

Start date of measures for electronic provision: May 30, 2024

To Shareholders

Other Matters Subject to Measures for Electronic Provision for the
153rd Ordinary General Meeting of Shareholders
(Matters omitted from written documents delivered)

For Fiscal 2024 (April 1, 2023–March 31, 2024)

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The abovementioned items are omitted from the written documents (written documents stating matters subject to measures for electronic provision) delivered to shareholders who have requested the delivery of such written documents, in accordance with the provisions of laws and regulations and Article 15 of Mitsubishi Electric's Articles of Incorporation.

MITSUBISHI ELECTRIC CORPORATION

■ Business Report

Summary of Systems Necessary to Ensure the Properness of Operations of the Company and the Status of the Management

- (1) For the execution of the duties of the Audit Committee, its independence is secured by assigning employees whose job is exclusively to assist the Audit Committee members. In addition, internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members are established and such expenses and debts are properly processed.

A system for reporting to the Audit Committee is developed to report information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control, and an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the Audit Committee members attend important meetings including Executive Officer meetings, hold discussions with Executive Officer, etc., and conduct investigations such as interviews with the executives of the Company's offices and subsidiaries, and undertake deliberations to determine audit policies, methods, implementation status, and results of the audit by regularly receiving reports from the Independent Auditor, and Executive Officers and Executive Officers (Associate) in charge of audits.

Item	Matters resolved	Status of management
<p>The matters prescribed by the applicable Ordinance of the Ministry of Justice as those necessary for the execution of the duties of the Audit Committee</p>	<ul style="list-style-type: none"> ■ Assign employees whose job is exclusively to assist the Audit Committee. ■ The Senior General Manager in charge of human resources will consult with Audit Committee members regarding the evaluation of performance by and relocation of employees exclusively assisting the Audit Committee. ■ Establish a system for reporting information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control. ■ Provide opportunities to attend important meetings, including Executive Officer meetings, to Standing Members of the Audit Committee. ■ Establish internal regulations and systems to protect people who reported information about the Company and its subsidiaries to the Audit Committee. ■ Establish internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members. ■ Establish the following structures and systems in relation to other audits by the Audit Committee: <ol style="list-style-type: none"> 1. Conduct investigation of the Company and its subsidiaries. 2. Undertake deliberations to determine audit policies, methods, implementation status and results of the audit by regularly convening debriefing sessions between the Independent Auditor, and Executive Officers and Executive Officers (Associate) in charge of audits. 3. Hold discussions between the Audit Committee members and Executive Officers, etc. (the execution divisions) for ensuring audit effectiveness of the Audit Committee. 	<ul style="list-style-type: none"> ■ Employees whose job is exclusively to assist the Audit Committee are assigned and are assisting the Audit Committee. ■ The Senior General Manager in charge of human resources consults with Audit Committee members regarding the evaluation of performance by and relocation of employees exclusively assisting the Audit Committee. ■ Reporting systems are established based on the type of information, and information about the Company and its subsidiaries is reported to the Audit Committee via the divisions in charge of internal control. ■ Results of internal audit are reported to the Audit Committee on a regular basis from the internal auditors via the Executive Officers and Executive Officers (Associate) in charge of audits. ■ An internal whistle-blower system is developed and its details are reported to the Audit Committee members. ■ Internal regulations and systems to protect people who reported information about the Company and its subsidiaries to the Audit Committee are established and are thoroughly informed in the Group. ■ Internal regulations regarding the processing of expenses and debts incurred in the execution of the duties of the Audit Committee members are established, and such expenses and debts are properly processed. ■ The Audit Committee members attend important meetings including Executive Officer meetings, hold discussions with Executive Officers, etc., and conduct investigations such as interviews with the executives of the Company's offices and subsidiaries. ■ The Audit Committee undertakes deliberations to determine audit policies, methods, implementation status and results of the audit by regularly receiving reports from the Independent Auditor, and Executive Officers and Executive Officers (Associate) in charge of audits and exchanging opinions.

(2) Internal regulations and systems to ensure the properness of operations within the Mitsubishi Electric Group are established. Executive Officers take responsibility for constructing such systems within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings.

Executive Officers regularly monitor the status of management of the systems. The divisions in charge of internal control monitor the status of design and management of internal control system and regulations. Also, an internal whistle-blower system is established and the matters reported thereto are informed to the Audit Committee members. Furthermore, the status of management of the system is audited by internal auditors, and the audit results are reported regularly to the Audit Committee via Executive Officers and Executive Officers (Associate) in charge of audit.

