MITSUBISHI ELECTRIC
Changes for the Better

Semiconductor & Device Business 2026

MITSUBISHI ELECTRIC CORPORATION

May 29, 2026

Contents

1

Semiconductor & Device Business:
New Medium-term Business Strategy

Semiconductor & Device Business: New Medium-term Business Strategy

Accelerating growth by optimizing the portfolio of power devices and strengthening market leadership in optical devices
Achieving sustainable growth through radical improvement of capital efficiency by pursuing profitability and productivity

Key initiatives

Power Device Business

Optimizing the business portfolio through expansion of high value-added areas

- Strengthening lineups and the supply framework in high-voltage (HV*1) applications
- Expanding application of SiC in fields such as consumer appliances and data center power supplies

High-Frequency & Optical Device Business

Maintaining our leading position and promoting next-generation developments in the optical device business for data centers

- Accelerating the development of ultra-high-speed EML*2 chips and expanding the supply framework
- Strengthening lineups in preparation for market emergence and next-generation developments in CPO*3 market

Common

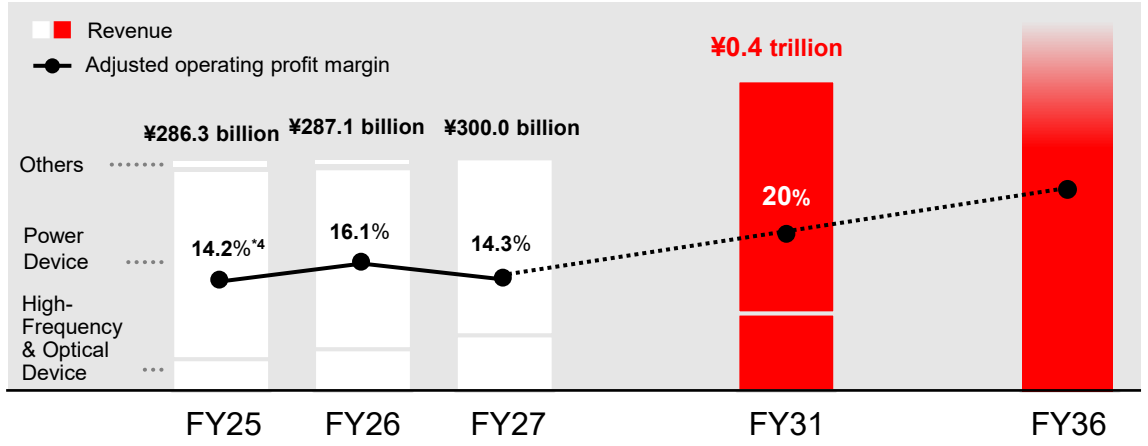
Improving capital efficiency by pursuing profitability and productivity

- Transforming the product mix, optimizing the value chain

FY31 Financial targets

	Revenue	Adjusted operating profit margin
Semiconductor & Device Business	**¥0.4** trillion	**20**%

Revenue and adjusted operating profit margin



*1 HV: High Voltage *2 EML: Electro-absorption Modulator integrated Laser diode *3 CPO: Co-Packaged Optics *4 Operating profit margin (FY25 only)

2

Target Domains

Target Domains, Markets, and Trends | Power Devices

The power device market will expand in the medium to long term against the backdrop of carbon neutrality and lower power consumption. Leveraging high-voltage and high-reliability technologies cultivated over many years will contribute to the evolution of social infrastructure

Medium-term market environment

★ = Target domains

★	**Railway & power transmission**	● Sustainable growth of the HVDC*1 market ● Expansion of SiC demand in the railway market
★	**Industrial, renewable energy & power supply**	● Expansion of SiC demand in the photovoltaic and energy storage system markets ● Expansion of the high-efficiency power supply market accompanying the increasing electricity demand in data centers
★	**Consumer**	● Expansion of SiC demand in the industrial and residential air conditioner market due to stricter energy conservation regulations
	Automotive	● Driving market expansion, while the BEV*2 shift slows down ● Intensification of price competition due to a growing number of players

Our position and strengths

Driving high-voltage and high-reliability applications to support social infrastructure, backed by a strong market track record and technology base

[No. 2 global market share in power modules*3]

- **High-performance, high-quality chip and module technologies**
  - Lower loss in the high-voltage range thanks to Unifull™ series SiC-MOSFET*4 modules with built-in SBD*5 (91% reduction compared to conventional Si power modules)
  - Delivering high reliability through high-precision screening technology
- **Strong market track record and top global market share in high value-added areas**
  - Intelligent Power Module (IPM): No. 1 global market share*3
  - Power modules for VSC*6-type HVDC systems: No. 1 global market share*7
- **Strong customer base backed by years of market leadership**
  - Concluded agreements with global leaders (major manufacturers and research institutes) in the high-voltage application

