

Summary of Consolidated Financial Statements for FY2023-2Q
(the Fiscal Year Ending March 31, 2023)
 < under Japanese GAAP >

Company Name:	Mitsubishi Estate Co., Ltd.	Listed Stock Exchanges: Tokyo
Securities Code:	8802	URL: https://www.mec.co.jp/index_e.html
Representative:	Junichi Yoshida, President & CEO	
Inquiries:	Motohiro Sato, General Manager of the Corporate Communications Department	TEL: +81-3-3287-5200
Filing of Quarterly Report (Planned):	November 14, 2022	Date for Payment of Dividends (Planned): December 6, 2022
Supplementary documents on quarterly financial results: Yes (FACT BOOK)		
Quarterly investors meeting: Yes (for institutional investors and analysts, in Japanese)		

*Figures are rounded down to the nearest million.

1. Consolidated Results for FY2023-2Q (April 1, 2022 – September 30, 2022)

* Percent figures for operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent express the percentage changes from the corresponding period of the previous fiscal year.

(1) Consolidated Results

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q FY2023	594,565	2.7	142,078	27.2	130,534	37.9	76,342	38.1
2Q FY2022	579,023	9.8	111,658	13.9	94,631	3.3	55,287	8.5

Note: Comprehensive Income:

2Q FY2023	¥199,582 million (78.9%)	2Q FY2022	¥111,543 million (135.6%)
-----------	--------------------------	-----------	---------------------------

	EPS	Diluted EPS
	Yen	Yen
2Q FY2023	57.71	57.71
2Q FY2022	41.36	41.35

(2) Consolidated Financial Position

	Total Assets	Net Assets	Total Equity to Total Assets
	Millions of yen	Millions of yen	%
Sep. 30, 2022	6,903,947	2,402,869	31.2
Mar. 31, 2022	6,493,917	2,236,432	30.8

(Reference) Total Equity	Sep. 30, 2022	¥2,151,056 million	Mar. 31, 2022	¥2,003,225 million
--------------------------	---------------	--------------------	---------------	--------------------

2. Dividends

(Date of Record)	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2022	—	16.00	—	20.00	36.00
FY2023	—	19.00			
FY2023 (Planned)			—	19.00	38.00

Note: Revisions to dividend forecast of the fiscal year ending March 31, 2023: No

3. Forecast of Consolidated Financial Results for FY2023 (April 1, 2022 – March 31, 2023)

* Percent figures for operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent express the percentage changes from the previous fiscal year.

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		EPS
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Fiscal Year	1,416,000	4.9	291,000	4.3	271,000	6.8	165,000	6.3	124.75

Note: Revisions to forecast of consolidated financial results for FY2023 during this quarter: No

Note: The Company resolved to repurchase its own shares at the board of directors meeting held on November 10, 2022. However, the impact of repurchase of own shares is not taken into account in regards to “EPS” in the forecast of consolidated financial results for FY2023.

4. Others

(1) Changes in Important Subsidiaries during the Period (Changes in Specified Subsidiaries in accordance with Changes in the Scope of Consolidation): No

(2) Adoption of the Simplified Accounting Method and Special Accounting Practices in the Preparation of Quarterly Consolidated Financial Statements: No

(3) Changes in Accounting Principles, Procedures, Presentation Methods, etc., Concerning the Preparation of Consolidated Financial Statements (Recorded under “Changes in Significant Matters in the Preparation of Consolidated Financial Statements”)

- 1) Changes of accompanying revisions in accounting standards: Yes
- 2) Changes of accompanying revisions other than 1. above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(4) Number of Outstanding Shares (Common Stock)

- 1) Number of outstanding shares at the fiscal period-end (including treasury stock)

Sep. 30, 2022	1,391,478,706 shares	Mar. 31, 2022	1,391,478,706 shares
---------------	----------------------	---------------	----------------------

- 2) Number of shares of treasury stock at the fiscal period-end

Sep. 30, 2022	68,563,301 shares	Mar. 31, 2022	68,852,376 shares
---------------	-------------------	---------------	-------------------

- 3) Average number of shares for the period (quarterly consolidated cumulative basis)

Sep. 30, 2022	1,322,765,652 shares	Sep. 30, 2021	1,336,838,869 shares
---------------	----------------------	---------------	----------------------

Implementation status of review processes

This Summary of Consolidated Financial Results is not subject to the review processes under the Financial Products and Exchange Law.

Cautionary Statement with respect to Forecast of Consolidated Financial Results

The forecasts and projected operating results contained in this report are based on information and data available to the Company at the time of disclosure as well as certain assumptions deemed rational. Therefore, actual performance may differ significantly from such forecasts due to various factors.

Details can be found on our website. (<https://www.mec.co.jp/e/investor/irlibrary/materials/index.html>)

Please refer to FACT BOOK for the details of revisions to the forecast of consolidated financial results announced today.

5. Notes to Quarterly Consolidated Financial Statements

(Significant Subsequent Events)

(The Repurchase of Own Shares)

The Company resolved to repurchase its own shares under Article 156 which is applicable in accordance with Article 165, Paragraph 3 of the Companies Act, at the board of directors meeting held on November 10, 2022.

