

**CONVOCAATION NOTICE OF
THE 153RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

June 6, 2023
Sumitomo Electric Industries, Ltd.

On May 30, 2023, Sumitomo Electric Industries, Ltd. (the “Company”) posted the information contained in the Reference Documents and other documents regarding the Ordinary General Meeting of Shareholders (the “Electronic Provision Measures Matters”) on the Internet websites in convening the 153rd Ordinary General Meeting of Shareholders. This document only provides translations of information contained in the Japanese original text of the Electronic Provision Measures Matters (except non-consolidated financial statements, independent auditor's reports, the report of Audit & Supervisory Board, instructions on exercise of voting rights, Internet live streaming information, and the map of the venue of the Ordinary General Meeting of Shareholders) disclosed on the Internet in convening the 153rd Ordinary General Meeting of Shareholders, solely for the purpose of identifying the items of information contained in the Electronic Provision Measures Matters for reference. The Company does not represent or warrant that the information provided in this document (the “Information”) constitutes a summary of the Electronic Provision Measures Matters or provides a complete and accurate record of the material information of the Electronic Provision Measures Matters. No warranty is given to any user of the Information as to its accuracy or completeness or timeliness. In the event of any dispute regarding or difference between the meaning or intent of the Information and that of the Japanese original text of the Electronic Provision Measures Matters, the Japanese original text of the Electronic Provision Measures Matters shall prevail. In order to accurately and completely understand the information contained in the Electronic Provision Measures Matters, it is necessary to read their complete Japanese original text. The shareholders of the Company are therefore requested to refer to the complete text of the Electronic Provision Measures Matters. The original Japanese text of the Electronic Provision Measures Matters should be available on the Company’s Japanese Web site (<https://sumitomoelectric.com/jp/ir/meeting>).

Neither the provision of the Information nor any part of the Information shall be deemed to be an offer to purchase or sell, or a solicitation of an offer to purchase or sell, any securities, nor shall it be deemed a recommendation for or an endorsement of investment by the Company. Neither the Company nor any of its Directors, officers, employees, agents, affiliates and assigns shall be liable to any person for any losses, damages, costs or expenses of whatever nature arising out of, or in any way related to, any errors to, delays in, ambiguities of, omissions from or alterations to, the Information or for any reliance by such person on any part of the Information.

(Translation)

Securities Code: 5802

June 6, 2023

(Electronic provision measures commencement date: May 30, 2023)

To the Shareholders

Sumitomo Electric Industries, Ltd.
5-33, Kitahama 4-chome
Chuo-ku, Osaka City
Represented by: Osamu Inoue
President

CONVOCATION NOTICE OF THE 153RD ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to hereby inform you that the 153rd Ordinary General Meeting of Shareholders (the “Meeting”) will be held as set forth below.

In convening the Ordinary General Meeting of Shareholders, we take electronic provision measures for the information contained in the Reference Documents and other documents regarding the Ordinary General Meeting of Shareholders (the “Electronic Provision Measures Matters”). The Electronic Provision Measures Matters is posted on the following Internet websites. Please access one of the following websites to review the information.

The Company's website:	https://sumitomoelectric.com/jp/ir/meeting
TSE website TSE Listed Company Information Service	https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show

On the TSE website, please search by issue name (Sumitomo Electric Industries) or securities code (5802), and select “Basic Information” and “Documents for Public Inspection/PR Information” to review the information.

In addition to attending the Meeting, you have an option to exercise your voting rights by electromagnetic means (the Internet, etc.) or in writing. We cordially request that you exercise your voting rights (in doing so, please follow the “Instructions Regarding Voting” set forth on page 5 [of the Japanese original text]) by 5:15 p.m. of June 27, 2023 (Tuesday), after examining the Reference Documents regarding the Ordinary General Meeting of Shareholders set out below.

- Date:** June 28, 2023 (Wednesday) at 10:00 a.m.
- Place:** “The Grand Ballroom” 2nd floor
The Ritz-Carlton, Osaka
5-25, Umeda 2-chome, Kita-ku, Osaka City

3. Purposes of the Meeting:

Matters to be reported

1. Reporting on the Business Report, the Consolidated Financial Statements and the results of the examination of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 153rd fiscal year (from April 1, 2022 to March 31, 2023)
2. Reporting on the Non-Consolidated Financial Statements for the 153rd fiscal year (from April 1, 2022 to March 31, 2023)

Matters to be resolved

- First item: Disposition of surplus
- Second item: Appointment of fourteen (14) Directors due to the expiration of the terms of office of all of the current Directors
- Third item: Appointment of two (2) Audit & Supervisory Board Members
- Fourth item: Payment of bonuses to the Directors

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- * Substitutions are allowed only when the proxy is the Company's shareholder with voting rights, and one person for each shareholder. (The proxy must bring not only the "Voting Instruction Form" of the shareholder but also a certification for his or her authority.)
 - * Of the Electronic Provision Measures Matters, the following matters are not included in the documents to be delivered to shareholders who requested the delivery of written documents, as they are posted on the aforementioned Internet websites in accordance with laws and regulations and Article 15 of the Articles of Incorporation; therefore, the documents to be delivered to the shareholders who requested the delivery of written documents are part of the subject documents audited by the Audit & Supervisory Board Members and the Accounting Auditors in preparing their audit reports:
 - (i) "Content of Resolutions Regarding Development of Systems Necessary to Ensure the Propriety of Operations and Outline of the Operational Status of the Systems" in the business report;
 - (ii) "Consolidated Statement of Changes in Net Assets" and "Notes to Consolidated Financial Statements" in the consolidated financial statements; and
 - (iii) "Non-Consolidated Statement of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements" in the non-consolidated financial statements.
 - * When the Electronic Provision Measures Matters need modification by the day before the Meeting, we will notify the shareholders by notice on the aforementioned Internet websites.

(Translation)

**REFERENCE DOCUMENTS
REGARDING THE ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Agendas and Reference Information

First item: Disposition of surplus

Based on maintenance of stable dividends, the Company has the basic policy of making distribution of profits to shareholders after taking into consideration the consolidated business results, the dividend payout ratio, the accumulation level of the retained earnings and other matters.

As for the year-end dividend for the 153rd fiscal year, in consideration of the business results for this fiscal year and other matters, the Company proposes to distribute in the amount of twenty five yen (¥25) per share, which is the same as the interim dividend for this fiscal year. As a result, the dividend for this fiscal year, including the interim dividend (twenty five yen (¥25)), is fifty yen (¥50) per share, which is the same as the preceding fiscal year.

1. Matters concerning the year-end dividend
 - (1) Type of properties to be distributed:

Cash
 - (2) Matter concerning the allocation of properties to be distributed and the total amount thereof:

Twenty five yen (¥25) per ordinary share of the Company
Total amount of dividends: 19,501,874,800 yen
 - (3) Effective date of distribution of surplus:

June 29, 2023
2. Other matters concerning the disposition of surplus

Not applicable.

Second item: Appointment of fourteen (14) Directors due to the expiration of the terms of office of all of the current Directors

The terms of office of all fifteen (15) current Directors will expire upon the closing of this Meeting. Approval is hereby requested for the appointment of fourteen (14) Directors.

The nominees for the offices of Directors are as stated on pages 7 to 21.

[Reference Information] List of Nominees for Directors

Nominee Number	Name		Position and Areas of Responsibility in the Company (as of May 30, 2023)	Number of Times Attending Board of Directors Meetings (FY2022)
1	Masayoshi Matsumoto	Reappt.	Chairman of the Board of Directors	15/15
2	Osamu Inoue	Reappt.	President	15/15
3	Mitsuo Nishida	Reappt.	Executive Vice President General Manager, Automotive Business Unit	15/15
4	Hideo Hato	Reappt.	Senior Managing Director General Manager, New Business Development Unit Deputy General Manager, Automotive Business Unit (Systems & Electronics Division) Corporate Staff Group (Legal, Public Relations, Corporate Planning, Intellectual Property, Security Trade Control) Environment and Energy Group (Energy System Division)	15/15
5	Akira Nishimura	Reappt.	Senior Managing Director General Manager, R&D Unit Electronics Group (Flexible Printed Circuits Division)	15/15
6	Masaki Shirayama	Reappt.	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit	15/15
7	Yasuhiro Miyata	Reappt.	Managing Director General Manager, Electronics Sales Unit Sales Group (Sales Compliance)	15/15
8	Toshiyuki Sahashi	Reappt.	Managing Director General Manager, Advanced Materials Business Unit	15/15
9	Shigeru Nakajima	Reappt.	Managing Director General Manager, Semiconductor Innovation Business Unit	12/12

Nominee Number	Name		Position and Areas of Responsibility in the Company (as of May 30, 2023)	Number of Times Attending Board of Directors Meetings (FY2022)
10	Hiroshi Sato	Reappt.	Outside Director O/S Ind. Officer	15/15
11	Michihiro Tsuchiya	Reappt.	Outside Director O/S Ind. Officer	15/15
12	Christina Ahmadjian	Reappt.	Outside Director O/S Ind. Officer	15/15
13	Katsuaki Watanabe	Reappt.	Outside Director O/S Ind. Officer	15/15
14	Atsushi Horiba	Reappt.	Outside Director O/S Ind. Officer	13/15
<p>"Reappt." means a reappointed nominee; "O/S" means a nominee for Outside Director; and "Ind. Officer" means a nominee for Independent Officer as defined by Tokyo Stock Exchange, Inc., etc.</p>				

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
1	Masayoshi Matsumoto (September 18, 1944)	69,100 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	<p>Apr. 1967 Joined the Company</p> <p>Jun. 1997 Director</p> <p>Jun. 1999 Managing Director</p> <p>Jun. 2003 Senior Managing Director</p> <p>Jun. 2004 President</p> <p>Jun. 2017 Chairman of the Board of Directors</p> <p>(currently maintained)</p> <p>Important Concurrent Posts</p> <p>Chairman, Kansai Economic Federation</p>	
	Reasons Why the Company Nominates the Nominee as a Director	
	<p>The Company has selected him as a nominee for the office of Director because he has been, as a President since June 2004, and as a Chairman of the Board of Directors since June 2017, one of the core members of the Company's management and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."</p>	

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
2	Osamu Inoue (August 25, 1952)	45,410 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	Apr. 1975	Joined the Company
	Jun. 2004	Executive Officer Deputy General Manager, Automotive Business Unit
	Jan. 2006	Executive Officer, Sumitomo Wiring Systems, Ltd.
Jun. 2006	Director, Managing Executive Officer, Sumitomo Wiring Systems, Ltd.	
Jun. 2007	Director, Senior Managing Executive Officer, Sumitomo Wiring Systems, Ltd.	
Jun. 2008	Managing Director, General Manager, Automotive Business Unit of the Company	
Apr. 2009	Director of the Company President, Sumitomo Electric Bordnetze GmbH (now known as Sumitomo Electric Bordnetze SE)	
Jun. 2012	Deputy General Manager, Automotive Business Unit of the Company Director, President, Sumitomo Wiring Systems, Ltd.	
Apr. 2017	Managing Executive Officer of the Company Director, Sumitomo Wiring Systems, Ltd.	
Jun. 2017	President of the Company	
	(currently maintained)	
Reasons Why the Company Nominates the Nominee as a Director		
The Company has selected him as a nominee for the office of Director because he has been, as a President, one of the core members of the Company's management since June 2017 and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
3	Mitsuo Nishida (February 11, 1948)	22,990 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	Apr. 1972	Joined the Company
	Jun. 2005	Director, Senior Managing Executive Officer, Sumitomo Wiring Systems, Ltd.
	Jun. 2007	Managing Executive Officer, Deputy General Manager, Automotive Business Unit of the Company
Apr. 2009	Managing Executive Officer General Manager, Automotive Business Unit	
Jun. 2009	Managing Director General Manager, Automotive Business Unit	
Jun. 2010	Senior Managing Director General Manager, Automotive Business Unit	
Jun. 2014	Executive Vice President General Manager, Automotive Business Unit	
Apr. 2017	Ditto General Manager, Manufacturing Management & Engineering Unit	
Jun. 2020	Executive Vice President General Manager, Automotive Business Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, Automotive Business Unit		
Important Concurrent Posts:		
Chairman of Board of Directors, Sumitomo Wiring Systems, Ltd.		
Chairman of the Board, Sumitomo Electric Wiring Systems, Inc.		
Joint Representative Director, Kyungshin Co., Ltd.		
Reasons Why the Company Nominates the Nominee as a Director		
The Company has selected him as a nominee for the office of Director because he has been, as an Executive Vice President, one of the core members of the Company's management since June 2014 and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
4	Hideo Hato (September 3, 1957)	15,800 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	Apr. 1981	Joined the Ministry of International Trade and Industry
	Jun. 2013	Commissioner, Patent Office
	Jul. 2014	Retired from office
Jun. 2016	Joined the Company Managing Executive Officer	
Jun. 2017	Managing Director	
Apr. 2018	Ditto Deputy General Manager, Automotive Business Unit	
Jun. 2018	Ditto General Manager, New Business Development Unit	
Jun. 2019	Senior Managing Director General Manager, New Business Development Unit Deputy General Manager, Automotive Business Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, New Business Development Unit		
Deputy General Manager, Automotive Business Unit (Systems & Electronics Division)		
Corporate Staff Group (Legal, Public Relations, Corporate Planning, Intellectual Property, Security Trade Control)		
Environment and Energy Group (Energy System Division)		
Reasons Why the Company Nominates the Nominee as a Director		
<p>He held important posts including as the Commissioner of the Patent Office and has abundant experience. The Company has selected him as a nominee for the office of Director because he has served as Senior Managing Director and General Manager of the New Business Development Unit of the Company since June 2019, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."</p>		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
5	Akira Nishimura (April 7, 1958)	22,600 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	Apr. 1984	Joined the Company
	Jun. 2013	Executive Officer Deputy General Manager, Infocommunications Business Unit
	Jun. 2015	Managing Executive Officer Deputy General Manager, Infocommunications Business Unit
Jun. 2016	Managing Director General Manager, Infocommunications Business Unit	
Jun. 2019	Senior Managing Director General Manager, Infocommunications Business Unit	
Jun. 2020	Senior Managing Director General Manager, R&D Unit	
(currently maintained)		
Areas of Responsibility: General Manager, R&D Unit Electronics Group (Flexible Printed Circuits Division)		
Reasons Why the Company Nominates the Nominee as a Director		
He has abundant business experience at the Infocommunications Group and great insight into technical development. The Company has selected him as a nominee for the office of Director because he has served as Senior Managing Director since June 2019 and has served as General Manager of the R&D Group since June 2020, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
6	Masaki Shirayama (November 29, 1961)	24,000 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	Apr. 1985	Joined the Company
	Jun. 2012	General Manager, Business Development Division
	Jun. 2013	Executive Officer Deputy General Manager, Network Products Sales & Marketing Unit General Manager, New Business Marketing and Promotion Division General Manager, Marketing & Promotion Department, New Business Development Unit
Jun. 2014	Managing Executive Officer General Manager, Social Infrastructure Sales & Marketing Unit	
Jun. 2017	Managing Director General Manager, Social Infrastructure Sales & Marketing Unit	
Jun. 2018	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, Electric Wire & Cable, Energy Business Unit		
Reasons Why the Company Nominates the Nominee as a Director		
He has abundant business experience in the sales departments of infrastructure businesses. The Company has selected him as a nominee for the office of Director because he assumed the office of Managing Director in June 2017 and has served as General Manager of the Environment and Energy Group since June 2018, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
7	Yasuhiro Miyata (April 12, 1961)	7,000 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	Apr. 1984	Joined the Company
	Jun. 2006	General Manager, Flexible Printed Circuits & Components Sales Division
	Dec. 2011	President, Sumitomo Electric Interconnect Products (Hong Kong), Ltd.
Jun. 2013	Executive Officer Deputy General Manager, Electronics Sales Unit Ditto	
Jun. 2014	Managing Executive Officer General Manager, Electronics Sales Unit	
Jun. 2021	Managing Director General Manager, Electronics Sales Unit	
(currently maintained)		
Areas of Responsibility:		
General Manager, Electronics Sales Unit Sales Group (Sales Compliance)		
Important Concurrent Posts:		
Director, Sumitomo Electric Interconnect Products (Hong Kong), Ltd.		
Reasons Why the Company Nominates the Nominee as a Director		
He has abundant business experience in the Sales Division for electronics products, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he assumed the offices of Managing Executive Officer and General Manager of the Sales Group in June 2014 and has continuously served as General Manager of the Group since assuming the office of Managing Director in June 2021, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
8	Toshiyuki Sahashi (December 31, 1960)	7,300 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	Apr. 1986	Joined the Company
	Jun. 2016	President, Sumitomo Electric Hardmetal Corp.
	Jun. 2017	Executive Officer Ditto
Jun. 2019	Managing Executive Officer Deputy General Manager, Advanced Materials Business Unit President, Sumitomo Electric Hardmetal Corp.	
Jun. 2021	Managing Director General Manager, Advanced Materials Business Unit	
(currently maintained)		
Areas of Responsibility: General Manager, Advanced Materials Business Unit		
Important Concurrent Posts: Director, Sumitomo Electric Hardmetal Corp.		
Reasons Why the Company Nominates the Nominee as a Director		
He has abundant business experience in the Industrial Materials Group, and has insight into the global business activities of enterprises. The Company has selected him as a nominee for the office of Director because he has served as Managing Director and General Manager of the Industrial Materials Group since June 2021, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
9	Shigeru Nakajima (July 23, 1959)	6,500 shares
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts	
	Apr. 1984	Joined the Company
	Jun. 2012	General Manager, Transmission Devices Division President, Sumitomo Electric Device Innovations, Inc.
	Jun. 2015	Executive Officer Deputy General Manager, Infocommunications Business Unit Ditto
	Jun. 2016	Managing Executive Officer General Manager, Transmission Devices Division President, Sumitomo Electric Device Innovations, Inc.
Jan. 2017	Managing Executive Officer General Manager, Semiconductor Innovation Business Unit	
Jun 2022	Managing Director General Manager, Semiconductor Innovation Business Unit	
(currently maintained)		
Areas of Responsibility: General Manager, Semiconductor Innovation Business Unit		
Important Concurrent Posts: Director, Sumitomo Electric Device Innovations, Inc.		
Reasons Why the Company Nominates the Nominee as a Director		
He has abundant business experience in the R&D Group and the transmission devices business. The Company has selected him as a nominee for the office of Director because he assumed the offices of Managing Executive Officer and General Manager of the Group which supervises the transmission devices business, etc. in January 2017 and has continuously served as General Manager of the Group since assuming the office of Managing Director in June 2022, and the Company considers him to be qualified for the office of Director in light of the Company's "Policy to Nominate Director and Audit & Supervisory Board Member Candidates, etc."		