*1 HVDC: High Voltage Direct Current *2 BEV: Battery Electric Vehicle *3 Source: OMDIA, Power Semiconductor Market Share Database–2H25 (FY25 actual) *4 MOSFET: Metal-Oxide-Semiconductor Field-Effect
*5 SBD: Schottky Barrier Diode *6 VSC: Voltage Sourced Converter Vehicle *7 FY25 actual, according to Mitsubishi Electric estimate

Target Domains, Markets, and Trends | High-frequency & Optical Devices

Rapid growth and next-generation transition in the data center market accelerating, backed by continued AI-related investments
Driving growth in high value-added areas with our top-share ultra-high-speed optical devices at the core

Medium-term market environment

★ = Target domains

Optical devices

★ **Data center**	● Higher demand due to continuous AI-related investments ● Growing needs for ultra-high speed and lower power consumption
Access networks	● Introduction of 50G-PON*1 ● Higher speed in mobile fronthaul

High-frequency devices

★ **Defense & space**	● Expanding the defense systems business accompanying the increase in defense spending by the Japanese government
Mobile base stations	● Development of 5G-Advanced/6G technologies

Our position and strengths

Establishing a leading position in ultra-high-speed optical devices that drive growth of the generative AI market

[No. 1 global market share in EML chips for data centers*2]

- **Advanced manufacturing technologies and expertise in compound semiconductors**
  - EML chips for data centers: Cumulative shipments of 100 million units (FY26)
  - GaN modules for 5G base stations: Cumulative shipments of 3 million units (FY26)
  - Expanding business domains into the space, quantum, and sensing applications, which are expected to grow in the future, based on advanced core technologies for compound semiconductors, and creating new businesses as new revenue sources
- **Strong partnerships with global top companies leading the market**
  - EML chips for data centers: No. 1 global market share*2
  - A multi-layered and solid customer base that includes hyperscalers and network system suppliers
- **Vertically integrated development in defense systems from devices to systems**
  - Flexible device development and manufacturing to meet the demands of increasingly complex and sophisticated defense systems

*1 50G-PON: 50-Gigabit Passive Optical Network / Next-generation optical access system achieving a maximum downstream communication speed in the 50 Gbps class
*2 No. 1 global market share in optical devices for data centers (FY25 actual of EML chips for data centers, according to Mitsubishi Electric estimate)

