

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 Nine Months Ended December 31, 2023 [Japanese GAAP] (Consolidated)



January 31, 2024

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

Phone: +81-6-6721-3011

Scheduled date of filing Quarterly Report: February 13, 2024

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 Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	48,033	3.1	2,093	54.3	2,209	43.2	1,604	43.8
Nine months ended December 31, 2022	46,591	3.2	1,356	(43.6)	1,543	(39.8)	1,115	(36.8)

(Note) Comprehensive income: Nine months ended December 31, 2023: 1,672 million yen [98.0%]

Nine months ended December 31, 2022: 844 million yen [(44.9)%]

	Income per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	25.97	—
Nine months ended December 31, 2022	18.06	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	59,779	49,554	82.9	802.12
As of March 31, 2023	58,457	47,882	81.9	775.04

(Reference) Equity: As of December 31, 2023: 49,554 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
Fiscal year ended March 31, 2023	Yen —	Yen 9.00	Yen —	Yen 0.00	Yen 9.00
Fiscal year ending March 31, 2024	—	0.00	—		
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 December 31, 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 December 31, 2023	8,376,590 shares
As of March 31, 2023	8,376,022 shares

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

Nine months ended December 31, 2023	61,780,143 shares
Nine months ended December 31, 2022	61,781,214 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.

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
Quarterly Consolidated Statements of Income.....	5
Nine months ended December 31.....	5
Quarterly Consolidated Statements of Comprehensive Income.....	6
Nine months ended December 31.....	6

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

(1) Overview of business results

During the nine months ended December 31, 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 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, the strained situation in the Middle East, etc.

The average domestic quotation price for copper, the main raw material used for the Company’s products, for the nine months ended December 31, 2023 was on levels higher than for the same period of the previous fiscal year.

In the meantime, domestic demand for copper electric wires was on levels a little higher than for the same period of the previous fiscal year on the whole although the supply and demand of some electric wires is currently tight, 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, the prolonged replacement cycles of smartphones, etc. and demand for materials was also affected by that.

In this environment, net sales for the nine months ended December 31, 2023 amounted to 48,033 million yen (up 3.1% year on year). Operating income was 2,093 million yen (up 54.3% year on year), ordinary income was 2,209 million yen (up 43.2% year on year), and income attributable to owners of parent was 1,604 million yen (up 43.8% 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 third 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 January 31, 2024, while JX Metals Corporation has been conducting procedures in response to the Chinese competition authority's requests, including discussing the remedies to address competition concerns, examination is still ongoing and the procedures required under Chinese competition law and related measures are not yet complete. Therefore, JX Metals Corporation expects to commence the Tender Offer in or after February 2024.

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]

A slowdown in demand in the industrial equipment wire business was seen. However, owing to increased sales of electric wires for infrastructure in electric wires for electrical power companies and power plants, for use in construction, etc. (up 6.6% year on year) as well as selling price revisions implemented in response to rising raw material prices, etc., net sales for this segment increased to 34,679 million yen (up 7.0% year on year). In addition to the above, owing to efforts to improve product mix, reduce costs, etc. and the effect of copper price fluctuation, operating income was 1,452 million yen (up 761.0% year on year).

[Electronic Materials Business]

Sales volume of functional films, the Company's flagship products, decreased (down 12.0% 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 11,552 million yen (down 7.1% year on year) and operating income was 1,175 million yen (down 28.8% year on year) in spite of efforts to reduce costs, etc.

[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 1,824 million yen (up 3.8% year on year) and operating loss was 12 million yen (as opposed to operating income of 82 million yen for the same period of the previous fiscal year).

(2) Overview of financial position

Total assets at the end of the nine months ended December 31, 2023 increased by 1,321 million yen from the end of the previous fiscal year to 59,779 million yen, due to an increase in short-term loans receivable, etc.

Total liabilities decreased by 350 million yen from the end of the previous fiscal year to 10,225 million yen, due to decreases in accounts payable - other and accrued expenses, etc.

