

Mitsubishi Electric Corporate Strategy

Nov 2022

MITSUBISHI ELECTRIC CORPORATION

1. Mitsubishi Electric's Sustainability Management

1-1. Sustainability Management

1-2. Circular Digital-Engineering Company that provides solutions to social challenges

1-3. Integrated Solutions

1-4. Sustainable Future by Mitsubishi Electric

2. Progress of Medium-term Management Plan Towards FY2025

2-1. Strengthening of Business Portfolio Strategy

2-2. Enhancement of Business Foundation for Sustainable Growth

2-3. Initiatives for Creation of Innovation and Future Growth

3. Three Reform Areas for Regaining Trust

< Appendix >

- Single-year Outlook for FY2022 (Consolidated Performance)
- Outlook for FY2022 (Segment Forecast) and FY2025 target
- Outlook for FY2022 (Sub-segment Forecast) and FY2025 target

Note

FY2019 : April 1, 2019 - March 31, 2020
FY2020 : April 1, 2020 - March 31, 2021
FY2021 : April 1, 2021 - March 31, 2022
FY2022 : April 1, 2022 - March 31, 2023
FY2023 : April 1, 2023 - March 31, 2024
FY2025 : April 1, 2025 - March 31, 2026

1

Mitsubishi Electric's Sustainability Management

Position the realization of sustainability as the cornerstone of our management to promote solutions to social challenges through our businesses.
Clarify five challenge areas to focus on.

Five challenge areas



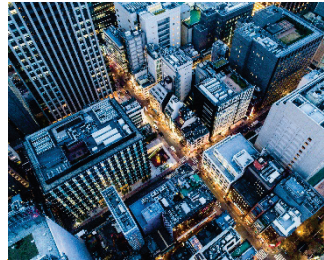
Carbon neutral

Achieve a decarbonized society to curb climate change by reducing CO2 emissions from the company and society



Circular economy

Achieve a society in which resources are effectively used and sustainably circulated



Safety/Security

Achieve a resilient society that can cope with various environmental changes and risks



Inclusion

Achieve a society in which all people are respected and everyone can lead free, fair and vibrant lives



Well-being

Achieve a healthy and comfortable life for each individual, both mentally and physically

Materiality



Realize a sustainable global environment



Realize a safe, secure, and comfortable society



Respect for all people

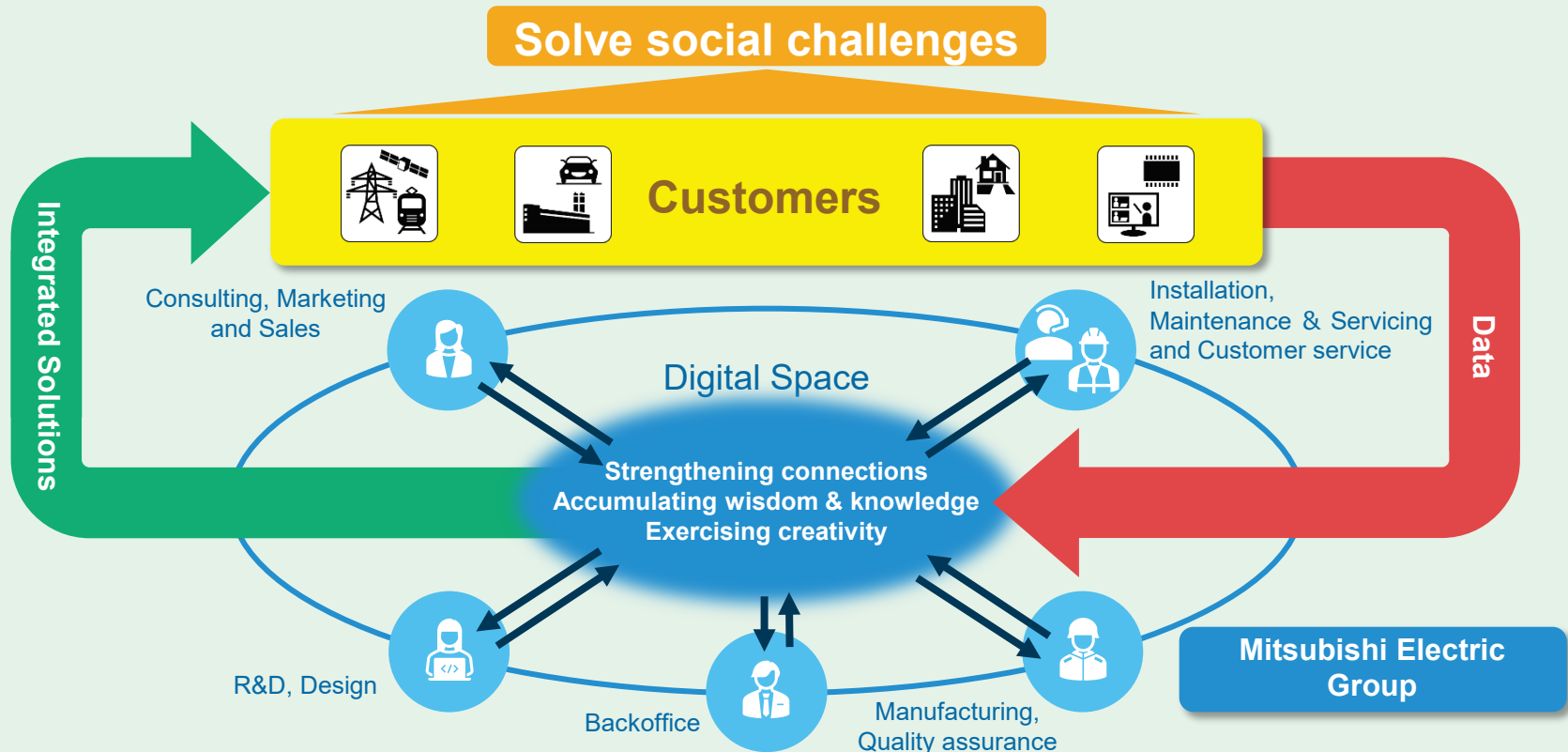


Strengthen corporate governance and compliance on a sustainable basis



Create a sustainability-oriented corporate culture

Aim to transform into “Circular Digital-Engineering” company that provides evolved Integrated Solutions by co-creation and by integrating knowledge within and outside the Group. Contribute to solving various social challenges.

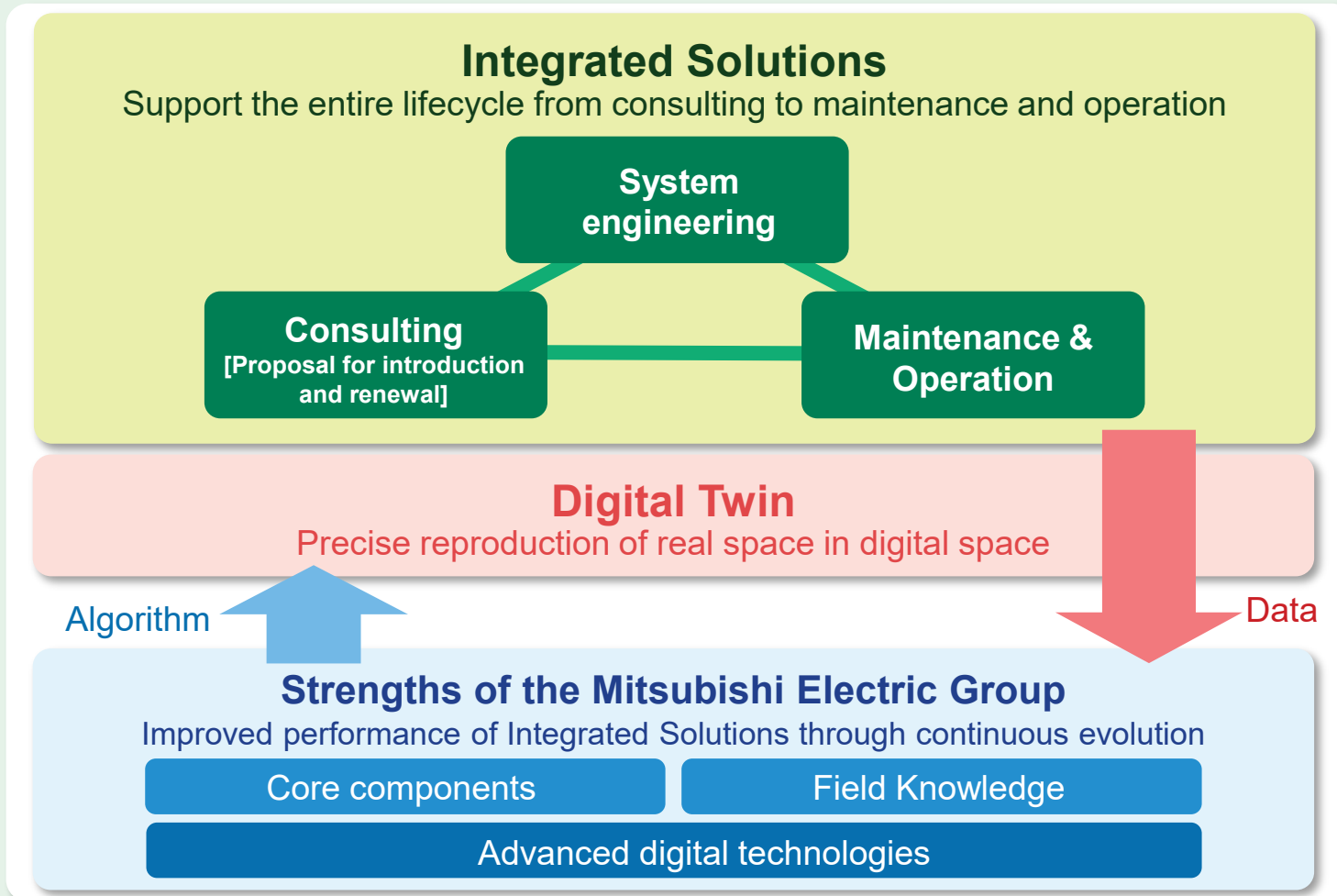


Circular Digital-Engineering Company

Contributes to solving social challenges by providing evolved Integrated Solutions at all times, through accumulating data from our customers, strengthening connections in the group, sharing wisdom and creating new value.

