

(Update on Disclosed Matter)
**Mitsubishi Electric and Mitsubishi Heavy Industries Execute Contract for
Absorption-type Company Split to Integrate Power-generator Systems
Businesses**

TOKYO, December 11, 2023 – [Mitsubishi Electric Corporation](#) (TOKYO: 6503) and Mitsubishi Heavy Industries, Ltd. (TOKYO: 7011) announced today that they have each signed a contract for an absorption-type company split with MTG Co., LTD, which has been established as a preparatory company to integrate the two firms' power-generator systems businesses under a planned joint venture. As previously announced, the two firms agreed—in principle by a basic agreement (hereinafter MOU) on December 26, 2022 and in detail by a definitive agreement (hereinafter DA) on May 29, 2023—on a plan to transfer their respective power-generator systems businesses to the planned joint-venture company in which Mitsubishi Electric and Mitsubishi Heavy Industries will become the shareholders on April 1, 2024.

Also today, Mitsubishi Electric and Mitsubishi Heavy Industries entered into a memorandum of understanding regarding amendment of DA (hereinafter Amendment Agreement).

Item numbers below are consistent with the previous announcement on May 29, 2023, and newly announced information is underlined.

2. Details of Integration

(1) Schedule

Execution of basic agreement	December 26, 2022
Decision on Absorption-type Company Split	May 29, 2023
Execution of definitive agreements	
Execution of company-split agreement	<u>December 11, 2023</u>
<u>Execution of Amendment Agreement</u>	
Effective date of company splits	April 1, 2024 (tentative)

Note1: Implementation of the planned business integration is subject to clearances, approvals and/or completion of processes required by and from relevant governmental agencies and competition authorities.

Note2: Since both Mitsubishi Electric and Mitsubishi Heavy Industries are expected to implement simple absorption-type splits, as set forth in Article 784, Paragraph 2 of the Companies Act of Japan, shareholder approval will not be required by either company.

(2) Method and Equity Contribution

The method will be an absorption-type company split. MTG, which was established as a preparatory company and is wholly owned by Mitsubishi Electric as a subsidiary, will become the succeeding company, and Mitsubishi Electric and Mitsubishi Heavy Industries will become the transferring companies.

MTG will issue 1,645 shares and 12,403 shares of common stock respectively to Mitsubishi Electric and Mitsubishi Heavy Industries in compensation for the company splits from the two companies. All shares will be allotted to the two companies, after which Mitsubishi Heavy Industries will assign a portion of its common stock holdings to Mitsubishi Electric so that Mitsubishi Electric will hold 51% and Mitsubishi Heavy Industries will hold 49% of the joint-venture company's shares as of the effective date of company splits.

Additionally, MTG will change its company name to Mitsubishi Generator Co., LTD, on the effective date of company splits.

(3) Share Acquisition Rights and Bonds with Share Acquisition Rights

Mitsubishi Electric has not issued any share acquisition rights nor has it issued any bonds with share acquisition rights. The obligations under share acquisition rights issued by Mitsubishi Heavy Industries will not be transferred to or succeeded by MTG. Mitsubishi Heavy Industries has not issued any bonds with share acquisition rights.

(4) Changes in Amounts of Capital Accompanying Company Splits

There will be no change in the capital stock or capital reserves of Mitsubishi Electric or Mitsubishi Heavy Industries as a result of the company splits.

(5) Rights and Obligations Transferred to Joint-venture Company

MTG will, in accordance with their respective contracts for the company splits, assume the assets, liabilities, rights, obligations and contracts that Mitsubishi Electric and Mitsubishi Heavy Industries have in relation to their respective power generator systems businesses.

(6) Outlook on Fulfillment of Obligations

Following the company splits, the obligations to be borne by MTG are expected to be duly performed.

3. Calculation Basis, etc., Concerning Allotment under the Company Splits

The number of shares of MTG to be allotted to Mitsubishi Electric and Mitsubishi Heavy Industries has been determined through discussions and negotiations based on the value of the businesses to be transferred after considering the performance forecast (revenues, expenses, profits and cash flows) of the businesses subject to the integration, in addition to the assets, liabilities, contracts, rights and obligations, etc. to be transferred.

4. Profile of the Parties of the Company Split

(1) Splitting companies (as of March 31, 2023)

