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Investor Relations Inquiries

Media Inquiries

Investor Relations Group, Corporate Finance Division
Mitsubishi Electric Corporation

Public Relations Division
Mitsubishi Electric Corporation

Cad.Irg@rk.MitsubishiElectric.co.jp

prd.gnews@nk.MitsubishiElectric.co.jp
www.MitsubishiElectric.com/news/

Mitsubishi Electric Announces Consolidated Financial Results for the First Quarter of Fiscal 2022

TOKYO, July 29, 2021 – [Mitsubishi Electric Corporation](https://www.mitsubishielectric.com) (TOKYO: 6503) announced today its consolidated financial results for the first quarter, ended June 30, 2021, of the current fiscal year ending March 31, 2022 (fiscal 2022).

Consolidated Financial Results

| | | | |
|--|---------|-------------|--|
| Revenue: | 1,066.4 | billion yen | (24% increase from the same period last year) |
| Operating profit: | 82.7 | billion yen | (310% increase from the same period last year) |
| Profit before income taxes: | 89.5 | billion yen | (230% increase from the same period last year) |
| Net profit attributable to Mitsubishi Electric Corp. stockholders: | 61.8 | billion yen | (246% increase from the same period last year) |

The economy in the first quarter, from April through June 2021, of fiscal 2022 generally continued to see recovery in the corporate sector in Japan, the U.S. and Europe, while the paces of recovery in the household sector varied depending on the situation of the expansion of the novel coronavirus diseases (COVID-19). China also continued to see recovery primarily in export and manufacturing since the first half of the previous fiscal year.

As a result, the financial results for the first quarter improved significantly from the same period of the previous fiscal year that experienced a serious impact of COVID-19.

Revenue

Revenue in the first quarter increased by 208.2 billion yen from the same period of the previous fiscal year to 1,066.4 billion yen due primarily to increased revenue in Industrial Automation Systems, Home Appliances and Electronic Devices segments. Industrial Automation Systems segment saw an increase in the factory automation systems business due mainly to an increase in demand relating to semiconductor, electronic components, smartphones and lithium-ion battery worldwide. The automotive equipment business also increased as demand for new cars recovered in all regions except for China, where demand had been recovering in the first quarter of the previous fiscal year. Home Appliances segment increased due mainly to an increase in air conditioners particularly in Europe and North America. Electronic Devices segment increased due primarily to recovery in demand for power modules.

Operating Profit

Operating profit increased by 62.5 billion yen from the same period of the previous fiscal year to 82.7 billion yen due mainly to increased operating profit in Industrial Automation Systems and Home Appliances segments. Operating profit ratio improved by 5.4% from the same period of the previous fiscal year to 7.8%.

The cost ratio improved by 2.1% from the same period of the previous fiscal year due primarily to higher operating ratio caused by increased revenue of Industrial Automation Systems and Home Appliances segments in addition to the yen depreciating against other currencies. Selling, general and administrative expenses increased by 18.5 billion yen from the same period of the previous fiscal year, but selling, general and administrative expenses to revenue ratio improved by 3.2%. Other profit (loss) increased by 0.7 billion yen from the same period of the previous fiscal year, while other profit (loss) to revenue ratio improved by 0.1%.

Profit before income taxes

Profit before income taxes increased by 62.4 billion yen from the same period of the previous fiscal year to 89.5 billion yen due primarily to an increase in operating profit. Profit before income taxes to revenue ratio was 8.4%.

Net profit attributable to Mitsubishi Electric Corporation stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 43.9 billion yen from the same period of the previous fiscal year to 61.8 billion yen due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 5.8%.

Impact of Improper Testing at Nagasaki Works

Mitsubishi Electric Corporation announced that an internal investigation conducted by the company revealed that inspections of certain HVAC (Heating, Ventilation and Air Conditioning systems) for railcars manufactured at its Nagasaki Works were different from the inspections represented in specification documents provided by customers, or that it had not actually conducted inspections or had used improper statements in its inspection reports. Through further investigation, the company also discovered that for certain air compressor units for railcars it had previously shipped, inspections differing from those represented in specification documents had been conducted or that inspections had not actually been conducted.

The company halted shipments of these products as soon as the issues were discovered and currently is only shipping products for which it has confirmed that the inspections were completed properly. It is currently notifying railway operators and other customers of the situation and discussing how to respond. The company has confirmed that there are no issues with the safety, functionality or performance of the products already shipped. The company is not aware of any accident or other incident attributable to this matter.

Taking this new discovery of improper inspections very seriously, the company has established an emergency response division led by the company president to investigate the facts surrounding the improper conduct, elucidate the causes and formulate measures for preventing any recurrence, as well as implement reforms in the company's quality culture. In addition, the company has set up an investigative committee chaired by an external lawyer, aiming to incorporate external perspectives into the process of clarifying the current situation. The committee will conduct a company-wide investigation of the facts surrounding the improper conduct and elucidate the causes, based on which it will formulate recommendations for preventing any recurrence. The emergency response division will receive reports and recommendations from the investigative committee, based on which it will establish and implement reforms in the company's quality culture.

