

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)
FY10/2022		113,633	7,464	7,894	5,314	294.03	70.00	2,578.24
FY10/2023		124,967	8,366	8,770	5,920	333.10	110.00	2,843.95
FY10/2024CoE		132,000	9,600	10,000	7,000	401.64	130.00	-
FY10/2023	YoY	10.0%	12.1%	11.1%	11.4%	-	-	-
FY10/2024CoE	YoY	5.6%	14.7%	14.0%	18.2%	-	-	-
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 FY10/2023		61,851	4,304	4,482	2,994	-	-	-
Q3 to Q4 FY10/2023		63,116	4,062	4,288	2,926	-	-	-
Q1 to Q2 FY10/2024		66,125	5,104	5,327	3,674	-	-	-
Q3 to Q4 FY10/2024CoE		65,875	4,496	4,673	3,326	-	-	-
Q1 to Q2 FY10/2024	YoY	6.9%	18.6%	18.8%	22.7%	-	-	-
Q3 to Q4 FY10/2024CoE	YoY	4.4%	10.7%	9.0%	13.7%	-	-	-

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

1.0 Executive Summary (12 July 2024)

Higher Copper Prices


SENSHU ELECTRIC, which focuses on development of its business as electric wires general trading company, has been seeing a favorable performance. For FY10/2024, the Company saw record-high earnings during the period of Q1 to Q2, which is to be followed by a frontloaded achievement of existing management objective for FY10/2026 on a full-year basis, i.e., recurring profit of ¥10,000m. Copper prices have been higher than assumed earlier, which is implied to be bringing in an add-on to the Company's performance. There is an aspect for higher copper prices to lower the Company's gross profit margin in the short term, but this is more than compensated for by an increase in selling prices as a result of tight supply-demand balance for electric wires in the market, resulting in gross profit margin rather higher. Meanwhile, for FA cables, the key earnings pillar for the Company, the sentiment has remained weak, according to the Company. Demand has been sluggish from manufacturers of machines and robots that produce machine tools, automobiles, semiconductors, etc. However, the Company is looking to an opportunity of bottoming out and then recovery for such demand at some stage during the period of H2. The Company suggests that it will formulate renewed management objective from a long-term perspective, while planning to release the content in line with the release of the actual results of FY10/2024, as far as we could gather. For the sake of formulating renewed management objective, the Company says that it will check up near-future changes in copper prices, demand for FA cables as well as other issues.

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

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2.0 Company Profile

Sector Leader as Electric Wires General Trading Company

Company Name	<p>SENSHU ELECTRIC CO.,LTD.</p> <p>Company Website</p> <p>IR Information</p> <p>Share Price (Japanese)</p>	
Established	18 November 1949	
Listing	<p>4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 9824)</p> <p>9 November 2017: Tokyo Stock Exchange 1st section</p> <p>8 November 2002: Tokyo Stock Exchange 2nd section</p> <p>24 June 1991: Osaka Stock Exchange 2nd section</p>	
Capital	¥2,575m (as of the end of April 2024)	
No. of Shares	19,500,000 shares, including 1,971,497 treasury shares (as of the end of April 2024)	
Main Features	<ul style="list-style-type: none"> ● Stocking and selling electric wires more than 50,000 in the number of items ● FA cables or private-sector-capex-related, the key earnings pillar ● Co-development of original products with manufacturers of electric wires, smaller but equipped with high technical capabilities 	
Segment	I . Electric Wires & Cables Business	
Representative	Representative Director and President: Motohide Nishimura	
Shareholders	Motohide Nishimura 9.09%, Master Trust Japan, T. 6.87%, BBH Fidelity Low-Priced Stock Fund 6.62%, Yoko Nishimura 5.40%, SWCC 4.84% (as of the end of April 2024, but for treasury shares)	
Head Office	Suita-city, Osaka-prefecture, JAPAN	
No. of Personnel	Consolidated: 823, Parent: 558 (as of the end of April 2024)	

Source: Company Data

3.0 Corporate Philosophy

Creating New Value

On 4 April 2022, the Company, which focuses on development of its business as electric wires general trading company, was listed on Tokyo Stock Exchange Prime Market with transition to a new segmentation in the market. The Company leads the said sector, comprising some 100 sector peer companies. Meanwhile, on 18 November 2023, the Company celebrated its 74th anniversary of establishment and it aims to become a 100-year company by further strengthening its corporate structure based on its philosophy or founding spirit, saying “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) at the same time.

The Company also demonstrates an initiative-taking 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 Social. According to the Company, the "electric wires" dealt in by itself correspond to "vascular and nervous system" in the human body and there are always "electric wires" wherever there is electricity and "electric wires" are indispensable products that support modern society, albeit being rather quiet. Based on this belief, the above-mentioned materiality is presented, according to the Company. Further details of the Company's sustainability management are available in its [INTEGRATED REPORT 2024](#).

Sales Channels of Electric Wires

The Company purchases electric wires more than 50,000 in the number of items, which is considered one of the largest in the sector, from more than 250 manufacturers of electric wires (mainly smaller companies), while selling them to a total of more than 3,700 customers in a wide range of industries. The market for electric wires in Japan comprises that of direct sales from manufacturers of electric wires to end users, represented by telecom houses, utility companies, etc. and that of indirect sales via the Company and the other sector peer companies. In terms of shipment value, the former accounts for some 50% to 60% out of the market as a whole, while remaining 40% to 50% for the latter, according to the Company.

In the actual results of Q1 to Q2 FY10/2024, sales came in at ¥66,125m (up 6.9% YoY). Meanwhile, the Company classifies sales on a parent basis, accounting for the bulk of the Company's operations, into Distributors of Electrical Materials (46.8% of sales), Electrical Construction Companies (20.6% of sales) and Direct Demand (27.7% of sales) by customer. Basically, the Company's performance hinges on that of the parent company, according to the Company.

