



[Translation]

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Annual Securities Report

The 151st Business Term
From April 1, 2021 to March 31, 2022

Mitsubishi Electric Corporation

7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo

The 151st Business Term (from April 1, 2021 to March 31, 2022)

Annual Securities Report

1. This is an English translation of the Annual Securities Report (“Yukashoken Hokokusho”) pursuant to Article 24, paragraph 1 of the Financial Instruments and Exchange Act of Japan, via the Electronic Disclosure for Investors’ Network (“EDINET”) system as set forth in Article 27-30-2 of the same Act. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. This report does not contain the attachments to the Annual Securities Report (“Yukashoken Hokokusho”) submitted via the above method, but English translations of the Independent Auditors’ Report have been appended to the back of this report.

Mitsubishi Electric Corporation

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[Cover]

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[Applicable Law]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
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[Filing Date]	June 29, 2022
[Fiscal Year]	The 151st business term (from April 1, 2021 to March 31, 2022)
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[Company Name in English]	Mitsubishi Electric Corporation
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[Place Where the Filed Document is Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

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

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

(1) Consolidated financial data

(Millions of yen, unless otherwise stated)

Fiscal year	IFRS				
	147th business term	148th business term	149th business term	150th business term	151st business term
Years ended	March 2018	March 2019	March 2020	March 2021	March 2022
Revenue	4,444,424	4,519,921	4,462,509	4,191,433	4,476,758
Profit before income taxes	353,206	315,958	281,986	258,754	279,693
Net profit attributable to Mitsubishi Electric Corp. stockholders	255,755	226,648	221,834	193,132	203,482
Comprehensive income attributable to Mitsubishi Electric Corp. stockholders	294,710	189,306	117,132	401,559	356,926
Mitsubishi Electric Corp. stockholders' equity	2,294,174	2,399,946	2,429,743	2,754,293	2,975,941
Total equity	2,397,219	2,511,155	2,538,859	2,870,611	3,097,397
Total assets	4,305,580	4,356,211	4,409,771	4,797,921	5,107,973
Mitsubishi Electric Corp. stockholders' equity, per share (yen)	1,069.19	1,118.83	1,132.69	1,283.88	1,409.08
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	119.19	105.65	103.41	90.03	95.41
Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	119.19	105.65	103.41	90.03	95.41
Mitsubishi Electric Corp. stockholders' equity ratio (%)	53.3	55.1	55.1	57.4	58.3
Return on equity (%)	11.7	9.7	9.2	7.5	7.1
Price earnings ratio (times)	14.3	13.5	12.9	18.7	14.8
Cash flows from operating activities	265,768	239,817	395,834	542,119	282,371
Cash flows from investing activities	(182,015)	(210,668)	(203,997)	(176,552)	(114,867)
Cash flows from financing activities	(149,813)	(112,067)	(156,454)	(157,352)	(241,319)
Cash and cash equivalents at end of year	599,199	514,224	537,559	767,406	727,179
Employees (persons)	142,340	145,817	146,518	145,653	145,696

Notes: 1. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") from the 148th business term.

2. Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders as no dilutive securities existed.

(Millions of yen, unless otherwise stated)

Fiscal year	U.S.GAAP
	147th business term
Years ended	March 2018
Net sales	4,431,198
Income before income taxes	364,578
Net income attributable to Mitsubishi Electric Corp.	271,880
Comprehensive income	300,256
Mitsubishi Electric Corp. stockholders' equity	2,259,355
Total equity	2,364,145
Total assets	4,264,559
Mitsubishi Electric Corp. stockholders' equity per share (yen)	1,052.96
Basic net income per share attributable to Mitsubishi Electric Corp. (yen)	126.70
Diluted net income per share attributable to Mitsubishi Electric Corp. (yen)	—
Equity ratio (%)	53.0
Return on equity (%)	12.6
Price earnings ratio (times)	13.4
Cash flows from operating activities	240,450
Cash flows from investing activities	(178,219)
Cash flows from financing activities	(128,291)
Cash and cash equivalents at end of year	599,199
Employees (persons)	142,340

- Notes:
1. The consolidated financial statements of the Group were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S.GAAP”) until the 147th business term.
From the 147th business term, the Company adopted Accounting Standards Update 2015-17 “Balance Sheet Classification of Deferred Taxes” (an amendment of ASC Topic 740 “Income Taxes”) issued by the Financial Accounting Standards Board. Accordingly, all deferred tax assets and liabilities were classified as noncurrent in the consolidated balance sheet and subsequently, deferred tax assets and liabilities attributable to the same tax-paying component or tax jurisdiction were offset and presented in the noncurrent category.
 2. Mitsubishi Electric Corp. stockholders’ equity, Mitsubishi Electric Corp. stockholders’ equity per share, Equity ratio and Return on equity are stated in conformity with U.S.GAAP.
 3. Equity is stated total of Total Mitsubishi Electric Corp. stockholders’ equity and noncontrolling interests.
 4. Diluted net income per share attributable to Mitsubishi Electric Corp. is not included in the table above as no dilutive securities existed.

(2) Financial data of the Company

(Millions of yen, unless otherwise stated)

Fiscal year	147th business term	148th business term	149th business term	150th business term	151st business term
Year end	March 2018	March 2019	March 2020	March 2021	March 2022
Net sales	2,675,821	2,717,760	2,639,209	2,459,282	2,557,436
Ordinary income	214,193	184,441	143,216	177,521	172,920
Net income	203,012	164,533	157,854	185,526	179,389
Common stock	175,820	175,820	175,820	175,820	175,820
Number of issued shares (thousands of shares)	2,147,201	2,147,201	2,147,201	2,147,201	2,147,201
Total net assets	1,205,085	1,241,462	1,282,260	1,460,424	1,490,180
Total assets	2,886,504	2,841,159	2,866,812	3,057,070	3,065,591
Net assets per share(yen)	561.63	578.76	597.76	680.76	705.59
Dividends per share(yen)	40.00	40.00	40.00	36.00	40.00
[Of the above, interim dividends per share] (yen)	[14.00]	[14.00]	[14.00]	[10.00]	[14.00]
Basic net income per share(yen)	94.61	76.70	73.59	86.48	84.11
Diluted net income per share(yen)	—	—	—	—	—
Stockholders' equity ratio (%)	41.7	43.7	44.7	47.8	48.6
Return on equity (%)	17.7	13.5	12.5	13.5	12.2
Price earnings ratio (times)	18.0	18.5	18.1	19.5	16.8
Dividend payout ratio (%)	42.3	52.2	54.4	41.6	47.6
Employees(persons)	34,561	35,203	35,649	36,162	36,700
[Average number of temporary employees] (persons)	[7,413]	[7,202]	[7,105]	[6,838]	[6,682]
Total shareholder return (%)	109.0	94.1	91.1	115.4	100.6
[comparison index: Nikkei stock average] (%)	[113.5]	[112.1]	[100.0]	[154.3]	[147.1]
Highest stock price(yen)	2,179.00	1,776.00	1,658.00	1,785.50	1,817.00
Lowest stock price(yen)	1,462.00	1,146.00	1,096.50	1,235.00	1,225.50

Notes: 1. Diluted net income per share is not included in the table above as no dilutive securities existed.

2. Stock prices are market price on the first section of Tokyo Stock Exchange.

2. History

Month/Year	History
January 1921	Mitsubishi Electric Corporation was founded succeeding Kobe Shipyard Electric Works of Mitsubishi Shipbuilding & Engineering Co., Ltd. (currently Mitsubishi Heavy Industries, Ltd.) Established Kobe Works (currently Kobe Works, Energy Systems Center) to manufacture transformers, motors, electric fans, etc.
November 1923	Established Nagasaki Factory (currently Nagasaki Works) received outsourcing from Nagasaki Shipyard Electric Works of Mitsubishi Shipbuilding & Engineering Co., Ltd. to manufacture large-scale heavy electrical equipment such as turbine generators and DC generators for ships.
September 1924	Established Nagoya Works to manufacture standard electrical products such as general-purpose induction motors, and electric home appliances.
December 1940	Established Osaka Factory (currently Itami Works, Transmission & Distribution Systems Center), transferred wireless device and precision factory from Kobe Works.
February 1943	Established Fukuyama Factory (currently Fukuyama Works) and Nakatsugawa Factory (currently Nakatsugawa Works).
April 1943	Established Koriyama Factory (currently Communication Networks Center Koriyama Factory).
June 1943	Established Wakayama Factory (currently Air-Conditioning & Refrigeration Systems Works).
February 1944	Established Himeji Factory (currently Himeji Works).
March 1944	Head Office Research and Development Department changed its name to Research and Development Center. (currently Advanced Technology R&D Center, etc.)
May 1949	Listed on Tokyo Stock Exchange.
October 1953	Established Radio Equipment Works (currently Communications Equipment Works, Communication Networks Center) in response to increasing demand for wireless communication equipment and televisions, etc.
April 1954	Established Shizuoka Factory (currently Shizuoka Works) to manufacture refrigeration equipment for consumers such as refrigerators and air conditioners, etc.
August 1959	Established Kitaitami Factory (currently High Frequency & Optical Device Works) as a semiconductor mass production factory.
October 1960	Established Kamakura Works for the purpose of building a main electronics factory such as wireless/electronic applied equipment and electronic computers in Kanto region.
January 1962	Established Kyoto Works to manufacture Vacuum tube and CRT. (see note at below)
May 1962	Established a joint venture navigation and simulation systems manufacturing company, Mitsubishi Precision Co., Ltd. with General Precision, Inc.
March 1963	Merged Ryoden Kiki Kabushiki Kaisha and changed its name to Gumma Works.
May 1964	Established Itami Works Sanda Factory (currently Sanda Works) to manufacture small switch control devices.
October 1964	Established Inazawa Works to manufacture elevators. (currently Mitsubishi Electric Building Solutions Corporation Inazawa Building Systems Works)
August 1965	Established Research & Development Department (currently Corporate Research & Development Group).
August 1970	Established Manufacturing Development Laboratory (currently Manufacturing Engineering Center) as a company-wide manufacturing engineering center focusing on hardware.
June 1972	Established Ako Factory (currently Transmission & Distribution Systems Center Ako Factory) to manufacture large-scale transformers.
August 1973	Established Mitsubishi Electric America, Inc. (currently Mitsubishi Electric US, Inc.) in the U.S.
April 1974	Established Power and Industrial Systems Center (currently Kobe Works, etc.).
June 1975	Established Corporate Marketing Group.
June 1977	Introduced business group system and established four business groups as Heavy Machinery Group, Electronic Systems Group, Industrial Products Group, and Consumer Products Group.
September 1977	Established Melco Sales Singapore Pte. Ltd. (currently Mitsubishi Electric Asia Pte. Ltd.) in Singapore.
June 1978	Established Mitsubishi Electric Taiwan Co., Ltd. in Taiwan.
April 1979	Established Marugame Works (currently Power Distribution Systems Center) to manufacture closed type power distribution board and circuit breakers.
June 1981	Established Computer & Information Systems Laboratory (currently Information Technology R&D Center) to improve research and development of information processing, transmission, and optic radio wave equipment.

Month/Year	History
September 1981	Established Kitaitami Works Fukuoka semiconductor Factory (currently Power Device Works).
October 1983	Reorganized six business groups as Energy and Industry Systems Group, Consumer Products Group, Electronic Products & Systems Group, Computer and Systems Group, Electronic Devices Group, and International Operations Group.
June 1989	Established Automotive Equipment Group.
June 1993	Reorganized nine business groups as Power & Industrial Systems Group, Public-Use & Building Systems Group, Electronic Products & Systems Group, Information & Communication Systems Group, Audio-Visual & Information Systems Group, Living Environment Systems Group, Factory Automation Systems Group, Automotive Equipment Group, and Semiconductor Group. Established Corporate Engineering, Manufacturing & Information Systems.
August 1995	Established Mitsubishi Electric Information Technology Center America, Inc. (currently Mitsubishi Electric Research Laboratories, Inc.) as a research center in the U.S.
September 1995	Established Mitsubishi Electric Information Technology Centre Europe B.V. (currently Mitsubishi Electric R&D Centre Europe B.V.) as a research center in Europe.
June 1996	Reorganized sales business structure in Europe, and integrated sales companies in the UK, Germany, France, and other European countries to Mitsubishi Electric Europe B.V.
October 1997	Established Mitsubishi Electric (China) Co., Ltd as an investment holding company to support business strategies in China.
April 1998	Split Information & Communication Systems Group into Communication Systems Group and Information Systems Group.
April 1999	Integrated Power & Industrial Systems Group and Public-Use & Building Systems Group to Public Utility Systems Integrated Group. Established Building Systems Group.
May 1999	Completed and commenced operations of the first recycling plant for the household appliance industry (currently Hyper Cycle Systems Corporation).
February 2000	Established Information Network Service Group.
June 2000	Public Utility Systems Integrated Group changed its name to Public Utility Systems Group. Integrated Audio-Visual & Information Systems Group and Living Environment Systems Group to Living Environment & Digital Media Equipment Group.
October 2000	Founded a joint venture home elevator manufacturing company, Mitsubishi Hitachi Home Elevator Corporation with Hitachi, Ltd.
April 2001	Merged Information Systems Group with Information Network Service Group and changed its name to Information Systems & Network Service Group to accelerate IT-related business.
June 2001	Enactment of Mitsubishi Electric Group's "Changes for the Better" corporate statement.
April 2002	Established Mitsubishi Electric US Holdings, Inc. as a holding company in the U.S.
June 2003	Mitsubishi Electric Corporation became a Company with Three-committee System as a corporate governance reform.
October 2003	Founded a joint venture electrical equipment business company for manufacturing plants, Toshiba Mitsubishi-Electric Industrial Systems Corporation with Toshiba Corporation. Semiconductor Group changed its name to Semiconductor & Device Group.
April 2005	Split Public Utility Systems Group into Public Utility Systems Group and Energy & Industrial Systems Group.
April 2010	SPC Electronics Corporation into a wholly-owned subsidiary.
September 2010	Established Mitsubishi Electric India Private Limited as a comprehensive sales company in India.
June 2011	Established Mitsubishi Electric Vietnam Company Limited as a comprehensive sales company in Vietnam.
September 2012	Established Mitsubishi Electric do Brasil Comercio e Servicos Ltda. as a comprehensive sales company in Brasil.
December 2012	Established PT. Mitsubishi Electric Indonesia as a comprehensive sales company in Indonesia.
January 2013	Established Mitsubishi Electric Turkey A.S. as a comprehensive sales company in Turkey.
October 2014	Established Mitsubishi Electric (Russia) LLC as a comprehensive sales company in Russia.
February 2016	DeLelima S.p.A. (currently Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A.), an Italian company engaged in the commercial air conditioning products business, into a wholly-owned subsidiary.

Month/Year	History
April 2020	Established Business Innovation Group. Dissolved Communication Systems Group and its functions were transferred to Public Utility Systems Group and Corporate Research and Development Group.
January 2021	Revised its corporate philosophy system, comprising its Purpose, Our Values, and Commitment.
April 2021	Established Process & Operation Reengineering Group and Corporate Communication Group. Established Industrial Mechatronics Systems Works, transferred the functions for manufacturing of computerized numerical controllers (CNCs), electrical discharge machines and laser processing machines from Nagoya Works.
October 2021	Established Corporate Quality Assurance Reengineering Group.
April 2022	Established four Business Areas: Infrastructure, Industry and Mobility, Life, and Business Platform. Established Mitsubishi Electric Building Solutions Corporation which succeeded building systems business of the Company. Established Mitsubishi Electric Software Corporation, merged six software design subsidiaries.

Note: Dissolved Kyoto Works as of April 1, 2022, due to the downsizing of the LCD TV business, discontinuation of the commercial printer business, and the termination of in-house production of multi-video systems for indoor use.

3. Description of Business

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS). The Mitsubishi Electric Group, which is composed of the Company, 203 consolidated subsidiaries and 39 equity method companies, engages in six business segments (Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, Others) and our products range from all types.

Major business outline for each segment of the Group and the relation of principal affiliated companies for the fiscal year ended March 31, 2022 are described as follows.

Segment, main products and business lines	Manufacturing	Sales/Installation/Services	Comprehensive Sales Companies
Energy and Electric Systems Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, transmission and distribution ICT systems, large display devices, electrical equipment for locomotives and rolling stock, wireless and wired communications systems, network cameras and their systems, elevators, escalators, building security systems, building management systems, and others	Mitsubishi Electric Public Utility Equipment Corporation Mitsubishi Electric Control Panel Corporation Mitsubishi Electric Power Products, Inc. Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. Mitsubishi Elevator Asia Co., Ltd. Mitsubishi Elevator Korea Co., Ltd. Taiwan Mitsubishi Elevator Co., Ltd. Toshiba Mitsubishi-Electric Industrial Systems Corporation Shanghai Mitsubishi Elevator Co., Ltd. MEDCOM Sp. Z o.o.	Mitsubishi Electric Building Techno-Service Co., Ltd. Mitsubishi Electric Plant Engineering Corporation Mitsubishi Electric Control Software Corporation Ryoden Elevator Construction, Ltd. Ryoko Co., Ltd. RYO-SA BUILWARE Co., Ltd. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Elevator (Thailand) Co., Ltd. Hitachi Mitsubishi Hydro Corporation AG MELCO Elevator Co. L.L.C.	
Industrial Automation Systems Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, electric powertrain system, ADAS-related products, car electronics and car mechatronics, car multimedia, and others	DB Seiko Co., Ltd. Mitsubishi Electric Automotive America, Inc. Mitsubishi Electric Thai Auto-Parts Co., Ltd. Mitsubishi Electric Automotive (China) Co., Ltd. Mitsubishi Electric Automotive de Mexico, S.A. de C.V. Mitsubishi Electric Automotive Czech s.r.o. Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd. Mitsubishi Electric Dalian Industrial Products Co., Ltd. Shizuki Electric Co., Inc. Shihlin Electric & Engineering Corporation	Setsuyo Astec Corporation Ryowa Corporation Mitsubishi Electric Mechatronics Engineering Corporation Meldas System Engineering Corporation Mitsubishi Electric Mechatronics Software Corporation Mitsubishi Electric Automation (Hong Kong) Ltd. Mitsubishi Electric Automation Korea Co., Ltd. SETSUYO ENTERPRISE CO., LTD.	Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (9 companies) Mitsubishi Electric Europe B.V. Mitsubishi Electric US, Inc.
Information and Communication Systems Satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, network security systems, information systems equipment, systems integration, and others	Mitsubishi Electric TOKKI Systems Corporation Mitsubishi Precision Co., Ltd. SPC Electronics Corporation Seiryu Electric Co., Ltd. Miyoshi Electronics Corporation	Mitsubishi Electric Information Network Corporation Mitsubishi Electric Information Systems Corporation Mitsubishi Space Software Co., Ltd. Mitsubishi Electric IT Solutions Corporation Mitsubishi Electric Micro-Computer Application Software Co., Ltd. Itec Hankyu Hanshin Co., Ltd.	Mitsubishi Electric & Electronics (Shanghai) Co., Ltd. Mitsubishi Electric (H.K.) Ltd. Mitsubishi Electric Taiwan Co., Ltd. Mitsubishi Electric Asia Pte. Ltd. Mitsubishi Electric Australia Pty. Ltd.
Electronic Devices Power modules, high-frequency devices, optical devices, LCD devices, and others	Melco Display Technology Inc. Melco Power Device Corporation Vincotech Holdings S à r.l.	Melco Semiconductor Engineering Corporation	
Home Appliances Room air conditioners, package air conditioners, chillers, showcases, compressors, refrigeration units, air-to-water heat pump boilers, ventilators, hot water supply systems, IH cooking heaters, LED bulbs, indoor lighting, LCD televisions, refrigerators, electric fans, dehumidifiers, air purifiers, vacuum cleaners, jar rice cookers, microwave ovens, and others	Mitsubishi Electric Lighting Corporation Mitsubishi Electric Home Appliance Co., Ltd. Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd. Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Mitsubishi Electric Hydraulics & IT Cooling Systems S.p.A. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Air Conditioning Systems Europe Ltd. Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company Kang Yong Electric Public Co., Ltd.	Mitsubishi Electric Living Environment Systems Corporation Mitsubishi Electric Life Network Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd. Melco Facilities Corporation Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Air-Conditioning & Visual Information Systems (Shanghai) Ltd.	Ryoden Corporation Kanaden Corporation Mansei Corporation
Others Procurement, logistics, real estate, advertising, finance, and other services		Mitsubishi Electric Trading Corporation Mitsubishi Electric Engineering Co., Ltd. Mitsubishi Electric Logistics Corporation Mitsubishi Electric System & Service Co., Ltd. Mitsubishi Electric Life Service Corporation The Kodensha Co., Ltd. iPLANET Inc. Melco Trading (Thailand) Co., Ltd. Mitsubishi Electric Credit Corporation KITA KOUDENSHA Corporation	

- Notes: 1. Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore these are placed into their own separate category rather than grouped by business segment.
2. Consolidated subsidiaries are shaded in , while equity method companies are shaded in
3. Mitsubishi Electric Building Techno-Service Co., Ltd. has succeeded building systems business of the Company, and changed its company name to Mitsubishi Electric Building Solutions Corporation as of April 1, 2022.
4. Mitsubishi Space Software Co., Ltd. has merged with Mitsubishi Electric Control Software Corporation, Mitsubishi Electric Micro-Computer Application Software Co., Ltd., Mitsubishi Electric Mechatronics Software Corporation, Melco Power Systems Co., Ltd., and Nippon Advanced Technology Co., Ltd., and changed its company name to Mitsubishi Electric Software Corporation as of April 1, 2022.
5. Chiyoda Mitsubishi Electric Co., Ltd. has merged with Seikosha Co., Ltd., and changed its company name to Mitsubishi Electric Industrial Solutions Corporation as of April 1, 2022.

4. Subsidiaries and Affiliated Companies

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
(Consolidated subsidiaries) Mitsubishi Electric Information Systems Corporation	Minato-ku, Tokyo	Millions of yen 2,600	Planning, design, development, and sales of information systems, and provision of various solutions and related services	100.0	Yes	The Company outsources software development work. It has lease transactions of buildings with the Company.
Mitsubishi Electric Information Network Corporation	Minato-ku, Tokyo	1,250	Development, manufacturing, sales, and maintenance of IT platforms, network integration, data center services, planning, construction, and operation of information systems, and provision of outsourcing services for information systems	100.0	Yes	The Company outsources information processing work, and uses its communication network. It provides maintenance services for the Company's information system products. It has lease transactions of buildings with the Company.
Mitsubishi Electric IT Solutions Corporation	Nakano-ku, Tokyo	1,000	Planning, design, development, manufacturing, and sales of information systems, mainly package systems, and provision of solutions	100.0	Yes	The Company purchases some of its products.
Mitsubishi Electric Building Techno-Service Co., Ltd.	Chiyoda-ku, Tokyo	5,000	Maintenance and repairs of elevator equipment, refrigerating and air conditioning equipment, etc., and total building management and operation	100.0	Yes	It is engaged in sales, installation, and maintenance of the Company's elevators, refrigerating and air conditioning equipment.
Mitsubishi Electric Engineering Co., Ltd.	Chiyoda-ku, Tokyo	1,000	Development, design, manufacturing, sales, construction, installation and preparation of various documents of electric and electronic equipment	100.0	Yes	The Company outsources design work, and purchases some of its products.
Mitsubishi Electric System & Service Co., Ltd.	Setagaya-ku, Tokyo	600	Repairs, sales, installation, and maintenance of home appliances, housing-related equipment, electronic equipment, and factory automation control equipment products	100.0	Yes	It provides repairs, sales, installation, and maintenance for the Company's home appliances, housing-related equipment, electronic equipment, and factory automation control equipment products. It has lease transactions of land and buildings with the Company.
Mitsubishi Space Software Co., Ltd.	Minato-ku, Tokyo	500	Development, manufacturing, and sales of various software including those for the space business and related system integration business	89.0	Yes	The Company outsources system development work for space-related equipment, etc.
Mitsubishi Electric Plant Engineering Corporation	Taito-ku, Tokyo	350	Maintenance services and engineering for energy and electric plants and equipment	100.0	Yes	It provides maintenance for the Company's energy and electric plants and equipment.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Mitsubishi Electric Control Software Corporation	Hyogo-ku, Kobe-shi	300	Development, design, and manufacturing of system software in the areas of energy, industry, public, transport, car electronics, etc.	100.0	Yes	The Company outsources system software development work. It has lease transactions of buildings with the Company.
Mitsubishi Electric Mechatronics Engineering Corporation	Higashi-ku, Nagoya-shi	Millions of yen 300	Installation, adjustment, repairs, and maintenance of electric products for machine tools, electrical machining equipment, laser processing machines, other peripheral equipment, and systems	100.0	Yes	It is engaged in installation and maintenance of the Company's electric products for machine tools. It has lease transactions of buildings with the Company.
Mitsubishi Electric Micro-Computer Application Software Co., Ltd.	Amagasaki-shi, Hyogo	100	Research, development, design, manufacturing, and sales of IT-related systems in the areas of wired, wireless, satellite, graphics, etc., as well as software and hardware related to radio wave applications	[0.1] 100.0	Yes	The Company outsources software development and design work.
Mitsubishi Electric Mechatronics Software Corporation	Naka-ku, Nagoya-shi	100	Development of systems and software for factory automation control equipment, electrical discharge and laser processing machines, elevators, air-conditioning equipment, etc.	[0.1] 100.0	Yes	The Company outsources system software development work. It has lease transactions of buildings with the Company.
Melco Semiconductor Engineering Corporation	Nishi-ku, Fukuoka-shi	30	Design and development of semiconductors and technological development of process testing	[0.1] 100.0	Yes	The Company outsources design and development work. It has lease transactions of buildings with the Company.
Mitsubishi Electric Lighting Corporation	Kamakura-shi, Kanagawa	3,785	Manufacturing and sales of lighting equipment for various facilities, household lighting equipment, lamps, and other lighting-related equipment	100.0	Yes	It manufactures and sells lighting equipment and lamps under the Company's brand. The Company purchases some of its products.
Mitsubishi Precision Co., Ltd.	Koto-ku, Tokyo	3,167	Manufacturing and sales of simulator products, precision electronic equipment, electronic application equipment, etc.	74.8	Yes	The Company purchases some of its products
Mitsubishi Electric TOKKI Systems Corporation	Shinagawa-ku, Tokyo	600	Manufacturing, sales, and repairs of radar application equipment, electronic application equipment, and optical equipment	100.0	Yes	The Company purchases some of its products.
SPC Electronics Corporation	Chofu-shi, Tokyo	600	Manufacturing and sales of various microwave and millimeter wave equipment, high frequency application equipment, etc.	100.0	Yes	The Company purchases some of its products.
Mitsubishi Electric Home Appliance Co., Ltd.	Fukaya-shi, Saitama	400	Manufacturing and sales of home appliances including jar rice cookers, vacuum cleaners, and IH cooking heaters	100.0	Yes	It is engaged in manufacturing and sales of home appliances under the Company's brand. The Company purchases some of its products.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Mitsubishi Electric Control Panel Corporation	Hyogo-ku, Kobe-shi	Millions of yen 390	Development, manufacturing, sales, and maintenance of power distribution and surveillance control systems for power generation and social infrastructure, control panels, switchboards, electronic equipment products, and printed circuit boards and components	[0.0] 100.0	Yes	The Company purchases some of its products. It has lease transactions of land and buildings with the Company.
Mitsubishi Electric Public Utility Equipment Corporation	Tamba-shi, Hyogo	300	Manufacturing and sales of electrical equipment for locomotives and rolling stock, and equipment for power generation and distribution	94.9	Yes	The Company purchases some of its products.
Melco Display Technology Inc.	Kikuchi-shi, Kumamoto	200	Manufacturing and sales of small to medium LCD devices for industrial application and automobiles	100.0	Yes	The Company purchases its products. It has lease transactions of land and buildings with the Company.
DB Seiko Co., Ltd.	Himeji-shi, Hyogo	96	Manufacturing and sales of automotive equipment, industrial electronic equipment, etc.	70.0	Yes	The Company purchases some of its products.
Melco Power Device Corporation	Tamba-shi, Hyogo	30	Manufacturing of power devices	67.0	Yes	The Company outsources manufacturing. It has lease transactions of land and buildings with the Company.
Ryowa Corporation	Fukushima-ku, Osaka-shi	689	Sales and maintenance of automotive equipment, information and communications equipment, and environmental equipment	98.9	Yes	It sells the Company's automotive equipment, etc.
Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd.	Chiyoda-ku, Tokyo	350	Sales and installation of air-conditioning and refrigeration equipment	100.0	Yes	It is engaged in sales and installation of the Company's air-conditioning and refrigeration equipment.
Melco Facilities Corporation	Mitaka-shi, Tokyo	100	Sales and installation of housing-related equipment	[100.0] 100.0	Yes	It is engaged in sales and installation of the Company's housing-related equipment.
Setsuyo Astec Corporation	Kita-ku, Osaka-shi	90	Sales of factory automation control equipment, power distribution control equipment, semiconductor products, etc.	[0.1] 100.0	Yes	It sells the Company's products.
Ryoko Co., Ltd.	Chiyoda-ku, Tokyo	Millions of yen 20	Sales of electrical equipment for locomotives and rolling stock	[0.1] 100.0	Yes	It sells the Company's electrical equipment for transport vehicle.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (9 companies)	Chiyoda-ku, Tokyo, etc.	20 - 300	Sales of electric equipment, and undertaking of related construction	[0 - 0.2] 100.0	Yes	They sell the Company's products.
Mitsubishi Electric Life Service Corporation	Minato-ku, Tokyo	3,000	Buying and selling, leasing and brokerage of real estate, as well as management and operation of welfare facilities	100.0	Yes	The Company outsources management and operation of its welfare facilities, etc. It has lease transactions of land and buildings with the Company.
Mitsubishi Electric Logistics Corporation	Shibuya-ku, Tokyo	1,735	Freight transport and warehousing	[1.3] 99.2	Yes	The Company outsources transport, storage, and cargo handling operations. It has lease transactions of land and buildings with the Company.
The Kodensha Co., Ltd.	Chuo-ku, Tokyo	1,520	Undertaking of electrical construction involving indoor wiring, power stations and substations, power cables, communications, etc., as well as sales of electric equipment, etc.	[0.0] 51.2	Yes	It undertakes electrical installation work using equipment and products supplied by the Company.
Mitsubishi Electric Trading Corporation	Chiyoda-ku, Tokyo	1,000	Domestic and overseas procurement and sales of materials, export of components and equipment for overseas plants, and undertaking outsourced work related to overseas business	[4.2] 100.0	Yes	The Company outsources procurement and physical management of materials. It has lease transactions of offices with the Company.
Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd.	Shinagawa-ku, Tokyo	400	Installation and maintenance of refrigeration and cold storage equipment, and air-conditioning equipment, as well as installation work of air-conditioning and refrigeration plants	[37.5] 100.0	Yes	It is engaged in installation and maintenance of the Company's refrigeration and cold storage equipment, and air-conditioning equipment.
Ryoden Elevator Construction, Ltd.	Shinjuku-ku, Tokyo	200	Sales and installation of elevators, and manufacturing, sales, and installation of freight elevators for parcels	[21.0] 100.0	Yes	It is engaged in sales and installation of the Company's elevators.
iPLANET Inc.	Minato-ku, Tokyo	200	Advertising agency work, planning, production, and research related to marketing and sales promotion, as well as planning and operation of exhibitions	100.0	Yes	The Company outsources advertising and marketing work.
RYO-SA BUILWARE Co., Ltd.	Toshima-ku, Tokyo	Millions of yen 110	Total management and operation of buildings, maintenance, repairs and operation management of building facilities, as well as management and operation of condominiums, etc.	[100.0] 100.0	No	The Company outsources maintenance, inspection, and repairs of some of its facilities including welfare facilities.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Meldas System Engineering Corporation	Higashi-ku, Nagoya-shi	100	Sales of NC units, electrical discharge and laser processing machines, robotic systems, etc.	[0.1] 100.0	Yes	It sells the Company's equipment for industrial use.
Mitsubishi Electric Life Network Corporation	Saiwai-ku, Kawasaki-shi	2,800	Sales of home appliances, electric materials, housing-related equipment, air-conditioning and refrigeration equipment, etc.	100.0	Yes	It sells the Company's home appliances, electric materials, housing-related equipment, air-conditioning and refrigeration equipment, etc.
Mitsubishi Electric Living Environment Systems Corporation	Taito-ku, Tokyo	2,627	Sales of home appliances, electric materials, housing-related equipment, air-conditioning and refrigeration equipment, etc.	[27.0] 100.0	Yes	It sells the Company's home appliances, electric materials, housing-related equipment, air-conditioning and refrigeration equipment, etc.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Mitsubishi Electric US Holdings, Inc.	U.S. (Cypress)	Thousands of US\$ 391,890	Holding company in the U.S.	100.0	Yes	It is a holding company of the Company's main U.S. operating companies.
Mitsubishi Electric US, Inc.	U.S. (Cypress)	31,623	Sales, installation, and maintenance of elevators, sales of air-conditioning and refrigeration equipment, electronic components, visual information equipment, etc., procurement of materials, and supervision of the Americas region	[100.0] 100.0	Yes	It sells the Company's products.
Mitsubishi Electric Automotive America, Inc.	U.S. (Mason)	28,000	Manufacturing and sales of automotive equipment	[100.0] 100.0	Yes	It is engaged in manufacturing of equipment using components supplied by the Company, as well as import and sales of finished products.
Mitsubishi Electric Power Products, Inc.	U.S. (Warrendale)	25,850	Manufacturing, sales, and engineering of power transmission and transformation equipment, and electrical equipment for transport vehicles, etc.	[100.0] 100.0	Yes	It is engaged in manufacturing of equipment using components, etc. supplied by the Company, as well as import and sales of finished products.
Mitsubishi Electric Automotive de Mexico, S.A. de C.V.	Mexico (Querétaro)	Thousands of MXN 938,038	Manufacturing and sales of automotive equipment	[2.7] 100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric Europe B.V.	The Netherlands (Amsterdam)	Thousands of EUR 100,597	Sales, installation, and maintenance of elevators, sales of energy and electric equipment, electronic equipment, electronic components, home appliances, air-conditioning and refrigeration equipment, industrial equipment, automotive electrical equipment, etc., and supervision of the Europe region	100.0	Yes	It sells the Company's products.
Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A.	Italy (Veneto)	10,000	Design, manufacturing, and sales of air-conditioning equipment, etc. for business use	100.0	Yes	It sells air-conditioning equipment, etc. for business use to the Group.
Vincotech Holdings S.à r.l.	Luxembourg	36	Holding company of the Vincotech Group, which is engaged in development, manufacturing, and sales of industrial power devices	100.0	Yes	It is a holding company of operating companies handling power devices in Europe, etc.
Mitsubishi Electric Air Conditioning Systems Europe Ltd.	U.K. (Livingston)	Thousands of £ 14,900	Manufacturing and sales of air-conditioning equipment for business use	[10.0] 100.0	Yes	It is engaged in manufacturing and sales under license from the Company.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Mitsubishi Electric Automotive Czech s.r.o.	Czech (Slany)	Thousands of CZK 350,000	Manufacturing and sales of automotive equipment	[10.0] 100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company	Turkey (Manisa)	Thousands of TRY 571,300	Manufacturing and sales of air-conditioning equipment	100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric Asia Pte. Ltd.	Singapore	Thousands of S\$ 127,587	Sales of home appliances, industrial equipment, air-conditioning and refrigeration equipment, electronic components, etc., and supervision of the Asia region	100.0	Yes	It sells the Company's products.
Siam Compressor Industry Co., Ltd.	Thailand (Chonburi)	Thousands of BAHT 1,603,800	Manufacturing and sales of air-conditioning compressors	[25.0] 98.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Thailand (Chonburi)	1,200,000	Manufacturing and sales of air-conditioning equipment	[25.0] 90.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Elevator Asia Co., Ltd.	Thailand (Chonburi)	1,151,500	Manufacturing and sales of elevators	100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric Thai Auto-Parts Co., Ltd.	Thailand (Rayong)	400,000	Manufacturing and sales of automotive equipment	100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Elevator (Thailand) Co., Ltd.	Thailand (Samut-prakarn)	100,000	Sales, installation, and maintenance of elevators	[10.0] 65.0	Yes	It is engaged in sales, installation, and maintenance of the Company's elevators.
Mitsubishi Electric Kang Yong Watana Co., Ltd.	Thailand (Bangkok)	95,100	Sales and after-sale services of home appliances, and sales of standard electrical equipment	50.1	Yes	It sells the Company's products.
Melco Trading (Thailand) Co., Ltd	Thailand (Bangkok)	10,000	Procurement and sales of electric and electronic materials, and trading related to parts and equipment	[100.0] 100.0	Yes	Procurement, sales, and trading for the Group's overseas factories.
Mitsubishi Electric (H.K.) Ltd.	China (Hong Kong)	Thousands of HK\$ 1,012,317	Sales and engineering of energy and electric equipment, electronic components, etc., sales of air-conditioning and refrigeration equipment and home appliances, procurement of materials, and supervision of the Hong Kong region	100.0	Yes	It sells the Company's products.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Mitsubishi Electric Automation (Hong Kong) Ltd.	China (Hong Kong)	88,000	Sales of and services for factory automation control equipment, power distribution control equipment, electrical discharge and laser processing machines, etc.	[100.0] 100.0	Yes	It sells the Company's products.
Mitsubishi Elevator Hong Kong Co., Ltd.	China (Hong Kong)	35,000	Sales, installation, and maintenance of elevators	[75.0] 75.0	Yes	It is engaged in sales, installation, and maintenance of the Company's elevators.
Mitsubishi Electric (Guangzhou) Compressor Co., Ltd.	China (Guangzhou)	Thousands of US\$ 122,220	Manufacturing and sales of air-conditioning compressors	[13.7] 100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric (China) Co., Ltd.	China (Beijing)	86,734	Supervision of the China region	100.0	Yes	It is the Group's regional supervising company in China.
Mitsubishi Electric Automotive (China) Co., Ltd.	China (Changshu)	98,000	Manufacturing and sales of automotive equipment	[10.0] 100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd.	China (Shanghai)	58,000	Manufacturing and sales of air-conditioning equipment	[11.2] 52.4	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric Shanghai Electric Elevator Co., Ltd.	China (Shanghai)	53,000	Manufacturing, sales, and maintenance of elevators	[20.0] 60.0	Yes	It is engaged in manufacturing, sales, and maintenance under license from the Company.
Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd.	China (Changshu)	43,400	Manufacturing of factory automation control equipment	[10.0] 100.0	Yes	It is engaged in manufacturing of equipment using components supplied by the Company, as well as sales of finished products.
Mitsubishi Electric Air-Conditioning & Visual Information Systems (Shanghai) Ltd.	China (Shanghai)	24,878	Sales of air-conditioning equipment and visual information equipment	[100.0] 100.0	Yes	It sells the Company's products.
Mitsubishi Electric & Electronics (Shanghai) Co., Ltd.	China (Shanghai)	7,000	Sales and engineering of electronic components, etc., as well as procurement of materials	[100.0] 100.0	Yes	It sells the Company's products.
Mitsubishi Electric Dalian Industrial Products Co., Ltd.	China (Dalian)	Millions of yen 3,000	Manufacturing of factory automation control equipment, power distribution control equipment, electrical discharge and laser processing machines, etc.	[10.0] 100.0	Yes	It is engaged in manufacturing of equipment using components supplied by the Company, as well as sales of finished products.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Taiwan Mitsubishi Elevator Co., Ltd.	Taiwan (Taipei)	Thousands of NT\$ 2,215,249	Manufacturing, sales, installation, and maintenance of elevators	[11.1] 54.8	Yes	It is engaged in manufacturing, sales, installation, and maintenance under license from the Company.
Mitsubishi Electric Taiwan Co., Ltd.	Taiwan (Taipei)	1,274,710	Sales of energy and electric equipment, industrial equipment, air-conditioning and refrigeration equipment, home appliances, electronic equipment, electronic components, etc., procurement of materials, and supervision of the Taiwan region	100.0	Yes	It sells the Company's products.
SETSUYO ENTERPRISE CO., LTD.	Taiwan (New Taipei)	5,100	Sales of and services for factory automation control equipment, power distribution control equipment, etc.	[100.0] 100.0	Yes	It sells the Company's products.
Mitsubishi Elevator Korea Co., Ltd.	Korea (Seoul)	Thousands of WON 38,500,000	Manufacturing, sales, installation, and maintenance of elevators	[26.0] 100.0	Yes	It is engaged in manufacturing, sales, installation, and maintenance under license from the Company.
Mitsubishi Electric Automation Korea Co., Ltd.	Korea (Seoul)	2,000,000	Sales of and services for factory automation control equipment, power distribution control equipment, electrical discharge and laser processing machines, etc.	[49.0] 100.0	Yes	It sells the Company's products.
Mitsubishi Electric Australia Pty. Ltd.	Australia (Rydalmere)	Thousands of A\$ 11,000	Sales and maintenance of air-conditioning and refrigeration equipment, electrical equipment for locomotives, power transmission and transformation equipment, visual information equipment, home appliances, industrial equipment, automotive electrical equipment, etc.	[70.0] 100.0	Yes	It sells the Company's products.
118 other companies						

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
(Associated and joint ventures) Toshiba Mitsubishi-Electric Industrial Systems Corporation	Chuo-ku, Tokyo	Millions of yen 15,000	Sales, engineering, construction, and services for electrical equipment in manufacturing plants, as well as development and manufacturing of primary equipment	50.0	Yes	The Company purchases some of its products. It sells the Company's products.
Ryoden Corporation	Toshima-ku, Tokyo	10,334	Sales of electric equipment, electronic components, information equipment, other general machinery and equipment, and various materials, and undertaking of related construction, etc.	[0.2] 35.9	Yes	It sells the Company's products.
KANADEN CORPORATION	Chuo-ku, Tokyo	5,576	Sales of electric equipment, electronic components, information, mechatronic equipment, and various materials, and undertaking of related construction	27.1	Yes	It sells the Company's products.
Shizuki Electric Co., Inc.	Nishinomiya-shi, Hyogo	5,001	Manufacturing and sales of capacitors for electronic equipment, equipment products, power, and automotive, power systems, and information equipment	21.2	Yes	The Company purchases some of its products.
Hitachi Mitsubishi Hydro Corporation	Minato-ku, Tokyo	2,000	Sales, engineering, installation, construction, and maintenance of hydroelectric system	30.0	Yes	It sells the Company's products.
Mitsubishi Electric Credit Corporation	Shinagawa-ku, Tokyo	1,010	Leasing of electrical machinery and equipment, automobiles, etc. , and installment sales, loan partnership sales, installment purchase arrangements, factoring	45.0	Yes	Leasing and installment sales of the Company's products. It leases office equipment and others to the Company
MANSEI CORPORATION	Fukushima-ku, Osaka-shi	1,005	Sales of electric equipment, electronic devices, information and communication equipment, facility equipment, industrial machinery, etc.	[0.1] 22.0	Yes	It sells the Company's products.
KITA KOUDENSHA Corporation	Chuo-ku, Sapporo-shi	840	Undertaking of electrical construction involving indoor wiring, power stations and substations, power cables, communications, etc., as well as sales of electric equipment, etc.	[1.1] 28.8	Yes	The Company supplies equipment and products to it.
Seiry Electric Co., Ltd.	Itami-shi, Hyogo	523	Sales, manufacturing, maintenance, and operation of information and communication equipment, and systems	23.2	Yes	It sells the Company's products.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Miyoshi Electronics Corporation	Kawanishi-shi, Hyogo	Millions of yen 400	Manufacturing and sales of electronic application equipment, semiconductors, and information and communication equipment	42.8	Yes	The Company outsources manufacturing. The Company purchases some of its products.
Itec Hankyu Hanshin Co., Ltd.	Fukushima-ku, Osaka-shi	200	Sales of electronic equipment, development of systems for railway, building management and medical service, outsourcing of various system development, provision of various solutions and technical services	30.0	Yes	The Company purchases some of its products. It sells the Company's products.
MEDOCOM Sp. Z o.o.	Poland (Warsaw)	Thousands of PLN 1,100	Manufacturing, sales and maintenance of auxiliary power for transport vehicle and propulsion control device, etc.	49.2	Yes	It is engaged in manufacturing, sales, and maintenance using components supplied by the Company.
AG MELCO Elevator Co. L.L.C.	UAE (Dubai)	Thousands of AED 10,000	Sales, installation, and maintenance of elevators	[5.0] 39.0	Yes	It is engaged in sales, installation, and maintenance of the Company's elevators.
Kang Yong Electric Public Co., Ltd.	Thailand (Samut-prakan)	Thousands of BAHT 198,000	Manufacturing and sales of refrigerators, electric fans, ventilators, and electric pumps	[0.0] 45.7	Yes	It is engaged in manufacturing and sales under license from the Company. The Company purchases some of its products.
Shanghai Mitsubishi Elevator Co., Ltd.	China (Shanghai)	Thousands of US\$ 155,000	Manufacturing, sales, installation, and maintenance of elevators	[8.0] 40.0	Yes	It is engaged in manufacturing, sales and maintenance under license from the Company.
Shihlin Electric & Engineering Corporation	Taiwan (Taipei)	Thousands of NT\$ 5,209,722	Manufacturing and sales of electrical equipment, energy and electric equipment, and factory automation equipment	21.2	Yes	It receives license as well as supplies of products and components from the Company.
23 other companies						

- Notes: 1. "Interlocking Directorship, etc." under "Description of Relationship, etc.," includes secondees and transferees currently serving as executives, in addition to the executives and employees of the Company concurrently serving as executives.
2. Numbers in brackets ("[]") in the column "Ratio of Voting Rights Held" refer to the ratio of indirect voting rights held (inclusive).
3. Of the companies listed above, Mitsubishi Electric US Holdings, Inc. is classified as specified subsidiaries.
4. Of the companies listed above, The Kodensha Co., Ltd., Ryoden Corporation, KANADEN CORPORATION, Shizuki Electric Co., Inc., MANSEI CORPORATION, KITA KOUDENSHA Corporation and Seiryō Electric Co.,Ltd. submit either an annual securities report or securities registration statement.
5. As the respective revenues (excluding inter-company revenues among consolidated subsidiaries) of the companies listed above do not exceed 10% of consolidated revenue, major information mainly on profit and loss is omitted.
6. For the effective use of funds of the Mitsubishi Electric Group, the Group financing system is in place to best utilize funds available within the Group. Under the system, the Company borrows funds from Mitsubishi Electric Building Techno-Service Co., Ltd. and other companies, which together with the Company's own funds are loaned to other companies including Mitsubishi Electric Life Service Corporation.
7. Mitsubishi Electric Building Techno-Service Co., Ltd. has succeeded building systems business of the Company, and changed its company name to Mitsubishi Electric Building Solutions Corporation as of April 1, 2022.
8. Mitsubishi Space Software Co., Ltd has merged with Mitsubishi Electric Control Software Corporation, Mitsubishi Electric Micro-Computer Application Software Co., Ltd., Mitsubishi Electric Mechatronics Software Corporation, Melco Power Systems Co., Ltd., and Nippon Advanced Technology Co., Ltd., and changed its company name to Mitsubishi Electric Software Corporation as of April 1, 2022.
9. Chiyoda Mitsubishi Electric Co., Ltd has merged with Seikosha Co., Ltd., and changed its company name to Mitsubishi Electric Industrial Solutions Corporation as of April 1, 2022.

