

[Translation]

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Quarterly Report

The Third Quarter of 151st Business Term
From October 1, 2021 to December 31, 2021

Mitsubishi Electric Corporation

The Third Quarter of 151st Business Term (from October 1, 2021 to December 31, 2021)

Quarterly Report

This is an English translation of the Quarterly Report (“Shihanki Hokokusho”) pursuant to Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act of Japan filed 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.

Mitsubishi Electric Corporation

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[Cover]

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Cautionary Statement

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

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

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

I. Overview of the Company

1. Key Financial Data

(Millions of yen, unless otherwise stated)

	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021	Year ended Mar. 31, 2021
Revenue	2,940,611	3,181,263	4,191,433
[For the three months ended December 31, 2020 and 2021, respectively]	[1,038,587]	[1,042,886]	
Profit before income taxes	158,353	207,232	258,754
Net profit attributable to Mitsubishi Electric Corp. stockholders	107,781	148,465	193,132
[For the three months ended December 31, 2020 and 2021, respectively]	[59,550]	[43,629]	
Comprehensive income attributable to Mitsubishi Electric Corp. stockholders	180,527	175,155	401,559
Mitsubishi Electric Corp. stockholders' equity	2,532,749	2,811,568	2,754,293
Total equity	2,643,351	2,927,772	2,870,611
Total assets	4,448,211	4,735,432	4,797,921
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	50.24	69.44	90.03
[For the three months ended December 31, 2020 and 2021, respectively]	[27.76]	[20.48]	
Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	50.24	69.44	90.03
Mitsubishi Electric Corp. stockholders' equity ratio (%)	56.9	59.4	57.4
Cash flows from operating activities	316,825	117,144	542,119
Cash flows from investing activities	(140,149)	(72,279)	(176,552)
Cash flows from financing activities	(94,178)	(191,464)	(157,352)
Cash and cash equivalents at end of period	625,528	632,126	767,406

Notes: 1. The condensed quarterly consolidated financial statements and the consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS").

2. As the Group prepares the condensed quarterly consolidated financial statements, the key financial data of the Company is not provided.

3. 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. Description of Business

The condensed quarterly consolidated financial statements of the Mitsubishi Electric Group are prepared in accordance with IFRS. The Mitsubishi Electric Group, which is composed of the Company, 206 consolidated subsidiaries and 39 equity method companies, engages in six business segments (Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, Others) and our products range from all types.

II. Business Overview

1. Business and Other Risks

For the nine months ended December 31, 2021, the following are the changes in the Business and Other Risks stated in the Annual Securities Report for the fiscal year ended March 31, 2021, and the relevant changes and additions are underlined.

Forward-looking statements in this section are based on the judgment of the Company as of the date of submission of the Quarterly Report (February 10, 2022).

The item numbers correspond to “Part I Information on the Company, II. Business Overview, 2. Business and Other Risks” in the Annual Securities Report for the fiscal year ended March 31, 2021.

(1) Risk management framework of the Mitsubishi Electric Group

The Mitsubishi Electric Group maintains a multi-dimensional risk management system in which all executive officers participate. Under this system, executive officers are responsible for risk management in their assigned areas of operation.

The Company established the position of Chief Risk Officer (CRO) and the Corporate Risk Management Division dedicated to risk management under the direct control of the CEO on January 1, 2022. The objective of this move is to enhance the risk management of the Group as well as strengthen its cross-departmental responses in times of crises and to the various risks that could impact the business execution of the Group.

In addition, executive officers exchange information and participate in important management initiatives and decisions through regularly scheduled Executive Officers' Meetings.

(Omit the last part)

(2) Business and Other Risks

1) The impact of COVID-19

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

The global economy is expected to make progress in recovery in general as the prop up of political measures particularly in the U.S. and China, in addition to the normalization of economic activities due to the widespread use of vaccines in various countries and regions, although the impact of COVID-19 on the economy remains uncertain. Nonetheless, the Group's performance may be affected to a greater extent than currently expected, due to delays in the situation returning to normal, status changes in market recoveries thereafter, and changes in demand structure following sudden changes to societal values or behavior.

8) Improper Quality Control Practices

The Company announced that an internal investigation conducted by the Company revealed that inspections of certain HVAC (Heating, Ventilation and Air Conditioning systems) and other products for railcars manufactured at the Nagasaki Works were different from the inspections represented in specification documents provided by customers, or that it had not actually conducted inspections or had used improper statements in its inspection reports, etc. The Company has reported the situation to our customers and proceeds with additional inspections and capital investments to create a new company-wide structure for quality assurance.

Taking the discovery of improper quality control practices, the Company has established an emergency response division headed by the CEO. Also, the Investigative Committee comprised of external experts has been tasked with investigating the improper quality control practices. The Company received the investigation report (First Report) by the Investigative Committee on October 1, 2021 on the non-compliance of third-party certification of electromagnetic switches manufactured by the Kani Factory of Nagoya Works and the improper quality control practices of HVAC and other products for railcars manufactured at the Nagasaki Works. In addition, the Company received the investigation report (Second Report) on December 23, 2021 which describes: improper quality control practices for HVAC systems for railcars and improper quality control practices for Emergency power supply equipment at the Nagasaki Works; some inspections not carried out owing to inadequacies with commercial air-conditioning & refrigeration system inspection equipment at the Air-Conditioning & Refrigeration Systems Works; some tests not conducted on CGIS units at the Power Distribution Systems Center; improper quality control practice discovered with respect to low-voltage circuit breakers when conducting regular factory audits and did not make sufficient applications under the Radio Act for CO₂ laser marker equipment at the Fukuyama Works; and improper quality control practices for ETC equipment at the Kamakura Works. In response to the discovery of these improper practices, certain aspects of the scope of the ISO 9001^{*1} certification as well as overall IRIS^{*2} certifications for the Nagasaki Works and certain aspects of the scope of the ISO 9001

certification for the Power Distribution Systems Center have been withdrawn by ISO*3 certification body. The Company will make every effort to promptly reacquire certification in the areas affected.

