<table>
<thead>
<tr>
<th></th>
<th>Index</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Executive Summary</td>
<td>P3</td>
</tr>
<tr>
<td>2</td>
<td>Business Structure</td>
<td>P5</td>
</tr>
<tr>
<td>3</td>
<td>A/C Systems &amp; Home Products Business</td>
<td>P7</td>
</tr>
<tr>
<td>4</td>
<td>Building Systems Business</td>
<td>P13</td>
</tr>
<tr>
<td>5</td>
<td>Life Business Area: Ideal Form</td>
<td>P18</td>
</tr>
<tr>
<td>6</td>
<td>Expansion of Circular Businesses That Stay Connected with Customers</td>
<td>P20</td>
</tr>
<tr>
<td>7</td>
<td>Circular Digital-Engineering : Serendie-related Business</td>
<td>P22</td>
</tr>
<tr>
<td>8</td>
<td>Portfolio Strategy</td>
<td>P25</td>
</tr>
<tr>
<td></td>
<td>Appendix</td>
<td>P27</td>
</tr>
</tbody>
</table>
Executive Summary
Executive Summary

Aim to become a solution provider that creates comfortable, safe and secure environments in all living spaces by promoting growth and synergy strategies in the HVAC&R Business and Building Systems Business.

**FY2026 targets**

- Aim for a revenue of 2.3 trillion yen and an operating profit margin of 9% or more.

**FY2024 progress**

- The air-conditioning market in Europe and the U.S. was affected by changes in the market, with a revenue of 2.1 trillion yen and an operating profit margin of 7.1%.

### Growth targets

( (): Value announced on May 2023 (IR Day)

<table>
<thead>
<tr>
<th>Business Area</th>
<th>FY2024 actual</th>
<th>FY2025 plan</th>
<th>FY2026 target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air Conditioning Systems &amp; Home Products</strong></td>
<td>Revenue: ¥1,426.7 bn</td>
<td>¥1,450.0 bn</td>
<td>¥1.6 tn (¥1.7 tn)</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>6.2%</td>
<td>7.3%</td>
<td>9% (11%)</td>
</tr>
<tr>
<td><strong>Building Systems</strong></td>
<td>Revenue: ¥625.5 bn</td>
<td>¥630.0 bn</td>
<td>¥0.7 tn (¥0.7 tn)</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>9.1%</td>
<td>8.3%</td>
<td>10% (10%)</td>
</tr>
<tr>
<td><strong>Life BA</strong></td>
<td>Revenue: ¥2,052.2 bn</td>
<td>¥2,080.0 bn</td>
<td>¥2.3 tn (¥2.4 tn)</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>7.1%</td>
<td>7.6%</td>
<td>9% (11%)</td>
</tr>
</tbody>
</table>

**A/C Systems & Home Products Business**

Air Conditioning Systems & Home Products Business will continue to have mid-term growth potential in the market, although market expansion will stagnate in the short term due to changes of market environments in Europe and the U.S. Invest resources in the HVAC&R* Business, centered on the A/C & Refrigeration Systems Business, while monitoring market recovery, responding to refrigerant conversion, and strengthening the business foundation.

**Building Systems Business**

In the Building Systems Business, key strategies were executed as planned despite the stagnant real estate market in China. Steadily improve profitability by enhancing recurring revenue business model, strengthen the portfolio of elevator products, and reap the effect of business integration by Mitsubishi Electric Building Solutions Corporation, to further enhance Building Solutions Business.

**Life BA**

Life BA will utilize the components of the A/C & Refrigeration Systems Business and the knowledge and assets of the recurring revenue business model of the Building Business to expand its Circular Business foundation connected to its customers and aim to create innovative new value through digital engineering.

---

*HVAC&R is an acronym for Heating, Ventilation, Air Conditioning & Refrigeration, standing for equipment and facilities relating to the foregoing.
2 Business Structure
Business Structure

Life BA consists of Air Conditioning Systems & Home Products segment centering on HVAC&R area and Building Systems segment. It operates the strong Components Business and Circular Businesses such as maintenance and services mainly for buildings.

