



Creating for the Future

Innovating new ideas today. Becoming the norms of tomorrow.

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

November 12, 2024

SWCC Corporation

TSE PRIME: 5805

1. FY2024 Q2 Overview of Financial Results
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1. FY2024 Q2 Overview of Financial Results

FY2024 Q2 Overview of Financial Results

Management Environment

- Investment in progress toward a decarbonized society and semiconductor and digital-related demand increased.
- Construction projects tended to be spread throughout the year ("leveling") against the backdrop of the so-called "2024 problem."
- The automotive-related market saw suspension of production and shipping and lackluster sales in China by some automakers.
- In the electric wire industry, overall demand for electric wires slight reduction.
- The average domestic quotation price for copper increased YoY.

Net sales

Q2 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: There was **firm demand** for construction-related and automotive applications.

Operating income

Operating income increased YoY, greatly exceeding initial expectations due to favorable market conditions for construction-related applications and electric power infrastructure.
In view of this, we upwardly revised our full-year plan.

FY2024 Q2 Consolidated Statements of Income

The Q2 performance of the Energy and Infrastructure Business greatly exceeded initial expectations, and is expected to continue performing strongly going forward. Although we will record a share of loss of investments accounted for using equity method, growth drivers are performing strongly. On this basis, **we upwardly revised our net sales and income forecasts for the current fiscal year as shown below.**

(Unit: 100 million yen)	FY2023 Q2 Actual	FY2024 Q2 Actual (YoY)	FY2024 Full-year plan (before revision)	Progress rate %	FY2024 Full-year plan (after revision)
Net sales	984	1,174 (19.3%)	2,250	52.2%	2,340
Operating income	45	104 (133.4%)	135	77.2%	205
Operating income margin (%)	4.5%	8.9% (—)	6.0%	—	8.8%
Ordinary profit	45	71 (58.7%)	130	54.6%	170
Net income attributable to owners of parent	33	36 (8.8%)	90	39.8%	100

Expected
to reach a
record high

Expected
to reach a
record high

Expected
to reach a
record high

Key Points of the Financial Results for Q2

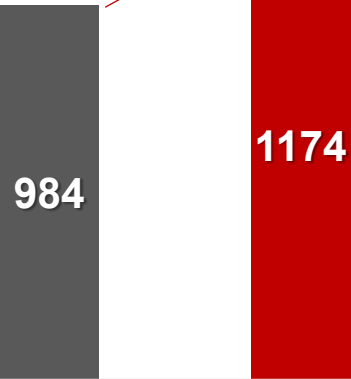
Q2 YoY Change

Operating income increased sharply due to the strong performance of the Energy and Infrastructure Business, which exceeding initial expectations.

Net sales

(Unit: 100 million yen)

Up
19.3%

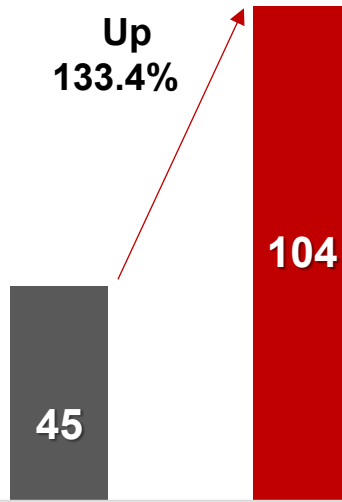


FY2023 2Q

FY2024 2Q

Operating income

Up
133.4%



FY2023 2Q

FY2024 2Q

Q2 Progress rate

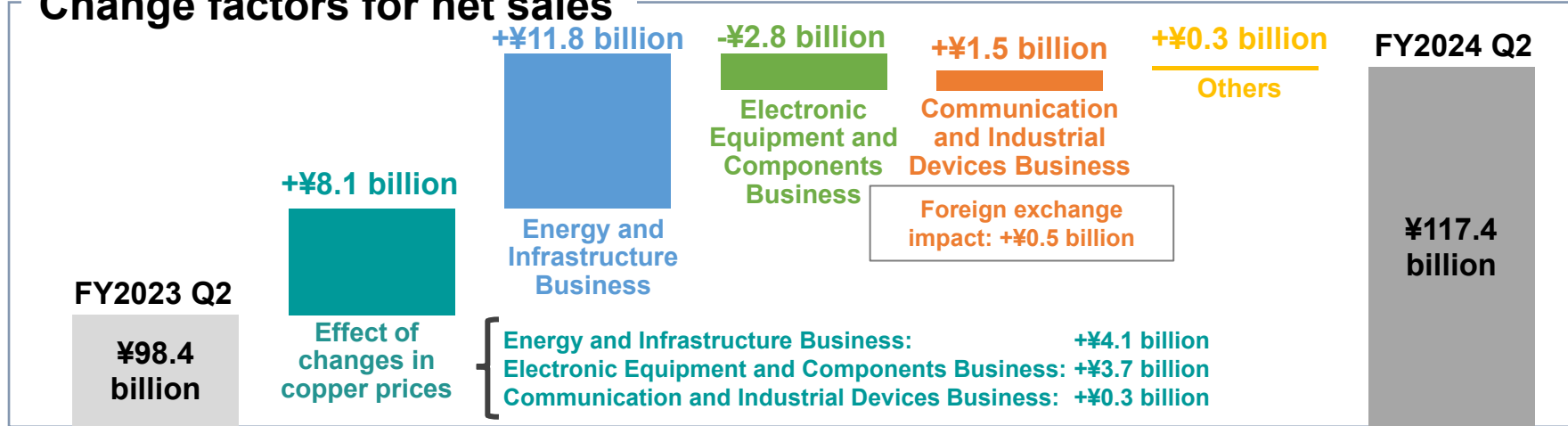
We upwardly revised our full-year plan based on our strong results.

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

	(Unit: 100 million yen) Revised full-year plan	FY19-23 Avg. progress rate	Q2 Progress rate
Net sales	<u>2,340</u>	47.5%	50.2%
Operating income	<u>205</u> Expected to reach a record high	41.5%	50.8%

FY2024 Q2 Change Factors (YoY)

Change factors for net sales



[Change factors]

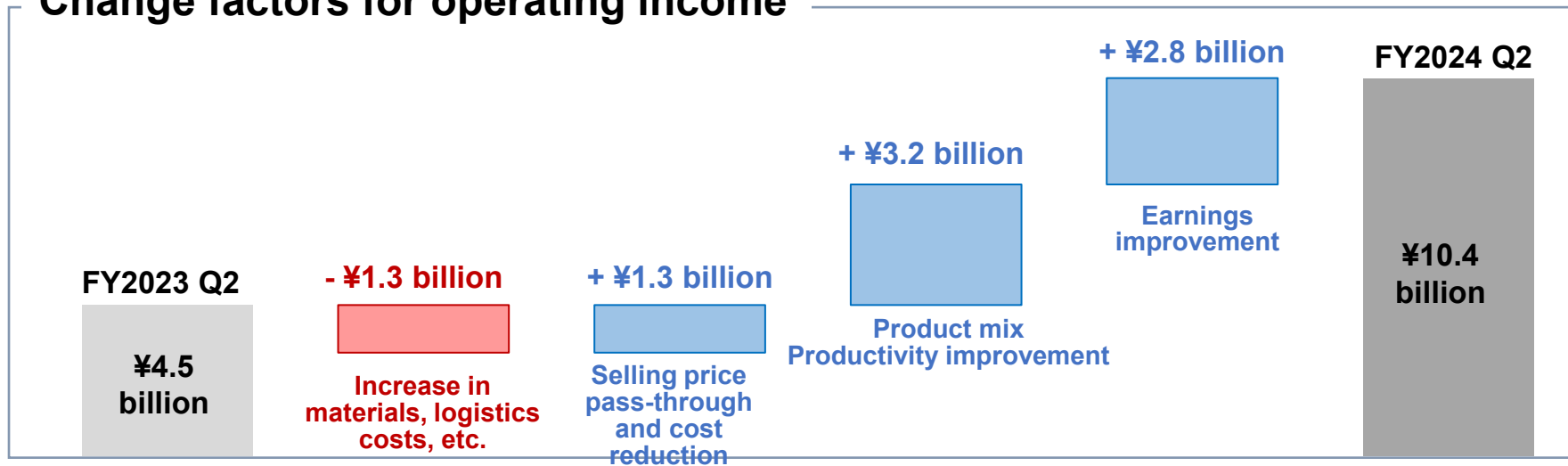
1. Net sales
Contrary to initial expectations, domestic demand for construction-related applications did not weaken, and growth drivers also performed strongly, resulting in **a YoY increase in sales.**

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.

[Future Initiatives]

Secure appropriate inventory to prepare for shipments in H2 and beyond.

