



[Translation]

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Quarterly Report

The Second Quarter of 151st Business Term
From July 1, 2021 to September 30, 2021

Mitsubishi Electric Corporation

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

The Second Quarter of 151st Business Term (from July 1, 2021 to September 30, 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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[Filing Date]	November 9, 2021
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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 six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021	Year ended Mar. 31, 2021
Revenue	1,902,024	2,138,377	4,191,433
[For the three months ended September 30, 2020 and 2021, respectively]	[1,043,873]	[1,071,935]	
Profit before income taxes	75,686	148,395	258,754
Net profit attributable to Mitsubishi Electric Corp. stockholders	48,231	104,836	193,132
[For the three months ended September 30, 2020 and 2021, respectively]	[30,346]	[43,001]	
Comprehensive income attributable to Mitsubishi Electric Corp. stockholders	81,602	112,559	401,559
Mitsubishi Electric Corp. stockholders' equity	2,455,297	2,794,781	2,754,293
Total equity	2,562,572	2,909,738	2,870,611
Total assets	4,359,490	4,711,681	4,797,921
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	22.48	48.94	90.03
[For the three months ended September 30, 2020 and 2021, respectively]	[14.15]	[20.09]	
Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	22.48	48.94	90.03
Mitsubishi Electric Corp. stockholders' equity ratio (%)	56.3	59.3	57.4
Cash flows from operating activities	256,945	164,919	542,119
Cash flows from investing activities	(107,857)	(79,392)	(176,552)
Cash flows from financing activities	(45,483)	(132,515)	(157,352)
Cash and cash equivalents at end of period	642,928	721,939	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 six months ended September 30, 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 (November 9, 2021).

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) 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 an effect 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 continues to discuss our response.

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. Then, the Company received the investigation report on the non-compliance of third-party certification of electromagnetic switches manufactured by the Kani Plant of Nagoya Works and the improper inspection practices of HVAC and other products for railcars manufactured at the Nagasaki Works.

In addition to the results of the investigations at the Kani Plant and the Nagasaki Works, the report also outlines other cases: the inadequacy of inspection equipment discovered at the Air-Conditioning & Refrigeration Systems Works, the non-implementation of some inspections discovered at the Power Distribution Systems Center, and the improper practice discovered at the Fukuyama Works when conducting regular factory audits. 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 will implement and further develop 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 quality improper inspection. 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 six months ended September 30, 2021 generally continued to see recovery in the corporate sector in the U.S., Europe and Japan. The household sector also recovered in the U.S. and Europe due to the progress in COVID-19 vaccinations, while the continuing impact of COVID-19 put downward pressure on recovery of the household sector in Japan. China continued to see recovery in export, while the paces of recovery in manufacturing and the household sector slowed down.

As a result, the business performance for the six months ended September 30, 2021 is as follows.

< Consolidated performance >		(In billions of yen)	
	For the six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021	Compared to the same period of the previous fiscal year
Revenue	1,902.0	2,138.3	up 236.3
Operating profit	61.3	137.8	up 76.4
Profit before income taxes	75.6	148.3	up 72.7
Net profit attributable to Mitsubishi Electric Corp. stockholders	48.2	104.8	up 56.6

1) Revenue

Revenue for the six months ended September 30, 2021 increased by 236.3 billion yen from the same period of the previous fiscal year to 2,138.3 billion yen due primarily to increased revenue in Industrial Automation Systems, Home Appliances and Electronic Devices segments. Industrial Automation Systems segment saw an increase in the factory automation systems business due mainly to an increase in demand for capital expenditures relating to semiconductor, electronic components, smartphones and lithium-ion battery worldwide. The automotive equipment business also increased as demand for new cars recovered in all regions except for China. Home Appliances segment increased because demand for air conditioners remained buoyant particularly in Europe and North America. 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 six months ended Sept. 30, 2020	Average exchange rate for the six months ended Sept. 30, 2021	Impact of exchange rate fluctuations on revenue for the six months ended Sept. 30, 2021
Consolidated total	—	—	About ¥63.0 billion increase
US\$	¥106	¥110	About ¥9.0 billion increase
EURO	¥122	¥131	About ¥14.0 billion increase
CNY	¥15.2	¥17.1	About ¥25.0 billion increase

2) Operating profit

Operating profit increased by 76.4 billion yen from the same period of the previous fiscal year to 137.8 billion yen due mainly to increased operating profit in Industrial Automation Systems and Home Appliances segments. Operating profit ratio improved by 3.2% from the same period of the previous fiscal year to 6.4%.

