

FY2025 1st half results and annual forecasts

Sumitomo Electric Industries, Ltd.
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1. FY2025 1st half Results

1-1. Performance Summary

¥bn	FY2023 1H Actual	FY2024 1H Actual	FY2025 1H Plan	FY2025 1H Actual	Growth
Net Sales	2,072.1	2,247.8	2,260.0	2,373.5	+6%
Operating Profit	67.3	119.3	123.0	153.0	+28%
Ordinary Income	60.8	121.7	126.0	155.5	+28%
Profit Attributable to Owners of the Parent	26.7	75.8	75.0	97.9	+29%
USD EUR Copper		¥153 ¥166 ¥1497k/t		¥146 ¥168 ¥1461k/t	

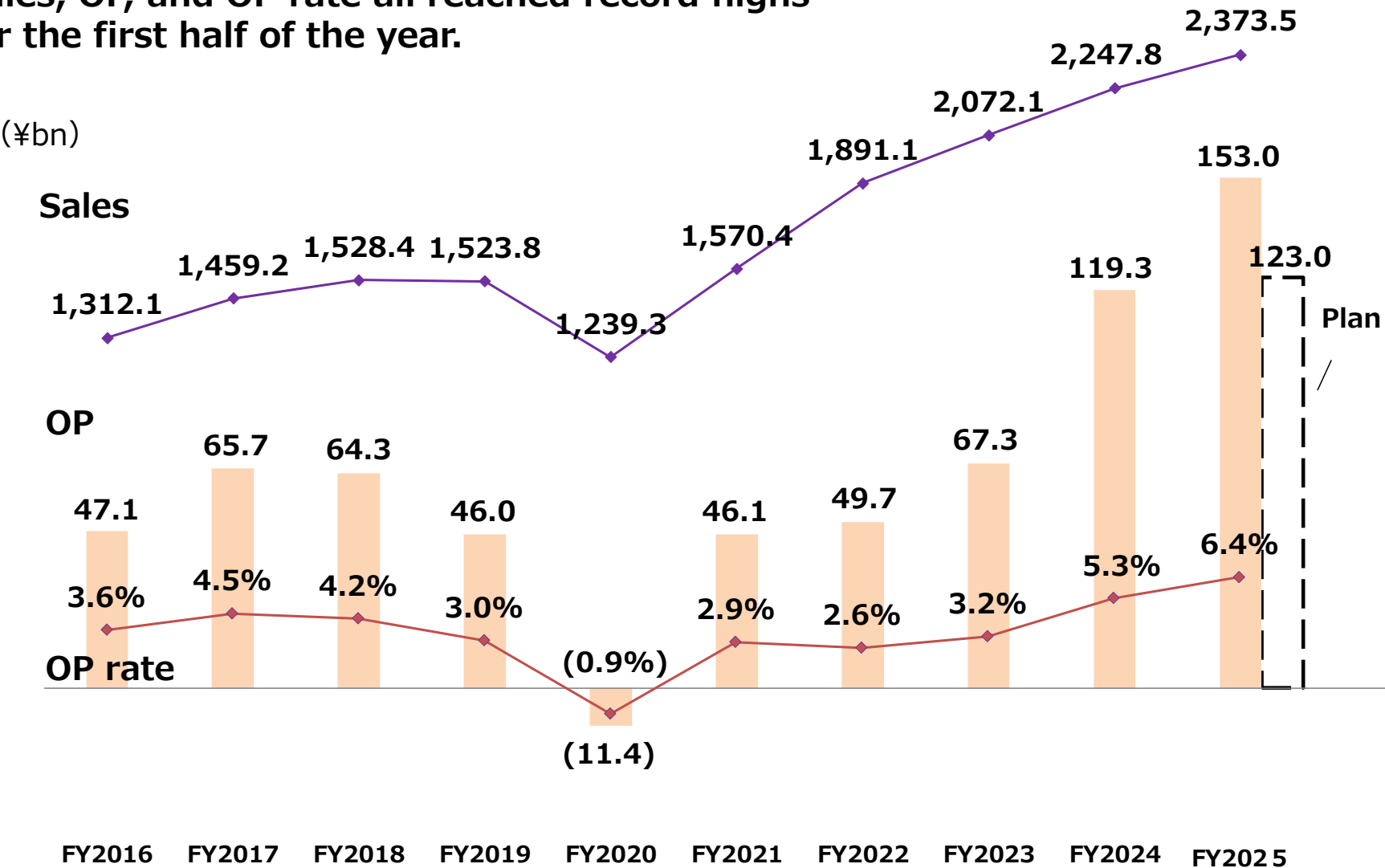
Year-on-year sales increased by 6%, driven by growth in optical devices and connectors for data centers, wire harnesses, power cables, and transmission and distribution equipment.

Operating profit increased by 28% year-on-year, driven by sales growth alongside thorough cost reductions and improvements in selling prices.

Net sales, operating profit, ordinary income, and net profit all exceeded the announced forecast, reaching record highs for the first half.

1-2. First Half Performance Trends

Sales, OP, and OP rate all reached record highs for the first half of the year.



1-3. Sales and OP by Segment

OP exceeded the same period last year in four segments excluding Electronics.
Compared to the most recent forecast, all segments achieved the OP announced in July.

¥ bn	FY2024 1H Actual①		FY2025 1H Plan②		FY2025 1H Actual③		Growth ③ - ①		Difference ③ - ②	
	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Environment and Energy	516.4	31.5	520.0	24.0	536.0	34.5	+19.6	+2.9	+16.0	+10.5
Info-communications	103.6	4.9	130.0	20.0	135.4	22.1	+31.8	+17.2	+5.4	+2.1
Automotive	1,305.4	55.0	1,290.0	54.0	1,378.2	65.4	+72.8	+10.4	+88.2	+11.4
Electronics	191.5	18.2	190.0	15.0	197.3	18.0	+5.8	(0.2)	+7.3	+3.0
Industrial Materials and Others	185.7	9.5	190.0	10.0	188.2	12.9	+2.6	+3.4	(1.8)	+2.9
Total	2,247.8	119.3	2,260.0	123.0	2,373.5	153.0	+125.7	+33.7	+113.5	+30.0

※Differences between the aggregate of all segments and Total are consolidated eliminations.

1-4. BS as of FY2025 1st half end

¥ bn	FY2024 Actual①	FY2025 1H Actual②	Difference ②－①	¥ bn	FY2024 Actual①	FY2025 1H Actual②	Difference ②－①
Cash and Time Deposits	295.9	280.6	(15.3)	Trade Payables	473.8	489.6	+15.8
Trade Receivables	911.9	904.2	(7.8)	Interest Bearing Debt	775.9	695.1	(80.8)
Inventories	923.0	960.0	+37.0	Other	661.5	718.0	+56.6
Property, Plant and Equipment	1,121.8	1,152.3	+30.5	Total Liabilities	1,911.2	1,902.8	(8.4)
Investment Securities	604.7	662.6	+57.9	Total Shareholders' Equity	1,862.9	1,916.3	+53.3
Other	584.2	567.5	(16.7)	Total Accumulated Other Comprehensive Income	427.5	457.7	+30.2
				Non-Controlling Interests	240.0	250.5	+10.4
				Total Net Assets	2,530.4	2,624.4	+94.0
Total Assets	4,441.6	4,527.2	+85.6	Total Liabilities and Net Assets	4,441.6	4,527.2	+85.6

1-5. Free cash flow

Increased net profit and other factors generated over 250 billion yen in operating cash flow. We secured a surplus of 133.8 billion yen in free cash flow.

	¥ bn	FY2024 1H①	FY2025 1H②	Difference ② – ①
Profit before Income Taxes		122.6	158.1	+35.5
Depreciation and Amortization		102.7	101.3	(1.3)
Changes in Working Capital		△3.9	5.6	+9.4
Other		△65.0	△ 13.1	+52.0
Cash Flows from Operating Activities		156.3	251.9	+95.6
Purchase of Property, Plant and Equipment		△93.1	△ 110.8	(17.7)
Proceeds from Sales of Investment Securities		2.3	1.7	(0.7)
Other		△14.2	△ 8.9	+5.2
Cash Flows from Investing Activities		△104.9	△ 118.1	(13.2)
Free Cash Flow		51.4	133.8	+82.5

2 . FY 2025 Annual Forecast

2-1. Summary of Business Environment

The outlook for the global economy remains uncertain, due to factors such as the impact of policy revisions including additional U.S. tariffs, slowing demand for electric vehicles, political and geopolitical risks including the situation in the Middle East, and stagnation in the Chinese and European economies. That being said...

- ✓ Demand for data center-related products is increasing significantly with the expansion of generative AI.
- ✓ Progress of decarbonized society continues, investment in energy infrastructure and renewable energy is brisk
- ✓ The automotive sector is expected to see medium-to-long-term growth driven by CASE advancements.

Business opportunities are expected to expand further going forward.



Based on the results of the first half of the year and future prospects, the profit forecast has been revised upwards.

2-2. Consolidated performance forecast

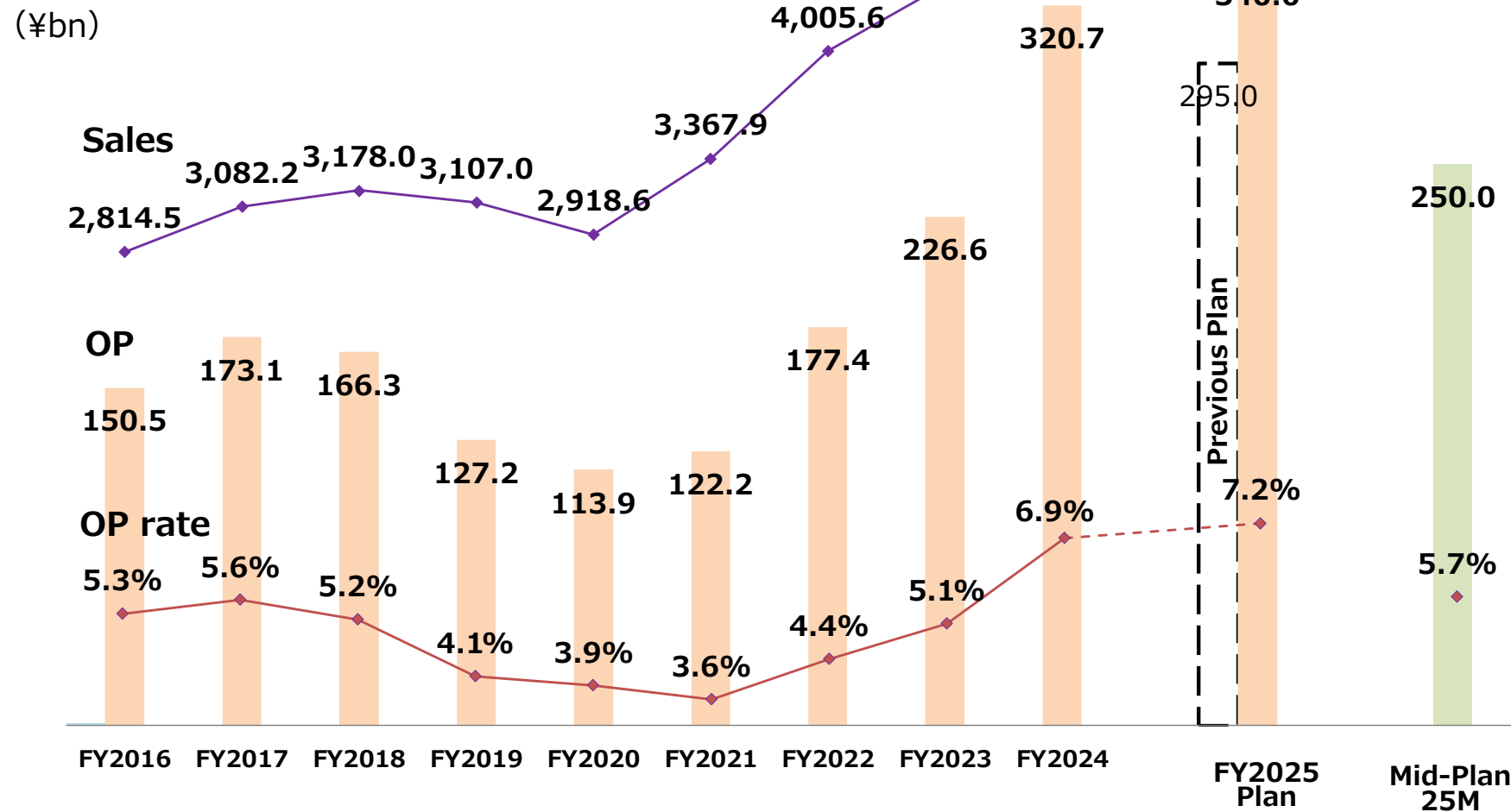
¥bn	FY2024 Actual①	FY2025 Previous Plan②	FY2025 Revised Plan③	Growth ③－①	Difference ③－②
Net Sales	4,679.8	4,600.0	4,750.0	+70.2	+150.0
Operating Profit	320.7	295.0	340.0	+19.3	+45.0
Ordinary Income	309.5	304.0	346.0	+36.5	+42.0
Profit Attributable to Owners of the Parent	193.8	205.0	230.0	+36.2	+25.0
Before tax ROIC	9.3%		10.4%		
ROE	8.6%		9.8%		
		(From 2Q)	(2nd half)		
USD	¥153	¥140	¥140		
EUR	¥164	¥155	¥160		
Copper	¥1478k/t	¥1350k/t	¥1400k/t		

