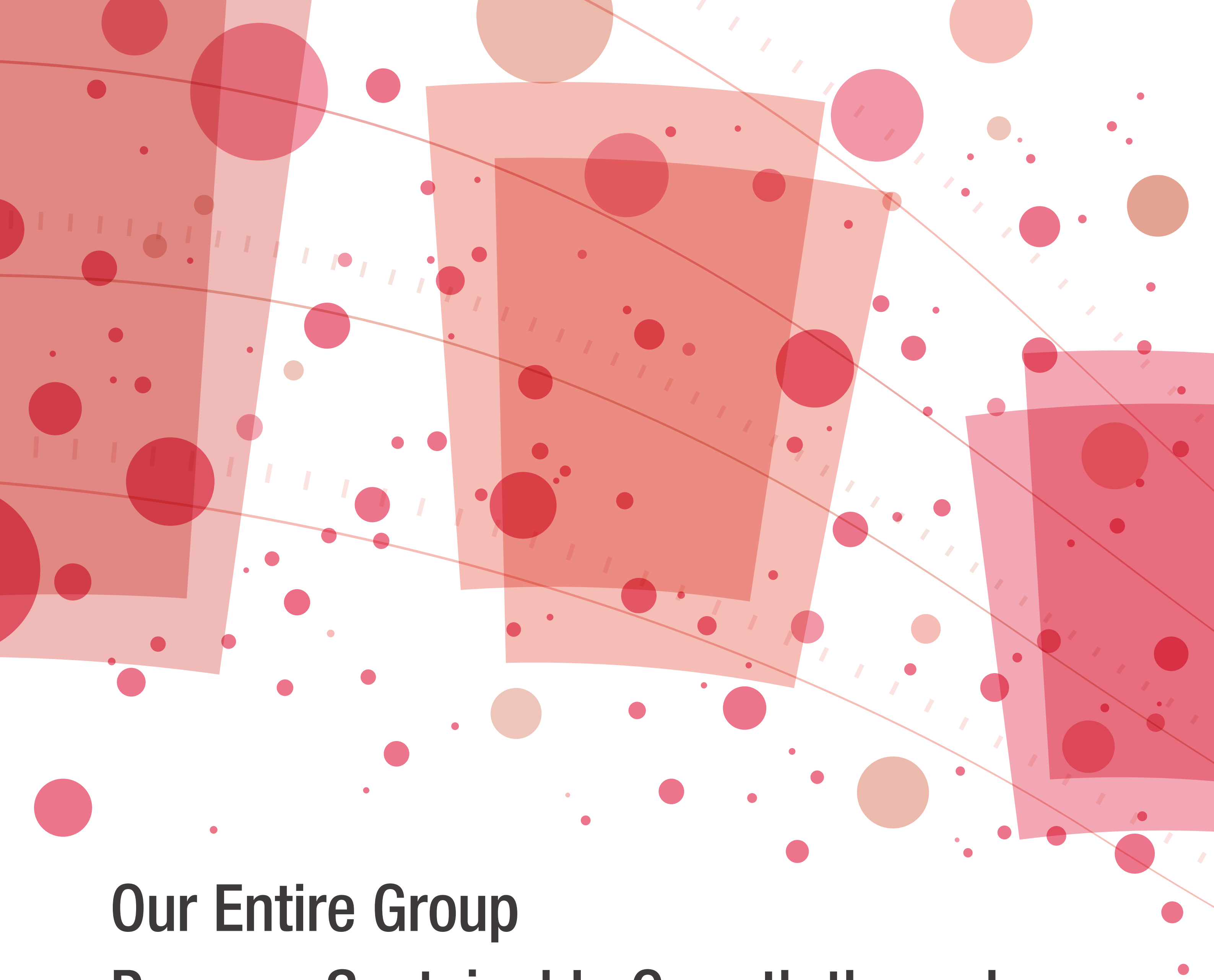
MITSUBISHI ELECTRIC
Changes for the Better

for a greener tomorrow eco Changes

2019 ANNUAL REPORT

For the year ended March 31, 2019



Our Entire Group Pursues Sustainable Growth through Value Creation to Resolve Social Issues

As the Mitsubishi Electric Group comes closer to celebrating in fiscal 2021 the 100th anniversary of our founding,
we are committed to providing solutions that combine products, systems, and services
to address diversifying social issues. In this way, we will further promote initiatives to create value,
such as simultaneous achievement of “sustainability,” and “safety, security, and comfort”
in the four fields of Life, Industry, Infrastructure, and Mobility.
Uniting all the capabilities inside and outside of the Mitsubishi Electric Group,
we will continue to deliver new value as we strive for continuous innovation.

Changes for the Better

Contents

To Our Shareholders and Investors

Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society. To this end, all members of the Group will pursue the following Seven Guiding Principles.

Seven Guiding Principles

Trust, Quality, Technology, Citizenship, Ethics and Compliance, Environment, Growth

During the fiscal year ended March 31, 2019 (hereinafter fiscal 2019), the economy saw a buoyant expansion in the U.S. and a slight slowdown in the Chinese economy, while there were gradual trends of recovery in Japan and Europe despite a recent slowdown in some indicators such as export and production. In addition, the yen, compared to the previous fiscal year, was substantially unchanged against the U.S. dollar, and remained strong against the euro in and after August.

Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to promote growth strategies rooted in its advantages, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, in fiscal 2019, the Mitsubishi Electric Group recorded revenue of ¥4,519.9 billion, up 2% from the previous fiscal year, operating profit of ¥290.4 billion, down 11%.

In accordance with its management targets, the Group will remain committed to maintaining a return on equity (ROE) of above 10% and keeping the ratio of interest-bearing debt to total assets below 15% while striving to achieve its growth targets for fiscal 2021, namely, consolidated revenue of ¥5 trillion or more and an operating income ratio of 8% or more. Moving forward toward securing sustained business expansion thereafter, the Mitsubishi Electric Group will also keep a focus on committing to a variety of management initiatives.

Based on our Corporate Mission and Seven Guiding Principles, we of the Mitsubishi Electric Group position Corporate Social Responsibility (CSR) initiatives as our main pillar of corporate management. Accordingly, the entire Group is committed to providing solutions that combine products, systems, and services to address the challenges that society faces, such as environmental issues and resource and energy issues. In this way, we will further promote initiatives to create value, such as simultaneous achievement of "sustainability," and "safety, security, and comfort" in the four fields of Life, Industry, Infrastructure and Mobility.

In an effort to promote value creation, in addition to enhancing business foundations (connection with customers, technologies, personnel, products, corporate culture,etc.) and evolving Technology Synergies and Business Synergies through strengthening all forms of collaboration while maintaining Balanced Corporate Management based on three perspectives: growth, profitability and efficiency, and soundness, the Mitsubishi Electric Group will transform our business models.

As we resolutely advance forward to achieve our goals, we ask for your continued support.

