

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)
FY10/2021		92,463	4,743	5,004	3,583	193.75	45.00	2,342.59
FY10/2022		113,633	7,464	7,894	5,314	294.03	70.00	2,578.24
FY10/2023CoE		118,200	7,800	8,100	5,500	310.92	80.00	-
FY10/2022	YoY	22.9%	57.4%	57.8%	48.3%	-	-	-
FY10/2023CoE	YoY	4.0%	4.5%	2.6%	3.5%	-	-	-
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 FY10/2022		55,154	3,536	3,713	2,491	-	-	-
Q3 to Q4 FY10/2022		58,479	3,928	4,181	2,823	-	-	-
Q1 to Q2 FY10/2023CoE		56,600	3,650	3,800	2,580	-	-	-
Q3 to Q4 FY10/2023CoE		61,600	4,150	4,300	2,920	-	-	-
Q1 to Q2 FY10/2023CoE	YoY	2.6%	3.2%	2.3%	3.5%	-	-	-
Q3 to Q4 FY10/2023CoE	YoY	5.3%	5.7%	2.8%	3.4%	-	-	-

Source: Company Data, WRJ Calculation (per share data: retroactively adjusted for one-for-two share split on 1 November 2022)

1.0 Executive Summary (24 January 2023)

Making Record Earnings


SENSHU ELECTRIC, technology-oriented trading house mainly of electric cables, has achieved a significant increase in earnings for FY10/2022, having made record earnings far higher than the latest ones. More importantly, the Company is going for a further growth from a long-term perspective. With respect to FA cables related to so-called private sector capex, the Company's key earnings pillar, demand associated with semiconductor production equipment is expanding faster than expected, while demand associated with automobiles and machine tools is recovering to an extent beyond expectations. Meanwhile, with respect to power cables and other allied merchandises, i.e., so-called construction-related, the Company sees a hike more than expected in copper prices, which are supposed to have a direct impact on selling prices of all those merchandises resulting in sales higher to a corresponding extent. At the end of the day, the Company has achieved the performance target for FY10/2024, the final year of the existing midterm management plan (FY10/2022 to FY10/2024) for FY10/2022, the first year of the plan, having formulated a new midterm management plan (FY10/2023 to FY10/2025) where the Company is calling for prospective sales of ¥125,000m and recurring profit of ¥8,500m for FY10/2025, the final year of the plan, implying CAGR of 3.2% for sales and 2.5% for earnings, when setting the FY10/2022 results as the point of origin. By the way, the Company says that it is actually targeting growth higher even in a short-term view.

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 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 October 2022)	
No. of Shares	21,000,000 shares, including 3,110,570 treasury shares (as of the end of Oct. 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	SWCC Showa Holdings 11.17%, Motohide Nishimura 8.86%, BBH Fidelity Low-Priced Stock Fund 7.77% (as of the end of October 2022, but for treasury shares)	
Head Office	Suita-city, Osaka-prefecture, JAPAN	
No. of Personnel	Consolidated: 796, Parent: 537 (as of the end of October 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 Tokyo Stock Exchange Prime Market on the occasion of transition to a new segmentation in the market. Meanwhile, 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, social and corporate governance).

The Company also demonstrates a proactive stance towards 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 Social. According to the Company, the "electric cables" dealt in by itself correspond to "vascular and nervous system" in the human body and there are always "electric cables" wherever there is electricity and "electric cables" are indispensable products that support modern society, albeit rather quiet. Based on this belief, the above-mentioned materiality is raised, according to the Company.

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 the 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 with operations through its subsidiaries based in Japan (7 in the number) and subsidiaries overseas (7 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, i.e., 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 of 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 operations by category.

"Original Products"

With respect to FA cables, responsible for demand related to so-called private sector capex, which is the mainstay source of earnings for the Company as a whole, there is a deep involvement with "original products" to create particularly high added value. "Original products" catering to unique needs of end users represented by semiconductor manufacturing equipment manufacturers and automakers are co-developed with smaller manufactures of electric cables, which are suppliers for the Company, creating further 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, which enables the Company to incrementally create added value to a corresponding extent with the operations.

Distribution of Goods

The Company's suppliers, manufacturers (mainly smaller and/or mid-sized) of electric cables 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 system of trading houses, including the Company, for delivery to ones other than the major end users to a large extent. For the Company, the mainstay distribution of goods 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), while also been involved with operations to directly supply end users, apart from here, which is called direct demand.

