

Notice of Revision to Numerical Targets for Final Fiscal Year of Medium-term Management Plan

■ Reason of the revision

In May 2024, the SWCC Group formulated the "Change & Growth SWCC 2026 Rolling Plan 2024," which incorporates recent changes in the business environment into the Medium-term Management Plan announced in November 2021.

Starting in the current fiscal year and ending in the fiscal year ending March 31, 2027, the Rolling Plan calls for outperforming the target for operating profit in place before this plan, in anticipation of organic growth following the strengthening of the three core businesses and a business development (BD) strategy aimed at enlarging the business domains as an additional upside element (inorganic growth).

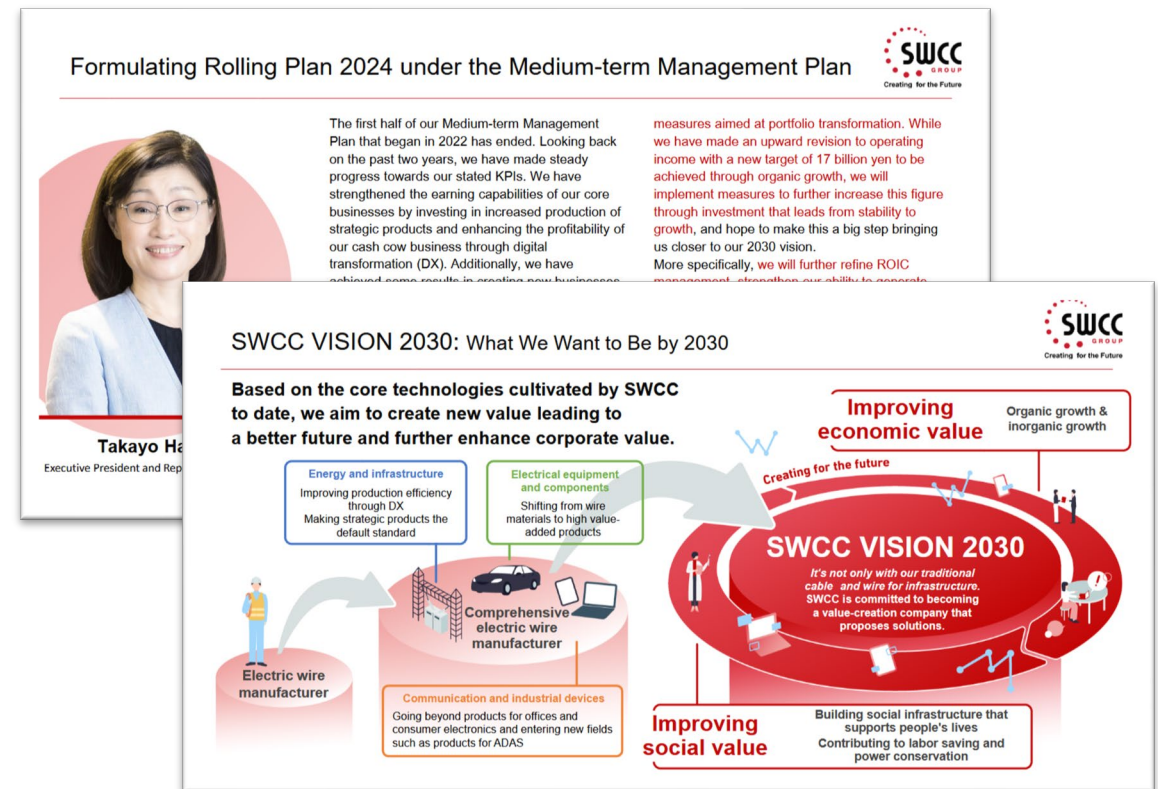
However, the circumstances surrounding the Company's business environment are changing. For example, the electric power infrastructure market in Japan is seeing greater demand than initially expected. Meanwhile, the spread of xEVs is delayed and Japanese manufacturers of home appliances now have a weaker presence and the environment surrounding our wire harness business has changed. In view of these factors, in the current third quarter, the Company decided to again revise the numerical targets for the fiscal year ending March 31, 2027 as the final fiscal year of the Medium-term Management Plan.

While responding flexibly to changing business conditions, the Company will continue to pursue business portfolio management with return on invested capital (ROIC) as an indicator and will boost its businesses' capacity to create cash flows as it seeks to consistently invest in growth and boost shareholder returns.

<Reference> Announced on May 13, 2024

Medium-term Management Plan "Change & Growth SWCC 2026" Rolling Plan

<https://www.swcc.co.jp/eng/news/images/Medium-term%20Management%20Plan%20Change%20&%20Growth%20SWCC%202026%20Rolling%20Plan%202024.pdf>



Medium-term Management Plan "Change & Growth SWCC 2026" Rolling Plan

Revision to Plan for FY2026 (consolidated)

Take into consideration the changes in business circumstances, we **revised upwards** some target figures for the final fiscal year of the Rolling Plan of the Medium-term Management Plan from those announced in May 2024.

		Announced in May 2024		Latest revision	
		FY2026 (Targets)		FY2026 (Targets)	
Profitability	Operating profit	17.0 billion yen		24.0 billion yen	+¥7.0 billion
Capital efficiency	ROE	14% or more		14% or more	
	ROIC	10% or more		10% or more	
Shareholder returns	Dividends (dividend payout ratio/DOE)	150 yen or more (35% or higher/4% or higher)		180 yen (35% or higher/4% or higher)	+¥30
Stability	D/E ratio	30-50%		30-50%	
	Net assets	93.0 billion yen		100.0 billion yen	+¥7.0 billion

Medium-term Management Plan "Change & Growth SWCC 2026" Rolling Plan

Revision to Plan for FY2026 (by segment)

(Unit: 100 million yen, %)			Announced in May 2024 FY2026 (target)	Latest revision FY2026 (target)	Fluctuations	Key points of the revision
Energy and Infrastructure Business	Net sales	1,240		1,450	210	■ Changes in business circumstances Construction: Demand remains high. Electric power: Given national policy, demand is growing for the replacement of aged equipment and for equipment for renewable energy and data centers. Events helpful to us continue, including the withdrawal of competitors and leveling of projects. ■ Measures Construction: Maximize the cash cow business. Electric power: Continue to increase production (approximately 2 billion yen) and construction capacity.
	Operating profit	112		188	76	
	Operating profit margin	9.0%		13.0%	4.0%	
Electronic Equipment and Components Business	Net sales	730		590	▲ 140	■ Changes in business circumstances High-performance products: The spread of xEVs is delayed. ■ Measures High-performance products: Step up and accelerate the shift to a downstream strategy.
	Operating profit	26		20	▲ 6	
	Operating profit margin	3.6%		3.4%	▲ 0.2%	
Communication and Industrial Devices Business	Net sales	360		360	-	■ Changes in business circumstances Communication: Strong demand in the data center market. Wire harnesses: Decrease in demand for Japanese home appliance manufacturers. ■ Measures Communication: Further expand sales of FLANTEC® and the e-Ribbon®. Wire harnesses: Expansion into the mobility segment.
	Operating profit	35		35	-	
	Operating profit margin	9.7%		9.7%	-	