Strategy Update Message from the Executive Officer in Charge of Business Strategy

Strengthening business portfolio management to expand profits and focusing on improving capital efficiency

Yukio Kawase
Senior Executive Officer
Supervising Business Segment,
In charge of Production Sites

My Purpose

"Stronger Together Than Alone"

Consolidation into a two-business segment structure, making Communication and Components Business the second mainstay

In FY2024, the SWCC Group achieved a record-high operating profit of 20.9 billion yen, an increase of 63.2% year on year. By business composition, Energy and Infrastructure Business accounted for 86.6%, Electrical Equipment and Components Business for 6.7%, and Communication and Industrial Devices Business for 13.4%, with Energy and Infrastructure Business representing the majority.

In light of this, in April 2025, to establish a second pillar after the Energy and Infrastructure Business, we integrated the Electrical Equipment and Components Business and the Communication and Industrial Devices Business, and further added the consolidated subsidiary TOTOKU's business, resulting in the Communication and Components Business. Furthermore, we reorganized sub-segments within this business into three categories based on market growth potential: e-Ribbon, FLANTEC, and specific construction-related products as the Communication Cable Field; growth markets such as high-performance oxygen-free copper wire MiDIP, seat heater wires, and semiconductor probes as the Mobility and Semiconductor Field; and mature markets such as wire harnesses and precision devices as the Industrial and Device Field.

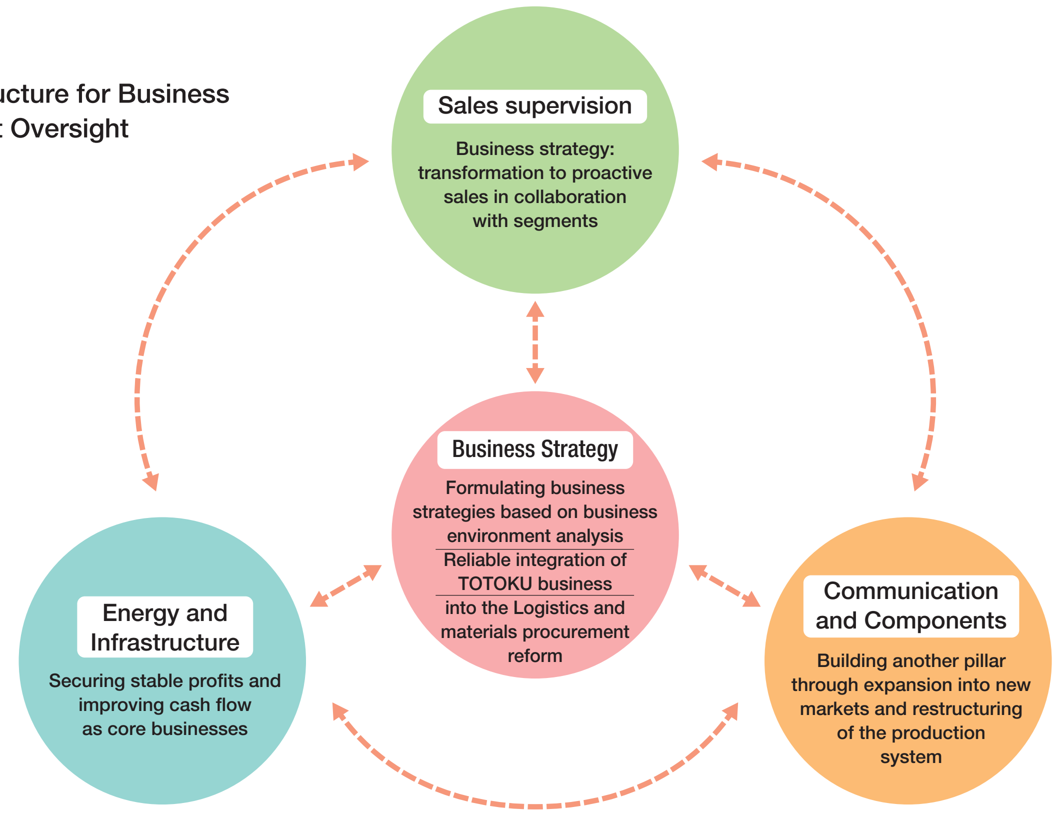
Additionally, to promote strategy across all business segments, we newly established the Business Strategy Department. The three units of Energy and Infrastructure Business, Communication and Components Business, and Sales Headquarters will strengthen their connections, undertaking the role of promoting all business segments. We will advance formulating business strategies based on business environment analysis, integrating TOTOKU business into the group, and reforming logistics and procurement, all based on our Management Strategy.

Enhancing Business Portfolio Management

The SWCC Group has implemented ROIC management since 2019 and is strengthening its business portfolio management using business-specific ROIC spreads and growth potential. At the annual Business Evaluation Committee, each product area is evaluated based on profit and ROIC, and decisions are made regarding continuation, downsizing, or withdrawal.

In FY2024, we decided to transfer the Aluminum Overhead Power Line Business to Kita Nihon Densen Co., Ltd. and completed this transaction on April 1, 2025. Additionally, in July, we decided to cease production in the seismic isolation business by the end of FY2026.

New Structure for Business Segment Oversight



Future Directions for Each Business and Product Area

· Energy and Infrastructure Business

For the Energy and Infrastructure Business, while aiming for further growth, we will focus on securing stable profits and improving cash flow as a core business.

In the power infrastructure sector, ongoing demand is expected due to replacement and refurbishment plans for power transmission and distribution facilities under the revenue cap system introduced in FY2023, enhancement and expansion plans for the power transmission grid to ensure a stable supply of large-scale renewable energy to the Tokyo metropolitan area, and reinforcement of Japan's nationwide power network as a disaster countermeasure. Additionally, there are forecasts of increased demand related to data centers and semiconductors, which is expected to lead to robust capital investment by power companies in the medium term. Additionally, due to some competitors withdrawing from the business, we expect continued growth in demand for SICONEX direct mold products.

