



Creating for the Future

Innovating new ideas today. Becoming the norms of tomorrow.

Q3 FY2023 Small Meeting

February 7, 2024

SWCC Corporation

TSE PRIME: 5805

Agenda and Speakers

1. 3Q Results Summary & Full Year Plan
2. Future Growth Strategies for the Electronics and Components Business



President and Representative Director,
Chairman of the Board of Directors
Group CEO

Takayo Hasegawa



Managing Executive Officer
Chief of Electrical Equipment and
Components Business Segment

Takashi Yamamura

1 . 3Q Results Summary & Full Year Plan

FY2023 Q3 Overview of Financial Results

Business Environment

- Supported by the normalization of economic activity, acceleration of wage increases, and accommodative fiscal and monetary policies.
- Raw material and energy prices remained high against the backdrop of unstable international situations and the yen's depreciation.
- In the automobile-related market, recovery production is in full swing.
- In the electric wire and cable industry, overall demand for electric wires increased YoY.
- The average domestic quotation price for copper increased slightly from the same quarter of the previous year.

Net sales

The business plan for the current fiscal year is slightly weighted more towards the second half of the year than usual. Q3 results showed an YoY growth in sales.

[Status of Major Business Fields]

Energy Infrastructure: Construction and electric power construction work projects were concentrated more than anticipated in Q3.

Automobiles: Demand for xEV products recovered in some areas, but demand for general-purpose products for industrial machinery was sluggish.

Industrial Devices: Demand for offices recovered, but domestic consumer electronics demand in wire harnesses products was sluggish.

Operating income

Operating income increased YoY due to a concentration of construction and electric power construction work project beyond expectations in Q3.

In response, the Company upwardly revised its full-year plan.

FY2023 Q3 Consolidated Statements of Income

We have made upward revisions to our full-year profit plan in anticipation of strong construction and power-related earnings. **Both operating income and ordinary income are expected to be record highs.**

(Unit: 100 million yen)	FY2022 Q3 Actual	FY2023 Q3 Actual	YoY %	Progress rate %	FY2023 Full-year plan (before revision)
Net sales	1,580	1,585	5	74.8%	2,120 (2,150)
Operating income	71	93	23	77.9%	Record profits expected 120 (115)
Operating income margin (%)	4.5%	5.9%	1.4%	—	5.7% (5.3%)
Ordinary income	69	92	23	77.8%	Record profits expected 118 (115)
Net income attributable to owners of parent	64	63	▲1	76.2%	83 (75)

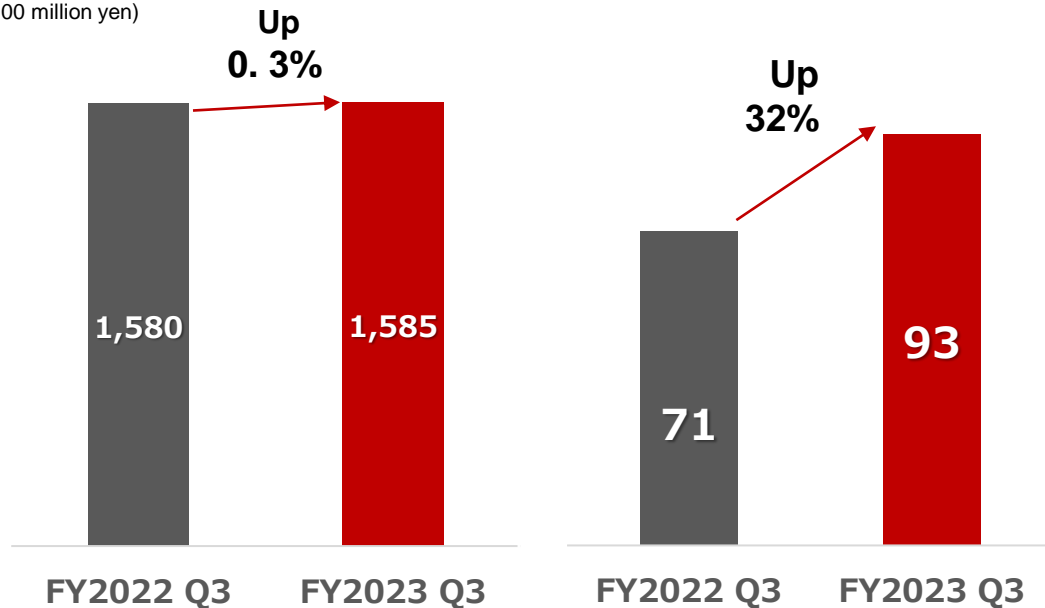
Key Points of the Financial Results for FY2023 Q3

Q3 YoY Change

Despite sluggish demand for industrial machinery and home appliances, **sales and operating income increased due to favorable conditions in the construction and electric power-related businesses.**

Net sales

(Unit: 100 million yen)



Operating income

Q3 Progress rate

Both sales and operating income **well above** the historical averages.

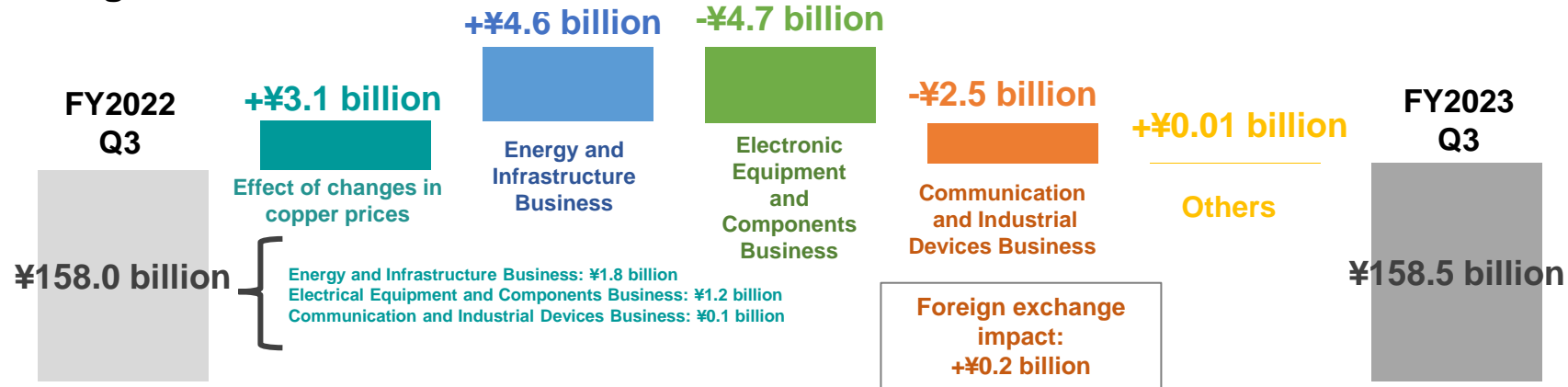
(Unit: 100 million yen)

	Full-year Plan *	FY19-22 Avg. progress rate	Q3 Progress rate
Net sales	2,120	74.1%	74.8%
Operating income	120	73.8%	77.9%

*Upwardly revised figures.

FY2023 Q3 Change Factors (YoY)

Change factors for net sales



[Change factors]

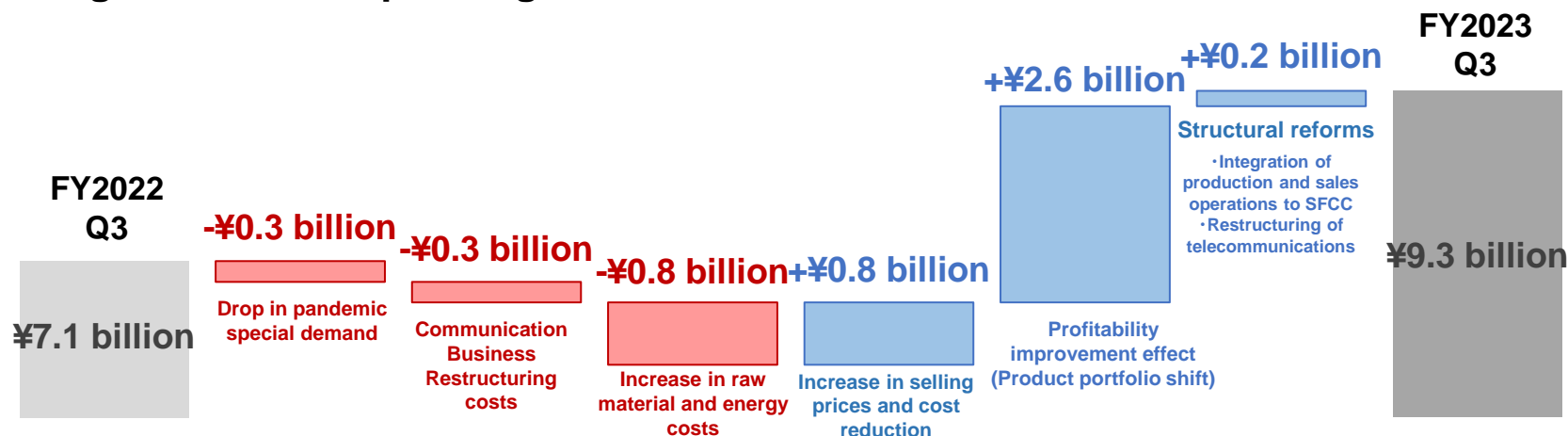
1. Net sales

Despite sluggish demand for industrial machinery and the absence of the COVID-19 special demand, **sales increased YoY** due to **the concentration of the Energy and Infrastructure Business projects in Q3**.

