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Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP] (Consolidated)



July 26, 2024

Company name: Tatsuta Electric Wire & Cable Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Stock Code: 5809
 URL: <https://www.tatsuta.com>
 Representative: Shohei Morimoto, President and Representative Director
 Contact: Masafumi Imai, Director, Senior Executive Officer
 Phone: +81-6-6721-3011
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on financial results: Available
 Schedule of 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, 2024 (From April 1, 2024 to June 30, 2024)

(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, 2024	17,305	12.0	978	81.1	1,066	78.3	659	45.4
Three months ended June 30, 2023	15,445	4.8	540	64.8	598	36.8	453	40.3

(Note) Comprehensive income: Three months ended June 30, 2024: 1,107 million yen [86.3%]
 Three months ended June 30, 2023: 594 million yen [-%]

	Income per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2024	10.67		—	
Three months ended June 30, 2023	7.34		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of June 30, 2024	61,559		52,294		84.9		846.47	
As of March 31, 2024	61,119		51,186		83.7		828.54	

(Reference) Equity: As of June 30, 2024: 52,294 million yen
 As of March 31, 2024: 51,186 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, 2024	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		–	–	–	–

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

As announced in the Notice on Position Statement of Support and Recommendation to Tender concerning Commencement of a Tender Offer by JX Advanced Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on June 20, 2024, the Company's stock is planned to be delisted. A consolidated financial results forecast for the fiscal year ending March 31, 2025 is therefore not presented.

Notes:

(1) Significant changes in the scope of consolidation during the period: None
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, etc. due to the revision of accounting standards: Yes
2) Changes in accounting principles other than 1) above: No
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(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, 2024	70,156,394 shares
As of March 31, 2024	70,156,394 shares

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

As of June 30, 2024	8,377,370 shares
As of March 31, 2024	8,377,260 shares

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

Three months ended June 30, 2024	61,779,099 shares
Three months ended June 30, 2023	61,780,332 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

* Explanation of the proper use of financial results forecast and other notes

As announced in the Notice on Position Statement of Support and Recommendation to Tender concerning Commencement of a Tender Offer by JX Advanced Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on June 20, 2024, the Company's stock is planned to be

delisted. A consolidated financial results forecast for the fiscal year ending March 31, 2025 is therefore not presented.

The supplementary briefing material on 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. Qualitative Information on Financial Results for the Quarterly Period Under Review

(1) Overview of business results

During the three months ended June 30, 2024, the Japanese economy continued recovery in corporate earnings, capital investment, production, personal consumption, etc. The world economy is also expected to move toward improvement 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, 2024 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, while in the industrial equipment wire business, stagnant demand was seen. Sales of smartphones, the main application of functional films, showed a trend of recovery from the slump due to a global price increase, an economic downturn mainly in China, etc.

In this environment, net sales for the three months ended June 30, 2024 amounted to 17,305 million yen (up 12.0% year on year). Operating income was 978 million yen (up 81.1% year on year), ordinary income was 1,066 million yen (up 78.3% year on year), and income attributable to owners of parent was 659 million yen (up 45.4% 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 of Support and Recommendation to Tender concerning Commencement of a Tender Offer by JX Advanced Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on June 20, 2024 and the Notice Regarding Partial Change to the Notice on Position Statement of Support and Recommendation to Tender concerning Commencement of a Tender Offer by JX Advanced Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company dated July 19, 2024, JX Advanced Metals Corporation is conducting a tender offer for common shares of the Company during the period from June 21, 2024 until August 2, 2024. Through the tender offer and subsequent series of procedures, the Company is planned to become a wholly-owned subsidiary of JX Advanced 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, etc., 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]

There was a stagnation in demand in the industrial equipment wire business. 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 11.5% 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 12,473 million yen (up 12.8% 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 752 million yen (up 119.9% year on year).

[Electronic Materials Business]

Sales volume of functional films, the Company's flagship products, increased (up 5.9% year on year) as the demand for smartphones, the major application of functional films, continued a recovery trend. As a result, net sales for this segment were 4,190 million yen (up 9.3% year on year) and operating income was 430 million yen (up 6.7% year on year).

[Other Businesses]

In each of the sensor, medical equipment materials and environmental analysis businesses, demand generally remained firm, and net sales for this segment was 646 million yen (up 15.9% year on year). Operating loss was 32 million yen due to an increase in various costs (operating loss of 34 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, 2024 increased by 440 million yen from the end of the previous fiscal year to 61,559 million yen, due to increases in notes and accounts receivable - trade and finished goods, etc. despite a decrease in short-term loans receivable.