The mainstay distributors of electrical materials, estimated to exist as many as 1,100 in the number of large-sized ones on a nationwide basis, purchase mainly power cables and other construction-related ones from the Company (to purchase them from manufactures of electric wires) to sell to end users, i.e., smaller electrical construction companies, estimated to exit more than 60,000 in the number on a nationwide basis. All those transactions generate sales of Distributors of Electrical Materials for the Company. Meanwhile, sales of Electrical Construction Companies are generated by transactions for the Company to sell the said merchandises directly to the leading electrical construction companies, making the top 30, including listed ones. Meanwhile, the Company is also exposed to operations to directly provide manufacturers of machines and robots that produce machine tools, automobiles, semiconductors, etc. with FA cables or private-sector-capex-related and all those transactions generate sales of Direct Demand.

The Three Business Models

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. The Company, running operations of sales promotions at 18 locations nationwide to cover Hokkaido to Okinawa in Japan, always stocks sufficient inventory required in its distribution warehouses with the floor space of no less than 70,000 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. To date, however, they have remained insignificant in terms of the impact to the Company's performance as above-mentioned.



Source: Company Data

JUST IN TIME SYSTEM

The Company adopts the framework of JUST IN TIME SYSTEM in its mainstay operations of stocking and selling for electric wires, 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 order placement to delivery in the marketplace.

Original Products

For FA cables or private-sector-capex-related, the Company sees added value relatively higher than the rest of categories and thus carry gross profit margin relatively higher, which creates an aspect that this category is the Company's key earnings pillar. The background is that the Company is deeply involved with original products in this category. The Company co-develops original products with manufacturers of electric wires smaller but equipped with high technical capabilities, catering to specific needs of end users, represented by semiconductor production equipment manufacturers and automakers, generating extra added value as well as higher gross profit margin to a corresponding extent.

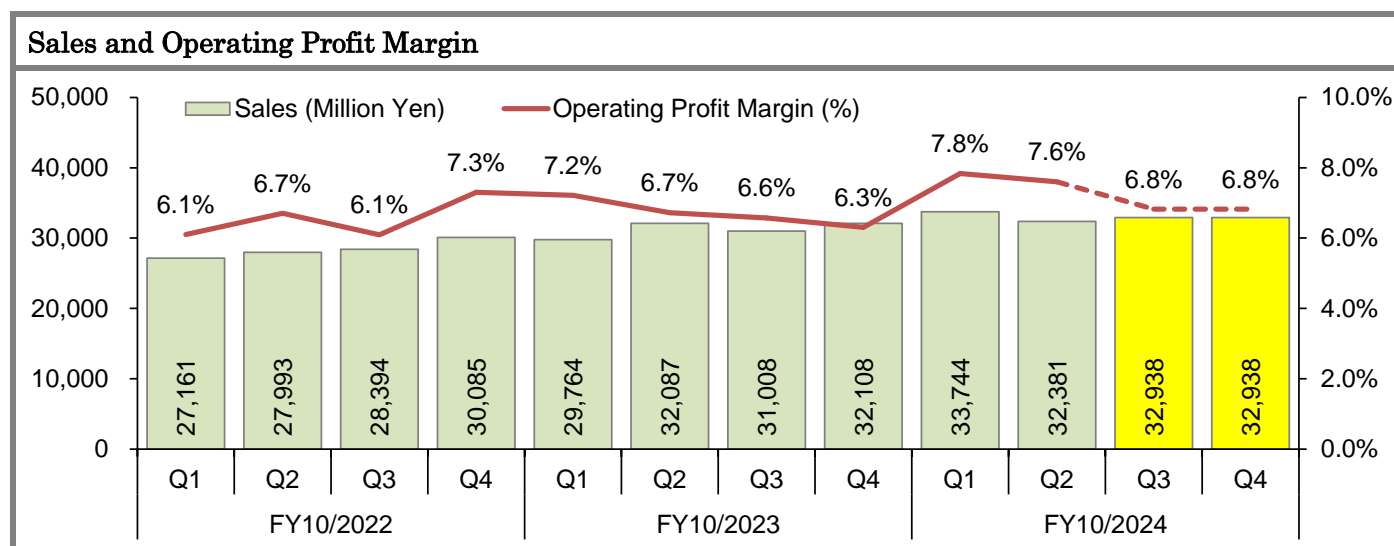
Cable Assembly

The Company has facilities for cable assembly in 7 locations out of the above-mentioned 18 locations in Japan, developing its operations to assemble cables, controlling boards, etc. on a high-mix low-volume quick-delivery basis, catering to needs from customers associated with machine tools, etc., which brings in an add-on value to the Company to a corresponding extent.

