

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		123,000	8,100	8,500	5,700	321.41	100.00	-
FY10/2022	YoY	22.9%	57.4%	57.8%	48.3%	-	-	-
FY10/2023CoE	YoY	8.2%	8.5%	7.7%	7.3%	-	-	-
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 FY10/2023		61,851	4,304	4,482	2,994	-	-	-
Q3 to Q4 FY10/2023CoE		61,149	3,796	4,018	2,706	-	-	-
Q1 to Q2 FY10/2023	YoY	12.1%	21.7%	20.7%	20.2%	-	-	-
Q3 to Q4 FY10/2023CoE	YoY	4.6%	(3.4%)	(3.9%)	(4.1%)	-	-	-

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

1.0 Executive Summary (3 July 2023)

New Midterm Management Plan


SENSHU ELECTRIC, technology-oriented trading house mainly of electric cables, appears to formulate and disclose new midterm management plan (FY10/2024 to FY10/2026) in light of the fact that the performance target of the existing midterm management plan (FY10/2023 to FY10/2025) is now on track to be achieved ahead of schedule. For the first year, FY10/2023, the Q1 to Q2 results were better than initially expected and the Company achieved record sales and record earnings for the relevant period. The Company has implied that it plans to newly formulate and disclose performance target for FY10/2026 after assessing the full-year results. One of the reasons for the Company's strong performance for Q1 to Q2 was that it was able to capture increased demand from customers for FA cables or so-called private-sector-capex-related. While sales associated with semiconductor manufacturing equipment have remained buoyant, sales associated with automobiles and machine tools have been also favorable, according to the Company. For automobiles, the Company has seen a steady takeoff of sales associated with lithium-ion batteries for use in electric vehicles (EVs) and an outstanding strength in sales associated with factory automation and labor-saving measures in factories for machine tools. Meanwhile, sales have been also favorable for power cables or so-called construction-related as well as for non-cables on which the Company has been focusing for some time. By the way, the Company is now going for planned dividend of ¥100 per share for FY10/2023 versus ¥80 per share prior to the upgrade in response to performance better than expected, while suggesting a possibility to additionally buy back its own shares for H2 at the same time.

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

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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)	 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 2023)	
No. of Shares	21,000,000 shares, including 3,265,479 treasury shares (as of the end of April 2023)	
Main Features	<ul style="list-style-type: none"> ● Stocking and selling electric cables more than 50,000 in the number of items ● FA cables or so-called private-sector-capex-related, 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 11.27%, Motohide Nishimura 8.96%, BBH Fidelity Low-Priced Stock Fund 7.79%, Master Trust Japan, T. 5.78% (as of the end of April 2023, but for treasury shares)	
Head Office	Suita-city, Osaka-prefecture, JAPAN	
No. of Personnel	Consolidated: 819, Parent: 566 (as of the end of April 2023)	

Source: Company Data

3.0 Corporate Philosophy and Business Model

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 with 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 values, 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 (Strengths)

The Company, running operations of sale at 18 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 its distribution warehouses with the floor space of no less than some 60,000 m², collectively. Meanwhile, the Company is also involved with operations through its subsidiaries based in Japan (7 in the number) and those of overseas (7 in the number) based in China, Taiwan, Thailand, Philippines, Vietnam and the United States. More importantly, the Company will 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 industry sectors.

"Original Products"

For FA cables or so-called private-sector-capex-related, the Company sees added value relatively higher than the rest of categories and thus gross profit margin in the first place, which creates an aspect that this category is the Company's key earnings pillar, while seeing added value high in particular with respect to "original products". The Company co-develops "original products" with smaller manufacturers of electric cables, which are suppliers for the Company, catering to unique needs of end users represented by semiconductor manufacturing equipment manufacturers and automakers and generating extra added value as well as higher gross profit margin to a corresponding extent.

Cable Assembly

At the same time, the Company has facilities for cable assembly in 7 locations out of the above-mentioned 18 locations in Japan, running operations of terminal processing for electric cables, etc., which enables the Company to incrementally create added value to a corresponding extent.