Impact of U.S. tariffs on operating profit has been revised to losses of 10 billion yen (previous losses of 30 billion yen in July announcement)

The impact of the reorganization of listed subsidiaries announced on October 30 is not included in the above forecast.

2-3. Performance Trends

Exceeding mid-term plan,
Aiming for record-high sales, OP and OP rate



2-4. Sales and OP by Segment

We revised our forecasts by segment based on first-half results and the current business environment.

Info-communications segment is expected to significantly surpass its previous record profit (FY2020: 24.3 billion yen).

	FY2024 Actual①		FY2025 Previous Plan②		FY2025 Revised Plan③		Growth ③－①		Difference ③－②	
¥bn	Sales	OP	Sales	OP	Sales	OP	Sales	OP	Sales	OP
Environment and Energy	1,081.3	78.7	1,090.0	62.0	1,120.0	70.0	+38.7	(8.7)	+30.0	+8.0
Info- communications	223.3	19.9	290.0	44.0	300.0	54.0	+76.7	+34.1	+10.0	+10.0
Automotive	2,734.7	172.4	2,590.0	140.0	2,710.0	162.0	(24.7)	(10.4)	+120.0	+22.0
Electronics	377.2	29.3	360.0	25.0	370.0	28.0	(7.2)	(1.3)	+10.0	+3.0
Industrial Materials and Others	372.7	20.6	390.0	24.0	390.0	26.0	+17.3	+5.4	0.0	+2.0
Total	4,679.8	320.7	4,600.0	295.0	4,750.0	340.0	+70.2	+19.3	+150.0	+45.0

※Differences between the aggregate of all segments and Total are consolidated eliminations.

3. Status and Initiatives by Segment

3-1. Environment and Energy

Left:Sales Right:OP (¥bn)

Business environment

- The shift toward a decarbonized society continues.
Investment in energy infrastructure is very active in Japan and overseas, and demand for electric power cable and transmission and distribution equipment will remain bullish.
- Steady demand for the rectangular magnet wires for electric vehicles

Initiatives

- ✓ Increase orders for electric power cable, launch new European plant, reduce costs, improve quality, develop new products, and strengthen project management
- ✓ Expand production capacity for transmission and distribution equipment, increase orders, and strengthen development and proposals for environmentally friendly products
- ✓ Reduce costs for the rectangular magnet wires used in electric vehicles and develop next-generation products



3-2. Info-communications

Business environment

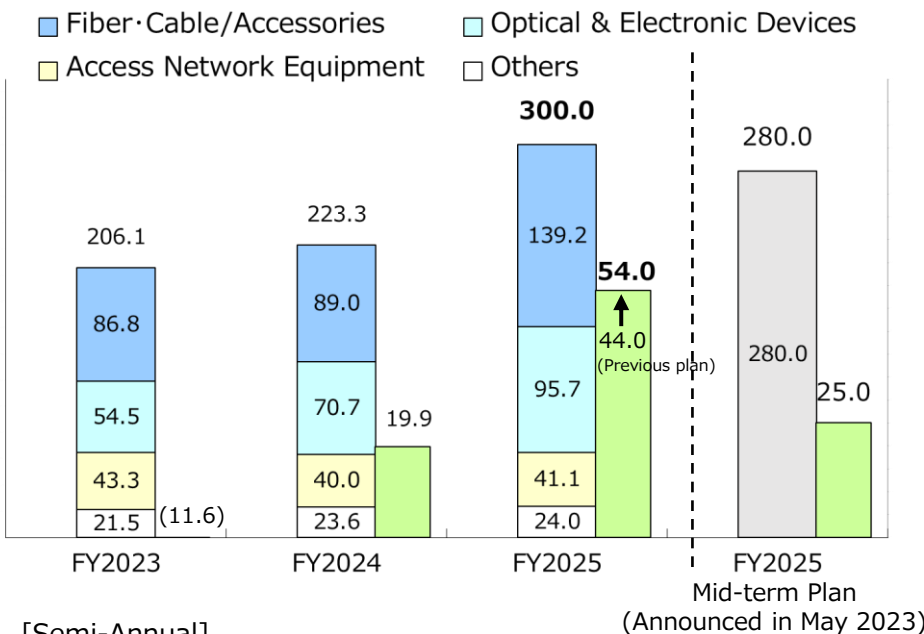
- The expansion of generative AI will increase demand for data center-related products (optical devices, optical connectors, optical cables, and compound semiconductor substrates)
- As the volume of data transmission increases, demands for higher speeds, low latency, and lower power consumption will become even greater

Initiatives

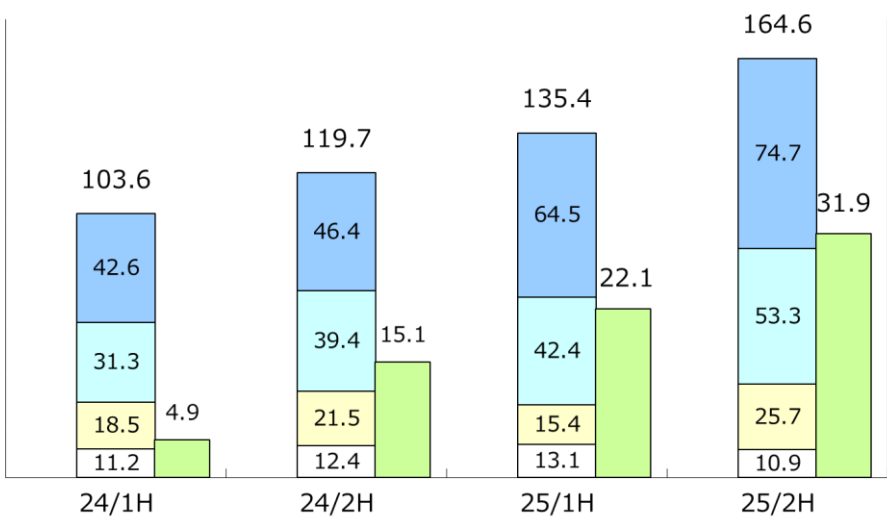
- ✓ Strengthen production capacity, develop new products and promote sales for data center products (Optical devices, optical connectors, optical cables, compound semiconductor substrates)
- ✓ Develop and promote ultra low-loss, high-capacity optical fiber for use as subsea cables
- ✓ Develop and promote high-efficiency GaN devices

Left:Sales Right:OP (¥bn)

[Full-Year]



[Semi-Annual]



3-3. Automotive

Business environment

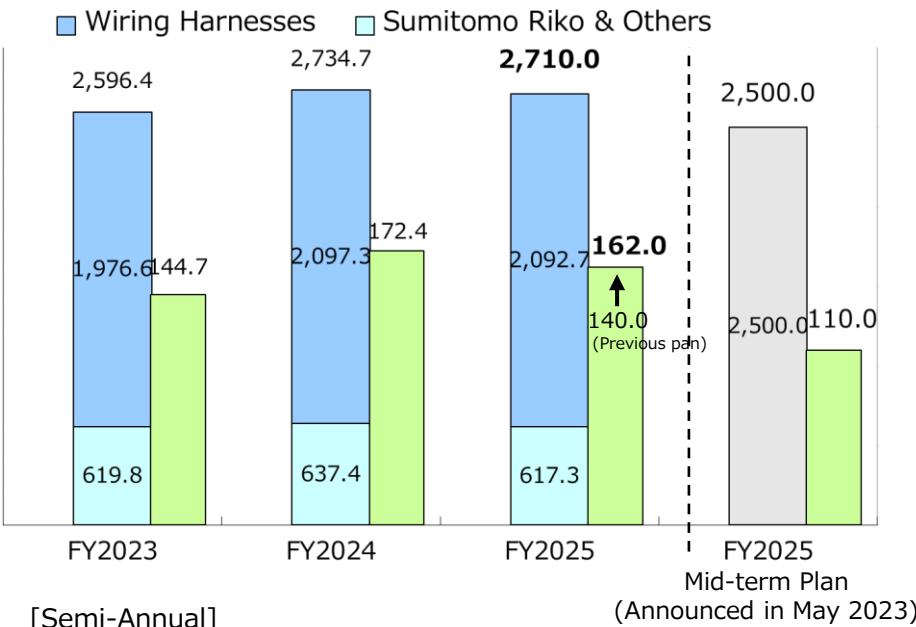
- Global automobile production is expected to be roughly on par with the previous period.
- Although the slowdown in EV sales continues, Japanese OEMs' HEV sales remain strong. Furthermore, the direction of CASE development will remain unchanged.