Item	Matters resolved	Status of management
<p>The development of systems necessary to ensure that the execution of duties by Executive Officers complies with laws and regulations and the Articles of Incorporation</p>	<ul style="list-style-type: none"> ■ Establish internal regulations ensuring that the Executive Officers' performance and execution of duties is in accordance with laws and regulations and the Articles of Incorporation. Internal auditors shall monitor the status of management. ■ Establish internal regulations related to compliance and develop a system necessary for promoting compliance. 	<ul style="list-style-type: none"> ■ Internal regulations ensuring that the Executive Officers' performance and execution of duties is in accordance with laws and regulations and the Articles of Incorporation are established. Their duties are executed in accordance with these internal regulations. ■ Various compliance activities are conducted in accordance with the established internal regulations related to compliance. ■ Compliance training is implemented for all Executive Officers on a regular basis. Points of concern for Executive Officers in light of legal reform and social trends are provided. <p>Executive Officers take responsibility for constructing systems to ensure the properness of operations of the Group within the areas over which they are appointed, and regularly monitor the status of management of the systems.</p> <p>The divisions in charge of internal control monitor the status of design and management of internal control system and regulations. Also an internal whistle-blower system is developed and its details are reported to the Audit Committee members.</p> <p>The status of management of the systems is audited by internal auditors, and the audit results are reported regularly to the Audit Committee via Executive Officers and Executive Officers (Associate) in charge of audit.</p>
<p>Other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of the Company, and of the corporate group formed by the Company and its subsidiaries</p>	<ul style="list-style-type: none"> ■ Establish internal regulations related to the record keeping and information management regarding Executive Officers' performance and execution of duties. Internal auditors shall monitor the status of management. ■ Executive officers shall take responsibility for constructing risk management systems related to possible losses within the areas over which they are appointed. Important matters shall be deliberated at Executive Officer meetings. Internal auditors shall monitor the status of management. In addition, establish internal regulations related to the emergency response division and other functions, preparing for emergency situations which may seriously affect management of the entire company. ■ Executive officers shall take responsibility for ensuring management efficiency within the areas over which they are appointed. In addition, an environment where each Executive Officer can share and discuss issues across the entire company shall be established. Important matters shall be deliberated at Executive 	<ul style="list-style-type: none"> ■ Internal regulations related to the record keeping and information management regarding Executive Officers' performance and execution of duties are established. Record keeping and information management are carried out in an appropriate manner. ■ Executive Officers take responsibility for constructing risk management systems related to possible losses within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings. ■ Preparing for emergency situations which may seriously affect management of the entire company, internal regulations related to the emergency response division and other functions are established, discussed, and handled. ■ Executive officers take responsibility for ensuring management efficiency within the areas over which they are appointed. Important matters are deliberated by convening Executive Officer meetings. In addition, issues across the entire company are shared and discussed among

Item	Matters resolved	Status of management	
	<p>Officer meetings. Internal auditors shall monitor the status of management.</p> <ul style="list-style-type: none"> ■ Establish the following systems ensuring that employees' performance and execution of duties is in accordance with laws and the Articles of Incorporation. Internal auditors shall monitor the status of management. <ol style="list-style-type: none"> 1. Establish internal regulations and action guidelines regarding ethics and compliance. 2. Implement an internal whistle-blower system. 	<p>Executive Officers.</p> <ul style="list-style-type: none"> ■ Internal regulations and action guidelines regarding ethics and compliance are established, based on which the performance and execution of duties is carried out. ■ Various types of compliance-related trainings are implemented for employees on a regular basis. 	

Item	Matters resolved	Status of management	
	<p>■The following systems shall be established in order to ensure the properness of operations within the Group.</p> <ol style="list-style-type: none"> 1. Executive officers shall manage the subsidiaries within the areas over which they are appointed. 2. Establish action guidelines shared throughout the Group. 3. Create a specialized organization for integrated management of the Group companies. 4. Build systems for reporting matters relating to the performance and execution of duties of the Group companies, managing risks of possible losses, and ensuring the efficiency of performance and execution of duties, and establish management standards. Important matters shall be deliberated and reported at Executive Officer meetings. 5. Conduct audits of subsidiaries by internal auditors. 	<p>■Executive Officers take responsibility for managing the subsidiaries within the areas over which they are appointed.</p> <p>■Action guidelines shared throughout the Group are established and thoroughly informed in the Group.</p> <p>■A specialized organization for the management of associated companies is created for the integrated management of the Group companies.</p> <p>■In order to ensure the properness of operations within the Group, management standards for the Group companies are established. Important matters of the Group companies are deliberated and reported by convening Executive Officer meetings.</p>	

■ Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(April 1, 2023 to March 31, 2024)

(Millions of yen)

