



[Translation]

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Annual Securities Report

The 153rd Business Term
From April 1, 2023 to March 31, 2024

Mitsubishi Electric Corporation

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

The 153rd Business Term (from April 1, 2023 to March 31, 2024)

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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[Fiscal Year]	The 153rd business term (from April 1, 2023 to March 31, 2024)
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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)

	149th business term	150th business term	151st business term	152nd business term	153rd business term
Year end	March 2020	March 2021	March 2022	March 2023	March 2024
Revenue	4,462,509	4,191,433	4,476,758	5,003,694	5,257,914
Profit before income taxes	281,986	258,754	279,693	292,179	365,853
Net profit attributable to Mitsubishi Electric Corp. stockholders	221,834	193,132	203,482	213,908	284,949
Comprehensive income attributable to Mitsubishi Electric Corp. stockholders	117,132	401,559	356,926	348,064	650,302
Mitsubishi Electric Corp. stockholders' equity	2,429,743	2,754,293	2,975,941	3,239,027	3,739,324
Total equity	2,538,859	2,870,611	3,097,397	3,363,224	3,866,418
Total assets	4,409,771	4,797,921	5,107,973	5,582,519	6,167,340
Mitsubishi Electric Corp. stockholders' equity, per share (yen)	1,132.69	1,283.88	1,409.08	1,533.98	1,790.63
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	103.41	90.03	95.41	101.30	135.74
Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	103.41	90.03	95.41	101.30	135.74
Mitsubishi Electric Corp. stockholders' equity ratio (%)	55.1	57.4	58.3	58.0	60.6
Return on equity (%)	9.2	7.5	7.1	6.9	8.2
Price earnings ratio (times)	12.9	18.7	14.8	15.6	18.5
Cash flows from operating activities	395,834	542,119	282,371	166,711	415,479
Cash flows from investing activities	(203,997)	(176,552)	(114,867)	(148,533)	(94,119)
Cash flows from financing activities	(156,454)	(157,352)	(241,319)	(119,568)	(240,118)
Cash and cash equivalents at end of year	537,559	767,406	727,179	645,870	765,384
Employees (persons)	146,518	145,653	145,696	149,655	149,134

Notes: 1. The consolidated financial statements of the Group are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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.

(2) Financial data of the Company

(Millions of yen, unless otherwise stated)

Fiscal year	149th business term	150th business term	151st business term	152nd business term	153rd business term
Year end	March 2020	March 2021	March 2022	March 2023	March 2024
Net sales	2,639,209	2,459,282	2,557,436	2,712,165	2,682,655
Ordinary income	143,216	177,521	172,920	163,372	225,149
Net income	157,854	185,526	179,389	146,293	292,207
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	1,282,260	1,460,424	1,490,180	1,572,363	1,663,705
Total assets	2,866,812	3,057,070	3,065,591	3,161,763	3,277,009
Net assets per share(yen)	597.76	680.76	705.59	744.66	796.69
Dividends per share(yen)	40.00	36.00	40.00	40.00	50.00
[Of the above, interim dividends per share] (yen)	[14.00]	[10.00]	[14.00]	[14.00]	[20.00]
Basic net income per share(yen)	73.59	86.48	84.11	69.28	139.20
Diluted net income per share(yen)	—	—	—	—	—
Stockholders' equity ratio (%)	44.7	47.8	48.6	49.7	50.8
Return on equity (%)	12.5	13.5	12.2	9.6	18.1
Price earnings ratio (times)	18.1	19.5	16.8	22.8	18.0
Dividend payout ratio (%)	54.4	41.6	47.6	57.7	35.9
Employees(persons)	35,649	36,162	36,700	35,136	36,520
[Average number of temporary employees] (persons)	[7,105]	[6,838]	[6,682]	[6,505]	[6,636]
Total shareholder return (%)	96.7	123.9	107.3	121.9	191.1
[comparison index: Dividend-included TOPIX] (%)	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest stock price (yen)	1,658.00	1,785.50	1,817.00	1,602.50	2,602.50
Lowest stock price (yen)	1,096.50	1,235.00	1,225.50	1,273.00	1,521.50

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

2. The highest and lowest stock prices are market price on the Prime Market of Tokyo Stock Exchange from April 4, 2022, and market price on the first section of Tokyo Stock Exchange prior to April 4, 2022.

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 Itami Works Nagasaki Factory) 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 Mitsubishi Electric Mobility Corporation Himeji Office).
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 Electronics and Communication Systems Center, 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.
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 Gunma Works (currently Shizuoka Works Gunma Factory).
May 1964	Established Itami Works Sanda Factory (currently Mitsubishi Electric Mobility Corporation Sanda Office) 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.

Month/Year	History
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.
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	Established 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	Established a joint venture electrical equipment business company for manufacturing plants, Toshiba Mitsubishi-Electric Industrial Systems Corporation (currently TMEIC 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.

Month/Year	History
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.
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 & 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.
April 2023	Revised its Business Area (BA) management structure and established Strategic Planning Offices in each BA, and split Business Platform BA into Business Platform BA and Semiconductor & Device Group. Electronic Systems Group changed its name to Defense & Space Systems Group. Dissolved Corporate Communication Group.
April 2024	Established Mitsubishi Electric Mobility Corporation split from Automotive Equipment Group Established a joint venture generator business company, Mitsubishi Generator Co., Ltd. with Mitsubishi Heavy Industries, Ltd. Established Sustainability Innovation Group. Established IT Solution Business & Business Process Reengineering Group, merged Corporate Information Security Div., Process & Operation Reengineering Group and Information Systems & Network Service Group.

3. Description of Business

The consolidated financial statements of the Group are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The Mitsubishi Electric Group, which is composed of the Company, 213 consolidated subsidiaries and 39 equity method companies, engages in 6 business segments (Infrastructure, Industry & Mobility, Life, Business Platform, Semiconductor & Device, 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 year ended March 31, 2024 are described as follows.

In this fiscal year, the classification of reportable segments was changed. Details are described in “V. Financial Information, 1 Consolidated Financial Statements and other, (1) Consolidated Financial Statements, Note 6. Segment information.”

Segment, main products and business lines	Manufacturing	Sales/Installation/Services	Comprehensive Sales Companies
Infrastructure Electrical equipment for locomotives and rolling stock, wireless and wired communications systems, network cameras and their systems, large display devices, 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, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, and others	Mitsubishi Electric Public Utility Equipment Corporation Mitsubishi Electric Control Panel Corporation Mitsubishi Electric Power Products, Inc. Mitsubishi Electric Defense & Space Technologies Co. Mitsubishi Precision Co., Ltd. SPC Electronics Corporation Toshiba Mitsubishi-Electric Industrial Systems Corporation Seiry Electric Co., Ltd. Miyoshi Electronics Corporation MEDCOM Sp. Z o.o.	Mitsubishi Electric Plant Engineering Corporation Ryoko Co., Ltd. Hitachi Mitsubishi Hydro Corporation	
Industry & Mobility 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, software, automotive electrical equipment, electric vehicle-related equipment, 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 Automotive India Pvt. Ltd. Shizuki Electric Co., Inc. Shihin Electric & Engineering Corporation	Setsuyo Astec Corporation Melco Mobility Solutions Corporation Mitsubishi Electric Mechatronics Engineering Corporation Mitsubishi Electric Mechatronics Technologies Corporation Mitsubishi Electric Automation Korea Co., Ltd. SETSUYO ENTERPRISE CO., LTD. Mitsubishi Electric Automation, Inc. Mitsubishi Electric Automation (China) Ltd.	Mitsubishi Electric Industrial Solutions Corporation and other regional comprehensive sales companies (8 companies) Mitsubishi Electric Europe B.V. Mitsubishi Electric US, Inc.
Life Elevators, escalators, building security systems, building management systems, 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 Shanghai Electric Elevator Co., Ltd. Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Air Conditioning Systems Europe Ltd. Shanghai Mitsubishi Elevator Co., Ltd. Kang Yong Electric Public Co., Ltd.	Mitsubishi Electric Building Solutions Corporation Ryoden Elevator Construction, 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. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Air-Conditioning & Visual Information Systems (Shanghai) Ltd. AG MELCO Elevator Co. L.L.C.	Mitsubishi Electric & Electronics (Shanghai) Co., Ltd. Mitsubishi Electric (H.K.) Ltd. Mitsubishi Electric Taiwan Co., Ltd. Mitsubishi Electric Asia Pte. Ltd. Mitsubishi Electric Europe B.V. RYODEN CORPORATION KANADEN CORPORATION MANSEI CORPORATION
Business Platform Network security solutions, solutions by operation and business, information systems equipment, systems integration, and others		Mitsubishi Electric Information Network Corporation Mitsubishi Electric Information Systems Corporation Mitsubishi Electric IT Solutions Corporation Itec Hankyu Hanshin Co., Ltd.	
Semiconductor & Device Power modules, high-frequency devices, optical devices, and others	Melco Power Device Corporation Vincotech Holdings S.à.r.l.	Melco Semiconductor Engineering 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 Mitsubishi Electric Software Corporation The Kodensha Co., Ltd. Melco Trading (Thailand) Co., Ltd. Mitsubishi Electric Financial Solutions 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. Toshiba Mitsubishi-Electric Industrial Systems Corporation changed its company name to TMEIC Corporation as of April 1, 2024.
4. SETSUYO ENTERPRISE CO., LTD. changed its company name to Mitsubishi Electric Automation (TAIWAN) Co., Ltd. as of April 1, 2024.
5. KITA KOUDENSHA Corporation was delisted as of April 11, 2024 and became a consolidated subsidiary of the Company as of April 15, 2024 due to a share exchange with the Company as the wholly owning parent company.

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 Solutions Corporation	Chiyoda-ku, Tokyo	5,000	Development, manufacturing, sales, maintenance, and repairs of elevator equipment, maintenance and repairs of 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 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 Software Corporation	Minato-ku, Tokyo	1,000	Research, development, design, manufacturing, and sales of systems, software, and other peripheral equipment, etc.	100.0	Yes	The Company outsources software development and design work.
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 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 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.
Melco Semiconductor Engineering Corporation	Nishi-ku, Fukuoka-shi	30	Design and development of semiconductors and technological development of process testing	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.	Minato-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 Defense & Space Technologies 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 Control Panel Corporation	Hyogo-ku, Kobe-shi	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	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	95.4	Yes	The Company purchases some of its products.
DB Seiko Co., Ltd.	Himeji-shi, Hyogo	96	Manufacturing and sales of automotive equipment, industrial electronic equipment, etc.	81.7	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.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Melco Mobility Solutions Corporation	Fukushima-ku, Osaka-shi	Millions of yen 500	Sales and maintenance of automotive equipment, information and communications equipment, and environmental equipment	100.0	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.
Setsuyo Astec Corporation	Kita-ku, Osaka-shi	90	Sales of factory automation control equipment, power distribution control equipment, semiconductor products, etc.	100.0	Yes	It sells the Company's products.
Ryoko Co., Ltd.	Chiyoda-ku, Tokyo	20	Sales of electrical equipment for locomotives and rolling stock	100.0	Yes	It sells the Company's electrical equipment for transport vehicle.
Mitsubishi Electric Industrial Solutions Corporation and other regional comprehensive sales companies (8 companies)	Naka-ku, Yokohama-shi, etc.	20 - 300	Sales of electric equipment, and undertaking of related construction	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.	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.

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 Air Conditioning & Refrigeration Systems Co., Ltd.	Shinagawa-ku, Tokyo	Millions of yen 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	[100.0] 100.0	Yes	None
Mitsubishi Electric Mechatronics Technologies Corporation	Higashi-ku, Nagoya-shi	100	Sales of NC units, electrical discharge and laser processing machines, robotic systems, etc.	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.
Mitsubishi Electric US Holdings, Inc.	U.S. (Cypress)	Thousands of USD 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 Automation, Inc.	U.S. (Vernon Hills)	8,000	Sales and services of factory automation control equipment products, etc.	[100.0] 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 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 GBP 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.
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 2,726,200	Manufacturing and sales of air-conditioning equipment	100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric India Private Limited	India (Grugram)	Thousands of INR 7,120,000	Sales of home appliances, industrial equipment, air conditioning and refrigeration equipment, electronic components, etc.	100.0	Yes	It sells the Company's products.
Mitsubishi Electric Automotive India Pvt. Ltd.	India (Grugram)	190,000	Manufacturing and sales of automotive equipment	100.0	Yes	It is engaged in manufacturing and sales under license from the Company.
Mitsubishi Electric Asia Pte. Ltd.	Singapore	Thousands of SGD 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.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Siam Compressor Industry Co., Ltd.	Thailand (Chonburi)	Thousands of THB 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)	Thousands of THB 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 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 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.
Mitsubishi Electric Trading (Thailand) Co., Ltd.	Thailand (Bangkok)	350,000	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 HKD 490,862	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.
Mitsubishi Elevator Hong Kong Co., Ltd.	China (Hong Kong)	35,000	Sales, installation, and maintenance of elevators	[75.0] 75.0	Yes	None
Mitsubishi Electric (Guangzhou) Compressor Co., Ltd.	China (Guangzhou)	Thousands of USD 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)	103,000	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 Shanghai Electric Elevator Co., Ltd.	China (Shanghai)	53,000	Manufacturing, sales, and maintenance of elevators	[20.0] 60.0	Yes	None

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 Manufacturing (Changshu) Co., Ltd.	China (Changshu)	Thousands of USD 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 Automation (China) Ltd.	China (Shanghai)	19,487	Sales and services of 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 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 Taiwan Co., Ltd.	Taiwan (Taipei)	Thousands of TWD 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 Electric Automation Korea Co., Ltd.	Korea (Seoul)	Thousands of KRW 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.
141 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.	35.6	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	20.2	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	27.7	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, development, design, and manufacturing of primary equipment	30.0	Yes	It sells the Company's products.
Mitsubishi Electric Financial Solutions 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.
Seiryō 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.
Miyoshi Electronics Corporation	Kawanishi-shi, Hyogo	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.

Company Name	Address	Paid-in Capital	Business Activities	Ratio of Voting Rights Held (%)	Description of Relationship, etc.	
					Interlocking Directorship, etc.	Business Transactions, etc.
Itec Hankyu Hanshin Co., Ltd.	Fukushima-ku, Osaka-shi	Millions of yen 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.
KITA KOUDENSHA Corporation	Chuo-ku, Sapporo-shi	100	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.
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	None
Kang Yong Electric Public Co., Ltd.	Thailand (Samut-prakan)	Thousands of THB 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 USD 155,000	Manufacturing, sales, installation, and maintenance of elevators	[8.0] 40.0	Yes	None
Shihlin Electric & Engineering Corporation	Taiwan (Taipei)	Thousands of TWD 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. and Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company are classified as specified subsidiaries.
4. Of the companies listed above, The Kodensha Co., Ltd., RYODEN CORPORATION, KANADEN CORPORATION, Shizuki Electric Co., Inc., MANSEI CORPORATION and Seiryō Electric Co., Ltd. submit either an annual securities report or securities registration statement. KITA KOUDENSHA Corporation was delisted as of April 11, 2024 and became a consolidated subsidiary of the Company as of April 15, 2024 due to a share exchange with the Company as the wholly owning parent company.
5. Of the companies listed above, the revenue (excluding inter-company revenues among consolidated subsidiaries) of Mitsubishi Electric Europe B.V. exceeded 10% of consolidated revenue. Its key financial information for fiscal 2024 are: revenue, 671,692 million yen; profit before income taxes, 24,747 million yen; and net profit, 17,900 million yen; and as of March 31, 2024 are: total equity, 108,284 million yen; and total assets, 391,981 million yen. The respective amounts of Mitsubishi Electric Europe B.V. is consolidated amounts of its company and four subsidiaries.
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 Solutions Corporation and other companies, which together with the Company's own funds are loaned to other companies including Mitsubishi Electric Life Service Corporation.
7. SETSUYO ENTERPRISE CO., LTD changed its company name to Mitsubishi Electric Automation (TAIWAN) Co., Ltd as of April 1, 2024.
8. Toshiba Mitsubishi-Electric Industrial Systems Corporation changed its company name to TMEIC Corporation as of April 1, 2024.

5. Employees

(1) Consolidated basis

As of March 31,2024

Business Segment	Number of employees (persons)
Infrastructure	22,033
Industry & Mobility	31,593
Life	61,051
Business Platform	4,912
Semiconductor & Device	5,848
Others	17,041
Common	6,656
Total	149,134

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

(2) The Company

As of March 31,2024

Number of employees (persons)	Average age	Average length of service (years)	Average annual salary (yen)
36,520 [6,636]	41.4	16.7	8,298,631

Business Segment	Number of employees (persons)
Infrastructure	11,713
Industry & Mobility	11,434
Life	5,445
Business Platform	292
Semiconductor & Device	2,245
Common	5,391
Total	36,520

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.

(4) Percentage of female employees in management, Percentage of male employees on childcare leave, and Differences in wages between male and female employees

1) The Company

Fiscal year ended March 31, 2024					Supplementary explanation
Percentage of female employees in management (%) (Note 1)	Percentage* of male employees on childcare leave (%) (Note 2)	Difference in wages between male and female employees (%) (Note 1)			
		All workers	Regular employees (Note 3)	Part-time and fixed term employees	
3.1	85.1	62.4	64.4	61.8	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes

- Notes: 1. Calculated in accordance with the provisions of the “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015). Wage differences between male and female employees are calculated based on total annual wages excluding retirement benefits and commuting subsidies.
2. Based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the percentage of employees who took childcare leave, etc. and leave for childcare purposes is calculated based on Article 71-4-2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991).
3. Regular employees include both regular employees and full-time, non-regular employees hired for an indefinite period.

(The percentage of female employees in management)

In recent years, the percentage of female employees in management has steadily increased compared to previous years as a result of the formulation and implementation of measures to systematically provide work experience and training opportunities to foster female employees from a young age and to actively provide internal information on various support systems for balancing work and family life. As a result, this percentage has risen to 3.6% as of April 2024.

	FY 2020	FY 2021	FY 2022	FY 20223	FY 2024
Percentage of female employees in management	2.0%	1.9%	2.3%	2.6%	3.1%

(The percentage of male employees on childcare leave)

The percentage of male employees on childcare leave surpassed the target of “70% or more by the fiscal year ended March 31, 2026” established in the action plan based on the provisions of the “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015).

(With regard to wage differences between male and female employees)

With regard to wage differences between male and female regular employees, regular employees include “auxiliary employees,” who receive a lower level of remuneration. In particular, about half of regular female employees are “auxiliary employees,” which in turn drives down average wages.

With regard to wage differences between male and female part-time and fixed-term employees, non-regular employees mainly include “auxiliary employees” hired under fixed-term employment contracts, but also include approximately 25% of regular employees who are rehired after retirement. Approximately 95% of these rehired employees are male, and their remuneration is higher than that of “auxiliary employees,” resulting in a gender-based wage gap caused by such differences in the composition of the workforce and other factors.

2) Consolidated subsidiaries

Domestic consolidated subsidiaries with 1,001 or more permanent employees (Note)

Fiscal year ended March 31,2024						Supplementary explanation
Company Name	Percentage of female employees in management (%)	Percentage* of male employees on childcare leave (%)	Difference in wages between male and female employees (%)			
			All employees	Regular employees	Part-time and fixed term employees	
Mitsubishi Electric Plant Engineering Corporation	0.7	104.9	62.7	69.9	65.0	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes. The percentage exceeded 100% because there are employees who took childcare leave for their children born in or before the previous fiscal year.
Mitsubishi Electric Defense & Space Technologies Corporation	0.0	69.2	71.6	71.4	69.2	*Percentage of employees taking childcare leave, etc.
Mitsubishi Electric Building Solutions Corporation	0.9	64.3	59.0	57.3	61.2	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Mitsubishi Electric Living Environment Systems Corporation	1.6	32.0	62.5	61.4	83.5	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Mitsubishi Electric Information Network Corporation	3.6	100.0	68.4	67.7	77.8	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Mitsubishi Electric Information Systems Corporation	4.0	66.7	80.8	80.8	74.8	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Melco Power Device Corporation	0.0	6.7	69.7	70.8	82.7	*Percentage of employees taking childcare leave, etc.
Mitsubishi Electric Engineering Co., Ltd.	4.0	80.6	64.2	66.6	54.8	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Mitsubishi Electric Software Corporation	3.7	43.3	77.7	78.1	68.4	*Percentage of employees taking childcare leave, etc.

Fiscal year ended March 31,2024						Supplementary explanation
Company Name	Percentage of female employees in management (%)	Percentage* of male employees on childcare leave (%)	Difference in wages between male and female employees (%)			
			All employees	Regular employees	Part-time and fixed term employees	
Mitsubishi Electric Life Service Corporation	1.1	39.1	61.2	66.6	70.8	*Percentage of employees taking childcare leave, etc.
Mitsubishi Electric System & Service Co., Ltd.	1.3	60.5	52.3	54.2	66.6	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Mitsubishi Electric Logistics Corporation	2.4	72.4	60.3	64.1	56.3	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Diamond Personnel Co., Ltd.	0.0	60.0	73.4	70.8	72.0	*Percentage of employees taking childcare leave, etc.

Note: Employees who are employed on a permanent basis, regardless of the type of employment contract, refer to the employees who fall under any of the following categories.

- (1) Those employed for an indefinite period of time.
- (2) Those who have been continuously employed for the past year or more, or those who are expected to be continuously employed for one year or more from the time of hiring.

(The percentage of female employees in management)

Calculated in accordance with the provisions of the “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015).

(The percentage of male employees on childcare leave)

(1) Based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the figures stated as “Percentage of employees taking childcare leave, etc. and leave for childcare purposes” in the supplementary explanation are calculated based on Article 71-4-2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991).

(2) Based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the figures stated as “Percentage of employees taking childcare leave, etc.” in the supplementary explanation are calculated based on Article 71-4-1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991).

(With regard to wage differences between male and female employees)

Calculated in accordance with the provisions of the “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015). Wage differences between male and female employees are calculated based on total annual wages excluding retirement benefits and commuting subsidies. Regular employees include both regular employees and full-time, non-regular employees hired for an indefinite period.

Although there is a difference in degree among companies, the background of the wage difference between male and female is generally similar to the situation of the Company.

Domestic consolidated subsidiaries with 301 to 1,000 permanent employees

Fiscal year ended March 31,2024						Supplementary explanation
Company Name	Percentage of female employees in management (%)	Percentage* of male employees on childcare leave (%)	Difference in wages between male and female employees (%)			
			All employees	Regular employees	Part-time and fixed term employees	
Mitsubishi Electric Public Utility Equipment Corporation	0.0	-	63.1	78.1	65.9	
Nagasaki Ryoden Technica Co., Ltd.	0.0	-	63.1	63.8	81.7	
Meiryo Denshi Corp.	3.8	66.7	72.0	70.0	76.9	*Percentage of employees taking childcare leave, etc.
Mitsubishi Electric Control Panel Corporation	0.0	-	70.4	74.4	49.3	
Ryoshin Technica Corporation	0.0	100.0	74.6	75.0	73.3	*Percentage of employees taking childcare leave, etc.
Marugame Ryoden Technica Corporation	0.0	-	68.9	81.1	62.9	
Tada Electric Co., Ltd.	0.0	-	75.4	71.3	103.1	
Mitsubishi Precision Co., Ltd.	1.6	-	71.3	77.1	76.0	
Ryoei Technica Corporation	2.3	-	79.2	76.4	95.3	
Ryoden Shonan Electronics Corp.	1.9	-	69.2	76.5	96.6	
Meiryo Technica Corporation	0.0	46.2	59.1	63.1	51.1	*Percentage of employees taking childcare leave, etc.
Mitsubishi Electric Mechatronics Engineering Corporation	1.0	-	58.8	66.2	74.3	
Mitsubishi Electric FA Industrial Products Corporation	0.0	-	71.0	72.1	81.6	
Sanryo Technica Co., Ltd.	7.7	-	64.6	65.6	103.0	
Koshin Electric Corporation	0.0	-	66.0	67.5	74.6	
Himeryo Technica Co., Ltd.	0.0	63.6	73.8	74.3	63.1	*Percentage of employees taking childcare leave, etc.
Melco Mobility Solutions Corporation	6.4	44.4	67.4	68.6	61.3	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
DB Seiko Co., Ltd.	1.7	84.6	69.0	69.0	84.2	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Ryoden Elevator Construction, Ltd.	0.7	38.1	67.5	68.0	60.7	*Percentage of employees taking childcare leave, etc.
Ryo-sa BUILWARE Corporation	0.0	0.0	70.4	71.2	50.0	-
Meltec Business Co., Ltd.	10.9	-	64.4	71.1	44.5	

Fiscal year ended March 31,2024						Supplementary explanation
Company Name	Percentage of female employees in management (%)	Percentage* of male employees on childcare leave (%)	Difference in wages between male and female employees (%)			
			All employees	Regular employees	Part-time and fixed term employees	
Inaryo Technica Co., Ltd	0.0	71.4	53.1	52.5	26.2	*Percentage of employees taking childcare leave, etc.
Toko Building Systems Corporation	0.0	-	73.1	71.5	104.7	
Mitsubishi Electric Lighting Corporation	3.0	-	55.3	55.8	73.8	
Mitsubishi Electric Home Appliance Co., Ltd.	0.0	66.7	52.0	53.5	56.6	*Percentage of employees taking childcare leave, etc.
Mitsubishi Electric Life Network Corporation	2.7	-	66.0	65.0	62.1	
Seiryō Technica Co., Ltd	0.0	66.7	69.0	81.7	81.8	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
Mitsubishi Electric Applied Refrigeration Systems Co., Ltd	0.0	-	65.4	66.0	70.9	
Mitsubishi Electric IT Solutions Corporation	3.9	55.6	79.8	79.5	77.4	*Percentage of employees taking childcare leave, etc.
Melco Power Semiconductor Chip Corporation	0.0	80.0	76.0	76.5	76.4	*Percentage of employees taking childcare leave, etc.
Melco Semiconductor Engineering Corporation	0.0	-	70.0	71.9	60.2	
MELCO ADVANCED DEVICE CORPORATION	0.0	-	63.8	67.1	56.8	
The Kodensha Co., Ltd.	3.1	23.1	67.4	66.1	69.4	*Percentage of employees taking childcare leave, etc.
MD Logistics Field Service Corporation	0.0	100.0	55.7	73.6	59.5	*Percentage of employees taking childcare leave, etc. and leave for childcare purposes
iPLANET Inc.	4.8	-	67.7	69.9	61.6	
Mitsubishi Electric Trading Corporation	5.1	76.9	67.3	72.2	37.9	*Percentage of employees taking childcare leave, etc.

Note (The percentage of female employees in management)

Calculated in accordance with the provisions of the “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015).

(The percentage of male employees on childcare leave)

The figures shown here are for domestic consolidated subsidiaries that voluntarily disclose the percentage of male employees taking childcare. The calculation method is as follows.

- (1) Based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the figures stated as “Percentage of employees taking childcare leave, etc. and leave for childcare purposes” in the supplementary explanation are calculated based on Article 71-4-2 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991).
- (2) Based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the figures stated as “Percentage of employees taking childcare leave, etc.” in the supplementary explanation are calculated based on Article 71-4-1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991).

(With regard to wage differences between male and female employees)

Calculated in accordance with the provisions of the “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015). Wage differences between male and female employees are calculated based on total annual wages excluding retirement benefits and commuting subsidies. Regular employees include both regular employees and full-time, non-regular employees hired for an indefinite period.

Although there is a difference in degree among companies, the background of the wage difference between male and female is generally similar to the situation of the company.

Domestic consolidated subsidiaries with 101 to 300 permanent employees

Fiscal year ended March 31,2024						
Company Name	Percentage of female employees in management (%)	Percentage* of male employees on childcare leave (%)	Difference in wages between male and female employees (%)			Supplementary explanation
			All employees	Regular employees	Part-time and fixed term employees	
Ryosai Technica Co., Ltd	0.0	-	-	-	-	
TOYOKIKO SEISAKUSHO CO., LTD.	0.0	-	-	-	-	
Ryoden Kasei Co., Ltd.	3.3	-	-	-	-	
Ryosan Industry Corporation	0.0	-	-	-	-	
SPC Electronics Corporation	0.0	-	-	-	-	
Tsuryo Technica Corporation	11.5	-	-	-	-	
BCC Co., Ltd	0.0	-	-	-	-	
Mitsubishi Electric Mechatronics Technologies Corporation	3.3	-	-	-	-	
Setsuyo Astec Corporation	0.0	-	-	-	-	
Koryo Electric Co., Ltd.	0.0	-	-	-	-	
Setsuryo Technica Co., Ltd.	20.0	-	-	-	-	
Sanwa Electric Co., Ltd.	0.0	-	-	-	-	
HANSHIN YUSOKI CO., LTD.	0.0	-	-	-	-	
Okinawa Ryoden Building Systems CO., LTD.	6.3	-	-	-	-	
Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd.	0.0	-	-	-	-	
Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd.	1.7	-	-	-	-	
Sowa Technica Inc.	0.0	-	-	-	-	
Hyper Cycle Systems Co., Ltd.	0.0	-	-	-	-	
Ryoden Asahi Technica Co. Ltd	0.0	-	-	-	-	
Giyu Kaiun Co., Ltd.	0.0	-	-	-	-	
Mitsubishi Electric Insurance Service Co., Ltd.	20.3	-	-	-	-	
Mitsubishi Electric Industrial Solutions Corporation	1.6	-	-	-	-	

Fiscal year ended March 31,2024						Supplementary explanation
Company Name	Percentage of female employees in management (%)	Percentage* of male employees on childcare leave (%)	Difference in wages between male and female employees (%)			
			All employees	Regular employees	Part-time and fixed term employees	
Kyushu Mitsubishi Electric Sales Corporation	5.1	-	-	-	-	
Sanyo Mitsubishi Electric Sales Corporation	0.0	-	-	-	-	

Note (The percentage of female employees in management)

Calculated in accordance with the provisions of the “Act on Promotion of Women's Participation and Advancement in the Workplace” (Act No. 64 of 2015).

The realization of gender balance is an issue that the Company will work to address with the aim of also making improvements on a global scale. As of March 2024, the average percentage of female employees in management (%) at the regional supervising companies among overseas consolidated subsidiaries (total for Mitsubishi Electric US, Inc., Mitsubishi Electric Europe B.V., Mitsubishi Electric Asia Pte. Ltd., Mitsubishi Electric (China) Co., Ltd., and Mitsubishi Electric Taiwan Co., Ltd.) was 23.5%. For details, including future efforts to realize gender balance, please refer to “II. Business Overview 2. Policies and Initiatives on Sustainability (3) Human Capital.”

II. Business Overview

1. Management Policy, Business Environment and Corporate Agenda

(1) Management policy

The Mitsubishi Electric Group's Purpose, which states, "We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity," is our reason for being in society. Under this Purpose, in addition to realizing well-balanced corporate management from the three perspectives of growth, profitability/efficiency, and soundness, the Mitsubishi Electric Group will return to our fundamental principle of "addressing social challenges through our businesses" and position the realization of sustainability as the cornerstone of our management. From this approach, we will pursue the sustained enhancement of our corporate value and fulfill our responsibility to society, to our customers, shareholders, and employees, and to all other stakeholders.

(2) Business environment and corporate agenda

1) Business environment

The global economy is expected to see a continued spending increase, but growth is anticipated to remain moderate due primarily to continued monetary tightening in various countries and regions, mainly in Europe and the U.S., and the real estate recession in China. There is also an increase in geopolitical risks, including the prolonged conflict in Ukraine and the tensions between the U.S. and China, which raises a concern about changes in business environment beyond expectations.

2) Corporate agenda

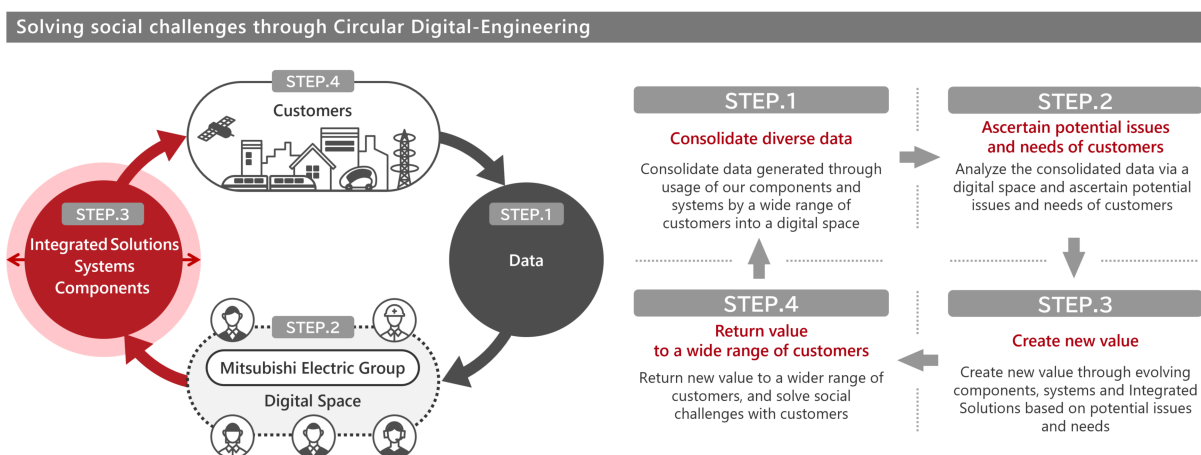
Acceleration of Transformation to Realize an "Ideal Vision (Circular Digital-Engineering Company)"

The Mitsubishi Electric Group is transforming itself into a "Circular Digital-Engineering Company" that contributes to solving social challenges by consolidating and analyzing data obtained from customers in the digital space, and by creating new value through strong connections and sharing wisdom within the Group.

As a digital infrastructure to accelerate this transformation further, we constructed "Serendie." By utilizing Serendie, diverse human resources can demonstrate their technical and creative abilities, thereby providing new solutions. To achieve this, we will strengthen efforts for "DX human capital" to transform management and business through digital, "co-creation activities" to develop new markets, "the development of advanced digital technologies" such as AI and model-based development, and production and business "process reforms" that serve as the infrastructure for management.

The DX Innovation Center, established in April 2023, takes the initiative in promoting the above, while also supporting the creation and expansion of solution businesses by business divisions.

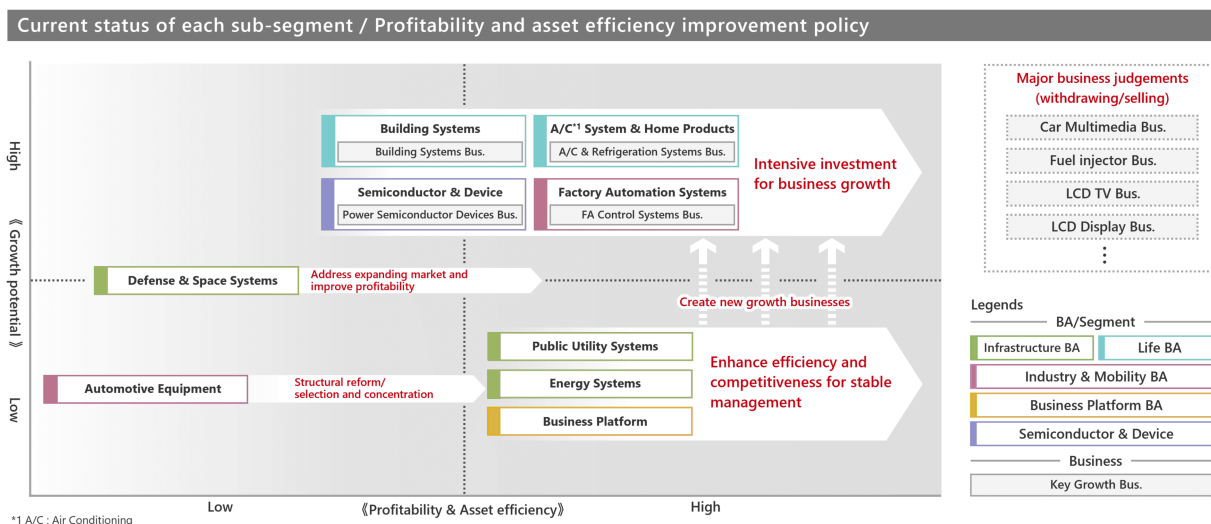
- Leverage strong intra-group connections and knowledge sharing in order to consolidate and then analyze data in the digital space to create new value and contribute to solving key social challenges



Strengthening Business Structure

The Mitsubishi Electric Group will focus its management on asset efficiency and cash-generating capabilities by utilizing ROIC*1 in its business operations to improve “profitability” and “capital efficiency.” This will enable the Group to carry out active investments speedily in its Key Growth Businesses such as enhancing its production systems and M&A, while strongly promoting a resource shift approach based on its business portfolio strategy, including by considering potential withdrawals from and the sale of businesses with issues that are not expected to improve their profitability or asset efficiency.

- Improve profitability and asset efficiency in each sub-segment



Furthermore, the Group will promote efforts to optimize its global engineering and supply chains as well as to improve group management efficiency. In addition, we will ensure that our operations flexibly cope with the changing business environment in light of recent economic trends.