5. Employees

(1) Consolidated basis

As of March 31,2022

Business Segment	Number of employees
Energy and Electric Systems	47,113
Industrial Automation Systems	32,692
Information and Communication Systems	13,818
Electronic Devices	5,393
Home Appliances	28,710
Others	12,329
Common	5,641
Total	145,696

Note: The number of employees refers solely to full-time employees of the Company and its consolidated subsidiaries.

(2) The Company

As of March 31,2022

Number of employees	Average age	Average length of service(years)	Average annual salary(yen)
36,700 [6,682]	41.1	16.9	8,067,252

Business Segment	Number of employees
Energy and Electric Systems	9,820
Industrial Automation Systems	10,919
Information and Communication Systems	4,015
Electronic Devices	2,196
Home Appliances	5,252
Common	4,498
Total	36,700

Notes: 1. The number of employees refers solely to full-time employees of the Company.

The number of brackets is average per year of the number of temporary employees, etc.

2. Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

Mitsubishi Electric Group organizes labor unions by company. The Company's labor union is called Mitsubishi Electric Union. The relationship between management and labor union has been stable since the labor union was formed.

II. Business Overview

1. Management Policy, Business Environment and Corporate Agenda

(1) Management policy

Mitsubishi Electric Corporation has been operating under a corporate philosophy system revised on the occasion of the 100th anniversary of its founding as its basic management policy. The Mitsubishi Electric Group’s Purpose of “contributing to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity” encapsulates the reason of our existence in society. Led by this corporate philosophy, in addition to its threefold balanced management policy consisting of “Growth,” “Profitability & Efficiency,” and “Soundness,” the Mitsubishi Electric Group positions realizing sustainability as the core of its management based on its roots of “solving social issues through its business.” The Group will thus seek to sustainably increase its corporate value and fulfill its responsibilities to the stakeholders, including society, customers, shareholders and employees.



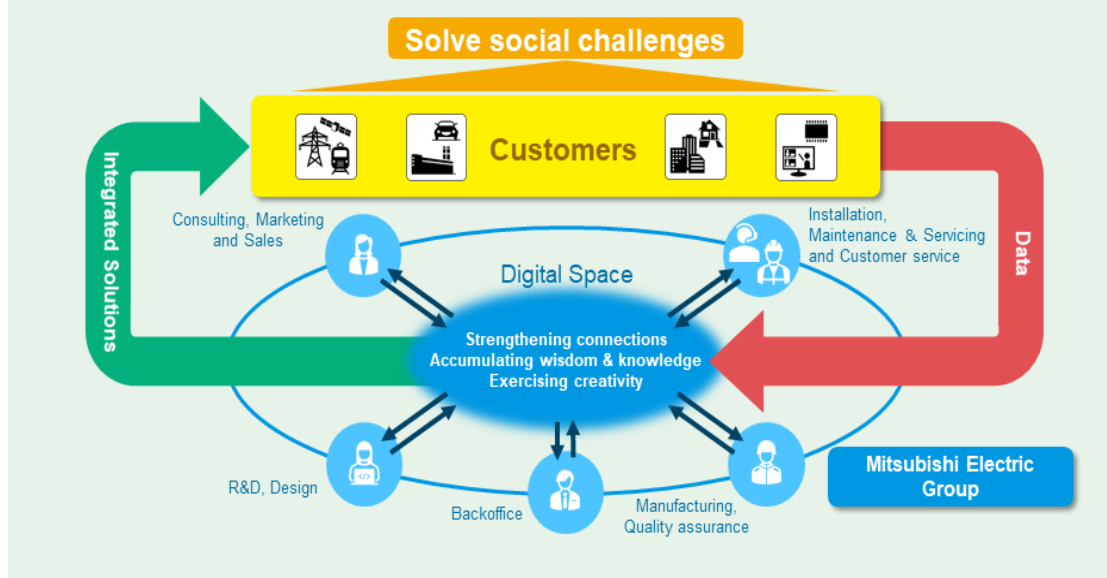
(2) Business environment and corporate agenda

The global economy is expected to continue recovering but growth is anticipated to slow down due to an economic slowdown caused by rising inflation in various countries and regions that resulted from supply constraints and soaring material prices accelerated by the international situation around Ukraine, as the expansion of the novel coronavirus diseases (COVID-19) variants and other uncertainties persist.

Under these circumstances, the Mitsubishi Electric Group will contribute to solving diversifying social issues by fusing knowledge and co-creating within and outside the Group, transforming itself into a “Circular Digital-Engineering Company” that provides evolved Integrated Solutions. Toward sustainable growth, the Group is striving to improve profitability by enhancing its business portfolio strategy, which classifies businesses according to their characteristics and optimizes the investment of management resources. To this end, the Group will shift its resources to highly profitable businesses and businesses with growth potential by strategically investing management resources into five key growth businesses: Factory Automation (FA) Control Systems, Air-Conditioning & Refrigeration Systems, Building Systems, xEV/ADAS^{*1}, and Power Semiconductor Devices. The Group will also create new businesses that respond to changes in social structure and customer values through the promotion of open innovation, incorporation of new fields and technologies, pursuit of synergy and other means, and expand its solutions business centered on data integration and utilization. To achieve this, the Group has created a new management structure that assigns Business Area (BA) Owners who develop and drive business strategies with medium- to long-term perspectives. Through this, the Group will facilitate the acceleration of M&As and business restructuring in business groups from a company-wide perspective, and drive the creation of new businesses, enhancement of technological and business fields and strategic shifting of resources. The Group will seek to maximize its corporate value while pushing forward more than ever with solving social issues through its business activities at an accelerated pace. Under these circumstances, the Mitsubishi Electric Group will address

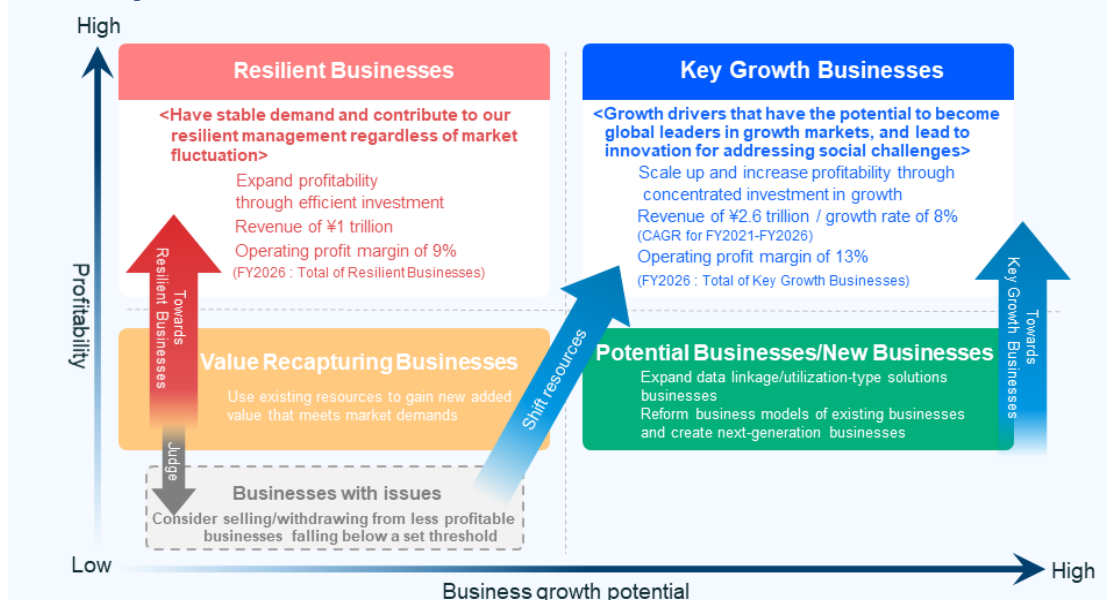
diversifying social issues by promoting further creation of value, such as the “realization of a sustainable global environment and a safe, secure and comfortable society,” by providing Integrated Solutions unique to the Group in the four fields of Life, Industry, Infrastructure, and Mobility through the combination of its strong core components with a wealth of field knowledge and cutting-edge digital technologies.

Aim to transform into “Circular Digital-Engineering” company that provides evolved Integrated Solutions by co-creation and by integrating knowledge within and outside the Group. Contribute to solving various social challenges.



Approach to Business Portfolio Strategy

Classify businesses according to their characteristics and optimize investment of management resources.



In addition, the Group will enhance competitiveness in Japan, the U.S., Europe and China, while also focusing on meeting demands in growing markets such as India. To this end, the Group will supplement missing products and technologies and secure distribution and service networks in new regions and markets. Furthermore, while carrying out capital cost-conscious management, the Group will continue the following measures: optimizing resource distribution including R&D investments and capital expenditures through continuous reevaluation of its business portfolio; strengthening its development and production capability that will contribute to the strengthening of its integrated comprehensive manufacturing capability; emphasizing quality from the early stages of design and development; increasing the sophistication of business management and improving productivity, including enhancement of work efficiency in indirect departments utilizing data and digital technologies; streamlining its human

resources structure and allocating them appropriately; further improving its financial standing; and improving its comprehensive business and capital efficiency from a medium and long term perspective, while aiming for further dissemination of Mitsubishi Electric's version of ROIC^{*2}, a comprehensive business efficiency indicator.

In addition to the recent decline in the part and material procurement environment resulting from soaring material prices and logistics costs, and supply crunch of semiconductors and electronic components, the business environment is also undergoing profound change such as new rising needs in markets including decarbonization and autonomous driving. In particular, the automotive equipment business which includes electric vehicle-related equipment, has recognized consecutive operating losses for some years. As the business environment is expected to remain highly uncertain, the Group will endeavor to build a solid revenue base that is resilient in the face of change.

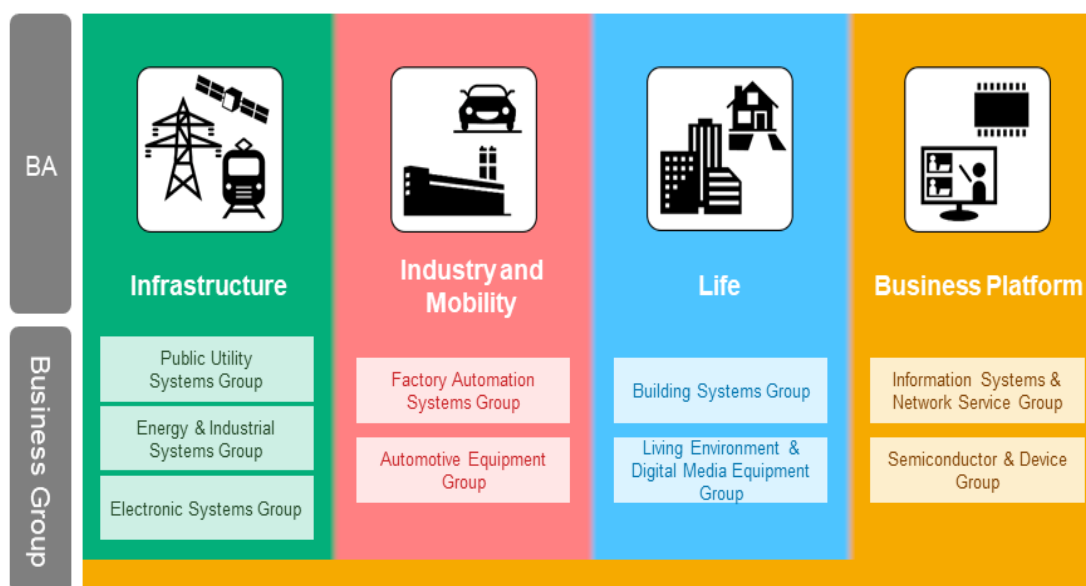
Through these measures, the Group will strive to create further value in order to achieve the financial targets of its Medium-Term Management Plan towards fiscal 2026: consolidated revenue of 5 trillion yen, operating profit margin of 10%, ROE of 10%, and cash generation of 3.4 trillion yen over a five-year period. In terms of cash generation of 3.4 trillion yen over a five-year period, we set the capital allocation policy to allocate 2.8 trillion yen mainly to Key Growth Businesses with the top priority to investment in growth, and to aim for enhancing shareholder returns through profit growth of 0.6 trillion yen.

Operating profit ratio by segment is as follows. The classification of reportable segments was changed effective April 1, 2022 due to the transition to a new management structure that assigns Business Area (BA) Owners. Operating profit ratio is shown for both the former segments and the newly reclassified segments for fiscal 2022.

<Operating profit ratio by business segment>

Former Segments	Fiscal 2022 Actual	New Segments from Fiscal 2023	Fiscal 2022 Actual (After Segment Reclassification)	Target for Medium-Term Management Plan towards Fiscal 2026
Energy and Electric Systems	5.0%	Infrastructure	4.4%	7%
Industrial Automation Systems	6.6%	Industry and Mobility	6.5%	11%
Information and Communication Systems	4.2%	Life	5.5%	11%
Electronic Devices	7.0%	Business Platform	6.9%	10%
Home Appliances	6.2%			

* The relationship between business areas and business groups in fiscal 2023 are as follows:



Among these activities, in the area of the environment, the Mitsubishi Electric Group has positioned the realization of a decarbonized society as a key management issue, and has formulated an environmental management vision. Under the Group's Environmental Vision 2021, which was formulated in 2007 targeting the Group's 100th anniversary year, the Group met its targets of reducing CO2 emissions from product usage by 30% compared to fiscal 2001 and 30% from product manufacturing across the entire Group compared to fiscal 1991^{*3}. Starting from fiscal 2022, the Group is working with the aim to reach net zero emissions of greenhouse gases throughout its entire value chain by 2050, based on the Group's Environmental Sustainability Vision 2050. To this end, the Group has defined as an interim target the reduction of greenhouse gas emissions from Group plants and offices by 50% or more by fiscal 2031 compared to fiscal 2014. The Group will further enhance its efforts to meet these targets, while also nurturing businesses that contribute to the decarbonization of society as a whole with the aim of realizing a decarbonized society. Additionally, the Group will continue to strive to disclose the risks and opportunities brought by climate change, based on the recommendations of the TCFD^{*4}.

With regard to legal and ethical compliance, the Group takes its recent product and service quality, work-related, and information security issues extremely seriously as a top management priority, and is promoting a number of reoccurrence prevention initiatives. Based on the Mitsubishi Electric Group compliance motto of "Always Act with Integrity," the Group as a whole will diligently work to further disseminate compliance awareness by strengthening its organizational compliance frameworks through inculcating compliance policy, enhancing internal control measures and internal training.

With regard to improper quality control practices, in July 2021, the Group commissioned investigations to an Investigative Committee chaired by an outside attorney. The committee is continuing to verify the consistency of objective data and other information obtained through a questionnaire survey for all domestic employees of Mitsubishi Electric Corporation, conduct forensic investigations into Executive Officers and other relevant parties and carry out interviews and inquiries with relevant parties. The Company will continue to cooperate fully with the Investigative Committee to in an effort to bring the investigations at all works to completion as early as possible. These investigations have revealed specific examples of issues identified at a number of works pertaining to four direct causes of improper quality control practices [1) Lack of emphasis on realizing quality assurance through adherence of protocols, 2) Vulnerability of the quality control division, 3) Exhaustion of middle management, 4) Distance between head office and the front line] and the three characteristics of organizational culture that led to these practices [5) Closed organizational system due to independence of individual sites, 6) Highly independent business group structure, 7) The resolve of management]. To address these issues, the Group will institute measures tailored to each individual workplace while deepening and developing reforms in three key areas (quality assurance, organizational culture, and governance), with the aim of regaining trust, including measures to prevent future recurrence. In its quality assurance reforms, the Group implements common measures throughout all sites and Group companies, led by a Quality Reform Promotion Division under the command of the CQO (Chief Quality Officer) appointed in April 2022 from outside the Company. The aims of these common measures are to 1) reconstruct the control function, 2) address technology and resource issues, and 3) re-foster an awareness of quality compliance. In the Group's organizational culture reforms, the Group will put into action the Robust Policies set out in March 2022 based on the "Team Sousei (Creation)" company-wide transformation project and continue to advance and evolve its activities. The Group will also steadily carry out its efforts to reform its personnel system. The Group envisions achievement of these changes by around fiscal 2026, with these efforts to continue toward the goal of establishing a new culture and building a connected, self-powered organization. In the Group's governance reforms, the Group will act on the recommendations of the Governance Review Committee, which consists of outside experts and was established in October 2021, to reinforce the Group's management and supervision functions, assess its internal control system, and implement measures aimed at strengthening its risk management system.

With regard to work-related issues, along with the Group's reform in three key areas (quality assurance, organization culture, and governance), the Group is also advancing the Mitsubishi Electric Workplace Reform Program, which is based on third-party inspections by external experts. Through this Program, the Group will continue to address work-related issues through a Group-wide effort to create a working environment where all employees can work energetically with peace of mind while maintaining their physical and mental health.

With regard to security, based on past incidents of unauthorized access, the Group will reinforce our information security infrastructure and strengthen measures against the latest attack patterns, which are becoming increasingly sophisticated and elaborate.

The Group also intends to improve its corporate governance through continuous promotion of measures such as compliance with Japan's Corporate Governance Code, while striving for appropriate and timely disclosure of information, in order to acquire a higher level of trust from society, customers, shareholders, suppliers, and employees working together.

Steadily executing the strategies above, the Mitsubishi Electric Group will further enhance its corporate value.

*1 ADAS: Advanced Driver Assistance System

*2 ROIC (Mitsubishi Electric version): A comprehensive business efficiency indicator which is calculated by asset items (fixed assets, working capital, etc.) per different segments (and not by capital and liability) so that it is easier to track and improve.

*3 Base fiscal years of reduction targets: Mitsubishi Electric Corporation: 1990; Associated companies in Japan: 2000;
Associated companies outside Japan: 2005

*4 TCFD (Task Force on Climate-related Financial Disclosures): A task force for the disclosure of climate-related financial information led by the private sector. The TCFD was established at the request of the G20 Finance Ministers and Central Bank Governors.

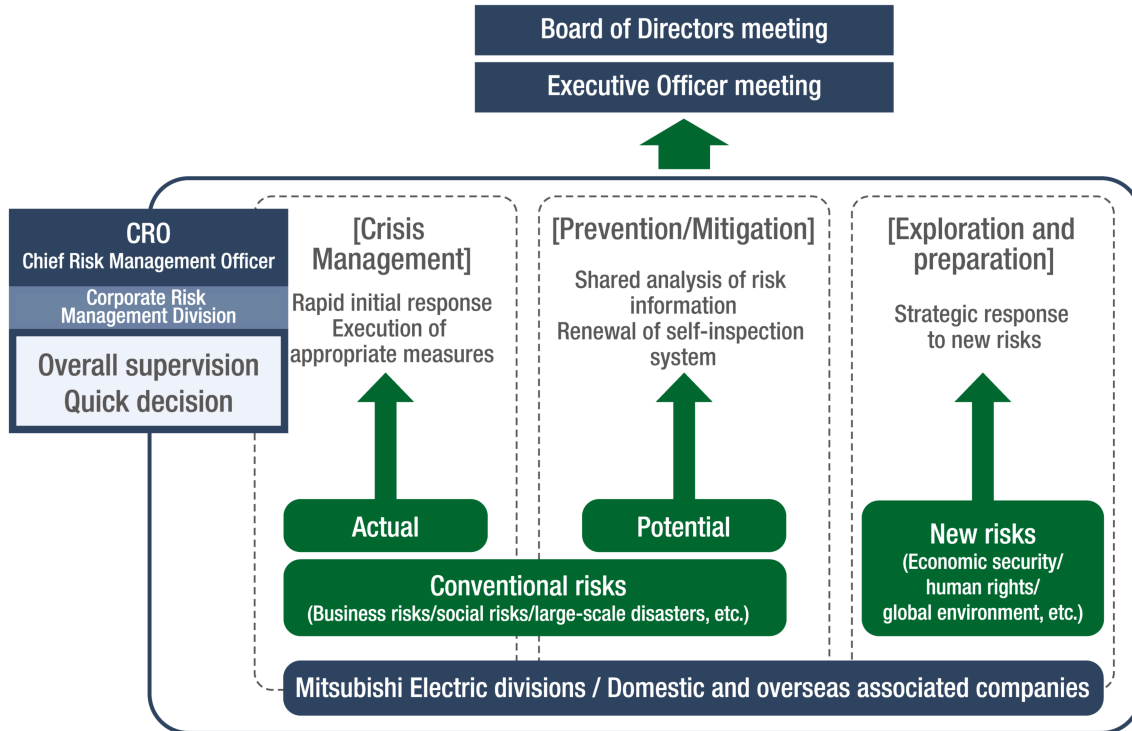
2. Business and Other Risks

(1) Risk management framework of the Mitsubishi Electric Group

Risk management is implemented independently by each division and by domestic and overseas associated companies. In addition, the Group has established a CRO^{*1} and a Corporate Risk Management Division^{*2} to supervise the entire Group and has also built a framework to enable quick decision making. The Group addresses not only conventional risks such as large-scale disasters and social risks, but also promotes agile and strategic exploration of and preparation for new risks such as economic security, human rights, and the global environment.

In particular, important matters related to management supervision and execution are deliberated upon and decided at the Board of Directors meetings and the Executive Officer meetings.

*1 Chief Risk Management Officer (Established in January 2022) *2 Established in January 2022



(2) Business and Other Risks

The Group is involved in development, manufacturing, and sales in four Business Areas: Infrastructure, Industry and Mobility, Life, and Business Platform. It has established Business Area Owners for these operations, which extend globally, not only inside Japan, but also in North America, Europe, Asia and other regions. Therefore, various factors may affect actual financial standings and operating results of the Group.

Major factors that may affect actual financial standings, operating results, and the decision of investors are as follows:

Viewpoint1

Impact of improper quality control practices

1) Impact of improper quality control practices on the Group's performance

An internal investigation revealed that the inspections of some of the HVAC (Heating, Ventilation and Air Conditioning systems) and other products for railcars manufactured at Nagasaki Works were conducted in a different way from the inspections described in the purchase specification, had not been actually conducted, and had inappropriate documentation in the inspection reports, etc. Following this, the Company has set up the Investigative Committee (chaired by Hiroshi Kimeda, Nishimura & Asahi, announced July 2, 2021) to investigate the existence of improper quality control practices on a company-wide basis, the facts and causes of the improper practices, and based on the findings of the investigation, to formulate measures to prevent any recurrence, etc.

The committee is verifying the consistency of objective data and other information obtained through a questionnaire survey for

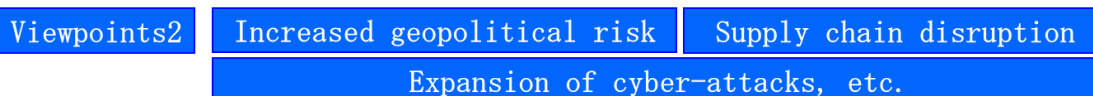
all domestic employees of Mitsubishi Electric Corporation, conducting forensic investigations into parties at the relevant sites and officers and carrying out interviews and inquiries with relevant parties. The investigation is still in progress.

In the course of these investigations, the Company received investigation reports from the Investigative Committee on October 1, 2021, December 23, 2021, and May 25, 2022, regarding the status of the investigation as of each of these dates.

In the investigation reports, new improper quality control practices were found at certain sites. The Company has been reporting the situation to the customers, discussing with the customers on the measures to be taken. The Company will also continue to cooperate with the investigation activities to the fullest extent to uncover all the improper quality control practices.

Regarding the impact of the improper quality control practices, costs associated with additional inspection and reinforcements to the quality management system have to certain extent been incorporated based on certain assumptions. However, depending on the progress of future discussions with customers and investigations, losses exceeding these assumptions or losses arising from the discovery of new improper quality control practices may adversely affect the Group's performance.

To address the issues that have been identified, based on the recommendations of the Investigative Committee, we will institute measures tailored to each individual workplace while deepening and developing reform in three key areas (quality assurance, organizational culture, and governance) with the aim of regaining trust, including measures to prevent future recurrence.



2) The impact of the social, economic, and political upheaval due to heightened geopolitical risks

The international situation around Ukraine has changed the level of geopolitical risk, particularly in Europe. It has destabilized social conditions and slowed the global economic recovery. In addition, recent tensions between the U.S. and China have had a major impact on corporate information management and supply chains due to mutually contradictory policies, doctrines, and regulations. The international community has become divided into blocs. As a result, the possibility of unforeseeable business risks is increasing, and there are also events that cannot be judged solely on the basis of economic rationality.

The Group conducts business in a wide range of areas from Energy and Electric Systems to Home Appliances, with approximately 50% of the Group's revenue from overseas. Domestic revenue includes not only products that are used domestically, but also products that are incorporated into customers' products and exported overseas.

Therefore, the Group's performance may be adversely affected by slower-than-expected economic growth in countries and regions around the world, which could result in changes in demand for the Group's products or sales trends of customer products in which the Group's products are used. This could occur against the background of circumstances such as an economic slowdown in Europe due to the prolonged situation in Ukraine, an economic slowdown in China due to the zero-COVID policy, etc., and worsening global inflation, among other factors.

To respond to these rapid changes in the economic security policies of various countries worldwide, the Corporate Economic Security Division, which is under the direct control of the president, investigates and analyzes policy developments and legal systems and conducts an integrated risk management from the viewpoint of economic security related to the control of sensitive technologies, information security, investment, development, and supply chain in the entire Group.

3) Changes in Supply and demand situation of products and supply chain (material procurement) environment

New lifestyles such as remote working, which became popular as a countermeasure against COVID-19, have taken root as the new normal and are helping to expand global demand in areas such as data centers and 5G communication. In addition, the spread of renewable energy and electric vehicles is accelerating as part of efforts toward carbon neutrality.

In addition to growth in global demand backed by factors such as economic measures in various countries, the prices of semiconductors, certain electronic components, materials, and logistics costs are rising and difficulties in procurement are becoming apparent primarily due to soaring energy prices caused by sanctions against Russia.

In light of these developments, the Group will continue to focus on securing supplies for stable procurement and controlling price hikes in order to supply competitive products to the market.

In addition, changes can be expected to arise in the supply chain due to tensions between the U.S. and China, or regulations in Europe and the U.S. related to human rights or the environment. However, the Group will build a sustainable procurement system that can mitigate various procurement risks and respond to environmental changes. The Group will also strengthen BCP measures to enable the continuation of its production activities.

4) Environment surrounding information security

If the Group's confidential corporate information relating to sales, engineering, intellectual property, and other areas, as well as information entrusted to the Company by its customers and stakeholders, were to be destroyed or leaked outside the Group due to infection by a computer virus, unauthorized access, or other unforeseen circumstances, or if the kind of cyber-attack that would affect factory production were to occur, this may affect the business activities and performance of the Group.

In addition, if information systems were to malfunction due to large-scale failure to software or hardware, unknown vulnerabilities in the systems of the Group and systems outside the Group's control, the disruption of communications services provided by external operators, large-scale disasters, or other causes, this may affect the business of the Group. As a response to such risks, the Group will promote activities to reinforce its information security infrastructure, strengthen its countermeasures to the latest patterns of cyber-attacks, which are becoming increasingly advanced and sophisticated, and maintain and enhance resilient information systems.

Viewpoints³

Game change / Technological innovation

Human rights due diligence

Recommendations of Taskforce on Climate-related Financial Disclosures (TCFD)

5) Acceleration of technological innovation and intensifying competition

The Group advances the research and development with a balanced approach. These R&D efforts reinforce and transform the Group's existing businesses and promote the creation of new value, in order to solve a variety of social issues through the use of advanced technologies and contribute to the realization of a sustainable society. The Group will also accelerate development and work to create new value through proactive utilization of open innovation with universities and other external R&D institutions.

Among the key issues for realizing a sustainable society, international legislative and regulatory efforts are accelerating to address climate-related issues (such as decarbonization), human rights, and other issues. These could lead to changes to established values and social structures, triggering rapid technological innovation (game change).

Rapid acceleration of technological innovation may lead to intensified competition, which may introduce the risk of impact on the Group's performance. Since a highly uncertain business environment is expected, the Group will endeavor to build a solid revenue base that is resilient in the face of these changes.

6) Laws and regulations and increased social demands for human rights

The Group recognizes the following risks with respect to human rights.

- Risk of violating laws and regulations being enacted in various countries that require companies to address human rights if such requirements are not met appropriately and in a timely manner
- Risk of economic sanctions being imposed on companies if they are found to be complicit in human rights abuses
- Reputation risk such as loss of trust in the company involved in human rights violations

To address these risks, the Group is strengthening its initiatives based on international norms such as the United Nations "Guiding Principles on Business and Human Rights."

In addition, Mitsubishi Electric has joined the Responsible Business Alliance (RBA), a corporate alliance that promotes social responsibility in the global supply chain. The Company will actively address human rights issues in the Company and the supply chain.

7) Laws and regulations and increased social demand for achievement of a sustainable global environment

Among environmental risks, the Group places the highest priority on addressing climate-related risks. The climate-related risks can be broadly classified into the following: risks related to the transition to a decarbonized society (transition risks); and risks related to the physical impacts of global warming if it progresses (physical risks).

These risks could result in various outcomes such as increased costs (e.g., production, internal administrative, and financing costs), decreased revenues, and a lower stock price.

In response to these risks, the Group will examine governance, strategy, risk management, and metrics and targets for climate-related issues in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and strengthen the efforts to address them.

8) The impact of infectious disease (COVID-19), etc.

The Group is executing business in countries and regions affected by COVID-19. The Group is implementing countermeasures as it continues its business operations while taking adequate precautions against the spread of infections. However, if the disease continues to spread or the pandemic becomes further protracted, declines in demand and other factors may adversely affect the Group's performance.

Although a certain level of business continuity is being secured against COVID-19 as a result of booster vaccinations and the new lifestyles being common, the timing of the end of the pandemic may become uncertain in the event of the emergence of an unexpected virus strain, etc. In that case, the Group's performance may be affected to a greater extent than currently expected.

9) The impact of large-scale disasters (earthquakes, tsunamis, typhoons, floods, volcanic eruptions, and fires), etc.

Japan has suffered from many natural disasters (earthquakes, tsunamis, typhoons, floods, volcanic eruptions, and fires), etc. In recent years, weather-related disasters have become more frequent, larger in scale, and more severe as the risk of climate change has increased, both in Japan and globally.

Such a large-scale disaster could cause direct damage to Mitsubishi Electric Group facilities and disrupt business activities of the Group, which has numerous main facilities in and outside Japan, including manufacturing facilities, sales offices, research laboratories, and the head office. Even in cases where Mitsubishi Electric Group facilities are not directly affected, supply chain disruptions could impede various areas of procurement. This could have an impact on production activities, and also on shipping, logistics, and deliveries, which could result in substantial losses.

In the event of a large-scale disaster, the Group will establish a Corporate Crisis Management Office. Its purpose is to centrally manage company-wide information, ensure the safety of each business site, and restore and continue business activities (BCP).

The Group will also build a flexible and sustainable supply chain that is capable of responding to the risks of large-scale disasters and fortify its BCP measures for stable procurement that will enable production activities to continue.

10) The impact of financial market risks (foreign currency exchange rates and stock markets)

If the foreign exchange market or stock market is affected by each of the increasingly complex separate risks indicated in items 1) through 9) above, or by the combined effects of these risks, the Group may be affected by the following.

<Foreign currency exchange rates>

In addition to North America, Europe, and China each accounting for roughly 10% of total Group revenue, the Group purchases imported materials that are denominated in U.S. dollars or euros, and sells export goods and purchases imported materials that are denominated in foreign currencies in its Asian production bases.

The Group strives to avoid foreign currency exchange rate fluctuations through the use of forward exchange contracts, etc. However, sudden changes in exchange rates that cause major deviations from the exchange rates expected by the Group may affect the Group's performance.

<Stock markets>

The Group holds stocks that are determined to be necessary for business operations, taking into consideration maintaining and strengthening relationships with business partners. Falls in stock market prices may lower the value of marketable stocks held by the Group and reduce its pension assets.

As a response to such risks, the Group makes a comprehensive judgment of the significance of its stockholdings, from the viewpoint of their profitability, business feasibility, holding risks, etc., and verifies and confirms them at the Executive Officer meetings and the Board of Directors every year. When stocks are judged to have a low holding significance, the Group considers the reduction thereof, such as by selling them, taking into consideration the situation of the companies concerned.

The above are forward-looking statements based on the judgment of the Company as of the date of submission of the Annual Securities Report (June 29, 2022).

3. Management Analysis of Financial Position, Operating Results and Cash Flows

The main measures implemented by the Group during the fiscal year ended March 31, 2022 and planned for implementation during the fiscal year ending March 31, 2023 are as indicated in “1. Management Policy, Business Environment and Corporate Agenda.” Below is our analysis of the financial position, operating results, and cash flows of the Group for fiscal 2022 based on these measures.

(1) Overview of business performance

The economy in the fiscal year ended March 31, 2022 continued to see recovery in the corporate sector in the U.S., Europe and Japan. The household sector continued to recover in the U.S. and Europe, while in Japan there was the downward pressure stemming from the novel coronavirus diseases (COVID-19), despite recovery owing to normalization of economic activities. China continued to see recovery in export and manufacturing, while the pace of recovery in the household sector slowed down. There was also the impact of the rise in material prices and logistics costs as well as a prolonged components shortage.

Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to uplift profitability by strengthening its business portfolio strategy towards sustainable growth, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, the business performance for the fiscal year ended March 31, 2022 is as follows.

<Consolidated Performance>		(In billions of yen)		
	Fiscal 2021	Fiscal 2022	Year on year	
Revenue	4,191.4	4,476.7	up 285.3	
Operating profit	230.1	252.0	up 21.8	
Profit before income taxes	258.7	279.6	up 20.9	
Net profit attributable to Mitsubishi Electric Corp. stockholders	193.1	203.4	up 10.3	

1) Revenue

Revenue increased by 285.3 billion yen compared to the previous fiscal year to 4,476.7 billion yen due primarily to increased revenue in Industrial Automation Systems, Home Appliances and Electronic Device segments, despite decreased revenue in Energy and Electric Systems and Information and Communication Systems segments. Industrial Automation Systems segment saw an increase in the factory automation systems business due mainly to an increase in demand for capital expenditures relating to digital equipment and decarbonization worldwide. The automotive equipment business also increased due to the expansion of the electric vehicle market. Home Appliances segment increased due mainly to an increase in air conditioners particularly in Europe and North America, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage. Electronic Devices segment increased due primarily to recovery in demand for power modules.

<Impact of Exchange Rate Fluctuations on Revenue>

	Average exchange rate for fiscal 2021	Average exchange rate for fiscal 2022	Impact of exchange rate fluctuations on revenue
Consolidated total	—	—	About ¥135.0 billion increase
US\$	¥106	¥113	About ¥34.0 billion increase
EURO	¥124	¥131	About ¥20.0 billion increase
CNY	¥15.7	¥17.7	About ¥50.0 billion increase

2) Operating profit

Operating profit increased by 21.8 billion yen compared to the previous fiscal year to 252.0 billion yen due mainly to increased operating profit in Industrial Automation Systems and Electronic Devices segments, despite decreased operating profit in Energy and Electric Systems and Home Appliances segments. Operating profit ratio improved by 0.1 points compared to the previous fiscal year to 5.6% due mainly to increased revenue.

The cost ratio improved by 0.2 points compared to the previous fiscal year due primarily to higher operating ratio owing to increased revenue in Industrial Automation Systems segment and the yen depreciating against other currencies, despite the rise in material prices. Selling, general and administrative expenses increased by 60.0 billion yen compared to the previous fiscal year, but selling, general and administrative expenses to revenue ratio improved by 0.2 points. Other profit (loss) decreased by 8.2 billion yen compared to the previous fiscal year due mainly to decreased profit from sales of land, and other profit (loss) to revenue ratio deteriorated by 0.3 points compared to the previous fiscal year.

3) Profit before income taxes

Profit before income taxes increased by 20.9 billion yen compared to the previous fiscal year to 279.6 billion yen due primarily to an increase in operating profit. Profit before income taxes to revenue ratio was 6.2%.

4) Net profit attributable to Mitsubishi Electric Corp. stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 10.3 billion yen compared to the previous fiscal year to 203.4 billion yen due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 4.5%.

ROE deteriorated by 0.4% compared to the previous fiscal year to 7.1%.

Consolidated Financial Results by Business Segment is as shown below.

1) Energy and Electric Systems

The market for the social infrastructure systems business saw buoyant investment in the public utility business in Japan, while demand relating to power systems decreased in Japan and there was the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19. In this environment, orders won by the business remained substantially unchanged compared to the previous fiscal year due primarily to an increase in the public utility systems business in Japan despite a decrease in the power systems and the transportation systems businesses in Japan. Revenue decreased compared to the previous fiscal year due mainly to decreases in the power systems and the transportation systems businesses in Japan.

The market for the building systems business saw recovery from stagnation stemming from COVID-19 primarily in China, while recovery is delayed in some parts of Asia. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to an increase primarily in China.

As a result, revenue for this segment decreased by 3% compared to the previous fiscal year to 1,238.1 billion yen.

Operating profit decreased by 46.7 billion yen compared to the previous fiscal year to 62.1 billion yen due mainly to decreased revenue and a shift in project portfolios.

2) Industrial Automation Systems

The market for the factory automation systems business saw a global increase in demand for capital expenditures relating to digital equipment such as semiconductors, electronic components and smartphones, and products in the decarbonization area such as lithium-ion batteries. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year.

The market for the automotive equipment business saw an increase in electric vehicle-related equipment due to the expansion of electric vehicle market, while sales of new cars decreased in Japan, China Europe and the U.S. due primarily to a semiconductor shortage compared to the previous fiscal year. In this environment, the business saw increases in both orders and revenue compared to the previous fiscal year due mainly to increases in electric vehicle-related equipment such as motors and inverters, as well as electrical components.

As a result, revenue for this segment increased by 17% compared to the previous fiscal year to 1,460.3 billion yen.

Operating profit for this segment increased by 56.2 billion yen compared to the previous fiscal year to 96.8 billion yen, as operating profit for the factory automation systems business increased due mainly to increased revenue and the yen depreciating against other currencies, while operating profit for the automotive equipment business decreased due primarily to the rise in material prices and logistics costs.

3) Information and Communication Systems

The market for the information systems and service business saw a decrease in large-scale projects for the IT infrastructure service business, while delayed system development projects restarted, particularly in the manufacturing industry. In this environment, the business saw an increase in orders but a decrease in revenue compared to the previous fiscal year.

The electronic systems business saw an increase in orders compared to the previous fiscal year due primarily to an increase in large-scale projects for the defense systems business, while revenue decreased compared to the previous fiscal year due mainly to a decrease in large-scale projects for the defense systems business.

As a result, revenue for this segment decreased by 7% compared to the previous fiscal year to 354.1 billion yen.

Operating profit decreased by 1.7 billion yen compared to the previous fiscal year to 14.7 billion yen due mainly to decreased revenue.

4) Electronic Devices

The market for the electronic devices business saw recovery in demand for power modules used in consumer, industrial and automotive applications. In this environment, the business saw an increase in orders compared to the previous fiscal year and revenue also increased by 18% compared to the previous fiscal year to 241.4 billion yen due primarily to an increase in power modules used in consumer, industrial and automotive applications.

Operating profit increased by 10.5 billion yen compared to the previous fiscal year to 16.8 billion yen due mainly to increased revenue.

5) Home Appliances

The market for 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, despite the impact of a semiconductor shortage. 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 10% compared to the previous fiscal year to 1,144.7 billion yen due mainly to an increase in air conditioners primarily in Europe and North America as well as the yen depreciating against other currencies, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage.

Operating profit decreased by 4.8 billion yen compared to the previous fiscal year to 70.9 billion yen due mainly to the rise in material prices and logistics costs despite increased revenue and the yen depreciating against other currencies.

6) Others

Revenue increased by 12% compared to the previous fiscal year to 676.2 billion yen due primarily to increases in materials procurement and logistics.

Operating profit increased by 8.3 billion yen compared to the previous fiscal year to 21.9 billion yen due mainly to increased revenue.

Revenue from customers by geographic segment is as shown below.

1) Japan

Revenue decreased by 4% year on year to 2,332.4 billion yen primarily due to decreases in the home appliances business and the social infrastructure systems business, despite an increase in the factory automation systems.

2) North America

Revenue increased by 22% year on year to 461.9 billion yen primarily due to an increase in the home appliances business.

