

Mitsubishi Electric Corporate Strategy

May 2022
MITSUBISHI ELECTRIC CORPORATION

– Aiming to Solve Social Challenges Through “Circular Digital-Engineering” –

Since assuming the position of President, I have been giving top priority on completing the investigation into the quality issues that have been causing inconvenience and concern to our customers and other stakeholders, and implementing reforms based on the investigation results to regain trust in the company. Then, I have been taking measures to improve the working environment to ensure that employees can work cheerfully and positively, and thinking about how to provide solutions to social challenges through our businesses by attending to our customers’ needs.

We placed sustainability as the cornerstone of our management, and will promote solutions to social challenges through our businesses, and will flexibly meet the needs of each customer by providing the three processes of consulting, system engineering and maintenance/operation ceaselessly as “Integrated Solutions,” our new business model.

What I want to strongly focus on in our future activities is the evolution of our Integrated Solutions by exercising our creativity and strengthening connections within the group through the use of data. We will provide evolved Integrated Solutions for our customers at all times, while aiming to become a “Circular Digital-Engineering” company that provides solutions to a wide range of social challenges with our customers through our businesses.

From this fiscal year, we have established four Business Areas and assigned each business group to one of them. And we have also appointed Business Area Owners, who are responsible for working on corporate strategy from a medium- to long-term perspective, with a bird's-eye view of a wide range of business fields. We will accelerate the evolution of Mitsubishi Electric through these measures and contribute to the realization of a vibrant and sustainable society through our business activities.



Kei Uruma
President & CEO

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
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



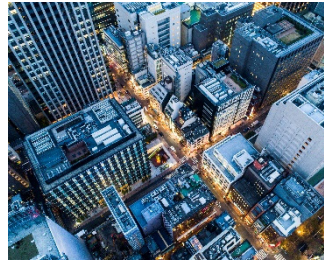
Carbon neutral

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

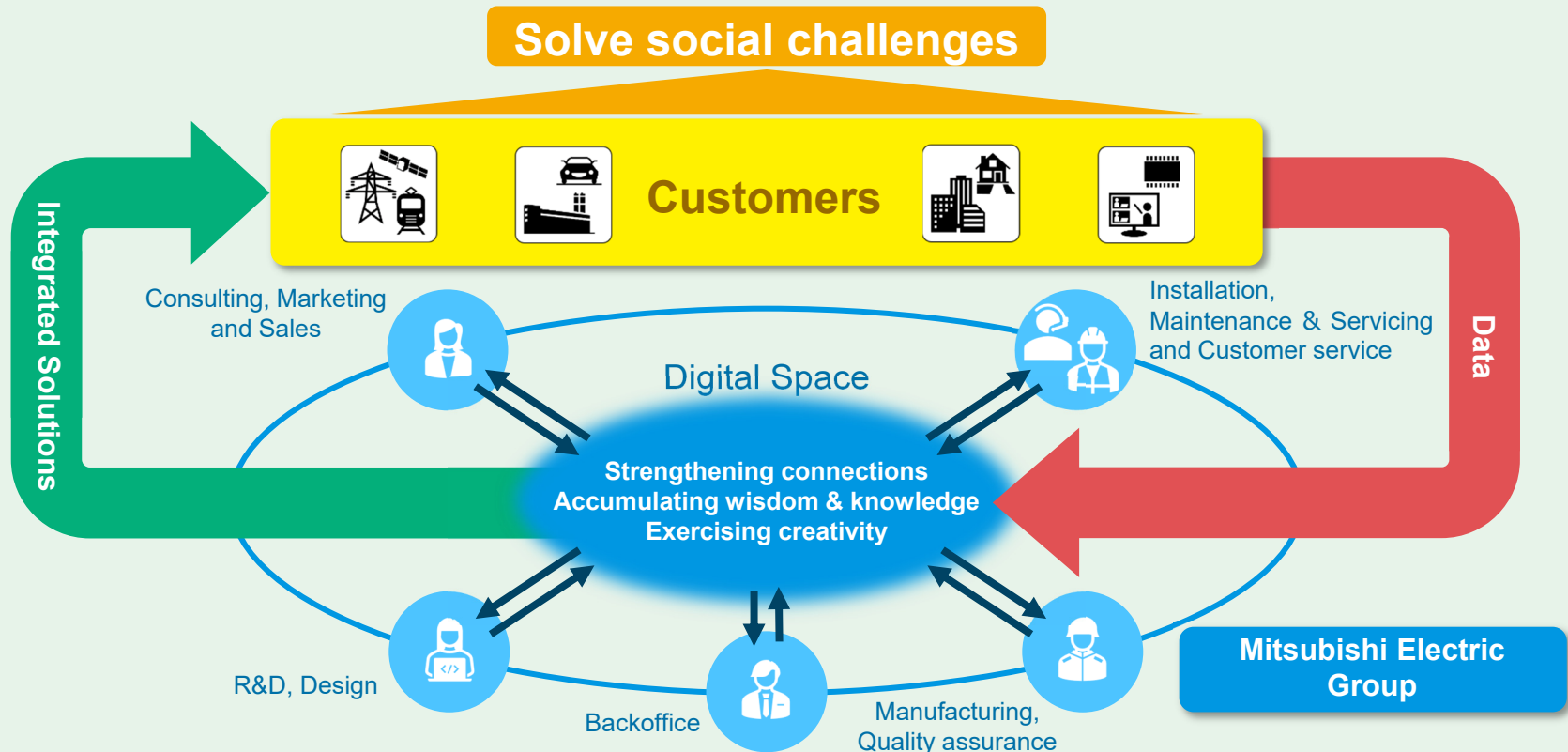


Strengthen corporate governance and compliance on a sustainable basis



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.