Change factors for operating income

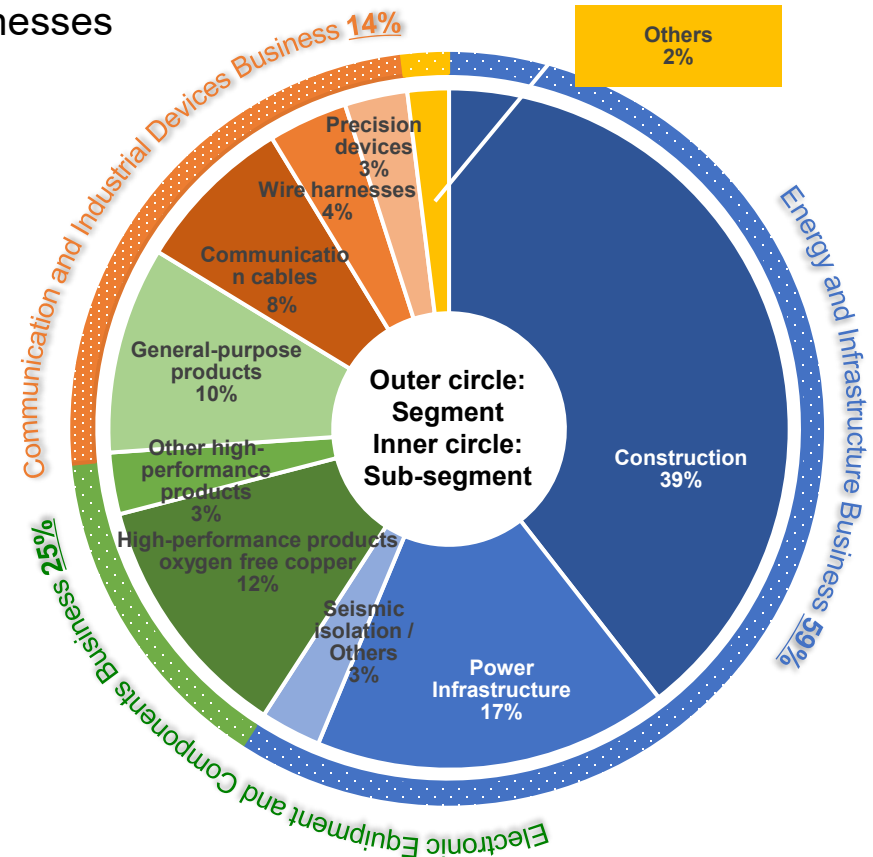


FY2024 Q2 Segment Results

The strong demand in the electric power infrastructure business, which had been regarded as special demand (transitory) in Q1, was Judged to be sustainable. **The income margin of the Energy and Infrastructure Business doubled YoY as a result. The income margin of the Communication and Industrial Devices Business also improved significantly** due to strong demand for communication cables, despite weak demand for EVs and wire harnesses for home appliances.

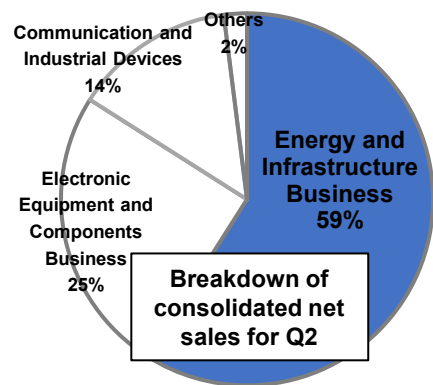
(Unit: 100 million yen)	FY2023 Q2 Results		FY2024 Q2 Results	
	Net sales	Operating income (Income margin %)	Net sales	Operating income (Income margin %)
[Strong performance] Energy and Infrastructure Business	536	33 (6.1%)	694	86 (12.4%)
[same level as last year] Electronic Equipment and Components Business	278	9 (3.1%)	288	10 (3.4%)
[Solid performance] Communication and Industrial Devices Business	150	7 (4.6%)	168	13 (7.7%)
● Other	20	-4	23	-5
Total	984	45 (4.5%)	1,174	104 (8.9%)

FY2024 Q2 Results
Segment sales ratio

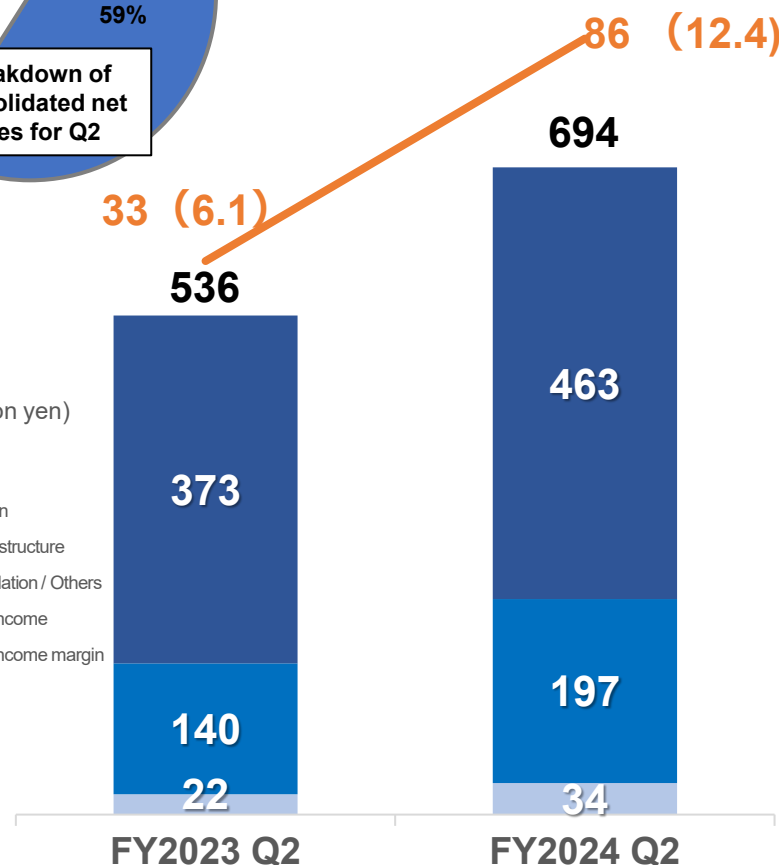
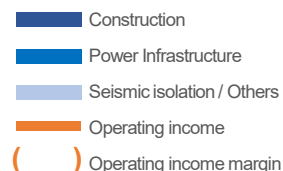


FY2024 Q2 Results by Segment / Energy and Infrastructure Business

Contrary to expectations, demand for wire did not weaken after the tight supply-demand situation seen the previous fiscal year, and thanks to the implementation of various profit improvement measures and strong electric power infrastructure demand, **sales increased YoY (up 29.6%) and income rose sharply (up 162.0%).**



(Unit: 100 million yen)



Factors behind Q2 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 high capacity utilization

“Strong performance”

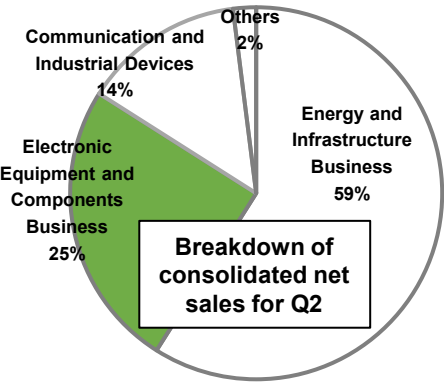
Electric power

- Increase in revenue cap projects of power companies
- Improvement of profitability as a result of "leveling" of construction projects throughout the year due to labor shortages
- Effect of improvement in prices that reflects product advantages and other added value
- Expansion in sales due to strong market conditions
- ↳ Breakeven point ratio decreased despite investment to increase production.

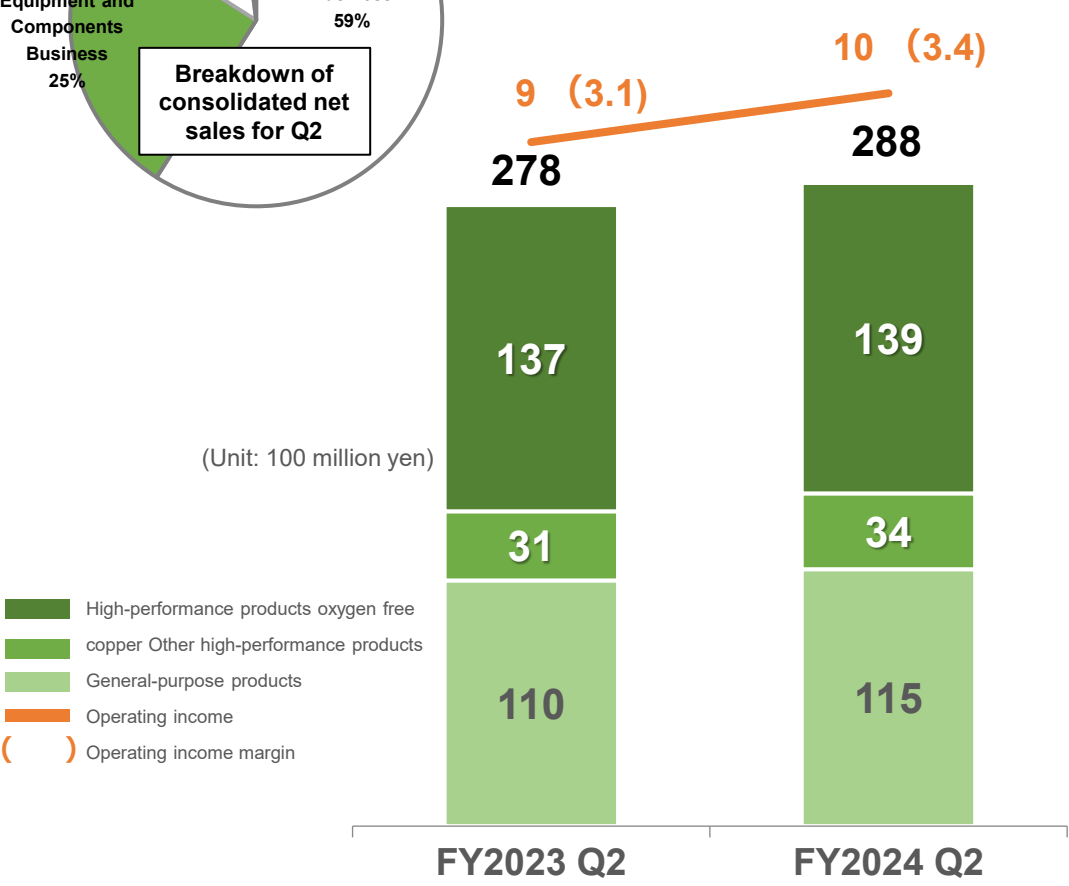
Future Strategies

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 Q2 Results by Segment / Electrical Equipment and Components Business