4.0 Recent Trading and Prospects

Q1 to Q2 FY10/2024

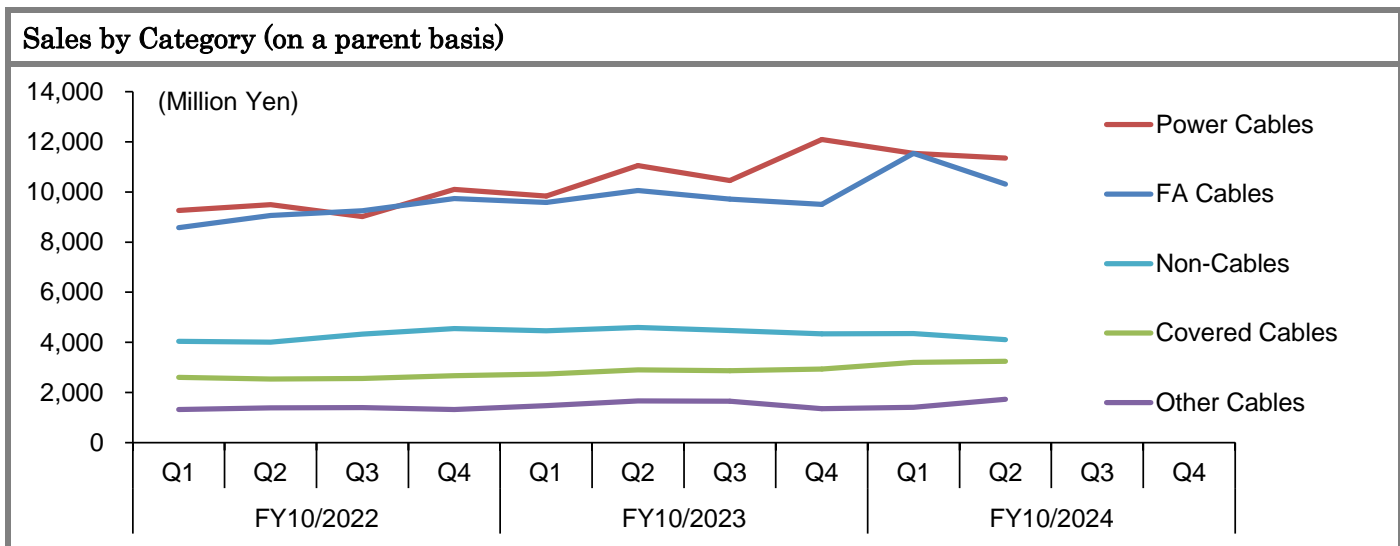
For Q1 to Q2 FY10/2024, sales came in at ¥66,125m (up 6.9% YoY), operating profit ¥5,104m (up 18.6%), recurring profit ¥5,327m (up 18.8%) and profit attributable to owners of parent ¥3,674m (up 22.7%). Meanwhile, gross profit came in at ¥10,473m (up 11.4%) and SG&A expenses ¥5,368m (up 5.3%), implying gross profit margin of 15.8% (up 0.6% points) and SG&A ratio of 8.1% (down 0.1% point), having resulted in operating profit margin of 7.7% (up 0.7% points). As well, the Company saw earnings highest ever for the period of Q1 to Q2.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY10/2024: H2 Company forecasts, pro rata)

Assumptions of FY10/2024 initial Company forecasts were exceeded, by ¥1,625m (2.5%) in sales and ¥804m (18.7%) in operating profit, implying a rather larger overshoot for earnings. Meanwhile, Company forecasts for H2 are now going for prospective sales lower by ¥625m (0.9%) and operating profit higher by ¥96m (2.2%), when compared with assumptions of initial Company forecasts.

The shortage of electric wires that began in the fall of 2023 due to a lack of supply capacity among manufacturers of electric wires appears to have continued for Q1 (November to January) and thereafter. Meanwhile, the Noto Peninsula Earthquake that occurred on 1 January 2024 is reported to have generated special demand for construction-related power cables to support reconstruction efforts. For Q2 (February to April), copper prices began to soar and even more for Q3 (May to July). Copper prices came in at ¥1,482,000 per ton (up 10.4% MoM) in April 2024, followed by ¥1,643,000 per ton (up 10.9% MoM) in May 2024. In terms of the average for Q1 to Q2, copper prices came in at ¥1,322,000 per ton (up 8.1% YoY) versus ¥1,250,000 per ton (up 1.5% YoY), assumed initially by Company forecasts. Meanwhile, the latest Company forecasts assume ¥1,482,000 (up 20.3% YoY) for FY10/2024. Company forecasts for H2 have remained essentially unchanged, perhaps in light of the lack of visibility of such irregular market fluctuations.



Source: Company Data, WRJ Calculation

FA Cables (34.8% of sales)

Sales on a parent basis came in at ¥21,847m (up 11.2%), while FY10/2024 initial Company forecasts were going for prospective sales of ¥39,600m (up 1.9%), implying a contribution to the Company's sales better than expected. According to the Company, there is an aspect that sales were boosted by provisional demand, occurred for Q1, due to scarcity of goods in some domains. FA cables or private-sector-capex-related are adopted by manufacturers of machines and robots that produce machine tools, automobiles, semiconductors, etc. Amongst others, FA cables are often clustered around factory automation (FA) in the factory of all those customers and thus they are named after this feature. As well, the Company says that demand from all those mainstay domains are now slowing. Meanwhile, FA cables have a high added value with the aforementioned backgrounds, while another feature is that they are rather less expected to changes of copper prices due to their limited exposure to copper as a component element in cost of sales.

Power Cables (36.5% of sales)

Sales on a parent basis came in at ¥22,891m (up 9.6%), while FY10/2024 initial Company forecasts were going for prospective sales of ¥44,400m (up 2.2%), implying a contribution to the Company's sales better than expected as in FA cables. The Company mentions an impact of higher copper prices as a background. Power cables or construction-related are used for distribution of electricity in all types of architectures, while the exposure to cost of 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, relatively speaking. However, due to tight supply-demand balance in the market, the Company suggests that it saw gross profit margin improving for Q1 to Q2.

“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 also being influential). As well, the Company has established a scheme whereby changes in copper prices are reflected in own selling prices of electric wires after a certain time lag.

In fact, the Company has been seeing higher selling prices in line with higher copper prices for Q1 to Q2, but it appears to have been too early to fully benefit from the surge in April 2024 due to the existence of a time lag, while it is only logical that the impact of the surge in May 2024 will take place after the beginning of the period for Q3 (May to July). In case of power cables, changes in copper prices will make a significant impact due to its high exposure to copper in its cost of sales.

