

From the structural reform phase to the growth phase

The challenge of new ROIC-focused management



Tetsuo Komata

CEO, Executive President,
and Representative Director

My Purpose

Courage to change,
challenge to transform.
Let's enjoy growing together!

The journey of transformation that built a resilient business foundation

I am Tetsuo Komata, the Representative Director, CEO and President of SWCC Corporation. I would like to express my sincere gratitude for your continued understanding and warm support of our business.

I joined Showa Electric Wire & Cable, the predecessor of SWCC, in 1989, and have been mainly engaged in the communication-related business in Japan and abroad for many years. Since 2018, as an executive in charge of Management Strategy for the entire Group under former CEO and President Hasegawa, I worked on management reforms with the slogan “Change & Growth,” or “Transformation and Growth.”

At the core of this reform was management focused on ROIC (Return on Invested Capital). By using ROIC as an indicator of business profitability, optimizing our business portfolio, carrying out decisive restructuring of low-profit businesses, and strategically investing capital in growth businesses, we have established a strong business foundation and achieved significant improvements in profitability and financial health.

The fiscal year ended March 2025 (FY2024) has been a year of remarkable growth for the SWCC Group. Despite a challenging business environment with domestic labor shortages and rising energy, material, and logistics costs, growing demand in the Energy and Infrastructure Business—such as for the renewal and reinforcement of aging

domestic substation facilities and increased investment in renewable energy toward a decarbonized society—was captured by increasing our production capacity through strategic investments to expand output of our high-voltage power equipment SICONEX, a flagship product. In addition, the leveling out of related construction delivery schedules provided further tailwinds, significantly boosting our results. As a result, the Group's consolidated operating profit reached 20.9 billion yen, marking a new record for the second consecutive year, and shareholder returns increased with an annual dividend per share of 136 yen, a 46-yen increase over FY2023.

Through this, we achieved the ROE and ROIC targets in our Mid-Term Management Plan ahead of schedule, and our market capitalization has expanded approximately tenfold compared to 2018. I am confident that, through the management focused on ROIC that we have implemented thus far, the SWCC Group has indeed accomplished a dramatic transformation.

The mission entrusted to me by former CEO and President Hasegawa this year is to demonstrate strong leadership and firmly inherit the mindset and know-how for reform. To rest on our laurels and stand still would be the beginning of regression. Moving forward, by continuing “Change & Growth” as one, without turning back, we will steadily transition from the structural reform phase to the growth phase.

Mid-Term Management Plan and Beyond

The SWCC Group announced the “Change & Growth SWCC 2026 Rolling Plan 2024” in May 2024, reflecting the progress over the first two years of the Mid-Term Management Plan and recent changes in the business environment, and has revised its targets for fiscal year 2026 onward. Subsequently, as the business environment for the Energy and Infrastructure Business has been performing significantly better than expected and results have exceeded the plan, in February 2025 we raised our targets for operating profit and shareholder returns for fiscal year 2026.

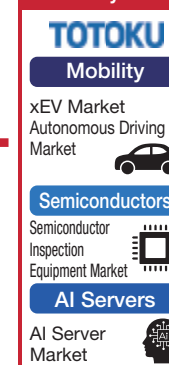
In the second year of the Rolling Plan 2024, which is fiscal year 2025, we will consolidate the structure of the three business segments into two and accelerate the deployment

speed of our business strategies. The first is the “Energy and Infrastructure Business,” which continues to drive the Group's growth. The second consolidates the “Electrical Equipment and Components Business” and the “Communication and Industrial Devices Business” as another pillar of growth and, with the addition of TOTOKU joining the Group this year, has been restructured as the “Communication and Components Business.” As a result, our performance forecast for fiscal year 2025 is net sales of 260 billion yen, operating profit of 24.5 billion yen, ordinary profit of 23.5 billion yen, net income of 15 billion yen, and ROIC of 12.3%, and we will strive for further sales and profit growth following FY2024.