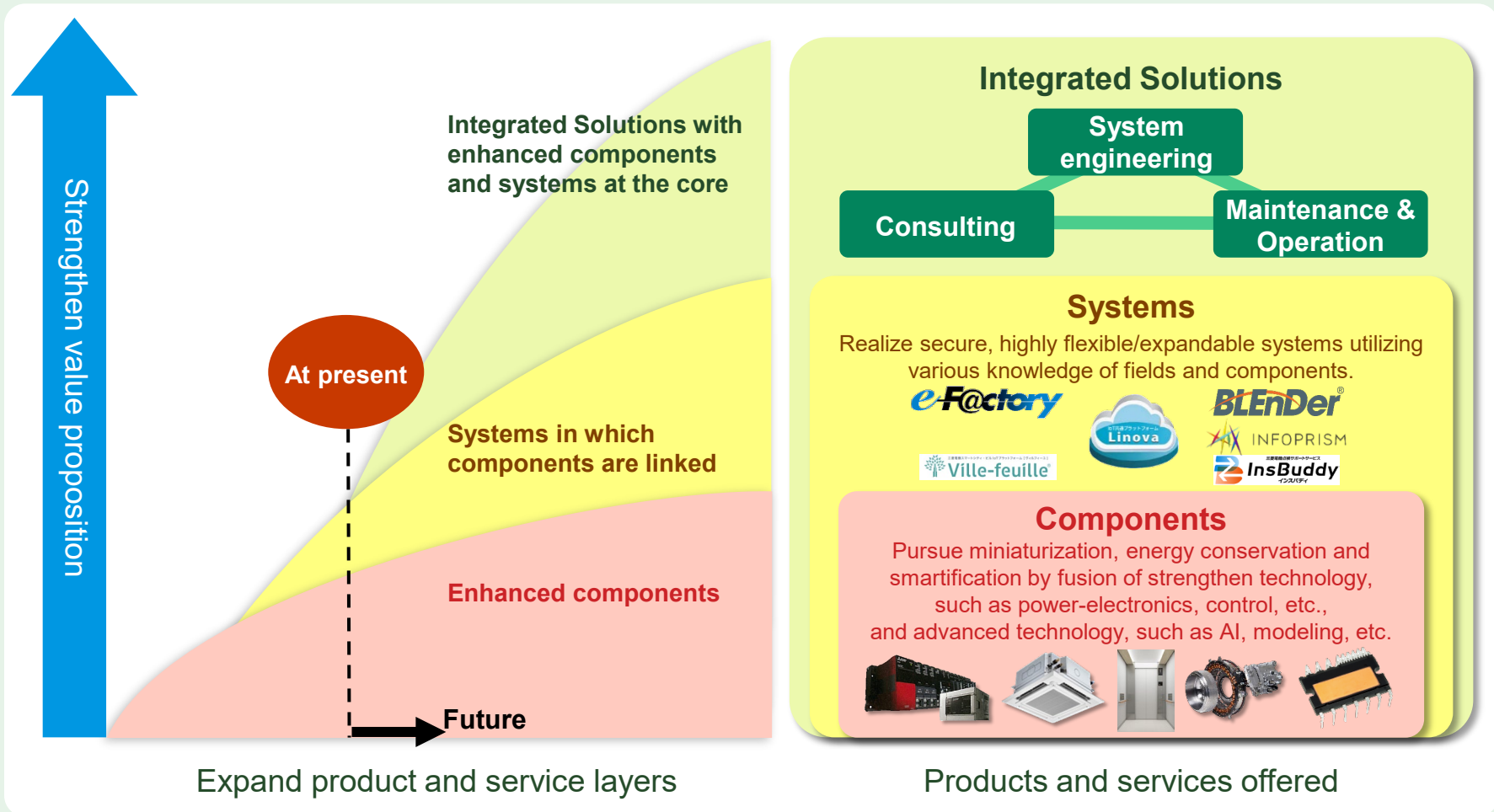
Evolution of Integrated Solutions

Support the entire lifecycle from consulting to maintenance and operation.
 Evolve our Integrated Solutions by using algorithms with the Group's strengths and by incorporating knowledge and assets from outside the Group.



Strengthen value proposition through evolving Integrated Solutions

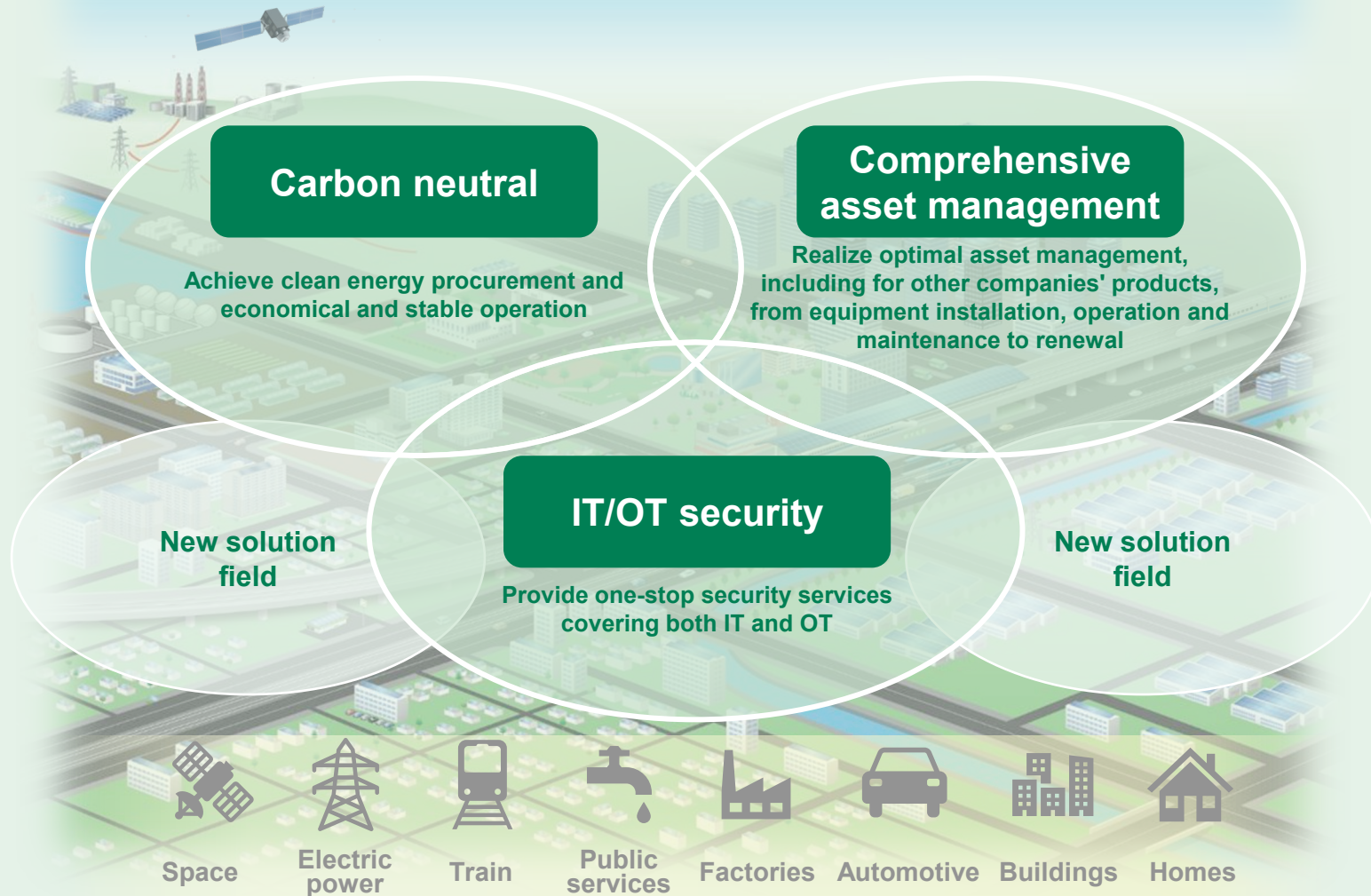
Strengthen components as the base of our business, expand systems utilizing advanced digital technologies, and provide Integrated Solution with these at the core, to be driving the driving force behind continuous growth for complicated challenges.



Integrated Solutions business fields

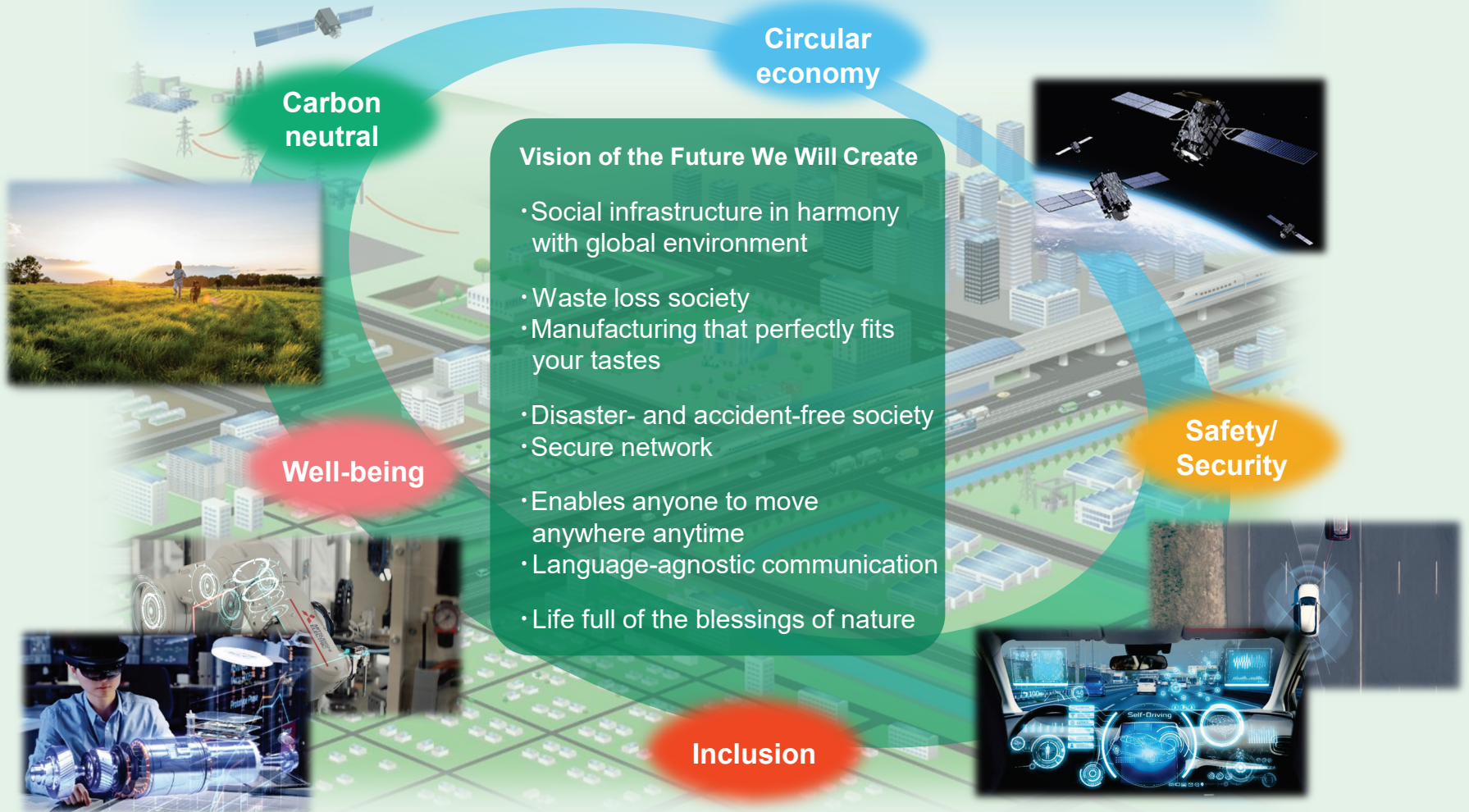
Leveraging our strengths, provide Integrated Solutions starting from the three fields of carbon neutral, comprehensive asset management, and IT/OT(*) security. Furthermore, contribute to solving social issues by expanding solutions to new fields.