The cost ratio improved by 2.0% from the same period of the previous fiscal year due primarily to higher operating ratio caused by increased revenue of Industrial Automation Systems and Home Appliances segments in addition to the yen depreciating against other currencies. Selling, general and administrative expenses increased by 32.3 billion yen from the same period of the previous fiscal year, but selling, general and administrative expenses to revenue ratio improved by 1.1%. Other profit (loss) increased by 1.9 billion yen from the same period of the previous fiscal year, and other profit (loss) to revenue ratio improved by 0.1%.

3) Profit before income taxes

Profit before income taxes increased by 72.7 billion yen from the same period of the previous fiscal year to 148.3 billion yen due primarily to an increase in operating profit. Profit before income taxes to revenue ratio was 6.9%.

4) Net profit attributable to Mitsubishi Electric Corp. stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders increased by 56.6 billion yen from the same period of the previous fiscal year to 104.8 billion yen due mainly to increased profit before income taxes. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 4.9%.

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 a decrease in orders from the same period of the previous fiscal year due primarily to a decrease in the power systems business worldwide and the transportation systems business in Japan. Revenue also decreased from the same period of the previous fiscal year due mainly to a decrease in the transportation systems business worldwide.

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 1% from the same period of the previous fiscal year to 560.8 billion yen.

Operating profit decreased by 5.6 billion yen from the same period of the previous fiscal year to 20.6 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 an increase in demand for capital expenditures relating to semiconductor, electronic components, smartphones and lithium-ion battery worldwide. In this environment, the business saw increases in both orders and revenue from the same period of the previous fiscal year.

The market of the automotive equipment business saw recovery in demand for new cars in all regions except for China. 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 26% from the same period of the previous fiscal year to 692.1 billion yen.

Operating profit increased by 53.7 billion yen from the same period of the previous fiscal year to 55.5 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 a decrease in large-scale projects for the system integrations and the IT infrastructure service businesses, while delayed system development projects, particularly in the manufacturing industry, restarted. In this environment, the business saw 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 7% from the same period of the previous fiscal year to 154.1 billion yen.

Operating profit decreased by 0.2 billion yen from the same period of the previous fiscal year to 4.6 billion yen due mainly to decreased revenue and 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 increased by 20% from the same period of the previous fiscal year to 120.4 billion yen due primarily to an increase in power modules used in industrial, consumer and automotive applications.

Operating profit decreased by 0.6 billion yen from the same period of the previous fiscal year to 5.1 billion yen due mainly to an increased cost relating to end of production of TFT-LCD modules.

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. 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 18% from the same period of the previous fiscal year to 595.6 billion yen due primarily to an increase in air conditioners primarily in Europe and North America.

Operating profit increased by 22.8 billion yen from the same period of the previous fiscal year to 58.3 billion yen due mainly to increased revenue and the yen depreciating against other currencies.

6) Others

Revenue increased by 17% from the same period of the previous fiscal year to 319.1 billion yen due primarily to increases in materials procurement and logistics.

Operating profit increased by 6.2 billion yen from the same period of the previous fiscal year to 8.2 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 86.2 billion yen to 4,711.6 billion yen. The change in balance of total assets was mainly attributable to decreases in trade receivables by 187.7 billion yen, while inventories increased by 98.0 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.

