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Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP] (Consolidated)



July 26, 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
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 Scheduled date of filing Quarterly Report: August 9, 2023
 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, 2023 (From April 1, 2023 to June 30, 2023)

(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, 2023	15,445	4.8	540	64.8	598	36.8	453	40.3
Three months ended June 30, 2022	14,732	3.2	327	(49.4)	437	(38.9)	323	(38.6)

(Note) Comprehensive income: Three months ended June 30, 2023: 594 million yen [-%]

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

	Income per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	7.34		—	
Three months ended June 30, 2022	5.23		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2023	58,351		48,476		83.1		784.66	
As of March 31, 2023	58,457		47,882		81.9		775.04	

(Reference) Equity: As of June 30, 2023: 48,476 million yen
 As of March 31, 2023: 47,882 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, 2023	–	9.00	–	0.00	9.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		–	–	–	–

(Note) Revisions from the most recently announced dividends forecast: No

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

As announced in the Notice on Position Statement concerning Planned Commencement of a Tender Offer by JX 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) 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, 2023	70,156,394 shares
As of March 31, 2023	70,156,394 shares

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

As of June 30, 2023	8,376,182 shares
As of March 31, 2023	8,376,022 shares

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

Three months ended June 30, 2023	61,780,332 shares
Three months ended June 30, 2022	61,781,247 shares

* These quarterly consolidated financial results are outside the scope of quarterly review 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 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 supplemental financial information is scheduled to be disclosed on the TDnet on that same day as well as on the Company's website.

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

(1) Overview of business results

During the three months ended June 30, 2023, the legal status of COVID-19 was downgraded to “Class 5,” economic activities moved toward normal, and the Japanese economy continued moderate recovery in corporate earnings, capital investment, production, personal consumption, etc. The world economy is also expected to continue improving as the impact of COVID-19 decreases although the economy in some regions is weak. However, the outlook remains uncertain 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 effects of the prolonged Russia-Ukraine crisis, etc.

The average domestic quotation price for copper, the main raw material used for the Company’s products, for the three months ended June 30, 2023 was on levels a little lower than for the same period of the previous fiscal year.

In the meantime, domestic demand for copper electric wires was generally on the same level as that for the same period of the previous fiscal year, while in the industrial equipment wire business, a slowdown in demand from some users was seen. Sales of smartphones, the main application of functional films, remained weak in terms of volumes due to a global price increase, an economic downturn mainly in China, etc. and demand for materials was also affected by that.

In this environment, net sales for the three months ended June 30, 2023 amounted to 15,445 million yen (up 4.8% year on year). Operating income was 540 million yen (up 64.8 % year on year), ordinary income was 598 million yen (up 36.8% year on year), and income attributable to owners of parent was 453 million yen (up 40.3% year on year).

The Company is listed on the Tokyo Stock Exchange, Inc. as of the day of submission of the financial results for the first quarter period under review. As announced in the Notice on Position Statement concerning Planned Commencement of a Tender Offer by JX Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc. for Shares of the Company released on December 21, 2022, JX Metals Corporation (changed the trade name from JX Nippon Mining & Metals Corporation on June 28, 2023) 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.

As announced in the (Progress of Disclosed Matters) Notice Regarding Progress of Implementation of Tender Offer for Shares of TATSUTA Electric Wire and Cable Co., Ltd. by JX Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc. released on June 30, 2023, the procedures required under Japanese competition law and related measures are complete, but those required under Chinese competition law and related measures are not yet complete. Therefore, JX Metals Corporation expects to commence the Tender Offer in August 2023 at the earliest.

Through the tender offer and subsequent series of procedures, the Company is planned to become a wholly-owned subsidiary of JX 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]

Customers continued conservative buying due to higher copper prices and a slowdown in demand for industrial equipment wires was seen. However, owing to increased sales of electric wires for infrastructure mainly in electric wires for use in construction (up 8.5% year on year) as well as selling price revisions implemented in response to rising raw material prices being progressing, etc., net sales for this segment increased to 11,059 million yen (up 11.4% year on year). In addition to the above, as a result of efforts to improve product mix, reduce costs, etc., operating income was 342 million yen (as opposed to operating loss of 166 million yen for the same period of the previous fiscal year).

[Electronic Materials Business]

Sales volume of functional films, the Company's flagship products, decreased (down 10.7% year on year) as the production volume of smartphones, the major application of functional films, was on low levels due to the prolonged replacement cycles of smartphones, etc. As a result, net sales for this segment were 3,835 million yen (down 9.3% year on year) and operating income was 403 million yen (down 37.3% year on year).