Initiatives

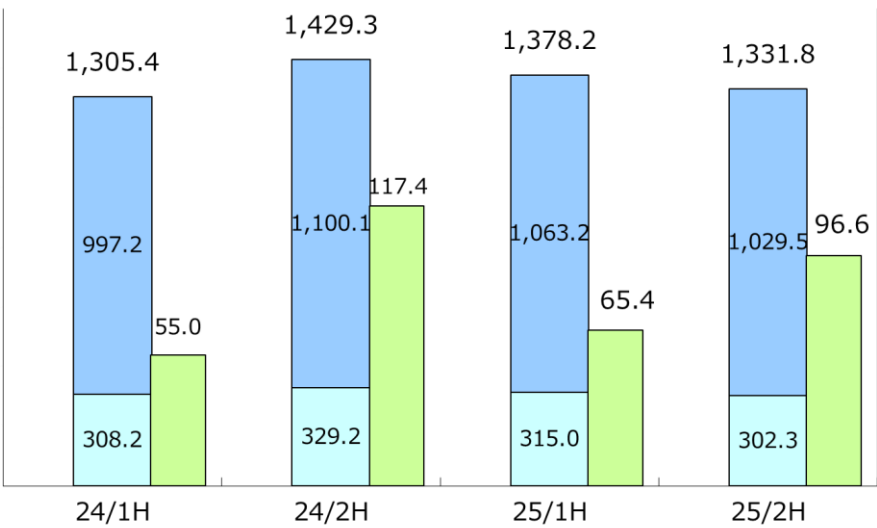
- ✓ Make flexible responses to changes in the business environment, including additional US tariffs.
- ✓ Strengthen business structure (enhance manufacturing capability and improve the efficiency of assets).
- ✓ Active expansion of new designs and production methods (split harnesses etc.).
- ✓ Create and promote new product lines for CASE.
- ✓ Create further synergy with Sumitomo Riko

Left:Sales Right:OP (¥bn)

[Full-Year]



[Semi-Annual]



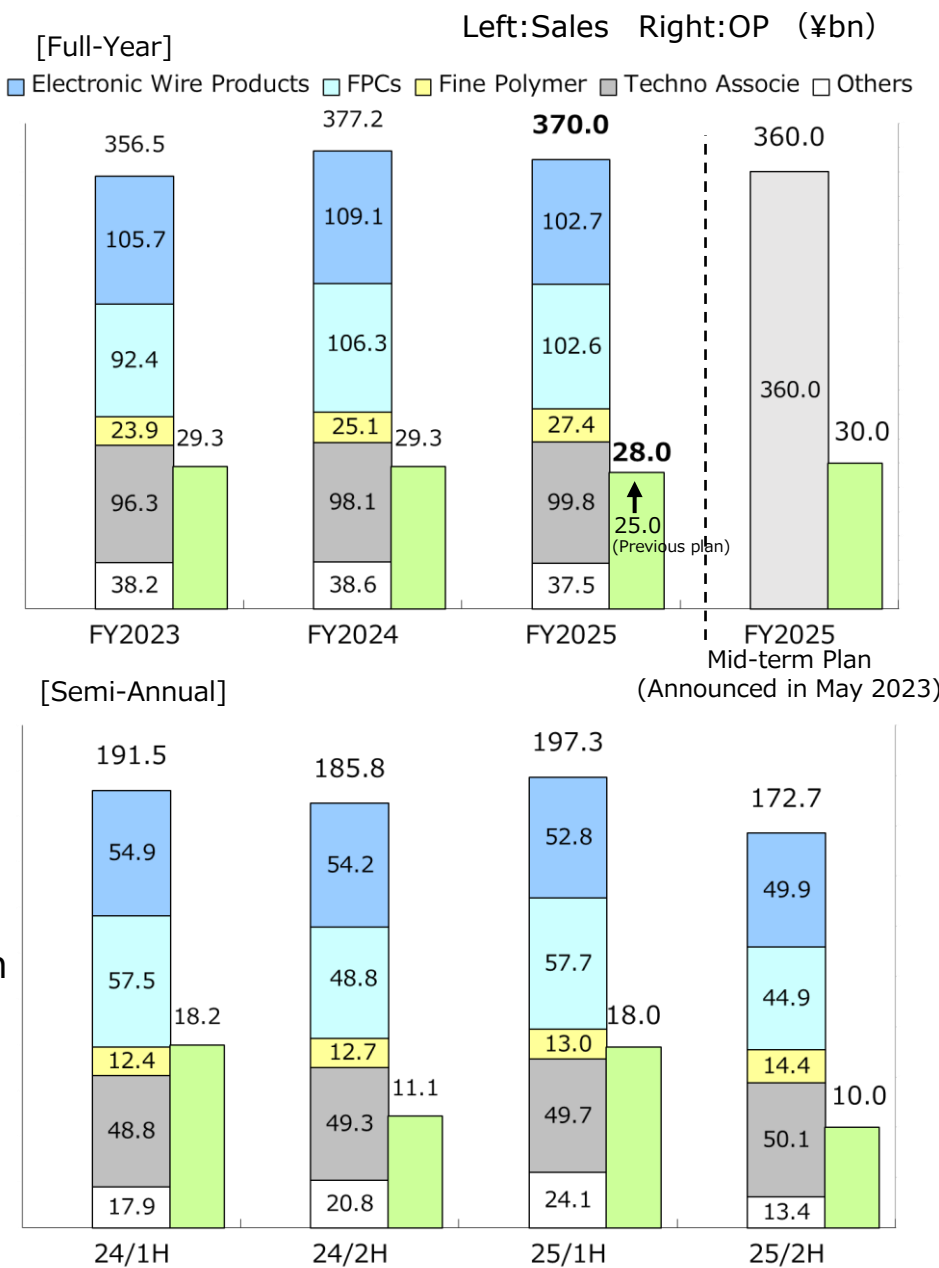
3-4. Electronics

Business environment

- FPC demand remains steady for major customers. Demand slows down in the second half due to seasonal factors.
- While demand for electronic wires in EV products is slowing, new fields such as aerospace are growing.

Initiatives

- ✓ Further improve the performance of FPCs and expand sales to new fields (medical, automotive, data centers, etc.)
- ✓ Capture demand for electronic wires for automotive applications and expand sales to new fields (aerospace, medical, etc.)
- ✓ Expand market share of heat-shrinkable tubing in the automotive/aeronautics fields and expand sales to new fields (medical, infrastructure)
- ✓ Achieve thorough total cost reduction



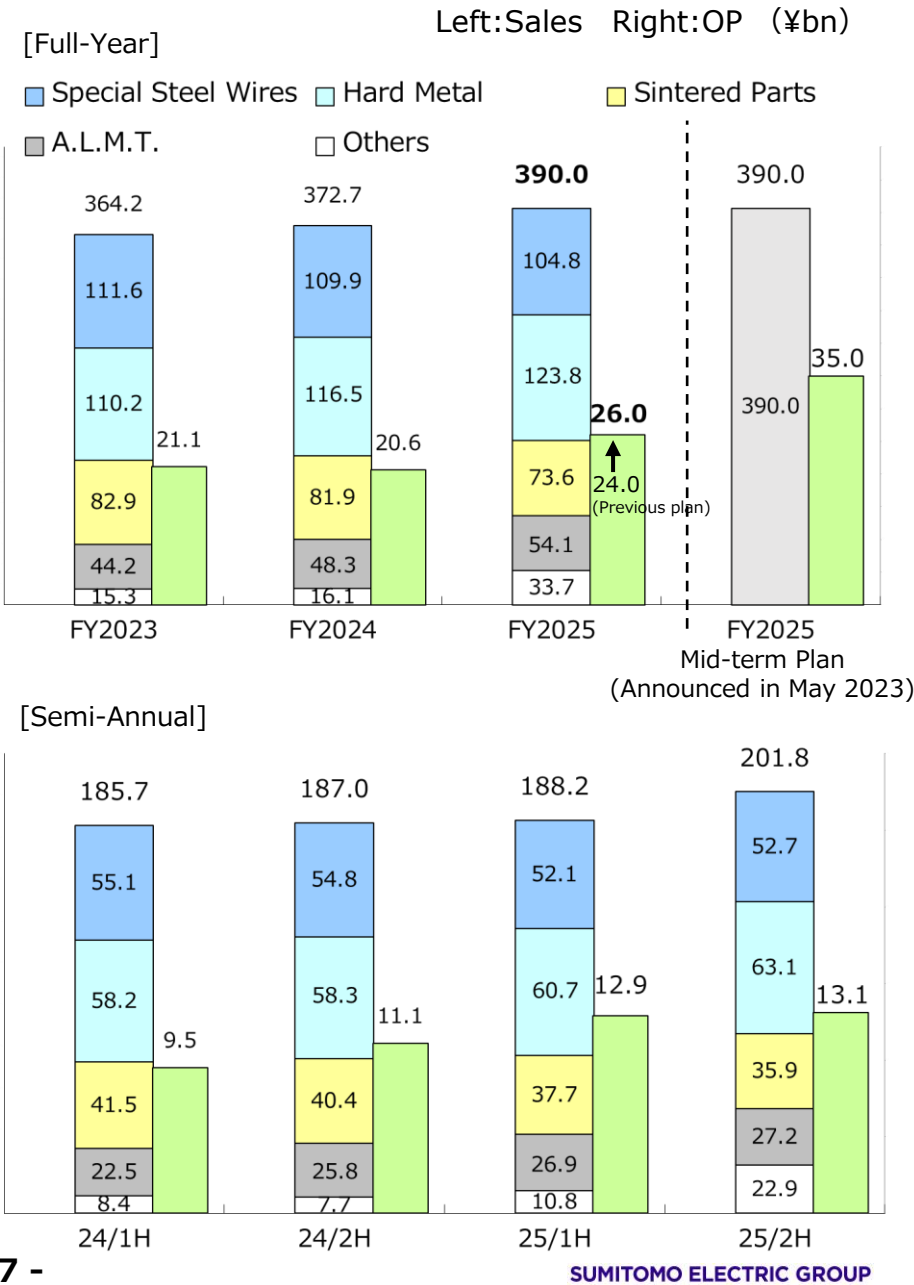
3-5. Industrial Materials

Business environment

• Demand for cemented carbide tools remains sluggish, primarily in the domestic market, but new fields such as electric vehicles, aircraft, semiconductors, and energy-related sectors are expanding. Emerging markets like India are also growing.

Initiatives

- ✓ Global sales promotion of cemented-carbide tools; breaking into new markets (electric vehicles, aircraft, semiconductors, and renewable energy) and expanding market share
- ✓ Develop and promote new sintered products for EVs and non-vehicle use, and enhance cost-competitiveness
- ✓ Reinforce manufacturing and selling structure for PC steel materials and wire used in springs while improving profitability by developing new products



4. Topics

4-1. Topics (Reorganization of the Listed Subsidiaries)

On October 30, we announced a review of capital relationships concerning two listed subsidiaries.

Making SRK a wholly owned subsidiary

- Sumitomo Electric has launched a tender offer for Sumitomo Riko Company Ltd. (hereinafter, the “SRK”) shares. Through subsequent procedures, SRK is expected to become a wholly owned subsidiary of Sumitomo Electric.

Transfer of SEM Shares to Make SEM a Wholly-Owned Subsidiary of Daiwa House

- Daiwa House Industry Co., Ltd. (hereinafter, the “Daiwa House”) conducted a tender offer for the shares of Sumitomo Densetsu Co., Ltd. (hereinafter, the “SEM”) with the aim of making it a wholly owned subsidiary.
- Through subsequent procedures, Sumitomo Electric transferred its stake in SEM to Daiwa House. SEM is scheduled to become a wholly owned subsidiary of Daiwa House and will no longer be a consolidated subsidiary of Sumitomo Electric.

With the completion of the above two transactions, the parent-subsidary dual listing within the Group will be dissolved.