July 2019

T. Sugiyama

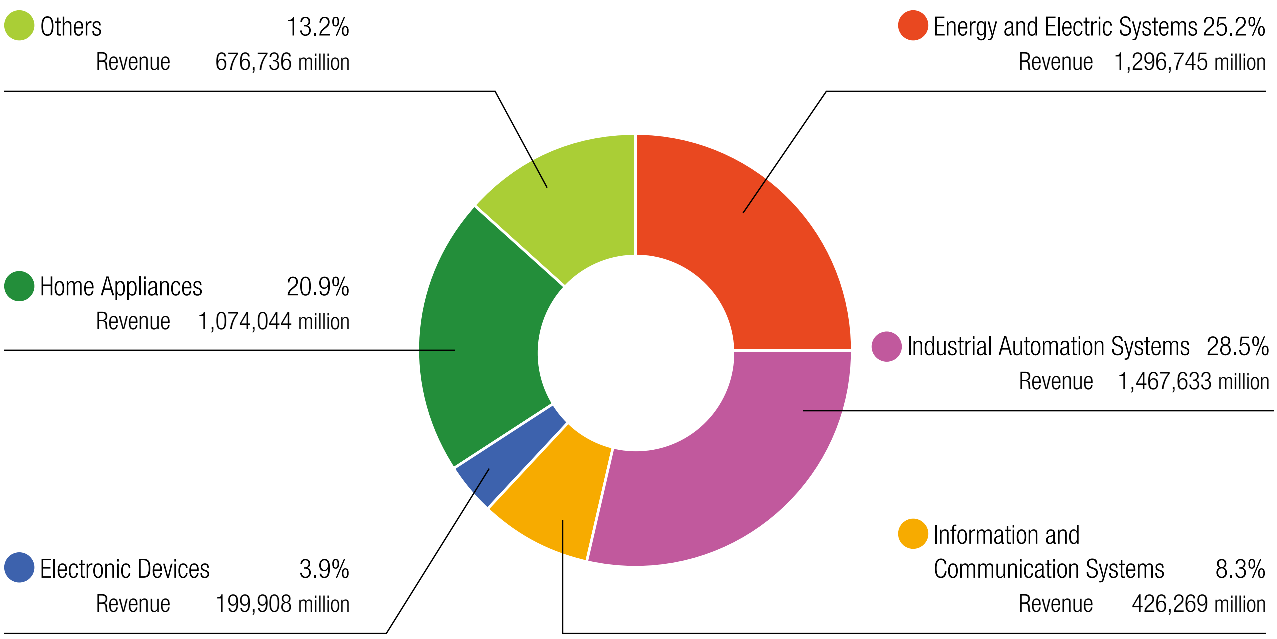
President & CEO   Takeshi Sugiyama

Performance for the Year Ended March 31, 2019

Years ended March 31	2018	2019	2019
	Yen (millions)		U.S. dollars (thousands)
Revenue	¥4,444,424	¥4,519,921	$40,720,009
Operating profit	327,444	290,477	2,616,910
Net profit attributable to Mitsubishi Electric Corp. stockholders	255,755	226,648	2,041,874
Total assets	4,305,580	4,356,211	39,245,144
Bonds and borrowings	311,950	298,438	2,688,631
Mitsubishi Electric Corp. stockholders' equity	2,294,174	2,399,946	21,621,135
Capital expenditure (Based on the recognized value of property, plant and equipment)	181,513	198,442	1,787,766
R&D expenditures	210,308	212,794	1,917,063
	Yen		U.S. dollars
Per Share Amounts			
Earnings per share attributable to Mitsubishi Electric Corp. stockholders			
Basic	¥119.19	¥105.65	$0.952
Diluted	119.19	105.65	0.952
Cash dividends declared	40	40	0.360
	%		
Statistical Information			
Operating profit ratio	7.4%	6.4%	—
Return on equity (ROE)	11.7	9.7	—
Bonds and borrowings to total assets	7.2	6.9	—

1 The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) from the year ended March 31, 2019 and also for the fiscal year ended March 31, 2018 as comparative information.
2 R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
3 Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders, as no dilutive securities existed.
4 U.S. dollar amounts are translated from yen at the rate of ¥111= U.S.$1, the approximate rate on the Tokyo Foreign Exchange Market on March 31, 2019.

Revenue Breakdown by Business Segment



Note: Inter-segment sales are included in the amounts of the diagram above.

Results of main initiatives in fiscal 2019

Reducing CO_2 from Production

We will push forward with reductions in CO_2 from production(CO_2 originating from energy), as well as reducing non-CO_2greenhouse gases (SF_6, HFC, and PFC).

FY2021 target: Total emission of greenhouse gases from production (CO_2 equivalent) 1.47 million tons or less

Results: FY2019 **1.30 million tons**

Contribution to Reducing CO_2 from Product Usage

We will help reduce CO_2 emissions through reducing the electricity consumed by customers during product use.

FY2021 target: Reducing CO_2 emissions from product usage by an average of 35% compared to use in fiscal 2001

Results: FY2019 **36% reduction**

Effective Utilization of Resources

We will promote thorough waste separation, recycling, and greater efficiency of waste collection and transport in order to reduce final waste disposal.

FY2021 target: Final disposal rate in Japan Less than 0.1%
Final disposal rate overseas Less than 0.5%

Results: FY2019 Less than **0.1%** for Mitsubishi Electric and domestic affiliates **0.52%** for overseas affiliates

Reducing Resource Inputs

We will reduce the use of resources (resource inputs) as a measure towards creating a recycling-based society.

FY2021 target: Reduce resource inputs by an average of 40% compared to fiscal 2001

Results: FY2019 **45% reduction**

Nature Conservation Activities

We will continue to hold Mitsubishi Electric Outdoor Classrooms and proceed with the “Satoyama” Woodland Preservation Project.

FY2021 target: The cumulative number of participants in Mitsubishi Electric Outdoor Classrooms and the “Satoyama” Woodland Preservation Project.

Results: FY2019 **43,000 participants**

Product development that places top priority on customer safety

We will ensure safety through risk assessment and implement product development that places top priority on customer safety.

Risk assessments of target home electronic products

Results: FY2019 Maintain **100%** implementation

Promote human rights initiatives that are based on international norms

We will identify and evaluate impacts on human rights across the Group.

Human rights impact assessment

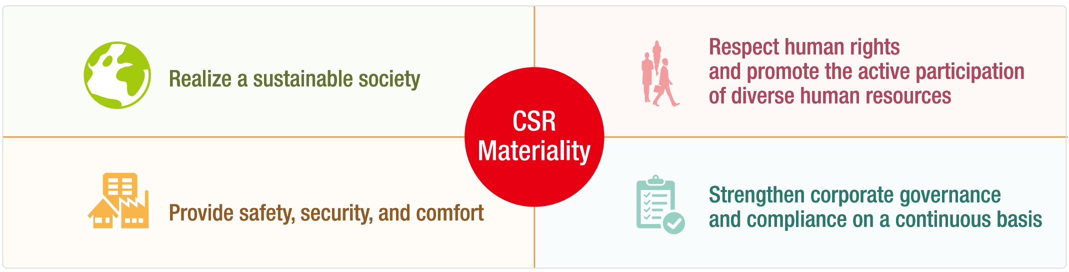
Results: FY2019 Achieve a **100%** rate of implementation by target companies

Compliance training on a continuous basis

We provide compliance education that utilizes diverse methods, on a continuous basis.

