October 30, 2025

Press Release

Company name:	Sumitomo Electric Industries, Ltd.
Representative:	Osamu Inoue, President (Code No: 5802, Tokyo Stock Exchange, Nagoya Stock Exchange, and Fukuoka Stock Exchange)
Contact details:	Maki Tanaka, [General Manager, Public Relations Department] (TEL: +81-6-6220-4141)

Notice of Agreement Concerning Tender Offer for Shares of Consolidated Subsidiary (Sumitomo Densetsu Co., Ltd.), and Change in Consolidated Subsidiary (planned)

Sumitomo Electric Industries, Ltd. (hereinafter, the "SEI") has resolved at the Board of Directors Meeting held today to enter into agreements (hereinafter, the "Agreements") with Daiwa House Industry Co., Ltd. (hereinafter, "Tender Offeror"), concerning the announced tender offer by the Tender Offeror (hereinafter, the "Tender Offer") for the common stock of Sumitomo Densetsu Co., Ltd. (hereinafter, the "SEM"), which is SEI's consolidated subsidiary (hereinafter, "SEM Shares"), that stipulate that (i) SEI shall not tender any SEM Shares held by SEI, (ii) SEI shall implement procedures to make SEI and the Tender Offeror the only shareholders of SEM after the completion of the Tender Offer (including a consolidation of SEM Shares (hereinafter, the "Share Consolidation")), and (iii) transfer all SEM Shares held by SEI through a share buyback conducted by SEM (hereinafter, the "Share Buy Back" and a series of other transactions necessary in connection therewith are collectively referred to as the "Transactions").

Furthermore, following a resolution at the Board of Directors meeting held today, SEI has entered into a business alliance agreement among SEI, SEM and the Tender Offeror, effective as of today.

Following the successful completion of the Tender Offer, as a result of completion of the Transactions, SEI will transfer all SEM Shares held by SEI, upon which SEM will no longer be a consolidated subsidiary of SEI.

For details of the Transactions, please refer to SEM's press release disclosed, "Notice Concerning Opinion in Favor of Tender Offer for the Company Shares, etc. by Daiwa House Industry Co., Ltd. and Recommendation to Tender".

１． Reason for the change and method

In May 2022, SEI formulated the "Sumitomo Electric Group 2030 Vision," a long-term vision for the Group's future direction toward 2030. In this vision, the Group's purpose is defined as "pursuing top technology, evolving connection and support technologies through innovation, and contributing to the realization of a better society through the comprehensive strength of the Group." Furthermore, in May 2023, SEI announced the "Medium-Term Management Plan 2025," and based on both the long-term vision and the medium-term plan, SEI has further clarified its response to social transformation needs such as GX, DX, and CASE. In this context, SEI has been considering the optimal approach for its listed subsidiaries from the perspective of enhancing the Group's corporate value.

As a result, SEI has determined that transferring all SEM Shares held by SEI to the Tender Offeror will enable optimal allocation of management resources within the SEI Group. At the same time, SEM is expected to benefit from receiving orders for development projects from the Tender Offeror Group, acquiring construction experience and know-how, and winning overseas projects, particularly in Southeast Asia. SEI believes that this will contribute to further enhancing the corporate value of both the SEI Group and the SEM Group.

Following the successful completion of the Tender Offer, as a result of completion of the Transactions, SEI will transfer all SEM Shares, upon which SEM will no longer be a consolidated subsidiary of SEI. However, SEI has entered into a business alliance agreement today among SEI, SEM, and the Tender Offeror, and will continue to maintain and develop the existing cooperative relationship, business transactions, sales support, personnel exchanges, and technical exchanges with SEM. SEI will also deepen collaboration with SEM and the Tender Offeror Group in various fields going forward.

In the Transactions, in light of the fact that SEI is expected to be subject to the provisions of the Corporation Tax Act regarding the exclusion of deemed dividends from taxable income with respect to the Share Buy Back, the Tender Offeror has set the tender offer price in the Tender Offer (hereinafter the "Tender Offer Price") and the transfer price in the Share Buy Back (hereinafter the "Share Buy Back Price"), so that (i) the after-tax proceeds in the Share Buy Back will be equivalent to (ii) the after-tax proceeds to be received if SEI were to tender all SEM Shares held by SEI in the Tender Offer at Tender Offer Price. Therefore, SEI does not benefit as compared to the minority shareholders of SEM. Since such pricing will fairly and appropriately realize the interests of both SEI and the minority shareholders of SEM, as well as enhance the fairness and certainty of execution of the Transactions and contribute to the interests of SEI and its shareholders, it has been agreed that the Share Buy Back Price shall be 6,877 yen and the Tender Offer Price shall be 9,760 yen.

