SUMITOMO ELECTRIC

Connect with Innovation

Integrated Report 2026

SUMITOMO ELECTRIC GROUP

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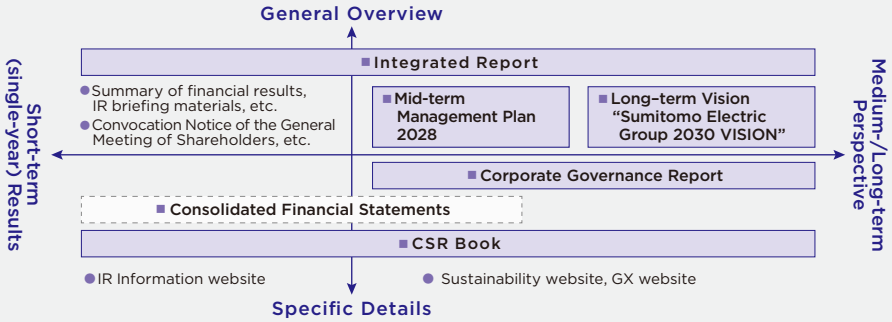
Framework for Disclosure of Information

The Group's disclosure media are structured around two dimensions: "General Overview and Specific Details" and "Short-term (single-year) Results and Medium-/Long-term Perspective." The Integrated Report is a disclosure medium that helps readers understand the overall picture of the Group's value creation story. For details on our Sustainability Initiatives, please refer to our CSR Book and Corporate Governance Report. For information on SEG's Long-term Vision and Mid-term Management Plan, please refer to our 2030 VISION and the Mid-term Management Plan 2028. For a more in-depth understanding, we invite you to explore our website.



[Other publications] ●Sumitomo Electric Group e-magazine "id"
●Technical Papers "Sumitomo Electric Technical Review"

■ Integrated Report

Presents an overview of initiatives aimed at improving corporate value over the medium to long term through business activities, framed as a value creation story

■ CSR Book

Comprehensively discloses all ESG initiatives as a collection of documents, data books, and fact books that complement the contents of the Integrated Report

■ Corporate Governance Report

Discloses corporate governance initiatives that support value creation

■ Long-term Vision "Sumitomo Electric Group 2030 VISION"

■ Mid-term Management Plan 2028

Editorial Policy

Period covered :
April 1, 2025 to March 31, 2026
(Some information included falls outside this period.)

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As of the end of March 2026: 400 companies (374 consolidated subsidiaries and 26 equity method affiliates)

Date of publication : October 2026

Reference guidelines :
IFRS Foundation "International Integrated Reporting Framework" and Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation 2.0"

Disclaimer regarding forward-looking statements :
The forward-looking statements in this Report, such as the Group's future plans, forecasts, and strategies, have been prepared based on certain assumptions that the Group considered reasonable at the time of disclosure. Actual results may differ from these forecasts due to a variety of factors.

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Message from the Chairman & CEO

Overcoming Uncertainties and Realizing a Virtuous Cycle of *"Goho Yoshi"* (Five-Way Win) Based on the Sumitomo Spirit

Chairman & CEO

M. Matsumoto

Foundation of Management to Which We Should Refer, Especially in These Uncertain Times

Political and economic uncertainty is increasing worldwide, and the assumptions surrounding corporate management are changing dramatically. In times like these, what is required of management is not to be swayed by short-term changes, but to stand firmly on our foundation, accurately interpret changes in the business environment, and take decisive action.

For SEG (Sumitomo Electric Group), that foundation is the Sumitomo Spirit. Based on the teachings of how a merchant should conduct his business, left behind by Masatomo Sumitomo, the founding father of the House of Sumitomo, the Sumitomo family has upheld the principles of *Banji-nissei* (do your sincere best in not only business but also every aspect of your life), *Shinyo-kakujitsu* (place importance on integrity and sound management), and *Fusu-furi* (do not act rashly or carelessly in pursuit of immoral business). These and other principles, passed down through 400 years of Sumitomo's history, remain timeless and universal guidelines for modern management. In fact, we believe their importance is even greater in these uncertain times. SEG's Long-term Vision, the 2030 VISION, and one of its milestones, the Mid-term Management Plan 2028, are both rooted in the Sumitomo Spirit.

I believe that sustainable corporate growth means providing value to society through business operations, growing, and creating a virtuous cycle in which those results are appropriately shared with and returned to various stakeholders, driving further growth. SEG emphasizes this management philosophy of achieving co-prosperity with multiple stakeholders—namely, our customers, employees, suppliers, regional communities, and shareholders/investors—and, drawing upon the spirit of the Omi merchants' *"Sanpo Yoshi"* (Three-Way Win). We call this *"Goho Yoshi"* (Five-Way Win).

Transforming Diversified Business into a Strength: Value Creation at SEG

What is important in steering a business is not to pursue efficiency from a short-term perspective, but to build a business foundation that is equipped to handle inevitable changes from a long-term perspective.

I have long believed that we should be cautious about excessive "selectivity and concentration." SEG has expanded its business domain from its core wire and cable business to

five business segments: Environment & Energy, Info-Communications, Automotive, Electronics, and Industrial Materials. As a result, even when the Info-Communications segment was severely impacted during the collapse of the dot-com bubble, the growth of the Automotive segment supported the Group. Similarly, when the Automotive segment struggled during the COVID-19 pandemic, the other four segments made up for the shortfall. Even when some segments faced short-term difficulties, the Group as a whole has shown consistent growth. Amidst increasing uncertainty, the importance of managing businesses in a way that avoids excessive reliance on specific markets, products, or suppliers is becoming even greater.

The same can be said for the resource supply risks of recent years. In order to minimize the impact and ensure business continuity even when the procurement environment changes, I have long advocated for the importance of recycling and have been instructing business divisions to promote it. For example, regarding tungsten, a vital resource essential for cutting tools and other applications, our ongoing recycling efforts have made our procurement more reliable.

Furthermore, research and development is the very essence of manufacturing. In today's rapidly changing world, it is essential for the R&D Department, which is at the forefront of technology, and the Sales Division, which is at the forefront of the market, to exchange information so as to translate technological seeds into solutions that meet market needs.

Implementing Our Philosophy: Strengthening Human Capital by Embedding the Sumitomo Spirit

Simply stating ideals is meaningless. Our philosophy only becomes truly effective when each employee fully understands it and puts it into practice in their daily work. SEG has offices all over the world and employs a diverse range of people. Values and work methods differ depending on the country, region, and type of business. In this context, for the Group to maintain a sense of unity and move forward in the same direction, it is essential to instill a common core principle: the Sumitomo Spirit. When senior management deeply understands its principles, communicates them clearly to employees, and employees put them into practice, the Spirit becomes firmly established within the organization through the ongoing repetition of this cycle. Based on this idea, immediately after becoming president in 2004, I established SEI University [→p.26], and for over 20 years since, I have striven to promote understanding and instilling of the Sumitomo Spirit through this initiative. Interacting with our employees, I can really feel that the Sumitomo Spirit is taking root throughout the entire Group, both in Japan and internationally alike.

The Sumitomo Spirit also mentions "Respect for Human Resources," and SEG has inherited this spirit and is focusing on human capital development. I personally believe that a company develops and expands by developing high-quality people, and especially in these uncertain times, we need "mavericks with grit" in leadership positions. "Grit" refers to a spirit of "even if opposed by 10 million people, I will go forward," or the courage and toughness to face great difficulties without fear and to break through them, while "maverick" refers to individuals who can design solutions from unconventional perspectives. There is only one goal, but there are many paths to reach it, and if the chosen path proves to be too difficult, exploring other options becomes necessary. It is essential to constantly encourage and motivate yourself to maintain a mental state that allows for "lateral thinking." SEG entrusts young employees with responsible tasks from an early stage, giving them opportunities to learn from both successes and failures, so as to foster the next generation of leaders.

Responsibilities and Governance Expected of the Chairman & CEO

I currently serve as Chairman of the Board and CEO. President Inoue, as COO in charge of general management, and I, as CEO fulfilling a supervisory management role, are jointly managing our Group.

As Chairman of the Board, I am also personally committed to ensuring that substantive discussions take place in an uninhibited and unreserved manner at Board meetings. The Board of Directors meetings should not simply be a forum for approving proposals from the executive side. It is a forum for comprehensively examining risks and opportunities in important management decision-making and confirming whether such decisions contribute to improving corporate value in the medium to long term. To achieve this, it is important that Inside Directors engage in frank discussions based on the realities of the business and that Outside Directors provide candid opinions based on their respective management experience and expertise.

I believe that receiving feedback from diverse perspectives helps to improve SEG.

SEG strives to be a "Glorious Excellent Company." This is our future goal. "Glorious" embodies the unchanging qualitative ideals of the Sumitomo Spirit that we have discussed so far, while "Excellent" represents our commitment to achieving the quantitative targets set forth in our Mid-term Management Plan and other initiatives.

We will continue to strive to build long-term and stable relationships of trust with all our stakeholders, based on the Sumitomo Spirit and the *"Goho Yoshi"* (Five-Way Win) philosophy, which we have practiced to date, and we will sincerely contribute to the development of society to achieve this goal.

We appreciate and ask for your continued understanding and support.

The History of the SEG

History of Growth

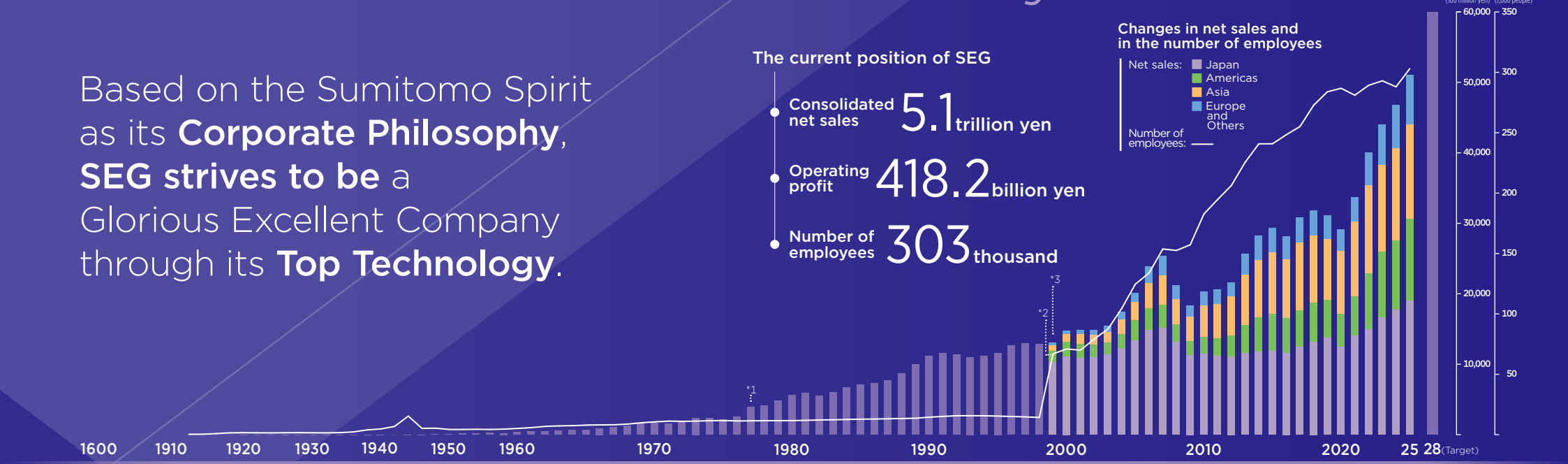
Glorious Excellent Company

Based on the Sumitomo Spirit as its **Corporate Philosophy**, **SEG strives to be** a Glorious Excellent Company through its **Top Technology**.

The current position of SEG

- Consolidated net sales **5.1** trillion yen
- Operating profit **418.2** billion yen
- Number of employees **303** thousand

Changes in net sales and in the number of employees



Sumitomo Spirit

(Sumitomo Historical Archives)

Established based on the Sumitomo Spirit

Sumitomo's copper business, the origin of the Group, dates back more than 400 years. At that time, Japan was one of the world's leading copper producers, and the foundation of Sumitomo was laid through the groundbreaking refining technique known as "Nanban-buki" and the subsequent discovery of the Besshi Copper Mine. As time progressed and electric lights, telegraphs, and telephones were invented, the demand for copper wire increased. Amidst these circumstances, it was in 1897 that the Sumitomo Electric Group was founded, manufacturing electric wires using copper from Besshi.

Expansion from electric wires into non-electric wire fields while pursuing Top Technology

During the turbulent times from World War I to the end of the Pacific War, the Company actively expanded its business, starting with the manufacture of insulated wires, Japan's first high-voltage underground power transmission cables, enameled wires, cemented carbide products called "IGETALLOY™," and special steel wires. After the war, the Company overcame major crises, including the order to dissolve Sumitomo headquarters, and has since grown by successfully developing products that precisely and swiftly meet the demands of the times and advance the development of industry, such as sintered powder metal products, automotive wiring harnesses, prestressing steel wires, Japan's first domestically produced television broadcasting antenna, air springs for railway vehicles, electron beam irradiated products, traffic control systems, flexible printed circuits, and compound semiconductors.

Rapid progress of globalization and the information age

As the era of high economic growth came to an end, the Company successfully secured a contract for a power transmission line project in Iran and a telecommunications network construction project in Nigeria. Since then, it has been actively expanding its business on the global stage, opening overseas production bases in a wide range of business fields and engaging in power and communications engineering. In Japan, the Company anticipated the arrival of an advanced information society and was at the forefront of developing optical fiber. It also produced related products such as connectors and construction equipment, contributing to the construction of optical communication networks. In fiscal 1989, these efforts resulted in its consolidated net sales exceeding one trillion yen.

Aiming to become a Glorious Excellent Company

Since the 2000s, we have experienced events that have drastically altered the economy and society, such as the collapse of the dot-com bubble, the Global Financial Crisis, the Great East Japan Earthquake, and the COVID-19 pandemic. However, by setting our corporate vision as a Glorious Excellent Company, we strengthened the Group's cohesion, challenged ourselves to develop new technologies and products, and overcame these difficulties. We will continue to meet the demands of the times and achieve sustainable growth.

*1 Consolidated net sales from fiscal 1977 *2 Consolidated number of employees from fiscal 1999 *3 Net sales by region from fiscal 1999. Please see the Fact Book for details on the changes.

Corporate Philosophy

Our Philosophy

Honoring both the Sumitomo Spirit and the Group Principle that have been passed down through generations, the Group has always prioritized its contribution to society. Operating under the management philosophy of "contributing to the public benefit through business," the Group strives to ensure mutual prosperity with its stakeholders.

Sumitomo Spirit

Banji-nissei
Do your sincere best in not only business but also every aspect of your life.

Shinyo-kakujitsu
Place importance on integrity and sound management; that is, being worthy of the trust of others.

Fusu-furi
Do not act rashly or carelessly in pursuit of immoral business; always seek alignment with the public interest, and pursue the highest interest.

In addition, SEG has upheld principles such as **"Attaching Importance to Technology," "Respect for Human Resources," "Long-Range Planning,"** and **"Mutual Prosperity, Respect for the Public Good."**

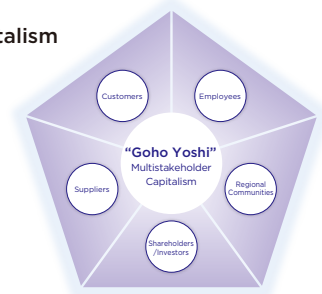
Sumitomo Electric Group Corporate Principles

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.

"Goho Yoshi" (Five-Way Win) —Multistakeholder Capitalism

"Goho Yoshi" (Five-Way Win) is a concept that has been part of the business management 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.



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

Supplied electric wires and cables at pre-earthquake prices after the Great Kanto Earthquake

The spirit of *"Fusu-furi,"* or not pursuing short-term gains

Near noon on September 1, 1923, a powerful earthquake with a magnitude of 7.9 struck the Kanto region and surrounding areas. The Great Kanto Earthquake caused immense damage, resulting in approximately 105,000 deaths and missing persons, and the complete or partial destruction of around 370,000 houses.

The Sumitomo Bank Tokyo Branch building, located in Hiramatsu-cho, Nihonbashi-ku[*1], fortunately did not collapse and was spared from burning down. With communication and transportation systems largely destroyed or burned down, the area was paralyzed. On the 6th of that month, members of the Tokyo Sales Office of Sumitomo Joint-stock Company located on the third floor of the building, visited the Ministry of Communications, the Ministry of Railways, the Tokyo City Tram (Tokyo Shiden), and Tokyo Dento (electric light company) to gather information on the emergency supplies they needed. Most of the electric wire manufacturers in the Kanto region were affected by the earthquake, and it was fair to say that Sumitomo Electric Wire & Cable Works[*2] was the only major company that could supply cables.

The Tokyo Sales Office initially received an order from the Ministry of Railways for paper-insulated cables for the Ministry's circular railway lines as part of the restoration efforts, but

The Sumitomo Bank Tokyo Branch building, where the Sumitomo Joint-stock Company Tokyo Sales Office was located (Sumitomo Historical Archives)

setting prices proved difficult. The price of electrical wires and related equipment was high because market prices for raw materials such as copper and lead could not be established, and general prices had soared to two to three times their pre-earthquake levels; to the point where an ordinance against profiteering[*3] had been issued.

In this situation, Sumitomo decided to proceed with deliveries at pre-earthquake prices and to shorten delivery times by manufacturing around the clock. As a result, numerous inquiries came in from companies such as the Tokyo City Tram and Tokyo Dento, and pre-earthquake prices were maintained as a general rule. This decision was based on the spirit of *"Fusu-furi"* (do not act rashly or carelessly in pursuit of immoral business), a core element of the Sumitomo Spirit. In this way, SEG has a history of strengthening its corporate culture by putting its Corporate Philosophy (including our "Purpose") into practice.

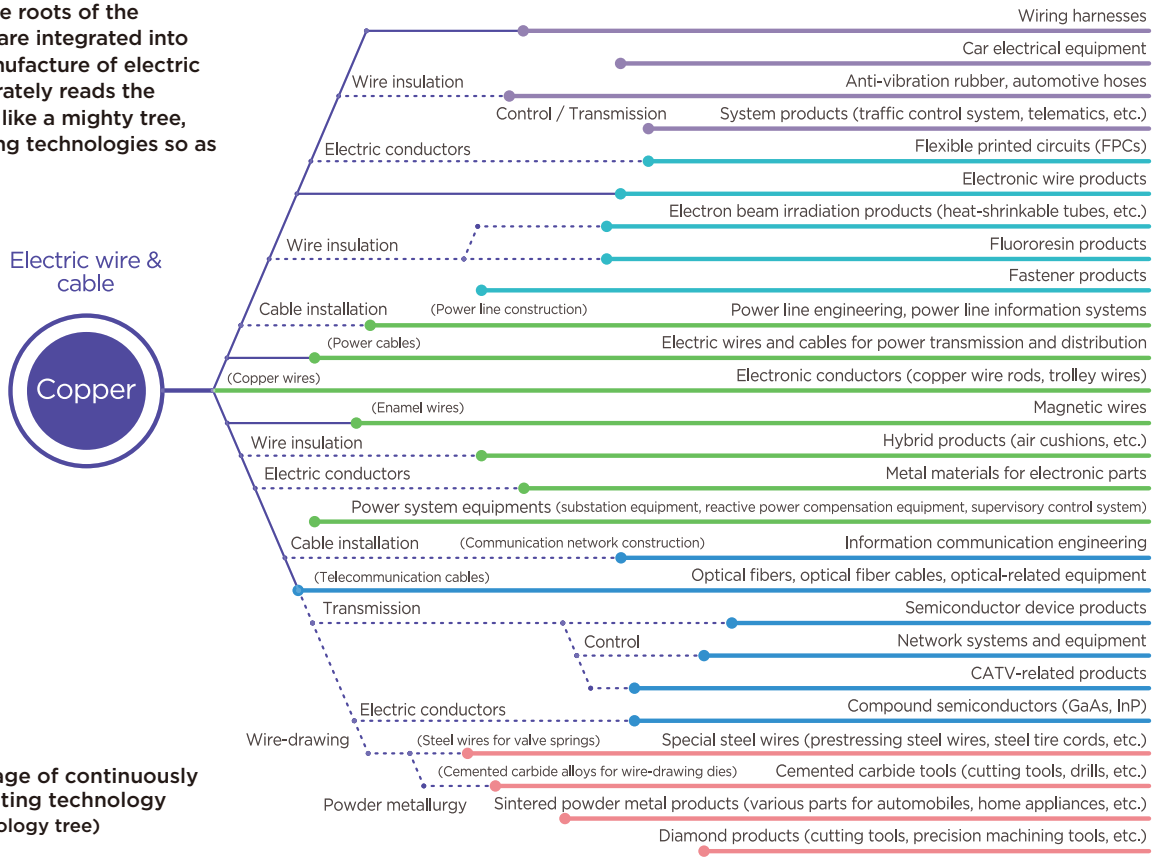
*1 Nihonbashi, Chuo-ku, today *2 Sumitomo Electric Industries, Ltd. today
*3 Ordinance established to curb hoarding and withholding of goods

For details on our Corporate Philosophy, please refer to the CSR Book 2026 [→p.03]

Top Technology

Top Technology

SEG's businesses and product lines may seem varied on the surface, but tracing back to the roots of the technology tree reveals that they are integrated into technologies cultivated in the manufacture of electric wires and cables. The Group accurately reads the changing social environment and, like a mighty tree, evolves its materials and processing technologies so as to diversify its business.



A lineage of continuously innovating technology (Technology tree)

Creating new value through technology

For more details on our Top Technology, please visit our website.

1908 Started production of power cables

1916 Started production of enameled wires

1922 Manufactured and installed the world's longest submarine cable

1931 Started production of cemented carbide tools, IGETALLOY™

1932 Started production of special steel wires

1943 Started production of anti-vibration rubber

1948 Started production of sintered powder metal products

1949 Started the automotive wiring harness business

Entered into the business of construction of overhead conductors

1958 Started production of air springs for railroad vehicles

1964 Started production of electron beam irradiated products (tubes, electric wires)

1968 Started the traffic control system business

1969 Started the flexible printed circuit business

1970 Started production of compound semiconductors

Started CATV business

1978 Started operation of the world's first bi-directional fiber optic CATV system (Hi-OVIS)

1981 Supplied the world's most advanced fiber optic LAN system

1982 Succeeded in producing the world's-largest-class synthetic monocrystal diamonds (1.2 carats)

2006 Succeeded in the world's first mass production of high-performance gallium nitride transistors (GaN HEMT)

2019 Completed the world's first 400 kV HVDC XLPE submarine cable system

2022 Started commercial operation of the world's-largest-class redox flow battery system

2023 Started the world's first mass production of ultra-low loss, multi-core optical fibers

What SEG Strives to Be

Glorious Excellent Company

A "Glorious Excellent Company" is what SEG strives to be.

"Glorious" represents qualitative goals to be realized through the practice of the Sumitomo Spirit, faithfully passed down through generations, and the Sumitomo Electric Group Corporate Principles established on that basis. "Excellent" represents quantitative goals that will be achieved by steadily achieving the numerical targets set forth in the Mid-term Management Plan and other strategies.

Just as it has done in the past, SEG will continue to apply its Top Technology, guided by the Sumitomo Spirit as its Corporate Philosophy, and strive to become a Glorious Excellent Company.

Glorious — Qualitative goals

What can be achieved by observing and practicing the Sumitomo Spirit, the Sumitomo Electric Group Corporate Principles, and the Sumitomo Electric Group Charter of Corporate Behavior

[Related topics]

- **Corporate Philosophy** [→p.05]
- ***"Goho Yoshi"* (Five-Way Win)** [→p.05] (Multistakeholder Capitalism)
- **Promotion of Sustainability Management** [→p.34]

Excellent — Quantitative goals

What can be achieved by steadily accomplishing numerical targets prescribed in the Mid-term Management Plan

[Related topics]

- **The History of the Sumitomo Electric Group** [→p.04]
- **Sumitomo Electric Group 2030 VISION** [→p.13]
- **Mid-term Management Plan 2028** [→pp.16–17]
- **Achievements of *"Goho Yoshi"* (Five-Way Win)** [→pp.14–15]

What SEG Strives to Be
Glorious Excellent Company

Sumitomo Electric Group 2030 VISION
LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET
Relentlessly challenging ourselves to use Technology for Good

Mid-term Management Plan 2028 (FY2026–2028)

Net sales	Operating profit	Before-tax ROIC
6 trillion yen	600 billion yen	>15%

2nd Step toward 2030 VISION

Mid-term Management Plan 2025 (FY2023–2025)
1st Step toward 2030 VISION

Sumitomo Spirit

Message from the President & COO

Reflections on the Mid-term Management Plan 2025 and How to Achieve the Mid-term Management Plan 2028

President & COO

Reflections on Mid-term Management Plan 2025

Looking back on our three-year Mid-term Management Plan 2025, which set targets for fiscal 2025, I believe we have successfully taken the first step towards the 2030 VISION, which is our Long-term Vision that was announced in May 2022.

In fiscal 2025, we achieved net sales of 5,110.2 billion yen, reaching the five trillion yen mark for the first time, operating profit of 418.2 billion yen, and before-tax ROIC of 14.7% (12.5% excluding the gain from the sale of SUMITOMO DENSETSU), significantly exceeding the targets of our Mid-term Management Plan 2025. Furthermore, we have largely achieved the specific and quantitative targets for our stakeholders that we set forth in our *"Goho Yoshi"* (Five-Way Win) philosophy. [→p.14]

This strong performance was driven largely by significant growth in demand for data centers in the Info-Communications segment, robust performance in wiring harnesses in the Automotive segment, and steady growth in power cables and transmission and distribution equipment in the Environment & Energy segment. Despite facing a challenging business environment, including supply chain instability due to geopolitical risks and soaring raw material and energy prices, we were able to anticipate and take advantage of market trends in growth areas such as renewable energy and generative AI. We believe that this would not have been possible without all our stakeholders, who support our daily business operations, and we would like to take this opportunity to express our gratitude.

Mid-term Management Plan 2028

Overall concept and targets

In May of this year, as the second step toward the 2030 VISION, we announced our Mid-term Management Plan 2028 with fiscal 2028 as the final year.

This Plan aims to achieve net sales of six trillion yen, operating profit of 600 billion yen, and before-tax ROIC of 15% or more in fiscal 2028. This will be achieved by focusing resources on our three key areas: Energy, Digital and AI (formerly Info-Communications), and Mobility, as well as interconnected areas. To this end, we will ensure that each of the five business segments "Demonstrate the integrated capabilities of SEG," "Respond with precision to trends in the global business environment," and "Capture green and digital-related demand," which are the 3 Pillars of management, while further fortifying our Management

Foundation through the enhancement of our 3 Key Sources of Capital (Human Capital, Financial Capital, Intellectual Capital) and our 3 Key Driving Forces (R&D, Manufacturing, Supply Chain), based on the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles. Furthermore, based on the *"Goho Yoshi"* (Five-Way Win) philosophy, and as a commitment to our stakeholders, we have set specific and quantitative targets, just as we did in our Mid-term Management Plan 2025.

Key points

In particular, we have set a very challenging target for operating profit, aiming for approximately 1.5 times our previous record high. We are taking on this challenge because we are well-positioned to capture a huge growth opportunity due to the continued penetration of GX and the advancement of DX driven by the expansion of generative AI.

Since becoming president, I have aimed to reduce the proportion of the Automotive segment in the SEI portfolio to less than 50%, and to this end, I have been working to expand other business segments. Under this Plan, we will make approximately four times as much capital investment in the Info-Communications segment compared to the cumulative total for the period of the Mid-term Management Plan 2025, with the aim of increasing its operating profit contribution ratio to 40% by fiscal 2028. Furthermore, I believe that the competitiveness necessary for SEG to continue to develop will come from combining and refining the diverse technological seeds cultivated in each business division, transcending divisional boundaries. I also believe that SEG working synergistically with Nissin Electric, Techno Associe, and Sumitomo Riko, which became our wholly owned subsidiaries during the Mid-term Management Plan 2025 period, will enhance the Group's competitiveness.

On the other hand, I recognize that the uncertain global business environment is one of the biggest risks for the Group. We will focus on creating a resilient supply chain by restructuring production bases and securing raw material procurement routes while accurately identifying market trends and customer demand, thereby enhancing our ability to manage risks.

Three key areas

To seize growth opportunities, such as the rapidly expanding green and digital-related markets, the Mid-term Management Plan 2028 aims to significantly increase capital investment from 680.3 billion yen over the past three years to one trillion yen during the coming three years.

In the Digital and AI area, we aim to increase our market share by introducing a wide range of high-performance products, leveraging the Group's strengths, to the North American hyperscale data center market. We must respond effectively to robust demand through strategic investments to increase production while simultaneously advancing the development of new products. In achieving these goals, collaboration between our technology, business, and sales divisions becomes even more crucial.

In the Energy area, we expect to see an increasing number of high-voltage interconnector projects, including offshore wind power generation in Europe. We intend to strengthen our cable manufacturing and construction capabilities in Scotland, UK, and Germany so as to prevail in this global competition as a "local company."

In the Mobility area, leveraging our strength as a world leader in wiring harnesses, SEG aims to become a "global mobility supplier." Furthermore, the Group will respond to the new demand that arises where these three key areas interconnect by utilizing the combined strengths of the Group, including our technological capabilities.

Attention to Sustainability

Structure to promote sustainability management

In promoting sustainability management, we have established a system to comprehensively address ESG-related themes through having the GX Promotion Committee, the CSR Promotion Committee, and the Human Resources and DE&I Promotion Committee tackle major challenges, all of which are under the Sustainability Management Promotion Committee, of which I am the chair.

In response to global environmental issues, including climate change, and with a view to achieving carbon neutrality by 2050, we have revised our target CO_2 emission reduction rate for fiscal 2030 compared to fiscal 2018, raising it from 30% to 50% for Scope 1+2 emissions and from 15% to 30% for Scope 3 emissions, simultaneously with the announcement of our Mid-term Management Plan 2028*. To achieve these targets, we aim to increase energy productivity by 1.5 times by 2030. This will involve thoroughly implementing energy conservation measures, such as having business, research, and production technology divisions work together in order to introduce new manufacturing and equipment technologies, as well as increasing environmental investments and expanding the introduction of renewable energy, including energy generation.

As COO of the Group operating diverse businesses, I will oversee all aspects of management and strongly promote the Mid-term Management Plan 2028 so that we are able to achieve further growth.

To this end, I kindly ask all of our stakeholders for their continued support, which is greatly appreciated.

* Following SBTi (Science Based Targets initiative) certification, the FY2030 Scope 1+2 emissions reduction target was revised to 50.4% and the Scope 3 target to 36.0% in October 2026.

Key Initiatives (Materialities) for the Sumitomo Electric Group

One of SEG's goals is to help realize the Three Societies—a Safer Society, a More Comfortable Society, and a Green and Environmentally Friendly Society—through our commitment to "Ensure 'Growth' and Steady 'Returns.' " To that end, SEG identifies as Key Initiatives (Materialities) those that address social issues in a way that contributes to this goal. Through these SEG Key Initiatives, we aim to seize business opportunities and reduce risks, thereby contributing to our values of "Ensure 'Growth' and Steady 'Returns'" and "Realizing the Three Societies."