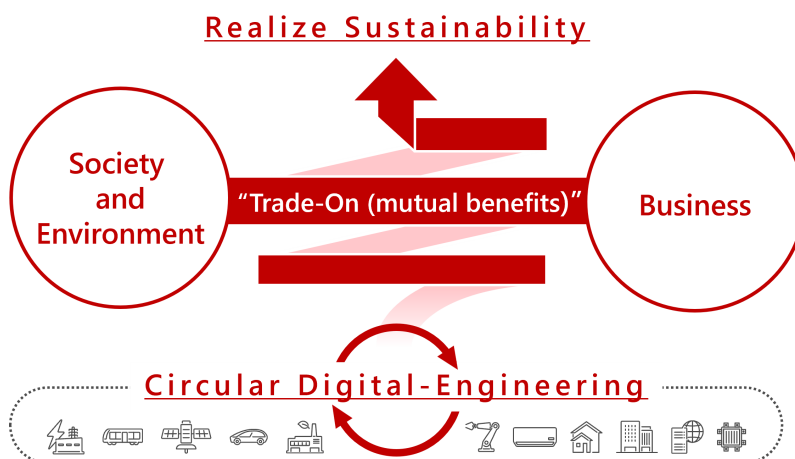
Regarding human resources, which are the base for all business operations, the Group has introduced a new personnel system from fiscal 2025 to maximize the value of human capital. We revamped the grade, evaluation, and compensation system with the concept of “realizing proper evaluation system leading to growth” and “supporting autonomous career development,” promoting employees’ autonomous growth based on career ownership. We have also newly applied a job grade system to management based on global standards, with the aim of a transformation into job-oriented human capital management.

Promotion of Material Sustainability Management

To achieve sustainability, the Mitsubishi Electric Group has identified five challenge areas ("carbon neutrality," "circular economy," "safety and security," "inclusion," and "well-being") to focus on. We will try to achieve “Trade-On (mutual benefits)” relationships that maintain a good balance between social sustainability and the Group’s business development, not trade-offs, by solving social issues through our businesses in these challenge areas.

As part of these efforts, the Company newly established the “Sustainability Innovation Group” in April 2024. With this Department leading sustainability management, we will work to create new businesses that help solve social issues from the viewpoint of globalization and sustainability, and also comprehensively and strategically strengthen our business foundation to support sustainable growth for transforming society.

- Innovate through Circular Digital-Engineering and grow our business while enriching society and the environment, and realize sustainability by accelerating “Trade-On (mutual benefits)” activities



With regards to carbon neutral initiatives, Environmental Sustainability Vision 2050, which is our long-term environmental management vision, aims to reduce greenhouse gas emissions throughout the entire value chain to net-zero by fiscal 2051. In addition, as an interim target, the Group aims to reduce greenhouse gas emissions from Group plants and offices to net zero by fiscal 2031. To achieve these targets, we will nurture businesses that contribute to the decarbonization of society as a whole through technological innovation, and also promote the reduction of our emissions by utilizing our technologies. Additionally, the Group will continue to strive to disclose the risks and opportunities brought by climate change, based on the recommendations of the TCFD^{*2}.

Regarding Diversity, Equity & Inclusion, we aim to collaborate with each other to enable diverse human capital to actively participate in creating new value, and promote various initiatives for realizing a work environment and culture that allows employees to acknowledge each other’s way of working and diversity. In addition, we consider support and respect for the protection of internationally agreed human rights as a prerequisite for the Group’s business activities. Therefore, we endeavor to respect the human rights of our employees and in the supply chain.

Please refer to “II. Business Overview 2. Policies and Initiatives on Sustainability” for specific policies and initiatives related to sustainability.

The Company’s Promotion of Deepening and Developing Three Key Areas, and Thoroughly Instilling Legal and Ethical Compliance

From 2021, the Company began initiatives in three key areas to restore trust (quality assurance, organizational culture and governance) following the implementation of improper quality control practices, and is committed to carrying out reforms geared toward the creation of a new Mitsubishi Electric. We have been making steady progress with three reforms, namely “the quality assurance reforms” to revise engineering processes, “the organizational culture reforms” to facilitate two-way communication, and “the governance reforms” to build a compliance system focused on prevention. For governance reforms in particular, the Company is building systems for governance and internal control that incorporate external perspectives and eliminate any incentive to act improperly.

Based on the Mitsubishi Electric Group compliance motto of “Always Act with Integrity,” the Group will promote a number of recurrence prevention initiatives, including efforts to prevent the improper quality control practices as well as work-related and cybersecurity issues as identified thus far from being forgotten.

*1 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 performances of each business segment.

*2 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.

Medium-term Management Plan for FY2026

Through these measures, the Group will strive to achieve the financial targets of its Medium-term Management Plan for fiscal 2026. However, we will revise some of the targets, taking into account the impact of market deterioration for some businesses. Going forward, we will set the following new targets: consolidated revenue of 5 trillion yen + (unchanged), an operating profit margin of 8% + (previously 10%), ROE of 9% (previously 10%), and cash generation of 3.3 trillion yen over a five-year period (previously 3.4 trillion yen over a five-year period), and will aim to achieve an operating profit margin of more than 8% by implementing additional structural measures and creating further value. We have maintained our initial capital allocation policy, under which we plan to allocate 2.8 trillion yen mainly to Key Growth Businesses with growth investments as the top priority, and 0.6 trillion yen to further enhancing shareholder returns through profit growth.

Business strategies and operating profit margins by segment are as follows.

Segment	Business Strategies
Infrastructure	We will work to achieve the stable operation of the world's critical infrastructure and carbon neutrality and to contribute to the security of Japan and Asia by leveraging our global customer base and stock in our wide-ranging public utility business. To this end, we will focus on investing resources into decarbonization components and the defense & space business, and on promoting E&F (Energy & Facility) solutions, which are integrated solutions that generate synergies between businesses.
Industry & Mobility	We will support future manufacturing and comfortable mobility with our core components and digital technologies. In the industry area, we will expand the value provided by the components in our Key Growth Businesses and promote the establishment of a FA Digital Solutions business model. In the mobility field, under new company Mitsubishi Electric Mobility Corporation, we will speedily restructure our business portfolio and streamline business operations in response to changes in the business environment.
Life	We aim to become a solution provider that creates comfortable, safe, and secure environments in all living spaces through our facility businesses, including air conditioning and elevators that support people's lives, as well as our Circular businesses, such as maintenance and operation management services that enable us to stay connected with customers. We will promote the creation of customer value, and provide "green energy solutions," "Safe, secure & comfortable solutions," and "Building management solutions."
Business Platform	We will develop a business foundation to promote Circular Digital Engineering through business DX and operational DX initiatives. By providing various services centered on this business foundation and global operations & maintenance to each business area and group, we aim to provide continued support for the creation of integrated solutions and enhance the information system and services business.
Semiconductor & Device	We will contribute to strengthening the Mitsubishi Electric Group's integrated solutions from the component level by providing key devices that are essential for realizing social GX (Green Transformation) and DX (digital transformation). Additionally, we will incorporate a wide range of related in-house business knowledge to develop high-value devices from the customer's perspective. In particular, in the Power Device Business, we will fortify our growth capabilities related to SiC (silicon carbide), where Mitsubishi Electric has superior technologies and extensive market achievements, to further accelerate business growth.

<Operating profit ratio by business segment>

Segment	FY2024 Actual	Target for Medium-term Management Plan for FY2026
Infrastructure	3.0%	7%
Industry & Mobility	7.0%	9%
Life	7.1%	9%
Business Platform	5.9%	9%
Semiconductor & Device	10.3%	12%

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

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 25, 2024).

2. Policies and Initiatives on Sustainability

(1) Sustainability

1) Governance

a. Basic Policy on Sustainability

The management policy of Mitsubishi Electric Group states, “We will return to our fundamental principle of ‘addressing social challenges through our businesses’ and position the realization of sustainability as the cornerstone of our management.” We will pursue initiatives for achieving a sustainable society to incorporate the expectations, requests, and opinions from society into activities, and to minimize the negative impact on society and the environment.

b. Actions to promote the realization of sustainability

To realize sustainability, we have set the following four points as actions to advance:

Value creation	Creating and developing businesses that address social challenges by balancing business growth with the promotion of social sustainability
Foundation enhancement	Strengthening our business foundation, including management related to the environment, society, and governance, to support the sustainable growth of the Mitsubishi Electric Group
Risk management	Anticipating risks arising from long-term social and environmental changes, and mitigating or minimizing the impact on corporate management
Disclosure of initiatives and dialog engagement	Communicating with society, customers, shareholders, employees, and other stakeholders through highly transparent disclosure of information in a way that reflects society's expectations, requests, and opinions in our corporate management

c. Promotional System for Sustainability

The policies and planning for the sustainability activities of the Mitsubishi Electric Group are decided by the Sustainability Committee*, which is appointed by the Executive Officers’ Meeting of Mitsubishi Electric. The Sustainability Committee is chaired by the Executive Officer in charge of sustainability, and is composed of the chief officers in charge of specific functions in the corporate divisions, as well as the Executive Officers in charge of the business divisions.

The discussions of the Sustainability Committee are reported to the Executive Officers’ Meeting and the Board of Directors. The Board of Directors treats the status of the various sustainability initiatives as one of the Group’s “key agenda items,” which are: business portfolio strategy, sustainability strategy, HR strategy, ECM/SCM strategy, digital strategy (digital transformation for businesses), information system strategy (digital transformation for tasks) from July 2023 to June 2024). It holds full discussions, considering risk management and profit-generating opportunities, while also supervising the status of initiatives by Executive Officers. The promotion of sustainability initiatives is one of the compensation indicators for Executive Officers, and the achievement of performance indicators in non-financial areas such as sustainability and ESG-related areas is reflected in incentive compensation.

Sustainability issues that involve multiple divisions are addressed via subcommittees and projects established under the Sustainability Committee. Specific initiative areas such as ethics and compliance, quality assurance and improvement, environmental protection activities, social contribution activities, and communication with stakeholders are carried out under the responsibility of the relevant divisions.

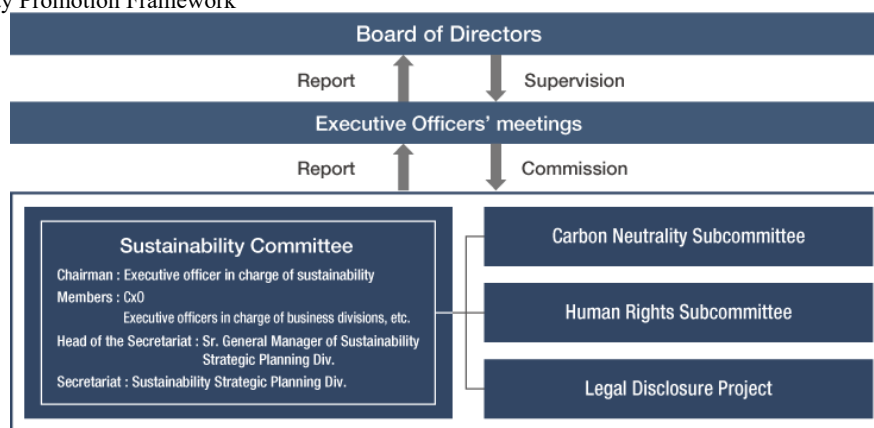
The policies and plans established by the Sustainability Committee and the specific initiatives promoted by subcommittees and projects are shared with all the internal divisions and affiliates in and outside Japan, and the entire Group works together to solve issues.

In April 2024, the Group enhanced its sustainability promotion structure. Existing divisions in charge of sustainability, environmental measures, DE&I, etc., were integrated to establish the Sustainability Innovation Group, which is now tasked with creating new businesses to address social challenges.

* To strategically and comprehensively achieve both “value creation” and “foundation enhancement,” the committee was reformed in fiscal 2025 and is now primarily composed of Executive Officers.

Name of body	Objectives, main discussion areas, etc.
Sustainability Committee	Discussing policies and plans regarding sustainability initiatives in the Mitsubishi Electric Group, and sharing information (meets quarterly)
Carbon Neutrality Subcommittee	Promoting the Mitsubishi Electric Group's carbon neutrality initiatives
Human Rights Subcommittee	Improving human rights initiatives in the Mitsubishi Electric Group and promptly addressing issues
Legal Disclosure Project	Promoting activities to comply with global requirements for legal disclosure relating to sustainability

Sustainability Promotion Framework



2) Strategy

To address sustainability at the management level and to pursue it over the long term, the Mitsubishi Electric Group has identified five areas as materiality to "Provide solutions to social challenges through our businesses" and as part of our "Strengthen our business foundation to enable sustainable growth." The Group is taking a "Trade On (mutual benefits)" approach to realizing sustainability by implementing materiality initiatives to create business solutions for social challenges while securing its own business growth at the same time. For our materiality initiatives, we set targets and Key Performance Indicators (KPIs) and carry out continuous improvement activities using the PDCA cycle.

Materiality at the Mitsubishi Electric Group

Materiality	Reasons why it is important
Realize a sustainable global environment	Environmental challenges such as climate change and resource/energy issues are hurdles at a global scale. The Mitsubishi Electric Group will contribute to solving these issues with the aim of realizing a sustainable global environment.
Realize a safe, secure, and comfortable society	Since its founding, the Mitsubishi Electric Group has contributed to society by providing products and services in a wide range of fields, from home to space. In order to realize a "vibrant and sustainable society" as outlined in our Purpose, we aim to contribute to solve diversifying social challenges through our business activities.
Respect for all people	The protection of human rights is a global issue. Everyone's rights as an individual must be respected. The Mitsubishi Electric Group respects human rights in all of its activities and provides workplace environments that help all employees to work actively.
Strengthen corporate governance and compliance on a sustainable basis	Corporate governance and compliance are fundamental preconditions for a company's continued existence. The Mitsubishi Electric Group continuously reinforces these areas.
Create a sustainability-oriented corporate culture	The Mitsubishi Electric Group contributes to achieving sustainability through all of its activities. To this end, we proactively communicate with stakeholders and foster a corporate culture that encourages employees to pursue initiatives from a mid- to long-term perspective.

3) Risk Management

With overseas revenue accounting for over 50% of the total, the Mitsubishi Electric Group seeks to transform into a "Circular Digital-Engineering" company in a wide range of business areas. We also take the various compliance incidents that have come to light seriously, and we have been working to improve our internal control system and others. To fulfil the Group's responsibility to all stakeholders, including the general public, customers, shareholders, and employees, and to achieve sustainability, we appropriately manage risks associated with the conduct of our business while strengthening internal control systems with an emphasis on prevention. Specifically, the framework incorporates risk management into business activities, allowing risks to be managed according to the size and characteristics of each business. Significant risks common to the entire Group are managed and prioritized according to their impact on the management of the Group as a whole.

For new risks in economic security, technological innovations including AI, and fields such as sustainability, etc., we will respond in an effective manner by employing cross-organizational and flexible team approaches.

Please refer to "II. Business Overview 3. Business and Other Risks" for the risk response system and the specific risks recognized.

4) Metrics and Targets

In terms of initiatives related to materiality, we have set targets/Key Performance Indicators (KPIs) and carry out continuous improvement activities based on the PDCA cycle.

Materiality	Targets/Key performance indicators (KPIs)		Scope
Realize a sustainable global environment	FY2051: Aim for net zero greenhouse gas emissions for entire value chain	FY2031: 【Scope 1 ^{*1} , 2 ^{*2} 】 Aim for net zero greenhouse gas emissions	Mitsubishi Electric Group
		FY2031: 【Scope 3 ^{*3} 】 Aim for at least 30% net reduction in greenhouse gas emissions versus FY2019	Mitsubishi Electric Group
		Provide products, services and solutions that contribute to carbon neutrality	Mitsubishi Electric Group
	Contribute to achieving circular economy	FY2036: 100% effective use (domestic) of wasted plastics	Mitsubishi Electric Group, Japan
Realize a safe, secure, and comfortable society	Realize safety/security, inclusion, and well-being through businesses	Provide products, services and solutions that contribute to safety/security	Mitsubishi Electric Group
		Provide products, services and solutions that contribute to inclusion and well-being	Mitsubishi Electric Group
Respect for all people	Establish human rights initiatives that are based on international norms and achieve responsible supply chain	FY2028: Conduct human rights due diligence across the Group based on international norms	Mitsubishi Electric Group
		FY2028: Reduce negative impact on human rights in supply chain based on the RBA ^{*4} process	Mitsubishi Electric Group
	Realize workplace where diverse and versatile human capital gathers and works together	FY2026: Employee engagement score ^{*5} 70% or more (non-consolidated), 60% or more (some domestic affiliated companies)	Mitsubishi Electric Group, Japan
		FY2031: Ratio of females/non-Japanese in senior management ^{*6} 30% or more (non-consolidated)	Mitsubishi Electric
		FY2031: Ratio of females in managerial positions 12% or more (non-consolidated)	Mitsubishi Electric
Strengthen corporate governance and compliance on a sustainable basis	Three Key Reforms	Promote three key reforms (quality assurance, organizational culture and governance), monitoring of the three reforms by the Board of Directors, and appropriate information disclosure	Mitsubishi Electric Group
	Prevent recurrence of improper quality control practices	Build quality systems for prevention	Mitsubishi Electric Group
	Increase effectiveness of the Board of Directors	Maintain the ratio of independent outside directors at 50% or more (non-consolidated)	Mitsubishi Electric
	Understanding and practice of compliance motto “Always Act with Integrity”	Provide compliance education on a continuous basis	Mitsubishi Electric Group
	Improve the Cybersecurity maturity level	FY2029: Achieve level 2 or higher ^{*7} in the Cybersecurity Maturity Model Certification across the Group	Mitsubishi Electric Group
	Create a sustainability-oriented corporate culture	Understanding and practices of sustainability by employees	FY2026: Understanding on the operation of business in line with the corporate purpose and goals according to the results of the employee awareness survey 75% or more (non-consolidated)
Promote communication with stakeholders both inside and outside the company		Introduce sustainability initiatives through integrated reports, sustainability briefings, online/in-person events and conduct in-house sustainability workshops	Mitsubishi Electric Group

*1 Direct emissions from use of own fuel

*2 Indirect emissions from use of electricity and heat purchased outside the company

*3 Indirect emissions from the entire value chain excluding Scope 1, 2

*4 RBA: Responsible Business Alliance (An alliance of companies promoting social responsibility in global supply chains)

*5 Ratio of employees who respond that they feel that they are proud and motivated to work for the Company in the employee awareness survey

*6 Director, Executive Officers and Executive Officers (Associate)

*7 Framework for Cybersecurity Maturity Model Certification set forth by the U.S. Department of Defense (CMMC 2.0)

Please refer to “(3) Human Capital, 3) Metrics and targets” for results on human capital. Please refer to the Integrated Report 2024, which will be published in October 2024, for other results in fiscal 2024 and targets in fiscal 2025. Please refer to back issues of the Sustainability Report for past goals and achievements.

<https://www.mitsubishielectric.com/en/sustainability/reports/index.html>

(2) Financial Information Based on Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

The Mitsubishi Electric Group has expressed its support for the recommendations of the TCFD, and as such, the Group promotes efforts and discloses information in line with these recommendations.

1) Governance

a. Promotion system

In fiscal 2023, the Mitsubishi Electric Group positioned the realization of sustainability at the cornerstone of its management policy. Since the beginning of fiscal 2024, we have been working on to further strengthen governance to achieve “value creation” and “foundation enhancement,” including addressing climate change.

For our efforts to address climate change, we have established a Carbon Neutrality Subcommittee under the Sustainability Committee to discuss issues such as targets for carbon neutrality in our own group and throughout the value chain. The analysis of short-term and medium-term risks, opportunities, and their financial impact has been transferred from the TCFD Working Group (ended in June 2024), which had been established under the Sustainability Committee, to the Sustainability Innovation Group.

b. Policy for initiatives

Under our long-term environmental management vision through 2050, titled Environmental Sustainability Vision 2050, we aim to reduce greenhouse gas emissions from factories and offices to net-zero by fiscal 2031 and to reduce greenhouse gas emissions throughout the entire value chain to net-zero by fiscal 2051. In February 2024, we updated our short-term plan, Environmental Plan 2025 (FY2025-2026), based on the Environmental Sustainability Vision 2050, aiming to achieve even higher targets than those certified by the SBT Initiative in February 2024.

2) Strategy

The Mitsubishi Electric Group views the transition to a decarbonized society not as a business risk but as an opportunity common to all its businesses. Based on this recognition, we are integrating initiatives related to Environmental Sustainability Vision 2050, Environmental Plan 2025, and SBTs into our business strategies and advancing technological and business development accordingly.

a. Business strategy

Among the wide range of businesses, the Mitsubishi Electric Group operates, we consider electrification, promotion of renewable energy adoption, energy conservation, energy management, and smart control as key factors in society’s move towards decarbonization.

b. Climate change risks and opportunities in the short, medium, and long terms

The Mitsubishi Electric Group assesses the impact of climate-related risks and opportunities that are expected to affect each of its businesses in the short-term, medium-term, and long-term, referring to climate scenarios presented by external organizations (such as the IEA) and economic development projections for each country and region.

<Periods>

Short-term: Period through fiscal 2026 (period of the Environmental Plan 2025 and the medium-term management plan)

Medium-term: Period through fiscal 2031

Long-term: Period through fiscal 2051 (final year of the Environmental Sustainability Vision 2050)

<Magnitude of Impact>

Under the supervision of the Executive Officer in charge of Sustainability, the executive officers and heads of relevant business divisions determine whether the anticipated events in each business qualify as significant risks (high impact). This is also confirmed in Mitsubishi Electric Group’s comprehensive risk management process.

Climate-Related Risks and Opportunities in the Short, Medium, and Long Terms

Major Category	Item	Short-term	Medium-term	Long-term	Risks	Opportunities	Impact on Business	Impact on Strategy	Impact on Financial Plan	Magnitude ^{*1}	Frequency ^{*2}
Policy/Regulation	Carbon tax	○	◎	◎	Additional costs incurred for operations, raw materials, procurement, etc.	Providing products and services that contribute to decarbonization	Increased business costs, fluctuations in sales	Early response based on CN transition plan	Investment in CN technology development	Medium	High
	Refrigerant regulations	○	◎	○	Decreased sales due to inability to comply with regulations	Increased sales by complying with regulations and selling high-performance products	Fluctuations in sales	Early and advanced response to regulations and technology development Gain advantage over competitors	Investment in refrigerant technology development	Large	High
Industry/Market	Soaring material prices	○	○	◎	Raw material costs, etc., soar due to the impact of climate change	Successful material procurement through multiple sourcing, etc.	Increased business costs	Securing multiple suppliers, strengthening SCM	Investment in strengthening SCM	Medium	Medium
	Decarbonization of transportation	○	○	◎	Soaring transportation costs for aircraft, ships, etc.	Increased demand for social system business (railway-related)	Increased business costs, fluctuations in sales	Development of CN solutions with competitive advantage	Investment in CN technology development	Medium	Medium
	Changes in energy mix and energy demand trends	○	◎	◎	Market shrinks due to the introduction of renewable energy and delays in global electrification	Increased sales of various equipment due to expanded electricity demand	Fluctuations in sales	Early and advanced response to regulations and technology development Gain advantage over competitors	Investment in CN technology development	Large	High
	Fluctuations in EV demand	○	◎	◎	ESIC demand does not increase due to slow growth in EV demand	SIC demand expands and SIC becomes widespread due to increased EV demand	Significant increase/slowdown in profits	Expansion of SIC production/expansion of production of conventional products such as Si	New construction/downsizing of SIC factories	Large	Medium
	Fluctuations in air conditioning demand	○	○	◎	Decreased sales due to failure in technology development	Increased sales due to climate change adaptation demand and sales of energy-saving and high-performance products	Fluctuations in sales	Early and advanced response to regulations and technology development Gain advantage over competitors	Investment in technology development	Large	High
	Spread of low-carbon technologies, products, and services	◎	◎	◎	Lagging behind competitors in technology development and commercialization in all business areas	Increased sales by selling low-carbon and high-efficiency products and services in all business areas	Fluctuations in sales	Early and advanced response to regulations and technology development Gain advantage over competitors	Investment in technology development	Large	High
Technology	Development of CO ₂ utilization technology	○	○	◎	Not achieving self-CN if unable to develop	Achieving self-CN by 2050, selling technology	Future increase in costs for CN credits	Medium- to long-term development of CCUS and carbon chemical recycling technology	Investment in CO ₂ utilization technology development	Medium	High
Reputation	SBT 1.5°C target certification	◎	—	—	Lagging behind competitors if certification fails	Status as an excellent company if certification succeeds	Fluctuations in sales	Obtaining SBT 1.5°C target certification one year ahead of schedule	No specific impact	Medium	High
Physical Risks (Acute)	Intensification of abnormal weather	◎	◎	◎	Business activities suspended due to typhoons, localized heavy rain, etc.	Providing disaster prevention and mitigation solution business	Losses due to business suspension, fluctuations in sales	Strengthening and reviewing BCP	Capital investment related to BCP strengthening	Large	Medium

◎: Main period when the impact materializes. ○: Period related to the manifestation of the impact.

*1: Magnitude of the overall impact on the business, comprehensively evaluated from the perspectives of business, strategy, and financial planning.

*2: Frequency at which the business is affected by the risk or opportunity.

(a) Risks related to climate change

Climate-related risks can be broadly divided into risks associated with the transition to a decarbonized society (transition risks) and risks associated with the physical impacts of global warming (physical risks). These risks can result in increased costs (for production, internal management, financing, etc.) and decreased revenues.

If the transition to a decarbonized society, which is the premise of the Group's business strategy, progresses, it is expected that there will be an increase in social demand for reducing greenhouse gas emissions in all products and services, changes in energy supply and demand, changes in the energy mix due to increased power generation from renewable energy sources, and the progress of the electrification of automobiles (shift to EVs). Moreover, in this case, transition risks such as the tightening of regulations on greenhouse gas emissions, increased burden of technological development, and delays in technological development could exceed physical risks.

To address transition risks, the Mitsubishi Electric Group is already working to reduce greenhouse gas emissions by implementing its environmental plan and setting SBTs. So, for example, even if regulations on greenhouse gas emissions are tightened, we believe that the impact will be minor. We estimate that, even if material prices soar, the impact can be minimized by more vigorously pursuing environmentally conscious design, which will in turn also support the global warming countermeasures, resource conservation, and recyclability that we are already working on. Moreover, in anticipation of the tightening of regulations such as air conditioning refrigerant regulations and the development competition for low-carbon and high-efficiency technologies, we are strategically combining short-term, medium-term, and long-term R&D investments for the development of new technologies. Additionally, we are also making capital investments in environmental activities, including global warming countermeasures such as energy conservation.

On the other hand, if economic development is prioritized over climate change countermeasures in countries around the world, it is predicted that there will be an increase in the frequency of heavy rains and floods, intensification of extreme weather events, and chronic temperature increases. In this case, physical risks such as the suspension of operations due to disasters and the disruption of supply chains could exceed transition risks.

In response to physical risks such as floods, we have formulated a Business Continuity Plan (BCP), review it once a year, and are decentralizing our production sites. In the supply chain, we are also striving to purchase from multiple companies and requesting our suppliers to operate multiple plants to avoid situations that could hinder production.

(b) Opportunities related to climate change

Regarding climate-related opportunities, the Mitsubishi Electric Group has a wide range of businesses and considers it a strength to be able to provide a wide range of products, services, and solutions that contribute to solving social issues caused

by climate change. Therefore, we believe that we have sustainable growth opportunities from the short term to the long term.

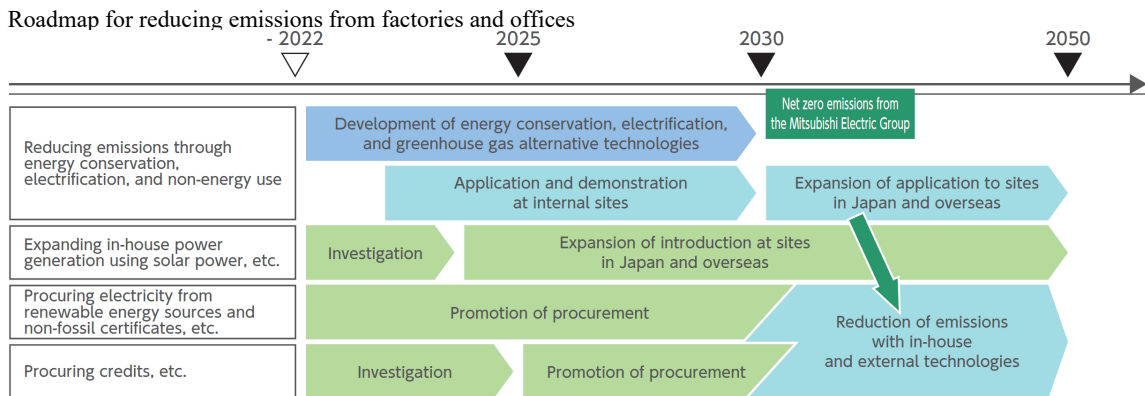
Whether the world prioritizes transitioning to a decarbonized society or pursues economic development over climate change countermeasures, it is predicted that the needs for solving social issues caused by climate change will become more apparent.

The Mitsubishi Electric Group provides large energy storage systems, smart medium- and low-voltage direct current distribution network systems, distributed power source operation systems / virtual power plant (VPP) systems, and multi-region digital energy management systems (multi-region EMS) to prepare for the diversification of power supply required by the trend toward a decarbonized society. These products meet the needs for effective use of electricity and system stabilization arising with the expansion of renewable energy and the decentralization of power sources. In addition, the increase in demand for electrified products, driven by the progress of the electrification of automobiles (shift to EVs), will lead to an expansion of demand for Silicon Carbide (SiC), high-efficiency power semiconductors in the Semiconductors & Devices business, and a reduction in their manufacturing costs. The expansion of SiC applications in the fields of electric railways, electric power, industry, and consumer products is anticipated.

Even if economic development is prioritized over climate change countermeasures, it is expected that revenue opportunities will expand as we contribute to the realization of a decarbonized society by providing highly energy-efficient products, services, and solutions in the air conditioning business and other areas, in response to the increase in demand due to the development of the global economy and the increase in purchasing power, as well as the increase in demand for adaptation to climate change.

c. Carbon neutrality transition plan

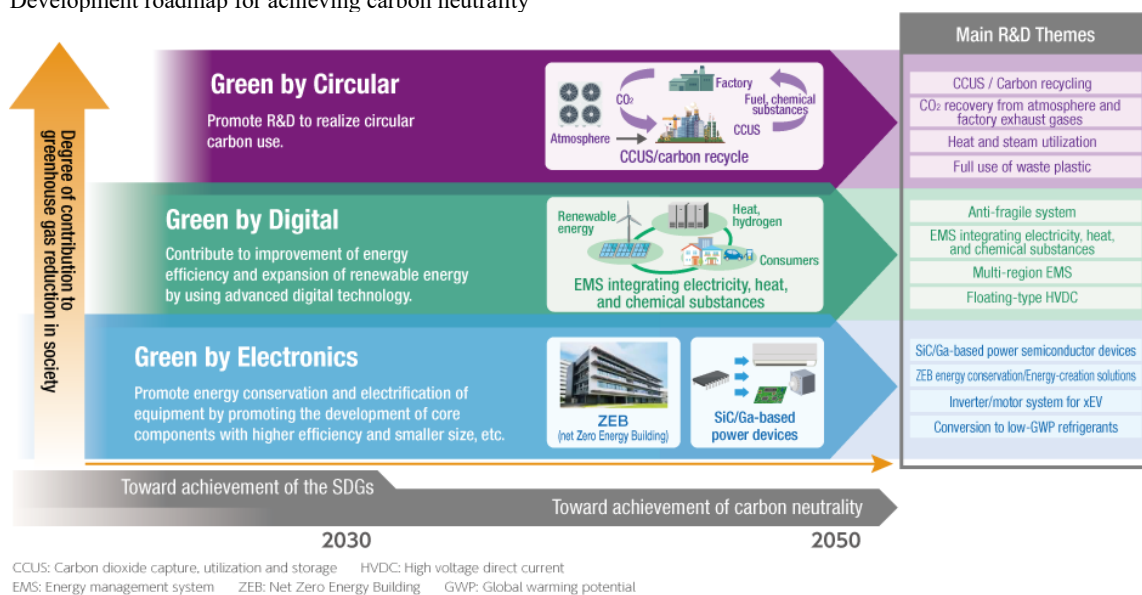
The Mitsubishi Electric Group has formulated and is implementing a plan to transition to carbon neutrality targeting “net zero greenhouse gas emissions in the entire value chain by fiscal 2051” and “net zero greenhouse gas emissions from factories and offices by fiscal 2031.”



We are implementing a number of initiatives to reduce emissions at factories and offices: (1) reducing emissions through energy conservation, electrification, and non-energy use; (2) expanding in-house power generation using solar power, etc.; (3) procuring renewable energy certificates and non-fossil certificates, etc.; and (4) procuring credits, etc. With these and other initiatives in place, we aim to achieve the above goals.

In addition, as a development strategy for achieving our targets for 2050, to create and grow businesses that contribute to the realization of carbon neutrality throughout the value chain and society as a whole, we will accelerate R&D in three innovation areas: Green by Electronics, Green by Digital, and Green by Circular.

Development roadmap for achieving carbon neutrality



In Green by Electronics, we will advance R&D to improve the efficiency and reduce the size of power electronics and motors, the core components that are Mitsubishi Electric's strengths, contributing to energy conservation and electrification of FA equipment, air conditioning, and other products. We will also advance R&D on net Zero Energy Buildings (ZEB), air conditioning and refrigeration systems using refrigerants with low global warming potential, and power devices using new materials.

In Green by Digital, we will use advanced digital technologies to improve energy efficiency and expand the use of renewable energy. We will advance R&D, such as demonstrating an energy management system (EMS) in Europe that balances power supply and demand between power generation using renewable energy sources and power consumption by heat pumps for air conditioning and water heating. Through these activities, we will contribute to reducing greenhouse gas emissions throughout the entire value chain.

In Green by Circular, we will advance R&D focusing on resource circulation, such as CO₂ capture, utilization, and storage (CCUS) and carbon recycling. We will advance R&D to expand the range of recyclable plastics, including those that have been difficult to recycle, such as composite materials, not only from Mitsubishi Electric products but also from other sources, contributing to the circular use of carbon.

To create and expand businesses in these green-related fields, we plan to allocate approximately 900 billion yen over the seven years from fiscal 2025 to fiscal 2031 to green-related R&D investments.

d. Resilience to climate change based on scenario analysis

(a) Overview

The Mitsubishi Electric Group has conducted scenario analysis considering long-term future uncertainties based on two scenarios: one in which the world moves toward a decarbonized society as assumed in our business strategy (2°C or lower scenario^{*1}), and another in which economic development is prioritized over climate change countermeasures (4°C scenario^{*2}). We set fiscal 2041 as a point in an uncertain future and analyzed the financial impact of transitioning to the 4°C scenario, with the baseline (extension of our business plan) as the 2°C or lower scenario.

*1 The demand for decarbonization technologies increases and development competition intensifies due to stricter regulations. Electrification of society progresses, total electricity demand increases, and the percentage of renewable energy also rises.

<Referenced public scenarios>

- International Energy Agency (IEA) World Energy Outlook 2023, APS (Announced Pledges Scenario)
- Intergovernmental Panel on Climate Change (IPCC) 6th Assessment Report (AR6), Shared Socioeconomic Pathway(SSP1), compared to SSP2 as the current situation

*2 Physical risks materialize due to decarbonization activities being at or below the current level. Consumer purchasing power increases compared to the 2°C or lower scenario. On the other hand, extreme weather events such as heavy rain and floods intensify.

<Referenced public scenarios>

- IEA World Energy Outlook 2023, STEPS (The Stated Policies Scenario)
- IPCC 6th Assessment Report, SSP5 (compared to SSP2 as the current situation)

(b) Scenario analysis results

The Mitsubishi Electric Group has examined climate-related risks and opportunities in all its business segments. Regarding transition risks, we evaluated that three businesses, Energy Systems, Semiconductors & Devices, and Automotive Equipment, would be significantly affected by climate change in the 4°C scenario relatively, and we quantitatively estimated the financial impact.

On the other hand, for physical risks, we estimated the financial impact on the Group's major manufacturing bases across all business segments, taking the intensification of extreme weather events as an inevitable risk due to the increased frequency of extreme weather events.

The main transition risks that would affect finances due to the transition to the 4°C scenario are changes in the energy mix, changes in energy demand trends, and delay in shift to EVs.

The Energy Systems business is directly affected by changes in the energy mix and changes in energy demand trends, which would be expected to result in decreased profits due to the slow spread of renewable energy and sluggish growth in total electricity demand caused by delays in electrification. The Semiconductors & Devices and Automotive Equipment businesses would experience some concerns such as the delay in the shift to EVs leading to reduced demand for EV-related automotive equipment and the failure of SiC manufacturing costs to decrease, stagnating its widespread use in other fields. However, the impact of these concerns is expected to be minimal.

Although these three businesses would be affected by reduced opportunities under the 4°C scenario, climate change is seen as more of an opportunity than a risk in all of the Mitsubishi Electric Group's businesses. In the case of the 4°C scenario, compared with the case of the 2°C or lower scenario, each country will adopt economy-first measures, and as a result, high-performance products and services will be selected and demand will increase vigorously. For example, in the air conditioning system & home products business, performance requirements for reducing greenhouse gas and energy consumption would not decrease, and increased demand for adapting to climate change can be expected.

