

Sumitomo Electric Industries, Ltd.

Mid-term Management Plan

2025

Creating a Green Society through our Connecting and Supporting Technologies

#### Corporate Philosophy

#### Sumitomo Spirit

#### Banji-nissei Shinyo-kakujitsu Fusu-furi

#### Sumitomo Electric Group Corporate Principles

Each company of the Sumitomo Electric Group (SEG) shall

- Offer the very best goods and services to satisfy customer needs
- Build technical expertise, realize changes, and strive for consistent growth
- Contribute to creating a better society and environment, with firm awareness of our social responsibility
- Maintain high corporate ethics and strive to become a company worthy of society's trust
- Nurture a lively corporate culture that enables employee self-improvement

With our focus on contributing to the public benefit, SEG strives for mutual prosperity with all of our stakeholders "Multistakeholder Capitalism"

(Customers, employees, suppliers, regional communities, and shareholders/investors)



#### Purpose

Contribute to building a better society by pursuing Top Technology and innovation on a global scale, using the integrated capabilities of Sumitomo Electric Group

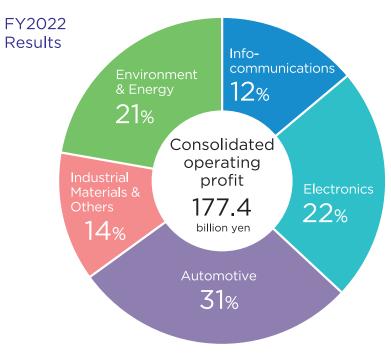
# Business Environment and 2030 VISION

- •Reflections on VISION 2022
- Business Environment
- •2030 VISION

#### Reflections on VISION 2022

Both sales and operating profit reached record highs, however SEG was unable to swiftly and sufficiently implement measures to respond to changes in the business environment, including sudden changes in demand for automobiles, and as a result some issues remain

Numerical			
targets	17 Results	22 Results	22V Targets
Net sales (billion yen)	3,082.2	4,005.6	3,600
Operating profit (billion yen)	173.1	177.4	230
Operating profit ratio (%)	5.6%	4.4%	6.4%
Operating profit ROIC	7.9%	5.9%	>9%
ROE	8.1%	6.1%	>8%
Capital investment (billion yen/5 years cum. total)	-	969.3	950
R&D expenses (billion yen/5 years cum. total)	-	624.6	600

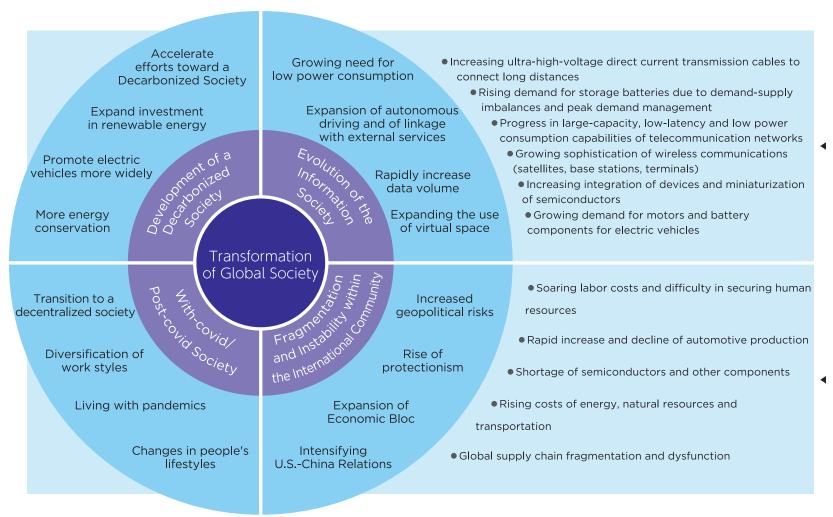


	Results	Challenges	
Growth Potential	Despite a challenging business environment, sales of 4 trillion yen were recorded, exceeding the VISION 2022 target, as a result of efforts to expand sales and to secure supplies of strategic products	Achieve further growth by seizing new business opportunities in a drastically changing market environment	
Profitability	Three segments* achieved their highest profits during the VISION 2022 period, building momentum for the creation of a well-balanced portfolio	Strengthening our capability to respond to rapid changes in the business environment, such as sudden changes in demand and soaring raw material and transportation costs	

<sup>\*</sup> These segments are Environment & Energy, Info-communications, and Electronics

#### **Business Environment**

SEG recognizes that our challenge is to seize various business opportunities arising from the Development of a Decarbonized Society and the Evolution of the Information Society, and to respond quickly and flexibly to the changes in global society



#### 2030 VISION

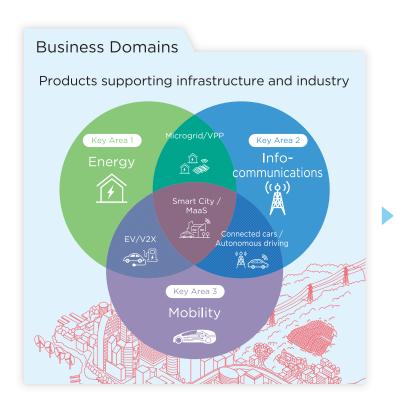
Slogan

#### LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET

Relentlessly challenging ourselves to use Technology for Good

Management Policy

- Pursuit of Top Technology
- Enhance Global Presence
- Promote Diversity & Inclusion