3

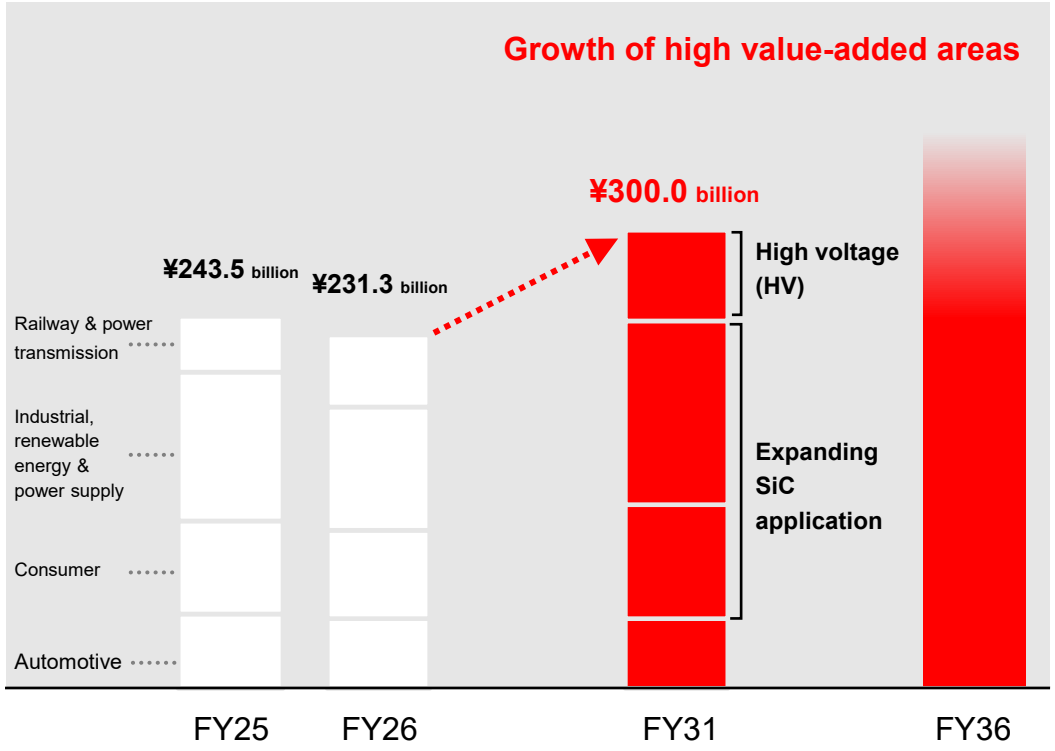
Key Initiatives

Optimizing the Business Portfolio Through Expansion of High Value-added Areas | Power Devices

Expanding high value-added areas through sustainable growth of the HVDC market and expanding the application of SiC to consumer appliances and new applications

Achieving sustainable growth through a balanced portfolio centered on the infrastructure application, where our strengths lie

Revenue by application



Key initiatives

Capturing sustainable growth opportunities of the HVDC market and maintaining our leading share in high-voltage (HV) products by leveraging our strengths

- **Enhancing product lineups:** Advanced development of IGBT*1 with low loss, high voltage and large current
- **Strengthening the supply framework:** Boost production capacity (2.3 times from FY24 to FY28) and improve production efficiency by adding a new HV line at the new plant (Fukuoka area) (FY28 and beyond)

Expanding SiC product lineups and strengthening cost competitiveness

- **Expanding SiC application fields by strengthening chip technology**
  - Expanding SiC lineups for industrial and residential air conditioners (SLIMDIP*2 packages: mass production in FY26, Compact DIPIPM*2: mass production scheduled for FY28)
  - Responding to needs such as ultra-high voltage, high reliability, and low noise due to growing SiC demand in new markets such as data center power supplies
- **Reinforcing cost competitiveness through vertical collaboration:** Accelerating the transition to 200-mm SiC wafers and reinforcing cost competitiveness through collaboration with Coherent and the launch of the new plant (Shisui area, Kumamoto Prefecture, Japan)

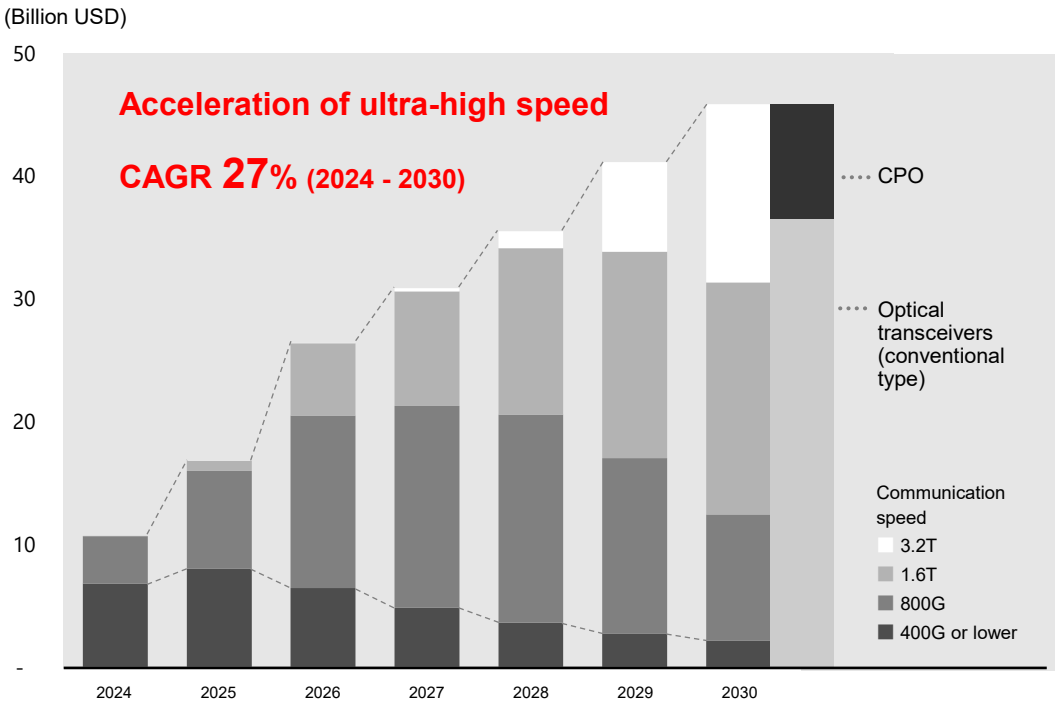
*1 IGBT: Insulated Gate Bipolar Transistor *2 SLIMDIP and DIPIPM are trademarks of Mitsubishi Electric Corporation

