



Creating for the Future

Innovating new ideas today. Becoming the norms of tomorrow.

Supplementary Material for the Third Quarter of the Fiscal Year Ending March 2025

February 7, 2025

SWCC Corporation

TSE PRIME: 5805

1. FY2024 Q3 Overview of Financial Results
2. Review of Numerical Targets in the
Medium-term Management Plan

1. FY2024 Q3 Overview of Financial Results

FY2024 Q3 Overview of Financial Results

Management Environment

- Investment for a decarbonized society and semiconductor and digital-related demand increased.
- Construction projects were concentrated in Q3 while the trend towards leveling out continued.
- The automotive-related market continued to experience the suspension of production and shipping by some automakers and lackluster sales in China.
- In the electric wire industry, overall demand for electric wires slightly decreased.
- The average domestic quotation price for copper increased YoY.

Net sales

Sales increased YoY due to strong performance in the Energy and Infrastructure Business.

[Status of Major Business Fields]

Energy and Infrastructure: There was **strong demand** for construction-related applications and electric power infrastructure.

Automobile: Demand for high-performance products for EVs is in an adjustment phase.

Communication Cables: Demand was solid in high-speed LAN for Construction and ADAS applications.

Operating profit

Operating income **grew considerably YoY**, reflecting **favorable** market conditions in construction-related applications and electric power infrastructure.

FY2024 Q3 Consolidated Statements of Income

The performance of the Energy and Infrastructure Business was strong and is expected to remain robust. However, **we revised the ordinary profit forecast downwards for the current fiscal year** after posting a share of loss of entities accounted for using the equity method and the provision of an allowance for doubtful accounts to a maximum extent.

(Unit: 100 million yen)		FY2024 Q3 Actual (YoY %)	FY2024 Full-year plan (before revision)	FY2024 Full-year plan (after revision)	Progress rate %
	FY2023 Q3 Actual				
Net sales	1,585	1,782 (+12.5%)	2,340	2,340	76.2%
Operating profit	93	Record high 167 (+78.2%)	205	Expected to reach a record high 205	81.3%
Operating income margin (%)	5.9%	9.3% (+3.4pt)	8.8%	8.8%	—
Ordinary profit	92	71 (-22.7%)	170	105	67.5%
Profit attributable to owners of parent	63	Record high 77 (+22.5%)	100	Expected to reach a record high 100	77.5%

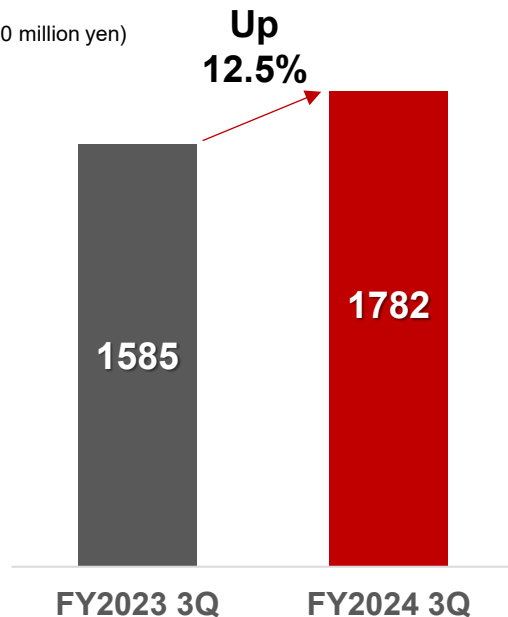
Key Points of the Financial Results for Q3

Q3 YoY Change

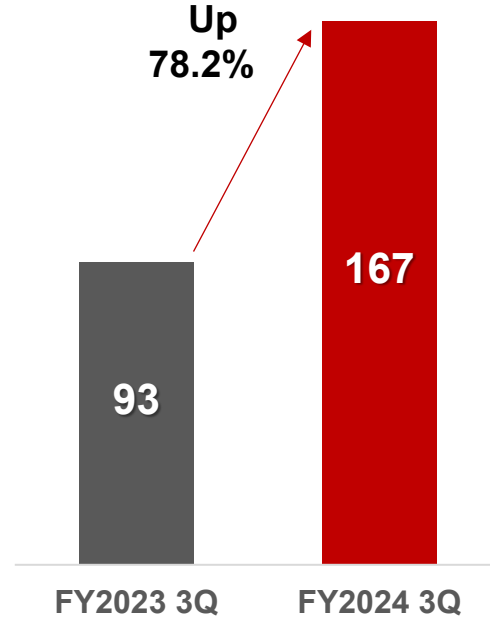
Operating income **increased substantially** following the healthy performance of the Energy and Infrastructure Business.

