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Medium-term Management Plan "Change & Growth SWCC 2026"  
**Rolling Plan 2024 FY2024-FY2026**

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May 13, 2024

**SWCC Corporation**

TSE PRIME: 5805

# Formulating Rolling Plan 2024 under the Medium-term Management Plan



**Takayo Hasegawa,**

Executive President and Representative Director (CEO)

The first half of our Medium-term Management Plan that began in 2022 has ended. Looking back on the past two years, we have made steady progress towards our stated KPIs. We have strengthened the earning capabilities of our core businesses by investing in increased production of strategic products and enhancing the profitability of our cash cow business through digital transformation (DX). Additionally, we have achieved some results in creating new businesses, such as the launch of the Smart Stream business. However, issues remain in the new development of our overseas business due to delays to our plans caused by the COVID-19 pandemic and geopolitical risks.

Meanwhile, the business environment has undergone considerable change since the current Medium-term Management Plan was drafted in November 2021. Under this rolling plan, we will take these changes into account **as we revise our business and investment strategies, make further investments in growth drivers, and draw up**

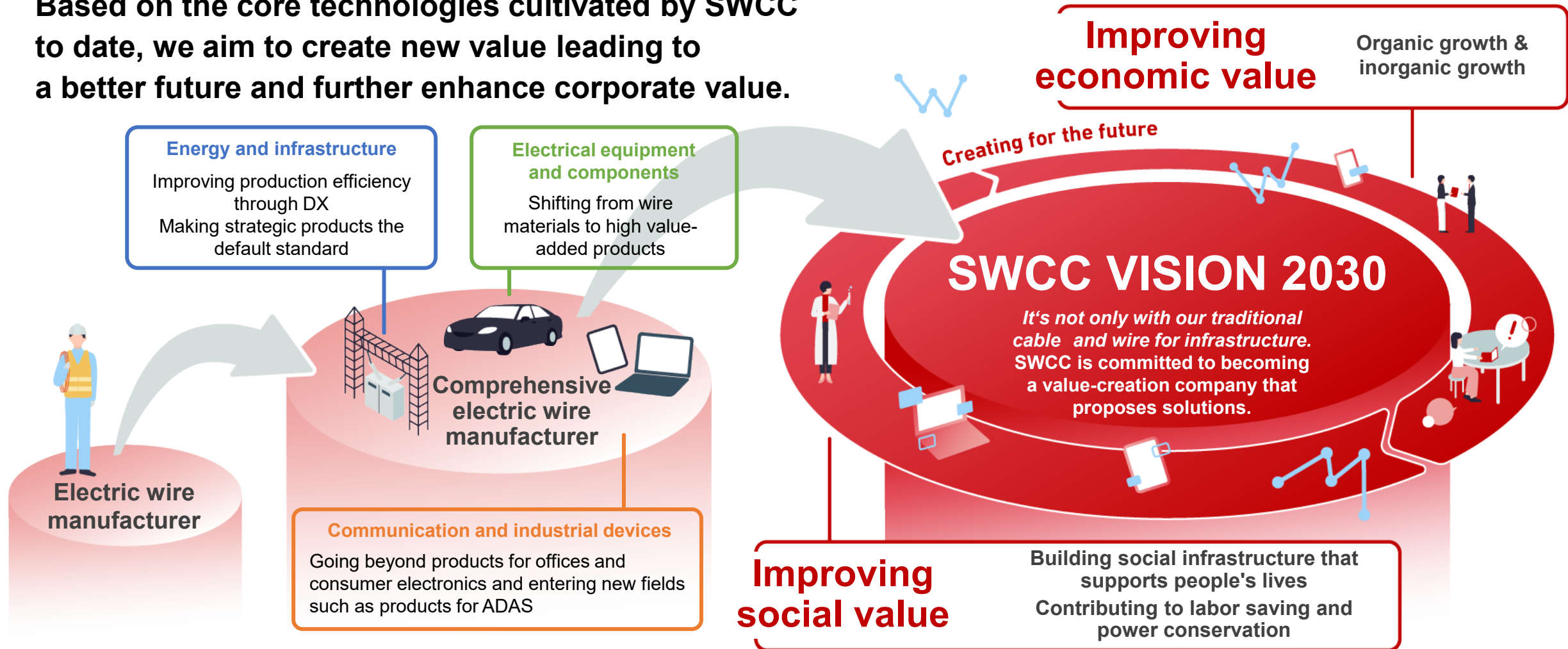
**measures aimed at portfolio transformation. While we have made an upward revision to operating income with a new target of 17 billion yen to be achieved through organic growth, we will implement measures to further increase this figure through investment that leads from stability to growth,** and hope to make this a big step bringing us closer to our 2030 vision.

More specifically, **we will further refine ROIC management, strengthen our ability to generate cash flow from business operations, and employ enhanced capital strategy to optimize the cost of capital and enhance shareholder return.** In addition to enhancing our human capital strategy without backtracking on the reforms we have made to date, **we will also focus on business development (BD) strategy to broaden the areas where we operate** as an upside element (inorganic) to the latest target figures.

Stay tuned for this new beginning of the SWCC Group's Medium-term Management Plan: Change & Growth SWCC 2026 Rolling Plan 2024.

# SWCC VISION 2030: What We Want to Be by 2030

Based on the core technologies cultivated by SWCC to date, we aim to create new value leading to a better future and further enhance corporate value.

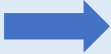













1. Rolling Plan Targets
2. Priority Measures
3. Business Strategy
4. Capital Policy and Financial Strategy
5. Strengthening Intangible Assets and the Management Base

# 1. Medium-term Management Plan "Change & Growth SWCC 2026" and Rolling Plan Targets

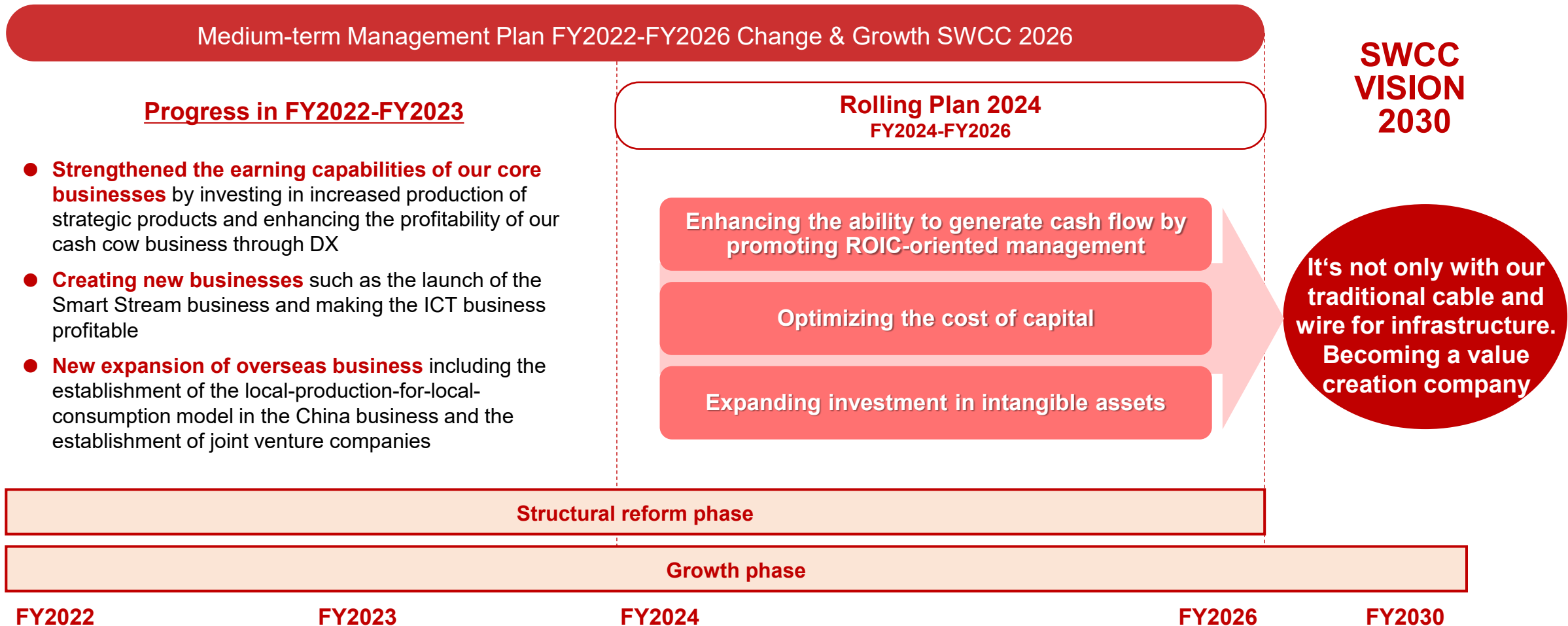
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# Changing Perception of the Business Environment

Segment		Expected Trends When the Medium-term Management Plan Was Announced (as of November 2021)		Rolling Plan 2024 Forecast (FY2024 to FY2026)	
Energy and infrastructure	Construction		<ul style="list-style-type: none"> <li>Slight decrease in the medium- to long-term despite redevelopment activities in the Tokyo metropolitan area and expected demand ahead of the Osaka Expo</li> </ul>		<ul style="list-style-type: none"> <li>Increased demand due to redevelopment activities in the Tokyo metropolitan area</li> <li>Higher demand for new factory construction and the Osaka Expo</li> <li>Lengthened construction schedules due to labor shortages</li> </ul>
	Electricity		<ul style="list-style-type: none"> <li>Expansion of demand for offshore wind, etc.</li> <li>Expanded demand to upgrade aging equipment</li> </ul>		<ul style="list-style-type: none"> <li>Expanded demand to upgrade aging equipment</li> <li>Growth in demand to expand power transmission and distribution networks</li> <li>Withdrawal of competitors</li> <li>Expansion of demand for offshore wind, etc.</li> <li>Growth in demand for large-scale data centers</li> </ul>
Electrical equipment and components	Automotive		<ul style="list-style-type: none"> <li>Growing demand in products for BEV</li> </ul>		<ul style="list-style-type: none"> <li>Despite a market recovery, demand for BEV slowed while recovery of demand for HEV expanded</li> <li>Widespread adoption of CASE</li> <li>Growth in demand for motors</li> </ul>
Communication and industrial devices	Communications		<ul style="list-style-type: none"> <li>Increase in telecommunications equipment and traffic</li> </ul>		<ul style="list-style-type: none"> <li>Increase in telecommunications equipment and traffic</li> <li>Expansion of overseas telecom and datacom markets</li> <li>Growth of the ADAS market</li> </ul>
	Home appliances		<ul style="list-style-type: none"> <li>Global market expansion</li> </ul>		<ul style="list-style-type: none"> <li>Slight demand uptick in Japan</li> <li>Slowing market expansion in China and Southeast Asia</li> <li>Greater demand for high-end home appliances</li> </ul>
	Office equipment		<ul style="list-style-type: none"> <li>Diversification of commercial printing demand</li> </ul>		<ul style="list-style-type: none"> <li>Recovery of demand from the drop in COVID-19-related special demand</li> <li>Diversification of commercial printing demand</li> </ul>

# Positioning of Rolling Plan 2024

Working toward the vision for 2030, we will **further evolve into a value creation company** with Rolling Plan 2024.



# Rolling Plan 2024: Target Financial Figures

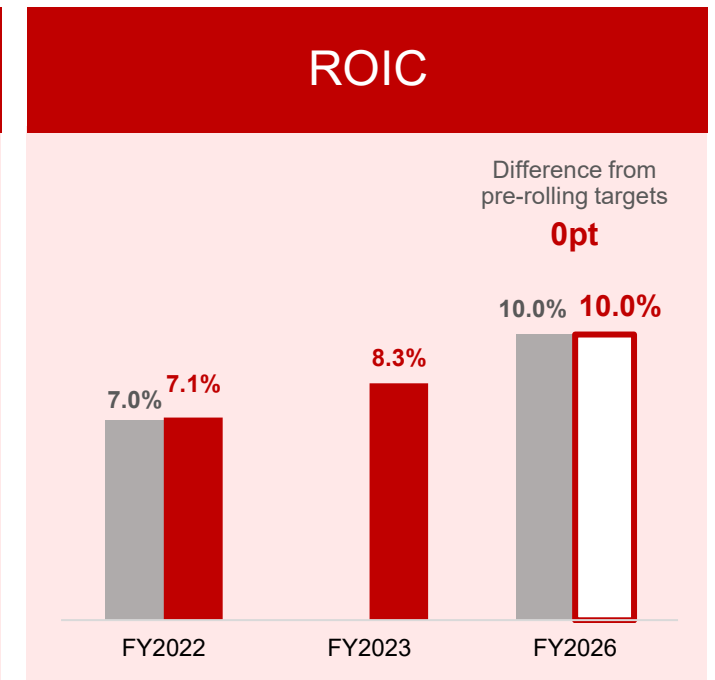
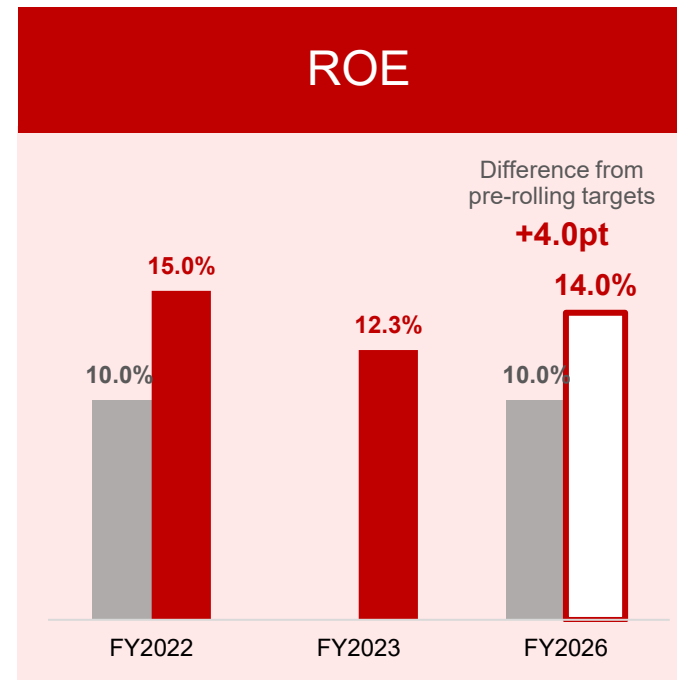
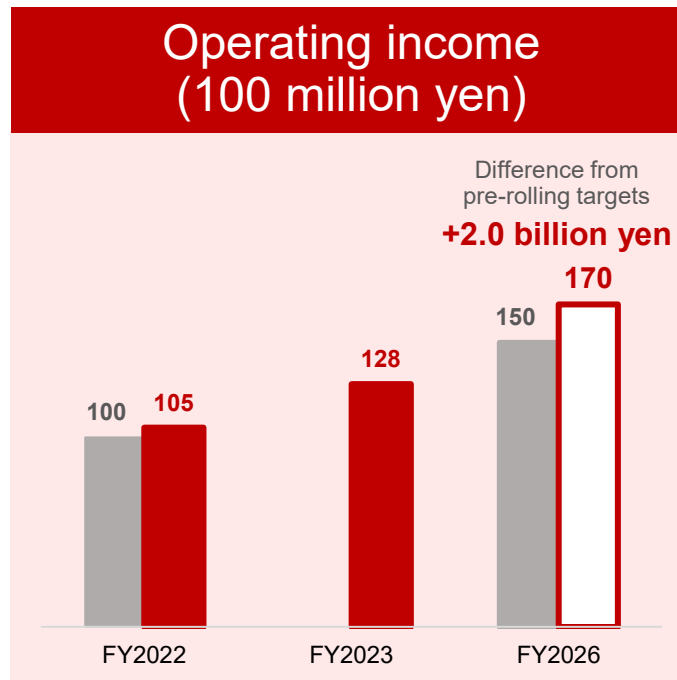
The new target figures represent upward revisions due to organic growth. We will aim to further expand the upside through inorganic growth.

		Before Rolling Plan		After Rolling Plan
		FY2023 (Results)	FY2026 (Targets)	FY2026 (Targets)
Profitability	Operating income	12.8 billion yen	15.0 billion yen	17.0 billion yen
Capital efficiency	ROE	12.3%	10% or more	14% or more
	ROIC	8.3%	10% or more	10% or more
Shareholder returns	Dividends (dividend payout ratio/DOE)	90 yen (30%/3.7%)	120 yen or more (35%/not set)	150 yen or more (35% or higher/4% or higher)
Stability	D/E ratio	40%	50% or less	30–50%
	Net assets	77.1 billion yen	85.0 billion yen or more	93.0 billion yen



# Medium-term Management Plan: Progress on KPIs and Key Points of the Rolling Plan

■ Pre-rolling target  
■ Results + Rolling plan targets



**Achievements**

Progress outpaced the targets set before the rolling plan thanks to strongly performing businesses and the effects of improved earnings.

