



*Change and Grow
for The Future*

Change and Grow

In April 2023, we started anew as SWCC Corporation and formulated our purpose as a guide to reach peaks that are still yet to be seen. Looking toward a better future, we will create new value and achieve sustainable growth by further strengthening and deepening our three core business segments and by boldly transforming ourselves.

SWCC Purpose

Innovating new ideas today.

Becoming the norms of tomorrow.

We're here to face the challenges resiliently
in this changing world.

With our brilliant technology,
strong passion and sympathetic thoughts,
we ensure the highest quality and reliability of our products.

Not only with our traditional cable
and wire for infrastructure,
but also with our new products
and services to enrich our planet,
we will never stop challenging for a brighter future.

for The Future

Transformation



Management Strategy

Accelerate our growth strategy in line with the SWCC Purpose. Through growth investments, we will expand into new fields and transform ourselves into a solution-oriented company.

→ For details **pg. 23-26**



Financial Strategy, Capital Strategy

Improve capital profitability by deepening ROIC management. We will strengthen our financial base by accumulating profits.

→ For details **pg. 27-28**



Human Capital Strategy

The SWCC Group will promote a human capital strategy that is linked with our management strategy. We aim to be a diverse and talented group of people who can respond to the changing times.

→ For details **pg. 29-30**



Technology Development Strategy

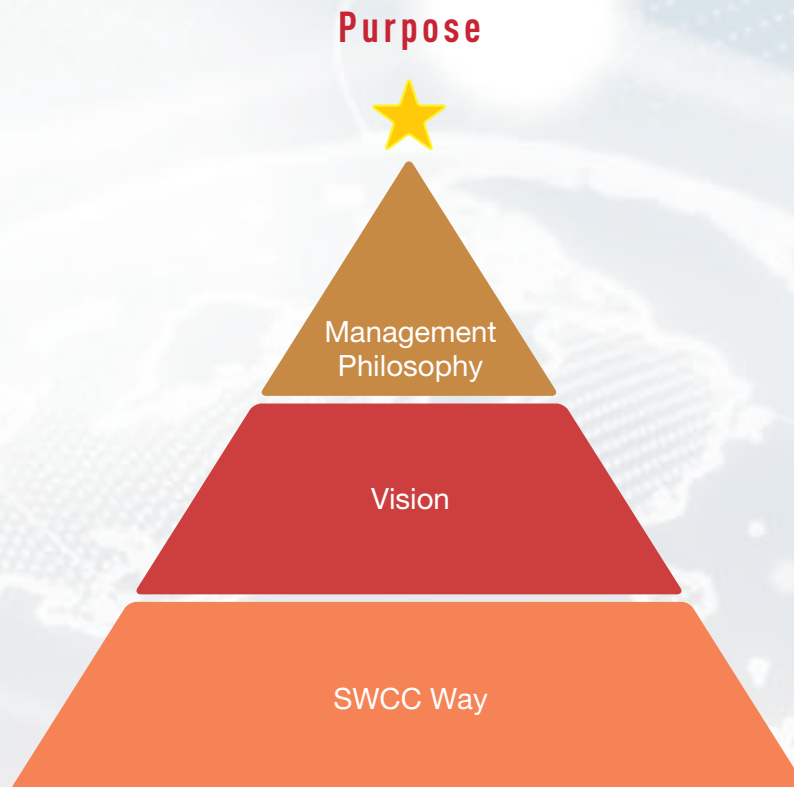
Open up next-generation business areas. We will create new advantages for SWCC group by mixing existing businesses and new business areas together.

→ For details **pg. 31-32**

Management *Philosophy*

The SWCC Group strives to be trusted

SWCC Group's Philosophy Structure



Management Philosophy.....The SWCC Group strives to be trusted

VisionSWCC aims to become a solution-oriented manufacturer!

SWCC Way (Code of Conduct)

Creating value through “swiftness,” “passion,” and “thinking before acting”

Swiftness

- We are always conscious of time as an important management resource, and act with an emphasis on speed
- Reporting, communication, and consultation are done promptly
- When a problem arises, we will promptly resolve it, analyze the true cause, and prevent recurrence

Passion

- We are not afraid of failure, and constantly challenge ourselves to change
- We act with courage to break away with customs that do not fit the times
- We value the trust of our customers and respond with sincerity and care

Thinking before acting

- We think and act proactively on our own without being bound by precedent or waiting for instructions
- We are always aware of compliance and are committed to performing work and actions that we can proudly tell our customers and family members about
- We will create a rewarding working environment for each and every employee by always remembering to be considerate of others

Editorial policy

In this Integrated Report, we encourage reforms based on the medium-term management plan, take steps toward 2030, and store up new strength. Introducing the initiatives of the SWCC Group. Furthermore, to give you a deeper understanding of the SWCC Group, we have worked to enhance the information we disclose regarding messaging from senior management, management capital, medium-term management plans, progress regarding materialities, descriptions of business in major business segments, and sustainability efforts.

- **Period of the Integrated Report**
April 1, 2023 to March 31, 2024 (fiscal 2023)
* However, this also includes some past and recent activities.
- **Scope of the Integrated Report**
SWCC Corporation and Consolidated Subsidiaries (eight domestic, seven overseas) and affiliated companies accounted for by the equity-method (four overseas)
- **Referenced guidelines**
 - IIRC (International Integrated Reporting Council), "International Integrated Reporting Framework"
 - GRI (Global Reporting Initiative), Sustainability Reporting Standards
 - Japanese Standards Association, "JIS Z 26000: 2012 Guidance on Social Responsibility"
- **Month/Year published**
August 2024 (next scheduled publishing date: August 2025)
- **Other**
The company brochure, annual securities report, and other company information are available on the SWCC Group's website.

From the publisher on issuance of the SWCC Group Report, Integrated Report 2024

We thank you for looking over the Integrated Report 2024. Fiscal 2023 was our first year as the new SWCC Corporation. During that year, we pushed forward day after day to achieve sustainable growth and create value. Fiscal 2024 stands as a turnaround point for the "Change & Growth SWCC 2026" medium-term management plan. This report presents in detail the results of the first half of the plan, as well as the rolling details looking toward the plan's second half.

Going forward, we will work together with our customers, shareholders, business partners, and society as a whole to create a better future. We hope that this report will help to deepen your understanding of the SWCC Group. We look forward to your continued support.

August 2024

Noriyuki Shiga

SWCC Corporation Fellow

General Manager of the Sustainability Promotion Dept.

Forward-looking Statements

The Company's current plans and strategies and our outlook for the future in this Integrated Report are based on information currently available to us that we consider to be reasonable at this time, and involve risks and uncertainties. Actual results may differ from those predicted by the forward-looking statements due to various factors.

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Trajectory of Value Creation

History of Value Creation and Innovation

1936~

1970s~

Era	Dynamic Growth Phase Since 1936	Dynamic Growth Phase Since 1970s
Historical background	Postwar Recovery and High Economic Growth (development of the markets for power and data cables)	“Bubble” Economy, Internationalization, Environmental Problems (enter non-electric wire fields that make use of existing technologies)
The value that the SWCC Group provides	<ul style="list-style-type: none"> • After starting operations, in 1937 the company began manufacturing and selling bare copper wire, followed in 1938 by doing the same work with power and communications cables. Thereafter, responding to the demands of postwar reconstruction and high-rate economic growth, the company supported the development of electric power and telecommunications infrastructure networks. • In our pursuit of the quality offered by oxygen-free copper wire and efforts to save space in our manufacturing facilities, we were the first to introduce General Electric's dip-forming system in Japan. Furthermore, in 1969, we started to manufacture hard-drawn wire. While oxygen-free copper itself was not well known at the time we introduced it, we have made a variety of improvements and built a system for supplying high-quality oxygen-free copper. <div data-bbox="261 1144 794 1496">  </div> <p data-bbox="261 1507 411 1570">Kurobe River Power Transmission Project (1956 photo)</p> <div data-bbox="491 1489 794 1720">  </div> <p data-bbox="655 1727 794 1749">Dip forming system</p>	<ul style="list-style-type: none"> • Making use of rubber material technologies for electric wires, in 1979 SWCC began the manufacture and sales of heat rollers for electronic copiers. We responded to the growing need for copiers as we entered the information age. • Making the most of the technologies of rubber itself that were developed in making vibration control rubber derived from electrical wire, SWCC entered the laminated rubber isolator business in 1985. Buildings constructed with laminated rubber isolators have demonstrated in multiple great earthquakes that have occurred to date that had seismic-isolation effects, and they have protected lives and property from earthquake shaking. Furthermore, they also minimize the damages earthquakes cause to social infrastructure and contribute toward speedy recovery. <div data-bbox="871 1144 1281 1391">  </div> <p data-bbox="1294 1144 1377 1160">Heat rollers</p> <div data-bbox="949 1397 1406 1720">  </div> <p data-bbox="1294 1727 1406 1749">Seismic isolator</p>
Impact on society	<ul style="list-style-type: none"> • Contribute to the development of such social infrastructure as the electrical power and communication networks essential to social life • Meeting new needs such as electric vehicles by high-quality oxygen-free copper with superior workability 	<ul style="list-style-type: none"> • With the spread of copy machines, contributions to information sharing and improved business efficiency in business settings in offices have been made • Improvements in earthquake-proofing thanks to laminated rubber isolators delivered safety to cities and infrastructure and greater resilience against disasters

Our Company was spun off from the electric wire division of Tokyo Electric Company (currently Toshiba Corporation) in 1936. The name of the company at the time, which was Showa Electric Wire and Cable Co., Ltd., resonated with the ideas and philosophy at the start of the Shōwa era (1926–1989) which was “happiness and world peace for everyone.” Furthermore, the use of “cable” (written using older character forms) injected the determination for the company to grow into a major enterprise that would manufacture and sell wires and cables of all types. Since our founding, we have continued to create and to take on challenges, bringing forth and developing products that create new value for society. We will carefully hand down the ideas of our predecessors who themselves overcame the adversities of their times, as we respond to the changes of the times to come and contribute toward realizing a sustainable society.

2000s～

2023～

Maturation Phase Since 2000s

The Spread of Information Networks, Changes in Social Conditions (the Company's unique brand strategy)

- In 2006, the Company transitioned to a holding company structure, and changed its trade name to SWCC SHOWA HOLDINGS CO., LTD.
- We have unified our compact power equipment line, which comprises power connection components for connecting power equipment, under the “SICONEX” brand name. SICONEX responds to the need for infrastructure resilience.
- In 2017, we began selling “MiDIP” high-performance oxygen-free copper cable. We are satisfying the needs for an in-vehicle field that calls for high-quality oxygen-free copper with superior workability.



SICONEX



MiDIP



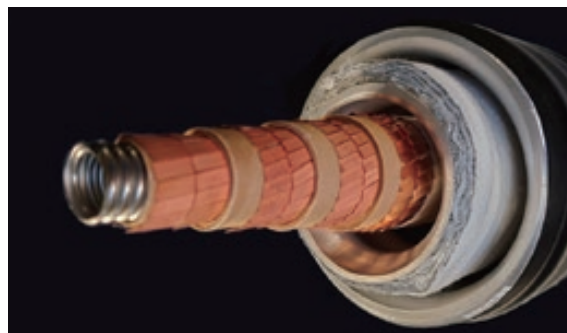
e-Ribbon

- **SICONEX** responded to growing energy market demand based on improved **power network resilience and revived demand**
- In response to growing interest in global environmental problems, we put practical use toward accelerating the transition to xEV and expediting electrification of mobility solutions beyond automobiles **xEV proliferation and the promotion of the electrification of non-automotive mobility products**
- **e-Ribbon**, which allows for thinner and denser optical fibers and improves the workability of wire-laying tasks, has contributed to the development of telecommunications infrastructure

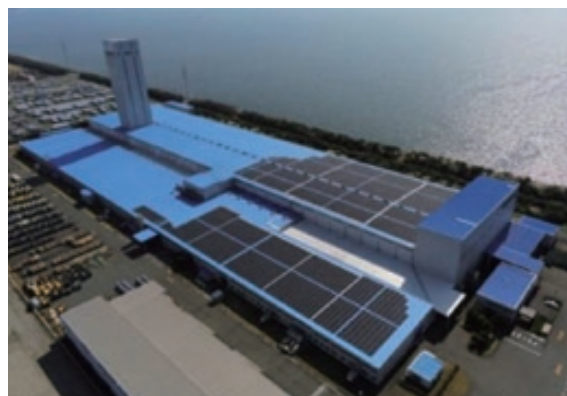
Start as the SWCC Group (2023 -)

Transitioning toward a sustainable society, and a society of global warming and decarbonization (transitioning toward sustainability and offering solutions)

- In 2023, we reorganized our management structure from a pure holding company to an operating company, and changed the company name to “SWCC.” Based on a Group foundation strengthened by the consolidation of corporate functions, the streamlining of administrative functions, and the establishment of a segment-based business structure, we will further accelerate the speed at which we formulate and implement strategies.
- Based on our newly formulated purpose of “Innovating new ideas today--becoming thenorms of tomorrow,” the SWCC Group aims to evolve from an all-around wire manufacturer to a solution-oriented manufacturer. We will work toward becoming a company that supports a sustainable society by offering a variety of solutions.



Three-phase coaxial superconducting power cable



The introduction of renewable energy (solar panels at the Aichi Factory)

We aim to be a company that solve social problems and supports a sustainable society through **our solutions-oriented business.**

Business and Presence

Business Activities and Sources of Value Creation

The SWCC Group is developing its Energy and Infrastructure business, Electrical and Electronics Components business, Communication and Industrial Devices business, and New business segments based on the technology and knowledge cultivated over many years in the fields of electric wires and cables.

We will respond to the changing times, continue to take on new challenges, and create new value.

Energy and Infrastructure Business



SICONEX

The core business of the SWCC Group which creates social infrastructure

Energy infrastructure is a core business for the Group. Since our founding, we have supported social infrastructure by providing to the world a wide variety of products—mainly electric wires and cables—that run from power plants to homes, as well as products that protect human lives and infrastructure from disasters such as earthquakes and fires. The SWCC Group pursues high-quality products and solutions that support the new era by adapting power cables, power equipment products, and seismic isolation products to the needs of the times. This achieves labor savings and safety through miniaturization and weight reduction. Our unique high-voltage power cable connector “SICONEX” shortens construction time, improves work efficiency, and has excellent earthquake resistance. With “SICONEX” at the core, we provide connection installation systems covering cables, machine components, installation, and maintenance. At the same time, we are also promoting our SICOPLUS strategy, which aims to improve efficiency and reduce the labor used for connection work and add sustainable human resource development programs.

Electrical Equipment and Components Business



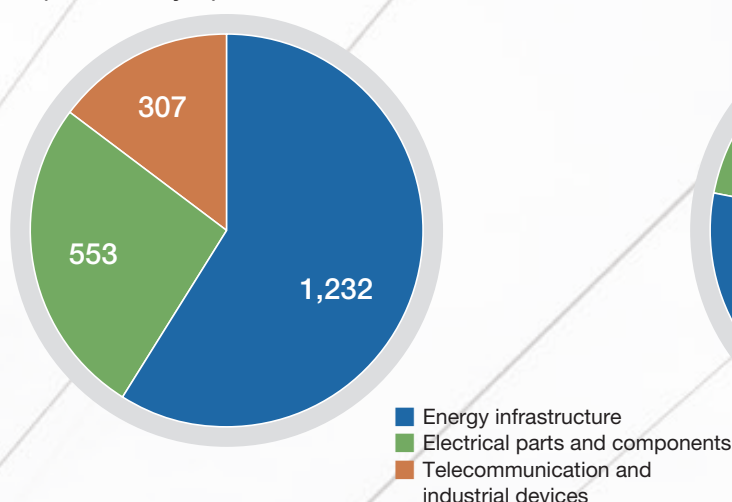
MIDIP

Accelerating the evolution of the world by utilizing the advantages of our proprietary technologies

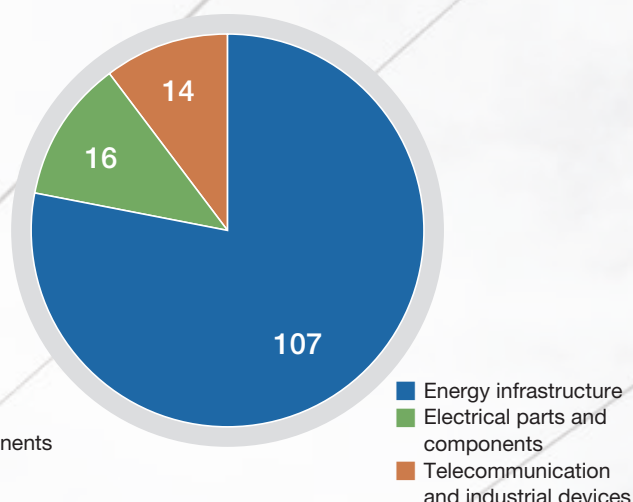
We are taking on the challenge of establishing a dominant position in growth markets, centered on our high-quality performance material technologies. The dip forming system at the Mie Plant—the only one in Japan—is a production method in which the entire process from feeding to rolling electrolytic copper is carried out completely isolated from the atmosphere by performing it in atmospheric gas and in a vacuum, and then doing everything from casting in crucibles to rolling and winding based on thoroughly undertaken anti-oxidation measures. The MiDIP oxygen-free copper produced by this process is extremely pure and has superior workability. Accordingly, demand for it in the automotive field has been growing as the size of EV engines has grown smaller. Furthermore, copper-silver alloy wire, which has high strength, high conductivity, and excellent bending resistance, is also expected to be used in a variety of fields.

We are responding to our customers' expectations and requests by expanding our perspective beyond the domestic market to also include foreign markets. Through working with group companies to innovate based on the three core elements of quality, cost, and speed, we will further strengthen the competitiveness of our products.

■ FY2023 sales ratio by business segment
(100 million yen)



■ FY2023 operating income ratio by business segment
(100 million yen)



Communication and Industrial Devices Business

Leading the era of high-speed, high-capacity communications with a variety of solutions

We provide devices and products in a wide variety of fields, including the communication cables essential to telecommunications, the wire harnesses used in consumer electronics and electronic equipment, parts for copiers, and cables for factory automation equipment.

Working in cooperation with Group and partner companies both in Japan and abroad, we are applying the latest production technologies toward the development of a variety of products. e-Ribbon, our intermittent adhesive ribbon developed making use of optical design technology, maintains its easily modified, flexible characteristics while making it possible to precisely connect large volumes of optical fiber.

In an era where people and things are connected with one another everywhere, we are supporting the evolution of a connected society by deploying our abundant technology and experience and working to further improve quality and added-value of various device solutions.



e-Ribbon

Support for the Solutions Business

Developing growth markets that bring innovation to society

We offer creative products utilizing our core technologies in growth fields such as automotive, factory automation, medical care, AI, and robotics. In the automotive field, where the switch to EVs and automated driving is rapidly progressing, we are developing such solutions as in-car wireless power feed coils. Looking forward, we will push initiatives to expand our lineup of products intended for the next-generation of bullet trains and to commercialize our superconductor-related products.

In the IT field, in collaboration with our Group company AXIO Corporation, we provide products and services that support such industrial circles as the RPA & AI businesses, the next-generation infrastructure business, and the integrated authentication infrastructure business. With regard to the Zero Trust business, we are switching to a subscription-based, high-profitability business model.

We will pursue new possibilities for the SWCC Group in collaboration with other business segments by developing high value-added products and solutions.



Three-phase coaxial superconducting cable system

**Shaping a Culture that
Takes on the Challenges
of Both Reform and
Growth**

Change and Grow for The Future



長谷川 隆代

SWCC Corporation
Executive President and
Representative Director (CEO)

The SWCC Group has changed greatly over the past six years

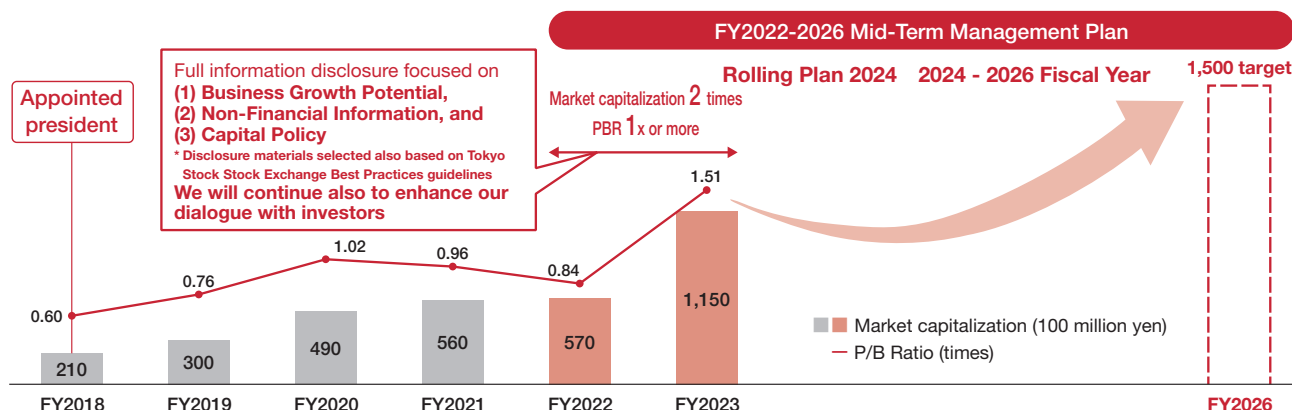
The SWCC Group has changed greatly over the past six years.

When I took over as president in 2018, the first job I undertook was to improve our financial position. First, based on the strong belief that nothing will be possible without turning ourselves into a company that can generate steady profits, we have been working to reform the management that has been in place. Many reforms have in fact been implemented and been able to achieve the expected effects. These include governance reforms, business structure reforms, portfolio transformation based on ROIC as an indicator and dealing with problem businesses, and a relocation project considering the entire company aimed at improving capital efficiency. As a result, in the fiscal year ending March 31, 2024, we achieved the highest profit since our founding of 12.8 billion yen with an ROIC of 8.3%, which we believe shows good progress toward achieving the

objectives of our medium-term management plan. We are still only half way there, but the SWCC Group is certainly changing.

We believe that we have also won a certain degree of approval from the capital markets for these efforts by the SWCC Group. As to our “capital policy” and “shareholder return policy” based on the “dialogues to achieve management cognizant of capital costs and stock prices” that has been implemented over the past year, this together with our growth strategy has met with approval from most of our shareholders and investors. Our P/B ratios that were once less than 1.0x have risen to around 1.8x recently. In light of such approval from the capital markets as well, we have a real sense of how the SWCC Group is going through significant changes both in name and substance, as well of the expectations thrust upon us by our many stakeholders, including all of our shareholders and investors.

Mid-Term Management Plan and Trends in Market Valuation



The Current Business Environment and Results for FY2024

Two years ago, the SWCC Group adopted a mid-term management plan, “Change & Growth 2026.” Over these two years, we have been working hard to change ourselves significantly toward achieving still further growth. Directing our attention to the business environment at hand, we can see that raw material and energy prices remain high against a backdrop of uncertain international conditions. Here in Japan, the normalization of economic activities is progressing, and wage hikes involving both the government and business worlds are accelerating. Furthermore, supported by fiscal and monetary policies that suggest monetary easing and steady movement is apparent in construction-related and power infrastructure-related markets.

In the fiscal year for March 31, 2024, while there was a sense of slowness at the start in our core energy and infrastructure businesses in the first half, demand in our construction-related and other businesses grew higher than foreseen in the second half. As a result, we saw a generally solid performance. Contrarily, the expected results were not obtained in the electrical equipment and components businesses. With the expected period of transition to battery

electric vehicles (BEVs) in Japan, the US, and Europe being delayed, plugin hybrid vehicles (PHVs) and hybrid vehicles (HVs) have been showing strength, with demand having recovered for some segments. However, the harshness of the market for general-purpose products intended for industrial equipment including motors and transformers was apparent. In the Communication and Industrial Devices business, with construction-related businesses remaining strong high-speed communication cables for ADAS presented a steady start. However, the economic downturns in China and Vietnam and the sluggishness in demand for household appliances in Japan cast a shadow over the business. Based on such a business environment, our results for the fiscal year for March 31, 2024, were led by our favorable energy and infrastructure business. We expect the strength of this business to continue in FY2024. However, when it comes to the Electrical Equipment and Components Business and the Communications and Industrial Devices Business where performance declined from the previous year, we believe we will need to look directly at the current situation and come up with an improvement plan.

How Should We Utilize Our Technological Strengths for the Future?

Our business is something that should grow steadily every year, and I instruct our management team to always think about what should be done to achieve that. In May 2024, we announced “Change & Growth SWCC 2026 - Rolling Plan 2024,” a rolling medium-term management plan with a form for incorporating changes to the business environment that faces us. This rolling plan was designed to add to inorganic growth—accomplished by the steady pursuit of specific initiatives such as our Business Development (BD) strategy aimed at shifting to a growth phase in the future—to organic growth from the further strengthening of our three core businesses. Our operating income target under the rolling plan has been set at 17.0 billion yen, a 2.0 billion yen-revision upward from the pre-plan target. This target is to be achieved solely through organic growth based on our core businesses, with plans to further pursue the upside in addition to inorganic business growth through our BD strategy.

<Growth of Core Businesses>

Among our core businesses, we expect to see the greatest growth in the Energy & Infrastructure segment. Particularly when it comes to the electrical power and infrastructure business, we expect demand to increase in the medium-term due to the aging and resilience improvements to the power grid, the development of renewable energy, and the expansion of data centers. Given these market conditions, the need to further increase productivity has also become apparent, and we are moving to look into making additional investments.

With regard to the Electrical Equipment and Components Business, while the shift to BEVs has been pushed back

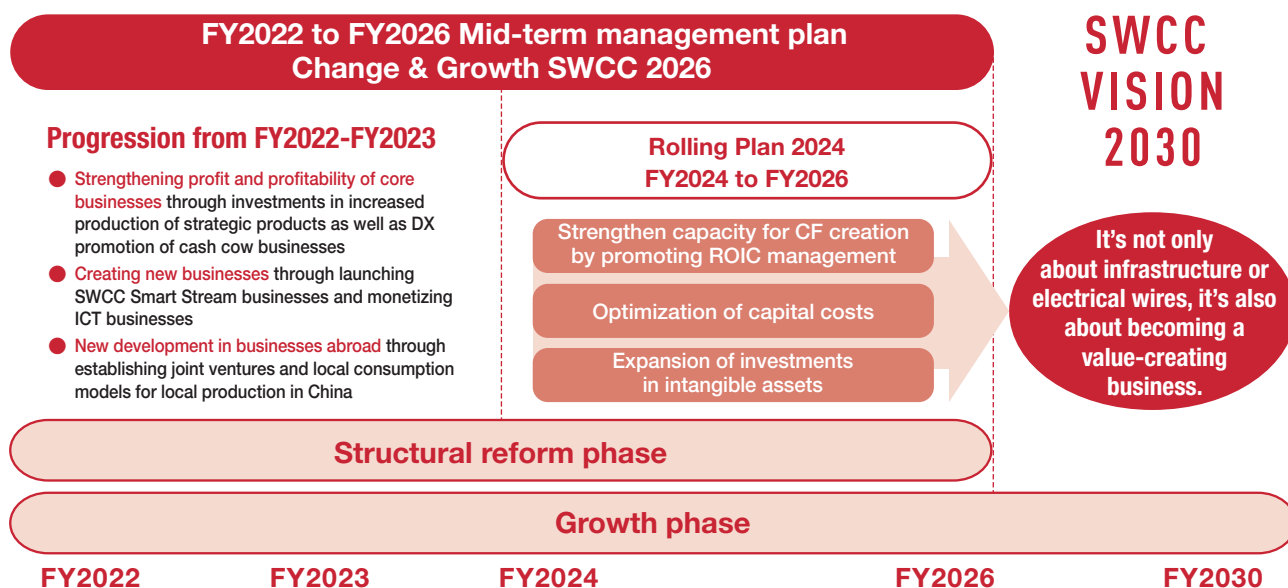
somewhat, given the strong demand for HVs and PHVs we will proceed with such steps as replacing production facilities in order to seize business opportunities in all directions with regard to motor-equipped vehicles. Furthermore, to address growing customer demand for low-carbon components, we will expand sales by introducing such high-performance products as green vehicle winding wire that reduces CO₂ emissions in the manufacturing by around 80 percent.

With regard to the Communications and Industrial Devices Business, we have factored in delays in our plans for wire harnesses and precision devices to revise downward our final targets for the fiscal year. However, we will also explore the possibilities for development in conjunction with initiatives under our business development strategy.

<Business Development Strategy>

One of the factors that lay putting together our business development strategy under the current rolling plan was that we believed, in order to achieve growth, it would be necessary to change our business portfolio to fit the business environment and the state of the company as we wanted it to be. Thus far, we have been working to reform our three core businesses with a definite policy in hand. However, it is possible that growth through reform will eventually slow down amid changes in the economic situation. The point of our business development strategy is to broaden the scope of our businesses and expand into new areas, even in light of such risks. We envision new business development in areas where we can complement our new domain technologies and customer base by applying the strengths we have developed as a group.

Position of Rolling Plan 2024





If, under our “Change & Growth” themed medium-term management plan, we have spent the past two years working mainly on “Change,” the next three years or so will see us with our minds set strongly on “Growth.” The announcement of our Business Development Strategy is nothing other than an expression of this intention. Be that as it may, by taking measures to further expand the upside in less than three

years under the rolling plan, we want to take a big step closer to taking on the form we want to have by 2030.

Also, in order to ensure that we achieve our medium-term management plan, we have also strengthened our executive officer structure beginning in June 2024. With the goal of speeding up the work of managing our business, a CEO-COO-based structure will drive execution in the future.

Dissemination of SWCC Purpose is proceeding but incomplete

The SWCC group gone through significant changes and has shown improvement in terms of performance. The various reforms that we have been strongly pushing forward with over the past six years are bearing fruit, and winning the endorsement of the capital markets. In 2023, SWCC Showa Holdings, SWCC Showa Cable Systems, and SWCC Showa Unimac were merged to form a new company and renamed SWCC Corporation. The SWCC Purpose, which could even be described as our foundation, was also formulated, and we have been pouring our efforts into its dissemination. However, it must be said that there are still many challenges. Of course, among our employees too, there are many members who sympathize with the reforms we are enacting and are willing

to take the initiative. That said, we can also see from looking at employee engagement surveys that there are a certain number of employees who understand the direction that management is indicating, but feel that they just cannot get accustomed to it, or that their feeling of distance from management is too far to bridge. Even though steady progress is being toward meeting our goals, it would seem there is still have some way to go in transforming our corporate culture. I feel a strong sense of crisis about this point. This is because SWCC Group is a manufacturing company, and it is precisely because we have employees who are on the front lines making products that we are able to provide so much value to our customers and society.

How Should We Utilize Our Technological Strengths for the Future?

In the SWCC Purpose, you will find the following: “Innovating new ideas today. Becoming the norms of tomorrow.”

The reason why we, as a comprehensive electric wire manufacturer, have been able to put together the history we have is due to the superior technological capabilities we have cultivated over the years. I have been involved with research and development as an engineer and researcher ever since I joined the company in 1984, so I have a greater attachment than others to the technological development of our Group. I would like the Technology Development Division at the corporate level and the technology development departments of each business unit to work with higher aspirations than ever before. However, there was also a long period of poor performance, one in which we were too cautious about boldly concentrating management capital to take on new challenges. Of course, it would not be sensible to scatter investments all directions as if there was no end to them. The chief prerequisite is for us to carefully assess our technological advantages and which path we should take. Beyond this, I believe we need a bolder concentration of capital.

On the other hand, succeeding as a business will enter a



difficult phase with the idea that we should commercialize only those kernels of ideas that we have nurtured ourselves through our ongoing research and development work. The era has arrived in which the stress is placed on the idea of looking at big trends in the world and technological trends, and then looking for those domains in which we can demonstrate our strengths in keeping with those trends. Our engineers and researchers also have their eyes on what is going on outside the company. What they need to do is to grasp the major trends that are being discussed at universities, symposia, and academic conferences. Then, they can think seriously about where they fit into all of this, what they can do, and bring their thoughts into focus. Another important concept to remember that will be essential to future research and development is “data-driven R&D.” Considerable time and effort has been spent on experiment-based trial and error work to date. However, going forward we will be shifting to a more efficient method that increases the accuracy of success by establishing a process for digitally-based calculations undertaken prior to the experiment.

In order to launch new businesses, while you of course need to have strong sales capabilities, the most important thing is for engineers and researchers to continue to perform at the highest levels. Therefore, what I want is for SWCC Group’s engineers and researchers to have higher aspirations than ever before, direct themselves toward new approaches to manufacturing in line with social trends, and proactively take on challenges.

In February 2024, in collaboration with Tohoku University, we established the SWCC x Tohoku University High-Performance Metals Co-Creation Institute. Our group has high expectations for this as an initiative that combines the technology and expertise related to metals that we have accumulated with the knowledge that Tohoku University has.

Sustainable Initiatives to Support Sustainable Growth

The element that supports and sustains our superior technological capabilities is our human resources. It is people who keep their eyes on social developments and technological trends. It is precisely with the help of people that you can seize the business opportunities before you and respond to them with certainty while maintaining quality. In order to better hand matters over to the next generation of management team, we believe it is important to bring in and nurture talented people so that the SWCC Group will become a better company in the future. This is an important mission for the current management team who have been put in charge of the SWCC Group today. As to the materialities that

we will tackle for the future, we are setting targets in such categories as “People,” “Technology,” “Environment,” “Community,” and “Governance,” and work to find solutions.

When it comes to governance, it is extremely important that the Board of Directors displays sufficient supervisory functions while we receive valuable opinions from outside directors. When it comes to the ultimate judgements regarding technologies, SWCC Group is willing to trust in and leave it up to the execution side. As Chairman of the Board of Directors, I am keenly aware of this balance between “offense” and “defense” from the perspective of governance.

To Our Stakeholders

As I have already mentioned, under the Medium-Term Management Plan, we were able to move forward with structural reforms and also steadily lay the groundwork toward new growth when it comes to both growth-driving businesses and problem businesses. When it comes to the drivers SWCC Group has pursued to date, including initiatives for ROIC management strongly focused on improvements to capital efficiency, that this has received a certain degree of approbation from our shareholders and investors can also be confirmed in the form of vast improvements to our P/B ratios.

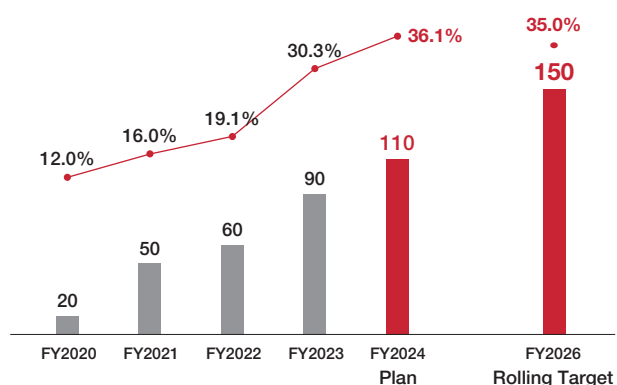
That said, on the other hand we have not been able to present a clear path to our shareholders and investors with regard to those areas corresponding to inorganic growth. Our belief is that, going forward, we might be able to further strengthen and clarify the growth potential of our businesses going forward by elucidating these. In this context, I believe that SWCC group will not be just a comprehensive electric wire manufacturer. We will also be able to proactively propose solutions and services for solving the problems faced by society and our customers, and offer a stance prepared for a space not bound by the existing business framework.

As one of our numerical targets, the Company aims to achieve a dividend payout ratio of 35% or more and a DOE (dividend payments divided by shareholders' equity) ratio of 4% or more in the final year of the medium-term management Rolling Plan. With regard to our shareholder returns policy, we intend to further improve capital efficiency by, for example, comprehensively taking into account the capital needs for growth investments and other factors while also looking into opportunistic share buybacks. In addition, for customers who use the SWCC Group's products and services, we will continue working to provide better quality and added value.

Reform and growth of SWCC Group still lay down the road toward achieving the state we wish to achieve by 2030.

I very much hope you will look forward to the future of an SWCC Group that is working seriously toward reforming its corporate culture and grows with all Group employees as one.

■ Trends in dividends per share (yen) and payout ratios



Value Creation Story

The SWCC Group will continue to transform its business portfolio to realize the “ideal state” set forth in SWCC VISION 2030, a vision that extends through fiscal 2030 (fiscal year ending March 31, 2031).

Energy and Infrastructure Business

- Extra high-voltage cables
- Electrical power equipment components (SICONEX)
- Overhead power lines
- Industrial wires and cables
- Fire extinguishing/prevention cables
- Electrical materials
- Seismic isolation, vibration control and isolation

Electrical Equipment and Components Business

- “MiDIP” high-performance oxygen-free copper cable
- Copper alloys
- Various types of magnet wires
- Litz wire

Communication and Industrial Devices Business

- Optical fiber cables
- LAN cables
- Wire harnesses
- Heat rollers

Support for the Solutions Business

- Zero trust security
- SWCC Smart Stream
- Superconducting cable system

Current Businesses

Mid-Term Management Plan

Change & Growth SWCC 2026

FY2022 through FY2023

Comprehensive electric wire manufacturer

- Support growth as a “cash cow” business
- Evolve core technologies

Medium-Term Rolling Plan 2024

Delivery of High Value-Added Products

- Expand high-value added products and promote downstream strategies
- Acquire new core technologies
- Make the most of M&As

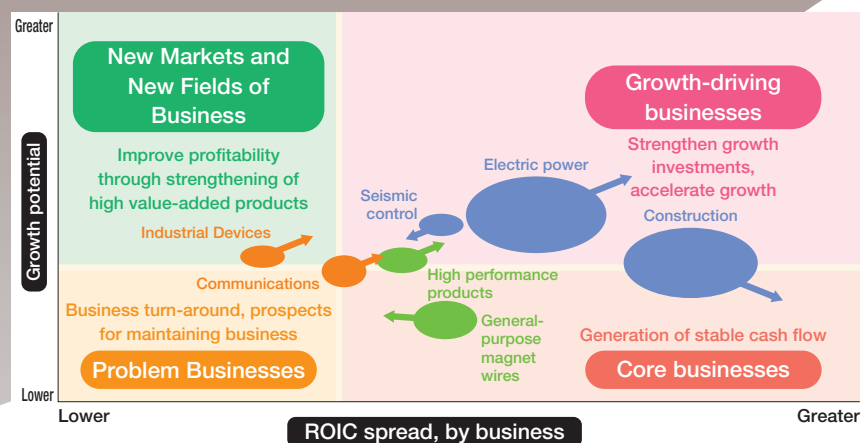
Change

Increase profitability through dissemination of ROIC management
Reform value chain and transform business model through DX
Strengthen corporate governance structure

Growth

Promotion of businesses oriented to solving social issues
Shift to growth-oriented businesses
Shift to a growth phase through expanded investments

Business portfolio as of FY2023



Portfolio shift to growth businesses

Sustainability management that supports reforms

Five Materiality Themes

01

Our future

Our future

02

Our earth

Our earth

03

Our partnership

Our partnership

The Company We Want to Be

[SWCC VISION 2030] Creating for the Future

Toward becoming a value-creating business
oriented to providing solutions
Providing solutions that contribute toward labor
and power savings

Business Portfolio Transformation

Values of the SWCC Group

We aim to be a corporate group that continuously enhances corporate value by leveraging the advantages we have cultivated through a variety of products, primarily wires and cables. In order to create new value that will lead to a better future, we will continue to pursue products and services that enhance customer trust, environmentally-friendly products, and corporate value that is trusted and created through sound business activities.