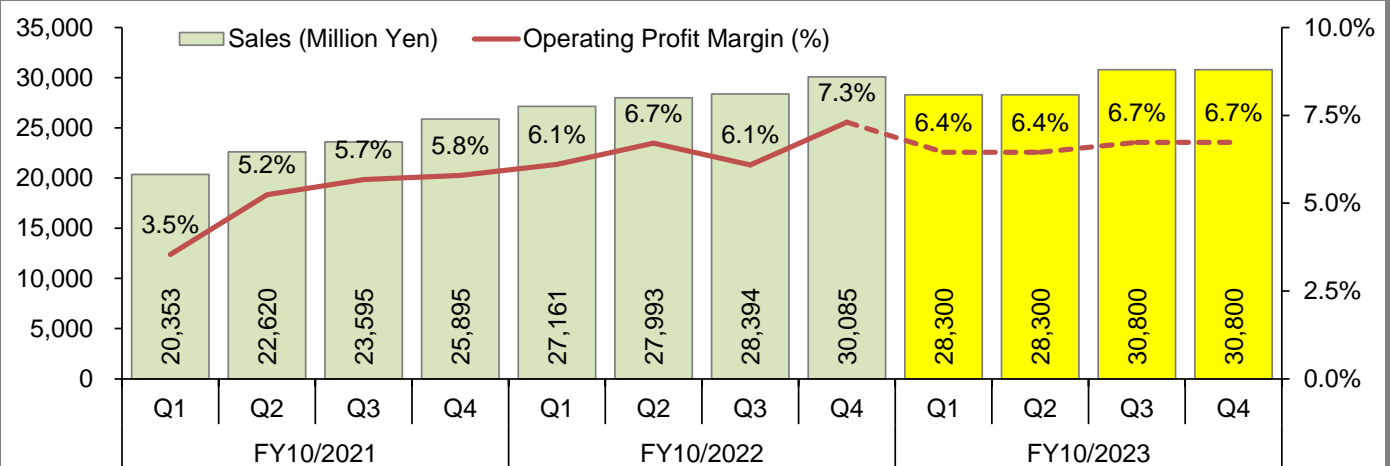
In terms of the actual results of FY10/2022, sales associated with electrical facilities materials sales companies accounted for 44.9% of total by sales channel, while 30.6% for direct demand and 19.5% for electrical construction companies. Meanwhile, end users in direct demand are mainly related to 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

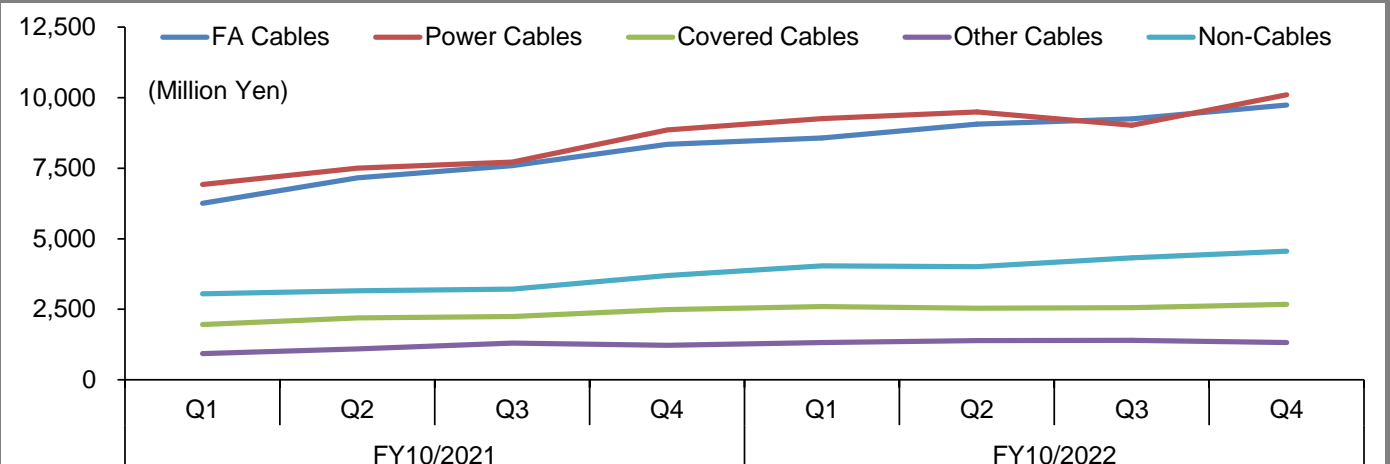
FY10/2022

For FY10/2022, sales came in at ¥113,633m (up 22.9% YoY), operating profit ¥7,464m (up 57.4%), recurring profit ¥7,894m (up 57.8%) and profit attributable to owners of parent ¥5,314m (up 48.3%). Meanwhile, gross profit came in at ¥17,093m (up 22.8%) and SG&A expenses ¥9,629m (up 4.9%), implying gross profit margin of 15.0% (down 0.1% point) and SG&A ratio of 8.4% (down 1.6% points), having resulted in operating profit margin of 6.6% (up 1.5% points). It should have been the case that the Company benefited a lot from effect on increased sales due to its capability to respond to surging sales with limited increase in SG&A expenses. The Company suggests that it has been steady making progress in improving efficiency in various aspects of its operations, which led to the increase in SG&A expenses minimally suppressed.

