

SWCC Corporation (5805)

Q&A Sessions at the Small Meeting (Q2 FY3/26)

Date and time of implementation: Friday, December 16, 2025

Part I 14:30-15:30/Part II 16:00-17:00

Implementation site: Nihonbashi Kabutocho, Chuo-ku, Tokyo

Company-wide

Q Regarding the full-year earnings forecast, please tell us the background to the reason of concentration of profits in the 2H compared to the 1H.

A The reason for the bias toward the 2H is that the Company delivers electric wire in October to December for the businesses that have commercial practices of advancing construction and completing construction toward the end of the fiscal year. The tendency is particularly strong in construction-related fields. In addition to such normal seasonality, the sales expansion of the Probe Pin to China will begin in the 2H, and e-Ribbon[®] is scheduled to grow significantly in the 2H, resulting in a bias in the 2H for us as a whole.

Q Please tell us about the outlook for FY2026.

A Currently, the Company is in the process of formulating a new medium-term management plan, but it will continue to grow its Energy & Infrastructure business. In particular, the market for electric power infrastructure is growing year by year. In addition to the substation businesses in which we have strengths, we can also expect demand to increase for replacement of aging OF cable. Construction-related business improves profitability. The Telecommunications and Components segment will grow e-Ribbon[®] sales as it expands its worldwide AI data-center. The company will also focus on the semiconductor market. We will implement reforms for businesses that are struggling.

Overall Energy infrastructure business

Q Can the Energy Infrastructure business grow sustainably in a situation that there is a shortage of installation personnel in the electrical construction industry? Are measures taken to these situation?

A In the power infrastructures, e-Cable[™] and SICOPLUS[®] with excellent installability will be expanded. In the construction-related business, the company does not conduct construction in-house, so it is difficult to directly resolve the issues faced by construction personnel. However, the company will accelerate DX to increase convenience for customers and improve operational efficiency.

Q How much space will be vacant after the withdrawal from the seismic isolation business?

A As there is a 10-year guarantee with the customer for the seismic isolation equipment, it is necessary to keep some equipment. However, the majority of the space in which seismic isolation equipment is manufactured is expected to be vacant. Since the next year, the room will consider using it to invest in increasing the production of ultra-high voltage SICONEX®.

Q Can ROIC of electric power infrastructure go beyond the construction-related ROIC?

A Up to the present time, the Company has been making upfront investments in electric power infrastructure, but it will enter the recovery phase in the future. It will be exceeded in the future.

Energy & Infrastructure Business Construction-Related

Q We saw reports that raising prices for electrical wires for construction is difficult, but can profitability be increased in the 2H? Or will structural reforms be necessary?

A Profitability has improved since 2022 by downsizing, consolidating, and improving prices to increase manufacturing efficiency. It has also worked to improve CF and ROIC. Currently, construction progress is being affected by the shortage of construction personnel in the construction industry, but there is a certain level of demand for redevelopment and other projects, and it is expected to continue to do so in the future. Our position construction-related businesses as cash cow businesses, and work to improve profitability by combining the strengths of SFCC, SDS and Fuji Cable, which are responsible for these businesses.

Energy & Infrastructure Business Power Infrastructure

Q In the existing medium-term management plan, I think the company anticipated growth in the substation market of just under 20%. In FY2025, the forecast for electricity infrastructure sales was about 10% growth compared to the previous year. Could it be raised to just under 20% in FY2026?

A Please wait a little while as we show the plan for FY2026 in the new medium-term management plan.

Q What is the potential for replacement demand for high-aging power cable?

A By 2045, there is a cumulative demand of about 400 billion yen. However, there are only 3 companies in Japan that can be replaced, including ours. In this business environment, we will develop methods that can easily remove aged cable, can easily lay new cable, and can easily process cable to be laid. We will acquire a share of the market by proposing these total solutions.

Q What is the scale of replacement demand for high-aging power cable in FY2026?

A It takes several years to handle the renewal of one route, and it is difficult to look at the size of each year.

