



SWCC Group

Supplementary Material for the First Quarter of the Fiscal Year Ending March 2023

August 3, 2022

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

# FY2022 Q1 Overview of Financial Results

## Business environment

- Due to the long-term situation in Russia and Ukraine and the impact of lockdowns in China and Shanghai, raw material and logistics prices have risen and the yen has depreciated, and the global supply chain continues to be disrupted
- Demand for automobile-related products declined due to a shortage of semiconductors.
- In the electric wire industry, overall demand for electric wire declined slightly.
- Average domestic copper prices rose YoY.

## Net sales

**Overall sales increased YoY** due to higher copper prices, despite a decrease in copper shipments.  
【Status by Major Business Field (YoY)】  
**Electric power infrastructure:** Although the number of large-scale projects declined, we captured demand related to renewable energy.  
**Automobiles:** Demand for high-performance products is sluggish due to the impact of automobile production cutbacks that have continued since last year.  
**Industrial Devices:** Demand increased, but the impact of global supply chain disruptions continued.

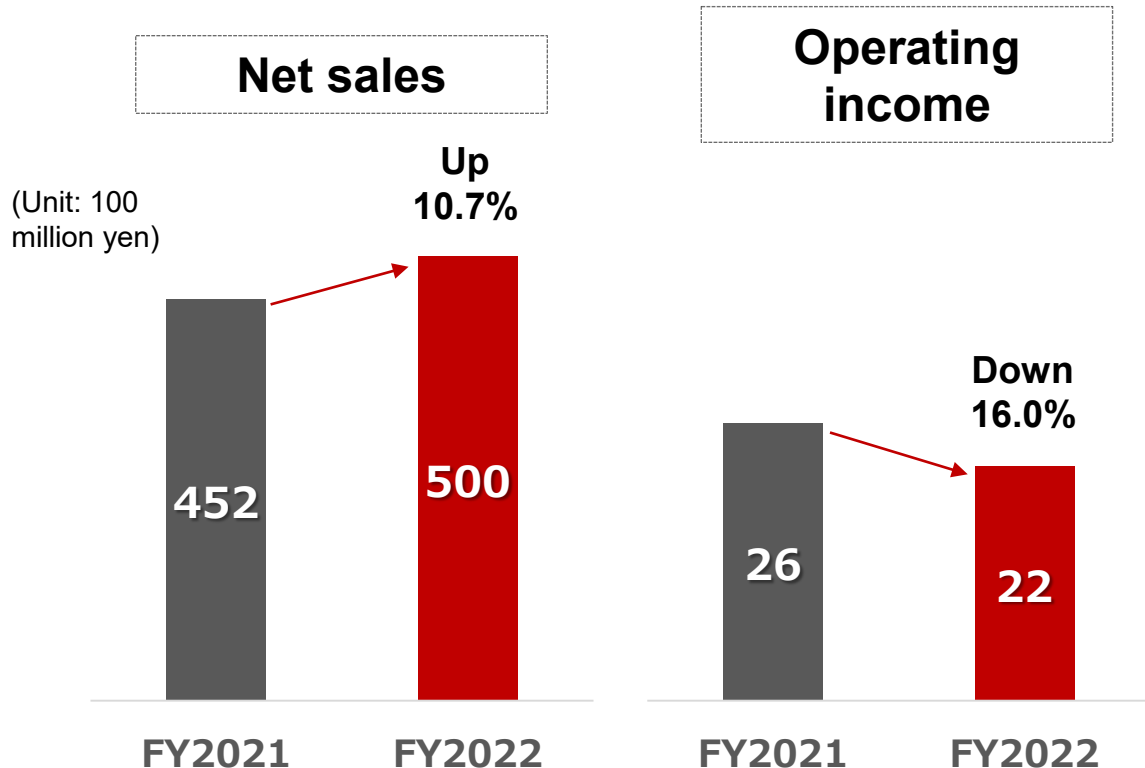
## Operating income

**Profits down YoY.** Despite reviewing sales prices and cutting costs in response to soaring raw material prices, our performance was affected by delays in passing on higher prices for some products, reduced automobile production, and global supply chain disruptions.

# Key Points of the Financial Results for Q1 FY2022

## Q1 YoY Change

Sales increased but profits decreased YoY due to higher copper prices, despite a decrease in copper shipments.



## Q1 Progress rate

Net sales progressed on a par with normal year. Operating income has exceeded the 4-year averages.

