Contents

1. Executive Summary ................................................................. P3
2. Business Structure ................................................................. P5
3. Market Environment and Market Share ..................................... P7
4. Key Strategy ........................................................................ P9
5. Strengthening Business Foundation ......................................... P14
6. Portfolio Strategy .................................................................. P16
7. FY 2026 Financial Targets ...................................................... P18
8. Ideal Form ............................................................................ P20
Executive Summary
Executive Summary

Infrastructure BA’s Ideal Form: ✓ Achieve stable operation of the world’s critical infrastructure and carbon neutrality
✓ Contribute to national security in Japan and Asia

<table>
<thead>
<tr>
<th>Growth Target</th>
<th>FY 2024 Actual</th>
<th>FY 2025 Plan</th>
<th>FY 2026 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Utility Systems</td>
<td>Revenue</td>
<td>431.3 billion yen</td>
<td>450.0 billion yen</td>
</tr>
<tr>
<td></td>
<td>OPM</td>
<td>2.8%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Energy Systems</td>
<td>Revenue</td>
<td>346.2 billion yen</td>
<td>330.0 billion yen</td>
</tr>
<tr>
<td></td>
<td>OPM</td>
<td>5.3%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Defense &amp; Space Systems</td>
<td>Revenue</td>
<td>258.9 billion yen</td>
<td>330.0 billion yen</td>
</tr>
<tr>
<td></td>
<td>OPM</td>
<td>0.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Total</td>
<td>Revenue</td>
<td>1,036.6 billion yen</td>
<td>1,110.0 billion yen</td>
</tr>
<tr>
<td></td>
<td>OPM</td>
<td>3.0%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Portfolio Transformation

The Defense Business
- Increase in orders due to increase in defense budget
  → 2.9 times (approx. 370 billion yen) from FY 2023 in FY 2024 and 1.5 times from FY 2024 in FY 2025.
- Improve the terms of contracts from FY 2024
  (raise of profit margin and contract division based on development risk)

The Solution Business
- Promote the Energy & Facility Solution Business
  → Accumulate knowledge in multi-region EMS, regional thermoelectric optimum control, and data center, etc.
- Create the Mobility Solution Business

The Core Businesses
- Select and concentrate on cash-generating businesses and shifting resources to the Decarbonization-related Business
- Harvest the results of price hike and internal structural reform from FY 2026

Strengthening Business Foundation
- The profitability of space and other large-scale projects is expected to see significant improvement from FY 2025
- Achieve "ROIC improvement," "break-even point improvement," and "production elasticity improvement" over the mid- to long-term through asset-light management
2 Business Structure
Accelerate portfolio transformation by defining new domains to respond to changes in the market and competitive environment (megatrends) over the next 10 years.

**Facility Infrastructure**
- Plant engineering capability
- Monitoring and control technology
- Abnormal sign detection technology

**Mobility Infrastructure**
- High-power power component (SiC application propulsion control device, high efficiency rare earth free motor)
- Operation control technology

**Energy Infrastructure**
- Energy Management Technology
- Decarbonization component (SF6-Free CB, DC-CB, etc.)
- HVDC with SiC (The World’s First)

**National Security**
- World-leading defense technology
- Radar technology (signal processing, command & control and modules)
- Guidance & control technology (guided missile)

**Space Infrastructure**
- Guidance, navigation, and control technology (HTV, SLIM)
- World-leading sensor technology (optics, radar)

**Delivery Results**
- 5,300 water treatment sites
- Electrical equipment for 93,600 railcars
- 2,800 generators
- 24,000 switch gears
- 9,000 transformers
- Radar, electronic warfare system, Information and communication command system, etc.
Market Environment and Market Share
Demand for the Core Businesses, which is among Japan's top share groups, is strong. The Defense and Space Business is expected further budget increases. The Decarbonization-related Business and the Solutions Business are expected to expand in the future.

