

## SENSHU ELECTRIC (9824)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY10/2019		83,676	3,979	4,206	2,714	277.04	70.00	4,094.81
FY10/2020		74,288	3,124	3,382	2,351	247.02	70.00	4,295.79
FY10/2021CoE		82,100	3,300	3,550	2,400	260.73	80.00	-
FY10/2020	YoY	(11.2%)	(21.5%)	(19.6%)	(13.4%)	-	-	-
FY10/2021CoE	YoY	10.5%	5.6%	5.0%	2.1%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY10/2020		38,399	1,804	1,911	1,320	-	-	-
Q3 to Q4 FY10/2020		35,889	1,320	1,471	1,031	-	-	-
Q1 to Q2 FY10/2021CoE		39,600	1,480	1,580	1,060	-	-	-
Q3 to Q4 FY10/2021CoE		42,500	1,820	1,970	1,340	-	-	-
Q1 to Q2 FY10/2020	YoY	(9.4%)	(16.1%)	(15.5%)	(13.1%)	-	-	-
Q3 to Q4 FY10/2020	YoY	(13.0%)	(27.8%)	(24.3%)	(13.7%)	-	-	-
Q1 to Q2 FY10/2021CoE	YoY	3.1%	(18.0%)	(17.4%)	(19.7%)	-	-	-
Q3 to Q4 FY10/2021CoE	YoY	18.4%	37.9%	33.9%	30.0%	-	-	-

Source: Company Data, WRJ Calculation

### 1.0 Executive Summary (29 January 2021)

#### Shareholder Return Rate of 51.5%

SENSHU ELECTRIC, technology-oriented trading house mainly of electric cables, is planning to achieve steady increases in sales and earnings from a long-term perspective. In FY10/2020, sales and earnings declined due to the impacts stemming from COVID-19, but the Company is going for a moderate V-shaped recovery in sales of FA Cables or the key earnings pillar for the Company in FY10/2021 over FY10/2020 and thus sales and earnings as a whole for the Company likewise. From a long-term perspective, meanwhile, the Company is going for CAGR of 7.7% for sales and 10.3% for earnings through FY10/2021 to FY10/2024 as well as achieving ROE of 8.0% or more for FY10/2024 (versus ROE of 5.9% in FY10/2020 actual results). Elsewhere, the Company remains being proactive in returning earnings to shareholders. At the moment, the Company is going for prospective shareholder return rate of 51.5% for FY10/2021, while it is considered that there is a massive leeway to proceed with share repurchases beyond the current plan in light of the fact that net cash has expanded to ¥18,356m as of the end of FY10/2020. The Company saw shareholder return rate of 70.7% in FY10/2020, having renewed record high. Another renewal may persist for FY10/2021.

IR Representative: Isamu Fukuda, Executive Officer and General Manager

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## 2.0 Company Profile

### Technology-Oriented Trading House Mainly of Electric Cables

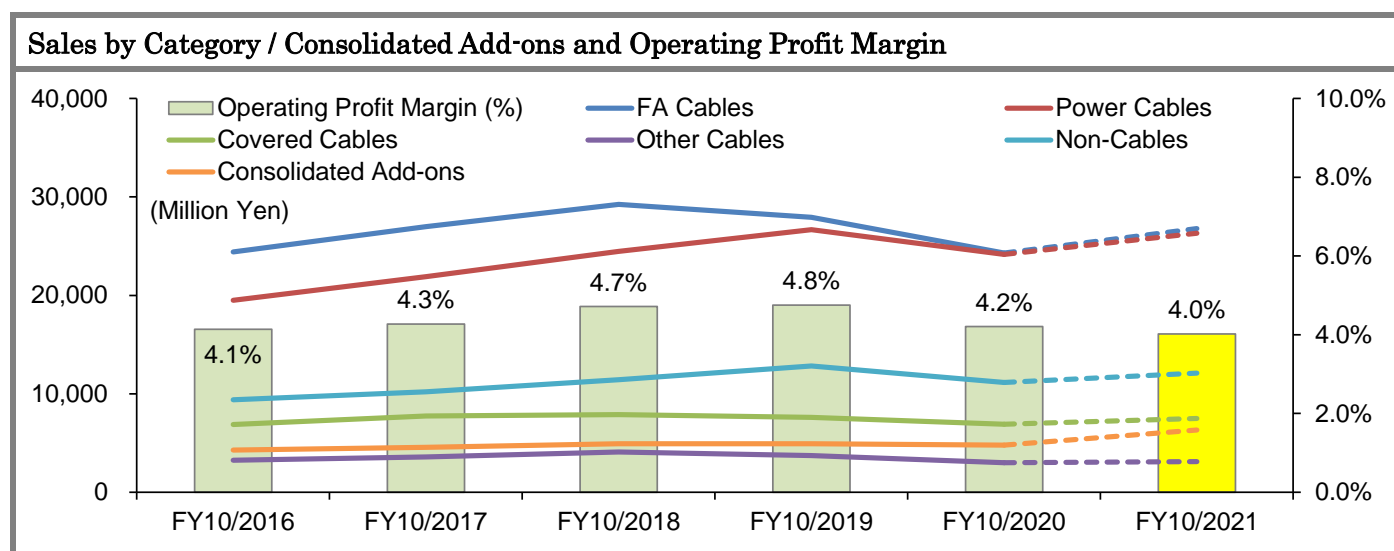
<b>Company Name</b>	SENSHU ELECTRIC CO.,LTD. <a href="#">Company Website</a> <a href="#">IR Information (Japanese only)</a> <a href="#">Share Price (Japanese)</a>	 泉州電業株式会社 SENSHU ELECTRIC CO.,LTD.
<b>Established</b>	18 November 1949	
<b>Listing</b>	9 November 2017: Tokyo Stock Exchange 1st section (ticker: 9824) 8 November 2002: Tokyo Stock Exchange 2nd section 24 June 1991: Osaka Stock Exchange 2nd section	
<b>Capital</b>	¥2,575m (as of the end of October 2020)	
<b>No. of Shares</b>	10,800,000 shares, including 1,425,068 treasury shares (as of the end of Oct. 2020)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Stocking and selling electric cables more than 50,000 in the number of items</li> <li>● So-called private-sector capex related, i.e., FA Cables, the key earnings pillar</li> <li>● Co-developing “Original Products” with suppliers or smaller manufacturers of electric cables</li> </ul>	
<b>Business Segment</b>	I . Electric Cables Business	
<b>Top Management</b>	Representative Director and President: Motohide Nishimura	
<b>Shareholders</b>	TCSB (Swcc Showa Holdings Others) 10.66%, BBH Fidelity LowPriced Stocks F 9.37%, Motohide Nishimura 8.39% (as of the end of October 2020, but for treasury shares)	
<b>Head Office</b>	Suita-city, Osaka-prefecture, JAPAN	
<b>No. of Employees</b>	Consolidated: 712, Parent: 534 (as of the end of October 2020)	

Source: Company Data

## 3.0 Recent Trading and Prospects

### FY10/2020

In FY10/2020, sales came in at ¥74,288m (down 11.2% YoY), operating profit ¥3,124m (down 21.5%), recurring profit ¥3,382m (down 19.6%) and profit attributable to owners of parent ¥2,351m (down 13.4%), while operating profit margin 4.2% (down 0.6% points). The results were rather worse than assumptions of the latest Company forecasts (announced on 4 June 2020), i.e., by ¥1,812m (2.4%) for sales and by ¥386m (11.0%) for operating profit.