#### 2030 VISION

By 2030, SEG aims to achieve sales of over 5 trillion yen and before-tax ROIC of over 10%, while working on reducing CO2 emissions, promoting D&I and improving engagement

# Targets Achieving a Glorious Excellent Company

Glorious					
E	Global Environment	Various efforts as follows: CO2 emissions reduction 2030 <scope 1+2=""> 30%; <scope 3=""> 15% (compared to FY 2018) 2050 <scope 1+2=""> carbon neutrality</scope></scope></scope>			
	Diversity & Inclusion	Creation of new values through the integration of diverse perspectives, experiences and technologies			
S	Engagement	Empathy with the creation of corporate value and actual feeling of contribution			
G	Legal Compliance	Compliance with laws, regulations, and corporate ethics throughout SEG, including its supply chain, on a global basis			

	Excellent
Growth	Consolidated net sales:>5 trillion yen >1 trillion yen in growth from the 3 key areas of energy, info-communications and mobility
Efficiency	Before-tax ROIC: >10% (Presentation of even higher value and improvement in the profit structure)

## Mid-term Management Plan 2025

Positioning

Overall Concept

#### **Growth Strategies**

- 3 Key Areas
- Environment & Energy
- Info-communications
- Automotive Business
- Electronics
- Industrial Materials & Others

#### Strengthening Business Foundations

3 Key Driving Forces 1. R&D

2. Manufacturing

3. Supply Chain

3 Key Sources of Capital 1. Financial Capital

2. Human Capital

3. Intellectual Capital

#### Sustainability

Environment

Social / Governance

Net Sales and Operating Profit by segment / Growth Themes

**Key Indicators and Targets** 

#### Positioning

Mid-term Management Plan 2025

(FY2023-FY2025)

Creating a Green Society through our Connecting and Supporting Technologies 2030 VISION Glorious Excellent Company

Safe•Comfortable Green

Next Mid-Term Management Plan

2022 VISION

Development of a Decarbonized Society

**Evolution of the Information Society** 

With-covid/Post-covid Society

Decoupling and destabilization in the global community

FY2022 (actual)

Net sales

: 4.0 trillion yen

Operating profit

: 177.4 billion yen Before-tax ROIC

: 6.6%

FY2025

Net sales : 4.4 trillion yen

Operating profit: 250 billion yen

Before-tax ROIC: >8%

FY2030 (2030 VISION)

**Net Sales** 

: >5 trillion yen

Before-tax ROIC

: >10%

#### **Overall Concept**

Under the slogan "Creating a Green Society through our Connecting and Supporting Technologies", SEG is working on growth strategies and strengthening our foundations with the integrated capabilities of SEG



What SEG wants to achieve to move toward a sustainable society by 2030

Evolving our technologies further to meet the challenges of this era of change

Growth Strategies

Energy

F





Mobility

Strengthening our management foundations to build a corporate structure that is resilient to change

Strengthening our Foundations

Human capital R&D
Intellectual Supply chain capital Signaturing

Safer Society

More
Comfortable
Society

Green and
Environmentally
Friendly
Society

Sustainability initiatives

Mutual prosperity with multistakeholders

Enhancement of medium- and long-term corporate value

#### 3 Key Areas

SEG will contribute to the future of a Green Society by seizing business opportunities across the Group in 3 key areas as part of progress toward a Decarbonized and Information-oriented Society

# Realizing LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET 3 Key Areas Driving Growth

Development of a Decarbonized Society



Evolution of the Information Society

#### Creating New Value with Technology through Group Wide Efforts



- Interconnectors / battery storages for power grids
- Renewable energy networks
- Environmentally friendly power transmission and distribution / energy-saving equipment
- High-speed large-capacity and low-latency communication network
- Data centers and related equipment
- Next-generation telecommunication devices and equipment
- Materials for electrified automobiles / weight reduced materials
- Driver-assistance and autonomous driving systems
- Mobility solutions from energy infrastructure and integrated transport infrastructure

Diverse products of SEG

Environment & Energy Segment

Infocommunications Segment

Automotive Segment Electronics Segment Industrial Materials Segment

#### **Environment & Energy**

Policy for 2030

SEG will contribute to the development of next-generation energy infrastructure by providing products and services that contribute to decarbonization and support the future of a Green Society globally



#### Business Environment

In a time when countries around the world are making large-scale investments for the mass introduction of renewable energy, and when long-distance power transmission linking remote areas and balancing the supply-demand of electricity are even more in demand, SEG is committed to contribute to enhancing and improving the efficiency of power grids by evolving our high-voltage technology

- Strategies Going Forward
- Extra-high-voltage DC cable for interconnector
- Significantly expanding manufacturing and installation capacity both in Japan and overseas
- Developing environmentally friendly high-performance insulation materials
- Improving project risk management capabilities
- Strengthening collaboration with strategic partners

- Offering products and services for renewable energy
- Strengthening cooperation with group companies (Nissin Electric Co., Ltd. and Sumitomo Densetsu Co., Ltd.) to offer solutions
- Adopting higher voltage and larger capacity array cables and export cables for offshore power, and expanding its sales
- Securing large-scale projects for redox flow batteries, promoting local production and local consumption, and introducing new products with EV linkage functions for residential energy storage systems

