



Creating for the Future

Innovating new ideas today. Becoming the norms of tomorrow.

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

August 9, 2024

SWCC Corporation

TSE PRIME : 5805

1. FY2024 Q1 Overview of Financial Results

2. Appendix

1. FY2024 Q1 Overview of Financial Results

FY2024 Q1 Financial Results Overview

Management Environment

- Increased investment in progress toward a decarbonized society and digitalization.
- Movement toward annual leveling the number of construction projects throughout the year against the backdrop of the so-called "2024 problem".
- In the automotive-related market, we are in an adjustment phase due to the suspension of production and shipping by some automakers.
- In the electric wire industry, overall demand for electric wires remained flat.
- The average domestic quotation price for copper increased YoY.

Net sales

Q1 sales increased YoY due to strong performance in the Energy and Infrastructure Business.

[Status of Major Business Fields]

Energy and Infrastructure: Construction-related demand was strong, and construction projects were robust in addition to special demand for electric power infrastructure.

Automobile: Demand for high-performance products for EV is recovering, despite being in an adjustment phase.

Communication Cables: Demand for construction-related and automotive applications remained firm.

Operating profit

Operating profit increased YoY, as it greatly exceeded initial expectations due to steady demand for electric wire, which has continued since last fiscal year, and special demand for highly profitable projects.

Key Points of the Financial Results for Q1

Q1 YoY Change

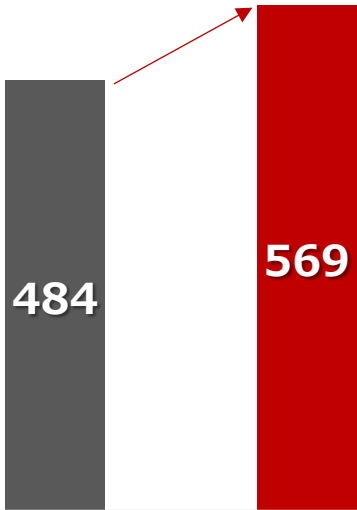
Sales and profits increased due to steady demand for electric wires, leveling of construction projects, and special demand for high-profit projects.

Net sales

Operating profit

(Unit: 100 million yen)

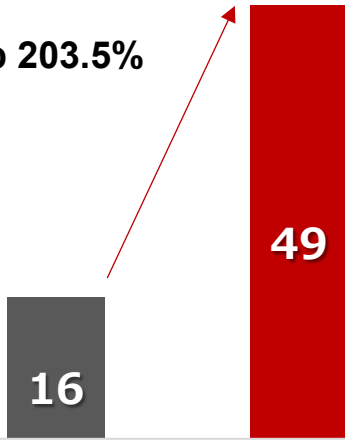
Up 17.6%



FY2023 Q1 FY2024 Q1

Record High

Up 203.5%



FY2023 Q1 FY2024 Q1

Q1 Progress rate

The progress rate for net sales was on par with the previous year, but operating profit was much higher than the previous year due to special demand for high-profit projects.

	(Unit: 100 million yen)	Full-year Plan	FY19-23 Avg. progress rate	Q1 Progress rate
Net sales		2,250	23.1%	25.3%
Operating profit		135	17.2%	36.1%

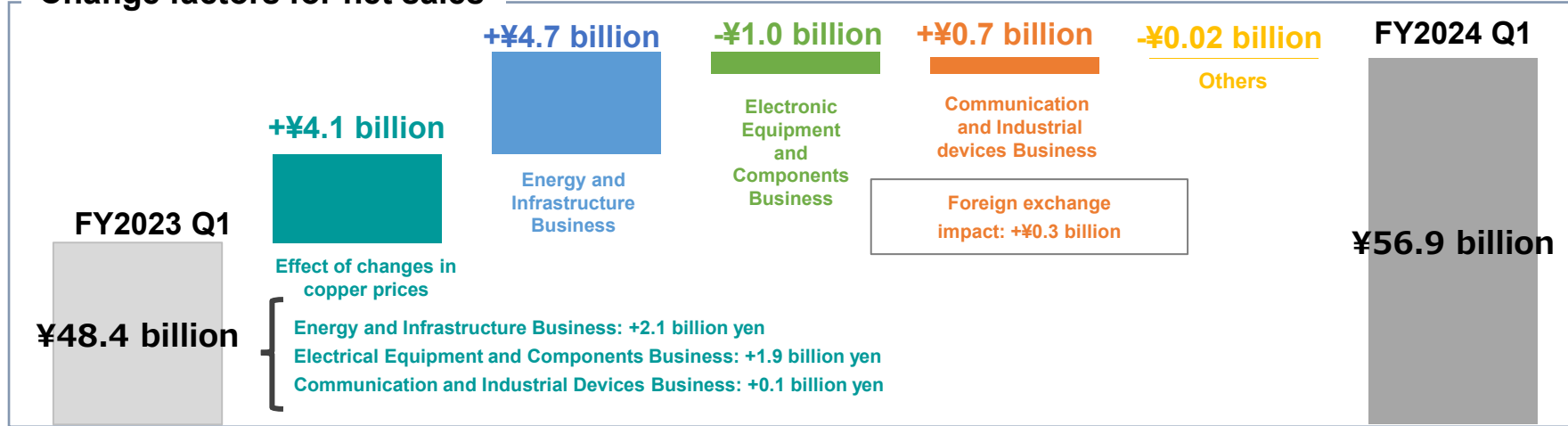
FY2024 Q1 Consolidated Statements of Income