Items	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of period	175,820	202,888	2,636,136	276,898	(52,715)	3,239,027	124,197	3,363,224
Net profit			284,949			284,949	11,996	296,945
Other comprehensive income (loss), net of tax				365,353		365,353	8,792	374,145
Comprehensive income	–	–	284,949	365,353	–	650,302	20,788	671,090
Reclassification to retained earnings			278,619	(278,619)		–		–
Dividends			(96,949)			(96,949)	(13,160)	(110,109)
Purchase of treasury stock					(45,860)	(45,860)		(45,860)
Disposal of treasury stock		(535)			535	–		–
Transactions with non-controlling interests and others		(7,196)				(7,196)	(4,731)	(11,927)
Balance at end of period	175,820	195,157	3,102,755	363,632	(98,040)	3,739,324	127,094	3,866,418

Notes to Consolidated Financial Statements:

1. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements of Mitsubishi Electric Corporation (the “Company”) are prepared in accordance with the International Financial Reporting Standards (“IFRS”), pursuant to the Article 120, Paragraph 1 of the Ordinance of Company’s Accounting. However, based on the second sentence of the same paragraph, some disclosure items required under IFRS are omitted.

2. Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries: 213

Number of associates and joint ventures accounted for using the equity method: 39

3. Significant Accounting Policies

(1) Valuation of Financial Instruments

(a) Non-derivative Financial Assets

(i) Financial assets measured at amortized cost

When financial assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, such financial assets are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at fair value, and subsequently measured at the initial recognition amount plus or minus accumulated amortization using the effective interest method, adjusting allowance for credit losses.

(ii) Financial assets measured at fair value

Equity instruments which are held primarily to maintain and strengthen business relationships are designated as financial assets measured at fair value through other comprehensive income, and all other financial instruments are classified as financial assets measured at fair value through profit or loss.

- Financial assets measured at fair value through other comprehensive income are initially measured at fair value. Changes in fair value after initial recognition are recognized in other comprehensive income.

- Financial assets measured at fair value through profit or loss are initially measured at fair value. Changes in fair value after initial recognition are recognized in profit or loss.

(b) Non-derivative Financial Liabilities

(i) Financial liabilities measured at fair value through profit or loss

Liabilities related to contingent considerations are classified into financial liabilities measured at fair value through profit or loss. Financial liabilities measured at fair value through profit or loss are initially recognized at fair value. Changes in fair value after initial recognition are recognized in profit or loss.

(ii) Financial liabilities measured at amortized cost

Financial liabilities other than financial liabilities measured at fair value through profit or loss are classified into financial liabilities measured at amortized cost. Financial liabilities measured at amortized cost are initially recognized at fair value, and subsequently measured at the initial recognition amount plus or minus accumulated amortization using the effective interest method.

(c) Derivatives

Derivatives are initially measured at fair value at the time that contracts are entered into. They are subsequently remeasured at fair value and resulting gains or losses are recognized in profit or loss. However, the effective part of cash flow hedges is recognized in other comprehensive income.

(2) Valuation of Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In determining the cost, work-in-process for build-to-ordered products are recorded under the specific identification method and make-to-stock products are recorded under the average cost method. Raw material and finished goods inventories are generally recorded using the average-cost method.

(3) Valuation and Depreciation of Property, Plant and Equipment

(a) Property, Plant and Equipment

The cost model is used to measure property, plant and equipment which are presented at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation of property, plant and equipment is generally calculated by the diminishing balance method over the estimated useful life of the assets, except for certain assets which are depreciated by the straight-line method.

(b) Right-of-use Assets

Right-of-use assets are recognized for all leases other than leases that have a lease term of 12 months or less and leases for which the underlying asset is of low value.

Right-of-use assets are initially measured at cost, which mainly comprises the amount of the initial

measurement of lease liabilities. Lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date that are discounted mainly using the lessee's incremental borrowing rate. After the initial recognition, right-of-use assets are measured applying a cost model, and presented at cost less any accumulated depreciation and any accumulated impairment losses.

Right-of-use assets are depreciated over the shorter of the useful life or the lease term in the same way as the depreciation of property, plant and equipment owned by the Group.

(4) Impairment of Non-financial Assets

The Company and its consolidated subsidiaries determine whether there is an indication of impairment for non-financial assets, excluding inventories and deferred tax assets. If there is an indication of impairment, these non-financial assets are tested for impairment by estimating the recoverable amount of the asset or cash generating unit. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually at the same time every year, irrespective of whether there was any indication of impairment. An impairment loss is recognized in profit or loss if the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

(5) Provisions

Provisions are recognized when the Company and its consolidated subsidiaries have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are recognized at the amounts of estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liabilities.

(6) Accounting Treatment of Post-employment Benefits

The present value of the defined benefit obligations and the related current service cost and past service cost are determined using the projected unit credit method.

