

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)
FY10/2020		74,288	3,124	3,382	2,351	247.02	70.00	4,295.79
FY10/2021		92,463	4,743	5,004	3,583	387.50	90.00	4,685.18
FY10/2022CoE		108,000	6,400	6,700	4,600	514.27	120.00	-
FY10/2021	YoY	24.5%	51.8%	47.9%	52.4%	-	-	-
FY10/2022CoE	YoY	16.8%	34.9%	33.9%	28.4%	-	-	-
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 FY10/2021		42,973	1,905	2,090	1,442	-	-	-
Q3 to Q4 FY10/2021		49,490	2,838	2,914	2,141	-	-	-
Q1 to Q2 FY10/2022		55,154	3,536	3,713	2,491	-	-	-
Q3 to Q4 FY10/2022CoE		52,846	2,864	2,987	2,109	-	-	-
Q1 to Q2 FY10/2022	YoY	28.3%	85.6%	77.6%	72.7%	-	-	-
Q3 to Q4 FY10/2022CoE	YoY	6.8%	0.9%	2.5%	(1.5%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (3 August 2022)

Private Sector

SENSHU ELECTRIC, technology-oriented trading house mainly of electric cables, has renewed its record high sales for Q1 to Q2 FY10/2022, as it has steadily captured a recovery in demand related to so-called private-sector capex, while having benefited from increased sales stemming from soaring Copper Prices at the same time. Meanwhile, gross profit margin has been rather under pressure due to soaring Copper Prices, but record highs have been renewed also for earnings. As a result, recent trading is running far ahead of assumptions of midterm management plan and the Company currently suggests that it will decide to what extent to revise up performance target for FY10/2024, the final year of the plan, in light of the actual results of FY10/2022. With respect to FA cables responsible for demand related to so-called private-sector capex, which is the mainstay source of earnings, the Company is seeing a major upward trend. For the domain associated with semiconductors, it is also the case for the Company to be increasingly required to cope with tight supply-demand conditions, while a recovery of demand is beginning to spread to wider category for the domain associated with machine tools. Now, the Company intends to continue steadily capturing demand generated by all those developments. Meanwhile, for the domain associated with automobiles, the Company is now recognizing the direction of a large increase in capex related to electric vehicles, although inevitably suffering from a negative impact of reduced production volume due mainly to shortage of components at the moment. The Company says that it will focus on batteries and/or accumulators by application, i.e., literally associated with automobiles rather than electric vehicles themselves, given a factor that demand is firm for “original products” carrying particularly high added value with respect to all those applications.

IR Representative: Isamu Fukuda, Director and Executive Officer, General Manager,

Corporate Planning Office (81-(0)6-6192-8588 / kikaku-ir1118@senden.co.jp)

2.0 Company Profile

Technology-Oriented Trading House Mainly of Electric Cables

Company Name	SENSHU ELECTRIC CO.,LTD. Company Website IR Information (Japanese only) Share Price (Japanese)	 泉州電業株式会社 SENSHU ELECTRIC CO.,LTD.
Established	18 November 1949	
Listing	4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 9824) 9 November 2017: Tokyo Stock Exchange 1st section 8 November 2002: Tokyo Stock Exchange 2nd section 24 June 1991: Osaka Stock Exchange 2nd section	
Capital	¥2,575m (as of the end of April 2022)	
No. of Shares	10,500,000 shares, including 1,455,206 treasury shares (as of the end of April 2022)	
Main Features	<ul style="list-style-type: none"> ● Stocking and selling electric cables more than 50,000 in the number of items ● FA cables related to so-called private-sector capex, the key earnings pillar ● Co-developing “original products” with smaller manufacturers of electric cables 	
Segment	I . Electric Cables Business	
Representative	Representative Director, President: Motohide Nishimura	
Shareholders	Custody Bank of Japan, T. (SWCC Showa Holdings) 11.05%, Motohide Nishimura 8.76%, BBH Fidelity LowPriced Stock 7.72% (as of the end of April 2022, but for treasury shares)	
Head Office	Suita-city, Osaka-prefecture, JAPAN	
No. of Personnel	Consolidated: 801, Parent: 545 (as of the end of April 2022)	

Source: Company Data

3.0 Corporate Philosophy

Technology-Oriented Trading House Mainly of Electric Cables

On 4 April 2022, the Company, technology-oriented trading house mainly of electric cables, was listed on the prime market on the occasion of transition to a new market segmentation in Tokyo Stock Exchange. On 18 November 2019, the Company celebrated its 70th anniversary of establishment, while aiming to become a 100-year company for the future by further strengthening its corporate structure based on its corporate philosophy to "create new value, demonstrate our abilities, strive for the development of our business, contribute to society, reward shareholders and encourage welfare of our employees", while paying the utmost respect to ESG (Environment, Society and Governance).

The Company also demonstrates a proactive stance toward sustainability management in light of the content of SDGs (Sustainable Development Goals). It is noteworthy in particular that it goes for "provision of products and services with a stability" as materiality for Society. According to the Company, the "electric cables" handled by itself corresponds to "vascular and nervous system" in the human body and there are always "electric cables" in the place of electricity and "electric cables" are indispensable products that support modern society, albeit rather quiet. Based on this belief, the above-mentioned materiality is raised.

The Three Business Models

The Company, running operations of sale at 17 locations nationwide covering Hokkaido to Okinawa in Japan, deals in electric cables as many as more than 50,000 in the number of items, which is said to be maximum in the marketplace. At the same time, the Company says that it always stocks sufficient inventory required, in distribution warehouses with the floor space of some 60,000 m², collectively. Meanwhile, the Company is also involved in operations through its subsidiaries based in Japan (6 in the number) and subsidiaries overseas (6 in the number). More importantly, the Company will continue to create added value on a sustainable basis through its deep involvement with the three business models of JUST IN TIME SYSTEM, "original products" and cable assembly.