Life BA Revenue*

<table>
<thead>
<tr>
<th>&lt;By segment&gt;</th>
<th>&lt;By business system&gt;</th>
<th>&lt;Japan/overseas ratio&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Systems</td>
<td>HVAC &amp; R</td>
<td>Components</td>
</tr>
<tr>
<td>Air Conditioning Systems &amp; Home Products</td>
<td>HVAC &amp; R Business (Residential)</td>
<td>Housing equipment &amp; home appliances business</td>
</tr>
<tr>
<td>Circular</td>
<td>Components</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>Overseas</td>
<td></td>
</tr>
</tbody>
</table>

*FY2024 Actual

Components Business

Building management systems System control by connecting energy saving equipment and sensors

Circular Businesses

- Facility management service
- One stop proposals (From consultation on introduction to support)
- Energy management
- Renewal

Whole building service

Europe, U.S.

- Air-conditioning and refrigeration circulating businesses and services

Smooth communication when faults occur

Remote monitoring / maintenance service “MELく～るLINK”

Energy management service

Mobility support service using robots

Japan/overseas ratio

Facility management service

Equipment sales, manufacturing, installation

Maintenance and repair, remote monitoring

Energy management

Renewal
3 A/C Systems & Home Products Business
Market environment

- Although our focus markets in Europe and the U.S. are recently stagnant due to rising cost of living and sluggish housing demand, the heat pump air conditioning market will continue to expand on a global basis.
- Demand for heat pumps is growing as a demand for heating thermal energy conversion due to the carbon neutrality requirements associated with global warming.
- Energy conservation and conversion to low-GWP refrigerants are progressing as a demand to reduce environmental impact.
- Structural changes in new equipment portfolios, such as the water system* instead of the direct expansion system*, are underway.

<table>
<thead>
<tr>
<th>Region</th>
<th>Market trends (by region)</th>
<th>Growth trend</th>
</tr>
</thead>
</table>
| Europe  | - Reduction of ATW incentives and postponement of fossil fuel regulations have temporarily slowed a shift in thermal energy conversion (from gas heating combustion system to electric heat pumps).
- The direction of medium- and long-term F-gas regulations will not change, and a shift to low GWP (natural) refrigerants and water air-conditioning systems that use less refrigerant is expected. |              |
| U.S.    | - Weak demand for new housing has led to a significant decline in demand for household products compared to initial expectations.
- The trend toward decarbonization, which is a state policy, will not change, and demand for highly efficient ductless products is expected to recover moderately from FY2026 onwards. |              |
| India   | - Population growth, economic growth and rising temperatures will continue to increase demand for air conditioning, and inverter rate is expected to expand. Demand for maintenance is increasing. |              |
| Japan   | - Growth in residential use was sluggish due to rising cost of living and other factors. Commercial use is also expected to stagnate due to labor shortages, such as Japan’s so-called “2024 problem.” |              |
| China   | - Declining economic growth and a slowdown in the real estate housing market slowed demand for air conditioning.                                                                                                          |              |
| SE Asia | - Market growth due to a rebound from COVID-19.                                                                                                                                                                            |              |

**Global demand**

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2024</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>¥12 tn</td>
<td>¥17 tn</td>
<td>¥20 tn</td>
</tr>
</tbody>
</table>

*P28 Detailed explanations provided in the appendix.
A/C Systems & Home Products Business : Mid-term Plan

Although the initial plan has been revised due to recent changes in the European and U.S. markets, we will continue our growth strategy centered on Europe, the U.S., and India, with an eye on recovery.

### Air Conditioning Systems & Home Products Business mid-term plan

#### Revenue

<table>
<thead>
<tr>
<th>Scale fluctuation</th>
<th>Price improvement</th>
<th>Exchange, etc.</th>
<th>U.S. scale</th>
<th>India scale, etc.</th>
<th>FY2024 actual</th>
<th>Europe</th>
<th>U.S.</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥1,361.1 bn</td>
<td>↓800</td>
<td>↑200</td>
<td>↓11%</td>
<td>¥1,426.7 bn</td>
<td>¥1,261.7 bn</td>
<td>¥1,7 tn</td>
<td>¥1,6 tn</td>
<td></td>
</tr>
</tbody>
</table>

Decrease in scale mainly due to the impact of lower demand in Europe and the U.S. But recovery by price improvement and exchange rate fluctuation, etc.