Amid such demand, we increased the production of SICONEX power equipment, which supports areas requiring especially high voltage (working voltage in excess of 7,000 volts) with growing demand, from FY2023, resulting in expanded operating profit. In FY2025, we will make a new investment of approximately 2 billion yen as a second round of production expansion, aiming to sequentially replace and strengthen equipment lines in the factory, with a sales expansion target of 220% compared to FY2023 by FY2026.

In the construction-related sector, supported by a reevaluation of the value of electric wires and subsequent price increases due to a shortage of wires in Japan, profit margins improved in FY2024. Going forward, as it is a field where product differentiation is difficult, we will strengthen our position as a cash cow business while monitoring market conditions and industry changes.

Communication and Components Business

For the Communication and Components Business, we will work to expand into new markets and rebuild our production system.

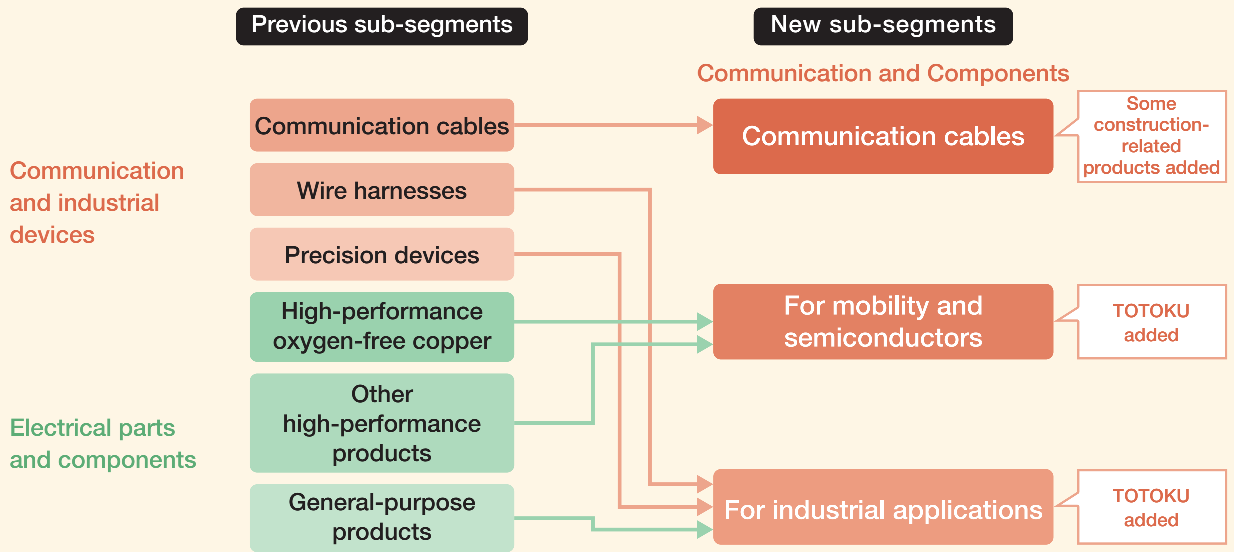
In the communications cable field, sales of e-Ribbon, LAN cables, and high-speed automotive communication cables are expanding for construction-related applications, including data centers. Going forward, we will collaborate with TOTOKU to promote cross-selling and new product development for each other's customers, while rebuilding the production system within our group, centered on our company and Fuji Electric Cable Co., Ltd., to improve productivity in the communications cable field.

In the mobility and semiconductor fields, we handle MiDIP, copper-silver alloy wires, and high-performance winding wires. We are expanding variations of high value-added products with increased processing and focusing on deploying them to downstream markets. By working in partnership with TOTOKU's AS (Automotive Semiconductor) Business, which handles automotive seat heaters and contact probes for semiconductor testing, we will strengthen development and sales of automotive seat heaters and probe pins for semiconductor testing, targeting the growth markets of mobility and semiconductors.

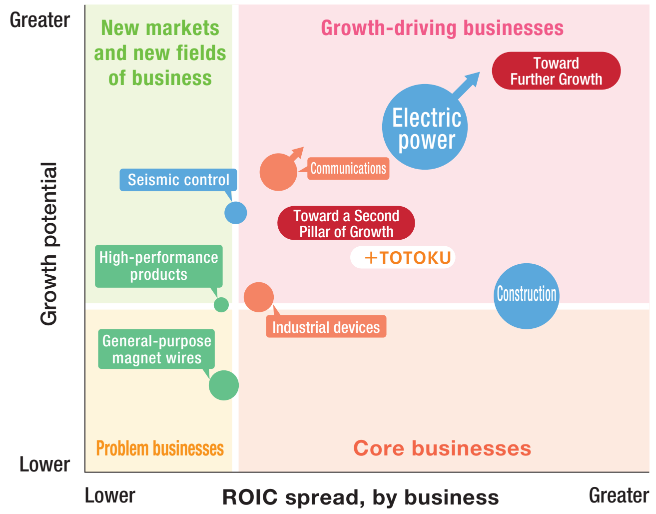
In the industrial device field, we will strengthen cross-selling with TOTOKU's CA (Consumer Appliance) Business, which handles heater wires for consumer and electronics fields, and work to rebuild production and sales systems as our existing production bases in China and Vietnam are joined by Indonesia and the Philippines. Specifically, although rollers for copiers are produced in Japan, Vietnam, and China, we will examine rebuilding the system to improve productivity and further increase orders. In addition, for wire harnesses in China, demand from Japanese customers has been sluggish, so we will work to expand into automotive applications and new fields, as well as diversify regionally into Vietnam and Southeast Asia.

Comparison of new and old sub-segment structures

In conjunction with making TOTOKU a group company, sub-segments have been reorganized according to market growth potential.
Growth markets are consolidated into mobility and semiconductors, while mature markets are consolidated into industrial applications.



