



Creating for the Future

Innovating new ideas today. Becoming the norms of tomorrow.

Towards Realization of Management that is Conscious of the Cost of Capital

May 12, 2023

SWCC Corporation

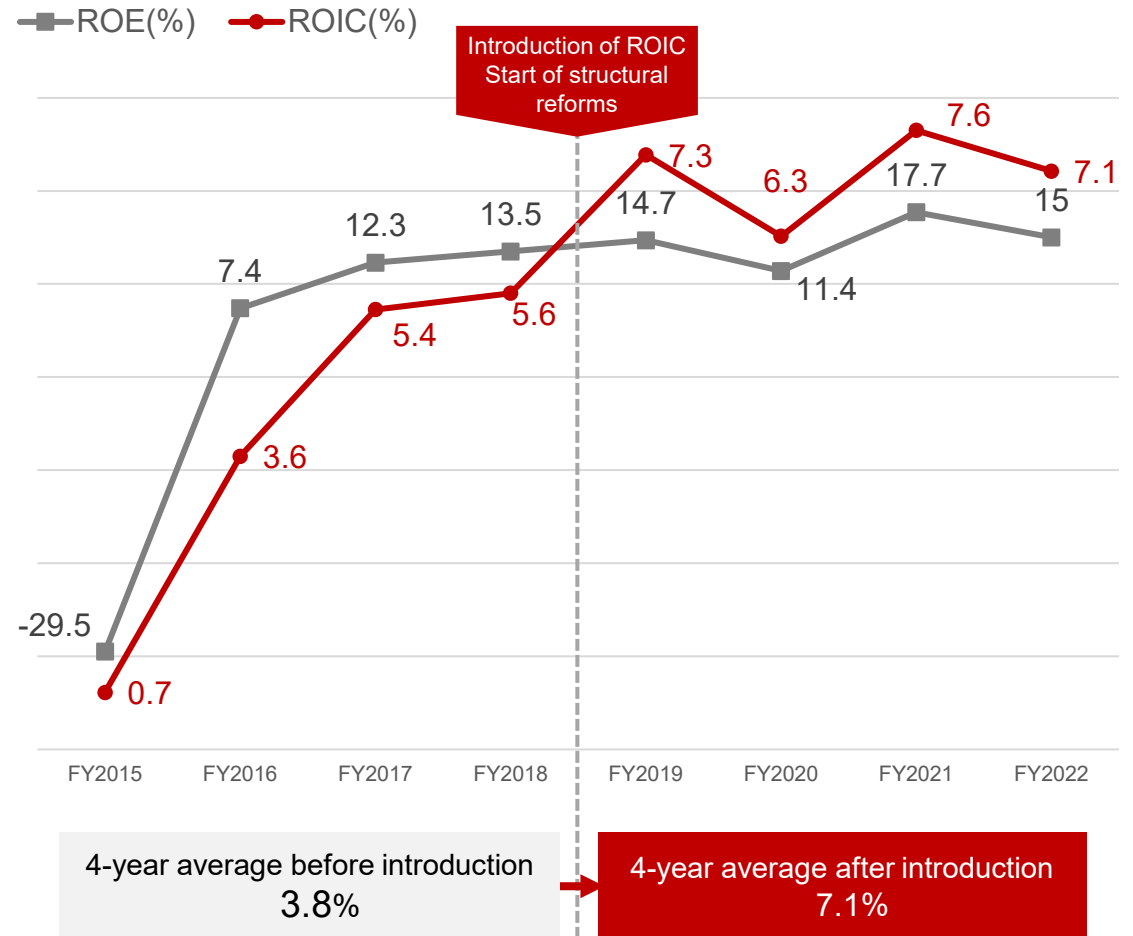
TSE Prime 5805

Analysis of Current Situation (1): Changes in Profitability Improvement through Structural Reforms Based on Capital Efficiency

Profitability, **ROE and ROIC** have improved steadily since the introduction of ROIC and the start of structural reforms in FY 2019.

Reorganization of major domestic production bases and withdrawal from unprofitable businesses

FY2019: SWCC SHOWA UNIMAC LTD. made a wholly-owned subsidiary
 FY2020: Tamagawa Electric Cable merged into SWCC SHOWA UNIMAC LTD.
 Sold the rubber wire business
 Dissolved DAIJI
 FY2021: Transferred the anti-seismic and anti-noise business to Showa Science
 Showa Recycle merged into LOGIS-WORKS CO., LTD
 Reorganized the domestic production bases for communication cables and dissolved Aomori Showa Electric Cable
 Sold the Ebina Factory
 FY2022: Integrated SFCC's construction-related manufacturing and sales businesses

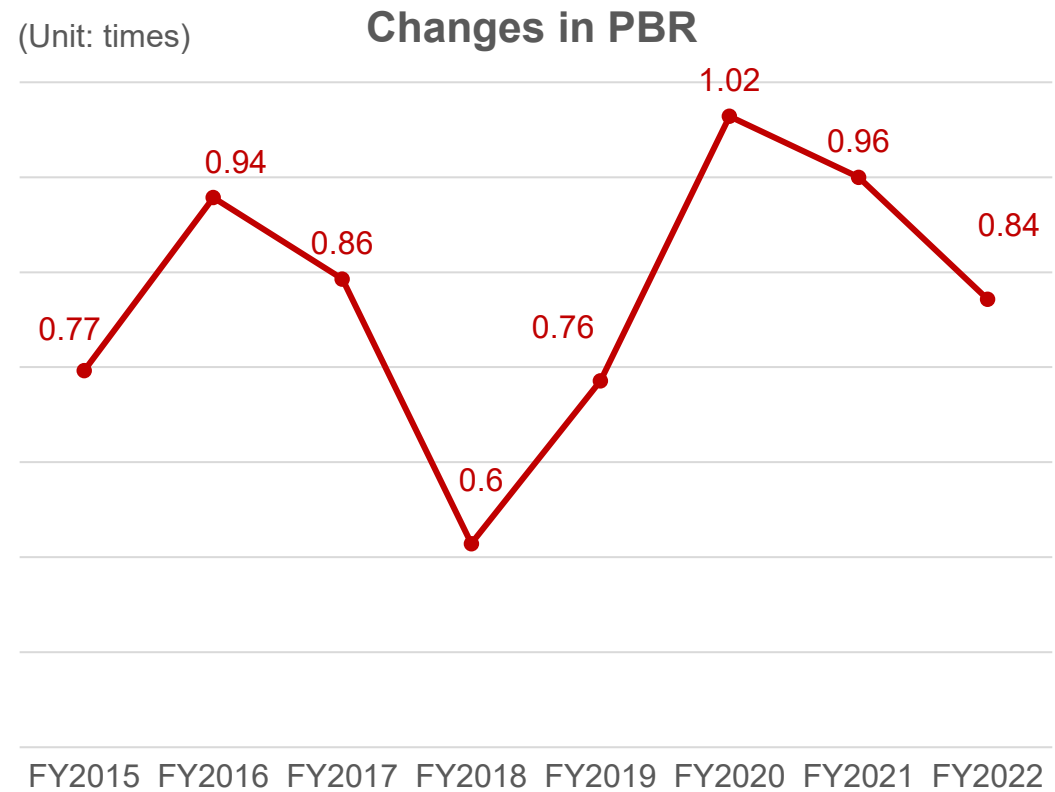
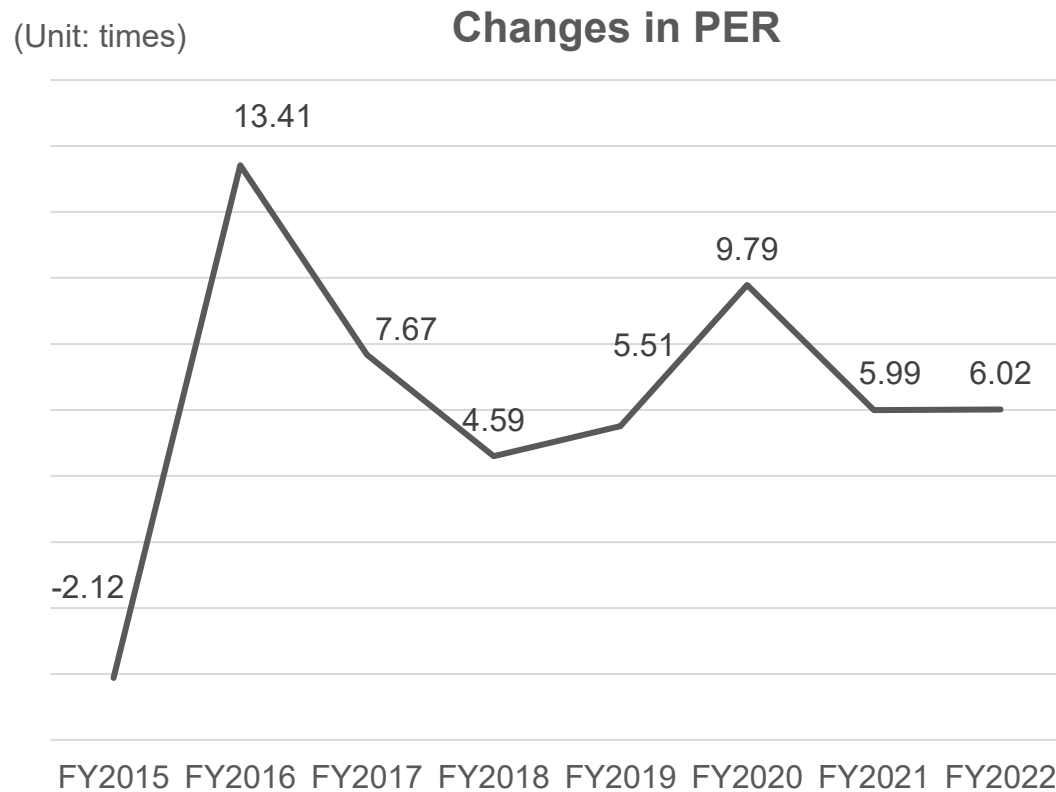