Medium-Term Management Plan: Change & Growth SWCC 2026 Rolling Plan 2024

		Announced in May 2024		Revised in February 2025
		FY2026 (Forecasts)	Revised Upward	FY2026 (Forecasts)
Profitability	Operating Profit	17.0 billion yen	+ 7.0 billion yen	24.0 billion yen
Efficiency	ROE	14% or higher		14% or higher
	ROIC	10% or higher		10% or higher
Shareholder Returns	Dividend (Payout Ratio / DOE)	150 yen or more (35% or more/4% or more)	+ 30 yen	180 yen or more (35% or more/4% or more)
Stability	D/E Ratio	30–50%		30–50%
	Net Assets	93.0 billion yen	+ 7.0 billion yen	100.0 billion yen

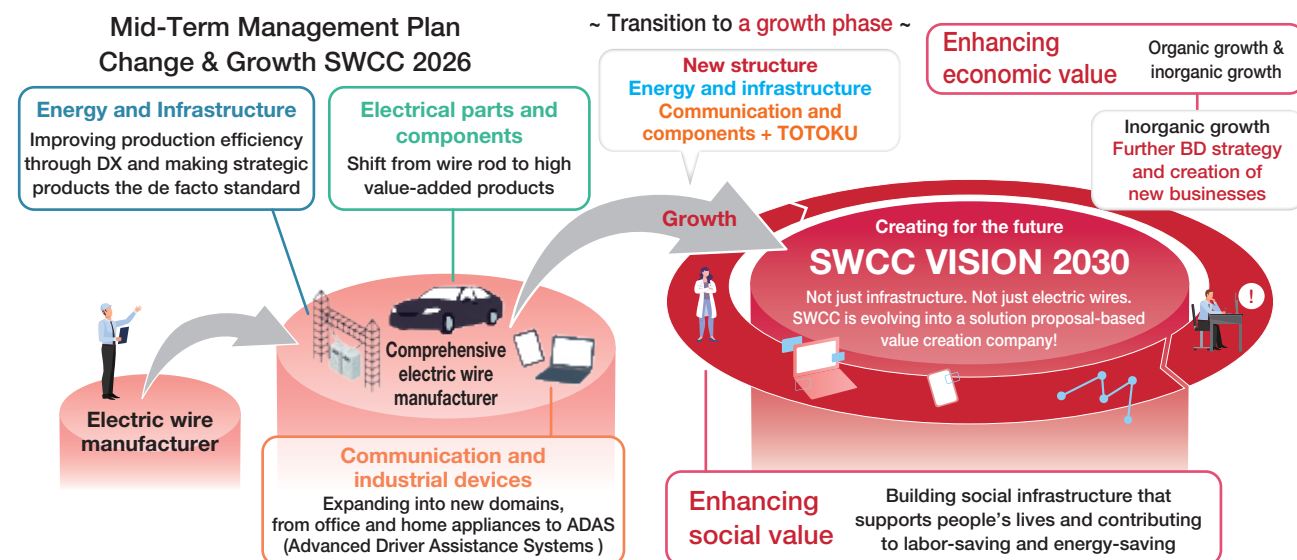
Scheduled to announce consolidated TOTOKU results in February 2026



In addition, we will begin formulating a new Mid-Term Management Plan toward realizing “SWCC VISION 2030,” the ideal vision for the SWCC Group. Since its founding, we have continued to grow as a “comprehensive electric wire manufacturer,” and by 2030, our business domain will become “Not only infrastructure. Not only wires.” Our challenge into new fields will expand globally, not just domestically, and we will transform into a “solution-oriented value-creating company” for further growth. We aim to create new value, contribute to realizing a more prosperous society, and enhance corporate value through sustainable growth.

Under the new management structure, we will turn our ongoing “Change & Growth” initiatives into winning strategies, evolve the ROIC-focused management cultivated during the structural reform phase into ROIC management for the growth phase, and strengthen our ability to generate free cash flow by improving capital efficiency to expand further investment for growth and enhance shareholder returns. The new Mid-Term Management Plan, targeting the goal year of 2030, is scheduled to be announced in February 2026, along with numerical targets for fiscal year 2026 that incorporate the results of TOTOKU, which has joined the Group.

SWCC VISION 2030 — Our desired state by 2030



Further strengthening growth-driving businesses: “Further enhancement of the Energy and Infrastructure Business”

The Energy and Infrastructure Business is a core business that continues to strongly drive the growth of the SWCC Group, and we will continue to pursue sustainable growth by further strengthening it in the future.

In the domestic power infrastructure sector, there are ongoing and growing demands to address societal issues such as the aging and reinforcement of substation facilities, and the strengthening of transmission and distribution networks due to expanded investment in renewable energy for realizing a decarbonized society. In response to this robust demand, we made capital investments to increase the production of SICONEX, a strategic product, contributing to sales growth in fiscal year 2024. Furthermore, anticipating demand expansion beyond this, we have initiated a second phase of production

increase investment totaling approximately 2 billion yen, aiming for completion in the second half of fiscal year 2026. Through this, we aim to maximize the competitive advantage of SICONEX and expand profits by providing high added value that combines high-voltage power cables and installation.