4-1. Topics (Reorganization of the Listed Subsidiaries)

Purpose of the Transaction

As the automotive manufacturing sector continues to transform, Sumitomo Electric Group will further enhance the Group's corporate value by combining SRK's technological and R&D capabilities with Group's materials and processing technologies, thereby leveraging **"Sumitomo Electric Group's integrated power."**

Expected Synergies

1. Acceleration of Collaboration in the Mobility Sector

- Strengthening the lineup and promoting joint development of products such as integrated harness modules and EV battery-related components
- Accelerating collaboration on CASE, which is a key challenge

2. Enhancement of Customer Responsiveness

- Enabling one-stop solutions for major Japanese automakers, who are major customers for Group's automotive anti-vibration rubber products

3. Mutual Utilization of Technological and R&D Capabilities

- Broadly implementing SRK's unique technologies, such as those related to polymers and materials, not only in the mobility sector but also across various other fields

4. Strengthening of Management Foundation

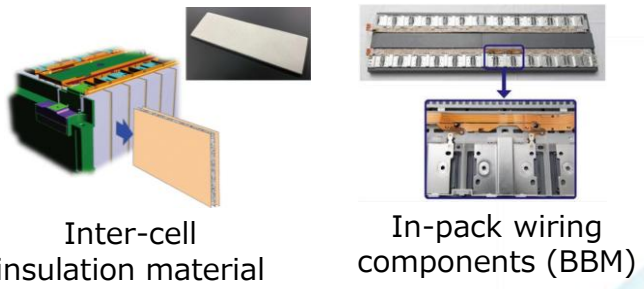
- Promoting personnel exchanges and development, reinforcing global cooperation, advancing information systems, and enhancing administrative functions

As a "Global Mobility Supplier," Sumitomo Electric Group will strengthen Group's competitiveness in the mobility and GX, further enhancing the Group's corporate value

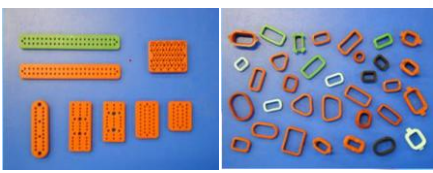
4-1. Topics (Reorganization of the Listed Subsidiaries)

Examples of Accelerated Collaboration in the Mobility Field

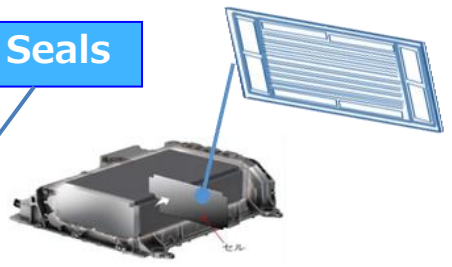
■ Package Components for BEV Battery Packs
(Inter-cell Insulation Material + In-pack Wiring Components)



Rubber Material Development



FC Seals



■ Door trim module (Harness integrated)



■ DMS (Driver Monitoring System)

Application of "DMS Drowsiness Detection Algorithm" to communication-enabled function expansion unit
DMS marketing support



4-1. Topics (Reorganization of the Listed Subsidiaries)

Transfer of SEM Shares to Make SEM a Wholly-Owned Subsidiary of Daiwa House

- Sumitomo Electric has been considering the optimal capital relationship to further enhance the corporate value of both Sumitomo Electric Group and SEM.
- Meanwhile, in the course of receiving proposals from external parties, Daiwa House presented a proposal suggesting that, in connection with the diverse value chains developed by the Daiwa House Group to create social infrastructure and lifestyle solutions, SEM could further leverage its strengths in engineering and human resources. Taking into account the review conducted by SEM, Sumitomo Electric has concluded that integration with Daiwa House would contribute to the further enhancement of SEM's corporate value, and has decided to transfer its equity interest in SEM.
- In addition, Daiwa House, SEM, and Sumitomo Electric have entered into a business alliance agreement. The three parties have agreed not only to maintain and continue their favorable business relationship after the transfer of shares, but also to consider further collaboration among them.
- Through the tender offer and subsequent procedures, Sumitomo Electric will transfer all of its shares in SEM. As a result, Sumitomo Electric expects to record a special gain of approximately JPY 70 billion in Sumitomo Electric Group's consolidated financial statements.
- Together with making SRK a wholly-owned subsidiary, this transaction is expected to contribute to the enhancement of the corporate value of Sumitomo Electric Group.

5. Toward Enhancing Corporate Values

5. Toward Enhancing Corporate Values

Mid-term Management Plan 2025



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%

5. Toward Enhancing Corporate Values

Aiming for sustainable enhancement of corporate values by pursuing growth and efficiency through growth strategies and strengthening of the foundation set forth in the Mid-term Management Plan 2025.

Growth Potential

30V Target **Sales expansion of more than 1 trillion yen in 3 focal areas**
Three focal areas: Energy, Info-communications, and Mobility

- 25M Target** **Expand sales by 400 billion yen through growth themes**
(700 billion yen in 2022 → 1.1 trillion yen in 2025)
- Energy**
 - Interconnectors / battery storages for power grids
 - Renewable energy networks
 - Environmentally friendly power transmission and distribution / energy-saving equipment
 - Info-communications**
 - High-speed large-capacity and low-latency communications network
 - Data Centers and related Equipment
 - Next-generation telecommunication devices and equipment
 - Mobility**
 - Materials for electrified automobiles / weight reduced materials
 - Driver-assistance and autonomous driving systems
 - Mobility solutions from energy infrastructure and integrated transport infrastructure

Efficiency

30V Target **Before-tax ROIC of 10% or more**

25M Target **Before-tax ROIC of 8% or more**
ROE 8% or more

Maximize cash generation through efficiency.

EBITDD 1.6 trillion yen over 3 years

EBITDD: Earnings Before Interest Taxes Depreciation and Development

5-1. Initiatives to Improve ROIC

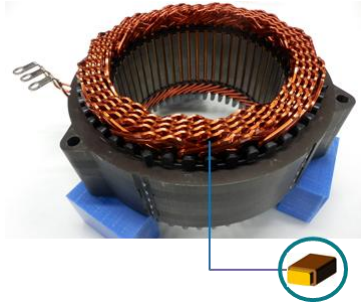
Set ROIC as the most important indicator for efficiency improvement and work on improvement.

ROIC Tree Items		Focal Initiatives
Improving profitability	Improving operating margin ratio	<ul style="list-style-type: none"> Improving profitability through higher added value Pursuing innovative technologies and manufacturing methods Improving orders-received profitability
	Reducing interest rate burden	<ul style="list-style-type: none"> Reducing interest-bearing debt (to improve financial soundness)
Improving asset efficiency	BS overall	<ul style="list-style-type: none"> Strengthening division-specific B/S and free CF management (estimation of WACC by division) Reviewing cross shareholdings
	CCC (Improving working assets)	<ul style="list-style-type: none"> Optimizing inventory balances and number of days held Improving balance of receivables and payables and number of days held
	Tangible fixed assets	<ul style="list-style-type: none"> Capital investment management (Improving investment certainty and strengthening investment budget management)

5-1-1. Initiatives to Improve Profitability

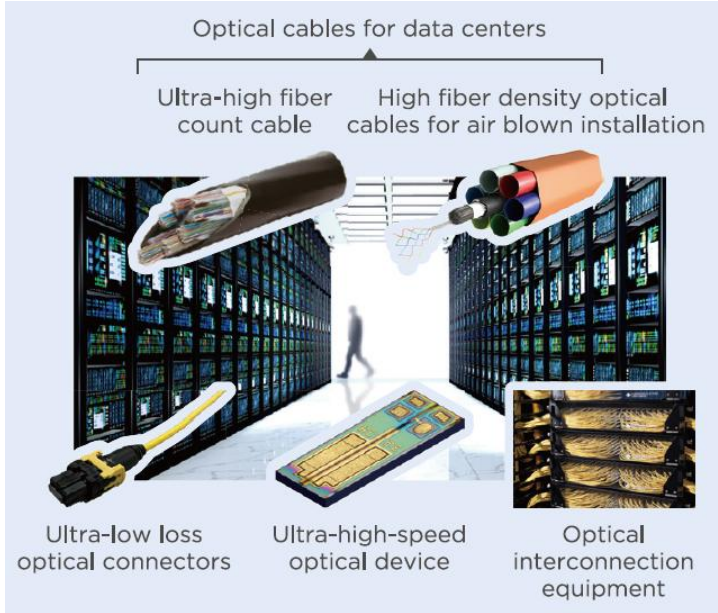
High added value Pursuit of high value-added products through “business metabolism”

Magnet wire Focusing on “rectangular magnet wires ” that contribute to higher performance and weight reduction of electric vehicles

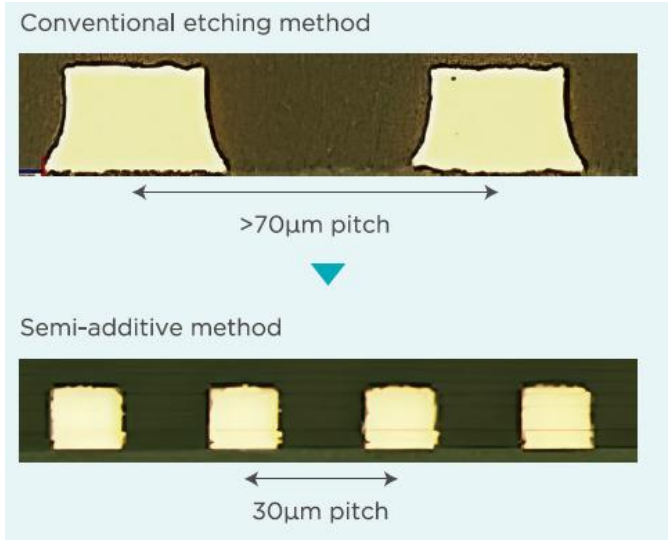


Info-communications

Strengthening data center products



FPC Focusing on high value-added products utilizing fine pitch circuit technology



Wire harnesses

Expansion of new products contributing to electrification and connectivity

Cemented carbide tools

Introduction of new products such as tools for aircraft applications and wind power generation parts

5-1-2. Initiatives to Improve Asset Efficiency

Strategic shareholdings

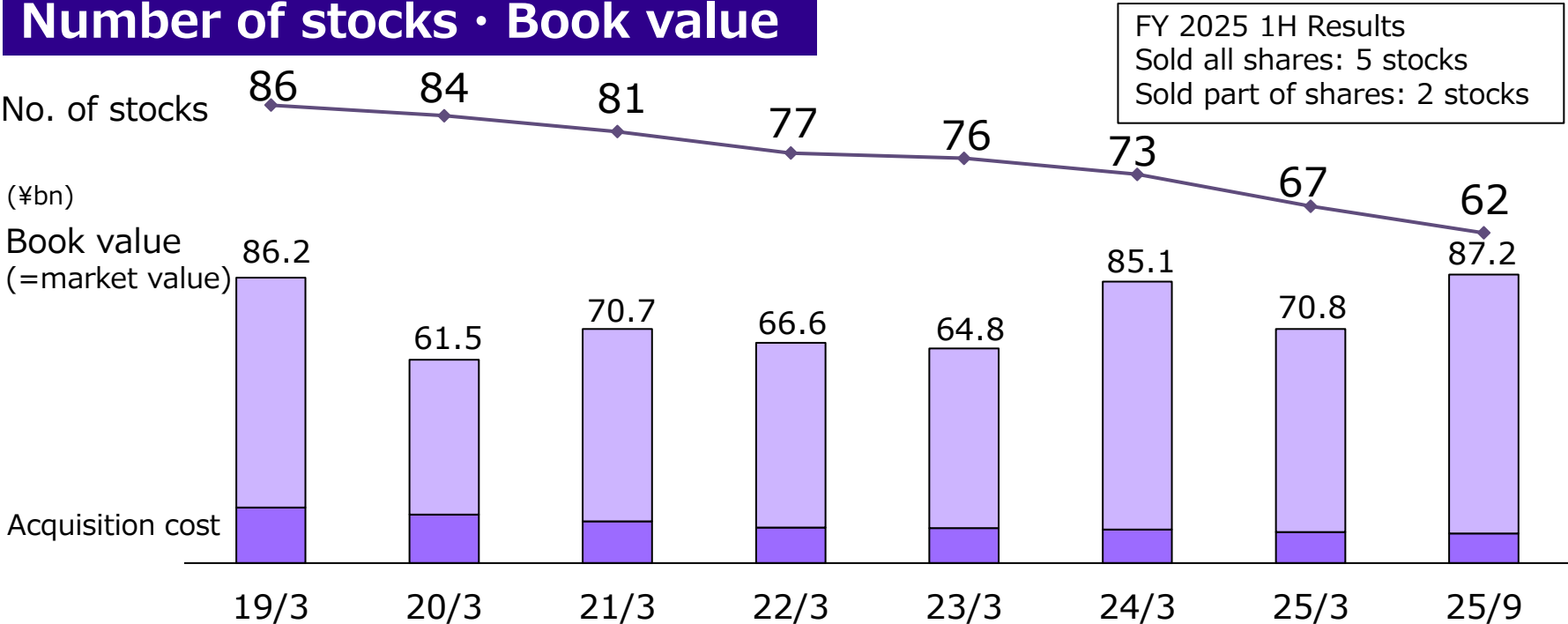
(Presentation material November 2024, republished)

Examining the significance of holding more strictly than before.

