

Consolidated Financial Results Briefing

For the First Quarter of Fiscal 2023

July 28, 2022

MITSUBISHI ELECTRIC CORPORATION

1. While revenue increased owing primarily to the weaker yen, operating profit decreased due mainly to the impact of Shanghai's lockdown and the components shortage.

- Revenue in Q1 achieved a new record high for the second straight year owing mainly to the weaker yen. The orders remained favorable in the factory automation systems business, particularly in the fields related to the digital equipment and the decarbonization.
- Revenue in China decreased due to the impact of Shanghai's lockdown. Operating profit decreased YoY because of the continued components shortage particularly in the air conditioning systems & home products business.

2. FY '23 forecast : Revenue ¥4,770.0 billion, Operating Profit ¥270.0 billion

- The orders in the factory automation systems business are expected to remain favorable in and after Q2. While there are concerns about the rise in material prices, the forecast for FY '23 remains unchanged from the previous announcement owing mainly to a trend of recovery of the material procurement environment and revised foreign exchange rates.

■ Based on a certain premise, the company has taken into consideration the impact of improper testing, including costs for additional inspections and strengthening the quality control system. Depending on the progress of future discussions with customers and investigations, the Group may incur losses exceeding its premise or relating to the discovery of any other improper quality control practice. If any potential impact comes to light, it will be disclosed promptly.

- In the U.S., the economy generally continued to see recovery in the corporate and household sectors.
- In China, there was downward pressure on the corporate and household sectors due to the impact lockdown caused by the expansion of COVID-19.
- In Japan and Europe, the pace of recovery slowed down due primarily to a decrease in production.
- There was also the impact of the rise in a part of material prices and high logistics costs as well as the prolonged components shortage.

<Foreign exchange rate fluctuations>

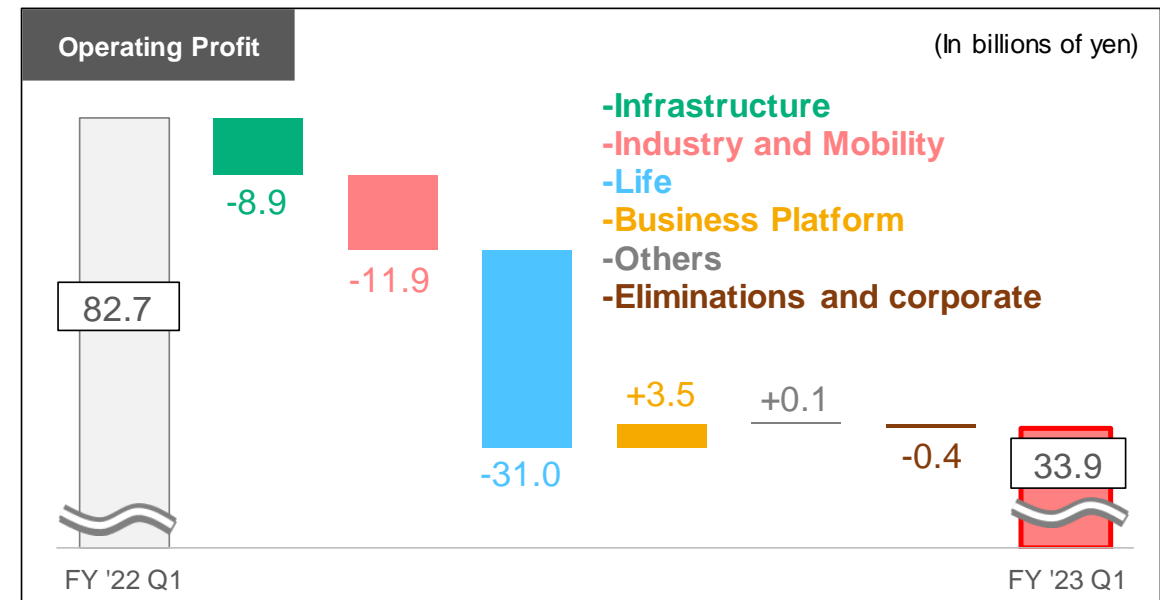
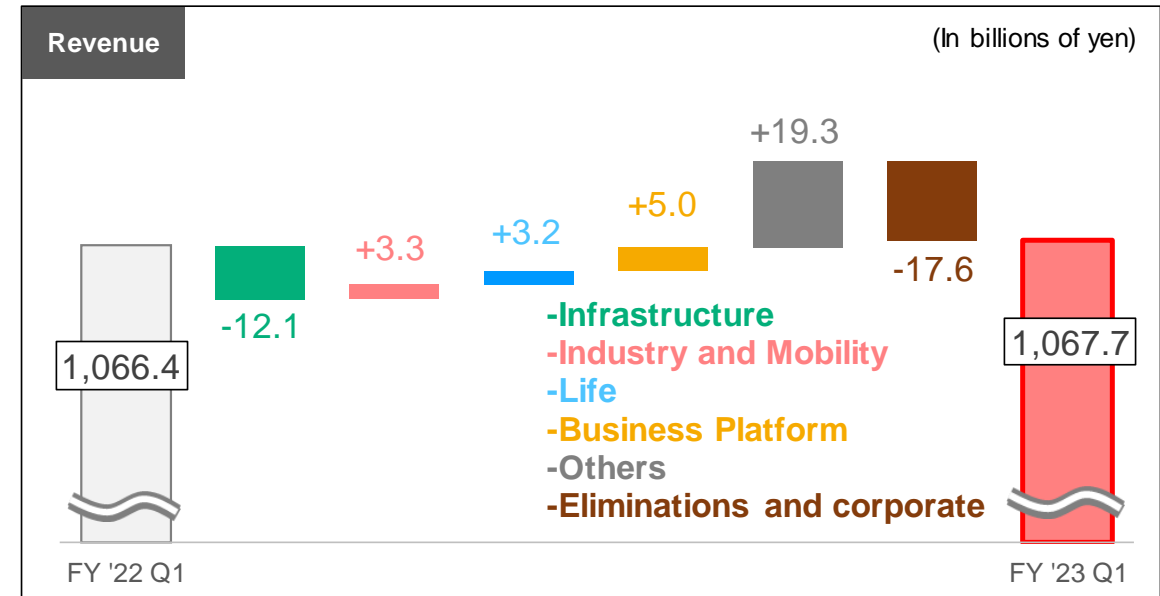
		FY '22 Q1	FY '23 Q1
Foreign exchange rate	US\$	¥110	¥131
	Euro	¥132	¥139
	CNY	¥17.1	¥19.7

