

Translation

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Summary of Consolidated Financial Results for the Year Ended October 31, 2019 (Based on Japanese GAAP)

December 9, 2019

Company name: SENSU ELECTRIC CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 9824 URL <https://www.senden.co.jp/>
 Representative: Representative Director, President Motohide Nishimura
 Senior Managing Director & Executive
 Inquiries: Officer & General Manager of Shinobu Miyaishi TEL 06-6384-1101
 Administration Division
 Scheduled date of ordinary general meeting of shareholders: January 30, 2020
 Scheduled date to file Securities Report: January 31, 2020
 Scheduled date to commence dividend payments: January 31, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended October 31, 2019 (from November 1, 2018 to October 31, 2019)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended October 31, 2019	83,676	2.0	3,979	2.9	4,206	2.5	2,714	14.5
Year ended October 31, 2018	82,038	9.4	3,868	20.8	4,105	18.8	2,371	3.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended October 31, 2019	277.04	–	7.0	6.2	4.8
Year ended October 31, 2018	236.36	–	6.3	6.3	4.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2019	68,589	39,749	57.7	4,094.81
As of October 31, 2018	67,311	38,368	56.8	3,843.63

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended October 31, 2019	3,349	(1,199)	(1,525)	15,430
Year ended October 31, 2018	3,660	(2,648)	(1,032)	14,798

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Year ended October 31, 2018	–	25.00	–	30.00	55.00	549	23.3	1.5
Year ended October 31, 2019	–	35.00	–	35.00	70.00	682	25.3	1.8
Year ending October 31, 2020 (Forecast)	–	35.00	–	35.00	70.00		22.8	

3. Forecast of consolidated financial results for the year ending October 31, 2020 (from November 1, 2019 to October 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending April 30, 2020	42,500	0.2	1,890	(12.1)	2,000	(11.6)	1,300	(14.5)	136.80
Full year	88,800	6.1	4,210	5.8	4,420	5.1	2,920	7.6	307.28

4. Notes

(1) Changes in significant subsidiaries during the year ended October 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of October 31, 2019	10,800,000 shares	As of October 31, 2018	10,800,000 shares
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Number of treasury shares at the end of the period

As of October 31, 2019	1,127,181 shares	As of October 31, 2018	844,976 shares
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Average number of shares during the period

Year ended October 31, 2019	9,797,541 shares	Year ended October 31, 2018	10,031,899 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of October 31, 2018	As of October 31, 2019
Assets		
Current assets		
Cash and deposits	15,432	15,972
Notes and accounts receivable - trade	19,124	18,070
Electronically recorded monetary claims - operating	4,875	6,137
Securities	48	–
Merchandise	4,065	4,128
Other	258	226
Allowance for doubtful accounts	(61)	(22)
Total current assets	43,744	44,512
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,617	10,474
Accumulated depreciation	(3,808)	(3,649)
Buildings and structures, net	4,809	6,825
Machinery, equipment and vehicles	1,098	1,347
Accumulated depreciation	(818)	(847)
Machinery, equipment and vehicles, net	279	500
Land	8,623	10,550
Leased assets	171	176
Accumulated depreciation	(65)	(88)
Leased assets, net	106	87
Construction in progress	3,465	0
Other	330	333
Accumulated depreciation	(261)	(245)
Other, net	69	88
Total property, plant and equipment	17,353	18,052
Intangible assets		
Goodwill	10	4
Other	211	170
Total intangible assets	221	175
Investments and other assets		
Investment securities	1,380	1,326
Long-term loans receivable	255	46
Deferred tax assets	818	882
Other	4,355	4,398
Accumulated depreciation	(333)	(382)
Other, net	4,021	4,016
Allowance for doubtful accounts	(484)	(421)
Total investments and other assets	5,992	5,849
Total non-current assets	23,567	24,077
Total assets	67,311	68,589

(Millions of yen)

	As of October 31, 2018	As of October 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,688	23,537
Short-term loans payable	115	105
Lease obligations	46	45
Accrued expenses	262	325
Income taxes payable	814	736
Provision for bonuses	612	628
Other	642	671
Total current liabilities	26,180	26,049
Non-current liabilities		
Lease obligations	98	63
Deferred tax liabilities	98	98
Provision for retirement benefits for directors (and other officers)	528	—
Retirement benefit liability	1,847	1,946
Asset retirement obligations	6	6
Guarantee deposited	171	155
Other	10	519
Total non-current liabilities	2,762	2,790
Total liabilities	28,943	28,840
Net assets		
Shareholders' equity		
Capital stock	2,575	2,575
Capital surplus	3,372	3,386
Retained earnings	33,395	35,467
Treasury shares	(1,482)	(2,270)
Total shareholders' equity	37,860	39,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	425	431
Foreign currency translation adjustment	68	60
Remeasurements of defined benefit plans	(90)	(42)
Total accumulated other comprehensive income	403	449
Non-controlling interests	105	140
Total net assets	38,368	39,749
Total liabilities and net assets	67,311	68,589

