

SWCC groups

Supplementary Material
for the First Quarter of the Fiscal Year
Ending March 2022



Creating for the Future

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

August 2, 2021

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



FY2021 1Q Overview of Financial Results

Results : Despite under the declaration of the State of Emergency due to COVID-19, sales are on a recovery track. Substantial increase in sales and profit compared to 1Q of the previous fiscal year, with profit recovering to the level before COVID-19.

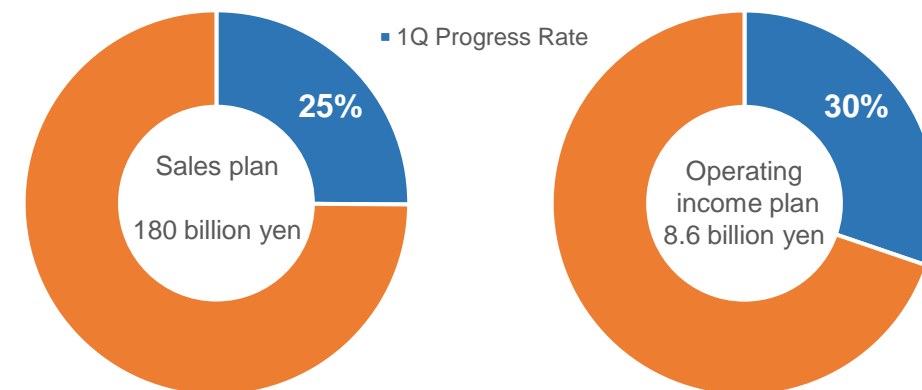
- **Energy and Infrastructure operations:** Demand for construction-related products decreased from the previous 4Q, but demand for electric power infrastructure remained strong.
- **Communication and Industrial devices operations:** Communication infrastructure continued to be steady due to 5G demand, etc., as in the previous 4Q. Industrial devices were also strong, mainly in China.
- **Electronic equipment and components operations:** Demand for high-functional products for automobiles remained strong, as in the previous 4Q.

About the announcement on July 21:

As of July 21, we have announced the "Discovery of Inconsistencies in Quality Testing of Our Group's Products and the Establishment of a Special Investigation Committee" (only available in Japanese).

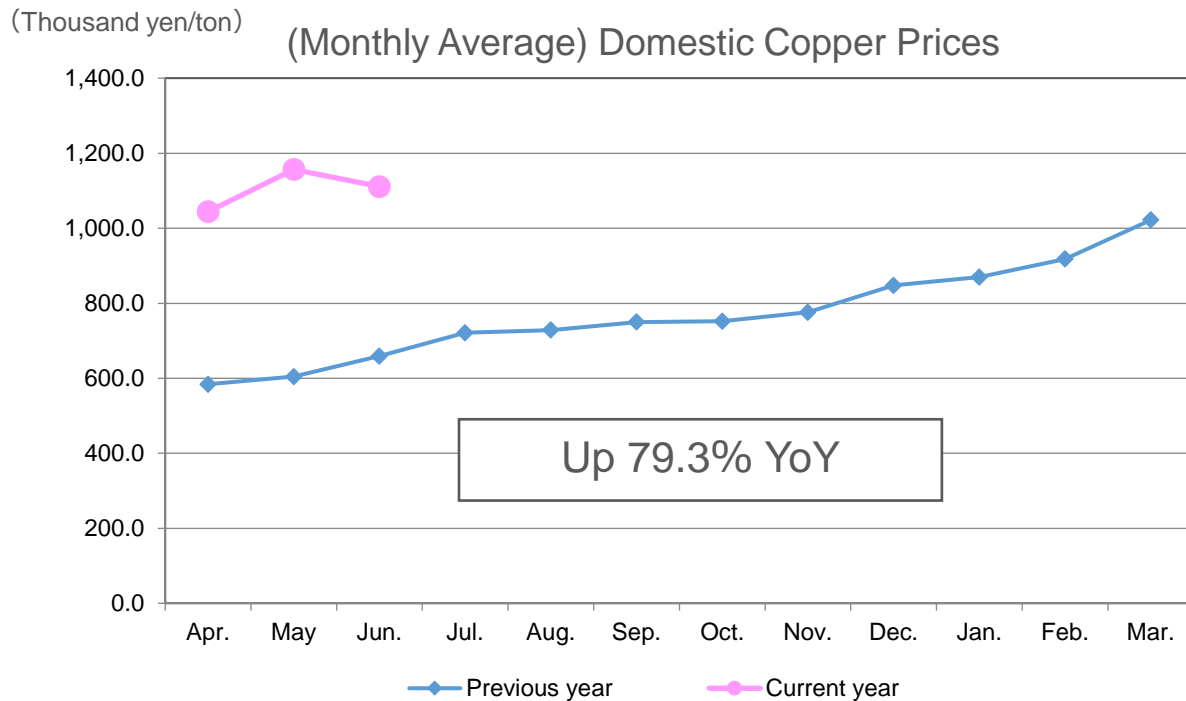
The impact of this matter on our business performance is unclear at this time, but we will disclose it if we need to revise our business forecast.