Q1 performance in the Energy and Infrastructure Business exceeded initial expectations. Although we expect the business to remain strong in the future, it has left its full-year business forecasts unchanged as of the current quarter.

(Unit: 100 million yen)	FY2023 Q1 Actual	FY2024 Q1 Actual	FY2024 Full-year plan	YoY %	Progress rate %
Net Sales	484	569	2,250	17.6%	25.3%
Operating Income	16	49	135	203.5%	36.1%
Operating Income Margin (%)	3.3	8.5	6.0	—	—
Ordinary Income	16	46	130	189.4%	35.6%
Net income attributable to owners of parent	12	29	90	148.3%	32.5%

FY2024 Q1 Change Factors (YoY)

Change factors for net sales



[Change factors]

1. Net Sales

Sales increased YoY due to strong performance of growth-driving businesses, without the expected drop in demand for domestic construction-related products at the beginning of the period.

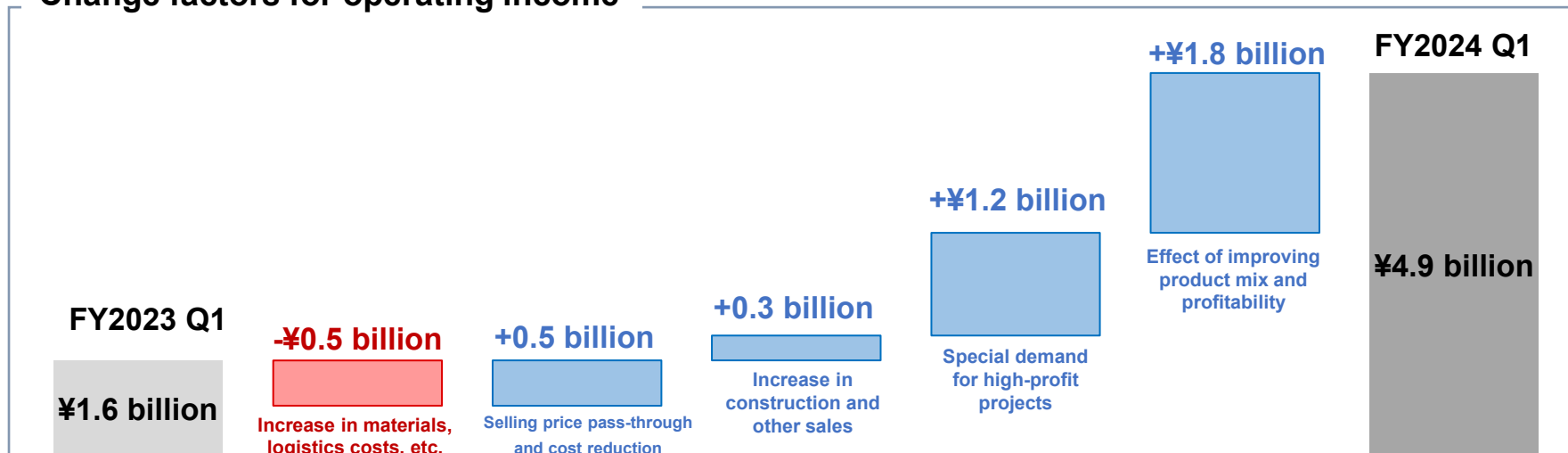
2. Operating Income

Increases in raw material prices and logistics costs are covered by pass-through of sales prices and cost reductions. **Profit increased substantially YoY** due to an increase in construction and other sales, as well as special demand for highly profitable projects and the effects of improved profitability.

