



[Translation]

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Quarterly Report

The First Quarter of 153rd Business Term
From April 1, 2023 to June 30, 2023

Mitsubishi Electric Corporation

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

The First Quarter of 153rd Business Term (from April 1, 2023 to June 30, 2023)

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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[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
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[Filing Date]	August 8, 2023
[Fiscal Year]	The First Quarter of 153rd business term (from April 1, 2023 to June 30, 2023)
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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

I. Overview of the Company

1. Key Financial Data

(Millions of yen, unless otherwise stated)

	For the three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023	Year ended Mar. 31, 2023
Revenue	1,067,723	1,220,300	5,003,694
Profit before income taxes	46,896	76,884	292,179
Net profit attributable to Mitsubishi Electric Corp. stockholders	33,492	57,834	213,908
Comprehensive income attributable to Mitsubishi Electric Corp. stockholders	106,636	172,099	348,064
Mitsubishi Electric Corp. stockholders' equity	3,027,280	3,347,296	3,239,027
Total equity	3,153,338	3,476,779	3,363,224
Total assets	5,119,464	5,668,190	5,582,519
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	15.86	27.41	101.30
Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	15.86	27.41	101.30
Mitsubishi Electric Corp. stockholders' equity ratio (%)	59.1	59.1	58.0
Cash flows from operating activities	54,655	91,222	166,711
Cash flows from investing activities	(54,437)	(40,888)	(148,533)
Cash flows from financing activities	(68,870)	(76,832)	(119,568)
Cash and cash equivalents at end of period	687,153	642,607	645,870

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, 213 consolidated subsidiaries and 40 equity method companies, engages in 6 business segments (Infrastructure, Industry & Mobility, Life, Business Platform, Semiconductor & Device, Others) and our products range from all types.

The classification of reportable segment of Business Platform was changed to 2 segments such as Business Platform and Semiconductor & Device from the first quarter of this fiscal year. 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. Details are described in “IV. Financial Information, 1. Condensed Quarterly Consolidated Financial Statements, Notes 5. Segment information.”

There were no changes in major subsidiaries and affiliated companies for the three months ended June 30, 2023.

II. Business Overview

1. Business and Other Risks

For the three months ended June 30, 2023, there were no new business and other risks such as unusual fluctuations in the financial position, operating results, and cash flows.

There were no material changes in the business and other risks stated in the Annual Securities Report for the fiscal year ended March 31, 2023.

Forward-looking statements in this section are based on the judgment of the Company as of the date of submission of the Quarterly Report (August 8, 2023).

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 three months ended June 30, 2023 continued to see recovery primarily in the household sector in Japan. In the U.S., the economy continued to see recovery in the corporate and household sectors despite monetary tightening and other factors. In China, recovery remained moderate due to slower production and export. In Europe, there were slowdowns in the corporate and household sectors due to monetary tightening and other factors.

As a result, the business performance for the three months ended June 30, 2023 is as follows.

< Consolidated Performance >

(In billions of yen)

	For the three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023	Year-on-year
Revenue	1,067.7	1,220.3	up 152.5
Operating profit	33.9	61.0	up 27.0
Profit before income taxes	46.8	76.8	up 29.9
Net profit attributable to Mitsubishi Electric Corp. stockholders	33.4	57.8	up 24.3

1) Revenue

Revenue increased by 152.5 billion yen year-on-year to 1,220.3 billion yen owing primarily to the weaker yen. The Life segment saw an increase in the building systems business in Asia and Europe, and the air conditioning systems & home products business also increased due to robust demand for air conditioners. The Industry & Mobility segment saw an increase in the factory automation systems business due mainly to eliminating order backlog in addition to the weaker yen and price hike. The automotive equipment business also increased due to robust demand for electric vehicle-related equipment. The Infrastructure segment saw the energy systems business remaining substantially unchanged year-on-year, while the public utility systems business saw an increase in the transportation systems and public utility businesses outside Japan, and the defense & space systems business saw an increase due to large-scale projects in the space systems and defense systems businesses. The Semiconductor & Device segment increased due to robust demand for power modules. The Business Platform segment saw increases in the IT infrastructure service and system integration businesses.