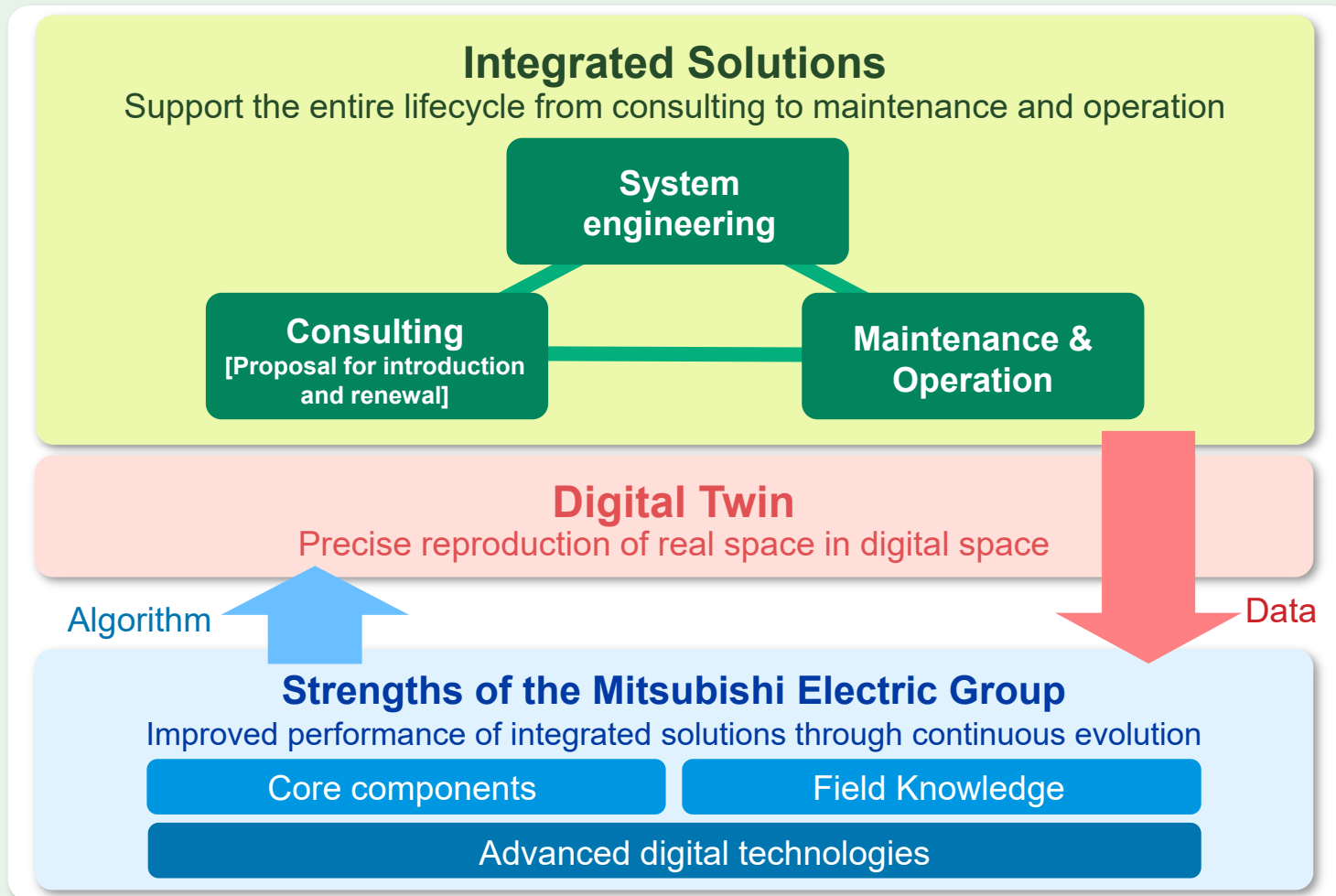


Circular Digital-Engineering Company

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.

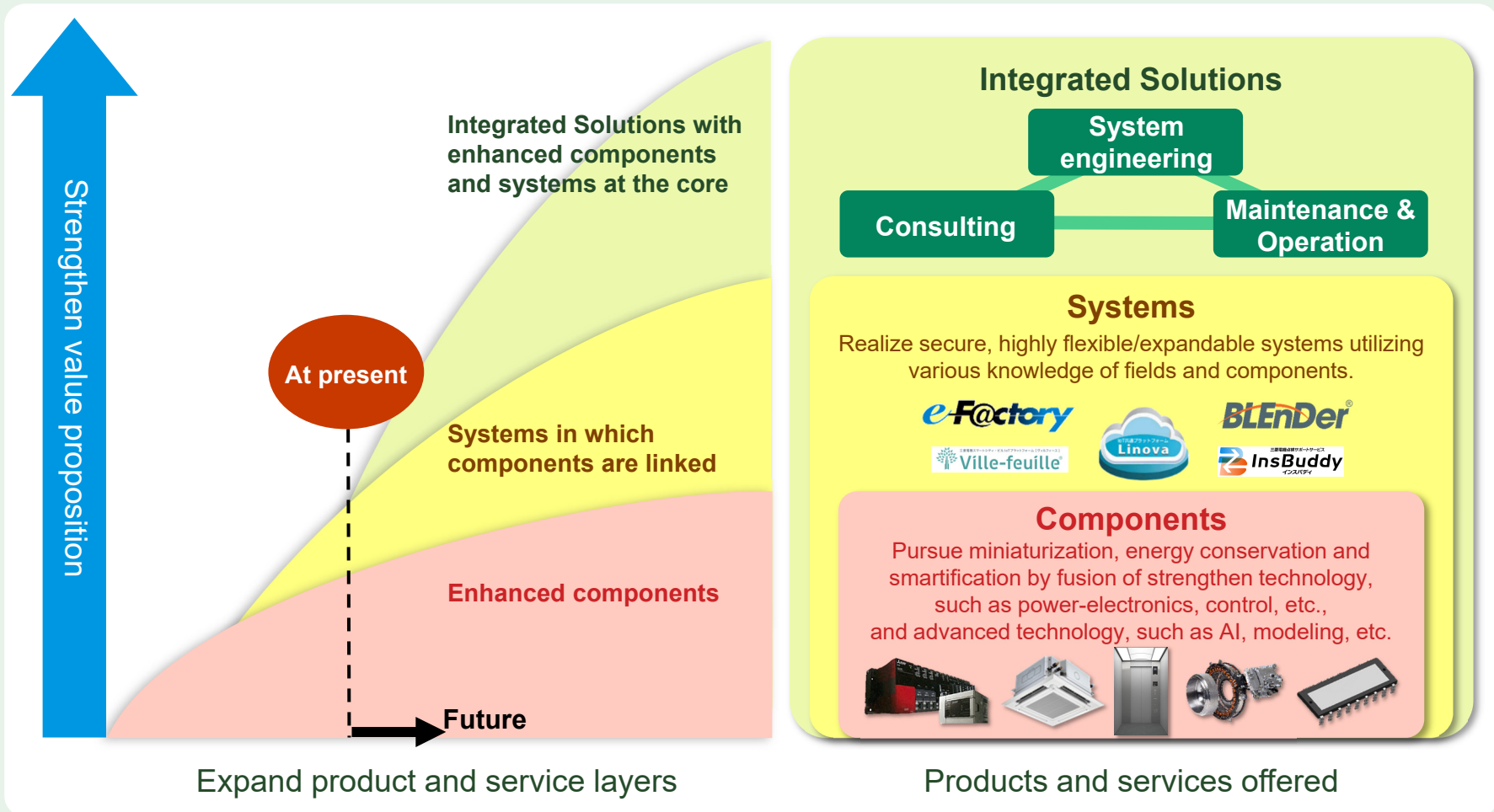
Evolution of Integrated Solutions

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.



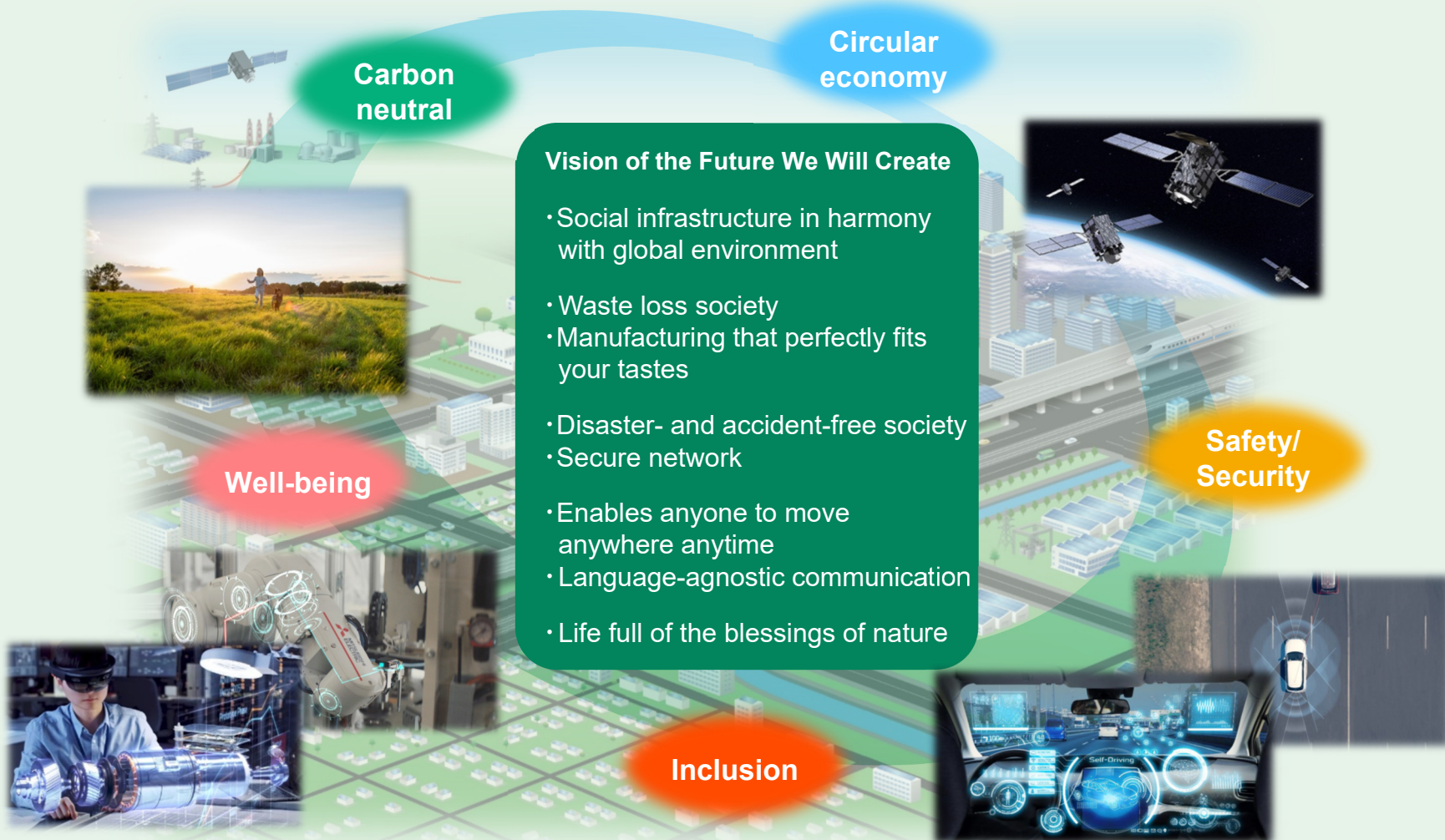
Strengthen value proposition through evolving Integrated Solutions

