

Translation

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Summary of Consolidated Financial Results for the Year Ended October 31, 2023 (Based on Japanese GAAP)

December 7, 2023

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 of ordinary general meeting of shareholders: January 26, 2024
 Scheduled date to file Securities Report: January 29, 2024
 Scheduled date to commence dividend payments: January 29, 2024
 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, 2023 (from November 1, 2022 to October 31, 2023)

(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, 2023	124,967	10.0	8,366	12.1	8,770	11.1	5,920	11.4
Year ended October 31, 2022	113,633	22.9	7,464	57.4	7,894	57.8	5,314	48.3

(Note) Comprehensive income Year ended October 31, 2023 ¥6,517 million [17.6%]
 Year ended October 31, 2022 ¥5,541 million [34.2%]

	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, 2023	333.10	332.89	12.3	8.9	6.7
Year ended October 31, 2022	294.03	–	12.0	8.8	6.6

Reference: Share of profit (loss) of entities accounted for using equity method Year ended October 31, 2023 ¥– million
 Year ended October 31, 2022 ¥– million

- (Notes) 1. The Company conducted a 2-for-1 stock split of common shares on November 1, 2022. “Earnings per share” is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.
 2. Diluted earnings per share for the fiscal year ended October 31, 2022 is not stated because there are no residual shares having the dilutive effect.

(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, 2023	101,367	50,714	49.7	2,843.95
As of October 31, 2022	95,381	46,399	48.4	2,578.24

Reference: Equity As of October 31, 2023 ¥50,329 million
 As of October 31, 2022 ¥46,123 million

- (Note) The Company conducted a 2-for-1 stock split of common shares on November 1, 2022. “Net assets per share” is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(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, 2023	6,940	(3,116)	(2,400)	27,654
Year ended October 31, 2022	6,335	(3,727)	(2,091)	26,181

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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended October 31, 2022	–	60.00	–	80.00	140.00	1,258	23.8	2.8
Year ended October 31, 2023	–	50.00	–	60.00	110.00	1,948	33.0	4.1
Year ending October 31, 2024 (Forecast)	–	60.00	–	60.00	120.00		34.1	

(Notes) 1. The amount of fiscal year-end dividend for the fiscal year ended October 31, 2023 has been changed from ¥50 to ¥60.

2. The Company conducted a 2-for-1 stock split of common shares on November 1, 2022, and the dividends for the fiscal year ended October 31, 2022 represent the actual amounts of dividends before the stock split.

3. Forecast of consolidated financial results for the year ending October 31, 2024 (from November 1, 2023 to October 31, 2024)

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, 2024	64,500	4.3	4,300	(0.1)	4,400	(1.9)	3,000	0.2	171.74
Full year	131,000	4.8	8,700	4.0	8,900	1.5	6,150	3.9	352.06

(Note) The Company's Board of Directors resolved at a meeting held on September 11, 2023 to repurchase treasury shares. In addition, the Company's Board of Directors resolved at a meeting held on December 7, 2023 to cancel treasury shares. The earnings per share in the consolidated financial results forecast for the fiscal year ending October 31, 2024 takes into account the effect of the purchase and cancellation of these treasury shares.

4. Notes

(1) Changes in significant subsidiaries during the year ended October 31, 2023

(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:

Yes

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, 2023	21,000,000 shares	As of October 31, 2022	21,000,000 shares
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Number of treasury shares at the end of the period

As of October 31, 2023	3,303,008 shares	As of October 31, 2022	3,110,570 shares
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Average number of shares during the period

Year ended October 31, 2023	17,774,558 shares	Year ended October 31, 2022	18,075,098 shares
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(Note) The Company conducted a 2-for-1 stock split of common shares on November 1, 2022. "Total number of issued shares at the end of the period," "number of treasury shares at the end of the period," and "average number of shares during the period" are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended October 31, 2023 (from November 1, 2022 to October 31, 2023)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended October 31, 2023	117,772	9.8	7,806	18.1	8,137	18.0	5,623	20.4
Year ended October 31, 2022	107,221	23.4	6,607	65.1	6,893	62.2	4,670	51.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended October 31, 2023	316.36		316.16	
Year ended October 31, 2022	258.41		—	

(Notes) 1. The Company conducted a 2-for-1 stock split of common shares on November 1, 2022. “Earnings per share” is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

2. Diluted earnings per share for the fiscal year ended October 31, 2022 is not stated because there are no residual shares having the dilutive effect.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of October 31, 2023	95,946	47,325	49.3	2,670.84
As of October 31, 2022	90,329	43,613	48.2	2,435.81

Reference: Equity As of October 31, 2023 ¥47,265 million
 As of October 31, 2022 ¥43,575 million