Depending on the progress of future discussions with customers and investigations, the Group may incur losses, including compensation costs to customers, increased costs to strengthen the quality control system, the impact on sales activities, and the need to take additional measures against the discovery of any other quality improper inspection. The Group's business performance may be affected by such factors.

At present, the company cannot foresee the impact and has not incorporated it into its consolidated earnings forecast for the current fiscal year. If any potential impact comes to light, it will be disclosed promptly.

Consolidated Financial Results by Business Segment

Energy and Electric Systems

| | | |
|-------------------|-------------------|---|
| Revenue: | 263.6 billion yen | (1% decrease from the same period last year which recorded 265.7 billion yen) |
| Operating profit: | 11.8 billion yen | (6.7 billion yen decrease from the same period last year which recorded 18.6 billion yen) |

The market of the social infrastructure systems business saw a decrease in demand relating to power generation in Japan and the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19. In this environment, the business saw a decrease in orders from the same period of the previous fiscal year due primarily to a decrease in the power systems business in Japan. Revenue also decreased due mainly to a decrease in the transportation systems business in Japan.

The market of the building systems business saw recovery from stagnation caused by the impact of COVID-19 primarily in China, while recovery is delayed in a part of regions including India. In this environment, the business saw increases in both orders and revenue from the same period of the previous fiscal year due primarily to an increase in China.

As a result, revenue for this segment decreased by 1% from the same period of the previous fiscal year to 263.6 billion yen.

Operating profit decreased by 6.7 billion yen from the same period of the previous fiscal year to 11.8 billion yen due mainly to decreased revenue and a shift in project portfolios.

Industrial Automation Systems

| | | | |
|-------------------|-------|-------------|--|
| Revenue: | 356.5 | billion yen | (51% increase from the same period last year which recorded 236.2 billion yen) |
| Operating profit: | 35.0 | billion yen | (38.4 billion yen improvement from the same period last year which recorded a loss of 3.4 billion yen) |

The market of the factory automation systems business saw an increase in demand relating to semiconductor, electronic components, smartphones and lithium-ion battery worldwide. In this environment, the business saw increases in both orders and revenue from the same period of the previous fiscal year.

The market of the automotive equipment business saw recovery in demand for new cars in all regions except for China, where demand had been recovering in the first quarter of the previous fiscal year. In this environment, the business saw increases in both orders and revenue from the same period of the previous fiscal year due mainly to increases in electrical components and electric vehicle-related equipment such as motors and inverters.

As a result, revenue for this segment increased by 51% from the same period of the previous fiscal year to 356.5 billion yen.

Operating profit improved by 38.4 billion yen from the same period of the previous fiscal year to 35.0 billion yen due mainly to increased revenue and the yen depreciating against other currencies.

Information and Communication Systems

| | | | |
|-------------------|------|-------------|---|
| Revenue: | 64.1 | billion yen | (1% increase from the same period last year which recorded 63.2 billion yen) |
| Operating profit: | 0.0 | billion yen | (0.5 billion yen improvement from the same period last year which recorded a loss of 0.5 billion yen) |

The market of the information systems and service business saw a decrease in large-scale projects for the system integrations and the IT infrastructure service businesses, while delayed system development projects, particularly in the manufacturing industry, restarted. In this environment, the business saw decreases in both orders and revenue from the same period of the previous fiscal year.

The electronic systems business saw a decrease in orders from the same period of the previous fiscal year due primarily to a decrease in large-scale projects for the space systems business, while revenue increased from the same period of the previous fiscal year due to an increase in the defense systems business.

As a result, revenue for this segment increased by 1% from the same period of the previous fiscal year to 64.1 billion yen.

Operating profit improved by 0.5 billion yen from the same period of the previous fiscal year to 0.0 billion yen due mainly to increased revenue and a shift in project portfolios.

Electronic Devices

| | | | |
|-------------------|------|-------------|--|
| Revenue: | 60.3 | billion yen | (21% increase from the same period last year which recorded 49.7 billion yen) |
| Operating profit: | 3.2 | billion yen | (0.1 billion yen increase from the same period last year which recorded 3.0 billion yen) |

The market of the electronic devices business saw recovery in demand for power modules used in automotive and consumer applications. In this environment, the business saw an increase in orders from the previous fiscal year and revenue increased by 21% from the same period of the previous fiscal year to 60.3 billion yen due primarily to an increase in power modules used in automotive and consumer applications.

Operating profit increased by 0.1 billion yen from the same period of the previous fiscal year to 3.2 billion yen due mainly to increased revenue and a shift in product mix.

Home Appliances

| | | | |
|-------------------|-------|-------------|--|
| Revenue: | 315.3 | billion yen | (33% increase from the same period last year which recorded 237.3 billion yen) |
| Operating profit: | 39.3 | billion yen | (25.7 billion yen increase from the same period last year which recorded 13.5 billion yen) |

The market of the home appliances business saw an increase in demand for residential air conditioners primarily in Europe and North America as working from home becomes common. Demand for industrial air conditioners also recovered gradually as capital expenditures started to recover from the impact of COVID-19. In this environment, the business saw an increase in revenue by 33% from the same period of the previous fiscal year to

315.3 billion yen due primarily to an increase in air conditioners primarily in Europe and North America.