In addition to improving the profitability of capital through the promotion of ROIC-oriented management, ROE prog in part due to the disposal of non-operating assets as part of structural reforms.

By promoting business-specific ROIC, we enhanced capital efficiency companywide, leading to steady improvements to ROIC.

**Rolling**

We will upwardly revise the targets to be reached by the final year of the plan through proactive investment in growth-driver businesses and a strategy of expansion into new business fields leveraging our core technologies.

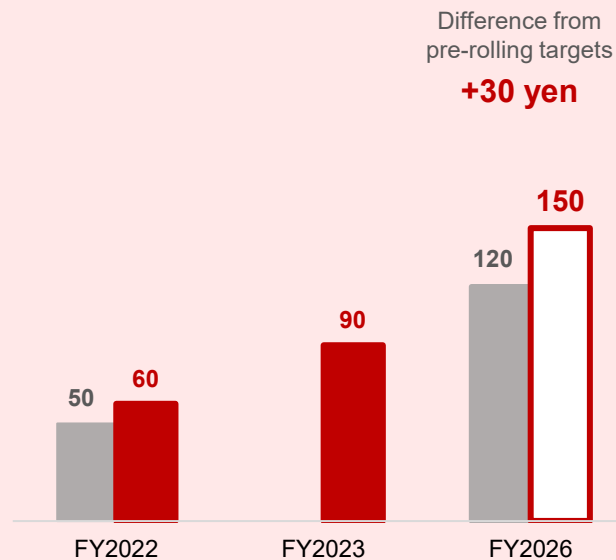
Despite shareholders' equity continuing to accumulate, we will maintain ROE at a high level that exceeds the cost of shareholders' equity by further expanding business earnings.

While continuing to invest in business growth, we will expand ROIC by further expanding business earnings and improving capital efficiency.

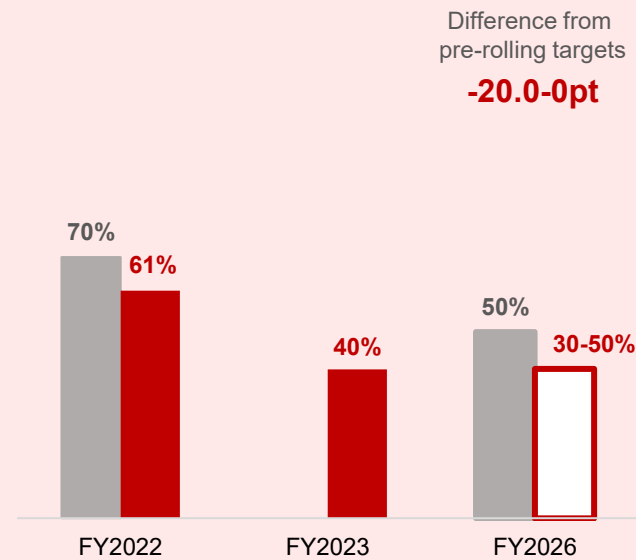
# Medium-term Management Plan: Progress on KPIs and Key Points of the Rolling Plan

■ Pre-rolling target  
■ Results + Rolling plan targets

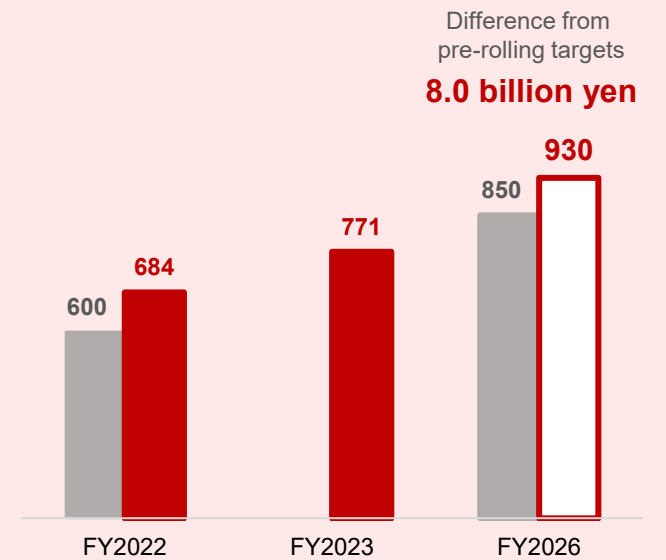
## Dividends per share (yen)



## D/E ratio



## Net assets (100 million yen)



### Achievements

Achieved improvements to financial soundness while increasing the dividend payout ratio to 30% in FY2023.

Reduced interest-bearing debt and achieved an improved financial position by expanding shareholders' equity against a backdrop of strong business performance.

Enhanced shareholders' equity with a focus on the accumulation of business earnings, achieving stabilization of the financial base (end of FY2023: capital adequacy ratio of 47%).

### Rolling

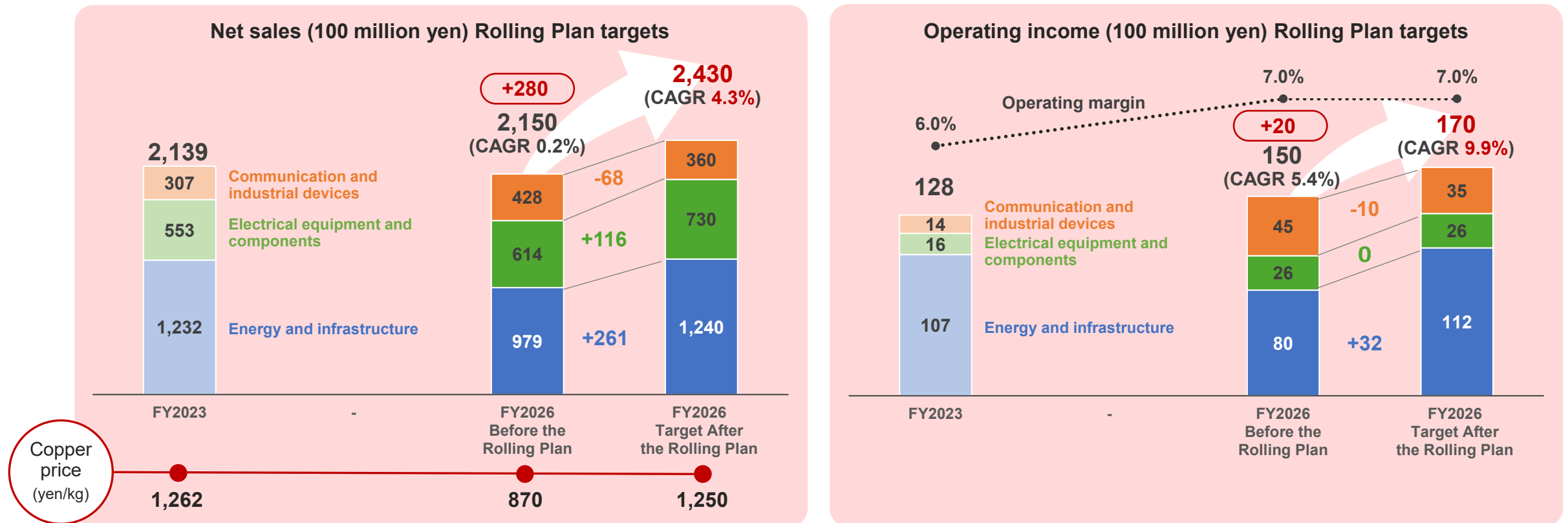
We will aim to further expand shareholder return in balance with growth investments, setting dividend target of 35% or more for the dividend payout ratio and 4% or higher for DOE.

While maintaining a measure of financial discipline, we will also make use of debt-based financing and work to reduce WACC.

To ensure sufficient funding capacity for growth investments and diversify funding methods, we will aim to achieve an external credit rating of A- or higher and further strengthen our financial base.

# Medium-term Management Plan: Progress on P/L by Business and Key Points of the Rolling Plan

We will work to expand solid growth in the Energy and Infrastructure Business and improve companywide earnings while revising the upside of targets in the final year of the Medium-term Management Plan for both net sales and operating income.

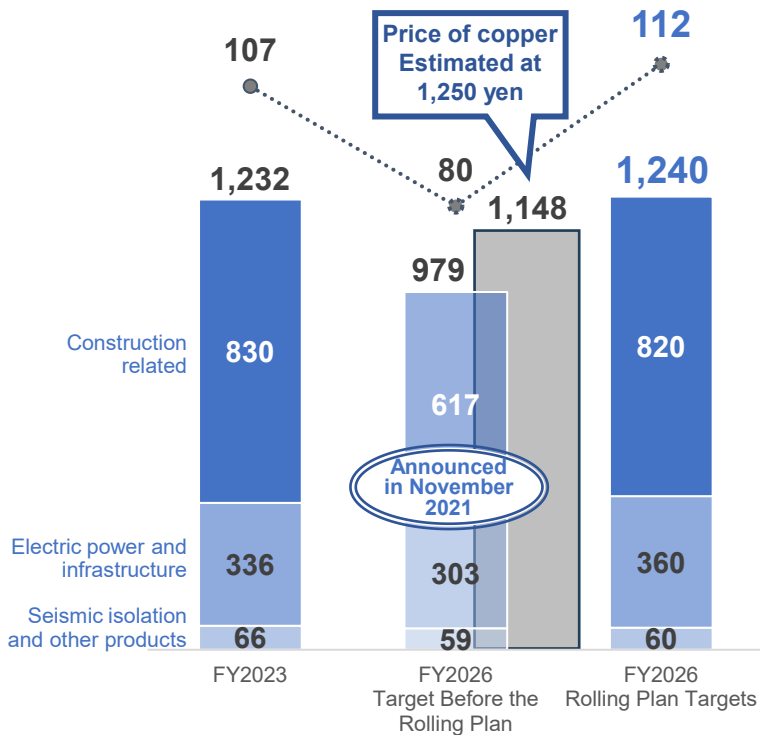


# Medium-term Management Plan: Progress on P/L by Business

## Energy and Infrastructure Business

Factoring in solid growth in construction-related and power infrastructure sectors, we have significantly revised **the upside of target values for the final year of the plan**

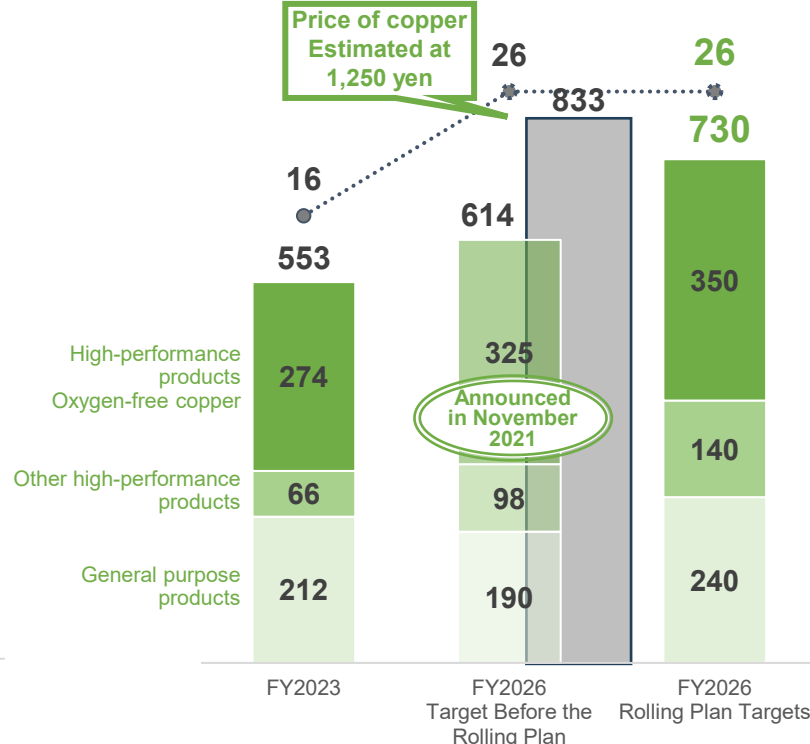
Net sales and operating income (100 million yen)  
Rolling Plan targets



## Electronic Equipment and Components Business

Factoring in a recovery in demand from FY2024 and beyond despite the impact from reduced automotive production over the past two years, **we have left target operating income unchanged for the final year of the plan**

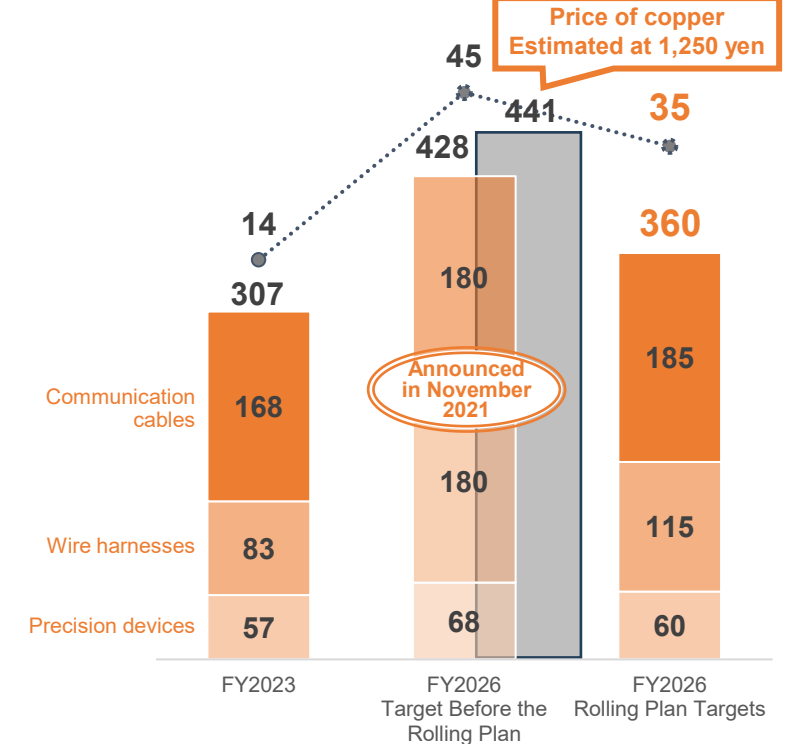
Net sales and operating income (100 million yen)  
Rolling Plan targets



## Communication and Industrial Devices Business

Factoring in delayed plans for wire harnesses and precision devices despite strong performance of communication cables, **we have revised target values downward for the final year of the plan**

Net sales and operating income (100 million yen)  
Rolling Plan targets



# Rolling Plan 2024: Business Investment Plan and Timing of Profit Contribution

We will introduce a Group-integrated system from FY2024 onwards and promote business streamlining. We will also strengthen investments in human capital, including welfare facilities. In FY2026, we will expand capital investment in the Energy and Infrastructure Business.