Moreover, we estimate the financial impact of the intensification of extreme weather events, a physical risk, to be smaller than the impact of transition risks.

Based on this analysis, we expect a decrease in profit due to transition risks in the Energy Systems business, as well as physical risks in all businesses. However, the opportunities presented by climate change in many businesses, including the AC System & Home Products business, is also expected to bring an increase in profit. As a result, the impact on the Mitsubishi Electric Group is within the assumed range that can occur in normal business operations and is estimated to amount to a minor change in the direction of profit growth. For this reason, we do not foresee a significant financial impact even with a shift from the 2°C or lower scenario to the 4°C scenario.

Financial impact on the Mitsubishi Electric Group when society progresses to the 4°C scenario (impact on operating profit)

	Business	Content	Impact on Operating Profit
Transition risks	Energy Systems	<p>◆Changes in energy mix and changes in energy demand trends</p> <ul style="list-style-type: none"> •The market size for core network products and distributed network products shrinks due to the slowdown in the introduction of renewable energy and the progress of electrification. 	➡
	Semiconductors & Devices, Automotive Equipment	<p>◆Delay in shift to EVs</p> <ul style="list-style-type: none"> •Slowdown in the price reduction of SiC products, and stagnation in their spread to non-automotive applications. •Reduced demand for EV-related automotive equipment. 	➡
Physical risks	All Businesses	<ul style="list-style-type: none"> •Disruption of supply chains and increased damage to facilities due to the intensification of extreme weather events such as typhoons, heavy rains, and floods. 	➡
Opportunities	A/C System & Home Products	<ul style="list-style-type: none"> •Increased demand due to the development of the global economy under relatively relaxed regulatory conditions. •Optimization of annual R&D investment in line with the gradual progress of refrigerant regulation requirements in each region. •Cost reduction through improved energy efficiency in production and transportation efficiency. 	➡
Total (transition risks + physical risks + opportunities)			➡

3) Risk Management

a. Processes for addressing climate change risks and opportunities

The Mitsubishi Electric Group uses its own business strategy decision-making process and a comprehensive risk management process to identify, assess, and manage risks and opportunities related to the global environment, including climate change.

Each of Mitsubishi Electric's departments (business groups, corporate divisions), and affiliated companies in Japan and overseas identify climate change-related risks that are relevant to them, consider how to respond to such risks and turn them into opportunities, and proactively incorporate them into their business and divisional strategies.

At the same time, as part of the Mitsubishi Electric Group's comprehensive risk management process, we identify, assess, and properly manage issues that have significant impacts on management in various risk areas, including risk management related to climate change.

b. Mitsubishi Electric Group risk management system and positioning of global environmental risks

The Mitsubishi Electric Group's global environmental and other risks, including risks related to climate change, are primarily managed by each corporate division of Mitsubishi Electric and its subsidiaries and affiliates in Japan and overseas. In addition, at the direction of the Chief Risk Management Officer (CRO), the corporate division (i.e., the division responsible for the risk) identifies, assesses, and manages risks based on its knowledge in each area of expertise.

Risks in each specialty area identified and assessed by the divisions responsible for such risks are consolidated by the Corporate Legal Risk Management Group, and their impacts on group management are evaluated through relative comparisons among each risk, etc. The Risk and Compliance Committee, chaired by the CRO, makes management decisions.

Risks comprehensively assessed through the above process are shared with relevant parties, including management. The Group considers global environmental risks, including climate change, to be highly material because they have significant impacts on the realization of a sustainable global environment, one of the Group's materialities.

c. Management process for risks related to the global environment

Global environmental risks, including climate change, are identified, assessed, and managed by the Executive Officer in charge of sustainability and the Sustainability Innovation Group, the department in charge of risk, under the direction of the CRO, in accordance with the Mitsubishi Electric Group risk management system described above.

Based on the results of such comprehensive risk assessment, the Executive Officer in charge of sustainability and the Sustainability Innovation Group identify and assess risks by subdividing global environmental risks into smaller risks, taking into account legal trends, technological trends, market trends, external evaluations, and other factors. Based on the results, the Executive Officer and the Department formulate an environmental plan as a medium-term risk management measure and an environmental implementation plan as a one-year measure.

Each group organization (business group, affiliated company, etc.) formulates its own annual environmental implementation plan based on these plans and reports the results to the Executive Officer in charge of sustainability and the Sustainability Innovation Group.

The Executive Officer in charge of sustainability and the Sustainability Innovation Group then review the results of the identifying and assessing of global environmental risks, taking into account the results of each organization and social trends, and in turn report the results to the Corporate Legal and Risk Management Division and, if necessary, revise the environmental plan and reflect the results in the environmental implementation plan for the following fiscal year.

4) Metrics and Targets

The Mitsubishi Electric Group calculates and tracks greenhouse gas emissions (Scope 1, 2 and 3) in its value chain. For calculation and assessment, we refer to the GHG Protocol and the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain published by Japan's Ministry of the Environment.

a. Long-term target

In our long-term environmental management vision through 2050, Environmental Sustainability Vision 2050, the Mitsubishi Electric Group has set a target to reduce greenhouse gas emissions throughout the entire value chain to net-zero by 2050.

b. Medium-term target

The Mitsubishi Electric Group set a target of "reducing greenhouse gas emissions from factories and offices to net-zero by fiscal 2031."

<Mitsubishi Electric Group's reduction targets after receiving certification from the Science Based Targets (SBT) initiative>

We have updated the Group's greenhouse gas emission reduction targets for fiscal 2031 as follows, and received certification from the Science Based Targets (SBT) initiative in January 2024. These new targets have been recognized as science-based targets for achieving the Paris Agreement's "1.5°C target." The Scope 1 and Scope 2 targets have been certified as being at a level that "limits temperature rise to with 1.5°C," while the Scope 3 target has been certified as being at a level "well below 2°C."

- Scope 1 and 2: Reduce greenhouse gas emissions by 42% by fiscal 2031 compared to fiscal 2022 levels
- Scope 3*: Reduce greenhouse gas emissions by 30% by fiscal 2031 compared to fiscal 2019 levels

*The scope of Scope 3 has been expanded from the previous category 11 (use of sold products) to all categories.

c. Short-term targets

Based on the action guidelines of Environmental Sustainability Vision 2050, the Mitsubishi Electric Group formulated an Environmental Plan that sets out specific activity targets. We pursued various activities in line with the current Environmental Plan 2023 (FY2022-2024) which sets out indicators and targets in four areas, namely: “environmental contribution through products and services,” “reducing the environmental impact of business activities,” “pursuing business innovations,” and “publicizing and sharing new values and lifestyles.”

In fiscal 2025, we newly formulated the Environmental Plan 2025 (FY2025-2026). In addition to setting greenhouse gas emission reduction targets for fiscal 2026 to achieve the aforementioned medium-term targets, the Environmental Plan 2025 also set targets for simple calculation of LC-CO2*1 emissions that contribute to carbon neutrality and a circular economy, as well as targets in the nature positive domain that contribute to the realization of “30by30”*2 as advocated by the Japanese government.

*1 Life Cycle CO2. All CO2 emissions throughout the entire product life cycle

*2 A target to effectively conserve at least 30% of land and sea as healthy ecosystems by 2030

d. Progress

Among GHG emissions, the Company’s calculated figures for Scope 1 and 2 in fiscal 2024 are listed in the table below.

Location-based emissions increased from fiscal 2023 to 1,064kt due to expansion of Group’s production scale and other factors. However, compared to fiscal 2014, the base year set in the Environmental Plan 2025, emissions were down by approximately 26%. In our efforts to reduce greenhouse gas emissions, we continue to work toward our target set in the Environment Plan 2025 of a 53% reduction compared with fiscal 2014 at the end of fiscal 2026.

Market-based emissions are being reduced with the increasing use of renewable energy sources.

Scope 1 and 2 greenhouse gas emissions (Mitsubishi Electric Group) (Unit: kt-CO2)

		FY2022	FY2023	FY2024
Total of Scope 1 and 2	Location-based	1,161	1,046	1,064
	Market-based	1,095	951	906

Note: Figures for fiscal 2022 and 2023 are actual figures that have been verified by third parties. Figures for fiscal 2024 are calculated by the Company at the time of submission, as third-party verification is ongoing.

For the final figures after third-party verification, refer to Sustainability Report 2024 to be released in the end of October 2024.

<https://www.MitsubishiElectric.co.jp/corporate/sustainability/download/index.html>

(3) Human Capital

1) Governance

a. Basic Policy on Human Capital

In the Mitsubishi Electric Group Medium-term Management Plan for fiscal 2026, the Mitsubishi Electric Group states that it will contribute to realizing a vibrant and sustainable society, including working toward decarbonization, by increasing the provision of integrated solutions through strengthening the business management foundation, promoting digital transformation and other activities. People are the driving force behind this sustainable growth, and we will continue to practice “human capital management,” which views “people as the capital that creates future value.” To regain the trust of society and to develop as a “Circular Digital-Engineering” company amid increasingly intense global competition, the Mitsubishi Electric Group will implement diverse reforms by mobilizing all of its human capital, i.e., its diverse and versatile individual powers.

b. Promotion framework

The Mitsubishi Electric Group has assigned a Chief Human Resource Officer (CHRO) to be in charge of formulating its human capital strategy. In awareness of the link between management strategies and human capital strategies, we first identified the people issues that would hinder implementation of the management strategy and, through repeated discussions with each Chief Officer and Business Area Owner, organized the company’s specific priorities and response policies, which were formulated under the supervision of the Board of Directors. We will continue to implement improvements systematically and report on process/progress at regular Board of Directors meetings.

2) Strategy

Based on the HR Division Mission, our ideal vision for human capital, the organizational structure, and organizational culture, we are striving to develop human capital and to improve the internal environment (including our organizational culture).



a. Human capital development

Recognizing that “business development and social contribution cannot be achieved without employee growth,” we will raise the overall level of our employees by investing in education and training for all employees, and nurture “diverse and versatile human capital,” who will practice “Changes for the Better” by thinking independently, acting proactively, and continuing to take on challenges.

Examples of initiatives

(a) Optimal human capital management to grow personnel and company

Based on the concepts of “providing appropriate HR evaluations that promote employee growth” and “supporting self-directed career development,” the Group revamped its employee rank, evaluation, and compensation systems for the first time in 20 years. We are providing support to employees who want to take on challenges and grow by practicing even greater respect for their personal career ownership. We have also discarded seniority-based requirements and are fully implementing transparent personnel evaluations that employees can feel confident about, since they are directly linked to actual performance, while accelerating the promotion of talented young employees.

Introduced in April 2023, our Career Development Concept encourages every employee to think more independently and work proactively when it comes to their own careers. It once again clarifies the Group’s approach of guiding and supporting each individual employee in their efforts to achieve personal growth.

By creating an environment in which our entire pool of diverse and versatile human capital can enjoy independent career advancement and fully demonstrate their abilities, Mitsubishi Electric is promoting further growth for both its employees and the Group.

Career Development Concept (in Japanese text)

自分を育てる、を育てる。

どんなあなたを目指すのか、どんな未来を実現するのか。
これから三菱電機は、みなさん一人ひとりが自分の可能性を育てられる
環境を、全力で整えていきます。自らを見つめ直し、強みを伸ばしたり、
時には上司や仲間とも相談しながら、ステージに合わせてステップアップ
するための、さまざまな選択肢を用意。さらに新しいことにも積極的に
チャレンジできる仕組みづくりを始めています。
さあ、次の自分へ、新しい三菱電機とともに。

5つのキャリア開発ガイド

- > 1 自分を見つめ直し、個性を知る。
- > 2 長期的な目線で、先を見据える。
- > 3 強みや持ち味を伸ばす。
- > 4 広く、新しい自分を開拓する。
- > 5 何事も積極的にチャレンジする。

(b) Human capital development system supports the skills development of each and every employee

The Mitsubishi Electric Group’s training system for all employees, including those of group companies, consists of passing down everyday business know-how and mindset through on-the-job training. Knowledge and skills that are difficult to acquire through on-the-job training as well as career development are provided through off-the-job training on a supplementary basis while proactively holding online seminars. Off-the-job training consists of conferring information on ethics, legal compliance, and other matters. Exceptional teachers from inside and outside the company provide expertise and skills training, or motivational training. Tests and competitions to improve skill levels are conducted, and practical training or international study opportunities at overseas sites and universities in various countries are provided.

With regard to new graduate employees and mid-career hires, we provide company orientation and training sessions to equip them with the optimal employee mindset and educate them on basic knowledge, management principles, compliance, and other matters.

Mitsubishi Electric has also introduced job-level specific training to provide each individual with the opportunity to acquire the abilities and skills required at each stage of their career, with the aim of enabling them to fulfill their respective roles and expectations. This training program places particular emphasis on strengthening communication skills for younger employees and management skills, including leadership and the development of subordinates and junior colleagues, for midlevel and managerial employees, in an effort to foster a culture of development throughout the workplace.

For managers, we are working to support the acquisition of skills such as measures to revitalize communication in the workplace, active listening, and stress management methods, so that they can provide support tailored to the needs of each employee working directly under their supervision. We will promote the development of core human capital in order to create a workplace with openness for communication.

As part of our effort to further enhance our technology and business capabilities, we provide knowledge, skills and motivational training delivered by outstanding instructors from both in and outside the Group. The MELCO Seminar is a group-wide program offering approximately 470 courses, which can be selected by employees to suit their individual needs. We have also established Advanced Technical Courses to provide the highest level of instruction and develop key people for specific fields.

Moreover, various knowledge sharing networks have been created within the Group. The largest of these, the Engineering Committee, has approximately 20,000 participants who are learning from each other.

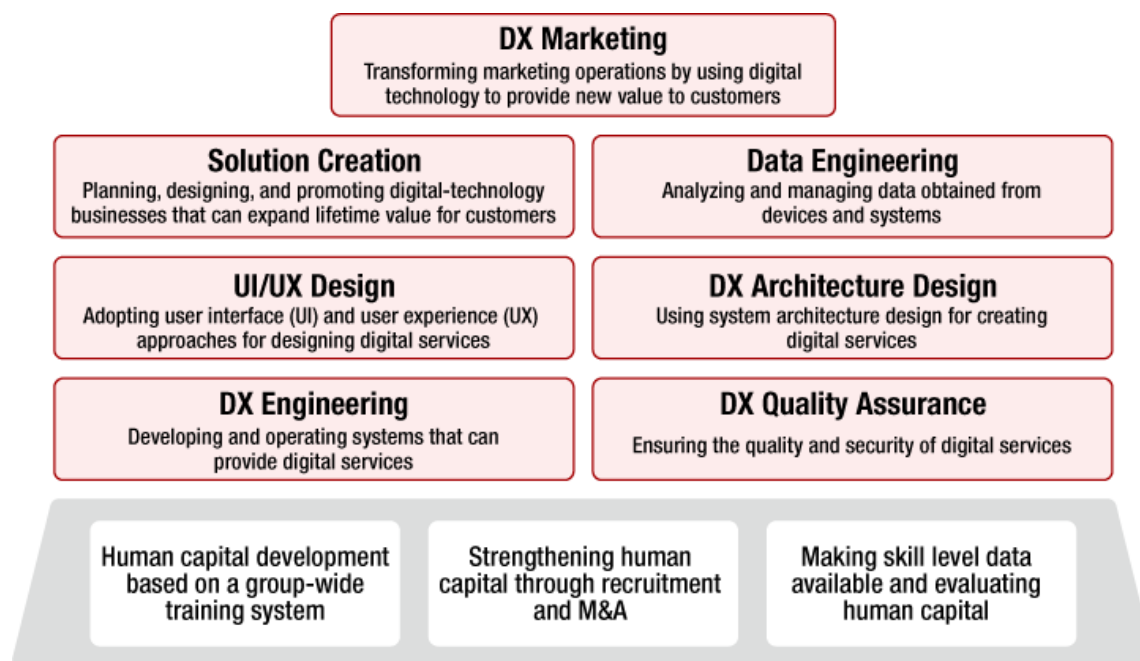
Training and development measures	Management candidate development	Key functional person development	☆MELCO Seminar (M-Semi)		Functional training			Level-specific training	
			Area of specialty	Common areas	Global	Skill training	Individual functional training		
Company-wide	Mitsubishi Electric Business Innovation School (MIBIS)	Advanced Technology System Course	<ul style="list-style-type: none"> • JIT improvement instructor / driver development 	<ul style="list-style-type: none"> • Sales • Career produce • Communication and AV/Media • Information software • Electronics / Devices and Machines • Control • Quality, Environment, Production • Planning / Development 	<ul style="list-style-type: none"> • Intellectual production capacity • New business creation skills • Corporate principles / Governance 	<ul style="list-style-type: none"> • Globalization • Business knowledge / 	<ul style="list-style-type: none"> • Language study abroad/Dispatching to domestic language schools • Overseas OJT system • Study abroad system 	<ul style="list-style-type: none"> • Training before overseas assignment • Mitsubishi Electric Group skills competition • Company-wide supervisor meeting • Administrative division personnel training (purchasing, accounting, general affairs, etc.) 	<ul style="list-style-type: none"> • Job-level specific training / Management training • Company-wide welcoming ceremony / New employee training
Career development support	Supporting each and every employee to envision and shape their future career by developing the necessary skills		<ul style="list-style-type: none"> ☆Career consulting room ☆Self-development support system 	<ul style="list-style-type: none"> ME Time* ☆Job-Net* 	<ul style="list-style-type: none"> Life design ☆Career Challenge System* 				
Knowledge sharing	Place to accumulate, pass down, and develop information related to technology and business. Human networking beyond individual areas of business		<ul style="list-style-type: none"> ☆Melcollege Engineering Committee ☆Mitsubishi Electric quality-related information sharing system 	<ul style="list-style-type: none"> ☆Engineering Divisions' Meeting ☆Technical help desks 	<ul style="list-style-type: none"> ☆Engineers' Meeting 				
Training for all employees	Ensuring basic knowledge for Mitsubishi Electric Group employees is provided and they develop an appropriate mindset		Compliance, safety, quality, sustainability, diversity, etc.						

☆Main measures and systems that employees can utilize independently

* Includes some non-development measures.

(c) Securing and developing human capital with digital expertise

In our pursuit to become a Circular Digital-Engineering company, we will focus on strengthening our diverse and versatile human capital involved in DX (Digital Transformation). Specifically, along with human capital development based on the above-mentioned general training, we are strengthening our human capital through recruitment and M&A, while enhancing employee evaluation by making skill level data widely available, in order to promote DX across the Mitsubishi Electric Group.



b. Improvement of the internal environment

To achieve sustainable growth, we believe it is important to create a work environment in which each and every employee can maximize their abilities within a limited time frame. We will therefore promote a sense of unity and collaboration with our organization by respecting diversity and enhancing engagement, as well as improving the working environment, to realize one in which everyone can work realizing a safe, secure, and rewarding.

Examples of initiatives

(a) Respect for diversity: Diversity, Equity & Inclusion

(i) Gender balance

Mitsubishi Electric has formulated measures such as systematically providing work experience and training opportunities for new employees to promote their development, and actively disseminating information on various support systems for balancing work and family life within the company.

In addition, the Company has developed the Career Forum for Young Female Employees, which provides opportunities for female employees to become aware of work-life integration and to develop a positive career vision, and distributed a handbook on supporting work/childcare balance for employees and supervisors to help employees on childcare leave return to work smoothly and to maximize their abilities while caring for their children. In fiscal 2023, we began providing pair-based training sessions for employees returning from childcare leave and their supervisors. As a rule, supervisors must now set up regular meetings with employees before and after the subordinate goes on childcare leave. In fiscal 2024, we introduced unconscious bias training for all executives and managers, to learn about the obstacles faced by women in terms of career advancement. The aim is to create an organizational culture that allows human capital development to be carried out in a planned and intentional way, and to create an environment where women can advance their careers without any barriers.

(ii) People with disabilities

The Mitsubishi Electric Group has been actively employing people with disabilities in various companies from the perspectives of sustainability and diversity promotion. We promote barrier-free initiatives to create comfortable work environments for people with disabilities.

In October 2014, Mitsubishi Electric established Melco Tender Mates Corporation, a special subsidiary* that specializes in businesses mainly suited to people with intellectual disabilities. As of March 15, 2024, people with disabilities comprised 2.54% of the total workforce at Mitsubishi Electric and its special subsidiaries combined.

The company name of Melco Tender Mates Corporation expresses the principle that employees with and without disabilities are equal partners in the workplace and peers who mutually care for each other. The company mainly engages in the cleaning, cafe, business card, and food services, and health promotion (massage) businesses, and employs 135 people with disabilities as of March 15, 2024. A cookie factory was established in fiscal 2018. Then the company opened the Nagoya Office, the Himeji Office, and the Itami Office. The company will continue to gradually expand its businesses to increase its employment of people with disabilities.

* Special subsidiary: A company that meets certain requirements under Act to Facilitate the Employment of Persons with Disabilities (Employment Promotion Act for Persons with Disabilities), and is deemed to be one

business establishment (employed by the parent company) of the parent company (Mitsubishi Electric Corporation) after receiving permission from the Minister of Health, Labor and Welfare, and also is included in the parent company's employment rate for persons with disabilities as an exception.

(iii) LGBTQ

Mitsubishi Electric respects diversity and promotes initiatives that deepen understanding of diversity around gender and sexual orientation and expression, with the aim of realizing a workplace environment where all individuals can maximize their own ability and work actively. In June 2021, the president sent out a message that we would develop a workplace environment that was comfortable for people in the LGBTQ community and all other employees to work. We have designated June as Mitsubishi Electric Pride Month, and we will conduct initiatives to foster understanding of LGBTQ issues (seminars for the management and human capital divisions to understand LGBTQ issues, and e-learning for employees). We have established an external contact point for consultation for use not only by LGBTQ people but also their supervisors and colleagues at the workplace.

These Mitsubishi Electric human capital activities have been recognized by third-party organizations.

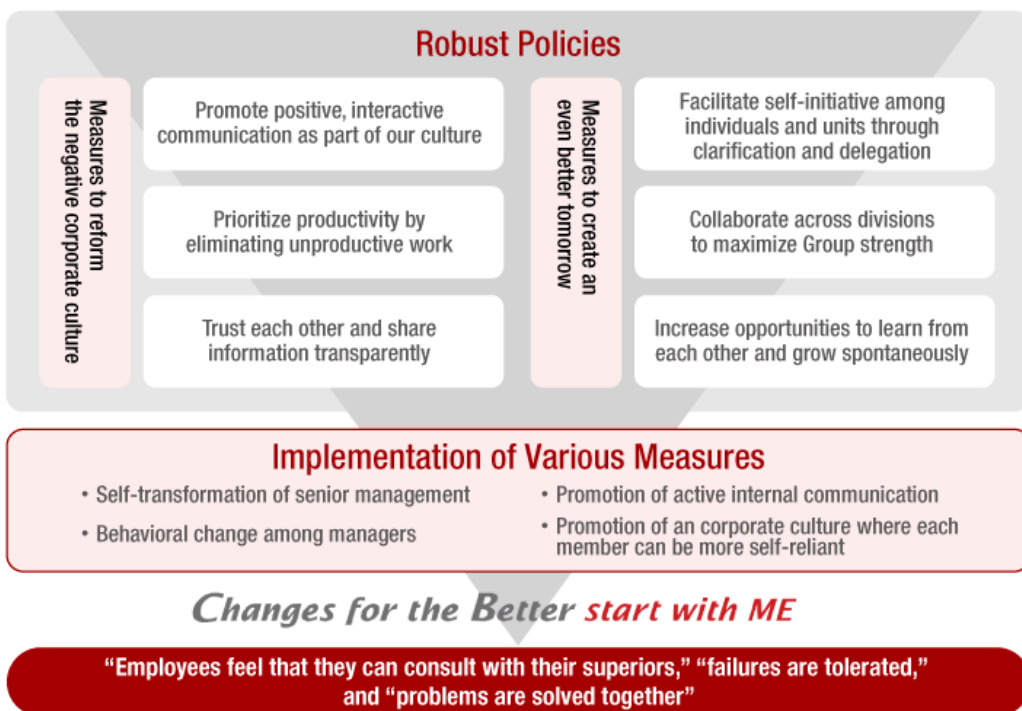
 <p>PRIDE Index 2023</p> <p>Achieved Gold status for the second consecutive year in recognition of our ongoing LGBTQ initiatives</p>	 <p>D&I AWARD 2023</p> <p>Received the highest rating of "Best Workplace" for the first time based on our proactive D&I activities</p>
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(b) Organizational culture reform

The Mitsubishi Electric Group takes the multiple work-related issues that it experienced through fiscal 2020 within the Group seriously, and has been working on the Mitsubishi Electric Workplace Reform Program, which aims at creating a workplace where employees can openly communicate with one another, thorough and appropriate care of employees with mental health issues, and other goals. Regarding this program, we completed the application of short-term priority measures in fiscal 2022 and implemented long-term measures focusing on "improvement of work engagement," "active communication," and "fostering of organizational culture and mindset" in fiscal 2023. Going forward, we will integrate these efforts with "organizational culture reform," which is one of the three reforms, and we will more vigorously pursue their implementation. To create a workplace environment where employees can thrive and engage more easily, Mitsubishi Electric has set key performance indicators (KPIs) related to "rewarding work" and "work life balance." We will regularly monitor these indicators, thereby continuing to work to further improve and entrench our organizational culture and workplace environment.

Organizational culture reform: Robust Policies for the creation of a new Mitsubishi Electric Group

Team Sousei (Creativity) is a Group-wide transformation project team consisting of 45 members selected in an open internal application process. It has established the Robust Policies as guidelines for organizational culture reform, and various measures based on the policies started being implemented in fiscal 2023



3) Metrics and Targets

As targets of the material issue, “Respect for all people,” targets and KPIs related to human capital are listed in “(1) Sustainability, 4) Metrics and targets.” Mitsubishi Electric’s major achievements and targets in the area of human capital, including those are listed in the table below. For indicators related to diversity, the percentage of management positions held by women, the percentage of eligible men taking childcare leave, and the gender pay gap, see “I. Overview of the Company, 5. Employees.”

The figures in the table below are for the Company. Consolidated subsidiaries are also taking steps to promote diversity.

Category	Indicator	Segment	Result (% , unless otherwise stated)					Target (%)	
			FY2020	FY2021	FY2022	FY2023	FY2024	FY2026	
Supporting career development	Percentage of employees who responded that they felt that their career goals can be met at the Company	Full-time employees*1	-	48.0	43.0	42.0	43.0	-	
	Annual investment amount in human capital development and training per employee*2 (thousands of yen)	All employees	-	-	86	124	147	-	
Maintaining a favorable working environment	Job satisfaction and supportive workplaces	Employee engagement score (Percentage of employees who are proud and motivated to work for the Company)	-	63.0	54.0	54.0	55.0	70.0	
		Percentage of employees who responded that they had a good work-life balance	-	66.0	65.0	66.0	68.0	70.0	
	Diversity	Percentage of management positions held by women	-	2.0	1.9	2.3	2.6	3.1	4.5
		Percentage of eligible men taking childcare leave	-	59.1	64.9	67.8	76.1	85.1	-
		Gender pay gap	All employees	58.5	60.7	61.0	61.5	62.4	-
			Full-time employees	62.3	63.5	63.6	63.6	64.4	-
	Non-regular employees	66.5	63.5	62.4	63.2	61.8	-		
Employment rate of people with disabilities	-	2.3	2.3	2.4	2.5	2.5	-		

*1 Full-time employees include both regular employees and full-time non-regular employees with indefinite contracts.

*2 Total amount of training expenses and expenses in the training supervising department. Employees include temporary employees.

The forward-looking statements referred to above are based on judgments made by the Company as of the filing date of the Annual Securities Report (June 25, 2024).

For the latest status of Mitsubishi Electric Group’s sustainability initiatives, please refer to the Integrated Report 2024, which

will be published in October 2024.

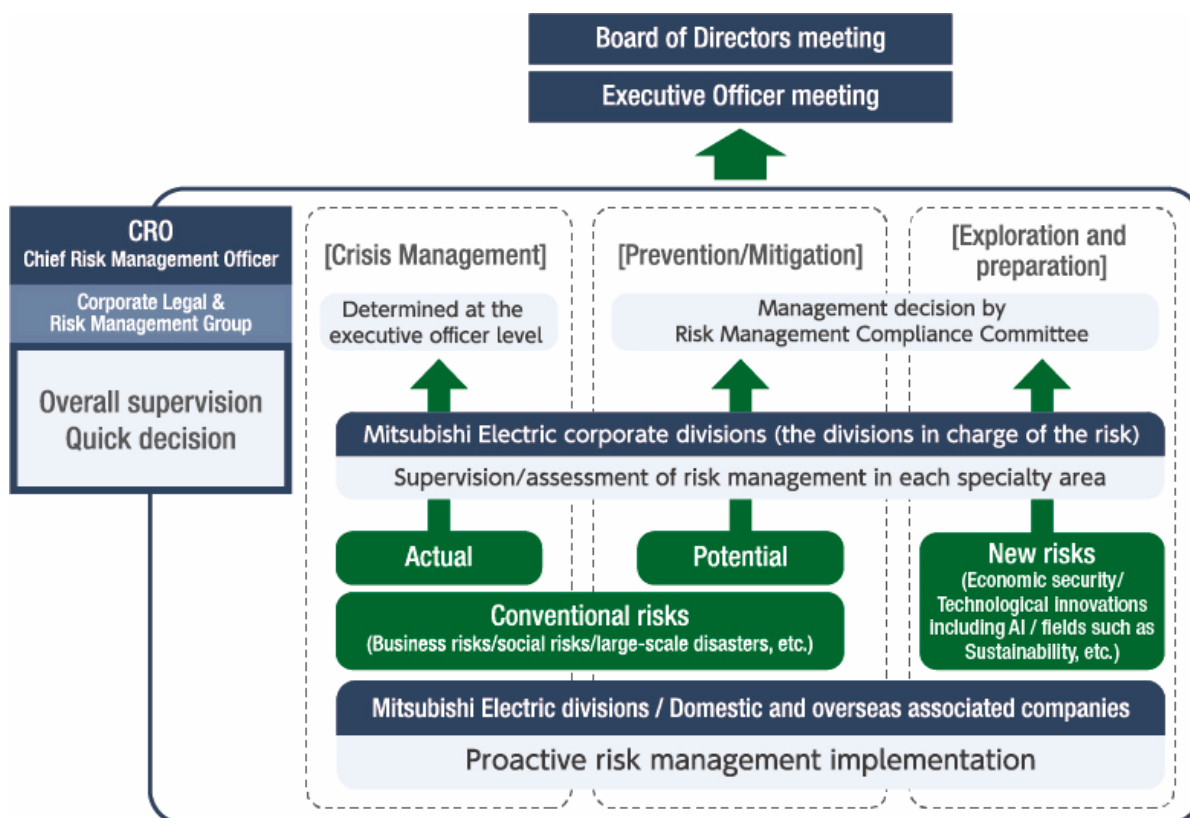
<https://www.MitsubishiElectric.co.jp/corporate/sustainability/download/index.html>

3. Business and Other Risks

(1) Risk management framework of the Mitsubishi Electric Group

The Group, in addition to each division and domestic and overseas affiliates independently carrying out risk management, has established a Risk Management system that enable appropriate and quick decision-making where Mitsubishi Electric's each corporate division (division in charge of risk management) supervises and assesses each division and domestic and overseas associated companies in their respective specialized areas, and CRO (Chief Risk Management Officer) and a Corporate Legal & Risk Management Group supervise the entire Group.

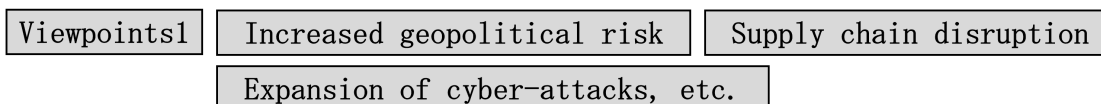
While assigning priority to various types of risks according to their impact on the management of the entire Group, we will make management decisions at the Risk Management Compliance Committee Meetings and proceed with them in a flexible and strategic manner, not only in response to conventional risks such as large-scale disasters and social risks, but also in exploration of and preparedness for new risks in economic security, technological innovations including AI, and fields such as sustainability, etc. 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.



(2) Business and Other Risks

The Mitsubishi Electric Group, with more than 50% of the Group's revenue from overseas, aims to transform into a "Circular Digital-Engineering" company in a wide range of business fields. We also seriously consider various compliance events that have emerged, and has been working to improve internal control systems.

In conducting its business, 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:



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

The escalating tensions in international relations surrounding areas such as Ukraine and the Middle East have raised the level of geopolitical risks, destabilized social conditions, and caused a slow down in the recovery of global economy. In addition, the results of elections to be held in major countries and regions in 2024 will affect political and economic relations on multilateral and bilateral bases, increasing the possibility of unforeseeable risks for companies.

The Group conducts business in a wide range of areas from social infrastructure to home appliance, with more than 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. If social, economic, and political upheaval caused by heightened geopolitical risks causes a change in demand for our products or affects sales trends of customer products in which the Group's products are used, the business performance of the Group may be adversely affected.

To respond to these rapid changes in the economic security policies of various countries worldwide, we investigate and analyze policy developments and legal systems and conduct 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.

2) Changes in supply chain (material procurement) environment

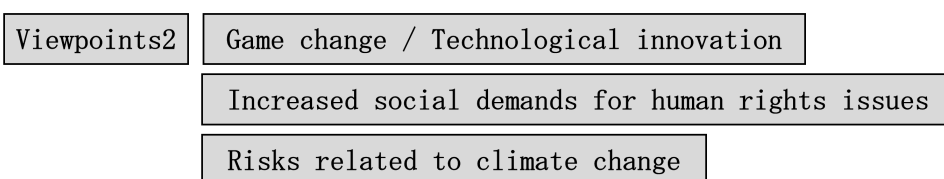
Although the supply-demand situation for semiconductors has eased off recently, the bottoming out of PCs and smartphones and the increase in demand for generative AI may cause concerns about it tightening again in the future. Furthermore, supply disruptions due to infectious diseases, natural disasters, etc., the expansion of various economic security regulations, and the need to address human rights issues have made it necessary to strengthen the supply chain. In addition to this, there are also expected to be impacts on supply chains due to tensions in specific countries and regions.

In light of these circumstances, the Group will promote procurement BCP measures equipped to respond to various risks in order to build a resilient supply chain based on the procurement of parts and materials at fair prices, and will continuously supply competitive products and services to the market.

3) Environment surrounding information security

If the Group's confidential corporate information including information entrusted to the Group by its customers and stakeholders, as well as information relating to sales, engineering, intellectual property, and other areas, were to be lost 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. In addition, unknown vulnerabilities in the products we deliver to our customers could have a significant impact on the services they provide and on society as a whole.

In response to this increasing risk, we will promote activities to reinforce our information security infrastructure, strengthen its countermeasures to the latest patterns of cyber-attacks, which are becoming increasingly sophisticated and diversified, and maintain and enhance resilient information systems. We will also strive to protect confidential information, including strengthening measures to prevent human-caused information leaks.



4) Acceleration of technological innovation and intensifying competition

With the acceleration of technological innovation (game change) and intensifying competition, international laws and regulations, social values, and social structures continue to change. In light of such increasing uncertainties in the business environment, we must respond promptly and flexibly to convert such changes into opportunities while complying with international laws and regulations and reducing risks.

The Group will build a robust management base that can withstand these changes. In the area of research and development, we will attempt to design the society of the future and create new value in a timely manner by integrating knowledge from inside and outside the Group through collaboration with external research institutions, such as universities, and through joint creation with our customers.

5) 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.”

We will also actively utilize the processes of the Responsible Business Alliance (RBA), a corporate alliance that promotes social responsibility in the global supply chain, to step up and strengthen our human rights due diligence efforts in the value chain of the Group.

6) 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 risks related to climate changes 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) and decreased revenues.

In response to these risks, the Group will strengthen the business operations, taking into consideration 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). In addition, the Group will work to control business risks and create opportunities to promote solutions to social issues.

Viewpoints3

BCP(Infectious disease and large-scale disasters)

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

An infectious disease or a large-scale disaster (earthquakes, tsunamis, typhoons, floods, volcanic eruptions, and fires) could cause direct damage to Mitsubishi Electric Group’s 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. In addition, supply chain disruptions could have an impact on procurement, production, logistics, etc., which could result in substantial losses.

In the event of emergencies such as an infectious disease or a large-scale disaster, the Group will establish a Corporate Crisis Management Office to centrally manage company-wide information, ensure the safety of each business site, and restore and continue business activities (BCP). We will also build a supply chain for stable procurement and to strengthen our BCP.

Viewpoints4

Quality of products and services and related compliance risks

8) Product quality and various compliance risks

The recording of losses due to defects or deficiencies in products or services, or the deterioration of social reputation due to the occurrence of related compliance violations may impact overall business management.

In response to such risks, the Group will strengthen its quality assurance system and establish an effective internal control system with an emphasis on preventive measures.