3) Asia (excluding Japan)

Revenue increased by 20% year on year to 1,114.9 billion yen primarily due to increases in the factory automation systems and the home appliances business.

In China, revenue increased by 22% year on year to 588.8 billion yen primarily due to increases in the factory automation systems and the home appliances business.

4) Europe

Revenue increased by 26% year on year to 495.3 billion yen due to an increase in the home appliances business.

5) Others

Revenue in other regions, including Oceania, revenue increased by 14% year on year to 72.1 billion yen.

(2) Production, orders and sales

1) Production

Production by business segment for the fiscal year ended March 31, 2022 is as follows.

Business Segment	Production (millions of yen)	Year on year (%)
Energy and Electric Systems	853,140	96
Industrial Automation Systems	1,322,942	116
Information and Communication Systems	268,202	92
Electronic Devices	206,910	125
Home Appliances	839,658	110
Others	1,996	146
Total	3,492,848	107

Note: The figures in the table above are indicated expected invoice prices regarding make-to-stock products and order received prices regarding build-to-ordered products.

2) Orders

Orders received by business segment for the fiscal year ended March 31, 2022 are as follows.

Business Segment	Orders received (millions of yen)	Year on year (%)
Energy and Electric Systems	1,217,980	104
Industrial Automation Systems	1,666,328	127
Information and Communication Systems	398,578	105
Electronic Devices	347,004	154

Notes: 1. Orders in Electronic Devices segment increased by 54% compared to the previous fiscal year to 347.0 billion yen due primarily to an increase in power modules used in consumer, industrial and automotive applications, as described in “3. Management Analysis of Financial Position, Operating Results and Cash Flows (1) Overview of business performance 4) Electronic Devices”.

2. Home Appliances and Others segments have few products made on other, thus not included in the table above.

3) Sales

Sales by business segment for the fiscal year ended March 31, 2022 are as follows.

Business Segment	Sales (millions of yen)	Year on year (%)
Energy and Electric Systems	1,238,111	97
Industrial Automation Systems	1,460,368	117
Information and Communication Systems	354,128	93
Electronic Devices	241,405	118
Home Appliances	1,144,788	110
Others	676,257	112
Elimination	(638,299)	—
Total	4,476,758	107

Note: The figures in the table above include inter-segment sales.

(3) Analysis of financial position

Total assets as of the end of this fiscal year increased compared to the end of the previous fiscal year by 310.0 billion yen to 5,107.9 billion yen. The change in balance of total assets was mainly attributable to increases in inventories by 215.8 billion yen and other non-current assets by 100.4 billion yen.

Inventories increased due primarily to recovery in demand for Industrial Automation Systems and Home Appliances segments as well as the impact of semiconductor and electronic components shortages. Other non-current assets increased due mainly to an increase in net defined benefit assets mainly reflecting a rise in stock prices.

Total liabilities increased compared to the end of the previous fiscal year by 83.2 billion yen to 2,010.5 billion yen due primarily to increases in trade payables by 59.8 billion yen and accrued expenses by 24.2 billion yen. Bonds and borrowings decreased compared to the end of the previous fiscal year by 31.7 billion yen to 217.1 billion yen, with the ratio of bonds and borrowings to total assets recording 4.3%, representing a 0.9 point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 221.6 billion yen compared to the end of the previous fiscal year to 2,975.9 billion yen. The stockholders' equity ratio was recorded at 58.3%, representing a 0.9 point increase compared to the end of the previous fiscal year. These changes mainly result from increases due to recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 203.4 billion yen and accumulated other comprehensive income by 72.7 billion yen mainly reflecting the yen depreciating against other currencies, despite a decrease due to a dividend payment of 85.7 billion yen.

(Indices related to the Statement of Financial Position)

	As of Mar. 31, 2021	As of Mar. 31, 2022	Year on year
Trade receivables turnover (times)	3.55	3.63	0.08
Inventory turnover (times)	5.64	4.66	(0.98)
Bonds and borrowings to total assets (%)	5.2	4.3	(0.9)
Mitsubishi Electric Corp. stockholders' equity ratio (%)	57.4	58.3	0.9

Notes: 1. Trade receivables turnover is calculated based on the sum of trade receivables and contract assets.

2. Bonds and borrowings to total assets is calculated based on the balance of bonds and borrowings excluding lease liabilities.

(4) Capital resources and funding liquidity

1) Basic policies regarding financial strategies

In order to maintain a solid balance sheet, the Mitsubishi Electric Group continuously strives to improve its cash flows by enhancing its business performance, achieve greater asset efficiency through inventory reduction initiatives and promotion of the collection of trade receivables, and improve fund efficiency through more effective use of Group funds.

In addition, the Group will further increase capital efficiency under its capital allocation policy stated in the Medium-Term Management Plan towards fiscal 2026, by implementing its capital measures, including the enhancement of shareholder returns through profit growth while giving the top priority to investment in growth.

In order to secure funds needed to implement its growth strategies, including those for capital expenditures, research and development, and M&As, the Group will flexibly raise funds from financial institutions as necessary while using cash on hand generated from cash flows from operating activities with a focus on key growth businesses.

2) Status of cash flows

Cash flows from operating activities for fiscal 2022 were 282.3 billion yen (cash in), while cash flows from investing activities were 114.8 billion yen (cash out). As a result, free cash flow was 167.5 billion yen (cash in). Cash flows from financing activities were 241.3 billion yen (cash out), and cash and cash equivalents at end of period decreased compared to the end of the previous fiscal year by 40.2 billion yen to 727.1 billion yen.

Net cash provided by operating activities decreased by 259.7 billion yen compared to the previous fiscal year due primarily to an increase in inventories despite increased profit.

Net cash used in investing activities decreased by 61.6 billion yen compared to the previous fiscal year due mainly to an increase in proceeds from sale of investment securities and a decrease in purchase of property, plant and equipment in fiscal 2022 as a result of restricted capital expenditures in the previous fiscal year.

Net cash used in financing activities increased by 83.9 billion yen compared to the previous fiscal year due primarily to an increase in the purchase of treasury stock and a decrease in proceeds of short-term borrowings.

3) Status of funding and liquidity

The main component within the need for working funds is operating expenses such as costs for purchasing necessary materials for production, manufacturing costs and selling, general and administrative expenses. The need for funds for investment is due to components such as capital expenditure and M&As.

Short-term working funds are derived from cash on hand and short-term borrowings from financial institutions. Capital expenditure and long-term working funds are derived from long-term borrowings from financial institutions and issuance of corporate bonds while utilizing cash on hand.

The balance of cash and cash equivalents is 727.1 billion yen and the balance of bonds, borrowings and lease liabilities totaled 329.4 billion yen as of the end of fiscal 2022. Of these, short-term borrowings totaled 74.9 billion yen, bonds and long-term borrowings totaled 142.2 billion yen, and lease liabilities totaled 112.2 billion yen.

Steadily executing the strategies above, the Group will work to further enhance its corporate value.

(5) Significant accounting estimates and judgments

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards. Management is required to make judgments, estimates and assumptions that affect the amounts of assets, liabilities, income and expenses in preparation of the consolidated financial statements. Actual results may differ from these estimates. Accounting estimates and assumptions which could have a significant effect on amounts in the consolidated financial statements are as follows.

With regard to the impact of COVID-19, while circumstances remain uncertain, the Company has assumed that the pandemic would not have a significant long-term impact, and used accounting estimates such as the "Recoverable amount of property, plant and equipment, goodwill and intangible assets." The Group believes that the above assumption is the best estimate as of the end of this fiscal year. However, if the COVID-19 has a greater impact on future circumstances than expected, it may significantly affect the amounts in the consolidated financial statements.

1) Estimated total cost of contracts in which performance obligations are satisfied over time

The Group recognizes revenue for specific construction contracts meeting certain criteria in the Energy and Electric Systems segment and Information and Communication Systems segment according to the progress of the construction. The progress of construction is measured by comparing the cost incurred through the current year to the estimated total cost.

The estimated total cost is calculated for each contract based on various information such as the contract details of the relevant

construction contract, required specifications, the presence or absence of new technological development elements, and historical incurred cost results for similar contracts.

As for construction contracts, the contract specifications and work contents are determined based on the customer's request, and the contract contents are highly individualistic. Also, since many of them are with a relatively long period of time, the estimated total cost may fluctuate due to changes in the environment during the construction process, such as an increase in the cost compared to the initial estimate owing to delays in work processes and fluctuations in the cost owing to the occurrence of events not initially expected in the execution of construction using newly developed technologies.

Management believes that the total estimated costs for construction contracts, which are revised quarterly considering a comparison of the costs incurred up to the current quarter with prior estimates and the latest information based on the progress of construction at that time, are reasonable, but, deviations between estimates and actual results due to changes in the future environment may affect the amount of revenue recognized by the Group.

2) Recognition and measurement of provisions

The Group records the expected amount of future losses on a construction contract in the Energy and Electric Systems segment and Information and Communication Systems segment as a provision for loss on construction, if it is probable that the estimated total cost of such construction will exceed the contract order amount and if the expected loss amount can be reasonably estimated. The balance of provision for loss on construction as of March 31, 2022 is 47,267 million yen.

The estimated total cost is calculated for each contract based on various information such as the contract details of the relevant construction contract, required specifications, the presence or absence of new technological development elements, and historical incurred cost results for similar contracts.

As for construction contracts, the contract specifications and work contents are determined based on the customer's request, and the contract contents are highly individualistic. Also, since many of them are with a relatively long period of time, the estimated total cost may fluctuate due to changes in the environment during the construction process, such as an increase in the cost compared to the initial estimate owing to delays in work processes and fluctuations in the cost owing to the occurrence of events not initially expected in the execution of construction using newly developed technologies.

Management believes that the estimated amount of provision for loss on construction, which are revised quarterly considering a comparison of the costs incurred up to the current quarter with prior estimates and the latest information based on the progress of construction at that time, is reasonable, but, deviations between estimates and actual results due to changes in the future environment may affect the profit or loss of the Group.

The Group generally offers warranties on their products against certain manufacturing and other defects for specific periods of time and/or used conditions of the product depending on the nature of the product, the geographic location of its sale and other factors. The Group records a provision for product warranties if it is probable that the future cost will be incurred as of the end of the fiscal year and if the expected cost can be reasonably estimated. The Group estimates future warranty costs based primarily on the historical experience of actual warranty claims as well as current information on repair costs. The balance of provision for product warranties as of March 31, 2022 is 52,736 million yen.

Management believes that the estimated amount of future warranty costs is reasonable, but, deviations between estimates and actual results due to changes in the future environment may affect the profit or loss of the Group.

3) Recoverable amount of property, plant and equipment

The Group determines whether there is an indication of impairment for property, plant and equipment. If there is an indication of impairment, these assets are tested for impairment.

The recoverable amount of an asset or cash generating unit is the higher of its value in use and its fair value less costs of disposal. Estimated future cash flows used in the calculation of value in use are discounted to their present value using a pre-tax discount rate reflecting the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Management believes that both the estimated future cash flows used in the calculation of value in use and the estimated fair value less costs of disposal are reasonable, but, changes of the estimated recoverable amount of assets or cash-generating units due to the changes in the Group's business and assumptions could affect the recognition of impairment losses on property, plant and equipment in the future.

During the year ended March 31, 2022, as a certain domestic manufacturing facility for the automotive equipment business within the Industrial Automation Systems segment has recognized consecutive operating losses for some years, due to the burden of upfront investments to increase orders of electric vehicle-related equipment, soaring material and logistics costs, the effects on sales and production from the supply crunch of semiconductor parts and other reasons, it was determined that there was an indication of impairment for the fixed assets of the facility. Accordingly, the Company performed an impairment test to determine

whether an impairment loss should be recognized. While this manufacturing facility has property, plant and equipment of 50,241 million yen, and intangible assets of 1,733 million yen, the Company concluded that the recognition of an impairment loss was not necessary since the recoverable amount based on the value in use, which was calculated as the discounted present value of estimated future cash flows, exceeded the carrying amount of the assets. Future cash flows are based on the business plans prepared by management. The business plans are based on various assumptions, such as the increase in orders received for the Company's electric vehicle-related equipment in anticipation of an expanded electric vehicle market in response to the trend of decarbonization and the optimal procurement of parts.

The Group believes that the estimates based on these assumptions are reasonable. However, if any changes occur in the economic environment and accordingly revisions are required for such estimates, the recognition of impairment losses may become necessary for the year ending March 31, 2023.

4) Recoverable amount of goodwill and intangible assets

The Group determines whether there is an indication of impairment for intangible assets with finite useful lives. If there is an indication of impairment, these assets are tested for impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually.

Significant goodwill is the goodwill allocated to the Home Appliances segment. The recoverable amount in impairment tests is calculated using value in use which is primarily calculated by discounting to the present value the estimated cash flows based on a five-year business plan and growth rates approved by management. The discount rate is calculated based on the pre-tax weighted average cost of capital. The discount rates as of March 31, 2022 is 9.2%. Growth rates are calculated by reference to long-term expected growth rates of the market to which the cash-generating unit to which the goodwill is allocated belongs. The growth rates as of March 31, 2022 is 0.8%.

Management believes that both the estimated cash flows based on the business plan and growth rates and discount rates are reasonable, but, changes in the value in use resulting from the change of the estimated cash flows and discount rates due to the changes in the Group's business and assumptions could affect the recognition of impairment losses on goodwill and intangible assets in the future.

5) Recoverability of deferred tax assets

A deferred tax asset is recognized for deductible temporary differences, unused tax losses and tax credit carryforwards to the extent that is probable that they can be utilized against future taxable profit. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that is no longer probable that the related tax benefits will be realized.

In assessing the realizability of deferred tax assets, the Group consider whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profit during the periods in which those deductible temporary differences, unused tax loss carryforwards and tax credit carryforwards become deductible. The Group consider the scheduled reversal of deferred tax liabilities, projected future taxable profit, and tax planning strategies in making this assessment.

Management believes the probability that deferred tax assets determined to be recognizable at March 31, 2022 will be realized to be high, but if future estimated taxable profit decreases during the deferral period, deferred tax assets considered likely to be realized will be reduced.

6) Measurement of defined benefit obligation

The Group has non-contributory and contributory defined benefit plans covering its employees who meet eligibility requirements. Defined benefit obligation of employees is calculated based on actuarial assumptions, such as the discount rate, the retirement rate, the lump-sum payment selection rate, and the mortality rate. The amount of change in fair value arising from remeasurement of the present value of defined benefit obligations and the fair value of plan assets is fully recognized in other comprehensive income in the periods in which it arises and immediately reclassified to retained earnings.

The period of discount is determined based on the period to the date on which future annual benefits are expected to be paid. Discount rates are determined by reference to market yields consistent with the period of discount on high quality corporate bonds, at the end of this fiscal year. The discount rates as of March 31, 2022 is 0.7%.

Management believes that the calculation of actuarial assumptions is reasonable, but, differences from actual results or changes in the actuarial assumptions may affect the amount of defined benefit obligations.

7) Fair value of financial instruments

The Group designates equity instruments which are held primarily to maintain and strengthen business relationships as financial

assets measured at fair value through other comprehensive income. The fair value of non-marketable equity instruments is calculated based on comprehensively taking into consideration quantitative information on the net assets and other financial information of the investee and forecasts of its future cash flows.

Management believes that the estimates of fair value are reasonable, but, changes in assumptions such as the performance of investee companies and future cash flows could affect the amount of other comprehensive income of the Group.

4. Material Agreements, etc.

(1) Technical license agreements as a licensor

Licensee	Description	Date of contract	Period of contract
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	License of manufacturing technology for room air conditioners and package air conditioners	June 1, 1990	To be extended automatically
Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd.	License of manufacturing technology for room air conditioners, package air conditioners and ventilators	June 25, 2010	December 27, 2025
Mitsubishi Electric Air Conditioning Systems Europe Ltd.	License of manufacturing technology for air conditioners	October 1, 2005	To be extended automatically
Siam Compressor Industry Co., Ltd.	License of manufacturing technology for air-conditioning compressors	April 1, 2002	To be extended automatically
PIMS, S.A. de C.V.	License of manufacturing technology for package air conditioners	October 1, 2013	To be extended automatically
Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd.	License of manufacturing technology for servomotors	January 1, 2013	December 31, 2022
Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd.	License of manufacturing technology for servo amplifiers	January 1, 2013	December 31, 2022

Notes: 1. All of the contracts above are contracted by the Company.

2. The license fee based on the above contracts will be paid corresponding to the sales. The license fee for some contracts will be paid by the amount specified by the contract.

(2) Absorption-type company split agreement

On October 18, 2021, the Company decided to consolidate its management structure by transferring its building systems business, which is mainly responsible for new installations of elevators and escalators, to Mitsubishi Electric Building Techno-Service Co., Ltd., its consolidated subsidiary which is primarily responsible for the maintenance and renewal of elevators and escalators, through a business integration by means of an absorption-type company split, in order to further strengthen its global competitiveness and improve efficiency. The absorption-type company split agreement was subsequently concluded on February 17, 2022 and the company split was executed on April 1, 2022.

5. Research and Development

The Company advances the research and development that reinforce and reform our existing businesses and promote the creation of new value with a balanced approach, in order to solve a variety of social issues through advanced technologies and contribute to the realization of a sustainable society. We thoroughly strengthen core technologies that drive increased profitability, continuously enhance fundamental technologies such as AI, and search for and create new technologies aimed at realizing a decarbonized society and other achievements. The Company will also accelerate development and create value through proactive utilization of open innovation with universities and other external R&D institutions.

During fiscal 2022, the total R&D expenses for the entire Group have amounted to 195.1 billion yen (2% increase compared to the previous fiscal year). Representative achievements for each business segment are as follows.

(1) Energy and Electric Systems

In the Energy and Electric Systems segment, our research is directed at boosting the competitiveness of core products, including such rotating machineries as generators and electric motors; such power transmission/distribution equipment and systems as switchgears and transformers; transportation systems; network solution equipment; and elevators and escalators. Other R&D areas include IT-application systems for supervision and control, power information systems, building management systems, and visual information systems. The R&D expenditures for these fields were 36.1 billion yen and the main achievements are as follows.

1) Multi-region digital power optimization technology

The Group has developed multi-region digital power optimization technology for companies that aim to achieve carbon neutrality. This technology automatically optimizes the distribution of electricity from renewable energy sources between multiple locations using a self-consignment system^{*1}, the usage of distributed power sources and storage batteries at each location, and planning for purchase of environmental value certificates^{*2}. This will minimize procurement costs for electricity and environmental value, while contributing to the achievement of decarbonization targets for each location.

2) Mitsubishi's network camera system "MELOOK 4"

The Group has developed "MELOOK 4," a new network camera system that increases the recording time through the use of the H.265 video compression standard and an expanded range of connectable camera types by accommodating ONVIF^{®*3} compliant cameras. This system meets the need to diversify network camera systems amid growing public concerns about safety and security, and will contribute to increased security and improved usability.

3) Water surface situation monitoring service "MINAMONITOR"

The Group has developed "MINAMONITOR," a water surface monitoring service that enables users to check various data about a reservoir's condition, such as water level, water temperature, and rainfall. The service, which can be used from a smartphone or tablet, deploys a floating buoy-type water surface sensor to measure water level (water surface elevation). It uses correction signals from the quasi-zenith satellite system "Michibiki" to enable an accuracy within 3 cm (RMS*4). The service streamlines the maintenance and management operations of agricultural water utilization facilities, and will contribute to disaster prevention and mitigation.

4) NEXIEZ-MRL Version2 Elevator, a machine room-less elevator for overseas markets

The Group has developed a door system that shortens door opening and closing times, circulation fans equipped with Plasma Quad to control viruses and other bacteria in the car, and connectivity functions for service robots and building management systems of various manufacturers. The elevator increases transport efficiency and offers antivirus solutions, and contributes to the enhancement of building value as well as the improvement of passenger safety, security, comfort, and convenience.

(2) Industrial Automation Systems

In the Industrial Automation Systems segment, R&D activities are aimed at enhancing the competitiveness of our lineup, which includes FA control equipment and systems; drive products, such as AC servo motor systems; power distribution and control equipment; mechatronics equipment; industrial robots; automotive electric and electronic components, including electric power steering (EPS) and related products; car multimedia systems; and automated driving, accident avoidance; ADAS^{*5}. The R&D expenditures for these fields were 63.9 billion yen and the main achievements are as follows.

1) 3D CO2 laser processing systems for cutting CFRP^{*6}

The Group has developed 3D CO2 laser processing systems for cutting CFRP, which are lightweight, high strength materials used in automobiles. The new systems are world-first systems^{*7} equipped with CO2 laser oscillators that integrate the oscillator and amplifier into the same enclosure, and together with the unique processing head, they help achieve high-speed and precision processing. This will enable the mass production of CFRP products, so far unavailable using previous processing methods.

2) In-vehicle High Definition Locator using CLAS^{*8}

The Group has developed an in-vehicle high definition locator using CLAS with the aim of realizing accident-free ADAS and automated driving. The device is capable of positioning the vehicle's own position with 50 cm accuracy (95% value) using high-

precision map data and CLAS from quasi-zenith satellites. The device achieves high definition, high reliability, and real-time performance with an inexpensive in-vehicle CPU, and will contribute to a safe and secure automotive society.

(3) Information and Communication Systems

In the Information and Communication Systems segment, the Group pursues research related to the development of information and communications infrastructure and space systems. The R&D expenditures for these fields were 8.0 billion yen, and the main achievements are as follows.

1) Successor to the original “Michibiki” quasi-zenith satellite

The Group has developed the successor to its first “Michibiki” quasi-zenith satellite and completed initial verification of its functions and performance of equipment in orbit. With Quasi-Zenith Satellite System Services Inc. also having completed testing of related ground systems, the Cabinet Office launched various positioning services. Compared to the first Michibiki satellite, the QZS-1R has improved durability, and together with the QZS-2, 3 and 4 previously launched, will support positioning, high-precision positioning augmentation and other satellite services.

2) Rule-based behavior analysis technology to detect human behavior from skeletal information

The Group has developed a technology to analyze behavior using human skeletal information extracted from video images. The analysis is based on detection rules defined by combining position, angle, and speed of skeletal movements. The technology reduces the amount of learning required for detecting complex behaviors and multiple-person behaviors for which training data is difficult to prepare. This will contribute to reduced introduction costs and shorter introduction times for behavior detection systems.

(4) Electronic Devices

In the Electronic Devices segment, our R&D focuses on semiconductor and other electronic devices that are themselves vital components used in various our business segments. The R&D expenditures for these fields were 9.5 billion yen and the main achievements are as follows.

1) High-performance power semiconductor modules

The Group has developed a T-series 2.0kV IGBT^{*9} Module for industrial use, suitable for 1500VDC power converters for renewable energy power sources. The T-series is the world’s first^{*10} IGBT with 2.0kV withstand voltage and achieves both high-voltage operation and low-power-loss using a uniquely optimized Si semiconductor chip. This enables development of simpler devices without need for complex topology, and will contribute to the miniaturization and power consumption reduction of power converters for solar and wind power generation.

2) Next-generation high-speed fiber-optic communication devices

The Group has developed, as a semiconductor laser diode chip for optical transceivers^{*11}, a wider-temperature-range CWDM^{*12} 100 Gbps (53 Gbaud^{*13} PAM4^{*14}) EML^{*15} chip. The enhanced performance of the EML chip and its unique structure achieve data center communication speeds of 400 Gbps with four chips. In addition, its wide temperature range of 5°C to 85°C will contribute to lower the power consumption and costs of optical transceivers by eliminating the need for conventional temperature-control units.

(5) Home Appliances

In the Home Appliances segment, the Group is engaged in the development of products in such wide-ranging fields as air conditioning equipment, kitchen appliances, household appliances, lighting, and electronic housing products. The R&D expenditures for these fields were 43.4 billion yen and the main achievements are as follows.

1) “Lossnay Central Ventilation System <Smart e-FloTM System Compatible>” linked with “Kirigamine FZ and Z Series” room air conditioners

By using its IoT life solution platform “Linova,” the Group has developed the “Lossnay Central Ventilation System <Smart e-FloTM System Compatible>,” the industry’s first^{*16} residential total heat exchanger ventilation equipment that can be linked^{*17} with room air conditioners. The system further improves indoor comfort (reducing CO2 concentration by up to approximately 23%^{*18} and suppressing the drop in room temperature during defrosting^{*19}), achieves efficient energy-saving ventilation (reducing power consumption by up to approximately 24%^{*18}), and will contribute to the realization of a carbon-neutral society.

2) Confirm effectiveness in reducing airborne novel coronavirus particles using Plasma Quad technology

Plasma Quad technology is a unique technology^{*20} that the Group has developed. This technology reduces the residual rate of airborne novel coronavirus in one cubic meter space simulating a real indoor space by more than 99% in 5 minutes. Through this, the Group will enhance its air purification technologies such as virus and bacteria control, and will contribute to the improvement of indoor air quality with its products equipped with Plasma Quad technology.

(6) Other/Company-wide (cutting-edge R&D/common basic technologies)

In the area of R&D for new technologies, the Group has been promoting R&D for new and basic technologies in order to create customer value by solving social issues. The R&D expenditures for these fields were 34.0 billion yen and the main achievements are as follows.

1) The SUSTIE ZEB^{*21} test facility achieves “ZEB^{*22}” certification in its operational phase

The Group has developed a pre-planned ZEB operating technology that combines simulation technology of building equipment and office condition with the AI technology Maisart^{*23}. As a result of its use, SUSTIE retained its energy consumption at less than 0% in its first full year of operation by producing more energy than it consumed, thereby achieving the criteria for “ZEB” certification. The Group will further promote the popularization of “ZEB” and contribute to carbon neutrality.

2) MelCare Elderly Watching Service

The Group has developed the MelCare Elderly Watching Service, intended for comprehensive protective monitoring of residents in facilities for the elderly, which covers everything from detecting falls to checking on their everyday sleep status. AI smart sensors incorporated with the AI technology "Maisart" are used to assess conditions in residents' rooms, and if any abnormalities are detected, care providers are promptly notified via cloud integration of the service. This reduces the operational burden placed on the care providers and helps achieve high quality nursing care services that closely support the elderly.

3) Teaching-less robot system technology that facilitates introduction of robots

The Group has developed a teaching-less robot system technology that enables robots to perform tasks as fast as humans without the need for specialized knowledge, by using the industry's first^{*24} spoken operating instructions or simple item selections to automatically generate robot operation programs. These technologies will contribute to promoting the automation of work processes that had difficulty in introducing robots, such as dishing up ingredients in food-processing plants where the menu changes frequently, and sorting in logistics centers.

4) AI technology that clarifies its own control rationale

The Group has developed an AI technology together with the National Institute of Physical and Chemical Research (RIKEN), which eliminates black boxes by clarifying the rationale and future predictions underpinning each AI-based control system. Not only does this allow people to understand the control rationale of the AI, it also enables early maintenance and rapid recovery, contributing to the realization of a society in which people can feel safe using AI.

5) Comparator design technique for reducing power consumption of ASIC^{*25}

The Group has developed the industry's most^{*26} low-power-consumption ASIC with a built-in one-shot comparator. It has an electric current control circuit that provides a large instantaneous current, and a latch circuit that retains results without standby power. This will contribute to lower power consumption of IoT devices.

6) Structure standardization of motor for electric power steering

Along with standard models, the Group has added models with duplex circuits to its lineup, developing inverter-integrated motors for power steering of medium and heavy-duty vehicles that meet the functional safety standards of ADAS. By standardizing the basic structure of inverters and switching functions through the combination of mounted parts, the Group achieved the sharing of equipment and the shortening of development times. This will contribute to a safer and more secure automotive society.

*1 A system in which power companies use their own transmission and distribution networks to transmit power generated at their own power plants to other points of demand within their company

*2 The environmental value and greenhouse gas emission reduction benefits generated by renewable energy generation being certified for an approval body and provided as certificates. Currently in Japan, there are non-fossil certificates, J-credits, green power certificates, etc.

*3 ONVIF: Open Network Video Interface Forum, A forum for the standardization of interface standards for network camera products. ONVIF is a registered trademark of ONVIF, Inc.

*4 RMS: Root Mean Square, used to describe the accuracy of measurement of a point

*5 ADAS: Advanced Driver Assistance System

*6 CFRP: Carbon Fiber Reinforced Plastics

*7 As of October 14, 2021 (according to internal research)

*8 CLAS: Centimeter Level Augmentation Service

*9 IGBT: Insulated Gate Bipolar Transistor

*10 In IGBT modules for 1500VDC power converters as of June 9, 2021 (according to internal research)

*11 Electronic components that enable conversion between electric and optical signals

*12 CWDM: Coarse Wavelength Division Multiplexing, a wavelength division multiplexing communication technology in optical communications in which signals of multiple wavelengths spaced 20 nm apart are transmitted over a single optical fiber. Four wavelengths (1271, 1291, 1311, 1331 nm) were used for this project

*13 baud: Unit for the number of modulation cycles per second, 53 Gbaud is equivalent to 53.0 billion modulations per second

*14 PAM4: 4-level pulse-amplitude modulation; a method of transmitting as a 4-value pulse signal instead of the conventional 2-value bit sequence consisting of “0” and “1”

- *15 EML: Electro-absorption Modulator integrated Laser diode, a semiconductor laser diode with integrated field-absorption optical modulator
- *16 As of October 13, 2021, in residential room air conditioners and residential total heat exchanger ventilators (according to internal research)
- *17 Compatible with Kirigamine room air conditioners (select fiscal 2023 models)
- *18 Comparison between systems with and without linked control of room air conditioner and Lossnay Central Ventilation System <Smart e-Flo™ System Compatible>
- *19 Operation function to stop heating operation and melt frost when frost forms on the outdoor unit during room air conditioner heating
- *20 As of August 5, 2021, in air purification devices with ribbon-shaped discharge electrodes (according to internal research)
- *21 *ZEB*: net Zero Energy Building
- *22 Certification given to buildings with zero or less net primary energy consumption on an annual basis. The “*ZEB*” is the highest of the *ZEB* evaluation rankings.
- *23 Mitsubishi Electric’s AI creates the State-of-the-ART in technology: Mitsubishi Electric’s AI technology brand aimed at making every device smarter
- *24 As of February 28, 2022, for measures provided by industrial robot manufacturers for issuing work instructions (according to internal research)
- *25 ASIC: Application Specific Integrated Circuit
- *26 As of January 21, 2021 (according to internal research)

III. Property, Plants and Equipment

1. Summary of Capital Investment, etc.

The Mitsubishi Electric Group (the Company and its consolidated subsidiaries) will strive to further increase its corporate value by strategic and focused resource investment based on the Medium-Term Management Plan. We will pay close attention to changes in the business environment and thoroughly review, select and concentrate the investments and examine the timing of execution when making capital investments.

Capital Investment in the fiscal year ended March 31, 2022 was 167,772 million yen (based on the recognized value of property, plant and equipment). A breakdown of capital investment by business segments is as follows.

Business Segment	Capital Investment (millions of yen)		
	Property, plant and equipment	Right-of-use assets	Total
Energy and Electric Systems	16,955	9,456	26,411
Industrial Automation Systems	43,779	2,095	45,874
Information and Communication Systems	14,529	2,627	17,156
Electronic Devices	19,512	1,274	20,786
Home Appliances	23,747	1,881	25,628
Others	7,745	1,581	9,326
Common	7,949	14,642	22,591
Total	134,216	33,556	167,772

The main purpose of investments by segments in the fiscal year ended March 31, 2022 are as follows.

In Energy and Electric Systems, investments were executed mainly for increasing production capacity, streamlining operations, and enhancing quality in power systems, electric equipment for rolling stock, and the elevators/escalators.

In Industrial Automation Systems, investments were executed mainly for increasing production capacity in factory automation systems and automotive equipment.

In Information and Communication Systems, investments were executed mainly for bolstering research and development capabilities, and streamlining operations.

In Electronic Devices, investments were executed mainly for increasing production capacity in the power device business.

In Home Appliances, investments were executed mainly for increasing production capacity, streamlining operations, and enhancing quality in the air conditioners.

In Common, investments were executed mainly for bolstering research and development capabilities.

Capital investments are derived from cash on hand and funds from operations.

For the fiscal year ended March 31, 2022, production capacity was not materially affected by the sale, disposal, damage, or loss due to natural disasters of property, plant and equipment.

2. Major Property, Plants and Equipment

The Mitsubishi Electric Group (the Company and consolidated subsidiaries) engages in diverse business operations in Japan and overseas. It discloses information on the property, plants and equipment represented in breakdown by business segment and major facilities of the Company and consolidated subsidiaries.

The situation at the end of the fiscal 2022 is as follows.

(1) Breakdown by business segment

Business segment	Carrying amount (millions of yen)					Number of employees (persons)
	Buildings and structures	Machinery and equipment	Land (Area in thousands of m ²)	Others	Total	
Energy and Electric Systems	125,673	22,073	30,731 (6,612)	21,331	199,808	47,113
Industrial Automation Systems	101,866	59,168	14,810 (2,323)	34,828	210,672	32,692
Information and Communication Systems	41,486	7,433	6,505 (476)	12,408	67,832	13,818
Electronic Devices	16,059	31,315	5,129 (696)	26,869	79,372	5,393
Home Appliances	62,929	42,461	18,756 (1,862)	19,656	143,802	28,710
Others	46,830	2,927	23,581 (532)	3,527	76,865	12,329
Common	49,609	4,621	10,960 (459)	12,205	77,395	5,641
Total	444,452	169,998	110,472 (12,963)	130,824	855,746	145,696

Notes: 1. Carrying amount is carrying amount of property, plant and equipment (including right-of-use assets), and “Others” include the amount of construction in progress.

2. “Common” include the amount of elimination of consolidation.

3. Land area indicates the area of land owned by the Company and its consolidated subsidiaries.

(2) The Company

Facility (Main location)	Business Segment	Details of major facilities and equipment	Carrying amount (millions of yen)					Number of employees (persons)
			Buildings and structures	Machinery and equipment	Land (Area in thousands of m ²)	Others	Total	
Kobe Works Energy Systems Center (Hyogo-ku, Kobe-shi)	Energy and Electric Systems	Manufacturing facilities for surveillance-system control and generative equipment, etc.	25,071	2,575	1,632 (342)	3,509	32,787	2,134
Itami Works Transmission & Distribution Systems Center (Amagasaki-shi, Hyogo)	Energy and Electric Systems	Manufacturing facilities for electrical equipment for locomotives and rolling stock, power transmission/distribu tion equipment, etc.	23,503	4,206	2,789 (867)	2,507	33,005	1,984
Nagoya Works Industrial Mechatronics Systems Works (Higashi-ku, Nagoya-shi)	Industrial Automation Systems	Manufacturing facilities for factory automation systems	31,414	7,885	4,135 (710)	6,154	49,588	3,709
Himeji Works (Himeji-shi, Hyogo)	Industrial Automation Systems	Manufacturing facilities for automotive equipment	23,141	15,380	4,666 (272)	7,576	50,763	3,575
Kamakura Works (Kamakura-shi Kanagawa)	Information and Communication Systems	Manufacturing facilities for electronic equipment, etc.	23,045	4,283	1,651 (419)	4,980	33,959	2,213
Power Device Works, Kumamoto Factory (Koshi-shi, Kumamoto)	Electronic Devices	Manufacturing facilities for semiconductors	4,114	17,175	535 (81)	3,733	25,557	794
Shizuoka Works (Suruga-ku, Shizuoka- shi)	Home Appliances	Manufacturing facilities for air conditioning equipment and refrigerator, etc.	13,180	6,368	914 (206)	4,156	24,618	2,109

- Notes: 1. Carrying amount is carrying amount of property, plant and equipment (including right-of-use assets), and “Others” include the amount of construction in progress.
2. Land area indicates the area of land owned by the Company.
3. Carrying amount and number of employees include the amount and the number of people in branch factories, etc. of each work.
4. Land of Itami Works and Transmission & Distribution Systems Center includes land of Communication System Center and Communication Networks Center, etc.

(3) Domestic subsidiaries

Facility (Main location)	Business segment	Details of major facilities and equipment	Carrying amount (millions of yen)					Number of employees (persons)
			Buildings and structures	Machinery and equipment	Land (Area in thousands of m ²)	Others	Total	
Mitsubishi Electric Building Techno-Service Co., Ltd., Head office (Chiyoda-ku, Tokyo)	Energy and Electric Systems	Other facilities	18,173	659	9,860 (107)	3,963	32,655	9,559
Mitsubishi Electric Engineering Co., Ltd. Head office (Chiyoda-ku, Tokyo)	Others	Other facilities	2,734	61	622 (8)	1,006	4,423	5,403
Mitsubishi Electric System & Service Co., Ltd., Head office (Setagaya-ku, Tokyo)	Others	Other facilities	1,816	53	1,982 (19)	406	4,257	2,018
Mitsubishi Electric Life Service Corporation, Head office (Minato-ku, Tokyo)	Others	Other facilities	17,533	663	13,020 (128)	214	31,430	1,258
Mitsubishi Electric Logistics Corporation, Head office (Shibuya-ku, Tokyo)	Others	Other facilities	21,268	1,576	9,770 (315)	1,383	33,997	959

Notes: 1. Carrying amount is carrying amount of property, plant and equipment (including right-of-use assets), and “Others” include the amount of construction in progress.

2. Land area indicates the area of land owned by subsidiaries.

3. Some buildings and structures, land of Mitsubishi Electric Life Service Corporation are rented to the Company.

4. The subsidiaries in the table above have sales offices nationwide, so the figures are on corporate total amount.

5. Mitsubishi Electric Building Techno-Service Co., Ltd., changed its company name to Mitsubishi Electric Building Solutions Corporation on April 1, 2022.

(4) Overseas subsidiaries

Facility (Main location)	Business segment	Details of major facilities and equipment	Carrying amount (millions of yen)					Number of employees (persons)
			Buildings and structures	Machinery and equipment	Land (Area in thousands of ㎡)	Others	Total	
Mitsubishi Elevator Asia Co., Ltd. (Chonburi, Thailand)	Energy and Electric Systems	Manufacturing facilities for elevators and escalators	4,376	2,036	873 (159)	1,276	8,561	1,513
Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd. (Changshu, China)	Industrial Automation Systems	Manufacturing facilities for factory automation	5,250	3,101	— (—)	1,441	9,792	884
Mitsubishi Electric Automotive de Mexico, S.A. de C.V. (Querétaro, Mexico)	Industrial Automation Systems	Manufacturing facilities for automotive electrical equipment and car multimedia	4,739	5,422	420 (150)	1,016	11,597	948
Mitsubishi Electric Automotive Czech s.r.o. (Slany, Czech)	Industrial Automation Systems	Manufacturing facilities for automotive electrical equipment	3,829	2,968	1 (142)	5,936	12,734	664
Mitsubishi Electric Thai Auto-Parts Co., Ltd. (Rayong, Thailand)	Industrial Automation Systems	Manufacturing facilities for automotive electrical equipment and car multimedia	3,432	2,693	729 (146)	2,522	9,376	2,224
Siam Compressor Industry Co., Ltd. (Chonburi, Thailand)	Home Appliances	Manufacturing facilities for compressors	954	8,858	2,916 (—)	2,818	15,546	2,241
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. (Chonburi, Thailand)	Home Appliances	Manufacturing facilities for air conditioning equipment	6,798	5,405	4,382 (422)	2,850	19,435	2,623
Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. (Guangzhou, China)	Home Appliances	Manufacturing facilities for compressors	1,330	9,331	— (—)	3,572	14,233	2,576

Notes: 1. Carrying amount is carrying amount of property, plant and equipment (including right-of-use assets), and “Others” include the amount of construction in progress.

2. Land area indicates the area of land owned by subsidiaries.

3. Plans for Capital Investment, Disposals of Property, Plants and Equipment, etc.

The Mitsubishi Electric Group (the Company and consolidated subsidiaries) engages in diverse business operations in Japan and overseas, and has not decided on specific plans to newly install or expand each of facilities as of the end of this fiscal year. For this reason, it discloses amounts of capital investment by business segment.

The amount of capital investment (new installation and expansions) for the fiscal year ending March 31, 2023 will be 263,000 million yen (based on investment decisions) and a breakdown by business segment is as follows. The Company has changed the classification of reportable segments since April 1, 2022.

Business segment	Amount (millions of yen)	Main purpose of investment
Infrastructure	43,000	Streamlining operations, and enhancing quality of electric equipment for rolling stock, power systems, and space-related equipment, etc.
Industry and Mobility	73,000	Increasing production capacity for factory automation systems and automotive equipment operations, etc.
Life	72,000	Increasing production capacity, streamlining operations, and enhancing quality of elevators/escalators and air conditioners, etc.
Business Platform	48,000	Development of information and communications infrastructure, increasing production in the power device business, etc.
Others	7,000	—
Common	20,000	Bolstering research and development capabilities, and the development of infrastructure related to the quality assurance system, etc.
Total	263,000	—

Notes: 1. There are no plans to dispose or sell principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

2. These investments are mostly derived from cash on hand and funds from operations.

The Group is expected to finance through borrowings and by issuing bonds as necessary.

3. The figures in the table above do not include real estate leasing, etc.

IV. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Authorized shares (shares)
Common stock	8,000,000,000
Total	8,000,000,000

2) Issued shares

Class	Number of shares issued as of the end of fiscal year (shares) (March 31,2022)	Number of shares issued as of the filing date (shares) (June 29,2022)	Stock exchange on which the Company is listed	Description
Common stock	2,147,201,551	2,147,201,551	Japan: Tokyo The first section (As of the end of fiscal year) Prime market (As of the submission date) Overseas: London	The number of shares per one unit of shares is 100 shares.
Total	2,147,201,551	2,147,201,551	—	—

Note: Common stock in the table above has voting rights.

(2) Information on the stock acquisition rights, etc.

1) Details of stock option plans

Not applicable.

2) Details of right plans

Not applicable.

3) Details of other stock acquisition rights, etc.

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares and the amount of common stock, etc.

Date	Change in the total number of issued shares (thousand shares)	Balance of the total number of issued shares (thousand shares)	Change in common stock (millions of yen)	Balance of common stock (millions of yen)	Change in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
From April 1,2016 to March 31,2017	—	2,147,201	—	175,820	—	181,140
From April 1,2017 to March 31,2018	—	2,147,201	—	175,820	—	181,140
From April 1,2018 to March 31,2019	—	2,147,201	—	175,820	—	181,140
From April 1,2019 to March 31,2020	—	2,147,201	—	175,820	—	181,140
From April 1,2020 to March 31,2021	—	2,147,201	—	175,820	—	181,140
From April 1,2021 to March 31,2022	—	2,147,201	—	175,820	—	181,140

(5) Outstanding share information by shareholder category

As of March 31,2022

Category	Status of shares (one unit of stock:100 shares)								Number of shares less than one unit (shares)
	Government and municipal public organizations	Financial institutions	Traders of financial instruments	Other corporations	Foreign corporations <i>et al.</i>		Individual <i>et al.</i>	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	—	133	64	1,260	909	96	109,067	111,529	—
Number of shares Held (units)	—	8,440,756	510,577	863,203	8,666,167	826	2,986,357	21,467,886	412,951
Ownership percentage of shares (%)	—	39.32	2.38	4.02	40.37	0.00	13.91	100	—

Notes: 1. Of 34,098,523 shares of treasury stock, 340,985 units are included in “Individual *et al.*” and 23 shares are included in “Number of shares less than one unit”.

2. Of the shares registered in the name of Japan Securities Depository Center, Inc., 67 units are included in “Other corporations” and 80 shares are included in “Number of shares less than one unit”.