<Profit Improvement Results>	FY2020	FY2021	FY2022	Cumulative total
Integration of anti-seismic and anti-noise businesses		1	1	2
Integration of SFCC's manufacturing and sales operations			3	3
Rationalization of magnet wire business	3	3	3	9
Shifting wire harness business overseas	5	7	7	19
Reorganization of communication cable production bases		3	8	11
Total (Unit: 100 million yen)	8	14	22	44

Analysis of Current Situation (2): Changes in Market Valuation

Both PER and PBR are improving due to higher capital earnings, but PBR has not reached the 1x recently.

The need to enhance disclosure regarding the Company's growth story in order to improve the market valuation is recognized.



Initiatives for Future Growth

SWCC Group Purpose
Innovating new ideas today. Becoming the norms of tomorrow.

In conjunction with changing the Company's name, the Group formulated our Purpose which contains the message of "responding to the changing times and creating new value."

We will contribute to the creation of a sustainable and better future through our business.

Create sustainable "corporate value" and "shareholder value" based on the Purpose

Aiming to promptly achieve ROIC of 10% or more, PBR of 1x or more, and a dividend of 120 yen or more, with a lower limit of 10% for ROE.

Business Strategy

- Promotion of businesses that solve social issues
- Optimization of the business portfolio
- Investment and profit contribution timeline

Financial Strategy

- Cash allocation
- Further improvement of capital efficiency
- Maintain and improve financial soundness and shareholder returns

Non-Financial Strategy

- Promotion of human capital strategies that support sustainable growth
- Contribution to a decarbonized society

Business Strategy: Promotion of Businesses that Solve Social Issues

Leverage core value (high value-added strategic products) to promote businesses that solve social issues in the decarbonisation market

Electricity Infrastructure Business (SICOPLUS®)

Major social issues to be approached

- Environment & Energy**
- Realization of carbon neutrality
 - Increased power consumption

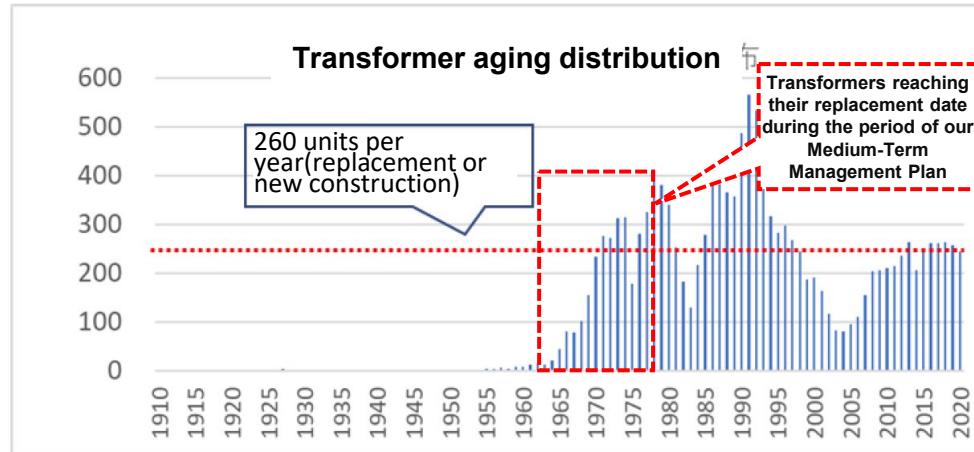
- Disaster Prevention and Infrastructure**
- Aging social infrastructure
 - Occurrence of large-scale natural disasters

- Education and Human Resource Development**
- Decrease in the working population
 - Lack of a remote educational environment

Current market (revenue base)

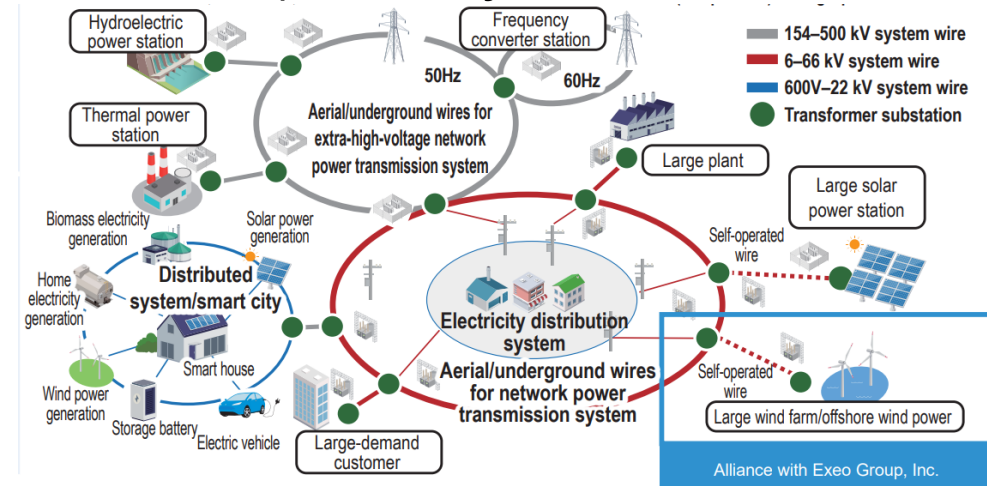
Future market (2025 onwards)