Q In the rolling material for the medium-term management plan announced in May 2024, CAGR(FY2023-2026 of the substation market is 11% and SWCC is 18%. Does the figure include replacement demand for high-aging power cable?

A Not included. The replacement demand of 400 billion yen (cumulative until 2045) for high-aging power cable is not the substation market but the transmission market, and it is regarded as a new market. Expand the scope to include the transmission market.

Q What is TAM of the extra-high voltage and ultra-high voltage sectors that SWCC is aiming to capture in the power sector in the future? Also, how do we demonstrate your competitive advantage over competitors?

A Our mainstay 66kV/77kV and 22kV/33kV account for 84% of the total market. Our focus is on 16%. 2 of our competitors have a large share of the transmission market, but we have a large share of the substation market. We would like to increase our market share without reducing profitability in the transmission market.

Q Are the factors behind the higher-than-expected results in the electric power infrastructure-related business due to favorable market conditions or your company's various measures (e-Cable™, new construction method, and 2-dimensional coding for products)? How will these measures contribute to the 2H of the fiscal year and beyond?

A The upside was due to the pass-through of sales prices and orders for high-income products. This was due to increased sales in SICONEX®, established businesses, and products. The measures presented this time, such as e-Cable™, new construction methods, and the provision of 2-dimensional codes for products, will lead to the 2H of the fiscal year and beyond.

Q Amid competition, in order to engage in construction in the ultra-high voltage sector, can we enter the market only if we have enough construction personnel? Are there advantages over competitors?

A We have already expanded into 275kV class. Going forward, we will continue shifting to the ultra-high voltage region beyond the highly profitable 154kV. The shortage of construction staff is also an issue for the 2 competitors, and there are cases where bidding is sluggish for electric power company projects. We try to incorporate these projects.

Q Is there a capacity to harvest bid-failure projects?

A Power Cables, which are largely long, are areas in which the 2 major companies are strong. Rather than expanding into these areas and increasing their market share, we would prioritize profitability and win orders mainly for profitable projects.

Q Regarding the graph of the sales composition ratio by the voltage, are the actual results for FY2024 or the forecast for FY2025? Also, is it only in the substation market and also in the transmission market, and is it necessary to invest in plant and equipment in terms of scale?

A Sales breakdown by voltage is FY2024 results, including the substation and transmission markets. Capital investment is outlined in the new medium-term management plan.

Q Please tell us about the shares of e-Cable™ in each field.

A We have 100% of the market in areas above 66kV /77kV.

Q Please tell us about the competitiveness, competition, and profitability of e-Cable™.

A As for e-Cable™, there is no competition in the voltage-band above 66kV /77kV. We recognize that by combining this with SICONEX® and construction and offering it to customers, it will lead to the acquisition of further subject. As with the expansion of e-Cable™ lineup from 66kV to 154kV this time, expansion into high-voltage areas will greatly contribute to improved profitability.

Q Please tell us about the construction areas and demand trends for e-Cable™.

A It is for substation facilities of private and electric power companies. It will also respond to the transmission area in the future.

Q When demand for e-Cable™ increases, will capital expenditures be required?

A There is no need for capital investment. Sufficient facilities are available for advancing into the transmission area.

Q Are new construction methods protected by patents?

A We protect our technology through patents. In order to respond to customer demands and issues, the Company has made up-front investments for several years to advance development, and is aware that it maintains a level of technological capabilities that other construction companies cannot match.

Communications and Components e-Ribbon®

Q Please tell us about the future growth potential of e-Ribbon®. Will it be compatible with cable production?

A Growth is very high, and it is currently in a state of full production. In the 2H of FY2025, the company aims to grow by improving capacity utilization and productivity. Furthermore, with the aim of completing construction in the 1H of FY2026, the Company will invest approximately ¥1 billion to increase production, and expects to raise sales by 28 times compared to FY2023. Currently, the company specializes in the manufacture of ribbons, but we also intend to show the conversion to cable in the new medium-term management plan.

Q What customers are assuming when e-Ribbon® is cabled? Is it an option for a hyper scaler in North America or a telecom in Europe?

A We are considering global expansion, including in Europe.

That's all