

Consolidated Financial Results for Fiscal Year 2020 [Japanese GAAP]

May 14, 2021

Name: Tokyo Rope Manufacturing Co., Ltd. Listing: Tokyo Stock Exchange
 Stock code number 5981 URL <http://www.tokyorope.co.jp/>
 Representative: Masaya Asano, President
 Contact: Kazunori Sato, Executive Officer (TEL) 03-6366-7777
 Annual Meeting of Shareholders: June 25, 2021 Start of cash dividend payment: -
 Date of issue of Financial Report: June 25, 2021
 Supplementary financial materials prepared : Yes
 Financial results information meeting held : Yes (For institutional investors)

(Amounts less than 1 million yen rounded down)

1. Fiscal 2020 (April 1, 2020–March 31, 2021)

(1) Result of operations (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	59,183	-6.2	700	119.4	209	-53.1	408	-
Fiscal 2019	63,090	-1.4	319	-62.6	446	-50.8	-2,434	-

Note: Comprehensive income Fiscal 2020 ¥2,196 million(-%) Fiscal 2019 ¥-3,769million (-%)

	Earnings per share	Earnings per share (fully diluted)	Return on equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Fiscal 2020	25.33	-	1.9	0.2	1.2
Fiscal 2019	-151.11	-	-10.9	0.5	0.5

Note: Gain (Loss) on investment based on equity method Fiscal 2020 ¥38 million Fiscal 2019 ¥275 million

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Yen	Yen	%	Yen
Fiscal 2020	84,135	24,796	27.7	1,447.81
Fiscal 2019	85,019	21,819	24.0	1,267.88

Note: Equity capital at the year-end Fiscal 2020 ¥23,322 million Fiscal 2019 ¥20,423 million

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal 2020	2,834	-396	-2,679	6,086
Fiscal 2019	559	-2,116	4,460	6,259

2. Cash Dividends

	Cash dividend per share					Total dividends paid (full year) millions of yen	Payout ratio (consolidated) %	Dividends paid/ net assets(consolidated) %
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
Fiscal 2019	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	millions of yen -	% -	% -
Fiscal 2020	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	millions of yen -	% -	% -
Fiscal 2021 (est.)	Yen -	Yen 0.00	Yen -	Yen 20.00	Yen 20.00	millions of yen -	% 29.3	% -

3. Forecast for Consolidated Fiscal 2021 (April 1, 2021–March 31, 2022)

(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		Earnings per share (Yen)
	Yen	%	Yen	%	Yen	%	Yen	%	Yen
Full year	60,000	1.4	1,500	114.2	1,500	616.2	1,100	169.6	68.28

*Notes

- (1) Changes in important subsidiaries during the year (changes in specific subsidiaries due to change in scope of consolidation) : Yes
 Newly consolidated – (Company name) Excluded 2 (Company name) Tokyo Rope Overseas Business Investment Co., Ltd.
 Tokyo Rope (Changzhou) Co., Ltd.

(2) 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 : Yes
4. Restatements : None

(3) Shares outstanding (common stock) at the year-end

1. Number of shares outstanding (including treasury shares)	Fiscal 2020	16,268,242 shares	Fiscal 2019	16,268,242 shares
2. Number of treasury shares outstanding at the year-end	Fiscal 2020	159,226 shares	Fiscal 2019	159,482 shares
3. Average number of shares over the year	Fiscal 2020	16,109,898 shares	Fiscal 2019	16,114,080 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

1. 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 owing to various factors. Please refer to “(4) Future Outlook” on page 3 for information on preconditions underlying the above forecasts and other related information.
2. The Company plans to hold a livestream of information sessions for institutional investors on May 28, 2021. The video image and explanation (voice) will be posted on our website later along with the financial results briefing materials used on the day.