The balance is over 300 billion yen (as of the end of September 2024), including the pure investment purpose portion held by subsidiaries, but we will actively reduce it by at least half within the next few years.

The cash acquired will be used for future growth investments and shareholder returns.

Number of stocks · Book value

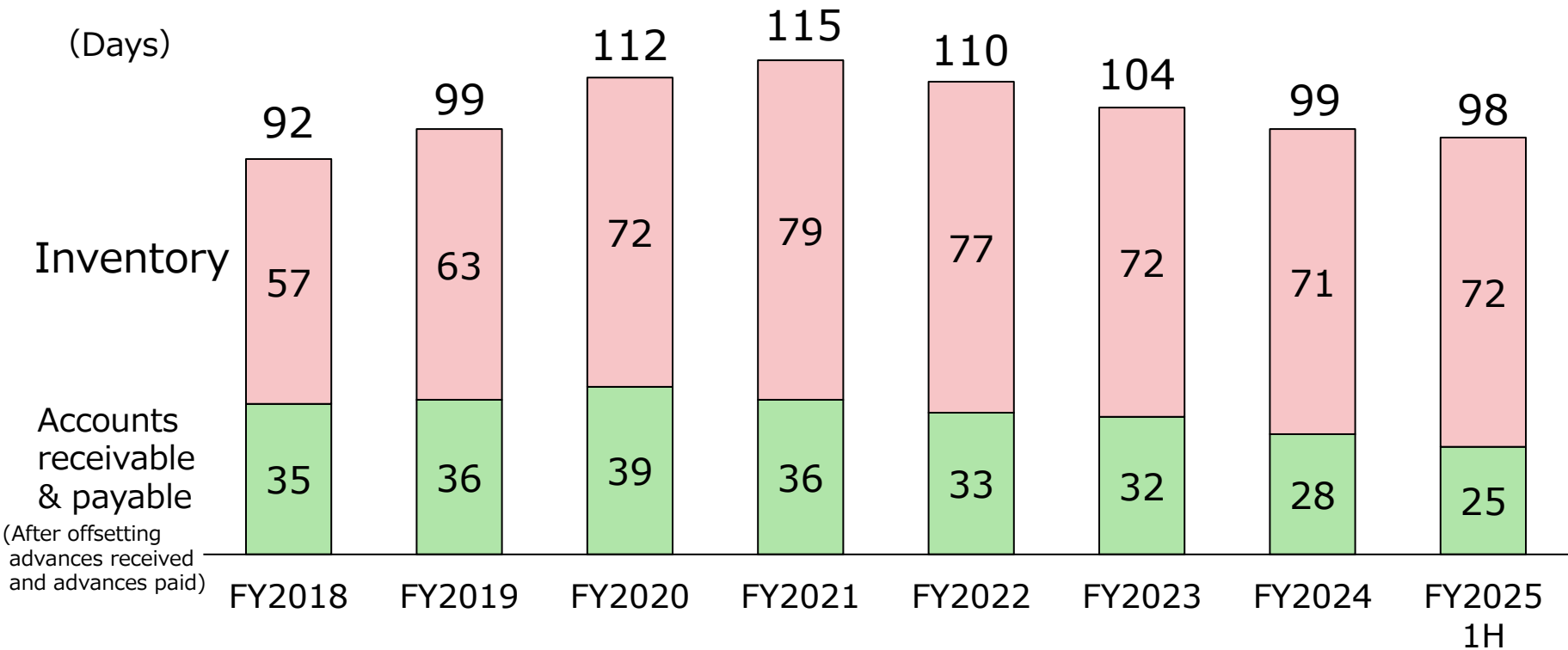


(Our holding amount as stated in the securities report)

5-1-2. Initiatives to Improve Asset Efficiency

CCC (Cash Conversion Cycle)

Promoting initiatives to reduce to pre-pandemic levels

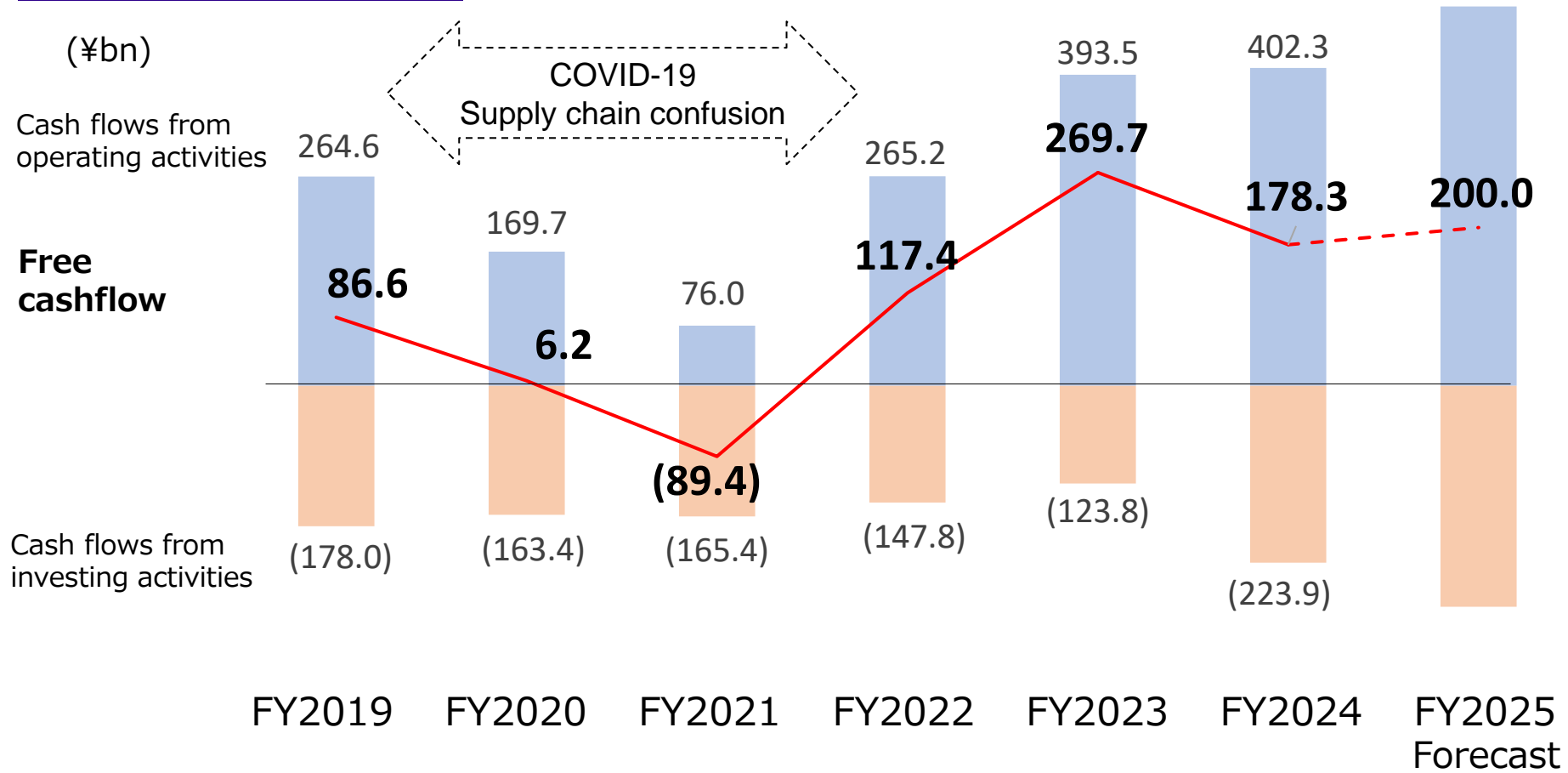


Initiatives

- Shortening manufacturing and procurement lead times
- Visualizing inventory using DX
- Trade receivables and payables site negotiations
- ROIC analysis by customers

5-2. Cash generation and allocation

Free cashflow trends



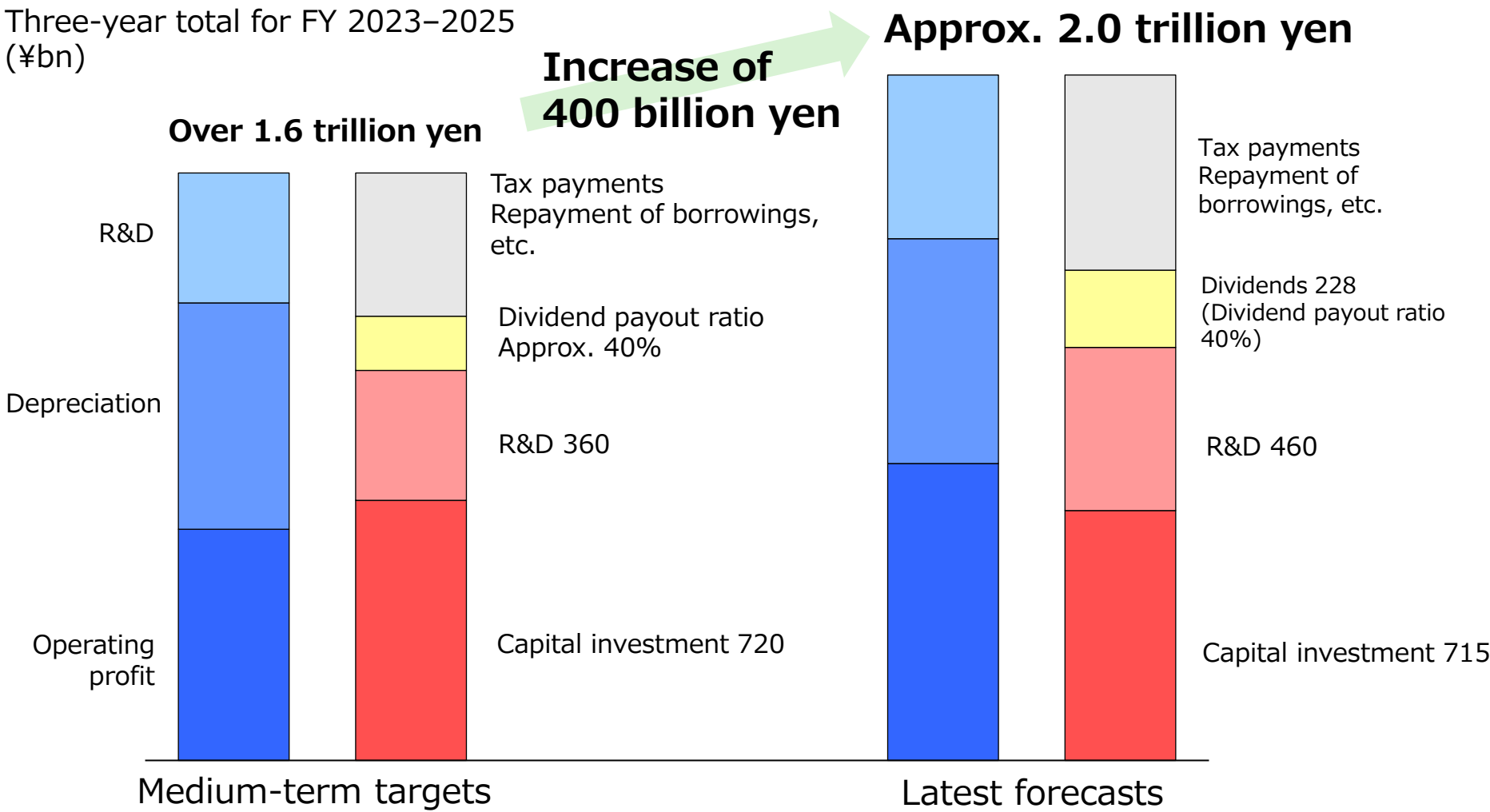
Earning power has improved since the COVID-19 pandemic.
We are focusing on asset efficiency and maximizing free cash flow.