The Value We Want to Bring to Society

SWCC will provide value that contributes to a sustainable society through its unique products and services.

- Aiming for a secure and prosperous society, we support the social infrastructure through measures to deal with increasingly severe natural disasters, as well as the ever-more serious aging of buildings and facilities.
- We are promoting the use of renewable energy, the shift to EVs, and safe and comfortable automatic driving, which will lead to the realization of a decarbonized society that is the goal of all mankind.
- We will also develop our business with an eye to the shortages in the working population with the arrival of a full-scale aging society with a declining birthrate, as well as to solving issues faced by the education and medical fields that are essential to people leading affluent and healthy lives.

04

Our people

Our people

05

Our governance

Our governance

Value Creation Process

Management capital (For details, please refer to pg. 19 to 20)

Financial capital

Human capital

Social and relationship capital

Equipment capital

Intellectual capital

Natural capital

Business Model (For details, please refer to pg. 21 to 22)



Energy and Infrastructure Business, Electrical Equipment and Components Business,
Communication and Industrial Devices Business, and New Business

Human resource capabilities are the foundation for business evolution

The SWCC Group leverages the strength of its accumulated capital to create value for the future through its business. The value that SWCC creates in domains that support economic and social activities such as energy, devices, and communications is shared with all of our stakeholders. This value creation process is a continuous cycle aimed at maximizing corporate value.

Products Created by Our Businesses

Energy and Infrastructure Business

- Cables and connectors that support the power infrastructure
- Industrial wires and cables that are used in a variety of factories, buildings, and so forth
- Seismic isolation devices that protect life and property from earthquakes



SICONEX



General-purpose wires



Seismic isolator

Electrical Equipment and Components Business

- Winding wire with oxygen-free copper as a conductor for electric vehicle motors
- Copper alloy wire provides high strength and high conductivity



MIDIP

Communication and Industrial Devices Business

- Optical fiber cables for broadband infrastructure trunk lines
- Optical LAN cables used in offices
- Precision devices that serve as important parts of copiers and printers



Optical fiber cables



LAN cable



Heat rollers

Solutions Business

- Maintain and strengthen installation capabilities for high-voltage power cable connecting work using SICOPLUS cable connecting system
- Rollable e-Ribbon makes it possible to perform highly precise and efficient wire installation work in the limited space of data centers

SICOPLUS



e-Ribbon

Value for Stakeholders

Business partners

Coexistence and co-prosperity born from mutual trust through fair and equitable transactions

Customers

Contribution to business operations by providing products and services that can be used reliably

Shareholder and Other Investors

Stable and continuous shareholder returns based on sustained growth in corporate value

Employees

An environment where diverse human resources can work in health and with a sense of safety, security, and satisfaction

Local communities

Contribute to solving local issues through corporate management in which there is a high awareness of social contribution

Global Environment

Promote environmental management throughout the Group, and reduce environmental impact throughout the value chain

Heading towards Enhancement of Management Capital

Strength of management capital and enrichment strategy

Financial capital

- Strength (s)** Excellent financial health and good ROE, ROIC management that permeates down to the workplace
- Issue (s)** Building a financial structure that can withstand market fluctuations, further strengthening earning power, securing an investment surplus

Capital enrichment strategy

Achieving profitability, efficiency, shareholder return, and stability targets set down in the medium-term rolling plan

Human capital

- Strength (s)** Superior development personnel, thorough health management
- Issue (s)** Further improving employee engagement, securing superior human resources

Capital enrichment strategy

Disseminate the SWCC Purpose (strengthen dialogue between management and the workplace), be proactive in recruitment activities, enhance education and training

Equipment capital

- Strength (s)** Proactive stance toward capital investments (FY2024 Capital Expenditure Plan: 9.0 billion yen)
- Issue (s)** Aging of existing facilities, expanding production capacity, streamlining non-performing facilities

Capital enrichment strategy

Make steady progress in capital investment plans set forth in the Medium-Term Rolling Plan (FY2022-FY2026 cumulative total: 36.0 billion yen)

Intellectual capital

- Strength (s)** Ability to develop new products and services, multiple high-value added brands (SICOPLUS, MiDIP)
- Issue (s)** Dealing with technological evolution, shortage of R&D human resources

Capital enrichment strategy

Proactively recruit R&D personnel, increase R&D investment

Social and relationship capital

- Strength (s)** Strong relationships with existing customers (brand strength), strong supply chain, good relationships with investors
- Issue (s)** Developing new customers, communicating with stakeholders, and proactively disseminating information (Enhancing IR)

Capital enrichment strategy

Enhance marketing activities, strengthen dialogue with stakeholders, enhance IR activities

Natural capital

- Strength (s)** Ability to develop full line of environmentally friendly products, efficient use of energy resources
- Issue (s)** Reducing environmental impact, stably procuring energy resources, responding to climate change and preserving biodiversity

Capital enrichment strategy

Expand our environmental contribution-oriented businesses, facilitate recycling, and be proactive in our responses to climate change

The SWCC Group has management capital that is quite superior. By further enhancing this management capital, investing it in their respective business activities, and making practical use of it to promote the Medium-Term Management Plan and to address materialities, it will serve to enhance our capital and be of use in the creation of various sorts of value.

Make the Most of Management Capital

		Management capital						Specific utilization methods
		Financial affairs	Human	Facilities	Intellectual	Social and relational	Nature	
Mid-Term Management Plan	Strengthen capacity for CF creation by promoting ROIC management	●	●	●	—	—	—	To evolve a business model requires concentrating our human capital and focusing our wisdom. It is essential that we review and streamline production facilities and investing capital in order to strengthen business portfolio management. We will actively invest financial and human capital to strengthen investments in our priority businesses and make the most of mergers and acquisitions.
	Optimization of capital costs	●	—	●	—	●	—	In addition to the proper allocation of financial capital, it is essential that we make certain our various facilities operate efficiently in order to achieve optimal capital costs. For shareholders, it is necessary to earn funds by generating profits in order to properly distribute the earned funds to shareholders.
	Investments in intangible assets	●	●	—	●	●	—	The appropriate and flexible investment of financial capital is necessary for strengthening our research and development capabilities. In addition, investing in people is essential to ensuring our growth potential for the future. Enhancing our research and development work and human capital also requires working together with external partners.
Materiality	[Technology] Our future	●	●	●	●	●	—	To have unflagging research and development, the proactive investment investment of human and intellectual capital is essential and toward that end, the investment of funds is likewise indispensable. In some cases, research and development may also require working together with outside research institutions and the like.
	[Environment] Our earth	—	●	●	●	●	●	Our greatest objective is to contribute to the environment by reducing our environmental impact. Toward that end, it is necessary that we secure renewable energy through capital investments, and that we invest considerable human resources and focus our wisdom in order to develop and introduce products that contribute environmental value.
	[Local] Our partnership	—	●	—	●	●	●	In order to maintain good relations with local communities, it is essential that we invest the manpower and make a commitment to communicating with local residents. It may also be said that maintaining the local natural environment is also a necessary to living with the community.
	[People] Our people	●	●	—	—	●	—	In order for people to improve their productivity and to maintain and improve their motivation, it is important to first respect human rights, work hard to facilitate communication among employees, concentrate on creating a pleasant work environment, evaluate employees fairly, and reward their work through pay raises and the like.
	[Governance] Our governance	●	●	—	●	—	—	In order to build a solid governance system and operate it appropriately, it is essential that we invest the appropriate manpower and at all events concentrate our wisdom and deepen discussions at board meetings and the like. Making compensation for directors reasonable and providing them incentives will also require an investment of funds.

●: Important key capital for utilization

Business Model of the SWCC Group

The SWCC Group is currently working to develop new businesses aimed at creating new businesses based on mobility, industry, and information technology. These business accompany our three business segments: the Energy and Infrastructure Business, which deals with the domestic electric power infrastructure, wires and cables for construction-related work, seismic isolation equipment, and so forth; the Electrical Equipment and Components Business, which handles general-purpose products such as wire rods for wire conductor use and winding wire for general-purpose motor use, high quality wire rods, and high-performance products such as high-performance winding wire for environmentally friendly automobiles; and the Communication and Industrial Devices Business, which deals with communication cables, wire harnesses for household appliances and industrial devices, and devices for copying machines. In these businesses, we create products and services of value to our customers by implementing a business cycle consisting of the four elements outlined below.



Human resource capabilities are the foundation for business evolution

1 Identify customer issues

[Relationships of trust with customers] [Ability to ascertain the essence of an issue]

The SWCC Group's products and services support a wide range of customer companies and organizations that belong to a variety of industries. With technology evolving and society becoming more complex, the needs of our customers for our products and services likewise have a tendency to become more diverse and sophisticated.

Based on our strong desire to support the society of the future with our products and services, we, too, are constantly honing our ability to ascertain the essence of the issues that our customers face, and stay close to our customers to help them solve their problems. By continuing such relationships with customers, we have been building relationships of trust with a wide variety of customers.

2 Exceed customer expectations

[Deep understanding of our customers' businesses] [Ability to concentrate internal wisdom]

Merely shipping the products and services that our customers have expected does not lead to sustaining and enhancing those businesses. We must always stay close to our customers' issues and work with those customers to find the answers to them. To achieve this, it is essential that we have a deep understanding of our customers' businesses and their strategies for future growth, and then based on this concentrate the wisdom we have in-house on solving the issues that our customers face.

However, there are also instances where our customers themselves cannot find the answers to their issues. In such a situation, it is crucial for us to give customers our attention and provide them with solutions that exceed their expectations. We are always thinking about how to make proposals that will exceed our customers' expectations.

3 Stably generate cash

[Ability to develop a business] [Persistent at improving operations]

By providing our customers with high value-added proposals that exceed their expectations and that they will accept in manner satisfactory to them, SWCC Group can receive appropriate compensation from those customers. We have been able to build a stable business portfolio by having great numbers of customers in various industries.

Additionally, in order to further strengthen our business portfolio, we have been able to stably increase our cash flow by concentrating SWCC Group's management capital in particular on fields who can expect high future growth potential. Furthermore, in order to generate cash efficiently, SWCC Group has introduced ROIC management to increase the capital efficiency of each of its businesses. We are also striving to improve productivity and profitability through unflagging operational improvements.

4 Refine our strengths through reinvestment

[Ascertain new investment targets] [Strategic investments and recovery]

Funds acquired through business activities are used for strategic investments and working capital for the next stage of growth, while other funds are used for appropriate distribution to stakeholders and internal reserves. In addition to these funds on hand, the funds for strategic investments may be covered by borrowing from outside parties or through capital increases.

When re-investing funds in a business, we carefully assess the business in which we are investing, including the risks and return potential, and give consideration to the investment being made in a proactive and timely manner. Through such re-investments of funds, SWCC Group's business will grow stronger and it will be possible to have sustainable growth. Because this also strengthens relationships of trust with our customers, it allows us to once again direct ourselves toward solving their problems.

A message from the senior executive vice-president and director

Having Formulated Our Rolling Plan for the Medium-Term Management Plan, We Will Build Inorganic Growth through M&As and the Like Atop Our Three Core Businesses

I was appointed Senior Executive Vice President and Representative Director (COO) of the Company in June 2024. Going forward, together with President and CEO Hasegawa I will work to provide leadership to further ensure the achievement of the medium-term management plan.

Two years have passed since the start of the “Change & Growth SWCC 2026” medium-term management plan, and three years remain to achieve its goals by 2026. Here, I will explain the Medium-Term Rolling Plan revealed in May 2024.



Tetsuo Komata

Senior Executive Vice President and Representative Director (COO)

Background and Overall Backdrop to Formulating the Rolling Plan

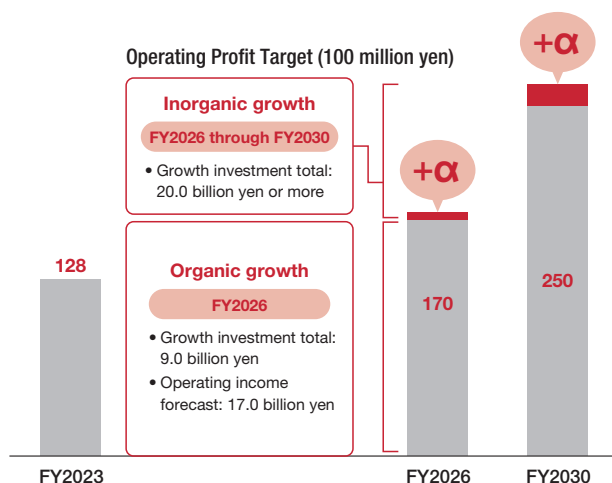
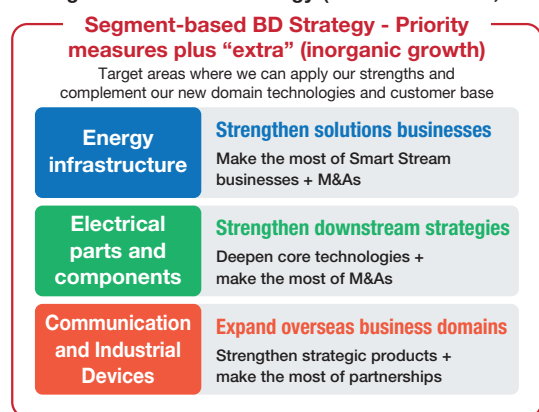
The Medium-Term Plan Rolling Plan is an important one for making the leap toward our SWCC VISION 2030, and we need to steadily move it into the growth phase by 2026. As a comprehensive electric wire manufacturer, our Group has continued to grow organically through our three core businesses. In FY2023, we set a new record for operating income for the first time in 33 years. In order to realize our vision for 2030, we will broaden our business domains from comprehensive electric wire manufacturer to the domain of “not only infrastructure, not only wires” as laid out in the SWCC Purpose, and work to transform ourselves into a solutions-oriented, value-creating company. By expanding our business domains, we aim to increase the contributions we make to improving social value, building social infrastructure, and furthermore to labor and energy saving, and thus also raise our presence as a company indispensable to society.

The Medium-Term Rolling Plan that was formulated against this backdrop seeks to achieve further organic growth in our three core businesses over the plan’s remaining three years. It sets the operating income target for FY2026 at 17.0 billion yen, an increase of 2.0 billion yen from the initial plan. Furthermore, we will accelerate our business development (BD) strategy and aim for a profit upside through inorganic growth. Additionally, in the area of efficiency, we will improve ROE to over 14% and ROIC to over 10%. Furthermore, with regard to shareholder returns, we will take on a variety of challenges, such as increasing the dividend per share by 30 yen to 150 yen and aiming for a stable dividend with a target DOE of 4% or higher.

Rolling Plan 2024, Numerical Financial Targets

		Pre-Rolling		Post-Rolling
		FY2023 results	FY2026 targets	FY2026 targets
Profitability	Operating income	12.8 billion yen	15.0 billion yen	17.0 billion yen
	ROE	12.3%	10% or over	14% or over
Efficiency	ROIC	8.3%	10% or over	10% or over
	Dividend (payout ratio/DOE)	90 yen (30%/3.7%)	120 yen or more (35%/no setting)	150 yen or more (35% or more/4% or more)
Shareholder return	DE ratio	40%	50% or less	30~50%
	Total net assets	77.1 billion yen	85.0 billion yen or more	93.0 billion yen
Stability				

Rolling Plan 2024 BD Strategy (new businesses, M&As, etc.)



Build up inorganic growth based on our BD strategy

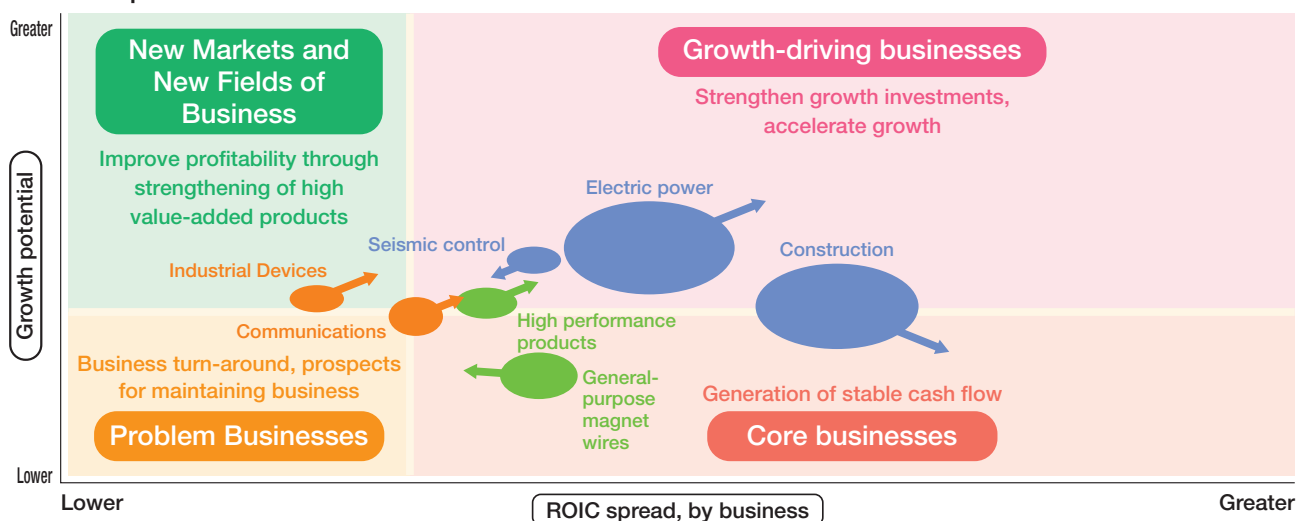
Our BD strategy aims at business expansion by broadening from the existing domains of our three core businesses (organic) into new domains, and to achieve inorganic growth through M&As and by making growth investments in business partners and so forth. Through this inorganic growth, we will build up with further upside, adding extra to the operating income targets of 17.0 billion yen in FY2026 and 25.0 billion yen in FY2030 for our three core businesses. This will put us track to move into the growth phase, which is a basic strategy under the medium-term plan.

Our BD strategy does not call for developing businesses in domains that are completely different from our existing core businesses. Rather, it target areas where we can make the most of our strengths while being able to complement our new domain technologies and customer base, and thus accelerated the broadening of our business and developing new ones. Some examples include the development of SWCC Smart Stream, which makes use of the cutting-edge digital technologies of our Energy and Infrastructure Business, and our downstream strategy for high-value-added domains in our Electrical Equipment and Components Business.

Strengthen business portfolio management

Our Group introduced ROIC management in 2019 and has been improving ROIC by disseminating it throughout the company. Putting this ROIC management to use, we will strengthen our business portfolio management using the ROIC spread and growth potential for each business. In the Rolling Plan, we verified the portfolio of each business as of 2023 and set down the direction for each business looking toward 2026. In our Energy and Infrastructure Business, we seek to further expand business through growth investments in such products such as SICONEX, which is a strategic product in the “electric power infrastructure” sector where there is continued demand. In the “construction-related” sector, we will generate cash to serve as a source for growth investments. In the Communications and Industrial Devices Business, we will accelerate global business development and improve growth and profitability. In the Electrical Equipment and Components Business, we will improve profitability and expand business through growth in the xEV market and sales expansion of high-performance products. Meanwhile, in the seismic isolation sector—where growth and profitability are expected to slow—and in the general-purpose winding wire sector—where competition is expected to intensify—we will work on our assessments of these as problem businesses.













Business portfolio as of FY2023



Recognition of business environment for three core businesses and growth strategy

The SWCC Group's business environment has continued to change significantly since 2021, when the current medium-term plan was formulated. This is due to such factors

as a calming in COVID-19 infections, an escalation in resource prices such as for copper, and moves toward monetary easing. In formulating the Rolling Plan, we recognized new changes in the business environment for our three core businesses and did a brush-up on the growth strategies for each business.

Segment		Predicted trends at time Medium-Term Plan announced (as of November 2021)		Rolling Plan 2024 projections (FY2024 to FY2026)	
Energy and Infrastructure	Construction		<ul style="list-style-type: none"> ● Expectations of demand for metropolitan area redevelopment and Expo 2025 Osaka to decline slightly in the medium-to-long term 		<ul style="list-style-type: none"> ● Increased demand due to metropolitan area redevelopment ● New factory construction, increased demand for Expo 2025 Osaka ● Lengthening of construction periods due to labor shortages
	Electric power		<ul style="list-style-type: none"> ● Expansion of demand for offshore wind power, etc. ● Expansion of demand for renewing older facilities 		<ul style="list-style-type: none"> ● Expansion of demand for renewing older facilities ● Expansion of demand to augment electrical power grids ● Withdrawal of competitors ● Expansion of demand for offshore wind power, etc. ● Increased demand for large data centers
Electrical parts and components	Automobiles		<ul style="list-style-type: none"> ● Growing demand for products for BEVs 		<ul style="list-style-type: none"> ● Even with market recovery, switch to BEVs slows while recovery for HEV demand grows ● CASE spreads ● Motor demand expands
Communication and Industrial Devices	Communications		<ul style="list-style-type: none"> ● Increases in Communications Equipment and Communications Traffic 		<ul style="list-style-type: none"> ● Increases in Communications Equipment and Communications Traffic ● Expansion of telecom/datacom markets overseas ● Expansion of ADAS market
	Household appliances		<ul style="list-style-type: none"> ● Expansion of the global market 		<ul style="list-style-type: none"> ● Japan demand to grow slightly ● Expansion of China and Southeast Asia markets to slow ● Increase in demand for high-function appliances
	Business machines		<ul style="list-style-type: none"> ● Diversification in commercial printing demand 		<ul style="list-style-type: none"> ● Recovery of demand after stripping away of special demand during COVID-19 pandemic ● Diversification in commercial printing demand

(Energy and Infrastructure Business)

The business has been boosting its operating income mainly in the "Construction-related" and "Power Infrastructure" sectors, and is a solid driver of the SWCC Group's operating income. Demand for electric power infrastructure is being further buoyed by construction demand that continues to stabilize at a high level in such areas as Tokyo metropolitan area redevelopment and new factory construction, plans to strengthen and renew facilities, expansion of renewable energy; reinforcements to the power grid, and the construction of large data centers. Based on this, we have revised our operating income target for FY2026 upward by 3.2 billion yen from our initial target to 11.2 billion yen.

The growing demand for electric power infrastructure represents a significant business opportunity for our Group, which holds a large share of the substation market. This market is expected to grow at a compound annual growth rate (CAGR) of 11%, and we anticipate a CAGR of 18% for our sales, which would exceed that.

For our growth strategy focused on such market expansion, we will promote the following three measures. First is bolstering our products. Capital investment in our mainstay SICONEX product was completed in 2023. Sales for the fiscal year ending March 31, 2027—the final year of the medium-term plan—are expected to double those of the fiscal year ended March 31, 2024. Additionally, given that demand is expected to further increase by 2030, we are also aware of the need to make investments for production increases. Next, to increase the number of construction personnel handling SICONEX, we will move forwards with making use of construction personnel centers and expanding alliances with construction companies. Finally, we are expanding our Smart Stream business through DX (Digital Transformation), utilizing AVR (Advanced Virtual Reality) for educational support, as well as remote support and management solutions. Until now, we pursued our business with a focus on selling goods, such as construction using SICONEX. However, now we are expanding into the solutions business using digital tools to address the issues faced by electric power companies, such as a decline in the working population.

(Electrical Equipment and Components Business)

We will shift from products for general-purpose use to high-performance products such as those for xEV) and propel improvements to profitability. The operating income target for FY2026 has been left unchanged from the 2.6 billion yen of the original plan, even though we recognize the delay in the shift to BEVs, there has been no significant change in the trend toward electrification.

To increase profits in this business segment, we have been working mainly to build up sales of our MiDIP high-performance oxygen-free copper for xEVs. In terms of a growth strategy to improve profitability, we will promote increased production of flat winding wires for xEV motors and in-vehicle heater wires, as well as moving into the mass production of probe pins for semiconductor testing equipment. We are setting forward a downstream strategy that aims to shift this material (upstream side) to semi-finished products (downstream side) and to high value-added products. We are also accelerating our mixing of BD strategies such as M&As.

Furthermore, we will release products that satisfy the market needs for low-carbon components, which will serve to set ourselves apart. Specifically, we will launch sales by 2025 of winding wire for environmentally friendly vehicles that use procured materials with higher environmental performance for flat winding wires that check the amount fuel and electricity consumed. Additionally, we will expand our lineup of high value-added products such as heat-resistant bus bars and wireless power transfers and thereby grow this business as one that is highly profitable.

(Communications and Industrial Devices Business)

We will take the development of automated driving technology and our overseas partnership strategy as new opportunities and boost the SWCC Group's ratio of overseas sales. The operating income target for FY2026 was revised downward by 1.0 billion yen from the original plan to 3.5 billion yen due sales promotions for wire harnesses being delayed due to the impact of the COVID-19 pandemic.

As to our growth strategy for this business, we will expand our lineup of products for Advanced Driving Assistant System (ADAS) intended to make automated driving a reality. In "communication cables" sector, FY2023 we entered the market for in-vehicle high-speed communication cables and are working to increase production. In the "wire harness" sector, we have established a joint venture in China that handles ADAS-related products, and going forward we will accelerate our push into the in-vehicle market overseas. Furthermore, to satisfy the growing telecom/datacom demand in the US and Europe, we will take advantage of the technological superiority of e-Ribbon optical fiber to develop partnership strategies overseas and realize a new business model of local production for local consumption.



We will steadily carry through the organic and inorganic growth strategies in the Rolling Plan and achieve the transition to the growth phase. We also want to make always the thinking through of "winning moves" meant to "continue winning" under our growth strategy a part of the SWCC Group's corporate culture.

Innovating new ideas today.

We ask for your continued support of SWCC Corporation as we continue to take on the challenge of these ever-changing times.

A message from the managing executive officer for financial strategy and capital strategy

Realizing dynamic cash allocation based on cash flows from stable business performance

The SWCC Group started ROIC management in FY2019, carrying out a review of our business portfolio based not only on such profit and loss statement items as operating income but also on invested capital and its cost. We are in a process of moving into a growth phase, and our financial and capital strategies will keep pace with our growth strategy and we will work at upgrading them further.



Toshiharu Kamijo

Managing Executive Officer
In charge of capital strategy
and human capital strategy

Regarding Our Thinking about Financial KPIs and Quantitative Targets in the Rolling Plan

When we recently formulated the Rolling Plan under the Medium-Term Management Plan, we also undertook a review of our financial KPIs. In the fiscal year ending March 31, 2027, which will be the final year of the plan, we set as our target obtaining a market capitalization of at least 150.0 billion yen and a credit rating of A- or higher. Going forward, in order to further meet the expectations of our shareholders and investors, our intention is to move forward on managing the company mindful of increasing total shareholder return (TSR) and being conscious of rises in the share price and increasing dividends. Specifically, we will work hard to ensure that the TSR always has performance that surpasses the TOPIX (including dividends).

The operating income target for the fiscal year ending March 31, 2027 based on the Rolling Plan is 17.0 billion yen. The Energy and Infrastructure Business are the foundation for business evolution expected to remain favorable, and we revised our initial plan upward by 2.0 billion yen. This figure assumes organic growth in our three core businesses, but does not take into account revenues from inorganic growth through our Business Development (BD) strategy. Accordingly, the results from BD strategy initiatives are to be seen as a premium portion on the plan.

Our ROE has exceeded 10% for two consecutive fiscal years, the fiscal years ending March 31, 2023 and March 31, 2024. Our plan is to reach 14.0% by the fiscal year ending March 31, 2027, by further encouraging management conscious of capital efficiency. We aim to carefully secure our equity spread while limiting the rise in the cost of shareholders' equity by, for example, strengthening governance and risk management and proactively disclosing management information through investor relations.

To achieve these targets, we will pursue the following three initiatives

1) Improve cash flow

With regard to the EBITDA margin, which was at the 7% level for the fiscal year ended March 31, 2024, we aim to achieve 9% in the final year of the Rolling Plan. In addition, we will improve CCC (Cash Conversion Cycle) in 80 days or less during the planning period. The current CCC is around 90 days, and we will pursue initiatives toward significant improvements.

2) Asset efficiency improvements

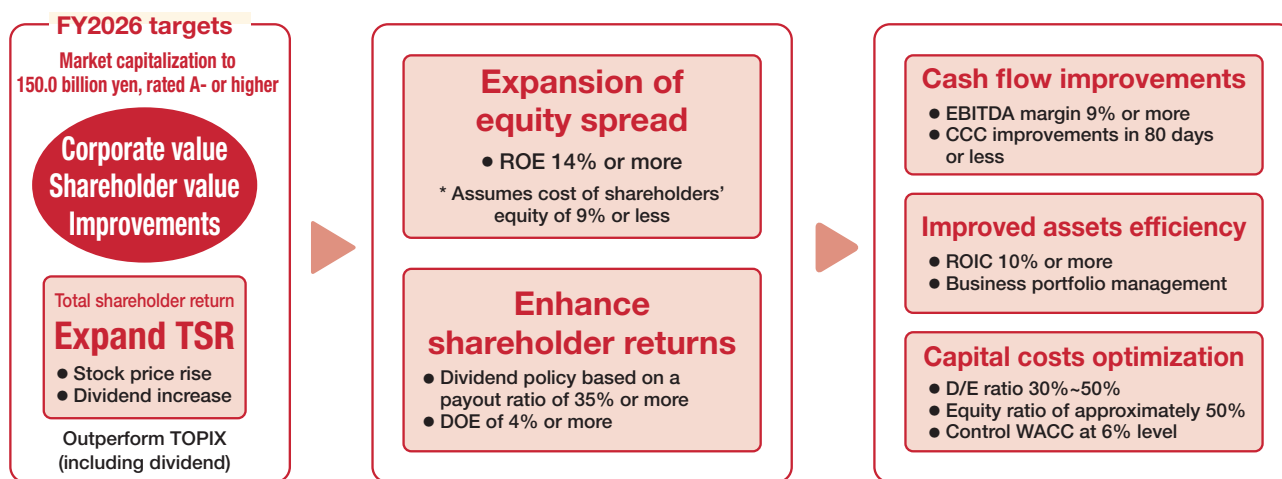
Our ROIC target is 10% for the fiscal year ending March 31, 2027, and we are leaving our initial target unchanged. Going forward, we expect to increase capital as the build up of profits continues. Also, we plan to raise debt for growth investments, and invested capital—the denominator of ROIC—is expected to grow larger. Our aim is to strengthen our business portfolio while we build up solid operating income and maintain an ROIC of 10%.

3) Capital cost optimization

The D/E ratio has already improved to 40%, but we need to make a certain level of financial leverage apparent from the standpoint of raising funds for future growth investments. Accordingly, in the Rolling Plan we have changed the target to have a range of 30% to 50%.

With regard to the equity ratio, which currently has risen to 47%, we intend to control WACC to the 6% level by restricting the ratio to up to 50% and achieving an appropriate balance between equity and debt. Thanks to this, our expectation is that the ROIC spread will increase 3% or more, up to about 1.5 times the current spread.

Thinking about financial KPIs



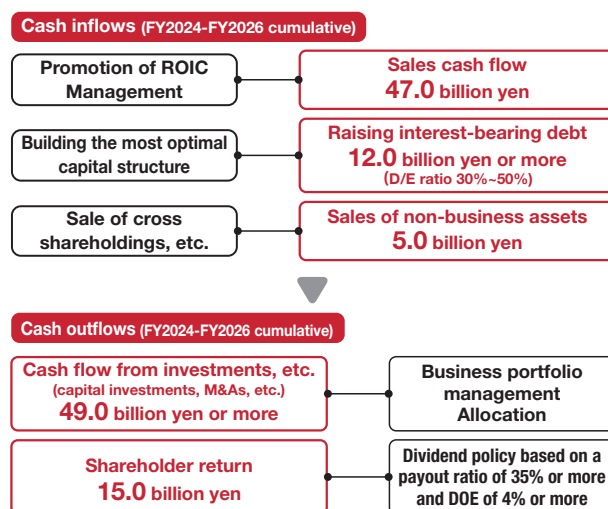
Our Strategy of Cash Allocation

With regard to cash allocation in the Rolling Plan, based on the improved ability to generate cash due to improvements in capital efficiency over the past two years, we will be consistent with investing in business expansion that will lead to increased cash flow in the future and with enhancing shareholder returns. Total cash inflows are expected to exceed 82.5 billion yen. In addition to this being a 7.3 billion yen increase in operating cash flow over the original plan, with the addition of procurements based on interest-bearing debts and the sale of non-business assets, we expect to generate 20.8 billion yen more of cash flow than in the original plan. We will proactively divide this cash among business investments and shareholder returns. In addition to planning for 20.0 billion yen or more in BD investments such as M&As, we will also realize allocations sufficient for human capital and DX investments.

With regard to shareholder returns, we have worked out a new shareholder returns policy with a dividend payout ratio of 35% or more and a DOE of 4% or more. This is based on the thinking that, as we plan for profit growth in the future, shareholders will definitely receive dividends based on a fixed dividend payout ratio, and that even in the unlikely event that

profits do not progress as planned, we will at least provide a fixed percentage of returns based on shareholders' equity. Through this, it will be possible to realize a dividend policy that is more stable than ever before. Regarding the level of dividends, under the original medium-term management plan we originally planned for 120 yen per share for the fiscal year ending March 31, 2027, but with this revision the company plans to increase it to 150 yen per share. Going forward, we will continue to engage in proactive shareholder returns.

Cash Allocation



Message from executive in charge of human capital strategy and human resources strategy

Toward the realization of an “organizational culture where people shine,” commit energy toward fostering a corporate culture that takes on the challenges of new growth and toward changing that organizational culture

Toshiharu Kamijo

Managing Executive Officer, in charge of capital strategy and human resources strategy



Basic Concept of Human Capital Strategy

Our thinking with regard to human capital sees things in basically the same way as our thinking about financial capital. We have a way of thinking that entails securing appropriate human capital from the labor market and applying the right resources to the right places in the form of a human portfolio.

This is nothing other than a way of thinking that sees our employees as human capitalists who are investing their time in our company. Just as an unappealing company will not attract investment in the stock market, if a company is not appealing it will not attract superior human capital. For an appealing company, the crucial elements are not only high pay, but also improvements in employee engagement and motivation. Our basic way of thinking when it comes to the SWCC Group's human capital strategy is to do this well.

Toward the Promotion of Human Capital Management

We have held up the keywords of “endless reforms,” “new challenges,” and “sustainable growth” as the three pillars to our human resource strategy. The management reforms that President Hasegawa has encouraged to date are beginning to bear fruit. They have also received definite approval from stakeholders. However, but if we become complacent at this point, there are concerns that this could lead to new risks. Accordingly, we are concentrating all our thought into wanting our employees to maintain a “healthy sense of crisis,” and every day we are delivering as a message from management that “there is no end to reform.” Also, under the “Growth” section of “Change & Growth” held up in the medium-term management plan, there is need to tackle new things more than ever and so we are heralding “new challenges.” We will proactively incorporate new ways of thinking and initiatives that are not extensions of what has come before. Also, during the growth process, if one does not aim for both an organization and its people constantly working to improve,

continuous improvements to corporate value will not result. In that sense, we have made one of our pillars tackling change directed toward “sustainable growth.” In advancing such human resource strategies, we have positioned and are working on the following three items as priority issues.

1) Renewal of organizational culture

For the renewal of organizational culture, we will work to promote diversity, increase engagement, and renew our culture. In pushing forward something new, it is important to remove the traditions that may prevent that. Accordingly, we will be mindful of, for example, ensuring psychological safety and dispelling biases toward the status quo bias while pouring our energy into fostering a culture that supports “taking on challenges.”

When it comes to engagement, we recognize that in no small part it arises from communication. Starting FY2022, executives including President Hasegawa have been visiting the frontline workplaces of our businesses to repeatedly engage in a proactive exchange of opinions. Going forward, we will work also toward creating an open organizational climate through the revitalization of such communications.

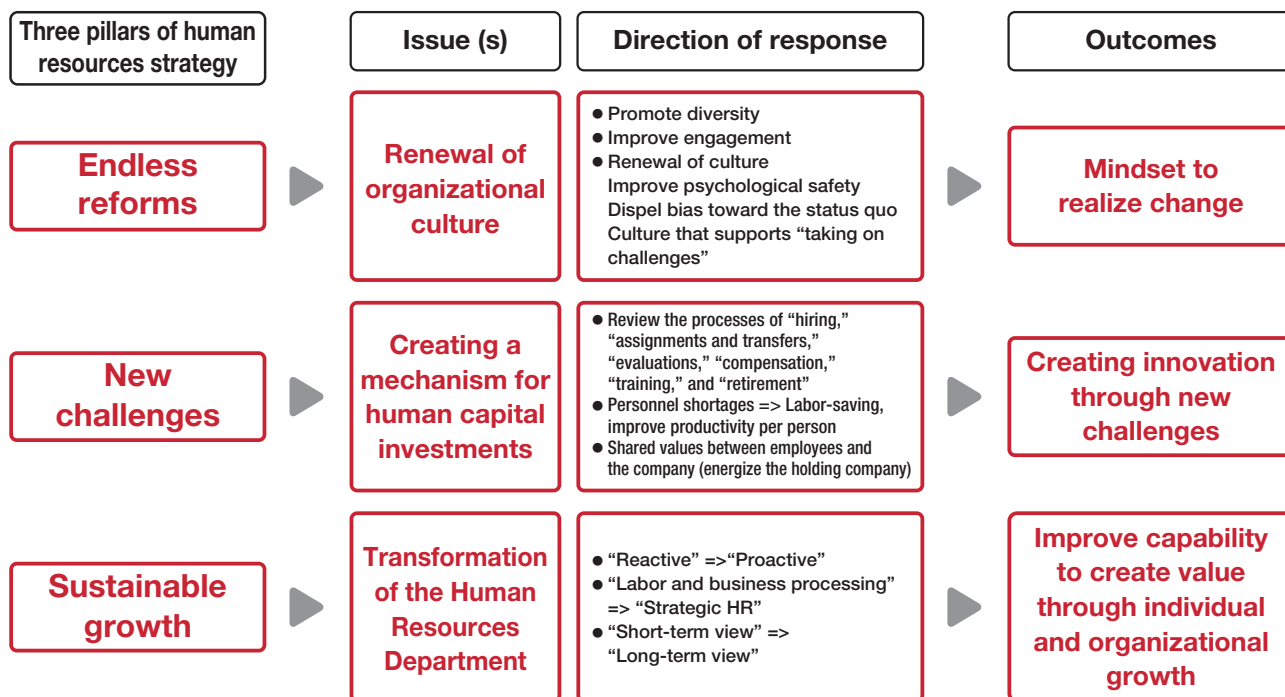
2) Creating a mechanism for human capital investments

When it comes to the mechanism of human capital investment, it is important to carry out a review based on having analyzed each process from recruitment to the assignment of human resources and furthermore on to retirement. Also, with labor shortages becoming an important management issue, in the future it will be necessary to actively encourage initiatives that lead to labor saving and improvements in productivity. If we can improve per capita profit through improvements in productivity, it will also be possible to use those funds to improve compensation for our employees. We are also working to revitalize the employee's stock ownership association. We hope that employees will also be able to enjoy capital gains by the share price due to improved corporate value.