(Note) The Company conducted a 2-for-1 stock split of common shares on November 1, 2022. “Net assets per share” is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of October 31, 2022	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	27,165	28,534
Notes and accounts receivable - trade	22,572	23,313
Electronically recorded monetary claims - operating	10,831	11,302
Securities	23	9
Merchandise	6,575	6,914
Work in process	250	247
Raw materials and supplies	238	257
Other	267	271
Allowance for doubtful accounts	(14)	(18)
Total current assets	67,910	70,830
Non-current assets		
Property, plant and equipment		
Buildings and structures	10,895	12,028
Accumulated depreciation	(4,604)	(4,944)
Buildings and structures, net	6,290	7,083
Machinery, equipment and vehicles	1,414	1,534
Accumulated depreciation	(1,098)	(1,172)
Machinery, equipment and vehicles, net	316	361
Land	10,381	12,282
Leased assets	221	199
Accumulated depreciation	(127)	(96)
Leased assets, net	93	103
Construction in progress	632	463
Other	368	391
Accumulated depreciation	(305)	(331)
Other, net	63	60
Total property, plant and equipment	17,779	20,355
Intangible assets		
Goodwill	156	122
Other	182	180
Total intangible assets	339	303
Investments and other assets		
Investment securities	1,695	2,310
Long-term loans receivable	5	–
Long-term time deposits	3,000	3,000
Deferred tax assets	896	715
Other	4,523	4,681
Accumulated depreciation	(381)	(428)
Other, net	4,142	4,253
Allowance for doubtful accounts	(387)	(400)
Total investments and other assets	9,352	9,878
Total non-current assets	27,471	30,537
Total assets	95,381	101,367

(Millions of yen)

	As of October 31, 2022	As of October 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,214	43,050
Short-term borrowings	631	691
Current portion of bonds payable	114	64
Current portion of long-term borrowings	20	5
Lease liabilities	24	22
Accrued expenses	438	493
Income taxes payable	1,840	1,561
Provision for bonuses	767	773
Other	870	1,051
Total current liabilities	45,922	47,713
Non-current liabilities		
Bonds payable	107	42
Long-term borrowings	60	54
Lease liabilities	29	49
Deferred tax liabilities	1	8
Provision for retirement benefits for directors (and other officers)	178	–
Retirement benefit liability	2,249	2,120
Asset retirement obligations	6	7
Guarantee deposits received	148	202
Other	278	453
Total non-current liabilities	3,059	2,939
Total liabilities	48,982	50,652
Net assets		
Shareholders' equity		
Share capital	2,575	2,575
Capital surplus	2,690	2,757
Retained earnings	44,255	48,574
Treasury shares	(4,454)	(5,142)
Total shareholders' equity	45,066	48,764
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	660	961
Foreign currency translation adjustment	390	446
Remeasurements of defined benefit plans	6	156
Total accumulated other comprehensive income	1,056	1,565
Share acquisition rights	38	59
Non-controlling interests	237	326
Total net assets	46,399	50,714
Total liabilities and net assets	95,381	101,367

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

(Millions of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Net sales	113,633	124,967
Cost of sales	96,539	106,287
Gross profit	17,093	18,680
Selling, general and administrative expenses		
Freight and packing costs	1,305	1,372
Provision of allowance for doubtful accounts	4	22
Salaries and bonuses	3,450	3,613
Welfare expenses	945	1,029
Provision for bonuses	740	746
Retirement benefit expenses	276	274
Travel, transportation and communication expenses	246	288
Depreciation	481	524
Amortization of goodwill	17	34
Other	2,160	2,406
Total selling, general and administrative expenses	9,629	10,313
Operating profit	7,464	8,366
Non-operating income		
Interest income	18	18
Dividend income	53	70
Rental income from buildings	129	135
Foreign exchange gains	64	31
Gain on sale of scraps	49	59
Other	217	202
Total non-operating income	533	517
Non-operating expenses		
Interest expenses	2	3
Depreciation	51	50
Guarantee commission	10	12
Other	37	47
Total non-operating expenses	103	113
Ordinary profit	7,894	8,770
Extraordinary losses		
Impairment losses	15	–
Loss on valuation of investment securities	–	3
Total extraordinary losses	15	3
Profit before income taxes	7,878	8,766
Income taxes - current	2,571	2,788
Income taxes - deferred	(63)	(0)
Total income taxes	2,508	2,788
Profit	5,370	5,978
Profit attributable to non-controlling interests	55	57
Profit attributable to owners of parent	5,314	5,920

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Profit	5,370	5,978
Other comprehensive income		
Valuation difference on available-for-sale securities	(124)	301
Foreign currency translation adjustment	279	87
Remeasurements of defined benefit plans, net of tax	16	150
Total other comprehensive income	170	539
Comprehensive income	5,541	6,517
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,464	6,429
Comprehensive income attributable to non-controlling interests	76	88