[Future Initiatives]

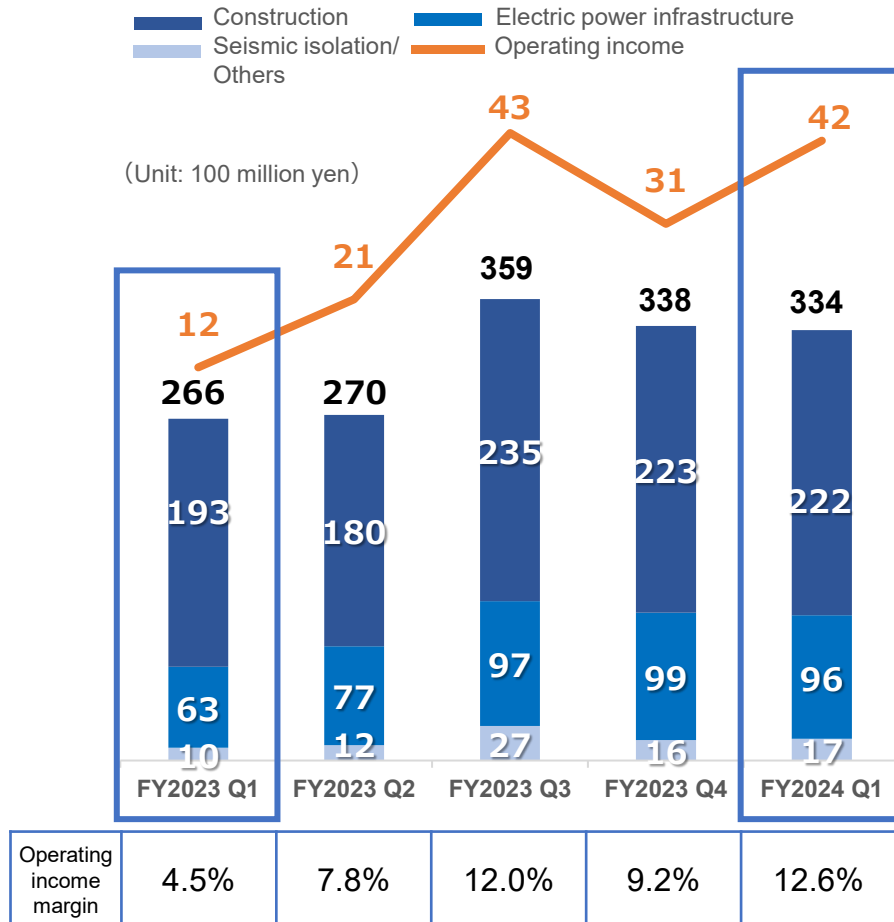
Secure appropriate inventory to prepare for shipments after Q2.