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.



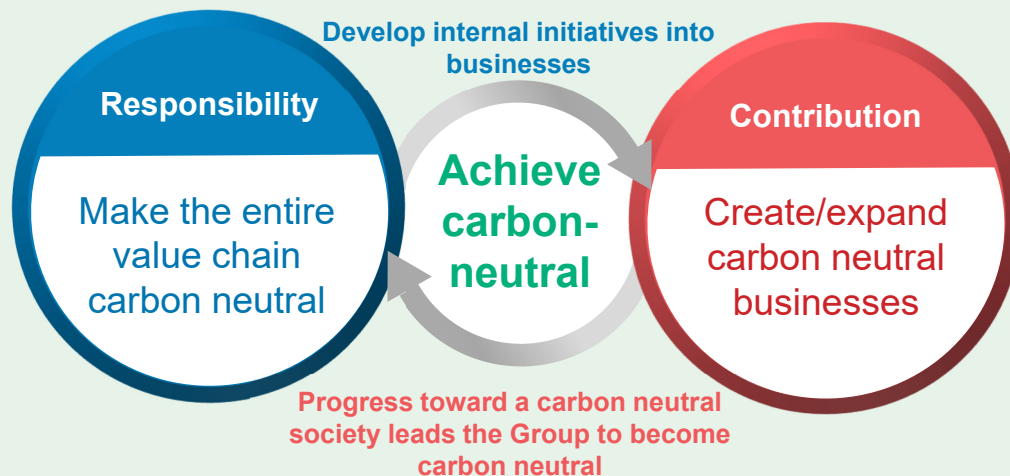
A Future Created by Mitsubishi Electric

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

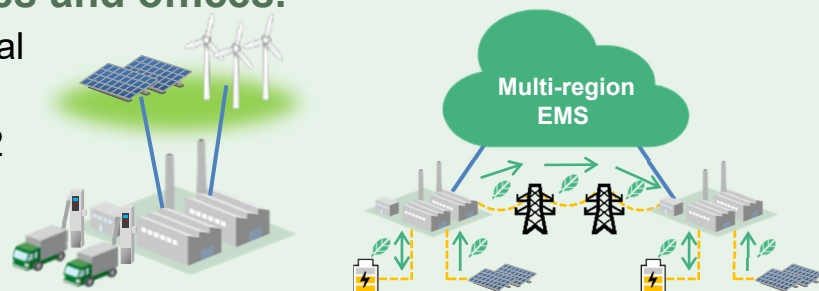
Carbon neutral initiatives in the entire value chain

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^(*).

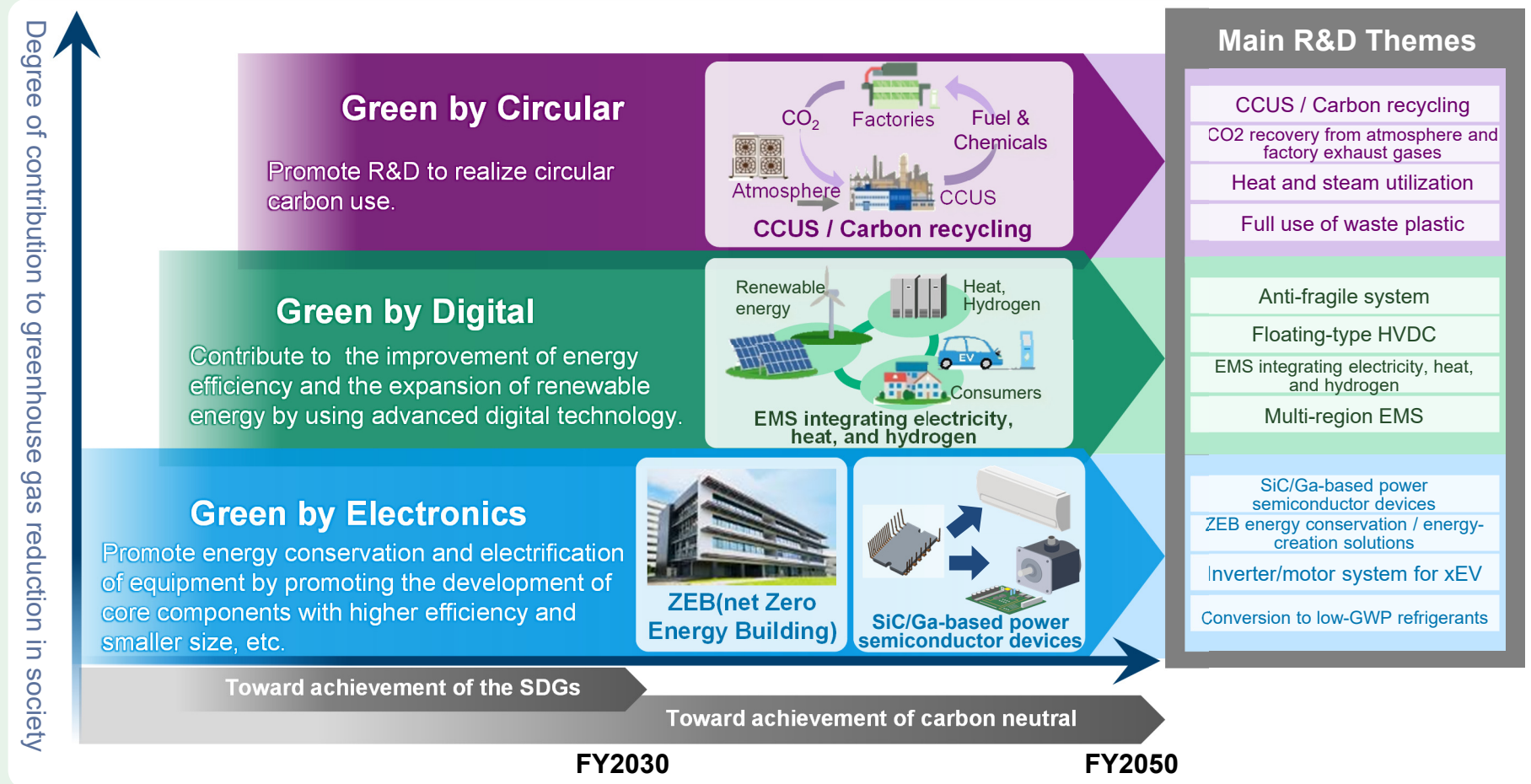


^{*}Multi-region EMS : Energy management system that automatically optimizes power interchange of renewable energy between multi sites, operation of distributed power sources and storage batteries, and purchase plan of renewable energy certificates.