Total net assets increased by 1,672 million yen from the end of the previous fiscal year to 49,554 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 1.0 percentage point from the end of the previous fiscal year to 82.9%.

(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 December 31, 2023
Assets		
Current assets		
Cash and deposits	1,246	1,638
Notes and accounts receivable - trade	20,973	20,813
Finished goods	3,852	4,373
Work in process	6,653	6,132
Raw materials and supplies	1,822	2,042
Short-term loans receivable	4,611	5,363
Other	613	447
Allowance for doubtful accounts	(12)	(12)
Total current assets	39,761	40,798
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,508	8,230
Machinery, equipment and vehicles, net	3,032	2,646
Tools, furniture and fixtures, net	371	371
Land	3,721	3,696
Construction in progress	295	1,024
Total property, plant and equipment	15,929	15,969
Intangible assets		
Software	136	122
Software in progress	15	12
Right to use facilities	4	4
Other	1	1
Total intangible assets	157	140
Investments and other assets		
Investment securities	1,067	1,209
Long-term prepaid expenses	0	59
Deferred tax assets	1,190	1,270
Other	521	502
Allowance for doubtful accounts	(169)	(170)
Total investments and other assets	2,609	2,871
Total non-current assets	18,696	18,981
Total assets	58,457	59,779

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,279	4,125
Current portion of long-term borrowings	–	900
Accounts payable - other	1,243	898
Accrued expenses	1,381	1,071
Income taxes payable	87	461
Other	939	908
Total current liabilities	7,931	8,366
Non-current liabilities		
Long-term borrowings	900	–
Retirement benefit liability	1,572	1,699
Asset retirement obligations	42	37
Deferred tax liabilities	1	11
Other	127	109
Total non-current liabilities	2,644	1,858
Total liabilities	10,575	10,225
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	38,792	40,396
Treasury shares	(2,459)	(2,459)
Total shareholders' equity	47,525	49,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	249	356
Deferred gains or losses on hedges	131	66
Foreign currency translation adjustment	(55)	(33)
Remeasurements of defined benefit plans	31	35
Total accumulated other comprehensive income	356	424
Total net assets	47,882	49,554
Total liabilities and net assets	58,457	59,779

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

Quarterly Consolidated Statements of Income

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net sales	46,591	48,033
Cost of sales	37,936	38,751
Gross income	8,655	9,282
Selling, general and administrative expenses	7,298	7,188
Operating income	1,356	2,093
Non-operating income		
Interest income	11	4
Dividend income	22	23
Foreign exchange gains	118	76
Subsidy income	5	1
Other	45	35
Total non-operating income	203	141
Non-operating expenses		
Interest expenses	6	6
Provision of allowance for doubtful accounts	–	16
Loss on disaster	5	–
Other	6	1
Total non-operating expenses	17	25
Ordinary income	1,543	2,209
Extraordinary income		
Compensation for forced relocation	101	–
Gain on sale of investment securities	0	23
Gain on sale of golf club membership	–	0
Gain on sale of non-current assets	0	2
Total extraordinary income	102	26
Extraordinary losses		
Loss on sale of non-current assets	0	–
Loss on abandonment of non-current assets	38	12
Loss on transfer of non-current assets	–	25
TOB related expenses	149	26
Total extraordinary losses	187	63
Income before income taxes	1,457	2,172
Income taxes - current	386	659
Income taxes - deferred	(45)	(91)
Total income taxes	341	568
Income	1,115	1,604
Income attributable to owners of parent	1,115	1,604

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended December 31

(Millions of yen)

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Income	1,115	1,604
Other comprehensive income		
Valuation difference on available-for-sale securities	13	106
Deferred gains or losses on hedges	(337)	(65)
Foreign currency translation adjustment	37	22
Remeasurements of defined benefit plans, net of tax	14	4
Total other comprehensive income	<hr/> (271)	<hr/> 68
Comprehensive income	844	1,672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	844	1,672