Total liabilities decreased from the end of the previous fiscal year by 125.3 billion yen to 1,801.9 billion yen due primarily to decreases in other financial liabilities by 40.8 billion yen, trade payables by 27.1 billion yen, and bonds, borrowings and lease liabilities by 25.6 billion yen. Bonds and borrowings decreased by 22.1 billion yen from the end of the previous fiscal year to 226.7 billion yen, with the ratio of bonds and borrowings to total assets recording 4.8%, representing a 0.4 point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 40.4 billion yen compared to the end of the previous fiscal year to 2,794.7 billion yen. The stockholders' equity ratio was recorded at 59.3%, representing a 1.9 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 104.8 billion yen, despite a decrease due to dividend payment of 55.8 billion yen.

(3) Status of cash flows

Cash flows from operating activities for the six months ended September 30, 2021 was 164.9 billion yen (cash in), while cash flows from investing activities was 79.3 billion yen (cash out). As a result, free cash flow was 85.5 billion yen (cash in). Cash flows from financing activities was 132.5 billion yen (cash out), and cash and cash equivalents at end of period decreased from the end of the previous fiscal year by 45.4 billion yen to 721.9 billion yen.

Net cash provided by operating activities decreased by 92.0 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 28.4 billion yen from the same period of the previous fiscal year due mainly to a decrease in purchase of property, plant and equipment for the six months ended September 30, 2021 as a result of restricted capital expenditures in the previous fiscal year.

Net cash used in financing activities increased by 87.0 billion yen from the same period of the previous fiscal year due primarily to an increase in expenditure for repayments of bonds, a decrease in proceeds of short-term borrowings, and an increase in repurchase of treasury stock.

(4) Management Policy, Business Environment and Corporate Agenda

For the six months ended September 30, 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 an effect 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. Then, the Company received the investigation report on the non-compliance of third-party certification of electromagnetic switches manufactured by the Kani Plant of Nagoya Works and the improper inspection practices of HVAC and other products for railcars manufactured at the Nagasaki Works.

In addition to the results of the investigations at the Kani Plant and the Nagasaki Works, the report also outlines other cases: the inadequacy of inspection equipment discovered at the Air-Conditioning & Refrigeration Systems Works, the non-implementation of some inspections discovered at the Power Distribution Systems Center, and the improper practice discovered at the Fukuyama Works when conducting regular factory audits.

The Company takes the Investigative Report 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 identify problems and will provide 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 six months ended September 30, 2021, the total R&D expenses for the entire Group have amounted to 93.7 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 six months ended September 30, 2021.

(6) Production, orders and sales

For the six months ended September 30, 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.

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	Equipment work for 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 September 30, 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) (Sept. 30, 2021)	Number of shares issued as of the filing date (shares) (Nov. 9, 2021)	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 July 1, 2021 to September 30, 2021	—	2,147,201	—	175,820	—	181,140

(5) Principal shareholders

As of September 30, 2021

Name	Address	Number of shares Held (Thousand shares)	Ownership percentage to the total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	305,688	14.31
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited., Tokyo branch)	ONE LINCOLN STREET, BOSTON MA USA 02111 (11-1, Nihombashi 3-chome, Chuo-ku, Tokyo)	105,037	4.92
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	94,947	4.44
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	81,862	3.83
Custody Bank of Japan, Ltd. (Trust Account 7)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	43,863	2.05
Mitsubishi Electric Group Employees Shareholding Union	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	43,723	2.05
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	36,339	1.70
JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Service Department)	270 PARK AVENUE, NEW-YORK, NY 10017, UNITED STATES OF AMERICA (15-1, Konan 2-chome, Minato-ku, Tokyo)	33,335	1.56
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Service Department)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1, Konan 2-chome, Minato-ku, Tokyo)	31,156	1.46
GOVERNMENT OF NORWAY (Standing proxy: CitiBank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo)	27,847	1.30
Total	—	803,802	37.63

Notes: 1. Mitsubishi UFJ Financial Group, Inc. submitted a change report on the Statements of Large-Volume Holdings with MUFG Bank, Ltd. and 2 other companies as co-owners on August 30, 2021. However, since the Company cannot confirm the number of shares actually owned as of September 30, 2021, "Principal shareholders" column is based on the shareholder registry. The shareholding status as of August 23, 2021 according to the report is as follows.