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.**

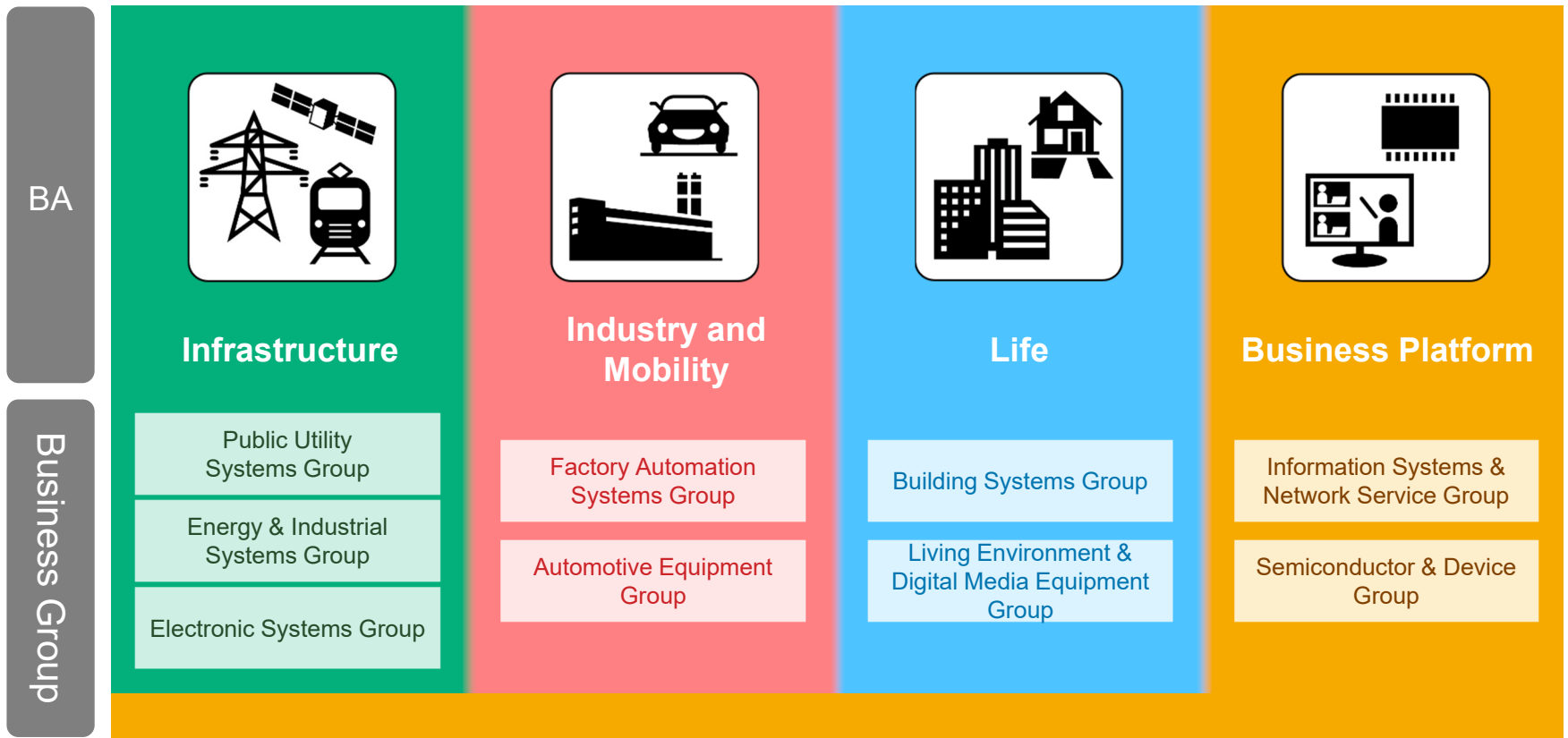


CCUS: Carbon dioxide Capture Utilization and Storage, EMS: Energy Management System, GWP: Global Warming Potential, HVDC: High Voltage Direct Current

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

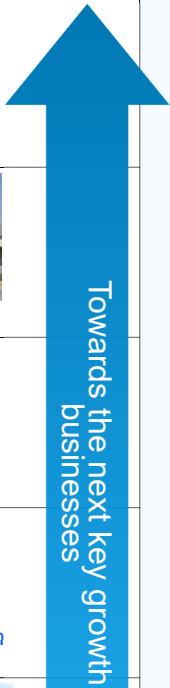
Classify businesses according to their characteristics and optimize investment of management resources.



Progress of Business Portfolio Strategy

Key Growth Businesses <Scale Expansion through Growth Investment>

FA Control Systems	<p>Established a new production base in the Owariasahi district in response to demand for FA control systems in decarbonisation-related fields</p> <p>Invested approx. ¥13 billion to establish a new production base (Scheduled to start operation in Apr. 2025)</p>	 <p>Illustration of new production base</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>

Established a corporate venture capital (CVC)^(*3) fund to accelerate open innovation aimed at creating new businesses
 Established ME Innovation Fund with a total investment amount of ¥5 billion with Global Brain Corporation (Jan. 2022).

*1 MACT : Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company

*2 ADAS : Advanced Driver Assistance System *3 CVC : Corporate Venture Capital

Progress of Business Portfolio Strategy

Resilient Businesses <Strengthening Profitability>

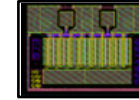
Towards resilient businesses

Improve profitability of certain businesses and add them to Resilient Businesses

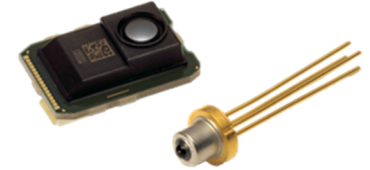
processing machines,
high-frequency optical devices,
and IT infrastructure services.



Laser processing machines



High-frequency optical devices



Acquired a U.S.-based UPS maintenance company to expand the uninterruptible power supply business in North America

Acquired all shares of Computer Protection Technology, Inc (CPT), a company with a proven track record in the California area (Feb. 2022).

Value Recapturing Businesses

Judge

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

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

Established a joint venture with JUKI in the industrial sewing machine business

Agreed with JUKI Corporation and Meiryō Technica Corporation to establish a joint venture in the industrial sewing machine business (schedule to be established in Jul. 2022)

Aim to expand the industrial sewing machine business by combining the strengths of both companies (Jul. 2022)

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.).

