



## Fiscal Year 2021 Consolidated Financial Results for [Japanese GAAP]

May 12, 2022

Name: Tokyo Rope MFG Co., Ltd. Listing: Tokyo Stock Exchange  
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 Annual Meeting of Shareholders: June 28, 2022 Start of cash dividend payment: June 13, 2022  
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 Supplementary financial materials prepared: Yes  
 Financial results information meeting held: Yes (For institutional investors)

(Amounts less than 1 million yen rounded down)

### 1. Fiscal 2021 (April 1, 2021–March 31, 2022)

#### (1) Results 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	
		%		%		%		%
Fiscal 2021	63,780	7.8	1,621	131.5	2,021	865.3	1,306	220.3
Fiscal 2020	59,183	-6.2	700	119.4	209	-53.1	408	–

Note: Comprehensive income Fiscal 2021 ¥1,403 million (-36.1 %) Fiscal 2020 ¥2,196 million (– %)

	Earnings per share	Earnings per share (fully diluted)	Return on Equity	Ordinary income /total assets	Operating Income /net sales
	Yen	Yen	%	%	%
Fiscal 2021	81.08	–	5.4	2.4	2.5
Fiscal 2020	25.33	–	1.9	0.2	1.2

Note: Gain (loss) on investment based on equity method Fiscal 2021 ¥156 million Fiscal 2020 ¥38 million

#### (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
Fiscal 2021	83,725	26,145	30.5	1,581.75
Fiscal 2020	84,135	24,796	27.7	1,447.81

Note: Equity capital at the year-end Fiscal 2021 ¥25,502 million Fiscal 2020 ¥23,322 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 2021	1,915	-1,503	-2,289	4,425
Fiscal 2020	2,834	-396	-2,679	6,086

### 2. Cash Dividend

	Cash dividend per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends paid/ net assets (consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen		%	%
Fiscal 2020	–	0.00	–	0.00	0.00	–	–	–
Fiscal 2021	–	0.00	–	20.00	20.00	325	24.7	1.3
Fiscal 2022 (est.)	–	0.00	–	30.00	30.00		25.4	

### 3. Forecast for Consolidated Fiscal 2022 (April 1, 2022–March 31, 2023)

(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
Full year	67,000	5.0	2,500	54.2	2,700	33.5	1,900	45.4	117.90

\*Notes

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

Newly consolidated – (Company name) Excluded – (Company name)

(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 : Yes
2. Other changes in accounting policies : None
3. Changes in accounting estimates : None
4. Restatements : None

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

1. Number of shares outstanding (including treasury shares)
2. Number of treasury shares outstanding at the year-end
3. Average number of shares outstanding over the year

Fiscal 2021	16,268,242 shares	Fiscal 2020	16,268,242 shares
Fiscal 2021	145,585 shares	Fiscal 2020	159,226 shares
Fiscal 2021	16,115,738 shares	Fiscal 2020	16,109,898 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 5 for information on preconditions underlying the above forecasts and other related information.
2. The Company is planning to hold an information meeting for institutional investors via a live stream on May 16, 2022. The progress and details (audio) will be posted on our website later along with materials for the financial results information meeting used on the day.

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## 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 were ¥63,780 million (up 7.8% year-on-year) due to the Group's significant sales recovery from the same period of the previous year when the automobile industry and other industries were significantly affected by COVID-19, and due to the price revisions of finished goods in response to the increased costs of wire and other materials.

In terms of profits, there was a significant improvement from the previous consolidated fiscal year when demand decreased owing to the impact of COVID-19, although the Group was affected by the gap in timing between the rising costs of various materials and the price revisions of finished goods. In addition, owing to the steady progress of delayed construction projects for domestic disaster prevention and road safety facilities carried over from the previous consolidated fiscal year, and orders in the current period as well as the good progress of overseas CFCC projects, the current consolidated fiscal year has produced considerable improvement, where operating income was ¥1,621 million (up 131.5% year-on-year), and ordinary income was ¥2,021 million (up 865.3% year-on-year). In the steel cord segment, which has undergone business improvement through structural reforms, profit attributable to owners of parent was ¥1,306 million (up 220.3% year-on-year) as a result of posting extraordinary losses by recognizing impairment losses on non-current assets in this segment, on account of the delay in the streamlining schedule due to the COVID-19 and the time lag in passing soaring operating costs such as energy, materials and transportation costs on to sales prices.