Summary of the Materiality Process

STEP 1
Comprehensive Understanding of Social Issues and Materiality Assessment

STEP 2
Identification of Important Social Issues

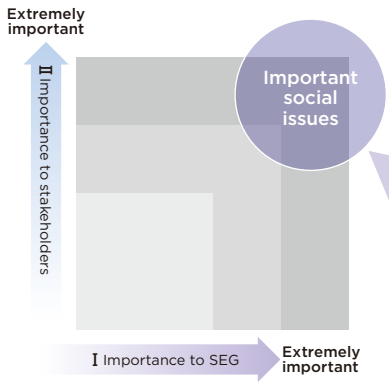
STEP 3
Identification of Key Initiatives

Materiality Assessment

Social issues	Ⅰ Importance to SEG	Ⅱ Importance to stakeholders
X X X	●	●
X X X		
X X X		●
X X X	●	
X X X		●
X X X	●	●
⋮	⋮	⋮

In STEP 1, we comprehensively grasped the social issues facing various stakeholders and created a long list of social issues by referring to the 169 targets of the SDGs, the global risks listed in the Global Risks Report (published by the World Economic Forum), and the evaluation criteria of ESG rating agencies. Using this list, we narrowed down social issues important to both, based on the two axes of "I. Importance to SEG (including in terms of financial impact)" and "II. Importance to stakeholders."

Visualization of Identification of Important Social Issues



In STEP 2, in order to realize our social vision set forth in the 2030 VISION, discussions were held to identify issues that are important to both SEG and the stakeholders, and five high-priority issues were identified as "important social issues."

Important social issues

1. Addressing social issues and revitalizing industries through new technologies
2. Increasing environmental risks and intensifying global warming
3. More frequent natural disasters, increasing information security risks, and underdeveloped and aging social infrastructure
4. Growing importance of Diversity and Inclusion (D&I) and the work environment
5. Emerging risks in supply chains (protection of human rights, strengthened business continuity planning)

List of Key Initiatives

Business Domains
- 1 Digital and AI
- 2 Energy
- 3 Mobility

Strengthening Our Foundations: 3 Key Sources of Capital
- 4 Human Capital
- 5 Intellectual Capital
- 6 Financial Capital

Strengthening Our Foundations: 3 Key Driving Forces
- 7 R&D
- 8 Supply Chain
- 9 Manufacturing (*"Monozukuri"*)

- 10 Sustainability

In STEP 3, during the process of formulating the 2030 VISION and the Mid-term Management Plan, the management team identified measures that could help mitigate main risks and seize opportunities related to "important social issues" in order to realize our social vision; those approved by the Management Conference and the Board of Directors were designated as Key Initiatives in each of the above areas [→p.11].

For disclosure of major risks of SEG, please refer to Part 1: Information on the Company > II. Business Overview > 3. Risk Factors of the Japanese version of the Consolidated Financial Statements, and for disclosure of business opportunities, please refer to the Mid-term Management Plan 2028.

Details of Our Key Initiatives —Our Group's Mission Towards 2030—

Business Domains

	Details of the Key Initiatives		Indicators and Targets
1 Digital and AI	**Challenges toward 2030** ● SEG will rise to the challenge of developing innovative materials and devices to support the progress of large-capacity optical communications, lower power consumption, and the evolution from 5G to 6G.	**Main topic** ● 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.	**Net sales of green and digital-related products FY2028: 3.5 trillion yen**
2 Energy	**Challenges toward 2030** ● SEG will further improve our power cable technology and take on challenges to reinforce power lines on a global basis and to provide solutions addressing the various needs of power users.	**Main topic** ● SEG will strengthen our cable manufacturing and installation capabilities globally, aiming to expand incoming orders as a "local company."	
3 Mobility	**Challenges toward 2030** ● In addition to the evolution of existing products, like wiring harnesses, SEG will endeavor to advance electrification and high-speed communications of automobiles, including architectural innovations, leveraging the integrated technologies of the Group, such as energy and info-communications.	**Main topic** ● Leveraging our strength as a world leader in wiring harnesses, SEG aims to become a "global mobility supplier" through the integrated capabilities of SEG.	

Strengthening Our Foundations

3 Key Sources of Capital	Details of the Key Initiatives	Indicators and Targets
4 Human Capital	Evolve to be a Group where everyone can excel, grow, and contribute to society.	● Compensation growth: Aiming for inflation rate + α ● Company dormitory for new graduate hires: 100% availability (SEI, Ltd.) ● Percentage of male employees taking childcare leave: 100% (SEI, Ltd.) ● Percentage of females among new graduate hires: Business: 40%, Engineering: 15% (SEI, Ltd.)
5 Intellectual Capital	Globally manage and make use of intellectual capital generated from our core technologies.	● Approximately 2,000 new patent applications per year for the entire Group Maintaining a total of approximately 25,000 patent rights
6 Financial Capital	Maximize cash flow, ensure "Growth" and steady "Returns."	● Before-tax ROIC: >15% ● ROE: >13% ● Dividend payout ratio: 35%–40% ● EBITDD*: 2.7 trillion yen/3 years

* EBITDD = Earnings Before Interest, Taxes, Depreciation, and Development

3 Key Driving Forces		
7 R&D	Invigorate and accelerate R&D as one of the key driving forces to create an extensive range of technologies.	● R&D expenses: 540 billion yen/3 years
8 Supply Chain	"Stable Supply Chain Resilient to Changes" and "Responding Precisely and Promptly to Customers."	● CSR-based procurement assessment implementation rate: 80% (based on transaction value) ● Information security assessment and support: Number of companies assessed 3x higher (vs. FY2025)
9 Manufacturing (*"Monozukuri"*)	Create resilient factories that can adapt to change.	● Zero serious accidents

10 Sustainability	Steadily promote sustainability initiatives	● Reduction of CO_2 emissions: [Scope 1+2] 30% [Scope 3] 22% (reduction compared to FY2018) ● Eco-Activities 2030: Over 300 "Good for the Planet" activities per year in over 20 countries and regions ● Contribution to CSR activities: Approx. 1% of profit after-tax

Targets without a target year are for fiscal 2028. For a list of progress on materiality-related indicators and targets, please refer to [→CSR Book 2026, p.09]

Value Creation Process

The Group has set the goal of becoming a Glorious Excellent Company and is working to realize its vision of a "Safer Society," a "More Comfortable Society," and a "Green and Environmentally Friendly Society," based on the concept of *"Goho Yoshi"* (Five-Way Win) (Multistakeholder Capitalism). In line with the Sumitomo Electric Group's 2030 VISION and the Mid-term Management Plan 2028, we aim to enhance corporate value over the medium to long term while steadily returning the results of our growth to our stakeholders.

Important social issues

1. Addressing social issues and revitalizing industries through new technologies
2. Increasing environmental risks and intensifying global warming
3. More frequent natural disasters, increasing information security risks, and underdeveloped and aging social infrastructure
4. Growing importance of Diversity and Inclusion (D&I) and the work environment
5. Emerging risks in supply chains (protection of human rights, strengthened business continuity planning)

Business Resources

(FY2025 results)

Human Capital

- Number of employees globally **303** thousand employees
  Percent of female employees **50.3**%
- Total hours of training programs **21.0** hours/employee

Intellectual Capital

- **"Connecting and Supporting Technologies"** developed since the establishment of the company
- R&D expenses **162.9** billion yen

Financial Capital

- Free cash flow **250.3** billion yen
- Credit rating **AA** (JCR), **AA−** (R&I)
- Shareholders' equity ratio **56.9**%

Social/Relationship Capital

- Over the years, the Group has cultivated
  —Trust within diverse stakeholder groups
  —Trust in our brand
  —Strong relationships with our employees and society

Production Capital

- Capital investment **243.2** billion yen
- Number of affiliated companies **400** companies (approximately 40 countries)

Natural Capital

- Energy usage **25,413** million MJ*
- Water usage **14,513** thousand cubic meters*
- Copper usage **449** kilotons*

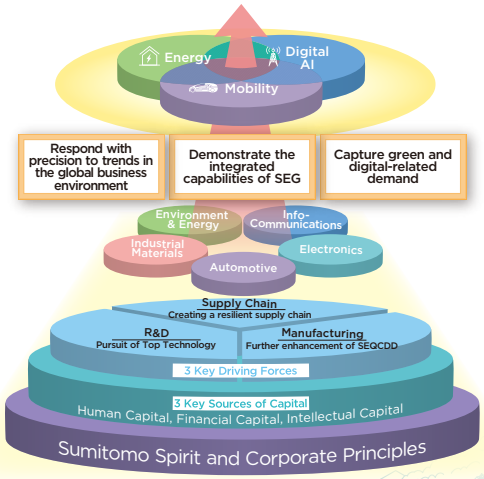
* Excluding the Sumitomo Riko Group

Business Activities

Key Initiatives (Mission) for the Sumitomo Electric Group

Mid-term Management Plan 2028 [→p.16]

Net sales	Operating profit	Before-tax ROIC
6 trillion yen	600 billion yen	>15%

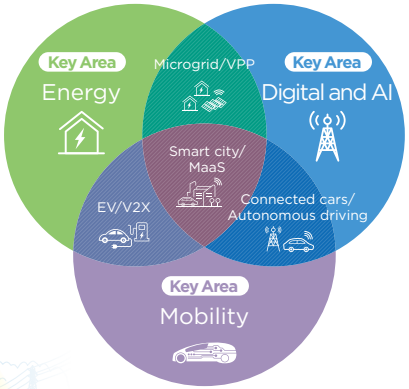


Long-term Vision Sumitomo Electric Group 2030 VISION [→p.13]

Slogan

LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET
— Relentlessly challenging ourselves — to use Technology for Good

Products supporting infrastructure and industry



[Management Policies]

Top Technology	Global Presence
Diversity, Equity & Inclusion (DE&I)	
Sustainability	Corporate Governance
Risk Management	Compliance

[→p.34, pp.39–41]

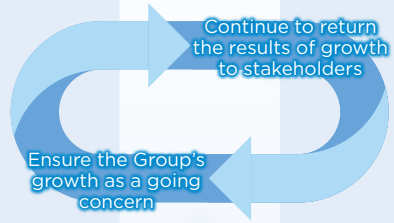
The Sumitomo Spirit/ Sumitomo Electric Group Corporate Principles [→p.05]

Values

Our ideal society | **Realizing the Three Societies**

- Safer Society
- More Comfortable Society
- Green and Environmentally Friendly Society

Ensure "Growth" and steady "Returns"



[→p.16]

Strengthening the Group's ability to create shared value

Long-term Vision "Sumitomo Electric Group 2030 VISION"

While the world as a whole faces various challenges such as climate change and conflict, major social and industrial transformations such as GX, DX, and CASE are accelerating. In response to these changes, which call for accurate, swift, and flexible action, the Sumitomo Electric Group formulated its Long-term Vision "Sumitomo Electric Group 2030 VISION" in May 2022 to outline the major direction the Group aims for. Furthermore, in response to the uncertain and discontinuous business environment, we have been formulating specific business plans as part of our Mid-term Management Plan every three years since fiscal 2023. Aiming to realize our corporate vision of a Glorious Excellent Company [→p.07], and supported by the understanding of all our stakeholders, the Group will work together to enhance corporate value.

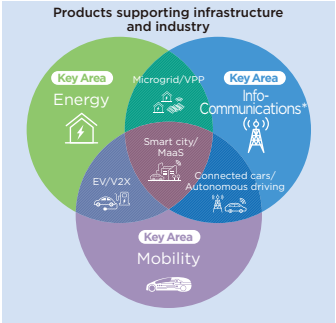
Slogan

LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET
— Relentlessly challenging ourselves to use Technology for Good —

Management Policies

Pursuit of Top Technology	Enhance Global Presence	Promote Diversity & Inclusion

Business Domains



Values

Safety
SEG will supply various products that support infrastructure and industries for a "Safer Society."
High durability | High strength

Comfort
SEG will supply high-quality and high-performance products to global markets for a "More Comfortable Society."
High speed | Large capacity

Green
SEG will achieve a "Green and Environmentally Friendly Society" through Company-wide efforts to promote our businesses, including the carbon-free business.
High efficiency | Low loss

Under the slogan "LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET — Relentlessly challenging ourselves to use Technology for Good —," the Group will make concerted efforts toward the year 2030 to achieve a "Safer Society," a "More Comfortable Society," and a "Green and Environmentally Friendly Society." In particular, the Group has positioned "Energy," "Info-Communications*," and "Mobility" as the three key areas, and through these key areas and interconnected areas, it will contribute with the collective strength of the Group.

*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."

Targets **By 2030, SEG aims to achieve net sales of over five trillion yen (an increase of at least one trillion yen in the three key areas) and before-tax ROIC of 10% or more while working on reducing CO_2 emissions, promoting diversity & inclusion, improving engagement, and ensuring compliance.**

Reflections on Mid-term Management Plan 2025
(FY2023–2025)

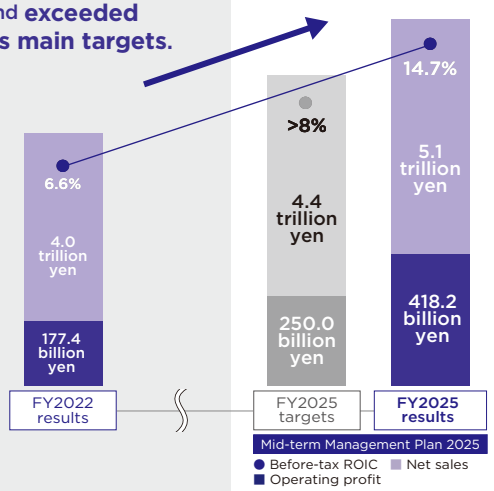
During the three-year Mid-term Management Plan 2025 period from fiscal 2023 to fiscal 2025, aimed at realizing the 2030 VISION, we faced continued uncertainty due to factors such as the impact on supply chains from revision of U.S. tariff policy and rising geopolitical risks, including U.S.-China tensions and the escalating conflict in the Middle East. However, the entire Group worked together to achieve our main objectives [→p.14].

In terms of growth strategies, demand for products for the data center-related markets increased significantly in the Info-Communications segment. Demand for wiring harnesses also increased in the Automotive segment, while demand for power cables and transmission and distribution equipment remained strong in the Environment & Energy segment. By effectively capturing the demand in these growing markets, SEG achieved results in fiscal 2025 that significantly exceeded its targets: net sales of 5,110.2 billion yen against the target of 4,400 billion yen, operating profit of 418.2 billion yen against the target of 250.0 billion yen, and before-tax ROIC of 14.7% against the target of 8% or more. For details on initiatives for each business segment, please see [→pp.19–21].

In terms of strengthening its foundations, SEG has focused on strengthening its 3 Key Sources of Capital (Human Capital, Intellectual Capital, Financial Capital) and 3 Key Driving Forces (R&D, Supply Chain, Manufacturing) to build a corporate structure that is resilient to change. Details of the initiatives are described on [→pp.26–33]. In addition, over the past three years, SEG has cumulatively invested 461.2 billion yen in R&D and 680.3 billion yen in capital investment, steadily working to build a foundation for future growth.

To further develop and build on this initiative, SEG has formulated the three-year Mid-term Management Plan 2028, starting in fiscal 2026, with details provided on [→pp.16–17].

SEG successfully captured demandin growth markets and exceeded its main targets.



Comparison with FY2025 targets

	Targets	Actual
Net sales (billion yen)	4,400.0	5,110.2
Operating profit (billion yen)	250.0	418.2
Before-tax ROIC	>8%	14.7%
Net sales from growth themes (increase compared to FY22)	1.1 trillion yen (+0.4 trillion yen)	1.1 trillion yen (+0.4 trillion yen)
R&D (billion yen/cumulative total over 3 years)	360.0	461.2
Capital investments (billion yen/cumulative total over 3 years)	720.0	680.3

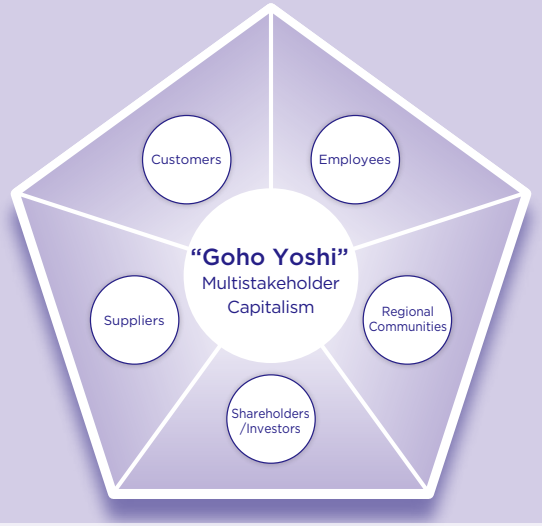
Achievements of *"Goho Yoshi"* (Five-Way Win) —— at a glance

In the Mid-term Management Plan 2025, the Group set specific quantitative indicators and targets for sharing value with its multiple stakeholders (customers, employees, suppliers, regional communities, and shareholders/investors). These targets for fiscal 2025 have mostly been achieved.

Key Indicators and Targets

Mid-term Management Plan 2025

	FY2023	FY2024	FY2025
Net sales 4.4 trillion yen	4,402.8 billion yen	4,679.8 billion yen	5,110.2 billion yen
Operating profit 250 billion yen	226.6 billion yen	320.7 billion yen	418.2 billion yen
Before-tax ROIC >8%	7.6%	9.3%	14.7% (12.5%*)
R&D 360 billion yen/3 years	142.0 billion yen	156.3 billion yen	162.9 billion yen (FY23–25 461.2 billion yen)
Capital investment 720 billion yen/3 years	193.8 billion yen	243.3 billion yen	243.2 billion yen (FY23–25 680.3 billion yen)



Customers

- Providing products that meet their needs
- Providing high-quality and safe products
- Sales from growth themes supporting GX/DX/CASE : **1.1 trillion yen** [→p.18]

	FY2023	FY2024	FY2025
Sales from growth themes supporting GX/DX/CASE	850 billion yen	970 billion yen	1,100 billion yen

Suppliers

- Promoting dialogue during price negotiations
- Appropriate transaction prices
- CSR-based procurement assessments: Implementation rate **80%** (based on transaction value) [→p.33]

	FY2023	FY2024	FY2025
CSR-based procurement assessments: Implementation rate	73%	74%	84%

Employees

- Compensation growth: Aiming for **inflation rate +α**
- Improving the working environment: **Zero** serious accidents
- Percentage of male employees taking childcare leave: **100%** (SEI, Ltd.)
- Percentage of females among new graduate hires: Business: **40%** Engineering: **15%** (SEI, Ltd.) [→pp.26–27]

	FY2023	FY2024	FY2025
Compensation growth	Results of the Spring 2024 union wage negotiations 5.75% (3.57+2.18)	Results of the Spring 2025 union wage negotiations 6.07% (3.40+2.67)	Results of the Spring 2026 union wage negotiations 6.85% (3.28+3.57)
Serious accidents	Zero	1 case	Zero
Percentage of male employees taking childcare leave	100%	100%	100%
Percentage of females among new graduate hires	Business: 41.2% Engineering: 10.6%	Business: 42.0% Engineering: 14.9%	Business: 40.5% Engineering: 12.2%

Regional Communities

- Contribution to CSR activities: **Approx. 1%** of profit after-tax
- Reduction of CO_2 emissions: Scope 1+2: **17.5%** Scope 3: **8.7%**

[→pp.35–38]

	FY2023	FY2024	FY2025
Contribution to CSR activities	1.05%	0.96%	0.76%*
Reduction of CO_2 emissions (Scope 1+2)	17.4%	20.4%	28.5%
Reduction of CO_2 emissions (Scope 3)	21.4% increase	1.1% increase	0.6%

Shareholders/Investors

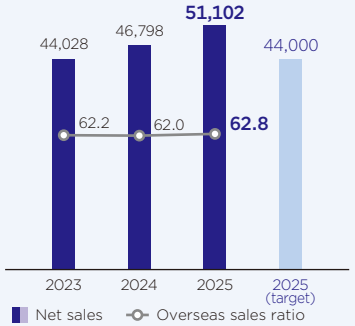
- Timely and appropriate disclosure of information
- ROE: **>8%**
- Promoting constructive and open dialogue
- Dividend payout ratio: **Approx. 40%**

[→pp.28–29]

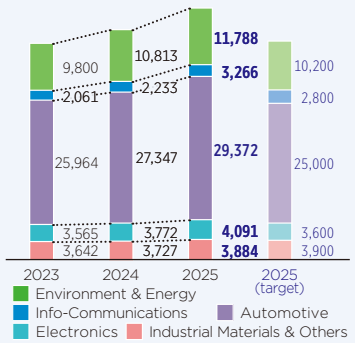
	FY2023	FY2024	FY2025
ROE	7.3%	8.6%	14.7% (11.9%*)
Dividend payout ratio	40.1%	39.0%	40.1%*

* Before-tax ROIC, ROE, dividend payout ratio, and contributions to CSR activities are calculated excluding the gain on the sale of SUMITOMO DENSETSU CO., LTD.

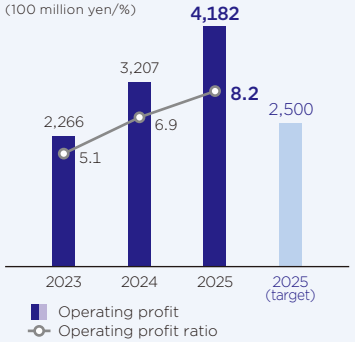
Net sales/Overseas sales ratio
(100 million yen/%)



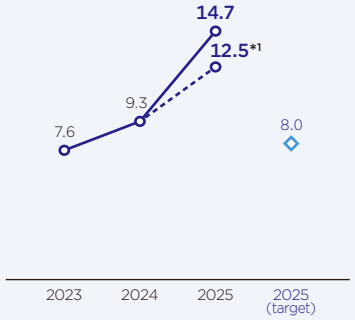
Net sales by business segment
(100 million yen)



Operating profit/ Operating profit ratio
(100 million yen/%)

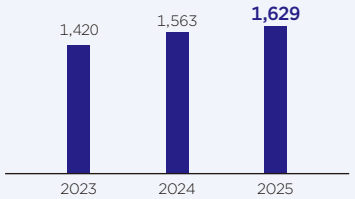


Before-tax ROIC (%)



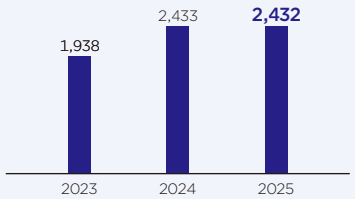
R&D expenses (100 million yen)

2025 target **360 billion yen** (Cumulative total for FY2023–FY2025) » 2025 results **461.2 billion yen** (Cumulative total for FY2023–FY2025)



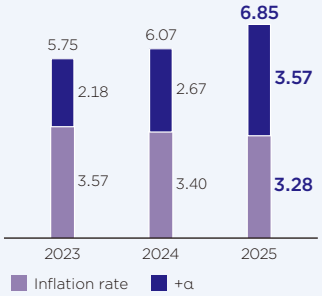
Capital investment (100 million yen)

2025 target **720 billion yen** (Cumulative total for FY2023–FY2025) » 2025 results **680.3 billion yen** (Cumulative total for FY2023–FY2025)



Compensation growth (%)

2025 target **Aiming for inflation rate + α**



Number of industrial accidents (cases)

2025 target **Zero serious accidents**

	2023	2024	2025
Serious accidents	0	1 (fatal accident)	**0**
Accidents resulting in lost work time	14	14	**5**

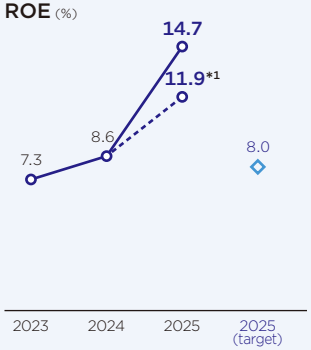
Percentage of male employees taking childcare leave (%)

2023	2024	2025	2025 (target)
100	100	**100**	100

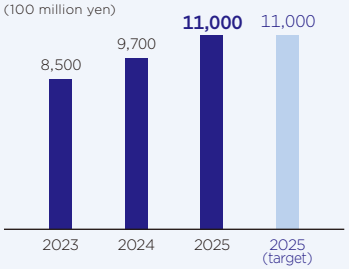
Percentage of females among new graduate hires (%)

	2023	2024	2025	2025 (target)
Business	41.2	42.0	**40.5**	40.0
Engineering	10.6	14.9	**12.2**	15.0

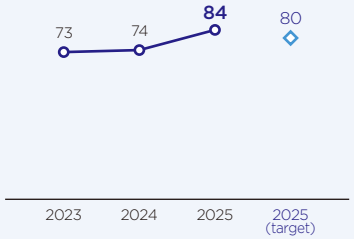
ROE (%)



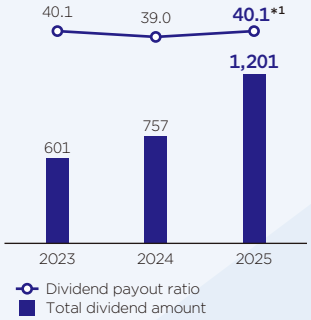
Sales from growth themes supporting GX/DX/CASE
(100 million yen)



CSR-based procurement assessment implementation rate
(%)

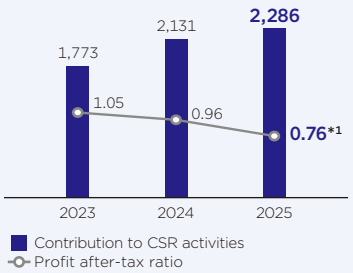


Dividend payout ratio and total dividend amount
(%/100 million yen)



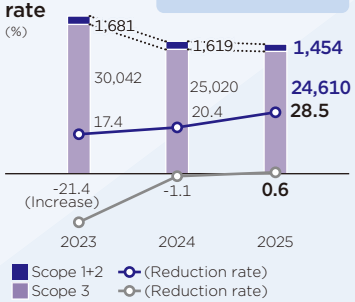
Contributions to CSR activities (million yen)/ Profit after-tax ratio
(%)

2025 target **Approx. 1% of profit after-tax**



Greenhouse gas emissions (thousand t/CO2e)/ Reduction rate
(%)

2025 target (Reduction compared to FY2018)
Scope 1+2 17.5%
Scope 3 8.7%



Dialogue with shareholders and investors

Financial results briefings (twice)*2

2023	2024	2025
131 companies	135 companies	**162 companies**

One-on-one interviews*2

	2023	2024	2025
No. of interviews	239	392	**531**
No. of companies	343	734	**1,354**

*2 The number of companies shown is a cumulative total.

The opinions and issues identified through dialogue are regularly reported to the Board of Directors.

*1 Calculated excluding the gain from the sale of SUMITOMO DENSETSU CO., LTD.

Mid-term Management Plan 2028 (FY2026–2028)

As the first step toward realizing its 2030 VISION, SEG has implemented and carried out the Mid-term Management Plan 2025 (fiscal 2023–2025). As its second step, the Group formulated the Mid-term Management Plan 2028 (fiscal 2026–2028) and published it in May 2026.

External Environment

The global economy is expected to remain unpredictable due to disruptions to logistics and supply chains, as well as rising raw material and energy prices driven by soaring crude oil prices caused by the escalating situation in the Middle East. Concerns about a revision of U.S. trade policy and a slowdown in the Chinese economy are also contributing to the continued uncertainty of the business environment for SEG.

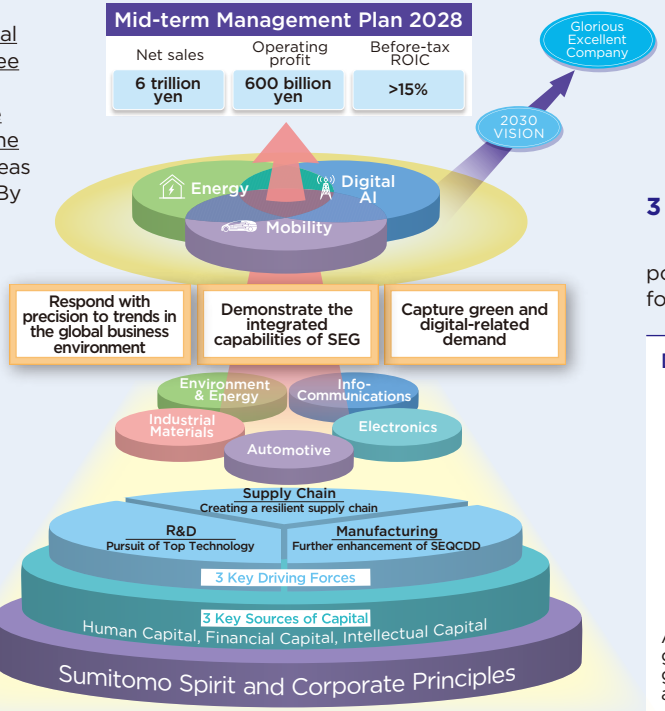
On the other hand, SEG anticipates expanding business opportunities for itself, including the growth of GX toward the realization of a decarbonized society and the advancement of DX driven by the expansion of the data center market, primarily due to generative AI demand.

Overall Plan and Numerical Targets

Under the business environment described above, our Mid-term Management Plan 2028 positions Digital and AI, Energy, and Mobility as our three key areas. SEG will invest a cumulative total of 540 billion yen in R&D and one trillion yen in capital investment over the three-year period in these three key areas and in areas where they interconnect. By leveraging the integrated capabilities of SEG rooted in technological expertise, the Group will respond accurately to global changes and capture and address GX/DX demand.

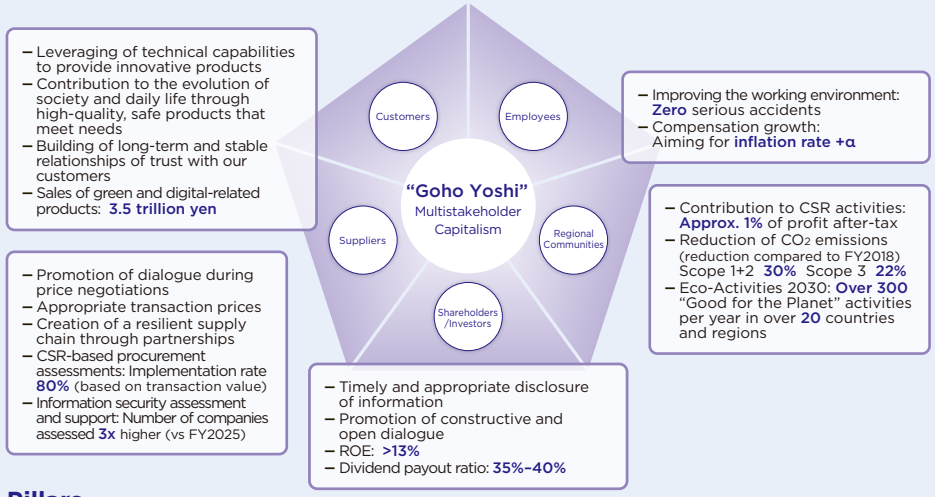
For the target year of fiscal 2028, SEG aims for net sales of six trillion yen, an increase of approximately one trillion yen from the fiscal 2025 results, and operating profit of 600 billion yen, an increase of approximately 50% from the fiscal 2025 results. Furthermore, as SEG continues to grow, the Group aims to improve asset efficiency further, targeting a before-tax ROIC of 15% or more.