Consolidated statements of changes in equity

Fiscal year ended October 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,575	3,412	40,032	(4,201)	41,818
Cumulative effects of changes in accounting policies			(92)		(92)
Restated balance	2,575	3,412	39,939	(4,201)	41,725
Changes during period					
Dividends of surplus			(455)		(455)
Dividends from surplus, interim dividend			(542)		(542)
Profit attributable to owners of parent			5,314		5,314
Purchase of treasury shares				(1,028)	(1,028)
Disposal of treasury shares		29		23	53
Cancellation of treasury shares		(751)		751	–
Net changes in items other than shareholders' equity					
Total changes during period	–	(722)	4,316	(252)	3,340
Balance at end of period	2,575	2,690	44,255	(4,454)	45,066

	Accumulated other comprehensive income				Share acquisition rights	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 period	785	131	(10)	906	–	160	42,886
Cumulative effects of changes in accounting policies							(92)
Restated balance	785	131	(10)	906	–	160	42,793
Changes during period							
Dividends of surplus							(455)
Dividends from surplus, interim dividend							(542)
Profit attributable to owners of parent							5,314
Purchase of treasury shares							(1,028)
Disposal of treasury shares							53
Cancellation of treasury shares							–
Net changes in items other than shareholders' equity	(124)	258	16	150	38	76	265
Total changes during period	(124)	258	16	150	38	76	3,606
Balance at end of period	660	390	6	1,056	38	237	46,399

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,575	2,690	44,255	(4,454)	45,066
Changes during period					
Dividends of surplus			(715)		(715)
Dividends from surplus, interim dividend			(886)		(886)
Profit attributable to owners of parent			5,920		5,920
Purchase of treasury shares				(736)	(736)
Disposal of treasury shares		67		48	115
Net changes in items other than shareholders' equity					
Total changes during period	-	67	4,318	(687)	3,697
Balance at end of period	2,575	2,757	48,574	(5,142)	48,764

	Accumulated other comprehensive income				Share acquisition rights	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 period	660	390	6	1,056	38	237	46,399
Changes during period							
Dividends of surplus							(715)
Dividends from surplus, interim dividend							(886)
Profit attributable to owners of parent							5,920
Purchase of treasury shares							(736)
Disposal of treasury shares							115
Net changes in items other than shareholders' equity	301	56	150	508	20	88	617
Total changes during period	301	56	150	508	20	88	4,315
Balance at end of period	961	446	156	1,565	59	326	50,714

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended October 31, 2022	Fiscal year ended October 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,878	8,766
Depreciation	547	598
Amortization of goodwill	17	34
Increase (decrease) in retirement benefit liability	59	86
Increase (decrease) in provision for bonuses	86	5
Increase (decrease) in allowance for doubtful accounts	4	16
Interest and dividend income	(72)	(89)
Interest expenses	2	3
Loss (gain) on cancellation of insurance policies	(99)	(26)
Rental income	(129)	(135)
Impairment losses	15	–
Decrease (increase) in trade receivables	(4,110)	(1,211)
Decrease (increase) in inventories	(1,635)	(310)
Increase (decrease) in trade payables	5,331	1,793
Increase (decrease) in accrued consumption taxes	133	89
Other, net	15	298
Subtotal	8,046	9,922
Interest and dividends received	72	89
Interest paid	(2)	(3)
Income taxes paid	(1,779)	(3,068)
Net cash provided by (used in) operating activities	6,335	6,940
Cash flows from investing activities		
Payments into time deposits	(3,966)	(1,156)
Proceeds from withdrawal of time deposits	845	1,270
Purchase of short-term and long-term investment securities	(87)	(262)
Proceeds from sale of investment securities	70	80
Purchase of property, plant and equipment	(413)	(3,057)
Proceeds from sale of property, plant and equipment	2	16
Proceeds from collection of loans receivable	13	18
Purchase of insurance funds	(266)	(275)
Proceeds from cancellation of insurance funds	307	140
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(208)	–
Other, net	(25)	108
Net cash provided by (used in) investing activities	(3,727)	(3,116)
Cash flows from financing activities		
Purchase of treasury shares	(1,028)	(736)
Dividends paid	(988)	(1,610)
Other, net	(74)	(54)
Net cash provided by (used in) financing activities	(2,091)	(2,400)
Effect of exchange rate change on cash and cash equivalents	168	49
Net increase (decrease) in cash and cash equivalents	685	1,472
Cash and cash equivalents at beginning of period	25,496	26,181
Cash and cash equivalents at end of period	26,181	27,654