< Impact of Exchange Rate Fluctuations on Revenue >

	Average exchange rate for the three months ended Jun. 30, 2022	Average exchange rate for the three months ended Jun. 30, 2023	Impact of exchange rate fluctuations on revenue for the three months ended Jun. 30, 2023
Consolidated total	—	—	About ¥32.0 billion increase
US\$	¥131	¥140	About ¥11.0 billion increase
EURO	¥139	¥152	About ¥14.0 billion increase
CNY	¥19.7	¥19.7	Little

2) Operating profit

Operating profit increased by 27.0 billion yen year-on-year to 61.0 billion yen due mainly to increases in the Life, Business Platform, and Semiconductor & Device segments despite decreases in the Infrastructure and Industry & Mobility segments. Operating profit ratio improved by 1.8 points year-on-year to 5.0% due mainly to an improvement in cost ratio.

The cost ratio improved by 1.6 points year-on-year due to the weaker yen and price hike. Selling, general and administrative expenses increased by 31.1 billion yen year-on-year, and the selling, general and administrative expenses to revenue ratio improved by 0.5 points year-on-year. Other profit (loss) decreased by 3.5 billion yen year-on-year, and other profit (loss) to revenue ratio deteriorated by 0.3 points year-on-year.

3) Profit before income taxes

Profit before income taxes increased by 29.9 billion yen year-on-year to 76.8 billion yen due primarily to an increase in operating profit. The profit before income taxes to revenue ratio was 6.3%.

4) Net profit attributable to Mitsubishi Electric Corp. stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 24.3 billion yen year-on-year to 57.8 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 4.7%.

Consolidated Financial Results by Business Segment are as shown below.

1) Infrastructure

The market for the public utility systems business saw 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 and public utility businesses worldwide. Revenue also increased year-on-year due to the weaker yen and increases in the transportation systems and public utility businesses outside Japan.

The market for the energy systems business continued to see capital expenditures of power companies in Japan and robust demand 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 an increase in the power distribution business worldwide, while revenue remained substantially unchanged year-on-year.

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

As a result, revenue for this segment increased by 8% year-on-year to 188.5 billion yen.

Operating profit declined by 1.6 billion yen year-on-year to a loss of 4.9 billion yen due primarily to a shift in project portfolios and increased costs.

2) Industry & Mobility

The market for the factory automation systems business saw continued demand primarily in the decarbonization area such as lithium-ion batteries, while global demand decreased mainly for digital equipment such as semiconductors. In this environment, orders won by the business decreased year-on-year, while revenue increased year-on-year due mainly to eliminating order backlog in addition to the weaker yen and price hike.

The market for the automotive equipment business saw a year-on-year increase in sales of new cars due to an improvement in the supply of some semiconductor parts, and robust demand for electric vehicle-related equipment in line with the expansion of the electric vehicle market. In this environment, the business saw increases in both orders and revenue year-on-year due primarily to the weaker yen and increases in electric vehicle-related equipment such as motors and inverters as well as electrical components.

As a result, revenue for this segment increased by 13% year-on-year to 410.5 billion yen.

Operating profit decreased by 1.0 billion yen year-on-year to 21.6 billion yen due to a shift in product mix and increased costs, despite an increase in revenue and the weaker yen.

3) Life

The market for the building systems business continued to see recovery from the slowdown stemming from COVID-19. In this environment, the business saw increases in both orders and revenue year-on-year due primarily to the weaker yen and increases in Asia and Europe.

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

As a result, revenue for this segment increased by 19% year-on-year to 520.4 billion yen.

Operating profit increased by 30.2 billion yen year-on-year to 43.9 billion yen due primarily to increases in revenue and the weaker yen, as well as price hike and an improvement of logistics costs.

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, the business saw an increase in orders due mainly to increases in the IT infrastructure service and system integrations businesses. Revenue also increased by 6% year-on-year to 28.5 billion yen.