3) Transforming the Human Resources Department

Although we have already encouraged a variety of initiatives to date, we still have many issues to solve. We believe that we need to change into an HR department that can promote HR strategies more proactively and with a long-term perspective.

Toward realizing “an organizational culture in which people shine” in human capital management



Priority Measures Aimed at Transforming Corporate Culture

By promoting “Change & Growth” held up as our management plan, the SWCC Group aims to foster a culture that will generate further value creation. Here, I will offer three examples of our efforts to achieve this goal.

1) Succession plan to nurture the next generation of management

In order to realize sustainable management and promote management strategies, the development of core human resources from a medium- to long-term perspective is essential. At SWCC Group, we have stipulated the character required of our directors, and we have created three training programs broken down by age and rank for their systematic development. The pools for each of these ranks are also replaced as needed based on evaluations from the department to which a candidate belongs and the level of personal growth. We are also advancing initiatives to proactively send human resources to external training programs, and heighten their outlook through different schools of thought. With regard to training after receiving an executive appointment and the training and selection of successors, this is carried out based on discussions at the Nominating and Compensation Committee.

2) Promoting Diversity

We are working to promote diversity based on our awareness that encouraging energetic activity by diverse human resources is essential toward achieving sustainable growth in the future. In 2021, we launched a group-wide project to promote women’s participation in the workplace, and have encouraged support for women’s career development along with awareness-raising and enlightenment activities. In FY2023, we had this project evolve into the

Diversity Promotion Project, and we are undertaking a wider range of measures. I myself regularly arrange opportunities to engage in dialogue with project members and encourage specific discussions, such as measures to encourage male employees to take paternity leave or ones aimed at dispelling unconscious bias.

3) Deploying Human Resources Business Partners (HRBP)

From the standpoint of supporting the business divisions (workplaces) in terms of human resources, we have deployed HRBP starting in FY2024. By putting our emphasis on workplaces, sharing various issues in the area of personnel with the business divisions, and responding promptly to them, we are having effects in supporting the realization of business strategies and in improving engagement through communication with employees in the frontline workplaces.

Through each of these initiatives, we are creating an organization where “people shine” and realizing a human resource strategy that conforms to our management strategy. Toward that end, there is a need to focus on as goals (1) fomenting the mindset to realize change that leads to the creation of new innovations as the product of our human resources strategy, and (2) lifting the ability to create corporate value through individual and organizational growth. Time and energy are needed for efforts that change organizational culture, but this is also a particularly important topic when it comes to realizing sustainable corporate management. As the officer in charge of human capital strategy, I will be putting everything into fostering an organizational culture that takes on the challenge of new growth.

Technology Development Strategy

A message from the executive in charge of technology planning, research and development, and intellectual property strategy

**To realize our “ideal state by 2030,”
we will move forward with nurturing
development human resources and
building new core and fundamental
technologies**



Yuichi Morishita

Executive Officer
In charge of technology planning,
research and development,
and intellectual property strategy

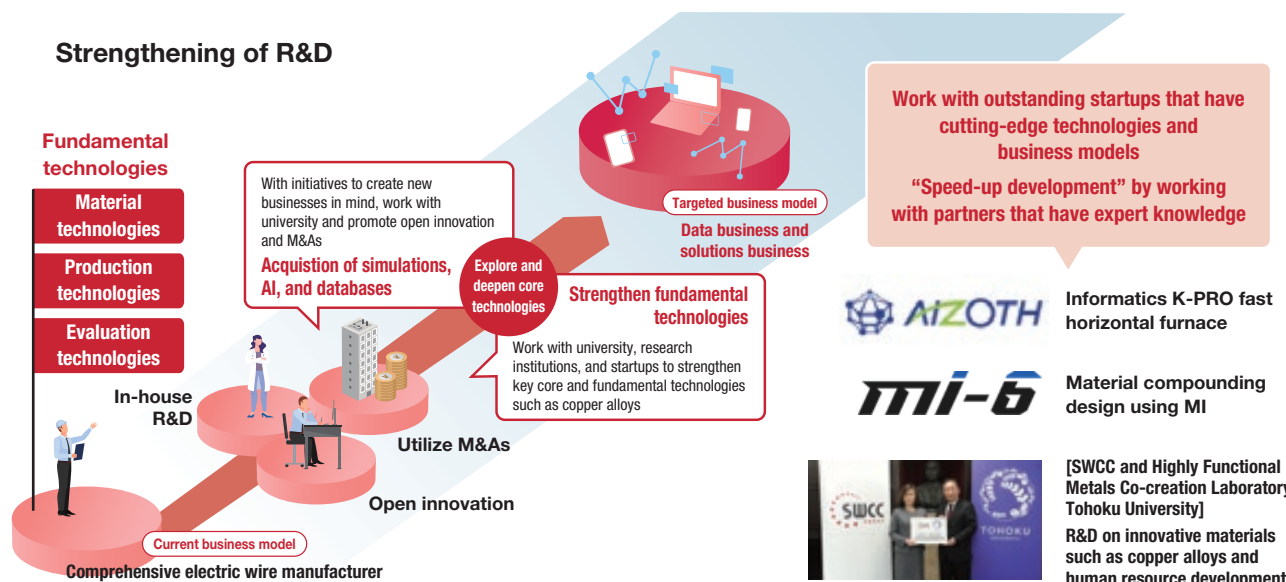
Our Strategy of Technology Development, and Our Technology Development System

The SWCC Group's technology development efforts entails undertaking initiatives that are focused on the “ideal state by 2030” set down in SWCC VISION 2030. Also, based on the perspective of sustainability management, we are committed to technology development that contributes to the realization of a sustainable society and especially to solving social issues.

The SWCC Group's technology development system comprises the Technology Development Division that advances technology development at the corporate level and the technology development departments within each business unit. The technology development departments within each business unit develop new technologies and new

products tied to each business. Projects that are expected to be commercialized in roughly one to three years are their focus. Meanwhile, the Technology Development Division mainly handles development projects for which commercialization can be expected in three to five years. The Technology Development Division has a New Domains Development Center, which handles technology development for fundamental and core technologies and develops products aimed at new business domains; the Evaluation Center, which handles analyses, evaluations, and breakdowns; and the Intellectual Property Information Department. With regard to particularly difficult development themes of the sort that see commercialization 5 or 10 years in the future, we are working together with external organizations such as universities, research institutes, and startups.

Strengthening of R&D



Issues faced in technology development

►Support for the Solutions Business

The SWCC Group holds up being a “value-creating company oriented to solutions” as “the ideal state we wish to achieve by 2030,” and making contributions from a technology development perspective is also demanded of us. Specifically, we are building a portfolio of technology development focused on organic and also inorganic growth based on the “Change & Growth SWCC2026: Rolling Plan 2024” Medium-Term Management Plan we announced in May 2024.

►Promotion of data-driven technologies and research & development

We are promoting data-driven technology and R&D in our aim to be a new data business oriented toward providing solutions. By data-driven technology and R&D, we mean making use of the SECC Group's data infrastructure by, for example, the building of databases and the AI technology that is informatics. In order to accelerate the speed of this development, an important part of this is to also work together with external partners and not just rely on the resources of knowledge and know-how that are present within the Group.

►Initiatives toward a decarbonized society

The superconducting cable systems that are advancing technology development are a key technology for realizing a decarbonized society. Superconductivity is the ultimate energy-saving technology for reducing electric energy to the bare minimum and contributes to a society that is friendly to the Earth. At the same time, the SWCC Group has long been engaged with the recycling and reuse of electric wires and so forth. Accordingly, technology development that contributes to a sustainable society is both an old and new issue for the SWCC Group. We are engaged with making it possible for this superconducting cable system contribute to a decarbonized society as soon as possible.

►Securing personnel for development work

Accomplishing technology development that gives rise to innovation is crucial, and human resources hold the key to this. Diversity and inclusion, which is promoted as a group-wide human resources strategy, is also an important perspective for the Technology Development Department. We are hastening to secure varied development human resources, including career hires from other industries and without regard to either gender or nationality. In addition, we are also placing emphasis on securing highly specialized human resources with doctoral degrees. Most doctoral degree holders are equipped with know-how about how to conduct research and that can be applied in many directions. Also, they are indispensable human resources for facing partners conducting top-class R&D on an equal footing, and we are strengthening our recruiting and training efforts.

Our technological strengths and a technology development strategy that supports new business development

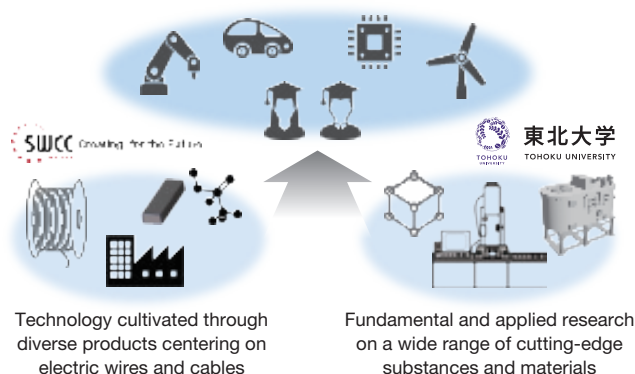
The SWCC Group has strengths in fundamental technologies that it has cultivated to date as a comprehensive electric wire manufacturer. One of the key themes from a development perspective is how to combine a variety of materials to somehow create products that have value. Also, we handle many products that play support important social infrastructure, and we have been engaged straightforwardly on creating products that are safe, secure, and durable, and can withstand decades of use. The technology we have developed in doing this is also a strength that is unique to the SWCC Group.

Going forward, while we further solidify these fundamental technologies, our intention is to search for and deepen the new core and fundamental technologies that will support our growth businesses as we work together with universities, research institutes, and startups.

In February 2024, in collaboration with Tohoku University, we established the SWCC x Tohoku University High-Performance Metals Co-Creation Institute. We will mix the fundamental and applied research conducted at Tohoku University with processes at SWCC that run from product development to manufacturing in order to accelerate the development of new products and putting them to work in society. At the same time, we will move forward on R&D and human resource development that leads to next-generation technologies and products such as copper alloys and other innovative materials.

SWCC-Tohoku University High-Performance Metals Co-Creation Institute

Contributing to the creation of a better and more sustainable future that will contribute to creating a better sustainable future



As the executive in charge of the technology development department

The core to R&D going forward will be the human capital for taking on new challenges. We will set themes and goals for R&D, and secure and develop human resources who can face them with a strong attitude. Also on the technological side, we will make the most of such key technologies as data-driven technology and R&D to construct a new technological foundation to support our solutions business toward the “ideal state” the SWCC Group envisions for 2030.

Strategies and Progress by
Business Segment

Energy and Infrastructure Business segment

With our strength in high technological power and consistent service, we will work to expand sales of high value-added products.



Human resource capabilities are the foundation for the business evolution segment, which mainly delivers ultra-high-voltage power cables, industrial cables, and connector components to electric power companies, power equipment manufacturers, construction companies, and with responsibilities for installation, maintenance, and conservation a full range of services are provided. SICONEX connectors for high-voltage power cables are used in power plants and substations, and in building substation facilities. Making the most of their advantages such as being light weight and compact, short installation times, and simple joint design, they boast a market share of more than 70% in the substation and nongovernmental markets. Going forward, we will focus on the ultra-high-voltage domain area, where demand is increasing, and enhance our lineup of high-value-added products, while we will also provide solutions that contribute to solving our customers' issues.



Yukio Kawase

Senior Executive Officer
Chief of the Energy and
Infrastructure Business Segment

Outlook FY2024 to FY2026

Construction

- Increased demand due to metropolitan area redevelopment
- New factory construction, increased demand for Expo 2025 Osaka
- Lengthening of construction periods due labor shortages

Electric power

- Expansion of demand for renewing older facilities
- Expansion of demand to augment electrical power grids
- Withdrawal of competitors
- Expansion of demand for offshore wind power, etc.
- Increased demand for large data centers

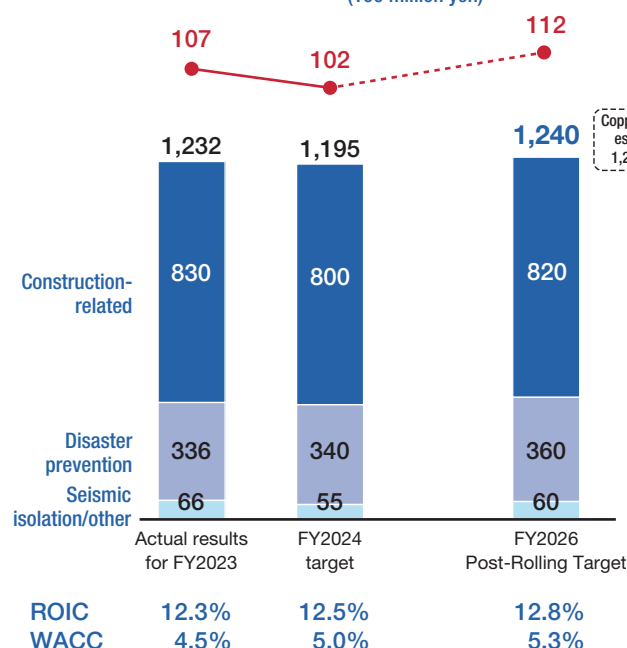
Basic Strategy

Construction

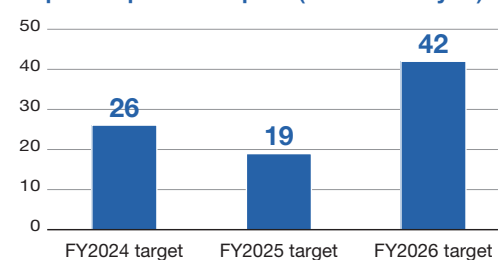
- Raising the level of profitability with differentiated products (high-end firefighting cables, construction burden-reducing cables)
- Improve capital profitability by promoting DX management

Electric power

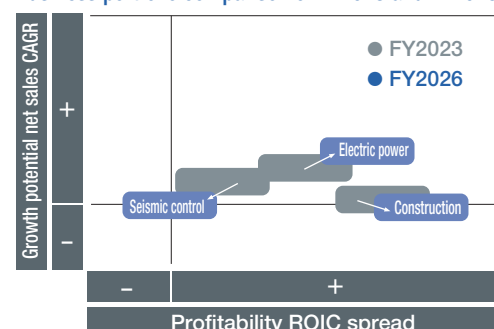
- Maximizing investment contribution through increased production of high-voltage power SICONEX cable connectors
- Promoting human resource training
- Human resource capabilities are the foundation for business evolution (Smart Stream Business)

Medium-Term Rolling Target Net sales and Operating income
(100 million yen)

Capital expenditure plan (100 million yen)



Business portfolio comparison of FY2023 and FY2026



Business Segment chief interview

Q1 Please tell us what the strengths are in this segment.

This business segment operates in three sectors: "Construction-related," "Electric power infrastructure," and "Seismic and other."

In the "Construction-related" sector, we manufacture the general-purpose electric wires and industrial electric cables used in buildings and factories at the SHOWA FURUKAWA CABLE CO., LTD. (SFCC) factories in Mie and Ibaraki prefectures, and they are supplied in connection with construction-related electrical sales. Fuji Electric Cable Co., Ltd. handles the electric wires for firefighting use that supply power to firefighting equipment even amid the flames when a fire has broken out. It boasts the top market share in the industry at approximately 50%.

In the "Power Infrastructure" sector, we produce ultra-high-voltage power cables and connector components used in power plants and substations at our Sagami-hara Plant and Aichi Factory, and deliver them to electric power companies and to electric power equipment manufacturers. SICONEX connectors for high-voltage power cables are used in power plants and substations, and in building substation facilities. Making the most of their advantages such as being light weight and compact, short installation times, and simple joint design, they boast a market share of more than 70% in the substation and nongovernmental markets. In addition, SFCC has two factories, as well as partner companies, in the east and west with a well-balanced production system. Recently, aluminum CV sales have been firm due to its reduction in burdens in construction. This has given us a lead over our competitors in product quality and construction flow.

In "Seismic and other" sector, our strength lies in the high quality and low cost seismic isolation equipment that we supply to construction companies. We often receive information at an early stage regarding power cables and the like at the structures our customers are building, and this can lead to projects in other divisions.

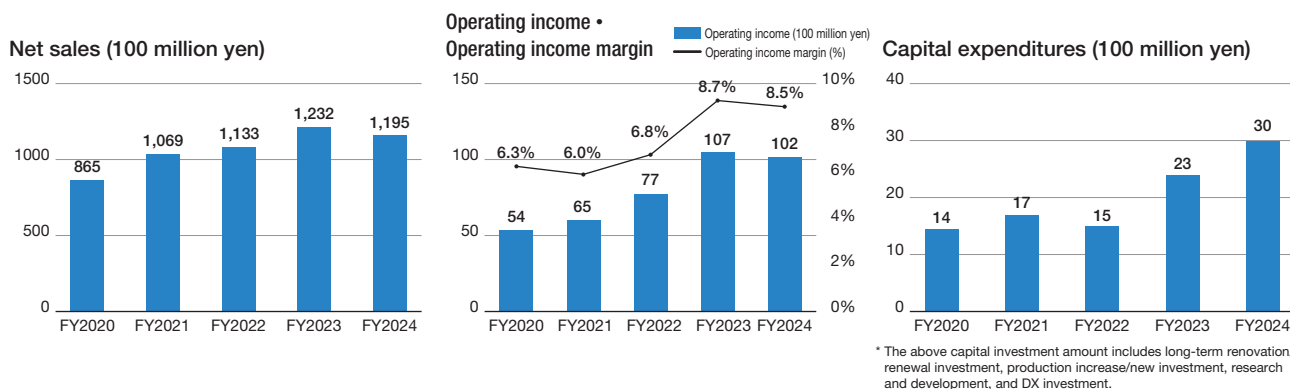
Q2 Please talk to us about the main achievements from FY2023 and future market trends.

The FY2023 results for this business segment saw net sales of 123.2 billion yen, up 8.7% from FY2022, and operating income of 10.7 billion yen, up 39.6%.

Profitability for the construction-related business improved due to a review of selling prices, while for the electric-power infrastructure business demand related to special high-voltage equipment remained strong. Furthermore, SFCC is also promoting initiatives to improve production efficiency through the use of DX mainly at SFCC, and it is showing results. Data previously managed individually by employees can now be visualized on the new system's dashboards. This makes it possible for everyone from management to the staff directly in charge to see the same database and do their work. Going forward, we will study putting the system to use in preparing production plans and process allocations, as well as making use of tablet devices. With regard to future market trends, the "Construction-related" market is expected to see growth in demand for semiconductor factories and data centers, in addition to demand for buildings and condominiums associated with redevelopment in the Tokyo metropolitan area.

In the "Electric Power Infrastructure" field, demand for power transmission and distribution is expected to grow as electric power facilities built during the high-growth period reach the point of renewal, the replacement of power cables and equipment instruments increases, and furthermore strengthening of power grid progresses to ensure a stable supply of electric power to the Tokyo metropolitan area through renewable energy. Also, with regard to direct mold (DM) products within the SICONEX line, with some of our competitors withdrawing from the business, we can expect expansion in the bushing (power equipment parts) business.

In the "Seismic and other" field, with seismic isolation efforts also moving forward at data centers for generative artificial intelligence and semiconductor factories, alongside the work being done at hospitals, government buildings, multi-family dwellings, and so forth, we will engage in efforts to capture demand.



Q3 Please tell us about the key strategies in the Medium-Term Rolling Plan 2024 and the state you are aiming for in 2030.

We are planning for net sales in FY2026 of 124.0 billion yen and operating income of 11.2 billion yen. To increase profits, we are promoting initiatives aimed at becoming the de facto standard in the electric power market and at strengthening our training of construction personnel.

Given that the shift to ultra-high voltage is under way with power companies converting their electric power infrastructure, going forward we will be focusing on the 275 kV ultra-high voltage domain. In addition, the relocation and expansion of equipment at our power equipment parts factory in Sagami-hara was completed in FY 2023. We are currently responding to a great demand.

To improve ROIC, with the price of copper soaring we will focus on managing inventories and shortening the collection period for trade receivables.

In regards to our vision for 2030, with the spread of renewable energy and EVs, we would like to sell a lineup of high-value-added products, discover the issues our customers face and provide solutions that contribute to solving them.

Trends by product area in the Energy and Infrastructure Business Segment

Business overview

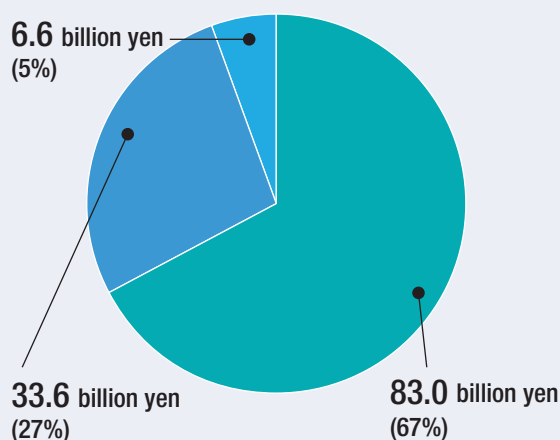
The Energy and Infrastructure Business is associated mainly with domestic electric power infrastructure, wires and cables in construction-related areas, and seismic isolation components. The segment mainly handles the manufacture and sales of electric wires, power cables, electric power equipment, seismic isolation equipment, vibration control and vibration isolation, and also engineering design and contracting.

Construction-related

Electric Power Infrastructure

Seismic isolation/other

FY2023 Sales and Component Ratio by Sector



“Construction-related” sector

Net sales for FY2023 were 83.0 billion yen, up 6.1% from FY2022.

In FY2023, we focused on profitability and ROIC management, and worked on building a production system to meet demand and ensuring stable supply. Although there were unprecedented disruptions owing to a surge in demand in the third quarter that led to the suspension of taking new orders, we were able to quickly resume taking orders thanks to carrying out planned repairs meant to avoid lengthy shutdowns of aging facilities and through DX initiatives. We were able to reduce Inventory levels by 10% from the previous year.

Our DX initiative entered its third year, and it was a year that paid off with considerable results, including the promotion of digitalization and shaking ourselves free from work done by a single employee. By building an in-house portal site, consolidating data scattered throughout the company, and visualizing and sharing management information and KPIs, we contributed to improvements in the speed of management decision-making, as well as labor-saving in the preparation of for internal meetings and improvements to operational efficiency. A variety of ideas regarding methods for making the most of the portal site have been put forth, and as we go forward we will evolve it further and make it work as a tool to improve performance and operations.

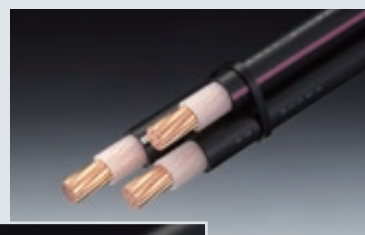
Drafting inventory plans was one of the jobs that had been done by a single person, but by establishing the logic of the work process, we ensured fairness and transparency in our operations and realized labor savings. By introducing a make-to-availability (MTA) production system, we encourage setting appropriate inventory levels suitable even if there are changes in demand after production has been ordered. This contributed to the construction of a production system that is linked to demand.

Manufacturers such as ourselves are facing the risk of copper price fluctuations in our inventories and an increase in working capital, due to the rise in copper prices and resource prices that has been ongoing since 2020. There is growing concern over deterioration in financial positions. As important products that bear responsibility for infrastructure, we believe it is necessary to work at improving business practices, such as securing inventories and reviewing payment terms, so that everyone from refiners to electrical material dealers will bear a broadly fair share of the burden to ensure the stable supply of these products.



Masahito Takahashi

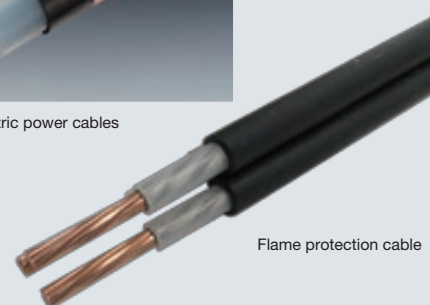
SHOWA FURUKAWA
CABLE CO., LTD.
Director
General Manager of the
Administration Dept.



Low-voltage power
cable
600V CVT



High voltage electric power cables
6600V CV



Flame protection cable

“Electric power infrastructure” sector

Net sales for FY2023 were 33.6 billion yen, up 14.3% from FY2022.

In FY2023, we focused on making SICONEX the de facto standard with the aim of further expanding our share in the substation and nongovernmental markets, and on expanding our ultra-high voltage SICONEX products from 66/77kV to 154kV and 275kV. Also, as a means to strengthen product manufacturing to support expanding market share, we invested in increased production of power equipment products at our Sagami-hara Plant, while construction to expand the capacity of our SICONEX facility by 1.5 times was completed in FY2023.

As an initiative to secure construction execution capabilities, we are providing education in special high-voltage connection work skills to outside construction subcontractors at our Construction Human Resource Development Center, and we are working to expand our alliance of installers. Through this initiative, we are moving forward on strengthening our shift of in-house construction personnel to the ultra-high voltage area.

Although our Group boasts a market share of more than 70% in the substation market, compared to our market share of more than 90% for private companies, there is still room for growth in the electric power company market. Accordingly, we will continue working to achieve our goal of a 90% share or more in the substation market. Also, with regard to direct mold (DM) products within the SICONEX line, with some of our competitors withdrawing from the business, we will work not only to expand sales but also to become a price leader in the bushing business. In construction education, we will work to expand our installers alliance by making use of our Advanced Virtual Reality (AVR) system, which overlays actual images on virtual reality (VR) images, and by introducing remote support systems.



Shigeru Toyama

SWCC Corporation
Executive Officer
Assistant Chief of the Energy and Infrastructure Business Segment, in charge of the Electricity Business



SICONEX



Type-T connection terminal

“Seismic and other” sectors

Net sales for FY2023 were 6.6 billion yen, up 15.8% from FY2022.

In FY2023, as deliveries for large seismically isolated warehouses increased, we moved forward with improvements to production processes, product storage methods, and transportation methods to address those cases where there is a concentration of shipments. We also worked on measures to address the 2024 problem of transportation. Also, we will continue to commit ourselves to new product development.

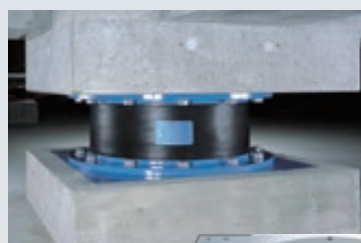
In June 2023, E-Isolation—one of the nation’s largest seismic isolation testing machines—was completed in Hyogo Prefecture under government guidance. Performance measurements were made of flagship products from each seismic-isolation equipment manufacturer, and their quality was evaluated by a third party. We had multiple university researchers attend these tests, and we plan to provide even more reliable products by conduct joint research on, for example, how to respond to major earthquakes that were not imagined at the time our existing products were developed.

We will work to develop new products and upgrade existing products suitable for seismically isolated buildings being put to various uses, doing so both in-house and working together with partner companies.



Miyuki Shimizu

SWCC Corporation
Manager of the Engineering Sec., Seismic Isolation and Vibration Control Dept.



Seismic isolator



Slide bearing

We will work to improve profit margins by expanding high value-added products downstream and shifting to high-productivity facilities.

In this segment, we mainly supply to automobile manufacturers our high-performance oxygen-free copper "MiDIP," copper alloy wires, high-performance winding wire. These are used for the motors, seat heaters, and so forth in automobiles. To improve profit margins, in downstream markets we are working to expand our lineup of high value-added products with an elevated degree of processing. We are also moving forward on expanding sales of our newly developed pin materials for semiconductor testing equipment, and on developing green in-vehicle winding wire. In addition, to shorten lead times for enameled wire and reduce inventory, we are moving forward with installing a highly energy-efficient horizontal incinerator (horizontal furnace) that will be able to produce enameled wire faster at higher temperatures.



Yoshiteru
Akimoto

Executive officer
Chief of Electrical Equipment and
Components Business Segment

Market Forecast for FY2024 to FY2026

High performance products

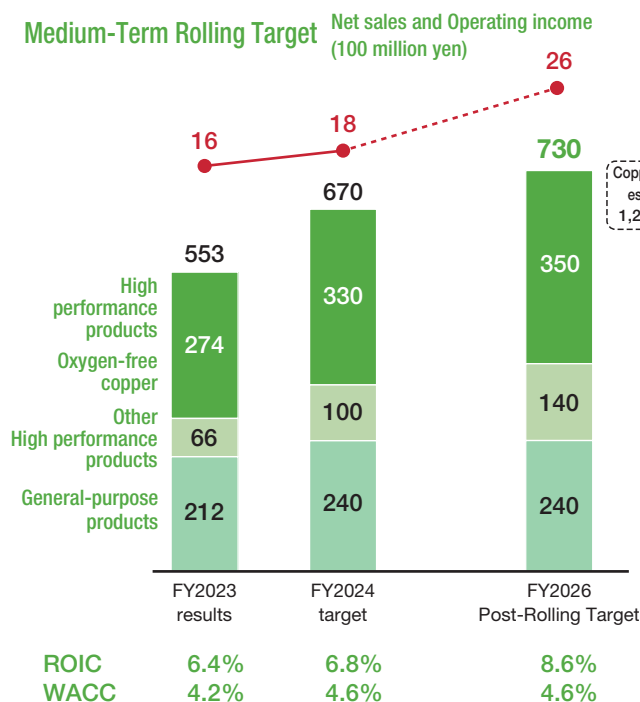
- Even with market recovery, switch to BEVs slows while recovery for HEV demand grows
- CASE spreads
- Motor demand expands

Basic Strategy

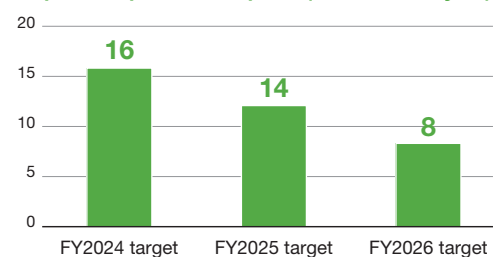
Basic Strategy

- Flexible building system for the conversion of BEV and HEV
- Development and Production of New High Value-Added Products
 - Launch of green automotive winding wire (CO₂ reduction)
 - Increased production of heater wires
 - Development of probe pins for semiconductors
 - Tohoku University Co-Creation Institute
- Structural reform
(Building an integrated production system for heater wires from FY2025)

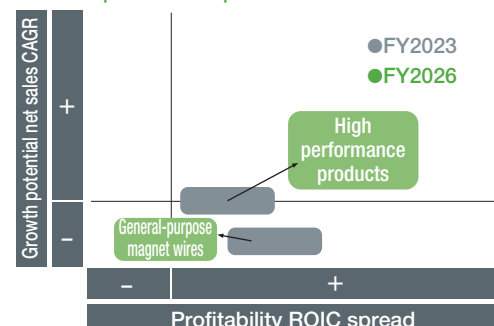
Medium-Term Rolling Target



Capital expenditure plan (100 million yen)



Business portfolio comparison of FY2023 and FY2026



Business Segment chief interview

Q1 Please tell us what the strengths are in this segment.

This business segment operates in three sectors: “High performance products (oxygen-free copper),” “Other high performance products,” and “General-purpose products.”

In the “High-performance products (oxygen-free copper)” sector, we produce our MiDIP high-quality wire rod at our Mie Plant, and supply to automobile component manufacturers, among others. It is mainly used as a material for the winding wire used in motors, and our share in this sector domestically is around 60% to 70%. MiDIP is manufactured using Japan's only dip-forming system. In it, electrolytic copper that has been heated in a preheating furnace is completed isolated from the air by carrying out every process from feeding to rolling in atmospheric gas and in a vacuum. Since impurities and oxygen content are nearly zero, the material has high conductivity, high bending resistance, and a smooth surface that generates little copper dust during processing. The adoption of MiDIP grew in the 2010s, when hybrid vehicles spread and drive motors became smaller and more efficient. Demand has grown further since around 2020 in line with the EV market.

In the “Other high-performance products” sector, we do everything from the casting to the processing of copper-silver alloy wires at our Sendai Plant. These are supplied to automobile components manufacturers and others. This wire is characterized by its high strength and high conductivity. In the field of automobile seat heaters—its main application—we have a domestic market share of approximately 30%.

Also, our high-performance winding wire is a high-end winding wire used for in-vehicle motors. It is produced at our Mie Plant. Extremely high performance and quality is demanded in severe environments where it is used in confined spaces and the voltages are extremely high. Beyond this, fine flat winding wire is used in automotive converters, in small motors for robots, and so forth.

Q2 Please talk to us about the main achievements from FY2023 and future market trends.

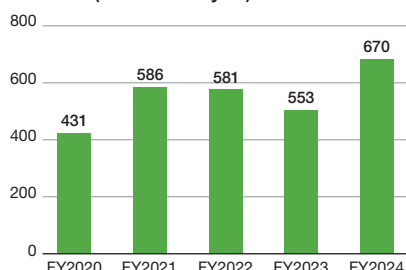
The FY2023 results for this business segment saw net sales of 55.3 billion yen, down 4.9% from FY2022, and operating income of 1.6 billion yen, down 3.7%.

In FY2023, our newly developed probe pins for semiconductors were adopted by some customers in the Taiwanese market. With regard to probe pins, which are used to inspect continuity in semiconductor devices, amid demand for a material that can be used repeatedly at higher currents than ever and do not readily generate heat generation, as a material that satisfies those expectations we have processed a copper alloy wire at the micron-unit level and turned it into a product.

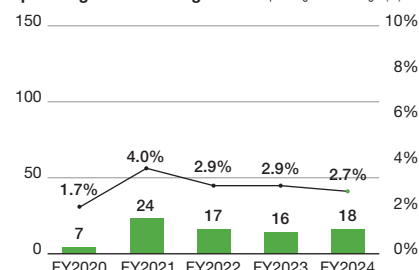
With regard to in-vehicle heater wires, in order to improve productivity and increase production, along with augmenting facilities we began in FY2023 to relocate facilities in order to consolidate processes that currently entail production across two sites into one site.

Also, in April 2023 we established the Mobility Development Center. Going forward, with demand for EVs expected to grow, we will develop high value-added products specializing high-performance wire rods and high-performance winding wire and work to open markets. Specifically, we will progress with developing, for example, winding wire for EV drive motors and bus bars for batteries that are made from oxygen-free copper.

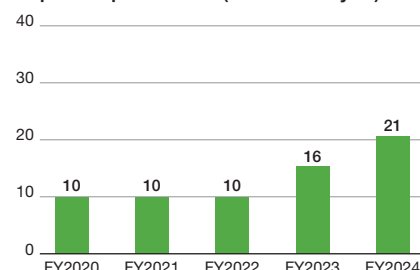
Net sales (100 million yen)



Operating income • Operating income margin



Capital expenditures (100 million yen)



* The above capital investment amount includes long-term renovation/renewal investment, production increase/new investment, research and development, and DX investment.

Q3 Please tell us about the key strategies in the Medium-Term Rolling Plan 2024 and the state you are aiming for in 2030.

For FY2026, we are planning for net sales of 73.0 billion yen and operating income of 2.6 billion yen. In the downstream market, we will expand the variations of high value-added products with an elevated degree of processing and work to improve profit margins.

With regard to seat heaters, since they consume less energy than heater air conditioners, demand is expected to grow as EVs spread. Accordingly, we will steadily work to seize these opportunities.

With regard to probe pins for semiconductors, we will continue our efforts aimed at further expanding sales and improving added value, as well as at developing production technologies.

Also, regarding the production of enameled wire, we will proceed with the installation of a high-productivity, energy-efficient horizontal baking furnace (horizontal furnace) at the Mie Plant. This horizontal furnace will be able to increase energy efficiency by approximately 80% compared to a conventional vertical furnace. Enameled wires are made by repeatedly applying insulating varnish to a conductor and then baking it at high temperatures. With conventional vertical furnaces, you use gas combustion or electric heaters to raise the temperature of the furnace temperature and then adjust it to a suitable temperature. Horizontal furnaces, on the other hand, can efficiently circulate heat to set the appropriate temperature distribution. This makes it possible to use the heat without waste, the lead time required to raise furnace temperature is shortened, productivity is improved, and it leads to trimming inventory. Furthermore, one can also look to shorten the time need for installing equipment and reduce costs because there is no need to construct a high-rise structure for installation like those for vertical furnaces. Currently, we are working to expand our production line and expect it to enter full-scale operation sometime during FY2024.

As to the state we are aiming for in 2030, we are looking to secure an operating margin of 5% or more; with regard to our downstream strategy, we want to make high value-added products with an elevated degree of processing the core of our lineup. Also, with customer needs for low-carbon materials expected to increase further going forward, in fiscal 2025 we plan to sell as “green in-vehicle winding wires” products manufactured in our highly efficient horizontal furnace using low carbon footprint (CFP) materials and green energy.