<table>
<thead>
<tr>
<th>Growth Prospects</th>
<th>Business Category</th>
<th>Domain</th>
<th>Market Size</th>
<th>Market Trend</th>
<th>Market Share / Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Core Businesses</td>
<td></td>
<td></td>
<td></td>
<td>• Top share group in Japan</td>
</tr>
<tr>
<td></td>
<td>• Public Transportation Systems</td>
<td></td>
<td>6.7 trillion yen</td>
<td>• Increase in demand for replacement of aging infrastructure.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Power</td>
<td></td>
<td>7.6 trillion yen</td>
<td>• Increase in demand for power infrastructure due to increased global data center demand.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Energy Infrastructure</td>
<td></td>
<td>0.1 trillion yen</td>
<td>• Expect rapid demand expansion around 2030 with the development of technology.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Facility Infrastructure</td>
<td></td>
<td>0.7 trillion yen</td>
<td>• Each company is carrying out technology development of such as SF6-Free circuit breaker, SMR, etc..</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Mobility Infrastructure</td>
<td></td>
<td></td>
<td>• Aim to establish a global position as early as possible through collaboration and acquisition of other companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Decarbonization-related Business</td>
<td></td>
<td>1.0 trillion yen</td>
<td>• Expect rapid demand growth with the progress in carbon neutrality and the growing shortage of skilled workers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Solution Business</td>
<td></td>
<td>2.5 trillion yen</td>
<td>• Utilize customer base and core technologies (EMS, etc.) to compete with leading Western companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Defense/Space Business</td>
<td></td>
<td>1.8 trillion yen</td>
<td>• Top share group in Japan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• National Security</td>
<td></td>
<td>2.8 trillion yen</td>
<td>• Leveraging world-class technology for export (including radars for the Philippine Air Force)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Space Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4  Key Strategy
Focus Allocation of Resources to the Defense & Space Business

Establishing development/production structures through focused allocation of resources and strategic alliances.

Properly response to increased defense budget
- Increase in orders due to increase in defense budget → 2.9 times from FY 2023 in FY 2024 and 1.5 times from FY 2024 in FY 2025
- Invest additional around 500 employees by FY 2025 to increase by 1,000
- Decided to construct 8 new production buildings at Kamakura Works and Electronics & Communication Systems Center and to be completed sequentially from April 2025

Strategic alliances in the Defense Business
- Joint development of mission avionics system for next-generation fighter aircraft
  - Collaboration agreement signed between the joint development partner companies of Japan, UK and Italy
- Japan’s first finished defense equipment delivered overseas
  - Deliver 2 air-surveillance radars for the Philippine Air Force
- Japan’s first joint development with foreign government in defense area
  - Signed contract with Australian Department of Defense

Focusing on enhancing technical capabilities in the Space Business
- World’s first successful high-precision landing of small-scale exploration lander “SLIM”, developed by the company under contract with JAXA
- Participating in lunar orbit platform business using guidance, navigation, and control technology (International moon exploration program “Artemis program”)
Leveraging digital tech for customer base and our extensive experience to create solutions for stable operation of global infrastructure and carbon-neutral.

**Energy Infrastructure Solutions**

Multi-Region EMS
- Realized self-delivery of renewable energy between sites. Demonstration test started at four sites in our company from March 2024
- Regional thermolectric optimum control
  - Optimized control of electricity and heat throughout the region and realized energy conservation

**Facility Infrastructure Solutions**

Optimal operation support for data centers
- Realizing stable operation through optimal control of air conditioning for energy saving and early detection of abnormalities in all electrical equipment

**Mobility Infrastructure Solutions**

Planning and control of charging and operation control for EV trucks
- Demonstration testing currently underway in Europe/US
- Narrow autonomous driving service in resort facilities
  - Scheduled to start operation in FY 2025

---

*1 OCCTO: Organization for Cross-regional Coordination of Transmission Operators, JEPX: Japan Electric Power Exchange

*2 Pending Trademark
The Solution Business (Examples of Development of Circular Digital-Engineering)

**Key Strategy**

- **Customer**
  - Multi-Region EMS for Manufacturing
  - Renewable power interchange

**STEP 1**
- Collect data of interplant power interchange and operational data.

**STEP 2**
- Data analysis
  - (Economic performance simulation for Power Interchange.)

**STEP 3**
- Expand points of access to EMS & Introduction EMS system and Component.

**STEP 4**
- Consulting to various customers

**Digital Platform**

Serendie

[Customer needs]
- Realize decarbonization management.
- Operate renewable energy efficiently.
- Install renewable energy facilities in limited space.
Strengthening the Core Businesses

Select and focus on cash-generating businesses

Portfolio transition within the Core Businesses
- Accelerate restructuring, withdrawal and sale of low-profit businesses
- Revenue improvement through the establishment of Mitsubishi Generator Co., Ltd., Joint venture with Mitsubishi Heavy Industries, Ltd.