Current business portfolio and direction



Business direction perspectives Business turnaround and assessment of business retention
● Competitive advantage ● Capital efficiency ● Growth potential
● Our vision ● Synergy with other businesses

Growth and cash cow

[Electric power]
Supplementing market growth and adding options through increased investment in power equipment production

[Construction]
Deepening cash cow business in anticipation of changes in market, business, and industry structure

[Communications]
Growth shift through expanded sales of e-Ribbon and automotive high-speed communication cables

[High performance products]
Strengthen development in growth market segments through MiDIP downstream deployment/integration with AS business

Problem businesses

[Industrial devices]
Downsizing of WH business for consumer electronics and shift to automotive business

[General-purpose magnet wires]
Shifting resources to high-performance products from maintaining immediate profit base

[Seismic control]
The seismic isolation business will end production and sales in March 2027

Focusing on improving capital efficiency to generate cash flow

To generate cash flow, we will develop and implement business strategies to expand operating profit and work to improve capital efficiency in each business segment.

Specifically, to reduce working capital, we have been promoting improvements in the CCC (cash conversion cycle), but the shortening of sales receivables turnaround remains insufficient, so the sales division will take the lead in strengthening initiatives. In addition, together with the manufacturing department, we will work to improve inventory turnover by evaluating and proposing appropriate inventory turnover days for each business, determining optimal timing for materials procurement, improving manufacturing lead time, and reducing the retention period for work-in-process inventories.

Regarding capital investments, we will work to establish an appropriate investment management system based on the impact on cash flow. Through efficient operation of fixed assets to improve the fixed asset turnover ratio, and by considering points for improvement in the NPV (Net Present Value) evaluation used in investment decisions, we will pursue more optimal allocation of investments, selection of investment fields, and timing within the planned investment amount.

For FY2025, we will focus on further capital investment to increase production in the Energy and Infrastructure Business and investment in collaborative projects with TOTOKU. On the other hand, with an eye on the expanding EV market, we have invested in equipment for EV winding wire at the Mie Plant in recent years. However, as EV adoption has been slower than expected, we would like to assess whether we should continue investing as initially planned.

All members clearly envision the goal and pursue initiatives with high motivation

Upon taking the role of segment manager, I conveyed to the segment executives the importance of "putting things into words." Through verbalization—clarifying the vision, making initiatives concrete, and communicating expectations to subordinates—I will ensure that all members of the segment can clearly envision the goal and pursue their efforts with high motivation.

The SWCC Group's Management Philosophy is to expand the circle of trust. Looking at the origin of the Chinese character「頼」, it also carries the meaning of "to rely or make a profit." Our company has steadily increased profits to date, but we believe there is still room for further growth. Under the new business segment structure, while aiming for further growth by positioning the Energy and Infrastructure Business as a core business, we will also work to establish the Communication and Components Business as our second pillar. In addition, we will contribute to the realization of a sustainable society by providing products and services that address social issues.

Strategy Update

Joint acquisition of TOTOKU shares

Yoichi Kitagawa
Executive officer
In charge of business strategy and material procurement

My Purpose

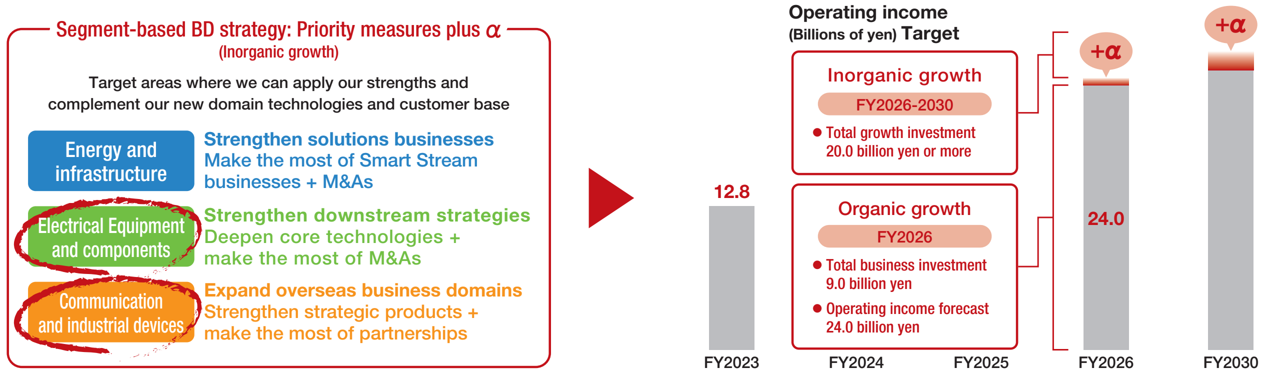
"Self-investment, Self-responsibility, Self-realization"

Made TOTOKU a consolidated subsidiary to drive inorganic growth

The SWCC Group, under the current Mid-Term Management Plan, has promoted a business development (BD) strategy geared toward inorganic growth. The main target areas for this have been the former Electrical Equipment and Components Business segment and the former Communication and Industrial Devices Business segment. For the former segment, the main challenge has been expanding the lineup of more processed products and moving downstream to improve profitability. For the latter segment, the big issue has been expanding overseas business regions. One of the schemes identified for quickly achieving these goals has been M&A under the BD strategy.

With these objectives and challenges in mind, the company that matched the vision the SWCC Group was aiming for in its BD strategy was, in fact, TOTOKU Inc. In March 2025, we acquired all TOTOKU shares through a joint investment with the Development Bank of Japan, making it a consolidated subsidiary. Furthermore, we have integrated the former Electrical Equipment and Components Business segment and the Communication and Industrial Devices Business segment into the new Communication and Components Business segment, and with our addition of the TOTOKU Group, we aim to establish a second core pillar next to the Energy and Infrastructure Business.

Mid-Term Rolling Plan 2024 BD Strategy (New businesses, M&A, etc.)



Strong customer base and overseas expansion

TOTOKU is a company with more than 80 years of history, having been founded in 1940. Especially since joining the Carlyle Group, a private equity fund, in 2023, TOTOKU has focused its resources on highly profitable products characterized by being "thin, lightweight, and compact," shifting its business from wires to electronic components.