Increase in revenue by increasing the scale in Europe, the U.S. and India

#### Operating profit margin

<table>
<thead>
<tr>
<th>Scale fluctuation</th>
<th>Price improvement</th>
<th>Cost reduction, etc.</th>
<th>Exchange, etc.</th>
<th>U.S. scale</th>
<th>India scale, etc.</th>
<th>FY2024 actual</th>
<th>Europe</th>
<th>U.S.</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3%</td>
<td>6.2%</td>
<td>9%</td>
<td>11%</td>
<td></td>
<td></td>
<td>¥1,426.7 bn</td>
<td>¥1,7 tn</td>
<td>¥1,6 tn</td>
<td></td>
</tr>
</tbody>
</table>

### Issues arising from market trends

<table>
<thead>
<tr>
<th>Our response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Response to heat pump</strong></td>
</tr>
<tr>
<td>Further improvement of efficiency through power semiconductors, inverters, and refrigeration cycle technology</td>
</tr>
<tr>
<td><strong>Conversion to low-GWP refrigerants</strong></td>
</tr>
<tr>
<td>Compressor technology able to fully utilize the new refrigerant</td>
</tr>
<tr>
<td>U.S.: Ultra-low GWP refrigerant R454B</td>
</tr>
<tr>
<td>Europe: Natural refrigerant R290</td>
</tr>
<tr>
<td><strong>Structural changes in the new equipment portfolio</strong></td>
</tr>
<tr>
<td>Support direct expansion system* → water system* + hybrid system combining water system <em>+ATW</em> device support</td>
</tr>
<tr>
<td>Based on regional strategies,</td>
</tr>
<tr>
<td>• Our core technologies + alliance with other companies</td>
</tr>
<tr>
<td>• U.S.: Alliance with Trane Technologies</td>
</tr>
<tr>
<td>• Strengthen lineup through M&amp;A</td>
</tr>
<tr>
<td>• Europe: Acquisition of a hydronic air conditioning company</td>
</tr>
<tr>
<td><strong>Strengthening of business foundation</strong></td>
</tr>
<tr>
<td>• Accelerate local production/local consumption including supply chain management</td>
</tr>
<tr>
<td>• Insider shift in relation to protectionism</td>
</tr>
<tr>
<td>• Strengthen regional strategies (R&amp;D centers by region, etc.)</td>
</tr>
<tr>
<td><strong>Strengthen Circular Businesses</strong></td>
</tr>
<tr>
<td>Europe: Service business expansion through acquisition of maintenance companies</td>
</tr>
</tbody>
</table>

*P28 Detailed explanations provided in the appendix
A/C & Refrigeration Systems Business: Key Strategies and Strengthening of Business Foundation

Although the initial plan has been revised due to recent changes in the European and U.S. markets, we will continue our growth strategy centered on Europe, the U.S., and India, with an eye on recovery.

Key strategy 1
Introduce higher efficiency products and products that compliant with refrigerant regulations in response to carbon neutrality
- Strengthen heat pump development through power electronics, higher efficiency, and refrigerant cycle technologies
- Adapt to low GWP refrigerants in accordance with regulations in each region
- Respond to changes in equipment portfolios in accordance with the needs in each region
  (Development of facility portfolio for direct expansion/water systems, hybrids, ATW, etc.)

Key strategy 2
Continue to promote measures for strengthening of business foundation based on changes in growth markets
- Localization of R&D, local procurement of functional components, etc.
- Continue to promote regional strategies based on local production for local consumption in the European, U.S., and Indian markets

Key strategy 3
Strengthen connection with customers through Circular Businesses (installation/maintenance, operation control/renewal)
- Strengthen Circular Businesses that starts by connecting with customers through remote monitoring of device operation status and maintenance contracts, etc., and develop a global maintenance system (M&A, etc.)
A/C & Refrigeration Systems Business: Key Strategies and Strengthening of Business Foundation

Although the initial plan has been revised due to recent changes in the European and U.S. markets, we will continue our growth strategy centered on Europe, the U.S., and India, with an eye on recovery.