5-2. Cash generation and allocation

EBITDD and use of cash

Earnings Before Interest Taxes Depreciation and Development

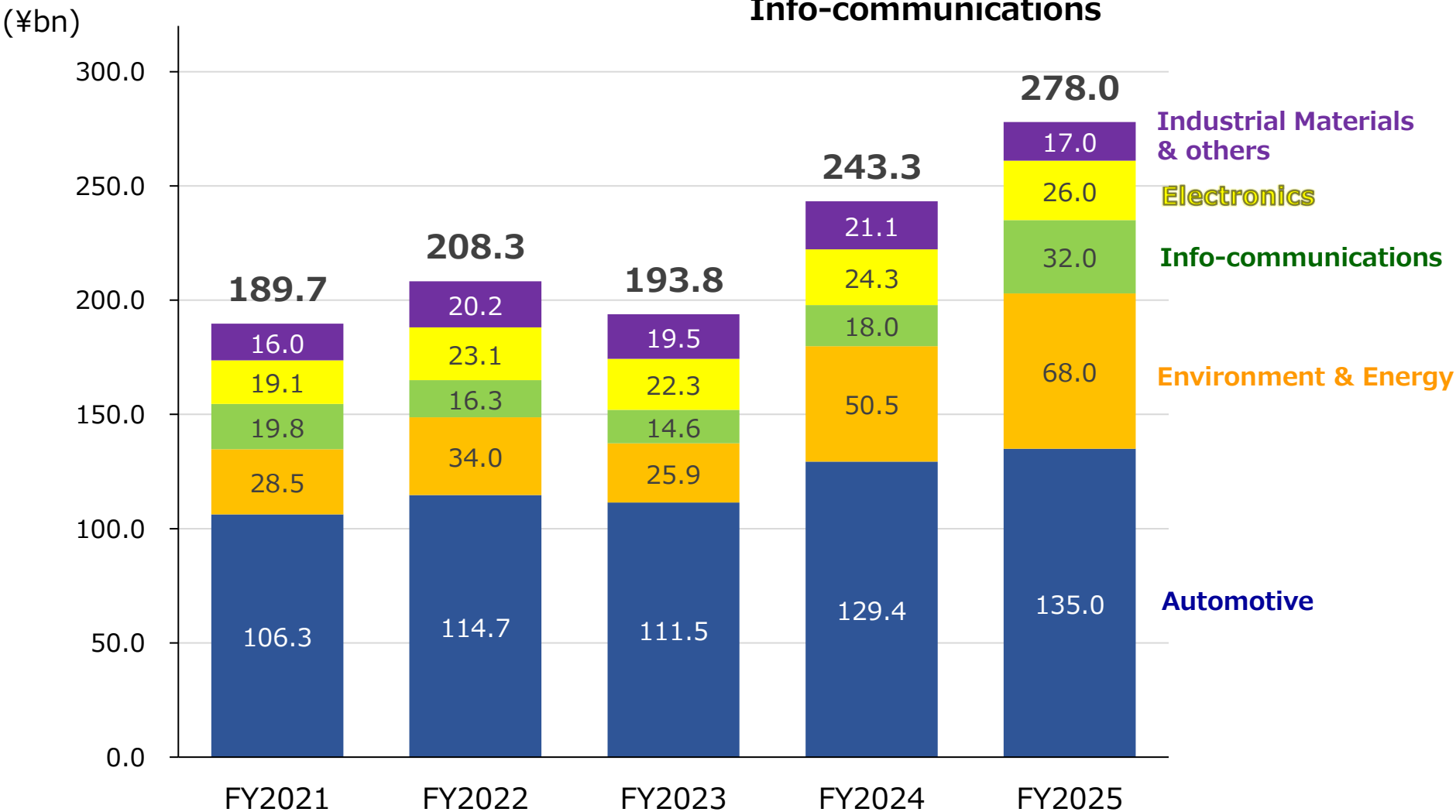
Three-year total for FY 2023–2025
(¥bn)



5-2. Cash generation and allocation

Capital investment by segment

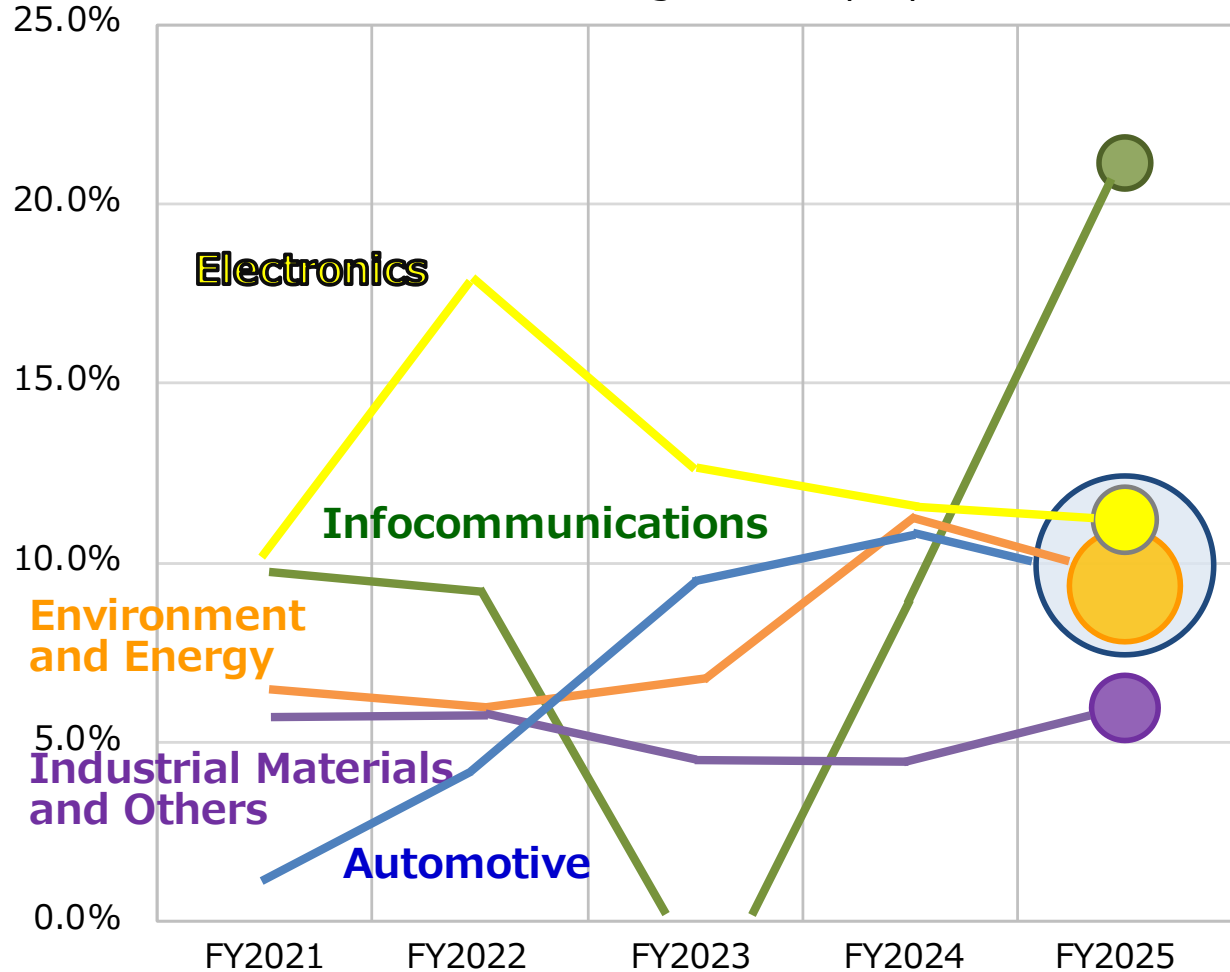
Actively implement capital investment primarily in Environment & Energy and Info-communications



5-3. ROE and ROIC by segment

* The figure below is OP ROIC trends

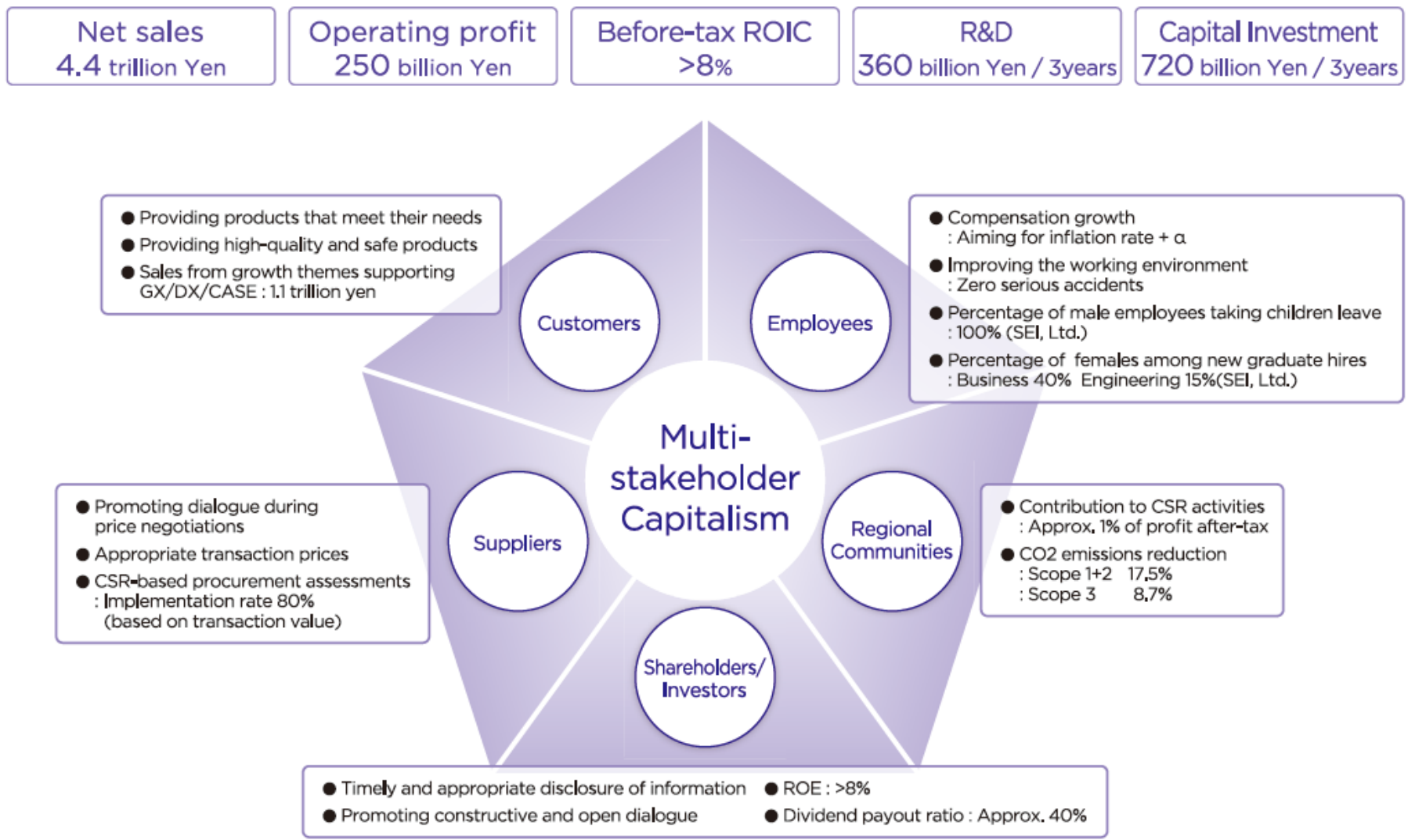
* The areas of the figures are proportional to sales