- Rectangular magnet wires for driving motors used in electric vehicles
- Launching next-generation and differentiated products for higher voltage electric vehicles
- Increasing manufacturing capacity and improve productivity in response to the growing popularity of electric vehicles
- Establishing a global distribution system

#### **Environment & Energy**

#### Key Initiatives

## Launching state-of-the-art submarine cable factories

Our goal is to support the launch of large-scale submarine power transmission projects in various countries. Refining our DC power transmission technology, which is essential for long-distance and high-capacity transmission, and strengthening our manufacturing capability in each region will put us in a leading position in global decarbonization efforts



Current Minato Factory (Ibaraki Prefecture)

Extra high voltage
DC cable

Renewable energy products and services

# Developing a power transmission system to support wind power generation

By leveraging our world-class technological capabilities, SEG will contribute to building a sustainable future addressing challenges in floating offshore wind generation, to enable mass deployment of renewable energy systems to meet net zero commitments



Photo courtesy of Akita Offshore Wind Corporation

3

Rectangular magnet wires for motors

# Increasing performance and global expansion of rectangular magnet wires

SEG will develop and market next-generation differentiated products that can respond to further increases in high voltage required for electric vehicle adoption. SEG will also further strengthen our global supply chain by focusing on in-house production and procuring of key raw materials locally



Rectangular magnet wires for driving motors

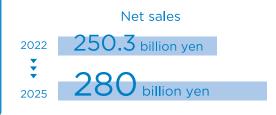
#### Info-communications

Policy for 2030

SEG will provide a variety of original products for developing All-Photonics Network and Beyond 5G that brings high-speed large-capacity and low-latency communications with low power consumption, which are required for Al and virtual space applications

2025 Growth Strategies







#### Business Environment

The advancement of our data-driven society is increasing the amount of communication data transferred at an annual rate of approx. 30%, and this is increasing demands for high-speed large-capacity and low-latency communications networks. SEG is committed to support the buildout of low power consumption communication networks through providing solution based on the variety of products and services

- Strategies Going Forward
- Optical communication products for data centers & data center interconnection
- Deploying high fiber density optical cables for air blown installation
- Reducing power consumption through ultra-low loss optical connectors
- Performance and energy-saving improvements of InP devices for optical communication and improvement of InP substrate quality

- High-performance,
  high-value-added products for high-speed large-capacity optical communications
- Application of multi-core optical fiber for intercontinental submarine optical communication
- Advancing construction work with fusion splicer equipped with AI/DX functionality
- Higher performance optical fiber(ultimate lowering loss, bending performance improvement)

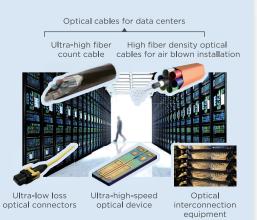
- Devices and equipment for high-speed large-capacity mobile wireless communication (5G/B5G)
- Expanding bandwidth, improving energy-saving performance, and increasing production capacity of GaN based power amplifier for mobile phone base stations
- Beginning to supply industrial 5G terminals and 5G access optical transmission equipment for use in factories and transportation

#### Info-communications

#### Key Initiatives

#### Development of Higher Performance Products for Data Centers

SEG will provide high fiber density slim cable and optical interconnection equipment that supports efficient use of space for data centers, as well as ultra-low loss optical connectors and ultra-high-speed optical devices that boost energy conservation and decarbonization





3 Products for high-speed

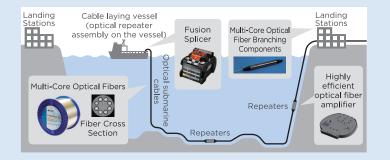
large-capacity wireless

communications

#### Providing Multi-Core Optical Fiber Solutions

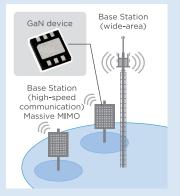
As a leader in multi-core fiber, a new key technology for high-speed large-capacity optical communications, SEG provides comprehensive solutions including fusion splicer, amplifiers and other products.

SEG has introduced intercontinental optical submarine cables and will be expanding them to land use and data centers



#### Wideband power amplifier for mobile wireless communication of 5G and Achieving B5G

SEG is continuously incorporating new technologies to improve power efficiency in high-frequency GaN devices which are used in wireless communication base stations including mobile phones and other mobile devices. This reduces operating costs and increases decarbonization for base stations, which are growing in number



#### **Automotive Business**

Policy for 2030

SEG will expand our connection business as a mobility partner that enables connectivity by evolving wiring harnesses and responding to electrification and high-speed communication

2025 Growth Strategies







#### Business Environment

With electrified vehicles\* forecasted to account for approximately 30% of the global vehicle production in 2025, and with driver assist features and autonomous driving systems becoming increasingly sophisticated, we are committed to contribute to the evolution of mobility by advancing technologies for electrification, high-speed communications, and infrastructure coordination, in addition to the further enhancement of our existing wiring harness technology

#### Strategies Going Forward

- Global supply system for wiring harnesses
- Further increasing sales of aluminum wiring harnesses which contributes to weight reduction
- Reconfiguring our production system to optimize global locations, prioritizing local production for local consumption
- Creating a new design and new manufacturing method for wiring harnesses
- Better supply chain visualization through digital transformation