Viewpoints5

Increasingly complex, increasingly interrelated risks and Financial market uncertainty

9) 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 8) 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's basic policy is to "not own cross-shareholdings in principle," but at the same time, the Group may hold stocks that are determined to be necessary for business operations. 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 25, 2024).

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

The main measures implemented by the Group during the fiscal year ended March 31, 2024 and planned for implementation during the fiscal year ending March 31, 2025 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 2024 based on these measures.

(1) Overview of business performance

The economy in the fiscal year ended March 31, 2024 continued to see moderate recovery in Japan, however, recovery in consumer spending came to a standstill recently. In the U.S., the economy continued to see recovery primarily in consumer spending despite monetary tightening and other factors. In China, the economy showed weakness in recovery due to sluggish export as well as slower domestic demand resulting from the real estate recession and other factors. In Europe, both the corporate and household sectors were stagnant due primarily to monetary tightening.

In this environment, the Mitsubishi Electric Group has been working harder than ever to maximize profitability by accelerating business transformation and its business portfolio strategy under its business area management structure, while continuously implementing initiatives to bolster its competitiveness and business structure.

As a result, the business performance for the year ended March 31, 2024 is as follows.

<Consolidated Performance>		(Billions of yen)	
	FY2023	FY2024	Year on year
Revenue	5,003.6	5,257.9	up 254.2
Operating profit	262.3	328.5	up 66.1
Profit before income taxes	292.1	365.8	up 73.6
Net profit attributable to Mitsubishi Electric Corp. stockholders	213.9	284.9	up 71.0

1) Revenue

Revenue increased by 254.2 billion yen year-on-year to 5,257.9 billion yen due primarily to the weaker yen and price hike. The Life segment saw an increase in the building systems business in Japan, Asia (excluding China) and Europe, and the air conditioning systems & home products business also increased primarily in the first half of fiscal 2024 due to robust demand for air conditioners. In the Infrastructure segment, the public utility systems business saw increases in the public utility business worldwide and the transportation systems business outside Japan. The energy systems business saw an increase in the power distribution business worldwide, and the defense & space systems business also increased due to large-scale projects for the defense systems and space systems businesses. The Industry & Mobility segment saw a decrease in the factory automation systems business due mainly to a decline in demand for digital equipment and products in the decarbonization area such as lithium-ion batteries, while the automotive equipment business saw increases primarily in electric vehicle-related equipment and electrical components. The Semiconductor & Device segment increased due to robust demand for power modules. The Business Platform segment saw increases in the system integrations and IT infrastructure service businesses.

<Impact of Exchange Rate Fluctuations on Revenue>

	Average exchange rate for FY2023	Average exchange rate for FY2024	Impact of exchange rate fluctuations on revenue
Consolidated total	—	—	About ¥164.0 billion increase
US\$	¥136	¥145	About ¥49.0 billion increase
EURO	¥142	¥158	About ¥61.0 billion increase
CNY	¥19.7	¥20.2	About ¥9.0 billion increase

2) Operating profit

Operating profit increased by 66.1 billion yen year-on-year to 328.5 billion yen due to increases in the Life, Industry & Mobility, Infrastructure and Semiconductor & Device segments, despite a decrease in the Business Platform segment. Operating profit ratio improved by 1.0 points year-on-year to 6.2% due mainly to an improvement in cost ratio.

The cost ratio improved by 1.3 points year-on-year due primarily to the weaker yen and price hike. Selling, general and administrative expenses increased by 89.2 billion yen year-on-year, and the selling, general and administrative expenses to revenue ratio deteriorated by 0.5 points year-on-year. Other profit (loss) increased by 16.4 billion yen year-on-year due mainly to a decrease in impairment losses on the fixed assets, and other profit (loss) to revenue ratio improved by 0.2 points year-on-year.

3) Profit before income taxes

Profit before income taxes increased by 73.6 billion yen year-on-year to 365.8 billion yen due primarily to an increase in operating profit. The profit before income taxes to revenue ratio was 7.0%.

4) Net profit attributable to Mitsubishi Electric Corp. stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 71.0 billion yen year-on-year to 284.9 billion yen due mainly to an increase in profit before income taxes. The net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 5.4%.

ROE improved by 1.3 points year-on-year to 8.2%.

Consolidated Financial Results by Business Segment is as shown below.

1) Infrastructure

The market for the public utility systems business continued to see recovery in the global demand for the transportation systems area and robust investment in the public utility area worldwide. In this environment, orders won by the business increased year-on-year due primarily to increases in the transportation systems business worldwide and the public utility business outside Japan. Revenue also increased year-on-year due primarily to the weaker yen as well as increases in the public utility business worldwide and the transportation systems business outside Japan.

The market for the energy systems business continued to see capital expenditures of power companies in Japan and robust demand mainly for power supply stabilization worldwide in the expansion of renewable energy. In this environment, orders won by the business increased year-on-year due primarily to increases in the power distribution business worldwide and the power generation business in Japan. Revenue also increased year-on-year due primarily to the weaker yen and an increase in the power distribution business worldwide.

The defense & space systems business saw an increase in orders year-on-year due to an increase in largescale projects for the defense systems business. Revenue also increased year-on-year due to an increase in largescale projects for the defense systems and space systems businesses.

As a result, revenue for this segment increased by 7% year-on-year to 1,036.6 billion yen.

Operating profit increased by 3.8 billion yen year-on-year to 31.4 billion yen due primarily to the deterioration in profitability in the defense & space systems business in the previous fiscal year, despite a shift in project portfolios and increased costs.

2) Industry & Mobility

The market for the factory automation systems business saw a decrease in global demand for digital equipment such as semiconductors as well as for the decarbonization area such as lithium-ion batteries. In this environment, the business saw decreases in both orders and revenue year-on-year.

The market for the automotive equipment business saw increase in sales of new cars due mainly to an improvement in the supply of some semiconductor parts, and robust demand primarily for electric vehicle-related equipment in line with the expansion of the market centering on electric vehicles. In this environment, the business saw increases in both orders and revenue year-on-year due primarily to increases in electric vehicle-related equipment such as motors and inverters, electrical components and advanced driver assistance system (ADAS)-related products in addition to the weaker yen and price hike.

As a result, revenue for this segment increased by 3% year-on-year to 1,710.6 billion yen.

Operating profit for the automotive equipment business increased due primarily to the weaker yen as well as increased revenue and the effect of impairment losses on the fixed assets in the previous fiscal year, while operating profit for the factory automation systems business decreased due mainly to a shift in product mix, decreased revenue and increased costs, despite the weaker yen. As a result, operating profit for this segment increased by 24.2 billion yen year-on-year to 120.1 billion yen.

3) Life

The market for the building systems business continued to see recovery in the global demand. In this environment, the business saw increases in both orders and revenue year-on-year due primarily to the weaker yen and increases in Japan, Asia (excluding China) and Europe.

The market for the air conditioning systems & home products business saw a decrease in demand for air conditioners in Europe and North America during the second half of fiscal 2024, despite robust global demand for air conditioners due to decarbonization trends worldwide mainly in the first half of fiscal 2024. In this environment, the business saw an increase in revenue year-on-year due mainly to the weaker yen and price hike in addition to an increase in air conditioners in Europe and Asia.

As a result, revenue for this segment increased by 5% year-on-year to 2,052.2 billion yen.

Operating profit increased by 44.3 billion yen year-on-year to 145.6 billion yen due primarily to increased revenue and the weaker yen as well as the price hike, an improvement in logistics costs and sales of land.

4) Business Platform

The market for the information systems & network service business saw robust demand due to updates to legacy systems and digital transformation-related efforts. In this environment, orders won by the business remained substantially unchanged compared to the previous fiscal year. Revenue increased by 5% year-on-year to 142.0 billion yen due primarily to increases in the system integrations and IT infrastructure service businesses.

Operating profit decreased by 0.4 billion yen year-on-year to 8.3 billion yen due mainly to increased costs.

5) Semiconductor & Devices

The market for the semiconductor & device business saw robust demand for power modules used in railway & power transmission applications. In this environment, the business saw an increase in orders year-on-year due mainly to an increase in power modules used in railway & power transmission applications. Revenue for this segment also increased by 3% year-on-year to 289.8 billion yen due mainly to the weaker yen and an increase in power modules used in industrial, automotive and railway & power transmission applications.

Operating profit increased by 0.6 billion yen year-on-year to 29.8 billion yen due mainly to the weaker yen.

6) Others

Revenue decreased by 1% year-on-year to 843.5 billion yen due primarily to a decrease in logistics.

Operating profit decreased by 1.6 billion yen year-on-year to 31.7 billion yen due mainly to a decrease in revenue.

Revenue from customers by geographic segment is as shown below.

1) Japan

Revenue increased by 4% year-on-year to 2,559.4 billion yen primarily due to increases in the automotive equipment business and the building systems business.

2) North America

Revenue increased by 11% year-on-year to 697.0 billion yen primarily due to increases in the automotive equipment business and the public utility systems business, despite a decrease in the air conditioning systems & home products business.

In the U.S., revenue increased by 11% year-on-year to 581.7 billion yen primarily due to increases in the automotive equipment business and the public utility systems business, despite a decrease in the air conditioning systems & home products business.

3) Asia (excluding Japan)

Revenue decreased by 3% year-on-year to 1,177.0 billion yen primarily due to a decrease in the factory automation systems business, despite increases in the air conditioning & home products business and the building systems business.

In China, revenue decreased by 9% year-on-year to 532.3 billion yen primarily due to a decrease in the factory automation systems business.

4) Europe

Revenue increased by 21% year-on-year to 733.0 billion yen primarily due to increases in the air conditioning systems & home products business and the automotive equipment business.

5) Others

Revenue in other regions, including Oceania, increased by 8% year-on-year to 91.2 billion yen.

(2) Production, orders and sales

1) Production

As the Mitsubishi Electric Group produces a broad range of diverse products, including many intangible goods such as software and services, it does not disclose the scale of production by segment in terms of value or volume.

2) Orders

Orders received by business segment for the year ended March 31, 2024 are as follows.

Business Segment	Orders received (millions of yen)	Year on year (%)
Infrastructure	1,605,357	137
Industry & Mobility	1,531,307	91
Life (excluding the air conditioning systems & home products)	645,193	114
Business Platform	146,121	101
Semiconductor & Devices	307,269	112

Notes: 1. Orders in Infrastructure segment increased by 37% year-on-year to 1,605.3 billion yen, due primarily to an increase in large-scale projects for the defense systems business, as described in “II. Business Overview 4. Management Analysis of Financial Position, Operating Results and Cash Flows (1) Overview of business performance 1) Infrastructure”.

2. The air conditioning systems & home products business in the Life segment has few products made on other, thus not included in the table above.

3) Sales

Sales by business segment for the year ended March 31, 2024 are as follows.

Business Segment	Sales (millions of yen)	Year on year (%)
Infrastructure	1,036,613	107
Industry & Mobility	1,710,602	103
Life	2,052,291	105
Business Platform	142,058	105
Semiconductor & Devices	289,848	103
Others	843,577	99
Elimination	(817,075)	—
Total	5,257,914	105

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

(3) Analysis of financial position

Total assets as of the end of fiscal 2024 increased by 584.8 billion yen compared to the end of the previous fiscal year to 6,167.3 billion yen. The change in balance of total assets was mainly attributable to increases in net defined benefit assets by 287.6 billion yen and cash and cash equivalents by 119.5 billion yen. The increase in net defined benefit assets was mainly due to rises in stock prices and other factors.

Total liabilities increased by 81.6 billion yen compared to the end of the previous fiscal year to 2,300.9 billion yen due primarily to increases in contract liabilities by 66.8 billion yen and other financial liabilities by 25.2 billion yen, despite a decrease in trade payables by 55.3 billion yen. Bonds and borrowings decreased by 10.9 billion yen compared to the end of the previous fiscal year to 241.2 billion yen, with the ratio of bonds and borrowings to total assets recording 3.9%, representing a 0.6 point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 500.2 billion yen compared to the end of the previous fiscal year to 3,739.3 billion yen due mainly to net profit attributable to Mitsubishi Electric Corporation stockholders of 284.9 billion yen and accumulated other comprehensive income of 365.3 billion yen, mainly reflecting the weaker yen and rise in stock prices, despite a decrease due primarily to a dividend payment of 96.9 billion yen. The stockholders' equity ratio was 60.6%, representing a 2.6 point increase compared to the end of the previous fiscal year.

(Indices related to the Statement of Financial Position)

	As of Mar. 31, 2023	As of Mar. 31, 2024	Year on year
Trade receivables turnover (times)	3.71	3.73	0.02
Inventory turnover (times)	4.14	4.19	0.05
Bonds and borrowings to total assets (%)	4.5	3.9	(0.6)
Mitsubishi Electric Corp. stockholders' equity ratio (%)	58.0	60.6	2.6

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 for 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 2024 were 415.4 billion yen (cash in), while cash flows from investing activities were 94.1 billion yen (cash out). As a result, free cash flow was 321.3 billion yen (cash in). Cash flows from financing activities were 240.1 billion yen (cash out), and cash and cash equivalents at the end of the period increased by 119.5 billion yen compared to the end of the previous fiscal year to 765.3 billion yen.

Net cash provided by operating activities increased by 248.7 billion yen year-on-year due primarily to an increase in profit and a decrease in payment for inventories.

Net cash used in investing activities decreased by 54.4 billion yen year-on-year due mainly to an increase in proceeds from sale of investment securities and others despite an increase in purchase of investment securities and others.

Net cash used in financing activities increased by 120.5 billion yen year-on-year due primarily to an increase in 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.

In December 2023, the Company issued green bonds for the first time to raise funds for businesses that contribute to solving environmental issues.

The balance of cash and cash equivalents is 765.3 billion yen and the balance of bonds, borrowings and lease liabilities totaled 394.6 billion yen as of the end of fiscal 2024. Of these, short-term borrowings totaled 71.6 billion yen, bonds totaled 49.8 billion yen, long-term borrowings totaled 119.7 billion yen, and lease liabilities totaled 153.3 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.

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 Infrastructure segment, Life segment and Business Platform 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 Infrastructure segment, Life and Business Platform 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, 2024 is 57,157 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 reporting period 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, 2024 is 61,856 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.

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 ended March 31, 2025.

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 air conditioning systems & home products business and the building systems business within the Life 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 main discount rates as of March 31, 2024 is 9.6%-13.4%. 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 main growth rates as of March 31, 2024 is 0.8%-2.0%.

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 it 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 it 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, 2024 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 the reporting period. The discount rates as of March 31, 2024 is 1.5%.

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 and investments in capital 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.

5. Material Agreements, etc.

(1) Technical license agreements as a licensor

Licensor	Licensee	Description	Date of contract	Period of contract
Mitsubishi Electric Corporation (The Company)	Access Advance LLC	License of essential patents for High Efficiency Video Coding (HEVC) standard	May 23, 2016	Until the last expiration date of the licensed patent
Mitsubishi Electric Corporation (The Company)	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
Mitsubishi Electric Corporation (The Company)	Mitsubishi Electric Air Conditioning Systems Europe Ltd.	License of manufacturing technology for air conditioners	October 1, 2005	To be extended automatically
Mitsubishi Electric Corporation (The Company)	Siam Compressor Industry Co., Ltd.	License of manufacturing technology for air-conditioning compressors	April 1, 2002	To be extended automatically
Mitsubishi Electric Corporation (The Company)	Mitsubishi Electric (Guangzhou) Compressor Co., Ltd.	License of manufacturing technology for air-conditioning compressors	December 28, 2011	December 31, 2024
Mitsubishi Electric Corporation (The Company)	Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd.	License of manufacturing technology for servomotors	January 1, 2023	December 31, 2033
Mitsubishi Electric Corporation (The Company)	Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd.	License of manufacturing technology for servo amplifiers	January 1, 2023	December 31, 2033
Mitsubishi Electric Building Solutions Corporation (Consolidated subsidiary company)	Mitsubishi Elevator Asia Co., Ltd.	License of manufacturing technology for elevators and escalators	April 1, 2022	To be extended automatically

Note: 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 31, 2023, the Company decided to transfer its automotive-equipment business and assets to a wholly owned subsidiary Melco Automotive Equipment Business Split Preparation Corporation (established as of November 1, 2023; currently Mitsubishi Electric Mobility Corporation; the “Prep Company”), through an absorption-type company split effective April 1, 2024 (the “Company Split”) at the Executive Officers’ meeting. The company executed an absorption-type company split agreement with the Prep Company on November 15, 2023 and conducted the Company Split as of April 1, 2024. The overview of the Company Split is as follows.

1) Purpose of Company Split

The Company is implementing strategic measures appropriate to each of its target businesses in order to adjust its business portfolio and strengthen its business structure for improved profitability and asset utilization.

The company aims to streamline decision-making and accelerate transformation to urgently improve the profitability of its automotive-equipment business in the face of rapid changes taking place in the automotive industry, including the shift to connected, autonomous, shared & service, and electric (CASE) vehicles. The Company expects the Company Split to improve operational efficiency and enhance the portfolio of its automotive-equipment business for greater profitability.

2) Company Split Method

This is an absorption-type company split in which the Company is the transferring company and the Prep Company is the succeeding company.

3) Share Allotment Details related to the Company Split

The Prep Company will issue 1 common share to the company as consideration for the Company Split.

4) Company Split Schedule

Decision on Absorption-type Company Split by Executive Officers (Note)	October 31, 2023
Execution of Company Split Agreement	November 15, 2023
Company Split Date (Effective Date)	April 1, 2024

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

5) Basis of Calculation for Allotment

Taking into consideration that the Prep Company is a wholly owned subsidiary of the Company, the number of shares to be allotted to the Company upon the Company Split was determined by an agreement between the Company and the Prep Company.

6) Assets and Liabilities to be Split

(Millions of yen)

Assets		Liabilities	
Total Assets	241,685	Total Liabilities	194,248

Note: The amount of liabilities includes ¥185,854 million, which was recognized as liabilities to the Company at the time of the transaction.

7) Status of Succeeding Company After Company Split (As of April 1, 2024)

Company Name	Mitsubishi Electric Mobility Corporation
Address of Head Office	7-3, Marunouchi 2-Chome, Chiyoda-ku, Tokyo
Name of Representative	Kunihiko Kaga, President & CEO
Paid-in Capital	10,000 million yen
Summary of Business	<ul style="list-style-type: none">- Manufacturing, sales, maintenance and repair of various electrical equipment, automotive-equipment, ship machinery and equipment, transport machinery and equipment, industrial machinery and equipment, and system related to machine tool and equipment- Manufacturing, sales, maintenance, and repair of equipment, systems, and services related to information processing, information communication, and information provision- Manufacturing, maintenance, repair and sales of other machinery and equipment and electrical and electronic components- Production, sales and engineering of software related to items mentioned above

(3) Stock purchase agreement

On June 18, 2024, the Company concluded a stock purchase agreement under which the Company transferred 66.6 percent of the common shares of Mitsubishi Electric Logistics Corporation which is its consolidated subsidiary to SEINO HOLDINGS CO., LTD. Subject to regulatory approvals from relevant authorities, the share transfer is expected to be concluded around October 1, 2024. (Please refer to “V. Financial Information 1 【Consolidated Financial Statements and other】 (1) 【Consolidated Financial Statements】 【Notes to Consolidated Financial Statements】 33. Subsequent events”)

6. Research and Development

Positioning the realization of sustainability as the core of management, we will drive research and development to provide integrated solutions that incorporate expertise from inside and outside the Group as a “Circular Digital-Engineering Company.”

We thoroughly enhance core technologies that create a competitive advantage for business, deepen fundamental technologies that support functions, properties quality and reliability of equipment, systems and services, and promote well-balanced exploration and development of new technologies for the future, such as game-changers. In addition, we will globally promote open innovation through industry-academia-government cooperation for resolving complex and diversifying social issues, and aim to create new value.

During fiscal 2024, the total R&D expenses for the entire Group have amounted to 221.8 billion yen (4% increase compared to the previous fiscal year). Representative achievements for each business segment are as follows.

(1) Infrastructure

In the Infrastructure segment, the Group pursues research related to the development of transportation systems; network solution equipment; rotating machineries, such as generators and electric motors; highly efficient power transmission/distribution equipment and systems that contribute to decarbonization; supervision and control systems; information systems for power management; space systems; and solutions combining these (E&F solutions). The R&D expenditures for these fields were 33.2 billion yen and the main achievements are as follows.

1) Cloud-based flood disaster prevention information system with IoT Platform “INFOPRISM”

We have developed a flood disaster prevention information system with functions that provide information on watershed facilities, such as water levels, rainfall, floodgates, and drainage pumps, and support the work of flood prevention officials. This was achieved by applying our IoT platform “INFOPRISM,” which combines IoT solution functions such as data collection and storage, advanced security, and AI data analysis. We will contribute to the realization of a safe and secure society by providing services that contribute to the optimal operation of watershed facilities and labor saving, such as through the sensing of watershed data using “INFOPRISM”.

2) First use of post consumer recycled plastic to wireless communication edge, gathered by Home Appliance Recycling Law

We have developed a technology to recycle polycarbonate plastics (PC-ABS) gathered by Home Appliance Recycling Law into durable and flame-retardant plastics, and have begun using it in wireless communication terminals for use in sensors, which are increasingly being used in gas meter reading systems. This enables the amount of new plastic used in these materials to be reduced by approximately 70%. By increasing the number of products and components using recycled PC-ABS, we will contribute to securing a sustainable form of production and consumption.

3) Remedial Action Scheme

We have developed an integrated remedial action scheme equipped with functions to counteract frequency drops that may occur due to faults in the power grid. After the fault is detected, the control amount is calculated based on the latest pre-fault system status, and the minimum necessary load shedding is implemented immediately (primary control). In addition, for trips of renewable energy sources and others that cannot be directly detected, the supply-demand imbalance amount is estimated based on measurable electrical quantities and addressed with corrective control. In this way, even in the event of a fault in a power grid where renewable energy is mainstream, our Remedial Action Scheme prevents power outages caused by frequency drops, thereby ensuring a stable supply of electric power and contributing to the realization of carbon neutrality.

4) SLIM^{*1} achieved the world’s first^{*2} high-precision landing on the moon

SLIM, for which the entire system development was contracted to the Company by the Japan Aerospace Exploration Agency (JAXA), successfully achieved the world first high-precision landing on the lunar surface at 00:20 a.m. (Japan Standard Time) on January 20, 2024. The analysis of data after the landing confirmed that SLIM achieved the project objective of a precision touchdown within 100 meters of the targeted point. JAXA calculated that it was just 55 meters east of the target landing point. The accuracy result well surpasses that of conventional lunar landings, which are typically within several kilometers of their targets, making this an unprecedented achievement through our accumulated technologies, including the guidance, navigation and control technology and high-frequency devices. Going forward, we will continue to strengthen our advanced technology and contribute to the establishment of sustainable space exploration activities and the expansion of the scope of human activities.

(2) Industry & Mobility

In the Industry & Mobility segment, R&D activities are aimed at enhancing the competitiveness of our lineup, which includes FA 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; and automated driving systems; ADAS^{*3}. The R&D expenditures for these fields were 68.3 billion yen and the main

achievements are as follows.

1) AI-based visual inspection software “MELSOFT VIXIO”

In order to promote automation in the visual inspection process, we have developed AI-based visual inspection software “MELSOFT VIXIO,” equipped with our Maisart^{*4} AI technology. It enables the easy construction of a production line visual inspection system without programming, helping to reduce the man-hours typically required to build such a system and ensure the quality of manufactured products.

2) Started operation of our first^{*5} Level 4^{*6} approved unmanned autonomous driving mobility service vehicle in Japan

We have been participating in a demonstration experiment (Theme 1 activities of RoAD to the L4 project^{*7}) aimed at achieving autonomous driving mobility services, for which we have been carrying out R&D and validation tests in Eihei Town, Yoshida County, Fukui Prefecture. From May 21, 2023, we started the operation of a Level 4 autonomous driving service. Using forward-facing cameras, millimeter-wave radar, and ultrasonic sonar, we have developed an automatic navigation system that can detect not only pedestrians and bicycles, but also animals, fallen trees, and fallen rocks and stop the vehicle. We will continue to improve our technologies to achieve autonomous mobility services, thereby contributing to solving social issues such as labor shortages, including the realization of a safe and secure society by eliminating traffic accidents and providing comfortable mobility opportunities.

(3) Life

In the Life segment, the Group is engaged in the development of elevators and escalators and building management systems as well as such products as air conditioning equipment, kitchen appliances, household appliances, lighting, and electronic housing products. The R&D expenditures for these fields were 63.3 billion yen and the main achievements are as follows.

1) Building security system “MELSAFETY-G” cloud type

We have developed Mitsubishi integrated building security system “MELSAFETY-G” to reduce the management and operational burden of building management operations. By using a cloud-based server to link building equipment, such as elevators, air conditioning, and lighting, with a focus on room access management, administrators do not need to own a dedicated PC or update their system. This improves the convenience of the administrator and contributes to reducing their administrative and operational burden.

2) Room Air Conditioner Kirigamine “Z Series” 2024 model

We have developed start-up control technology that reduces power consumption at the start of operation^{*8} and defrost technology that extends continuous heating time by approximately 6.5 times^{*9}. In addition, the energy efficiency standards for fiscal 2028 based on the Act on the Rational Use of Energy, which came into effect in June 2022, have already been achieved for all capacity bands (cooling capacity 2.2 kW to 9.0 kW). The Kirigamine “Z Series” won the Energy Conservation Grand Prize 2023 for this high energy efficiency and improved comfort. We will continue our efforts to contribute to the realization of carbon neutrality through the development of advanced technologies that combine comfort and energy efficiency.

3) IoT-compatible Mitsubishi IH cooking heater “THE RANGE – GRILL – IH”

We have developed a series of “THE RANGE – GRILL – IH” equipped with an IoT function that enables voice operation and operation via a smartphone app, reducing the time and effort required for complicated cooking settings to approximately one-third^{*10} compared to conventional models by syncing it with smart speakers.^{*11} The frequently-used microwave oven and microwave grill heating functions can be operated more easily, helping to reduce the burden of cooking at home and enriching customers’ eating habits.

(4) Business Platform

In the Business Platform segment, our R&D focuses mainly on information technology driving digital transformation. The R&D expenditures for these fields were 1.3 billion yen and the main achievements are as follows.

1) Smart factory solution “kizkia-Meter”

We have developed the “kizkia-Meter,” which reads various analog meters (those with multiple pointers, unevenly spaced memory meters, etc.) from camera footage. This system contributes to the labor saving and improved efficiency of equipment monitoring work in factories, as it realizes uniform work quality through reduced reading errors and early abnormality detection through automatic notifications.

(5) Semiconductor & Device

In the Semiconductor & Device segment, the Group is engaged in the development of semiconductor and other electronic devices that are themselves vital components used in various business segments. The R&D expenditures for these field were 12.5 billion yen and the main achievements are as follows.

1) “J3-Series” SiC^{*12} and Si power semiconductor modules for xEVs^{*13}

We have developed the “J3-Series” of SiC/Si power semiconductor modules for xEVs as key devices for automotive semiconductors that contribute to the realization of a decarbonized society. As the latest generation of our T-PMs^{*14}, we have achieved about 30% lower thermal resistance and roughly 60% smaller module size^{*15} than conventional products. Going forward, the adoption of these modules in inverters for xEVs will contribute to the spread of automobile electrification by enabling smaller inverters and lower electricity costs.

2) SBD^{*16}-embedded SiC-MOSFET^{*17} module

We have developed an SBD-embedded SiC-MOSFET module featuring 3.3kV withstand voltage for large industrial equipment. We have discovered the world’s first^{*18} mechanism by which surge current^{*19} concentrates in the SBD-embedded SiC-MOSFET module. By creating a new SBD-embedded SiC-MOSFET structure and optimizing the module, we have improved its surge-current capacity^{*20} by a factor of five or more compared to our existing technology, and reduced switching loss by 66%^{*21}. We will contribute to the realization of carbon neutrality by improving the reliability, miniaturization, and efficiency of inverters equipped with this module.

3) GaN^{*22} power amplifier module for 5G massive MIMO^{*23} base stations

We have developed a GaN power amplifier module for 5G massive MIMO base stations as a device that helps extend the communication range of 5G networks. We have achieved a power-added efficiency of over 43% and low distortion characteristics in the 400MHz wide frequency band by incorporating GaN-HEMTs^{*24}, which achieve high efficiency, and applying our proprietary circuit technology. Going forward, adoption of this technology in 5G massive MIMO base stations will contribute to reducing power consumption, simplifying circuit design, and lowering manufacturing costs.

(6) Others/Company-wide (new and fundamental technologies)

The Group has been promoting R&D for new and fundamental technologies in order to solve social issues and create and provide value. The R&D expenditures for these fields were 42.9 billion yen and the main achievements are as follows.

1) Aluminum vertical flat tube heat exchanger with the industry's unsurpassed^{*25} heat transfer performance

We have developed an aluminum vertical flat tube heat exchanger with unsurpassed heat transfer performance in the industry. This heat exchanger employs aluminum flat tube arranged vertically and a high-performance refrigerant distributor with a double-tube structure, enabling refrigerant to be distributed evenly across a larger number of small-diameter aluminum flat tubes. As a result, heat exchanger performance has been improved by up to 40%^{*26} and less refrigerant is required. This product contributes to the realization of carbon neutrality by reducing the energy consumption of air conditioners and using less refrigerant.

2) Development of “Behavioral-analysis AI” That Analyzes Manual Tasks in Short Times Without AI Training Data

As one of the Company’s “Maisart” AI lineup, we have developed a “behavioral-analysis AI” that analyzes manual tasks performed on production sites without requiring operators to prepare AI-training data^{*27}. This is believed to be the world’s first^{*28} application of a probabilistic generative model that models cyclical (repetitive) physical actions performed during factory work. The technology has been shown in tests to reduce the time conventionally required for work analysis by up to 99%^{*29}. This technology quickly analyzes videos of each worker performing tasks and then visualizes how tasks can be performed more efficiently for greater productivity.

3) Demand-response Demonstration Experiment with Heat Pumps under EU "REACT" Project

As part of the “REACT” demonstration project in Europe, we developed heat pump^{*30} functions to enable demand response^{*31} control, then conducted a demonstration experiment in the Aran Islands in Ireland to evaluate the effectiveness of the control for energy independence. By maximizing the use of renewable energy and balancing power supply and demand, this project aims to achieve an energy savings improvement of 10%, a reduction in greenhouse gas emissions of 60%, and an increase in renewable energy use of 50%. We will contribute to the realization of carbon neutrality by utilizing the results obtained from this project.

4) Technology for automatically creating machining programs using 3D models

We have developed technology for automatically creating machining programs that automatically perform manufacturing processes, including tool changes, based on information from the 3D model of a product, such as its shape and hole diameter. By applying this technology to the manufacture of satellite structural panels, we have reduced machining preparation time by 40%. Going forward, we will apply this technology to more products, thereby contributing to productivity improvement.

5) Establishment of 3D smart measurement technology for large-scale products

We have developed technology that automates the measurement of dimensions and position of large-scale products such as satellites and elevators. By controlling the position and direction of the laser measuring instrument and the angle of the turntable on which the product is mounted, the position of the measurement target attached to the product is measured automatically, automating the difficult work that previously relied on skilled workers. This contributes to labor saving and productivity improvement.

6) High-speed butt welding for compressor outer shell

We have developed a plasma welding method for compressors used in commercial air conditioners that improves both welding quality and welding speed. By increasing the number of welding torches^{*32} to two, the leading torch and the following torch, we succeeded in doubling the welding speed while suppressing undercutting^{*33}, which causes a decrease in strength. Going forward, we will apply this technology to more products, thereby contributing to productivity improvement.

*1 SLIM: Smart Lander for Investigating Moon

*2 As of January 20, 2024 (according to internal research)

*3 ADAS: Advanced Driver Assistance System

*4 Brand name (“Mitsubishi Electric’s AI creates the State-of-the-ART in technology”) of AI for making devices smarter

*5 As of March 30, 2023 (according to internal research)

*6 A state in which a vehicle is operated autonomously while ensuring safety, and in the event of a situation that makes autonomous driving difficult (breakdown, sudden change of weather, etc.), the vehicle is be stopped safely

*7 Project on Research, Development, Demonstration and Deployment (RDD&D) of Automated Driving toward Level 4 and its Enhanced Mobility Services, implemented jointly with the Ministry of Economy, Trade and Industry (METI) and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) is an initiative aimed at realizing autonomous mobility driving services with only remote monitoring (Level 4) in limited areas and vehicles in fiscal 2023 in which the National Institute of Advanced Industrial Science and Technology (AIST), Yamaha Motor Co., Ltd., Soliton Systems K.K., and Mitsubishi Electric are participating

*8 Reduced power consumption: Approximately 7.6% for heating and approximately 8.1% for cooling. Z Series with 4.0kW cooling capacity.

*9 Maximum continuous heating operation time. Comparison with 90 minutes for MSZ-ZW4023S, 600 minutes for MSZ-ZW4024S. Z Series with 4.0kW cooling capacity.

*10 When setting the right IH hob heating power to 6 and the switch-off timer at 15 minutes.

*11 Using a device compatible with Amazon Alexa. Amazon, Alexa and all related logos are trademarks of Amazon.com, Inc. or its affiliates.

*12 Silicon carbide

*13 Electrified vehicles overall such as EVs, hybrid vehicles, plug-in hybrid vehicles, and fuel cell vehicles

*14 T-PM: Transfer-molded Power Module for semiconductors

*15 Comparison with CT300DJH120, a 2-in-1 transfer-molded power semiconductor module

*16 SBD: Schottky Barrier Diode, a diode using the Schottky barrier with a junction that has a semiconductor on one side and metal on the other

*17 MOSFET: Metal-oxide-semiconductor field-effect transistor

*18 As of June 1, 2023 (according to internal research)

*19 Abnormal operation in which a current exceeding the rated current flows momentarily from the circuit to a power module

*20 The current limit the power module can withstand when a surge current occurs

*21 In comparison with FMF750DC-66A (3.3 kV/750A)

*22 Gallium nitride

*23 MIMO: Multiple Input Multiple Output, communication technology using multiple antennas

*24 HEMT: High electron mobility transistor

*25 As of November 1, 2023 (according to internal research). Used in wall-mounted air conditioners for cooling and heating.

*26 Comparison with conventional aluminum horizontal flat tube heat exchangers

*27 Data consisting of a set of examples and correct answers used for AI machine learning

*28 As of January 25, 2024 (according to internal research)

*29 Result of demonstration tests with our clients. Comparisons with the time required to create data for manual analysis and existing AI for general work analysis.

*30 A device that transfers heat between the outside air and the inside to provide heating, cooling or heat water with high energy efficiency

*31 A mechanism to control electricity demand and adjust the balance between supply and demand by saving electricity and adjusting the power consumption of demand equipment in response to fluctuations in the amount of electricity supplied

*32 Cutting-edge equipment used for heating, welding, and cutting metal materials

*33 A groove that forms along the edge of the weld bead where the base metal has melted but not been adequately filled

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 under the business area management structure. 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 year ended March 31, 2024 was 229,941 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
Infrastructure	24,608	1,454	26,062
Industry & Mobility	49,082	3,104	52,186
Life	62,895	8,837	71,732
Business Platform	2,647	2,770	5,417
Semiconductor & Device	31,903	214	32,117
Others	4,111	5,640	9,751
Common	12,562	20,114	32,676
Total	187,808	42,133	229,941

The main purpose of investments by segments in the year ended March 31, 2024 are as follows.

In Infrastructure, investments were executed mainly for streamlining operations, and enhancing quality in power systems, electric equipment for rolling stock, and space-related equipment.

In Industry & Mobility, investments were executed mainly for increasing production capacity in factory automation systems and automotive equipment.

In Life, investments were executed mainly for increasing production capacity, streamlining operations, and enhancing quality of the elevators/escalators and the air conditioners.

In Business Platform, investments were executed mainly for the development of information and communications infrastructure.

In Semiconductor & Device, investments were executed mainly for increasing production capacity in the power device business.

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 year ended March 31, 2024, 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 its 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 its consolidated subsidiaries.

The situation as of March 31, 2024 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	
Infrastructure	91,616	13,852	17,139 (2,551)	21,991	144,598	22,033
Industry & Mobility	100,326	43,971	15,980 (2,325)	39,261	199,538	31,593
Life	129,444	66,988	40,604 (6,445)	56,416	293,452	61,051
Business Platform	15,544	2,647	265 (1)	6,335	24,791	4,912
Semiconductor & Device	22,272	32,164	5,454 (710)	39,363	99,253	5,848
Others	46,338	2,278	23,869 (527)	4,852	77,337	17,041
Common	80,363	7,953	10,519 (394)	24,804	123,639	6,656
Total	485,903	169,853	113,830 (12,956)	193,022	962,608	149,134

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

2. “Common” includes 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)	Infrastructure	Manufacturing facilities for surveillance-system control and generative equipment, etc.	24,058	1,793	1,627 (342)	5,825	33,303	2,188
Itami Works Transmission & Distribution Systems Center (Amagasaki-shi, Hyogo)	Infrastructure	Manufacturing facilities for electrical equipment for locomotives and rolling stock, power transmission/distribu tion equipment, etc.	23,025	3,833	2,624 (859)	3,814	33,296	1,992
Kamakura Works (Kamakura-shi Kanagawa)	Infrastructure	Manufacturing facilities for electronic equipment, etc.	21,762	2,686	2,098 (439)	5,058	31,604	2,340
Nagoya Works Industrial Mechatronics Systems Works (Higashi-ku, Nagoya-shi)	Industry & Mobility	Manufacturing facilities for factory automation systems	30,856	8,048	4,883 (712)	16,579	60,366	3,687
Himeji Works (Himeji-shi, Hyogo)	Industry & Mobility	Manufacturing facilities for automotive equipment	20,880	1,398	4,678 (270)	4,543	31,499	3,636
Shizuoka Works (Suruga-ku, Shizuoka-shi)	Life	Manufacturing facilities for air conditioning equipment and refrigerator, etc.	14,259	6,905	914 (206)	6,157	28,235	2,283
Power Device Works, Kumamoto Factory (Koshi-shi, Kumamoto)	Semiconductor & Device	Manufacturing facilities for semiconductors	3,711	10,333	535 (82)	12,425	27,004	854

Notes: 1. Carrying amount is carrying amount of property, plant and equipment (including right-of-use assets), and "Others" includes 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 Electronics and Communication Systems Center and Communication Networks Center, etc.