General Overview of the Mid-term Management Plan 2028



Targets of *"Goho Yoshi"* (Five-Way Win)

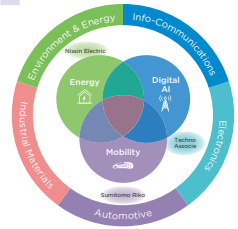
SEG's fundamental management principle is to achieve mutual prosperity with its customers, employees, suppliers, regional communities, and shareholders/investors and to share the values of its growth appropriately to each stakeholder. In order to achieve this mutual prosperity, the Mid-term Management Plan 2028 sets out the following specific and quantitative targets, and we will strive to achieve them.



3 Pillars

To achieve the goals of the Mid-term Management Plan 2028, SEG will embed the following policies, which are presented as three Pillars, in its business strategies and business foundations, and continue its efforts accordingly.

I Demonstrate the integrated capabilities of SEG

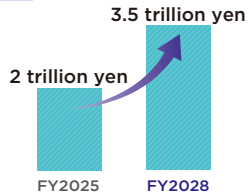


A diversified corporate group, pursuing growth grounded in human capital and technology.

II 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.

III Capture green and digital-related demand



SEG aims to expand net sales of green and digital-related products to 3.5 trillion yen, facilitating GX and DX for customers and markets.

For details on each business segment's business strategies and initiatives to strengthen the business foundations (3 Key Driving Forces and 3 Key Sources of Capital), please refer to [→p.18 and thereafter]

Main Topics in the Three Key Areas and the Five Business Segments

To seize business opportunities and achieve growth in its three key areas of Digital and AI, Energy, and Mobility, SEG will focus on the main topics listed on the right.

To address these main topics in concrete terms, SEG will integrate them into the strategies of SEG's five Business Segments: Environment & Energy, Info-Communications, Automotive, Electronics, and Industrial Materials.

Numerical Targets and Operating Profit Portfolio for the Five Business Segments

The numerical targets for the five business segments in the Mid-term Management Plan 2028 are as shown in the table below. Furthermore, in its operating profit portfolio, SEG anticipates a transformation in its revenue structure, with the Info-Communications segment's share doubling from 20% to 40%. SEG also plans to significantly increase capital investment to one trillion yen over the three-year period, up from 680.3 billion yen over the previous three years, as well as to steadily increase R&D investment to 540 billion yen over the three-year period, up from 461.2 billion yen over the previous three years. In particular, within the Info-Communications segment, the Group plans to implement capital investments approximately four times higher than the cumulative total over the past three years, and SEG will simultaneously proceed with securing, developing, and promoting the necessary human capital. Additionally, for operating profit ROIC by segment, SEG will enhance resource allocation to high-profitability areas and drive ROIC improvement across each business segment.

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.

[Market Environment] 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.

Our Strengths
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 cables that deliver 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

Key Initiatives

- Capital investments in high-performance products for the North American hyperscale data center market
- Development of new products for the data center market and establishment of a global cross-unit collaboration structure in SEG

Energy Area

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

[Market Environment] 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.

Our Strengths
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 a 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.

Key Initiatives

- 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

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.

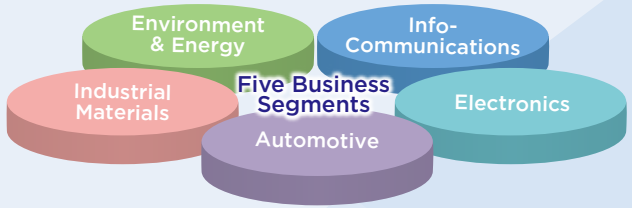
[Market Environment] Competition is intensifying due to advancements in electrification and high-speed communication, as well as the emergence of new companies.
With the advancement of electrification, demand for high-voltage wiring harnesses and battery-related parts is growing, and the high-speed communication 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.

Our Strengths
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 boasts 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 Company Limited, which has become a wholly owned subsidiary, will strengthen our ability to propose solutions for the mobility sector.

Key Initiatives

- Further development and expansion of sales of electrification 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 Company Limited, and strengthening of customer service capabilities



Unit: Billion yen

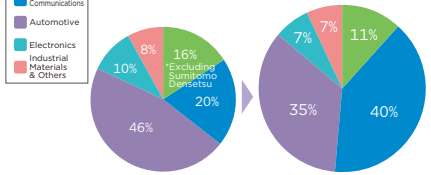
		Group-wide total	Segment				
			Environment & Energy	Info-Communications	Automotive	Electronics	Industrial Materials & Others
Net sales	FY2025 results	5,110.2	1,178.8 (Excluding Sumitomo Densetsu: 950.4)	326.6	2,937.2	409.1	388.4
	FY2028 targets	**6,000.0**	1,200.0	970.0	3,100.0	440.0	470.0
Operating profit	FY2025 results	418.2	90.6 (Excluding Sumitomo Densetsu: 65.0)	77.4	179.7	39.5	31.4
	FY2028 targets	**600.0**	70.0	240.0	210.0	40.0	40.0

Unit: Billion yen

		Group-wide total (cumulative total over 3 years)
R&D expenses	FY2023–2025	461.2
	FY2026–2028	540.0
Capital investment	FY2023–2025	680.3
	FY2026–2028	1,000.0

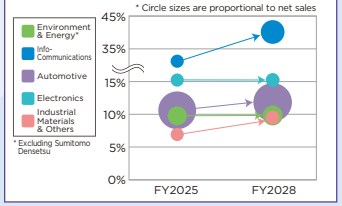
Operating profit portfolio

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



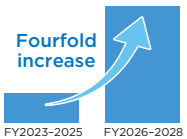
Operating profit ROIC by segment

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



Capital Investment

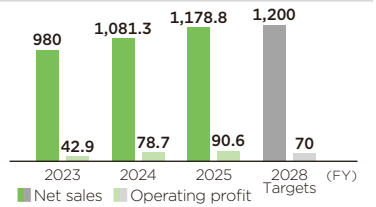
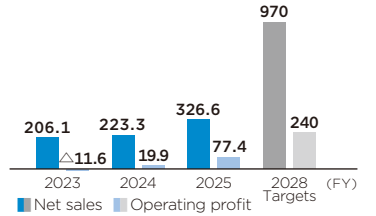
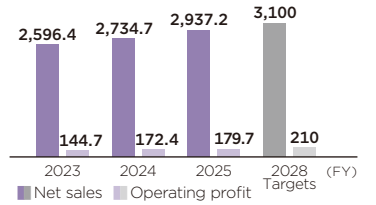
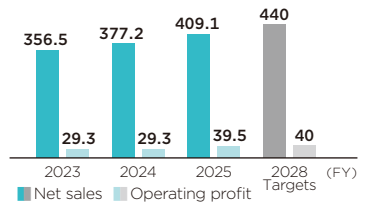
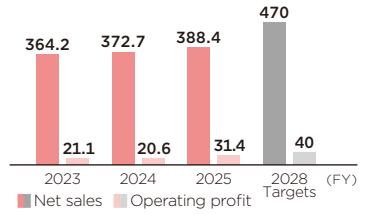
Cumulative Group-wide total for FY2026–2028 will be 1 trillion yen
Among segments, capital investment in Info-Communications will be approximately four times higher than the cumulative total for FY2023–2025



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

Business Strategies for Five Business Segments

Overview of Each Segment

Segment	Segment overview and strengths	Main product examples	Customers and industries	Industry achievement examples (based on the Group survey)	Net sales and operating profit forecasts and results (Billion yen)
Environment & Energy	Wire and cable products, evolving from copper wire production since the Group's establishment, have earned a solid foundation and proven track record as one of Japan's leading companies across low to ultrahigh voltage electric wire and cable products. In addition, the redox flow battery systems, which have a long service life and is highly safe, are attracting attention as a product that contributes to the expanded use of renewable energy. The Group's strength lies in its comprehensive capabilities, including affiliates in heavy electrical machinery and an end-to-end development structure from raw materials to finished products.	● Electric conductors ● Power transmission wires, cables and equipment ● Magnet wires ● Air springs ● Power equipment, transmission and distribution equipment, and supervisory control systems ● Beam and vacuum application equipment ● Power line construction and engineering ● Porous metals ● Metal materials for electronic parts ● Redox flow battery systems	Electric power companies Automotive manufacturers etc.	**[Power transmission and distribution cables]** No. 1 in domestic market share **[Magnet wires]** No. 1 in domestic market share	 * SUMITOMO DENSETSU CO., LTD. included until the 2025 results
Info-Communications	The Group has developed a range of products with superior transmission characteristics and high reliability, holding a world record for the lowest optical fiber transmission loss. The Group's strengths lie in its world-class design capabilities and manufacturing technologies across a broad product range, including optical cables, optical interconnection equipment, optical connectors, and optical devices for data centers; imaging and optical access devices; and compound semiconductors for optical and wireless communications.	● Optical fibers and cables ● Communication cables and equipment ● Optical fusion splicers ● Compound semiconductor devices for optical and wireless communications ● Compound semiconductor substrates ● Access network equipment (PON, Set Top Box, CATV-related products, etc.) ● Data center-related products	Telecommunications carriers Data center operators etc.	**[Optical fibers and cables]** Holds a world record in lowest optical fiber transmission loss World's first mass production of ultra-low loss, multi-core optical fiber **[Access network equipment]** No. 1 in domestic market share **[Optical devices and GaN devices]** World-leading market share	
Automotive	The Group's primary automotive product is wiring harnesses, which run throughout the vehicle transmitting power and information, and SEG has established a prominent global presence with a leading market share. In addition, SEG leverages its strong technological capabilities to offer a wide range of next-generation products that support electrification and high-speed communication.	● Wiring harnesses ● Anti-vibration rubber, automotive hoses ● Car electrical equipment ● Network system products such as traffic control systems	Automotive manufacturers etc.	**[Automotive wiring harnesses]** World-leading market share	
Electronics	Flexible printed circuits (FPCs), one of the Group's core electronics products, are wiring materials that enable high-density and highly flexible designs in a compact area, and can accommodate increasingly complex wiring in all types of devices. In addition to these products, the strengths of the Group lie in its unique material development, design, and processing technologies for electronic wire products for high-speed transmission and heat shrink tubing used in a wide range of fields.	● Flexible printed circuits (FPCs) ● Electric wire products (electric wires, flat cables, harnesses) ● Heat shrink tubing ● Fluororesin products ● Fasteners ● Metal parts ● Chemical products	Electronic and information equipment industry Automotive and aerospace industries Medical and industrial equipment industry etc.	**[Fine circuit formation technology]** Industry-leading **[Low transmission loss FPC using Fluororesin]** Industry-leading **[UL standard electric wires]** No. 1 in domestic market share **[USB 80 Gbps 240W Type-C cables]** World's first certification	
Industrial Materials	Cutting and grinding tools, developed from the wire-drawing die manufacturing technology used to draw copper wire into thin strands, now support manufacturing in all fields throughout the world. The Group also provides other products that are essential for the growth of society and industries, based on its world-class materials development capabilities, such as special steel wires used to reinforce concrete structures and tires and sintered powder metal parts used in automobiles.	● Prestressing steel wires ● Steel wires for precision springs ● Steel cords ● Cemented carbide tools ● Diamond and CBN tools ● Laser optics ● Sintered powder metal parts ● High thermal conductivity heatspreaders	Automotive and aerospace industries Construction industry Telecommunications carriers Energy industry Medical equipment manufacturers etc.	**[Prestressing steel wires]** No. 1 in domestic market share **[Steel wires for precision springs]** No. 2 in domestic market share **[Steel cords]** No. 1 in domestic market share **[Diamond and CBN tools, monocrystal diamond products]** No. 1 in domestic market share **[Sintered powder metal parts]** No. 1 in domestic market share, No. 2 in global market share **[Heatspreaders]** Tungsten/molybdenum alloy, ceramic/diamond-based, world's No. 1	

Please see "Segment overview and strengths" for the Group's strengths, "Key Initiatives (Addressing Issues)" [→pp.19–21] for the Group's weaknesses, and "Business Environment (Opportunities and Risks)" [→pp.19–21] for the Group's opportunities and threats.

Detailed Business Strategies for Each Segment

Below are the business models and progress of initiatives in each business segment in response to the current business environment. Please see [→p.47] for net sales of the main products.

Environment & Energy

Mid-term Management Plan 2028 Targets

Net sales

FY2025 Actual 1,178.8 billion yen (Excluding SUMITOMO DENSETSU CO., LTD. : 950.4 billion yen)
▼
FY2028 target 1,200.0 billion yen

Operating profit

FY2025 Actual 90.6 billion yen (Excluding SUMITOMO DENSETSU CO., LTD. : 65 billion yen)
▼
FY2028 target 70.0 billion yen

Reflections on Mid-term Management Plan 2025

Sales of power cables, transmission and distribution equipment, and rectangular magnet wires for electric vehicles were strong, and both net sales and operating profit met the targets set in the Mid-term Management Plan 2025. SEG made progress in the power cable sector, including securing a new order from the UK's National Grid for the 525 kV DC submarine cable project, Sea Link.

Business Environment (Opportunities and Risks)

With the advancement of GX, there is a growing demand for equipment and systems to stabilize power transmission and distribution grids when integrating renewable energy, as well as for DC cables in wide-area interconnection projects. Furthermore, there is increasing demand for rectangular magnet wires, which contribute to the miniaturization and weight reduction of drive motors for electric vehicles. On the other hand, there is a risk of price increases for some raw materials, such as petrochemical products.

Key Initiatives (Addressing Issues)

For the power cable business, the Group will work to increase orders both in Japan and in international markets, expand production capacity (including launching new facilities in Europe), and enhance project management capabilities. For the transmission and distribution equipment business, the Group will also work to increase production capacity to meet growing demand and to strengthen the development and proposal of environmentally friendly products. For rectangular magnet wires for electric vehicles, the Group will pursue cost efficiencies and develop high-value-added next-generation products.

Outlook for FY2026

While demand remains strong both domestically and internationally as the transition to a decarbonized society progresses, the exclusion of SUMITOMO DENSETSU CO., LTD. from consolidation and increases in material and labor costs are expected to result in a decrease in profit.

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 Co., Ltd.
- Development and expansion of environmentally friendly power transmission and distribution equipment-related products
- Securing large-scale redox flow battery system projects, expanding 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

E Energy D Digital and AI M Mobility

Info-Communications

Mid-term Management Plan 2028 Targets

Net sales

FY2025 Actual 326.6 billion yen
▼
FY2028 target 970.0 billion yen

Operating profit

FY2025 Actual 77.4 billion yen
▼
FY2028 target 240.0 billion yen

Reflections on Mid-term Management Plan 2025

Driven by the expansion of the generative AI market, demand for optical devices and optical interconnection equipment for data centers increased, resulting in growth in both sales and profits. As a result, both net sales and operating profit met the targets set in the Mid-term Management Plan 2025. Aiming to expand the Info-Communications business not only in the North American market but also in the Australian market, we established a sales company, SEI Australia Pty Ltd, in October 2025.

Business Environment (Opportunities and Risks)

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, driving a need for fiber optic products and new-generation electronic components that can meet these requirements. On the other hand, it is necessary to monitor closely risks such as construction delays, rising construction and electricity costs, technological trends, and the sustainability of investments.

Key Initiatives (Addressing Issues)

The Group is committed to advancing new product development, expanding production capacity, and strengthening its sales capabilities for data center-related products (optical interconnection products, optical devices, optical cables, connectors, compound semiconductor substrates, etc.). Furthermore, the Group will focus on strengthening the development and sales of ultra-low-loss, large-capacity optical fibers for intercontinental submarine cables, as well as high-efficiency GaN devices for wireless communications. SEG will address the increase in orders and rising quality requirements by working across divisions.

Outlook for FY2026

As generative AI continues to expand, data center operators are expected to increase their investments, leading to a corresponding rise in demand for associated products.

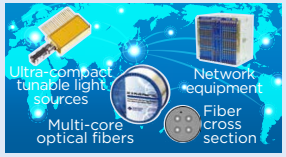
Major Initiatives

1 Fiber optic products for data centers

- Adding high value to ultra-high-count fiber cable that connects 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

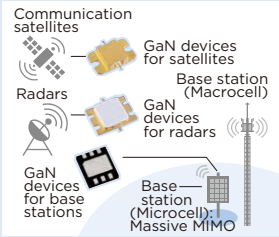
2 Optical products for building next-generation info-communications networks

- 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



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



*1 Connecting components for high-density fiber cables

*2 All-photonics networks

Automotive

Mid-term Management Plan 2028 Targets

Net sales
FY2025 Actual 2,937.2 billion yen
FY2028 target 3,100.0 billion yen

Operating profit
FY2025 Actual 179.7 billion yen
FY2028 target 210.0 billion yen

Reflections on Mid-term Management Plan 2025	Thanks to strong demand for wiring harnesses and anti-vibration rubber, SEG achieved its targets for both net sales and operating profit in the Mid-term Management Plan 2025. Furthermore, the development and expansion of CASE products through deepened partnerships with customers have made steady progress.
Business Environment (Opportunities and Risks)	As electrification progresses further toward 2028 and the high-speed communication and connected car fields expand due to increased vehicle functionality and intelligence, and as new entrants emerge, SEG will need to expand its portfolio of electrification and high-speed communication products and introduce innovative design and manufacturing technologies through DX and robotics. A flexible approach to risks arising from the situation in the Middle East and U.S. trade policy is also necessary.
Key Initiatives (Addressing Issues)	The Group will proactively address challenges by adapting to changes in the business environment, including the situation in the Middle East and U.S. trade policy, and by reinforcing its business structure through improved manufacturing capabilities and greater asset efficiency. SEG will also focus on introducing innovative design and manufacturing technologies utilizing AI, as well as expanding sales of electrification and high-speed communication products. Furthermore, SEG will work to create synergies with Sumitomo Riko Company Limited, which has become a wholly owned subsidiary.
Outlook for FY2026	Supported by new vehicle launches, the advancement of CASE technologies, and increased global demand, net sales of electrification and high-speed communication products are expected to expand.

Major Initiatives

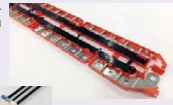
1 Strengthening the global supply structure for wiring harnesses

- 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*1

High-speed communication connector

3 Acceleration of collaboration with Sumitomo Riko Company Limited 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

E Energy D Digital and AI M Mobility

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

Electronics

Mid-term Management Plan 2028 Targets

Net sales
FY2025 Actual 409.1 billion yen
FY2028 target 440.0 billion yen

Operating profit
FY2025 Actual 39.5 billion yen
FY2028 target 40.0 billion yen

Reflections on Mid-term Management Plan 2025	In addition to strong demand for FPC products from our main customers, SEG achieved its targets for both net sales and operating profit in the Mid-term Management Plan 2025 by expanding sales of high-value-added products and improving productivity.
Business Environment (Opportunities and Risks)	Driven by advancements in DX and GX, products in existing fields such as electronic devices and automotive applications are expected to become even more sophisticated. Meanwhile, in new fields such as aerospace and FA robots, demand for high-value-added materials and components that contribute to miniaturization, weight reduction, higher strength, and high-speed data communication is also projected to expand. On the other hand, it is necessary to closely monitor the situation in the Middle East and other factors affecting raw material prices.
Key Initiatives (Addressing Issues)	SEG will work to revitalize its business, pursue higher value-add, and thoroughly reduce costs. The Group will strive for further performance improvements in FPC products and expand sales into new fields such as data centers. SEG will also strengthen sales of electronic wire products and resin processed components such as heat shrink tubing and ultrafiltration membranes in the automotive, aerospace, healthcare, and infrastructure sectors.
Outlook for FY2026	While net sales of FPC products to major customers remain strong, revenue is expected to decrease compared to the previous fiscal year, which saw exceptionally strong performance. In the electronic wire product sector, SEG anticipates increased net sales in automotive applications and other areas, as well as growth in new fields such as aerospace.

Major Initiatives

1 FPCs*2 that meet needs for further advanced functionality

- 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

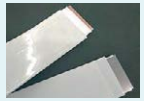
Ultra fine pitch FPC (mobile devices)

High-frequency FPC (antennas, automotive, etc.)

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*3 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

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

*2 Flexible printed circuits (wiring materials) *3 Flexible flat cables (wiring materials)

Industrial Materials

Mid-term Management Plan 2028 Targets

Net sales
FY2025 Actual 388.4 billion yen
FY2028 target 470.0 billion yen

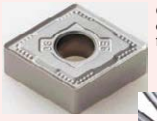
Operating profit
FY2025 Actual 31.4 billion yen
FY2028 target 40.0 billion yen

Reflections on Mid-term Management Plan 2025	Increased sales of cemented carbide, diamond, and CBN products, along with cost reductions in sintered powder metal products, resulted in higher sales and profit compared to the previous fiscal year and a record-high performance; however, SEG fell short of the targets set in the Mid-term Management Plan 2025. Net sales of drills for processing printed circuit boards for the AI server market reached an all-time high, and the Group also secured all domestic orders related to the ITER (International Thermonuclear Experimental Reactor).
Business Environment (Opportunities and Risks)	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. On the other hand, a global shortage of tungsten, a key raw material, poses a risk.
Key Initiatives (Addressing Issues)	In the field of cemented carbide tools, SEG will work to expand global sales and increase its market share in the electric vehicle, aircraft, semiconductor, and renewable energy sectors, while also strengthening tungsten recycling. Additionally, for sintered powder metal products, SEG will focus on developing and expanding sales of new products for electric vehicles and non-automotive applications, as well as strengthening cost competitiveness. For prestressing steel wires and steel wires for springs, SEG will strive to improve profitability by strengthening its manufacturing and sales structures and developing new products.
Outlook for FY2026	Demand for the Group's products is expected to increase due to the expansion of new markets for aircraft, healthcare, and semiconductors, as well as the growth of 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-performance, 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 steel wires and anchorage systems to meet the demand for maintenance/repair of infrastructure facilities such as bridges and power plants
- Expansion of sales of steel wires for reinforcing optical submarine cables, which are increasing globally due to growing telecommunications demand
- Development of new steel cords for tire reinforcement, and collaboration with and expansion of sales to customers in the Indian market

Reinforcement cable systems

Steel wires for reinforcing optical submarine cables

E Energy D Digital and AI M Mobility

Business Topics

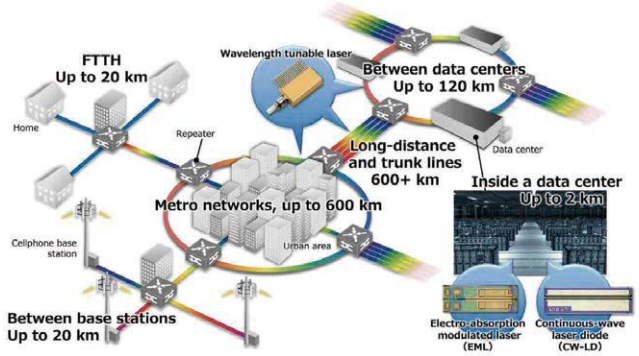
High-speed, large-capacity optical communications required for data centers
— SEG's key "optical devices" —

Sumitomo Electric Device Innovations, Inc. (SEDI), which is responsible for SEG's optical device business, has two domestic locations (Yokohama and Yamanashi), a manufacturing site in Vietnam, and development support departments in Europe, the United States, and China. It designs, develops, and manufactures devices for optical communication and wireless communication. SEDI has the advantage of providing both optical and wireless communication solutions in-house, from material development to final products.

The rise of generative AI in recent years has led to a surge in demand for data centers. However, compared to conventional data centers, AI data centers require massive computational processing for tasks such as training and inference, and thus they require numerous communication networks to interconnect the silicon ICs that handle these calculations. SEDI's "optical devices" are essential for meeting the high-speed, large-capacity communication traffic requirements of AI data centers.

Within data centers, optical communication is the dominant networking technology for achieving stable transmission of large amounts of data at high speed with lower power consumption. In optical communication, the transmitting side converts electrical signals into optical signals, which are then transmitted through optical fibers and converted back into electrical signals at the receiving side. The key element here is the "light source." The light source currently used in optical communications is a light-emitting element called a "semiconductor laser," also known as an "optical device," which enables high-speed, low-power, and stable data transmission. SEDI has long been developing and manufacturing optical devices that support high-speed, large-capacity communication and lower power consumption in metro*1 and long-haul*2 communications infrastructure. By applying these technologies to data centers, we currently supply optical devices such as "tunable lasers," "electro-absorption modulated lasers," and "continuous-wave lasers."

Over the three-year period outlined in the Mid-term Management Plan 2028, SEG plans to quadruple the production capacity of these products compared to fiscal 2024 in response to the increasing demand for data centers. In order to realize the "LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET" envisioned in our 2030 VISION, we will respond precisely to the needs of the data center market.



*1 Communications networks covering metropolitan areas and towns
*2 Communications networks connecting cities and regions

GX Strategies

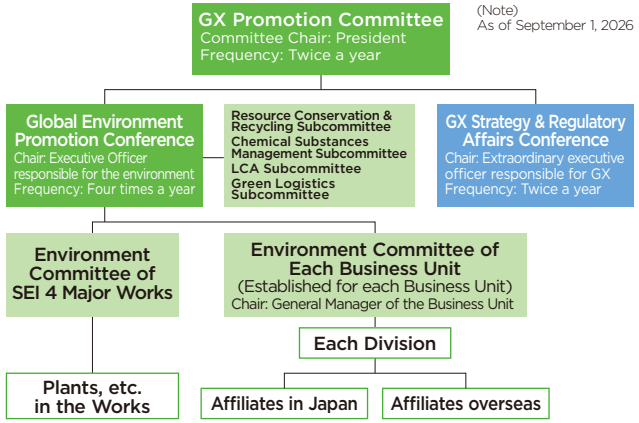
For details on environmental indicators, targets, and initiatives, please also refer to [→pp.35–37]

In its Long-term Vision, 2030 VISION, SEG has committed to pursuing "LIVING IN SAFETY AND COMFORT ON OUR GREEN PLANET," emphasizing its contribution to realizing a Green Society. The Group has been steadily engaged in environmental conservation activities, including decarbonization, the circular economy, and the prevention of environmental pollution. To create and expand environmental value, respond quickly and appropriately to developments in the regulatory environment in global markets, and further strengthen its planning capabilities, the Group established the GX Promotion Committee, chaired by the President, in October 2024.

Structure

The GX Promotion Committee operates under the Sustainability Management Promotion Committee [→p.34 for details] and consists of the Global Environment Promotion Conference and the GX Strategy & Regulatory Affairs Conference. The Global Environment Promotion Conference oversees environmental conservation activities globally and discusses and deliberates specific targets and implementation approaches for responding to global environmental issues. The GX Strategy & Regulatory Affairs Conference oversees all GX-related planning activities throughout the Group.

Structure to Promote the GX Strategies



Three Initiatives of the GX Promotion Committee

The Group is committed to ensuring sustainable growth and strengthening its GX initiatives based on the *"Goho Yoshi"* (Five-Way Win) management philosophy, through the concerted efforts of the entire Group. To this end, the GX Promotion Committee is engaged in the following three activities.

1 | Strengthening measures to address various GX regulations, including climate change

Regulatory frameworks are being strengthened both domestically and internationally, including the EU Battery Regulation and the Corporate Sustainability Reporting Directive (CSRD) in Europe and the emissions trading system, fossil fuel levy, and sustainability disclosure standards in Japan. These movements are impacting the Group's business activities, either directly or through demands of the market and customers for initiatives to reduce environmental impact and enhance environmental value, and SEG is responding in the following manner.

In the field of decarbonization, SEG has long aimed for carbon neutrality by 2050 (Scope 1+2). However, in response to the growing demand for CO_2 emission reductions across the entire supply chain, including from SEG, in the Mid-term Management Plan 2028, SEG has revised its 2030 reduction target, which serves as a milestone toward 2050, to 1.5°C*, a more ambitious target than in the previous Mid-term Management Plan. [For Scope 1+2 and Scope 3 target values and initiatives, see →p.35] Furthermore, product LCA (Life Cycle Assessment) is becoming increasingly important, driven by the need to improve competitiveness through reducing the environmental impact of our products and by growing customer demand for product CFP (Carbon Footprint) disclosure, and SEG is strengthening its response accordingly.

In the circular economy field, the Group has been promoting waste reduction, improved recycling rates, raw material recycling, and water recycling at production sites. It is now responding to increasing customer requests for resource security and higher use of recycled materials in products and packaging, including developing new technologies.

In the fields of natural capital and biodiversity, based on the final recommendations of TNFD (Task Force on Nature-related Financial Disclosures), the Group is conducting analysis and assessment of nature-related dependencies and impacts, and risks and opportunities, and disclosing the results. [→pp.36–37 for details]

The Group will continue to strengthen its capabilities to ensure that it can respond appropriately to regulatory requirements and market and customer demands.

2 | Balancing revenue growth and CO_2 emissions reduction in green-related businesses

Although trends such as the strengthening of regulatory frameworks in Japan and internationally will inevitably lead to increased costs, the Group will view these trends as business opportunities and pursue initiatives to increase its revenue.

Specifically, this would include "technologies and products that contribute to energy savings for customers" and "technologies and products that contribute to renewable energy generation." In order to expand sales of products and services that contribute to reducing environmental impact and improving environmental value, the Mid-term Management Plan 2028 sets a target of increasing "net sales of green and digital-related products" from two trillion yen (actual results for fiscal 2025) to 3.5 trillion yen, and the Group is promoting initiatives to achieve this. For details on "net sales of green and digital-related products," please refer to [→p.16], and for details on product groups, please refer to [→p.24].

3 | Strengthening internal and external communication regarding the Group's initiatives related to GX

In May 2025, the Group launched a special website introducing the Group's GX initiatives. This website introduces the Group's products, technologies, and services that contribute to GX, as well as the Group's initiatives related to GX, such as those related to decarbonization, circular economy, and nature positivity.

SEG's GX special website

Collaboration with External Parties

The Group is a member company of the GX Future Consortium's "GX Future League," established as the successor to the "GX League" under the GX Promotion Act. The Group is also investing in the GX Acceleration Agency, which was established as a core institution to promote GX investment by the public and private sectors, and is supporting global efforts to realize GX.

Furthermore, in the field of circular economy, the Group is participating in Circular Partners, a partnership established by the Ministry of Economy, Trade and Industry to promote collaboration between industry, government, and academia, with the aim of realizing a circular economy based on the Growth-Oriented, Resource-Autonomous Circular Economy Strategy.

* An international climate change target set in the 2015 Paris Agreement, where countries agreed to pursue efforts to limit the global average temperature increase to 1.5°C or less compared to pre-industrial levels.

DX Strategies

The Group has positioned the further acceleration and deepening of "SEQCDD*" improvements and reinforcement through digital technology, including AI, as the goal of its digital transformation (DX), and it is united in promoting this as an essential element in achieving the 2030 VISION and the Mid-term Management Plan 2028.