The investigation into quality practices at all of the Company's manufacturing sites and plants (including 22 facilities) will continue, and the Company will report accordingly every three months on the findings of the investigation and progress and developments regarding the steps the Company is taking. The Company aims for the investigation to be completed by April 2022 and will then proceed with investigations into its group companies. The Company is implementing and further developing its three areas of reform (quality assurance, organizational culture and governance) including measures to prevent recurrence, taking those future investigation results into account.

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

*1 International standard for quality management systems

*2 International standard for the railway industry

*3 International Organization for Standardization

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

The condensed quarterly consolidated financial statements of the Mitsubishi Electric Group are prepared in accordance with IFRS. The Group makes judgments, estimates and assumptions that affect the amounts of assets, liabilities, income and expenses in preparation of the condensed quarterly consolidated financial statements, and actual results may differ from these estimates.

(1) Overview of business performance

The economy in the nine months ended December 31, 2021 generally continued to see recovery in the corporate sector in the U.S., Europe and Japan. The household sector continued to recover in the U.S. and Europe and recently recovered also in Japan owing to normalization of economic activities after experiencing the downward pressure stemming from COVID-19. China continued to see recovery in export and manufacturing, while the paces of recovery in the household sector slowed down. Overall, economic activities normalized due to the progress in COVID-19 vaccinations in various countries and regions, and global demand continued to expand as economy recovered owing partially to political measures. There was also the impact of material prices soaring as well as a prolonged components shortage.

As a result, the business performance for the nine months ended December 31, 2021 is as follows.

< Consolidated Performance >

(In billions of yen)

	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021	Compared to the same period of the previous fiscal year
Revenue	2,940.6	3,181.2	up 240.6
Operating profit	137.7	190.1	up 52.4
Profit before income taxes	158.3	207.2	up 48.8
Net profit attributable to Mitsubishi Electric Corp. stockholders	107.7	148.4	up 40.6

1) Revenue

Revenue for the nine months ended December 31, 2021 increased by 240.6 billion yen from the same period of the previous fiscal year to 3,181.2 billion yen due primarily to increased revenue in Industrial Automation Systems, Home Appliances and Electronic Devices segments, despite decreased revenue in Energy and Electric Systems segment. Industrial Automation Systems segment saw an increase in the factory automation systems business due mainly to an increase in demand for capital expenditures relating to digital equipment and decarbonization worldwide. The automotive equipment business saw an increase in the nine months ended December 31, 2021 owing to recovery from the impact of COVID-19 in the three months ended June 30, 2021, despite a decrease in and after the three months ended September 30, 2021 due mainly to a semiconductor shortage. Home Appliances segment increased due primarily to an increase in air conditioners primarily in Europe and North America, despite a decrease in air conditioners in Japan due mainly to a semiconductor shortage. Electronic Devices segment increased due primarily to recovery in demand for power modules.

< Impact of exchange rate fluctuations on revenue >

	Average exchange rate for the nine months ended Dec. 31, 2020	Average exchange rate for the nine months ended Dec. 31, 2021	Impact of exchange rate fluctuations on revenue for the nine months ended Dec. 31, 2021
Consolidated total	—	—	About ¥100.0 billion increase
US\$	¥106	¥111	About ¥20.0 billion increase
EURO	¥123	¥131	About ¥18.0 billion increase
CNY	¥15.4	¥17.4	About ¥37.0 billion increase

2) Operating profit

Operating profit increased by 52.4 billion yen from the same period of the previous fiscal year to 190.1 billion yen due mainly to increased operating profit in Industrial Automation Systems, Home Appliances and Electronic Devices segments, despite decreased operating profit in Energy and Electric Systems segment. Operating profit ratio improved by 1.3 point from the same period of the previous fiscal year to 6.0% due mainly to increased revenue.

The cost ratio improved by 1.1 point from the same period of the previous fiscal year due primarily to higher operating ratio caused by increased revenue of Industrial Automation Systems segment and the yen depreciating against other currencies, despite material prices soaring. Selling, general and administrative expenses increased by 50.3 billion yen from the same period of the previous fiscal year, but selling, general and administrative expenses to revenue ratio improved by 0.2 point. Other profit (loss) increased by 1.8 billion yen from the same period of the previous fiscal year, and other profit (loss) to revenue ratio remained substantially unchanged.

3) Profit before income taxes

Profit before income taxes increased by 48.8 billion yen from the same period of the previous fiscal year to 207.2 billion yen due primarily to an increase in operating profit. Profit before income taxes to revenue ratio was 6.5%.

4) Net profit attributable to Mitsubishi Electric Corp. stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 40.6 billion yen from the same period of the previous fiscal year to 148.4 billion yen due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 4.7%.

Consolidated Financial Results by Business Segment are as shown below.

1) Energy and Electric Systems

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

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

As a result, revenue for this segment decreased by 3% from the same period of the previous fiscal year to 843.8 billion yen.

Operating profit decreased by 25.7 billion yen from the same period of the previous fiscal year to 32.9 billion yen due mainly to decreased revenue and a shift in project portfolios.

2) Industrial Automation Systems

The market of the factory automation systems business saw a global increase in demand for capital expenditures relating to digital equipment such as semiconductor, electronic components and smartphones, as well as to decarbonization such as lithium-ion battery. In this environment, the business saw increases in both orders and revenue from the same period of the previous fiscal year.

The market of the automotive equipment business saw an increase in sales of new cars in all regions except for China in the three months ended June 30, 2021 due to a recovery from a slowdown stemming from COVID-19, while sales of new cars remained substantially unchanged in the nine months ended December 31, 2021 due primarily to a semiconductor shortage. In this environment, the business saw increases in both orders and revenue from the same period of the previous fiscal year due mainly to increases in electrical components and electric vehicle-related equipment such as motors and inverters.

As a result, revenue for this segment increased by 19% from the same period of the previous fiscal year to 1,058.6 billion yen.

Operating profit increased by 53.6 billion yen from the same period of the previous fiscal year to 81.9 billion yen due mainly to increased revenue and the yen depreciating against other currencies.

3) Information and Communication Systems

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

The electronic systems business saw a decrease in orders from the same period of the previous fiscal year due primarily to a decrease in large-scale projects for the space systems business. Revenue also decreased from the same period of the previous fiscal year due mainly to a decrease in large-scale projects for the defense systems business.