Nominee Number	Name (Birth Date)	Number of Company Shares Owned																										
10	<p style="text-align: center;">Hiroshi Sato (September 25, 1945)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Outside Director</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Independent Officer</div>	14,900 shares																										
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts																											
	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%; vertical-align: top;">Apr. 1970</td> <td>Joined Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 1996</td> <td>Director, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr. 1999</td> <td>Ditto, Executive Officer, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 1999</td> <td>Managing Executive Officer, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2000</td> <td>Director, Kobe Steel, Ltd., Ditto</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2002</td> <td>Director, Senior Managing Executive Officer, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2003</td> <td>Senior Managing Director, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2004</td> <td>Executive Vice President and Director, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2009</td> <td>President and Director, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2013</td> <td>Chairman of the Board and Director, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2016</td> <td>Senior Advisor and Director, Kobe Steel, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2016</td> <td>Senior Advisor, Kobe Steel, Ltd. Director of the Company (Outside Director)</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2018</td> <td>Advisor, Kobe Steel Ltd. Director of the Company (Outside Director)</td> </tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Posts:</p> <p style="margin-left: 20px;">Advisor, Kobe Steel, Ltd. President & Representative Director, The Kobe International House Inc. Director, Iwatani Corporation (Outside Director)</p>		Apr. 1970	Joined Kobe Steel, Ltd.	Jun. 1996	Director, Kobe Steel, Ltd.	Apr. 1999	Ditto, Executive Officer, Kobe Steel, Ltd.	Jun. 1999	Managing Executive Officer, Kobe Steel, Ltd.	Jun. 2000	Director, Kobe Steel, Ltd., Ditto	Jun. 2002	Director, Senior Managing Executive Officer, Kobe Steel, Ltd.	Jun. 2003	Senior Managing Director, Kobe Steel, Ltd.	Apr. 2004	Executive Vice President and Director, Kobe Steel, Ltd.	Apr. 2009	President and Director, Kobe Steel, Ltd.	Apr. 2013	Chairman of the Board and Director, Kobe Steel, Ltd.	Apr. 2016	Senior Advisor and Director, Kobe Steel, Ltd.	Jun. 2016	Senior Advisor, Kobe Steel, Ltd. Director of the Company (Outside Director)	Apr. 2018	Advisor, Kobe Steel Ltd. Director of the Company (Outside Director)
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Jun. 1996	Director, Kobe Steel, Ltd.																											
Apr. 1999	Ditto, Executive Officer, Kobe Steel, Ltd.																											
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Jun. 2016	Senior Advisor, Kobe Steel, Ltd. Director of the Company (Outside Director)																											
Apr. 2018	Advisor, Kobe Steel Ltd. Director of the Company (Outside Director)																											
Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, etc.																												
<p>He has abundant experience and great insight into overall corporate management, through being involved in the management of a company globally conducting a wide range of business, such as materials, machinery, and energy, with a central focus on iron and steel, as well as abundant business experience in fields of research on materials and technical development, in particular. In addition, he serves as a Chairman of both the Nominating Advisory Committee and the Compensation Advisory Committee of the Company. Based on the foregoing, the Company has selected him as a nominee for the office of Outside Director because the Company expects that he will contribute to supervising management from an objective perspective that is independent from the execution of business and ensuring transparency and fairness in the consideration of Officers' personnel affairs and remuneration, and the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc." While the Company has a business relationship with Kobe Steel, Ltd., where he previously served as an executive, involving matters such as the purchase and sale of the products, the value of each transaction is less than 1% of the total sales of the Company and Kobe Steel, Ltd. respectively. Therefore, that fact above does not influence his independence. The Company has no transactions with The Kobe International House Inc., where he currently holds office as a President & Representative Director.</p>																												

Nominee Number	Name (Birth Date)	Number of Company Shares Owned																										
11	<p style="text-align: center;">Michihiro Tsuchiya (July 12, 1947)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Outside Director</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Independent Officer</div>	9,500 shares																										
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts																											
<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">Apr. 1976</td> <td>Joined Tanabe Seiyaku Co., Ltd. (now known as Mitsubishi Tanabe Pharma Corporation)</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2001</td> <td>Board Director, Tanabe Seiyaku Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2003</td> <td>Managing Board Director, Tanabe Seiyaku Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2005</td> <td>Board Director, Managing Executive Officer, Tanabe Seiyaku Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2006</td> <td>Representative Director, Senior Managing Executive Officer, Tanabe Seiyaku Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Oct. 2007</td> <td>Board Director, Vice President, Mitsubishi Tanabe Pharma Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2008</td> <td>Ditto Director, Mitsubishi Chemical Holdings Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2009</td> <td>President & Representative Director, Chief Executive Officer, Mitsubishi Tanabe Pharma Corporation Director, Mitsubishi Chemical Holdings Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2014</td> <td>Chairman of the Board & Representative Director, Mitsubishi Tanabe Pharma Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2016</td> <td>Chairman of the Board, Mitsubishi Tanabe Pharma Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2017</td> <td>Senior Advisor, Mitsubishi Tanabe Pharma Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2018</td> <td>Ditto Director of the Company (Outside Director)</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2019</td> <td>Director of the Company (Outside Director)</td> </tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Posts:</p> <p style="padding-left: 20px;">Director, RaQualia Pharma Inc. (Outside Director)</p>			Apr. 1976	Joined Tanabe Seiyaku Co., Ltd. (now known as Mitsubishi Tanabe Pharma Corporation)	Jun. 2001	Board Director, Tanabe Seiyaku Co., Ltd.	Jun. 2003	Managing Board Director, Tanabe Seiyaku Co., Ltd.	Jun. 2005	Board Director, Managing Executive Officer, Tanabe Seiyaku Co., Ltd.	Jun. 2006	Representative Director, Senior Managing Executive Officer, Tanabe Seiyaku Co., Ltd.	Oct. 2007	Board Director, Vice President, Mitsubishi Tanabe Pharma Corporation	Jun. 2008	Ditto Director, Mitsubishi Chemical Holdings Corporation	Jun. 2009	President & Representative Director, Chief Executive Officer, Mitsubishi Tanabe Pharma Corporation Director, Mitsubishi Chemical Holdings Corporation	Jun. 2014	Chairman of the Board & Representative Director, Mitsubishi Tanabe Pharma Corporation	Jun. 2016	Chairman of the Board, Mitsubishi Tanabe Pharma Corporation	Jun. 2017	Senior Advisor, Mitsubishi Tanabe Pharma Corporation	Jun. 2018	Ditto Director of the Company (Outside Director)	Jun. 2019	Director of the Company (Outside Director)
Apr. 1976	Joined Tanabe Seiyaku Co., Ltd. (now known as Mitsubishi Tanabe Pharma Corporation)																											
Jun. 2001	Board Director, Tanabe Seiyaku Co., Ltd.																											
Jun. 2003	Managing Board Director, Tanabe Seiyaku Co., Ltd.																											
Jun. 2005	Board Director, Managing Executive Officer, Tanabe Seiyaku Co., Ltd.																											
Jun. 2006	Representative Director, Senior Managing Executive Officer, Tanabe Seiyaku Co., Ltd.																											
Oct. 2007	Board Director, Vice President, Mitsubishi Tanabe Pharma Corporation																											
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Jun. 2014	Chairman of the Board & Representative Director, Mitsubishi Tanabe Pharma Corporation																											
Jun. 2016	Chairman of the Board, Mitsubishi Tanabe Pharma Corporation																											
Jun. 2017	Senior Advisor, Mitsubishi Tanabe Pharma Corporation																											
Jun. 2018	Ditto Director of the Company (Outside Director)																											
Jun. 2019	Director of the Company (Outside Director)																											
Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, etc.																												
<p>He has abundant experience and great insight into overall corporate management, through being involved in the management of the companies developing global manufacture and sales business of pharmaceuticals, as well as abundant business experience in fields of research and development and management strategies, in particular. In addition, he serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee of the Company. Based on the foregoing, the Company has selected him as a nominee for the office of Outside Director because the Company expects that he will contribute to supervising management from an objective perspective that is independent from the execution of business and ensuring transparency and fairness in the consideration of Officers' personnel affairs and remuneration, and the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc." The Company has no transactions with Mitsubishi Tanabe Pharma Corporation, where he previously served as an executive.</p>																												

Nominee Number	Name (Birth Date)	Number of Company Shares Owned																		
12	<p style="text-align: center;">Christina Ahmadjian (March 5, 1959)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Outside Director</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Independent Officer</div>	5,700 shares																		
	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts																			
	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">Jan. 1995</td> <td>Assistant Professor, Graduate School of Business, Columbia University</td> </tr> <tr> <td style="vertical-align: top;">Oct. 2001</td> <td>Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top;">Jan. 2004</td> <td>Professor, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2010</td> <td>Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2012</td> <td>Professor, Graduate School of Commerce and Management, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2018</td> <td>Professor, Graduate School of Business Administration, Hitotsubashi University</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2018</td> <td>Ditto Director of the Company (Outside Director)</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2022</td> <td>Specially Appointed Professor, Department of Global Business, College of Business, Rikkyo University; Director of the Company (Outside Director)</td> </tr> <tr> <td style="vertical-align: top;">Apr. 2023</td> <td>Director of the Company (Outside Director)</td> </tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Posts:</p> <ul style="list-style-type: none"> Director, Asahi Group Holdings, Ltd. (Outside Director) Director, NEC Corporation (Outside Director) Director, Niterra Co., Ltd. (Outside Director) 		Jan. 1995	Assistant Professor, Graduate School of Business, Columbia University	Oct. 2001	Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Jan. 2004	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University	Apr. 2010	Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University	Apr. 2012	Professor, Graduate School of Commerce and Management, Hitotsubashi University	Apr. 2018	Professor, Graduate School of Business Administration, Hitotsubashi University	Jun. 2018	Ditto Director of the Company (Outside Director)	Apr. 2022	Specially Appointed Professor, Department of Global Business, College of Business, Rikkyo University; Director of the Company (Outside Director)	Apr. 2023	Director of the Company (Outside Director)
	Jan. 1995	Assistant Professor, Graduate School of Business, Columbia University																		
	Oct. 2001	Associate Professor, Graduate School of International Corporate Strategy, Hitotsubashi University																		
Jan. 2004	Professor, Graduate School of International Corporate Strategy, Hitotsubashi University																			
Apr. 2010	Dean of Graduate School, Graduate School of International Corporate Strategy, Hitotsubashi University																			
Apr. 2012	Professor, Graduate School of Commerce and Management, Hitotsubashi University																			
Apr. 2018	Professor, Graduate School of Business Administration, Hitotsubashi University																			
Jun. 2018	Ditto Director of the Company (Outside Director)																			
Apr. 2022	Specially Appointed Professor, Department of Global Business, College of Business, Rikkyo University; Director of the Company (Outside Director)																			
Apr. 2023	Director of the Company (Outside Director)																			
Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, and Reasons Why the Company Has Determined that the Nominee is Capable of Conducting the Duties Appropriately as an Outside Director, etc.																				
<p>She has great insight and a global perspective as a university professor mainly studying in fields of corporate management and corporate governance. In addition, she serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee of the Company. Based on the foregoing, the Company has selected her as a nominee for the office of Outside Director because the Company expects that she will contribute to supervising management from an objective perspective that is independent from the execution of business and ensuring transparency and fairness in the consideration of Officers' personnel affairs and remuneration, and the Company considers her to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc." She has no experience concerning company management other than acting as an Outside Director; however, the Company has determined that she is capable of conducting the duties appropriately as an Outside Director because of the reasons above. The Company has no transactions with and has made no donations to either Hitotsubashi University, where she had served as a professor until March 2022, or Rikkyo University, where she had served as a Specially Appointed Professor until March 2023.</p>																				

Nominee Number	Name (Birth Date)	Number of Company Shares Owned																								
	<p style="text-align: center;">Katsuaki Watanabe (February 13, 1942)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Outside Director</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Independent Officer</div>	16,900 shares																								
13	Career Summary, Position, Areas of Responsibility and Important Concurrent Posts																									
	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%; vertical-align: top;">Apr. 1964</td> <td>Joined Toyota Motor Co., Ltd. (now known as Toyota Motor Corporation)</td> </tr> <tr> <td style="vertical-align: top;">Sept. 1992</td> <td>Director, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 1997</td> <td>Managing Director, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 1999</td> <td>Senior Managing Director, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2001</td> <td>Executive Vice President, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2005</td> <td>President, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2009</td> <td>Vice Chairman, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2011</td> <td>Senior Advisor, Toyota Motor Corporation</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2013</td> <td>Ditto Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2015</td> <td>Advisor, Toyota Motor Corporation Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company</td> </tr> <tr> <td style="vertical-align: top;">Jul. 2018</td> <td>Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company</td> </tr> <tr> <td style="vertical-align: top;">Jun. 2021</td> <td>Director of the Company (Outside Director)</td> </tr> </table> <p>(currently maintained)</p> <p>Important Concurrent Posts: Director (Outside Director), Kyushu Financial Group, Inc.</p>		Apr. 1964	Joined Toyota Motor Co., Ltd. (now known as Toyota Motor Corporation)	Sept. 1992	Director, Toyota Motor Corporation	Jun. 1997	Managing Director, Toyota Motor Corporation	Jun. 1999	Senior Managing Director, Toyota Motor Corporation	Jun. 2001	Executive Vice President, Toyota Motor Corporation	Jun. 2005	President, Toyota Motor Corporation	Jun. 2009	Vice Chairman, Toyota Motor Corporation	Jun. 2011	Senior Advisor, Toyota Motor Corporation	Jun. 2013	Ditto Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company	Jun. 2015	Advisor, Toyota Motor Corporation Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company	Jul. 2018	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company	Jun. 2021	Director of the Company (Outside Director)
Apr. 1964	Joined Toyota Motor Co., Ltd. (now known as Toyota Motor Corporation)																									
Sept. 1992	Director, Toyota Motor Corporation																									
Jun. 1997	Managing Director, Toyota Motor Corporation																									
Jun. 1999	Senior Managing Director, Toyota Motor Corporation																									
Jun. 2001	Executive Vice President, Toyota Motor Corporation																									
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Jun. 2011	Senior Advisor, Toyota Motor Corporation																									
Jun. 2013	Ditto Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company																									
Jun. 2015	Advisor, Toyota Motor Corporation Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company																									
Jul. 2018	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) of the Company																									
Jun. 2021	Director of the Company (Outside Director)																									
	Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, etc.																									
	<p>He was involved in the management of a company that conducted its business globally with a central focus on transportation equipment, and he has extensive experience and great insight in relation to overall corporate management, as well as abundant business experience in fields of supply chains, corporate planning, and manufacturing, etc. in particular. In addition, he serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee of the Company. Based on the foregoing, the Company has selected him as a nominee for the office of Outside Director because the Company expects that he will contribute to supervising management from an objective perspective that is independent from the execution of business and ensuring transparency and fairness in consideration of Officers' personnel affairs and remuneration, and the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc." While the Company has a business relationship with Toyota Motor Corporation, where he previously served as an executive, involving matters such as the purchase and sale of products, ten years or more have passed since he retired from the position of executive of Toyota Motor Corporation, and he retired from all positions at Toyota Motor Corporation in June 2018. In addition, considering the scale of the relevant transactions, that fact above does not influence his independence.</p>																									

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
14	<p style="text-align: center;">Atsushi Horiba (February 5, 1948)</p> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Outside Director</div> <div style="border: 1px solid black; width: fit-content; margin: 5px auto; padding: 2px;">Nominee for Independent Officer</div>	4,300 shares
	Career Summary, Position, Areas of Responsibility, and Important Concurrent Posts	
	<p>Sept. 1972 Joined HORIBA, Ltd.</p> <p>Jun. 1982 Director of HORIBA, Ltd.</p> <p>Jun. 1988 Senior Managing Director of HORIBA, Ltd.</p> <p>Jan.1992 President of HORIBA, Ltd.</p> <p>Jun. 1995 Ditto President of STEC Co., Ltd. (now known as HORIBA STEC, Co., Ltd.)</p> <p>Jun. 2005 Chairman, President & CEO of HORIBA, Ltd., President of HORIBA STEC, Co., Ltd.</p> <p>Apr. 2016 Chairman, President & CEO of HORIBA, Ltd., Chairman of HORIBA STEC, Co., Ltd.</p> <p>Jan. 2018 Chairman & Group CEO of HORIBA, Ltd., Chairman of HORIBA STEC, Co., Ltd.</p> <p>Jun. 2021 Ditto Director of the Company (Outside Director)</p> <p>(currently maintained)</p> <p>Important Concurrent Posts:</p> <p style="padding-left: 20px;">Chairman & Group CEO of HORIBA, Ltd. Chairman of HORIBA STEC, Co., Ltd. Director of SoftBank Corp. (Outside Director)</p>	
	Reasons Why the Company Nominates the Nominee as an Outside Director, Expected Roles, etc.	
<p>He was involved in the management of a company that conducted its business globally with a central focus on analysis and measuring equipment, and he has extensive experience and great insight in relation to overall corporate management, as well as abundant business experience in fields of management strategies (global management, M&A, etc.), in particular. Based on the foregoing, the Company has selected him as a nominee for the office of Outside Director because the Company expects that he will contribute to further improvements in supervisory functions of management from an objective perspective that is independent from the execution of business, and the Company considers him to be qualified for the office of Outside Director in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc." While the Company has a business relationship with HORIBA, Ltd., where he currently holds office as a Chairman & Group CEO, involving matters such as the purchase of equipment, the value of each transaction is less than 1% of the total sales of the Company and HORIBA, Ltd. respectively. Therefore, that fact above does not influence his independence. In addition, while the Company has a business relationship with HORIBA STEC, Co., Ltd., where he currently holds office as a Chairman, involving matters such as the purchase of equipment, the value of each transaction is less than 1% of the total sales of the Company and HORIBA STEC, Co., Ltd. respectively. Therefore, that fact above does not influence his independence.</p>		

Notes:

1. The Director nominee Mr. Mitsuo Nishida is the Joint Representative Director of Kyungshin Co., Ltd., which is a Korean company manufacturing and selling automotive wiring harnesses and their related components, and in which the Company and Sumitomo Wiring Systems, Ltd. invest money equivalent to 30% and 20%, respectively, of the shareholding ratio. The Company and that company do not have direct transaction relationship. Sumitomo Wiring Systems, Ltd. and that company are in a transaction relationship, for example, conducting sales and purchase of automotive wiring harness components and technical assistance to that company.
The other nominees for the offices of Directors do not have business connections with the Company.
2. Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya, Ms. Christina Ahmadjian, Mr. Katsuaki Watanabe, and Mr. Atsushi Horiba are nominees for Outside Directors and for Independent Officers as defined by Tokyo Stock Exchange, Inc., etc.
3. Matters to be described specifically regarding the Outside Director nominees (Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya, Ms. Christina Ahmadjian, Mr. Katsuaki Watanabe, and Mr. Atsushi Horiba) are as follows:
 - (1) Number of years since the Outside Director nominees started to hold office as an Outside Director or an Audit & Supervisory Board Member of the Company

Mr. Hiroshi Sato will have held office as an Outside Director for seven (7) years upon the closing of this Meeting.