Its representative product groups include seat heater wires and contact probes. The former targets the mobility market, and the latter targets semiconductors both growth markets. In addition, they have worked to expand other highly profitable product lines and strengthen their lineup. Meanwhile, TOTOKU also has product lines for mature markets, such as consumer electronics and office equipment, currently manufacturing and selling heater wires for electric blankets and toilet seats, as well as flexible flat cables (FFC) used in printer internal wiring, in China, Indonesia, and the Philippines.

TOTOKU's strengths lie in its strong customer base and proactive overseas expansion. Regarding the customer base, TOTOKU does business with companies in automotive heaters and major manufacturers of semiconductor testing equipment, and also sells to customers who have high market shares in each product field. In terms of overseas sales ratio, while the SWCC Group is about 10%, TOTOKU's figure reaches approximately 40%. As a global niche company, each of its product groups may not be very large in market size, but TOTOKU's strength is in securing a solid position and high profitability within those markets. This also aligns with the position SWCC Group strives for.

Generating wide-ranging synergies through cross-selling and joint development

SWCC and TOTOKU operate in some overlapping markets such as mobility and semiconductors. However, since each company has a different customer base and distinct product features, we believe there are strong opportunities for synergy, such as cross-selling, without conflict between the two. Furthermore, both companies have unique technologies and know-how developed over many years. Collaboration between their R&D departments enables the joint development of new products that fuse their proprietary technologies and expertise. Additionally, we believe there are many opportunities to create synergies across various fields, including sharing locations and manufacturing lines, leveraging marketing functions and sales resources, and joint procurement.

In fact, after the acquisition, from April 2025, we launched a PMI promotion structure and have discussed action plans for creating specific synergies. This includes strengthening business development by utilizing or integrating the resources and assets of both companies in TOTOKU's main product fields, such as contact probe pins and seat heater wires; mutual utilization of manufacturing and sales bases; and reconstruction of R&D systems. We have created action and profit plans through FY2030, which coincides with the new Mid-Term Management Plan period. Going forward, we will incorporate these into the new Mid-Term Management Plan and promptly begin with the most feasible initiatives.

Also, through this PMI process, we have recognized again that TOTOKU values its technology and customers and that many of its employees sincerely commit to their missions, which has much in common with the SWCC Group's corporate culture. I consider this a significant achievement. Both the SWCC Group and TOTOKU Group have improved business profitability through past structural reforms and developed adaptability to change, putting them in a solid position to fully enter a new growth phase. From now on, we will promote synergies achieved through the acquisition as a driving force to accelerate entry into growing sectors such as semiconductors and the mobility market, as well as expand our overseas business.

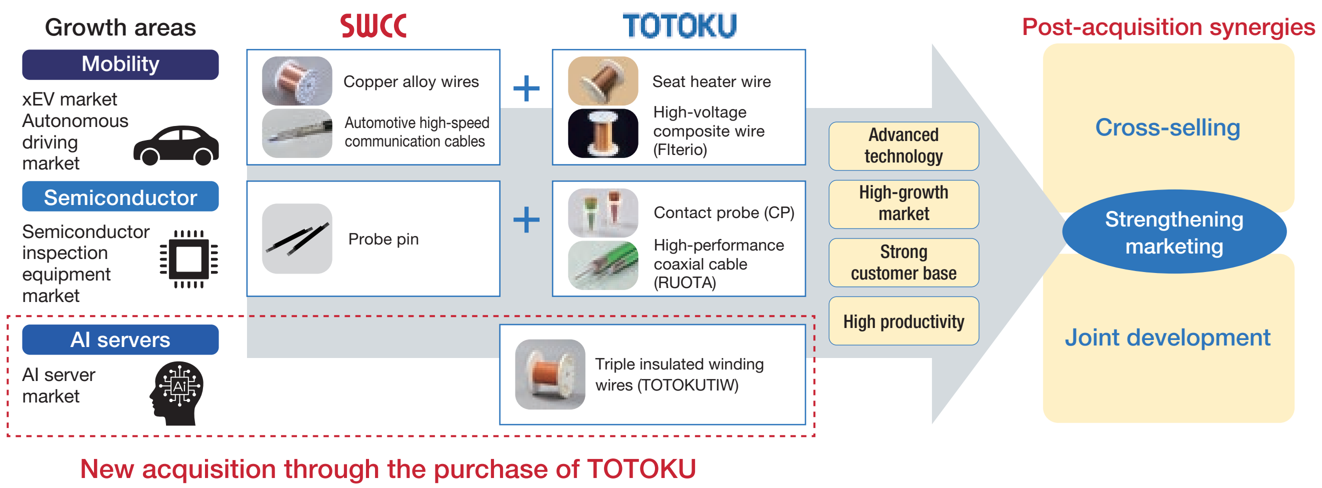
Toward the next growth stage for SWCC and TOTOKU

Customers and investors have high expectations with regards to the expansion of our product lineup and creating new business opportunities through collaboration with TOTOKU. Additionally, TOTOKU employees have shown strong expectations and interest in what SWCC and TOTOKU can achieve together, and what new initiatives and developments we will undertake in the future.

This acquisition marks an unprecedented investment decision in the history of the SWCC Group and represents a significant challenge. However, we believe it is an essential investment for the SWCC Group to continue growing and remain a valuable company to society. The SWCC Group will take responsibility for this major investment decision and ensure it leads to future growth. As we formulate and execute a new Mid-Term Management Plan toward 2030, we will outline the future vision for SWCC and TOTOKU, set out strategies for the next growth stage, and work steadfastly to realize these. We ask for your continued support and expectation.

The strategic significance of this purchase

This transaction will further accelerate our expansion into growth areas and the expansion of our overseas business, making the mobility and semiconductor business a core business of the SWCC Group.



