocation	–	(101)
Interest expenses	6	8
Loss (gain) on sale of non-current assets	(240)	(0)
Loss on abandonment of non-current assets	170	43
Decrease (increase) in trade receivables	(4,920)	(1,533)
Decrease (increase) in inventories	(2,889)	(361)
Decrease (increase) in other assets	(38)	311
Increase (decrease) in trade payables	165	377
Increase (decrease) in accounts payable - other	(57)	136
Increase (decrease) in accrued expenses	48	(138)
Increase (decrease) in accrued consumption taxes	(17)	324
Increase (decrease) in other liabilities	276	(325)
Subtotal	(2,123)	2,548
Interest and dividends received	27	25
Interest paid	(6)	(8)
Proceeds from compensation for forced relocation	–	109
Income taxes paid	(1,003)	(819)
Subsidies received	31	6
Proceeds from insurance income	12	15
Net cash provided by (used in) operating activities	(3,061)	1,877

(Millions of yen)

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Purchase of investment securities	(151)	(52)
Proceeds from sale of investment securities	–	17
Purchase of property, plant and equipment	(2,673)	(1,707)
Proceeds from sale of property, plant and equipment	346	1
Purchase of intangible assets	(62)	(49)
Net decrease (increase) in short-term loans receivable	6,893	1,074
Other, net	(173)	(138)
Net cash provided by (used in) investing activities	4,178	(855)
Cash flows from financing activities		
Dividends paid	(1,112)	(1,112)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(1,112)	(1,112)
Effect of exchange rate change on cash and cash equivalents	(60)	(51)
Net increase (decrease) in cash and cash equivalents	(55)	(142)
Cash and cash equivalents at beginning of period	1,444	1,389
Cash and cash equivalents at end of period	1,389	1,246

(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)

The non-consolidated subsidiaries, namely, Tatsuta USA, Inc. and Shanghai Tatsuta Co., Ltd., 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)

The non-consolidated subsidiaries that are not accounted for by the equity method, namely, Tatsuta USA, Inc. and Shanghai Tatsuta Co., Ltd., 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

Available-for-sale 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 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 accounts

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 amount 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

a) 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.

b) 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).

c) 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 description of the primary performance obligations in our principal businesses pertaining to revenue from contracts with customers and the usual timing of satisfying the performance obligations (usual timing of recognizing revenue) are as follows:

a) Electric Wire and Cable Business

In the electric wire and cable business, the Company manufactures and sells electric wires and cables primarily for infrastructure, industrial machinery, and FAs.

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 the good or service. 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.

b) Electronic Materials Business

In the electronic materials business, the Company manufactures and sells primarily EMI shielding film, conductive paste, etc. for electronic equipment and ultra-fine bonding wires for wiring of electronic parts.

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 the good or service. 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.

c) Other Businesses

In the other businesses, the Company manufactures and sells primarily water leakage detection systems, intrusion monitoring systems, sensors for medical use, etc.

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 the good or service. 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)

Commodity derivatives

(Hedged items)

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 statements of cash flows

Funds in the consolidated cash flow statement (cash and cash equivalents) consist 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 group tax sharing system

The Group tax sharing system has been applied.

(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 films, 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. Income figures of reportable segments are based on operating income. Intersegment 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 segment
Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment			Other Businesses (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	868	786	1,655	141	1,796	183	1,980
Increase in property, plant and equipment and intangible assets	982	1,401	2,384	91	2,475	115	2,590

(Notes)

1. The “Other Businesses” category is a business segment that is not included in the reportable segments, and comprises the sensor & medical products business and the environmental analysis business.
2. The adjustment is as follows:
 - (1) The adjustment to segment income (loss) of negative 710 million yen represents 12 million yen in intersegment 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 and 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.

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment			Other Business (Note 1)	Total	Adjustment (Note 2)	Amounts stated in consolidated financial statements (Note 3)
	Electric Wire and Cable Business	Electronic Materials Business	Subtotal				
Net sales							
Net sales to external customers	43,975	15,064	59,039	2,436	61,476	–	61,476
Net intersegment sales or transfer	–	–	–	27	27	(27)	–
Total	43,975	15,064	59,039	2,463	61,503	(27)	61,476
Segment income	768	1,463	2,232	161	2,394	(692)	1,701
Segment assets	34,834	11,686	46,521	1,957	48,478	9,979	58,457
Other items							
Depreciation and amortization	839	814	1,653	164	1,818	174	1,993
Increase in property, plant and equipment and intangible assets	934	644	1,578	93	1,671	30	1,702

(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 692 million yen represents 12 million yen in intersegment eliminations and negative 705 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 9,979 million yen represents negative 1,795 million yen in offsets against receivables of the administrative division of headquarters and 11,774 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 and equipment and intangible assets of 30 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.

[Related Information]

Previous consolidated fiscal year (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

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

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
46,281	8,839	3,033	3,262	59	61,476

(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.	15,591	Electric Wire and Cable Business

[Information on impairment loss on non-current assets by reportable segment]

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

N/A

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

N/A

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

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

N/A

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

N/A

[Information on gain on negative goodwill by reportable segment]

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

N/A

Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)

N/A

(Per share information)

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)		Consolidated fiscal year under review (from April 1, 2022 to March 31, 2023)	
Net assets per share	779.68 yen	Net assets per share	775.04yen
Income per share	37.72 yen	Income per share	15.67 yen
There is no diluted income per share as there are no shares with dilutive effect.		There is no diluted 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	48,169 million yen	Total amount in net assets on the consolidated balance sheet	47,882 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	48,169 million yen	Net assets on common shares	47,882 million yen
Number of common shares at the end of fiscal year	61,781 thousand shares	Number of common shares at the end of fiscal year	61,780 thousand shares
2. Income per share		2. Income per share	
Income attributable to owners of parent in consolidated statements of income		Income attributable to owners of parent in consolidated statements of income	
	2,330 million yen		967 million yen
Amount not attributable to common shares	– million yen	Amount not attributable to common shares	– million yen
Income attributable to owners of parent on common shares	2,330 million yen	Income attributable to owners of parent on common shares	967 million yen
Average number of common shares during the period	61,781 thousand shares	Average number of common shares during the period	61,781 thousand shares

(Important subsequent events)

N/A