Sales and Operating Profit Margin



Sales by Category (on a parent basis)



Source: Company Data, WRJ Calculation (quarters in FY10/2023: half-year Company forecasts, pro rata)

On a parent basis, meanwhile, sales came in at ¥107,221m (up 23.4%), operating profit ¥6,607m (up 65.1%) and operating profit margin 6.2% (up 1.6% points), having accounted for 94.4% of sales for the Company as a whole and 88.5% of operating profit. In other words, the Company's performance hinges on that of parent company to a large extent. In fact, the Company has basically focused on performance on a parent basis in its [video presentation for FY10/2022](#), while the gist is as follows:

FA Cables (34.2% of sales)

Sales of FA cables came in at ¥36,618m (up 24.8%). FA cables are of being related to so-called private sector capex and they are adopted for semiconductor / liquid crystal facilities, automotive facilities, machine tools and industrial machinery. Amongst others, FA cables are often used in areas surrounding factory automation (FA) within all those 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 as the cost of copper is limited out of total cost of sales in terms of ratio (high value added 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 with “original products” (catering to unique needs of all those end users), which are manufactured through its co-development with smaller manufactures 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.

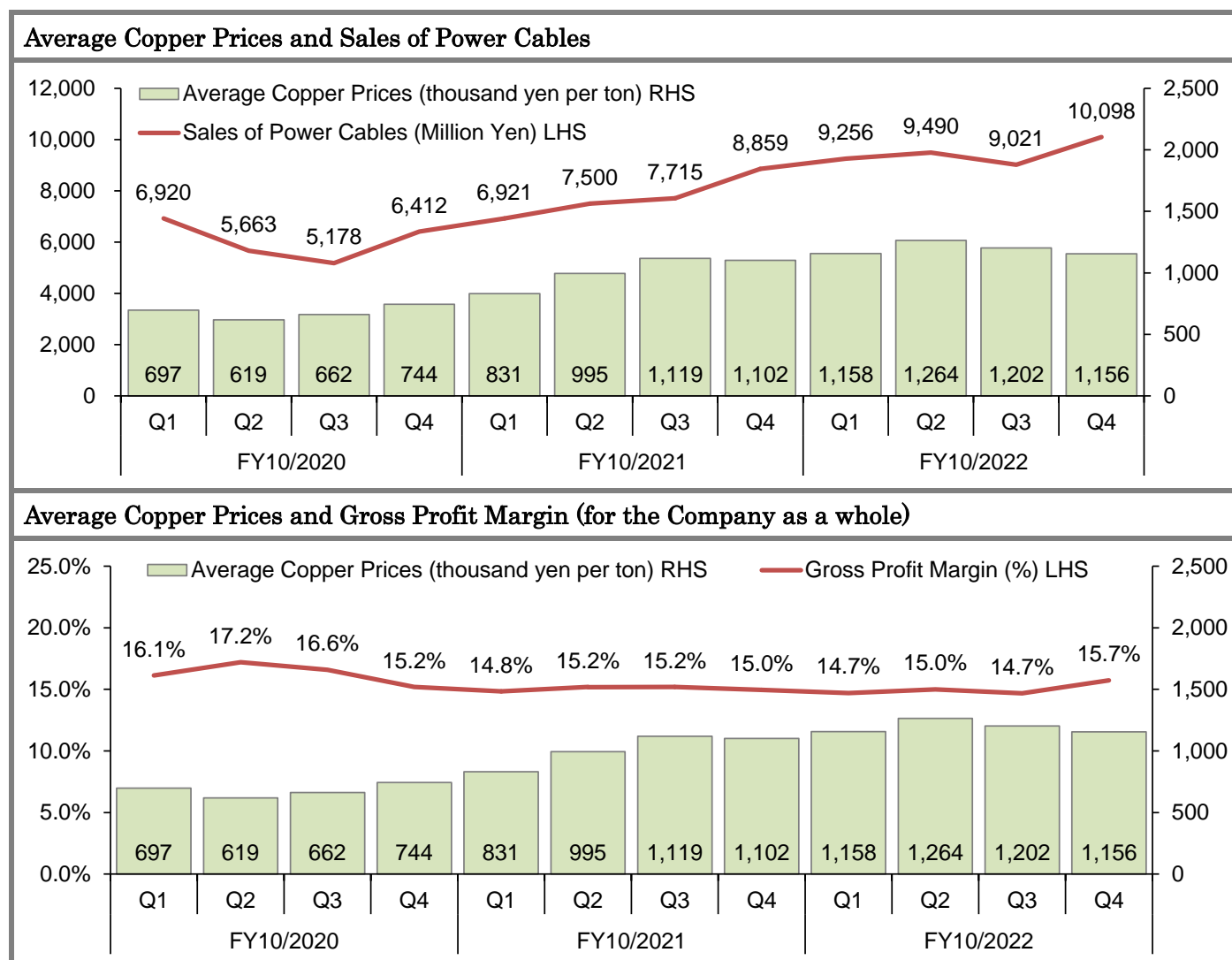
Sales have surged for FY10/2022 due to strengths across the board in each domain. In the domain of semiconductor / liquid crystal facilities, the Company suggests that demand associated with semiconductor production equipment continues to be very strong. Although recent market trends indicate that the semiconductor supply-demand balance has become rather relaxed, the Company believes that the robust demand for innovative semiconductor production equipment, with which it is deeply involved, is likely to continue into the future. In the domain of automotive facilities, the Company suggests that demand is on the verge of showing a trend of recovery, having observed that the adjustment phase in automobile production volume due to the shortage of semiconductors is coming to an end, which is to lead to the beginning of a transition to the phase of increased production volume.