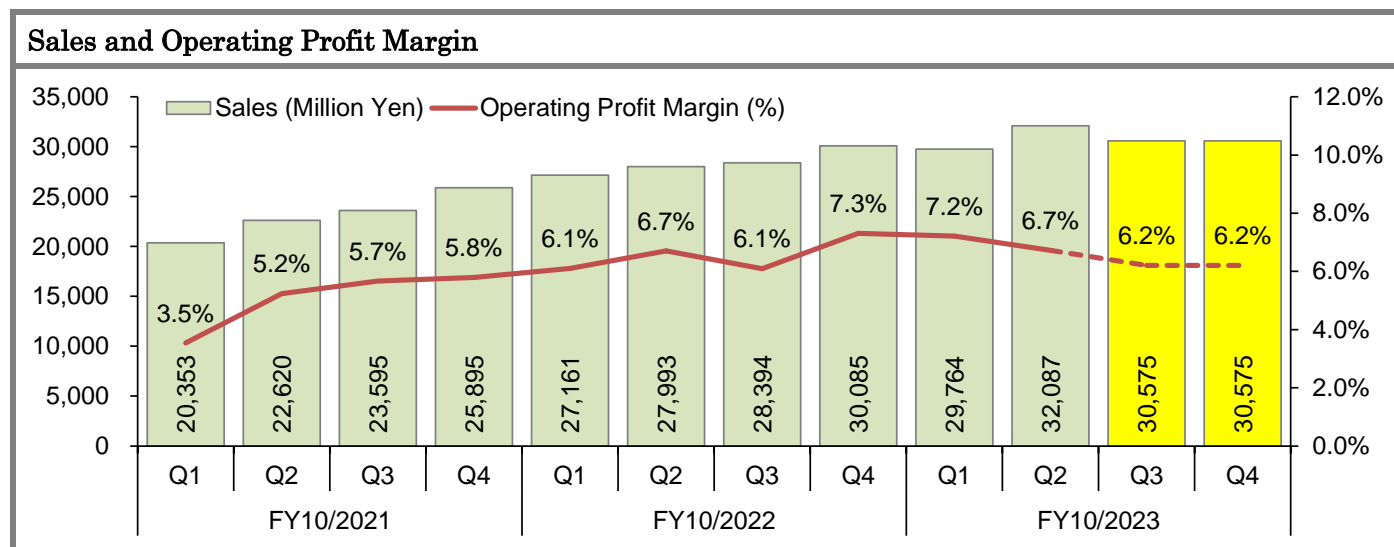
Distribution of Electric Cables

The Company's suppliers, i.e., manufacturers (mainly smaller and/or midsized) 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 power cables or so-called construction-related, etc., the mainstay 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). Still, as far as the largest electrical construction companies (some 30 in the number) are concerned, the Company directly delivers to them. Meanwhile, for FA cables or so-called private-sector-capex-related, it is often the case that the Company directly delivers to end users (direct demand), represented by manufacturers of machine tools, automobiles, semiconductor manufacturing equipment and robots. 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 19.5% for electrical construction companies and 30.6% for direct demand.

4.0 Recent Trading and Prospects

Q1 to Q2 FY10/2023

For Q1 to Q2 FY10/2023, sales came in at ¥61,851m (up 12.1% YoY), operating profit ¥4,304m (up 21.7%), recurring profit ¥4,482m (up 20.7%) and profit attributable to owners of parent ¥2,994m (up 20.2%). The actual results were better than assumptions of initial Company forecasts and FY10/2023 Company forecasts have been revised up on 5 June 2023. However, the Company has revised down prospective performance for H2 as a result of this. As far as we could see, the latest Company forecasts for H2 are based on fairly conservative assumptions, due mainly to worries about slowing semiconductor capex.



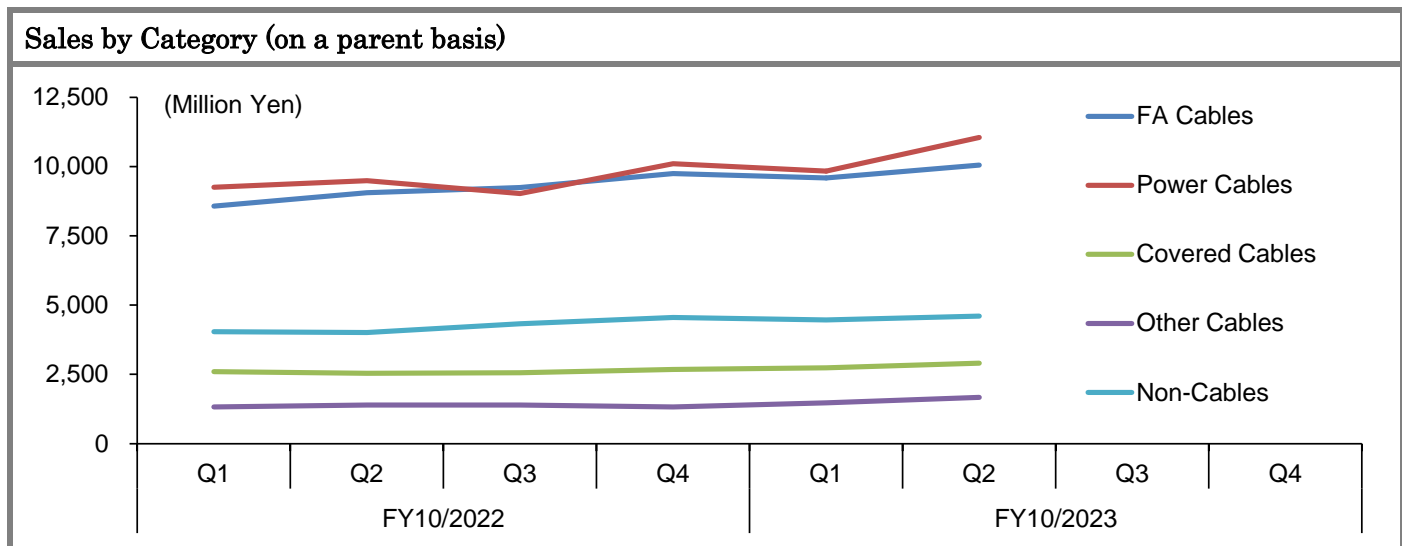
Source: Company Data, WRJ Calculation (Q3 and Q4 of FY10/2023: H2 Company forecasts, pro rata)