1Q Progress Rate (Net Sales/Operating Income)

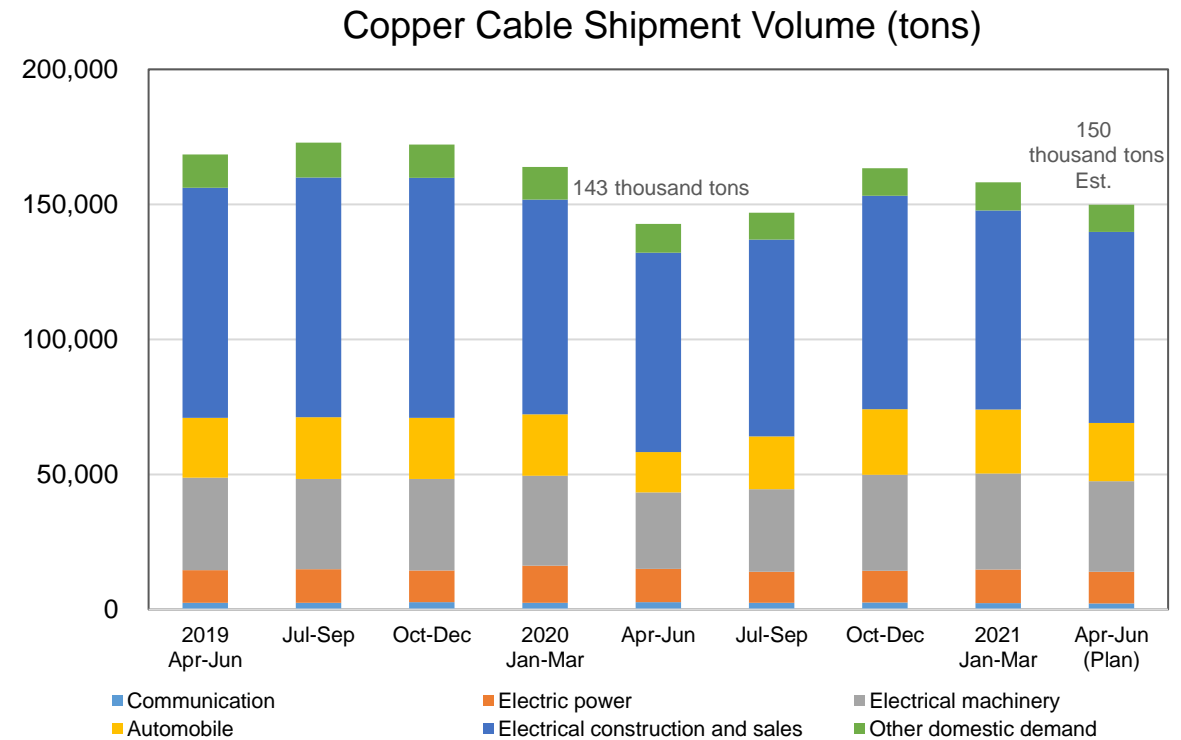


Domestic Copper Prices/Copper Wire Shipments

- The average price of domestic copper prices remained on an uptrend, partly due to the economic recovery in China.
- Domestic copper wire shipments are recovering mainly in the electrical machinery and automobile sectors, although the recovery in construction and electrical power sales is weak (+5% YoY).



Source: Japan Electric Wire Manufacturers Association



Source: Japan Electric Wire Manufacturers Association

1 Q Consolidated Statements of Income

- Performance was solid as expected, with significant increases in both sales and profits.