* IT: Information Technology, OT: Operational Technology



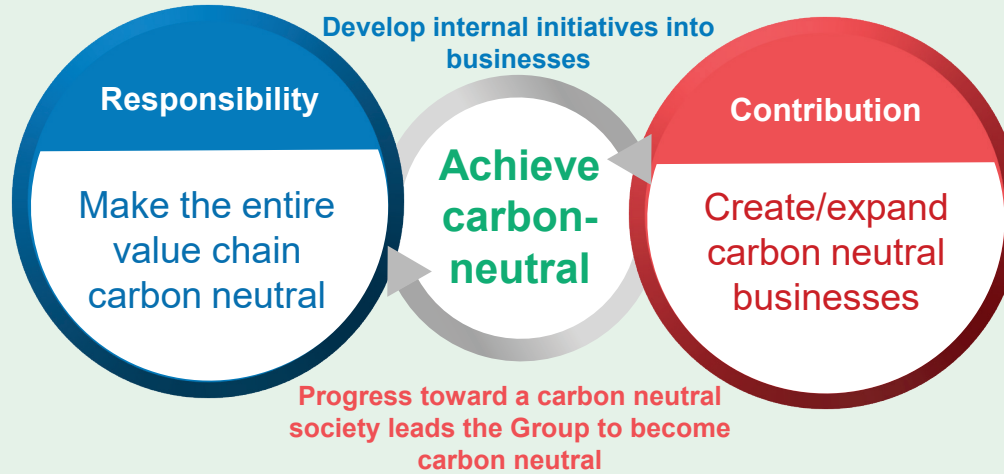
A Future Created by Mitsubishi Electric

Create a future with our customers and partners in a wide range of business situations, with an eye on diversifying social issues



Initiatives for Carbon-Neutral

Adopted dual approaches to carbon-neutral: **Responsibility** and **Contribution**.



Responsibility

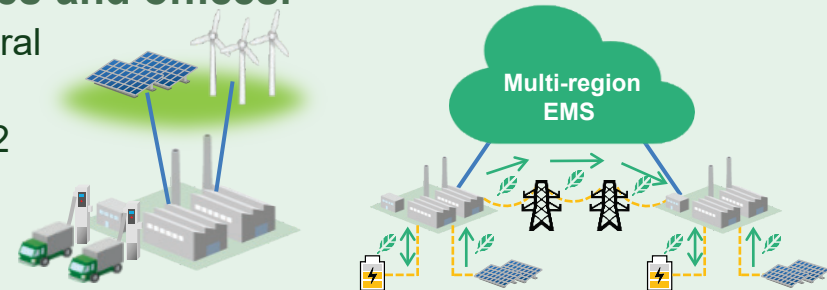
Carbon neutral initiatives in the entire value chain

Target

- FY2050 Net zero greenhouse gas emissions in the entire value chain
- FY2030 Reduce greenhouse gas emissions from factories and offices by 50% or more. (compared to FY2013)

Initiatives to reduce greenhouse gas at factories and offices.

- Continuously invest **0.15 %** of revenue in carbon neutral efforts.
- Use renewable energy to **85 sites** in Japan in FY2022
- Promote expansion of internal renewable energy procurement using multi-region EMS^(*).

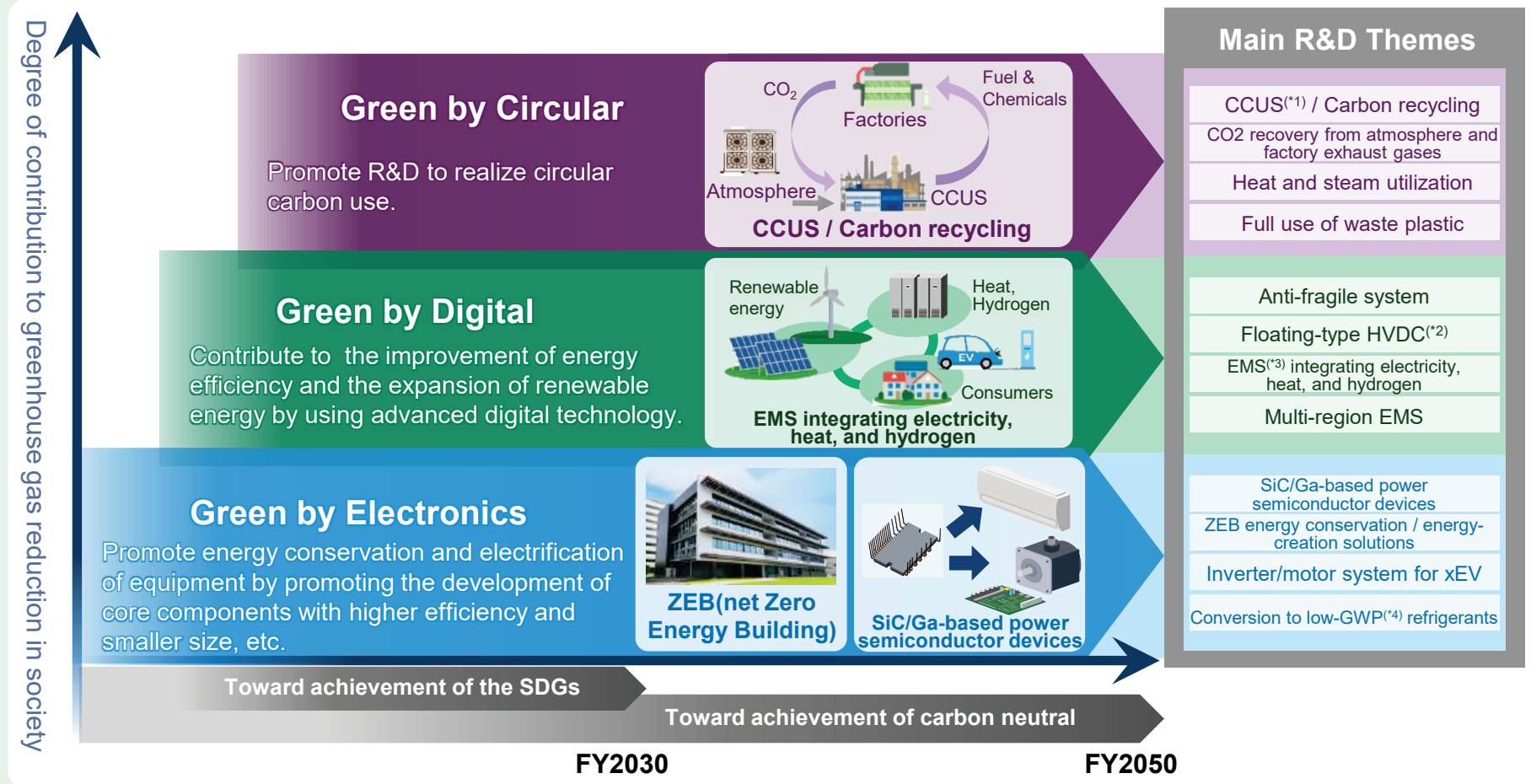


^{*}Multi-region EMS : Energy management system that automatically optimizes power interchange of renewable energy between multi sites, operation of distributed power sources and storage batteries, and purchase plan of renewable energy certificates.

Initiatives to Realize Carbon-Neutral

Contribution Create/expand businesses that contribute to carbon-neutral.

To make society as a whole carbon neutral, accelerate R&D in three innovation areas: **Green by Electronics, Green by Digital, and Green by Circular.**

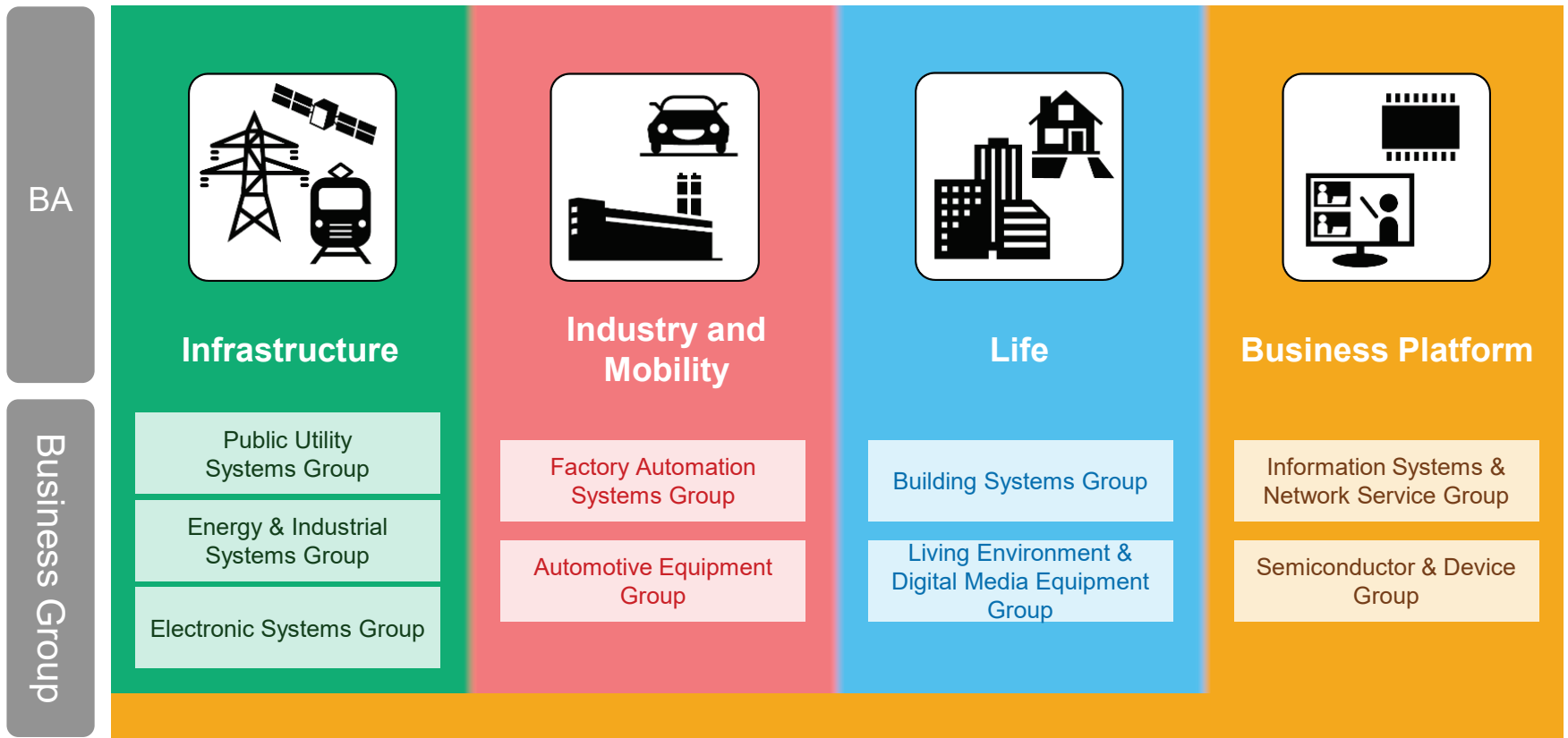


*1 CCUS: Carbon dioxide Capture Utilization and Storage, *2 HVDC: High Voltage Direct Current, *3 EMS: Energy Management System, *4 GWP: Global Warming Potential

New Management Structure to Achieve Sustainability Management

Established four Business Areas (BA) that will enhance sustainability management.