Net sales

(Unit: 100 million yen)



Operating profit



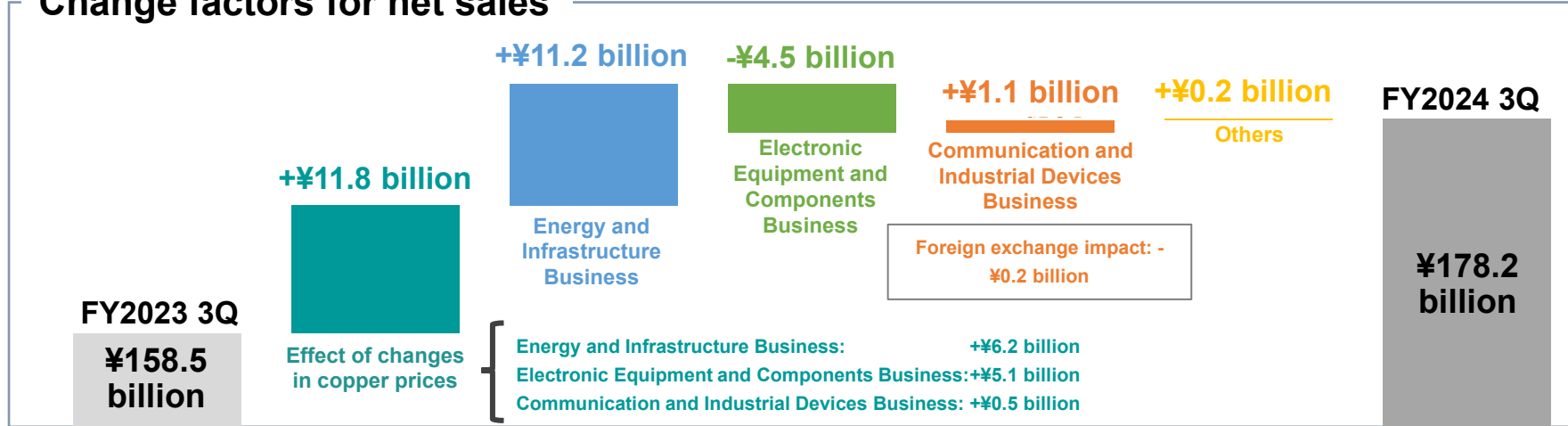
Q3 Progress rate

The rate of progress for both sales and operating income was higher than usual.

	Full-year plan	FY19-23 Avg. progress rate	Q3 Progress rate
Net sales	2,340	74.1%	76.2%
Operating profit	205	73.6%	81.3%

FY2024 Q3 Change Factors (YoY)