Consolidated First Quarter Results

(In billions of yen)

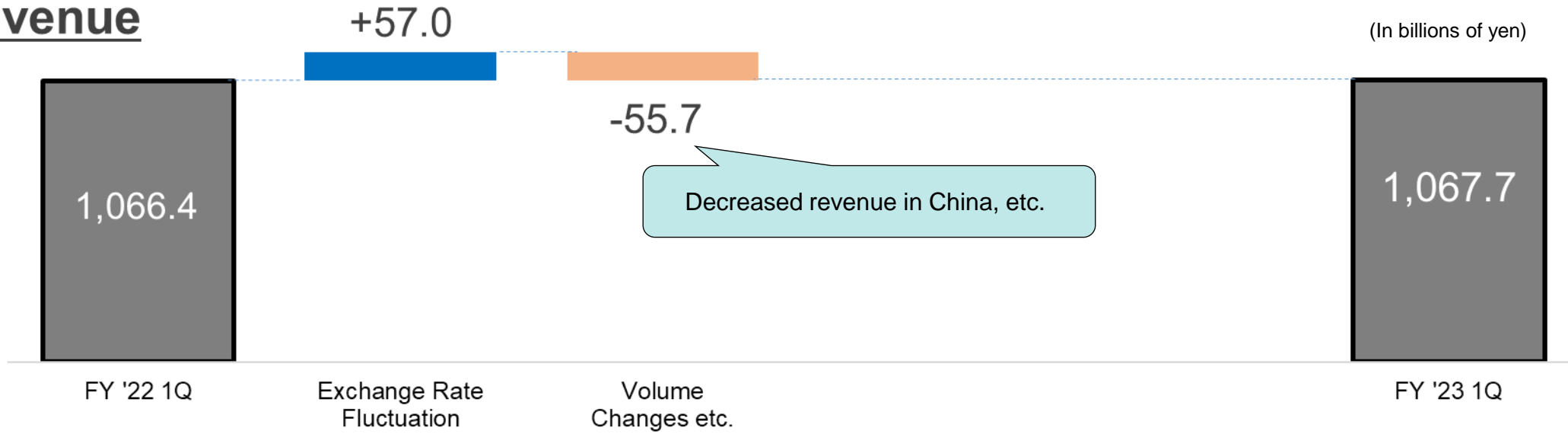
	FY '22 Q1	FY '23 Q1	B-A	B/A %
	A	B		
Revenue	1,066.4	1,067.7	+1.2	100
Operating profit	82.7	33.9	-48.8	41
(%)	[7.8%]	[3.2%]	[-4.6pt]	-
Profit before income taxes	89.5	46.8	-42.6	52
Net profit attributable to Mitsubishi Electric Corp. stockholders	61.8	33.4	-28.3	54

	FY '22 Q1	FY '23 Q1
Impact of exchange rate fluctuations on revenue	about ¥37 billion increase	about ¥57 billion increase