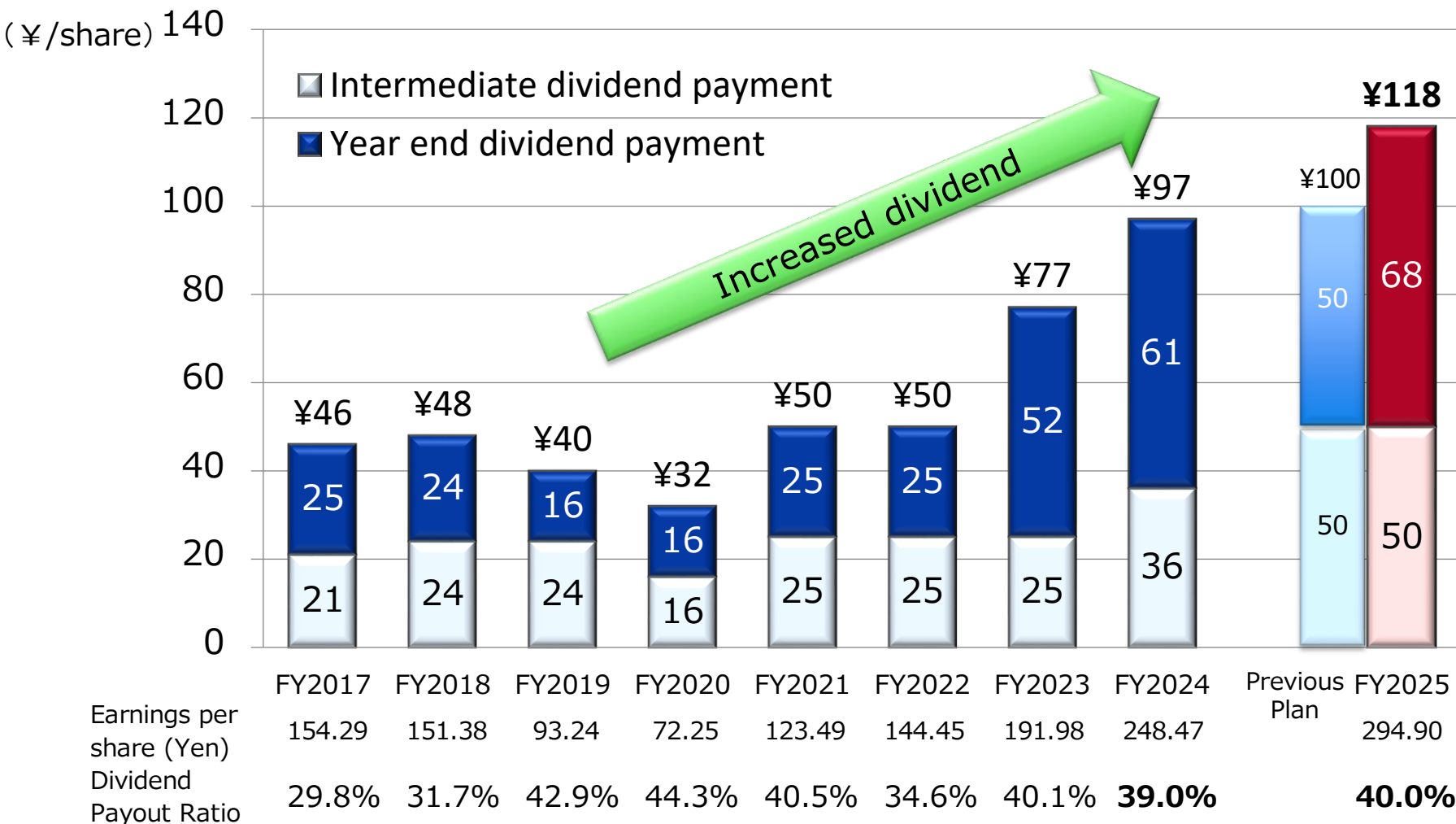
Operating profit ROIC	4.5%	5.9%	7.2%	9.8%	10.2%	25M Plan
Before-tax ROIC	5.8%	6.6%	7.6%	9.3%	10.4%	8% or more
ROE	5.7%	6.1%	7.3%	8.6%	9.8%	8% or more

5-4. "Goho Yoshi" (Five-Way Win) Multi-Stakeholder Capitalism

Achieving increased corporate values and sharing the results with stakeholders



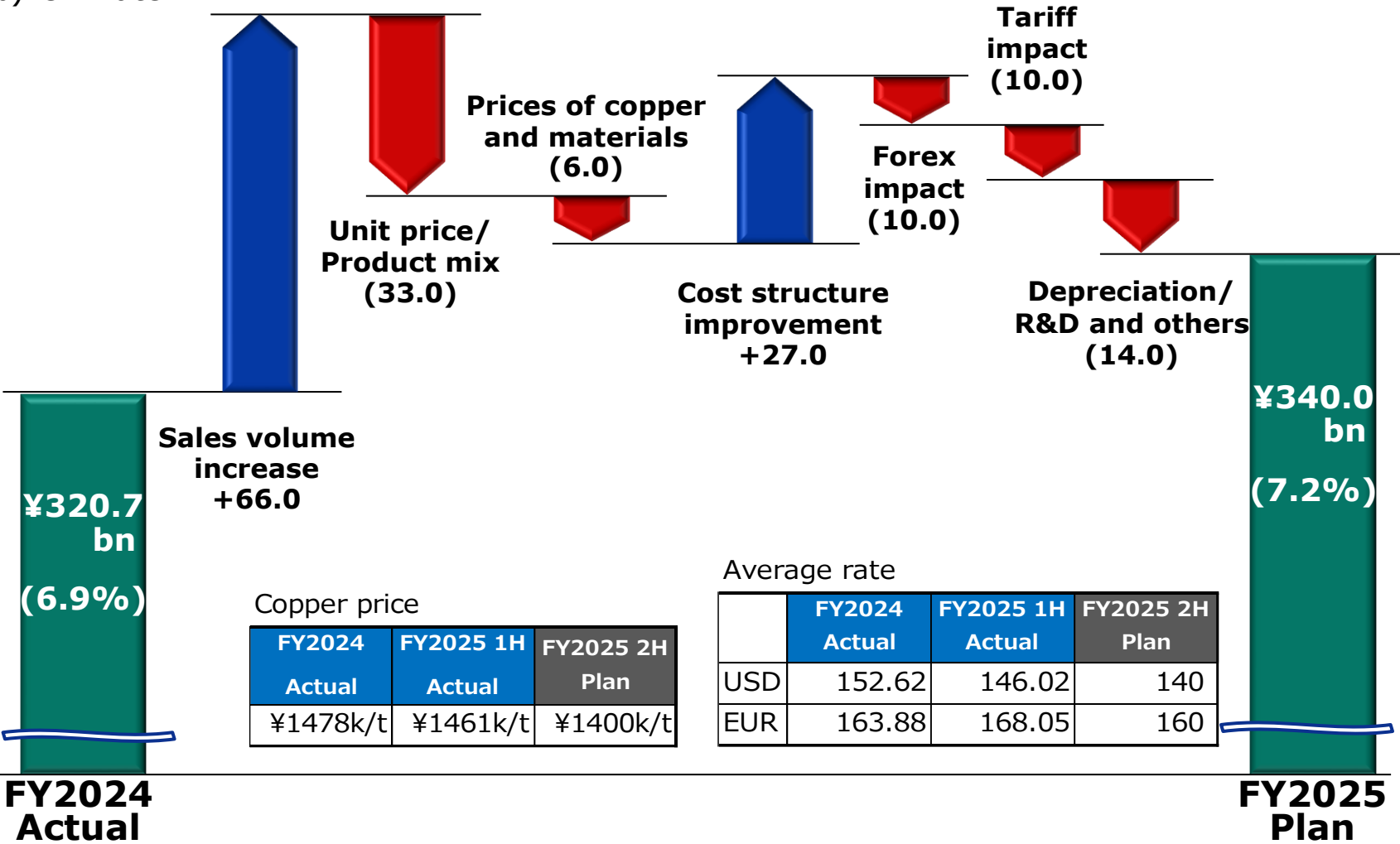
5-5. Shareholder returns and dividends



Proceeds from the transfer of Sumitomo Densetsu shares will be allocated to fund the full acquisition of Sumitomo Riko. Dividends will be paid based on a payout ratio of approximately 40% of profits from ordinary operations, excluding Densetsu capital gains.

