

INDUSTRY & MOBILITY BUSINESS AREA 2025

Industry & Mobility Business Area

MITSUBISHI ELECTRIC CORPORATION

May 28, 2025



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Executive Summary

Key Points

Mobility

- Maximize our capabilities to earn revenue by thoroughly improving management efficiency
- Achieve quality growth by promoting our business portfolio strategy
(early termination of businesses with issues, balanced operation in powertrains, and value creation with software.)
- Determine the position of the Automotive Equipment Business within our portfolio by considering all sorts of scenarios.

Industry

- Build a lean business structure by optimizing the workforce, reducing costs and streamlining indirect operations
- Strengthen the competitiveness of core components by revamping the sales and development structure to drive renewed sales growth and improved profitability
- Expand investment in digital solutions as a new growth driver

Executive Summary

		FY25 Actual	FY26 Forecast
Industry & Mobility Business Area	Revenue	¥1,644.8 billion	¥1,570.0 billion
	OPM	5.0%	6.3%
	ROIC	5.9%	7.0%
Automotive Equipment Business (Mobility)	Revenue	¥919.2 billion	¥850.0 billion
	OPM	3.9%	5.1%
	ROIC	6.8%	7.0%
FA Systems Business (Industry)	Revenue	¥725.6 billion	¥720.0 billion
	OPM	6.4%	7.8%
	ROIC	5.1%	7.0%

*1 ICE: Internal Combustion Engine

Growth strategies toward FY31

Automotive Equipment Business

Contribute to the development of the automotive industry by bringing together our strengths

- Achieve quality growth by thoroughly improving management efficiency and promoting business portfolio strategy
- Promote balanced operation in the powertrain domain (electric vehicle-related equipment and ICE*1)
- Create new value with software and make it into a new pillar by utilizing the Mitsubishi Electric Group's unique strengths

FA Systems Business

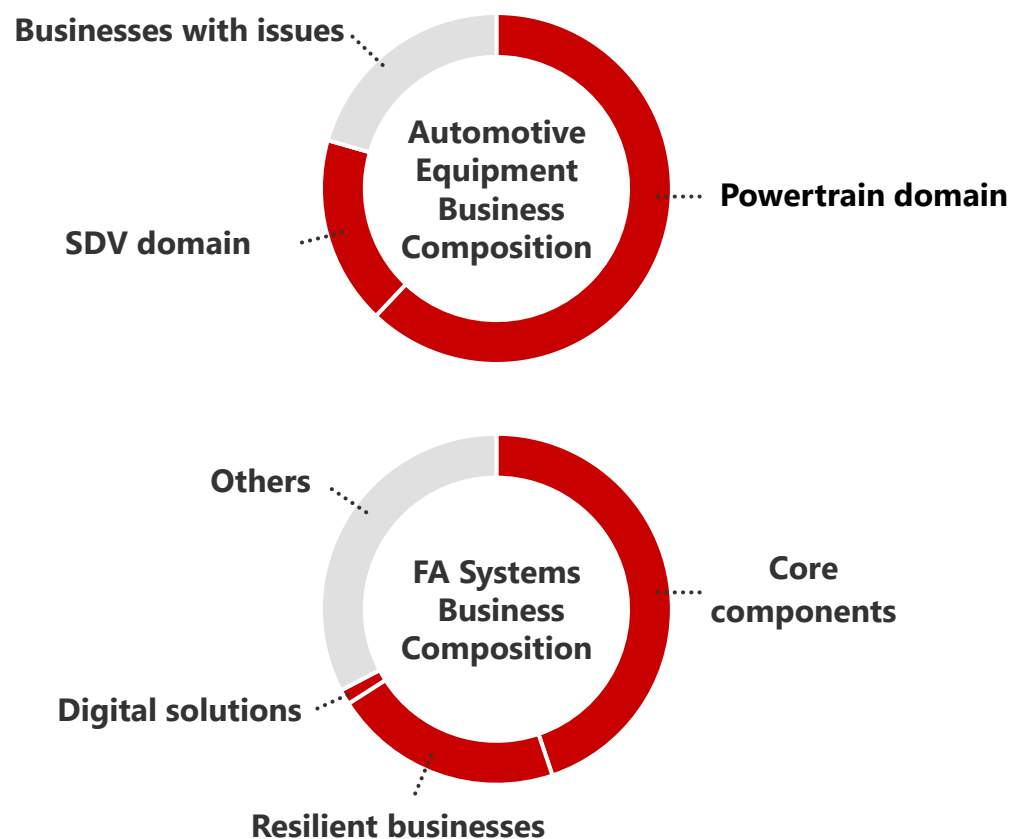
Contribute to manufacturing through core components and digital solutions