Additionally, the domestic power infrastructure faces many challenges that cannot be solved by simply providing “things,” such as shortages of skilled workers for installation, disaster risk prevention, and labor-saving in facility maintenance. Our Smart Stream technology leverages digital technologies such as AI, remote monitoring, and sensing to deliver DX value as “solutions,” and going forward, we aim to commercialize this as part of our Solutions Business.

Establishing a second pillar of growth: “Communication and Components Business standing alongside the Energy and Infrastructure Business”

We will expand the Communication and Components Business, which started in fiscal year 2025, into a growth business alongside the Energy and Infrastructure Business. We expect that TOTOKU, integrated into the group this fiscal year through our BD (Business Development) strategy aimed at inorganic growth in the mobility and semiconductor fields—positioned as growth areas—will be a driving force for

accelerating growth. TOTOKU has a high level of competitiveness thanks to its unique technologies that achieve “thinner, lighter, and smaller.” By combining the SWCC and TOTOKU’s excellent customer base and technological development capabilities, we will accelerate the growth of the Communication and Components Business by enhancing the synergy effects of cross-selling and joint development.

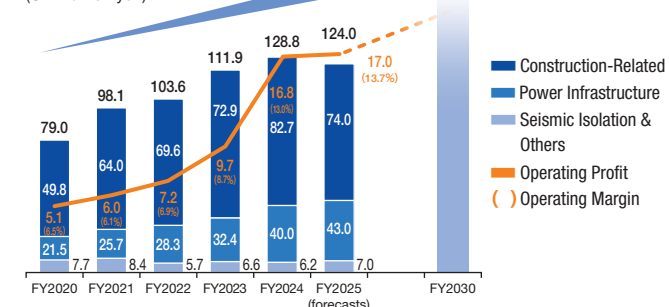
Key Initiatives Under the New Management Structure for “Change & Growth”

Transition from a three-segment to a two-segment structure starting in FY2025

Further enhancement of growth-driving businesses

Energy and Infrastructure Business

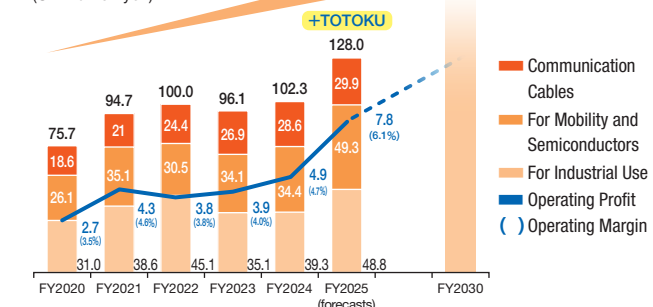
(Unit: billion yen)



Establishing a Second Pillar of Growth

Communication and Components Business

(Unit: billion yen)



SWCC Purpose and Promotion of Diversity

In April 2023, our company adopted a new name, changing from Showa Electric Wire & Cable to SWCC, and established the SWCC Purpose (reason for being). This purpose, “Innovating new ideas today. Becoming the norms of tomorrow.” expresses our commitment as the SWCC Group to continue existing as a business that “creates new value for the future and contributes to a more prosperous society.” In recent years, as society undergoes rapid changes and its challenges diversify, it is essential for all employees to freely exchange diverse opinions and generate even more innovation from new ideas, without being constrained by old fixed concepts, in order to continuously create new value.

At the SWCC Group, we view the promotion of diversity as the source of innovation creation and continue to act with the aim of fostering a corporate culture in which all employees, full of diversity, play active and shining roles. The initiatives that started four years ago as a project to promote women’s participation have evolved into a diversity promotion project, expanding to activities across the group, such as supporting women’s career development, encouraging men to take childcare leave, and addressing unconscious bias, as well as activities in collaboration with Shibaura Institute of Technology. These efforts have also been highly evaluated externally. Going forward, by strengthening our ability to

generate innovation that opens up the future, we will lead the transformation into a “solution proposal-based value creation company” that we aspire to be by fiscal year 2030.