Source: Company Data

JUST IN TIME SYSTEM

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

"Original Products"

With respect to FA cables responsible for demand related to so-called private-sector capex, which is the mainstay source of earnings, the Company is deeply involved in "original products" with particularly high added value. "Original products" catering to the unique needs of end users represented by semiconductor manufacturing equipment manufacturers and automakers are jointly developed with smaller manufactures of electric cables, which are suppliers for the Company, creating additional added value stemming from here and thus gross profit margin higher to a corresponding extent.

Cable Assembly

At the same time, the Company has facilities for cable assembly (terminal processing for electric cables) in 7 locations out of the above-mentioned 17 locations in Japan, running operations to manufacture semi-finished products associated with electric cables and thus there is an aspect that the Company is able to additionally create added value by this extent.

Commercial Distribution (delivery to non-major end-users)

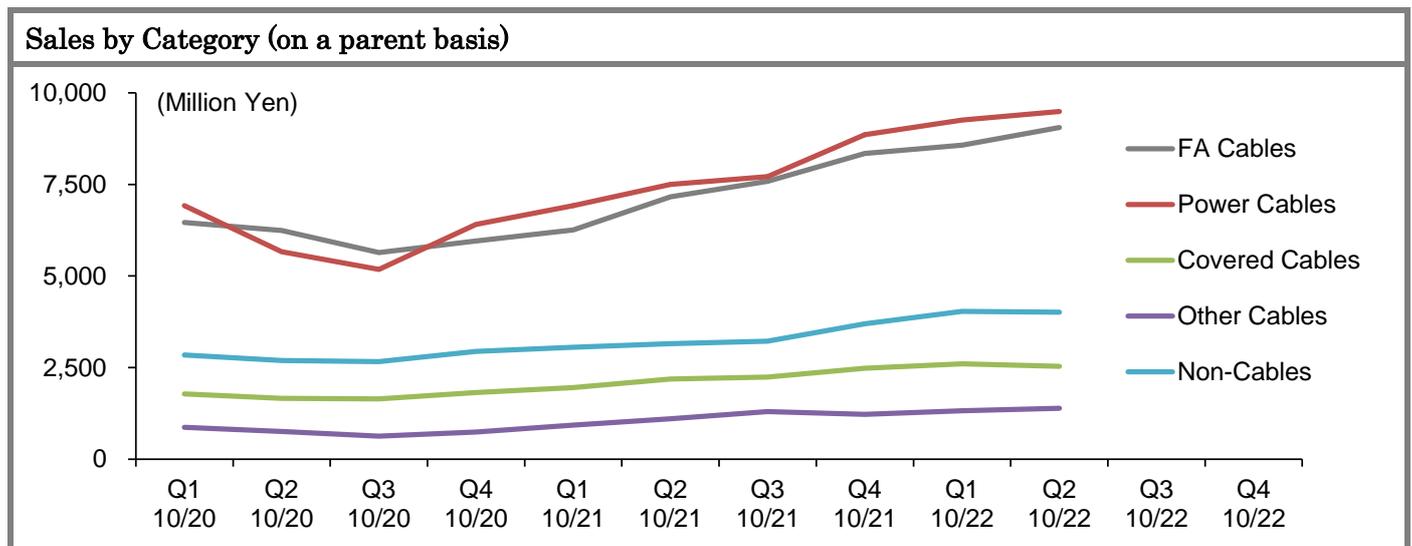
The Company's suppliers, manufacturers of electric cable (mainly smaller and/or midsized) as many as 250 or more in the number, directly deliver electric cables to major end-users represented by telecom carriers and electric power companies, while taking advantage of efficient distribution systems of trading houses, including the Company, for deliveries to ones other than the major end-users to a large extent. For the Company, the mainstay commercial distribution starts with manufacturers of electric cables to the Company, which is followed by the Company to electrical facilities materials sales companies (some 1,100 in the number for the large-scale ones in Japan), which is, then, followed by electrical facilities materials sales companies to end-users represented by electrical construction companies (60,000 or more in the number nationwide). Meanwhile, the Company directly delivers to the largest electrical construction companies (some 30 in the number) as well as running operations to directly supply end-users, which is called direct demand.

In terms of the actual results of FY10/2021, sales associated with electrical facilities materials sales companies accounted for 48.0% of total by sales channel, while 27.9% for direct demand and 19.0% for electrical construction companies. Meanwhile, end-users in direct demand are mainly related to so-called private-sector capex, basically belonging to FA cables, i.e., the key earnings pillar for the Company, by category.

4.0 Recent Trading and Prospects

Q1 to Q2 FY10/2022

In Q1 to Q2 FY10/2022, sales came in at ¥55,154m (up 28.3% YoY), operating profit ¥3,536m (up 85.6%), recurring profit ¥3,713m (up 77.6%) and profit attributable to owners of parent ¥2,491m (up 72.7%), while operating profit margin 6.4% (up 2.0% points). By the way, gross profit came in at ¥8,191m (up 26.8%) and SG&A expenses ¥4,655m (up 2.2%), implying gross profit margin of 14.9% (down 0.1% point) and sales to SG&A expenses ratio of 8.5% (down 2.1% points). In other words, gross profit margin was marginally under pressure, but it was more than compensated for by limited rise in SG&A expenses, i.e., the Company benefited from effect on increased sales a lot. Consequently, the Company saw Q1 to Q2 record highs renewed for sales and earnings as well.