Discount rates are determined by reference to the market yields of high quality corporate bonds, at the end of the consolidated fiscal year.

Net defined benefit liability or asset is determined at the present value of the defined benefit obligation less the fair value of the plan assets.

The amount of change arising from the remeasurement of defined benefit plans is fully recognized in other comprehensive income in the periods in which it arises and immediately reclassified to retained earnings. Past service costs are recognized in profit or loss for the period in which they arise.

(7) Revenues

The Company and its consolidated subsidiaries recognize revenue in an amount that reflects the consideration to which they expect to be entitled by transferring a good or service to a customer using the five-step approach below, except for income from interest and dividends as defined in IFRS 9.

Step1: Identify the contract(s) with a customer.

Step2: Identify the performance obligations in the contract.

Step3: Determine the transaction price.

Step4: Allocate the transaction price to the separate performance obligations in the contract.

Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For mass-produced goods such as home appliances, semiconductors and industrial products, revenue is recognized when the customer accepts the product. For products requiring acceptance inspection of delivered goods, revenue is only recognized when the customer accepts the product, the Company and its consolidated subsidiaries verify that the product achieves predefined performance and there remain only verification of items that are not significant for the customer's final operation check. Consideration for transactions is received primarily within one year after the performance obligation has been satisfied.

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

Revenue from specific construction contracts meeting certain criteria 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 estimated total cost. 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 is recognized in an amount that reflects the consideration to which the Company and its consolidated subsidiaries expect to be entitled by transferring the good or service. For contracts which consist of any combination of products, equipment, installation and maintenance, each element is treated as a separate performance obligation and revenue is allocated to each element in proportion to its stand-alone selling price when the good or service provided has a stand-alone value as a separate product.

For contracts which include subsequent changes in consideration such as rebates and discounts, the transaction price is determined by taking into account the variable consideration in a way that the actual value does not significantly diverge from the estimate.

For contracts in which the Company and its consolidated subsidiaries do not have discretion in establishing the transaction price, do not have inventory risk, or another party is primarily responsible for fulfilling the

contract, revenue is recognized on a net basis.

4. Note to Changes in Presentation Method

“Net defined benefit assets,” which was included in “Other non-current assets” under non-current assets in the previous fiscal year, is presented separately in this fiscal year due to increased materiality.

5. Notes to Accounting Estimates

The Group used accounting estimates for the following items to recognize their amounts in the consolidated financial statements for this fiscal year. These accounting estimates may significantly affect the consolidated financial statements for the next fiscal year.

(1) Estimated Total Cost of Contracts in which Performance Obligations are satisfied Over Time

The Group recognizes revenue for specific construction contracts meeting certain criteria in the Infrastructure segment, Life segment and Business Platform segment according to the progress of the construction. Revenue* in the Infrastructure segment, Life segment and Business Platform segment in this fiscal year are ¥1,036,613 million, ¥2,052,291 million and ¥142,058 million respectively. A part of these revenues are recognized according to the progress of the construction. The progress of construction is measured by comparing the cost incurred through this fiscal year to the estimated total 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.

The estimated total cost may be fluctuated due to changes in the environment. Deviations between estimates and actual results may significantly affect the amount of revenue in the consolidated financial statements for the next fiscal year.

Note: Revenue of each segment includes internal revenue between segments (transfer).

(2) Recognition and Measurement of Provisions

The Group records the expected amount of future losses on construction contracts in the Infrastructure segment, Life segment and Business Platform segment as a provision for loss on construction, if it is probable that the estimated total cost of such construction will exceed the contract order amount and if the expected loss amount can be reasonably estimated. The balance of provision for loss on construction as of March 31, 2024 is ¥57,157 million. 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.

The Group generally offers warranties on their products against certain manufacturing and other defects for specific periods of time and/or used conditions of the product. The Group records a provision for product warranties if it is probable that the future cost will be incurred as of the end of the fiscal year and if the expected cost can be reasonably estimated. The Group estimates future warranty costs based primarily on the historical experience of actual warranty claims as well as current information on repair costs. The balance of provision for product warranties as of March 31, 2024 is ¥61,856 million.

The estimated total cost in provision for losses on construction contracts and estimated future warranty cost in provision for product warranties may be fluctuated due to changes in the environment. Deviations between estimates and actual results may significantly affect the amount of provision for losses on construction contracts and provision for product warranties in the consolidated financial statements for the next fiscal year.

(3) Recoverable Amount of Property, Plant and Equipment, Goodwill and Intangible assets

For the impairment test of property, plant and equipment, goodwill, and intangible assets, the recoverable amount of an asset or cash generating unit is calculated as the higher of its value in use and its fair value less costs of disposal. Estimated future cash flows used in the calculation of value in use are discounted to their present value using a pre-tax discount rate reflecting the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses of ¥9,853 million are recognized for this fiscal year. As a result, the balance of property plant and equipment is ¥962,608 million, and the balance of goodwill and intangible assets is ¥211,864 million as of March 31, 2024.

