

Mitsubishi Electric Group's Corporate Strategy

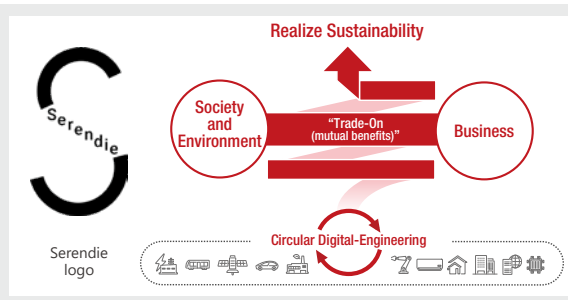
Striving to Transform into a "Circular Digital-Engineering Company" by Accelerating Growth Driven by Digital Technology and Key Growth Businesses



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The Mitsubishi Electric Group has positioned becoming a "Circular Digital-Engineering Company" as its vision. We seek to promote sustainability by pursuing "Trade-On (mutual benefits)" activities that contribute to society and the environment while growing our business.
At a time of high uncertainty, we will strengthen the digital business using our digital platform, Serendie, and implement our business portfolio strategy with a medium- to long-term perspective to maximize the corporate value of the Mitsubishi Electric Group and realize our vision.



Financial Targets for Fiscal 2026

Given the current deterioration in the business environment for the factory automation systems business and the air conditioning systems & home products business, we revised the financial targets for operating profit margin, ROE, and cash generation in May 2024.

In order to reach our financial targets for fiscal 2026 and subsequently achieve an operating profit margin of 10% and ROE of 10% at the earliest possible opportunity, we are working to grow our business and improve profitability and asset efficiency, based on our business portfolio strategy.

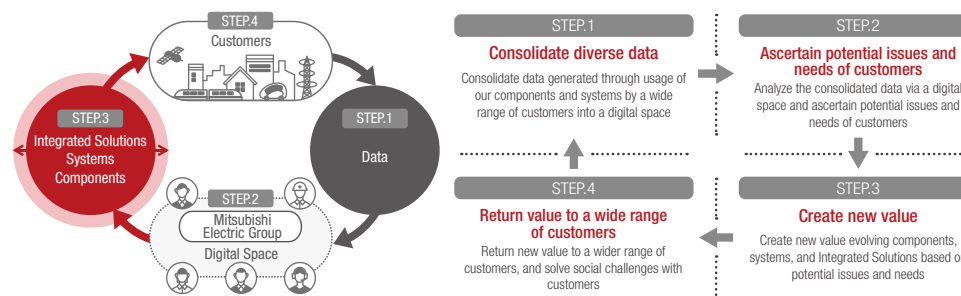
	FY2024 Actual	FY2026 Targets	
		—Before revision—	—After revision—
Revenue	¥5.3 trillion	¥5.0 trillion+	¥5.0 trillion+
OPM	6.2%	10.0%	8.0%+
ROE	8.2%	10.0%	9.0%
Cash Generation*1	¥1.8 trillion/3 years*2	¥3.4 trillion/5 years*3	¥3.3 trillion/5 years

*1 After making adjustments, such as adding R&D expenses to operating cash flow
*2 Accumulated amount from fiscal 2022 to fiscal 2024
*3 Accumulated amount from fiscal 2022 to fiscal 2026