Source: Company Data, WRJ Calculation

It is said that performance for the Company as a whole hinges on performance on a parent basis. In Q1 to Q2, for example, 94.8% of sales was accounted for by sales on a parent basis. Meanwhile, the trends of the Company's sales by category (on a parent basis) suggests that sales of FA cables were ever-increasing due to the steady capturing of a recovery in demand and that sales of power cables were also ever-increasing as a result of soaring Copper Prices, which are raised as the two main reasons why the sales for the Company as a whole increased sharply. However, with respect to power cables, it appears that the soaring Copper Prices also lowered their own gross profit margin at the same time, which is the reason why so did the Company as a whole. By the way, further details of sales by category are as follows:

FA Cables (33.7% of sales)

Sales of FA cables came in at ¥17,632m (up 31.4%), while FY10/2022 Company forecasts are going for prospective sales of ¥35,000m (up 19.2%). FA cables are of being related to so-called private-sector capex and they are adopted for machine tools, industrial machinery, automotive facilities and semiconductor / liquid crystal facilities. Amongst others, FA cables are often used in areas surrounding factory automation (FA) within the facilities and thus they are named after this feature. Meanwhile, FA cables are characterized by an aspect that they are not exposed to changes in Copper Prices very much, given the fact that cost of sales is not exposed to that of copper very much (generating high added value in the first place).

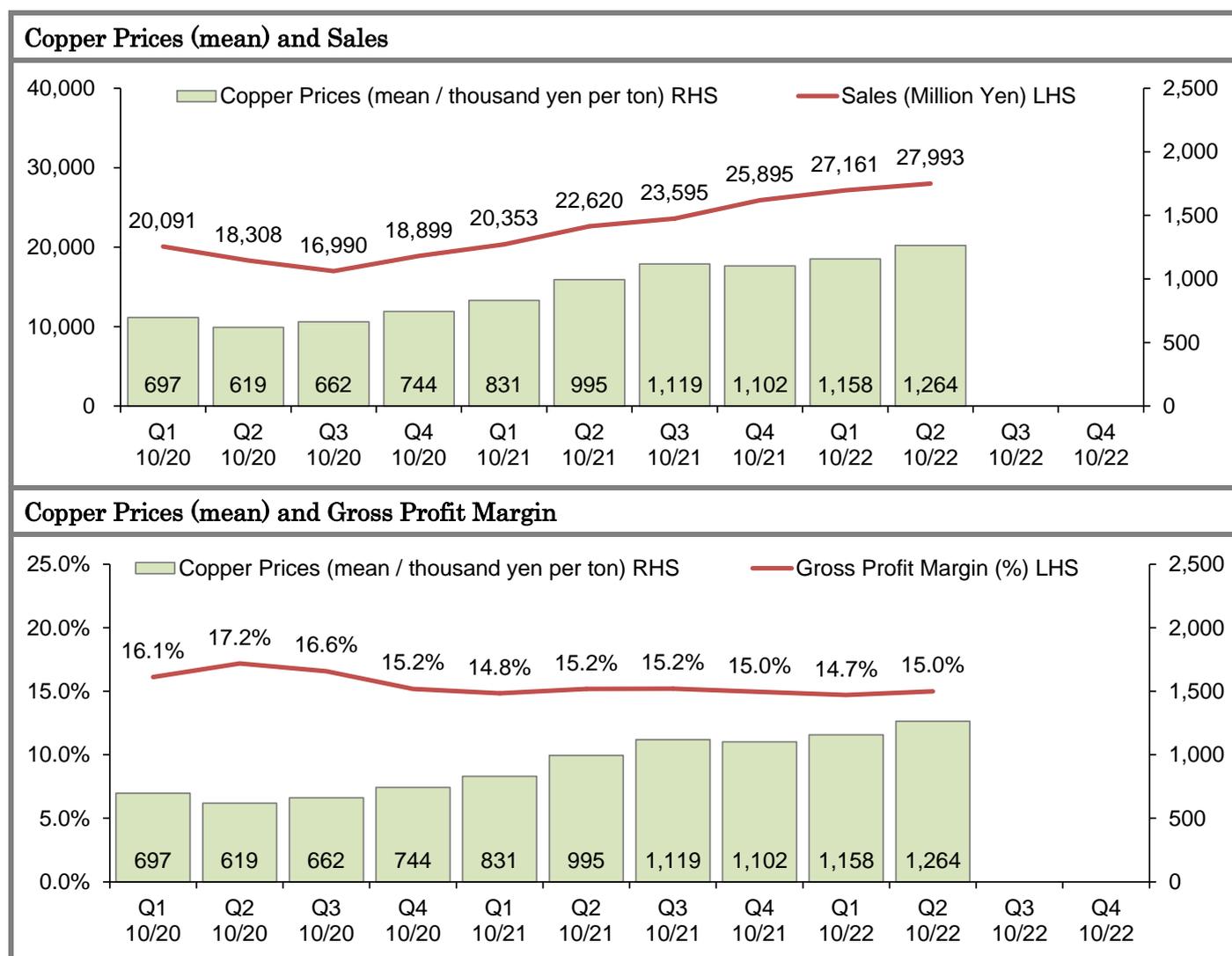
Meanwhile, FA cables are often delivered directly to end-users represented by semiconductor production equipment manufacturers and automobile manufacturers. Further, the Company is deeply involved in “original products” (catering to the unique needs of all those end-users), which are manufactured through its joint development with smaller manufacturers of electric cables, i.e., suppliers for the Company. In other words, FA cables have high added value in the first place, on top of which they often incrementally create added value on the occasion of involvement with “original products,” resulting in gross profit margin far higher than any other categories.

In Q1 to Q2, the Company says that there was a major upward trend for demand related to so-called private-sector capex. For the domain associated with semiconductors, this has been the case for some time and such trend appears to be accelerating most recently in Japan. Thus, it is also the case for the Company to be increasingly required to cope with tight supply-demand conditions. Meanwhile, for the domain associated with machine tools, the Company says that a recovery of demand is beginning to spread to wider ranges. The recovery in appetite for capex, which had previously been limited to some industries, is now recognized as a general trend. It is implied that replacement of equipment, which had been postponed, has begun, while capex to increase production capacity has been trending firmly. The Company intends to continue steadily capturing demand generated by all those developments.

For the domain associated with automobiles, the Company is now recognizing the direction of a large increase in capex related to electric vehicles, although inevitably suffering from a negative impact of reduced production volume due mainly to shortage of components at the moment. It is implied that the 26th Session of Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26, 31 October 2021 to 12 November) has led to this recognition. The Company says that it will focus on batteries and/or accumulators by application, i.e., literally associated with automobiles rather than electric vehicles themselves, given a factor that demand is firm for “original products” carrying particularly high added value with respect to all those applications.

