

January 4, 2023

Sumitomo Electric Industries, Ltd.

Osamu Inoue, President

New Year's Message from the President

I would like to wish you all a Happy New Year.

Although the global economy as a whole slowly picked up last year, the world have been plagued with inflation; and Russia's invasion of Ukraine has been protracted – all of which, among other factors, have cast even more uncertainty over future prospects.

On the other hand, we have witnessed the acceleration of revolutionary social and industrial changes, such as GX (green transformation), DX (digital transformation), and CASE (Connected, Autonomous, Shared, and Electric) in the automotive field.

We must cope with such changes appropriately, promptly, and flexibly so that the Sumitomo Electric Group can continue to achieve sustainable growth and development.

We will need to build a workplace and organization with adaptability to the difficulties or threats facing us, i.e., with higher resilience.

Based on the foregoing, I would like to ask you all to implement the following three items this year.

1. Establish a Production System Capable of Quickly Responding to Changes

As the first item establishing a production system capable of quickly responding to any changes.

Having said that, I call on you to formulate and execute with good speed measures directed toward establishing, for our respective businesses, a production system capable of quickly responding to any changes that may occur. In addition, I hope that with the involvement of everyone throughout the Group, you will all strive to make steady progress in reinforcing SEQCDD and to further develop our business structure into being impervious to a modest appreciation or depreciation of the yen.

Moreover, I have great expectations that when doing so, you will be sure to utilize the DX that we have been promoting across the organization, thereby enabling us to reap the rewards that had not been possible in the past.

2. Promote Higher Asset Efficiency

The second item is to promote higher asset efficiency to improve the financial structure.

Our return on invested capital (ROIC) is forecasted to grow from 4.5% in FY2021 to 5.4% in FY2022, indicating an improving trend. I ask everyone display a strong determination to achieve their targets.

3. Ensure Thorough Legal Compliance

The third item is to ensure thorough legal compliance.

Legal compliance and maintenance of corporate ethics are the absolute foundation upon which the Sumitomo Electric Group's continued development and growth must rest. I most sincerely request that you act in compliance with the Sumitomo Spirit and our Code of Conduct.

Sumitomo Electric Group is confronted with major changes. We stand at the crossroads of whether we will grow and develop by successfully riding the crest of this big wave or undergo a decline by being engulfed by that wave. However, there is nothing to be unnecessarily afraid of. The Sumitomo Spirit, which speaks of the importance of working proactively by adapting to changing times and weighing economic advantages and disadvantages, has been clearly passed down the generations in the Sumitomo Electric Group. Let's take the changes positively as an opportunity to achieve the next phase of growth and work on our respective duties cheerfully and vigorously.

* SEQCDD: The key elements for us to achieve our goals, namely safety, environment, quality, cost, delivery and R&D