



SWCC Group

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

November 4, 2022

SWCC SHOWA HOLDINGS CO., LTD. (TSE PRIME: 5805)

FY2022 Q2 Overview of Financial Results

Business environment

- Socioeconomic activities picked up with the increase in COVID-19 vaccination rate, but the yen depreciated significantly amid soaring raw material and energy prices due to the prolonged situation in Russia and Ukraine and other factors, as well as continued disruptions in the global supply chain.
- Demand for automobile-related products continues to decline due to a shortage of semiconductors.
- In the electric wire industry, overall demand for electric wire was flat YoY.
- 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: We have captured stable demand while expanding the manufacturing capacity of electric power equipment.

Automobiles: Demand for high-performance products is sluggish due to the impact of automobile production cutbacks that have continued since last year.

Industrial Devices: The supply chain disruption was resolved, but its impact on operations in China and Vietnam remain in part.

Operating income

Profits down YoY. Despite our efforts to respond to soaring material prices, delays in the start-up of some of its domestic production bases, continued cutbacks in automobile production, and supply chain disruptions impacted operations in China and Vietnam.

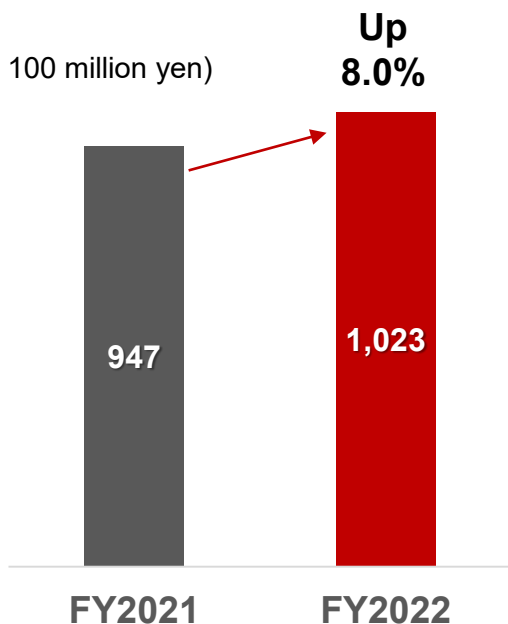
Key Points of the Financial Results for Q2 FY2022

Q2 YoY Change

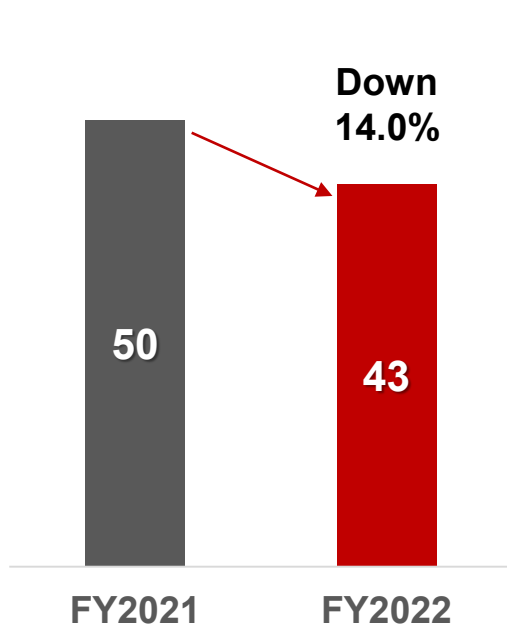
Sales increased but profits decreased YoY due to higher copper prices, despite a decrease in copper shipments.

Net sales

(Unit: 100 million yen)





Operating income



Q2 Progress rate

Both net sales and operating income were on par with the normal year.