- Build a lean business structure by optimizing the workforce, reducing costs and streamlining indirect operations
- Strengthen the business competitiveness of core components through a revamped sales and development structure to drive renewed sales growth and improved profitability
- Expand investment in digital solutions as a new growth driver

Business Overview

The automotive equipment business mainly consists of the powertrain domain compatible with electric vehicle-related equipment and ICE, and the SDV*¹ domain.

The FA systems business mainly consists of Core components, Resilient businesses, and Digital solutions.



	Major business categories	Main products
Automotive Equipment Business	Powertrain domain	● Electric vehicle-related equipment (inverters, motors, etc.) ● ICE-related products (rotary motors, car mechatronics, products for motorbikes and special vehicles)
	SDV domain	● Driver monitoring systems (DMS*²) ● Electric power steering products (EPS*³)
	Businesses with issues (businesses that are to be terminated)	● Car multimedia ● Fuel injectors
FA Systems Business	Core components	● Programmable logic controllers (PLCs), Servo systems and CNC*⁴
	Resilient businesses	● Processing equipment, HMIs*⁵, and inverters
	Digital solutions	● Software and services
	Others	● Robots, distribution control equipment, rotary motors, etc.

*1 SDV: Software Defined Vehicle *2 DMS: Driver Monitoring System *3 EPS: Electric Power Steering *4 CNC: Computerized Numerical Controller *5 HMI: Human Machine Interface

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Automotive Equipment Business (Mobility)

Structural Reforms to Achieve Quality Growth

Achieve quality growth by thoroughly improving management efficiency and promoting our business portfolio strategy

Key measures

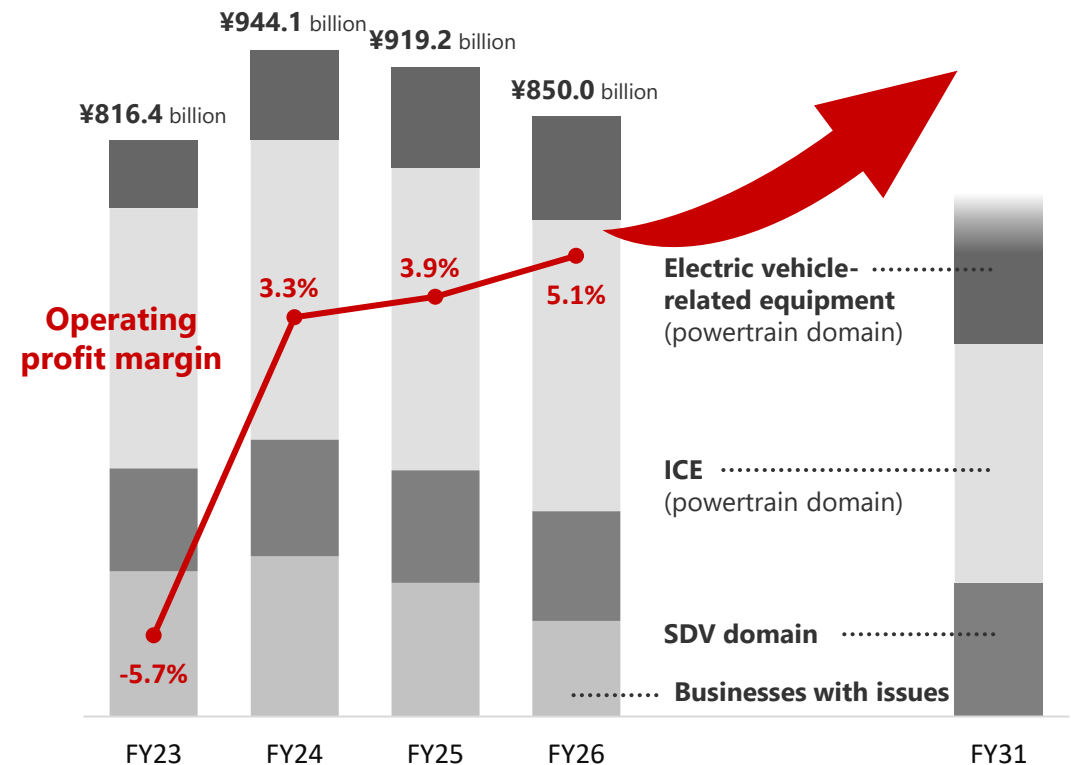
Thoroughly improve our management efficiency