Power Cables (35.9% of sales)

Sales of power cables came in at ¥18,746m (up 30.0%), while FY10/2022 Company forecasts are going for prospective sales of ¥37,000m (up 19.4%). Power cables or so-called construction-related are used to supply electric power for all types of architecture. The ratio of copper to cost of sales is said to be as high as 80%, suggesting a low level of added value and thus gross profit margin. Meanwhile, it appears that soaring Copper Prices for Q1 to Q2 led to increase in sales and decrease in gross profit margin. The former significantly contributed to sales for the Company as a whole, while the latter was the reason why gross profit margin was marginally under pressure for the Company as a whole.



Source: Company Data, WRJ Calculation

Copper Prices represents standard value of three nines electrolyte copper after electrolyte refining, i.e., market prices of copper decided and quoted in terms of yen by JX Nippon Mining & Metals Corporation (wholly-owned by ENEOS Holdings, Inc.) and/or its trades, based on transaction prices of copper quoted by London Metal Exchange in terms of local currency (thereby changes in forex rate also being influential). According to the Company, Copper Prices (mean) for Q1 to Q2 FY10/2022 came in at ¥1,211 thousand per ton, having increased by no less than 32.6% over the same period of the previous year, i.e., from ¥913 thousand per ton for Q1 to Q2 FY10/2021. Meanwhile, FY10/2022 Company forecasts assume ¥1,200 thousand per ton versus ¥1,012 thousand per ton for FY10/2021, implying a rise by 18.6%. For power cables, which are made mainly from copper, the Company sees purchase prices being changed almost in line with changes in Copper Prices. In light of this, the Company has set up a scheme for Copper Prices to be passed on to unit selling prices and this did work well this time too as it has been the case.

The Company adopts moving average cost method in evaluating inventory (purchased merchandises) and thus increased purchase prices are immediately passed on to cost of sales, while the same applies to changes in Copper Prices to purchase prices as far as we could see. However, it takes a while to pass that on to the Company's unit selling prices, implying that power cables see gross profit margin being under pressure when Copper Prices is rising. For example, the Company saw surging Copper Prices and thus surging sales for power cables for Q1 to Q2 FY10/2021, while gross profit margin must have declined to an extent of corresponding to a delay of "passing on" to the Company's unit selling prices. Meanwhile, the Company says that the converse is also true. For example, sales for the Company as a whole declined for Q2 over Q1 in FY10/2020 in accordance with a decline in Copper Prices, while gross profit margin improved due to this mechanism.

Covered Cables (9.8% of sales)

Sales of covered cables came in at ¥5,138m (up 23.9%), while FY10/2022 Company forecasts are going for prospective sales of ¥10,000m (up 12.7%). Covered cables are also of so-called construction-related as in the above-mentioned power cables. The difference between the two is whether they are applied for trunk lines or branch lines (and/or for housings), respectively, power cables and covered cables. Meanwhile, a scheme similar to the above-mentioned power cables has been introduced and it appears that covered cables also experienced an increase in sales and a decrease in gross profit margin on the occasion of soaring Copper Prices.

Other Cables (5.2% of sales)

Sales of other cables came in at ¥2,714m (up 33.7%), while FY10/2022 Company forecasts are going for prospective sales of ¥5,500m (up 20.8%). Other cables are of stocking and selling for so-called bare electric cables, purchasing them from major manufacturers of electric cables to sell to smaller ones. Effectively, the Company simply trades copper itself in a sense, creating exceptionally low added value and thus gross profit margin. On top of this, the size of sales is small and thus they have almost nothing to do with performance for the Company as a whole.

Non-Cables (15.4% of sales)

Sales of non-cables came in at ¥8,048m (up 29.6%), while FY10/2022 Company forecasts are going for prospective sales of ¥15,500m (up 18.1%). For non-cables, the Company literally sees all the rest of sales but for those of stocking and selling for the above-mentioned electric cables. The Company suggests that sales of non-cables comprise those of merchandises related to natural energy (e.g., photovoltaics), merchandises related to processing, merchandises related to harness, cable accessories and materials to process terminals, for example.

Income Statement (Cumulative/Quarterly)