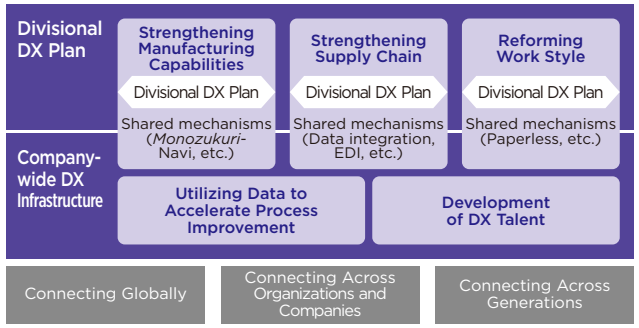
* S (Safety), E (Environment), Q (Quality), C (Cost), D (Delivery), and D (Development)

Structure

Under the leadership of the DX Promotion Committee, chaired by the President, the Group has formulated a Company-wide DX Plan and is regularly reviewing the progress and effectiveness of the initiatives. The Company-wide DX Plan consists of Divisional DX Plans tailored to the business characteristics and issues of each division, and a Company-wide DX Infrastructure, which can be utilized across divisions. To steadily advance the Divisional DX Plans, the Group has appointed DX Promotion Managers for each division and established a DX Promotion Officials' Committee, consisting of these Managers, to share examples from each division and roll them out. The Company-wide DX Infrastructure consists of Company-wide mechanisms and tools built around three pillars: "Strengthening Manufacturing Capabilities," "Strengthening the Supply Chain," and "Reforming Work Style," as well as shared and cross-divisional initiatives for "Utilizing Data to Accelerate Process Improvement" and "Development of DX Talent." The Group is currently working to develop and utilize this DX infrastructure.

Structure to Promote DX

Company-wide DX Plan



Noteworthy Activities and Results

Development of DX talent Company-wide DX Infrastructure

For DX initiatives to become self-sustaining and reliable, it is essential to develop people who can utilize digital technology to identify scenarios and solve issues specific to each division's business, and in particular, leaders who can drive divisional initiatives on the front lines. From fiscal 2023 to fiscal 2025, the Group planned to develop 300 core DX talents who will serve as leaders and 1,500 data analysis talents who will use data analysis tools to understand the current situation and find solutions, and both goals have been achieved. The plan is to continue systematically cultivating next-generation "core DX talent," as well as training 600 "digital skill talents" annually by expanding the requirements for existing "data analysis talent" to include generative AI skills in order to achieve the Mid-term Management Plan 2028.

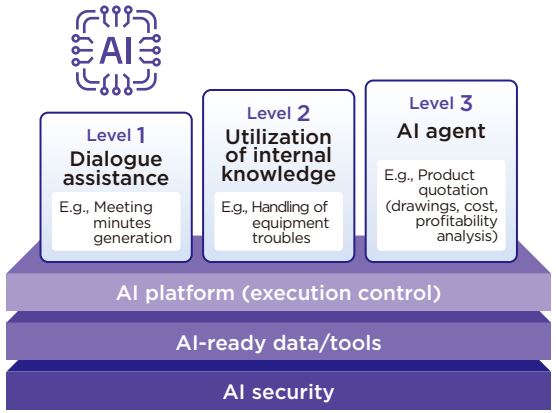
FY2023–FY2025	Results	Targets
Development of core DX talents	323 people	300 people
Development of data analysis talents	1,658 people	1,500 people

Enhancing competitiveness through AI Divisional DX Plan

SEG has established an environment for the safe use of generative AI and is deploying it across a wide range of areas, including research and development, manufacturing, quality management, and sales, achieving benefits such as cost reduction, shorter manufacturing lead times, and improved quality.

Specifically, in addition to generating meeting minutes and providing equipment troubleshooting solutions using internal knowledge, SEG is building a product quotation system in which an AI agent presents multiple quotation options and supporting evidence.

Among these achievements, SEG is promoting the adoption of widely applicable practices across other divisions in order to improve SEG's competitiveness.



Sumitomo Electric Group DX Award

To ensure the successful advancement of DX in pursuit of the Mid-term Management Plan 2028, SEG has established the "Sumitomo Electric Group DX Award" to recognize outstanding DX initiatives that serve as a Group-wide model and align with SEG's goal of "accelerating and deepening the improvement and reinforcement of SEQCDD." In this inaugural year, 10 teams received awards, and the awards ceremony was held during the Company-wide DX Conference in May.

[Evaluation Criteria]

Results:
Has the division's main challenge been resolved, and have sufficient results been generated?

Innovation:
Has significant transformation been achieved through the use of digital technology?

Exemplary nature:
Is it an organized effort, and is it being replicated elsewhere?

Chairman Matsumoto, President Inoue, and representatives from the 10 award-winning teams

Green and Digital-Related Product Groups

Among the diverse range of products offered by SEG, we introduce our "green and digital-related products," as outlined in our Mid-term Management Plan 2028.

Green and digital-related products:
Products that enable GX/DX for customers and the market
ECO Eco-Products:
Products reviewed in accordance with the Eco Symbol Program and certified as particularly environmentally superior

Energy

Reduction of loss in transmission of electricity

Ultra-low loss electric wires ECO

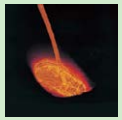
Extra-high-voltage DC cables ECO

Dynamic line rating system

Super high efficiency transformers

EMS (Energy Management System)

Effective use of resources


Recycled copper

Effective use of heat

Thin-film high-heat insulation materials

Contributing to the development of new energy sources

Tungsten monoblocks ECO

Effective utilization of renewable energy

Dynamic cable system

Redox flow battery systems ECO

Residential energy storage system

Contributing to power saving with high-efficiency cutting

CBN inserts for high-efficiency cutting ECO

High-productivity high-feed cutters for rough milling ECO

EV infrastructure

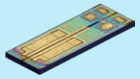
AC charging connector ECO

DC charging connector ECO

Charging cable ECO

Digital and AI

Contributing to conservation of electric power in data centers


High-speed optical devices ECO

Ultra multi-fiber optical connectors

High-density fiber optic cables ECO

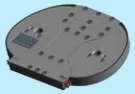
High-quality single crystals contribute to improved device performance

Compound semiconductor substrate ECO

Contributing to energy conservation in high-speed, high-capacity optical transmission systems

Ultra-low loss, multi-core optical fiber ECO

Fusion splicers with AI technology ECO


Highly efficient optical fiber amplifier

FTTH system ECO

Contributing to home energy savings

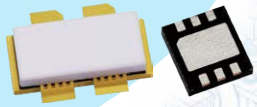
FTTH CPE ECO

STB (Set Top Box) ECO

Transmission loss reduction by means of high-frequency transmission such as 5G communications

High-frequency FPC ECO

Contributing to conservation of electric power in base station communications

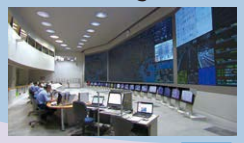

GaN radio-frequency device ECO

Contributing to a new mobility society with low-power consumption and high-speed communications

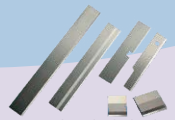
High-speed communication wiring harnesses /connector

Central gateway

Contributing to higher efficiency by easing traffic congestion


Traffic control system ECO

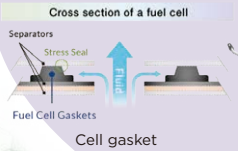
Supporting the development of electrified vehicles and 5G


Cemented carbide high-precision cutting blades ECO

Heatspreaders ECO

Mobility

FCV components



Cell gasket

Hydrogen hoses

FC Stack frame mounts

Porous materials for batteries and hydrogen production equipment ECO

Railroad

Air springs ECO

Trolley wires

Lighter materials for greater fuel efficiency

Aluminum harness ECO

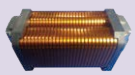
EV components

Magnet wires for motors (Rectangular/round wires) ECO

Tab lead for lithium-ion batteries ECO

Battery wire module

High-voltage JB


Reactors, soft magnetic composite ECO

Steel cords for EV tires ECO

eAxle mounts

Contributing to water treatment

PTFE water treatment membrane products

Compact membrane filtration and concentration system

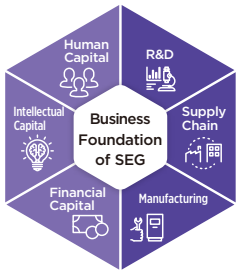
Strengthening Our Foundations

"3 Key Sources of Capital" and "3 Key Driving Forces"

SEG will make our organization stronger and create new values during this time of rapid change by investing in Human Capital and Intellectual Capital while increasing Financial Capital as the funding for further growth and distribution.

3 Key Sources of Capital

Even more robust organizations to create new value



3 Key Driving Forces

Three elements serving as the key driving forces for manufacturing

To create an organization resilient to change, SEG will further develop S/E/Q/C/D/D qualities. R&D, Supply Chain, and Manufacturing — the 3 Key Driving Forces especially important to manufacturers — will be reinforced.

	Foundation	2030 VISION	Mid-term Management Plan 2025 Indicators and Targets	Mid-term Management Plan 2025 Results	Mid-term Management Plan 2025 Challenges	Mid-term Management Plan 2028 Indicators and Targets
3 Key Sources of Capital	**Human Capital** [→pp.26–27]	**Evolve to be a Group where everyone can excel, grow, and contribute to society** ● Supporting DE&I*1 ● Nurturing a corporate culture that values growth and challenges ● SEG's integrated power on a global scale	[**Engagement**] ● Compensation growth: Aiming for inflation rate + α [**Human capital development**] ● Executive Training Program (participants): 100 people/3 years ● MPSS completion: 2,300 people/3 years ● Total hours of training programs: 20 hours per year per person ● Development of core DX talent: 300 people/3 years ● Development of data analysis talent: 1,500 people/3 years [**DE&I**] ● Percentage of male employees taking childcare leave: 100% ● Percentage of females among new graduate hires: Business: 40%, Engineering: 15%	[**Engagement**] ● [Results of the Spring 2026 union wage negotiations] 6.85% [**Human capital development**] ● 101 people/3 years*4 ● 2,986 people/3 years*4 ● 21 hours per year per person ● 323 people/3 years*4 ● 1,658 people/3 years*4 [**DE&I**] ● 100% ● 40.5%, 12.2%	• Embedding the Sumitomo Spirit, the Vision, and the Management Plan • Securing and developing human capital to support business expansion • Leveraging comprehensive strength by the interaction of diverse personalities, values, and experiences through DE&I	[**Engagement**] ● Compensation growth: Aiming for inflation rate + α ● Engagement score for pride as a member of the Group: >80% [**Human capital development**] ● Executive Training Program (participants): 30 people per year ● MPSS completion: 300 people per year*6 ● Total hours of training programs: 25 hours per year per person ● Digital skills development: 600 people per year [**Workplace environment**] ● Company dormitory for new graduate hires: 100% [**DE&I**] ● Percentage of male employees taking childcare leave: 100% ● Percentage of females among new graduate hires: Business: 40%, Engineering: 15%
	Intellectual Capital [→p.30]	**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	● Approximately 2,000 new patent applications per year ● Maintaining a total of approximately 25,000 patent rights	● 1,874 rights/year ● 27,517 rights	• Building and utilizing an efficient and effective intellectual property rights network • Contributing to business through international standardization, rule-making, and their utilization • Strengthening the Group's overall human capital foundations through human capital rotation and skill development	● Approximately 2,000 new patent applications per year ● Maintaining a total of approximately 25,000 patent rights
	Financial Capital [→pp.28–29]	**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 investment	● Before-tax ROIC: >8% ● ROE: >8% ● EBITDD*2: 1.6 trillion yen/3 years ● Dividend payout ratio: Approx. 40%	● 14.7% (12.5%*3) ● 14.7% (11.9%*3) ● 2.0 trillion yen/3 years*4 ● 40.1%*3	• Further deepening activities to improve ROIC • Improving cash generation ability • Ensuring stable returns on capital that consistently exceed capital costs	● Before-tax ROIC: >15% ● ROE: >13% ● EBITDD: 2.7 trillion yen/3 years ● Dividend payout ratio: 35%–40%
3 Key Driving Forces	**R&D** [→p.31]	**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	● R&D: 360 billion yen/3 years	● 461.2 billion yen/3 years*4	• Developing current businesses: developing new products with high market competitiveness • Challenging into new frontiers: creating value and identifying business domains that address social issues 30 years into the future • Enhancing our strengths: accelerating and streamlining R&D by strengthening our DX foundation	● R&D: 540 billion yen/3 years
	Supply Chain [→p.33]	**"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	● CSR-based procurement assessments: Implementation rate 80% (based on transaction value) ● EDI rate for transactions between Group companies: 100%	● 84% ● 100%	• Creating a resilient supply chain • Reducing environmental, human rights, and security risks in the supply chain • Quick and accurate understanding and sharing of laws and regulations and customer requests	● CSR-based procurement assessments: Implementation rate 80% (based on transaction value) ● Information security assessment and support: Number of companies assessed 3x higher (vs. FY2025)
	Manufacturing (*"Monozukuri"*) [→p.32]	**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	● Major incidents for employees, products, and equipment: Zero ● Reduction of CO_2 emissions (reduction compared to FY2018): [Scope 1+2] 17.5% [Scope 3] 8.7% – [Scope 1+2] 30% [Scope 3] 15% (FY2030 target) – [Scope 1+2] Carbon neutrality (FY2050 target)	● Zero ● [Scope 1+2]28.5%, [Scope 3] 0.6%	• Further evolving and deepening SEQCDD to support business expansion • Revising the CO_2 emissions reduction target for FY2030 from WB2.0°C to 1.5°C in promoting decarbonization in manufacturing.*5	● Major incidents for employees, products, and equipment: Zero ● Reduction of CO_2 emissions (reduction compared to FY2018): [Scope 1+2] 30% [Scope 3] 22% – [Scope 1+2] 50.4% [Scope 3] 36.0% (FY2030 target*7) – [Scope 1+2] Carbon neutrality (FY2050 target)

*1 Diversity, equity & inclusion. The indicators and targets related to diversity, equity & inclusion are set by and apply to SEI, Ltd. in Japan. *2 EBITDD = Earnings Before Interest, Taxes, Depreciation, and Development *3 Calculated excluding the gain from the sale of SUMITOMO DENSETSU CO., LTD.
*4 Cumulative figures for FY2023–FY2025 *5 The goal set by the 2015 Paris Agreement is to limit the rise in the Earth's average temperature to "well below 2° C (WB2° C)" compared to pre-industrial levels and to strive to limit it to "1.5° C." *6 Target employees reviewed
*7 FY2030 targets revised in October 2026 following SBTi certification

3 Key Sources of Capital | Human Capital

Basic Views

Based on the Sumitomo Spirit's principle of "Respect for Human Resources," SEG is committed to "investing in people" through "Developing human capital and enhancing engagement" and "Supporting DE&I and improving the workplace environment." Through such efforts, SEG is evolving to become a Group where everyone can excel, achieve self-realization, and contribute to society. Furthermore, based on the *"Goho Yoshi"* (Five-Way Win) philosophy, the Group will return the results of the Group's growth to our employees, creating a virtuous cycle of growth and distribution, which will lead to the realization of becoming a Glorious Excellent Company and increasing our corporate value.

Initiatives under the Mid-term Management Plan 2028

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

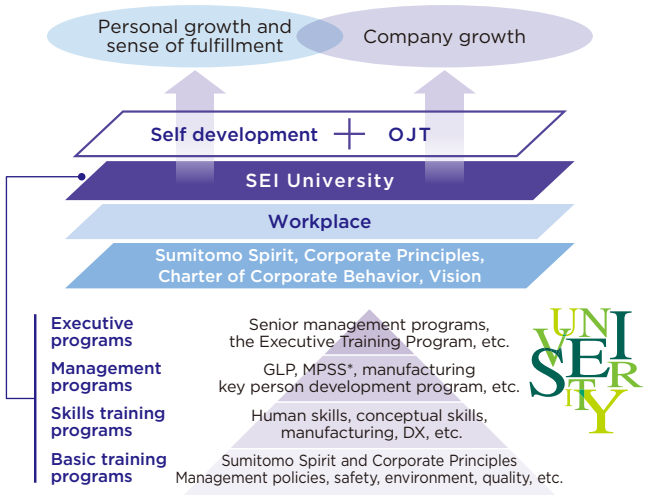
Developing human capital and enhancing engagement | **Supporting DE&I and improving the workplace environment**

Developing Human Capital and Enhancing Engagement

Global education system: SEI University

The Group defines the type of human capital it seeks as "people who adhere to the Sumitomo Spirit, understand management policies, stay true to the basics, possess advanced skills and knowledge, and are globally competitive," and is focused on supporting the growth and success of approximately 300,000 employees.

Specifically, SEG has established SEI University, a Group-wide education system, to fully support "strong motivation for self-development" and "on-the-job training through guidance and dialogue with supervisors," enabling both the growth of individual employees and the achievement of Group goals.



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

	FY2025 results	FY2028 targets
Total hours of training programs	21.0 hours per year per person	25 hours per year per person

Embedding the Sumitomo Spirit, the Vision, and the Management Plan, and fostering a sense of unity

In order to achieve the 2030 VISION and Mid-term Management Plan 2028, the Group believes that in addition to the growth of individual employees, it is important for each employee to embrace the Sumitomo Spirit, the Group's Vision and the Management Plan, have a strong willingness to contribute to achieving the targets, and have a strong sense of belonging (engagement) to the Group. For this reason, SEG has created opportunities in all settings to learn about the Sumitomo Spirit, which is the foundation for conducting business, including training for new employees, various position-based training programs, MPSS, GLP, and the Executive Training Program. Furthermore, to ensure that the Vision and Management Plan reach down to the work sites level and become internalized in the Company's workforce, the Representative Director and other senior management visit each shop floor operation to communicate the values and intentions embedded in the Vision and the Management Plan. Other efforts include distributing video content that directly appeals to each employee and establishing commendation systems for outstanding activities. [→CSR Book 2026, p.31]

Developing human capital to support manufacturing

As a manufacturer, manufacturing is the foundation of the Group's business activities. SEG develops Manufacturing Personnel, the source of its sustainable growth, at a dedicated training center, the Technical Training Center. [→CSR Book 2026, p.32]

Furthermore, workers with key skills in shop floor operations are designated as Meisters and Experts, while individuals possessing useful, advanced, and rare technologies, skills, know-how, and knowledge for business operations are recognized and compensated as Fellows and Senior Specialists.

Furthermore, recognizing that the effective use of AI and other DX initiatives will contribute to solving business challenges faced by each division and Group company, SEG is strengthening the development of "digital skill talents" who possess skills in areas such as generative AI and data analysis tools. [→CSR Book 2026, p.32]

Developing leaders who support and drive the business

To achieve further global growth amid a rapidly changing business environment, it is essential that SEG makes maximum use of all resources, including products, technologies, and human capital. To this end, SEG is working to develop leaders who can support its global business expansion. As one of its initiatives, SEG continuously provides training tailored to each employee's position and role.

Target	Training
Executive Officers, division heads	**[Executive Training Program]** In order to develop the next generation of executives, SEG has implemented a program centered on action learning in which cross-divisional teams propose solutions to Company-wide management issues to executives.
General Managers	**[GLP (Global Leadership Development Program)]** Through group training in Japan and online training sessions, SEG provides opportunities to report to executives on action plans and attend lectures on the Sumitomo Spirit so as to develop leadership skills and build a global network.
Managers	**[MPSS (Management Program based on the Sumitomo Spirit)]** Common programs are implemented in various parts of the world, including Germany, the United States, Singapore, China, Mexico, and Japan. The program helps participants internalize the Sumitomo Spirit and teaches management methods based on it.

Additionally, SEG has introduced the Global Grade System, a common grading framework for all domestic and overseas Group companies, to identify, develop, assign, and promote human capital across company boundaries on a global basis. SEG has also designated executives from its overseas Group companies as Global Executives (43 individuals as of April 1, 2026), providing them with opportunities to pursue diverse careers and tackle more advanced management issues as global leaders. [→CSR Book 2026, p.32]

	FY2025 results	FY2028 targets
Executive Training Program	30 people	30 people per year
MPSS	1,062 people	300 people per year*1

*1 Target employees reviewed

Appropriate return of profits and employee treatment that leads to increased motivation

To create a virtuous cycle of growth and distribution over the medium to long term, based on the *"Goho Yoshi"* (Five-Way Win) philosophy, it is important to increase compensation as both an investment in and a return to employees, thereby improving engagement and contributing to the sustainable development of the Group. Therefore, taking into account social conditions and company performance, SEG is aiming for "inflation rate + α" as its target compensation growth from the perspective of ensuring the stability of employees' lives, increasing their motivation and job satisfaction, and attracting and retaining talented personnel. In addition, SEI (Sumitomo Electric Industries) has designed our compensation system to further reward employees who play a significant role in the development and growth of SEI and who make a high level of contribution to the Company. [→CSR Book 2026, p.34]

FY2025 results	FY2028 targets
Average: 6.85% (Achieved the aim of inflation rate + α)	Aiming for inflation rate + α

Engagement survey

To assess the current level of penetration of the Sumitomo Spirit, Vision, and Management Plan, as well as the development of a cohesive corporate culture, the Group conducts an annual engagement survey. The survey results are used to inform measures to enhance the value of human capital and to improve organizational management, thereby contributing to the further growth of the Group.

The engagement score for pride as a member of the Group for fiscal 2025 was 83%*2, and SEG will continue to maintain a score of 80% or higher in order to achieve the Mid-term Management Plan 2028. [→CSR Book 2026, p.43]

The percentage of people who are proud to be part of the Group	FY2025 results	FY2028 targets
	83%	>80%

*2 The relevant question was "Do you agree with the statement 'I have pride in being a member of the Sumitomo Electric Group'?," with a choice of five answers:
(1) Agree (2) Tend To Agree (3) ? (4) Tend To Disagree (5) Disagree
The score indicates the percentage of respondents who selected (1) or (2).

Supporting DE&I and Improving the Workplace Environment

Recruiting and employing diverse human capital and encouraging their success

For the sustainable development of SEG, it is necessary to respond to various changes, including shifts in the business environment and labor market conditions. Regardless of individual characteristics, such as, for example, gender, race, ethnicity, or nationality, the abilities and contributions of diverse people are the driving force behind the growth and development of its organization. SEG provides support and opportunities tailored to individual circumstances to encourage the success of its people and incorporates diverse perspectives into decision-making in order to enhance its adaptability to change and create an organization and environment in which the Group can demonstrate its integrated capabilities.

In Japan specifically, SEI has set targets especially for the active advancement of female employees, viewing these as key initiatives to foster a culture in which all employees can play an even more active role and to achieve the growth and development of the organization. [→CSR Book 2026, p.36]

Outside Japan, SEG is promoting Area Committee Activities across four regions: the Americas, Europe/Africa, APAC, and Greater China, where SEG Global Executives and next-generation leaders of Group companies work together to address issues common to all regions, such as developing human capital and strengthening manufacturing capabilities. These activities cover a wide range of themes, including manufacturing capabilities, sustainability, and branding, and by addressing Group-wide challenges, SEG is further strengthening collaboration across regions.

DE&I initiatives and efforts to support female engagements by SEI in Japan (Examples)

Strengthening of management capabilities to maximize the potential of diverse human capital	• Execution of lectures by external experts and dialogues with Company officers on the themes of managing teams with diverse members and leadership • Provision of tools that visualize motivation to support managers in managing the workplace
Planned development and promotion of female leaders	• Formulation of a Female Manager Development Plan and progress management • Mentoring program
Support for balancing work and life events and achieving success	• Publication of the career development support guidebook • Childcare and housework support (expanding babysitter services, strengthening housework support) • Support program for overseas dispatch of one parent accompanied by children • Leave system to accommodate spouse overseas assignment

	FY2025 results*3	FY2028 targets*3
Percentage of females among new graduate hires (Business)	40.5%	40%
Percentage of females among new graduate hires (Engineering)	12.2%	15%
Percentage of female managers*4	5.1%	5.7%

*3 The results and targets are set by SEI, Ltd. in Japan and only apply to SEI, Ltd's workforce in Japan. *4 Scope of coverage: SEI, Ltd.

Supporting diverse work styles, enhancing employee benefits

It is also essential that employees maintain and improve their physical and mental health so that they can work with energy and a sense of fulfillment. To improve work-life balance, SEG has put in place various personnel systems so as to reduce total annual working hours, encourage employees to take paid holidays, and increase productivity through improved operational efficiency. Sumitomo Electric is also promoting men's participation in childcare by making childcare leave mandatory and is expanding its programs to meet the diverse needs of employees who wish to balance work with childcare or long-term care. In addition, SEI has introduced a reduced working hours system so that employees with illnesses that require unavoidable hospital visits and treatment during working hours can balance treatment and work with peace of mind.

To further ensure the stability of its employees' lives and allow them to work with peace of mind, SEI is expanding housing allowances, providing dormitories for all new graduate employees, offering financial support such as student loan repayment assistance, and enhancing employee benefits.

	FY2025 results	FY2028 targets
Percentage of male employees taking childcare leave	100%	100%

Health management

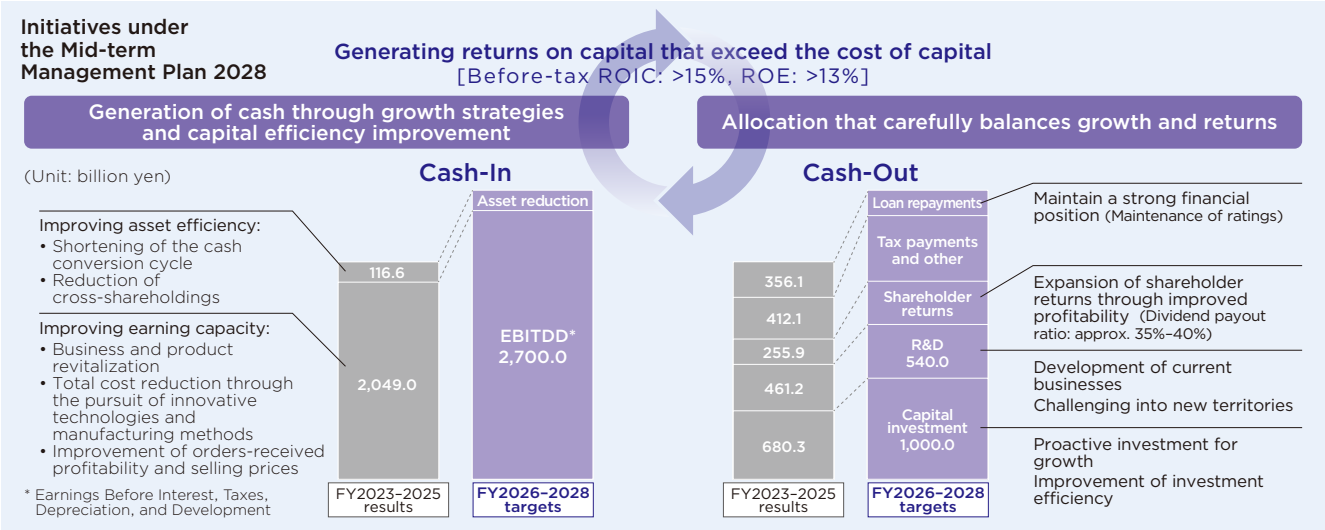
SEG has established the "Sumitomo Electric Group Health and Productivity Management Declaration" and is promoting "Kenkatsu!" initiatives based on the three pillars: "prevention of lifestyle-related diseases," "establishment of exercise habits," and "mental health care" in order to become a Company in which employees can remain healthy and engaged. In "establishment of exercise habits," SEI has set the rate of those with exercise habits as a KPI. The Group holds the "SEI Challenge Cup," a sports event aimed at establishing exercise habits for employees and their families and revitalizing workplace communication [→CSR Book 2026, p.41]. SEI also provides support for participation in the "World Masters Games 2027 Kansai, Japan," in which the Company is a major partner.

Details of other human capital initiatives are available in the CSR Book and on our website.

3 Key Sources of Capital | Financial Capital

Basic Views

In addition to striving to maintain a strong financial position, the Group is working to strengthen profitability and improve capital efficiency as a top priority, with ROIC as a key indicator. By generating returns on capital that exceed the cost of capital, the Group will maximize the cash flow generated by its operations while achieving sustainable growth, and will allocate the proceeds to strategic growth investments and return the profits to its stakeholders.



Improving Earning Capacity

The Group is working to improve profitability by leveraging its advanced product development and technological capabilities to provide higher-value-added products and services. In addition to creating new businesses, the Group is also actively working to improve profitability in existing businesses through the creation of new high-value-added products. For specific initiatives in each business, please see [→pp.19–21].

With regard to cost, the Group is working to rigorously reduce costs by pursuing innovative technologies and manufacturing methods. In addition, the Group is working to improve profit margins by focusing on increasing sales prices and improving orders-received profitability, in light of recent price increases for various materials. As a result of these efforts, profit margins have improved year by year, and the Group achieved a record high operating profit ratio of 8.2% in fiscal 2025.

	2021	2022	2023	2024	2025	(FY)
Operating profit ratio	3.6%	4.4%	5.1%	6.9%	8.2%	

Promoting Activities to Improve ROIC

The Group is committed to the growth strategies and foundation-strengthening measures set forth in the Mid-term Management Plan 2028, with the aim of achieving growth and efficiency, and a sustainable increase in corporate value. To improve efficiency, the Group has set ROIC as the key indicator and is working on improvements at both the corporate and business division levels.

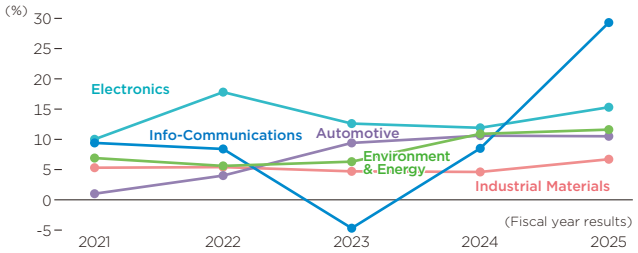
In addition to setting ROIC targets, business divisions use the ROIC tree as a tool for ROIC improvement activities. Furthermore, in order to be more aware of capital costs, SEG calculates the WACC for each business division and aims to consistently secure a return on capital that exceeds the WACC.

(Group-wide)	2021	2022	2023	2024	2025 (Fiscal year results)
Before-tax ROIC	5.8%	6.6%	7.6%	9.3%	12.5%*
ROE	5.7%	6.1%	7.3%	8.6%	11.9%*

* Calculated excluding the gain from the sale of SUMITOMO DENSETSU CO., LTD.

