



Creating for the Future



SWCC Group

Results Summary for the Third Quarter of the Fiscal Year Ending March 2022
and ESG Briefing

SWCC SHOWA HOLDINGS CO., LTD. (TSE1: 5805)

Today's Agenda and Speakers

1. Summary of Third Quarter Financial Results



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

Takayo Hasegawa

2. ESG Initiatives



Managing Executive Officer

Futoshi Yamaguchi

3. From the Outside Director's Perspective Governance of SWCC



Director Chairman of the Audit
and Supervisory Committee

Kiyoshi Togawa

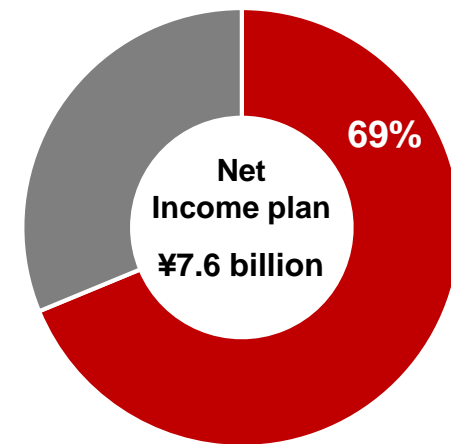
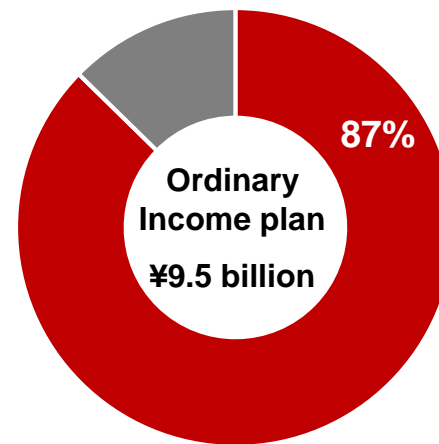
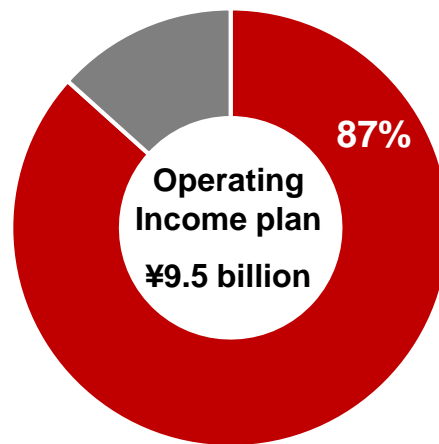
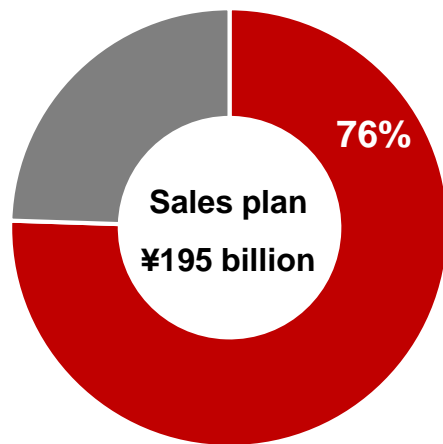
3Q Results Summary

FY2021 Q3 Overview of Financial Results

Results : Sales and profits increased YoY, despite the impact of soaring raw material prices

- **Energy and Infrastructure Business** : Despite a decrease in demand for construction-related products, shipments for large-scale projects were firm, but the impact of soaring prices of raw materials such as petrochemical products became apparent. Demand for electric power infrastructure remained robust.
- **Communication and Industrial Devices Business** : Demand for industrial devices recovered YoY. Although there was a 5G demand for telecommunication infrastructure, there was a decline in demand for construction-related products and the impact of soaring raw material prices.
- **Electronic Equipment and Components Business** : Demand for high-functional products for automobiles and electronic components recovered YoY, despite the impact of reduced automobile production. There was also the impact of the rising copper prices.

Q3 Progress Rate (Net Sales/Operating Income/Ordinary Income/Net Income)



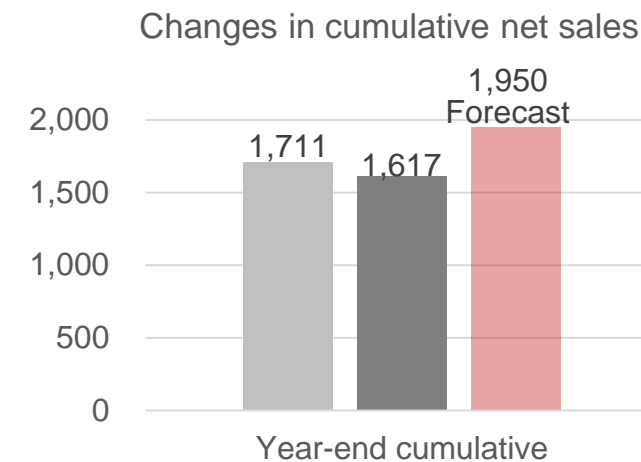
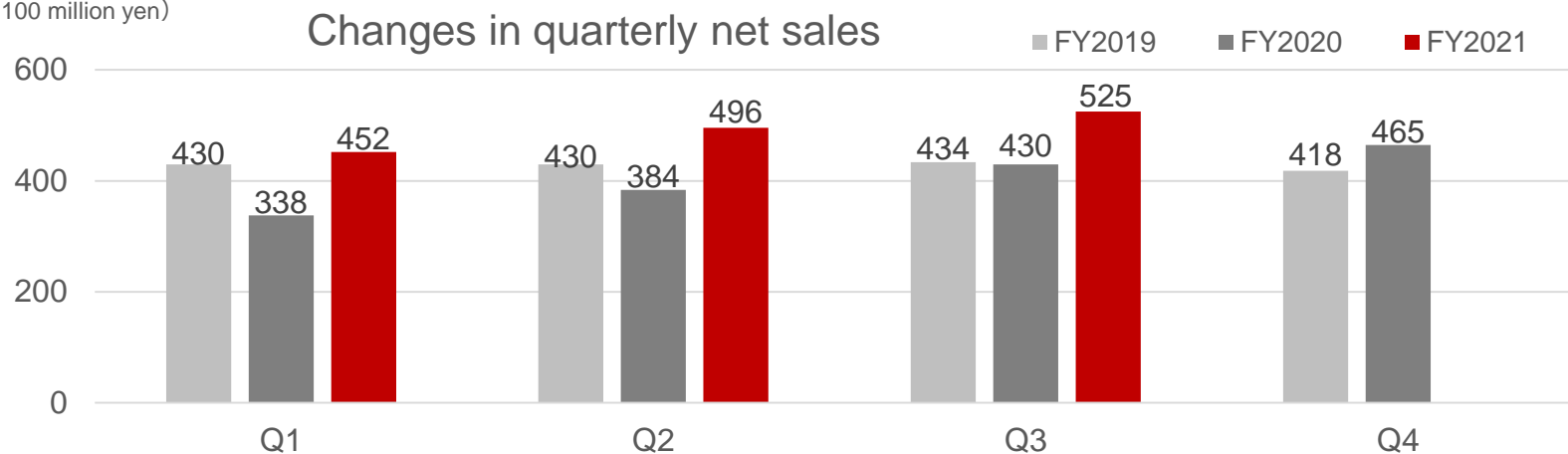
Q3 Consolidated Statements of Income

- Performance was in line with forecasts despite the impact of soaring raw material prices and logistics costs, with sales and profits up YoY