5. Himeji Works was transferred to Mitsubishi Electric Mobility Corporation as of April 1, 2024.

(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 Solutions Corporation, Head office (Chiyoda-ku, Tokyo)	Life	Other facilities	37,565	3,662	12,362 (333)	5,456	59,045	10,890
Mitsubishi Electric Engineering Co., Ltd., Head office (Chiyoda-ku, Tokyo)	Others	Other facilities	2,279	37	720 (8)	1,159	4,195	5,278
Mitsubishi Electric System & Service Co., Ltd., Head office (Setagaya-ku, Tokyo)	Others	Other facilities	1,874	51	1,978 (19)	436	4,339	2,000
Mitsubishi Electric Life Service Corporation, Head office (Minato-ku, Tokyo)	Others	Other facilities	15,974	449	13,077 (121)	271	29,771	1,344
Mitsubishi Electric Logistics Corporation, Head office (Shibuya-ku, Tokyo)	Others	Other facilities	19,417	1,118	9,913 (316)	1,084	31,532	978

Notes: 1. Carrying amount is carrying amount of property, plant and equipment (including right-of-use assets), and “Others” includes 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 leased to the Company.

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

(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 m ²)	Others	Total	
Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd. (Changshu, China)	Industry & Mobility	Manufacturing facilities for factory automation	5,001	3,670	- (-)	1,204	9,875	637
Mitsubishi Electric Automotive de Mexico, S.A. de C.V. (Querétaro, Mexico)	Industry & Mobility	Manufacturing facilities for automotive electrical equipment and car multimedia	5,380	3,985	519 (150)	339	10,223	1,352
Mitsubishi Electric Automotive Czech s.r.o. (Slany, Czech)	Industry & Mobility	Manufacturing facilities for automotive electrical equipment	3,730	4,573	1 (142)	1,504	9,808	743
Mitsubishi Electric Thai Auto-Parts Co., Ltd. (Rayong, Thailand)	Industry & Mobility	Manufacturing facilities for automotive electrical equipment and car multimedia	3,346	2,173	825 (146)	2,222	8,566	2,176
Mitsubishi Electric Air Conditioning Systems Manufacturing Turkey Joint Stock Company (Manisa, Turkey)	Life	Manufacturing facilities for air conditioning equipment	566	2,153	115 (61)	8,017	10,851	1,078
Siam Compressor Industry Co., Ltd. (Chonburi, Thailand)	Life	Manufacturing facilities for compressors	988	12,432	2,922 (-)	8,442	24,784	2,352
Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. (Chonburi, Thailand)	Life	Manufacturing facilities for air conditioning equipment	6,647	9,159	4,953 (422)	6,238	26,997	2,919
Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. (Guangzhou, China)	Life	Manufacturing facilities for compressors	1,174	8,084	- (-)	5,976	15,234	2,608

Notes: 1. Carrying amount is carrying amount of property, plant and equipment (including right-of-use assets), and “Others” includes 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 its 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 its 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, 2025 will be 290,000 million yen (based on investment decisions) and a breakdown by business segment is as follows.

Business segment	Amount (millions of yen)	Main purpose of investment
Infrastructure	60,000	Increasing production capacity for defense-related equipment, streamlining operations, and enhancing quality of electric equipment for rolling stock, power systems, and space-related equipment, etc.
Industry & Mobility	62,000	Increasing production capacity for factory automation systems and automotive equipment operations, etc.
Life	71,000	Increasing production capacity, streamlining operations, and enhancing quality of elevators/escalators and air conditioners, etc.
Business Platform	4,000	Development of information and communications infrastructure, etc.
Semiconductor & Device	62,000	Increasing production capacity for the power device business, etc.
Others	8,000	—
Common	23,000	Bolstering research and development capabilities, etc.
Total	290,000	—

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 31,2024)	Number of shares issued as of the filing date (shares) (June 25,2024)	Stock exchange on which the Company is listed	Description
Common stock	2,147,201,551	2,113,201,551	Tokyo (Prime Market)	The number of shares per one unit of shares is 100 shares.
Total	2,147,201,551	2,113,201,551	—	—

Notes: 1. Common stock in the table above has voting rights.

2. Following a decision of the Executive Officers' meeting held on May 9, 2024, treasury stock was canceled on May 31, 2024, and the number of issued shares decreased by 34,000,000 shares.

(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 1,2019 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
From April 1,2022 to March 31,2023	—	2,147,201	—	175,820	—	181,140
From April 1,2023 to March 31,2024	—	2,147,201	—	175,820	—	181,140

Note: The total number of shares outstanding decreased by 34,000,000 shares due to the cancelation of treasury stock on May 31, 2024.

(5) Outstanding share information by shareholder category

As of March 31, 2024

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)	—	122	70	1,223	931	130	113,723	116,199	—
Number of shares held (units)	—	7,823,268	421,985	659,284	9,466,101	1,029	3,095,863	21,467,530	448,551
Ownership percentage of shares (%)	—	36.44	1.97	3.07	44.10	0.00	14.42	100	—

Notes: 1. Of 57,120,827 shares of treasury stock, 571,208 units are included in “Individual *et al.*” and 27 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, 2024

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)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	337,492	16.15
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited., Tokyo branch)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	110,848	5.30
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	108,603	5.20
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	81,862	3.92
STATE STREET BANK AND TRUST-COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Service Department)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101, U.S.A (15-1, Konan 2-chome, Minato-ku, Tokyo)	52,037	2.49
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)	48,910	2.34
Mitsubishi Electric Group Employees Shareholding Union	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	45,089	2.16
JP MORGAN CHASE BANK 385632 (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)	42,494	2.03
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)	38,768	1.85
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	36,339	1.74
Total	—	902,447	43.18

Note: In addition to the above, the Company owns 57,120,827 company-owned shares.

(7) Information on voting rights

1) Issued shares

As of March 31, 2024

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 57,120,800	—	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 2,089,632,200	20,896,322	Same as above
Shares less than one unit	Common stock 448,551	—	Same as above
Number of shares issued	2,147,201,551	—	—
Total number of voting rights	—	20,896,322	—

Notes: 1. The number of shares in “Shares less than one unit” includes 27 shares as treasury stocks, 121 shares held by the Board Incentive Plan Trust 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 1,807,200 shares (18,072 voting rights) held through the Board Incentive Plan Trust.

2) Treasury stock, etc.

As of March 31, 2024

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	57,120,800	—	57,120,800	2.66
Total	—	57,120,800	—	57,120,800	2.66

Note: In addition to shares owned 57,120,800 by the Company in the table above and 27 shares less than one unit owned by the Company, 1,807,321 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 Mitsubishi Electric 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 evaluate more rigorously 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 ended March 31, 2023.

In addition, the Company has newly appointed Executive Officers (Associate) since fiscal year ended March 31, 2023. 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 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. Based on the resolution on the renewal of the Plan at the Compensation Committee, etc. held on May 24, 2023, 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, 2020, 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 24, 2024, 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, 2021, along with the revision of the trust agreement and the entrustment of additional money.

2) Outline of the trust agreement

<For the fiscal years ended March 31, 2022 and 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 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, etc. |
| 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, etc. 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 ended March 31, 2023) ^{*4}

For Executive Officers (Associate):

64,400 thousand yen (for the fiscal year ended March 31, 2023) ^{*4}

*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 to August 15, 2022
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, 2024>

The BIP Trust was created based on the decision at the Compensation Committee, etc. held on May 24, 2023 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, 2024.

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, etc.
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, etc. 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, 2023
h. Trust term: From June 1, 2023 to August 31, 2026 (planned)
i. Inception date of the Plan: June 1, 2023
j. Amount of the trust money: 1,108,630 thousand yen ^{*1 *2}

(Reference) Amount of stock compensation for Executive Officers, etc.

For Executive Officers:

779,090 thousand yen (for the fiscal year ended March 31, 2024) ^{*3}

For Executive Officers (Associate):

101,200 thousand yen (for the fiscal year ended March 31, 2024) ^{*3}

*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 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 June 6, 2023 to June 15, 2023
- 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, 2025>

The BIP Trust was created based on the decision at the Compensation Committee, etc. held on May 24, 2024 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, 2025

- 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, etc.
- 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, etc. who meet the beneficiary requirements
- f. Trust caretaker: A third party with no interest in the Company (certified public accountant)
- g. Trust agreement date: May 30, 2024
- h. Trust term: From May 30, 2024 to August 31, 2027 (planned)
- i. Inception date of the Plan: May 30, 2024
- j. Amount of the trust money: 1,292,205 thousand yen ^{*1 *2}

(Reference) Amount of stock compensation for Executive Officers, etc.

For Executive Officers:

782,400 thousand yen (for the fiscal year ending March 31, 2025) ^{*3}

For Executive Officers (Associate):

252,000 thousand yen (for the fiscal year ending March 31, 2025) ^{*3}

*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 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 June 4, 2024 to June 14, 2024
- 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: DSB Co., Ltd. shall be responsible for the administration of the delivery of the Company shares to beneficiaries.

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 April 28, 2023 (Acquisition period: From May 1, 2023 to March 29, 2024)	40,000,000	50,000,000,000
Treasury stock acquired prior to the fiscal year ended March 31, 2024	—	—
Treasury stock acquired during the fiscal year ended March 31, 2024	23,020,400	44,750,577,150
Total number and amount of shares to be acquired	16,979,600	5,249,422,850
Ratio of the shares yet to be acquired as of the end of the fiscal year (%)	42.4	10.5
Treasury stock acquired during the current period	-	-
Ratio of the shares yet to be acquired as of the filing date (%)	42.4	10.5

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, 2024	1,486	3,054,217
Treasury stock acquired during the current period	130	349,383

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, 2024 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 31,2024		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	—	—	34,000,000	56,634,140,000
Acquired treasury stock which was transferred due to merger, share exchange, share delivery, or company split	—	—	118,806	197,896,342
Others (selling due to requests from shareholders holding less than one unit shares to sell additional shares)	—	—	82	136,588
Total numbers of treasury stock held	57,120,827	—	23,002,069	—

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, 2024 to the filing date is not included.

2. 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, 2024, the Company decided to pay the annual dividend of ¥50 per share, comprising a dividend from surplus (fiscal year-end dividend) of ¥30 per share and an interim dividend of ¥20 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 31, 2023	42,009	20
Resolution of the Board of Directors' meeting held on May 9, 2024	62,702	30

4. Corporate Governance, etc.

(1) Overview of corporate governance

1) Basic corporate governance policy

The Mitsubishi Electric Group places more focus than ever on sustainability initiatives at the management level to realize “a vibrant and sustainable society” that we have committed to in our Purpose. The Group has identified five areas as materiality (important challenges) to “provide solutions to social challenges through our businesses” and to “strengthen our business foundation to enable sustainable growth.” Through these materiality initiatives, the Group will contribute to solving social challenges and will create economic and social value.

As a part of our initiatives to strengthen our business foundation to enable sustainable growth, the Group recognizes the importance of corporate governance as a fundamental precondition for our continued existence. The Group’s fundamental policy is to further enhance its corporate value by constructing, maintaining, and sustainably strengthening a corporate governance system that more accurately meets the expectations of society, our customers, shareholders, employees, and all other stakeholders.

As a company with a three-committee system, the Company segregates the supervisory and executive functions; the Board of Directors plays a supervisory decision-making role, and the Executive Officers handle the day-to-day running of the Company. This system maintains the flexibility of its operations and promotes management transparency, leading to swift and decisive management decision-making. Through this system, the Company aims to promote sustainable growth in corporate value. To this end, the Company recognizes the importance of a highly independent Board of Directors adequately fulfilling its roles and responsibilities in corporate governance as a supervisory function.

2) Outline of the corporate governance system and background of adopting the system

The Company has chosen to have a three-committee system in place. The Company segregates the 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. This system maintains the flexibility of its operations and promotes management transparency, leading to swift and decisive management decision-making. Through this system, the Company aims to promote sustainable growth in corporate value.

a. The Board of Directors and the three statutory committees

To promote the segregation of supervisory and executive functions, which is the characteristic of this system, the Company’s Board of Directors is dedicated to supervising management with specific details of deliberations stipulated as the Board of Directors’ deliberation criteria. By delegating to the Executive Officers the authority to make all business execution decisions within the limits permitted by the Companies Act, the Company ensures swift and decisive decision-making and appropriate risk-taking in business execution.

Both the Board of Directors and the three statutory committees are chaired by independent Outside Directors, and a majority of their members are independent Outside Directors as well, thereby improving the effectiveness of the supervisory function.

The purpose, authority and member of the Board of Directors and the three statutory committees as of June 25, 2024 are as follows:

<The Board of Directors>

Purpose	<p>The Company's Board of Directors will indicate the direction of its management by making critical decisions that form the foundation of management, including setting basic policies on management (Purpose, Our Values, Commitment, Management Policy, and Corporate Strategy). In addition, the Board of Directors will set and discuss the "key agenda items" for the Mitsubishi Electric Group in order to promote the medium- to long-term and sustainable enhancement of our Group's corporate value. In formulating the basic management policy and corporate strategy, the Board of Directors will hold multiple meetings for discussions, taking full account of the opinions of the independent outside directors.</p> <p>Based on the discussions and decisions made by the Board of Directors, the Executive Officers will formulate and implement specific management plans and make important business execution decisions with the authority delegated to them by the Board of Directors. Based on reports on the progress of the reforms, the Board of Directors will hold sufficient discussions to periodically monitor whether actions are being taken in line with the basic policy and corporate strategy.</p> <p>In addition, to ensure that the opinions of the Board of Directors are communicated to the divisions in charge of business execution in a timely and appropriate manner, the main points of discussions of the Board of Directors are shared in Executive Officers' Meetings.</p> <p>Through these structural improvements, the Board of Directors strives to support swift and decisive decision-making and properly evaluate business execution. Through this, the Executive Officers are encouraged to engage in appropriate risk-taking in order to sustainably build corporate value over the medium- to long-term.</p>
Authority	<p>The Company's Board of Directors is dedicated to supervising management after stipulating specific topics as deliberation criteria for the Board of Directors. By delegating to the Executive Officers the authority to make all business execution decisions within the limits permitted by the Companies Act, it is possible to ensure swift and decisive decision-making and appropriate risk-taking in business execution.</p>
Members	<p>The Company's Board of Directors is chaired by an independent Outside Director, and the majority of its members are independent Outside Directors, who independently and objectively supervise and advise the Company's management. Currently, it is comprised of ten members including six Outside Directors (two of whom are women).</p> <p>Outside Director Hiroyuki Yanagi (Chairperson of the Board of Directors)</p> <p>Outside Director Tatsuro Kosaka</p> <p>Outside Director Masako Egawa</p> <p>Outside Director Haruka Matsuyama</p> <p>Outside Director Kunihito Minakawa</p> <p>Outside Director Peter D. Pedersen</p> <p>Director Kei Uruma</p> <p>Director Kuniaki Masuda</p> <p>Director Satoshi Takeda</p> <p>Director Atsuhiko Yabu</p> <p>Note: Outside Directors Messrs. Mitoji Yabunaka, Kazunori Watanabe and Ms. Hiroko Koide, and Directors Messrs. Tadashi Kawagoishi and Jun Nagasawa retired upon the expiration of their terms of office at the end of the 153rd Ordinary General Meeting of Shareholders held on June 25, 2024.</p>

<Skill Matrix of the Board of Directors>							
The various skills possessed by the Directors are arranged into a matrix and disclosed as follows, with the aim of continuously improving the supervisory function that the Board of Directors of the Company is expected to fulfil.							
	Corporate management, corporate strategies and global affairs	Sustainability	Finance and accounting	Legal affairs, compliance and governance	Human resources and human resources development	Engineering, DX and R&D	Business development and investment
Tatsuro Kosaka	○	○			○	○	○
Hiroyuki Yanagi	○	○			○	○	○
Masako Egawa	○	○	○	○			○
Haruka Matsuyama		○		○			
Kunihito Minakawa	○		○				
Peter D. Pedersen	○	○			○		○
Kei Uruma	○	○			○	○	○
Kuniaki Masuda	○		○		○		○
Satoshi Takeda	○	○				○	○
Atsuhiko Yabu	○	○				○	○
Members	Skill item	Reason for selection of the skill item					
	Corporate management, corporate strategies and global affairs	The Group needs Directors with abundant management experience and achievements in corporate management at globally operating companies as well as experience, knowledge and skills for formulating a sustainable growth strategy, in order to sustainably increase corporate value amid a drastic change in the business environment surrounding the Group.					
	Sustainability	The Group needs Directors with experience, knowledge, and skills concerning sustainability in order to promote “addressing social challenges through our businesses,” since we have positioned the realization of sustainability as the core of management.					
	Finance and accounting	The Group needs Directors with experience, knowledge, and skills concerning finance and accounting for building a strong financial base and realizing appropriate returns to shareholders as well as maintaining the discipline and governance of finance and accounting.					
	Legal affairs, compliance and governance	The Group needs Directors with experience, knowledge, and skills concerning these items in order to globally develop the business, while thoroughly ensuring the legal and ethical compliance and enhancing corporate governance that forms the fundamentals of corporate activities.					
	Human resources and human resources development	The Group needs Directors with experience, knowledge, and skills concerning these items in order to promote human capital management, positioning human resource strategies as one of the important policies of business strategies.					
	Engineering, DX and R&D	The Group needs Directors with specialized knowledge and experience concerning engineering, DX and R&D in order to advance its “integrated solutions,” strengthening core components, field knowledge, and advanced digital technologies that are the Group’s advantages, as well as to promote open innovation and R&D strategies toward future growth.					

	Business development and investment	The Group needs Directors with experience, knowledge, and skills concerning these items as the implementation of growth strategies including promotion of business portfolio strategies, development of new businesses, and M&As is necessary for transforming itself into a “Circular Digital-Engineering” company and increasing corporate value in a sustainable way.
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<Nomination Committee>

Purpose · Authority	<p>As a company with a three-committee system, the Company has set up the statutory Nomination Committee chaired by an independent Outside Director. Recognizing the importance of ensuring independence and objectivity, the majority of the Nomination Committee is composed of independent Outside Directors.</p> <p>The Nomination Committee has authority over the appointment and dismissal of Directors and the decision on proposals regarding the appointment and dismissal of the President & CEO to be submitted to the Board of Directors. The Committee is also responsible for leading the succession planning of independent Outside Directors, discussing the personnel requirements for the President & CEO and the content and operational status of succession planning (the appointment and training of candidates), and reporting back to the Board of Directors.</p> <p>Under this authority and role, the Nomination Committee deliberates on matters relating to the nomination, giving due consideration to the diversity and skills perspective.</p>
Member	<p>The Company’s Nomination Committee is chaired by an independent Outside Director, and the majority of its members are independent Outside Directors, who independently and objectively undertake the duties of the Nomination Committee. Currently, it is comprised of three members including four Outside Directors.</p> <p>Outside Director Tatsuro Kosaka (Chairperson of the Nomination Committee)</p> <p>Outside Director Hiroyuki Yanagi</p> <p>Outside Director Masako Egawa</p> <p>Director Kei Uruma</p> <p>Note: Outside Directors Mr. Mitoji Yabunaka and Ms. Hiroko Koide retired upon the expiration of their terms of office at the end of the 153rd Ordinary General Meeting of Shareholders held on June 25, 2024.</p>

<Audit Committee>

Purpose · Authority	<p>As a company with a three-committee system, the Company has set up the statutory Audit Committee chaired by an independent Outside Director. Recognizing the importance of ensuring independence and objectivity, the majority of the Audit Committee is composed of independent Outside Directors. The full-time internal audit committee members also assist the Audit Committee in collecting information.</p> <p>The Audit Committee members recognize that they owe fiduciary duty to shareholders, which include contributing to sustainable growth and enhancing corporate value. Considering this recognition, the Committee will, with the assistance of the full-time internal audit committee members, monitor each measure by sharing information with the divisions responsible for execution. This will help investigate any potential management issues and risks from the perspectives of legality, appropriateness, and efficiency. To achieve this, the Committee will not limit itself to conducting defensive audits, such as operational and accounting audits. Rather, for enhanced information sharing, it will also attend important meetings such as Executive Officers’ Meetings and Risk Management Compliance Committee Meetings, hold meetings with senior management as appropriate, and assess the management policy and the progress of business execution in each division and base.</p> <p>When conducting such investigations, the Audit Committee will properly confirm the development and operation status of the internal control system and provide its opinions, in collaboration with the internal auditors for internal audits and the external accounting auditors for external audits.</p>
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Member	<p>The Company's Audit Committee is chaired by an independent Outside Director, and the majority of its members are independent Outside Directors, who independently and objectively undertake the duties of the Audit Committee. Currently, it is comprised of four members including three Outside Directors.</p> <p>Outside Director Haruka Matsuyama (Chairperson of the Audit Committee)</p> <p>Outside Director Kunihito Minakawa</p> <p>Outside Director Peter D. Pedersen</p> <p>Director Atsuhiko Yabu</p> <p>Notes: 1 Outside Director Mr. Kazunori Watanabe, and Directors Messrs. Tadashi Kawagoishi and Jun Nagasawa retired upon the expiration of their terms of office at the end of the 153rd Ordinary General Meeting of Shareholders held on June 25, 2024.</p> <p>2 Mr. Kunihito Minakawa, a member of the Audit Committee, has long years of experience in the accounting and finance department of listed companies and possesses considerable knowledge in the fields.</p> <p>The Audit Committee has dedicated staffers who take direct orders from Audit Committee members and support them in executing their duties.</p>
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<Compensation Committee>

Purpose · Authority	<p>As a company with a three-committee system, the Company has set up the statutory Compensation Committee chaired by an independent Outside Director. Recognizing the importance of ensuring independence and objectivity, the majority of the Compensation Committee is composed of independent Outside Directors.</p> <p>The Compensation Committee has the authority to determine the policies for determining compensation for Directors, Executive Officers, etc., the details of compensation for individual Directors and Executive Officers, performance evaluations related to the incentive compensation of Executive Officers, and the individual compensation of Executive Officers.</p> <p>Under this authority and role, the Compensation Committee deliberates on matters relating to the compensation, giving due consideration to the diversity and skills perspective. In fiscal 2023 (year ended March 31, 2023), the compensation system for Executive Officers has been reviewed, and discussions will be held on how to ensure that the system is fully operational.</p>
Member	<p>The Company's compensation Committee is chaired by an independent Outside Director, and the majority of its members are independent Outside Directors, who independently and objectively undertake the duties of the Compensation Committee. Currently, it is comprised of four members including three Outside Directors.</p> <p>Outside Director Tatsuro Kosaka (Chairperson of the Compensation Committee)</p> <p>Outside Director Hiroyuki Yanagi</p> <p>Outside Director Masako Egawa</p> <p>Director Kuniaki Masuda</p> <p>Note: Outside Directors Messrs. Mitoji Yabunaka, Kazunori Watanabe, and Ms. Hiroko Koide retired upon the expiration of their terms of office at the end of the 153rd Ordinary General Meeting of Shareholders held on June 25, 2024.</p>

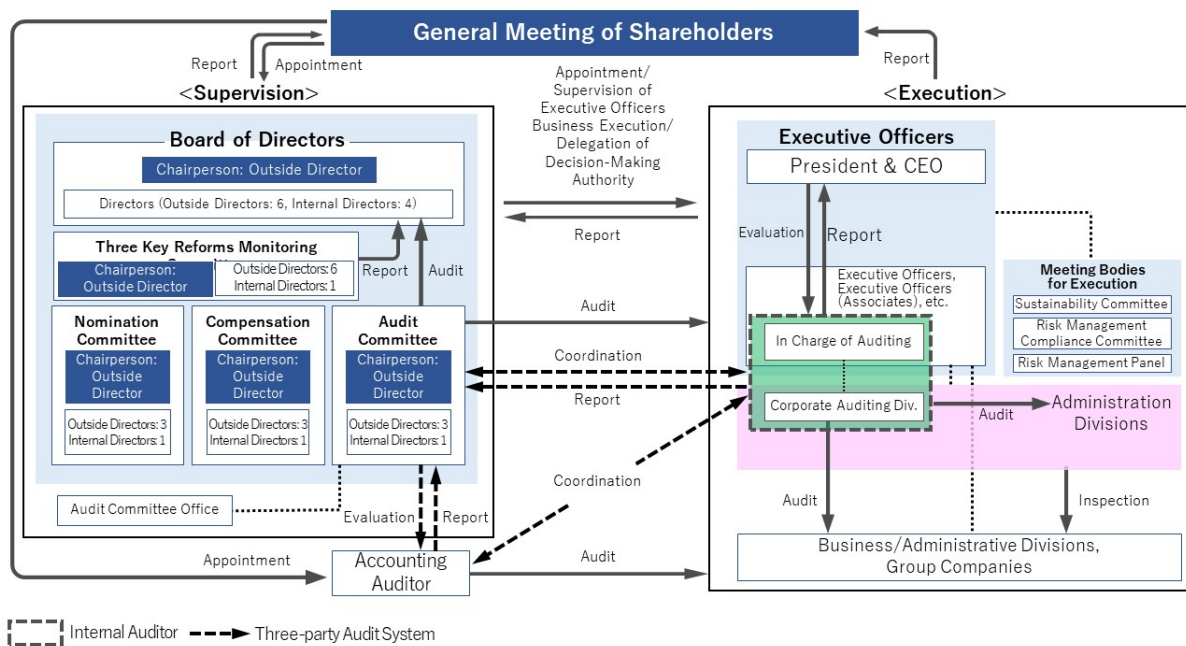
b. The Executive Officers

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.

In addition, the Executive Officers' Meeting has been established as a voluntary body to deliberate and make decisions on important business matters from the perspective of pursuing synergy and multifaceted risk management, in addition to sharing information among Executive Officers.

Based on the company-wide management policy, the Company has newly appointed Executive Officers (Associate) who make decisions on overall management and execute business in relation to groups/business groups/corporate divisions within their purview since fiscal year ended March 31, 2023.

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



3) Activities of the Board of Directors and the three statutory committees during the fiscal year

a. Activities of the Board of Directors

(a) Frequency of the Board of Directors meeting and attendance of each Board member

The Company held fourteen Board of Directors' meetings (including three special meetings) during the fiscal year. Each meeting took about three hours. The attendance of each Board member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Outside Director (Chairperson of the Board of Directors)	Mitoji Yabunaka	14/14	100%
Outside Director	Kazunori Watanabe	14/14	100%
Outside Director	Hiroko Koide	14/14	100%
Outside Director	Tatsuro Kosaka	14/14	100%
Outside Director	Hiroyuki Yanagi	14/14	100%
Outside Director	Masako Egawa	10/10	100%
Outside Director	Haruka Matsuyama	10/10	100%
Director	Kei Uruma	14/14	100%
Director	Tadashi Kawagoishi	14/14	100%
Director	Kuniaki Masuda	14/14	100%
Director	Jun Nagasawa	14/14	100%
Director	Satoshi Takeda	10/10	100%

Note: The status of attendance for Ms. Masako Egawa, Haruka Matsuyama, and Mr. Satoshi Takeda, is based on the number of the Board of Directors' meetings held after their assumption of office on June 29, 2023

(b) Specific Agenda Contents

Matters required by the Companies Act were determined including basic policies of management, matters necessary for the execution of duties by the Audit Committee, the establishment of systems necessary to ensure the legality of duties executed by the Executive Officers and the properness of other corporate operations, the business report and its supplementary schedules, the financial statements and their supplementary schedules, the consolidated financial statements, dividends of surplus, convocation of the General Meeting of Shareholders and appointment of Executive Officers.

In addition, in order to promote the medium- and long-term sustainable improvement of the corporate value of the Mitsubishi Electric Group, we established and discussed “key agenda items” for the Group (business portfolio strategy, sustainability management, human capital strategy, ECM/SCM strategy, digital strategy [business DX], and information system strategy [operational DX] from July 2023 to June 2024). The “Three Key Reforms Monitoring Committee,” established under the Board of Directors continuously supervised the progress and effectiveness of the three key reforms (quality assurance, organizational culture, and governance), which were aimed at restoring trust in the Company in response to a series of improper quality control practices that had been identified since June 2021.

Furthermore, we received reports from Executive Officers on the progress and results of business execution and fully discussed them.

(c) Effectiveness Evaluation of the Board of Directors

In order to continue evaluating the effectiveness of the “composition” and “operations” of the Board of Directors and to pursue continuous improvement of the monitoring board function, the Company’s Board of Directors requested a third party to evaluate the effectiveness of the Company’s Board of Directors from July to September 2023, and together with the evaluation results, the Company’s Board of Directors received recommendations for measures to address issues requiring improvement. Based on the results of the evaluation, the Company’s Board of Directors will focus on “improving the operation of the Board of Directors,” including the establishment of priority themes, to further strengthen the management monitoring function from an external perspective.

b. Activities of the Nomination Committee

(a) Frequency of the Nomination Committee meeting and attendance of each Nomination Committee member

The Company held nine Nomination Committee meetings during the fiscal year. Each meeting took about forty minutes. The attendance of each Nomination Committee member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Chairperson of the Nomination Committee (Outside Director)	Tatsuro Kosaka	9/9	100%
Member of the Nomination Committee (Outside Director)	Mitoji Yabunaka	9/9	100%
Member of the Nomination Committee (Outside Director)	Hiroko Koide	9/9	100%
Member of the Nomination Committee (Outside Director)	Hiroyuki Yanagi	9/9	100%
Member of the Nomination Committee (Outside Director)	Masako Egawa	7/7	100%
Member of the Nomination Committee	Kei Uruma	7/7	100%

Note: The status of attendance for Ms. Masako Egawa and Mr. Kei Uruma is based on the number of the Nomination Committee meetings held after their assumption of office on June 29, 2023.

(b) Specific Agenda Contents

Based on the objectives and authority of the Companies Act, the Nomination Committee determined the candidates for Directors to be submitted to the General Meeting of Shareholders. In addition, in order to ensure objectivity and transparency in the selection and dismissal of the President & CEO, the committee also has the authority on decisions regarding proposals to be submitted to the Board of Directors regarding the selection and dismissal of the President & CEO. The committee also led the succession of Independent Outside Directors, discussed personnel requirements for the President & CEO and the contents and status of operation of succession planning (appointment and training of successor candidates), and submitted its recommendations to the Board of Directors.

c. Activities of the Audit Committee

Please refer to “(3) Status of Audit 1) Audit Committee.”

d. Activities of the Compensation Committee

(a) Frequency of the Compensation Committee meeting and attendance of each Compensation Committee member

The Company held seven Compensation Committee meetings during the fiscal year. Each meeting took about thirty minutes. The attendance of each Compensation Committee member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Chairperson of the Compensation Committee (Outside Director)	Kazunori Watanabe	7/7	100%
Member of the Compensation Committee (Outside Director)	Mitoji Yabunaka	7/7	100%
Member of the Compensation Committee (Outside Director)	Hiroko Koide	7/7	100%
Member of the Compensation Committee (Outside Director)	Tatsuro Kosaka	7/7	100%
Member of the Compensation Committee (Outside Director)	Masako Egawa	5/5	100%
Member of the Compensation Committee	Kuniaki Masuda	7/7	100%

Note: The status of attendance for Ms. Masako Egawa is based on the number of the Compensation Committee meetings held after their assumption of office on June 29, 2023.

(b) Specific Agenda Contents

The Compensation Committee executed its duties based on the objectives and authority stipulated under the Companies Act. Specifically, the Committee discussed and decided on the policy regarding the determination of compensation for Directors and Executive Officers, the details of individual compensation for Directors and Executive Officers, performance evaluation regarding incentive compensation for Executive Officers, and compensation for each individual.

In addition, the Compensation Committee, at its meeting held in May 2022, decided to revise the compensation system for the Company's Executive Officers and to apply this system from fiscal 2023. Please refer to “(4) Compensation for Directors and Executive Officers” for details concerning the said system.

4) Internal Control System

a. Necessary matters for the execution of the duties of the Audit Committee

The following have been established with regard to necessary matters for the execution of the duties of the Audit Committee.

(a) Assign employees whose job is exclusively to assist the Audit Committee members.

(b) The General Manager of the Corporate Human Resources Division shall consult with the Audit Committee members in the performance evaluation and transfer of employees dedicated to assisting the Audit Committee in its duties.

(c) Establish a system to report information on the Company and its subsidiaries to the Audit Committee via the Company's divisions in charge of internal control.

(d) Provide opportunities for Full-time Audit Committee members to attend important meetings, such as Executive Officers'

meetings.

- (e) Establish internal rules and systems to protect persons who report information concerning the Company and its subsidiaries to the Audit Committee.
- (f) Establish internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members.
- (g) The following other systems related to the Audit Committee's audits shall be established.
 - Conducting surveys of the Company and its subsidiaries.
 - Discussion of audit policies and methods, status of implementation, results, etc., through regular briefings with the Independent Auditor, and the Executive Officers and Executive Officers (Associate) in charge of auditing.
 - Dialogue between Audit Committee members and Executive Officers and others (executive departments) to ensure the effectiveness of the Audit Committee's audits.

b. Systems necessary to ensure the properness of operations of the Company and the Mitsubishi Electric Group

The following have been established with regard to systems necessary to ensure the properness of operations of the Company and the Mitsubishi Electric Group.

- (a) Internal rules shall be established to ensure that the execution of duties by Executive Officers comply with laws and regulations and the Articles of Incorporation. The status of its operation shall be audited by internal auditors.
- (b) Establish internal rules for compliance and develop a system necessary for compliance.
- (c) The following systems shall be established to ensure the properness of operations of the Company.
 - Internal rules shall be established for the storage and management of information related to the execution of duties by Executive Officers. The status of their operation shall be audited by internal auditors.
 - Each Executive Officer shall be responsible for establishing a system for managing the risk of loss within the scope of their responsibilities. Important matters shall be deliberated at the Executive Officers' Meeting. The status of its operation shall be audited by internal auditors. In addition, the Company shall establish internal regulations concerning the company-wide Emergency Response Division and other functions in preparation for emergency situations that are expected to have a significant impact on the company-wide management.
 - Each Executive Officer shall be responsible for ensuring management efficiency within the scope of their responsibilities. Important matters shall be deliberated at the Executive Officers' Meeting. The status of its operation shall be audited by internal auditors. In addition, an environment shall be created in which company-wide issues can be shared and discussed by each Executive Officer.
 - The following systems shall be established to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation. The status of its operation shall be audited by internal auditors.
 - Establish internal rules and code of conduct regarding ethics and legal compliance.
 - Implement an internal whistle-blowing system.
- (d) The following system shall be established to ensure the properness of operations of the Mitsubishi Electric Group.
 - Each Executive Officer of the Company shall manage subsidiaries within the scope of their responsibilities.
 - Establish a code of conduct throughout the Mitsubishi Electric Group.
 - Establish a dedicated organization to manage Mitsubishi Electric Group companies across the board.
 - Establish a system for reporting matters related to the execution of duties by Mitsubishi Electric Group companies, managing the risk of loss, and ensuring the efficiency of the execution of duties, as well as management standards. Important matters shall be deliberated and reported at the Company's Executive Officers' Meeting.
 - 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 led 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) Status of Establishment of Risk Management Framework

Please refer to "II. Business Overview 3. Business and Other Risks".

7) 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.

8) 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.

9) 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.