**Introduce higher efficiency products and products that compliant with refrigerant regulations**

**Strengthen development of natural / ultra-low GWP refrigerant**

Further refine our energy-saving and environmental-conscious technologies to contribute to a decarbonized society

- Europe: Natural refrigerant R290 adopted
  - ATW: FY2024 introduction completed/number of models increased
  - Room air conditioners: To be introduced in second half of FY2025
- U.S.: Ultra-low GWP refrigerant R454B adopted
  - Room air conditioners: To be introduced in second half of FY2025

**Alliance with U.S. company, Trane Technologies**

Further expand areas of collaboration

- Supplementing the Components Business - Supplement mutual development and supply of Trane's applied/unitary equipment and Mitsubishi Electric’s ductless systems (RAC/PAC*/VRF)
- Sales channel collaboration - Mutual utilization of strong sales channels of both companies in each region
- Development collaboration - Mutual utilization of compressor and inverter technologies, etc. and integration with unitary technology
- Manufacturing collaboration - Collaboration in manufacturing and procurement, etc.

**Strengthen applied business in Europe**

Strengthen water air-conditioning business (Compliance with environmental regulations/strengthen proposal ability for DC business, etc.)

- Implement M&A with an air-conditioning company, AIRCALO (completion April 2024) to secure wide lineup of hydronic HVAC systems and customization ability

---

*PAC: Packaged Air Conditioner*
A/C & Refrigeration Systems Business: Key Strategies and Strengthening of Business Foundation

Strengthen global development capability

Strengthen the foundations for self-sustained development and local R&D centers in each region to implement locally driven development that meets regional needs.

- Strengthen overseas R&D function
  - Europe: MEHITS*, strengthen R&D function for commercial chillers
  - U.S.: Expand domain from control system development to component development
  - Asia: Plan to establish an R&D center at a local manufacturing site in India
- Establish a development department for DX Innovation Center collaboration and business co-creation

Execute streamlining and optimization of development on a global scale

- Transfer the global development control function of Japan to Asia R&D, and focus on advanced development in Japan
- Leverage the strengths of development in other regions to divert and contribute to global development

Strengthening of business foundation

Develop maintenance systems by region

- U.S.: Plan to launch “KUMO Cloud” for residential use and “KENZA Cloud” for commercial use on the market, and expand services such as remote monitoring functions and support for commissioning and maintenance
- Japan: Use “MELく~るLINK” and other Mitsubishi Electric tools to establish a domestic service system for simple inspections in compliance with the Act on Rational Use and Proper Management of Fluorocarbons and remote monitoring of micro-combustible refrigerants
- Europe: M&A of Zilioli S.r.l. to strengthen maintenance business (completed in January 2024)

Capital expenditure for new installation/strengthen for air conditioner production

Establish global business foundation by strengthening local production for local consumption in Europe, the U.S., and India

- Utilize existing site as insider bases in North America
  - Consider the use of existing site in the U.S. and the establishment of site through government subsidies in order to accelerate establishment of in-country presence and achieve local production for local consumption
- Invest in site in India, which is a key growth market
  - Promote investment in RAC Business with an eye to low procurement costs and development of competitive models through local production for local consumption
- Invest in site for heat pump expansion in Europe
  - Continue to invest in residential ATW Business while keeping an eye on market trends

Promote strengthening of Circular Businesses

- Strengthen overseas R&D function
  - Europe: MEHITS*, strengthen R&D function for commercial chillers
  - U.S.: Expand domain from control system development to component development
  - Asia: Plan to establish an R&D center at a local manufacturing site in India
- Establish a development department for DX Innovation Center collaboration and business co-creation

Execute streamlining and optimization of development on a global scale

- Transfer the global development control function of Japan to Asia R&D, and focus on advanced development in Japan
- Leverage the strengths of development in other regions to divert and contribute to global development

*MEHITS: Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A
4 Building Systems Business
### Building Systems Business: Market Environment and Industry Position

While China’s demand for new elevators/escalators is declining, maintenance and renewal, which are growing steadily, are focus areas. By region, mid-range demand is expanding, including the Indian market. The mid-term strategy of the Building Systems Business is progressing almost as planned in each strategy.