- New products that capture the expanding CASE market
- Expanding our supply of high-voltage products and battery-related parts as electrification advances
- Accelerate development of new products in response to increased/higher speed communication functions
- Strengthening partnerships and promoting collaboration with existing customers
- Penetrating into Europe, US and other emerging EV manufacturers

- Cooperating within our Group, aiming for a new era in mobility
- SEG will strengthen the development of new products for next-generation mobility using polymer materials, by reorganizing manufacturing bases and business structures for anti-vibration rubber and hoses, through collaboration with existing businesses (Sumitomo Riko Co., Ltd.)
- Providing smart infrastructure for the EV Society by linking traffic management systems and energy management systems

<sup>\*</sup>BEV, Full-HEV, PHEV, FCV

#### **Automotive Business**

#### Key Initiatives

#### Manufacturing innovation and better supply chain visualization

Using automation technology to create split harnesses, which will allow for a wide variety of products with a small number of parts, and will accelerate local production for local consumption and BCP. SEG will also strengthen our global supply system through digital transformation and supply chain visualization



Split wiring harness (4 - 5 sections)

Strengthening our global supply

New products for the CASE

#### Development of electrification / high-speed communication components for CASE

Development of unique products and technologies that boost electrification and high-speed communication that support the development of next-generation mobility

High-Voltage Harnesses Battery Wiring Modules High-Voltage Junction Boxes High-Speed Communication Harnesses



**Battery Cooling Hoses** 

Management System for EV Charging and Discharging



the Group

#### New product development of polymer materials

Anti-vibration rubber and cooling hoses for EVs, hydrogen hoses for FCVs, new technologies for polymer materials that contribute to innovation in automobiles



Anti-vibration rubber parts for EV



Hoses for FCV

#### Increased collaboration on infrastructure

Total solution design through collaboration on mobility and social infrastructure

Pedestrian/vehicle detector and Al-based traffic signal control

Energy management through EV charging and discharging



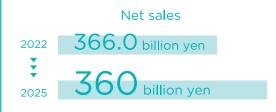
#### **Electronics**

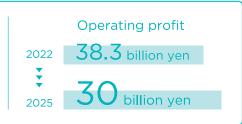
Policy for 2030

SEG will focus on meeting new requirements for the information society and CASE, and aim to develop and supply high-performance interconnect products as well as expanding sales of products that are useful for the medical and environmental sectors

2025 Growth Strategies







#### Business Environment

With many social and industrial changes being accelerated as seen in GX, DX, and CASE, our commitment to contribute is to support the realization of a comfortable and environmentally friendly society by applying our proprietary technology in high-performance materials and wiring technologies toward a wide range of industries

#### Strategies Going Forward

- High-performance FPC\* supporting next-generation telecommunication devices
- Further business differentiation through ultra fine pitch circuit technology and multi layer technology
- Promoting the development of Fluororesin/High-frequency FPC with excellent high-speed transmission performance
- Expand the scale of our business to develop CASE-compatible FPC, including electrification

- High-performance wires used in a wide range of applications such as electrification
- Building a production system to meet the growing demand for lead wires for EV battery
- Developing and enhancing capacity of information cables and high-voltage wire for vehicles and aircraft
- Supplying high-performance wires for a wide range of applications, from satellites to robots

- High-performance products that positively contribute to the environment and boost medical care
- Increasing production capacity for microfiltration membranes for semiconductor manufacturing equipment
- Developing high value-added membranes for higher performance water treatment membrane modules
- Developing and expanding sales of high-performance materials used in the products field, e.g., for catheters

<sup>\*</sup>Flexible Printed Circuit (wiring material)

#### **Electronics**

Key Initiatives

#### Increasing sophistication for our ultra fine pitch circuit technology used for FPC

SEG will supply reliable high-density wiring, leveraging our strengths in ultra fine pitch circuit technology using the semi-additive method, to meet the needs for further miniaturization, weight reduction, and better functionality of information terminals

>70Qm pitch

Semi-additive method

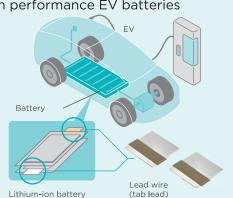
30Qm pitch

High-performance FPC

High-performance electric wire

## Expanding our supply of lead wires to support high performance EV batteries

In order to meet increasing demands for lead wires for lithium-ion batteries, SEG will enhance its global production capacity, including establishing new operating bases, and also focus on developing next-generation products



3 -perform

High-performance products

# Achieving superior quality filtration and water treatment with unique high-performance membranes

SEG will increase production capacity for impurity removal filter membranes for semiconductor manufacturing equipment that

requires precision filtration



Development of high-performance membrane modules and high value-added membranes that can meet the challenges of a wide range of water resources





#### Industrial Materials & Others

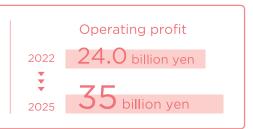
Policy for 2030

By further developing our material processing technology, SEG will broadly support the development of infrastructure and industry with high-precision, high-strength products that are useful for a Green Society

2025 Growth Strategies







#### Business Environment

With various industries reaching a turning point and manufactureing and the use of products changing, our commitment to contribute is support the realization of green society by applying the advanced materials processing technologies SEG has developed to a wide range of fields, including electrified vehicles and green-related facilities