Change factors for net sales

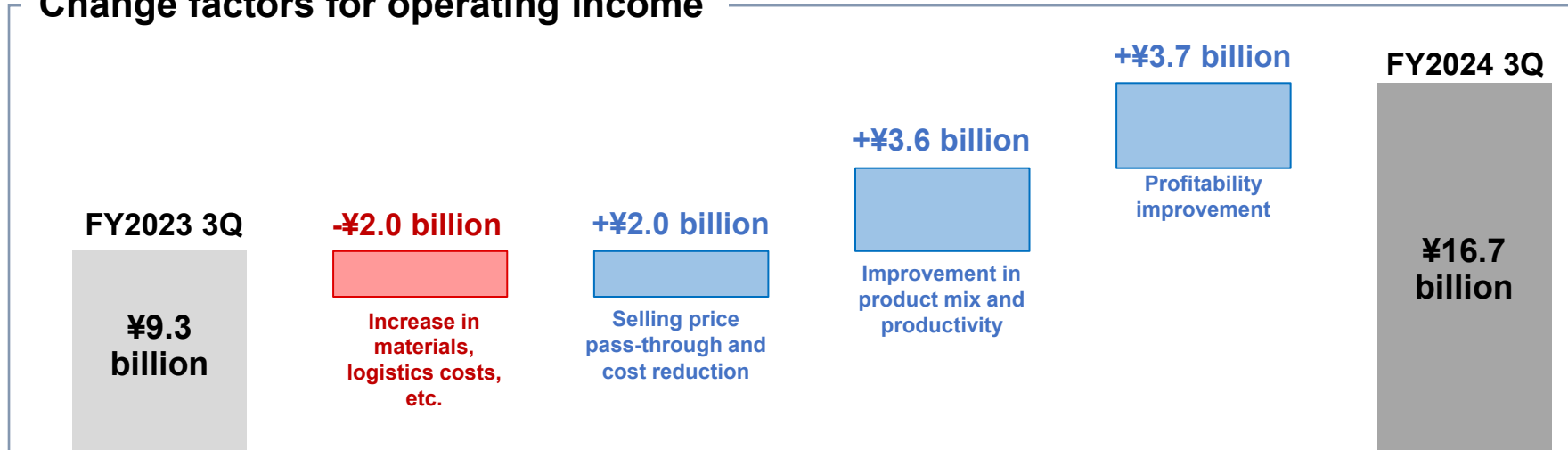


[Change factors]

1. Net sales
Contrary to initial expectations, domestic demand for construction-related applications did not weaken, and growth drivers also performed strongly, resulting in a **YoY increase in sales.**

2. Operating income
Rising raw material and logistics costs were offset by selling price pass-through and cost reductions **Income increased significantly YoY** due to the implementation of various profit improvement measures and strong demand for electric power infrastructure.

Change factors for operating income



[Future Initiatives]

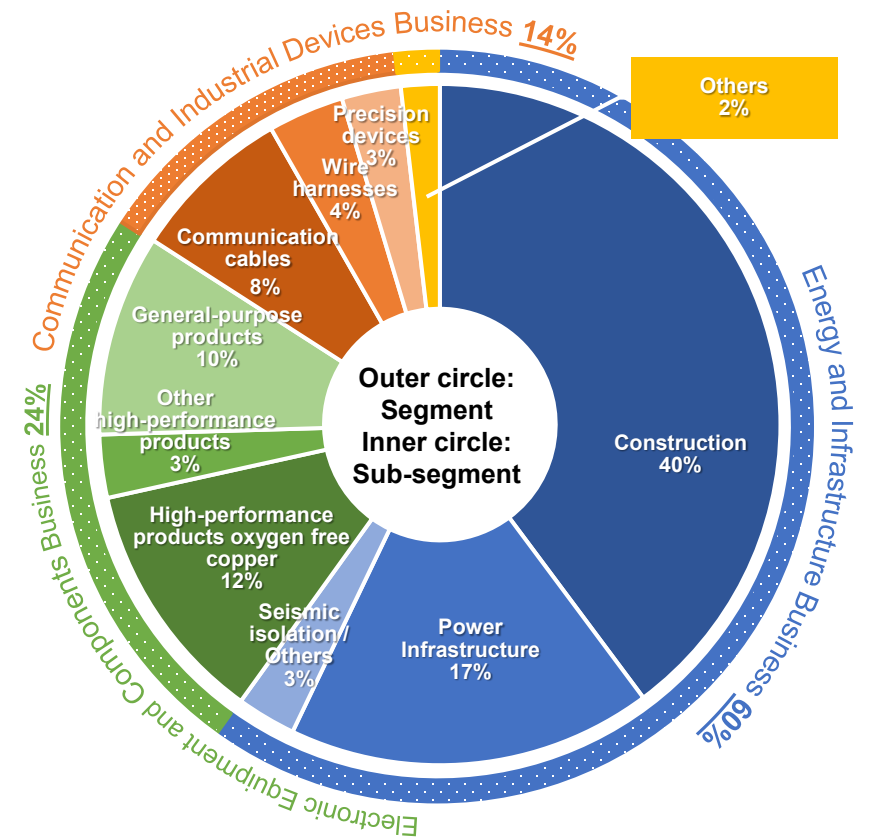
Secure an appropriate level of inventories in preparation for a rise in shipments following buoyant demand.

