

Sumitomo Electric Industries, Ltd.

# Mid-term Management Plan 2028

## Positioning

### External environment

Formation of regional economic blocs and increased geopolitical risks

Progress with DX as a result of generative AI-driven expansion of the data center market

Expansion of GX\*<sup>2</sup> toward realization of a decarbonized society

Moves to improve governance through elimination of dual parent-subsidary listing in Japan/TSX

**Mid-term  
Management Plan 2028**  
(FY2026-2028)

2nd Step toward 2030 VISION

**Mid-term  
Management Plan 2025**  
(FY2023-2025)

1st Step toward 2030 VISION

2030  
VISION

What SEG\*<sup>1</sup>  
Strives to Be  
**Glorious  
Excellent  
Company**

## Sumitomo Spirit

SEG strives to be a “Glorious Excellent Company,” and we formulated the Mid-term Management Plan 2025 as the first step toward our 2030 VISION, which positions the year 2030 as a milestone, and the Mid-term Management Plan 2028 as the second step, covering the period to 2028.

\*1 Sumitomo Electric Group

\*2 Green transformation

## Corporate Philosophy

Sumitomo Spirit

Banji-nissei<sup>\*1</sup> Shinyo-kakujitsu<sup>\*2</sup> Fusu-furi<sup>\*3</sup>

Sumitomo Electric Group  
Corporate Principles

Each company of the Sumitomo Electric Group 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 a 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

**“Goho Yoshi”**

(Five-Way Win)

- Multistakeholder Capitalism -

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

<sup>\*1</sup> “Do your sincere best in not only business but also every aspect of your life.”

<sup>\*2</sup> “Place importance on integrity and sound management.”

<sup>\*3</sup> “Do not act rashly or carelessly in pursuit of immoral business.”

## 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

## 2030 VISION

Slogan

# LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET

— Relentlessly challenging ourselves to use Technology for Good —

Management policies

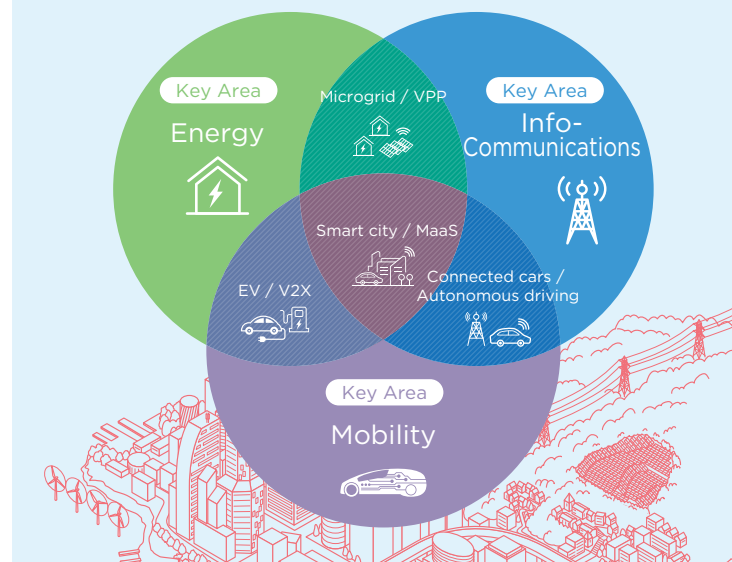
- Pursue Top Technology
- Enhance Global Presence
- Promote Diversity & Inclusion

SEG has positioned “Energy,” “Info-Communications\*,” and “Mobility” as three key areas, and will leverage the collective strength of the Group to meet market needs.

\* To reflect the market environment, in the Mid-term Management Plan 2028, the name of the “Info-Communications” area has been changed to “Digital and AI”

### Business domains

Products supporting infrastructure and industry



### Numerical targets

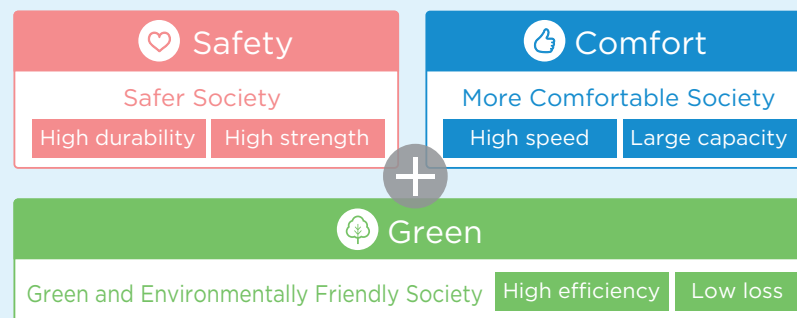
#### Growth

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%  
(Generation of even higher value and improvement in the profit structure)