Meanwhile, in the domain of machine tools, demand trends are improving on a global basis, according to the Company. It has been some three years since the Corona disaster struck and it is believed that the post-Corona trends are currently beginning to emerge. For example, the Company is beginning to see increased demand from its customers based in Japan as they build and/or expand their facilities, which is said to be attributable to the fact that the supply chain has been disrupted by the Corona disaster and that yen has been depreciated. That is to say, it is recognized that one of the measures to reduce the impact of supply chain disruptions is to strengthen domestic production in Japan. In addition, the fact that export profitability is improving due to yen's depreciation is likely to accelerate this trend.

Finally, in the domain of industrial machinery, there are indications that demand associated with robots has been strong. Following the trend towards automation and unmanned factories with the introduction of robots, when the Corona disaster had a major impact, the current major theme is the elimination of labor shortages, which has a new aspect for strengths in demand associated with robots.

Power Cables (35.3% of sales)

Sales of power cables came in at ¥37,865m (up 22.2%). Power cables or so-called construction-related are used to supply electric power for all types of architecture. The exposure to copper out of cost of sales is said to be as high as some 80%, suggesting a low level of added value and thus that of gross profit margin. The "cost of copper" here is strongly determined by trends in copper prices and the Company has established a scheme whereby the "cost of copper" is reflected in its unit selling prices after a certain time lag. For FY10/2022, the average copper prices (per ton) came in at ¥1,195,000, having risen by 18.1% over the previous year. Meanwhile, the Company suggests that the accompanying increase in selling prices was the main reason for the significant increase in sales of power cables.



Source: Company Data, [JX Nippon Mining & Metals Corporation](#), 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 currency exchange fluctuation also being influential). According to the Company, although "local currency transaction prices" turned from an uptrend to a downtrend for Q3 (May to July), the decline in copper prices remained limited. The same was true for Q4 (August to October). This was due to the significant depreciation of yen during the period under review.

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. Meanwhile, the Company says that the converse is also true. It appears that the trend of performance by power cables has an impact on performance for the Company as a whole, including gross profit margin, given a 35.3% exposure in sales on a parent basis (the key driver for performance for the Company as a whole). As the actual "passing on to selling prices" is influenced by the supply-demand balance and other factors and thus does not lead to the results as simply assumed by this scheme. Still, it appears that the Company's gross profit margin trends over the past 12 quarters have been somewhat affected by this scheme.

Covered Cables (9.7% of sales)

Sales of covered cables came in at ¥10,371m (up 16.9%). Covered cables are also of so-called construction related just like 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 basically the same as that of the above-mentioned power cables has been introduced and it appears that covered cables also experienced an increase in sales, etc. on the occasion of soaring copper prices.

Other Cables (5.1% of sales)

Sales of other cables came in at ¥5,436m (up 19.4%). 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. Meanwhile, it appears that other cable also benefited from soaring copper prices in sales, etc. as did covered cables.

Non-Cables (15.7% of sales)

Sales of non-cables came in at ¥16,929m (up 29.0%). For non-cables, the Company 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. In fact, the Company is literally, "technology-oriented trading house mainly of electric cables", while the non-core merchandises other than the core of "electric cables" are all included in non-cables.

Collectively, the Company has a large exposure to power cables, covered cables and other cables, whose performance is all highly affected by changes in copper prices. Given this, the Company has an aspect of trying to make progress in building a management structure that is less susceptible to the changes in copper price. For FY10/2022, it appears that the Company has favorably increased sales of non-cables with an objective of doing so.

