

INFRASTRUCTURE BUSINESS AREA 2025

Infrastructure Business Area

MITSUBISHI ELECTRIC CORPORATION
May 28, 2025



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Executive Summary

Key points

- **Growth Investment**

Focused investments in the defense systems, solution (Serendie™ -related), data center, and decarbonization components businesses

- **ROIC Improvement**

Enhancing productivity and profitability through asset-light management, forward-looking growth investments, and the application of DX, AI, and other solutions

Executive Summary

		FY25 Actual	FY26 Forecast
Infrastructure Business Area	Revenue	¥1,224.9 billion	¥1,310.0 billion
	OPM	7.3%	8.2%
	ROIC	7.2%	7.2%
Public Utility Systems Business	Revenue	¥474.9 billion	¥490.0 billion
	OPM	7.1%	8.0%
	ROIC	6.2%	7.1%
Energy Systems Business	Revenue	¥396.1 billion	¥410.0 billion
	OPM	6.9%	8.0%
	ROIC	7.8%	8.6%
Defense & Space Systems Business	Revenue	¥353.8 billion	¥410.0 billion
	OPM	8.0%	8.5%
	ROIC	7.8%	5.9%

Growth Strategy for FY31

Build a cross-functional business operation system covering our various business areas and groups

Shift from in-house production to optimized production systems through partnerships and M&A

Focused investments in the defense systems, solution, data center, and decarbonization components businesses

- Prioritized resource allocation to the defense systems business
- Pursuing company-wide synergies in the solution and data center businesses
- Early market launch and accelerating global rollout of decarbonization components

Enhancing productivity and profitability through asset-light management, forward-looking growth investments, and the application of DX, AI, and other solutions

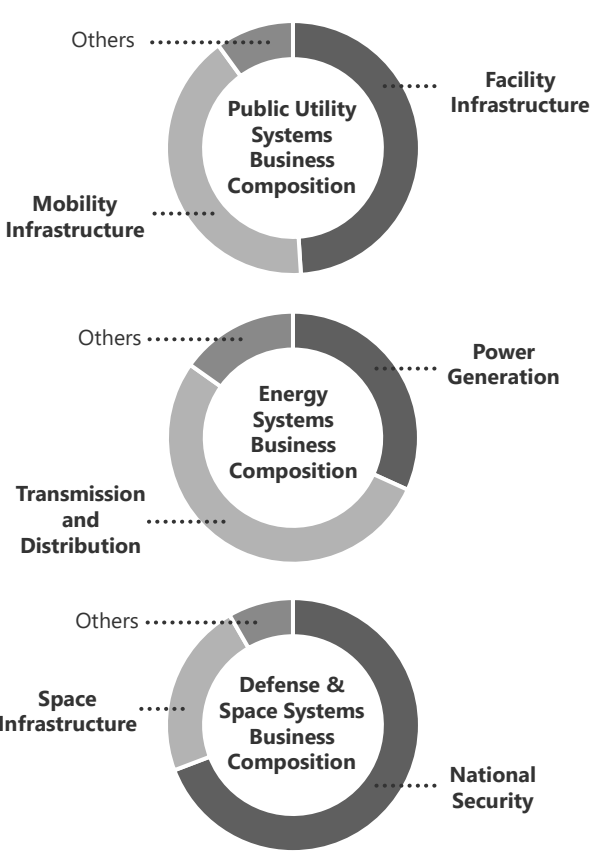
- Specialization in cash-generating businesses, facilities, and investments
- Applying DX*1 and AI to the service and maintenance business
- Improvement of pricing and contract terms and expansion of long-term alliances

*1 Digital Transformation

2 Growth Strategy

Business Overview

While steadily generating profits from our core businesses, we will accelerate the shift of our portfolio toward the solution business, the decarbonization components business, the data center business —which address social issues while contributing to our growth— and the defense systems business.