Mr. Michihiro Tsuchiya and Ms. Christina Ahmadjian will have held office as Outside Directors for five (5) years upon the closing of this Meeting.

Mr. Katsuaki Watanabe will have held office as an Outside Director for two (2) years upon the closing of this Meeting. He had held office as an Outside Audit & Supervisory Board Member for eight (8) years until the time when he retired in June 2021.

Mr. Atsushi Horiba will have held office as an Outside Director for two (2) years upon the closing of this Meeting.
 - (2) Outline of the substance of the limited liability contract

The Company has entered into a limited liability contract with Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya, Ms. Christina Ahmadjian, Mr. Katsuaki Watanabe, and Mr. Atsushi Horiba. The contract provides, with respect to the liability under Article 423, paragraph 1 of the Companies Act, that each of them owes liability for damages limited to the higher amount of either 10 million yen or the minimum liability amount provided under Article 425, paragraph 1 of the Act, if they act without knowledge and are not grossly negligent in conducting their duties.
4. The Company has entered into a directors and officers liability insurance contract under which all Directors are the insureds, and the contract provides that it will compensate for damage (through the payment of monetary damages and litigation costs, etc.) borne by the insureds if such compensation for damage is claimed as a result of an act (or an omission) conducted by the insureds in relation to the execution of their duties.
If each nominee starts to hold office as a Director, they will become the insureds under the insurance contract and the insurance contract will be renewed during their terms of office.

Third item: Appointment of two (2) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Member Mr. Yoshitomo Kasui and Audit & Supervisory Board Member Mr. Akira Hayashi will expire upon the closing of this Meeting. Approval is hereby requested for the appointment of two (2) Audit & Supervisory Board Members.

The nominees for the office of Audit & Supervisory Board Member are as follows, and this agenda has already been approved by the Audit & Supervisory Board.

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
1	Yoshitomo Kasui (May 15, 1959)	34,600 shares
	Career Summary, Position and Important Concurrent Posts	
	Apr. 1983	Joined the Company
	Jun. 2012	Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit General Manager, HR & Administration Department HR & Administration Department, General Manager of Risk Management Office
	Jul. 2012	Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit General Manager, HR & Administration Department
	Jun. 2013	Managing Executive Officer Deputy General Manager, Manufacturing Management & Engineering Unit General Manager, HR & Administration Department
	Jun. 2014	Managing Director Deputy General Manager, Manufacturing Management & Engineering Unit General Manager, HR & Administration Department
	Oct. 2015	Managing Director Deputy General Manager, Manufacturing Management & Engineering Unit
	Jun. 2018	Senior Managing Director Deputy General Manager, Manufacturing Management & Engineering Unit
	Jun. 2020	Senior Managing Director
Jun 2022	Audit & Supervisory Board Member (full-time)	
(currently maintained)		

	Reasons Why the Company Nominates the Nominee as an Audit & Supervisory Board Member
	He has abundant business experience in fields related to the HR & Administration Department, Compliance & Risk Management, and other departments in the Company. The Company has selected him as a nominee for the office of Audit & Supervisory Board Member because he has served as a full-time Audit & Supervisory Board Member since June 2022, and the Company considers him to be qualified for the office of Audit & Supervisory Board Member of the Company in light of the Company’s “Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc.”

Nominee Number	Name (Birth Date)	Number of Company Shares Owned
2	Akira Hayashi (June 30, 1958)	39,900 shares
	Career Summary, Position and Important Concurrent Posts	
	Apr. 1981	Joined the Company
	Jul. 2009	General Manager, Internal Auditing Department
	May. 2011	General Manager, Accounting Division
Jan. 2016	General Manager	
Jun. 2017	Audit & Supervisory Board Member (full-time)	
(currently maintained)		
Reasons Why the Company Nominates the Nominee as an Audit & Supervisory Board Member		
He has abundant business experience at the Finance and Accounting Divisions of the Company. The Company has selected him as a nominee for the office of Audit & Supervisory Board Member because he has served as a full-time Audit & Supervisory Board Member since June 2017, and the Company considers him to be qualified for the office of Audit & Supervisory Board Member in light of the Company's "Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc."		

Notes:

1. The nominees for the office of Audit & Supervisory Board Member have no business connections with the Company.
2. The Company has entered into a directors and officers liability insurance contract under which all Audit & Supervisory Board Members are the insureds, and the contract provides that it will compensate for damage (through the payment of monetary damages and litigation costs, etc.) borne by the insureds if such compensation for damage is claimed as a result of an act (or an omission) conducted by the insureds in relation to the execution of their duties. If each nominee starts to hold office as an Audit & Supervisory Board Member, they will become the insureds under the insurance contract and the insurance contract will be renewed during their terms of office.

[Reference Information]

The “Policy to Nominate Candidates for Director and Audit & Supervisory Board Member, etc.” of the Company is as follows:

1. Candidates to be nominated as Inside Directors will be individuals who have and have carried out the Sumitomo Spirit – which values doing your sincere best, not only in business but also in every aspect of your life, placing importance on integrity and not acting rashly or carelessly in pursuit of immoral business. These will be individuals who have extensive experience and excellent performance records in connection with our business; who have sound objective judgement concerning management in light of the changing environment surrounding us and future changes; and who have superior character, foresight and insight.
2. Candidates to be nominated as Outside Directors will be individuals with experience in company management, experts of respective fields or academic experts who would be suitable for supervising our management from the viewpoint of encouraging sustainable growth and striving to increase corporate value over the mid-to-long term.
3. If a Director is found to be in material breach of compliance with the laws and regulations or the Articles of Incorporation, or it is otherwise determined that they are not able to appropriately fulfill their role or responsibility as a Director, the submission of an agenda for dismissal to the meeting of shareholders may be deliberated, depending on the circumstances.
4. Candidates to be nominated as Audit & Supervisory Board Members will be individuals with experience in company management and persons with expertise in law, finance or accounting.
5. The Nominating Advisory Committee will deliberate the candidates for Directors and Audit & Supervisory Board Members and the submission of an agenda regarding the dismissal of a Director to the meeting of shareholders, and the Board of Directors will decide them by a resolution based on the report of the committee.

Fourth item: Payment of bonuses to Directors

The Company proposes to declare bonuses totaling 250 million yen (¥250,000,000) for ten (10) Directors, other than the five (5) Outside Directors, from among the fifteen (15) total Directors, as of the end of this fiscal year. With respect to this item, the Company took the existing amount of payments and other factors into consideration, as well as the business results for this fiscal year based on the policy for determining bonuses. Further, the Compensation Advisory Committee, of which more than half of the members consist of outside officers, deliberated and reported to the Board of Directors that this item is appropriate. Based on these facts, the Company has determined that the details of this item are proper.

[Reference] Executive Structure and Skills Matrix in the Case Where the Second and Third Items Are Approved

The Company is a technology-development-type manufacturer that conducts its business globally by taking advantage of advanced technologies for customers in the various areas of automotive, environment and energy, electronics, infocommunications, 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, 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 describes the fields in which each individual has particular expertise or areas of responsibility in the company.

Name and Attributes	Committees of Which They will be Members, if the Second and Third Items are Approved	Human Resources and Organization, Finance and Accounting	Corporate Governance	Research and Technical Development	Manufacturing and Production Technology (*)	Supply Chain, Sales and Procurement	Internationality and Global Management	Fields in Which One Has Particular Expertise or Areas of Responsibility in the Company
Masayoshi Matsumoto Male	Nominating Advisory Committee/ Compensation Advisory Committee	○	○				○	-
Osamu Inoue Male	Nominating Advisory Committee/ Compensation Advisory Committee	○	○				○	-
Mitsuo Nishida Male				○	○	○		Automotive
Hideo Hato Male		○	○		○		○	DX, Intellectual Property, Industrial Policy, Information Systems
Akira Nishimura Male				○	○			R&D, Infocommunications
Masaki Shirayama Male					○	○		Environment and Energy
Yasuhiro Miyata Male						○	○	Electronics
Toshiyuki Sahashi Male					○	○	○	Industrial Materials
Shigeru Nakajima Male				○	○	○		Transmission Devices
Hiroshi Sato Male O/S Ind. Officer	Nominating Advisory Committee/ Compensation Advisory Committee	○	○	○	○		○	Experienced in corporate management
Michihiro Tsuchiya Male O/S Ind. Officer	Nominating Advisory Committee/ Compensation Advisory Committee	○	○	○			○	Experienced in corporate management
Christina Ahmadjian Female O/S Ind. Officer	Nominating Advisory Committee/ Compensation Advisory Committee	○	○				○	Academic expert
Katsuaki Watanabe Male O/S Ind. Officer	Nominating Advisory Committee/ Compensation Advisory Committee	○	○		○	○	○	Experienced in corporate management
Atsushi Horiba Male O/S Ind. Officer		○	○	○			○	Experienced in corporate management
Yoshitomo Kasui Male		○	○					-
Akira Hayashi Male		○	○					-
Michiko Uehara Female O/S Ind. Officer		○	○					Attorney at law
Ikuo Yoshikawa Male O/S Ind. Officer		○	○					Certified public accountant
Tatsuo Kijima Male O/S Ind. Officer		○	○					Experienced in corporate management

Ind. Officer Independent Officer as defined by Tokyo Stock Exchange, Inc., etc.

O/S Outside Director / Outside Audit & Supervisory Board Member

*.....Includes expertise in environmental conservation

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

(Translation)

BUSINESS REPORT
(from April 1, 2022 to March 31, 2023)

1. Matters Concerning Current Status of Corporate Group

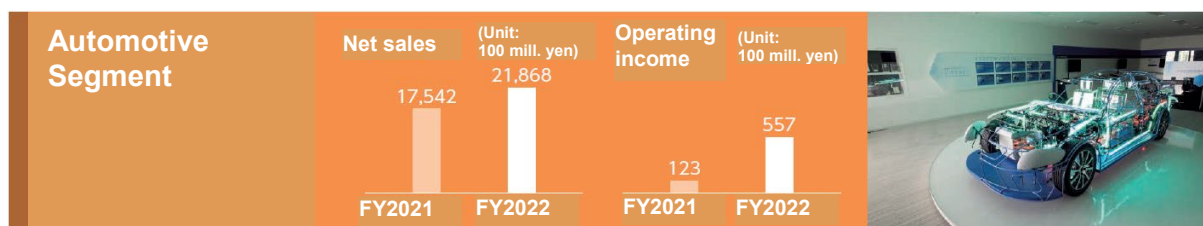
(1) Progression of Business and its Results

Net Sales	4,005,561 million yen (an increase of 18.9 % compared with the preceding fiscal year)
Operating Income	177,443 million yen (an increase of 45.2 % compared with the preceding fiscal year)
Ordinary Income	173,348 million yen (an increase of 25.5 % compared with the preceding fiscal year)
Profit Attributable to Owners of the Parent	112,654 million yen (an increase of 17.0 % compared with the preceding fiscal year)

With respect to the world economy, in the U.S., despite the impact of rising prices and credit squeezes, a modest recovery of the economy continued, supported by stable personal consumption and favorable employment conditions; however, in China, the urban blockages and restrictions on activity following the spread of COVID-19 placed downward pressure on the economy; further, in Europe, the economy gradually slowed down toward the end of this fiscal year due to rising prices for energy and other commodities, caused by the situation in Ukraine, and the tight monetary policies. With respect to the Japanese economy, gradually, socioeconomic activities returned to normal, and it recovered moderately, but it continued to lack strength due in part to sharp fluctuations in the exchange rate and rising prices.

The business circumstances of the Group were challenging due to soaring material and energy prices, in addition to a decrease in the production of automobiles caused by reasons such as urban blockages in China and a supply shortage of semiconductors and other components. In this environment, in the consolidated financial settlement for this fiscal year, net sales increased from the preceding fiscal year to 4,005,561 million yen (preceding fiscal year: 3,367,863 million yen, +18.9 %) and exceeded 4 trillion yen for the first time, thanks to efforts to expand the sale of wiring harnesses, power cables, cemented carbide tools, and other commodities, as well as the depreciation of the Japanese yen. With respect to income and profits, we worked to thoroughly reduce costs and improve selling prices; as a result, operating income was 177,443 million yen (preceding fiscal year: 122,195 million yen, +45.2 %), ordinary income was 173,348 million yen (preceding fiscal year: 138,160 million yen, +25.5 %), and the profit attributable to owners of the parent was 112,654 million yen (preceding fiscal year: 96,306 million yen, +17.0 %). In this way, each of these items increased from the preceding fiscal year.

The following section is a report outlining each segment.



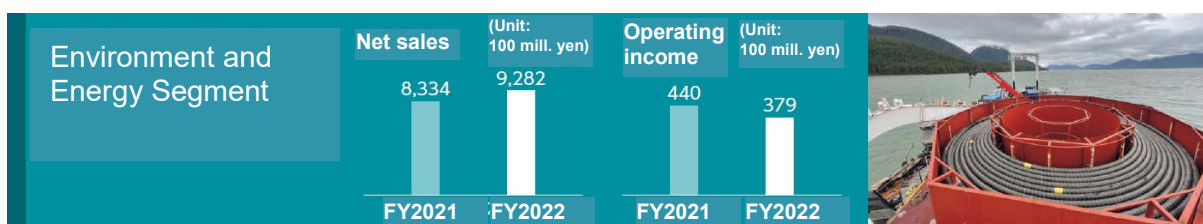
Due to an increase in sales of wiring harnesses, electronic components of cars, and anti-vibration rubber, as well as the depreciation of the Japanese yen, net sales increased by 432,654 million yen (24.7% compared with the preceding fiscal year) to 2,186,849 million yen. Operating income increased, despite soaring material prices and logistics expense, by 43,481 million yen to 55,745 million yen, due to an increase in sales and the thorough reduction of costs.



Net sales increased by 11,175 million yen (4.7%) to 250,325 million yen as a result of expanding sales of products such as optical wiring equipment and optical fibers, as well as depreciation of the Japanese yen. Operating income decreased by 1,472 million yen to 21,926 million yen due to an increase in material and energy prices as well as a decline in selling prices.



Net sales increased by 73,504 million yen (25.1%) to 366,013 million yen, and operating income increased by 18,524 million yen to 38,349 million yen, due to the depreciation of the Japanese yen in addition to capturing demands for products such as FPCs (flexible printed circuits) and electronic wire products, and an increase in sales by TECHNO ASSOCIE Co., Ltd.



Net sales increased by 94,814 million yen (11.4%) to 928,239 million yen mainly due to the expansion of sales of power cables, an increase in demand for substation equipment, etc. from Nissin Electric Co., Ltd., and an increase in electric work at Sumitomo Densetsu Co., Ltd. Operating income decreased by 6,104 million yen to 37,920 million yen compared to the preceding fiscal year, when the increase in profit was largely attributable to higher copper prices.



Due to an increase in sales of cemented carbide tools and diamond/CBN tools, as well as the depreciation of the Japanese yen and an improvement in selling prices, net sales increased by 35,413 million yen (10.8%) to 363,296 million yen. Operating income increased by 954 million yen to 23,978 million yen.

(Note)

The amounts of net sales and operating income of each segment indicate those amounts before the elimination of intersegment transactions, etc.

(2) Conditions of Capital Expenditure

The total amount of capital expenditure for this fiscal year was 208.3 billion yen. The following list shows the breakdown of capital expenditure by segment.

Segment	Amount of Capital Expenditure (billions of yen)	Main Content of Capital Expenditure
Automotive	114.7	Increased production of and rationalization investment in wiring harnesses and anti-vibration rubbers
Infocommunications	16.3	Increased production of and rationalization investment in optical fiber cables and optical/wireless devices
Electronics	23.1	Increased production of and rationalization investment in FPCs and electronic wires
Environment and Energy	34.0	Increased production of and rationalization investment in power system equipment such as substation equipment/control system, and magnet wires
Industrial Materials and Others	20.2	Increased production of and rationalization investment in sintered powder metal parts and cemented carbide tools

(3) Fundraising

The Group raised funds through long-term loans of 39.9 billion yen and the issue of 10.0 billion yen in bonds, in addition to short-term loans of 85.3 billion yen. The purpose of such fundraising was to acquire shares of both Nissin Electric Co., Ltd. and TECHNO ASSOCIE Co., Ltd., as well as repayment of long-term borrowings, funds for debenture redemption, etc.

(4) Key Issues Requiring Attention

Economic Situation Hereafter

It is anticipated that there will be concerns regarding political and geopolitical risks, such as confrontation between the United States and China and the situation in Ukraine and economic downturn due to global rising prices and credit squeezes, and that the business circumstances of the Company will continue to be unpredictable.

■ The Group's Efforts Hereafter

In these circumstances, the Group will work to improve our corporate values in a unified effort, while aiming for mutual prosperity with our stakeholders, toward the realization of “living in safety and comfort on our green planet” set forth in the “Sumitomo Electric Group 2030 VISION,” our long-term vision, and strive to improve the basics of the manufacturing industry, “S” (Safety), “E” (Environment), “Q” (Quality), “C” (Cost), “D” (Delivery), and “D” (Development), aiming to become a “Glorious Excellent Company.” In our efforts to improve capital efficiency, for the improvement of ROIC*, which we regard as an important index, we will make efforts towards reasonable inventory balance and balance of operating receivables and payables, and to implement careful selection of capital expenditure projects, and we will further improve our efforts, such as by shifting to highly-profitable items and reflecting rising material prices in our selling prices. In addition, we are pursuing the following strategies in each of our business segments in order to achieve the new medium-term management plan, which will start in this fiscal year as the milestone toward the realization of our long-term vision.

Automotive Segment

While it is expected that the supply shortage of semiconductors and other components will be gradually cured and the automobile production will recover, we will work to further reduce costs and thoroughly improve asset efficiency and will proceed with enhancing corporate structure. In addition, the Group will create and expand sales of new products that capture the rapidly expanding market of CASE* such as high-voltage wiring harnesses for electric vehicles, and connectors for high-speed communication, by further expanding sales of aluminum harnesses corresponding to the needs of weight reduction, pushing evolution of conventional harnesses such as automation of production and expansion of new designs and new methods of production that will lead to cost reduction, and enhancing collaboration within the Group and partner relationships and cooperation with customers. Sumitomo Riko Company Limited will strive to recover profitability by deepening global support, integrating and concentrating business sites inside and outside of Japan, and reducing costs, in the field of automotive anti-vibration rubbers and hoses, and it is also focusing on developing new products for the next-generation vehicles.

