



## Consolidated Financial Results for the First Quarter of Fiscal Year 2020 [Japanese GAAP]

August 11, 2020

Name: Tokyo Rope Manufacturing Co., Ltd. Listing: Tokyo Stock Exchange  
 Stock code number: 5981 URL <http://www.tokyorope.co.jp/>  
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 Date of issue of Financial Report: August 12, 2020 Start of cash dividend payment: -  
 Supplementary financial materials prepared : None  
 Financial results information meeting held : None

(Amounts fewer than one million yen have been rounded down.)

### 1. Fiscal 2020-First quarter (April 1 - June 30, 2020)

#### (1) Results of operations (Cumulative Total) (Millions of yen, except for per share data, percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Yen	%	Yen	%	Yen	%	Yen	%
Fiscal 2020-First quarter	12,476	-15.0	-555	-	-649	-	-525	-
Fiscal 2019-First quarter	14,682	2.6	-186	-	-101	-	-97	-

Note Comprehensive income Fiscal 2020-First quarter: ¥-641 million (-%) Fiscal 2019-First quarter: ¥-252 million (-%)

	Earnings per share	Earnings per share (fully diluted)
	Yen	Yen
Fiscal 2020-First quarter	-32.63	-
Fiscal 2019-First quarter	-6.07	-

#### (2) Financial position

	Total assets	Net assets	Equity ratio
Fiscal 2020-First quarter	83,210	21,178	24.0%
Fiscal 2019	85,019	21,819	24.0%

Note: Equity capital at term end Fiscal 2020-First quarter: ¥19,987 million Fiscal 2019: ¥20,423 million

### 2. Cash Dividend

	Cash dividend per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
Fiscal 2019	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal 2020	-	-	-	-	-
Fiscal 2020 (est.)	-	-	-	-	-

Note: Revision of latest cash dividend forecast in review: : No

The dividend forecast for the year ending March 2021 has not been determined.

### 3. Forecast for Consolidated Fiscal 2020 (April 1, 2020 - March 31, 2021)

The forecast of the consolidated earnings forecast for the year ending March 2021 has not been made because it is difficult to reasonably estimate the impact of the COVID-19 infection at this time. We will announce earnings forecasts promptly when it becomes possible to estimate.

\*Notes

- (1) Changes in important subsidiaries during the period (changes in specific subsidiaries due to change in scope of consolidation) : None

Newly consolidated - (Company name) Excluded - (Company name)

- (2) Application of special accounting treatment : Yes  
 Note: This note refers to the adoption of special accounting treatment pertaining to the preparation of quarterly consolidated financial statements.

- (3) Changes in accounting policies; changes in accounting estimates; restatements

1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations : None
2. Other changes in accounting policies : None
3. Changes in accounting estimates : None
4. Restatements : None

- (4) Shares outstanding (common stock) at term-end

1. Number of shares outstanding (including treasury shares)
2. Number of treasury shares outstanding
3. Average number of shares over period

Fiscal 2020-1st quarter	16,268,242 shares	Fiscal 2019	16,268,242 shares
Fiscal 2020-1st quarter	158,942 shares	Fiscal 2019	159,482 shares
Fiscal 2020-1st quarter	16,108,761 shares	Fiscal 2019-1st quarter	16,122,400 shares

Note: Treasury stocks that are deducted when calculating the number of treasury stocks outstanding at the end of Fiscal 2019 and the average number of shares over the year include shares of the Company owned by Board Benefit Trust (Fiscal 2020 1Q: 146,000 shares).

- \* This financial report is exempt from audit procedures by a certified public accountant or an auditing firm.
- \* Appropriate use of business forecasts; other special items

In this document, performance forecasts and other forward-looking statements are based on information currently available and certain assumptions judged by the Company to be rational. Actual results may differ significantly from forecasts due to various factors. Please refer to “(3) Performance Forecasts” on page 4 for information on preconditions underlying the above forecasts and other related information.

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## 1. Performance and Financial Position

### (1) Business Results

The sales of the Group for the first quarter of the current consolidated cumulative period were ¥12,476 million (down 15.0% year-on-year) as tire cords fell sharply due to the impact of the COVID-19 outbreak and the sales amount of petroleum declined in line with the fall of crude oil prices.

In terms of profits, we strove to reduce losses by, for example, implementing a leave utilizing the Employment Adjustment Subsidy system against the decrease in demand due to the COVID-19. However, in addition to the impact of tire cords, which suffered a large drop in demand, the number of industrial machineries, which had large-scale spot sales in the previous term, decreased. As a result, operating loss was ¥555 million (operating loss of ¥186 million in the same period of the previous year), ordinary loss was ¥649 million (ordinary loss of ¥101 million in the same period of the previous year), and quarterly net loss attributable to owners of the parent was ¥525 million (net loss of ¥97 million in the same period of the previous year).

Results by business segment of the Group were as follows.

As stated in “2. Quarterly Consolidated Financial Statements (3) Notes on Consolidated Financial Statements (Segment Information),” the reporting segment has been changed from the first quarter of the current fiscal year.