	Business domain	Main products and services	Core business	Focus	Focus	Focus
				Decarbonization components business	Solution business	Datacenter business
Public Utility Systems Business	Facility Infrastructure	- Supervisory control system for plant and facility - Uninterruptible Power Supply (UPS)	✓		✓	✓
	Mobility Infrastructure	- Rolling stock systems - Maintenance solutions	✓	✓	✓	
Energy Systems Business	Energy Infrastructure (Power Generation, Transmission and Distribution)	- Components and systems for power plants (turbine generators^{*1}, monitoring and control devices, etc.) - Power transmission and distribution components and systems (transformers, switchgears, circuit breakers, power system stabilization equipment, etc.)	✓	✓		
		- ICT Solution for energy (smart meter systems, etc.) - Solution for electricity and heat management			✓	✓
Defense & Space Systems Business	National Security (Defense Systems) Focus	- Missile systems - Radar systems				
	Space Infrastructure	- Satellite systems - Satellite observation solutions				

Focus : Please refer to pages 9-12

*1 Transferred to Mitsubishi Generator in April 2024

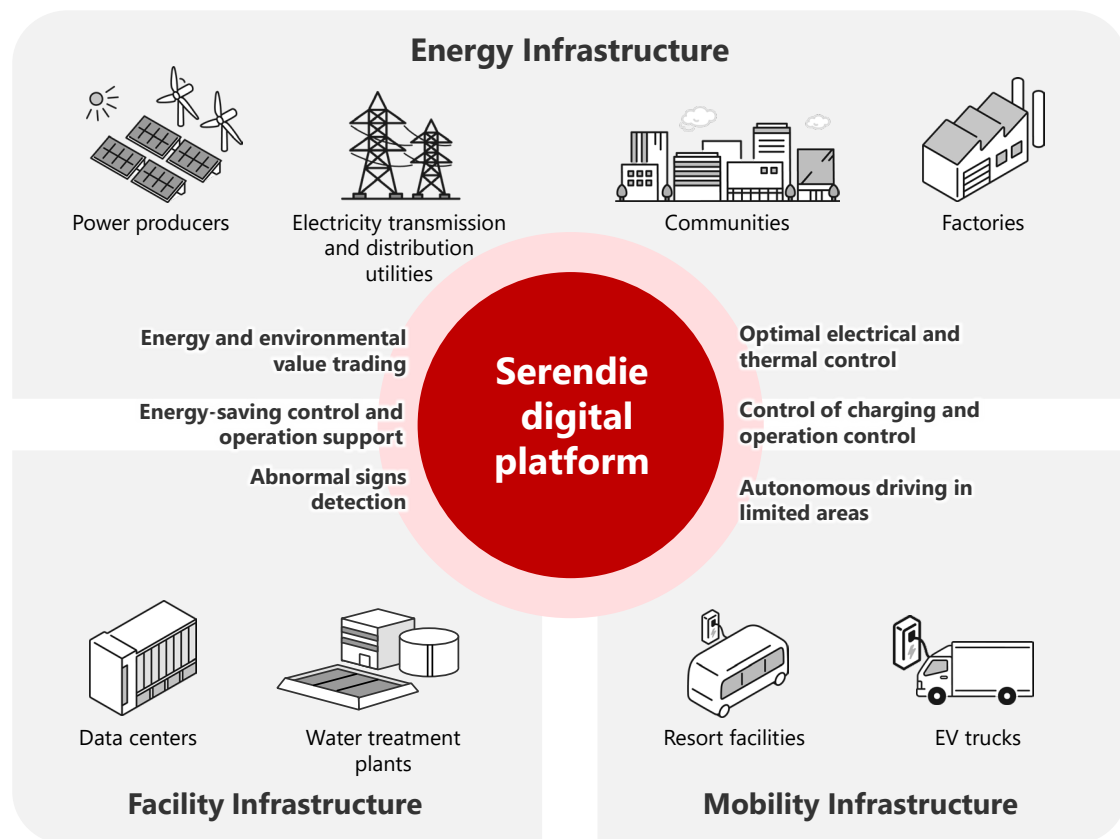
Business Environment

Demand for our core businesses remains robust. The solution, decarbonization components, and defense systems businesses are projected to see continued market expansion.