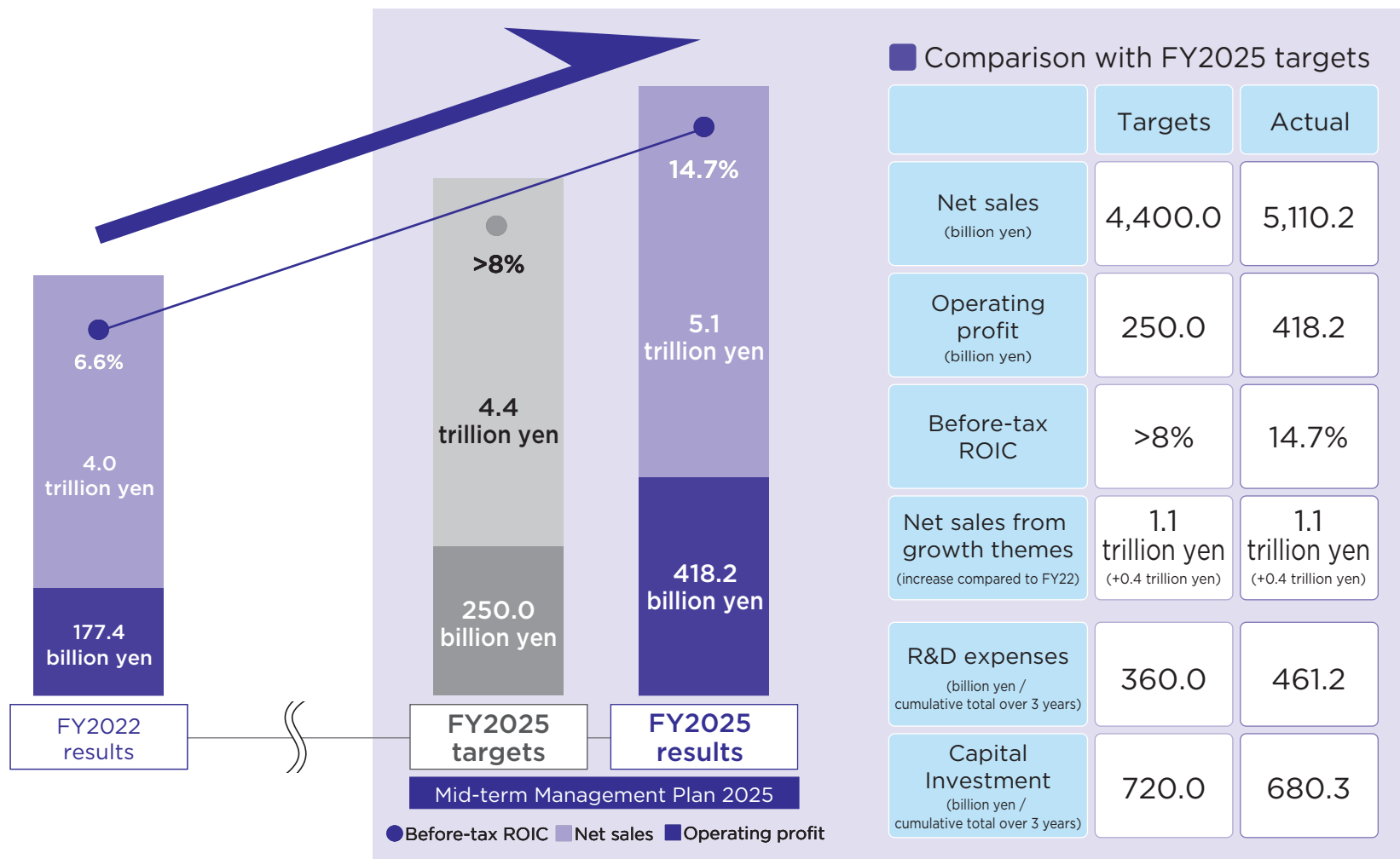
### Values





## Reflections on Mid-term Management Plan 2025

## SEG successfully captured demand in growth markets and exceeded its main targets



# Mid-term Management Plan 2028

## ■ General Overview

- |             |   |
|-------------|---|
| ■ 3 Pillars | (1) Demonstrate the integrated capabilities of SEG<br>(2) Respond with precision to trends in the global business environment<br>(3) Capture green and digital-related demand |
|-------------|---|

- |                       |  |
|-----------------------|--|
| ■ Business Strategies | Main Topics in the 3 Key Areas<br>Digital and AI<br>Energy<br>Mobility   |
| .....                 |  |
|                       | 5 Segments <ul style="list-style-type: none"> <li><span style="color: green;">■</span> Environment &amp; Energy</li> <li><span style="color: blue;">■</span> Info-Communications</li> <li><span style="color: gray;">■</span> Automotive</li> <li><span style="color: cyan;">■</span> Electronics</li> <li><span style="color: orange;">■</span> Industrial Materials</li> </ul> |

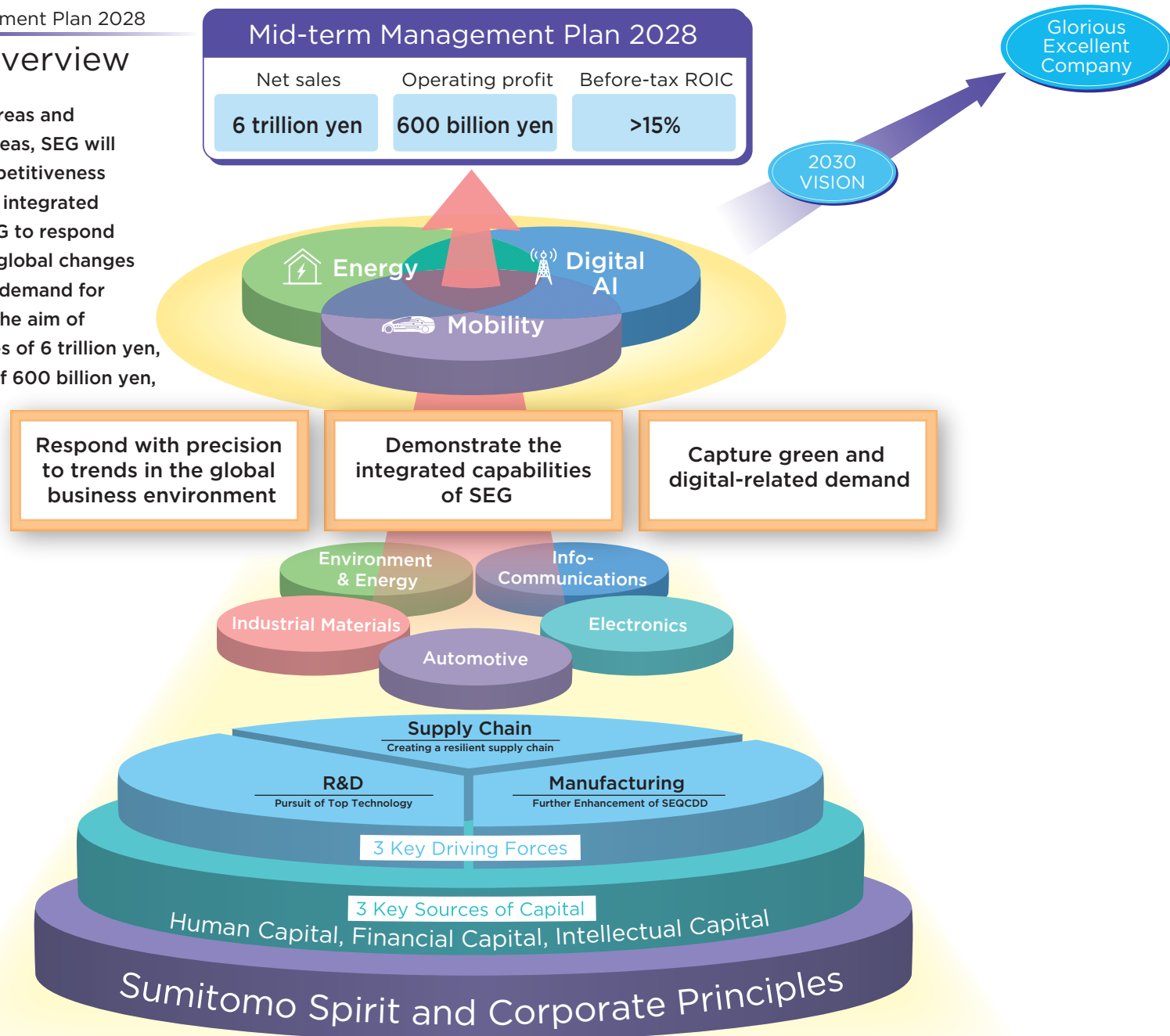
- |                        |  |
|------------------------|--|
| ■ Business Foundations | 3 Key Driving Forces<br>R&D<br>Manufacturing<br>Supply Chain                           |
| .....                  |  |
|                        | 3 Key Sources of Capital<br>Financial Capital<br>Human Capital<br>Intellectual Capital |
| .....                  |  |
|                        | Sustainability   |

- |   |
|---|
| ■ Net Sales, Operating Profit, ROIC by Segment, R&D Expenses and Capital Investment |
|---|

- |                             |
|-----------------------------|
| ■ Goho Yoshi (Five-Way Win) |
|-----------------------------|