２． Outline of SEM

（1）	Name	Sumitomo Densetsu Co., Ltd.
（2）	Location	2-1-4 Awaza, Nishi-ku, Osaka
（3）	Name of representative and job title	Makoto Tani, President, Representative Director
（4）	Description of business	Engineering services and sales of equipment related to facility construction
（5）	Paid-in capital	6,440 million yen (as of September 30, 2025)
（6）	Date of incorporation	April 20, 1950
（7）	Major shareholders and ownership ratio (As of March 31, 2025)	Sumitomo Electric Industries, Ltd. 50.68% The Master Trust Bank of Japan, Ltd. (trust account) 7.10% GOLDMAN SACHS INTERNATIONAL 3.31% Custody Bank of Japan, Ltd. (trust account) 2.79% JP MORGAN CHASE BANK 385632 2.57% MSIP CLIENT SECURITIES 2.33% Sumitomo Densetsu Kyoeikai Business Association 2.15% Hokko Unyu KK 1.77% Sumitomo Densetsu Employee Stock Ownership Plan 1.62% BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) 1.07%
（8）	Relationship between SEI and SEM	
	Capital relationship	SEI owns 50.76% of SEM’s total number of voting rights. (Note 1)
	Personnel relationship	The President, Representative Director and two directors of SEM are former employees of SEI.
	Business relationship	There are transactions between SEI, SEM, and SEM Group companies, including sales of SEI products, orders for facility construction to SEM and its Group companies, and receipt of dividends from SEM.
（9）	Consolidated financial performance and consolidated financial condition in the most recent three fiscal years	

As of fiscal year ended	March 31, 2023	March 31, 2024	March 31, 2025

	(million yen)			
	Net assets	99,618	110,932	119,178
	Total assets	163,587	181,664	197,577
	Net assets per share (yen)	2,681.14	2,988.28	3,232.72
	Net sales	175,120	185,524	203,639
	Ordinary profit	14,394	13,502	18,914
	Net income attributable to owners of parent	9,384	10,060	12,800
	Net income per share (yen)	265.05	284.09	363.52
	Dividends per share (yen)	94.00	106.00	146.00

(Note 1) Ratio to the number of voting rights is the ratio (rounded to two decimal places) to the total number of voting rights (351,231) of all shareholders as stated in SEM's Annual Securities Report for the 100th term filed on June 25, 2025.

3．Outline of Tender Offeror

(1)	Name	Daiwa House Industry Co., Ltd.	
(2)	Location	3-3-5 Umeda, Kita-ku, Osaka	
(3)	Name of representative and job title	Keiichi Yoshii, Representative Director and Chairman, CEO	
(4)	Description of business	Construction business, urban development business, real estate management business, overseas business, etc.	
(5)	Paid-in capital	162,602 million yen (as of September 30, 2025)	
(6)	Date of incorporation	March 4, 1947	
(7)	Major shareholders and ownership ratio (As of March 31, 2025)	The Master Trust Bank of Japan, Ltd. (trust account)	17.44%
		Custody Bank of Japan, Ltd. (trust account)	6.57%
		STATE STREET BANK AND TRUST COMPANY 505001	2.54%
		Daiwa House Industry Employee Shareholders Association	2.39%
		STATE STREET BANK WEST CLIENT - TREATY 505234	2.13%
		Sumitomo Mitsui Banking Corporation	1.95%
		Nippon Life Insurance Company	1.93%

		JPMorgan Securities Japan Co., Ltd. 1.53% JP MORGAN CHASE BANK 385781 1.38% Barclays Securities Japan Limited 1.26%
(8)	Relationship between SEI and Tender Offeror	
	Capital relationship	SEI owns 200,000 shares of Tender Offeror.
	Personnel relationship	None.
	Business relationship	No significant business relationships to note.
	Related parties status	None.

4. Number of shares to be transferred, transfer price and status of shares held before and after the Transactions

(1) Number of shares held by SEI prior to the Transactions	17,828,151 shares (Number of voting rights：178,281) (Ratio to the number of voting rights：50.76%) (Note 1)
(2) Number of shares to be transferred	17,828,151 shares (Note 2) (Number of voting rights：178,281)
(3) Transfer price	122.6 billion yen (Note 3)
(4) Number of shares held by SEI after the Transactions	0 shares (Number of voting rights：0) (Ratio to the number of voting rights：0%)

(Note 1) Ratio to the number of voting rights is the ratio (rounded to two decimal places) to the total number of voting rights (351,231) of all shareholders as stated in SEM's Annual Securities Report for the 100th term filed on June 25, 2025.

(Note 2) The number of shares transferred in Share Buy Back is the number obtained by subtracting the number of shares to be purchased by SEM as fractional shares as a result of Share Consolidation from shares to be sold by SEI.

(Note 3) The total transfer price for the Share Buy Back is expected to be the amount obtained by multiplying the Share Buy Back Price by the number of the SEM Shares owned by SEI less the number of shares to be purchased by the Tender Offeror as fractional shares as a result of the Share Consolidation. Please note that the amount stated in the table above is a reference value calculated by multiplying the Share Buy Back Price by the number of the SEM Shares owned by SEI.

5. Schedule

(1) Date of signing of the Agreements and the business alliance agreement	October 30, 2025 (Thursday)
(2) Tender Offer period	From October 31, 2025 (Friday) to December 15, 2025 (Monday)
(3) Announcement of Tender Offer results	December 16, 2025 (Tuesday)
(4) Share Consolidation	Mid-March, 2026 (planned)
(5) Share Buy Back	Late March, 2026 (planned)

6. Future Outlooks

Following the successful completion of the Tender Offer, and the completion of the Transactions during the fiscal year ending March 31, 2026, SEM will no longer be a consolidated subsidiary of SEI, and SEI expects to record extraordinary profit of 117 billion yen (Estimated) in the non-consolidated financial statement and extraordinary profit of 70 billion yen (Estimated) in the consolidated financial statement in the fiscal year ending March 31, 2026.

As the details regarding the full impact of the Transactions are still under review, the consolidated earnings forecast for the fiscal year ending March 31, 2026 remains unchanged.