Infocommunications Segment

Although temporary demand stagnation due to inventory adjustments by customers, among other things, has been observed, since communication data amount has increased due to the expansion of the market for cloud services* and the dissemination of the fifth-generation mobile communications system (5G), and amount of power consumed has increased in conjunction with that, we will accelerate development and marketing of products related to data centers, such as optical cables, optical wiring equipment, and optical devices, and high-performance products that meet market needs including high speed, large capacity, and low power consumption, such as extra low-loss and large capacity optical fibers for submarine cables, highly efficient electronic devices for 5G base stations, and network access equipment that enables high-speed and large capacity communications. In addition, we will strive to thoroughly reduce costs and make efforts to improve profitability.

*ROIC: an abbreviation for Return on Invested Capital.

*CASE: a term that represents an automotive industry trend and combines the initials of “Connected,” “Autonomous,” “Shared,” and “Electric.”

*Cloud services: providing data and software that previously were used by users on local computers, as a service to users via a network.

Electronics Segment

With regard to FPCs, we will strive to market high-performance products that utilize fine circuit fabrication technology, thoroughly reduce costs, and increase performance, and we will accelerate marketing for automobiles and medical care and development of new products with high frequency characteristics. With regard to leads (tab leads) for battery terminals of electric vehicles, wires for electric parking brakes, and heat shrink tubes, which utilize irradiation cross-linking technology, and porous water-treatment membrane systems that utilize fluorine resin processing technology, we will strive to expand business by capturing various customer needs. In addition, we will strive to create further synergies with TECHNO ASSOCIE Co., Ltd., which we made our wholly-owned subsidiary in May 2023.

Environment and Energy Segment

With regard to power cables, we will make efforts to capture domestic demand for replacement of facilities, and in addition to that, expand orders for projects related to renewable energy, such as cross-national and cross-regional interconnection lines, for which demand is globally expanding in the direction of realizing a decarbonized society, and focus on strengthening production capacity, cost reductions, quality improvement, development of new products, and strengthening project management. With regard to flat magnet wires for motors used in electric vehicles, we will make improvements in profitability through the reduction of costs and proceed with developing next-generation products that respond to electric vehicles becoming high-voltage. Furthermore, we will strive to create further synergies with Nissin Electric Co., Ltd., which we made our wholly-owned subsidiary in May 2023, and make efforts to expand orders further, while taking advantage of the Group's integrated capabilities, including those of Sumitomo Densetsu Co., Ltd.

Industrial Materials Segment

With regard to cemented carbide tools, we will surely capture the demand not only in the main automotive area but also in the areas of construction machines, agriculture machines, electronics, etc. by strengthening our global sales power and will proceed with new business development related to electric vehicles, aircrafts, renewable energy, etc. and will make efforts to expand our market share. With regard to sintered powder metal parts, we will aim to develop new products and further strengthen marketing for electric vehicles and the cost competitiveness. With regard to prestressed concrete and precision spring steel wires, we will strive to improve profitability by strengthening global production and sales organization and developing new products.

Research and Development Activities

We will make efforts to create new businesses and products that are original and excel in profitability. We will focus on new businesses, such as redox flow batteries, high-temperature superconducting products, and SiC (silicon carbide) power semiconductor devices. As next-generation products that support the current five business segments, we will focus on developing new products in response to society's needs, including a post-5G and next generation mobile communications system; transmission equipment, devices, optical fibers, and electronic products, which are used for data centers, optical submarine communications, etc.; and materials for power cables, as well as materials for automobiles and industries that contribute to a reduction in the environmental burden, and we will do so by proactively utilizing outside knowledge through collaboration with academia, industry, and government. In addition, we will work toward production innovation by utilizing AI and IoT at manufacturing sites, and further strengthen collaboration with the Business Division and the Sales & Marketing Division, and will revitalize and accelerate research and development activities further.

Management Basis, etc.

Ultimately, we believe that compliance with laws and regulations and maintaining corporate ethics constitute the foundation of the Company's management, and that they are the absolute basis to continue and develop as a corporation. From now on, under the principles of the Sumitomo Spirit, which values doing your sincere best, not only in business but also in every aspect of your life, placing importance on integrity, and not acting rashly or carelessly in pursuit of immoral business, we will make all efforts to ensure that all corporate activities are conducted fairly and honestly and can be trusted by society. In addition, we consider that the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles share common core values with the SDGs (Sustainable Development Goals). We will strive to realize a sustainable society.

We would like to ask our shareholders for your further understanding and support in the future.

(5) Trend of Assets and Profits or Losses

(i) Trend of Assets and Profit or Losses of Corporate Group (Consolidated)

Entry \ Year	FY2018	FY2019	FY2020	FY2021	FY2022 (this fiscal year)
Net Sales (millions of yen)	3,177,985	3,107,027	2,918,580	3,367,863	4,005,561
Operating Income (millions of yen)	166,260	127,216	113,926	122,195	177,443
Ordinary Income (millions of yen)	188,649	130,498	114,072	138,160	173,348
Profit Attributable to Owners of the Parent (millions of yen)	118,063	72,720	56,344	96,306	112,654
Earnings per Share (yen)	151.38	93.24	72.25	123.49	144.45
Net Assets (millions of yen)	1,776,313	1,766,647	1,892,506	2,052,938	2,110,819
Total Assets (millions of yen)	3,053,263	3,100,260	3,381,914	3,807,390	4,013,008

(Notes)

1. Earnings per share is computed based on the weighted average number of shares of common stock outstanding during each period.
2. With respect to FY2019, due to, e.g., a decrease in production of automobiles and sales of smartphones, a decline in the price of optical fiber cables, a stronger yen, and a fall in the price of copper, as well as a sudden slowdown of economic activities due to COVID-19 in the fourth quarter, sales decreased from the preceding fiscal year. Further, due to, e.g., a decrease in sales, an increase in future depreciation and amortization expenses, and price reductions and an increase in costs for the launch of production of some products in the Automotive segment, as well as deterioration in profitability associated with a sudden decrease in production due to the expansion of COVID-19, operating income, ordinary income, and the profit attributable to owners of the parent decreased from the preceding fiscal year.
3. With respect to FY2020, due to, e.g., a decrease in production of automobiles caused by COVID-19, delays in communication and power supply work, and a decline in the price of optical fibers, sales decreased from the preceding fiscal year. With respect to income, despite our all-out efforts toward cost reduction measures, such as cutting down non-urgent costs and refraining from capital expenditures, not all of the effect of the decrease in sales

could be absorbed, and operating income, ordinary income, and the profit attributable to owners of the parent decreased from the preceding fiscal year.

(ii) Trend of Assets and Profits or Losses of the Company

Entry \ Year	FY2018	FY2019	FY2020	FY2021	FY2022 (this fiscal year)
Net Sales (millions of yen)	1,142,621	1,149,030	1,064,781	1,305,756	1,431,971
Operating Income (millions of yen)	16,921	3,882	(7,007)	15,704	15,584
Ordinary Income (millions of yen)	65,847	48,625	26,874	64,063	65,929
Profit for the year (millions of yen)	71,147	42,442	9,558	52,354	55,181
Earnings per Share (yen)	91.20	54.41	12.25	67.11	70.74
Net Assets (millions of yen)	783,028	772,037	762,483	781,185	795,440
Total Assets (millions of yen)	1,351,028	1,331,126	1,376,632	1,413,289	1,522,314

(Notes)

Earnings per share is computed based on the weighted average number of shares of common stock outstanding during each period.

(6) Content of Main Businesses (as of March 31, 2023)

The Group conducts manufacturing and sales of the following products, as well as construction design and execution.

Segment	Main products and others
Automotive	Wiring harnesses, anti-vibration rubbers/automotive hoses, electronic components of cars and network system products such as traffic control
Infocommunications	Optical fiber cables, telecommunication cables and equipment, fusion splicers, optical/wireless devices such as optical transceiver modules/wireless communication devices, compound semiconductors, access network equipment (GE-PON/set-top box/CATV-related products, etc.)
Electronics	Electronic wires, electric beam irradiation products, flexible printed circuits, fluorine resin products, fasteners, metal parts, chemical products
Environment and Energy	Electric conductors, power transmission wires/cables/equipment, magnet wires, air cushions for railroad vehicles, power system equipment such as substation equipment/control system, charged beam equipment and processing, electrical/power supply work and engineering, porous metals, metal materials for electronic parts
Industrial Materials and Others	Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cords, cemented carbide tools, diamond/CBN tools, laser optics, sintered powder metal parts, semiconductors heat-spreader materials

(7) Main Offices and Factories (as of March 31, 2023)**(i) The Company**

Head Office	Osaka City
Offices	Osaka, Tokyo, Chubu District Office (Nagoya City), Okinawa Branch Office (Naha City), Kyushu Branch Office (Fukuoka City), Shikoku Sales Office (Takamatsu City), Chugoku Branch Office (Hiroshima City), Hokuriku Sales Office (Toyama City), Hitachi Branch Office (Hitachi City, Ibaraki Prefecture), Tohoku Branch Office (Sendai City), Hokkaido Branch Office (Sapporo City)
Factories	Osaka Works (Osaka City), Itami Works (Itami City, Hyogo Prefecture), Yokohama Works (Yokohama City), Ibaraki Works (Hitachi City, Ibaraki Prefecture)

(ii) Subsidiaries and Affiliates

Please see “(9) Status of Important Subsidiaries and Affiliates.”

(8) Employee Situation (as of March 31, 2023)**(i) Employee Situation of Corporate Group**

Segment	Number of Employees	Increase from March 31, 2022
Automotive	231,006	7,552
Infocommunications	7,455	(48)
Electronics	19,761	544
Environment and Energy	15,407	222
Industrial Materials and Others	15,562	(154)
Total	289,191	8,116

(Note)

“Number of Employees” means the number of actual employees on duty (i.e., the number of employees dispatched to non-consolidated companies is not included, but the number of those dispatched from non-consolidated companies is included).

(ii) Employee Situation of the Company

Number of Employees	Increase from March 31, 2022	Average age	Average Length of Service (Years)
7,144	493	43.1	16.9

(Note)

“Number of Employees” does not include the 5,772 employees of the Company who are dispatched to companies other than the Company.

(9) Status of Important Subsidiaries and Affiliates (as of March 31, 2023)

Company Name	Location	Capital	Share- holding	Main Business
Sumitomo Wiring Systems, Ltd.	Yokkaichi City, Mie Prefecture	JPY 20,042 Million	% 100.00	Manufacture, processing and sales of automotive wiring harnesses, connectors

Company Name	Location	Capital	Share-holding	Main Business
Sumitomo Electric Device Innovations, Inc.	Yokohama City	JPY 15,000 Million	% 100.00	Development, manufacture and sales of optical transceiver, optical/wireless devices composed of compound semiconductors, and their application
Sumitomo Riko Company Limited	Nagoya City	JPY 12,145 Million	50.67	Manufacture and sales of anti-vibration rubbers, hoses and resin products
Sumitomo Electric Hardmetal Corp.	Itami City, Hyogo Prefecture	JPY 11,900 Million	100.00	Manufacture and sales of cemented carbide tools, diamond/CBN tools, etc.
Nissin Electric Co., Ltd.	Kyoto City	JPY 10,253 Million	92.58	Manufacture and sales of substation equipment, plant control system, photovoltaic system, etc.
Sumitomo Densetsu Co., Ltd.	Osaka City	JPY 6,440 Million	50.17	Design, installation and supervision of power transmission lines, indoor wiring cables and communications system works
Sumitomo Electric Tochigi Co., Ltd.	Utsunomiya City	JPY 5,250 Million	55.56	Manufacture and sales of steel tire cords and precision spring steel wires
TECHNO ASSOCIE Co., Ltd.	Osaka City	JPY 5,001 Million	89.54	Sales of screws, non-ferrous metal products, etc.
Hokkaido Sumiden Precision Co., Ltd.	Naie Town, Sorachi Sub-prefecture, Hokkaido	JPY 4,350 Million	100.00	Manufacture and sales of cemented carbide and raw metal powder
Sumitomo Electric Sintered Alloy, Ltd.	Takahashi City, Okayama Prefecture	JPY 3,004 Million	100.00	Manufacture and sales of sintered powder metal parts
Sumitomo Electric Wintec, Inc.	Koka City, Shiga Prefecture	JPY 3,000 Million	100.00	Manufacture and sales of magnet wires
Sumiden HST Cable, Ltd.	Osaka City	JPY 400 Million	56.00	Sales of wire cables
Sumitomo Electric Wiring Systems, Inc.	U.S.A.	USD 243,920 Thousand	100.00	Manufacture and sales of automotive wiring harnesses and connectors
Sumitomo Electric Lightwave Corp.	U.S.A.	USD 54,780 Thousand	100.00	Manufacture and sales of optical cables, etc., and sales of fusion splicers, etc.
※ Judd Wire, Inc.	U.S.A	USD 40,000 Thousand	100.00	Manufacture and sales of electronic wires

Company Name	Location	Capital	Share-holding	Main Business
Sumidenso do Brasil Industrias Eletricas Ltda.	Brazil	BRL 232,921 Thousand	% 100.00	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Wiring Systems (Europe) Limited	U.K.	EUR 93,950 Thousand	100.00	Manufacture and sales of automotive wiring harnesses and connectors
Sumitomo Electric Bordnetze SE	Germany	EUR 2,046 Thousand	100.00	Manufacture and sales of automotive wiring harnesses
SEWS-CABIND S.p.A.	Italy	EUR 30,000 Thousand	100.00	Manufacture and sales of automotive wiring harnesses
PT. Sumiden Serasi Wire Products	Indonesia	USD 51,000 Thousand	100.00	Manufacture and sales of tensioning materials for prestressed concrete, precision spring steel wires, and steel wires for reinforcement of tires
PT. Karya Sumiden Indonesia	Indonesia	USD 44,109 Thousand	100.00	Manufacture and sales of wire rods
PT. Sumitomo Electric Wintec Indonesia	Indonesia	USD 35,000 Thousand	100.00	Manufacture and sales of magnet wires
PT. Sumi Indo Kabel Tbk.	Indonesia	USD 52,431 Thousand	92.40	Manufacture and sales of wire cables
SEI Thai Electric Conductor Co., Ltd.	Thailand	THB 2,010 Million	100.00	Manufacture and sales of wire rods, aluminum wire rods and bars, automotive aluminum wires
※ Sumitomo Electric Wintec Magnet Wire (Changzhou) Co., Ltd.	China	RMB 454,466 Thousand	100.00	Manufacture and sales of wire rods and magnet wires
Sumidenso Mediatech Suzhou Co., Ltd.	China	RMB 347,585 Thousand	100.00	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Interconnect Products (Suzhou), Ltd.	China	RMB 338,299 Thousand	100.00	Manufacture and sales of electronic wires
Sumitomo Electric Interconnect Components (Shenzhen), Ltd.	China	RMB 276,838 Thousand	100.00	Manufacture and sales of electronic wires

Company Name	Location	Capital	Shareholding	Main Business
Fuzhou Zhu Wiring Systems Co., Ltd.	China	RMB 275,236 Thousand	% 100.00	Manufacture and sales of automotive wiring harnesses and electric wires
Huizhou Zhurun Wiring Systems Co., Ltd.	China	RMB 288,020 Thousand	87.86	Manufacture and sales of automotive wiring harnesses
Sumitomo Electric Interconnect Products (Hong Kong), Ltd.	Hong Kong, China	HKD 648,000 Thousand	100.00	Sales of electronic wires, flexible printed circuits
SEI Electronic Components (Vietnam), Ltd.	Vietnam	USD 100,000 Thousand	100.00	Manufacture and sales of flexible printed circuits
Sumidenseo Vietnam Co., Ltd.	Vietnam	USD 35,000 Thousand	100.00	Manufacture and sales of automotive wiring harnesses
Sumi Philippines Wiring Systems Corporation	Philippines	USD 60,000 Thousand	100.00	Manufacture and sales of automotive wiring harnesses and electric wires
Sumitomo Electric Wintec (Malaysia) Sdn, Bhd. ※	Malaysia	USD 36,141 Thousand	100.00	Manufacture and sales of magnet wires
Sumitomo Rubber Industries, Ltd.	Kobe City	JPY 42,658 Million	28.91	Manufacture and sales of automotive tires, etc.

(Notes)

1. The figures under “Shareholding” above are the percentages, including the shareholding by the subsidiaries, etc.
2. A company marked with “※” under “Company Name” is a company added to the list starting this fiscal year.

(10) Important Corporate Restructuring, etc.

- (i) We transferred the businesses related to the manufacture of wires and cables of J-Power Systems Corporation to the Company through a company split system (absorption-type company split) as of July 1, 2022.
- (ii) Through the tender offer of common stocks of Nissin Electric Co., Ltd. and TECHNO ASSOCIE Co., Ltd. implemented from February 3 to March 22, 2023, we made both companies our wholly-owned subsidiaries as of May 1, 2023.

(11) Major Lenders (as of March 31, 2023)

Lenders	Balance of Borrowings
	millions of yen
Sumitomo Mitsui Banking Corporation	227,190
The Norinchukin Bank	124,235
MUFG Bank, Ltd.	106,955
Mizuho Bank, Ltd.	76,482
Development Bank of Japan Inc.	51,000
Sumitomo Mitsui Trust Bank, Limited	43,298

(Notes)

1. The balance of borrowings above includes the borrowings from the overseas subsidiaries of each financial institution.
2. In addition to what is set forth in the table above, there is a syndicated loan which amounts to 86,677 million yen.

(12) Other Important Matters Concerning Current Status of Corporate Group

- (i) The Company is in negotiations with some automakers for compensation regarding violation of antitrust law in the Automotive segment.
- (ii) At the Company's Board of Directors meeting which was held on April 27, 2023, we resolved to establish Sumitomo Electric U.K. Power Cables Ltd. whose main business is manufacturing and sales of power cables (capital: GBP 127 million; share-holding: 100% by the Company) in the U.K.