The estimated future cash flows and estimated fair value less costs of disposal may be fluctuated due to changes in the environment. Deviations between estimates and actual results may significantly affect the amount of impairment losses on property, plant and equipment, goodwill and intangible assets in the consolidated financial statements for the next fiscal year.

The Group believes that the estimates based on these assumptions are reasonable. However, if any changes occur in the economic environment and accordingly revisions are required for such estimates, the recognition of impairment losses may become necessary for the next fiscal year.

(4) Recoverability of Deferred Tax Assets

A deferred tax asset is recognized for deductible temporary differences, unused tax losses carryforwards and tax credit carryforwards to the extent that is probable that they can be utilized against future taxable profit. In assessing the realizability of deferred tax assets, the Group estimates future taxable income, and considers whether it is probable that some portion or all of the deferred tax assets will be realized. The Group considers the scheduled reversal of deferred tax liabilities, projected future taxable profit, and tax planning strategies in making this assessment. The balance of deferred tax assets as of March 31, 2024 is ¥113,967 million.

The estimated future taxable profit may be fluctuated due to changes in the environment. Deviations

between estimates and actual results may significantly affect the amount of deferred tax assets in the consolidated financial statements for the next fiscal year.

(5) Measurement of Defined Benefit Obligation

Defined benefit obligation is calculated based on actuarial assumptions, such as the discount rate, the retirement rate, the lump-sum payment selection rate, and the mortality rate. The period of discount is determined based on the period to the date on which future annual benefits are expected to be paid. Discount rates are determined by reference to market yields consistent with the period of discount on high quality corporate bonds at the end of this fiscal year. The balance of net defined benefit assets and the balance of net defined benefit liabilities as of March 31, 2024 are ¥627,213 million and ¥150,960 million, respectively.

The actuarial assumptions may be fluctuated due to changes in the environment. Deviations between assumptions and actual results or changes in assumptions may significantly affect the amount of defined benefit obligation in the consolidated financial statements for the next fiscal year.

(6) Fair Value of Financial Instruments

The fair value of non-marketable equity instruments and investments in capital are 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. The balance of non-marketable equity instruments and investments in capital as of March 31, 2024 is ¥163,730 million.

The estimated fair value may be fluctuated due to changes in the environment. Changes in assumptions such as investee's performance and future cash flows estimation may affect the amount of other comprehensive income for the next fiscal year.

6. Notes to Consolidated Statement of Financial Position

(1) Allowance for credit losses directly deducted from assets: ¥16,469 million

(2) Accumulated depreciation of property, plant and equipment: ¥2,783,540 million

The figure for accumulated depreciation of property, plant and equipment includes accumulated impairment losses.

(3) Accumulated Other Comprehensive Income (Loss)

Changes in fair value of financial assets measured at fair value through other comprehensive income: ¥78,408 million

Exchange differences on translating foreign operations: ¥285,219 million

Net changes in the fair value of cash flow hedges: ¥5 million

(4) Guarantee liabilities: ¥5,348 million

7. Notes to Consolidated Statement of Changes in Equity

(1) Class and Total Number of Shares Issued and Outstanding and Treasury Stock as of March 31, 2024

Shares issued and outstanding (common stock): 2,147,201,551 shares

Treasury stock (common stock): 58,928,148 shares

Note: Treasury stock includes 1,807,321 shares of the Company's stock held by the Board Incentive Plan Trust.

(2) Items Concerning Dividends

Dividends paid: ¥ 96,949 million

8. Notes to Financial Instruments

(1) Items Concerning the Status of Financial Instruments

The Company and its consolidated subsidiaries undertake fund management primarily through short-term investments that have a maturity of three months or less from the date of acquisition and are readily convertible to cash and which are subject to an insignificant risk of changes in value. Such funds are recognized in cash and cash equivalents. Financing is conducted through borrowings from financial institutions and by issuing bonds.

Risks associated with customer credit risk-related trade receivables and contract assets are managed by first conducting screening through external agencies, then establishing customer credit limits and regularly monitoring customers' financial condition.

Other financial assets are mainly equity instruments, which are managed by regularly monitoring their fair value. The Company and certain consolidated subsidiaries also make use of derivative instruments to avoid market risks from changes in foreign currencies and interest rates, and do not hold or issue financial instruments for trading purposes.

(2) Items Concerning the Fair Value of 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 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 in this fiscal year.

For financial instruments classified as level 3, no significant increase or decrease in the fair value is expected if unobservable inputs are changed to reasonably possible alternative assumptions.