FY2024 Q3 Segment Results

In the **Energy and Infrastructure Business**, operating income marked a record high after steady demand in construction applications, buoyant construction projects in the electric power infrastructure business and climbing demand for electric power equipment. In the **Communication and Industrial Devices Business**, the income margin rose significantly YoY, enjoying firm demand for communication cables and the effect of improved profitability in precision devices despite weak demand for wire harnesses for home appliances.

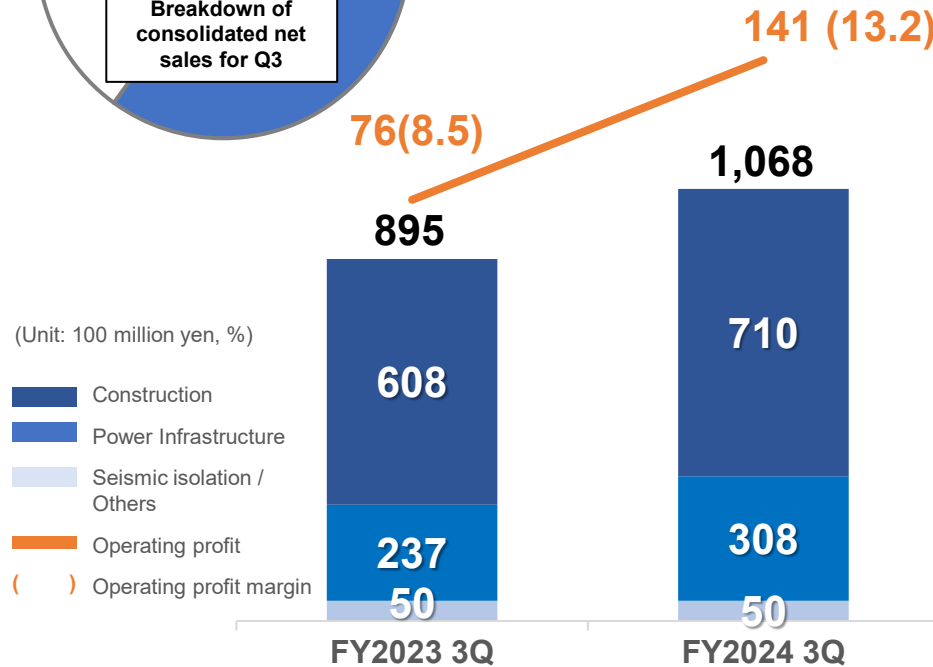
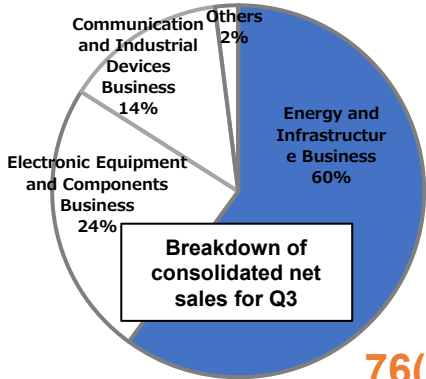
(Unit: 100 million yen)	FY2023 Q3 Results		FY2024 Q3 Results	
	Net sales	Operating profit (Income margin %)	Net sales	Operating profit (Income margin %)
[Strong performance] Energy and Infrastructure Business	895	76 (8.5%)	1,068	141 (13.2%)
[Average performance] Electronic Equipment and Components Business	424	14 (3.3%)	431	14 (3.2%)
[Firm performance] Communication and Industrial Devices Business	235	10 (4.1%)	251	20 (8.1%)
● Other	31	1 (1.6%)	33	2 (6.1%)
Total	1,585	93 (5.9%)	1,782	167 (9.3%)

FY2024 Q3 Results Segment sales ratio



FY2024 Q3 Results by Segment / Energy and Infrastructure Business

Sales grew YoY (up 19.4%) and income jumped considerably (up 85.3%), following the positive effect of various profit improvement measures, buoyant construction projects in the electric power infrastructure business and climbing demand for electric power equipment.