2. Information Concerning Shares (as of March 31, 2023)

(1) Total Number of Authorized Shares

3,000,000,000 shares

(2) Total Number of Issued Shares

793,940,571 shares (compared with the end of preceding fiscal year: no increase or decrease)

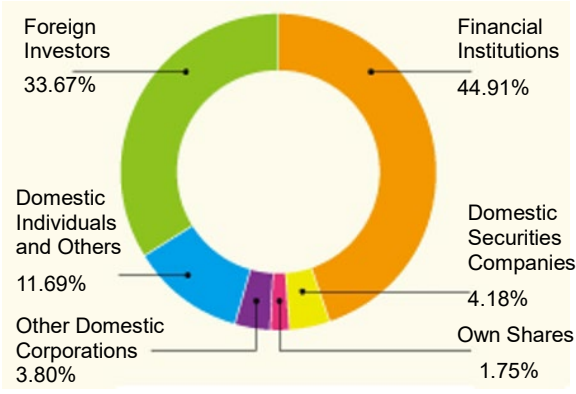
(3) Number of Shares for One Unit of Shares

100 shares

(4) Number of Shareholders

68,719 shareholders (compared with the end of preceding fiscal year: decrease of 4,502 shareholders)

[Reference] Distribution of Ownership of Shares by Holder



(5) Largest Shareholders (top 10 shareholders)

Name of the Shareholder	Number of Shares Held	Shareholding Percentage
	in thousands of shares	%
The Master Trust Bank of Japan, Ltd. (trust account)	129,626	16.62
Custody Bank of Japan, Ltd. (trust account)	73,666	9.44
Nippon Life Insurance Company	24,703	3.17
BBH/BBH+CO SUMITOMO MITSUI TRUST BANK, LIMITED(LONDON BRANCH)FOR SIMPLEX VALUE CREATION FUND JPY A CLT A/C	18,655	2.39
SUMITOMO LIFE INSURANCE COMPANY	15,556	1.99
The Master Trust Bank of Japan, Ltd. (trust account J)	12,590	1.61
STATE STREET BANK AND TRUST COMPANY 505001	12,139	1.56
STATE STREET BANK WEST CLIENT - TREATY 505234	12,139	1.56
Kochi Shinkin Bank	11,303	1.45
CEP LUX-ORBIS SICAV	11,265	1.44
	in thousands of shares	%
Total	321,646	41.23

(Notes)

1. SUMITOMO LIFE INSURANCE COMPANY, in addition to what is set forth in the table above, has established a trust for retirement benefits holding 8,000 thousand shares (a 1.03% shareholding) in the Company, and has retained the authority to give instructions to exercise voting rights.
2. Shareholding percentages have been calculated after deducting from the total number of issued shares the 13,865,579 of its own shares that the Company holds.

3. Matters Related to Officers of the Company

(1) Name, etc. of Directors and Audit & Supervisory Board Members (as of March 31, 2023)

Name	Position and Areas of Responsibility	Important Concurrent Post
※Masayoshi Matsumoto	Chairman of the Board of Directors	Chairman, Kansai Economic Federation
※Osamu Inoue	President	
※Mitsuo Nishida	Executive Vice President General Manager, Automotive Business Unit	Chairman of Board of Directors, Sumitomo Wiring Systems, Ltd. Chairman of the Board, Sumitomo Electric Wiring Systems, Inc. Joint Representative Director, Kyungshin Co., Ltd.
※Akira Nishimura	Senior Managing Director General Manager, R&D Unit Electronics Group (Flexible Printed Circuits Division)	
※Hideo Hato	Senior Managing Director General Manager, New Business Development Unit Deputy General Manager, Automotive Business Unit (Systems & Electronics Division) Corporate Staff Group (Legal, Public Relations, Corporate Planning, Intellectual Property, Security Trade Control) Environment and Energy Group (Energy System Division)	
Masaki Shirayama	Managing Director General Manager, Electric Wire & Cable, Energy Business Unit	
Nobuyuki Kobayashi	Managing Director Corporate Staff Group (Accounting, Finance, Information Systems, Procurement, Logistics Management)	
Yasuhiro Miyata	Managing Director General Manager, Electronics Sales Unit Sales Group (Sales Compliance)	Director, Sumitomo Electric Interconnect Products (Hong Kong), Ltd.

Name	Position and Areas of Responsibility	Important Concurrent Post
Toshiyuki Sahashi	Managing Director General Manager, Advanced Materials Business Unit	Director, Sumitomo Electric Hardmetal Corp.
○Shigeru Nakajima	Managing Director General Manager, Semiconductor Innovation Business Unit	Director, Sumitomo Electric Device Innovations, Inc.
Hiroshi Sato	Director	Advisor, Kobe Steel, Ltd. President & Representative Director, The Kobe International House Inc. Director, Iwatani Corporation
Michihiro Tsuchiya	Director	Director, RaQualia Pharma Inc.
Christina Ahmadjian	Director	Specially Appointed Professor, Department of Global Business, College of Business, Rikkyo University Director, Asahi Group Holdings, Ltd. Director, NEC Corporation Director, Niterra Co., Ltd.
Katsuaki Watanabe	Director	Director, Kyushu Financial Group, Inc.
Atsushi Horiba	Director	Chairman & Group CEO, HORIBA, Ltd. Chairman, HORIBA STEC, Co., Ltd. Director, Softbank Corp.
○Yoshitomo Kasui	Audit & Supervisory Board Member (full-time)	
Akira Hayashi	Audit & Supervisory Board Member (full-time)	
Michiko Uehara	Audit & Supervisory Board Member	Attorney at law Audit & Supervisory Board Member, The Japan Wool Textile Co., Ltd Director, Sekisui Kasei, Co., Ltd.

Name	Position and Areas of Responsibility	Important Concurrent Post
Ikuo Yoshikawa	Audit & Supervisory Board Member	Certified public accountant
Tatsuo Kijima	Audit & Supervisory Board Member	Advisor, West Japan Railway Company Director, Osaka Gas Co., Ltd.

(Notes)

- Directors marked with “※” are Representative Directors.
- The persons marked with “○” were newly appointed as a Director or an Audit & Supervisory Board Member at the 152nd General Meeting of the Shareholders held on June 24, 2022.
- Among the Directors above, Mr. Hiroshi Sato, Mr. Michihiro Tsuchiya, Ms. Christina Ahmadjian, Mr. Katsuaki Watanabe, and Mr. Atsushi Horiba are not only Outside Directors under Article 2, Item 15 of the Companies Act, but also Independent Officers under the rules of Tokyo Stock Exchange, Inc., etc.
- Among the Audit & Supervisory Board Members above, Ms. Michiko Uehara, Mr. Ikuo Yoshikawa, and Mr. Tatsuo Kijima are not only Outside Audit & Supervisory Board Members under Article 2, Item 16 of the Companies Act, but also Independent Officers under the rules of Tokyo Stock Exchange, Inc., etc.
- Mr. Akira Hayashi, an Audit & Supervisory Board Member, having years of experience in the Accounting and Finance Division of the Company, has a distinguished level of knowledge of finance and accounting.
Mr. Ikuo Yoshikawa, an Audit & Supervisory Board Member, qualified as a certified public accountant, has a distinguished level of knowledge of finance and accounting.
- As of June 24, 2022, Mr. Yoshitomo Kasui (Senior Managing Director) retired from his director position due to expiration of his term of office, and Mr. Satoru Ogura (Audit & Supervisory Board Member (full-time)) retired from his Audit & Supervisory Board Member position due to voluntary resignation, respectively.
The positions in parentheses are as of their retirement.
- The changes regarding the important concurrent post of a director after the last day of this fiscal year are as follows:

Name	Position after the change	Position before the change	Date of change
Christina Ahmadjian	Director, Asahi Group Holdings, Ltd. Director, NEC Corporation Director, Niterra Co., Ltd.	Specially Appointed Professor, Department of Global Business, College of Business, Rikkyo University Director, Asahi Group Holdings, Ltd. Director, NEC Corporation Director, Niterra Co., Ltd.	As of April 1, 2023

(2) Remuneration, etc. of Directors and Audit & Supervisory Board Members

(i) Total Amounts of Remuneration, etc. of Directors and Audit & Supervisory Board Members

Position of Officers	Total Amount of Remuneration, etc.	Total Amount by Type of Remuneration, etc.		Number of Target Officers
		Fixed Remuneration	Performance-based Bonuses	
Directors	940,300,000 yen	690,300,000 yen	250,000,000 yen	16
Audit & Supervisory Board Members	121,800,000 yen	121,800,000 yen	-	6

(Notes)

1. The number of officers above includes one Director and one Audit & Supervisory Board Member who retired as of June 24, 2022.
2. The amount of remuneration for Directors shown above includes the amount of a bonus payment of 250 million yen if a resolution regarding the payment of a bonus to the Directors is adopted as proposed at the 153rd General Meeting of the Shareholders.

(ii) Policy for Determining Remuneration, etc. and Similar Matters

The Company has established a policy for determining individual remuneration, etc. for Directors and when determining these issues, they are discussed at the Compensation Advisory Committee, which is chaired by an Outside Director and a majority of the members of which are Outside Directors, and based on the content reported to the Board of Directors, they are adopted by resolutions of the Board of Directors. The specific content of the policy is as follows.

For determining Directors' remuneration, etc., based on the Sumitomo Spirit and the Sumitomo Electric Group Corporate Principles, we will maintain a firm stance on our universal basic policy of contributing to society through fair business activities and have designed a remuneration structure whereby we provide incentives for Directors making the Company Group grow sustainably and improving our corporate value in the mid- and long-term.

a. Composition of Remuneration for Directors

Remuneration for Directors is composed of monthly remuneration and bonus.

b. Policy for Determining Monthly Remuneration

Regarding monthly remuneration, a monthly remuneration table for each post is set based on each post's role and degree of responsibility as well as on the extent of their contribution to the Company's performance, after ensuring the objectivity of the standards of remuneration by utilizing third party analysis of officers' remuneration covering corporations similar to the Company in areas such as the business contents and scale. The amount in the table adopted for each person is determined upon consideration of the Director's role, degree of responsibility, scale, complexity and difficulty of the area of which the Director is in charge as well as on the extent of their contribution to the Company's performance also with a mid- and long-term perspective. The total amount of monthly remuneration for Directors is determined within the framework of the remuneration amount resolved at the shareholders' meeting.

c. Policy for Determining Bonuses and Content of Performance Indicators

The Directors' bonuses shall be performance-based bonuses, and their total amount is subject to the annual shareholders' meeting resolution and determined comprehensively considering the Company's performance in each fiscal year, particularly items such as dividend levels, in addition to net sales, operating income, ROIC, and the profit attributable to owners of the parent, which are taken seriously by the Company in its management strategy, after ensuring the objectivity of the standards of remuneration by utilizing third party analysis of officers' remuneration covering corporations similar to the Company in areas such as the business contents and scale. The allocation for each Director is set at a standard that provides incentives for each Director and in consideration of a mid- and long-term perspective and taking into account the Director's post, degree of responsibility, achievement of the main goals in the department or division for which they are responsible (items such as net sales, each profit index, and ROIC), their contribution to the Company's performance each fiscal year, and qualitative factors such as qualifications necessary to achieve them. The Company does not pay bonuses to Outside Directors from the viewpoint of ensuring independence.

[Indices, Goals, Results, etc. Related to Performance-based Bonuses]

The goals and results of indices related to performance-based bonuses during this fiscal year are as shown in the following table.

Indicators Entry	Net Sales (millions of yen)	Operating Income (millions of yen)	Operating Income Margin	Ordinary Income (millions of yen)	Profit Attributable to Owners of the Parent (millions of yen)	ROIC	ROE
(Results of the preceding fiscal year)	3,367,863	122,195	3.6%	138,160	96,306	4.5%	5.7%
Goals (at the beginning of the year)	3,850,000	160,000	4.2%	165,000	100,000	5.5%	5.6%
Goals (in interim)	4,000,000	160,000	4.0%	163,000	100,000	5.4%	5.6%
Results	4,005,561	177,443	4.4%	173,348	112,654	5.9%	6.1%

(Notes)

Regarding the values stated as goals, those (at the beginning of the year) are in the consolidated performance forecast value at the time of announcing the settlement in the full fiscal year ended in March 2022 and those (in interim) are in the consolidated performance forecast value revised at the time of announcing the settlement in the second quarter for the fiscal year ended in March 2023.

d. Policy for Determining Ratio of Monthly Remuneration and Bonuses

The ratio of monthly remuneration and bonuses is not established, and changes due to performance indicators, individual evaluation, etc. as set forth in paragraph c. above. Furthermore, the payment ratio of monthly remuneration and bonuses is approximately 1:0.24-0.5 in the results for past few years.

e. Procedure for Determining Remuneration

Regarding the procedure for determining monthly remuneration and bonuses, important matters such as the policy for their determination, the establishment and revision or abolition of related internal rules, etc., and the specific amounts of individual monthly remuneration and bonuses based on performance evaluations are discussed at the Compensation Advisory Committee from an objective perspective. The Board of Directors will discuss and determine the policy for their determination thereof, and establishment and revision or abolition of related internal rules based on the report from the Compensation Advisory Committee, and will determine agenda items for the total amounts of bonuses and monthly remuneration for each fiscal year to be proposed in the shareholders' meeting if it reconsiders the cap on their total amounts. The specific amounts of individual monthly remuneration and bonuses and the timing and method of payment thereof are determined by the President, as delegated by the Board of Directors, based on the content reported by the Compensation Advisory Committee. Remuneration for Audit & Supervisory Board Members is determined through discussion among Audit & Supervisory Board Members within the framework of the remuneration amount resolved at the shareholders' meeting.

■ Matters Concerning Delegation Related to Determining Directors' Individual Remuneration, etc.

As for the approach and method of calculation of Directors' monthly remuneration and bonuses, and individual amounts based thereon, the President (Osamu Inoue), who receives an overview of the performance of the Company as a whole and evaluates each Executive Director, made a proposal, and the Compensation Advisory Committee discussed and made decisions on these matters. The Board of Directors approved the approach and method of calculation of monthly remuneration and bonuses, delegated the specific amounts and timing and method of payment to the President (Osamu Inoue), decided the amounts of individual monthly remuneration and bonuses in line with the report from the Compensation Advisory Committee and the content discussed by the Board of Directors.

■ Reasons Why the Board of Directors Meeting Determined that the Content of Remuneration, etc. for Individual Directors in This Fiscal Year Is in Line with the Policy for the Determination

The individual monthly remuneration and bonus amounts are determined based on the policy for the determination of Directors' remuneration after discussions by the Compensation Advisory Committee based on an objective perspective, and the Board of Directors determined that such amounts are in line with the policy for the determination.

■ Shareholders' Meeting Resolution Regarding Remuneration, etc. for Officers

Monthly remuneration for Directors is not more than 70,000,000 yen per month (and for Outside Directors is not more than 10,000,000 yen per month) as resolved at the shareholders' meeting held on June 25, 2021. The number of Directors at the time was 15 (of whom, the number of Outside Directors was five). In addition, with respect to Directors' bonuses, 190,000,000 yen will be paid in total for ten Directors (excluding five Outside Directors) as resolved at the shareholders' meeting held on June 24, 2022. With respect to the total amount of monthly remuneration for Audit & Supervisory Board Members, the amount of remuneration for five Audit & Supervisory Board Members is not more than 12,000,000 yen per month as resolved at the shareholders' meeting held on June 25, 2021.

f. Holding of Company's Shares

In order to further raise motivation and morale to improve the Company's performance and promote management that takes shareholder value seriously, the Company has set a certain target level and encourages Inside Directors to hold Company's shares

through the officer shareholding association, and Inside Directors continue to hold the Company's shares during their terms of office.

(3) Outline of Contents of Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with the insurance company, under which all Directors and Audit & Supervisory Board Members are the insureds, and the contract provides that it will compensate for damage (through the payment of monetary damages and litigation costs, etc.) borne by the insureds if such compensation for damage is claimed as a result of an act (or an omission) conducted by the insureds in relation to the execution of their duties. However, by providing that damage etc. resulting from an act, etc. conducted with knowledge of the fact that such act, etc. constitutes a violation of law is not subject to compensation, we are taking a measure to ensure that the propriety of the execution of Officers' duties will be upheld. All of the insurance premiums are borne by the Company.

(4) Matters Concerning Outside Officers

(i) Relationships Between the Company and Important Companies, etc. at Which Positions are Concurrently Held by Officers of the Company (Concurrent Positions as Executives or Outside Officers, etc. at Other Companies, etc.)

Position	Name	Company, etc. at which Positions are Concurrently Held by Officers of the Company and Content	Relationship
Director	Hiroshi Sato	President & Representative Director, The Kobe International House Inc.	No particular relationship.
		Outside Director, Iwatani Corporation	This company has business relations with the Company, such as the sale and purchase of products.
	Michihiro Tsuchiya	Outside Director, RaQualia Pharma Inc.	No particular relationship.
	Christina Ahmadjian	Specially Appointed Professor, Department of Global Business, College of Business, Rikkyo University	No particular relationship.
		Outside Director, Asahi Group Holdings, Ltd.	No particular relationship.

Position	Name	Company, etc. at which Positions are Concurrently Held by Officers of the Company and Content	Relationship
		Outside Director, NEC Corporation	This company has business relations with the Company, such as the sale and purchase of products and joint development of submarine cables. In addition, this company has capital relations with the Company, but it does not have a significant impact on business.
		Outside Director, Niterra Co., Ltd.	This company has business relations with the Company, such as the sale and purchase of products.
	Katsuaki Watanabe	Outside Director, Kyushu Financial Group, Inc.	No particular relationship.
	Atsushi Horiba	Chairman & Group CEO, HORIBA, Ltd.	This company has business relations with the Company, such as the purchase of equipment.
		Chairman, HORIBA STEC, Co., Ltd.	This company has business relations with the Company, such as the purchase of equipment.
		Outside Director, Softbank Corp.	This company has business relations with the Company, such as the sale and purchase of products.
	Audit & Supervisory Board Members	Michiko Uehara	Outside Audit & Supervisory Board Member, The Japan Wool Textile Co., Ltd
Outside Director, Sekisui Kasei, Co., Ltd.			This company has business relations with the Company, such as the purchase of products.
Tatsuo Kijima		Outside Director, Osaka Gas Co., Ltd.	This company has business relations with the Company, such as the supply of gas to production bases, etc. of the Company.

(Note) The information under the heading "Company, etc. at which Positions are Concurrently Held by Officers of the Company and Content" is as of March 31, 2023.