2. Operating income

Increases in raw materials and energy costs were offset by price pass-through and cost reductions. Despite a one-time loss stemming from the restructuring of the telecommunications business, **operating income increased YoY** due to **the impact of improved profitability and the concentration of highly profitable contracts in Energy and Infrastructure Business in Q3**.

Change factors for operating income



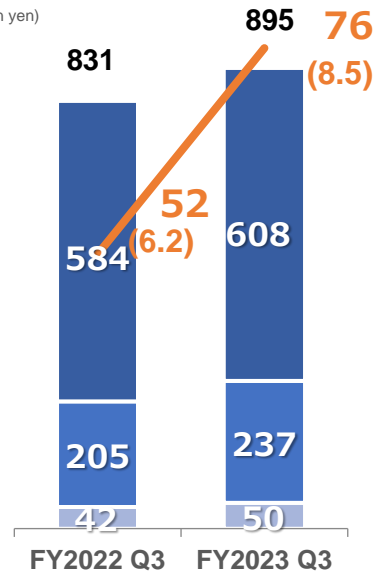
FY2023 Q3 Segment Results

Despite sluggish demand for industrial machinery and domestic home appliances, **strong construction and electric power-related sales drove overall performance. Demand recovered in some xEV related products.**

Energy and Infrastructure Business

- Construction
- Power infrastructure
- Seismic isolation / Others
- Operating income

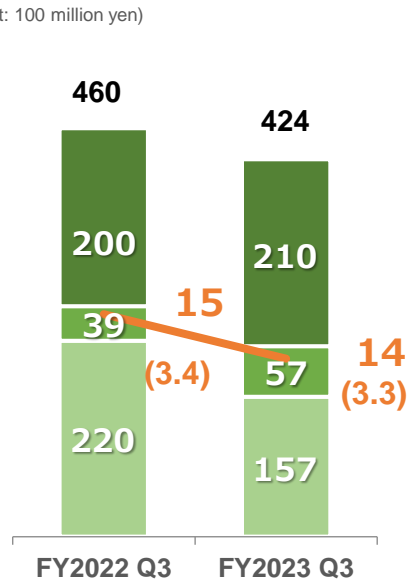
(Unit: 100 million yen)



Electrical Equipment and Components Business

- High performance product oxygen-free copper
- Other high-performance products
- General-purpose products
- Operating income

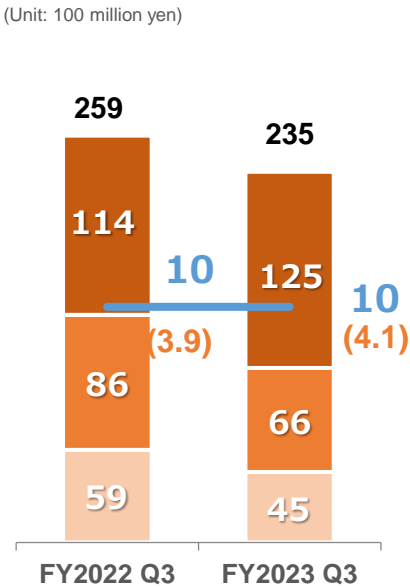
(Unit: 100 million yen)



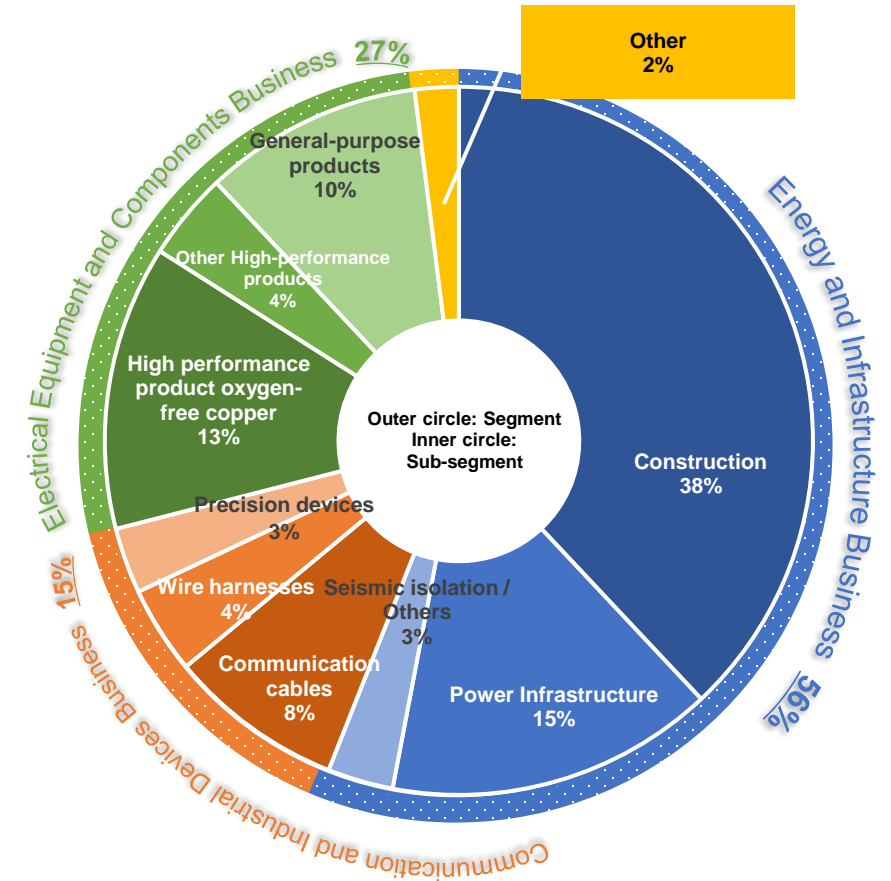
Communication and Industrial Devices Business

- Communication cables
- Precision devices
- Wire harnesses
- Operating income

(Unit: 100 million yen)



FY2023 Q3 Results Segment sales ratio



Progress of Q3 Performance and Initiatives to Achieve Full-Year Plan

Progress of Q3 performance against Full-year Plan

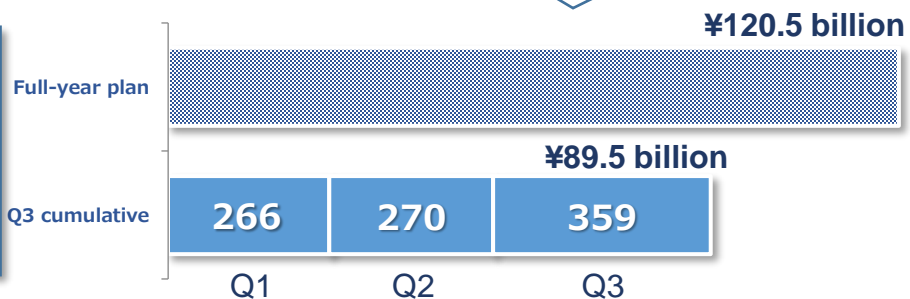
Positive factors

- Improve profitability by integrating production and sales of joint venture (coated wire business)
- Concentration of highly profitable projects in Q3
- Revision of selling prices and cost reduction initiatives

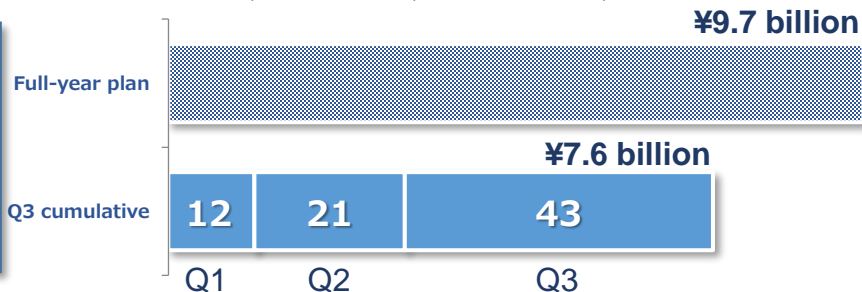
Outlook for Q4

- As expected at the beginning of the period, we captured the large number of power construction projects in the 2H and the strong demand for construction. Aim for record-high profits.