(Unit: 100 million yen)	Full-year Plan	FY18-21 Avg. progress rate	Q2 Progress rate
Net sales	2,170	47.7%	47.1% 
Operating income	103	41.4%	41.8% 
Copper prices	1,150 yen/kg (Planning assumption)	—	—

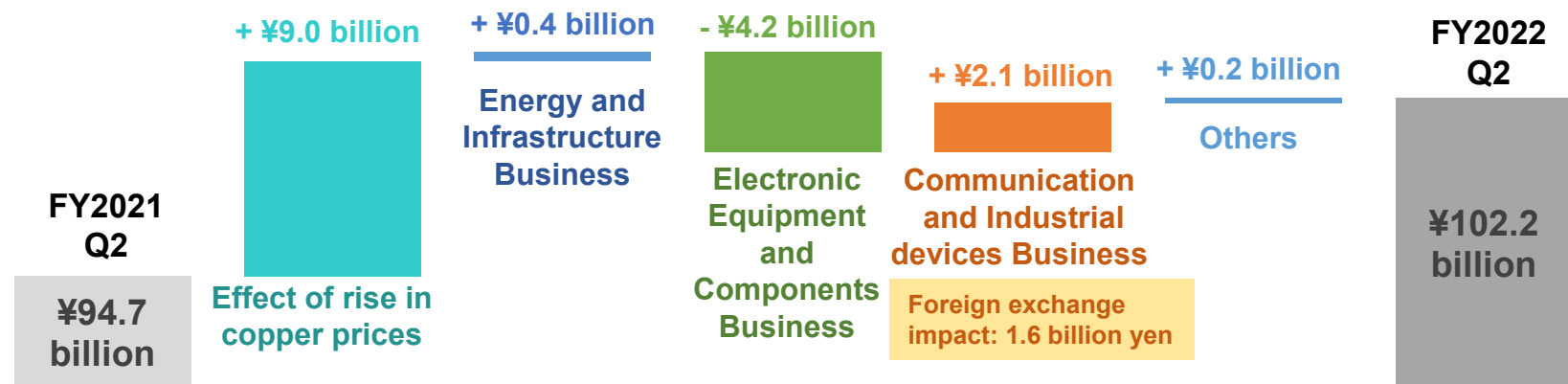
Q2 Consolidated Statements of Income

(Unit: 100 million yen)	FY2021 Q2 Actual	FY2022 Q2 Actual	FY2022 Full-year plan	YoY %	Progress rate %
Net sales	947	1,023	2,170	8.0	47.1
Operating income	50	43	103	▲ 14.0	41.8
Operating income margin (%)	5.3	4.2	4.7	-	-
Ordinary income	51	44	103	▲ 14.6	42.3
Net income attributable to owners of parent	32	37	90※	17.1	41.3

*The above figures reflect revised business forecasts as of September 22, 2022.

Q2: Change Factors for Net sales and Operating income (YoY)