Total liabilities decreased by 667 million yen from the end of the previous fiscal year to 9,265 million yen, due to decreases in accounts payable - other and income taxes payable, etc..

Total net assets increased by 1,107 million yen from the end of the previous fiscal year to 52,294 million yen, due to the recording of income attributable to owners of parent, an increase in deferred gains or losses on hedges, etc.

As a result, the equity ratio increased by 1.2 percentage point from the end of the previous fiscal year to 84.9%.

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

As announced in the Notice on Position Statement of Support and Recommendation to Tender concerning Commencement of a Tender Offer by JX Advanced Metals Corporation, a Wholly-owned Subsidiary of ENEOS Holdings, Inc., for Shares of the Company released on June 20, 2024, the Company's stock is planned to be delisted. A consolidated financial results forecast for the fiscal year ending March 31, 2025 is therefore not presented.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	1,780	1,519
Notes and accounts receivable - trade	21,425	22,303
Finished goods	4,169	4,754
Work in process	6,617	6,803
Raw materials and supplies	1,645	1,999
Short-term loans receivable	5,263	3,563
Other	1,102	1,820
Allowance for doubtful accounts	(12)	(159)
Total current assets	41,993	42,605
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,112	8,880
Machinery, equipment and vehicles, net	2,633	2,753
Tools, furniture and fixtures, net	370	484
Land	3,696	3,696
Construction in progress	1,733	765
Total property, plant and equipment	16,545	16,580
Intangible assets		
Software	126	120
Software in progress	16	21
Right to use facilities	4	4
Other	1	1
Total intangible assets	148	146
Investments and other assets		
Investment securities	1,291	1,300
Long-term prepaid expenses	52	52
Retirement benefit asset	183	180
Deferred tax assets	687	476
Other	371	220
Allowance for doubtful accounts	(154)	(4)
Total investments and other assets	2,432	2,225
Total non-current assets	19,125	18,953
Total assets	61,119	61,559

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,989	4,514
Current portion of long-term borrowings	900	900
Accounts payable - other	1,517	842
Accrued expenses	1,489	1,096
Income taxes payable	673	229
Other	708	1,041
Total current liabilities	9,278	8,625
Non-current liabilities		
Retirement benefit liability	431	372
Asset retirement obligations	110	110
Deferred tax liabilities	20	24
Other	91	133
Total non-current liabilities	653	640
Total liabilities	9,932	9,265
Net assets		
Shareholders' equity		
Share capital	6,676	6,676
Capital surplus	4,516	4,516
Retained earnings	40,557	41,217
Treasury shares	(2,460)	(2,460)
Total shareholders' equity	49,290	49,949
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	442	447
Deferred gains or losses on hedges	472	925
Foreign currency translation adjustment	(45)	(39)
Remeasurements of defined benefit plans	1,026	1,011
Total accumulated other comprehensive income	1,896	2,344
Total net assets	51,186	52,294
Total liabilities and net assets	61,119	61,559

(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, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net sales	15,445	17,305
Cost of sales	12,532	13,807
Gross income	2,913	3,498
Selling, general and administrative expenses	2,372	2,519
Operating income	540	978
Non-operating income		
Interest income	1	3
Dividend income	11	14
Foreign exchange gains	40	63
Other	7	10
Total non-operating income	61	91
Non-operating expenses		
Interest expenses	2	2
Other	0	0
Total non-operating expenses	3	2
Ordinary income	598	1,066
Extraordinary income		
Gain on sale of investment securities	23	-
Gain on sale of golf club membership	0	-
Gain on sale of non-current assets	2	-
Total extraordinary income	26	-
Extraordinary losses		
Loss on abandonment of non-current assets	0	5
TOB related expenses	12	188
Total extraordinary losses	13	194
Income before income taxes	611	872
Income taxes - current	164	195
Income taxes - deferred	(6)	18
Total income taxes	157	213
Income	453	659
Income attributable to owners of parent	453	659

Quarterly Consolidated Statements of Comprehensive Income

Three months ended June 30

(Millions of yen)

	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three months ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Income	453	659
Other comprehensive income		
Valuation difference on available-for-sale securities	82	5
Deferred gains or losses on hedges	49	452
Foreign currency translation adjustment	7	5
Remeasurements of defined benefit plans, net of tax	1	(15)
Total other comprehensive income	141	448
Comprehensive income	594	1,107
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	594	1,107