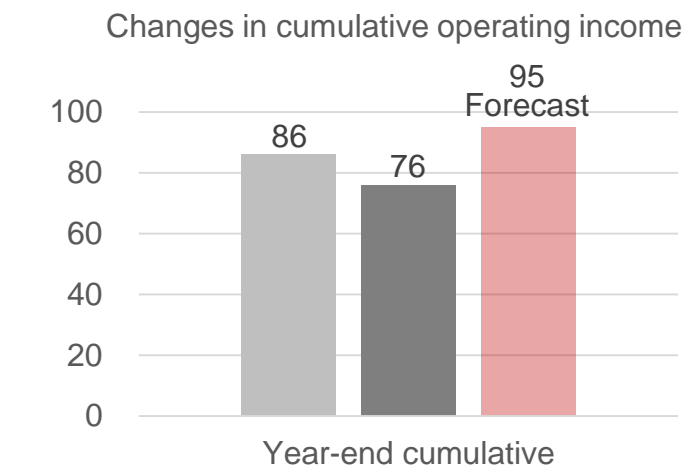
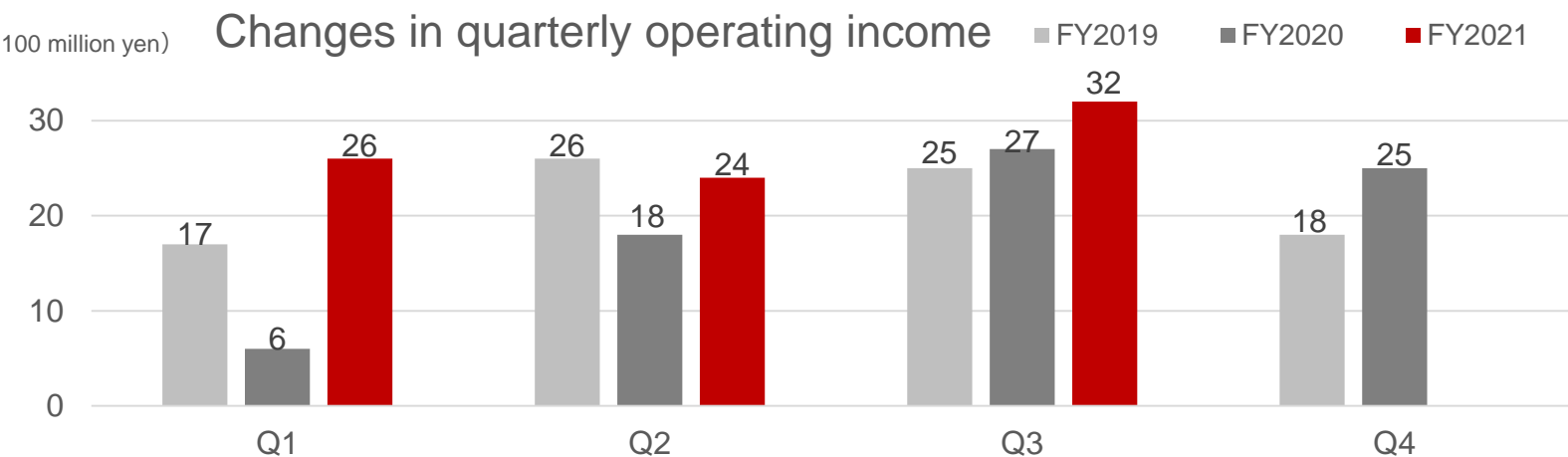
(Unit: 100 million yen)	FY2019 Q3 Actual	FY2020 Q3 Actual	FY2021 Q3 Actual	Composition %	YoY %
Net sales	1,293	1,152	1,472	–	27.8%
Gross profit	179	155	191	13.0%	23.9%
Operating income	68	51	82	5.6%	62.2%
Ordinary income	63	53	83	5.6%	57.3%
Net income attributable to owners of parent	46	35	52	3.5%	51.1%

Quarterly Performance Trends

(Unit: 100 million yen)



(Unit: 100 million yen)



Results by Segment (3-year changes)

- Sales and income increased in Energy & Infrastructure and Electronic Equipment & Components Business
- Sales increased and income decreased in Communication & Industrial Devices Business

	FY2019 Q3 Actual		FY2020 Q3 Actual		FY2021 Q3 Actual	
	Net sales	Operating income (Profit margin / %)	Net sales	Operating income (Profit margin / %)	Net sales	Operating income (Profit margin / %)
(Unit: 100 million yen)						
Energy and Infrastructure Business	667	48 (7.2%)	618	35 (5.7%)	782	54 (6.9%)
Communication and Industrial Devices Business	229	20 (8.6%)	197	15 (7.7%)	220	13 (6.0%)
Electronic Equipment and Components Business	362	3 (0.9%)	304	5 (1.6%)	441	21 (4.7%)
Others (New Business)	36 (22)	△4 (△ 1)	33 (23)	△4 (△0)	29 (20)	△6 (△0)
Total	1,293	68 (5.2%)	1,152	51 (4.4%)	1,472	82 (5.6%)

Notice of Revision to Year-end Dividend Forecast for FY2021 (Increase in Dividend)

To achieve the numerical targets (KPIs) in the medium-term management plan ahead of schedule, we have decided to revise the year-end dividend forecast to 50 yen per share, an increase of 10 yen, as a result of comprehensively taking into account current business performance and other factors.

This amount is equivalent to the target of the current medium-term management plan for FY2022.

We will continue to strive for stable and continuous dividends by enhancing profitability and improving our financial position.

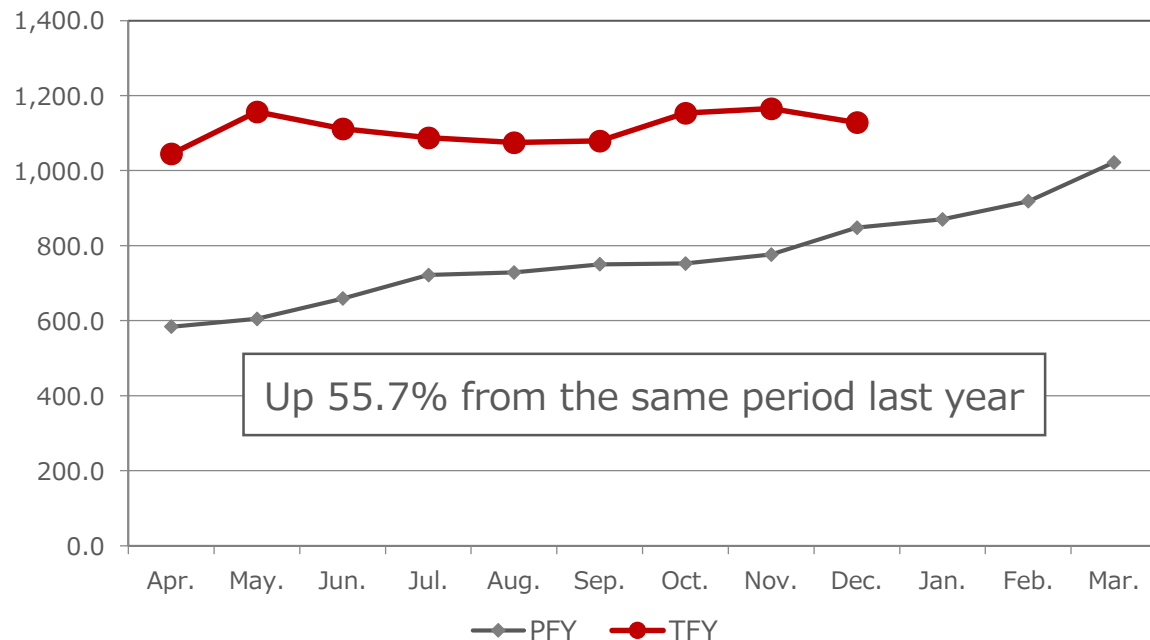
	Annual dividend per share			Dividend payout ratio
	End-Q2	Year-end	Total	
Previous forecast	—	40.00 yen	40.00 yen	16%
Revised forecast		50.00 yen	50.00 yen	20%
Current results	0.00 yen	—	—	—
(Reference) Results for dividend per share for the previous fiscal year	0.00 yen	20.00 yen	20.00 yen	12%

Domestic Copper Value / Trends in Copper Wire Shipments

- Domestic copper quotations remained high.
- Domestic copper wire shipments are recovering mainly in the electrical machinery and automobile sectors, although the recovery in the construction and electrical sales sectors is weak. (Up 2.2% from the previous year)

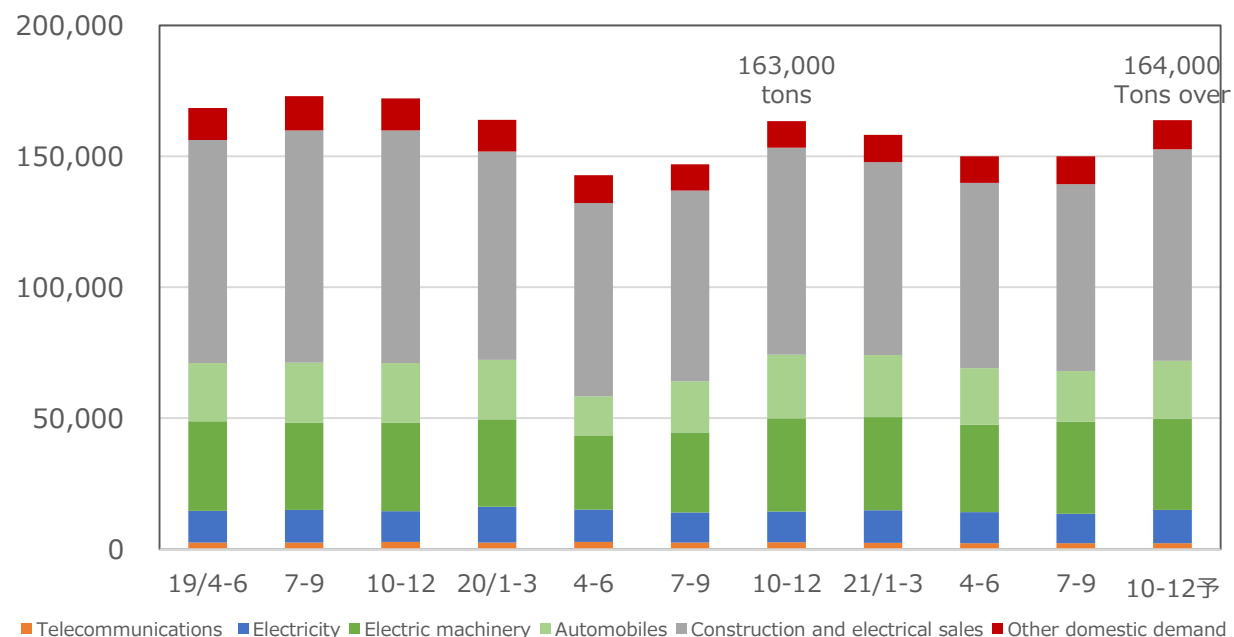
〈Monthly average〉 Trend in domestic copper construction value

(thousand yen/ton)



Source: Data from The Japanese Electric Wire & Cable Makers' Association

Trends in Copper Wire Shipments (t)



Source: Data from The Japanese Electric Wire & Cable Makers' Association

Our Response to Soaring Raw Material Prices

【Our Response】

- Ongoing price pass-through to customers
- Price pass-through is progressing in the industry as a whole.