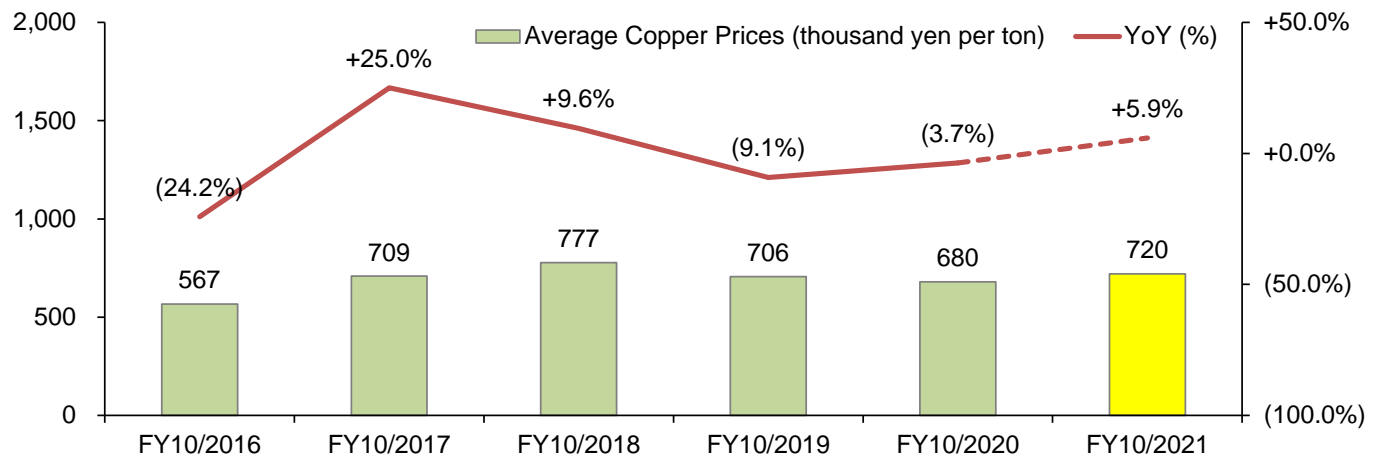


Source: Company Data, WRJ Calculation

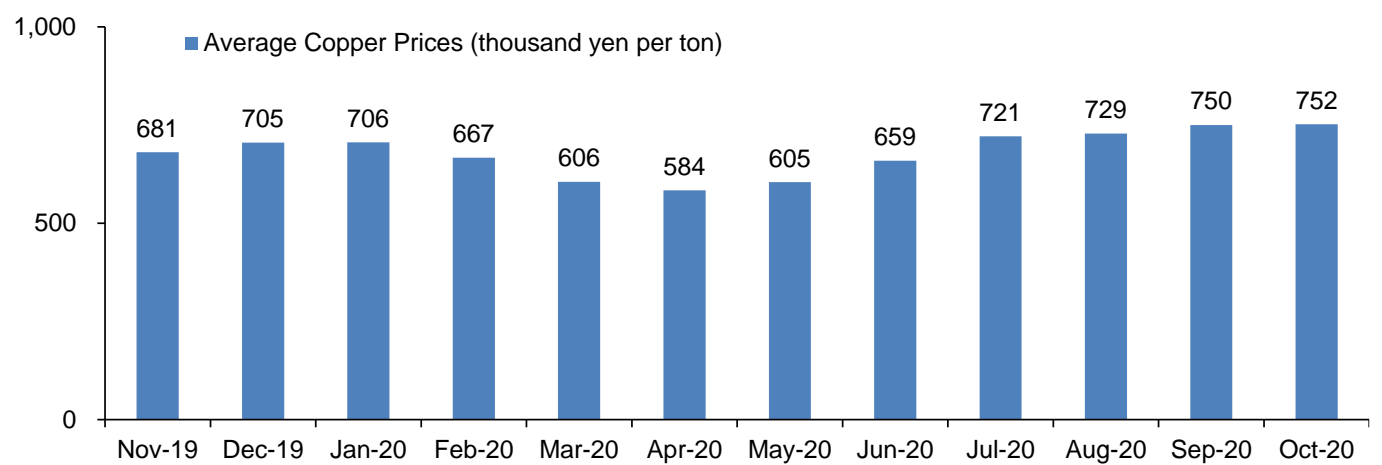
On top of slowing economy in line with extended U.S.-China trade friction since the beginning of the period, the Company has also suffered from the impacts stemming from COVID-19, which were just unexpected, having resulted in sluggishness for sales. With respect to so-called private-sector capex related, i.e., FA Cables, the key earnings pillar for the Company as a whole, the Company suggests that there was a recovery in some parts of demand associated with semiconductor production equipment. However, demand has declined sharply for that of machine tools and automotive production lines, according to the Company. FA Cables accounted for 35.0% (down 0.5% points) of sales on a parent basis.

Meanwhile, gross profit came in at ¥12,078m (down 8.7%) and SG&A expenses ¥8,953m (down 3.1%), implying gross profit margin of 16.3% (up 0.5% points) and sales to SG&A expenses ratio of 12.1% (up 1.1% points). Sales declined and thus gross profit inevitably, but gross profit margin has edged up. It appears that there were virtually no changes in sales mix, given that sales composition ratio of FA Cables, presumably carrying gross profit margin relatively higher, was roughly stable, while it is suggested to be the case that gross profit margin has improved driven by copper price lowered as the trend on a full-year basis. Decrease in SG&A expenses has a lot to do with the impacts stemming from COVID-19. In the first place, the Company has seen decreased forwarding expenses of goods in line with decreased sales, while travel expenses and carfare declined as well as social expenses and overtime entitlement as a result of having implemented a voluntary restraint of business operations as the measure to stop the spread of the disease.