Mitsubishi Electric’s e-learning programs on compliance

Results: FY2019 Maintained a **100%** attendance rate



web For results of fiscal 2019, please refer to the following:
https://www.MitsubishiElectric.com/en/sustainability/csr/management/management/materiality_progress/index.html

Initiatives / External Evaluation

Main initiatives and external evaluations related to ESG are as follows:

Initiatives

Participation in the UN Global Compact

In May 2018, the Mitsubishi Electric Group signed the UN Global Compact (UNGC) aimed at promoting CSR activities based on international norms.

By signing the UNGC, the Group pledges to make continued efforts toward sustainable growth by complying with the ten principles in the four areas of human rights, labor, environment and anti-corruption to the extent that it can influence society. Efforts will be made to enhance the Group's activities by maintaining close communication with UN organizations and relevant initiatives.

Expression of approval of the TCFD recommendations

The Mitsubishi Electric Group has expressed approval of the recommendations by TCFD (Task Force on Climate-related Financial Disclosures).

External Evaluation

CDP

Mitsubishi Electric has received the highest rating from CDP.

- "A List" company for "Climate Change" and "Water Security" for three consecutive years
- "Supplier Engagement Leader"

FTSE Index Series

FTSE Russell (UK) is a company that engages in the development of global investment indexes and the provision of financial data to investors. Mitsubishi Electric was selected as a constituent of the company's FTSE4Good Index Series. Additionally, Mitsubishi Electric was selected as a constituent of the FTSE Blossom Japan Index. The index has also been adopted as an investment outlet by the Government Pension Investment Fund (GPIF).

MSCI Indexes

MSCI (USA) is a company that calculates and announces various indexes of global constituents. Mitsubishi Electric was selected as a constituent of MSCI ESG Leaders Indexes. Mitsubishi Electric was selected as a constituent for the MSCI Japan ESG Select Leaders Index, which consists of Japanese stock names ranked according to their ESG (environment, social, governance) performance, and also for the MSCI Japan Empowering Women Index (WIN), consisting of select companies in Japan displaying excellent gender diversity. The two indexes have also been adopted as an investment outlet by GPIF.

S&P/JPX Carbon Efficient Index

Mitsubishi Electric was selected as a constituent of the S&P/JPX Carbon Efficient Index designed to measure the performance of companies by focusing on the level of carbon efficiency (carbon emissions per sales). The Index, which is constructed by S&P Dow Jones Indices, is based on carbon emission data by Trucost, which assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors. The index has also been adopted as an investment outlet by GPIF.

S&P/JPX Carbon Efficient Index

The Mitsubishi Electric Group has taken on the challenge of resolving diversifying social challenges including environmental issues and resource and energy issues through its products, systems and services. In doing so, it promotes initiatives to create values, such as simultaneous achievement of “sustainability,” and “safety, security, and comfort.” In these ways, the Mitsubishi Electric Group pursues the sustainable growth of the entire Group.

Mission

Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, enhance the quality of life in our society. To this end, all member of the Group will pursue the following Seven Guiding Principles.

Seven Guiding Principles

1. Trust
Establish relationships with society, customers, shareholders, employees, and business partners based on strong mutual trust and respect.

2. Quality
Provide the best products and services with unsurpassed quality

3. Technology
Pioneer new markets by promoting research and development, and fostering technological innovation.

4. Citizenship
As a global player, contribution to the development of communities and society as a whole.

5. Ethics and compliance
In all endeavors, conduct ourselves in compliance with applicable laws and high ethical standards.

6. Environment
Respect nature, and strive to protect and improve the global environment.

7. Growth
Assure fair earnings to build a foundation for future growth.

Management Policy, Strength

Balanced Corporate Management

Pursue the Satisfaction of the Four Stakeholder Categories

Social Contributions	Excellent Products and Services	Increase Corporate Value	Rewarding Workplace
Society	Customer	Shareholder	Employee

Strive for Continuous Innovation

Always improving. Always delivering new value.

Toward a Higher Level of Growth

Growth Targets for FY2021	Management Targets to be Continuously and Stably Achieved
• Revenue···5 trillion JPY or more	• ROE···10% or more
• OPM···8% or more	• Debt Ratio···15% or less

Strength of the Mitsubishi Electric Group

- A wide range of technological assets such as controls and power electronics
- Activities in diverse businesses with different business features
- “Kaizen” (improvement) culture taking root in every field, including production, quality management, sales, services, etc.

Meanwhile, by pursuing sustainable growth of the Group through all its corporate activities including initiatives to create value, the Group will also contribute to achieving the SDGs, common global goals.

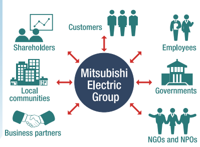
Contribute through all corporate activities

Initiatives That Support Business

Environmental Sustainability Vision 2 0 5 0

Environment

Social | Governance



Contribute through value creation

Focusing on the SDGs

The four fields

Mobility	Life
Infrastructure	Industry

Initiatives to Create Value

Provide integrated solutions uniting all the capabilities inside and outside of the Group

Transforming business models

Enhance the 100-year business foundation ×Strengthen all forms of collaboration = Evolution of Technology Synergies and Business Synergies

CSR Materiality

- Respect human rights and promote the active participation of diverse human resources
- Realize a sustainable society
- Strengthen corporate governance and compliance on a continuous basis
- Provide safety, security, and comfort

SUSTAINABLE DEVELOPMENT GOALS

Society 5.0
—Co-creating the future—

Sustainable Growth

Diversifying social challenges

Corporate Strategy

The Mitsubishi Electric Group has positioned corporate social responsibility (CSR) as a pillar of its corporate management, based on its Corporate Mission and Seven Guiding Principles. Accordingly, the Group has made committed efforts to become a corporation whose actions are rated highly through its initiatives toward solving social challenges. In other words, we aim to become a corporation that is trusted by its stakeholders, including society, customers, shareholders, and employees, and that earns their satisfaction through its business practices.

The Group has taken on the challenge of resolving diversifying social challenges including environmental issues and resource and energy issues through its products, systems and services. In doing so, it promotes initiatives to create values, such as simultaneous achievement of “sustainability,” and “safety, security, and comfort.” In these ways, the Mitsubishi Electric Group pursues the sustainable growth of the entire Group.

《Strategy》

Mitsubishi Electric will provide integrated solutions to address diversifying social challenges, in the four fields of Life, Industry, Infrastructure and Mobility, uniting all the capabilities inside and outside of the Group. For this purpose, we will enhance our business foundation fostered over the past 100 years and further transform business models.