#### Market environment

<table>
<thead>
<tr>
<th>Building</th>
<th>Market</th>
<th>Needs of building owners and users diversify, requiring improved value of buildings</th>
<th>Acceleration in initiatives for carbon neutrality</th>
<th>Many players entering the smart building market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elevators/escalators</td>
<td>Japan, Europe and the U.S.</td>
<td>Demand for new installation slows down, while that for maintenance/renewal is expanding</td>
<td>Non-manufacturing elevator service providers’ business is expanding</td>
<td>Business model is shifting to accommodating maintenance/renewal of multi-brands</td>
</tr>
<tr>
<td>China</td>
<td>Continued decline in demand for new elevators and escalators due to the real estate recession</td>
<td>Expansion of Chinese-made elevators and escalators outside of China by various companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>Increased demand for new elevators/escalators, especially for mid-range models, accompanied by population and economic growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia and other</td>
<td>Demand is recovering to the pre-pandemic level</td>
<td>Growth in demand for high-end models slows down, while that for mid-range ones is expanding</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Positioning

<table>
<thead>
<tr>
<th>Building systems mid-term plan</th>
<th>Track record and trust accumulated as an elevator service provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top-class maintenance stock in Japan</td>
<td>Positioned immediately behind global top-class companies (operating in 96 countries)</td>
</tr>
</tbody>
</table>

**Key player in the smart building market**

- First ZEB\(^3\) planner for an electronics manufacturer
- Building OS (Ville-feuille) initiatives
- Diverse equipment knowledge as a general electronics manufacturer

**Aim to become a global top-class player in the building market through organic growth and M&A growth to strengthen the recurring revenue business model**

---

\(^1\) Assumed values by Mitsubishi Electric. For Smart Buildings, it includes facility monitoring and control function and data linkage function in building management on a global scale.

\(^2\) Excluding proceeds from sale of property, plant and equipment

\(^3\) ZEB: Net Zero Energy Building
Promote key strategies and respond flexibly to changes in the business environment while steadily achieving mid-term targets.

**Building Systems Business: Key Initiatives and Strengthening of Business Foundation**

### Revenue

<table>
<thead>
<tr>
<th>Effects of key strategies</th>
<th>Key strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>$586.0bn FY2023 actual</td>
<td>Expand recurring revenue business model centered on elevators and escalators on a global basis</td>
</tr>
<tr>
<td>+ $25.5bn FY2024 actual</td>
<td>+ Elevator/escalator stock: 1 million units to 1.3 million units</td>
</tr>
<tr>
<td>+ $0.7tn FY2026 forecast</td>
<td></td>
</tr>
</tbody>
</table>

**Operating profit margin**

<table>
<thead>
<tr>
<th>FY2023 actual</th>
<th>Improvement price/ cost of new installation</th>
<th>Improvement price/ cost of maintenance/ renewal</th>
<th>Exchange rate fluctuation</th>
<th>FY2024 actual</th>
<th>Expansion of new installations</th>
<th>Expansion of maintenance/ renewal</th>
<th>Expansion of solutions</th>
<th>FY2026 forecast</th>
<th>Operating profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1%</td>
<td></td>
<td></td>
<td></td>
<td>6.0%</td>
<td>Expansion of new installations</td>
<td>Expansion of maintenance/ renewal</td>
<td>Expansion of solutions</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

*Including proceeds from sale of property, plant and equipment

**Key strategies**

1. **Key strategy 1**
   - Strengthening the portfolio of elevators to enhance the medium-high- and mid-range model market

2. **Key strategy 2**
   - Increase the number of units for maintenance/renewal
     - Scale-up of new installation of elevators/escalators (linked to Key strategy 1)
     - Improve maintenance service contract rate
     - Expand maintenance/renewal of multi-brands

3. **Key strategy 3**
   - Demonstrate synergy through collaboration within the company (A/C & Refrigeration Systems Business, each BA), outside the company, etc.

4. **Key strategy 4**
   - Shift resources and improve asset efficiency to build an optimum one-stop business structure, spanning development to production, sales, maintenance and renewal
Building Systems Business: Key Initiatives and Strengthening of Business Foundation

Increase the number of new installation/maintenance elevators and escalators and create solutions, in order to promote business strategy and strengthen our platform steadily in a well-balanced way.