Meanwhile, for the actual results of Q1 to Q2, gross profit came in at ¥9,404m (up 14.8%) and SG&A expenses ¥5,099m (up 9.5%), implying gross profit margin of 15.2% (up 0.3% points) and SG&A ratio of 8.2% (down 0.3% points), having resulted in operating profit margin of 7.0% (up 0.6% points). Gross profit has steadily increased in line with steady increase in sales and gross profit margin has shown a moderate improvement, having pushed up operating profit margin to a corresponding extent. Meanwhile, SG&A expenses have also increased. This is due to the fact that contributions to various expenses (e.g., travel expenses) are beginning to normalize as the effects of the Corona disaster show signs of subsiding. However, the rate of increase was less than the rate of sales growth, which worked as another driver for operating profit margin.

FY10/2023 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY10/2023CoE	8-Dec-22	Q4 Results	118,200	7,800	8,100	5,500
FY10/2023CoE	2-Mar-23	Q1 Results	118,200	7,800	8,100	5,500
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY10/2023CoE	5-Jun-23	Q2 Results	123,000	8,100	8,500	5,700
		Amount of Gap	4,800	300	400	200
		Rate of Gap	4.1%	3.8%	4.9%	3.6%
FY10/2023CoE	8-Dec-22	Q4 Results	118,200	7,800	8,100	5,500
FY10/2023CoE	5-Jun-23	Q2 Results	123,000	8,100	8,500	5,700
		Amount of Gap	4,800	300	400	200
		Rate of Gap	4.1%	3.8%	4.9%	3.6%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY10/2023CoE	8-Dec-22	Q4 Results	56,600	3,650	3,800	2,580
Q1 to Q2 FY10/2023CoE	2-Mar-23	Q1 Results	56,600	3,650	3,800	2,580
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q1 to Q2 FY10/2023Act	5-Jun-23	Q2 Results	61,851	4,304	4,482	2,994
		Amount of Gap	5,251	654	682	414
		Rate of Gap	9.3%	17.9%	18.0%	16.1%
Q1 to Q2 FY10/2023CoE	8-Dec-22	Q4 Results	56,600	3,650	3,800	2,580
Q1 to Q2 FY10/2023Act	5-Jun-23	Q2 Results	61,851	4,304	4,482	2,994
		Amount of Gap	5,251	654	682	414
		Rate of Gap	9.3%	17.9%	18.0%	16.1%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY10/2023CoE	8-Dec-22	Q4 Results	61,600	4,150	4,300	2,920
Q3 to Q4 FY10/2023CoE	2-Mar-23	Q1 Results	61,600	4,150	4,300	2,920
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q3 to Q4 FY10/2023CoE	5-Jun-23	Q2 Results	61,149	3,796	4,018	2,706
		Amount of Gap	(451)	(354)	(282)	(214)
		Rate of Gap	(0.7%)	(8.5%)	(6.6%)	(7.3%)
Q3 to Q4 FY10/2023CoE	8-Dec-22	Q4 Results	61,600	4,150	4,300	2,920
Q3 to Q4 FY10/2023CoE	5-Jun-23	Q2 Results	61,149	3,796	4,018	2,706
		Amount of Gap	(451)	(354)	(282)	(214)
		Rate of Gap	(0.7%)	(8.5%)	(6.6%)	(7.3%)

Source: Company Data, WRJ Calculation



Source: Company Data, WRJ Calculation

On a parent basis, sales came in at ¥58,371m (up 11.7%) and sales of consolidated add-ons (subsidiaries) ¥3,480m (up 21.1%), while the former accounted for 94.4% of total and 5.6% for the latter. The Company suggests that its performance basically hinges on that of the parent company as implied by sales composition ratio of the former and the latter. For the Q1 to Q2 results, sales of consolidated add-ons (subsidiaries) have risen sharply due to addition of a new subsidiary, but earnings have been in a gradual adjustment phase, according to the Company. Meanwhile, the trend of sales by category (on a parent basis) is as follows:

Power Cables (35.8% of sales)

Sales of power cables came in at ¥20,886m (up 11.4%), while full-year Company forecasts are going for prospective sales of ¥40,900m (up 8.0%). Power cables or so-called construction-related are used to supply electric power for all types of architectures. 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 principally 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. However, in the actual process of “being reflected in unit selling prices”, this scheme does not always work as expected as the operations are inevitably exposed to a state of balance of supply and demand at the time. For the Q1 to Q2 results, Copper Prices on average came in at ¥1,223,000 per ton, having risen by 1.0% over the same period of the previous year.