Plan Before the Rolling Plan  
Cumulative Investment  
from FY2022 to FY2026

**31.0 billion yen**

Plan After the Rolling Plan  
Cumulative Investment  
from FY2022 to FY2026

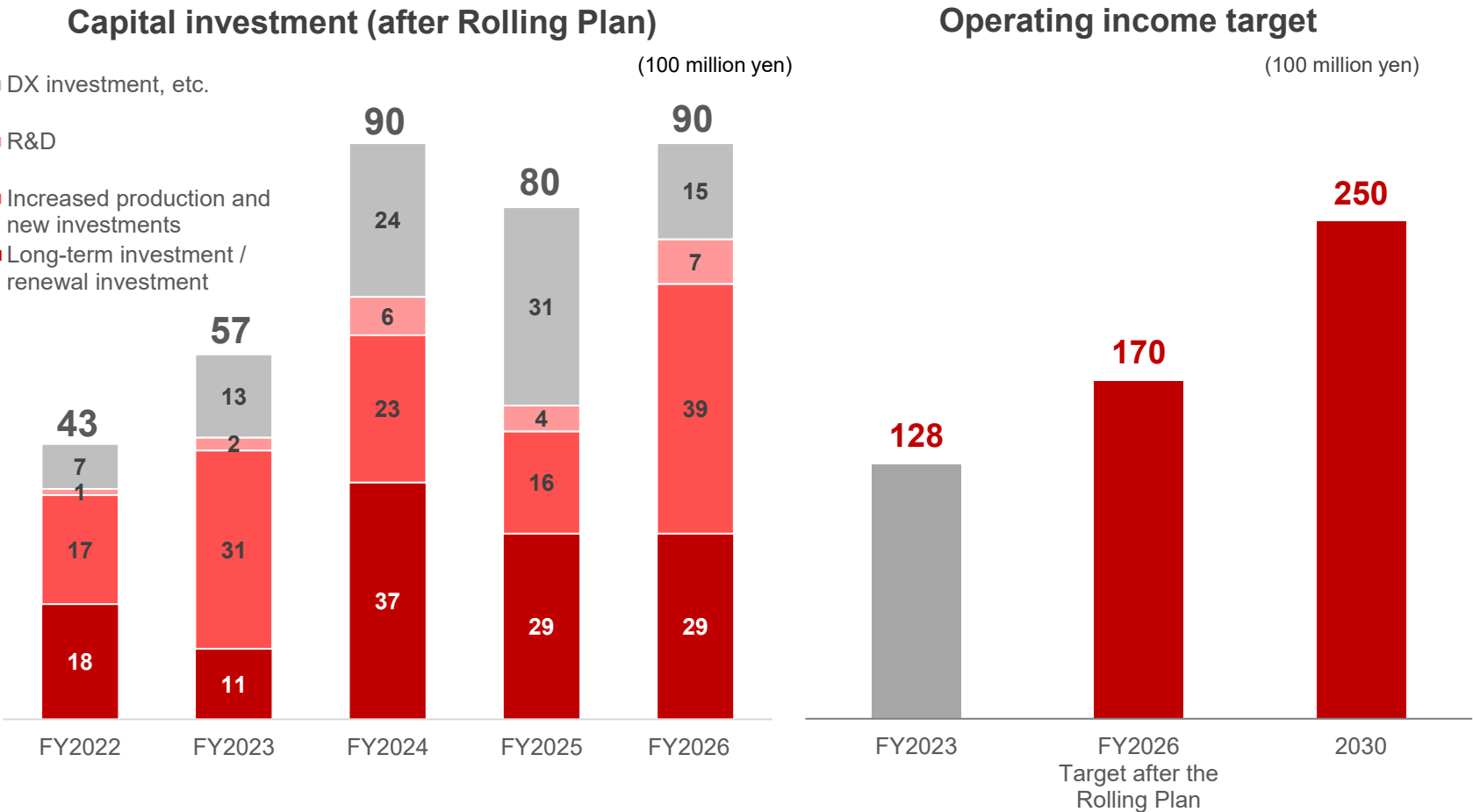
**36.0 billion yen**

Investment in long-term renovation  
and renewal: 12.4 billion yen

Increased production and  
new investments: 12.6 billion yen

R&D, etc.: 2.0 billion yen

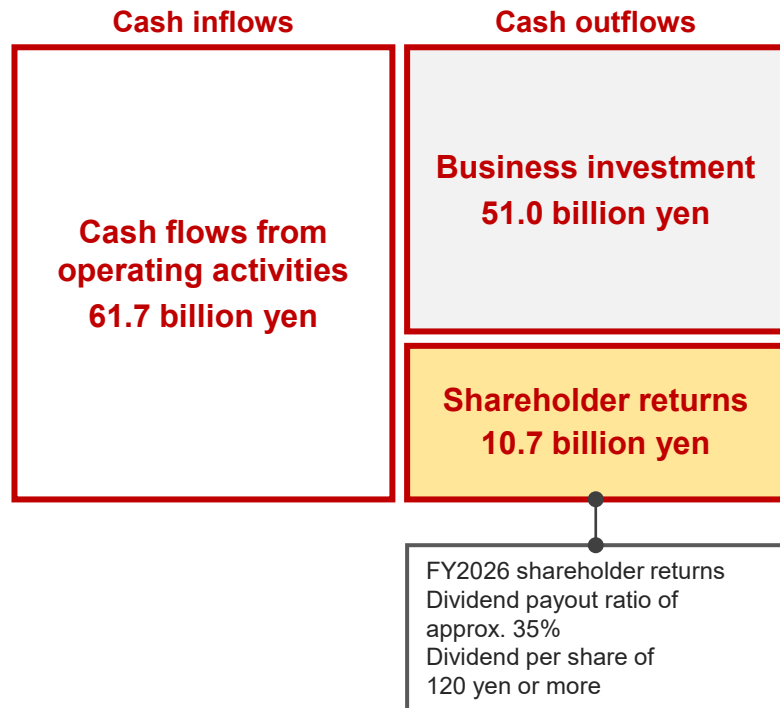
DX investment, etc.: 9.0 billion yen



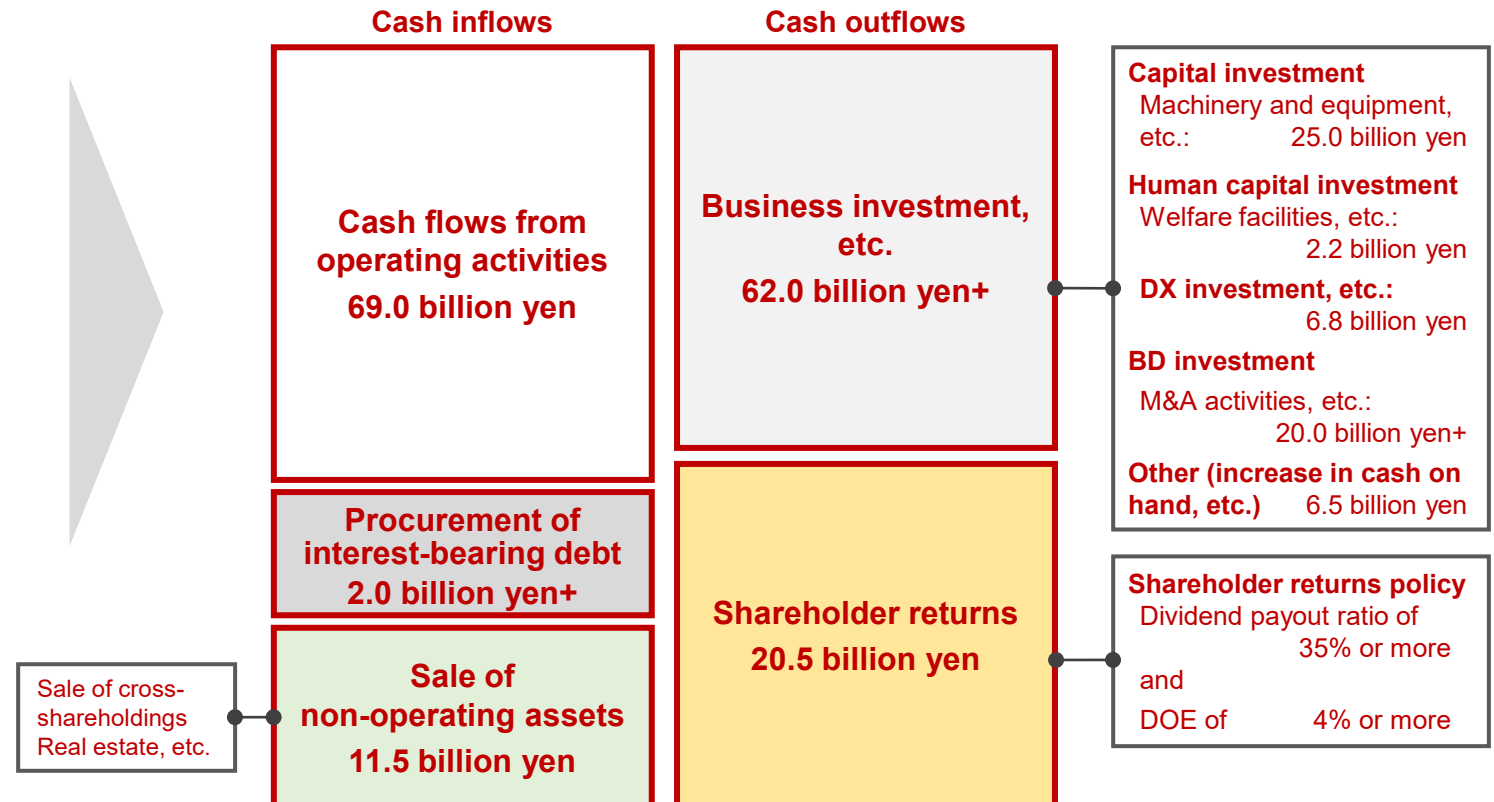
# Rolling Plan 2024: Key Points of the Cash Allocation in the Rolling Plan

We have **improved the ability to generate cash over the past two years** by improving capital efficiency through enhanced earning capabilities, a reduction in working capital and the sale of non-operating assets. Therefore in the **rolling plan, we will work to invest in business expansion that leads to future cash flow and enhance shareholder return.**

## Before the Rolling Plan (Cumulative Amount from FY2022 to FY2026)

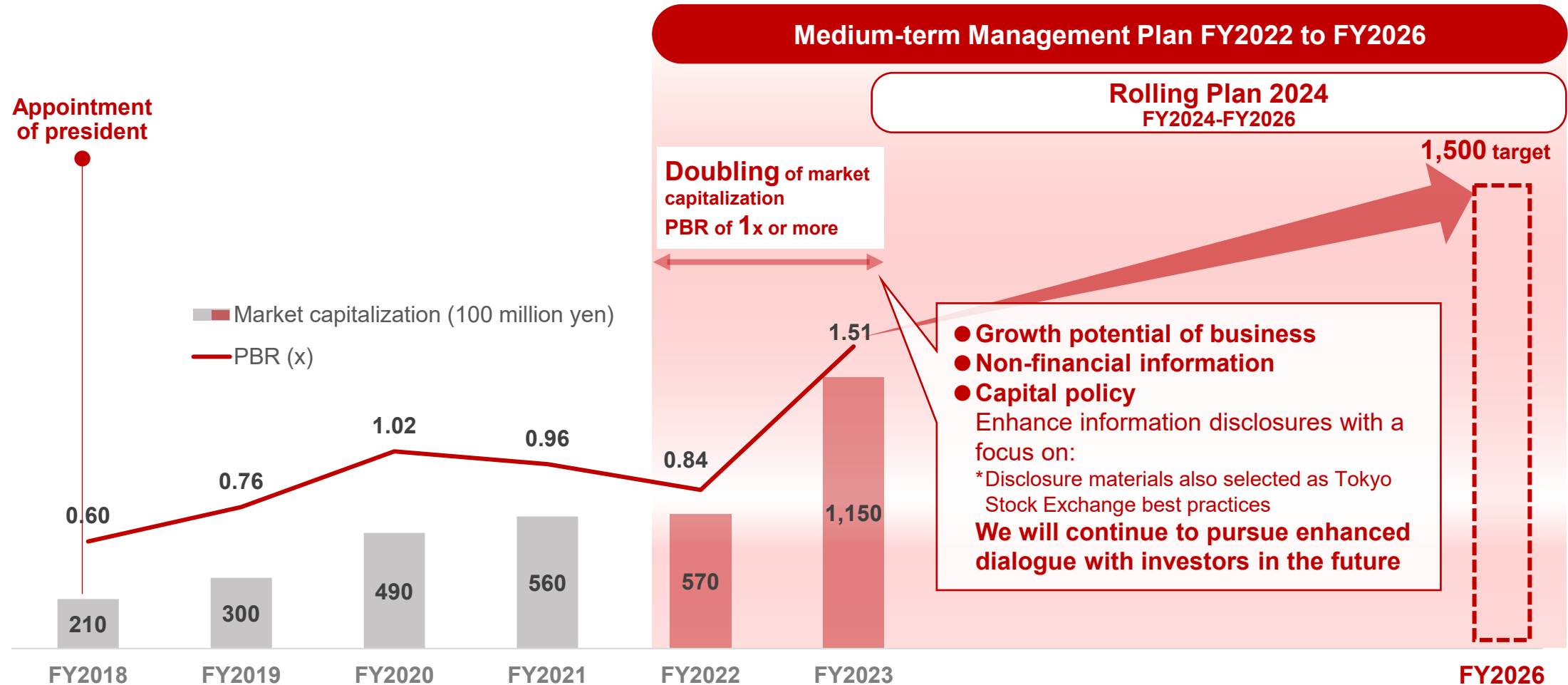


## After the Rolling Plan (Cumulative Amount from FY2022 to FY2026)



# Medium-term Management Plan: Change in Market Valuation

Regarding "action to implement management that is conscious of cost of capital and stock price," we will seek more in-depth dialogue with investors and firmly establish a **PBR of 1x or higher**.

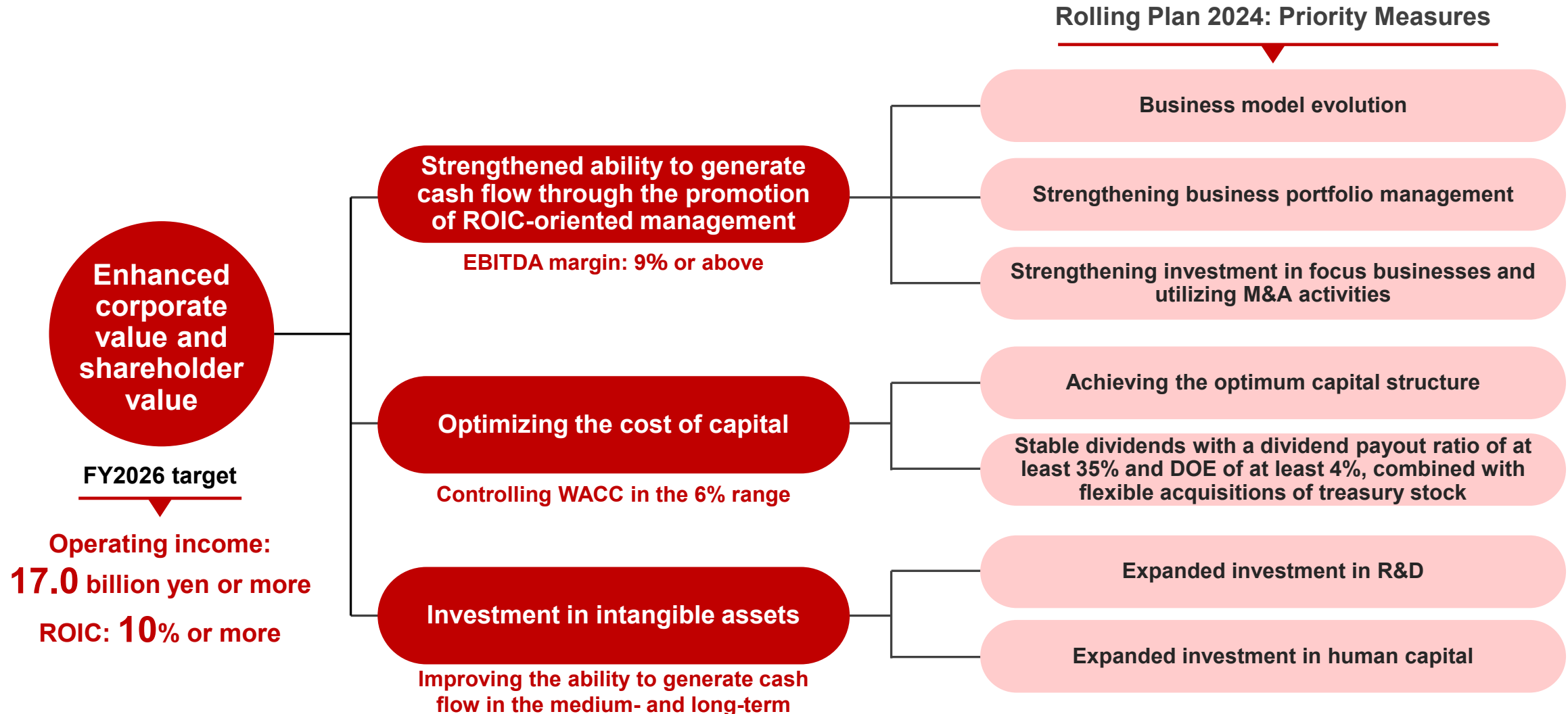


## 2. Priority Measures in Rolling Plan 2024

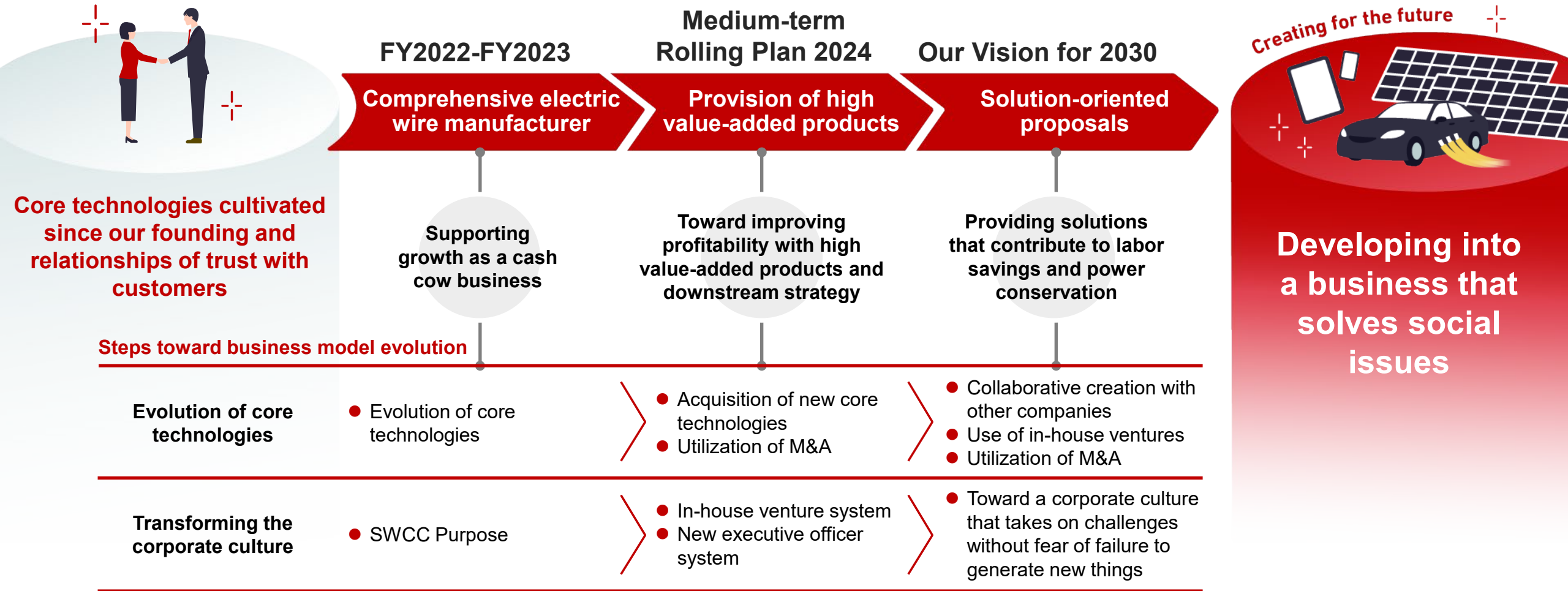
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# Rolling Plan 2024: Priority Measures to Enhance Corporate Value