### Average Copper Prices (Fiscal Year)



### Average Copper Prices (FY10/2020 / Monthly)



Source: Company Data, WRJ Calculation

According to the Company, trends in copper prices have no little impacts on performance as a whole for the Company. In a rough estimate, it is suggested that half of changes in copper prices directly fluctuates sales as a whole for the Company. Copper is the main material of electric cables and there is an aspect that changes in its market prices have impacts on unit selling prices of electric cables stocked and sold by the Company. In terms of monthly trends on a time-series basis for FY10/2020, there was a change from those of declining to those of rising, while average copper prices declined by 3.7% in FY10/2020 over FY10/2019. Thus, it appears that copper prices have declined in terms of overall trends. This must have cut back on sales to the corresponding extent, while there was an aspect that gross profit margin has improved in a short-term view as far as we could gather. The Company does mention that, on a full-year basis, it had impacts stemming from declining copper prices more than that of rising.

For example, in Q2 FY10/2020 (February to April 2020), copper prices on a time series basis have declined consistently in terms of monthly trends. In such cases, the Company suggests that own unit purchasing prices decline by a corresponding extent. The Company uses the moving-average cost method to value inventories (merchandises) and thus changes in unit purchasing prices are instantaneously reflected in cost of sales. Meanwhile, this is said to be passed on to unit selling prices for the Company, resulting in a reduction in sales as a whole for the Company by this amount. However, as it takes a whole for this process of passing on to, what takes place short-term when copper prices are declining is decreased cost of sales and stable unit selling prices at the same time, resulting in improved gross profit margin, according to the Company, and vice versa as is taken for granted.

### **FA Cables**

Sales of FA Cables came in at ¥24,299m (down 13.0%), while FY10/2021 Company forecasts are going for prospective sales of ¥26,800m (up 10.3%). Demand for FA Cables mainly comes from so-called private-sector cape related domains, represented by automotive production lines, semiconductor production equipment and machine tools. Amongst others, FA Cables are often used in areas surrounding factory automation (FA) within their factories, which is why they are called so. Meanwhile, due to the fact that they are often delivered directly to end users. i.e., manufacturers of semiconductor production equipment and/or automobiles and that the Company is deeply involved with "Original Products" that meet the needs of each end user, it is suggested that FA Cables carry gross profit margin relatively higher, when compared with other categories. That is to say, they have high added value in the first place and thus are not exposed to changes in copper prices very much as a main feature.

In FY10/2020, private-sector capex has remained sluggish and sales have declined for the second year in a row. However, in H2 FY10/2020, the Company perceived that demand associated with semiconductor production equipment showed a trend of gradual recovery, which was followed by a startup of recovery in demand associated with automotive production lines after the beginning of FY10/2021. Going forward, it appears that the Company is going for a recovery in demand associated with machine tools.

### **Power Cables**

Sales of Power Cables came in at ¥24,173m (down 9.4%), while FY10/2021 Company forecasts are going for prospective sales of ¥26,300m (up 8.8%). Power Cables are used to supply electric power for all types of buildings, and they are positioned as construction related.

By FY10/2019, the Company used to benefit from increased demand for construction driven by the 2020 Tokyo Olympics, while such demand did not reappear in FY10/2020, having resulted in sluggishness in sales. Meanwhile, the Company sees added value rather low for Power Cables and changes of copper prices have major impacts for them. In other words, it appears that the Company saw lowered volume and lowered unit selling prices, having led to the above-mentioned decrease in sales. Going forward, it appears that the Company expects much from demand associated with Expo 2025 (Osaka-city, Osaka-prefecture) and/or "Building National Resilience" project led by Cabinet Secretariat for FY10/2021.

### **Covered Cables**

Sales of Covered Cables came in at ¥6,906m (down 9.2%), while FY10/2021 Company forecasts are going for prospective sales of ¥7,500m (up 8.6%). Covered Cables meets demand related to construction, just like the above-mentioned Power Cables. The difference is of applications, i.e., Power Cables are used as trunk lines versus branch lines (and/or detached housing) for Covered Cables.

### **Other Cables**

Sales of Other Cables came in at ¥2,987m (down 19.9%), while FY10/2021 Company forecasts are going for prospective sales of ¥3,100m (up 3.8%). Other Cables are so-called bare electrical wires that the Company purchases from major electric cable manufacturers and sells to smaller electric cable manufacturers. The operations are like stocking and selling of copper itself, implying that the Company sees added value not much. On top of this the size of sales is limited and thus limited impacts likewise on performance as a whole for the Company.

### **Non-Cables**

Sales of Non-Cables came in at ¥11,140m (down 13.1%), while FY10/2021 Company forecasts are going for prospective sales of ¥12,100m (up 8.6%). Non-Cables are a category where sales, not stemming from the above-mentioned stocking and selling of electric cables, are booked. For example, sales comprise those of merchandises associated with natural energy, e.g., photovoltaics, manufacturing-related merchandises, harness-related merchandises, cable accessories, terminal-processing materials, etc. On top of all those merchandises, the Company suggests that it is further involved with a variety of merchandises at the same time.

As mentioned earlier, trends in copper prices have no little impacts on performance as a whole for the Company. In light of this, the Company is now actively handling merchandises for which trends in copper prices do not affect and the outcome is reflected in Non-Cables. Still, given the impacts stemming from COVID-19, sales slowed down for FY10/2020. More importantly, however, the Company has remained been keen on promoting sales here from a long-term perspective.

### **Consolidated Add-ons**

Sales of Consolidated Add-ons came in at ¥4,781m (down 2.9%). Out of sales as a whole for the Company having come in at ¥74,288m for FY10/2020, sales on a parent basis accounted for 93.6%, equating to collective sales of all those above-mentioned categories and sales of Consolidated Add-ons for 6.4%, implying that the Company sees its performance as a whole basically in line with performance on a parent basis.

For FY10/2021, the Company is to see performance of Consolidated Add-ons in line with collective performance of 5 subsidiaries in Japan and 5 subsidiaries overseas. For the 5 subsidiaries in Japan, one of them is a spin-off from the parent company, while the remaining four have been consolidated as subsidiaries through acquisitions, according to the Company. In FY10/2020, the Company absorbed and merged a real estate-related subsidiary into the parent company, while that of manufacturing special high-current connectors used in semiconductor manufacturing equipment saw favorable performance as well as that of selling telecommunication equipment and running operations of electric construction. Meanwhile, the 5 subsidiaries overseas (in China, Taiwan, Thailand, Philippines and Vietnam) were set up in line with the measures to shift production overseas by Japanese customers in the first place, but the Company has started to see some cases that they cultivate local customers to date. In FY10/2020, the Company mentions that it completed liquidation of manufacturing subsidiary based in Thailand, while having seen surging sales in China. So, the Company used to run two subsidiaries in Thailand versus one at the moment.