ROIC Tree Items		Focal Initiatives
Improving Earning Capacity	**Improving operating margin ratio**	• Improving profitability through higher added value • Pursuing innovative technologies and manufacturing methods • Improving orders-received profitability
	Reducing interest rate burden	• Reducing interest-bearing debt (to improve financial soundness)
Improving Asset Efficiency	**BS overall**	• Strengthening management of division-based balance sheet and free cash flow • Reviewing cross-shareholdings
	CCC (working asset improvement)	• Optimizing inventory balances and number of days held • Improving balance of receivables and payables and number of days held
	Property, plant and equipment	• Reducing interest-bearing debt (to improve financial soundness)

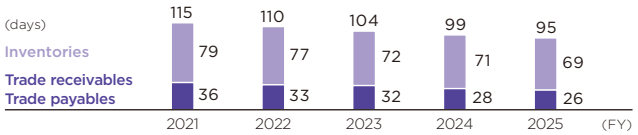
ROIC by business segment



CCC (Cash Conversion Cycle)

The Group is also focusing on improving the CCC to improve asset efficiency. Regarding inventories, the Group is working to improve manufacturing and transportation lead times, strengthen inventory management by product type and customer, review standard inventory levels, and build a production management system that responds flexibly to fluctuations in demand. In businesses operating in multiple locations globally, DX is being utilized to understand and manage appropriate inventories by region and product, and this practice has been yielding positive results. The Group is also working diligently to improve its trade receivables and payables, conducting ROIC analysis by business partner and utilizing the results to drive improvement activities. As a result of these activities, the CCC for fiscal 2025 was reduced by four days to 95 days from the previous fiscal year.

Trends of CCC results

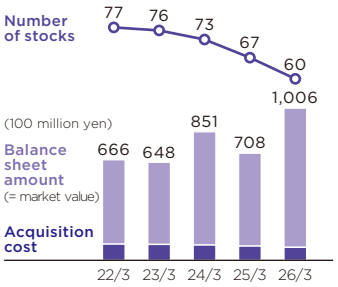


Cross-Shareholdings

The Group reviews the significance of cross-shareholdings every year and sells stocks that no longer have any significance. In fiscal 2025, the Group sold 11 stocks, including partial sales, of which seven were sold in their entirety.

The Group's policy going forward is to actively reduce its holdings, including those held by subsidiaries, with the aim of reducing them by at least half over the next few years.

Cross-shareholdings

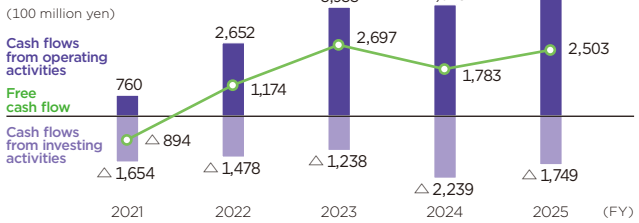


(Sumitomo Electric's holdings)

Free Cash Flow

As a result of its efforts to improve profitability and asset efficiency, the Group achieved operating cash flow exceeding 400 billion yen in each of fiscal 2024 and fiscal 2025. Free cash flow reached 250.3 billion yen, reflecting the Group's consistent ability to generate more than 100 billion yen annually.

Free cash flow



Cash Allocation

SEI has set "EBITDD" as a quantitative target for cash generation. For fiscal 2023–2025, SEI exceeded its target of 1.6 trillion yen, reaching 2.0 trillion yen.

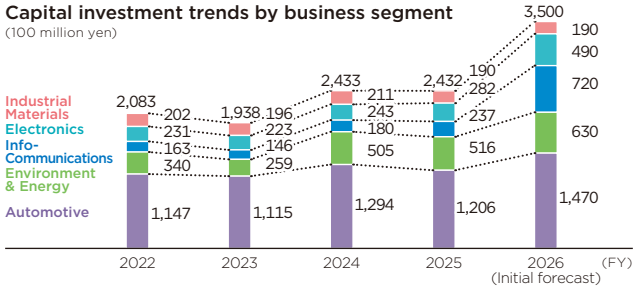
In the Mid-term Management Plan 2028, the Group has set a new target of "EBITDD of 2.7 trillion yen." The cash earned will be invested for future growth, with targets of one trillion yen in capital investment and 540 billion yen in R&D. Additionally, profits will be returned to shareholders with a target dividend payout ratio of 35%–40%.

Capital Investment

As part of the Group's capital investment management for property, plant and equipment, the Group is focused on enhancing investment accuracy and strengthening investment budget controls. The Group employs a management cycle aligned with the PDCA framework: (1) Capital budget management, (2) Discussion of projects and investment decisions, (3) Execution, and (4) Performance measurement. Hurdle rates are established based on the weighted average cost of capital (WACC) and ROIC targets to ensure effective oversight of investment project profitability.

Regarding capital investment during the Mid-term Management Plan 2028 period, SEG plans to invest a total of one trillion yen over the three-year period. To meet the strong demand for data center-related products, the Group plans to invest approximately four times more in the Info-Communications segment than the actual figures for fiscal 2023–2025. In other segments, the Group also plans to make aggressive investments, primarily in order fulfillment and production increases for new products.

Capital investment trends by business segment



Shareholder Returns and Dividends

The Group's basic policy regarding shareholder returns is to maintain stable dividends, taking into consideration a comprehensive range of factors, including consolidated business performance, dividend payout ratio, and the level of retained earnings. As a result of improved consolidated performance, the total dividend amount for fiscal 2025 reached a record high of 120.1 billion yen.

In the Mid-term Management Plan 2028, the Group has set a quantitative target of a dividend payout ratio of 35%–40%, aiming to increase shareholder returns through increased profits.

For information on the dividend payout ratio and total dividend amount, please refer to [→p.15].

Message from the Executive Officer Responsible for Finance

SEG's Financial Story towards Achieving a Before-Tax ROIC Target of 15% or More
—the Mid-term Management Plan 2028 Targets

[Executive Officer responsible for finance]
Senior Managing Executive Officer
Kenichiro Hizume

SEI has adopted ROIC as its key management indicator and is working to improve it through both profitability improvement and asset efficiency improvement. In the Mid-term Management Plan 2028, which started this fiscal year, we have set targets of "net sales of six trillion yen" and "operating profit of 600 billion yen," as well as "before-tax ROIC of 15% or more" and "ROE of 13% or more." While these are at a high level compared to our past performance, we believe they are perfectly achievable.

The important thing is how to increase ROIC. As a standard approach, we will improve profit margins by introducing new high-value-added products and thoroughly reducing total costs while also working to improve asset efficiency by shortening the cash conversion cycle (CCC) and reducing our cross-shareholdings.

Regarding our business portfolio, SEI aims for a well-balanced portfolio rather than simply adopting a strategy of "selectivity and concentration." Because different businesses have different timelines and cycles, excessively narrowing down the scope of a business increases its vulnerability to environmental changes. On the other hand, we will actively work on "business portfolio renewal." We will withdraw from unprofitable products and businesses that show no growth potential and will redirect those resources to high-value-added products and businesses with growth potential. Moreover, in order to enhance the Group's integrated power, we proceeded with the complete acquisition or sale of our four listed subsidiaries, eliminating all parent-subsidiary listings.

The results obtained from our business will be actively directed toward capital investments and R&D for future growth and will also be returned to our stakeholders based on the *"Goho Yoshi"* (Five-Way Win) philosophy. Dividends to shareholders have been increased every year in line with the improvement in performance following the COVID-19 pandemic. We will continue to work on the growth strategies outlined in our Mid-term Management Plan 2028 so that we can maintain higher dividends going forward.

3 Key Sources of Capital | Intellectual Capital

Basic Views

Technologies and knowledge created through the Group's business and R&D activities are kept confidential as trade secrets to ensure market competitiveness, and those that can be used outside the Group are protected as patents and trademarks. In addition, the Group makes them available as technical standards in order to promote the development of society and markets. By integrating intellectual property activities into its business strategy, the Group is continuously developing its business and strengthening its competitiveness in the global market.

Initiatives under the Mid-term Management Plan 2028

Managing intellectual capital/utilizing IP rights
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

Strengthening Human Capital Foundation

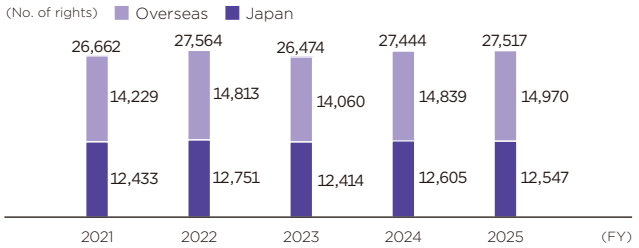
Contribution to and compliance with international standardization and rule-making
Participate in standard-setting organizations relevant to the Group's business domains, contribute to rule-making, and utilize the resultant rules/standards

Intellectual capital generated through business [→pp.19–21] **and R&D activities** [→p.31]

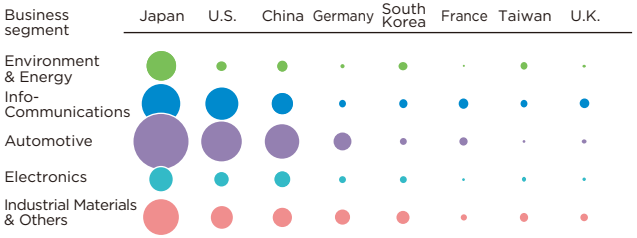
Intellectual Property Management, Rights Acquisition and Utilization

SEG considers the technologies and knowledge created in-house as important intellectual capital. The Group also formulates and implements patent application and rights acquisition strategies for each business, based on analysis of changes in the business environment, technological trends, and the IP strategies of other companies. With regard to patents and trademarks, rather than pursuing the "quantity" of the number of rights held or applications filed, the Group places emphasis on "quality" that contributes to strengthening business competitiveness and is working to expand and utilize an efficient rights network.

Changes in number of rights held (patent, utility model, and design rights)



Patent portfolio by business segment (FY2025 results)



SEG is working to leverage its accumulated intellectual capital to strengthen its business competitiveness by acquiring rights in major markets and production areas and utilizing them accordingly. In the Mid-term Management Plan 2028, the Group aims to capture the demand for green and digital-related products and drive business growth. As part of this effort, SEG is working to further strengthen its patent portfolio in response to increased production investments in high-voltage DC cable business for grid connections, which is expected to see steady demand growth in Europe and other regions due to the expansion of renewable energy, and in optical connectivity products business, which is needed to meet the North American hyperscale data center demands, driven by the rapidly expanding global spread of AI. The number of new patent applications filed by the Group in fiscal 2025 was 1,874, and the number of rights held worldwide at the end of fiscal 2025 was 27,517.

Contribution to and Utilization of International Standardization and Rule-making

SEG collaborates with other companies and research institutions to conduct standardization activities that contribute to industrial development, and the Group is also working on activities that utilize specific rules in its business to create new markets and strengthen its competitiveness.

The Intellectual Property Department has established the Standards & Regulations Strategy Unit, which, in collaboration with the research division, business divisions, the sales division, and the corporate planning department, serves as a hub connecting divisions across multiple fields, facilitating information sharing and strategic recommendations. As an example, the Unit is working with relevant departments to prepare so that individual products in each of the Group's businesses can adapt to the environmental regulations proposed in Europe in the future.

As for Group-wide "standards and rules" activities, the Standardization Steering Committee, chaired by the executive officer responsible for the Intellectual Property Department and consisting of the heads of Group-wide planning divisions from management, sales, and research, meets twice a year to decide on policies under which these activities are conducted. Furthermore, SEG holds the Standardization Members' Meeting three times a year, comprised of members from each division and research institute who participate in standard-setting organizations, to ensure that policies are disseminated and to share the experiences of each practitioner. The number of standardization committees/organizations in which SEG participates is shown in the table below.

Business fields	TC/SC/SG*	Response Committees for Japan	Main participating committees/organizations
Environment & Energy	8	23	IEC/TC20: Electric cables (The Japanese Electric Wire & Cable Makers' Association) IEC/TC21: Secondary cells and batteries (Battery Association of Japan)
Info-Communications	7	9	IEC/TC86: Fiber optics (The Institute of Electronics, Information and Communication Engineers) ITU-T SG15: Networks, technologies and infrastructures for transport, access and home (The Telecommunication Technology Committee)
Automotive	5	10	ISO/TC22: Road vehicles (Society of Automotive Engineers of Japan, Inc.)
Electronics	1	3	IEC/TC55: Winding wires (The Japanese Electric Wire & Cable Makers' Association)
Industrial Materials & Others	5	8	ISO/TC29: Small tools (Japan Cutting & Wear-resistant Tool Association)

* ISO/IEC/ITU-T Technical Committees (TCs)/Subcommittees (SCs) and Study Groups (SGs)

In addition, as part of the Group's awareness-raising activities, the Group demonstrates its business contributions through "standards and rules" activities to the entire Group through award programs and posters, and it develops human capital through customized training programs for each business.

Recipient of the Osaka Institute of Invention and Innovation Chairman's Prize at the 2025 Kinki Local Commendation for Invention

SEG's patent (Patent No. 6306220) received the Osaka Institute of Invention and Innovation Chairman's Prize at the 2025 Local Commendation for Invention for the Kinki block. This award recognizes the world's first commercialization of a porous polyimide rectangular wire using this invention as an insulated wire for HEV/EV motors used under high voltage. The porous polyimide rectangular wire produced using this technology will contribute to CO_2 reduction by enabling miniaturization and increased output of HEV and EV motors. In the future, this technology is expected to be applied to next-generation EVs that aim for rapid charging through higher voltage, as well as to various other electric mobility devices.

3 Key Driving Forces | R&D

Basic Views

With the wire and cable business as its foundation, SEG has evolved its technologies to connect and support society by accurately grasping the needs of society while pursuing Top Technology. The Group will continue to develop its existing businesses, particularly in the areas of Digital and AI, Energy, and Mobility, while embracing new themes to create new businesses and improve profitability by providing higher-value-added products and services.

Initiatives under the Mid-term Management Plan 2028

Technological evolution in current business

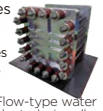
The Group will leverage the close relationships between business and sales units and its partnerships with customers to intensify development in three key areas

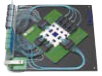
- **Digital and AI**
  Contribute to high-speed, high-capacity, compact, low-power information transmission by improving the performance of multi-core fibers, polarization-maintaining fibers, low-loss optical connection components, tunable light sources, and optical modulation chips
- **Energy**
  Contribute 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_2 capture technologies
- **Circular Economy-Related Technologies**
  Development of 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*1
- **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


Flow-type water electrolysis cell stacks that produce hydrogen

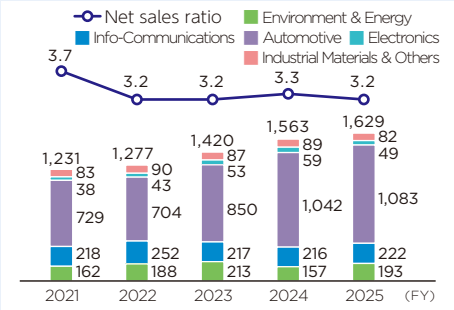

Photonics-electronics convergence modules

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

*1 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.
*2 Technology that uses AI and statistical models to predict values that are difficult to measure directly in real time.

R&D investment 540.0 billion yen/3 years
(FY2026–FY2028)

R&D expenses and net sales ratio



R&D results: 1,874 new applications in FY2025
For more details, please refer to Intellectual Capital [→p.30]

Technological Evolution in Current Business, the Group's Strength

SEG's R&D focuses on the three key areas of Digital and AI, Energy, and Mobility and is dedicated to creating innovative technologies that contribute to solving social issues.

In the Digital and AI area, the Group is advancing technological development to achieve high speed, large capacity, miniaturization, and reduced power consumption in optical fibers, optical equipment, and optical/electronic devices, supporting the demand for data centers driven by the spread of generative AI and the need for wider bandwidth in mobile wireless communication.

In the Energy area, the Group is promoting the development of extra-high-voltage DC cables and energy management systems for renewable energy supply. SEG will contribute to a decarbonized society by realizing a highly efficient, long-distance, large-capacity, and low-loss power transmission network.

In the Mobility area, as mobility evolves alongside electronic and information devices, the Group will contribute to the realization of a safe and comfortable society through technologies that utilize (driving) control data via the cloud, rectangular magnet wires that can handle high-voltage, and enhanced functionality of wiring harnesses.

Challenging into New Business Domains

With a view to the society in 2050, SEG is promoting medium- to long-term research themes centered on the keywords "earth," "human," and "life." One example of this is the realization of a hydrogen-based society. Leveraging the materials and design technologies for flow-type batteries that SEG has cultivated, the Group is advancing their application to high-efficiency hydrogen production equipment. In addition to producing hydrogen, it is also working on research into carbon recycling technology that combines it with captured CO_2 to transform it into a resource. Through these technologies, the Group aims to realize a circular economy from both the perspectives of energy creation and material recycling. On top of this, as a next-generation info-communication technology, SEG is developing its own unique photonics-electronics convergence technology (technology for high-density integration of electronic and optical devices).
Photonics-electronics convergence technology contributes to high-speed, low-latency, large-capacity, and energy-efficient information transmission, supporting the evolution of the digital society.

For details about the R&D structure and related technologies, please refer to the Group's website.

Efficiency Improvement and Sophistication of R&D Processes and Analysis

In recent years, competition in materials development has intensified in the manufacturing industry. Pressure to enhance performance and comply with environmental regulations is growing, and the demands on material development are becoming increasingly sophisticated. With the aim of quickly generating profits from new businesses and products, SEG is working to revolutionize the conventional R&D process by strengthening and utilizing technologies such as MI (Materials Informatics), which uses information science such as AI and machine learning to accelerate material development, and PI (Process Informatics), which optimizes the manufacturing process of such materials. Through MI, PI, and collaboration between the Digital Transformation Laboratory, which promotes cutting-edge AI development, and each laboratory, SEG is promoting the application of DX appropriate to each material development. The use of DX has greatly streamlined material searches and shortened development times, while enabling highly comprehensive studies and making it possible to extract optimal materials that were not previously achievable with conventional development methods. SEG is also working to establish data infrastructure for accumulating and utilizing experimental data and will strive to improve the development capabilities and profits by providing practical training to human capital who will lead MI and PI roles.

R&D Expenses to Support Sustainable Growth (Investment Strategy)

R&D requires stable investment with a long-term perspective, but the Group's investment policy is to favor R&D that leads to higher-value-added products and new businesses.

In the Mid-term Management Plan 2028, the Group plans to invest 540 billion yen in R&D over the next three years. In the first year, fiscal 2026, SEG plans to invest 170 billion yen, strengthening its investment in technological evolution in current businesses and R&D themes in new business domains. In particular, in the development of data center-related products, which is showing growth, the Group will construct a new R&D wing at Yokohama Works to accelerate the development of Info-Communications-related technologies such as optical connectors and optical connection components. This R&D wing is scheduled to become operational in stages starting in fiscal 2026. Please see the above graph for SEG's actual R&D expenses and net sales ratio.

3 Key Driving Forces | Manufacturing

Basic Views

As a manufacturing company, the Group considers the evolution and deepening of "S (Safety), E (Environment), Q (Quality), C (Cost), D (Delivery), and D (Development)" to be the core of the Group's business activities. The Group has positioned manufacturing as a particularly important driving force, and all divisions have worked to create resilient factories that continue to adapt to the constantly changing business environment.

Initiatives under the Mid-term Management Plan 2028

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

Evolving the production system

- Globally implement and embed "Launch Capability SU*1"
- Globally implement and embed "Mass Production Capability LV*1"

DX/AI: Acceleration of activities with Monozukuri-Navi

Resilient manufacturing platform

Zero major incidents for employees, products, and equipment

Strengthening and optimization of global mother functions

Creation of a solid shop floor operation

Acceleration of PDCA cycle of continuous *Kaizen*

Global roll-out of Manufacturing Fundamentals, MFA*1

*1 SU= Start-up, LV= Leadtime Value, MFA=Monozukuri Fundamentals Assessment

Resilient Manufacturing Platform

In the Mid-term Management Plan 2028, the Group aims for "zero major incidents for employees, products, and equipment" and is advancing its safety and product quality initiatives to become a world-leading safety company. (For details on the Group's efforts in occupational safety and health and product quality and safety, please also refer to [→CSR Book 2026, pp.46–52].)

Creating a culture in which "Safety is Our Top Priority": The Group regards ensuring the safety and health of its employees as the cornerstone of its business activities and promotes the creation of a culture in which "safety is our top priority," engaging in ongoing health and safety activities with the participation of all employees with the aim of becoming the world's safest company. Specifically, the Group has established a Safety Philosophy, Principles of Safety Activities, and Occupational Safety and Health Guidelines, incorporating proposals from the perspective of employees at the work sites, and each fiscal year it defines priority initiatives and implementation items.

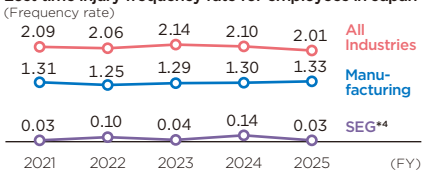
Number of industrial accidents (FY2025 results)*2

(headcount)

	Japan	Overseas	Total
Serious accidents*3	0	0	0
Accidents resulting in lost work time	3	2	5

Lost time injury frequency rate for employees in Japan

(Frequency rate)



*2 SEI consolidated companies (excluding the Sumitomo Riko Group) and contractors

*3 A serious accident refers to an accident resulting in a death or disability that falls under grades 1 to 3 of the Disability Grade Table (Appended Table 1 of the Regulations for Enforcement of the Industrial Accident Compensation Insurance Act).

*4 Sumitomo Electric Group refers to Sumitomo Electric and its affiliates in Japan (excluding the Sumitomo Riko Group).

Product Quality Initiatives: The basic philosophy of the Group is to ensure a stable supply of safe, reliable, and high-quality products, based on the concepts of "customer-oriented" and "quality-oriented." To continue achieving this goal, the Group enhances its manufacturing capabilities, which form the foundation of its business, systematizes its daily quality management operations in accordance with "the Sumitomo Electric Group Quality Management Global Standards," and continuously improves its quality management process. Quality-related matters are discussed and decided by the Corporate Quality Management Committee and are then communicated to business divisions and affiliates through the CQO (Chief Quality Officer), thereby promoting cooperation and strengthening the governance of the Quality Assurance Department of each division. For information on quality compliance, please see [→p.41].

Creating a Solid Shop Floor Operation

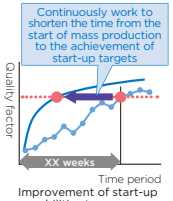
Promoting Continuous *"Kaizen"*: The Group aims to create a "solid shop floor operation" that has both the ability to identify small defects and malfunctions that occur at production sites under the constantly changing business environment and to correct them on the spot to the desired state in order to maintain that state. It also aims to have the ability to find weak points and continue to make improvements at the shop floor level. The Group also aims to raise awareness and promote mutual learning by designating factories as "200 Kaizen Factories" that conduct "solid shop floor operation" and achieve 200 or more improvements per month and by recognizing them both within the Group and globally. The Group is also focusing on training key personnel to promote improvement through hands-on training programs such as GKP (GENBA-KAIZEN professional training Program).

Global roll-out of Manufacturing Fundamentals, MFA: To globally promote "creating a solid shop floor operation," MFA was introduced in 2019 by generalizing the "PK evaluation" that the Sumitomo Wiring Systems Group had pioneered. This is a unique assessment tool that defines the foundation and form that a "solid shop floor operation" should have, with 50 items in five areas, namely, safety and environmental management, quality management, facility management, factory management, and improvement capability. Each item is evaluated on a 100-point scale. Each factory uses this tool to quantitatively evaluate its manufacturing site each year, visualize strengths and weaknesses, and improve weaknesses to accelerate the PDCA cycle toward achieving a "solid shop floor operation."

Evolving the Production System

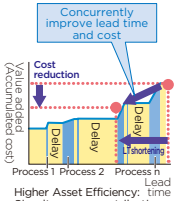
To enhance the competitiveness of the Group's products, in addition to the support provided by its "resilient manufacturing platform" and "creating a solid shop floor operation," initiatives to shorten lead time for production and reduce costs are essential. The Group refers to the capability to continuously shorten the time from the start of mass production of new products and new models to the stabilization of quality and the rapid securing of profits as "Launch Capability 'SU'" and the capability to simultaneously minimize the lead time and cost of mass production and further improve delivery time and price competitiveness as "Mass Production Capability 'LV'," and the Group is strengthening these capabilities. These initiatives contribute to minimizing startup losses, reducing product costs, and improving asset efficiency through inventory reduction.

Launch Capability "SU"



Improvement of start-up capabilities to overcome market speed

Mass Production Capability "LV"

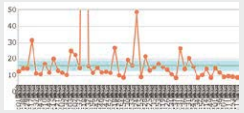


Higher Asset Efficiency: Simultaneous contribution to reducing total cost and inventory reduction

Strengthening the Mass Production Capability LV of Optical Communication Cables

SEG is working to improve competitiveness in its high fiber count cable business, which continues to increase production and sales, by strengthening its Mass Production Capability LV. In the manufacturing process of combining multiple types of numerous optical fibers into a single cable, the key to simultaneously improving lead time and cost is (1) maximizing the processing capacity of the bottleneck process and (2) controlling the flow of upstream and downstream processes based on the "DBR (Drum Buffer Rope) rule."*5

In particular, in (1), the Group successfully reduced downtime by 30% by monitoring and analyzing setup and adjustment work that occurs during production lot changeovers using IoT sensors and image recognition technology, thereby identifying small inefficiencies and improving work processes. Through the continuation of these activities, the lead time for its core products was reduced by more than half, resulting in a 15% reduction in variable costs. The Group is steadily applying the same method to more and more successor products.



Monitoring of setup speed

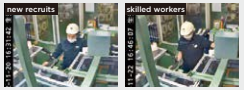


Image-based work analysis

*5 A method for maximizing throughput by managing constraints

3 Key Driving Forces | Supply Chain

Basic Views

In accordance with its Corporate Philosophy and Basic Procurement Policy*, the Group is developing sustainable procurement activities that are fair and equitable, are focused on compliance, and respect the global environment and human rights. In addition, the Group is promoting the optimization of procurement, manufacturing, sales, and logistics as a whole and strengthening its response to supply chain risks with a focus on BCP management, to respond promptly to natural disasters and changes in international circumstances, with the aim of building a robust supply chain.

Initiatives under the Mid-term Management Plan 2028

- **Building a stable supply chain**
  CSR-based procurement assessment implementation rate: 80% (global transaction value equivalent)
  Information security assessment and support: Number of companies assessed 3x higher (vs. FY2025)
- **Optimized manufacturing locations**
  Response to disclosure demands
- **Stabilization and efficiency of logistics networks**

Building a Stable Supply Chain

Risk management for critical materials

The Group is actively diversifying its procurement of raw materials and components by developing new potential suppliers, including local sources, to avoid dependence on specific countries. The goal is to establish a robust system that enables procurement from multiple suppliers and to further diversify by insourcing certain items so as to mitigate the risk of supply chain disruptions. Furthermore, the Group is working on developing and implementing a business continuity plan (BCP) for the procurement department. In particular, SEG conducts risk assessments for each item of critical materials and is using Vendor Management Systems (VMS) to visualize risks, prioritizing measures such as securing substitutes and safety stocks for high-risk items such as those procured from overseas.

Sustainable procurement activities

As stipulated in the Basic Procurement Policy, the Group conducts fair, equitable, and open transactions based on rational processes and judgment.

In order to ensure that the Group's suppliers reliably implement the fundamental principles of CSR procurement (responsible minerals sourcing initiative, consideration for human rights and labor safety, etc.) [→p.38, CSR Book 2026, p.45] such as the CSR Procurement Guidelines* and the Supplier Code of Conduct*, the Group has added a clause requiring compliance with these guidelines to the basic transaction agreement and requests suppliers to submit a consent form.

The Group also conducted CSR-based procurement assessments using the CSR Procurement Self-Assessment Questionnaire (SAQ), and by fiscal 2025, assessments were completed for 84% of its suppliers in terms of global transaction value. The Group will continue to help the suppliers to raise their standards.

At the same time, in order to strengthen information security efforts across the entire supply chain, the Group is conducting information security assessments and assisting in implementing risk improvement measures to its suppliers, and plans to triple the number of companies it assesses in fiscal 2028 compared to fiscal 2025.

Optimized Manufacturing Locations

SEG has a longstanding commitment to overseas expansion, with its approach tailored to the unique market characteristics and needs of each business sector. In response to increasing supply chain risks stemming from heightened geopolitical tensions and other factors, and to mitigate risks related to logistics instability and fluctuations in exchange rates and tariffs, it is optimizing the operational footprint based on both business requirements and geopolitical considerations. The Group's initiatives include diversifying manufacturing sites, promoting local production for local use, and consolidating and streamlining shared functions.

The Group also strives for proper inventory management by integrating and sharing data on inventory information and production plans between manufacturing sites, thereby sharing and utilizing data from order placement to shipment.

Response to Disclosure Demands

To appropriately respond to customer requests, legal disclosures, and supply chain needs, as well as to address laws and regulations and risks, the Group is utilizing DX to build a platform that collects and shares the latest information on initiatives from each division.

Stabilization and Efficiency of Logistics Networks

Securing stable transportation capacity

As supply chains become more complex and cargo volumes increase, the Group is prioritizing securing transportation capacity and strengthening cooperation with transportation companies. The Group is also working to build a highly resilient logistics system that anticipates risks by utilizing multiple companies, identifying several possible routes, and securing alternative means of transportation.

Strengthening of logistics compliance structure

Amidst rapidly changing international trade policies, the Group is strengthening its tariff support for overseas Group companies and promoting the appropriate use of EPAs and FTAs. Additionally, within Japan, SEG is continuously working to appropriately address the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment and the revised Logistics Efficiency Act, including reducing waiting and handling times and implementing modal shifts.

Building highly efficient logistics environment

The Group is working to visualize and share global transportation status, build a highly efficient transportation environment through optimized hub and depot design, and improve transportation quality.

Improved Efficiency of Intragroup Transactions

The Group aimed to achieve a 100% Electronic Data Interchange (EDI) rate for transactions between Group companies by fiscal 2025, and has achieved this goal as planned.

* Basic Procurement Policy, CSR Procurement Guidelines, Supplier Code of Conduct

Promotion of Sustainability Management

Fundamental Policy

Sumitomo boasts a history spanning over 400 years, anchored by its spiritual foundation known as the "Sumitomo Spirit." This spirit is defined by the following guiding principles: "Do your sincere best in not only business, but also every aspect of your life" (*Banji-nissei*); "Place importance on integrity and sound management" (*Shinyo-kakujitsu*); and "Work proactively, pursue profit by quickly and appropriately responding to changes in society, and do not be content with the status quo. However, do not act rashly or carelessly in pursuit of immoral business" (*Fusu-furi*). These principles—together with values such as "Attaching importance to technology," "Respect for human resources," "Long-range planning," and "Mutual prosperity, respect for the public good"—have been handed down through generations as shared assets of the entire Sumitomo Group. [→p.05]

The Sumitomo Spirit, upheld by generations of Sumitomo Electric Group leadership, aligns closely with today's principles of Sustainability Management. The Group attributes its ongoing growth and continuous development since its founding in 1897 to steadfast adherence to this spirit.

Rooted in the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, and guided by the enduring management policy of "contributing to society through fair business activities," the Sumitomo Electric Group is committed to enhancing corporate value over the medium to long term. The Group will steadily distribute and return the results as a going concern to its five main stakeholders—customers, employees, suppliers, regional communities, and shareholders/investors—in line with the Multistakeholder Capitalism concept of *"Goho Yoshi"* (Five-Way Win), thereby pursuing further sustainable development.