Maintaining Our Leading Position and Promoting Next-generation Developments in the Optical Devices | High-frequency & Optical Devices

Against the backdrop of surging AI demand, boosting EML chip production capacity to over 3 times by FY30 compared to FY26 (20 times compared to FY21)

Maintaining our leading share in ultra-high-speed EML chips, and accelerating medium- to long-term growth by developing optical devices for next-generation CPO

Ethernet[*1] optical transceiver + CPO market

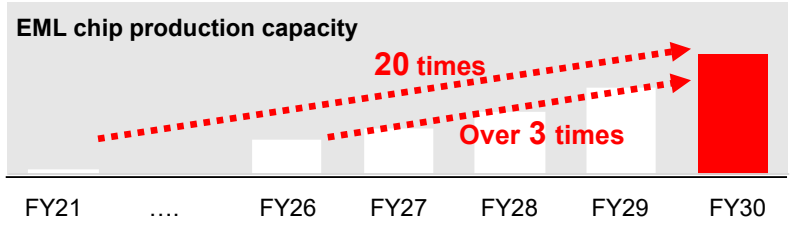


Source: LightCounting Optics for AI Forecast, January 2026

Key initiatives

Maintaining global top share through advanced development of next-generation EML chips and strategic upgrading of production capacity

- **Advanced optical device development:** Developing EML chips optimized for the needs of leading industry companies
- **Upgrading production capacity through capital investment:** Decided to invest ¥40 billion in FY26, enhancing capacity to over 3 times by FY30 compared to FY26 (20 times compared to FY21)



Driving the next-generation developments of CPO by leveraging the superiority of InP technology

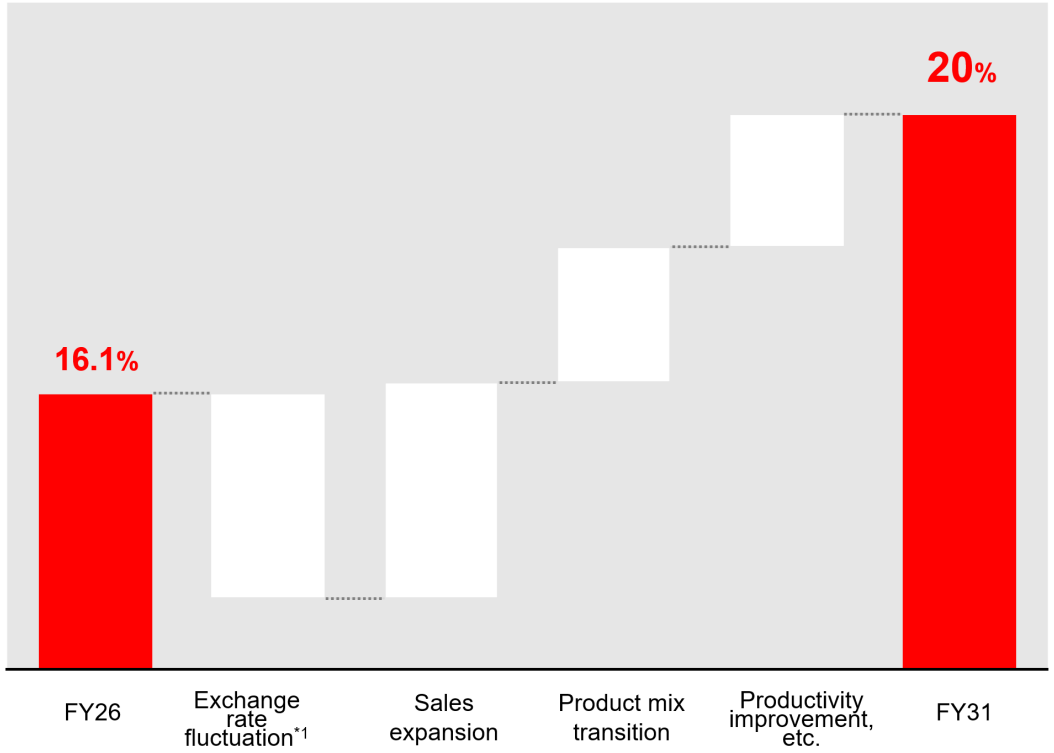
- **Optical device development for next-generation CPO:** Launching on the market of CW[*2] light sources and modulator devices for CPO utilizing InP[*3] semiconductor technology

*1 Ethernet: Mainstream communication standard for wired local area networks used in homes, enterprises, data centers, etc. *2 CW: Continuous Wave *3 InP: Indium Phosphide