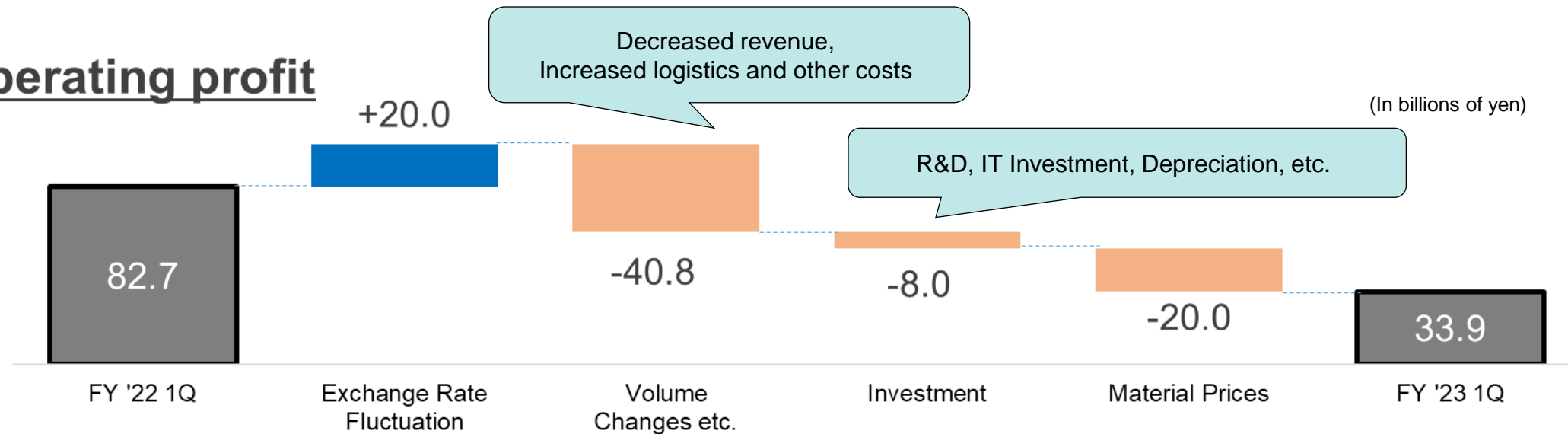


Revenue, Operating Profit, Analysis (FY '22 Q1 to FY '23 Q1)

Revenue



Operating profit



Consolidated Statement of Profit or Loss

(In billions of yen)

	FY '22 Q1 A		FY '23 1Q B		B-A
		% of Total		% of Total	
Revenue	1,066.4	100.0%	1,067.7	100.0%	+1.2
Cost of sales	748.3	70.2%	776.4	72.7%	+28.1
Selling, general and administrative expenses	237.8	22.3%	259.3	24.3%	+21.5
Other profit (loss)	2.4	0.3%	2.0	0.2%	-0.3
Operating profit	82.7	7.8%	33.9	3.2%	-48.8
Financial income/expenses	2.6	0.2%	7.7	0.7%	+5.1
Share of profit of investments accounted for using the equity method	4.0	0.4%	5.1	0.5%	+1.0
Profit before income taxes	89.5	8.4%	46.8	4.4%	-42.6
Income taxes	22.4	2.1%	11.2	1.1%	-11.1
Net profit	67.1	6.3%	35.6	3.3%	-31.4
Net profit attributable to Mitsubishi Electric Corp. Stockholders	61.8	5.8%	33.4	3.1%	-28.3

Consolidated Statement of Financial Position

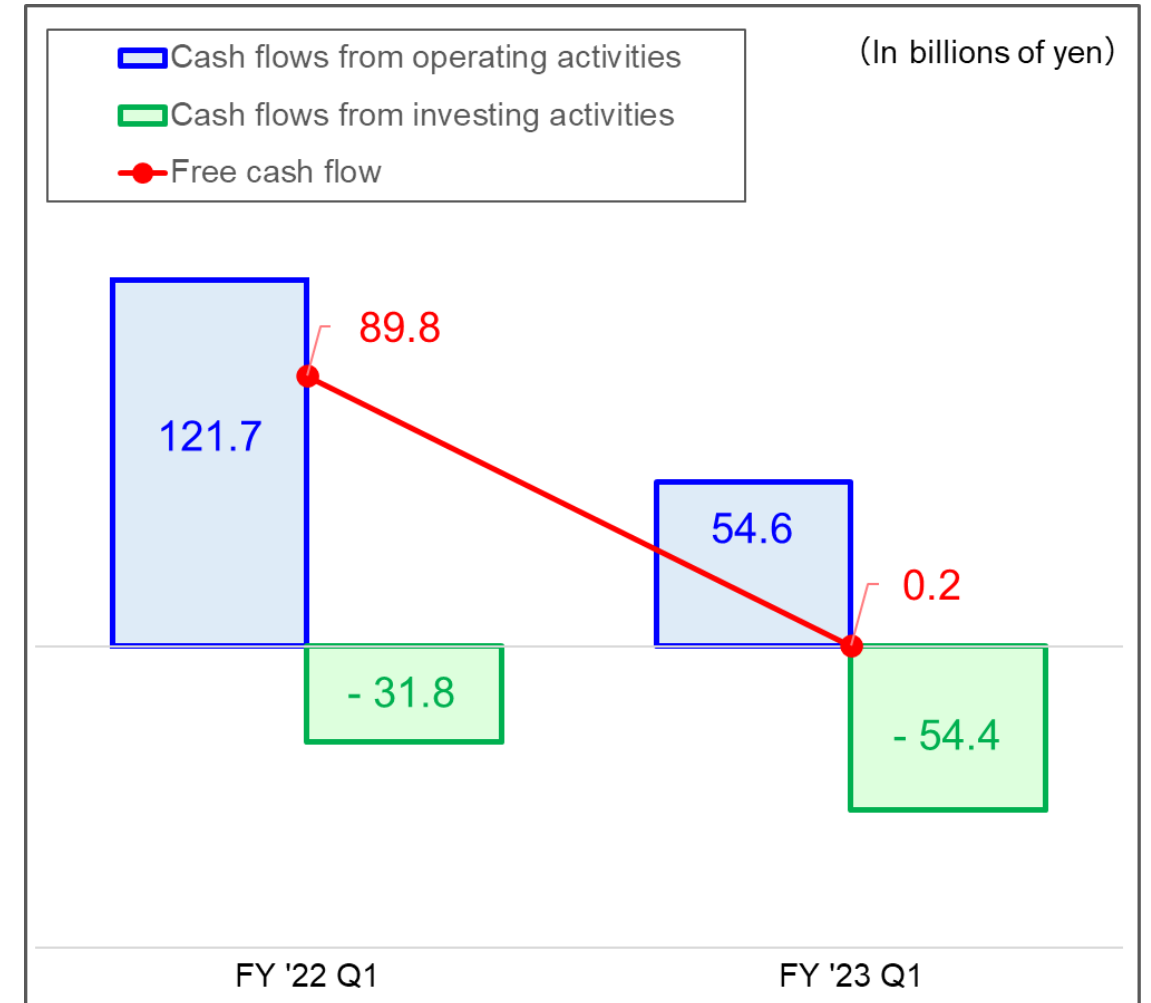
(In billions of yen)