Established Mitsubishi Electric Software Corporation in Apr. 2022

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)

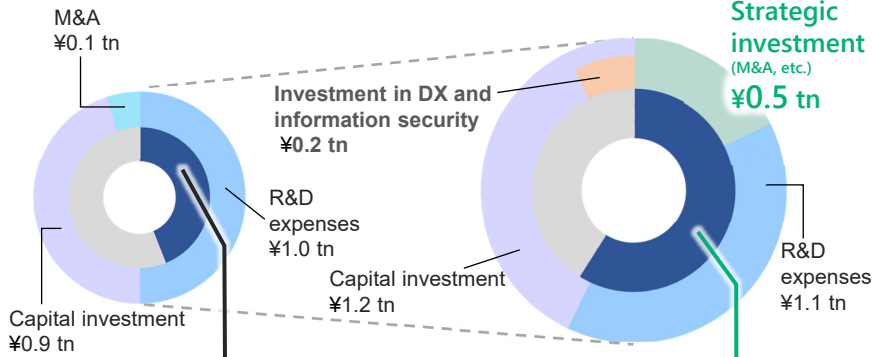
Previous Medium-term Management Plan (FY2016-FY2020)

¥2.0 tn

+ ¥0.8 tn

New Medium-term Management Plan (FY2021-FY2025)

¥2.8 tn



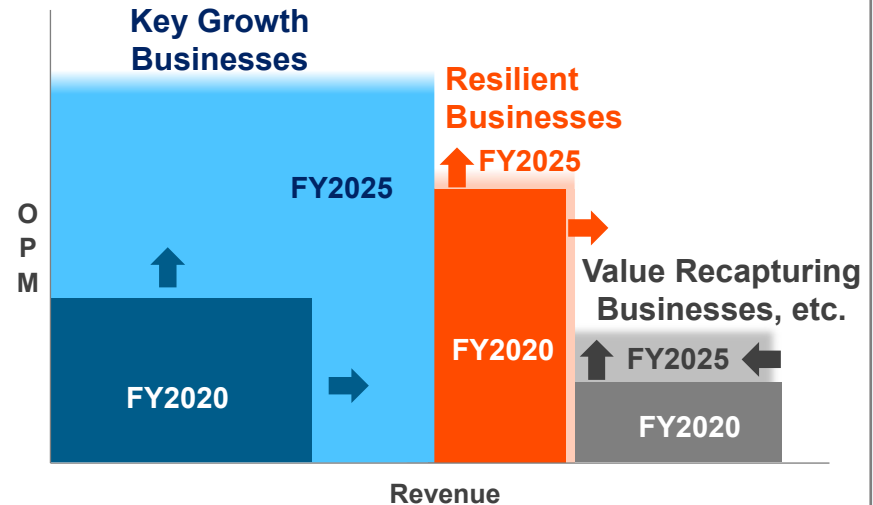
Key Growth Businesses 44% (*2)

Key Growth Businesses approx. 60% (*2)

- 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%

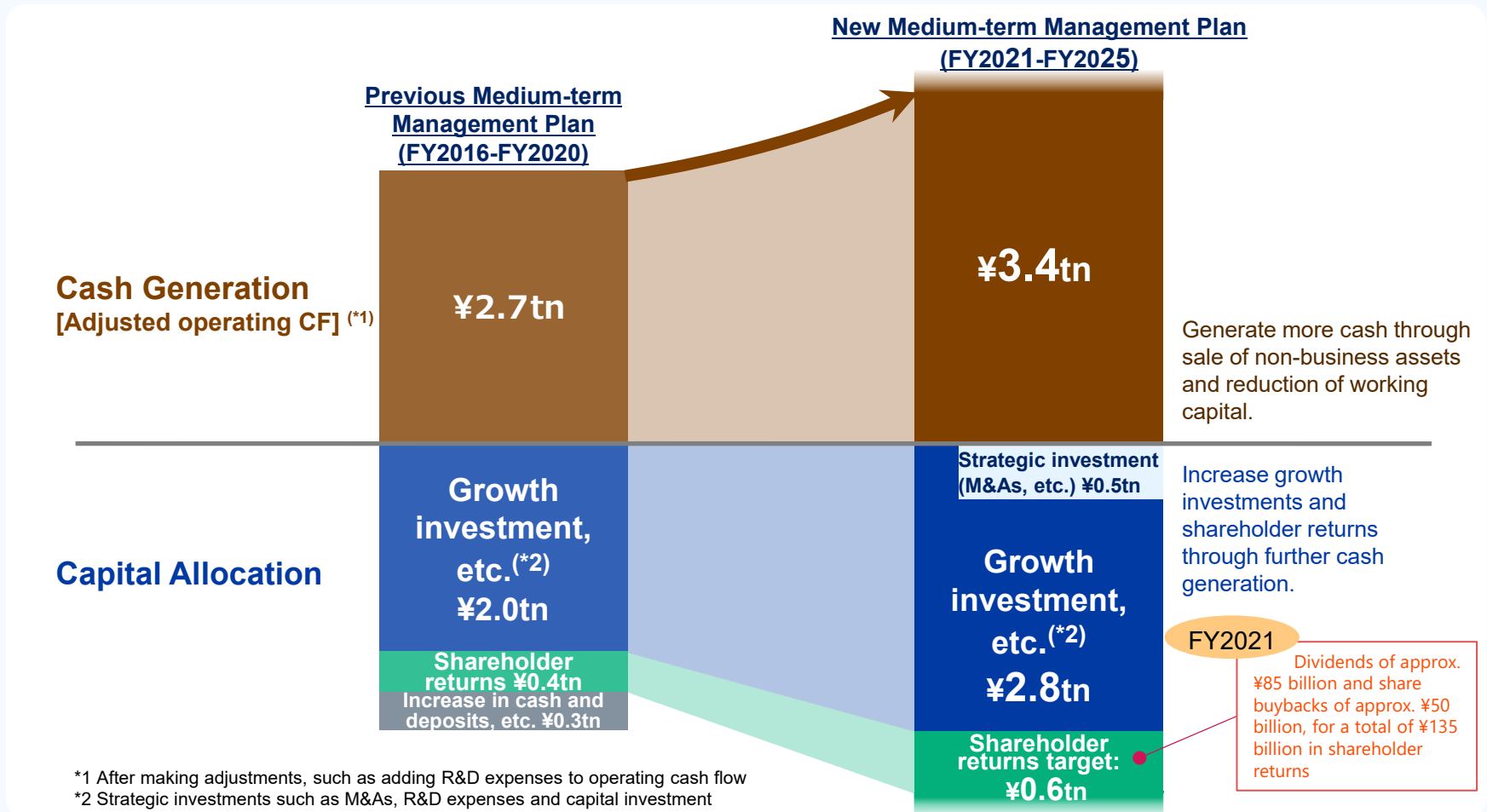


*1 Allocation to growth investment, etc. (M&A and other strategic investment, R&D expenses, capital investment)
 *2 Ratio of Key Growth Businesses to total investment in all business divisions (excluding investment in non-business divisions)
 ©Mitsubishi Electric Corporation

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.



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 quality of support at contact points for complaints and consultations related to human rights (e.g., ascertain and disclose the number of complaints)

*1 RBA: Responsible Business Alliance

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 2021^(*3) Silver Award
Organized a community of allies

Encourage male employees to take childcare leave^(*2)

65.3% in FY2021 ⇒ target: 70% by FY2025

Increase the hiring of people with disabilities

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

*3 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



Positioning the prevention of recurrence of work-related issues as our top management priority, 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)	2 nd half of FY2021 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.

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

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. 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.”