## Income Statement (Cumulative/Quarterly)

Income Statement (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	YoY Net Chg.
	Q1 10/2019	Q1 to Q2 10/2019	Q1 to Q3 10/2019	Q1 to Q4 10/2019	Q1 10/2020	Q1 to Q2 10/2020	Q1 to Q3 10/2020	Q1 to Q4 10/2020		
<b>Sales</b>	<b>21,367</b>	<b>42,404</b>	<b>63,085</b>	<b>83,676</b>	<b>20,091</b>	<b>38,399</b>	<b>55,389</b>	<b>74,288</b>	<b>(9,388)</b>	
Cost of Sales	17,972	35,735	53,212	70,453	16,850	32,010	46,182	62,210	(8,243)	
Gross Profit	3,394	6,668	9,872	13,222	3,240	6,388	9,206	12,078	(1,144)	
SG&A Expenses	2,316	4,518	6,895	9,243	2,421	4,584	6,804	8,953	(290)	
<b>Operating Profit</b>	<b>1,077</b>	<b>2,150</b>	<b>2,976</b>	<b>3,979</b>	<b>818</b>	<b>1,804</b>	<b>2,401</b>	<b>3,124</b>	<b>(855)</b>	
Non Operating Balance	57	113	179	228	62	107	199	258	+30	
<b>Recurring Profit</b>	<b>1,134</b>	<b>2,263</b>	<b>3,156</b>	<b>4,206</b>	<b>880</b>	<b>1,911</b>	<b>2,600</b>	<b>3,382</b>	<b>(824)</b>	
Extraordinary Balance	6	(51)	(52)	(187)	47	40	40	40	+227	
Profit before Income Taxes	1,140	2,212	3,104	4,019	928	1,951	2,640	3,422	(597)	
Total Income Taxes	360	673	968	1,277	304	623	844	1,065	(212)	
NP Belonging to Non-Controlling SHs	12	18	28	28	6	6	8	4	(24)	
<b>Profit Attributable to Owners of Parent</b>	<b>767</b>	<b>1,520</b>	<b>2,107</b>	<b>2,714</b>	<b>616</b>	<b>1,320</b>	<b>1,787</b>	<b>2,351</b>	<b>(363)</b>	
Sales YoY	+4.4%	+3.6%	+3.9%	+2.0%	(6.0%)	(9.4%)	(12.2%)	(11.2%)	-	
Operating Profit YoY	+34.8%	+18.0%	+8.4%	+2.9%	(24.0%)	(16.1%)	(19.3%)	(21.5%)	-	
Recurring Profit YoY	+29.5%	+16.4%	+7.4%	+2.5%	(22.4%)	(15.5%)	(17.6%)	(19.6%)	-	
Profit Attributable to Owners of Parent YoY	+28.8%	+13.4%	+4.1%	+14.5%	(19.7%)	(13.1%)	(15.2%)	(13.4%)	-	
Gross Profit Margin	15.9%	15.7%	15.6%	15.8%	16.1%	16.6%	16.6%	16.3%	+0.5%	
SGA Ratio	10.8%	10.7%	10.9%	11.0%	12.1%	11.9%	12.3%	12.1%	+1.1%	
Operating Profit Margin	5.0%	5.1%	4.7%	4.8%	4.1%	4.7%	4.3%	4.2%	(0.6%)	
Recurring Profit Margin	5.3%	5.3%	5.0%	5.0%	4.4%	5.0%	4.7%	4.6%	(0.4%)	
Profit Attributable to Owners of Parent Margin	3.6%	3.6%	3.3%	3.2%	3.1%	3.4%	3.2%	3.2%	0.0%	
Tax Charges etc. / Pretax Profit	31.6%	30.4%	31.2%	31.8%	32.8%	31.9%	32.0%	31.1%	(0.7%)	

Income Statement (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	YoY Net Chg.
	Q1 10/2019	Q2 10/2019	Q3 10/2019	Q4 10/2019	Q1 10/2020	Q2 10/2020	Q3 10/2020	Q4 10/2020		
<b>Sales</b>	<b>21,367</b>	<b>21,037</b>	<b>20,681</b>	<b>20,591</b>	<b>20,091</b>	<b>18,308</b>	<b>16,990</b>	<b>18,899</b>	<b>(1,692)</b>	
Cost of Sales	17,972	17,763	17,477	17,241	16,850	15,160	14,172	16,028	(1,213)	
Gross Profit	3,394	3,274	3,204	3,350	3,240	3,148	2,818	2,872	(478)	
SG&A Expenses	2,316	2,202	2,377	2,348	2,421	2,163	2,220	2,149	(199)	
<b>Operating Profit</b>	<b>1,077</b>	<b>1,073</b>	<b>826</b>	<b>1,003</b>	<b>818</b>	<b>986</b>	<b>597</b>	<b>723</b>	<b>(280)</b>	
Non Operating Balance	57	56	66	49	62	45	92	59	+10	
<b>Recurring Profit</b>	<b>1,134</b>	<b>1,129</b>	<b>893</b>	<b>1,050</b>	<b>880</b>	<b>1,031</b>	<b>689</b>	<b>782</b>	<b>(268)</b>	
Extraordinary Balance	6	(57)	(1)	(135)	47	(7)	0	0	+135	
Profit before Income Taxes	1,140	1,072	892	915	928	1,023	689	782	(133)	
Total Income Taxes	360	313	295	309	304	319	221	221	(88)	
NP Belonging to Non-Controlling SHs	12	6	10	0	6	0	2	(4)	(4)	
<b>Profit Attributable to Owners of Parent</b>	<b>767</b>	<b>753</b>	<b>587</b>	<b>607</b>	<b>616</b>	<b>704</b>	<b>467</b>	<b>564</b>	<b>(43)</b>	
Sales YoY	+4.4%	+2.8%	+4.4%	(3.3%)	(6.0%)	(13.0%)	(17.8%)	(8.2%)	-	
Operating Profit YoY	+34.8%	+4.9%	(10.5%)	(10.7%)	(24.0%)	(8.1%)	(27.7%)	(27.9%)	-	
Recurring Profit YoY	+29.5%	+5.8%	(10.3%)	(10.0%)	(22.4%)	(8.7%)	(22.8%)	(25.5%)	-	
Profit Attributable to Owners of Parent YoY	+28.8%	+0.9%	(14.1%)	+74.9%	(19.7%)	(6.5%)	(20.4%)	(7.1%)	-	
Gross Profit Margin	15.9%	15.6%	15.5%	16.3%	16.1%	17.2%	16.6%	15.2%	(1.1%)	
SGA Ratio	10.8%	10.5%	11.5%	11.4%	12.1%	11.8%	13.1%	11.4%	(0.0%)	
Operating Profit Margin	5.0%	5.1%	4.0%	4.9%	4.1%	5.4%	3.5%	3.8%	(1.1%)	
Recurring Profit Margin	5.3%	5.4%	4.3%	5.1%	4.4%	5.6%	4.1%	4.1%	(1.0%)	
Profit Attributable to Owners of Parent Margin	3.6%	3.6%	2.8%	2.9%	3.1%	3.8%	2.7%	3.0%	+0.1%	
Tax Charges etc. / Pretax Profit	31.6%	30.4%	33.1%	33.8%	32.8%	31.9%	32.1%	28.3%	(5.5%)	