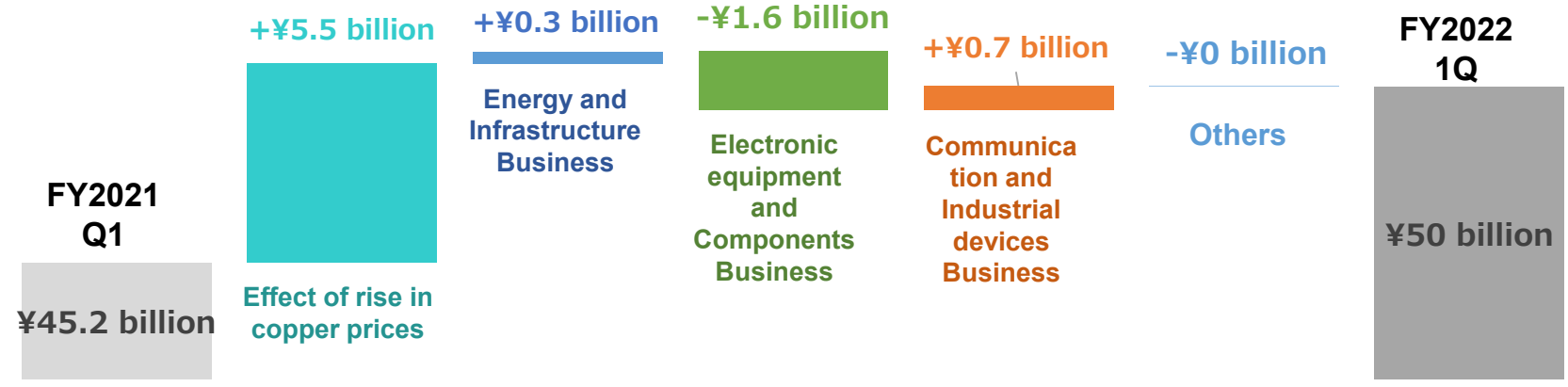
(Unit: 100 million yen)	Full-year plan	FY18-21 Avg. progress rate	Q1 progress rate
Net sales	2,170	23.2%	23.1%
Operating income	103	17.9%	20.9%

# Q1 Consolidated Statements of Income

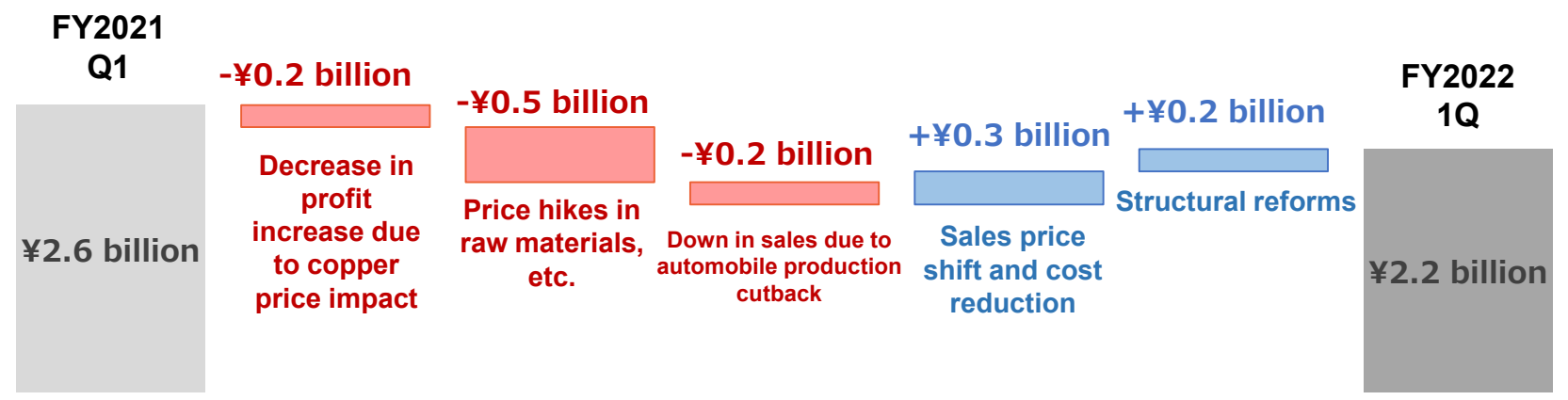
(Unit: 100 million yen)	FY2021 Q1 Actual	FY2022 Q1 Actual	FY2022 Full-year plan	YoY %	Progress rate %
<b>Net sales</b>	<b>452</b>	<b>500</b>	<b>2,170</b>	<b>10.7</b>	<b>23.1</b>
<b>Operating income</b>	<b>26</b>	<b>22</b>	<b>103</b>	<b>▲16.0</b>	<b>20.9</b>
<b>Operating income margin (%)</b>	<b>5.7</b>	<b>4.3</b>	<b>4.7</b>	<b>—</b>	<b>—</b>
<b>Ordinary income</b>	<b>26</b>	<b>23</b>	<b>103</b>	<b>▲12.8</b>	<b>22.2</b>
<b>Net income attributable to owners of parent</b>	<b>17</b>	<b>16</b>	<b>75</b>	<b>▲4.6</b>	<b>21.9</b>