*Business foundation fostered over the past100 years: connection with customers, technologies, personnel, products, corporate culture,etc.

Corporate Mission

The Mitsubishi Electric Group will continually improve its technologies and services by applying creativity to all aspects of its business. By doing so, we enhance the quality of life in our society.

Initiatives to Create Value

Provide integrated solutions uniting all the capabilities inside and outside of the Group

Transforming business models

Enhance the 100-year business foundation × Strengthen all forms of collaboration = Evolution of Technology Synergies and Business Synergies

Social Challenges

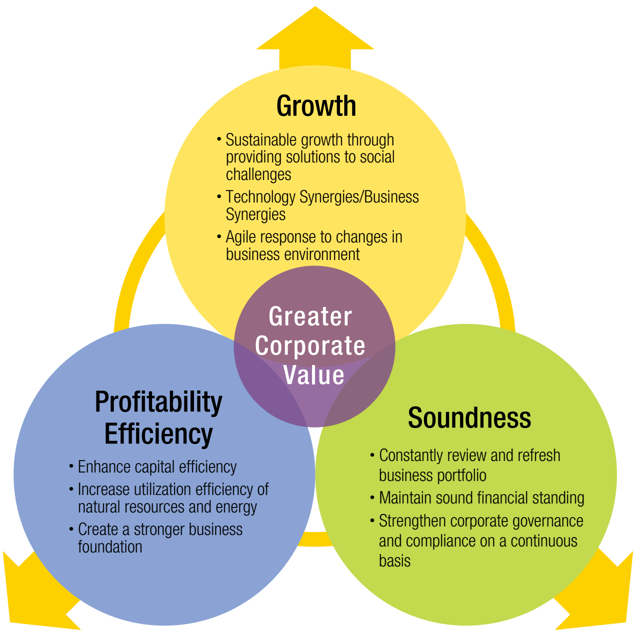
*QOL:Quality of Life

Mitsubishi Electric Group will contribute to meeting the SDGs' globally shared 17 goals by continuing to pursue sustainable growth through all corporate activities, including value creation to solve social challenges

*SDGs :“Sustainable Development Goals” adopted by the United Nations as goals to achieve towards 2030

To ensure its corporate growth is sustainable, since fiscal 2002 the Group has adhered to the management policy of maintaining Balanced Corporate Management based on three perspectives: growth, profitability and efficiency, and soundness. Through these perspectives it has striven to secure greater corporate value.

The Group is also committed to continuously enhancing its corporate governance and compliance systems.



Pursue the Satisfaction of the Four Stakeholder Categories

Social Contributions	Excellent Products and Services
Society	**Customers**
Increase Corporate Value	Rewarding Workplace
Shareholders	**Employees**

Strive for Continuous Innovation

Always improving.
Always delivering new value.

Toward a Higher Level of Growth

Growth Targets for FY2021

- Revenue 5 trillion JPY or more
- OPM 8% or more

Management Targets to be Continuously and Stably Achieved

- ROE 10% or more
- Debt Ratio 15% or less

*Debt Ratio represents ratio of Bonds and borrowings to total assets

Toward "High-Quality" Growth

In line with its efforts to achieve a higher level of growth, the Mitsubishi Electric Group has revised its Growth Targets for FY 2021 to consolidated revenue of ¥5 trillion or more, and an operating profit ratio of 8% or more. The Group will work to continuously and stably achieve the following management targets: secure an ROE of 10% or more, and secure a ratio of bonds and borrowings to total assets of 15% on less.

In fiscal 2019, the Mitsubishi Electric Group achieved consolidated revenue of ¥4,519.9 billion and operating profit ratio of 6.4%, achieving record highs for consolidated revenue. In addition, the Group achieved ROE of 9.7% and a ratio of bonds and borrowings to total assets of 6.9% as of March 31, 2019. As slowdown in economic growth makes the business environment ever more harsh, in FY2020, the Group will keep an eye on outcomes of past investments as well as on the progress of profitability improvements, and continue with initiatives to achieve Growth Targets for FY2021 and sustain growth into the future.

Sustainable Growth through Providing Solutions to Social Challenges

The Mitsubishi Electric Group's distinctive strengths lie in the following three areas: 1) A wide range of technological assets such as controls and power electronics; 2) Activities in diverse businesses with different business features; and 3) "Kaizen" (improvement) culture that has taken root in every field, including production, quality management, sales, services, etc.

Fully utilizing these strengths, the Group has positioned the creation of value toward providing solutions to challenges as the core of its growth strategies by taking full advantage of Technology Synergies and Business Synergies, etc., in the four fields with many social challenges.

Meanwhile, by pursuing sustainable growth of the Group through all its corporate activities including initiatives to create value, the Group will also contribute to achieving the SDGs, common global goals.

The Four Fields

Having defined a social challenge category to which the Mitsubishi Electric Group can contribute solutions by providing its products, systems, and services as a "Field," we will promote initiatives for value creation in the following four fields where there are many social challenges: "Life" focusing on the daily lives of people, "Industry" enabling creation of things necessary for life, "Infrastructure" providing the foundation for society, and "Mobility" connecting all of the fields above-mentioned. By identifying the challenges and needs of society or each customer and continuing to pursue their satisfaction through proposing and implementing solutions, the Group will secure sustainable growth going forward.

Technology Synergies and Business Synergies

In promoting value creation, the Group will continue to strive to strengthen the business foundation (connection with customers, technologies, personnel, products, corporate culture, etc.) through operational improvement and transformation in every site and further unite all the capabilities, from R&D to sales and service, inside and outside of the Group, and thereby create Technology Synergies through optimal combinations of its strong technological assets, which encompass a wide range of technological fields, as well as Business Synergies through the collaboration of its diverse business activities.

Furthermore, the Group will strive to improve customer satisfaction and competitive advantages by always checking business models, as well as reviewing and transforming models to the better from a viewpoint of whether the Group is aware of changes in the business environment, sufficiently meeting challenges and the needs of customers, and fully leveraging its advantages.