(i) 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 (including long-term bonds and borrowings to be repaid within 1 year))

Fair values of bonds are calculated using Reference Statistical Prices [Yields] for OTC Bond Transactions provided by 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.

(Millions of yen)

	Carrying amount	Fair value
Bonds and borrowings (including long-term bonds and borrowings to be repaid within 1 year)	169,605	166,330

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

(ii) Financial instruments measured at fair value on a recurring basis

The method of measurement of fair value and fair value of financial instruments measured at fair value on a recurring basis are as follows:

(Equity instruments and debt instruments)

The fair value of marketable equity instruments is calculated based on the market price at the end of the 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, investments in capital and debt instruments is calculated based on comprehensively taking into consideration quantitative information on the net assets and other financial information of the investee and forecasts of its future cash flows, and are classified as level 3 because fair value is calculated based on valuation techniques using unobservable indicators.

(Derivative assets and liabilities)

Fair values of derivatives are calculated based on market interest rates and market rates of foreign exchange banks as financial assets or financial liabilities measured at fair value through profit or loss and are classified as level 2 because fair value is calculated using observable market data.

(Contingent considerations)

The fair value of liabilities related to contingent considerations is calculated using the present value taking into account the probability of possible payment to contract counterparties and classified as level 3 because fair value is calculated based on valuation techniques using unobservable indicators.

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Equity instruments	117,398	–	162,928	280,326
Debt instruments	–	–	802	802
Derivative assets	–	2,291	–	2,291
Total assets	117,398	2,291	163,730	283,419
Derivative liabilities	–	9,984	–	9,984
Contingent considerations	–	–	1,087	1,087
Total liabilities	–	9,984	1,087	11,071

9. Notes to Per Share Information

Equity attributable to Mitsubishi Electric Corp. stockholders per share: ¥1,790.63

Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders: ¥135.74

Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders: ¥135.74

10. Notes to Significant Subsequent Events

There were no significant subsequent events.

11. Notes to Revenue

The Group's business consists of 6 reportable segments: Infrastructure, Industry & Mobility, Life, Business Platform, Semiconductor & Device and Others. Revenue is presented by these categories since the Company's management periodically uses them for decision of business resources allocation and evaluation of business operations.

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

In this fiscal year, in line with a restructuring of the management structure as of April 1, 2023, reportable segments were changed to the 6 segments as above from the previous 5 segments: Infrastructure, Industry & Mobility, Life, Business Platform and Others.

	(Millions of yen)							
	Japan	Overseas					Subtotal	Consolidated total
		North America	Asia	Europe	Other			
Infrastructure	790,470	151,467	46,341	25,916	10,106	233,830	1,024,300	
Industry & Mobility	660,627	284,568	517,007	216,352	16,863	1,034,790	1,695,417	
Life	797,673	244,748	497,977	430,717	63,897	1,237,339	2,035,012	
Business Platform	82,203	1	1	1	-	3	82,206	
Semiconductor & Device	78,908	15,279	104,416	59,838	383	179,916	258,824	
Others	149,584	959	11,339	268	5	12,571	162,155	
Consolidated total	2,559,465	697,022	1,177,081	733,092	91,254	2,698,449	5,257,914	

12. Other Notes

Other profit (loss)

Other profit (loss) in this fiscal year includes gain on sale of land of ¥26,733 million, and impairment losses of ¥9,853 million on property, plant and equipment, intangible assets and others.

■ Financial Statements

Statement of Changes in Net Assets

(April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity										
	Common stock	Capital surplus			Retained earnings					Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for reduction entry	General reserve	Retained earnings brought forward			
Balance at beginning of period	175,820	181,140	181	181,321	43,955	9,819	300,000	804,343	1,158,118	(52,715)	1,462,545
Changes of items during the period											
Dividends from surplus				–				(96,949)	(96,949)		(96,949)
Net income				–				292,207	292,207		292,207
Purchase of treasury stock				–					–	(45,861)	(45,861)
Disposal of treasury stock				–					–	535	535
Net change of items other than shareholders' equity				–					–		–
Total changes of items during the period	–	–	–	–	–	–	–	195,257	195,257	(45,325)	149,932
Balance at end of period	175,820	181,140	181	181,321	43,955	9,819	300,000	999,601	1,353,376	(98,040)	1,612,477

	Valuation and translation adjustments			Total net assets
	Unrealized gains (losses) on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	109,849	(31)	109,818	1,572,363
Changes of items during the period				
Dividends from surplus			–	(96,949)
Net income			–	292,207
Purchase of treasury stock			–	(45,861)
Disposal of treasury stock			–	535
Net change of items other than shareholders' equity	(58,500)	(89)	(58,589)	(58,589)
Total changes of items during the period	(58,500)	(89)	(58,589)	91,342
Balance at end of period	51,349	(120)	51,228	1,663,705

Notes to Financial Statements:

1. Valuation of Inventories

Raw materials and finished goods are generally recorded using the average-cost method. In work-in-process, Mitsubishi Electric Corporation (the “Company”) records the ordered products at the acquisition cost and the regular purchased products at the average production cost. The inventories on the balance sheet are measured by reflecting write-downs resulting from decreased profitability.