Operating profit increased by 0.6 billion yen year-on-year to 1.1 billion yen due mainly to an increase in revenue and reduced costs.

5) Semiconductor & Devices

The market for the semiconductor & device business saw continued robust demand for power modules used in industrial applications. In this environment, the business saw a decrease in orders year-on-year due mainly to the trend of customers securing power modules for the future settling down, while revenue for this segment increased by 7% year-on-year to 68.2 billion yen due mainly to the weaker yen and an increase in power modules used in consumer and industrial applications.

Operating profit increased by 0.2 billion yen year-on-year to 6.6 billion yen due mainly to the weaker yen.

6) Others

Revenue increased by 9% year-on-year to 198.6 billion yen due primarily to increases in materials procurement and software.

Operating profit decreased by 0.3 billion yen year-on-year to 4.2 billion yen due mainly to a shift in project portfolios.

(2) Analysis of financial position

Total assets as of the end of this fiscal quarter increased by 85.6 billion yen compared to the end of the previous fiscal year to 5,668.1 billion yen. The change in balance of total assets was mainly attributable to an increase in inventories by 124.0 billion yen.

Inventories increased due primarily to the weaker yen and a change in demand for the Industry & Mobility and Life segments.

Total liabilities decreased by 27.8 billion yen compared to the end of the previous fiscal year to 2,191.4 billion yen due primarily to a decrease in Accrued expenses by 45.4 billion yen. Bonds and borrowings increased by 4.3 billion yen compared to the end of the previous fiscal year to 256.6 billion yen, with the ratio of bonds and borrowings to total assets recording 4.5%, unchanged compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 108.2 billion yen compared to the end of the previous fiscal year to 3,347.2 billion yen due mainly to net profit attributable to Mitsubishi Electric Corporation stockholders of 57.8 billion yen and an increase in accumulated other comprehensive income of 111.7 billion yen, mainly reflecting the weaker yen and rise in stock prices, despite a decrease due primarily to a dividend payment of 54.9 billion yen. The stockholders' equity ratio was 59.1%, representing a 1.1 point increase compared to the end of the previous fiscal year.

(3) Status of cash flows

Cash flows from operating activities for the three months ended June 30, 2023 were 91.2 billion yen (cash in), while cash flows from investing activities were 40.8 billion yen (cash out). As a result, free cash flow was 50.3 billion yen (cash in). Cash flows from financing activities were 76.8 billion yen (cash out), and cash and cash equivalents at the end of the period decreased by 3.2 billion yen compared to the end of the previous fiscal year to 642.6 billion yen.

Net cash provided by operating activities increased by 36.5 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 13.5 billion yen year-on-year due mainly to decreases in the purchase of investment securities and others.

Net cash used in financing activities increased by 7.9 billion yen year-on-year due primarily to an increase in purchase of treasury stock.

(4) Management Policy, Business Environment and Corporate Agenda

For the three months ended June 30, 2023, there were no material changes in the “Management Policy, Business Environment and Corporate Agenda” stated in the Annual Securities Report for the fiscal year ended March 31, 2023.

(5) Research and Development

For the three months ended June 30, 2023, the total R&D expenses for the entire Group have amounted to 52.3 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 three months ended June 30, 2023.

(6) Production, orders and sales

For the three months ended June 30, 2023, orders in the Infrastructure segment and production in the Life segment increased significantly year-on-year. Please refer to “(1) Overview of business performance, Financial Results by Business Segment” for changes in orders performance for the Infrastructure segment. Fluctuations in production in the Life segment are due to an increase in air conditioners in Japan and overseas.

3. Material Agreements, etc.

For the three months ended June 30, 2023, there were no material agreements entered into, modified, or canceled.

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) (Jun. 30, 2023)	Number of shares issued as of the filing date (shares) (Aug. 8, 2023)	Stock exchange on which the Company is listed	Description
Common stock	2,147,201,551	2,147,201,551	Tokyo (Prime Market)	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 (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, 2023 to Jun. 30, 2023	—	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 March 31, 2023, since the register of shareholders as of June 30, 2023 cannot be confirmed.