10) 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: 17 persons, Women: 2 persons

(Women's percentage to total number of Directors and Executive Officers: 11%)

a. Directors

Title	Name	Date of Birth	Career summary	Term of office	The number of shares owned
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</p> <p>June 2023 Director, Chairperson of the Nomination Committee and Member of the Compensation Committee</p> <p>June 2024 Director, Chairperson of the Nomination Committee and Chairperson of the Compensation Committee (current position)</p>	From June 2024 to June 2025	5,300
Director	Hiroyuki Yanagi	November 20, 1954	<p>April 1978 Joined Yamaha Motor Co., Ltd.</p> <p>March 2010 President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.</p> <p>January 2018 Chairman and Representative Director of Yamaha Motor Co., Ltd.</p> <p>March 2021 Chairman and Director of Yamaha Motor Co., Ltd.</p> <p>January 2022 Director of Yamaha Motor Co., Ltd.</p> <p>March 2022 Advisor of Yamaha Motor Co., Ltd. (current position)</p> <p>June 2022 Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation</p> <p>June 2023 Director, Member of the Nomination Committee and Chairperson of the Audit Committee</p> <p>June 2024 Chairperson of the Board of Directors, Member of the Nomination Committee and Member of the Compensation Committee (current position)</p>	Same as above	5,000

Title	Name	Date of Birth	Career summary	Term of office	The number of shares owned
Director	Masako Egawa	September 7, 1956	<p>April 1980 Joined Tokyo Branch, Citibank, N.A.</p> <p>September 1986 Joined New York Headquarters, Salomon Brothers Inc.</p> <p>June 1988 Joined Tokyo Branch, Salomon Brothers Asia Limited (currently Citigroup Global Markets Japan Inc.)</p> <p>December 1993 Joined Tokyo Branch, S.G. Warburg Securities (currently UBS Securities Japan Co., Ltd.)</p> <p>November 2001 Executive Director, Japan Research Center, Harvard Business School (Retired in March 2009)</p> <p>April 2009 Executive Vice President, The University of Tokyo (Retired in March 2015)</p> <p>September 2015 Professor, Graduate School of Commerce (currently Graduate School of Business Administration), Hitotsubashi University (Retired in March 2020)</p> <p>July 2019 Vice-Chairman, The Japan Securities Dealers Association (current position)</p> <p>April 2020 Specially Appointed Professor, Graduate School of Commerce (currently Graduate School of Business Administration), Hitotsubashi University (Retired in March 2022)</p> <p>April 2022 Chancellor, Seikei Gakuen (current position)</p> <p>June 2023 Director, Member of the Nomination Committee and Member of the Compensation Committee, Mitsubishi Electric Corporation (current position)</p>	From June 2024 to June 2025	900
Director	Haruka Matsuyama	August 22, 1967	<p>April 1995 Appointed as Assistant Judge at Tokyo District Court (Retired in July 2000)</p> <p>July 2000 Attorney-at-law (current position)</p> <p>Joined HIBIYA PARK LAW OFFICES</p> <p>January 2002 Partner of HIBIYA PARK LAW OFFICES (current position)</p> <p>June 2023 Director, Member of the Audit Committee, Mitsubishi Electric Corporation</p> <p>June 2024 Director, Chairperson of the Audit Committee, (current position)</p>	Same as above	900
Director	Kunihito Minakawa	August 15, 1954	<p>April 1978 Joined RICOH CO., LTD.</p> <p>October 1997 Senior Vice President & CFO, Ricoh Americas Corporation</p> <p>June 2010 Outside Corporate Auditor, RICOH LEASING COMPANY, LTD.</p> <p>April 2012 Corporate Senior Vice President, General Manager of Finance and Accounting Division, RICOH CO., LTD</p> <p>June 2013 Audit & Supervisory Board Member (Full-time), RICOH CO., LTD. (Retired in June 2017)</p> <p>April 2019 Financial Services Agency Certified Public Accountants and Auditing Oversight Board Commissioner (current position)</p> <p>June 2024 Director, Member of the Audit 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	Peter D. Pedersen	November 29 1967	<p>September 2000 President, E-Square Inc. (Retired in November 2011)</p> <p>January 2015 Executive Director, Next Leaders' Initiative for Sustainability (NELIS), general incorporated association (currently NELIS, non-profit organization) (current position)</p> <p>February 2020 Professor (full-time), Graduate School of Leadership and Innovation, Shizenkan University (current position)</p> <p>June 2024 Director, Member of the Audit Committee, Mitsubishi Electric Corporation (current position)</p>	From June 2024 to June 2025	0
Director	Kei Uruma	July 27, 1959	<p>April 1982 Joined Mitsubishi Electric Corporation</p> <p>April 2015 Executive Officer, Factory Automation Systems</p> <p>April 2017 Executive Officer, Public Utility Systems</p> <p>April 2018 Senior Vice President, Public Utility Systems</p> <p>April 2020 Representative Executive Officer, Senior Vice President, Corporate Strategic Planning and Operations of Associated Companies</p> <p>June 2020 Director, Representative Executive Officer, Senior Vice President, Corporate Strategic Planning and Operations of Associated Companies</p> <p>April 2021 Director, Representative Executive Officer, Senior Vice President, Export Control, Corporate Strategic Planning and Operations of Associated Companies, CSO</p> <p>July 2021 Director, Representative Executive Officer, President & CEO</p> <p>June 2023 Director, Member of the Nomination Committee, Representative Executive Officer, President & CEO (current position)</p>	Same as above	125,229
Director	Kuniaki Masuda	July 21, 1964	<p>April 1987 Joined Mitsubishi Electric Corporation</p> <p>April 2015 Senior General Manager, Planning & Administration Div. of Semiconductor & Device Group</p> <p>October 2020 Senior General Manager, Corporate Human Resources Div.</p> <p>April 2021 Executive Officer, General Affairs and Human Resources</p> <p>June 2021 Director, Member of the Nomination Committee and Member of the Compensation Committee, Executive Officer, General Affairs and Human Resources</p> <p>April 2022 Director, Member of the Nomination Committee, Member of the Compensation Committee, Executive Officer, CFO (Accounting and Finance), CHRO (General Affairs and Human Resources)</p> <p>April 2023 Director, Member of the Nomination Committee, Member of the Compensation Committee, Executive Officer, CFO (Accounting and Finance)</p> <p>June 2023 Director, Member of the Compensation Committee, Executive Officer, CFO (Accounting and Finance)</p> <p>April 2024 Director, Member of the Compensation Committee, Executive Officer, CFO (Financial Strategy, Accounting and Finance), Corporate IR and SR (current position)</p>	Same as above	33,623

Title	Name	Date of Birth	Career summary		Term of office	The number of shares owned
Director	Satoshi Takeda	March 10, 1967	<p>April 1989 January 2018</p> <p>April 2020</p> <p>April 2021</p> <p>April 2022</p> <p>April 2023</p> <p>June 2023</p> <p>October 2023</p> <p>April 2024</p>	<p>Joined Mitsubishi Electric Corporation Deputy Senior General Manager, Nagoya Works</p> <p>Senior General Manager, Overseas Marketing Div. of Factory Automation Systems Group</p> <p>Senior General Manager, Planning & Administration Dept. of Factory Automation Systems Group</p> <p>Executive Officer, Industry & Mobility Business Area Owner (Factory Automation Systems)</p> <p>Executive Officer, Auditing, CSO (Corporate Strategic Planning, IR and SR, Operations of Associated Companies, Three Key Reforms and Sustainability)</p> <p>Director, Executive Officer, Auditing, CSO (Corporate Strategic Planning, Corporate IR and SR, Operations of Associated Companies, Three Key Reforms, and Sustainability)</p> <p>Director, Executive Officer, Auditing, CSO (Corporate Strategic Planning, Corporate IR and SR, Operations of Associated Companies, Three Key Reforms, and Sustainability), CDO (DX, Business Innovation)</p> <p>Director, Executive Officer, CSO (Corporate Strategic Planning, Operations of Associated Companies and Three Key Reforms), CDO (DX, Business Innovation) (current position)</p>	From June 2024 to June 2025	24,623
Director	Atsuhiko Yabu	June 25, 1960	<p>April 1984</p> <p>April 2016</p> <p>August 2018</p> <p>April 2019</p> <p>April 2020</p> <p>April 2021</p> <p>June 2024</p>	<p>Joined Mitsubishi Electric Corporation</p> <p>Executive Vice President, Mitsubishi Electric US, Inc.</p> <p>CEO, Mitsubishi Electric Trane HVAC US LLC</p> <p>Executive Officer, Corporate Total Productivity & Management Environmental Programs</p> <p>Executive Officer, Information Security and Total Productivity Management & Environmental Programs</p> <p>Executive Officer, Automotive Equipment (Retired in March 2024)</p> <p>Director, Member of the Audit Committee, Mitsubishi Electric Corporation (current position)</p>	Same as above	37,564
Total						233,139

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

2. Messrs. Tatsuro Kosaka, Hiroyuki Yanagi, Masako Egawa, Haruka Matsuyama, Kunihiro Minakawa, and Peter D. Pedersen are six 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 2024 to March 2025	125,229
Representative Executive Officer, Executive Vice President, Life Business Area Owner and Export Control	Tadashi Matsumoto	December 7, 1958	<p>April 1981 April 2018</p> <p>April 2020</p> <p>April 2021</p> <p>July 2021</p> <p>April 2022</p> <p>April 2023</p>	<p>Joined Mitsubishi Electric Corporation Executive Officer, Living Environment & Digital Media Equipment</p> <p>Executive Officer, Senior Vice President, Living Environment & Digital Media Equipment</p> <p>Representative Executive Officer, Senior Vice President, Building Systems</p> <p>Representative Executive Officer, Senior Vice President, Export Control, Building Systems</p> <p>Representative Executive Officer, Senior Vice President, Life Business Area Owner (Building Systems) and Export Control</p> <p>Representative Executive Officer, Executive Vice President, Life Business Area Owner and Export Control (current position)</p>	Same as above	65,652
Representative Executive Officer, Senior Vice President, Industry & Mobility Business Area Owner and (Automotive Equipment)	Kunihiko Kaga	September 22, 1964	<p>April 1990 April 2018</p> <p>April 2020</p> <p>April 2021</p> <p>July 2021</p> <p>April 2022</p> <p>June 2022</p> <p>April 2023</p> <p>June 2023</p> <p>April 2024</p>	<p>Joined Mitsubishi Electric Corporation Senior General Manager, Air-Conditioning & Refrigeration Systems Works</p> <p>Deputy Vice President, Corporate Research and Development</p> <p>Executive Officer, Research & Development, CTO</p> <p>Executive Officer, Corporate Strategic Planning and Operations of Associated Companies, CSO</p> <p>Executive Officer, Auditing, CSO (Corporate Strategic Planning and Operations of Associated Companies), CTO (Technology Strategies)</p> <p>Director, Executive Officer, Auditing, CSO (Corporate Strategic Planning and Operations of Associated Companies), CTO (Technology Strategies)</p> <p>Director, Representative Executive Officer, Senior Vice President, Industry & Mobility Business Area Owner and CTO (Technology Strategies)</p> <p>Representative Executive Officer, Senior Vice President, Industry & Mobility Business Area Owner and CTO (Technology Strategies)</p> <p>Representative Executive Officer, Senior Vice President, Industry & Mobility Business Area Owner (Automotive Equipment) (current position)</p>	Same as above	37,083
Senior Vice President, Infrastructure Business Area Owner	Noriyuki Takazawa	August 12, 1962	<p>April 1986 April 2016</p> <p>April 2018</p> <p>April 2020</p> <p>April 2022</p> <p>April 2023</p>	<p>Joined Mitsubishi Electric Corporation Senior General Manager, Transmission & Distribution Systems Marketing Div.</p> <p>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)</p> <p>Senior Vice President, Infrastructure Business Area Owner. (current position)</p>	Same as above	30,683

Title	Name	Date of Birth	Career summary	Term of office	The number of shares owned
Senior Vice President, CRO (Legal Affairs & Intellectual Property & Eternal Relations, Risk Management, Economic Security, Export Control and Government & External Relations)	Satoshi Kusakabe	January 24, 1960	<p>April 1982 Joined the Ministry of International Trade and Industry</p> <p>July 2007 Director-General, Personnel Division, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>July 2010 Deputy Director-General, Minister's Secretariat (in charge of Economic and Industrial Policy Bureau), Ministry of Economy, Trade and Industry</p> <p>October 2010 Councillor, Cabinet Secretariat (National Policy Unit)</p> <p>September 2012 Director-General for Policy Planning and Coordination, Ministry of Economy, Trade and Industry</p> <p>June 2013 Deputy Vice-Minister of Economy, Trade and Industry, Ministry of Economy, Trade and Industry</p> <p>July 2015 Commissioner, Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry</p> <p>July 2018 Retired from the Ministry of Economy, Trade and Industry</p> <p>November 2018 Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>July 2019 Advisor, Mitsubishi Electric Corporation</p> <p>April 2020 Executive Officer, Government & External Relations, Export Control, and Intellectual Property</p> <p>October 2020 Executive Officer, Government & External Relations, Economic Security, Export Control, and Intellectual Property</p> <p>January 2022 Executive Officer, Government & External Relations, Risk Management, Economic Security, Export Control, Intellectual Property and CRO</p> <p>April 2022 Executive Officer, CRO (Legal Affairs & Compliance, Risk Management, Economic Security and Export Control)</p> <p>April 2024 Senior Vice President, CRO (Legal Affairs & Intellectual Property & Eternal Relations, Risk Management, Economic Security, Export Control and Government & External Relations) (current position)</p>	From April 2024 to March 2025	36,564
Executive Officer, CMO (Global Marketing, Advertising and Corporate Marketing)	Yoji Saito	October 7, 1960	<p>April 1983 Joined Mitsubishi Electric Corporation</p> <p>April 2015 President & CEO, Mitsubishi Electric Europe B.V. Pan European Representative of Mitsubishi Electric</p> <p>April 2020 Executive Officer, Global Strategic Planning & Marketing</p> <p>April 2022 Executive Officer, CMPO (Purchasing), CCO (Corporate Communication, Government & External Relations)</p> <p>April 2023 Executive Officer, CMO (Global Marketing, Advertising and Corporate Marketing), Government & External Relations</p> <p>April 2024 Executive Officer, CMO (Global Marketing, Advertising and Corporate Marketing) (current position)</p>	Same as above	34,364

Title	Name	Date of Birth	Career summary	Term of office	The number of shares owned
Executive Officer, CIO, Business Platform Business Area Owner (Information Security and IT Solution Business & Business Process Reengineering)	Eiichiro Mitani	May 4, 1961	<p>April 1985 Joined Mitsubishi Electric Corporation</p> <p>April 2015 Senior General Manager, Kobe Works</p> <p>April 2018 Group Senior Vice President, Information Systems & Network Service, Senior General Manager, Information Systems & Network Service Div.</p> <p>April 2020 Group Senior Vice President, Information Systems & Network Service</p> <p>January 2021 Corporate Executive, Corporate Strategic Planning Div.</p> <p>April 2021 Executive Officer, Process & Operation Reform and IT, Chief Operation DX Officer, CIO</p> <p>April 2022 Executive Officer, Business Platform Business Area Owner (Information Systems & Network Service), CIO (Information Security, IT and Corporate Process & Operation Reengineering)</p> <p>April 2024 Executive Officer, Business Platform Business Area Owner, CIO (Information Security and IT Solution Business & Business Process Reengineering) (current position)</p>	From April 2024 to March 2025	32,723
Executive Officer, CFO (Financial Strategies, Accounting and Finance), IR and SR	Kuniaki Masuda	July 21, 1964	See "a. Directors"	Same as above	33,623
Executive Officer, CTO (Technology Strategies), Defense & Space Systems	Tomonori Sato	August 31, 1967	<p>April 1992 Joined Mitsubishi Electric Corporation</p> <p>April 2020 Deputy Senior General Manager, Advanced Technology R&D Center</p> <p>April 2021 Senior General Manager, Advanced Technology R&D Center</p> <p>July 2021 Executive Officer, CTO (Corporate Research and Development)</p> <p>April 2022 Executive Officer, Intellectual Property and Corporate Research & Development</p> <p>April 2023 Executive Officer, Defense & Space Systems</p> <p>April 2024 Executive Officer, CTO (Technology Strategies), Defense & Space Systems (current position)</p>	Same as above	23,264
Executive Officer, CPO (Manufacturing), CQO (Corporate Quality Assurance Reengineering)	Yoshikazu Nakai	September 5, 1961	<p>April 1984 Joined Nissan Motor Co., Ltd.</p> <p>April 2014 Vice President, Total Customer Satisfaction Function, Planning and Administration Dept., Nissan Motor Co., Ltd.</p> <p>April 2016 Corporate Vice President, Total Customer Satisfaction Function, Production/Field Quality, Quality Audit, Nissan Motor Co., Ltd.</p> <p>December 2018 Executive Vice President, Nori Corporation</p> <p>November 2020 General Manager, Global Quality Control Dept of Automotive Motor & Electronic Control Business Group, NIDEC CORPORATION</p> <p>April 2022 Executive Officer, CPO (Manufacturing), CQO (Corporate Quality Assurance Reengineering)</p> <p>April 2023 Executive Officer, CPO (Manufacturing, Corporate Total Productivity Management & Environmental Programs), CQO (Corporate Quality Assurance Reengineering)</p> <p>April 2024 Executive Officer, CPO (Manufacturing), CQO (Corporate Quality Assurance Reengineering) (current position)</p>	Same as above	12,964

Title	Name	Date of Birth	Career summary		Term of office	The number of shares owned
Executive Officer, CSO (Corporate Strategic Planning, Operations of Associated Companies, Three Key Reforms and Sustainability), CDO (DX, Business Innovation)	Satoshi Takeda	March 10, 1967	See “a. Directors”		From April 2024 to March 2025	24,623
Executive Officer, CHRO (Global Human Resources Strategy, Human Resources & General Affairs, Corporate Human Resources Group), Public Relations	Yasunari Abe	November 12, 1966	April 1989	Joined Mitsubishi Electric Corporation	Same as above	10,986
		April 2018	Deputy Senior General Manager, Corporate Human Resources Div.			
		April 2020	Senior General Manager, Public Relations Div. of Corporate Communication Group			
		April 2022	Executive Officer (Associate), Senior General Manager, Corporate Human Resources Div.			
		April 2023	Executive Officer, CHRO (General Affairs and Human Resources), Public Relations			
		April 2024	Executive Officer, CHRO (Global Human Resources Strategy, Human Resources & General Affairs, Corporate Human Resources Group), Public Relations (current position)			
Total						467,758

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

3. Details of Executive Officers (Associate)

Effective April 1, 2024, based on the company-wide management policy, the Company has appointed Executive Officers (Associate) who make decisions on overall management and execute business in relation to divisions within their purview.

The appointments are as follows:

Title	Name	Positions Held
Executive Officer (Associate)	Yasumichi Tazunoki	Group President, Living Environment & Digital Media Equipment
Executive Officer (Associate)	Shigeki Kawaji	Purchasing, Senior General Manager, Corporate Purchasing Div.
Executive Officer (Associate)	Kenichiro Fujimoto	Senior General Manager, Corporate Finance & Accounting Group
Executive Officer (Associate)	Masayoshi Takemi	Group President, Semiconductor & Device
Executive Officer (Associate)	Hideto Negoro	Group President, Public Utility Systems
Executive Officer (Associate)	Masahiro Oya	Vice President, Global Strategic Planning & Marketing
Executive Officer (Associate)	Iwao Oda	Group President, Building Systems
Executive Officer (Associate)	Hiroshi Tsuchimoto	Auditing, Senior General Manager, Corporate Strategic Planning Group
Executive Officer (Associate)	Toshie Takeuchi	Group President, Factory Automation Systems
Executive Officer (Associate)	Soichi Hamamoto	Group President, Energy & Industrial Systems
Executive Officer (Associate)	Toru Oka	Intellectual Property, Vice President, Corporate Research and Development
Executive Officer (Associate)	Michael Corbo	Representative of Americas, Global Strategic Planning & Marketing
Executive Officer (Associate)	Yusuke Sijiki	Vice President, Corporate Total Productivity Management
Executive Officer (Associate)	Norikazu Yamaguchi	Senior General Manager, Corporate Legal & Risk Management Group
Executive Officer (Associate)	Seiji Oguro	Sustainability, Vice President, Sustainability Innovation Group

2) Outside Directors

The Company has six Outside Directors, each of whom has no special interest with the Company. Although companies 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 revenue of the Company or the counterparty
2. Persons who serve as business executers at a company from 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, Independent 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 Directors, three of whom are Outside Directors. The Committee audits the legality, adequacy, and efficiency of the execution of the duties by Directors and Executive Officers and creates an audit report to be submitted to the shareholders' meeting with its resolution.

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

The Company held fourteen Audit Committee meetings during the fiscal year. Each meeting took about one and a half hours. Audit Committee members worked to secure sufficient time for questions and answers on the day of the Audit Committee meeting, such as by checking materials with audio commentary in advance through the Audit Committee website, mainly for matters for reporting. The attendance of each Audit Committee member is as shown below.

Title	Name	Attendance/meetings	Attendance rate
Chairperson of the Audit Committee (Outside Director)	Hiroyuki Yanagi	11/11	100%
Member of the Audit Committee (Outside Director)	Kazunori Watanabe	14/14	100%
Member of the Audit Committee (Outside Director)	Haruka Matsuyama	11/11	100%
Member of the Audit Committee	Tadashi Kawagoishi	14/14	100%
Member of the Audit Committee	Jun Nagasawa	14/14	100%

Notes: 1. Out of the above members, Messrs. Tadashi Kawagoishi and Jun Nagasawa are responsible for investigation.

2. The status of attendance for Mr. Hiroyuki Yanagi and Ms. Haruka Matsuyama is based on the number of the Audit Committee meetings held after their assumption of office on June 29, 2023.

3. Messrs. Kazunori Watanabe, Tadashi Kawagoishi and Jun Nagasawa retired upon the expiration of their terms of office at the end of the 153rd Ordinary General Meeting of Shareholders held on June 25, 2024.

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 Executive Officers (Associate), as well as visits of the Company's offices and subsidiaries and interviews with executive staff thereof in accordance with the policies and assignments agreed upon the Committee.
- The Audit Committee members receive internal audit reports and monthly reports from the Corporate Auditing Division. At Audit Committee meetings, members also receive reports on internal audit policies for the fiscal year and the results of semi-annual internal audits, and provide their opinions as necessary.
- The Audit Committee members receive reports from the Corporate Legal & Risk Management Group and other departments in charge of internal control, such as reports on the building of an internal control system that emphasizes predictive indicators and prevention, the formulation and operation of a compliance program, and the development and operation of an internal whistle-blowing system, and provide their opinions as necessary.
- The Audit Committee members discuss policies and methods of auditing with Independent Auditors, who furnish them with quarterly reports on the implementation status of reviews, including responses to audit risks, and explanations of their quality management system and independence, and exchange opinions with them.

In addition, Outside Audit Committee members visit the Company's offices and subsidiaries to offer their opinions based on the various skills they each possess at the Audit Committee meeting and other occasions.

d. Specific Agenda Contents of the Audit Committee

The specific agenda of the Audit Committee includes the formulation of audit policies and activity planning, checks on the status of execution of the duties by Directors and Executive Officers and the status of establishment and operation of the internal control system, checks on methods of auditing by the Independent Auditor and validity of results, and evaluation of the Independent Auditor and drafting of proposals for reappointment and non-reappointment of the Independent Auditor.

In fiscal 2024, the Audit Committee focused on monitoring and verifying various measures to address quality issues and to prevent the recurrence of work-related and information security issues that have occurred in recent years. At the same time, the Audit Committee conducted interviews with and expressed its opinions to Executive Officers, Executive Officers (Associate), and the executive staff of the Company's offices and subsidiaries as necessary on matters such as the status of efforts for

initiatives aimed at sustainably increasing the Mitsubishi Electric Group's corporate value and fulfilling its responsibilities to stakeholders, namely the promotion of sustainability management, the acceleration of portfolio strategies and business transformation under the new business area management structure, and strengthening the business structure, including the building of an internal control system that emphasizes prediction and prevention, and the formulation and operation of a compliance program.

As indicated in "II. Business Overview 1. Management Policy, Business Environment and Corporate Agenda (2) Business environment and corporate agenda," the Group is focusing on accelerating its transformation to realize its ideal vision (Circular Digital-Engineering Company), strengthening its business structure, promoting material sustainability management, deepening and developing the three key reforms, and thoroughly instilling legal and ethical compliance. The Audit Committee will closely monitor the permeation of these initiatives throughout the Group, along with the various recurrence prevention initiatives being implemented by the Company, including efforts to prevent improper quality control practices as well as work-related and cybersecurity issues identified thus far from being forgotten.

e. Effectiveness evaluation of the Audit Committee

The Audit Committee conducts evaluation to improve performance every year in the form of questionnaires to be filled out by each committee member. In fiscal 2024, the following opinions and proposals were made:

- The frequency of Audit Committee meetings, explanations of proposals, and Q&A sessions are sufficient and appropriate. Operations could be improved by setting key agenda items and providing materials in an even more timely manner.
- The Audit Committee members responsible for investigation (full-time Audit Committee members) periodically report their activities and the results thereof, and management information is properly shared among Audit Committee members in a timely manner.

Although we believe that these evaluations in effect endorse 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.

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 & Licensing 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 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 Independent Auditors and continuously works with them, discussing the evaluation of the internal control related to financial review as needed.

d. Activities to ensure the effectiveness of internal audits

The Corporate Auditing Division prepares and sends an audit report to the head of the audited department after the internal audit is conducted, and instructs the head of the audited department to formulate improvement measures as necessary. In order to ensure the effectiveness of internal audits, the Corporate Auditing Division confirms the improvement measures developed by the audited department through the written responses submitted by the audited department, and conducts follow-up audits

and evaluations to confirm the implementation progress as necessary.

In addition, the Corporate Auditing Division prepares a report summarizing the internal audit for the first and second half of the year as a regular report, and reports it, via the Executive Officers (Associate) in charge, to the Audit Committee, and the President & CEO twice a year.

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 Accounting standards 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 Accounting standards, 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	For the year ended March 31, 2023		For the year ended March 31, 2024	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fee for non-audit services
The Company	296	1	330	5
Consolidated subsidiaries	257	3	282	1
Total	554	4	612	7

Fees to the certified public accountants for non-audit services paid by the Company and its consolidated subsidiaries for the years ended March 31, 2023 consist mainly of accounting advisory services. Fees to the certified public accountants for non-audit services paid by the Company and its consolidated subsidiaries for the years ended March 31, 2024 consist mainly of preparing comfort letters associated with issuing bonds, etc.

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

(Millions of yen)

Classification	For the year ended March 31, 2023		For the year ended March 31, 2024	
	Fees for audit services	Fees for non-audit services	Fees for audit services	Fees for non-audit services
The Company	154	122	167	139
Consolidated subsidiaries	860	251	982	198
Total	1,015	373	1,150	338

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 the years ended March 31, 2023 and 2024 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) The Policy for Determining Compensation for Directors and Executive Officers for Fiscal 2024

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, including the chairperson. The policy is as follows. If the Director concurrently serves as an Executive Officer, the policy for determining compensation for Executive Officers is applied.

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

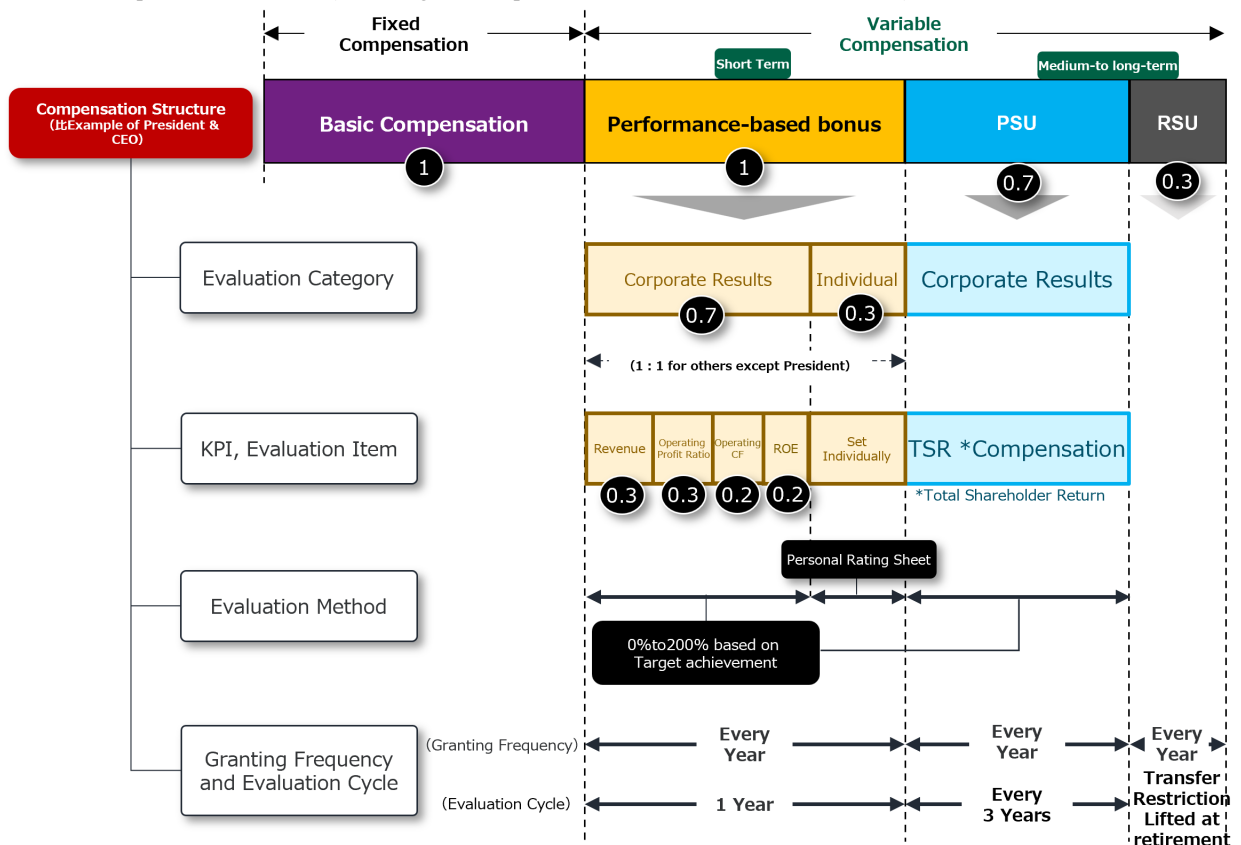
(a) Directors

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

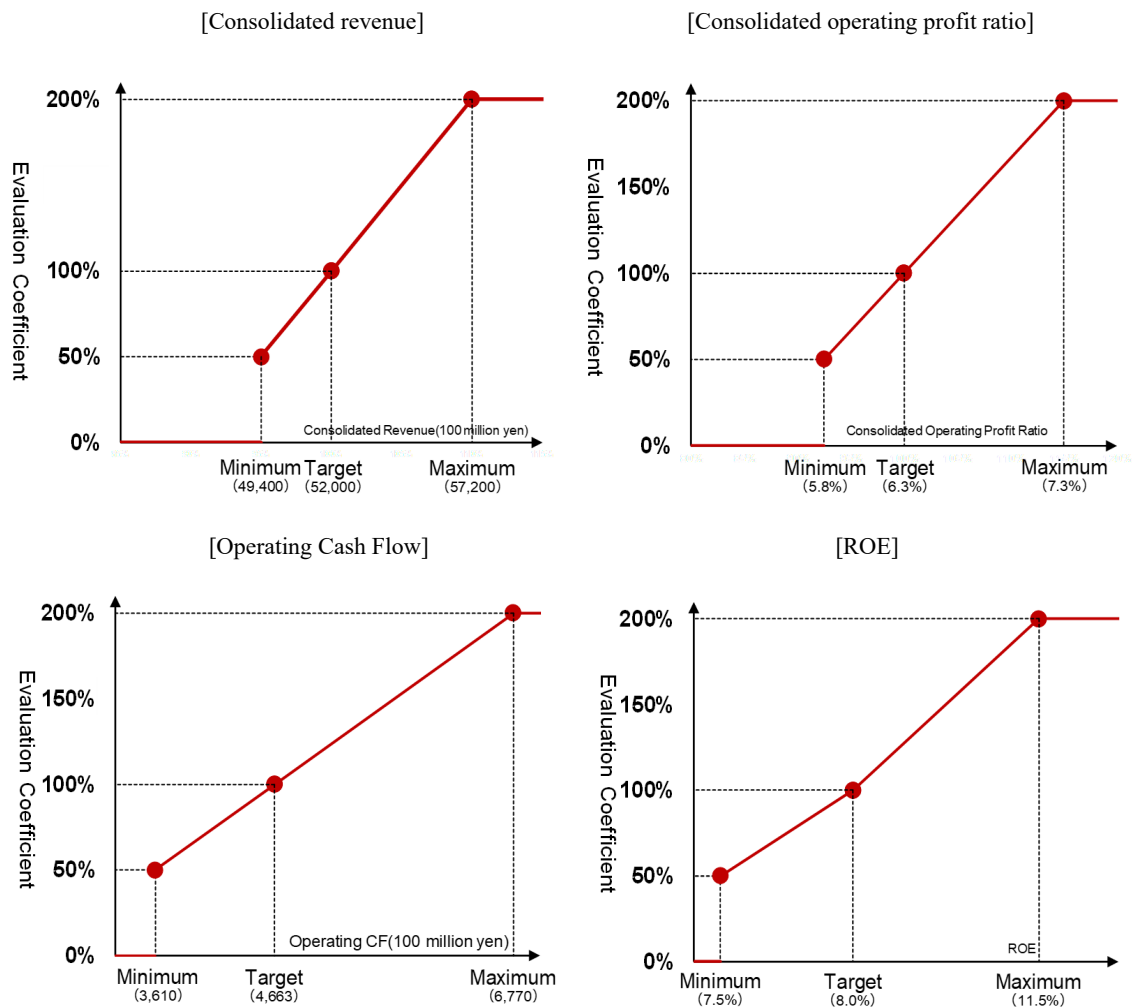
Fixed compensation is set in accordance with the roles and responsibilities of each Executive Officer and is paid monthly in cash by dividing the position-based annual standard amount by 12.

(ii) Performance-based bonus

The performance-based bonus consists of “Corporate Performance Evaluation” and “Individual Evaluation.” Toward the implementation and achievement of targets of important indicators, priority measures, etc. in the Medium-term Management Plan, the consolidated revenue, consolidated operating profit ratio, operating cash flow, and ROE are used as evaluation indicators for “Corporate Performance Evaluation.” For “Individual Evaluation,” as an evaluation indicator, non-financial targets and business areas are determined for each Executive Officer. For Executive Officers who control a Business Area or Business Group, actual results of their Business Group as well as non-financial targets are used as evaluation indicators. The amount to be paid is determined in accordance with the status of achievements of these indicators. The payment amount for each individual will fluctuate in the range of 0% to 200% and shall be calculated as below and paid in a lump sum in cash after the end of each fiscal year.

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

■ Determination of corporate performance evaluation coefficients



*The target, minimum and maximum are those for the fiscal 2024.

■ Determination of individual evaluation coefficients

The targets for the President & 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 & CEO.

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

■ Evaluation Indicators, Ratios, and Targets for FY2024

Evaluation indicators		Evaluation ratios		Targets, etc.		Performance results	Evaluation coefficient
		President & CEO	Other Executive Officers				
Corporate performance evaluation	Consolidated revenue	21%	15%	Maximum	5,720.0 billion yen	5,257.9 billion yen	111.1%
				Target	5,200.0 billion yen		
				Minimum (Threshold)	4,940.0 billion yen		
	Consolidated operating profit ratio	21%	15%	Maximum	7.3%	6.2%	90.0%
				Target	6.3%		
				Minimum (Threshold)	5.8%		
	Operating CF	14%	10%	Maximum	677.0 billion yen	415.4 billion yen	75.9%
				Target	466.3 billion yen		
				Minimum (Threshold)	361.0 billion yen		
	ROE	14%	10%	Maximum	11.5%	8.2%	105.7%
				Target	8.0%		
				Minimum (Threshold)	7.5%		
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 promotion, and business areas and performance of the business group in charge.		Based on evaluation against individual targets and business performance of the business group in charge, etc.	—

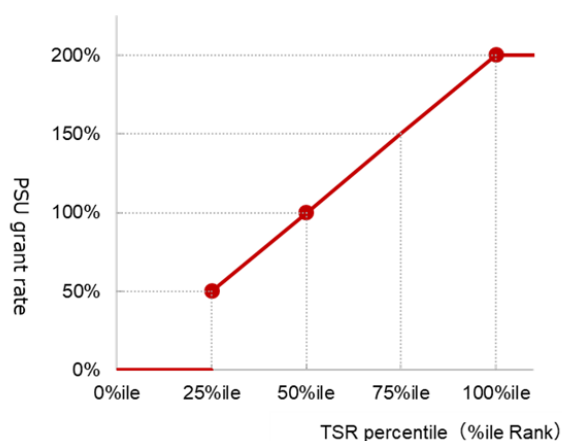
(iii) Performance-based stock compensation (Performance Share Units (PSU))

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]



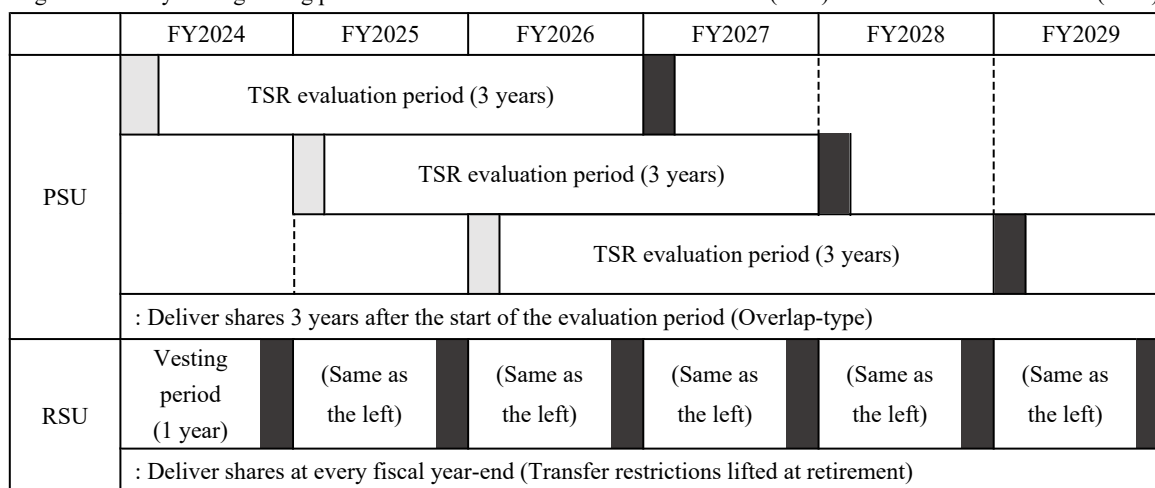
■ PSU of which evaluation period ended in fiscal 2024

There is no performance-based stock compensation (PSU) for which the evaluation period ended in this fiscal year, as it was introduced in fiscal 2023.