2. Valuation of Short-Term Investment and Investment Securities

(1) Investment in subsidiaries and affiliates: Cost method using the moving-average method

(2) Other securities:

Marketable securities: Fair value at the fiscal year-end. (Unrealized gains and losses, net of the related tax effect are directly recorded in shareholders' equity. The cost is determined on the moving-average method.)

Non-marketable securities: Cost method using the moving-average method

3. Depreciation of property, plant and equipment is calculated by the declining-balance method. However, depreciation of buildings (excluding attached facilities) acquired since April 1, 1998, and on facilities attached to buildings and structures acquired since April 1, 2016 are calculated by the straight-line method.

4. Basis for Calculating Provisions

(1) Allowance for doubtful accounts: To prepare for possible losses on uncollectible notes and accounts receivable. The Company records the estimated uncollectible amounts based on credit loss history for general accounts receivable, and the collectability for each individual account for specific doubtful receivables.

(2) Provision for product warranties: To prepare for expenses related to the servicing of products, the Company records an estimated amount based upon historical experience.

(3) Provision for losses on construction contracts: To prepare for possible losses on the estimated amount of uncompleted construction contracts during the fiscal year, the Company records provisions for aforementioned estimated amount.

(4) Retirement and severance benefits: To prepare for employees' retirement benefits, the Company records an amount calculated based upon the estimated retirement and severance benefit obligations and the fair value of plan assets at the end of the fiscal year.

Past service costs are amortized as incurred using the straight-line method over the average remaining years of service of the employees.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized using the straight-line method over the average remaining years of service of the employee.

(5) Provision for loss on investments in foreign subsidiaries and affiliates: To prepare for losses related to overseas investments, the Company records the amount of estimated losses based upon the financial conditions of the entities in which it has investments.

(6) Provision for directors' retirement benefits: To prepare for the payment of retirement benefits to directors and executive officers, the Company records the estimated amount at fiscal year-end calculated based upon internal regulations.

(7) Provision for competition-law-related expense: The Company records the estimated contingent losses related to Competition Laws.

5. Basis for Calculating Revenue and Expenses

The Company recognizes revenue in an amount that reflects the consideration to which they expect to be entitled by transferring a good or service to a customer using the five-step approach below, except for income from interest and dividends.

Step1: Identify the contract(s) with a customer.

Step2: Identify the performance obligations in the contract.

Step3: Determine the transaction price.

Step4: Allocate the transaction price to the separate performance obligations in the contract.

Step5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For mass-produced goods such as home appliances, semiconductors and industrial products, revenue is recognized when the customer accepts the product. For products requiring acceptance inspection of delivered goods, revenue is only recognized when the customer accepts the product, the Company verifies that the product achieves predefined performance and there remains only verification of items that are not significant for the customer's final operation check. Consideration for transactions is received primarily within one year after the performance obligation has been satisfied.

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

Revenue from specific construction contracts meeting certain criteria 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 estimated total cost. 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 is recognized in an amount that reflects the consideration to which the Company expects to be entitled by transferring the good or service. For contracts which consist of any combination of products, equipment, installation and maintenance, each element is treated as a separate performance obligation and revenue is allocated to each element in proportion to its stand-alone selling price when the good or service provided has a stand-alone value as a separate product.

For contracts which include subsequent changes in consideration such as rebates and discounts, the transaction price is determined by taking into account the variable consideration in a way that the actual value does not significantly diverge from the estimate.

6. The Company has adopted the group tax sharing system.

7. Changes in Presentation Method

“Prepaid pension costs,” which was included in “investments and other assets - other” in the previous fiscal year, is presented separately in this fiscal year due to increased materiality.

8. Accounting Estimates

Items and balances including major accounting estimates and assumptions that could have a significant effect on the amounts in the financial statements of the Company are as follows.

The details of the estimates have been omitted as they are identical to those in the notes to the consolidated financial statements.

(1) Estimated total cost of contracts in which performance obligations are satisfied over time

The Company has reported net sales of ¥2,682,655 million. A part of this is revenue recognized according to the progress of the construction pursuant to contract agreements.