- (1) Reasons for the repurchase of own shares

To improve capital efficiency and return to shareholders as part of the capital policy in the long-term management plan

- (2) Details of Matters Concerning Repurchase

- 1) Class of shares to be repurchased
Common shares
- 2) Total number of shares to be repurchased
70,000,000 shares (Maximum) (5.29 % of outstanding shares (excluding treasury stock))
- 3) Total amount of repurchase price
100 billion yen (Maximum)
- 4) Period of repurchase
From November 11, 2022 to November 10, 2023
- 5) Method of repurchase
Open market purchase on the Tokyo Stock Exchange

※The repurchase will not be implemented from April 20, 2023 to May 19, 2023 and from July 12, 2023 to August 4, 2023 within the period of repurchase, as the Company may consider granting restricted stock compensation (fixed and variable portions) under the remuneration system for corporate executive officers.

(The Cancellation of Treasury Stocks)

The Company announces that, pursuant to the delegation of authority approved by resolutions of the Board of Directors of the Company, the President and Chief Executive Officer of the Company decided to cancel the treasury shares in accordance with Article 178 of the Companies Act on November 10, 2022.

- (1) Details of Matters Concerning Cancellation

- 1) Class of shares to be cancelled
Common shares of the Company
- 2) Total number of shares to be cancelled
67,190,400 shares (4.83 % of the total number of issued shares before cancellation)
- 3) Scheduled date of the cancellation
November 30, 2022

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	233,117	275,478
Trade notes accounts receivable, and contract assets	60,645	49,063
Securities	4,280	4,979
Real estate for sale	41,239	44,214
Real estate for sale in process	299,532	456,715
Real estate for development	724	719
Costs on construction contracts in progress	4,316	6,399
Other inventories	1,575	1,679
Equity investments	624,521	705,455
Other	87,260	84,204
Allowance for doubtful accounts	(422)	(480)
Total current assets	1,356,789	1,628,428
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,919,944	2,982,829
Accumulated depreciation and impairment	(1,689,430)	(1,740,218)
Buildings and structures, net	1,230,513	1,242,611
Machinery, equipment and vehicles	99,855	100,890
Accumulated depreciation and impairment	(68,647)	(71,023)
Machinery, equipment and vehicles, net	31,208	29,866
Land	2,310,551	2,372,832
Land in trust	585,470	582,514
Construction in progress	169,700	221,324
Other	61,398	63,387
Accumulated depreciation and impairment	(42,852)	(44,692)
Other, net	18,545	18,695
Total property, plant and equipment	4,345,989	4,467,844
Intangible assets		
Leasehold interests in land	82,541	82,863
Other	25,550	25,312
Total intangible assets	108,092	108,175
Investments and other assets		
Investment securities	299,617	287,316
Long-term loans receivable	2,324	2,534
Leasehold and guarantee deposits	140,230	138,450
Retirement benefit asset	45,998	49,475
Deferred tax assets	25,887	26,600
Other	169,535	195,690
Allowance for doubtful accounts	(548)	(568)
Total investments and other assets	683,045	699,498
Total non-current assets	5,137,127	5,275,518
Total assets	6,493,917	6,903,947

(Millions of yen)

As of March 31, 2022 As of September 30, 2022

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Trade notes and accounts payable	60,516	44,662
Short-term borrowings	182,052	166,940
Current portion of long-term borrowings	79,928	234,663
Commercial papers	—	200,000
Current portion of bonds payable	90,000	40,000
Income taxes payable	29,445	21,356
Other	189,099	216,740
Total current liabilities	631,043	924,362
Non-current liabilities		
Bonds payable	786,335	827,418
Long-term borrowings	1,598,562	1,516,073
Leasehold and guarantee deposits received	451,749	445,393
Deferred tax liabilities	274,176	276,130
Deferred tax liabilities for land revaluation	264,082	264,082
Retirement benefit liability	27,402	28,124
Provision for retirement benefits for directors (and other officers)	464	466
Provision for environmental measures	888	885
Negative goodwill	85,526	86,332
Other	137,252	131,807
Total non-current liabilities	3,626,441	3,576,714
Total liabilities	4,257,484	4,501,077
Net assets		
Shareholders' equity		
Share capital	142,414	142,414
Capital surplus	159,749	159,714
Retained earnings	1,165,344	1,213,142
Treasury shares	(132,483)	(131,927)
Total shareholders' equity	1,335,024	1,383,344
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	130,841	127,613
Deferred gains or losses on hedges	103	2,420
Revaluation reserve for land	526,417	526,417
Foreign currency translation adjustment	2,162	104,163
Remeasurements of defined benefit plans	8,675	7,097
Total accumulated other comprehensive income	668,200	767,712
Share acquisition rights	201	193
Non-controlling interests	233,005	251,620
Total net assets	2,236,432	2,402,869
Total liabilities and net assets	6,493,917	6,903,947