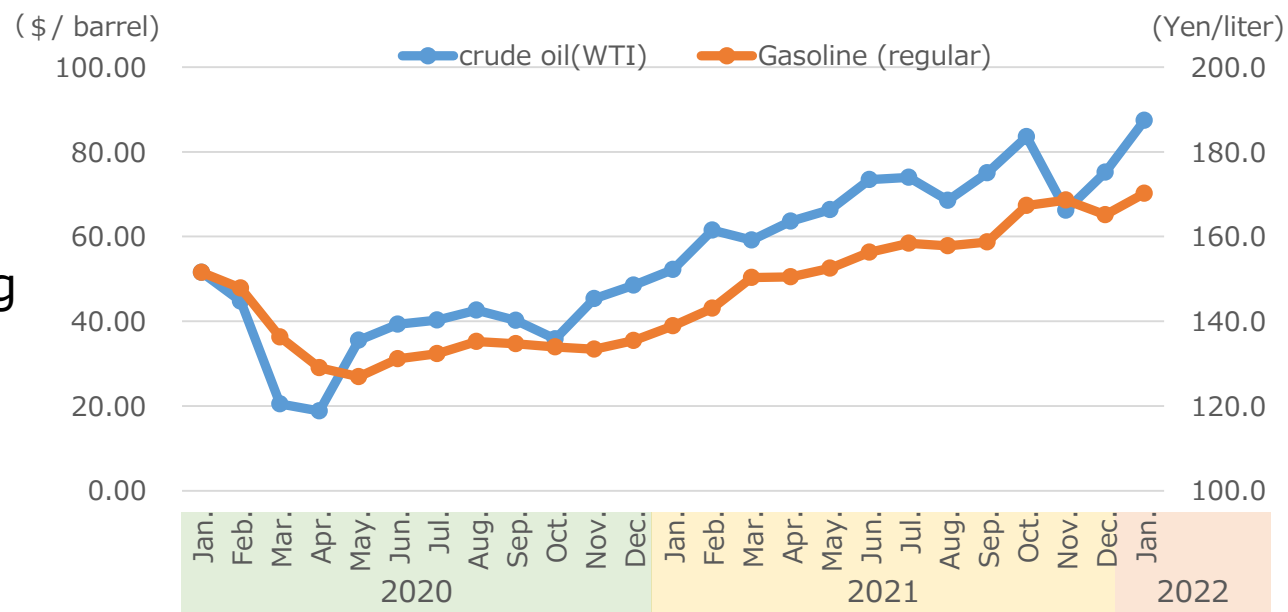
【Raw material price hikes】

- Petrochemical products soared due to rising crude oil prices
- Logistics prices soared due to rising gasoline prices

● Newspaper Report

The Nikkei Morning Edition dated 1/25/2022
Domestic Electric Wire Prices Rise on Ripple Effect of Higher Raw Material Prices

● Crude oil and gasoline prices



Source: Agency for Natural Resources and Energy

ESG Initiatives


ESG Management Priorities / Promotion of Businesses that Solve Social Issues

Based on our management philosophy of "Trust," we will focus on the following priority items. We will also promote businesses that solve social issues by leveraging the technology and experience we have accumulated in our business operations, aiming to realize a sustainable society and increase our corporate value.

Stakeholder Expectations	Very high	<p>Promote businesses that solve social issues</p> <p>Climate change</p> <p>Environmental Preservation</p> <p>Diversity and Inclusion</p> <p>ROIC· Operating income</p> <p>Greenhouse Gas Emissions</p> <p>Industrial waste landfill rate</p> <p>Number of female managers in career-track positions</p>	<p>High</p>
	Quite high	<p>Coexistence with Local Communities</p> <p>Corporate governance</p> <p>Social and Environmental Compliance</p> <p>Productivity improvement through work style reform and DX</p>	<p>Quite high</p>
	High	<p>occupational safety and health</p>	<p>Very high</p>
			Business Importance

Environment / Energy

Promotion of renewable energy




SICOPLUS

7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY ENHANCEMENT AND RESTRUCTURING

Disaster Prevention / Infrastructure


Strengthening urban resilience




11 SUSTAINABLE CITIES AND COMMUNITIES

Life / Mobility

Realization of highly efficient EV motors




Safe and comfortable automatic driving



3 GOOD HEALTH AND WELL-BEING | 9 INDUSTRY ENHANCEMENT AND RESTRUCTURING

Education / Human Resource Development

Solving the shortage of working population



SICOPLUS

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH

Medical Care / Health


Enhancement of the medical environment



3 GOOD HEALTH AND WELL-BEING | 11 SUSTAINABLE CITIES AND COMMUNITIES

CO₂ Emission Reduction Initiatives

Major product lines that contribute to greening



SICONEX

- Extremely compact
- Eco-friendly
- labor saving
- Shorter construction period
- Renewable Contributing to Energy

New

- Energy and Infrastructure
- Communication and Industrial Devices
- Electrical Equipment and Components

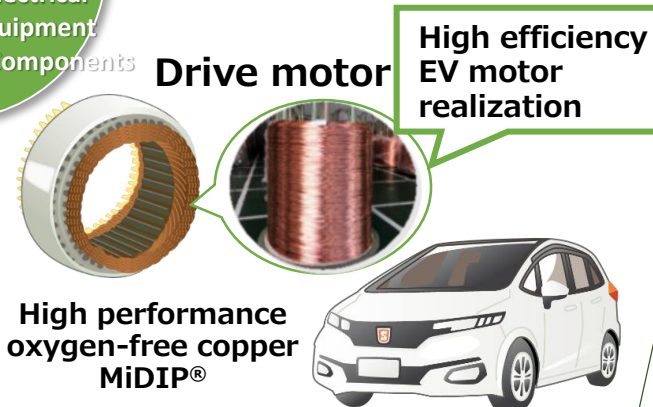
LAN cable
「TPCC® 6A(10Giga coil)」

Achieved 1.5 times higher loading efficiency
Reduction of CO₂ emissions during transportation

Annual CO₂ emissions reduced by 554 tons when 1 km of superconducting cable is applied in a large-scale power plant of 30 MW or more



Tri-Axial Superconducting Cable



Drive motor

- High performance oxygen-free copper MiDIP®
- High efficiency EV motor realization

Use of renewable energy

Carbon neutral Introduction of city gas

Mie Plant
Reduced annual fuel-derived CO₂ emissions by approximately 30%



SWCC SHOWA CABLE SYSTEMS CO.,LTD. (Mie Plant)
SWCC SHOWA UNIMAC LTD. (Head Office & Factory)