Company Name	Mitsubishi Electric Corporation	Mitsubishi Heavy Industries, Ltd.
Head Office	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	3-2-3 Marunouchi, Chiyoda-ku, Tokyo
Representative	Kei Uruma Representative Executive Officer, President & CEO	Seiji Izumisawa President & CEO
Summary of Business	Development, manufacturing, sales, and service of products such as Infrastructure, Industry and Mobility, Life, and Business Platform	Major products and operations: Energy Systems, Plants & Infrastructure Systems, Logistics, Thermal & Drive Systems, Aircraft, Defense & Space
Established	January 15, 1921	January 11, 1950
Paid-in Capital	175,820 million yen	265,608 million yen
Shares Issued	2,147,201,551 shares	337,364,781 shares
Book Closing Date	March 31	March 31
Major Shareholders and Shareholding Ratio	The Master Trust Bank of Japan, Ltd. (Trust Account): 15.7% SSBTC CLIENT OMNIBUS ACCOUNT: 5.6% Custody Bank of Japan, Ltd. (Trust Account): 5.0%	The Master Trust Bank of Japan, Ltd. (Trust Account): 15.9% Custody Bank of Japan, Ltd. (Trust Account): 5.5% Meiji Yasuda Life Insurance Company: 2.3%
Operating Results for the Most Recent Business Year and Financial Positions as of the End of the Business Year (FY ended March 2023)		
Total Equity	3,363,224 million yen	1,883,984 million yen
Total Assets	5,582,519 million yen	5,474,812 million yen
Equity Attributable to Shareholders per Share	1,533.98 yen	5,183.10 yen
Revenue	5,003,694 million yen	4,202,797 million yen
Operating Profit	262,352 million yen	-
Profit from Business Activities	-	193,324 million yen
Profit Before Income Taxes	292,179 million yen	191,126 million yen
Net Profit Attributable to Shareholders	213,908 million yen	130,451 million yen
Basic Earnings per Share Attributable to Shareholders	101.30 yen	388.43 yen

(2) Succeeding company (as of July 24, 2023)

Company Name	<u>MTG Co., LTD</u>
Head Office	<u>2-7-3 Marunouchi, Chiyoda-ku, Tokyo</u>
Representative	<u>Yoshihide Asakura</u> <u>Representative Executive Officer</u>
Summary of Business	① <u>Design, manufacture, sales and after-sales servicing of generator and electrical equipment/devices associated with generator for power plant facilities.</u> ② <u>Any businesses incidental or related to the above.</u>
Established	<u>July 24, 2023</u>
Paid-in Capital	<u>20 million yen</u>
Shares Issued	<u>40 shares</u>

Book Closing Date	<u>March 31</u>
Major Shareholders and Shareholding Ratio	<u>Mitsubishi Electric 100%</u>

Note: MTG's operating results for the most recent fiscal year are not provided because the firm was established on July 24, 2023 and thus has no operating results to date.

5. Overview of Business to Be Transferred

(1) The scope of the business integration will be as follows.

- ① Design, manufacture, sales and after-sales servicing of generators and electrical equipment /devices associated with generator for power plant facilities.
- ② Any businesses incidental or related to the above..

(2) Operating results of the business to be transferred (FY ended March 2023)

Mitsubishi Electric

	Transferred business
Revenue	<u>28,107 million yen</u>

Mitsubishi Heavy Industries

	Transferred business
Revenue	<u>21,212 million yen</u>

(3) Item and book values of assets and liabilities to be split off or taken over in absorption-type split (FY ended March 2023)

Mitsubishi Electric

Assets		Liabilities	
Item	Amount	Item	Amount
Total Assets	<u>7,882 million yen</u>	Total Liabilities	<u>2,462 million yen</u>

Mitsubishi Heavy Industries

Assets		Liabilities	
Item	Amount	Item	Amount
Total Assets	<u>7,016 million yen</u>	Total Liabilities	<u>370 million yen</u>

Note: Above information is based on forecasts as of end March 2024. Actual assets or liabilities to be transferred may change.

6. Overview of succeeding company after execution of company split

(1) Name	<u>Mitsubishi Generator Co., Ltd.</u>
(2) Head office	<u>1-1-2 Wadasakicho, Hyogo-ku, Kobe City, Hyogo</u>
(3) Representative	<u>Naohiro Nakano, President and Representative Director</u>
(4) Business	Please refer to 4(2) Summary of Business
(5) Paid-in capital	<u>1,000 million yen</u>
(6) Fiscal year end	March 31

Note 1: MTG will change its company name from "MTG Co., LTD" to "Mitsubishi Generator Co., Ltd." and relocate its head office from Tokyo to Hyogo (1-1-2 Wadasakicho, Hyogo-ku, Kobe City) as of the effective date of company splits.

Note 2: For Mitsubishi Electric and Mitsubishi Heavy Industries, the two splitting companies, there is no change regarding the following: Company Name, Head Office, Representative, Summary of Business, Paid-in Capital, or Book Closing Date.

7. Outlook

The impact of the company splits on the business results and forecasts of Mitsubishi Electric and Mitsubishi Heavy Industries are expected to be negligible.

(For reference)

Consolidated Financial Results Forecasts and Previous year's Results

Mitsubishi Electric (Announced on October 31, 2023) (unit: million yen)

	Revenue	Operating Profit	Profit Before Income Taxes	Net Profit Attributable to Shareholders
Forecasts (FY ended March 2024)	5,200,000	330,000	355,000	260,000
Results (FY ended March 2023)	5,003,694	262,352	292,179	213,908

Mitsubishi Heavy Industries (Announced on November 6, 2023) (unit: million yen)

	Revenue	Profit from Business Activities	Profit Before Income Taxes	Net Profit Attributable to Shareholders
Forecasts (FY ended March 2024)	4,300,000	300,000	290,000	190,000
Results (FY ended March 2023)	4,202,797	193,324	191,126	130,451

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