**Sales, manufacturing and development strategies**

**Strengthen the product portfolio of elevators to enhance the medium-high- and mid-range model market**
- Reinforce both global models and regional strategic models

**Maintenance/renewal expansion**
- Improve maintenance service contracts by cooperation with Hanshin Yusoki Co., Ltd.
- Strengthen service through remote monitoring systems, etc.
- Leverage Motum’s expertise to expand multi-brand maintenance and renewal globally

**Accelerate the shift to self-sustaining global production and development bases**
- Optimize global supply chain management to develop strategic models
- Strengthen development by establishing a global R&D system
  - Establishment of a global manufacturing and development system centered on Japan, Thailand, and China
  - Reinforcement of the system to manufacture regional strategic models within the region (South Korea, Taiwan, Indonesia, India, the Netherlands, Mexico, Columbia, etc.)

**Solution creation and social contribution through collaboration**
- Strengthening of the energy management service
- Provision of new value through co-creation with external parties
- Providing BUILDAYS®, a smartphone platform app for office buildings

*SMCC: Shanghai Mitsubishi Elevator Co., Ltd.*
Building Systems Business: Key Initiatives and Strengthening of Business Foundation

Increase the number of new installation/maintenance elevators and escalators and create solutions, in order to promote business strategy and strengthen our platform steadily in a well-balanced way

Foundation enhancement (including M&As)

Business integration (April 2022) to enhance our foundations through a one-stop business structure from new installation to maintenance and renewal

- Increase capability to offer one-stop service to customers and improve service quality
- Accelerate investment in information technology (strengthen data utilization infrastructure)
- Acceleration of capital reorganization within the Group
  - Domestic subsidiary reorganization: December 2023, etc.
  - Capital reorganization of overseas affiliates (excluding China)
- Further streamlining operations in response to labor shortages
  - Development of a new elevator construction method that shortens construction period and saves resources
  - Introduction of moving offices to improve efficiency of renewal work in remote areas

Further business expansion through M&As and collaboration

- M&A of companies engaging in elevator/escalator business focused on Europe and the U.S.
- Build an alliance system with domestic independent maintenance operators

- Hanshin Yusoki (Japan)
  - From 2020
- Motum (Sweden)
  - From 2022

Continued investment in strategic regions (Japan, Europe and the U.S.)
Life Business Area: Ideal Form
Life Business Area: Ideal Form

Aiming to be a solution provider that creates comfortable, safe and secure environments in all living spaces
As social issues and market environments change and new values emerge, it is imperative to provide Circular Businesses that stay connected to our customers in order to continuously improve customer value

<table>
<thead>
<tr>
<th>Five key social challenges</th>
<th>Global environmental changes</th>
<th>Continue connecting with customers</th>
<th>Innovative customer value creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon neutrality</td>
<td>Increasing demand for heat pump equipment and electrified high-efficiency equipment by switching heat sources from fossil fuels -&gt; from energy conservation in individual facilities to energy conservation through utilization and operational management of renewable energy</td>
<td>O&amp;M business* expansion Maintenance &amp; repair Operation management Renewal</td>
<td>Green energy solution</td>
</tr>
<tr>
<td>Safety/Security</td>
<td>Maintaining lifelines and upgrading security, including disaster response</td>
<td>Safe, secure, and comfortable solution</td>
<td>Demand response, energy-saving/reusable energy utilization</td>
</tr>
<tr>
<td>Circular economy</td>
<td>Wellness needs for creating a personalized DE&amp;I-friendly environment that is friendly to everyone and for maintaining a healthy lifestyle</td>
<td>Abundant operational data</td>
<td>Lifeline maintenance, personal space optimization</td>
</tr>
<tr>
<td>Inclusion</td>
<td>Needs for improved efficiency through automation such as operation management and robots using digital technology in response to the serious decline in the productive population</td>
<td>Data management Data science</td>
<td>Building management solution</td>
</tr>
<tr>
<td>Well-being</td>
<td></td>
<td></td>
<td>Lower lifecycle costs, remote monitoring/control</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>*Operation and maintenance business</td>
</tr>
</tbody>
</table>

©Mitsubishi Electric Corporation
Expansion of Circular Businesses That Stay Connected with Customers
Expansion of Circular Businesses That Stay Connected with Customers

Global development of Circular Businesses such as maintenance and operation management services that keep customers connected to us.

Strengthen the mutual collaboration between the A/C & Refrigeration Systems Business and the Building Systems Business within Circular Businesses to create unique and innovative value.