Based on the PPA Model Introduction of Renewable Energy

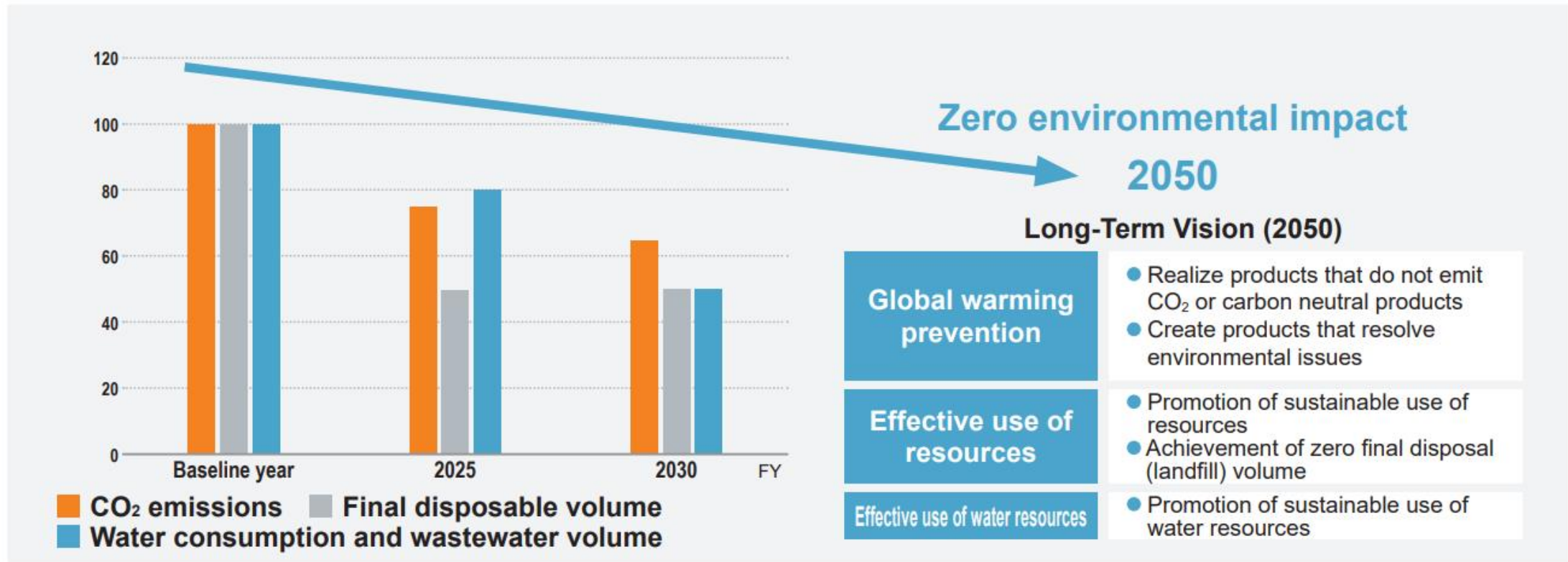


Aichi Plant
Annual CO₂ emissions
Reduction of approx 15%







SWCC SHOWA CABLE SYSTEMS CO.,LTD. (Aichi Plant)

Green Plan 2050 (Medium- to Long-term Environmental Plan)

We have established a long-term vision with the keyword of zero environmental impact in 2050. To achieve this goal, we are promoting the reformation of our internal infrastructure and taking initiatives to achieve both environmental friendliness and economic efficiency.

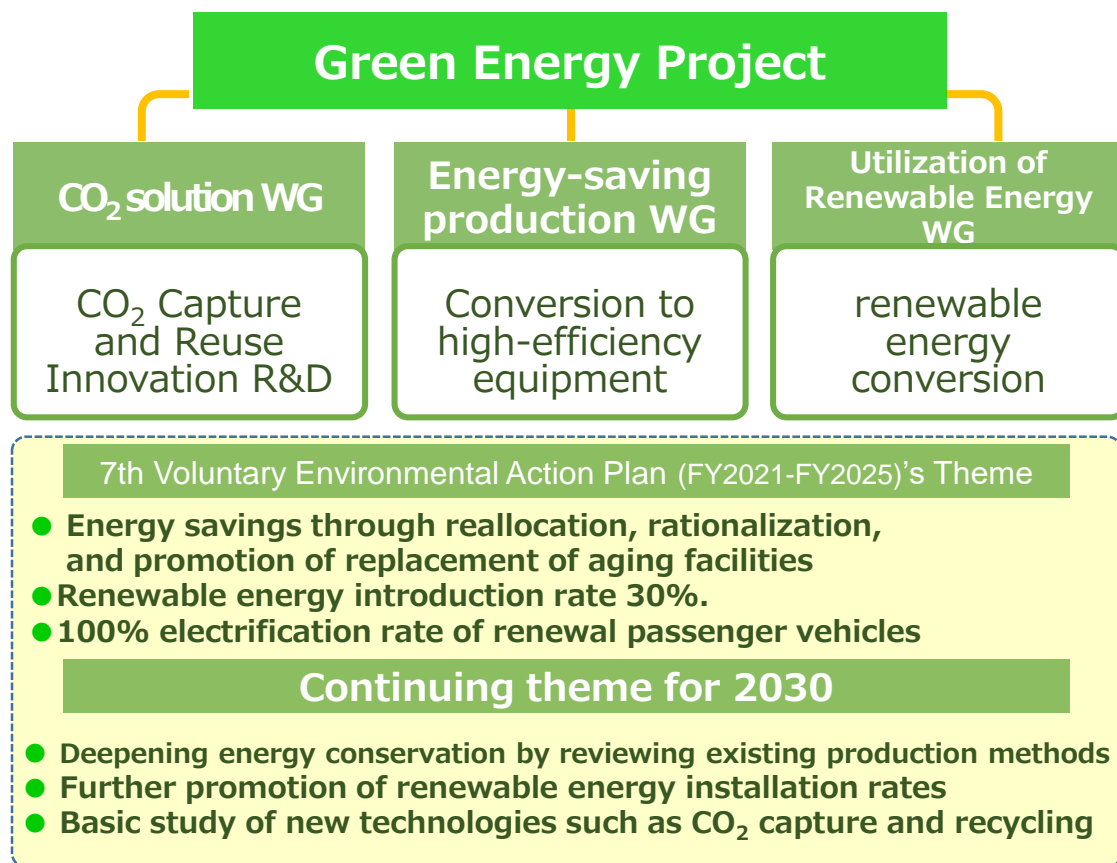


7th Voluntary Environmental Action Plan (FY2021-FY2025)

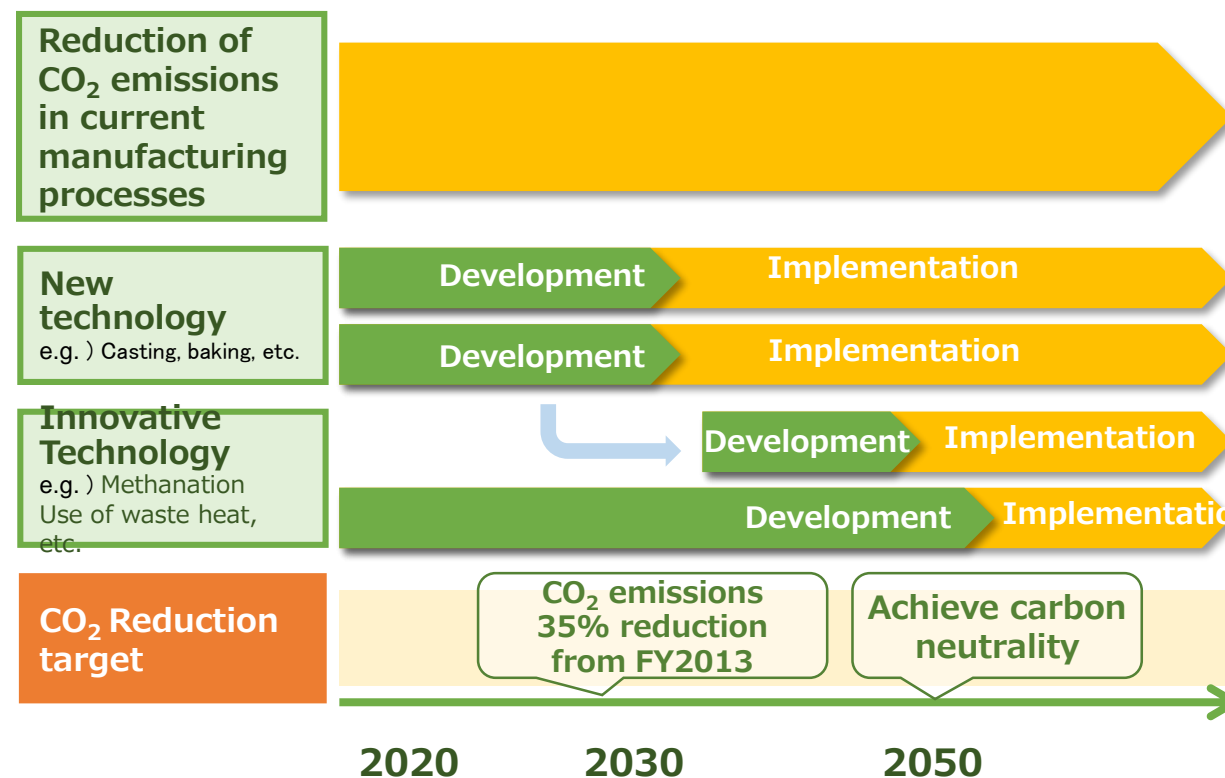
Environmental goal	Activity	Attainment targets or indices
Global warming prevention  	Energy savings (CO ₂ reduction)	Reduce CO ₂ emissions (Scope 1 + Scope 2) by 25% by FY2025, using FY2013 results as a reference.
Effective use of resources  	Reduction of waste discharged	Reduce the amount of waste discharged at all sites by 5% by FY2025, using FY2018 results as a reference.
	Promotion of recycling of resources	Reduce the final waste disposal (landfill) volume at all 10 production sites by 50% by FY2025, using FY2018 results as a reference.
	Reduction of plastic usage	Based on “Plastic Usage Guidelines.”
Effective use of water resources  	Reduction of water usage	Reduce the amount of water usage by 20% by FY2025, using FY2018 results as a reference.
Other	Reduction of the use of hazardous chemicals	Based on “Green Procurement Guidelines.”
	Expansion of environmental contribution products	Based on “Environmental Contribution Product Guidelines.”
	Contribution to biodiversity	Based on “Biodiversity Conservation Guidelines.”