Against full-year plan	FY2023 3Q	FY2024 3Q
Progress rate in operating income	71.0%	81.8%

Factors behind Q3 performance (strong performance)

“Strong performance”

Construction

- Review of selling prices taking rising raw material costs into consideration
- Improvement of profitability through promotion of DX and various productivity improvements

“Strong performance”

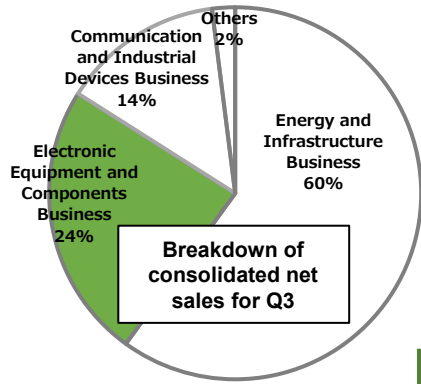
Electric power

- Increase in projects of electric power companies under revenue cap system
- Projects increased in Q3 while profit improvement measures involving the leveling of projects continued.
- Effect of improvement in prices that reflects product advantages and other added value
- Shipments of electric power equipment increased, due to the effect of investment in increased production.

Future Strategies

Plan to increase hiring beyond Medium-term Management Plan target, including construction, manufacturing and maintenance personnel, to tap into robust electric power infrastructure demand.

FY2024 Q3 Results by Segment / Electrical Equipment and Components Business



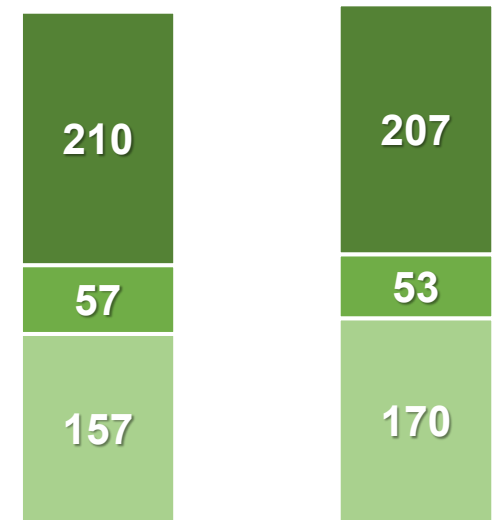
(Unit: 100 million yen, %)

- High-performance products oxygen free copper
- Other high-performance products
- General-purpose products
- Operating profit
- Operating profit margin

Although products for EVs were affected by the suspension of production and shipping by some domestic automakers and lackluster sales in China. While General-purpose magnet wires for heavy electrical appliances has been performing steadily, resulting in **YoY increase in sales (up 1.5%)** and **YoY decrease in income (down 2.7%)**.

14(3.3) 14 (3.2)

424 431



FY2023_3Q

FY2024_3Q

	FY2023 3Q	FY2024 3Q
Progress rate in operating income	86.6%	85.8%

Factors behind Q3 performance (mostly unchanged YoY)

MiDIP®

- In an adjustment phase due to the suspension of production and shipping by some domestic automakers

Flat winding wires

- In an adjustment phase, despite strong demand for hybrids in Europe

Heater wires

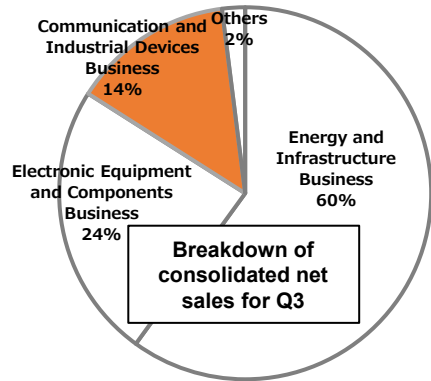
- Impacted by suspension of production and shipping by some domestic automakers and lackluster sales in China

Future Strategies

**Accelerate downstream strategy, and expand sales of high value added products.
(for semiconductors, robots and others)**

* MiDIP® is a strategic product included in "High-performance products oxygen free copper" on the left. Flat winding wires and heater wires are strategic products included in "Other high-performance products" on the left.