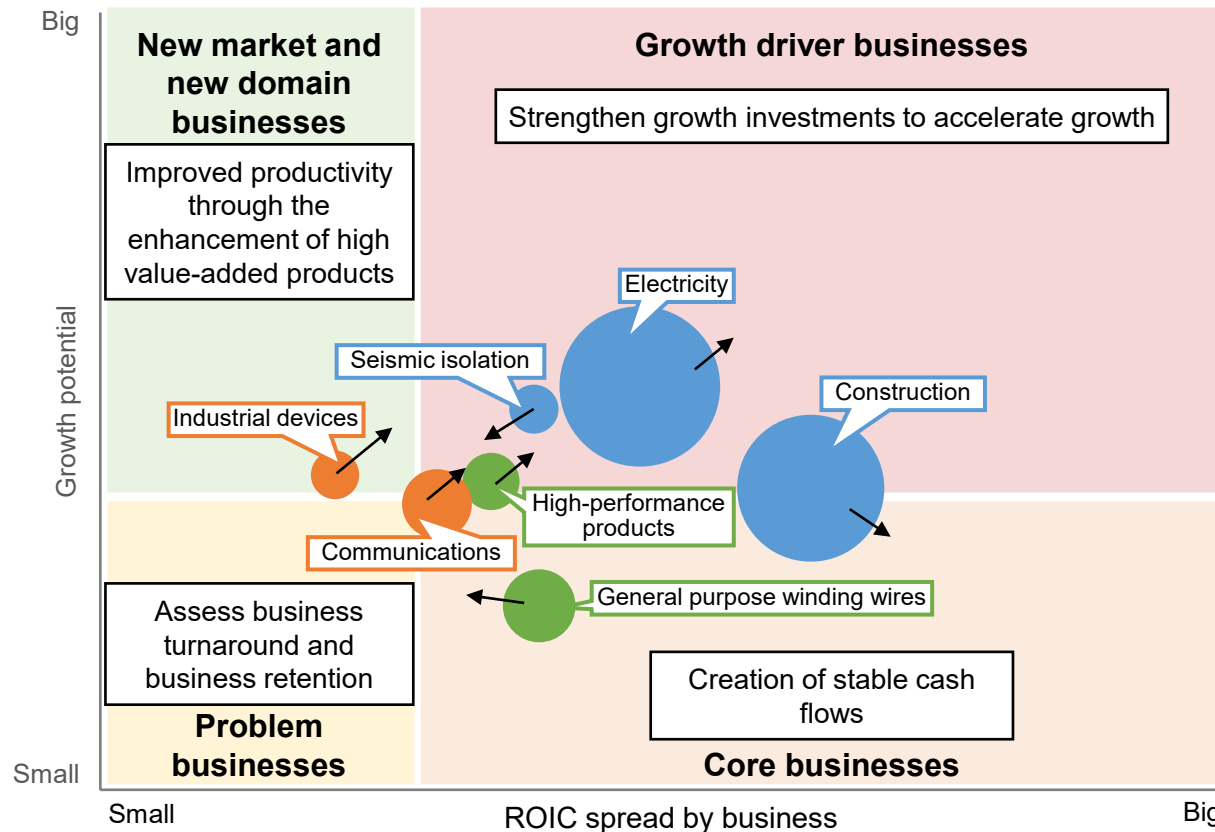
# Rolling Plan 2024: Evolution of Our Business Model to Achieve the Vision



# Rolling Plan 2024: Strengthening Business Portfolio Management

In light of the current positionings on a sub-segment basis, we will strengthen business portfolio management over the course of the Medium-term Management Plan up to FY2026.

## Business portfolio as of FY2023



## Business portfolio management over the course of the Medium-term Management Plan

### [Power]

Work to expand business through proactive growth investment in strategic products

### [Construction]

Enhance earning strength through DX promotion and pursue cash cow business in greater depth

### [Industrial Devices and Communication]

Enhance growth potential and profitability while working to transform into a growth driver business

### [High-performance Products]

Aim for business expansion in line with growth of the xEV market

### Identification of problem businesses

Assess business turnaround and business retention

- Competitive advantages
- Capital efficiency
- Our vision
- Growth potential
- Synergy with other businesses

### [Seismic Isolation]

Recognized as a problem business due to expected slowdown in growth potential and profitability

### [General Purpose Winding Wires]

Recognized as a problem business due to expected earnings decline due to intensifying competition

SWCC Group ROIC Calculation Formula

Corporate ROIC = Operating income after tax ÷ invested capital (shareholders' equity + interest-bearing debt) / Business-specific ROIC = operating income after tax ÷ invested capital (working capital + fixed assets)

# Rolling Plan 2024: BD Strategy (New Business and M&A Activities, etc.)

We will strengthen our **Business Development Strategy** (inorganic growth), an upside element to the Rolling Plan 2024 targets (organic growth), aiming to contribute to profit between FY2026 and FY2030.

## BD Strategy by Segment: Priority Measures + additional (Inorganic Growth)

Target domains where SWCC can apply its strengths and complement new domain technologies and its customer base

Energy and infrastructure

Strengthening the solution business

**Smart Stream Business + Utilization of M&A** → page 24

Electrical equipment and components

Strengthening of downstream strategy

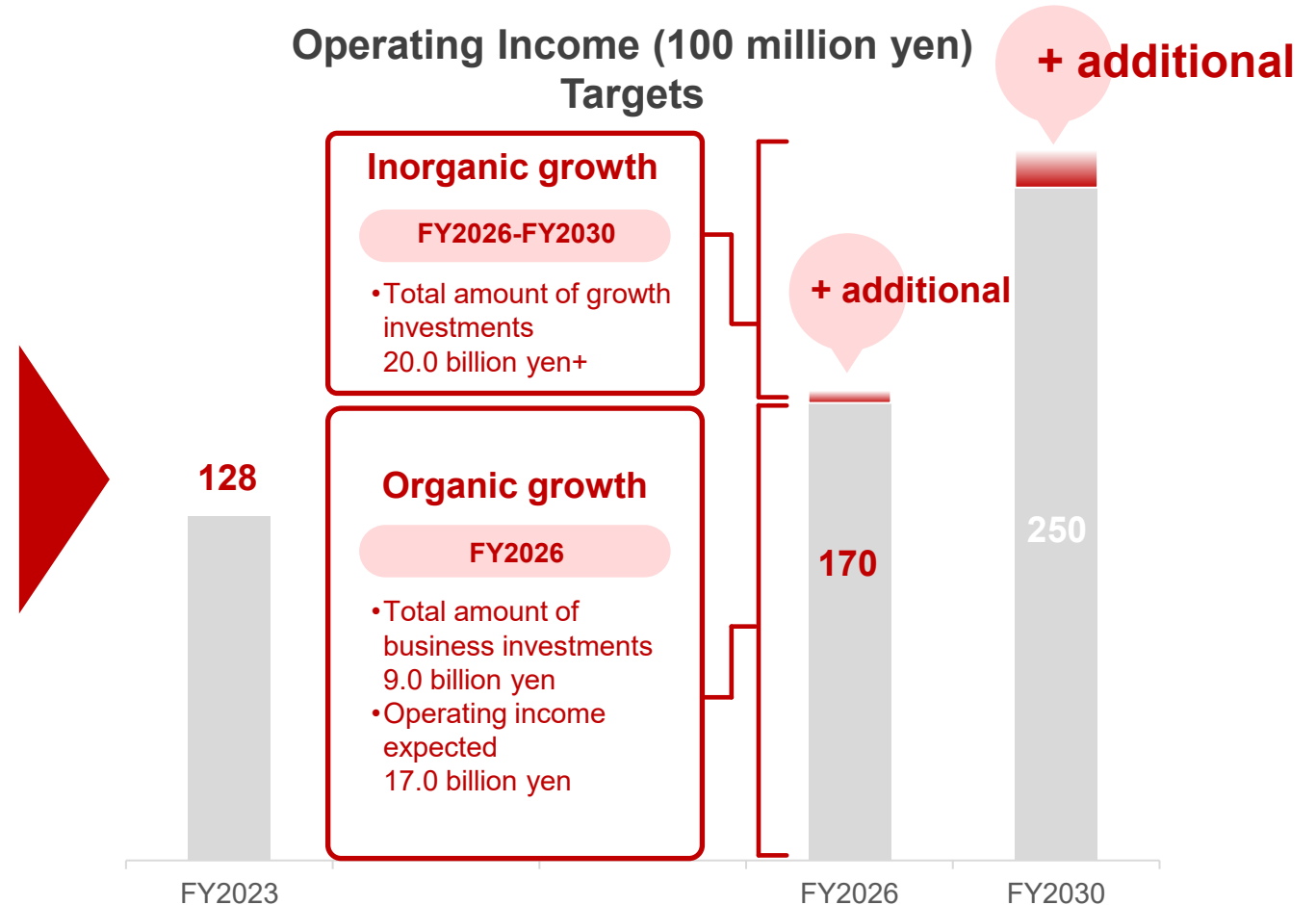
**Pursuing core technologies in greater depth + Utilization of M&A** → page 28

Communication and industrial devices

Expansion of overseas business areas

**Enhancement of strategic products + Utilization of partnerships** → page 31

## Operating Income (100 million yen) Targets



## 3. Business Strategy

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# Rolling Plan 2024: Growth Strategy for the Energy and Infrastructure Business (1)

## Market Forecast FY2024-FY2026

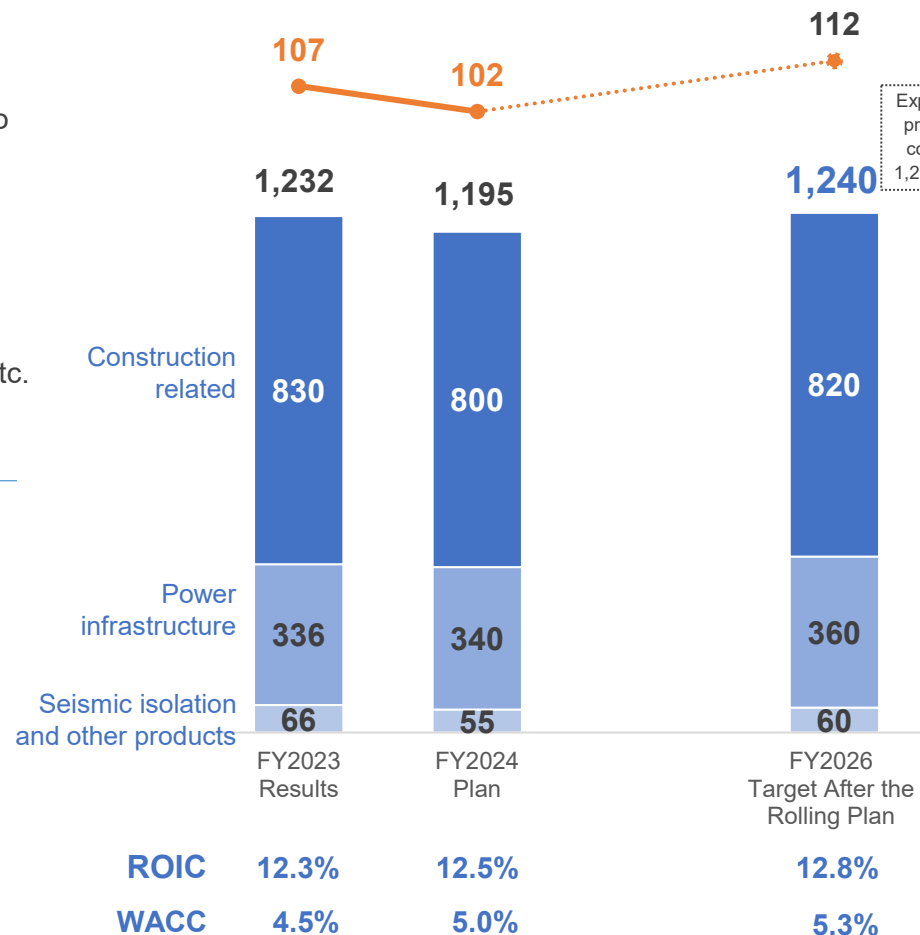
- Construction**
- Increased demand due to redevelopment activities in the Tokyo metropolitan area
  - Higher demand for new factory construction and the Osaka Expo
  - Lengthened construction schedules due to labor shortages
- Electricity**
- Expanded demand to upgrade aging equipment
  - Growth in demand to expand power transmission and distribution networks
  - Withdrawal of competitors
  - Expansion of demand for offshore wind, etc.
  - Growth in demand for large-scale data centers

## Basic Strategy

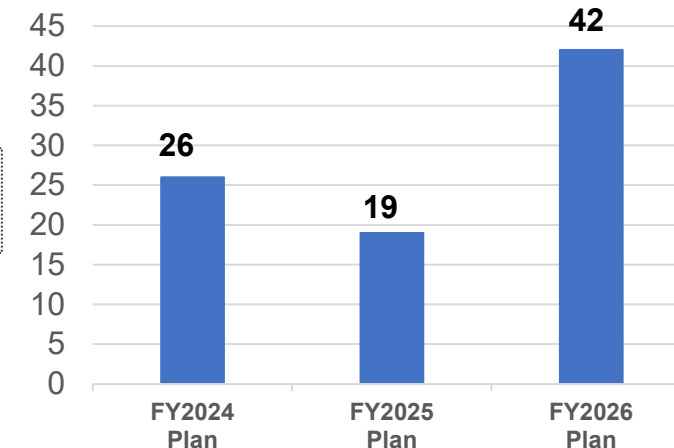
- Construction**
- Raise profitability with differentiating products (high-end disaster resilient cables, workload-reducing cables)
  - Improve profitability by implementing
- Electricity**
- Maximize contributions from investments in increased production of SICONEX® connectors for high-voltage power cables
  - Promotion of human resources training
  - Promotion of solution-oriented businesses (Smart Stream)

## Medium-term Rolling Plan Targets

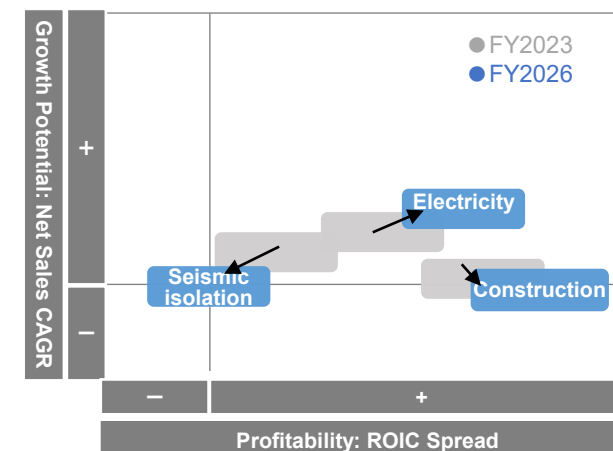
Net sales and operating income (100 million yen)



## Capital Investment Plan (100 million yen)



## Comparison of FY2023 and FY2026 Portfolios



# Rolling Plan 2024: Growth Strategy for the Energy and Infrastructure Business (2)

Enhancement of our strategic products and solutions (**SICONEX®/SICOPLUS®**) to meet growing demand for electric power driven by national policies

## Forecast of the domestic electricity market (based on SWCC research)

2014 onwards: Strengthening and taking action on aging (National Land Resilience Plan)

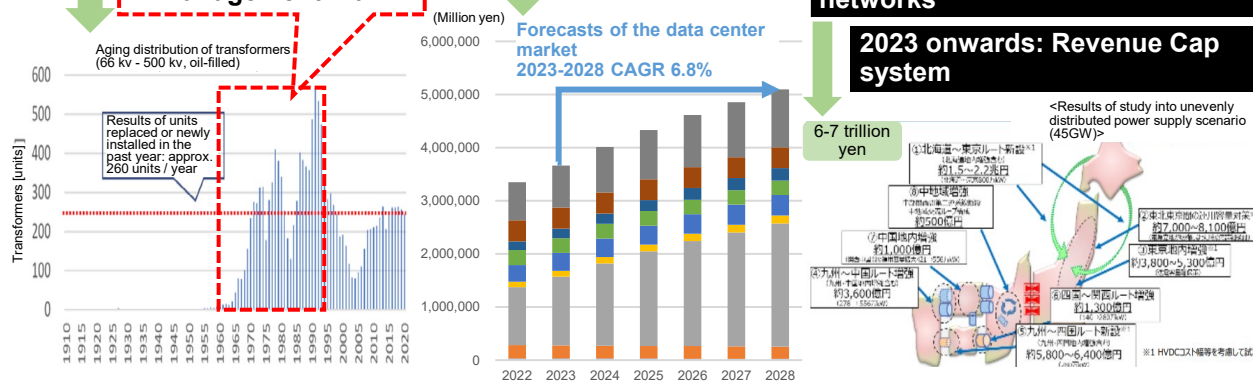
2020 onwards: private-sector renewable energy investment (publicly solicited offshore wind power)

Transformers coming due for renewal during our Medium-term Management Plan

2022 onwards: expansion of the data center market

2023 onwards: Development of renewable energy transmission networks

2023 onwards: Revenue Cap system



Source: Organization for Cross-regional Coordination of Transmission Operators, Japan (OCCTO), Aggregation of Electricity Supply Plans for FY2024

Source: Data Center Business Market Research Overview 2024 <Market Edition> Fuji Chimera Research Institute, Inc. \* 2023 figures are expected values, figures for 2024 and beyond are forecasts.