Results by segment are as follows:

#### Wire Rope

Although sales volume increased owing to firm sales of elevator ropes and seaborne construction-related products, net sales decreased owing to the effect of the Revenue Recognition Accounting Standard applied from the current consolidated fiscal year. As a result, net sales for this segment were ¥25,202 million (down 1.9% year-on-year). Operating income was ¥1,167 million (down 7.4% year-on-year), mainly due to the impact of the gap in timing between the rising costs of various materials and the price revisions of finished goods.

#### Steel Cord

Sales volume of tire cords recovered substantially, reflecting the recovery in the automobile industry, which was significantly affected by the outbreak of COVID-19 in the previous consolidated fiscal year. In addition, the unit selling price increased owing to the price revisions of finished goods. As a result, net sales for this segment increased significantly to ¥8,605 million (up 15.4% year-on-year). On the other hand, as in the case of the wire rope segment, owing to the gap in timing between the rising costs of various materials and the price revisions of finished goods, an operating loss of ¥827 million (operating loss of ¥1,111 million in the same period of the previous year) was recorded.

#### Product Development

Delayed construction projects for domestic disaster prevention-related and road safety-related facilities were carried over from the previous year on account of the impact of COVID-19 and snowfall, and progress on projects in the current period was stable. In addition, there were other factors such as an increase in sales due to the good progress of large-scale overseas CFCC projects. As a result, net sales for this segment were ¥18,943 million (up 7.6% year-on-year) and operating income was ¥215 million (operating loss of ¥134 million in the same period of the previous year).

#### Industrial Machinery

In the powder metallurgy-related business, sales increased owing to a recovery in the automobile-related industry, to which our major customers belong. In the industry machinery business, orders and sales of new labor-saving facilities remained strong under the circumstances where there is a shortage of staffing, and net sales for this segment were ¥4,252 million (up 33.0% year-on-year), and operating income was ¥460 million (up 455.4% year-on-year).

#### Energy & Real Estate

Net sales for this segment increased significantly to ¥6,776 million (up 30.0% year-on-year) owing to an increase in sales of petroleum products caused by higher crude oil prices, and operating income was ¥605 million (up 0.5% year-on-year).

## (2) Overview of Financial Position during Fiscal 2021

Total assets at the end of the consolidated fiscal year under review decreased by ¥410 million from the end of the previous consolidated fiscal year to ¥83,725 million, mainly owing to the depreciation of non-current assets and the impact of impairment losses as well as the reduction of cash on hand, despite an increase in trade receivables due to an increase in sales.

Liabilities decreased by ¥1,759 million from the end of the previous consolidated fiscal year to ¥57,579 million owing to the repayment of borrowings by reducing deposits on hand.

Net assets increased by ¥1,349 million from the end of the previous consolidated fiscal year to ¥26,145 million owing to a large increase in foreign currency translation adjustment attributable to the weak yen as well as the recording of profit attributable to owners of parent.

## (3) Overview of Cash Flows during Fiscal 2021

Cash and cash equivalents at the end of the consolidated fiscal year under review decreased ¥1,661 million from the end of the previous consolidated fiscal year to ¥4,425 million.

Cash flows from operating activities were positive at ¥1,915 million due to the impact of depreciation and the earnings factors such as registration of non-cash extraordinary losses, despite the spending factors such as increase in trade receivables and inventories.

Cash flows from investing activities were negative at ¥1,503 million on account of the acquisition of property, plant, and equipment.

Cash flows from financing activities were negative at ¥2,289 million on account of the repayment of borrowings.