Change factors for net sales

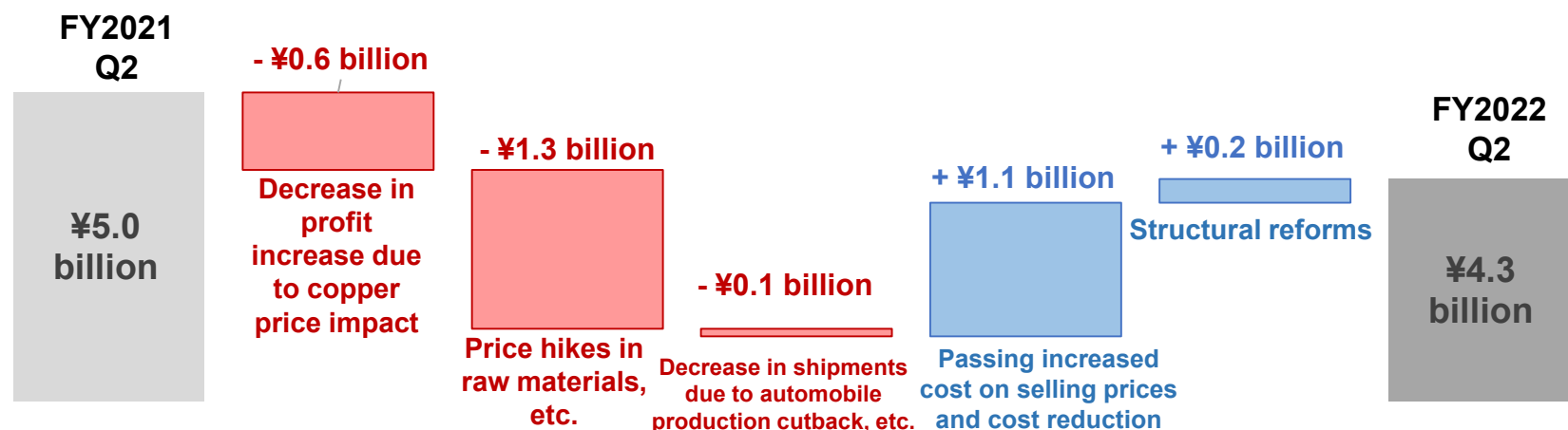


【Change factors】

1. Net sales
Increased mainly by passing cost increases due to higher copper prices on selling prices in a timely manner. Foreign exchange effects include about 1.6 billion yen in the Communication and Industrial Devices Business.

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. Foreign exchange impact was minimal, adding 0.04 billion yen.

Change factors for operating income



【 Future Initiatives 】

In response to the downward pressure on incomes from soaring raw material and other prices, we'll cover them mainly by measures to pass on higher sales prices, reduce costs, and promote structural reforms.

Revision to Full-year Plan by Segment

Due to changes in the external environment and other factors since the beginning of the plan, **we have revised the targets for each segment, while the company-wide full-year targets remain unchanged.** The delay in Q1 operating income growth in the Communication and Industrial Devices Business is expected to be covered by the other segments' performance. We will strengthen measures for the second half to achieve targets.

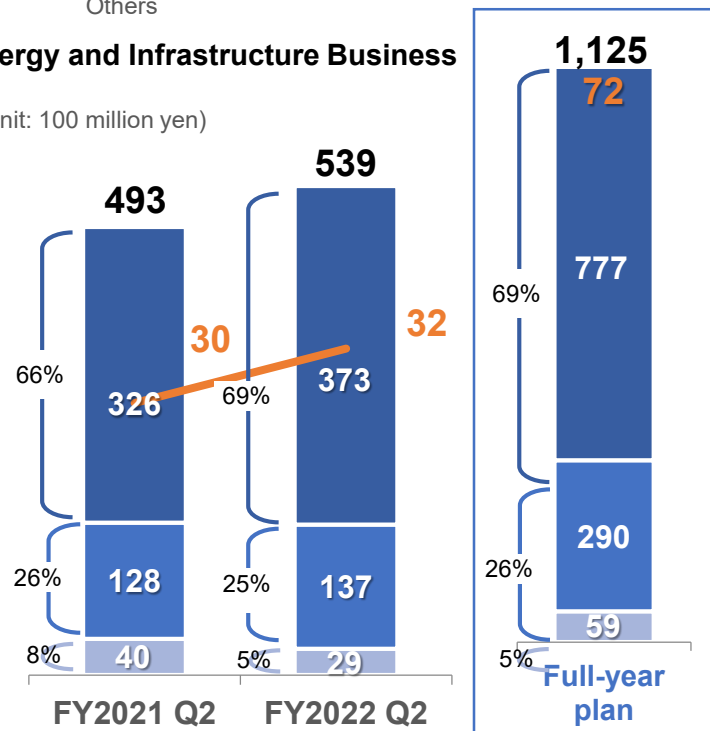
(Unit: 100 million yen)		FY2022 Full-year plan (Before revision)	FY2022 Full-year plan (After revision)	Change %	Progress rate %
Energy and Infrastructure Business	Net sales	1,095	1,125	2.7	47.9
	Operating income	68	72	5.9	45.0
	Operating income margin (%)	6.2	6.4	-	-
Electronic Equipment and Components Business	Net sales	715	643	▲10.1	46.5
	Operating income	16	18	12.5	58.6
	Operating income margin (%)	2.2	2.8	-	-
Communication and Industrial Devices Business	Net sales	295	345	16.9	47.5
	Operating income	25	19	▲24.0	24.4
	Operating income margin (%)	8.5	5.5	-	-

Q2 Results by Segment and Full-year Plan

Construction
Electric power infrastructure
Seismic isolation/ Others
Operating income

Energy and Infrastructure Business

(Unit: 100 million yen)



Operating income margin	6.2%	6.0%	6.4%
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Copper price impact: Net sales up by 4.1 billion yen.