(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)



■ : Grant basic points ■ : Deliver shares (Transfer restrictions for 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.

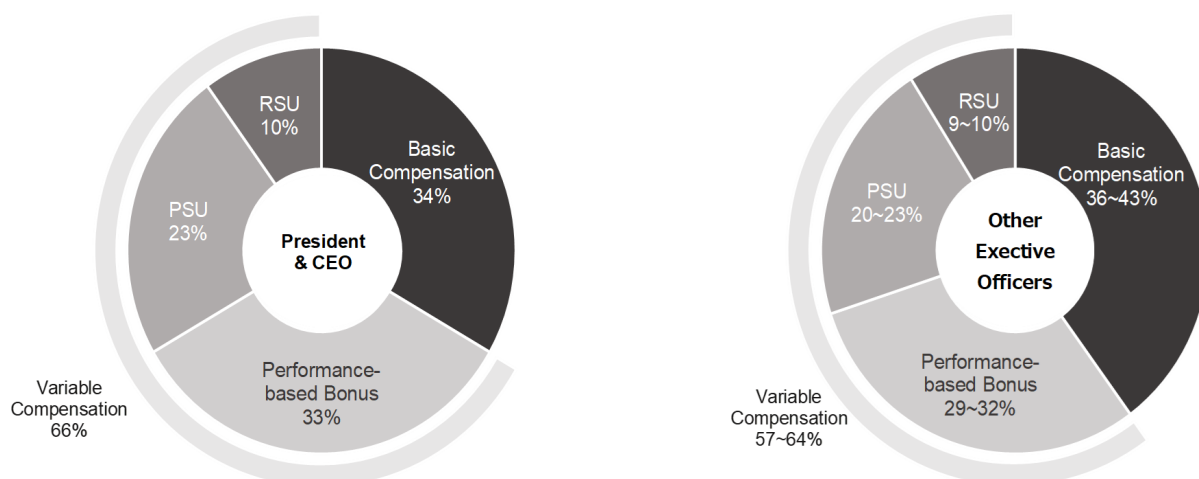
(a) Directors

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 2024 is as follows.

■ Composition of standard compensation for fiscal 2024



*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 2024.

[Composition of the Compensation Committee for fiscal 2024]

- Chairperson (Outside Director): Kazunori Watanabe
- Members (Outside Directors): Mitoji Yabunaka, Hiroko Koide, Tatsuro Kosaka, and Masako Egawa
- 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
Executive Vice President		1.1 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.

2) Total amount of compensation (for Fiscal 2024)

a. Directors’ and Executive Officers’ Compensation

Category	Number Receiving Payment	Total Compensation Amount (Millions of yen)	Total Compensation Amount by Type (Millions of yen)				
			Basic Compensation	Performance -based bonus	Performance Share Unit	Restricted Stock Unit	Retirement Benefit
Directors	2	96	96	-	-	-	-
Outside Directors	9	151	145	-	-	-	6
Executive Officers	14	1,604	598	440	395	169	-

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 152nd fiscal year, there was a difference amounting to minus 6 million yen between the total compensation disclosed in the previous fiscal year and the compensation paid during fiscal 2024. Said difference was not included in the amount disclosed above.

3. The amount of performance-based bonus is a reserve amount for a bonus as of the end of March 2024 to be paid to applicable Executive Officers in June 2024 for the target period from April 2023 to March 2024.

4. The amount of the Performance Share Unit is a reserve amount for stock compensation as of the end of March 2024 to be granted to applicable Executive Officers after the TSR evaluation period (three years) for the target period from April 2023 to March 2024.

5. The amount of the Restricted Stock Unit is the total amount of compensation for shares with transfer restrictions granted to applicable Executive Officers in March 2024 for the target period from April 2023 to March 2024.

6. The Company has adopted the BIP (Board Incentive Plan) Trust for the Performance Share Unit and Restricted Stock Unit whereby shares will be granted to Executive Officers after the TSR evaluation period (three years) for the Performance Share Unit and after the vesting period (one year) for the Restricted Stock Unit.

7. 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.

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

Name	Category	Company	Total Compensation Amount (Millions of yen)	Total Compensation Amount by Type (Millions of yen)			
				Basic Compensation	Performance-based bonus	Performance Share Unit	Restricted Stock Unit
Kei Uruma	Executive Officer	Mitsubishi Electric Corporation (The Company)	334	100	108	88	37
Tadashi Matsumoto	Executive Officer	Mitsubishi Electric Corporation (The Company)	172	18	45	44	19
	Director	Mitsubishi Electric Building Solutions Corporation (Consolidated Subsidiary)		37	7	-	-
Kunihiko Kaga	Director	Mitsubishi Electric Corporation (The Company)	122	42	37	30	12
Noriyuki Takazawa	Director	Mitsubishi Electric Corporation (The Company)	121	42	36	30	12

Note: The amounts of performance-based bonus are differences between the total amounts paid during fiscal 2024 and the total amounts disclosed in the securities report for the previous fiscal year, and are the total reserve amounts for bonuses as of the end of March 2024 to be paid to applicable Executive Officers in June 2024 for the target period from April 2023 to March 2024.

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	211,644	32
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, 127,046 shares have been converted in the trust and delivered as cash equivalent to the disposal price, based on the regulations for granting shares.

3) The Grounds for Determination by the Compensation Committee that the Details of Compensation Given to Individuals Observe the Determination Policy for Fiscal 2024

With regard to the determination of the amount of compensation given to individual Directors and Executive Officers, the Compensation Committee met seven times during the period from April 2023 to March 2024. 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 2024 were as follows:

- Evaluation of performance and individual payment amounts for performance-based compensation of Executive Officers in fiscal 2023
- Granting of shares related to the performance-based compensation of Executive Officers for fiscal 2020
- Individual payment amounts of retirement benefits paid to Directors and Executive Officers who retired during fiscal 2023 and fiscal 2024
- Basic compensation of Directors for fiscal 2024
- Details of setting targets for Executive Officers in fiscal 2024
- The basic policy for management of the compensation scheme for Executive Officers, compensation levels, and approach to target setting for fiscal 2025
- Basic compensation of Executive Officers for fiscal 2025
- The treatment of performance-based bonuses and determination of stock compensation for Executive Officers who retired before the end of the fiscal year

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. Furthermore, as for the retirement benefits paid to Directors and Executive Officers who retired during fiscal 2023 or 2024, their individual payments 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.

(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's rule is "not own cross-shareholdings in principle." While the Company may hold stocks that are determined to be necessary for business operations. 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, 2024.

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 (Including investment in limited liability companies, etc.)	132	108,853
Stocks other than unlisted stocks	37	100,039

(Issues whose number of shares increased in the fiscal year ended March 31, 2024)

	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 (Including investment in limited liability companies, etc.)	12	81,450	Acquisition of shares with the aim of maintaining and strengthening business relationships
Stocks other than unlisted stocks	3	14	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, 2024)

	Number of issues (issues)	Total selling price for the decreased number of shares (millions of yen)
Unlisted stocks (Including investment in limited liability companies, etc.)	15	3,660
Stocks other than unlisted stocks	49	165,617

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, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
SUZUKI MOTOR CORPORATION	4,105	4,105	Maintaining and strengthening business relationships in the automotive equipment business such as automotive parts	Yes
	28,549	19,722		
Central Japan Railway Company	3,853	770	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways Number of shares increased due to stock split.	Yes
	14,356	12,183		
RYOYO ELECTRO CORPORATION	1,576	1,576	Maintaining and strengthening business relationships in sales of the Group's products	Yes
	6,251	3,888		
TACHIBANA ELETECH CO., LTD.	1,921	1,921	Maintaining and strengthening business relationships in sales of the Group's products	Yes
	6,215	3,821		
TEIKOKU ELECTRIC MFG. CO., LTD.	2,286	2,286	Maintaining and strengthening business relationships in the automotive equipment business such as automotive parts	Yes
	5,841	5,606		
Mitsubishi Estate Company, Limited	2,003	2,003	Maintaining and strengthening business relationships in the building systems business such as elevators and escalators	Yes
	5,577	3,157		
TAKEBISHI CORPORATION	2,340	2,340	Maintaining and strengthening business relationships in sales of the Group's products	Yes
	4,773	4,064		
Mitsubishi Research Institute, Inc.	902	902	Maintaining and strengthening collaborative relationships in the social infrastructure systems business	Yes
	4,474	4,601		
Citizen Watch Co., Ltd.	4,317	4,317	Maintaining and strengthening business relationships in the factory automation systems business such as factory automation equipment	Yes
	4,278	3,359		
Keisei Electric Railway Co., Ltd.	464	464	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways Number of shares increased due to constant purchase through the business partner shareholding union.	Yes
	2,861	1,891		

Issue	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
Hankyu Hanshin Holdings, Inc.	551	551	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways	Yes
	2,427	2,166		
KAGA ELECTRONICS CO., LTD.	360	500	Maintaining and strengthening business relationships in the electronic devices business such as semiconductors The Company sold a part of its held stocks.	No
	2,296	2,506		
KYOEI SANGYO CO., LTD.	558	558	Maintaining and strengthening business relationships in sales of the Group's products	Yes
	1,612	1,228		
NARASAKI SANGYO CO., LTD.	419	419	Maintaining and strengthening business relationships in sales of the Group's products	Yes
	1,258	779		
Mazda Motor Corporation	710	710	Maintaining and strengthening business relationships in the automotive equipment business such as automotive parts	No
	1,246	869		
SEIBU HOLDINGS INC.	419	419	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways	No
	1,015	569		
Ryoyu Systems Co., Ltd.	283	283	Maintaining and strengthening business relationships in the information systems and service business such as network/voice services	Yes
	997	608		
OKAYA & CO., LTD.	42	42	Maintaining and strengthening business relationships in sales of the Group's products	Yes
	710	435		
Keio Corporation	158	156	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways Number of shares increased due to constant purchase through the business partner shareholding union.	No
	661	724		
AISAN TECHNOLOGY CO., LTD.	350	350	Maintaining and strengthening business relationships in the defense & space systems business such as high-precision positioning systems	No
	591	894		
MORINAGA MILK INDUSTRY CO., LTD.	166	83	Maintaining and strengthening business relationships in the air conditioning systems & home products business such as cryogenic equipment Number of shares increased due to stock split.	No
	521	397		

Issue	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
Oi Electric Co., Ltd.	247	247	Maintaining and strengthening business relationships in procurement of power systems and others	Yes
	465	664		
KIMURA KOHKI CO., LTD	100	100	Maintaining and strengthening business relationships in the air conditioning systems & home products business such as air conditioning equipment	No
	465	154		
TOKYO SANGYO CO., LTD.	535	1,026	Maintaining and strengthening business relationships in the power systems business such as power systems equipment The Company sold a part of its held stocks.	Yes
	382	755		
MITSUBISHI MOTORS CORPORATION	700	700	Maintaining and strengthening business relationships in the automotive equipment business such as automotive parts	No
	354	365		
AIDA ENGINEERING, LTD.	352	352	Maintaining and strengthening business relationships in the factory automation systems business such as factory automation equipment	Yes
	312	287		
LUCKLAND CO., LTD.	133	220	Maintaining and strengthening business relationships in the air conditioning systems & home products business such as cryogenic equipment The Company sold a part of its held stocks.	No
	299	640		
Nankai Electric Railway Co., Ltd	88	88	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways	No
	281	257		
SUBARU CORPORATION	73	73	Maintaining and strengthening business relationships in the automotive equipment business such as automotive parts	No
	251	154		
TAKARA STANDARD CO., LTD.	112	112	Maintaining and strengthening business relationships in the air conditioning systems & home products business such as cryogenic equipment Number of shares increased due to constant purchase through the business partner shareholding union.	No
	219	165		
SEIKA CORPORATION	40	286	Maintaining and strengthening business relationships in the power systems business such as power systems equipment The Company sold a part of its held stocks.	Yes
	150	588		

Issue	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
Sanyo Electric Railway Co., Ltd.	64	64	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways	No
	136	147		
Kobe Electric Railway Co., Ltd.	27	27	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways	No
	76	86		
Keihan Holdings Co., Ltd.	15	15	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways	No
	52	53		
MORIO DENKI CO., LTD.	20	20	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways	No
	35	34		
The Kinki Sharyo Co., Ltd.	14	14	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways	No
	33	20		
AERWINS Technology Inc.	187	187	Maintaining and strengthening to create business opportunities in the social infrastructure systems business	No
	1	23		
Renesas Electronics Corporation	-	50,706	Maintaining and strengthening business relationships in procurement of semiconductors and others The Company sold its held stocks.	No
	-	97,027		
Shin-Etsu Chemical Co., Ltd.	-	406	Maintaining and strengthening business relationships in procurement of chemical products and others The Company sold its held stocks.	No
	-	8,693		
Shimadzu Corporation	-	1,250	Maintaining and strengthening business relationships in procurement of measuring instruments and others The Company sold its held stocks.	Yes
	-	5,177		
KDDI CORPORATION	-	632	Maintaining and strengthening business relationships in the telecommunications systems business such as communications equipment The Company sold its held stocks.	No
	-	2,588		

Issue	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
The Kansai Electric Power Company, Incorporated	-	1,957	Maintaining and strengthening business relationships in the semiconductor & devices business such as power systems equipment The Company sold its held stocks.	No
	-	2,527		
Shizuoka Financial Group, Inc.	-	2,033	Maintaining and strengthening business relationships in financing and others The Company sold its held stocks.	Yes
	-	1,934		
Mitsubishi Gas Chemical Company, Inc.	-	566	Maintaining and strengthening business relationships in procurement of chemicals and others The Company sold its held stocks.	Yes
	-	1,112		
Osaka Gas Co., Ltd.	-	509	Maintaining and strengthening business relationships in the power systems business such as power systems equipment The Company sold its held stocks.	No
	-	1,111		
RYOBI LIMITED	-	660	Maintaining and strengthening business relationships in procurement of casting products and others The Company sold its held stocks.	Yes
	-	1,015		
Tokyo Electric Power Company Holdings, Incorporated	-	1,924	Maintaining and strengthening business relationships in the power systems business such as power systems equipment The Company sold its held stocks.	No
	-	910		
Keikyu Corporation	-	670	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways The Company sold its held stocks.	No
	-	844		
The Chugoku Electric Power Company, Incorporated	-	1,161	Maintaining and strengthening business relationships in the power systems business such as power systems equipment The Company sold its held stocks.	No
	-	781		
EDION Corporation	-	597	Maintaining and strengthening business relationships in the air conditioning systems & home products business such as home appliances The Company sold its held stocks.	No
	-	765		

Issue	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
Tohoku Electric Power Company, Incorporated	-	1,056	Maintaining and strengthening business relationships in the power systems business such as power systems equipment The Company sold its held stocks.	No
	-	696		
Sumitomo Mitsui Trust Holdings, Inc.	-	150	Maintaining and strengthening business relationships in financing and others The Company sold its held stocks.	No
	-	681		
YAMADA HOLDINGS CO., LTD.	-	1,485	Maintaining and strengthening business relationships in the air conditioning systems & home products business such as home appliances The Company sold its held stocks.	No
	-	677		
Chubu Electric Power Company, Incorporated	-	478	Maintaining and strengthening business relationships in the power systems business such as power systems equipment The Company sold its held stocks.	No
	-	669		
K'S HOLDINGS CORPORATION	-	518	Maintaining and strengthening business relationships in the air conditioning systems & home products business such as home appliances The Company sold its held stocks.	No
	-	603		
TAISEI CORPORATION	-	109	Maintaining and strengthening collaborative relationships in the building systems business The Company sold its held stocks.	No
	-	447		
Kyushu Railway Company	-	140	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways The Company sold its held stocks.	No
	-	414		
Mizuho Financial Group, Inc.	-	208	Maintaining and strengthening business relationships in financing and others The Company sold its held stocks.	Yes
	-	391		
THE HYAKUGO BANK, LTD.	-	976	Maintaining and strengthening business relationships in financing and others The Company sold its held stocks.	Yes
	-	362		

Issue	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
TOKYO ENERGY & SYSTEMS INC.	-	386	Maintaining and strengthening business relationships in the power systems business such as power systems equipment The Company sold its held stocks.	Yes
	-	344		
TOKYU CORPORATION	-	195	Maintaining and strengthening business relationships in the transportation systems business such as electrical equipment and system for railways The Company sold its held stocks.	No
	-	344		

- 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 shareholdings 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, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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	53,304	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. Number of shares increased due to stock split.	Yes
	185,871	84,415		
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
	49,194	45,144		
Tokio Marine Holdings, Inc.	9,658	9,658	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
	45,423	24,600		
Mitsubishi Heavy Industries, Ltd.	24,081	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. Number of shares increased due to stock split.	No
	34,881	11,741		
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
	26,797	22,201		
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
	17,792	10,073		
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
	15,776	16,741		
Mitsubishi UFJ Financial Group, Inc.	9,096	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. The Company sold a part of its held stocks.	Yes
	14,163	37,410		

Issue	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
BIPROGY Inc.	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
	5,758	4,130		
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	30,600	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. Number of shares increased due to stock split.	No
	5,501	4,849		
THE HACHIJUNI BANK, LTD.	4,321	4,321	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
	4,493	2,484		
Central Japan Railway Company	1,095	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. Number of shares increased due to stock split.	Yes
	4,079	3,462		
Daiwa Securities Group Inc.	3,307	3,307	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
	3,806	2,053		
KYOCERA Corporation	1,720	430	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. Number of shares increased due to stock split.	No
	3,478	2,961		
Kyushu Electric Power Co., Inc.	2,501	2,501	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
	3,443	1,893		
East Japan Railway Company	360	360	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
	3,152	2,640		

Issue	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2023	Purpose of holding, summary of business partnerships, etc., 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)		
Kintetsu Group Holdings Co., Ltd.	646	646	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
	2,880	2,759		
West Japan Railway Company	430	430	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
	2,697	2,346		
Murata Manufacturing Co., Ltd.	918	306	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. Number of shares increased due to stock split.	Yes
	2,592	2,460		
Nomura Holdings, Inc.	2,319	2,319	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
	2,267	1,181		
NIKON CORPORATION	915	915	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
	1,400	1,239		
The Gunma Bank, Ltd.	998	998	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
	876	442		
The Hyakujushi Bank, Ltd.	292	292	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
	870	536		

- 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 shareholdings 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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 year ended from April 1, 2023 to March 31, 2024 and the non-consolidated financial statements for the 153rd fiscal year (from April 1, 2023 to March 31, 2024) 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 Accounting standards. 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 Accounting standards, 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 Accounting standards, we have developed group accounting policies that comply with IFRS Accounting standards 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, 2023	Mar. 31, 2024
(Assets)			
Cash and cash equivalents		645,870	765,384
Trade receivables	7,28, 30	1,051,641	1,089,871
Contract assets	23,28, 30	295,291	318,663
Other financial assets	8,28	60,953	52,400
Inventories	9	1,209,254	1,253,493
Other current assets		125,178	145,425
Current assets		3,388,187	3,625,236
Investments accounted for using the equity method	13	236,785	265,698
Other financial assets	8,28	358,598	336,521
Property, plant and equipment	10,12	896,313	962,608
Goodwill and intangible assets	11,12	190,601	211,864
Deferred tax assets	14	154,441	113,967
Net defined benefit assets	19	339,559	627,213
Other non-current assets		18,035	24,233
Non-current assets		2,194,332	2,542,104
Total assets		5,582,519	6,167,340

Yen (millions)

	Notes	Mar. 31, 2023	Mar. 31, 2024
(Liabilities)			
Bonds, borrowings and lease liabilities	15,17,28	186,304	151,698
Trade payables	18,30	644,456	589,142
Contract liabilities	23,30	239,228	306,094
Other financial liabilities	16,28	174,891	200,411
Accrued expenses		332,788	340,582
Accrued income taxes	14	46,617	66,930
Provisions	20	121,891	125,129
Other current liabilities	19	56,651	59,201
Current liabilities		1,802,826	1,839,187
Bonds, borrowings and lease liabilities	15,17,28	214,454	242,938
Other financial liabilities	16,28	930	698
Net defined benefit liabilities	19	153,821	150,960
Provisions	20	3,824	3,837
Deferred tax liabilities	14	7,762	22,264
Other non-current liabilities	23	35,678	41,038
Non-current liabilities		416,469	461,735
Total liabilities		2,219,295	2,300,922
(Equity)			
Common stock	21	175,820	175,820
Capital surplus	21	202,888	195,157
Retained earnings	21	2,636,136	3,102,755
Accumulated other comprehensive income (loss)	14,19,21,28	276,898	363,632
Treasury stock, at cost	21	(52,715)	(98,040)
Mitsubishi Electric Corp. stockholders' equity		3,239,027	3,739,324
Non-controlling interests		124,197	127,094
Total equity		3,363,224	3,866,418
Total liabilities and equity		5,582,519	6,167,340

(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, 2023	Year ended Mar. 31, 2024
Revenue	23,30	5,003,694	5,257,914
Cost of sales	9,10, 11,17, 19	3,596,781	3,712,065
Selling, general and administrative expenses	10,11, 17,19	1,147,981	1,237,201
Other profit (loss)	12,24, 28	3,420	19,877
Operating profit		262,352	328,525
Financial income	25	12,302	21,200
Financial expenses	17,25	4,296	11,687
Share of profit of investments accounted for using the equity method	13	21,821	27,815
Profit before income taxes		292,179	365,853
Income taxes	14	67,235	68,908
Net profit		224,944	296,945
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders	27	213,908	284,949
Non-controlling interests		11,036	11,996

Yen

	Notes	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	27	101.30	135.74
Diluted	27	101.30	135.74

【Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Net profit		224,944	296,945
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	28	28,963	44,033
Remeasurements of defined benefit plans	19	40,693	194,176
Share of other comprehensive income of investments accounted for using the equity method	13	549	5,280
Total items that will not be reclassified to net profit		70,205	243,489
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		62,866	123,526
Net changes in the fair value of cash flow hedges	28	32	(91)
Share of other comprehensive income of investments accounted for using the equity method	13	5,538	7,221
Total items that may be reclassified to net profit		68,436	130,656
Total other comprehensive income (loss)	26	138,641	374,145
Comprehensive income		363,585	671,090
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		348,064	650,302
Non-controlling interests		15,521	20,788

(c) 【Consolidated Statement of Changes in Equity】

Year ended Mar. 31, 2023

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	202,695	2,464,966	184,528	(52,068)	2,975,941	121,456	3,097,397
Comprehensive income									
Net profit				213,908			213,908	11,036	224,944
Other comprehensive income (loss), net of tax	26				134,156		134,156	4,485	138,641
Comprehensive income		—	—	213,908	134,156	—	348,064	15,521	363,585
Reclassification to retained earnings	8,19			41,786	(41,786)		—		—
Dividends	22			(84,524)			(84,524)	(10,382)	(94,906)
Purchase of treasury stock						(1,575)	(1,575)		(1,575)
Disposal of treasury stock			(928)			928	0		0
Transactions with non-controlling interests and others			1,121				1,121	(2,398)	(1,277)
Balance at end of year		175,820	202,888	2,636,136	276,898	(52,715)	3,239,027	124,197	3,363,224

Year ended Mar. 31, 2024

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	202,888	2,636,136	276,898	(52,715)	3,239,027	124,197	3,363,224
Comprehensive income									
Net profit				284,949			284,949	11,996	296,945
Other comprehensive income (loss), net of tax	26				365,353		365,353	8,792	374,145
Comprehensive income		—	—	284,949	365,353	—	650,302	20,788	671,090
Reclassification to retained earnings	8,19			278,619	(278,619)		—		—
Dividends	22			(96,949)			(96,949)	(13,160)	(110,109)
Purchase of treasury stock						(45,860)	(45,860)		(45,860)
Disposal of treasury stock			(535)			535	—		—
Transactions with non-controlling interests and others			(7,196)				(7,196)	(4,731)	(11,927)
Balance at end of year		175,820	195,157	3,102,755	363,632	(98,040)	3,739,324	127,094	3,866,418

(d) 【Consolidated Statement of Cash Flows】

Yen (millions)

	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Cash flows from operating activities		
Net profit	224,944	296,945
Adjustments to cash flows from operating activities		
Depreciation and amortization	213,843	200,829
Impairment losses	25,012	9,853
Loss (gain) on sales and disposal of property, plant and equipment, net	(21,783)	(22,876)
Income taxes	67,235	68,908
Share of profit of investments accounted for using the equity method	(21,821)	(27,815)
Financial income and financial expenses	(8,006)	(9,513)
Decrease (increase) in trade receivables	(82,851)	6,268
Decrease (increase) in contract assets	(6,610)	(20,236)
Decrease (increase) in inventories	(224,266)	21,954
Decrease (increase) in other assets	(5,152)	2,358
Increase (decrease) in trade payables	35,587	(67,237)
Increase (decrease) in net defined benefit liabilities	(8,905)	(12,549)
Increase in other liabilities	51,491	65,273
Others, net	(13,068)	(27,293)
Subtotal	225,650	484,869
Interest and dividends received	21,920	34,646
Interest paid	(3,826)	(7,363)
Income taxes paid	(77,033)	(96,673)
Cash flows from operating activities	166,711	415,479
Cash flows from investing activities		
Purchase of property, plant and equipment	(151,117)	(175,756)
Proceeds from sale of property, plant and equipment	31,682	27,929
Purchase of intangible assets	(24,439)	(33,248)
Purchase of investment securities and others, net of cash acquired	(28,345)	(93,484)
Proceeds from sale of investment securities and others	20,669	181,663
Others, net	3,017	(1,223)
Cash flows from investing activities	(148,533)	(94,119)
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	77,075	55,386
Repayments of bonds and long-term borrowings	(54,594)	(50,774)
Increase (decrease) in short-term borrowings, net	14,340	(18,315)
Repayments of lease liabilities	(57,959)	(60,918)
Dividends paid to Mitsubishi Electric Corp. stockholders	(84,524)	(96,949)
Purchase of treasury stock	(1,575)	(45,860)
Disposal of treasury stock	0	—
Dividends paid to non-controlling interests	(10,488)	(11,334)
Transactions with non-controlling interests	(1,843)	(11,354)
Cash flows from financing activities	(119,568)	(240,118)
Effect of exchange rate changes on cash and cash equivalents	20,081	38,272
Net increase (decrease) in cash and cash equivalents	(81,309)	119,514
Cash and cash equivalents at beginning of year	727,179	645,870
Cash and cash equivalents at end of year	645,870	765,384

【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) Infrastructure, (2) Industry & Mobility, (3) Life, (4) Business Platform (5) Semiconductor & Device, and (6) Others. The Group’s manufacturing operations are conducted principally by the Company with 21 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 Accounting standards

The Group prepares its consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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) 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) Change in accounting presentation

(Consolidated Statement of Financial Position)

“Net defined benefit assets” included in “Other non-current assets” in the Consolidated statement of financial position for the year ended March 31, 2023 has been separately presented for the year ended March 31, 2024 due to an increase in quantitative significance.

As a result, regarding the consolidated statement of financial position as of March 31, 2023, 339,559 million yen of “Other non-current assets” has been reclassified to “Net defined benefit assets”.

3. Material 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 reporting period are translated into functional currencies at the exchange rate at the end of the reporting period.

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 reporting period 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 instruments, investments in capital 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 classify non-derivative financial liabilities as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost. This classification is determined at initial recognition. All financial liabilities are initially recognized on the date of the transaction.

All non-derivative financial liabilities are initially measured at fair value (after deducting transaction costs directly attributable to the financial liabilities).

(i) Financial liabilities measured at fair value through profit or loss

Liabilities related to contingent considerations are classified as financial liabilities measured at fair value through profit or loss.

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

(ii) Financial liabilities measured at amortized cost

Financial liabilities other than financial liabilities measured at fair value through profit or loss are classified as financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost are measured at the initial recognition amount plus or minus accumulated amortization using the effective interest method.

(iii) Derecognition of financial liabilities

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:

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 that of 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 estimated 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 on 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 reporting period.

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 rereasurement 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 affects neither accounting profit nor taxable profit and does not generate the same amounts of taxable temporary difference and deductible temporary difference at the time of the transaction
- 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 it 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 it 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 it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

IAS 12("Income Taxes") introduces a temporary and mandatory exception to the requirement to recognize and disclose deferred taxes for taxes ("Pillar 2 income taxes") arising from tax regimes related to the Pillar 2 model rules ("global minimum taxation"). The Group has applied this exception, then has not recognized any deferred tax related to Pillar 2 income taxes and has not included it in the notes on deferred taxes.

(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 Accounting standards. 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 “12: Impairment losses”)
- Recoverability of deferred tax assets (see Note “14: Income taxes”)
- Measurement of defined benefit obligation (see Note “19: Employee benefits”)
- Recognition and measurement of provisions (see Note “20: Provisions”)
- Estimated total cost of contracts in which performance obligations are satisfied over time (see Note “23: Revenues”)
- Fair value of financial instruments (see Note “28: Financial instruments”)

5. New accounting standards not yet adopted

Major standards and interpretations issued as of the date of the approval of the consolidated financial statements that have not yet been adopted as of March 31, 2024 are as follows. The effect of these adoptions on the Group’s consolidated financial position and performance is under review and cannot be estimated at this time.

Standard	Title	Mandatory application date (fiscal years beginning on or after)	Fiscal year of adoption by the Group	Overview of new standards/amendments
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	The year ending March 31, 2028	A new standard that replaces IAS 1, the current accounting standard for presentation and disclosure in financial statements, primarily new provisions for the presentation and disclosure of financial results in the statement of profit and loss.

6. 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, Infrastructure, Industry & Mobility, Life, Business Platform, Semiconductor & Device and Others, by aggregating multiple operating segments based on types and characteristics of products, production methods, and similarities in market.

In this fiscal year, in line with a restructuring of the management structure as of April 1, 2023, the classification of reportable segment of Business Platform was changed to 2 segments such as Business Platform and Semiconductor & Device. Also, some businesses that were previously included in the Information Systems & Network Service of Business Platform have been reclassified in Others due to the organizational restructure. Segment information for the year ended March 31, 2023, has been restated to reflect the reclassification.

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

Infrastructure	Public Utility Systems, Energy Systems, Defense & Space Systems	Electrical equipment for locomotives and rolling stock, wireless and wired communications systems, network cameras and their systems, large display devices, 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, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, and others
Industry & Mobility	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, software, automotive electrical equipment, electric vehicle-related equipment, ADAS-related products, car electronics and car mechatronics, car multimedia, and others
Life	Building Systems, Air Conditioning Systems & Home Products	Elevators, escalators, building security systems, building management systems, 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
Business Platform	Information Systems & Network Service	Network security solutions, solutions by operation and business, information systems equipment, systems integration, and others
Semiconductor & Device	Semiconductor & Device	Power modules, high-frequency devices, optical devices, 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, 2023

Yen (millions)

	Infrastructure	Industry & Mobility	Life	Business Platform	Semiconductor & Device	Others	Total	Eliminations and corporate	Consolidated total
I Revenue and operating profit									
Revenue									
(1) External customers	960,915	1,643,445	1,928,001	75,335	234,477	161,521	5,003,694	—	5,003,694
(2) Intersegment	12,224	16,851	19,156	59,389	47,061	688,984	843,665	(843,665)	—
Total	973,139	1,660,296	1,947,157	134,724	281,538	850,505	5,847,359	(843,665)	5,003,694
Operating profit	27,543	95,987	101,289	8,768	29,228	33,408	296,223	(33,871)	262,352
II Other items									
Depreciation and amortization	32,279	76,634	62,392	5,919	22,108	14,511	213,843	—	213,843
Impairment losses	348	22,094	1,155	—	67	1,348	25,012	—	25,012
Capital expenditures	24,475	63,788	56,887	3,715	15,349	11,342	175,556	—	175,556

Year ended Mar. 31, 2024

Yen (millions)

	Infrastructure	Industry & Mobility	Life	Business Platform	Semiconductor & Device	Others	Total	Eliminations and corporate	Consolidated total
I Revenue and operating profit									
Revenue									
(1) External customers	1,024,300	1,695,417	2,035,012	82,206	258,824	162,155	5,257,914	—	5,257,914
(2) Intersegment	12,313	15,185	17,279	59,852	31,024	681,422	817,075	(817,075)	—
Total	1,036,613	1,710,602	2,052,291	142,058	289,848	843,577	6,074,989	(817,075)	5,257,914
Operating profit	31,442	120,196	145,671	8,327	29,872	31,747	367,255	(38,730)	328,525
II Other items									
Depreciation and amortization	29,010	58,877	68,888	6,881	22,551	14,622	200,829	—	200,829
Impairment losses	4,416	1,542	2,626	—	92	1,177	9,853	—	9,853
Capital expenditures	22,004	65,696	74,345	4,627	29,502	12,830	209,004	—	209,004

(3) Information by geographical areas

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

	Yen (millions)			
	Year ended Mar. 31, 2023		Year ended Mar. 31, 2024	
	Revenue from external customers	% of total revenue	Revenue from external customers	% of total revenue
Japan	2,467,030	49.3%	2,559,465	48.7%
North America	625,562	12.5%	697,022	13.3%
Asia (excluding Japan)	1,218,903	24.4%	1,177,081	22.4%
Europe	607,812	12.1%	733,092	13.9%
Others	84,387	1.7%	91,254	1.7%
Overseas Total	2,536,664	50.7%	2,698,449	51.3%
Consolidated total	5,003,694	100.0%	5,257,914	100.0%
United States (within North America)	523,811	10.5%	581,779	11.1%
China (within Asia)	583,659	11.7%	532,393	10.1%

There are no individual countries or regions with significant revenue from external customers in the years ended March 31, 2023 and 2024, except for Japan, United States 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, 2023

	Yen (millions)							
	Japan	Overseas					Corporate	Consolidated total
		North America	Asia (excluding Japan)	Europe	Others	Total		
Non-current assets	693,869	44,687	166,141	87,474	4,040	302,342	90,703	1,086,914

As of Mar. 31, 2024

	Yen (millions)							
	Japan	Overseas					Corporate	Consolidated total
		North America	Asia (excluding Japan)	Europe	Others	Total		
Non-current assets	725,471	57,444	191,698	95,824	4,609	349,575	99,426	1,174,472

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

7. 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, 2023	As of Mar. 31, 2024
Notes receivable	111,469	120,990
Accounts receivable	940,172	968,881
Total	1,051,641	1,089,871

8. Other financial assets

(1) Components of other financial assets

Components of other financial assets are set out in the table below. Equity instruments and investments in capital 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, 2023	As of Mar. 31, 2024
Other financial assets		
Equity instruments and investments in capital	305,987	280,326
Accounts receivables (non-trade)	47,674	41,156
Lease receivables	16,826	14,341
Loans	1,248	1,162
Derivative assets	2,352	2,291
Debt instruments	588	802
Others	44,876	48,843
Total	419,551	388,921
Current assets	60,953	52,400
Non-current assets	358,598	336,521
Total	419,551	388,921

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

Equity instruments and investments in capital 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, 2023	As of Mar. 31, 2024
Investees		
Silicon Carbide LLC	—	75,705
Renesas Electronics Corporation	97,027	—
SUZUKI MOTOR CORPORATION	20,787	30,090
Central Japan Railway Company	12,341	14,542
TACHIBANA ELETECH CO., LTD.	3,821	6,215
MITSUBISHI ESTATE CO., LTD.	3,474	6,137
Others	168,537	147,637
Total	305,987	280,326

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 “25. 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, 2023		Year ended Mar. 31, 2024	
Fair value	Cumulative gain (loss)	Fair value	Cumulative gain (loss)
10,653	2,534	173,238	125,370

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, 2023 and 2024 were 1,106 million yen (gain) and 83,829 million yen (gain), respectively.

9. Inventories

Components of inventories are as follows:

		Yen (millions)	
		As of Mar. 31, 2023	As of Mar. 31, 2024
Finished goods		526,102	558,954
Work in process		391,445	394,469
Raw materials		291,707	300,070
	Total	<u>1,209,254</u>	<u>1,253,493</u>

The amount of write-downs of inventories recognized as expenses in the years ended March 31, 2023 and 2024 are 22,952 million yen and 34,968 million yen, respectively. These amounts are included in “Cost of sales” in the Consolidated Statement of Profit or Loss.