Circular Digital -Engineering

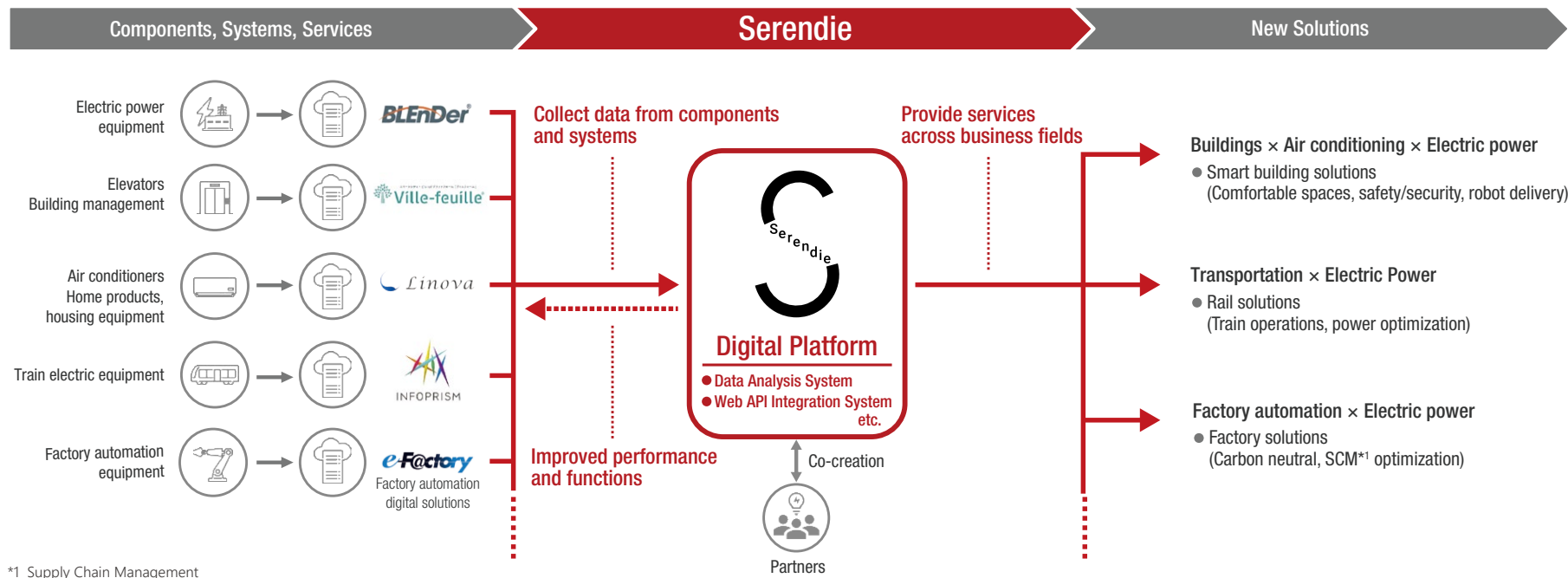
The Mitsubishi Electric Group is transforming itself into a "Circular Digital-Engineering Company" that contributes to solving social challenges by consolidating and analyzing data obtained from customers in the digital space, and by creating new value through strong connections and sharing wisdom within the Group.

To realize this "Circular Digital-Engineering," the Mitsubishi Electric Group is working to strengthen its assets in the digital field, which include its human capital and technological foundation.



Serendie Digital Platform and Serendie-Related Businesses

We have built the new digital platform Serendie to achieve Circular Digital-Engineering. Based on a data analysis system and a Web API integration system, Serendie organizes the elements required for diverse human capital to utilize data to create new value. Previously, data from components and systems was collected separately in each business field at the Mitsubishi Electric Group. Serendie makes it possible to consolidate and analyze all this data. Based on ideas generated through the results of this analysis, we will work to provide new solutions that cut across business fields and enhance our components.

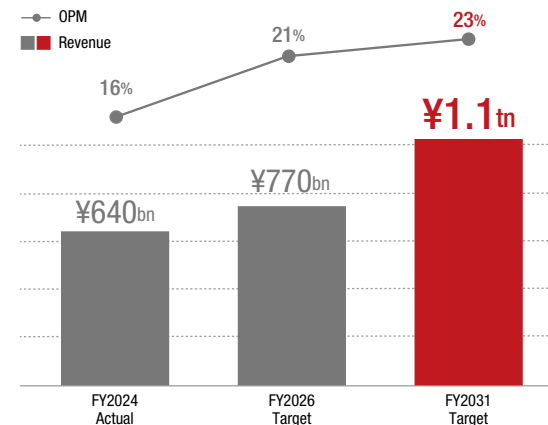


*1 Supply Chain Management

We have also positioned businesses related to solutions utilizing data or components collecting data as Serendie-related businesses. In fiscal 2024, revenue for Serendie-related businesses was 640.0 billion yen, and the operating profit margin was 16%. Going forward, we will work to expand our solutions and further enhance our components with the aim of realizing revenue of 1.1 trillion yen and an operating profit margin of 23% in Serendie-related businesses by fiscal 2031.

One of the challenges for achieving our targets for Serendie-related businesses is securing DX human capital. We will expand our DX human capital approximately three-fold from the level in fiscal 2024 to 20,000 by fiscal 2031 by reskilling IT engineers within the Mitsubishi Electric Group and working to secure talent via hiring and M&A, etc.