Change factors for operating income



FY2024 Q1 Results by Segment / Energy and Infrastructure Business

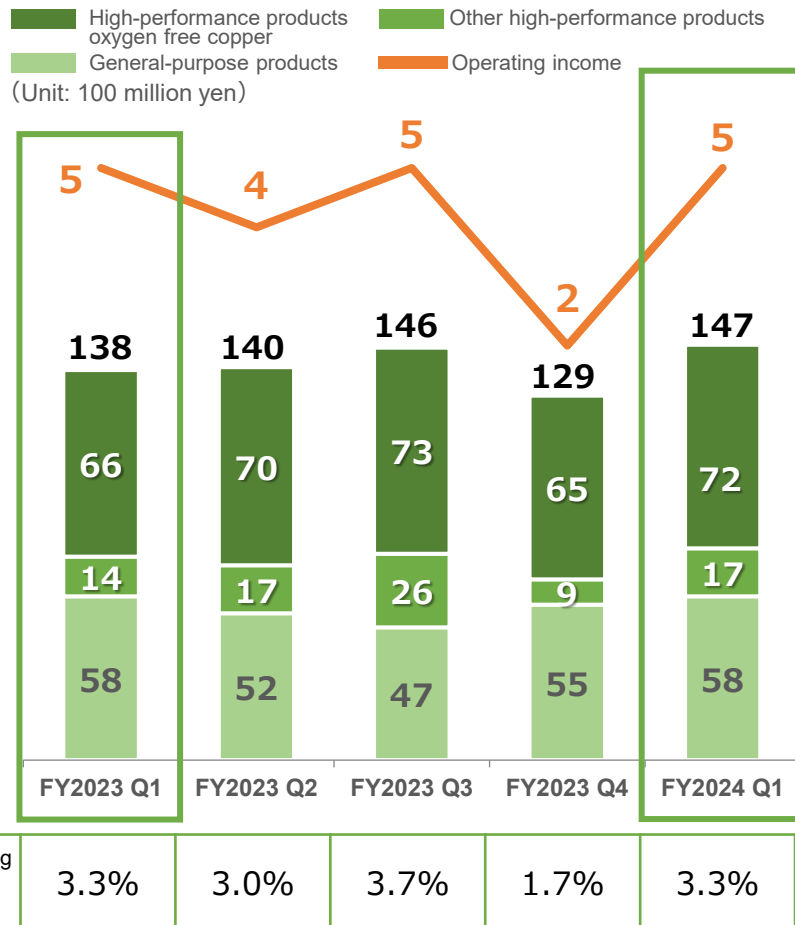
Sales increased by 25.6% YoY and profits rose by 253.9% YoY due to robust domestic construction-related electric cable demand continued from the H2 of the previous fiscal year, as well as special demand for high-profit projects for electric power infrastructure, leveling of power construction projects, and the implementation of various profit improvement measures.






Impact of Changes in Business Environment	
Effect of changes in copper prices	+2.1 billion yen (reflecting Q1 sales)
Soaring raw material, energy, and logistics costs	Although prices continue to rise, the Company has been able to secure profitability through price pass-through and cost reductions.
Foreign exchange impact	None applicable
Full-year demand outlook	<p>In construction-related products, demand for wire continues at a high and stable level. In the electric power infrastructure application, we expect to expand its market share by boosting demand against the backdrop of the national policy and by standardizing strategic product SICONEX® as the de facto standard, and also to levelize electric power construction projects.</p> <div> <div> <p>SICONEX® Production Volume</p> <p>* When the actual result at the end of FY2023 is set at 100%</p> <div> <div>115 %</div> <div>140 %</div> <div>135 %</div> </div> <div> <div>Q1 Result</div> <div>Q2 Forecast</div> <div>Full-year Forecast</div> </div> </div> <div> <p>Electric Power Construction</p> <div> <div>Average year</div> <div>Current year</div> </div> <div> <div>↗</div> <div>→</div> </div> <div> <div>H1</div> <div>H2</div> <div>H1</div> <div>H2</div> </div> </div> </div>

FY2024 Q1 Results by Segment / Electronic Equipment and Components Business

High-performance products for EV is in an adjustment phase, but Q1 performance is recovering. General-purpose magnet wires for heavy electrical appliances also remained firm. **Sales increased by 6.3% YoY and profits increased by 6.6% YoY.**