- Propose highly efficient equipment and systems that meet customer needs.
- Support for subsidy applications.
- Acquisition of data accumulated at each facility in our broad lineup.
Circular Digital-Engineering Business:
Serendie-related Business
Circular Digital-Engineering: Serendie*-related Business

Creating new services to solve social issues by analyzing diverse operational data obtained from businesses connected to customers.

Circular Digital-Engineering with interactive communication

- Component intake information
  - E.g.: Building management/operation data
    - Power usage information
    - Temperature information
    - Equipment operation information
    - Equipment breakdown information
    - Human flow data
    - Air conditioning and cooling data
    - Sensing information

- Data management
  - Data science
    - Energy management analysis by analyzing power usage and temperature information
    - Analysis of equipment breakdown statistical data
    - Analysis of human flow data
    - Analysis of optimal robot allocation

Value creation

Data

Customer

Integrated Solutions Systems Components

Foundation enhancement

Serendie-related business (Creation of new services for clients)

- Green energy solutions
- Safe, secure, and comfortable solutions
- Demand response and renewable energy utilization
- Comfortable space provision services that combine energy conservation with wellness and comfort
- Providing safety and security through remote monitoring and predictive maintenance
- Smooth indoor mobility service by robot to solve labor shortage

*pending Trademark
Circular Digital-Engineering: Serendie-related Business

7. Circular Digital-Engineering: Serendie-related Business

First in Japan*! Eco-Cute becomes a storage battery “Solei-Yu” – a ZEH model that reduces 38% of annual utility costs

Utilizing Mitsubishi Eco-Cute “group control system” for efficient water heating distribution

- Large-capacity solar power generation system shared by the entire condominium
- Mitsubishi Electric’s “group control system” allows water to be heated during the daytime and 100% of solar power generation to be consumed in-house without waste, further reducing electricity costs by lowering peaks

Elevator remote maintenance service that leverages AI and other advanced technologies to the fullest

- Preventive maintenance with AI remote inspection system
- Responding to the suspension of operations due to earthquakes and flood damage due to heavy rain

*As an energy management system for large low-rise condominiums

Office improvement service Providing a space environment that supports office presence search and promotion of well-being

Indoor environment monitoring system “MELRemo-IPS”

From employees’ personal work computers...

- Connections with people are visible
  - Confirm the people present on a floor
- Temperature of a space is visible and adjustable
  - Visualize the temperature status of an entire area
  - Control air conditioning units at the palm of your hand

Food and beverages delivery service utilizing autonomous robots

- Autonomous delivery robots transport food and beverages from nearby shops directly to the people of tenant in a building (under development)

Efficient water heating is achieved by decentralized control of water heaters in each unit, taking into account the operating hours of solar power generation, weather conditions, and other factors. Eco-Cute’s power consumption concept

Food and beverages delivery service utilizing autonomous robots

- Building facility control
- Autonomous delivery robots
- Human location data
- Map inside the building
- Ville-feuille

 Webb API Integration System

Robot mobility support utilizing the smart city/building IoT Platform

- Autonomous delivery robots transport food and beverages from nearby shops directly to the people of tenant in a building (under development)
Portfolio Strategy
Continue to concentrate resources into the core HVAC&R and Building Systems Business areas. Less profitable businesses falling below a certain threshold shall be terminated upon judging feasibility, to conduct resource shifting.

**Portfolio Strategy**

**Portfolio**

- **HVAC&R**
  - Heating, Ventilation, Air Conditioning & Refrigeration

- **Building Systems**
  - Elevator, escalator and building management systems

**Key initiatives**

- **Collaborations for the creation of Circular Businesses**
  - Expansion of maintenance and renewal mainly in Europe and the U.S. through M&A
  - Promotion of collaboration and M&A to expand business areas such as data management and application development

- **Implementation of effective reorganization and integration**
  - Optimization of affiliate functions to establish an efficient service and construction system
  - Integration at the division and plant level

**Profitability/asset efficiency**

- Low
  - Housing equipment & home appliances *except HVAC&R

- High
  - Higher efficiency and enhanced competitiveness

- Judgements on business
  - Terminate LCD TV business (FY2024)