- **Transform into a lean business structure: Reduce indirect operations and optimize the workforce**
 - Elimination and consolidation of offices and sales branches
 - Reform of the core system (operational DX*1)
- **Review our global production system to align it with the size of the business**
 - Convert U.S.-based plant into a factory that will manufacture compressors for air conditioners (announced in December 2024)
 - Consolidation of production bases in other regions

Promote our business portfolio strategy

- **Early termination of businesses with issues**
 - Acceleration of negotiations by combining certain conditions such as last-buy and shifting the business to another company
- **Further strengthen our competence in key domains**
 - Powertrain domain (Electric vehicle-related equipment and ICE)
: Balanced management in light of market uncertainties
 - SDV domain (DMS and EPS)
: Create new value with software and making it into a new pillar
- For lights and light distribution control, we will shift management to position STANLEY ELECTRIC as the best owner.

Consolidated revenue and operating profit margin



*1 DX: Digital Transformation

Key Strategy 1: Powertrain Domain (Electric vehicle-related equipment/ICE)

Respond to uncertainties in the electric vehicle-related equipment market by operating the business in a balanced manner, and accelerate collaborative activities in the electric vehicle-related equipment business to monetize it promptly and stably.

Electric vehicle-related equipment

Accelerate collaborative activities with AISIN

- In order to evolve our components and strengthen our capabilities to achieve compatibility with EV systems in the diversifying market, we commenced joint development with AISIN (November 2024)
- The collaborative activities have been progressing steadily, and we have materialized our line-up strategy (small and high power products).
We plan to complete advanced development using an actual Xin1*1 unit in 2025.

ICE

Maintain profitability by making the most of existing assets

- Maximize the advantages as a remaining player in market by utilizing existing facilities and integrating models
- Expand sales in the non-electrified*2 and after-market domains
- Promote collaboration with our partners in India as well as in the motorbikes and special vehicles domain



Competence held by the Group

Power devices

Power conversion technologies

High-speed automated production

Miniaturization and efficiency improvement

Diversified customer assets

Large market share (rotary motors and car mechatronics)

*1 Xin1: The generic term for an electric drive module that combines multiple components or functions into one, where "X" indicates the number of integrated components

*2 Non-electrified domain: Trucks, farm machines, construction machinery, outboard motors, etc.

Key Strategy 2: SDV Domain (DMS/EPS)

Create new value with software and making it into a new pillar. Become an asset-light business by utilizing our Group's unique strength. Promote dynamic resource shifts through partnerships and other means.