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.), 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). 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 are rising. Meanwhile, the Company says that the converse is also true. As mentioned above, Copper Prices in Q1 to Q2 were generally stable compared to the same period of the previous year, but some of the increases in unit selling prices, which had been caused by past hikes of Copper Prices, have recently begun to take effect in earnest, according to the Company. This is said to be the reason for the increase in sales of power cables during the period under review.

Covered Cables (9.7% of sales)

Sales of covered cables came in at ¥5,641m (up 9.8%), while full-year Company forecasts are going for prospective sales of ¥11,100m (up 7.0%). Covered cables are 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.

Other Cables (5.4% of sales)

Sales of other cables came in at ¥3,138m (up 15.6%), while full-year Company forecasts are going for prospective sales of ¥5,800m (up 6.7%). 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.

FA Cables (33.6% of sales)

Sales of FA cables came in at ¥19,641m (up 11.4%), while full-year Company forecasts are going for prospective sales of ¥39,700m (up 8.4%). FA cables or so-called private-sector-capex-related are adopted in semiconductor / LCD 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 a feature 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, which is raised as a reason why they generate added value relatively higher in the first place. On top of this, the Company is deeply involved with "original products," which have particularly high added value. As mentioned earlier, sales for the Q1 to Q2 results increased steadily as sales associated with semiconductor manufacturing equipment have remained buoyant, while sales associated with automobiles and machine tools have been also favorable. Meanwhile, full-year Company forecasts are currently going for decelerated rate of growth in sales. It appears that Company forecasts are based on fairly conservative assumptions as uncertainty has prevailed for a magnitude in the recent adjustment of semiconductor capex and timing of recovery.

Non-Cables (15.5% of sales)

Sales of non-cables came in at ¥9,063m (up 12.6%), while full-year Company forecasts are going for prospective sales of ¥18,500m (up 9.3%). 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 (after cable assembly by the Company), cable accessories and materials to process terminals, for example.

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 Prices. In this respect, the Company has been keen on sales promotions of non-cables for some time. As part of this goal, the Company has set a target of achieving sales of ¥1,000m in its agribusiness by 2027. According to the Company, it will achieve this goal by expanding sales of its proprietary Abil heater, subterranean heated vinyl lines for agricultural use.