(6) Principal shareholders

As of March 31,2022

Name	Address	Number of shares held (thousand shares)	Ownership percentage to the total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	357,390	16.91
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited. , Tokyo branch)	ONE LINCOLN STREET, BOSTON MA USA 02111 (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	106,213	5.03
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	97,804	4.63
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	81,862	3.87
Mitsubishi Electric Group Employees Shareholding Union	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	44,478	2.10
JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Service Department)	270 PARK AVENUE, NEW YORK, NY 10017, UNITED STATES OF AMERICA (15-1, Konan 2-chome, Minato-ku, Tokyo)	37,375	1.77
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	36,339	1.72
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Service Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	30,422	1.44
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Service Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1, Konan 2-chome, Minato-ku, Tokyo)	25,072	1.19
THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Service Department)	240 GREENWICH STREET, NEW YORK, NY 10286, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	24,180	1.14
Total	—	841,139	39.81

Note: The Company owns 34,098,523 company-owned shares, but is excluded from the above list of principal shareholders.

(7) Information on voting rights

1) Issued shares

(As of March 31,2022)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 34,366,800	—	Standard common stock of the Company without any restriction. Number of shares constituting one unit: 100 shares
Shares with full voting right (others)	Common stock 2,112,421,800	21,124,218	Same as above
Shares less than one unit	Common stock 412,951	—	Same as above
Number of shares issued	2,147,201,551	—	—
Total number of voting rights	—	21,124,218	—

Notes: 1. The number of shares included in “Shares less than one unit” are as follows: 23 shares as treasury stocks, 136 shares held by the Board Incentive Plan Trust, crossholding stocks registered in the name of itself (Shonai Mitsubishi Electric Sales Corporation 25 shares), and 80 shares registered in the name of Japan Securities Depository Center, Inc.

2. The number of shares and the number of voting rights in “Shares with full voting right (others)” include 6,700 shares (67 voting rights) registered in the name of Japan Securities Depository Center, Inc. and 1,130,300 shares (11,303 voting rights) held through the Board Incentive Plan Trust.

2) Treasury stock, etc.

(As of March 31,2022)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Mitsubishi Electric Corporation	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	34,098,500	—	34,098,500	1.59
Ryoyo Electric Co., Ltd.	6621, Oda, Yakage-cho, Oda-gun, Okayama	243,200	—	243,200	0.01
Shonai Mitsubishi Electric Sales Corporation	5-22, Takarada 2-chome, Tsuruoka-shi, Yamagata	13,100	—	13,100	0.00
KITA KOUDENSHA Corporation	2-10, Kita 11-jo Nishi 23-chome, Chuo-ku, Sapporo-shi, Hokkaido	12,000	—	12,000	0.00
Total	—	34,366,800	—	34,366,800	1.60

Note: In addition to 34,098,500 shares owned by the Company in the table above and 23 shares less than one unit owned by the Company, 1,130,436 shares of the Company held through the Board Incentive Plan Trust are included in treasury stock in the consolidated financial statements and the financial statements.

(8) Share ownership plan for Executives and employees

The Company has introduced a performance-based compensation plan (“the Plan”), including stock compensation, for its Executive Officers to increase their awareness of the necessity to contribute to enhancing the medium- to long-term corporate value of the Group and to share that value with shareholders. However, the Company has revised the entire compensation structure for our Executive Officers to further clarify the roles and responsibilities of Executive Officers and to more rigorously evaluate their short-, medium-, and long-term incentive compensation based on the achievement level of the performance indices and has revised the Plan as well since fiscal year ending March 31, 2023.

In addition, the Company newly appointed Executive Officers (Associate) on April 1, 2022. Although the compensation plan applied to Executive Officers (Associate) is different from the compensation plan for Executive Officers, Executive Officers (Associate) are also included in the Plan for the purpose of increasing their awareness of the necessity to contribute to enhancing the medium- to long-term corporate value of the Group and to share that value with shareholders.

1) Overview of the Plan

The Board Incentive Plan Trust (“BIP Trust”) has been adopted for the Plan. The BIP Trust is a stock incentive plan for executives based on the Performance Share Plan and Restricted Stock Plan in the U.S. Under the Plan, the Company acquires its own shares through the BIP Trust based on the degree of the attainment of the business performance, which will be granted to the Executive Officers and Executive Officers (Associate) (“Executive Officers, etc.”) as stock compensation.

The Company will decide the amount to be contributed to the BIP Trust, the method the BIP Trust will acquire the Company shares, and other necessary matters, at the Compensation Committee meeting held at a certain time each year, and will create a trust on an annual basis based on such decision, beneficiaries of which are the Executive Officers, etc. who meet the beneficiary requirements.

If there is any trust for which the 3-year trust term expires at that point of time, the Company may not create a new trust, but may extend the trust term, by revising the trust agreement and entrusting additional money to the existing trust upon the expiry of the trust term of the existing trust; also in such case, the Compensation Committee, etc. will make a decision on the extension of the trust term. Based on the resolution on the renewal of the Plan at the Compensation Committee, etc. held on May 21, 2020, the Company extended the trust term of the BIP Trust, which was created to provide stock compensation to the Executive Officers of the Company for the fiscal year ended March 31, 2017, along with the revision of the trust agreement and the entrustment of additional money. Based on the resolution on the renewal of the Plan at the Compensation Committee, etc. held on May 27, 2021, the Company extended the trust term of the BIP Trust, which was created to provide stock compensation to the Executive Officers of the Company for the fiscal year ended March 31, 2018, along with the revision of the trust agreement and the entrustment of additional money. Based on the resolution on the renewal of the Plan at the Compensation Committee, etc. held on May 25, 2022, the Company extended the trust term of the BIP Trust, which was created to provide stock compensation to the Executive Officers of the Company for the fiscal year ended March 31, 2019, along with the revision of the trust agreement and the entrustment of additional money.

2) Outline of the trust agreement

<For the fiscal year ended March 31, 2020>

The BIP Trust was created based on the decision at the Compensation Committee, etc. held on May 21, 2020 on the amount of stock compensation (the amount of trust money to be contributed to the BIP Trust) for the Executive Officers of the Company under the Plan for the fiscal year ended March 31, 2020.

- | | |
|--------------------------------|--|
| a. Type of trust: | Money trust other than individually operated designated money trust (a third-party benefit trust) |
| b. Objective of trust: | Granting of incentives for the Executive Officers |
| c. Entruster: | The Company |
| d. Trustee: | Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| e. Beneficiary: | Executive Officers who meet the beneficiary requirements |
| f. Trust caretaker: | A third party with no interest in the Company (certified public accountant) |
| g. Trust agreement date: | June 1, 2020 |
| h. Trust term: | From June 1, 2020 to August 31, 2023 (planned) |
| i. Inception date of the Plan: | June 1, 2020 |

- j. Amount of the trust money: 366,909 thousand yen (including trust fees and trust expenses)
* The above amount of the trust money includes residual properties to be succeeded from the existing BIP Trust.
- k. Class of shares to be acquired: The Company's common stock
- l. Method of acquiring shares: To be acquired from the stock market
- m. Period of acquiring shares: From June 2, 2020 to June 12, 2020
- n. Holder of vested rights: The Company
- o. Exercise of voting rights: Not to be exercised
- p. Residual properties: Residual properties, which the Company as a holder of vested rights is entitled to receive, shall be to the extent of reserves for trust expenses, which are calculated by deducting the funds to acquire the Company shares from the trust money.

<For the fiscal year ended March 31, 2021>

The BIP Trust was created based on the decision at the Compensation Committee, etc. held on May 27, 2021 on the amount of stock compensation (the amount of trust money to be contributed to the BIP Trust) for the Executive Officers of the Company under the Plan for the fiscal year ended March 31, 2021.

- a. Type of trust: Money trust other than individually operated designated money trust (a third-party benefit trust)
- b. Objective of trust: Granting of incentives for the Executive Officers
- c. Entruster: The Company
- d. Trustee: Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee: The Master Trust Bank of Japan, Ltd.)
- e. Beneficiary: Executive Officers who meet the beneficiary requirements
- f. Trust caretaker: A third party with no interest in the Company (certified public accountant)
- g. Trust agreement date: June 1, 2021
- h. Trust term: From June 1, 2021 to August 31, 2024 (planned)
- i. Inception date of the Plan: June 1, 2021
- j. Amount of the trust money: 526,691 thousand yen (including trust fees and trust expenses)
* The above amount of the trust money includes residual properties to be succeeded from the existing BIP Trust.
- k. Class of shares to be acquired: The Company's common stock
- l. Method of acquiring shares: To be acquired from the stock market
- m. Period of acquiring shares: From June 2, 2021 to June 14, 2021
- n. Holder of vested rights: The Company
- o. Exercise of voting rights: Not to be exercised
- p. Residual properties: Residual properties, which the Company as a holder of vested rights is entitled to receive, shall be to the extent of reserves for trust expenses, which are calculated by deducting the funds to acquire the Company shares from the trust money.

<For the fiscal year ended March 31, 2022 and for the fiscal year ending March 31, 2023>

The BIP Trust was created based on the decision at the Compensation Committee, etc. held on May 25, 2022 on the amount of stock compensation (the amount of trust money to be contributed to the BIP Trust) for the Executive Officers, etc. of the Company under the Plan for the fiscal year ended March 31, 2022 and for the fiscal year ending March 31, 2023.

- a. Type of trust: Money trust other than individually operated designated money trust (a third-party benefit trust)
- b. Objective of trust: Granting of incentives for the Executive Officers
- c. Entruster: The Company
- d. Trustee: Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee: The Master Trust Bank of Japan, Ltd.)
- e. Beneficiary: Executive Officers and Executive Officers (Associate) who meet the beneficiary requirements
- f. Trust caretaker: A third party with no interest in the Company (certified public accountant)
- g. Trust agreement date: June 1, 2022
- h. Trust term: From June 1, 2022 to August 31, 2025 (planned)
- i. Inception date of the Plan: June 1, 2022
- j. Amount of the trust money: 1,437,625 thousand yen ^{*1 *2}
(Reference) Amount of stock compensation for Executive Officers, etc.
For Executive Officers:
556,007 thousand yen (for the fiscal year ended March 31, 2022) ^{*3}
815,402 thousand yen (for the fiscal year ending March 31, 2023) ^{*4}
For Executive Officers (Associate):
64,400 thousand yen (for the fiscal year ending March 31, 2023)
- *1 The above amount of the trust money includes residual properties to be succeeded from the existing BIP Trust.
- *2 The above amount of the trust money includes trust fees and trust expenses as well as the amount affected by stock price fluctuations at the time of stock acquisition, and therefore does not match the total amount of stock-based compensation for Executive Officers, etc.
- *3 Details were disclosed on May 28, 2015, in the Company's news release, "Mitsubishi Electric to Announce about Introduction of Performance-based Stock Compensation Plan for the Executive Officers."
- *4 The amount indicated is the total amount of the PSU at its maximum granted rate (200%) and the RSU.
- k. Class of shares to be acquired: The Company's common stock
- l. Method of acquiring shares: To be acquired from the stock market
- m. Period of acquiring shares: From August 3, 2022 (planned) to August 15, 2022 (planned)
- n. Holder of vested rights: The Company
- o. Exercise of voting rights: Not to be exercised
- p. Residual properties: Residual properties, which the Company as a holder of vested rights is entitled to receive, shall be to the extent of reserves for trust expenses, which are calculated by deducting the funds to acquire the Company shares from the trust money.

3) Outline of the trust and stock-related administration

- a. Trust-related administration: Mitsubishi UFJ Trust and Banking Corporation will be the trustee of the BIP Trust, which is responsible for trust-related administration.
- b. Stock-related administration: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. shall be responsible for the administration of the delivery of the Company shares to beneficiaries, in accordance with the administration service agreement.

2. Information on Acquisition, etc. of Treasury Stock

Class of shares

Acquisition of common stock under Article 155, Item 3 of the Companies Act and Article 155, Item 7 of the Companies Act.

(1) Acquisition of treasury stock resolved at the general meeting of shareholders

Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors' meetings

Classification	Number of shares(shares)	Total amount(yen)
The resolution of the Board of Directors on June 3, 2021 (Acquisition period: From June 4, 2021 to March 31, 2022)	40,000,000	50,000,000,000
Treasury stock acquired prior to the fiscal year ended March 31,2022	—	—
Treasury stock acquired during the fiscal year ended March 31,2022	33,670,700	49,999,829,600
Total number and amount of shares to be acquired	6,329,300	170,400
Ratio of the shares yet to be acquired as of the end of fiscal year (%)	15.8	0.0
Treasury stock acquired during the current period	—	—
Ratio of the shares yet to be acquired as of the filing date (%)	15.8	0.0

Note: At the Board of Directors' meeting above, the acquisition method was resolved as "market purchase on the Tokyo Stock Exchange."

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors' meetings

Classification	Number of shares(shares)	Total amount(yen)
Treasury stock acquired during the fiscal year ended March 31,2022	679	1,024,357
Treasury stock acquired during the current period	100	139,000

Notes: 1. With regard to "Treasury stock acquired during the current period," the number of treasury stock acquired due to requests to purchase stock less than one unit shares from June 1, 2022 to the filing date is not included.

2. The number of the Company's shares acquired by the Board Incentive Plan Trust is not included in Treasury stock acquired.

(4) Status of the disposition and holding of acquired treasury stock

Classification	Fiscal year ended March 31,2022		Current period	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock which was offered to subscribers	—	—	—	—
Acquired treasury stock which was canceled	—	—	—	—
Acquired treasury stock which was transferred due to merger, share exchange share delivery, or company split	—	—	—	—
Others (Note 2)	277	354,440	7	10,345
Total numbers of treasury stock held	34,098,523	—	34,098,616	—

Notes: 1. With regard to treasury stock held of the current period, the number of treasury stock which was sold or acquired due to requests from shareholders holding less than one unit shares to purchase or sell additional shares from June 1, 2022 to the filing date is not included.

2. The breakdown of Others in Fiscal year ended March 31, 2022 and Current period are selling due to requests from shareholders holding less than one unit shares to sell additional shares.

3. The number of the Company's shares held through the Board Incentive Plan Trust is not included in Total numbers of treasury stock disposed and treasury stock held.

3. Dividend Policy

The Company shall remain focused on enhancing corporate value as its ultimate objective. The Company aims to maintain a balance between distributing profits that reflect earnings conditions for the respective fiscal year and strengthening its financial standings by improving internal reserves. From this perspective, the Company's fundamental policy is to improve overall shareholder returns.

The Company's policy, in principle, is to pay dividends from surplus twice a year, namely an interim dividend and a fiscal year-end dividend.

The Board of Directors is the governing body on dividends from surplus.

In the fiscal year ended March 31, 2022, the Company decided to pay the annual dividend of ¥40 per share, comprising a dividend from surplus (fiscal year-end dividend) of ¥26 per share and an interim dividend of ¥14 per share, in line with its performance and financial standing during the fiscal year.

The dividends from surplus for the fiscal year are as follows.

Resolution date	Total dividend amount (millions of yen)	Dividend per share (yen)
Resolution of the Board of Directors' meeting held on October 28, 2021	29,906	14
Resolution of the Board of Directors' meeting held on May 25, 2022	54,940	26

4. Corporate Governance, etc.

(1) Overview of corporate governance

1) Basic corporate governance policy

While maintaining the flexibility of its operations and promoting management transparency, Mitsubishi Electric, as a Company with Three-committee System, works to strengthen the supervisory functions of management with the goal of realizing sustained growth. Our fundamental policy is to build and improve a corporate structure that is more able to meet the expectations of society, customers, shareholders, employees and all of its stakeholders while endeavoring to further increase corporate value.

2) Corporate management structure

In June 2003, Mitsubishi Electric became a Company with Three-committee System. Key to this structure is the separation of supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and Executive Officers handle the day-to-day running of the Company.

A salient characteristic of Mitsubishi Electric’s management structure is that the roles of Chairman of the Board, who heads the supervisory function, and the President & CEO, who is head of all Executive Officers, are clearly separated. Additionally, neither is included among the members of the Nomination and Compensation Committees. The clear division of supervisory and executive functions allows the Company to ensure effective corporate governance. Currently, the Chairman of the Board is not selected and the Board of Directors is chaired by an Outside Director.

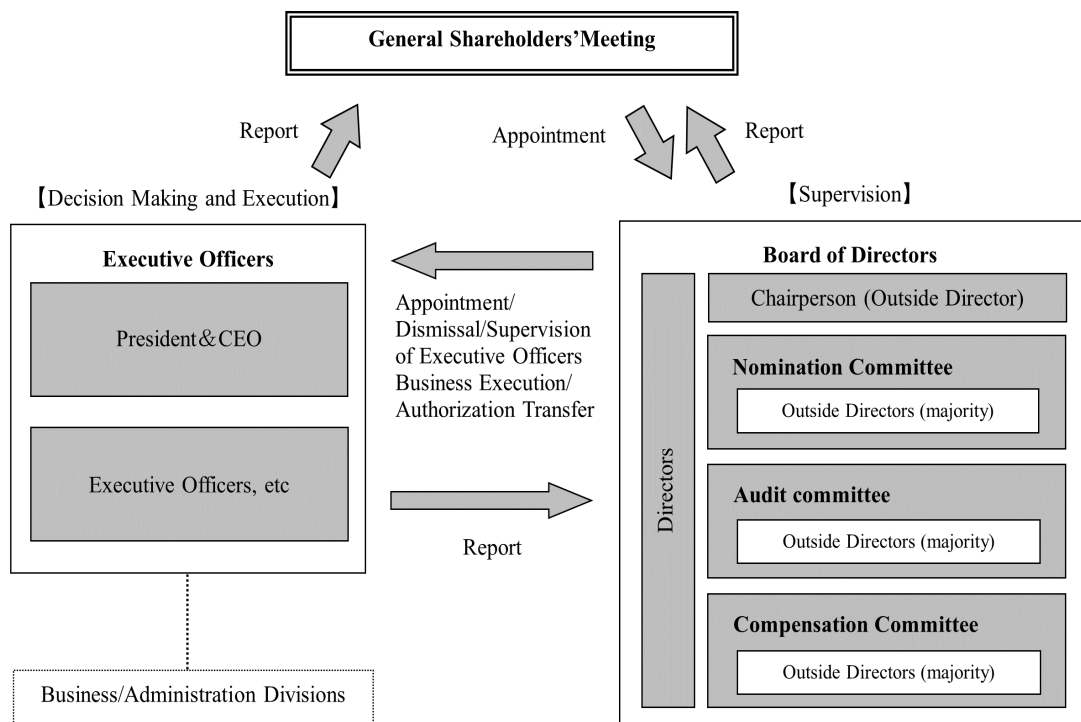
The present Board of Directors is comprised of twelve members, the majority of whom are Outside Directors (seven Outside Directors, one of whom is a woman), who objectively supervise and advise the Company’s management by executing their duties based on the objectives and authority of the Companies Act, as well as by delegating to Executive Officers the decision authority for executing all operations, except the matters listed in the items of paragraphs 1 and 4 of Article 416 of the Companies Act.

The Board of Directors has three internal bodies: the Nomination, Audit and Compensation Committees, each chaired by an Outside Director. Each body is comprised of Directors, the majority of whom are Outside Directors, who are chosen by the Board of Directors taking into account the experience and specialties of each person. Each Committee undertakes its duties based on the objectives and authority of the Companies Act.

The bureaus have been established for the Board of Directors and each of the Committees to support directors. The Audit Committee is supported by dedicated independent staff.

Executive Officers make decisions about the execution of operations on matters delegated by the Board of Directors within the range of duties allocated to each Executive Officer based on the objectives and authority of the Companies Act, and then execute such operations. Important items among such matters delegated by the Board of Directors are deliberated and decided upon in Executive Officers’ meetings attended by all Executive Officers.

The members of each body are listed in “(2) Directors and Executive Officers”.



3) Background of corporate management structure

The Company has adopted the form of a Company with Three-committee System to maintain the flexibility of its operations, promote management transparency, and strengthen the supervisory functions of management with the goal of realizing sustained growth.

The Company builds and improves a corporate structure that is more able to meet the expectations of society, customers, shareholders, employees and all of its stakeholders and endeavors to further increase corporate value.

4) Summary of systems necessary to ensure the properness of operations of the Company

a. For the execution of the duties of the Audit Committee, its independence is secured by assigning employees whose job is exclusively to assist the Audit Committee members. In addition, internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members are established and such expenses and debts are properly processed.

A system for reporting to the Audit Committee is developed to report information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control, and an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the Audit Committee members attend important meetings including Executive Officer meetings and conduct investigations such as interviews with Executive Officer and the executives of the Company's offices and subsidiaries, and undertake deliberations to determine audit policies, methods, implementation status, and results of the audit by regularly receiving reports from the Independent Auditor and Executive Officers in charge of audits.

<The matters necessary for the execution of the duties of the Audit Committee>

- Assign employees whose job is exclusively to assist the Audit Committee.
- The Senior General Manager of the Corporate Human Resources Division will consult with Audit Committee members regarding the evaluation of performance by and relocation of employees exclusively assisting the Audit Committee.
- Establish a system for reporting information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control.
- Establish internal regulations and systems to protect people who reported information about the Company and its subsidiaries to the Audit Committee.
- Establish internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members.
- Establish the following structures and systems in relation to other audits by the Audit Committee:
 - Conduct investigation of the Company and its subsidiaries.
 - Undertake deliberations to determine audit policies, methods, implementation status and results of the audit by regularly convening debriefing sessions between the Independent Auditor and Executive Officers in charge of audits.

b. Internal regulations and systems to ensure the properness of operations within the Mitsubishi Electric Group are established. Executive Officers take responsibility for constructing such systems within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings.

Executive Officers regularly monitor the status of management of the systems. The divisions in charge of internal control monitor the status of design and management of internal control system and regulations. Also, an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the status of management of the system is audited by internal auditors, and the audit results are reported regularly to the Audit Committee via Executive Officers in charge of audit.

The development of systems necessary to ensure that the execution of duties by Executive Officers complies with laws and regulations and the Articles of Incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of the company and of the corporate group formed by the company and its subsidiaries are as follows.

(a) Establish internal regulations ensuring that the Executive Officers' performance and execution of duties is in accordance with laws and regulations and the Articles of Incorporation. Internal auditors shall monitor the status of management.

- (b) The following systems shall be established in order to ensure the properness of operations of the Company.
- Establish internal regulations related to the record keeping and information management regarding Executive Officers' performance and execution of duties. Internal auditors shall monitor the status of management.
 - Executive officers shall take responsibility for constructing risk management systems related to possible losses within the areas over which they are appointed. Important matters shall be deliberated at Executive Officer meetings. Internal auditors shall monitor the status of management.
 - Executive officers shall take responsibility for ensuring management efficiency within the areas over which they are appointed. Important matters shall be deliberated at Executive Officer meetings. Internal auditors shall monitor the status of management.
 - Establish the following systems ensuring that employees' performance and execution of duties is in accordance with laws and regulations and the Articles of Incorporation. Internal auditors shall monitor the status of management.
 - Establish internal regulations and action guidelines regarding ethics and compliance.
 - Implement an internal whistle-blower system.
- (c) The following systems shall be established in order to ensure the properness of operations within the Group.
- Executive officers shall manage the subsidiaries within the areas over which they are appointed.
 - Establish action guidelines shared throughout the Group regarding ethics and compliance.
 - Create a specialized organization for integrated management of the Group companies.
 - Build systems for reporting matters relating to the performance and execution of duties of the Group companies, managing risks of possible losses, and ensuring the efficiency of performance and execution of duties, and establish management standards. Important matters shall be deliberated and reported at Executive Officer meetings.
 - Conduct regular audits of subsidiaries by internal auditors.

5) Overview of the internal control over financial reporting

The Company promotes maintenance or establishment of the internal control over financial reporting at each Mitsubishi Electric Group site lead by the Corporate Accounting Division in order to ensure the reliability of financial reporting. Regarding the design and operation of internal control over financial reporting, the Company is trying to maintain and improve the control through in-house independent testing and the evaluation to be conducted by the Corporate Auditing Division. Management receives reports of these activities and evaluation results and confirms the effectiveness of internal control over financial reporting.

6) Overview of the limited liability agreement

The Company has, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, made and entered into agreements with all of its non-executive directors, to limit their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. Based on these agreements, the limit of liability is either 10 million yen or the minimum statutory amount, whichever is higher.

7) Overview of the directors and officers liability insurance (D&O Insurance)

The Company has concluded a directors and officers liability insurance (D&O Insurance) agreement provided in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of the insured under this insurance policy includes the Company, the Company's executives, important employees, dispatched Outside Directors, and their heirs. This insurance policy shall compensate for damages and legal expenses to be borne by the insured, in the event of a claim for damages submitted by a shareholder or third party, etc. However, claims for damages arising from criminal acts by the executives, etc. shall be exempt from compensation. All insurance premiums shall be borne by the Company.

8) Basic policy regarding control over the Company

At present, the Company has not formulated basic policies or anti-takeover measures.

The Company aims to further enhance corporate value in incessant pursuit of growth and better-than-ever business results. Through proactive IR activities, the Company endeavors to convey timely information to investors and financial markets, regarding its management policies, strategies and business results.

However, due to the possibility that large volumes of shares may be purchased, the Company believes it is necessary to take appropriate steps in response to any action not in conformity with the objective of enhancing the Company's corporate value, or

in contrary to the common interest of shareholders. Looking forward, the Company will maintain a careful watch over social trends and examine avenues of action.

9) Provisions of the Articles of Incorporation

a. Requirements for resolutions to elect Directors

The Articles of Incorporation of the Company stipulates that resolutions for the election of Directors shall require a majority vote by shareholders present who are able to exercise their voting rights and who hold one-third or more of voting rights, and that such resolutions shall not be made by cumulative voting.

b. Governing body for dividends from surplus, etc.

The Articles of Incorporation of the Company stipulates that, unless otherwise stipulated by laws and regulations, the Company may make decisions on matters specified in Article 459, Paragraph 1 of the Companies Act by resolution of the Board of Directors, without resolution at the shareholders meeting.

This is attributable to the fact that, because the Company was already a company with a Three committee System prior to the enforcement of the Companies Act, pursuant to the provisions of Article 57 of the *Act on Arrangement of Relevant Acts Incidental to Enforcement of the Companies Act*, the Company's Articles of Incorporation was deemed to stipulate that the Board of Directors shall be entitled to decide on the matters set out in Item 2 through Item 4 of Article 459, Paragraph 1 of the Companies Act, and that such matters shall not be decided by the resolution of the shareholders meeting, effective the enforcement of the Companies Act (May 1, 2006).

c. Requirements for special resolutions at the general meeting of shareholders

To ensure smooth proceedings of the shareholders meeting, the Company's Articles of Incorporation stipulates that the resolutions of the shareholders meeting as provided for in Article 309, Paragraph 2 of the Companies Act shall be by a vote of two-thirds or more of shareholder's voting rights, of one-third or more of the shareholders present who are able to exercise voting rights.

d. Exemption of Directors and Executive Officers from liability

To ensure that Directors and Executive Officers can fully perform their expected roles, the Articles of Incorporation of the Company stipulates that the liability of Directors (including former Directors) and Executive Officers (including former Executive Officers), as prescribed in Article 423, Paragraph 1 of the Companies Act, shall be able to exempt by the resolution of the Board of Directors, to the extent allowed by laws and regulations, in accordance with Article 426, Paragraph 1 of the Companies Act.

(2) Directors and Executive Officers

1) Lists of Directors and Executive Officers

Men: 25 persons, Women: 1 person

(Women's percentage to total number of Directors and Executive Officers: 4%)

a. Directors

Title	Name	Date of Birth	Career summary	Term of office	The number of shares owned
Director	Mitoji Yabunaka	January 23, 1948	<p>April 1969 January 2008</p> <p>October 2010</p> <p>June 2012</p> <p>June 2020</p> <p>October 2021</p> <p>Joined the Ministry of Foreign Affairs of Japan Vice-Minister, Ministry of Foreign Affairs of Japan (Retired in August 2010) Advisor, Nomura Research Institute, Ltd. (Retired in September 2017) Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation Director, Chairman of the Nomination Committee and Member of the Compensation Committee Chairman of the Board of Directors, Chairman of the Nomination Committee and Member of the Compensation Committee (current position)</p>	From June 2022 to June 2023	13,900
Director	Hiroshi Obayashi	June 17, 1947	<p>April 1972 June 2006 July 2008</p> <p>June 2010</p> <p>March 2011</p> <p>June 2013</p> <p>June 2016</p> <p>June 2020</p> <p>Appointed as Public Prosecutor Vice-Minister, Ministry of Justice of Japan Superintending Prosecutor, Tokyo High Public Prosecutors Office Appointed as the Prosecutor General (Retired in December 2010) Attorney-at-law (current position) Director, Member of the Nomination Committee and Member of the Audit Committee, Mitsubishi Electric Corporation Director, Chairman of the Nomination Committee and Member of the Audit Committee Director, Chairman of the Audit Committee and Member of the Nomination Committee (current position)</p>	Same as above	14,900
Director	Kazunori Watanabe	October 9, 1950	<p>April 1975</p> <p>September 1978</p> <p>March 1980</p> <p>May 2002</p> <p>August 2008</p> <p>March 2010</p> <p>June 2015</p> <p>June 2020</p> <p>Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC) Registered as a certified public accountant (current position) Registered as a tax accountant (current position) Partner, Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Executive Partner, Ernst & Young ShinNihon LLC (Retired in March 2010) Chief, Kazunori Watanabe Certified Public Accountant & Tax Accountant Office (current position) Director, Member of the Audit Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation. Director, Chairman of the Compensation Committee and Member of the Audit Committee (current position)</p>	Same as above	8,100

Title	Name	Date of Birth	Career summary	Term of office	The number of shares owned
Director	Hiroko Koide	August 10, 1957	<p>May 1993 Joined Nippon Lever K.K. (currently Unilever Japan K.K.)</p> <p>April 2001 Director, Nippon Lever K.K. (Retired in March 2006)</p> <p>April 2006 Joined Masterfoods Ltd. (currently Mars Japan Limited)</p> <p>April 2008 Chief Operating Officer (COO), Mars Japan Limited (Retired in August 2010)</p> <p>November 2010 President and Director, Parfums Christian Dior Japon K.K. (Retired in January 2012)</p> <p>April 2013 Senior Vice President, Global Marketing, Newell Rubbermaid (U.S.) (currently Newell Brands Inc. (U.S.)) (Retired in February 2018)</p> <p>June 2016 Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p> <p>April 2018 Director, Vicela Japan Co., Ltd. (Retired in March 2019)</p>	From June 2022 to June 2023	13,400
Director	Takashi Oyamada	November 2, 1955	<p>April 1979 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>June 2015 Director, Deputy President, Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2016 President, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) (Retired in June 2017) and Director, Mitsubishi UFJ Financial Group, Inc. (Retired in June 2017)</p> <p>June 2017 Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) (current position)</p> <p>June 2019 Director, Member of the Nomination Committee and Member of the Audit Committee, Mitsubishi Electric Corporation (current position)</p>	Same as above	6,000
Director	Tatsuro Kosaka	January 18, 1953	<p>April 1976 Joined Chugai Pharmaceutical Co., Ltd.</p> <p>March 2012 Representative Director, President & COO of Chugai Pharmaceutical Co., Ltd.</p> <p>March 2018 Representative Director, President & CEO of Chugai Pharmaceutical Co., Ltd.</p> <p>March 2020 Representative Director, Chairman & CEO of Chugai Pharmaceutical Co., Ltd.</p> <p>March 2021 Representative Director, Chairman of Chugai Pharmaceutical Co., Ltd.</p> <p>March 2022 Senior Advisor of Chugai Pharmaceutical Co., Ltd. (current position)</p> <p>June 2022 Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p>	Same as above	0

Title	Name	Date of Birth	Career summary		Term of office	The number of shares owned
Director	Hiroyuki Yanagi	November 20, 1954	<p>April 1978 March 2010</p> <p>January 2012</p> <p>January 2018 March 2021</p> <p>January 2022 March 2022</p> <p>June 2022</p>	<p>Joined Yamaha Motor Co., Ltd. President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.</p> <p>President, Chief Executive Officer, Representative Director, and Chief General Manager of Motorcycle Business Operations of Yamaha Motor Co., Ltd.</p> <p>Chairman and Representative Director of Yamaha Motor Co., Ltd.</p> <p>Chairman and Director of Yamaha Motor Co., Ltd.</p> <p>Director of Yamaha Motor Co., Ltd. Advisor of Yamaha Motor Co., Ltd. (current position)</p> <p>Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p>	From June 2022 to June 2023	0
Director	Kei Uruma	July 27, 1959	<p>April 1982 April 2015 April 2017 April 2018 April 2020</p> <p>June 2020</p> <p>April 2021</p> <p>July 2021</p>	<p>Joined Mitsubishi Electric Corporation Executive Officer, Factory Automation Systems Executive Officer, Public Utility Systems Senior Vice President, Public Utility Systems Representative Executive Officer, Senior Vice President, Corporate Strategic Planning and Operations of Associated Companies</p> <p>Director, Representative Executive Officer, Senior Vice President, Corporate Strategic Planning and Operations of Associated Companies</p> <p>Director, Representative Executive Officer, Senior Vice President, Export Control, Corporate Strategic Planning and Operations of Associated Companies, CSO</p> <p>Director, Representative Executive Officer, President & CEO (current position)</p>	Same as above	80,200
Director	Tadashi Kawagoishi	December 7, 1960	<p>April 1983 April 2015</p> <p>April 2018 June 2018</p> <p>April 2021</p> <p>April 2022</p> <p>June 2022</p>	<p>Joined Mitsubishi Electric Corporation Senior General Manager, Corporate Finance Div.</p> <p>Executive Officer, Accounting and Finance Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance</p> <p>Director, Member of the Compensation Committee, Executive Officer, Accounting and Finance, CFO</p> <p>Director, Member of the Compensation Committee</p> <p>Director, Member of the Audit Committee (current position)</p>	Same as above	37,000
Director	Kuniaki Masuda	July 21, 1964	<p>April 1987 April 2015</p> <p>October 2020</p> <p>April 2021</p> <p>June 2021</p> <p>April 2022</p>	<p>Joined Mitsubishi Electric Corporation Senior General Manager, Planning & Administration Div. of Semiconductor & Device Group</p> <p>Senior General Manager, Corporate Human Resources Div.</p> <p>Executive Officer, General Affairs and Human Resources</p> <p>Director, Member of the Nomination Committee and Member of the Compensation Committee, Executive Officer, General Affairs and Human Resources</p> <p>Director, Member of the Nomination Committee, Member of the Compensation Committee, Executive Officer, CFO (Accounting and Finance), CHRO (General Affairs and Human Resources) (current position)</p>	Same as above	10,500

Title	Name	Date of Birth	Career summary		Term of office	The number of shares owned
Director	Jun Nagasawa	March 16, 1960	April 1983 April 2016 April 2018 April 2021 July 2021 April 2022 June 2022	Joined Mitsubishi Electric Corporation Senior General Manager, Kansai Branch Office Executive Officer, Advertising and Domestic Marketing Executive Officer, Senior Vice President, Auditing, Legal Affairs & Compliance, Corporate Communication (Sustainability, Public Relations and Advertising), CCO Representative Executive Officer, Senior Vice President, Auditing, Legal Affairs & Compliance and Corporate Communication (Sustainability, Public Relations and Advertising), CCO Senior Advisor Director, Member of the Audit Committee (current position)	From June 2022 to June 2023	41,100
Director	Kunihiko Kaga	September 22, 1964	April 1990 April 2017 April 2018 April 2020 April 2021 July 2021 April 2022 June 2022	Joined Mitsubishi Electric Corporation Deputy Senior General Manager, AirConditioning & Refrigeration Systems Works Senior General Manager, Air-Conditioning & Refrigeration Systems Works. Deputy Vice President, Corporate Research and Development Executive Officer, Research & Development, CTO Executive Officer, Corporate Strategic Planning and Operations of Associated Companies, CSO Executive Officer, Auditing, CSO (Corporate Strategic Planning and Operations of Associated Companies), CTO (Technology Strategies) Director, Executive Officer, Auditing, CSO (Corporate Strategic Planning and Operations of Associated Companies), CTO (Technology Strategies) (current position)	Same as above	12,200
Total						237,300

Notes: 1. The Company is a company with Three-committee System under Article 2, Item 12 of the Companies Act.

2. Messrs. Mitoji Yabunaka, Hiroshi Obayashi, Kazunori Watanabe, Takashi Oyamada, Tatsuro Kosaka and Hiroyuki Yanagi and Ms. Hiroko Koide are seven Outside Directors, as defined under Article 2, Item 15 of the Companies Act.

b. Executive Officers

Title	Name	Date of Birth	Career summary		Term of office	The number of shares owned
Representative Executive Officer, President & CEO	Kei Uruma	July 27, 1959	See “a. Directors”		From April 2022 to March 2023	80,200
Representative Executive Officer, Senior Vice President, Life Business Area Owner (Building Systems) and Export Control	Tadashi Matsumoto	December 7, 1958	<p>April 1981 April 2016</p> <p>April 2018</p> <p>April 2020</p> <p>April 2021</p> <p>July 2021</p> <p>April 2022</p>	<p>Joined Mitsubishi Electric Corporation Group Senior Vice President, Living Environment & Digital Media Equipment Group Executive Officer, Living Environment & Digital Media Equipment Executive Officer, Senior Vice President, Living Environment & Digital Media Equipment Representative Executive Officer, Senior Vice President, Building Systems Representative Executive Officer, Senior Vice President, Export Control, Building Systems Representative Executive Officer, Senior Vice President, Life Business Area Owner (Building Systems) and Export Control (current position)</p>	Same as above	35,300
Executive Officer, Electronic Systems	Yoshihisa Hara	November 14, 1960	<p>April 1983 April 2016</p> <p>April 2018</p> <p>April 2019</p>	<p>Joined Mitsubishi Electric Corporation Senior General Manager, Kamakura Works Group Senior Vice President, Electronic Systems Group Executive Officer, Electronic Systems (current position)</p>	Same as above	18,100
Executive Officer, Automotive Equipment	Atsuhiko Yabu	June 25, 1960	<p>April 1984 April 2016</p> <p>August 2018</p> <p>April 2019</p> <p>April 2020</p> <p>April 2021</p>	<p>Joined Mitsubishi Electric Corporation Executive Vice President, Mitsubishi Electric US, Inc. CEO, Mitsubishi Electric Trane HVAC US LLC Executive Officer, Total Productivity & Management Environmental Programs Executive Officer, Information Security and Total Productivity Management & Environmental Programs Executive Officer, Automotive Equipment (current position)</p>	Same as above	19,400

Title	Name	Date of Birth	Career summary		Term of office	The number of shares owned
Executive Officer, CRO (Legal Affairs & Compliance, Risk Management, Economic Security and Export Control)	Satoshi Kusakabe	January 24, 1960	<p>April 1982</p> <p>July 2007</p> <p>July 2010</p> <p>October 2010</p> <p>September 2012</p> <p>June 2013</p> <p>July 2015</p> <p>July 2018</p> <p>November 2018</p> <p>July 2019</p> <p>April 2020</p> <p>October 2020</p> <p>January 2022</p> <p>April 2022</p>	<p>Joined the Ministry of International Trade and Industry</p> <p>Director-General, Personnel Division, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>Deputy Director-General, Minister's Secretariat (in charge of Economic and Industrial Policy Bureau), Ministry of Economy, Trade and Industry</p> <p>Councillor, Cabinet Secretariat (National Policy Unit)</p> <p>Director-General for Policy Planning and Coordination, Ministry of Economy, Trade and Industry</p> <p>Deputy Vice-Minister of Economy, Trade and Industry, Ministry of Economy, Trade and Industry</p> <p>Commissioner, Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry</p> <p>Retired from the Ministry of Economy, Trade and Industry</p> <p>Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>Advisor, Mitsubishi Electric Corporation</p> <p>Executive Officer, Government & External Relations, Export Control, and Intellectual Property</p> <p>Executive Officer, Government & External Relations, Economic Security, Export Control, and Intellectual Property</p> <p>Executive Officer, Government & External Relations, Risk Management, Economic Security, Export Control, Intellectual Property and CRO</p> <p>Executive Officer, CRO (Legal Affairs & Compliance, Risk Management, Economic Security and Export Control) (current position)</p>	From April 2022 to March 2023	14,600
Executive Officer, CMPO (Purchasing), CCO (Corporate Communication, Government & External)	Yoji Saito	October 7, 1960	<p>April 1983</p> <p>April 2015</p> <p>April 2020</p> <p>April 2022</p>	<p>Joined Mitsubishi Electric Corporation</p> <p>President and CEO, Mitsubishi Electric Europe B.V. Pan European Representative of Mitsubishi Electric</p> <p>Executive Officer, Global Strategic Planning & Marketing</p> <p>Executive Officer, CMPO (Purchasing), CCO (Corporate Communication, Government & External) (current position)</p>	Same as above	14,900
Executive Officer, Infrastructure Business Area Owner (Energy & Industrial Systems)	Noriyuki Takazawa	August 12, 1962	<p>April 1986</p> <p>April 2016</p> <p>April 2018</p> <p>April 2020</p> <p>April 2022</p>	<p>Joined Mitsubishi Electric Corporation</p> <p>Senior General Manager, Transmission & Distribution Systems Marketing Div. Group Senior Vice President, Energy & Industrial Systems Group</p> <p>Executive Officer, Energy & Industrial Systems</p> <p>Executive Officer, Infrastructure Business Area Owner (Energy & Industrial Systems) (current position)</p>	Same as above	11,400

Title	Name	Date of Birth	Career summary		Term of office	The number of shares owned
Executive Officer, Living Environment & Digital Media Equipment	So Suzuki	March 20, 1963	April 1985 April 2016 April 2018 April 2020 April 2021	Joined Mitsubishi Electric Corporation Senior General Manager, Shizuoka Works Group Senior Vice President, Living Environment & Digital Media Equipment Group Senior Vice President, Living Environment & Digital Media Equipment, Senior General Manager, Engineering Dept. Executive Officer, Living Environment & Digital Media Equipment (current position)	From April 2022 to March 2023	8,500
Executive Officer, Business Platform Business Area Owner (Information Systems & Network Service), CIO (Information Security, IT and Corporate Process & Operation Reengineering)	Eiichiro Mitani	May 4, 1961	April 1985 April 2015 April 2018 April 2020 January 2021 April 2021 April 2022	Joined Mitsubishi Electric Corporation Senior General Manager, Kobe Works Group Senior Vice President, Information Systems & Network Service, Senior General Manager, Information Systems & Network Service Div. Group Senior Vice President, Information Systems & Network Service Corporate Executive, Corporate Strategic Planning Div. Executive Officer, Process & Operation Reform and IT, Chief Operation DX Officer, CIO Executive Officer, Business Platform Business Area Owner (Information Systems & Network Service), CIO (Information Security, IT and Corporate Process & Operation Reengineering) (current position)	Same as above	9,400
Executive Officer, Total Productivity Management & Environmental Programs	Shozui Takeno	December 5, 1963	April 1988 April 2016 April 2019 April 2020 April 2021 October 2021 April 2022	Joined Mitsubishi Electric Corporation Senior General Manager, Design Systems Engineering Center Deputy Vice President, Corporate Total Productivity Management & Environmental Programs, Senior General Manager, Design Systems Engineering Center Deputy Vice President, Corporate Total Productivity Management & Environmental Programs Executive Officer, Information Security and Total Productivity Management & Environmental Programs, CISO Executive Officer, Information Security, Quality, Total Productivity Management & Environmental Programs, CISO, CQO Executive Officer, Total Productivity Management & Environmental Programs (current position)	Same as above	11,300
Executive Officer, Auditing, CSO (Corporate Strategic Planning and Operations of Associated Companies), CTO (Technology Strategies)	Kunihiko Kaga	September 22, 1964		See "a. Directors"	Same as above	12,200

Title	Name	Date of Birth	Career summary		Term of office	The number of shares owned
Executive Officer, CMO (Global Marketing and Corporate Marketing)	Katsuya Furuta	May 25, 1960	April 1983 April 2014 April 2018 April 2021 April 2022	Joined Mitsubishi Electric Corporation Senior General Manager, Nuclear Energy & Medical Systems Marketing Div. Senior General Manager, Kansai Branch Office Executive Officer, Domestic Marketing Executive Officer, CMO (Global Marketing and Corporate Marketing) (current position)	From April 2022 to March 2023	7,700
Executive Officer, CFO (Accounting and Finance), CHRO (General Affairs and Human Resources)	Kuniaki Masuda	July 21, 1964	See "a. Directors"		Same as above	10,500
Executive Officer, Intellectual Property and Research & Development	Tomonori Sato	August 31, 1967	April 1992 April 2020 April 2021 July 2021 April 2022	Joined Mitsubishi Electric Corporation Deputy Senior General Manager, Advanced Technology R&D Center Senior General Manager, Advanced Technology R&D Center Executive Officer, CTO (Corporate Research and Development) Executive Officer, Intellectual Property and Corporate Research & Development (current position)	Same as above	4,100
Executive Officer, CPO (Manufacturing), CQO (Corporate Quality Assurance Reengineering)	Yoshikazu Nakai	September 5, 1961	April 1984 April 2014 April 2016 December 2018 November 2020 April 2022	Joined Nissan Motor Co., Ltd. Vice President, Total Customer Satisfaction Function, Planning and Administration Dept., Nissan Motor Co., Ltd. Corporate Vice President, Total Customer Satisfaction Function, Production/Field Quality, Quality Audit, Nissan Motor Co., Ltd. Executive Vice President, Nori Corporation General Manager, Global Quality Control Dept of Automotive Motor & Electronic Control Business Group, NIDEC CORPORATION Executive Officer, CPO (Manufacturing), CQO (Corporate Quality Assurance Reengineering) (current position)	Same as above	100
Executive Officer, Industry and Mobility Business Area Owner (Factory Automation Systems)	Satoshi Takeda	March 10, 1967	April 1989 January 2018 April 2020 April 2021 April 2022	Joined Mitsubishi Electric Corporation Deputy Senior General Manager, Nagoya Works Senior General Manager, Overseas Marketing Div. Factory Automation Systems Group Senior General Manager, Planning & Administration Dept. Factory Automation Systems Group Executive Officer, Industry and Mobility Business Area Owner (Factory Automation Systems) (current position)	Same as above	7,000

Title	Name	Date of Birth	Career summary	Term of office	The number of shares owned
Executive Officer, CDO (Business Innovation)	Hiroshi Sakakibara	January 1, 1971	July 1994 Joined the Boston Consulting Group November 1996 Joined Apple Japan, Inc. August 2004 Joined Microsoft Corporation (USA) September 2012 Transferred to Microsoft Japan Co., Ltd. August 2015 Joined Benesse Holdings, Inc. January 2018 Chief Digital Officer (CDO), Benesse Holdings, Inc. December 2018 Managing Officer, Panasonic Corporation (Connected Solutions Company) Chief Digital Officer (CDO), Chief Information Officer (CIO) February 2022 Joined Mitsubishi Electric Corporation April 2022 Executive Officer, CDO (Business Innovation) (current position)	From April 2022 to March 2023	100
Total					264,800

Notes: 1. The Company is a company with Three-committee System under Article 2, Item 12 of the Companies Act.