Trends by product area in the Electrical Equipment and Components Business Segment

Business overview

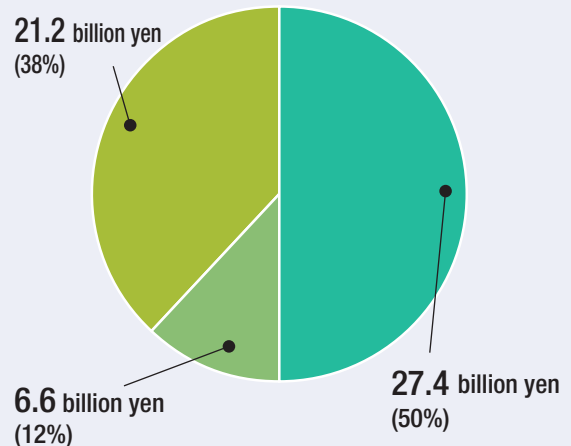
The Electrical Equipment and Components Business is a business led by general-purpose products such as wire rods for electrical wire conductors and windings for general-purpose motors, and by high-performance products such as high quality wire rods like high-performance oxygen-free copper “MiDIP” and copper alloy wires for heaters as well as high-performance winding wire for environmentally friendly vehicles. We mainly manufacture and sell winding wire, bare wire, oxygen-free copper, copper alloy wire, and wire for automotive use.

High-performance products (oxygen-free copper)

Other high-performance products

General-purpose products

FY2023 Sales and Component Ratio by Sector



“High-performance products (oxygen-free copper)” sector

Net sales for FY2023 were 27.4 billion yen, up 7.9% from FY2022.

In the automobile market, electrification is expected to speed up from FY2026 onward; according to a report from XXX and other sources, in Japan electrification will exceed 50% by 2026 and 70% by 2030. The demand for drive motors is expected to increase with this speeding up of electrification, and accordingly oxygen-free copper used in enameled rectangular wires for drive motors is also expected to increase.

The issues will be to increase profit margins and add value. We will shift our portfolio from wire rod sales to high value-added product lines downstream. Since we can perform integrated production handling everything from the manufacture of the raw material that is oxygen-free copper to winding wire production, we will also work to differentiate our products from the distribution cost perspective and their ability to address low carbon emissions.

Also, we set our sights on manufacturing enameled flat wires for automotive use, and in the production innovation furnace (horizontal furnace) that we have been working on in an in-house project that began in FY2022. When it comes to sales of our “green in-vehicle winding wires” that satisfy our customers’ growing needs for low-carbon materials, we will further study our technology and work to increase the number of sizes and improve their quality and productivity.

“Other high-performance products” sector

Net sales for FY2023 were 6.6 billion yen, up 28.4% from FY2022.

The electrification of automobiles is also a favorable development for the in-vehicle heater wires that we manufacture. Since environmentally-friendly vehicles that do not use engines lack a heat source (engine), they require a mechanism for warming the interior and the battery. Given that heater wires are more energy efficient than other types of heating, the number of in-vehicle heater wires is expected to increase significantly with the shift to BEVs. So in order to meet demand, we will work to improve productivity and on responses to increase production. Also, we will move forward on expanding our product lineup so it can satisfy a wide variety of demands.

As for pin materials used in semiconductor testing equipment, demand for semiconductors is expected to grow due to



Yoshihiro Sakagami

SWCC Corporation
Electrical Equipment and Components Business
Segment Officer
General Manager of the Bare and Magnet Wire Dept.




MiDIP

Copper-silver alloy wires

generative AI and the trend toward electrification throughout the world. We have been expanding sales of our copper-silver alloy wires mainly for heater wire applications. However, taking advantage of their high conductivity and high strength characteristics that outperform other copper alloys, we are also working to expand sales channels and on technology development for it a pin material for semiconductor testing equipment. Owing to the downsizing of semiconductors and increases in processing speeds increase, pin materials for testing equipment are likewise becoming smaller in diameter and currents are increasing. We will work to further evolve copper-silver alloy wires and contribute to the evolution of the semiconductor field.

Initiatives of the “Mobility Development Center”

In April 2023, we established the Mobility Development Center with the goal of contributing to a mobility market that is in a period of major change thanks electrification and so forth. Until now, mobility-related R&D departments have been scattered throughout our business segments. By establishing the Mobility Development Center and consolidating the Group's development functions, technologies, and knowledge, it will facilitate horizontal development across organizations. Going forward, we will accelerate our shift to high-performance wire rods required for mobility, strengthen our product development capabilities and contribute to the development of the mobility market.

► Development of “fire-resistant sheathed rectangular wire” for bus bars intended for xEV

With regard to fire-resistant sheathed rectangular wire for bus bars that are an electrical component for electric vehicles (xEVs), for which global demand is expected to increase, in January 2024 we started providing trial samples of this wire for xEV use. We aim to see them installed in xEVs that will go on sale starting in FY2026.

Features of “fire-resistant sheathed rectangular wire” for bus bars intended for xEVs

- Offers high workability and conductivity due to using high-performance oxygen-free copper “MiDIP” as a material
- Can endure 30 minutes in a fire environment of 1,100°C inside the battery, where there is the fear of ignition

► Our wireless power transfer coil units adopted for demonstration used in a public road test of dynamic wireless power transfers to electric vehicles

As a member of a University of Tokyo research group on the “Future society opened by direct dynamic wireless power transfer to EVs” project, we are conducting joint research and development work on a dynamic wireless power transfer system. The research group is led by Professor Fujimoto Hiroshi and Associate Professor Shimizu Osamu of the University of Tokyo Graduate School of Frontier Sciences, and it was selected in 2017 by the JST-Mirai Program.

The dynamic wireless power transfer system being developed jointly is a system in which electric vehicles are charged while in motion through a power transmission coil embedded in the road. The typical electric vehicle will be able to travel one kilometer on ten seconds of power reception. Using this system will allow electric vehicles to travel without worrying about recharging when going long distances.

Our wireless power transfer coil unit was used in Japan's first public road tests of dynamic wireless power transfer to electric vehicles that began in October 2023. Based on the results of this demonstration experiment, by working with the University of Tokyo research group and the participating members of JST's Future Society Creation Project, we aim to realize dynamic wireless power transfer and contribute to the realization of a comfortable mobility society.

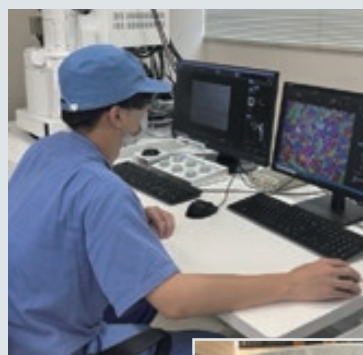


Hiroto Nozaki

SWCC Corporation
Director of the Mobilities
Development Center



Initiatives of the Mobility Development Center Prototype Factory



SEM observation



Feeding train



Non-contact coil

As we look to work together with strong overseas partners, we will strengthen our production and sales systems with the goal of global expansion.



In this business segment, we deliver LAN cables and fiber optic cables to communications infrastructure companies and so forth, wire harnesses to Japanese manufacturers of household appliances and of automotive parts, and rollers used in office equipment to major Japanese manufacturers of office equipment. In order to increase sales and improve profit margins, we will expand our lineup of high-value-added products and leverage our advanced technology, such as the ultra-thin diameter, high-density intermittent adhesive ribbon “e-Ribbon.” We will work hand-in-hand with strong partners overseas to promote efforts to expand global sales and build a global production system.



Kazuhiko
Inoue

Executive Officer
Chief of Communication and
Industrial Devices Business Segment

Outlook FY2024 to FY2026

Communications

- Increases in communications equipment and Communications Traffic
- Expansion of telecom/datacom markets overseas
- Expansion of ADAS market

Industrial Devices

- Japan demand to grow slightly
- Expansion of China and Southeast Asia markets to slow
- Increase in demand for high-function appliances
- Diversification in commercial printing demand

Basic Strategy

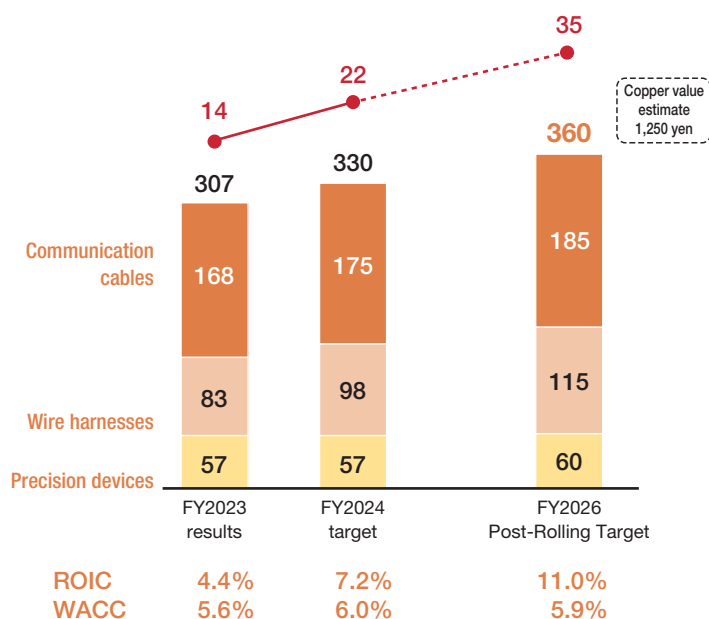
Communications

- Capturing strong demand for office LAN
- Investment to increase production of automotive high-speed transmission cables
- Developing new partners for e-Ribbon

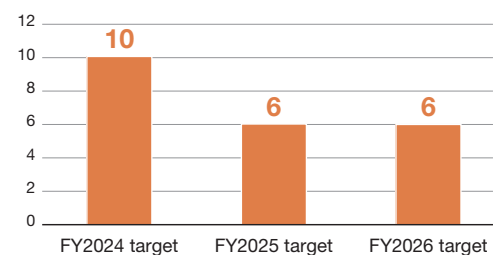
Industrial Devices

- Wiring harnesses and precision devices (Roller) Expansion of Business Domains Overseas

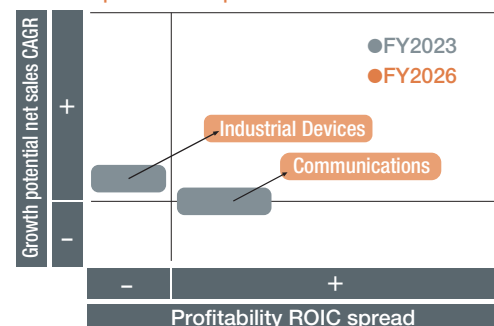
Medium-Term Rolling Target Net sales and Operating income (100 million yen)



Capital expenditure plan (100 million yen)



Business portfolio comparison of FY2023 and FY2026



Business Segment chief interview

Q1 Please tell us what the strengths are in this segment.

This business segment operates in three sectors: “Communication cables,” “Wire harnesses,” and “Precision devices.” In the “Communication cables sector,” we manufacture optical fiber cables and LAN cables at the Sendai Plant and the Kofu Factory, and supply them to communications infrastructure companies, among others. Thanks to our superior technological capabilities, we hold a more than 30% of the domestic market for LAN cables. Also, “e-Ribbon” is an ultra-fine, high-density optical fiber cable. Using our proprietary manufacturing method, many optical fibers in the shape of a net are housed in a thin cable. Flexible and very workable, it improves the efficiency of wire installation work and also makes it possible to reduce the size of distribution boxes. Our high productivity is also a strength.

In the “Wire harnesses” sector, we produce wire harnesses for white goods and industrial equipment at our factories in China and Vietnam, and supply them to the overseas factories of Japanese manufacturers of household appliances and of automotive parts.

In the “Precision devices” sector, we manufacture rollers used in office equipment at our factories in China and Vietnam, and some at our Sagami-hara Plant, and supply them to Japanese office equipment manufacturers. In particular, we have a high share of the market for the pressure rollers used in the fuser area of copiers to feed paper.

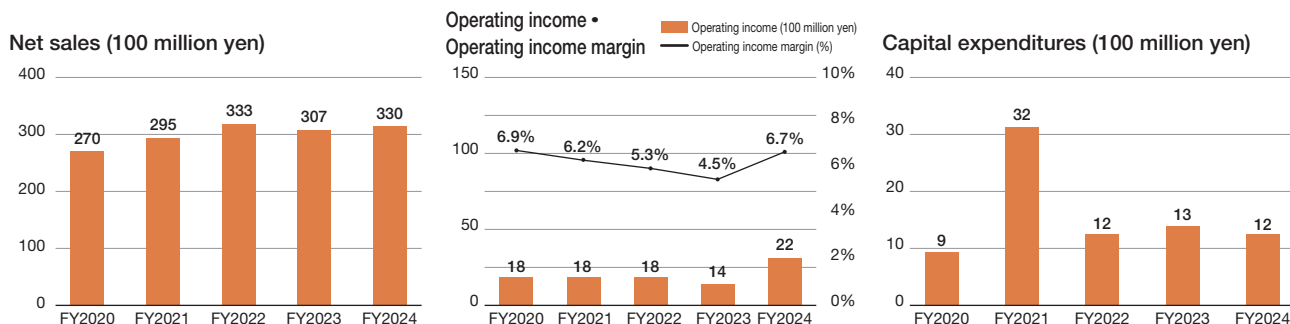
Q2 Please talk to us about the main achievements from FY2023 and future market trends.

Net sales in FY2023 for this business segment were 30.7 billion yen, down 7.6% from FY2022, and operating income was 1.4 billion yen, down 22.1%. As to conditions by sector, in the “Communication cables” sector, in addition to the effects of reorganizing our domestic production bases and sales at reasonable prices, demand for construction-related products remained strong, and high-speed communication cables for in-vehicle use went into full-scale operation. On the other hand, in the “Wire harness” sector, the economic downturn in China and Vietnam and sluggishness in demand for household appliances in Japan had an impact.

As to future market trends, in the “Communications cable” sector, the global optical fiber market has been sluggish since inventory adjustments began in 2022. However, demand is expected to recover from autumn 2024 onward. Also, along with the increase in new businesses based on using data in such fields such as medicine, education, transportation, and agriculture, the building of high-speed communications infrastructure for digital infrastructure and automated driving is moving forward. Accordingly, demand for communication cables is expected to grow.

In the “Wire harness” sector, while the domestic market for household appliances is contracting, the overseas market for such is growing. In addition, continued growth is expected for the Chinese market for in-vehicle components.

In the “Precision devices” sector, in the printers market color printers continue to grow, while the multifunction printer market remained firm due to a recovery in office demand.



* The above capital investment amount includes long-term renovation/renewal investment, production increase/new investment, research and development, and DX investment.

Q3 Please tell us about the key strategies in the Medium-Term Rolling Plan 2024 and the state you are aiming for in 2030.

For FY2026, we are planning for net sales of 36.0 billion yen and operating income of 3.5 billion yen. This is the bottom line level, and we are aiming for a higher level. We aim to increase sales and improve our profit margins, and will be expanding sales of high value-added products.

As to our strategies and initiatives for achieving the Medium-Term Plan, first, we will make the most of our superior technological capabilities and move forward with global expansion in cooperation with strong partners overseas. Since the changes in demand are fierce in the global market, it is necessary to build a system that can flexibly respond to changes, including in the supply chain, in order to achieve stable growth. Specifically, we will move forward with making facilities multifunctional, fluidly allocating our human resources, and reviewing the balance of production both in Japan and overseas.

Also, to improve ROIC, we will commit ourselves to expanding sales of high value-added products, emphasize the number of days to turnover inventory, and work to shorten lead times.

By 2030, we aim to expand our sales in the global market; extend our production system to regions other than Japan, China, and Vietnam; and work together with strong overseas partners to build a global production system.

Trends by product area in the Communications and Industrial Devices Business Segment

Business overview

The Communications and Industrial Devices business consists mainly of communication cables for the domestic and Asian markets, wire harnesses for household appliances and industrial devices, and devices for copiers.

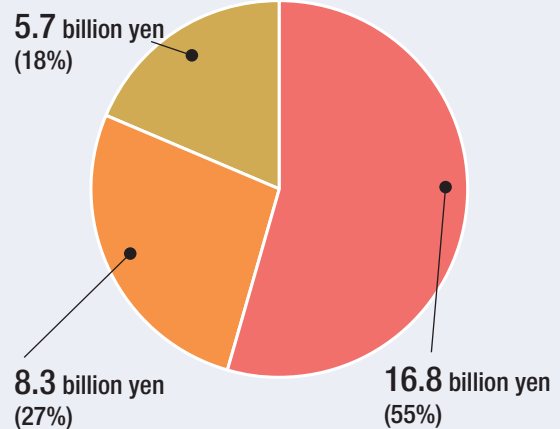
We mainly manufacture and sell communications cables (optical cables, LAN cables, and metal communication cables), wire harnesses, and precision devices.

Communication cables

Wire harnesses

Precision devices

FY2023 Sales and Component Ratio by Sector



“Communications cables” sector

Net sales for FY2023 were 16.8 billion yen, up 6.6% from FY2022.

In FY2023, inquiries about our “e-Ribbon” intermittent adhesive ribbon product and cables increased in overseas markets as products for effective use of space in FTTx and data centers that can achieve downsizing of various devices and make cables thinner, lighter, and more dense. In light of these circumstances, we have released cables conforming to the US Telecordia GR-20-CORE standard with the aim of expanding sales in overseas markets.

Against a backdrop of information digitization and redressing the digital divide, owing to the Broadband Equity, Access, and Deployment (BEAD) Program in the US and to Digital Compass 2030, which sets targets for the realization of the transition to digitalization in Europe, increasing the speed and capacity of communications has been promoted, and investment and development of high-speed broadband FTTx are progressing. Inquiries about e-Ribbon from customers around the world are on the rise. We will be working to expand sales of e-Ribbon and cables by cooperating with partners overseas and improving the technology for adding e-Ribbon to meet customer needs.

To expand sales of FLANTEC for in-vehicle use, our providing Japanese car manufacturers with our (STQ) cables—which are used for in-vehicle cameras and ADAS and have excellent high-speed performance, are noise resistant, and have high durability—is growing, and we are working to increase production. We are moving forward on development with our customers to further improve performance and we aim to expand our market share.



Tomotaka Murase

SWCC Corporation
Communication and Industrial
Devices Business Segment
Officer
General Manager of the
Communication and Devices
Sales Dept., Sales Div.



e-Ribbon



Automotive high-speed
transmission cables

“Wire harnesses” sector

Net sales for FY2023 were 8.3 billion yen, down 20.1% from FY2022.

In FY2023, we established a joint venture in Henan Province, China with a motor manufacturing company with the goals of improving productivity and bolstering cost competitiveness. We also established a Chinese joint venture in Guangdong Province with an in-vehicle parts company and an automated driving software developer, which enabled us to enter the ADAS market. Thanks to establishing these two production bases, our BCP response capabilities were also strengthened.

Going forward, when it comes to household appliances, we will strengthen sales to growing Chinese household appliance manufacturers. Also, in the in-vehicle wiring harness market including those intended for ADAS, we will work to achieve high productivity and cost competitiveness and work to develop new customers based on the newly established joint venture with the in-vehicle parts company and the automated driving software developer.



Kiyoshi Otake

SWCC Corporation
Executive Officer
Assistant Chief of the
Communication and Industrial
Devices Business Segment,
in charge of industrial devices



Wire harnesses

“Precision Devices” sector

Net sales for FY2023 were 5.7 billion yen, down 19.7% from FY2022.

In FY2023, we built a dedicated line for products intended for commercial printers to meet customers’ demand for increased volume due to the increasing rate of digitization in the offset printing market. Also, our production capacity increased thanks to the automation of the pressure roller production line that we have been moving forward on in recent years that made it possible for us to produce a wide variety of products. At our major overseas production bases, we carried out the creation of systems to respond to increases and decreases in customer demand due to market fluctuations.

Going forward, with regard to products for the promising commercial printer sector, we aim to acquire still greater commercial supremacy. Also, to date our customers have been carrying out roller durability evaluations. However, by conducting these evaluations ourselves, we will win greater trust by delivering products that meet the specifications demanded by our customers. Additionally, we will be working to develop and sell key parts other than pressure rollers for office equipment, based on strong relationships of trust with our customers.



FUQING SHOWA PRECISION
ELECTRONICS CO., LTD. (China)



SWCC SHOWA (VIETNAM) CO., LTD.
(Vietnam Hanoi City)



Daisuke Sakai

SWCC Corporation
General Manager of the
Precision Device Dept.



Fuser belt



Heat rollers

Initiatives to Promote DX

Initiatives of the Digital Innovation Promotion Office

The SWCC Group, with the Digital Innovation Promotion Office at its core, has introduced digital tools in various departments, including offices, factories, logistics, and sales, and is moving forward with improving operational efficiency. By combining both top-down and bottom-up approaches through our decentralization strategy, we are building a system for training the persons to be in charge of promoting digitalization in each department and every issue can be quickly resolved at the

frontline workplace.

In order to enhance the consistency and effectiveness of digital innovation from a company-wide perspective, we will adopt an overarching view to manage group-wide digitalization, maintain our IT (data collection), make use of DT (data analysis), and work to achieve DX (Digital Transformation). Through these initiatives, we will speed up DX throughout the organization and strengthen the competitiveness of our business.

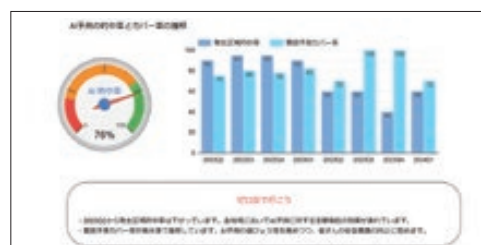
LCDP Promotion Status

In terms of major initiatives at the IT layer, we have our promotion of the Low Code Development Platform (LCDP). Department-level databases are being built using this. As for a concrete example, the S-Alert system we introduced for risk management demonstrated its ability to efficiently centralize dispersed information on quality, safety, information security, and other matters. When we first introduced the system, we expected it would become commonplace in back-office departments. However, usage spread led by the frontline workplaces, and we had the unexpected result of getting inquiries from other departments. Furthermore, the introduction of the “LogiSmaPho” information-sharing system, which is being deployed by our logistics department, has provided an opportunity to significantly increase interest in digitalization in that department, where it has been difficult for digitalization to permeate in the past.



Promoting AI Use

Our companies is carrying out a number of new initiatives using AI technology. We began disaster predictions using AI in 2021, and the results we have been getting are remarkable. It enabled us to reduce the number of industrial accidents in FY2023 to 60% that of previous years. Also, starting in FY2023, we began to systematically analyze employee engagement, grasp the psychological makeup of SWCC Group employees, and move forward on identifying and prioritizing key issues that will contribute to the achievement of the Medium-Term Management Plan. These initiatives are directly connected to improving employee safety and engagement, and will contribute to organization-wide performance and sustainable growth.



Promoting Generative AI

We are moving forward on the development of an in-house generative AI model to maximize the use of advanced AI technology throughout our Group. Specifically, for acquiring general-purpose knowledge, we use the enhanced security version of the SWCC_GPT model and M365's Copilot together, and we encourage employee understanding and acceptance of generative AI. Furthermore, to effectively make the most of

in-house expertise and knowledge, we work at fine-tuning and in-context learning matched to the needs of each department and promote customizing and specializing it on an individual basis. We aim to embed a culture of using generative AI within the company by inspiring the understanding and proactive participation of employees and making continuous improvements.

Future developments

To realize DX, we will train personnel in charge of promoting digitalization in every department by FY2026, and build a system that can promptly resolve various issues in the frontline

workplace. Then, in stages, we move forward to initiatives to promote IT (data collection) and DT (data analysis).

Sustainability Promotion

Message

A message from officer in charge of sustainability promotion

Noriyuki Shiga

Fellow
General Manager of
the Sustainability
Promotion Dept.



Aiming to create a future where people can live in tranquility, the SWCC Group is promoting a sustainability strategy that works in conjunction with its business and financial strategies. At the center of this effort is the Sustainability Committee chaired by the CEO. It is composed of members from a wide of fields centered on the executive officers. The Committee discusses ESG (Environmental, Social and Governance) issues and shares the content of those discussions with the Board of Directors.

Based on the materialities (key issues) set in 2022, we have established five major themes and 16 specific indicators aimed enriching society and improving corporate value. We are managing the progress of these indicators. Also, we plan to regularly revise these indicators and the like in line with trends internal and external to the company.

On the societal front, in view of growing interest in supply chains and respect for human rights, in January 2024 we announced the SWCC Group Human Rights Policy. Going forward, we will the newly formulated human rights due diligence into practice and also ask partners involved in our business for their understanding. Aside from this, we are also working to collaborate with outside parties on diversity and inclusion, and to rebuild our educational structure and strengthen our efforts at fomenting a safety culture and so forth in order to improve engagement.

As to environmental matters, the seventh voluntary action plan for the environment with its FY2025 target is pressing upon us with only two years remaining. However, initiatives to reduce CO₂ emissions and recycle resources are proceeding on schedule. Also, from a medium- to long-term perspective, we are promoting the Green Energy Project with its cross-company team that aims to achieve carbon neutrality by 2050, and we will continue to address issues such as shifting to non-fossil-derived energy and improving the efficiency of production facilities.

Initiatives toward sustainability

Since our founding in 1936, as a company that supports social infrastructure, we have tackled businesses oriented to solving various social issues, and we have been contributing to the development of a sustainable society. When it comes to sustainability initiatives, we have long been making efforts in that direction out of recognition that they are important management issues. We have been working to develop systems and deploy

measures meant to accelerate our efforts toward sustainability management, such as establishing a new “Sustainability Committee” in 2022, formulating our “Basic Sustainability Policy” and identifying “materialities (key issues).” KPIs and measures linked to materialities are seen as being consistent with overall management strategies. By promoting them, we will create synergies with business and financial strategies.

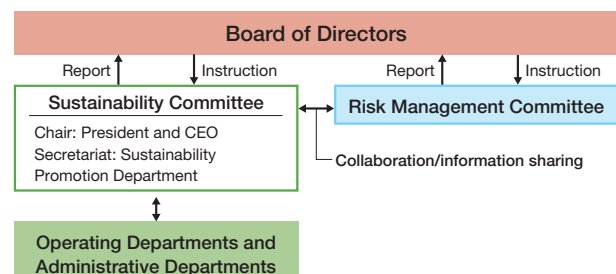
Sustainability promotion structure

Based on the Group's management philosophy, we have established a Sustainability Committee in order to engage in sustainable corporate management from the perspectives of the environment, society, governance, and the like. The committee is chaired by the CEO and President, and comprises executive officers and fellows appointed by the chairperson from each business department and executive officers in charge of administrative departments related to human resources, the environment, procurements, and so forth.

With regard to management issues connected to sustainability, the Sustainability Promotion Department, which serves as the secretariat, consolidates issues and responses from both business and administrative departments. Based on discussions of these matters in the Sustainability Committee, it then formulates a Basic Sustainability Policy, identifies materiality

(key issues), promotes strategies based on opportunities and risks, and reports and makes recommendations on sustainability issues and responses to them to the Board of Directors.

Sustainability promotion structure



Sustainability Basic Policy

Through trust and innovation, the SWCC Group aims to solve social issues and improve corporate value to create a sustainable and prosperous future society.

- Provide customers with high-quality products and services through superior technology and innovation
- Work toward the spread of clean and green energy and protect the global environment

- Value our connections with local communities and the value chain in the spirit of “empathy,” “coexistence,” and “co-prosperity”
- Promote work styles that make the most of individuality and diversity, and work to improve engagement
- Foster a good corporate culture by enhancing the humanity and ethics of our officers and employees

Status of Activities

We have identified materialities based on our Basic Sustainability Policy, and are deploying measures in order to initiatives aimed sustainable management. Materialities comprise five themes: “Technology,” “Environment,” “Region,” “People,” and “Governance,” and we have set courses of action for each. Also, based on our courses of action, we set 16 evaluation indicators. We set medium-term and single-year targets for each indicator, and we have been working to achieve these targets using the

PDCA cycle.

In FY2023, we confirmed progress in comparison with established evaluation indicators, sorted out issues, and examined countermeasures. In FY2024, as we move forward with confirming progress against evaluation indicators, we have reviewed materialities and planned on setting KGIs from a medium- to long-term perspective and achieving effective KGIs.

SWCC Group human rights policy

The SWCC Group settled on its SWCC Group Human Rights Policy in January 2024. The SWCC Group has been pushing forward with efforts related to human rights in accordance with the “Respect for Human Rights,” “Individual Character,” and “Respect for Individuality” set forth in our Code of Conduct. However, in light of the acceleration of efforts in the international community regarding respect for human rights and the Japanese

government’s announcement of its “Guidelines on Respecting Human Rights in Responsible Supply Chains,” we extended the scope of our efforts to cover all stakeholders—including SWCC Group officers and employees—and formulated a policy that will work toward respecting human rights and preventing violations of those rights. Representative directors signed off on this policy and it was debated and approved by the Group’s Board of Directors.

Basic Approach

In accordance with the UN’s Guiding Principles on Business and Human Rights, and in support of such international norms as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, the SWCC Group has established the SWCC Group Human Rights Policy to promote respect for human rights for all of our stakeholders, including employees.

1. Applicable scope

This policy applies to all officers and employees of the SWCC Group. Also, we expect understanding and support for the content of this policy from our business partners—including suppliers involved in the SWCC Group’s business activities—and encourage their commitment to respect human rights.

2. Initiatives toward respect for human rights

(1) Prohibition of discrimination

The SWCC Group respects diversity and does not discriminate in any way for any reason on the basis of race, nationality, origin, religion, ethnicity, gender, gender identity, sexual orientation, age, education, marital status, health status, disability, economic background, or political opinion.

(2) Prohibition of forced labor and child labor

The SWCC Group does not accept forced or trafficked labor. Also, we do not engage in child labor where the employee has not reached the working age stipulated in national or local laws and regulations.

(3) Prohibition of harassment

The SWCC Group prohibits any acts of harassment that impair an individual’s character or dignity through violence, abusive language, slander, defamation, etc. These acts of harassment apply not only to public statements and actions within the company, but also to communications among officers that occur in the workplace and the distribution of information via social networking sites and so forth.

(4) Providing equal opportunities

The SWCC Group provides equal opportunities to its employees in hiring, assignments, and human resources development and career advancement.

(5) Respect for basic labor rights

The SWCC Group respects fundamental rights connected to labor such as freedom of association and the right to collective bargaining as measures for achieving consultations between labor and management

on working conditions, working environments, pay standards, and the like. We will also work toward the realization of responsible labor practices, such as appropriate working hours and leave management.

(6) Occupational health and safety

The SWCC Group will engaged in suitable management regarding the health and safety of its employees, comply with national and local laws and regulations, and work to prevent accidents and disasters.

3. Human rights due diligence

Through its framework for risk management, the SWCC Group will work to identify any negative impacts on human rights—that the SWCC may directly or indirectly impact—and seek to prevent, minimize, or remedy them, as we also evaluate the effectiveness of this initiative and strive to improve it.

4. Correct and remedy

The SWCC Group will work to correct and remedy the situation when it causes any negative impact on human rights through its business activities. Also, a point of contact for reports that can be made anonymously will be established, and we will work to prevent leaks about informants and their information, and take the necessary measures.

5. Education and awareness-raising

The SWCC Group will carry out appropriate education and awareness-raising so that all executives have a proper understanding and awareness of human rights for technological development.

6. Information disclosure

The SWCC Group will disclose the status of its efforts to respect human rights based on our fundamental policy through our website and integrated reports. Also, we will work at getting understanding of and disseminating this policy through dialogue with our stakeholders.

Materiality

Formulation Process

Our company reviewed priority items based on our existing CSR Basic Policy and in August 2022 we also had set materialities as our new priority issues. Identifying materialities was settled with the Sustainability Promotion Department in the lead through the

following four steps. They were then discussed and approved by the Sustainability Committee chaired by the Group CEO.

Going forward, materialities will be regularly reviewed, such as when a medium-term management plan is being formulated.

STEP
1

Understanding, integrating, and consolidating social issues

Survey approximately 300 items from various frameworks related to international social issues such as SDGs, corporate social responsibility (CSR), and sustainability, and –taking into account their relevance to the SWCC Group–extract 40 social issues.

STEP
2

Verifying stakeholder expectations

Regarding the social issues identified in STEP 1, conduct a questionnaire-based survey of investors, business partners (suppliers and customers), local communities, and employees regarding their expectations for the Company, and evaluate them with the same level of importance as our stakeholders.

STEP
3

Selecting high-priority social issues

Comprehensively evaluate the issues on two axes: “importance of our company,” which is based on our Vision and our Management Plan, and “importance of stakeholders” as consolidated in STEP 2. Then, extract high-scoring items and complementary items to determine thirteen high-priority social issues.

STEP
4










Materialities, Policies on Conduct, and Formulating Indicators and KPIs

Group social issues of particularly high priority into five categories by similar fields such as environment, society, and governance, courses of action, indicators and KPIs, which are divided into themes and set as materialities.

[Category] Theme	High-priority social issues	Specific reason
[Technology] Create the future Our future	<ul style="list-style-type: none"> Spread of sustainable clean energy Creation of resilient infrastructure and promotion of innovation Realization of resilient and sustainable cities 	There are social issues that have a significant impact on both our company and our stakeholders. We will strive to enhance both social value and corporate value through our core business.
[Environment] Earth friendly Our earth	<ul style="list-style-type: none"> Greenhouse gas emissions Reduction of chemical substances and waste 	It is important to play a role in the supply chain and value chain for the environment. In addition, delays in environmental measures have a significant impact on business management, such as the occurrence of additional costs and reputation risks.
[Region] Living together Our partnership	<ul style="list-style-type: none"> Engagement with local communities Safety for products and services Information and labeling for products and services 	In order to conduct sustainable business activities, it is necessary to build good relationships with local communities. In order to resolve social issues, it is important to strengthen communication and relationships with partner companies.
[Persons] People shine Our people	<ul style="list-style-type: none"> Gender equality Rewarding work Human resources development 	Based on the recognition that this is an issue that should be prioritized as one for society, initiatives aimed at diversity and inclusion and efforts to improve engagement will lead to securing talented human resources and improving productivity. In turn, this will drive our transformation and growth, and help us achieve a stage of growth not seen until now.
[Governance] Toward a better company Our governance	<ul style="list-style-type: none"> Significant impact on business 	We will strengthen governance, risk management, and compliance in order to operate without damaging corporate value. By promoting these initiatives, we can gain the trust of our stakeholders.

Materiality

The materialities, courses of action, indicators and KPIs and state of progress defined in the four steps of the formulation process are as follows. The Sustainability Promotion Department, which serves as a secretariat, regularly checks the progress

[Category] Theme	Action policy	Indicator and KPI	Target	FY2023 performance	Progress (*)	
[Technology] Our future  	Spread sustainable clean energy through superior technology and innovation	Sales ratio of products related to xEV (electric vehicles)	20% or over (FY2026)	14%	▲	
		In-house introduction rate of renewable energy	30% or over (FY2025)	7%	●	
	Create resilient infrastructure for the future society	SICONEX product compound annual growth rate (CAGR)	12% or over (FY2021~FY2026)	11% (FY2021~FY2023 average)	●	
		Number of patent applications	100 or more (FY2026)	71 donations/activities	●	
[Environment] Our earth  	Reduce greenhouse gases through relentless efforts and responses	Greenhouse gas (CO ₂) emissions Including offsets (Scope 1 + Scope 2)	Compared to FY2013 Reduction of 45% or more (FY2025)	38% reduction	●	
	Promote the recycling of all resources with the collective strength of the Group	Final waste disposal volume	Compared to FY2018 Reduction of 80% or more (FY2025)	69% reduction	▲	
	Use limited water resources effectively	Water usage	Compared to FY2018 Reduction of 20% or more (FY2025)	28% reduction	●	
[Community] Our partnership  	Value connections and develop alongside local communities	Number of cases of funds/ material aid for non-profit organizations, etc. and community contribution activities	5% or more increase compared to previous fiscal year (Every year)	Compared to FY2022 25% increase	●	
	Cooperate with the value chain in the spirit of empathy, coexistence and co-prosperity	Score of Questionnaire on Sustainability Procurement Guidelines	4.5 or higher (FY2026)	4.0	●	
[People] Our people  	Promote the utilization of diverse human resources (Diversity & Inclusion)	Ratio of female managers (section managers)	8% or over (10% or over) (FY2026)	6% (4%)	●	
	Human resources development for the future	Average hours of training per year per employee	40 hours or more (FY2026)	16 hours	▲	
	Improve engagement (create rewarding work and workplaces)	Engagement score	55 or higher (FY2026)	46	▲	
		Lost time injury frequency rate	0.23 or less every year	0.90	▲	
[Governance] Our governance 	Monitor corporate management	Attendance rate of independent outside directors at Board of Directors meetings and committee meetings	75% or more (Every year)	100%	●	
	Provide good-quality and safe products and services	Failure costs due to quality	50% reduction or more compared to FY2021	5% increase compared to FY2021	▲	
		Customer satisfaction	Previous year's score or higher (Every year)	4.1 From FY2022 (0.1 reduced)	▲	

(*) Progress: ● Achievement rate of 80% or more for single fiscal year goals or plan progress ▲ Achievement rate of single year goals or plan progress more than 50% to less than 80%
 × Achievement rate for single year goals or plan achievement rate of 50% or less



with regard to materialities. The Sustainability Committee, which meets twice a year, summarizes plans and the state of progress, and reports and makes recommendations to the Board of Directors.