	FY '22 Q1 A	FY '23 1Q B	B-A
Total assets	5,107.9	5,119.4	+11.4
Cash and cash equivalents	727.1	687.1	-40.0
Trade receivables and contract assets	1,232.1	1,072.7	-159.3
Inventories	959.6	1,096.3	+136.6
Property, plant and equipment	855.7	873.0	+17.2
Total liabilities	2,010.5	1,966.1	-44.4
Bonds and borrowings	217.1	219.8	+2.6
[Bonds, borrowings ratio]	[4.3%]	[4.3%]	[0.0pt]
Total equity	3,097.3	3,153.3	+55.9
Mitsubishi Electric Corp. stockholders' equity	2,975.9	3,027.2	+51.3
[Equity ratio]	[58.3%]	[59.1%]	[+0.8pt]

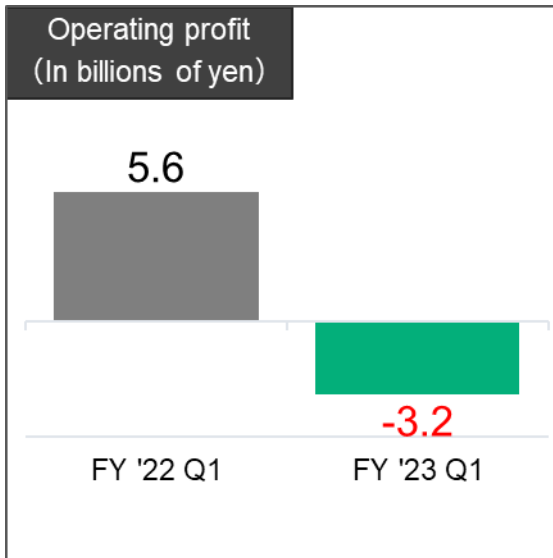
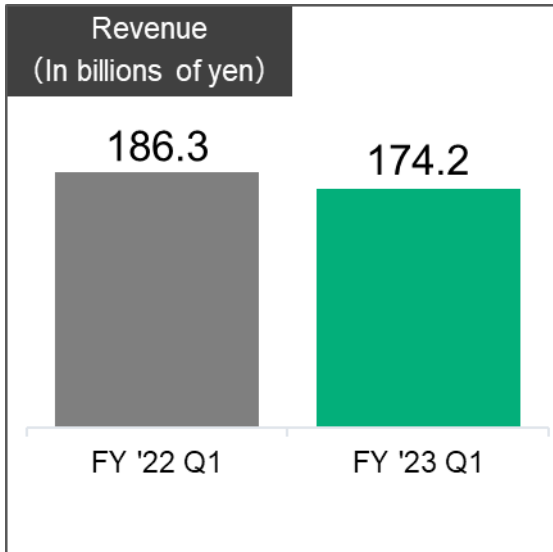
Consolidated Statement of Cash Flows

(In billions of yen)

	FY '22 Q1 A	FY '23 1Q B	B-A
Cash flows from operating activities	121.7	54.6	-67.0
Cash flows from investing activities	-31.8	-54.4	-22.5
Free cash flow	89.8	0.2	-89.6
Cash flows from financing activities	-93.5	-68.8	+24.6
Cash and cash equivalents at end of period	765.8	687.1	-78.6



<Infrastructure>



FY' 23 Q1

Revenue ¥174.2bn (YoY -¥12.1bn)

<Public Utility Systems> ¥68.8bn (YoY -¥4.2bn)

- The market saw robust investment in the public utility area outside Japan, while there was a continuing trend of railway companies in Japan revising their capital expenditure due to the impact of COVID-19.
- Orders increased YoY due primarily to an increase in the public utility area outside Japan, while revenue decreased YoY due mainly to a decrease in the transportation systems business in Japan.

<Energy Systems> ¥68.3bn (YoY -¥3.5bn)

- The market continued to see recovery in capital expenditures of power companies in Japan as well as robust demand for power supply stabilization in the expansion of renewable energy.
- Orders increased YoY due primarily to increases in the power generation business outside Japan and the power distribution business in Japan, while revenue decreased YoY due mainly to a decrease in the power generation business in Japan.

<Defense & Space Systems> ¥37.0bn (YoY -¥4.3bn)

- The business saw an increase in orders YoY due primarily to an increase in large-scale projects for the space systems business, while revenue decreased YoY due mainly to a decrease in large-scale projects for the defense systems business.

Operating profit -¥3.2bn (YoY -¥8.9bn)

- Declined YoY due primarily to a decrease in revenue and a shift in project portfolios.