Contents

1.	Overview of Performance and Financial Position.....	4
(1)	Overview of Consolidated Business Results.....	4
(2)	Overview of Financial Position during Fiscal 2020.....	5
(3)	Overview of Cash Flows during Fiscal 2020.....	5
(4)	Future Outlook.....	5
2.	Basic Perspective on Selection of Accounting Standards.....	6
3.	Consolidated Financial Statements	7
(1)	Balance Sheet	7
(2)	Statements of Income and Statements of Comprehensive Income.....	9
(3)	Statements of Changes in Shareholders' Equity	11
(4)	Statements of Cash Flows.....	13
(5)	Notes on Consolidated Financial Statements.....	15
	Notes on Going-concern Assumptions.....	15
	Changes in accounting estimates	15
	Segment Information	15
	Per Share Information.....	17
	Significant Subsequent Events.....	17

1. Overview of Performance and Financial Position

(1) Overview of Consolidated Business Results

Net sales of the Tokyo Rope Group for the current consolidated fiscal year decreased in both domestic and overseas businesses. In the domestic business, although the decline in demand due to the effects of the COVID-19 outbreak has bottomed out in the second quarter and domestic business has been on a recovery trend since then, automobile-related products such as tire cords fell sharply up to the second quarter of the current fiscal year. In overseas business, sales decreased as the Group withdrew from the unprofitable steel cord business in China. In addition, the amount of petroleum sales declined in line with the fall in crude oil prices. As a result, net sales were ¥59,183million (down 6.2% year-on-year).

In terms of profits, the decline in productivity due to a decrease in demand caused by COVID-19 had a negative impact until the second quarter. However, from the third quarter onward, the loss reduction owing to the withdrawal from the above-mentioned steel cord business in China and reduction of sundry expenses, as well as the progress in construction work in the disaster prevention-related business in Japan, resulted in operating income of ¥700 million (up 119.4% year-on-year) in the current consolidated fiscal year. Ordinary income was ¥209 million (down 53.1% year-on-year) due to recording of provision for environmental measures in non-operating expenses, but profit attributable to owners of parent was ¥408 million (net loss of ¥2,434 million in the same period of previous year), securing a profit.

Results by business segment of the Group were as follows.

As stated in “3. Consolidated Financial Statements (5) Notes on Consolidated Financial Statements (Segment Information),” the reporting segment has been changed from the first quarter of the current fiscal year.

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

Wire Rope

Owing to the impact of COVID-19, domestic demand for wire rope was sluggish, mainly in the steel and construction machinery-related industries, and sales of steel wire declined in the automobile industry. Under these circumstances, the Group has been promoting drastic cost reductions in factory costs through measures such as the consolidation of business sites and full utilization of new facilities that have already been installed. However, net sales for the Wire Rope segment decreased to ¥25,698 million (down 5.8% year-on-year), resulting in an operating income of ¥1,260 million (down 10.7% year-on-year).

Steel Cord

With the impact of COVID-19 in the automobile industry having bottomed out and winter tires performing well, orders for tire-cords after the third quarter have generally returned to normal. In addition, as the withdrawal from the unprofitable business in China has been completed and positive effects of investments in rationalization are becoming apparent in domestic plants, profits are on an improving trend. However, owing mainly to the impact of a large decrease in orders received up to the second quarter of the fiscal year, net sales for the Steel Cord segment were ¥7,458 million (down 23.2% year-on-year), and the operating loss was ¥1,111 million (operating loss of ¥1,660 million in the same period of the previous year).

Product Development

Net sales for this business were ¥17,613 million (up 11.4% year-on-year), and the operating loss was ¥134 million (operating loss of ¥255 million in the same period of the previous year) due to the progress of delayed construction of road safety facilities from the third quarter onward, and sales of bridge projects for overseas market.

Industrial Machinery

Both sales and profit decreased significantly in the fiscal year under review owing to the lack of large-scale projects, such as the spot sales of industrial machinery in the previous year, and a slump in carbide products for automobiles. Net sales for this segment were ¥3,197 million (down 25.1% year-on-year), and operating income was ¥82 million (down 73.8% year-on-year).

Energy Real Estate

Net sales for this segment decreased significantly to ¥5,214 million (down 13.5% year-on-year) owing to a decrease in petroleum sales impacted by lower crude oil prices. However, in terms of profits, operating income was ¥602 million (up 18.8% year-on-year) due to an increase in commission fees resulting from greater sales volume and reductions of sundry expenses.