Operating profit increased by 25.7 billion yen from the same period of the previous fiscal year to 39.3 billion yen due mainly to increased revenue and the yen depreciating against other currencies.

Others

| | | |
|-------------------|-------------------|---|
| Revenue: | 153.4 billion yen | (22% increase from the same period last year which recorded 125.4 billion yen) |
| Operating profit: | 3.3 billion yen | (4.7 billion yen improvement from the same period last year which recorded a loss of 1.3 billion yen) |

Revenue increased by 22% from the same period of the previous fiscal year to 153.4 billion yen due primarily to increases in materials procurement and logistics.

Operating profit improved by 4.7 billion yen from the same period of the previous fiscal year to 3.3 billion yen due mainly to increased revenue.

Financial Standing

An analysis on the status of assets, liabilities and equity on a consolidated basis

Total assets as of the end of this fiscal quarter decreased from the end of the previous fiscal year by 101.1 billion yen to 4,696.7 billion yen. The change in balance of total assets was mainly attributable to decreases in trade receivables by 165.5 billion yen, while inventories increased by 68.6 billion yen.

Trade receivables decreased due mainly to credit collection for projects from the previous fiscal year. Inventories increased due primarily to recovery in demand for Industrial Automation Systems and Home Appliances segments.

Total liabilities decreased from the end of the previous fiscal year by 108.2 billion yen to 1,819.0 billion yen due primarily to decreases in trade payables by 19.8 billion yen and other current liabilities by 70.7 billion yen. Bonds and borrowings decreased by 20.6 billion yen from the end of the previous fiscal year to 228.1 billion yen, with the ratio of bonds and borrowings to total assets recording 4.9%, representing a 0.3 point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 5.1 billion yen compared to the end of the previous fiscal year to 2,759.4 billion yen. The stockholders' equity ratio was recorded at 58.8%, representing a 1.4 point increase compared to the end of the previous fiscal year. These changes referred to above primarily result from an increase from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 61.8 billion yen, despite a decrease due to dividend payment of 55.8 billion yen.

An analysis on the status of cash flow on a consolidated basis

Cash flows from operating activities for this quarter was 121.7 billion yen (cash in), while cash flows from investing activities was 31.8 billion yen (cash out). As a result, free cash flow was 89.8 billion yen (cash in). Cash flows from financing activities was 93.5 billion yen (cash out), and cash and cash equivalents at end of period decreased from the end of the previous fiscal year by 1.5 billion yen to 765.8 billion yen.

Net cash provided by operating activities decreased by 11.8 billion yen from the same period of the previous fiscal year due primarily to the impact of credit collection despite increased profit.

Net cash used in investing activities decreased by 23.3 billion yen from the same period of the previous fiscal year due mainly to a decrease in purchase of property, plant and equipment in this quarter as a result of restricted capital expenditures in the previous fiscal year.

Net cash used in financing activities was 93.5 billion yen (cash out), while net cash provided by financing activities was 112.3 billion yen (cash in) in the same period of the previous fiscal year. The change was mainly attributable to an increase in expenditure for repayments of bonds and a decrease in proceeds of short-term borrowings.

Forecast for Fiscal 2022

Revenue for fiscal 2022, ending March 31, 2022, is expected to exceed the company's previous forecast announcement on April 28, 2021 by 20.0 billion yen due to strong business performance in the first quarter, while the profits are expected to remain unchanged as there are concerns about the procurement of semiconductor and electronic components as well as the impact of material prices soaring.

At present, the company cannot foresee the impact of improper inspections at Nagasaki Works and has not incorporated it into its consolidated earnings forecast for the current fiscal year. If any potential impact comes to light, it will be disclosed promptly. For more details, please see "Impact of improper testing at Nagasaki Works."

Consolidated forecast for fiscal 2022

| Consolidated | Previous forecast (announced April 28) | Current forecast | Change from previous forecast |
|--|--|--|--------------------------------------|
| Revenue: | 4,470.0 billion yen | 4,490.0 billion yen (7% increase from fiscal 2021) | Up 20.0 billion yen, or 0% |
| Operating profit: | 260.0 billion yen | 260.0 billion yen (13% increase from fiscal 2021) | Unchanged, or 0% |
| Profit before income taxes: | 285.0 billion yen | 285.0 billion yen (10% increase from fiscal 2021) | Unchanged, or 0% |
| Net profit attributable to Mitsubishi Electric Corp. stockholders: | 210.0 billion yen | 210.0 billion yen (9% increase from fiscal 2021) | Unchanged, or 0% |

Exchange rates in and after the second quarter of fiscal 2022 is 105 yen to the U.S. dollar, which is unchanged from the previous announcement; 125 yen to the euro, which is unchanged from the company's previous announcement; and 16.5 yen to the Chinese yuan, which is unchanged from the previous announcement.