As a result, revenue for this segment decreased by 8% from the same period of the previous fiscal year to 225.1 billion yen.

Operating profit increased by 1.3 billion yen from the same period of the previous fiscal year to 7.3 billion yen due mainly to a shift in project portfolios.

4) Electronic Devices

The market of the electronic devices business saw recovery in demand for power modules used in industrial, consumer and automotive applications. In this environment, the business saw an increase in orders from the same period of the previous fiscal year and revenue also increased by 20% from the same period of the previous fiscal year to 179.0 billion yen due primarily to an increase in power modules used in industrial, consumer and automotive applications.

Operating profit increased by 4.4 billion yen from the same period of the previous fiscal year to 12.0 billion yen due mainly to increased revenue.

5) Home Appliances

The market of the home appliances business saw an increase in demand for residential air conditioners primarily in Europe and North America as working from home becomes common, although there was an impact of a semiconductor shortage. Demand for industrial air conditioners also recovered gradually as capital expenditures started to recover from the impact of COVID-19. In this environment, the business saw an increase in revenue by 12% from the same period of the previous fiscal year to 847.9 billion yen due mainly to an increase in air conditioners primarily in Europe and North America, despite a decrease in air conditioners in Japan.

Operating profit increased by 9.1 billion yen from the same period of the previous fiscal year to 66.6 billion yen due mainly to increased revenue and the yen depreciating against other currencies.

6) Others

Revenue increased by 15% from the same period of the previous fiscal year to 486.5 billion yen due primarily to increases in materials procurement and logistics.

Operating profit increased by 8.8 billion yen from the same period of the previous fiscal year to 14.6 billion yen due mainly to increased revenue.

(2) Analysis of financial position

Total assets as of the end of this fiscal quarter decreased from the end of the previous fiscal year by 62.4 billion yen to 4,735.4 billion yen. The change in balance of total assets was mainly attributable to decreases in trade receivables by 164.5 billion yen and cash and cash equivalents by 135.2 billion yen, while inventories increased by 206.6 billion yen.

Trade receivables decreased due mainly to credit collection for projects from the previous fiscal year. Inventories increased due primarily to recovery in demand for Industrial Automation Systems and Home Appliances segments, as well as shortages of semiconductors and other electronic components.

Total liabilities decreased from the end of the previous fiscal year by 119.6 billion yen to 1,807.6 billion yen due primarily to decreases in accrued expenses by 43.8 billion yen, other financial liabilities by 37.5 billion yen, and bonds, borrowings and lease liabilities by 27.3 billion yen. Bonds and borrowings decreased by 18.4 billion yen from the end of the previous fiscal year to 230.4 billion yen, with the ratio of bonds and borrowings to total assets recording 4.9%, representing a 0.3 point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 57.2 billion yen compared to the end of the previous fiscal year to 2,811.5 billion yen. The stockholders' equity ratio was recorded at 59.4%, representing a 2.0 point increase compared to the end of the previous fiscal year. These changes referred to above primarily result from an increase from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 148.4 billion yen, despite a decrease due to dividend payment of 85.7 billion yen.

(3) Status of cash flows

Cash flows from operating activities for the nine months ended December 31, 2021 was 117.1 billion yen (cash in), while cash flows from investing activities was 72.2 billion yen (cash out). As a result, free cash flow was 44.8 billion yen (cash in). Cash flows from financing activities was 191.4 billion yen (cash out), and cash and cash equivalents at end of period decreased from the end of the previous fiscal year by 135.2 billion yen to 632.1 billion yen.

Net cash provided by operating activities decreased by 199.6 billion yen from the same period of the previous fiscal year due primarily to an increase in inventories despite increased profit.

Net cash used in investing activities decreased by 67.8 billion yen from the same period of the previous fiscal year due mainly to an increase in proceeds from sale of investment securities and a decrease in purchase of property, plant and equipment in the nine months ended December 31, 2021 as a result of restricted capital expenditures in the previous fiscal year.

Net cash used in financing activities increased by 97.2 billion yen from the same period of the previous fiscal year due primarily to a decrease in proceeds of short-term borrowings and an increase in purchase of treasury stock.

(4) Management Policy, Business Environment and Corporate Agenda

For the nine months ended December 31, 2021 the following are the changes in the Management Policy, Business Environment and Corporate Agenda stated in the Annual Securities Report for the fiscal year ended March 31, 2021 and the relevant changes and additions are underlined.

(Omitted)

The global economy is expected to make progress in recovery in general as the prop up of political measures, particularly the U.S. and China, in addition to the normalization of economic activities due to the widespread use of vaccines in various countries and regions, although the impact of COVID-19 on economy remains uncertain.

(...)

With regard to legal and ethical compliance, the Group takes its recent issues of product and service quality, work-related, and information security extremely seriously, and is promoting a number of initiatives to prevent recurrence as a top management priority. Taking the discovery of improper quality control practices in HVAC and other products, the Company has established an emergency response division headed by the CEO. Also, the Investigative Committee comprised of external experts has been tasked with investigating the improper quality control practices. The Company received the investigation report (First Report) by the Investigative Committee on October 1, 2021 on the non-compliance of third-party certification of electromagnetic switches manufactured by the Kani Factory of Nagoya Works and the improper quality control practices of HVAC and other products for railcars manufactured at the Nagasaki Works. In addition, the Company received the investigation report (Second Report) on December 23, 2021 which describes: improper quality control practices for HVAC systems for railcars and improper quality control practices for Emergency power supply equipment at the Nagasaki Works; some inspections not carried out owing to inadequacies with commercial air-conditioning & refrigeration system inspection equipment at the Air-Conditioning & Refrigeration Systems Works; some tests not conducted on CGIS units at the Power Distribution Systems Center; improper quality control practice discovered with respect to low-voltage circuit breakers when conducting regular factory audits and did not make

sufficient applications under the Radio Act for CO₂ laser marker equipment at the Fukuyama Works; and improper quality control practices for ETC equipment at the Kamakura Works.