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.
	10/2022	10/2022	10/2022	10/2022	10/2023	10/2023	10/2023	10/2023		
Sales	27,161	55,154	83,548	113,633	29,764	61,851	-	-	-	+6,697
Cost of Sales	23,168	46,962	71,189	96,539	25,119	52,447	-	-	-	+5,485
Gross Profit	3,993	8,191	12,358	17,093	4,645	9,404	-	-	-	+1,213
SG&A Expenses	2,334	4,655	7,092	9,629	2,497	5,099	-	-	-	+444
Operating Profit	1,658	3,536	5,266	7,464	2,147	4,304	-	-	-	+768
Non Operating Balance	108	177	332	430	117	178	-	-	-	+1
Recurring Profit	1,766	3,713	5,598	7,894	2,263	4,482	-	-	-	+769
Extraordinary Balance	-	-	(15)	(15)	-	-	-	-	-	-
Profit before Income Taxes	1,766	3,713	5,582	7,878	2,263	4,482	-	-	-	+769
Total Income Taxes	556	1,191	1,774	2,508	726	1,458	-	-	-	+267
NP Belonging to Non-Controlling SHs	15	29	43	55	16	29	-	-	-	-
Profit Attributable to Owners of Parent	1,194	2,491	3,764	5,314	1,520	2,994	-	-	-	+503
Sales YoY	+33.5%	+28.3%	+25.5%	+22.9%	+9.6%	+12.1%	-	-	-	-
Operating Profit YoY	+130.2%	+85.6%	+62.3%	+57.4%	+29.4%	+21.7%	-	-	-	-
Recurring Profit YoY	+115.7%	+77.6%	+59.7%	+57.8%	+28.2%	+20.7%	-	-	-	-
Profit Attributable to Owners of Parent YoY	+117.3%	+72.7%	+50.4%	+48.3%	+27.3%	+20.2%	-	-	-	-
Gross Profit Margin	14.7%	14.9%	14.8%	15.0%	15.6%	15.2%	-	-	-	+0.3%
SG&A Ratio	8.6%	8.5%	8.5%	8.4%	8.4%	8.2%	-	-	-	(0.3%)
Operating Profit Margin	6.1%	6.4%	6.3%	6.6%	7.2%	7.0%	-	-	-	+0.6%
Recurring Profit Margin	6.5%	6.7%	6.7%	6.9%	7.6%	7.2%	-	-	-	+0.5%
Profit Attributable to Owners of Parent Margin	4.4%	4.5%	4.5%	4.7%	5.1%	4.8%	-	-	-	+0.3%
Tax Charges etc. / Pretax Profit	31.5%	32.1%	31.8%	31.8%	32.1%	32.5%	-	-	-	+0.4%
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.
	10/2022	10/2022	10/2022	10/2022	10/2023	10/2023	10/2023	10/2023		
Sales	27,161	27,993	28,394	30,085	29,764	32,087	-	-	-	+4,094
Cost of Sales	23,168	23,794	24,227	25,350	25,119	27,328	-	-	-	+3,534
Gross Profit	3,993	4,198	4,167	4,735	4,645	4,759	-	-	-	+561
SG&A Expenses	2,334	2,321	2,437	2,537	2,497	2,602	-	-	-	+281
Operating Profit	1,658	1,878	1,730	2,198	2,147	2,157	-	-	-	+279
Non Operating Balance	108	69	155	98	117	61	-	-	-	(8)
Recurring Profit	1,766	1,947	1,885	2,296	2,263	2,219	-	-	-	+272
Extraordinary Balance	-	-	(15)	0	-	-	-	-	-	-
Profit before Income Taxes	1,766	1,947	1,869	2,296	2,263	2,219	-	-	-	+272
Total Income Taxes	556	635	583	734	726	732	-	-	-	+97
NP Belonging to Non-Controlling SHs	15	14	14	12	16	13	-	-	-	(1)
Profit Attributable to Owners of Parent	1,194	1,297	1,273	1,550	1,520	1,474	-	-	-	+177
Sales YoY	+33.5%	+23.8%	+20.3%	+16.2%	+9.6%	+14.6%	-	-	-	-
Operating Profit YoY	+130.2%	+58.5%	+29.3%	+46.5%	+29.4%	+14.9%	-	-	-	-
Recurring Profit YoY	+115.7%	+53.2%	+33.1%	+53.3%	+28.2%	+14.0%	-	-	-	-
Profit Attributable to Owners of Parent YoY	+117.3%	+45.2%	+20.0%	+43.5%	+27.3%	+13.6%	-	-	-	-
Gross Profit Margin	14.7%	15.0%	14.7%	15.7%	15.6%	14.8%	-	-	-	(0.2%)
SG&A Ratio	8.6%	8.3%	8.6%	8.4%	8.4%	8.1%	-	-	-	(0.2%)
Operating Profit Margin	6.1%	6.7%	6.1%	7.3%	7.2%	6.7%	-	-	-	+0.0%
Recurring Profit Margin	6.5%	7.0%	6.6%	7.6%	7.6%	6.9%	-	-	-	(0.1%)
Profit Attributable to Owners of Parent Margin	4.4%	4.6%	4.5%	5.2%	5.1%	4.6%	-	-	-	(0.0%)
Tax Charges etc. / Pretax Profit	31.5%	32.6%	31.2%	32.0%	32.1%	33.0%	-	-	-	+0.4%