Name	Address	Number of shares Held (Thousand shares)	Ownership percentage to the total number of issued shares (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	22,411	1.04
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	99,889	4.65
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	17,149	0.80

2. Sumitomo Mitsui Trust Bank, Ltd. submitted a change report on the Statements of Large-Volume Holdings with Sumitomo Mitsui Trust Bank, Ltd. and 2 other companies as co-owners on September 22, 2021. However, since the Company cannot confirm the number of shares actually owned as of September 30, 2021, "Principal shareholders" column is based on the shareholder registry. The shareholding status as of September 15, 2021 according to the report is as follows.

Name	Address	Number of shares Held (Thousand shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Ltd.	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,500	0.12
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	79,377	3.70
Nikko Asset management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	36,614	1.71

(6) Information on voting rights

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

Note: 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 September 30, 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

(3) Changes in titles

Former title	New title	Name	Date of change
Director, Representative Executive Officer, Senior Vice President, Export Control, Corporate Strategic Planning and Operations of Associated Companies, CSO	Director, Representative Executive Officer, President & CEO	Kei Uruma	July 28, 2021
Representative Executive Officer, Senior Vice President, Building Systems	Representative Executive Officer, Senior Vice President, Export Control and Building Systems	Tadashi Matsumoto	July 28, 2021
Senior Vice President, Auditing, Legal Affairs & Compliance and Corporate Communication (Sustainability, Public Relations and Advertising), CCO	Representative Executive Officer, Senior Vice President, Auditing, Legal Affairs & Compliance and Corporate Communication (Sustainability, Public Relations and Advertising), CCO	Jun Nagasawa	July 28, 2021
Executive Officer, Research & Development, CTO	Executive Officer, Corporate Strategic Planning and Operations of Associated Companies, CSO	Kunihiko Kaga	July 28, 2021

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

Men: 29 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 September 30, 2021, from July 1, 2021 to September 30, 2021 and the first half of the current fiscal year from April 1, 2021 to September 30, 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 Sept. 30, 2021
(Assets)			
Cash and cash equivalents		767,406	721,939
Trade receivables		906,831	719,128
Contract assets		274,231	306,287
Other financial assets	9	51,657	72,107
Inventories		743,782	841,860
Other current assets		103,065	93,434
Current assets		2,846,972	2,754,755
Investments accounted for using the equity method		205,464	207,446
Other financial assets	9	353,624	369,505
Property, plant and equipment		857,645	855,916
Goodwill and intangible assets		153,512	157,445
Deferred tax assets		183,134	172,584
Other non-current assets		197,570	194,030
Non-current assets		1,950,949	1,956,926
Total assets		4,797,921	4,711,681

Yen (millions)

	Notes	As of Mar. 31, 20201	As of Sept. 30, 2021
(Liabilities)			
Bonds, borrowings and lease liabilities	9	152,657	151,116
Trade payables		541,774	514,629
Contract liabilities		174,666	157,746
Other financial liabilities	9	157,750	116,854
Accrued expenses		302,418	299,992
Accrued income taxes		30,959	23,683
Provisions		97,292	96,015
Other current liabilities		47,865	41,155
Current liabilities		1,505,381	1,401,190
Bonds, borrowings and lease liabilities	9	212,774	188,632
Net defined benefit liabilities		161,388	166,535
Provisions		5,435	4,991
Deferred tax liabilities		5,759	5,052
Other non-current liabilities		36,573	35,543
Non-current liabilities		421,929	400,753
Total liabilities		1,927,310	1,801,943
(Equity)			
Common stock		175,820	175,820
Capital surplus		202,777	201,959
Retained earnings		2,266,490	2,315,725
Accumulated other comprehensive income (loss)	9	111,801	119,309
Treasury stock, at cost		(2,595)	(18,032)
Mitsubishi Electric Corp. stockholders' equity		2,754,293	2,794,781
Non-controlling interests		116,318	114,957
Total equity		2,870,611	2,909,738
Total liabilities and equity		4,797,921	4,711,681