Net sales Progress rate 74.2 %



Operating income Progress rate 78.3%



Initiatives to Achieve the Full-Year Plan

- ◆ Promote improved profitability through digital transformation at joint venture (coated wire business)



Introduced a system for checking shipping information and inventory status through company-owned mobile phones. This enables review of production plans and inventory plans in real time.

- ◆ SICONEX® production expansion plan

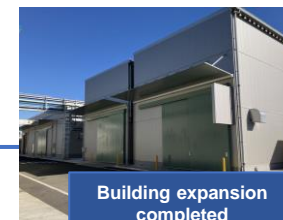


Capacity during investment to increase production

Double production capacity by improving productivity and reinforcing personnel

Facility capacity after completion

1.5x



FY2023 FY2024 FY2025 FY2026

Progress of Q3 Performance and Initiatives to Achieve Full-Year Plan

Progress of Q3 performance against Full-year Plan

Positive factors

- Demand recovered for some products for xEV.
- General-purpose products for heavy electrical machinery remained strong.

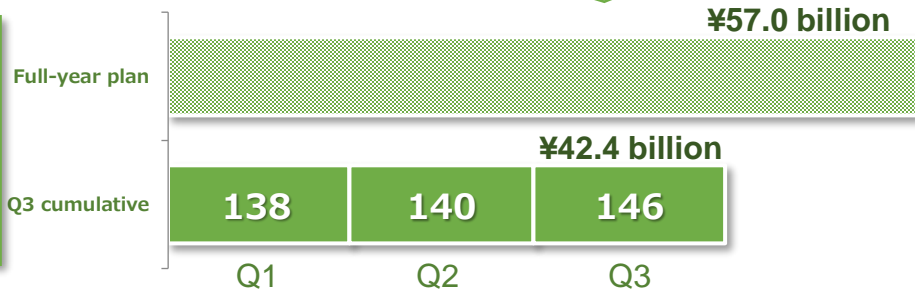
Negative factors

- General-purpose products for industrial machinery were sluggish.

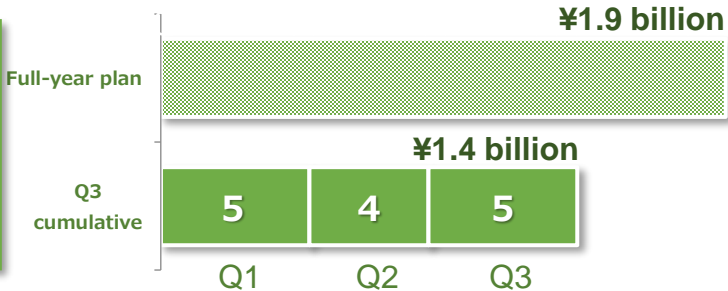
Outlook for Q4

- Demand for high-performance products for xEV (heater wires, etc.) was firm, mainly in North America.

Net sales Progress rate 74.4%



Operating income Progress rate 74.2%



Initiatives to Achieve the Full-Year Plan

◆ With the acceleration of xEV (electric vehicle) adoption, there is an increasing demand for heater wires due to the growing need for thermal management. Anticipating future demand where the number of heated seats equipped per car will increase from two to four, we are preparing to accommodate this change.



Handle heater



Seat heater



Battery heater



Copper alloy wire

For xEV vehicles without heat sources, the heater-wire reduces battery use by 20%

◆ Introduce production innovation lines (low-cost + high environmental performance) in preparation for a recovery in demand for high-performance wires in xEV market.

MI

Develop varnishes compatible with high-speed burning furnaces

PI

Maximize efficiency of productivity and quality by seeking optimal manufacturing conditions



Linear speed: 3x

CO2 emissions: Reduce by 57%

Energy efficiency: More than double

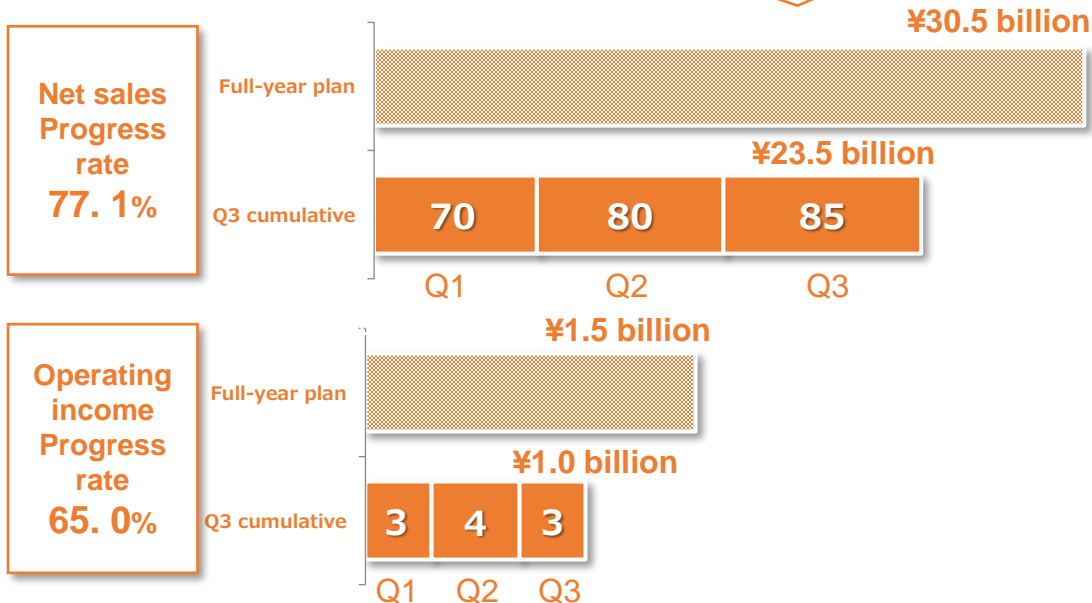
Equipment installation cost: 25% reduction

Double profit margin improvement

Progress of Q3 Performance and Initiatives to Achieve Full-Year Plan


Progress of Q3 performance against Full-year Plan

- Positive factors**
- Reorganization of domestic manufacturing bases for communication cables and sales at appropriate prices
 - Expansion of communication cables demand for construction
 - Full-scale operation of ADAS-related Communication cables business
- Negative factors**
- Economic downturn in China and Vietnam and sluggish domestic consumer electronics demand
- Outlook for Q4**
- Expand profits in the Communication cables business, where demand is expected to increase in Q4.
- Other**
- Recording of structural reform expenses due to review of optical fiber manufacturing process.



Initiatives to Achieve the Full-Year Plan

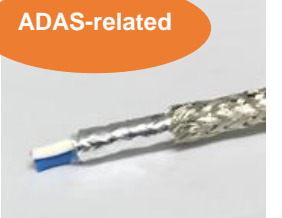
◆ Communication cables business captures strong demand for FLANTEC®



Construction

Demand for replacements expanded in response to the increase in communication capacity due to the promotion of AI, IoT use.

6A Standard Compliance TPCC @ 6A (10Giga Coil.)



ADAS-related

Full-scale operation of high-speed communication cable business to realize level 4 or higher autonomous driving

Automotive twisted pair cables

◆ Wire harnesses business shifted its business portfolio in line with changes in the business environment. (See detailed slide on page 25.)