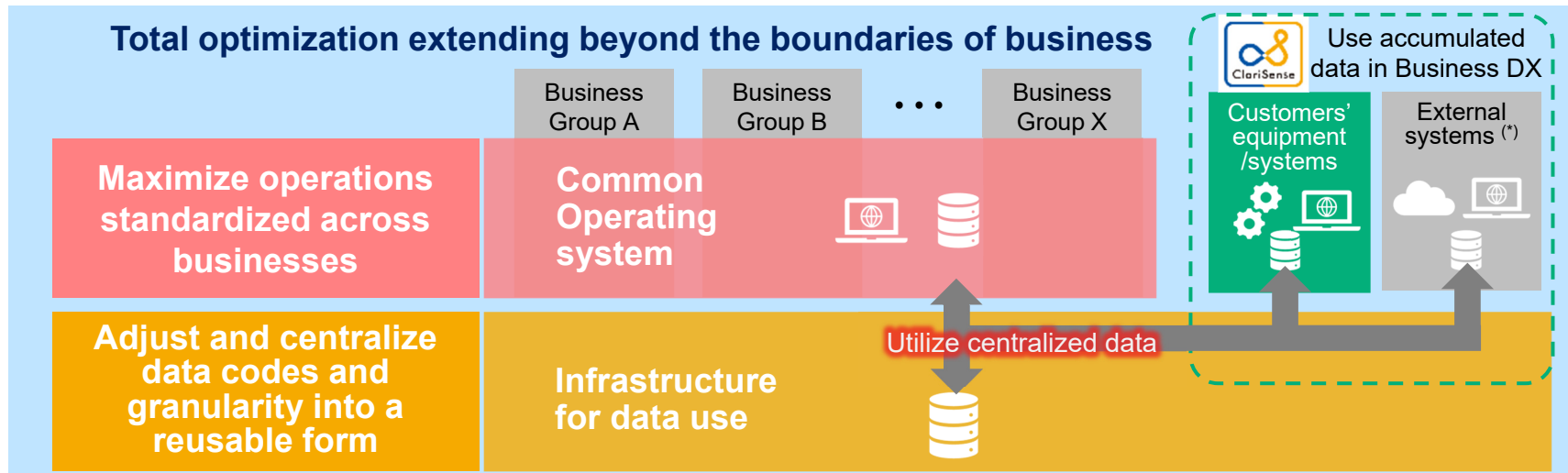
Operation DX

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 ¥100.0 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*2 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

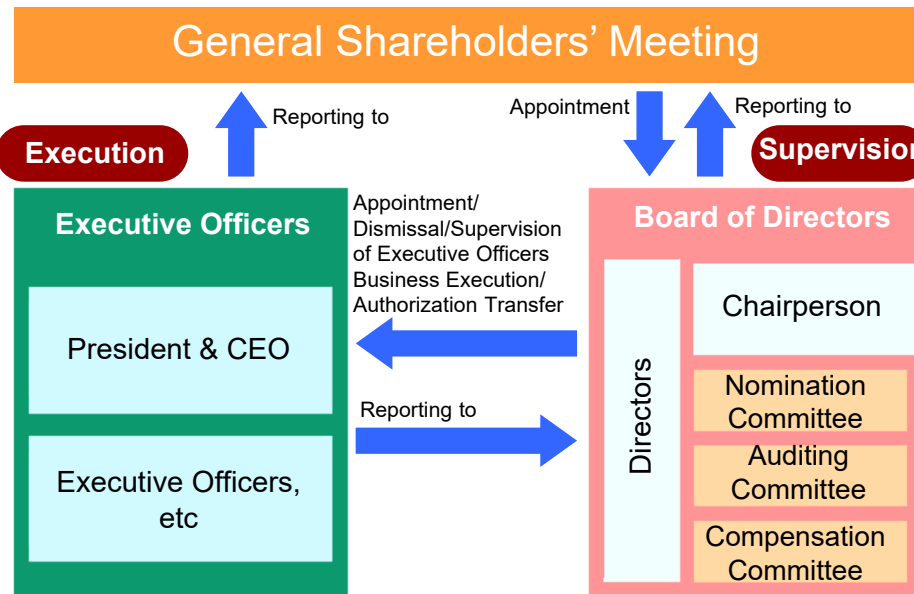
*1 CRO: Chief Risk Management Officer *2 human rights DD: The corporate activities that identify, prevent and mitigate impacts of human rights issues.

Governance and Disclosure

Strengthen Governance and Revitalize internal and external Communication



Appoint independent outside directors as chairpersons of Nomination, Auditing and Compensation committees to strengthen the supervisory function



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

Actual practices at Mitsubishi Electric

- Planned to appoint an independent outside director as chairperson of the Board of Directors (Oct. 2021 onward)
- More than 50% of members comprising each of the three committees shall be independent outside directors
- Planned to appoint an independent outside director as chairperson of each of the three committees (Jun. 2020 onward)
- Increase in the number of Board of Directors meetings held (regular/extraordinary) (FY2020: 8 times → FY2021: 20 times)
- Make the majority of the Board independent outside directors to further strengthen governance (Target: Jun. 2022)
- 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 silver rating on the "PRIDE Index 2021" 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)



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



Establishment of XCenter (Cross Center)

(Dec. 2021)

XCenter was established as a venue for promoting open innovation by presenting our vision of a smart city of the future through the exhibition of the latest DX and Integrated Solutions. It is utilized as a place to solve social challenges through co-creation with customers.



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

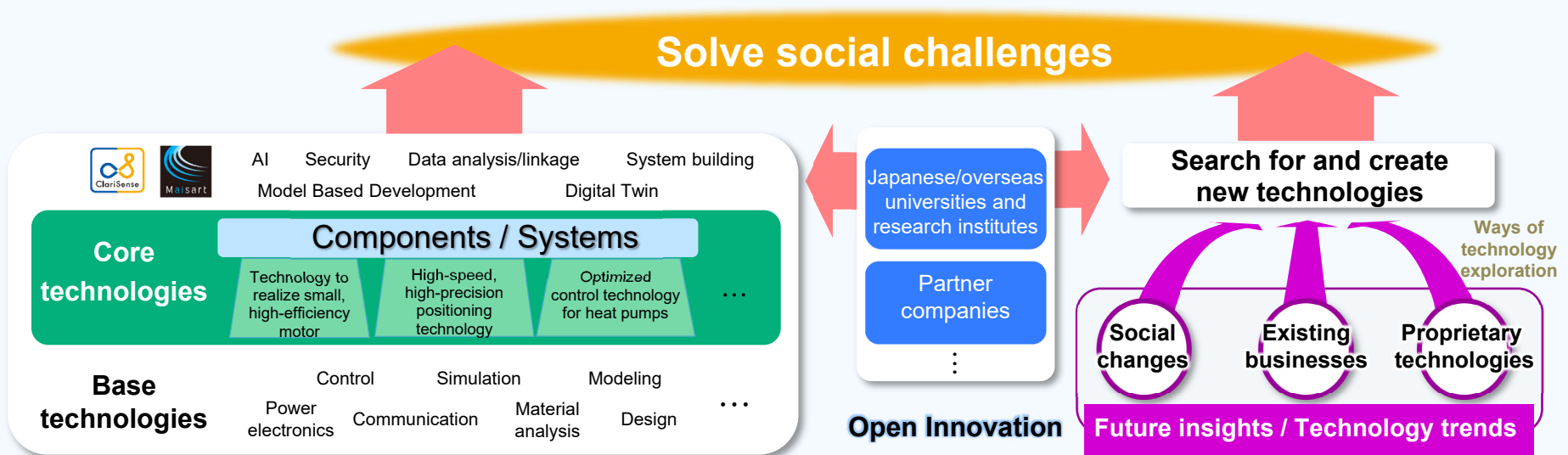
-Foundation for business-

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



Achieved "ZEB" in the operational phase of SUSTIE, the ZEB technology test facility
First medium-scale office building in Japan with solar panels installed only on the roof

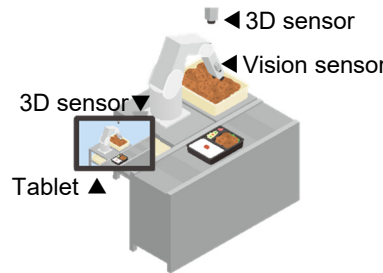


Core technologies



Teaching-less robot system

Contribute to unmanned factory operations by promoting automation of tasks for which it had been difficult to adopt robots.



New technologies

Humans x Machines Remote integration system

Visual haptics technology enables intuitive operation and expands the field of remotely operated robot introduction.