(Unit: 100 million yen)

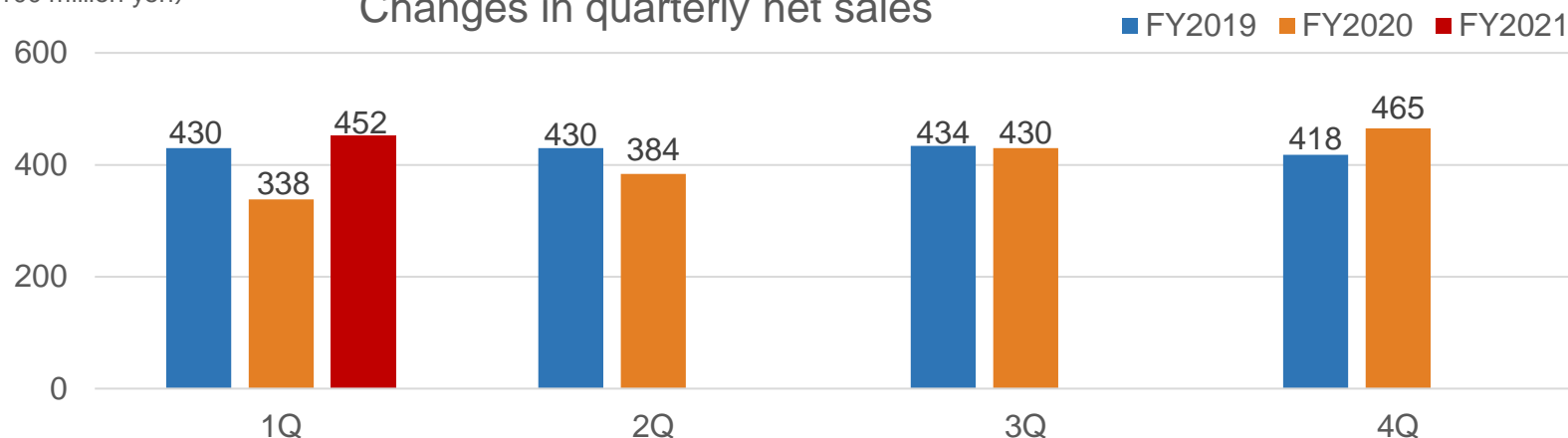
	FY2019 1 Q Actual	FY2020 1 Q Actual	FY2021 1 Q Actual	Composition %	YoY %
Net sales	430	338	452	—	33.6%
Gross profit	54	41	61	13.5%	49.2%
Operating income	17	6	26	5.7%	312.4%
Ordinary income	15	6	26	5.8%	360.3%
Net income attributable to owners of parent	11	4	17	3.8%	329.9%

* The “Accounting Standard for Revenue Recognition” (Corporate Accounting Standard No. 29, March 31, 2020), and other related standards have been applied from the beginning of the first quarter of the current fiscal year. The figures for net sales in the first quarter of FY2021 are after the application of these standards.

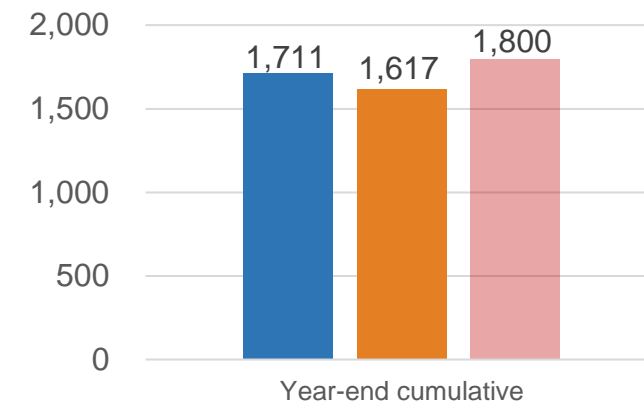
Quarterly Performance Trends (Last 3 years)

(Unit: 100 million yen)