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended October 31, 2018	Fiscal year ended October 31, 2019
Net sales	82,038	83,676
Cost of sales	69,206	70,453
Gross profit	12,831	13,222
Selling, general and administrative expenses		
Freightage and packing expenses	1,233	1,265
Provision of allowance for doubtful accounts	9	(48)
Salaries and bonuses	3,382	3,484
Welfare expenses	865	864
Provision for bonuses	608	621
Provision for retirement benefits for directors (and other officers)	58	8
Retirement benefit expenses	275	282
Transportation and communication expenses	314	318
Depreciation	358	477
Amortization of goodwill	25	5
Other	1,830	1,962
Total selling, general and administrative expenses	8,963	9,243
Operating profit	3,868	3,979
Non-operating income		
Interest income	13	8
Dividend income	45	40
House rent income	112	121
Purchase discounts	47	49
Foreign exchange gains	2	1
Other	110	119
Total non-operating income	332	341
Non-operating expenses		
Interest expenses	0	0
Depreciation	47	55
Guarantee commission	7	6
Loss on redemption of investment securities	–	13
Other	40	37
Total non-operating expenses	95	113
Ordinary profit	4,105	4,206
Extraordinary income		
Gain on sales of non-current assets	28	8
Insurance income	91	–
Total extraordinary income	120	8
Extraordinary losses		
Loss on retirement of non-current assets	–	120
Impairment loss	488	74
Loss on sales of investment securities	13	–
Total extraordinary losses	501	195
Profit before income taxes	3,724	4,019
Income taxes - current	1,370	1,354
Income taxes - deferred	(37)	(77)
Total income taxes	1,332	1,277
Profit	2,391	2,742
Profit attributable to non-controlling interests	20	28
Profit attributable to owners of parent	2,371	2,714

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended October 31, 2018	Fiscal year ended October 31, 2019
Profit	2,391	2,742
Other comprehensive income		
Valuation difference on available-for-sale securities	(137)	6
Foreign currency translation adjustment	(31)	(0)
Remeasurements of defined benefit plans, net of tax	36	48
Total other comprehensive income	(132)	54
Comprehensive income	2,259	2,796
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,238	2,760
Comprehensive income attributable to non-controlling interests	20	35

Consolidated statements of changes in equity

Fiscal year ended October 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,575	3,372	31,527	(1,008)	36,466
Changes of items during period					
Dividends of surplus			(252)		(252)
Dividends from surplus, interim dividend			(250)		(250)
Profit attributable to owners of parent			2,371		2,371
Purchase of treasury shares				(473)	(473)
Disposal of treasury shares					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,867	(473)	1,393
Balance at end of current period	2,575	3,372	33,395	(1,482)	37,860

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	562	99	(126)	535	84	37,086
Changes of items during period						
Dividends of surplus						(252)
Dividends from surplus, interim dividend						(250)
Profit attributable to owners of parent						2,371
Purchase of treasury shares						(473)
Disposal of treasury shares						–
Net changes of items other than shareholders' equity	(137)	(31)	36	(132)	20	(111)
Total changes of items during period	(137)	(31)	36	(132)	20	1,282
Balance at end of current period	425	68	(90)	403	105	38,368

Fiscal year ended October 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,575	3,372	33,395	(1,482)	37,860
Changes of items during period					
Dividends of surplus			(298)		(298)
Dividends from surplus, interim dividend			(343)		(343)
Profit attributable to owners of parent			2,714		2,714
Purchase of treasury shares				(821)	(821)
Disposal of treasury shares		14		33	47
Net changes of items other than shareholders' equity					
Total changes of items during period	–	14	2,071	(788)	1,298
Balance at end of current period	2,575	3,386	35,467	(2,270)	39,158

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	425	68	(90)	403	105	38,368
Changes of items during period						
Dividends of surplus						(298)
Dividends from surplus, interim dividend						(343)
Profit attributable to owners of parent						2,714
Purchase of treasury shares						(821)
Disposal of treasury shares						47
Net changes of items other than shareholders' equity	6	(7)	48	46	35	82
Total changes of items during period	6	(7)	48	46	35	1,380
Balance at end of current period	431	60	(42)	449	140	39,749

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended October 31, 2018	Fiscal year ended October 31, 2019
Cash flows from operating activities		
Profit before income taxes	3,724	4,019
Depreciation	415	543
Amortization of goodwill	25	5
Increase (decrease) in retirement benefit liability	152	168
Increase (decrease) in provision for retirement benefits for directors (and other officers)	49	(528)
Increase (decrease) in provision for bonuses	14	16
Increase (decrease) in allowance for doubtful accounts	6	(101)
Interest and dividend income	(59)	(49)
Interest expenses	0	0
Loss (gain) on sales of non-current assets	(28)	(8)
Loss on retirement of non-current assets	5	120
Loss (gain) on redemption of investment securities	(5)	13
Rent income	(112)	(121)
Impairment loss	488	74
Decrease (increase) in notes and accounts receivable - trade	(1,343)	(144)
Decrease (increase) in Merchandise	(229)	(61)
Increase (decrease) in notes and accounts payable - trade	2,125	(158)
Increase (decrease) in accrued consumption taxes	(78)	223
Other, net	(322)	718
Subtotal	4,826	4,732
Interest and dividend income received	59	49
Interest expenses paid	(0)	(0)
Income taxes paid	(1,224)	(1,432)
Net cash provided by (used in) operating activities	3,660	3,349
Cash flows from investing activities		
Payments into time deposits	(640)	(541)
Proceeds from withdrawal of time deposits	663	634
Purchase of short-term and long-term investment securities	(311)	(119)
Proceeds from redemption of short-term and long term investment securities	34	8
Proceeds from sales of investment securities	390	188
Purchase of property, plant and equipment	(3,148)	(1,651)
Proceeds from sales of property, plant and equipment	101	75
Collection of loans receivable	37	257
Purchase of insurance funds	(144)	(147)
Proceeds from cancellation of insurance funds	296	61
Other, net	71	35
Net cash provided by (used in) investing activities	(2,648)	(1,199)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5)	(10)
Purchase of treasury shares	(473)	(821)
Cash dividends paid	(502)	(642)
Other, net	(51)	(51)
Net cash provided by (used in) financing activities	(1,032)	(1,525)
Effect of exchange rate change on cash and cash equivalents	(14)	7
Net increase (decrease) in cash and cash equivalents	(35)	631
Cash and cash equivalents at beginning of period	14,833	14,798
Cash and cash equivalents at end of period	14,798	15,430