1) Issued shares

(As of March 31, 2023)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 34,354,100	—	Standard common stock of the Company without any restriction. Number of shares constituting one unit: 100 shares
Shares with full voting right (others)	Common stock 2,112,431,400	21,124,314	Same as above
Shares less than one unit	Common stock 416,051	—	Same as above
Number of shares issued	2,147,201,551	—	—
Total number of voting rights	—	21,124,314	—

Notes: 1. The number of shares in “Shares less than one unit” includes 41 shares as treasury stocks, 111 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 1,582,900 shares (15,829 voting rights) held through the Board Incentive Plan Trust.

2) Treasury stock, etc.

(As of March 31, 2023)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Mitsubishi Electric Corporation	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	34,098,900	—	34,098,900	1.59
Ryoyo Electric Corporation	6621, Oda, Yakage-cho, Oda-gun, Okayama	243,200	—	243,200	0.01
KITA KOUDENSHA Corporation	2-10, Kita 11-jo Nishi 23-chome, Chuo-ku, Sapporo-shi, Hokkaido	12,000	—	12,000	0.00
Total	—	34,354,100	—	34,354,100	1.60

Notes: In addition to 34,098,900 shares owned by the Company in the table above and 41 shares less than one unit owned by the Company, 1,583,011 shares of the Company held through the Board Incentive Plan Trust are presented as the treasury stock in the consolidated financial statements.

2. Directors and Executive Officers

There were no changes in directors and executive officers from the filing date of the Annual Securities Report for the fiscal year ended March 31, 2023 until June 30, 2023.

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 June 30, 2023, from April 1, 2023 to June 30, 2023 and the first quarter of the current fiscal year from April 1, 2023 to June 30, 2023 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, 2023	As of Jun. 30, 2023
(Assets)			
Cash and cash equivalents		645,870	642,607
Trade receivables		1,051,641	884,202
Contract assets		295,291	313,452
Other financial assets	9	60,953	98,399
Inventories		1,209,254	1,333,336
Other current assets		125,178	136,790
Current assets		3,388,187	3,408,786
Investments accounted for using the equity method		236,785	233,321
Other financial assets	9	358,598	414,390
Property, plant and equipment		896,313	914,645
Goodwill and intangible assets		190,601	201,496
Deferred tax assets		154,441	143,002
Other non-current assets		357,594	352,550
Non-current assets		2,194,332	2,259,404
Total assets		5,582,519	5,668,190

Yen (millions)

	Notes	As of Mar. 31, 2023	As of Jun. 30, 2023
(Liabilities)			
Bonds, borrowings and lease liabilities	9	186,304	192,491
Trade payables		644,456	612,137
Contract liabilities		239,228	269,669
Other financial liabilities	9	174,891	156,887
Accrued expenses		332,788	287,361
Accrued income taxes		46,617	33,103
Provisions		121,891	118,559
Other current liabilities		56,651	94,015
Current liabilities		1,802,826	1,764,222
Bonds, borrowings and lease liabilities	9	214,454	215,698
Other financial liabilities	9	930	930
Net defined benefit liabilities		153,821	155,902
Provisions		3,824	4,109
Deferred tax liabilities		7,762	14,815
Other non-current liabilities		35,678	35,735
Non-current liabilities		416,469	427,189
Total liabilities		2,219,295	2,191,411
(Equity)			
Common stock		175,820	175,820
Capital surplus		202,888	202,662
Retained earnings		2,636,136	2,641,536
Accumulated other comprehensive income (loss)	9	276,898	388,657
Treasury stock, at cost		(52,715)	(61,379)
Mitsubishi Electric Corp. stockholders' equity		3,239,027	3,347,296
Non-controlling interests		124,197	129,483
Total equity		3,363,224	3,476,779
Total liabilities and equity		5,582,519	5,668,190