DMS

Maximize synergies with Seeing Machines

- Aim to develop and offer a system that will become an industry benchmark in anticipation of a potential rapid market expansion in Europe and other regions resulting from the introduction of regulations that require the installation of DMS
- Mutually supplement customers, sales networks, and technologies pursuant to the capital and business alliance
- In order to maximize synergies, we implemented a "100-day plan," a short-term intensive strategic collaborative activity

EPS

Pursue value creation with software

- Satisfy the product requirements that are newly imposed with the advancement of ADAS*¹ and AD*² (functional safety, cybersecurity, steer-by-wire*³, etc.) with our standardized software
- Promote agile software development through collaboration and co-creation with our major customers



Competence held by the Group

Company-wide AI

Biosensing

Optimization of
motor control

DevOps*⁴
initiatives

Diversified
customer assets

Large market share
(DMS and EPS)

*1 ADAS: Advanced Driver Assistance System

*2 AD: Autonomous Driving

*3 Steer-by-wire: A steering system with no mechanical connection between the steering wheel and the steered wheels

*4 DevOps: A method to achieve efficient software development and prompt release by integrating development with operation

3 FA Systems Business (Industry)

Structural Reform for Regrowth

Achieve structural reform through three core initiatives—building a lean management structure, revamping the sales and development structures, and transforming the business portfolio—to return to a path of renewed growth.

Key measures

Building a lean management structure

- Optimize the workforce by streamlining global bases and organizations
- Reduce maintenance and development costs by streamlining the number of models and series.
- Reduce indirect operations in alignment with ERP*1 reform

Reform of sales and development structures

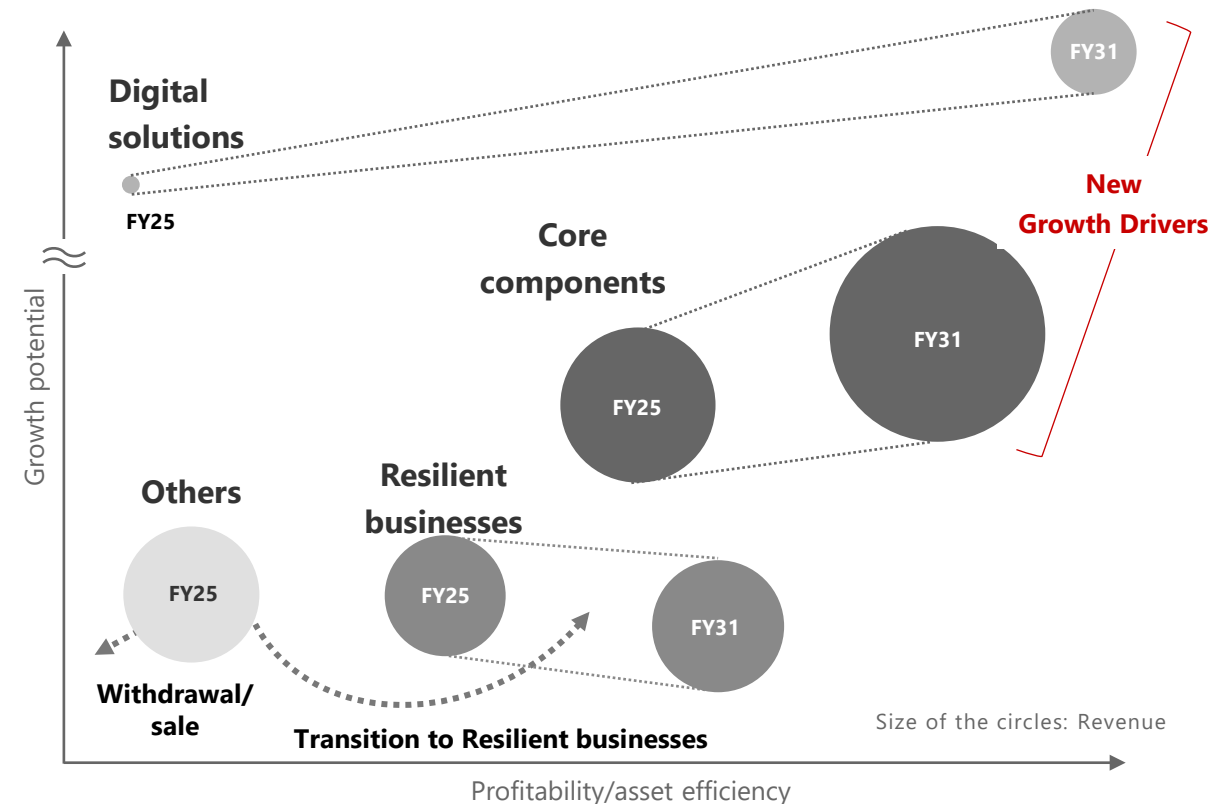
- Transform into a problem-solving organization through sales reform
- Strengthen business competitiveness by enhancing local development capabilities in China
- Meet demand and expand adoption of products and services in growth industries