Income 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.
	10/2021	10/2021	10/2021	10/2021	10/2022	10/2022	10/2022	10/2022		
Sales	20,353	42,973	66,568	92,463	27,161	55,154	-	-	-	+12,181
Cost of Sales	17,331	36,514	56,522	78,542	23,168	46,962	-	-	-	+10,448
Gross Profit	3,021	6,458	10,045	13,921	3,993	8,191	-	-	-	+1,733
SG&A Expenses	2,300	4,553	6,801	9,177	2,334	4,655	-	-	-	+102
Operating Profit	720	1,905	3,243	4,743	1,658	3,536	-	-	-	+1,631
Non Operating Balance	99	185	263	261	108	177	-	-	-	(8)
Recurring Profit	819	2,090	3,506	5,004	1,766	3,713	-	-	-	+1,623
Extraordinary Balance	-	-	-	104	-	-	-	-	-	-
Profit before Income Taxes	819	2,090	3,506	5,109	1,766	3,713	-	-	-	+1,623
Total Income Taxes	270	641	984	1,500	556	1,191	-	-	-	+550
NP Belonging to Non-Controlling SHs	0	6	17	24	15	29	-	-	-	+23
Profit Attributable to Owners of Parent	549	1,442	2,503	3,583	1,194	2,491	-	-	-	+1,049
Sales YoY	+1.3%	+11.9%	+20.2%	+24.5%	+33.5%	+28.3%	-	-	-	-
Operating Profit YoY	(12.0%)	+5.6%	+35.1%	+51.8%	+130.2%	+85.6%	-	-	-	-
Recurring Profit YoY	(7.0%)	+9.3%	+34.8%	+47.9%	+115.7%	+77.6%	-	-	-	-
Profit Attributable to Owners of Parent YoY	(10.9%)	+9.2%	+40.1%	+52.4%	+117.3%	+72.7%	-	-	-	-
Gross Profit Margin	14.8%	15.0%	15.1%	15.1%	14.7%	14.9%	-	-	-	(0.1%)
SGA Ratio	11.3%	10.6%	10.2%	9.9%	8.6%	8.5%	-	-	-	(2.1%)
Operating Profit Margin	3.5%	4.4%	4.9%	5.1%	6.1%	6.4%	-	-	-	+2.0%
Recurring Profit Margin	4.0%	4.9%	5.3%	5.4%	6.5%	6.7%	-	-	-	+1.9%
Profit Attributable to Owners of Parent Margin	2.7%	3.4%	3.8%	3.9%	4.4%	4.5%	-	-	-	1.2%
Tax Charges etc. / Pretax Profit	33.0%	30.7%	28.1%	29.4%	31.5%	32.1%	-	-	-	+1.4%
Income Statement	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.
	10/2021	10/2021	10/2021	10/2021	10/2022	10/2022	10/2022	10/2022		
Sales	20,353	22,620	23,595	25,895	27,161	27,993	-	-	-	+5,373
Cost of Sales	17,331	19,183	20,008	22,020	23,168	23,794	-	-	-	+4,611
Gross Profit	3,021	3,437	3,587	3,876	3,993	4,198	-	-	-	+761
SG&A Expenses	2,300	2,253	2,248	2,376	2,334	2,321	-	-	-	+68
Operating Profit	720	1,185	1,338	1,500	1,658	1,878	-	-	-	+693
Non Operating Balance	99	86	78	(2)	108	69	-	-	-	(17)
Recurring Profit	819	1,271	1,416	1,498	1,766	1,947	-	-	-	+676
Extraordinary Balance	-	-	-	104	-	-	-	-	-	-
Profit before Income Taxes	819	1,271	1,416	1,603	1,766	1,947	-	-	-	+676
Total Income Taxes	270	371	343	516	556	635	-	-	-	+264
NP Belonging to Non-Controlling SHs	0	6	11	7	15	14	-	-	-	+8
Profit Attributable to Owners of Parent	549	893	1,061	1,080	1,194	1,297	-	-	-	+404
Sales YoY	+1.3%	+23.6%	+38.9%	+37.0%	+33.5%	+23.8%	-	-	-	-
Operating Profit YoY	(12.0%)	+20.2%	+124.1%	+107.5%	+130.2%	+58.5%	-	-	-	-
Recurring Profit YoY	(7.0%)	+23.3%	+105.5%	+91.6%	+115.7%	+53.2%	-	-	-	-
Profit Attributable to Owners of Parent YoY	(10.9%)	+26.8%	+127.2%	+91.5%	+117.3%	+45.2%	-	-	-	-
Gross Profit Margin	14.8%	15.2%	15.2%	15.0%	14.7%	15.0%	-	-	-	(0.2%)
SGA Ratio	11.3%	10.0%	9.5%	9.2%	8.6%	8.3%	-	-	-	(1.7%)
Operating Profit Margin	3.5%	5.2%	5.7%	5.8%	6.1%	6.7%	-	-	-	+1.5%
Recurring Profit Margin	4.0%	5.6%	6.0%	5.8%	6.5%	7.0%	-	-	-	+1.3%
Profit Attributable to Owners of Parent Margin	2.7%	3.9%	4.5%	4.2%	4.4%	4.6%	-	-	-	+0.7%
Tax Charges etc. / Pretax Profit	33.0%	29.2%	24.2%	32.2%	31.5%	32.6%	-	-	-	+3.3%

Source: Company Data, WRJ Calculation

Sales by Category (Cumulative/Quarterly)