- Strategies Going Forward
- Promoting differentiation and production system enhancement with our cutting tools
- Build demand for various cutting processes for aircraft parts, electric vehicles and wind power generation with next generation CBN and new materials
- Uncover new demand by differentiating through sensing technology and data utilization to predict tool life and improvements in machining processing
- Strengthen our global service system for all machining processes

- Technological expansion for cemented carbide materials and expanding into growing markets
- Expanding sales of diamond cutting wheels for magnets used in electrified vehicles and high-precision cutters for electronic components
- Expanding sales of heatspreaders for use in automotive and medical sectors with innovative technology and increased production capacity
- Supplying tungsten monoblocks with super hardness and excellent thermal shock resistance to the nuclear fusion market

- High-precision, high-strength materials that contribute to infrastructure enhancement and the environment
- Increasing sales of highly durable, high value-added prestressing steel strand in North America and Asia, where we expect demand to increase
- Development and increased sales of prestressing steel strand with optical fiber for navigating infrastructure and sloping ground
- Expansion of sintered parts for EV products, expansion into non-vehicle sectors

#### Industrial Materials & Others

#### Key Initiatives

# Accelerated development and market expansion for cutting tools

Develop new materials and new processing technologies to expand into new sectors, including electric vehicles, renewable energy, and aviation Expand our share of the growing global market by enhancing our global service capability



NCB100 Sintered binderless CBN for high efficiency finishing



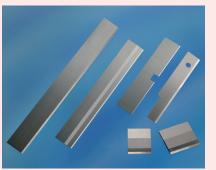
Diamond-coated endmills for manufacturing electrified vehicle parts

Cutting tools

Cemented carbide material

## Expanding supply of cemented carbide cutting blades that support the development of electrified vehicles and 5G

Further strengthening our production system for cemented carbide cutting blades and our ultra-precision processing technology to expand supply for the multilayer ceramic capacitor (MLCC) market, which is expanding due to the development of electrified vehicles and 5G



Cemented carbide high-precision cutting blades

High-precision, high-strength

#### Strengthen development of sintered parts for EVs

Capturing demand in new sectors such as EVs through dissimilar material bonding and sinter-forging technology



Carrier for e-Axle\*1

#### Development of green market for prestressing steel strand

With applications, including in coated prestressing strand tanks\*2 and tower for wind-power generation\*3. Monitoring achieved by SmART Strand®



Prestressing steel strand with optical fiber SmART Strand®



generation

- \*1 e-Axle: The main drive system that integrates the electric vehicle motor, inverter, and speed reducer
- \*2 Tank: Storage tank for next-generation energy such as biomass and other liquids
- \*3 Tower for wind-power generation: A hybrid tower (steel + concrete tower) for wind turbines, increased rigidity enabling a taller structure, benefits for the ease of transport and less cost to assemble

#### 1. R&D

Policy for 2030

Invigorate and accelerate R&D as one of the key driving forces to create an extensive range of technologies

Backcasting from social issues
 More sophisticated and efficient processes
 Open innovation and cooperation with outside entities

#### Customer Needs

#### Developing the Current Businesses

Closer collaboration with business and sales, partnering with customers to intensify development efforts centered around focused business areas

- Reinforcing the power grid and stable supply of renewable energy
   Next generation ultra-high voltage cables, wind power and Smart Grid technology, etc.
- High-speed large-capacity and low latency for telecommunication networks
   Next-generation ultrafast optical communications and 5G and Beyond5G related technologies, etc.
- Electrification in mobility
   Electrification systems in cars and other related materials, next-generation communication technologies, etc.
- Evolution of high-performance products
   Sensing tools and thin motors, etc.

#### Challenging into New Territories

Future Society Needs

Capturing the diverse needs of the society and challenging to new territories through the use of core technology and creating innovative technologies

Green

Promoting R&D in energy savings, renewable energy and material recycling to maximize the possibility of creating a Sustainable Planet

Hydrogen technology / CCUS to achieve carbon-free, environmentally-friendly power cables, next-generation wastewater treatment films, materials separation technology, etc.

Safe and comfortable

R&D to expand safe and comfortable Living and broaden the possibility of Human Kind

Photonics-Electronics Convergence Technology for an All-Photonics Network
Technology related to Connected and automotive on-board network

Efficient R&D process by using Big Data / AI / Machine Learning

Validate market and business opportunity

#### 2. Manufacturing

#### Policy for 2030

Creating resilient factories that can adapt to change

- Contributing to the global environment
   Promoting a resilient manufacturing platform
- Building a solid shop floor operation
   Evolving the production system

Building a manufacturing capability that achieves world leading standards for all of SEQCDD\*1



#### **Evolving the Production System**

Vertical launch

Minimize the time required to meet quality targets for launching new product manufacturing through SU (Start Up), defined as shortening the time required for starting production lines for new products to stabilize their quality

Globally implement and embed "Launch Capability SU"

Concurrent improvement of lead time and cost

Minimize both lead-time and cost in manufacturing through establishing "LV", defined as the product of manufacturing lead-time and variable costs - a common KPI of our mass-production capability

Globally implement and embed "Mass Production capability LV"

 Become a world class company for safety by targeting zero incidents among employees, products and equipment

Equipment1

[Employees / Further expansion of the three measures: Promoting Equipment Safety, Developing Safety-Minded People

and Fostering Safety Culture

[Products]