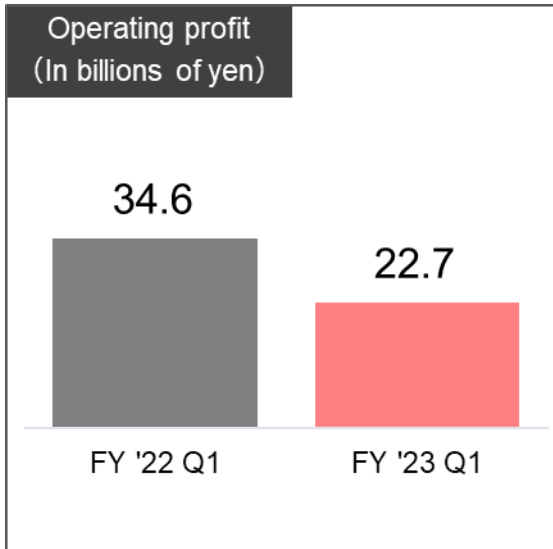
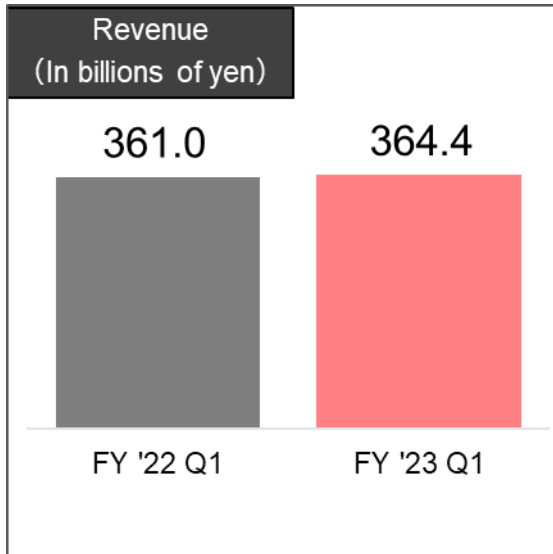
<Public Utility Systems> -¥2.5bn (YoY -¥3.5bn)

<Energy Systems> ¥2.1bn (YoY -¥2.8bn)

<Defense & Space Systems> -¥2.9bn (YoY -¥2.5bn)

Consolidated Financial Results by Business Segment

<Industry and Mobility>



FY' 23 Q1

Revenue ¥364.4bn (YoY +¥3.3bn)

<Factory Automation Systems> ¥190.1bn (YoY -¥3.3bn)

- The market saw a global increase primarily in demand for capital expenditures related to digital equipment such as semiconductors and electronic components, as well as products in the decarbonization area such as lithium-ion batteries.
- Orders increased YoY, while revenue decreased YoY due primarily to a decrease in revenue in China owing mainly to Shanghai's lockdown.

<Automotive Equipment> ¥174.2bn (YoY +¥6.7bn)

- The market saw a decrease in sales of new cars except some regions due primarily to the semiconductor shortage, although there was robust demand for electric vehicle-related equipment in line with the expansion of the electric vehicle market.
- The business saw increases in both orders and revenue YoY due primarily to the weaker yen.

Operating profit ¥22.7bn (YoY -¥11.9bn)

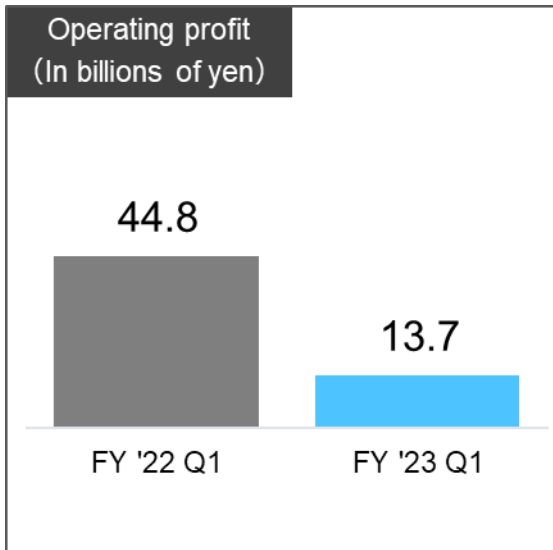
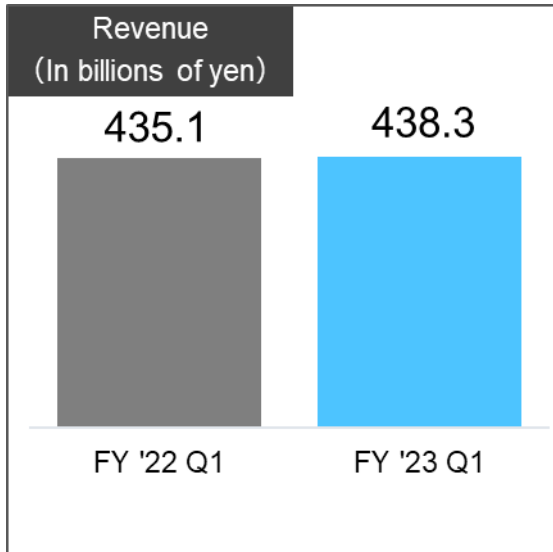
- Decreased YoY due mainly to the rise in material prices and logistics costs, despite the weaker yen.

<Factory Automation Systems> ¥30.7bn (YoY -¥4.4bn)

<Automotive Equipment> -¥8.0bn (YoY -¥7.4bn)

Consolidated Financial Results by Business Segment

<Life>



FY' 23 Q1

Revenue ¥438.3bn (YoY +¥3.2bn)

<Building Systems> ¥131.6bn (YoY +¥12.7bn)

- The market saw the signs of recovery from the sluggish market stemming from COVID-19.
- Orders decreased YoY due mainly to a decrease in China, while revenue increased YoY due mainly to the weaker yen and an increase in Japan and Asia.

