### Mitsubishi Electric Corporate Strategy

#### Sustainability Management

Positioning the realization of sustainability as the cornerstone of our management, we have clarified five challenge areas to focus on to promote solutions to social challenges through our businesses.

**Five challenge areas**

1. **Carbon neutral**
   - Achieve a decarbonized society by cutting CO2 emissions from the company and society

2. **Circular economy**
   - Achieve a society in which resources are effectively used and sustainably circulated

3. **Safety / Security**
   - Achieve a resilient society that can cope with various environmental changes and risks

4. **Inclusion**
   - Achieve a society in which all people are respected and everyone can lead free, fair and vibrant lives

5. **Well-being**
   - Achieve a healthy and comfortable life for each individual, both mentally and physically

#### New Management Structure to Achieve Sustainability Management

We have established four Business Areas (BA) that will enhance sustainability management. BA owners envision their ideal state with a bird’s eye view of their businesses and accelerate solving social challenges through our businesses.

![BA Diagram](Image)

**Materiality**

- Realize a sustainable global environment
- Realize a safer, secure, and comfortable society
- Strengthen corporate governance and compliance on a sustainable basis
- Create a sustainability-oriented corporate culture
- Respect for all people

#### Integrated Solutions

Integrated Solutions support the entire lifecycle in providing a system from consulting to maintenance and operation. We strengthen components as the base of our business, expand systems utilizing advanced digital technologies, and provide Integrated Solutions with these at the core, to be the driving force behind our continuous growth for complex challenges.

![Integrated Solutions Diagram](Image)

- **Systems**
  - Realize secure, highly flexible/expandable systems utilizing various knowledge of fields and components.

- **Components**
  - Pursue miniaturization, energy conservation and smartification by fusion of strengthen technology such as power-electronics, control, etc., and advanced technology such as AI, modeling, etc.

- **At present**
  - Systems in which components are linked
  - Enhanced components

- **Future**
  - Expand product and service layers
  - Products and services offered

We will transform into a “Circular Digital-Engineering company” that provides evolved Integrated Solutions through co-creation and by integrating knowledge within and outside the Group, thereby helping to solve various social challenges.

![Circular Digital-Engineering Company Diagram](Image)
Mitsubishi Electric Corporate Strategy

Progress of Medium-term Management Plan Towards FY2026

Financial Targets

- Revenue: ¥5 trillion
- Operating Profit Margin: 10%
- ROE: 10%
- Cash Generation*: ¥3.4 trillion / 5 years

*Cash Generation: Adjusted operating cash flow (CF)

Business Portfolio Strategy

For sustainable growth, in an attempt to improve profitability through strengthened business portfolio strategy, we will strategically invest management resources in five businesses: FA Control Systems, Air-Conditioning & Refrigeration Systems, Building Systems, xEV/ADAS(*1), and Power Semiconductor Devices that we define as the key growth businesses and thereby shift our resources to businesses with high profitability and growth potential. For potential businesses and new businesses, we will expand data linkage/utilization-type solutions businesses and reform business models of existing businesses to create next-generation businesses.

Initiatives for Carbon-Neutral

We will strengthen our initiatives from dual approaches: "Responsibility" to reduce greenhouse gas emissions in the value chain of our Group and "Contribution" aimed at realizing carbon-neutral in the entire society through our businesses.

- Responsibility
  - We will strengthen our initiatives to achieve net zero greenhouse gas emissions in the entire value chain in FY2031 and to reduce greenhouse gas emissions from factories and offices by 50% or more in FY2031.
  - Target
    - FY2051: Net zero greenhouse gas emissions in the entire value chain
    - FY2031: Reduce greenhouse gas emissions from factories and offices by 50% or more (compared to FY2014)

- Contribution
  - We will accelerate R&D in three innovation areas: Green by Electronics, Green by Digital, and Green by Circular to create and expand businesses that make society as a whole carbon-neutral.

Responsibility

Make the entire value chain carbon neutral

Achieve carbon neutral

Progress towards a carbon neutral society leads the Group to become carbon neutral

Contribution

Create/expand carbon neutral businesses

Initiatives to reduce greenhouse gas at factories and offices.

- Continuously invest 0.15% of revenue in carbon neutral efforts.
- Use renewable energy at 85 sites in Japan in FY2023
- Promote expansion of internal renewable energy procurement using multi-region EMS(*).
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Main R&D Themes

- CO2 / Carbon recycling
- GL recovery from atmosphere and factories (CO2 recycling)
- Heat and steam utilization
- Full use of waste plastic
- Anti-fragile system
- Power conversion-type HVC
- EMS integrating electricity, heat, and hydrogen
- Multi-region EMS
- SiC/Ga-based power semiconductor devices
- 2H energy conservation / energy-saving solutions
- Inverter/motor system for xEV
- Conversion to low-GWP refrigerants

Businesses with issues

Consider selling/withdrawing from less profitable businesses falling below a set threshold

Resilient Businesses

- Have stable demand and contribute to our resilient management regardless of market fluctuations

