

Translation

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Summary of Consolidated Financial Results for the Six Months Ended April 30, 2020 (Based on Japanese GAAP)

June 4, 2020

Company name: SENSHU 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 Administration Division Kazuto Narita TEL 06-6384-1101
 Scheduled date to file Quarterly Securities Report: June 11, 2020
 Scheduled date to commence dividend payments: July 3, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended April 30, 2020 (from November 1, 2019 to April 30, 2020)

(1) Consolidated operating results (cumulative)

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 | % |
| Six months ended April 30, 2020 | 38,399 | (9.4) | 1,804 | (16.1) | 1,911 | (15.5) | 1,320 | (13.1) |
| Six months ended April 30, 2019 | 42,404 | 3.6 | 2,150 | 18.0 | 2,263 | 16.4 | 1,520 | 13.4 |

| | Earnings per share | | Diluted earnings per share | |
|---------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Six months ended April 30, 2020 | 137.86 | | - | |
| Six months ended April 30, 2019 | 153.93 | | - | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of April 30, 2020 | 66,856 | 40,190 | 59.9 |
| As of October 31, 2019 | 68,589 | 39,749 | 57.7 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | | | | |
| Year ended October 31, 2019 | - | 35.00 | - | 35.00 | 70.00 |
| Year ending October 31, 2020 | - | 35.00 | - | 35.00 | 70.00 |
| Year ending October 31, 2020 (Forecast) | - | - | - | 35.00 | 70.00 |

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 |
| Full year | 76,100 | (9.1) | 3,510 | (11.8) | 3,700 | (12.0) | 2,460 | (9.4) | 262.43 |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended April 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

| | | | |
|----------------------|-------------------|------------------------|-------------------|
| As of April 30, 2020 | 10,800,000 shares | As of October 31, 2019 | 10,800,000 shares |
|----------------------|-------------------|------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|------------------|------------------------|------------------|
| As of April 30, 2020 | 1,255,968 shares | As of October 31, 2019 | 1,127,181 shares |
|----------------------|------------------|------------------------|------------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|---------------------------------|------------------|---------------------------------|------------------|
| Six months ended April 30, 2020 | 9,580,301 shares | Six months ended April 30, 2019 | 9,878,731 shares |
|---------------------------------|------------------|---------------------------------|------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of October 31, 2019 | As of April 30, 2020 |
|---|------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 15,972 | 17,323 |
| Notes and accounts receivable - trade | 18,070 | 15,453 |
| Electronically recorded monetary claims - operating | 6,137 | 5,806 |
| Merchandise | 4,128 | 4,186 |
| Other | 226 | 260 |
| Allowance for doubtful accounts | (22) | (14) |
| Total current assets | 44,512 | 43,015 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 6,825 | 6,713 |
| Machinery, equipment and vehicles, net | 500 | 460 |
| Land | 10,550 | 10,605 |
| Leased assets, net | 87 | 72 |
| Other, net | 89 | 78 |
| Total property, plant and equipment | 18,052 | 17,929 |
| Intangible assets | | |
| Goodwill | 4 | 1 |
| Other | 170 | 144 |
| Total intangible assets | 175 | 146 |
| Investments and other assets | | |
| Investment securities | 1,326 | 1,231 |
| Long-term loans receivable | 46 | 39 |
| Deferred tax assets | 882 | 822 |
| Other, net | 4,016 | 4,095 |
| Allowance for doubtful accounts | (421) | (424) |
| Total investments and other assets | 5,849 | 5,765 |
| Total non-current assets | 24,077 | 23,841 |
| Total assets | 68,589 | 66,856 |