# 1Q: Change Factors for Net sales and Operating income (YoY)

## Change factors for net sales



## Change factors for operating income



### 【Change factors】

1. Net sales  
Increased mainly by passing cost increases due to higher copper prices on selling prices in a timely manner.
2. Operating income  
Decreased due to delays in passing on cost increases for some products and a decrease in sales due to reduced automobile production in the Electrical Equipment and Components Business.

### 【Future Initiatives】

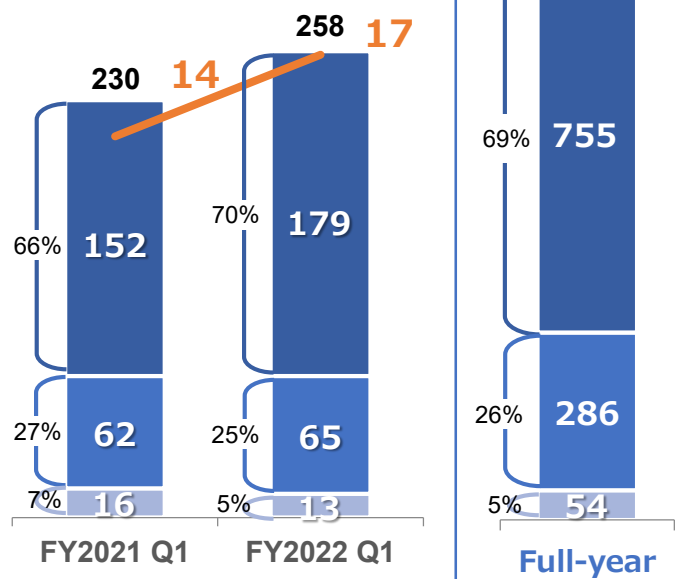
Covered mainly by measures to **pass on higher sales prices, reduce costs, and promote structural reforms** in response to the downward pressure on incomes from soaring raw material and other prices.

# Q1 Results by Segment and Full-year Plan

## Energy and Infrastructure Business

Construction  
Seismic isolation/ Others  
Electric power infrastructure  
Operating income

(Unit: 100 million yen)



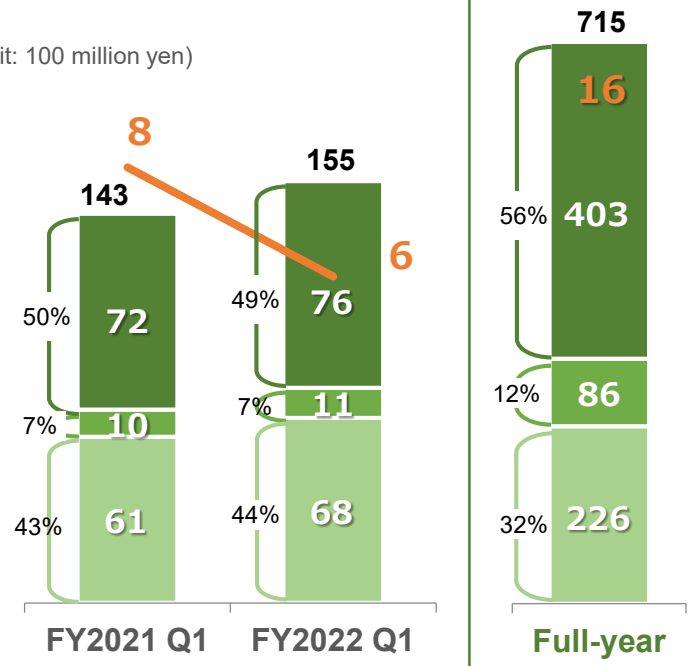
Operating income margin	6.3%	6.5%	6.2%
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Copper price impact: Net sales up by 2.5 billion yen.  
**Both sales and profits increased YoY** due to revisions to sales prices and cost reductions to secure appropriate profits in the construction business and capturing highly profitable demand for renewable energy in the electric power infrastructure.