Meanwhile, the Company adopts moving average cost method in evaluation of inventory (purchased merchandises) and thus higher purchase prices are immediately passed on to cost of sales, while the same applies to changes in copper prices to purchase prices. However, it takes a while to pass that on to own selling prices, implying that the Company sees gross profit margin being under pressure when copper prices are rising at least theoretically and the Company says that the converse is also true. Now, under the current circumstances, the impact of tight supply-demand balance is becoming more significant to selling prices.

Covered Cables (10.3% of sales)

Sales on a parent basis came in at ¥6,439m (up 14.1%), while FY10/2024 initial Company forecasts were going for prospective sales of ¥11,600m (up 1.4%), implying a contribution to the Company's sales better than expected also here once again. Covered cables are of 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. Sales have been better due mainly to the same reasons as in power cables.

Other Cables (4.9% of sales)

Sales on a parent basis came in at ¥3,140m (up 0.1%), while FY10/2024 initial Company forecasts were going for prospective sales of ¥6,200m (up 0.9%). Sales of other cables are of stocking and selling for so-called bare electric wires, purchased from major manufacturers of electric wires to sell to smaller ones. In real terms, the Company simply trades copper itself, creating low added value and thus low gross profit margin.

Non-Cables (13.5% of sales)

Sales on a parent basis came in at ¥8,461m (down 6.6%), while FY10/2024 initial Company forecasts were going for prospective sales of ¥18,200m (up 1.8%), implying a shortfall against assumptions of initial Company forecasts. For non-cables, the Company sees sales, not being included in the above-mentioned categories of sales by category, i.e., those of stocking and selling for electric wires. According to the Company, sales of non-cables comprise those of diverse merchandises and services related to harness fabrication, natural energy (e.g., photovoltaics) and many other items. For example, the Company is deeply involved with cable assembly for the operations of harness fabrication, while being in charge of sales promotions of its proprietary products, represented by Abil Heater (subterranean heated vinyl lines for agricultural use). Thus, non-cables carry gross profit margin highest second only to FA cables, according to the Company.

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.
	10/2023	10/2023	10/2023	10/2023	10/2024	10/2024	10/2024	10/2024		
Sales	29,764	61,851	92,859	124,967	33,744	66,125	-	-	-	+4,274
Cost of Sales	25,119	52,447	78,798	106,287	28,406	55,651	-	-	-	+3,204
Gross Profit	4,645	9,404	14,061	18,680	5,337	10,473	-	-	-	+1,069
SG&A Expenses	2,497	5,099	7,718	10,313	2,694	5,368	-	-	-	+269
Operating Profit	2,147	4,304	6,342	8,366	2,643	5,104	-	-	-	+800
Non Operating Balance	117	178	297	404	129	223	-	-	-	+45
Recurring Profit	2,263	4,482	6,640	8,770	2,772	5,327	-	-	-	+845
Extraordinary Balance	0	0	0	(3)	100	112	-	-	-	+112
Profit before Income Taxes	2,263	4,482	6,640	8,766	2,872	5,440	-	-	-	+958
Total Income Taxes	726	1,458	2,132	2,788	900	1,749	-	-	-	+291
NP Belonging to Non-Controlling SHs	16	29	45	57	12	16	-	-	-	(13)
Profit Attributable to Owners of Parent	1,520	2,994	4,461	5,920	1,958	3,674	-	-	-	+680
Sales YoY	+9.6%	+12.1%	+11.1%	+10.0%	+13.4%	+6.9%	-	-	-	-
Operating Profit YoY	+29.4%	+21.7%	+20.4%	+12.1%	+23.1%	+18.6%	-	-	-	-
Recurring Profit YoY	+28.2%	+20.7%	+18.6%	+11.1%	+22.5%	+18.8%	-	-	-	-
Profit Attributable to Owners of Parent YoY	+27.3%	+20.2%	+18.5%	+11.4%	+28.8%	+22.7%	-	-	-	-
Gross Profit Margin	15.6%	15.2%	15.1%	14.9%	15.8%	15.8%	-	-	-	+0.6%
SG&A Ratio	8.4%	8.2%	8.3%	8.2%	8.0%	8.1%	-	-	-	(0.1%)
Operating Profit Margin	7.2%	7.0%	6.8%	6.7%	7.8%	7.7%	-	-	-	+0.7%
Recurring Profit Margin	7.6%	7.2%	7.2%	7.0%	8.2%	8.1%	-	-	-	+0.9%
Profit Attributable to Owners of Parent Margin	5.1%	4.8%	4.8%	4.7%	5.8%	5.6%	-	-	-	+0.8%
Tax Charges etc. / Pretax Profit	32.1%	32.5%	32.1%	31.8%	31.3%	32.2%	-	-	-	(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.
	10/2023	10/2023	10/2023	10/2023	10/2024	10/2024	10/2024	10/2024		
Sales	29,764	32,087	31,008	32,108	33,744	32,381	-	-	-	+294
Cost of Sales	25,119	27,328	26,351	27,489	28,406	27,245	-	-	-	(83)
Gross Profit	4,645	4,759	4,657	4,619	5,337	5,136	-	-	-	+377
SG&A Expenses	2,497	2,602	2,619	2,595	2,694	2,674	-	-	-	+72
Operating Profit	2,147	2,157	2,038	2,024	2,643	2,461	-	-	-	+304
Non Operating Balance	117	61	119	107	129	94	-	-	-	+33
Recurring Profit	2,263	2,219	2,158	2,130	2,772	2,555	-	-	-	+336
Extraordinary Balance	0	0	0	(3)	100	12	-	-	-	+12
Profit before Income Taxes	2,263	2,219	2,158	2,126	2,872	2,568	-	-	-	+349
Total Income Taxes	726	732	674	656	900	849	-	-	-	+117
NP Belonging to Non-Controlling SHs	16	13	16	12	12	4	-	-	-	(9)
Profit Attributable to Owners of Parent	1,520	1,474	1,467	1,459	1,958	1,716	-	-	-	+242
Sales YoY	+9.6%	+14.6%	+9.2%	+6.7%	+13.4%	+0.9%	-	-	-	-
Operating Profit YoY	+29.4%	+14.9%	+17.8%	(7.9%)	+23.1%	+14.1%	-	-	-	-
Recurring Profit YoY	+28.2%	+14.0%	+14.5%	(7.2%)	+22.5%	+15.1%	-	-	-	-
Profit Attributable to Owners of Parent YoY	+27.3%	+13.6%	+15.2%	(5.9%)	+28.8%	+16.4%	-	-	-	-
Gross Profit Margin	15.6%	14.8%	15.0%	14.4%	15.8%	15.9%	-	-	-	+1.1%
SG&A Ratio	8.4%	8.1%	8.4%	8.1%	8.0%	8.3%	-	-	-	+0.2%
Operating Profit Margin	7.2%	6.7%	6.6%	6.3%	7.8%	7.6%	-	-	-	+0.9%
Recurring Profit Margin	7.6%	6.9%	7.0%	6.6%	8.2%	7.9%	-	-	-	+1.0%
Profit Attributable to Owners of Parent Margin	5.1%	4.6%	4.7%	4.5%	5.8%	5.3%	-	-	-	+0.7%
Tax Charges etc. / Pretax Profit	32.1%	33.0%	31.2%	30.9%	31.3%	33.1%	-	-	-	+0.1%