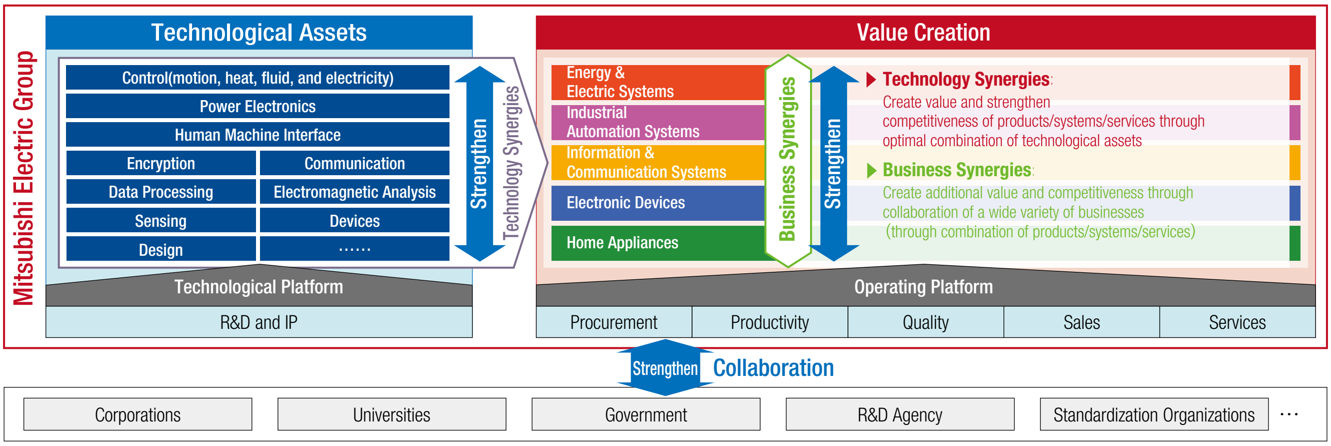
Achieving Balance between "Growth," "Profitability/Efficiency," and "Soundness"

For ensuring its sustainable growth, the Mitsubishi Electric Group will continue to allocate investment resources, including research and development and capital, while actively pursuing collaborative ties and M&As to boost corporate growth for the Group with the following three perspectives in mind: Supplement missing parts (products and services/technology) essential for business expansion; Secure distribution-/ service-network (supply chain) when entering new regions/markets; and Acquire talent in order to strengthen business execution capabilities. By doing this, the Group will maximize the outcome of its investment. At the same time, the Group will review and refresh its business portfolio to reallocate its management resources to areas that show growth. Moreover, the Group will strengthen this portfolio by continuously creating new businesses capable of driving future growth.

Strength of the Mitsubishi Electric Group

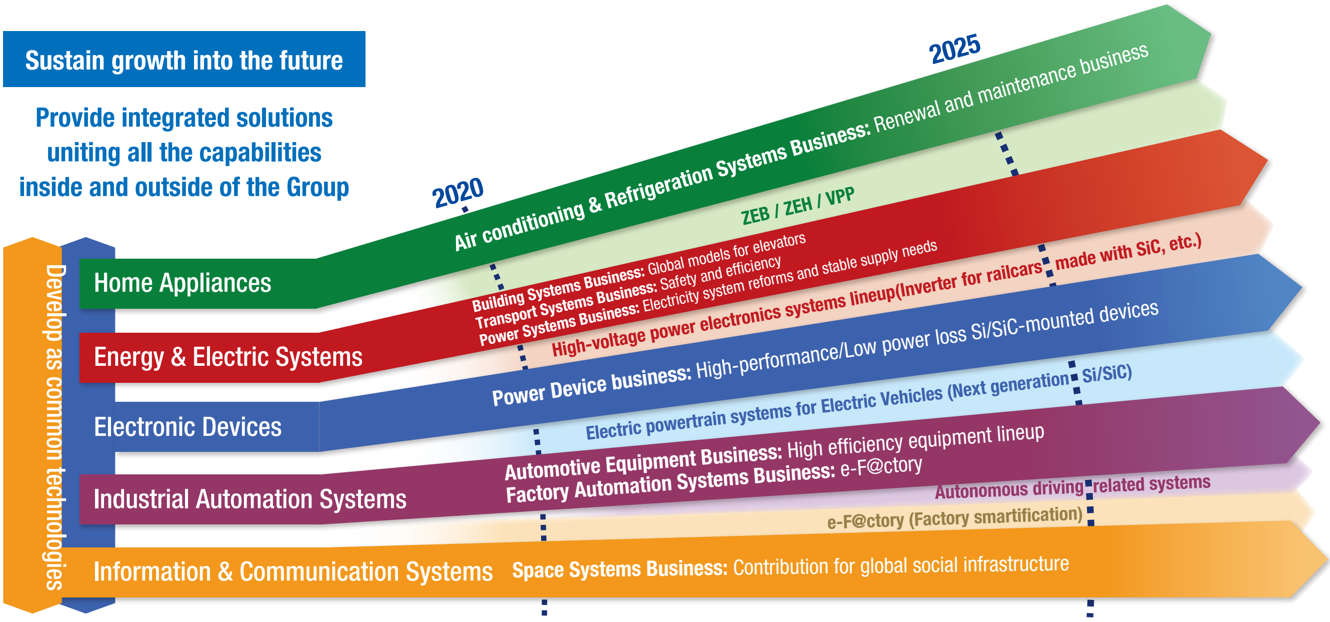
— **A wide range of technological assets** such as controls and power electronics
— **Activities in diverse businesses** with different business features
— **"Kaizen" (improvement) culture taking root in every field**, including production, quality management, sales, services, etc.

Fully leverage our strength through all forms of collaboration inside and outside of the Group



Sustain growth into the future

Provide integrated solutions uniting all the capabilities inside and outside of the Group



*ZEB:net Zero Energy Building, ZEH:net Zero Energy House, VPP:Virtual Power Plant, Si:Silicon, SiC:Silicon Carbide

Building Robust Business Structure

To strengthen its business structure, the Mitsubishi Electric Group continuously strives to improve its capital efficiency through management with awareness of capital procurement cost. As a part of initiatives to this end, the Group continues to expand revenue and reduce costs while engaging in activities with the aim of improving inventory turnover, trade receivables turnover, and Just in Time operations. In addition to implementing these efforts in an exhaustive manner, in fiscal 2016 the Group began utilizing an internal performance indicator, ROIC (Mitsubishi Electric version) to monitor asset efficiency by business segment, thereby improving the ROE of all Group operations.

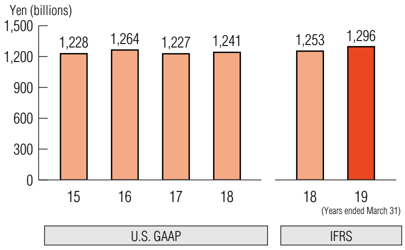
Looking ahead, the Mitsubishi Electric Group will continue to focus on generating stable cash flows while maintaining a well balanced approach in securing funds for executing strategic growth investment and enhancing shareholder returns in step with profit growth. In these ways, the Group will diligently work to increase corporate value.

Striving for Continuous Innovation

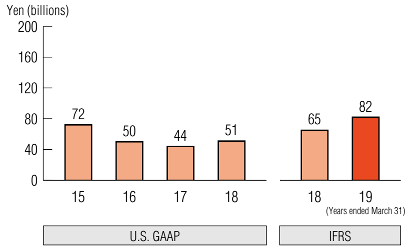
The Mitsubishi Electric Group will steadfastly carry out its management policies guided by a commitment to Balanced Corporate Management, while putting into practice the concept behind its overarching corporate statement: Changes for the Better. Each and every employee will share the common goal of "Always improving" and "Always delivering new value," and the Mitsubishi Electric Group—by continuing to undergo transformation itself—will mature into a corporation that is always producing something better.