Business	Basic policy	Market trends	Our advantages
Core businesses	Strengthen business foundations as a source of revenue	● Expansion of investment in power generation systems and power grids ● Increase in data center construction ● Expansion in demand for infrastructure upgrades	● Extensive track record of delivery (water treatment, generators, switchgears, UPS, etc.) ● Plant engineering capabilities, Supervisory control technology
Decarbonization Components Business		● Continued expansion of renewable energy ● Reassessment of the effectiveness of nuclear power ● Tighter greenhouse gas regulations	● High-power electronics technology ● Partnership agreements concluded with leading companies
Solution Business	Implement growth strategies with a long-term vision	● Growing demand for optimized energy use ● Increase in energy cost volatility	● Advanced energy management technology ● Mitsubishi Electric Group's global customer network
Data center business		● Surging demand for data centers due to the expansion of generative AI ● Advancements in hyperscaling	● Abnormal signs detection technology supporting stable system operation ● Proven track record and proposal capabilities for UPS, storage batteries, air conditioning and cooling systems, optical devices, etc.
Defense & Space Systems Business		● Increase in the Japanese government's defense budget ● Expansion of global markets ● Growing importance of the space domain in national security	● Possessing core technologies for defense equipment ● Track record of shipping finished defense equipment overseas ● Achievements and technical capabilities in the space systems business

Growth Strategy | Solution Business (Serendie-related Businesses)

Some projects in the solution business leveraging Serendie have moved on from the testing phase to the application phase from this fiscal year. Going forward, we will provide optimized energy management services worldwide for data centers and other facilities



Key Strategies

Pursuing company-wide synergies through E&F services^{*1} and mobility services powered by Serendie

- Shift from demonstration testing to the commercialization phase (optimal electrical and thermal control, optimal control of air conditioning for data centers, autonomous driving in limited areas, etc.)
- Consolidate engineers at Serendie Street Yokohama

Expanding into the European market, which has the most stringent environmental regulations

- Established an engineering department within MEU^{*2} (in April 2025) and commenced market research and proposal activities for E&F services aimed at business development

Strengthening and expanding our solutions through collaboration with other companies

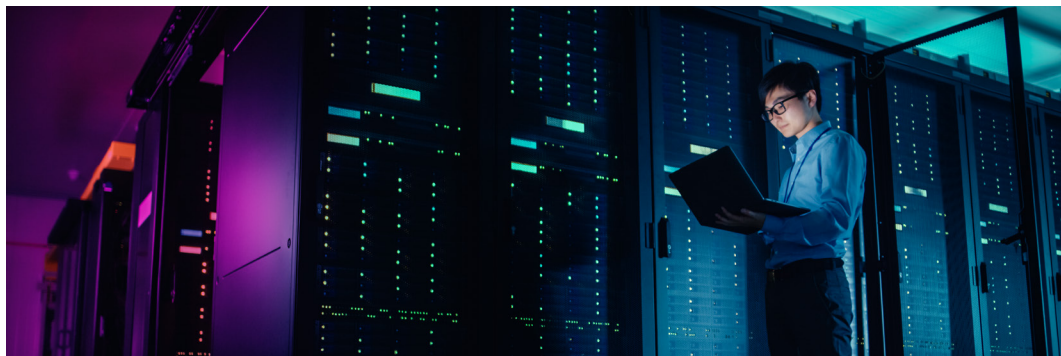
- Established a renewable energy aggregation company in partnership with HD Renewable Energy Co., Ltd. (in May 2025) to enhance renewable energy-related services for electricity consumers

*1 Energy & Facility services: A solution service that provides comprehensive solutions to energy management and facility management issues

*2 Mitsubishi Electric Europe B.V.

Growth Strategy | Data Center Business

Leverage company-wide synergies across business areas and groups to deliver components and solutions



Key Strategies

Expanding the business scale by maximizing company-wide synergies

- Launched a task force within the Infrastructure Business Area to lead the company-wide data center business
- Expanding our business by providing components and solutions across various areas
(UPS, storage batteries, air conditioning and cooling systems, optical devices, etc.)