Build Own-Process Guarantee from the design stage, apply TRAP\*2 for causal analysis of defects and incidents, and develop cross-organization

countermeasures

Zero major incidents for employees, products and equipment

 Further promote data visualization and accelerate PDCA cycle of continuous Kaizen

Embed SEG's unique factory infrastructure assessment system MFA\*3 on a global basis

Global roll-out of Infrastructure Strength MFA



Accelerate PDCA cycle by monitoring real-time status of people, products, and equipment with Monozukuri Navigator - the data visualization system of SEG

<sup>\*1</sup> Safety, Environment, Quality, Cost, Delivery, Development

<sup>\*2</sup> Trap Avoiding Program: The company's own method for preventing the occurrence and recurrence of work-related accidents and defects, based on the Theories of Failure

<sup>\*3</sup> Monozukuri Fundamentals Assessment

#### 3. Supply Chain

Policy for 2030

Stable Supply Chain Resilient to Changes and Responding Precisely and Promptly to Customers

- Fair and impartial trade, protection of the environment and human rights, and the BCPs Presenting solutions
- Production at the most appropriate site and cooperation on a global scale
   Optimizing division of labor among operation sites

Building a solid supply chain that can adapt structural changes and abrupt fluctuations

## Building a Stable Supply Chain

 Creating risk ranking and establishing necessary measures for strategic materials

Procurement from multiple suppliers and local sources

Consideration of alternatives and partial in-house production

Executing CSR procurement

CSR assessment

Joint improvement activities with SEG

Assessment completion rate (Global transaction value equivalent)

80%

# Optimized Manufacturing Locations Advanced Inventory Management

 Optimization of locations according to business characteristics and geopolitics

Diversification of manufacturing sites

Local production for local consumption

Consolidation and optimization of common functions

 Sharing and utilizing data from order to shipment

Obtaining customer information

Integrating and sharing data on inventory information and production plans between manufacturing sites

Stabilization and Efficiency of Logistics Networks Improved Efficiency of Intragroup Transactions

 Building highly efficient logistics environment

Visualization and sharing the status of logistics

Optimized design of Hub Depots

 Improved efficiency of intragroup transactions

Process standardization through EDI

EDI rate for transactions between group companies

100%

#### 1. Financial Capital

#### Policy for 2030

Maximize cash flow, invest in growth, and return profits to stakeholders

- Generate cash through reinforcing operation, implementing growth strategy, and ROIC management
- Strategic R&D and capital investment
   Sharing returns with stakeholders

# Generate cash by improving capital efficiency

Before-tax ROIC : FY2022 6.6% → FY2025 >8% (FY2030 10%)

ROE : FY2022 6.1% → FY2025 >8%

# Allocation that carefully balances growth and returns

EBITDD\* 1.6 trillion yen / total over 3 years

Profit	Sales	Promoting our growth strategies and focusing on high added value
Pro	Costs	Pursuing innovative technology and manufacturing methods
invested Capital	Capital Investment	Improving investment efficiency Appropriate investment decisions based on business characteristics PDCA for investment results Analysis of investment results and sharing benefits
Investe	CCC	Shortening inventory holding days Shortening production lead time Strengthening physical resource management with digital transformation

Growth Investment R&D Investments of 360 billion yen/3 years Capital Investments of 720 billion yen/3 years Investment Customers: Providing high-quality and safe products Compensation growth: Aiming for inflation rate + Each Suppliers: Fair and impartial transactions Stakeholder Social contribution: Approx. 1% of profit after-tax Dividend payout ratio: Approx. 40% etc.

<sup>\*</sup> EBITDD: Earnings Before Interest Taxes Depreciation and Development

#### 2. Human Capital

#### Policy for 2030

Evolve to be a Group where everyone can excel, grow and contribute to society

- Diversity & inclusion Nurturing a corporate culture that values growth and challenges
- SEG's integrated power on a global scale

#### Develop Human Capital creating new value in the age of changes

Developing Human Capital and Improving Engagement					
Practice-Based Experiences	Accumulate practical experiences with challenges leading to growth		Shared Understanding	Integrating the Sumitomo Spirit, management policies and business strategy	
Exploring Talents Leadership	Providing a robust L&D program  Developing leaders for respective workplaces		Compensation Fostering Culture	Compensation growth: Aiming for inflation rate + α Cohesive corporate culture where the ability of individuals is maximized	

Organizational Diversity and Workplace Improvements					
Diversity	Attracting and promoting a diverse workforce Continue supporting diverse work styles		Workplace Environment	Continue to promote health management for overall wellbeing Further improvements of safe and secure workplaces	

[Executive	Senior management programs /			
Programs]	the Executive Training program, etc.			
[Management	GLP, MPSS*, Operational level			
Programs1	leadership programs, etc.			
Programs]	leadership programs, etc.			
[Skills Training	Problem solving, coaching,			
Programs1	innovation, data analysis, etc.			
1 Tograms]	innovation, data analysis, etc.			
ED- sie training	The Sumitomo Spirit,			
[Basic training	Corporate Principles, Management Policies,			
programs]	Safety, Environment, Quality, etc.			