Sales by Category	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	Q1 to Q4	Net Chg.
	10/2021	10/2021	10/2021	10/2021	10/2022	10/2022	10/2022	10/2022	10/2022	
FA Cables	6,259	13,422	21,010	29,353	8,575	17,632	-	-	-	+4,210
Power Cables	6,921	14,421	22,136	30,995	9,256	18,746	-	-	-	+4,325
Covered Cables	1,956	4,147	6,387	8,872	2,601	5,138	-	-	-	+991
Other Cables	931	2,030	3,328	4,552	1,322	2,714	-	-	-	+684
Non-Cables	3,053	6,208	9,427	13,126	4,038	8,048	-	-	-	+1,840
Sales (on a Parent basis)	19,122	40,230	62,288	86,900	25,792	52,280	-	-	-	+12,050
Consolidated Add-ons	1,231	2,743	4,280	5,563	1,369	2,874	-	-	-	+131
Sales	20,353	42,973	66,568	92,463	27,161	55,154	-	-	-	+12,181
FA Cables	(3.2%)	+5.6%	+14.5%	+20.8%	+37.0%	+31.4%	-	-	-	-
Power Cables	+0.0%	+14.6%	+24.6%	+28.2%	+33.7%	+30.0%	-	-	-	-
Covered Cables	+9.7%	+20.4%	+25.6%	+28.5%	+33.0%	+23.9%	-	-	-	-
Other Cables	+7.1%	+25.2%	+48.2%	+48.2%	+42.0%	+33.7%	-	-	-	-
Non-Cables	+7.2%	+12.1%	+15.0%	+17.8%	+32.3%	+29.6%	-	-	-	-
Sales (on a Parent basis)	+1.3%	+12.1%	+20.6%	+25.0%	+34.9%	+30.0%	-	-	-	-
Consolidated Add-ons	+2.0%	+9.7%	+14.1%	+16.4%	+11.2%	+4.8%	-	-	-	-
Sales (YoY)	+1.3%	+11.9%	+20.2%	+24.5%	+33.4%	+28.3%	-	-	-	-
FA Cables	32.7%	33.4%	33.7%	33.8%	33.2%	33.7%	-	-	-	-
Power Cables	36.2%	35.8%	35.5%	35.7%	35.9%	35.9%	-	-	-	-
Covered Cables	10.2%	10.3%	10.3%	10.2%	10.1%	9.8%	-	-	-	-
Other Cables	4.9%	5.0%	5.3%	5.2%	5.1%	5.2%	-	-	-	-
Non-Cables	16.0%	15.5%	15.1%	15.1%	15.7%	15.4%	-	-	-	-
Sales (on a Parent basis)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-
Sales (on a Parent basis)	94.0%	93.6%	93.6%	94.0%	95.0%	94.8%	-	-	-	-
Consolidated Add-ons	6.0%	6.4%	6.4%	6.0%	5.0%	5.2%	-	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-
Sales by Category	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	Q4	Net Chg.
	10/2021	10/2021	10/2021	10/2021	10/2022	10/2022	10/2022	10/2022	10/2022	
FA Cables	6,259	7,163	7,588	8,343	8,575	9,057	-	-	-	+1,894
Power Cables	6,921	7,500	7,715	8,859	9,256	9,490	-	-	-	+1,990
Covered Cables	1,956	2,191	2,240	2,485	2,601	2,537	-	-	-	+346
Other Cables	931	1,099	1,298	1,224	1,322	1,392	-	-	-	+293
Non-Cables	3,053	3,155	3,219	3,699	4,038	4,010	-	-	-	+855
Sales (on a Parent basis)	19,122	21,108	22,058	24,612	25,792	26,488	-	-	-	+5,380
Consolidated Add-ons	1,231	1,512	1,537	1,283	1,369	1,505	-	-	-	(7)
Sales	20,353	22,620	23,595	25,895	27,161	27,993	-	-	-	+5,373
FA Cables	(3.2%)	+14.7%	+34.6%	+40.1%	+37.0%	+26.4%	-	-	-	-
Power Cables	+0.0%	+32.4%	+49.0%	+38.2%	+33.7%	+26.5%	-	-	-	-
Covered Cables	+9.7%	+31.9%	+36.3%	+36.6%	+33.0%	+15.8%	-	-	-	-
Other Cables	+7.1%	+46.1%	+108.0%	+65.0%	+42.0%	+26.7%	-	-	-	-
Non-Cables	+7.2%	+17.2%	+21.0%	+25.7%	+32.3%	+27.1%	-	-	-	-
Sales (on a Parent basis)	+1.3%	+24.1%	+40.1%	+37.7%	+34.9%	+25.5%	-	-	-	-
Consolidated Add-ons	+2.0%	+16.8%	+22.9%	+24.7%	+11.2%	(0.5%)	-	-	-	-
Sales (YoY)	+1.3%	+23.6%	+38.9%	+37.0%	+33.4%	+23.8%	-	-	-	-
FA Cables	32.7%	33.9%	34.4%	33.9%	33.2%	34.2%	-	-	-	-
Power Cables	36.2%	35.5%	35.0%	36.0%	35.9%	35.8%	-	-	-	-
Covered Cables	10.2%	10.4%	10.2%	10.1%	10.1%	9.6%	-	-	-	-
Other Cables	4.9%	5.2%	5.9%	5.0%	5.1%	5.3%	-	-	-	-
Non-Cables	16.0%	14.9%	14.6%	15.0%	15.7%	15.1%	-	-	-	-
Sales (on a Parent basis)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-
Sales (on a Parent basis)	94.0%	93.3%	93.5%	95.0%	95.0%	94.6%	-	-	-	-
Consolidated Add-ons	6.0%	6.7%	6.5%	5.0%	5.0%	5.4%	-	-	-	-
Sales (Composition Ratio)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	YoY Net Chg.							
	Q1 10/2021	Q2 10/2021	Q3 10/2021	Q4 10/2021	Q1 10/2022	Q2 10/2022	Q3 10/2022	Q4 10/2022		
Cash and Deposit	18,651	23,778	23,805	26,335	27,588	27,806	-	-	-	+4,028
Accounts Receivables	22,498	24,215	26,263	28,852	29,251	31,750	-	-	-	+7,535
Inventory	4,324	4,534	4,956	4,916	5,643	6,827	-	-	-	+2,293
Other	217	288	245	230	151	267	-	-	-	(21)
Current Assets	45,690	52,815	55,269	60,333	62,633	66,650	-	-	-	+13,835
Tangible Assets	17,664	17,568	17,457	17,287	17,183	17,580	-	-	-	+12
Intangible Assets	110	105	103	110	127	290	-	-	-	+185
Investments and Other Assets	5,709	5,948	6,044	6,259	6,081	6,189	-	-	-	+241
Fixed Assets	23,483	23,621	23,605	23,657	23,391	24,060	-	-	-	+439
Total Assets	69,175	76,437	78,874	83,990	86,025	90,710	-	-	-	+14,273
Accounts Payables	24,267	30,206	32,317	35,628	38,136	39,373	-	-	-	+9,167
Short-Term Debt	105	105	105	105	105	430	-	-	-	+325
Other	1,563	2,133	1,786	2,693	1,894	3,177	-	-	-	+1,044
Current Liabilities	25,935	32,444	34,208	38,426	40,135	42,980	-	-	-	+10,536
Corporate Bond	-	-	-	-	-	214	-	-	-	+214
Long-Term Debt	-	-	-	-	-	238	-	-	-	+238
Other	2,628	2,653	2,691	2,678	2,686	2,894	-	-	-	+241
Fixed Liabilities	2,628	2,653	2,691	2,678	2,686	3,346	-	-	-	+693
Total Liabilities	28,564	35,097	36,899	41,104	42,821	46,327	-	-	-	+11,230
Shareholders' Equity	39,919	40,547	41,022	41,818	42,193	43,314	-	-	-	+2,767
Other	692	792	953	1,068	1,010	1,069	-	-	-	+277
Net Assets	40,611	41,339	41,975	42,886	43,203	44,383	-	-	-	+3,044
Total Liabilities and Net Assets	69,175	76,437	78,874	83,990	86,025	90,710	-	-	-	+14,273
Equity Capital	40,474	41,190	41,813	42,725	43,022	44,186	-	-	-	+2,996
Interest Bearing Debt	105	105	105	105	105	882	-	-	-	+777
Net Debt	(18,546)	(23,673)	(23,700)	(26,230)	(27,483)	(26,924)	-	-	-	(3,251)
Capital Ratio	58.5%	53.9%	53.0%	50.9%	50.0%	48.7%	-	-	-	-
Net Debt Equity Ratio	(45.8%)	(57.5%)	(56.7%)	(61.4%)	(63.9%)	(60.9%)	-	-	-	-
ROE (12 months)	5.7%	6.1%	7.5%	8.6%	10.1%	10.9%	-	-	-	-
ROA (12 months)	4.8%	5.0%	6.0%	6.6%	7.7%	7.9%	-	-	-	-
Months for Inventory Turnover	0.64	0.60	0.63	0.57	0.62	0.73	-	-	-	-
Quick Ratio	159%	148%	146%	144%	142%	139%	-	-	-	-
Current Ratio	176%	163%	162%	157%	156%	155%	-	-	-	-

