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FOR IMMEDIATE RELEASE

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Mitsubishi Electric to Integrate Building Systems Business into Subsidiary via Company Split

TOKYO, October 18, 2021 – [Mitsubishi Electric Corporation](#) (TOKYO: 6503) announced today that it will transfer its building systems business and assets, including the manufacture and sales of elevators and escalators, to its wholly-owned subsidiary Mitsubishi Electric Building Techno-Service Co., Ltd. (MELTEC). The transfer will be achieved by means of an absorption-type company split (“Company Split”); certain information is accordingly being omitted from this announcement.

1. Purpose of Company Split

In its medium-term management plan for fiscal 2026, Mitsubishi Electric identified the building systems business as one of its key growth areas, and the company is accordingly working to expand the scale of this business and improve its profitability by investing management resources more intensively to drive growth.

In order to further strengthen its global competitiveness and improve efficiency, Mitsubishi Electric has decided to consolidate its management structure by transferring its building systems business, which is mainly responsible for new installations of elevators and escalators, to a wholly-owned subsidiary primarily responsible for the maintenance and renewal of elevators and escalators.

Through this business integration, Mitsubishi Electric and MELTEC will achieve an integrated business operation covering all aspects of the elevator and escalator business, from new installations to maintenance and replacement. At the same time, the two companies aim to help address various social issues, such as the realization of a decarbonized society, by providing new one-stop solutions that leverage the core building facilities, field knowledge, and maintenance and operation management data and know-how accumulated by the two companies.

2. Outline of Company Split

(1) Company Split Schedule

Decision on Absorption-type Company Split by Executive Officers (Note)	October 18, 2021
Execution of Company Split Agreement	To be determined
Scheduled Company Split Date (Effective Date)	April 1, 2022 (Scheduled)

(Note) The Company Split is a simplified absorption-type company split, pursuant to Article 784, Paragraph 2 of the Companies Act of Japan, and Mitsubishi Electric therefore does not require approval of this at a shareholders' meeting. Accordingly, the Company Split will be implemented on the decision of the President and CEO, with due consideration of deliberations at the Executive Officers' Meeting.

(2) Company Split Method

This is an absorption-type company split in which Mitsubishi Electric is the transferring company and MELTEC the succeeding company. In conjunction with the Company Split, the name of MELTEC will be changed.

(3) Share Allotment Details related to the Company Split

No consideration will be made with regard to the Company Split.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Company Split

There are no applicable issues in the Company Split.

(5) Capitalization Changes Accompanying the Company Split

The Company Split will result in no change in the capitalization of Mitsubishi Electric.

(6) Rights and Obligations to be Assumed by the Company Split

In accordance with the provisions of the absorption-type company split agreement, MELTEC will acquire the assets, liabilities, contractual status and other rights and obligations associated with the building systems business of Mitsubishi Electric.

(7) Prospect of Fulfillment of Obligations

It has been determined that there is no prospect of MELTEC being unable to fulfil their obligations after the Company Split.

3. Profile of the Parties of the Company Split

	Transferring Company	Succeeding Company
(1) Name	Mitsubishi Electric Corporation	Mitsubishi Electric Building Techno-Service Co., Ltd.
(2) Head Office	7-3, Marunouchi 2-Chome, Chiyoda-ku, Tokyo	7-1, Yurakucho 1-Chome, Chiyoda-ku, Tokyo
(3) Representative	Kei Uruma Representative Executive Officer, President & CEO	Yoshikatsu Hayashi President and Representative Director
(4) Summary of Business	Development, manufacture, sales, and service of products such as energy and electric systems, industrial automation systems, information and communication systems, electronic devices, and home appliances	Sales, installation, maintenance, and repair of elevators and escalators, refrigeration and air conditioners, and other building facilities, and comprehensive management, operation, and consulting of buildings
(5) Paid-in Capital	175,820 million yen (As of March 31, 2021)	5,000 million yen (As of March 31, 2021)
(6) Established	January 15, 1921	March 29, 1954
(7) Shares Issued	2,147,201,551 shares (As of March 31, 2021)	10,000,001 shares (As of March 31, 2021)
(8) Book Closing Date	March 31	March 31
(9) Major Shareholders and Shareholding Ratio	<ul style="list-style-type: none"> - The Master Trust Bank of Japan, Ltd. (Trust Account) 9.43% - SSBTC CLIENT OMNIBUS ACCOUNT 4.85% - Custody Bank of Japan, Ltd. (Trust account) 4.70% - Meiji Yasuda Life Insurance Company 3.81% - Nippon Life Insurance Company 2.87% - Custody Bank of Japan, Ltd. (Trust Account 7) 2.05% - Mitsubishi Electric Group Employees Shareholding Union 2.05% - Custody Bank of Japan, Ltd. (Trust Account 4) 1.71% - JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division) 1.54% - Custody Bank of Japan, Ltd. (Trust Account 5) 1.43% (As of March 31, 2021)	Mitsubishi Electric Corporation 100% (As of March 31, 2021)