The Company takes these Investigative Reports seriously and formulated the Company's plan for reform as well as three areas of reform (quality assurance, organizational culture and governance) including measures to prevent recurrence. Specifically, as for quality assurance, the Company established the Corporate Quality Assurance Reengineering Group under the direct control of the CEO and has started initiatives to strengthen quality governance under the new quality assurance system. As for organizational culture, the Company launched a company-wide reform project "Team Sousei (Creation)" and will formulate concrete proposals and an action plan for reform. As for governance, a Governance Review Committee, comprised of external experts, was established as a Board-commissioned body to begin identifying problems and providing improvement recommendations as part of efforts to assess the Company's internal control and governance system.

The investigation into quality practices at all of the Company's manufacturing sites and plants (including 22 facilities) will continue, and the Company will report accordingly every three months on the findings of the investigation and progress and developments regarding the steps the Company is taking. The Company aims for the investigation to be completed by April 2022 and will then proceed with investigations into its group companies. The Company will implement and further develop its three areas of reform including measures to prevent recurrence, taking those future investigation results into account.

(Omit the last part)

(5) Research and Development

For the nine months ended December 31, 2021 the total R&D expenses for the entire Group have amounted to 141.9 billion yen (Including elements spent on quality improvements, which constitute manufacturing costs).

There were no significant changes in the research and development activities of the Group for the nine months ended December 31, 2021.

(6) Production, orders and sales

For the nine months ended December 31, 2021 orders in Industrial Automation Systems segment and Electronic Devices segment increased significantly compared to the same period of the previous fiscal year.

Please refer to "(1) Overview of business performance, Financial Results by Business Segment" for changes in orders performance for each segment.

(7) Major Property, Plants and Equipment

The plan for the capital investment (new installation and expansions) for the fiscal year ending March 31, 2022 was revised as follows (based on investment decisions) in the three months ended September 30, 2021. The plan was not revised in the three months ended December 31, 2021.

Business segment	The plan as of Mar. 31, 2021 (millions of yen)	The plan revised in the three months ended Sept. 30, 2021 (millions of yen)	Main purpose of investment
Energy and Electric Systems	31,000	28,500	Increasing production capacity, streamlining operations, and enhancing quality of power systems, electric equipment for rolling stock, and elevators/escalators, etc.
Industrial Automation Systems	71,000	72,500	Increasing production capacity for factory automation systems and automotive equipment operations, etc.
Information and Communication Systems	21,500	20,500	Bolstering research and development capabilities, and streamlining operations, etc.
Electronic Devices	27,500	30,000	Increasing production in the power device business, etc.
Home Appliances	43,500	48,500	Increasing the air conditioners production capacity, streamlining operations, and enhancing quality, etc.
Others	6,500	6,000	—
Commons	9,000	14,000	Bolstering research and development capabilities, and the development of infrastructure related to the quality assurance system, etc.
Total	210,000	220,000	—

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 plan for the capital investment of each business segment was revised in the three months ended September 30, 2021.

Note: The amounts in "(7) Major Property, Plants and Equipment" do not include consumption tax, etc.

3. Material Agreements, etc.

In the three months ended December 31, 2021 there were no material agreements entered into, modified, or cancelled.

III. 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 the quarter (shares) (Dec. 31, 2021)	Number of shares issued as of the filing date (shares) (Feb. 10, 2022)	Stock exchange on which the Company is listed	Description
Common stock	2,147,201,551	2,147,201,551	Japan: Tokyo (the first section) overseas: London	The number of shares per one unit of shares is 100 shares.
Total	2,147,201,551	2,147,201,551	—	—

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

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

1) Details of stock option plans

Not applicable.

2) Details of 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 (Thousands)	Balance of the total number of issued shares (Thousands)	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 October 1, 2021 to December 31, 2021	—	2,147,201	—	175,820	—	181,140

(5) Principal shareholders

Not applicable.

(6) Information on voting rights

All details provided in this section “(6) Information of voting rights” are based on the register of shareholders as of September 30, 2021, since the register of shareholders as of December 31, 2021 cannot be confirmed.

1) Issued shares

(As of September 30, 2021)

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 11,312,500	—	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 2,135,475,900	21,354,759	Same as above
Shares less than one unit	Common stock 413,151	—	Same as above
Number of shares issued	2,147,201,551	—	—
Total number of voting rights	—	21,354,759	—

Notes: 1. The number of shares included in “Shares less than one unit” are as follows: 24 shares as treasury stocks, 136 shares held by the Board Incentive Plan Trust, crossholding stocks registered in the name of itself (Shonai Mitsubishi Electric Sales Corporation 25 shares), and 80 shares registered in the name of Japan Securities Depository Center, Inc.

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

2) Treasury stock, etc.

(As of September 30, 2021)

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	10,994,200	—	10,994,200	0.51
Ryoyo Electric Co., Ltd	6621, Oda, Yakage-cho, Oda-gun, Okayama	293,200	—	293,200	0.01
Shonai Mitsubishi Electric Sales Corporation	5-22, Takarada 2-chome, Tsuruoka-shi, Yamagata	13,100	—	13,100	0.00
KITA KOUDENSHA Corporation	2-10, Kita 11-jo Nishi 23-chome, Chuo-ku, Sapporo-shi, Hokkaido	12,000	—	12,000	0.00
Total	—	11,312,500	—	11,312,500	0.53

Notes: In addition to 10,994,200 shares owned by the Company in the table above and 24 shares less than one unit owned by the Company, 1,130,436 shares of the Company held through the Board Incentive Plan Trust are included in the shares of treasury stock in the condensed quarterly consolidated financial statements.

2. Directors and Executive Officers

The changes in directors and executive officers from the filing date of the Annual Securities Report for the fiscal year ended March 31, 2021 until December 31, 2021 are as follows.

(1) New Directors and Executive Officers

Title	Name	Date of Birth	Career summary	Term of office	The number of shares owned	Date of appointment
Executive Officer, Research & Development, CTO	Tomonori Sato	August 31, 1967	April 1992 Joined Mitsubishi Electric Corporation April 2020 Deputy Senior General Manager, Advanced Technology R&D Center April 2021 Senior General Manager, Advanced Technology R&D Center July 2021 Executive Officer, Research & Development, CTO (current position)	(Note)	2,500	July 28, 2021

Note: From the conclusion of an extraordinary meeting of the Board of Directors held on July 28, 2021 to March 31, 2022.