Source: Organization for Cross-regional Coordination of Transmission Operators, Japan (OCCTO) Long-term Policy for Wide-area Grid System (Master Plan for Wide-area Interconnection Grid <Supplement (Reference Edition)>

FY2023-FY2026 Transformer market CAGR: 11%, SWCC CAGR: 18% \*Based on SWCC research

		FY2023	FY2024	FY2026	FY2030
SWCC's share	Electric power company demand	51%	58%	71%	88%
	Private sector company demand	93%	93%	94%	95%

## Profit expansion strategy 1

## Three measures for the electricity market

Products

- Made into the de facto standard
- Enhancement of ultra-high voltage SICONEX®
- Consideration of further investments in increased production

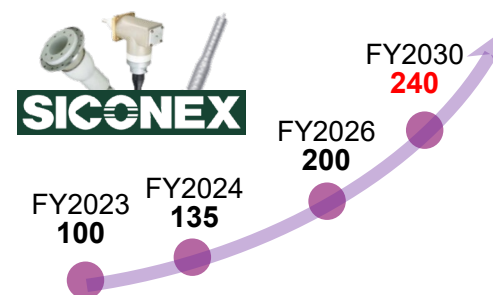
People

- Construction human resources center
- Expanded alliances with construction companies
- Transitioning internally-trained employees to work on ultra-high voltage

DX

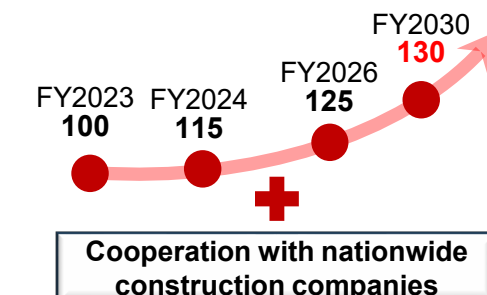
- Educational support through use of AVR
- Remote support, management solutions

## SICONEX® Sales Growth Plan



\* When FY2023 results are indexed to 100

## Construction Personnel Plan



\* When FY2023 results are indexed to 100

Cooperation with nationwide construction companies



# Rolling Plan 2024: Growth Strategy for the Energy and Infrastructure Business (3)

## Profit expansion strategy 2

## Roll out of Smart Stream to electric power companies (promotion of the solution business)

Challenges facing the electric power industry:

- Building resilience
- Extending and developing wide-area power transmission and distribution equipment
- Aging equipment
- Improving productivity and ensuring safety

Ensuring construction supply capabilities

Preventing incidents

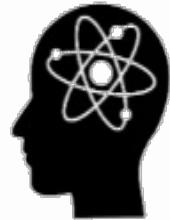
Reducing labor required for equipment maintenance and streamlining equipment management

### Developing a lineup of solutions

AVR



AI (image / forecasting)



Remote support and management

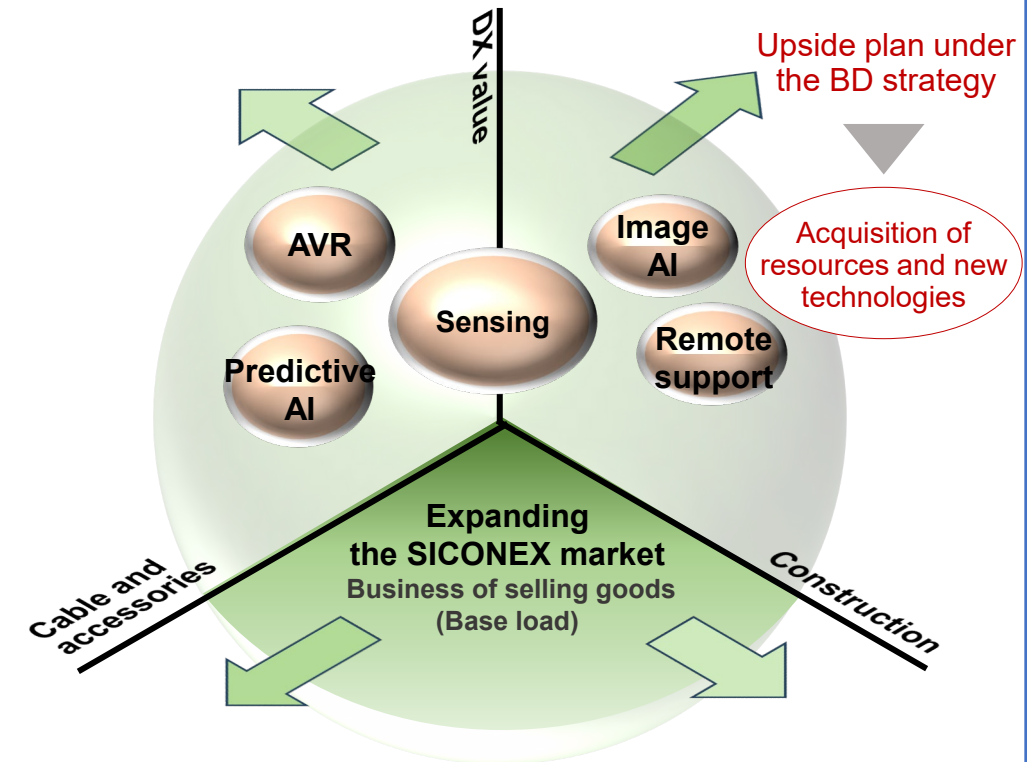


Sensing



## Development of a solution business

Providing solutions offering safety and peace of mind  
(technical skills transfer, improved efficiency, elimination of occupational accidents)

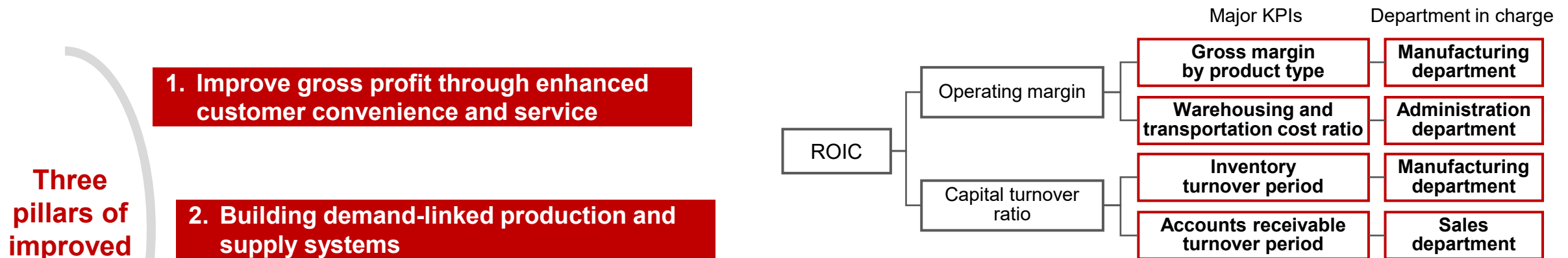




# Rolling Plan 2024: Growth Strategy for the Energy and Infrastructure Business (4)

In building-related businesses, which account for **40% of Group sales**, we will **promote DX using ROIC as an indicator** to improve profitability. This will **expand the contribution to Group profit**.

- Implement DX across departments, leading to improved ROIC



- Effects of improved ROIC through DX adoption

	FY2022	FY2023	FY2026 Targets
Number of days for inventory turnover	42 days	42 days	36 days
Profit contribution (Compared to FY2021)	0.5 billion yen	0.57 billion yen	1.0 billion yen
CCC	82 days	72 days	72 days

# Rolling Plan 2024: Growth Strategy for the Electric Equipment and Components Business (1)

## Market Forecast FY2024-FY2026

High-performance products

- Expanding recovery of demand for HEV despite a slowdown in BEV adoption
- Widespread adoption of CASE
- Growth in demand for motors

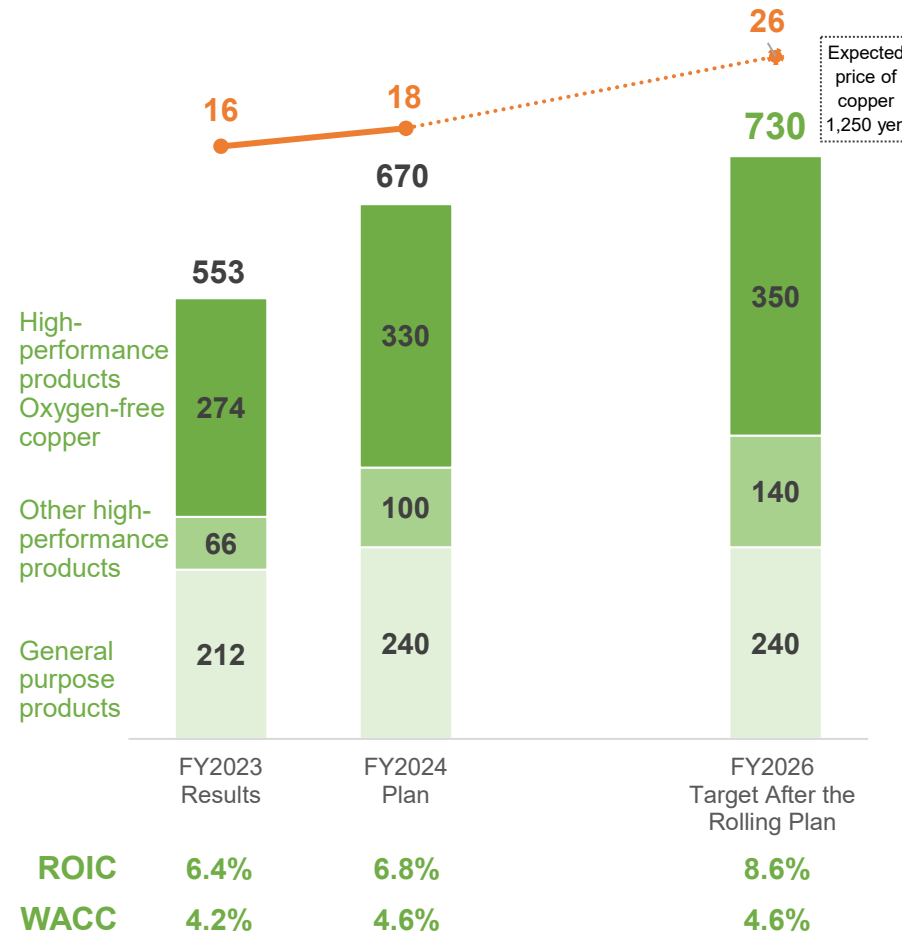
## Basic Strategy

High-performance products

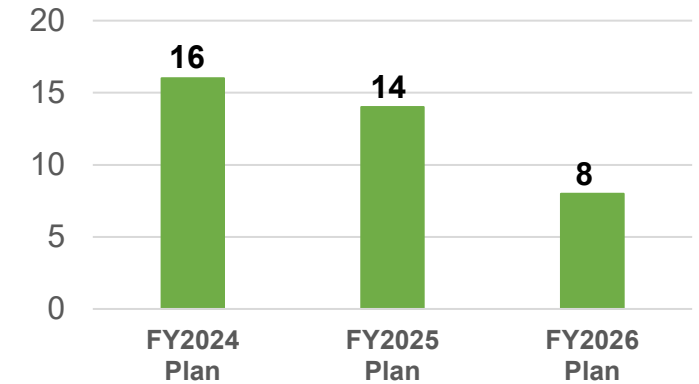
- Building a flexible system for BEV and HEV adoption
- Development and manufacturing of new high value-added products
- Launch of green vehicle winding wire (CO<sub>2</sub> reduction)
- Increased production of heater wires
- Development of probe pins for semiconductors
- Joint development with Tohoku University
- Structural reforms (Development of an integrated production system for heater wires: FY2025 onwards)

## Medium-term Rolling Plan Targets

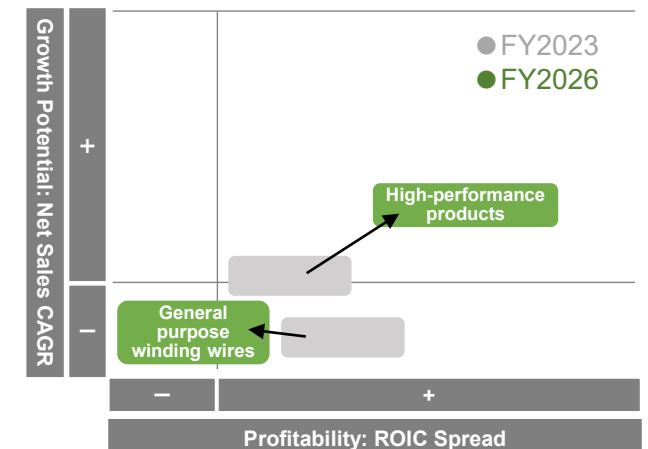
Net sales and operating income (100 million yen)



## Capital Investment Plan (100 million yen)

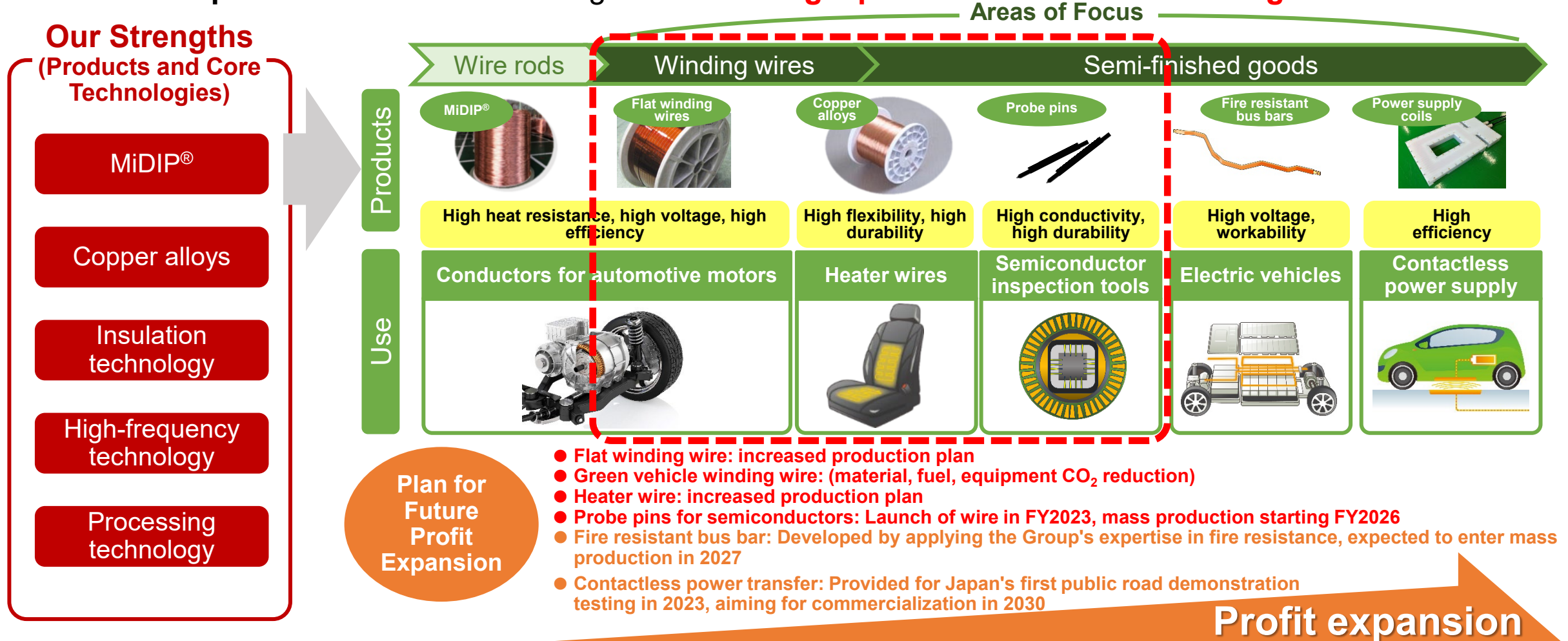


## Comparison of FY2023 and FY2026 Portfolios



# Rolling Plan 2024: Growth Strategy for the Electric Equipment and Components Business (2)

We will shift from an upstream to **downstream strategy**, increasing profit by shifting positioning to high **value-added products** that take advantage of our **strategic products and core technologies**.