2. Details of Chief Officer are as follows.

CEO	Chief Executive Officer	CSO	Chief Strategy Officer
CRO	Chief Risk Management Officer	CTO	Chief Technology Officer
CMPO	Chief Material Procurement Officer	CMO	Chief Marketing Officer
CCO	Chief Communication Officer	CFO	Chief Financial Officer
CIO	Chief Information Officer	CHRO	Chief Human Resources Officer
CISO	Chief Information Security Officer	CPO	Chief Productivity Officer
CQO	Chief Quality Officer	CDO	Chief Digital Officer

3. Details of Executive Officers (Associate)

Effective April 1, 2022, based on the company-wide management policy, the Company has newly appointed Executive Officers (Associate) who will make decisions on overall management and execute business in relation to groups / business groups / corporate divisions within their purview. The appointments are as follows:

Title	Name	Positions Held
Executive Officer (Associate)	Noriyuki Shimizu	Group President, Global Strategic Planning & Marketing
Executive Officer (Associate)	Yasumichi Tazunoki	Senior General Manager, Corporate Strategic Planning Div.
Executive Officer (Associate)	Shigeki Kawaji	Senior General Manager, Corporate Purchasing Div.
Executive Officer (Associate)	Kenichiro Fujimoto	Overseeing Accounting and Finance, Senior General Manager, Corporate Accounting Div.
Executive Officer (Associate)	Masayoshi Takemi	Group President, Semiconductor & Device
Executive Officer (Associate)	Hideto Negoro	Group President, Public Utility Systems
Executive Officer (Associate)	Yasunari Abe	Senior General Manager, Corporate Human Resources Div.

2) Outside Directors

The Company has seven Outside Directors, each of whom has no special interest with the Company. Although companies in which each of the Outside Directors holds office in or has been a director or officer of include those with trading relationships with the Company, no such relationships have an impact on the independence of each relevant Outside Directors based on the scale or nature of such trading, and thus they possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.

Outside Directors are expected to supervise management from a high-level perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric's Guidelines on the Independence of Outside Directors (see note at below) and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the Company, are selected as Outside Directors.

<Independency Guideline for Outside Directors>

Mitsubishi Electric Corporation nominates persons with experience in company management in the business world, attorneys and academics, among other specialists, who are appropriate to oversee the Company's business operations and not falling under any of the following cases, as candidates for Outside Directors. Each of the following 1, 2, 4 and 5 includes a case in any fiscal year during the past three fiscal years.

1. Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executers") at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated sales of the Company or the counterparty
2. Persons who serve as business executers at a company to which the Company has borrowings that exceed 2% of the consolidated total assets
3. Persons who are related parties of the Company's Independent auditor
4. Persons who receive more than 10 million yen of compensation from the Company as specialists or consultants
5. Persons who serve as Executive Officers (Directors, etc.) of an organization to which the Company offers contribution that exceeds 10 million yen and 2% of the total revenue of the organization
6. Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executers
7. Persons who are related parties of a person or company that have material conflict of interest with the Company

In addition, Outside Directors enhance the checking function of management by receiving reports about the activity status of internal auditors, the audit committee, accounting auditors, and divisions in charge of internal control via the Board of Directors, and providing valuable comments regarding Mitsubishi Electric's management from an objective perspective. By doing this, they bring greater transparency to the management framework and strengthen the Board's function of supervising management.

(3) Status of Audit

1) Audit Committee

a. Organization, members, and procedures of the Audit Committee

The Audit Committee is made up of five Director, three of whom are Outside Director. The Committee audits the legality, adequacy, and efficiency of the execution of the duties by Director and Executive Officers and creates an audit report to be submitted to the shareholders' meeting with its resolution.

Tadashi Kawagoishi, a member of the Audit Committee, has long years of experience in the accounting and financial operations of the Company. Kazunori Watanabe, a member of the Audit Committee, is a Certified Public Accountant and has a considerable degree of knowledge about finance and accounting.

The Audit Committee has four dedicated staffers who take direct orders from Audit Committee members and support them in executing their duties.

b. Frequency of the Audit Committee meeting and attendance of each Audit Committee member

In fiscal 2022, the Company held the regular Audit Committee meeting basically once a month (and one special meeting). Each meeting would take about two hours. The attendance of each Audit Committee member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Outside director (Chairman)	Hiroshi Obayashi	13/13	100%
Director (full-time)	Masahiko Sagawa	13/13	100%
Director (full-time)	Takashi Sakamoto	13/13	100%
Outside director	Kazunori Watanabe	13/13	100%
Outside director	Takashi Oyamada	13/13	100%

Note: 1. Out of the above members, Masahiko Sagawa and Takashi Sakamoto are responsible for investigation.

2. Masahiko Sagawa and Takashi Sakamoto retired on June 29, 2022.

c. Activities of the Audit Committee members

The Audit Committee members—mainly those responsible for investigation (full-time Audit Committee members)—attend Executive Officers' meetings and other such important conferences, and conduct investigations such as interviews with Executive Officers and the executive staff of the Company's offices and subsidiaries in accordance with the policies and assignments agreed upon the Committee.

Divisions in charge of internal control, including the Corporate Auditing Division, submit internal audit reports to the Audit Committee members, who hold meetings such as those to discuss internal audit policies and periodic report meetings to exchange opinions. Outside Audit Committee members visit our offices, affiliates, and other locations with the members responsible for investigation as needed and offer their opinions based on their expert knowledge at the Audit Committee meeting and other occasions.

In addition, the Audit Committee members discuss policies and methods of auditing with accounting auditors, who furnish them with reports on the status and results of the audits of the Company that they themselves conduct, and exchange opinions with them.

d. Agenda of the Audit Committee

The main agenda of the Audit Committee include the determination of audit policies and activity planning, check on the execution of the duties by Directors and Executive Officers and the establishment and operation of the internal control system, check on methods of auditing by the Independent Auditor and validity of results, and evaluation of the Independent Auditor and decision on whether to reappoint it.

Especially in fiscal 2022, the Audit Committee focused on checking and verifying the status of a range of initiatives aimed at enhancing the medium- and long-term corporate value of the Group. These initiatives include: strengthening the management structure, including internal control and compliance systems; strategically allocating management resources and responding to businesses with issues; improving profitability and asset efficiency; strengthening the use of ROIC to ensure capital cost-conscious management; promoting measures for deploying and developing talent; and contributing to the achievement of the SDGs.

As indicated in "II. Business Overview 1. Management Policy, Business Environment and Corporate Agenda (2) Business environment and corporate agenda," the Group takes its recent product and service quality, work-related, and information security issues extremely seriously as a top management priority, and is promoting a number of reoccurrence prevention initiatives.

With regard to improper quality control practices, the Group set up the Investigative Committee consisting of external experts. At a company-wide level, the committee is investigating the facts and determining the causes, and formulating and implementing measures to prevent any recurrence. The Audit Committee requests each responsible Executive Officer, etc. to report on the status, as appropriate, provides opinions, and follows up on the status of formulation and implementation of measures to prevent recurrence that are being implemented sequentially. In addition, the Company commissioned the Governance Review Committee comprised of external experts to conduct an overall review of the internal control system and governance structure. This committee will identify areas requiring improvement, as well as the management responsibilities of the Company's Directors and Executive Officers. The Audit Committee will continue to closely monitor ongoing investigations, the identification of causes, and the progress of the formulation and implementation of measures to prevent recurrence, as well as the status of operational improvement of the internal control system.

The Audit Committee asked questions and stated opinions after each responsible Executive Officer explained the following: with regard to work-related issues, the Company is promoting the Mitsubishi Electric Workplace Reform Program and working to prevent recurrence; with regard to information leakage due to unauthorized entry, the Company is working to reinforce comprehensive information security measures based on the analysis of the cause. The Audit Committee will continue to closely monitor the progress of these measures to prevent recurrence, in order to ensure their steady implementation.

e. Effectiveness evaluation of the Audit Committee

The Audit Committee conducts evaluation to improve performance every year. In the Audit Committee review in fiscal 2022, outside Audit Committee members concluded that the members responsible for investigation (full-time Audit Committee members) periodically report their activity results and that management information is properly shared in a timely manner in the Audit Committee. Although we believe that this evaluation in effect endorses the performance of the Audit Committee, we will continue to make efforts to improve performance.

2) Status of Internal Audit

a. Organization, members, and procedures for internal audit

An internal audit is intended to contribute to the sound management and strengthened management structure of the Company and its affiliates in Japan and overseas by improving management efficiency, strengthening risk management, thoroughly observing the code of corporate ethics and ensuring compliance, and enhancing internal control.

With approximately 60 members acting independently in Japan and overseas, the Company's Corporate Auditing Division conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division's activities are supported by auditors with extensive knowledge of their particular fields, assigned from relevant business units. The Corporate Auditing Division reports the results of such audits to the President & CEO and the Audit Committee.

b. Relationship with the divisions in charge of internal control

In the Group, the corporate management divisions and corporate staff groups such as the Corporate Strategic Planning Division, the Corporate Accounting Division, the Corporate Legal & Compliance Division, and the Corporate Export Control Division inspect the establishment and operation of the internal control system and regulations, etc. under their scope of responsibility for internal control. In addition, each business division has its own compliance department, which reliably spreads companywide compliance policies and inspects the compliance status in each business division.

The Corporate Auditing Division internally audits the operation and other aspects of the internal control system, evaluates the internal control related to the establishment of internal whistle-blower system and financial review, and mutually exchanges necessary information with each division in charge of internal control.

c. Mutual relationship among internal audit, the audit by the Audit Committee, and accounting audit

The Corporate Auditing Division reports the internal audit policies and internal audit results to the Audit Committee and exchanges opinions with the Audit Committee members on a regular basis.

The Corporate Auditing Division also reports internal audit results to the accounting auditors and continuously works with them, discussing the evaluation of the internal control related to financial review as needed.

3) Status of accounting audit

a. Overview of the Independent Auditor

The Company has appointed KPMG AZSA LLC as its Independent Auditor.

KPMG AZSA LLC was engaged in the accounting audit of consolidated financial statements of the Company under the Securities Exchange Act (currently the Financial Instruments and Exchange Act) for the fiscal year ended March 31, 2005, and has been engaged in the accounting audit of the Company under the Companies Act and the Securities Exchange Act (currently the Financial Instruments and Exchange Act) from the fiscal year ended March 31, 2006. The Company started preparing consolidated financial statements in English in accordance with the USGAAP from the fiscal year ended March 31, 1970, prompted by the need of issuing USD-denominated convertible bonds in the European market in March 1970, and has been preparing consolidated financial statements in English in accordance with IFRS from the fiscal year ended March 31, 2019 onward. Since the fiscal year ended March 31, 1981, the Company has been entrusting the accounting audit of such consolidated financial statements prepared in English to a Japanese member firm (currently KPMG AZSA LLC) of Peat, Marwick, Mitchell & Co. (currently KPMG).

Designated Limited Liability Partners who executed the accounting audit of the Company are certified public accountants, Messrs. Kensuke Sodekawa, Naoki Matsumoto, and Yukihiko Ishiguro. The supporting team that assisted the execution of the accounting audit consisted of adequate staff including certified public accountants that belong to KPMG AZSA LLC. The

Company provides KPMG AZSA LLC an environment for conducting audits from a fair and impartial standpoint, including provision of adequate management information.

b. Reasons for selecting the Independent Auditor

The Company selects the Independent Auditor mainly in consideration of the following:

- The Independent Auditor complies with the matters related to the performance of duties of the Independent Auditor stipulated under Article 131 of the Ordinances of Companies Accounting, such as the matters related to independence.
- The Independent Auditor retains sufficient audit staff with professional experience and expertise to conduct audits of the Group.
- The Independent Auditor retains a network to adequately conduct audits of subsidiaries and affiliated companies of the Company in Japan and overseas, in accordance with local laws and regulations as well as fair and appropriate accounting standards, etc.

KPMG AZSA LLC has been appointed as the Independent Auditor of the Company, because it is a member firm of the KPMG network that provides audit services globally, with staff and systems capable of auditing the Group's global business activities in an integrated manner as an international accounting expert, can handle consolidated account closing in accordance with IFRS, establishes and operates a quality control system adequately, and maintains independence from the Group, with a sufficient investigation system on which to base its opinions.

<Matters set out in Article 126, Item 4 of the Ordinance for Enforcement of the Companies Act>

- Policies on dismissal or non-reappointment of the Independent Auditor

The Company has set out the following policies for determination of dismissal or non-reappointment of the Independent Auditor.

(a) The Independent Auditor may be dismissed in the event that it:

- Commits any breach or omission of due fulfillment of the responsibilities of its work;
- Acts in a manner that is inappropriate for an Independent auditor; or,
- Is involved in any sort of incident or activity that is deemed to fall within the scope of the items above.

(b) In addition to the above, for such reasons as (but not limited to) amelioration of the audit quality, the Company may opt, as necessary, not to renew the retention or appointment of the Independent Auditor.

c. Evaluation of the Independent Auditor

The Audit Committee has established the Company's evaluation standards for the Independent Auditor and evaluates the Independent Auditor accordingly with respect to its independence, systems to perform its duties, status of accounting audits, and quality control. The Company has determined that the performance of the Independent Auditor is appropriate for the fiscal year under review in accordance with the Company's standards.

d. Details of audit fees, etc.

(a) Fees to the certified public accountants

(Millions of yen)

Classification	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fee for non-audit services
The Company	264	0	283	5
Consolidated subsidiaries	221	6	229	10
Total	485	7	512	16

Fees to the certified public accountants for non-audit services paid by the Company and its consolidated subsidiaries for fiscal 2021 and 2022 consist mainly of accounting advisory services.

(b) Fees to organizations that belong to the same network (KPMG)

(Millions of yen)

Classification	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fee for non-audit services
The Company	117	286	126	263
Consolidated subsidiaries	635	135	719	145
Total	753	421	846	408

Fees to audit firms, etc. that belong to the same network (KPMG) as KPMG AZSA LLC, the Company's auditing accountants, for non-audit services paid by the Company and its consolidated subsidiaries for fiscal 2021 and 2022 consist mainly of various advisory services.

e. Policies for determining audit fees

Audit fees are determined based on the verification of validity of the audit plan including audit structure, procedures, and schedule, as well as the unit price of fees per audit hour, subject to the approval of the Audit Committee.

f. Reasons for the Audit Committee's consent on the compensation paid to the Independent Auditor

The Audit Committee has agreed to the amount of fees paid to the Independent Auditor as reasonable, as the amount is based on the estimated audit hours derived from audit policies and plans for the fiscal year under review confirmed with the Independent Auditor, and the unit price of fees is reasonable.

(4) Compensation for Directors and Executive Officers

1) Total amount of compensation(for Fiscal 2022)

a. Directors' and Executive Officers' Compensation

Classification	Number Receiving Payment	Total amount of compensation, etc. (millions of yen)	Total amount of each type (millions of yen)			
			Basic compensation	Performance-based compensation		Retirement benefit
				Share-based compensation		
Directors	4	140	138	-	-	1
Outside Directors	5	79	77	-	-	2
Executive Officers	23	1,986	859	1,112	556	15

Notes: 1. The number of Directors receiving compensation does not include Outside Directors or Directors who concurrently hold posts as Executive Officers.

2. Regarding Executive Officers who assumed the office in the 150th fiscal year, there was a difference amounting to 42 million yen between the total compensation disclosed for the previous fiscal year and the compensation paid during fiscal 2022. Said difference was not included in the amount disclosed above.

3. The details of the performance indices that were selected as the basis for the calculation of the amount and number of the performance-based compensation, the reason for the selection of such performance indices, the calculation method for the performance-based compensation, and the results relating to such performance indices are as stated in b. (b) (ii) of "2) The Policy for Determining Compensation for Directors and Executive Officers for Fiscal 2022" below.

4. As an incentive plan, the Company has adopted a performance-based stock compensation plan as compensation for Executive Officers, with the main purpose of realizing a higher level of growth and further raising management awareness that places importance on the interest of shareholders. The BIP (Board Incentive Plan) Trust has been adopted for the compensation plan whereby 50% of performance-based compensation will be granted to Executive Officers as stock compensation, i.e., non-monetary compensation, after a three-year deferment period. Details of this stock compensation are as stated in b. (b) (ii) of "2) The Policy for Determining Compensation for Directors and Executive Officers for Fiscal 2022" below.

5. With regard to the retirement benefits for Directors and Executive Officers, the retirement benefits were terminated for Directors after the conclusion of the Ordinary General Meeting of Shareholders held in June 2021, and for Executive Officers from April 1, 2021. Directors and Executive Officers who assumed office prior to the termination date of retirement benefits shall be paid retirement benefits at the time of retirement for the term of office until the termination date of the retirement benefits, in accordance with the Regulations on the Retirement Benefits of Directors and Executive Officers determined by the Compensation Committee.

6. With serious consideration of the work-related issues and improper quality control practices, the basic compensation from April to May in 2021 and from January to March in 2022 and retirement benefits for fiscal 2022 for relevant Directors and Executive Officers have been partly reduced or voluntarily returned.

b. Directors or Executive Officers who received compensation of 100 million yen or more

Name	Classification	Company	Total amount of compensation, etc. (millions of yen)	Total amount of each type (millions of yen)		
				Basic compensation	Performance-based compensation	
					Share-based compensation	
Kei Uruma	Executive Officer	The Company	135	53	82	41

c. Total Number of Shares Granted as Compensation for Directors and Executive Officers

	Number of Shares Granted	Number of Recipients
Directors (excluding Outside Directors) and Executive Officers	329,900	22
Outside Directors	-	-

Notes: 1. The above includes former Directors and Executive Officers.

2. The above number of shares granted is the number of shares that were actually granted to Directors and Executive Officers. Of the shares that Directors and Executive Officers are entitled to be granted, 331,881 shares have been converted in the trust and delivered as cash equivalent to the disposal price, based on the regulations for granting shares.

2) The Policy for Determining Compensation for Directors and Executive Officers for Fiscal 2022

The policy for determining compensation for Directors and Executive Officers are deliberated upon and decided by the Compensation Committee, a majority of which is comprised of outside directors. The relevant policy for fiscal 2022 is as follows.

a. Basic policies

- (a) As a Company with a Three-committee System, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for Directors and the compensation scheme for the Executive Officers will be set differently, corresponding to the contents and responsibilities of each of the duty and position.
- (b) Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the basic policy of the compensation scheme for Directors is the payment of basic compensation.
- (c) The compensation scheme for the Executive Officers focuses on incentives for the realization of management policies and the improvement of business performance, and performance-based compensation will be paid in addition to the payment of basic compensation, based on the following basic policies:
 - (i) The compensation scheme should raise awareness of the contribution to the improvement of the mid- and long-term business performance, and to the enhancement of the Group's corporate value.
 - (ii) The compensation scheme should be closely linked with the company's performance and be highly transparent and objective.
 - (iii) The compensation scheme should mainly aim at sharing of interest with shareholders and raising management awareness which places importance on the interest of shareholders.
- (d) In order to introduce from the outside objective points of view and specialized knowledge about the executive compensation scheme, the Company will employ external compensation consultants, and deliberate the compensation level, compensation scheme, etc. with the support of such consultants, taking into consideration external data concerning compensation in major Japanese corporations developing their businesses globally, the domestic economic environment, industry trends, management conditions, etc.

b. The system and the policy for determining compensation for Directors and Executive Officers

(a) Compensation for Directors

The fixed-amount compensation shall be a monthly fixed amount set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.

(b) Compensation for Executive Officers

(i) The fixed-amount compensation shall be a monthly fixed amount set at a level considered reasonable, while taking into account the contents of the Executive Officers' duties and the Company's conditions, etc.

(ii) Performance-based compensation shall be paid as indicated below, at a certain period each year.

- The Group strives to achieve sustainable growth and further improvement of corporate value through its threefold balanced management policy of "Growth," "Profitability & Efficiency" and "Soundness." The payment reference amount for performance-based compensation is based on the consolidated business performance such as net profit attributable to Mitsubishi Electric Corp. stockholders, in line with the Medium-Term Management Plan. In the fiscal year ended March 31, 2022, revenue was 4,476.7 billion yen, operating profit ratio was 5.6%, and net profit attributable to Mitsubishi Electric Corp. stockholders was 203.4 billion yen.

- Compensation for Executive Officers are set within a range of $\pm 20\%$ the payment reference amount, reflecting business performance in their respective business segments.
 - With the purposes of meshing the interest of shareholders with the Executive Officers and further raising management awareness that places importance on the interest of shareholders, and increasing the incentives for the improvement of business performance from the mid- and long-term perspectives, 50% of performance-based compensation will be paid in the form of shares. Share-based compensation consists of Company stocks issued after a three-year deferment period. The Company sets a rule that the Executive Officers are required to continue to hold the Company stocks issued until 1 year has passed from resignation, in principle.
- (iii) If the Company achieves the consolidated revenue of 5 trillion yen or more and the operating profit ratio of 10% or more, which are the growth targets for the Medium-Term Management Plan, the basic composition of the compensation will be as follows: basic compensation 30%, and performance-based compensation 70%, of which the ratio of mid- and long-term incentives (share-based compensation in the performance-based compensation) is 35% of the total compensation. If the consolidated business performance is within the growth targets for the Medium-Term Management Plan, the percentage of performance-based compensation shall fluctuate between the range of 0% to 70%.
- (c) Other important matters regarding the decision on details of compensation given to individual Directors, etc.
Regarding the stock compensation of the performance-based compensation of Executive Officers, if there has been any serious breach of responsibilities by the Executive Officer, or if the Executive Officer has resigned for personal reasons against the will of the Company, the Company may confiscate the rights to receive the granting of shares or demand the refund of cash equivalent to the value of the granted shares, etc., from such Executive Officer by resolution of the Compensation Committee. Additionally, if certain grounds arise that materially impact the management of the Company, the Company may reduce the basic compensation of Executive Officers by resolution of the Compensation Committee.
- (d) Decision-making process
The Company decides on compensation decision policies for Directors and Executive Officers, and the compensation given to individuals based on these policies, through the Compensation Committee, a majority of which is comprised of outside directors. The details of the activities of the Compensation Committee are reported to the Board of Directors on a case-by-case basis.

3) The Grounds for Determination by the Compensation Committee that the Details of Compensation Given to Individuals Observe the Determination Policy for Fiscal 2022

With regard to the determination of the amount of compensation given to individual Directors and Executive Officers, the Compensation Committee met eleven times during the period from April 2021 to March 2022, with all Committee members present. In the deliberations by the Compensation Committee, compensation consultants from an external professional organization with global experience and knowledge were employed with the aim to introduce outside objective points of view and specialized knowledge and information on the executive compensation scheme.

The matters deliberated and determined by the Compensation Committee during fiscal 2022 were as follows:

- Evaluation of performance and individual payment amounts for performance-based compensation of Executive Officers in fiscal 2021
- Granting of shares related to the performance-based compensation of Executive Officers for fiscal 2018
- Individual payment amounts of retirement benefits paid to Directors and Executive Officers who retired during fiscal 2021 and fiscal 2022
- Basic compensation of Directors for fiscal 2022
- Reduction of executive compensation, etc. in connection with disciplinary actions against executives related to improper quality control practices
- Evaluation of performance and individual payment amounts for performance-based compensation of Executive Officers in fiscal 2022
- Identification of issues with the former compensation scheme for Executive Officers, the basic policy for the new compensation scheme for Executive Officers, compensation levels and composition, the incentive compensation plan, etc.
- Basic policy and specific details of the disclosure of executive compensation

Notes: 1. Five of the eleven meetings were attended by compensation consultants from an external professional organization.

2. These details include matters for which the final decision was made at the Compensation Committee meetings held during April and May 2022.

Following the abovementioned deliberation, etc., the basic compensation to individual Directors and Executive Officers has been deliberated and determined by the Compensation Committee by utilizing external data on the compensation of major companies in Japan operating globally and taking into account the contents of the duties of the Directors and Executive Officers. As for the performance-based compensation for individual Executive Officers, individual compensation has been determined upon setting a payment reference amount by the Compensation Committee based on the Company's consolidated business results for fiscal 2022 (profit attributable to Mitsubishi Electric Corp. stockholders), within a range of $\pm 20\%$ of the payment reference amount, reflecting business performance in their respective business segments. Furthermore, the individual payments for the retirement benefits paid to Directors and Executive Officers who retired during fiscal 2022 were determined by the Compensation Committee, based on the Regulations on the Retirement Benefits of Directors and Executive Officers formulated under the policy prior to the revision. Based on the above, the Compensation Committee has determined that the details of compensation given to individuals observe the determination policy.

In addition, the Company has introduced a performance-based compensation scheme, including stock compensation, for its Executive Officers to increase their awareness of the necessity to contribute to enhancing the medium- to long-term corporate value of the Group and to share that value with shareholders. However, the Company has decided to revise the entire compensation structure for our Executive Officers to further clarify the roles and responsibilities of Directors and Executive Officers and to more rigorously evaluate their short-, medium-, and long-term incentive compensation based on the achievement level of the performance indices.

The new compensation scheme for the Company's Executive Officers will be effective from the fiscal 2023, and its key points are as follows:

- Revised its compensation scheme to make it more performance-linked to implement and achieve the key indicators and priority measures outlined in the Medium-Term Management Plan.
- In addition to rigorously evaluating the achievement of the performance indices in the business units in charge, greater emphasis on incentive compensation to reflect performance indices in non-financial matters, such as restoring public trust, improving employee engagement, and sustainability and ESG-related progresses.
- Revised the stock compensation portion of the compensation scheme and established new stock ownership guidelines to strengthen incentives to sustainably increase corporate value and shareholder value over the medium- to long-term.
- Improved compensation governance by introducing malus and clawback provisions.

<Reference> Major changes to the compensation scheme for Executive Officers (Comparison table)

Item	Fiscal 2022	Fiscal 2023
Compensation scheme	<p>[Fixed compensation]</p> <ul style="list-style-type: none"> • Basic compensation <p>[Variable compensation (Incentive compensation)]</p> <ul style="list-style-type: none"> • Performance-based compensation (partially stock compensation) 	<p>[Fixed compensation]</p> <ul style="list-style-type: none"> • Basic compensation <p>[Variable compensation (Incentive compensation)]</p> <ul style="list-style-type: none"> • Performance-based bonus • Performance Share Units (PSU) • Restricted Stock Units (RSU)
Outline of the incentive compensation	<p>[Performance-based compensation]</p> <ul style="list-style-type: none"> • Performance evaluation period: 1 year • Set within a range of $\pm 20\%$ of the payment reference amount, which is determined according to profit and other factors reflecting business performance in their respective business segments • 50% is paid in lump-sum cash payment and the remaining amount is paid in the form of shares after a 3-year grace period (Subsequently, the shares shall be continuously held for one year, in principle) 	<p>[Performance-based bonus]</p> <ul style="list-style-type: none"> • Performance evaluation period: 1 year • Individual evaluation in line with the performance of business groups in charge and individual responsibilities, separate from the company-wide performance evaluation • Company-wide performance evaluation fluctuates within a range of 0 to 200% depending on the degree of achievement of the targets for consolidated revenue and operating profit ratio • Individual evaluation fluctuates within a range of 0 to 200% depending on the performance of their respective business segments and the status of initiatives toward various reforms and ESG issues • Lump-sum cash payment
		<p>[PSU (revised)]</p> <ul style="list-style-type: none"> • Performance evaluation period: 3 years Fluctuates within a range of 0 to 200% depending on the comparison results of the Company's TSR (total shareholder return) and the TSR of each of the domestic peer companies for the three years • Lump-sum stock payment (partially paid in cash to secure funds for tax payment)
		<p>[RSU (newly established)]</p> <ul style="list-style-type: none"> • Timing of lifting transfer restrictions: At the time of retirement • Restricted stock is granted at the end of each fiscal year to sustainably share shareholder value

4) The Policy for Determining Compensation for Directors and Executive Officers for Fiscal 2023

The policy for determining compensation for Directors and Executive Officers are deliberated upon and decided by the Compensation Committee, a majority of which is comprised of outside directors. If the Director concurrently serves as an Executive Officer, the policy for determining compensation for Executive Officers is applied. The relevant policy for fiscal 2023 is as follows.

a. Basic Policies

As a Company with a Three-committee System, the Company segregates the supervisory function and the execution function of management. The supervisory function of management is assigned to the Directors and the Board of Directors and the execution function of management is assigned to the Executive Officers. The compensation scheme for Directors and the compensation scheme for the Executive Officers will be set differently, corresponding to the contents and responsibilities of each duty and position. The compensation will be determined by the Compensation Committee based on the following basic policies:

(a) Directors

- (i) The compensation scheme should encourage the Directors to demonstrate their supervisory function of management.

(ii) The compensation should be the amount necessary to secure suitable talent to fulfill the responsibilities of the Company's Directors.

(b) Executive Officers

(i) The compensation scheme should observe the corporate philosophy of the Mitsubishi Electric Group, and be fully accountable to all stakeholders including society, customers, shareholders, and employees.

(ii) The compensation scheme should encourage the execution of duties in line with management strategies and provide strong incentives to achieve management goals.

(iii) The compensation scheme should function as an incentive for sustained performance growth and the improvement of corporate value.

(iv) The compensation scheme should reflect a fair and impartial evaluation of the achievements and contributions toward their respective roles and responsibilities.

b. The system for determining compensation

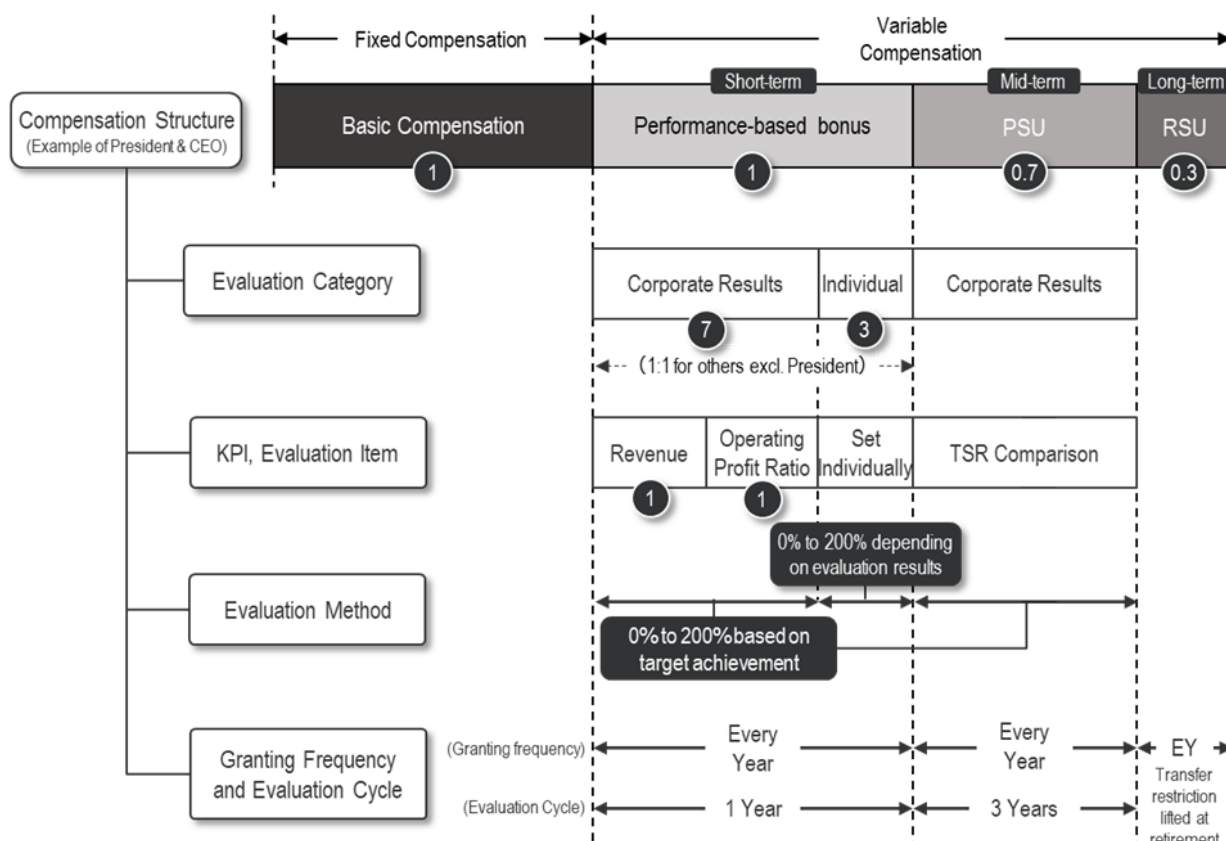
(a) Directors

The compensation scheme for Directors shall consist exclusively of basic compensation (fixed compensation), in light of the Directors' role to provide advice and supervise management from an objective and independent perspective.

(b) Executive Officers

The compensation scheme for Executive Officers shall be as follows, with an emphasis on the improvement of medium-term corporate value and shareholder value.

<Chart> Compensation Structure (Percentage of compensation is that of the President & CEO)



(i) Basic compensation

Fixed compensation is set in accordance with the roles and responsibilities of each Executive Officer and is paid monthly in cash by dividing the position-based annual standard amount by 12.

(ii) Performance-based bonus

The bonus payment shall be determined by “Corporate Performance Evaluation” and “Individual Evaluation.” The payment amount will fluctuate in the range of 0% to 200% depending on the evaluation results. The amount to be paid to each individual shall be calculated as below and paid in a lump sum in cash after the end of each fiscal year.

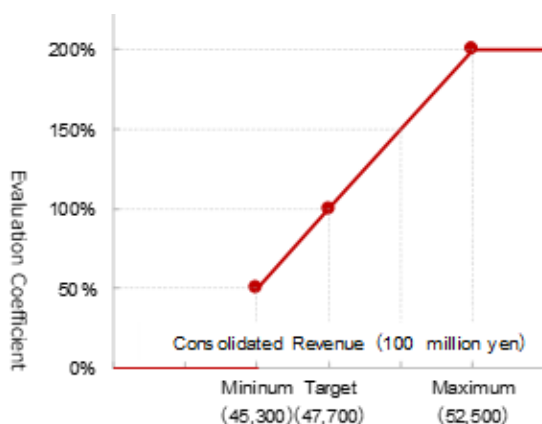
$\text{Individual payment amount} = \text{Position-based standard amount} \times (\text{Corporate performance evaluation coefficient} + \text{Individual evaluation coefficient}) \text{ (in the range of 0-200\%)}$
--

■ Evaluation Indicators, Ratios, and Targets for FY2023

Evaluation indicators		Evaluation ratios		Targets, etc.	
		President & CEO	Other Executive Officers		
Corporate results	Consolidated revenue	35%	25%	Maximum	5,250 billion yen
				Target	4,770 billion yen
				Minimum (Threshold)	4,530 billion yen
	Consolidated operating profit ratio	35%	25%	Maximum	7.5%
				Target	5.7%
				Minimum (Threshold)	5.1%
Individual evaluation		30%	50%	Set specific targets for each Executive Officer based on the priority measures in FY2026 Medium-Term Management Plan, “Three Reforms” to restore trust, ESG challenges, and performance of the business unit in charge.	

■ Determination of corporate performance evaluation coefficients

[Consolidated revenue]



[Consolidated operating profit ratio]



■ Determination of individual evaluation coefficients

The targets for the President and CEO shall be determined through the deliberation of the Compensation Committee at the beginning of the fiscal year. Evaluations shall be made after the end of the fiscal year, by deliberation and decision by the Compensation Committee following a self-evaluation by the President and CEO.

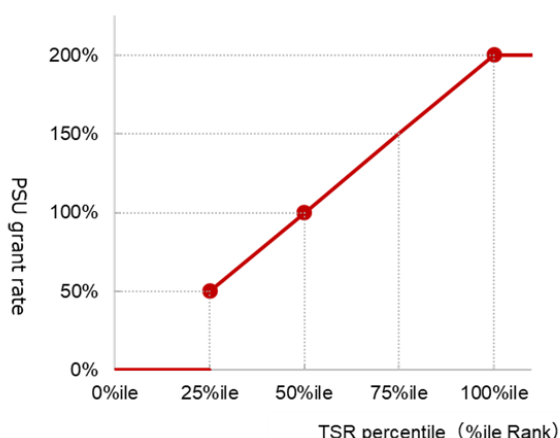
Goals and evaluations of other Executive Officers are discussed and approved by the Compensation Committee after a meeting between the President and CEO and each Executive Officer.

(iii) Performance-based stock compensation (Performance Share Units (PSU))

In principle, the number of shares to be issued as performance-based stock compensation (PSU) varies between 0% and 200%, depending on the comparison result (in percentile) between the Company’s TSR (total shareholder return) for the three years and the TSR of a pre-selected group of comparable companies. The comparable companies are selected from domestic and overseas companies in the business areas in which the Company operates. The number of shares to be delivered to each individual is calculated as follows:

$\text{Number of shares delivery to each individual} = \text{Standard PSU points for the position} \times \text{PSU grant rate (in the range of 0-200\%)}$
--

■ Determination of PSU grant rate
 [TSR percentile vs comparable companies]



(iv) Restricted Stock Units (RSU)

In order to promote continuous shareholding and shareholder value during the term of office, the Restricted Stock Unit (RSU) program shall, in principle, deliver shares, with transfer restrictions, equivalent to the standard amount for the position at the end of each fiscal year. The transfer restrictions shall be lifted at retirement (when the Company's Director or Executive Officer retires from his/her position).

■ Diagram of the cycle of granting points and shares for Performance Share Units (PSU) and Restricted Stock Units (RSU)

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
PSU	TSR evaluation period (3 years)					
		TSR evaluation period (3 years)				
			TSR evaluation period (3 years)			
	: Shares are granted 3 years after the start of the evaluation period (Overlap-type)					
RSU	Vesting period (1 year)	(Same as on the left)	(Same as on the left)	(Same as on the left)	(Same as on the left)	(Same as on the left)
	: Granted at the end of each fiscal year (Transfer restrictions are lifted at the time of retirement)					

■ : Granting of standard points ■ : Granting of shares (Transfer restrictions apply in the case of RSU)

c. Method of setting compensation levels and compensation composition ratios

The compensation levels and compensation composition ratios of Directors and Executive Officers are set each year according to their roles and responsibilities based on a comparison with market compensation levels using compensation survey data of external professional organizations. When comparing with market compensation levels, major domestic manufacturers similar to the Company in terms of scale, type of business, global expansion, etc., are selected as the compensation benchmark group.

(a) Directors

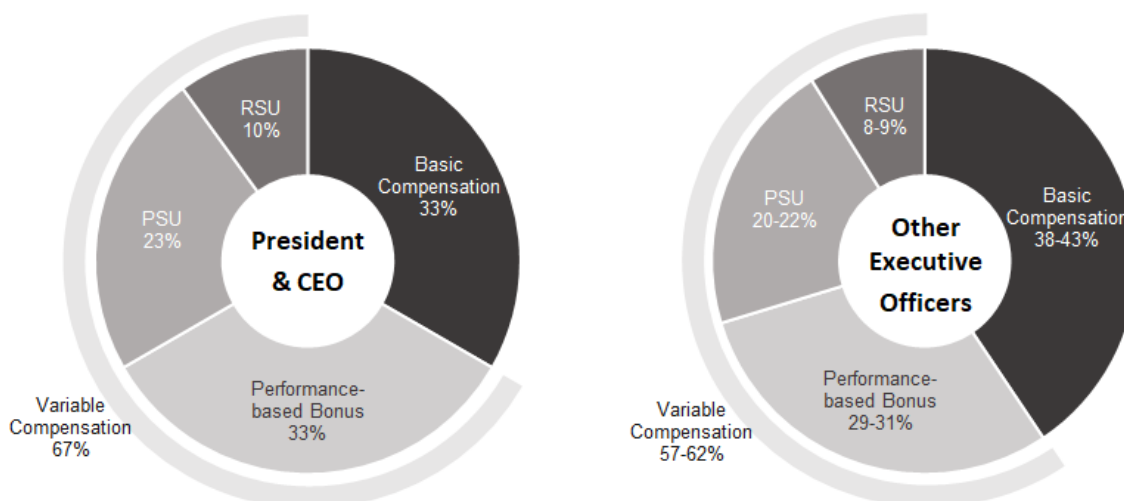
The basic compensation levels of Directors are set in consideration of the compensation levels of non-executive internal directors and outside directors of the compensation benchmark companies, their roles and responsibilities, and other factors.

(b) Executive Officers

The compensation, etc. of Executive Directors is set in consideration of the trends in compensation levels of executive officers at the compensation benchmark companies, the management strategy and business environment of the Company, the objectives of incentive compensation and the degree of difficulty in achieving the targets, the roles and responsibilities of the Executive Officer concerned and other relevant factors. Additionally, from the perspective of pay-for-performance, the

compensation composition has been set with a higher ratio of incentive compensation to place greater emphasis on the link between performance and the medium- and long-term improvement of corporate value and shareholder value. The composition of standard compensation for fiscal 2023 is as follows.