Customer-oriented business development

- Strengthening proposals to regional key accounts in each business area and group (North America, India, Europe, Asia and Oceania)
- Establish a maintenance service system capable of 24-hour continuous operation

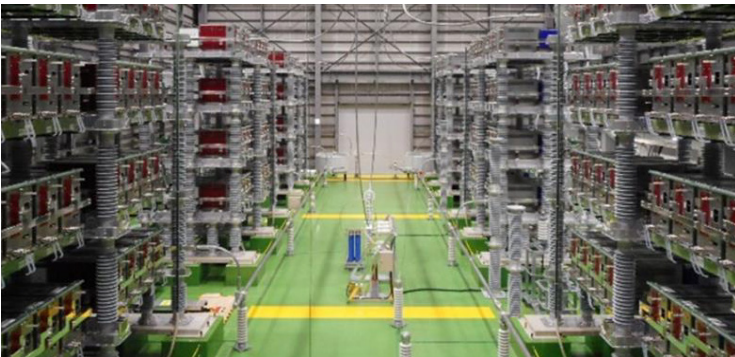
Deployment of differentiated solutions that meet customers' operational needs

- Expand solutions, including abnormal signs detection, for important equipment such as air conditioning and UPS systems

Growth Strategy | Decarbonization Components Business

To contribute to the realization of sustainability, we will actively promote partnerships and acquisitions of other companies. Aiming to establish a position in the global market, we will seek for an early market launch while working to build a global structure to promote sales expansion, including local production.

©Holtec International



Key Strategies

Early market launch and accelerated global expansion through collaboration with other companies

Carbon-free
power
source

Nuclear SMR*1

[Jointly developed with Holtec]

- An order for the first unit is expected (North America, scheduled to start operation in FY31)
- Expand sales to Europe and other regions

Environmental
impact reduction

SF6 gas-free circuit breaker

[Jointly developed with Siemens Energy]

- Promote development in anticipation of European regulations (January 2028)
- Expand the production structure (North America and Japan)

Accelerating
renewable
energy use

DC circuit breaker

[Jointly developed with Siemens Energy]

- Conduct joint development of DC switching stations
- An order for the first DC circuit breaker expected (Europe, FY28)

Energy efficient
operation

High-density, long-lasting energy storage module

[Jointly developed with Musashi Energy Solutions]

- Promote development for commercialization in FY27
- Expand application to mobility infrastructure, etc.

Creation of next-generation components

- Conduct research and development of green energy systems (CCU*2, etc.) in collaboration with the Industrial Technology Research Institute (ITRI) of Taiwan

*1 Small Modular Reactor: A nuclear reactor that is smaller than conventional reactors

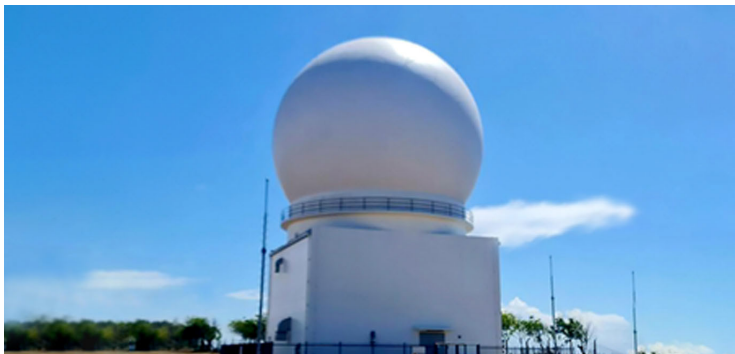
*2 Carbon Capture and Utilization: Carbon dioxide capture and utilization technology

Growth Strategy | Defense & Space Systems Business

We will contribute to strengthening Japan's national security and defense industry foundation by promoting businesses that leverage our strengths.

We will promote strategic partnerships to drive the global expansion of the defense systems business.