- Established 2 joint ventures in China (operation started in January 2024)

Strengthen the competitiveness

Cost reduction and quality improvement

Diversification deployment

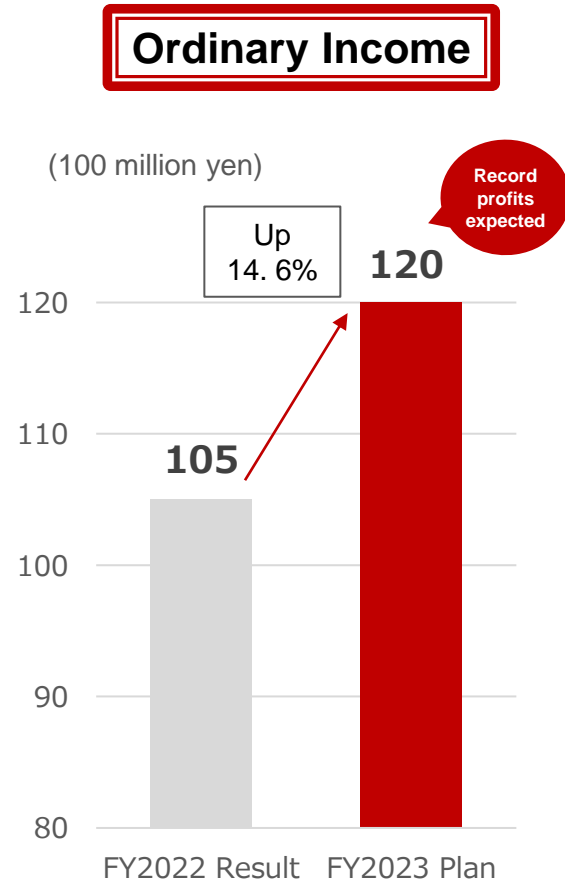
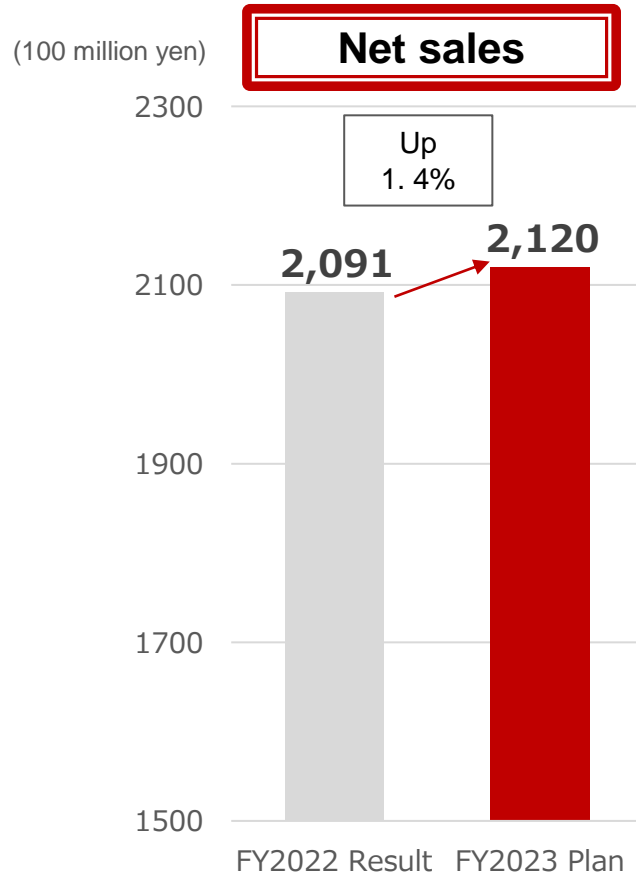
Entry into ADAS related components market

◆ Expand sales by capturing recovering demand in the 2H of the Precision devices business

- Demand is expected to recover from FY2024, mainly for offices.

FY2023 Full-year Forecasts (After Upward Revision)

Sales and profits are forecast to increase due to capturing robust construction and electric power-related demand and various measures to improve profitability. **Plan to increase dividends** as shareholder returns.



Ordinary Income

11.8 billion yen
(YoY: 13.5% increase)

Record profits expected

Net income attributable to owners of parent

8.5 billion yen
(YoY: 11.8% decrease)

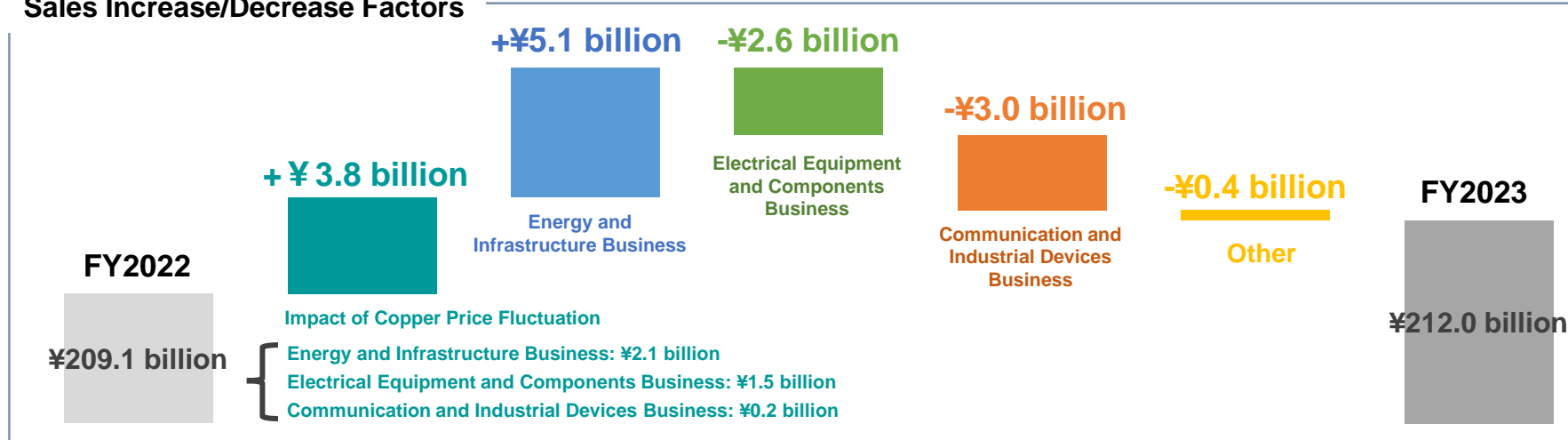
Dividend/Payout ratio

85 yen/30.2%
(YoY: 25 yen increase)

Interim: 35 yen, Year-end: 50 yen
Total: 85 yen

FY2023 Factors for change

Sales Increase/Decrease Factors

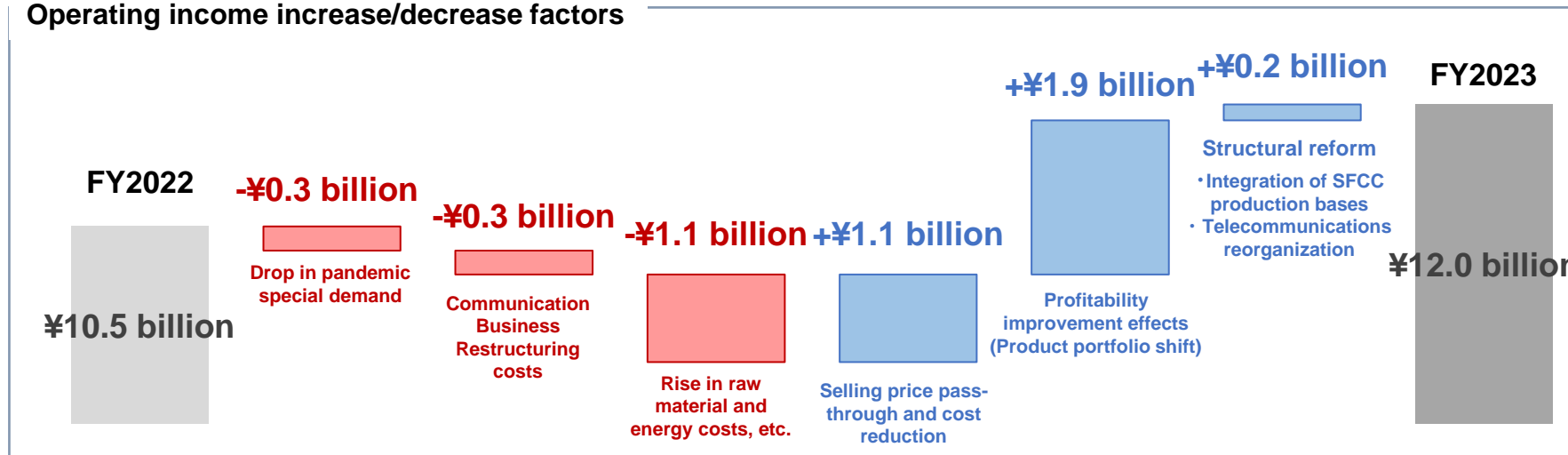


[Change factors]

1. Net sales

Despite sluggish demand for industrial machinery and the drop in COVID-19 special demand, **sales are expected to increase** due to the **strong performance of construction and electric power sectors** and the increase in copper prices.