## (4) Future Outlook

For the consolidated Fiscal 2022, we expect net sales of ¥67,000 million, operating income of ¥2,500 million, ordinary income of ¥2,700 million and profit attributable to owners of parent of ¥1,900 million. Although the end of the pandemic is not yet in sight because of the resurgence of variants, and there are concerns about the impact of the situations in Ukraine on the economy, the Company expects that infrastructure investment based on the Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience and other plans will grow steadily in the domestic environment in our core businesses. In the wire rope and steel cord segments, the Company will strive to maintain and improve profit levels by taking measures such as price revisions of finished goods implemented in the current consolidated fiscal year, further transfer of the cost to prices of finished goods, and cost reduction, in response to the impact of price fluctuations in costs of various materials and energy. Outside Japan, it is anticipated that economic activities, which have been stagnant, will recover to a certain level owing to the relaxation of restrictions, and we will manufacture and sell products for infrastructure-related projects that have already been ordered and take orders for new projects.

As for the forecast by segment, in the wire rope segment, revenue will be improved in Japan through transferring costs to prices of finished goods and taking cost reduction measures, while quantity will be decreased overseas, which had a solid consolidated fiscal year during the period under review, due to price increases in finished goods. In the steel cord segment, the Company aims to further improve revenue by realizing the effects of investment in streamlining of domestic plants, which has been delayed, and by passing soaring prices of various materials on to prices of finishing goods. In the product development segment, we expect increases both in sales and profit through further improvement in operation capacity, such as full-year contribution to a large-scale project for civil engineering CFCC in the United States, in addition to firm road safety facility projects.

Our Group is working together on the medium-term management plan TRX135 formulated in September 2021, which serves as a guideline for our business operations between Fiscal 2021 and Fiscal 2023. In the current consolidated fiscal year, which is the first year of the plan, we achieved the published figures for the entire consolidation. We will continuously aim to achieve the targets for the final fiscal year, and at the same time we will strengthen our business foundation so that we can continue to grow and contribute to society in the future.

## 2. Basic Perspective on Selection of Accounting Standards

Our Group's policy is to prepare consolidated financial statements in accordance with Japanese GAAP for the time being, taking into account the comparability of consolidated financial statements over time and between companies.

In the future, we will consider the trends in the ratio of foreign shareholders and in the application of the International Financial Reporting Standards (IFRS) by domestic competitors, in order to discuss the application of the IFRS.

### 3. Consolidated Financial Statements

#### (1) Balance Sheet

(Millions of yen, rounded down)

	Fiscal 2020 (March 31, 2021)	Fiscal 2021 (March 31, 2022)
<b>ASSETS</b>		
Current assets		
Cash and deposits	6,104	4,437
Notes and accounts receivable - trade	14,179	–
Notes and accounts receivable - trade, and contract assets	–	15,711
Merchandise and finished goods	6,498	6,760
Work in process	4,568	4,286
Raw materials and supplies	4,283	5,062
Other	1,193	1,263
Allowance for doubtful accounts	-17	-20
<b>Total current assets</b>	<b>36,811</b>	<b>37,500</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,890	6,470
Machinery, equipment and vehicles, net	6,136	5,210
Land	18,451	18,194
Leased assets, net	1,325	1,140
Construction in progress	323	317
Other, net	478	398
<b>Total property, plant and equipment</b>	<b>33,606</b>	<b>31,732</b>
Intangible assets	563	434
Investments and other assets		
Investment securities	6,395	5,947
Retirement benefit asset	504	790
Deferred tax assets	2,721	3,312
Other	3,599	4,087
Allowance for doubtful accounts	-65	-79
<b>Total investments and other assets</b>	<b>13,154</b>	<b>14,058</b>
<b>Total non-current assets</b>	<b>47,324</b>	<b>46,225</b>
<b>Total assets</b>	<b>84,135</b>	<b>83,725</b>

(Millions of yen, rounded down)

	Fiscal 2020 (March 31, 2021)	Fiscal 2021 (March 31, 2022)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable - trade	12,003	12,435
Short-term borrowings	5,099	5,377
Accrued expenses	2,184	2,277
Provision for bonuses	857	911
Other	5,976	5,951
Total current liabilities	26,120	26,953
Non-current liabilities		
Long-term borrowings	22,067	19,844
Lease obligations	879	841
Deferred tax liabilities for land revaluation	3,922	3,922
Provision for retirement benefits for directors (and other officers)	181	189
Provision for share awards for directors (and other officers)	43	12
Retirement benefit liability	4,298	4,254
Asset retirement obligations	506	513
Provision for environmental measures	289	283
Other	1,028	764
Total non-current liabilities	33,218	30,625
Total liabilities	59,338	57,579
<b>NET ASSETS</b>		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	1,070	1,070
Retained earnings	12,343	13,566
Treasury shares	-313	-283
Total shareholders' equity	14,100	15,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	953	791
Deferred gains or losses on hedges	22	1
Revaluation reserve for land	9,063	9,063
Foreign currency translation adjustment	-277	778
Remeasurements of defined benefit plans	-539	-485
Total accumulated other comprehensive income	9,222	10,149
Non-controlling interests	1,474	643
Total net assets	24,796	26,145
Total liabilities and net assets	84,135	83,725