Initiatives for FY2024	Impact on society	Impact on business
While a decrease in the volume of our shipments is expected due to fluctuations in the production plans of the automotive industry as a whole due to the impact of social conditions, the amount of decline will be compensated for by taking on board new applications.	The development of key technologies to solve social problems will lead to a more affluent society and improve people's lives.	With its competitive advantages, the Company is able to develop new markets and seize new business opportunities.
Move forward initiatives to introduce renewable energy, such as the planned expansion of solar power generators and the use of electricity of non-fossil origin.		
Establish a production system for capturing new demand (replacement demand for aging substations based on the SICONEX and SICOPUS strategies, pursuing obtaining power through new forms, etc.) and capable of responding to increased orders.		
We will map the patents of other companies and promote invention and creation activities that leverage the uniqueness of our own technology while suppressing the strengths of other companies' technologies.		
We will work to improve the renewable energy adoption rate by reducing emissions through maximizing energy conservation and improving production efficiency, as well as by such steps as expanding solar power generation and utilizing electricity of non-fossil origin.	Through our own environment responses, and by contributing to the environmental responses of our customers and business partners, we can contribute to easing global climate change.	Businesses can be developed to address the migration risks that come with climate change. We win social trust as a company that is proactive about the environment.
Even an increase in emissions is expected in FY2024 due to the amount of increased activity, we will continue our environmentally friendly initiatives from product design to product disposal, and continue to promote resource recycling.		
While we work to achieve reductions through recycling, eliminating wastefulness, and so forth, we are considering a review of our FY2030 targets since the impact of increased activity and production going forward is expected to rise.		
We plan to expand activities by introducing the activities within group and newly carrying out activities that have yet to be implement by production bases.	Contributing to the realization of sustainable communities will lead to the revitalization of local communities.	A strong local presence will increase awareness of the SWCC brand and earn additional trust.
We will examine the results of the survey in detail, provide feedback on results to our business partners, and conduct interviews to gain a more detailed understanding of the actual situation. With regard to suppliers rated B and C in particular, we will work to deepen awareness of our sustainability procurement guidelines and raise them to the same level as our suppliers by providing support for improvements and by establishing and anchoring the PDCA cycle and providing them with, for example, support for improvements.		
In addition to continuing our FY2023 efforts (e.g., encouraging the use of childcare leave and so forth and providing training to raise awareness of the need to eliminate unconscious biases), we will also pursue measures such as a hiring review aimed expand the population of women.	Make it possible to provide ongoing and equal employment opportunities to many people and increase their motivation to work.	Increasing the value of human resources will enable us to increase the value of the company, which will stimulate business and ensure stable corporate activities.
In addition to initiatives newly undertaken in FY2023, bolster autonomous intradepartmental study groups for building skills. Also, work to enhance the training system for engineers through the Center for Developing Production Human Resources.		
Introduce a mechanism where the PDCA cycle is run through at each site with aim of improving engagement.		
Focus on health and safety activity diagnosis and raise employee safety awareness while also building a safe and secure work environment through risk assessment activities.		
To achieve a high attendance rate in FY2024, we work to adjust schedules for the holding of Board of Directors and committee meetings and make the dates known to all employees.	By devoting ourselves to sound management practices, we can continue to provide value to society as a good corporate citizen.	Improving corporate value stably and continuously can be achieved by sticking to sound management through strengthening governance.
Failure costs for fiscal 2023 rose, but external failure costs are trending downward. In fiscal 2024, we will focus on reducing internal failure costs.		
FY2023 saw an imbalance between supply and demand for cables aimed at the construction-related sector, and this resulted in longer product delivery times. In FY2024, in regard to delivery dates we will communicate closely with our customers as we work to improve customer satisfaction by deepening trust.		

Our future

We are thoroughly committed to the efforts that SWCC Group can take for helping realize a sustainable society. We will pursue the creation of unique value that contributes to solving social issues such as decarbonization and the declining birthrate and aging population issue by combining our core and new technologies with the needs of the market.



[Category] Theme	Action policy	Indicator and KPI	Target (year of achievement)
[Technology] Our future  	Spread sustainable clean energy through superior technology and innovation	Sales ratio of products related to xEV (electric vehicles)	20% or more (FY2026)
		In-house introduction rate of renewable energy	30% or more (FY2025)
	Create resilient infrastructure for the future society	CAGR (compound annual growth rate) of SICONEX products	12% or more (FY2022 to FY2026)
		Number of patent applications	100 or more (FY2026)

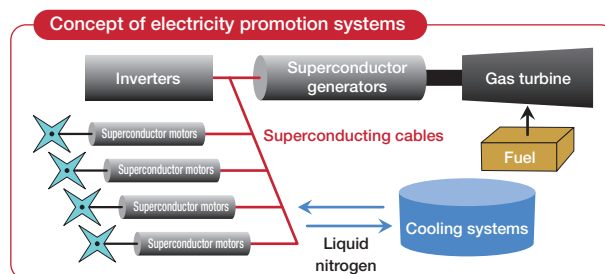
Application of the superconductor technology to the aircraft industry

As part of our superconductor systems development, we are conducting research and development on aircraft propulsion system superconductor creation in a NEDO project.

The majority of modern aircraft use jet fuel as the power source. The CO₂ emissions produced when jet fuel is burned account for approximately 2.5% of the world's CO₂ emissions. Also, due to increased demand for aircraft, we expect that the number of aircraft will double the current amount by 2050.

Meanwhile, to prevent global warming, we need to reduce CO₂ emissions around the world. The aircraft industry is not an exception. In October 2022, the International Civil Aviation Organization (ICAO) adopted the long-term goal of substantially eliminating CO₂ emissions by 2050. To reach this objective, manufacturers are considering electrifying airplanes and have identified the major issue of decreasing the weight of the components that make up aircraft. Importance is placed on the ratio of output (kW) to weight (kg) of the aircraft. Conventional jet engines are approximately 5 kW/kg, while the propulsion systems of conventional electric motors are approximately 2 kW/kg. Meanwhile, superconductor propulsion systems are expected to be 5 to 10 kW/kg, with expected major decreases in weight and improvements in performance.

Since 2018, we have participated in a NEDO project consortium that consists of members such as Kyushu University and the National Institute of Advanced Industrial Science and Technology and conducted development of all superconductor rotation systems. These are ground-breaking systems that utilize high temperature superconductor (hereinafter, "HTS") wire materials to provide superconductor capabilities to both field winding and armature winding of rotation systems. Liquid nitrogen that has been cooled with liquid hydrogen is used as coolant for HTS wire materials. In a NEDO project, we are developing HTS wire materials, superconducting cables, and connectors. One issue in the development of HTS wire materials is a major drop in the critical current (I_c) value when the magnetic field on the HTS wire materials has been superimposed. However, we have



successfully developed HTS wire materials that have a high IC value, even in the magnetic field. Moreover, in the development of superconducting cables, HTS wire materials that we developed were used, the cable structure and materials used have been improved, and smaller designs and material changes have been adopted for connectors. These efforts have drastically reduced the weight of cables.

In the final stage of the NEDO project research and development in FY2023, we created a prototype of a 15-m laminated cable and conducted electrification tests. The results of the electrification tests showed that sufficient cooling yields electrification with the target performance alternating current of 1110 Arms.

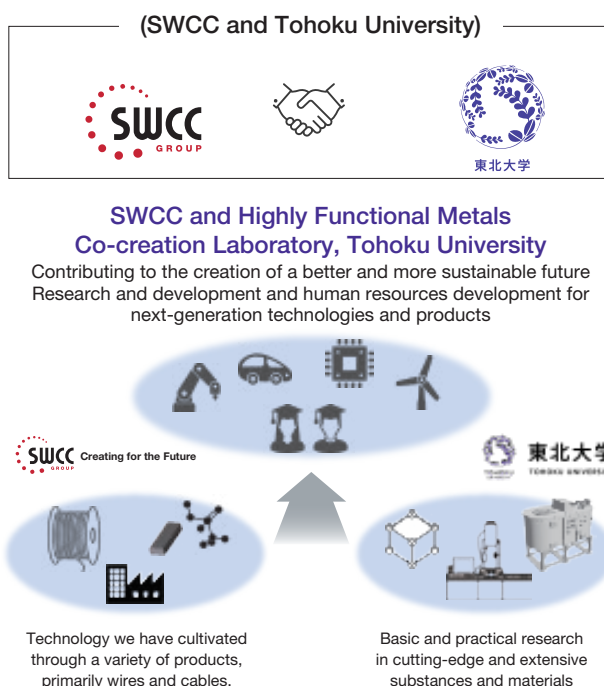
For the research and development in the NEDO project, it was decided that the project will continue for three years, until 2026. The plan during that time is for a ground test for an all-electric propulsion system with connections between 2-MW generators, motors, and cables. Aircraft that can hold 150 people require a 20-MW propulsion system. Following approval, such an aircraft could come into operation between 2040 and 2050. Before that, this technology is expected to be utilized in next-generation mobility (flying cars).

We expect that superconductor systems that utilize our HTS wire materials and superconducting cables will be utilized in aircraft.

Establishment of Highly Functional Metals Co-creation Laboratory for the advancement of innovative research and development and human resources development

In collaboration with National University Corporation Tohoku University (hereinafter, "Tohoku University"), we established SWCC and Highly Functional Metals Co-creation Laboratory at the Tohoku University Katahira Campus in February 2024. We will maximize the potential of the research resources of the cutting-edge materials of Tohoku University, and explore and advance research and development themes aimed at the realization of a sustainable society based on SWCC's purpose of "Innovating new ideas today. Becoming the norms of tomorrow."

We expect that the establishment of the Co-creation Laboratory will concentrate all processes, from the fundamental research at Tohoku University, which has a metal material laboratory that has produced numerous new substances and materials, to the processes of product development and production of our Company in the Sendai region. This will accelerate the development of new products as well as social implementation. Through these initiatives, we will further strengthen our alloy design, metal material development technologies, and metal processing technologies, and provide them to various solutions. Moreover, in addition to research and development, we will plan and execute a broad range of co-creation activities at the Co-creation Laboratory with the aim to foster excellent researchers in materials science through the promotion of futuristic technological research and development and through scientific discovery and practical research.



Shift to proactive intellectual property

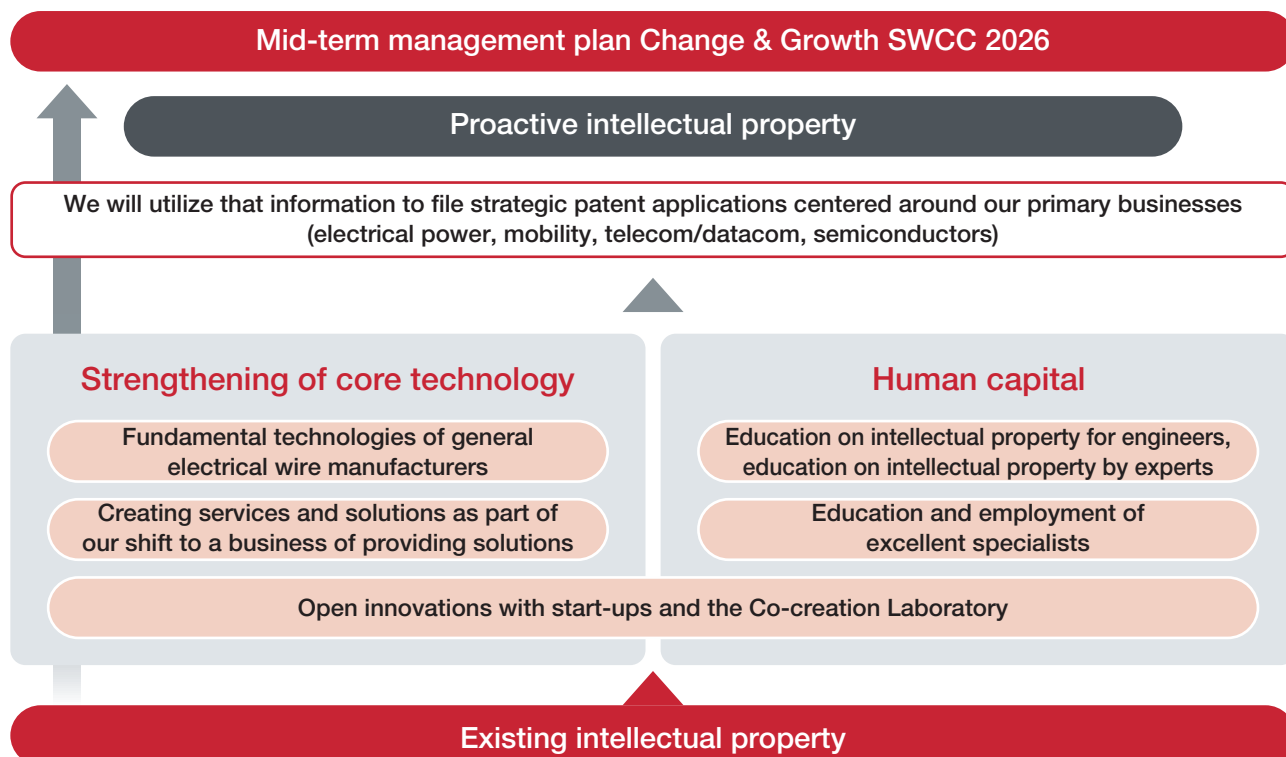
We aim to create strong intellectual property through the strengthening of our core technologies and investments in human capital.

Through IP Landscape, we analyze the strengths and weaknesses of the Company and identify the areas in which we should concentrate. We will utilize that information to file strategic patent applications centered around our primary businesses of electrical power, mobility, telecom/datacom, and semiconductors.

To strengthen our core technologies, we aim to strengthen our basic technologies as a general electrical wire manufacturer and to

shift to a business of providing solutions, and utilize IP Landscape in the creation of new products as well as services, and solutions.



For investments in human capital, we are providing education on intellectual property for engineers and training and employing excellent specialists. Also, as part of our creation of innovations through new challenges, we aim to strengthen our core technologies and investments in human capital across the entire company through open innovations with start-ups and university co-creation laboratories.



Our earth

SWCC Group recognizes that identifying and addressing climate change-related risks and opportunities is an important management issue. The entire Group is advancing initiatives with the goal of achieving carbon neutrality by 2050.



[Category] Theme	Action policy	Indicator and KPI	Target (year of achievement)
[Environment] Our earth  	Reduce greenhouse gases through relentless efforts and responses	Greenhouse gas (CO ₂) emissions Including offsets (Scope 1 + Scope 2)	Reduction of at least 45% compared to FY2013 (FY2025)
	Promote the recycling of all resources with the collective strength of the Group	Final waste disposal volume	Reduction of at least 80% compared to FY2018 (FY2025)
	Use limited water resources effectively	Water usage	Reduction of at least 25% compared to FY2018 (FY2025)

Efforts to Conserve the Environment (Environmental Management)

SWCC Through trust and innovation, the Group aims to solve social issues and improve corporate value to create a sustainable

and prosperous future society, with the Group coming together to tackle environmental protection activities.

Environmental principles

The SWCC Group recognizes the duty of good corporate citizens to keep our irreplaceable earth healthier for future generations, and we strive to conserve the environment through all our business activities as a way to contribute to building a society capable of sustainable development.

Basic Policy

1. Comply with relevant environmental laws and regulations and other requirements agreed to by the Company.
2. Set environmental targets with an awareness of environmental considerations in the regions of our business activities, products, and services, and promote environmental protection activities that include prevention of pollution, mitigation of climate change, and sustainable use of resources.
3. Aim to improve environmental performance and to continuously improve the environmental management system.

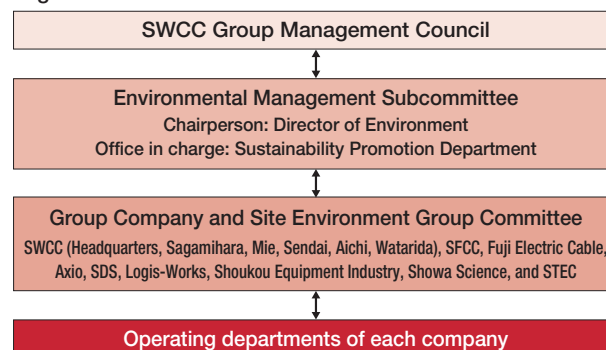
Organizational Structure

In the structure of the environment management system of the SWCC Group, under the Group Management Council, the Company's Sustainability Promotion Department, which are departments responsible for environmental policies, provide instruction to SWCC Group companies via the Environmental Management Subcommittee. The Group's environmental policies are established by the Sustainability Promotion Department. Following deliberation by the Environmental Management Subcommittee, the policies are advocated to the SWCC Group Management Council. The Sustainability Promotion Department regularly review the environmental management activities of the Group to maintain and improve environmental management throughout the entire Group, and carry out environmental management activities according to the regional characteristics of the business regions and sites of Group companies.

Important themes of FY2024 environmental activities

1. Solid compliance with requirements based on revised laws and regulations (such as the Act on Rationalizing Energy Use, Act on Promotion of Global Warming Countermeasures, and Law on Industrial Safety and Hygiene)
2. Execution of measures for targets in crucial issues considering sustainability (materialities)
 - (1) Reduce greenhouse gas (CO₂) emissions (thorough use of energy saving and promotion of the introduction of renewable energy)
 - (2) Reduction of final disposal of waste (substance) [Promote 3R + renewable for plastic waste]
 - (3) Reduction of water usage
3. Contribute to improvements in performance by providing comprehensive environmental education to increase understanding of sustainability issues and environmental management

Organizational Structure



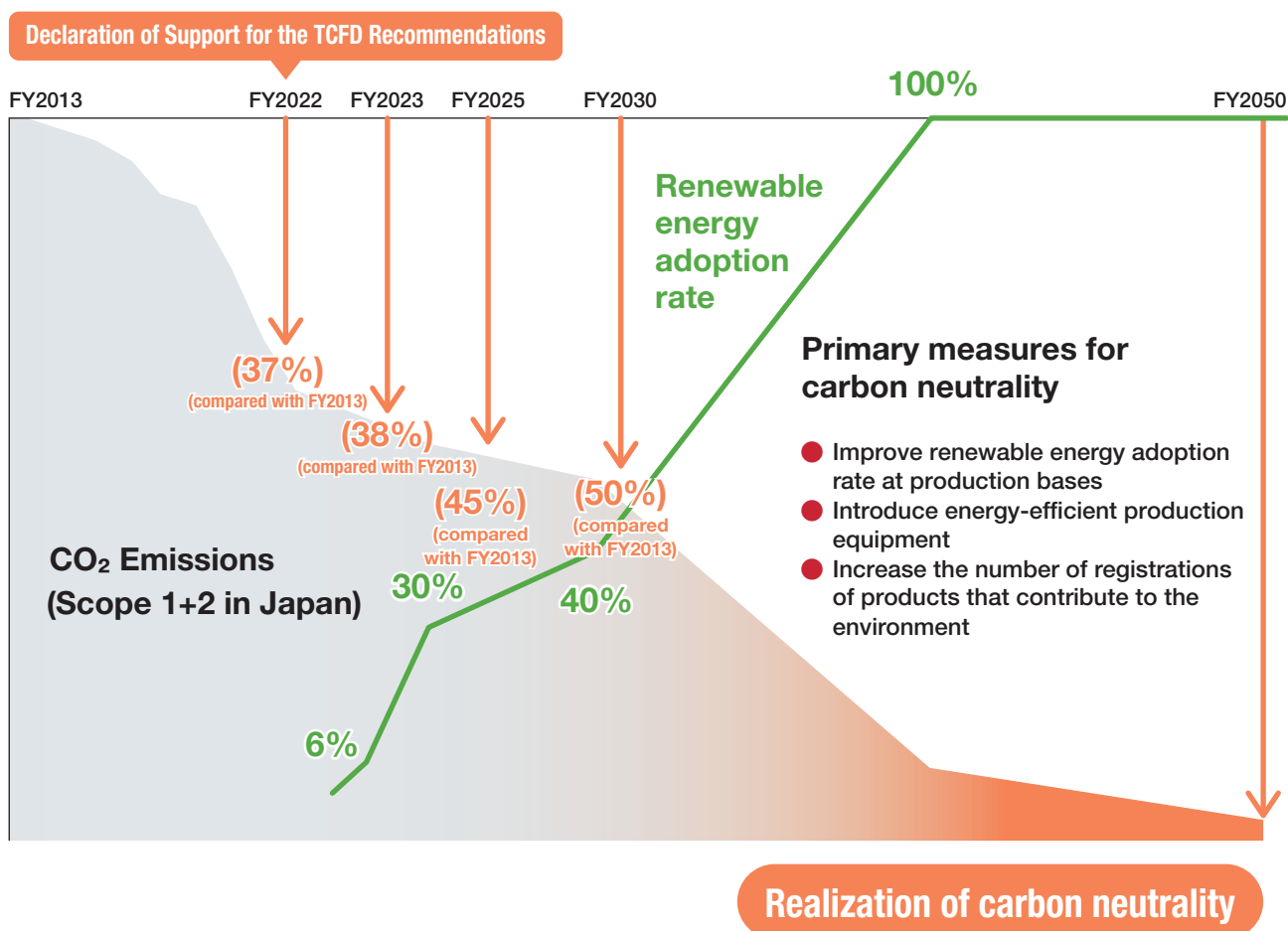
Medium- and Long-Term Environmental Plan “Green Plan 2050” and 7th Voluntary Environmental Action Plan (FY2021 to FY2025)

We are working to solve social issues through business and environmental activities that give higher consideration to ESG and Sustainable Development Goals (SDGs). We have set, for all of the Group's business locations in Japan, Group materiality issues regarding global warming prevention, effective use of resources, and effective use of water resources. In FY2020, we formulated

the Medium- and Long-term Environmental Plan “Green Plan 2050” based on the concept of achieving carbon neutrality by Plan 2050 established a long-term vision, and set FY2030 targets.

We are promoting the 7th Voluntary Environmental Action Plan as a five Fiscal Year plan until FY2025 in order to achieve our long-term vision and FY2030 targets.

Roadmap to carbon neutrality in 2050



Progress of materialities and targets

Environmental goal	Indicators	FY2023 results	7th Voluntary Environmental Action Plan [Target for FY2025]	Target for FY2030	Long-term vision
Global warming prevention	CO ₂ Emissions	Reduction of 38% from FY2013 (Scope1+Scope2) Including offset	Reduction of at least 45% from FY2013 (Scope1+Scope2) Including offset	Reduction of at least 50% from FY2013 (Scope1+Scope2) Including offset	<ul style="list-style-type: none"> • Realize products with reduced CO₂/carbon-neutral products • Create products that resolve environmental issues
Effective use of resources	Final waste disposal volume	Reduction of 69% from FY2018	Reduction of at least 80% from FY2018	Reduction of at least 85% from FY2018	Achievement of zero final disposal (landfill) volume
Effective use of water resources	Water usage	Reduction of 28% from FY2018	Reduction of at least 25% from FY2018*	Reduction of at least 50% from FY2018	Promotion of sustainable use of water resources

* The target has been raised as the initial target of 20% has already been achieved

Reduce greenhouse gases through relentless efforts and responses

FY2023 CO₂ Emissions (Scope 1 + Scope 2 and including offset through carbon credits)

CO₂ at our main manufacturing bases in Japan decreased by 38% compared to FY2013 results. Energy consumption per unit decreased due to business restructuring, renewable energy adoption, and the deepening of energy conservation, but

emissions were on par with FY2022 due to an increase in production volume. In FY2024, we have planned a reduction of 40% through the purchase of green energy and the promotion of installation of photovoltaic power generation facilities.

Acquisition of third-party verification reports of greenhouse gas emissions in FY2023

We received third-party inspections in accordance with ISO14064-3 by Japan Audit and Certification Organization for Environment and Quality (JACO) with regards to greenhouse gas emissions data (Scope 1+2) at our main manufacturing bases in Japan in

FY2023 (from April 1, 2023 to March 31, 2024), and received an inspection report.
Details are available on this website.
<https://www.swcc.co.jp/jpn/sustainability/esg/environment/plan.html>

In-house introduction rate of renewable energy (including non-fossil energy)

The in-house introduction rate of renewable energy was 7% in FY2023.

For FY2024, we plan to increase the introduction rate of renewable energy by adding photovoltaic power generation facilities and using electricity from non-fossil energy.

Scope 3 emissions

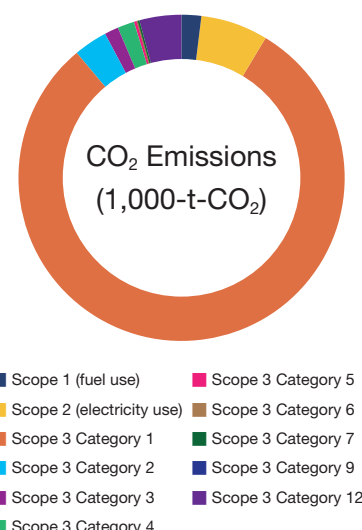
CO₂ emissions in the supply chain in FY2023 are as follows.

Since the largest amount of emissions are associated with the purchase of materials, we are working to reduce material-derived emissions with the understanding and cooperation of our suppliers.

Results of GHC emissions in FY2023

GHG Protocol Scopes for Calculation		CO ₂ Emissions (1,000-t-CO ₂)	Percentage
Scope 1 (fuel use)*		12.3	2.0%
Scope 2 (electricity use)*		41.2	6.7%
Scope 3	Category 1 Purchased goods and services	493.1	80.3%
	Category 2 Capital goods	19.6	3.2%
	Category 3 Fuel and energy-related activities not included in Scope 1 and Scope 2	8.7	1.4%
	Category 4 Upstream transportation and distribution	10.1	1.6%
	Category 5 Waste generated in operations	1.7	0.3%
	Category 6 Business travel	0.7	0.1%
	Category 7 Employer commuting	1.1	0.2%
	Category 9 Downstream transportation and distribution	0.0	0.0%
	Category 12 End-of-life treatment of sold products	25.5	4.1%
Total of Scope 1, 2, 3		614.0	100.0%

*: All bases in Japan



Promote the recycling of all resources with the collective strength of the Group

The final waste disposal (landfill) volume in FY2023 was reduced by 69% compared to the FY2018 results. In FY2023, although business restructuring and the increase in activity volume had an impact, there is significant progress in resource recycling with the material recycling of some waste plastic. In FY2024, production

volume is expected to increase, creating a concern about increased waste volume. However, we are engaged in activities for an 80% reduction compared to FY2018, which is part of our target for FY2025.

Use limited water resources effectively

The amount of water used in FY2023 decreased by 28% compared to the FY2018 results. The improved accuracy of the water consumption survey that has been conducted since FY2021 has enabled us to identify areas of leakage and unnecessary water use and achieve circular use of water, which has led to progress of effective measures to reduce water

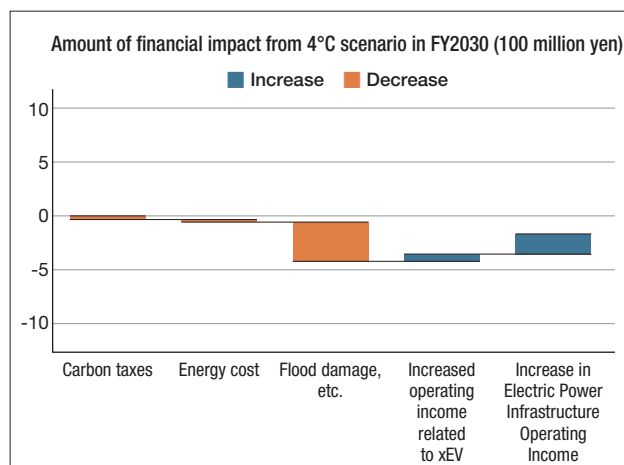
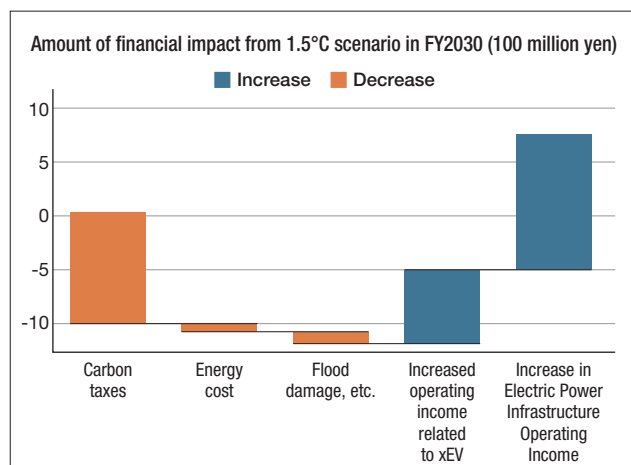
consumption. Although production volume is expected to increase further in FY2024, we are currently maintaining and managing our current countermeasures and will reduce the amount of water used by promoting the circulation of factory cooling water.

Disclosure of information related to TCFD framework

In May 2022, we announced our support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). From FY2023, we strengthened our governance system and performed specific analysis. Details are available on this website.

<https://www.swcc.co.jp/jpn/sustainability/esg/environment/tcf.html>

Items	Contents
Governance	<p>We have established a framework in which the Board of Directors are responsible for supervising issues related to sustainability, including climate change, and those duties are executed by the Sustainability Committee. Climate change issues, for which the Sustainability Committee has provided consultation, are reported (at least twice annually) to the Board of Directors via the CEO, President, and Executive Officer, who is the Chairperson. The Board of Directors receives reports on the policies of and on the timing of measures for critical risks and opportunities related to sustainability, including climate change, and provides opinions and instructions to the executive side.</p> <p>Moreover, in assuring the supervisory function of environmental issues, applicable fellows of the Board of Directors and members of the Sustainability Committee are evaluated to see who has the skills for supervising strategies related to climate change and we appoint the appropriate individuals. Also, in order to promote initiatives for sustainability issues, we have established senior executive remuneration based on indicators such as greenhouse gas emissions.</p>
Strategies	<p>In 2022, based on our TCFD Recommendations, we started conducting scenario analyses in order to assess the impact of climate change and resilience throughout the entire organization. Based on climate scenarios published by organizations such as IPCC and IEA, we are identifying and evaluating the impact of climate change based on two hypothetical patterns: a 1.5°C scenario which assumes achievement of carbon neutrality by 2050 and a 4°C scenario with severe global warming and an increase in those physical risks.</p> <p>From the scenario assessments conducted in FY2023, we have become aware of major risks, such as increased material prices backed by increased demand for green energy, which has already materialized in our transition risks, and by increased operation costs due to the introduction of carbon taxes. We are not currently aware of the physical risks. From an investigation that we conducted using a hazard map, we assume an impact of 1.5 billion yen in damages due to flooding at the SWCC SENDAI PLANT ADMINISTRATION OFFICE and AICHI FACTORY in particular. With regards to opportunities, despite worries regarding delays in the current xEV conversion plan, we assume an immense increase in the ratio of electric vehicles due to growth in favorability amongst consumers who would like to decrease their impact on the environment and from development of next-generation vehicle technologies. Such favorable conditions are expected to further increase sales in the business areas of the SWCC group, primarily in Electrical Equipment and Components Business. Expansion and improvement of the performance of electrical infrastructure will lead to the proliferation of renewable energy and stored energy, and an increased need to use long-distance power transmission, energy saving, and electrical efficiency will increase demand for power cables. We anticipate that these will be opportunities to increase the sales of products and services of the SWCC Group.</p> <p>As measures against the risks we have identified, we are concentrating on reducing greenhouse gas emissions (Scope 1, 2). We are making efforts for technology conversion and utilization in order to reduce CO₂ emissions in our company-wide project "Green Energy Project". Moreover, in collaboration with the supply chain, we have compiled items concerning our fundamental approaches and aims with regards to sustainability for our suppliers into our "Supply Chain Sustainability Promotion Guidelines". We carry out initiatives to construct sustainable supply chains through questionnaire surveys on the status of initiatives taken by our suppliers. Moreover, as countermeasures against physical risks, we are advancing measures to reduce risks through activities such as strengthening the measures of BCM (Business Continuity Management) for target bases. Examples of these are installation of waterstops and tide barriers.</p> <p>For the further expansion of business opportunities, from FY2020 to FY2026, which is during the period of our mid-term management plan, we plan to provide equipment investments of 6.5 billion yen in our Electrical Equipment and Components Business, which produces numerous products related to xEVs.</p>
Risk management	<p>Company-wide risks, including climate change, are primarily managed by the Risk Management Committee. The Risk Management Committee provides risk management planning of risks noted in reports (at least twice annually) from Operating Departments and Administrative Departments and manages the progress of the countermeasures against such risks. As necessary, the Committee reports to the Board of Directors. With regards to risks and opportunities related to climate change in particular, we work with the Sustainability Committee to identify and assess risks and opportunities in consideration of the results of scenario analyses and the like. With regards to climate change risks and opportunities that have been identified or assessed, the Sustainability Committee integrates risks and opportunities not related to climate change. The risks and opportunities are then reassessed on the two axes of "importance to stakeholders" and "importance to company" to identify important issues and we report them regularly (at least twice annually) to the Board of Directors.</p>
Metrics and goals	<p>We have set the indicators and targets noted in Medium- and Long-term Environmental Plan "Green Plan 2050" and 7th Voluntary Environmental Action Plan (FY2021 to FY2025) on page 54, and have also set multiple targets, such as additional targets of achieving an introduction rate of renewable energy of at least 30% by FY2025. To achieve these goals, we are making progress in reflecting them into our strategies by strengthening of promotion activities for energy saving and renewable energy and establishing a senior executive remuneration.</p>





Our partnership

SWCC believes that partnerships with stakeholders are the foundation for sustainable growth.

Each employee engages in business with a high awareness of the importance of building good relationships with stakeholders and contributing to local communities.



[Category] Theme	Action policy	Indicator and KPI	Target (year of achievement)
[Community] Our partnership  	Value connections and develop alongside local communities	Number of fund/material aids for non-profit organizations, etc. and community contribution activities (other than volunteering)	5% increase from the previous fiscal year (every year)
	Cooperate with the value chain in the spirit of empathy, coexistence and co-prosperity	Questionnaire score of Supply Chain Sustainability Promotion Guidelines	4.5 or more (FY2026)

Relations with Local Communities

Basic Approach

The SWCC Group has formulated the “Policies on Social Contribution Activities”, which are the basic policies for broadly promoting social contribution activities. Based on these policies, we successively promote the creation of company-internal foundations such as a social contribution support system in order to realize a company that is trusted by and resonants with our stakeholders.

Social Contribution Activity Guidelines

The SWCC Group strives to instill a high awareness of social contribution among employees, and carries out a wide range of worthwhile activities through its products and services and actions of its employees to achieve a sustainable society.

Primary activities in FY2023

SWCC Mie Plant	<ul style="list-style-type: none"> • Donate some factory stockpiled materials (food, masks) to the Inabe City Council of Social Welfare • Participated in Tour of Japan Inabe 2023 Third Stage as a sponsor and demonstrator of traffic regulations • Hosted 16th SWCC Cup Children's Rubber-ball Baseball Tournament
SWCC Sagami-hara Plant	<ul style="list-style-type: none"> • Participated in “Environment Fair 2023” hosted by Sagami-hara City • Participated in “Summer Vacation Environmental Education” hosted by Yokusurukai
SWCC Sendai Plant	<ul style="list-style-type: none"> • Provide internships to students of Shiroishi Technical High School • Provide factory tours for the Japan Society for Technology of Plasticity, Tohoku/Hokkaido Branch
SWCC Group	<ul style="list-style-type: none"> • Make donations to support victims of and for disaster region recovery of the 2024 Noto earthquake • Participate in “Science and Engineering Challenge (Riko Challenge) - Selecting Science and Engineering Fields for Students of Girls' Junior High School and High School -” (SWCC Sagami-hara Plant Administration Office, Mie Plant Administration Office, Fuji Electric Ise Factory)

Other: Regularly conduct cleaning activities around offices and plants according to the yearly schedule

Customer Relations (Quality Management)

The SWCC Group values trust, prioritizes compliance above all else, and responds to society and the times by continuing to evolve into a better company.

Basic Policy

1. Comply with laws, regulations, and matters agreed upon with customers.
2. Work close with customers to provide prompt technological development and creation of services and products.
 - Make use of the sales capabilities of the Group and accurately share the needs of customers to provide new services through a joint effort by the Sales, Technology, and Manufacturing Departments.
 - Realize manufacturing with priority on quality that wins the trust of customers.
3. Promote quality activities that create satisfaction from all stakeholders, such as customers, employees, and local communities.

Organizational Structure

In the structure of the quality management system of the SWCC Group, under the Group Management Council, the Quality Control Management Office, which is the department responsible for quality, provides instructions to group companies via the Environmental Management Subcommittee.

The Group's quality policies are formulated by the Quality Control Management Office. Following deliberation in the Quality Control Working Group, a decision is made by the Group Management Council. The Quality Control Management Office regularly reviews the quality management activities of the Group to maintain and improve quality management throughout the entire Group, and carries out quality management activities according to the characteristics of the business regions of Group companies.

Initiatives for improving quality

Quality compliance

With our basic policy of complying with laws, regulations, and matters that we have agreed upon with customers, we are strengthening our check functions for preventing quality irregularities and expanding education of quality compliance education, while conducting town hall meetings and other events in order to strengthen communication between top management and our first-line employees.

Establishment of quality control system for SWCC Group products

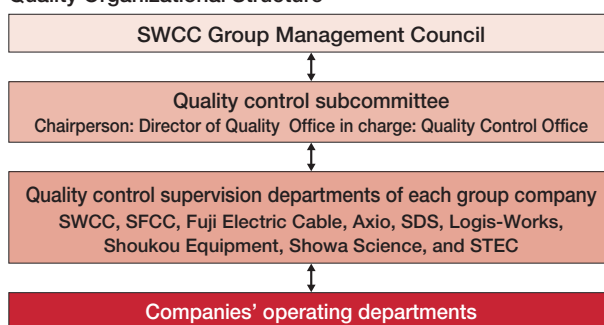
In this system, we automatically ascertain inspection data to make automatic judgments about the pass/fail results, and clarify the authorities of workers and approvers.

We are successively starting operation of measurement data management systems at our bases inside Japan, and will complete deployment to all bases during FY2024. Also, through digitalization, we will promote initiatives for improving quality through the effective utilization of data accumulated.

Important themes of FY2024 quality activities

1. Deepen knowledge and reform our culture related to quality
2. Start digitalization of inspection results and effectively utilize collected data
3. Reduce failure costs due to quality issues
4. Pass on high-quality manufacturing through standardization and human resource development
5. Promote optimization of requirements with customers

Quality Organizational Structure

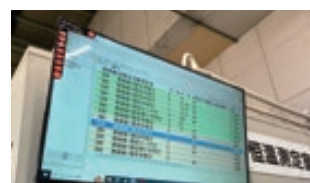


Failure costs

SWCC Since FY2018, the Group has been working to improve quality by introducing the concept of failure costs. Currently, we are working to achieve the target of reducing quality-related failure costs by 50% in FY2026 compared to FY2021.



Incorporation of measurement data



Visualization of measurement data and pass/fail judgments



Company-wide report on digitalization of quality data

Customer satisfaction

The SWCC Group conducts customer satisfaction surveys to provide high-quality, safe products and services and to improve customer satisfaction. Through the survey, we asked respondents to answer questions regarding the Group's product quality, price, and delivery time, as well as sales and technical support systems and sustainability using a 5-point scale.

We received generally favorable responses in FY2023, as we did in

FY2022. However, we had decreased favorability regarding delivery from customers who deal in cables for construction projects. The cause of this was a boom in the demand beyond the supply capacity of electrical wire manufacturers, which resulted in canceled orders and difficulty in obtaining products throughout markets. In FY2024, we will make efforts to improve customer satisfaction while deepening trust from our customers.

Supplier relations (Supply chain)

Basic Approach

The SWCC Group has formulated the SWCC Group Procurement Policy and endeavors to establish a good cooperative relationship with suppliers to provide a stable supply of value-added products.

Conducting Sustainability Questionnaire Surveys

Based on societal demand, the SWCC put together the basic idea of social responsibility that should be fulfilled together with suppliers and our requests as the Sustainability Guidelines for Supply Chain.