Operating income increase/decrease factors



2. Operating income

Rising raw material and energy costs were compensated for by price pass-through and cost reduction. Despite a one-time loss stemming from the restructuring of the communications business and a delay in the full-fledged contribution to profits from ICT business, **operating income is expected to increase** due to the impact of improved earnings.

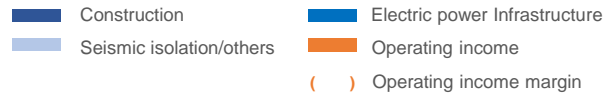
Revision of full-year plan by segment

Upward revisions to the full-year business forecasts reflecting favorable performance in the construction and electric power-related businesses that exceeded initial forecasts.

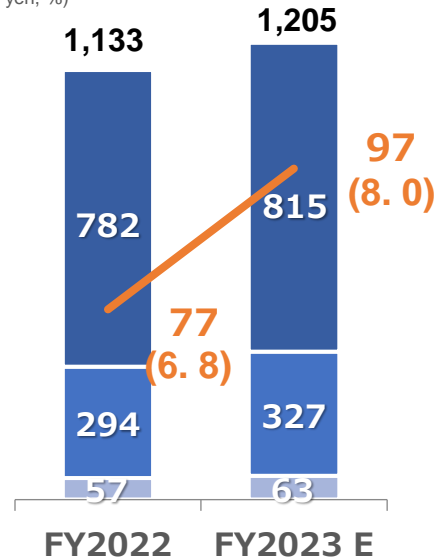
(Unit: 100 million yen)		FY2023 Q3 Results	FY2023 Full Year Plan (Before revision)	FY2023 Full Year Plan (After revision)	Variation
Energy and Infrastructure Business	Net sales	895	1,200	1,205	5
	Operating income	76	86	97	11
	Operating income ratio (%)	8.5%	7.2%	8.0%	0.8%
Electrical Equipment and Components Business	Net sales	424	600	570	▲30
	Operating income	14	18	19	1
	Operating income ratio (%)	3.3%	3.0%	3.3%	0.3%
Communication and Industrial Devices Business	Net sales	235	305	305	0
	Operating income	10	18	15	▲3
	Operating income ratio (%)	4.1%	5.9%	4.9%	▲1.0%

FY2023 Business Plan by Segment

Energy and Infrastructure Business



(Unit: 100 million yen, %)



Copper price impact: Net sales up 2.1 billion yen

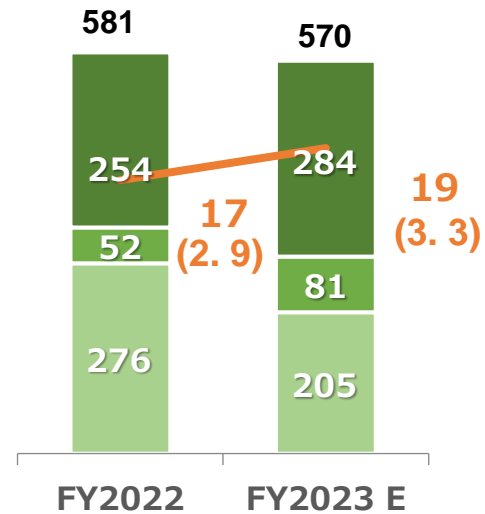
Positive factors

- Profitability improvement through integration of construction-related manufacturing and sales businesses
- Contribution to sales from investment in increased production of SICONEX®

Electrical Equipment and Components Business



(Unit: 100 million yen, %)



Copper price impact: Net sales up 1.5 billion yen

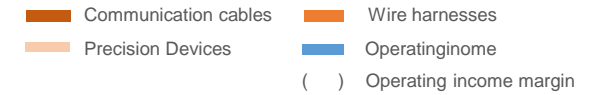
Positive factors

- Recovery of high-performance products for Evs in H2
- Demand for heavy electric machinery is strong

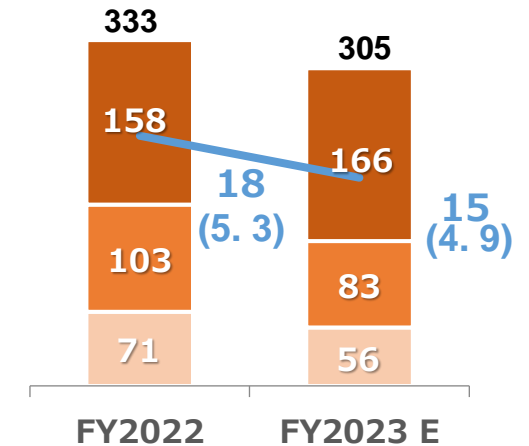
Negative factors

- Adjustment phase of highperformance products for EVs in H1

Communication and Industrial Devices Business



(Unit: 100 million yen, %)



Copper price impact: Net sales up 2 million yen

Positive factors

- Maximization of the effects of integrating communication cable production bases
- Strong performance of FLANTEC® (for construction and automotive applications)

Negative factors

- Economic downturn in China and sluggish demand for home appliances in Japan

2 . Future Growth Strategies for the Electronics and Components Business

Progress of Q3 Performance and Initiatives to Achieve Full-Year Plan

Progress of Q3 performance against Full-year Plan

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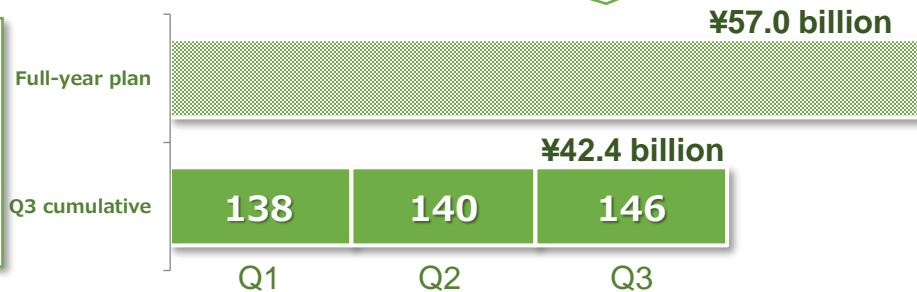
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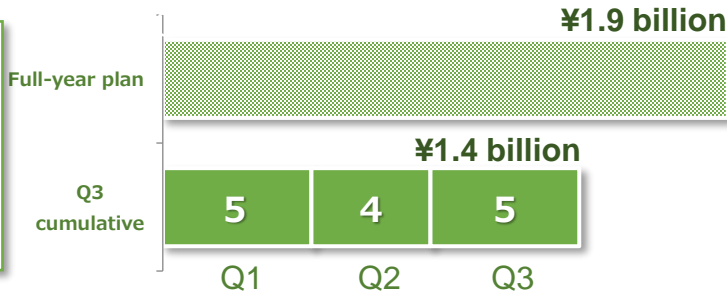
Outlook for Q4

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Initiatives to Achieve the Full-Year Plan

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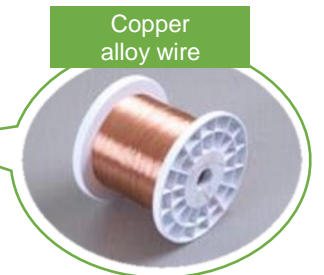
Handle heater