(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 six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021
Revenue	7	1,902,024	2,138,377
Cost of sales		1,384,823	1,514,319
Selling, general and administrative expenses		456,533	488,887
Other profit (loss)		686	2,659
Operating profit		61,354	137,830
Financial income		5,651	4,635
Financial expenses		1,893	2,672
Share of profit of investments accounted for using the equity method		10,574	8,602
Profit before income taxes		75,686	148,395
Income taxes		24,284	34,470
Net profit		51,402	113,925
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders		48,231	104,836
Non-controlling interests		3,171	9,089

Yen

	Notes	For the six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	8	22.48	48.94
Diluted	8	22.48	48.94

【Condensed Quarterly Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	For the six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021
Net profit		51,402	113,925
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	29,056	11,650
Share of other comprehensive income of investments accounted for using the equity method		581	577
Total items that will not be reclassified to net profit		29,637	12,227
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		5,343	(9,244)
Net changes in the fair value of cash flow hedges		66	(57)
Share of other comprehensive income of investments accounted for using the equity method		(1,429)	4,098
Total items that may be reclassified to net profit		3,980	(5,203)
Total other comprehensive income (loss)		33,617	7,024
Comprehensive income		85,019	120,949
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		81,602	112,559
Non-controlling interests		3,417	8,390

【Condensed Quarterly Consolidated Statement of Profit or Loss】

Yen (millions)

	Notes	For the three months ended Sept. 30, 2020	For the three months ended Sept. 30, 2021
Revenue		1,043,873	1,071,935
Cost of sales		764,405	766,010
Selling, general and administrative expenses		237,288	251,051
Other profit (loss)		(1,026)	188
Operating profit		41,154	55,062
Financial income		835	846
Financial expenses		1,173	1,534
Share of profit of investments accounted for using the equity method		7,761	4,508
Profit before income taxes		48,577	58,882
Income taxes		16,907	12,061
Net profit		31,670	46,821
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders		30,346	43,001
Non-controlling interests		1,324	3,820

Yen

	Notes	For the three months ended Sept. 30, 2020	For the three months ended Sept. 30, 2021
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	8	14.15	20.09
Diluted	8	14.15	20.09

【Condensed Quarterly Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	For the three months ended Sept. 30, 2020	For the three months ended Sept. 30, 2021
Net profit		31,670	46,821
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		11,734	13,522
Share of other comprehensive income of investments accounted for using the equity method		743	639
Total items that will not be reclassified to net profit		12,477	14,161
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		(6,316)	(8,300)
Net changes in the fair value of cash flow hedges		16	(53)
Share of other comprehensive income of investments accounted for using the equity method		(1,157)	1,620
Total items that may be reclassified to net profit		(7,457)	(6,733)
Total other comprehensive income (loss)		5,020	7,428
Comprehensive income		36,690	54,249
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		36,138	51,103
Non-controlling interests		552	3,146

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

For the six months ended Sept. 30, 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				48,231			48,231	3,171	51,402
Other comprehensive income (loss), net of tax					33,371		33,371	246	33,617
Comprehensive income		—	—	48,231	33,371	—	81,602	3,417	85,019
Reclassification to retained earnings				(4,377)	4,377		—		—
Dividends	6			(55,816)			(55,816)	(5,356)	(61,172)
Purchase of treasury stock						(366)	(366)		(366)
Disposal of treasury stock			(696)			696	0		0
Transactions with non-controlling interests and others			134				134	98	232
Balance at end of period		175,820	202,270	2,059,855	19,946	(2,594)	2,455,297	107,275	2,562,572

For the six months ended Sept. 30, 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				104,836			104,836	9,089	113,925
Other comprehensive income (loss), net of tax					7,723		7,723	(699)	7,024
Comprehensive income		—	—	104,836	7,723	—	112,559	8,390	120,949
Reclassification to retained earnings				215	(215)		—		—
Dividends	6			(55,816)			(55,816)	(9,111)	(64,927)
Purchase of treasury stock						(16,490)	(16,490)		(16,490)
Disposal of treasury stock			(1,053)			1,053	0		0
Transactions with non-controlling interests and others			235				235	(640)	(405)
Balance at end of period		175,820	201,959	2,315,725	119,309	(18,032)	2,794,781	114,957	2,909,738