(2) Overview of Financial Position during Fiscal 2020

Total assets at the end of the current consolidated fiscal year decreased by ¥883 million from the end of the previous consolidated fiscal year to ¥84,135 million. This was due to an increase in the market value of investment securities, a decrease in inventories due to sales of large bridge projects for overseas markets, and depreciation of non-current assets.

Total liabilities decreased by ¥3,861 million from the end of the previous consolidated fiscal year to ¥59,338 million as a result of repayment of borrowings. Owing to the refinancing of long-term borrowings, which matured in the third quarter of the current fiscal year, short-term borrowings (including the current portion of long-term borrowings) decreased while long-term borrowings increased.

Net assets increased by ¥2,977 million from the end of the previous consolidated fiscal year to ¥24,796 million. This is because non-controlling interests increased owing to the increase in market value of securities held and the capital increase through third-party allotment of subsidiaries.

(3) Overview of Cash Flows during Fiscal 2020

Cash and cash equivalents at the end of the current consolidated fiscal year decreased by ¥172 million from the end of the previous consolidated fiscal year to ¥6,086 million.

Cash flows from operating activities produced an inflow of ¥2,834 million due to a decrease in inventories, the impact of depreciation, and recording of non-cash extraordinary losses.

Cash flows from investing activities produced an outflow of ¥396 million due to the acquisition of property, plant and equipment, despite the recording of income from the sale of the steel cord business base in China.

Cash flows from financing activities produced an outflow of ¥2,679 million due to the repayment of borrowings, although there was a capital increase through third-party allotment of a subsidiary.

(4) Future Outlook

For the next fiscal year, we forecast consolidated net sales of ¥60,000 million, operating income of ¥1,500 million, ordinary income of ¥1,500 million, and profit attributable to owners of parent of ¥1,100 million. Although the end of COVID-19 is still uncertain, in Japan, infrastructure investments are expected to be strong under “Five-year acceleration measures for disaster prevention / mitigation, and national resilience.” Furthermore, we expect automobile-related products, which fell sharply in the first half of the current fiscal year, to continue on a recovery trend, as well as an improvement of earnings in the steel cord business, which is undergoing structural reform.

As for the outlook by each segment, in the wire rope business, the effect of the consolidation of business sites and various cost reduction measures are expected to be successful. However, because the profits contribution from long-bridge cables will end in the current fiscal year, we expect revenue to be in line with the current year. In the steel cord business, we plan to improve profitability through the positive effect of ongoing investments in the rationalization of domestic plants. The Product Development segment expects both sales and profits to increase owing to steady sales of road safety facilities and production and sales of large-scale CFCC projects for civil engineering in the US. The Industrial Machinery segment expects to improve profitability of carbide products in line with the recovery of automobile-related products.

The global economic recovery is expected to take a certain amount of time, and the Group’s overseas businesses may continue to be affected. Still, we are committed to work together as one Group to strengthen our business foundation in order to continue to grow and contribute to society in the future.

2. Basic Perspective on Selection of Accounting Standards

It is the Tokyo Rope Group's policy to prepare the consolidated financial statements based on the Japanese Accounting Standards for the time being, taking into account the comparability of consolidated financial statements with other fiscal years and with other companies.

For the future, the Group intends to explore the application of the International Financial Reporting Standards (IFRS) while considering factors such as the changes in its foreign shareholder ratio and the trends of domestic peer companies in terms of adoption of the IFRS.

