

SWCC Corporation

Summary of Q&A Session at the Medium-Term
Management Plan Briefing

Date: Monday, March 2, 2026

Location: 1-chome, Marunouchi, Chiyoda-ku, Tokyo



Energy and Infrastructure Business

[Q] : Could you tell us about the feasibility and schedule of the overseas expansion of SICONEX?

[A] : We are currently developing the “next-generation SICONEX,” which is being designed based on the IEC standards, the global standard specifications. Our conventional products for the domestic market have been high value-added models that are custom-designed for each customer, but we have determined that, as they are, they face challenges in terms of competitiveness in overseas markets. Therefore, for overseas markets we are shifting the design concept to a mass-production model in order to achieve both price competitiveness and profitability. As for specific target markets and customers, we are not yet at a stage where we can disclose details, but we plan to present a more concrete picture in the middle to latter half of the medium-term management plan period.

[Q] : What is the timeline for the Smart Stream business to contribute to earnings?

[A] : Smart Stream is a DX and digital solutions business for the power infrastructure sector, providing a platform that integrates sensors with various applications, such as work-support tools, disaster-prediction AI, and change-management support. During the current medium-term management plan period, preparations for commercialization have been put in place, and co-development with customers has been progressing. We expect a full-scale launch around 2030, at which point the business is planned to generate sales in the single-digit billions of yen and make a certain level of contribution to profits. We aim to expand its deployment beyond power infrastructure to other types of social infrastructure, such as water and gas, positioning it as a solution that helps address common challenges including labor shortages, improved safety, and skills transfer.

Communication and Components Business

[Q] : What are the drivers behind the accelerated profit growth in the Communications and Components business?

[A] : In the Communications Components business, the company plans to significantly increase operating profit from 8.3 billion yen in the current fiscal year to 17.6 billion yen in fiscal 2030. This growth will be driven by a strategy in which the stable earnings base of the Energy and Infrastructure business is complemented by e-Ribbon and semiconductor-related contact probes serving as the main growth engines. In particular, overseas sales of e-Ribbon are expected to grow substantially, with a projected compound annual growth rate (CAGR) of 38% through fiscal 2030. To support this, the company has already begun investments that will expand e-Ribbon production capacity to seven times the fiscal 2025 level, with a threefold increase to be achieved by the first

half of fiscal 2026.

[Q] : To what extent do you see downside risks for e-Ribbon® from fiber shortages and the spread of low-cost WDM?

[A] : The e-Ribbon® business is based on a model in which we do not increase in-house production of optical fiber, but instead procure fiber from other companies and specialize in ribbon processing. We will not invest in large-scale optical fiber production plants; rather, with around 2 billion yen of capital expenditure we will expand production capacity sevenfold, targeting an ROIC of 30% to ensure high investment efficiency. For fiber procurement, we will combine long-term supply from customers with sourcing from manufacturers around the world, thereby building a system that can flexibly respond to demand fluctuations. While we recognize the risk that the spread of low-cost WDM could relatively reduce demand for multi-fiber cables, the overall market is on an expansionary trend, and we believe that, taking market growth into account, such risks can be sufficiently absorbed.

[Q] : Please describe the business environment and potential in the application areas into which your contact probes are expanding.

[A] : TOTOKU's probes for back-end processes are widely adopted for logic applications, while we recognize that our MEMS and cantilever probes are in demand for both memory and logic. Mass-production projects are scheduled to start from next fiscal year, and we also view the creation of a market for die-level testing as a business opportunity. Under our "all-round contact probe strategy," which includes front-end MEMS probes and back-end wire probes, we intend to respond to all types of test requirements and to develop products in line with market needs.

[Q] : How is the semiconductor contact probe business progressing as a synergy from the acquisition of TOTOKU?

[A] : As a core pillar of synergies following the acquisition of TOTOKU, we will create new value by combining our front-end MEMS cantilever contact probe technology with TOTOKU's mass-production technologies and know-how for back-end probes. Over the period of the medium-term management plan, we expect cumulative operating-profit synergies of 5 billion yen, with semiconductor-related business accounting for a large portion of this amount. Development of the MEMS and cantilever probes is almost complete; after undergoing evaluation by some customers, we are now preparing mass-production facilities and are assuming an early ramp-up of volume production. Here, "high-performance products" refers to a family of next-generation probes capable of meeting advanced requirements such as further miniaturization and chiplet-based architectures.

Business Portfolio

[Q] : What are your exit criteria for businesses designated as "restructuring" or "underperforming" businesses?

[A] : We will use an ROIC spread of 3% as the hurdle rate and conduct an assessment in fiscal 2027. Products that are not profitable will be withdrawn, and we will work to improve profit margins at the product level through higher value-added offerings. Depending on the situation, we may also decide to restructure or exit entire businesses.

[Q] : How do you approach your cash-cow businesses?

[A] : We position electric wires and communications cables for the construction-related market as cash-cow businesses. By keeping capital expenditures within the level of depreciation, we will improve ROIC, and the cash generated from these businesses will be allocated to our growth

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businesses.

M & A

[Q] : What impact do you expect from inorganic growth, and what are your target areas?

[A] : The operating profit target of 40 billion yen during the medium-term plan period is essentially expected to be achieved through organic growth alone. We position inorganic growth as “a plus on top of the 40 billion yen,” and will move swiftly on transactions that strategically support areas such as semiconductor test equipment and the global expansion of our communications business. If M&A is realized at an early stage, it could enable us to achieve our targets ahead of schedule. Looking toward 2036, we aim for global growth that incorporates these inorganic initiatives.