Although products for EVs were affected by the suspension of production and shipping by some domestic automakers and lackluster sales in China, general-purpose magnet wires for heavy electrical appliances performed solidly, resulting in **YoY increases in sales (up 3.5%) and income (up 11.5%).**



Factors behind Q2 performance (same level as last year)

MiDIP®

- Adjustment phase due to suspension of production and shipments by some domestic automakers

Flat winding wires

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

Heater wires

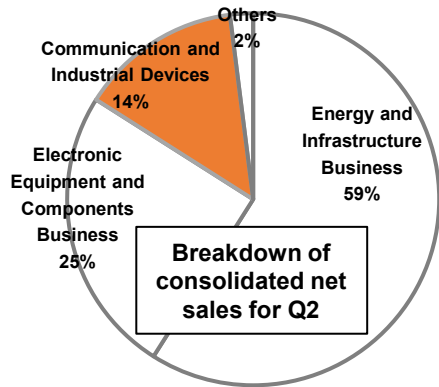
- Impacted by suspension of production and shipping by some domestic automakers and lackluster sales in China

Future Strategies

Accelerate downstream strategy and expand sales of high value-added products(for busbars, semiconductors, etc.).

* 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 Q2 Results by Segment / Communication and Industrial Devices Business



Demand for both construction-related communication cables, including for data centers, and automotive-related communication cables was firm. Rollers also benefited from an improvement in market conditions in addition to the effect of profit improvement measures. **As a result, sales increased YoY (up 12.2%) and income also rose (up 87.7%).**

7 (4.6) 13 (7.7)

Factors behind Q2 performance (solid performance)



• 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.



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



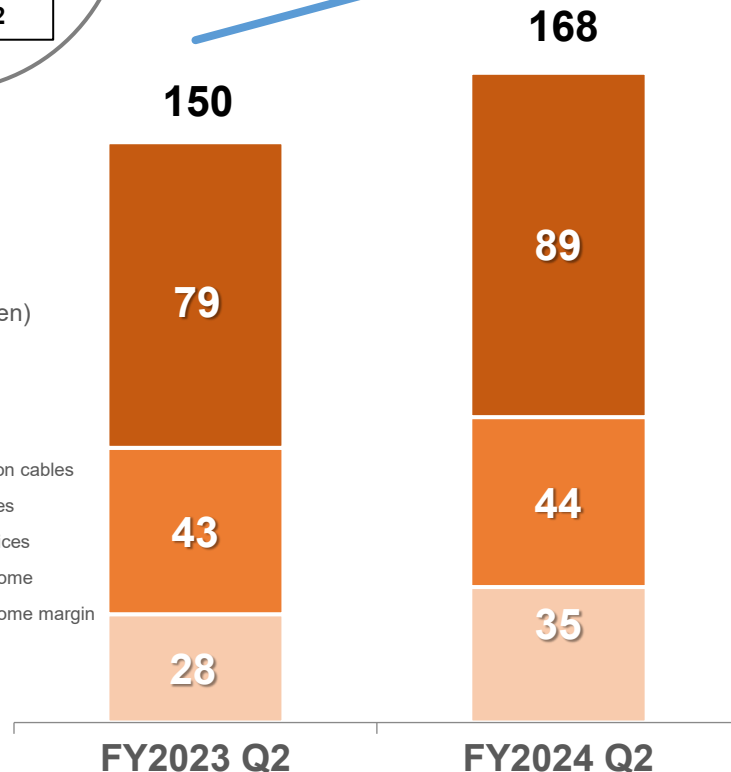
• Recovery in market conditions for products for personal, office and industrial use in addition to effect of profit improvement measures initiated last year

Future Strategies

Strengthen FLANTEC® product lineup to increase sales, and expand sales of automotive high speed communication cables and e-Ribbon®.

(Unit: 100 million yen)

■ Communication cables
■ Wire harnesses
■ Precision devices
■ Operating income
() Operating income margin



FY2024 Q2 Balance Sheet

(Comparison with the end of the previous year)

(Unit: 100 million yen)	End-FY2023	FY2024 Q2	Change
Total assets	1,616	1,662	46
Trade receivables	515	535	20
Inventories	290	317	27
Non-current assets	672	647	-24
Total liabilities	845	859	14
Trade payables	260	264	4
Interest-bearing debt	303	361	58
Total net assets	771	803	32
Equity	759	790	31
Equity ratio (%)	47.0	47.5	0.5
DE ratio (%)	40	46	6

[Inventories]

Increased based on strong performance, in order to secure appropriate inventory in anticipation of higher copper prices and shipments from H2 and beyond.

[Interest-bearing debt]

Reflects increase in working capital owing to strong performance.

[Equity ratio]

Equity ratio increased by 0.5pt. from the end of the previous fiscal year, reflecting an accumulation of shareholders' equity due to the strong performance.

[DE ratio]

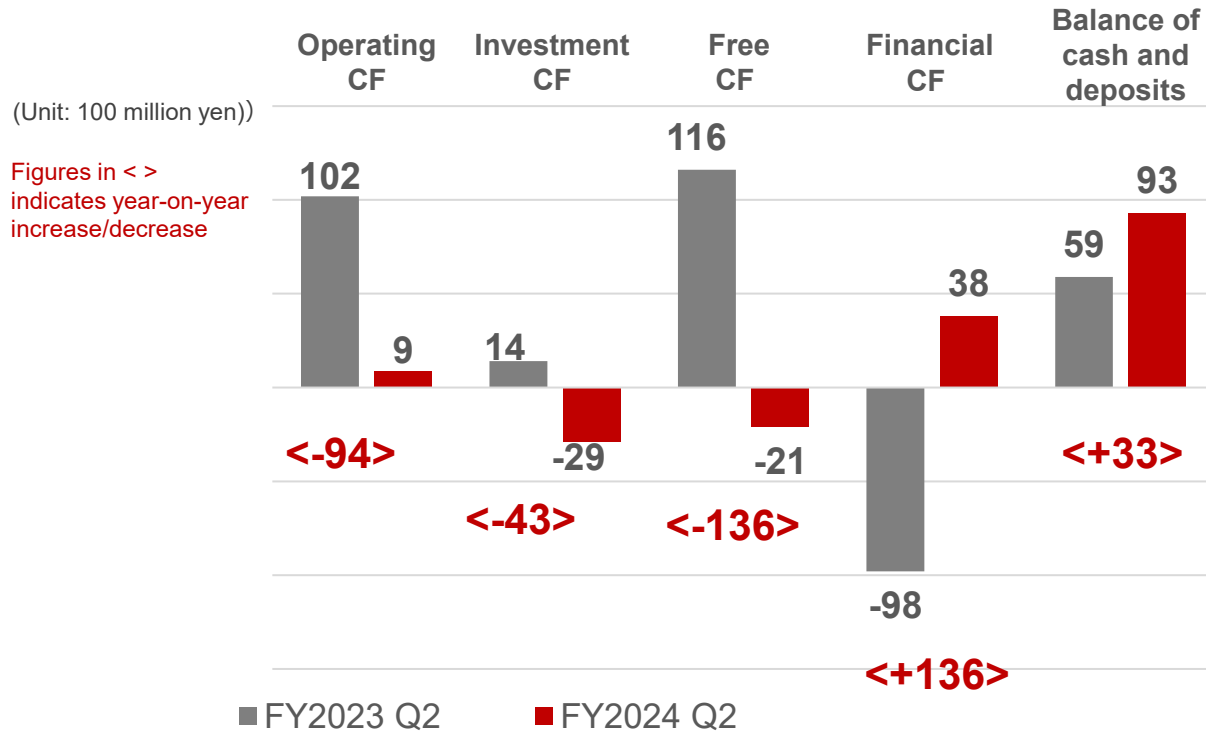
DE ratio increased by 6pt. from the end of the previous fiscal year due to an increase in interest-bearing debt, despite an increase in shareholders' equity.

<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 H2 and beyond. Continue to improve by securing inventories at appropriate levels and shortening the debt collection period.