3. Consolidated Financial Statements

(1) Balance Sheet

(Millions of yen, rounded down)

	Fiscal 2019 (March 31, 2020)	Fiscal 2020 (March 31, 2021)
ASSETS		
Current assets		
Cash and bank deposits	6,282	6,104
Notes and accounts receivable - trade	14,810	14,179
Merchandise and finished goods	6,678	6,498
Work in process	5,360	4,568
Raw materials and supplies	4,557	4,283
Other	1,312	1,193
Allowance for doubtful accounts	-18	-17
Total current assets	38,983	36,811
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,395	6,890
Machinery, equipment and vehicles, net	6,170	6,136
Land	18,286	18,451
Leased assets, net	1,537	1,325
Construction in progress	554	323
Other, net	595	478
Total property, plant and equipment	34,540	33,606
Intangible assets	702	563
Investments and other assets		
Investment securities	4,625	6,395
Retirement benefit asset	257	504
Deferred tax assets	2,424	2,721
Other	3,778	3,599
Allowance for doubtful accounts	-292	-65
Total investments and other assets	10,793	13,154
Total non-current assets	46,035	47,324
Total assets	85,019	84,135

(Millions of yen, rounded down)

	Fiscal 2019 (March 31, 2020)	Fiscal 2020 (March 31, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	12,182	12,003
Short-term borrowings	16,482	5,099
Accrued expenses	2,365	2,184
Provision for bonuses	878	857
Other	6,088	5,976
Total current liabilities	37,997	26,120
Non-current liabilities		
Long-term borrowings	13,450	22,067
Lease obligations	962	879
Deferred tax liabilities for land revaluation	3,922	3,922
Provision for retirement benefits for directors (and other officers)	184	181
Provision for share-based remuneration for directors (and other officers)	47	43
Retirement benefit liability	4,745	4,298
Asset retirement obligations	498	506
Provision for environmental measures	5	289
Other	1,386	1,028
Total non-current liabilities	25,202	33,218
Total Liabilities	63,200	59,338
NET ASSETS		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	1,070	1,070
Retained earnings	11,606	12,343
Treasury shares	-315	-313
Total shareholders' equity	13,361	14,100
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-788	953
Deferred gains or losses on hedges	-0	22
Revaluation reserve for land	9,063	9,063
Foreign currency translation adjustment	-415	-277
Remeasurements of defined benefit plans	-795	-539
Total accumulated other comprehensive income	7,062	9,222
Non-controlling interests	1,395	1,474
Total net assets	21,819	24,796
Total liabilities and net assets	85,019	84,135

(2) Statements of Income and Statements of Comprehensive Income

Statement of Income

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Net sales	63,090	59,183
Cost of sales	51,750	48,212
Gross profit	11,339	10,971
Selling, general and administrative expenses	11,020	10,270
Operating income	319	700
Non-operating income		
Interest income	25	12
Dividend income	235	211
Share of profit of entities accounted for using equity method	275	38
Reversal of allowance for doubtful accounts	20	–
Subsidies for employment adjustment	–	118
Other	240	282
Non-operating income	796	663
Non-operating expenses		
Interest expenses	287	299
Foreign exchange losses	56	105
Provision for environmental measures	–	285
Commission expenses	–	211
Loss on retirement of non-current assets	48	21
Other	276	231
Non-operating expenses	669	1,154
Ordinary income	446	209
Extraordinary income		
Gain on sales of investment securities	180	41
Subsidy income	151	–
Gain on change in equity	160	–
Subsidies for employment adjustment	–	44
Other	20	0
Total extraordinary income	512	86
Extraordinary losses		
Loss on sales of investment securities	12	–
Loss on valuation of investment securities	1,147	–
Impairment losses	1,801	274
Loss due to COVID-19	–	138
Loss on liquidation of subsidiaries and associates	–	138
Other	3	32
Total extraordinary losses	2,964	583
Income (loss) before income taxes	-2,005	-287
Income taxes - current	279	260
Income taxes - deferred	368	-552
Income taxes	647	-291
Profit (loss)	-2,653	4
Profit (loss) attributable to non-controlling interests	-218	-403
Profit (loss) attributable to owners of parent	-2,434	408

Statements of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Profit (loss)	-2,653	4
Other comprehensive income		
Valuation difference on available-for-sale securities	-944	1,742
Deferred gains or losses on hedges	-0	22
Foreign currency translation adjustment	-67	119
Remeasurements of defined benefit plans, net of tax	-3	288
Share of other comprehensive income of entities accounted for using equity method	-100	18
Total other comprehensive income	-1,116	2,191
Comprehensive income	-3,769	2,196
Profit attributable to		
Comprehensive income attributable to owners of parent	-3,549	2,567
Comprehensive income attributable to non-controlling interests	-219	-371