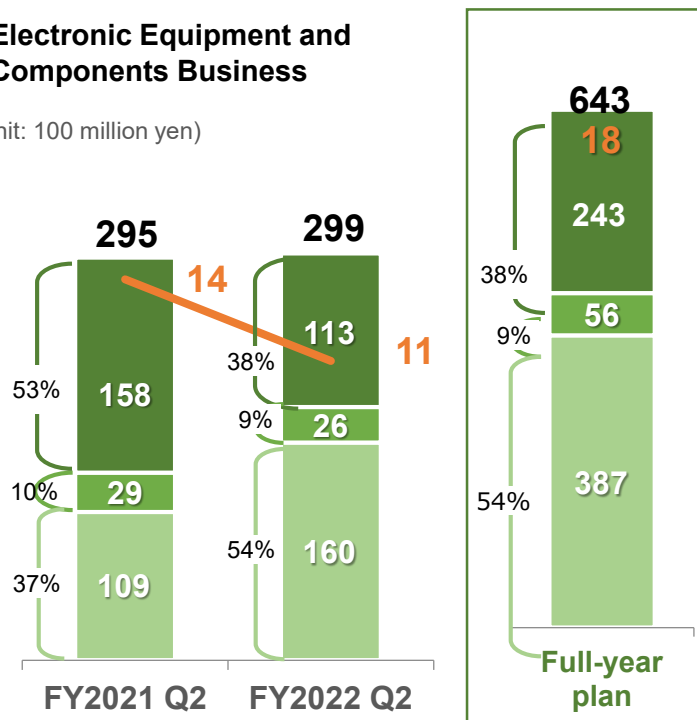
Both sales and profits increased YoY due to construction-related sales price review, profit improvement measures and stable demand for electric power infrastructure.

We have revised our full-year plan upward as we expect firm demand for both construction-related and electric power infrastructure in the second half of the year.

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

Electronic Equipment and Components Business

(Unit: 100 million yen)



Operating income margin	4.7%	3.5%	2.8%
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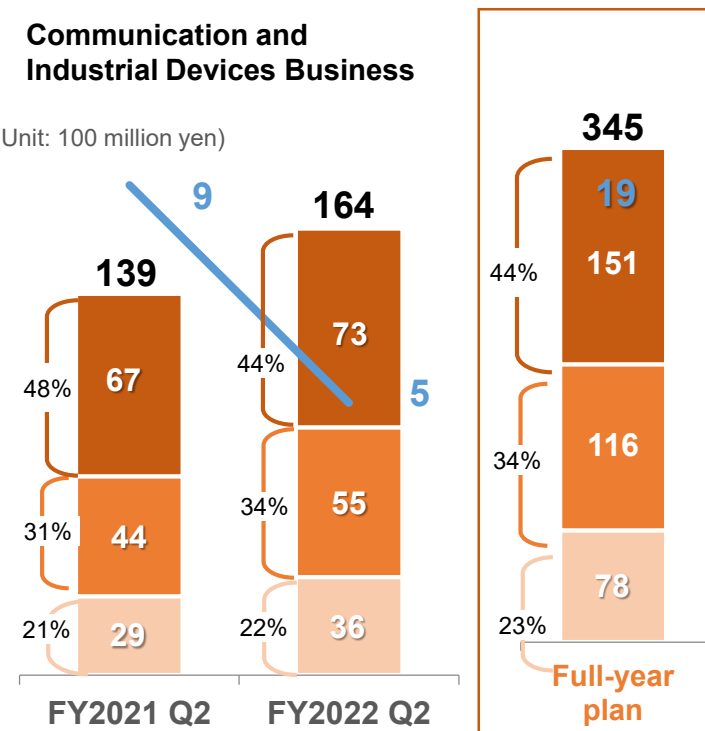
Copper price impact: Net sales up by 4.6 billion yen.