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

## Statement of Income

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020–March 31, 2021)	Fiscal 2021 (April 1, 2021– March 31, 2022)
Net sales	59,183	63,780
Cost of sales	48,212	51,317
Gross profit	10,971	12,463
Selling, general and administrative expenses	10,270	10,841
Operating income	700	1,621
Non-operating income		
Interest income	12	12
Dividend income	211	230
Share of profit of entities accounted for using equity method	38	156
Foreign exchange gains	–	207
Subsidies for employment adjustment	118	–
Other	282	277
Total non-operating income	663	884
Non-operating expenses		
Interest expenses	299	271
Foreign exchange losses	105	–
Provision for environmental measures	285	–
Commission expenses	211	–
Loss on retirement of non-current assets	21	23
Other	231	189
Total non-operating expenses	1,154	484
Ordinary income	209	2,021
Extraordinary income		
Gain on sale of investment securities	41	–
Subsidies for employment adjustment	44	–
Other	0	–
Total extraordinary income	86	–
Extraordinary losses		
Impairment losses	274	1,456
Loss due to COVID-19	138	–
Loss on liquidation of subsidiaries and associates	138	–
Other	32	35
Total extraordinary losses	583	1,492
Income (loss) before income taxes	-287	529
Income taxes - current	260	544
Income taxes - deferred	-552	-485
Total income taxes	-291	59
Profit	4	470
Profit (loss) attributable to non-controlling interests	-403	-836
Profit attributable to owners of parent	408	1,306



## Statement of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020–March 31, 2021)	Fiscal 2021 (April 1, 2021–March 31, 2022)
Profit	4	470
Other comprehensive income		
Valuation difference on available-for-sale securities	1,742	-162
Deferred gains or losses on hedges	22	-21
Foreign currency translation adjustment	119	740
Remeasurements of defined benefit plans, net of tax	288	60
Share of other comprehensive income of entities accounted for using equity method	18	315
Total other comprehensive income	2,191	932
Comprehensive income	2,196	1,403
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,567	2,233
Comprehensive income attributable to non-controlling interests	-371	-830

### (3) Statements of Changes in Shareholders' Equity

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 the beginning of the year	1,000	1,070	11,606	-315	13,361
Cumulative effects of changes in accounting policies					–
Restated balance	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 the beginning of the year	-788	-0	9,063	-415	-795	7,062	1,395	21,819
Cumulative effects of changes in accounting policies								–
Restated balance	-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

Fiscal 2021(April 1, 2021–March 31, 2022)

(Millions of yen, rounded down)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the year	1,000	1,070	12,343	-313	14,100
Cumulative effects of changes in accounting policies			6		6
Restated balance	1,000	1,070	12,349	-313	14,106
Changes during period					
Profit attributable to owners of parent			1,306		1,306
Purchase of treasury shares				-0	-0
Disposal of treasury shares		-0		31	30
Change in ownership interest of parent due to transactions with non-controlling interests					–
Change in scope of consolidation			-90		-90
Change in scope of equity method					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	-0	1,216	30	1,246
Balance at end of the year	1,000	1,070	13,566	-283	15,352

	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 the beginning of the year	953	22	9,063	-277	-539	9,222	1,474	24,796
Cumulative effects of changes in accounting policies								6
Restated balance	953	22	9,063	-277	-539	9,222	1,474	24,803
Changes during period								
Profit attributable to owners of parent								1,306
Purchase of treasury shares								-0
Disposal of treasury shares								30
Change in ownership interest of parent due to transactions with non-controlling interests								–
Change in scope of consolidation								-90
Change in scope of equity method								–
Net changes in items other than shareholders' equity	-162	-21	–	1,056	54	926	-830	96
Total changes during period	-162	-21	–	1,056	54	926	-830	1,342
Balance at end of the year	791	1	9,063	778	-485	10,149	643	26,145