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	83,548	113,633		+21,170
Cost of Sales	17,331	36,514	56,522	78,542	23,168	46,962	71,189	96,539		+17,997
Gross Profit	3,021	6,458	10,045	13,921	3,993	8,191	12,358	17,093		+3,172
SG&A Expenses	2,300	4,553	6,801	9,177	2,334	4,655	7,092	9,629		+452
Operating Profit	720	1,905	3,243	4,743	1,658	3,536	5,266	7,464		+2,721
Non Operating Balance	99	185	263	261	108	177	332	430		+169
Recurring Profit	819	2,090	3,506	5,004	1,766	3,713	5,598	7,894		+2,890
Extraordinary Balance	-	-	-	104	-	-	(15)	(15)		(119)
Profit before Income Taxes	819	2,090	3,506	5,109	1,766	3,713	5,582	7,878		+2,769
Total Income Taxes	270	641	984	1,500	556	1,191	1,774	2,508		+1,008
NP Belonging to Non-Controlling SHs	0	6	17	24	15	29	43	55		+31
Profit Attributable to Owners of Parent	549	1,442	2,503	3,583	1,194	2,491	3,764	5,314		+1,731
Sales YoY	+1.3%	+11.9%	+20.2%	+24.5%	+33.5%	+28.3%	+25.5%	+22.9%		-
Operating Profit YoY	(12.0%)	+5.6%	+35.1%	+51.8%	+130.2%	+85.6%	+62.3%	+57.4%		-
Recurring Profit YoY	(7.0%)	+9.3%	+34.8%	+47.9%	+115.7%	+77.6%	+59.7%	+57.8%		-
Profit Attributable to Owners of Parent YoY	(10.9%)	+9.2%	+40.1%	+52.4%	+117.3%	+72.7%	+50.4%	+48.3%		-
Gross Profit Margin	14.8%	15.0%	15.1%	15.1%	14.7%	14.9%	14.8%	15.0%		(0.1%)
SG&A Ratio	11.3%	10.6%	10.2%	9.9%	8.6%	8.5%	8.5%	8.4%		(1.6%)
Operating Profit Margin	3.5%	4.4%	4.9%	5.1%	6.1%	6.4%	6.3%	6.6%		+1.5%
Recurring Profit Margin	4.0%	4.9%	5.3%	5.4%	6.5%	6.7%	6.7%	6.9%		+1.5%
Profit Attributable to Owners of Parent Margin	2.7%	3.4%	3.8%	3.9%	4.4%	4.5%	4.5%	4.7%		0.8%
Tax Charges etc. / Pretax Profit	33.0%	30.7%	28.1%	29.4%	31.5%	32.1%	31.8%	31.8%		+2.5%
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	28,394	30,085		+4,190
Cost of Sales	17,331	19,183	20,008	22,020	23,168	23,794	24,227	25,350		+3,330
Gross Profit	3,021	3,437	3,587	3,876	3,993	4,198	4,167	4,735		+859
SG&A Expenses	2,300	2,253	2,248	2,376	2,334	2,321	2,437	2,537		+161
Operating Profit	720	1,185	1,338	1,500	1,658	1,878	1,730	2,198		+698
Non Operating Balance	99	86	78	(2)	108	69	155	98		+100
Recurring Profit	819	1,271	1,416	1,498	1,766	1,947	1,885	2,296		+798
Extraordinary Balance	-	-	-	104	-	-	(15)	0		(104)
Profit before Income Taxes	819	1,271	1,416	1,603	1,766	1,947	1,869	2,296		+693
Total Income Taxes	270	371	343	516	556	635	583	734		+218
NP Belonging to Non-Controlling SHs	0	6	11	7	15	14	14	12		+5
Profit Attributable to Owners of Parent	549	893	1,061	1,080	1,194	1,297	1,273	1,550		+470
Sales YoY	+1.3%	+23.6%	+38.9%	+37.0%	+33.5%	+23.8%	+20.3%	+16.2%		-
Operating Profit YoY	(12.0%)	+20.2%	+124.1%	+107.5%	+130.2%	+58.5%	+29.3%	+46.5%		-
Recurring Profit YoY	(7.0%)	+23.3%	+105.5%	+91.6%	+115.7%	+53.2%	+33.1%	+53.3%		-
Profit Attributable to Owners of Parent YoY	(10.9%)	+26.8%	+127.2%	+91.5%	+117.3%	+45.2%	+20.0%	+43.5%		-
Gross Profit Margin	14.8%	15.2%	15.2%	15.0%	14.7%	15.0%	14.7%	15.7%		+0.8%
SG&A Ratio	11.3%	10.0%	9.5%	9.2%	8.6%	8.3%	8.6%	8.4%		(0.7%)
Operating Profit Margin	3.5%	5.2%	5.7%	5.8%	6.1%	6.7%	6.1%	7.3%		+1.5%
Recurring Profit Margin	4.0%	5.6%	6.0%	5.8%	6.5%	7.0%	6.6%	7.6%		+1.8%
Profit Attributable to Owners of Parent Margin	2.7%	3.9%	4.5%	4.2%	4.4%	4.6%	4.5%	5.2%		+1.0%
Tax Charges etc. / Pretax Profit	33.0%	29.2%	24.2%	32.2%	31.5%	32.6%	31.2%	32.0%		(0.2%)