[DX Strategy](#)



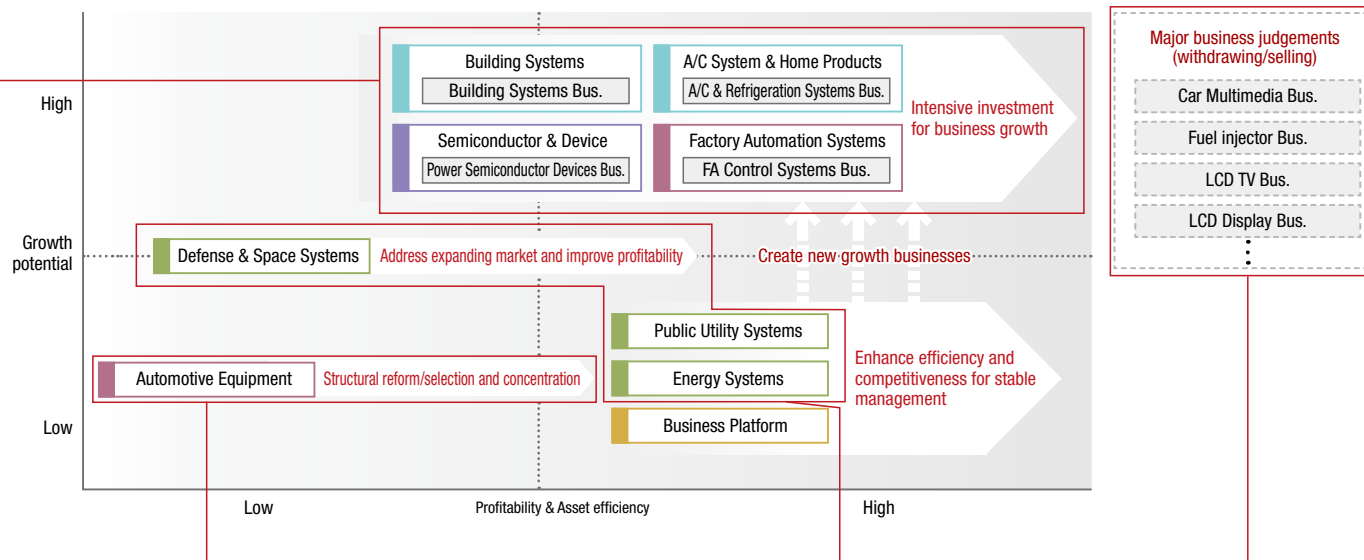
Business Portfolio Strategy

We conducted a review of our business portfolio to clarify the direction for each sub-segment from the perspectives of growth potential, profitability, and asset efficiency with a priority on promoting management focused on ROIC and investment in key growth businesses.

Boost Investment in Key Growth Businesses

We are boosting growth investment in key growth businesses by enhancing production systems and M&A.

For example, in the power semiconductor devices business, we are strengthening the foundation for growth driven by silicon carbide (SiC), which is a strength of the Group. We have invested in the US firm Coherent's SiC business company to stabilize our procurement of SiC 8-inch substrates and entered a strategic partnership with the Dutch firm Nexperia B.V. to expand our sales channels. Additionally, to expand our product line and customization abilities in the air-conditioning & refrigeration business, we have acquired the French air conditioning company AIRCALO to strengthen our hydronic HVAC*1 systems business, which is expected to expand in the European market overall going forward.



Transform the Automotive Equipment Business

In the automotive equipment business, which is experiencing a transformational period in the industrial structure, we have pursued business transformation through the spin-off of Mitsubishi Electric Mobility Corporation. While advancing our exit strategy for the ICE*2 business, which is expected to shrink in the long term, we aim to regrow our CASE*3 related business through collaboration and cooperation with external partners and have reached a business partnership agreement with Aisin Corporation for developing products for next-generation xEVs.

Transform Portfolio in the Infrastructure Business Area

In the Infrastructure Business Area, we are optimizing our operation system for public utility systems and energy systems while shifting resources to defense and solutions businesses, where growth is expected.

Judgement of Businesses with Issues

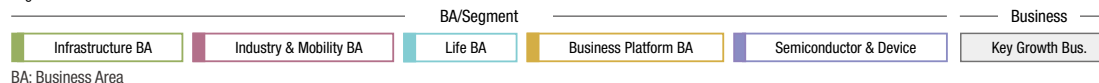
We have been determining whether to withdraw from or sell businesses where issues with profitability are not expected to improve and will reallocate resources generated by discontinuing these businesses to growth fields.

*1 HVAC is an acronym for heating, ventilation and air conditioning, standing for equipment and facilities relating to the foregoing.

*2 Internal combustion engine

*3 Connected, autonomous/automated, shared, electric

Legend



Optimization of Group Operating Structure

To build the optimum Group operating structure, we have consistently restructured and reorganized functions. However, we will promote more radical measures both in terms of strengthening functions and slimming down operations of associated companies. For example, to enhance logistics functions, Mitsubishi Electric Logistics Corporation will operate as MD LOGIS Corporation under Seino Holdings Co., Ltd. (Seino HD), going forward.*4 Leveraging Seino HD's assets, the Mitsubishi Electric Group will establish a more stable supply network, making it possible to provide customers with better goods and services.

*4 Some of the shares of Mitsubishi Electric Logistics were transferred to Seino HD on October 1, 2024, and the company name was changed.