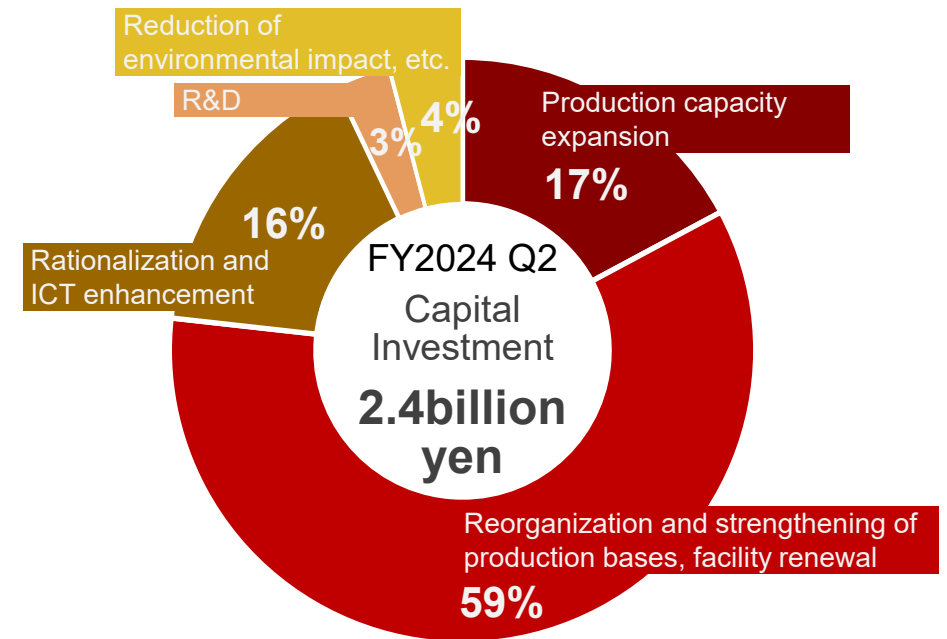
FY2024 Q2 CF and Capital Investment

<Consolidated Cash Flow>



Operating CF decreased mainly due to income taxes paid and increases in accounts receivable and inventories. Investment CF decreased due to the acquisition of property, plant and equipment. Financial CF decreased mainly due to an increase in working capital attributable to the strong performance.

<Capital Investment>



Breakdown by Segment

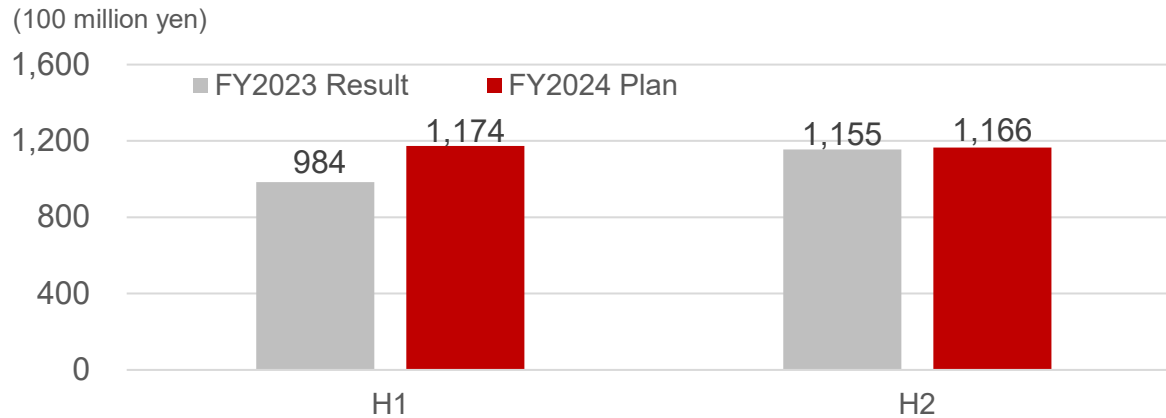
Energy and Infrastructure Business	0.8 billion yen
Electrical Equipment and Components Business	0.5 billion yen
Communication and Industrial Devices Business	0.3 billion yen
Other	0.8 billion yen

2. FY2024 Full Year Forecasts

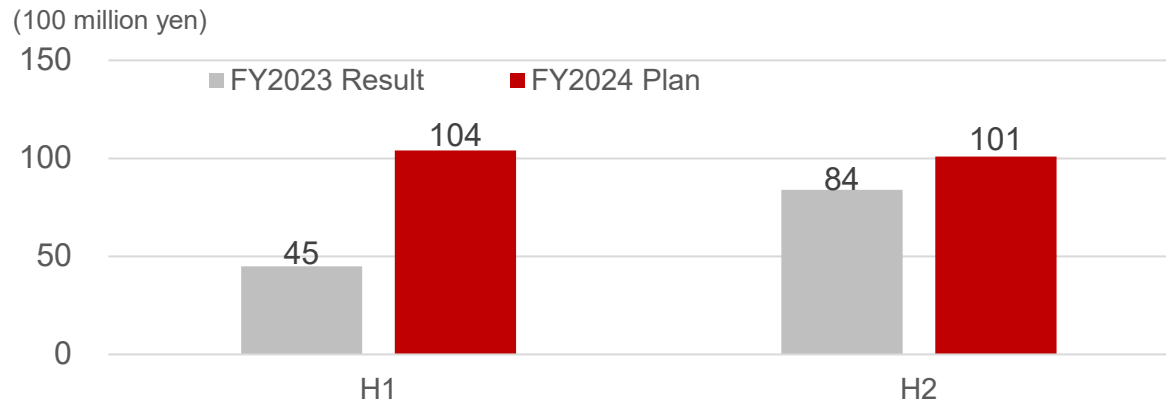
FY2024 Full-year Forecasts (After Upward Revision)

Increases in sales and income are planned due to the strong performances of growth drivers and various profit improvement measures. Profits will be returned to shareholders through **a dividend increase**.

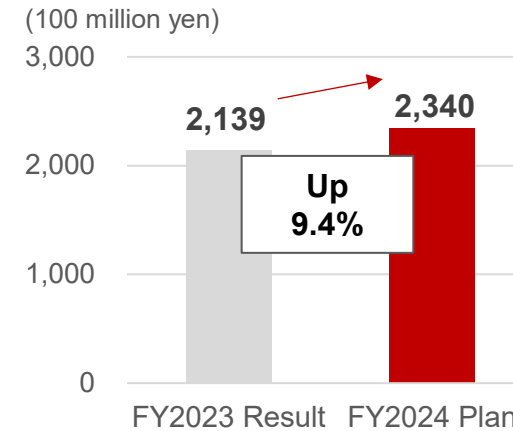
H1/H2 Net Sales



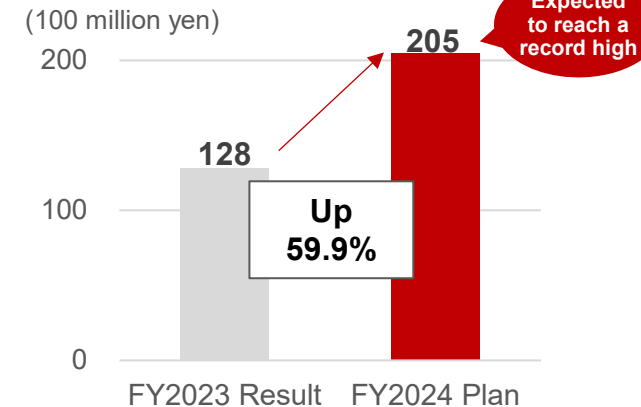
H1/H2 Operating Income



Full-year Net Sales



Full-year Operating Income



Ordinary profit

17.0 billion yen

(YoY: 39.2% increase)

Expected to reach a record high

Profit attributable to owners of parent

10.0 billion yen

(YoY: 13.1% decrease)

Expected to reach a record high

Dividend/Payout ratio

120 yen

35.6% / 4.5%

(YoY: 30 yen increase)