(3) Statements of Changes in Shareholders' Equity

Fiscal 2019 (April 1, 2019– March 31, 2020)

(Millions of yen, rounded down)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the year	1,000	684	14,036	-309	15,411
Changes during period					
Dividends of surplus			-650		-650
Profit (loss) attributable to owners of parent			-2,434		-2,434
Reversal of revaluation reserve for land			655		655
Purchase of treasury shares				-17	-17
Disposal of treasury shares		-0		10	10
Change in ownership interest of parent due to transactions with non-controlling interests		386			386
Net changes in items other than shareholders' equity					—
Total changes during period	—	386	-2,429	-6	-2,050
Balance at end of the year	1,000	1,070	11,606	-315	13,361

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	155	0	9,718	-247	-792	8,834	—	24,246
Changes during period								
Dividends of surplus								-650
Profit (loss) attributable to owners of parent								-2,434
Reversal of revaluation reserve for land								655
Purchase of treasury shares								-17
Disposal of treasury shares								10
Change in ownership interest of parent due to transactions with non-controlling interests								386
Net changes in items other than shareholders' equity	-944	-0	-655	-168	-3	-1,771	1,395	-376
Total changes during period	-944	-0	-655	-168	-3	-1,771	1,395	-2,426
Balance at end of the year	-788	-0	9,063	-415	-795	7,062	1,395	21,819

Fiscal 2020 (April 1, 2020–March 31, 2021)

(Millions of yen, rounded down)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the year	1,000	1,070	11,606	-315	13,361
Changes during period					
Profit attributable to owners of parent			408		408
Purchase of treasury shares				-2	-2
Disposal of treasury shares				4	4
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Change in scope of consolidation			259		259
Change in scope of equity method			69		69
Net changes in items other than shareholders' equity					—
Total changes during period	—	0	736	2	739
Balance at end of the year	1,000	1,070	12,343	-313	14,100

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	-788	-0	9,063	-415	-795	7,062	1,395	21,819
Changes during period								
Profit attributable to owners of parent								408
Purchase of treasury shares								-2
Disposal of treasury shares								4
Change in ownership interest of parent due to transactions with non-controlling interests								0
Change in scope of consolidation								259
Change in scope of equity method								69
Net changes in items other than shareholders' equity	1,742	22	—	138	255	2,159	78	2,238
Total changes during period	1,742	22	—	138	255	2,159	78	2,977
Balance at end of the year	953	22	9,063	-277	-539	9,222	1,474	24,796

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	-2,005	-287
Depreciation	2,580	2,335
Impairment losses	1,801	274
Increase (decrease) in allowance for doubtful accounts	-17	105
Increase (decrease) in provision for bonuses	45	-29
Increase (decrease) in provision for retirement benefits for directors (and other officers)	27	-3
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	-10	-4
Increase (decrease) in retirement benefit liability	25	-47
Interest and dividend income	-260	-223
Interest expenses	287	299
Share of loss (profit) of entities accounted for using equity method	-275	-38
Loss (gain) on sales of investment securities	-167	-41
Loss (gain) on valuation of investment securities	1,147	–
Subsidy income	-151	–
Other extraordinary loss (income)	-159	308
Decrease (increase) in trade receivables	-935	627
Decrease (increase) in inventories	-1,269	418
Decrease (increase) in other assets	231	-224
Increase (decrease) in trade payables	-55	-418
Increase (decrease) in advances received	185	206
Increase (decrease) in accrued consumption taxes	80	-11
Increase (decrease) in other liabilities	-102	-236
Other	-4	-0
Subtotal	994	3,010
Interest and dividends received	260	331
Subsidies received	151	–
Interest paid	-289	-299
Payments associated with disaster loss	-137	–
Proceeds from subsidies for employment adjustment	–	163
Income taxes paid	-419	-371
Net cash provided by (used in) operating activities	559	2,834
Net cash provided by (used in) investing activities		
Purchase of investment securities	-16	-14
Proceeds from sales of investment securities	775	162
Purchase of shares of subsidiaries and associates	–	-181
Loan advances	-51	-21
Collection of loans receivable	73	61
Purchase of property, plant and equipment	-2,617	-1,628
Proceeds from sales of property, plant and equipment	39	2
Payments for investments in capital of subsidiaries and associates	-1	–
Proceeds from sales of shares of subsidiaries and associates	–	1,316
Other	-317	-93
Net cash provided by (used in) investing activities	-2,116	-396

