

Financial Section

Contents

- 59 Five-Year Summary
- 60 Management Analysis of Financial Position, Operating Results and Cash Flows
- 67 Research and Development Expenditures / Capital Expenditures
- 68 Consolidated Statement of Financial Position
- 70 Consolidated Statement of Profit or Loss
- 71 Consolidated Statement of Comprehensive Income
- 72 Consolidated Statement of Changes in Equity
- 73 Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries

Yen (millions)

Years ended March 31	U.S. GAAP	IFRS				
	2018	2018	2019	2020	2021	2022
Revenue	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433	¥ 4,476,758
Operating profit	318,637	327,444	290,477	259,661	230,195	252,051
Profit before income taxes	364,578	353,206	315,958	281,986	258,754	279,693
Net profit attributable to Mitsubishi Electric Corp. stockholders	271,880	255,755	226,648	221,834	193,132	203,482
Total assets	4,264,559	4,305,580	4,356,211	4,409,771	4,797,921	5,107,973
Cash and cash equivalents	599,199	599,199	514,224	537,559	767,406	727,179
Bonds and borrowings	311,485	311,950	298,438	267,008	248,897	217,171
Mitsubishi Electric Corp. stockholders' equity	2,259,355	2,294,174	2,399,946	2,429,743	2,754,293	2,975,941
Cash flows from operating activities	240,450	265,768	239,817	395,834	542,119	282,371
Cash flows from investing activities	(178,219)	(182,015)	(210,668)	(203,997)	(176,552)	(114,867)
Free cash flows	62,231	83,753	29,149	191,837	365,567	167,504
Cash flows from financing activities	(128,291)	(149,813)	(112,067)	(156,454)	(157,352)	(241,319)
Dividends paid	68,696	68,696	85,871	85,871	77,283	85,723
R&D expenditures	210,308	210,308	212,794	206,846	190,574	195,144
Capital expenditures (Based on the recognized value of property, plant and equipment)	181,513	181,513	198,442	227,450	180,033	167,772
Depreciation	¥ 154,559	¥ 153,161	¥ 152,315	¥ 184,842	¥ 186,983	¥ 181,116
Per Share Amounts:						
Earnings per share attributable to Mitsubishi Electric Corp. stockholders (Yen)						
Basic	¥ 126.70	¥ 119.19	¥ 105.65	¥ 103.41	¥ 90.03	¥ 95.41
Diluted	—	119.19	105.65	103.41	90.03	95.41
Cash dividends declared (Yen)	40	40	40	40	36	40
Mitsubishi Electric Corp. stockholders' equity (Yen)	¥ 1,052.96	¥ 1,069.19	¥ 1,118.83	¥ 1,132.69	¥ 1,283.88	¥ 1,409.08
Financial Ratios:						
Operating profit ratio (%)	7.2	7.4	6.4	5.8	5.5	5.6
Return on revenue (%)	6.1	5.8	5.0	5.0	4.6	4.5
Return on equity (ROE) (%)	12.6	11.7	9.7	9.2	7.5	7.1
Return on assets (ROA) (%)	6.4	6.0	5.2	5.1	4.2	4.1
Mitsubishi Electric Corp. stockholders' equity ratio (%)	53.0	53.3	55.1	55.1	57.4	58.3
Bonds and borrowings to total assets (%)	7.3	7.2	6.9	6.1	5.2	4.3
Employees (persons)	142,340	142,340	145,817	146,518	145,653	145,696
Total Shareholder Return (%)	109.0	109.0	94.1	91.1	115.4	100.6
(Comparison Index : Nikkei stock average) (%)	113.5	113.5	112.1	100.0	154.3	147.1

- The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) from the year ended March 31, 2019 and also for the fiscal year ended March 31, 2018 as comparative information.
- The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets include lease liabilities until the fiscal year ended March 31, 2019.
- R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
- Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders under IFRS, as no dilutive securities existed.
- Total shareholder return is calculated based on the stock price as of March 31, 2017.