(2) Retired Directors and Executive Officers

Title	Name	Date of retire
Director, Representative Executive Officer, President & CEO	Takeshi Sugiyama	July 28, 2021
Chairman, Member of the Board	Masaki Sakuyama	October 1, 2021

(3) Changes in titles

New title	Former title	Name	Date of change
Director, Representative Executive Officer, President & CEO	Director, Representative Executive Officer, Senior Vice President, Export Control, Corporate Strategic Planning and Operations of Associated Companies, CSO	Kei Uruma	July 28, 2021
Representative Executive Officer, Senior Vice President, Export Control and Building Systems	Representative Executive Officer, Senior Vice President, Building Systems	Tadashi Matsumoto	July 28, 2021
Representative Executive Officer, Senior Vice President, Auditing, Legal Affairs & Compliance and Corporate Communication (Sustainability, Public Relations and Advertising), CCO	Senior Vice President, Auditing, Legal Affairs & Compliance and Corporate Communication (Sustainability, Public Relations and Advertising), CCO	Jun Nagasawa	July 28, 2021
Executive Officer, Corporate Strategic Planning and Operations of Associated Companies, CSO	Executive Officer, Research & Development, CTO	Kunihiko Kaga	July 28, 2021
Executive Officer, Information Security, Quality and Total Productivity Management & Environmental Programs, CISO, CQO	Executive Officer, Information Security and Total Productivity Management & Environmental Programs, CISO	Shozui Takeno	October 1, 2021

(4) Number of Directors and Executive Officers by gender and ratio of women after changes in titles

Men: 28 persons, Women: 1 person

(Women's percentage to total number of Directors and Executive Officers: 3%)

IV. Financial Information

1. Basis of preparation of the condensed quarterly consolidated financial statements

The Group prepares its condensed quarterly consolidated financial statements in accordance with International Accounting Standards 34 “Interim Financial Reporting” (“IAS34”) since the Group meets all the requirements of a “specified international accounting standard company” in Article 1-2 of the cabinet Ordinance No. 64 of 2007, “Ordinance on Terminology, Forms and Preparation Methods of quarterly Consolidated Financial Statements”, and therefore Article 93 of that Ordinance applies to the Group.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the condensed quarterly consolidated financial statements for the three months ended December 31, 2021, from October 1, 2021 to December 31, 2021 and the first nine months of the current fiscal year from April 1, 2021 to December 31, 2021 are reviewed by KPMG AZSA LLC.

1 【Condensed Quarterly Consolidated Financial Statements】

(1) 【Condensed Quarterly Consolidated Statement of Financial Position】

Yen (millions)

	Notes	As of Mar. 31, 2021	As of Dec. 31, 2021
(Assets)			
Cash and cash equivalents		767,406	632,126
Trade receivables		906,831	742,318
Contract assets		274,231	333,975
Other financial assets	9	51,657	68,614
Inventories		743,782	950,470
Other current assets		103,065	103,969
Current assets		2,846,972	2,831,472
Investments accounted for using the equity method		205,464	209,821
Other financial assets	9	353,624	322,405
Property, plant and equipment		857,645	849,316
Goodwill and intangible assets		153,512	156,045
Deferred tax assets		183,134	171,598
Other non-current assets		197,570	194,775
Non-current assets		1,950,949	1,903,960
Total assets		4,797,921	4,735,432

Yen (millions)

	Notes	As of Mar. 31, 2021	As of Dec. 31, 2021
(Liabilities)			
Bonds, borrowings and lease liabilities	9	152,657	160,424
Trade payables		541,774	530,770
Contract liabilities		174,666	166,669
Other financial liabilities	9	157,750	120,206
Accrued expenses		302,418	258,579
Accrued income taxes		30,959	18,226
Provisions		97,292	94,376
Other current liabilities		47,865	65,834
Current liabilities		1,505,381	1,415,084
Bonds, borrowings and lease liabilities	9	212,774	177,678
Net defined benefit liabilities		161,388	169,251
Provisions		5,435	5,081
Deferred tax liabilities		5,759	4,830
Other non-current liabilities		36,573	35,736
Non-current liabilities		421,929	392,576
Total liabilities		1,927,310	1,807,660
(Equity)			
Common stock		175,820	175,820
Capital surplus		202,777	201,957
Retained earnings		2,266,490	2,344,672
Accumulated other comprehensive income (loss)	9	111,801	123,051
Treasury stock, at cost		(2,595)	(33,932)
Mitsubishi Electric Corp. stockholders' equity		2,754,293	2,811,568
Non-controlling interests		116,318	116,204
Total equity		2,870,611	2,927,772
Total liabilities and equity		4,797,921	4,735,432

(2) 【Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income】
【Condensed Quarterly Consolidated Statement of Profit or Loss】

Yen (millions)

	Notes	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Revenue	7	2,940,611	3,181,263
Cost of sales		2,123,770	2,263,445
Selling, general and administrative expenses		680,813	731,154
Other profit (loss)		1,680	3,525
Operating profit		137,708	190,189
Financial income		7,886	7,436
Financial expenses		2,064	2,595
Share of profit of investments accounted for using the equity method		14,823	12,202
Profit before income taxes		158,353	207,232
Income taxes		44,498	47,645
Net profit		113,855	159,587
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders		107,781	148,465
Non-controlling interests		6,074	11,122

Yen

	Notes	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	8	50.24	69.44
Diluted	8	50.24	69.44

【Condensed Quarterly Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Net profit		113,855	159,587
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	9	52,282	7,145
Share of other comprehensive income of investments accounted for using the equity method		702	220
Total items that will not be reclassified to net profit		52,984	7,365
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		21,515	17,757
Net changes in the fair value of cash flow hedges		121	(24)
Share of other comprehensive income of investments accounted for using the equity method		(520)	4,021
Total items that may be reclassified to net profit		21,116	21,754
Total other comprehensive income (loss)		74,100	29,119
Comprehensive income		187,955	188,706
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		180,527	175,155
Non-controlling interests		7,428	13,551

【Condensed Quarterly Consolidated Statement of Profit or Loss】

Yen (millions)