(10) Operating Results for the Most Recent Business Year and Financial Positions as of the End of the Business Year (FY ended March 2021 – Millions of yen, unless otherwise specified)			
Transferring Company (Consolidated•IFRS)		Succeeding Company (Non-consolidated•JGAAP)	
Total Equity	2,870,611	Net Assets	173,665
Total Assets	4,797,921	Total Assets	328,535
Equity Attributable to Mitsubishi Electric Corporation Stockholders per Share (yen)	1,283.88	Net Assets per Share (yen)	17,366.48
Revenue	4,191,433	Net Sales	319,514
Operating Profit	230,195	Operating Profit	10,588
Profit before Income Taxes	258,754	Ordinary Profit	15,845
Net Profit Attributable to Mitsubishi Electric Corp. Stockholders	193,132	Net Income	11,606
Basic Earnings per Share Attribute to Mitsubishi Electric Corp. Stockholders (yen)	90.03	Net Income per Share (yen)	1,160.65

4. Outline of the Business Unit to be Split

(1) Outline of the Business

Business related to elevators, escalators and building systems

(2) Operating Results of the Business Unit to be Split (FY ended March 2021 – Millions of yen)

	Building Systems	Company (Non-consolidated)	Percentage
Net Sales	134,754	2,459,282	5.5%

(3) Assets and Liabilities to be Split (Millions of yen)

Assets		Liabilities	
Total Assets	54,847	Total Liabilities	54,847

(Note) Assets and liabilities to be split are based on the balance sheet as of March 31, 2021. The amount of assets and liabilities to be actually split will be determined after adjusting the above amount for changes up to the effective date of the Company Split.

5. Status of Succeeding Company After Company Split

(1) Name	To be determined
(2) Head Office	To be determined
(3) Representative	To be determined
(4) Summary of Business	- Development, manufacture, sales, installation, maintenance, repair, etc., of elevator and escalators and building management systems - Sales, installation, maintenance, and repair of refrigeration and air conditioners - Comprehensive building management, including monitoring and control of various building facilities, facility management, operation, and consulting
(5) Paid-in Capital	5,000 million yen
(6) Book Closing Date	March 31

(Note) MELTEC will change its name following the Company Split.

6. Status of the Company after the Company Split

There will be no change in the trade name, location of the head office, name or title of the representative, line of business, paid-in capital or accounting term due to the Company Split.

7. Future Outlook

The Company Split is expected to have only no material impact on the consolidated business results of the Company as it is a transaction between the Company and a wholly-owned subsidiary.

(Reference)

Consolidated Business Forecasts for the Year ending March 31, 2022 (announced July 29, 2021) and Consolidated Operating Results for the Previous Fiscal Year (Millions of yen)

	Revenue	Operating Profit	Profit before Income Taxes	Net Profit Attributable to Mitsubishi Electric Corp. Stockholders
Consolidated Business Forecasts for Fiscal 2022 (Year ending March 31, 2022)	4,490,000	260,000	285,000	210,000
Consolidated Operating Results for Fiscal 2021 (Year ended March 31, 2021)	4,191,433	230,195	258,754	193,132

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About Mitsubishi Electric Corporation

With 100 years of experience in providing reliable, high-quality products, Mitsubishi Electric Corporation (TOKYO: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. Mitsubishi Electric enriches society with technology in the spirit of its "Changes for the Better." The company recorded a revenue of 4,191.4 billion yen (U.S.\$ 37.8 billion*) in the fiscal year ended March 31, 2021. For more information, please visit www.MitsubishiElectric.com

*U.S. dollar amounts are translated from yen at the rate of ¥111=U.S.\$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2021