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	26,877	36,618		+7,265
Power Cables	6,921	14,421	22,136	30,995	9,256	18,746	27,767	37,865		+6,870
Covered Cables	1,956	4,147	6,387	8,872	2,601	5,138	7,699	10,371		+1,499
Other Cables	931	2,030	3,328	4,552	1,322	2,714	4,110	5,436		+884
Non-Cables	3,053	6,208	9,427	13,126	4,038	8,048	12,374	16,929		+3,803
Sales (on a Parent basis)	19,122	40,230	62,288	86,900	25,794	52,280	78,827	107,221		+20,321
Consolidated Add-ons	1,231	2,743	4,280	5,563	1,367	2,874	4,721	6,412		+849
Sales	20,353	42,973	66,568	92,463	27,161	55,154	83,548	113,633		+21,170
FA Cables	(3.2%)	+5.6%	+14.5%	+20.8%	+37.0%	+31.4%	+27.9%	+24.8%		-
Power Cables	+0.0%	+14.6%	+24.6%	+28.2%	+33.7%	+30.0%	+25.4%	+22.2%		-
Covered Cables	+9.7%	+20.4%	+25.6%	+28.5%	+33.0%	+23.9%	+20.5%	+16.9%		-
Other Cables	+7.1%	+25.2%	+48.2%	+52.4%	+42.0%	+33.7%	+23.5%	+19.4%		-
Non-Cables	+7.2%	+12.1%	+15.0%	+17.8%	+32.3%	+29.6%	+31.3%	+29.0%		-
Sales (on a Parent basis)	+1.3%	+12.1%	+20.6%	+25.0%	+34.9%	+30.0%	+26.6%	+23.4%		-
Consolidated Add-ons	+2.0%	+9.7%	+14.1%	+16.4%	+11.0%	+4.8%	+10.3%	+15.3%		-
Sales (YoY)	+1.3%	+11.9%	+20.2%	+24.5%	+33.4%	+28.3%	+25.5%	+22.9%		-
FA Cables	32.7%	33.4%	33.7%	33.8%	33.2%	33.7%	34.1%	34.2%		-
Power Cables	36.2%	35.8%	35.5%	35.7%	35.9%	35.9%	35.2%	35.3%		-
Covered Cables	10.2%	10.3%	10.3%	10.2%	10.1%	9.8%	9.8%	9.7%		-
Other Cables	4.9%	5.0%	5.3%	5.2%	5.1%	5.2%	5.2%	5.1%		-
Non-Cables	16.0%	15.5%	15.1%	15.1%	15.7%	15.4%	15.7%	15.7%		-
Sales (on a Parent basis)	100.0%	100.0%	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%	94.3%	94.4%		-
Consolidated Add-ons	6.0%	6.4%	6.4%	6.0%	5.0%	5.2%	5.7%	5.6%		-
Sales (Composition Ratio)	100.0%	100.0%	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	9,245	9,741		+1,398
Power Cables	6,921	7,500	7,715	8,859	9,256	9,490	9,021	10,098		+1,239
Covered Cables	1,956	2,191	2,240	2,485	2,601	2,537	2,561	2,672		+187
Other Cables	931	1,099	1,298	1,224	1,322	1,392	1,396	1,326		+102
Non-Cables	3,053	3,155	3,219	3,699	4,038	4,010	4,326	4,555		+856
Sales (on a Parent basis)	19,122	21,108	22,058	24,612	25,794	26,486	26,547	28,394		+3,782
Consolidated Add-ons	1,231	1,512	1,537	1,283	1,367	1,507	1,847	1,691		+408
Sales	20,353	22,620	23,595	25,895	27,161	27,993	28,394	30,085		+4,190
FA Cables	(3.2%)	+14.7%	+34.6%	+40.1%	+37.0%	+26.4%	+21.8%	+16.8%		-
Power Cables	+0.0%	+32.4%	+49.0%	+38.2%	+33.7%	+26.5%	+16.9%	+14.0%		-
Covered Cables	+9.7%	+31.9%	+36.3%	+36.6%	+33.0%	+15.8%	+14.3%	+7.5%		-
Other Cables	+7.1%	+46.1%	+108.0%	+65.0%	+42.0%	+26.7%	+7.6%	+8.3%		-
Non-Cables	+7.2%	+17.2%	+21.0%	+25.7%	+32.3%	+27.1%	+34.4%	+23.1%		-
Sales (on a Parent basis)	+1.3%	+24.1%	+40.1%	+37.7%	+34.9%	+25.5%	+20.4%	+15.4%		-
Consolidated Add-ons	+2.0%	+16.8%	+22.9%	+24.7%	+11.0%	(0.3%)	+20.2%	+31.8%		-
Sales (YoY)	+1.3%	+23.6%	+38.9%	+37.0%	+33.4%	+23.8%	+20.3%	+16.2%		-
FA Cables	32.7%	33.9%	34.4%	33.9%	33.2%	34.2%	34.8%	34.3%		-
Power Cables	36.2%	35.5%	35.0%	36.0%	35.9%	35.8%	34.0%	35.6%		-
Covered Cables	10.2%	10.4%	10.2%	10.1%	10.1%	9.6%	9.6%	9.4%		-
Other Cables	4.9%	5.2%	5.9%	5.0%	5.1%	5.3%	5.3%	4.7%		-
Non-Cables	16.0%	14.9%	14.6%	15.0%	15.7%	15.1%	16.3%	16.0%		-
Sales (on a Parent basis)	100.0%	100.0%	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%	93.5%	94.4%		-
Consolidated Add-ons	6.0%	6.7%	6.5%	5.0%	5.0%	5.4%	6.5%	5.6%		-
Sales (Composition Ratio)	100.0%	100.0%	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	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	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	27,004	27,165	+830	
Accounts Receivables	22,498	24,215	26,263	28,852	29,251	31,750	32,422	33,403	+4,551	
Inventory	4,324	4,534	4,956	4,916	5,643	6,827	7,189	7,063	+2,147	
Other	217	288	245	230	151	267	348	279	+49	
Current Assets	45,690	52,815	55,269	60,333	62,633	66,650	66,963	67,910	+7,577	
Tangible Assets	17,664	17,568	17,457	17,287	17,183	17,580	17,831	17,779	+492	
Intangible Assets	110	105	103	110	127	290	314	339	+229	
Investments and Other Assets	5,709	5,948	6,044	6,259	6,081	6,189	6,238	9,352	+3,093	
Fixed Assets	23,483	23,621	23,605	23,657	23,391	24,060	24,384	27,471	+3,814	
Total Assets	69,175	76,437	78,874	83,990	86,025	90,710	91,347	95,381	+11,391	
Accounts Payables	24,267	30,206	32,317	35,628	38,136	39,373	39,685	41,214	+5,586	
Short-Term Debt	105	105	105	105	105	430	497	651	+546	
Corporate Bond (less than one year)	-	-	-	-	-	-	14	114	+114	
Other	1,563	2,133	1,786	2,693	1,894	3,177	2,687	3,943	+1,250	
Current Liabilities	25,935	32,444	34,208	38,426	40,135	42,980	42,883	45,922	+7,496	
Corporate Bond	-	-	-	-	-	214	214	107	+107	
Long-Term Debt	-	-	-	-	-	238	228	60	+60	
Other	2,628	2,653	2,691	2,678	2,686	2,894	2,906	2,892	+214	
Fixed Liabilities	2,628	2,653	2,691	2,678	2,686	3,346	3,348	3,059	+381	
Total Liabilities	28,564	35,097	36,899	41,104	42,821	46,327	46,231	48,982	+7,878	
Shareholders' Equity	39,919	40,547	41,022	41,818	42,193	43,314	43,789	45,066	+3,248	
Other	692	792	953	1,068	1,010	1,069	1,326	1,333	+265	
Net Assets	40,611	41,339	41,975	42,886	43,203	44,383	45,115	46,399	+3,513	
Liabilities and Net Assets	69,175	76,437	78,874	83,990	86,025	90,710	91,347	95,381	+11,391	
Equity Capital	40,474	41,190	41,813	42,725	43,022	44,186	44,886	46,123	+3,398	
Interest Bearing Debt	105	105	105	105	105	882	953	711	+606	
Net Debt	(18,546)	(23,673)	(23,700)	(26,230)	(27,483)	(26,924)	(26,051)	(26,454)	(224)	
Capital Ratio	58.5%	53.9%	53.0%	50.9%	50.0%	48.7%	49.1%	48.4%	-	
Net Debt Equity Ratio	(45.8%)	(57.5%)	(56.7%)	(61.4%)	(63.9%)	(60.9%)	(58.0%)	(57.4%)	-	
ROE (12 months)	5.7%	6.1%	7.5%	8.6%	10.1%	10.9%	11.2%	12.0%	-	
ROA (12 months)	4.8%	5.0%	6.0%	6.6%	7.7%	7.9%	8.3%	8.8%	-	
Months for Inventory Turnover	0.64	0.60	0.63	0.57	0.62	0.73	0.76	0.70	-	
Quick Ratio	159%	148%	146%	144%	142%	139%	139%	132%	-	
Current Ratio	176%	163%	162%	157%	156%	155%	156%	148%	-	