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Battery heater



Copper alloy wire

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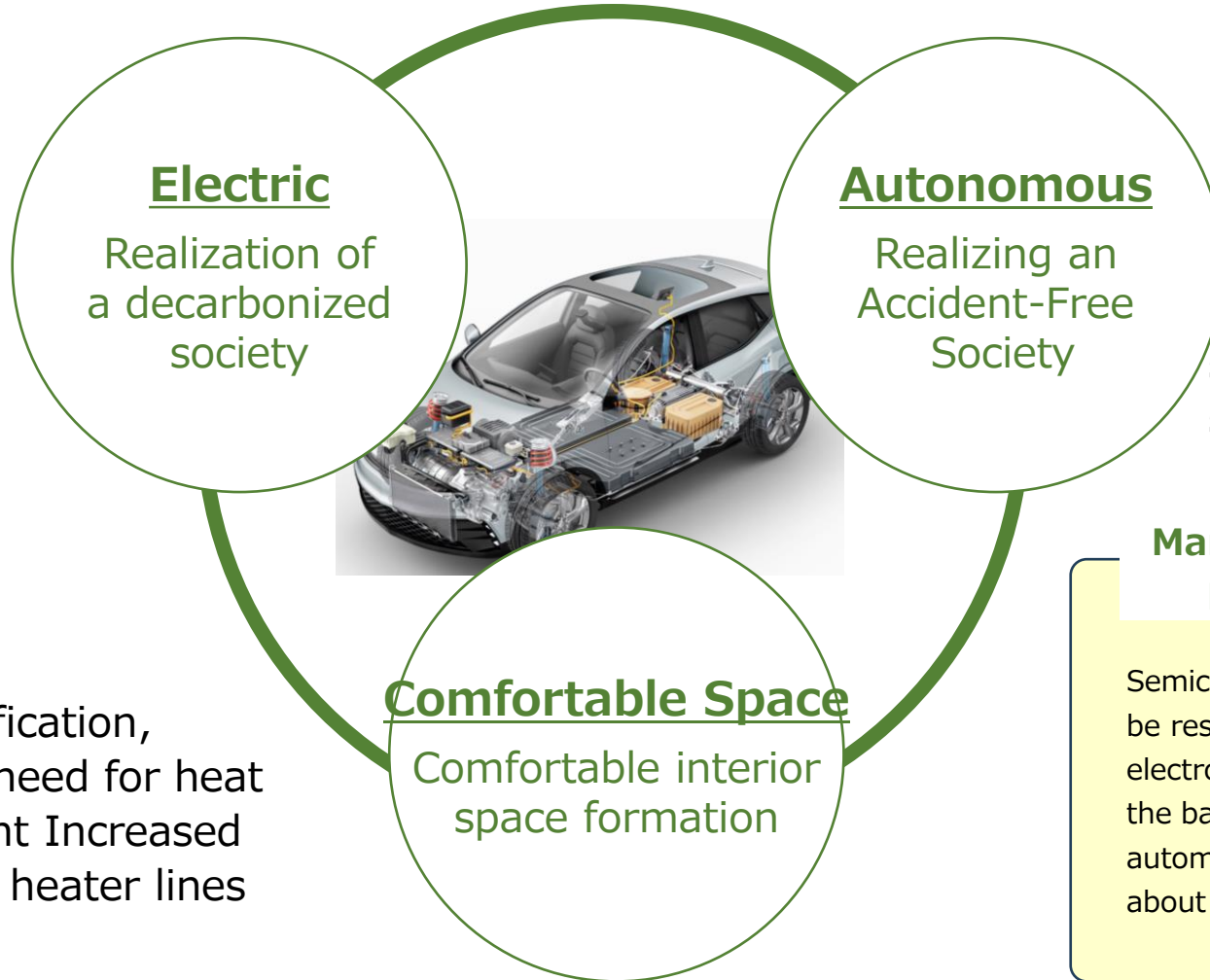
Double profit margin improvement

Future Business Environment and Market Trends

- **EV Conversion Policies Around the World**

In the future, expect a decrease in engine and transmission components, while batteries, motors, and semiconductors are expected to increase.

- With electrification, Due to the need for heat management Increased demand for heater lines

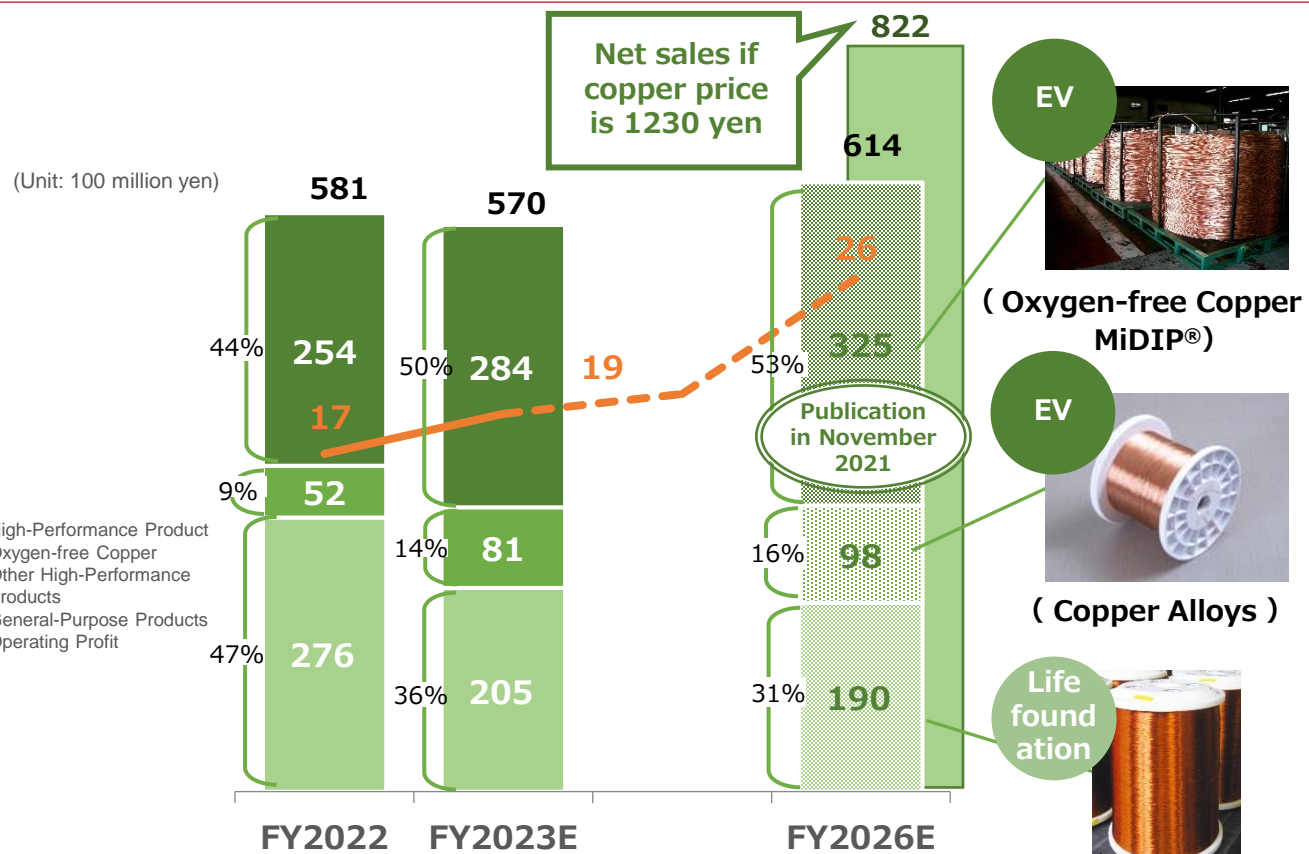


- **Installation rate to be about 80% in 2030**
Level 3 has the potential to form a market centered on high-end EV models.
Increased demand for "logic semiconductors" and "image sensor" semiconductors

Market Trend of Automotive Electrical Components

Semiconductor shortages are expected to be resolved by 2024, and the automotive electronics market is expected to grow on the back of a shift to electric vehicles and automated driving due to growing concern about the global environment and safety.

Progress of the Medium-Term Management Plan and Future Outlook



Progress of Business Performance

- 1 Expansion of high-value-added products
- 2 Expand profit margins through product portfolio shift
- 3 Profit amount increased steadily in line with the mid-term plan

Future Business Outlook

- 1 Increased use of our products and commercial opportunities due to accelerated shift to xEVs
- 2 Increased commercial opportunities due to market expansion in the semiconductor area
- 3 Increase in commercial opportunities through promotion of electrification of non-automobile mobility