Overview of Business Performance

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

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

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

	Yen(billions)		
	2021	2022	year on year
Revenue	4,191.4	4,476.7	up 285.3
Operating profit	230.1	252.0	up 21.8
Profit before income taxes	258.7	279.6	up 20.9
Net profit attributable to Mitsubishi Electric Corp. stockholders	193.1	203.4	up 10.3

Revenue

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

<Impact of Exchange Rate Fluctuations on Revenue>

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

Operating Profit

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

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

Profit Before Income Taxes

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

Net Profit Attributable to Mitsubishi Electric Corp. Stockholders

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

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

Results by Business Segment

Revenue by Business Segment

Years ended March 31	U.S. GAAP		IFRS				Yen (millions)
	2018	2018	2019	2020	2021	2022	
Energy and Electric Systems	¥ 1,241,952	¥ 1,253,062	¥ 1,296,745	¥ 1,307,389	¥ 1,270,287	¥ 1,238,111	
Industrial Automation Systems	1,444,928	1,444,928	1,467,633	1,349,429	1,248,566	1,460,368	
Information and Communication Systems	436,068	438,184	426,269	455,596	380,159	354,128	
Electronic Devices	202,294	202,294	199,908	208,750	205,260	241,405	
Home Appliances	1,049,369	1,049,369	1,074,044	1,090,248	1,038,310	1,144,788	
Others	764,346	659,059	676,736	659,636	603,089	676,257	
Subtotal	5,138,957	5,046,896	5,141,335	5,071,048	4,745,671	5,115,057	
Eliminations	(707,759)	(602,472)	(621,414)	(608,539)	(554,238)	(638,299)	
Consolidated total	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433	¥ 4,476,758	

Operating Profit by Business Segment

Years ended March 31	U.S. GAAP		IFRS				Yen (millions)
	2018	2018	2019	2020	2021	2022	
Energy and Electric Systems	¥ 51,710	¥ 65,457	¥ 82,501	¥ 82,309	¥ 108,944	¥ 62,170	
Industrial Automation Systems	190,826	187,350	142,563	68,962	40,582	96,839	
Information and Communication Systems	11,987	11,340	12,247	26,457	16,437	14,727	
Electronic Devices	14,554	14,164	1,442	8,701	6,292	16,814	
Home Appliances	56,057	55,496	59,451	78,206	75,760	70,960	
Others	23,900	24,034	24,172	26,050	13,628	21,993	
Subtotal	349,034	357,841	322,376	290,685	261,643	283,503	
Eliminations and Corporate	(30,397)	(30,397)	(31,899)	(31,024)	(31,448)	(31,452)	
Consolidated total	¥ 318,637	¥ 327,444	¥ 290,477	¥ 259,661	¥ 230,195	¥ 252,051	

Energy and Electric Systems

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

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

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

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

Industrial Automation Systems

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

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

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

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

Information and Communication Systems

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

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

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

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

Electronic Devices

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

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

Home Appliances

The market for the home appliances business saw an increase in demand for residential air conditioners primarily in Europe and North America as working from home becomes common, despite the impact of a semiconductor shortage. Demand for industrial air conditioners also recovered gradually as capital expenditures started to recover from the impact of COVID-19. In this environment, the business saw an increase in revenue by 10% compared to the previous fiscal year to 1,144.7 billion yen due mainly to an increase in air conditioners primarily in Europe and North America as well as the yen depreciating against other currencies, despite a decrease in air conditioners in Japan due primarily to a semiconductor shortage.

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

Others

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

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

Results by Geographic Segment

Revenue from Customers by Geographic Segment

Years ended March 31	U.S. GAAP	IFRS				
	2018	2018	2019	2020	2021	2022
Japan	¥ 2,423,626	¥ 2,438,942	¥ 2,556,644	¥ 2,610,322	¥ 2,430,839	¥ 2,332,402
North America	417,423	419,121	429,451	432,096	379,253	461,931
Asia (excluding Japan)	1,075,683	1,089,176	1,013,883	919,973	926,540	1,114,951
Europe	431,316	431,316	453,748	437,214	391,618	495,308
Others	83,150	65,869	66,195	62,904	63,183	72,166
Consolidated total	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	¥ 4,191,433	¥ 4,476,758

Japan

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

North America

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

Asia (excluding Japan)

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

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

Europe

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

Others

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

Analysis of Financial Position

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

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

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

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

<Indices related to the Statement of Financial Position>

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

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

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

Capital Resources and Funding Liquidity

Basic Policies Regarding Financial Strategies

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

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

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

Status of Cash Flows

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

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

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

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

Status of Funding and Liquidity

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

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

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

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

Research and Development Expenditures

Years ended March 31	Yen (billions)					
	U.S. GAAP 2018	2018	2019	IFRS 2020	2021	2022
Energy and Electric Systems	¥ 35.4	¥ 35.4	¥ 34.7	¥ 35.1	¥ 34.7	¥ 36.1
Industrial Automation Systems	69.5	69.5	70.8	67.4	60.4	63.9
Information and Communication Systems	17.9	17.9	15.3	13.4	8.8	8.0
Electronic Devices	13.4	13.4	14.1	12.5	10.4	9.5
Home Appliances	41.8	41.8	43.8	44.9	42.3	43.4
Others/Common	32.2	32.2	33.9	33.2	33.7	34.0
Consolidated total	¥ 210.3	¥ 210.3	¥ 212.7	¥ 206.8	¥ 190.5	¥ 195.1
R&D expenditures /revenue (%)	4.7	4.7	4.7	4.6	4.5	4.4