Source: Company Data, WRJ Calculation

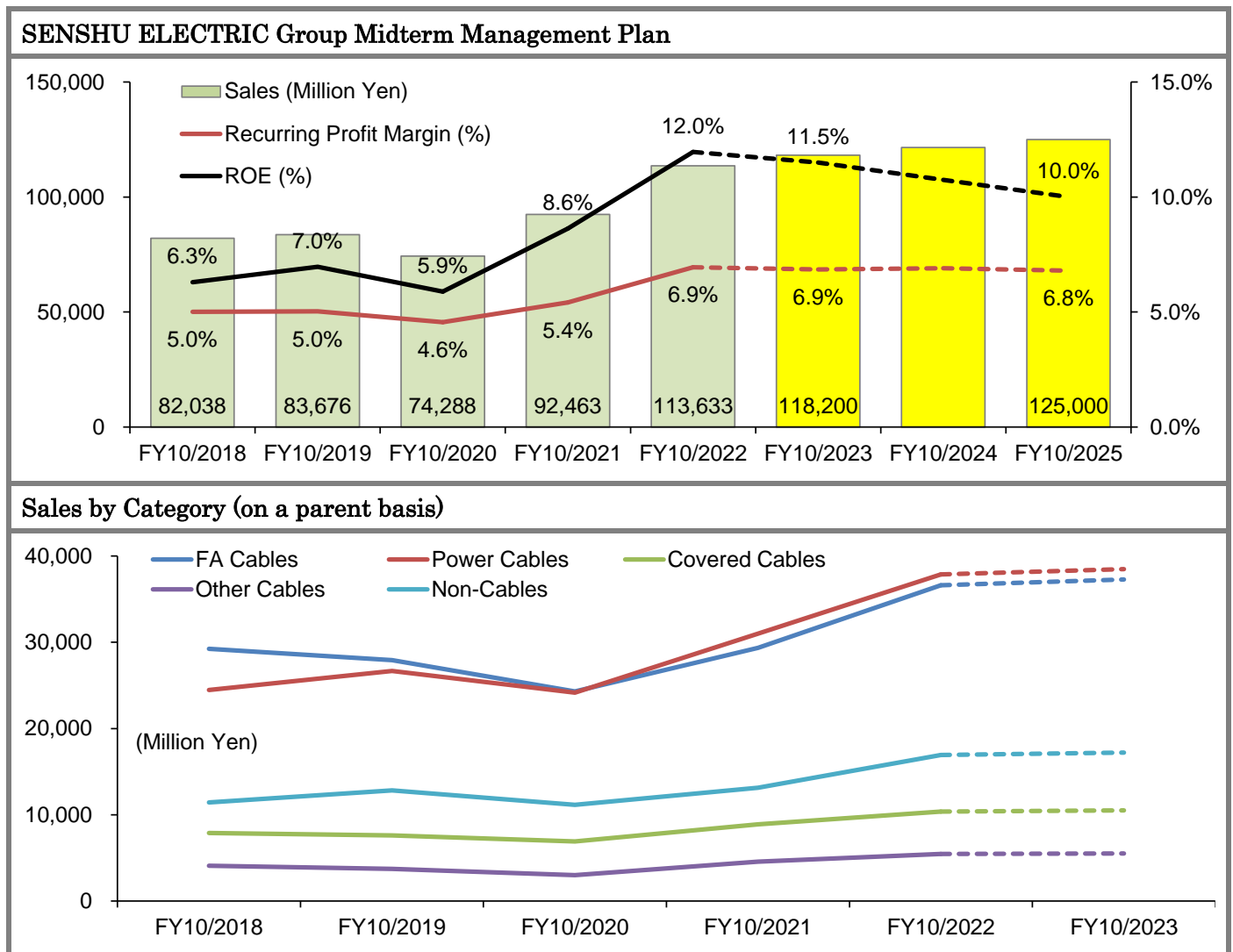
Cash Flow Statement (Cumulative)