Demand for renewal of the aging electricity grid



Source: Organization for Cross-regional Coordination of Transmission Operators, Japan "Aggregation of Electricity Supply Plans for FY 2023"

Development of a renewable energy electricity grid (6~7 trillion yen market size)



Promotion of universal design, strengthening the system for increasing production, creating a full lineup including ultra-high voltage

Product Strategy

Promoting **de facto standardization in the substation market** by leveraging **product advantages** such as light weight and compactness, reduced installation time, and simple joint design

Human Resources Strategy

Expanding alliances with educational and cooperative companies through the Construction Human Resources Development Center

Business Strategy: Promotion of Businesses that Solve Social Issues

Leverage core value (high value-added strategic products) to promote businesses that solve social issues in the decarbonisation market

xEV Business (high-performance magnet wires)

Major social issues to be approached

Environment & Energy

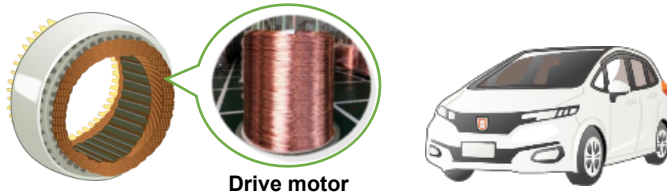
- Realization of carbon neutrality

Life & Mobility

- Environmental pollution caused by internal combustion engine vehicles

Current market (revenue base)

Expand the performance of the xEV-related business centered on the high-performance oxygen-free copper MiDIP® that is manufactured using a DIP forming method that is unique in Japan.



Drive motor

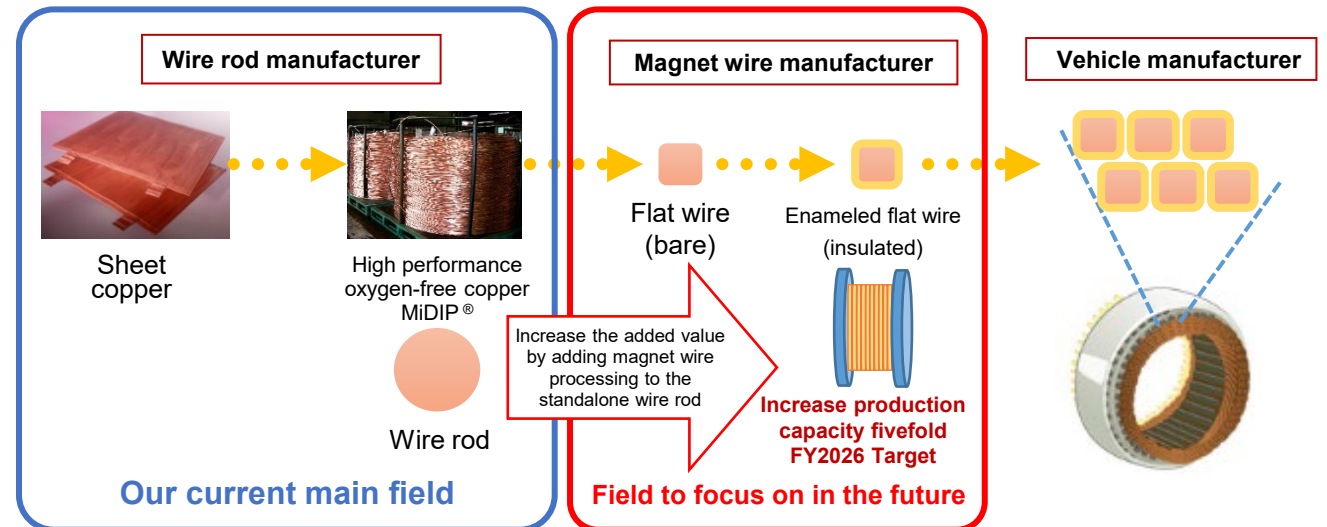
Thin and high-efficiency materials are required to reduce vehicle weight

	MiDIP®	Oxygen-free copper	Tough pitch copper
Oxygen content	◎	○	△
Electrical conductivity	◎	○	○
Processability (Bending, thinness)	◎	○	△

Future market (2025 onwards)

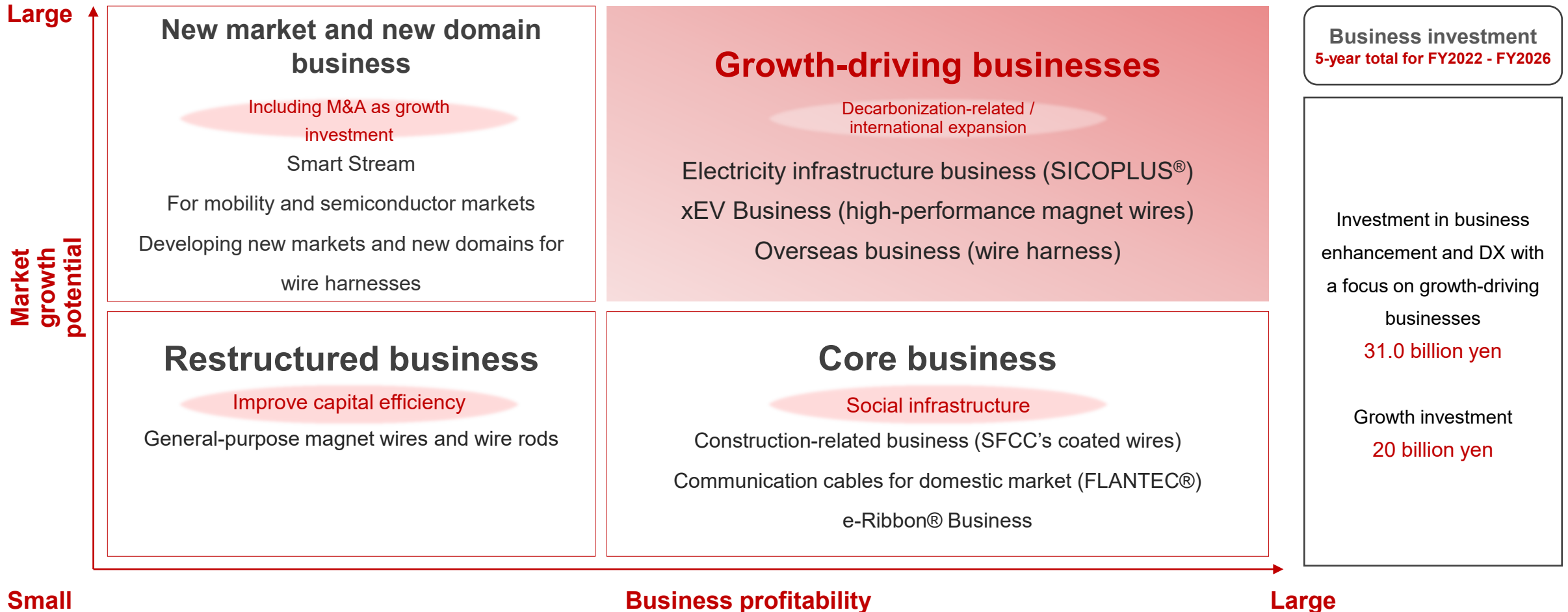
Shift to a more profitable business model of highly-processed products that leverages the strength of the MiDIP® brand. Expand sales destinations and the product lineup to promote the realization of electrification, automated driving and comfortable interior of vehicles.