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.
	10/2023	10/2023	10/2023	10/2023	10/2024	10/2024	10/2024	10/2024		
FA Cables	9,585	19,641	29,356	38,859	11,540	21,847	-	-	-	+2,206
Power Cables	9,838	20,886	31,344	43,438	11,537	22,891	-	-	-	+2,005
Covered Cables	2,734	5,641	8,510	11,444	3,198	6,439	-	-	-	+798
Other Cables	1,473	3,138	4,789	6,145	1,410	3,140	-	-	-	+2
Non-Cables	4,464	9,063	13,541	17,883	4,354	8,461	-	-	-	(602)
Sales (on a Parent basis)	28,095	58,371	87,542	117,772	32,042	62,780	-	-	-	+4,409
Consolidated Add-ons	1,669	3,480	5,317	7,195	1,702	3,345	-	-	-	(135)
Sales	29,764	61,851	92,859	124,967	33,744	66,125	-	-	-	+4,274
FA Cables	+11.8%	+11.4%	+9.2%	+6.1%	+20.4%	+11.2%	-	-	-	-
Power Cables	+6.3%	+11.4%	+12.9%	+14.7%	+17.3%	+9.6%	-	-	-	-
Covered Cables	+5.1%	+9.8%	+10.5%	+10.4%	+17.0%	+14.1%	-	-	-	-
Other Cables	+11.4%	+15.6%	+16.5%	+13.1%	(4.3%)	+0.1%	-	-	-	-
Non-Cables	+10.5%	+12.6%	+9.4%	+5.6%	(2.5%)	(6.6%)	-	-	-	-
Sales (on a Parent basis)	+8.9%	+11.7%	+11.1%	+9.8%	+14.0%	+7.6%	-	-	-	-
Consolidated Add-ons	+22.1%	+21.1%	+12.6%	+12.2%	+2.0%	(3.9%)	-	-	-	-
Sales (YoY)	+9.6%	+12.1%	+11.1%	+10.0%	+13.4%	+6.9%	-	-	-	-
FA Cables	34.1%	33.6%	33.5%	33.0%	36.0%	34.8%	-	-	-	-
Power Cables	35.0%	35.8%	35.8%	36.9%	36.0%	36.5%	-	-	-	-
Covered Cables	9.7%	9.7%	9.7%	9.7%	10.0%	10.3%	-	-	-	-
Other Cables	5.2%	5.4%	5.5%	5.2%	4.4%	4.9%	-	-	-	-
Non-Cables	15.9%	15.5%	15.5%	15.2%	13.6%	13.5%	-	-	-	-
Sales (on a Parent basis)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-
Sales (on a Parent basis)	94.4%	94.4%	94.3%	94.2%	95.0%	94.9%	-	-	-	-
Consolidated Add-ons	5.6%	5.6%	5.7%	5.8%	5.0%	5.1%	-	-	-	-
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.
	10/2023	10/2023	10/2023	10/2023	10/2024	10/2024	10/2024	10/2024		
FA Cables	9,585	10,056	9,715	9,503	11,540	10,307	-	-	-	+251
Power Cables	9,838	11,048	10,458	12,094	11,537	11,354	-	-	-	+306
Covered Cables	2,734	2,907	2,869	2,934	3,198	3,241	-	-	-	+334
Other Cables	1,473	1,665	1,651	1,356	1,410	1,730	-	-	-	+65
Non-Cables	4,464	4,599	4,478	4,342	4,354	4,107	-	-	-	(492)
Sales (on a Parent basis)	28,095	30,276	29,171	30,230	32,042	30,738	-	-	-	+462
Consolidated Add-ons	1,669	1,811	1,837	1,878	1,702	1,643	-	-	-	(168)
Sales	29,764	32,087	31,008	32,108	33,744	32,381	-	-	-	+294
FA Cables	+11.8%	+11.0%	+5.1%	(2.4%)	+20.4%	+2.5%	-	-	-	-
Power Cables	+6.3%	+16.4%	+15.9%	+19.8%	+17.3%	+2.8%	-	-	-	-
Covered Cables	+5.1%	+14.6%	+12.0%	+9.8%	+17.0%	+11.5%	-	-	-	-
Other Cables	+11.4%	+19.6%	+18.3%	+2.3%	(4.3%)	+3.9%	-	-	-	-
Non-Cables	+10.5%	+14.7%	+3.5%	(4.7%)	(2.5%)	(10.7%)	-	-	-	-
Sales (on a Parent basis)	+8.9%	+14.3%	+9.9%	+6.5%	+14.0%	+1.5%	-	-	-	-
Consolidated Add-ons	+22.1%	+20.2%	(0.5%)	+11.1%	+2.0%	(9.3%)	-	-	-	-
Sales (YoY)	+9.6%	+14.6%	+9.2%	+6.7%	+13.4%	+0.9%	-	-	-	-
