SWCC Corporation (5805)

Q&A Sessions at the Small Meeting (Q3 FY2025)

Date and time of implementation: Monday, March 16, 2026

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

Implementation site: Nihonbashi Kabutocho, Chuo-ku, Tokyo

[Pre-submitted Questions]

Q **Could you share your view on the Medium-term Management Plan targets? Are they stretch targets, or conservative targets with a high probability of achievement?**

A The FY2030 targets are stretch targets. We expect to achieve the existing Medium-term Management Plan (FY2026 targets) one year ahead of schedule, in 2025. To date, under the theme of "CHANGE (structural reform)," we have used ROIC as a key metric to identify underperforming areas and implement structural reforms. In the new Medium-term Management Plan, we aim for a level of growth that cannot be achieved through structural reform alone. This includes entering new growth areas such as semiconductors, pursuing inorganic growth (including M&A), and setting a challenging target to increase the overseas sales ratio from the current 10% to 20% by FY2030.

Q **Regarding the Communication Cables business, could you explain your positioning in the data center market (e.g., level of adoption in hyperscale data centers, contract structures, and status of joint development)?**

A e-Ribbon® is used for high-density wiring and is being deployed both inside and outside data centers. We have entered into long-term agreements with global manufacturers in Europe, Asia, and North America. Amid a global shortage of optical fiber, we are able to secure stable procurement through our partner companies. We source optical fiber from these partners and process it into e-Ribbon®. For cabling and application products, we work jointly with customers on development.
While specific market share figures are not disclosed, we are aiming to secure a "significantly large share."

Q **What is the level of certainty regarding profit growth in the Communication and Components Business?**

A We plan to increase sales from 137.6 billion yen to 177.0 billion yen by FY2030, and operating profit from 8.3 billion yen to 17.6 billion yen, thereby improving margins as well. In the Communication Cables business, the data center market—particularly the construction of hyperscale data centers—is expected to expand significantly. We will deploy e-Cable globally, with e-Ribbon® as the core product, and further expand into cabling and application products. For the mobility and industrial businesses, which are undergoing restructuring, we will assess the direction for improving profitability over the next two years.

[Live Q&A]

Q **For improving profitability in the Energy and Infrastructure Business, will the focus be on existing businesses or new businesses? Also, will growth come from entering existing markets or creating new markets?**

A In the substation market, we have already secured a high market share, and there is limited room for further expansion. Going forward, growth will come from the transmission market, which is an existing market but is entering a cable replacement cycle, leading to increased demand. In addition, for data centers, we will create a new market through Y-branch connection solutions. This is a product currently under development, and we plan to bring it to market next fiscal year.

Q **In terms of driving profitability through Y-branch connections and the transmission business, which areas are expected to contribute earlier versus later in the Medium-term Management Plan period, and which are likely to have the greatest impact in terms of scale?**

A Y-branch connections are based on proprietary technology derived from SICONEX, and we expect them to deliver high profitability. In addition, retrofit SICONEX allows us to address delivery lead-time issues for existing equipment, enabling us to secure margins by introducing compatible solutions.

Q **What is your sales expansion strategy for the semiconductor business (e.g., focus areas such as logic vs. memory, and key regions)?**

A Our core product is wire probes for package substrates in the back-end process. These require extremely fine pins, and we are currently developing such contact probes. Looking ahead to FY2026 to FY2027, MEMS-type probes for the front-end process are expected to become a mainstay, and development is underway. Since TOTOKU has strong mass-production capabilities, we aim to bring these products to market at an early stage.

Q **What is the breakdown of the 8.0 billion yen in semiconductor product sales, and which areas are key priorities under Strategy II?**

A Of the 8.0 billion yen in sales, approximately one-third comes from contact probes and cables, while the remaining two-thirds consists of vibration isolation tables and burn-in sockets. We aim to expand the vibration isolation table business in particular. To differentiate our products, we will enhance them with high-acceleration capabilities, as well as additional functions such as monitoring, predictive maintenance, and auto-tuning—moving beyond the traditional one-time delivery model.

Q **What are the competitive advantages of contact probes, and what is the potential for further share expansion?**

A Our advantages lie in our proprietary ultra-fine processing technology and our ability to mass-produce at scale. This gives us strong cost competitiveness and makes our products difficult for competitors to replicate. Another strength is our ability to provide an integrated supply covering both front-end and back-end processes. We already supply large

volumes to the two major domestic manufacturers, and going forward, we plan to expand supply to Chinese test equipment manufacturers.