Energy and Electric Systems

Revenue



Operating profit

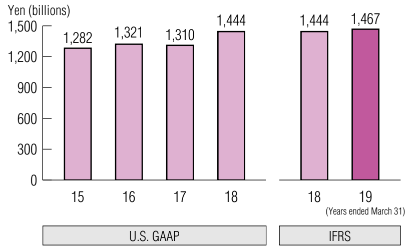


MAIN PRODUCTS AND BUSINESS LINES

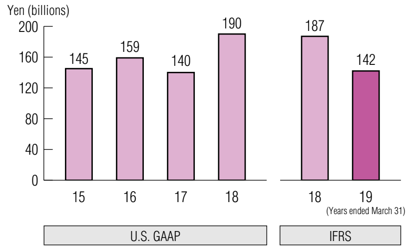
Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, transmission and distribution ICT systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, and others

Industrial Automation Systems

Revenue



Operating profit

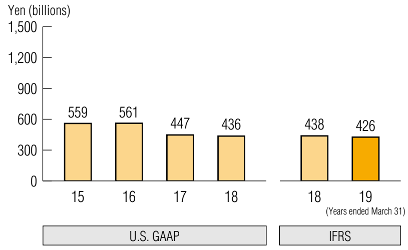


MAIN PRODUCTS AND BUSINESS LINES

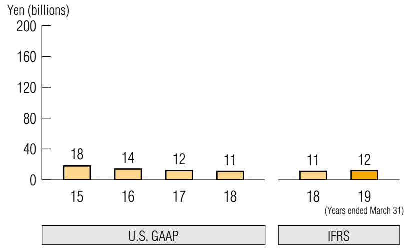
Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, electric powertrain system, car electronics and car mechatronics, car multimedia, and others

Information and Communication Systems

Revenue



Operating profit



MAIN PRODUCTS AND BUSINESS LINES

Wireless and wired communications systems, network camera systems, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, data transmission devices, network security systems, information systems equipment, systems integration, and others

Fiscal 2019 Topics

- In May Mitsubishi Electric launched iQ Edgecross, a software suite targeted for use on industrial computers such as the concurrently released MELIPC series. Once installed it enhances the industrial computers control and edge computing functions while also providing integration with the Edgecross open software platform.

iQ Edgecross

- Mitsubishi Electric US, Inc., a wholly owned subsidiary of Mitsubishi Electric, and Ingersoll-Rand in the U.S. established a joint venture, Mitsubishi Electric Trane HVAC US LLC, and started its operation in May. Mitsubishi Electric US and Ingersoll Rand each have equal ownership of the joint venture, which distributes ductless air conditioner systems.

- Mitsubishi Electric's new production building for boosting production of optical communication and wireless communication equipment and network camera system was completed in October in the premises of the company's Communication Network Center, Koriyama Plant in Fukushima Prefecture, Japan.

2018

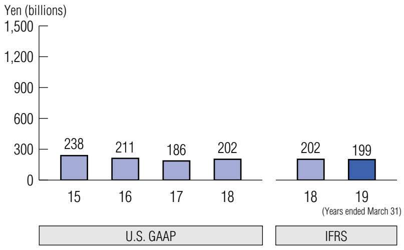
- Mitsubishi Electric's room air conditioner, Kirigamine FL series (launched in March 2016), won the Invention Award of the 2018 National Invention Award hosted by Japan Institute of Invention and Innovation for its design.

- Plant No. 8 of the Hirohata Factory at Mitsubishi Electric's Himeji Works (Hyogo Prefecture, Japan) for boosting production of motor generators and inverters for HEV and EV was completed in May.

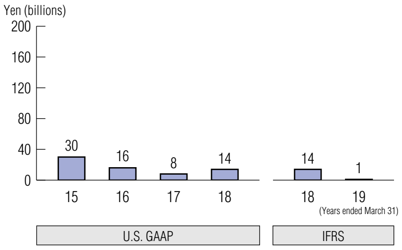
- Mitsubishi Electric was selected via its subsidiary Mitsubishi Electric Asia (Thailand) Co., Ltd. to supply four substations of Electric Power Generation Enterprise (EPGE) in Myanmar with gas-insulated switchgears (GIS), transformers and other equipment including a special divided three-phase transformer, which can be packed in separate compact modules for easier shipping to locations,

Electronic Devices

Revenue



Operating profit

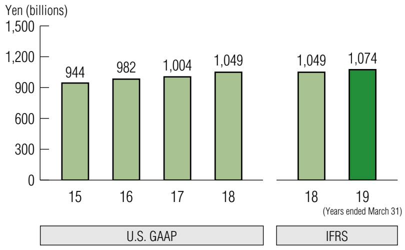


MAIN PRODUCTS AND BUSINESS LINES

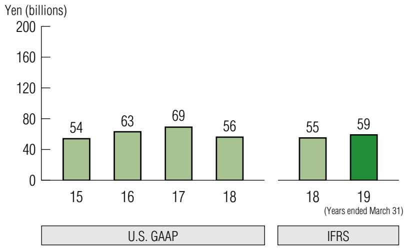
Power modules, high-frequency devices, optical devices, LCD devices, and others

Home Appliances

Revenue



Operating profit

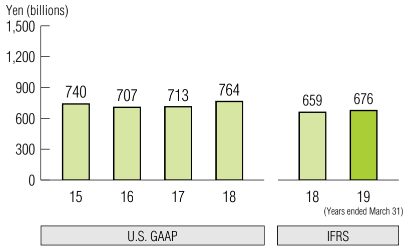


MAIN PRODUCTS AND BUSINESS LINES

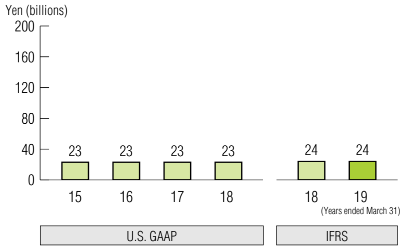
Room air conditioners, package air conditioners, chillers, showcases, compressors, refrigeration units, air-to-water heat pump boilers, ventilators, photovoltaic systems, hot water supply systems, IH cooking heaters, LED lamps, fluorescent lamps, indoor lighting, LCD televisions, refrigerators, electric fans, dehumidifiers, air purifiers, cleaners, jar rice cookers, microwave ovens, and others

Others

Revenue



Operating profit



MAIN PRODUCTS AND BUSINESS LINES

Procurement, logistics, real estate, advertising, finance, and other services

The Es'hail-2 communications satellite built by Mitsubishi Electric was launched successfully. The company received the order for the satellite from a Doha-based Qatar government satellite communication provider, Es'hailSat.

©SpaceX
"Es'hail-2" launch

Mitsubishi Electric was selected for the A-list of companies by CDP, an international NGO, in the "CDP Climate Change" and "CDP Water" fields for the third consecutive year. In addition, Mitsubishi Electric was selected as a "Supplier Engagement leader." Mitsubishi Electric has thus been highly rated across a number of fields.

Mitsubishi Electric supplied the scoreboard at the MAZDA Zoom-Zoom Stadium Hiroshima owned by Hiroshima City with Diamond Vision™.

