

SENSHU ELECTRIC CO., LTD.

2Q FY2026.10 Q & A

[Day] June 5, 2026 (Fri.) 10 : 30-11 : 30

[Place] 2-2-1 Nihonbashi Muromachi, Chuo-ku, Tokyo

14th Floor meeting room G, Muromachi Head Office, Okasan Securities Co., Ltd.

Q1. What is the time lag between the purchase price and the selling price of copper?

A1. We sell electrical materials based on a sliding scale tied to copper prices. In the electric facilities sector, which involves large-scale projects, there are cases where prices are set and sales occur as long as 18 months later. For direct demands, many of the cables used have a low copper content, so not all of them are immediately affected by rising copper prices. Overall, we estimate that copper sales contribute to about half of our total revenue. In this instance, there were project delays in the construction and electrical distribution sector, which is why sales have not increased in some areas. Generally, products sold on a spot basis are priced to reflect current copper prices.

Q2. By product, how much of an increase in quantity are we looking at?

A2. Power cables are down slightly, while the rest are up. The Japanese Electric Wire & Cable Makers' Association has released copper cables shipment volumes by weight for the construction and electrical distribution sectors, and these figures are also down.

Q3. Is the decline in the construction sector due to delays in project schedules or a drop in construction demand?

A3. The main reason is that we're currently in a lull between major projects. On top of that, construction schedules are being extended due to labor shortages and rising material costs.

Q4. Given the strong business performance, why did you leave the operating profit forecast for the second half unchanged in the upward revision?

A4. We originally structured our budget with the assumption that sales would be stronger in the second half. Major projects are also gradually coming to light. Regarding profits, we are taking a cautious approach due to the uncertainty surrounding the situation in the Middle East. However, we believe that demand will grow as long as the supply of semiconductor manufacturing equipment and machine tools remains stable.

Q5. What is the outlook for sales to the AI and data center sectors?

A5. The data center market is still in its early stages. Sales to data centers are growing. We are seeing large-scale projects emerge during the construction phase. If this trend continues, it will benefit our company. However, our business is not significantly impacted by the optical fiber

infrastructure within data centers; instead, copper cables used in construction is the primary focus. Going forward, we anticipate involvement in data centers, redevelopment projects in the Tokyo metropolitan area, integrated resort (IR) casinos, and large-scale semiconductor manufacturing plants. We expect profits to grow driven by demand from the semiconductor, machine tool, and automotive sectors.

Q6. Are the cable manufacturers citing rising costs for insulation materials as the reason for the price increase?

A6. That is correct. We adjust prices up or down in response to fluctuations in copper prices. This time, due to the situation in the Strait of Hormuz, the price of naphtha-derived products has risen significantly, and we plan to implement a substantial price increase starting in mid-June. We are explaining this situation to our customers. Customers have no choice but to accept these price increases. This is because there are only four manufacturers of power cables, and they are all implementing nearly identical price hikes. Furthermore, since the prices of various materials have been rising recently, these increases are being relatively well accepted.

Q7. As construction costs rise, does demand increase proportionally?

A7. There are still plenty of projects out there. Tokyo, in particular, has a lot. Data centers and renewable energy projects are also coming online. In Osaka, it's the integrated resort (IR) casino. Overall, projects are becoming concentrated in metropolitan areas. The construction industry is facing a labor shortage due to a decline in the workforce, and material costs are also soaring. Construction costs have risen by about 30% to 40% over the past few years. Whether this trend will continue depends on supply and demand. However, overall, there is still a high likelihood that costs will continue to rise.

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