©Japan's Ministry of Defense



Key Strategies

Promoting business by leveraging our strengths

- Contribute to Japan's national security as the only company with capabilities to domestically manufacture integrated air-defense missiles
- Enhance performance through vertically integrating development from our proprietary devices to complete systems
- Leverage over 50 years of development experience and technical expertise in the space systems business as a prime contractor

Strategic partnerships to drive the global expansion of the defense systems business

- Promote international joint development of mission avionics for next-generation fighter aircraft, etc.
- Joint production of the AIM-120, etc., as well as participation in the global supply chain

Transition to a service-oriented business model and exploration of new business domains

- Provide image services in collaboration with Synspecive
- Pursue development of decision-support systems in the cognitive domain, including information and psychological warfare

Strengthening Business Foundation | Core Businesses (Facilities, Mobility, Energy)

Expanding production capacity to meet the current surge in demand (for data centers, power infrastructure, and more)

We will further increase profitability in the maintenance business and focus on strengthening components in conjunction with our solution business.



Key Strategies

Meeting increased demand by expanding production capacity

- Investment of approximately 16 billion yen in the Transmission & Distribution Systems Center and MEPP^{*1} in North America (to increase production of UPS, switchgears, and power system stabilization equipment)
- Investment in increasing generator production to meet the growing demand for GTCC^{*2} generators (Mitsubishi Generator)

Further increasing profitability

- Digitalization of maintenance through the application of DX and AI, with data-driven proposals for facility replacements
- Price optimization and expansion of long-term alliances (harvesting results from FY26)
- Expansion of maintenance contracts

Strengthening components in conjunction with the solution business

- Strengthening components by leveraging data and customer issues gained from our solution business

^{*1} Mitsubishi Electric Power Products, Inc.

^{*2} GTCC: Gas Turbine Combined Cycle; combined gas and steam turbine power generation system

Growth Investment

Shift from an investment policy focused on the domestic market and existing businesses to continuous concentrated investments in selected areas, prioritizing growth and efficiency

We will accelerate growth by leveraging partnerships and M&A to complement and enhance Mitsubishi Electric's capabilities.