	Notes	For the three months ended Dec. 31, 2020	For the three months ended Dec. 31, 2021
Revenue		1,038,587	1,042,886
Cost of sales		738,947	749,126
Selling, general and administrative expenses		224,280	242,267
Other profit (loss)		994	866
Operating profit		76,354	52,359
Financial income		2,688	3,496
Financial expenses		624	618
Share of profit of investments accounted for using the equity method		4,249	3,600
Profit before income taxes		82,667	58,837
Income taxes		20,214	13,175
Net profit		62,453	45,662
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders		59,550	43,629
Non-controlling interests		2,903	2,033

Yen

	Notes	For the three months ended Dec. 31, 2020	For the three months ended Dec. 31, 2021
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	8	27.76	20.48
Diluted	8	27.76	20.48

【Condensed Quarterly Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	For the three months ended Dec. 31, 2020	For the three months ended Dec. 31, 2021
Net profit		62,453	45,662
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		23,226	(4,505)
Share of other comprehensive income of investments accounted for using the equity method		121	(357)
Total items that will not be reclassified to net profit		23,347	(4,862)
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		16,172	27,001
Net changes in the fair value of cash flow hedges		55	33
Share of other comprehensive income of investments accounted for using the equity method		909	(77)
Total items that may be reclassified to net profit		17,136	26,957
Total other comprehensive income (loss)		40,483	22,095
Comprehensive income		102,936	67,757
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		98,925	62,596
Non-controlling interests		4,011	5,161

(3) 【Condensed Quarterly Consolidated Statement of Changes in Equity】

For the nine months ended Dec. 31, 2020

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 period		175,820	202,832	2,071,817	(17,802)	(2,924)	2,429,743	109,116	2,538,859
Comprehensive income									
Net profit				107,781			107,781	6,074	113,855
Other comprehensive income (loss), net of tax					72,746		72,746	1,354	74,100
Comprehensive income		—	—	107,781	72,746	—	180,527	7,428	187,955
Reclassification to retained earnings				(4,613)	4,613		—		—
Dividends	6			(77,283)			(77,283)	(6,126)	(83,409)
Purchase of treasury stock						(367)	(367)		(367)
Disposal of treasury stock			(696)			696	0		0
Transactions with non-controlling interests and others			129				129	184	313
Balance at end of period		175,820	202,265	2,097,702	59,557	(2,595)	2,532,749	110,602	2,643,351

For the nine months ended Dec. 31, 2021

Yen (millions)

	Notes	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of period		175,820	202,777	2,266,490	111,801	(2,595)	2,754,293	116,318	2,870,611
Comprehensive income									
Net profit				148,465			148,465	11,122	159,587
Other comprehensive income (loss), net of tax					26,690		26,690	2,429	29,119
Comprehensive income		—	—	148,465	26,690	—	175,155	13,551	188,706
Reclassification to retained earnings				15,440	(15,440)		—		—
Dividends	6			(85,723)			(85,723)	(13,020)	(98,743)
Purchase of treasury stock						(32,390)	(32,390)		(32,390)
Disposal of treasury stock			(1,053)			1,053	0		0
Transactions with non-controlling interests and others			233				233	(645)	(412)
Balance at end of period		175,820	201,957	2,344,672	123,051	(33,932)	2,811,568	116,204	2,927,772

(4) 【Condensed Quarterly Consolidated Statement of Cash Flows】

Yen (millions)

	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Cash flows from operating activities		
Net profit	113,855	159,587
Adjustments to cash flows from operating activities		
Depreciation and amortization	154,279	148,828
Impairment losses	4,565	1
Loss (gain) on sales and disposal of property, plant and equipment, net	45	1,074
Income taxes	44,498	47,645
Share of profit of investments accounted for using the equity method	(14,823)	(12,202)
Financial income and financial expenses	(5,822)	(4,841)
Decrease in trade receivables	194,097	173,819
Decrease (increase) in contract assets	(2,720)	(59,485)
Decrease (increase) in inventories	(76,599)	(199,601)
Decrease in other assets	3,189	12,092
Increase (decrease) in trade payables	(45,573)	(13,675)
Increase in net defined benefit liabilities	11,008	10,851
Increase (decrease) in other liabilities	(49,064)	(84,573)
Others, net	947	(17,212)
Subtotal	331,882	162,308
Interest and dividends received	19,327	20,051
Interest paid	(1,861)	(1,728)
Income taxes paid	(32,523)	(63,487)
Cash flows from operating activities	316,825	117,144
Cash flows from investing activities		
Purchase of property, plant and equipment	(127,058)	(93,605)
Proceeds from sale of property, plant and equipment	3,733	1,277
Purchase of intangible assets	(12,513)	(13,705)
Purchase of investment securities and others, net of cash acquired	(13,768)	(11,956)
Proceeds from sale of investment securities and others, net of cash disposed	8,540	47,136
Others, net	917	(1,426)
Cash flows from investing activities	(140,149)	(72,279)
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	324	380
Repayments of bonds and long-term borrowings	(27,576)	(20,624)
Increase in short-term borrowings, net	58,989	1,336
Repayments of lease liabilities	(41,660)	(41,270)
Dividends paid to Mitsubishi Electric Corp. stockholders	(77,283)	(85,723)
Purchase of treasury stock	(367)	(32,390)
Disposal of treasury stock	0	0
Dividends paid to non-controlling interests	(6,894)	(12,723)
Transactions with non-controlling interests	289	(450)
Cash flows from financing activities	(94,178)	(191,464)
Effect of exchange rate changes on cash and cash equivalents	5,471	11,319
Net increase (decrease) in cash and cash equivalents	87,969	(135,280)
Cash and cash equivalents at beginning of period	537,559	767,406
Cash and cash equivalents at end of period	625,528	632,126

【Notes to condensed quarterly consolidated financial statements】

1. Reporting entity

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

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

2. Basis of preparation

(1) Statement of condensed quarterly consolidated financial statements in accordance with IAS 34

The Group prepares its condensed quarterly consolidated financial statements in accordance with International Accounting Standards 34 “Interim Financial Reporting” (“IAS34”) since the Group meets all the requirements of a “specified international accounting standard company” in Article 1-2 of the cabinet Ordinance No. 64 of 2007, “Ordinance on Terminology, Forms and Preparation Methods of quarterly Consolidated Financial Statements”, and therefore Article 93 of that Ordinance applies to the Group.