Note: *The results forecast above is based on assumptions deemed reasonable by the company at the present time, and actual results may differ significantly from forecasts. Please refer to the cautionary statement at the end.*

Consolidated Financial Results Summary

(In billions of yen except where noted)

| | FY '21 Q1 (A) (Apr. 1, 2020 – Jun. 30, 2020) | FY '22 Q1 (B) (Apr. 1, 2021 – Jun. 30, 2021) | | |
|---|--|--|-----------------------|---------|
| | | | B – A | B/A (%) |
| Revenue | 858.1 | 1,066.4 | 208.2 | 124 |
| Operating profit | 20.2 | 82.7 | 62.5 | 410 |
| Profit before income taxes | 27.1 | 89.5 | 62.4 | 330 |
| Net profit attributable to Mitsubishi Electric Corp. stockholders | 17.8 | 61.8 | 43.9 | 346 |
| Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders | 8. ³⁴ yen | 28.⁸² yen | 20. ⁴⁸ yen | 346 |

Notes:

- 1) Consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).
- 2) The company has 204 consolidated subsidiaries.

Condensed Quarterly Consolidated Financial Statements
Condensed Quarterly Consolidated Statement of Profit or Loss and
Condensed Quarterly Consolidated Statement of Comprehensive Income

(Condensed Quarterly Consolidated Statement of Profit or Loss)

(In millions of yen)

| | FY '21 Q1 (Apr. 1, 2020 – Jun. 30, 2020) | | FY '22 Q1 (Apr. 1, 2021 – Jun. 30, 2021) | | B – A | B/A (%) |
|--|--|---------------|--|---------------|---------|------------|
| | (A) | % of total | (B) | % of total | | |
| Revenue | 858,151 | 100.0 | 1,066,442 | 100.0 | 208,291 | 124 |
| Cost of sales | 620,418 | 72.3 | 748,309 | 70.2 | 127,891 | 121 |
| Selling, general and administrative expenses | 219,245 | 25.5 | 237,836 | 22.3 | 18,591 | 108 |
| Other profit (loss) | 1,712 | 0.2 | 2,471 | 0.3 | 759 | 144 |
| Operating profit | 20,200 | 2.4 | 82,768 | 7.8 | 62,568 | 410 |
| Financial income | 4,816 | 0.6 | 3,789 | 0.3 | (1,027) | 79 |
| Financial expenses | 720 | 0.1 | 1,138 | 0.1 | 418 | 158 |
| Share of profit of investments accounted for using the equity method | 2,813 | 0.3 | 4,094 | 0.4 | 1,281 | 146 |
| Profit before income taxes | 27,109 | 3.2 | 89,513 | 8.4 | 62,404 | 330 |
| Income taxes | 7,377 | 0.9 | 22,409 | 2.1 | 15,032 | 304 |
| Net profit | 19,732 | 2.3 | 67,104 | 6.3 | 47,372 | 340 |
| Net profit attributable to: | | | | | | |
| Mitsubishi Electric Corp. stockholders | 17,885 | 2.1 | 61,835 | 5.8 | 43,950 | 346 |
| Non-controlling interests | 1,847 | 0.2 | 5,269 | 0.5 | 3,422 | 285 |

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(In millions of yen)

| | FY '21 Q1 (A) (Apr. 1, 2020 – Jun. 30, 2020) | FY '22 Q1 (B) (Apr. 1, 2021 – Jun. 30, 2021) | B – A |
|---|--|---|----------|
| Net profit | 19,732 | 67,104 | 47,372 |
| (Other comprehensive income (loss), net of tax) | | | |
| Items that will not be reclassified to net profit | | | |
| Changes in fair value of financial assets measured at fair value through other comprehensive income | 17,322 | (1,872) | (19,194) |
| Share of other comprehensive income of investments accounted for using the equity method | (162) | (62) | 100 |
| Subtotal | 17,160 | (1,934) | (19,094) |
| Items that may be reclassified to net profit | | | |
| Exchange differences on translating foreign operations | 11,659 | (944) | (12,603) |
| Net changes in the fair value of cash flow hedges | 50 | (4) | (54) |
| Share of other comprehensive income of investments accounted for using the equity method | (272) | 2,478 | 2,750 |
| Subtotal | 11,437 | 1,530 | (9,907) |
| Total other comprehensive income (loss) | 28,597 | (404) | (29,001) |
| Comprehensive income | 48,329 | 66,700 | 18,371 |
| Comprehensive income attributable to: | | | |
| Mitsubishi Electric Corp. stockholders | 45,464 | 61,456 | 15,992 |
| Non-controlling interests | 2,865 | 5,244 | 2,379 |