Transformation of the business portfolio

- Concentrate management resources on digital solutions and core components
- Prioritize resources for growth areas by exiting or divesting businesses while seeking the best-fit owners

*1 ERP: Enterprise Resource Planning

Business portfolio



Key Strategy 1: Reform of Sales and Development Structures

Reduced demand and increased competition has weakened demand for core components, leading to declines in both sales and market share, ultimately reducing overall profitability.

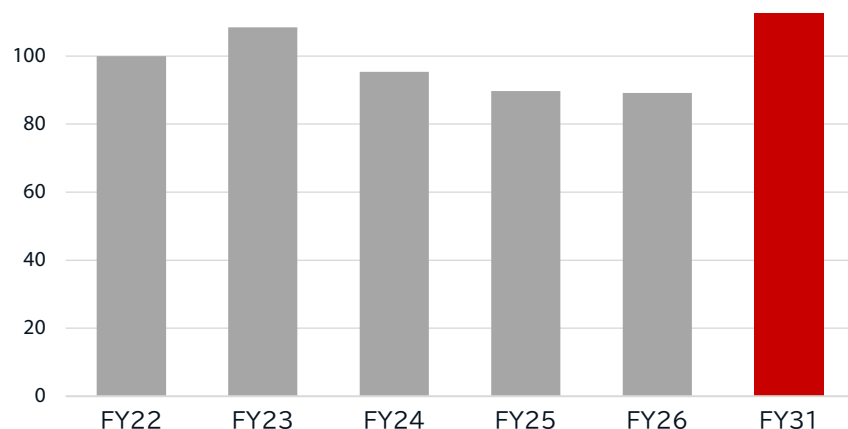
To address this, the sales and development structure will be revamped to strengthen business competitiveness, reignite sales growth, and restore profitability.

Reasons for the decrease in revenue

- Rising competition led to a decline in market share.
- Local Chinese manufacturers have been growing rapidly.
- Decline in demand in growth industries.
(EVs, and batteries)

Revenue trends for core components

(Using FY22 revenue as the index baseline (100))



Initiatives to increase revenue

Transform into a problem-solving organization through sales reform

- Create a proposal-based technical sales organization to address customer issues by industry
- Establish a product planning team to meet advanced customer needs through co-creation with leading companies
- Introduction of new mid-range controllers to meet a wide range of automation needs (April 2025)

Strengthen business competitiveness by enhancing local development capabilities in China

- Localize product planning and development through the Chinese FA management company established in April 2025
- Acquire development resources and procurement routes by utilizing local vendors

Meet demand and expand adoption of products and services in growth industries

- Enhance spec-in for AI-related products and services, including data centers and servers, and semiconductor manufacturing equipment
- Strengthen capabilities to expand range of applications
 - Linear track systems: Addressing the needs of variable-mix, variable-volume production (food, beverage, etc.)
 - Vision sensors: Increasing speed and precision in inspection processes (semiconductors, automobiles, etc.)

Key Strategy 2: Digital Solutions

Expanding digital solutions as a new growth driver.

Delivering greater value to customers by leveraging our core business strengths.