<Growth investment plan>

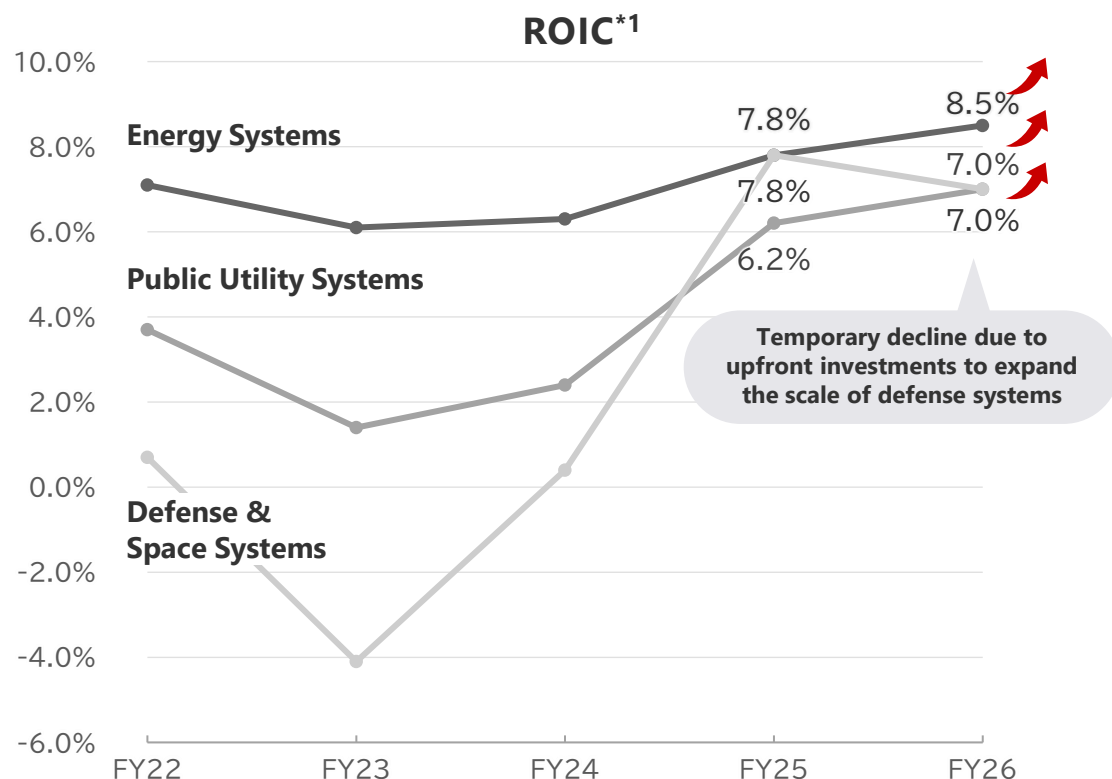
	Investment policy/plan	Investments we are currently working on
Capital investment	● Improvement of the break-even point through asset-light management Reassess the in-house focused production and optimize investment across the entire supply chain ● Focusing investments on cash-generating production equipment/facilities Improve productivity by focusing resources on growth businesses and streamlining low-margin businesses	● Expanding production capacity in line with increases in the Japanese government's defense budget ● Establishing production systems to meet increased demand for energy systems
Development investment	● Solution development with a view to global expansion Establish a CoE*1 system centered on overseas locations ● Focusing resources on national security areas Shift resources (approx. 1,000 people)	● Solution: Data center air conditioning control, optimal electrical and thermal control, etc. ● Decarbonization components: SF6 gas-free circuit breaker, nuclear SMR, etc. ● Defense systems: Missile systems, radar systems, etc.
Human capital investment	● Development of DX human capital and global human capital Utilize the DX Innovation Academy, a training institution within our Group Secure diverse human capital ● Overseas-initiated business creation activities Establish an engineering department at MEU locations	● Strengthening staffing to meet increased demand; shifting resources within the business area ● Rotation of management candidates across business areas and groups

*1 Center of Excellence: An organization that unites the talents, technologies, and expertise dispersed across the company to achieve objectives and goals

Initiatives to Improve ROIC

We will review the allocation of production roles across the entire supply chain with a focus on asset-light management, and carry out growth investments with a long-term vision.

We will improve productivity and profitability through the application of DX and AI, and improve asset efficiency through advance payment collection, etc..



Asset-light management

- Reviewing production and procurement roles across the entire supply chain
- Reducing the scope of in-house production; optimizing production systems

Forward-looking growth investments

- Partnerships and M&A to complement and enhance Mitsubishi Electric's capabilities (global expansion of solutions, national security)

Improvement in productivity, profitability, and asset efficiency

- Application of DX and AI to service and maintenance businesses
- Price optimization and expansion of long-term alliances (harvesting results from FY26)
- Reduction of working capital through the promotion of advance payment collection, etc.

*1 ROIC (Mitsubishi Electric version): A comprehensive business efficiency indicator which is calculated by asset items (fixed assets, working capital, etc.) per different segments (and not by capital and liability) so that it is easier to track and improve performances of each business segment.

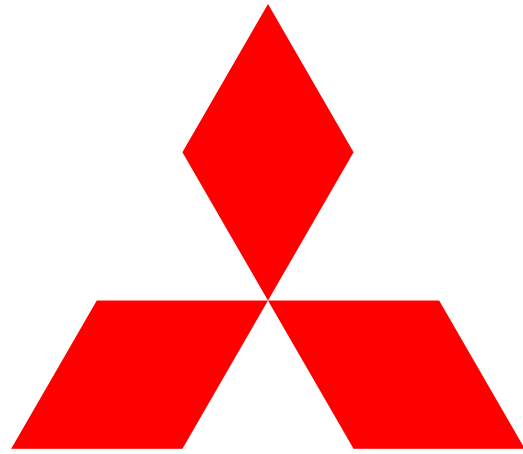
Cautionary Statement

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



**MITSUBISHI
ELECTRIC**

Changes for the Better