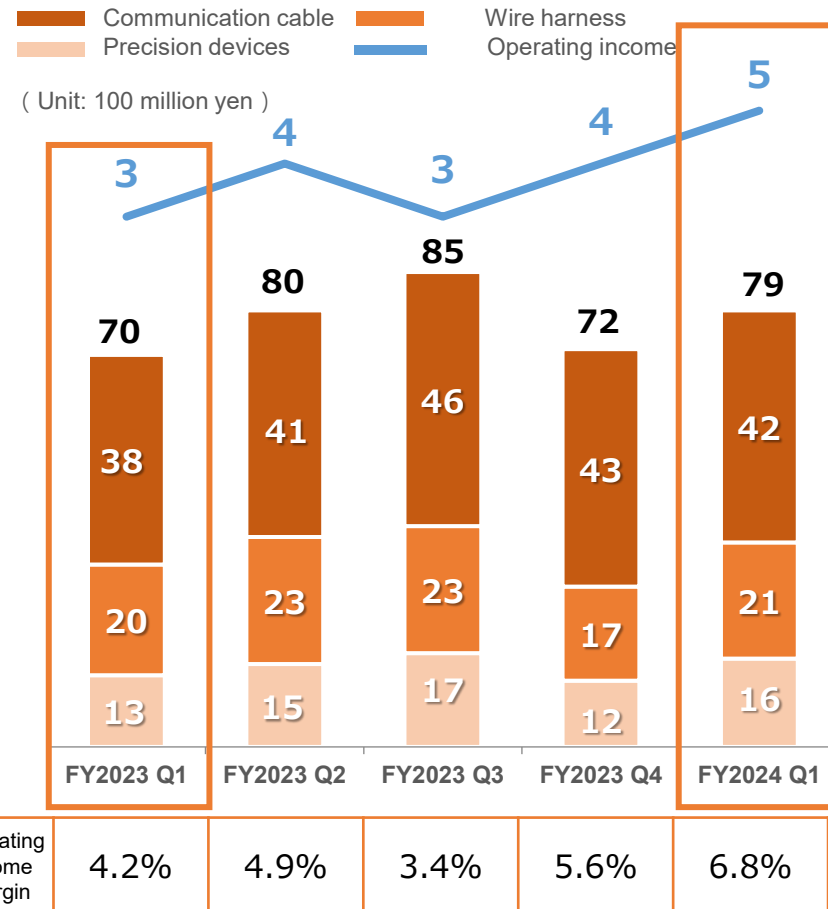


Impact of Changes in Business Environment

Effect of changes in copper prices	+1.9 billion yen (reflecting Q1 sales)
Soaring raw material, energy, and logistics costs	Although prices continue to rise, the Company has been able to secure profitability through price pass-through and cost reductions.
Foreign exchange impact	None applicable
Full-year demand outlook	<p>Demand for high-performance products for EV is expected to recover in Q1, and in Q2 it is expected to be in an adjustment phase.</p> <div> <div>Image of Shipments of High-Performance Products in the Current Fiscal Year</div> <div> <div> <div>MiDIP®</div> <div>Slight increase compared to FY2023</div> <div>  </div> </div> <div> <div>Heater wire</div> <div>Slight increase compared to FY2023</div> <div>  </div> </div> <div> <div>High-performance magnet wires</div> <div>Large increase compared to FY2023</div> <div>  </div> </div> </div> </div>

FY2024 Q1 Results by Segment / Communication and Industrial Devices Business

Demand for both construction and automotive-related communication cables was firm. In wire harnesses, demand for precision devices recovered despite the impact of slowdown in the Chinese and domestic white goods consumer electronics markets. **Sales increased by 12.3% YoY and profits increased by 82.1% YoY.**



Impact of Changes in Business Environment

Effect of changes in copper prices	+100 million yen (reflecting Q1 sales)
Soaring raw material, energy, and logistics costs	Although prices continue to rise, the Company has been able to secure profitability through price pass-through and cost reductions.
Foreign exchange impact	+300 million yen (reflecting Q1 sales)
Full-year demand outlook	<p>Demand for communication cables for construction-related and automotive applications was firm. Sales of wire harnesses for consumer electronics were sluggish. Demand for precision devices recovered.</p> <div> <div>Image of Shipments of Communication Cables in the Current Fiscal Year</div> <div> <div>Construction-related</div> <div>Increase compared to FY2023</div> <div>H1 H2</div> </div> <div> <div>Automotive application</div> <div>Increase compared to FY2023</div> <div>H1 H2</div> </div> </div>

FY2024 Q1 Balance Sheet (Comparison with the end of the previous year)

(Unit: 100 million yen)	End-FY2023	FY2024 Q1	Change
Total assets	1,616	1,675	59
Trade receivables	515	512	▲ 3
Inventories	290	323	33
Non-current assets	672	677	5
Total liabilities	845	883	38
Trade payables	260	296	36
Interest-bearing debt	303	358	55
Total net assets	771	792	21
Equity	759	781	22
Equity ratio (%)	47.0	46.6	▲ 0.3
DE ratio (%)	40	46	6

[Inventories]

Increased in order to secure appropriate inventory in anticipation of higher copper prices and shipments after Q2 and beyond.

[Interest-bearing debt]

Increased due to dividends and bonuses payments, etc.

[Equity ratio]

Equity ratio decreased by 0.3ppt. from the end of the previous fiscal year due to an increase in inventories in preparation for shipments after Q2 and other factors, despite an accumulation of shareholders' equity due to the strong performance.

[DE ratio]

DE ratio increased by 6ppt. 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 continued, but inventories increased to secure appropriate inventories in preparation for rising raw material prices and shipments after Q2. Continue to improve by securing inventories at appropriate levels and shortening the debt collection period.

2. Appendix

Progress of BD Strategy

(1) SmartStream Business (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

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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.