Changes in quarterly net sales

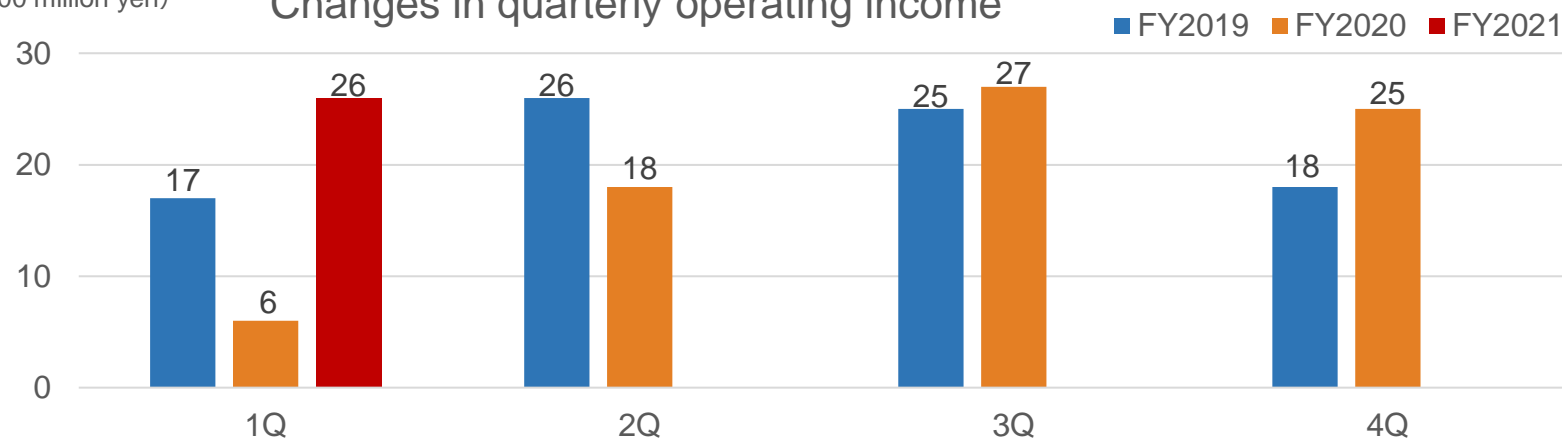


Changes in cumulative net sales

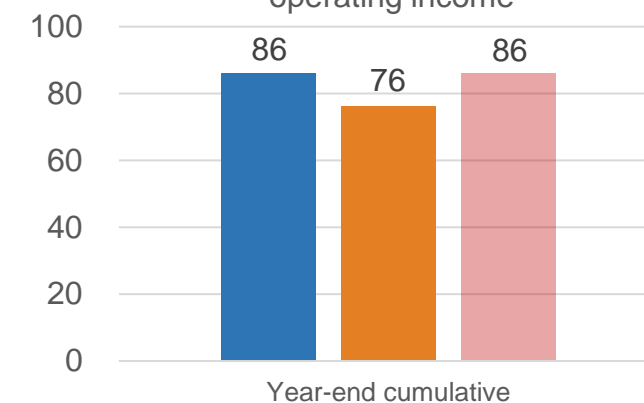


(Unit: 100 million yen)