Shift resources to the Decarbonization-related Businesses
(Expand business globally through collaboration and acquisition other companies)
- SF6-Free circuit breaker: Joint development with Siemens Energy
  - Reliable development in view of environmental regulations
- DC circuit breaker: Acquisition Scibreak
  - Expanding the scope of the DC-related Business
- Nuclear SMR*: Collaboration with Holtec
  - Development and approval for first construction in the United States
- Distributed Power Control: Acquisition SGS
  - Global business development in the US/Europe/Japan market
- Next-generation energy storage module: Collaboration with Musashi Energy Solutions Co., Ltd.

Improvement in profit margin
- Improve sales prices and expand long-term alliances with customers (Show progress from FY 2026)
- Securing stable profits by Expanding After-sales service business

* SMR: Small Modular Reactor
Strengthening Business Foundation
Strengthening Business Foundation

Strengthening the ability to respond to potential risks

Improving Profitability of Large Projects

• About 15-billion-yen improvement in FY 2025

• Enhanced front-loading during contract
  (Development elements in the Defense and Space Business are separately contracted)

Measures against technological innovation and disruptors

• Overseas business development (the Digital Energy Business)

• Utilization of CVC* and others

* CVC: Corporate Venture Capital

Improving asset efficiency and enhancing responsiveness to market changes

Asset light management

• Specialize in cash-generating production lines and aim for “ROIC improvement,”
  “break-even point improvement,” and “production elasticity improvement” over the medium to long term.

Optimization of production systems across BA

• The Transportation Systems Business: Integration of Nagasaki Works into Itami Works

Sale of cross-shareholdings

• Improve asset efficiency by advancing the reduction of cross-shareholdings
Achieve both growth and profitability through portfolio transformation and strengthening business foundation.

**Balancing Growth and Profitability**

**[Growth Businesses]**
- **(the Solution Business and the Decarbonization-related Business)**
  - The Solution business aims to be high-profit service businesses
  - The Decarbonization-related Business is expected to be in full swing around FY 2031

**[Defense/Space]**
- Increase in scale through personnel and equipment expansion in response to a large increase in government budget
- Improvement of the contract system to raise profit margin and prevention of deterioration in profitability of large-scale projects

**[Public/Transportation/Power]**
- Improve profit margin by expanding cash-generating businesses and maintenance businesses
- Improvement of the mid- to long-term cost structure through asset-light management
FY 2026 Financial Targets
FY 2026 Financial Targets

Operating Profit Margin

- **Increase orders for Defense & Space, and improvement of contract terms**
- **Structure improvement**
- **Improvement of large project profitability**

Revenue

- **Exchange rate fluctuation**
- **Increase orders for Defense & Space, and improvement of contract terms**
- **Selling price improvement**

- **Others**

<table>
<thead>
<tr>
<th>FY 2024</th>
<th>FY 2025</th>
<th>FY 2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,036.6 billion yen</td>
<td>1,110.0 billion yen</td>
<td>1.2 trillion yen</td>
</tr>
<tr>
<td>3.0%</td>
<td>4.1%</td>
<td>7%</td>
</tr>
</tbody>
</table>

- **Increase orders for Defense & Space, and improvement of contract terms**
- **Structure improvement**
- **Improvement of large project profitability**

- **Selling price & cost improvement**

In addition, aims to achieve an operating profit margin of more than 10% in FY 2031 by promoting the Solution and the Decarbonization-related Businesses.

- **[Increase in defense and space orders, improvement of contract terms]**
  Reliable response to the increase in the defense budget, profitability improvement and contract terms improvement

- **[Improvement of large project profit and loss]**
  Enhance project management, additional contracts

- **[Structure Improvement]**
  Optimize production systems for the Transportation Systems Business

- **[Improvement of selling price and cost]**
  Selling price improvement and cost reduction in the Core Business

©Mitsubishi Electric Corporation
Ideal Form
Achieve stable operation of the world's critical infrastructure and carbon neutrality

- Achieve stable operation through abundant technology cultivated through delivery experience and (monitoring control, detection of abnormal signs, etc.)
- Achieve carbon neutrality through Decarbonization Components and EMS

Contribute to the security of Japan and Asia

- Through unique and cutting-edge technology, provide products and services that contribute to national security

Secure stable profits in the Core Businesses by selecting and concentrating on cash-generating businesses

Strengthen business infrastructure to enhance ability to respond to potential business risks and improve asset efficiency
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 Japanese original for reference purpose only. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.