Together with our stakeholders

The future of the SWCC Group is supported by the trust and support of all stakeholders, including shareholders and investors, customers, business partners, local communities, employees, and future generations. Based on SWCC’s Purpose, “Innovating new ideas today. Becoming the norms of tomorrow.” We will strive to enhance corporate value by strengthening sound and highly transparent corporate governance, respecting diversity and improving employee engagement, and promoting business activities with environmental awareness to contribute to the realization of a sustainable society.

Furthermore, to enhance shareholder value, we will take on the challenge of a new ROIC-focused management approach, striving to maximize cash flow generated from our businesses by optimizing capital costs and capital efficiency, thereby allowing for active growth investments and enhanced shareholder returns, with the goal to further increase market capitalization. We will continue to promote understanding and support for these initiatives through active dialogue with our shareholders and investors.

We sincerely ask for your continued expectations and support for the SWCC Group.

The Path of Challenge and Growth, and Toward a New Phase

Takayo Hasegawa

Representative Director and Chairman

My Purpose

Contribution to a Growing Company



The New Foundation for SWCC Built Through Management Reform

Since I became President in 2018, over the past seven years, I have worked to strengthen our management, including our financial structure, and to reform our corporate culture. At the time of my appointment, the company faced major management and financial challenges, and I was determined to complete management reforms within six years as I undertook this initiative. We have implemented multifaceted reforms such as strengthening governance, introducing a segment system, adopting ROIC as a management indicator, withdrawing from unprofitable businesses and restructuring our business portfolio, relocating factories, making strategic investments in growth businesses, shifting from a holding company to an operating company structure and changing our company name, clarifying our purpose and promoting

diversity, as well as enhancing human resources development and employee benefits.

I believe these reforms have not only led to business recovery, but also to a shift toward a corporate culture where every employee continues to take on challenges with autonomy and pride. Through numerous external environmental changes and challenges, with the cooperation of diverse outside directors, executive officers and many employees have joined forces to steadily achieve management transformation. As a result, we achieved the numerical targets set in the Mid-Term Management Plan ahead of schedule, and also made significant progress in work environment and shareholder returns.

Transition to the New Structure and the Proactive Role of the Chairman

This change in presidency was realized through a fair and transparent process based on the succession plan established by the Nominating and Compensation Committee, which is composed of external directors. Now that we have a new structure, I am determined, as Chairman with representative authority, to be involved in management from a broader perspective.

I believe the role of Chairman is to broadly observe the business environment, social conditions, external risks, and business opportunities, and to bring to management

discussions issues and growth opportunities that may not be fully recognized by those on the ground or the new executive team. With that in mind, while the President and executive officers exercise leadership in the field, I intend to provide candid advice and support as someone who brings multifaceted information and a medium- to long-term perspective to management as a whole. Even amidst these challenging social circumstances, I feel a strong sense of responsibility as “another helm” guiding the company to remain on a path of sustainable growth.

Expectations for the New President

I hope the new President will not only inherit the management reform methods and mindset we have established so far, but also boldly forge the path toward the next stage of growth. Throughout my term as President, I've conveyed the message that “standing still is the same as moving backward.” Rather than simply seeking stability or maintenance, I expect the pursuit of proactive investment in growth businesses and challenges to drive innovation under a clear vision for growth.

In particular, practicing “ROIC-based management for growth” is the most crucial theme for our company going forward. While increasing efficiency, I strongly urge the company to create a virtuous cycle of timely investments and cash flow, aiming for the maximization of corporate value. I also look forward to drawing out the abilities of our diverse talent, building an organization where employees can take on challenges even more easily, and making flexible management



decisions to seize new business opportunities. As Chairman, I am fully committed to backing the new management team with my knowledge and experience.

Diversity Is SWCC's Strength

Our Board of Directors and management team are made up of diverse members, fostering free and open discussions unconstrained by conventional thinking, based on their rich experience and knowledge. Rather than aiming to be a “role model,” I hope to further strengthen our corporate culture so that each and every employee raises their sights, expands their imagination, and contributes to the company and society through their own will and capabilities. As Chairman, I will further enhance the quality of our governance and decision-making so that this diversity of strengths becomes a driving force for corporate growth.

To Everyone Who Supports SWCC

Our company has developed with the support of a wide range of stakeholders, including shareholders, customers, employees, business partners, and society. Together with the new management team, we will continue to strive for steady transformation and growth, taking on the challenge of becoming a company everyone can be proud of.

As Chairman with representative authority, I will personally actively support the executive side with passion and a broad perspective, driving further evolution of our company. We sincerely ask for your continued support and high expectations for our company.