Changes in quarterly operating income

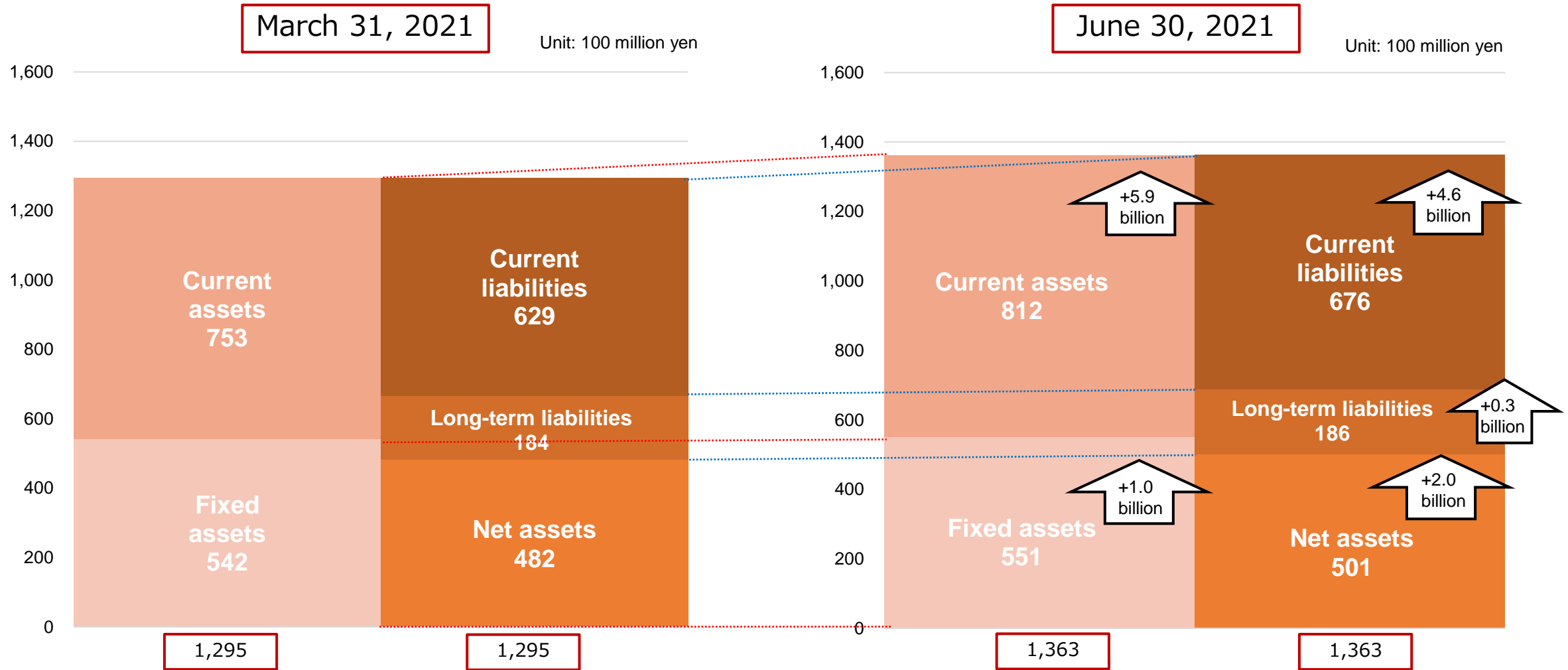


Changes in cumulative operating income



Consolidated Balance Sheet

(Comparison with the previous fiscal year-end)