The SWCC Group conducts a questionnaire survey on major suppliers regarding the status of their sustainability initiatives. As of FY2022, we have adopted the Self-Assessment Questionnaire (SAQ) prepared by Global Compact Network Japan (GCNJ) for the survey. The status of all 114 items, including CSR, human rights, labor, the environment, fair corporate activities, quality and safety, information security, supply chain, and coexistence with local communities, is evaluated on a 3-point scale of 1 point, 3 points, and 5 points.

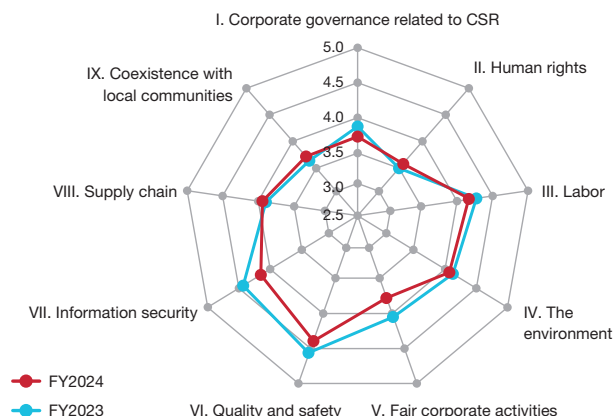
Sustainability Questionnaire Survey Results

Analysis of the FY2024 questionnaire revealed that 82% of suppliers are of the level sought by the SWCC Group (i.e., have a grade of A or higher) in the overall evaluation. On the other hand, the results were 86% in FY2023, which means that we now need to further strengthen our initiatives for CSR going forward.

Through our analyses by category, the majority of our business partners are particularly aware of regulations and standards concerning safety, and “quality/safety” was given the highest evaluation. Also, “human rights”, “supply chain”, and “co-existence with local region” had more points than FY2023. On the other hand, there is a decrease of approximately 0.3 points in “information security” from FY2023, and we have identified this as an issue going forward.

Next, we will examine the results of the survey in more detail, and then give feedback to suppliers on the results and conduct

Average scores by category

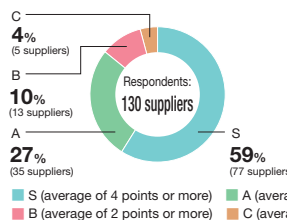


SWCC Group Procurement Policy

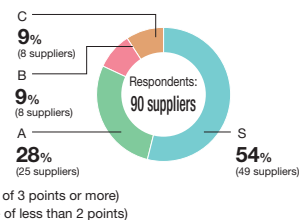
1. Comply with all applicable laws and regulations along with appropriate social practices, as well as engage in fair and equitable transactions.
2. Give top priority to mutual trust with its suppliers and establish a relationship where each is the best partner for the other.
3. Appreciate stable quality and delivery times, with continued efforts to reduce costs and a constant capacity for technological development.
4. Procure earth conscious materials.
5. Never accept any inappropriate favors from suppliers.

Survey period	June 2024	June 2023
Number of suppliers surveyed	90 companies	130 companies
No. of survey questions	114	114
Average score (5-point scale)	4.0 points	4.0 points

Percentage breakdown by grade (FY2023)



Percentage breakdown by grade (FY2024)



Actions According to Assessment Category

Assessment Category	Number of suppliers	Actions for improvement
S (average of 4 points or more)	49	Provide feedback along with averages of all suppliers and charts for score rates by major category
A (average of 3 points or more)	25	
B (average of 2 points or more)	8	Provide feedback on scores and requests for improvement by the next time
C (average of less than 2 points)	8	Exchange opinions and implement support for improvement after a meeting

interviews with them to gain a more precise understanding of their circumstances. Especially with those suppliers with B and C grades, we will provide support for improvement, and have them establish a PDCA cycle, and thereby instill our sustainability procurement policy and improve their level in cooperation with such suppliers.

The SWCC Group will continue conducting the sustainability survey and engaging in efforts to build a sustainable supply chain, which includes addressing the above mentioned challenges.

Business partners

SWCC

Sending and request for execution of Sustainability Promotion Guidelines

Audit, etc.:		Regular audit	Emergency audit
	Written audit	Once every three years	As appropriate
	Executed audit	Once per year (Specific business partners)	As appropriate

Response going forward

“Start considering a change of manufacturer in the event that the average of is less than 2 and improvements are not seen within a year”

■ Declaration of Construction of Partnerships

We agree with the contents of and have published the "Declaration of Construction of Partnerships" established by the "Future-creation Partnership Construction Promotion Committee", which is promoted by entities such as the Cabinet Office and the Small and Medium Enterprise Agency. Through the Group's participation in the "Declaration of Construction of Partnerships",

we aim to construct sustainable business relationships that allow us to co-exist with our business partners. To that end, we published the declaration in April 2023 and are tackling initiatives with importance on the following items.

<https://www.swcc.co.jp/jpn/sustainability/esg/society/client.html>

1. Coexistence and co-prosperity of the entire supply chain and new cooperation that beyond scale and systems

We aim for coexistence and co-prosperity with our business partners through coordination that goes beyond our existing business partners and size of the company. We will achieve this by working to improve the added value in our entire supply chain by approaching our second-tier business partners through our direct business partners (from "Tier N" to "Tier N + 1"). In such cases, from the perspectives of business continuity such as in the event of a disaster and of reforms to work styles, we will also promote support such as giving advice to our business partners on introducing telework to business partners and for formulating BCPs (business continuity plans).

2. Adhering to "development standards"

We aim to proactively make corrections to business practices that hinder the construction of partnerships with our business partners. We do this by adhering to the desirable business practices of excellent businesses and sub-contractors ("business promotion standards" based on the "Act on the Promotion of Subcontracting Small and Medium Enterprises").

(1) Price determination method

(3) Payment conditions, such as payment by check

(5) Negative effects accompanying reforms in work styles

(2) Costs borne, such as for mold management

(4) Intellectual property, knowhow

3. Other (Please specify)

- ☐ We disclose our Supply Chain Sustainability Promotion Guidelines and make efforts to engage in fair transactions with our business partners.
- ☐ We regularly educate staff on compliance with laws and regulations and construct relationships of trust with our business partners through fair transactions.

■ Green procurement

Recognizing that it is a fundamental duty of humans living today to pass on our precious Earth to the next generation in a healthy state, we do our best to make purchases that pay due consideration to this need in our material procurement activities, and have formulated and released Green Procurement Guidelines to prioritize purchasing products with the smallest impact on the

environment as possible. Furthermore, through our website we put out an open call for proposals for environmentally friendly products as follows:

<https://www.swcc.co.jp/jpn/sustainability/esg/society/client.html>

1. Products and packaging that consider the following throughout the entire product lifecycle (from resource extraction to disposal).

- Reduction of environmental pollutants • Conservation of resources and energy • Reusability • Recyclability
- Use of recycled materials • Ease of disposal

2. Dissemination of information

- New environmental technologies • Presentation of specific efforts

Shareholder and Investor Relations

For the SWCC Group to be correctly understood, trusted, and sympathized with by all stakeholders, including shareholders and investors, SWCC has developed the Disclosure Policy to disclose information.

The Group discloses information in accordance with the Financial Instruments and Exchange Act, as well as the timely disclosure rules established by the Tokyo Stock Exchange. However, information that affects investment decisions is actively disclosed on a constant basis in accordance with the Group's "SWCC Group Rules on Information Disclosure". Also, we have also established a "quiet period" before each financial results to prevent the leakage of financial results information and ensure fairness. We refrain from commenting or answering questions on our financial results during the quiet period.

Dialogues with shareholders and investors includes the General

Meeting of Shareholders, financial results briefings for institutional investors and analysts, briefings by theme, dialogue with institutional investors in Japan and overseas, briefings for institutional investors, and factory tours. We hold events to deepen understanding of our Company and strive to communicate with more investors through our management team.

With regards to financial disclosure documents, our disclosure method of "management approach that takes into account capital cost and stock price" was selected as a best practice of the Tokyo Stock Exchange, and we were awarded the 11th IR Good Visual Award. We will continue to convey the Group's initiatives to our stakeholders in an easier-to-understand manner.



Moreover, various event reports as well as disclosure documents are posted on our website as content to deepen understanding of our Company.

Our people

Viewing human resources as human capital, the SWCC Group seeks to maximize the value of our talent to enhance our corporate value over the medium to long term.

We actively engage in measures to create a rewarding workplace, such as promoting the use of diverse human resources and internal systems to support challenges and growth.



[Category] Theme	Action policy	Indicator and KPI	Target (year of achievement)
[People] Our people  	Promote the utilization of diverse human resources (Diversity & Inclusion)	Ratio of female managers (section managers)	8% (10%) or higher (FY2026)
	Human resources development for the future	Average hours of training per year per employee	40 hours (4 times the level of FY2021) or more (FY2026)
	Improve engagement (create rewarding work and workplaces)	Engagement score	55 or higher (FY2026)
		Lost time injury frequency rate	0.23 or less (every year)

Promotion of the utilization of diverse human resources (Diversity & Inclusion)



Diversity Promotion Project

Our efforts for promotion of diversity are led by the Diversity Promotion Project (nicknamed “SWCCarat”), an organization placed directly under the President. To achieve an 8% ratio of female managers (10% for section managers) by FY2026, the goal set when the project was launched, we conduct age-specific and other training for female employees. We will also continue to hold the Riko Challenge, an event to support the development of female science and engineering students. In FY2023, we sponsored a university festival (with distribution of promotional items) as a new outward-looking activity, and held a lecture with invited speakers on the theme of “Diversity & Inclusion as Considered from Men's Studies.” Attendees of the lecture, which adopted a male perspective not often discussed in the context of diversity, offered feedback including opinions that the lecture provided a look at the conflicts and difficulties in living that men

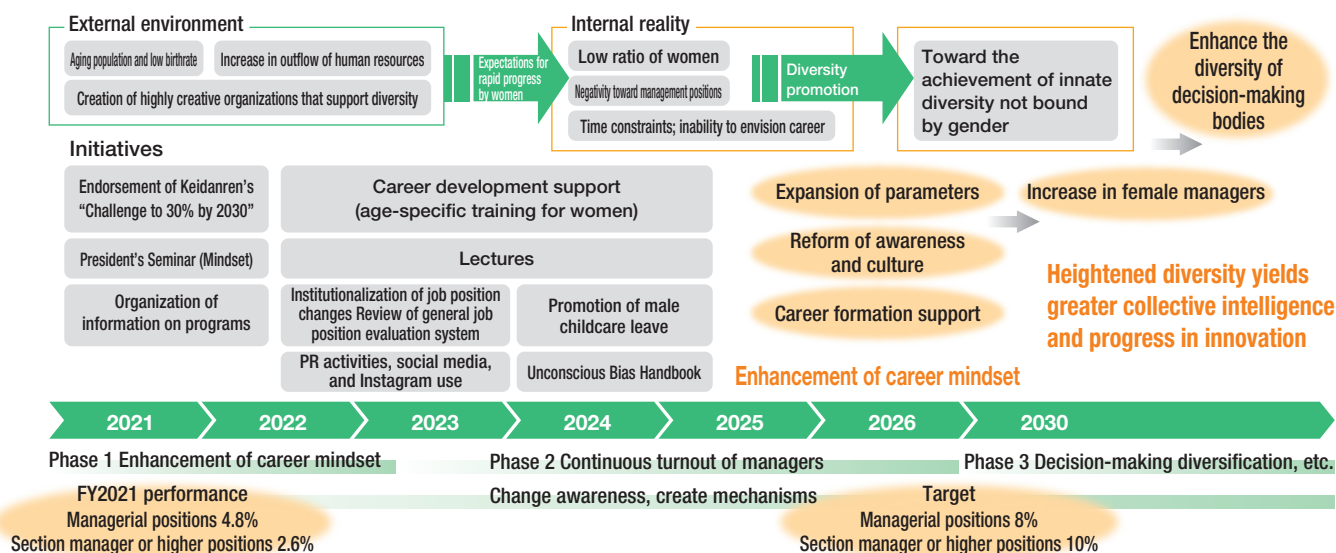
face and spurred thoughts on workplaces where all can work with ease. At the end of FY2023, the ratio of female managers was still short of the target at 6% overall and 4% for section manager and higher positions. We will continue developing a variety of initiatives allowing all employees to fully demonstrate their individuality and capabilities and to play more active roles. In FY2024, we will strengthen our initiatives to address unconscious bias and promote male childcare leave, matters that we consider necessary in promoting diversity.



Campaign Poster

Roadmap of the Diversity Promotion Project

Creation of an environment and mechanisms enabling all to equally make the most of their capabilities, and contribution to the expansion of gain for the organization



Human resources development for the future

We consider human resources to be among our most important management resources. In order to solve various social issues in the world, we actively provide educational and training opportunities that encourage individuals to voluntarily improve their abilities. Currently, we have set “Average hours of training per year per employee” as a KPI for human resources development for the future, and have updated the specific number to an average of 40 or more hours of training per year in FY2026 (four times the level of FY2021). We are making efforts to achieve this target through fixed-point observation of performance every fiscal year. Average annual training hours in FY2023 were 16 hours, approx. 1.4 times the 12 hours in FY2021. In FY2023, we held line section manager training to level out management skills based on employee satisfaction surveys, career training and interviews for young employees in their third year with the Company, and SD seminars (SWCC Departure Director) for employees in their 30s under the theme of “Exploration of new areas.” We also continued the next-generation business leader development training of previous years. In FY2024 we will further provide support for the strengthening of autonomous intra-department skill improvement

study sessions, and will work to enhance our engineer training structure at the Manufacturing Human Resources Development Center slated for launch in 2024. We will study the setting of KPIs for the expenses related to training. Aligning ourselves closely to the new SWCC Purpose of “Innovating new ideas today, becoming the norms of tomorrow” under the theme of “Making our vision the norm” = “Human resources capable of change,” we will examine the breakdown of educational content allocation (mandatory education on laws, regulations, and management, and education for skill improvement).

We will build a support structure to provide learning opportunities and to promote activities within departments.

1. We will work to visualize training hours related to individual education activities (study sessions, safety education, etc.) conducted within departments, assess the status of training activities in departments, and promote study session implementation plans.
2. We will provide opportunities for enhancement of work skills and self-learning by opening up e-learning accounts, and will increase opportunities for personal development and autonomy by employees.

Health and Safety Activities

As one initiative aimed at respect for human rights, the SWCC Group strives to create healthy, safe, and comfortable working environments for employees and to prevent illness, incidents, and accidents. We comply with national and regional laws and

regulations as well as our internal regulations, and engage in health and safety activities under a commitment to placing safety first.

Basic Policy on Health and Safety

1. We will promote activities to maintain the physical and mental health of workers.
2. We will promote the creation of comfortable working environments.
3. We will conduct thorough education and training to raise the safety awareness of all workers.
4. We will actively carry out measures to prevent accidents.

Priority Topics for Health and Safety Activities in FY2024

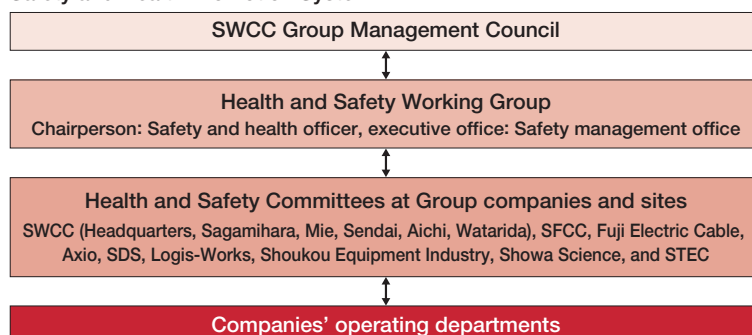
1. Engagement in health promotion initiatives
2. Creation of safe and secure workplaces based on health and safety activity diagnoses
3. Enhancement of health and safety awareness for all through health and safety education (statutory, rank-based, etc.)
4. Reduction of occupational accident risks with a focus on unsafe behavior and unsafe conditions in risk assessments
5. Addressing new chemical substance regulations

Organizational Structure

Health and safety management at the SWCC Group is structured in a way that extends to every Group company, through the Health and Safety Working Group led by the senior executive in charge of health and safety supervision under the Group Management Council. Safety and health policy of the Group is formulated by the Industrial Safety & Health Promotion Office and deliberated by the Health and Safety Working Group, after which it is proposed to the Group Management Council. The Industrial Safety & Health Promotion Office monitors the health and safety

activities of Group companies to engage in problem solving and prevention of accidents and illnesses. All Group companies establish health and safety management structures based on the Law on Industrial Safety and Hygiene and related laws and regulations, and engage in health and safety activities in accordance with their respective business areas. Information on significant accidents, incidents, legal and regulatory issues, and similar matters are promptly shared with the Risk Management Committee and are reported to the management team.

Safety and Health Promotion System



Initiatives and Achievements in FY2023 and Future Issues and Outlook

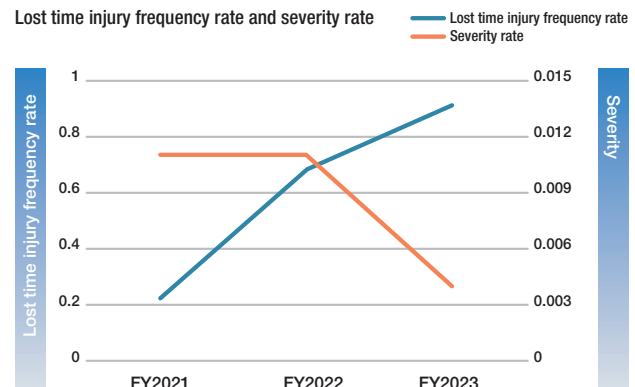
In FY2023, we addressed five priority topics. An overview and outcomes of initiatives, as well as changes in the frequency and severity of lost time accidents, are presented below.

Priority topics	Overview and outcomes of initiatives
(1) Promotion of health and productivity management initiatives	<ul style="list-style-type: none"> The SWCC Group was certified as an Outstanding Health and Productivity Management Organization (large enterprise category) in 2024, our fifth consecutive year of certification under the program. Logis-Works has also received certification for three consecutive years in the small and medium-sized enterprise category.
(2) Create rewarding work and workplaces	<ul style="list-style-type: none"> Promotion of work efficiency in all departments in step with personnel system reform to achieve work-life balance for employees and enhancement of the Company's productivity Promotion of flexible and diverse workstyles through expanded conditions for our telework system and through satellite work
(3) Entrenchment and expansion of health and safety diagnosis activities	<ul style="list-style-type: none"> Diagnoses of the dual aspects of systems and on-site management, and scoring of results, by self-diagnosis and by diagnostic teams in order to make FY2021 health and safety levels visual As a result of continuation mainly at SWCC and SFCC plants and factories and as a result of initiatives, diagnostic findings have improved at about half of departments, and work-related accidents are on the decline at workplaces where diagnoses are conducted. Start of trial operation at Fuji Electric Cable in FY2023
(4) Enhance safety awareness through the creation of an environment of mutual trust among workers	<ul style="list-style-type: none"> Patrols and dialogues by management at Group sites, and sharing of information on issues faced by sites and departments
(5) Development of safety professionals at the Manufacturing Training Center	<ul style="list-style-type: none"> Implementation of mid-career hire education, hazard perception education, etc., in addition to statutory education for new employees and position managers

In FY2023, four lost time injuries occurred. The lost time injury frequency rate deteriorated to 0.90. Conversely, the severity rate improved to 0.004. While the number of incidents increased, their severity has been reduced. The total number of accidents has decreased to about 2/3 from FY2022, which we ascribe to priority topics, including health and safety diagnoses, yielding effect. Based on these achievements and on reviews, we will continue tackling the aforementioned priority topics in FY2024.

During its first year, the Manufacturing Training Center has been used as a place for new employee education. Looking ahead, it will serve as a manufacturing human resources development center that hosts a wide range of education on health and safety, quality, sustainability, and other topics to train human resources for the future.

Lost time injury frequency rate and severity rate



Education at the Manufacturing Training Center



Projects to support sports

We welcomed Yuya Yamamoto, an athlete currently active in Nordic combined competition, as the Company's first athlete employee. In line with this move, we established the SWCC Ski Club in April 2024 and registered with the Kawasaki Ski Association in June. With Yamamoto's entry into our Company, we seek to deepen friendships among employees through sports, enhance our sense of unity as a company, and contribute to greater engagement. The SWCC Group will come together as one in supporting Yamamoto's dream of ascending to the Olympics stage.

SWCC Ski Club website <https://www.swcc.co.jp/jpn/ski/index.html>

Enhancement of engagement (Creation of rewarding jobs and workplaces)

The SWCC Group aims to boost engagement so that all employees can demonstrate maximum performance with higher motivation. We believe that engagement grows through mutual understanding between the Company and its employees, and through employees' attachment to and pride in their jobs and the Company. In FY2024, we will integrate our engagement surveys and employee satisfaction surveys and will reflect the opinions of

employees in management measures including renewal of our organizational culture and promotion of diversity, in order to enhance a sense of unity between management and employees and to boost engagement.



1) Health and Productivity Management and Workstyle Reform

● Enhancement of health literacy (improvement of the workplace environment and self-care)

A company bears a duty of care by which it creates safe workplaces, while employees bear a duty of self-care by which they work in good health. The SWCC Group promotes health and productivity management and aims to create workplaces where employees can work in good physical and mental health.

- Assured implementation of occupational health activities: Expanded interviews with occupational physicians and promotion of health guidance in cooperation with public health nurses and health insurance associations
- Hygiene subcommittee activities: Health promotion activities with participation by Group employees (health seminars, sporting events, etc.)

● Achievement of work-life balance (creation of comfortable workplaces)

We are implementing the following measures to create opportunities for personal fulfillment and self-growth through balance between work and private life.

- Promotion of annual paid leave acquisition, reduction of overtime work (implementation of no-overtime days), and promotion of telework and flextime
- Enhancement of benefits: Discount services for leisure, sports, childcare, and nursing care support, adoption of health promotion applications, adoption of Thanks Points for giving thanks, group insurance plans (comprehensive welfare insurance, GLTD (group long-term disability income insurance)), etc.

● Invigoration of communication (promotion of diversity)

In today's diversifying society, varied sort of people work together. By creating a workplace environment that facilitates internal communication, we will increase psychological safety and establish an organizational culture that makes it easy for employees to express their opinions and proposals.

- Adoption of free-address system offices, enhancement of mobile PCs and in-house Wi-Fi expansion, and utilization of satellite offices
- Promotion of communication using IT tools (M365, web-based meetings, chat tools, smartphones with extension number functions, etc.)

2) Personnel system reform (Evaluation and growth)

● Placement of the right people in the right jobs

We promote the creation of workplaces where employees can

play active roles, encouraging motivation through assignments matched to abilities and personal qualities.

- Utilization of a human resource information database
- In-house recruitment system, job challenge system, in-house venture system

● Evaluation system review

We are conducting a review of our evaluation system to ensure that the Company and employees are able to mutually recognize each other's necessity and value.

- Competency evaluations
- Restructuring of the evaluation system so that it is appropriate and designed for changes in society, various industries, and occupations

● Human resources development (strengthening of organizational capabilities)

We aim to be a company in which all persons work of their own accord with a sense of responsibility and sense of mission, and in which all can achieve personal growth.

- Sharing of goals and regular follow-up between department heads and employees
- Education and training in line with career plans (succession planning, line manager training, mid-level employee training, etc.)
- In-house award system, improvement activities, and results presentations
- Encouragement of personal development (qualification acquisition, seminar participation, e-learning programming of choice, etc.)

3) Common Will of the Company and Our Employees

The common will and empathy between the Company and employees leads to a reaffirmation of the value of work for each individual. The SWCC Group will transform its organizations to assure a sense of unity in the face of even more intense future changes in social conditions.

● Sharing of our management philosophy, Purpose, and Company policy

- At Group sites, the President presents briefings on financial results and policies and holds dialogues with employees.
- We promote information sharing through SWCC videos on the Company intranet, workplace signage, and other internal communications.
- System IDs are assigned to all employees to promote IT environment improvement so that it is easy to carry out work tasks

In-House Venture System

In April 2023, the SWCC Group launched an in-house venture system. The system aims to create new businesses not bound by the existing SWCC Group business portfolio, and to foster a culture of new business creation activities within the Company. In the future, we will also aim for the establishment of in-house venture companies and the monetization of new businesses.

● Participation in business concept project research

Amid an increasingly unpredictable business environment and growing need for inorganic business creation, in FY2024 our young employees will engage in the building of new business concepts and of conceptual plans at The Graduate School of Project Design.


Awareness-raising poster for our in-house venture system



Our governance

In order for SWCC to be a Group that promotes sound business activities and creates trusted corporate value, we continue to work on the establishment and further strengthening of a corporate governance system that ensures transparency and fairness in corporate management.



[Category] Theme	Action policy	Indicator and KPI	Target (year of achievement)
[Governance] Our governance 	Monitor corporate management	Attendance rate of independent outside directors at Board of Directors meetings and committee meetings	75% or higher (every year)
	Provide good-quality and safe products and services	Failure costs due to quality	50% reduction from FY2021 (FY2026)
		Customer satisfaction	Score higher than the previous year (every year)

Monitoring Corporate Management—Risk Management

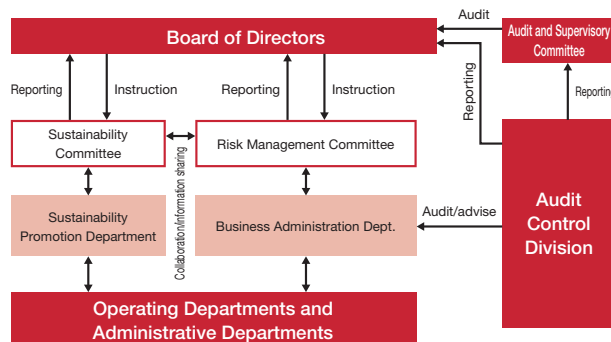
Risk Management

The SWCC Group carries out Group-wide risk management based on three lines of defense: operating departments (first line), administration departments (second line), and audit departments (third line). Specifically, the Risk Management Committee, an advisory body to the Board of Directors composed of Company executive officers and fellows appointed by the President and CEO who serves as committee chairperson, evaluates risks and discusses countermeasures implemented by the operating departments, manages the progress of risk management plans and risk measures, and reports to the Board of Directors. We also strive to strengthen our Group-wide risk management system, which is essential for the continued development of our business. We established the Risk Management Department within the Business Management Coordination Department to act as a risk supervisory department. The department supervises risk management for the entire Group, which includes handling administrative operations of the Risk Management Committee, formulating rules and guidelines, providing training, and monitoring risks. To swiftly respond to risks that occur on a regular basis in business divisions and administrative divisions, we further operate our Risk Report System that promptly provides risk information from the relevant department to the Risk Supervision Department when a risk event occurs. When a reported risk constitutes an emergency or serious event, we

share information with the Risk Management Committee and full-time Audit and Supervisory Committee members while enacting appropriate initial response, working to minimize impacts on the Group's business.

To address risks related to the environment, society, and governance, we coordinate and share information with the Sustainability Promotion Department.

Along with the identification of high-priority business risks, we handle climate change-related risk management and human rights-related due diligence within this system.



Major Identified Risks

Whether a risk equates to a major risk that could have significant impact on investors' decisions is determined by the Risk Management Committee through risk identification, analysis, and evaluation. Specifically, we quantify and analyze the risks listed by Group companies, based on which we designate those that could have a significant impact on the SWCC Group as major risks.

In addition, since we have defined materiality based on the Basic Sustainability Policy, we are taking measures to address major risks Company-wide by adding correlations to them and risks recognized by the Head Office.

Risks identified by the SWCC Group include but are not limited to the risks listed here. Any of these risk factors could also influence the judgment of investors.

● Major Identified Risks

Risk category	Materiality	Details of identified risks	Major initiatives	Remaining risks
Natural disasters, etc.	• Our earth	<ul style="list-style-type: none"> ○ Suspension of operations, shutdown of logistics functions, and other problems at manufacturing sites caused by the following disasters: ○ Natural disasters such as massive earthquake, typhoon, and flooding 	<ul style="list-style-type: none"> • Formulation and review of business continuity plans (BCPs) to ensure smooth initial response to anticipated risks • Systematic investments to strengthen infrastructure facilities at manufacturing sites 	<ul style="list-style-type: none"> • Significant impact on business results in the event of substantial restrictions on systematic production activities due to prolonged deterioration of social infrastructure functions under power shortages, logistics delays, etc. caused by natural disasters beyond expectations, etc.
Changes in raw material and energy prices	• Our future • Our earth	<ul style="list-style-type: none"> ○ Changes in prices of copper, which is the key raw material ○ Changes in prices of petrochemical products such as polyethylene ○ Changes in electrical power and city gas procurement prices due to end of transitional relief measures, etc. 	<ul style="list-style-type: none"> • Strengthening of management by the Group Procurement Division • Reduction of inventory through systematic stable procurement • Shifting of costs to product prices • Hedging of risk of copper price fluctuations through futures trading, etc. • Mitigation of risks through diversification of procurement sources and the use of multiple-source purchasing • Adoption of photovoltaic power generation facilities using the PPA model 	<ul style="list-style-type: none"> • Significant impact on business results if the shifting of costs onto product prices is difficult or if loss occurs due to a dramatic drop in market prices
Securing and development of human resources	• Our people	<ul style="list-style-type: none"> ○ Loss of sales opportunities ○ Impact on business continuity due to difficulties in passing on manufacturing skills ○ Decline in the quality of products and services ○ Impact of missed growth opportunities on achievement of performance targets 	<ul style="list-style-type: none"> • Promotion of diversity management through the Diversity Promotion Project • Extension of retirement age and introduction of elective retirement age system • Strengthening of hiring by job type for highly specialized human resources, immediately deployable human resources with required specialized skills, etc. • Job challenge system and in-house recruitment system for placement of the right people in the right jobs • Next-generation business leader candidate training • Seminars and rank-based job training • Expansion of training to include safety training at the Manufacturing Training Center 	<ul style="list-style-type: none"> • Significant impact on business results due to organizational constraints and loss of business opportunities
Supply chain disruptions and breakdowns	• Our partnership	<ul style="list-style-type: none"> ○ Stoppages and delays in the supply of raw materials due to supply chain disruptions and breakdowns 	<ul style="list-style-type: none"> • Mitigation of risks through diversification of procurement sources and the use of multiple-source purchasing • Securing of substitute products • Thorough management of individual procurement sources (management of risks of business closure and discontinuation) 	<ul style="list-style-type: none"> • Impacts of stoppages and delays in the procurement of raw materials on business activities and business results • Increase in procurement costs due to procurement difficulties
Compliance	• Our governance	<ul style="list-style-type: none"> ○ Risk of violating laws, regulations, and rules concerning the tax system ○ Risk of violating obligations under contracts or transactions with business partners or others ○ Loss of trust due to behavior by officers or employees that is unacceptable based on social norms 	<ul style="list-style-type: none"> • Fostering of Group-wide compliance awareness and strengthening of our system of checks by the Legal Department • Implementation of training and study sessions concerning compliance • Detection of improper conduct, etc. through the use of the internal reporting system 	<ul style="list-style-type: none"> • Disciplinary measures, sanctions, or other penalties imposed by regulatory authorities • Possibility of claims for damages or demands for the cessation of transactions from business partners and other relevant parties • Damage to trust or reputation due to being seen as lacking in compliance awareness
Sustainability	• Our earth • Our partnership	<ul style="list-style-type: none"> ○ Impact on business from delays and other problems in responding to environmental and climate change issues ○ Growing cost of reducing CO₂ emissions 	<ul style="list-style-type: none"> • Strengthening of our response to environmental and climate change issues, and active disclosure of related information • Roll-out of Group-wide environmental projects • Examination of capital expenditure standards with environmental response taken into account 	<ul style="list-style-type: none"> • Loss of trust and negative impacts on recruitment or business results due to delayed response to environmental and climate change issues • Decline in profitability due to ballooning medium- to long-term manufacturing costs
Quality issues	• Our governance	<ul style="list-style-type: none"> ○ Occurrence of quality issues (faults and defective products) ○ Manufacturing and selling products that violate product standards, laws, regulations, or agreements with customers 	<ul style="list-style-type: none"> • Monitoring by the SWCC Quality Supervision Department and auditing by the Audit Control Division • Enforcement of quality control and prevention of improper conduct through the promotion of IT in quality assurance work • Roll-out of Group-wide education program • Securing and training of quality division human resources • Purchase of liability insurance 	<ul style="list-style-type: none"> • Compensation for damages, product liability claims, etc. arising from quality issues • Damage to trust and reputation due to quality issues

Information Security

The SWCC Group has established its Information Security Policy under which it reviews countermeasures against cyber attacks and carries out annual training for employees. The SWCC Group actively undertakes investments in information security, which we recognize as a key management issue.

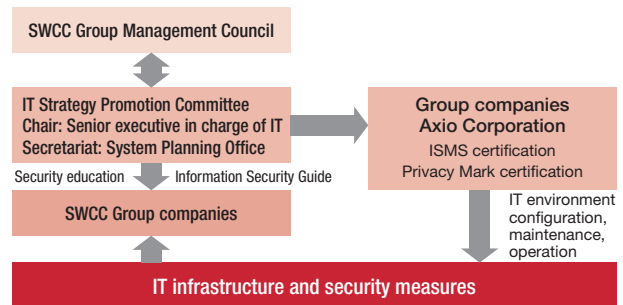
Information Security Basic Policy

Information handled by the SWCC Group includes customer information, management information, technology and production information, employee personal information, and other information vital to business activities. In addition to complying with laws and regulations, we will ensure confidentiality, completeness, and

availability of information by developing suitable information management systems and IT environments, meeting the trust placed in us by customers. To achieve these goals, the SWCC Group has created and maintains its Information Security Guide.

Management system

The SWCC Group has established an IT strategy committee aimed at achieving the adoption and operation of information systems, with the goal of overall optimization based on our management strategies. Composed of the IT managers of Group companies, the IT Strategy Promotion Committee develops information security measures, plans and implements security education, and proposes investments in security measures. The Group company AXIO Corporation is responsible for IT infrastructure construction, maintenance, and operation, as well as the implementation of security measures.



FY2023 Initiative Results

From December 2023 to February 2024, we provided training on information security to all employees in the Group, including senior executives. In FY2023, we conducted e-learning training on recognizing and dealing with attack-type e-mail, followed by e-mail drills. We conducted external security diagnoses of devices exposed to the Internet and made configuration corrections.

FY2024 Initiatives Plan

In our relations with relevant organizations, by understanding the communications network structure of our own organizations and by monitoring the linkage status and data flow with other organizations, we work to ensure safety and reliability in the use of information systems within the Group and to enable rapid response in the event of information security incidents and accidents.

Business Continuity Management (BCM)

Through business continuity management (BCM), the SWCC Group prepares for risks such as natural disasters and system failures as we advance initiatives aimed at fulfilling our social responsibility through the stable supply of products to business partners. We also conduct verification and review of our business continuity planning (BCP) manual to respond swiftly to changes in the business environment and maintain the continuity of our business.

To respond fluidly to anticipated risks, in FY2023 we systematically carried out BCP-based infrastructure development

and resilience investments at sites nationwide, along with verification and review of our BCP manual through regular drills simulating varied situations. Risks that threaten business continuity have increased and diversified in recent years, encompassing climate change, cyber attacks, geopolitical risks, contagious diseases, and more. As a group of companies that contribute to social infrastructure, the SWCC Group positions the management and reduction of risk as a key management issue and engages in ongoing related activities throughout the Group.

Compliance

In FY2022, the SWCC Group established the SWCC Way (Code of Conduct), consisting of "Swiftiness," "Passion," and "Thinking before acting," with the aim of achieving value creation throughout the Group. Under "Thinking before acting," we require all officers and employees to maintain awareness of compliance, along with a commitment to work and conduct that can be shown with pride to customers and family members. In FY2022, to place importance on the trust that is a keyword in our management philosophy, make compliance a priority, and continue evolving into a better company, we also formulated our Compliance Basic Policy.

To communicate and instill the SWCC Way Compliance Basic Policy throughout the SWCC Group, in FY2023 we conducted awareness-raising activities primarily through our Legal Department. We also conduct compliance education concerning

the Antitrust Act, the Subcontract Act, and the Construction Business Act, and other laws and regulations closely connected to our business, as well as education on insider trading regulations and other points of note when officers and employees engage in stock transactions. We further launched a new Compliance Program by which departments develop compliance promotion activities in line with themes they have independently set. We will continue to promote compliance in FY2024, building on the activities undertaken in FY2023. We also operate a Group-wide internal Compliance Hotline reporting system with contact points inside the Company and at outside law offices. We are developing systems for the prevention and early detection of compliance violations. The SWCC Group is committed to enhancing and ensuring compliance through the continuation of these initiatives.

Corporate Governance

Basic Approach

Under the SWCC Purpose of “Innovating new ideas today. Becoming the norms of tomorrow,” and based on our management philosophy that takes “trust” as its keyword, we engage in initiatives under the recognition that speeding up and streamlining management, and strengthening associated

monitoring functions, are universal challenges for all companies. While fulfilling our corporate social responsibility (CSR), the SWCC Group is also actively working to develop systems required to ensure appropriateness in the operations of our Group.