Shift to a more profitable business model



Business Strategy: Optimization of the Business Portfolio

We aim to generate further profits by promoting **concentrated investment in growth-driving and core businesses** and **by promoting the structural reform of the businesses**. We will also develop businesses **for new markets and domains based on our core technologies**. We will expand our business through **open innovation, internal ventures and M&A**.



Business Strategy: Investment in Increased Production for Growth-Driving Businesses and Profit Contribution Timeline

Strategic Products

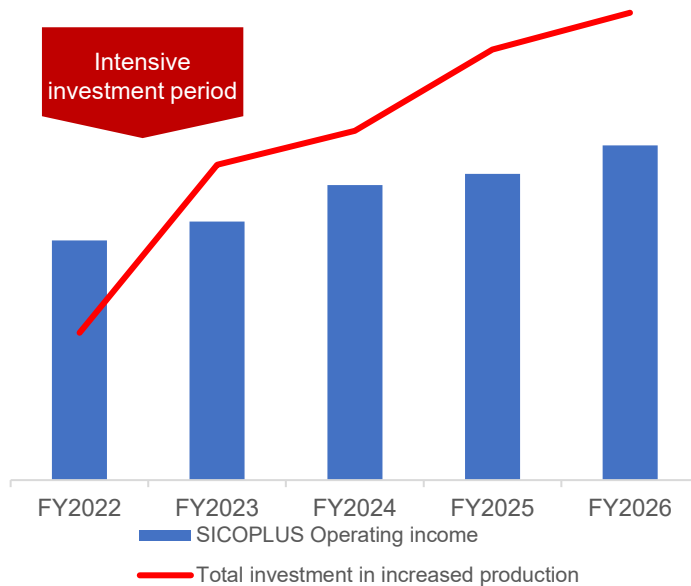
Growth Strategy

Decarbonization-related

SICOPLUS®

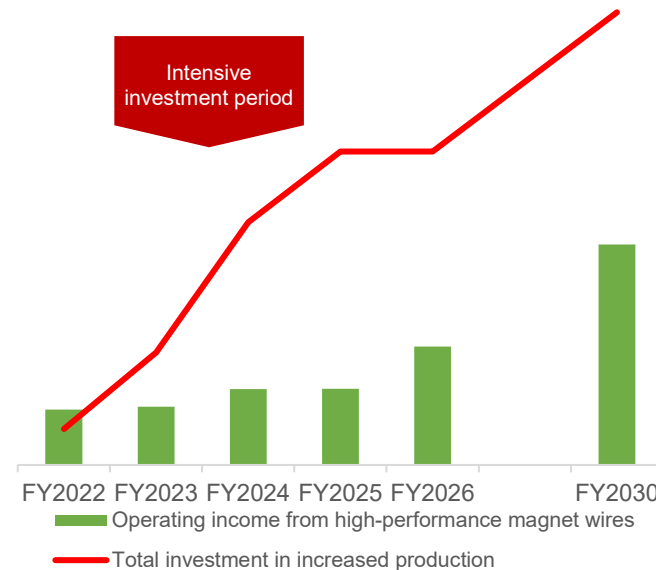
Renewal of aging substations and promotion of renewable energy introduction

Total investment 2.4 billion yen
Operating income CAGR9%



High-performance magnet wires Promotion of xEVs

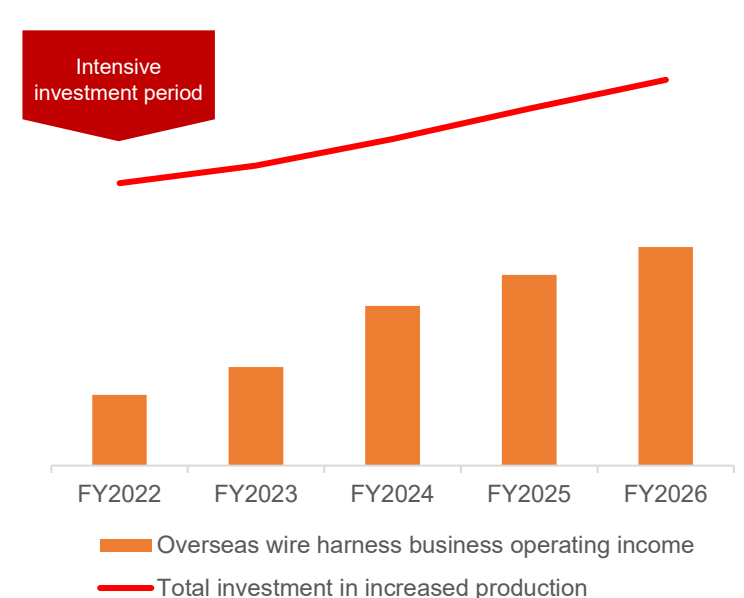
Total investment 2.7 billion yen
Operating income CAGR19%



Overseas expansion

Wire harnesses
Enter the industrial device and automotive markets and promote China Plus One

Total investment 2.1 billion yen
Operating income CAGR33%



Investment in increased production
Profit contribution
Timeline

Business Strategy: Business Investment Aimed at Achieving the Medium-Term Business Plan and Profit Contribution Timeline

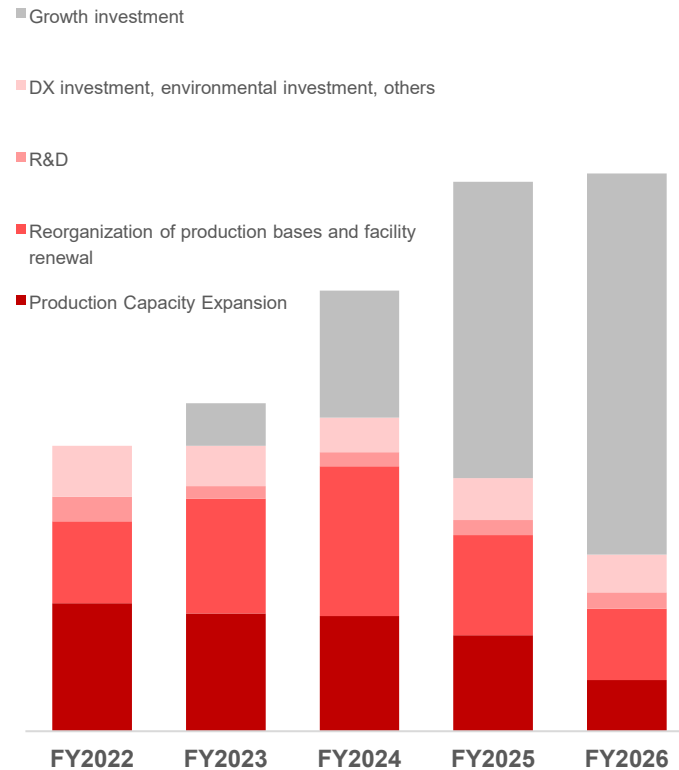
Business investment 5-year total for FY2022 - FY2026

Investment in business enhancement and DX with a focus on growth-driving businesses **31.0 billion yen**