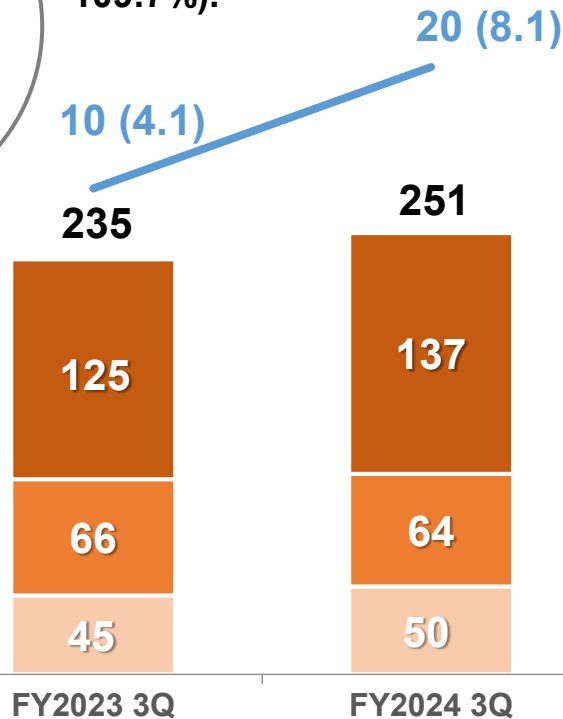
FY2024 Q3 Results by Segment / Communication and Industrial Devices Business



Demand for both construction-related communication cables, including those for data centers, and for communication cables for ADAS was firm. Rollers also benefited from an improvement in demand in addition to the effect of profit improvement measures. As a result, **sales increased YoY (up 6.7%) and income also rose significantly (up 109.7%).**

(Unit: 100 million yen, %)

- Communication cables
- Wire harnesses
- Precision devices
- Operating profit
- () Operating profit margin



Factors behind Q3 performance (solid performance)

Communications

- Products for data centers performed solidly. There was also continued demand for Tokyo Metropolitan Area redevelopment, Osaka Expo and renewable energy projects. Growth in sales of mainstay products and new products driven by strong market conditions contributed to performance.

Wire harnesses

- Impacted by lackluster sales at Japanese home appliance manufacturers both in Japan and China.

Rollers

- Recovery in demand for products for personal, office and industrial use in addition to effect of profit improvement measures initiated last year

Future Strategies

Strengthen the FLANTEC® product lineup to increase sales(High speed communication cables for ADAS etc.) and e-Ribbon® increase sales.

	FY2023 3Q	FY2024 3Q
Progress rate in operating income	70.6%	73.0%

FY2024 Q3 Balance Sheet

(Comparison with the end of the previous year)

(Unit: 100 million yen)	End-FY2023	FY2024 Q3	Change
Total assets	1,616	1,592	-24
Trade receivables	515	551	36
Inventories	290	318	28
Non-current assets	672	593	-78
Total liabilities	845	774	-70
Trade payables	260	256	-3
Interest-bearing debt	303	293	-10
Total net assets	771	818	47
Equity	759	802	43
Equity ratio (%)	47.0	50.4	3.4
DE ratio (%)	40	37	-3

[Inventories]

Increased based on strong performance, in order to secure appropriate inventory in anticipation of higher copper prices and shipments from Q4 and beyond.

[Non-current assets]

Decreased due to the negative impacts of a loss on valuation of investments in equity method affiliates, i.e. Futong Showa Wire & Cable (Hangzhou) Co., Ltd. and Futong Showa Wire & Cable (Tianjin) Co., Ltd., and sales of land and cross-shareholdings.

[Interest-bearing debt]

Decreased after sales of land and cross-shareholdings, which offset demand for working capital amid strong performance

[Equity ratio]

Equity ratio increased by 3.4pt. from the end of the previous fiscal year, reflecting an accumulation of shareholders' equity due to the strong performance.

[DE ratio]

DE ratio decreased by 3pt. from the end of the previous fiscal year due to a decrease in interest-bearing debt, despite an increase in shareholders' equity.