Results by Segment (Last 3 years)

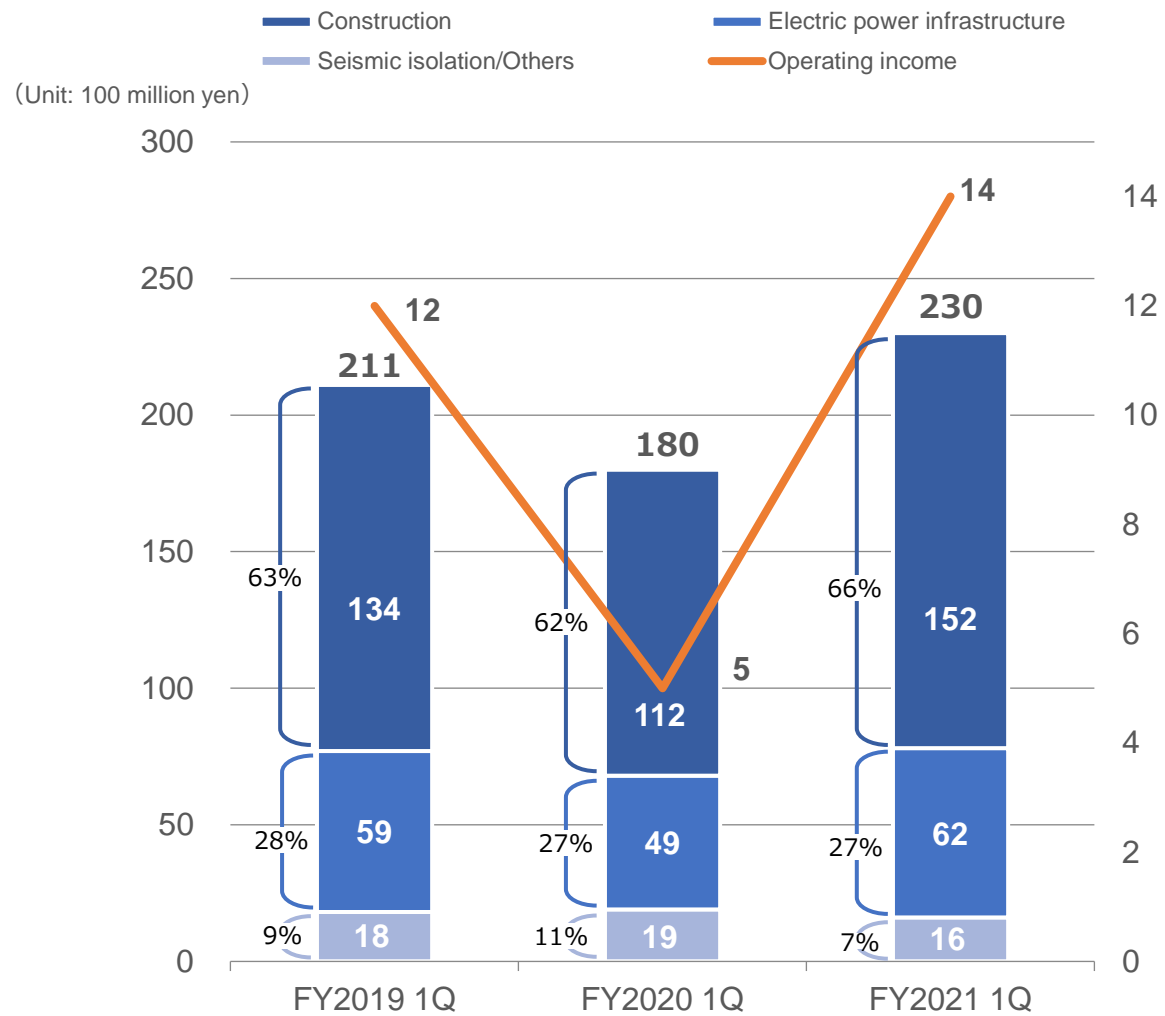
- The impact of COVID-19 is limited.
- Operating income in FY2021 1Q exceeded FY2019 1Q(before COVID-19).