FA Cables	34.1%	33.2%	33.3%	31.4%	36.0%	33.5%	-	-	-	-
Power Cables	35.0%	36.5%	35.9%	40.0%	36.0%	36.9%	-	-	-	-
Covered Cables	9.7%	9.6%	9.8%	9.7%	10.0%	10.5%	-	-	-	-
Other Cables	5.2%	5.5%	5.7%	4.5%	4.4%	5.6%	-	-	-	-
Non-Cables	15.9%	15.2%	15.4%	14.4%	13.6%	13.4%	-	-	-	-
Sales (on a Parent basis)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	-	-
Sales (on a Parent basis)	94.4%	94.4%	94.1%	94.2%	95.0%	94.9%	-	-	-	-
Consolidated Add-ons	5.6%	5.6%	5.9%	5.8%	5.0%	5.1%	-	-	-	-
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 10/2023	Q2 10/2023	Q3 10/2023	Q4 10/2023	Q1 10/2024	Q2 10/2024	Q3 10/2024	Q4 10/2024		
Cash and Deposit	26,601	26,966	27,094	28,534	28,596	28,828	-	-	-	+1,862
Accounts Receivables	32,777	34,494	34,222	34,615	35,627	35,990	-	-	-	+1,496
Inventory	7,795	8,370	8,420	7,418	7,222	8,169	-	-	-	(201)
Other	256	298	278	263	209	314	-	-	-	+16
Current Assets	67,429	70,128	70,014	70,830	71,654	73,301	-	-	-	+3,173
Tangible Assets	18,022	18,685	18,681	20,355	20,702	21,498	-	-	-	+2,813
Intangible Assets	344	330	317	303	290	269	-	-	-	(61)
Investments and Other Assets	9,326	9,738	9,884	9,878	10,140	10,754	-	-	-	+1,016
Fixed Assets	27,693	28,753	28,883	30,537	31,133	32,522	-	-	-	+3,769
Total Assets	95,123	98,881	98,897	101,367	102,788	105,823	-	-	-	+6,942
Accounts Payables	41,909	42,928	42,959	43,050	44,947	44,656	-	-	-	+1,728
Short-Term Debt	642	635	694	696	733	726	-	-	-	+91
Corporate Bond (less than one year)	114	114	114	64	64	14	-	-	-	(100)
Other	2,318	3,666	2,728	3,903	2,720	4,167	-	-	-	+501
Current Liabilities	44,983	47,343	46,495	47,713	48,464	49,563	-	-	-	+2,220
Corporate Bond	107	99	99	42	42	35	-	-	-	(64)
Long-Term Debt	60	58	56	54	52	-	-	-	-	(58)
Other	2,975	3,021	3,056	2,843	2,761	2,864	-	-	-	(157)
Fixed Liabilities	3,142	3,178	3,211	2,939	2,855	2,899	-	-	-	(279)
Total Liabilities	48,126	50,521	49,707	50,652	51,320	52,462	-	-	-	+1,941
Shareholders' Equity	45,589	46,845	47,440	48,764	49,216	50,731	-	-	-	+3,886
Other	1,407	1,514	1,750	1,950	2,251	2,630	-	-	-	+1,116
Net Assets	46,996	48,359	49,190	50,714	51,467	53,361	-	-	-	+5,002
Total Liabilities and Net Assets	95,123	98,881	98,897	101,367	102,788	105,823	-	-	-	+6,942
Equity Capital	46,679	48,023	48,837	50,329	51,065	52,982	-	-	-	+4,959
Interest Bearing Debt	923	906	963	856	891	775	-	-	-	(131)
Net Debt	(25,678)	(26,060)	(26,131)	(27,678)	(27,705)	(28,053)	-	-	-	(1,993)
Capital Ratio	49.1%	48.6%	49.4%	49.7%	49.7%	50.1%	-	-	-	-
Net Debt Equity Ratio	(55.0%)	(54.3%)	(53.5%)	(55.0%)	(54.3%)	(52.9%)	-	-	-	-
ROE (12 months)	12.6%	12.6%	12.8%	12.3%	13.0%	13.1%	-	-	-	-
ROA (12 months)	9.3%	9.1%	9.4%	8.9%	9.4%	9.4%	-	-	-	-
Months for Inventory Turnover	0.79	0.78	0.81	0.69	0.64	0.76	-	-	-	-
Quick Ratio	132%	130%	132%	132%	133%	131%	-	-	-	-
Current Ratio	150%	148%	151%	148%	148%	148%	-	-	-	-