<sup>\*</sup>GLP: Global Leadership development Program, MPSS: Management Program based on the Sumitomo Spirit

#### 3. Intellectual Capital

#### Policy for 2030

Globally manage and make use of intellectual capital generated from our core technologies

- Intellectual Property(IP) strategy for business competitiveness Global IP network
- Contribution to the establishment of global regulations

#### Enhancing the Competitive Advantage / Growing Globally

#### Managing Intellectual Capital / Utilizing IP Rights

## Manage and utilize marketing knowledge and trade secrets

- Protect and utilize unique knowledge as a source of our competitive advantage
- Meticulously managing trade secrets of the global operation

#### Obtaining and making use of IP rights

- Acquire and utilize IP rights to secure flexibility and gain competitive advantage in key activities of the global business, such as procurement, production and sales
- Protecting our brands and business by avoiding infringements of our IP rights from various countries, e-commerce and other markets



- •Maintaining approx. 25,000 rights, Japan and international
- •More than 2,000 new applications filed each year across the Group

# Contribute and Comply with International Standards and Rule-making

## Contribute to the development of international standards and rule-making

- Contribute to the development of new structures of the society, such as DX and GX, through participating in the development of international standards and rule-making
- Promote the application of next-generation technologies, such as Environment Friendly and Resource Recycling, to society working together with our partner companies

# Compliance with country and regional level legislation and regulations

- Obtaining timely and appropriate information on country and regional trends, including economic security issues
- Adapting the Group's business in each country/region



Accelerate to apply our environmental technologies and data usage technologies to the society by working together with our partners

Use of third party intelligence for intellectual capital: technology and market studies, benchmarking, business competitiveness analysis

Intellectual capital generated through business and R&D activities

#### **Environment**

SEG will promote three core activities: Operate for a Greener Global Environment, Contribute to the Global Environment Through Our Business and Promote Day to Day Ecological activities ("Eco-Activities 2030")

#### Operate for a Greener Global Environment Reduction in CO2 emissions (% reduction vs 2018) Decarbonizing power sources through "Saving Energy", "Creating Energy" and "Purchasing Energy"\*1 FY2025 FY2030 Scope1+2 Minimizing the effect on the global environment. 17.5% 30.0% Direct Emissions + especially through "Saving Energy" and self-help efforts Indirect Emissions FY2030 FY2025 Promoting green procurement and logistics initiatives Scope3 8.7% 15.0% Other Emissions Promoting LCA initiatives Promoting circular economy Preventing environmental pollution Product design and material development for easy recycling Zero environmental incidents, reduction of environmentally hazardous substances Waste reduction through reducing defects and sorting, water recycling

# Contribute to the Global Environment Through Our Business

#### Green contribution sales

 Products and services that promote a Green Society

Sales from Eco-Friendly products

 Sales from environmentally friendly products and services

### >700

billion yen (FY2025)

#### >1

trillion yen (FY2025)

#### Promoting "Eco-Activities 2030"

"Eco-Activities 2030"

By FY2030 ···

Over 300 Good for the Planet activities in over 20 countries and regions\*2

<sup>\*1 &</sup>quot;Creating Energy": Creating electricity from solar power, "Purchasing Energy": sourcing electricity from renewable energy

<sup>\*2</sup> Protection of biodiversity, local clean-up efforts, greening activities, etc.

#### Social / Governance

As a responsible member of society, SEG will actively promote our CSR activities and ensure to respect human rights and promote rigorous compliance

# Human rights due diligence Examination of key risks, prevention and mitigation measures for 280 Group companies\* Human rights training Training and awareness-raising for discrimination, harassment and other human rights issues Supplier code of conduct Requests to engage in human rights and labor relations efforts based on the Supplier Code of Conduct



#### Group Corporate Principles (excerpt)

Contribute to creating a better society and environment, with a firm awareness of our social responsibility Maintain high corporate ethics and strive to become a company worthy of society's trust

#### Contribution to Society

- Develop next generation talents and promote academic pursuits through the Sumitomo Electric Group CSR Fund, and contribute to a wide variety of activities, including activities to protect the environment
- Promoting community contribution activities at each site
   Continued support for employee volunteer activities
- Actively supporting sports activities and events

Our contribution to CSR activities will be approx, 1% profit after-tax

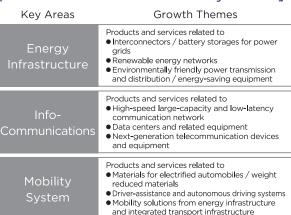
<sup>\*</sup>Domestic and overseas Group companies except for listed subsidiaries

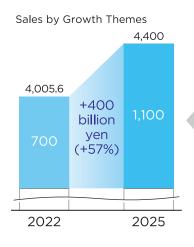
#### Net Sales and Operating Profit by Segment / Growth Themes

Unit: Billion yen

	Net:	sales	Operating profit		
	FY2022	FY2025	FY2022	FY2025	
Environment & Energy	928.2	1,020	37.9	50	
Info- communications	250.3	280	21.9	25	
Automotive Business	2,186.8	2,500	55.7	110	
Electronics	366.0	360	38.3	30	
Industrial Materials & Others	363.3	390	24.0	35	
Company-wide Total	4,005.6	4,400	177.4	250	