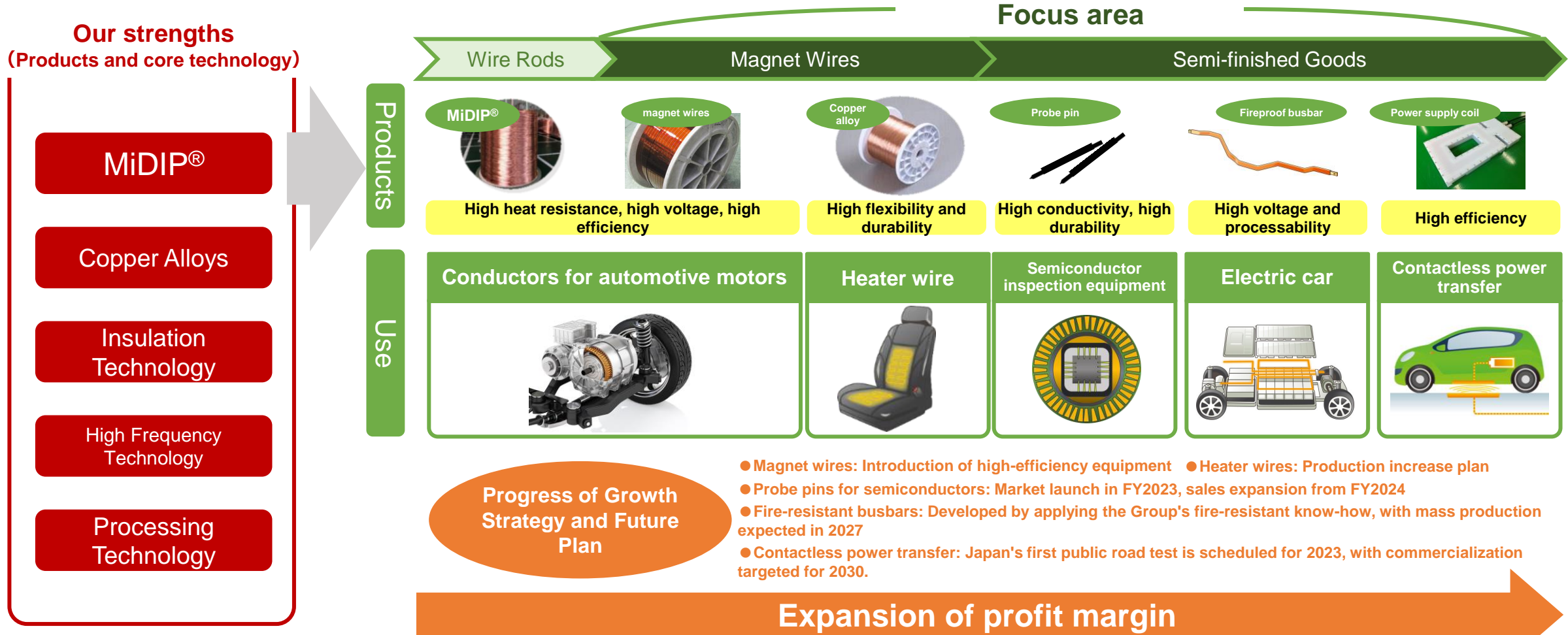
Operating Profit Margin	2.9%	3.3%※	...	—
copper price	1,209yen/kg	1230yen/kg※	...	870yen/kg※
Capital Expenditure	1billion yen	1.8billion yen※	...	FY22-26 total 6.6 billion yen※

(General-purpose winding)

※Plan

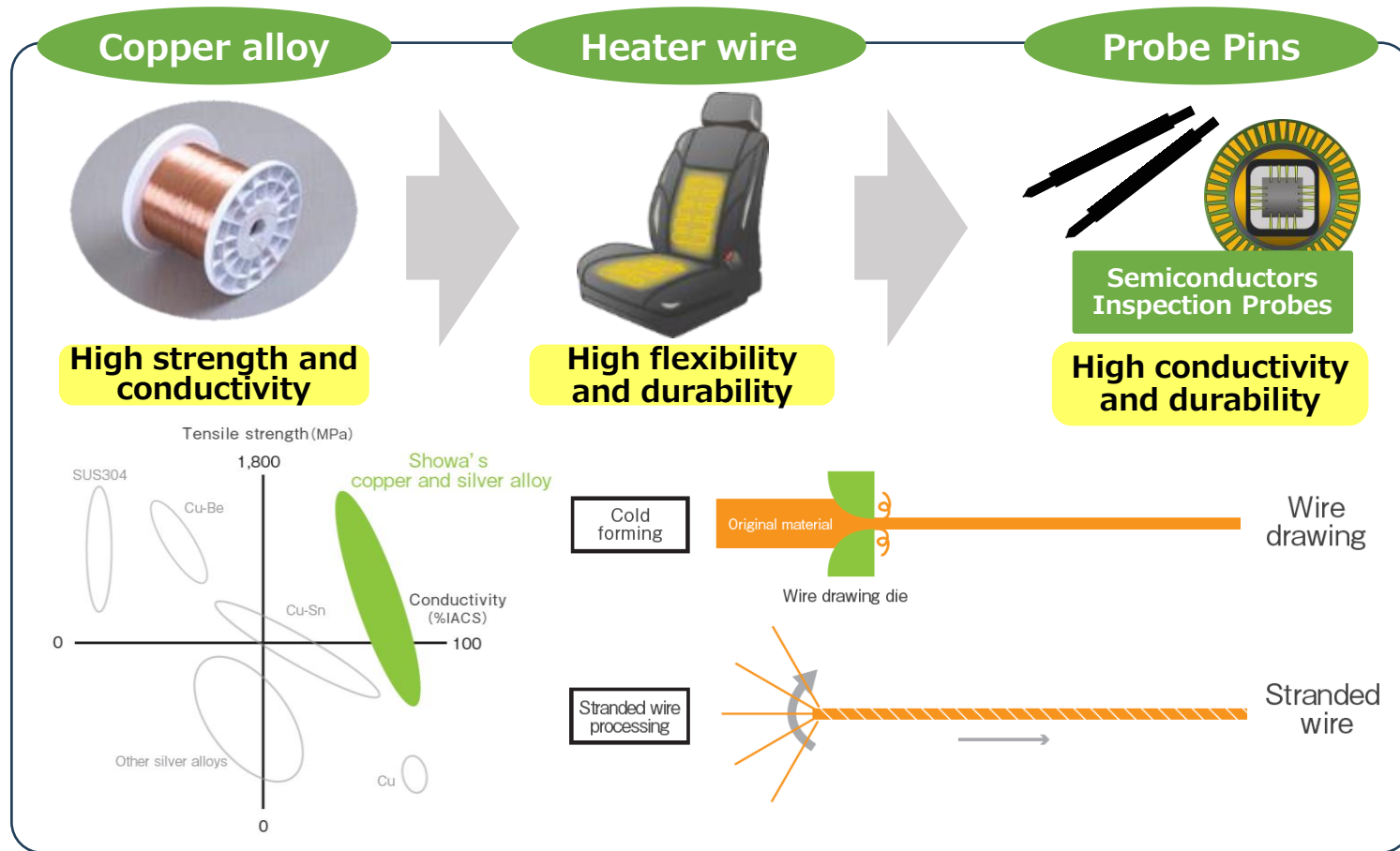
Growth Strategy

Shift positioning to high value-added products utilizing our strategic products and core technologies



Business development of our core products x technologies ①.

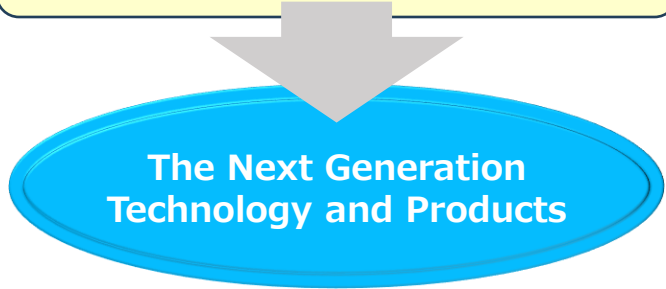
Utilizing expertise in copper alloy development to create high-strength, high-conductivity materials in extremely fine sizes. Additionally, establishing advanced techniques for twisting high-strength materials for business expansion into heater wire production. Furthermore, developing probe pins with increased strength and dimensional accuracy.