In alignment with this fundamental policy, the Group will advance its sustainability initiatives under its medium- to long-term management plan, and will communicate its value creation story both internally and externally through the "Integrated Report" and supplementary materials and data, including the "CSR Book," to foster dialogue with stakeholders.

Structure to Promote Sustainability Management

The Group has established a Sustainability Management Promotion Committee, chaired by the President, to promote sustainability management based on the basic policy shown on the left. The Committee receives reports on plans and progress from the CSR Promotion Committee, the GX Promotion Committee, and the Human Resources and DE&I Promotion Committee regarding issues related to sustainability, namely consideration for climate change and other global environmental issues, respect for human rights, consideration for employee health and working environments, fair and appropriate treatment for employees, fair and appropriate transactions with suppliers, and crisis management in the event of natural disasters and other emergencies. The Committee also broadly discusses cross-sectional issues and initiatives, such as matters related to the disclosure of non-financial information, including the issuance of integrated reports, and policies for and approaches to sustainability management.

Monitoring by the Board of Directors

The activities of the Sustainability Management Promotion Committee, which meets semi-annually, are reported to the Board of Directors after each meeting, and items on the Committee's agenda that require submission to the Board of Directors are discussed and reported on separately [→p.39], providing a structure for the Board of Directors to oversee sustainability management. Officer compensation is determined based on the Compensation Advisory Committee's deliberations and a comprehensive consideration of each officer's role and responsibilities, contribution to company performance, and non-financial indicators such as ESG.

Themes Addressed

CSR Promotion Committee

The Committee is co-chaired by the Executive Officers responsible for administration and corporate planning, who oversee its activities. The themes addressed include respect for human rights in the Group's supply chain, reinforcement of information disclosure and customer surveys related to sustainability, activities contributing to society, and corporate governance.

GX Promotion Committee

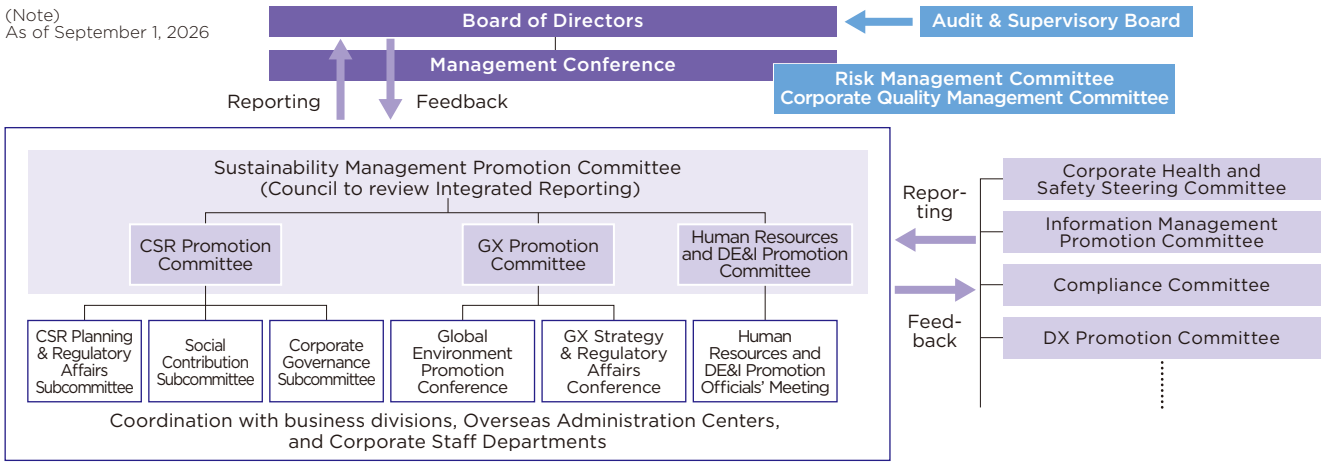
The Committee is chaired by the President, who oversees its activities. The themes addressed include decarbonization and other environmental conservation activities, reinforcement of responses to various GX regulations, and the expansion of GX-related businesses. Please see the GX strategies in the Integrated Report [→p.22] for details.

Human Resources and DE&I Promotion Committee

The Committee is chaired by the Executive Officer responsible for HR, who oversees its activities. The themes addressed include respect for human rights within the Group and the direction and basic policy of global human capital measures.

Structure to promote sustainability management

(Note)
As of September 1, 2026



E: Environment

Basic Views

In 1997, the Group established the "Environmental Policy*1" as one of its key management challenges to address the global environment, including climate change. In accordance with the policy, the Group has continuously worked on environmental protection activities from a global perspective.

*1 Environmental Policy

Initiatives under the Mid-term Management Plan 2028

Operations for a greener global environment

Reduction of CO_2 emissions
(Reduction compared to FY2018)

Scope 1+2
Direct emissions +Indirect emissions
FY2028 30% ▶ FY2030 50.4%*3

- 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*2

Scope 3
Other emissions
FY2028 22% ▶ FY2030 36.0%*3

- 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*4 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

*2 Electricity generation from renewables such as solar power
*3 FY2030 targets revised in October 2026 following SBTi certification
*4 Task Force on Nature-related Financial Disclosures

Please also see the CSR Book 2026 for details of Go for Green 2028 initiatives.

Environmental Initiative "Go for Green 2028"

Towards realizing the "Green and Environmentally Friendly Society" outlined in the 2030 VISION, the Group is working towards the indicators and targets of the Mid-term Management Plan 2028 as part of the "Go for Green*5 2028" initiative.

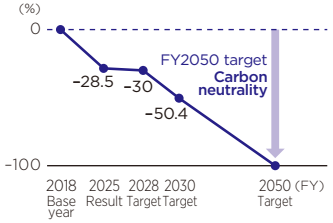
Operations for a greener global environment

Reduction of CO_2 emissions: SEG has set greenhouse gas emissions reduction targets of achieving carbon neutrality in Scope 1+2 by fiscal 2050 and a 50.4% reduction in Scope 1+2 and a 36.0% reduction in Scope 3 compared to fiscal 2018 by fiscal 2030. The fiscal 2030 targets were revised upward in 2026 and are consistent with the international climate change goal established in the 2015 Paris Agreement, under which countries agreed to pursue efforts to limit the global average temperature rise to 1.5°C above pre-industrial levels. The fiscal 2030 target has received certification from the SBTi (Science Based Targets initiative), an international initiative for emissions reduction.

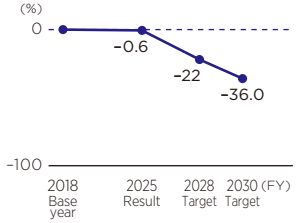
To achieve its targets, the Group is working to reduce greenhouse gas emissions in the production activities and supply chain. The Group's activities to reduce emissions include: eliminating standby power consumption in production equipment for energy saving, introducing renewable energy by installing solar panels on and off its premises for energy generation, and utilizing non-fossil fuel certificates in accordance with customer requirements for energy purchase. As a result of these activities, the Group was able to reduce GHG emissions (Scope 1+2) by 28.5% in fiscal 2025 compared to fiscal 2018. For Scope 3, focusing on reducing emissions in logistics, the Group is asking suppliers with significant emissions from purchased goods and services to report their emissions annually and to continue reducing emissions.

Also in fiscal 2026, to further promote energy saving and the installation of solar power equipment, the Group began incorporating GHG emission reduction effects, calculated based on its internal carbon pricing (ICP), in profitability assessments at the time of capital investment. The current

Greenhouse gas emissions reduction rate (Scope 1+2)



Greenhouse gas emissions reduction rate (Scope 3)



*5 Go for Green is a trademark or registered trademark of Sumitomo Electric Industries, Ltd.

Summary of supply chain initiatives (Traceability throughout the entire supply chain, etc.)

	Upstream	SEG	Downstream
Reduction of CO_2 emissions	**Scope 3** ■Require annual emissions reports and ongoing reductions from high-emitting suppliers of purchased goods and services. ■Reduce emissions in logistics.	**Scope 1+2** ■Set annual quantitative targets and promote emissions reductions as part of the Group's activities to reduce emissions by maximizing energy saving, energy generation, and energy purchasing.	**Scope 3** ■Reduce customer emissions through the use of SEG's green and digital-related products. ■Reduce emissions in logistics.
	■Use Life Cycle Assessment (LCA) to calculate environmental impact and promote lower-emission product design.		
Promoting circular economy	■Recycled use of raw materials.	■Product design for easy defect reduction and recycling. ■Waste reduction, internal reuse, and conversion into valuable materials. ■Water usage reduction and water resource circulation.	■Recover used products.
Preventing environmental pollution	■Aim to ensure that procured products do not contain hazardous substances that have a major impact on the environment by establishing the SEG Standards for Chemical Substances Management, and applying the SEG Guidelines for Green Quality Purchases.	■Implement the SEI Guidelines for the Management of Chemicals in Products in accordance with JIS Z7201 to properly manage chemical substances contained in products. ■Establish a chemical substance management system and manage toxic substances and PRTR-listed substances at manufacturing sites and affiliates in Japan. ■Strive to reduce emissions of PRTR-listed substances by 1% per year. ■Conduct product assessments during the design and development stages. SEI Guidelines for the Management of Chemicals Products	■Provide products that comply with customer standards. ■Upon request, analyze the product and submit a certificate of non-use of target substances (those controlled by the RoHS Directive, REACH Regulation, etc.).
	■Use chemSHERPA, IMDS, etc. as a means of communicating information about chemicals in products.		
Nature-related analysis and disclosure (TNFD)	■Assess how SEG's sites of direct operations and upstream and downstream supply chain activities depend on and impact nature, and disclose significant risks and opportunities for the Group.		

ICP has been set at 12,000 yen/t-CO_2. The Group will continue to make steady efforts to achieve the set targets.

Promoting circular economy: SEG is working on reducing defects in production, reducing the amount of waste generated, increasing internal reuse and conversion to valuable resources, recycling raw materials, reducing water usage, and promoting water recycling. In fiscal 2025, the waste recycling rate was 92.5%, the reduction rate of waste discharged per unit of sales was 15.8% lower compared to fiscal 2022, and the reduction rate of water use per unit of sales was 21.4% lower compared to fiscal 2022. In using recycled materials as raw materials in its products, the Group is promoting the use of recycled copper, aluminum, rare metals like tungsten, and resins, and also advancing the technological development of recycling itself.

Preventing environmental pollution: The Group is committed to managing chemical substances contained in its products, communicating information on chemical substances throughout the supply chain, managing chemical substances used in manufacturing at its factories, and reducing the amount of hazardous chemical substances released into the environment, with the aim of complying with laws and regulations, protecting the health and safety of its employees, contributing to environmental conservation, and earning the trust of its customers and consumers. As part of its efforts to reduce environmentally hazardous substances in its business activities, the Group is promoting a 1% reduction per year of emissions of PRTR-listed substances, and in fiscal 2025, it achieved a 32.8% reduction compared to fiscal 2022.

Contribution to the global environment through our business

Green and digital contributions: The Group has been expanding its range of green contribution products and eco products, and in its Mid-term Management Plan 2028, it has set a target of "3.5 trillion yen per year in net sales of green and digital-related products" to realize GX and DX in society, deepening its commitment to the global environment contribution through its business.

Promotion of "Eco-Activities 2030"

A Group-wide effort to carry out local eco-friendly activities such as nature conservation, biodiversity preservation, and community clean-ups. In fiscal 2025, a total of 356 activities were carried out in 19 countries and regions.

Disclosure Based on TCFD*1/TNFD*2 Recommendations

Strategy (related to climate change)

Based on the TCFD recommendations, the Group considers two scenarios: one in which the global average temperature rise is limited to 1.5°C above pre-industrial levels and another in which the average it rises by 4°C. Based on these scenarios, the Group analyzes the impact of climate change-related risks and opportunities on its business and is deliberating on future initiatives. The risks and opportunities identified as material to the Group through the scenario analysis and the planned major efforts are shown in the table below.

*1 Task Force on Climate-related Financial Disclosures *2 Task Force on Nature-related Financial Disclosures

1.5°C (well-controlled) **scenario:** The CO_2 reduction plans of major countries will be running mostly as scheduled. The carbon border tax scheme, as well as each country's energy policy and industrial policy, will be evolving steadily.

		Possible Circumstances	Financial Impact on the Group	Major Efforts
Opportunities	Energy	■The market for renewable energy, such as offshore wind power and solar power, will expand toward the realization of a decarbonized society. ■Electricity providers will change the way they operate toward the realization of a new form of energy mix for each country.	■Growing demand for the new installation or replacement of electricity transmission cables, such as interconnectors. ■An increasing number of products will be needed to ensure a stable power supply (e.g., rechargeable batteries and energy management systems), leading to an increase in the Group's net sales.	■Proceed with the development of electricity transmission cables for renewable energy (interregional transmission grids), rechargeable batteries, etc., along with improvements in their performance, thereby contributing to expanding the infrastructure. ■Expand the sale of solutions for regional micro grids. ■Focus on developing and increasing net sales of green and digital-related products as outlined in the Mid-term Management Plan 2028.
Opportunities	Digital and AI	■Explosive increase in the use volume, in line with the progress of a data-driven society ■Increase in the number of data centers of various sizes. ■Growing demand for low-power consumption and high-speed communications.	■Growing demand for energy-saving and high-performance products for effectively establishing information networks, leading to an increase in the Group's net sales.	■Focus on the development of optical communications equipment, devices, etc. used for optical cables and data centers, along with improvements in their performance, thereby contributing to realizing an even more energy-saving and effective data-driven society. ■Focus on developing and increasing net sales of green and digital-related products as outlined in the Mid-term Management Plan 2028.
Opportunities	Mobility	■Electrified vehicle market, including EVs, will expand. ■The number of gasoline-powered vehicles will decline. ■New EV manufacturers will be established.	■Many more related items, such as harnesses and system products centered on harnesses, will be adopted for electric vehicles. The Group will add higher value to such items, leading to an increase in the Group's net sales. ■The markets for gasoline engine components will decline. ■Products of the Group will be adopted by many more new customers, leading to expanded net sales.	■Proceed with the development of EV-related products and components for lightweight vehicles and improve their performance, thereby contributing to the electrification of automobiles and energy savings. ■Focus on developing and increasing net sales of green and digital-related products as outlined in the Mid-term Management Plan 2028.
		Net sales of green and digital-related products in the Mid-term Management Plan 2028: FY2028 target: 3.5 trillion yen; FY2025 results: 2 trillion yen		
Risks	Tightening of Policies and Legal Regulations	■The call for reductions in GHG emissions will be more pronounced. ■There will be a rise in GHG emissions trading prices. ■Each country's material recycling regulations and certain countries' laws and regulations will be tightened.	■Operating costs will rise due to the introduction of a carbon tax, the start of emissions trading, and the response to regulations on recycling.	■Further reduce the use of energy in the manufacturing process. (Scope 1+2)
Risks	Rise in Demand from the Market	■There will be a rise in customer demand in response to climate change, making products and technology less competitive if they are not sufficiently tuned in to the decarbonization trend.	■Operating costs will rise due to capital investment for the introduction of energy-saving equipment and the purchase of green electricity. ■There will be calls for the Group to reduce GHG emissions throughout its supply chain, including raw material suppliers, requiring the Group to reinforce and review its supply chain.	■Control the cost increases by reducing energy costs through energy creation efforts and by achieving "Net Zero Plant" in accordance with the Group's plans. ■Proceed with the development and sale of products that will contribute to achieving a decarbonized society. ■Proceed with lifecycle assessments in cooperation with component and material suppliers.
Risks	Rise and Appreciation of Raw Material Prices	■Growing demand for raw materials (e.g., copper) necessary for supplying EVs and other products that will contribute to mitigating climate change. Expectation that this will lead to a rise and appreciation of raw material prices.	■The appreciation of raw material prices will increase the Group's costs.	■Make further energy-saving and recycling efforts. ■Reinforce its resilience in terms of raw materials by, for example, proceeding with the development of aluminum electric wires/harnesses.
Risks	Evaluation by Stakeholders	■Attitude toward addressing climate change will be evaluated by each stakeholder.	■A delay in response or a failure to achieve targets will lead to a decline in the Group' s credibility, a decrease in net sales, a loss of customers, a decline in the stock price, and an increase in financial arrangement costs.	■Make efforts to achieve the GHG emissions reduction targets set under the SBTi. ■Disclose appropriate information to a wide variety of stakeholders, and engage in dialogue with them at appropriate timing.

4.0°C (BAU) **scenario:** There will be disarray among countries in proceeding with efforts to accomplish the target of realizing a carbon-free society, leading to a spate of extreme climate events and consequent damage. Appreciation in the cost of energy and resources, widening regional gaps.

		Possible Circumstances	Financial Impact on the Group	Major Efforts
Opportunities	Growth in Demand for Products Adaptable to Climate Change	■Social infrastructure will be improved and strengthened by, for example, reinforcing electricity transmission grids and enhancing the strength of structures so that society is able to endure environmental changes caused by climate change. ■Frequent flooding and inundation will require regional infrastructure to be reestablished.	■There will be an increase in the Group's sales of infrastructure-related products necessary for reinforcing disaster contingency plans and BCPs, such as electricity wires/cables and copper wires.	■The Group will contribute to society by supplying products to reinforce electricity transmission grids, strengthen structures, and expand and strengthen communication networks in order to prepare for increasingly frequent disasters.
Risks	Intensification of Climate Disasters Due to Global Warming	■Extreme climate change (typhoons, torrential rain, droughts, water shortages, and high/low temperatures) will increase the number of climate disasters, affecting manufacturing bases, suspending operations, and disrupting supply chains. ■There will be an increase in global warming, causing water shortages.	■Plant suspensions due to abnormal climate will generate restoration costs and increase non-life insurance premiums. ■Appreciation of raw material prices will lead to extreme price rises for certain products, leading to sluggish demand for the products. ■Water shortages will suspend or relocate many production lines or lead to increased investment in water-saving equipment.	■Build disaster-resilient plants. ■Proceed with BCPs by reinforcing its supply chain in consideration of climate change. ■Invest in improvement of quality of raw materials. ■Make further energy-saving and recycling efforts.

Reference scenarios: World Energy Outlook 2017, 2020 and 2021 by IEA; Energy Technology Perspective 2017 by IEA; and Sixth Assessment Report by IPCC.

Strategy (related to nature)

Regarding nature-related issues, the Group has begun evaluation and analysis in accordance with the final recommendations of the TNFD since fiscal 2025. The evaluation of dependence and impact on nature revealed that SEG's five business segments are particularly dependent on, and have an impact on, nature at the upstream stage of the value chain, namely in raw material procurement. Based on SEG's raw material purchasing history, the Group focused on the Environment & Energy segment, which uses copper, the raw material with the largest procurement amount by weight, as its main raw material. SEG prioritized the segment's core business, the "power cable business," and conducted evaluations and analyses. Based on the identified dependencies and impacts on nature, the Group created two scenarios for anticipated nature-related risks and opportunities in accordance with the TNFD's Guidance and assessed the future risks and opportunities indicated by each scenario. The risks and opportunities identified as material to SEG and the planned major efforts are shown in the table on the left.

Scenario I (transition risks and opportunities): Understanding of nature positivity increases, and the deterioration of the natural environment is minimal. In major countries, efforts to combat climate change are progressing as planned, limiting the rise in average temperature to 1.5°C.

	Classification	Activity Location	Description	Possible Circumstances	Financial Impact on the Group	Time Horizon	Major Efforts
Opportunities	**Reputation** **Market** **Products and Services** **Sustainable Use of Natural Resources**	Plants/ factories Offices	Increased net sales of SEG products that help reduce the environmental impact for customers	■With increasing attention on concepts such as carbon neutrality, circular economy, and nature positivity, interest will grow in products that are advantageous in solving environmental issues such as the need for energy saving, measures against natural resource depletion, and mitigation of natural disasters. Net sales will increase through the development of new products utilizing the Group's existing products and proprietary technologies.	■There will be an increase in net sales of SEG products, which have a high ability to solve environmental problems. ■Net sales will increase through the development of new products utilizing the Group's proprietary technologies, which have a high capabilities for solving environmental issues.	Long term	■Focus on developing and increasing net sales of green and digital-related products as outlined in the Group's Mid-term Management Plan 2028. (E.g., extra-high-voltage DC cables, wires for renewable energy)
Opportunities	**Products and Services**	Transmission cable installation sites	Increased environmental demand in cable installation sites, leading to increased net sales of SEG products	■With the shift towards environmentally conscious preferences, more will invest in SEG's cables with a low environmental impact.	■Demand will increase for SEG transmission cables, which have a low environmental impact.	Medium term	■Focus on developing and increasing net sales of green and digital-related products as outlined in the Group's Mid-term Management Plan 2028. (E.g., ultra-low loss electric wires for overhead lines)
Risks	**Policy** **Market**	Mines	Restrictions and interruptions to mining activities due to stricter regulations on water resource usage	■The impact on water usage and area for freshwater use will become a serious problem, leading to stricter laws and regulations on water usage and making it impossible to secure a sufficient quantity and quality of water necessary for mining activities (dust control, securing washing facilities, etc.) and factory operations (reactor cooling, material processing, surface cleaning, etc.). Lower productivity and increased water usage costs drive up raw material prices, which makes it difficult to procure raw materials.	■Procurement costs will increase due to soaring copper prices caused by supply shortages. ■Costs associated with selecting alternative suppliers will increase. ■Copper prices will rise due to the introduction of water-saving equipment, etc. ■There will be loss of sales opportunities due to instability/decrease in the volume of copper procured.	Long term	■Promote the manufacture of products using recycled copper in order to reduce the Group's reliance on newly mined copper. ■Formulate and implement business continuity plans (BCPs) for raw materials. (Risk assessment of raw materials, diversified procurement, and diversification of supply chains)
Risks	**Market** **Reputation**	Mines Plants/ factories Offices Transmission cable installation sites	Increased demands for environmental considerations leading to reputational damage and lost sales opportunities due to inadequate environmental consideration	■Demands for environmental considerations will increase, and if the Group fails to consider the environment, its reputation will suffer due to negative customer feedback and complaints and protests from local residents and NPOs, resulting in lost sales opportunities.	■There will be an increase in burden of additional costs due to delivery delays, etc. (transmission cables) ■There will be loss of reputation and credibility with clients (stakeholders) due to delays. ■Net sales will decrease due to a worsening reputation.	Medium term	■Promote CSR procurement. ■Promote environmental management at the Group's sites of direct operations. ■Implement environmental measures in areas where transmission cables are installed.

Scenario II (physical risks and opportunities): Efforts to protect nature and promote resource recycling are not progressing, and the natural environment is deteriorating. Due to a lack of coordination among countries, climate change countermeasures are not progressing as planned, and the average temperature has risen by 4°C.

	Classification	Activity Location	Description	Possible Circumstances	Financial Impact on the Group	Time Horizon	Major Efforts
Risks	**Acute**	Mines Plants/ factories Offices Logistics	Interruption of mining activities due to extreme weather and natural disasters, damage to company assets, and disruption of logistics infrastructure	■When ecosystem services such as flood mitigation, rainfall pattern regulation, and soil and sediment retention are impaired, natural disasters (tsunamis, storm surges, floods, inundation, droughts, landslides, land subsidence, etc.) become more severe and frequent. ■Mining activities at mines will no longer proceed as planned, resulting in delays or reductions in the supply of minerals to the Group. In factories and offices, damage to company assets can necessitate equipment repairs or a period of operational shutdown. Furthermore, damage to logistics infrastructure can lead to delays in the transportation of products and raw materials.	**Mines:** ■Procurement costs will increase due to soaring copper prices caused by supply instability. ■Costs associated with selecting alternative suppliers will increase. ■Loss of sales opportunities due to decreased procurement volume of copper. **Plants/factories and offices:** ■There will be an increase in repair costs due to equipment damage. ■Loss of sales opportunities during the suspension of operations. **Logistics:** ■Loss of sales opportunities due to decreased procurement volume of raw materials. ■Costs associated with securing alternative logistics routes will increase. ■Decrease in net sales due to delays in product delivery (loss of customer trust). ■There will be an increase in costs due to passing disaster response expenses on to transportation prices.	Medium term	**Mines:** ■Promote the manufacture of products using recycled copper in order to reduce the Group's reliance on newly mined copper. **Plants/factories and offices:** ■Build disaster-resilient factories. ■Promote the formulation and implementation of business continuity plans (BCPs) that take weather changes into account. **Logistics:** ■Promote the formulation and implementation of business continuity plans (BCPs), such as securing and strengthening logistics means in light of weather changes.
Risks	**Acute/ Chronic**	Mines	Mining activities suspended due to contamination by hazardous substances	■If water purification and supply services are disrupted, hazardous substances (chemicals, heavy metals from ore, toxic gases) may be discharged into rivers and soil around the mine. The contamination prevents employees from entering the mine, resulting in a temporary shutdown of operations.	■Procurement costs will increase due to soaring copper prices caused by supply shortages. ■Copper procurement costs will increase due to passing disaster response expenses on to prices. ■Costs associated with selecting alternative suppliers will increase. ■Loss of sales opportunities due to unstable/ decreased procurement volume of copper.	Medium term	■Promote the manufacture of products using recycled copper in order to reduce the Group's reliance on newly mined copper.
Risks	**Chronic**	Mines	Difficulty procuring raw materials due to depletion of water resources	■If water supply services are disrupted, it will become impossible to secure a sufficient quantity and quality of water necessary for mining activities (such as dust control and securing washing facilities). Lower productivity and increased water usage costs drive up raw material prices, which makes it difficult to procure raw materials.	■Procurement costs will increase due to soaring copper prices caused by supply shortages. ■Costs associated with selecting alternative suppliers will increase. ■There will be an increase in water use costs and rising mineral prices due to the cost of installing water-saving equipment. ■Loss of sales opportunities due to unstable/ decreased procurement volume of copper.	Long term	■Promote the manufacture of products using recycled copper in order to reduce the Group's reliance on newly mined copper.

These scenarios are based on scenarios that reflect the uncertainties associated with transition and physical risks as outlined by the TNFD, and have been adjusted to align with the scenarios used in the TCFD scenario analysis.

Governance

The Sustainability Management Promotion Committee [→p.34] discusses specific targets and efforts related to the Group's response to climate change, nature-related issues, and other global environmental problems. On top of this, in order to consider specific measures from a professional standpoint, the Group has established the GX Promotion Committee [→p.22], chaired by the President, and the Global Environment Promotion Conference under it, chaired by the Executive Officer responsible for the environment, to promote initiatives related to reducing GHG emissions, promoting the circular economy, preventing environmental pollution, and preserving biodiversity.

Risk and impact management

To address risks such as climate change and natural disasters, the Compliance and Risk Management Office takes a central role in ensuring business continuity, including driving the formulation of Business Continuity Plans (BCPs).

Medium-to long-term material issues such as global environmental conservation, including climate change and nature-related matters, are addressed under the leadership of the "GX Promotion Committee," chaired by the President. Safety & Environment Division serves as the central coordinating body, formulating targets and action policies based on deliberations at the Global Environment Promotion Conference and in collaboration with the relevant corporate staff divisions. Each business division then establishes its own targets and drives related activities accordingly.

Indicators and targets

SEG is working towards the climate and nature-related indicators and targets outlined in its Mid-term Management Plan 2028, shown on [→pp.16–17].

Future initiatives

Starting in fiscal 2026, the Group will conduct analyses similar to those for the power cable business on products of the Automotive business segment, which accounts for a high net sales ratio of the Group. The Group will continue to enhance its information disclosure and reflect measures to address the identified issues in its business strategies and sustainability-related policies.

S: Human Rights

Basic Views

Under the Sumitomo Electric Group Policy on Human Rights, the Group recognizes that all of its business activities must be based on respect for human rights, and it promotes Group-wide efforts to respect human rights and links these efforts to the enhancement of corporate value.

Initiatives under the Mid-term Management Plan 2028

	FY2025 results	FY2028 targets
Human rights due diligence	• Conducted regular internal self-assessments regarding critical risks • Obtained agreements for the Supplier Code of Conduct and conducted CSR-based procurement assessments • Conducted survey on the responsible minerals sourcing initiative, etc.	• Examination of key risks and implementation of prevention and mitigation measures for Group companies • Requests to engage in human rights and labor relations efforts based on the Supplier Code of Conduct • Engaging in the responsible minerals sourcing initiative
Human rights risk prevention	• Conducted harassment training at overseas sites, etc.	• Training and awareness-raising about discrimination, harassment, and other human rights issues

To achieve the Mid-term Management Plan 2028, the Group will continue to set the same goals as in fiscal 2025 and promote the Group's initiatives.

Human Rights Risks (Critical Risks and Potential Risks)

Based on Japanese and international standards related to respect for human rights, including the International Bill of Human Rights of the United Nations and the International Labour Organization (ILO) Constitution, the Group considers those on the right as risks that its business may adversely impact human rights.

- Child labor
- Forced labor
- Migrant workers
- Young workers
- Wages and benefits
- Working hours
- Discrimination, harassment
- Freedom of association
- Employee health management

Human Rights Due Diligence

Based on the UN Guiding Principles on Business and Human Rights and the Ministry of Economy, Trade and Industry's Guidelines on Respecting Human Rights in Responsible Supply Chains, the Group is promoting the following initiatives.

Initiatives within the Group

The Group conducts annual internal self-assessments of its Group companies regarding critical risks (child labor, forced labor, and inappropriate use of migrant workers). In fiscal 2025, SEG conducted this assessment for SEI and 287 domestic and overseas Group companies. One minor issue regarding a contract with a temporary staffing agency was found at an overseas Group company, but this has already been resolved. No other critical human rights risks were identified. [→CSR Book 2026, p.44]

To prevent harassment, one of the Group's key human rights risks, the Group is strengthening its training and awareness activities across its overseas Group companies. In fiscal 2025, approximately 90 companies across the Americas, Asia, and Europe completed harassment training, with a total of approximately 8,000 participants.

Efforts outside the Group

We strive to understand human rights risks within the supply chains of our key business partners by incorporating Human Rights Due Diligence initiatives into the CSR Procurement Assessment. [→p.33]

Details of the Group's human rights initiatives can be found in the CSR Book and on its website.

Responsible Minerals Sourcing Initiative

The Group recognizes risks such as human rights abuses and labor issues in Conflict-Affected and High-Risk Areas (CAHRAs), as described in the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance, as among the most serious social issues in the supply chain. In order to uphold its social responsibility in procurement activities, the Group is committed to "responsible minerals sourcing" that does not use raw materials linked to conflict minerals associated with illegal or dishonest acts. To this end, the Group will, where appropriate, investigate the supply chain for minerals associated with illegal or dishonest activities, and if there are concerns that the minerals may cause human rights issues and other types of social problems, or serve as a source of funding for armed groups, the Group will take steps to avoid their use.

S: Activities Contributing to Society (CSR Activities)

Basic Views

Based on the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, and guided by *"Goho Yoshi"* (Five-Way Win)—the philosophy, the Group is committed to activities contributing to society in line with the Sumitomo Electric Group Basic Policies on Contribution to Society, which have the themes of "Respect for human resources," "Attaching importance to technology," and "Creating a better society and environment." Through these activities, the Group aims to deliver steady returns to the regional communities, which are among its key stakeholders. In light of the importance of such social contribution activities, it has set "activities contributing to society" as one of the specific and quantitative targets of "sustainability," which the Group has identified as a materiality.