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Operating revenue	579,023	594,565
Operating costs	422,963	404,952
Operating gross profit	156,059	189,612
Selling, general and administrative expenses	44,401	47,533
Operating profit	111,658	142,078
Non-operating income		
Interest income	355	294
Dividend income	3,702	4,113
Share of profit of entities accounted for using equity method	277	289
Contribution for construction	1,280	—
Other	2,168	3,065
Total non-operating income	7,784	7,762
Non-operating expenses		
Interest expenses	10,281	11,298
Loss on retirement of non-current assets	7,920	2,366
Other	6,609	5,642
Total non-operating expenses	24,811	19,307
Ordinary profit	94,631	130,534
Extraordinary income		
Gain on sale of non-current assets	—	6,269
Gain on sale of investment securities	6,208	—
Gain on sale of shares of subsidiaries and associates	1,878	—
Total extraordinary income	8,087	6,269
Extraordinary losses		
Loss related to retirement of non-current assets	11,569	10,796
Loss on valuation of investment securities	—	2,821
Total extraordinary losses	11,569	13,617
Profit before income taxes	91,149	123,186
Income taxes - current	27,926	31,550
Income taxes - deferred	611	(22)
Total income taxes	28,538	31,528
Profit	62,611	91,657
Profit attributable to non-controlling interests	7,323	15,314
Profit attributable to owners of parent	55,287	76,342

(Quarterly Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	62,611	91,657
Other comprehensive income		
Valuation difference on available-for-sale securities	7,838	(3,229)
Deferred gains or losses on hedges	329	1,101
Foreign currency translation adjustment	40,699	109,301
Remeasurements of defined benefit plans, net of tax	(753)	(1,564)
Share of other comprehensive income of entities accounted for using equity method	819	2,316
Total other comprehensive income	48,932	107,925
Comprehensive income	111,543	199,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	102,418	175,854
Comprehensive income attributable to non-controlling interests	9,124	23,727

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	91,149	123,186
Depreciation	44,965	46,084
Loss (gain) on sale and retirement of property, plant and equipment	15,138	363
Loss (gain) on sale of securities	(6,208)	—
Loss (gain) on valuation of securities	—	2,821
Loss (gain) on sale of shares of subsidiaries and associates	(1,878)	—
Bond issuance costs	281	253
Amortization of goodwill	1,260	1,489
Proceeds from contribution for construction	(1,280)	—
Share of loss (profit) of entities accounted for using equity method	(277)	(289)
Increase (decrease) in provisions	280	63
Increase (decrease) in retirement benefit liability	(1,817)	(4,859)
Interest and dividend income	(4,058)	(4,407)
Interest expenses	10,281	11,298
Decrease (increase) in notes and accounts receivable - trade and contract assets	10,502	12,916
Decrease (increase) in inventories	31,924	(133,010)
Decrease (increase) in equity investments	(7,649)	24,928
Decrease (increase) in advance payments to suppliers	2,619	(1,418)
Decrease (increase) in leasehold and guarantee deposits	(5,568)	1,790
Increase (decrease) in trade payables	(26,620)	(14,815)
Increase (decrease) in accrued consumption taxes	4,020	532
Increase (decrease) in leasehold and guarantee deposits received	(7,240)	(6,356)
Other, net	(49,415)	(7,428)
Subtotal	100,408	53,142
Interest and dividends received	3,917	4,996
Interest paid	(10,234)	(10,857)
Income taxes refund (paid)	(32,156)	(35,288)
Net cash provided by (used in) operating activities	61,935	11,993
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	2	67
Payments into time deposits	(1)	(1)
Proceeds from sale and redemption of securities	431	1,370
Purchase of securities	(505)	(1,246)
Proceeds from sale of property, plant and equipment	5	7,561
Purchase of property, plant and equipment	(170,379)	(146,612)

Proceeds from sale and redemption of investment securities	6,119	845
Purchase of investment securities	(5,398)	(1,808)
Purchase of leasehold interests in land	(523)	—
Proceeds from collection of short-term loans receivable	50	—
Short-term loan advances	(3,960)	(282)
Proceeds from collection of long-term loans receivable	282	7
Long-term loan advances	—	(180)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,883	—
Proceeds from contribution received for construction	1,280	—
Other, net	(3,751)	(4,595)
Net cash provided by (used in) investing activities	(174,465)	(144,875)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	45,628	(36,369)
Net increase (decrease) in commercial papers	63,000	200,000
Repayments of finance lease liabilities	(149)	(151)
Proceeds from long-term borrowings	140,583	82,380
Repayments of long-term borrowings	(74,646)	(37,308)
Proceeds from issuance of bonds	69,718	59,746
Redemption of bonds	(35,000)	(70,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(7,920)	—
Net decrease (increase) in treasury shares	(11,154)	(9)
Dividends paid	(25,224)	(26,445)
Dividends paid to non-controlling interests	(5,945)	(8,959)
Proceeds from share issuance to non-controlling shareholders	552	1,995
Other, net	(6)	(182)
Net cash provided by (used in) financing activities	159,435	164,697
Effect of exchange rate change on cash and cash equivalents	4,872	10,326
Net increase (decrease) in cash and cash equivalents	51,777	42,141
Cash and cash equivalents at beginning of period	172,307	234,244
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	740
Cash and cash equivalents at end of period	224,084	277,126