「Green Energy Project」

Established the Green Energy Project, a company-wide project team, to further reduce energy consumption in the manufacturing stage. We aim to achieve both environmental friendliness and economic efficiency in order to achieve our medium- and long-term plans.

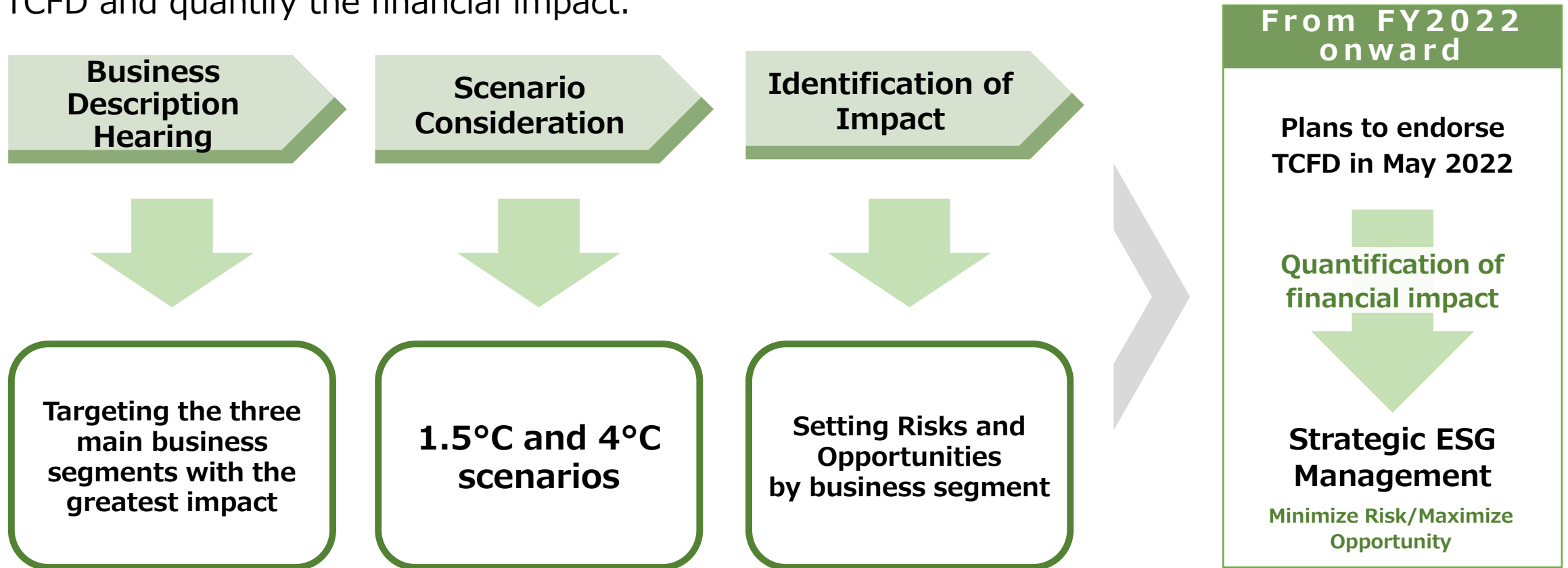


Global Warming Prevention Roadmap



Using TCFD Scenario Analysis to Solve Climate Change Challenges

Identified climate-related "risks" and "opportunities" by business segment under multiple scenarios this year. In the next fiscal year and beyond, we will announce our endorsement of the May 2022 TCFD and quantify the financial impact.



Diversity Management and Sustainable Human Resource Development Initiatives

Amidst an expected worsening shortage of workers, we are working to develop sustainable human resources while promoting the creation of an organization that can flexibly accept, utilize, and adapt to the diverse personalities of its employees, including differences in attributes and working conditions.

Senior Human Resource Active System

This system provides opportunities for motivated individuals who wish to continue working after retirement.

Carrier setting pattern

1 General Senior System

Subject : Comprehensive and technical positions. General positions

2 professional system

Subject : Equivalent to general management positions

3 Short-time working

Subject : Comprehensive and technical positions. General positions

4 Turnaround Support System

Subject: Career-track positions

Promotion of women's activities

In April 2021, a project to promote women's activities under the direct control of the president was launched.

Targets by FY2026

Percentage of management positions 8%. (approximately double the FY2020 level)

Percentage of managers and above 10%. (approximately seven times the FY2020 level)



Obtained "SMBC Nadeshiko Loan" certification in February 2022 for being an advanced company in women's activities ⇒



Promotion of Health Management

Using the Health Management Strategy MAP to increase employee engagement and steadily solve our health challenges.

Health Investment

health investment effect

Increased labor productivity and creativity

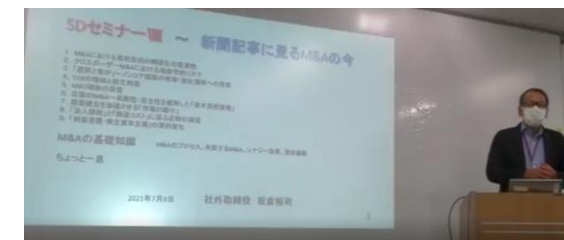
Recognized as an excellent health management corporation for two consecutive years ⇒



人材開発への取り組み

We operate education and training programs by rank based on the idea that the power of the employee is the power of the company.

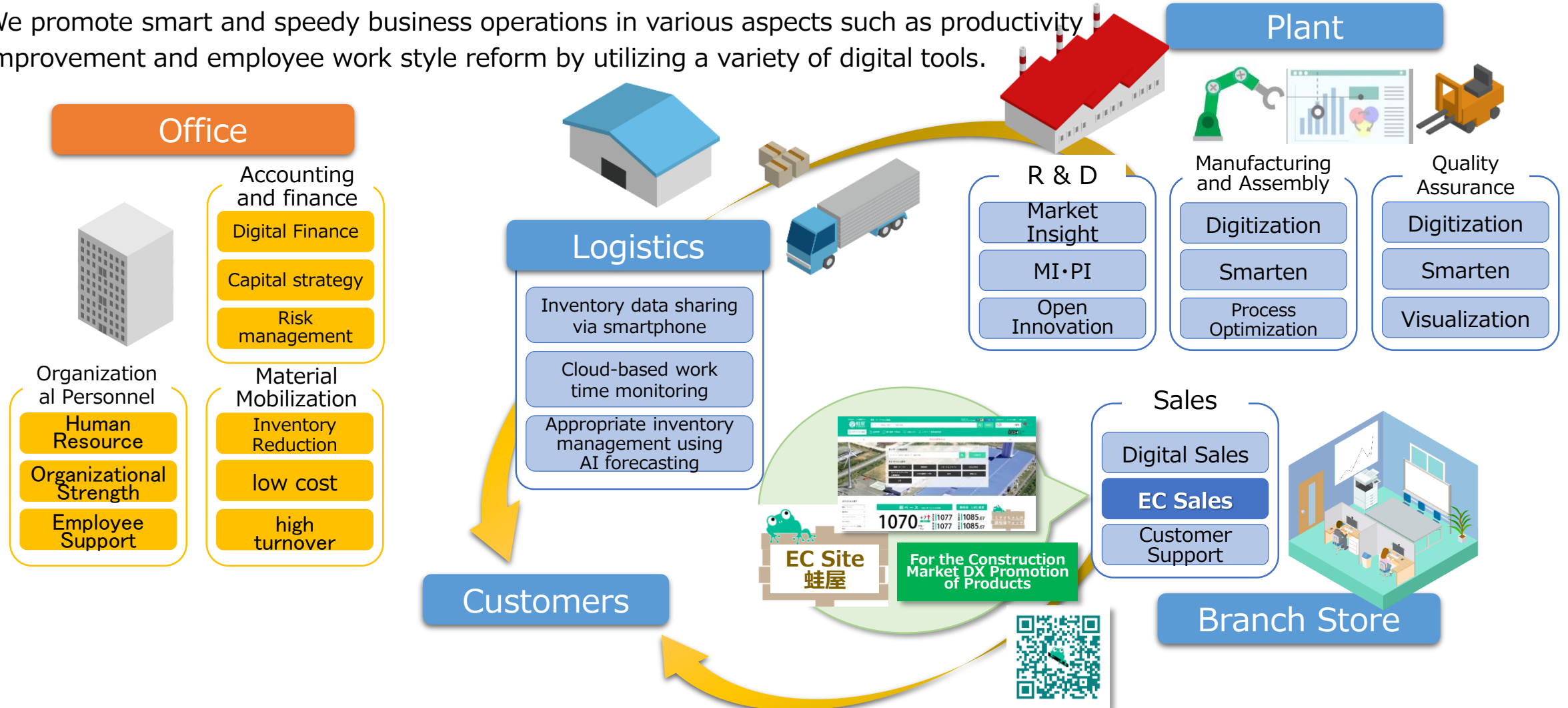
- Next Generation Management Succession Plan
- SD Seminar
- Next Leader Training
- Next Generation Management Development Training
- Cross-industry exchange training



SD seminars by outside directors

Efforts to Enhance Corporate Value through DX Promotion

We promote smart and speedy business operations in various aspects such as productivity improvement and employee work style reform by utilizing a variety of digital tools.