Initiatives under the Mid-term Management Plan 2028

Contribution to society toward 2028

- Developing next generation talents and promote academic pursuits through the Sumitomo Electric Group CSR Foundation, and contributing 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

Contribution to CSR activities

FY2025	FY2028 (target)
0.76%	Approx. 1% of profit after-tax

Structure to Promote the Initiative

In collaboration with the Sumitomo Electric Group CSR Foundation, individual business sites, and Group companies, the Group promotes activities that contribute to society. In the CSR Promotion Committee, the Group considers the current status of each activity, shares issues, and discusses future directions and specific initiatives for the Group's activities that contribute to society.

Please see the CSR Book and the Group's website to learn more about how SEG contributes to society.

Amounts of contribution to CSR activities by area and examples of activities*1

Area	Amount (million yen)	Ratio (%)	Examples of activities
Development of human capital (next generation)	348	15.2	• Accepting work-experience programs, internships, and factory tours • Visiting lecturers (manufacturing classes, career education, specialized lectures, etc.) • Scholarships and grants • Sponsorship of student competitions
Promotion of research and learning	228	10.0	• Subsidies for academic and research programs • Endowed university courses provided • Donation of research equipment
Environmental conservation	66	2.9	• Cleanup activities • Biodiversity preservation (forest conservation, protection of endangered species, etc.) • Environmental awareness activities
Contributions to local communities, etc.*2	1,626	71.1	•Donations and provision of goods (medical equipment, sanitary supplies, etc.) to medical-related organizations • Donations to cultural and artistic organizations (art museums, museums, symphony orchestras, temples, shrines, etc.) • Donations and provision of goods (food, hygiene supplies, school supplies, etc.) to people in need • Cooperation with regional events (event sponsorship, company facility rental, volunteer support) • Road safety and cooperation in local disaster preparedness • Support for extracurricular activities (sports classes, etc.) • Blood donation activities, awareness-raising activities (ribbon campaign)
Support for employee volunteer activities	18	0.8	• Volunteer leave program • Matching gift program
Total	2,286	100	

*1 Sumitomo Electric Industries Ltd. and consolidated subsidiaries: These contributions include activities whose primary purpose is contributing to society. Activities that primarily benefit the company's profit (e.g., development costs for environmentally friendly products, or recycling-related initiatives in the company's business activities) or voluntary activities without company support are not included in the contributions.

*2 This includes a portion of contributions for activities related to areas other than contributions to local communities, such as environmental conservation and development of human capital (next generation).

G: Corporate Governance

Basic Views

The unchanging basic policy of the Group is to contribute to society through fair business activities based on the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles.

Adhering to this basic policy, the Group aims to achieve sustainable growth and enhance the corporate value of the Group over the medium to long term, as well as to steadily return the results to all of its stakeholders as a going concern based on the concept of Multistakeholder Capitalism (*"Goho Yoshi"* (Five-Way Win)), which focuses on contributing to the public benefit and mutual prosperity with its stakeholders. The Group will thus work to ensure and enhance the transparency and fairness of management based on proper corporate governance.

Board of Directors and Business Execution Structure

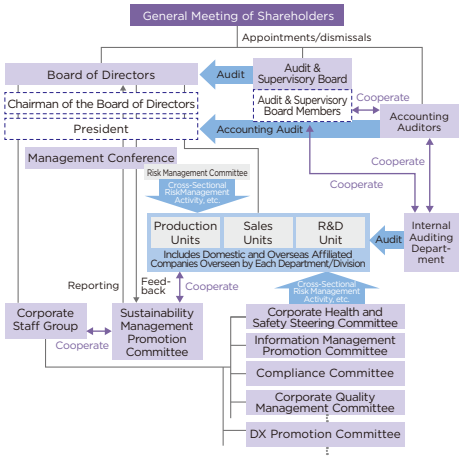
Functions and operations of the Board of Directors

The Company places importance on the function of the Board of Directors to make decisions on basic management policies, etc. and to supervise management, stipulates important matters to be resolved by the Board of Directors, and delegates decision-making on business execution other than these important matters to representative Directors and Directors responsible for business execution, to ensure mobility and flexibility in business execution.

In addition, five Outside Directors are appointed to adopt an external perspective with the aim of further strengthening the supervising functions of the Board of Directors and enhancing the transparency and objectivity of the business management. The specific matters for discussion at the Board of Directors' meetings include deliberations, decisions, reports, and monitoring regarding the items on the right.

The Nominating Advisory Committee and the Compensation Advisory Committee, both of which are chaired by an Outside Director and are composed, in the majority, of Outside Directors, have been established as advisory bodies to the Board of Directors to ensure transparency and fairness in nominating candidates for Directors and Audit & Supervisory Board Members and in determining the compensation of Directors. The matters deliberated by each Committee are as listed in [→p.40] .

Corporate governance structure



Board of Directors
—agenda and items for discussion

- Long-term vision and progress on initiatives based on it
- Progress on ESG-related initiatives, including the Fundamental Policy for Sustainability Management and measures to address climate change
- Formulation of the mid-term management plan and the annual profit and loss plan based on it, as well as progress toward these plans and the status of capital efficiency
- Progress on efforts to further strengthen the Group's integrated capabilities and improve Group governance
- Material investments, financings, and other individual business projects
- Progress in R&D
- Analysis and evaluation of the effectiveness of the Board of Directors
- Status of development of the internal control system
- Verification of the appropriateness of cross-shareholdings
- Appointment of Directors and Audit & Supervisory Board Members, and compensation for Directors
- Other matters stipulated by laws and regulations, and matters stipulated in the Rules of the Board of Directors

Business execution structure

The Company has adopted the Executive Officer System and the Business Unit System to clarify authority and responsibility and to establish an agile business execution structure that can respond flexibly to changes in the business environment. Authority to execute business operations has been transferred to business units while their responsibility has been clarified, and to establish an internal check function, the internal regulations specify the scope of authority of each of the units, including the Corporate Staff Group, the responsible personnel for the execution, and appropriate business procedures.

Nomination Policy for Director and Audit & Supervisory Board Member Candidates

Regarding Inside Directors, the Company appoints candidates who understand and practice the Sumitomo Spirit centered on *"Banji-nissei," "Shinyo-kakujitsu,"* and *"Fusu-furi,"* who have abundant experience and an excellent track record in the Company's business, who have the ability to make objective judgments regarding management based on the current environment surrounding the Company and future changes, and who have excellent character and intelligence, such as foresight and insight. Regarding Outside Directors, from among persons with experience in corporate management, experts in various fields, and academics, the Company appoints candidates who are appropriate for supervising the Company's management from the perspective of ensuring the sustainable growth and enhancing corporate value over the medium to long term. If a Director is found to have committed a serious violation of laws, regulations, or the Articles of Incorporation, or if a Director is deemed unable to properly fulfill their roles and responsibilities as a Director, the Company will deliberate on the submission of a proposal for dismissal at the General Meeting of Shareholders in accordance with the circumstances concerned. Regarding Audit & Supervisory Board Members, the Company appoints candidates with experience in corporate management and expertise in law, finance, and accounting. The submission of proposals to the General Meeting of Shareholders regarding the appointment of candidates for Directors and Audit & Supervisory Board Members and the dismissal of Directors will be deliberated by the Nominating Advisory Committee, and the decision will be made by a resolution of the Board of Directors based on the Committee's recommendations. Please refer to the Skills Matrix for Directors and Audit & Supervisory Board Members as a disclosure regarding the combination of skills possessed by Directors [→p.50].

Analysis and Evaluation of Effectiveness of the Board of Directors

Every year, SEI's Board of Directors analyzes and evaluates its effectiveness and discloses a summary of the results. For specific information, please refer to the information below or the end of the Corporate Governance Report.

Results of Analysis and Evaluation of the Effectiveness of the Board of Directors (conducted in 2025)

In addition to analyzing and evaluating the effectiveness of the Board of Directors on an annual basis, the Board of Directors of the Company periodically examines whether the Board of Directors is functioning properly and, based on the results, enhances its strengths, improves issues, and takes other similar measures. In 2025, after a questionnaire was given to all Directors and Audit & Supervisory Board Members and individual interviews were conducted with six Outside Directors and three Outside Audit & Supervisory Board Members, the effectiveness of the Board of Directors was analyzed and evaluated, and an outline of the results is as below.

Analysis and Evaluation Results

1 | **Overall:** The Board of Directors confirmed that in all aspects of its role, operation, and composition, effectiveness is being ensured.

2 | **Role and Operation of the Board of Directors:** The Board of Directors confirmed that, through its efforts to date, it was properly fulfilling its "function of deciding on basic management policies and other important issues" and its "supervisory function over the management," which are seen by the Company as important. In addition, to further strengthen the Board of Directors' supervisory function in response to changes in the business environment, it reaffirmed its commitment to continuing efforts to share information in a timely manner, including reports on *"Goho Yoshi"* (Five-Way Win), as well as management issues. Regarding operations, the Board of Directors confirmed that it has continuously been able to conduct appropriate deliberations through, among others, the free and open exchange of opinions.

3 | **Support for Outside Officers:** The Board of Directors confirmed all Outside Officers expressed the opinion that appropriate support has been provided to ensure that Outside Officers exercise their functions.

4 | **The Nominating Advisory Committee and the Compensation Advisory Committee:** The Board of Directors confirmed that the Nominating Advisory Committee and Compensation Advisory Committee meetings are each held five times a year and that actions such as reporting on the details of their deliberations to the Board of Directors are properly conducted.

5 | **Composition of the Board of Directors:** The Board of Directors confirmed that its composition was generally appropriate with regard to balance, in terms of the Company's business execution system, as it operates a wide range of businesses, knowledge, experience, diversity, etc.

Future Initiatives

1 | Based on the view that "Multistakeholder Capitalism" (*"Goho Yoshi"* (Five-Way Win)) contributes to enhancing the Company's corporate value, the Board of Directors will continue to work toward enhancing opportunities to review and share information regarding *"Goho Yoshi"* by utilizing the Board of Directors and other internal meetings, etc.

2 | The Board of Directors will continue its efforts to timely confirm, among others, its responses to management issues, as the business environment surrounding the Group is becoming increasingly volatile due to rising political and geopolitical risks.

3 | The Board of Directors will continue to focus on providing information in advance so that, in particular, Outside Officers can engage more smoothly in deliberations on the day of Board of Directors meetings, and will also continue to work on, among others, optimizing the allocation of time for questions, as well as the quantity and quality of materials.

4 | The Board of Directors will continue to pay attention to diversity in the composition of the Board of Directors.

Nominating and Compensation Advisory Committees

In order to secure transparency and fairness in nominating candidates for Directors and Audit & Supervisory Board Members and in determining compensation for Directors, the Company has established the Nominating Advisory Committee and the Compensation Advisory Committee, both of which include Outside Directors as members and serve as advisory bodies to the Board of Directors. For details, please refer to the Corporate Governance Report.

The Content of Deliberations at the Nominating and Compensation Advisory Committees

[Nominating Advisory Committee]
- Proposed candidates for Directors and Audit & Supervisory Board Members
- Skills, etc. that the Board of Directors should possess in light of the management strategy (including succession plans)
- Proposed establishment, revision, or abolishment of important company rules and regulations related to each of the preceding items, and proposed inclusion in important public documents, etc.
- Matters on which the Board of Directors may ask for advice

[Compensation Advisory Committee]
- Proposed policy for determining the details of compensation, etc. for individual Directors and Executive Officers
- Proposed compensation system for Directors and Executive Officers
- Proposed amount of compensation for each Director and Executive Officer
- Proposed establishment, revision, or abolishment of important company rules and regulations related to each of the preceding items, and proposed inclusion in important public documents, etc.
- Matters on which the Board of Directors may ask for advice

Policy for Determining Compensation

While adhering to the universal basic policy of contributing to society through fair business activities in accordance with the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, the compensation system is designed to provide an incentive for the Group to achieve sustainable growth and enhance its corporate value over the medium to long term. For details, please refer to the Corporate Governance Report.

Audit and Supervisory System

Since Audit & Supervisory Board Members and the Audit & Supervisory Board have played a certain role in ensuring the soundness of management, the Company uses the Audit and Supervisory System. The majority of Audit & Supervisory Board Members are Independent Outside Audit & Supervisory Board Members with a wide variety of expertise and perspectives who, along with full-time Audit & Supervisory Board Members and dedicated staff, work with the Internal Audit Division and Accounting Auditors to monitor the Company.

The department in charge of internal audits is the Internal Auditing Department. The Internal Auditing Department, in accordance with the internal audit regulations and prescribed audit plan, executes comprehensive audits, including on-site investigations, across the Group companies and affiliates. Through these audits, the Department identifies any issues or challenges and presents proposals for improvement to guarantee optimal and efficient business operations. The Department also diligently verifies the implementation status of corrective measures for identified issues and reports the audit results to the full-time Audit & Supervisory Board Members during an audit result debriefing session among those involved in audit implementation, followed by a meeting with an audited department held for each audit project. Audit plans and performance results are shared and opinions are exchanged at the Audit & Supervisory Board meeting every six months, and audit results are reported once a year at the Board of Directors meeting.

Accounting audits and internal control audits are conducted by KPMG AZSA LLC.

For more information on corporate governance, please see our website.

Overall information, Corporate Governance Guidelines and Corporate Governance Report (including Board Policies and Procedures in Determining the Compensation for the Senior Management and Directors, etc., and others)

Convocation Notice of the General Meeting of Shareholders (including the reasons for the appointment of the candidates for Directors and Audit & Supervisory Board Members)

G: Risk Management

Basic Views

Based on its basic policy on risk management, the Group identifies, analyzes, and evaluates risks as factors that may impede or have adverse effects on the execution of the Group's business activities and the achievement of management goals and strategies, and it works to mitigate and minimize risks with reasonable measures at reasonable costs.

Basic Policy on Risk Management

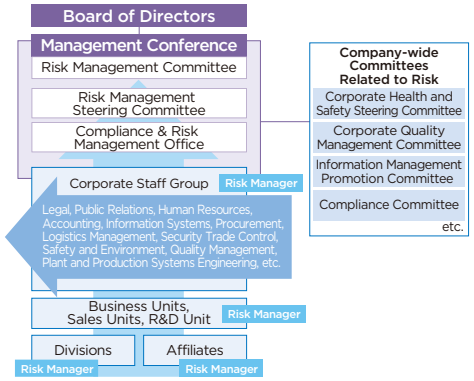
Risk management is performed based on the significance of the risks determined in consideration of the following issues:

- Impact on business performance, maintenance of quality and safety
- Social responsibility to ensure stable supply
- Maintenance of favorable relations with stakeholders such as customers, employees, suppliers, regional communities, and shareholders/investors
- Continuous compliance with laws and corporate ethics
- Statements in the Sumitomo Spirit, the Sumitomo Electric Group Corporate Principles and the Sumitomo Electric Group Charter of Corporate Behavior

Risk Management System

In the Group, the Risk Management Committee, consisting of Executive Directors and Executive Officers, oversees all risk management activities. The Risk Management Steering Committee collects and disseminates information and plans and implements risk management training. If any risk becomes evident in a department, division, or Group company, the relevant entity reports it to and receives instructions as necessary from the Risk Management Committee, while also reporting it to the Board of Directors in accordance with the Rules of the Board of Directors.

Risk management system



Risk Management Activities

Risk inventory

Each department/division and Group company assesses the impact and frequency of occurrence of various risks and identifies "critical risks."

Information on risks that have become evident

Each department/division and Group company reports information on risks that has become evident, if any, to the Risk Management Committee.

Operational audit results, etc.

The status of business execution of each department/division and Group company is monitored through the operational audits conducted by the Internal Auditing Department and various diagnoses conducted by the Corporate Staff Group.

Creation and management of a risk heat map

The risk inventory outcomes, information on evident risks, operational audit results, and other monitoring results are compiled into a database. Implementation of measures for items with high-risk levels is prioritized.

Risk classification of the Group

Major Category	Middle Category	Minor Category
Externally generated risk	Non-financial risks	• Disaster risks, crime risks • Political and country risks, etc.
	Financial risks	• Credit risks • Market risks; e.g. interest rates, exchange rates and material prices • Liquidity risks, etc.
Internally generated risk	Strategic risks	• Competitive strategy risks, etc.
	Operational risks	• Product quality and safety risks • Occupational hazards, facility accident and safety risks • Environmental risks • Compliance risks • Violation risks • Labor, human rights, and personal information risks • Financial information credibility and asset protection risks • Information and communication system risks • Intellectual property rights risks • Reputation risks, etc.

Details of the Group's key risks and initiatives can be found in the Consolidated Financial Statements, the CSR Book, and the website.

G: Compliance

Basic Views

The Group believes that the backbone of its management and the absolute foundation for its continued existence and development is compliance, which encompasses both legal compliance and corporate ethics. While keeping abreast of the latest trends in various compliance matters, the Group will make sincere efforts to conduct fair corporate activities that earn the trust of society, based on the Sumitomo Spirit principles of *"Banji-nissei," "Shinyo-kakujitsu,"* and *"Fusu-furi."*

Structure that Supports Compliance

The Compliance Committee, chaired by the President, meets approximately four times a year and, among other things, conducts the following: identifying and analyzing Group-wide compliance risks; confirming the dissemination and firm establishment of the Code of Conduct; planning and performing training; investigating the cause of violations and formulating proposed measures to prevent their reoccurrence; disseminating and having the above items thoroughly implemented within the Group; and conducting monitoring of the compliance promotion activities. Meanwhile, each department and division identifies and analyzes compliance risks, including risks peculiar to the department or division, and takes appropriate measures to prevent recurrence.

Compliance Committee Structure

Compliance Activities

Disseminating and instilling the Code of Conduct: The Compliance Committee, with the approval of the Board of Directors, established and issued the Code of Conduct in 2018 as a guideline for conducting business with integrity. In addition to legal compliance, it sets out the basic policies regarding issues such as fair competition, anti-corruption measures such as measures against bribery and conflicts of interest, protection of confidential information and intellectual property, respect for human rights, and environmental conservation. The Code of Conduct has been translated into approximately 30 languages and distributed to the executives and employees of the Group, displayed on posters, and posted on the website and Intranet. The Group also established the Supplier Code of Conduct in 2021 to ask all suppliers to act in alignment with the Group's Code of Conduct, and it has been working to disseminate it throughout its global supply chain, as described [→p.33].

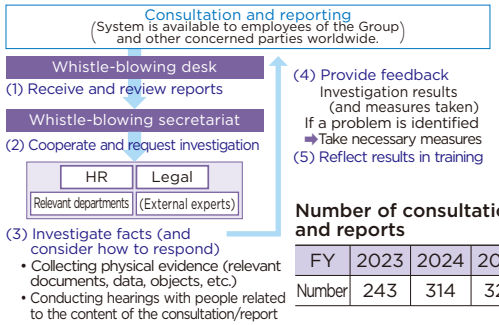
Compliance training: Ongoing training is conducted in such areas as competition laws, prevention of corruption such as bribery and conflicts of interest, and protection of personal information, with the aim of ensuring a clear understanding of compliance risks, thorough implementation of measures to prevent recurrence, and raising and strengthening awareness of compliance. The Group's goal was for 250,000 people across its entire Group to participate in the training over the three-year period from fiscal 2023 to fiscal 2025, and a total of 375,000 people were trained.

Number of participants trained on the Code of Conduct, competition law compliance, etc. [FY2023–2025]

Result	375,000 people	Target	250,000 people

Whistle-blowing system (Speak Up System):
The Group has established the Speak Up System to identify early signs of compliance issues and to address them promptly and appropriately on its own initiative. Reporting and consultation desks have been established both inside and outside the Group (by appointing a specialized service provider and law firm), and investigation results of all reports of issues received are promptly shared with the person who reported the issue. When necessary, corrective actions and preventive measures are taken. The reporting and consultation desks are available to all employees and other related parties of its Group companies worldwide, and any retaliatory actions against those who seek consultation or report issues are strictly prohibited. The number of consultations and reports continues to increase each year as a result of the active messaging about the reporting and consultation desks, each leading to a reduction of inappropriate behaviors and situations.

System and procedure for whistle-blowing reporting



Number of consultations and reports

FY	2023	2024	2025
Number	243	314	326

Compliance with competition laws: The Group considers compliance with domestic and international competition laws to be its most important compliance issue, and it established the Rules for Compliance with Competition Laws in 2010, which include rules such as limiting contact with other companies in the same industry to cases where there is a legitimate reason, and conducts training on these rules. In 2020, the Global Antitrust and Competition Policy was established to prevent cartels, bid-rigging activities, and other violations of competition laws.

Anti-bribery compliance system: In order to strengthen its anti-bribery compliance platform, the Group established the Anti-bribery Regulations in 2013 and has implemented procedures within the Group for bribery prevention, pre- and post-application and reporting of business entertainment, gifts, and donations, and the review of transactions with newly appointed agents (bribery risk assessment, inclusion of anti-bribery clauses, obtaining written pledges, etc.).

Protection of personal information: Personal information of private individuals, business partners, employees, and others is treated in an appropriate manner in compliance with national and international laws and regulations on the protection of personal information. Steps are being taken as a Group to address this issue, including establishing the Global Privacy Policy in 2023.

Quality compliance: Complying with laws, regulations, and commitments to customers and providing products that meet customer quality expectations, is the absolute foundation for the Group's sustainable development. To ensure thorough quality compliance, the Group has implemented measures such as clarifying rules on the prevention of intentional quality-related misconduct, expanding training, and strengthening checking functions, and in 2022, SEG established the Regulations on Preventing Intentional Quality-related Misconduct. Also, as part of efforts to enhance quality compliance, the Group has expanded quality compliance training among all Group employees in Japan since 2023 and at its overseas sites since 2024.

For more information on compliance, please see the Group's website.

Code of Conduct | Supplier Code of Conduct | Global Antitrust and Competition Policy | Overall

Message from the Outside Directors

Outside Director
Hiroshi Sato
Nominating Advisory Committee Member, Compensation Advisory Committee Member

Brief Personal History |

Sato joined Kobe Steel, Ltd. in 1970, serving as General Manager of the Technology Development Division. He was the President of Kobe Steel from 2009 and then Chairman from 2013 until 2016. He is currently an advisor to Kobe Steel. He has been an Outside Director of Sumitomo Electric since 2016.

Looking back at the Mid-term Management Plan 2025, I believe SEG has achieved steady growth, as both "net sales," which can indicate the stamina of a company, and "profits," which can be likened to muscles, have increased, and our financial position has also improved.

To achieve the goals of our Mid-term Management Plan 2028, which will begin in fiscal 2026, further advancements in manufacturing capabilities are essential. In today's world, companies that convert tacit knowledge into explicit knowledge are the ones that will survive. To prevent the loss of knowledge cultivated in factories due to generational changes, it is necessary to utilize DX to visualize and share the tacit knowledge held by skilled workers. It is my hope that we can create new value by combining this knowledge with fresh ideas from younger generations. We must not forget that improving yield to reduce scrap costs (failure losses) is also an important issue. I believe that by working to further improve lead times and the utilization rate of new equipment, we can take our manufacturing capabilities to the next level.

Also, our Mid-term Management Plan 2028 aims to expand the net sales of green and digital-related products by capturing the demand arising from the progress of GX and DX. SEG possesses numerous technologies that contribute to our customers' GX and DX, including power cables that minimize transmission losses, automotive wiring harnesses that improve fuel efficiency through weight reduction, and redox flow battery systems that effectively utilize renewable energy. In addition to strengthening existing technologies, it is essential to continue pursuing Top Technology, such as the development of hydrogen-related technologies. I hope to see SEG take on the challenge of developing initiatives that support the sustainability of the global environment into businesses and turning them into profits. I will continue to do my best to support management decision-making from a manufacturing perspective.

Outside Director
Michihiro Tsuchiya
Nominating Advisory Committee Chair, Compensation Advisory Committee Chair

Brief Personal History |

Tsuchiya began his career in 1976 at Tanabe Seiyaku Co., Ltd. (now Tanabe Pharma Corporation), where he headed the R&D and corporate planning divisions. He served as President of Mitsubishi Tanabe Pharma from 2009, and then Chairman from 2014 until 2017. He has been an Outside Director of Sumitomo Electric since 2018.

During the period of the Mid-term Management Plan 2025, the demand in growth markets was successfully captured and SEG exceeded expectations in achieving the main targets. I believe that now is a great opportunity for SEG to achieve even greater success. Rather than continuing to grow by staying on the current path, I believe it is important to take a broader perspective, re-examine the Corporate Philosophy at the core of SEG, and carefully consider how the Group will provide value to society in the future in order to break through and move to the next stage. And when such matters are discussed, I would like to see new employees and future leaders being invited to participate.

With copper as its base, SEG has developed various businesses, namely Environment & Energy, Info-Communications, Automotive, Electronics, and Industrial Materials. The fact that SEG continues to generate profits in all of these segments is a significant strength.

On the other hand, if each segment deepens its collaboration with other segments rather than operating independently in creating new high-value-added products and services, the Group's overall strength will be further enhanced. It is also important to look beyond the Group and consider external factors, such as expanding through collaborations and partnerships. New businesses take time to stabilize, but I would like the Group to actively pursue them within a free and open corporate culture.

In meetings of SEI's Board of Directors and the Nominating and Compensation Advisory Committees, which I chair, frank exchanges of opinions based on diverse expertise from within and outside the Company are taking place. We will continue to advance effective discussions aimed at achieving the Mid-term Management Plan 2028 and improving long-term corporate value.

Outside Director
Atsushi Horiba

Brief Personal History |

Horiba joined HORIBA, Ltd. in 1972 and became President in 1992. He is currently Chairman and Group CEO of HORIBA. He has been an Outside Director of Sumitomo Electric since 2021.

The foundation of SEG's growth lies in the Sumitomo Spirit, which has been passed down through generations. One example of this is SEG's earnest commitment to improving product quality. This is not simply about being "real," but rather about pursuing "authenticity"—a unique value that is refined through steady, diligent effort and continues to earn long-term trust. Manufacturing is the foundation of SEG, and going forward, the Group needs to create a system that more consciously passes on this strength.

The Mid-term Management Plan 2028 sets ambitious targets and aims for further growth. Achieving the plan requires clearly defining objectives in each segment and strengthening the human capital to execute the strategy. In particular, in overseas markets, which account for the majority of the market, it is necessary to systematically cultivate international personnel who can understand the local culture and customs, immerse themselves in the customer's environment, engage in direct dialogue, identify challenges together, and work towards solutions. HORIBA, Ltd., where I serve as Chairman & Group CEO, is implementing an initiative to bring some of our international personnel to our headquarters for a certain period of time with the aim of developing future executives so that they can experience our corporate culture in the course of their work. I hope that SEG will further strengthen its efforts to cultivate and promote the success of its local talent at its overseas operations and accelerate the creation of a system that enables the Group to co-create value globally.

SEI's Board of Directors goes beyond mere formal reporting; we discuss real-time business challenges, taking into account the perspectives of Outside Directors with diverse areas of expertise. I will continue to strive to enhance the effectiveness of discussions as an Outside Director.

Outside Director
Kyoko Kawamata
Nominating Advisory Committee Member, Compensation Advisory Committee Member

Brief Personal History |

Kawamata joined Mainichi Newspapers Co., Ltd. in 1988, was appointed Deputy General Manager of the Project Headquarters in 2015, Deputy General Manager of the President's Office in 2020, and General Manager of the Intellectual Property Business Headquarters in 2021, and served as a Director of the Company from 2022 to 2024. She has been the Head of the Management Planning Office at the Tokyo National Museum, National Institutes for Cultural Heritage, since 2024. She has been an Outside Director of Sumitomo Electric since 2024.

Outside Director
Asli M. Colpan
Nominating Advisory Committee Member, Compensation Advisory Committee Member

Brief Personal History |

In 2008, Colpan was appointed as a Program-specific Associate Professor at Columbia University and has since held key positions at universities, etc. in the U.S. and other countries. Since 2018, she has been Professor at Kyoto University Graduate School. In 2025, she was concurrently appointed Deputy Executive Vice-President of Kyoto University. She has been an Outside Director of Sumitomo Electric since 2025.

"History doesn't repeat itself, but it often rhymes." This is a famous quote attributed to the American author Mark Twain. I strongly believe that in business management, it is crucial to learn from history while simultaneously analyzing and addressing the changes and differences of each era.

SEG survived the dot-com bubble and the Global Financial Crisis, and in recent years it has been exposed to numerous geopolitical risks such as Trump's tariffs and tensions in the Middle East. I hope that SEG will continue to learn from Sumitomo's more than 400-year history while also taking on challenges that anticipate the changing times.

In the Mid-term Management Plan 2028, I commend SEG for the expansion of the Info-Communications segment among the five segments, which will better balance a portfolio whose profits had previously been heavily weighted towards the Automotive segment. I also support the stance of deliberately avoiding "selectivity and concentration" and instead focusing on capital investments and R&D.

However, I am concerned about securing better science and engineering talent for the future. Amidst a declining birthrate and an aging population, expectations are rising for women in STEM fields to play a key role in manufacturing, an area in which Japan has long excelled. It is a matter of urgency for SEG to increase the number of such role models.

In recent years, there has been an increase in TV commercials by B2B companies. The aim is to familiarize students and their parents with the company so that it can stand out during their job search.

It's a shame that SEG, despite having product groups with world-leading market shares and operating globally in over 40 countries, is not more widely known. I am aware that SEG recently introduced a friendly official mascot, Sumeedy. As the Group approaches its 130th anniversary next year, I hope this issue will continue to be addressed.

Having served as an Outside Director for one year, I am deeply impressed by the strength of the Group's principles and how sincerely these are reflected in the discussions at Board of Directors meetings. The Sumitomo Spirit and the *"Goho Yoshi"* (Five-Way Win) philosophy are not merely ideals, but important principles for considering long-term value creation for our "customers," "employees," "suppliers," "regional communities," and "shareholders and investors." I believe that the Mid-term Management Plan 2028 is a step in linking the SEG Corporate Philosophy to concrete growth strategies and targets set forth for our stakeholders.

One of the strengths of the SEG governance system is the constructive and active exchange of opinions between its Inside Directors, who are well-versed in its business, and its Outside Directors, who bring diverse perspectives. I feel that the Board of Directors is open to discussion and diverse views are respected and taken seriously. This is a vital element in supporting effective governance in a highly uncertain global environment.

SEG possesses outstanding technology, a broad business portfolio, and a global network consisting of 400 Group companies and approximately 300,000 employees. Going forward, it will be essential to more dynamically connect these sources of competitiveness across businesses and regions and to maximize the Group's integrated capabilities. To achieve this, opportunities must be expanded for diverse human capital, regardless of gender, nationality, or seniority, to participate in Group-wide strategy planning and new technology development.

As an Outside Director, I will strive to ensure that the Group's strengths are utilized to achieve sustainable growth and responsible value creation in the next stage of growth.

Support System

The secretariat (Administration Division) and the secretary of the Board of Directors play a central role in supporting Outside Directors, offering information on management in cooperation with each department and division and providing explanations in advance on the content of matters to be submitted for deliberation by the Board of Directors.