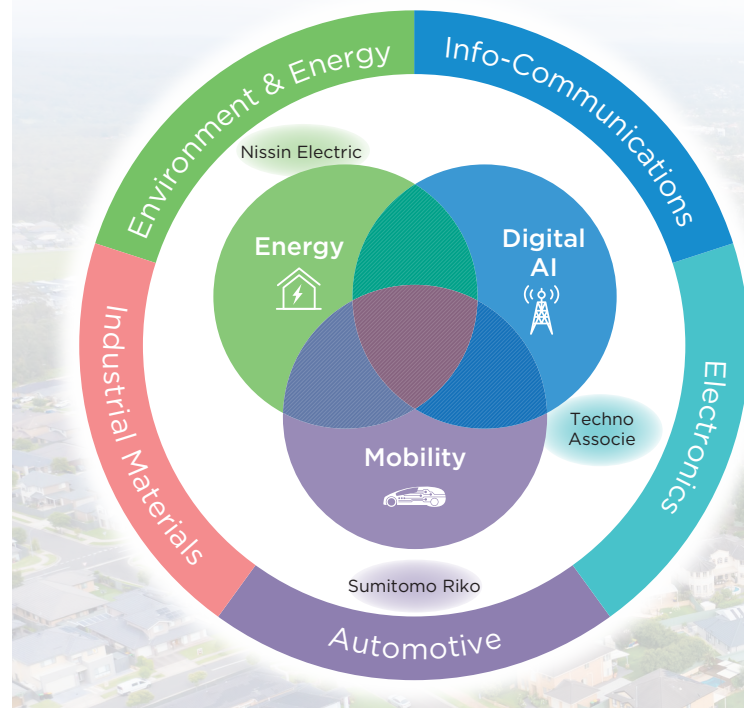
## General Overview

In the three key areas and interconnected areas, SEG will enhance our competitiveness by leveraging the integrated capabilities of SEG to respond with precision to global changes and by capturing demand for GX and DX, with the aim of achieving net sales of 6 trillion yen, operating profit of 600 billion yen, and before-tax ROIC of >15% by 2028



## 3 Pillars (1)

### Demonstrate the integrated capabilities of SEG



- The world is changing rapidly, but by combining the Group's diverse business and technological resources across different business units, **SEG will leverage the Group's integrated capabilities** to meet new needs emerging in the three key areas and interconnected areas.
- **SEG will work together with our wholly owned subsidiaries, Nissin Electric, Techno Associe, and Sumitomo Riko**, to create synergies and enhance the Group's competitiveness.

**A diversified corporate group,  
pursuing growth grounded in human capital and technology**

## 3 Pillars (2)

### Respond with precision to trends in the global business environment



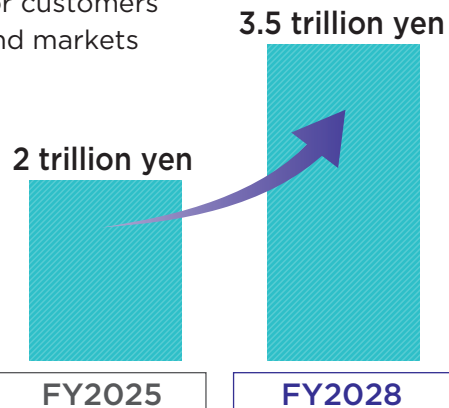
**SEG will enhance our competitiveness by responding flexibly and with precision to the uncertain global business environment**

## 3 Pillars (3)

### Capture green and digital-related demand

#### Net sales of green and digital-related products\*

SEG aims to expand net sales of such products (2 trillion yen in FY2025) to 3.5 trillion yen, facilitating GX and DX for customers and markets



- The trend toward GX is steadily progressing, despite some setbacks such as in U.S. policy reversals. As for DX, the data center market will continue to expand with the advance of generative AI. SEG will therefore **identify demand in these areas and make proactive and bold investments when opportunities arise, leading to an increase in sales of green and digital-related products from 2 trillion yen to 3.5 trillion yen.**
- SEG will unite **in advancing GX initiatives such as decarbonization and moving forward with the application of Digital and AI in manufacturing.**

\* Products related to renewable energy, energy-savings, electrification, data centers, 5G/6G, IoT, network infrastructure, etc.

**We will realize “living in safety and comfort on our green planet,”  
as declared in the 2030 VISION**



## Main Topics in the Digital and AI Area

**SEG aims to increase our share of the hyperscale data center market, primarily in North America, by introducing a wide range of high-performance products to support advanced digital infrastructure**

### Data center operators are increasing their investments, and demand for higher performance products is rising

The proliferation of generative AI has led to increased capital investments by North American hyperscale data center operators. In data centers that handle vast amounts of data, there is a growing need for small footprint, higher density, and low loss/low attenuation in various components that support broadband low latency communication.

1  
Market  
Environment

2  
Our  
Strengths

3  
Key  
Initiatives

### A cutting-edge range of products driving the explosive growth in data traffic



SEG offers a wide range of industry-leading next-generation products, including ultra-high-count fiber cable that delivers both space saving and large-capacity communication, MMC\* optical connectors that offer high density and low loss, and Electro-absorption Modulated lasers and Continuous wave lasers that have been recognized for their high output and miniaturization and boast a world-leading market share.

\* Miniature multi-fiber connector

- Capital investments in high-performance products for the North American hyperscale data center market
- Accelerate new product development for the data center market and establish a global cross-unit collaboration structure in SEG

## Main Topics in the Energy Area

**SEG will strengthen our cable manufacturing and installation capabilities globally, aiming to expand incoming orders as a “local company”**

**Needs are diversifying in conjunction with progress on GX, and large-scale projects for high-voltage interconnectors are booming**

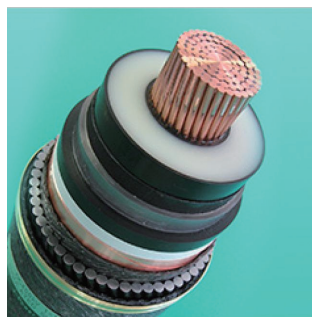
Expansion of the GX market targeting a carbon-neutral society is progressing, with a corresponding diversification of related needs. Notably, demand for “high-voltage interconnectors,” which link the power grids of different countries and regions, particularly in Europe, to ensure stable supplies of electricity, is expanding.

**1**  
Market  
Environ-  
ment

**2**  
Our  
Strengths

**3**  
Key  
Initiatives

**Industry-leading technologies, including Extra-high-voltage DC XLPE cables**



SEG is strong in the area of high-voltage DC cables, which offer long-distance connection with low loss, and possesses industry-leading technologies such as “Extra-high-voltage DC XLPE cables,” which support the world’s highest voltages and have low environmental impact.

Furthermore, SEG has strengthened our European supply structure through the acquisition of a German underground cables company and the construction of a new subsea cables factory in Scotland. We also possess a wide range of energy-related technologies, including power transmission and distribution equipment and redox flow battery systems.

