



December 24, 2021

Company Name: Furukawa Electric Co., Ltd.  
(Code: 5801 TSE First Section)  
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**Notice Concerning the Consolidation of Manufacturing into SFCC Co., Ltd., the  
Jointly Funded Sales Company Established with SWCC Showa Holdings Co.,  
Ltd. for the Sales of General-purpose Power Cable for Construction and  
Wholesalers, and the Change to the Investment Ratio**

Furukawa Electric Co., Ltd. (hereinafter “Furukawa Electric”) has reached an agreement with SWCC Showa Holdings Co., Ltd. (hereinafter “SWCC”) as stated in the attachment to consolidate the manufacturing operations of our group and those of the SWCC group into SFCC Co., Ltd., the jointly funded sales company established for sales of general-purpose power cable for construction and wholesalers, as well as to change the investment ratio in SFCC Co., Ltd. of Furukawa Electric and SWCC.

This consolidation of manufacturing operations and change in the investment ratio will not have a material impact on the financial results for the fiscal year ending March 2022.

Attachment: Notice Concerning the Consolidation of Manufacturing into SFCC Co., Ltd., the jointly funded sales company established for sales of general-purpose power cable for construction and wholesales, and the change to the investment ratio

End of Document

(Attachment)

December 24, 2021

SWCC Showa Holdings Co., Ltd.

(Code: 5805)

Furukawa Electric Co., Ltd.

(Code: 5801)

**Notice Concerning the Consolidation of Manufacturing into SFCC Co., Ltd., the jointly funded sales company established for sales of general-purpose power cable for construction and wholesales, and the change to the investment ratio**

SWCC Showa Holdings Co., Ltd. (Representative Director and President: Takayo Hasegawa, hereinafter “SWCC”) and Furukawa Electric Co., Ltd. (Representative Director and President: Keiichi Kobayashi, hereinafter “Furukawa Electric”) started operations of the jointly funded sales company SFCC Co., Ltd. (hereinafter “SFCC”) on April 1, 2020 to conduct sales of general-purpose power cable for construction and wholesalers. Presently, the companies have agreed to consolidate the manufacturing operations of both corporate groups into SFCC and subsequently change the investment ratio of each company. The examination by the Japan Fair Trade Commission has adequately been completed, and the necessary procedures will be carried out with the aim of executing the consolidation effective July 1, 2022.

1. Background and objective of consolidating manufacturing

The construction and wholesaler markets in Japan are expected to contract over the medium to long-term due to structurally lower demand in regions outside the Tokyo metropolitan area and fewer new residential housing starts following the nationwide population decline. Given this, SWCC and Furukawa Electric started operations of the jointly funded sales company SFCC on April 1, 2020 with the aim of forming a business partnership in general-purpose power cable for these markets. Since being established, SFCC has worked to streamline sales operations and centrally manage inventory, as well as expand the product lineup and deliveries and raise the overall level of customer service. In order to further enhance the effect of these efforts and given the accelerated changes in the business environment due to growing COVID-19 infections and soaring raw material and logistics costs, the current agreement was reached based on recognition of the need to increase the merger benefits by effectively conducting both manufacturing and sales at SFCC and thereby survive within the market.

2. Overview of the manufacturing consolidation

Of the overall manufacturing operations concerning general-purpose power cable for construction and wholesalers conducted by SWCC Showa Cable Systems Co., Ltd. (Representative Director and President: Yukio Kawase, hereinafter “SWCC Cable Systems”), a wholly-owned subsidiary of SWCC, and Furukawa Electric Industrial Cable

Co., Ltd. (Representative Director and President: Yusei Shirasaka, hereinafter “FEIC”), a wholly-owned subsidiary of Furukawa Electric, they will transfer to SFCC the manufacturing operations related to the products currently being sold by SFCC under the SWCC FURUKAWA brand (specifically including IV, CV (6.6kV and under), CVV, VVF, VVR and environmentally-friendly power cable). However, aluminum conductor products are continuously manufactured by FEIC.

Also, following consolidation, manufacturing will be centralized in the Mie Plant and Ibaraki Factory of SWCC Cable Systems, and it is planned to suspend operations at FEIC’s Tochigi Factory.

### 3. Change to the investment ratio

As part of the manufacturing consolidation, SFCC will increase capital stock through a third-party allotment equal to the value of the businesses transferred by each group, and this allotment will be accepted by SWCC and Furukawa Electric, respectively. As a result, the current investment ratio of 60% SWCC and 40% Furukawa Electric is planned to change to 80% SWCC and 20% Furukawa Electric.

### 4. Future outlook

The transfer of manufacturing operations from SWCC Cable Systems and FEIC and the change to the investment ratio following the third party allotment by SFCC are both planned to take effect on July 1, 2022.

### 5. Overview of SFCC (as of December 24, 2021)

(1)	Name	SFCC Co., Ltd.
(2)	Abbreviated name	SFCC (Showa Furukawa Cable Co., Ltd.)
(3)	Brand name	SWCC FURUKAWA
(4)	Head office	1-14, Nisshincho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture
(5)	Name and title of the representative	Mitsuaki Kurosu, Representative Director and President
(6)	Business description	Sales of power cable and cable for construction and wholesalers, as well as their accessories and related materials *From July 1, 2022, it is planned to add the manufacture of the products stated above (excluding aluminum conductor products) to the business description.
(7)	Capital stock	490 million yen *Capital stock from July 1, 2022 remains undetermined.
(8)	Start of operations	April 1, 2020
(9)	Fiscal term closing	March
(10)	Investment ratio	SWCC: 60% Furukawa Electric: 40% *From July 1, 2022, these ratios are planned to change to

	SWCC: 80% and Furukawa Electric: 20%.
(11) Branch offices	Head office (Kawasaki), Kansai Branch, Chubu Branch, Tohoku Branch, Kyushu Branch *From July 1, 2022, it is planned to add the Mie Plant and Ibaraki Factory as manufacturing locations to the above list of branch offices.
(12) Net sales (Year ended March 31, 2021)	39,540 million yen

#### 6. Impact on the financial results of SFCC

The manufacturing consolidation will not have a material impact on SFCC's financial results for the fiscal year ending March 2022.

#### Contact

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