(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 three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023
Revenue	7	1,067,723	1,220,300
Cost of sales		776,473	867,274
Selling, general and administrative expenses		259,358	290,499
Other profit (loss)		2,073	(1,522)
Operating profit		33,965	61,005
Financial income		8,497	9,842
Financial expenses		727	1,243
Share of profit of investments accounted for using the equity method		5,161	7,280
Profit before income taxes		46,896	76,884
Income taxes		11,233	15,316
Net profit		35,663	61,568
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders		33,492	57,834
Non-controlling interests		2,171	3,734

Yen

	Notes	For the three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	8	15.86	27.41
Diluted	8	15.86	27.41

【Condensed Quarterly Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	For the three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023
Net profit		35,663	61,568
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	(1,847)	42,828
Share of other comprehensive income of investments accounted for using the equity method		62	1,309
Total items that will not be reclassified to net profit		(1,785)	44,137
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		78,229	73,227
Net changes in the fair value of cash flow hedges		(61)	(14)
Share of other comprehensive income of investments accounted for using the equity method		3,368	2,052
Total items that may be reclassified to net profit		81,536	75,265
Total other comprehensive income (loss)		79,751	119,402
Comprehensive income		115,414	180,970
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		106,636	172,099
Non-controlling interests		8,778	8,871

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

For the three months ended Jun. 30, 2022

Yen (millions)

	Notes	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of period		175,820	202,695	2,464,966	184,528	(52,068)	2,975,941	121,456	3,097,397
Comprehensive income									
Net profit				33,492			33,492	2,171	35,663
Other comprehensive income (loss), net of tax					73,144		73,144	6,607	79,751
Comprehensive income		—	—	33,492	73,144	—	106,636	8,778	115,414
Reclassification to retained earnings				881	(881)		—		—
Dividends	6			(54,940)			(54,940)	(2,869)	(57,809)
Purchase of treasury stock						(0)	(0)		(0)
Disposal of treasury stock			(784)			784	0		0
Transactions with non-controlling interests and others			(357)				(357)	(1,307)	(1,664)
Balance at end of period		175,820	201,554	2,444,399	256,791	(51,284)	3,027,280	126,058	3,153,338

For the three months ended Jun. 30, 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 period		175,820	202,888	2,636,136	276,898	(52,715)	3,239,027	124,197	3,363,224
Comprehensive income									
Net profit				57,834			57,834	3,734	61,568
Other comprehensive income (loss), net of tax					114,265		114,265	5,137	119,402
Comprehensive income		—	—	57,834	114,265	—	172,099	8,871	180,970
Reclassification to retained earnings				2,506	(2,506)		—		—
Dividends	6			(54,940)			(54,940)	(3,586)	(58,526)
Purchase of treasury stock						(9,030)	(9,030)		(9,030)
Disposal of treasury stock			(366)			366	—		—
Transactions with non-controlling interests and others			140				140	1	141
Balance at end of period		175,820	202,662	2,641,536	388,657	(61,379)	3,347,296	129,483	3,476,779

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

Yen (millions)

	For the three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023
Cash flows from operating activities		
Net profit	35,663	61,568
Adjustments to cash flows from operating activities		
Depreciation and amortization	48,745	45,864
Impairment losses	—	1,045
Loss (gain) on sales and disposal of property, plant and equipment, net	(819)	191
Income taxes	11,233	15,316
Share of profit of investments accounted for using the equity method	(5,161)	(7,280)
Financial income and financial expenses	(7,770)	(8,599)
Decrease in trade receivables	194,033	195,039
Decrease (increase) in contract assets	(4,003)	(16,187)
Decrease (increase) in inventories	(102,993)	(79,625)
Decrease (increase) in other assets	(15,815)	(17,795)
Increase (decrease) in trade payables	(34,119)	(39,799)
Increase in net defined benefit liabilities	6,805	7,371
Increase (decrease) in other liabilities	(40,632)	(18,978)
Others, net	(14,438)	(18,969)
Subtotal	70,729	119,162
Interest and dividends received	7,469	10,480
Interest paid	(674)	(1,505)
Income taxes paid	(22,869)	(36,915)
Cash flows from operating activities	54,655	91,222
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,307)	(39,699)
Proceeds from sale of property, plant and equipment	1,173	395
Purchase of intangible assets	(4,798)	(7,289)
Purchase of investment securities and others, net of cash acquired	(17,534)	(4,001)
Proceeds from sale of investment securities and others	3,713	9,744
Others, net	(2,684)	(38)
Cash flows from investing activities	(54,437)	(40,888)
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	64	342
Repayments of bonds and long-term borrowings	(20)	(180)
Increase in short-term borrowings, net	2,864	2,858
Repayments of lease liabilities	(14,020)	(14,035)
Dividends paid to Mitsubishi Electric Corp. stockholders	(54,940)	(54,940)
Purchase of treasury stock	(0)	(9,030)
Disposal of treasury stock	0	—
Dividends paid to non-controlling interests	(1,152)	(1,847)
Transactions with non-controlling interests	(1,666)	—
Cash flows from financing activities	(68,870)	(76,832)
Effect of exchange rate changes on cash and cash equivalents	28,626	23,235
Net increase (decrease) in cash and cash equivalents	(40,026)	(3,263)
Cash and cash equivalents at beginning of period	727,179	645,870
Cash and cash equivalents at end of period	687,153	642,607