(Unit: 100 million yen)

	FY2019 1Q Actual		FY2020 1Q Actual		FY2021 1Q Actual	
	Net sales	Operating income (Profit margin %)	Net sales	Operating income (Profit margin %)	Net sales	Operating income (Profit margin %)
Energy and Infrastructure	211	12 (5.6%)	180	5 (3.1%)	230	14 (6.3%)
Communication and Industrial devices	76	5 (6.8%)	61	3 (4.4%)	69	5 (7.4%)
Electrical equipment and components	132	1 (0.9%)	87	0 (0.4%)	143	8 (5.4%)
Others (New Business)	11 (7)	△2 (△1)	10 (6)	△2 (△1)	9 (7)	△2 (△0)
Total	430	17 (3.9%)	338	6 (1.8%)	452	26 (5.7%)

* The "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29, March 31, 2020), and other related standards have been applied from the beginning of the first quarter of the current fiscal year. The figures for net sales in the first quarter of FY2021 are after the application of these standards.

Energy and Infrastructure Operations 1Q Results

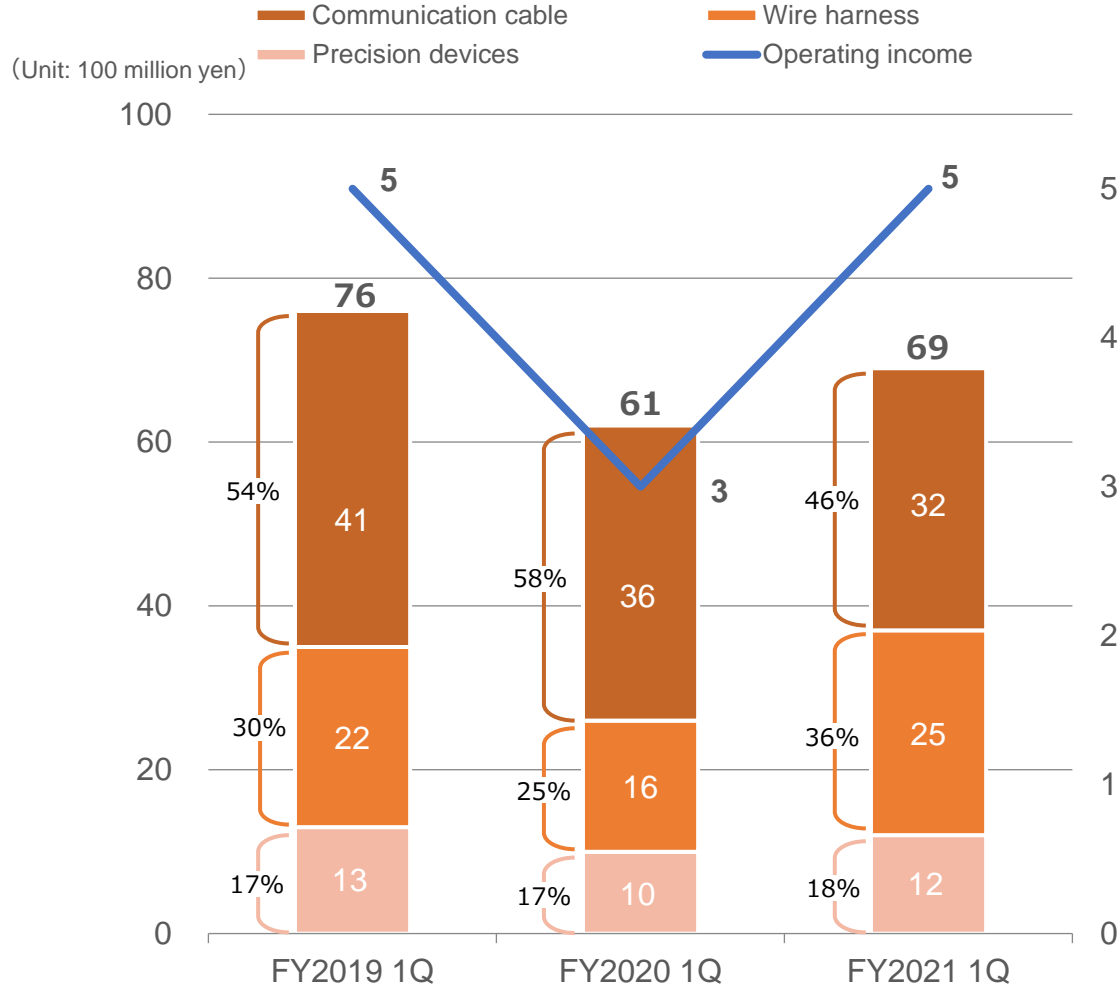


Results		
◆ Construction General-purpose electric cables	Despite a decline in construction-related demand, shipments of general-purpose electric cables for large projects increased.	
◆ Seismic isolation/Others Seismic isolation devices, Anti-seismic / Anti-shock		
◆ Electric power infrastructure Power cables, Construction, Power device component (SICONEX®)	Demand for electric power enhancement, renewal of aging infrastructure, and renewable energy interconnection remained strong.	

Topics	
Press release on July 6	SICOPLUS™ Establishment of the “Construction Human Resources Development Center”
Press release on July 6	Delivery of free-stripping outer conductor CV cables

*The new accounting standard has been applied only to the results for the first quarter of FY2021.