Accelerate solving social challenges through our businesses by BA owners envisioning their ideal state with a bird's eye view of their businesses.



2

Progress of Medium-term Management Plan Towards FY2025

FY2025 Financial Targets

Revenue

¥5 trillion

Operating Profit Margin

10%


ROE

10%

Cash Generation^(*)

¥3.4trillion / 5 years

^{*}Cash Generation: Adjusted operating cash flow (CF)



2-1

**Strengthening of Business Portfolio
Strategy**

Approach to Business Portfolio Strategy

Classify businesses according to their characteristics and optimize investment of management resources.



Progress of Business Portfolio Strategy

Key Growth Businesses <Scale Expansion through Growth Investment>

FA Control Systems	<p>Established a new factory in India for factory automation control system products</p> <p>Invested approximately ¥3.1 billion to establish the new factory (Scheduled to start operation in Dec. 2023)</p>	 <p>Illustration of new factory in India</p>
Air-Conditioning & Refrigeration Systems	<p>Increased the production capacity for air-conditioning equipment to meet demand for heat pumps in Europe</p> <p>Increased the production capacity by investing approx. ¥13 billion in MACT^(*1) in Turkey (Scheduled to start operation in Feb. 2024)</p>	 <p>Exterior view of MACT</p>
Building Systems	<p>Shifted to the operation system for integrated business operation from new installation to maintenance and renewal</p> <p>Established Mitsubishi Electric Building Solutions Corporation (Apr. 2022)</p>	 <p>Ville-feuille</p>
xEV/ ADAS^(*2)	<p>Started mass production of “High Definition Locator” that contributes to ADAS technologies</p> <p>For consumer car, world’s first mass production of “High Definition Locator” that can receive centimeter level positioning correction signal from Quasi-zenith satellite (started in Oct. 2021)</p>	 <p>High Definition Locator</p>
Power Semiconductor Devices	<p>Doubled the production capacity for wafer fabrication to meet the strong demand in automotive and consumer electronics areas</p> <p>Double the production capacity by FY2025 compared to FY2020. Constructed an 8-inch line with higher production efficiency at the Fukuyama Factory and started construction of a 12-inch line.</p>	 <p>Exterior view of Fukuyama Factory</p>

Potential Businesses/New Businesses <Creation of Next-generation Businesses>

Invested in startups using the ME Innovation Fund established to create new businesses

Invested in QunaSys, which aims to implement quantum computing in society, as our first initiative, and in FTV LABS Pte. Ltd., a Singapore-based company that provides the field service management software “KEGMIL,” as our second initiative.

*1 MACT : Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company *2 ADAS : Advanced Driver Assistance System

Progress of Business Portfolio Strategy

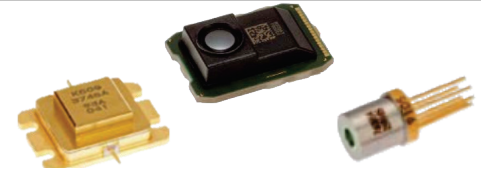
Resilient Businesses <Strengthening Profitability>

Improve profitability of certain businesses and add them to Resilient Businesses

Processing machines,
High-frequency optical devices,
and IT infrastructure services.



Laser processing machines



High-frequency optical devices

Started collaboration with SAP Japan to promote DX for general power transmission and distribution companies

Provide solutions that integrate the strengths of both companies by jointly planning and selling solutions and services that emphasize the coordination of various operational technologies (OT) and information technologies (IT).



Businesses with issues <Selling/Withdrawing/Shifting resources by collaboration>

Agreed to dissolve Nippon Injector Corporation, a joint venture with Robert Bosch GmbH

Production of fuel injectors for combustion engines, for which demand is expected to decline in the future, will be transferred in stages to Bosch's manufacturing location in Hemaraj, Thailand starting in 2023 (we plan to procure from this factory).

Reviewed business of Kyoto Works, including the LCD TV business

Downsized the LCD TV business (announced in Nov. 2021), discontinued the commercial printer business, terminated in-house production of multi-video systems for indoor use (announced in Mar. 2022), and shifted management resources to our Key Growth Businesses, such as air-conditioning and refrigeration systems

Optimal Group Management Strategy

Pursue an optimal group management system by strengthening the functions and reviewing the division of roles of affiliated companies in each value chain.

Design

Develop structures and strengthen the development capability of S/W design companies that can accommodate the enhancement of Key Growth Businesses and the expansion of Integrated Solutions (improve productivity, increase personnel, incorporate new technology, etc.).

In order to further strengthen the business competitiveness of Mitsubishi Electric Software Corporation (established in Apr. 2022), integrate Mitsubishi Electric Information Network Corporation's engineering solutions business, which designs software for our products (scheduled for Apr. 2023)

Logistics

Develop a logistics system with the option of concluding strategic partnerships with global logistics companies, and rapidly respond to changes in the logistics environment and improve efficiency by introducing an advanced platform.

Maintenance & Service

Enhance our recurring revenue business by taking advantage of connection with customers, establish a business structure that maximizes lifetime profits, and create new business opportunities by sharing and making effective use of information accumulated within the Group.

Internal Operation Support

Focus on employee welfare and tasks essential for rolling out each of our businesses, and improve efficiency primarily through the use of outsourcing.

Melco Travel Corporation merged into Mitsubishi Electric Life Service Corporation in Apr. 2022

Priority Allocation of Resource Investment

Invest resources in the amount of ¥2.8 trillion, up ¥0.8 trillion from the previous medium-term management plan, centered on Key Growth Businesses. Attain the FY2025 financial targets (revenue of ¥5 trillion, OPM of 10%). Started considering the use of the ¥0.2 trillion for each business field, out of the ¥0.5 trillion-yen strategic investment.

Resource Investment (*1)

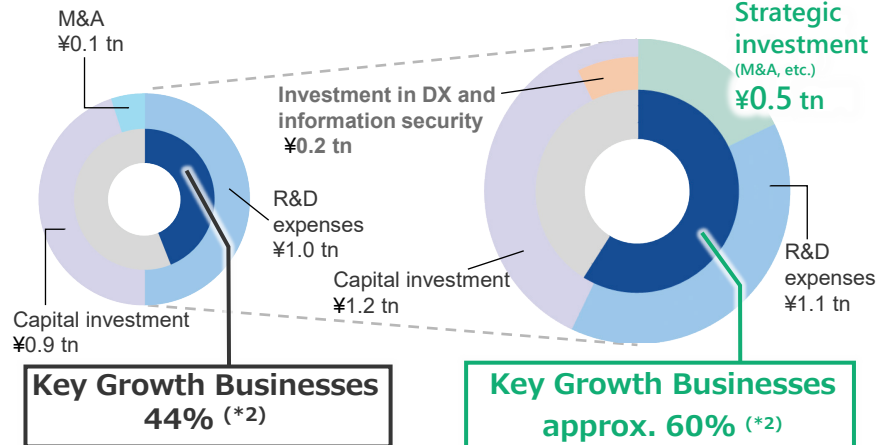
Previous Medium-term Management Plan (FY2016-FY2020)

¥2.0 tn

+ ¥0.8 tn

New Medium-term Management Plan (FY2021-FY2025)

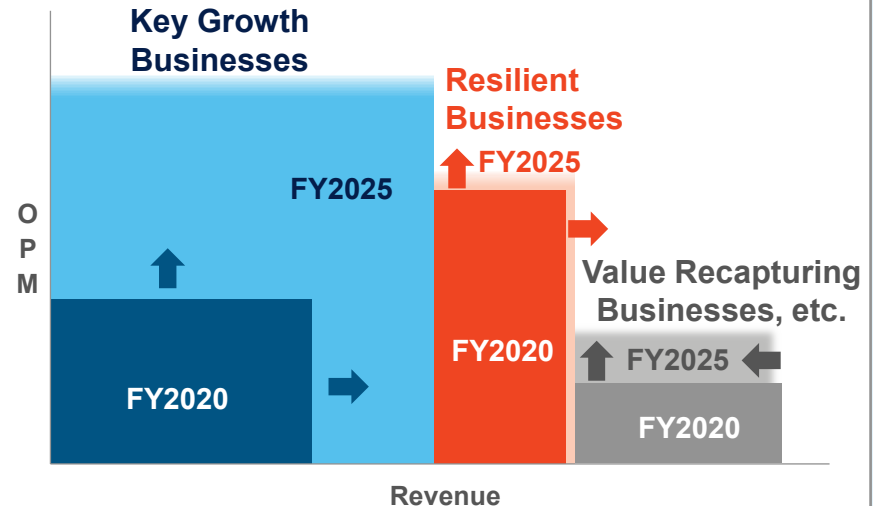
¥2.8 tn



- Separately set an amount of ¥0.5 trillion for strategic investment (M&A, etc.). Focus allocation of budget in Key Growth Businesses and flexibly make investments.
- Break down ROIC by location and business. Maximize efficiency of invested capital by utilizing ROIC also for business evaluation and investment decisions.

Revenue / Operating Profit

FY2025 Financial Targets
Revenue: ¥5 trillion / OPM: 10%



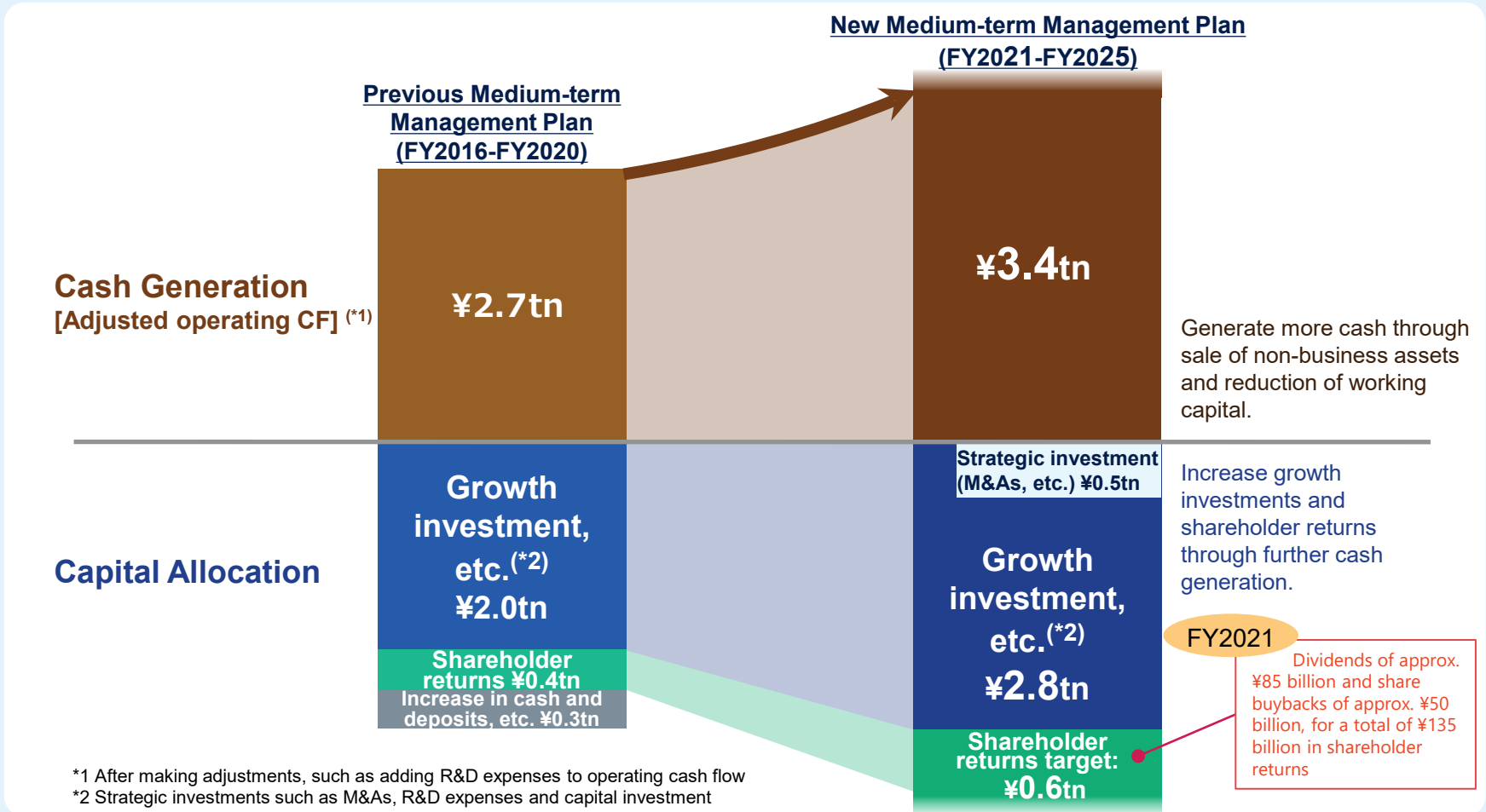
*1 Allocation to growth investment, etc. (M&A and other strategic investment, R&D expenses, capital investment)