Source: Company Data, WRJ Calculation



## Sales by Category (Cumulative/Quarterly)

Sales by Category (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	YoY Net Chg.
	Q1 10/2019	Q1 to Q2 10/2019	Q1 to Q3 10/2019	Q1 to Q4 10/2019	Q1 10/2020	Q1 to Q2 10/2020	Q1 to Q3 10/2020	Q1 to Q4 10/2020		
FA Cables	7,266	14,391	21,318	27,922	6,465	12,709	18,346	24,299		(3,623)
Power Cables	6,836	13,475	19,865	26,671	6,920	12,583	17,761	24,173		(2,498)
Covered Cables	1,904	3,736	5,680	7,606	1,783	3,444	5,087	6,906		(700)
Other Cables	984	1,940	2,921	3,729	869	1,621	2,245	2,987		(742)
Non-Cables	3,170	6,271	9,520	12,821	2,847	5,538	8,198	11,140		(1,681)
<b>Sales (on a Parent basis)</b>	<b>20,162</b>	<b>39,815</b>	<b>59,306</b>	<b>78,750</b>	<b>18,884</b>	<b>35,898</b>	<b>51,637</b>	<b>69,507</b>		<b>(9,243)</b>
Consolidated Add-ons	1,205	2,589	3,779	4,926	1,207	2,501	3,752	4,781		(145)
<b>Sales</b>	<b>21,367</b>	<b>42,404</b>	<b>63,085</b>	<b>83,676</b>	<b>20,091</b>	<b>38,399</b>	<b>55,389</b>	<b>74,288</b>		<b>(9,388)</b>
FA Cables	(0.1%)	(2.0%)	(2.8%)	(4.6%)	(11.0%)	(11.7%)	(13.9%)	(13.0%)		-
Power Cables	+7.7%	+9.5%	+11.3%	+9.0%	+1.2%	(6.6%)	(10.6%)	(9.4%)		-
Covered Cables	(8.2%)	(7.4%)	(4.1%)	(3.5%)	(6.4%)	(7.8%)	(10.4%)	(9.2%)		-
Other Cables	(3.0%)	(5.0%)	(6.3%)	(8.6%)	(11.7%)	(16.4%)	(23.1%)	(19.9%)		-
Non-Cables	+19.6%	+16.3%	+14.6%	+12.1%	(10.2%)	(11.7%)	(13.9%)	(13.1%)		-
<b>Sales (on a Parent basis)</b>	<b>+4.1%</b>	<b>+3.5%</b>	<b>+3.8%</b>	<b>+2.1%</b>	<b>(6.3%)</b>	<b>(9.8%)</b>	<b>(12.9%)</b>	<b>(11.7%)</b>		-
Consolidated Add-ons	+9.0%	+4.5%	+4.4%	+0.4%	+0.2%	(3.4%)	(0.7%)	(2.9%)		-
<b>Sales (YoY)</b>	<b>+4.4%</b>	<b>+3.6%</b>	<b>+3.9%</b>	<b>+2.0%</b>	<b>(6.0%)</b>	<b>(9.4%)</b>	<b>(12.2%)</b>	<b>(11.2%)</b>		-
FA Cables	36.0%	36.1%	35.9%	35.5%	34.2%	35.4%	35.5%	35.0%		-
Power Cables	33.9%	33.8%	33.5%	33.9%	36.6%	35.1%	34.4%	34.8%		-
Covered Cables	9.4%	9.4%	9.6%	9.7%	9.4%	9.6%	9.9%	9.9%		-
Other Cables	4.9%	4.9%	4.9%	4.7%	4.6%	4.5%	4.3%	4.3%		-
Non-Cables	15.7%	15.8%	16.1%	16.2%	15.1%	15.4%	15.9%	16.0%		-
<b>Sales (on a Parent basis)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		-
Sales (on a Parent basis)	94.4%	93.9%	94.0%	94.1%	94.0%	93.5%	93.2%	93.6%		-
Consolidated Add-ons	5.6%	6.1%	6.0%	5.9%	6.0%	6.5%	6.8%	6.4%		-
<b>Sales (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		-

Sales by Category (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	YoY Net Chg.
	Q1 10/2020	Q2 10/2020	Q3 10/2020	Q4 10/2020	Q1 10/2020	Q2 10/2020	Q3 10/2020	Q4 10/2020		
FA Cables	7,266	7,125	6,927	6,604	6,465	6,244	5,637	5,953		(651)
Power Cables	6,836	6,639	6,390	6,806	6,920	5,663	5,178	6,412		(394)
Covered Cables	1,904	1,832	1,944	1,926	1,783	1,661	1,643	1,819		(107)
Other Cables	984	956	981	808	869	752	624	742		(66)
Non-Cables	3,170	3,101	3,249	3,301	2,847	2,691	2,660	2,942		(359)
<b>Sales (on a Parent basis)</b>	<b>20,162</b>	<b>19,653</b>	<b>19,491</b>	<b>19,444</b>	<b>18,884</b>	<b>17,014</b>	<b>15,739</b>	<b>17,870</b>		<b>(1,574)</b>
Consolidated Add-ons	1,205	1,384	1,190	1,147	1,207	1,294	1,251	1,029		(118)
<b>Sales</b>	<b>21,367</b>	<b>21,037</b>	<b>20,681</b>	<b>20,591</b>	<b>20,091</b>	<b>18,308</b>	<b>16,990</b>	<b>18,899</b>		<b>(1,692)</b>
FA Cables	(0.1%)	(3.9%)	(4.2%)	(9.9%)	(11.0%)	(12.4%)	(18.6%)	(9.9%)		-
Power Cables	+7.7%	+11.5%	+15.1%	+2.7%	+1.2%	(14.7%)	(19.0%)	(5.8%)		-
Covered Cables	(8.2%)	(6.6%)	+2.9%	(1.5%)	(6.4%)	(9.3%)	(15.5%)	(5.6%)		-
Other Cables	(3.0%)	(7.0%)	(8.7%)	(15.9%)	(11.7%)	(21.3%)	(36.4%)	(8.2%)		-
Non-Cables	+19.6%	+13.1%	+11.5%	+5.4%	(10.2%)	(13.2%)	(18.1%)	(10.9%)		-
<b>Sales (on a Parent basis)</b>	<b>+4.1%</b>	<b>+2.9%</b>	<b>+4.4%</b>	<b>(2.8%)</b>	<b>(6.3%)</b>	<b>(13.4%)</b>	<b>(19.2%)</b>	<b>(8.1%)</b>		-
Consolidated Add-ons	+9.0%	+0.9%	+4.3%	(11.0%)	+0.2%	(6.5%)	+5.1%	(10.3%)		-
<b>Sales (YoY)</b>	<b>+4.4%</b>	<b>+2.8%</b>	<b>+4.4%</b>	<b>(3.3%)</b>	<b>(6.0%)</b>	<b>(13.0%)</b>	<b>(17.8%)</b>	<b>(8.2%)</b>		-
FA Cables	36.0%	36.3%	35.5%	34.0%	34.2%	36.7%	35.8%	33.3%		-
Power Cables	33.9%	33.8%	32.8%	35.0%	36.6%	33.3%	32.9%	35.9%		-
Covered Cables	9.4%	9.3%	10.0%	9.9%	9.4%	9.8%	10.4%	10.2%		-
Other Cables	4.9%	4.9%	5.0%	4.2%	4.6%	4.4%	4.0%	4.2%		-
Non-Cables	15.7%	15.8%	16.7%	17.0%	15.1%	15.8%	16.9%	16.5%		-
<b>Sales (on a Parent basis)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		-
Sales (on a Parent basis)	94.4%	93.4%	94.2%	94.4%	94.0%	92.9%	92.6%	94.6%		-
Consolidated Add-ons	5.6%	6.6%	5.8%	5.6%	6.0%	7.1%	7.4%	5.4%		-
<b>Sales (Composition Ratio)</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>		-