(2) Basis of measurement

The condensed quarterly consolidated financial statements of the Group are prepared using a historical cost basis except for certain financial instruments, defined benefit obligations, and plan assets that are measured at fair value and other items.

(3) Functional currency and presentation currency

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

3. Significant accounting policies

Significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended March 31, 2021.

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 condensed quarterly consolidated financial statements in accordance with IFRS. Actual results may differ from these estimates.

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

Accounting estimates and assumptions that could have a material effect on the amounts in the condensed quarterly consolidated financial statements are the same as in the Company’s annual consolidated financial statements for the year ended March 31, 2021.

With regard to the impact of the novel coronavirus disease (COVID-19), the Company assumes that it may not have significant long-term impact on its accounting estimates such as the “Recoverable amount of property, plant and equipment, goodwill and intangible assets”, as the global economy is expected to make progress in recovery in general with the normalization of economic activities accompanying with vaccine dissemination in various countries and regions as well as the prop up of political measures particularly in the U.S. and China, although the uncertainty still remains. The Group believes that the above assumption is the best estimate as of December 31, 2021. However, if the COVID-19 has a greater impact on future circumstances than expected, it may significantly affect the amounts in the consolidated financial statements. Regarding above the assumption, there are no significant changes from the conditions in the Company's annual consolidated financial statements for the year ended March 31, 2021.

5. Segment information

(1) Overview of reportable segments

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

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

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

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

Intersegment transactions are conducted generally at prices that the Company's management recognizes as approximate arm's length prices. The calculation method of operating profit (loss) for reportable segments is consistent with that used in the Condensed Quarterly 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.

For the nine months ended Dec. 31, 2020

	Yen (millions)								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
Revenue and operating profit									
Revenue									
External customers	861,639	883,943	215,645	118,738	744,885	115,761	2,940,611	—	2,940,611
Intersegment	6,337	8,180	28,130	30,167	10,046	309,123	391,983	(391,983)	—
Total	867,976	892,123	243,775	148,905	754,931	424,884	3,332,594	(391,983)	2,940,611
Operating profit	58,690	28,326	6,033	7,520	57,495	5,809	163,873	(26,165)	137,708

For the nine months ended Dec. 31, 2021

	Yen (millions)								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
Revenue and operating profit									
Revenue									
External customers	836,786	1,049,003	198,358	143,258	837,645	116,213	3,181,263	—	3,181,263
Intersegment	7,031	9,645	26,742	35,799	10,315	370,364	459,896	(459,896)	—
Total	843,817	1,058,648	225,100	179,057	847,960	486,577	3,641,159	(459,896)	3,181,263
Operating profit	32,990	81,929	7,362	12,000	66,627	14,657	215,565	(25,376)	190,189

6. Dividends

Dividends paid for the nine months ended Dec. 31, 2020 and 2021 are as follows:

Resolution date	Total amount of dividends	Dividend per share	Record date	Effective date
	Yen (millions)	Yen		
May 11, 2020 Board of Directors Meeting	55,816	26	March 31, 2020	June 2, 2020
October 29, 2020 Board of Directors Meeting	21,467	10	September 30, 2020	December 2, 2020
April 28, 2021 Board of Directors Meeting	55,816	26	March 31, 2021	June 2, 2021
October 28, 2021 Board of Directors Meeting	29,906	14	September 30, 2021	December 2, 2021

7. Revenues

The Group's business consists of 6 reportable segments: Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances and Others. Revenue is presented by these categories since the Company's management periodically uses them for decision of business resources allocation and evaluation of business operations.

Revenue is disaggregated by region according to the customer's location. The relationship between these disaggregated revenue and segment revenue are as follows:

For the nine months ended Dec. 31, 2020

	Yen (millions)						Consolidated total
	Japan	Overseas				Total	
		North America	Asia (excluding Japan)	Europe	Others		
Energy and Electric Systems	610,781	74,564	147,823	13,459	15,012	250,858	861,639
Industrial Automation Systems	366,144	102,967	321,035	89,421	4,376	517,799	883,943
Information and Communication Systems	209,801	2,513	2,331	832	168	5,844	215,645
Electronic Devices	35,562	6,714	56,980	19,368	114	83,176	118,738
Home Appliances	346,765	82,206	131,940	158,677	25,297	398,120	744,885
Others	104,176	608	10,731	243	3	11,585	115,761
Consolidated	1,673,229	269,572	670,840	282,000	44,970	1,267,382	2,940,611

For the nine months ended Dec. 31, 2021

	Yen (millions)						Consolidated total
	Japan	Overseas				Total	
		North America	Asia (excluding Japan)	Europe	Others		
Energy and Electric Systems	570,397	78,002	155,743	17,950	14,694	266,389	836,786
Industrial Automation Systems	400,039	123,775	408,868	108,823	7,498	648,964	1,049,003
Information and Communication Systems	191,395	2,171	3,665	982	145	6,963	198,358
Electronic Devices	46,950	7,238	65,806	23,091	173	96,308	143,258
Home Appliances	302,920	119,457	167,798	218,811	28,659	534,725	837,645
Others	101,281	601	13,648	677	6	14,932	116,213
Consolidated	1,612,982	331,244	815,528	370,334	51,175	1,568,281	3,181,263

The principal businesses and major products and services of each operating segment are shown in Note "5. Segment information".

The Group conducts business through 6 categories by aggregating multiple operating segments based on types and characteristics of products, production methods, and similarities in market.

Revenue recognition methods for each categories are primarily as follows:

1) Energy and Electric Systems, Information and Communication Systems

Major revenue recognition methods are as follows. Revenue is primarily recorded over time.

Many contracts related to the production of products qualify as specific construction contracts meeting certain criteria, and revenue is recognized according to the progress of the construction if progress can be reasonably measured. Revenue is recognized only to the extent of the cost incurred if progress cannot be reasonably measured. The progress of construction is measured by comparing the cost incurred through the current year to the aggregate amount of estimated cost. The estimated total cost is calculated for each contract based on various information such as the contract details of the relevant construction contract, required specifications, the presence or absence of new technological development elements, and historical incurred cost results for similar contracts. Estimates and underlying assumptions for the aggregate amount of estimated cost are reviewed on an ongoing basis since there is a possibility that the cost incurred may change due to the progress of construction.