*2 Ratio of Key Growth Businesses to total investment in all business divisions (excluding investment in non-business divisions)

Capital Allocation Policy

For capital allocation, giving top priority to investment in growth, further enhance shareholder returns through profit growth. In terms of cash generation, the source of capital, aim to generate ¥3.4 trillion over a five-year period, with a focus on Key Growth Businesses.

Return profits to shareholders (dividends + buybacks) with a target of ¥0.6 trillion (Previous Medium-term Management Plan: ¥0.4 trillion). In addition, further improve capital efficiency by executing the capital measures.



*1 After making adjustments, such as adding R&D expenses to operating cash flow

*2 Strategic investments such as M&As, R&D expenses and capital investment

2-2

Enhancement of Business Foundation for Sustainable Growth

Diversity and Employee Engagement

Promote respect for human rights



Promote an initiative for highly objective and transparent respect for human rights in accordance with the UN Guiding Principles on Business and Human Rights and the RBA^(*1) Code of Conduct

Continue activities aimed at identifying and improving priority action items based on the results of the human rights impact assessment

On the occasion of joining RBA (Feb. 2022), started introducing its advanced approaches and evaluation methods both internally and externally

Enhance the processes for handling complaints and allegations of human rights abuses (e.g., ascertain and disclose the number of complaints, participate in JaCER^(*2))

*1 RBA: Responsible Business Alliance

*2 Japan Center for Engagement and Remedy on Business and Human Rights

Promote Diversity and Inclusion



Enhance activities aimed at improving workplaces that respect diverse human resources and values, and maximize individual talent and organizational capabilities

Increase ratio of female managers

As of FY2021, 1.25 times as high as in FY2020 ⇒ target: double by FY2025
Introduce a systematic training for female candidates for managerial positions

Actively promote local staff

Promote diverse work styles

Expand systems for remote work, career support leave, return-to-work position request after childcare leave, applications for change of work location, etc.

Promote the understanding of LGBTQ people

Received PRIDE Index 2022^(*4)
Gold Award Organized a community of allies

Encourage male employees to take childcare leave^(*3)

65.3% in FY2021 ⇒ target: 70% by FY2025

Increase the hiring of people with disabilities

*3 Male employees taking childcare leave: Including those taking leave when their spouse gives birth

*4 PRIDE Index: An index developed by voluntary organization *work with Pride* to evaluate efforts to support LGBTQ people and other sexual minorities in the workplace.

Diversity and Employee Engagement

Realize a work environment where all employees can work with vitality



Based on its resolve to never tolerate harassment, the Group as a whole is advancing “Mitsubishi Electric Workplace Reform Program” based on a third-party evaluation conducted by outside experts, while working to achieve a culture where “employees feel that they can consult with their superiors”, “failures are tolerated”, and “problems are solved together”, through connection enabled by open communication.

Thoroughly implement measures to prevent harassment, enhance mental-health measures, prevent long working hours, and transform the mindset and behavior of management with 360° feedback

Build compensation structure with highly convincing evaluations and awareness of market value

Advance work-style reforms by pursuing new work styles through best mix of remote and in-office work

Reform the personnel system to overcome the inward-looking culture, change the behavior of senior management, and support middle management and front-line workers

Evaluation indicator: KPI (Employee awareness survey)	1 st half of FY2022 Actual	Target
Percentage of employees with pride and motivation in their work	54% 	80% or more
Percentage of employees who feel that they have a good work-life balance	65% 	80% or more

Information Security / Product and Service Quality

Information Security



Develop a comprehensive, multi-layered defense system

As a countermeasure against cyber-attacks, which are becoming increasingly sophisticated with the use of cloud services and the spread of telework, work on “multi-layered defense” with centralized management of networks, devices, servers and the cloud, and zero-trust security ^{(*)1} measures.

Implementing measures totaling over ¥50 billion investment
 Strengthen network access controls and security measures for devices, and accelerate zero-trust security measures
 Embark on global security measures centered on Asia

Continuously strengthen information management and operation systems, and aim for Level 3 or higher ^{(*)2} of the Cybersecurity Maturity Model

^{*1} The concept of inspecting and authenticating all communications, with everywhere inside and outside the company considered as untrustworthy areas

^{*2} Framework for Cybersecurity Maturity Model certification set forth by the US Department of Defense(CMMC Ver.1). Level 3 or higher means that excellent security measures and management systems are put in place

Product and Service Quality



Provide products and services that satisfy society and customers with the highest quality

Under our basic quality assurance principles ^{(*)3}, promote quality improvement activities by carrying out quality assurance reform and strengthening our quality assurance system to ensure customer satisfaction.

Eliminate improper quality control practices by promoting quality assurance reform

Promote quality improvement and quality assurance from development and design stages, including order receipt, to service provision and disposal

Thoroughly reinforce our basic quality assurance principles, and conduct quality-related education and human resource development

^{*3} “1. Product quality is our top priority. It comes before price and on-time delivery.”, “2. Our commitment to the highest quality under any circumstances is unwavering.”, “3. Products must be safe to use, have a long usage life, and have consistent performance.” and “4. Every manager and employee involved in manufacturing a product shares equal responsibility for product quality.”

Operation DX

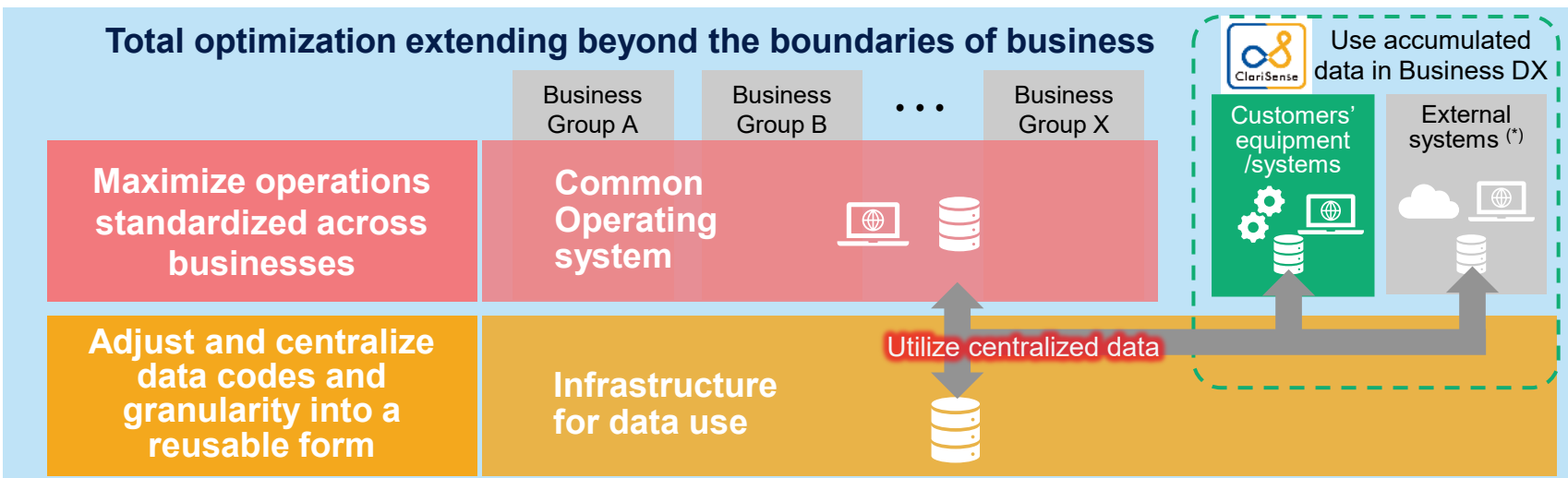


Total optimization extending beyond the boundaries of business



Achieve total optimization extending beyond the boundaries of business by standardizing cross-business operations and centralizing reusable data. Promote Operation DX by increasing the sophistication of business management and improving productivity utilizing data and digital technologies.

Formed a company-wide Operation DX project to reform business processes (Oct. 2021), completed selection of model businesses (Dec. 2021) and started to build a common operating system and an infrastructure for data use (Apr. 2022).



Revamp operational processes

Reorganize information systems

Develop data infrastructure

Formulate operational reform indicators for total optimization, set targets for reform based on the indicators, and carry out initiatives accordingly

Investment exceeding ¥100 billion

Transform into a highly-profitable company
through more sophisticated business management and a dramatic increase in productivity

* Cloud services, systems, etc. of customers, partners, and suppliers

Risk Management and Swift Decision Making

Emerging Modern Issues

Commitment to Sustainability

Social demand for human rights and environment protection
Communication with Stakeholders

Safe plans for procurement and transportation risks

Pandemics, disasters, and economic sanctions

Preparation for geopolitical Risks

Formation of bloc economies
Economic decoupling

Enhancement of Business Foundation

Company-wide risk management

Established Corporate Economic Security Div. in Oct. 2020
Established Corporate Risk Management Div. in Jan. 2022
Established the position of CRO^(*) in Jan. 2022

Crisis management and quick initial response

Renew the monitoring system

Exploration/warnings of new risks

Independence of Overseas Bases

Delegation of corporate functions and regional optimization

Enhance regional control function

Promotion of local staff to executive positions

Accelerate localization of development

Build a Resilient and Sustainable Supply Chain

- Investigate and ascertain choke points, diversify sources, reduce usage, develop alternatives
- Strengthen initiatives for highly transparent procurement in accordance with international norms (environment, human rights)

Introduce highly transparent human rights DD^(**) in line with international norms

Understand risks throughout the supply chain through AI

Swiftly identify procurement risk in times of disaster using IT tools

Integrated operations of global logistics

*1 CRO: Chief Risk Management Officer *2 human rights DD: The corporate activities that identify, prevent and mitigate impacts of human rights issues.