【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) 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 22 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) 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. Material accounting policies

Material 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, 2023.

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, 2023.

5. Segment information

(1) Overview of reportable segments

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

The Group conducts business through 6 categories, 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 line with the management restructure effective April 1, 2023, the classification of reportable segment of Business Platform was changed to 2 segments such as Business Platform and Semiconductor & Device from the first quarter of this fiscal year. 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 three months ended Jun. 30, 2022, 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, 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 systems, information systems equipment, systems integration, and others
Semiconductor & Device	Semiconductor & Device	Power modules, high-frequency devices, optical devices, LCD 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 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 three months ended Jun. 30, 2022

	Yen (millions)								
	Infrastructure	Industry & Mobility	Life	Business Platform	Semiconductor & Device	Others	Total	Eliminations and corporate	Consolidated total
Revenue and operating profit									
Revenue									
External customers	172,013	360,405	434,342	14,801	54,280	31,882	1,067,723	—	1,067,723
Intersegment	2,192	4,062	4,051	12,131	9,527	150,833	182,796	(182,796)	—
Total	174,205	364,467	438,393	26,932	63,807	182,715	1,250,519	(182,796)	1,067,723
Operating profit (loss)	(3,282)	22,725	13,732	470	6,421	4,535	44,601	(10,636)	33,965

For the three months ended Jun. 30, 2023

	Yen (millions)								
	Infrastructure	Industry & Mobility	Life	Business Platform	Semiconductor & Device	Others	Total	Eliminations and corporate	Consolidated total
Revenue and operating profit									
Revenue									
External customers	185,661	406,114	516,546	15,789	60,596	35,594	1,220,300	—	1,220,300
Intersegment	2,904	4,419	3,953	12,783	7,634	163,031	194,724	(194,724)	—
Total	188,565	410,533	520,499	28,572	68,230	198,625	1,415,024	(194,724)	1,220,300
Operating profit (loss)	(4,917)	21,686	43,951	1,141	6,664	4,225	72,750	(11,745)	61,005

6. Dividends

Dividends paid for the three months ended Jun. 30, 2022 and 2023 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
May 15, 2023 Board of Directors Meeting	54,940	26	March 31, 2023	June 2, 2023

7. Revenues

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

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

In line with the management restructure effective April 1, 2023, reportable segments were changed from the first quarter of this fiscal year. Segment information for the three months ended Jun. 30, 2022, has been restated to reflect the reclassification.