<Breakdown>

Production capacity expansion: 12.0 billion yen
 Reorganization of production bases and facility upgrades: 12.2 billion yen
 Research and Development: 2.0 billion yen
 DX investment, environmental investment, others: 4.8 billion yen

Growth investment **20.0 billion yen**



Profit plan

Operating income 10.5 billion yen

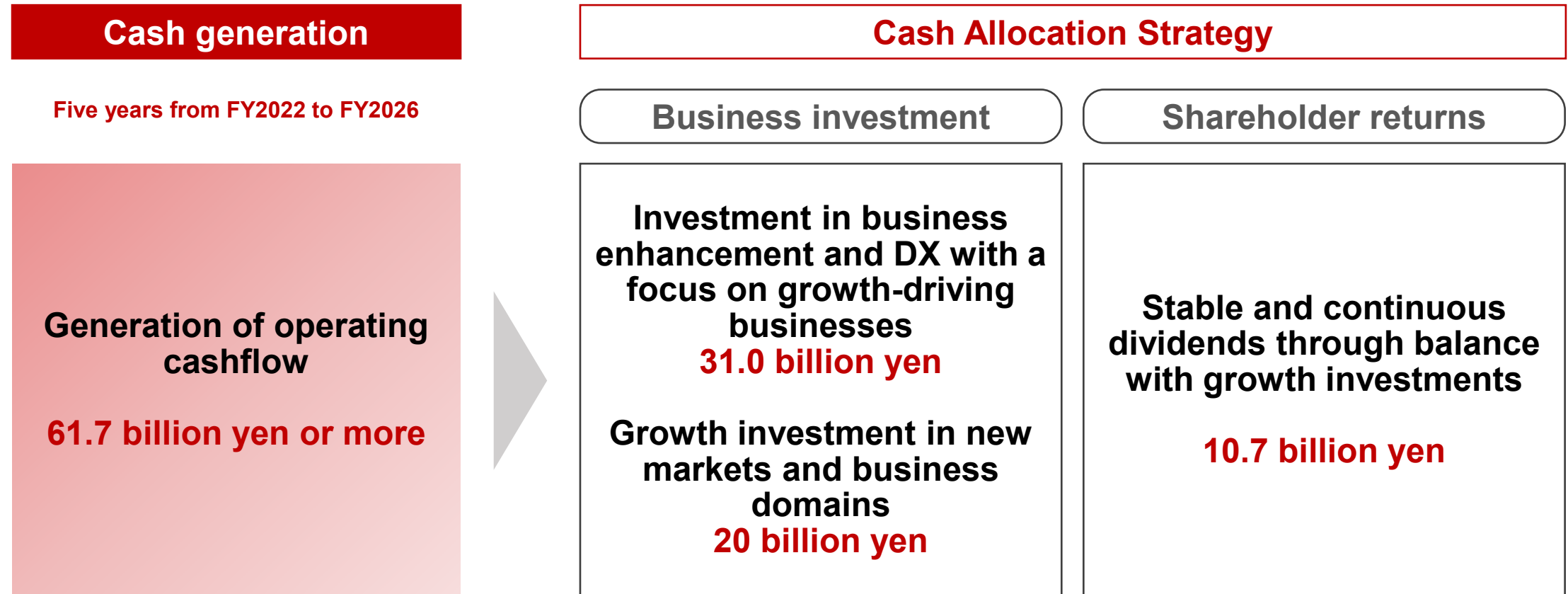
Operating income 15 billion yen

FY2022

FY2026

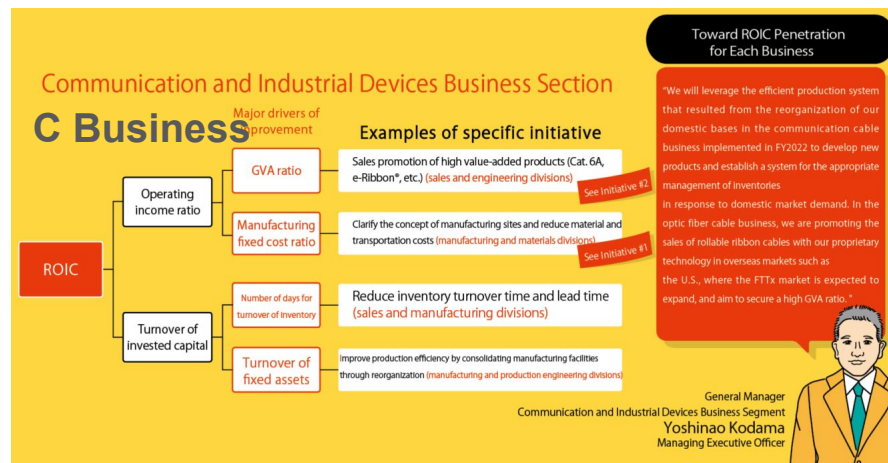
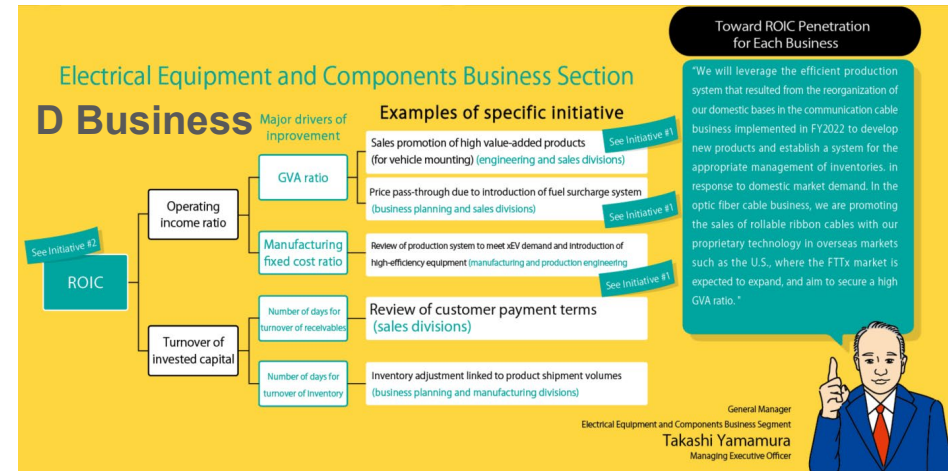
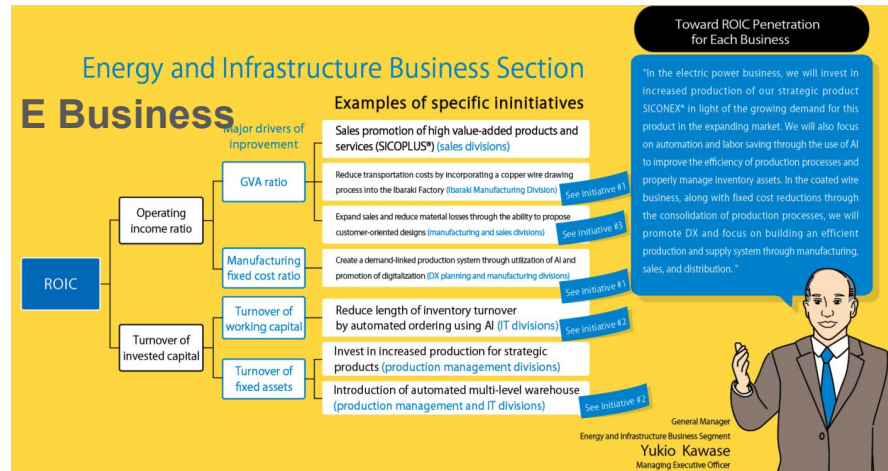
Financial Strategy: Cash Allocation