<Air Conditioning Systems & Home Products> ¥306.7bn (YoY -¥9.5bn)

- The market saw the impact of Shanghai's lockdown and the electronic components shortage.
- The revenue decreased YoY due mainly to a decrease in residential and industrial air conditioners in Japan, China and North America.

Operating profit ¥13.7bn (YoY -¥31.0bn)

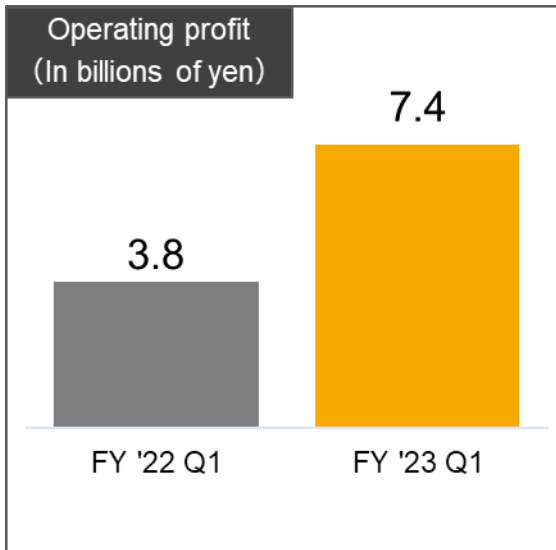
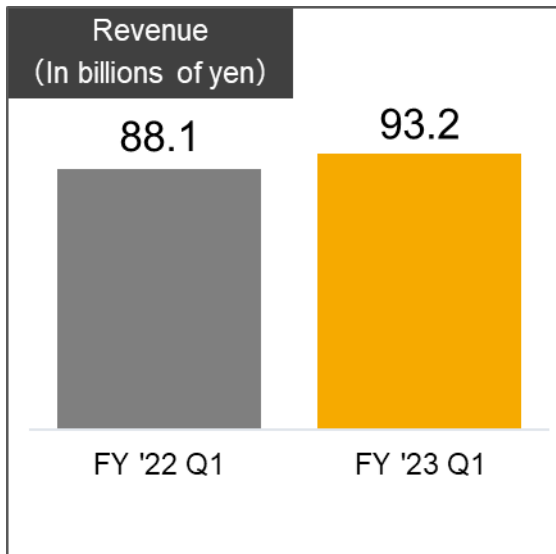
- Decreased YoY due primarily to the rise in material prices and logistics costs as well as the lower production level, despite the weaker yen.

<Building Systems> ¥5.4bn (YoY -¥0.0bn)

<Air Conditioning Systems & Home Products> ¥8.2bn (YoY -¥31.0bn)

Consolidated Financial Results by Business Segment

<Business Platform>



FY' 23 Q1

Revenue **¥93.2bn** (YoY +¥5.0bn)

<Information Systems & Network Service> ¥29.4bn (YoY +¥1.6bn)

- The market saw robust demand due mainly to the restarts of projects delayed in the COVID-19 pandemic.
- The business saw an increase in both orders and revenue due mainly to increases in the IT infrastructure service and the system integrations businesses.

<Semiconductor & Devices> ¥63.8bn (YoY +¥3.4bn)

- The market saw a decrease in power modules used in automotive applications, although optical communication devices remained robust in line with increasing demand for communication.
- Orders decreased YoY due primarily to the end of the TFT-LCD module business, while revenue increased YoY due primarily to the weaker yen as well as an increase in high frequency and optical devices, particularly in optical communication devices.

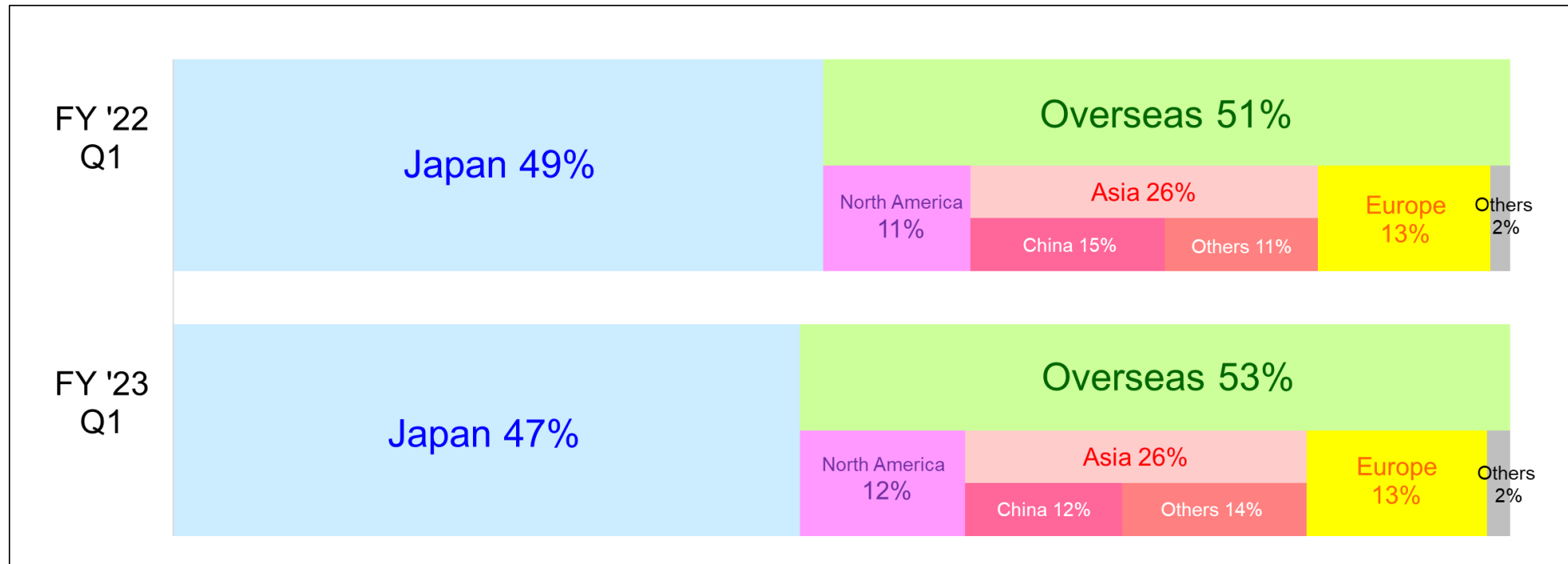
Operating profit **¥7.4bn** (YoY +¥3.5bn)

