Initiatives to Create Value

The Mitsubishi Electric Group aims to realize "a vibrant and sustainable society" that we have committed to in our Purpose. Furthermore, we have returned to our fundamental principle of “addressing social challenges through our businesses” and positioned the realization of sustainability as the cornerstone of our management. By utilizing all the resources available to the Mitsubishi Electric Group and realizing “Circular Digital-Engineering,” we aim to create social and economic value, solve social challenges and sustainably enhance our corporate value.

### Business Model

**Circular Digital-Engineering**

**Business Area (BA), Segment**

- **Support social infrastructure with reliable technologies**
  - Group: Public Utility Systems
  - Energy & Industrial Systems
  - Defense & Space Systems

- **Expand possibilities for manufacturing and mobility**
  - Group: Factory Automation Systems
  - Automotive Equipment

- **Realize smarter, more comfortable life and workplace**
  - Group: Building Systems
  - Living Environment & Digital Media

- **Respond with a wide range of IT services for a better future**
  - Group: Information Systems & Network Service

- **Provide key devices that support a more affluent society**
  - Group: Semiconductor & Device

**Value Creation** (FY2026 financial target)

- Net sales: 5.0 trillion yen
- Operating profit margin: \( \text{ROE: } 10\% \)
- Cash generation*: 3.4 trillion yen (5 years)

* Adjusted operating cash flow

### Human Foundation

**Financial capital**
- Mitsubishi Electric Corp. stockholders’ equity: 3,239.0 billion yen (FY2023 actual)
- Ratio of Mitsubishi Electric Corp. stockholders’ equity: 58.0% (FY2023 actual)
- Cash flow from operating activities: 166.7 billion yen (FY2023 actual)

**Manufacturing capital**
- Manufacturing companies: 79 (consolidated subsidiaries, as of March 31, 2023)
- Capital investment: 365.3 billion yen (FY2023 actual)*2

**Intellectual capital**
- R&D expenditures: 212.3 billion yen (FY2023 actual)
- Number of patents held: 62,102 (consolidated subsidiaries, as of March 31, 2023, Mitsubishi Electric)

### Social Capital

- **Group locations (number of countries/regions): 44 countries/regions** (as of March 31, 2023)
- **Investment in startup companies via the ME Innovation Fund**: Cumulative total of 5 companies (as of July 19, 2023)
- **Funds invested in social contribution activities (Japan, overseas):** Approx. 1.77 billion yen (FY2023 actual)**

* Total investment amount determined in FY2023
* Business venture capital fund established by Global Brain, an independent venture capital firm, and Mitsubishi Electric
* Including philanthropy-related expenses such as internal programs and product donations

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### Three key reforms

- **Quality assurance reforms**
- **Organizational culture reforms**
- **Governance reforms**

### Contents

- **Purpose**
  - We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity.

- **Value Creation**
  - Value creation (FY2026 financial target)
  - Net sales: 5.0 trillion yen
  - Operating profit margin: \( \text{ROE: } 10\% \)
  - Cash generation*: 3.4 trillion yen (5 years)

* Adjusted operating cash flow

### Social value

- **Carbon neutrality**
  - Reduce the company’s and society’s CO2 emissions, and realize a decarbonized society that lessens climate change

- **Circular economy**
  - Realize a society in which resources are utilized effectively and recycled sustainably

- **Safety and security**
  - Realize a resilient society that can cope with a variety of environmental changes and risks

- **Inclusion**
  - Realize a society in which all people are respected and everyone can live freely, fairly, and in a vibrant way

- **Well-being**
  - Realize healthy, comfortable lives for everyone, both mentally and physically