Source: Company Data, WRJ Calculation

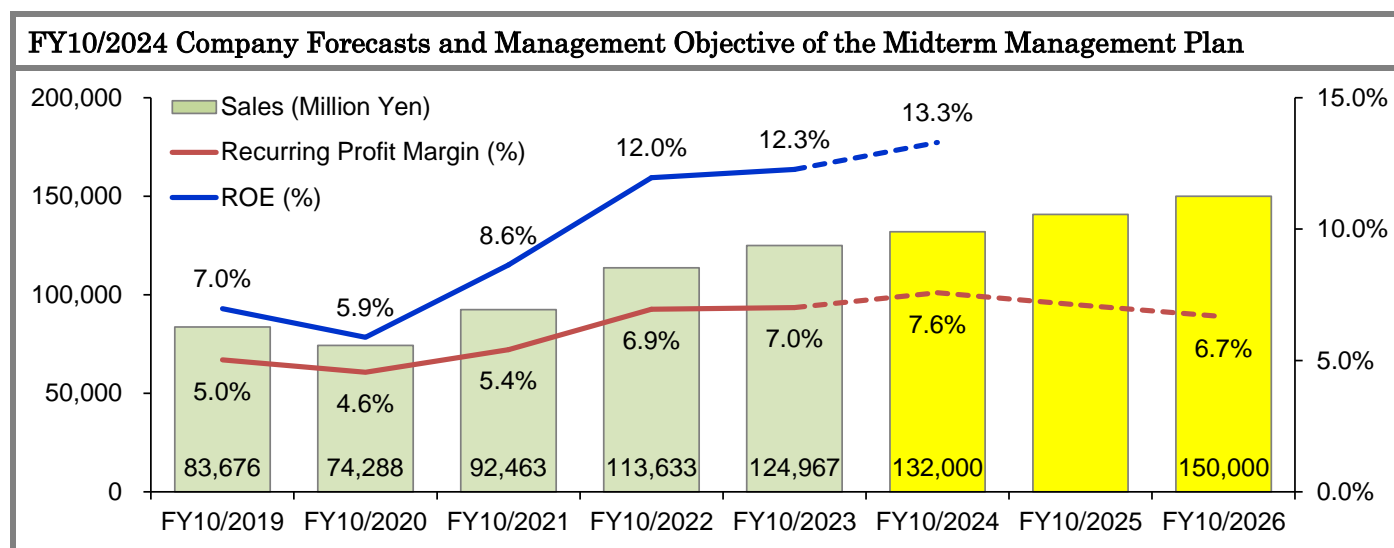
Cash Flow Statement (Cumulative)

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 10/2023	Q1 to Q2 10/2023	Q1 to Q3 10/2023	Q1 to Q4 10/2023	Q1 10/2024	Q1 to Q2 10/2024	Q1 to Q3 10/2024	Q1 to Q4 10/2024		
Operating Cash Flow	-	2,331	-	6,940	-	3,525	-	-	-	+1,194
Investing Cash Flow	-	(1,213)	-	(3,116)	-	(1,405)	-	-	-	(192)
Operating Cash Flow and Investing Cash Flow	-	1,118	-	3,824	-	2,120	-	-	-	+1,002
Financing Cash Flow	-	(1,322)	-	(2,400)	-	(1,911)	-	-	-	(589)

Source: Company Data, WRJ Calculation

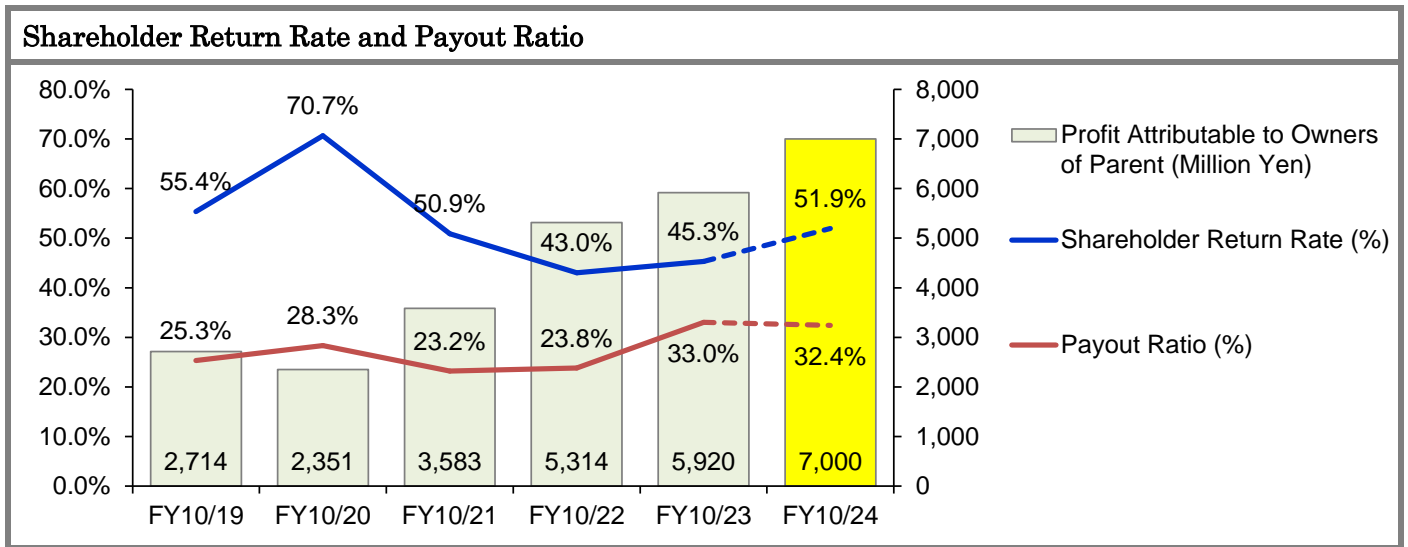
FY10/2024 Company Forecasts

FY10/2024 Company forecasts, announced on 4 June 2024, are going for prospective sales of ¥132,000m (up 5.6% YoY), operating profit of ¥9,600m (up 14.7%), recurring profit of ¥10,000m (up 14.0%) and profit attributable to owners of parent of ¥7,000m (up 18.2%). Meanwhile, on 7 December 2023, the Company announced its midterm management plan (FY10/2024 to FY10/2026) and had been calling for prospective sales of ¥150,000m, recurring profit of ¥10,000m and ROE of 10.0% or more for FY10/2026, the final year of the plan.