In order for Directors to properly fulfill their expected duties and roles as part of an important governance body, the Company systematically provides and supports training opportunities and provides financial support for such training. This includes training for newly appointed Directors to deepen their understanding of their roles and responsibilities and training for Outside Directors to deepen their understanding of the Group, as well as other training to deepen their understanding of laws and regulations, risk management, and the Group's management environment.

Summary of Financial and Employee Data

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Financial Situation and Business Results (Unit: million yen)											
Net sales	2,933,089	2,814,483	3,082,247	3,177,985	3,107,027	2,918,580	3,367,863	4,005,561	4,402,814	4,679,789	5,110,171
Overseas net sales ratio (%)	59.5	58.8	59.7	58.5	55.8	57.3	58.3	62.6	62.2	62.0	62.8
Operating profit	143,476	150,503	173,139	166,260	127,216	113,926	122,195	177,443	226,618	320,663	418,173
Profit before income taxes	154,859	167,792	193,337	181,388	133,198	110,340	159,921	196,472	238,545	304,064	505,159
Profit attributable to owners of parent	91,001	107,562	120,328	118,063	72,720	56,344	96,306	112,654	149,723	193,771	369,508
Total net assets	1,561,289	1,628,615	1,764,086	1,776,313	1,766,647	1,892,506	2,052,938	2,110,819	2,431,888	2,530,437	2,834,999
Total assets	2,742,848	2,907,292	2,999,903	3,053,263	3,100,260	3,381,914	3,807,390	4,013,008	4,365,397	4,441,629	4,824,532
Interest-bearing debt	457,145	510,989	492,567	540,745	636,262	685,087	859,794	960,368	801,499	775,870	709,802
Capital investments	167,300	183,700	171,100	190,300	208,800	172,200	189,700	208,300	193,800	243,300	243,200
Depreciation and amortization	134,400	134,500	146,100	148,900	163,600	168,000	180,500	196,000	206,300	206,200	209,800
R&D expenses	110,800	115,200	117,700	129,600	125,400	118,800	123,100	127,700	142,000	156,300	162,900
Per Share Information (Unit: yen)											
Earnings per share	114.73	137.61	154.29	151.38	93.24	72.25	123.49	144.45	191.98	248.47	383.79*
Shareholders' equity per share	1,715.28	1,815.32	1,973.95	1,988.58	1,946.93	2,088.51	2,269.31	2,436.14	2,830.82	2,936.93	3,517.58
Dividends per share	35	40	46	48	40	32	50	50	77	97	154
Dividend payout ratio (%)	30.5	29.1	29.8	31.7	42.9	44.3	40.5	34.6	40.1	39.0	40.1*
Cash Flow (Unit: million yen)											
Cash flows from operating activities	240,779	209,233	239,573	177,656	264,608	169,656	76,002	265,191	393,465	402,253	425,192
Cash flows from investing activities	△ 117,387	△ 194,829	△ 174,265	△ 184,601	△ 178,020	△ 163,430	△ 165,447	△ 147,821	△ 123,809	△ 223,904	△ 174,862
Cash flows from financing activities	△ 115,912	△ 4,763	△ 66,795	△ 4,324	△ 1,277	△ 13,099	82,816	△ 98,290	△ 292,313	△ 150,825	△ 326,031
Free cash flow	123,392	14,404	65,308	△ 6,945	86,588	6,226	△ 89,445	117,370	269,656	178,349	250,330
Cash and cash equivalents at end of period	174,055	180,002	180,108	168,873	249,011	251,441	255,540	279,432	268,273	294,487	235,921
Financial Indexes (Unit: %)											
Operating income/Net sales	4.9	5.3	5.6	5.2	4.1	3.9	3.6	4.4	5.1	6.9	8.2
Shareholders' equity ratio	49.6	48.7	51.3	50.8	49.0	48.2	46.5	47.3	50.6	51.6	56.9
Return on equity (ROE)	6.5	7.7	8.1	7.6	4.7	3.6	5.7	6.1	7.3	8.6	11.9*
Operating income/Invested assets (ROIC)	6.8	7.2	7.9	7.3	5.4	4.6	4.5	5.9	7.2	9.8	12.2
Profit before income taxes/Invested assets (ROIC)	7.3	8.1	8.8	7.9	5.6	4.4	5.8	6.6	7.6	9.3	12.5*
Debt/Equity ratio	33.6	36.1	32.0	34.9	41.9	42.1	48.6	50.5	36.3	33.9	25.9
Employee Data (Unit: headcount)											
Number of employees	240,865	248,330	255,133	272,796	283,910	286,784	281,075	289,191	293,266	288,145	302,972
Japan	38,537	39,236	39,637	40,231	42,418	42,629	43,623	43,960	44,020	44,594	43,082
Overseas	202,328	209,094	215,496	232,565	241,492	244,155	237,452	245,231	249,246	243,551	259,890

* Calculated excluding the gain from the sale of SUMITOMO DENSETSU CO., LTD.

Consolidated Financial Statements

Consolidated Balance Sheet

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Assets		
Current assets		
Cash and time deposits	295,903	236,982
Trade notes and accounts receivable	880,451	932,945
Contract assets	31,467	15,267
Inventories	922,998	1,018,148
Other current assets	200,556	225,322
Allowance for doubtful receivables	△ 11,284	△ 4,053
Total current assets	2,320,091	2,424,611
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	323,388	327,022
Machinery, equipment and vehicles, net	436,926	473,442
Land	102,945	100,359
Construction in progress	96,826	122,029
Other, net	161,745	166,582
Total property, plant and equipment	1,121,830	1,189,434
Intangible assets	61,378	62,086
Investments and other assets		
Investment securities	604,733	713,033
Net defined benefit assets	251,979	344,890
Deferred tax assets	39,022	41,677
Other	43,294	59,825
Allowance for doubtful receivables	△ 698	△ 11,024
Total investments and other assets	938,330	1,148,401
Total non-current assets	2,121,538	2,399,921
Total assets	4,441,629	4,824,532

(Unit: million yen)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Liabilities		
Current liabilities		
Trade notes and accounts payable	473,834	487,654
Short-term debt	314,294	210,726
Commercial papers	32,416	63,276
Current portion of bonds	—	44,997
Provision for loss on business	6,657	—
Contract liabilities	97,456	113,584
Other current liabilities	362,186	427,519
Total current liabilities	1,286,843	1,347,756
Non-current liabilities		
Bonds	174,916	129,945
Long-term debt	166,365	171,598
Deferred tax liabilities	129,663	192,012
Net defined benefit liabilities	51,820	53,887
Other non-current liabilities	101,585	94,335
Total non-current liabilities	624,349	641,777
Total liabilities	1,911,192	1,989,533
Net assets		
Shareholders' equity		
Common Stock	99,737	99,737
Capital surplus	165,319	141,937
Retained earnings	1,618,695	1,903,632
Treasury stock	△ 20,818	△ 20,791
Total shareholders' equity	1,862,933	2,124,515
Accumulated other comprehensive income		
Net unrealized holding gains or losses on available-for-sale securities	177,927	241,274
Deferred gains or losses on hedges	△ 3,692	△ 1,726
Foreign currency translation adjustments	162,741	240,547
Remeasurements of defined benefit plans	90,485	138,824
Total accumulated other comprehensive income	427,461	618,919
Non-controlling interests	240,043	91,565
Total net assets	2,530,437	2,834,999
Total liabilities and net assets	4,441,629	4,824,532

Consolidated Statement of Income

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (April 1, 2025 to March 31, 2026)
Net sales	4,679,789	5,110,171
Cost of sales	3,799,663	4,076,140
Gross profit	880,126	1,034,031
Selling, general and administrative expenses	559,463	615,858
Operating profit	320,663	418,173
Non-operating income		
Interest income	3,744	3,909
Dividend income	8,223	7,343
Share of profit of investments accounted for using the equity method	14,776	31,390
Other income	13,953	15,974
Total non-operating income	40,696	58,616
Non-operating expenses		
Interest expenses	29,749	23,717
Other expenses	22,114	21,798
Total non-operating expenses	51,863	45,515
Ordinary income	309,496	431,274
Extraordinary income		
Gain on sales of property, plant and equipment	2,135	10,360
Gain on sales of investment securities	11,085	8,635
Gain on sale of shares of subsidiaries and associates	—	79,154
Gain on return of assets from retirement benefit trust	12,919	—
Total extraordinary income	26,139	98,149
Extraordinary losses		
Loss on disposal of property, plant and equipment	4,296	5,381
Impairment loss on fixed assets	5,204	7,134
Restructuring expenses	22,071	11,749
Total extraordinary losses	31,571	24,264
Profit before income taxes	304,064	505,159
Income taxes-current	73,842	98,219
Income taxes-deferred	8,396	5,794
Total income taxes	82,238	104,013
Profit for the year	221,826	401,146
Profit attributable to non-controlling interests	28,055	31,638
Profit attributable to owners of parent	193,771	369,508

Consolidated Statement of Cash Flows

(Unit: million yen)

	Previous consolidated fiscal year (April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (April 1, 2025 to March 31, 2026)
Cash flows from operating activities		
Profit before income taxes	304,064	505,159
Depreciation and amortization	206,152	209,842
Share of loss (profit) of investments accounted for using the equity method	△ 14,776	△ 31,390
Decrease (increase) in trade notes and accounts receivables	△ 946	△ 70,405
Decrease (increase) in inventories	△ 17,539	△ 47,886
Increase (decrease) in trade notes and accounts payable	△ 7,100	26,937
Other, net	12,875	△ 99,609
Subtotal	482,730	492,648
Interest and dividends received	22,897	20,349
Interest paid	△ 29,841	△ 23,412
Income taxes paid	△ 73,533	△ 64,393
Net cash provided by (used in) operating activities	402,253	425,192
Cash flows from investing activities		
Purchase of property, plant and equipment	△ 199,824	△ 222,228
Proceeds from sales of property, plant and equipment	4,998	12,037
Purchase of investment securities	△ 4,786	△ 3,827
Proceeds from sales of investment securities	13,018	11,348
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△ 16,292	△ 1,459
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	△ 1,291	△ 666
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	53,036
Other, net	△ 19,727	△ 23,103
Net cash provided by (used in) investing activities	△ 223,904	△ 174,862
Cash flows from financing activities		
Net increase (decrease) in short-term debt	△ 76,233	△ 96,574
Increase (decrease) in commercial papers	32,776	25,323
Proceeds from long-term debt	46,696	25,523
Repayments of long-term debt	△ 44,370	△ 46,003
Redemption of bonds	△ 10,000	—
Payments for purchase of treasury stock	△ 4	△ 13
Cash dividends paid	△ 68,646	△ 86,588
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△ 956	△ 112,688
Other, net	△ 30,088	△ 35,011
Net cash provided by (used in) financing activities	△ 150,825	△ 326,031
Effect of exchange rate change on cash and cash equivalents	△ 1,470	17,135
Net increase (decrease) in cash and cash equivalents	26,054	△ 58,566
Cash and cash equivalents at beginning of period	268,273	294,487
Increase in cash and cash equivalents from newly consolidated subsidiaries	18	—
Increase in cash and cash equivalents from merger with non-consolidated subsidiaries	142	—
Cash and cash equivalents at end of period	294,487	235,921

Net Sales by Main Products

(Unit: billion yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Environment & Energy segment											
Copper wire rods	107.3	106.8	144.8	140.7	110.4	83.2	144.0	160.7	163.7	186.1	177.9
Electric power cables	171.2	155.8	175.8	207.0	190.9	163.9	213.7	262.0	284.1	308.7	338.5
Nissin Electric	113.6	126.9	127.0	126.2	117.5	124.7	132.1	142.6	145.2	154.8	174.1
Sumitomo Densetsu	148.1	135.9	146.8	157.0	172.9	154.0	167.6	175.1	185.5	203.6	228.4
Magnet wires and others	119.3	96.0	123.6	128.9	120.8	108.4	176.0	187.8	201.5	228.1	259.9
Subtotal	659.5	621.4	718.0	759.8	712.5	634.2	833.4	928.2	980.0	1,081.3	1,178.8
Info-Communications segment											
Fiber, cable/Accessories	83.4	82.7	90.9	96.8	89.0	84.2	100.3	112.3	86.8	89.0	162.5
Optical and electronic devices	60.4	72.8	66.6	68.3	78.4	86.7	79.2	77.6	54.5	70.7	95.2
Access network equipment	23.2	25.0	26.9	25.1	31.9	34.5	39.8	39.9	43.3	40.0	40.6
Others	17.7	17.7	35.9	18.2	18.1	19.2	19.9	20.5	21.5	23.6	28.3
Subtotal	184.7	198.2	220.3	208.4	217.4	224.6	239.2	250.3	206.1	223.3	326.6
Automotive segment											
Wiring harnesses	1,116.9	1,091.0	1,176.3	1,231.7	1,232.0	1,197.6	1,304.3	1,642.3	1,976.6	2,097.3	2,281.7
Sumitomo Riko and others	425.1	422.2	455.7	477.7	451.6	404.4	449.9	544.5	619.8	637.4	655.5
Subtotal	1,542.0	1,513.2	1,632.0	1,709.4	1,683.6	1,602.0	1,754.2	2,186.8	2,596.4	2,734.7	2,937.2
Electronics segment											
Electronic wires	65.2	66.2	72.2	75.6	67.4	70.5	87.4	107.8	105.7	109.1	106.1
FPCs (Flexible printed circuits)	180.4	123.1	123.9	99.9	73.2	61.3	61.5	94.1	92.4	106.3	121.6
Fine polymer	24.0	22.6	24.0	24.4	21.9	19.1	22.8	26.0	23.9	25.1	27.2
Techno Associe	—	—	—	—	57.5	73.1	86.0	95.3	96.3	98.1	101.0
Others	42.4	39.2	26.2	29.0	32.2	28.6	34.8	42.8	38.2	38.6	53.2
Subtotal	312.0	251.1	246.3	228.9	252.2	252.6	292.5	366.0	356.5	377.2	409.1
Industrial Materials & Others segment											
Special steel wires	71.5	69.5	79.6	81.4	76.8	69.6	94.6	110.7	111.6	109.9	106.3
Hard metal	89.8	85.6	99.3	106.2	93.0	84.0	102.0	113.1	110.2	116.5	129.9
Sintered parts	58.1	64.5	76.2	77.9	74.8	60.8	67.5	75.1	82.9	81.9	75.3
A.L.M.T.	41.4	38.7	41.3	44.0	36.6	32.3	42.6	47.4	44.2	48.3	56.5
Others	51.4	45.6	46.7	48.3	50.2	55.8	21.2	17.0	15.3	16.1	20.4
Subtotal	312.2	303.9	343.1	357.8	331.4	302.5	327.9	363.3	364.2	372.7	388.4
Elimination and Corporate	(77.3)	(73.3)	(77.4)	(86.4)	(90.1)	(97.4)	(79.3)	(89.2)	(100.3)	(109.5)	(129.9)
Consolidated total	2,933.1	2,814.5	3,082.2	3,178.0	3,107.0	2,918.6	3,367.9	4,005.6	4,402.8	4,679.8	5,110.2

Segment Information by Geographical Area

(Unit: million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net sales											
Japan	1,695,511	1,677,369	1,893,983	1,983,224	1,975,232	1,899,576	2,237,809	2,420,216	2,687,103	2,863,329	3,090,003
Americas	523,329	496,229	522,055	550,472	543,237	467,423	556,929	779,298	921,805	1,010,714	1,161,879
Asia	1,154,000	1,062,114	1,209,785	1,238,626	1,168,470	1,187,275	1,409,703	1,647,158	1,782,519	1,880,781	1,952,718
Europe and Others	338,543	320,402	342,592	343,020	336,098	320,020	351,844	465,233	563,830	600,927	706,109
Total	3,711,383	3,556,114	3,968,415	4,115,342	4,023,037	3,874,294	4,556,285	5,311,905	5,955,257	6,355,751	6,910,709
Eliminations and Corporate	△ 778,294	△ 741,631	△ 886,168	△ 937,357	△ 916,010	△ 955,714	△1,188,422	△1,306,344	△1,552,443	△1,675,962	△1,800,538
Consolidated	2,933,089	2,814,483	3,082,247	3,177,985	3,107,027	2,918,580	3,367,863	4,005,561	4,402,814	4,679,789	5,110,171
Operating profit											
Japan	24,299	49,932	71,709	81,981	65,937	48,288	84,887	84,474	96,144	159,168	220,300
Americas	34,422	24,377	20,063	15,098	13,664	2,340	△ 10,423	17,105	19,152	38,423	55,750
Asia	77,365	71,376	80,353	79,179	60,801	70,128	62,046	71,164	102,537	115,511	131,601
Europe and Others	6,125	5,231	1,970	△ 9,729	△ 13,074	△ 8,340	△ 14,586	4,724	14,094	8,054	11,086
Total	142,211	150,916	174,095	166,529	127,328	112,416	121,924	177,467	231,927	321,156	418,737
Eliminations and Corporate	1,265	△ 413	△ 956	△ 269	△ 112	1,510	271	△ 24	△ 5,309	△ 493	△ 564
Consolidated	143,476	150,503	173,139	166,260	127,216	113,926	122,195	177,443	226,618	320,663	418,173
Identifiable assets											
Japan	2,205,262	2,333,311	2,426,842	2,431,152	2,426,655	2,570,846	2,737,920	2,856,653	3,268,412	3,292,518	3,562,632
Americas	245,047	276,003	257,101	272,576	293,973	308,231	383,562	421,833	483,517	487,799	579,025
Asia	683,508	725,849	734,469	765,495	744,878	858,578	1,019,852	1,037,418	1,121,078	1,125,474	1,276,847
Europe and Others	264,663	258,105	292,114	288,463	294,175	332,259	338,483	397,201	452,996	533,940	618,496
Total	3,398,480	3,593,268	3,710,526	3,757,686	3,759,681	4,069,914	4,479,817	4,713,105	5,326,003	5,439,731	6,037,000
Eliminations and Corporate	△ 655,632	△ 685,976	△ 710,623	△ 704,423	△ 659,421	△ 688,000	△ 672,427	△ 700,097	△ 960,606	△ 998,102	△1,212,468
Consolidated	2,742,848	2,907,292	2,999,903	3,053,263	3,100,260	3,381,914	3,807,390	4,013,008	4,365,397	4,441,629	4,824,532

Overseas Sales

(Unit: million yen)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Americas	526,250	494,679	518,479	549,088	540,206	469,086	562,213	788,933	928,349	1,015,440	1,159,424
Ratio to consolidated net sales (%)	18.0	17.6	16.8	17.3	17.4	16.1	16.7	19.7	21.1	21.7	22.7
Asia	876,178	830,309	960,215	959,036	867,254	887,576	1,054,282	1,256,287	1,230,925	1,284,578	1,346,163
Ratio to consolidated net sales (%)	29.8	29.5	31.2	30.2	27.9	30.4	31.3	31.4	28.0	27.4	26.3
Europe and Others	343,710	328,743	360,129	350,140	327,692	315,752	348,043	463,050	578,704	604,574	703,415
Ratio to consolidated net sales (%)	11.7	11.7	11.7	11.0	10.5	10.8	10.3	11.6	13.1	12.9	13.8
Total	1,746,138	1,653,731	1,838,823	1,858,264	1,735,152	1,672,414	1,964,538	2,508,270	2,737,978	2,904,592	3,209,002
Ratio to consolidated net sales (%)	59.5	58.8	59.7	58.5	55.8	57.3	58.3	62.6	62.2	62.0	62.8
Consolidated net sales	2,933,089	2,814,483	3,082,247	3,177,985	3,107,027	2,918,580	3,367,863	4,005,561	4,402,814	4,679,789	5,110,171

Executive Officers

As of June 26, 2026

(Independent Officers are as defined by Tokyo Stock Exchange, Inc., and other authorities)

Directors

Representative Director

Chairman & CEO

Masayoshi Matsumoto

1967 Joined Sumitomo Electric
2017 Appointed as Chairman & CEO

Representative Director

President & COO & CSO

Osamu Inoue

1975 Joined Sumitomo Electric
2017 Appointed as President & COO & CSO

Representative Director

Executive Vice President

Hideo Hato

2016 Joined Sumitomo Electric
2023 Appointed as Executive Vice President

General Manager, New Business Development Unit, Deputy General Manager, Automotive Business Unit (Systems & Electronics Division), Corporate Staff Group (Legal, Public Relations, Information Systems, Corporate Planning, Intellectual Property, Security Trade Control)

Managing Director

Masaki Shirayama

1985 Joined Sumitomo Electric
2017 Appointed as Managing Director

General Manager, Electric Wire & Cable, Energy Business Unit

Managing Director

Yasuhiro Miyata

1984 Joined Sumitomo Electric
2021 Appointed as Managing Director

General Manager, Electronics Sales Unit, Sales Group (Sales Compliance)

Managing Director

Toshiyuki Sahashi

1986 Joined Sumitomo Electric
2021 Appointed as Managing Director

General Manager, Advanced Materials Business Unit, Industrial Materials Group (Sintered Metal Components Division)

Managing Director

Yoshiyuki Ogata

1986 Joined Sumitomo Electric
2024 Appointed as Managing Director

General Manager, Automotive Business Unit, General Manager, Chubu District Office

Managing Director

Hiroshi Hayami

1984 Joined Sumitomo Electric
2025 Appointed as Managing Director

General Manager, R&D Unit, Electronics Group (Flexible Printed Circuits Division)

Managing Director

Hisashi Togawa

1987 Joined Sumitomo Electric
2025 Appointed as Managing Director

General Manager, Manufacturing Management & Engineering Unit; Deputy General Manager, New Business Development Unit; Electronics Group (Electronic Wire Division, Fine Polymer Division)

Independent Officer

Outside Director

Hiroshi Sato

2016 Appointed as Outside Director

Independent Officer

Outside Director

Michihiro Tsuchiya

2018 Appointed as Outside Director

Independent Officer

Outside Director

Atsushi Horiba

2021 Appointed as Outside Director

Independent Officer

Outside Director

Kyoko Kawamata

2024 Appointed as Outside Director

Independent Officer

Outside Director

Asli M. Colpan

2025 Appointed as Outside Director

Audit & Supervisory Board Members

Audit & Supervisory Board Member (Standing Member)

Yoshitomo Kasui

1983 Joined Sumitomo Electric
2018 Appointed as Senior Managing Director
2022 Appointed as Audit & Supervisory Board Member

Audit & Supervisory Board Member (Standing Member)

Akira Hayashi

1981 Joined Sumitomo Electric
2017 Appointed as Audit & Supervisory Board Member

Independent Officer

Outside Audit & Supervisory Board Member

Michiko Uehara

2016 Appointed as Outside Audit & Supervisory Board Member

Independent Officer

Outside Audit & Supervisory Board Member

Tatsuo Kijima

2021 Appointed as Outside Audit & Supervisory Board Member

Independent Officer

Outside Audit & Supervisory Board Member

Yuji Morita

2026 Appointed as Outside Audit & Supervisory Board Member

Skills Matrix — Composition of the Board of Directors

The Company is a technology-development-type manufacturer that conducts its business globally by taking advantage of advanced technologies for customers in the areas of Environment & Energy, Info-Communications, Automotive, Electronics, and Industrial Materials, based on the production technology of electric wires, and in order to fulfill the functions of the Board of Directors as a whole and to achieve the 2030 VISION and Mid-term Management Plan 2028, the Company posts personnel who are familiar with important fields in the decision-making process of corporate strategies, personnel with abundant knowledge and experience in specialized fields which are taken seriously by the Company as a manufacturer, personnel with abundant experience in corporate management and abundant international sensibility, personnel with knowledge of law and industrial economic policies, etc., and personnel with independence contributing to enhancement of corporate value in a bird's-eye-view position, in a well balanced manner.

Based on this view, and with the Nominating Advisory Committee having discussed the matter, the Company describes the necessary requirements for directors who are responsible for management of the Company in the matrix and lists the fields in which each individual has particular expertise or areas of responsibility.

As of June 26, 2026

	Name and Attributes		Advisory Committees Membership	Human Resources and Organization	Finance and Accounting	Corporate Governance	Research and Technical Development	Manufacturing and Production Technology*1	Supply Chain, Sales and Procurement	Internationality and Global Management	Fields in which one has particular expertise or areas of responsibility in the Group
Directors	Masayoshi Matsumoto	Representative Director Chairman & CEO	NOM COM	●		●			●	●	Corporate Manager
Directors	Osamu Inoue	Representative Director President & COO	NOM COM	●	●	●				●	Corporate Manager
Directors	Hideo Hato	Representative Director Executive Vice President		●	●	●		●		●	DX, Intellectual Property, Corporate Disclosure, Industrial Policy, Information Systems
Directors	Masaki Shirayama	Managing Director						●	●	●	Environment and Energy
Directors	Yasuhiro Miyata	Managing Director							●	●	Electronics
Directors	Toshiyuki Sahashi	Managing Director						●	●	●	Industrial Materials
Directors	Yoshiyuki Ogata	Managing Director						●	●	●	Automotive
Directors	Hiroshi Hayami	Managing Director					●	●			R&D, Energy & Electronics Materials
Directors	Hisashi Togawa	Managing Director						●		●	Production Technology, Environmental Conservation
Directors	Hiroshi Sato	OUT IND	NOM COM	●		●	●	●		●	Experienced in corporate management
Directors	Michihiro Tsuchiya	OUT IND	NOM COM	●		●	●			●	Experienced in corporate management
Directors	Atsushi Horiba	OUT IND		●		●	●			●	Experienced in corporate management
Directors	Kyoko Kawamata	OUT IND	NOM COM	●		●					Experienced in mass media
Directors	Asli M. Colpan	OUT IND	NOM COM	●		●				●	Academic expert
Audit & Supervisory Board Members	Yoshitomo Kasui			●		●					—
Audit & Supervisory Board Members	Akira Hayashi				●	●					—
Audit & Supervisory Board Members	Michiko Uehara	OUT IND		●		●					Attorney at law
Audit & Supervisory Board Members	Tatsuo Kijima	OUT IND		●		●					Experienced in corporate management
Audit & Supervisory Board Members	Yuji Morita	OUT IND			●	●					Certified public accountant

Male / Female
OUT Outside Directors/Outside Audit & Supervisory Board Members
IND Independent Officers are as defined by Tokyo Stock Exchange, Inc., etc.
NOM Member of the Nominating Advisory Committee
COM Member of the Compensation Advisory Committee

*1 Includes expertise in environment conservation

The matrix is based on each person's experience and indicates the areas in which they can demonstrate their expertise. Please note that this does not represent all the expertise or experience possessed.

Company Overview As of March 31, 2026

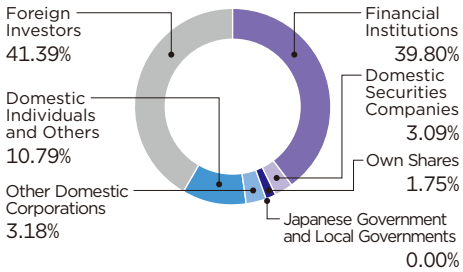
Trade Name	Sumitomo Electric Industries, Ltd.
Head Office	4-5-33 Kitahama, Chuo-ku, Osaka, Japan (Sumitomo Bldg.)
Established	April 1897
Businesses	Environment & Energy Business, Information & Communications Business, Automotive Business, Electronics Business, Industrial Materials Business & Others
Capital Stock	99,737 million yen
Net Sales (period ending March 2026)	Consolidated: 5,110,171 million yen Non-Consolidated: 1,919,882 million yen
Number of Employees	Consolidated: 302,972 Non-Consolidated: 7,209
Settlement Period (fiscal year)	April 1 to March 31 each year
Securities Code	5802
Stock Exchanges	Tokyo, Nagoya, Fukuoka
Annual General Meeting of Shareholders	Every June
Shareholder Register Manager	Sumitomo Mitsui Trust Bank, Limited. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Stock Unit	100 shares
Accounting Auditors	KPMG AZSA LLC

Stock Information As of March 31, 2026

Current Status of Stock

Total issuable shares	3,000,000,000
Total shares issued	793,940,571 (No change from the end of the previous period)
Number of shareholders	109,833 (Increase of 26,844 from previous period)

Breakdown of Shareholders



Largest Shareholders (Top 10)

Name of the Shareholder	Number of Shares Held in thousands of shares (thousands)	Shareholding Percentage*2 (%)
The Master Trust Bank of Japan, Ltd. (trust account)	125,482	16.09
Custody Bank of Japan, Ltd. (trust account)	71,336	9.14
Nippon Life Insurance Company	21,041	2.70
SUMITOMO LIFE INSURANCE COMPANY	15,906	2.04
STATE STREET BANK AND TRUST COMPANY 505001	15,682	2.01
GOVERNMENT OF NORWAY	12,504	1.60
JP MORGAN CHASE BANK 385781	11,167	1.43
Kochi Shiin Bank	11,061	1.42
National Mutual Insurance Federation of Agricultural Cooperatives	10,133	1.30
Sumitomo Electric Industries, Ltd. Employee Stock Ownership Association	9,711	1.24

*2 Shareholding percentages have been calculated after deducting from the total number of issued shares the 13,870,795 of its own shares that the Company holds.

SEI implemented a stock split at a ratio of 4 shares for every 1 share of common stock, effective July 1, 2026.

The Group's Initiatives and External Accreditations

TCFD

SBTi

CDP

Circular Partners

GX Future Consortium

GX Acceleration Agency

Sports Yell Company

Health and Productivity Management Organization (Large Enterprise Category)

Platinum Kurumin

Eruboshi

Top 100 Global Innovators

Digital Transformation Certification

Evaluations from Third-Party Organizations

FTSE4Good Index Series

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

MSCI Japan ESG Select Leaders Index

S&P/JPX Carbon Efficient Index

DBJ certification programs

EcoVadis

SOMPO Sustainability Index

Rating Information (as of June 2026)

	Rating	Outlook
Japan Credit Rating Agency (JCR)	AA	Stable
Rating and Investment Information (R&I)	AA-	Stable
S&P Global Ratings	A	Stable

Related Links

Company/ Product Information

- Sumitomo Electric Website
- Company Profile/ Company Profile Catalog
- Products
- R&D
- Offices & Group Companies

IR Information

- Long-term Vision "Sumitomo Electric Group 2030 VISION"
- Mid-term Management Plan 2028
- IR Library
  Consolidated Financial Statements, Supplementary Sheet, Fact Book, Presentation Materials
- Integrated Report

News and Others

- News & Press Release
- Sumitomo Electric Group e-magazine "id"
- President's Blog
- Chairman & CEO Matsumoto's Photo Diary
- Technical Papers "Sumitomo Electric Technical Review"

Careers

- Job Opportunities

GX

- Sumitomo Electric Group's GX

Sustainability

Environment
Climate change, reducing waste and resource use, biodiversity, and others

Disclosure based on TCFD/TNFD recommendations

Governance
Corporate Governance, Risk Management, Compliance

CSR Book

Society
Human Rights, Developing Human Capital, Contributing to Society, Supply Chain, and Others

Sumitomo Electric Industries, Ltd.

https://sumitomoelectric.com/

Sumitomo Electric Group's
official mascot
Sumeedy

2026/10