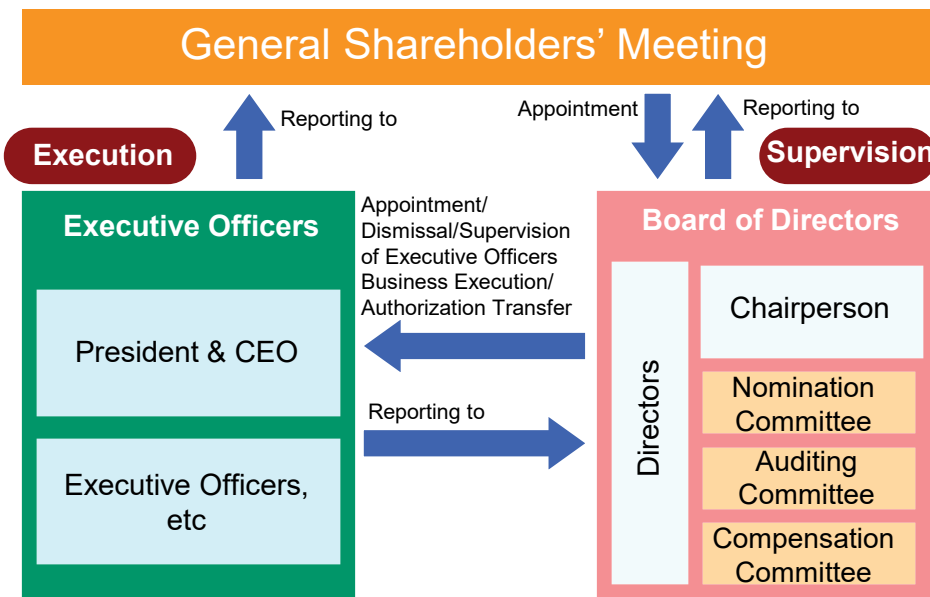
Governance and Disclosure

Strengthen Governance and Revitalize internal and external Communication



Enhance the Board of Directors' monitoring of business execution

- Appointed an independent outside director as chairperson of the Board of Directors (Oct. 2021 onward)
- Added two outside directors with management experience in the manufacturing industry, and made the majority of the Board independent outside directors (Jun. 2022 onward)



Shifted to a company with a committee system (currently: nomination committee system company) in June 2003.

Actual practices at Mitsubishi Electric

- More than 50% of members comprising each of the three committees shall be independent outside directors
- Appointed an independent outside director as chairperson of each of the three committees (Jun. 2020 onward)
- Increased in the number of Board of Directors meetings held (regular/extraordinary) (FY2020: 8 times → FY2021: 20 times)
- Revised the disclosure segments into business area (BA) units in order to disclose information in line with the new management structure launched (Apr. 2022)
 Sub-segments were also subdivided to improve the quality of information disclosure

Appropriate response to revisions of legislation and other external factors

Appropriate disclosure to stakeholders

Activities to promote an inclusive society

Employees and the company shall work together to promote the "three forms of coexistence" and realize an inclusive society



Coexistence with the Global Environment

Promote activities that remind us how much we appreciate nature, which nurtures a diversity of life and provides us with many blessings, and encourage environmentally conscious behavior, through activities to protect and nurture nature.

Satoyama Woodland Preservation Project

Mitsubishi Electric Outdoor Classroom

Coexistence with Local Communities

Collaborate with NPOs and other organizations in the field of social welfare, education and other basic infrastructure for daily life to promote activities that focus on realizing sustainable and vibrant local communities where all people, including people with disabilities, can live their life in their own way.

30th Anniv.

Mitsubishi Electric SOCIO-ROOTS Fund

Coexistence with All People

Create opportunities and environments where all people, from adults to children, with or without disabilities, can respect and recognize each other and improve their physical and mental health.

Para-sports support

Sports promotion

Culture & arts support

Initiatives, External Evaluations

Initiatives

Continue our commitment to the UN Global Compact



Contribute to the achievement of the Sustainable Development Goals (SDGs) through all corporate activities



The Mitsubishi Electric Group's greenhouse gas emissions reduction targets acquired SBTi (*2) certification (Jan. 2020)



Expressed approval for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) (*1)
Continue to promote initiatives and disclose information in accordance with the TCFD recommendations.



Joined RBA(*3) (Feb. 2022) to build a sound supply chain, and introduced advanced initiatives and evaluation methods.



External Evaluations



Received the highest rating from CDP(*4) for "Climate Change," and "Supplier Engagement"(*5)



Received a gold rating on the "PRIDE Index 2022" operated by "work with Pride"(*6) for our initiatives related to LGBTQ people and other sexual minorities

Selected as a constituent of the following investment indexes:

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

*1 TCFD (Task Force on Climate-related Financial Disclosures): A task force for disclosure of climate-related financial information led by the private sector, established at the request of the G20 finance ministers and governors of central banks

*2 SBTi (Science Based Targets initiative): An international initiative by the UN Global Compact (UNGC), the World Wide Fund for Nature (WWF), the CDP, and the World Resources Institute (WRI)

*3 RBA(Responsible Business Alliance) : An alliance of companies promoting social responsibility in the global supply chain

*4 CDP: An international NGO that surveys, evaluates, and discloses environmental initiatives of corporations and governments

*5 Received the highest rating for the fifth time for Climate Change, and for Supplier Engagement

*6 A voluntary organization that supports the promotion and retention of diversity management related to LGBTQ people and other sexual minorities

2-3

Initiatives for Creation of Innovation and Future Growth

Open Innovation



Expand our solution domain by leveraging external knowledge and technology through means such as M&As, co-creation with customers and partners, and collaborations with start-ups.

Expand business domains through M&As



Acquisition of Swedish Elevator

Company Motum AB (concluded a contract in Mar. 2022)

Strengthen the business management foundation centered on elevator and escalator maintenance and renewals throughout Europe and other regions, while enhancing the building-solutions business in Europe by increasingly incorporating Mitsubishi Electric's own building-related products and services.



Create innovation by collaborating with start-ups



Establishment of ME Innovation Fund (Jan. 2022)

Established a CVC fund with Global Brain, an independent venture capital firm (total investment amount of ¥5.0 billion). Aim to reform business models and create new businesses by investing in start-ups mainly in the digital and green domains.



*CVC : Corporate Venture Capital

Co-create value with customers and partners



Started demonstration experiments to visualize wind in the Marunouchi area (Aug. 2022)

Started demonstration experiments to measure and visualize wind condition data (wind speed and direction) in the Marunouchi area in collaboration with MITSUBISHI ESTATE CO., LTD.

Contribute to ensuring the safety of pedestrians and those working at height, such as construction workers and cleaners of exterior building windows, as well as to accelerating the introduction of new technologies such as drones and flying cars.



Create new value by collaborating with multiple industries



Participation in Disaster Prevention Consortium (CORE) (Nov. 2021)

Aim to build a resilient society by providing opportunities for diverse companies from across industries to gather and communicate, and through co-creation among companies, collaboration with national and local governments, and sophistication of disaster prevention and mitigation.



R&D Strategy

Pursue the enhancement and reform of existing businesses as well as R&D for new value creation in a balanced manner. Aim to address social challenges at an early stage through the active use of open innovation.

Strengthen core technologies

-Driving force for profitability improvement-

Strengthen our differentiated technologies for components and systems, including technology to realize small, high-efficiency motors, and high-speed, high-precision positioning technology, by fusing them with advanced base technologies such as AI and new materials.

Continuously enhance base technologies

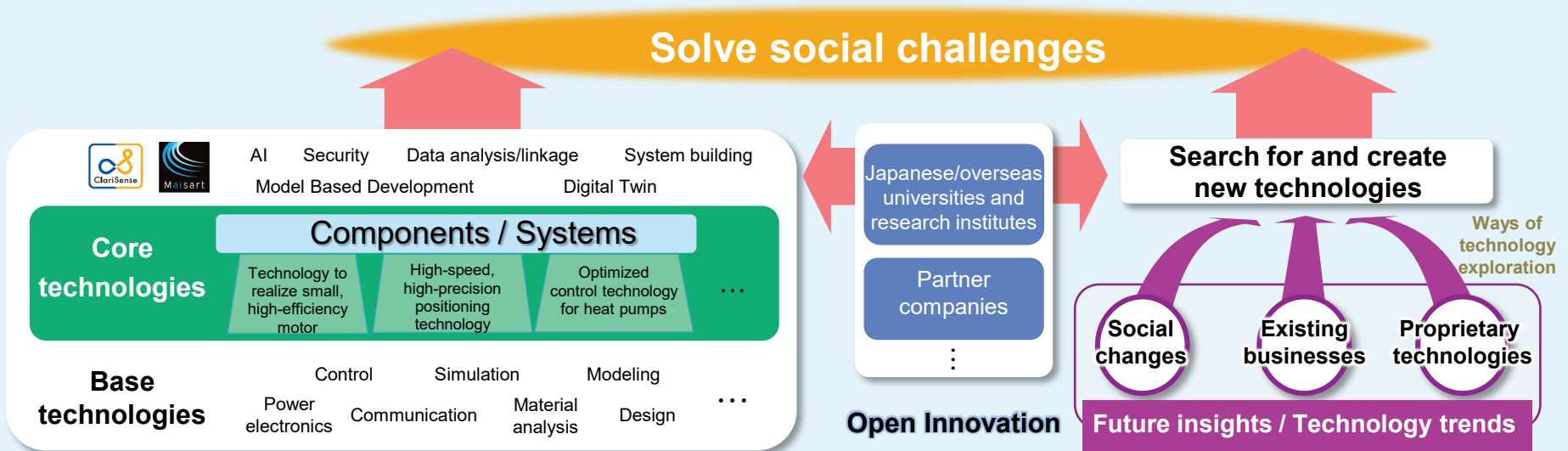
-Foundation for business-

Further enhance technologies that support quality of and build trust in our products, systems, and services, such as power electronics, control, modeling, material analysis, AI, security, and data analysis/linkage.

Search for and create new technologies

-New source of growth-

Take on the challenge of developing technologies that meet the needs generated by social change, as well as next-generation technologies that transform existing businesses, in a discontinuous manner, based on future insights and analysis of technological trends. Also, focus on expanding our proprietary technologies to create new usages and develop new customers.