Communications and Industrial Devices operations 1Q Results



Results

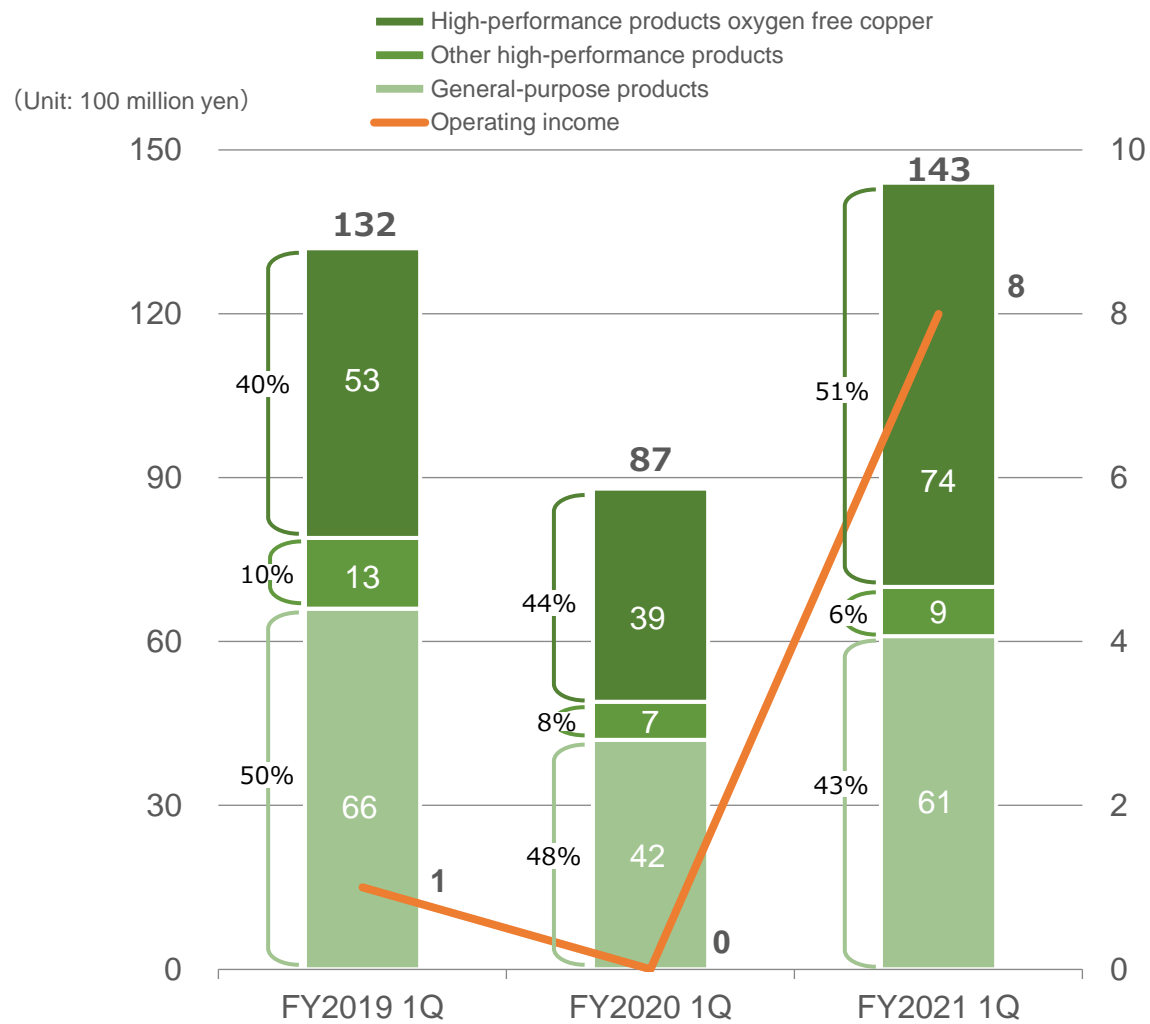
◆ Communication cable (Construction) Metal cables, optical cables, Lan cables	Despite favorable factors such as the strengthening of communication infrastructures, demand decreased in the construction-related sector.
◆ Communication cable (Communication infrastructure) Metal cables, optical cables	
◆ Wire harness (Home and industrial equipment, etc.)	Recovered from the slump in demand caused by COVID-19.
◆ Precision devices (Copy machine, etc.)	

Topics

Press release on July 8	Market launch of improved Cat.6A LAN cables
-------------------------	---

*The new accounting standard has been applied only to the results for the first quarter of FY2021.

Electrical equipment and components Operations 1Q Results



Results

◆ High-performance products oxygen free copper (Automobile, electrical equipment, etc.)
Oxygen free copper MiDIP®

Demand for high-performance products for automobiles and electronic components was strong.

◆ Other high-performance products (Automobile, electrical equipment, etc.)
Copper Alloy, High performance magnet wire

◆ General-purpose products (Electrical machinery applications etc.)
General-purpose magnet wires

Demand for general-purpose magnet wires for heavy electronics continued to be sluggish.

Topics

Press release on July 20

Introduction of carbon-neutral city gas

*The new accounting standard has been applied only to the results for the first quarter of FY3/22.

FY2021 : Forecast

- While there are concerns that the impact of COVID-19 will continue, the Company plans to increase sales and profit in FY2021 by capturing demand for environment-conscious products.

(Unit: 100 million yen)

	FY2020 Actual	Composition %	FY2021 Plan	Composition %	Change	Change %
Net sales	1,617	—	1,800	—	+183	+11.3%
Gross profit	218	13.5%	—	—	—	—
Operating income	76	4.7%	86	4.8%	+10	+13.3%
Ordinary income	78	4.8%	83	4.6%	+5	+6.9%
Net income attributable to owners of parent	50	3.1%	68	3.8%	+18	+36.9%
Dividend/ Payout ratio	20 yen	12%	40 yen	18%	+20 yen	—



Creating for the Future

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

Contact

SWCC SHOWA HOLDINGS CO., LTD.
STRATEGY SECTION,
BUSINESS STRATEGY PLANNING DEPT.
TEL:044-223-0520

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

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.