<Recognition of current issues and future measures>

Measures to improve balance sheet, such as improvement of CCC, continued, but inventories increased to secure appropriate inventories in preparation for rising raw material prices and shipments from Q4 and beyond.
Continue to improve by securing inventories at appropriate levels and shortening the debt collection period.

2. Review of Numerical Targets in the Medium-term Management Plan

Notice of Revision to Numerical Targets for Final Fiscal Year of Medium-term Management Plan

■ Reason of the revision

In May 2024, the SWCC Group formulated the "Change & Growth SWCC 2026 Rolling Plan 2024," which incorporates recent changes in the business environment into the Medium-term Management Plan announced in November 2021.

Starting in the current fiscal year and ending in the fiscal year ending March 31, 2027, the Rolling Plan calls for outperforming the target for operating profit in place before this plan, in anticipation of organic growth following the strengthening of the three core businesses and a business development (BD) strategy aimed at enlarging the business domains as an additional upside element (inorganic growth).

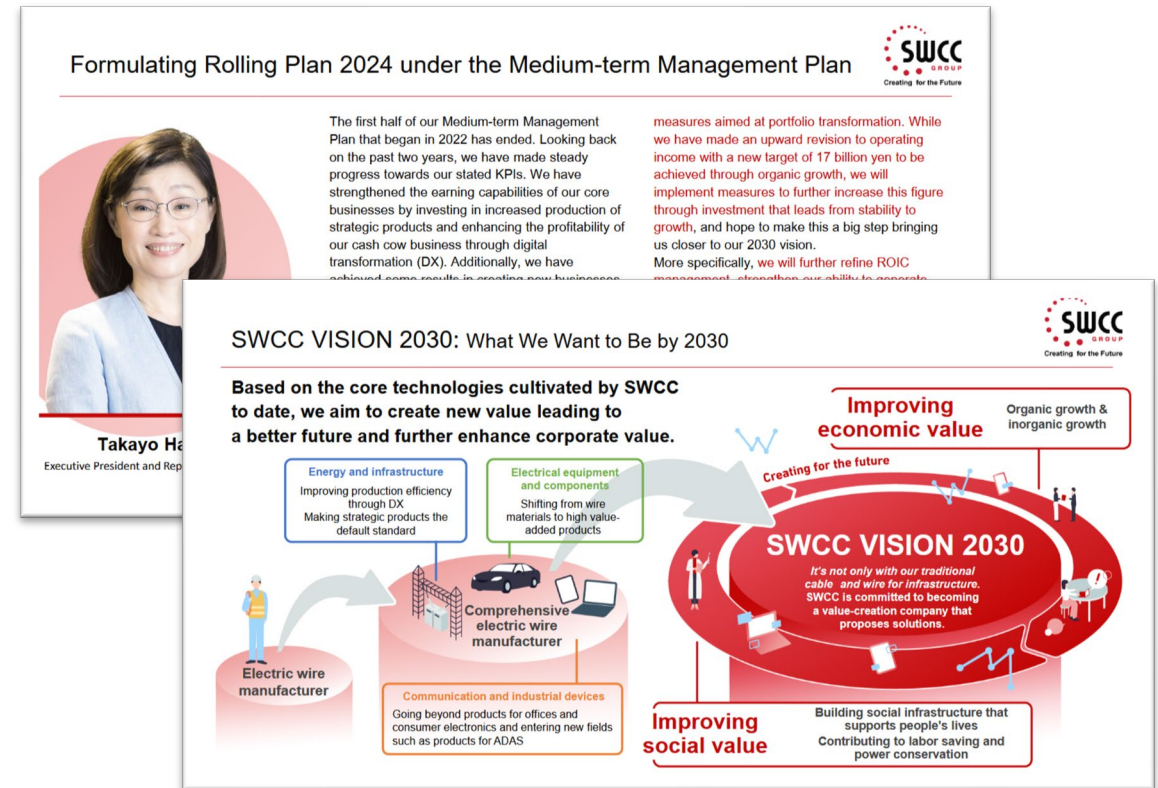
However, the circumstances surrounding the Company's business environment are changing. For example, the electric power infrastructure market in Japan is seeing greater demand than initially expected. Meanwhile, the spread of xEVs is delayed and Japanese manufacturers of home appliances now have a weaker presence and the environment surrounding our wire harness business has changed. In view of these factors, in the current third quarter, the Company decided to again revise the numerical targets for the fiscal year ending March 31, 2027 as the final fiscal year of the Medium-term Management Plan.