(Millions of yen, rounded down)

	Fiscal 2019 (April 1, 2019– March 31, 2020)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Net cash provided by (used in) financing activities		
Repayments of installment payables	-262	-243
Net increase (decrease) in short-term borrowings	-1,498	-3,799
Proceeds from long-term borrowings	8,600	11,125
Repayments of long-term borrowings	-4,576	-10,125
Dividends paid	-646	-2
Proceeds from sales of treasury shares	10	4
Purchase of treasury shares	-17	-2
Proceeds from share issuance to non-controlling shareholders	2,000	450
Repayments of lease obligations	-71	-86
Proceeds from sale and leaseback transactions	922	–
Net cash provided by (used in) financing activities	4,460	-2,679
Effect of exchange rate change on cash and cash equivalents	48	-84
Net increase (decrease) in cash and cash equivalents	2,951	-325
Cash and cash equivalents at beginning of year	3,308	6,259
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	152
Cash and cash equivalents at end of year	6,259	6,086

(5) Notes on Consolidated Financial Statements

Notes on Going-concern Assumptions

None

Changes in accounting estimates

In the past, to prepare for the expenditure of environmental expenses such as PCB (Polychlorinated Biphenyl) waste treatment, the amount expected to be incurred in the future was recorded. However, it was newly discovered in the current fiscal year that ballasts containing PCB had been installed in some areas of our plants. Therefore, we recorded the estimated amount of treatment costs, etc. as a provision for environmental measures under non-operating expenses.

As a result, ordinary income for the current fiscal year decreased by ¥285 million and loss before income taxes increased by ¥285 million.

Segment Information

Segment Information

1. Overview of Reporting Segments

The Company's reporting segments are subject to regular examination so that the Board of Directors can appropriately allocate business resources and evaluate business performances. Financial information separated according to the specific segment is available.

At its head office, the Tokyo Rope Group has established business departments for each product/service line. Those departments are responsible for formulating comprehensive domestic and overseas strategies and advancing the activities of their respective businesses.

Accordingly, the Group has classified its operations into five product-and service-specific segments, each based on a business department. Those segments are: "Wire Rope," "Steel Cord," "Product Development," "Industrial Machinery," and "Energy Real Estate."

Segment	Main products
Wire Rope	Wire rope, other wire products, fiber rope, nets
Steel Cord	Steel cord for tire use, saw wire
Product Development	Road safety equipment, long-bridge cables, bridge design and construction, metallic fibers, carbon fiber composite cable (CFCC)
Industrial Machinery	Powdered metallic products, industrial automatic weighing machines, automatic packaging machines
Energy Real Estate	Real estate rental services, electricity sales from solar power generation, oil products

2. Calculation Method of Sales, Income (Loss), Assets, Liabilities and Other Items by Reporting Segment

The accounting methods for the business segments reported are basically the same as the one stated under "Major basic items for preparing consolidated financial statements."

Income under reporting segments is calculated based on operating income. Internal return and amounts of transfers between segments are calculated based on the prevailing market price.