Condensed Quarterly Consolidated Statement of Financial Position

(In millions of yen)

| | FY '21 (A) (ended Mar. 31, 2021) | FY '22 Q1 (B) (ended Jun. 30, 2021) | B – A |
|---|--|---|------------------|
| (Assets) | | | |
| Current assets | 2,846,972 | 2,765,339 | (81,633) |
| Cash and cash equivalents | 767,406 | 765,849 | (1,557) |
| Trade receivables | 906,831 | 741,314 | (165,517) |
| Contract assets | 274,231 | 269,857 | (4,374) |
| Inventories | 743,782 | 812,403 | 68,621 |
| Other current assets | 154,722 | 175,916 | 21,194 |
| Non-current assets | 1,950,949 | 1,931,414 | (19,535) |
| Investments accounted for using the equity method | 205,464 | 202,613 | (2,851) |
| Other financial assets | 353,624 | 350,082 | (3,542) |
| Property, plant and equipment | 857,645 | 860,578 | 2,933 |
| Other non-current assets | 534,216 | 518,141 | (16,075) |
| Total assets | 4,797,921 | 4,696,753 | (101,168) |
| (Liabilities) | | | |
| Current liabilities | 1,505,381 | 1,395,238 | (110,143) |
| Bonds, borrowings and lease liabilities | 152,657 | 133,021 | (19,636) |
| Trade payables | 541,774 | 521,972 | (19,802) |
| Other current liabilities | 810,950 | 740,245 | (70,705) |
| Non-current liabilities | 421,929 | 423,794 | 1,865 |
| Bonds, borrowings and lease liabilities | 212,774 | 214,673 | 1,899 |
| Net defined benefit liabilities | 161,388 | 163,868 | 2,480 |
| Other non-current liabilities | 47,767 | 45,253 | (2,514) |
| Total liabilities | 1,927,310 | 1,819,032 | (108,278) |
| (Equity) | | | |
| Mitsubishi Electric Corp. stockholders' equity | 2,754,293 | 2,759,406 | 5,113 |
| Common stock | 175,820 | 175,820 | — |
| Capital surplus | 202,777 | 201,723 | (1,054) |
| Retained earnings | 2,266,490 | 2,272,464 | 5,974 |
| Accumulated other comprehensive income (loss) | 111,801 | 111,467 | (334) |
| Treasury stock, at cost | (2,595) | (2,068) | 527 |
| Non-controlling interests | 116,318 | 118,315 | 1,997 |
| Total equity | 2,870,611 | 2,877,721 | 7,110 |
| Total liabilities and equity | 4,797,921 | 4,696,753 | (101,168) |

| | | | |
|---|---------|---------|----------|
| Bonds, borrowings and lease liabilities | 365,431 | 347,694 | (17,737) |
| Excluding lease liabilities | 248,897 | 228,198 | (20,699) |

Accumulated other comprehensive income (loss):

| | | | |
|--|--------|--------|---------|
| Exchange differences on translating foreign operations | 17,866 | 19,412 | 1,546 |
| Financial assets measured at fair value through other comprehensive income | 93,893 | 92,019 | (1,874) |
| Net changes in the fair value of cash flow hedges | 42 | 36 | (6) |

Condensed Quarterly Consolidated Statement of Changes in Equity
FY '21 Q1 (Apr. 1, 2020 – Jun. 30, 2020)

(In millions of yen)

| | Mitsubishi Electric Corp. stockholders' equity | | | | | | Non-controlling interests | Total equity |
|--|--|-----------------|-------------------|---|-------------------------|-----------|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock, at cost | Total | | |
| Balance at beginning of period | 175,820 | 202,832 | 2,071,817 | (17,802) | (2,924) | 2,429,743 | 109,116 | 2,538,859 |
| Comprehensive income | | | | | | | | |
| Net profit | | | 17,885 | | | 17,885 | 1,847 | 19,732 |
| Other comprehensive income (loss), net of tax | | | | 27,579 | | 27,579 | 1,018 | 28,597 |
| Comprehensive income | — | — | 17,885 | 27,579 | — | 45,464 | 2,865 | 48,329 |
| Reclassification to retained earnings | | | (1) | 1 | | — | | — |
| Dividends | | | (55,816) | | | (55,816) | (1,519) | (57,335) |
| Purchase of treasury stock | | | | | (366) | (366) | | (366) |
| Disposal of treasury stock | | (696) | | | 696 | 0 | | 0 |
| Transactions with non-controlling interests and others | | 130 | | | | 130 | (135) | (5) |
| Balance at end of period | 175,820 | 202,266 | 2,033,885 | 9,778 | (2,594) | 2,419,155 | 110,327 | 2,529,482 |

FY '22 Q1 (Apr. 1, 2021 – Jun. 30, 2021)

(In millions of yen)

| | Mitsubishi Electric Corp. stockholders' equity | | | | | | Non-controlling interests | Total equity |
|--|--|-----------------|-------------------|---|-------------------------|-----------|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock, at cost | Total | | |
| Balance at beginning of period | 175,820 | 202,777 | 2,266,490 | 111,801 | (2,595) | 2,754,293 | 116,318 | 2,870,611 |
| Comprehensive income | | | | | | | | |
| Net profit | | | 61,835 | | | 61,835 | 5,269 | 67,104 |
| Other comprehensive income (loss), net of tax | | | | (379) | | (379) | (25) | (404) |
| Comprehensive income | — | — | 61,835 | (379) | — | 61,456 | 5,244 | 66,700 |
| Reclassification to retained earnings | | | (45) | 45 | | — | | — |
| Dividends | | | (55,816) | | | (55,816) | (3,250) | (59,066) |
| Purchase of treasury stock | | | | | (526) | (526) | | (526) |
| Disposal of treasury stock | | (1,053) | | | 1,053 | — | | — |
| Transactions with non-controlling interests and others | | (1) | | | | (1) | 3 | 2 |
| Balance at end of period | 175,820 | 201,723 | 2,272,464 | 111,467 | (2,068) | 2,759,406 | 118,315 | 2,877,721 |