[Other Businesses]

Although sales of medical equipment materials increased owing to sales expansion of new products, etc., demand was stagnant and various costs increased in each of the sensor and environmental analysis businesses, and as a result, net sales for this segment was 557 million yen (down 4.3% year on year) and operating loss was 34 million yen (as opposed to operating income of 45 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, 2023 decreased by 106 million yen from the end of the previous fiscal year to 58,351 million yen, due to a decrease in notes and accounts receivable - trade despite an increase in short-term loans receivable, etc.

Total liabilities decreased by 700 million yen from the end of the previous fiscal year to 9,875 million yen, due to decreases in accrued expenses and accounts payable - other, etc.

Total net assets increased by 594 million yen from the end of the previous fiscal year to 48,476 million yen, due to the recording of income attributable to owners of parent, an increase in valuation difference on available-for-sale securities, etc.

As a result, the equity ratio increased by 1.2 percentage points from the end of the previous fiscal year to 83.1%.

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

As announced in the Notice on Position Statement concerning Planned Commencement of a Tender Offer by JX 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. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	1,246	1,452
Notes and accounts receivable - trade	20,973	20,351
Finished goods	3,852	3,590
Work in process	6,653	6,139
Raw materials and supplies	1,822	1,935
Short-term loans receivable	4,611	5,311
Other	613	671
Allowance for doubtful accounts	(12)	(12)
Total current assets	39,761	39,440
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,508	8,384
Machinery, equipment and vehicles, net	3,032	3,005
Tools, furniture and fixtures, net	371	361
Land	3,721	3,721
Construction in progress	295	629
Total property, plant and equipment	15,929	16,101
Intangible assets		
Software	136	126
Software in progress	15	17
Right to use facilities	4	4
Other	1	1
Total intangible assets	157	149
Investments and other assets		
Investment securities	1,067	1,171
Long-term prepaid expenses	0	0
Deferred tax assets	1,190	1,141
Other	521	510
Allowance for doubtful accounts	(169)	(164)
Total investments and other assets	2,609	2,659
Total non-current assets	18,696	18,911
Total assets	58,457	58,351

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,279	4,165
Accounts payable - other	1,243	801
Accrued expenses	1,381	775
Income taxes payable	87	210
Other	939	1,248
Total current liabilities	7,931	7,201
Non-current liabilities		
Long-term borrowings	900	900
Retirement benefit liability	1,572	1,620
Asset retirement obligations	42	38
Deferred tax liabilities	1	5
Other	127	109
Total non-current liabilities	2,644	2,673
Total liabilities	10,575	9,875
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	38,792	39,245
Treasury shares	(2,459)	(2,459)
Total shareholders' equity	47,525	47,978
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	249	331
Deferred gains or losses on hedges	131	181
Foreign currency translation adjustment	(55)	(48)
Remeasurements of defined benefit plans	31	33
Total accumulated other comprehensive income	356	497
Total net assets	47,882	48,476
Total liabilities and net assets	58,457	58,351

(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, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Net sales	14,732	15,445
Cost of sales	12,016	12,532
Gross income	2,715	2,913
Selling, general and administrative expenses	2,387	2,372
Operating income	327	540
Non-operating income		
Interest income	4	1
Dividend income	12	11
Foreign exchange gains	80	40
Other	16	7
Total non-operating income	113	61
Non-operating expenses		
Interest expenses	1	2
Other	2	0
Total non-operating expenses	3	3
Ordinary income	437	598
Extraordinary income		
Gain on sale of investment securities	–	23
Gain on sale of golf club membership	–	0
Gain on sale of non-current assets	0	2
Total extraordinary income	0	26
Extraordinary losses		
Loss on abandonment of non-current assets	1	0
TOB related expenses	–	12
Total extraordinary losses	1	13
Income before income taxes	436	611
Income taxes - current	107	164
Income taxes - deferred	5	(6)
Total income taxes	113	157
Income	323	453
Income attributable to owners of parent	323	453

Quarterly Consolidated Statements of Comprehensive Income

Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Income	323	453
Other comprehensive income		
Valuation difference on available-for-sale securities	33	82
Deferred gains or losses on hedges	(393)	49
Foreign currency translation adjustment	13	7
Remeasurements of defined benefit plans, net of tax	4	1
Total other comprehensive income	(341)	141
Comprehensive income	(18)	594
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(18)	594