- Establishment of a system for increasing production of Extra-high-voltage DC XLPE cables in Europe (UK and Germany)
- Promotion of development of environmentally friendly products through technological integration and expansion of the energy solutions business

## Main Topics in the Mobility Area

**Leveraging our strength as a world leader in wiring harnesses, SEG aims to become a “global mobility supplier” through the integrated capabilities of SEG**

**Competition is intensifying due to advancements in electrification and high-speed communication, as well as the emergence of new companies**

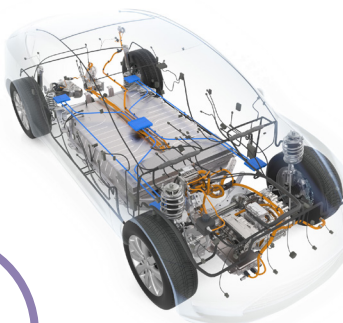
With the advancement of electrification, demand for high-voltage wiring harnesses and battery-related parts is growing, and the high-speed communication and connected car sectors are expanding due to increased functionality and intelligence. Furthermore, the global competitive environment has changed dramatically as a result of such factors as the entry of companies from other industries and the emergence of new players.

**1**  
Market  
Environ-  
ment

**2**  
Our  
Strengths

**3**  
Key  
Initiatives

**Globally deployed harness technology and the ability to respond to electrification and high-speed communication**



SEG holds a world-leading market share in wiring harnesses, which are the “nerves and blood vessels” of a car, and also boast an outstanding track record in supplying aluminum wiring harnesses, which help reduce vehicle weight. SEG offers a wide range of next-generation products that support electrification and high-speed communication. Furthermore, collaboration with Sumitomo Riko, which has become a wholly owned subsidiary, will strengthen our ability to propose solutions for the mobility sector.

- **Further development and expansion of sales of electrified and high-speed communication products, and introduction of innovative manufacturing technologies such as DX and robotics**
- **Expansion of product line-up and promotion of joint development through accelerated collaboration with Sumitomo Riko, and strengthening of customer service capabilities**

# Environment & Energy

Net sales and  
profit targets  
(FY28)

## Net sales

FY25 **1,178.8 billion yen**  
(Excluding Sumitomo Densetsu : 950.4 billion yen)  
▼  
FY28 **1,200.0 billion yen**

## Operating profit

FY25 **90.6 billion yen**  
(Excluding Sumitomo Densetsu : 65.0 billion yen)  
▼  
FY28 **70.0 billion yen**

## Business environment

With the advancement of GX, there is a growing demand for equipment and systems to stabilize power transmission and distribution grids when connecting them with renewable energy, as well as for DC cables in wide-area interconnection cable projects. Furthermore, there is increasing demand for rectangular magnet wires, which contribute to the miniaturization and weight reduction of drive motors for electric vehicles.

## Major initiatives

### 1 Extra-high voltage DC cables for high-voltage interconnectors

- Strengthening of cable manufacturing and installation capabilities, primarily in Japan and Europe
- Development of environmentally friendly and cost-effective high-performance insulation materials
- Strengthening of the implementation structure for large-scale projects
- Strengthening of collaboration with strategic partners



Extra-high voltage subsea cables

### 2 Products and services that support the stabilization of power grids

- Expansion of the solutions business through strengthened collaboration with group company, Nissin Electric
- Development and expansion of environmentally friendly power transmission and distribution equipment-related products
- Securing of large-scale redox flow battery system projects, expansion of sales of new residential energy storage systems, and increasing sales of industrial applications



Environmentally friendly transmission and distribution equipment



Redox flow battery systems

### 3 Rectangular magnet wires for electric vehicle driving motors

- Development and expansion of next-generation products to meet the high-voltage requirements of electric vehicles
- Increase in manufacturing capacity and improvement of productivity to meet the growing demand for electric vehicles
- Development of a global production and supply structure



Rectangular magnet wires for driving motors



# Info-Communications

Net sales and  
profit targets  
(FY28)

Net sales

FY25 326.6 billion yen  
▼  
FY28 970.0 billion yen

Operating profit

FY25 77.4 billion yen  
▼  
FY28 240.0 billion yen

## Business environment

The proliferation of generative AI is leading to the construction of massive data centers, primarily in North America. In data communications, there is increasing demand for higher speeds, higher density, and lower power consumption, creating a need for fiber optic products and new generation electronic components that can achieve these goals.

## Major initiatives

### 1 Fiber optic products for data centers

- Adding of high value to ultra-high-count fiber cable that connect data center buildings and acceleration of investments for increasing production
- Provision of low-loss, compact MT ferrules \*1 and high-density optical connector assembly for use within data center buildings
- Increasing production of Electro-absorption Modulated lasers, Continuous-wave lasers, and InP substrates for LDs



\*1 Connecting components for high-density fiber cable

### 2 Optical products for building next-generation info-communications networks

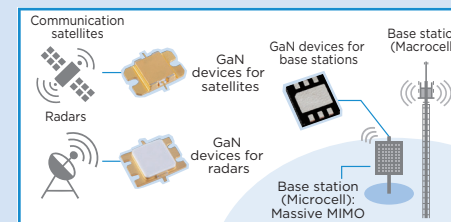
- Expansion of multi-core optical fibers into large-capacity data communication optical cables for intercontinental (submarine) and inter-data center (land) networks
- Development of ultra-compact tunable light sources capable of simultaneously transmitting multiple wavelengths
- Development of high-speed and power-saving optical access network equipment, and next-generation network equipment compatible with APNs\*2



\*2 All-photonics networks

### 3 Wide range of applications for electronic devices

- Provision of GaN devices for wireless communications that offer both high-speed operation and low power consumption, in order to increase the capacity and power efficiency of mobile base stations
- Application of high-efficiency GaN devices in radar/satellite and Microwave heating market



# Automotive

Net sales and  
profit targets  
(FY28)

Net sales

FY25 2,937.2 billion yen  
▼  
FY28 **3,100.0** billion yen

Operating profit

FY25 179.7 billion yen  
▼  
FY28 **210.0** billion yen

## Business environment

As electrification progresses further toward 2028, and the high-speed communication and connected car fields expand due to the increased functionality and intelligence of automobiles, and as new companies emerge, SEG will need to expand our portfolio of electrification and high-speed communication products and introduce innovative design and manufacturing technologies through the use of DX/robotics.

## Major initiatives

### 1 Strengthening the global supply structure for wiring harnesses

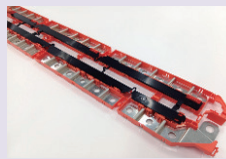
- Strengthening of competitiveness through the introduction of innovative design and manufacturing technologies utilizing AI
- Reconfiguring our production system to optimize global locations, prioritizing local production for local use
- Productivity improvement and supply chain transformation through DX



Global supply chains utilizing AI/DX

### 2 Development and expansion of electric and high-speed communication products.

- Acceleration of the development of next-generation technologies for high voltage, large current, and high-speed, large-capacity communication
- Strengthening of approaches to new customers alongside deepening of collaboration with existing customers
- Improvement of earning capacity by securing orders for high-value-added products and reliably launching production of them



Battery busbar module\*



High-speed communication connector

\* A component that integrates cell-to-cell connection and cell status transmission for electric vehicle batteries

### 3 Acceleration of collaboration with Sumitomo Riko and leveraging of the integrated capabilities of SEG

- Collaboration in the mobility and general industrial fields after making the company a wholly owned subsidiary
- Strengthening of development capabilities for next-generation products utilizing polymer material technology
- Business expansion in transportation infrastructure systems and mobility services utilizing AI and DX technologies



Anti-vibration rubber for electric vehicles



Traffic control and road information systems



# Electronics

Net sales and  
profit targets  
(FY28)

Net sales

FY25 409.1 billion yen  
▼  
FY28 **440.0** billion yen

Operating profit

FY25 39.5 billion yen  
▼  
FY28 **40.0** billion yen

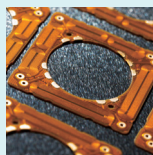
## Business environment

Driven by advancements in DX and GX, functionality in existing fields such as electronic devices and automotive applications is expected to become even more sophisticated. Meanwhile, in new fields such as aerospace and FA robots, demand for high-value-added materials/components that contribute to miniaturization, weight reduction, higher strength, and high-speed data communication is also projected to expand.