Changes in Governance

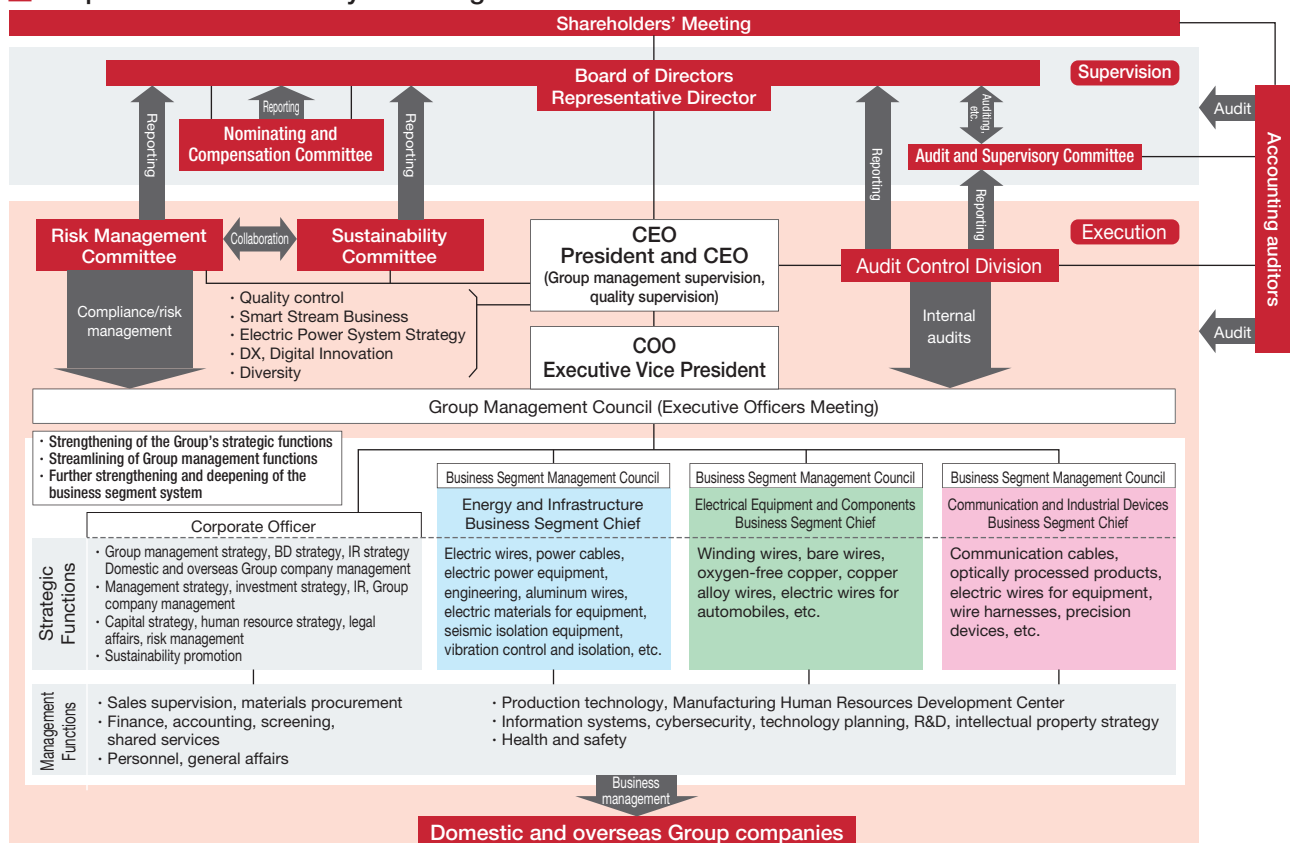
Year	2006	2015	2018	2019	2020	2023
Organizational design	Company with a board of statutory auditors (to June 2019)			Company with a board of statutory auditors (to June 2019)		
Total number of officers (excluding executive officers)	10	14	10	7	7	7
Total number of directors	6	10	7	7	7	7
Of these, outside directors	0	2	3	3	3	4
Total number of auditors	4	4	3	–	–	–
Of these, outside auditors	3	3	2	–	–	–
Executive officers	–	–	–	13	12	12
Topics	• Conversion to holding company	• Appointment of outside directors (from June 2015)	• Establishment of Nominating Committee (December 2018) • Establishment of Compensation Committee (December 2018) • Start of evaluation of effectiveness of the Board of Directors	• Strengthening of authority of executive officers (April 2019) • Appointment of Group CEO (June 2019) • Discontinuation of position of director • Discontinuation of advisor system	• Establishment of Chair of the Board of Directors (April 2020) • Adoption of restricted share-based remuneration plan	• Spin-off companies (April 2023) • Integration of the Nominating Committee and the Compensation Committee into the Nominating and Compensation Committee (June 2023)

Current System

We have adopted the system of a company with an audit and supervisory committee as a part of our organizational design. The purpose of this adoption is as follows.

- By delegating substantial decision-making authority for the execution of business operations to executive officers, we will increase the efficiency and speed of business execution
- Based on **1**, we further enhance deliberations on key topics, such as management strategy, in Board of Directors meetings
- Primarily through the Audit and Supervisory Committee, we will work to strengthen auditing and supervisory functions



Corporate Governance System Diagram




Initiatives by the Board of Directors and by committees

 President
  In-house
  Outside

Board of Directors FY2023 Convened 18 times

Purpose and authority	Composition
<p>To deliberate and decide on matters regarding the management policies and business execution of the Company and its Group companies, and to supervise and ensure that the execution of directors' duties is duly and efficiently conducted.</p> <p>Matters discussed</p> <ul style="list-style-type: none"> ● Reporting and deliberation on the progress of the mid-term management plan and the status of business execution during the current fiscal year ● Reporting and deliberation on M&A to strengthen the business portfolio in light of the business environment and competitive situation ● Reporting and deliberation on the status of dialogues with shareholders (investors) through IR activities, etc. ● Reporting and deliberation on compliance and risk management issues for the Group overall ● Reporting and deliberation on initiatives to address sustainability issues, including environmental initiatives ● Reporting and deliberation on the evaluation of the effectiveness of the Board of Directors (questionnaire survey based on advice from outside bodies) 	<p>2 directors</p>  <p>5 directors who are Audit and Supervisory Committee members</p> 

Audit and Supervisory Committee FY2023 Convened 17 times

Purpose and authority	Composition
<p>To audit and supervise the execution of directors' duties through monitoring and verification of the internal control system and through effective cooperation with accounting auditors, the internal audit department, and other departments, in accordance with the audit policy and plans set forth by the Audit and Supervisory Committee.</p> <p>Matters discussed</p> <ul style="list-style-type: none"> ● Formulation of audit policies, audit plans, etc. ● Evaluation of accounting auditors and determination of appropriateness of reappointment ● Preparation of audit reports 	<p>5 directors</p> 


Nominating Committee FY2023 Convened 2 times (April 1, 2023 to the end of the Ordinary General Meeting of Shareholders on June 27, 2023)

Purpose and authority	Composition
<p>To deliberate and report on the nomination of candidates for directors, executive officers, and other positions and on succession and other planning, in consultation with the Board of Directors.</p> <p>Matters discussed</p> <ul style="list-style-type: none"> ● Tracking of the next-generation management executive candidate development plan ● Deliberation on how to proceed with performance reviews and the results of evaluations 	—


Compensation Committee FY2023 Convened 0 times (April 1, 2023 to the end of the Ordinary General Meeting of Shareholders on June 27, 2023)

Purpose and authority	Composition
<p>Following consultation with the Board of Directors, the Nominating and Compensation Committee deliberates and reports on matters related to nominations, such as succession planning and the nomination of candidates for directors and executive officers, and on matters related to compensation, such as the determination of the structure and systems for directors and senior management and the amounts of individual compensation.</p> <p>* In FY2023, the Compensation Committee</p> <p>* In the past, the Company operated its Nominating Committee and Compensation Committee as separate deliberative entities. However, as the discussions held by the committees are deeply related to each other, following the conclusion of the ordinary General Meeting of Shareholders on June 27, 2023 we integrated the two committees into a single Nominating and Compensation Committee to further deepen discussions.</p>	—

Nominating and Compensation Committee FY2023 Convened 8 times (Following the end of the Ordinary General Meeting of Shareholders on June 27, 2023)

Purpose and authority	Composition
<p>Following consultation with the Board of Directors, the Nominating and Compensation Committee deliberates and reports on matters related to nominations, such as succession planning and the nomination of candidates for directors and executive officers, and on matters related to compensation, such as the determination of the structure and systems for directors and senior management and the amounts of individual compensation.</p>	<p>4 directors</p> 

Risk Management Committee FY2023 Convened 2 times

Purpose and authority	Composition
<p>To further enhance the SWCC Group's corporate governance system by supervising compliance and risk management for the Group overall and by continually identifying and correcting issues in these.</p>	<p>1 chairperson, 14 members</p> 

Sustainability Committee FY2023 Convened 2 times

Purpose and authority	Composition
<p>We will strengthen our sustainability structure with the aim of engaging in corporate operations that are sustainable in terms of the environment, society, and governance, based on the SWCC Group's management philosophy.</p>	<p>1 chairperson, 11 members</p> 

■ Approach to the Composition of the Board of Directors

Our basic approach to corporate governance is based on the SWCC Purpose, which serves as a guidepost to align the SWCC Group's raison d'être, management, and employees along the same path, and on the recognition that the speed and efficiency of management and the accompanying enhancement of monitoring functions are universal corporate challenges. In accordance with this policy, in appointing directors we seek people who exhibit excellent character and insight and who can supervise and manage the Company. It is also our policy to appoint members with diverse backgrounds in order to cover a wide range of knowledge and expertise that we consider important to our Company.

Based on the above policy, in the Board of Directors we require experience in corporate management as well as knowledge and insight related to sustainability in order to further promote initiatives aimed at resolving social issues. We select a balanced lineup of persons who have abundant knowledge and experience in fields such as international affairs, accounting, finance, and technology.

We will continue to review the skills required for the Board of Directors in accordance with changes in management policies and strategies.

Directors' Skill Matrix

Name	Takayo Hasegawa	Tetsuo Komata	Yuji Sakakura	Seichiro Ichikawa	Takashi Mukuno	Minako Nishimura	Futoshi Yamaguchi
Representative Director	●	●					
Audit and Supervisory Committee Member			●	●	●	●	●
Nominating and Compensation Committee Member			●	●	●	●	
Outside director			●	●	●	●	
Independent senior executive			●	●	●	●	
Corporate management	●	●	●	●	●	●	●
Sustainability	●	●	●	●	●	●	●
Sales					●		
Overseas business		●	●		●		
Accounting and finance			●				●
Technology	●	●		●		●	

Reasons for Selection (by skill)

Skills	Reasons for selection
 Corporate management	Directors who possess robust knowledge and experience related to corporate management and who can promote the sustainable growth of the SWCC Group's corporate value are essential in achieving the goals of the Change & Growth SWCC 2026 Rolling Plan 2024 mid-term management plan.
 Sustainability	Directors who possess robust knowledge and experience concerning the environment, society, and the strengthening of corporate governance are essential in working to promote social problem-solving business, achieve a sustainable society, and enhance our corporate value on the foundation of the technologies and experience built up in our business under the SWCC Purpose.
 Sales	Directors who possess robust knowledge and experience in assessing and analyzing market trends and formulating sales strategies are essential in providing high value-added products.
 Overseas business	Directors who possess experience in overseas business management and robust knowledge and experience concerning overseas business environments are essential in sustainably growing our overseas businesses.
 Accounting and finance	Directors who possess knowledge and experience of accounting and finance are essential in carrying out growth investments aimed at sustainable enhancement of corporate value, as well as in promoting management that will improve capital efficiency based on the key management indicator of return on invested capital (ROIC).
 Technology	Directors who possess robust knowledge and experience concerning technology are essential in creating products of suitable quality, conducting wide-ranging research and development including basic research, creating new business models, promoting DX, etc.

Reasons for the selection of inside directors and outside directors

Name	Reasons for selection
Takayo Hasegawa	Ms. Hasegawa possesses extensive experience and a track record of achievement centered on the Technology Development Department. She has greatly improved the Company's corporate value through her outstanding management skills and leadership. The Company deems that her extensive business experience, achievements, and insight are essential in maximizing corporate value while achieving the goals of the in-progress Change & Growth SWCC 2026 Rolling Plan 2024 mid-term management plan, and accordingly has selected her as a director.
Tetsuo Komata	Mr. Komata possesses extensive experience and a track record of achievements in management overall, having played central roles in the Technology and Manufacturing Department and the Business Planning Department and having worked as the general manager of an overseas subsidiary. The Company has determined that he will be able to make use of his experience and knowledge in areas including management strategy to contribute to medium- to long-term enhancement of the the SWCC Group's corporate value, and accordingly has selected him as a director.
Yuji Sakakura	Mr. Sakakura possesses multi-faceted and wide-ranging knowledge concerning corporate management based on his achievements and experience as a financial-related business executive at a general trading company, the manager of a securities company, and the chief financial officer of an M&A advisory firm. The Company has selected him as an outside director who is an Audit and Supervisory Committee member in the expectation that he will further strengthen the corporate governance of the Group by supervising and auditing management overall based on his experience and knowledge.
Seiichiro Ichikawa	Through his background in the execution of production technology-related business executor for a manufacturer, he has cultivated deep insights into management. As he has served as an independent outside director of the Company since June 2021 and has provided beneficial counsel to the management of the Company, the Company has appointed him as an outside director who is an Audit and Supervisory Committee member in the expectation that he will continue to provide sufficient advice and supervision concerning the overall management of the Company from an independent standpoint as an outside director.
Takashi Mukuno	Mr. Mukuno possesses wide-ranging knowledge of global corporate management based on his experience and achievements in sales and business planning at a listed company and as a member of top management at an overseas subsidiary. The Company has selected him as an outside director who is an Audit and Supervisory Committee member in the expectation that he will provide counsel and supervision of execution concerning the Company's business, from a global management perspective that makes full use of his abundant experience and achievements.
Minako Nishimura	Ms. Nishimura is equipped with extensive experience centered on human resources development and career development, as well as wide-ranging insights as a company manager and high-level knowledge in the field of IT. Based on her extensive experience and high-level insights, we have selected her as an outside director who is an Audit and Supervisory Committee member in the expectation that, from an independent standpoint, she will appropriately engage in duties aimed at human resources development for the future and the advancement of DX that promotes transformation and growth, key issues for the Company.
Futoshi Yamaguchi	Mr. Yamaguchi possesses extensive experience and a track record centered on the Accounting & Finance Department, and has been deeply involved in corporate management of the Company and Group companies as a director. Based on his background and insight, the Company has selected him as a director who is an Audit and Supervisory Committee member in the expectation that he will provide counsel and supervision of execution concerning management issues of the Company from an objective standpoint.

■ Evaluation of the Effectiveness of the Board of Directors

We conduct analysis and evaluation of the effectiveness of the Board of Directors each fiscal year to verify that the Board functions properly. Specifically, based on the answers to the questionnaire for all directors, the Board of Directors shares the evaluation findings and identified issues, and holds constructive discussions on the ideal state of the Board.

Analysis and evaluation during the current fiscal year were conducted in the following manner, with input from an outside body. First, we conducted a survey targeting all directors who are members of the Board of Directors. Anonymity was ensured through direct responses to the outside body. The questionnaire content addressed multiple aspects including management, deliberations, and monitoring functions of the Board of Directors, as well as the performance of outside directors and the operation

of the Nominating and Compensation Committee. Overviewing the findings, the evaluation revealed that in the operation, etc. of the Board of Directors, the frequency of board meetings is appropriate and discussions and exchanges of ideas are free and constructive rather than formal. Findings also indicate that discussions are sufficiently carried out with profitability and capital efficiency taken into account when making decisions on management strategies and management plans, and concrete initiatives for the achievement of management are sufficiently examined with capital cost and stock price taken into account. Findings further show that dialogue with shareholders (investors) through IR activities, etc. is sufficiently discussed as a matter for deliberation by the Board of Directors, with appropriate feedback provided to the Board.

With regard to the performance of outside directors, evaluation findings reveal that outside directors make appropriate remarks and points from a general perspective (without excessive detail) from the standpoint of management strategy, management plans, and risk management as a component of the supervision of business execution. In the operation of the Nominating and Compensation Committee, too, evaluation findings indicate that deliberations on nomination and compensation are carried out in accordance with strategy and discussions and exchange of opinions are performed in a free and constructive, not formal manner, indicating that this discretionary committee functions effectively overall. Evaluation findings confirm that the Audit and Supervisory Committee formulates appropriate auditing policies and plans, engages in accounting audits, etc., addresses individual matters stipulated in laws and regulations, conducts sufficiently deep and frequent audits of whether internal control systems are properly constructed and operated, and, with independence and audit effectiveness taken into account, conducts interviews with executive officers, etc. necessary to the

performance of its duties, with appropriate frequency.

Accordingly, as the findings of all evaluations were generally favorable, the Company has determined that, on the whole, the Board of Directors is functioning appropriately and that its effectiveness is ensured.

At the same time, the evaluations also identified issues in deliberations by the Board of Directors concerning the sufficiency of discussion on initiatives aimed at human rights, labor, and other social issues; issues in monitoring functions concerning the sufficiency of follow-up on situations after the implementation of resolutions approved by the Board of Directors; and issues concerning opportunities for the training required of senior executives (such as acquisition of the knowledge necessary for roles and duties).

In the future, the Company's Board of Directors will take prompt action on such issues after sufficient examination based on the effectiveness evaluation, and will continue to make efforts to enhance the functions of the Board of Directors.

Main evaluation items and evaluation findings for FY2023

Evaluation items

Vision for the Board of Directors

Monitoring functions of the Board of Directors

Performance of outside directors

Composition of the Board of Directors

Training

Operation of the Nominating and Compensation Committee

Operation of the Board of Directors

Dialogues on shareholders (investors)

Audit and Supervisory Committee

Deliberations by the Board of Directors

Findings of evaluation

- In the operation, etc. of the Board of Directors, the frequency of board meetings is appropriate and discussions and exchanges of ideas are free and constructive rather than formal.
- Discussions are sufficiently carried out with profitability and capital efficiency taken into account when making decisions on management strategies and management plans, and concrete initiatives for the achievement of management are sufficiently examined with capital cost and stock price taken into account.
- The state of dialogue with shareholders (investors) through IR activities, etc. is sufficiently discussed as a matter for deliberation by the Board of Directors, with appropriate feedback provided to the Board.

- With regard to performance, outside directors make appropriate statements and comments from a general perspective (without excessive detail) from the standpoint of management strategy, management plans, and risk management as a component of the supervision of business execution.
- In the operation of the Nominating and Compensation Committee, deliberations on nomination and compensation are carried out in accordance with strategy and discussions and exchange of opinions are performed in a free and constructive, not formal manner, indicating that this discretionary committee functions effectively overall.
- The Audit and Supervisory Committee formulates appropriate auditing policies and plans, engages in accounting audits, etc., addresses individual matters stipulated in laws and regulations, conducts sufficiently deep and frequent audits of whether internal control systems are properly constructed and operated, and, with account independence and audit effectiveness taken into account, conducts interviews with executive officers, etc. necessary to the performance of its duties, with appropriate frequency.

The Board of Directors overall functions properly and its effectiveness is ensured

Issues to be addressed in FY2024

Sufficient deliberation on initiatives aimed at human rights, labor, and other social issues

Sufficient follow-up on status following the implementation of resolutions approved by the Board of Directors

Opportunities for the training required of senior executives

Further enhancement of the functions of the Board of Directors

Senior executive remuneration

Decision-making policy regarding matters such as directors' individual remuneration are resolved by the Board of Directors, based on deliberation and reporting by the discretionary Nominating and Compensation Committee composed of independent outside directors in order to ensure independence and objectivity.

The Board of Directors has confirmed that directors' individual remuneration for the current fiscal year recognizes reports from the Nominating and Compensation Committee, and that the method for determining the content of remuneration, etc. and the resolved content of remuneration, etc. are consistent with and aligned with said decision-making policy. The level of directors' remuneration, etc. is set with reference to other companies' standards based on surveys conducted by outside specialist bodies.

In addition, the compensation structure for directors (excluding Directors who are Audit and Supervisory Committee members)

consists of three types of compensation: Fixed compensation; annual performance-linked compensation as short-term incentive compensation, which is variable compensation; and restricted stock compensation as long-term incentive compensation, which is intended to provide an incentive to continuously increase the Company's corporate value and to realize further value sharing between directors and shareholders for as long as possible. The remuneration structure encourages management initiatives from both short-term and long-term perspectives to appropriately reward achievements.

As directors who are Audit and Supervisory Committee members bear the function of supervising management and are not in a position of responsibility for business execution, they are paid only fixed remuneration that does not include incentive remuneration. Details of the Company's policy for determining the content of remuneration for individual directors are as follows.

Composition of remuneration

Remuneration for directors (excluding directors who are Audit and Supervisory Committee members) is composed of fixed remuneration, performance-linked remuneration, and restricted shares-based remuneration. The composition of remuneration in FY2024 is as follows.

Efforts to Build a Business Foundation—Corporate Governance

Type	Percentage ¹	Description																																		
Fixed remuneration	100	This consists of basic remuneration and additional job-based remuneration that is dependent on the director's duties and responsibilities. Basic remuneration is based on job position and its importance and difficulty.																																		
Performance-linked remuneration	45	<p>The monetary amount of annual performance-linked remuneration, which is short-term incentive remuneration, is determined based on Company performance indicators for degree of achievement of operating income target values and of ROIC target values (set to 105% of the forecast of the operating income and ROIC announced at the beginning of the fiscal year), and based on ESG-related indicators, specifically the degrees of achievement toward targets for internal adoption rate of renewable energy, greenhouse gas (CO₂) emissions, lost-time injury frequency rate, and engagement score.</p> <p>Remuneration indicators, formulas, annual performance-linked mechanisms, etc. are as follows.</p> <p>1. Company performance indicators</p> <p>Paid based on the operating income achievement ratio (A) and ROIC achievement ratio (B). Details are as follows.</p> <ul style="list-style-type: none">• Operating income achievement ratio (A) = (current operating income result value ÷ current operating income target value) x 100%• ROIC achievement ratio (B) = (current ROIC result value ÷ current ROIC target value) x 100% <p>2. ESG-related indicators</p> <p>Paid based on the number of items achieved among internal adoption rate of renewable energy (C), greenhouse gas (CO₂) emissions (D), lost-time injury frequency rate (E), and engagement score (F).</p> <p>3. Reasons for selection of indicators</p> <p>Operating income achievement ratio, a company performance indicator, has been set as an indicator of profitability, and ROIC achievement ratio has been set as an indicator of capital efficiency. With regard to ESG-related indicators, we identify social issues that have a significant impact as materiality, identify priority issues, and formulate specific action policies, indicators and KPIs for each theme. Among these themes, we have set the internal adoption rate of renewable energy, greenhouse gas (CO₂) emissions, and lost-time injury frequency rate as ESG-related indicators that we consider particularly important. We have determined that achieving the respective target values for these will lead to the enhancement of corporate value.</p> <p>4. Formula</p> <p>Annual performance-linked remuneration = fixed remuneration x (degree of achievement of fiscal year targets in company performance (A x 50% + B x 50%) + degree of achievement of ESG-related fiscal year targets (degree of achievement according to the number of items achieved among C, D, E, and F))</p> <table><tr><th colspan="5">5. Degree of achievement of fiscal year targets(percentages and mechanisms)</th></tr><tr><th colspan="2">Fiscal year target indicator</th><th>Target value</th><th>Percentage²</th><th>Payment rate</th></tr><tr><td>Company performance</td><td>• Operating income</td><td>14.2 billion yen (announced value: 13.5 billion yen)</td><td>20%</td><td>0 - 150%</td></tr><tr><td>Company performance</td><td>• ROIC</td><td>9.1% (announced value: 8.7%)</td><td>20%</td><td>0 - 150%</td></tr><tr><td>ESG-related</td><td>• In-house introduction rate of renewable energy³</td><td>26%</td><td rowspan="4">5%</td><td rowspan="4">0 - 125%</td></tr><tr><td></td><td>• Greenhouse gas (CO₂) emissions</td><td>40% reduction from FY2013</td></tr><tr><td></td><td>• Lost time injury frequency rate</td><td>0.23 or less</td></tr><tr><td></td><td>• Engagement score</td><td>48</td></tr></table>	5. Degree of achievement of fiscal year targets(percentages and mechanisms)					Fiscal year target indicator		Target value	Percentage ²	Payment rate	Company performance	• Operating income	14.2 billion yen (announced value: 13.5 billion yen)	20%	0 - 150%	Company performance	• ROIC	9.1% (announced value: 8.7%)	20%	0 - 150%	ESG-related	• In-house introduction rate of renewable energy ³	26%	5%	0 - 125%		• Greenhouse gas (CO ₂) emissions	40% reduction from FY2013		• Lost time injury frequency rate	0.23 or less		• Engagement score	48
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Restricted stock remuneration (long-term incentive remuneration)	22.5	A percentage of fixed remuneration is allocated to the payment of remuneration for the granting of restricted shares. Directors who do not perform executive duties (including directors who are Audit and Supervisory Committee members) are not paid the remuneration to grant restricted shares.																																		

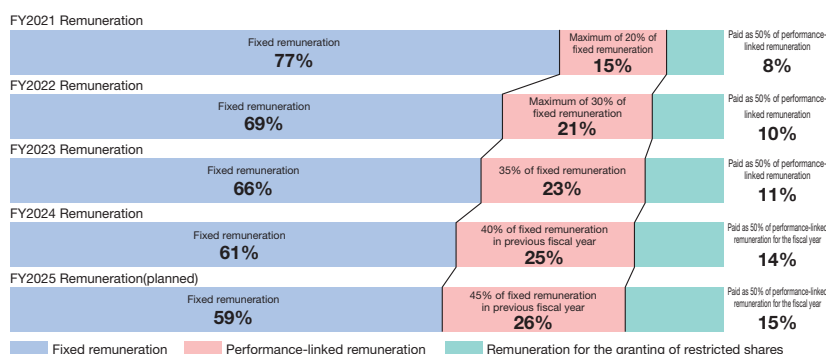
*1. The percentage of annual performance-linked remuneration is based on the assumption of a payment rate of 100%.

*2. Company performance- and ESG-related percentages, which are fiscal year target indicators, are based on the assumption of a payment rate of 100%.

*3. Renewable energy sources include non-fossil fuel energy sources.

Percentage Breakdown of Remuneration

The percentages of fixed remuneration, performance-linked remuneration, and remuneration for the granting of restricted shares that make up total remuneration are subject to re-evaluations by the Nominating and Compensation Committee. Furthermore, the total amount of remuneration for directors (excluding directors who are Audit and Supervisory Committee members) shall not exceed 300 million yen per year.



Payment Schedule

Fixed remuneration in the form of monetary remuneration for FY2024 will be paid in equal amounts each month starting from the first month of FY2024. Performance-linked remuneration for achievements in FY2023 will be paid in June 2024. Remuneration for the granting of restricted shares will be paid by the month

following the 128th Ordinary General Meeting of Shareholders, under the condition that the director has been appointed or reappointed at said meeting.

Performance-linked remuneration for achievements in FY2024 will be paid in June 2025.

Matters concerning resolutions of General Meetings of Shareholders concerning directors' remuneration, etc.

The remuneration of directors (excluding directors who are Audit and Supervisory Committee members; the same applies below in this item) was resolved at the 123rd Ordinary General Meeting of Shareholders held on June 26, 2019 to be limited to 300 million yen per year (including a limit of 30 million yen per year for outside directors). To clarify the effective scope of the limit, the amount of remuneration of directors has been set to include the executive officer remuneration portion of the remuneration of executive officers who serve concurrently as directors and the salary portion of the remuneration of employees who serve concurrently as directors. The number of directors as of the end of said General Meeting of Shareholders was four (including one outside director).

At the 124th Ordinary General Meeting of Shareholders held on June 29, 2020, it was decided that, within the framework of

300 million yen per year (including a limit of 30 million yen per year for outside directors), monetary remuneration of up to 80 million yen per year would be paid to directors as monetary remuneration for the granting of restricted stock. The number of directors as of the end of said General Meeting of Shareholders was three (including no outside directors).

At the Company's 123rd Ordinary General Meeting of Shareholders held on June 26, 2019, it was resolved that the remuneration of directors who are Audit and Supervisory Committee members would be within the limit of 80 million yen per year. The number of directors who are Audit and Supervisory Committee members as of the end of said General Meeting of Shareholders was three (including two outside directors).

Matters concerning the determination of remuneration, etc. for individual directors

Individual remuneration for directors (excluding directors who are Audit and Supervisory Committee members; the same applies below in this item) is determined by the Board of Directors following deliberation by the Nominating and Compensation Committee composed solely of independent outside directors, within the total amount of remuneration for directors determined at the General Meeting of Shareholders.

The Board of Directors has confirmed that directors' individual remuneration for the current fiscal year recognizes reports from the Nominating and Compensation Committee, and that the

method for determining the content of remuneration, etc. and the resolved content of remuneration, etc. are consistent with said decision-making policy.

Remuneration for directors who are Audit and Supervisory Committee members is decided on the basis of deliberation among directors who are Audit and Supervisory Committee members, within the maximum amount established at the General Meeting of Shareholders, in accordance with Article 361, Paragraph 3 of the Companies Act of Japan.

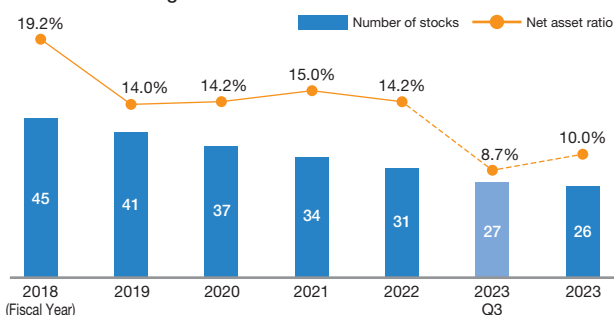
Cross shareholdings

The Company's basic policy on cross shareholdings is to not hold shares in principle, and, when continuing to hold shares, to strictly investigate the rationality of doing so. The exercise of voting rights concerning cross shareholdings is comprehensively judged in light of factors including contribution to the enhancement of the

SWCC Group's corporate value.

Under the above basic policy, the Company has set a current target of reducing the ratio of cross shareholdings on the balance sheet at the end of the year to consolidated net assets to less than 10%.

Cross shareholdings



Fiscal Year	2018	2019	2020	2021	2022	2023 Q3	2023
Book value (millions of yen)	6,841	5,611	6,833	8,819	9,691	6,299	7,745
Total net assets (millions of yen)	35,628	39,981	48,169	58,932	68,390	72,287	77,126
Sale value (millions of yen)	77	162	50	94	25	3,762	4,653

Note 1. The number of stocks and the ratio of the amount recorded in the balance sheet at the end of the year to consolidated net assets is for SWCC Showa Holdings Co., Ltd. and SWCC SHOWA CABLE SYSTEMS CO., LTD., the consolidated subsidiaries with the largest amounts of investment shares recorded on the balance sheet. The Company absorbed SWCC SHOWA CABLE SYSTEMS CO., LTD. on April 1, 2023, and changed its trade name to SWCC Corporation.

Note 2. Under the above Basic Policy, the Company has set a current target of reducing the ratio of cross holdings on the balance sheet at the end of the year to consolidated net assets to less than 10%, and has reduced this to 8.7% as of the end of the 3rd quarter. However, mainly due to a rise in stock price, the ratio of amount on the balance sheet at the end of the year to consolidated net assets was 10.0%.

Round-table Discussion among Outside Directors

Holding expectations for the future of SWCC as it shines further under a new management structure



Minako Nishimura

Outside Director, Audit and Supervisory Committee Member

Seiichiro Ichikawa

Outside Director, Audit and Supervisory Committee Member

Yuji Sakakura

Outside Director, Audit and Supervisory Committee Member

Takashi Mukuno

Outside Director, Audit and Supervisory Committee Member

Effectiveness of the Board of Directors

How do you perceive the SWCC Group's Board of Directors?

Mukuno The Corporate Governance Code sets out the role of a Board of Directors as indicating corporate strategy and other key directions, and creating an environment that supports appropriate risk-taking by management team executives. From this perspective, our Board of Directors has carried out multi-faceted verification of the Change & Growth SWCC 2026 Rolling Plan 2024 mid-term management plan formulated by the executive side and of the formulation of specific business strategies. Outside directors from different backgrounds have engaged in numerous discussions over whether any misalignments exist in the orientation of the plan. Such discussions also provide a good opportunity to encourage the management team to take a close look at business plans and business strategies. In that respect, the effectiveness our Board of Directors can be evaluated as ensured.

Sakakura When we received a request from the Tokyo Stock Exchange regarding "management that takes capital cost and stock price into account," there was discussion within the Board of Directors at that time, too. I recognize that outside directors also put forth many opinions and that meaningful discussion ensued. I myself had the opportunity to explain the topic of capital policy from the perspective of an outside director at a briefing for institutional investors in December 2023. At the time, I felt very pleased to have been given that opportunity for meaningful dialogue with many investors. At the same time, with regard to topics that always demand up-to-date information, such as capital costs and governance, I believe that strengthening training for the management team will be more effective in terms of further enhancing the quality of future discussions.

About the new management structure

In June 2024, the SWCC Group transitioned to a new executive structure. Tell us your thoughts on this from your position as a member of the Nominating and Compensation Committee.

Sakakura Under the new structure, Vice President Komata has been appointed the new COO under President Hasegawa. The appointment of a COO is a critical point in the recent executive officer personnel structuring. With expectations toward CEO Hasegawa growing, such as expectations for the formulation of management policies and

strategies and the current rolling plan, we reached the conclusion that the post of COO would be necessary to lead operations that would move drawn-up management policies and strategies to the execution stage while enacting internal controls, which in turn led to the nomination of Vice President Komata.

Ichikawa I agree. It's already apparent in business performance that the management strategy and structural reforms pushed by CEO Hasegawa are on the right track. Adding to that, I had anticipated a need for a management structure that would realize the new rolling plan in a more effective way. CEO Hasegawa has carried out a number of reforms, including ROIC management, and has made these successful. Accordingly, there was a need for talent who would control the management layer under new growth strategies and strong leadership, and who would steadily move plans to the execution stage. In that sense, I believe that Mr. Komata's appointment as COO is a vital personnel action in accelerating the growth of SWCC Group.

Mukuno To lift our rolling plan to its intended level, we have to strengthen our business more than ever and strongly advance structural reform. I understand that our new enforcement structure moves growth strategy into the



execution stage, considers the right personnel in the right places in order to solidly deliver results, and seeks rejuvenation. We've now welcomed COO Komata, who knows more than anyone about the reforms that CEO Hasegawa has advanced. I applaud the Company for having prepared a strong personnel lineup in terms of execution.

About the strengthening of our growth strategy and business portfolio

How do you evaluate the strengthening of our growth strategy and business portfolio?

Sakakura Since our Group began undertaking ROIC management, the Board of Directors has carried out a number of management decisions, including on the liquidation of Group companies. However, it has not yet reached the point of drastic portfolio reshuffling. Naturally, drastic change is not necessarily a good thing, but there is currently a strong tailwind behind our Energy and Infrastructure Business. Conversely, there are also some countervailing winds within our business. From the standpoint of strengthening our business portfolio, now may be a time that calls for some bold decisions. As we've begun operating under a CEO and COO structure, I'd like CEO Hasegawa to continue drawing up bold management strategies.

Mukuno Regarding our rolling mid-term management plan, I think that the everyday efforts of the management team and the hard work of employees under the strong leadership of and CEO Hasegawa, as well as solid business performance in recent years, have led to the positive outcome of a rising

stock price. This is really great to see.

What I pay attention to as an outside director is whether, in the shadow of this positive performance, any problems have dropped out of view or are being overlooked. In the Board of Directors, we ask questions and talk over such things. Holding discussions at the micro level, such as discussions of gaps between budget and performance, is important. Without stopping there, though, I think it's also vital that we hold discussions of strategies based on macro-level analyses, such as whether changes in market trends will impact the preconditions of our mid-term management strategies, and subsequent changes in our policy measures.

Ichikawa Our Group has a long history in the manufacturing industry. I have concerns that our existing businesses may not receive full attention under excessive ROIC management. I wonder whether the facilities in our core businesses that create value are sustainable. However, the rolling plan calls for actively moving forward with the renewal of aging facilities, which is very reassuring. BD (Business Development) While it is important to create new solution businesses as strategic businesses, I believe that products and services that strengthen our existing businesses, such as SICONEX, SICOPLUS, and SICOREMO, are major solutions that our Group can be proud of. I hope to see strengthening of our businesses, including these existing ones. Making full use of AI will expand the possibilities even more, I think.



Mechanisms to keep structural reform flowing

The Company has implemented a number of ideas to keep structural reform from losing momentum, such as the in-house venture system. How do you rate these initiatives?

Nishimura I think it's a very good thing to prepare a structure for supporting new endeavors, such as an in-house venture system. In the SWCC Purpose, our Group makes the powerful assertion that it will become new and make changes, which makes this an ideal time to establish new systems inside the Company. We've just begun to move this forward as a system and haven't yet achieved great results, but I think creating mechanisms and preparing a path for taking on challenges has been a great step forward. I hope that our employees will continue tackling such challenges. I feel that we've been able to take the first step toward growing as a company.

Ichikawa I feel the same. I've heard that applicants are still few. I feel a bit of concern that we're too demanding of perfection from the start. I think we also have to foster a culture by which people, when failing, will share the story of that failure within the Company. Failure comes naturally with



new things. It's the same with things like technological development: nothing begins when there's fear of failure. While thinking about ways to avoid risk, I think we should strive to take on lots of challenges and produce a lot of outcomes as a result. I want people to keep on tackling challenges without fear of failure.

Promotion of diversity

What advice can you provide on the Group's diversity initiatives, and what are your expectations for the future?

Nishimura In our Group, there are many talented women to whom we can entrust our future. However, it may take a bit longer for them to reach the executive level. Of course, we also have the option of bringing in talented female human resources from outside the Company, but we also have to instill awareness in female employees who are career executive candidates, educate them to hold a managerial perspective, and thereby develop management talent. In addition, continuously turning out such human assets will require that we secure absolute numbers. Toward that end, I believe that it's important that we continue with steps to increase the hiring of women. As interest in diversity grows within society, a company's stance toward diversity initiatives is becoming a criterion for female students in making the decision to join the company. Our Group is active in promoting diversity, and I think our cooperative initiatives with Shibaura Institute of Technology, the acceptance of female students into our engineering departments, and our career support for female researchers are very positive activities. Along with actions related to women's roles, I also have a high opinion of our activities toward raising awareness of unconscious bias, including in men.

Mukuno Our Group is trying to do away with old, rigid ways of thinking through the promotion of diversity. It's important to promote active participation by women, as Director Nishimura noted, but I think that the promotion and leveraging of



non-Japanese employees is also very important for our Group as it engages in global business.

Our Group has subsidiaries in China and Vietnam. If talented human resources in these regions were to take part in training for about half a year or give presentations at Group management conferences, we could see another world expand. There are a lot of potential paths from there, including promotion to management-related posts such as president or general manager of local subsidiaries, or even switching from local employment to employment at the SWCC Head Office.

Sakakura There's been mention of overseas business, but in June 2024, four outside directors had the opportunity to inspect two local subsidiaries in Vietnam. Sure enough, seeing these is a very different matter from hearing about them, and I was impressed by the subsidiaries' excellence. As Director Mukuno said, we should pave the way for talented human resources. I hold great expectations for our business expansion from here on out, including local hiring for



managerial positions.

As Director Nishimura mentioned, the reality is that we aren't developing female talent for promotion to the executive officer class. We should supplement the executive officer and general manager classes through career hiring. It's difficult to abruptly recruit female talent from outside to play active roles as engineers in our Group, but I'd first like for Head Office corporate departments to begin hiring.