For the three months ended Jun. 30, 2022

	Yen (millions)						Consolidated total
	Japan	Overseas				total	
		North America	Asia (excluding Japan)	Europe	Others		
Infrastructure	133,036	22,235	10,169	3,860	2,713	38,977	172,013
Industry & Mobility	133,797	53,193	131,881	38,714	2,820	226,608	360,405
Life	175,592	52,353	103,177	89,922	13,298	258,750	434,342
Business Platform	14,772	—	29	—	—	29	14,801
Semiconductor & Device	15,607	3,548	24,138	10,865	122	38,673	54,280
Others	27,737	200	3,581	359	5	4,145	31,882
Consolidated	500,541	131,529	272,975	143,720	18,958	567,182	1,067,723

For the three months ended Jun. 30, 2023

	Yen (millions)						Consolidated total
	Japan	Overseas				total	
		North America	Asia (excluding Japan)	Europe	Others		
Infrastructure	136,419	30,461	11,054	4,962	2,765	49,242	185,661
Industry & Mobility	155,236	66,356	129,496	50,869	4,157	250,878	406,114
Life	180,638	68,712	127,650	126,909	12,637	335,908	516,546
Business Platform	15,789	—	—	—	—	—	15,789
Semiconductor & Device	15,768	3,685	26,831	14,205	107	44,828	60,596
Others	31,606	320	3,515	152	1	3,988	35,594
Consolidated	535,456	169,534	298,546	197,097	19,667	684,844	1,220,300

Revenue recognition methods for each category are primarily as follows:

1) 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.

2) 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.

3) 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 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 three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023
Net profit attributable to Mitsubishi Electric Corp. stockholders	33,492	57,834

	Shares	
	For the three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023
Basic average ordinary shares outstanding	2,112,115,971	2,109,894,023

	Yen	
	For the three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	15.86	27.41
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	15.86	27.41

Note : The number of the Company's shares held through the Board Incentive Plan Trust were included in the shares of treasury stock that were deducted from the average number of ordinary shares outstanding in the calculation of Earnings per share attributable to Mitsubishi Electric Corp. stockholders. (987,009 shares for the three months ended Jun. 30, 2022, and 1,660,695 shares for the three months ended Jun. 30, 2023).

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 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 for the year ended Mar. 31, 2023 and the three months ended Jun. 30, 2023.

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:

Borrowings (including long-term borrowings to be repaid within 1 year)

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 Jun. 30, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost				
Borrowings (including long-term borrowings to be repaid within 1 year)	164,773	160,437	165,070	161,489

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 reporting period 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.

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 Jun. 30, 2023

		Yen (millions)			
		Level 1	Level 2	Level 3	Total
Assets					
Financial assets measured at fair value through profit or loss					
Debt instruments		—	—	570	570
Derivative assets		—	4,570	—	4,570
Financial assets measured at fair value through other comprehensive income					
Equity instruments		276,550	—	83,469	360,019
	Total	<u>276,550</u>	<u>4,570</u>	<u>84,039</u>	<u>365,159</u>
Liabilities					
Financial liabilities measured at fair value through profit or loss					
Derivative liabilities		—	27,664	—	27,664
Contingent considerations		—	—	1,717	1,717
	Total	<u>—</u>	<u>27,664</u>	<u>1,717</u>	<u>29,381</u>

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

	Yen (millions)	
	For the three months ended Jun. 30, 2022	For the three months ended Jun. 30, 2023
Balance at beginning of period	71,169	80,988
Gains (losses)		
in profit or loss	(9)	(19)
in other comprehensive income	6,685	3,102
Purchases	78	274
Sales	(114)	(306)
Balance at end of period	<u>77,809</u>	<u>84,039</u>

Note : 1 Gains (losses) in profit or loss are related to financial assets measured at fair value through profit or loss as of the end of the reporting period and included in “Financial income” or “Financial expenses” in the Condensed Quarterly 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 Condensed Quarterly Consolidated Statement of Comprehensive Income.

10. Contingent liabilities

There were no significant events as of June 30, 2023.

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 three months ended June 30, 2023.

12. Approval of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements were approved by Kei Uruma, President & CEO, on August 8, 2023.

2 【Other】

(1) The Company decided to pay the dividend of ¥26 per share (a total of ¥54,940,667,860) to the shareholders registered or recorded in the shareholder register as of March 31, 2023, by the resolution of the Board of Directors meeting held on May 15, 2023.

(2) Other

Not applicable.