## Major initiatives

### 1 FPCs that meet needs for further advanced functionality <sup>\*1</sup>

- Expansion of sales of ultra fine pitch FPC that contribute to miniaturization and high density of electronic devices
- Development and expansion of sales of high-frequency multilayer FPC with low transmission loss
- Further improvements in quality and production efficiency through DX, including the use of AI technology



Ultra fine pitch FPC  
(mobile devices)



High frequency FPC  
(antennas, automotive, etc.)

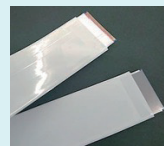
<sup>\*1</sup> Flexible printed circuits (wiring materials)

### 2 High-performance wire and cable that enable high-speed transmission and increased durability

- Development and expansion of sales of high-performance electric wires that offer high-speed communication, high voltage, and high heat resistance in the automotive and aerospace fields
- Development and expansion of sales of high-speed data transmission FFC<sup>\*2</sup> and highly flexible electric wires specifically designed for the wiring needs inside data center servers
- Acceleration of the development of electrical wires for catheters and other medical applications



Automotive Information cable



High-speed transmission FFCs

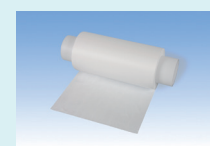
<sup>\*2</sup> Flexible flat cables (wiring materials)

### 3 Resin-processed components that contribute to a wide range of fields

- Expansion of sales of heat shrink tubing by expanding the product line-up for the aviation field and establishing a structure for immediate delivery
- Development and expansion of next generation ultrafiltration membrane for semiconductor manufacturing equipment
- Introduction of new water treatment membrane modules in new markets and for new applications



Heat shrink tubing



Ultrafiltration membrane

# Industrial Materials

Net sales and  
profit targets  
(FY28)

Net sales

FY25 388.4 billion yen  
▼  
FY28 **470.0** billion yen

Operating profit

FY25 31.4 billion yen  
▼  
FY28 **40.0** billion yen

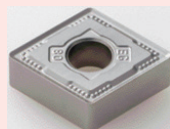
## Business environment

Growing interest in carbon neutrality is driving expansion in the aviation, semiconductor, and energy-related markets, where lower carbon emissions and higher efficiency are required. At the same time, the adoption of electric vehicles is progressing gradually but steadily. Expansion is also expected in the infrastructure maintenance/repair market in developed countries, as well as in emerging markets such as India.

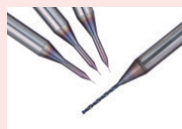
## Major initiatives

### 1 Cutting tools that accelerate industrial growth with high-precision and high-strength

- Shifts in development and sales resources toward expanding markets such as aircraft, healthcare, and semiconductors
- Establishment of a sales structure and expansion of sales through new distribution channels in the Indian market
- Strengthening of recycling capabilities for stable procurement of tungsten raw materials



Cemented carbide inserts for aircraft



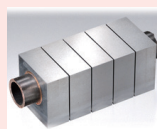
Coated cemented carbide drills for semiconductor applications

### 2 Coated cemented materials and sintered parts that support a green society

- Expansion of sales of high thermal conductivity heatspreaders that support the stable operation of base stations, wind power generators, electric vehicles, etc.
- Strengthening of technology development and prototype manufacturing capabilities for the nuclear fusion market
- High-functionality, high-precision, and high-strength sintered parts to keep pace with the evolution of automobiles
- Expansion of sales of recyclable soft magnetic composites as a material



High thermal conductivity heatspreaders for communication base stations



Monoblocks for nuclear fusion market



Sintered parts for EVs and HEVs

### 3 Green, high-value-added, high-strength materials that support infrastructure

- Development and expansion of sales of high-value-added prestressing steels and anchorage systems to meet the demand for maintenance/repair of infrastructure facilities such as bridges and power plants
- Expansion of sales of steel wire for reinforcing optical submarine cables, which are increasing globally due to growing telecommunications demand
- Development of new steel code for tire reinforcement, and collaboration with and expansion of sales to customers in the Indian market



Reinforcement cable systems



Steel wire for reinforcing optical submarine cables

## 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

Pursuit of Top Technology

R&D expenses: 540.0 billion yen / 3 years

Utilization and expansion of intellectual property

### Technological evolution in current business

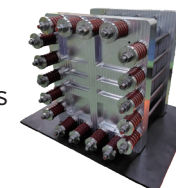
We will leverage the close relationships between business and sales units and our partnerships with customers to intensify development in three key areas

- **Digital and AI**  
Contribute to high-speed, high-capacity, compact, low-power information transmission by improving the performance of multi-core fibers, polarization-maintaining fibers, low-loss optical connection components, tunable light sources, and optical modulation chips
- **Energy**  
Contribute to the realization of high-efficiency long-distance power transmission networks and large-capacity, low-loss power transmission systems through the development of ultra-high-voltage DC power cables and energy management systems for renewable energy supply
- **Mobility**  
As mobility evolves alongside electronic and information devices, contribute through technologies that utilize (driving) control data via the cloud, next-generation rectangular magnet wires that can handle the increased voltage of drive motors, and enhanced functionality of wiring harnesses

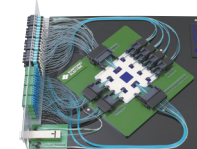
### Challenging into new business domains

SEG will pursue Top Technologies to create seeds for future business opportunities.