■ Composition of standard compensation for fiscal 2023



*PSU: Acronym for Performance Share Unit

*RSU: Acronym for Restricted Stock Unit

*The ratio of “Basic compensation: Performance-based bonus: Stock compensation (PSU + RSU)” is “1: 1: 1” for the President & CEO, and within the range of “1: (0.67 to 0.8): (0.67 to 0.8)” for the other Executive Officers. The ratio has been set so that the higher the position of the Executive Officer, the greater the ratio of variable compensation.

The weight of short-term and medium- to long-term are considered to be the same, and the ratios of performance-based bonus and stock compensation have been equally set.

d. Compensation governance

As a Company with a Three-committee system, the Company has set forth the following:

■ The major roles and authority of the Compensation Committee

The Company’s Compensation Committee has the authority to determine the details of compensation, etc. for individual Directors and Executive Officers of the Company. It mainly determines the policies for determining executive compensation, etc., the details of compensation, etc. for individual Directors and Executive Officers, company-wide performance evaluations related to the incentive compensation of Executive Officers, and the individual evaluations of Executive Officers. The composition of the Compensation Committee, which is to be chaired by an Outside Director, is as follows for fiscal 2023.

[Composition of the Compensation Committee for fiscal 2023]

- Chairman (Outside Director): Kazunori Watanabe
- Members (Outside Directors): Mitoji Yabunaka, Hiroko Koide, Tatsuro Kosaka, and Hiroyuki Yanagi
- Member (Internal Director): Kuniaki Masuda

■ Decision-making process and annual schedule

In the deliberation and determination of the policy for determining executive compensation, etc., the Company’s Compensation Committee gathers information and receives advice from compensation consultants from an external professional organization with abundant global experience and knowledge, from the standpoint of ensuring independence of its judgement and enhancing the effectiveness of the roles and authority of the Compensation Committee. The Compensation Committee conducts deliberation and determination based on such information as well as due consideration of the environment and general trends surrounding the compensation for management.

e. Stock ownership guidelines

We believe it is important to ensure that our Executive Officers share the same value with our shareholders on a long-term and sustainable basis. To this end, we have established the following stock ownership guidelines and require Executive Officers to continuously hold the Company's stock during their term of office, even after the target amount has been reached.

[Stock Ownership Guidelines]

Targeted holdings to be achieved within four years of assuming the position

Position	Target amount	
President & CEO	The multiple to be applied to the annual basic compensation	1.3 times
Senior Vice President		1.0 times
Executive Officer		0.8 times

f. Malus and clawback provisions

The Company shall introduce "malus and clawback provisions" so that, in the event of any material misconduct or violation by an Executive Officer, or in the event of any material revision to the financial results of prior fiscal years, the Compensation Committee may, by resolution, demand that such Executive Officer forfeit his/her right to receive incentive compensation (malus) or return his/her paid compensation (clawback). The compensation that may be subject to these provisions shall be performance-based bonuses to be paid or already paid, points granted before the delivery of shares and shares before the lifting of transfer restrictions, and some or all of the shares already delivered.

(5) Status of stocks held

1) Criteria and approach on classification of stocks for investment

With regard to the classification of stocks for investment held for pure investment purposes and stocks for investment held for purposes other than pure investment purposes, the Company classifies stocks held solely for profit purposes from changes in the stock value or dividends on stock as pure investment. There are no stocks held solely for pure investment.

2) Stocks for investment held for purposes other than pure investment purposes

a. The holding policy, and the method for verifying the reasonableness of holding and the outline of the verifications regarding the propriety of individually held stocks at the meetings of the Board of Directors and others.

The Company does not hold stocks with no holding significance. While the Company may hold stocks that are determined to be necessary for business operations, taking into consideration maintaining and strengthening relationships with business partners. The Company comprehensively judges whether or not stocks held are significant, from the viewpoint of their profitability, business feasibility, holding risks, etc., aspects which are verified and confirmed yearly in the Executive Officers' meeting and in the Board of Directors' meeting. Furthermore, the Company performs verifications with regard to profitability, as to whether the income gained from related businesses and total dividends received are reaching a level above the capital cost, with regard to business feasibility whether there are not any significant changes in business relationships or amounts of transactions, etc., and with regard to holding risks, whether the corporate value of the investee has fallen or not. When stocks are thus judged to have a low holding significance, the Company considers reduction such as by selling them, taking into consideration the situation of the concerned company.

Based on the results of the above verifications, the Company sold a part of its held stocks in the fiscal year ended March 31, 2022.

b. Number of Issues and Amount on the Balance Sheet

	Number of issues (issues)	Total amount on the Balance Sheet (millions of yen)
Unlisted stocks	158	22,114
Stocks other than unlisted stocks	98	189,155

(Issues whose number of shares increased in the fiscal year ended March 31, 2022)

	Number of issues (issues)	Total purchase price for the increased number of shares (millions of yen)	Reasons for the increased number of shares
Unlisted stocks	5	471	Number of shares increased due to acquisition of shares with the aim of maintaining and strengthening business relationships
Stocks other than unlisted stocks	7	33	Number of shares increased due to acquisition of shares with the aim of maintaining and strengthening business relationships

(Issues whose number of shares decreased in the fiscal year ended March 31, 2022)

	Number of issues (issues)	Total selling price for the decreased number of shares (millions of yen)
Unlisted stocks	14	378
Stocks other than unlisted stocks	18	46,301

c. Number of shares of specified investment stocks and deemed stockholdings per issue and the amount on the balance sheet, and others

Specified investment stocks

Issue	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Shares held by each company
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Amount on the Balance Sheet (millions of yen)	Amount on the Balance Sheet (millions of yen)		
Renesas Electronics Corporation	50,706	75,706	Maintaining and strengthening business relationships in procurement	No
	72,612	90,848		
SUZUKI MOTOR CORPORATION	4,105	4,105	Maintaining and strengthening business relationships in the automotive equipment business	Yes
	17,296	20,630		
Central Japan Railway Company	770	770	Maintaining and strengthening business relationships in the transportation systems business	Yes
	12,302	12,753		
Shin-Etsu Chemical Co., Ltd.	406	406	Maintaining and strengthening business relationships in procurement	Yes
	7,641	7,568		
Shimadzu Corporation	1,250	1,250	Maintaining and strengthening business relationships in procurement	Yes
	5,296	5,008		
East Japan Railway Company	574	958	Maintaining and strengthening business relationships in the transportation systems business	Yes
	4,086	7,510		
Mitsubishi Estate Company, Limited	2,003	2,003	Maintaining and strengthening business relationships in the building systems business and real estate lease	Yes
	3,643	3,870		
Mitsubishi Research Institute, Inc.	902	902	Maintaining and strengthening collaborative relationships in the social infrastructure systems business	Yes
	3,608	3,717		
TEIKOKU ELECTRIC MFG. CO., LTD.	2,286	2,286	Maintaining and strengthening business relationships in the automotive equipment business	Yes
	3,598	3,022		
JEOL Ltd.	500	500	Maintaining and strengthening business relationships in procurement	Yes
	3,435	2,195		
TAKEBISHI CORPORATION	2,340	2,340	Maintaining and strengthening business relationships in sales	Yes
	3,339	3,521		
TACHIBANA ELETECH CO., LTD.	1,921	1,921	Maintaining and strengthening business relationships in sales	Yes
	3,164	3,101		
RYOYO ELECTRO CORPORATION	1,576	1,576	Maintaining and strengthening business relationships in sales	Yes
	3,128	4,209		

Issue	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Shares held by each company
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Amount on the Balance Sheet (millions of yen)	Amount on the Balance Sheet (millions of yen)		
KDDI CORPORATION	632	632	Maintaining and strengthening business relationships in the telecommunications systems business	No
	2,532	2,146		
Mitsubishi Gas Chemical Company, Inc.	1,133	1,133	Maintaining and strengthening business relationships in procurement	Yes
	2,358	3,075		
Citizen Watch Co., Ltd.	4,317	4,317	Maintaining and strengthening business relationships in the factory automation systems business	Yes
	2,249	1,632		
The Kansai Electric Power Company, Incorporated	1,957	1,957	Maintaining and strengthening business relationships in the power systems business	No
	2,249	2,345		
Mitsubishi Logistics Corporation	733	733	Maintaining and strengthening business relationships in the building systems business	Yes
	2,228	2,481		
Hankyu Hanshin Holdings, Inc.	551	551	Maintaining and strengthening business relationships in the transportation systems business	Yes
	1,956	1,956		
SOHGO SECURITY SERVICES CO., LTD.	455	455	Maintaining and strengthening collaborative relationships in the building systems business	Yes
	1,820	2,379		
THE SHIZUOKA BANK, LTD.	2,033	2,033	Maintaining and strengthening business relationships in finance	Yes
	1,755	1,769		
KAGA ELECTRONICS CO., LTD.	500	500	Maintaining and strengthening business relationships in the electronic devices business	No
	1,628	1,240		
Keisei Electric Railway Co., Ltd.	442	441	Maintaining and strengthening business relationships in the transportation systems business	Yes
	1,510	1,599	Number of shares increased due to constant purchase through the business partner shareholding union	
OSAKA GAS CO., LTD.	509	509	Maintaining and strengthening business relationships in the power systems business	No
	1,065	1,098		
The Chugoku Electric Power Company, Incorporated	1,161	1,161	Maintaining and strengthening business relationships in the power systems business	No
	983	1,578		

Issue	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Shares held by each company
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Amount on the Balance Sheet (millions of yen)	Amount on the Balance Sheet (millions of yen)		
NARASAKI SANGYO CO., LTD.	419	419	Maintaining and strengthening business relationships in sales	Yes
	869	862		
KYOEI SANGYO CO., LTD.	558	558	Maintaining and strengthening business relationships in sales	Yes
	844	773		
Keikyu Corporation	669	667	Maintaining and strengthening business relationships in the transportation systems business	No
	839	1,114	Number of shares increased due to constant purchase through the business partner shareholding union	
AEON CO., LTD.	318	318	Maintaining and strengthening business relationships in the building systems business	No
	831	1,051		
Tokyo Electric Power Company Holdings, Incorporated	1,924	1,924	Maintaining and strengthening business relationships in the power systems business	No
	775	710		
Tohoku Electric Power Company, Incorporated	1,056	1,056	Maintaining and strengthening business relationships in the power systems business	No
	752	1,103		
TOKYO SANGYO CO., LTD.	1,026	1,026	Maintaining and strengthening business relationships in the power systems business	Yes
	742	662		
Keio Corporation	153	151	Maintaining and strengthening business relationships in the transportation systems business	No
	733	1,124	Number of shares increased due to constant purchase through the business partner shareholding union	
RYOBI LIMITED	660	660	Maintaining and strengthening business relationships in procurement	Yes
	706	1,096		
EDION Corporation	597	597	Maintaining and strengthening business relationships in the home appliances business	No
	678	740		
AISAN TECHNOLOGY CO., LTD.	350	350	Maintaining and strengthening business relationships in the electronic systems business	No
	672	645		

Issue	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Shares held by each company
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Amount on the Balance Sheet (millions of yen)	Amount on the Balance Sheet (millions of yen)		
K'S HOLDINGS CORPORATION	518	518	Maintaining and strengthening business relationships in the home appliances business	No
	654	788		
LUCKLAND CO.,LTD.	220	220	Maintaining and strengthening business relationships in the home appliances business	Yes
	651	538		
Mazda Motor Corporation	710	710	Maintaining and strengthening business relationships in the automotive equipment business	No
	645	640		
Chubu Electric Power Company, Incorporated	478	478	Maintaining and strengthening business relationships in the power systems business	No
	604	682		
Sumitomo Mitsui Trust Holdings, Inc.	150	150	Maintaining and strengthening business relationships in finance	Yes
	600	579		
Oi Electric Co., Ltd.	247	247	Maintaining and strengthening business relationships in procurement	Yes
	593	650		
Ryoyu Systems Co., Ltd.	283	283	Maintaining and strengthening business relationships in the information systems and service business	Yes
	566	582		
YAMADA HOLDINGS CO., LTD.	1,485	1,485	Maintaining and strengthening business relationships in the home appliances business	No
	564	886		
SEIBU HOLDINGS INC.	419	419	Maintaining and strengthening business relationships in the transportation systems business	No
	533	511		
Mebuki Financial Group, Inc.	1,818	1,818	Maintaining and strengthening business relationships in finance	Yes
	465	474		
SEIKA CORPORATION	286	286	Maintaining and strengthening business relationships in the power systems business	Yes
	457	442		
MORINAGA MILK INDUSTRY CO., LTD.	83	83	Maintaining and strengthening business relationships in the home appliances business	No
	436	485		
TOHO CO., LTD.	93	93	Maintaining and strengthening business relationships in the building systems business	No
	431	417		

Issue	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Shares held by each company
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Amount on the Balance Sheet (millions of yen)	Amount on the Balance Sheet (millions of yen)		
Nippon Yusen Kabushiki Kaisha	39	39	Maintaining and strengthening business relationships in all businesses	Yes
	419	147		
Mitsubishi Heavy Industries, Ltd.	-	1,394	Maintaining and strengthening business relationships in all businesses	Yes
	-	4,808		
Mitsubishi Materials Corporation	-	729	Maintaining and strengthening business relationships in procurement	Yes
	-	1,884		
TODA CORPORATION	-	820	Maintaining and strengthening collaborative relationships in the building systems business	No
	-	665		

- Notes: 1. As it involves trade secrets, the Company will not disclose the quantitative effect of stocks held. However, the Company comprehensively judges whether or not stocks held are significant, from the viewpoint of each issue's profitability, feasibility, holding risks, etc., aspects which are verified and confirmed yearly in the Executive Officers' meeting and in the Board of Directors' meeting. Furthermore, we perform verifications with regard to profitability, as to whether the income gained from related businesses and total dividends received are reaching a level above the capital cost, with regard to business feasibility whether there aren't any significant changes in business relationships or amounts of transactions, etc., and with regard to holding risks, whether the corporate value of the investee has fallen or not.
2. When determining share holdings with the highest values in the amounts recorded on the balance sheet, specified investment shares and deemed shareholdings are not combined.
3. "-" signifies that the Company does not own shares of the issue.
4. The meaning of "Yes" in the "Shares held by each company" column includes shares held by operating subsidiaries under holding companies.

Deemed stockholdings

Issue	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Shares held by each company
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Amount on the Balance Sheet (millions of yen)	Amount on the Balance Sheet (millions of yen)		
Mitsubishi Corporation	17,768	17,768	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	Yes
	81,750	55,613		
OBIC Co., Ltd	2,160	2,160	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	Yes
	39,787	43,696		
Mitsubishi UFJ Financial Group, Inc.	44,121	44,121	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	Yes
	33,545	26,106		
Odakyu Electric Railway Co., Ltd.	12,908	12,908	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	Yes
	26,293	39,046		
Tokio Marine Holdings, Inc.	3,219	3,219	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	Yes
	22,948	16,950		
TIS Inc.	4,796	4,796	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	Yes
	13,800	12,668		
Mitsubishi Estate Company, Limited	6,390	6,390	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	Yes
	11,623	12,348		
Mitsubishi Heavy Industries, Ltd.	2,408	2,408	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	Yes
	9,680	8,305		

Issue	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2021	Purpose of holding, effect of quantitative holding, reason of increase in the number of shares held	Shares held by each company
	Number of shares (thousands of shares)	Number of shares (thousands of shares)		
	Amount on the Balance Sheet (millions of yen)	Amount on the Balance Sheet (millions of yen)		
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	1,224	1,224	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	No
	4,339	3,478		
Nihon Unisys, Ltd.	1,271	1,271	The Company has contributed its shares to the employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.	No
	3,959	4,334		
Central Japan Railway Company	219	219	The Company has contributed its shares to the employee retirement benefit trust, of which the Company had the power to instruct exercise of voting rights.	Yes
	3,496	3,624		

- Notes: 1. In regard to the quantitative effects of stocks held, as part of management of the trust accounts for retirement benefits, the Company makes sure that there are stable yields to investments, to be used as a source of payment of retirement benefits in the future.
2. When determining share holdings with the highest values in the amounts recorded on the balance sheet, specified investment shares and deemed shareholdings are not combined.
3. The meaning of “Yes” in the “Shares held by each company” column includes shares held by operating subsidiaries under holding companies.

V. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

- (1) The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) since the Group meets all the requirements of a “specified international accounting standard company” in Article 1-2 of the Ordinance of the Ministry of Finance No. 28 of 1976, “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements,” and therefore Article 93 of that Ordinance applies to the Group.
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the Ordinance of the Ministry of Finance No. 59 of 1963 “Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc.” (hereinafter “Ordinance on Financial Statements, etc.”)

Also, the Company is qualified as a company submitting financial statements prepared in accordance with special provision and prepares financial statements in accordance with the provision of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the consolidated financial statements for the fiscal year from April 1, 2021 to March 31, 2022 and the non-consolidated financial statements for the 151st fiscal year (from April 1, 2021 to March 31, 2022) are audited by KPMG AZSA LLC.

3. Special efforts to secure the appropriateness of the consolidated financial statements, etc. and development of a system that can properly prepare consolidated financial statements in accordance with IFRS. The details are shown below.

- (1) The Company has established a system to properly understand the contents of accounting standards and to respond to revisions to standards and laws by being a member of the Financial Accounting Standards Foundation and participating in seminars and other events hosted by the foundation as well as by participating in subcommittees hosted by economic organizations.
- (2) Regarding the application of IFRS, the Company obtains the standards issued by the International Accounting Standards Board timely to ascertain the latest standards. In addition, in order to prepare consolidated financial statements appropriately in accordance with IFRS, we have developed group accounting policies that comply with IFRS and prepare consolidated financial statements based on the policies.

1 【Consolidated Financial Statements and other】

(1) 【Consolidated Financial Statements】

(a) 【Consolidated Statement of Financial Position】

Yen (millions)

	Notes	Mar. 31, 2021	Mar. 31, 2022
(Assets)			
Cash and cash equivalents		767,406	727,179
Trade receivables	6,27, 29	906,831	944,405
Contract assets	22,27, 29	274,231	287,697
Other financial assets	7,27	51,657	62,135
Inventories	8	743,782	959,660
Other current assets		103,065	109,220
Current assets		2,846,972	3,090,296
Investments accounted for using the equity method	12	205,464	221,467
Other financial assets	7,27	353,624	321,056
Property, plant and equipment	9,11	857,645	855,746
Goodwill and intangible assets	10,11	153,512	161,494
Deferred tax assets	13	183,134	159,915
Other non-current assets	18	197,570	297,999
Non-current assets		1,950,949	2,017,677
Total assets		4,797,921	5,107,973

Yen (millions)

	Notes	Mar. 31, 2021	Mar. 31, 2022
(Liabilities)			
Bonds, borrowings and lease liabilities	14,16, 27	152,657	173,213
Trade payables	17,29	541,774	601,606
Contract liabilities	22,29	174,666	188,300
Other financial liabilities	15,27	157,750	167,687
Accrued expenses		302,418	326,703
Accrued income taxes	13	30,959	33,575
Provisions	19	97,292	106,112
Other current liabilities	18	47,865	49,526
Current liabilities		1,505,381	1,646,722
Bonds, borrowings and lease liabilities	14,16, 27	212,774	156,248
Net defined benefit liabilities	18	161,388	162,353
Provisions	19	5,435	4,921
Deferred tax liabilities	13	5,759	4,774
Other non-current liabilities	22	36,573	35,558
Non-current liabilities		421,929	363,854
Total liabilities		1,927,310	2,010,576
(Equity)			
Common stock	20	175,820	175,820
Capital surplus	20	202,777	202,695
Retained earnings	20	2,266,490	2,464,966
Accumulated other comprehensive income (loss)	13,18, 20,27	111,801	184,528
Treasury stock, at cost	20	(2,595)	(52,068)
Mitsubishi Electric Corp. stockholders' equity		2,754,293	2,975,941
Non-controlling interests		116,318	121,456
Total equity		2,870,611	3,097,397
Total liabilities and equity		4,797,921	5,107,973

(b) 【Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income】
 【Consolidated Statement of Profit or Loss】

Yen (millions)

	Notes	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Revenue	22,29	4,191,433	4,476,758
Cost of sales	8,9, 10,16, 18	3,017,059	3,212,216
Selling, general and administrative expenses	9,10, 16,18	953,602	1,013,674
Other profit (loss)	11,23, 27	9,423	1,183
Operating profit		230,195	252,051
Financial income	24	12,136	11,910
Financial expenses	16,24	2,828	2,702
Share of profit of investments accounted for using the equity method	12	19,251	18,434
Profit before income taxes		258,754	279,693
Income taxes	13	57,071	61,808
Net profit		201,683	217,885
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders	26	193,132	203,482
Non-controlling interests		8,551	14,403

Yen

	Notes	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	26	90.03	95.41
Diluted	26	90.03	95.41

【Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Net profit		201,683	217,885
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	27	64,457	6,762
Remeasurements of defined benefit plans	18	84,501	64,720
Share of other comprehensive income of investments accounted for using the equity method	12	2,159	342
Total items that will not be reclassified to net profit		151,117	71,824
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		61,880	80,060
Net changes in the fair value of cash flow hedges	27	92	(2)
Share of other comprehensive income of investments accounted for using the equity method	12	1,182	9,118
Total items that may be reclassified to net profit		63,154	89,176
Total other comprehensive income (loss)	25	214,271	161,000
Comprehensive income		415,954	378,885
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		401,559	356,926
Non-controlling interests		14,395	21,959

(c) 【Consolidated Statement of Changes in Equity】

Year ended Mar. 31, 2021

Yen (millions)

	Notes	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of year		175,820	202,832	2,071,817	(17,802)	(2,924)	2,429,743	109,116	2,538,859
Comprehensive income									
Net profit				193,132			193,132	8,551	201,683
Other comprehensive income (loss), net of tax	25				208,427		208,427	5,844	214,271
Comprehensive income		—	—	193,132	208,427	—	401,559	14,395	415,954
Reclassification to retained earnings	7,18			78,824	(78,824)		—		—
Dividends	21			(77,283)			(77,283)	(7,107)	(84,390)
Purchase of treasury stock						(367)	(367)		(367)
Disposal of treasury stock			(696)			696	0		0
Transactions with non-controlling interests and others			641				641	(86)	555
Balance at end of year		175,820	202,777	2,266,490	111,801	(2,595)	2,754,293	116,318	2,870,611

Year ended Mar. 31, 2022

Yen (millions)

	Notes	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of year		175,820	202,777	2,266,490	111,801	(2,595)	2,754,293	116,318	2,870,611
Comprehensive income									
Net profit				203,482			203,482	14,403	217,885
Other comprehensive income (loss), net of tax	25				153,444		153,444	7,556	161,000
Comprehensive income		—	—	203,482	153,444	—	356,926	21,959	378,885
Reclassification to retained earnings	7,18			80,717	(80,717)		—		—
Dividends	21			(85,723)			(85,723)	(13,673)	(99,396)
Purchase of treasury stock						(50,526)	(50,526)		(50,526)
Disposal of treasury stock			(1,053)			1,053	0		0
Transactions with non-controlling interests and others			971				971	(3,148)	(2,177)
Balance at end of year		175,820	202,695	2,464,966	184,528	(52,068)	2,975,941	121,456	3,097,397

(d) 【Consolidated Statement of Cash Flows】

Yen (millions)

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Cash flows from operating activities		
Net profit	201,683	217,885
Adjustments to cash flows from operating activities		
Depreciation and amortization	213,320	206,813
Impairment losses	7,826	4,080
Loss (gain) on sales and disposal of property, plant and equipment, net	(10,749)	1,142
Income taxes	57,071	61,808
Share of profit of investments accounted for using the equity method	(19,251)	(18,434)
Financial income and financial expenses	(9,308)	(9,208)
Decrease (increase) in trade receivables	13,005	(7,319)
Decrease (increase) in contract assets	70,164	(12,145)
Decrease (increase) in inventories	(28,115)	(183,436)
Decrease in other assets	5,543	5,456
Increase in trade payables	6,938	50,011
Increase (decrease) in net defined benefit liabilities	(7,593)	(7,859)
Increase in other liabilities	65,201	37,071
Others, net	(557)	(9,908)
Subtotal	565,178	335,957
Interest and dividends received	20,252	21,704
Interest paid	(2,699)	(2,477)
Income taxes paid	(40,612)	(72,813)
Cash flows from operating activities	542,119	282,371
Cash flows from investing activities		
Purchase of property, plant and equipment	(168,920)	(134,337)
Proceeds from sale of property, plant and equipment	14,226	3,122
Purchase of intangible assets	(19,439)	(21,725)
Purchase of investment securities and others, net of cash acquired	(15,903)	(13,558)
Proceeds from sale of investment securities and others, net of cash disposed	13,445	53,227
Others, net	39	(1,596)
Cash flows from investing activities	(176,552)	(114,867)
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	485	825
Repayments of bonds and long-term borrowings	(37,874)	(35,514)
Increase in short-term borrowings, net	20,225	1,677
Repayments of lease liabilities	(54,992)	(55,896)
Dividends paid to Mitsubishi Electric Corp. stockholders	(77,283)	(85,723)
Purchase of treasury stock	(367)	(50,526)
Disposal of treasury stock	0	0
Dividends paid to non-controlling interests	(7,834)	(13,474)
Transactions with non-controlling interests	288	(2,688)
Cash flows from financing activities	(157,352)	(241,319)
Effect of exchange rate changes on cash and cash equivalents	21,632	33,588
Net increase (decrease) in cash and cash equivalents	229,847	(40,227)
Cash and cash equivalents at beginning of year	537,559	767,406
Cash and cash equivalents at end of year	767,406	727,179

【Notes to Consolidated Financial Statements】

1. Reporting entity

Mitsubishi Electric Corporation (“the Company”) is an entity located in Japan. The consolidated financial statements of the Mitsubishi Electric Group (“the Group”) comprises the Company, its subsidiaries and equity in the Company’s associates and joint ventures.

The Group is a multinational organization which develops, manufactures, sells and distributes a broad range of electrical and electronic equipment in the fields as diverse as home appliances to space electronics. The Company and its subsidiaries’ principal lines of business are: (1) Energy and Electric Systems, (2) Industrial Automation Systems, (3) Information and Communication Systems, (4) Electronic Devices, (5) Home Appliances and (6) Others. The Group’s manufacturing operations are conducted principally by the Company with 24 manufacturing sites located in Japan, as well as overseas manufacturing sites located in Thailand, China, the United States, Mexico, Italy and other countries.

2. Basis of preparation

(1) Statement of consolidated financial statements in accordance with IFRS

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) since the Group meets all the requirements of a “specified international accounting standard company” in Article 1-2 of the Ordinance of the Ministry of Finance No. 28 of 1976, “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements,” and therefore Article 93 of that Ordinance applies to the Group.

(2) Basis of measurement

The consolidated financial statements of the Group are prepared using a historical cost basis except for certain financial instruments, defined benefit obligations, and plan assets that are measured at fair value and other items as described in Note “3. Significant accounting policies.”

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company’s functional currency, rounded down in units of millions of yen.

3. Significant accounting policies

(1) Basis of consolidation

(a) Subsidiary

Subsidiaries are entities that are controlled by the Company. The Company determines that it controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiary's financial statements are included in the consolidation from the date when the Company gains control to the date when it ceases to control the subsidiary.

When the accounting policies used by a subsidiary differ from those of the Group, the subsidiary’s financial statements are adjusted as necessary. The balances of receivables and payables among consolidated companies, inter-company transactions, and unrealized gains and losses arising from inter-company transactions are eliminated upon preparation of the consolidated financial statements.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If there are changes in the ownership interest in a subsidiary that result in a loss of control, the gains or losses resulting from the loss of control are recognized in profit or loss.

(b) Associates and joint ventures

Associates are entities over which the Company has significant influence, but not control or joint control in terms of its financial and operating policies.

Joint ventures are investees where two or more parties including the Company share the contractually agreed control over economic activities and have rights to the net asset of the investees under a joint arrangement which requires the unanimous consent of the parties sharing control when strategic financing and operating decisions related to these activities are made.

Investments in associates and joint ventures are accounted for using the equity method from the date when significant influence or joint control is obtained to the date when it is lost.

When the accounting policies applied by associates and joint ventures differ from those applied by the Group, the associates and joint ventures' financial statements are adjusted as necessary.

Gains or losses on discontinuation of application of the equity method resulting from the loss of significant influence on or joint control over associates and joint ventures are recognized in profit or loss.

(2) Business combinations

Business combinations are accounted for by applying the acquisition method.

Consideration for an acquisition is measured at the aggregate of the fair value of assets transferred and liabilities assumed, in exchange for control over an acquiree, and equity instruments issued by the Company and its consolidated subsidiaries as of the date when control was obtained.

Non-controlling interests are measured at fair value or at the net identifiable assets multiplied by the ratio of non-controlling interest as of the date when control was obtained, for each individual business combination.

If the aggregate of consideration for the acquisition, recognized amount of the non-controlling interest and the fair value as of the date when control was obtained of any interest in the acquiree held before the date when control was obtained exceeds the fair value of the identifiable assets and liabilities, this excess is recognized as goodwill in the Consolidated Statement of Financial Position. If the aggregate is less than the fair value of the identifiable assets and liabilities, this deficiency amount is recognized immediately in profit or loss in the Consolidated Statement of Profit or Loss.

Acquisition-related costs are accounted for as expenses when incurred.

(3) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of the Company and its consolidated subsidiaries at the exchange rates at the date of the transactions.

Foreign currency monetary assets and liabilities at the end of the year are translated into functional currencies at the exchange rate at the end of the year.

Foreign currency non-monetary assets and liabilities measured at fair value are translated into functional currencies using the exchange rate at the date when the fair value was measured.

The exchange differences arising from translation or settlement are recognized in profit or loss. However, financial assets measured through other comprehensive income and exchange differences arising from the effective part of qualifying cash flow hedges are recognized in other comprehensive income.

(b) Financial statements of a foreign operation

Assets and liabilities of a foreign operation are translated into Japanese yen at the exchange rate at the end of the year and, unless there are significant changes in foreign exchange rates, income and expenses of a foreign operation are translated into Japanese yen at the average exchange rate prevailing during the year. Exchange differences arising on the translation of the financial statements of a foreign operation are recognized in other comprehensive income. Cumulative exchange differences on translating a foreign operation are reclassified to profit or loss if a foreign operation is disposed and control, significant influence or joint control are lost.

(4) Financial instruments

(a) Non-derivative financial assets

The Company and its consolidated subsidiaries classify non-derivative financial assets as financial assets measured at amortized cost or financial assets measured at fair value through profit or loss or other comprehensive income. This classification is determined at initial recognition. Among financial assets, equity and debt instruments are initially recognized on the commitment date and all other financial assets are initially recognized on the date of the transaction.

Among non-derivative financial assets, trade receivables recognized in accordance with IFRS 15 are initially measured at the transaction price, while others are initially measured at fair value (after adding transaction costs directly attributable to the financial assets).

(i) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are measured at the initial recognition amount plus or minus accumulated amortization using the effective interest method, adjusting allowance for credit losses.

(ii) Financial assets measured at fair value

Financial assets that are not measured at amortized cost are measured at fair value. Financial assets measured at fair value are classified in the following categories according to the objective of holding the financial assets:

- Financial assets measured at fair value through other comprehensive income

Equity instruments which are held primarily to maintain and strengthen business relationships are designated as financial assets measured at fair value through other comprehensive income.

Changes in fair value after initial recognition of financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income. However, dividends from financial assets measured at fair value through other comprehensive income are recognized as financial income in profit or loss. When these financial assets are derecognized, cumulative gains or losses previously recognized in other comprehensive income are reclassified to retained earnings.

- Financial assets measured at fair value through profit or loss

Financial assets that are not classified as financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

Changes in fair value after initial recognition of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(iii) Impairment of financial assets

Expected credit losses of financial assets measured at amortized cost are recognized as allowances for credit losses. Expected credit losses are the present value of the difference between the cash flows that are due to the Company and its consolidated subsidiaries in accordance with the contract and the cash flows that the Company and its consolidated subsidiaries expect to receive.

It is determined whether credit risk on a financial asset has increased significantly since initial recognition. If it has not increased significantly, allowance for credit losses is measured at an amount equal to 12-month expected credit losses. If it has increased significantly, allowance for credit losses is measured at an amount equal to the lifetime expected credit losses. When the fact of past due exist, actual or anticipated significant changes in debtors' results of operations are considered in assessing whether the credit risk on a financial asset has increased significantly since initial recognition. For financial assets that fall under any of the following categories, the possibility of credit impairment is determined:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Regardless of the events above, the amount of allowance for credit losses for trade receivables and contract assets that do not contain a significant financing component is measured at an amount equal to the lifetime expected credit losses.

The amount of reversal in impairment losses are recognized in profit or loss.

(iv) Derecognition of financial assets

The Company and its consolidated subsidiaries derecognize financial assets if the contractual rights to the cash flows from the financial asset expire, or the contractual rights to receive the cash flows of the financial asset are transferred and the Company and its consolidated subsidiaries transfer substantially all the risks and rewards of ownership of the financial asset.

(b) Non-derivative financial liabilities

The Company and its consolidated subsidiaries initially measure non-derivative financial liabilities at fair value (after deducting transaction costs directly attributable to the financial liabilities) and measure them at amortized cost using the effective interest method after initial recognition.

The Company and its consolidated subsidiaries derecognize financial liabilities when they are extinguished, that is, when the obligation specified in the contract is discharged, canceled or expires.

(c) Derivatives and hedge accounting

The Company and its consolidated subsidiaries use derivatives such as forward exchange contracts to hedge foreign currency risks. These derivatives are initially measured at fair value at the time that contracts are entered into. They are subsequently remeasured at fair value and resulting gains or losses are recognized in profit or loss. However, the effective part of cash flow hedges is recognized in other comprehensive income.

At the inception of the hedge, the Company and its consolidated subsidiaries formally designate and document the hedging relationship and the risk management objective and strategy for undertaking the hedge. It is assessed at the inception of the hedge and in subsequent periods on an ongoing basis whether derivatives used for hedging transactions are highly effective in offsetting changes in cash flows of the hedged item.

Hedges that meet the qualifying criteria are accounted for as follows:

(i) Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income in the Consolidated Statement of Comprehensive Income. The ineffective portion is recognized immediately in profit or loss in the Consolidated Statement of Profit or Loss.

Amounts related to the hedging instrument that have been recognized in other comprehensive income are reclassified to profit or loss when hedged transaction affects profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents are cash on hand and cash in banks which can be withdrawn at any time. Cash and cash equivalents are classified as financial assets measured at amortized cost.

(6) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, work-in-progress for build-to-ordered products are recorded under the specific identification method and make-to-stock products are recorded at the average production costs. Raw material and finished goods inventories are generally recorded using the average-cost method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(7) Property, plant and equipment

The cost model is used to measure property, plant and equipment which are presented at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes the costs directly related to the acquisition of the asset as well as the costs of dismantling and removing it and restoring the site.

Depreciation of property, plant and equipment is generally calculated by the diminishing-balance method, except for certain assets which are depreciated by the straight-line method, over the estimated useful life of the assets according to general assets classification, type of construction, and use of these assets.

The estimated useful life of buildings is 3 to 50 years, while machinery and equipment and others is 2 to 20 years.

Useful life, residual value and the depreciation method are reviewed at least at each fiscal year-end. If there have been any changes, they are prospectively reflected as changes in accounting estimates.

(8) Goodwill and intangible assets

(a) Goodwill

Goodwill is not amortized but is tested for impairment at least annually. Goodwill is presented at cost less accumulated impairment losses.

(b) Intangible assets

Intangible assets are measured at cost on initial recognition and presented at cost less any accumulated amortization and any accumulated impairment losses.

Development expenditures are recognized as intangible assets only if they are reliably measurable and technically and commercially realizable; it is probable that they will result in future economic benefits; and the Company and its consolidated subsidiaries intend and have sufficient ability to complete development and use or sell the assets.

Intangible assets acquired in a business combination are measured at fair value on initial recognition.

Intangible assets with finite useful lives are mainly software for internal use and customer relationship which are amortized on a straight-line basis over the estimated useful life. The estimated useful life of software is approximately 3 to 5 years, while that of customer relationship is approximately 10 to 30 years.

Estimated useful life, residual value and the amortization method are reviewed at each fiscal year-end. If there have been any changes, they are prospectively reflected as changes in accounting estimates.

The Company does not amortize intangible assets with indefinite useful lives but tests them for impairment at least annually.

(9) Leases

As a lessee, the Group recognizes right-of-use assets that represent a right to use an underlying asset and lease liabilities that represent the obligation for lease payment for all leases other than leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

Right-of-use assets are initially measured at cost, which mainly comprises the amount of the initial measurement of lease liabilities, any initial direct costs, costs to be incurred in dismantling and removing the underlying asset and costs to be incurred in restoring the underlying asset. After the initial recognition, right-of-use assets are measured applying a cost model, and presented at cost less any accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated over the shorter of the useful life or the lease term in the same way as the depreciation of property, plant and equipment owned by the Group.

Lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date discounted mainly using the lessee's incremental borrowing rate. Lease payments are allocated to financial expenses and the repaid amount of lease liabilities based on the interest method.

(10) Impairment of non-financial assets

The Group determines whether there is an indication of impairment for non-financial assets, excluding inventories and deferred tax assets. If there is an indication of impairment, these non-financial assets are tested for impairment. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually at the same time every year.

The recoverable amount of an asset or cash generating unit is the higher of its value in use and its fair value less costs of disposal. Estimated future cash flows used in the calculation of value in use are discounted to their present value using a pre-tax discount rate reflecting the time value of money and the risks specific to the asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating units are determined by integrating the asset into the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment losses are recognized in profit or loss if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses recognized on cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to reduce pro rata the carrying amounts of the other assets in the unit.

Impairment losses for goodwill are not reversed. For assets other than goodwill, it is assessed whether there is any indication that impairment losses recognized in prior periods may have decreased or no longer exist. Impairment losses are reversed if the recoverable amount exceeds the carrying amount. When reversing impairment losses, the maximum to which the carrying amount of an asset is increased is its carrying amount (less necessary depreciation and amortization) if the impairment loss had not been recognized.

(11) Employee benefits

(a) Post-employment benefits

The Company and its consolidated subsidiaries provide defined contribution plans and defined benefit plans as employee retirement benefit plans.

The present value of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method.

The period of discount is determined based on the period to the date on which future annual benefits are expected to be paid. Discount rates are determined by reference to market yields consistent with the period of discount on high quality corporate bonds, at the end of the consolidated fiscal year.

Net defined benefit liability or asset is determined at the present value of the defined benefit obligation less the fair value of the plan assets. If the determination shows that a defined benefit plan has been overfunded for the Company and its consolidated subsidiaries, the defined benefit asset is recognized at the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan as a ceiling.

The amount of change in fair value arising from remeasurement of the present value of defined benefit obligations and the fair value of plan assets is fully recognized in other comprehensive income in the periods in which it arises and immediately reclassified to retained earnings.

Past service costs arising on plan amendments are recognized in profit or loss for the period in which they arise.

Contributions to defined contribution plans are recognized as expenses for the period in which the employees render the related service.

(b) Short-term employee benefits

Short-term employee benefits are not discounted. They are recognized as expenses at the time when the employees render the related service.

For bonuses, the amount expected to be paid is recognized as a liability if there is a legal or constructive obligation for payments and it can be reliably estimated.

(12) Provisions

Provisions are recognized when the Company and its consolidated subsidiaries have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are recognized at the amounts of estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liabilities.

(13) Revenues

The Company and its consolidated subsidiaries recognize revenue in an amount that reflects the consideration to which they expect to be entitled by transferring a good or service to a customer using the five-step approach below, except for income from interest and dividends as defined in IFRS 9.

Step1 : Identify the contract(s) with a customer.

Step2 : Identify the performance obligations in the contract.

Step3 : Determine the transaction price.

Step4 : Allocate the transaction price to the separate performance obligations in the contract.

Step5 : Recognize revenue when (or as) the entity satisfies a performance obligation.

For mass-produced goods such as home appliances, semiconductors and industrial products, revenue is recognized when the customer accepts the product. For products requiring acceptance inspection of delivered goods, revenue is only recognized when the customer accepts the product, the Company and its consolidated subsidiaries verify that the product achieves predefined performance and there remain only verification of items that are not significant for the customer's final operation check. Consideration for transactions is received primarily within one year after the performance obligation has been satisfied.

Revenue from maintenance agreements is recognized over the contract term as the maintenance is provided.

Revenue from specific construction contracts meeting certain criteria is recognized according to the progress of the construction if progress can be reasonably measured. Revenue is recognized only to the extent of the cost incurred if progress cannot be reasonably measured. The progress of construction is measured by comparing the cost incurred through the current year to the estimated total cost. Estimates and underlying assumptions for the aggregate amount of estimated cost are reviewed on an ongoing basis since there is a possibility that the cost incurred may change due to the progress of construction.

Consideration from maintenance agreements and specific construction contracts meeting certain criteria is received incrementally during the period of the contract, separately from the satisfaction of performance obligations, and the remaining amount is received primarily within one year after all performance obligations are satisfied.

Contract assets are recognized as rights to consideration recorded due to recognizing revenue according to progress. Contract assets are reclassified to trade receivables when the rights to consideration become unconditional. Advance consideration received from customers before fulfillment of the contract is recognized as a contract liability and reversed as revenue from the contract related to the advance consideration is recognized.

Revenue is recognized in an amount that reflects the consideration to which the Company and its consolidated subsidiaries expect to be entitled by transferring the good or service. For contracts which consist of any combination of products, equipment, installation and maintenance, each element is treated as a separate performance obligation and revenue is allocated to each element in proportion to its stand-alone selling price when the good or service provided has a stand-alone value as a separate product.

For contracts which include subsequent changes in consideration such as rebates and discounts, the transaction price is determined by taking into account the variable consideration in a way that the actual value does not significantly diverge from the estimate.

For contracts in which significant financing benefits are received because the timing of satisfaction of the performance obligation and the customer's payment differ, the transaction price is determined after adjustment to reflect the time value of money. The adjustment is recognized as interest expense or income.

For contracts in which the Company and its consolidated subsidiaries do not have discretion in establishing the transaction price, do not have inventory risk, or another party is primarily responsible for fulfilling the contract, revenue is recognized on a net basis.

Any anticipated losses on fixed-price contracts are recognized in the Consolidated Statement of Profit or Loss when such losses can be reliably estimated. Provisions are made for contingencies in the period when they become known pursuant to specific contract terms and conditions and are reliably estimable.

(14) Income taxes

Income taxes consist of current and deferred taxes. Income taxes are recognized in profit or loss except for those related to business combinations and those related to items recognized directly in equity or other comprehensive income.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities. The amount of tax is calculated based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized for temporary differences between the accounting carrying amounts of assets and liabilities and their tax basis, tax loss carryforwards and tax credit carryforwards at the end of the reporting period.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Taxable temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit
- Taxable temporary differences associated with investments in consolidated subsidiaries, associates and joint ventures, when the timing of reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets and liabilities are measured at the tax rates and in accordance with tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the Company and its consolidated subsidiaries have a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle on a net basis.

A deferred tax asset is recognized for deductible temporary differences, unused tax losses and tax credit carryforwards to the extent that is probable that they can be utilized against future taxable profit. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that is no longer probable that the related tax benefits will be realized.

In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

(15) Earnings per share

The Company and its consolidated subsidiaries calculate basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders by dividing net profit attributable to Mitsubishi Electric Corp. stockholders by the weighted-average number of ordinary shares outstanding adjusted for treasury stock during each year.

Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders is calculated after adjusting for the effect of all dilutive potential ordinary shares.

(16) Government grants

Asset-related government grants are recognized when there is reasonable assurance that the Company and its consolidated subsidiaries will comply with the attached conditions and will receive the grants. Grants are recognized by calculating the carrying amount of the asset, in which the amount of government grants measured at fair value is directly deducted from the cost of the asset.

4. Significant accounting estimates and judgments

Management is required to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, income and expenses in preparation of the consolidated financial statements in accordance with IFRS. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effects resulting from changes in accounting estimates are recognized in the period when estimates are revised and in the subsequent periods.