## (4) Statement of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020–March 31, 2021)	Fiscal 2021 (April 1, 2021–March 31, 2022)
Cash flows from operating activities		
Income (loss) before income taxes	-287	529
Depreciation	2,335	2,280
Impairment losses	274	1,456
Increase (decrease) in allowance for doubtful accounts	105	17
Increase (decrease) in provision for bonuses	-29	53
Increase (decrease) in provision for retirement benefits for directors (and other officers)	-3	7
Increase (decrease) in provision for share awards for directors (and other officers)	-4	-30
Increase (decrease) in retirement benefit liability	-47	25
Interest and dividend income	-223	-243
Interest expenses	299	271
Share of loss (profit) of entities accounted for using equity method	-38	-156
Loss (gain) on sale of investment securities	-41	–
Other extraordinary loss (income)	308	33
Decrease (increase) in trade receivables	627	-653
Decrease (increase) in inventories	418	-1,802
Decrease (increase) in other assets	-224	198
Increase (decrease) in trade payables	-418	561
Increase (decrease) in advances received	206	–
Increase (decrease) in accrued consumption taxes	-11	-109
Increase (decrease) in other liabilities	-236	-29
Other	-0	1
Subtotal	3,010	2,412
Interest and dividends received	331	294
Interest paid	-299	-271
Proceeds from subsidies for employment adjustment	163	–
Income taxes paid	-371	-519
Net cash provided by (used in) operating activities	2,834	1,915
Cash flows from investing activities		
Purchase of investment securities	-14	-12
Proceeds from sale of investment securities	162	0
Purchase of shares of subsidiaries and associates	-181	–
Loan advances	-21	-58
Proceeds from collection of loans receivable	61	19
Purchase of property, plant and equipment	-1,628	-1,314
Proceeds from sale of property, plant and equipment	2	48
Proceeds from sale of shares of subsidiaries and associates	1,316	–
Other	-93	-184
Net cash provided by (used in) investing activities	-396	-1,503

(Millions of yen, rounded down)

	Fiscal 2020 (April 1, 2020–March 31, 2021)	Fiscal 2021 (April 1, 2021–March 31, 2022)
Cash flows from financing activities		
Repayments of installment payables	-243	-246
Net increase (decrease) in short-term borrowings	-3,799	261
Proceeds from long-term borrowings	11,125	–
Repayments of long-term borrowings	-10,125	-2,207
Dividends paid	-2	-16
Proceeds from sale of treasury shares	4	30
Purchase of treasury shares	-2	-0
Proceeds from share issuance to non-controlling shareholders	450	–
Repayments of lease obligations	-86	-110
Net cash provided by (used in) financing activities	-2,679	-2,289
Effect of exchange rate change on cash and cash equivalents	-84	177
Net increase (decrease) in cash and cash equivalents	-325	-1,699
Cash and cash equivalents at the beginning of the year	6,259	6,086
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	152	38
Cash and cash equivalents at end of year	6,086	4,425

## (5) Notes on Consolidated Financial Statements

### Notes on Going-concern Assumptions

None

### Changes in Accounting Policies

#### Adoption of Accounting Standard for Revenue Recognition

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Revenue Recognition Accounting Standard"), etc., is applied from the beginning of the current consolidated fiscal year, and revenue is recognized at the amount expected to be received in exchange for the promised goods or services when the control of the promised goods or services is transferred to the customer.

The main changes resulting from the adoption of the Revenue Recognition Accounting Standard, etc., are as follows:

#### (1) Revenue Recognition for Agency Transactions

With respect to certain revenues from road-related products, primarily in the product development business, the Company previously recognized the total amount of consideration received from customers as revenue; however, for transactions in which the Company's role in the provision of merchandise to customers is an agent, the Company has changed to the method of recognizing revenue as the net amount of the amount received from customers less the amount payable to the supplier of the merchandise.