- **Decarbonization Technologies**  
Development of hydrogen-related technologies and CO<sub>2</sub> capture technologies
- **Circular Economy-Related Technologies**  
Develop recycling technologies for copper, aluminum, rare metals, resins, and other materials
- **Next-Generation Info-Communication Technology**  
Development of photonics-electronics convergence technology, which integrates semiconductor chips and optical components, and hollow-core fiber <sup>\*1</sup>
- **Technologies Related to Quantum, Semiconductors, and Robotics**  
Development of quantum sensor materials, advancing technology for manufacturing large single-crystal diamond substrates, and contributions to the field of physical AI



A flow-type water electrolysis cell stacks that produce hydrogen



Photonics-electronics convergence modules

Promotion of efficiency and sophistication of R&D processes and analysis through process informatics (soft sensors<sup>\*2</sup>, etc.) and material informatics utilizing generative AI

Contribute to increasing sales through expansion of current businesses and creation of new businesses

<sup>\*1</sup> Optical fiber with a hollow core through which light travels Compared to conventional glass-core fiber, it offers faster optical propagation, lower loss, making it ideal for high-speed, high-precision communication

<sup>\*2</sup> Technology that uses AI and statistical models to predict values that are difficult to measure directly in real time

# Manufacturing (“Monozukuri”)

Policy for 2030

Create resilient factories that can adapt to change

- Contribution 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 and to stabilize their quality

Globally implement and embed “Launch Capability SU”

- Enhancement of process quality assurance (checkpoints)
- Strengthening of product design and production preparation (alignment with required levels)

#### ● 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”

- Dynamic reduction of total cost
- 100% adherence to standard lead times

DX/AI: Acceleration of activities with Monozukuri-Navi

### Resilient manufacturing platform

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

[Employees/equipment]

Encouragement of employees to “**make it your own**” and achievement of “Promoting Equipment Safety,” “Eradicating the 3 Major Accidents,” and “Zero falls while walking”

[Materials]

Building in of “Own Process Quality Assurance,” and thorough elimination of foreign bodies from equipment, processes, and the environment

Zero major incidents for employees, products and equipment

Strengthening and optimization of global mother functions

### Creation of a solid shop floor operation

#### ● Further promotion of visualization and acceleration of PDCA\*2 cycle of continuous Kaizen

Driving continued growth with the group’s unique factory assessment framework, “MFA\*3”

Fostering an energized and dynamic workplace environment

Global roll-out of Manufacturing Fundamentals, MFA

- Continuous improvement and identification, and sharing of manufacturing challenges

\*1 (S) Safety / (E) Environment / (Q) Quality / (C) Cost / (D) Delivery / (D) Development

\*2 (P) Plan / (D) Do / (C) Check / (A) Action

\*3 Monozukuri Fundamentals Assessment

## 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 to structural changes and abrupt fluctuations

#### Building a stable supply chain

- Risk management for strategic materials
  - Procurement from multiple suppliers and local sources
  - Consideration of alternatives and partial in-house production
  - Expansion of items covered
- Fair and impartial trade
  - Transactions at appropriate prices that reflect changes in inflation
- Executing CSR procurement
  - Deepening of CSR-based assessment initiatives
  - On-site surveys of suppliers for which issues have been identified
  - Helping suppliers to raise standards

**Assessment completion rate (Global transaction value equivalent) 80%**
- Information security assessment and support
  - Perform security diagnostics for our business partners and assist in implementing risk improvement measures

**Number of companies assessed 3x higher (vs FY 2025)**

#### Optimized manufacturing locations Response to disclosure demands

- Optimization of locations according to business characteristics and geopolitics
  - Diversification of manufacturing sites
  - Local production for local use
  - 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
- Development of an information sharing platform utilizing DX
  - Sharing of legal and regulatory requirements, customer requests, and supply chain risks
  - Assistance with customer inquiries and disclosures

#### Assistance with customer inquiries and disclosures

- Securing stable transportation capacity
  - Strengthening of relationships with suppliers (promotion of dialogue, trading at appropriate prices)
  - Securing alternative means of transportation
- Strengthening logistics compliance structure
  - Strengthening global tariff support structure
  - Consideration of optimal structure for complying with relevant laws and regulations in Japan (DX)
- Building highly efficient logistics environment
  - Visualization and sharing of global transportation status (DX)
  - Building a high-efficiency transportation structure (transit transportation, higher utilization of load capacity)
  - Improvement of transportation quality

## Financial Capital

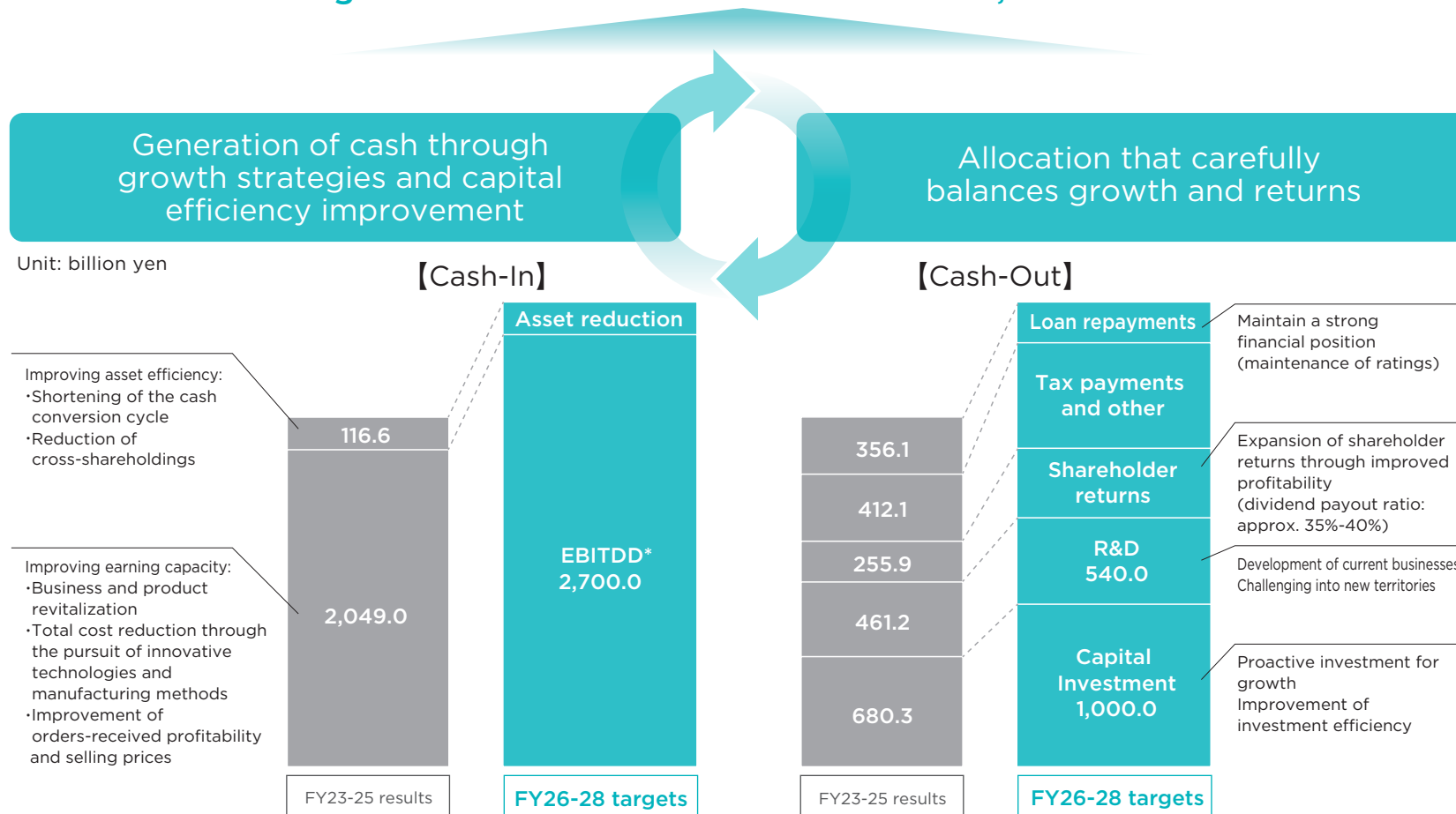
Policy for 2030

Maximize cash flow, allocate steady growth and appropriate returns

- Generate cash through reinforcing operations, implementing growth strategy, and ROIC management
- Strategic R&D and capital investments