(ii) Main Activity Status

a. Directors

Name	Main Activity Status
Hiroshi Sato	<p>He attended all 15 Board of Directors meetings held this fiscal year. In addition, including important internal meetings other than Board of Directors meetings and opportunities for dialogues with Executive Directors, etc., he makes statements, as necessary, on corporate management in general, based on his rich experience and his extensive knowledge as a manager of a corporation with a wide range of business areas, such as materials like iron and steel, machines and energy, and in particular, based on his rich business experience in fields of research on materials and in technical development. Other than the above, he serves as a Chairman of both the Nominating Advisory Committee and the Compensation Advisory Committee and attended all five respective meetings of the committees held this fiscal year and led the operation and made statements regarding the approach, etc. to personnel appointments and training plans of Officers and Officers' remuneration from an independent and objective position. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures, responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. He is also making statements on the improvement and enhancement of the competition law compliance system for the entire group and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>
Michihiro Tsuchiya	<p>He attended all 15 Board of Directors meetings held this fiscal year. In addition, including important internal meetings other than Board of Directors meetings and opportunities for dialogues with Executive Directors, etc., he makes statements, as necessary, on corporate management in general, based on his rich experience and his extensive knowledge as a manager of a corporation developing global business activities, and in particular, based on his rich business experience in fields of research & development and in management strategies. Other than the above, he serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee and attended all five respective meetings of the committees held this fiscal year and made statements regarding the approach, etc. to personnel appointments and training plans of Officers and Officers' remuneration from an independent and objective position. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures, responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. He is also making statements on the improvement and enhancement of the competition law compliance system for the entire group and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>

Name	Main Activity Status
Christina Ahmadjian	<p>She attended all 15 Board of Directors meetings held this fiscal year. In addition, including important internal meetings other than Board of Directors meetings and opportunities for dialogues with Executive Directors, etc., she makes statements, as necessary, mainly on methods relating to the governance system of the whole group and points for attention of global management strategies, etc., based on her extensive knowledge as a professor of a university whose main research fields are corporate management and corporate governance and global perspective. Other than the above, she serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee and attended all five respective meetings of the committees which were held this fiscal year and made statements regarding the approach, etc. to personnel appointments and training plans of Officers and Officers' remuneration from an independent and objective position. Furthermore, regarding compliance, she reviews and expresses opinions on internal control systems and specific measures, responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. She is also making statements on the improvement and enhancement of the competition law compliance system for the entire group and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>
Katsuaki Watanabe	<p>He attended all 15 Board of Directors meetings held this fiscal year. In addition, including important internal meetings other than Board of Directors meetings and opportunities for dialogues with Executive Directors, etc., he makes statements, as necessary, on corporate management in general, based on his rich experience in and extensive knowledge of corporate management in general, acquired by engaging in management of corporations developing global operations and in particular, based on his rich business experience in a wide range of fields including supply chains, corporate planning, and manufacture. Other than the above, he serves as a member of both the Nominating Advisory Committee and the Compensation Advisory Committee and attended all five respective meetings of the committees which were held this fiscal year and made statements regarding the approach, etc. to personnel appointments and training plans of Officers and Officers' remuneration from an independent and objective position. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures, responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. He is also making statements on the improvement and enhancement of the competition law compliance system for the entire group and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>

Name	Main Activity Status
Atsushi Horiba	<p>He attended 13 out of 15 Board of Directors meetings held this fiscal year. In addition, including important internal meetings other than Board of Directors meetings and opportunities for dialogues with Executive Directors, etc., he makes statements, as necessary, on corporate management in general, based on his rich experience and his extensive knowledge as a manager of a corporation developing global business activities, and in particular, based on his rich business experience in fields of management strategies (global management, M&A, etc.). Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures, responding to changes in global regulations, etc. and misconduct by other companies, on a routine basis. He is also making statements on the improvement and enhancement of the competition law compliance system for the entire group and how to ensure its effectiveness, with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>

b. Audit & Supervisory Board Members

Name	Main Activity Status
Michiko Uehara	<p>She attended all 15 Board of Directors meetings and all 16 Audit & Supervisory Board meetings held this fiscal year. She makes statements, as necessary, mainly on business management, including risk management, measures responding to changes in global regulations and misconduct by other companies, and points for attention, etc. concerning corporate governance, based on her expertise and experience as an attorney at law and great insight into risk and crisis management, etc. including compliance by corporations. Furthermore, regarding compliance, she reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit & Supervisory Board Members, on a routine basis. She is also making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.</p>

Name	Main Activity Status
Ikuo Yoshikawa	He attended all 15 Board of Directors meetings and all 16 Audit & Supervisory Board meetings held this fiscal year. He makes statements, as necessary, mainly on business management, including risk management, measures responding to changes in global regulations, etc., and misconduct by other companies, and points for attention, etc. concerning corporate governance, based on his expertise and experience as a certified public accountant and his extensive knowledge as a professor of a university whose main research field is accountancy. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit & Supervisory Board Members, on a routine basis. He is also making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.
Tatsuo Kijima	He attended all 15 Board of Directors meetings and all 16 Audit & Supervisory Board meetings held this fiscal year. He makes statements, as necessary, mainly on methods for viable business management for the whole group, and statements on measures responding to changes in global regulations, etc., misconduct by other companies, and points for attention, etc. concerning corporate governance, based on his rich experience in and extensive knowledge of corporate management in general, acquired by engaging in management of corporations supporting social infrastructures involving transportation. Furthermore, regarding compliance, he reviews and expresses opinions on internal control systems and specific measures in cooperation with other Audit & Supervisory Board Members, on a routine basis. He is also making statements on the improvement and enhancement of the competition law compliance system for the entire group and its thoroughness and organization with respect to the eradication and prevention of the reoccurrence of violations of antitrust law, including foreign competition law.

(iii) Outline of Contents of Limited Liability Contract

The Company has entered into limited liability contracts with all of the Outside Directors and the Outside Audit & Supervisory Board Members in accordance with the provisions of the Articles of Incorporation. With respect to the liability under Article 423, Paragraph 1 of the Companies Act, the Outside Director or the Outside Audit & Supervisory Board Member shall assume liability for damages limited to the higher amount of either 10 million yen or the minimum liability amount under Article 425, Paragraph 1 of the Act, if he was without knowledge and not grossly negligent in conducting his duties.

(iv) Total Amount of Remuneration, etc.

Five Directors and three Audit & Supervisory Board Members: 144,000,000 yen

4. Matters Regarding Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of Remuneration, etc. to Accounting Auditor

(i)	Amount of remuneration, etc. to be paid by the Company	206 million yen
(ii)	Total amount of money and other financial benefits to be paid by the Company and its subsidiaries	722 million yen

(Notes)

- 1. As a result of examining items such as the details of the audit plans for this fiscal year, the audit results of the preceding fiscal year, and the basis for calculating estimates on which remuneration is based, the Audit & Supervisory Board determined that the remuneration amount of the Accounting Auditor was appropriate. Therefore, the Audit & Supervisory Board gave consent regarding Article 399, Paragraph 1 of the Companies Act.
- 2. Under the audit contract concluded between the Company and the Accounting Auditor, the amount of remuneration, etc. for audits as per the Companies Act and the amount of remuneration, etc. for audits as per the Financial Instruments and Exchange Act are not and cannot practically be separated. Therefore, the total of these amounts is shown in (i) above.
- 3. The Company pays to the Accounting Auditor compensation for services (i.e., guidance and advice relating to financial investigation of subsidiaries, etc.), other than the services set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act.
- 4. Among the important subsidiaries of the Company specified in “1.(9) Status of Important Subsidiaries and Affiliates”, overseas subsidiaries are subject to audits (limited to the types of audit set forth in the Companies Act or the Financial Instruments and Exchange Act and their foreign equivalents) by certified public accountants or audit firms (including persons with qualifications in foreign countries that are equivalent to these qualifications) other than the Accounting Auditor of the Company.

(3) Policy for Determination of Dismissal or Non-Reappointment of Accounting Auditor

It is the Company’s policy that if any of the Items of Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor, the Company will dismiss the Accounting Auditor. In addition, in any other circumstances where it is reasonably suspected that the Accounting Auditor cannot ensure fairness in implementing its duties and, therefore, it is deemed inappropriate for the Accounting Auditor to continue auditing, the Company will either dismiss or refuse to reappoint the Accounting Auditor, depending on the circumstances.

5. Content of Resolutions Regarding Development of Systems Necessary to Ensure the Propriety of Operations and Outline of the Operational Status of the Systems

In accordance with Article 362, Paragraph 4, Item 6 of the Companies Act and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, the Company, at its Board of Directors meeting, adopted a resolution concerning development of systems necessary to ensure the propriety of operations of a stock company (basic policies regarding establishment of an internal control system), with the following content. In addition, the operational status of the systems is outlined as follows.

I. Content of Resolutions Regarding the Basic Policies to Establish the Internal Control Systems

(1) Systems for Preservation and Management of Information Related to the Execution of Duties by Directors

The Company shall produce and keep the minutes of Board of Directors meetings, and shall record and appropriately manage information regarding the execution of duties and making of decisions by Directors, such as an internal document for drafting proposals and making internal approvals, as set forth in the internal rules of information management, the internal rules of document handling and the internal rules of papers preservation.

(2) Internal Rules and Other Systems for Managing Risk of Loss

Regarding major cross-Group risks such as those related to disaster, quality, safety, environment, credit extension and export and import trade controls, risk management shall be conducted by each department or division. Each department or division shall assess the risks pertaining to implementation of the business it controls pursuant to the responsive measures and accident examples and preventative measures which are shared within the Group either by the Corporate Staff Group which is responsible for each risk or by the committees hosted by Directors, etc. (meaning the “Executive Directors or Executive Officers”; hereinafter the same) who are in charge of the Corporate Staff Group.

Regarding pressing issues such as bribery prevention which is increasingly important in conjunction with global business development, as well as cyber security, measures relating to infectious diseases, management of confidential information and personal information, and legal, labor and tax issues, the Company intends to develop systems and reinforce its commitments through cooperation among relevant departments and divisions under the initiative of the Risk Management Committee.

Further, regarding risks peculiar to a specific department or division, the relevant department or division shall decrease risks by, as deemed necessary, obtaining the assistance of the Corporate Staff Group having expertise and external experts.

The Risk Management Committee shall exercise control over these activities pursuant to the internal rules of risk management, and shall monitor them in cooperation with the Audit & Supervisory Board Members, the Internal Auditing Department and the Corporate Staff Group which is responsible for each risk.

Further, if any material risk becomes evident and countermeasures urgently need to be taken, the Risk Management Steering Committee shall, among other things, assess the severity of the crisis and establish a task force.

(3) Systems for Ensuring the Efficiency of the Execution of Duties by Directors

In order to ensure efficient and appropriate execution of duties by Directors, etc. and administrative members the Company shall set forth, in the job classification system and the internal rules of operations, the department or division in charge, the authority vested in each role, and the operations governed by each organization.

Further, the Company shall adopt the Executive Officer System and the Business Unit System, and develop a system in which each Business Unit, the Sales & Marketing Unit and the R&D Unit will do business flexibly under the supervision of each General Manager of the Unit depending on environmental changes and customer demands.

Further, regarding the operational results, etc. of each Business Unit, the Company will develop a medium-term plan and an annual plan designed to achieve the medium-term plan, and adopt a system under which the Accounting and Finance Department and the Director in charge of accounting and finance shall track and analyze the progress toward achievement on a monthly basis, and shall report the results to the Management Conference and the Board of Directors in order to examine what measures might need to be taken.

The Company shall promote the use of video conference and computer and communication network systems, aiming to efficiently gather, analyze, utilize and share management information.

(4) Systems for Ensuring that the Execution of Duties by Directors and Employees Is Compliant with Laws and the Articles of Incorporation

The Company shall endeavor to spread the Charter of Corporate Behavior, which elaborates the Sumitomo Spirit and the Corporate Principles, and the Code of Conduct, which provides the Group's common rules on compliance. Further, the Company shall thoroughly implement the principle that compliance with laws and maintenance of corporate ethics constitute the foundation of management, through the statements and behavior of the top management.

The Compliance Committee chaired by the President shall, among other things, do the following: identify and analyze cross-Group compliance risks; confirm the dissemination and firm establishment of the Code of Conduct; plan and perform training; investigate the cause of violations and formulate proposed measures to prevent their reoccurrence; disseminate and have the above items thoroughly implemented within the Group; and conduct monitoring of the compliance promotion activities.

Meanwhile, each department and division shall identify and analyze compliance risks, including risks peculiar to the department or division, and take measures to prevent them; whereas the Compliance Committee, the Legal Department, the Audit & Supervisory Board Members and the Internal Auditing Department shall conduct their monitoring, in cooperation with one another.

Regarding compliance with domestic and foreign competition laws, the Company shall continuously provide education regarding competition laws in order to eradicate any cartel or bid-rigging activities, including suspicious activities, within the Group. Further, under the Compliance Committee, the Compliance & Risk Management Office shall monitor the status of operation of, and compliance with, a set of rules and regulations to ensure compliance with competition laws and, further, plan and implement any other competition law compliance measures, in cooperation with the respective dedicated organization of each Unit or Compliance Liaison.

Further, the Compliance Committee shall appropriately identify the circumstances pertaining to information provided to the notification and consultation desk established within and without the Company, and shall take necessary measures.

(5) Systems for Ensuring the Propriety of Financial Reporting

The Company shall establish an Internal Control Committee for Financial Reporting, chaired by the President, and shall also build a promotion organization in the Corporate Staff Group. Pursuant to their policies, guidance and assistance, each department, division and subsidiary shall proceed with the development and appropriate operation of the internal control system in accordance with the Financial Instruments and Exchange Act, as well as with the assessment and audit standards and implementation standards set forth by the Financial Services Agency, in order to further enhance the Company's system for ensuring the propriety of financial reporting. The Internal Auditing Department shall assess the effectiveness of the internal control system of the whole Group for each fiscal year, and compile an internal control report to be submitted to the Financial Services Agency based on the results of such assessment and shall obtain the approval of the Internal Control Committee for Financial Reporting and the Board of Directors.

(6) Systems for Ensuring the Propriety of the Operations Performed by the Corporate Group Comprised of the Company and the Subsidiaries

The Company shall also endeavor to spread the Charter of Corporate Behavior, which elaborates the Sumitomo Spirit and the Corporate Principles, to the Group companies, aiming to share with them the principles that should be respected and complied with in the course of business operations.

Pursuant to the internal rules of affiliated companies management, the Company shall receive reports from subsidiaries or have subsidiaries consult with the Company as deemed necessary, regarding matters to be decided and accrued facts to be reported or referred to the Management Conference and the Board of Directors meeting of the Company, and certain matters related to risk management and compliance, etc.

In addition, the related persons of the governing Unit and the administrative members of the Accounting and Finance Department, among others, shall assume the offices of Directors and Audit & Supervisory Board Members of the subsidiaries in order to track their management status. Furthermore, information regarding risk management and compliance systems, etc. shall be exchanged at the conference of Audit & Supervisory Board Members of the Group, or through communication and exchanges between the Corporate Staff Group of the Company, such as the Human Resources Division, the Administration Division and the Accounting and Finance Department, on the one hand, and the relevant departments or divisions of the subsidiaries, on the other hand. In this regard, the major activities relating to risk management and compliance do not only cover the Company itself, but also its domestic and foreign subsidiaries, excluding listed companies and their subsidiaries.

Regarding major cross-Group risks, each subsidiary shall practice risk management by assessing the risks pertaining to the implementation of its business, pursuant to the responsive measures and accident examples and preventative measures shared within the Group by each department or division of the Company in charge, among others. Further, each subsidiary shall minimize risks peculiar to itself, by obtaining the assistance of the Company.

Regarding compliance risks, too, the Company has adopted a system under which each subsidiary takes measures, including those to cope with its peculiar risks, pursuant to the major compliance risks and measures to prevent their occurrence shared within the

Group by the Compliance Committee and the Legal Department of the Company, among others. With respect to the notification and consultation desk for whistle-blowing, the Company guides each subsidiary to establish its own internal consultation desk, whereas the Company also maintains the Group's common external consultation desks, both in Japan and abroad.

Under the current system, the business of each subsidiary is operated flexibly under the Business Unit System. Under this system, the business plan of each subsidiary is formulated as part of the medium-term plan and annual plan of each Unit, and the operational results of each Unit are reported to the Management Conference and the Board of Directors on a monthly basis, in order to examine measures required to be taken. Further, utilization of the Group's common infrastructure has also been promoted in regard to the utilization of computer and telecommunication systems, etc. at subsidiaries.

(7) Matters Related to the Employees to Provide Support to the Audit & Supervisory Board Members and Matters for Ensuring their Independence from Directors and the Effectiveness of Instructions to Such Employees

The Company shall establish the Office of Audit & Supervisory Board Members as a dedicated office to provide support to the Audit & Supervisory Board Members and shall allocate employees to such tasks (the "staff of Office of Audit & Supervisory Board Members"), some of whom shall be dedicated staff members. Personnel transfer and personnel evaluation of the staff of Office of Audit & Supervisory Board Members shall be subject to prior consultation with the Audit & Supervisory Board or full-time Audit & Supervisory Board Members for their opinions, and the staff of Office of Audit & Supervisory Board Members shall follow the directions and commands of the Audit & Supervisory Board Members.

(8) Systems for Reporting by Directors and Employees of the Company, Directors and Employees of the Subsidiaries, or Persons Who Have Received Reports therefrom to the Audit & Supervisory Board Members of the Company and Other Systems for Reporting to the Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members shall attend various important meetings which govern the operation of the Company's whole Group, such as the Management Conference, the Risk Management Committee and the Compliance Committee. Further, the Company shall adopt a system under which the Directors, the senior managers of the departments or divisions, the presidents of the subsidiaries and others shall report to the Audit & Supervisory Board Members, as deemed necessary, regarding matters which occur within the Group such as sudden and unexpected acts violating laws or the Articles of Incorporation, or material execution of business or change to internal control system (excluding minor ones).

(9) Systems for Ensuring That a Person Who Has Made a Report to the Audit & Supervisory Board Members Shall Not Be Unfavorably Treated on Account of Having Made Such a Report

The Company and each subsidiary shall refrain from unfavorably treating any person who has made a report to the Audit & Supervisory Board Members as set forth in paragraph (8) above on account of having made such a report, by taking such measures as setting forth in their internal rules for whistle-blowing desk system that they shall not dismiss or otherwise unfavorably treat a person on account of such person having provided information to the staff of Office of Audit & Supervisory Board Members.

(10) Matters Related to Policies Regarding Accounting for the Costs or Debts Incurred in Relation to Execution of Duties of the Audit & Supervisory Board Members

For each fiscal year, a necessary budget shall be set with the approval of the Audit & Supervisory Board in order to account for costs or debts incurred in relation to execution of duties of the Audit & Supervisory Board Members, and a prompt response shall be made if an Audit & Supervisory Board Member requests reimbursement for costs having been prepaid or disbursed, or repayment of debts having been borne, by such Audit & Supervisory Board Member.

Further, costs incurred in the case where the Audit & Supervisory Board Members consult with external experts, such as lawyers and certified public accountants, in relation to execution of their duties shall be borne by the Company.

(11) Other Systems for Ensuring that the Audit & Supervisory Board Members Can Conduct Audits Effectively

The Company shall, as deemed necessary, secure opportunities for the Audit & Supervisory Board Members to interview Directors and the senior managers of the departments or divisions, and shall also periodically hold meetings for the Audit & Supervisory Board Members and Outside Directors to exchange opinions with, among others, the Chairman of the Board of Directors, the President and the Officers in charge of the Corporate Staff Group concerning important audit matters. Furthermore, the Internal Auditing Department shall act in cooperation with the Audit & Supervisory Board Members.