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		Net Chg.
	10/2022	10/2022	10/2022	10/2022	10/2023	10/2023	10/2023	10/2023		
FA Cables	8,575	17,632	26,877	36,618	9,585	19,641	-	-	-	+2,009
Power Cables	9,256	18,746	27,767	37,865	9,838	20,886	-	-	-	+2,140
Covered Cables	2,601	5,138	7,699	10,371	2,734	5,641	-	-	-	+503
Other Cables	1,322	2,714	4,110	5,436	1,473	3,138	-	-	-	+424
Non-Cables	4,038	8,048	12,374	16,929	4,464	9,063	-	-	-	+1,015
Sales (on a Parent basis)	25,794	52,280	78,827	107,221	28,095	58,371	-	-	-	+6,091
Consolidated Add-ons	1,367	2,874	4,721	6,412	1,669	3,480	-	-	-	+606
Sales	27,161	55,154	83,548	113,633	29,764	61,851	-	-	-	+6,697
FA Cables	+37.0%	+31.4%	+27.9%	+24.8%	+11.8%	+11.4%	-	-	-	-
Power Cables	+33.7%	+30.0%	+25.4%	+22.2%	+6.3%	+11.4%	-	-	-	-
Covered Cables	+33.0%	+23.9%	+20.5%	+16.9%	+5.1%	+9.8%	-	-	-	-
Other Cables	+42.0%	+33.7%	+23.5%	+19.4%	+11.4%	+15.6%	-	-	-	-
Non-Cables	+32.3%	+29.6%	+31.3%	+29.0%	+10.5%	+12.6%	-	-	-	-
Sales (on a Parent basis)	+34.9%	+30.0%	+26.6%	+23.4%	+8.9%	+11.7%	-	-	-	-
Consolidated Add-ons	+11.0%	+4.8%	+10.3%	+15.3%	+22.1%	+21.1%	-	-	-	-
Sales (YoY)	+33.4%	+28.3%	+25.5%	+22.9%	+9.6%	+12.1%	-	-	-	-
FA Cables	33.2%	33.7%	34.1%	34.2%	34.1%	33.6%	-	-	-	-
Power Cables	35.9%	35.9%	35.2%	35.3%	35.0%	35.8%	-	-	-	-
Covered Cables	10.1%	9.8%	9.8%	9.7%	9.7%	9.7%	-	-	-	-
Other Cables	5.1%	5.2%	5.2%	5.1%	5.2%	5.4%	-	-	-	-
Non-Cables	15.7%	15.4%	15.7%	15.7%	15.9%	15.5%	-	-	-	-
Sales (on a Parent basis)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-
Sales (on a Parent basis)	95.0%	94.8%	94.3%	94.4%	94.4%	94.4%	-	-	-	-
Consolidated Add-ons	5.0%	5.2%	5.7%	5.6%	5.6%	5.6%	-	-	-	-
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		Net Chg.
	10/2022	10/2022	10/2022	10/2022	10/2023	10/2023	10/2023	10/2023		
FA Cables	8,575	9,057	9,245	9,741	9,585	10,056	-	-	-	+999
Power Cables	9,256	9,490	9,021	10,098	9,838	11,048	-	-	-	+1,558
Covered Cables	2,601	2,537	2,561	2,672	2,734	2,907	-	-	-	+370
Other Cables	1,322	1,392	1,396	1,326	1,473	1,665	-	-	-	+273
Non-Cables	4,038	4,010	4,326	4,555	4,464	4,599	-	-	-	+589
Sales (on a Parent basis)	25,794	26,486	26,547	28,394	28,095	30,276	-	-	-	+3,790
Consolidated Add-ons	1,367	1,507	1,847	1,691	1,669	1,811	-	-	-	+304
Sales	27,161	27,993	28,394	30,085	29,764	32,087	-	-	-	+4,094
FA Cables	+37.0%	+26.4%	+21.8%	+16.8%	+11.8%	+11.0%	-	-	-	-
Power Cables	+33.7%	+26.5%	+16.9%	+14.0%	+6.3%	+16.4%	-	-	-	-
Covered Cables	+33.0%	+15.8%	+14.3%	+7.5%	+5.1%	+14.6%	-	-	-	-
Other Cables	+42.0%	+26.7%	+7.6%	+8.3%	+11.4%	+19.6%	-	-	-	-
Non-Cables	+32.3%	+27.1%	+34.4%	+23.1%	+10.5%	+14.7%	-	-	-	-
Sales (on a Parent basis)	+34.9%	+25.5%	+20.4%	+15.4%	+8.9%	+14.3%	-	-	-	-
Consolidated Add-ons	+11.0%	(0.3%)	+20.2%	+31.8%	+22.1%	+20.2%	-	-	-	-
Sales (YoY)	+33.4%	+23.8%	+20.3%	+16.2%	+9.6%	+14.6%	-	-	-	-
FA Cables	33.2%	34.2%	34.8%	34.3%	34.1%	33.2%	-	-	-	-
Power Cables	35.9%	35.8%	34.0%	35.6%	35.0%	36.5%	-	-	-	-
Covered Cables	10.1%	9.6%	9.6%	9.4%	9.7%	9.6%	-	-	-	-
Other Cables	5.1%	5.3%	5.3%	4.7%	5.2%	5.5%	-	-	-	-