(Reference) OP variation factors from FY2024 to FY2025

(%):OP Rate



(Reference) Stock Price Trends

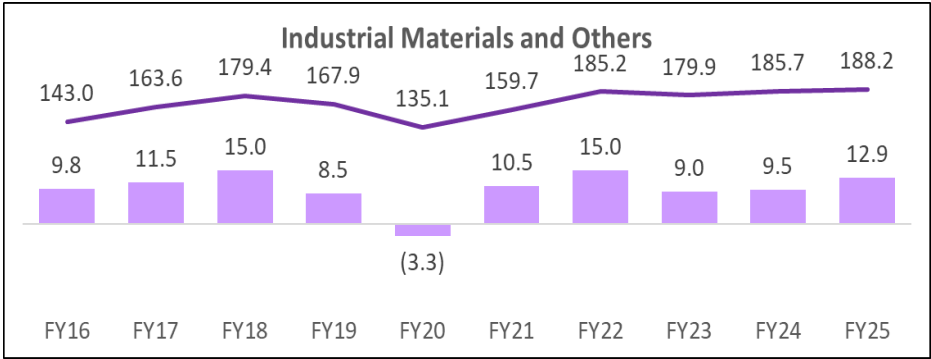
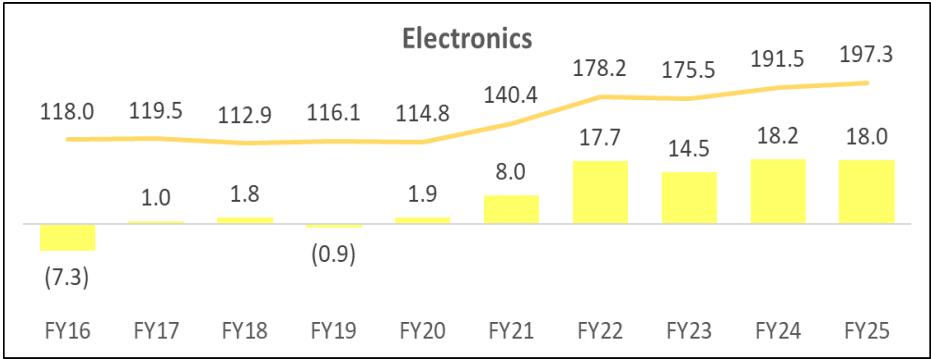
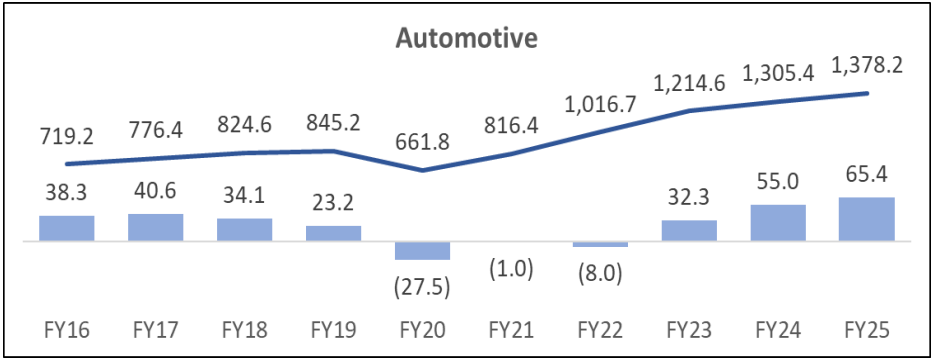
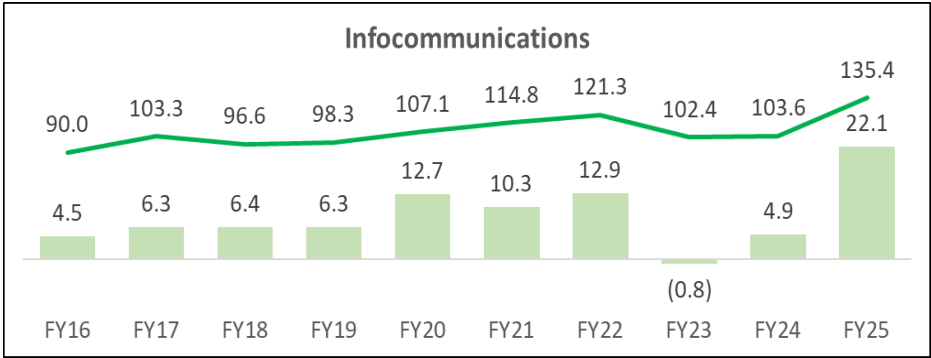
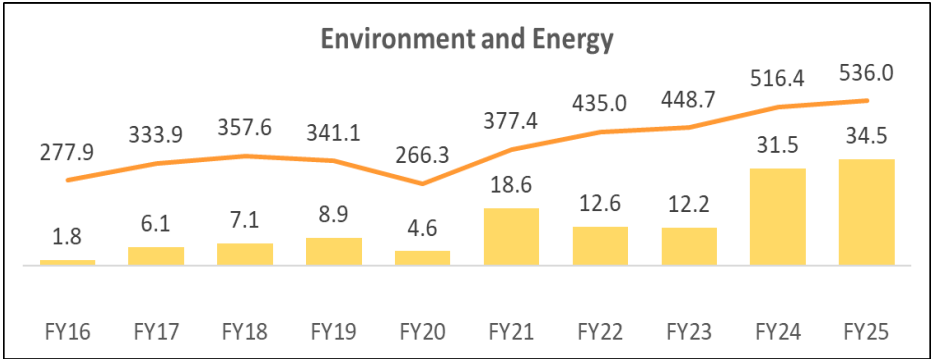
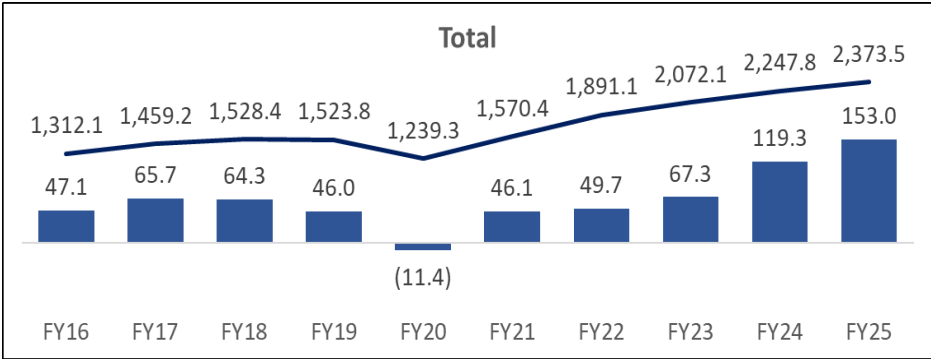
Stock Price Trends(over the most recent five-year period)

(yen/share)



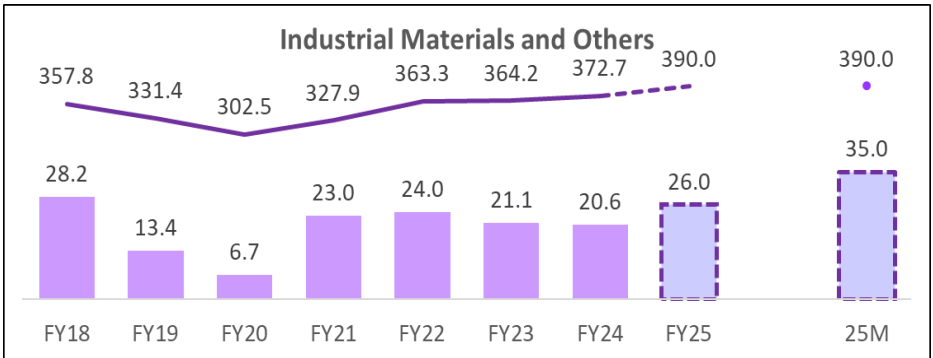
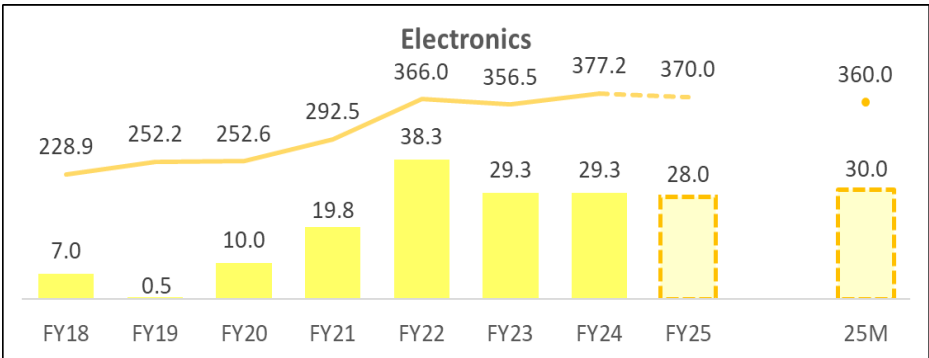
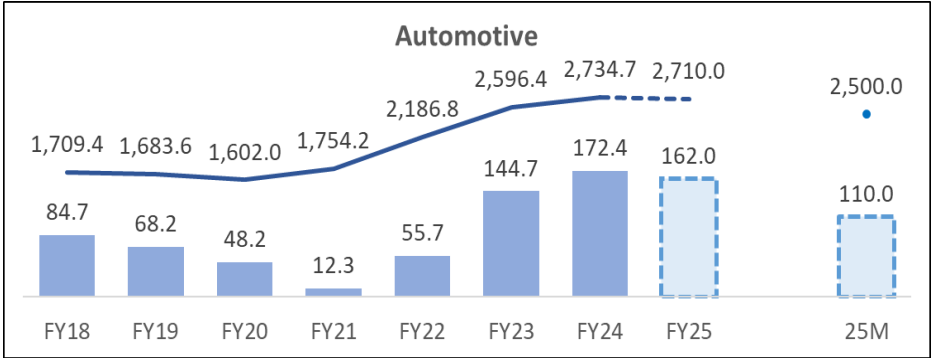
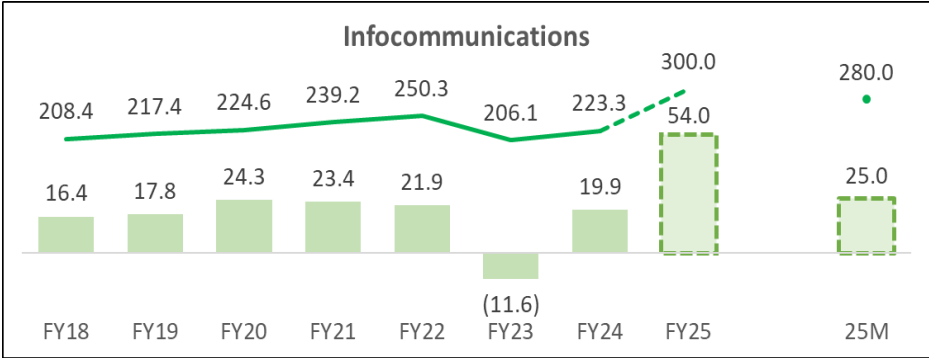
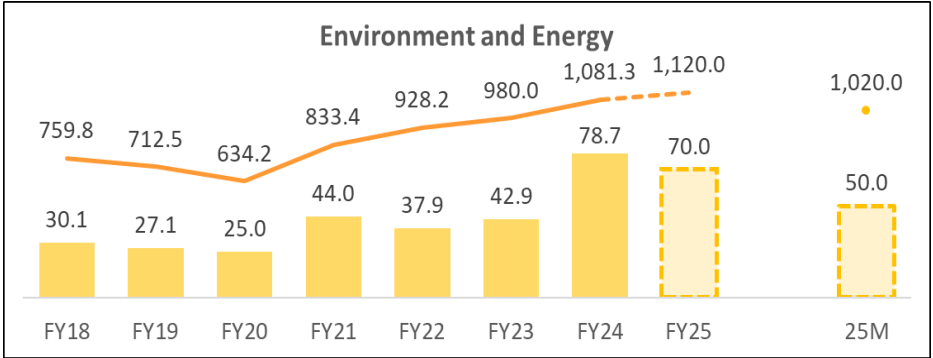
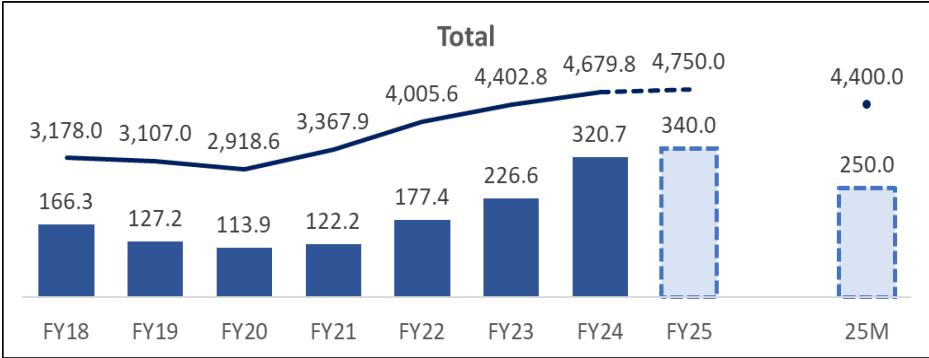
(Reference) First Half Performance (by Segment)

line:Sales bar:OP (¥bn)



(Reference) Full Year Performance (by Segment)

line:Sales bar:OP (¥bn)

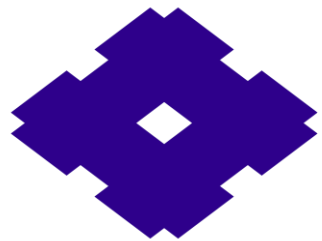


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