Accounting estimates and assumptions which could have a significant effect on amounts in the consolidated financial statements are as follows:

- Recoverable amount of property, plant and equipment, goodwill and intangible assets (see Note “11: Impairment losses”)
- Recoverability of deferred tax assets (see Note “13: Income taxes”)
- Measurement of defined benefit obligation (see Note “18: Employee benefits”)
- Recognition and measurement of provisions (see Note “19: Provisions”)
- Estimated total cost of contracts in which performance obligations are satisfied over time (see Note “22: Revenues”)
- Fair value of financial instruments (see Note “27: Financial instruments”)

With regard to the impact of the novel coronavirus disease (COVID-19), while circumstances remain uncertain, the Company has assumed that the pandemic would not have a significant long-term impact, and used accounting estimates such as the “Recoverable amount of property, plant and equipment, goodwill and intangible assets.” The Group believes that the above assumption is the best estimate as of the end of this fiscal year. However, if the COVID-19 has a greater impact on future circumstances than expected, it may significantly affect the amounts in the consolidated financial statements.

During the year ended March 31, 2022, as a certain domestic manufacturing facility for the automotive equipment business within the Industrial Automation Systems segment has recognized consecutive operating losses for some years, due to the burden of upfront investments to increase orders of electric vehicle-related equipment, soaring material and logistics costs, the effects on sales and production from the supply crunch of semiconductor parts and other reasons, it was determined that there was an indication of impairment for the fixed assets of the facility. Accordingly, the Company performed an impairment test to determine whether an impairment loss should be recognized. While this manufacturing facility has property, plant and equipment of 50,241 million yen, and intangible assets of 1,733 million yen, the Company concluded that the recognition of an impairment loss was not necessary since the recoverable amount based on the value in use, which was calculated as the discounted present value of estimated future cash flows, exceeded the carrying amount of the assets. Future cash flows are based on the business plans prepared by management. The business plans are based on various assumptions, such as the increase in orders received for the Company’s electric vehicle-related equipment in anticipation of an expanded electric vehicle market in response to the trend of decarbonization and the optimal procurement of parts.

The Group believes that the estimates based on these assumptions are reasonable. However, if any changes occur in the economic environment and accordingly revisions are required for such estimates, the recognition of impairment losses may become necessary for the year ending March 31, 2023.

5. Segment information

(1) Overview of reportable segments

The operating segments presented below are identified based on the segments for which separate financial information is available, and are periodically used for decisions on business resources allocation and evaluation of business operation by the Company's management.

The Group conducts business through 6 categories, Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, and Others, by aggregating multiple operating segments based on types and characteristics of products, production methods, and similarities in market.

Principal operating segments and major products and services included in each category are as follows:

Energy and Electric Systems	Public Utility Systems Energy & Industrial Systems Building Systems	Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, transmission and distribution ICT systems, large display devices, electrical equipment for locomotives and rolling stock, wireless and wired communications systems, network cameras and their systems, elevators, escalators, building security systems, building management systems, and others
Industrial Automation Systems	Factory Automation Systems Automotive Equipment	Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, electric powertrain system, ADAS-related products, car electronics and car mechatronics, car multimedia, and others
Information and Communication Systems	Information Systems & Network Service Electronic Systems	Satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, network security systems, information systems equipment, systems integration, and others
Electronic Devices	Semiconductor & Device	Power modules, high-frequency devices, optical devices, LCD devices, and others
Home Appliances	Living Environment & Digital Media Equipment	Room air conditioners, package air conditioners, chillers, showcases, compressors, refrigeration units, air-to-water heat pump boilers, ventilators, hot water supply systems, IH cooking heaters, LED bulbs, indoor lighting, LCD televisions, refrigerators, electric fans, dehumidifiers, air purifiers, vacuum cleaners, jar rice cookers, microwave ovens, and others
Others	—	Procurement, logistics, real estate, advertising, finance, and other services

Intersegment transactions are conducted generally at prices that the Company's management recognizes as approximate arm's length prices. The calculation method of operating profit (loss) for reportable segments is consistent with that used in the Consolidated Statement of Profit or Loss. It does not include share of profit of investments accounted for using the equity method, financial income or financial expenses.

(2) Segment information by business categories

Segment information by business categories are as follows. Amounts of operating profit in Eliminations and corporate are unallocatable research and development expenses.

Year ended Mar. 31, 2021

	Yen (millions)								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communi- cation Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
I Revenue and operating profit									
Revenue									
(1) External customers	1,261,525	1,237,249	340,588	162,105	1,024,355	165,611	4,191,433	—	4,191,433
(2) Intersegment	8,762	11,317	39,571	43,155	13,955	437,478	554,238	(554,238)	—
Total	1,270,287	1,248,566	380,159	205,260	1,038,310	603,089	4,745,671	(554,238)	4,191,433
Operating profit	108,944	40,582	16,437	6,292	75,760	13,628	261,643	(31,448)	230,195
II Other items									
Depreciation and amortization	35,948	79,757	24,415	18,742	43,004	11,454	213,320	—	213,320
Impairment losses	1,082	895	—	80	2,325	3,444	7,826	—	7,826
Capital expenditures	25,916	70,122	20,631	25,062	24,415	22,213	188,359	—	188,359

Year ended Mar. 31, 2022

	Yen (millions)								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communi- cation Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
I Revenue and operating profit									
Revenue									
(1) External customers	1,228,299	1,447,500	315,445	194,001	1,131,012	160,501	4,476,758	—	4,476,758
(2) Intersegment	9,812	12,868	38,683	47,404	13,776	515,756	638,299	(638,299)	—
Total	1,238,111	1,460,368	354,128	241,405	1,144,788	676,257	5,115,057	(638,299)	4,476,758
Operating profit	62,170	96,839	14,727	16,814	70,960	21,993	283,503	(31,452)	252,051
II Other items									
Depreciation and amortization	36,597	74,967	23,007	18,673	41,944	11,625	206,813	—	206,813
Impairment losses	7	3,684	—	—	1	388	4,080	—	4,080
Capital expenditures	20,107	53,555	16,267	19,661	29,093	17,379	156,062	—	156,062

Following the change of management structure effective April 1, 2022, the classification of reportable segments has been changed and presented from 6 segments such as Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, and Others to 5 segments such as Infrastructure, Industry and Mobility, Life, Business Platform, and Others. Segment information by business categories for the fiscal year ended March 31, 2022, which is prepared using the new segmentation, is as follows:

Year ended Mar. 31, 2022

	Yen (millions)							
	Infrastructure	Industry and Mobility	Life	Business Platform	Others	Total	Eliminations and corporate	Consolidated total
Revenue and operating profit								
Revenue								
External customers	934,736	1,465,214	1,656,157	266,825	153,826	4,476,758	—	4,476,758
Intersegment	11,370	15,617	16,933	116,019	583,524	743,463	△743,463	—
Total	946,106	1,480,831	1,673,090	382,844	737,350	5,220,221	△743,463	4,476,758
Operating profit	41,569	96,487	92,687	26,455	26,729	283,927	△31,876	252,051

(3) Information by geographical areas

Revenue from external customers by the location of customers are as follows:

	Yen (millions)			
	Year ended Mar. 31, 2021		Year ended Mar. 31, 2022	
	Revenue from external customers	% of total revenue	Revenue from external customers	% of total revenue
Japan	2,430,839	58.0%	2,332,402	52.1%
North America	379,253	9.1%	461,931	10.3%
Asia (excluding Japan)	926,540	22.1%	1,114,951	24.9%
Europe	391,618	9.3%	495,308	11.1%
Others	63,183	1.5%	72,166	1.6%
Overseas Total	1,760,594	42.0%	2,144,356	47.9%
Consolidated total	4,191,433	100.0%	4,476,758	100.0%
China (within Asia)	481,882	11.5%	588,864	13.2%

There are no individual countries or regions with significant revenue from external customers in the years ended March 31, 2021 and 2022, except for Japan and China.

Non-current assets (property, plant and equipment, goodwill and intangible assets) by location of the Company and its consolidated subsidiaries are as follows:

As of Mar. 31, 2021

							Yen (millions)	
	Japan	Overseas				Corporate	Consolidated total	
		North America	Asia (excluding Japan)	Europe	Others	Total		
Non-current assets	702,075	33,603	142,267	68,121	3,982	247,973	61,109	1,011,157

As of Mar. 31, 2022

							Yen (millions)	
	Japan	Overseas				Corporate	Consolidated total	
		North America	Asia (excluding Japan)	Europe	Others	Total		
Non-current assets	680,069	40,711	146,091	77,132	4,114	268,048	69,123	1,017,240

Note : The major countries and regions included in each segment are as follows:

- (1) North America: United States, Canada, and Mexico
- (2) Asia (excluding Japan): China, South Korea, Thailand, Malaysia, Singapore, Indonesia, and India
- (3) Europe: United Kingdom, France, Germany, the Netherlands, Spain, Italy, and Czech Republic

6. Trade receivables

Components of trade receivables are as follows. Trade receivables are classified as financial assets measured at amortized cost.

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Notes receivable	96,892	102,127
Accounts receivable	809,939	842,278
Total	906,831	944,405

7. Other financial assets

(1) Components of other financial assets

Components of other financial assets are set out in the table below. Equity instruments are classified as financial assets measured at fair value through other comprehensive income. Derivative assets and Debt instruments are classified as financial assets measured at fair value through profit or loss. Accounts receivable (non-trade), loans and others are classified as financial assets measured at amortized cost.

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Other financial assets		
Equity instruments	306,621	270,792
Accounts receivables (non-trade)	33,905	43,186
Lease receivables	14,883	15,503
Loans	3,680	4,867
Derivative assets	3,971	4,564
Debt instruments	—	555
Others	42,221	43,724
Total	405,281	383,191
Current assets	51,657	62,135
Non-current assets	353,624	321,056
Total	405,281	383,191

(2) Financial assets measured at fair value through other comprehensive income

Equity instruments which are held primarily to maintain and strengthen business relationships are designated as financial assets measured at fair value through other comprehensive income.

Major equity instruments held and their fair value are as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Investees		
Renesas Electronics Corporation	90,848	72,612
SUZUKI MOTOR CORPORATION	21,743	18,230
Central Japan Railway Company	12,918	12,462
Shin-Etsu Chemical Co., Ltd.	7,568	7,641
Shimadzu Corporation	5,008	5,296
Others	168,536	154,551
Total	306,621	270,792

Others comprise many small equity instruments.

Note : Dividend income related to financial assets measured at fair value through other comprehensive income is disclosed in note "24. Financial income and financial expenses."

(3) Derecognition of financial assets measured at fair value through other comprehensive income

The Company and its consolidated subsidiaries derecognize some financial assets measured at fair value through other comprehensive income by selling them in order to improve the efficiency of assets or revise business relationships.

The fair value and cumulative gain (loss) before tax effect at the time of derecognition are as follows:

Yen (millions)			
Year ended Mar. 31, 2021		Year ended Mar. 31, 2022	
Fair value	Cumulative gain (loss)	Fair value	Cumulative gain (loss)
9,209	(4,703)	47,000	23,345

Cumulative gain (loss) recognized as other comprehensive income were reclassified to retained earnings at the time of derecognition of financial assets. The amounts after tax effect reclassified in the years ended March 31, 2021 and 2022 were 5,883 million yen (loss) and 15,828 million yen (gain), respectively.

8. Inventories

Components of inventories are as follows:

		Yen (millions)	
		As of Mar. 31, 2021	As of Mar. 31, 2022
Finished goods		325,752	381,623
Work in process		267,302	354,693
Raw materials		150,728	223,344
	Total	<u>743,782</u>	<u>959,660</u>

The amount of write-downs of inventories recognized as expenses in the years ended March 31, 2021 and 2022 are 18,485 million yen and 15,706 million yen, respectively. These amounts are included in "Cost of sales" in the Consolidated Statement of Profit or Loss.

9. Property, plant and equipment

(1) Change in the carrying amount, cost and accumulated depreciation and impairment losses on property, plant and equipment are as set out in the table below. The amounts include right-of-use assets due to lease agreements.

(a) Carrying amount

Year ended Mar. 31, 2021

	Yen (millions)				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at beginning of year	105,469	434,134	249,184	65,595	854,382
Acquisition	3,353	29,856	12,418	134,406	180,033
Reclassification from construction in progress	2,332	28,013	102,322	(132,667)	—
Depreciation	(592)	(56,626)	(129,765)	—	(186,983)
Impairment losses	(1,828)	(2,083)	(1,290)	—	(5,201)
Sales and disposals	(457)	(1,610)	(1,829)	(32)	(3,928)
Exchange differences on translating foreign operations	1,111	4,522	5,717	1,488	12,838
Others	510	7,504	1,049	(2,559)	6,504
Balance at end of year	<u>109,898</u>	<u>443,710</u>	<u>237,806</u>	<u>66,231</u>	<u>857,645</u>

Year ended Mar. 31, 2022

	Yen (millions)				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at beginning of year	109,898	443,710	237,806	66,231	857,645
Acquisition	445	32,124	13,329	121,874	167,772
Reclassification from construction in progress	32	20,929	102,138	(123,099)	—
Depreciation	(599)	(58,725)	(121,792)	—	(181,116)
Impairment losses	—	(257)	(1,656)	—	(1,913)
Sales and disposals	(443)	(1,732)	(1,849)	(12)	(4,036)
Exchange differences on translating foreign operations	1,146	7,228	7,226	1,394	16,994
Others	(7)	1,175	185	(953)	400
Balance at end of year	<u>110,472</u>	<u>444,452</u>	<u>235,387</u>	<u>65,435</u>	<u>855,746</u>

Note : Depreciation on property, plant and equipment is included in “Cost of sales” and “Selling, general and administrative expenses” in the Consolidated Statement of Profit or Loss.

(b) Cost

	Yen (millions)				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at April 1, 2020	109,271	970,722	2,045,787	66,077	3,191,857
Balance at March 31, 2021	116,735	1,023,859	2,115,437	66,355	3,322,386
Balance at March 31, 2022	116,671	1,067,081	2,191,312	65,559	3,440,623

(c) Accumulated depreciation and impairment losses

	Yen (millions)				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at April 1, 2020	3,802	536,588	1,796,603	482	2,337,475
Balance at March 31, 2021	6,837	580,149	1,877,631	124	2,464,741
Balance at March 31, 2022	6,199	622,629	1,955,925	124	2,584,877

(2) Right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	Yen (millions)			
	Land	Buildings and structures	Machinery and equipment, and others	Total
Balance at April 1, 2020	5,889	67,549	9,377	82,815
Balance at March 31, 2021	8,330	71,040	10,429	89,799
Balance at March 31, 2022	8,386	68,898	10,524	87,808

The amounts of acquisition on right-of-use assets for the years ended March 31, 2021 and 2022 are 36,915 million yen and 33,556 million yen, respectively. The amounts of depreciation on right-of-use assets for the years ended March 31, 2021 and 2022 are 36,455 million yen and 37,601 million yen, respectively. The depreciation is mainly expensed for buildings and structures.

10. Goodwill and intangible assets

Change in the carrying amount, cost and accumulated amortization and impairment losses on goodwill and intangible assets are as follows:

(1) Carrying amount

Year ended Mar. 31, 2021

	Yen (millions)				
	Goodwill	Software	Customer relationship	Others	Total
Balance at beginning of year	53,449	43,790	15,667	33,417	146,323
Acquisition	—	17,286	—	1,899	19,185
Acquisitions through business combinations	4,324	—	1,772	598	6,694
Amortization	—	(19,149)	(1,883)	(5,305)	(26,337)
Impairment losses	—	(693)	(1,414)	(469)	(2,576)
Sales and disposals	—	(97)	—	—	(97)
Exchange differences on translating foreign operations	3,336	250	1,074	2,055	6,715
Others	—	3,403	—	202	3,605
Balance at end of year	<u>61,109</u>	<u>44,790</u>	<u>15,216</u>	<u>32,397</u>	<u>153,512</u>

Year ended Mar. 31, 2022

	Yen (millions)				
	Goodwill	Software	Customer relationship	Others	Total
Balance at beginning of year	61,109	44,790	15,216	32,397	153,512
Acquisition	—	19,917	—	1,896	21,813
Acquisitions through business combinations	4,517	—	1,073	1,245	6,835
Amortization	—	(18,812)	(1,966)	(4,919)	(25,697)
Impairment losses	—	(1,973)	—	(7)	(1,980)
Sales and disposals	—	(157)	—	(200)	(357)
Exchange differences on translating foreign operations	3,497	301	865	1,422	6,085
Others	—	925	(1)	359	1,283
Balance at end of year	<u>69,123</u>	<u>44,991</u>	<u>15,187</u>	<u>32,193</u>	<u>161,494</u>

Notes : 1 Amortization of intangible assets are included in “Cost of sales” and “Selling, general and administrative expenses” in the Consolidated Statement of Profit or Loss.

2 Significant intangible assets excluding goodwill as of the date of March 31, 2021 and 2022 are customer relationship in the Home Appliances segment acquired through the purchase of DeLclima S.p.A. (currently Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A.) in December 2015. The carrying amount and remaining amortization periods as of the date of March 31, 2021 and 2022 are 12,314 million yen (average remaining amortization period of 8 years) and 11,295 million yen (average remaining amortization period of 7 years), respectively.

(2) Cost

	Yen (millions)				
	Goodwill	Software	Customer relationship	Others	Total
Balance at April 1, 2020	53,449	133,562	26,936	56,277	270,224
Balance at March 31, 2021	61,109	141,386	30,819	59,936	293,250
Balance at March 31, 2022	69,123	148,640	33,641	64,265	315,669

(3) Accumulated amortization and impairment losses

	Yen (millions)				
	Goodwill	Software	Customer relationship	Others	Total
Balance at April 1, 2020	—	89,772	11,269	22,860	123,901
Balance at March 31, 2021	—	96,596	15,603	27,539	139,738
Balance at March 31, 2022	—	103,649	18,454	32,072	154,175

The amount of research and development expenses for the years ended March 31, 2021 and 2022 are 190,574 million yen and 195,144 million yen, respectively.

11. Impairment losses

(1) Property, plant and equipment and intangible assets (excluding goodwill)

Impairment losses are recognized in “Other profit (loss)” in the Consolidated Statement of Profit or Loss.

For the year ended March 31, 2021, impairment losses consisted of 5,201 million yen of impairment of property, plant and equipment and 2,625 million yen of impairment of intangible assets and others. The recoverable amount of an asset or cash-generating unit is mainly measured based on the fair value less cost of disposal. There were no individually significant impairment losses.

For the year ended March 31, 2022, impairment losses consisted of 1,913 million yen of impairment of property, plant and equipment and 2,167 million yen of impairment of intangible assets and others. The impairment losses were mainly due to the decline in profitability of car multimedia products owing to commoditization, etc. at a certain domestic manufacturing facility in the automotive equipment business within the Industrial Automation Systems segment. The Group recorded impairment losses of 1,577 million yen for property, plant and equipment related to business assets such as machinery and equipment, and 2,107 million yen for intangible assets and others. The recoverable amount is mainly measured based on the fair value less cost of disposal. These measurements are based on real estate appraisal amount. The fair value hierarchy is level 3.

(2) Goodwill

The cash-generating unit group to which significant goodwill is allocated as of March 31, 2021 and 2022 is the Home Appliances segment. The carrying amount of goodwill allocated to the Home Appliances segment are 43,178 million yen and 45,253 million yen, respectively.

The recoverable amount in impairment tests is calculated using value in use.

Value in use is primarily calculated by discounting to the present value the estimated cash flows based on a five-year business plan and growth rates approved by management. The discount rate is calculated based on the pre-tax weighted average cost of capital. The discount rates as of March 31, 2021 and 2022 are 9.8% and 9.2%, respectively. Growth rates are calculated by reference to long-term expected growth rates of the market to which the cash-generating unit belongs. The growth rates as of March 31, 2021 and 2022 are both 0.8%.

Impairment losses on goodwill are not recognized in the years ended March 31, 2021 and 2022.

It is considered unlikely that a significant impairment would have occurred even if the key assumptions used in determinations of impairment were changed within a reasonably predictable range.

12. Investments accounted for using the equity method

The carrying amount of investment and share of comprehensive income in individually immaterial associates and joint ventures are as follows:

(1) Carrying amount of investment

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Associates	124,979	135,404
Joint ventures	80,485	86,063
Total	205,464	221,467

(2) Share of comprehensive income

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Associates		
Net profit	13,216	11,929
Other comprehensive income (loss)	2,075	7,959
Total comprehensive income	15,291	19,888
Joint ventures		
Net Profit	6,035	6,505
Other comprehensive income (loss)	1,266	1,501
Total comprehensive income	7,301	8,006
Total	22,592	27,894

13. Income taxes

Major components of deferred tax assets and liabilities are as follows:

	Yen (millions)			
	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss	
	As of Mar. 31, 2021	As of Mar. 31, 2022	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Deferred tax assets				
Net defined benefit liabilities	32,427	10,522	(14)	539
Accrued expenses	79,860	85,075	(1,795)	5,215
Property, plant and equipment	37,692	36,367	762	(1,617)
Lease liabilities	24,766	21,842	778	(2,924)
Inventories	34,285	35,871	1,252	1,586
Tax loss carryforwards	3,698	3,853	(1,955)	155
Others	58,595	60,635	6,900	(2,366)
Total	<u>271,323</u>	<u>254,165</u>	<u>5,928</u>	<u>588</u>
Deferred tax liabilities				
Property, plant and equipment	1,445	2,460	(1,884)	1,015
Right-of-use assets	19,939	17,131	1,471	(2,808)
Financial assets measured at fair value through other comprehensive income	42,843	40,917	—	—
Others	29,721	38,516	248	1,635
Total	<u>93,948</u>	<u>99,024</u>	<u>(165)</u>	<u>(158)</u>
Net deferred tax assets	<u>177,375</u>	<u>155,141</u>	<u>6,093</u>	<u>746</u>

Changes in net deferred tax assets are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Balance at beginning of year	239,637	177,375
Amounts recognized in profit or loss	6,093	746
Amounts recognized in other comprehensive income	(67,789)	(23,087)
Others	(566)	107
Balance at end of year	<u>177,375</u>	<u>155,141</u>

In assessing the realizability of deferred tax assets, the Company and its consolidated subsidiaries consider whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profit during the periods in which those deductible temporary differences, unused tax loss carryforwards and tax credit carryforwards become deductible. The Company and its consolidated subsidiaries consider the scheduled reversal of deferred tax liabilities, projected future taxable profit, and tax planning strategies in making this assessment. Based on these factors, the Company and its consolidated subsidiaries consider the probability that deferred tax assets determined to be recognizable at March 31, 2021 will be realized to be high, but if future estimated taxable profit decreases during the deferral period, deferred tax assets considered likely to be realized will be reduced.

Tax loss carryforwards, tax credit carryforwards and deductible temporary differences for which deferred tax assets are not recognized are as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Tax loss carryforwards	14,717	15,691
Tax credit carryforwards	6,925	6,412
Deductible temporary differences	2,844	2,241
Total	<u>24,486</u>	<u>24,344</u>

The expiration schedule of tax loss carryforwards for which deferred tax assets are not recognized are as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Within one year	1,384	96
One to five years	3,479	3,186
Over five years	9,854	12,409
Total	<u>14,717</u>	<u>15,691</u>

The expiration schedule of tax credit carryforwards for which deferred tax assets are not recognized are as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
One to five years	5,234	4,297
Over five years	1,691	2,115
Total	<u>6,925</u>	<u>6,412</u>

The total amount of taxable temporary differences related to investments in consolidated subsidiaries for which deferred tax liabilities are not recognized as of the date of March 31, 2021 and 2022 are 599,161 million yen and 709,484 million yen, respectively.

The components of income taxes are as set out in the table below.

The amount of the benefit arising from a tax loss or temporary difference of a prior period for which deferred tax assets were not recognized is included in current and deferred tax expenses. The effect of this on current and deferred tax expenses in the years ended March 31, 2020 and 2021 are insignificant.

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Current tax expense	63,164	62,554
Deferred tax expense		
Origination and reversal of temporary differences	(6,093)	(746)
Total	<u>57,071</u>	<u>61,808</u>

The Company and its domestic consolidated subsidiaries are subject mainly to corporate tax, inhabitant tax and business tax. Statutory tax rate of the Company is approximately 30.5% for the years ended March 31, 2021 and 2022, respectively. Foreign consolidated subsidiaries are subject to income taxes at their locations.

The causes of the difference between the statutory tax rate and the average effective tax rate are as follows:

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Statutory tax rate	30.5%	30.5%
Changes in unrecognized deferred tax assets	(0.3)	0.1
Expenses permanently not deductible for tax purposes	0.3	0.3
International tax rate difference	(3.1)	(5.9)
Tax credits	(3.9)	(2.9)
Tax effect attributable to investments accounted for using the equity method	(1.9)	(2.1)
Others	0.5	2.1
Average effective tax rate	<u>22.1%</u>	<u>22.1%</u>

14. Bonds, borrowings and lease liabilities

(1) Components of bonds, borrowings and lease liabilities

Components of bonds, borrowings and lease liabilities are as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Unsecured borrowings		
Weighted average interest rate	0.36%	0.33%
Final maturity	2030	2030
Balance at end of year	228,897	217,171
Sub total	228,897	217,171
Unsecured bonds		
Annual interest rate: 0.43%, due June 4, 2021	20,000	—
Sub total	20,000	—
Lease liabilities	116,534	112,290
Sub total	116,534	112,290
Total	365,431	329,461
Current liabilities	152,657	173,213
Non-current liabilities	212,774	156,248

As of March 31, 2022, the Company and its subsidiaries had unused committed lines of credit that can provide short-term funds from subscribing financial institutions amounting to 112,300 million yen.

(2) Changes in liabilities related to financing activities

Changes in liabilities related to financing activities are as follows:

Year ended Mar. 31, 2021

	Yen (millions)				
	Balance at beginning of year	Changes from financing cash flows	Non-cash changes		Balance at end of year
			Increase from new leases	Foreign currency translation adjustments and others	
Short-term borrowings	52,967	20,225	—	(1,140)	72,052
Bonds	20,000	—	—	—	20,000
Long-term borrowings	194,041	(37,389)	—	193	156,845
Lease liabilities	109,995	(54,992)	58,621	2,910	116,534
Total	377,003	(72,156)	58,621	1,963	365,431

Note : Balances to be repaid or redeemed in 1 year or less are included in “Bonds,” “Long-term borrowings” and “Lease liabilities.”

Year ended Mar. 31, 2022

Yen (millions)

	Balance at beginning of year	Changes from financing cash flows	Non-cash changes		Balance at end of year
			Increase from new leases	Foreign currency translation adjustments and others	
Short-term borrowings	72,052	1,677	—	1,234	74,963
Bonds	20,000	(20,000)	—	—	—
Long-term borrowings	156,845	(14,689)	—	52	142,208
Lease liabilities	116,534	(55,896)	51,100	552	112,290
Total	365,431	(88,908)	51,100	1,838	329,461

Note : Balances to be repaid or redeemed in 1 year or less are included in “Bonds,” “Long-term borrowings” and “Lease liabilities.”

15. Other financial liabilities

Components of other financial liabilities are as set out in the table below. Accounts payable (non-trade) and guarantee deposits received are financial liabilities measured at amortized cost. Derivative liabilities are financial liabilities measured at fair value through profit or loss.

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Other financial liabilities		
Accounts payable (non-trade)	135,297	138,715
Guarantee deposits received	11,073	11,105
Derivative liabilities	11,380	17,867
Total	157,750	167,687
Current liabilities	157,750	167,687
Non-current liabilities	—	—
Total	157,750	167,687

16. Leases

The Company and its consolidated subsidiaries mainly serve as lessees for buildings and structures in leasing transactions.

For the year ended March 31, 2021 and 2022, there are no significant contracts that have already been signed but have not been leased. There are no significant restrictions (e.g. restrictions on additional borrowing and additional leases) imposed by the lease contract.

The Company and its consolidated subsidiaries recognize the lease payments as expenses over the lease term for leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

Lease expenses as a lessee is as follows:

	Yen(millions)	
	Year ended Mar.31, 2021	Year ended Mar.31, 2022
Interest on lease liabilities	857	1,056
Expenses for short-term leases	9,025	8,302
Expenses for leases of low-value assets, excluding short-term leases of low-value assets	5,841	6,021

In the year ended March 31, 2021 and 2022, the total cash outflow for leases is 70,715 million yen and 71,275 million yen, respectively.

17. Trade payables

Components of trade payables are as follows. Trade payables are classified as financial liabilities measured at amortized cost.

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Notes payable	87,072	95,032
Accounts payable	454,702	506,574
Total	541,774	601,606

18. Employee benefits

(1) Post-employment benefits

The Company has non-contributory defined benefit plans and defined contribution plans, and contributory defined benefit plans covering its employees who meet eligibility requirements.

Under the non-contributory defined benefit plans, employees with less than twenty years of service are entitled to lump-sum payments at date of severance, and employees with twenty or more years of service are entitled to annuity payments subsequent to retirement, determined by the current basic rate of pay, length of service and termination conditions. In addition, certain employees who meet the eligibility requirements are entitled to additional lump-sum payments at the date of retirement based on the retirement age.

Under the non-contributory defined contribution plans, the Company pays contributions over the enrollment period and the pension funds are accumulated by means of employees' directions to investment policies. In principle, it is paid for a certain period after the age of sixty.

Under the contributory defined benefit plans, a cash balance pension plan is adopted. Under the cash balance pension plan, each participant has a notional account which is credited yearly based on the current rate of contribution and market-related interest rate.

The assets of certain of the non-contributory plans and the contributory plans are combined in accordance with the regulations and administered by a board of trustees comprised equally of employer and employee representatives. An employee retirement benefit trust is established for certain of the noncontributory plans.

The institution managing the fund and plan assets is legally obligated to act with the objective of maximizing the benefit to plan participants, and bears responsibility for management of the plan assets according to a prescribed investment policy. The Company is obligated to contribute to the fund over the future, and the amount of the contribution is periodically revised to the extent as is permitted in laws and regulations.

The domestic consolidated subsidiaries provide various pension plans, including employees' pension fund plans, and/or corporate pension fund plans, based on each subsidiary's respective pension policies. In addition, foreign consolidated subsidiaries that have adopted a pension policy mainly provides defined contribution pension plans.

(2) Defined benefit plans

Changes in the present value of defined benefit obligations and fair value of plan assets are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Present value of a defined benefit obligation		
Balance at beginning of year	1,155,330	1,149,125
Service cost	39,053	38,921
Interest cost	5,915	6,660
Remeasurements of defined benefit pension plans		
Actuarial gains and losses arising from changes in demographic assumptions	8,359	(552)
Actuarial gains and losses arising from changes in financial assumptions	(8,771)	(9,352)
Others	8,725	3,206
Benefits paid	(60,743)	(64,385)
Others	1,257	3,351
Balance at end of year	<u>1,149,125</u>	<u>1,126,974</u>
Fair value of plan assets		
Balance at beginning of year	1,041,784	1,163,798
Interest income	5,482	6,971
Remeasurements of defined benefit pension plans		
Return on plan assets (excluding interest income)	130,003	86,154
Employer contributions	23,447	22,658
Plan participants' contributions	886	899
Benefits paid	(40,351)	(42,586)
Others	2,547	2,840
Balance at end of year	<u>1,163,798</u>	<u>1,240,734</u>
Net defined benefit liability recognized in the Consolidated Statement of Financial Position	<u>(14,673)</u>	<u>(113,760)</u>
Net defined benefit liabilities	166,763	168,451
Net defined benefit assets	181,436	282,211
Net amount	<u>(14,673)</u>	<u>(113,760)</u>

Notes : 1 Service costs, interest costs and interest income are included in “Cost of sales” and “Selling, general and administrative expenses” in the Consolidated Statement of Profit or Loss.

2 Part of net defined benefit liabilities is included in “Other current liabilities” in the Consolidated Statement of Financial Position.

3 Net defined benefit assets are included in “Other non-current assets” in the Consolidated Statement of Financial Position.

The company and its consolidated subsidiaries plan to pay contributions of 21,198 million yen in the next fiscal year.

The Company's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, the Company formulates an investment portfolio comprised of the optimal combination of equity and debt instruments. Plan assets are invested in individual equity and debt instruments using the guidelines of the investment portfolio in order to produce a total return that will match the expected return on a mid-term to long-term basis. The Company evaluates the gap between expected return and actual return of invested plan assets on an annual basis. In addition, taking into consideration the management environment and the revision of regulations, the Company revises the investment portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets based on the pension asset and liability management method.

The plan assets are allocated under Company's policy to equity instruments, debt instruments and investments in life insurance company general accounts, hedge funds and other assets. As for selection of plan assets, the Company examines the nature of investments, and appropriately diversifies investments.

Major components of plan assets are as follows:

	Yen (millions)					
	As of Mar. 31, 2021			As of Mar. 31, 2022		
	Has quoted market prices in active markets		Total	Has quoted market prices in active markets		Total
	Yes	No		Yes	No	
Cash and cash equivalents	25,987	—	25,987	20,725	—	20,725
Equity instruments						
Marketable equity securities	266,629	—	266,629	287,068	—	287,068
Pooled funds	—	202,834	202,834	—	222,627	222,627
Debt instruments						
Government, municipal and corporate bonds	7,773	18,061	25,834	9,852	19,868	29,720
Pooled funds	—	274,723	274,723	—	276,810	276,810
Life insurance company general accounts	—	106,456	106,456	—	107,491	107,491
Others	—	261,335	261,335	—	296,293	296,293
Total	<u>300,389</u>	<u>863,409</u>	<u>1,163,798</u>	<u>317,645</u>	<u>923,089</u>	<u>1,240,734</u>

Notes : 1 Marketable equity securities include mainly domestic stocks.

2 Equity instrument pooled funds are invested into approximately 20% domestic equities and 80% foreign equities as of March 31, 2021 and approximately 20% domestic equities and 80% foreign equities as of March 31, 2022.

3 Debt instrument pooled funds are invested into approximately 50% domestic bonds and 50% foreign bonds as of March 31, 2021 and approximately 40% domestic bonds and 60% foreign bonds as of March 31, 2022.

4 Others include hedge funds.

The key actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:

	As of Mar. 31, 2021	As of Mar. 31, 2022
Discount rate	0.6%	0.7%

The effect of 0.5% change in the discount rate used in actuarial calculations on the present value of the defined benefit obligation is as follows. The sensitivity analysis assumes no change in other assumptions, but in actuality, changes in other assumptions may affect the sensitivity analysis.

	Yen (millions)			
	As of Mar. 31, 2021		As of Mar. 31, 2022	
Discount rate increases 0.5%	Decrease of	60,684	Decrease of	58,309
Discount rate decreases 0.5%	Increase of	66,342	Increase of	65,923

The weighted average durations of the defined benefit obligation for the years ended March 31, 2021 and 2022 are both 11.5 years.

(3) Defined contribution plans

The amounts of cost recognized for the Company and certain consolidated subsidiaries' defined contribution plans for the years ended March 31, 2021 and 2022 are 12,155 million yen and 13,043 million yen, respectively.

(4) Employee benefits expense

The total amounts of employee benefits expense included in the Consolidated Statement of Profit or Loss for the years ended March 31, 2021 and 2022 are 1,169,167 million yen and 1,209,868 million yen, respectively.

19. Provisions

Components and changes in provisions are as follows:

Year ended Mar. 31, 2022

	Yen (millions)			
	Provision for product warranties	Provision for loss on construction contracts	Other provisions	Total
Balance at beginning of year	52,696	40,082	9,949	102,727
Additions	23,639	39,155	5,492	68,286
Utilized	(20,359)	(28,825)	(2,875)	(52,059)
Reversed	(4,366)	(3,450)	(1,849)	(9,665)
Exchange differences on translating foreign operations and others	1,126	305	313	1,744
Balance at end of year	<u>52,736</u>	<u>47,267</u>	<u>11,030</u>	<u>111,033</u>
Current liabilities				106,112
Non-current liabilities				<u>4,921</u>

(1) Provision for product warranties

The Company and its consolidated subsidiaries generally offer warranties on their products against certain manufacturing and other defects for specific periods of time and/or used conditions of the product depending on the nature of the product, the geographic location of its sale and other factors. The Company and its consolidated subsidiaries recognize accrued warranty costs based primarily on historical experience of actual warranty claims as well as current information on repair costs.

(2) Provision for loss on construction contracts

The Company and its consolidated subsidiaries record the expected amount of future losses on a construction contract as a provision for loss on construction, if it is probable that the estimated total cost of such construction will exceed the contract order amount and if the expected loss amount can be reasonably estimated. The timing of expenditure is affected by future construction progress.

20. Equity and other equity items

(1) Common stock

(a) Number of total authorized shares

The number of total authorized shares as of March 31, 2021 and 2022 was 8,000,000,000 shares.

(b) Number of shares issued

Changes in the number of shares issued are as follows:

	(Shares)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Balance at beginning of year	2,147,201,551	2,147,201,551
Changes during the year	—	—
Balance at end of year	<u>2,147,201,551</u>	<u>2,147,201,551</u>

Note : The shares issued by the Company are ordinary shares with no par value and outstanding shares are fully paid.

(2) Treasury stock, at cost

Changes in the number of treasury stock, at cost are as follows:

	(Shares)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Balance at beginning of year	2,094,335	1,916,138
Changes during the year	(178,197)	33,312,821
Balance at end of year	<u>1,916,138</u>	<u>35,228,959</u>

Note : Shares in the Company held by the Board Incentive Plan Trust are included in the number of treasury stock.
(1,488,717 shares as of March 31, 2021, and 1,130,436 shares as of March 31, 2022)

(3) Capital surplus

In the Companies Act of Japan ("Companies Act"), it is stipulated that one half or more of the amount pertaining to payment or benefits for the issuance of shares shall be included in common stock and the remainder shall be included in capital reserve within capital surplus. Capital reserve can be transferred to common stock with a resolution of the shareholders' meeting.

(4) Retained earnings

The Companies Act requires that an amount equal to 10% of the surplus reduced by dividends of surplus be appropriated as capital reserve or legal reserve included in retained earnings until the aggregated amount of capital reserve and the legal reserve equals 25% of common stock. Legal reserve may be appropriated to cover deficit or reversed with a resolution of the shareholders' meeting.

(5) Accumulated other comprehensive income (loss)

Changes in each item of accumulated other comprehensive income (loss) are as follows:

Year ended Mar. 31, 2021

	Yen (millions)				
	Exchange differences on translating foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Net changes in the fair value of cash flow hedges	Total
Balance at beginning of year	(39,519)	21,754	—	(37)	(17,802)
Net change in other comprehensive income	57,385	66,256	84,707	79	208,427
Reclassification to retained earnings	—	5,883	(84,707)	—	(78,824)
Balance at end of year	<u>17,866</u>	<u>93,893</u>	<u>—</u>	<u>42</u>	<u>111,801</u>

Year ended Mar. 31, 2022

	Yen (millions)				
	Exchange differences on translating foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Net changes in the fair value of cash flow hedges	Total
Balance at beginning of year	17,866	93,893	—	42	111,801
Net change in other comprehensive income	81,427	7,139	64,889	(11)	153,444
Reclassification to retained earnings	—	(15,828)	(64,889)	—	(80,717)
Balance at end of year	<u>99,293</u>	<u>85,204</u>	<u>—</u>	<u>31</u>	<u>184,528</u>

Net changes in other comprehensive income (loss) attributable to non-controlling interests are as follows:

	Yen (millions)				
	Exchange differences on translating foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Net changes in the fair value of cash flow hedges	Total
Year ended Mar. 31, 2021	5,677	115	39	13	5,844
Year ended Mar. 31, 2022	7,765	(177)	(27)	(5)	7,556

21. Dividends

Dividends paid for the years ended March 31, 2021 and 2022 are as follows:

Resolution date	Total amount of dividends	Dividend per share	Record date	Effective date
	Yen (millions)	Yen		
May 11, 2020 Board of Directors Meeting	55,816	26	March 31, 2020	June 2, 2020
October 29, 2020 Board of Directors Meeting	21,467	10	September 30, 2020	December 2, 2020
April 28, 2021 Board of Directors Meeting	55,816	26	March 31, 2021	June 2, 2021
October 28, 2021 Board of Directors Meeting	29,906	14	September 30, 2021	December 2, 2021

Dividends with a record date in the year ended March 31, 2022 and the effective date in the next fiscal year are as follows:

Resolution date	Total amount of dividends	Dividend per share	Record date	Effective date
	Yen (millions)	Yen		
May 25, 2022 Board of Directors Meeting	54,940	26	March 31, 2022	June 2, 2022

22. Revenues

(1) Disaggregation of revenue

The Group's business consists of 6 reportable segments: Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances and Others. Revenue is presented by these categories since the Company's management periodically uses them for decision of business resources allocation and evaluation of business operations.

Revenue is disaggregated by region according to the customer's location. The relationship between these disaggregated revenue and segment revenue are as follows:

Year ended Mar. 31, 2021

	Yen (millions)						Consolidated total
	Japan	Overseas				Total	
		North America	Asia (excluding Japan)	Europe	Others		
Energy and Electric Systems	917,858	103,836	201,075	18,474	20,282	343,667	1,261,525
Industrial Automation Systems	511,828	147,185	445,249	126,679	6,308	725,421	1,237,249
Information and Communication Systems	331,550	3,785	3,589	1,392	272	9,038	340,588
Electronic Devices	49,923	9,049	76,286	26,692	155	112,182	162,105
Home Appliances	470,016	114,577	185,589	218,011	36,162	554,339	1,024,355
Others	149,664	821	14,752	370	4	15,947	165,611
Consolidated total	2,430,839	379,253	926,540	391,618	63,183	1,760,594	4,191,433

Year ended Mar. 31, 2022

	Yen (millions)						Consolidated total
	Japan	Overseas				Total	
		North America	Asia (excluding Japan)	Europe	Others		
Energy and Electric Systems	856,910	108,705	218,052	24,277	20,355	371,389	1,228,299
Industrial Automation Systems	551,276	175,898	559,938	150,300	10,088	896,224	1,447,500
Information and Communication Systems	304,194	3,450	6,179	1,290	332	11,251	315,445
Electronic Devices	64,041	10,156	86,758	32,813	233	129,960	194,001
Home Appliances	414,841	162,952	226,440	285,629	41,150	716,171	1,131,012
Others	141,140	770	17,584	999	8	19,361	160,501
Consolidated total	2,332,402	461,931	1,114,951	495,308	72,166	2,144,356	4,476,758

The principal businesses and major products and services of each operating segment are shown in Note "5. Segment information."

The Group conducts business through 6 categories by aggregating multiple operating segments based on types and characteristics of products, production methods, and similarities in market.

Revenue is accounted for according to Note “3. Significant accounting policies (13) Revenues,” and revenue recognition methods for each categories are primarily as follows:

(a) Energy and Electric Systems, Information and Communication Systems

Major revenue recognition methods are as follows. Revenue is primarily recorded over time.

Many contracts related to the production of products qualify as specific construction contracts meeting certain criteria, and revenue is recognized according to the progress of the construction if progress can be reasonably measured. Revenue is recognized only to the extent of the cost incurred if progress cannot be reasonably measured. The progress of construction is measured by comparing the cost incurred through the current year to the aggregate amount of estimated cost. The estimated total cost is calculated for each contract based on various information such as the contract details of the relevant construction contract, required specifications, the presence or absence of new technological development elements, and historical incurred cost results for similar contracts. Estimates and underlying assumptions for the aggregate amount of estimated cost are reviewed on an ongoing basis since there is a possibility that the cost incurred may change due to the progress of construction.

Revenue from maintenance agreements is recognized over the contract term as the maintenance is provided.

(b) Industrial Automation Systems, Electronic Devices, Home Appliances, Others

Major revenue recognition methods are as follows. Revenue is primarily recorded at a point in time.

Revenue from mass-produced goods such as home appliances, semiconductors and industrial products are recognized at the time when the product is accepted by the customer.