# Rolling Plan 2024: Growth Strategy for the Electric Equipment and Components Business (3)

## Profit expansion strategy 1



### Green vehicle winding wire

Begin sales of **green vehicle winding wire** from 2025 against the backdrop of demand for low carbon materials from customers



2030

Expand sale of green vehicle winding wire

2025

Sales launch of green vehicle winding wire

Scope 3 (Cat. 1)  
For amount of procured materials  
reduction of up to 50%\*

2024

Application of green energy  
First introduction in Japan, production using high-efficiency equipment

Scope 1 + Scope 2  
80% reduction for amount of fuel and electricity consumption\*

\* Limited to automotive winding wire

2023

Production using existing methods

Have greenhouse gas emissions (Scope 1 + Scope 2) verified by a third party organization

## Profit expansion strategy 2

### Increased production of heater wires

Expansion of the alloy wire domain:  
collaborative research with Tohoku University

Anticipate global expansion of demand and strengthen investment in increased production and enhance lineup

Enhance the lineup of heater wires as a downstream strategy

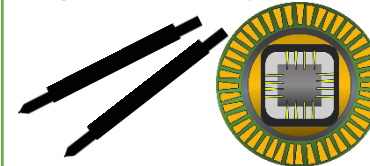


Consolidate the process from basic research at Tohoku University to product development and manufacturing at SWCC in the Sendai area to develop next-generation technologies and products.

## Profit expansion strategy 3

### Development and mass production of probe pins

Target high revenue markets utilizing SWCC's unique characteristics (high conductivity and hardness)



Semiconductor inspection probe  
Advanced logic / special automotive applications

<Roadmap>

FY2026 target  
Development of mass production of pins

FY2024-FY2025 target  
Pin commercialization and acquisition of customers

FY2023 result  
Launch of wire for pins

Upside plan under the BD strategy

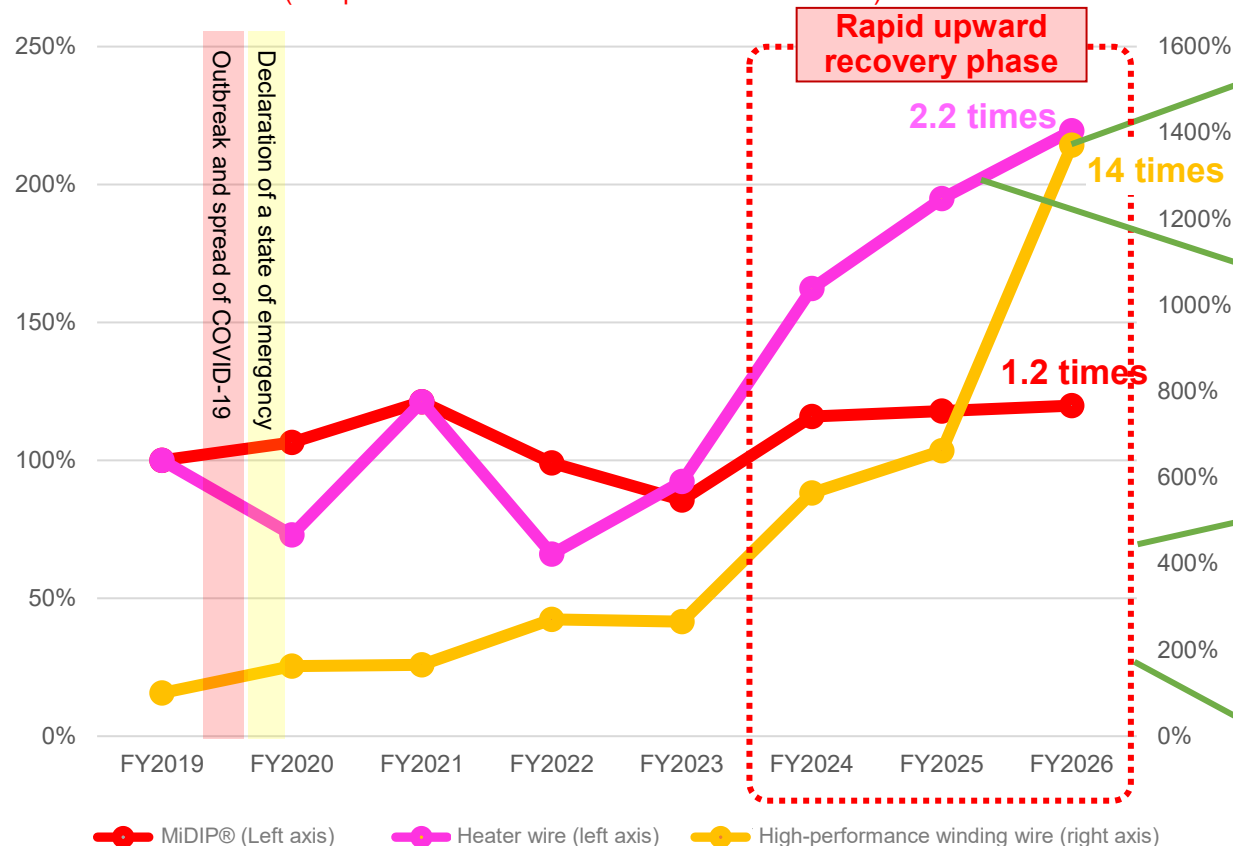
Incorporate downstream processes to expand profit

# Rolling Plan 2024: Growth Strategy for the Electric Equipment and Components Business (4)

**We also expect an upside to shipping forecasts through the development and increased production of high added value products with high profit margins**

## Change in shipping volume by high-performance product category

(Pre-pandemic levels estimated to an index of 100)



**1** Strengthen strategic product branding through the development and manufacturing of green vehicle winding wire, **anticipating rapid expansion of demand.**

**2** Anticipate expanded demand in the heater wire sector **and plan to invest in significant production increases from FY2025 onward.**

**3** **Began entry into the semiconductor market (probe pins) in FY2023 (market launch in Taiwan complete), shifting to mass production from FY2026 onward.**

**4** **Promote the development of high value-added product lines** through the establishment of the **Mobility Development Center** and roll out an intellectual property strategy through **utilization of the IP landscape.**

# Rolling Plan 2024:

## Growth Strategy for the Communication and Industrial Devices Business (1)

### Market Forecast FY2024-FY2026

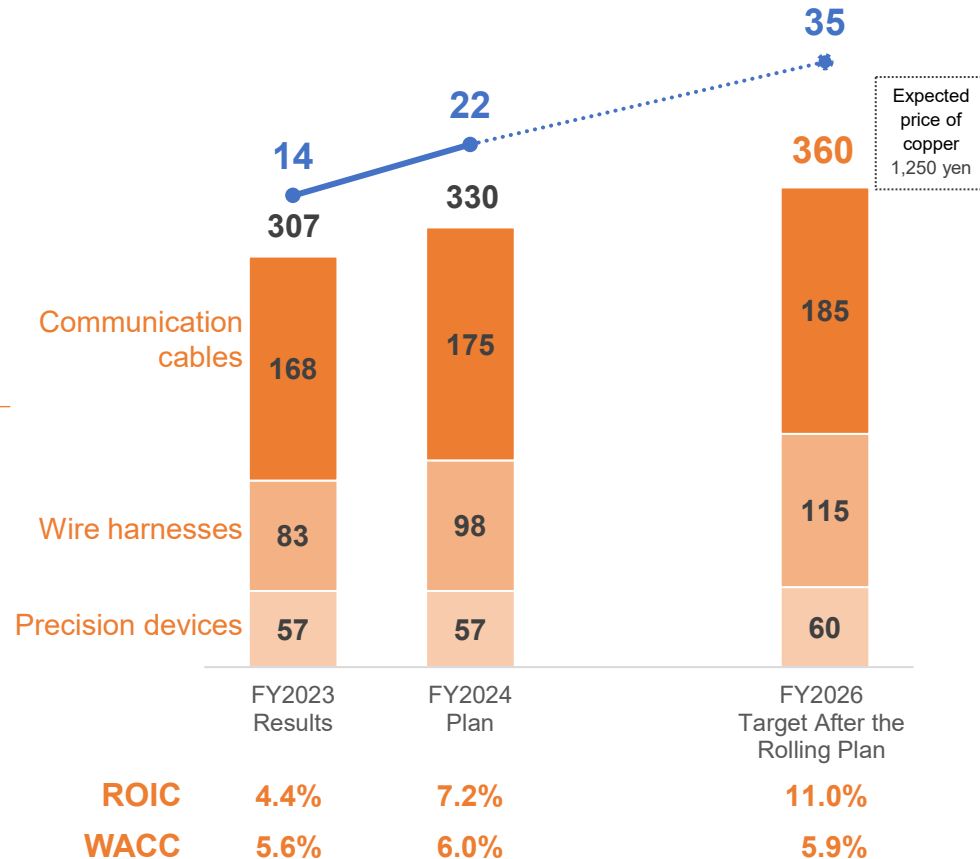
- Communications**
  - Increase in telecommunications equipment and traffic
  - Expansion of overseas telecom and datacom markets
  - Growth of the ADAS market
- Industrial devices**
  - Slight uptick in Japanese home appliance demand
  - Slowing home appliance market expansion in China and Southeast Asia
  - Greater demand for high-end home appliances
  - Diversification of commercial printing demand

### Basic Strategy

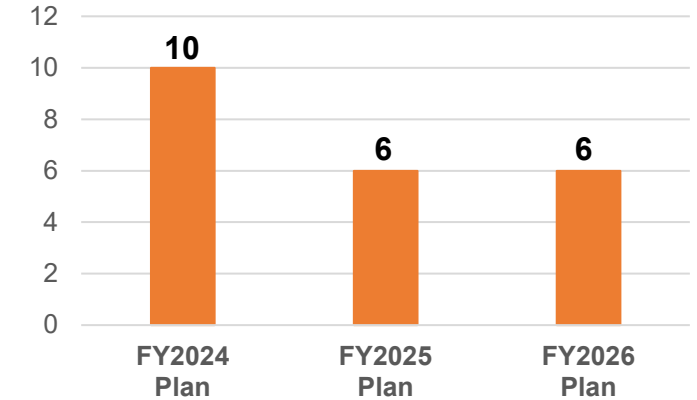
- Communications**
  - Capturing of robust demand for office LAN
  - Investment in increased production of automotive high-speed communication cables
  - Development of new partners for e-Ribbon®
- Industrial devices**
  - Wire harnesses and precision devices
  - Expansion of (roller) business domain

### Medium-term Rolling Plan Targets

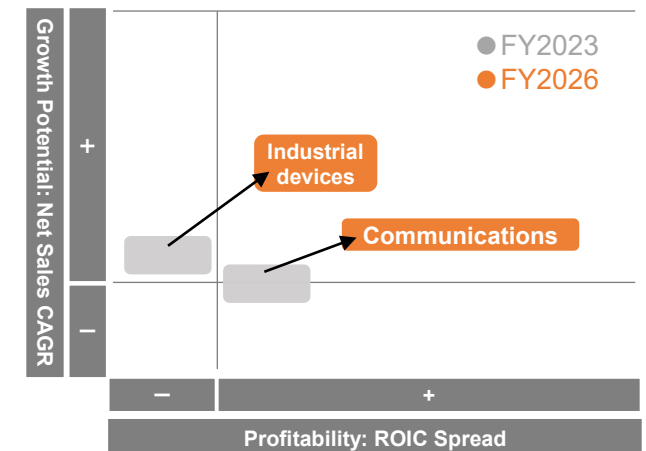
Net sales and operating income (100 million yen)



### Capital Investment Plan (100 million yen)



### Comparison of FY2023 and FY2026 Portfolios





# Rolling Plan 2024:

## Growth Strategy for the Communication and Industrial Devices Business (2)

### Profit expansion strategy 1

#### Expanded entry into the automotive high-speed communication market

##### Target Markets

##### Automotive camera market

In the realization of advanced driver assistance systems (ADAS) and autonomous driving systems (ADS), viewing cameras and sensing cameras contribute to **improved safety** and the **widespread adoption of autonomous driving technologies**

##### Winning Strategy Story

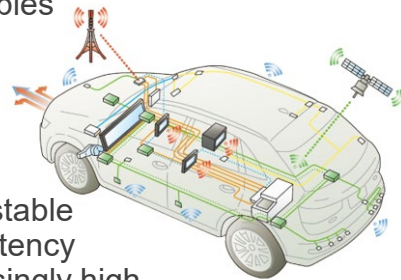
##### Partner strategy with Tier 1 partners (domestic and overseas)

Collaboration with leading Tier 1 partners  
Enhanced lineup of automotive high-speed transmission cable types  
Strategy for high added value by incorporating extra features in cables



##### <Product Superiority>

- Achieves high-speed data transmission with stable transmission and high frequencies with low latency and noise resistance for cameras with increasingly high resolutions and enhanced functionality
- Ensures advanced automotive environmental performance (oil and chemical resistance, abrasion resistance, temperature resistance, etc.)



### Profit expansion strategy 2

#### e-Ribbon® overseas partnership strategy

##### Target Markets

##### Telecom and datacom markets

North America: Increased demand due to booming FTTx and DC markets and compliance with Build America, Buy America (BABA) requirements.

Europe: Solid demand will continue despite slowdown of FTTx market growth

Asia: Expanded demand toward the Taiwan FTTx market and increased demand due to the booming Asia DC market

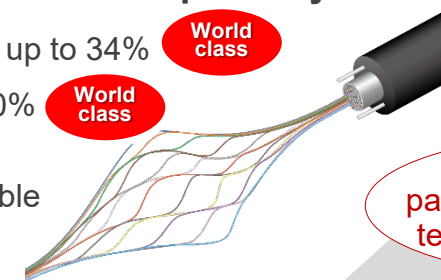
##### Winning Strategy Story

##### Overseas partnership strategy utilizing technological advantages

We will utilize our technological capabilities that make us one of only five companies in the world capable of mass production and roll out a local-production-for-local-consumption strategy through overseas partnerships.

##### e-Ribbon® <Product Superiority>

- Outer diameter reduced by up to 34% **World class**
- Weight reduced by up to 40% **World class**
- Capable of simultaneous adhesive bonding with flexible ribbons



Upside plan under the BD strategy

Building overseas partnerships that maximize technological advantages

# Rolling Plan 2024: Growth Strategy for the Communication and Industrial Devices Business (3)

## Profit expansion strategy 3

Strengthened competitiveness and multifaceted expansion  
through overseas partnerships for wire harnesses

### To Date

Specialization in products for high  
grade home appliances produced  
by leading Japanese manufacturers

(High-grade home appliances)



#### Progress made in structural reforms

##### (1) Diversification of production sites

(Two sites in China, one site in Vietnam)

##### (2) Promoting local procurement, and local production for local consumption

(FY2022 Chinese site procurement rate: 74%)

Good  
relationships  
with Japanese  
companies



### Future Growth Strategy

Strengthening competitiveness through Chinese joint  
venture company established with motor manufacturer

Enhanced competitiveness through **cost  
reductions and quality improvements**  
Promotion of stable supply through the  
decentralization of sites

(2024 launch)

For high-end home appliances  
For regular home appliances



Multi-faceted expansion through a Chinese joint  
venture company established with an automotive  
components company and autonomous driving  
software development company

Rapid entry into the **ADAS-related component  
market** through collaboration with a company that  
develops automotive sensors and radars

(2024 launch)

For autonomous driving





# Rolling Plan 2024: Strategy for the Overseas Business

Growth of the overseas business was delayed from our initial plans. We will accelerate growth of the overseas business by implementing new additional measures.