## Electronic Equipment and Components Business

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

(Unit: 100 million yen)



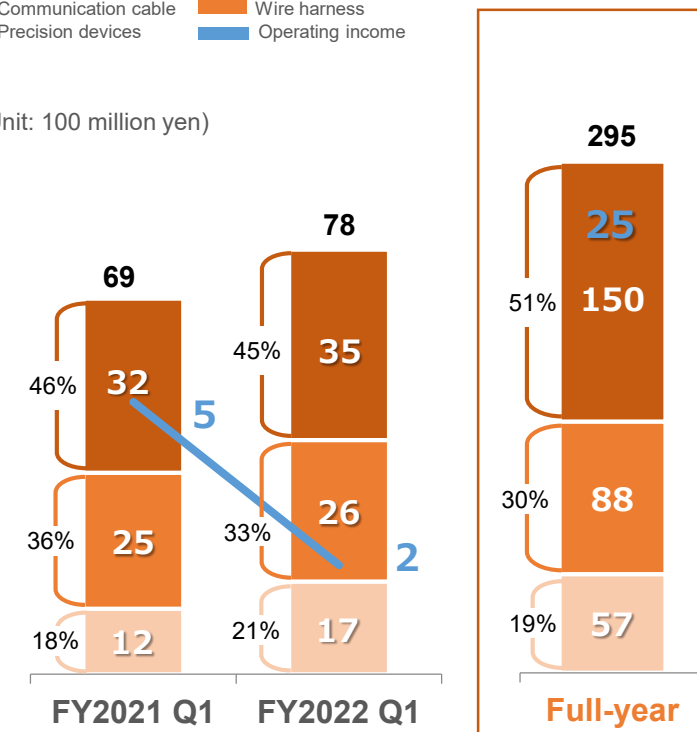
Operating income margin	5.4%	4.0%	2.2%
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Copper price impact: Net sales up by 2.8 billion yen.  
**Sales increased and profits decreased YoY** as sales for heavy electric machinery and industrial equipment were firm, but sales of high-performance products for the automobile industry were affected by the automobile production cutbacks that continued from the previous 2Q.

## Communication and Industrial Devices Business

Communication cable  
Precision devices  
Wire harness  
Operating income

(Unit: 100 million yen)



Operating income margin	7.4%	2.2%	8.5%
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Copper price impact: Net sales up by 200 million yen.  
**Sales increased but profits decreased** as price review was delayed despite the effect of reorganization of domestic production bases in the communication cables business. Industrial devices were also affected by supply chain disruptions.

# Q1 Balance Sheet (Comparison with the previous fiscal year-end)

(Unit: 100 million yen)	March 31, 2022	June 30, 2022	Change
<b>Total assets</b>	<b>1,474</b>	<b>1,537</b>	<b>64</b>
Trade receivables	527	522	▲ 5
Inventories	260	287	27
Currents assets	587	615	28
<b>Total liabilities</b>	<b>884</b>	<b>937</b>	<b>53</b>
Interest-bearing debt	392	454	63
<b>Total net assets</b>	<b>589</b>	<b>600</b>	<b>11</b>
Shareholders equity	583	592	10
Shareholders equity ratio (%)	39.5	38.5	▲ 1
<b>DE ratio (%)</b>	<b>67.2</b>	<b>76.7</b>	<b>9.5</b>

## 【Fixed assets】

Increased due to various capital expenditures (upgrades and increased production). In addition, the Company contributed 2.1 billion yen in special premiums to the pension assets of the retirement plan.

## 【Interest-bearing debt】

Increase in working capital due to special premiums and soaring copper prices.

## 【Shareholders equity ratio】

Despite an increase in shareholders' equity, total assets decreased 1% from the end of the previous fiscal year due to an increase in total assets.

## 【DE ratio】

Shareholders' equity increased, but interest-bearing debt also increased, resulting in a 9.5% increase from the end of the previous fiscal year.



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.

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