(Millions of yen)

| | As of October 31, 2019 | As of April 30, 2020 |
|---|------------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 23,537 | 21,631 |
| Short-term borrowings | 105 | 105 |
| Lease obligations | 45 | 37 |
| Income taxes payable | 736 | 564 |
| Provision for bonuses | 628 | 580 |
| Other | 996 | 1,038 |
| Total current liabilities | 26,049 | 23,959 |
| Non-current liabilities | | |
| Lease obligations | 63 | 46 |
| Deferred tax liabilities | 98 | 97 |
| Retirement benefit liability | 1,946 | 1,979 |
| Asset retirement obligations | 6 | 6 |
| Other | 675 | 577 |
| Total non-current liabilities | 2,790 | 2,707 |
| Total liabilities | 28,840 | 26,666 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,575 | 2,575 |
| Capital surplus | 3,386 | 3,397 |
| Retained earnings | 35,467 | 36,449 |
| Treasury shares | (2,270) | (2,731) |
| Total shareholders' equity | 39,158 | 39,690 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 431 | 363 |
| Foreign currency translation adjustment | 60 | 16 |
| Remeasurements of defined benefit plans | (42) | (26) |
| Total accumulated other comprehensive income | 449 | 352 |
| Non-controlling interests | 140 | 146 |
| Total net assets | 39,749 | 40,190 |
| Total liabilities and net assets | 68,589 | 66,856 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

| | Six months ended April 30, 2019 | Six months ended April 30, 2020 |
|--|------------------------------------|------------------------------------|
| Net sales | 42,404 | 38,399 |
| Cost of sales | 35,735 | 32,010 |
| Gross profit | 6,668 | 6,388 |
| Selling, general and administrative expenses | | |
| Freight and packing costs | 627 | 625 |
| Provision of allowance for doubtful accounts | (32) | (5) |
| Salaries and bonuses | 1,434 | 1,418 |
| Welfare expenses | 422 | 415 |
| Provision for bonuses | 604 | 573 |
| Provision for retirement benefits for directors (and other officers) | 8 | – |
| Retirement benefit expenses | 146 | 149 |
| Travel, transportation and communication expenses | 160 | 138 |
| Depreciation | 202 | 265 |
| Amortization of goodwill | 2 | 2 |
| Other | 940 | 999 |
| Total selling, general and administrative expenses | 4,518 | 4,584 |
| Operating profit | 2,150 | 1,804 |
| Non-operating income | | |
| Interest income | 4 | 3 |
| Dividend income | 15 | 14 |
| Rental income from buildings | 60 | 60 |
| Purchase discounts | 24 | 24 |
| Foreign exchange gains | 2 | 2 |
| Other | 70 | 54 |
| Total non-operating income | 179 | 160 |
| Non-operating expenses | | |
| Interest expenses | 0 | 1 |
| Depreciation | 27 | 26 |
| Guarantee commission | 3 | 3 |
| Loss on redemption of investment securities | 13 | – |
| Other | 20 | 22 |
| Total non-operating expenses | 66 | 52 |
| Ordinary profit | 2,263 | 1,911 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 6 | – |
| Gain on reversal of foreign currency translation adjustment | – | 47 |
| Total extraordinary income | 6 | 47 |

(Millions of yen)

| | Six months ended April 30, 2019 | Six months ended April 30, 2020 |
|--|------------------------------------|------------------------------------|
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 57 | – |
| Loss on valuation of investment securities | – | 7 |
| Total extraordinary losses | 57 | 7 |
| Profit before income taxes | 2,212 | 1,951 |
| Income taxes - current | 687 | 516 |
| Income taxes - deferred | (13) | 107 |
| Total income taxes | 673 | 623 |
| Profit | 1,539 | 1,327 |
| Profit attributable to non-controlling interests | 18 | 6 |
| Profit attributable to owners of parent | 1,520 | 1,320 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Six months ended April 30, 2019 | Six months ended April 30, 2020 |
|--|------------------------------------|------------------------------------|
| Profit | 1,539 | 1,327 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (21) | (68) |
| Foreign currency translation adjustment | 24 | (45) |
| Remeasurements of defined benefit plans, net of tax | 16 | 15 |
| Total other comprehensive income | 20 | (97) |
| Comprehensive income | 1,559 | 1,229 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,535 | 1,223 |
| Comprehensive income attributable to non-controlling interests | 24 | 5 |