#### (2) Revenue Recognition for Processing Transactions

The Company has changed the method of recognizing revenue mainly in the wire rope business from recognizing the total amount of consideration received from customers as revenue to recognizing the amount equivalent to processing costs as net revenue.

#### (3) Revenue Recognition for Construction Contracts

With respect to construction contracts, the Company previously used the percentage-of-completion method when the completion of the work was certain, but when control over the goods or services is transferred to the customer over a certain period of time, the Company has changed to the method of recognizing revenue over a certain period of time as the Company fulfills the obligation to transfer the goods or services to the customer. Progress in fulfilling obligations is measured based on the ratio of construction costs incurred by the end of each reporting period to the total estimated construction costs. If it is not possible to reasonably estimate the progress of fulfilling obligations, but it is expected that costs will be recovered at the initial stage of a contract, revenue is recognized on a cost recovery method. For construction contracts with a very short period from the transaction start date to the time when the obligation is expected to be fulfilled, alternative treatment is applied, and revenue is not recognized for a certain period of time but is recognized when the obligation is fulfilled.

The adoption of the Revenue Recognition Accounting Standard, etc., follows the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The new accounting policy is applied from the balance at the beginning of the current consolidated fiscal year, by adding or subtracting the cumulative impact of retroactively applying a new accounting policy before the beginning of the current consolidated fiscal year to retained earnings at the beginning of the said period.

The "notes and accounts receivable - trade" presented in the "current assets" in the consolidated balance sheet of the previous consolidated fiscal year has been included in the "notes and accounts receivable - trade, and contract assets" since the current consolidated fiscal year. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, however, the previous consolidated fiscal year has not been reclassified using the new presentation method.

Consequently, compared with before the adoption of the Revenue Recognition Accounting Standard, etc., the consolidated balance sheet for the current consolidated fiscal year principally showed an increase of ¥658 million in notes and accounts receivable - trade, and contract assets, that of ¥250 million in other current assets, and a decrease of ¥1,306 million in inventories. In the consolidated statement of income for the current consolidated fiscal year, net sales decreased by ¥1,030 million and cost of sales decreased by ¥1,166 million; and operating income, ordinary income and income before income taxes each increased by ¥136 million.

In the consolidated statements of cash flows for the current consolidated fiscal year, income before income taxes increased by ¥136 million.

As the cumulative effect is reflected in net assets at the beginning of the consolidated fiscal year under review, retained earnings in the consolidated statements of changes in shareholders' equity increased by ¥6 million at the beginning of the year.

#### Adoption of Accounting Standard for Fair Value Measurement

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the “Fair Value Measurement Accounting Standard”), etc., is applied from the beginning of the current consolidated fiscal year, and a new accounting policy determined by the Fair Value Measurement Accounting Standard, etc., is applied in the future in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There was no impact on the current consolidated financial statements.

Furthermore, in the notes to “Financial Instruments,” matters related to the breakdown, etc., of the fair value of financial instruments by level are to be stated. In accordance with the transitional treatment stipulated in Paragraph 7-4 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4, 2019), however, the notes relating to the previous consolidated fiscal year are not included.

#### Segment Information, etc.

##### Segment Information

##### 1. Overview of Reporting Segments

The Company’s reporting segments make separate financial information available among our constituent units and are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and to evaluate performance.

The Company has separate divisions for different finished goods and services at its head office. Each division formulates comprehensive domestic and overseas strategies for their finished goods and services and develops business activities.

Accordingly, the Company is comprised of separate segments for different finished goods and services based on business divisions, where there are five reporting segments, which are Wire Rope, Steel Cord, Product Development, Industrial Machinery, and Energy & Real Estate.

Segment	Main products
Wire Rope	Wire rope, various wire products, fiber rope, nets
Steel Cord	Steel cord for tires, saw wire
Product Development	Road safety facilities, cable for long-span bridges, design and construction of bridges, metal fiber, Carbon Fiber Composite Cable (CFCC)
Industrial Machinery	Powder metallurgy products, industrial automatic weighing machines, automatic packaging machines
Energy & Real Estate	Real estate rental services, solar power generation and electric power selling, petroleum products

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

The method of accounting for business segments reported is generally the same as that described in “Material Matters That Serve as the Basis for Preparation of Consolidated Financial Statements.”