Source: Company Data, WRJ Calculation

## Balance Sheet (Quarterly)

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Net Chg.	
	10/2019	10/2019	10/2019	10/2019	10/2020	10/2020	10/2020	10/2020		
Cash and Deposit	14,798	14,752	13,996	15,972	16,187	17,323	15,938	18,461		+2,489
Accounts Receivables	24,387	24,764	24,540	24,207	23,292	21,259	20,151	21,155		(3,052)
Inventory	4,378	4,361	4,411	4,128	4,354	4,186	4,173	3,847		(281)
Other	234	383	272	205	104	247	270	201		(4)
<b>Current Assets</b>	<b>43,797</b>	<b>44,260</b>	<b>43,219</b>	<b>44,512</b>	<b>43,937</b>	<b>43,015</b>	<b>40,532</b>	<b>43,664</b>		<b>(847)</b>
Tangible Assets	17,433	18,337	18,327	18,052	17,986	17,929	17,847	17,774		(277)
Intangible Assets	209	193	187	175	160	146	132	120		(54)
Investments and Other Assets	5,826	5,764	5,620	5,849	5,829	5,765	5,728	5,842		(7)
<b>Fixed Assets</b>	<b>23,469</b>	<b>24,296</b>	<b>24,135</b>	<b>24,077</b>	<b>23,976</b>	<b>23,841</b>	<b>23,708</b>	<b>23,737</b>		<b>(340)</b>
<b>Total Assets</b>	<b>67,267</b>	<b>68,556</b>	<b>67,355</b>	<b>68,589</b>	<b>67,914</b>	<b>66,856</b>	<b>64,241</b>	<b>67,401</b>		<b>(1,187)</b>
Accounts Payables	24,368	23,818	23,651	23,537	23,925	21,631	19,653	21,858		(1,679)
Short-Term Debt	115	105	105	105	105	105	105	105		-
Other	1,501	2,607	1,755	2,407	1,547	2,223	1,604	2,299		(108)
<b>Current Liabilities</b>	<b>25,984</b>	<b>26,530</b>	<b>25,511</b>	<b>26,049</b>	<b>25,577</b>	<b>23,959</b>	<b>21,362</b>	<b>24,262</b>		<b>(1,787)</b>
Long-Term Debt	-	-	-	-	-	-	-	-		-
Other	2,771	2,762	2,787	2,790	2,721	2,707	2,743	2,728		(61)
<b>Fixed Liabilities</b>	<b>2,771</b>	<b>2,762</b>	<b>2,787</b>	<b>2,790</b>	<b>2,721</b>	<b>2,707</b>	<b>2,743</b>	<b>2,728</b>		<b>(61)</b>
<b>Total Liabilities</b>	<b>28,755</b>	<b>29,292</b>	<b>28,298</b>	<b>28,840</b>	<b>28,298</b>	<b>26,666</b>	<b>24,105</b>	<b>26,991</b>		<b>(1,848)</b>
<b>Shareholders' Equity</b>	<b>38,045</b>	<b>38,716</b>	<b>38,551</b>	<b>39,158</b>	<b>38,937</b>	<b>39,690</b>	<b>39,602</b>	<b>39,887</b>		<b>+729</b>
Other	466	547	505	591	678	500	533	522		(69)
<b>Net Assets</b>	<b>38,511</b>	<b>39,263</b>	<b>39,056</b>	<b>39,749</b>	<b>39,615</b>	<b>40,190</b>	<b>40,135</b>	<b>40,409</b>		<b>+660</b>
<b>Total Liabilities and Net Assets</b>	<b>67,267</b>	<b>68,556</b>	<b>67,355</b>	<b>68,589</b>	<b>67,914</b>	<b>66,856</b>	<b>64,241</b>	<b>67,401</b>		<b>(1,187)</b>
Equity Capital	38,391	39,134	38,917	39,608	39,465	40,043	39,996	40,272		+664
Interest Bearing Debt	115	105	105	105	105	105	105	105		-
Net Debt	(14,683)	(14,647)	(13,891)	(15,867)	(16,082)	(17,218)	(15,833)	(18,356)		(2,489)
Capital Ratio	57.1%	57.1%	57.8%	57.7%	58.1%	59.9%	62.3%	59.8%		-
Net Debt Equity Ratio	(38.2%)	(37.4%)	(35.7%)	(40.1%)	(40.8%)	(43.0%)	(39.6%)	(45.6%)		-
ROE (12 months)	6.7%	6.6%	6.4%	7.0%	6.6%	6.4%	6.1%	5.9%		-
ROA (12 months)	6.6%	6.6%	6.5%	6.2%	5.8%	5.7%	5.5%	5.0%		-
Months for Inventory Turnover	0.61	0.62	0.64	0.60	0.65	0.69	0.74	0.61		-
Quick Ratio	151%	149%	151%	154%	154%	161%	169%	163%		-
Current Ratio	169%	167%	169%	171%	172%	180%	190%	180%		-