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	-	6,335	(3,062)	
Investing Cash Flow	-	117	-	63	-	(187)	-	(3,727)	(3,790)	
Operating Cash Flow and Investing Cash Flow	-	6,121	-	9,460	-	2,349	-	2,608	(6,852)	
Financing Cash Flow	-	(852)	-	(1,742)	-	(972)	-	(2,091)	(349)	

Source: Company Data, WRJ Calculation

Long-Term Prospects

On 8 December 2022, the Company has announced the actual results of FY10/2022 as well as having announced FY10/2023 Company forecasts and SENSHU ELECTRIC Group Midterm Management Plan (FY10/2023 to FY10/2025). FY10/2023 Company forecasts are going for prospective sales of ¥118,200m (up 4.0% YoY), operating profit of ¥7,800m (up 4.5%), recurring profit of ¥8,100m (up 2.6%) and profit attributable to owners of parent of ¥5,500m (up 3.5%), while operating profit margin of 6.6% (unchanged). At the same time, Company forecasts assume sales by category to see limited increase over the previous year across the board, while ¥1,200,000 for the average copper prices, which is an increase by 0.4% over the previous year, implying that the Company's performance is assumed to be almost immune to the changes in copper prices.



Source: Company Data, WRJ Calculation

Meanwhile, the midterm management plan is calling for prospective sales of ¥125,000m and recurring profit of ¥8,500m for FY10/2025, the final year of the plan. In other words, the Company plans to see CAGR of 3.2% and 2.5% in sales and earnings, respectively, when setting the actual results of FY10/2022 as the point of origin. By the way, the Company has also announced a target of achieving ROE of 10% or more for FY10/2025.

As above-mentioned, the Company suggests its growth potential from a long-term perspective, but the rate of growth is expected to slow down, when compared with that of the FY10/2022 actual results. Nevertheless, the Company says that it will review and revise its Company forecasts in light of the actual trends of consistently upcoming quarterly results for the future and thus also the performance target of the midterm management plan. In other words, the Company suggests that both are based on conservative assumptions.

Shareholder Return Policy

FY10/2023 Company forecasts are going for planned annual dividend of ¥80 per share (interim dividend of ¥40 and yearend dividend of ¥40), implying a payout ratio of 25.7%, which will realize an effectively consecutive increase in annual dividend for 10 years in row. For the actual results of FY10/2022, the Company paid annual dividend of ¥70 per share (interim dividend of ¥30 and yearend dividend of ¥40), implying a payout ratio of 23.8%, after retroactive adjustments for one-for-two stock split on 1 November 2022. By the way, the Company is currently in the process of repurchasing own shares, scheduled from 9 December 2022 to 30 April 2023, up to 200,000 in the total number and/or ¥600m in the total value, which is expected to result in shareholder return ratio of 36.6% for FY10/2023. When simply thinking, this means that the Company is to lower its shareholder return ratio from 43.0% in the actual results of FY10/2022, but the real picture is that the Company has a plan to eventually achieve shareholder return ratio as high as FY10/2022 for FY10/2023. On a side note, the number of shares to be repurchased (200,000) is said to be equivalent to 1.12% of the total number of shares outstanding (excluding treasury shares), while it has been announced that it had already repurchased 41,000 shares in the period leading up to 31 December 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.

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