Strategy Update Message from Officer in Charge of Corporate Strategy, Financial Strategy, and Human Capital Strategy

Strengthening of corporate functions to realize value creation

Toshiharu Kamijo
Managing Executive Officer
Supervising Corporate Management,
In charge of Financial Strategy,
Human Resources

My Purpose

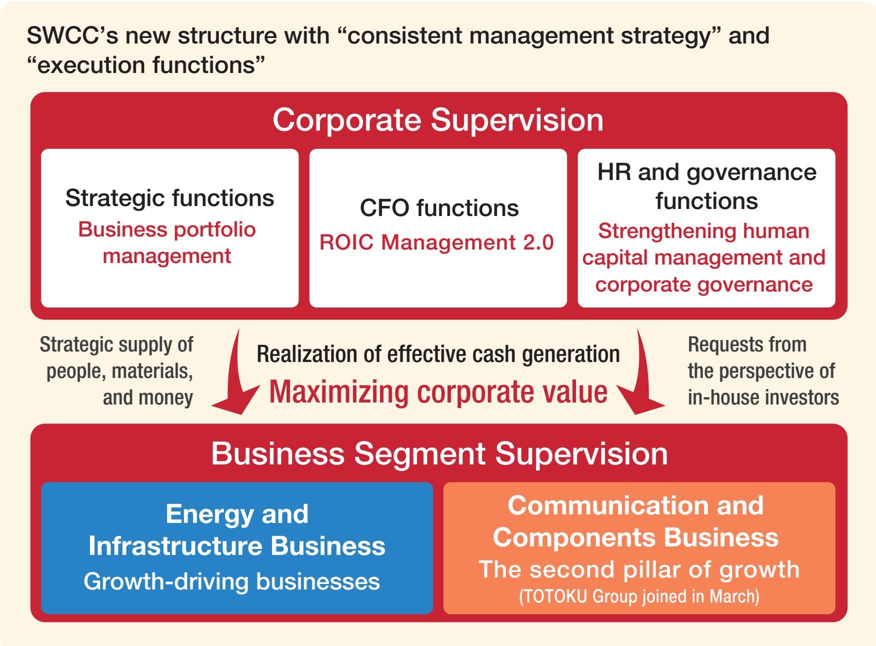
"Leading the transformation, challenges, and growth of individuals and organizations"

Corporate Division leading the maximization of corporate value

From FY2025, our company has introduced a new management structure with corporate supervision and business segment supervision.

Corporate supervision oversees the corporate division's "strategic function," "CFO function," and "HR and governance function," aiming to maximize corporate value through optimal allocation of management resources and management of the business portfolio. In addition, for the business segment divisions, we will make necessary requests from the perspective of in-house investors and provide more timely and appropriate support in finance and HR. At the same time, as a position driving the evolution of group management, we have an important mission to strengthen the centripetal force of the entire group, including TOTOKU Inc., which became a subsidiary at the end of March 2025.

The key point of this new structure is that it possesses both consistent Management Strategy and execution functions. Until now, finance and HR provided "people, materials, and money" in response to the requests of each business division. In the new structure, the entire corporate division will work more closely with the business divisions and will strategically and proactively supply the "people, materials, and money" to achieve effective cash generation.



Financial Strategy for the Growth Phase

(1) FY2024 results — achieved "Rolling Plan 2024" ahead of schedule —

In FY2024, the Energy and Infrastructure Business was the driving force, and as progress surpassed each target value of the Mid-Term Management Plan "Change & Growth SWCC 2026 Rolling Plan 2024" announced in May 2024, we revised the targets upward in February 2025. In FY2024, net sales, at 237.9 billion yen (up 11.2% year on year), and operating income, at 20.9 billion yen (up 63.2% year on year), hit record highs. Operating profit margin reached a high level of 8.8%, and we have established a highly profitable structure as a manufacturing company. On the other hand, ordinary profit decreased by 7.7% due to factors such as investment losses in equity-method affiliates and maximum provision for allowance for doubtful accounts, but net profit for the period reached a record high of 11.4 billion yen.

Our dividend policy is set at a dividend payout ratio of 35% and DOE (Dividend on Equity Ratio) of at least 4%. The annual dividend increased by 46 yen year on year to 136 yen. ROE reached 14.3%, achieving the 14% target set in the Mid-Term Management Plan "Change & Growth SWCC 2026 Rolling Plan 2024".

Additionally, although invested capital increased due to the acquisition of TOTOKU, ROIC reached 11.9%, exceeding the target of 10%.

(2) From value to growth

Management that is conscious of share price and cost of capital has made significant progress over the past two years. So far, with an emphasis on capital efficiency, [1] Review of the business portfolio based on ROIC as a benchmark, [2] Review of the balance sheet through the sale of non-business assets (land, cross-shareholdings, etc.), [3] Promoted cash flow management by shortening the CCC (Cash Conversion Cycle).

In replacing the business portfolio, we took decisive action against businesses that could not cover capital costs, even if they were profitable. Thoroughly expanding the spread between ROIC and WACC in each business has also contributed to improved profitability. Additionally, the plan to use the idle portion of the Sagamihara Plant site as a logistics warehouse was initially a plan to lease the land to a developer who would build and rent the property, but we changed the plan to sell the land and secure cash instead. As for cross-shareholdings, we have promoted sales of around 4 billion yen, reducing the balance against net assets to 3.3% as of the end of March 2025.

We are also continuing to improve cash flow, working to shorten accounts receivable payment terms and reduce inventory to improve CCC.

The cash thus secured was allocated to increased production investment in SICONEX, a strategic product, as well as the acquisition of TOTOKU. As a result, our share price rose from 1,895 yen at the end of FY2022 to 7,160 yen after the announcement of the FY2024 financial results, an increase of about four times.

PBR (price-to-book ratio) rose from 0.84 to 2.53, moving steadily to more than twice the level after being below 1. PER (price-earnings ratio), which reflects shareholders' growth expectations, also increased about threefold from 6.02 to 18.6.

The fact that the growth trend of our core businesses continues and that revenue-generating growth stories are being realized through the implementation of our business development strategy has also been reflected in our share price.

Our market capitalization target of 150 billion yen, set in the financial strategy for FY2026, and the credit rating of "A-" or higher were achieved in FY2024, and our TSR, a KPI emphasized for shareholder value enhancement, significantly exceeded TOPIX performance.