Source: Company Data, WRJ Calculation

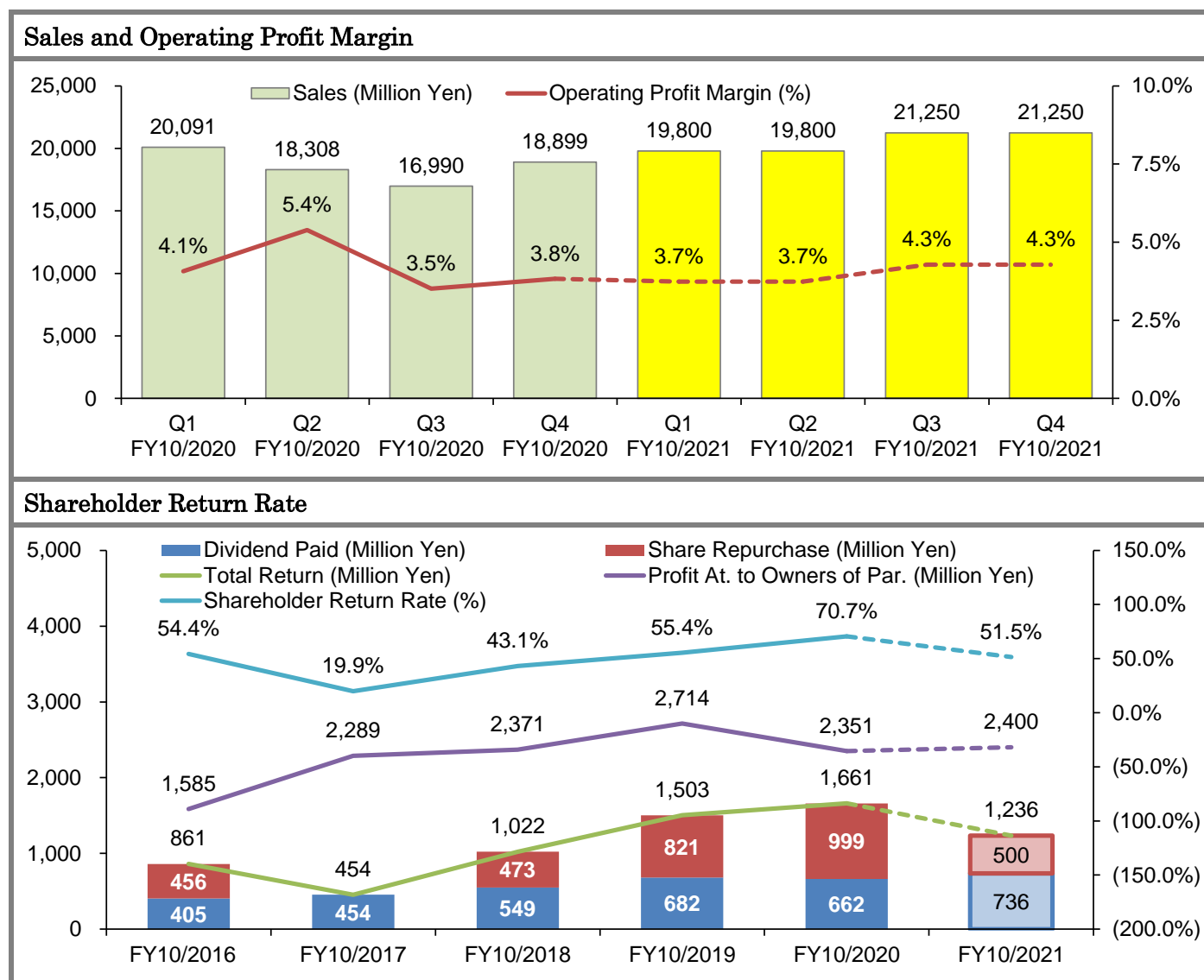
## Cash Flow Statement (Cumulative)

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Net Chg.	
	10/2019	10/2019	10/2019	10/2019	10/2020	10/2020	10/2020	10/2020		
Operating Cash Flow	-	839	-	3,349	-	2,349	-	4,451		+1,102
Investing Cash Flow	-	(820)	-	(1,199)	-	(180)	-	(395)		+804
<b>Operating Cash Flow and Investing Cash Flow</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>2,150</b>	<b>-</b>	<b>2,169</b>	<b>-</b>	<b>4,056</b>		<b>+1,906</b>
Financing Cash Flow	-	(748)	-	(1,525)	-	(865)	-	(1,769)		(244)

Source: Company Data, WRJ Calculation

### FY10/2021 Company Forecasts

FY10/2021 Company forecasts (announced on 9 December 2020) are going for prospective sales of ¥82,100m (up 10.5% YoY), operating profit of ¥3,300m (up 5.6%), recurring profit of ¥3,500m (up 5.0%) and profit attributable to owners of parent of ¥2,400m (up 2.1%), while operating profit margin of 4.0% (down 0.2% points). Company forecasts assume that the impacts stemming from COVID-19 will persist in Q1 to Q2. Still, Company forecasts are going for prospective sales for Q1 to Q2 to increase over the same period of the previous year and for the rate of increase to accelerate for H2.

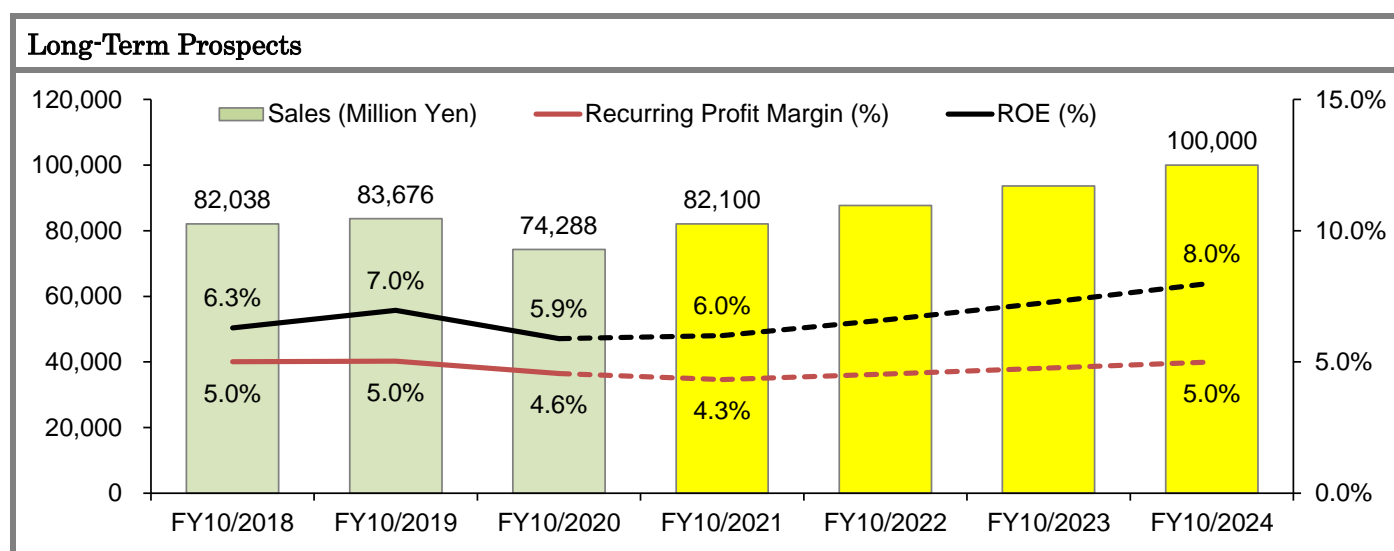


Source: Company Data, WRJ Calculation (quarters in FY10/2021: half year Company forecasts, pro rata)