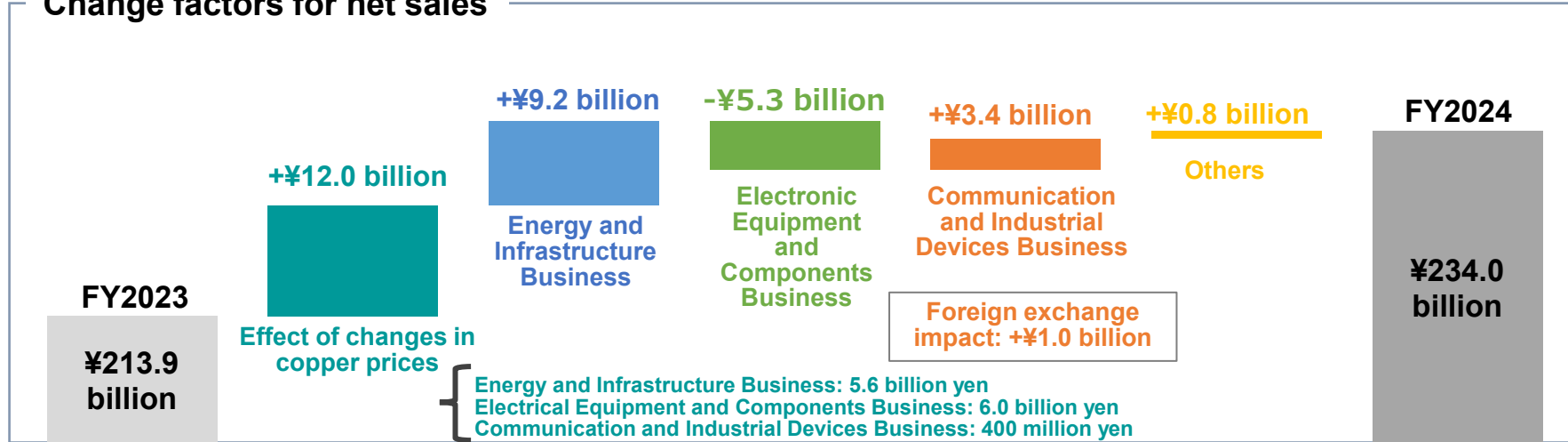
Interim: 50 yen

Year-end: 70 yen

Total: 120 yen

FY2024 Factors for Change

Change factors for net sales

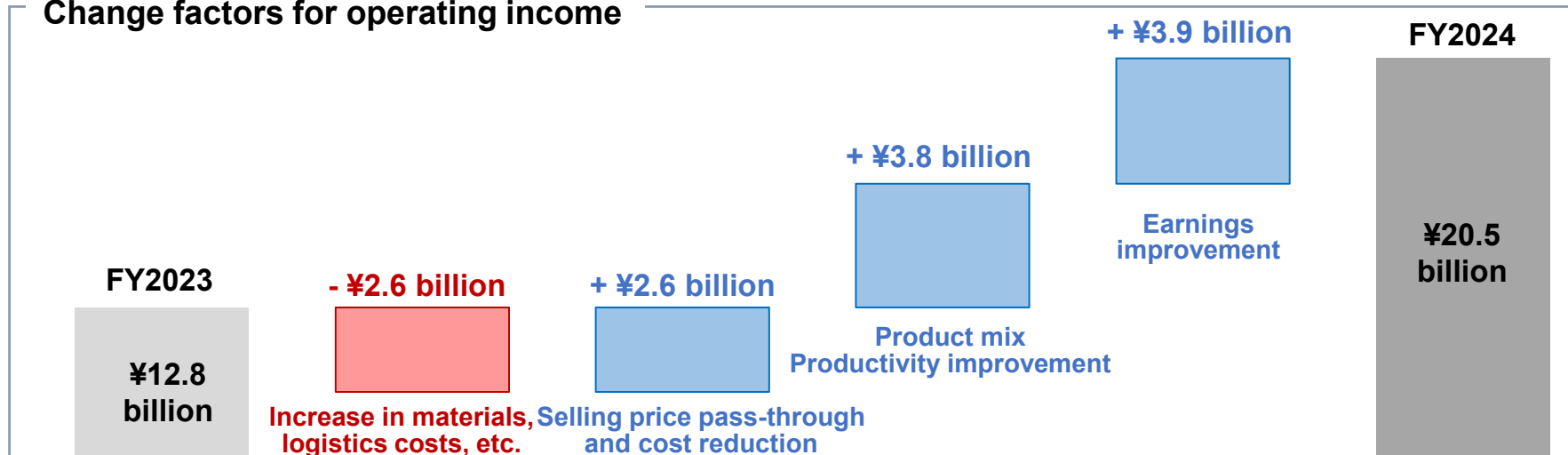


[Change factors]

1. Net sales

Sales growth is expected due to strong sales in the construction and electric power infrastructure sectors as well as the communication cable business, despite a drop in sales of products for EVs, which are in an adjustment phase

Change factors for operating income



2. Operating income

Rising raw material and energy costs will be offset by price pass through. **Higher income** is expected due to expansion in the earnings of growth drivers and the effect of improvement in profitability.

Revision of Full-year Plan by Segment

Although we revised downward the full-year plan for the Electronic Equipment and Components Business, where demand for EVs is in an adjustment phase, we **revised upward both our net sales and income plans** for the Energy and Infrastructure Business and Communication and Industrial Devices Business, where growth drivers are performing strongly.

(Unit: 100 million yen)		FY2024 Results for the first half	FY2024 Full-year plan (before revision)	FY2024 Full-year plan (After revision)	Variation
Energy and Infrastructure Business	Net sales	694	1,195	1,380	185
	Operating income	86	102	172	71
	Operating income ratio (%)	12.4%	8.5%	12.5%	4.0pt
Electronic Equipment and Components Business	Net sales	288	670	560	-110
	Operating income	10	18	16	-2
	Operating income ratio (%)	3.4%	2.7%	2.9%	0.2pt
Communication and Industrial Devices Business	Net sales	168	330	345	15
	Operating income	13	22	28	6
	Operating income ratio (%)	7.7%	6.7%	8.1%	1.5pt

FY2024 Recognition of Business Environment

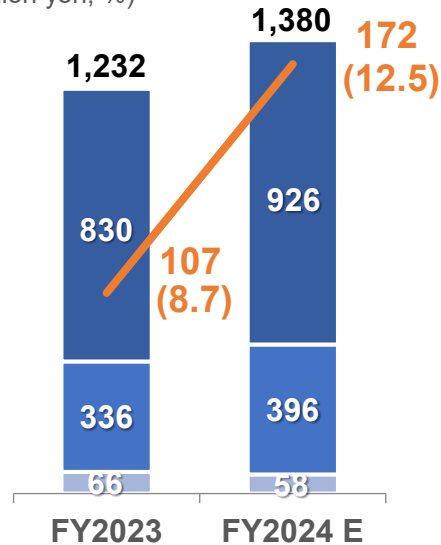
		H1	H2	
Forecast	Operating income	¥10.4 billion		¥10.1 billion
	Dividend	¥ 50	¥ 70 (¥10 increase)	Total ¥120
Recognition of Business Environment	Construction	Favorable conditions, with no weakening of demand after the tight supply-and-demand situation seen the previous fiscal year		Demand is expected to remain at the same level as the previous year due to semiconductor plants and large-scale projects.
	Electric power	Increase in revenue cap projects of power companies and leveling of electric power construction projects throughout the year		Strong demand for the development of renewable energy grid development and other electric power infrastructure Sales expansion of SICONEX® as a result of increased production and adoption as the de facto standard
	Automobile	Adjustment phase for high-performance products for EVs		Continued adjustment phase for high-performance products for EVs
	Industrial devices	Rollers: Recovery in market conditions Wire harnesses: Slump in domestic and foreign white goods market		Rollers: Solid performance Wire harnesses: Continued to be slump in domestic and foreign white goods market
	Communications	Growing demand for high-grade LAN, strong performance of FLANTEC® for automotive applications e-Ribbon®: Start of shipments to leading hyperscaler in North America		Growing demand for high-grade LAN, strong performance of FLANTEC® for automotive applications e-Ribbon®: Expansion of sales to leading hyperscaler in North America

FY2024 Business Plan by Segment

Energy and Infrastructure Business

■ Construction ■ Power Infrastructure
■ Seismic isolation/others ■ Operating income
() Operating income margin

(Unit: 100 million yen, %)



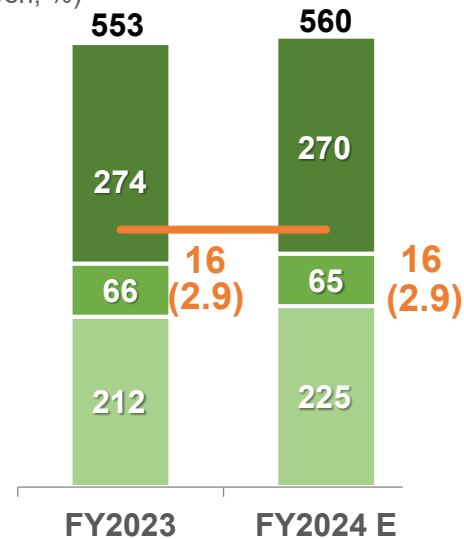
Copper price impact: Net sales up 5.6 billion yen

- + Factor
- Improvement in profit of construction-related business
 - Sales contribution of investment to increase production of SICONEX®
 - Expansion in sales due to strong market conditions

Electronic Equipment and Components Business

■ High-performance products oxygen free copper
■ Other high-performance products
■ General-purpose products () Operating income margin
■ Operating income

(Unit: 100 million yen, %)



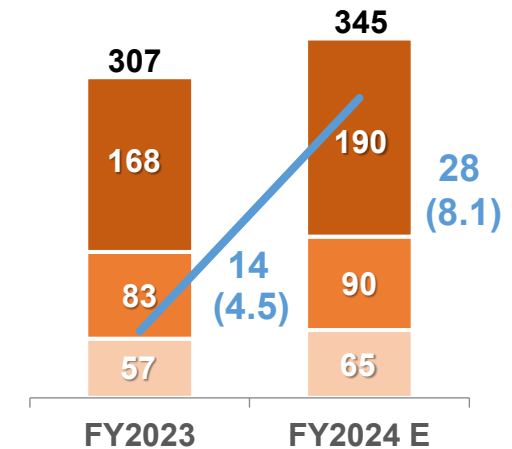
Copper price impact: Net sales up 6.0 billion yen

- + Factor
- Progress of downstream strategy
 - Firm demand for heavy machinery
- Factor
- Adjustment phase of high-performance products for EVs

Communication and Industrial Devices Business

■ Communication cables ■ Wire harnesses
■ Precision devices () Operating income margin
■ Operating income

(Unit: 100 million yen, %)