New technologies

World's first successful quantification of stress demagnetization of magnets

Reduce resource risk and contribute to high energy efficiency of motors



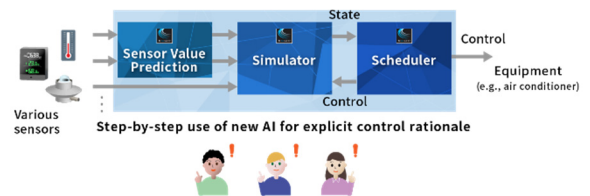
The result was obtained in a project, the Future Pioneering Program "Development of magnetic material technology for high-efficiency motors for next-generation automobiles (JPNP14015)," commissioned by the New Energy and Industrial Technology Development Organization (NEDO).

Base technologies



AI that can clarify its control rationale

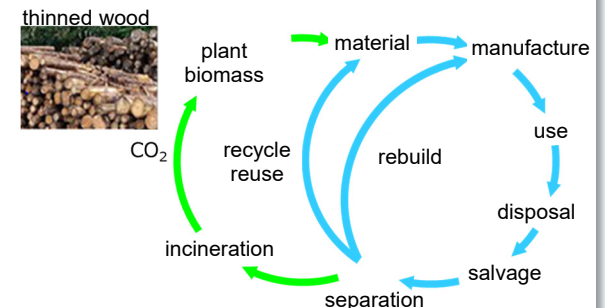
Contribute to the realization of a society that can use AI with peace of mind by clarifying AI control rationale



Base technologies

Design technology for environmentally friendly materials

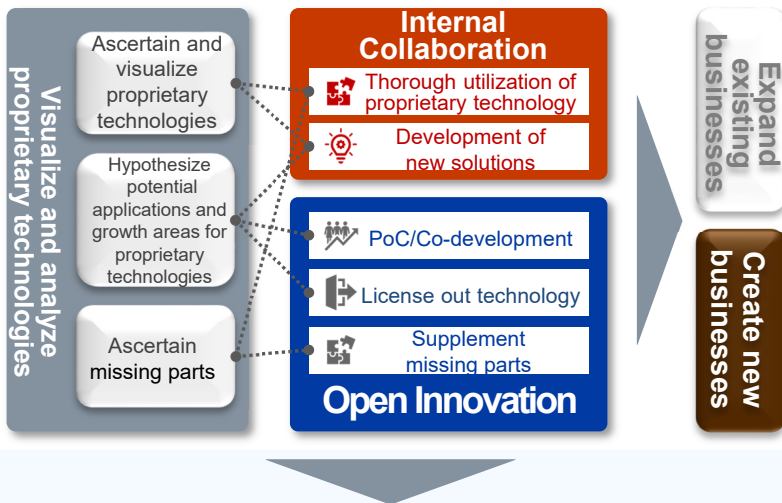
Develop biomass materials from plant-derived raw materials to contribute to resource circulation and reduction of CO₂ emissions



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 ^(*)	No. of patent registrations in Japan ^(**)	International application ranking ^(***)	No. of design registrations in Japan ^(**)
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/standards 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.

*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

Established the Emergency Response Division and commissioned a quality-related investigation by an Investigative Committee of external experts in response to a series of improper quality control practices. First focus on completing the investigation with the Investigative Committee. Then, taking seriously and deeply reflecting on the findings, implement initiatives in three areas.

Will also disclose information internally and externally in a timely and appropriate manner.

Investigative Committee Recommendations

- (1) Ingrain a company-wide understanding and correct perception of quality (ensuring quality through adherence with protocols)
- (2) Check and review processes such as procedure manuals from a third party's perspective
- (3) Strengthen the quality control division
- (4) Support and strengthen middle management(*)
- (5) Bring the headquarters/corporate function departments and the manufacturing sites closer
- (6) Encourage affiliation with the company rather than the existing strong affiliations at a plant/works level
- (7) Implement measures based on the business group system
- (8) Demonstrate management's resolve in strengthening quality compliance

Three Reform Areas

(a) Quality assurance reform

- Establish the Corporate Quality Assurance Reengineering Group under the direct control of the CEO
 - Strengthen new quality assurance functions led by the head office
 - Share knowledge and provide flexible support across business groups
- Appoint a Chief Quality Officer from outside the company (April 2022)
- Plan to invest over ¥30 billion for investments in infrastructure development, etc.

(b) Organizational culture reform

- Company-wide reform project "Team Sousei (Creation)" formulates "Robust Policies" for organizational culture transformation
 - Establish specialized organizations in each business group to promote and implement the reform
- Reform the personnel system
 - Overcome the inward-looking organizational culture, change the behavior of senior management, support middle management and front-line workers

(c) Governance reform

- Reform the Board of Directors to strengthen management supervisory functions
- Establish a Governance Review Committee

* General managers and section chiefs of manufacturing site/office

Organizational culture transformation: “Robust Policies” for the creation of a New Mitsubishi Electric Group

“Team Sousei (Creation),” a company-wide reform project consisting of 45 members selected through internal recruitment, formulated “Robust Policies” for organizational culture transformation. Various measures have been implemented based on the policies since FY2022.

Robust Policies

Measures to reform
the negative
corporate culture

Promote positive, interactive communication as part of our culture

Prioritize productivity by eliminating unproductive work

Trust each other and share information transparently

Measures to create
an even better
tomorrow

Facilitate self-initiative among individuals and units through clarification and delegation

Collaborate across divisions to maximize Group strength

Increase opportunities to learn from each other and grow spontaneously

Implement
the policies
and related
measures

- Team members and Executive Officers will hold briefings at nationwide business sites and conduct direct dialogues with employees to deepen their understanding.
- Establish specialized organizations for reform in each business group to strengthen the structure for promotion and execution of the initiatives
- In FY2022, the focus will be communication transformation (Measures such as addressing everyone by the neutral honorific “san”)

Changes for the Better start with ME

“Employees feel that they can consult with their superiors,” “failures are tolerated,” and “problems are solved together”

Strengthen quality governance by going back to the premise that “Product quality is our top priority” and implementing quality assurance reform

Under the leadership of the new Chief Quality Officer, the Corporate Quality Assurance Reengineering Group will lead efforts to “reconstruct the control function,” “address issues relating to technical capabilities and resources,” and “re-foster an awareness of quality compliance.”

Realize effective quality internal control at each manufacturing site and strengthen head office support

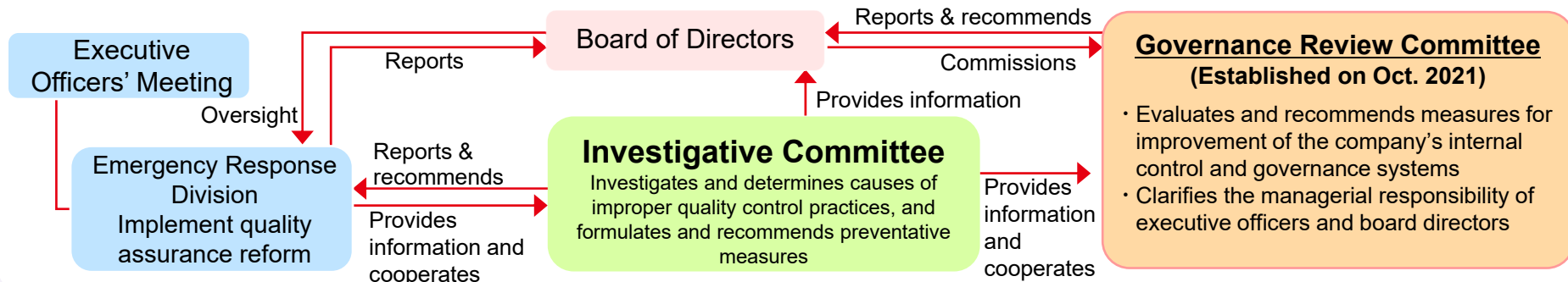
Comply with laws, standards, and customer specifications, and develop infrastructure to strengthen quality assurance processes

Establish “Company-wide Quality Day,” strengthen quality education and promote personnel rotation among bases and departments

Governance reform: reform the Board of Directors & establish the Governance Review Committee

Strengthen management supervisory function & improve internal control and governance systems

- Undertake sustainable, mid- to long-term initiatives to reform the functions, composition, and secretariat of the Board of Directors, as well as the three statutory committees.
- Form a Governance Review Committee comprising three lawyers with no existing commercial relationships with the company, to assess internal control and governance systems.