Appropriately allocate generated cash to the **strengthening of core businesses, growth investment in new markets and business domains, and returns to shareholders.**



Financial Strategy: Further Improvement of Capital Efficiency

ROIC by business segment has been established from FY2022. It is broken down in an ROIC tree and disseminated to the operational level of each department through the use of the company newsletter, etc., and will be thoroughly utilized in the review of business portfolio optimization and investment decisions. (The following is an excerpt from an article in the fall issue of the company newsletter)



Target for FY2026: Company-wide ROIC 10% or more
FY2022 Results: Company-wide ROIC 7.1%
Segment ROIC: E Business = 8.7%; D Business = 6.9%
C Business = 5.9%

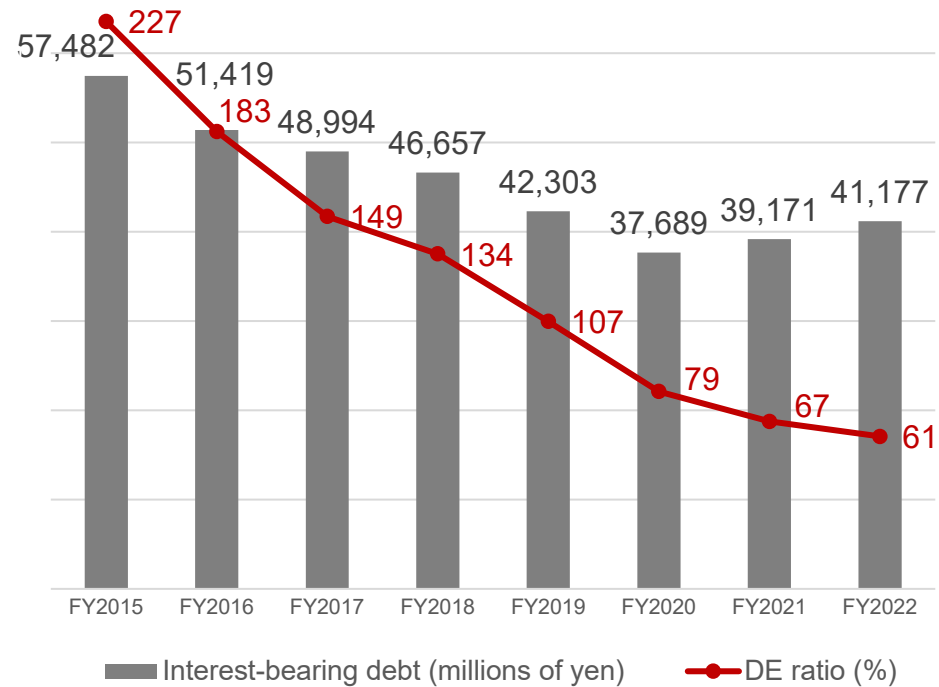
ROIC Formula

Company-wide ROIC = Operating income after tax / invested capital (equity capital + interest-bearing debt)
 ROIC by Business = Operating income after tax / invested capital (working capital + fixed assets)

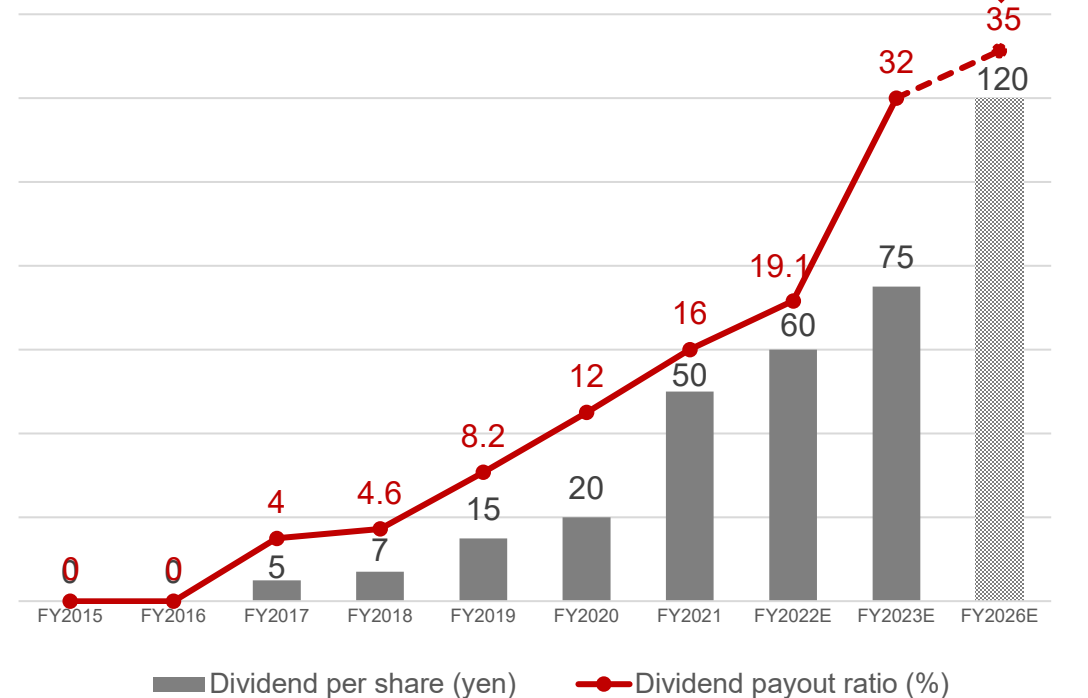
Financial Strategy: Maintain and Improve Financial Soundness and Shareholder Returns

We will maintain and improve our financial soundness and aim to **achieve a dividend of 120 yen or more as soon as possible**, while maintaining a balance with growth investments.

Interest-Bearing Debt and DE Ratio



Dividend per share and dividend payout ratio



Non-Financial Strategy: Promotion of Human Capital Strategies that Support Sustainable Growth (1)

[Human Resources Portfolio Management]

In promoting structural reforms and transitioning to the growth phase, the following measures are being promoted in order to respond to changes in the required human resource skills.

- **Strengthen job-based recruitment**

Strengthen the recruitment of the necessary human resources with specific skills for immediate results and highly specialized human resources.