10. 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, 2023

	Yen (millions)				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at beginning of year	110,472	444,452	235,387	65,435	855,746
Acquisition	3,176	71,959	19,114	146,722	240,971
Reclassification from construction in progress	1,117	26,325	112,480	(139,922)	—
Depreciation	(600)	(62,109)	(124,501)	—	(187,210)
Impairment losses	(166)	(3,734)	(16,676)	(992)	(21,568)
Sales and disposals	(4,773)	(1,652)	(2,504)	(30)	(8,959)
Exchange differences on translating foreign operations	1,976	7,722	6,153	1,175	17,026
Others	665	745	413	(1,516)	307
Balance at end of year	<u>111,867</u>	<u>483,708</u>	<u>229,866</u>	<u>70,872</u>	<u>896,313</u>

Year ended Mar. 31, 2024

	Yen (millions)				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at beginning of year	111,867	483,708	229,866	70,872	896,313
Acquisition	1,303	39,102	19,136	170,400	229,941
Reclassification from construction in progress	408	24,319	97,452	(122,179)	—
Depreciation	(636)	(65,230)	(106,983)	—	(172,849)
Impairment losses	(1,152)	(2,825)	(2,736)	(415)	(7,128)
Sales and disposals	(472)	(3,881)	(1,759)	(34)	(6,146)
Exchange differences on translating foreign operations	2,497	11,142	9,223	2,209	25,071
Others	15	(432)	(448)	(1,729)	(2,594)
Balance at end of year	<u>113,830</u>	<u>485,903</u>	<u>243,751</u>	<u>119,124</u>	<u>962,608</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, 2022	116,671	1,067,081	2,191,312	65,559	3,440,623
Balance at March 31, 2023	117,811	1,126,901	2,266,565	71,988	3,583,265
Balance at March 31, 2024	121,283	1,169,158	2,335,873	119,834	3,746,148

(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, 2022	6,199	622,629	1,955,925	124	2,584,877
Balance at March 31, 2023	5,944	643,193	2,036,699	1,116	2,686,952
Balance at March 31, 2024	7,453	683,255	2,092,122	710	2,783,540

(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, 2022	8,386	68,898	10,524	87,808
Balance at March 31, 2023	10,866	105,552	9,761	126,179
Balance at March 31, 2024	12,115	106,404	11,220	129,739

The amounts of acquisition on right-of-use assets for the years ended March 31, 2023 and 2024 are 76,502 million yen and 42,133 million yen, respectively. The amounts of depreciation on right-of-use assets for the years ended March 31, 2023 and 2024 are 39,483 million yen and 41,921 million yen, respectively. The depreciation is mainly expensed for buildings and structures.

11. 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, 2023

	Yen (millions)				
	Goodwill	Software	Customer relationship	Others	Total
Balance at beginning of year	69,123	44,991	15,187	32,193	161,494
Acquisition	—	21,582	—	3,010	24,592
Acquisitions through business combinations	17,185	—	5,513	1,027	23,725
Amortization	—	(18,471)	(2,359)	(5,803)	(26,633)
Impairment losses	(1,038)	(1,256)	—	(138)	(2,432)
Sales and disposals	—	(172)	—	(27)	(199)
Exchange differences on translating foreign operations	5,433	344	1,007	1,046	7,830
Others	—	1,758	—	466	2,224
Balance at end of year	<u>90,703</u>	<u>48,776</u>	<u>19,348</u>	<u>31,774</u>	<u>190,601</u>

Year ended Mar. 31, 2024

	Yen (millions)				
	Goodwill	Software	Customer relationship	Others	Total
Balance at beginning of year	90,703	48,776	19,348	31,774	190,601
Acquisition	—	26,459	—	6,888	33,347
Acquisitions through business combinations	1,259	—	281	226	1,766
Amortization	—	(19,681)	(2,700)	(5,599)	(27,980)
Impairment losses	(2,617)	(73)	—	(2)	(2,692)
Sales and disposals	—	(250)	—	(10)	(260)
Exchange differences on translating foreign operations	9,992	775	2,073	1,855	14,695
Others	89	1,855	—	443	2,387
Balance at end of year	<u>99,426</u>	<u>57,861</u>	<u>19,002</u>	<u>35,575</u>	<u>211,864</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, 2023 and 2024 are customer relationship in the air conditioning systems & home products business within the Life 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, 2023 and 2024 are 10,242 million yen (average remaining amortization period of 6 years) and 9,424 million yen (average remaining amortization period of 5 years), respectively.

(2) Cost

	Yen (millions)				
	Goodwill	Software	Customer relationship	Others	Total
Balance at April 1, 2022	69,123	148,640	33,641	64,265	315,669
Balance at March 31, 2023	91,741	152,380	41,409	68,346	353,876
Balance at March 31, 2024	103,081	164,892	46,424	78,952	393,349

(3) Accumulated amortization and impairment losses

	Yen (millions)				
	Goodwill	Software	Customer relationship	Others	Total
Balance at April 1, 2022	—	103,649	18,454	32,072	154,175
Balance at March 31, 2023	1,038	103,604	22,061	36,572	163,275
Balance at March 31, 2024	3,655	107,031	27,422	43,377	181,485

The amount of research and development expenses for the years ended March 31, 2023 and 2024 are 212,386 million yen and 221,867 million yen, respectively.

12. 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, 2023, impairment losses consisted of 21,568 million yen of impairment of property, plant and equipment and 2,406 million yen of impairment of intangible assets and others. The impairment losses were mainly due to a prolonged, unfavorable procurement environment caused mainly by soaring material and logistic costs at a certain domestic manufacturing facility in the automotive equipment business within the Industry & Mobility segment. The Group recorded impairment losses of 17,956 million yen for property, plant and equipment related to business assets such as machinery and equipment, and 717 million yen for intangible assets and others. The recoverable amount of 25,910 million yen is mainly measured based on the fair value less costs of disposal. These measurements are based on real estate appraisal amount. The fair value hierarchy is level 3.

For the year ended March 31, 2024, impairment losses consisted of 7,128 million yen of impairment of property, plant and equipment and 108 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.

(2) Goodwill

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

In the year ended March 31, 2023, the Group recognized impairment losses on goodwill of 1,038 million yen. The cash-generating unit groups to which significant goodwill was allocated as of March 31, 2023 were the air conditioning systems & home products business and the building systems business within the Life segment, and the carrying amounts of goodwill allocated to each business were 49,324 million yen and 14,985 million yen, respectively.

In the year ended March 31, 2024, the Group recognized impairment losses on goodwill of 2,617 million yen. The cash-generating unit groups to which significant goodwill was allocated as of March 31, 2024 were the air conditioning systems & home products business and the building systems business within the Life segment, and the carrying amounts of goodwill allocated to each business were 55,479 million yen and 13,935 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 main discount rates as of March 31, 2023 and 2024 were 9.5%–14.0% and 9.6%–13.4%, respectively. Growth rates are calculated by reference to long-term expected growth rates of the market to which the cash-generating units belong. The main growth rates as of March 31, 2023 and 2024 were 0.8%–2.0% in both. It is considered unlikely that a significant impairment would occur even if the key assumptions used in determinations of impairment were changed within a reasonably predictable range.

13. 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, 2023	As of Mar. 31, 2024
Associates	144,952	162,971
Joint ventures	91,833	102,727
Total	<u>236,785</u>	<u>265,698</u>

(2) Share of comprehensive income

	Yen (millions)	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Associates		
Net profit	14,999	17,461
Other comprehensive income (loss)	4,901	9,695
Total comprehensive income	<u>19,900</u>	<u>27,156</u>
Joint ventures		
Net Profit	6,822	10,354
Other comprehensive income (loss)	1,186	2,806
Total comprehensive income	<u>8,008</u>	<u>13,160</u>
Total	<u>27,908</u>	<u>40,316</u>

14. 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, 2023	As of Mar. 31, 2024	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Deferred tax assets				
Accrued expenses	90,037	92,424	4,530	2,387
Property, plant and equipment	40,667	37,313	4,500	(3,522)
Lease liabilities	31,334	30,967	9,492	(367)
Inventories	54,387	55,717	18,516	1,330
Tax loss carryforwards	2,649	3,240	(1,221)	591
Others	60,236	65,238	(1,742)	(2,769)
Total	<u>279,310</u>	<u>284,899</u>	<u>34,075</u>	<u>(2,350)</u>
Deferred tax liabilities				
Net defined benefit Assets	20,784	97,792	2,973	(8,730)
Property, plant and equipment	2,767	3,227	307	460
Right-of-use assets	26,611	25,265	9,480	(1,346)
Financial assets measured at fair value through other comprehensive income	52,199	35,790	—	—
Others	30,270	31,122	37	(504)
Total	<u>132,631</u>	<u>193,196</u>	<u>12,797</u>	<u>(10,120)</u>
Net deferred tax assets	<u>146,679</u>	<u>91,703</u>	<u>21,278</u>	<u>7,770</u>

Changes in net deferred tax assets are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Balance at beginning of year	155,141	146,679
Amounts recognized in profit or loss	21,278	7,770
Amounts recognized in other comprehensive income	(28,648)	(61,646)
Others	(1,092)	(1,100)
Balance at end of year	<u>146,679</u>	<u>91,703</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, 2024 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, deductible temporary differences and tax credit carryforwards for which deferred tax assets are not recognized are as follows:

	Yen (millions)	
	As of Mar. 31, 2023	As of Mar. 31, 2024
Tax loss carryforwards	15,402	21,858
Deductible temporary differences	3,541	2,236
Tax credit carryforwards	2,488	2,885

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

	Yen (millions)	
	As of Mar. 31, 2023	As of Mar. 31, 2024
Within one year	253	793
One to five years	2,549	1,801
Over five years	12,600	19,264
Total	<u>15,402</u>	<u>21,858</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, 2023	As of Mar. 31, 2024
One to five years	—	—
Over five years	2,488	2,885
Total	<u>2,488</u>	<u>2,885</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, 2023 and 2024 are 807,051million yen and 921,555 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, 2023 and 2024 are insignificant.

	Yen (millions)	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Current tax expense	88,513	76,678
Deferred tax expense		
Origination and reversal of temporary differences	(21,278)	(7,770)
Total	<u>67,235</u>	<u>68,908</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, 2023 and 2024, 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, 2023	Year ended Mar. 31, 2024
Statutory tax rate	30.5%	30.5%
Changes in unrecognized deferred tax assets	0.1	0.2
Expenses permanently not deductible for tax purposes	0.4	0.4
International tax rate difference	(7.2)	(6.5)
Tax credits	(1.9)	(5.8)
Tax effect attributable to investments accounted for using the equity method	(2.1)	(2.2)
Others	3.2	2.2
Average effective tax rate	<u>23.0%</u>	<u>18.8%</u>

The Group operates in jurisdictions that have enacted tax regimes for the application of top-up tax under global minimum taxation. If the top-up tax were to be applied in the year ended March 31, 2024, the Group may be subject to the top-up tax in some Asian and European countries where the Group operates, but the impact on the Group's consolidated financial statements would be insignificant.

15. 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, 2023	As of Mar. 31, 2024
Unsecured borrowings		
Weighted average interest rate	0.76%	1.19%
Final maturity	2030	2030
Balance at end of year	252,265	191,435
Sub total	252,265	191,435
Unsecured bonds		
Total amount of issue: 20,000 million yen, Annual interest rate: 0.400%, Due: December 18, 2026	—	19,943
Total amount of issue: 30,000 million yen, Annual interest rate: 0.558%, Due: December 18, 2028	—	29,912
Sub total	—	49,855
Lease liabilities	148,493	153,346
Sub total	148,493	153,346
Total	400,758	394,636
Current liabilities	186,304	151,698
Non-current liabilities	214,454	242,938

As of March 31, 2024, 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, 2023

	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	74,963	14,340	—	(1,811)	87,492
Long-term borrowings	142,208	22,481	—	84	164,773
Lease liabilities	112,290	(57,959)	93,654	508	148,493
Total	329,461	(21,138)	93,654	(1,219)	400,758

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

Year ended Mar. 31, 2024

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	87,492	(18,315)	—	2,508	71,685
Bonds	—	49,846	—	9	49,855
Long-term borrowings	164,773	(45,234)	—	211	119,750
Lease liabilities	148,493	(60,918)	62,141	3,630	153,346
Total	400,758	(74,621)	62,141	6,358	394,636

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

16. 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 and contingent consideration are financial liabilities measured at fair value through profit or loss.

	Yen (millions)	
	As of Mar. 31, 2023	As of Mar. 31, 2024
Other financial liabilities		
Accounts payable (non-trade)	160,833	178,522
Guarantee deposits received	11,763	11,516
Derivative liabilities	1,508	9,984
Contingent consideration	1,717	1,087
Total	175,821	201,109
Current liabilities	174,891	200,411
Non-current liabilities	930	698
Total	175,821	201,109

17. Leases

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

For the years ended March 31, 2023 and 2024, 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, 2023	Year ended Mar.31, 2024
Interest on lease liabilities	1,312	1,491
Expenses for short-term leases	9,399	9,663
Expenses for leases of low-value assets, excluding short-term leases of low-value assets	6,685	8,284

In the years ended March 31, 2023 and 2024, the total cash outflow for leases is 75,355 million yen and 80,356 million yen, respectively.

18. 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, 2023	As of Mar. 31, 2024
Notes payable	110,657	127,165
Accounts payable	533,799	461,977
Total	644,456	589,142

19. 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, 2023	Year ended Mar. 31, 2024
Present value of a defined benefit obligation		
Balance at beginning of year	1,126,974	1,059,156
Service cost	38,594	35,791
Interest cost	7,499	11,307
Remeasurements of defined benefit pension plans		
Actuarial gains and losses arising from changes in demographic assumptions	1,582	(1,444)
Actuarial gains and losses arising from changes in financial assumptions	(52,807)	(25,486)
Others	3,056	4,919
Benefits paid	(65,526)	(68,323)
Others	(216)	2,304
Balance at end of year	1,059,156	1,018,224
Fair value of plan assets		
Balance at beginning of year	1,240,734	1,237,800
Interest income	8,621	13,880
Remeasurements of defined benefit pension plans		
Return on plan assets (excluding interest income)	10,159	257,455
Employer contributions	21,382	21,525
Plan participants' contributions	907	931
Benefits paid	(44,735)	(48,014)
Others	732	3,784
Balance at end of year	1,237,800	1,487,361
Net defined benefit liability recognized in the Consolidated Statement of Financial Position	(178,644)	(469,137)
Net defined benefit liabilities	160,915	158,076
Net defined benefit assets	339,559	627,213
Net amount	(178,644)	(469,137)

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.

The company and its consolidated subsidiaries plan to pay contributions of 20,865 million yen in the next fiscal year.

The Company's investment policies are designed to ensure adequate plan assets which 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, 2023			As of Mar. 31, 2024		
	Has quoted market prices in active markets		Total	Has quoted market prices in active markets		Total
	Yes	No		Yes	No	
Cash and cash equivalents	22,744	—	22,744	45,352	—	45,352
Equity instruments						
Marketable equity securities	300,662	—	300,662	446,816	—	446,816
Pooled funds	—	221,697	221,697	—	259,503	259,503
Debt instruments						
Government, municipal and corporate bonds	4,475	18,764	23,239	11,586	17,991	29,577
Pooled funds	—	242,368	242,368	—	239,096	239,096
Life insurance company general accounts	—	108,383	108,383	—	111,196	111,196
Others	—	318,707	318,707	—	355,821	355,821
Total	<u>327,881</u>	<u>909,919</u>	<u>1,237,800</u>	<u>503,754</u>	<u>983,607</u>	<u>1,487,361</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, 2023 and approximately 20% domestic equities and 80% foreign equities as of March 31, 2024.

3 Debt instrument pooled funds are invested into approximately 40% domestic bonds and 60% foreign bonds as of March 31, 2023 and approximately 30% domestic bonds and 70% foreign bonds as of March 31, 2024.

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, 2023	As of Mar. 31, 2024
Discount rate	1.2%	1.5%

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, 2023		As of Mar. 31, 2024	
Discount rate increases 0.5%	Decrease of	52,902	Decrease of	49,224
Discount rate decreases 0.5%	Increase of	57,878	Increase of	53,764

The weighted average durations of the defined benefit obligation for the years ended March 31, 2023 and 2024 are 11.2 years and 11.0 years, respectively.

(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, 2023 and 2024 are 14,401 million yen and 15,933 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, 2023 and 2024 are 1,284,684 million yen and 1,363,570 million yen, respectively.

20. Provisions

Components and changes in provisions are as follows:

	Yen (millions)			
	Provision for product warranties	Provision for loss on construction contracts	Other provisions	Total
Year ended Mar. 31, 2024				
Balance at beginning of year	57,962	55,491	12,262	125,715
Additions	31,975	39,681	3,542	75,198
Utilized	(23,427)	(36,833)	(5,175)	(65,435)
Reversed	(6,702)	(1,573)	(1,226)	(9,501)
Exchange differences on translating foreign operations and others	2,048	391	550	2,989
Balance at end of year	61,856	57,157	9,953	128,966
Current liabilities				125,129
Non-current liabilities				3,837

(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.

21. Equity and other equity items

(1) Common stock

(a) Number of total authorized shares

The number of total authorized shares as of March 31, 2023 and 2024 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, 2023	As of Mar. 31, 2024
Balance at beginning of year	2,147,201,551	2,147,201,551
Changes during the year	—	—
Balance at end of year	2,147,201,551	2,147,201,551

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, 2023	As of Mar. 31, 2024
Balance at beginning of year	35,228,959	35,681,952
Changes during the year	452,993	23,246,196
Balance at end of year	35,681,952	58,928,148

Note : Shares in the Company held by the Board Incentive Plan Trust are included in the number of treasury stock.
(1,583,011 shares as of March 31, 2023, and 1,807,321 shares as of March 31, 2024)

(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, 2023

	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	99,293	85,204	—	31	184,528
Net change in other comprehensive income	63,956	29,481	40,680	39	134,156
Reclassification to retained earnings	—	(1,106)	(40,680)	—	(41,786)
Balance at end of year	<u>163,249</u>	<u>113,579</u>	<u>—</u>	<u>70</u>	<u>276,898</u>

Year ended Mar. 31, 2024

	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	163,249	113,579	—	70	276,898
Net change in other comprehensive income	121,970	48,658	194,790	(65)	365,353
Reclassification to retained earnings	—	(83,829)	(194,790)	—	(278,619)
Balance at end of year	<u>285,219</u>	<u>78,408</u>	<u>—</u>	<u>5</u>	<u>363,632</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, 2023	4,434	(8)	52	7	4,485
Year ended Mar. 31, 2024	8,776	86	(45)	(25)	8,792

22. Dividends

Dividends paid for the years ended March 31, 2023 and 2024 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
October 28, 2022 Board of Directors Meeting	29,583	14	September 30, 2022	December 2, 2022
May 15, 2023 Board of Directors Meeting	54,940	26	March 31, 2023	June 2, 2023
October 31, 2023 Board of Directors Meeting	42,009	20	September 30, 2023	December 4, 2023

Dividends with a record date in the year ended March 31, 2024 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 9, 2024 Board of Directors Meeting	62,702	30	March 31, 2024	June 4, 2024

23. Revenues

(1) Disaggregation of revenue

The Group's business consists of 6 reportable segments: Infrastructure, Industry & Mobility, Life, Business Platform, Semiconductor & Device 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.

The principal businesses and major products and services of each operating segment are shown in Note "6. 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 disaggregated by region according to the customer's location. The relationship between these disaggregated revenue and segment revenue are as follows:

In this fiscal year, in line with a restructuring of the management structure as of April 1, 2023, reportable segments were changed. Segment information for the year ended March 31, 2023, has been restated to reflect the reclassification.

Year ended Mar. 31, 2023

							Yen (millions)
	Japan	Overseas					Consolidated total
		North America	Asia (excluding Japan)	Europe	Others	Total	
Infrastructure	766,901	114,866	52,018	15,460	11,670	194,014	960,915
Industry & Mobility	631,446	236,467	589,218	172,539	13,775	1,011,999	1,643,445
Life	780,021	256,470	461,332	371,696	58,482	1,147,980	1,928,001
Business Platform	74,924	—	410	1	—	411	75,335
Semiconductor & Device	70,346	16,113	100,629	46,940	449	164,131	234,477
Others	143,392	1,646	15,296	1,176	11	18,129	161,521
Consolidated	2,467,030	625,562	1,218,903	607,812	84,387	2,536,664	5,003,694

Year ended Mar. 31, 2024

							Yen (millions)
	Japan	Overseas					Consolidated total
		North America	Asia (excluding Japan)	Europe	Others	Total	
Infrastructure	790,470	151,467	46,341	25,916	10,106	233,830	1,024,300
Industry & Mobility	660,627	284,568	517,007	216,352	16,863	1,034,790	1,695,417
Life	797,673	244,748	497,977	430,717	63,897	1,237,339	2,035,012
Business Platform	82,203	1	1	1	—	3	82,206
Semiconductor & Device	78,908	15,279	104,416	59,838	383	179,916	258,824
Others	149,584	959	11,339	268	5	12,571	162,155
Consolidated	2,559,465	697,022	1,177,081	733,092	91,254	2,698,449	5,257,914

Revenue is accounted for according to Note “3. Material accounting policies (13) Revenues,” and revenue recognition methods for each category are primarily as follows:

(a) Infrastructure, Business Platform

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.

(b) Life, Semiconductor & Device

Major revenue recognition methods of the air conditioning systems & home products business and the semiconductor & device business are as follows. Revenue is primarily recorded at a point in time.

Revenue from mass-produced goods such as home appliances and semiconductors are recognized at the time when the product is accepted by the customer.

Major revenue recognition methods of the building systems business 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.

(c) Industry & Mobility, Others

Major revenue recognition methods are as follows. Revenue is primarily recorded at a point in time.

Revenue from mass-produced goods such as industrial products are recognized at the time when the product is accepted by the customer.

Revenue from some products requiring acceptance inspection is 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, 2023	Year ended Mar. 31, 2024
The amount of revenue recognized during the year that was included in the contract liability balance at the beginning of each year	142,486	127,835

(b) The amounts of contract liabilities included in "other non-current liabilities" as of March 31, 2023 and 2024 are 20,588 million yen and 20,237 million yen, respectively.

(3) Transaction price allocated to remaining performance obligations

The total amount of transaction price allocated to remaining performance obligations is 1,666,092 million yen as of March 31, 2023. 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, 2024 to 2047.

The total amount of transaction price allocated to remaining performance obligations is 2,321,679 million yen as of March 31, 2024. 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, 2025 to 2051.

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.

24. Other profit (loss)

The major components of other profit (loss) are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Gain on sales of land	24,601	26,733
Impairment losses	(25,012)	(9,853)

25. 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, 2023	Year ended Mar. 31, 2024
Financial income		
Dividends	6,530	10,901
Interest income	5,772	10,296
Other financial income	—	3
Total	12,302	21,200
Financial expenses		
Interest expenses	3,913	7,672
Exchange loss	374	3,996
Other financial expenses	9	19
Total	4,296	11,687

Note : Gains (losses) on derivative instruments not designated as hedges are included in exchange loss.

26. 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, 2023			Year ended Mar. 31, 2024		
	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	40,988	(12,025)	28,963	65,191	(21,158)	44,033
Net change during the year	40,988	(12,025)	28,963	65,191	(21,158)	44,033
Remeasurements of defined benefit plans						
Amount arising during the year	58,328	(17,635)	40,693	279,466	(85,290)	194,176
Net change during the year	58,328	(17,635)	40,693	279,466	(85,290)	194,176
Share of other comprehensive income of investments accounted for using the equity method						
Amount arising during the year	790	(241)	549	7,597	(2,317)	5,280
Net change during the year	790	(241)	549	7,597	(2,317)	5,280
Items that may be reclassified to net profit						
Exchange differences on translating foreign operations						
Amount arising during the year	62,636	232	62,868	123,633	(107)	123,526
Reclassification adjustments to net profit	(2)	—	(2)	—	—	—
Net change during the year	62,634	232	62,866	123,633	(107)	123,526
Net changes in the fair value of cash flow hedges						
Amount arising during the year	58	(18)	40	211	(68)	143
Reclassification adjustments to net profit	(11)	3	(8)	(343)	109	(234)
Net change during the year	47	(15)	32	(132)	41	(91)
Share of other comprehensive income of investments accounted for using the equity method						
Amount arising during the year	5,889	(401)	5,488	7,711	(564)	7,147
Reclassification adjustments to net profit	50	—	50	74	—	74
Net change during the year	5,939	(401)	5,538	7,785	(564)	7,221
Other comprehensive income (loss)	168,726	(30,085)	138,641	483,540	(109,395)	374,145

27. 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, 2023	Year ended Mar. 31, 2024
Net profit attributable to Mitsubishi Electric Corp. stockholders	213,908	284,949

	Shares	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Basic average ordinary shares outstanding	2,111,725,717	2,099,261,319

	Yen	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	101.30	135.74
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	101.30	135.74

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. (1,377,122 shares as of March 31, 2023, and 1,814,572 shares as of March 31, 2024).

28. 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, 2023	As of Mar. 31, 2024
ROE	6.9%	8.2%
Ratio of bonds and borrowings to total assets	4.5%	3.9%

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, 2023	Year ended Mar. 31, 2024
U.S. dollars	30,306	32,428
Euros	27,339	21,715

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, 2023	Year ended Mar. 31, 2024
U.S. dollars	(303)	(324)
Euros	(273)	(217)

(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, 2023	Year ended Mar. 31, 2024
Variable interest rate bonds and borrowings	87,852	72,208

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, 2023	Year ended Mar. 31, 2024
Effect on profit before income taxes	(879)	(722)

(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, 2023	As of Mar. 31, 2024
Guarantees of bank loan		
Associates	1,400	2,000
Employees	166	92
Others	3,448	3,256
Total	5,014	5,348

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, 2023

	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	10	9,993	—	4,875	14,878
Additions	—	2,431	—	1,912	4,343
Utilized	—	(1,450)	—	(521)	(1,971)
Reversed	—	(1,692)	—	(970)	(2,662)
Exchange differences on translating foreign operations, others	—	659	—	175	834
Balance at end of year	10	9,941	—	5,471	15,422

Year ended Mar. 31, 2024

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	10	9,941	—	5,471	15,422
Additions	1	2,624	—	1,107	3,732
Utilized	—	(788)	—	(647)	(1,435)
Reversed	(1)	(1,825)	—	(757)	(2,583)
Exchange differences on translating foreign operations, others	—	1,145	—	188	1,333
Balance at end of year	10	11,097	—	5,362	16,469

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, 2023	108,812	1,356,873	—	7,283	1,472,968
As of Mar. 31, 2024	103,282	1,419,631	—	7,186	1,530,099

(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, 2023

	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	818,769	818,769	817,839	930	—
Short-term borrowings	87,492	89,587	89,587	—	—
Long-term borrowings	164,773	167,520	51,471	112,863	3,186
Lease liabilities	148,493	153,132	48,841	79,172	25,119
Derivatives financial liabilities					
Forward exchange contracts and others	1,508	1,508	1,508	—	—
Total	<u>1,221,035</u>	<u>1,230,516</u>	<u>1,009,246</u>	<u>192,965</u>	<u>28,305</u>

As of Mar. 31, 2024

	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	780,267	780,267	779,569	698	—
Short-term borrowings	71,685	73,962	73,962	—	—
Long-term borrowings	119,750	122,032	28,998	90,615	2,419
Bonds	49,855	51,077	247	50,830	—
Lease liabilities	153,346	159,526	52,875	86,765	19,886
Derivatives financial liabilities					
Forward exchange contracts and others	9,984	9,984	9,984	—	—
Total	<u>1,184,887</u>	<u>1,196,848</u>	<u>945,635</u>	<u>228,908</u>	<u>22,305</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.

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 2024 to February 2025.

The notional principal amount of forward exchange contracts designated as hedging instruments as of March 31, 2023 and 2024 are as follows:

Type of hedge	Yen (millions)	
	As of Mar. 31, 2023	As of Mar. 31, 2024
Forward exchange contracts	5,178	2,411

The fair value of forward exchange contracts designated as hedging instruments as of March 31, 2023 and 2024 are as follows:

Type of hedge	Line item	Yen (millions)	
		As of Mar. 31, 2023	As of Mar. 31, 2024
Forward exchange contracts	Other financial assets	62	0
	Other financial liabilities	32	107

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 the reporting period 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, 2023 and 2024.

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 borrowings to be repaid within 1 year)

Fair values of bonds are calculated using the Reference Statistical Prices of the Japan Securities Dealers Association and are classified as level 2 because fair value is calculated using observable market data. Fair values of borrowings are calculated using the present value of future cash flows discounted by the expected interest rate for similar new contracts and are classified as level 2 because fair value is calculated using observable market data.

	Yen (millions)			
	As of Mar. 31, 2023		As of Mar. 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost				
Bonds and borrowings (including long-term borrowings to be repaid within 1 year)	164,773	160,437	169,605	166,330

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 reporting period 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, investments in capital 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 the result of the verification 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.

Contingent considerations

The fair value of liabilities related to contingent considerations is calculated using the present value taking into account the probability of possible payment to contract counterparties and 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 the result of the verification has been approved by an appropriate management.

As of Mar. 31, 2023

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	—	588	588
Derivative assets	—	2,352	—	2,352
Financial assets measured at fair value through other comprehensive income				
Equity instruments	225,587	—	80,400	305,987
Total	<u>225,587</u>	<u>2,352</u>	<u>80,988</u>	<u>308,927</u>
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	1,508	—	1,508
Contingent considerations	—	—	1,717	1,717
Total	<u>—</u>	<u>1,508</u>	<u>1,717</u>	<u>3,225</u>

As of Mar. 31, 2024

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	—	—	802	802
Derivative assets	—	2,291	—	2,291
Financial assets measured at fair value through other comprehensive income				
Equity instruments	117,398	—	162,928	280,326
Total	<u>117,398</u>	<u>2,291</u>	<u>163,730</u>	<u>283,419</u>
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	9,984	—	9,984
Contingent considerations	—	—	1,087	1,087
Total	<u>—</u>	<u>9,984</u>	<u>1,087</u>	<u>11,071</u>

Changes in financial assets measured at fair value on a recurring basis classified as Level 3 are as follows:

	Yen (millions)	
	As of Mar. 31, 2023	As of Mar. 31, 2024
Balance at beginning of year	71,169	80,988
Gains (losses)		
in profit or loss	(9)	(19)
in other comprehensive income	7,004	5,606
Purchases	4,019	81,246
Sale	(1,195)	(4,091)
Balance at end of year	<u>80,988</u>	<u>163,730</u>

Notes : 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 161 million yen and 166 million yen were recorded in the years ended March 31, 2023 and 2024, 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, 2023 and 2024 were 1,945 million yen and 1,828 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, 2024 was included in the maximum exposure to losses stated in “(a) Involvement with unconsolidated securitization-purpose structured entities” above.

29. 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 years ended March 31, 2023 and 2024.

30. 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, 2023	As of Mar. 31, 2024
Balance of trade receivables and contract assets		
Associates	72,445	68,415
Joint ventures	12,575	18,098
Total	85,020	86,513
Balance of trade payables and contract liabilities		
Associates	22,953	21,680
Joint ventures	11,120	10,374
Total	34,073	32,054

Other than the above, the balances of receivables under factoring transactions with joint ventures as of the date of March 31, 2023 and 2024 are 4,650 million yen and 3,502 million yen, respectively. The balances of payables under factoring transactions with joint ventures as of the date of March 31, 2023 and 2024 are 28,252 million yen and 21,308 million yen, respectively.

The amounts of transactions with associates and joint ventures are as follows:

	Yen (millions)	
	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Revenue		
Associates	223,740	221,932
Joint ventures	52,615	57,536
Total	276,355	279,468
Purchases		
Associates	113,813	107,287
Joint ventures	39,451	39,243
Total	153,264	146,530

Other than the above, the amounts of factoring transactions for trade receivables with joint ventures for the years ended March 31, 2023 and 2024 are 35,871 million yen and 37,848 million yen, respectively. The amounts of factoring transactions for trade payables with joint ventures for the years ended March 31, 2023 and 2024 are 84,782 million yen and 80,312 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, 2023 and 2024 are 1,946 million yen and 1,845 million yen, respectively. These include officers' retirement benefits of 12 million yen and 6 million yen, respectively.

31. Commitments

Contractual commitments related to purchases of property, plant and equipment is as follows:

	Yen (millions)	
	As of Mar. 31, 2023	As of Mar. 31, 2024
Contractual commitments related to purchases of property, plant and equipment	44,716	71,992

32. Contingent liabilities

There were no significant events as of March 31, 2024.

33. Subsequent events

(1) Cancellation of treasury stock

The Company decided on May 9, 2024 its cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act and implemented it on May 31, 2024.

- (i) Class of shares to be cancelled: The Company's common stock
- (ii) Number of shares to be cancelled: 34,000,000 shares
(1.58% of total number of issued shares before the cancellation)
- (iii) Cancellation date: May 31, 2024

(2) Transfer of a portion of shares of Mitsubishi Electric Logistics Corporation

On June 18, 2024, the Company concluded a stock purchase agreement under which the Company transferred 66.6 percent of the common shares of Mitsubishi Electric Logistics Corporation which is its consolidated subsidiary to SEINO HOLDINGS CO., LTD. Subject to regulatory approvals from relevant authorities, the share transfer is expected to be concluded around October 1, 2024.

Upon the transfer, Mitsubishi Electric Logistics Corporation is expected to become an affiliate of the Company accounted for using the equity method and the Company expects to record both a realized gain for the shares transferred and a remeasurement gain based on the fair value of the shares the Company will continue to hold after the transfer as operating income for the fiscal year ending March 31, 2025. The amount is under calculation and has not been finalized at present.

34. Approval of the consolidated financial statements

The consolidated financial statements were approved by Kei Uruma, President & CEO, on June 25, 2024.

Independent auditor's report

Kei Uruma
President & CEO
Mitsubishi Electric Corporation

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”), which comprise the consolidated statement of financial position as at March 31, 2024, 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, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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.

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.

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, “Material accounting policies, (13) Revenues” and 23, “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 Infrastructure 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 6, “Segment information” to the consolidated financial statements, revenue recognized for the Infrastructure segment amounted to ¥1,036,613 million, for the fiscal year ended March 31, 2024, and this amounts included revenue for construction contracts recognized according to the progress.</p> <p>In addition, as described in Note 20, “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 ¥57,157 million as of March 31, 2024.</p> <p>There are many construction contracts entered into with customers in the Public Utility Systems, Energy Systems and Defense & Space systems businesses within the Infrastructure 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 Systems and Defense & Space systems businesses was the most significant matter 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 evaluate the reasonableness of the Company’s estimate of the total cost of construction contracts in the Public Utility Systems, Energy Systems and Defense & Space 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 Systems and Defense & Space 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.

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 Accounting Standards, 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 Accounting Standards 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 Accounting Standards, 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, actions taken to eliminate threats or safeguards applied.

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.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in “Corporate Governance, etc. (3) Status of Audit” included in “Information on the Company” of the Company’s Annual Securities Report.

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.

Kensuke Sodekawa
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 25, 2024

(2) 【Other】

Quarterly Financial Information

		Three months ended Jun. 30, 2023	Six months ended Sept. 30, 2023	Nine months ended Dec. 31, 2023	Year ended Mar. 31, 2024
Revenue	Yen (millions)	1,220,300	2,538,471	3,782,406	5,257,914
Profit before income taxes	Yen (millions)	76,884	159,786	249,023	365,853
Net profit attributable to Mitsubishi Electric Corp. stockholders	Yen (millions)	57,834	120,228	186,097	284,949
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders	Yen	27.41	57.08	88.51	135.74

		Three months ended Jun. 30, 2023	Three months ended Sept. 30, 2023	Three months ended Dec. 31, 2023	Three months ended Mar. 31, 2024
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders	Yen	27.41	29.67	31.44	47.31

(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 25, 2024

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, 2024, 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, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board prescribed in Article 93 of "the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (IFRS Accounting Standards).

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.

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.

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, “Material accounting policies, (13) Revenues” and 23, “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 Infrastructure 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 6, “Segment information” to the consolidated financial statements, revenue recognized for the Infrastructure segment amounted to ¥1,036,613 million, for the fiscal year ended March 31, 2024, and this amounts included revenue for construction contracts recognized according to the progress.</p> <p>In addition, as described in Note 20, “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 ¥57,157 million as of March 31, 2024.</p> <p>There are many construction contracts entered into with customers in the Public Utility Systems, Energy Systems and Defense & Space systems businesses within the Infrastructure 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 Systems and Defense & Space systems businesses was the most significant matter 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 evaluate the reasonableness of the Company’s estimate of the total cost of construction contracts in the Public Utility Systems, Energy Systems and Defense & Space 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 Systems and Defense & Space 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.

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 Accounting Standards, 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 Accounting Standards 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 Accounting Standards, 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, actions taken to eliminate threats or safeguards applied.

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, 2024, 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, 2024, 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, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "Corporate Governance, etc. (3) Status of Audit" included in "Information on the Company."

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.