A p p e n d i x

Single-year Outlook for FY2022 (Consolidated Performance)

	FY2019	FY2020	FY2021	FY2022
	Actual	Actual	Actual	Forecast (May. 2022)
(Billions of JPY)	109JPY/US\$ 121JPY/Euro 15.6JPY/CNY	106JPY/US\$ 124JPY/Euro 15.7JPY/CNY	113JPY/US\$ 131JPY/Euro 17.7JPY/CNY	115JPY/US\$ 125JPY/Euro 18.0JPY/CNY
Revenue	4,462.5	4,191.4	4,476.7	4,770.0
Operating Profit (%)	259.6 5.8%	230.1 5.5%	252.0 5.6%	270.0 5.7%
Profit before income taxes	281.9	258.7	279.6	295.0
Net Profit ^{*1}	221.8	193.1	203.4	215.0
ROE (Return On Equity)	9.2%	7.5%	7.1%	
Stockholders' Equity (%)	2,429.7 55.1%	2,754.2 57.4%	2,975.9 58.3%	
Debt including lease liabilities	377.0	365.4	329.4	
Debt excluding lease liabilities ^{*2} (%)	267.0 6.1%	248.8 5.2%	217.1 4.3%	
FCF (Free Cash Flow)	191.8	365.5	167.5	
Dividend (JPY per share)	40	36	40	
Dividend ratio (%)	38.7%	40.0%	41.9%	

*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

The grouping of disclosed segments has been revised to business area (BA) units, with subdivided sub-segment information provided on the next page.

(Billions of JPY)

		FY2019	FY2020	FY2021	FY2022	FY2025
		Actual	Actual	Actual	Forecast (May. 2022)	Target
		109JPY/US\$ 121JPY/Euro 15.6JPY/CNY	106JPY/US\$ 124JPY/Euro 15.7JPY/CNY	113JPY/US\$ 131JPY/Euro 17.7JPY/CNY	115JPY/US\$ 125JPY/Euro 18.0JPY/CNY	105JPY/US\$ 115JPY/Euro 15.0JPY/CNY
Infrastructure	Revenue	1,057.4	1,021.9	946.1	990.0	¥1.1tn
	Operating Profit (%)	68.8 6.5%	88.3 8.6%	41.5 4.4%	46.0 4.6%	7%
Industry and Mobility	Revenue	1,369.6	1,265.8	1,480.8	1,580.0	¥1.6tn
	Operating Profit (%)	69.7 5.1%	40.7 3.2%	96.4 6.5%	108.0 6.8%	11%
Life	Revenue	1,650.7	1,539.5	1,673.0	1,760.0	¥2.2tn
	Operating Profit (%)	106.9 6.5%	101.1 6.6%	92.6 5.5%	99.0 5.6%	11%
Business Platform	Revenue	361.0	347.2	382.8	430.0	¥0.5tn
	Operating Profit (%)	15.6 4.3%	13.6 3.9%	26.4 6.9%	27.0 6.3%	10%
Others	Revenue	725.6	667.5	737.3	740.0	—
	Operating Profit (%)	29.3 4.0%	17.7 2.7%	26.7 3.6%	23.0 3.1%	
Total	Revenue	4,462.5	4,191.4	4,476.7	4,770.0	¥5tn
	Operating Profit (%)	259.6 5.8%	230.1 5.5%	252.0 5.6%	270.0 5.7%	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 (May. 2022)	Target	
		113JPY/US\$ 131JPY/Euro 17.7JPY/CNY	115JPY/US\$ 125JPY/Euro 18.0JPY/CNY	105JPY/US\$ 115JPY/Euro 15.0JPY/CNY	
Infrastructure	Revenue	946.1	990.0	¥1.1tn	
	Operating Profit (%)	41.5 4.4%	46.0 4.6%	7%	
	Public Utility Systems	Revenue	383.3	400.0	¥0.4tn
	Operating Profit (%)	15.3 4.0%	23.0 5.8%	8%	
Energy Systems	Revenue	327.5	310.0	¥0.4tn	
	Operating Profit (%)	23.1 7.1%	18.0 5.8%	8%	
Defense & Space Systems	Revenue	235.1	280.0	¥0.3tn	
	Operating Profit (%)	3.0 1.3%	5.0 1.8%	5%	
Industry and Mobility	Revenue	1,480.8	1,580.0	¥1.6tn	
	Operating Profit (%)	96.4 6.5%	108.0 6.8%	11%	
	Factory Automation Systems	Revenue	776.1	820.0	¥0.8tn
Automotive Equipment	Operating Profit (%)	128.0 16.5%	130.0 15.9%	17%	
	Revenue	704.6	760.0	¥0.8tn	
	Operating Profit (%)	△ 31.5 △ 4.5%	△ 22.0 △ 2.9%	5%	
	Life	Revenue	1,673.0	1,760.0	¥2.2tn
Operating Profit (%)		92.6 5.5%	99.0 5.6%	11%	
Building Systems	Revenue	527.8	540.0	¥0.7tn	
	Operating Profit (%)	21.8 4.1%	24.0 4.4%	10%	
	Air Conditioning Systems & Home Products	Revenue	1,145.1	1,220.0	¥1.5tn
	Operating Profit (%)	70.8 6.2%	75.0 6.1%	11%	
	Business Platform	Revenue	382.8	430.0	¥0.5tn
Operating Profit (%)		26.4 6.9%	27.0 6.3%	10%	
Information Systems & Network Service	Revenue	141.4	150.0	¥0.2tn	
	Operating Profit (%)	9.6 6.8%	10.0 6.7%	9%	
Semiconductor & Device	Revenue	241.4	280.0	¥0.3tn	
	Operating Profit (%)	16.8 7.0%	17.0 6.1%	10%	
Others	Revenue	737.3	740.0	—	
	Operating Profit (%)	26.7 3.6%	23.0 3.1%		
Total	Revenue	4,476.7	4,770.0	¥5tn	
	Operating Profit (%)	252.0 5.6%	270.0 5.7%	10%	

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

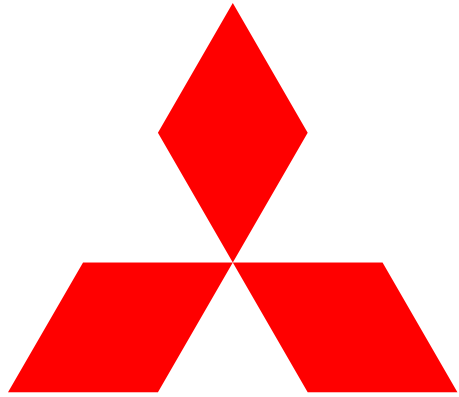
*Figures above are shown by the new segment classifications.

Cautionary Statement

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

Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

1. Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
2. Changes in foreign currency exchange rates, especially JPY/dollar rates
3. Changes in stock markets, especially in Japan
4. Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
5. Changes in the ability to fund raising, especially in Japan
6. Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
7. New environmental regulations or the arising of environmental issues
8. Defects in products or services
9. Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
10. Technological change, the development of products using new technology, manufacturing and time-to-market
11. Business restructuring
12. Incidents related to information security
13. Large-scale disasters including earthquakes, typhoons, tsunami, fires and others
14. Social or political upheaval caused by terrorism, war, pandemics, or other factors
15. Important matters related to the directors and executive officers, major shareholders and affiliated companies of Mitsubishi Electric Corporation



**MITSUBISHI
ELECTRIC**

Changes for the Better