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

Yen (millions)

	For the six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021
Cash flows from operating activities		
Net profit	51,402	113,925
Adjustments to cash flows from operating activities		
Depreciation and amortization	100,399	96,330
Impairment losses	3,013	1
Loss (gain) on sales and disposal of property, plant and equipment, net	(168)	946
Income taxes	24,284	34,470
Share of profit of investments accounted for using the equity method	(10,574)	(8,602)
Financial income and financial expenses	(3,758)	(1,963)
Decrease in trade receivables	192,653	188,462
Decrease (increase) in contract assets	21,994	(32,207)
Decrease (increase) in inventories	(19,761)	(99,262)
Decrease in other assets	11,514	13,221
Increase (decrease) in trade payables	(89,907)	(26,960)
Increase in net defined benefit liabilities	10,462	9,888
Increase (decrease) in other liabilities	(23,480)	(72,822)
Others, net	(4,210)	(13,997)
Subtotal	263,863	201,430
Interest and dividends received	10,864	9,631
Interest paid	(1,318)	(1,243)
Income taxes paid	(16,464)	(44,899)
Cash flows from operating activities	256,945	164,919
Cash flows from investing activities		
Purchase of property, plant and equipment	(92,502)	(65,419)
Proceeds from sale of property, plant and equipment	2,167	1,126
Purchase of intangible assets	(8,502)	(9,753)
Purchase of investment securities and others, net of cash acquired	(12,214)	(9,210)
Proceeds from sale of investment securities and others, net of cash disposed	4,046	3,953
Others, net	(852)	(89)
Cash flows from investing activities	(107,857)	(79,392)
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	219	98
Repayments of bonds and long-term borrowings	(10,383)	(20,457)
Increase (decrease) in short-term borrowings, net	54,663	(3,322)
Repayments of lease liabilities	(27,760)	(27,643)
Dividends paid to Mitsubishi Electric Corp. stockholders	(55,816)	(55,816)
Purchase of treasury stock	(366)	(16,490)
Disposal of treasury stock	0	0
Dividends paid to non-controlling interests	(6,331)	(8,437)
Transactions with non-controlling interests	291	(448)
Cash flows from financing activities	(45,483)	(132,515)
Effect of exchange rate changes on cash and cash equivalents	1,764	1,521
Net increase (decrease) in cash and cash equivalents	105,369	(45,467)
Cash and cash equivalents at beginning of period	537,559	767,406
Cash and cash equivalents at end of period	642,928	721,939

【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 effect 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 September 30, 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 six months ended Sept. 30, 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	560,522	543,439	144,929	81,846	497,474	73,814	1,902,024	—	1,902,024
Intersegment	4,209	5,168	20,616	18,737	6,257	198,618	253,605	(253,605)	—
Total	564,731	548,607	165,545	100,583	503,731	272,432	2,155,629	(253,605)	1,902,024
Operating profit	26,277	1,766	4,866	5,802	35,588	1,971	76,270	(14,916)	61,354

For the six months ended Sept. 30, 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	556,252	685,905	136,054	95,908	588,596	75,662	2,138,377	—	2,138,377
Intersegment	4,632	6,256	18,135	24,584	7,055	243,505	304,167	(304,167)	—
Total	560,884	692,161	154,189	120,492	595,651	319,167	2,442,544	(304,167)	2,138,377
Operating profit	20,670	55,558	4,625	5,108	58,394	8,211	152,566	(14,736)	137,830

6. Dividends

Dividends paid for the six months ended Sept. 30, 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
April 28, 2021 Board of Directors Meeting	55,816	26	March 31, 2021	June 2, 2021

Dividends with a record date in the six months ended Sept. 30, 2020 and 2021 and the effective date in the next period are as follows:

Resolution date	Total amount of dividends	Dividend per share	Record date	Effective date
	Yen (millions)	Yen		
October 29, 2020 Board of Directors Meeting	21,467	10	September 30, 2020	December 2, 2020
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 six months ended Sept. 30, 2020

	Yen (millions)						Consolidated total
	Japan	Overseas					
		North America	Asia (excluding Japan)	Europe	Others	total	
Energy and Electric Systems	392,698	50,085	98,693	8,335	10,711	167,824	560,522
Industrial Automation Systems	225,237	61,860	198,819	54,892	2,631	318,202	543,439
Information and Communication Systems	140,854	1,782	1,585	576	132	4,075	144,929
Electronic Devices	23,283	4,863	40,386	13,238	76	58,563	81,846
Home Appliances	231,540	56,430	87,734	107,076	14,694	265,934	497,474
Others	66,726	415	6,517	155	1	7,088	73,814
Consolidated	1,080,338	175,435	433,734	184,272	28,245	821,686	1,902,024

For the six months ended Sept. 30, 2021

	Yen (millions)						Consolidated total
	Japan	Overseas					
		North America	Asia (excluding Japan)	Europe	Others	total	
Energy and Electric Systems	377,485	53,484	103,165	12,359	9,759	178,767	556,252
Industrial Automation Systems	259,644	79,823	270,181	71,594	4,663	426,261	685,905
Information and Communication Systems	131,156	1,776	2,453	555	114	4,898	136,054
Electronic Devices	32,021	4,626	43,329	15,826	106	63,887	95,908
Home Appliances	217,182	87,398	111,717	154,337	17,962	371,414	588,596
Others	66,056	366	8,800	436	4	9,606	75,662
Consolidated	1,083,544	227,473	539,645	255,107	32,608	1,054,833	2,138,377

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 six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021
Net profit attributable to Mitsubishi Electric Corp. stockholders	48,231	104,836
	Shares	
	For the six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021
Basic average ordinary shares outstanding	2,145,209,484	2,142,294,211
	Yen	
	For the six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	22.48	48.94
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	22.48	48.94

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. (1,565,440 shares for the six months ended Sept. 30, 2020, and 1,283,985 shares for the six months ended Sept. 30, 2021).

	Yen (millions)	
	For the three months ended Sept. 30, 2020	For the three months ended Sept. 30, 2021
Net profit attributable to Mitsubishi Electric Corp. stockholders	30,346	43,001

	Shares	
	For the three months ended Sept. 30, 2020	For the three months ended Sept. 30, 2021
Basic average ordinary shares outstanding	2,145,286,166	2,140,050,823

	Yen	
	For the three months ended Sept. 30, 2020	For the three months ended Sept. 30, 2021
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	14.15	20.09
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	14.15	20.09

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 Sept. 30, 2020, and 1,130,436 shares for the three months ended Sept. 30, 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 six months ended Sept. 30, 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 Sept. 30, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost				
Bonds and borrowings	176,845	173,837	156,489	153,614

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

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 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 Sept. 30, 2021

		Yen (millions)			
		Level 1	Level 2	Level 3	Total
Assets					
Financial assets measured at fair value through profit or loss					
	Derivative assets	—	3,328	—	3,328
Financial assets measured at fair value through other comprehensive income					
	Equity instruments	253,792	—	69,385	323,177
	Total	<u>253,792</u>	<u>3,328</u>	<u>69,385</u>	<u>326,505</u>
Liabilities					
Financial liabilities measured at fair value through profit or loss					
	Derivative liabilities	—	4,670	—	4,670
	Total	<u>—</u>	<u>4,670</u>	<u>—</u>	<u>4,670</u>

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

	Yen (millions)	
	For the six months ended Sept. 30, 2020	For the six months ended Sept. 30, 2021
Balance at beginning of period	63,478	68,361
Gains (losses)	1,492	699
Purchases	3,103	406
Sales	(1,096)	(81)
Balance at end of period	<u>66,977</u>	<u>69,385</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 Sept 30, 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 Sept. 30, 2021.

12. Approval of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements were approved by Kei Uruma, President & CEO, on November 9, 2021.

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.