Condensed Quarterly Consolidated Statement of Cash Flows

(In millions of yen)

| | FY '21 Q1 (Apr. 1, 2020 – Jun. 30, 2020) (A) | FY '22 Q1 (Apr. 1, 2021 – Jun. 30, 2021) (B) | B – A |
|---|---|---|-----------|
| I Cash flows from operating activities | | | |
| 1 Net profit | 19,732 | 67,104 | 47,372 |
| 2 Adjustments to cash flows from operating activities | | | |
| (1) Depreciation, amortization and other | 49,595 | 46,061 | (3,534) |
| (2) Decrease in trade receivables | 234,299 | 166,921 | (67,378) |
| (3) Decrease in contract assets | 48,774 | 4,356 | (44,418) |
| (4) Decrease (increase) in inventories | (83,465) | (67,759) | 15,706 |
| (5) Increase (decrease) in trade payables | (95,155) | (20,116) | 75,039 |
| (6) Others, net | (40,239) | (74,832) | (34,593) |
| Cash flows from operating activities | 133,541 | 121,735 | (11,806) |
| II Cash flows from investing activities | | | |
| 1 Purchase of property, plant and equipment | (50,655) | (29,893) | 20,762 |
| 2 Proceeds from sale of property, plant and equipment | 1,976 | 540 | (1,436) |
| 3 Purchase of investment securities and others | (4,130) | (1,092) | 3,038 |
| 4 Proceeds from sale of investment securities and others (net of cash disposed) | 1,251 | 1,905 | 654 |
| 5 Others, net | (3,681) | (3,327) | 354 |
| Cash flows from investing activities | (55,239) | (31,867) | 23,372 |
| I + II Free cash flow | 78,302 | 89,868 | 11,566 |
| III Cash flows from financing activities | | | |
| 1 Proceeds and repayments of bonds and long-term borrowings | (144) | (20,198) | (20,054) |
| 2 Increase (decrease) in short-term borrowings, net | 183,170 | (1,608) | (184,778) |
| 3 Repayments of lease liabilities | (12,737) | (13,775) | (1,038) |
| 4 Dividends paid | (55,816) | (55,816) | 0 |
| 5 Purchase of treasury stock | (366) | (526) | (160) |
| 6 Disposal of treasury stock | 0 | — | (0) |
| 7 Others, net | (1,744) | (1,602) | 142 |
| Cash flows from financing activities | 112,363 | (93,525) | (205,888) |
| IV Effect of exchange rate changes on cash and cash equivalents | 2,128 | 2,100 | (28) |
| V Net increase (decrease) in cash and cash equivalents | 192,793 | (1,557) | (194,350) |
| VI Cash and cash equivalents at beginning of period | 537,559 | 767,406 | 229,847 |
| VII Cash and cash equivalents at end of period | 730,352 | 765,849 | 35,497 |

Consolidated Segment Information

1. Revenue and Operating Profit by Business Segment

(In millions of yen)

| Business Segment | FY '21 Q1 (Apr. 1, 2020 – Jun. 30, 2020) | | FY '22 Q1 (Apr. 1, 2021 – Jun. 30, 2021) | | C – A | D – B | C/A (%) |
|--|--|-----------------------------------|--|----------------------------|----------|---------|------------|
| | Revenue (A) | Operating profit (loss) (B) | Revenue (C) | Operating profit (D) | | | |
| Energy and Electric Systems | 265,755 | 18,646 | 263,640 | 11,863 | (2,115) | (6,783) | 99 |
| Industrial Automation Systems | 236,231 | (3,414) | 356,534 | 35,027 | 120,303 | 38,441 | 151 |
| Information and Communication Systems | 63,285 | (563) | 64,103 | 0 | 818 | 563 | 101 |
| Electronic Devices | 49,711 | 3,090 | 60,387 | 3,269 | 10,676 | 179 | 121 |
| Home Appliances | 237,398 | 13,552 | 315,352 | 39,303 | 77,954 | 25,751 | 133 |
| Others | 125,424 | (1,353) | 153,453 | 3,398 | 28,029 | 4,751 | 122 |
| Subtotal | 977,804 | 29,958 | 1,213,469 | 92,860 | 235,665 | 62,902 | 124 |
| Eliminations and corporate | (119,653) | (9,758) | (147,027) | (10,092) | (27,374) | (334) | — |
| Consolidated total | 858,151 | 20,200 | 1,066,442 | 82,768 | 208,291 | 62,568 | 124 |

*Notes: Inter-segment revenue are included in the above chart.