Governance Transition and Current Structure

In fiscal 2019, We transitioned to a company with an Audit Committee.

Beginning in FY2020, three of the four directors who are members of the Audit Committee have been outside directors, thereby strengthening the advisory and monitoring functions of the Company's management.

■ Changes in Governance

Year	2006	2016	2018	2019	2020	2021
Organizational design	Company with a board of statutory auditors (to June 2019)			Company with an audit and supervisory committee (from June 2019)		
Total number of officers	13	14	10	7	7	7
Directors	9	10	7	7	7	7
Outside directors	0	2	2	3	3	3
Auditors	4	4	3	—	—	—
Outside auditors	3	3	2	—	—	—
Topics	<ul style="list-style-type: none"> • Changes to holding company 	<ul style="list-style-type: none"> • Appoints outside directors (June 2015~) 	<ul style="list-style-type: none"> • Establishes Nominating Committee (December 2018) • Establishes Compensation Committee (December 2018) • Starts evaluating effectiveness of the Board of Directors 	<ul style="list-style-type: none"> • Strengthens authority of executive officers (April 2019) • Establishes Group CEO (June 2019) • Abolishes position of director • Abolishes advisor system 	<ul style="list-style-type: none"> • Establishes Chairman of the Board of Directors (April 2020) • Implements restricted share-based remuneration plan 	

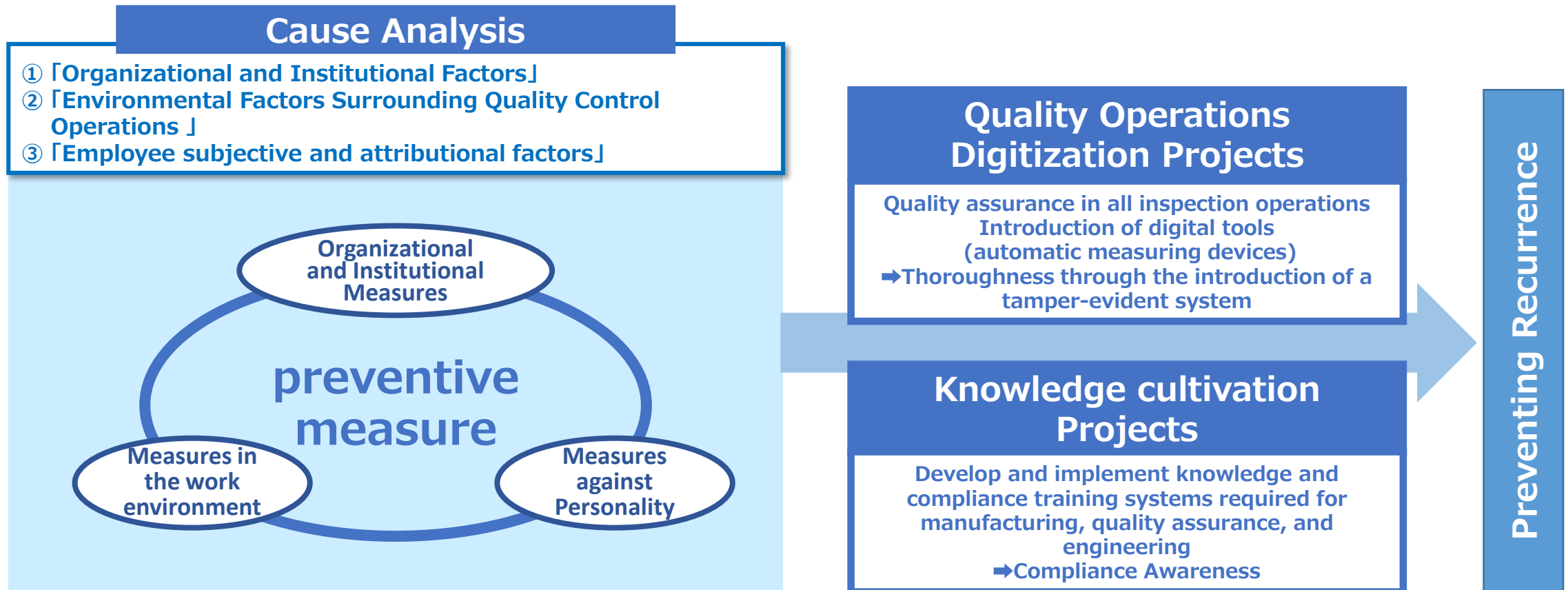
※ The above numbers are as of the end of March.

Board of Directors FY2020 Held 20 times / Audit and Supervisory Committee FY2020 Held 17 times

Nominating Committee FY2020 Held 16 times / Compensation Committee FY2020 Held 9 times / Risk Management Committee FY2020 Held 3 times

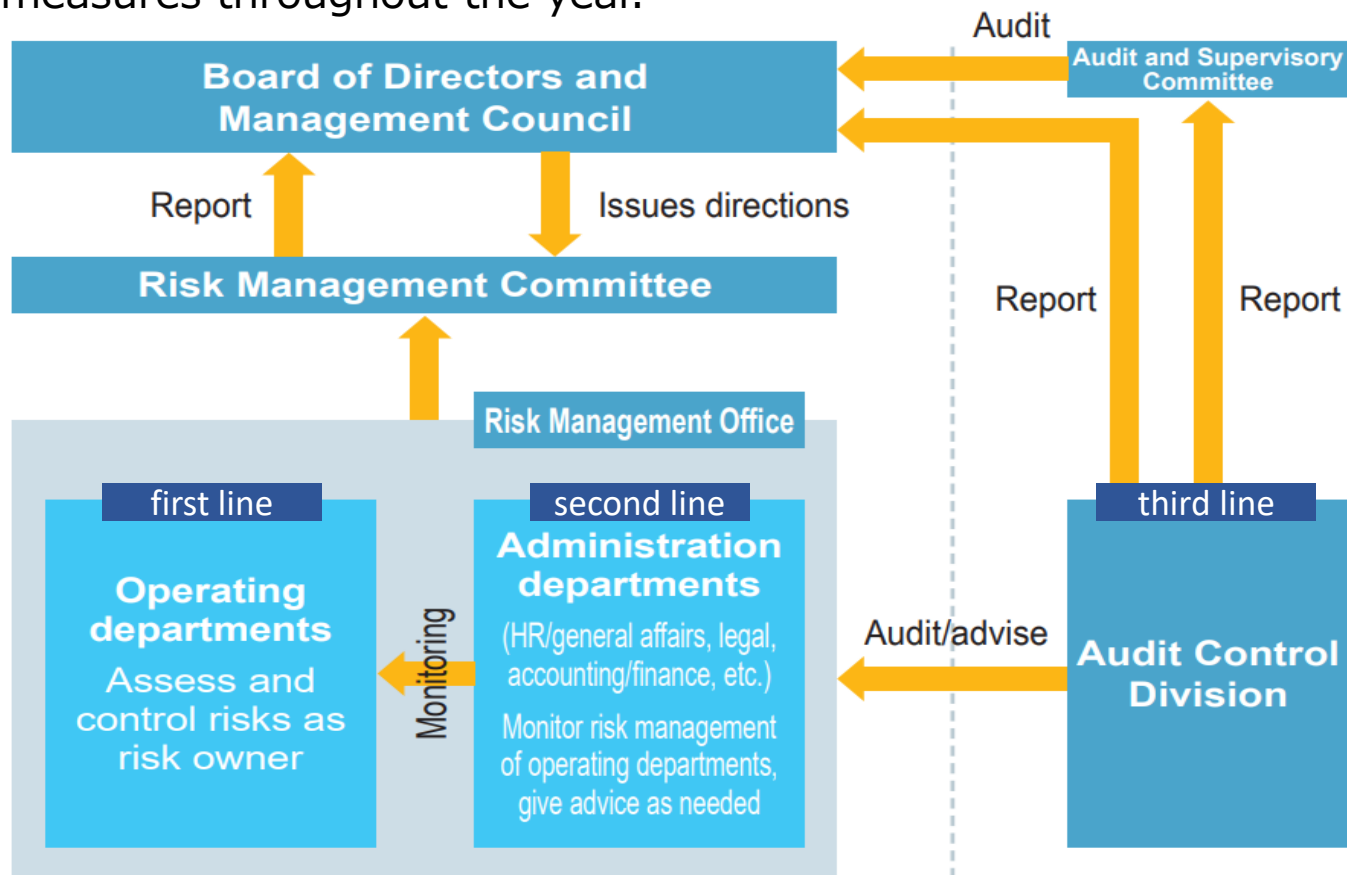
New Quality Control System

In order to conduct another objective investigation of the products subject to investigation that were pointed out by an outside party, an investigation was conducted by a committee chaired by a lawyer who is an outside expert. Based on the results of the investigation, we have analyzed the causes and implemented the following new measures to prevent recurrence.