Improving Capital Efficiency by Pursuing Profitability and Productivity | Common

Aiming for an adjusted operating profit margin of 20% (ROIC 12%) in FY31 through a product mix transition and value chain optimization

Adjusted operating profit margin



Key initiatives

Transitioning the product mix to high value-added areas

- **Optimizing capital allocation:** Accelerating growth investments in the optical device business after reaching a certain milestone for upfront investments in the power device business
- **Accelerating growth in high value-added areas:** Expanding sales of high-voltage (HV) products, SiC for new applications such as data center power supplies, and optical devices

Improving productivity through value chain optimization

- **Supply chain improvement**: Shortening lead times from manufacturing to delivery by revamping logistics routes and optimizing inventory management, for major customers (optimizing inventories)
- **Boosting productivity in manufacturing processes**: Boosting production efficiency by utilizing new plants for the wafer process (Shisui area, Kumamoto Prefecture) and the module assembly & inspection process (Fukuoka area)
- **Reorganizing the global sales structure:** Lifting sales efficiency by consolidating and optimizing locations and organizational structures
- **Streamlining indirect operations:** Optimizing human resource allocation and enhancing productivity by promoting operational reforms utilizing AI and digital transformation (DX), etc.

*1 FY26: ¥151/US$, ¥176/Euro, ¥21.4/CNY
FY31: ¥140/US$, ¥160/Euro, ¥19.5/CNY

4

Financial Targets and Related Indicators

Financial Targets and Related Indicators

Financial targets

	FY26 Actual				FY27 Forecast			FY31 Target		
	Revenue (¥ billion)	Adjusted operating profit (¥ billion)	Adjusted operating profit margin	ROIC	Revenue (¥ billion)	Adjusted operating profit (¥ billion)	Adjusted operating profit margin	Revenue	Adjusted operating profit margin	ROIC
Semiconductor & Device Business	287.1	46.3	16.1%	8.6%	300.0	43.0	14.3%	¥0.4 trillion	20%	12%
	¥151/US$ ¥176/Euro ¥21.4/CNY				¥150/US$ ¥175/Euro ¥21.5/CNY			¥140/US$ ¥160/Euro ¥19.5/CNY		

Related indicators

	FY26 Actual	FY27 Forecast	FY31 Target
Power Device Business Revenue (¥ billion)	231.3	227.0	300.0
High-Frequency & Optical Device Business Revenue (¥ billion)	55.4	73.0	100.0

Integration of Power Semiconductor Business and Management with ROHM and Toshiba Electronic Devices & Storage

Amid intensifying global competition, we are initiating discussions to achieve a business scale and technology base capable of competing in the global market. The aim is to reinforce our current competitive advantage built on existing international collaborations

Consolidating the comprehensive strengths of each company to solidify our position as a global leader in power semiconductors

ROHM SEMICONDUCTOR	MITSUBISHI ELECTRIC	TOSHIBA
No. 15*1	Power module global market share No. 2*1	No. 17*1
No. 12*1	Power semiconductor (modules + discretes) global market share No. 4*1	No. 10*1

Responding to intensifying global competition

- **Rise of Chinese competitors:** Overwhelming cost competitiveness driven by vertically integrated models in China
  ➡ **Reinforce the cost competitiveness of SiC power devices** through the **stable procurement of high-quality 200-mm SiC substrates** from Coherent
- **Growth of Western competitors:** Global market share expansion driven by the omnidirectional strategies of Western competitors
  ➡ **Strengthening access to the SiC discrete market** through international collaboration with Nexperia

Aims of integrating the power semiconductor business and management

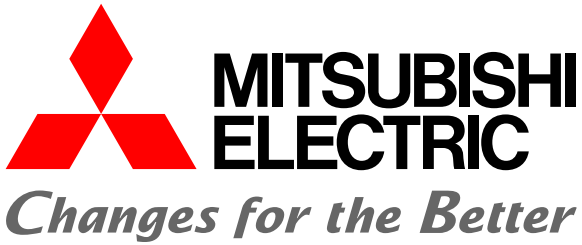
- Aiming to build further competitive advantage for the power device business, **consolidating the comprehensive strengths of each company's power semiconductors to maximize business and development synergies**
- Achieving a business scale and technology base capable of competing in the global market will **make significant contributions to the development of a broad customer base and industrial sectors as part of Japan's semiconductor industry**

*1 Source: OMDIA, Power Semiconductor Market Share Database–2H25 (2024 actual)

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


MITSUBISHI
ELECTRIC
Changes for the Better