In the following year-on-year comparison, the figures for the same period of the previous year have been reclassified to the changed segment for comparison.

#### Wire Rope

Due to the impact of COVID-19, domestic steel rope demand was sluggish mainly in machinery, fisheries and construction machinery-related industries, resulting in sales of ¥6,231 million (down 10.5% year-on-year) and operating income of ¥254 million (down 23.8% year-on-year).

#### Steel Cord

The automotive industry has been heavily affected by COVID-19, and tire cords have also been forced to suffer a significant drop in sales volume. Net sales of this segment were ¥1,405 million (down 45.7% year-on-year), and operating loss was ¥548 million (operating loss of ¥322 million in the same period of the previous year).

#### Product Development

Owing to partial sales of overseas bridge projects, sales of this segment were ¥3,041 million (up 31.6% year-on-year), and operating loss was ¥387 million (operating loss of ¥452 million in the same period of the previous year) thanks to the reduction in the cost ratio.

#### Industrial Machinery

Large-scale spot sales were recorded in the previous fiscal year, and both sales and profits decreased significantly. Net sales of this business were ¥678 million (down 47.1% year-on-year), and operating loss was ¥22 million (operating profit of ¥174 million in the same period of the previous year).

#### Energy Real Estate

Net sales of this segment decreased significantly to ¥1,118 million (down 27.4% year-on-year) due to a decrease in petroleum sales impacted by lower crude oil prices. However, in terms of profits, operating expenses for commercial facilities decreased, resulting in operating income of ¥146 million (up 83.1% year-on-year).

### (2) Financial Position

#### Assets, Liabilities and Net Assets

Total assets at the end of the first quarter of the current consolidated fiscal year decreased by ¥1,809 million from the end of the previous consolidated fiscal year to ¥83,210 million, due to a significant decrease in accounts receivable resulting from progress of collection, despite an increase in inventories such as overseas bridge cables for which orders have been received.

Liabilities decreased by ¥1,168 million from the end of the previous consolidated fiscal year to ¥62,031 million due to a decrease in trade payables.

Net assets decreased by ¥640 million from the end of the previous consolidated fiscal year to ¥21,178 million due to the recording of quarterly net loss attributable to owners of the parent.

### (3) Performance Forecasts

Regarding the consolidated financial forecasts for the fiscal year ending March 2021, although there are some signs of recovery from the stagnation of economic activity caused by COVID-19, since it is difficult to calculate the impact on major segments at this stage due to the worldwide spread of infections and concerns over the second wave in Japan, the forecasts remains to be determined. We will announce our financial forecasts as soon as they becomes possible.

## 2. Quarterly Consolidated Financial Statements

### (1) Balance Sheet

(Millions of yen, rounded down)

	Fiscal 2019 (March 31, 2020)	Fiscal 2020-First quarter (June 30, 2020)
<b>ASSETS</b>		
Current assets		
Cash and bank deposits	6,282	6,280
Notes and accounts receivable	14,810	11,629
Commodities and products	6,678	6,699
Goods in process	5,360	5,686
Materials and supplies	4,557	5,273
Other	1,312	1,538
Allowance for doubtful accounts	-18	-17
Total current assets	38,983	37,091
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	7,395	7,260
Machinery and vehicles (net)	6,170	6,084
Land	18,286	18,326
Construction in progress	554	720
Other (net)	2,133	2,048
Total property, plant and equipment	34,540	34,440
Intangibles	702	686
Investments and other assets		
Investment securities	4,625	4,859
Net defined benefit assets	257	312
Deferred tax assets	2,424	2,434
Other	3,778	3,671
Allowance for doubtful accounts	-292	-287
Total investments and other assets	10,793	10,991
Total fixed assets	46,035	46,118
Total assets	85,019	83,210

(Millions of yen, rounded down)

	Fiscal 2019 (March 31, 2020)	Fiscal 2019-First quarter (June 30, 2020)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	12,182	11,140
Short-term borrowings	16,482	16,456
Accrued expenses	2,365	2,474
Reserve for employees' bonuses	878	1,249
Other	6,088	5,864
Total current liabilities	37,997	37,185
Long-term liabilities		
Reserve for directors' share	47	56
Long-term loans	13,450	13,303
Reserve for directors' retirement benefits	184	181
Provision for environmental measures	5	3
Deferred tax liabilities for land revaluation	3,922	3,922
Net defined benefit liability	4,745	4,620
Lease obligations	962	942
Asset retirement obligations	498	500
Other	1,386	1,315
Total long-term liabilities	25,202	24,845
Total liabilities	63,200	62,031
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	1,000	1,000
Capital surplus	1,070	1,070
Retained earnings	11,606	11,081
Treasury shares	-315	-314
Total shareholders' equity	13,361	12,836
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-788	-518
Deferred gains or losses on hedges	-0	-10
Revaluation reserve for land	9,063	9,063
Foreign currency translation adjustment	-415	-622
Re-measurements of defined benefit plans	-795	-761
Total accumulated other comprehensive income	7,062	7,150
Non-controlling interests	1,395	1,191
Total net assets	21,819	21,178
Total liabilities and net assets	85,019	83,210