3. Sales, Income (Loss), Assets, Liabilities and Other Items by Reporting Segment

Fiscal 2019 (April 1, 2019–March 31, 2020)

	Reporting Segment					Total	Adjustment Note:	Consolidated statements of income
	Wire Rope	Steel Code	Product Development	Industrial Machinery	Energy Real Estate			
Net sales								
Sales to outside customers	27,266	9,717	15,810	4,269	6,025	63,090	–	63,090
Intersegment sales or transfers	202	210	11	109	708	1,242	-1,242	–
Total	27,468	9,927	15,822	4,379	6,734	64,332	-1,242	63,090
Segment income (loss)	1,411	-1,660	-255	316	507	319	–	319
Segment assets	39,775	11,302	20,876	3,787	7,839	83,581	1,438	85,019
Other items								
Depreciation	1,390	163	665	199	161	2,580	–	2,580
Investment in affiliates accounted for by equity method	149	–	2,172	–	–	2,321	–	2,321
Increase in property, plant and equipment and intangible assets	2,263	607	388	293	344	3,898	–	3,898

Note: Adjustments are as follows:

Adjustments in segment assets come to ¥1,438 million, which is included in the ¥1,651 million for the whole company, without being distributed to individual reporting segments. The Group's total asset amount includes the Group's operating surplus capital (cash in deposits) and long-term investment capital (Investment securities).

Fiscal 2020 (April 1, 2020–March 31, 2021)

	Reporting Segment					Total	Adjustment Note:	Consolidated statements of income
	Wire Rope	Steel Code	Product Development	Industrial Machinery	Energy Real Estate			
Net sales								
Sales to outside customers	25,698	7,458	17,613	3,197	5,214	59,183	–	59,183
Intersegment sales or transfers	142	117	15	83	488	847	-847	–
Total	25,840	7,576	17,629	3,280	5,702	60,030	-847	59,183
Segment income (loss)	1,260	-1,111	-134	82	602	700	–	700
Segment assets	39,061	9,443	21,197	3,751	7,929	81,382	2,752	84,135
Other items								
Depreciation	1,335	153	467	196	182	2,335	–	2,335
Investment in affiliates accounted for by equity method	–	–	2,366	–	–	2,366	–	2,366
Increase in property, plant and equipment and intangible assets	490	657	381	163	152	1,845	–	1,845

Note: Adjustments are as follows:

Adjustments in segment assets come to ¥2,752 million, which is included in the ¥2,919 million for the whole company, without being distributed to individual reporting segments. The Group's total asset amount includes the Group's operating surplus capital (cash in deposits) and long-term investment capital (Investment securities).

4. Changes in Reporting Segments

From the current consolidated fiscal year, the “industrial machinery business” and “powdered metallic products business,” which were previously included in “Other,” have been reclassified as “Industrial Machinery.” 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, which was renamed “Energy Real Estate”. As this business has started handling a variety of energies and is a BtoC business, we 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 previous consolidated fiscal year is presented based on the changed classification method.

Per Share Information

	Fiscal 2019 (April 1, 2020– March 31, 2021)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Net assets per share	1,267.88 yen	1,447.81 yen
Earnings (loss) per share	-151.11 yen	25.33 yen

Note 1: Earnings per share (fully diluted) are not indicated because there are no dilutive shares.

Note 2: The Company’s own shares remaining in “Board Benefit Trust” that are recorded as treasury shares in the shareholders’ equity are included in the number of treasury shares, which is deducted from the total number of issued shares at the end of the fiscal year for the purpose of calculating the net assets per share (146,000 shares for fiscal 2019 and 144,000 shares for fiscal 2020). In addition, they are included in the treasury shares, which are deducted in calculating the average number of shares outstanding over the year for the purpose of calculating profit per share (142,000 shares for fiscal 2019 and 145,000 shares for fiscal 2020).

Note 3: Net income (loss) per share is calculated on the following basis:

Items	Fiscal 2019 (April 1, 2020– March 31, 2021)	Fiscal 2020 (April 1, 2020– March 31, 2021)
Profit (loss) attributable to owners of parent (millions of yen)	-2,434	408
Amount not attributable to common shareholders (millions of yen)	–	–
(of which the amount of preferred dividends (millions of yen))	(–)	(–)
Profit (loss) attributable to owners of parent regarding common shares (millions of yen)	-2,434	408
Average number of common shares outstanding over the year	16,114,080	16,109,898

Significant Subsequent Events

None