II Outline of Operational Status

(1) Systems for Preservation and Management of Information Related to the Execution of Duties by Directors

The minutes of Board of Directors meetings are produced each time a meeting is held, and the originals, to which the officers who attend the meeting affix their names and seals, are kept at the Administration Division. Each department or division manages the documents and electronic data regarding the execution of duties and making of decisions by Directors, such as an internal document for drafting proposals and making internal approvals, as set forth in the internal rules of information management, the internal rules of document handling and the internal rules of papers preservation.

(2) Internal Rules and Other Systems for Managing Risk of Loss

Meetings of the Risk Management Committee are held at the same time as meetings of the Management Conference. Directors, etc. report matters such as the appearance of material risks in the department or division for which they are responsible, and discuss topics such as measures against those risks as necessary.

Major cross-Group risks are handled in accordance with the basic policies. Each department or division manages risks by reassessing the risks pertaining to implementation of the business it controls, following the responsive measures and accident examples and preventative measures which are shared within the Group either by the Corporate Staff Group which is responsible for each risk or by the committees hosted by Directors, etc. who are in charge of the Corporate Staff Group. Further, regarding risks unique to a specific department or division, the relevant department or division decreases risks by, as deemed necessary, obtaining the assistance of the Corporate Staff Group and external experts.

As for pressing issues, regarding personal information management, the Company is arranging a system corresponding to the legal system of protection of personal information including the EU General Data Protection Regulation in each country including Japan, and the Company strives to reinforce the development of cyber security through cooperation among relevant departments and divisions under the initiative of the Risk Management Committee to deal with the increase and sophistication of cyber-attacks.

The Risk Management Committee and its secretariat, the Compliance & Risk Management Office, monitor these activities in cooperation with the Audit & Supervisory Board Members, the Internal Auditing Department, and the Corporate Staff Group which is responsible for each risk.

In addition, the Company has established a Sustainability Management Promotion Committee, whose chairperson is the President, and this committee has adopted a system under which it discusses policies and provides advice in order to consistently promote measures for consideration regarding respecting the global environment and human rights, ensuring employee well-being and a healthy work environment, and reinforcing fair and impartial trade, as well as managing natural disasters, etc.

(3) Systems for Ensuring the Efficiency of the Execution of Duties by Directors

In order to ensure efficient and appropriate execution of duties by Directors, etc. and administrative members, the Company defines, in the job classification system and the internal rules of operations, (i) the department or division in charge, (ii) the authority vested in each role, and (iii) the operations governed by each organization. The Company appropriately revises the contents of the system and rules as necessary.

Further, regarding the operational results, etc. of each Business Unit, the Company develops a medium-term plan and an annual plan designed to achieve the medium-term plan, and the Accounting and Finance Department and the Director in charge of accounting and finance track and analyze the progress toward achievement on a monthly basis, and report the results to the Management Conference and the Board of Directors in order to examine what measures might need to be taken.

In order to gather and analyze management information, the Company has established and utilizes an accounting system that enables prompt and efficient gathering.

(4) Systems for Ensuring that the Execution of Duties by Directors and Employees Is Compliant with Laws and the Articles of Incorporation

The Company endeavors to spread the Sumitomo Spirit and the Charter of Corporate Behavior through measures such as distributing booklets explaining those ideas, and awareness about compliance by distributing the Code of Conduct and conducting training. Further, the President comments on the importance of the Sumitomo Spirit and that compliance with laws and maintenance of corporate ethics constitute the foundation of management, at opportunities to deliver messages within the Group, such as New Year's speeches and in-house newsletters, striving to spread awareness of these ideas.

In fiscal 2022, the Compliance Committee held four meetings and, among other things, undertook the following: identified and analyzed cross-Group compliance risks; planned and performed compliance training; and conducted monitoring of the compliance promotion activities of each department or division. Regarding compliance training, it was offered to officers, managers, those who were promoted, and new employees of the Company, and employees of the subsidiaries.

Regarding compliance with domestic and foreign competition laws, under the Global Antitrust and Competition Policy, the Company provides education regarding competition laws, within the Group, including domestic and foreign subsidiaries. Further, the Compliance & Risk Management Office monitors the status of operation of, and compliance with, a set of rules and regulations to ensure compliance with competition laws in cooperation with the respective dedicated organization of each Unit or the Compliance Liaison.

Regarding prevention of bribery, the Company provides education within the Group, including domestic and foreign subsidiaries, and the Compliance Liaison in each department or division operates systems such as a pre-approval system to providing business entertainment, among others, pursuant to the internal rules on bribery prevention.

The Compliance Committee appropriately identifies the circumstances pertaining to information provided to the notification and consultation desk established by the Company and domestic and foreign subsidiaries within and without the Company (law firms and experts), and takes necessary measures.

(5) Systems for Ensuring the Propriety of Financial Reporting

Pursuant to the guidance and assistance of the Internal Control Committee for Financial Reporting and the relevant Corporate Staff Group, each department, division, and subsidiary has developed and operated the internal control system. The Internal Auditing Department assesses the effectiveness of the internal control system of the whole Group, compiles an internal control report to be submitted to the Financial Services Agency based on the results of such assessment and obtains the approval of the Internal Control Committee for Financial Reporting and the Board of Directors.

(6) Systems for Ensuring the Propriety of the Operations Performed by the Corporate Group Comprised of the Company and the Subsidiaries

The Company also endeavors to spread the Sumitomo Spirit, the Charter of Corporate Behavior, and long-term visions, etc. to each subsidiary, aiming to share with them the principles that should be respected and complied with in the course of business operations.

Regarding specific matters pursuant to the internal rules of affiliated companies management, the responsible Unit and the relevant Corporate Staff Group of each subsidiary receive reports and consultation from the subsidiary, and as necessary, refer them to the Management Conference and the Board of Directors meeting of the Company.

The related persons of the governing Unit and the administrative members of the Accounting and Finance Department, among others, are placed as Directors or Audit & Supervisory Board Members of the subsidiaries in order to track their management status.

The business plan of each subsidiary is formulated as part of the medium-term plan and annual plan of each Unit, and the operational results of each Unit are reported to the Management Conference and the Board of Directors on a monthly basis, in order to examine measures required to be taken.

Regarding commitments to risk management and compliance systems, such information is exchanged at the conference of Audit & Supervisory Board Members of the Group, or through meetings held by the Corporate Staff Group of the Company, such as the Human Resources Division, the Administration Division, and the Accounting and Finance Department, with the relevant departments or divisions of the subsidiaries, and guidance and

support are conducted by the relevant Corporate Staff Group for each subsidiary. Also, the major activities relating to risk management and compliance do not only cover the Company itself, but also its domestic and foreign subsidiaries, excluding listed companies and their subsidiaries.

(7) Systems for Ensuring that the Audit & Supervisory Board Members Can Conduct Audits Effectively

The Company has established the Office of Audit & Supervisory Board Members as a dedicated office to provide support to the Audit & Supervisory Board Members and allocated employees consisting of one dedicated staff member and four members who hold posts concurrently elsewhere to such tasks (the “staff of Office of Audit & Supervisory Board Members”). The Office of Audit & Supervisory Board Members does not fall under the responsibility of any Directors, etc. in terms of the organization, and the staff of Office of Audit & Supervisory Board Members must follow the instructions of the Audit & Supervisory Board Members. Regarding personnel transfer and personnel evaluation of the staff of Office of Audit & Supervisory Board Members, the Company hears the opinions of the Audit & Supervisory Board or full-time Audit & Supervisory Board Members.

Audit & Supervisory Board Members attend various important meetings, such as the Management Conference, the Risk Management Committee and the Compliance Committee. The Directors, etc., the senior managers of the departments or divisions, the presidents of the subsidiaries and others report to the Audit & Supervisory Board Members, as deemed necessary, regarding material matters of the contents of the various important meetings that need supplementation.

A necessary budget is set with the approval of the Audit & Supervisory Board in order to account for costs or debts incurred in relation to execution of duties of the Audit & Supervisory Board Members, and a prompt response is made if an Audit & Supervisory Board Member makes requests such as reimbursement for costs having been prepaid or disbursed by such Audit & Supervisory Board Member.

The Directors and the senior managers of the departments or divisions hold meetings upon request from the Audit & Supervisory Board Members and are interviewed about matters necessary for audits. In fiscal 2022, the Chairman of the Board of Directors, the President and the Officers in charge of the Human Resources, the Administration, and the Accounting and Finance held a meeting twice with the Audit & Supervisory Board Members and Outside Directors to report and exchange opinions concerning management policies and tasks, etc. Furthermore, the Internal Auditing Department requests that the Audit & Supervisory Board Members attend report meetings regarding the results of audit in each division, department, etc. and hears the opinions of the Audit & Supervisory Board Members. It also acts in cooperation with the Audit & Supervisory Board Members through activities such as reporting and exchanging opinions concerning annual audit plans and its results.

End

(Note)

In this Business Report, all figures have been rounded to the nearest number as stated, except for the number of shares indicated in units of one thousand shares which have been rounded down to the nearest number as stated.

[Reference Information]

In addition to what is set forth in the above, as for the reference information described in the convocation notice in Japanese, please see the following URL.

Corporate Principles of the Company

As for the “Sumitomo Spirit” and the “Sumitomo Electric Group Corporate Principles,” please see the website of the Company.

<https://sumitomoelectric.com/company/vision>

Corporate Governance of the Company

As for the Sumitomo Electric Group’s corporate governance structure, please see the website of the Company.

<https://sumitomoelectric.com/company/governance>

Analysis and evaluation of the effectiveness of the Board of Directors

By analyzing and evaluating the effectiveness of the Board of Directors on an annual basis, the Board of Directors of the Company periodically confirms whether the effectiveness of the Board of Directors is properly ensured, and uses the results of such evaluation when creating various measures for improvement.

For fiscal 2021, the evaluation results show that the Board of Directors had made continuous improvements in terms of operation, composition, and roles, and the effectiveness of the Board of Directors had been properly ensured. The outline of the analysis and evaluation results for fiscal 2021 is as follows.

Analysis and evaluation method

A questionnaire was given to all Directors and Audit & Supervisory Board Members, including outside officers. In addition, individual interviews were conducted with five Outside Directors and three Outside Audit & Supervisory Board Members. Based on the results, discussions were held at the Board of Directors meetings.

Analysis and evaluation results

(1)Overall

Continuous improvements have been made in terms of operation, composition, and roles, and the effectiveness has been properly ensured.

(2)Operation of the Board of Directors

- The Board of Directors confirmed that environment for deliberation of highly important themes has been improved through the review of the criteria for submission of agenda items to the Board of Directors and the rules of operation of the criteria to date, and factors such as free and vigorous exchange of opinions utilizing outside officers’ objective viewpoints allow the Board of Directors to conduct productive deliberations.
- With respect to outside officers, in addition to the existing support measures such as the provision of various types of information, the Board of Directors determined that continuous appropriate measures have been taken to ensure that outside officers exercise their functions, such as exchanging opinions on medium- to long-term management issues between Outside Directors and the executive officers.

(3)Composition, etc. of the Board of Directors

- The Board of Directors confirmed that its composition was appropriate from the perspective of overall balance in terms of number of members, knowledge, experience, etc., including those of Outside Directors, including the system of

business execution directors for a company operating a wide range of businesses, such as the Company.

(4) Roles of the Board of Directors

- The Board of Directors confirmed that the Board of Directors of the Company was able to properly fulfill its role of “deliberating and deciding on basic management policies and other important issues of the Company” and “monitoring the execution of duties by each Director” through such means as active discussions in the deliberations on decisions on important matters, quarterly performance reports, and reports on the status of development of the Company’s internal control system.

Future initiatives

- (1) The Board of Directors will work to further enhance discussions by more efficient operation of meetings through such means as appropriate development of materials and will enhance opportunities for dialog and exchange between outside officers and executive officers.
- (2) The Board of Directors will pay attention to diversity in terms of the composition of the Board of Directors.
- (3) The Board of Directors will enhance opportunities for deliberations on realization of a long-term vision “Sumitomo Electric Group 2030 VISION.”

Mid-term Management Plan 2025

As for the long-term vision mid-term management plan 2025, please see the following URL.

<https://sumitomelectric.com/company/segmid-term2025>

(Translation)

Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Accounts	Amount	Accounts	Amount
(ASSETS)		(LIABILITIES)	
Current assets	2,162,688	Current liabilities	1,399,407
Cash and time deposits	283,425	Trade notes and accounts payable	445,951
Trade notes and accounts receivable	842,794	Short-term debt	601,237
Contract assets	32,838	Commercial papers	7,000
Inventories	851,224	Contract liabilities	50,168
Other current assets	154,802	Other current liabilities	295,051
Allowance for doubtful receivables	(2,395)	Non-current liabilities	502,782
Non-current assets	1,850,320	Bonds	94,864
Property, plant and equipment	1,062,779	Long-term debt	195,578
Buildings and structures	319,613	Deferred tax liabilities	87,895
Machinery and equipment	446,390	Net defined benefit liabilities	45,794
Land	99,932	Other non-current liabilities	78,651
Construction in progress	73,273	Total liabilities	1,902,189
Other	123,571	(NET ASSETS)	
Intangible assets	36,682	Shareholders' equity	1,628,807
Investments and other assets	750,859	Common stock	99,737
Investment securities	503,791	Capital surplus	166,817
Net defined benefit assets	175,997	Retained earnings	1,383,046
Deferred tax assets	30,909	Treasury stock	(20,793)
Other	40,885	Accumulated other comprehensive income	271,072
Allowance for doubtful receivables	(723)	Net unrealized holding gains on available-for-sale securities	135,032
Total assets	4,013,008	Deferred gains or losses on hedges	(2,340)
		Foreign currency translation adjustments	85,258
		Remeasurements of defined benefit plans	53,122
		Non-controlling interests	210,940
		Total net assets	2,110,819
		Total liabilities and net assets	4,013,008

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

Consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Accounts	Amount	
Net sales		4,005,561
Cost of sales		3,335,585
Gross profit		669,976
Selling, general and administrative expenses		492,533
Operating income		177,443
Non-operating income		
Interest income	1,533	
Dividend income	4,772	
Share of profit of investments accounted for using the equity method	11,485	
Other income	14,206	31,996
Non-operating expenses		
Interest expense	16,107	
Other expenses	19,984	36,091
Ordinary income		173,348
Extraordinary income		
Gain on sales of property, plant and equipment	5,832	
Gain on sales of investment securities	32,478	
Fire insurance recovery gain and compensation income	2,508	40,818
Extraordinary losses		
Loss on disposal of property, plant and equipment	3,123	
Impairment loss on fixed assets	2,823	
Restructuring expenses	9,622	
Loss due to fire	2,126	17,694
Profit before income taxes		196,472
Income taxes – current	61,828	
Income taxes – deferred	2,371	64,199
Profit for the year		132,273
Profit attributable to non-controlling interests		19,619
Profit attributable to owners of the parent		112,654

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

Consolidated Statement of Changes in Net Assets

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	99,737	170,539	1,346,210	(20,781)	1,595,705
Hyperinflation adjustment			48		48
Restated balance	99,737	170,539	1,346,258	(20,781)	1,595,753
Changes of items during the period					
Cash dividends			(39,004)		(39,004)
Profit attributable to owners of the parent for the year			112,654		112,654
Purchases of treasury stock				(12)	(12)
Disposal of treasury stock		(0)		0	0
Change in scope of equity method			(36,862)		(36,862)
Change in ownership interests arising from transactions with non-controlling shareholders		(3,722)			(3,722)
Net changes of items other than those in shareholders' equity					
Total changes of items during the period	—	(3,722)	36,788	(12)	33,054
Balance at end of current period	99,737	166,817	1,383,046	(20,793)	1,628,807

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	76,687	(1,366)	38,821	59,941	174,083	283,150	2,052,938
Hyperinflation adjustment			2,268		2,268	(33)	2,283
Restated balance	76,687	(1,366)	41,089	59,941	176,351	283,117	2,055,221
Changes of items during the period							
Cash dividends							(39,004)
Profit attributable to owners of the parent for the year							112,654
Purchases of treasury stock							(12)
Disposal of treasury stock							0
Change in scope of equity method							(36,862)
Change in ownership interests arising from transactions with non-controlling shareholders							(3,722)
Net changes of items other than those in shareholders' equity	58,345	(974)	44,169	(6,819)	94,721	(72,177)	22,544
Total changes of items during the period	58,345	(974)	44,169	(6,819)	94,721	(72,177)	55,598
Balance at end of current period	135,032	(2,340)	85,258	53,122	271,072	210,940	2,110,819

(Note) Amounts shown in this financial statement have been rounded to the nearest million yen.

Notes to Consolidated Financial Statements

1. Basis of Consolidated Financial Statements

1-1. Scope of consolidation

(1) Consolidated subsidiaries

Consolidated subsidiaries: 383 companies

Major consolidated subsidiaries

Sumitomo Wiring Systems, Ltd., Sumitomo Electric Device Innovations, Inc., Sumitomo Riko Co., Ltd., Sumitomo Electric Hardmetal Corp. and Sumitomo Electric Wiring Systems, Inc.

2 companies were newly included in the scope of consolidation as a result of establishment or increase in materiality in the fiscal year ended March 31, 2023.

And 1 company was excluded from the scope of consolidation as a result of completion of liquidation.

(2) Unconsolidated subsidiaries

Major unconsolidated subsidiaries

SEI HR SERVICES, INC.

Reason for being excluded from consolidation

The unconsolidated subsidiaries are immaterial in terms of their assets, sales, profit or loss and retained earnings, and would not have significant effect on the consolidated financial statements either individually or collectively.

1-2. Adoption of the equity method

(1) Unconsolidated subsidiaries and affiliates accounted for by the equity method

Unconsolidated subsidiaries accounted for by the equity method: none

Affiliates accounted for by the equity method: 31 companies

Major companies accounted for by the equity method

Sumitomo Rubber Industries, Ltd.

1 affiliate was excluded from the scope of the equity method as a result of sale of some of shares.

(2) Unconsolidated subsidiaries and affiliates not accounted for by the equity method

Major companies not accounted for by the equity method

KINKIDENKI Co.

Reason for not applying the equity method

The unconsolidated subsidiaries and affiliates not accounted for by the equity method are immaterial in terms of their profit or loss and retained earnings, and would not have significant effect on the consolidated financial statements either individually or collectively.

1-3. Significant accounting policies

(1) Valuation methods for assets

(a) Securities

Held-to-maturity debt securities: stated at amortized cost

Available-for-sale securities

other than those without market values: stated at the fair value at the fiscal year end

(Unrealized gains and losses, net of related taxes and non-controlling interests, are recognized as a separate component of net assets. Acquisition costs on sales are computed using average cost.)

without market values: stated at average cost

(b) Derivatives

Derivative financial instruments are stated at fair value.