- **Expand systems to match the needs of the Company and employees**

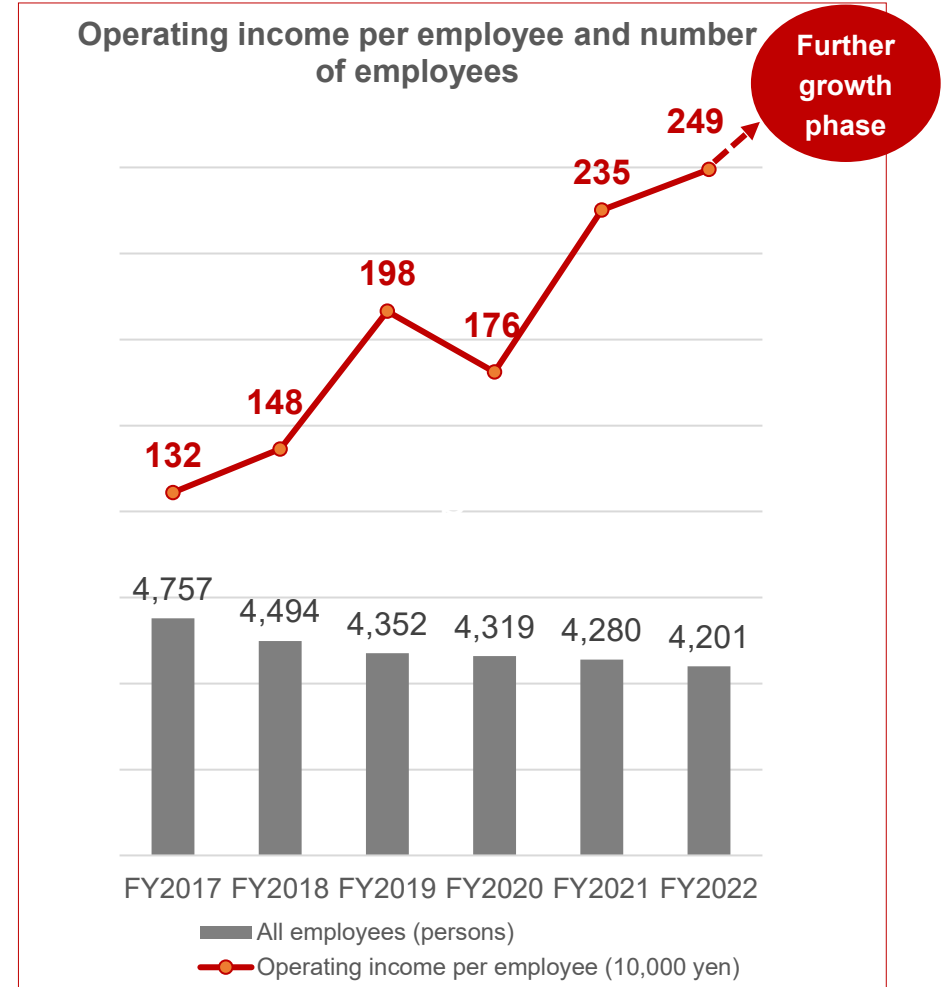
In order to realize the placement of the right person in the right job, the job challenge system and internal recruitment system will be expanded and enhanced.

- **Establish a compensation system that encourages challenges**

Transition to a compensation system that more appropriately reflects the efforts and achievements of employees who take on challenges.

- **Shift human resources to growth businesses**

Intensive allocation of human resources to strengthen growth businesses.



[Diversity Management]

We are promoting the **creation of diversity-oriented systems and organizations** with the aim of being a highly competitive company that **can flexibly respond to the changing needs of customers.**

- **From a "Women's Participation Promotion Project" to a "Diversity Promotion Project"**

The project, which was launched in April 2021, has added male members from April 2023 to promote efforts to raise awareness of unconscious bias.

- **Promote the taking of childcare leave, etc. that is not limited to women**

Promotion of an understanding of childbirth and childcare through the establishment of a personnel system and in-house training programs.

- **Extend the retirement age and introduce an optional retirement system**

Creation of an environment in which experienced and seasoned employees can work with confidence.

Women's Participation Promotion Project Initiatives



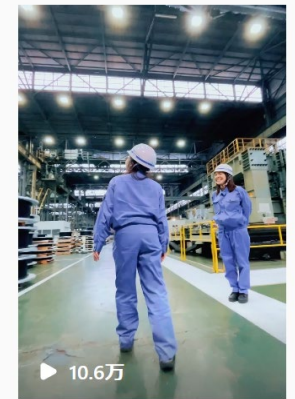
To create an environment where the values and individuality of each employee is valued and they can fully demonstrate their abilities and shine

- An event co-sponsored with Keidanren, the Cabinet Office, and the Ministry of Education, Culture, Sports, Science and Technology to nurture female junior high and high school science and engineering students.

In March 2023, a lecture introducing case studies from the Company was given at the request of the Cabinet Office in recognition of our innovations, such as attracting customers through local governments.

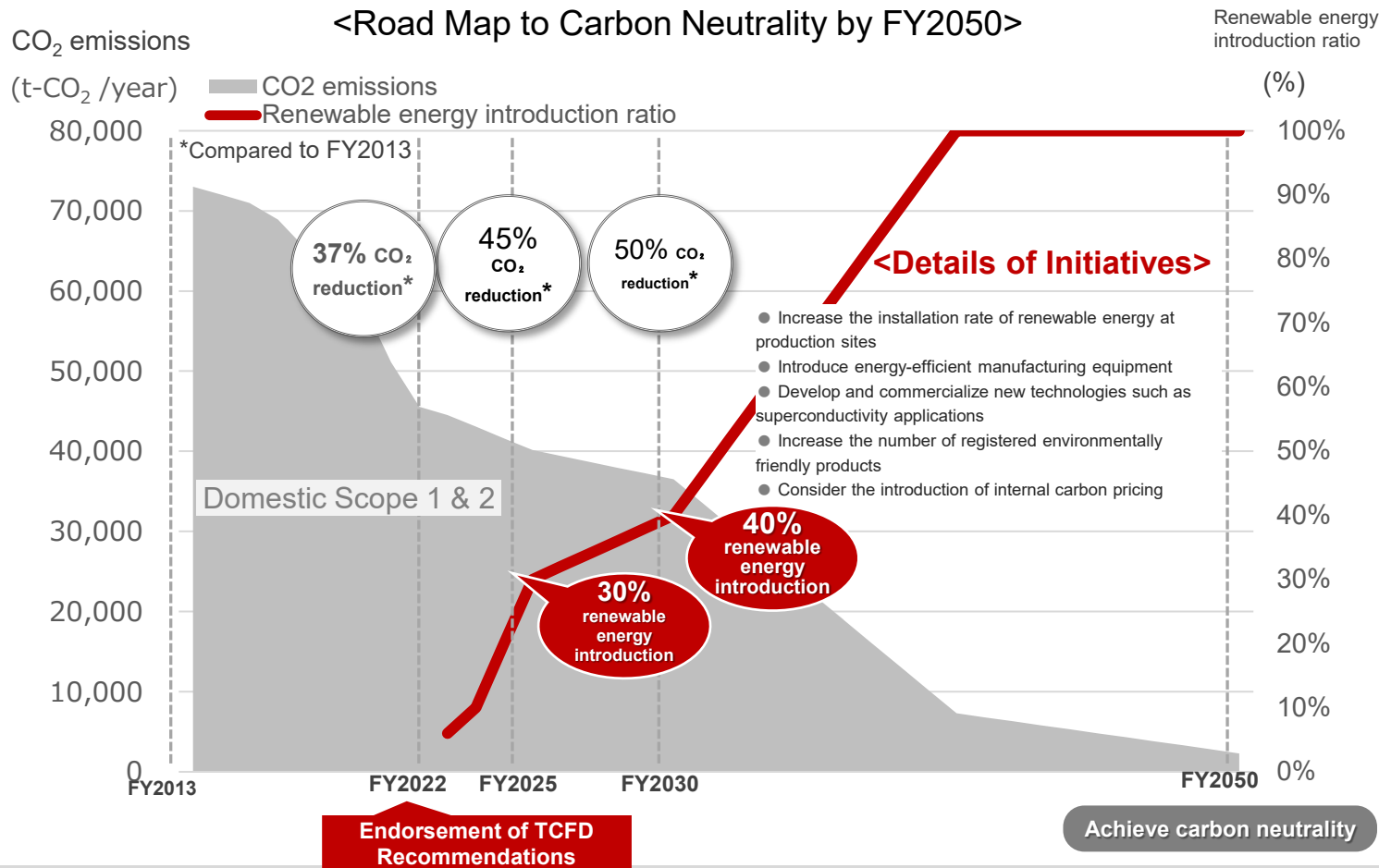
- **Started social media campaigns**

Started strengthening recruitment through Instagram, which is familiar to the younger generation. **Video views exceeded 100,000.**



Non-Financial Strategy: Contribution to a Decarbonized Society

Under the Green Energy Project, the company aims to **achieve carbon neutrality by 2050** by implementing various measures, including the introduction of renewable energy at domestic and overseas manufacturing bases, promotion of procurement of non-fossil energy, and the introduction of high-efficiency, energy-saving equipment using new technologies.