We believe that through our financial strategy and capital policy initiatives, our company has made a significant shift over the past two years from a value stock to a growth stock.

(3) ROIC Management 2.0 — advancing ROIC management in the growth phase —

In this context, we position 2025 as a year devoted to formulating a new Mid-Term Management Plan to start from FY2026. The announcement of the new Mid-Term Management Plan is scheduled for February 2026, and we aim to further advance ROIC management. Although ROIC for FY2024 was 11.9%, exceeding the plan, simply raising numerical targets alone does not count as advancement.

We have implemented ROIC management since FY2019, and have thus far promoted the review of low capital efficiency businesses and rigorous management conscious of share price and capital costs. Specifically, we have withdrawn from low capital efficiency businesses using business-specific ROIC and WACC (Weighted Average Cost of Capital), and promoted the spread of the ROIC tree framework.

In FY2024, by controlling WACC, managing cash flow, and expanding the ROIC spread, we sought to enhance corporate value and share price, shifting our position from a value stock to a growth stock and entering the growth phase.

"ROIC Management 2.0" as aimed for in the new Mid-Term Management Plan is the fusion of management that considers business and cash flow growth potential with a capital policy that, more than ever before, focuses on share price and capital cost. If ROIC is used incorrectly, there is a risk of falling into a state of shrinking equilibrium. To achieve growth, upfront investment is necessary, and during that period, ROIC will temporarily decline; therefore, if ROIC becomes the ultimate goal, business managers' willingness to invest will decrease. In the growth phase, active investment is rather necessary, and we are aiming for ROIC management that achieves a spiral-up where cash is prioritized for growth businesses, generating new profits and cash.

In the new Mid-Term Management Plan, in addition to managing by ROIC and WACC, we are introducing mechanisms that enable each business division to continuously work on improving free cash flow. We also believe it is necessary to carefully examine the key indicators to focus on according to the characteristics of each business, such as whether it is an asset-light business or a high capital efficiency business. The business environment is becoming more complex, but the SWCC Group recognizes that we have reached a stage where we can discern these changes.

	Structural reform phase	ROIC Management 2.0
Business Situation	· Inefficient and low-profit businesses are holding back our management · Insufficient cash secured for growth investments	》Presence of investment opportunities with high expected returns 》Sufficient cash is secured for growth investments
Core Focus of ROIC Management	· Review and withdrawal from businesses with low ROIC	》Cash is allocated with priority to businesses with high investment efficiency 》KPI management that induces growth investments
Approach to Capital Cost	· Business-specific WACC utilization based on the operating side (fixed assets, working capital)	》Refinement of WACC based on business-specific risks 》Strengthened WACC control during periods of rising interest rates and increasing invested capital

➡ Towards a management system where cash generates more cash

Toward an organizational culture where people shine through “transformation,” “challenge,” and “growth”

In human capital management, we set forth an HR strategy in 2024 based on three pillars: “Endless Transformation,” “New Challenges,” and “Sustainable Growth” to realize an “organizational culture where people shine.” We have incorporated into these three pillars our belief that both organizations and individuals can continue to grow by continuing to take on challenges without stopping transformation.

In order to steadily advance such HR strategies, we are also strengthening the HR department in FY2025. Specifically, we appointed our first female head of HR and increased the number of HRBPs (Human Resource Business Partners) to three since FY2024, who are playing an active role in strategic HR and engagement initiatives at each business site.

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

Three pillars of human resources strategy	Issue (s)	Direction of response	Outcomes
Never-ending change	Renewal of organizational culture	● Promote diversity ● Improve engagement ● Renewal of culture Improve psychological safety Dispel bias toward the status quo Culture that supports “taking on challenges”	Mindset to realize change
New challenge	Creating a mechanism for human capital investments	● View of each process: hiring, assignments and transfers, evaluations, compensation, development, and resignation ● Personnel shortages → Labor-saving, improve productivity per person ● Sharing value between employees and the company (Revitalizing the employee stock ownership plan)	Creating innovation through new challenges
Sustainable growth	Transformation of the human resources department	● “Reactive” => “Proactive” ● “Labor and business processing” => “Strategic HR” ● “Short-term view” => “Long-term view”	Improve capability to create value through individual and organizational growth

Renewal of organizational culture

Revamping the organizational climate is a time-consuming effort, but we consider it fundamental and essential for corporate management. If a culture of taking on challenges is not fostered by improving psychological safety and dispelling bias for the status quo, the company will not grow. Just as trees need fresh soil to grow healthily, our company is actively working to improve engagement, promote diversity, and reform corporate culture.

(1) Improve engagement

Starting in November 2024, we introduced a new engagement survey and conducted detailed analyses. This survey visualized what employees seek from the company and organization, and how well the company and each organization meet those expectations, with the aim of implementing more concrete measures.

According to the analysis, the strengths of the SWCC Group were identified as “company stability” and “workplace unity.” On the other hand, issues such as “improvements in facility environment,” “unclear evaluations,” and “gaps in awareness between hierarchical levels” were raised. To address these issues, we are undertaking initiatives such as improving facilities (e.g., renewing the welfare building), thoroughly conducting feedback interviews for evaluations, and promoting workplace communication improvement activities.

We will continue to repeat surveys and analyses, and the HR department will work together with each workplace and position to implement specific measures.

(2) Promoting diversity

The Women’s Empowerment Promotion Project, launched in 2021, has evolved and expanded into the Diversity Promotion Project from FY2023. In FY2024, we published an Unconscious Bias Handbook and used it in awareness activities within the company. This initiative was also featured in mass media. Moreover, as a result of actively promoting the use of male parental leave through fostering an internal atmosphere and making policy proposals to the HR department, the SWCC Group’s male parental leave rate in FY2024 reached 51.1%, exceeding the government’s 2025 target of 50%. Ultimately, we aim for a 100% acquisition rate, but in FY2025, we will work to achieve the government’s 2030 target of 85%.