2019

Mitsubishi Electric plans to build a test facility for its technologies for net Zero Energy Buildings (ZEB) at its Information Technology R&D Center in Kamakura, Kanagawa Prefecture, Japan. The facility is scheduled to start operating in 2020.

Mitsubishi Electric opened the "TAKUMI" Inazawa Installation Training Center for elevator and escalator installation training for technicians from Japan and abroad in April 2019. The facility, which is named after the Japanese word for "great master," is located on the premises of the Inazawa Works, the company's mother factory for the manufacture of elevators and escalators, in Inazawa, Aichi Prefecture, Japan.

Mitsubishi Electric constructed a new plant to produce motors and inverters for electric motor vehicles at Mitsubishi Electric Automotive Czech s.r.o., its automotive equipment and sales subsidiary in the Czech Republic. The factory is scheduled to start operating in 2020.

Energy and Electric Systems

Revenue Breakdown by Business Segment

25.2%

Revenue

¥1,296.7 billion

up 3% year on year

Operating Profit

¥82.5 billion

up ¥17.0 billion year on year

The social infrastructure systems business remained substantially unchanged in orders compared to the previous fiscal year, while revenue increased compared to the previous fiscal year due primarily to increases in the transportation systems business inside and outside Japan and the power systems business in Japan.

The building systems business remained substantially unchanged in both orders and revenue compared to the previous fiscal year, experiencing a decrease in the new installation of elevators and escalators in China and buoyant growth in the renewal business in Japan and other factors.

As a result, revenue for this segment increased by 3% from the previous fiscal year to 1,296.7 billion yen. Operating profit increased by 17.0 billion yen from the previous fiscal year to 82.5 billion yen due primarily to an increase in revenue.

Next-generation SiC Inverter for Railcars

Mitsubishi Electric has developed and provided a traction inverter for railcars that incorporates silicon carbide (SiC), a new type of semiconductor. This new inverter, with its energy-efficient, compact, lightweight, low-maintenance, and low-noise design, contributes to play a major role in next-generation railcar propulsion systems.

Large-scale Visual Information System

Offerings in the Mitsubishi Electric Group's lineup of large-scale visual information systems boast Diamond Vision™—a technology that helps fuel audience excitement in such venues as stadiums—along with cutting-edge information distribution platforms that employ the internet and data broadcasting. As such, the Group provides visual information systems that enrich people's lives in various ways.

©CHIBA LOTTE MARINES

D-SMiree Smart Power Distribution Network Systems for Medium or Low Voltage Direct Current

In response to growing calls for standalone power distribution structures in which individual buildings' electricity needs are met by discrete on-site generation facilities, Mitsubishi Electric has created the Energy Management System (EMS), which is specifically designed for direct current distribution. Boasting predictive functions covering both generator output and electricity demand, the EMS helps control charging and discharging schedules to best utilize direct current generated by photovoltaic generators as well as that released from batteries, thus eliminating energy loss attributable to conversion to alternating current.

Power Plants

Mitsubishi Electric provides power system equipment for various power plants, which play a major role in power supply and are required to further reduce environmental impact. With high efficiency turbine generators and instrumentation control systems that combine advanced network and measurement technologies, Mitsubishi Electric power plants realize improved reliability and cost efficiency.

NEXIEZ Machine-room-less Elevators

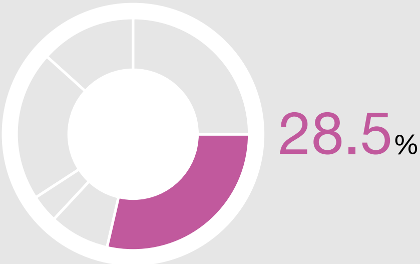
Compact, lightweight, and energy-saving, NEXIEZ machine-room-less elevators are the global flagship product. They are widely used throughout the world, mainly in low- to mid-rise buildings. Models designed with various functions and features for specific regions are also available to meet the preferences and customer needs of each region.

Series Z Escalators

The Z-Series escalators offer enhanced safety through several features that ease stepping on/off and help prevent clothing from getting caught, so that passengers of all ages, from small children to the elderly, can use the escalators safely. They also offer a higher level of energy conservation by providing optional features such as VVVF inverters. Environmentally friendly, people-friendly, and beautiful, the Z-Series show the future of escalators.

Industrial Automation Systems

Revenue Breakdown by Business Segment



Revenue

¥1,467.6billion

up 2% year on year

Operating Profit

¥142.5billion

down ¥44.7 billion year on year

The factory automation systems business saw decreases in both orders and revenue from the previous fiscal year due primarily to a decrease in capital expenditures in the fields of organic light emitting diodes (OLED) and smartphones outside Japan, despite buoyant demand in Japan.

The automotive equipment business saw increases in both orders and revenue from the previous fiscal year due primarily to increases in Japan, Europe and other markets in Asia, as well as increased revenue in electric-vehicle related equipment in response to market growth worldwide.

As a result, revenue for this segment increased by 2% from the previous fiscal year to 1,467.6 billion yen. Operating profit decreased by 44.7 billion yen from the previous fiscal year to 142.5 billion yen due primarily to a shift in product mix,increases in material prices and upfront investment for growth drivers.

Programmable Logic Controllers

Mitsubishi Electric's MELSEC series of programmable logic controllers supports a wide array of production and social infrastructure applications; solutions range from control and safety devices to information and instrumentation management. As a leading global brand, the MELSEC series contributes to the construction of cutting-edge control systems owing to its capabilities, performance, product variety, and high reliability.

AC Servos

The MELSERVO Series enhance all aspects of production devices and facilities. From rotary servo motors to linear servo motors and direct drive motors, a wide range of products is available to meet any number of applications and to significantly improve the performance of all relevant devices.

Computerized Numerical Controllers—CNCs

A broad range of CNCs is available. Including, for example, the M800/80 Series, which increases productivity and precision and optimizes machine tool operation through an independently developed dedicated CPU and abundant control functions.It is also compatible with the various field networks that are necessary for constructing automation systems.

Electrical Discharge Machines (EDMs)

Beginning with the newly launched MP series, a strategic product on a global scale, Mitsubishi Electric provides a lineup of EDMs that add value and improve the manufacturing productivity of molds and precision components. Such equipment is indispensable to the production of automobiles, home electronics, and IT-related devices.

Electric Power Steering (Motors and Controllers)

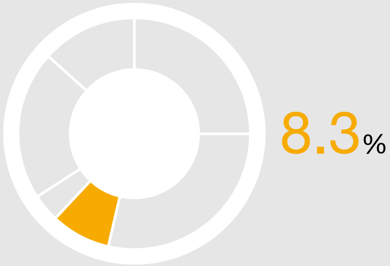
Mitsubishi Electric was the first company in the world to mass produce motors and controllers for electric power steering to assist driver steering in line with driving conditions. Over the years, Mitsubishi Electric has helped to improve steering feel, response, and stability while delivering compact units and high-output performance, and contributing to reduced automobile CO_2 emissions.