Initiatives to introduce renewable energy at manufacturing sites



Aichi Factory

Introduction of renewable energy through the PPA model
Annual emissions reduction of 956 t-CO₂
Equivalent to approximately 20% of annual electricity use



Mie Plant

Introduction of carbon neutral city gas
Reduction of approximately 30% of fuel-derived CO₂ emissions (approx. 13,000 t)



China Jiaxing Factory

Introduction of renewable energy through solar power generation
Annual emissions reduction of 728 t-CO₂
Equivalent to about 40% of annual electricity use



Sendai Plant

Introduction of renewable energy through solar power generation
Annual electricity sales equivalent to 50 million yen

Appendix

Held Asset Utilization Initiatives

"Construction plan for a complex at the Sagamihara Plant site." March 31, 2023 Press Release



In the process of streamlining and consolidating our manufacturing bases and production lines, the Company **plans to construct a complex** with a height of approximately 36 m, five stories above ground, a building area of approximately 18,000m², and a total floor area of approximately 80,000 m² on a 33,000 m² plot facing the road on the south side of the Sagamihara Plant site (115,000 m²) for the purpose of **effectively utilizing the site** after demolition and removal of the relevant factory building.

In addition to being used primarily as a **logistics warehouse**, a portion of the building will be used as an **incubation center**, which our Group will also occupy, and **tenants such as a daycare center and other facilities that will be available to employees of the businesses and local residents** are being considered.

*Daiwa House Industry will propose and oversee the project, and Fuyo General Lease will construct the complex as the owner. Construction is scheduled for completion in July 2026.

The purpose of the SWCC Group



We have established a purpose in conjunction with our name change, with the message of responding to the changes of the times and creating new value.

SWCC's Purpose

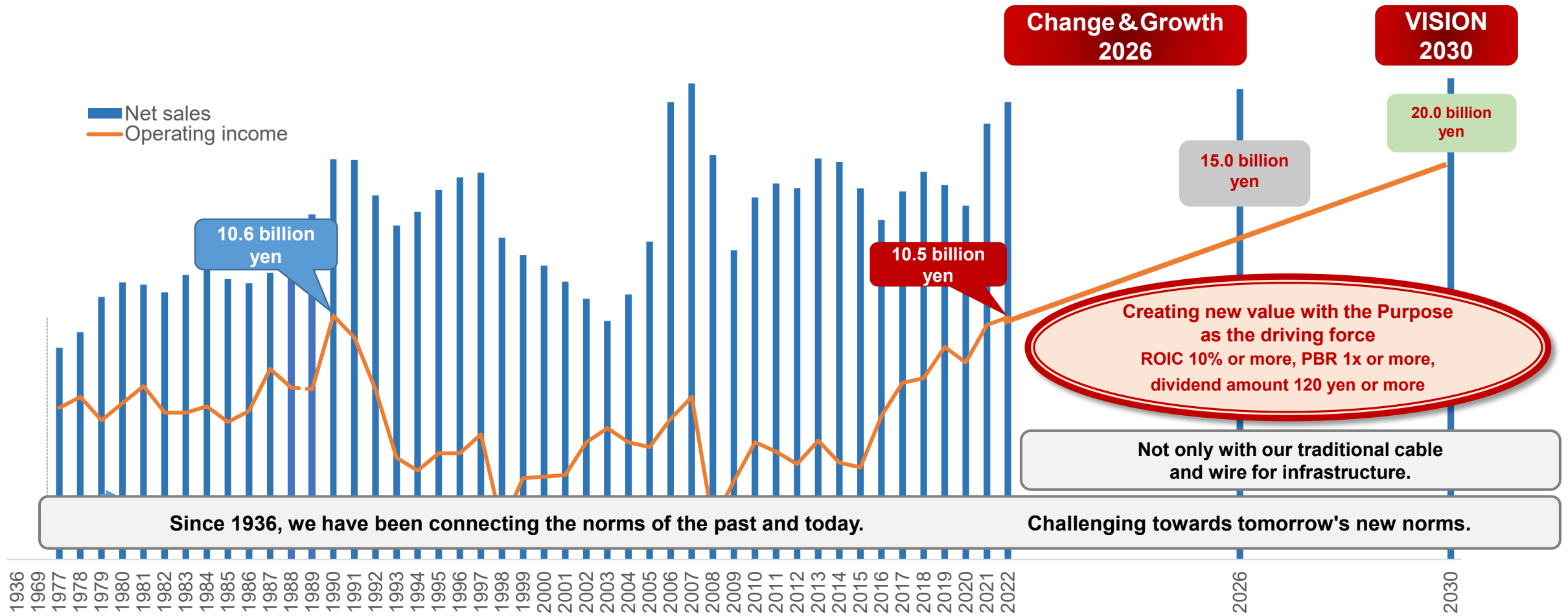
*Innovating new ideas today.
Becoming the norms of tomorrow.*

We're here to face the challenges resiliently in this changing world.
With our brilliant technology,
strong passion and sympathetic thoughts,
we ensure the highest quality and reliability of our products.
Not only with our traditional cable and wire for infrastructure,
but also with our new products and services to enrich our planet,
we will never stop challenging for a brighter future.

Organizing our Purposes and Issues

	Issue	Purpose sentence
Creating Value	<ul style="list-style-type: none"> Return to the spirit of challenge at the time of the company's founding Shift from a manufacturer of products to a manufacturer of solutions Expansion into new markets and new areas by leveraging technology and know-how cultivated over many years 	<p>Innovating new ideas today. Becoming the norms of tomorrow</p>
Social context	<ul style="list-style-type: none"> Changes in values and Contributing to the Realization of a Sustainable Society (Maximize economic value <solving social issues and sustainable growth) 	<p>We're here to face the challenges resiliently in this changing world.</p>
Contribution to society	<ul style="list-style-type: none"> Pride in infrastructure business that has been connected for 87 years (business continuity) Addressing new social issues (renewable energy, workforce shortages, etc.) Increased confidence in quality 	<p>With our brilliant technology, strong passion and sympathetic thoughts, we ensure the highest quality and reliability of our products.</p>
Change and Transformation	<ul style="list-style-type: none"> Transitioning from a stagnant period of structural reform to a growth phase and out of it Fostering a spirit of challenge without fear of change Raise the level of "earning power" through further penetration and establishment of ROIC management Aggressive investment outside of existing frameworks (M&A, internal ventures) 	<p>Not only with our traditional cable and wire for infrastructure, but also with our new products and services to enrich our planet,</p>
Human capital	<ul style="list-style-type: none"> Promoting the utilization of diverse human resources In-house systems that support a challenging spirit to cope with change and transformation Increase engagement by creating rewarding jobs and workplaces 	<p>we will never stop challenging for a brighter future.</p>

"SWCC's Direction" Driven by the Purpose





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 following.