Risk Management

Company-wide risk management with three lines of defense: business divisions (first line), administrative divisions (second line), and audit divisions (third line). The Risk Management Committee, chaired by the Group CEO, conducts risk assessment, risk management plans, response measures, and progress management of risk measures throughout the year.



New Initiatives in FY21

- **Conduct risk monitoring for each department of HD**

【Main Agenda】

Interest rate risk / Foreign exchange risk / Credit risk / Copper price volatility risk / Human capital risk / Copper price volatility risk / Human capital risk / Supply chain risk / Safety, environment and quality risk / Cyber attack risk / Information leakage risk etc.

- **Reinforcement of group-wide credit management system**

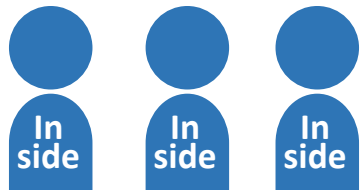
Strengthening credit management of business partners in light of the uncertain economic and business environment of the Corona disaster.

From the Outside Director's Perspective Governance of SWCC

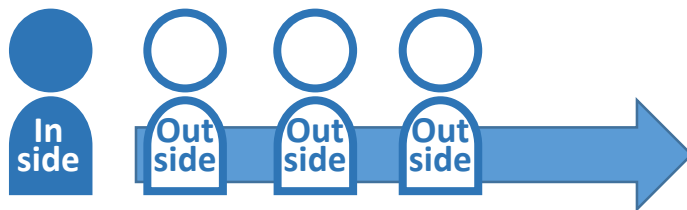
Efforts to Improve the Effectiveness of the Board of Directors

7 members (ratio of women: 14%, ratio of foreigners: 29%)
/ 20 meetings in FY2020

3 directors



4 directors who are Audit and Supervisory Committee members



Governance Reform Practices Conducting board effectiveness evaluations

Role of Outside Directors

1. management questions and advice

Effective questioning and advice to the executive team to improve the Group's medium- and long-term corporate value

2. Management and oversight of management and conflicts of interest

Involvement in the selection and dismissal of senior management.
Management and oversight of management's execution of operations and conflicts of interest.

3. reflection of stakeholder views

The opinions of stakeholders, including minority shareholders, are Board of Directors



The remote meeting of the
Board of Directors

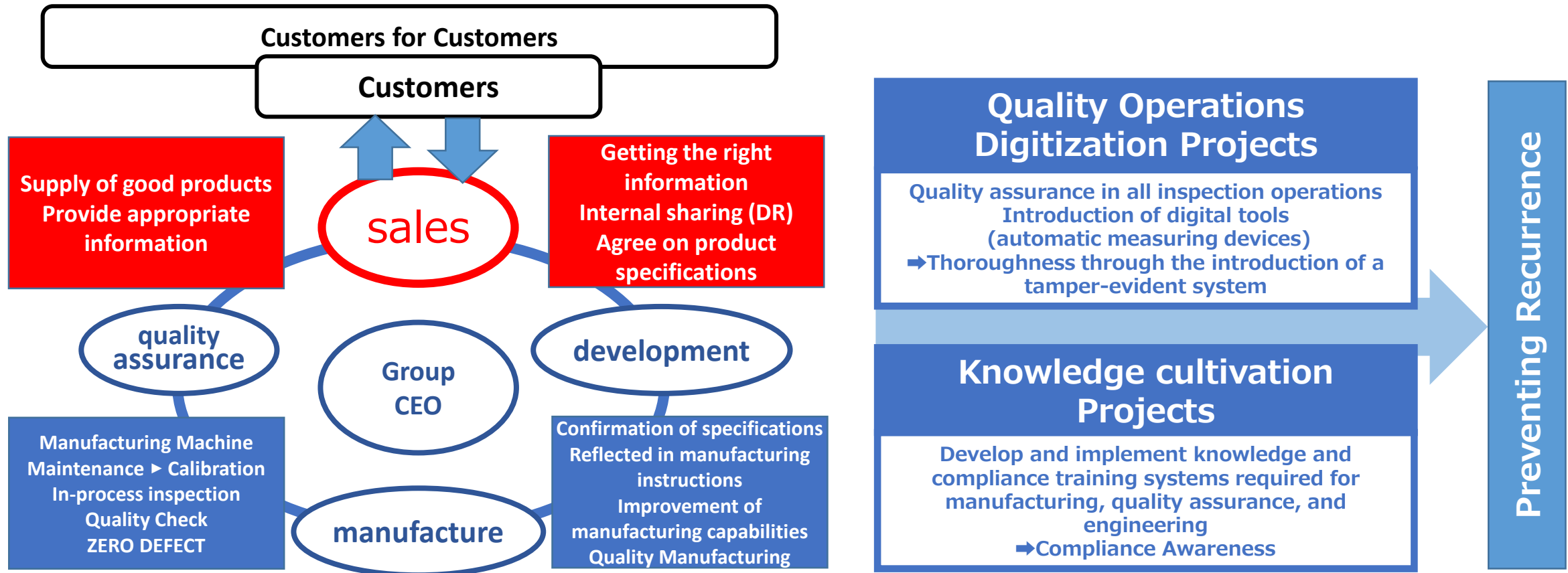
Board of Directors Purpose and Authority

To deliberate and decide on matters related to management policy and business execution, as well as to manage and supervise the directors to ensure that their duties are performed legally and efficiently, in order to achieve sustainable growth and increase the corporate value of our group.

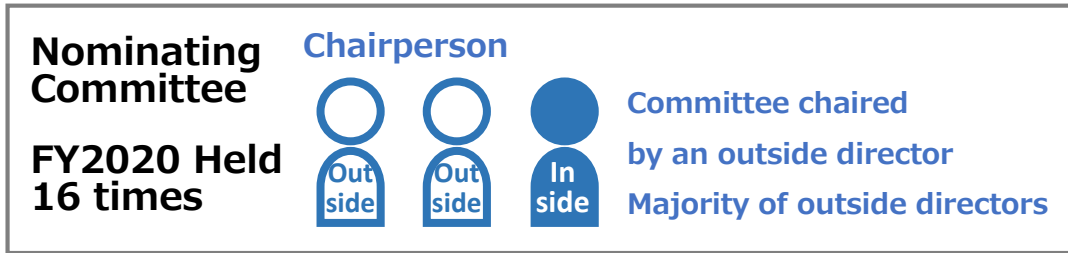
New Quality Control System

Recognizing the importance of sales as the starting point for quality control

Reaffirmed the importance of sales as the starting point for quality control. At the same time as reviewing the internal quality control process, an objective investigation was conducted on the products subject to investigation that were pointed out by an external party, and based on the results, measures to prevent recurrence are being implemented.

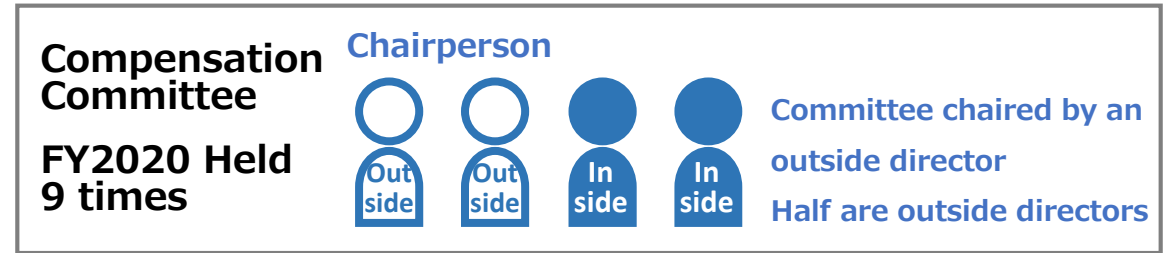


Activities of the Nominating and Compensation Committees



Activities and Roles of Outside Directors

- Report on the Election and Dismissal of the President
- Report on Proposed Election and Dismissal of Directors and Executive Officers
- Succession Plan Action Plan Development Recommendations
- Recommendations on the creation and use of human resources maps
- Creation of a skills matrix for appointed officers
- Recommendations for Diversity Recruitment (Dive-In)