- Increased YoY due mainly to an increase in revenue.

<Information Systems & Network Service> ¥1.0bn (YoY +¥0.4bn)

<Semiconductor & Devices> ¥6.4bn (YoY +¥3.1bn)

Revenue by Location of Customers



(In billions of yen)

	Total	Japan	Overseas	North America	Asia	China	Others	Europe	Others
FY '22 Q1 A	1,066.4	518.1	548.2	117.4	277.0	155.3	121.6	137.6	16.1
FY '23 1Q B	1,067.7	500.5	567.1	131.5	272.9	125.7	147.2	143.7	18.9
B/A (%)	100%	97%	103%	112%	99%	81%	121%	104%	117%

FY '23 Forecast

(In billions of yen)

	FY '22 A	FY '23 Forecast		C/A (%)	C-B
		Previous* B	Current C		
Revenue	4,476.7	4,770.0	4,770.0	107%	-
Operating profit (%)	252.0 [5.6%]	270.0 [5.7%]	270.0 [5.7%]	107% -	- [- pt]
Profit before income taxes	279.6	295.0	295.0	105%	-
Net profit attributable to Mitsubishi Electric Corp. stockholders	203.4	215.0	215.0	106%	-

		FY '22		FY '23	FY '23	
		Q1	Full Year	Previous forecast*	Q1 (Actual)	Q2-Q4 (Forecast)
Foreign exchange rate	US\$	¥110	¥113	¥115	¥131	¥120
	Euro	¥132	¥131	¥125	¥139	¥130
	CNY	¥17.1	¥17.7	¥18.0	¥19.7	¥18.0

【Breakdown of change from previous forecast】

【Revenue】 -

- Impact of exchange rate fluctuations +85.0
- Impact of volume changes, etc. -85.0

【Operating profit】 -

- Impact of exchange rate fluctuations +31.0
- Impact of rise in material prices -17.0
- Impact of volume changes, etc. -14.0

* Announced on April 28, 2022

Supplementary Information

<Revenue and Operating Profit by Business Segment (actual)>

(In billions of yen)

	FY '22 Q1 A			FY '23 1Q B			B-A		
	Revenue	Operating profit (loss)	Operating profit margin	Revenue	Operating profit (loss)	Operating profit margin	Revenue	Operating profit	Operating profit margin
Infrastructure	186.3	5.6	[3.0%]	174.2	-3.2	[-1.9%]	-12.1	-8.9	[-4.9pt]
Public Utility Systems	73.0	1.0	[1.4%]	68.8	-2.5	[-3.6%]	-4.2	-3.5	[-5.0pt]
Energy Systems	71.9	5.0	[7.0%]	68.3	2.1	[3.1%]	-3.5	-2.8	[-3.9pt]
Defense & Space Systems	41.4	-0.3	[-0.9%]	37.0	-2.9	[-7.9%]	-4.3	-2.5	[-7.0pt]
Industry and Mobility	361.0	34.6	[9.6%]	364.4	22.7	[6.2%]	+3.3	-11.9	[-3.4pt]
Factory Automation Systems	193.5	35.2	[18.2%]	190.1	30.7	[16.2%]	-3.3	-4.4	[-2.0pt]
Automotive Equipment	167.4	-0.5	[-0.3%]	174.2	-8.0	[-4.6%]	+6.7	-7.4	[-4.3pt]
Life	435.1	44.8	[10.3%]	438.3	13.7	[3.1%]	+3.2	-31.0	[-7.2pt]
Building Systems	118.8	5.5	[4.7%]	131.6	5.4	[4.2%]	+12.7	-0.0	[-0.5pt]
Air Conditioning Systems & Home Products	316.2	39.2	[12.4%]	306.7	8.2	[2.7%]	-9.5	-31.0	[-9.7pt]
Business Platform	88.1	3.8	[4.4%]	93.2	7.4	[8.0%]	+5.0	+3.5	[+3.6pt]
Information Systems & Network Service	27.7	0.5	[2.1%]	29.4	1.0	[3.4%]	+1.6	+0.4	[+1.3pt]
Semiconductor & Device	60.3	3.2	[5.4%]	63.8	6.4	[10.1%]	+3.4	+3.1	[+4.7pt]
Others	160.4	3.8	[2.4%]	179.8	3.9	[2.2%]	+19.3	+0.1	[-0.2pt]
Eliminations and corporate	-164.8	-10.1	—	-182.4	-10.6	—	-17.6	-0.4	—
Consolidated Total	1,066.4	82.7	[7.8%]	1,067.7	33.9	[3.2%]	+1.2	-48.8	[-4.6pt]