Income from reporting segments is based on operating income. Intersegment revenues and transfers are based on actual market values.

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

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

(Millions of yen)

	Reporting Segment					Total	Adjustment Note:	Consolidated statements of income
	Wire Rope	Steel Cord	Product Development	Industrial Machinery	Energy & Real Estate			
Net sales								
Net sales to outside customers	25,698	7,458	17,613	3,197	5,214	59,183	–	59,183
Intersegment net 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
Investments in entities accounted for using 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: The adjustment is as follows:

The adjustment of ¥2,752 million in segment assets includes the entire corporate assets of ¥2,919 million, not allocated to each reporting segment. The amount of the entire corporate assets includes surplus operating funds (cash deposits) and long-term investment funds (investment securities) in the Company.

Fiscal 2021(April 1, 2021–March 31, 2022)

(Millions of yen)

	Reporting Segment					Total	Adjustment Note:	Consolidated statements of income
	Wire Rope	Steel Cord	Product Development	Industrial Machinery	Energy & Real Estate			
Net sales								
Net sales to outside customers	25,202	8,605	18,943	4,252	6,776	63,780	–	63,780
Intersegment net sales or transfers	158	316	11	95	721	1,302	-1,302	–
Total	25,360	8,922	18,955	4,347	7,497	65,083	-1,302	63,780
Segment income (loss)	1,167	-827	215	460	605	1,621	–	1,621
Segment assets	38,948	9,977	21,165	4,028	8,181	82,303	1,422	83,725
Other items								
Depreciation	1,265	198	437	186	192	2,280	–	2,280
Investments in entities accounted for using equity method	–	–	2,781	–	–	2,781	–	2,781
Increase in property, plant and equipment and intangible assets	697	225	283	95	95	1,398	–	1,398

Note: The adjustment is as follows:

The adjustment of ¥1,422 million in segment assets includes the entire corporate assets of ¥1,693 million, not allocated to each reporting segment. The amount of the entire corporate assets includes surplus operating funds (cash deposits) and long-term investment funds (investment securities) in the Company.



#### 4. Changes in Reporting Segments

As stated in Changes in Accounting Policies, the Company adopted the Revenue Recognition Accounting Standard, etc., from the beginning of the current fiscal year, and changed the accounting method for revenue recognition and the method of measuring profits or losses in business segments.

As a result of the change, compared with the previous method, in the current consolidated fiscal year, net sales of the Wire Rope business decreased by ¥1,826 million, net sales of the Product Development business increased by ¥674 million and its segment income increased by ¥136 million, net sales of the Industrial Machinery business increased by ¥120 million, and net sales of the Energy & Real Estate business increased by ¥1 million.

#### Per Share Information

	Fiscal 2020 (April 1, 2020–March 31, 2021)	Fiscal 2021 (April 1, 2021–March 31, 2022)
Net assets per share	1,447.81 yen	1,581.75 yen
Earnings per share	25.33 yen	81.08 yen

Note: 1. Fully diluted earnings per share are not stated because there are no dilutive shares.

2. The Company's own shares remaining in the Board Benefit Trust, which are recorded as treasury shares in shareholders' equity, are included in the number of treasury shares to be deducted from the total number of shares issued at the end of the year in calculating the amount of net assets per share (144,000 shares in Fiscal 2020 and 130,000 shares in Fiscal 2021). They are also included in treasury shares to be deducted for the calculation of the average number of shares outstanding over the year in calculating earnings per share (145,000 shares in Fiscal 2020 and 152,000 shares in Fiscal 2021).

3. The basis for calculating earnings per share is as follows:

Items	Fiscal 2020 (April 1, 2020–March 31, 2021)	Fiscal 2021 (April 1, 2021–March 31, 2022)
Profit attributable to owners of parent (millions of yen)	408	1,306
Amount not attributable to common shareholders (millions of yen)	–	–
(of which the amount of preferred dividends (millions of yen))	(–)	(–)
Profit attributable to owners of parent of common shares (millions of yen)	408	1,306
Average number of common shares outstanding over the year (shares)	16,109,898	16,115,738

#### Significant Subsequent Events

None