Sales increased and profits decreased YoY as sales for heavy electric machinery were firm, but sales of high-performance products for the automobile industry were affected by the automobile production cutbacks. Although the impact of production cutbacks will continue in the second half of the fiscal year, **we have revised our full-year operating income forecast upward** by focusing on profitability in the heavy electric machinery and other sectors.

Communication cable
Wire harness
Precision devices
Operating income

Communication and Industrial Devices Business

(Unit: 100 million yen)



Operating income margin	6.3%	2.8%	5.5%
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Copper price impact: Net sales up by 400 million yen.

Sales increased but profits decreased YoY due to lower profitability resulting from delayed start-up of the communication cable restructuring and delays in price review.

While second half performance is expected to proceed as planned, **we have revised our full-year plan downward** due to the significant impact of the first half.

Q2 Balance Sheet (Comparison with the previous fiscal year-end)

(Unit: 100 million yen)	March 31, 2022	September 30, 2022	Change
Total assets	1,474	1,545	71
Trade receivables	527	531	4
Inventories	260	280	19
Current assets	587	613	26
Total liabilities	884	938	54
Trade payables	267	258	▲9
Interest-bearing debt	392	454	62
Total net assets	589	607	18
Shareholders equity	583	599	16
Shareholders equity ratio (%)	39.5	38.8	▲0.7
DE ratio (%)	67.2	75.8	8.6

【Fixed assets】

Increased due to various capital expenditures and higher foreign exchange rates for fixed assets at overseas subsidiaries.

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 soaring raw material prices and soaring copper prices.

【Shareholders' equity ratio】

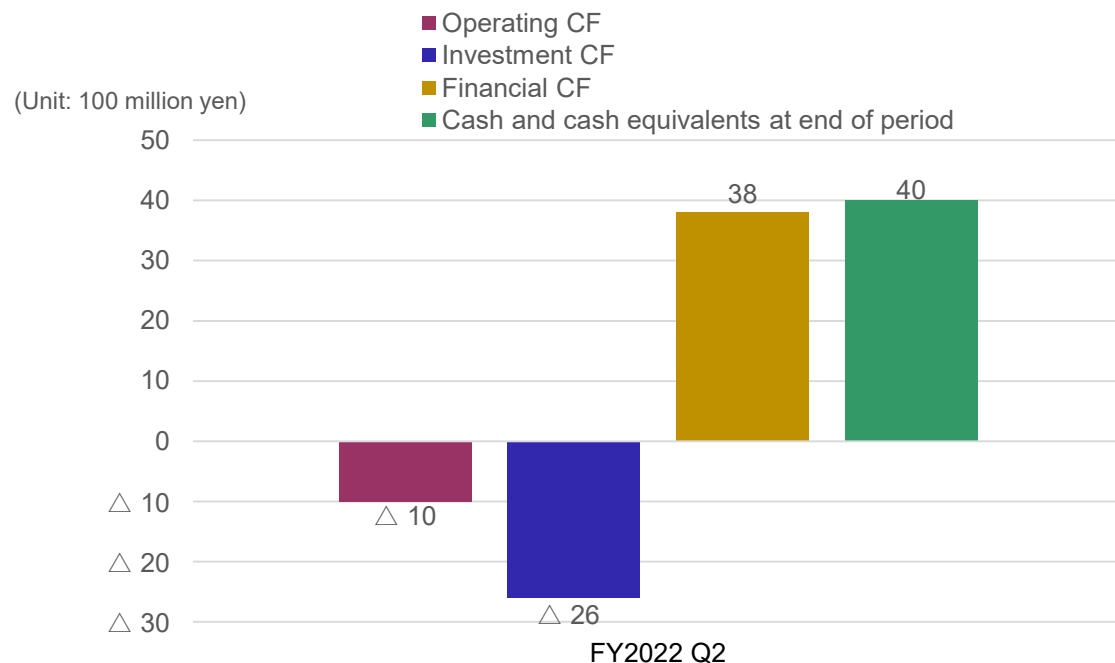
Despite an increase in shareholders' equity, the equity ratio decreased by 0.7% from the end of the previous fiscal year due to an increase in total assets.