2. Revenue by Location of Customers

(In millions of yen)

| Location of Customers | FY '21 Q1 (Apr. 1, 2020 – Jun. 30, 2020) | | FY '22 Q1 (Apr. 1, 2021 – Jun. 30, 2021) | | B – A | B/A (%) |
|------------------------|--|-----------------------|--|-----------------------|---------|---------|
| | Revenue (A) | % of total revenue | Revenue (B) | % of total revenue | | |
| Japan | 479,682 | 55.9 | 518,199 | 48.6 | 38,517 | 108 |
| North America | 74,354 | 8.7 | 117,455 | 11.0 | 43,101 | 158 |
| China | 116,243 | 13.5 | 155,335 | 14.6 | 39,092 | 134 |
| Other than China | 89,895 | 10.5 | 121,675 | 11.4 | 31,780 | 135 |
| Asia (excluding Japan) | 206,138 | 24.0 | 277,010 | 26.0 | 70,872 | 134 |
| Europe | 85,587 | 10.0 | 137,605 | 12.9 | 52,018 | 161 |
| Others | 12,390 | 1.4 | 16,173 | 1.5 | 3,783 | 131 |
| Total overseas revenue | 378,469 | 44.1 | 548,243 | 51.4 | 169,774 | 145 |
| Consolidated total | 858,151 | 100.0 | 1,066,442 | 100.0 | 208,291 | 124 |

Notes to the Condensed Consolidated Financial Statements

(Notes regarding the going concern assumption)

Not applicable

Cautionary Statement

While the statements herein including the forecast of the Mitsubishi Electric Group are based on assumptions the Group considers to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts.

Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

- (1) Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
- (2) Changes in foreign currency exchange rates, especially JPY/U.S. dollar rates
- (3) Changes in stock markets, especially in Japan
- (4) Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
- (5) Changes in the ability to fund raising, especially in Japan
- (6) Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
- (7) New environmental regulations or the arising of environmental issues
- (8) Defects in products or services
- (9) Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
- (10) Technological change, the development of products using new technology, manufacturing and time-to-market
- (11) Business restructuring
- (12) Incidents related to information security
- (13) Large-scale disasters including earthquakes, typhoons, tsunamis, fires and others
- (14) Social or political upheaval caused by terrorism, war, pandemics, or other factors
- (15) Important matters related to the directors and executive officers, major shareholders and affiliated companies of Mitsubishi Electric Corporation

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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

【Supplementary Materials】

July 29, 2021
Mitsubishi Electric Corporation

Fiscal 2022 First-quarter Consolidated Results

1. Financial Results
2. Revenue and Operating Profit by Segment
3. Overseas Revenue by Segment
4. Orders by Segment
5. Foreign Exchange Rates for Recording Revenue and
Impact of Exchange Rate Fluctuations on Revenue

FY '21: Apr. 1, 2020 – Mar. 31, 2021
FY '22: Apr. 1, 2021 – Mar. 31, 2022

1. Financial Results

| (Consolidated) | | (Billions of yen, year-on-year % change) | | | |
|---|--|--|-----------------------|----------------|-------------------------|
| | | FY '21 | | FY '22 | |
| | | Q1 (Actual) | Full Year (Actual) | Q1 (Actual) | Full Year (Forecast) |
| Revenue | | 858.1 (-18) | 4,191.4 (-6) | 1,066.4 (+24) | 4,490.0 (+7) |
| Operating profit | | 20.2 (-63) | 230.1 (-11) | 82.7 (+310) | 260.0 (+13) |
| Profit before income taxes | | 27.1 (-55) | 258.7 (-8) | 89.5 (+230) | 285.0 (+10) |
| Net profit attributable to Mitsubishi Electric Corp. stockholders | | 17.8 (-58) | 193.1 (-13) | 61.8 (+246) | 210.0 (+9) |