## Results During the Medium-term Management Plan

- Established a local-production-for-local-consumption model for wire harnesses and precision devices
- Established a wire harness joint venture

## Challenges During Rolling Plan 2024

- Expansion into the automotive components field
- Expansion of the precision device (roller) field
- Establishment of partnerships in anticipation of a new overseas expansion for e-Ribbon®
- Further strengthening overseas governance

## Ongoing Measures

Parallel expansion with Japanese customers  
Entry into new markets

## Additional Measures in Rolling Plan 2024

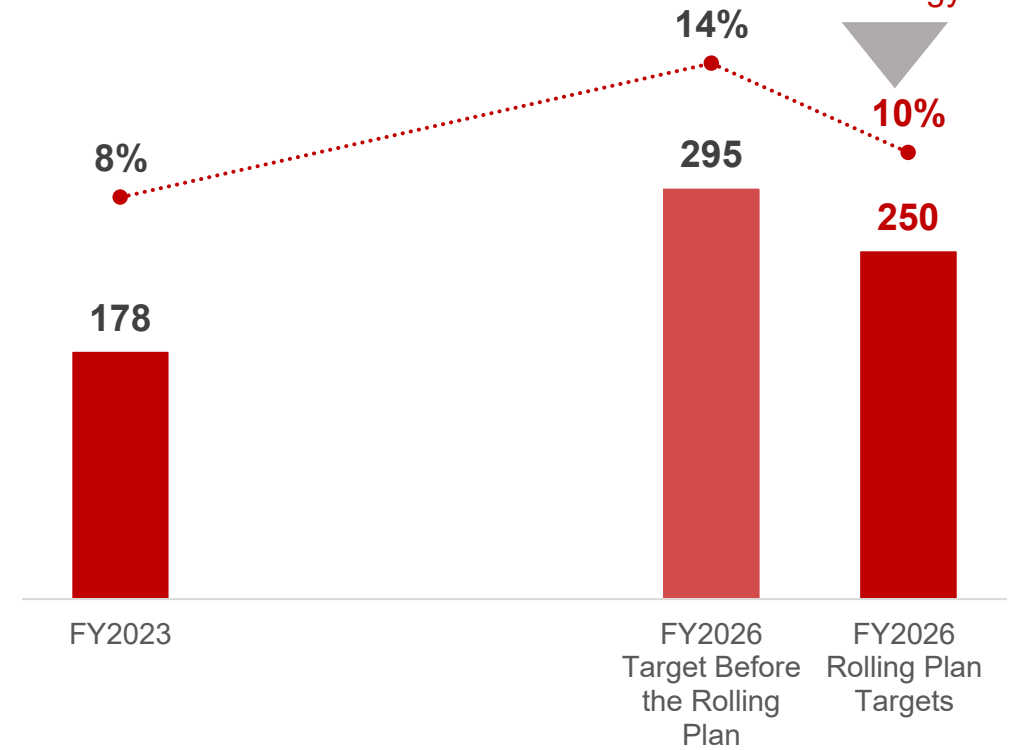
Enhancement of the overseas business utilizing product technologies

Development of new partners in the overseas business

Head offices for each overseas region  
(strengthening governance and investment efficiency in the overseas business)

Overseas net sales (100 million yen) and percentage of overseas sales

Planned upside under the BD strategy



## 4. Capital Policy and Financial Strategy

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# Approach to Financial KPIs

## FY2026 Targets

Toward a market capitalization  
of 150 billion yen  
Rating of A- or higher

**Improved  
corporate  
value and  
shareholder  
value**

Total shareholder return

### TSR expansion

- Increase in the share price
- Increased dividends

Outperforming TOPIX  
(including dividends)

### Expanded equity spread

- ROE of 14% or more

\* Cost of shareholders' equity assumed to be  
9% or lower

### Enhanced shareholder returns

- Dividend payout ratio of 35%  
or more  
and
- DOE of 4% or more

### Improved cash flow

- EBITDA margin of 9% or above
- Improved CCC of 80 days or less

### Improved asset efficiency

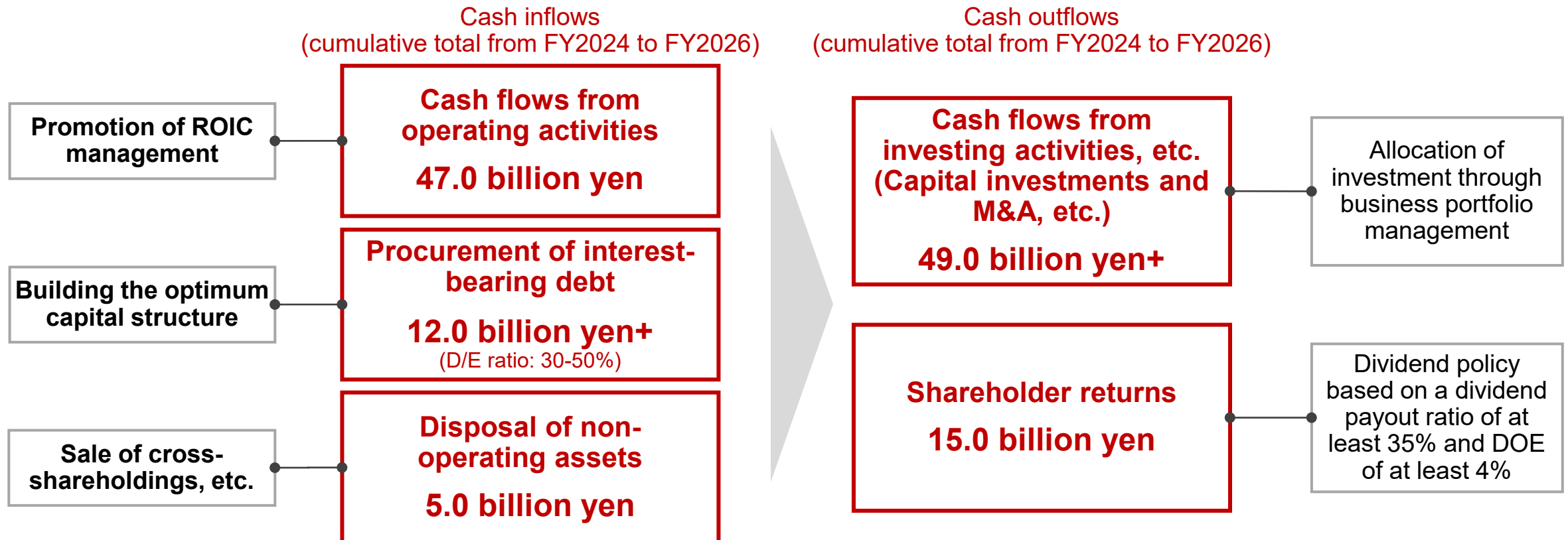
- ROIC of 10% or more
- Business portfolio management

### Optimized cost of capital

- D/E ratio between 30% and 50%
- Capital adequacy ratio of around  
50%
- WACC controlled in the 6% range

# Cash Allocation

In addition to generating business revenue, we will also make progress in reducing non-operating assets in an effort to enhance growth investments and shareholder return. Additionally, for major investments such as M&A actions, we expect to apply a certain degree of leverage through debt financing from the perspective of reducing WACC.



# Shareholder returns

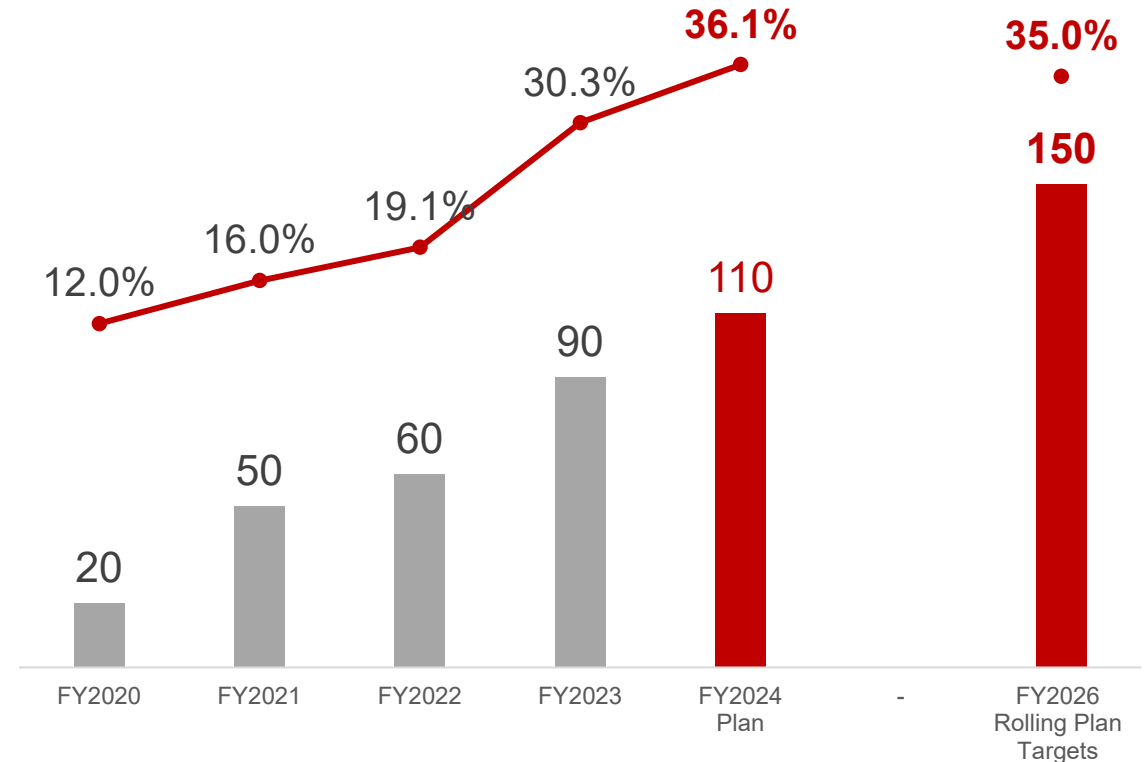
In addition to dividends based on a dividend payout ratio of at least 35% and DOE (dividend on equity) of at least 4%, we will consider the flexible acquisition of treasury stock, comprehensively taking into account financing needs for growth investment and other factors.

## Shareholder return policy

**Dividend payout ratio of at least 35%  
and DOE of at least 4%**

Taking into account the situation with accumulating shareholders' equity, we have set a new DOE (dividend payments divided by shareholders' equity) as the minimum threshold for dividends, to ensure that a certain level of return is provided to shareholders even if a downturn in earnings has occurred.

## Trend in dividends per share (yen) and the dividend payout ratio



## 5. Strengthening Intangible Assets and the Management Base

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# Sustainability Management

Through trust and innovation, we will seek to solve social issues and enhance corporate value, creating a sustainable and prosperous future society.

## Material Issues of the SWCC Group: Social Issues to be Tackled by SWCC with High Priority

<p>[Technology] <b>Creating Our future</b> Our <b>future</b></p> <p>We will realize a more prosperous society with key technologies that help solve social issues.</p> <div> <div>7 AFFORDABLE AND CLEAN ENERGY </div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES </div> </div>	<p>[Environment] <b>Being friendly to Our earth</b> Our <b>earth</b></p> <p>We will contribute to environmental action throughout the supply chain to help mitigate climate change.</p> <div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION </div> <div>13 CLIMATE ACTION </div> </div>	<p>[Community] <b>Our partnership to work together</b> Our <b>partnership</b></p> <p>We will help realize sustainable communities, revitalizing local communities.</p> <div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE </div> <div>17 PARTNERSHIPS FOR THE GOALS </div> </div>	<p>[People] <b>Helping Our people shine</b> Our <b>people</b></p> <p>We will provide equal employment opportunities and a platform to take on new challenges, fostering the growth of individuals and the organization alike.</p> <div> <div>5 GENDER EQUALITY </div> <div>8 DECENT WORK AND ECONOMIC GROWTH </div> </div>	<p>[Governance] <b>Our governance for better company</b> Our <b>governance</b></p> <p>We will develop a governance structure in which risk management and compliance are strengthened and corporate value is not impaired.</p> <div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS </div> </div>
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# Strengthening Research and Development

## Base technologies

Material technologies

Production technologies

Evaluation technologies

Promoting collaboration with universities, open innovation and M&A to advance new business creation efforts

**Simulation, AI and database acquisition**

Exploring technologies and pursuing them in greater depth

**Enhancing base technologies**

We collaborate with universities, research institutes and startups to improve our key core technologies and base technologies, including copper alloys.

**Target Business Model**

**Data business and solution business**

Collaboration with outstanding startups that possess cutting-edge technologies and business models  
Accelerating development through collaboration with partners who possess specialized knowledge

In-house R&D

Utilization of M&A

Open innovation

**Current Business Model**

**Comprehensive electric wire manufacturer**



Informatics  
K-PRO high-speed horizontal furnace



Designing material compounds through MI



[Tohoku University Co-creation Research Center]

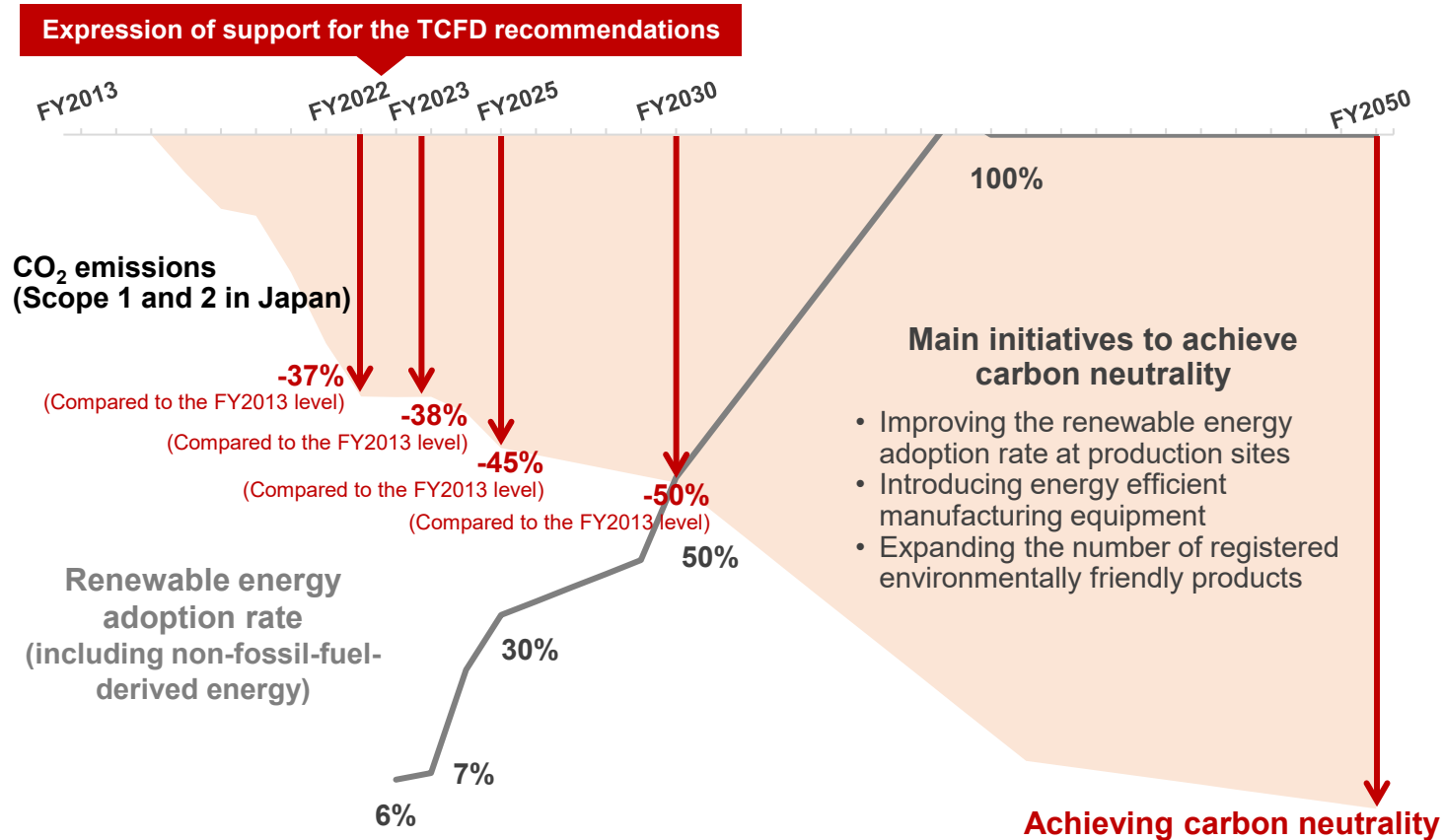
R&D and human resource training on copper alloys and other innovative materials



# Contributing to a Decarbonized Society

We implement a range of measures at our manufacturing sites in Japan, from the introduction of renewable energy and promotion of non-fossil fuel-derived energy procurement to the installation of high-efficiency, labor-saving equipment driven by new technologies, and working with our business partners to reduce emissions derived from materials (Scope 3 Category 1). **These are part of our efforts to achieve carbon neutrality by 2050.**