For the future of the SWCC Group

What do you think the SWCC Group should do now to secure its future?

Nishimura Our Group has changed its name and has set out its Purpose. From here on out, it's vital that we foster a sense of unity as a Group, including at our overseas sites. It's been about a year since the name change, and recognition of the name is still not high. It's important that we strengthen branding both outwardly and inwardly, so that employees will embrace a strong sense of belonging and pride.

Sakakura I agree. Simply having changed the Company's name and formulated a Purpose doesn't mean a new climate will be fostered. With our history of nearly 90 years, the Company already has an admirable culture in place. I think that there's no need to change that culture. Rather, it would be great if we could build on it as a foundation, and add an open corporate culture that supports taking on challenges.

Ichikawa Our Group has changed considerably over the past few years. Our financial position has also become stronger, and the Company has been reborn as one that is viewed highly by capital markets. Compared to the three years before I was appointed as an outside director, it seems to me that employees' expressions have become more positive. I'd like to see the Company continue its reforms along with measures to further increase employee engagement.

Mukuno As Director Sakakura pointed out, our Group has built up a great corporate culture over its history. Feelings toward the Company vary among employees, and I don't think we should impose a company identity on employees in a top-down manner. However, I do think the Company should communicate to employees our orientation, including how we came to be in our unique position and what have been the sources of our growth. I hope to see the Company become one that lets employees speak with pride about what sort of group SWCC is.



Management Team (Introduction of Officers)

Director, Audit and Supervisory Committee Members (as of June 25, 2024)



Executive President and Representative Director (CEO)
Chairman of the Board of Directors

Takayo Hasegawa

Supervising Group Management,
In charge of quality supervision

Career summary

Apr. 1984 Joined SHOWA ELECTRIC WIRE AND CABLE CO., LTD.
Jun. 2013 Director of the Company
Jun. 2018 President and Director of the Company
Apr. 2019 President and Representative Director, Group CEO of the Company
Apr. 2020 President and Representative Director, Chairman of the Board of Directors, Group CEO of the Company
Jun. 2024 Executive President and Representative Director (CEO), Chairman of the Board of Directors of the Company (present post)



Senior Executive Vice President and Representative Director (COO)

Tetsuo Komata

In charge of Group management strategy, BD strategy, IR strategy, and Domestic and Overseas Group Company Management

Career summary

Apr. 1989 Joined SHOWA ELECTRIC WIRE AND CABLE CO., LTD.
Apr. 2021 Managing Executive Officer of the Company
Jun. 2024 Representative Director, Senior Executive Vice President (COO) of the Company (present post)



Outside Director
Audit and Supervisory Committee Member

Yuji Sakakura

Career summary

Apr. 1974 Joined Nissho Iwai Corporation (current Sojitz Corporation)
Jun. 1999 President and Representative Director of Nissho Iwai Securities Co., Ltd.
May 2006 Director and Chief Financial Officer of GCA Corporation
Jun. 2020 Outside Director (Audit and Supervisory Committee Member) of the Company (present post)



Outside Director
Audit and Supervisory Committee Member

Seiichiro Ichikawa

Career summary

Apr. 1976 Joined Sapporo Breweries Limited
Mar. 2013 Director (Member of the Board) and Senior Managing Executive Officer of Sapporo Breweries Limited
Jun. 2021 Outside Director (Audit and Supervisory Committee Member) of the Company (present post)

Executive Officers (as of April 01, 2024)

Senior Executive Officer

Yukio Kawase

Chief of Energy and Infrastructure Business Segment
President and Representative Director of Showa Furukawa Cable Co., Ltd.

Managing Executive Officer

Nobutaka Imai

In charge of finance, accounting, auditing, and shared services

Senior Executive Officer

Takashi Yamamura

In charge of sales coordination and material procurement

Managing Executive Officer

Toshiharu Kamijo

In charge of capital strategy, personnel affairs, human resources capital strategy, general affairs, legal affairs, and risk management



Outside Director
Audit and Supervisory
Committee Member

Takashi Mukuno

Career summary

Apr. 1981 Joined Asahi Kasei Kogyo Co., Ltd.
(currently Asahi Kasei Corporation)
Aug. 2008 President, Asahi Kasei America, Inc.
Apr. 2021 Senior Executive Officer, Asahi Kasei Corporation and
General Representative for China
Apr. 2022 Advisor, Asahi Kasei Corporation (present post)
Jun. 2023 Outside Director (Audit and Supervisory Committee
Member) of the Company (present post)



Outside Director
Audit and Supervisory Committee
Member

Minako Nishimura

Career summary

Apr. 1983 Joined Fujitsu Limited
Dec. 2018 Representative Director, Next Story Co., Ltd. (present post)
Jun. 2023 Outside Director (Audit and Supervisory Committee Member)
of the Company (present post)



Director
Full-time Audit and Supervisory
Committee Member

Futoshi Yamaguchi

Career summary

Nov. 1988 Joined SHOWA ELECTRIC WIRE AND CABLE CO., LTD.
Jun. 2015 Director of the Company
Jul. 2019 Managing Executive Officer of the Company
Jun. 2024 Director (Full-time Audit and Supervisory Committee
Member) of the Company (present post)

Note: In career summaries, "the Company" refers to SWCC Corporation

Executive Officer

Kazuhiko Inoue

Chief of Communication and Industrial
Devices Business Segment
President and Representative Director of
FUJI ELECTRIC CABLE CO., LTD.

Executive Officer

Kiyoshi Otake

Assistant to the Chief of Communication
and Industrial Devices Business Segment
In charge of Industrial Devices

Executive Officer

Shigeru Toyama

Assistant to the Chief of Energy and
Infrastructure Business Segment
In charge of Electricity Business

Executive Officer

Nobuyuki Sema

In charge of Smart Stream Business and
Electric Power System Strategy

Executive Officer

Yoshiteru Akimoto

Chief of Electrical Equipment and
Components Business Segment

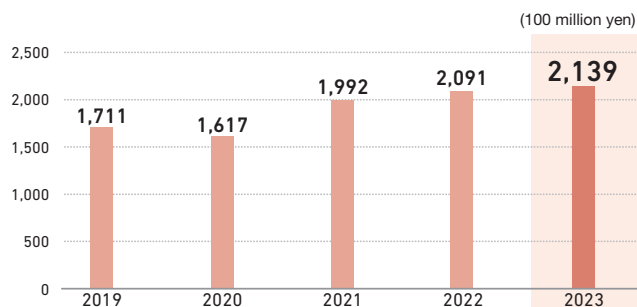
Executive Officer

Yuichi Morishita

In charge of technology planning, R&D,
and intellectual property strategy

Financial Highlights

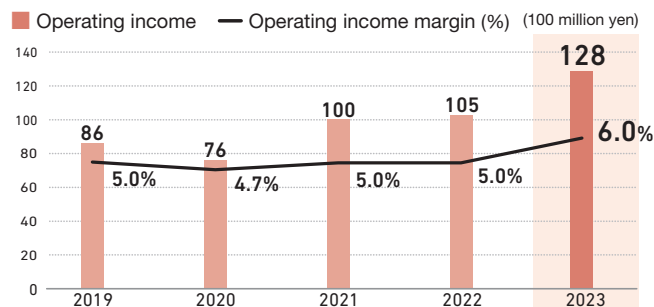
Net sales



While demand has been sluggish in white goods and products for industrial machinery, net sales increased by 2.3% from FY2022 due to strong construction-related, aging structure renewal-related, and special high-voltage-related demand, mainly in the Energy and Infrastructure Business.

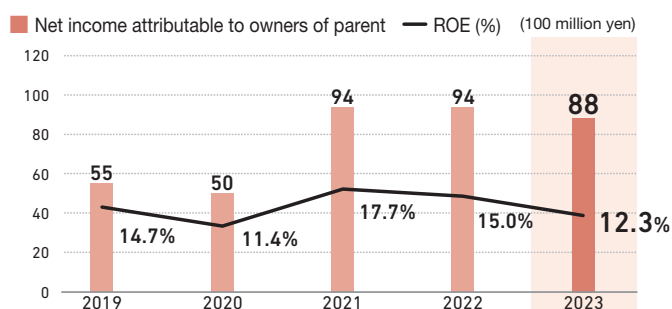
Scope: SWCC and its consolidated subsidiaries

Operating income/Operating income margin



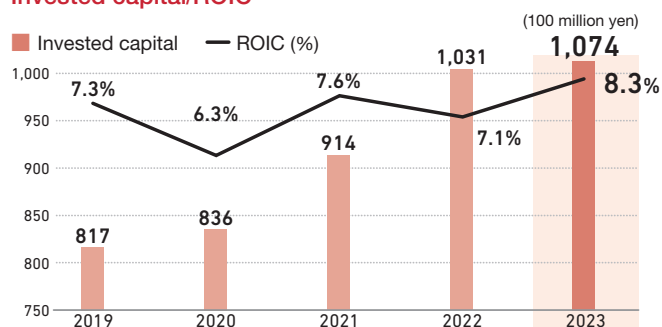
We countered increases in raw materials and energy costs by passing the increases on to selling prices and by reducing costs. Despite the recording of temporary losses associated with structural reform in the telecommunications business and delayed full-scale monetization of the ICT business, operating income increased by 22.4% from FY2022 due to profitability improvement measures.

Net income attributable to owners of parent/ROE



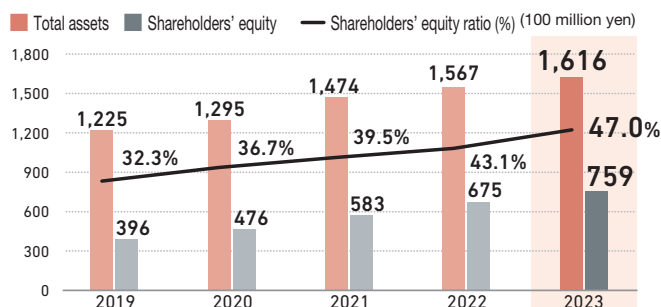
In the current consolidated fiscal year, while operating income increased as noted above, net income attributable to owners of parent decreased by 6.1% from FY2022 due to increases in income taxes - current.

Invested capital/ROIC



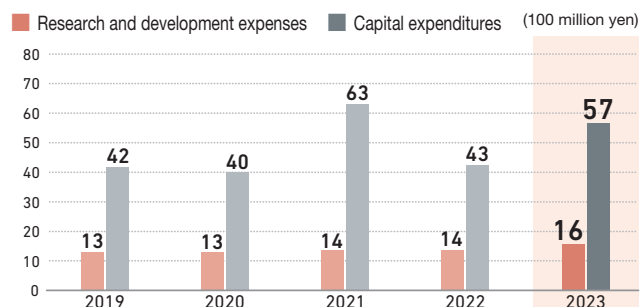
Invested capital increased under increased retained earnings, but due to an increase in operating income, ROIC increased by 1.2 points from FY2022.

Total assets/Shareholders' equity/Shareholders' equity ratio



Fixed assets increased due to factors including an increase in assets related to retirement benefits under increased capital investment and pension assets, resulting in increased total assets. Although a larger shareholders' dividend was paid, shareholders' equity increased due to the recording of final income of 8.8 billion yen, and the shareholders' equity ratio increased to 47.0%.

Research and development expenses/Capital expenditures

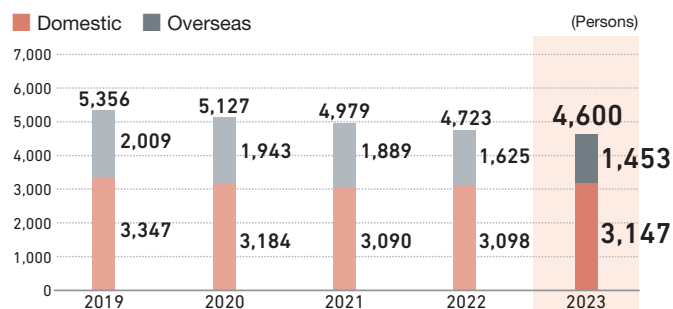


Research and development expenses increased from FY2022. The amount of capital investment will include capital investment to increase production of high-voltage power cable connectors SICONEX, facility enhancements to consolidate production of vinyl insulated wires, facility enhancements for high-performance products, and expansion of mass production facilities for in-vehicle high-speed communication cables. Due to such factors, the amount has increased from FY2022.

Scope: SWCC and its consolidated subsidiaries

Non-financial Highlights

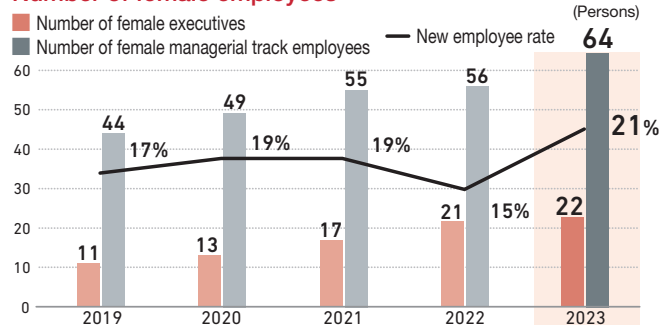
Number of employees



The number of employees in the Group rose slightly from FY2022 due to a staffing increase under improved business performance in Japan. Overseas, the number decreased from FY2022 as we conducted a review of appropriate personnel levels in response to a decline in orders associated with recession in China. We will continue working to maintain a number of employees commensurate with sustainable growth.

Scope: SWCC and its consolidated subsidiaries

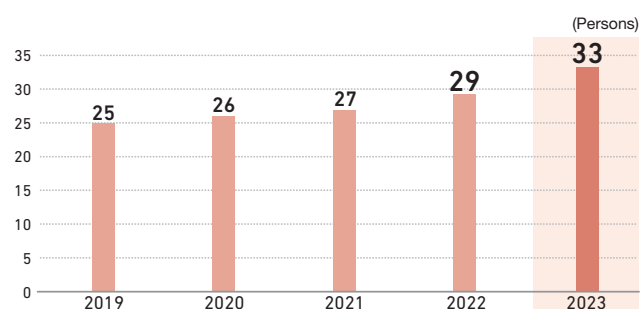
Number of female employees



We actively recruit new graduate and mid-career hires, and the total number of female managerial track employees and executives is steadily increasing. We will strive to recruit and retain more female employees by providing career development support for female employees conducted by SWCCarat, we are striving to create an environment that enables diverse work styles and to further recruit and retain female employees.

Scope: SWCC

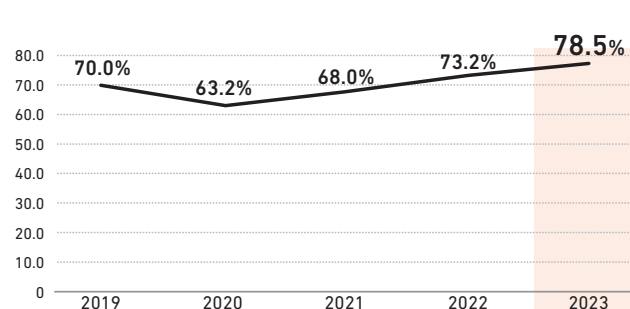
Number of non-Japanese employees (domestic)



We actively recruit foreign employees, both new graduates and mid-career hires, to incorporate diverse cultures, religions, languages, and other perspectives and values into our Company. In FY2023, we opened an office in Hanoi, Vietnam. We will work to further recruit outstanding foreign human resources as we expand our overseas business.

Scope: SWCC

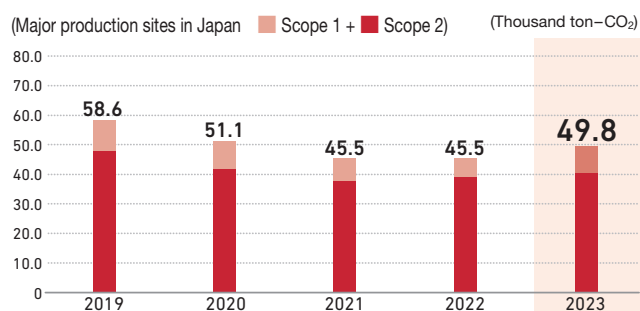
Percentage of annual paid leave taken



The percentage of employees taking paid leave, which decreased under the COVID-19 pandemic, returned to its previous level in FY2022 as the pandemic subsided. We achieved our FY2026 target of a 75% rate ahead of schedule in FY2023 due to changes in the environment after the downgrading of COVID-19 to a Category V infectious disease in Japan, and due to cooperation with labor unions and the management of leave days at the departmental unit.

Scope: SWCC

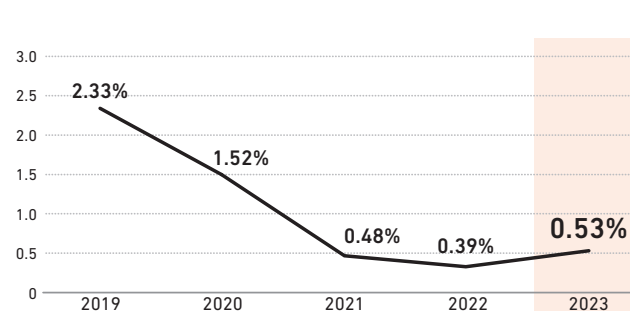
Greenhouse gas emissions



In FY2023, Scope 1 increased from FY2022 due to the exclusion of carbon credits and the addition of CO₂ emissions from solvent combustion. Along with deeper implementation of energy conservation activities, the photovoltaic power generation introduced at the Aichi Factory entered operation smoothly. Due to increased production, however, Scope 2 emissions increased from FY2022.

Scope of data: Major production sites of domestic Group companies

Industrial waste landfill rate



We advanced our reduction of waste plastic, but due to increased production, our landfill rate was 0.53%, with reduction of final disposal volume remaining at 69%. We promoted material recycling for a portion of our waste plastics and established a scheme for conversion to oil. Looking ahead, we will work to expand the scope of application and reduce emissions volume.

Scope of data: Major production sites of domestic Group companies

Key Financial Data for the Past 11 Years

Fiscal Year	FY2013	FY2014	FY2015	FY2016
Consolidated Results of Operations (millions of yen)				
Net sales	183,289	181,693	169,712	155,232
Gross profit	19,561	18,161	17,728	20,099
Selling, general and administrative expenses	(17,009)	(16,925)	(16,778)	(15,865)
Operating income	2,552	1,236	949	4,234
Interest expense	(1,090)	(1,060)	(965)	(852)
Equity in earnings (loss) on equity-method	(271)	(208)	(644)	(83)
Foreign exchange gain (loss)	11	260	(304)	(202)
Ordinary income	1,236	384	(1,461)	2,446
Net income attributable to owners of parent	195	228	(9,151)	1,976
Comprehensive Income	1,600	3,213	(11,195)	2,938
Depreciation	2,947	3,489	3,699	2,928
Capital expenditure	4,460	4,998	3,983	3,244
Research and development expenses	1,097	1,238	1,045	927
Information on Consolidated Cash Flows (millions of yen)				
Cash flows from operating activities	(1,208)	5,624	4,545	7,842
Cash flows from investing activities	(4,567)	(2,027)	(3,846)	(2,218)
Cash flows from financing activities	4,734	(3,493)	(2,289)	(6,506)
Cash and cash equivalents at end of year	7,604	7,968	6,282	5,192
Consolidated Financial Position (millions of yen)				
Total assets	140,371	138,023	123,069	119,528
Total net assets	33,578	36,921	25,724	28,655
Interest-bearing debt	62,105	58,963	57,482	51,419
Shareholders' equity	33,281	36,616	25,371	28,150
Per Share Information (consolidated basis) (yen)				
Net income	6.33	7.43	(296.98)	64.14
Total net assets	1,080.04	1,188.29	823.37	913.60
Dividend	0.00	0.00	0.00	0.00
Dividend payout ratio (consolidated basis)	—	—	—	—
Key Financial Indicators (consolidated basis)				
Operating income margin	1.4%	0.7%	0.6%	2.7%
ROA (Return on assets)	0.9%	0.3%	-1.1%	2.0%
ROE (Return on Equity)	0.6%	0.7%	-29.5%	7.4%
Shareholders' equity ratio	23.7%	26.5%	20.6%	23.6%
DE ratio	187%	161%	227%	183%
Overseas sales ratio	13.2%	13.4%	11.2%	11.5%

Note 1: Effective October 1, 2017, the Company carried out a 10-to-1 share consolidation of its common stock. Accordingly, net income per share and net assets per share are calculated on the assumption that the share consolidation was carried out at the beginning of FY2013.

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
168,186	177,174	171,142	161,697	199,194	209,111	213,904
21,646	21,718	23,733	21,759	25,357	25,804	28,967
(15,370)	(15,077)	(15,123)	(14,168)	(15,318)	(15,329)	(16,142)
6,276	6,640	8,609	7,590	10,039	10,474	12,824
(841)	(805)	(669)	(398)	(363)	(520)	(580)
(415)	(476)	(2)	248	484	263	33
36	(75)	(36)	19	37	(138)	(9)
4,892	5,603	7,864	7,765	9,882	10,393	12,213
3,737	4,569	5,465	4,966	9,353	9,410	8,838
5,722	2,314	4,584	8,628	11,332	10,782	12,623
2,877	3,011	3,099	3,183	3,345	3,497	3,638
3,391	2,944	4,186	3,969	6,303	4,282	5,736
1,046	1,119	1,255	1,276	1,414	1,378	1,568
6,804	6,901	8,696	8,882	428	4,163	17,740
(4,051)	(3,552)	(4,144)	(3,358)	(1,519)	(3,547)	1,021
(3,295)	(2,970)	(4,879)	(5,661)	64	(85)	(15,626)
4,603	4,721	4,225	4,086	3,279	3,958	7,227
123,518	124,165	122,521	129,460	147,356	156,650	161,583
33,477	35,628	39,981	48,169	58,932	68,390	77,126
48,994	46,657	42,303	37,689	39,171	41,177	30,282
32,857	34,943	39,576	47,568	58,273	67,505	75,905
123.93	153.22	183.27	166.49	313.43	315.01	297.12
1,101.71	1,171.66	1,327.04	1,594.63	1,952.73	2,259.11	2,570.85
5.00	7.00	15.00	20.00	50.00	60.00	90.00
4.0%	4.6%	8.2%	12.0%	16.0%	19.1%	30.3%
3.7%	3.8%	5.0%	4.7%	5.0%	5.0%	6.0%
4.0%	4.5%	6.4%	6.2%	7.1%	6.8%	7.7%
12.3%	13.5%	14.7%	11.4%	17.7%	15.0%	12.3%
26.6%	28.1%	32.3%	36.7%	39.5%	43.1%	47.0%
149%	134%	107%	79%	67%	61%	40%
11.8%	9.7%	8.2%	9.2%	9.2%	9.9%	8.3%

2. The company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) since the beginning of FY2018. Figures for fiscal 2017 are ones after this accounting standard has been applied retrospectively.

Consolidated Financial Statements

Consolidated Balance Sheet

(millions of yen)

(millions of yen)

	FY2022	FY2023
ASSETS		
Current assets		
Cash and time deposits	4,037	7,336
Notes receivable - trade	10,361	10,989
Accounts receivable - trade	41,524	39,248
Contract assets	800	1,276
Merchandise and finished goods	13,139	13,090
Work in process	8,645	8,696
Raw materials and supplies	6,377	7,252
Other	7,158	6,543
Allowance for doubtful accounts	(12)	(11)
Total current assets	92,032	94,421
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	9,422	10,778
Machinery, equipment and tools (net)	7,900	8,345
Tools, furniture and fixtures (net)	1,228	1,335
Land	22,155	22,155
Other	1,026	1,278
Total property, plant and equipment	41,733	43,893
Intangible assets	1,488	1,516
Investments and other assets		
Investment securities	16,297	14,541
Deferred tax assets	529	368
Net defined benefit asset	3,441	5,705
Other	2,049	2,219
Allowance for doubtful accounts	(922)	(1,083)
Total investments and other assets	21,395	21,751
Total fixed assets	64,618	67,161
Total assets	156,650	161,583

	FY2022	FY2023
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	24,858	25,994
Current portion of bonds payable	60	30
Short-term debt	28,549	16,913
Other accounts payable	9,337	10,862
Accrued income taxes	913	4,326
Provision for loss on construction contracts	110	50
Contract liabilities	33	392
Provision for bonuses for senior executives	—	31
Provision for business structure improvement expenses	10	—
Provision for product repair costs	—	209
Other	5,166	5,801
Total current liabilities	69,040	64,612
Long-term liabilities		
Bonds payable	30	—
Long-term debt	11,885	12,837
Deferred tax liabilities	1,495	1,477
Deferred tax liabilities related to land revaluation	4,161	4,155
Net defined benefit liability	940	558
Other	706	815
Total long-term liabilities	19,220	19,844
Total liabilities	88,260	84,456
NET ASSETS		
Shareholders' equity		
Common stock	24,221	24,221
Capital surplus	5,887	6,177
Retained earnings	26,239	32,238
Treasury stock	(865)	(2,084)
Total shareholders' equity	55,483	60,553
Accumulated other comprehensive income		
Unrealized holding gains on other securities	1,518	2,573
Deferred hedge gains and losses	—	(0)
Variance of land revaluation	6,845	6,850
Foreign currency translation adjustments	3,077	3,768
Remeasurements of defined benefit plans	580	2,159
Total accumulated other comprehensive income	12,021	15,351
Non-controlling interests	885	1,221
Total net assets	68,390	77,126
Total liabilities and net assets	156,650	161,583

FY2023 Financial Results— Key Points

Nobutaka Imai

Managing Executive Officer



■ Consolidated Balance Sheets (compared to the end of the previous fiscal year)

Cash and deposits increased due to the sale of cross shareholdings, etc. Trade notes and accounts receivable decreased due to the implementation of debt liquidation. Inventory normalization is progressing. Inventory increased in FY2023 but the turnover rate is improving.

While we conducted selling of cross shareholdings, fixed assets increased due to an increase in capital investment primarily associated with increased production of SICONEX and an increase in assets related to retirement benefits caused by growth in pension assets under high stock prices.

Liabilities decreased due to the repayment of interest-bearing liabilities, while net assets increased in line with increased profit. DE ratio improved by 21 points to 40% as operating cash flow for which profit is the primary source decreased, as did interest-bearing liabilities due to the sale of investment securities, while shareholders' equity increased. Shareholders' equity ratio rose by 3.9 points to 47%. Net assets are higher than fixed assets, and the fixed asset ratio is improving.

These financial indicators of soundness are at appropriate levels under the mid-term management plan, and we have moved from the stage of balance sheet improvement to a stage at which funds can be directed toward growth investments grounded in capital strategy.

■ Consolidated Profit/Loss Statement (compared to the previous fiscal year)

In FY2023, revenue and profit increased from FY2022 and operating income and ordinary income reached record highs. Net income attributable to owners of parent decreased overall amid the recording of extraordinary income from the sale of cross shareholdings in the fiscal year but also the recording of gain on return of retirement benefit trust in the previous fiscal year.

Operating income margin improved by 1.0% from FY2022 to 6.0%. An increase in net sales due to rising prices of copper, the main material in the electrical wires that are our main product, was a factor pushing down income margin, but income margin improved due to price revisions and strong performance in the highly profitable electric power business.

■ Consolidated Statement of Cash Flows (compared to the previous fiscal year)

Operating cash flow increased by 13.6 billion yen. In the previous fiscal year, we recorded operating income of 10.5 billion yen but operating cash flow of 4.2 billion yen due to factors including an increase in working capital. In FY2023, however, we suppressed the increase in working capital and secured an operating cash flow of 17.7 billion yen. Investing cash flow increased due to factors including the sale of cross shareholdings, and free cash flow increased by 18.1 billion yen.

Consolidated Statement of Operations

(millions of yen)

	FY2022	FY2023
Net sales	209,111	213,904
Cost of sales	183,307	184,937
Gross profit	25,804	28,967
Selling, general and administrative expenses	15,329	16,142
Operating income	10,474	12,824
Other income		
Interest income	122	225
Dividend income	173	272
Equity in gain of affiliates	263	33
Foreign exchange gain	—	—
Other	454	196
Total other income	1,014	728
Other expenses		
Interest expense	520	580
Foreign exchange loss	138	9
Loss on disposal of fixed assets	131	99
Loss on settlement of derivatives	49	166
Other	256	483
Total other expenses	1,094	1,338
Ordinary income	10,393	12,213
Extraordinary income		
Gain on return of retirement benefit trust	2,644	—
Gain on sales of fixed assets	782	—
Gain on sales of investment securities	211	1,410
Total extraordinary income	3,638	1,410
Extraordinary losses		
Settlement payments	485	—
Business structure improvement expenses	374	306
Loss on impairment of fixed assets	244	—
Loss on termination of retirement benefit plans	67	—
Loss on evaluation of investment securities	67	—
Loss on sales of investment securities	—	54
Merger related expenses	36	158
Total extraordinary losses	1,275	519
Income before income taxes and non-controlling interests	12,756	13,104
Income taxes - current	1,559	4,823
Income taxes - deferred	1,513	(1,006)
Total income taxes	3,072	3,816
Net income	9,684	9,287
Net income attributable to non-controlling interests	273	449
Net income attributable to owners of parent	9,410	8,838

Consolidated Statement of Comprehensive Income

(millions of yen)

	FY2022	FY2023
Net income	9,684	9,287
Other comprehensive income:		
Unrealized holding gains on other securities	783	1,057
Deferred hedge gains and losses	—	(0)
Variance of land revaluation	(5)	5
Foreign currency translation adjustments	613	452
Remeasurements of defined benefit plans	(534)	1,579
Share of other comprehensive income of affiliates in equity method	240	241
Total other comprehensive income	1,098	3,335
Comprehensive income	10,782	12,623
Comprehensive income attributable to		
Owners of parent	10,505	12,168
Non-controlling interests	276	454

Consolidated Statement of Cash Flows

(millions of yen)

	FY2022	FY2023
Cash flows from operating activities		
Income before income taxes and non-controlling interests	12,756	13,104
Depreciation and amortization	3,497	3,638
Loss on impairment of fixed assets	244	—
Loss (gain) on sales of investment securities	(211)	(1,355)
Increase (decrease) in allowance for doubtful accounts	58	160
Increase (decrease) in reserve for construction loss	41	(60)
Increase (decrease) in provision for product repair costs	(190)	209
Increase (decrease) in provision for directors' bonuses	—	31
Increase (decrease) in provision for net defined benefit liability	102	(382)
Interest and dividend income	(295)	(498)
Interest expense	520	580
Foreign exchange (gain) loss	171	141
Business structure improvement expenses	374	306
Settlement payments	485	—
Loss on termination of retirement benefit plans	67	—
Loss (gain) on sales of investment securities	67	—
Gain on return of retirement benefit trust	(2,644)	—
Loss (gain) on sales of fixed assets	(782)	—
Equity in loss (earnings) on equity-method	(263)	(33)
Decrease (increase) in trade receivables	45	1,171
Decrease (increase) in inventories	(1,905)	(876)
Increase (decrease) in trade payables	(1,340)	654
Decrease (increase) in other current assets	80	(146)
Increase (decrease) in other current liabilities	(637)	836
Other	(1,398)	1,238
Sub-total	8,846	18,720
Interest and dividends received	497	474
Interest paid	(522)	(577)
Business structure improvement expenses paid	(728)	(250)
Settlement payments	(485)	—
Income taxes paid	(3,443)	(626)
Cash flows from operating activities	4,163	17,740
Cash flows from investing activities		
Payments for purchase of investment securities	(111)	(9)
Proceeds from sales of investment securities	222	5,120
Payments for purchase of property, plant and equipment	(4,487)	(3,678)
Proceeds from sales of property, plant and equipment	1,284	8,642
Payments for purchase of intangible assets	(443)	(373)
(Increase) decrease in short-term loans receivable	(32)	(8)
Other	20	(37)
Cash flows from investing activities	(3,547)	1,021
Cash flows from financing activities		
Increase (decrease) in short-term bank borrowings	1,721	(11,915)
Proceeds from long-term debt	6,550	7,119
Repayment of long-term debt	(6,619)	(6,598)
Redemption of bonds	(60)	(60)
Purchase of treasury stocks	(3)	(1,478)
Income from payments from non-controlling interests	128	—
Proceeds from sales of treasury stocks	—	485
Cash dividends paid	(1,492)	(2,839)
Other	(309)	(338)
Cash flows from financing activities	(85)	(15,626)
Effect of exchange rate changes on cash and cash equivalents	149	133
Net increase (decrease) in cash and cash equivalents	679	3,268
Cash and cash equivalents at beginning of year	3,279	3,958
Cash and cash equivalents at end of year	3,958	7,227

Share and Investor Information (as of March 31, 2024)

Status of Stock

Total Number of Authorized Shares	70,000,000 shares
Total Number of Issued Shares	30,826,861 shares
Number of Shareholders	12,248

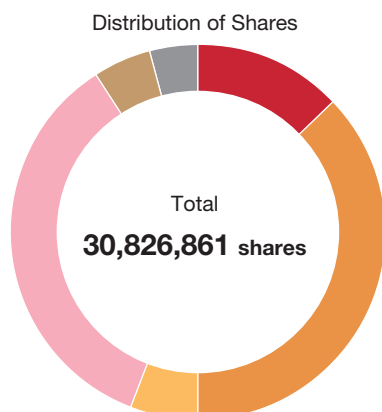
Principal Shareholders (Top 10)

Name of shareholders	Number of shares held (Thousand shares)	Percentage of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,497	18.5
Custody Bank of Japan, Ltd. (Trust Account)	3,961	13.3
JX Advanced Metals Corporation	979	3.2
Fukoku Mutual Life Insurance Company	892	3.0
JPMorgan Securities Japan Co., Ltd.	872	2.9
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	640	2.1
THE BANK OF NEW YORK 133612	435	1.4
THE BANK OF NEW YORK 133652	399	1.3
JP MORGAN CHASE BANK 385781	389	1.3
BNP PARIBAS NEW YORK BRANCH - PRIME BROKERAGE CLERANCE ACCOUNT	383	1.2

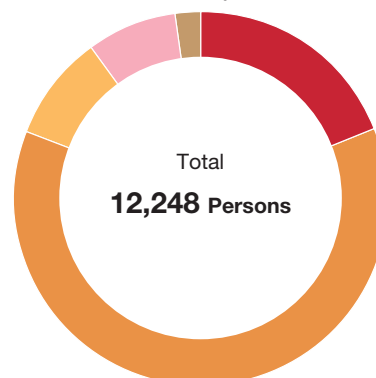
* In addition to the above, 1,147,513 shares of treasury stock are held by the Company.

* The percentage of shareholding is calculated after deducting the number of treasury shares from the total number of issued shares.

Distribution of Shares by Type of Ownership



Distribution of Shareholders by Number of Shares Held



Individuals and others	13%	Foreign investors	35%
Financial institutions	37%	Securities companies	5%
Other companies in Japan	6%	Treasury stock	4%

Less than 100 shares	19%	1,000 shares or more	8%
100 shares or more	62%	5,000 shares or more	2%
500 shares or more	9%		

Stock Price Movements



Company Profile (as of March 31, 2024)

Company Profile

Corporate Name	SWCC Corporation
Date of Establishment	May 26, 1936
Common stock	24,221 million yen
Head Office	JMF-Bldg. Kawasaki 01, 1-14, Nissin-cho, Kawasaki-ku, Kawasaki City, Kanagawa, Japan 210-0024
Number of Employees	4,054
Stock Exchange Listing	Tokyo Stock Exchange, Inc. (TSE Prime Market) "SWCC (5805.T)"
Lines of Business	Electric wires and cables, electric power equipment parts, windings, magnet wire, optical fiber cables, rollers for information equipment, seismic isolation and vibration damping materials, manufacture and sale of anti-vibration rubber, etc.
End of Fiscal Year	March 31, every year

Principal Group Companies (as of March 31, 2024)

Domestic

- SHOWA FURUKAWA CABLE CO., LTD. (SFCC)
- FUJI ELECTRIC CABLE CO., LTD.
- AXIO Corporation
- SDS Corporation
- LOGIS-WORKS CO., LTD.
- SHOUKOU EQUIPMENT INDUSTRY CO., LTD.
- SHOWA SCIENCE CO., LTD.
- STEC (SHOWA TECHNICAL CORPORATION)

Overseas

- SWCC SHOWA (H.K.) CO., LTD.
- SWCC SHOWA (SHANGHAI) CO., LTD.
- SWCC SHOWA (VIETNAM) CO., LTD.
- JIAXING SHOWA INTERCONNECT PRODUCTS CO., LTD.
- DONGGUAN SHOWA INTERCONNECT PRODUCTS CO., LTD.
- FUQING SHOWA PRECISION ELECTRONICS CO., LTD.
- SWCC SHOWA VIETNAM INTERCONNECT PRODUCTS CO., LTD.
- FUTONG SHOWA WIRE & CABLE (HANGZHOU) CO., LTD.
- FUTONG-SHOWA ELECTRIC WIRE & CABLE (TIANJIN) CO., LTD.
- SHOWA-TBEA (SHANDONG) CABLE ACCESSORIES CO., LTD.
- HUA HO ENGINEERING CO., LTD.

Production Sites in Japan

- Sagamihara Plant (SWCC)
- Kofu Factory (FUJI ELECTRIC CABLE CO., LTD.)
- Aichi Factory (SWCC)
- Mie Plant (SWCC, SFCC)
- Sendai Plant (SWCC, FUJI ELECTRIC CABLE CO., LTD.)
- Yamamoto Factory (SWCC)
- Ibaraki Factory (SFCC)
- Isehara Factory (FUJI ELECTRIC CABLE CO., LTD.)

Overseas Production Sites

- Tianjin
- Shandong
- Shanghai
- Hangzhou
- Shanghai
- Futong
- Dongguan
- Hong Kong
- Hanoi City
- Hung Yen Province
- SWCC SHOWA VIETNAM INTERCONNECT PRODUCTS CO., LTD.
- SWCC SHOWA (VIETNAM) CO., LTD.
- SHOWA-TBEA (SHANDONG) CABLE ACCESSORIES CO., LTD.
- JIAXING SHOWA INTERCONNECT PRODUCTS CO., LTD.
- FUTONG SHOWA WIRE & CABLE (HANGZHOU) CO., LTD.
- FUQING SHOWA PRECISION ELECTRONICS CO., LTD.
- DONGGUAN SHOWA INTERCONNECT PRODUCTS CO., LTD.
- HUA HO ENGINEERING CO., LTD.



SWCC Corporation

Sustainability Promotion Department

1-14, Nissin-cho, Kawasaki-ku, Kawasaki City, Kanagawa 210-0024, Japan
(2F, JMF-Bldg. Kawasaki 01)

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◀ SWCC website