R&D Strategy - Major Themes -

Core technologies



SUSTIE, the ZEB technology test facility

- **Achieved "ZEB" in the operational phase**
First medium-scale office building in Japan with solar panels installed only on the roof
- **Achieved Platinum-level WELL certification**
Contribute to the creation of a healthy and comfortable work environment by achieving the best possible balance between a thorough energy-saving environment and a comfortable indoor space

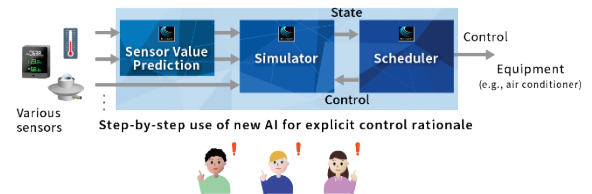


Base technologies



AI that can clarify its control rationale

Contribute to the realization of a society that can use AI with peace of mind by clarifying AI control rationale



* The result was obtained by a collaborative development with Institute of Physical and Chemical Research

New technologies

Photonic crystal laser module for next-generation laser processing machines

Achieve both space saving through microminiaturization and energy saving through increased efficiency by using optical and quantum technologies
Contribute to the realization of a decarbonized society



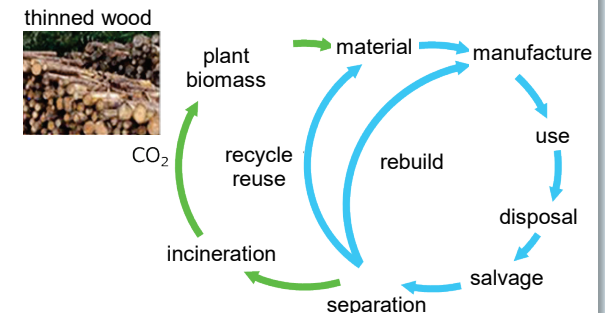
Palm-sized (about 1/25 compared to conventional models) photonic crystal laser module (prototype)

* A part of the result was obtained in a project, Cross-ministerial Strategic Innovation Promotion Program(SIP)

Base technologies

Design technology for environmentally friendly materials

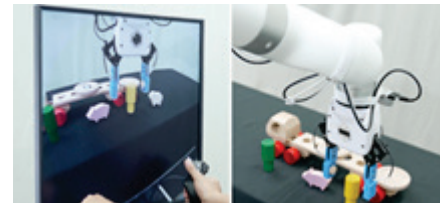
Develop biomass materials from plant-derived raw materials to contribute to resource circulation and reduction of CO₂ emissions



New technologies

Evolutionary remote operation service platform using human cognitive characteristics

Realize a new era of work styles that are not restricted by location or distance with ever-evolving remote operation



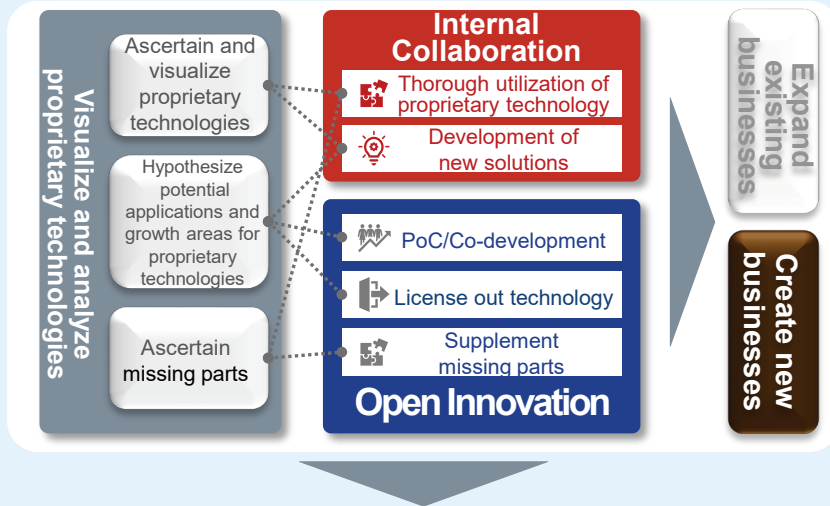
Operator's operation screen

Remote robot

Intellectual Property Strategy

Strategy 1. Open Technology Bank®

Facilitate **technology integration by Internal Collaboration & Open Innovation** through visualization and analysis of technology assets



Co-create new businesses with internal and external partners to solve diversifying social issues

Our progress in visualizing technology assets

Internal Collaboration	<ul style="list-style-type: none"> Began operation of a search tool for proprietary patents (Oct. 2021) ➔ Accelerate company-wide solution development
Open Innovation	<ul style="list-style-type: none"> Released a technology map covering all patents owned (Dec. 2021) Published a detailed patent distribution map for representative technologies (Apr. 2022) ➔ Promote opportunities for dialogue and collaboration with external partners

Strategy 2. Qualitative IP activity targets

In addition to quantitative advantages, **enhance qualitative IP capabilities** that are compatible with AI/solutions

Leveraging the world's leading IP creation capabilities, qualitatively improve IPs that will form the Business DX infrastructure

Patent asset size ^(*1)	No. of patent registrations in Japan ^(*2)	International application ranking ^(*3)	No. of design registrations in Japan ^(*2)
No. 1 in Japan	No. 1 in Japan	No. 5 globally	No. 2 in Japan
		Current	FY2025 target
Solution ratio		10%	30%
AI ratio		5%	10%

Develop and execute IP/standardization strategy in the IoT domain in alignment with activities to strengthen IP capabilities

In addition to utilizing IoT in areas such as FA, electric power, and train, carry out standardization activities in the field of future telecommunication infrastructure, such as 5G, beyond 5G, and 6G, to contribute to solving social issues and expanding business through proactive rulemaking

*1 Announced by Patent Result Co., Ltd. (total from Apr. 2019 to Mar. 2020)

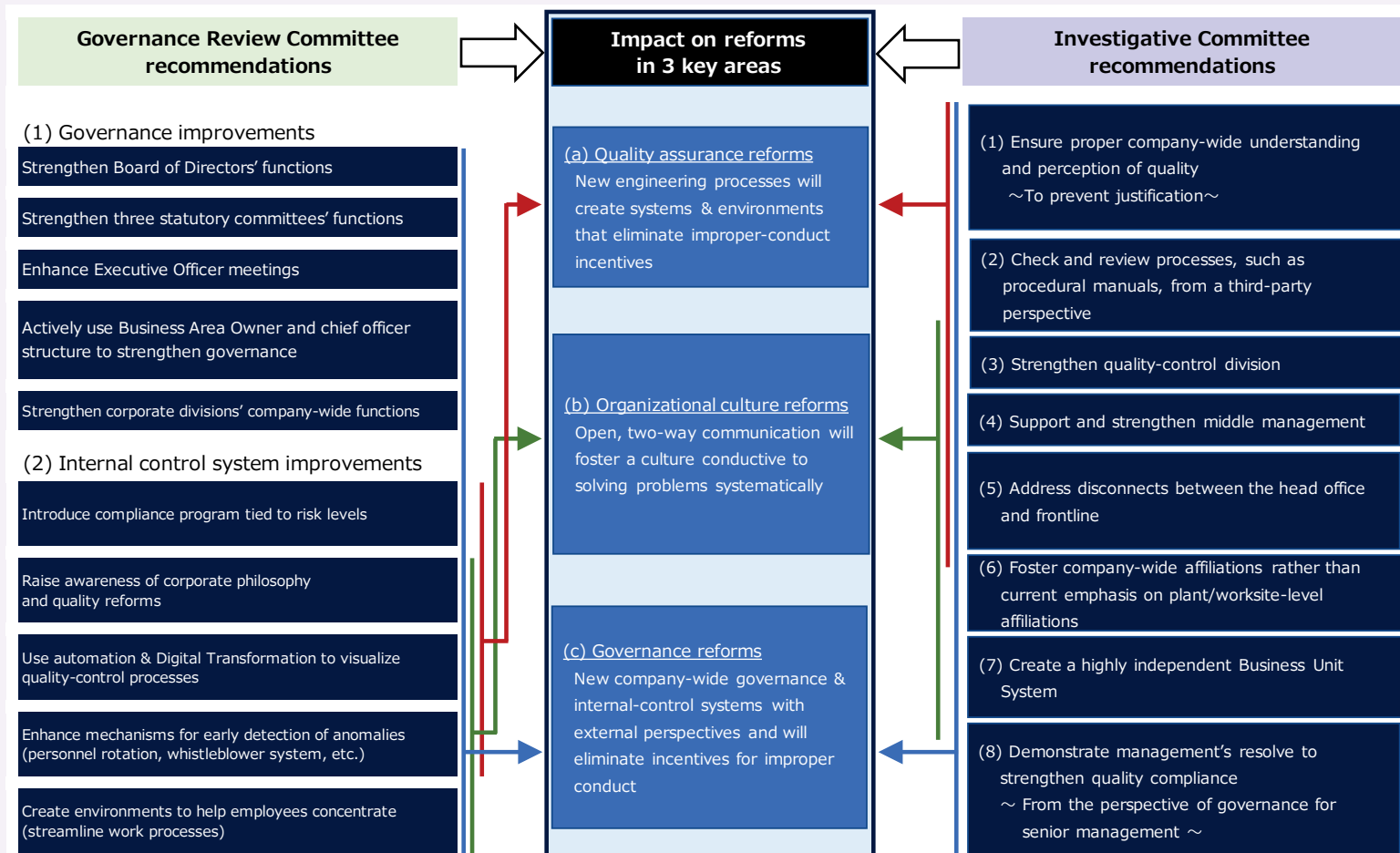
*2 Announced by Japan Patent Office (total from Jan. to Dec. 2021)

*3 Announced by World Intellectual Property Organization (WIPO) (total from Jan. to Dec. 2021)

3

Three Reform Areas for Regaining Trust

- Consider measures based on recommendations from the Investigative Committee and the Governance Review Committee, as well as our cause analysis results
- In rebuilding Mitsubishi Electric, reaffirm the crucial importance of conducting a fundamental review of communication between work site employees, work site heads and head office managers, based on which we will build a company-wide framework to prevent improper quality control practices from arising in the first place, with managers taking responsibility for getting involved in resolving the issues faced at the design and quality-control levels
- Carry out reforms in the three key areas of quality assurance, organizational culture and governance



Quality assurance reforms—Revising engineering processes

Focus on enhancing engineering capabilities and reforming manufacturing processes based on our investigation results, in addition to efforts currently underway, including “reconstruct the control function,” “address issues relating to technical capabilities and resources,” and “re-foster an awareness of quality compliance.” Aim to create an organizational structure in which there is no incentive to engage in improper quality control practices in the first place.

Normalize manufacturing management

- Systematize methods for estimating required resources and assign additional designers, design managers and testers
- Use factory health checks to recognize and facilitate upgrades of the 4M status at manufacturing sites
- Highlight new-product project progress under the supervision of the Corporate Quality Assurance Reengineering Group
- Create a company-wide team of legal & regulatory experts

Design frontloading (enhance design and design-change validations)

- Revise design-review (DR) methods and have external experts introduce Quick DR(*)
- Introduce a DR Senior Expert system to foster designers
- Have corporate departments strengthen cross-department design functions (share KPIs for design standardization, etc. with business groups and clarify accountability and authority)

Data-driven quality control and procedures

- Use statistical quality control (SQC) to conduct design studies and determine mass-production testing and inspection methods
- Develop rules for submitting test specifications to customers and closely monitor test specifications’ adherence to customer agreements (and use this as a KPI for design development review)

* Quick DR: process for discovering/solving problems efficiently and quickly by focusing on changes

Organizational culture reforms—Facilitating two-way communication

Having been carried out in harmony with efforts to renew the human resources management system and in accord with the Robust Policies for overarching plan for organizational culture reforms created by the Team Sousei (Creation) company-wide transformation project, which kicked off in October 2021.