Supplementary Information

<Revenue and Operating Profit by Business Segment (forecast)>

(In billions of yen)

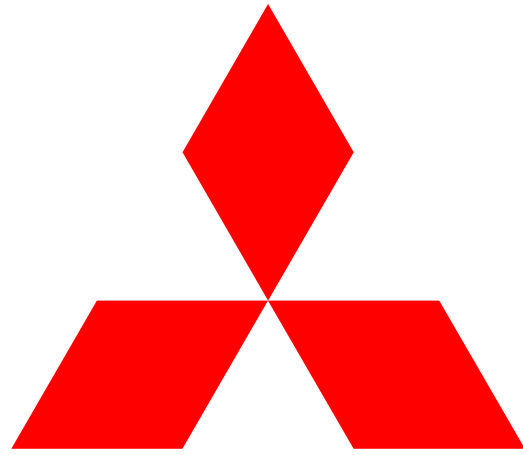
	FY '22 (Actual) (A)			FY '23 (Forecast)						C-A			C-B		
				Previous* (B)			Current (C)								
	Revenue	Operating profit (loss)	Operating profit margin	Revenue	Operating profit (loss)	Operating profit margin	Revenue	Operating profit (loss)	Operating profit margin	Revenue	Operating profit	Operating profit margin	Revenue	Operating profit	Operating profit margin
Infrastructure	946.1	41.5	[4.4%]	990.0	46.0	[4.6%]	960.0	44.0	[4.6%]	+13.8	+2.4	[+0.2pt]	-30.0	-2.0	[0.0pt]
Public Utility Systems	383.3	15.3	[4.0%]	400.0	23.0	[5.8%]	390.0	22.0	[5.6%]	+6.6	+6.6	[+1.6pt]	-10.0	-1.0	[-0.2pt]
Energy Systems	327.5	23.1	[7.1%]	310.0	18.0	[5.8%]	310.0	18.0	[5.8%]	-17.5	-5.1	[-1.3pt]	-	-	[- pt]
Defense & Space Systems	235.1	3.0	[1.3%]	280.0	5.0	[1.8%]	260.0	4.0	[1.5%]	+24.8	+0.9	[+0.2pt]	-20.0	-1.0	[-0.3pt]
Industry and Mobility	1,480.8	96.4	[6.5%]	1,580.0	108.0	[6.8%]	1,610.0	113.0	[7.0%]	+129.1	+16.5	[+0.5pt]	+30.0	+5.0	[+0.2pt]
Factory Automation Systems	776.1	128.0	[16.5%]	820.0	130.0	[15.9%]	830.0	135.0	[16.3%]	+53.8	+6.9	[-0.2pt]	+10.0	+5.0	[+0.4pt]
Automotive Equipment	704.6	-31.5	[-4.5%]	760.0	-22.0	[-2.9%]	780.0	-22.0	[-2.8%]	+75.3	+9.5	[+1.7pt]	+20.0	-	[+0.1pt]
Life	1,673.0	92.6	[5.5%]	1,760.0	99.0	[5.6%]	1,750.0	88.0	[5.0%]	+76.9	-4.6	[-0.5pt]	-10.0	-11.0	[-0.6pt]
Building Systems	527.8	21.8	[4.1%]	540.0	24.0	[4.4%]	550.0	27.0	[4.9%]	+22.1	+5.1	[+0.8pt]	+10.0	+3.0	[+0.5pt]
Air Conditioning Systems & Home Products	1,145.1	70.8	[6.2%]	1,220.0	75.0	[6.1%]	1,200.0	61.0	[5.1%]	+54.8	-9.8	[-1.1pt]	-20.0	-14.0	[-1.0pt]
Business Platform	382.8	26.4	[6.9%]	430.0	27.0	[6.3%]	430.0	30.0	[7.0%]	+47.1	+3.5	[+0.1pt]	-	+3.0	[+0.7pt]
Information Systems & Network Service	141.4	9.6	[6.8%]	150.0	10.0	[6.7%]	150.0	10.0	[6.7%]	+8.5	+0.3	[-0.1pt]	-	-	[- pt]
Semiconductor & Device	241.4	16.8	[7.0%]	280.0	17.0	[6.1%]	280.0	20.0	[7.1%]	+38.5	+3.1	[+0.1pt]	-	+3.0	[+1.0pt]
Others	737.3	26.7	[3.6%]	740.0	23.0	[3.1%]	750.0	27.0	[3.6%]	+12.6	+0.2	[0.0pt]	+10.0	+4.0	[+0.5pt]
Eliminations and corporate	-743.4	-31.8	-	-730.0	-33.0	-	-730.0	-32.0	-	+13.4	-0.1	-	-	+1.0	-
Consolidated Total	4,476.7	252.0	[5.6%]	4,770.0	270.0	[5.7%]	4,770.0	270.0	[5.7%]	+293.2	+17.9	[+0.1pt]	-	-	[- pt]

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



**MITSUBISHI
ELECTRIC**

Changes for the Better