**Generating returns on capital that exceed the cost of capital**

**Targets for FY2028: Before-tax ROIC: >15%, ROE: >13%**



\* Earnings Before Interest, Taxes, Depreciation, and Development



# Human Capital

Policy for 2030 | Evolve to be a Group where everyone can excel, grow, and contribute to society

- Supporting DE&I\*1
- Nurturing of a corporate culture that values growth and challenges
- SEG's integrated power on a global scale

**Develop human capital capable of creating new value and promoting the development and appointment of global talent to achieve the vision of a “Glorious Excellent Company”**



## Developing human capital and enhancing engagement

### Practice-Based Experiences

Accumulate practical experiences with challenges leading to growth

### Exploring talent

Providing a robust L&D program

### Leadership

Developing leaders for respective workplaces

### Shared understanding

Integration with the Sumitomo Spirit, management policies and business strategy

### Compensation

Compensation growth: Aiming for inflation rate +α

### Fostering culture

Cohesive corporate culture where the ability of individuals is maximized



## Supporting DE&I and improving the workplace environment

### DE&I

Attracting and promoting diverse talent to drive business growth  
Ongoing support and opportunities tailored to individual circumstances  
Building frameworks that empower all employees to perform at their best

### Workplace environment

Continue to promote health management for overall wellbeing  
Further improvements of safe and secure workplaces

### [Global L&D architecture: SEI University]

[Executive programs]	Senior management programs, the Executive training program, etc.
[Management programs]	GLP, MPSS*2, manufacturing key person development program, etc.
[Skills training programs]	Human skills, conceptual skills, manufacturing, DX, etc.
[Basic training programs]	Sumitomo Spirit, Corporate Principles, management policies, safety, environment, quality, etc.

### [Targets]

<b>Global</b>	Engagement score for pride as a member of the Group	>80%
	Executive training program participants	30 people per year
	MPSS Completion	300 people per year
	Total hours of training programs	25 hours per year per person
	Digital skills development	600 people per year
<b>SEI</b>	Company dormitory coverage for new graduate hires	100%
	Percentage of male employees taking childcare leave	100%
	Percentage of females among new graduate hires (Business/Engineering)	40%•15%

\*1 Diversity, Equity & Inclusion

\*2 GLP: Global Leadership Development Program, MPSS: Management Program based on the Sumitomo Spirit

# 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 regulation

## Strengthening business competitiveness and global development

### Managing intellectual capital / utilizing IP rights

- Strategy formulation and implementation utilizing IP information and rule information
  - Market and competitive landscape research and analysis based on patent information
  - Utilization of the results of standardization and rule-making trend surveys to create new markets
- Management and utilization of know-how and trade secrets
  - Protection and utilization of proprietary know-how that is the source of business competitiveness
  - Thorough management of trade secrets in global operations
- Acquisition and utilization of intellectual property rights
  - Acquisition and utilization of intellectual property rights to secure freedom in global business activities and to gain a competitive advantage in the market.
  - Protection of the Group's brands and businesses from acts that infringe on the Group's intellectual property rights in various countries, e-commerce markets, etc.

### Contribution to and compliance with international standardization and rule-making

- Contribution to international standardization and rule-making
  - Contribution to the application of the Group's technologies in society through participation in the development of international standards and operational rules
- Market expansion through compliance with rules
  - Strengthening of competitiveness by expanding the markets for products and services that comply with standards and rules ahead of their introduction, and by leveraging the Group's IP mix
  - Creation of business use cases through the application of standards-based technologies in society
- Open innovation through standardization
  - Execution of a strategy that balances cooperation and competition through collaboration with partner companies

### Strengthening of human capital foundation for IP and standardization

- Strengthening of the Group's overall foundations through strategic human capital rotation
- Strengthening of skills to adapt to technological and social transformations such as DX, GX, and the use of generative AI

**Target** For the Group as a whole, file approximately 2,000 new patent applications per year and maintain a total of approximately 25,000 patent rights

**Target** Participate in standard-setting organizations relevant to our business domains, contribute to rule-making, and utilize the resultant rules/standards

# Sustainability

Based on the Sumitomo Spirit, and guided by the concept of Multistakeholder Capitalism, known as “Goho Yoshi” (Five-Way Win), which has been part of the business management of the Sumitomo Electric Group for many years, we will strive to achieve sustainable growth and enhance corporate value

E

## Operations for a greener global environment

### Reduction of CO2 emissions (reduction compared to FY2018)

#### Scope1+2

Direct emissions +  
indirect emissions

FY2028  
**30%**

FY2030  
**50%**

- With a view to achieving carbon neutrality by 2050, thorough implementation of energy-saving measures and strengthening of environmental investments to increase energy productivity by 1.5 times
- Expansion of introduction of renewable energy, including off-site energy generation\*1

#### Scope3

Other emissions

FY2028  
**22%**

FY2030  
**30%**

- Promotion of green procurement and logistics initiatives
- Promoting LCA initiatives

### Promoting circular economy

- Promotion of the use of recycled materials (copper, aluminum, rare metals, resins, etc.)
- Product design and material development for easy recycling
- Waste reduction by reducing defects and sorting, water recycling

### Preventing environmental pollution

- Zero environmental incidents, reduction of environmentally hazardous substances

### Disclosure of nature-related information

- Assessment and disclosure based on the TNFD\*2 framework

### Contribution to the global environment through our business

#### Net sales of green and digital-related products

FY2028  
**3.5 trillion yen**

### Promotion of “Eco-Activities 2030”

- Expansion of local eco-activities such as biodiversity preservation and community cleanup (strengthening of initiatives in collaboration with regional communities)

Over **300**  
“Good for the Planet”  
activities per year in over  
**20** countries and  
regions ahead of FY2030

\*1 Electricity generation from renewables such as solar power \*2 Task Force on Nature-related Financial Disclosures

S

#### Supporting DE&I

Creation of new value through the integration of diverse perspectives, experiences, and technologies

#### Practicing CSR activities

Contribution to CSR activities: approximately **1%** of profit after-tax

#### Enhancing engagement

Empathy with the creation of corporate value and actual feeling of contribution

G

#### Upholding compliance

Compliance with laws, regulations, and corporate ethics throughout SEG, including its supply chain, on a global basis

#### Reinforcing corporate governance

Ensure transparency and fairness in management, and strive for their continuous enhancement

#### Enhancing risk management

Reduce and minimize risks under the Risk Management Committee, comprised of directors and other executives