Source: Company Data, WRJ Calculation

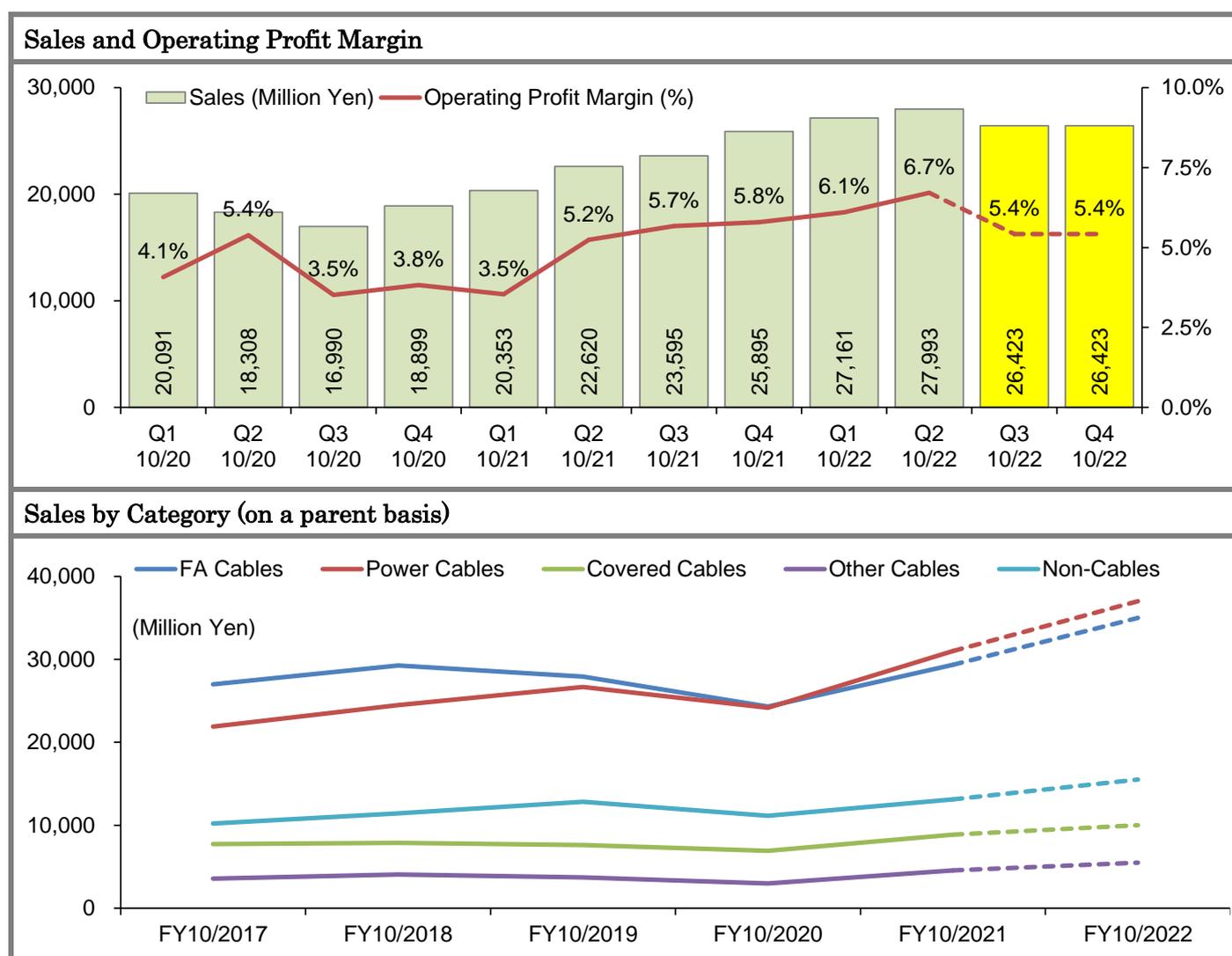
Cash Flow Statement (Cumulative)

Cash Flow 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 10/2021	Q1 to Q2 10/2021	Q1 to Q3 10/2021	Q1 to Q4 10/2021	Q1 10/2022	Q1 to Q2 10/2022	Q1 to Q3 10/2022	Q1 to Q4 10/2022		
Operating Cash Flow	-	6,004	-	9,397	-	2,536	-	-	-	(3,468)
Investing Cash Flow	-	117	-	63	-	(187)	-	-	-	(304)
Operating Cash Flow and Investing Cash Flow	-	6,121	-	9,460	-	2,349	-	-	-	(3,772)
Financing Cash Flow	-	(852)	-	(1,742)	-	(972)	-	-	-	(120)