Customer trends

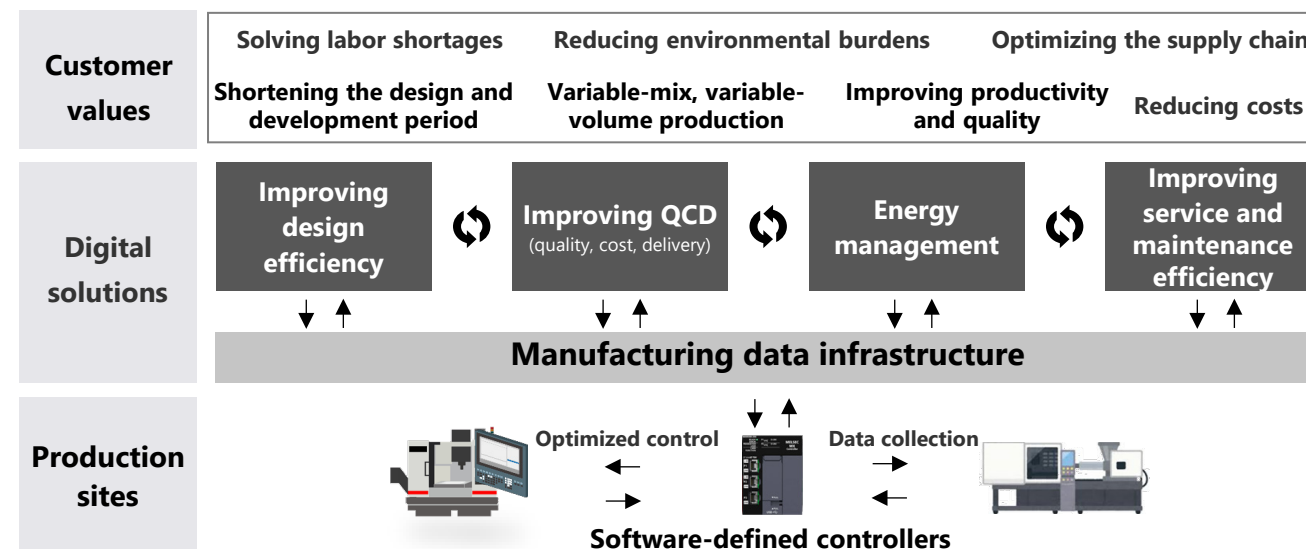
- Increasing need to respond to the continuously changing external environment and variable-mix, variable-volume production demands
- Growing expectations for digital technologies to simultaneously solve the complex challenges facing the manufacturing industry
- Difficulties in collecting and leveraging data are hindering the deployment of digital technologies

Business assets

- DX personnel: 10,000 employees (for the entire Group)
- Manufacturing technologies supporting the diverse production sites of the entire Group
- Advanced technologies acquired through growth investments (data collection technologies, digital twins, OT security, etc.)
- Customer assets: the number of deployed programmable logic controllers (PLCs), Servo systems, and CNCs in the market is approximately 29 million units

Our direction

Enable data-driven innovative and sustainable manufacturing with digital solutions and software-defined controllers