Q **Will e-Cable and Y-branch connection units be sold as a package?**

A For data centers, we primarily assume bundled sales of e-Cable and Y-branch connection units. Since e-Cable improves installation efficiency, we believe it can also be widely adopted in both power infrastructure and private-sector applications.

Q **How confident are you in expanding sales of branch connection solutions for data centers?**

A We already hold a high share of the 66 kV segment. For 154 kV applications, we are currently in discussions with electric utilities, which are strongly requesting early market introduction.

Q **If data center demand continues through 2030, will additional capacity investment be required? Also, will e-Ribbon® remain a core business over the longer term?**

A We have received indications of long-term agreements that would expand production capacity to approximately seven times the current level by 2025. The key issue is whether we can respond adequately to the rapid growth in hyperscale data center demand through 2030. Beyond 2030, demand forecasts vary by company, and we must also consider the possibility that the number of suppliers—currently limited—will increase. However, e-Ribbon® technology can also be applied to infrastructure uses such as telecommunications, and we do not expect a significant decline in demand over the medium to long term.

Q In the Energy and Infrastructure Business, what is the actual level of risk from overseas substation equipment manufacturers (e.g., from China and South Korea) entering the Japanese market?

A We estimate the entry risk to be around 1–2%. In terms of reliability, electric utilities and equipment manufacturers are unlikely to shift entirely to overseas suppliers.

Q **Who are the competitors in the domestic transmission and data center power markets?**

A In both the domestic transmission and data center markets, there are only three companies—including ourselves—that can manufacture, supply, and construct ultra-high-voltage systems. We have a strong competitive advantage in SICONEX, and we aim to expand our market share through our proposal capabilities.

Q **How confident are you in capturing new demand in the domestic transmission and overseas markets?**

A In the transmission market, the shift from oil-filled insulated cables to CV cables is underway, and only three companies, including ourselves, are capable of handling this

transition. Other manufacturers are focusing on wind power and large-scale renewable energy projects, and we believe our probability of capturing this demand is very high.

Q **What would be the impact if the trend seen in the U.S.—where data center operators build their own power generation facilities—were to emerge in Japan? Would such global trends provide an opportunity to expand SICONEX overseas?**

A Entry into overseas markets will take some more time, although we are progressing with product development for global deployment. When the priority is to build and launch data centers quickly, installation capability becomes a major challenge. We believe we have a strong competitive advantage by offering an integrated solution consisting of highly installable e-Cable, enhanced installation capabilities through collaboration with partner companies, and the new Y-branch connection technology. Even in the case of self-generation needs, we believe this integrated approach provides significant advantages.

Q **What are the main applications, market share, and positioning of contact probes?**

A Currently, contact probes are used across a wide range of applications, including memory and logic semiconductors. Looking ahead to FY2027, MEMS-type probe pins for the front-end process are expected to become a core product. We possess highly advanced processing technologies and intend to compete with superior technical capabilities. Based on our internal estimates, we hold approximately a 35% global share in wire probes. However, our share in the front-end segment is still relatively low, and expanding this area will be a key focus going forward.

Q **What is the status of developments in superconducting technology?**

A We initially started with supplying wire materials, and more recently, we have conducted demonstration tests using superconducting cables as finished products at chemical plants of major chemical companies. We are also currently engaged in joint research with the government on new product development. As for whether superconducting cables will become mainstream in the future, we are not in a position to comment at this stage.

Q **What types of overseas power markets are you targeting, and where do you plan to build facilities for e-Ribbon®?**

A Regarding overseas expansion of SICONEX, we believe that the Japanese model—expanding as a package of cables, connection equipment, and construction—may not be directly applicable. Instead, we aim to collaborate with overseas manufacturers and deploy SICONEX-based products that are easy to apply, easy to install, and relatively cost-competitive. We plan to expand this business in the latter half of the Medium-term Management Plan period. For e-Ribbon®, we are considering investment at our Sendai plant, and we will also explore overseas capital investment as part of our global expansion.

Q **How do you differentiate yourselves from competitors such as Hitachi?**

A Similar to Japanese manufacturers expanding overseas, we intend to focus on companies that have independently established operations in overseas markets.

Q **Is branch connection technology unique to your company, or are there similar examples overseas?**

A We believe this is a technology unique to Japan. It has already received high evaluation in the 66 kV segment, and we aim to expand adoption in 154 kV and higher voltage ranges going forward. At this stage, we are not considering overseas deployment.