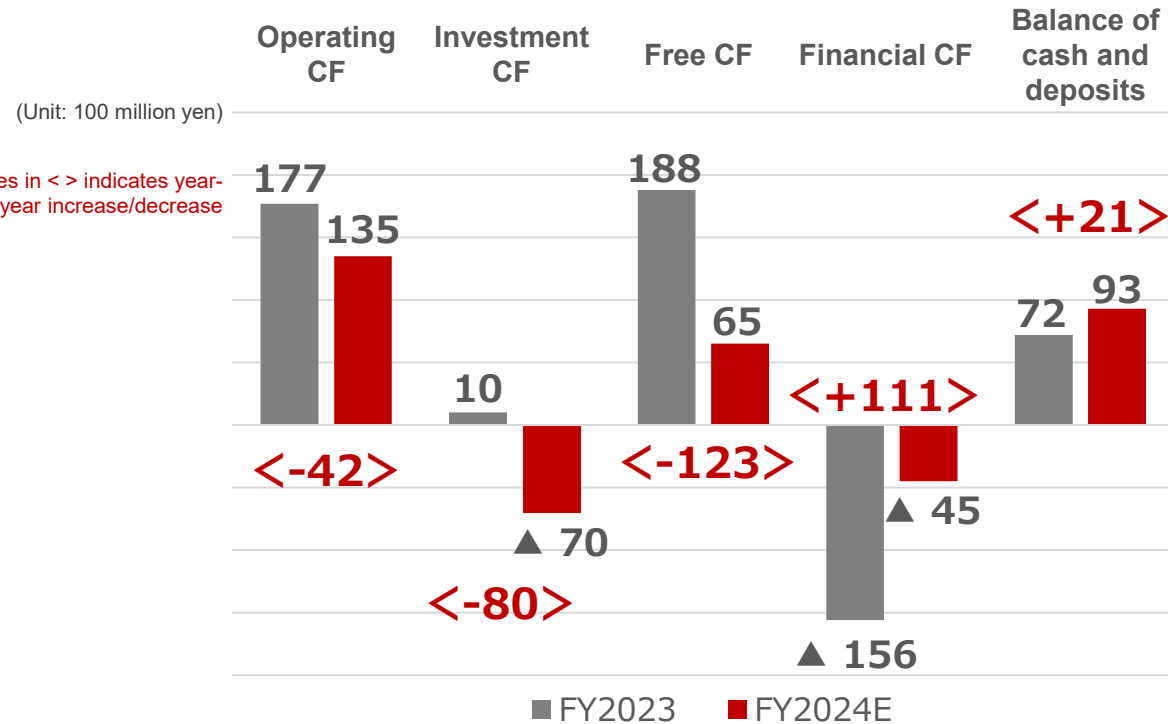


Copper price impact: Net sales up 400 million yen

- + Factor
- Strong performance of various strategic products in the communication cables market
- Factor
- Recovery of market conditions for rollers
 - Slump of domestic and foreign white goods market

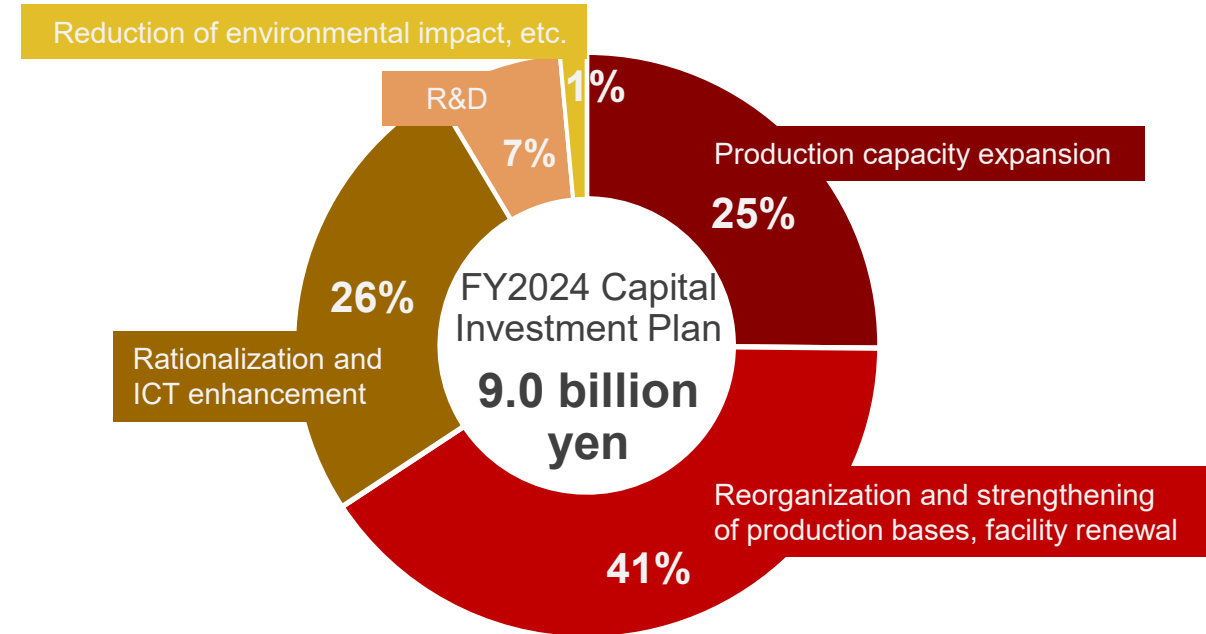
FY2024 Consolidated Results CF Forecast and Capital Investment Plan

<Consolidated Cash Flow>



Net cash provided by operating activities will decrease in FY2024 due to income taxes paid.
Net cash used in investment activities will increase due to increased capital investment.

<Capital Investment Plan>



Breakdown by Segment

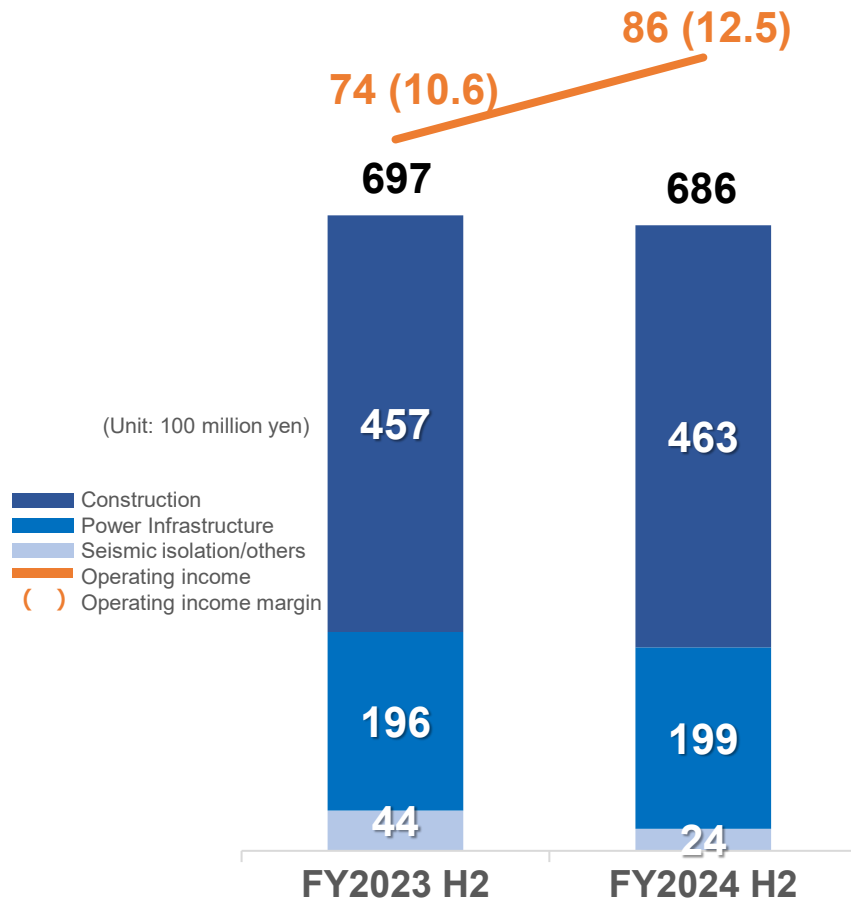
Energy and Infrastructure Business	3.0 billion yen
Electrical Equipment and Components Business	2.1 billion yen
Communication and Industrial Devices Business	1.2 billion yen
Other	2.7 billion yen

3. FY2024 H2 Strategies

FY2024 Energy and Infrastructure Business: H2 Strategies

Future Strategies

- Various profit improvement measures were implemented in the construction-related business as a cash cow business. • Prepare for further investment to increase production and plan to increase hiring from Medium-term Management Plan hiring target, in order to tap into robust electric power infrastructure demand.



Construction

Establish system for integrated production of wire drawing and cables at Ibaraki Plant (return on investment from October)

Reduce processing and transportation costs, shorten manufacturing lead times, reduce CO₂

Improve CCC through adoption of DX

Optimize speed of decision-making from order acceptance to shipment

Manage inventories appropriately, shorten data aggregation time

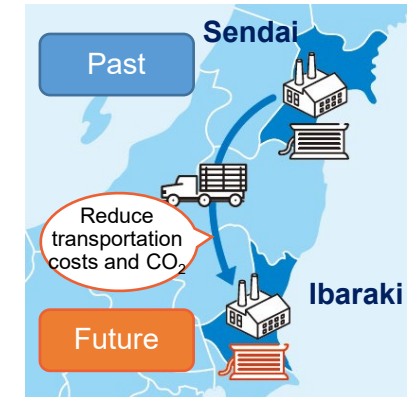
Improve prices and expand sales of high value added products

Improve prices of Construction wire, expand sales of high value fire-resistant cables for fire protection

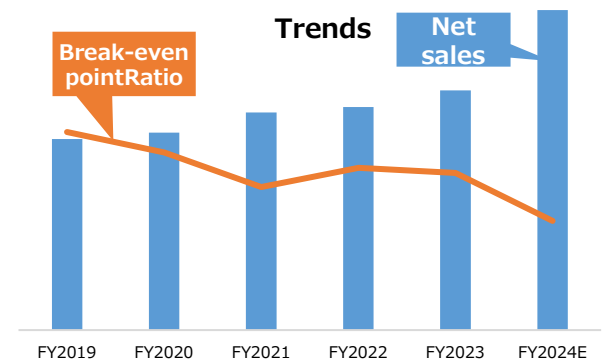
Plan further investment to increase production and hire personnel