Activities and Roles of Outside Directors

➤ Introduction of performance-based compensation system

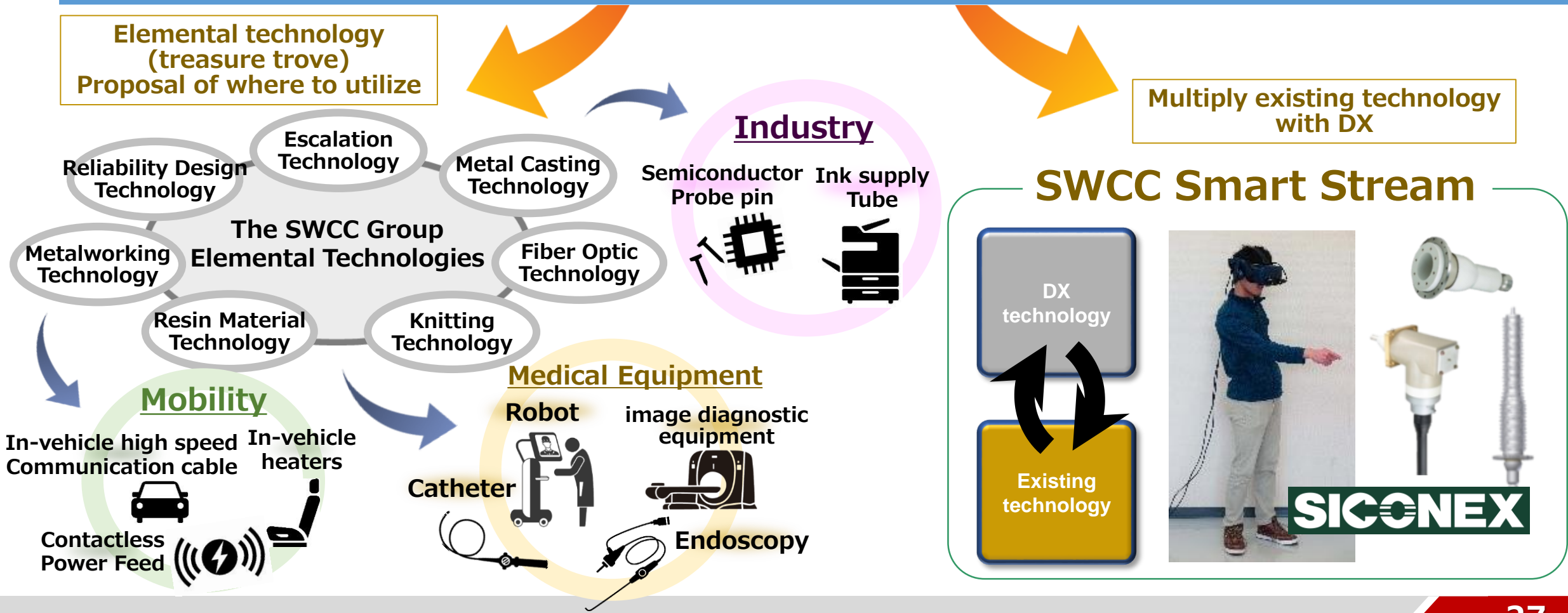
[indicators]

- Operating income achievement ratio (A) = (current operating income outlook ÷ current operating income target) x 100%
- Mid-term operating income achievement ratio (B) = {(operating income 2 years prior + operating income 1 year prior) ÷ (operating income target 2 years prior + operating income target 1 year prior)} x 100%
- ROIC achievement ratio (C) = (current ROIC outlook ÷ current ROIC target) x 100%

$$\text{Remuneration} = \text{Maximum performance-linked remuneration amount} \times (\text{A} \times 40\% + \text{B} \times 30\% + \text{C} \times 30\%)$$

Role of Outside Directors in Achieving the Goals of the Medium-Term Management Plan

Lobbying for the creation of stable, high value-added business models



Commercialization of SWCC Smart Stream through DX solutions

SWCC Smart Stream

On-Site Training System

Virtual field experience



Remote training
Safety and health training

On-Site Management System

Remote support with video, audio, and work data



Data Digital Processing

Use of sensing technology

Early identification of field defects

Product digital management

Linking customer and product data

Product quality control and history
Appropriate production and inventory management
Process visualization and delivery date management

Package sales

Open innovation

- Start-up companies (alliance, M&A)
- Openness, consortium

DX technology

DX Solutions



AI



IoT·Data



AR·VR



5G·Wi-Fi6



Camera



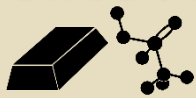
Sensing



Simulation

Digital Innovation

SWCC's assets



Huge amount of material data



Diverse design technologies



Manufacturing technology and know-how



Human resources with skills



Product line

Strong products and manufacturing

- SICONEX®→Epoxy molding
- Oxygen free copper → DIP
- Copper and silver alloy → Casting and cold processing

DX Investment

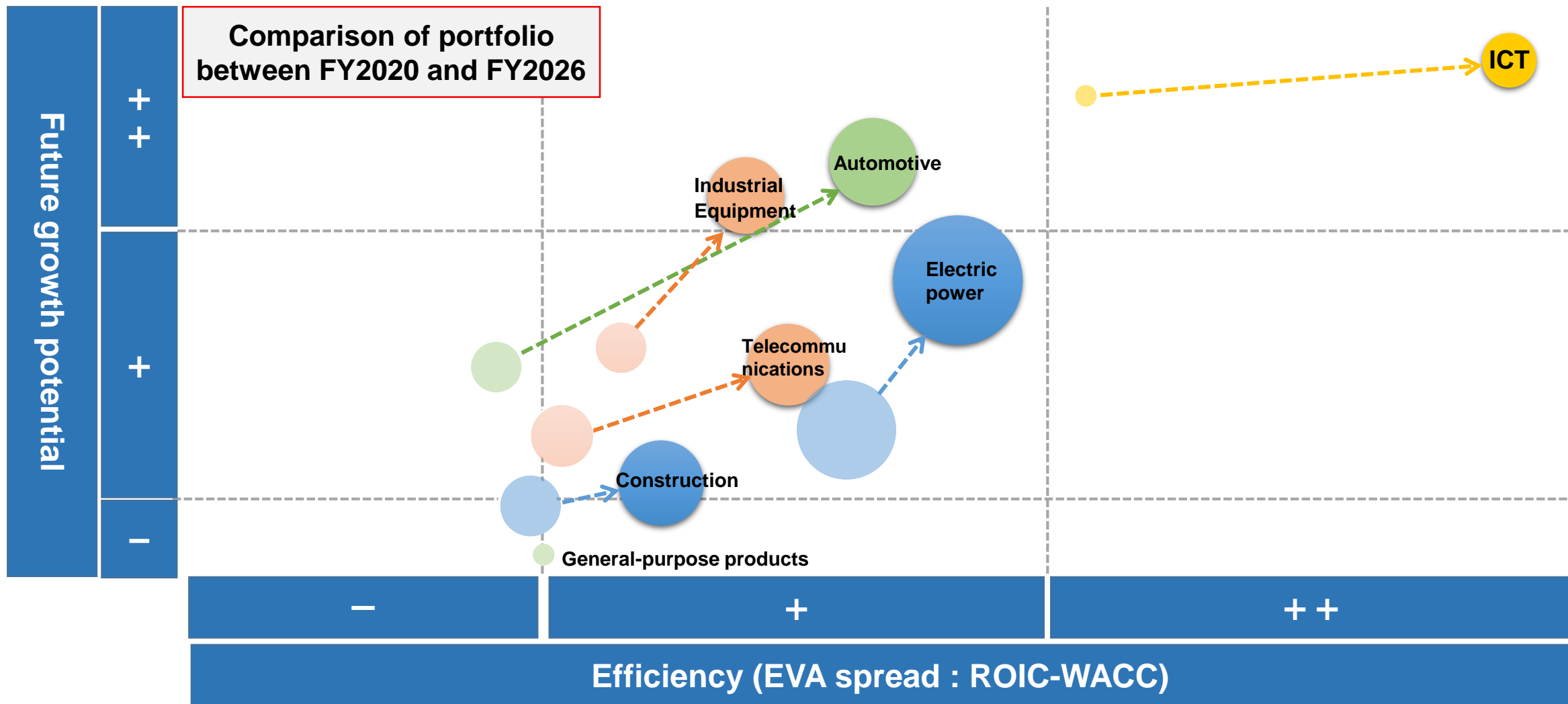
- Digital technology
- Simulation technology
- AI technology
- Digital human resource development

Development/ investment

- Infrastructure construction
- Sensor development
- Automatic control and robotics

Existing technology

Shift Portfolio to Growth Businesses





Forward-looking statements in this document are based on information available at the time of publication and contain potential risks and uncertainties.

Therefore, actual results may differ materially from those projected in the forward-looking statements as a result of various factors.

Factors that could influence actual results include economic conditions, demand trends, raw material prices, and exchange rate fluctuations, as well as other items not limited to the above.

Contact

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