While responding flexibly to changing business conditions, the Company will continue to pursue business portfolio management with return on invested capital (ROIC) as an indicator and will boost its businesses' capacity to create cash flows as it seeks to consistently invest in growth and boost shareholder returns.

<Reference> Announced on May 13, 2024

Medium-term Management Plan "Change & Growth SWCC 2026" Rolling Plan

<https://www.swcc.co.jp/eng/news/images/Medium-term%20Management%20Plan%20Change%20&%20Growth%20SWCC%202026%20Rolling%20Plan%202024.pdf>



Medium-term Management Plan "Change & Growth SWCC 2026" Rolling Plan

Revision to Plan for FY2026 (consolidated)

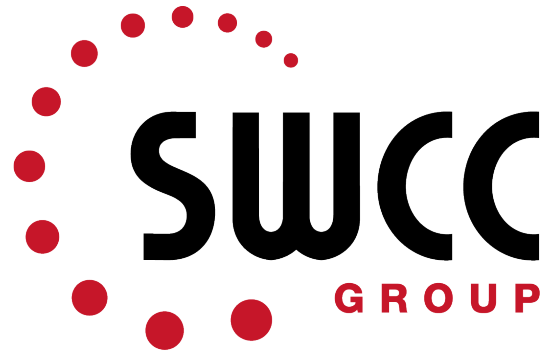
Take into consideration the changes in business circumstances, we **revised upwards** some target figures for the final fiscal year of the Rolling Plan of the Medium-term Management Plan from those announced in May 2024.

		Announced in May 2024		Latest revision	
		FY2026 (Targets)		FY2026 (Targets)	
Profitability	Operating profit	17.0 billion yen	➔	24.0 billion yen	+¥7.0 billion
Capital efficiency	ROE	14% or more		14% or more	
	ROIC	10% or more		10% or more	
Shareholder returns	Dividends (dividend payout ratio/DOE)	150 yen or more (35% or higher/4% or higher)		180 yen (35% or higher/4% or higher)	+¥30
Stability	D/E ratio	30-50%		30-50%	
	Net assets	93.0 billion yen		100.0 billion yen	+¥7.0 billion

Medium-term Management Plan "Change & Growth SWCC 2026" Rolling Plan

Revision to Plan for FY2026 (by segment)

(Unit: 100 million yen, %)			Announced in May 2024 FY2026 (target)	Latest revision FY2026 (target)	Fluctuations	Key points of the revision
Energy and Infrastructure Business	Net sales	1,240		1,450	210	■ Changes in business circumstances Construction: Demand remains high. Electric power: Given national policy, demand is growing for the replacement of aged equipment and for equipment for renewable energy and data centers. Events helpful to us continue, including the withdrawal of competitors and leveling of projects. ■ Measures Construction: Maximize the cash cow business. Electric power: Continue to increase production (approximately 2 billion yen) and construction capacity.
	Operating profit	112		188	76	
	Operating profit margin	9.0%		13.0%	4.0%	
Electronic Equipment and Components Business	Net sales	730		590	▲ 140	■ Changes in business circumstances High-performance products: The spread of xEVs is delayed. ■ Measures High-performance products: Step up and accelerate the shift to a downstream strategy.
	Operating profit	26		20	▲ 6	
	Operating profit margin	3.6%		3.4%	▲ 0.2%	
Communication and Industrial Devices Business	Net sales	360		360	-	■ Changes in business circumstances Communication: Strong demand in the data center market. Wire harnesses: Decrease in demand for Japanese home appliance manufacturers. ■ Measures Communication: Further expand sales of FLANTEC® and the e-Ribbon®. Wire harnesses: Expansion into the mobility segment.
	Operating profit	35		35	-	
	Operating profit margin	9.7%		9.7%	-	



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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.