Diversity basically means that people with different ways of thinking, backgrounds, and positions engage in active discussions in order to achieve common goals. We are convinced that the energy generated by the clash of various opinions is the driving force that strengthens the organization. We will continue our diversity activities to drive value creation in the future.

Creating a mechanism for human capital investments

In 2024, we also began new initiatives in recruitment and HR systems. We introduced a “Welcome Back Recruitment” system to provide opportunities for former employees to return and thrive again as employees. Additionally, to create an environment where employees can take on new challenges more easily, we established an internal job posting system and, as the “Job Challenge System,” made it possible for employees to apply for transfers to departments of their choice, regardless of whether there are open positions.

To promote employee welfare, sense of unity, and the enhancement of incentives, we revised the employee stock ownership plan in February 2024. Specifically, we raised the incentive payment rate from 10% to 20%. We also introduced the Employee Stock Ownership Plan (ESOP), under which, if the share price rises and there are capital gains during the three-year trust period, profits are distributed to employee shareholders in proportion to their contributions. We want our employees to fully benefit from any rise in the stock price.

We believe it is necessary to evaluate overall HR operations from various perspectives, but our company’s low turnover rate is a key strength, with a rate of 2.06% in FY2024. We will continue to address each employee’s career plan and work style so that we can remain a company our employees find attractive.

In FY2025, as measures to encourage transformation and challenges and promote the growth of individuals and organizations, we will fundamentally review and invigorate our company-wide proposal activities, which we have been conducting for some time. While improvement activities had previously focused on the frontlines, we will evolve to initiatives that integrate both headquarters and the frontlines, including new value creation, and expand activities that generate “Becoming the norms of tomorrow.”

Human resource development for achieving sustainable management

(1) Succession plan to nurture the next generation of management

The SWCC Group focuses on developing next-generation executives based on a succession plan. The SD Seminar (SWCC Director’s Seminar) for those around 30 years old provides opportunities for future executive candidates to gain management perspectives. This initiative, ongoing since 2015, is also supported by having outside directors serve as instructors and in other programmatic ways.

Additionally, the “Second Next Generation Executive School,” for those in their early 30s to mid-40s and on the path to managerial positions, updates its programs every year to enrich the input required for developing management talent.

Furthermore, the “Next Generation Executive Development Training” for department and section managers in their 40s and 50s incorporates more practical case studies and scenario planning, and is operated as a selection process for executive officers and fellows, with members of the Nominating and Compensation Committee also participating.

(2) “Project for Developing Human Capital for the Future”

Recognizing that the development of employees and passing on skills that support the frontlines are fundamental to sustainable growth, the SWCC Group has established the “Project for Developing Human Capital for the Future.” We are working to create mechanisms that will not only further enhance the manufacturing skills we have cultivated so far, but also effectively pass them on to the next generation. In particular, we have established a tiered training system for technical positions and are conducting group training sessions, as well as utilizing e-learning and other methods to enhance the skills of our people.

My purpose = Leading “transformation,” “challenge,” and “growth” of individuals and organizations

The phrase “Leading the transformation, challenge, and growth of individuals and organizations” is the very foundation of our HR strategy.

The year I joined, 2020, was when reform began at our company and was about to accelerate. I myself had experience with similar transformations at my previous company and have drawn on that experience here at SWCC.

In FY2025, while our structure and management will change, I believe we must not stop transformation itself. By constantly evolving, continuously taking on challenges, and both individuals and organizations continuing to grow, we will continue to strive to create such a company going forward.

I hope you will look forward to the further growth of the SWCC Group.

Strategy Update

Message from Officer in Charge of Technology and R&D Strategy

Yuichi Morishita

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

My Purpose

"Don't be fixated on one thing; flexibly embrace new things."

SWCC's technology development system and overview

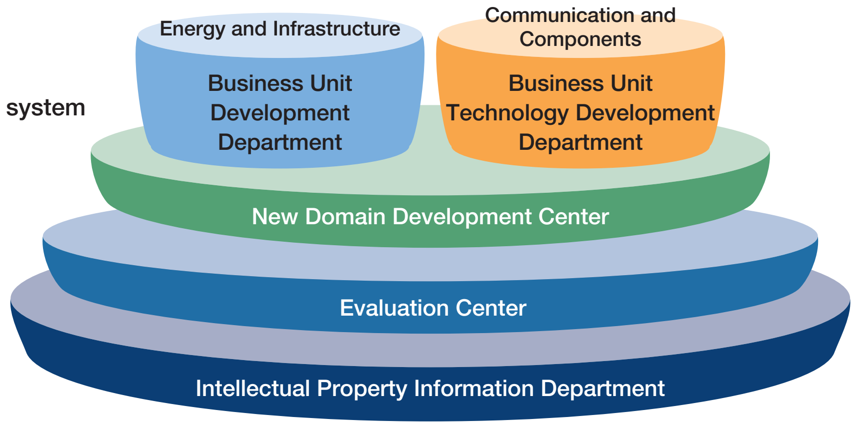
The SWCC Group's technology development is promoted by the corporate technology and R&D departments, as well as by technology development departments within each business unit. At the corporate level, there are three departments: the New Domain Development Center, the Evaluation Center, and the Intellectual Property Information Department.

The New Domain Development Center is engaged in developing foundational technologies with high research components, developing products in new areas, and development linked to the business divisions.

The Evaluation Center analyzes, evaluates, and examines the technologies and products developed by the New Domain Development Center and the technical development departments within the business divisions.

The Intellectual Property Information Department works on obtaining and protecting patents for products and technology development, as well as building patent networks. In recent years, we have been actively filing applications while planning application strategies, resulting in an increase in the number of patent applications.