Non-Cables	15.7%	15.1%	16.3%	16.0%	15.9%	15.2%	-	-	-	-
Sales (on a Parent basis)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-
Sales (on a Parent basis)	95.0%	94.6%	93.5%	94.4%	94.4%	94.4%	-	-	-	-
Consolidated Add-ons	5.0%	5.4%	6.5%	5.6%	5.6%	5.6%	-	-	-	-
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	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 10/2022	Q2 10/2022	Q3 10/2022	Q4 10/2022	Q1 10/2023	Q2 10/2023	Q3 10/2023	Q4 10/2023		
Cash and Deposit	27,588	27,806	27,004	27,165	26,601	26,966	-	-	(840)	
Accounts Receivables	29,251	31,750	32,422	33,403	32,777	34,494	-	-	+2,744	
Inventory	5,643	6,827	7,189	7,063	7,795	8,370	-	-	+1,543	
Other	151	267	348	279	256	298	-	-	+31	
Current Assets	62,633	66,650	66,963	67,910	67,429	70,128	-	-	+3,478	
Tangible Assets	17,183	17,580	17,831	17,779	18,022	18,685	-	-	+1,105	
Intangible Assets	127	290	314	339	344	330	-	-	+40	
Investments and Other Assets	6,081	6,189	6,238	9,352	9,326	9,738	-	-	+3,549	
Fixed Assets	23,391	24,060	24,384	27,471	27,693	28,753	-	-	+4,693	
Total Assets	86,025	90,710	91,347	95,381	95,123	98,881	-	-	+8,171	
Accounts Payables	38,136	39,373	39,685	41,214	41,909	42,928	-	-	+3,555	
Short-Term Debt	105	430	497	651	642	635	-	-	+205	
Corporate Bond (less than one year)	-	-	14	114	114	114	-	-	+114	
Other	1,894	3,177	2,687	3,943	2,318	3,666	-	-	+489	
Current Liabilities	40,135	42,980	42,883	45,922	44,983	47,343	-	-	+4,363	
Corporate Bond	-	214	214	107	107	99	-	-	(115)	
Long-Term Debt	-	238	228	60	60	58	-	-	(180)	
Other	2,686	2,894	2,906	2,892	2,975	3,021	-	-	+127	
Fixed Liabilities	2,686	3,346	3,348	3,059	3,142	3,178	-	-	(168)	
Total Liabilities	42,821	46,327	46,231	48,982	48,126	50,521	-	-	+4,194	
Shareholders' Equity	42,193	43,314	43,789	45,066	45,589	46,845	-	-	+3,531	
Other	1,010	1,069	1,326	1,333	1,407	1,514	-	-	+445	
Net Assets	43,203	44,383	45,115	46,399	46,996	48,359	-	-	+3,976	
Total Liabilities and Net Assets	86,025	90,710	91,347	95,381	95,123	98,881	-	-	+8,171	
Equity Capital	43,022	44,186	44,886	46,123	46,679	48,023	-	-	+3,837	
Interest Bearing Debt	105	882	953	711	923	906	-	-	+24	
Net Debt	(27,483)	(26,924)	(26,051)	(26,454)	(25,678)	(26,060)	-	-	+864	
Capital Ratio	50.0%	48.7%	49.1%	48.4%	49.1%	48.6%	-	-	-	
Net Debt Equity Ratio	(63.9%)	(60.9%)	(58.0%)	(57.4%)	(55.0%)	(54.3%)	-	-	-	
ROE (12 months)	10.1%	10.9%	11.2%	12.0%	12.6%	12.6%	-	-	-	
ROA (12 months)	7.7%	7.9%	8.3%	8.8%	9.3%	9.1%	-	-	-	
Months for Inventory Turnover	0.62	0.73	0.76	0.70	0.79	0.78	-	-	-	
Quick Ratio	142%	139%	139%	132%	132%	130%	-	-	-	
Current Ratio	156%	155%	156%	148%	150%	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 10/2022	Q1 to Q2 10/2022	Q1 to Q3 10/2022	Q1 to Q4 10/2022	Q1 10/2023	Q1 to Q2 10/2023	Q1 to Q3 10/2023	Q1 to Q4 10/2023		
Operating Cash Flow	-	2,536	-	6,335	-	2,331	-	-	(205)	
Investing Cash Flow	-	(187)	-	(3,727)	-	(1,213)	-	-	(1,026)	
Operating Cash Flow and Investing Cash Flow	-	2,349	-	2,608	-	1,118	-	-	(1,231)	
Financing Cash Flow	-	(972)	-	(2,091)	-	(1,322)	-	-	(350)	