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

## 1) Statements of Income

(Millions of yen, rounded down)

	Fiscal 2019-First quarter (April 1- June 30, 2019)	Fiscal 2020-First quarter (April 1- June 30, 2020)
Net sales	14,682	12,476
Cost of sales	12,164	10,549
Gross profit	2,518	1,926
Selling, general and administrative expenses	2,704	2,482
Operating income (loss)	-186	-555
Other income		
Interest income	10	5
Dividend income	90	66
Gain on donation of fixed assets	-	40
Share of profit of entities accounted for using equity method	61	-
Other	50	51
Total other income	213	163
Other expense		
Interest expense	67	76
Foreign exchange losses	-	138
Share of loss of entities accounted for using equity method	-	3
Other	61	38
Total other expenses	128	257
Ordinary income (loss)	-101	-649
Extraordinary income		
Employment adjustment subsidy	-	39
Gain on sales of investment securities	60	-
Total extraordinary income	60	39
Extraordinary losses		
Loss due to COVID-19	-	138
Impairment loss	10	-
Loss on sales of investment securities	10	-
Loss on valuation of investment securities	0	-
Total extraordinary losses	21	138
Income (loss) before income taxes	-62	-747
Income taxes	35	-15
Profit (loss)	-97	-732
Profit (loss) attributable to non-controlling interests	-	-206
Profit (loss) attributable to owners of parent	-97	-525

Statements of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2019-First quarter (April 1- June 30, 2019)	Fiscal 2020-First quarter (April 1- June 30, 2020)
Profit (loss)	-97	-732
Other comprehensive income		
Valuation difference on available-for-sale securities	-286	270
Deferred gains or losses on hedges	-0	-10
Foreign currency translation adjustment	32	-148
Re-measurements of defined benefit plans, net of tax	64	37
Share of other comprehensive income (loss) of entities accounted for using equity method	35	-57
Total other comprehensive income (loss)	-154	90
Comprehensive income	-252	-641
Comprehensive income attributable to		
Comprehensive income (loss) attributable to owners of the parent	-252	-437
Comprehensive income attributable to non-controlling interests	-	-204



### (3) Notes on Consolidated Financial Statements

#### Notes on Going-concern Assumptions

None

#### Notes in the Event of Major Changes in Shareholders' Equity

None

#### Application of Special Accounting Treatment

We have adopted the method in which income taxes are calculated by multiplying quarterly profit before income taxes by reasonably estimating the effective tax rate subsequent to the application of tax effect accounting to the profit before income taxes for the consolidated fiscal year, including the first quarter under review.

## Segment Information

### 1) Fiscal 2019-First quarter (April 1 - June 30, 2019)

#### Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment					Total	Adjustment	Consolidated statements of income
	Wire Rope	Steel Code	Product Development	Industrial Machinery	Energy Real Estate			
Net sales								
Sales to outside customers	6,959	2,588	2,310	1,282	1,541	14,682	-	14,682
Intersegment sales or transfers	40	42	2	27	151	265	-265	-
Total	6,999	2,631	2,313	1,310	1,693	14,948	-265	14,682
Segment income (loss)	334	-322	-452	174	80	-186	-	-186

Note: Segment profit or segment (loss) is reconciled with the operating loss of the quarterly consolidated statement of income.

### 2) Fiscal 2020-First quarter (April 1 - June 30, 2020)

#### 1. Sales and Income (Loss) by Reporting Segment

(Millions of yen)

	Reporting Segment					Total	Adjustment	Consolidated statements of income
	Wire Rope	Steel Code	Product Development	Industrial Machinery	Energy Real Estate			
Net sales								
Sales to outside customers	6,231	1,405	3,041	678	1,118	12,476	-	12,476
Intersegment sales or transfers	56	45	6	22	99	230	-230	-
Total	6,288	1,450	3,048	701	1,218	12,707	-230	12,476
Segment income (loss)	254	-548	-387	-22	146	-555	-	-555

Note: Segment profit or segment (loss) is reconciled with the operating loss of the quarterly consolidated statement of income

#### 2. Changes in reporting segments

From the first quarter of the current consolidated fiscal year, “industrial machinery business” and “powdered metallic products business,” which were previously included in the “Other” segment, have been classified as “Industrial Machinery” segment. Both businesses manufacture equipment and tools for industrial machinery, have outstanding manufacturing technologies in niche fields, and are growing as businesses with diverse needs both in Japan and overseas. We are planning to innovate further market development and manufacturing technology in both segments. In addition, the “oil business” was transferred to the “Real Estate” segment and renamed the “Energy Real Estate” segment. Since this business has begun handling a variety of energies and is a BtoC business, we can expect synergies in terms of business strategy and marketing with the “Real Estate” business that currently operates the power generation business and commercial facilities.

The segment information for the first quarter of the previous consolidated fiscal year is presented on the classification after the change.