Technology development system



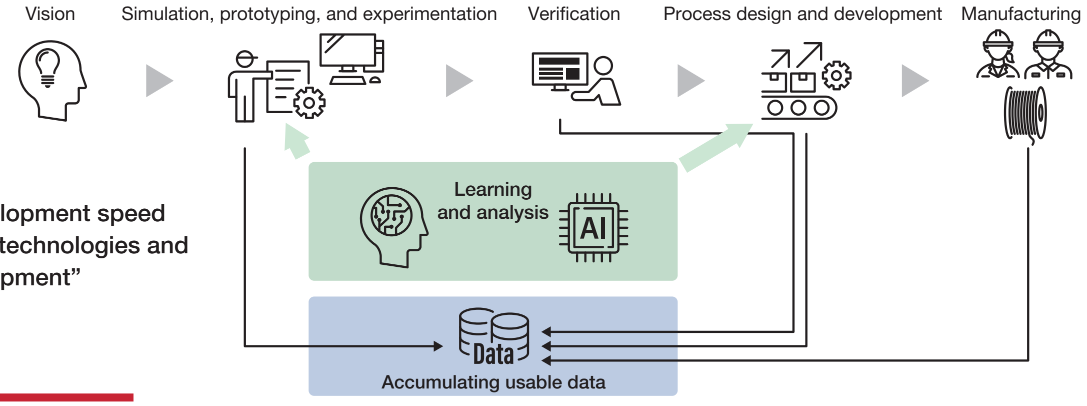
Development speed improved through data-driven technologies and research & development

The SWCC Group focuses on data-driven technologies and research & development in promoting technological development. We collect large amounts of data in advance and utilize simulations and informatics to analyze materials and processes with AI, based on massive databases and techniques such as machine learning. Over the past five years, we have been working on building our own development system, examining software suited for our technology development, the required data, and analysis methods for the collected data, and we feel that things are finally taking shape.

For example, in order to study metal composition and optimize processing steps, a process of "trial and error" was required, which resulted in long development periods and high costs, sometimes taking years. To overcome this issue, we built a new copper alloy development process utilizing process informatics, enabling us to predict metal properties based on composition and processing steps. Now we can immediately determine the composition and processes required to meet the properties demanded by customers.

By strengthening this development process, we hope to further pursue the development of metals with outstanding properties such as high strength and high conduction, as well as materials with new properties. Until now, the technology development department has built and acquired these systems, but the next step is to expand their use within the design and development departments of the business divisions, and ultimately apply them company-wide during the current mid-term management period.

Accelerating development speed with "data-driven technologies and research & development"



Strengthening technical and development capabilities in collaboration with TOTOKU

Regarding TOTOKU Inc., which became a Group company in March 2025, we have been working together with their Research and Development Division and have been discussing since April. TOTOKU offers a lineup characterized by products that are thin, lightweight, and compact, and possesses unique technologies. While our company mainly provides products for the infrastructure market, TOTOKU handles a wide variety of small-lot products, mainly for mobility and the semiconductor industries. They have strengths in developing new applications and possess unique technologies in manufacturing processes as well. We hope to foster synergy effects and strengthen our technical and development capabilities by promoting integration between the SWCC Group and TOTOKU, incorporating the positive aspects of both companies.

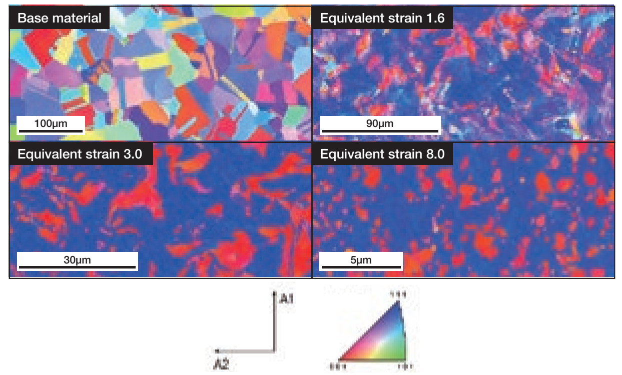
Focusing on talent development to strengthen research and development capabilities

In February 2024, we launched the High-Performance Metals Joint Research Institute in collaboration with Tohoku University. By combining basic and applied research at Tohoku University with the product development and manufacturing processes of the SWCC Group, we are accelerating new product development and social implementation, while also advancing R&D and human resource development that lead to next-generation technologies and products, such as copper alloys and other innovative materials. Several joint research projects have been launched and are producing results, so we hope to present the outcomes of our research by FY2025.

To foster talent that will lead our research and development, we will strengthen the cultivation of advanced research personnel through initiatives with Tohoku University. We will promote the utilization of the "Graduate School and Working Doctor System," which encourages employees to obtain doctoral degrees by subsidizing graduate school admission and tuition fees. We will also focus on hiring personnel who have earned doctoral degrees. We strive to foster and hire people who can think logically and embrace new knowledge and ways of thinking.

Pursuing differentiated research and development with competitive advantages will enhance our feasibility. For that reason, it is important to take on a large number of themes. In addition to themes from customers and the marketing department, we have established a system that allows employees to freely pursue research and development topics they wish to work on, even within their work duties. We encourage R&D members to take an interest in new things by participating in academic conferences and other opportunities to experience new technologies and research outcomes. Find new themes you want to pursue, and take on the challenge of "Innovating new ideas today." as expressed in our purpose.

Research on microstructural analysis of MiDIP



Inverse pole figure maps with the drawing direction as the surface normal for each processing degree

In collaboration with Tohoku University, we conducted a study (MiDIP [4N oxygen-free copper]) analyzing internal microstructural changes before and after drawing and predicting the resulting property changes. The figure above (obtained by EBSD) shows that the crystal grains have become finer as a result of drawing, and that a texture with preferential crystal orientation has formed. The results of this study were presented at the 76th Joint Conference on Plastic Working in September 2025.

Toward becoming a value-creating business oriented to providing solutions

The SWCC Group aims to become a solution proposal–oriented value-creation company by 2030. Toward realizing this Vision, we will continue to promote data-driven technologies and research & development. Regarding intellectual property activities, we have mainly focused on product patents so far, but from now on, we will strengthen the creation of intellectual property that can generate value, including business model patents.

Moving into the next stage, we will flexibly incorporate the technologies and expertise we need, hone our core technologies to generate new innovations, and work together with the business divisions and the new business group to help create new businesses that contribute to a sustainable society.