Source: Company Data, WRJ Calculation

FY10/2022 Company Forecasts

FY10/2022 Company forecasts (announced on 2 June 2022) are going for prospective sales of ¥108,000m (up 16.8% YoY), operating profit of ¥6,400m (up 34.9%), recurring profit of ¥6,700m (up 33.9%) and profit attributable to owners of parent of ¥4,600m (up 28.4%), while operating profit margin of 5.9% (up 0.8% points). Initial Company forecasts (announced on 8 December 2021) were revised up, when the Q1 results were announced (on 3 March 2022), which was followed by another upward revision announced at the announcement of Q1 to Q2 results (on 6 June 2022). For the latter, the Company has revised up prospective sales by ¥8,000m (8.0%) and ¥1,100m (20.8%) for operating profit. According to the Company, the background to this upward revision is basically that so-called private-sector capex has been showing a major upward trend, while implying that Company forecasts for H2 are based on assumptions rather conservative.

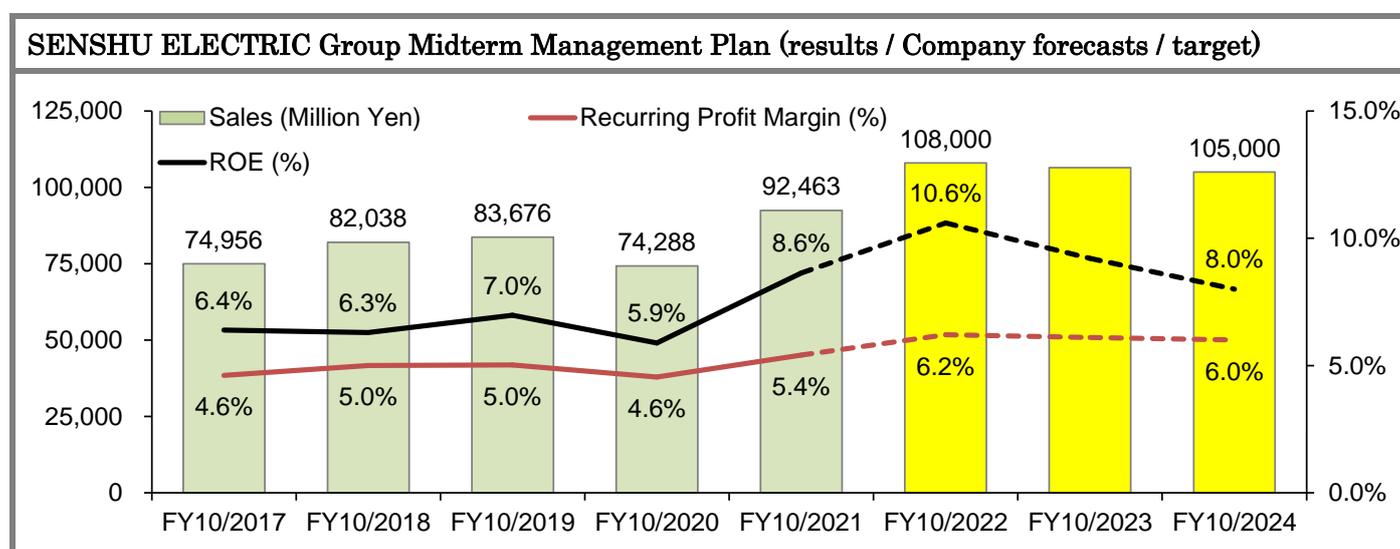


Source: Company Data, WRJ Calculation

Meanwhile, the Company has also raised its prospective annual dividend on the occasion of upward revision at the announcement of Q1 to Q2 results, currently going for ¥120.00 per share (¥60.00 as of the end of Q2 and ¥60.00 as of the end of Q4), implying payout ratio of 23.3% versus ¥100.00 per share (¥50.00 as of the end of Q2 and ¥50.00 as of the end of Q4) for initial Company forecasts, suggesting an upward revision by ¥20.00. When compared with actual results of ¥90.00 (¥40.00 as of the end of Q2 and ¥50.00 as of the end of Q4), implying payout ratio of 23.2%, the Company is now going for an increase of dividend by ¥30.00, which is expected to lead to increased dividend for the 9th consecutive year for FY10/2022. On top of this, the Company is currently in the process of buying back own shares (100,000 in the number of shares to be acquired and ¥600m in the amount through 3 June 2022 to 31 October), suggesting shareholder return rate of 47.4% for FY10/2022, almost as high as the actual results of 50.9% for FY10/2021.

Long-Term Prospects

The Company suggests that it is currently in the process of upgrading performance target of its existing midterm management plan. On top of upward trends in private-sector capex, soaring Copper Prices is another issue totally unexpected. On 9 December 2020, the Company announced SENSHU ELECTRIC Group Midterm Management Plan (FY10/2021-FY10/2024), while the actual results for FY10/2021, the first year to the plan, were far better than the assumptions, i.e., by ¥10,363m (12.6%) for sales and ¥1,454m (41.0%) for recurring profit. Meanwhile, on 8 December 2021, it was announced that the issue has led to upward revision of the performance target for FY10/2024, the final year on the plan, i.e., by ¥5,000m (5.0%) for sales and ¥1,300m (26.0%) for recurring profit.



Source: Company Data, WRJ Calculation

Consequently, the Company is calling for prospective sales of ¥105,000m, recurring profit of ¥6,300m and recurring profit margin of 6.0% for FY10/2024, the final year of the plan, while the target for ROE has remained unchanged at 8.0% or more. However, FY10/2022 Company forecasts (announced on 2 June 2022) currently assume each target will be achievable in the said year with no exceptions. It appears that the Company has a plan to revise up the performance target again for FY10/2024, the final year of the plan, by means of estimating the future impacts from the above-mentioned unexpected factors in light of the actual results of FY10/2022.

Disclaimer

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.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: <https://walden.co.jp/>

E-mail: info@walden.co.jp

Tel: 81-(0)3-3553-3769