Source: Company Data, WRJ Calculation

FY10/2024 initial Company forecasts, announced on 7 December 2023, have been revised at the release of the Q1 results and then again at the release of the Q2 results. With respect to the former, sales have been revised up by ¥1,000m (0.8%) and ¥500m (5.7%) for operating profit, which is followed by the latter, where sales have remained unchanged and operating profit revised up by ¥400m (4.3%). As a result, the Company is now going for an achievement of FY10/2026 management objective of the midterm management plan for FY10/2024 in terms of recurring profit. With respect to ROE, the Company is seeing a pronounced tendency to realize levels higher than the management object rather sooner. FY10/2024 Company forecasts, currently, assume ROE of 13.3%. In light of all those issues, the Company suggests that it will formulate renewed management objective from a long-term perspective, while planning to release the content in line with the release of the actual results of FY10/2024, as far as we could gather.



Source: Company Data, WRJ Calculation

Effectively, for FY10/2024, the Company is to increase its dividend for the 11th consecutive year. In terms of changes from FY10/2019 to FY10/2020, the Company paid annual dividend of ¥70.00 (ordinary dividend of ¥60.00 and commemorative dividend of ¥10.00) for FY10/2019, which was followed by ¥70.00 (ordinary dividend of ¥70.00) for FY10/2020, implying that ordinary has been increased, that commemorative dividend has fallen off and that annual dividend has remained unchanged. Objectively, the Company has simply implemented an increase in annual dividend over the past ten years in row, but for FY10/2020.

The current Company forecasts are going for planned annual dividend of ¥130.00 for FY10/2024 (¥65.00 as of the of Q2 and ¥65.00 as of the end of year) versus ¥120.00 (¥60.00 as of the end of Q2 and ¥60.00 as of the end of year) with initial Company forecasts. That is to say, planned annual dividend has been revised up in line with Company forecasts revised up. Meanwhile, for FY10/2024, the Company is to see payout ratio essentially unchanged from the previous year, but seeing an increase in shareholder return rate, including the impact of share repurchase currently underway at a maximum. The said share repurchase has a period of repurchase from 5 June 2024 to 31 October 2024 and the maximum number of shares to be repurchased of 100,000, which equates 0.57% of the total shares outstanding but for treasury shares, while the total repurchase amount being ¥500m at a maximum.

FY10/2024 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY10/2024CoE	7-Dec-23	Q4 Results	131,000	8,700	8,900	6,150
FY10/2024CoE	4-Mar-24	Q1 Results	132,000	9,200	9,500	6,600
		Amount of Gap	1,000	500	600	450
		Rate of Gap	0.8%	5.7%	6.7%	7.3%
FY10/2024CoE	4-Jun-24	Q2 Results	132,000	9,600	10,000	7,000
		Amount of Gap	0	400	500	400
		Rate of Gap	0.0%	4.3%	5.3%	6.1%
FY10/2024CoE	7-Dec-23	Q4 Results	131,000	8,700	8,900	6,150
FY10/2024CoE	4-Jun-24	Q2 Results	132,000	9,600	10,000	7,000
		Amount of Gap	1,000	900	1,100	850
		Rate of Gap	0.8%	10.3%	12.4%	13.8%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY10/2024CoE	7-Dec-23	Q4 Results	64,500	4,300	4,400	3,000
Q1 to Q2 FY10/2024CoE	4-Mar-24	Q1 Results	66,000	4,800	5,000	3,500
		Amount of Gap	1,500	500	600	500
		Rate of Gap	2.3%	11.6%	13.6%	16.7%
Q1 to Q2 FY10/2024Act	4-Jun-24	Q2 Results	66,125	5,104	5,327	3,674
		Amount of Gap	125	304	327	174
		Rate of Gap	0.2%	6.3%	6.5%	5.0%
Q1 to Q2 FY10/2024CoE	7-Dec-23	Q4 Results	64,500	4,300	4,400	3,000
Q1 to Q2 FY10/2024Act	4-Jun-24	Q2 Results	66,125	5,104	5,327	3,674
		Amount of Gap	1,625	804	927	674
		Rate of Gap	2.5%	18.7%	21.1%	22.5%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY10/2024CoE	7-Dec-23	Q4 Results	66,500	4,400	4,500	3,150
Q3 to Q4 FY10/2024CoE	4-Mar-24	Q1 Results	66,000	4,400	4,500	3,100
		Amount of Gap	(500)	0	0	(50)
		Rate of Gap	(0.8%)	0.0%	0.0%	(1.6%)
Q3 to Q4 FY10/2024CoE	4-Jun-24	Q2 Results	65,875	4,496	4,673	3,326
		Amount of Gap	(125)	96	173	226
		Rate of Gap	(0.2%)	2.2%	3.8%	7.3%
Q3 to Q4 FY10/2024CoE	7-Dec-23	Q4 Results	66,500	4,400	4,500	3,150
Q3 to Q4 FY10/2024CoE	4-Jun-24	Q2 Results	65,875	4,496	4,673	3,326
		Amount of Gap	(625)	96	173	176
		Rate of Gap	(0.9%)	2.2%	3.8%	5.6%

Source: Company Data, WRJ Calculation

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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