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

2) Industrial Automation Systems, Electronic Devices, Home Appliances, Others

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

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

Revenue from some products requiring acceptance inspection are recognized at the time when the product is received by the customer and the functionality of the product is substantially demonstrated by the Company and its consolidated subsidiaries.

8. 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)	
	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Net profit attributable to Mitsubishi Electric Corp. stockholders	107,781	148,465
	Shares	
	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Basic average ordinary shares outstanding	2,145,232,396	2,138,170,102
	Yen	
	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	50.24	69.44
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	50.24	69.44

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. (1,542,423 shares for the nine months ended Dec. 31, 2020, and 1,237,920 shares for the nine months ended Dec. 31, 2021).

	Yen (millions)	
	For the three months ended Dec. 31, 2020	For the three months ended Dec. 31, 2021
Net profit attributable to Mitsubishi Electric Corp. stockholders	59,550	43,629

	Shares	
	For the three months ended Dec. 31, 2020	For the three months ended Dec. 31, 2021
Basic average ordinary shares outstanding	2,145,285,894	2,130,179,608

	Yen	
	For the three months ended Dec. 31, 2020	For the three months ended Dec. 31, 2021
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	27.76	20.48
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	27.76	20.48

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. (1,488,717 shares for the three months ended Dec. 31, 2020, and 1,130,436 shares for the three months ended Dec. 31, 2021).

9. Financial instruments

The Group classifies fair value measurements from level 1 to level 3 according to the observability of the inputs used in measurement:

- Level 1: quoted prices for identical assets or liabilities in active markets
- Level 2: fair value calculated directly or indirectly using observable prices other than those in level 1
- Level 3: fair value calculated using valuation techniques including unobservable inputs

A determination is made at the end of each consolidated fiscal year as to whether there are financial instruments for which transfers between levels were carried out. There were no financial instruments with significant transfers between levels for the year ended Mar. 31, 2021 and the nine months ended Dec. 31, 2021.

For financial instruments classified as level 3, changing the unobservable inputs to reasonably possible alternative assumptions would not change the fair value significantly.

(1) 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 (excluding short-term borrowings and lease liabilities)

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, 2021		As of Dec. 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost				
Bonds and borrowings	176,845	173,837	156,607	153,907

Note : The fair value of financial assets and financial liabilities measured at amortized cost other than the above approximated the carrying amounts.

(2) 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 consolidated fiscal year and are classified as level 1 because fair value is calculated using the market value of an identical asset in an active market. The fair value of non-marketable equity instruments and debt instruments is calculated based on comprehensively taking into consideration quantitative information on the net assets and other financial information of the investee and forecasts of its future cash flows, and are 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 they have been approved by an appropriate management.

Derivative assets and liabilities

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 are classified as level 2 because fair value is calculated using observable market data.

As of Mar. 31, 2021

		Yen (millions)			
		Level 1	Level 2	Level 3	Total
Assets					
Financial assets measured at fair value through profit or loss					
	Derivative assets	—	3,971	—	3,971
Financial assets measured at fair value through other comprehensive income					
	Equity instruments	238,260	—	68,361	306,621
	Total	<u>238,260</u>	<u>3,971</u>	<u>68,361</u>	<u>310,592</u>
Liabilities					
Financial liabilities measured at fair value through profit or loss					
	Derivative liabilities	—	11,380	—	11,380
	Total	<u>—</u>	<u>11,380</u>	<u>—</u>	<u>11,380</u>

As of Dec. 31, 2021

		Yen (millions)			
		Level 1	Level 2	Level 3	Total
Assets					
Financial assets measured at fair value through profit or loss					
	Debt instruments	—	—	486	486
	Derivative assets	—	2,137	—	2,137
Financial assets measured at fair value through other comprehensive income					
	Equity instruments	205,147	—	70,577	275,724
	Total	<u>205,147</u>	<u>2,137</u>	<u>71,063</u>	<u>278,347</u>
Liabilities					
Financial liabilities measured at fair value through profit or loss					
	Derivative liabilities	—	6,015	—	6,015
	Total	<u>—</u>	<u>6,015</u>	<u>—</u>	<u>6,015</u>

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

		Yen (millions)	
		For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
	Balance at beginning of period	63,478	68,361
	Gains (losses)	1,587	1,458
	Purchases	3,824	1,659
	Sales	(1,138)	(415)
	Balance at end of period	<u>67,751</u>	<u>71,063</u>

Note : Gains (losses) 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 Condensed Quarterly Consolidated Statement of Comprehensive Income.

10. Contingent liabilities

There were no significant events as of Dec 31, 2021, except for the following.

The Company announced that an internal investigation conducted by the Company revealed that inspections of certain HVAC (Heating, Ventilation and Air Conditioning systems) and other products for railcars manufactured at its Nagasaki Works were different from the inspections represented in specification documents provided by customers, or that it had not actually conducted inspections or had used improper statements in its inspection reports in June 2021.

In addition to notifying customers of the situation and discussing how to respond, the Company set up an investigative committee chaired by an external lawyer in July 2021. The committee investigates the existence of inappropriate inspections concerning quality company-wide, not limited to HVAC and other products for railcars, conducts an investigation of the facts surrounding the improper conduct and elucidates the causes, based on which it formulates recommendations for preventing any recurrence. The investigation is still continuing.

The issues may affect future financial position or financial result of Mitsubishi Electric Group, depending on the progress of future discussions with customers and investigations. At present, the Company cannot foresee the impact reasonably and has not incorporated it into its condensed quarterly consolidated financial statements.

11. Subsequent events

There were no significant subsequent events which should be disclosed as of the date of the approval of the condensed quarterly consolidated financial statements for the year ended Dec 31, 2021.

12. Approval of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements were approved by Kei Uruma, President & CEO, on February 10, 2022.

2 【Other】

(1) The Company decided to pay the dividend of ¥14 per share (a total of ¥29,906,902,578) to the shareholders registered or recorded in the shareholder register as of September 30, 2021, by the resolution of the Board of Directors' meeting held on October 28, 2021.

(2) Other

Not applicable.