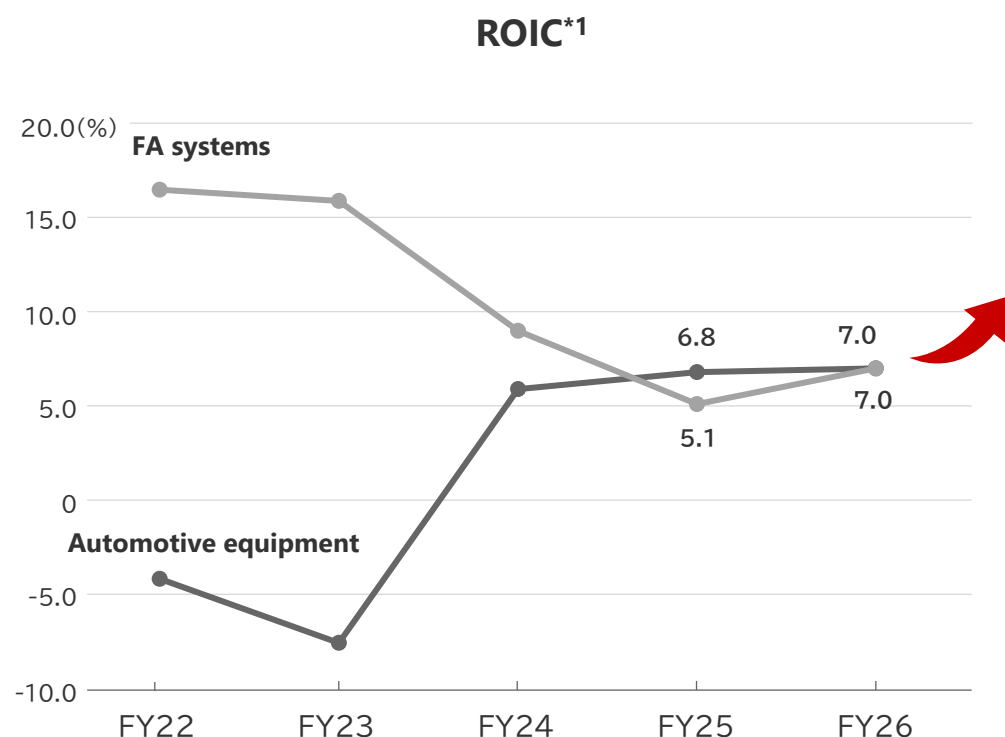
Domains in which we will invest

- Digital services platform (Serendie™) and SaaS applications
- Cloud container technologies that support software-defined controllers
- AI agent orchestration capabilities

4 Industry & Mobility Business Area

Initiatives to Improve ROIC

Improve profitability and ROIC by concentrating management resources on growth areas, streamlining organizations, and increasing productivity.



Automotive Equipment Business

- Maximize operating profits by terminating businesses with issues, monetizing the electric vehicle-related equipment business promptly and stably, and making other efforts
- Reduction of invested capital, such as inventories and fixed assets

FA Systems Business

- Return to revenue growth through the reform of sales and development structures
- Reduction of fixed costs (streamlining personnel, locations, and organizational structures)
- Decisive actions for the Others business segment (including partnerships and divestments)
- Reduction of invested capital, such as the remaining inventories

*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.

Serendie-related Businesses

Starting with the provision of components and systems to the manufacturing industry, the obtained data will be utilized to expand the customer base and enhance the delivered value.

Automotive Equipment Business

Present

Driver Monitoring System (DMS)

- Fleet business in collaboration with Seeing Machines
 - Establish circular technologies for data collection and analysis through DMS

Future

Human Monitoring System (HMS)

- Expanding the application of DMS technologies to uses other than automobiles



Watching services



Security services



Improvement of productivity within the plant, etc.

FA Systems Business

Present

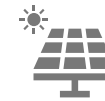
Digital solutions

- Provision of a one-stop solution that enables anyone on the production floor to utilize data to streamline daily operations and drive improvements in QCD (Quality, Cost, Delivery)

Future

Green x Digital solutions

- Achieving sustainable manufacturing through a trade-on between optimizing the use of renewable energy and improving productivity



Utilization of renewable energy



Productivity improvement

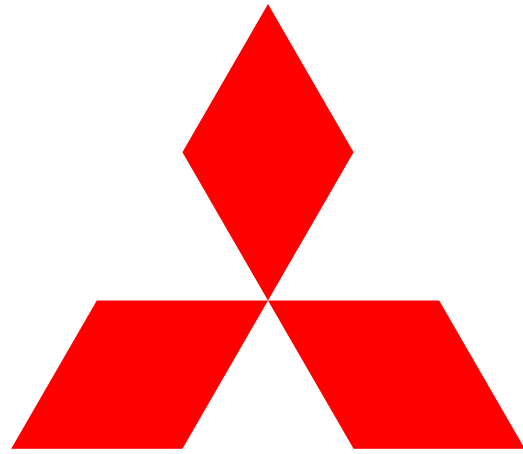
Cautionary Statement

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.



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ELECTRIC**

Changes for the Better