Capital Expenditures

Years ended March 31	Yen (millions)					
	U.S. GAAP 2018	2018	2019	IFRS 2020	2021	2022
Energy and Electric Systems	¥ 30,861	¥ 30,861	¥ 27,165	¥ 29,414	¥ 30,021	¥ 26,411
Industrial Automation Systems	68,376	68,376	79,257	78,722	54,117	45,874
Information and Communication Systems	17,522	17,522	21,925	29,982	22,376	17,156
Electronic Devices	17,197	17,197	21,072	31,298	22,009	20,786
Home Appliances	32,849	32,849	31,199	38,720	19,488	25,628
Others	4,758	4,758	7,437	6,426	11,863	9,326
Commons	9,950	9,950	10,387	12,888	20,159	22,591
Consolidated total	¥ 181,513	¥ 181,513	¥ 198,442	¥ 227,450	¥ 180,033	¥ 167,722

* The data above are based on the recognized value of property, plant and equipment.

Mitsubishi Electric Corporation and Subsidiaries
March 31, 2021 and 2022

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

Consolidated Statement of Financial Position

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

Consolidated Statement of Profit or Loss

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2021 and 2022

	Yen (millions)	
	2021	2022
Revenue	¥ 4,191,433	¥ 4,476,758
Cost of sales	3,017,059	3,212,216
Selling, general and administrative expenses	953,602	1,013,674
Other profit (loss)	9,423	1,183
Operating profit	230,195	252,051
Financial income	12,136	11,910
Financial expenses	2,828	2,702
Share of profit of investments accounted for using the equity method	19,251	18,434
Profit before income taxes	258,754	279,693
Income taxes	57,071	61,808
Net profit	201,683	217,885
Net profit attributable to:		
Mitsubishi Electric Corp. stockholders	193,132	203,482
Non-controlling interests	¥ 8,551	¥ 14,403
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)		
		Yen
Basic	¥ 90.03	¥ 95.41
Diluted	90.03	95.41

Consolidated Statement of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2021 and 2022

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

Consolidated Statement of Changes in Equity

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2021 and 2022

	2021							
	Mitsubishi Electric Corp. stockholders' equity							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
Balance at beginning of year	¥ 175,820	¥ 202,832	¥ 2,071,817	¥ (17,802)	¥ (2,924)	¥ 2,429,743	¥ 109,116	¥ 2,538,859
Comprehensive income								
Net profit			193,132			193,132	8,551	201,683
Other comprehensive income (loss), net of tax				208,427		208,427	5,844	214,271
Comprehensive income	—	—	193,132	208,427	—	401,559	14,395	415,954
Reclassification to retained earnings			78,824	(78,824)		—		—
Dividends			(77,283)			(77,283)	(7,107)	(84,390)
Purchase of treasury stock					(367)	(367)		(367)
Disposal of treasury stock		(696)			696	0		0
Transactions with non-controlling interests and others		641				641	(86)	555
Balance at end of year	¥ 175,820	¥ 202,777	¥ 2,266,490	¥ 111,801	¥ (2,595)	¥ 2,754,293	¥ 116,318	¥ 2,870,611

	2022							
	Mitsubishi Electric Corp. stockholders' equity							
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
Balance at beginning of year	¥ 175,820	¥ 202,777	¥ 2,266,490	¥ 111,801	¥ (2,595)	¥ 2,754,293	¥ 116,318	¥ 2,870,611
Comprehensive income								
Net profit			203,482			203,482	14,403	217,885
Other comprehensive income (loss), net of tax				153,444		153,444	7,556	161,000
Comprehensive income	—	—	203,482	153,444	—	356,926	21,959	378,885
Reclassification to retained earnings			80,717	(80,717)		—		—
Dividends			(85,723)			(85,723)	(13,673)	(99,396)
Purchase of treasury stock					(50,526)	(50,526)		(50,526)
Disposal of treasury stock		(1,053)			1,053	0		0
Transactions with non-controlling interests and others		971				971	(3,148)	(2,177)
Balance at end of year	¥ 175,820	¥ 202,695	¥ 2,464,966	¥ 184,528	¥ (52,068)	¥ 2,975,941	¥ 121,456	¥ 3,097,397

Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries

Years ended March 31, 2021 and 2022

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

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