SWCC x Tohoku University Established High Functional Metals Co-Creation Laboratory

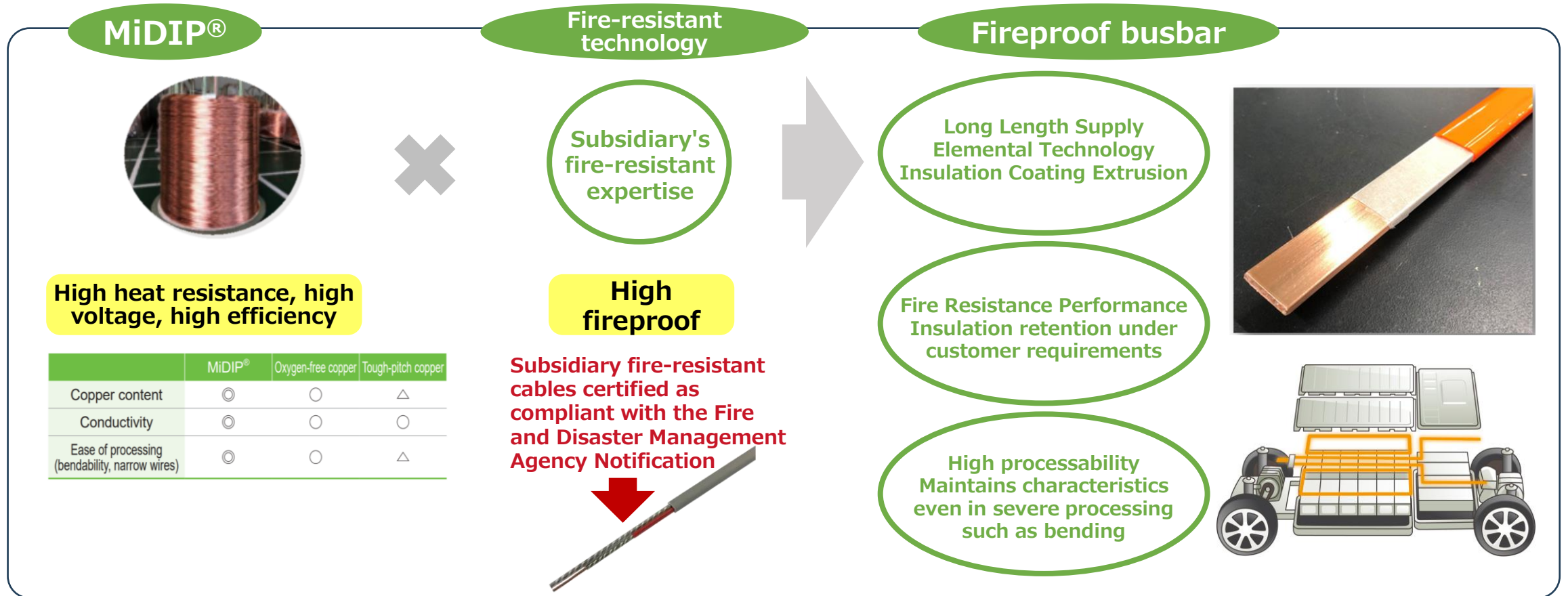


Consolidating in the Sendai area the basic research at Tohoku University and process from product development to manufacturing at SWCC



Business development of our core products x technologies ②

Developing fire-resistant coated flat-wound wires (fire-resistant bus bars) by incorporating the group's fire-resistant technology expertise into high-performance oxygen-free copper MiDIP®. Aimed for implementation in xEVs to be released from fiscal year 2026 onwards.



Introduction of high-efficiency equipment to increase the competitive advantage of the winding business

To prepare for recovery in demand for high-performance windings in the EV market, we plan to introduce 11 production innovation lines during the mid-term plan period.

Materials Informatics

Development of varnishes compatible with high-speed baking furnaces

Process Informatics

Maximize efficiency of productivity and quality by seeking optimal manufacturing conditions

Feature 1

Line speed 3 times

Feature 2

57% reduction in CO2 emissions

Feature 3

More than twice the energy efficiency

Feature 4

25% reduction in equipment installation cost

Doubled the effect of profit margin improvement

**3 units installed
8 units to be installed
the future**



Our Mobility Development Center's initiatives to accelerate growth strategy

First Half Results



Contactless power transfer while driving
First in Japan!
 Coil provided for public road demonstration test

For semiconductor inspection Probe Pins
Start of delivery
 Sep. 2023

In-vehicle bus bar
 Prototyping and exhibition entries



Flat wire for BEV
 Prototyping

FY2023 1Q 2Q

The Future Plans

Contactless power transfer while driving
 Original coil unit production

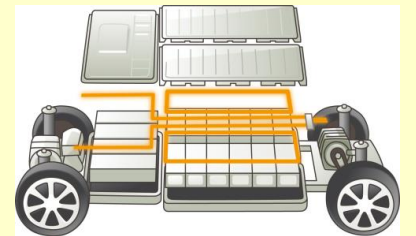


Mobility-related
 2030 Mass production plan

Flat wire for BEV
 2030 Mass production plan

Vehicle-mounted fire-resistant busbar
 2030 Mass production plan

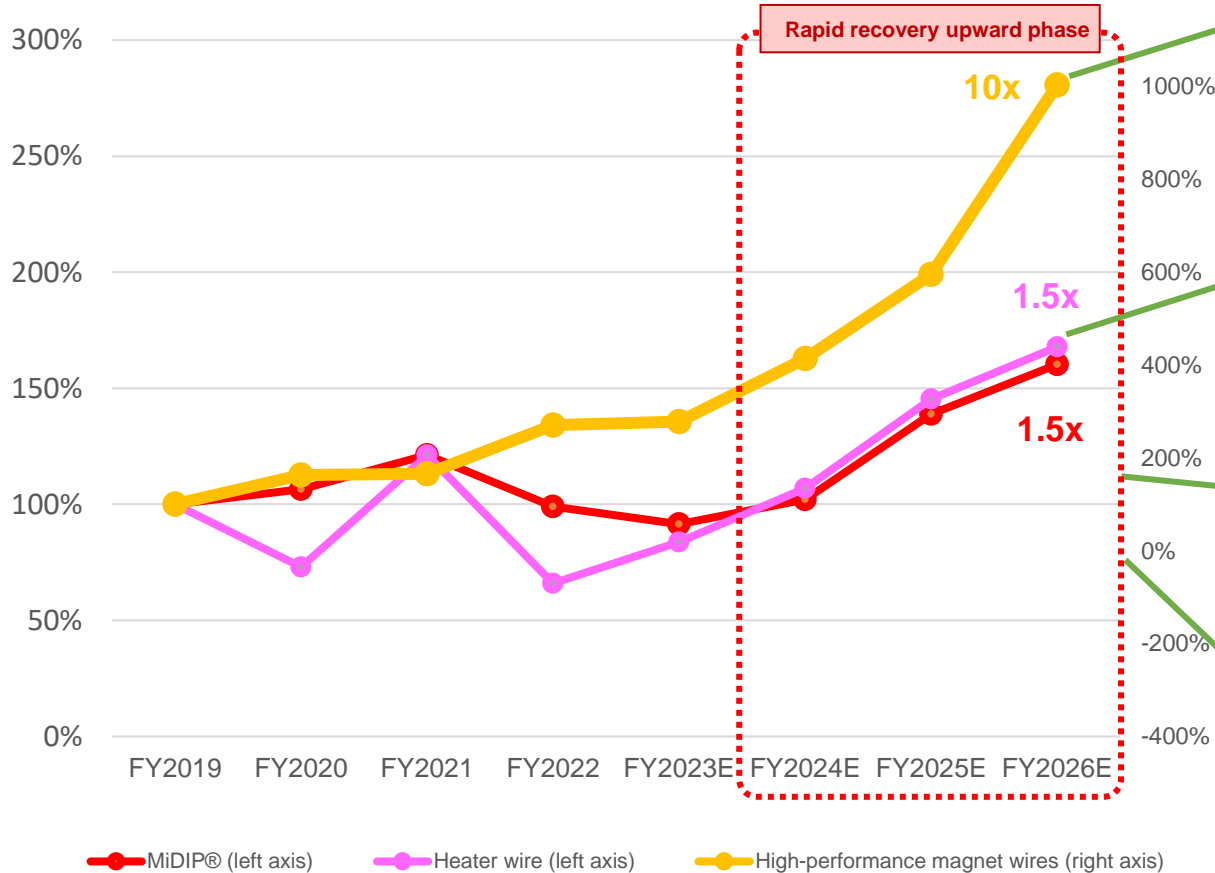
For semiconductor inspection Probe Pins
 2030 Mass production plan



3~4Q FY2024 FY2025 FY2026 FY2027

Timing of profit contribution from tailwinds (key point for rolling mid-term plan)

Shipment Volume Trends by High-Performance Product Category
(Estimated with pre-pandemic as 100)



- 1
Demand for **high-performance winding wires** for Europe is on the rise. Investment to increase production capacity will start **from FY2023**.
- 2
Demand for **heater wires** is expected to grow rapidly **from FY2025** onward due to the accelerated shift to EVs.
- 3
Entered **the semiconductor** market (probe pins) **in FY2023**, launched in Taiwan in September, with future plans for Europe.
- 4
Promote the development of high value-added product groups by establishing a Mobility Development Center and develop an IP strategy by utilizing IP landscapes.



SWCC Corporation

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The forward-looking statements in this presentation are based on information available at the time of publication and involve potential risks and uncertainties.

Therefore, please be aware that a variety of factors could cause the actual results to differ materially from those projected in the statements.

Such factors that may affect actual results include economic conditions, demand trends, and fluctuations in raw material prices and exchange rates.

Factors that may affect business performance include, but are not limited to, the following.