(2) Provisions

Reserve for loss on construction contracts ¥23,861 million

Reserve for product warranties ¥38,609 million

(3) Property, plant and equipment and intangible fixed assets ¥463,729 million

(4) Deferred tax assets ¥60,583 million

(5) Prepaid pension costs ¥168,242 million

(6) Investment in securities and investment in subsidiaries and affiliates ¥684,018 million

9. Accumulated depreciation of property, plant and equipment: ¥1,705,313 million

The figure for accumulated depreciation of property, plant and equipment includes accumulated impairment losses.

10. Guarantee liabilities: ¥3,901 million

Loan guarantee on borrowing of affiliates from financial institutions: ¥2,000 million; Outstanding of transferred accounts receivable with recourse: ¥1,062 million; Others: ¥839 million

11. Receivables from affiliates:

Short-term: ¥599,886 million

Long-term: ¥6,698 million

Payables to affiliates:

Short-term: ¥657,198 million

Long-term: ¥71,046 million

12. Net sales to affiliates: ¥1,512,942 million

Purchases from affiliates: ¥1,242,256 million

Total transactions with affiliates, excluding operating transactions: ¥12,386 million

13. Shares issued and outstanding at the fiscal year-end (common stock): 2,147,201,551 shares

14. Treasury stock at the fiscal year-end (common stock): 58,928,148 shares

Note: The number of treasury stock includes 1,807,321 shares held through the Board Incentive Plan (BIP) Trust.

15. Dividends

(1) Amount of dividends paid

Resolution	Total cash dividends	Dividends per share	Record date	Effective date
May 15, 2023 resolution of the Board of Directors	¥54,940 million	¥26.00	March 31, 2023	June 2, 2023
October 31, 2023 resolution of the Board of Directors	¥42,009 million	¥20.00	September 30, 2023	December 4, 2023

(2) Dividends with a record date in the current period and the effective date in the next period

Resolution	Total cash dividends	Dividends per share	Record date	Effective date
May 9, 2024 resolution of the Board of Directors	¥62,702 million	¥30.00	March 31, 2024	June 4, 2024

16. Significant components of the deferred tax assets and deferred tax liabilities

(1) Deferred tax assets:

Depreciation, amortization, and others: ¥98,882 million

(2) Deferred tax liabilities:

Gain on contribution of securities to employee retirement benefit trust and others: ¥(38,298) million

(3) Net deferred tax assets: ¥60,583 million

17. Transactions with Related Parties

Category	Company name	% of voting rights	Relationship	Details of transactions	Amount (¥ Millions)	Item	Period-end balance (¥ Millions)
Subsidiary	Mitsubishi Electric Europe B.V.	Direct 100%	As a subsidiary, sells Mitsubishi Electric products	Sales of Mitsubishi Electric products*	228,582	Trade accounts receivables	104,508
Subsidiary	Mitsubishi Electric Living Environment Systems Corporation	Direct 73% Indirect 27%	As a subsidiary, sells Mitsubishi Electric's home electric systems and equipment	Sales of Mitsubishi Electric products*	203,333	Trade accounts receivables	49,922
Subsidiary	Mitsubishi Electric Automotive America, Inc.	Indirect 100%	As a subsidiary, purchases components from Mitsubishi Electric to manufacture and sell automotive equipment	Manufacture and sales of Mitsubishi Electric products*	120,798	Trade accounts receivables	43,794

Note: Terms of transactions with subsidiaries, including prices are determined through the negotiation considering the market condition.

18. Net assets per share: ¥796.69
Net income per share: ¥139.20
19. Gain on sales of investment in securities of ¥109,347 million is gain on sale of shares in Renesas Electronics Corporation.
20. Gain on sale of non-current assets of ¥5,090 million is gain on sale of land.
21. The impairment losses of ¥4,087 million is due to impairment of property, plant and equipment, etc.
22. Significant subsequent events

The Company decided to split its automotive-equipment business through an absorption-type company split as part of restructuring its automotive-equipment business aimed at streamlining decision-making processes and further accelerating business operations on October 31, 2023, and it established Melco Automotive Equipment Business Split Preparation Corporation (currently Mitsubishi Electric Mobility Corporation) as a succeeding company on November 1, 2023, executed the Company Split Agreement on November 15, 2023, and conducted the company split on April 1, 2024.

Melco Automotive Equipment Business Split Preparation Corporation (currently Mitsubishi Electric Mobility Corporation) succeeded the assets and liabilities of the Company's automotive-equipment business according to the Company Split Agreement, and the amounts are as follows.

Amount of assets: ¥241,685 million

Amount of liabilities: ¥194,248 million

Amount of valuation and translations adjustments: ¥17,447 million

The amount of liabilities includes ¥185,854 million, which was recognized as liabilities to the Company at the time of the transaction.

The absorption-type company split is treated as a transaction under common control based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).