Achieve sales expansion that exceeds it even if the depreciation and amortization increases due to the investment to increase production completed at the end of the previous fiscal year

Accelerate preparations to capture demand arising from the withdrawal of competitors, projects under the revenue cap system and other market activity



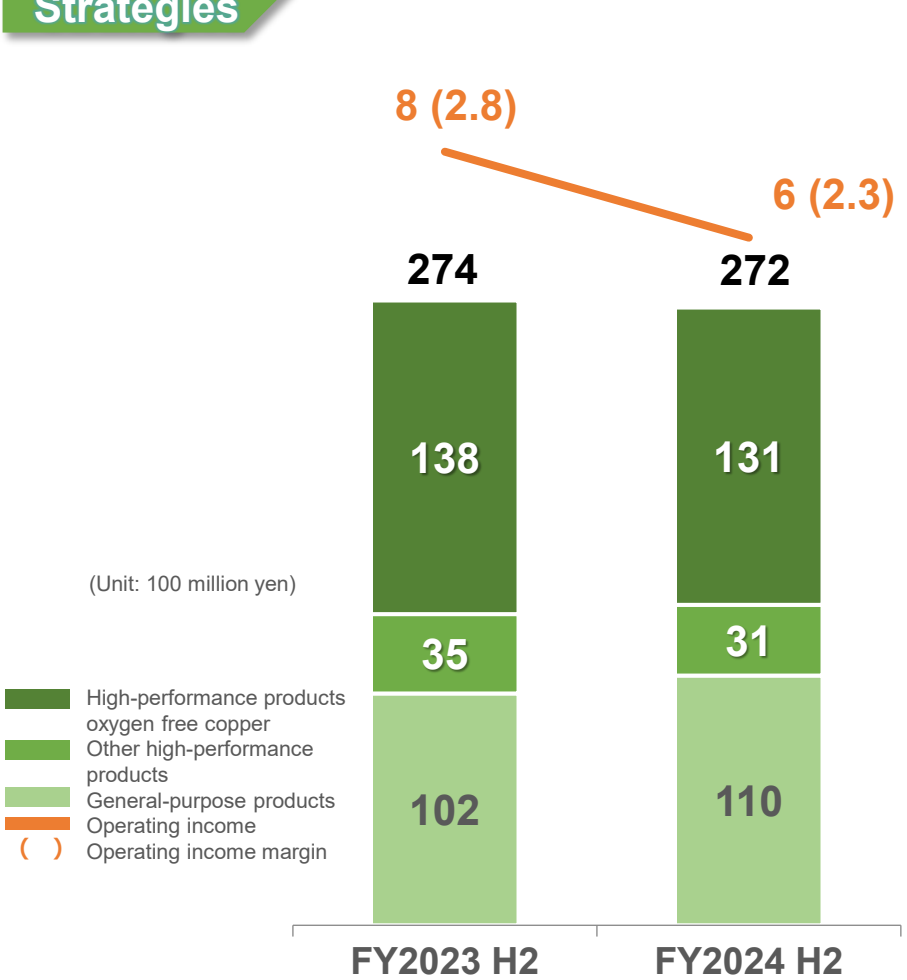
SICONEX® Sales and Break-even Ratio



FY2024 Electronic Equipment and Components Business: H2 Strategies

Future Strategies

Accelerate downstream strategy and expand sales of high value-added products

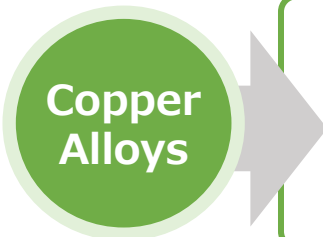


Develop green vehicle winding wire

Further develop the recycling of MiDIP® materials for a circular economy

Develop busbars

Development and customer development based on the high evaluation of our proprietary technologies (materials and refractory know-how)



Expand sales of probe pins

Maintain solid shipments of wire for probe pins to Taiwan and aim to develop materials for high performance cards

Develop new heater wires

Develop new products in view of HEV comeback

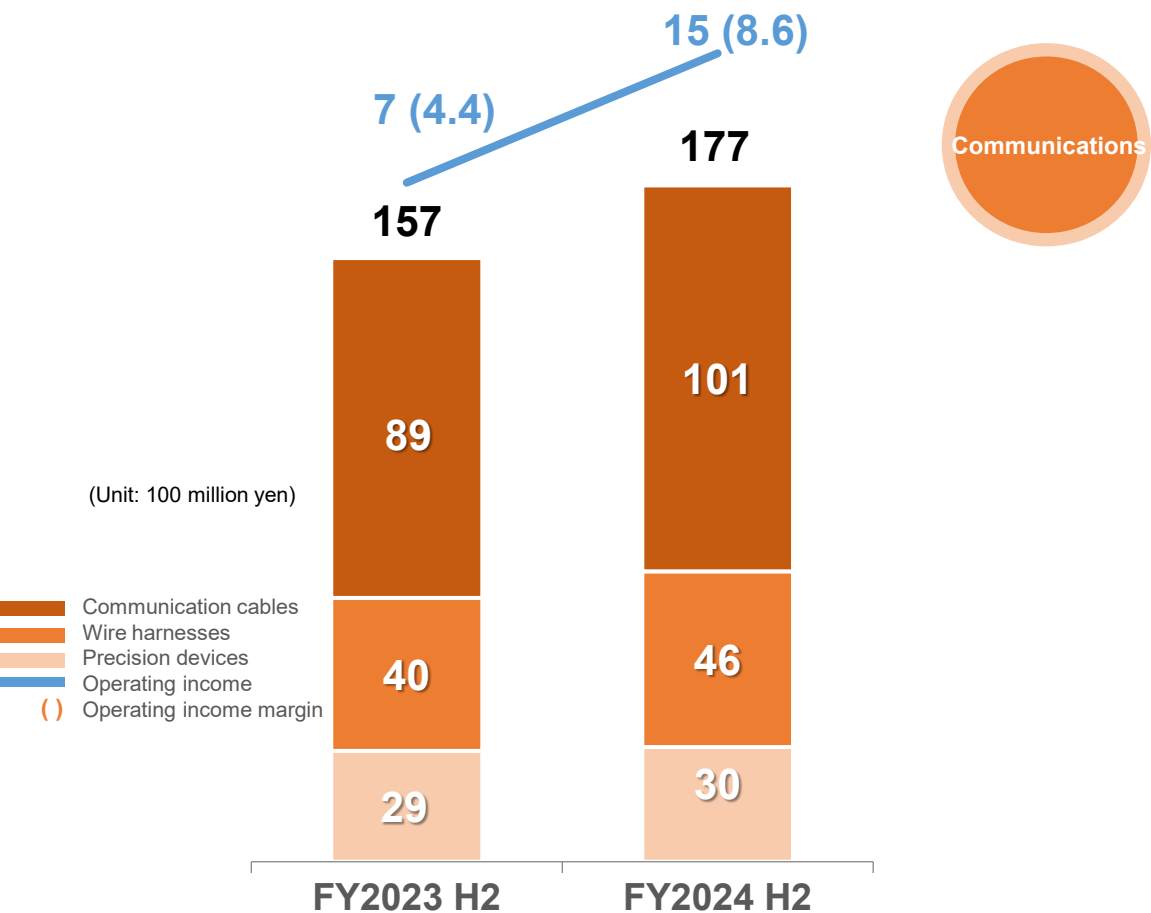
Projected high-performance product shipment volumes (level a year earlier = 100)

	Q2 YoY (Actual)	Q3 YoY (Forecast)	Q4 (YoY) (Forecast)
MiDIP®	84%	81%	103%
Heater wires	96%	73%	79%
High-performance magnet wires	92%	89%	129%

FY2024 Communication and Industrial Devices Business: H2 Strategies

Future Strategies

Strengthen FLANTEC® product lineup to increase sales, and expand sales of automotive high speed communication cables and e-Ribbon®.



Enhance FLANTEC® product lineup

Lineup of the strongly performing Cat.6A series was expanded in September to meet customer needs stemming from the construction of high capacity networks
Expand sales in H2 and beyond

- Ultra-slim patch cable "slim-patch® 6A"
- Ultra-slim industrial LAN cable "HFS-TPCC® 6A(S) PATCH-FA"

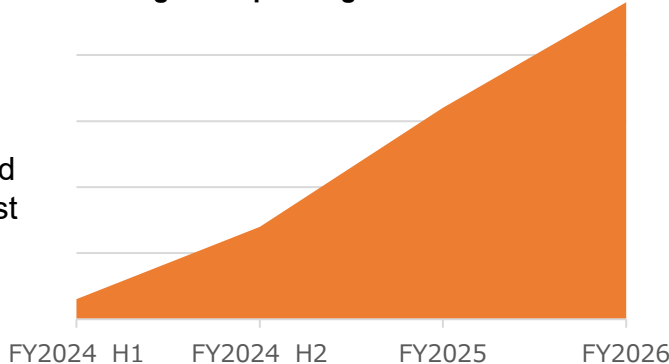
Expand sales of automotive high-speed communication cables (introduced for the first time in the previous fiscal year)

Seek to further expand sales in H2, on the back of strong demand for ADAS
(Sales for the current fiscal year are expected to be approximately 3 times that of the previous year.)

e-Ribbon®

Expansion of sales to leading hyperscaler in North America
(Sales are expected to increase approximately 5 times in the second half of the year compared to the first half of the year.)