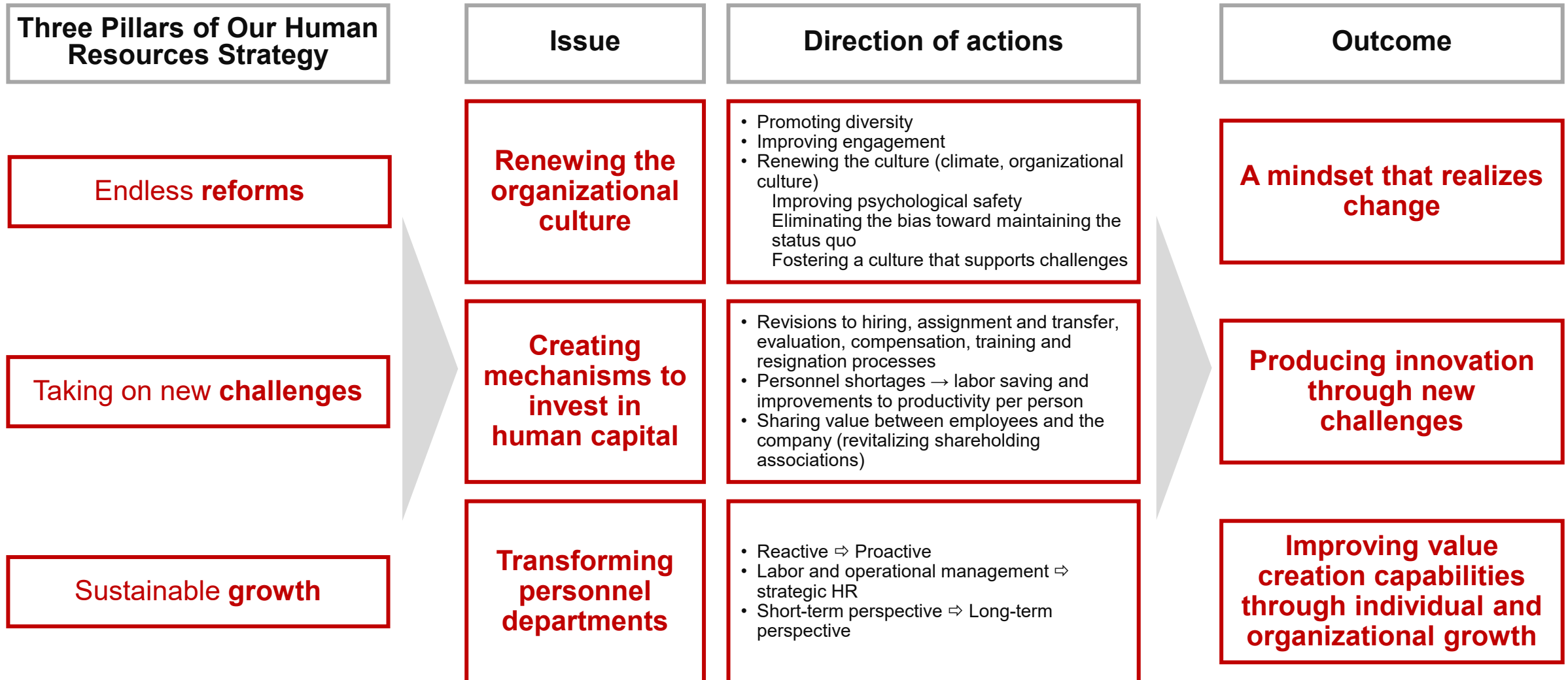
## Roadmap to Carbon Neutrality by FY2050



## Actual GHG Emissions in FY2022

Scope of GHG Protocol Calculation		CO <sub>2</sub> emissions (thousand t-CO <sub>2</sub> )	Share
Scope 1 (fuel use)		8.8	1.5%
Scope 2 (power use)		40.5	7.0%
Scope 3	Category 1: Purchased goods and services	478.3	82.2%
	Category 2: Capital goods	15.4	2.6%
	Category 3: Fuel and energy-related activities not included in scope 1 or 2	9.7	1.7%
	Category 4: Transportation and distribution (upstream)	4.1	0.7%
	Category 5: Waste generated in operation	1.8	0.3%
	Category 6: Business travel	0.8	0.1%
	Category 7: Employee commuting	0.9	0.2%
	Category 9: Transportation and distribution (downstream)	0.1	0.0%
	Category 12: End-of-life treatment of sold products	21.8	3.7%
Scope 1 + 2 + 3 Total		582.2	100%

# Human Capital Management: Shaping an Organizational Culture in Which People Shine



# Key Measures to Transform Our Corporate Culture

## The corporate culture we envision: A culture that promotes change & growth to produce further value creation

### Next-generation manager succession plan

We aim to ensure sustainable growth while maintaining and developing a solid management structure from a medium- to long-term perspective.

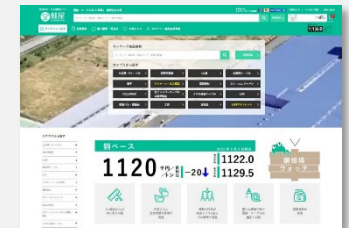
1. Clarification of the qualities required to be a corporate officer  
Selections are made based on five perspectives
  - Mindset
  - Relationship building
  - Vision
  - Knowledge and skills
  - Decisiveness and ability to take action
2. Next-generation manager selection process  
Candidates are selected by the CEO with final decisions being made by the Nomination and Compensation Committee.
3. Next-generation manager training process  
Company directors serve as instructors and provide seminars to junior employees that have been recommended by the heads of business segments and selected by the CEO.

### Internal venture scheme

We strive to build systems enabling employees to speedily turn their ideas into business endeavors, creating new business models not present in our existing businesses.

#### Kaeruya: The industry's first cable e-commerce site

- The project was started based on the idea that a service adapted to an increasingly digital age would be needed in contrast to traditional business practices where orders are often placed by telephone or fax machine.
- By developing a platform for the Group's products in a digital world and building new sales methods, we aim to analyze digitalized customer needs and provide new services.



# New Executive Officer System

Building a new system to swiftly solve the Company's issues and boost earning capabilities in order to achieve the Medium-term Management Plan



**Takayo Hasegawa**

Executive President and Representative Director (CEO)  
Supervising Group Management, in charge of quality supervision

**Leading the Group to becoming a company that creates even more value**



**Tetsuo Komata**

Senior Executive Vice President and Representative Director (COO)  
In charge of Group management strategy, BD strategy, IR strategy, and Domestic and Overseas Group Company Management

**Speeding up business management**



**Yukio Kawase**

Senior Executive Officer  
Chief of Energy and Infrastructure Business Segment  
President and Representative Director of Showa Furukawa Cable CO., LTD.

**Further strengthening growth driver businesses**



**Takashi Yamamura**

Senior Executive Officer  
In charge of sales coordination and material procurement

**Strengthening sales structure**



**Nobutaka Imai**

Managing Executive Officer  
In charge of finance, accounting, auditing and shared services

**Streamlining the operation of head office functions**



**Toshiharu Kamijo**

Managing Executive Officer  
In charge of capital strategy, personnel affairs, human capital strategy, general affairs, legal affairs and risk management

**Bolstering our capital and human capital strategies**



**Kazuhiko Inoue**

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

**Rebuilding the communication business**



**Kiyoshi Otake**

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

**Expanding the industrial device business**



**Shigeru Toyama**

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

**Strengthening the electric power infrastructure business**



**Nobuyuki Sema**

Executive Officer  
In charge of Smart Stream Business and Electric Power System Strategy

**Promoting the solution business**



**Yoshiteru Akimoto**

Executive Officer  
Chief of Electrical Equipment and Components Business Segment

**Improving earnings capabilities through downstream strategy**



**Yuichi Morishita**

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

**Bolstering R&D and IP strategy**

Expected structure following approval at the ordinary general meeting of shareholders to be held on June 25, 2024

# Designing an Officer Compensation System Cognizant of the Link to Improved Corporate Value (FY2024)

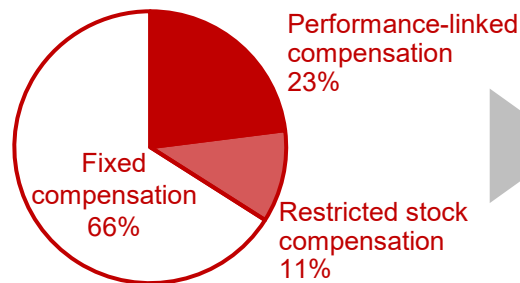
## Compensation and decision-making process that ensures transparency and objectivity

The Board of Directors determines officer compensation, taking into account the deliberations and reports of the **Nomination and Compensation Committee**, a non-statutory committee **whose members consist entirely of independent outside directors**.

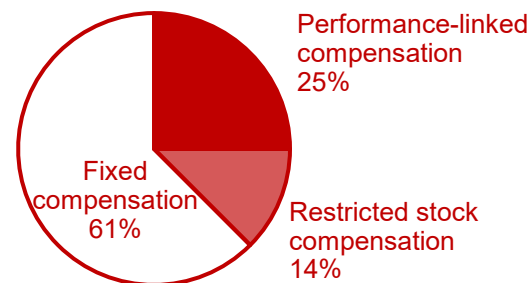
## Expanding the performance-linked ratio

Expanding the performance-linked compensation ratio and being aware of the link with shareholder value

FY2023 compensation ratio



FY2024 compensation ratio



## Future direction

Toward compensation levels and a system design (performance-linked ratio, indicators, etc.) ensuring that the human resources needed to achieve the long-term vision can be secured and retained

## Selecting indicators that are strongly linked with enhancing corporate value

### Financial (Company Performance)

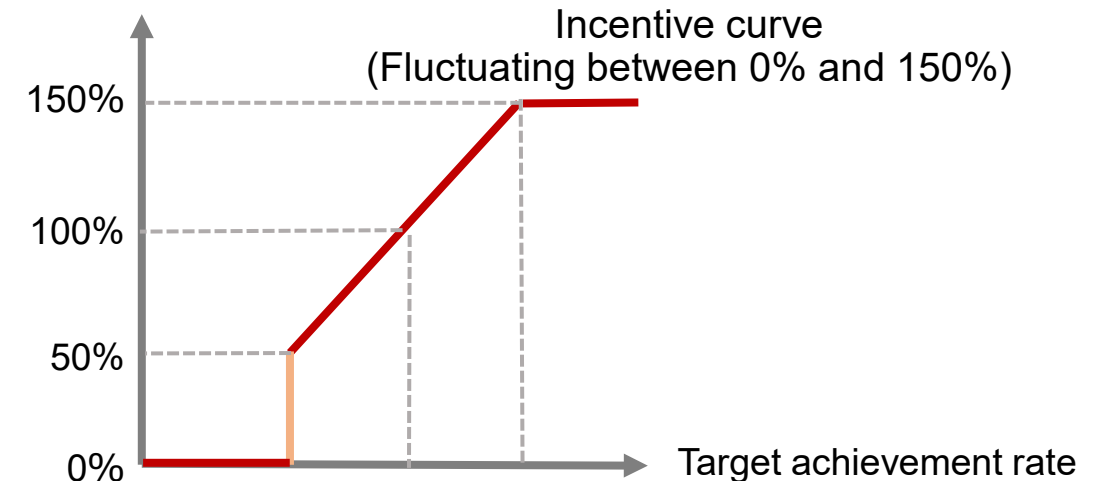
- Operating income
- ROIC

### Non-financial (ESG)

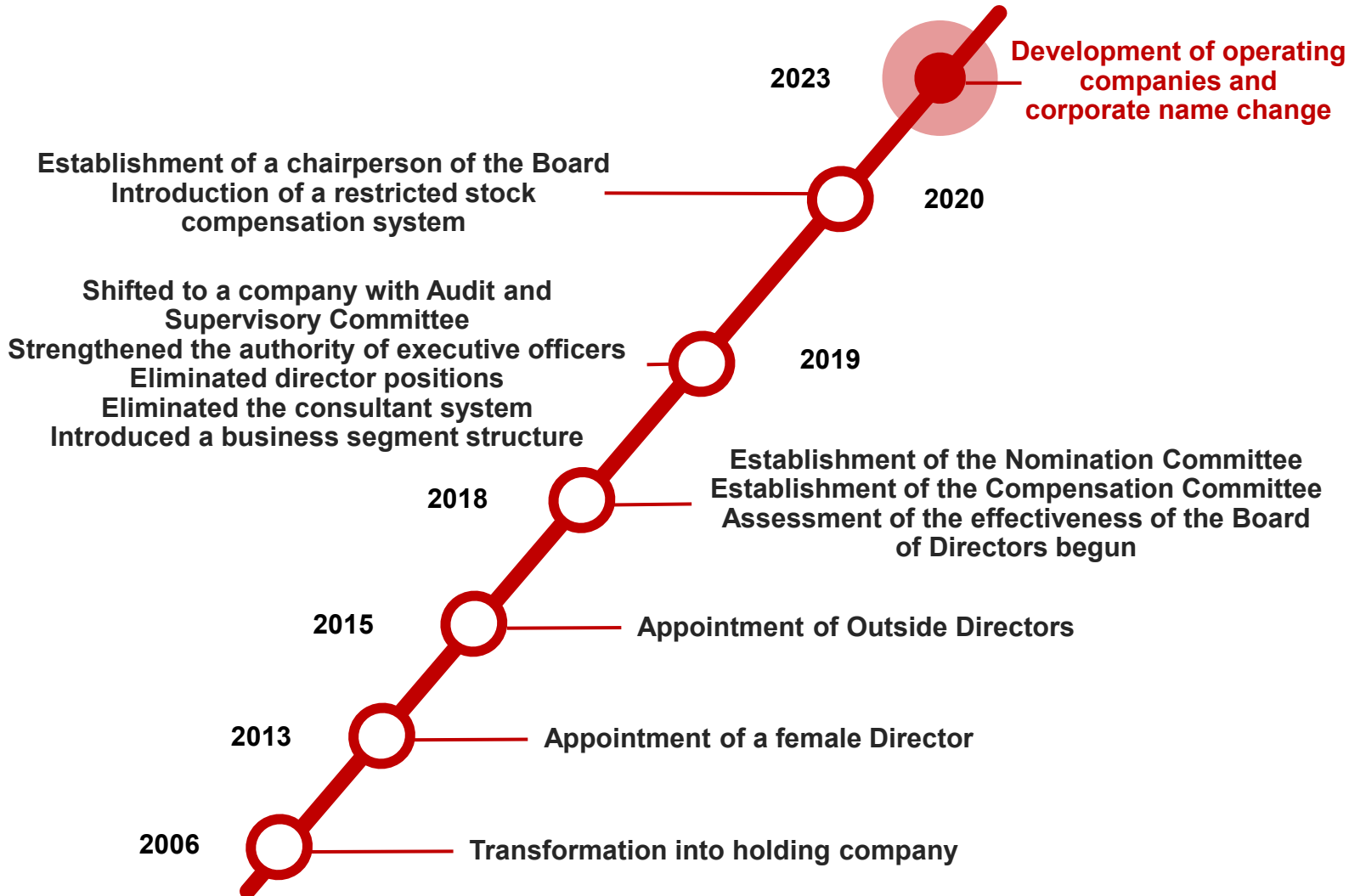
- Renewable energy adoption rate
- Greenhouse gas emissions
- Frequency rate of lost-time injuries
- Engagement score

## Dynamic compensation system (company performance)

Payment rate



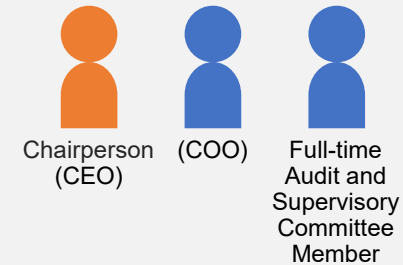
# Initiatives for Strengthening Governance



## Composition of the Board of Directors

**Diversity in the Board of Directors with more than half the Board comprising independent outside directors**

**3** executive directors



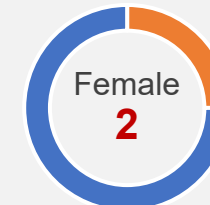
**4** outside directors



\* Male and female members are indicated in blue and orange respectively.

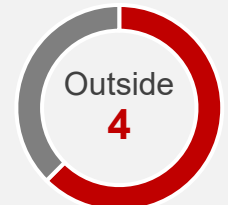
Ratio of female Directors

**29%**



Ratio of Outside Directors

**57%**



**Expected structure following approval at the ordinary general meeting of shareholders to be held on June 25, 2024**



## **SWCC Corporation**

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

The forward-looking statements in this presentation are based on information available at the time of publication and involve potential risks and uncertainties.

Therefore, please be aware that a variety of factors could cause the actual results to differ materially from those projected in the statements.

Such factors that may affect actual results include economic conditions, demand trends, and fluctuations in raw material prices and exchange rates.

Factors that may affect business performance include, but are not limited to, the above.