【DE ratio】

Shareholders' equity increased, but interest-bearing debt also increased, resulting in an 8.6% increase from the end of the previous fiscal year.

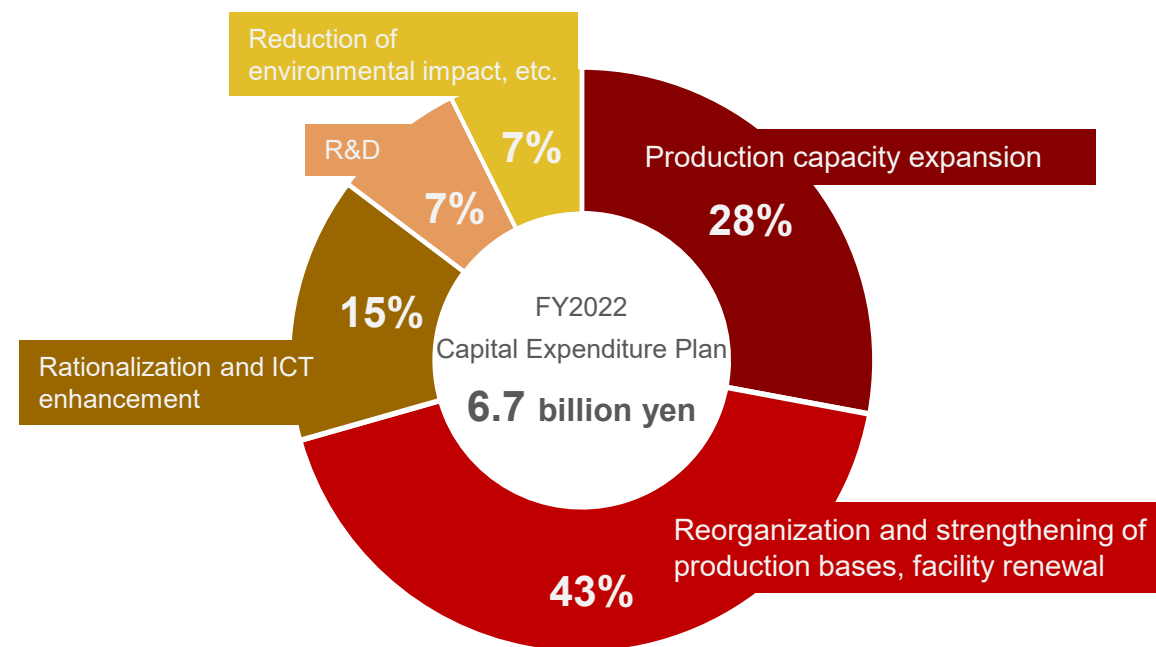
Q2 Cash Flow Results and Full-Year Capital Expenditure Plan

Consolidated Cash Flow



- Operating CF was negative due to an increase in working capital resulting from an increase in inventories, etc.
- Investment CF was negative due to the acquisition of property, plant, and equipment
- Financial CF was positive due to an increase in borrowings

Capital Expenditure Plan for FY2022



- Energy and Infrastructure Business : 2.5 billion yen
- Communication and Industrial Devices Business : 1.0 billion yen
- Electronic Equipment and Components Business : 1.1 billion yen
- Other investments, such as base strengthening, system investments, etc. : 2.1 billion yen



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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