Revenue from some products requiring acceptance inspection are recognized at the time when the product is received by the customer and the functionality of the product is substantially demonstrated by the Company and its consolidated subsidiaries.

(2) Contract liabilities

(a) The amount of revenue recognized during the year that was included in the contract liability balance at the beginning of each year is as follows:

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
The amount of revenue recognized during the year that was included in the contract liability balance at the beginning of each year	121,398	134,748

(b) The amounts of contract liabilities included in "other non-current liabilities" as of March 31, 2021 and 2022 are 21,524 million yen and 21,131 million yen, respectively.

(3) Transaction price allocated to remaining performance obligations

The total amount of transaction price allocated to remaining performance obligations is 1,540,263 million yen as of March 31, 2021. The Company and its consolidated subsidiaries recognize this revenue primarily according to satisfaction of the performance obligations. The period in which this revenue is expected to be recognized is from the years ending March 31, 2022 to 2047.

The total amount of transaction price allocated to remaining performance obligations is 1,497,213 million yen as of March 31, 2022. The Company and its consolidated subsidiaries recognize this revenue primarily according to satisfaction of the performance obligations. The period in which this revenue is expected to be recognized is from the years ending March 31, 2023 to 2047.

The Company and its consolidated subsidiaries apply the practical expedient in IFRS 15 paragraph 121(a) and do not include contracts that have an original expected duration of one year or less in the total amount of the transaction price allocated to remaining performance obligations.

23. Other profit (loss)

The major components of other profit (loss) are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Gain on sales of land	12,247	551
Impairment losses	(7,826)	(4,080)

24. Financial income and financial expenses

Components of financial income and financial expenses are as set out in the table below. Dividend income were related to financial assets measured at fair value through other comprehensive income. Interest income and interest expenses were mainly related to financial assets and liabilities measured at amortized cost.

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Financial income		
Dividends	6,434	6,192
Interest income	2,356	2,522
Exchange gains	3,346	3,196
Total	<u>12,136</u>	<u>11,910</u>
Financial expenses		
Interest expenses	2,828	2,671
Other financial expenses	—	31
Total	<u>2,828</u>	<u>2,702</u>

Note : Gains (losses) on derivative instruments not designated as hedges are included in exchange gains.

25. Other comprehensive income

The amount arising during the year on each item of other comprehensive income (loss), reclassification adjustments to profit or loss and tax effects is as follows:

	Yen (millions)					
	Year ended Mar. 31, 2021			Year ended Mar. 31, 2022		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
Items that will not be reclassified to net profit						
Changes in fair value of financial assets measured at fair value through other comprehensive income						
Amount arising during the year	94,925	(30,468)	64,457	9,861	(3,099)	6,762
Net change during the year	94,925	(30,468)	64,457	9,861	(3,099)	6,762
Remeasurements of defined benefit plans						
Amount arising during the year	121,690	(37,189)	84,501	92,852	(28,132)	64,720
Net change during the year	121,690	(37,189)	84,501	92,852	(28,132)	64,720
Share of other comprehensive income of investments accounted for using the equity method						
Amount arising during the year	3,107	(948)	2,159	492	(150)	342
Net change during the year	3,107	(948)	2,159	492	(150)	342
Items that may be reclassified to net profit						
Exchange differences on translating foreign operations						
Amount arising during the year	62,065	(185)	61,880	80,182	(122)	80,060
Reclassification adjustments to net profit	—	—	—	—	—	—
Net change during the year	62,065	(185)	61,880	80,182	(122)	80,060
Net changes in the fair value of cash flow hedges						
Amount arising during the year	141	(28)	113	(60)	14	(46)
Reclassification adjustments to net profit	(24)	3	(21)	59	(15)	44
Net change during the year	117	(25)	92	(1)	(1)	(2)
Share of other comprehensive income of investments accounted for using the equity method						
Amount arising during the year	1,240	(108)	1,132	9,840	(772)	9,068
Reclassification adjustments to net profit	50	—	50	50	—	50
Net change during the year	1,290	(108)	1,182	9,890	(772)	9,118
Other comprehensive income (loss)	283,194	(68,923)	214,271	193,276	(32,276)	161,000

26. Earnings per share

Basic earnings per share and diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Net profit attributable to Mitsubishi Electric Corp. stockholders	193,132	203,482
	Shares	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Basic average ordinary shares outstanding	2,145,244,653	2,132,753,929
	Yen	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	90.03	95.41
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	90.03	95.41

Note : The number of the Company's shares held through the Board Incentive Plan Trust were included in the shares of treasury stock that were deducted from the average number of ordinary shares outstanding in the calculation of Earnings per share attributable to Mitsubishi Electric Corp. stockholders. (1,530,029 shares as of March 31, 2021, and 1,213,116 shares as of March 31, 2022).

27. Financial instruments

(1) Capital management

The Company and its consolidated subsidiaries carry out capital management using ROE and the ratio of bonds and borrowings to total assets in order to establish a strong financial basis and enable further business expansion globally. Capital is defined as equity (Mitsubishi Electric Corp. stockholders' equity) as presented in the Consolidated Statement of Financial Position.

ROE and the ratio of bonds and borrowings to total assets are as set out in the table below. ROE is calculated as Net profit attributable to Mitsubishi Electric Corp. stockholders divided by equity. The ratio of bonds and borrowings to total assets is calculated as bonds and borrowings excluding lease liabilities divided by total assets.

	As of Mar. 31, 2021	As of Mar. 31, 2022
ROE	7.5%	7.1%
Ratio of bonds and borrowings to total assets	5.2%	4.3%

There are no significant capital regulations that apply to the Company and its consolidated subsidiaries.

(2) Financial risk management

In the course of their management activities, the Company and its consolidated subsidiaries face financial risks including market risk, credit risk and liquidity risk, and carry out risk management to mitigate these risks.

(a) Market risk management

(i) Currency risk management

The Group is engaged in production and sales activities in various regions including Japan, North America, Europe, Asia and other regions. Revenue and expenses as well as assets and liabilities denominated in foreign currencies may be affected by foreign exchange rate fluctuations.

The Company and certain consolidated subsidiaries have entered into forward exchange contracts mainly to hedge cash flows from foreign currency-denominated forecast transactions.

Currency risk exposure

The Company and its consolidated subsidiaries' currency risk exposure (net) is primarily as set out in the table below. Amounts for which currency risk is hedged using forward exchange contracts are excluded.

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
U.S. dollars	4,185	3,792
Euros	15,829	17,618

Foreign exchange sensitivity analysis

With regards to foreign currency-denominated financial instruments held by the Company and its consolidated subsidiaries, assuming that all variables other than foreign exchange are constant, the effect of a 1% increase in the value of the yen against the U.S. dollar and euro on profit before income taxes in the Consolidated Statement of Profit or Loss are as follows (negative values shown in parentheses):

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
U.S. dollars	(42)	(38)
Euros	(158)	(176)

(ii) Interest rate risk management

The Company and its consolidated subsidiaries may be affected by fluctuations in interest rates of borrowings with variable interest.

The Company and its consolidated subsidiaries limit interest rate risk exposure by procuring most of their bonds and borrowings with fixed interest rates.

Interest rate risk exposure

The interest rate risk exposure of the Company and its consolidated subsidiaries are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Variable interest rate bonds and borrowings	72,840	75,289

Interest rate sensitivity analysis

With regard to financial instruments held by the Company and its consolidated subsidiaries, assuming that all variables other than interest rates are constant, the effect of a 1% increase in the interest rate on profit before income taxes in the Consolidated Statement of Profit or Loss are as follows (negative values shown in parentheses):

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Effect on profit before income taxes	(728)	(753)

(b) Credit risk management

Receivables arising from the operating activities of the Company and its consolidated subsidiaries may be affected by changes in the financial conditions of customers.

The Company and its consolidated subsidiaries determine trade receivables and other receivables to be in default if they cannot be recovered in part or in full or recovery is considered extremely difficult.

In order to mitigate risk by setting transaction amount limits in line with credit risk, the Company and its consolidated subsidiaries first conduct screening through external agencies and then establish customer credit limits and regularly monitor customers' financial condition.

Derivative transactions with the purpose of mitigating market risk are carried out with highly reputable financial institutions to minimize credit risk.

Excluding guarantees, the carrying amount after impairment of financial assets and contract assets presented in the consolidated financial statements is the maximum exposure without taking account of collateral received for credit risk on the financial assets and contract assets of the Company and its consolidated subsidiaries.

The Company and its consolidated subsidiaries have given guarantees to financial institutions related to transactions of associates and employees as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Guarantees of bank loan		
Associates	41	40
Employees	450	273
Others	4,093	2,551
Total	4,584	2,864

Note : Others are mainly repurchase obligations related to transferred receivables. Details are disclosed in "(5) Securitizations."

Allowance for credit losses relating to performance of guarantee above is not recognized because the effect on the consolidated financial statements is immaterial.

The amount of allowance for credit losses for trade receivables and contract assets is calculated by estimating the lifetime expected credit losses until collection.

The amount of allowance for credit losses for other financial assets is in principle calculated by estimating 12-month expected credit losses. However, allowance for credit losses for financial assets for which credit risk has increased significantly since initial recognition or credit-impaired financial assets is calculated as an amount equal to lifetime expected credit losses.

The amount of allowance for credit losses is calculated as follows:

- Trade receivables and contract assets

Grouping is performed based on credit risk rating, then receivables are multiplied by an allowance rate based on the historical credit loss rate and adjusted for forecasts of future economic conditions. Further, trade receivables and contract assets consist of a lot of homogenous customers, and their credit ratings are deemed to be identical.

- Other financial assets

For financial assets whose credit risk has not been determined to have increased significantly since initial recognition, grouping is performed based on risks having similar characteristics, then cost is multiplied by an allowance rate based on the historical credit loss rate and adjusted for forecasts of future economic conditions. However, for financial assets whose credit risk has increased significantly since initial recognition and credit-impaired financial assets, the difference between the present value of the amount expected to be recovered and adjusted for forecasts of future economic conditions, and the carrying amount is used individually.

Changes in allowance for credit losses are as follows:

Year ended Mar. 31, 2021

	Yen (millions)				
	Lifetime expected credit losses				
	12-month expected credit losses	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Balance at beginning of year	98	8,233	—	4,136	12,467
Additions	1	3,761	—	1,437	5,199
Utilized	—	(990)	—	(533)	(1,523)
Reversed	(90)	(2,622)	—	(610)	(3,322)
Exchange differences on translating foreign operations, others	—	357	—	81	438
Balance at end of year	9	8,739	—	4,511	13,259

Year ended Mar. 31, 2022

Yen (millions)

	Lifetime expected credit losses				Total
	12-month expected credit losses	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	
Balance at beginning of year	9	8,739	—	4,511	13,259
Additions	1	3,005	—	1,305	4,311
Utilized	—	(511)	—	(482)	(993)
Reversed	—	(1,907)	—	(596)	(2,503)
Exchange differences on translating foreign operations, others	—	667	—	137	804
Balance at end of year	<u>10</u>	<u>9,993</u>	<u>—</u>	<u>4,875</u>	<u>14,878</u>

The carrying amounts (before deducting the allowance for credit losses) of financial assets and contract assets subject to recognition of allowance for credit losses are as follows:

Yen (millions)

	Lifetime expected credit losses				Total
	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	
As of Mar. 31, 2021	92,494	1,189,801	—	6,706	1,289,001
As of Mar. 31, 2022	105,703	1,242,095	—	6,452	1,354,250

(c) Liquidity risk management

The Company and its consolidated subsidiaries finance through borrowings from financial institutions and by issuing bonds, which may be affected by deterioration in the financing environment.

In order to hedge the risk of not being able to make payment on financial liabilities by the due date, the Company and its consolidated subsidiaries manage liquidity risk by preparing adequate funds for repayment, securing readily available lines of credit from financial institutions and continuously monitoring planned and actual cash flows.

Balances of financial liabilities (including derivative instruments) classified by due dates are as set out in the table below.

As of Mar. 31, 2021

	Yen (millions)				
	Carrying amount	Contractual cash flows	Within one year	One to five years	Over five years
Non-derivatives financial liabilities					
Trade payables and other financial liabilities	688,144	688,144	688,144	—	—
Short-term borrowings	72,052	72,483	72,483	—	—
Long-term borrowings	156,845	158,103	15,965	139,927	2,211
Bonds	20,000	20,086	20,086	—	—
Lease liabilities	116,534	123,334	47,259	58,976	17,099
Derivatives financial liabilities					
Forward exchange contracts and others	11,380	11,380	11,380	—	—
Total	<u>1,064,955</u>	<u>1,073,530</u>	<u>855,317</u>	<u>198,903</u>	<u>19,310</u>

As of Mar. 31, 2022

	Yen (millions)				
	Carrying amount	Contractual cash flows	Within one year	One to five years	Over five years
Non-derivatives financial liabilities					
Trade payables and other financial liabilities	751,426	751,426	751,426	—	—
Short-term borrowings	74,963	75,544	75,544	—	—
Long-term borrowings	142,208	143,070	54,963	85,332	2,775
Bonds	—	—	—	—	—
Lease liabilities	112,290	118,066	47,040	54,274	16,752
Derivatives financial liabilities					
Forward exchange contracts and others	17,867	17,867	17,867	—	—
Total	<u>1,098,754</u>	<u>1,105,973</u>	<u>946,840</u>	<u>139,606</u>	<u>19,527</u>

(3) Derivatives and hedging activities

The Company and its consolidated subsidiaries operate internationally, giving rise to significant exposure to market risks from changes in foreign currencies and interest rates. Derivative instruments are comprised principally of forward exchange contracts and currency swaps utilized by the Company and certain consolidated subsidiaries to reduce these risks. The Company and certain consolidated subsidiaries do not hold or issue financial instruments for trading purposes. Currency swaps are utilized to hedge changes in fair value, but are not designated as hedging instruments.

(a) Cash flow hedges

The Company and certain consolidated subsidiaries have entered into forward exchange contracts mainly to hedge market risk of claims and debts denominated in foreign currencies from foreign exchange rate fluctuations. The Company and certain consolidated subsidiaries designate the forward exchange contracts as hedging instruments in cash flow hedges. The Company and certain consolidated subsidiaries set an appropriate hedge ratio at the inception of the hedging relationship based on the quantities of the hedged items and the hedging instruments. In principle, a one-to-one hedging relationship is used. The significant conditions of the hedged items and the hedging instruments are in principle matched.

The Company and certain consolidated subsidiaries consider the period in which hedged cash flows are expected to occur and the period in which those are expected to affect profit or loss are from April 2022 to January 2024.

The notional principal amount of forward exchange contracts designated as hedging instruments as of March 31, 2021 and 2022 are as follows:

Type of hedge	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Forward exchange contracts	2,485	3,721

The fair value of forward exchange contracts designated as hedging instruments as of March 31, 2021 and 2022 are as follows:

Type of hedge	Line item	Yen (millions)	
		As of Mar. 31, 2021	As of Mar. 31, 2022
Forward exchange contracts	Other financial assets	57	56
	Other financial liabilities	22	38

The amount of ineffective portion of hedges recognized in profit or loss is insignificant.

(4) Fair value of financial instruments

The Group classifies fair value measurements from level 1 to level 3 according to the observability of the inputs used in measurement:

Level 1: quoted prices for identical assets or liabilities in active markets

Level 2: fair value calculated directly or indirectly using observable prices other than those in level 1

Level 3: fair value calculated using valuation techniques including unobservable inputs

A determination is made at the end of each fiscal year as to whether there are financial instruments for which transfers between levels were carried out. There were no financial instruments with significant transfers between levels in the years ended March 31, 2021 and 2022.

For financial instruments classified as level 3, changing the unobservable inputs to reasonably possible alternative assumptions would not change the fair value significantly.

(a) Financial instruments measured at amortized cost

Methods of measurement of fair value, carrying amount and fair value of financial instruments measured at amortized cost are as follows:

Bonds and borrowings (including long-term bonds and borrowings to be repaid within 1 year)

The fair value of bonds is calculated using the Reference Statistical Prices of the Japan Securities Dealers Association and is classified as level 2 because fair value is calculated using observable market data. The fair value of borrowings is calculated using the present value of future cash flows discounted by the expected interest rate for similar new contracts and is classified as level 2 because fair value is calculated using observable market data.

	Yen (millions)			
	As of Mar. 31, 2021		As of Mar. 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost				
Bonds and borrowings	176,845	173,837	142,208	139,994

Note : The fair value of financial assets and financial liabilities measured at amortized cost other than the above approximated the carrying amounts.

(b) Financial instruments measured at fair value on a recurring basis

The method of measurement of fair value and fair value of financial instruments measured at fair value on a recurring basis are as follows:

Equity instruments and debt instruments

The fair value of marketable equity instruments is calculated based on the market price at the end of the fiscal year and is classified as level 1 because fair value is calculated using the market value of an identical asset in an active market. The fair value of non-marketable equity instruments and debt instruments is calculated based on comprehensively taking into consideration quantitative information on the net assets and other financial information of the investee and forecasts of its future cash flows, and is classified as Level 3 because fair value is calculated based on valuation techniques using unobservable indicators. The reasonableness of the valuation techniques has been verified by the department in charge using various methods and has been approved by an appropriate management.

Derivative assets and liabilities

The fair values of derivatives are calculated based on market interest rates and market rates of foreign exchange banks as financial assets or financial liabilities measured at fair value through profit or loss and is classified as level 2 because fair value is calculated using observable market data.

As of Mar. 31, 2021

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	—	3,971	—	3,971
Financial assets measured at fair value through other comprehensive income				
Equity instruments	238,260	—	68,361	306,621
Total	<u>238,260</u>	<u>3,971</u>	<u>68,361</u>	<u>310,592</u>
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	11,380	—	11,380
Total	<u>—</u>	<u>11,380</u>	<u>—</u>	<u>11,380</u>

As of Mar. 31, 2022

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	—	555	555
Derivative assets	—	4,564	—	4,564
Financial assets measured at fair value through other comprehensive income				
Equity instruments	200,178	—	70,614	270,792
Total	<u>200,178</u>	<u>4,564</u>	<u>71,169</u>	<u>275,911</u>
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	17,867	—	17,867
Total	<u>—</u>	<u>17,867</u>	<u>—</u>	<u>17,867</u>

Changes in financial instruments measured at fair value on a recurring basis classified as Level 3 are as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Balance at beginning of year	63,478	68,361
Gains (losses)		
in profit or loss	—	(31)
in other comprehensive income	2,044	1,963
Purchases	4,776	1,844
Sale	(1,937)	(968)
Balance at end of year	<u>68,361</u>	<u>71,169</u>

Note : 1 Gains (losses) in profit or loss are related to financial assets measured at fair value through profit or loss as of the end of the reporting period and included in “Financial income” or “Financial expenses” in the Consolidated Statement of Profit or Loss.

2 Gains (losses) in other comprehensive income are related to financial assets measured at fair value through other comprehensive income as of the end of the reporting period and included in “Changes in fair value of financial assets measured at fair value through other comprehensive income” in the Consolidated Statement of Comprehensive Income.

(5) Securitizations

The Company and its consolidated subsidiaries have transferred trade receivables and other receivables, to unconsolidated securitization-purpose structured entities, and losses on securitization of 168 million yen and 159 million yen were recorded in the years ended March 31, 2021 and 2022, respectively.

(a) Involvement with unconsolidated securitization-purpose structured entities

Unconsolidated securitization-purpose structured entities are used in the securitization of trade receivables and other receivables. Because these entities are structured by third-party financial institutions who operate the entities as part of their business and the entities purchase a large amount of assets from customers other than the Company, the ratio of financial assets transferred by the Company to the entities’ total assets is low and the Company has therefore determined that their assessed risk exposure has low relevance to the Company. The Company and its consolidated subsidiaries do not provide significant non-contractual support to the structured entities. The Company’s involvement with the structured entities primarily consists of the provision of limited credit quality enhancements, servicing the assets and the receipt of commissions for services provided.

The transferred financial assets, in some cases, may be repurchased under limited and specific conditions. Losses on securitization are expected to be all offset within a year and the maximum exposure as of March 31, 2021 and 2022 were 3,111 million yen and 1,511 million yen, respectively.

(b) Transfer of financial assets that were derecognized in their entirety

Subsequent to securitization, the Company and its consolidated subsidiaries retain collection and administrative responsibilities for the receivables. They have not recorded a servicing asset or liability since the cost of collection effort approximates the amount of commission income. The maximum exposure to losses from continuing involvement on financial assets derecognized as of March 31, 2022 was included in the maximum exposure to losses stated in “(a) Involvement with unconsolidated securitization-purpose structured entities” above.

28. Principal subsidiaries

The Company's principal subsidiaries are described in "I. Overview of the Company 4. Subsidiaries and Affiliated Companies."

There were no significant changes in principal subsidiaries and ownership percentages of voting rights of the principal subsidiaries in the year ended March 31, 2021 and 2022.

29. Related parties

(1) Related party transactions

The balances of receivables and payables with associates and joint ventures are as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Balance of trade receivables and contract assets		
Associates	64,544	69,590
Joint ventures	13,284	13,438
Total	<u>77,828</u>	<u>83,028</u>
Balance of trade payables and contract liabilities		
Associates	20,871	20,838
Joint ventures	7,793	8,424
Total	<u>28,664</u>	<u>29,262</u>

Other than the above, the balances of receivables under factoring transactions with joint ventures as of the date of March 31, 2021 and 2022 are 4,014 million yen and 3,137 million yen, respectively. The balances of payables under factoring transactions with joint ventures as of the date of March 31, 2021 and 2022 are 26,472 million yen and 25,434 million yen, respectively.

The amounts of transactions with associates and joint ventures are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Revenue		
Associates	203,909	215,911
Joint ventures	59,521	51,798
Total	<u>263,430</u>	<u>267,709</u>
Purchases		
Associates	95,833	99,866
Joint ventures	39,677	37,700
Total	<u>135,510</u>	<u>137,566</u>

Other than the above, the amounts of factoring transactions for trade receivables with joint ventures for the years ended March 31, 2021 and 2022 are 41,507 million yen and 35,150 million yen, respectively. The amounts of factoring transactions for trade payables with joint ventures for the years ended March 31, 2021 and 2022 are 78,304 million yen and 77,641 million yen, respectively.

(2) Total key management personnel compensation

The amounts of expenses recognized related to key management personnel compensation, for the years ended March 31, 2021 and 2022 are 2,533 million yen and 2,247 million yen, respectively. These include officers' retirement benefits of 352 million yen and 18 million yen, respectively.

30. Commitments

Contractual commitments related to purchases of property, plant and equipment is as follows:

	Yen (millions)	
	As of Mar. 31, 2021	As of Mar. 31, 2022
Contractual commitments related to purchases of property, plant and equipment	20,253	33,037

31. Contingent liabilities

There were no significant events as of March 31, 2022, except for the following.

In June 2021, an internal investigation revealed that the inspections of some of the HVAC (Heating, Ventilation and Air Conditioning systems) and other products for railcars manufactured at Nagasaki Works were conducted in a different way from the inspections described in the purchase specification, had not been actually conducted, and had inappropriate documentation in the inspection reports.

The Company has been reporting the situation to the customers and discussing with the customers on the measures to be taken. In addition, the Company has set up an investigative committee chaired by an external lawyer in July 2021 to investigate the existence of improper quality control practices on a company-wide basis, the facts and causes of the improper practices, and based on the findings of the investigation, to formulate measures to prevent any recurrence.

Although the investigation is still in progress, the Company recognized inspection and replacement costs, etc. in relation to the improper quality control practices identified up to March 31, 2022 in this fiscal year.

The financial position and financial results of Mitsubishi Electric Group may be affected depending on the progress of future discussions with customers and investigations. The Company has not incorporated these impacts into the consolidated financial statements for this fiscal year as it is impossible to reasonably estimate the impacts at present.

32. Subsequent events

There were no significant subsequent events which should be disclosed as of the date of the approval of the consolidated financial statements for the year ended March 31, 2022.

33. Approval of the consolidated financial statements

The consolidated financial statements were approved by Kei Uruma, President & CEO, on June 29, 2022.

Independent auditor's report

Kei Uruma
President & CEO
Mitsubishi Electric Corporation

Opinion

We have audited the accompanying consolidated financial statements of Mitsubishi Electric Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 31 to the consolidated financial statements. An internal investigation revealed that the inspections of some of the HVAC (Heating, Ventilation and Air Conditioning systems) and other products for railcars manufactured at Nagasaki Works were conducted in a different way from the inspections described in the purchase specification, had not been actually conducted, and had inappropriate documentation in the inspection reports. The company-wide investigation by the investigative committee is still in progress. The Company recognized inspection and replacement costs, etc. in relation to the improper quality control practices identified up to March 31, 2022 in this fiscal year. The financial position and financial results of Mitsubishi Electric Group may be affected depending on the progress of future discussions with customers and investigations. The Company has not incorporated these impacts into the consolidated financial statements for this fiscal year as it is impossible to reasonably estimate the impacts at present. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the judgment as to whether an impairment loss should be recognized on the fixed assets related to a certain domestic manufacturing facility for the automotive equipment business	
The key audit matter	How the matter was addressed in our audit
<p>The Company recorded ¥855,746 million of Property, plant and equipment and ¥161,494 million of Goodwill and intangible assets in the consolidated statement of financial position as of March 31, 2022. As described in Note 4, “Significant accounting estimates and judgements” to the consolidated financial statements, included therein were ¥50,241 million of property, plant and equipment and ¥1,733 million of intangible assets and others related to a certain domestic manufacturing facility for the automotive equipment business within the Industrial Automation Systems segment, which represented approximately 5.9% and 1.1% of the consolidated amounts in the consolidated financial statements, respectively.</p> <p>Whenever there is an indication of impairment for these fixed assets, it needs to be determined whether an impairment loss should be recognized by comparing the recoverable amount with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss.</p> <p>As the business related to this facility has recognized consecutive operating losses for some years, due to the burden of upfront investments to increase orders of electric vehicle-related equipment, soaring material and logistics costs, the effects on sales and production from the supply crunch of semiconductor parts and other reasons, it was determined that there was an indication of impairment for the fixed assets of the facility. Accordingly, the Company performed an impairment test to determine whether an impairment loss should be recognized in the current fiscal year and concluded that the recognition of an impairment loss was not necessary since the recoverable amount exceeded the carrying amount of the assets. The Company used the value in use as the recoverable amount in the impairment testing, which was calculated by discounting the estimated future cash flows to the present value.</p> <p>The future cash flows were estimated based on the business plan prepared by management. Accordingly, there was a high degree of estimation uncertainty because the business plan included assumptions which involved management’s judgments, such as:</p> <ul style="list-style-type: none"> - Future sales including prospective new orders; and - Fluctuations in the market prices of materials. <p>In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the value in use requires a high degree of expertise in valuation.</p> <p>We, therefore, determined that our assessment of the appropriateness of the Company’s judgment as to whether an impairment loss should be recognized on the fixed assets related to a certain domestic manufacturing facility for the automotive equipment business was one of the most significant matters in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>	<p>The primary audit procedures we performed to assess whether the Company’s judgment with respect to the recognition of an impairment loss on the fixed assets related to a certain domestic manufacturing facility for the automotive equipment business was appropriate included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of the Company’s internal controls relevant to the process of recognizing an impairment loss. In this assessment, we focused our testing on controls designed to prevent and/or detect the use of unreasonable assumptions for sales and material prices during the future cash flow estimation period.</p> <p>(2) Evaluating the reasonableness of the estimated value in use</p> <p>We inquired of the responsible personnel regarding the business plan developed by the Company to evaluate the reasonableness of the estimated value in use. In addition, we:</p> <ul style="list-style-type: none"> - Compared past business plans with the actual results to understand the business environment and evaluate the accuracy of the estimate in the business plan developed by the Company; - Performed the following audit procedures with respect to the sales volume and selling price used for estimating future sales: <ul style="list-style-type: none"> - Comparison of the Company’s business plan with demand forecasts for each engine type and product model published by external market research organizations; - Comparison of orders placed with purchase orders and other documents; and - With respect to orders yet to be placed, inquiry of the personnel responsible for the business regarding the negotiation status, inspection of the documents describing the degree of order certainty, and comparison of the prospective new orders with past actual sales of similar products; - Compared the material prices used for estimating cost of sales with the latest transaction results as well as forecasts published by external research organizations; - Assessed the appropriateness of the model adopted by management to estimate the discount rate by engaging a valuation specialist within our domestic network firms, as well as assessed the reasonableness of the input data by comparing with data published by external research organizations.

Reasonableness of the estimate of the total cost of construction contracts											
The key audit matter	How the matter was addressed in our audit										
<p>As described in Notes 3, “Significant accounting policies, (13) Revenues” and 22, “Revenues” to the consolidated financial statements, the Company and its consolidated subsidiaries recognize revenue for specific construction contracts meeting certain criteria that are included in the Energy and Electric Systems segment and the Information and Communication Systems segment according to the progress of the construction if progress can be reasonably measured. The progress of construction is measured by comparing the cost incurred through the current year to the estimated total cost. As also described in Note 5, “Segment information” to the consolidated financial statements, revenue recognized for the Energy and Electric Systems segment and the Information and Communication Systems segment amounted to ¥1,238,111 million and ¥354,128 million, respectively, for the fiscal year ended March 31, 2022, and these amounts included revenue for construction contracts recognized according to the progress.</p> <p>Revenue and operating profit for the relevant reportable segments (See Note 5, “Segment information” to the consolidated financial statements)</p> <p style="text-align: center;">Amounts in JPY millions</p> <table border="1"> <thead> <tr> <th></th> <th>Energy and Electric Systems</th> <th>Information and Communication Systems</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>1,238,111</td> <td>354,128</td> </tr> <tr> <td>Operating profit</td> <td>62,170</td> <td>14,727</td> </tr> </tbody> </table> <p>In addition, as described in Note 19, “Provisions” to the consolidated financial statements, the Company and its consolidated subsidiaries record the expected amount of future losses on an individual construction order as a provision for loss on construction, if it is probable that the estimated total cost of such construction will exceed the contract order amount and if the expected loss amount can be reasonably estimated. The provision for loss on construction contracts recognized in the consolidated financial statements of the Company and its consolidated subsidiaries amounted to ¥47,267 million as of March 31, 2022.</p> <p>There are many construction contracts entered into with customers in the Public Utility Systems and Energy & Industrial Systems businesses within the Energy and Electric Systems segment and the Electronic Systems business within the Information and Communication Systems segment. As these construction contracts include those with significantly large contractual amounts, and they are often related to the latest technology, additional demand on new designs and new customers, estimating the total cost of completing these contracts involves a high degree of estimation uncertainty. Accordingly, management’s judgment thereon has a significant effect on the estimate of the total cost that forms the basis for measuring the progress of construction for revenue recognition and recording a provision for loss on construction contracts.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimate of the total cost of construction contracts in the Public Utility Systems, Energy & Industrial Systems, and Electronic Systems businesses was one of the most significant matters in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>		Energy and Electric Systems	Information and Communication Systems	Revenue	1,238,111	354,128	Operating profit	62,170	14,727	<p>The primary audit procedures we performed to evaluate the reasonableness of the Company’s estimate of the total cost of construction contracts in the Public Utility Systems, Energy & Industrial Systems, and Electronic Systems businesses included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the process of estimating the total cost. In this assessment, we focused our testing on:</p> <ul style="list-style-type: none"> - Internal controls relevant to ensuring that estimate of total cost including the projection of material costs and working hours taking into account any uncertainties is reasonable; and - Internal controls relevant to ensuring that any changes in circumstances that may arise subsequent to the commencement of construction are reflected in the estimated total cost in an appropriate and timely manner. <p>(2) Evaluating the reasonableness of the estimated total cost</p> <p>To evaluate the reasonableness of the estimated total cost, we primarily performed the following procedures:</p> <ul style="list-style-type: none"> - We identified construction orders out of those in the Public Utility Systems, Energy & Industrial Systems, and Electronic Systems businesses which involved a higher degree of uncertainty compared to other contracts in estimating the total cost, based on our understandings of the contract terms, type of construction, cost components, and assumptions used in the estimate. - Of the orders identified, we selected contracts whose percentage of completion deviated significantly from an expected percentage of completion based on the pattern of costs incurred for similar contracts in the past within the same business unit. - For the selected construction orders, to evaluate the appropriateness of significant assumptions used as the basis of estimating the total cost, we: <ul style="list-style-type: none"> - Inquired of relevant responsible personnel about the reason why the percentage of completion deviated significantly when compared to the pattern of costs incurred for similar contracts in the past; - Compared the estimated total cost as of the end of this fiscal year to the initial estimated total cost, and assessed the reasons for any changes in estimate to evaluate the precision of the estimated total cost; - Inquired of relevant responsible personnel regarding the status of construction as well as whether reassessment of the estimated total cost was necessary, and evaluated the reasonableness of the responses in light of the construction time-table and the costs incurred to date; and - Agreed the estimated total cost to the cost calculation sheet and observed that all costs necessary for the type of construction agreed with the customer were included in the cost calculation. 	
	Energy and Electric Systems	Information and Communication Systems									
Revenue	1,238,111	354,128									
Operating profit	62,170	14,727									

Other Information

The other information comprises the information included in the Company's Annual Securities Report, but does not include the consolidated financial statements and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Sodekawa Kensuke
Designated Engagement Partner
Certified Public Accountant

Naoki Matsumoto
Designated Engagement Partner
Certified Public Accountant

Yukihiko Ishiguro
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 29, 2022

(2) 【Other】

Quarterly Financial Information

		Three months ended Jun. 30, 2021	Six months ended Sept. 30, 2021	Nine months ended Dec. 31, 2021	Year ended Mar. 31, 2022
Revenue	Yen (millions)	1,066,442	2,138,377	3,181,263	4,476,758
Profit before income taxes	Yen (millions)	89,513	148,395	207,232	279,693
Net profit attributable to Mitsubishi Electric Corp. stockholders	Yen (millions)	61,835	104,836	148,465	203,482
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders	Yen	28.82	48.94	69.44	95.41

		Three months ended Jun. 30, 2021	Three months ended Sept. 30, 2021	Three months ended Dec. 31, 2021	Three months ended Mar. 31, 2022
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders	Yen	28.82	20.09	20.48	25.97

(Translation)

Following is an English translation of the Independent Auditor’s Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditor’s Report on the Financial Statements
and
Internal Control Over Financial Reporting

June 29, 2022

Kei Uruma
President & CEO
Mitsubishi Electric Corporation

KPMG AZSA LLC
Tokyo Office, Japan

Kensuke Sodekawa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Naoki Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yukihiko Ishiguro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mitsubishi Electric Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Financial Information” section in the company’s Annual Securities Report, which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to consolidated financial statements in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards prescribed in Article 93 of “the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (hereinafter referred to as “IFRS”).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 31 to the consolidated financial statements. An internal investigation revealed that the inspections of some of the HVAC (Heating, Ventilation and Air Conditioning systems) and other products for railcars manufactured at Nagasaki Works were conducted in a different way from the inspections described in the purchase specification, had not been actually conducted, and

had inappropriate documentation in the inspection reports. The company-wide investigation by the investigative committee is still in progress. The Company recognized inspection and replacement costs, etc. in relation to the improper quality control practices identified up to March 31, 2022 in this fiscal year. The financial position and financial results of Mitsubishi Electric Group may be affected depending on the progress of future discussions with customers and investigations. The Company has not incorporated these impacts into the consolidated financial statements for this fiscal year as it is impossible to reasonably estimate the impacts at present.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the judgment as to whether an impairment loss should be recognized on the fixed assets related to a certain domestic manufacturing facility for the automotive equipment business

The key audit matter	How the matter was addressed in our audit
<p>The Company recorded ¥855,746 million of Property, plant and equipment and ¥161,494 million of Goodwill and intangible assets in the consolidated statement of financial position as of March 31, 2022. As described in Note 4, “Significant accounting estimates and judgements” to the consolidated financial statements, included therein were ¥50,241 million of property, plant and equipment and ¥1,733 million of intangible assets and others related to a certain domestic manufacturing facility for the automotive equipment business within the Industrial Automation Systems segment, which represented approximately 5.9% and 1.1% of the consolidated amounts in the consolidated financial statements, respectively.</p> <p>Whenever there is an indication of impairment for these fixed assets, it needs to be determined whether an impairment loss should be recognized by comparing the recoverable amount with the carrying amount. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss.</p> <p>As the business related to this facility has recognized consecutive operating losses for some years, due to the burden of upfront investments to increase orders of electric vehicle-related equipment, soaring material and logistics costs, the effects on sales and production from the supply crunch of semiconductor parts and other reasons, it was determined that there was an indication of impairment for the fixed assets of the facility. Accordingly, the Company performed an impairment test to determine whether an impairment loss should be recognized in the current fiscal year and concluded that the recognition of an impairment loss was not necessary since the recoverable amount exceeded the carrying amount of the assets. The Company used the value in use as the recoverable amount in the impairment testing, which was calculated by discounting the estimated future cash flows to the present value.</p> <p>The future cash flows were estimated based on the business plan prepared by management. Accordingly, there was a high degree of estimation uncertainty because the business plan included assumptions which involved management’s judgments, such as:</p> <ul style="list-style-type: none"> - Future sales including prospective new orders; and - Fluctuations in the market prices of materials. <p>In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the value in use requires a high degree of expertise in valuation.</p> <p>We, therefore, determined that our assessment of the appropriateness of the Company’s judgment as to whether an impairment loss should be recognized on the fixed assets related to a certain domestic manufacturing facility for the automotive equipment business was one of the most significant matters in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>	<p>The primary audit procedures we performed to assess whether the Company’s judgment with respect to the recognition of an impairment loss on the fixed assets related to a certain domestic manufacturing facility for the automotive equipment business was appropriate included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of the Company’s internal controls relevant to the process of recognizing an impairment loss. In this assessment, we focused our testing on controls designed to prevent and/or detect the use of unreasonable assumptions for sales and material prices during the future cash flow estimation period.</p> <p>(2) Evaluating the reasonableness of the estimated value in use</p> <p>We inquired of the responsible personnel regarding the business plan developed by the Company to evaluate the reasonableness of the estimated value in use. In addition, we:</p> <ul style="list-style-type: none"> - Compared past business plans with the actual results to understand the business environment and evaluate the accuracy of the estimate in the business plan developed by the Company; - Performed the following audit procedures with respect to the sales volume and selling price used for estimating future sales: <ul style="list-style-type: none"> - Comparison of the Company’s business plan with demand forecasts for each engine type and product model published by external market research organizations; - Comparison of orders placed with purchase orders and other documents; and - With respect to orders yet to be placed, inquiry of the personnel responsible for the business regarding the negotiation status, inspection of the documents describing the degree of order certainty, and comparison of the prospective new orders with past actual sales of similar products; - Compared the material prices used for estimating cost of sales with the latest transaction results as well as forecasts published by external research organizations; - Assessed the appropriateness of the model adopted by management to estimate the discount rate by engaging a valuation specialist within our domestic network firms, as well as assessed the reasonableness of the input data by comparing with data published by external research organizations.

Reasonableness of the estimate of the total cost of construction contracts										
The key audit matter	How the matter was addressed in our audit									
<p>As described in Notes 3, “Significant accounting policies, (13) Revenues” and 22, “Revenues” to the consolidated financial statements, the Company and its consolidated subsidiaries recognize revenue for specific construction contracts meeting certain criteria that are included in the Energy and Electric Systems segment and the Information and Communication Systems segment according to the progress of the construction if progress can be reasonably measured. The progress of construction is measured by comparing the cost incurred through the current year to the estimated total cost. As also described in Note 5, “Segment information” to the consolidated financial statements, revenue recognized for the Energy and Electric Systems segment and the Information and Communication Systems segment amounted to ¥1,238,111 million and ¥354,128 million, respectively, for the fiscal year ended March 31, 2022, and these amounts included revenue for construction contracts recognized according to the progress.</p> <p>Revenue and operating profit for the relevant reportable segments (See Note 5, “Segment information” to the consolidated financial statements)</p> <p style="text-align: center;">Amounts in JPY millions</p> <table border="1"> <thead> <tr> <th></th> <th>Energy and Electric Systems</th> <th>Information and Communication Systems</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>1,238,111</td> <td>354,128</td> </tr> <tr> <td>Operating profit</td> <td>62,170</td> <td>14,727</td> </tr> </tbody> </table> <p>In addition, as described in Note 19, “Provisions” to the consolidated financial statements, the Company and its consolidated subsidiaries record the expected amount of future losses on an individual construction order as a provision for loss on construction, if it is probable that the estimated total cost of such construction will exceed the contract order amount and if the expected loss amount can be reasonably estimated. The provision for loss on construction contracts recognized in the consolidated financial statements of the Company and its consolidated subsidiaries amounted to ¥47,267 million as of March 31, 2022.</p> <p>There are many construction contracts entered into with customers in the Public Utility Systems and Energy & Industrial Systems businesses within the Energy and Electric Systems segment and the Electronic Systems business within the Information and Communication Systems segment. As these construction contracts include those with significantly large contractual amounts, and they are often related to the latest technology, additional demand on new designs and new customers, estimating the total cost of completing these contracts involves a high degree of estimation uncertainty. Accordingly, management’s judgment thereon has a significant effect on the estimate of the total cost that forms the basis for measuring the progress of construction for revenue recognition and recording a provision for loss on construction contracts.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimate of the total cost of construction contracts in the Public Utility Systems, Energy & Industrial Systems, and Electronic Systems businesses was one of the most significant matters in our audit of the consolidated financial statements for this fiscal year, and accordingly, a key audit matter.</p>		Energy and Electric Systems	Information and Communication Systems	Revenue	1,238,111	354,128	Operating profit	62,170	14,727	<p>The primary audit procedures we performed to evaluate the reasonableness of the Company’s estimate of the total cost of construction contracts in the Public Utility Systems, Energy & Industrial Systems, and Electronic Systems businesses included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the process of estimating the total cost. In this assessment, we focused our testing on:</p> <ul style="list-style-type: none"> - Internal controls relevant to ensuring that estimate of total cost including the projection of material costs and working hours taking into account any uncertainties is reasonable; and - Internal controls relevant to ensuring that any changes in circumstances that may arise subsequent to the commencement of construction are reflected in the estimated total cost in an appropriate and timely manner. <p>(2) Evaluating the reasonableness of the estimated total cost</p> <p>To evaluate the reasonableness of the estimated total cost, we primarily performed the following procedures:</p> <ul style="list-style-type: none"> - We identified construction orders out of those in the Public Utility Systems, Energy & Industrial Systems, and Electronic Systems businesses which involved a higher degree of uncertainty compared to other contracts in estimating the total cost, based on our understandings of the contract terms, type of construction, cost components, and assumptions used in the estimate. - Of the orders identified, we selected contracts whose percentage of completion deviated significantly from an expected percentage of completion based on the pattern of costs incurred for similar contracts in the past within the same business unit. - For the selected construction orders, to evaluate the appropriateness of significant assumptions used as the basis of estimating the total cost, we: <ul style="list-style-type: none"> - Inquired of relevant responsible personnel about the reason why the percentage of completion deviated significantly when compared to the pattern of costs incurred for similar contracts in the past; - Compared the estimated total cost as of the end of this fiscal year to the initial estimated total cost, and assessed the reasons for any changes in estimate to evaluate the precision of the estimated total cost; - Inquired of relevant responsible personnel regarding the status of construction as well as whether reassessment of the estimated total cost was necessary, and evaluated the reasonableness of the responses in light of the construction time-table and the costs incurred to date; and - Agreed the estimated total cost to the cost calculation sheet and observed that all costs necessary for the type of construction agreed with the customer were included in the cost calculation.
	Energy and Electric Systems	Information and Communication Systems								
Revenue	1,238,111	354,128								
Operating profit	62,170	14,727								

Other Information

The other information comprises the information included in the company's Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the executive officers and the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures

made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Mitsubishi Electric Corporation as at March 31, 2022, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2022, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the Internal Control Report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally

accepted in Japan.

The audit committee is responsible for overseeing and examining the design and operation of internal control over financial reporting. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Audit Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.