#### [ Growth Themes in the 3 Key Areas ]





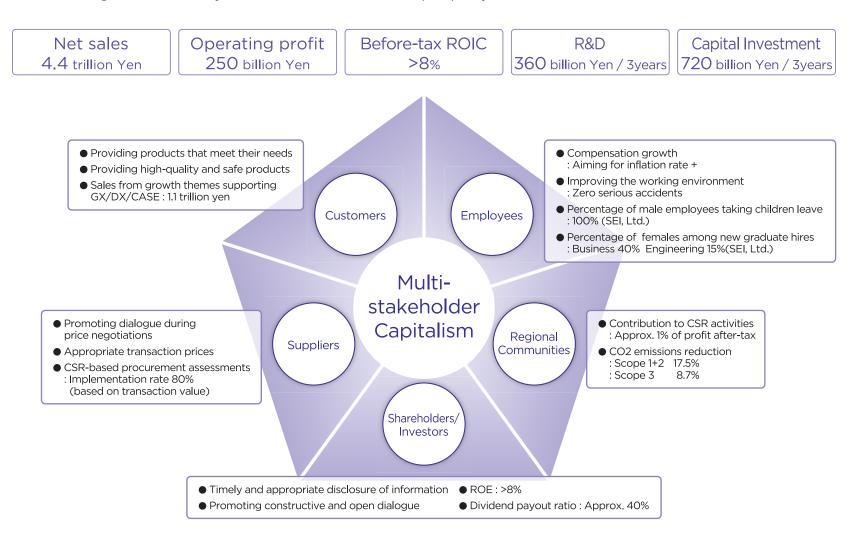
#### New submarine cable plant 100 billion ven / Enhancement of cable manufacturing facilities Manufacturing facility for large-scale storage 3 years Manufacturing facility for next generation optical and electrical devices 100 billion yen / Production increase of large diameter semiconductor wafers Development and production increase of Ultra fine pitch FPC .. Manufacturing facilities for high-voltage / 100 billion yen / high-speed communication electric parts and ECU Production increase of lead wire for EV battery 3 Vears Production increase of rectangular magnet wires for electric vehicles ···

Total: 300 billion yen

Large-scale capital expenditure by Growth Themes

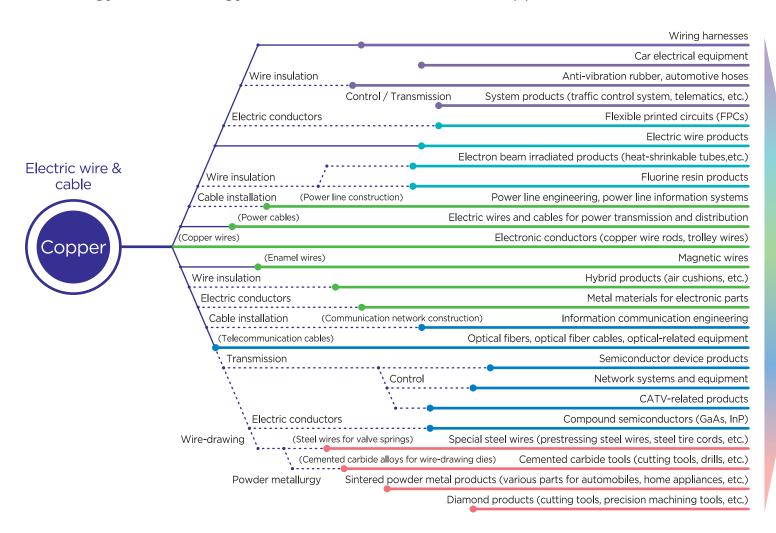
#### Key indicators and targets

Seizing business opportunities from the Advancement of a Decarbonized Society and Evolution of the Information Society, and enhancing our sustainability initiatives to achieve a shared prosperity with our stakeholders

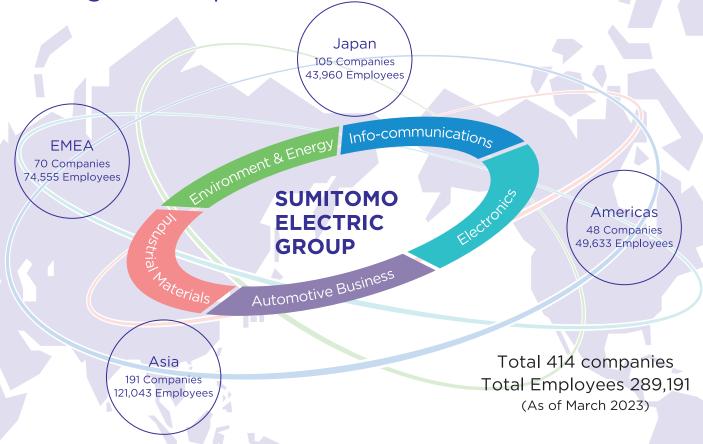


# Pursue Top Technology and create new value through innovations

Genealogy of Technology evolved from foundation of copper wire and cable business



Contributing globally to a Green Society with the integrated capabilities of SEG



May 2023 Becoming wholly owned subsidiary

#### Forge a bright future for both people and technology NISSIN ELECTRIC GO., LTD.

- Enhancing the ability to provide solutions
   Providing total solutions for power transmission and distribution facilities
- Integration and exchange of organizations and human capital
- Cross-utilization of overseas offices and customer base

Providing packaged services for the renewable energy market

Connect, Communicate and Create

#### **TECHNO ASSOCIE CO., LTD.**

- Increase in Group added value and sales and earnings
   Deploying Solution Development Based Marketing more effectively
   Use of extensive supplier and processing networks
- Cooperation in procurement and logistics
- Shared corporate functions



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