Source: Company Data, WRJ Calculation

FY10/2023 Company Forecasts

FY10/2023 Company forecasts (announced on 5 June 2023) are going for prospective sales of ¥123,000m (up 8.2% YoY), operating profit of ¥8,100m (up 8.5%), recurring profit of ¥8,500m (up 7.7%) and profit attributable to owners of parent of ¥5,700m (up 7.3%), while operating profit margin of 6.6% (unchanged from the previous year) and ROE of 11.9%. For Copper Prices on average, Company forecasts assume ¥1,200,000 (up 0.4%) per ton.

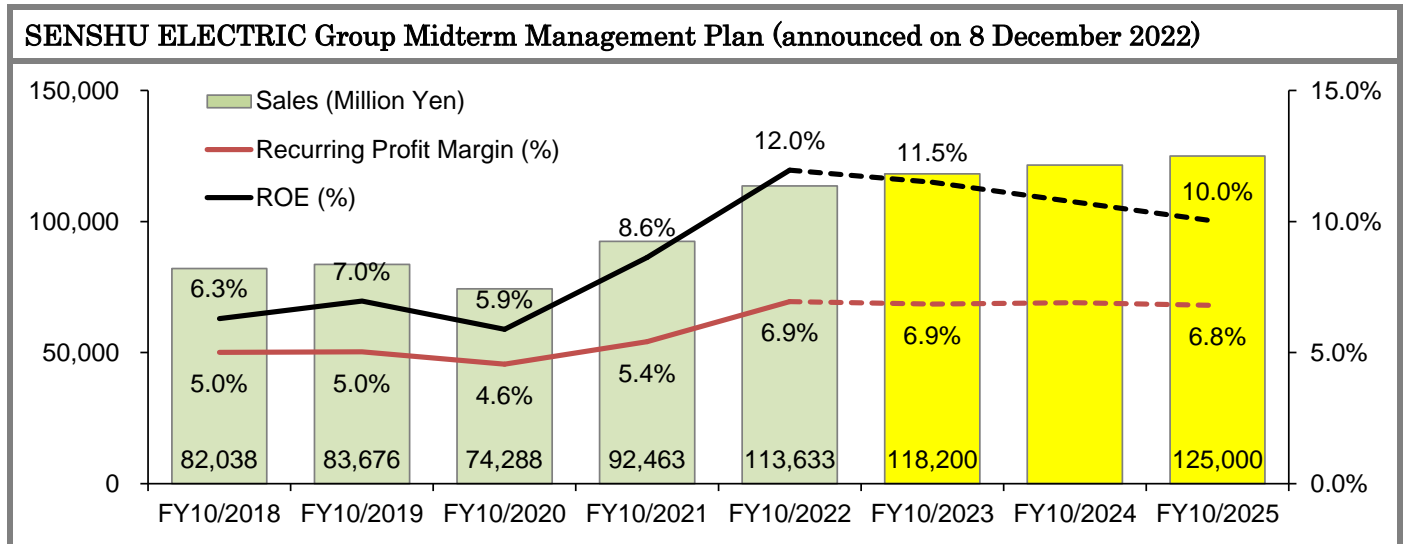
Compared with initial Company forecasts (announced on 8 December 2022), prospective sales have been revised up by ¥4,800m (4.1%), operating profit by ¥300m (3.8%), recurring profit by ¥400m (4.9%) and profit attributable to owners of parent by ¥200m (3.6%). Meanwhile, initial Company forecasts were going for ROE of 11.5%. For Copper Prices on average, initial Company forecasts also assumed ¥1,200,000 (up 0.4%) per ton.

In line with the above-mentioned upward revision for performance, the Company has also revised up planned annual dividend, currently going for ¥100 per share (¥50 as of the end of Q2 and ¥50 as of the end of Q4), implying payout ratio of 31.1%, versus ¥80 per share in initial Company forecasts. In terms of change from the FY10/2022 results, i.e., ¥70 per share (retroactively adjusted for share split), implying payout ratio of 23.8%, the Company is to increase dividend by ¥30 per share and raise payout ratio. In the first place, the Company has been planning to effectively achieve the 10th consecutive year of dividend increase for FY10/2023, while the latest upward revision has expanded the net increase per share from ¥10 to ¥30.

Meanwhile, the Company, being proactive in returning earnings to shareholders, has been buying back its own shares over the past 5 years in a row. After the beginning of FY10/2023, the Company has bought back 182,700 shares at a total cost of ¥599m, which will result in shareholder return ratio of 41.6%. By the way, the Company may additionally buy back its own shares for H2 and it appears that there is an upside for shareholder return ratio for FY10/2023.

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). With respect to the latter, the Company is calling for prospective sales of ¥125,000m and recurring profit of ¥8,500m (recurring profit margin of 6.8%) as the performance target for FY10/2025, the final year of the plan, implying CAGR of 3.2% for sales and 2.5% for earnings, when setting the actual results of FY10/2022 as the point of origin. At the same time, the Company is also calling for prospective ROE of 10% or higher as the performance target for FY10/2025, while assuming Copper Prices on average of ¥1,200,000 per ton during the period of the midterm management plan.



Source: Company Data, WRJ Calculation

For the first year, FY10/2023, the Q1 to Q2 results were better than initially expected and full-year Company forecasts have been revised up, currently going for prospective recurring profit of ¥8,500m, which means that the performance target for FY10/2025, the final year of the plan, is to be achieved in terms of periodic profit or loss for the first year of the plan, FY10/2023. In light of this, it appears that the Company plans to formulate and disclose new midterm management plan (FY10/2024 to FY10/2026). As far as we could see, the Company is to formulate and disclose performance target for FY10/2026 after assessing the actual results of FY10/2023.

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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