2. Revenue and Operating Profit by Segment

| | | (Billions of yen, year-on-year % change) | | | |
|---------------------------------------|-------------------------|--|-----------------------|----------------|-------------------------|
| | | FY '21 | | FY '22 | |
| | | Q1 (Actual) | Full Year (Actual) | Q1 (Actual) | Full Year (Forecast) |
| Energy and Electric Systems | Revenue | 265.7 (-4) | 1,270.2 (-3) | 263.6 (-1) | 1,280.0 (+1) |
| | Operating profit | 18.6 (+103) | 108.9 (+32) | 11.8 (-36) | 85.0 (-22) |
| Social Infrastructure Systems | Revenue | 148.7 (+6) | 768.0 (+3) | 144.8 (-3) | 740.0 (-4) |
| | Operating profit | 12.6 (+508) | 83.5 (+56) | 6.2 (-50) | 57.0 (-32) |
| Building Systems | Revenue | 116.9 (-13) | 502.1 (-11) | 118.8 (+2) | 540.0 (+8) |
| | Operating profit | 5.9 (-16) | 25.4 (-12) | 5.5 (-6) | 28.0 (+10) |
| Industrial Automation Systems | Revenue | 236.2 (-29) | 1,248.5 (-7) | 356.5 (+51) | 1,440.0 (+15) |
| | Operating profit (loss) | -3.4 (-) | 40.5 (-41) | 35.0 (-) | 101.0 (+149) |
| Factory Automation Systems | Revenue | 132.7 (-5) | 587.9 (0) | 189.1 (+42) | 690.0 (+17) |
| | Operating profit | 13.0 (-5) | 61.4 (+14) | 35.5 (+173) | 100.0 (+63) |
| Automotive Equipment | Revenue | 103.4 (-46) | 660.6 (-13) | 167.4 (+62) | 750.0 (+14) |
| | Operating profit (loss) | -16.4 (-) | -20.8 (-) | -0.5 (-) | 1.0 (-) |
| Information and Communication Systems | Revenue | 63.2 (-27) | 380.1 (-17) | 64.1 (+1) | 390.0 (+3) |
| | Operating profit (loss) | -0.5 (-) | 16.4 (-38) | 0.0 (-) | 16.0 (-3) |
| Electronic Devices | Revenue | 49.7 (-2) | 205.2 (-2) | 60.3 (+21) | 240.0 (+17) |
| | Operating profit | 3.0 (+418) | 6.2 (-28) | 3.2 (+6) | 10.0 (+59) |
| Home Appliances | Revenue | 237.3 (-20) | 1,038.3 (-5) | 315.3 (+33) | 1,090.0 (+5) |
| | Operating profit | 13.5 (-57) | 75.7 (-3) | 39.3 (+190) | 66.0 (-13) |
| Others | Revenue | 125.4 (-16) | 603.0 (-9) | 153.4 (+22) | 620.0 (+3) |
| | Operating profit (loss) | -1.3 (-) | 13.6 (-48) | 3.3 (-) | 15.0 (+10) |
| Subtotal | Revenue | 977.8 (-18) | 4,745.6 (-6) | 1,213.4 (+24) | 5,060.0 (+7) |
| | Operating profit | 29.9 (-54) | 261.6 (-10) | 92.8 (+210) | 293.0 (+12) |
| Eliminations and corporate | Revenue | -119.6 | -554.2 | -147.0 | -570.0 |
| | Operating profit | -9.7 | -31.4 | -10.0 | -33.0 |
| Consolidated total | Revenue | 858.1 (-18) | 4,191.4 (-6) | 1,066.4 (+24) | 4,490.0 (+7) |
| | Operating profit | 20.2 (-63) | 230.1 (-11) | 82.7 (+310) | 260.0 (+13) |

3. Overseas Revenue by Segment

(Billions of yen, year-on-year % change)

| | FY '21 | | FY '22 | |
|--|----------------|-----------------------|----------------|--|
| | Q1 (Actual) | Full Year (Actual) | Q1 (Actual) | |
| Energy and Electric Systems | 84.5 (-12) | 343.6 (-13) | 86.8 (+3) | |
| Industrial Automation Systems | 134.6 (-31) | 725.4 (-4) | 222.5 (+65) | |
| Information and Communication Systems | 1.3 (-26) | 9.0 (-32) | 2.1 (+61) | |
| Electronic Devices | 29.6 (+14) | 112.1 (+3) | 32.3 (+9) | |
| Home Appliances | 124.9 (-25) | 554.3 (-2) | 199.4 (+60) | |
| Others | 3.3 (-12) | 15.9 (-1) | 4.8 (+46) | |
| Consolidated total | 378.4 (-22) | 1,760.5 (-5) | 548.2 (+45) | |
| Ratio of overseas revenue to total revenue | 44.1% | 42.0% | 51.4% | |

4. Orders by Segment

(Consolidated)

(Billions of yen, year-on-year % change)

| | FY '21 | | FY '22 | |
|---------------------------------------|----------------|-----------------------|----------------|--|
| | Q1 (Actual) | Full Year (Actual) | Q1 (Actual) | |
| Energy and Electric Systems | 278.3 (-5) | 1,167.9 (-13) | 276.1 (-1) | |
| Industrial Automation Systems | 241.2 (-29) | 1,309.6 (-4) | 393.9 (+63) | |
| Information and Communication Systems | 69.7 (-18) | 380.2 (-15) | 66.9 (-4) | |
| Electronic Devices | 44.5 (-20) | 226.0 (+2) | 107.0 (+140) | |

*Home Appliances and Others segments have few products made on order, thus not included in the chart above.

5. Foreign Exchange Rates for Recording Revenue and Impact of Exchange Rate Fluctuations on Revenue

| | | FY '21 | | FY '22 | |
|---|--------------------|------------------------------|------------------------------|------------------------------|---------------------------|
| | | Q1 (Actual) | Full Year (Actual) | Q1 (Actual) | Q2 or after (Forecast) |
| Average exchange rate | US\$ | ¥107 | ¥106 | ¥110 | ¥105 |
| | Euro | ¥119 | ¥124 | ¥132 | ¥125 |
| | CNY | ¥15.1 | ¥15.7 | ¥17.1 | ¥16.5 |
| Impact of exchange rate fluctuations on revenue | Consolidated total | About ¥13.0 billion decrease | About ¥13.0 billion decrease | About ¥37.0 billion increase | |
| | US\$ | About ¥2.0 billion decrease | About ¥13.0 billion decrease | About ¥3.0 billion increase | |
| | Euro | About ¥3.0 billion decrease | About ¥8.0 billion increase | About ¥11.0 billion increase | |
| | CNY | About ¥5.0 billion decrease | About ¥1.0 billion increase | About ¥14.0 billion increase | |