# Net Sales, Operating Profit, ROIC by Segment, R&D Expenses and Capital Investment

Unit: billion yen

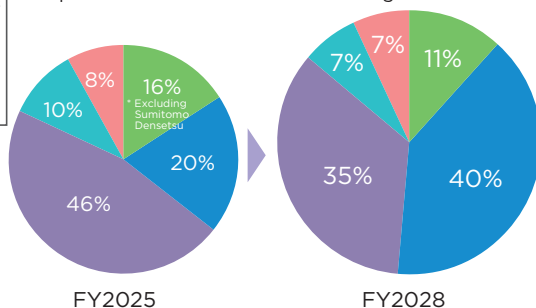
Unit: billion yen

		Group-wide total	Segment							Group-wide total (cumulative total over 3 years)
			Environment & Energy	Info-Communications	Automotive	Electronics	Industrial Materials & Others			
Net sales	FY2025 results	5,110.2	1,178.8 <small>(Excluding Sumitomo Denetsu: 950.4)</small>	326.6	2,937.2	409.1	388.4	R&D expenses	FY2023-2025	461.2
	FY2028 targets	6,000.0	1,200.0	970.0	3,100.0	440.0	470.0		FY2026-2028	540.0
Operating profit	FY2025 results	418.2	90.6 <small>(Excluding Sumitomo Denetsu: 65.0)</small>	77.4	179.7	39.5	31.4	Capital investment	FY2023-2025	680.3
	FY2028 targets	600.0	70.0	240.0	210.0	40.0	40.0		FY2026-2028	1,000.0

## Operating profit portfolio

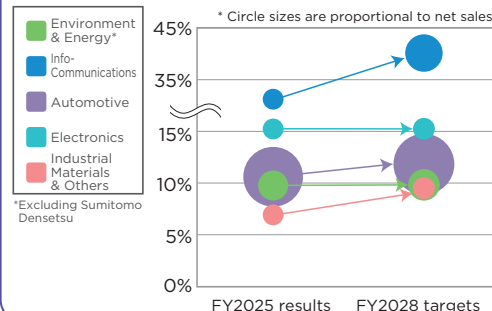


Expand the share of profit generated by the Info-Communications segment and pursue diversification of our earnings structure



## Operating profit ROIC by segment

Enhance resource allocation to high-profitability areas and drive ROIC improvement across each business segment



## Capital Investment

Cumulative Group-wide total for FY2026-2028 will be 1 trillion yen  
Among segments, capital investment in Info-Communications will be approximately four times higher than the cumulative total for FY2023-2025

**Fourfold increase**

FY2023-2025 cumulative total      FY2026-2028 cumulative total

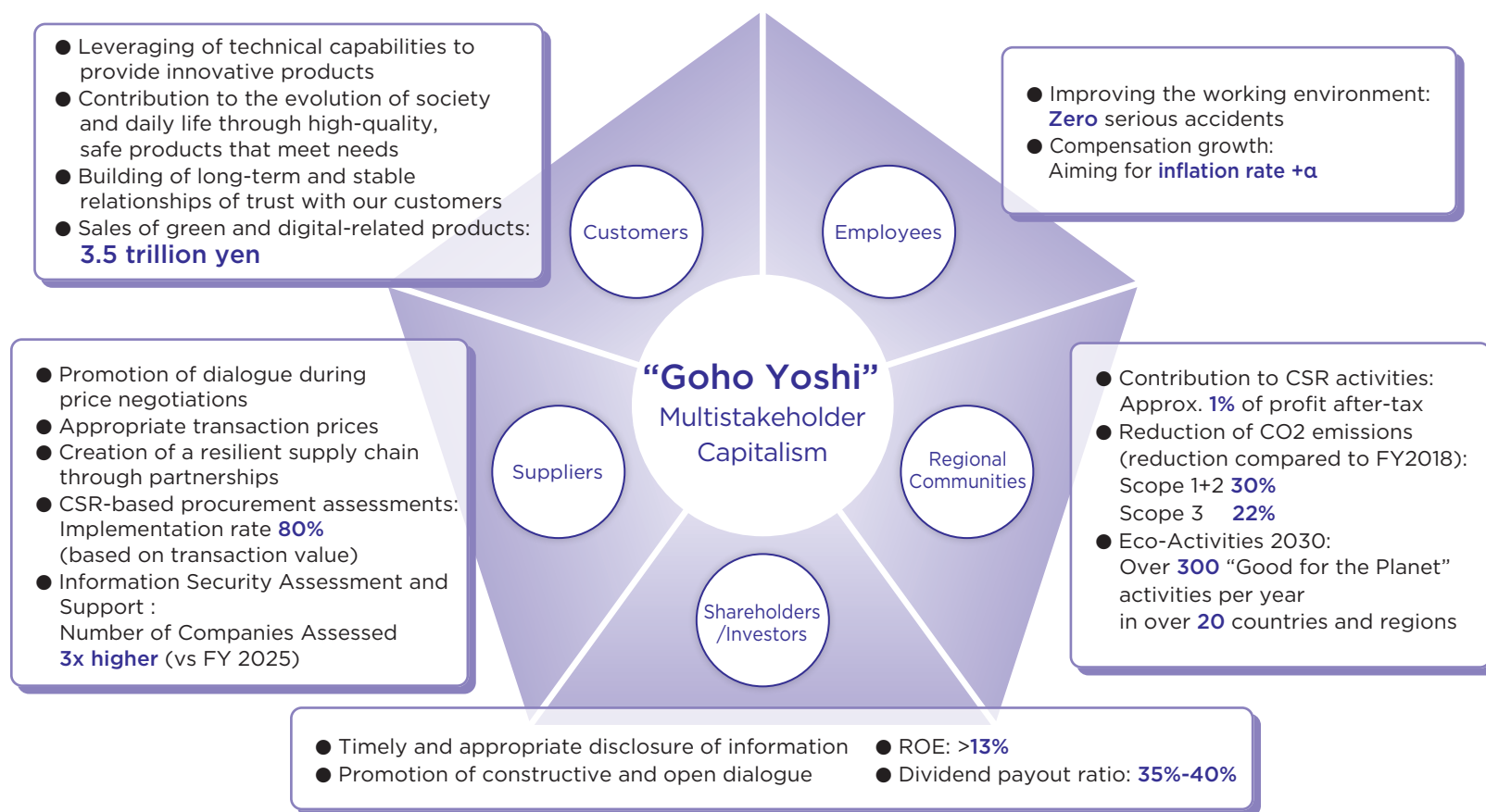
Assumptions for the Mid-Term Management Plan 2028: ¥150/US\$, ¥170/€, Copper price ¥1,900,000/ton

## Goho Yoshi (Five-Way Win)

“Goho Yoshi” (Five-Way Win) is a concept that has been part of the Sumitomo Electric Group for some time and is based on the Sumitomo Corporate Philosophy.

We are committed to sustainable growth and medium- to long-term value creation by sharing prosperity with our multiple stakeholders: customers, employees, suppliers, regional communities, and shareholders/investors.

In this Mid-term Management Plan 2028, we have set specific and quantitative targets for the sharing value to multiple stakeholders, and are determined to achieve them.



 Sumitomo Electric Industries, Ltd.

<https://sumitomoelectric.com/>