The image of expanding sales for e-Ribbon®



4. Appendix

SWCC Group Reports: Publication of Integrated Report 2024

This report explains in depth achievements in the first half of the Medium-term Management Plan "Change & Growth SWCC 2026" as well as details of the rolling plan for the second half of the plan.

The report also introduces various measures in the form of messages from the officers and employees in charge, to increase understanding about the SWCC Group.

We hope you will take the time to read about the SWCC Group's initiatives for creating new value and achieving sustainable growth.

Answer the questionnaire ➤



SWCC Integrated Report

https://www.swcc.co.jp/eng/company/ir_documents/esg.html

New Development in SmartStream Business (1)

(news release dated July 17)

Developed a new AVR[®] system: **ADTPS[™] (Advanced Digital Transporter System)** that transfers the inspector to the site on VR through collaboration of **Volumetric technologies** owned by **Wakayama University** and **AVR[®] technologies** owned by **SWCC**.

Image of ADTPS[™]

By incorporating holograms with volumetric technology in the AVR[®] space, it is possible to transfer the inspector to a remote or past space in real time, just like a “door that can go anywhere”.



<For infrastructure construction sites>

- Transfer inspectors from conference rooms to limited infrastructure construction sites, such as in narrow manholes and on steel towers
- Resolving social issues such as labor shortages and improved safety

Commercialization (target to launch in FY2025)

◆ News release dated July 17

https://www.swcc.co.jp/jpn/news/detail/2024/news_6539.html

New Development in SmartStream Business (2)

(news release dated August 8)

SWCC AI Technology for Predicting Occupational Accidents

Step 1

Organizing historical accident records for AI analysis

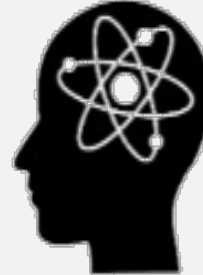


Step 2

Predicting the future with a disaster prediction model

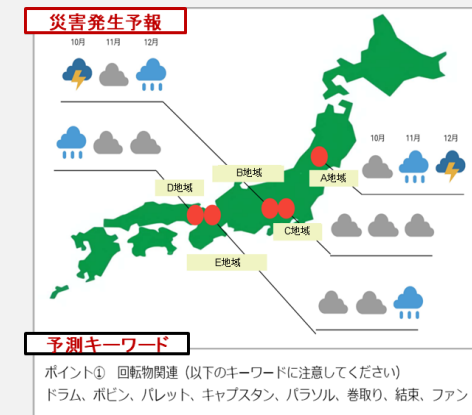
- Number of occupational accidents
- Contents of accidents

AI Model for Predicting Occupational Accidents



Step 3

Posting the expected outcome of occupational accidents in internal website, etc. to alert



SWCC, Tohoku Electric Power Network Co., Inc., and Hokuriku Electric Power Transmission & Distribution Company began joint testing for preventing occupational accidents in the electric power industry, using SWCC's AI technologies for predicting accidents.

◆ News release dated August 8

https://www.swcc.co.jp/jpn/news/images/240808AA_PRESS_RELEASE.pdf

Expansion of Product Lineup under High-Speed LAN Cable Brand FLANTEC® (1) (news release dated September 18)

With growing demand for Cat.6A LAN cables that support 10 Gbps data transmission speed, we are also receiving a high level of inquiries. Against this backdrop and in response to many requests for slimmer cables to make system rack wiring easier, we developed the “slim-patch® 6A”.

■ Features

(1) Reduces outer diameter & bend radius by 33% or more

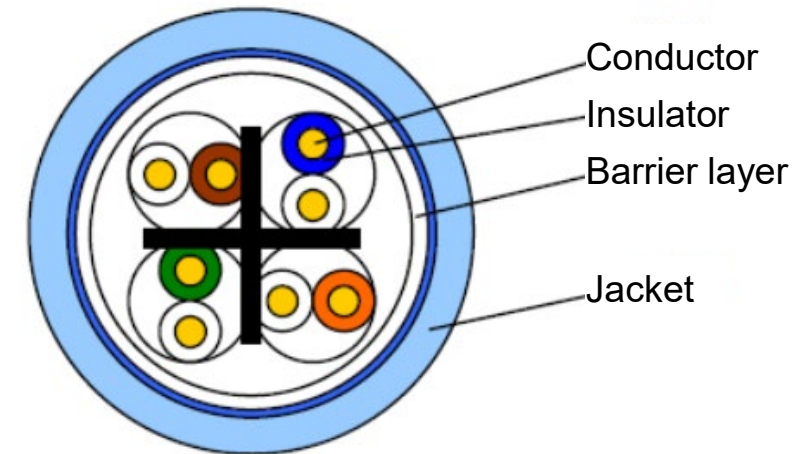
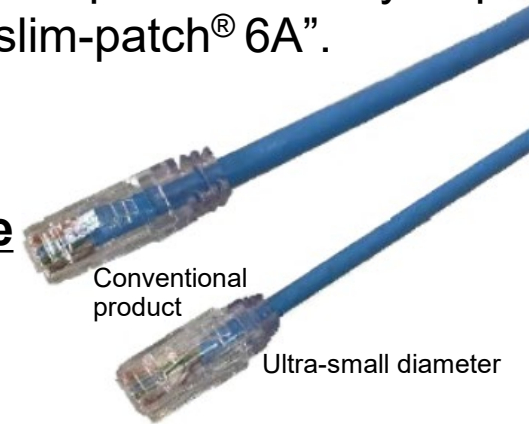
Improves work efficiency during wiring

(2) Reduces product weight by approx. 53%

Reduces transportation costs and reduces CO₂ emissions on transportation

(3) Sold with RJ-45 connectors on both ends, fully meeting Cat.6A channel performance requirements

We evaluate machining quality at our plant and ship only items of the highest quality. No onsite machining is required.



■ News release dated September 18

https://www.swcc.co.jp/jpn/news/detail/2024/news_6589.html

Expansion of Product Lineup under High-Speed LAN Cable Brand FLANTEC® (2) (news release dated September 30)

The increase in communication traffic is giving rise to the need for local area networks (LAN) with greater capacity, and demand for Cat.6A cables is expected to grow even further. In response to growing demand for Ethernet technology for high speed data transmission, especially in the factory automation field, we developed the ultra-slim industrial LAN cable "HFS-TPCC® 6A(S) PATCH-FA".

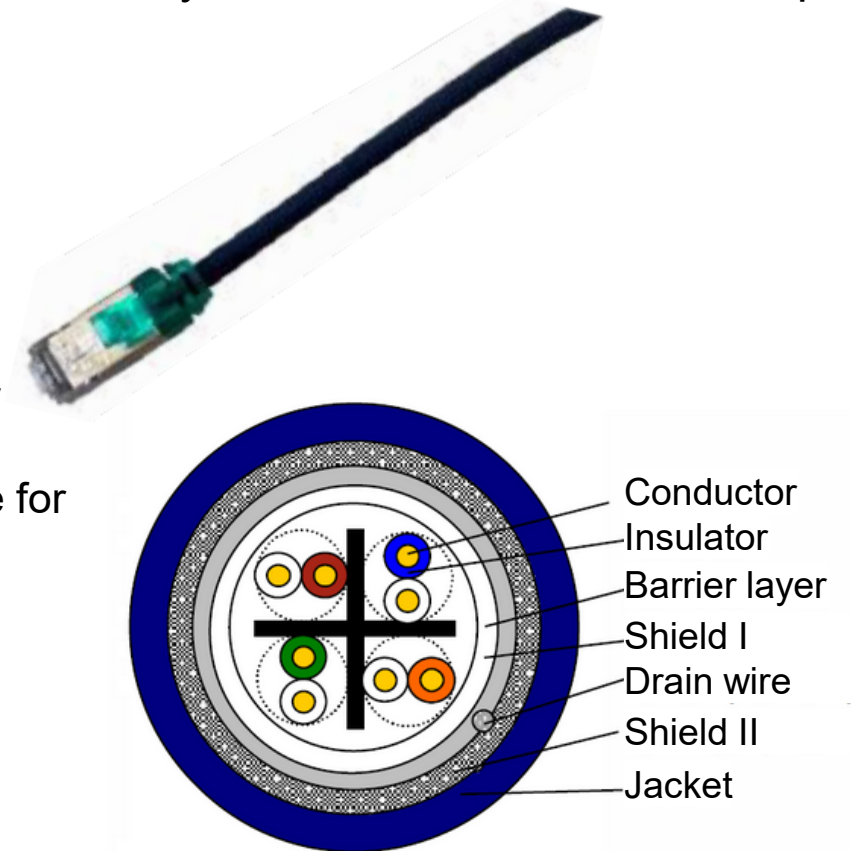
■ Features

- (1) At least 10 times more bending resistance
- (2) High shielding performance
- (3) Approx. 26% slimmer and approx. 46% lighter

As a result of these features, normal communication is possible even in noisy environments, such as inside plants or near machinery, or when the cable is continuously bent due to moving parts. The product is also especially suitable for wiring inside robots and other devices that requires slim cables.

■ News release dated September 30

https://www.swcc.co.jp/jpn/news/detail/2024/news_6601.html





SWCC Corporation

<https://www.swcc.co.jp/eng/company>

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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.