(c) Inventories

Inventories are mainly stated at the lower of average cost or net realizable value.

(2) Depreciation method of fixed assets

(a) Property, plant and equipment (excluding leased assets)

The straight-line method is applied.

(b) Leased assets

Leased assets related to finance leases which do not transfer ownership of the lease assets and right-of-use assets in consolidated subsidiaries that apply IFRS 16 "Leases" are depreciated by the straight-line method, assuming the lease period as the useful life and no residual value.

(3) Basis for allowance

Allowance for doubtful receivables

The allowance for doubtful receivables is provided based upon estimated uncollectible amounts for individually identified doubtful receivables and historical loss experience for other receivables.

(4) Basis for revenue and expense

The main businesses of the Company and its consolidated subsidiaries are manufacture and sales of products in the following business segments: Automotive, Infocommunications, Electronics, Environment and Energy and Industrial Materials and Others. Revenue for domestic sales transactions is recognized mainly at the time of the acceptance inspection by the customer or arrival at the customer, and revenue for export sales transactions is recognized mainly at the time when risks are transferred to the customer on the basis of trade terms such as incoterms. In the Environment and Energy segment, the Company and its consolidated subsidiaries operate the business of design and construction, such as the installation of products, as well as the manufacture and sales of the products. For construction contracts in which the performance obligation is satisfied over time, revenue is recognized based on the estimated progress towards the satisfaction of the performance obligation. For other contracts, revenue is recognized mainly on the completion of installation as the performance obligation satisfied at a point in time. Consideration of the transaction is received mainly within one year from satisfaction of the performance obligation and does not include a significant financing component.

(5) Other significant accounting policies

(a) Basis for retirement benefits

(i) Method of attributing benefits to periods of service

When calculating retirement benefit obligations, the benefit formula basis is used for attributing expected retirement benefits to periods of service.

(ii) Method of expenses for actuarial gains and losses and past service costs

Past service cost is amortized on a straight-line basis over certain periods within the average remaining service years of employees (mainly 3 years) from the year in which it arises, or accounted for as an expense when it arises.

Actuarial gains and losses are amortized on a straight-line basis over certain periods within the average remaining service years of employees (mainly 14 years) from the year following the year in which they arise. At some consolidated subsidiaries, they are accounted for as an expense when they arise.

(b) Accounting for corporation tax and local corporation tax and tax effect accounting

The Company and its wholly owned domestic consolidated subsidiaries apply the group tax sharing system. In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under “Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System” (PITF No.42, August 12, 2021).

2. Revenue recognition

(1) Disaggregation of revenue

The Company and its consolidated subsidiaries derive revenue primarily from contracts with customers. The following table shows the disaggregation of revenue attributable to each reportable segment and its main products. Revenues from other sources are not material.

(Millions of yen)

	FY 2022 (From April 1, 2022 to March 31, 2023)
Automotive segment	
Wiring harnesses, car electronic components	1,642,324
Sumitomo Riko and others	544,525
Subtotal	2,186,849
Infocommunications segment	
Optical fiber cables, telecommunication cables and equipment, fusion splicers	112,314
Optical and electronic devices	77,616
Access network equipment	39,879
Others	20,516
Subtotal	250,325
Electronics segment	
Electronic wires	107,811
Flexible printed circuits	94,135
Electric beam irradiation products, fluorine resin products	26,049
Techno Associe	95,263
Others	42,755
Subtotal	366,013
Environment and Energy segment	
Electric conductors	160,745
Power transmission wires, cables, equipment, work and engineering	261,972
Sumitomo Densetsu	175,121
Nissin Electric	142,615
Magnet wires and others	187,786
Subtotal	928,239
Industrial Materials and Others segment	
Tensioning materials for prestressed concrete, precision spring steel wires, steel tire cord	110,721
Cemented carbide tools, diamond and CBN tools, laser optics	113,111
Sintered powder metal parts	75,101
A.L.M.T.	47,363
Others	17,000
Subtotal	363,296
Adjustments	(89,161)
Total	4,005,561

(2) Basic information for understanding revenues

Please refer to “1-3. Significant accounting policies (4) Basis for revenue and expense”.

(3) Information for understanding the amount of revenue from the current fiscal year onward

(a) Contract balances

The following table shows the balances of receivables from contracts with customers, contract assets and contract liabilities.

(Millions of yen)

	FY 2021 (As of March 31, 2022)	FY 2022 (As of March 31, 2023)
Receivables from contracts with customers	784,647	842,794
Contract assets	30,030	32,838
Contract liabilities	46,355	50,168

The increase in contract assets was caused mainly by revenue recognition and the decrease in contract assets was caused mainly by their transfer to trade receivables.

The increase in contract liabilities was caused mainly by the receipt of advances from customers and the decrease in contract liabilities was caused mainly by revenue recognition. Of the revenue recognized during the fiscal year ended March 31, 2023, ¥38,086 million was included in contract liabilities at the beginning of the fiscal year. And revenue recognized in relation to performance obligations satisfied or partially satisfied in past periods was not material.

(b) Transaction price allocated to remaining performance obligations

The following table shows the total amounts of transaction price allocated to the remaining performance obligations and the period when the revenues were expected to be recognized in the Environment and Energy segment. There were no significant amounts of consideration arising from contracts with customers that were not included in the transaction price.

Except for those of some consolidated subsidiaries, transactions with initial expected contract terms of less than one year were not included in the amounts below.

In some consolidated subsidiaries, the transaction price in a contract in which the schedule of installation was not determined as of the end of the fiscal year ended March 31, 2023, is classified by the timing for the completion of the installation.

The segments except Environment and Energy, which have contracts in which initial expected terms are mainly one year or less are not included in this disclosure.

(Millions of yen)

Environment and Energy segment	FY 2022 (As of March 31, 2023)
Within 1 year	192,497
Later than 1 year	148,729
Total	341,226

3. Accounting estimate

(Large construction projects)

(1) Amount recorded in the consolidated financial statements for the current fiscal year

The amount of sales in the Environment and Energy segment was ¥928,239 million.

(2) Other information that contributes to the understanding of accounting estimates

In the Environment and Energy segment, the Company and its consolidated subsidiaries operate the business of design and construction such as electrical/power supply work, engineering and installation of products as well as the manufacture and sales of the products.

In the recognition of revenue for construction contracts when the performance obligation is satisfied over time, revenue is recognized over time based on the estimated progress towards the satisfaction of that performance obligation. If it is possible to measure the outcome of the performance obligation reasonably, the method used to estimate the progress towards the satisfaction of the performance obligation is the input method based on the ratio of the actual costs to the total estimated costs. If it is not possible to measure the outcome of the performance obligation reasonably, revenue is recognized only to the extent of actual costs incurred.

When estimating the total construction cost, the Company and its consolidated subsidiaries calculate the appropriate cost after considering the entire content of the work to be performed according to the customer's specifications, and review the estimate in a timely manner in response to any change in the situation after receiving the order. However, regarding long-term construction projects, such as installation projects of high-voltage direct current cables for interconnections among national and regional power electric utilities or remote island power transmission business and submarine power cables for large commercial offshore wind power generation business, if additional costs that exceed the estimate as of the end of the consolidated fiscal year are incurred because of unexpected circumstances such as an extension of the construction period due to the influence of the weather or unforeseen changes in the work content or additional costs due to soaring outsourcing costs and personnel expenses, the profit and loss of the next consolidated fiscal year may be affected.

4. Notes to Consolidated Balance Sheet

4-1. Assets pledged as collateral and liabilities secured by collateral

(1) Assets pledged as collateral

Property, plant and equipment	¥1,935 million
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(2) Liabilities secured by the above collateral

Short-term debt	¥ 66 million
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Long-term debt	¥ 27 million
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Total	¥ 93 million
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4-2. Accumulated depreciation of property, plant and equipment ¥2,200,290 million

4-3. Guarantees

Debt guarantees and similar agreements	
Jiaxing SEI-Futong Optical Fiber Co., Ltd.	¥ 866 million
Daeheung SumiRiko Rubber Material (Yancheng) Co., Ltd.	¥ 751 million
Sumiden International Trading (Shanghai) Co.,Ltd.	¥ 725 million
SEI-Futong Submarine Power Cables Co.,Ltd.	¥ 576 million
Employees	¥ 93 million
Others	¥ 573 million
Total	¥3,584 million

4-4. Notes receivable discounted	¥2,570 million
Notes receivable endorsed	¥ 7 million

4-5. Inventories

Merchandise and finished goods	¥318,492 million
Work in process	¥236,989 million
Raw materials and supplies	¥295,743 million

4-6. Other

The Company is in negotiations with some automakers for damages regarding violation of competition law in the Automotive segment.

5. Notes to Consolidated Statement of Income

- (1) The fire insurance recovery gain and compensation income in extraordinary income was the insurance and compensation income for damages caused by a fire which occurred at a distribution center to which a consolidated subsidiary outsources product storage and other operations.
- (2) Restructuring expenses in extraordinary losses were related to the reorganization of the business locations to strengthen profitability and to make the production structure of sintered powder metal parts business and wiring harness business, etc., more efficient and the withdrawal of some automakers from Russian business, etc.
- (3) The loss due to fire in extraordinary losses was due to the loss of products, etc., caused by a fire which occurred at a distribution center to which a consolidated subsidiary outsources product storage and other operations.

6. Notes to Consolidated Statement of Changes in Net Assets

- 6-1. Type and number of shares issued and outstanding at the end of current fiscal year
- | | |
|--------------|--------------------|
| Common stock | 793,940,571 shares |
|--------------|--------------------|

6-2. Dividend Information

(1) Dividends paid

Resolution	Type of shares	Total amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resources of dividends
Shareholders' meeting on June 24, 2022	Common stock	19,502	25.00	March 31, 2022	June 27, 2022	Retained earnings
Board of Directors on November 2, 2022	Common stock	19,502	25.00	September 30, 2022	December 1, 2022	Retained earnings

(2) Dividends of which record date was in the current fiscal year and effective date will be in the next fiscal year

Resolution	Type of shares	Total amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Resources of dividends
Shareholders' meeting on June 28, 2023	Common stock	19,502	25.00	March 31, 2023	June 29, 2023	Retained earnings

7. Financial Instruments

7-1. Qualitative Information on Financial Instruments

The Company and its consolidated subsidiaries finance investment in equipment and operating capital for business mainly through borrowings from banks and the issuance of bonds and commercial papers in accordance with their cash flow planning.

Trade notes and accounts receivable are exposed to the credit risks of customers. The Company and its consolidated subsidiaries try to reduce and manage the risk according to their rules for credit control.

Operating receivables denominated in foreign currency are exposed to foreign exchange risks. The Company and its consolidated subsidiaries hedge the risks using forward exchange contracts, etc., for the net position of foreign currency operating receivables and payables.

Securities and investment securities are mainly held to build and strengthen long-term and stable customer relationships and to facilitate business and technical customer partnerships and are exposed to market value fluctuation risks.

The main purpose of holding debt and issuing bonds and commercial papers is to secure financing for capital expenditure and working capital.

7-2. Fair Value of Financial Instruments

The carrying amounts and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2023 are set forth in the table below.

Securities without market values (the carrying amount on the consolidated balance sheet is ¥119,352 million) are not included in “(1) Investment securities”. Cash is omitted. In addition, time deposits, trade notes and account receivable, securities, trade notes and account payable, short-term debt and commercial papers are also omitted because their carrying amounts approximate the fair value because of the short maturity.

(Millions of yen)

	Carrying amount*	Fair value*	Difference
(1) Investment securities	384,439	407,386	22,947
(2) Bonds	(94,864)	(94,342)	△522
(3) Long-term debt	(195,578)	(193,963)	△1,615

* Any item accounted for as a liability on the consolidated balance sheet is indicated in parentheses.

7-3. Breakdown of fair value of financial instruments by level

The fair values of financial instruments are categorized into three levels on the basis of the observability and the materiality of the valuation inputs used in fair value measurements.

Fair values of Level 1: Fair values measured by quoted prices for the assets or liabilities are given in active markets among observable valuation inputs

Fair values of Level 2: Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs

Fair values of Level 3: Fair values measured by unobservable valuation inputs

When several inputs that have significant impact on the fair value measurement are used and those inputs are categorized into different levels, the fair value is categorized into the lowest priority level for fair value measurement among the levels in which each of the inputs belongs.

(1) Financial instruments recorded at fair value in the consolidated balance sheet

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	222,764	—	5,116	227,880
Bonds (other)	—	—	—	—
Other	—	—	—	—

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Government bonds, Local government bonds	—	—	—	—
Bonds (other)	—	—	—	—
Investments in subsidiaries and affiliates				
Investments in affiliates	179,506	—	—	179,506
Bonds	—	94,342	—	94,342
Long-term debt	—	193,963	—	193,963

(Note) Explanation of valuation techniques and valuation inputs used in fair value measurements

Investment securities

The fair value of listed shares is stated at the fair market value in active markets and is categorized as Level 1.

The fair value of unlisted shares is determined using valuation techniques based on market prices of comparable companies and others and is categorized as Level 3. In measuring the fair value of unlisted shares, unobservable inputs, such as valuation multiples, are used.

Bonds

The fair value of bonds is stated at the fair market value and is categorized as Level 2.

Long-term debt

The fair value of long-term debt is estimated based on the present value of future cash flows using appropriate current discount rates and is categorized as Level 2.

8. Per Share Information

Net assets per share	¥2,436.14
Earnings per share	¥ 144.45

9. Business combination

(Transactions under common control)

(Acquisition of shares of Nissin Electric Co., Ltd. through a tender offer)

At the Board of Directors meeting held on February 2, 2023, the Company resolved to acquire the common stock of Nissin Electric Co., Ltd. (hereinafter "Nissin Electric"), a consolidated subsidiary of the Company, through a tender offer to make Nissin Electric its wholly owned subsidiary. The tender offer ended on March 22, 2023.

(1) Overview of the transaction

(a) Name of combined entity and its business outline

Name of combined entity: Nissin Electric Co., Ltd.

Business outline: Business activities such as product development, manufacture, sale and services across three business segments: Power Supply and Environment System segment, Beam and Plasma segment, and Equipment and Parts Solution segment.

(b) Date of the business combination

Acquisition through a tender offer: March 29, 2023 (deemed acquisition date is March 31, 2023)

(c) Legal form of the business combination

Cash acquisition of shares

(d) Name of company after the business combination

No change

(e) Ownership ratio of shares of the subsidiary after additional acquisition

Ownership ratio of shares before business combination: 51.45%

Ownership ratio of shares after tender offer: 93.41%

(f) Outline of the transactions including the purpose

The Company has acquired shares held by non-controlling shareholders to strengthen and accelerate the collaboration with Nissin Electric and increase global presence in a wide range of business areas and enhance comprehensive strength of the Group to achieve further growth in the corporate value of the entire Group by making Nissin Electric a wholly owned subsidiary and integrating managements.

(2) Outline of accounting treatment

The transaction was accounted for as a transaction with non-controlling shareholders of transactions under common control pursuant to the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(3) Acquisition cost of additional shares of the subsidiary and a breakdown by type of consideration

Consideration for acquisition	Cash	¥76,222 million
Acquisition cost		¥76,222 million

(4) Change in equity related to transaction with non-controlling shareholders

(a) Main factor for change in capital surplus

Additional acquisition of shares of subsidiary

(b) Amount of decrease in capital surplus due to the the transaction with non-controlling shareholders

¥14,575 million

(Additional information)

After the tender offer for shares set forth above, the Company made a demand for the sale of shares pursuant to Article 179, Paragraph 1 of the Companies Act and made Nissin Electric its wholly owned subsidiary effective on May 1, 2023.

(Acquisition of shares of TECHNO ASSOCIE Co., Ltd. through a tender offer)

At the Board of Directors meeting held on February 2, 2023, the Company resolved to acquire the common stock of TECHNO ASSOCIE Co., Ltd. (hereinafter "TECHNO ASSOCIE"), a consolidated subsidiary of the Company, through a tender offer to make TECHNO ASSOCIE its wholly owned subsidiary. The tender offer ended on March 22, 2023.

(1) Overview of the transaction

(a) Name of combined entity and its business outline

Name of combined entity: TECHNO ASSOCIE Co., Ltd.

Business outline: Fastener products, processed products, metal materials, electronic material products, chemical products, industrial machinery and other sales, and other incidental and related business.

(b) Date of the business combination

Acquisition through a tender offer: March 29, 2023 (deemed acquisition date is March 31, 2023)

(c) Legal form of the business combination

Cash acquisition of shares

(d) Name of company after the business combination

No change

(e) Ownership ratio of shares of the subsidiary after additional acquisition

Ownership ratio of shares before business combination: 50.91%

Ownership ratio of shares after tender offer: 96.20%

(f) Outline of the transactions including the purpose

The Company has acquired shares held by non-controlling shareholders to strengthen and accelerate the collaboration with TECHNO ASSOCIE and increase global presence in a wide range of business areas and enhance comprehensive strength of the Group to achieve further growth in the corporate value of the entire Group by making TECHNO ASSOCIE a wholly owned subsidiary and integrating managements.

(2) Outline of accounting treatment

The transaction was accounted for as a transaction with non-controlling shareholders of transactions under common control pursuant to the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(3) Acquisition cost of additional shares of the subsidiary and a breakdown by type of consideration

Consideration for acquisition	Cash	¥14,315 million
Acquisition cost		¥14,315 million

(4) Change in equity related to transaction with non-controlling shareholders

(a) Main factor for change in capital surplus

Additional acquisition of shares of subsidiary

(b) Amount of increase in capital surplus due to the the transaction with non-controlling shareholders

¥10,865 million

(Additional information)

After the tender offer for shares set forth above, the Company made a demand for the sale of shares pursuant to Article 179, Paragraph 1 of the Companies Act and made TECHNO ASSOCIE its wholly owned subsidiary effective on May 1, 2023.

10. Other Notes

(Hyperinflation adjustment)

From the fiscal year ended March 31, 2023, the consolidated subsidiary and the affiliate accounted for by the equity method which have consolidated subsidiaries in Turkey have made adjustments pursuant to IAS 29 “Financial Reporting in Hyperinflationary Economies”, and consolidated the financial statements of the Turkish subsidiaries.

As a result of the restatement pursuant to the accounting standard, retained earnings increased by ¥48 million, foreign currency translation adjustments increased by ¥2,268 million and non-controlling interests decreased by ¥33 million at the beginning of the fiscal year ended March 31, 2023. These are presented as “Hyperinflation adjustment” in the Consolidated Statement of Changes in Net Assets.