Meanwhile, Company forecasts are going for prospective annual dividend of ¥80.00 (¥40.00 as of the end of Q2 and ¥40.00 as of the fiscal yearend), implying payout ratio of 30.7%. Compared with actual results of FY10/2020, i.e., annual dividend of ¥70.00 (¥35.00 as of the end of Q2 and ¥35.00 as of the end of fiscal yearend), implying payout ratio of 28.3%, Company forecasts are going for increase in dividend by ¥10.00 and rise by 2.4% for payout ratio. Elsewhere, the Company has repurchased own shares worth ¥2,749m, collectively, over the last 5 years with the aim of enhancing shareholder returns, improving capital efficiency and implementing flexible capital policies in response to changes in the business environment. Currently, it is planned to repurchase own shares up to a maximum of ¥500m (170,000 in the number) for FY10/2021. When calculated in conjunction with the above-mentioned Company forecasts, it is the case that shareholder return ratio of 51.5% is assumed for FY10/2021.

## Long-Term Prospects

On 9 December 2020, the Company announced the revision of its Midterm Management Plan. For FY10/2024, the Company is now calling for prospective sales of ¥100,000m and recurring profit of ¥5,000m, i.e., CAGR of 7.7% for sales and 10.3% for earnings through FY10/2021 to FY10/2024. Meanwhile, it is implied that recurring profit margin is expected to rise by 0.4% points to 5.0% from 4.6% through FY10/2020 to FY10/2024, while by 2.1% or more for ROE from 5.9% to 8.0% or more during the same period.






Source: Company Data, WRJ Calculation

SENSHU ELECTRIC Group Midterm Management Plan (FY10/2017 to FY10/2021), announced on 9 December 2016, was going for prospective sales of ¥100,000m and recurring profit of ¥5,000m for the final year of the plan, i.e., FY10/2021. Meanwhile, as mentioned earlier, FY10/2021 Company forecasts (announced on 9 December 2020) are going for prospective sales of no more than ¥82,100m and recurring profit of ¥3,550m, falling short of the plan by ¥17,900m (17.9%) for sales and by ¥1,450m (29.0%) for recurring profit. According to the Company, this is due mainly to the impacts stemming from COVID-19, which was totally unexpected. The Company has comprehensively taken into account changes in the business climate surrounding itself and trends in various measures, having pushed back the time frame for achieving the performance target to FY10/2024. With respect to ROE, the target for the final year has been revised up from 6.0% or more to 8.0% or more.

## 4.0 Business Model

### Technology-Oriented Trading House Mainly of Electric Cables

The Company, technology-oriented trading house mainly of electric cables, saw listing change to 1st section from 2nd section in Tokyo Stock Exchange on 9 November 2017, while having gone through 70th anniversary on 18 November 2019. At the same time, the Company has been consistently creating added value together with the three business models, comprising a) JUST IN TIME SYSTEM, b) “Original Products” and c) Cable Assemblies.

The Three Business Models		
<b>JUST IN TIME SYSTEM</b> (distribution warehouse)	<b>“Original Products”</b> (co-developed with electric cable manufacturers)	<b>Cable Assemblies</b> (terminal processing for electric cables)
		

Source: Company Data

The Company adopts a) JUST IN TIME SYSTEM in its mainstay business of stocking and selling for electric cables, under which it "delivers the required merchandises as much as needed when needed". Together with this, the Company runs the first-class integrated operations amongst trades on ordering to delivery, fulfilling demand from customers as many as 3,500 or more in the number.

The overall picture is that the suppliers for the Company, i.e., manufacturers of electric cables as many as 250 or more in the number, directly supply major end users represented by telecom carriers and/or power utility companies, while taking advantage of the Company's efficient distribution system for smaller end users. The main commercial distribution for the latter is from manufacturers of electric cables to the Company, then, from the Company to Electrical Facilities & Materials Sales Companies (some 1,100 in the number for major ones in Japan) and from Electrical Facilities & Materials Sales Companies to end users represented by Electrical Construction Companies (some 60,000 or more in the number for total in Japan). Meanwhile, there are cases that the Company directly supplies Electrical Construction Companies as far as major ones are concerned and there are domains where the Company is deeply involved with direct delivery to End Users.

In FY10/2020, sales to Electrical Facilities & Materials Sales Companies accounted for some 50% of total, sales to End Users some 27% and sales to Electrical Construction Companies some 19%, according to the Company. Meanwhile, End Users are of so-called private-capex related domains comprising automotive production lines, semiconductor production equipment and machine tools.

In other words, when viewed by category, the contents of End Users are of FA Cables which are characterized by added value relatively higher. Amongst others, b) “Original Products” are suggested to have added value high in particular, which are literally “original” in that they are co-developed with smaller manufacturers of electric cables in line with specific needs of each customer. Thus, they are not exposed to price competition and therefore carry gross profit margin relatively higher.

Meanwhile, the Company, striving to expand sales at 17 operation bases across Japan from Hokkaido to Okinawa, deals in merchandises as many as 50,000 or more in the number of items, which is one of the largest amongst trades. At the same time, the Company always stocks enough inventories, at distribution warehouses totaling some 60,000 square meters in the floor space, equating to some ¥3,300m in the value at the moment, where the majority is of FA Cables, including “Original Products”.

At the same time, the Company has facilities for c) Cable Assemblies (terminal processing for electric cables) in 7 operation bases out of the above-mentioned 17 operation bases, running operations to manufacture semi-finished products for electric cables and thus there is an aspect that the Company is able to additionally create added value by this extent. However, it appears that the customers here are limited to those of End Users.

All in all, the Company is actively working to maximize added value by efficiently running operations of stocking and selling for electric cables with a) JUST IN TIME SYSTEM as well as by heavily involved with b) “Original Products” and c) Cable Assemblies based on own technology and knowhows. Thus, the Company is positioned as technology-oriented trading house mainly of electric cables.

**Disclaimer**

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Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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