Key Growth Businesses

- Growth drivers that have the potential to become global leaders in growth markets, and lead to innovation for addressing social challenges

Value Recapturing Businesses

- Use existing resources to gain new added value that meets market demands

Potential Businesses/New Businesses

- Expand data linkage/utilization-type solutions businesses and reform business models of existing businesses to create next-generation businesses

Resilient Businesses

- Financial Targets

  - Revenue
  - Operating Profit Margin
  - ROE
  - Cash Generation

Business Portfolio Strategy

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  - Target

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    - FY2031: Reduce greenhouse gas emissions from factories and offices by 50% or more (compared to FY2014)
Key Growth Businesses, Potential/New Businesses

In key growth businesses, we are steadily expanding the scale through growth investment by increasing production capacity, building a new system for business operation, launching new products, etc. As for potential businesses and new businesses, we are accelerating the creation of new businesses through open innovation.

Key Growth Businesses <Scale Expansion through Growth Investment>

<table>
<thead>
<tr>
<th>FA Control Systems</th>
<th>Established a new production base in the Owariasahi district in response to demand for FA control systems in decarbonisation-related fields</th>
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<tbody>
<tr>
<td></td>
<td>Invested approx. ¥135 billion to establish a new production base in Turkey (Scheduled to start operation in Apr. 2023)</td>
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<th>Air-Conditioning &amp; Refrigeration Systems</th>
<th>Increased production capacity for air-conditioning equipment to meet demand for heat pumps in Europe</th>
</tr>
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<tr>
<td></td>
<td>Increased production capacity by investing approx. ¥135 billion in MACT*1 in Turkey (Scheduled to start operation in Feb. 2024)</td>
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<th>Building Systems</th>
<th>Shifted to the operation system for Integrated business operation from new installation to maintenance and renewal</th>
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<th>xEV/ADAS*2</th>
<th>Started mass production of &quot;High Definition Locator&quot; that contributes to ADAS technologies</th>
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<tr>
<td></td>
<td>For consumer cars, world's first mass production of &quot;High Definition Locator&quot; that can receive centimeter level positioning correction from Quasi-satellite (started in Oct. 2021)</td>
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<th>Power Semiconductor Devices</th>
<th>Doubled the production capacity for water fabrication to meet the strong demand in automotive and consumer electronics areas</th>
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<td>Increased the production capacity by FY2026 compared to FY2021. Constructed an 8-inch line with higher production efficiency at the Funakaya Factory and started construction of a 12-inch line</td>
</tr>
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</table>

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

Established a corporate venture capital (CVC)** 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).

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

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

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

Established a joint venture with JUKI in the industrial sewing machine business with JUKI Corporation and Meiko Technica Corporation (established in Jul. 2022)

Resilient Businesses, Value Recapturing Businesses, Businesses with issues

In resilient businesses, we are improving profitability and expanding businesses through merger and acquisition, etc. Some value recapturing businesses have shifted to resilient businesses due to improved profitability. Businesses with issues are shifting resources by selling, withdrawal, and collaboration.

Resilient Businesses <Strengthening Profitability>

<table>
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<th>Improve profitability of certain businesses and add them to Resilient Businesses</th>
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<td>Processing machines, high-frequency optical devices, and IT infrastructure services.</td>
</tr>
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</table>

Acquired a U.S.-based UPS maintenance company to expand the uninterrupted 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

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

<table>
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<tr>
<th>Reviewed business of Kyoto Works, including the LCD TV business</th>
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<tr>
<td>Diversified the LCD TV business (announced in Feb. 2021), discontinued the commercial printer business, terminated in-house production of multi-video systems for indoor use (announced in Mar. 2021), and shifted management resources to our Key Growth Businesses, such as air-conditioning and refrigeration systems.</td>
</tr>
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<th>Established a joint venture with JUKI in the industrial sewing machine business</th>
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Capital Allocation Policy

For capital allocation, giving top priority to investment in growth, we will further enhance shareholder returns through profit growth. In terms of cash generation, the source of capital, we will aim to generate ¥3.4 trillion over a five-year period, with a focus on Key Growth Businesses. We will return profits to shareholders (dividends + buybacks) with a target of ¥0.4 trillion (Previous Medium-term Management Plan: ¥0.1 trillion). In addition, we will further improve capital efficiency by implementing capital measures.

Resource Allocation <Resource Investment (*1)>

<table>
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<th>FY2021</th>
<th>FY2022</th>
<th>FY2026</th>
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<td>Revenue/Operational Profit</td>
<td>¥5 trillion / OPM: 10%</td>
<td></td>
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Shareholder returns ¥0.4tn

FY2026 Financial Targets

Revenue: ¥5 trillion / OPM: 10%

Key Growth Businesses

Resilient Businesses

Increase growth investments and shareholder returns through further cash generation.

Dividends of approx. ¥0.2 trillion and share buybacks of approx. ¥0.1 trillion, for a total of ¥0.3 trillion in shareholder returns

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

*2) M&As/Mergers and acquisitions, R&D expenses, etc.