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For Immediate Release

Company name	SWCC Corporation
Representative	Takayo Hasegawa, Executive President and Representative Director (CEO)
	(Securities Code: 5805, TSE Prime Market)
Inquiries	Yoichi Kitagawa, General Manager of Strategy Planning Dept. (Telephone: +81-44-223-0530)

Notice Regarding Recording of Share of Loss of Entities Accounted for Using Equity Method and Provision for Allowance for Doubtful Accounts (Non-operating Expenses) and Revision to Forecasts of Consolidated Financial Results

SWCC Corporation (the "Company") hereby announces the posting of a share of loss of entities accounted for using equity method and a provision for allowance for doubtful accounts for the first nine months (April 1, 2024 – December 31, 2024) of the fiscal year ending March 31, 2025. Details are as follows.

The Company also announces that it has adopted a resolution to revise its consolidated business results forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025) released on November 12, 2024. Details are as follows.

1. Background and details about the share of loss of entities accounted for using equity method and the provision of allowance for doubtful accounts

Futong Group Co., Ltd., the parent company of Futong Showa Wire & Cable (Hangzhou) Co., Ltd. (hereinafter "FSH"), an equity-method affiliate of the Company (holding a 51% stake in FSH), suffered a slowdown of its optical fiber business in China. In consideration of the risk of the non-recoverability of loans to FSH's parent company, the Company posted 2,927 million yen, being its share of the loss of entities accounted for using equity method regarding FSH, as a non-operating expense for the first six months of the consolidated fiscal year ending March 31, 2025.

Subsequently, during the third quarter of the fiscal year ending March 2025, FSH became effectively insolvent.

The Company posted 4,080 million yen, being its share of loss of entities accounted for using equity method and 2,060 million yen. This represented the amount that the Company invested in FSH and all receivables of the SWCC Group against FSH, recorded as non-operating expenses for the first nine months of the consolidated fiscal year ending March 31, 2025. In addition, the Company posted 314 million yen in the provision for allowance for doubtful accounts, being all its receivables against Futong Showa Electric Wire & Cable (Tianjin) Co., Ltd. (hereinafter "FST"), another equity-method affiliate of the Company, as a non-operating expense.

2. Impact on financial results

The impact that this matter will have on financial results of the Company had been reflected in the "Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)" released on February 7, 2025.

Since the Company recently posted all of its investment in FSH and the receivables of the SWCC Group against FSH and FST as non-operating expenses, taking the greatest possible risks into account, no further loss will be incurred in association with this matter.

The Company aims to normalize the financial position of FSH in cooperation with Chinese government organizations and will continue its efforts to recover the SWCC Group's receivables.

3. Revisions to financial results forecasts

(1) Revision to full-year consolidated financial results forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecasts (A) (Announced on November 12, 2024)	Millions of yen 234,000	Millions of yen 20,500	Millions of yen 17,000	Millions of yen 10,000	Yen 338.29
Revised forecasts (B)	234,000	20,500	10,500	10,000	338.29
Difference (B-A)	0	0	-6,500	0	—
Change (%)	0.0	0.0	-38.2%	0.0	—
(Reference) Results of previous fiscal year (Fiscal year ended March 31, 2024)	213,904	12,824	12,213	8,838	297.12

(2) Reason of the revision

As mentioned above, the recording of investment losses under the equity method and the provision for allowance for doubtful accounts as non-operating expenses during the third quarter of the fiscal year resulted in a decrease in the target for ordinary profit for this period. On the other hand, the Energy and Infrastructure Business has performed far better than initially anticipated, and we have not changed our target values for revenue and operating profit for this period. Furthermore, as we recognized special gains from the sale of land and policy-held stocks during the same period, there has been no change in the net income attributable to the parent company's shareholders.

(Note) The above forecasts were calculated based on information available on the date of the announcement of this document. Actual business performance, etc. may vary from the forecasts described herein.