- Bubble Size = Revenue

* Bubble Size = Revenue

© Mitsubishi Electric Corporation

26
Appendix
# Appendix: Air Conditioning Business: Equipment, Regional Characteristics

## Differences in air conditioning systems

<table>
<thead>
<tr>
<th>Residential</th>
<th>Commercial</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Direct expansion system</strong></td>
<td><strong>1. Direct expansion system</strong></td>
</tr>
<tr>
<td>Room air conditioning (ductless)</td>
<td>Variable Refrigerant Flow (VRF)</td>
</tr>
<tr>
<td>Refrigerant pipe</td>
<td>Outdoor unit</td>
</tr>
<tr>
<td>Indoor unit</td>
<td>Indoor unit</td>
</tr>
<tr>
<td><strong>2. Water system</strong></td>
<td><strong>2. Water system</strong></td>
</tr>
<tr>
<td>Air to Water (ATW)</td>
<td>Hybrid Variable Refrigerant Flow (HVRF)</td>
</tr>
<tr>
<td>Refrigerant pipe</td>
<td>Refrigerant pipe</td>
</tr>
<tr>
<td>Tank</td>
<td>Outdoor unit</td>
</tr>
<tr>
<td><strong>3. Duct system</strong></td>
<td><strong>3. Duct system</strong></td>
</tr>
<tr>
<td>Unitary air conditioner</td>
<td>Applied</td>
</tr>
<tr>
<td>Duct</td>
<td>Chiller</td>
</tr>
<tr>
<td>Refrigerant pipe</td>
<td>Refrigerant pipe</td>
</tr>
</tbody>
</table>

## Characteristics by region

<table>
<thead>
<tr>
<th>Area</th>
<th>1. Direct expansion system</th>
<th>2. Water system</th>
<th>3. Duct system, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>Approx. 60%</td>
<td>Approx. 20%</td>
<td>Approx. 20%</td>
</tr>
<tr>
<td>Japan</td>
<td>Approx. 90%</td>
<td>Approx. 10%</td>
<td>A few %</td>
</tr>
<tr>
<td>Europe</td>
<td>Approx. 50%</td>
<td>Approx. 50%</td>
<td>A few %</td>
</tr>
<tr>
<td>U.S.</td>
<td>Approx. 10%</td>
<td>Approx. 20%</td>
<td>Approx. 70% Unitary, rooftop</td>
</tr>
<tr>
<td>China</td>
<td>Approx. 90%</td>
<td>Approx. 10%</td>
<td>A few %</td>
</tr>
<tr>
<td>Asia</td>
<td>Approx. 80%</td>
<td>Approx. 10%</td>
<td>A few %</td>
</tr>
</tbody>
</table>

1. Direct expansion system: Refrigerant is transported directly to the target space by piping and heat-exchanged with air
2. Water system: Water that has been cooled and heated by heat exchange with a refrigerant is transferred to the target space, where it is again heat-exchanged with air
3. Duct system: Heating and cooling is performed by transporting air that has undergone heat-exchange with a refrigerant to the target space via ducts
## Appendix: Air Conditioning Business: FY2024 Sales result by region and major application

### FY2024 Sales by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Units</th>
<th>Y o Y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Monetary</td>
<td>100% (100%)</td>
</tr>
<tr>
<td>U.S.</td>
<td>Monetary</td>
<td>91% (85%)</td>
</tr>
<tr>
<td>Europe</td>
<td>Monetary</td>
<td>114% (103%)</td>
</tr>
<tr>
<td>China</td>
<td>Monetary</td>
<td>107% (102%)</td>
</tr>
<tr>
<td>Asia and others</td>
<td>Monetary</td>
<td>113% (107%)</td>
</tr>
</tbody>
</table>

(): Excluding exchange rate effects

### FY2024 Sales by region and major application

<table>
<thead>
<tr>
<th>Region</th>
<th>Type of model</th>
<th>Units</th>
<th>Y o Y (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Residential</td>
<td>Number</td>
<td>97%</td>
</tr>
<tr>
<td></td>
<td>Commercial</td>
<td>Number</td>
<td>106%</td>
</tr>
<tr>
<td>U.S.</td>
<td>Residential (Residential)</td>
<td>Number</td>
<td>76%</td>
</tr>
<tr>
<td></td>
<td>Commercial</td>
<td>Number</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ATW</td>
<td>Number</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Applied</td>
<td>Local currency</td>
<td>122%</td>
</tr>
</tbody>
</table>

Excluding exchange rate effects
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.