Focusing on fostering a culture of two-way communication, senior management will continue to drive new reforms, and we will encourage behavioral change among managers and various measures to enliven communication among all employees.

These organizational culture reform efforts, which have until now focused on Mitsubishi Electric, are now being expanded across the entire Group, including affiliates launching initiatives tailored to their own particular track records.

Reforms driven by senior management

- Coaching and active debating at workshops for executives, work site heads and other senior personnel
- Town-hall meetings to facilitate frank discussions with employees in workplaces
- Dialogues with employees via internal social-media networks

Encouraging behavioral change among managers

- Expansion of coaching to managerial roles
- One-on-one meetings to actively listen to what managers have to say

Various measures to enliven communication among all employees

- Encouraging people to greet and thank each other and otherwise speak to each other with respect, and issuing guidelines on psychological safety, casual conversations and work-related discussions
- Creating cross-department communities through learning opportunities
- Promoting personnel exchanges across workplace and departmental lines

Governance reforms—Building a compliance system focused on prevention

Recognizing that governance reforms are a top priority that management must commit to when the company is to restore public trust and continue building corporate value, we will build systems for governance and internal control that incorporate external perspectives and eliminate any incentive to act improperly.

Strengthen supervisory functions (Board reforms)

- Set priority agenda for the Board of Directors, including the task of monitoring the progress and execution of the three reforms.
- Set priority key themes for the three statutory committees
- Strengthen functions of the Board of Directors Secretariat
- Continue third-party evaluations of Board's effectiveness

Strengthening of cross-organizational functions and improvement of internal control system by head office corporate divisions

- Strengthen cross-organizational functions of head office corporate divisions
- Build internal control system that emphasizes predictive indicators and prevention
- Formulate a compliance program (Trial from FY2023)

Monitoring of company-wide reforms by the Board of Directors with an emphasis on stakeholder perspectives

- The CSO, CRO(*) and other relevant executive officers will form a Three Key Reforms Div., reporting directly to the company president, to ensure that the three company-wide reforms of quality assurance, organizational culture and governance are carried out. The Board of Directors with a majority of outside directors will monitor and supervise the progress of these efforts.
- Disclose information and conduct dialogue on the progress of the three company-wide reforms, and consider the various opinions received to sustainably accelerate and improve the three company-wide reforms

* CSO : Chief Strategy Officer, CRO : Chief Risk Management Officer



Appendix

Single-year Outlook for FY2022 (Consolidated Performance)

	FY2019	FY2020	FY2021		FY2022	
	Actual	Actual	Actual		Forecast (Oct. 2022)	
	109JPY/US\$ 121JPY/Euro 15.6JPY/CNY	106JPY/US\$ 124JPY/Euro 15.7JPY/CNY	6-Month 110JPY/US\$ 131JPY/Euro 17.1JPY/CNY	113JPY/US\$ 131JPY/Euro 17.7JPY/CNY	6-Month 135JPY/US\$ 139JPY/Euro 19.9JPY/CNY	135JPY/US\$ 137JPY/Euro 19.5JPY/CNY
(Billions of JPY)						
Revenue	4,462.5	4,191.4	2,138.3	4,476.7	2,339.5	4,970.0
Operating Profit	259.6	230.1	137.8	252.0	80.5	270.0
(%)	5.8%	5.5%	6.4%	5.6%	3.4%	5.4%
Profit before income taxes	281.9	258.7	148.3	279.6	103.1	295.0
Net Profit ^(*)	221.8	193.1	104.8	203.4	74.8	215.0
ROE (Return On Equity)	9.2%	7.5%	-	7.1%	-	
Stockholders' Equity	2,429.7	2,754.2	2,794.7	2,975.9	3,085.2	
(%)	55.1%	57.4%	59.3%	58.3%	59.3%	
Debt including lease liabilities	377.0	365.4	339.7	329.4	329.2	
Debt excluding lease liabilities ^(**)	267.0	248.8	226.7	217.1	218.0	
(%)	6.1%	5.2%	4.8%	4.3%	4.2%	
FCF (Free Cash Flow)	191.8	365.5	85.5	167.5	△ 39.0	
Dividend (JPY per share)	40	36	14	40	14	
Dividend ratio (%)	38.7%	40.0%	28.5%	41.9%	39.5%	

*1 Net Profit represents Net profit attributable to Mitsubishi Electric Corp. stockholders.

*2 Debt ratio is calculated based on "Debt excluding lease liabilities" that represents bonds and borrowings from FY2019 because IFRS 16 Lease has been applied.

Outlook for FY2022 (Segment Forecast) and FY2025 target

(Billions of JPY)

		FY2019	FY2020	FY2021		FY2022		FY2025
		Actual	Actual	Actual		Forecast		Target
				6-Month	6-Month	6-Month	(Oct. 2022)	
		109JPY/US\$ 121JPY/Euro 15.6JPY/CNY	106JPY/US\$ 124JPY/Euro 15.7JPY/CNY	110JPY/US\$ 131JPY/Euro 17.1JPY/CNY	113JPY/US\$ 131JPY/Euro 17.7JPY/CNY	135JPY/US\$ 139JPY/Euro 19.9JPY/CNY	135JPY/US\$ 137JPY/Euro 19.5JPY/CNY	105JPY/US\$ 115JPY/Euro 15.0JPY/CNY
Infrastructure	Revenue	1,057.4	1,021.9	409.5	946.1	402.0	970.0	¥1.1tn
	Operating Profit (%)	68.8 6.5%	88.3 8.6%	8.7 2.1%	41.5 4.4%	△ 15.3 △ 3.8%	25.0 2.6%	7%
Industry and Mobility	Revenue	1,369.6	1,265.8	701.8	1,480.8	794.9	1,690.0	¥1.6tn
	Operating Profit (%)	69.7 5.1%	40.7 3.2%	55.2 7.9%	96.4 6.5%	43.9 5.5%	118.0 7.0%	11%
Life	Revenue	1,650.7	1,539.5	846.8	1,673.0	940.1	1,890.0	¥2.2tn
	Operating Profit (%)	106.9 6.5%	101.1 6.6%	69.7 8.2%	92.6 5.5%	34.0 3.6%	94.0 5.0%	11%
Business Platform	Revenue	361.0	347.2	187.3	382.8	206.8	430.0	¥0.5tn
	Operating Profit (%)	15.6 4.3%	13.6 3.9%	9.5 5.1%	26.4 6.9%	19.4 9.4%	34.0 7.9%	10%
Others	Revenue	725.6	667.5	345.9	737.3	393.0	780.0	—
	Operating Profit (%)	29.3 4.0%	17.7 2.7%	9.4 2.7%	26.7 3.6%	14.3 3.6%	31.0 4.0%	—
Total	Revenue	4,462.5	4,191.4	2,138.3	4,476.7	2,339.5	4,970.0	¥5tn
	Operating Profit (%)	259.6 5.8%	230.1 5.5%	137.8 6.4%	252.0 5.6%	80.5 3.4%	270.0 5.4%	10%

*Inter-segment sales are included in the above chart.

*Figures above are shown by the new segment classifications. (Figures for FY2020 and before are shown for reference.)

Outlook for FY2022 (Sub-segment Forecast) and FY2025 target

(Billions of JPY)

		FY2021	FY2022	FY2025
		Actual	Forecast (Oct. 2022)	Target
		113JPY/US\$ 131JPY/Euro 17.7JPY/CNY	135JPY/US\$ 137JPY/Euro 19.5JPY/CNY	105JPY/US\$ 115JPY/Euro 15.0JPY/CNY
Infrastructure	Revenue	946.1	970.0	¥1.1tn
	Operating Profit (%)	41.5	25.0	7%
		4.4%	2.6%	
Public Utility Systems	Revenue	383.3	385.0	¥0.4tn
	Operating Profit (%)	15.3	11.0	8%
		4.0%	2.9%	
Energy Systems	Revenue	327.5	330.0	¥0.4tn
	Operating Profit (%)	23.1	20.0	8%
		7.1%	6.1%	
Defense & Space Systems	Revenue	235.1	255.0	¥0.3tn
	Operating Profit (%)	3.0	△ 6.0	5%
		1.3%	△ 2.4%	
Industry and Mobility	Revenue	1,480.8	1,690.0	¥1.6tn
	Operating Profit (%)	96.4	118.0	11%
		6.5%	7.0%	
Factory Automation Systems	Revenue	776.1	860.0	¥0.8tn
	Operating Profit (%)	128.0	140.0	17%
		16.5%	16.3%	
Automotive Equipment	Revenue	704.6	830.0	¥0.8tn
	Operating Profit (%)	△ 31.5	△ 22.0	5%
		△ 4.5%	△ 2.7%	
Life	Revenue	1,673.0	1,890.0	¥2.2tn
	Operating Profit (%)	92.6	94.0	11%
		5.5%	5.0%	
Building Systems	Revenue	527.8	570.0	¥0.7tn
	Operating Profit (%)	21.8	27.0	10%
		4.1%	4.7%	
Air Conditioning Systems & Home Products	Revenue	1,145.1	1,320.0	¥1.5tn
	Operating Profit (%)	70.8	67.0	11%
		6.2%	5.1%	
Business Platform	Revenue	382.8	430.0	¥0.5tn
	Operating Profit (%)	26.4	34.0	10%
		6.9%	7.9%	
Information Systems & Network Service	Revenue	141.4	150.0	¥0.2tn
	Operating Profit (%)	9.6	10.0	9%
		6.8%	6.7%	
Semiconductor & Device	Revenue	241.4	280.0	¥0.3tn
	Operating Profit (%)	16.8	24.0	10%
		7.0%	8.6%	
Others	Revenue	737.3	780.0	—
	Operating Profit (%)	26.7	31.0	
		3.6%	4.0%	
Total	Revenue	4,476.7	4,970.0	¥5tn
	Operating Profit (%)	252.0	270.0	10%
		5.6%	5.4%	

*Inter-segment sales are included in the above chart.

*Figures above are shown by the new segment classifications.

Cautionary Statement

While the statements herein, including the forecasts regarding the Mitsubishi Electric Group, are based on assumptions considered to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts.

The main factors materially affecting the expectations expressed herein include but are not limited to the following:

1. Changes in worldwide economic and social conditions, as well as regulations, taxation and other legislation
2. Changes in foreign currency exchange rates
3. Changes in stock markets
4. Changes in the fund-raising environment
5. Changes in the supply and demand of products, as well as the material procurement environment
6. Establishment of important patents, status of significant licenses and disputes related to key patents
7. Litigation and other legal proceedings
8. Issues related to quality and defects in products or services
9. Laws, regulations and issues related to the global environment, especially responses to climate change
10. Laws, regulations and issues related to human rights
11. Radical technological innovation, as well as the development, manufacturing and time-to-market of products using new technology
12. Business restructuring
13. Information security incidents
14. Large-scale disasters, including earthquakes, tsunamis, typhoons, volcanic eruptions and fires
15. Social, economic and political upheaval due to heightened geopolitical risks, war, conflict, terrorism or other factors
16. Social, economic and political upheaval due to pandemics or other factors
17. Important matters related to Mitsubishi Electric Corporation's directors and executive officers, major shareholders, affiliated companies and other stakeholders

* This document has been translated from Japanese original for reference purpose only.

In the event of any discrepancy between this document and the Japanese original, the original shall prevail.



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