Car Navigation System

The DIATONE SOUND. NAVI car audio-navigation system eliminates the slight noise generated by audio devices and transmits sounds in full detail. In addition, it provides high-speed multi-task processing, fast responsiveness when searching and scrolling and beautiful images on the map screen and in video playback.

Information and Communication Systems

Revenue Breakdown by Business Segment



Revenue

¥426.2billion

down 3% year on year

Operating Profit

¥12.2billion

up ¥0.9 billion year on year

The telecommunications systems business saw decreases in both orders and revenue compared to the previous fiscal year due primarily to decreased demand in communications infrastructure equipment.

The information systems and service business remained substantially unchanged in orders, while revenue increased compared to the previous fiscal year owing to an increase in the system integrations business.

The electronic systems business saw a decrease in orders compared to the previous fiscal year mainly due to a decrease in the space systems business, while revenue experienced a decrease compared to the previous fiscal year due primarily to a decrease in the defense systems business.

As a result, revenue for this segment decreased by 3% from the previous fiscal year to 426.2 billion yen. Operating profit increased by 0.9 billion yen from the previous fiscal year to 12.2 billion yen due primarily to a shift in project portfolios.

Information System Integrated Control Center

Specialist engineers are available 24/7 to remotely operate and monitor client information systems and to analyze and determine any problem that might occur using automated tools, enabling a rapid response to any system malfunction.
(Mitsubishi Electric Information Network Corporation)

"kizkia": Video Analysis Solution using Artificial Intelligence

Powered by AI, this system can identify attributes of persons or things and automatically recognize their movements, conditions and situations by analyzing security footage in real-time. It notifies irregular situations which may require staff's support but would otherwise been overlooked by human observers. The system also makes it possible to support forecasting future conditions.
(Mitsubishi Electric Information Systems Corporation)

DS2000 Standard Satellite Platform

The DS2000 is a standard satellite platform modeled after JAXA's ETS-VIII. It meets the need for high-quality, low-cost satellites with shortened delivery times. It has already been adopted for use by Japan and other countries; more than ten satellites currently in orbit use it. It will eventually be incorporated into JAXA's Engineering Test Satellite 9, which is being launched in response to the need for high-throughput communications satellites.

Vehicle-mounted Stations for Satellite Communications

Vehicle-mounted satellite communication equipment enables transmission of video and audio for broadcast news (satellite news gathering) and information for disaster management. Mitsubishi Electric products are employed by Japanese broadcasters, the public sector, and infrastructure companies such as gas and electricity utilities.

Broadband Optical Access Systems

Mitsubishi Electric is progressively installing Gigabit Ethernet Passive Optical Network (GE-PON) systems, which play a central role in broadband services. The need for GE-PON systems is steadily expanding due to high-capacity broadband content, including the increased use of visual services.

Network Camera System

This Network Camera System meets the expanding range of needs for video surveillance systems, which is achieved through new digital technology incorporated into its high-resolution megapixel camera and its high level of scalability, which can accommodate even large-scale systems.

Electronic Devices

Revenue Breakdown by Business Segment

Revenue

¥199.9 billion

down 1% year on year

Operating Profit

¥1.4 billion

down ¥12.7 billion year on year

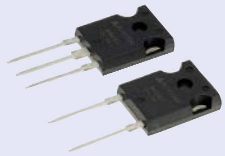
The electronic devices business saw a decrease in orders and revenue fell by 1% from the previous fiscal year to 199.9 billion yen mainly due to decreased demand for optical communication devices.

Operating profit decreased by 12.7 billion yen from the previous fiscal year to 1.4 billion yen due primarily to a decrease in revenue and a shift in product mix.

1200V SiC*1-SBD*2

By utilizing SiC, power loss is significantly reduced compared to Si (silicon). It achieves high-speed switching and downsizing of peripheral components, such as reactors, and will be instrumental in reducing power loss and downsizing for the power supply systems for infrastructure, photovoltaic power systems and charging equipment for electric vehicles.

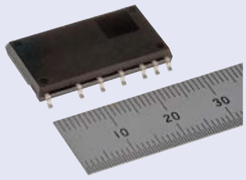
*1 SiC: Silicon Carbide
*2 SBD: Schottky Barrier Diode



MISOP™ Surface-Mount Package IPM* Series

Downsizing, design simplification, and design flexibility of inverter systems of equipment such as fan motors of air conditioners are improved by utilizing a surface-mount package that allows reflow soldering, and by implementing optimized terminal layout and various ICs with protection functions.

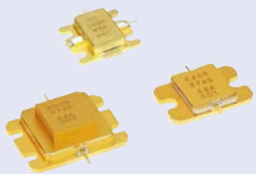
*IPM: Intelligent Power Module



GaN*1 High Frequency Devices for Satellite Earth Stations

These power amplifier GaN high frequency devices are suitable for satellite communication system earth stations, which are used for high-speed communication during natural disasters and in areas where ground networks are difficult to construct. This lineup of industry top-level*2 output power products will answer various needs related to satellite earth stations.

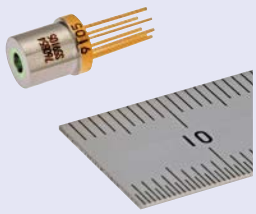
*1 GaN: Gallium Nitride
*2 Based on Mitsubishi Electric research as of September 27, 2016; compared with Ku-band GaN HEMT devices for use in satellite earth stations



25 Gbps EML*1 CAN*2 for 5G Mobile Base Stations

This is a high-speed optical data transmission device for radio access networks within fifth-generation (5G) mobile base stations. With 25 Gbps transmission speed, higher data volumes for mobile communication systems and a 40% reduction in power consumption are achieved, contributing to mobile communications systems with low power consumption.

*1 EML: Electro-absorption Modulator Laser
*2 CAN (TO-CAN): Package with excellent productivity (for mass production) that is widely used in optical data transmission devices



TFT LCD Modules with Touch Panels for Industrial Use(7.0-inch WXGA,10.4-inch SVGA,15.0-inch XGA)

TFT-modules with projected capacitive touch panels using cover glass of up to 5 mm thick, support maximum ten-point multi-touch operation, and can be used even when using with thick, heat resistant gloves or when the screen is wet. They are ideal for outdoor applications that require impact resistance and water spill compatibility.

7.0-inch WXGA

Established Mass-Production Technology for Curved Color TFT-LCD Module and Began Taking Orders

Mitsubishi Electric has established mass-production technology for a new curved (concave) color TFT-LCD module that combines environmental ruggedness to withstand extreme temperatures and an attractive design, making it ideal for use in automobiles and boats. The module offers a curvature radius* from 700 mm to less than 1,000 mm and optical performance equivalent to that of flat screens. Mitsubishi Electric has started accepting orders for the new module.

* Value of the radius of the curve if the curvature arc extended to a circle. The smaller the value, the higher the curvature.

Curvature radius: 800 mm

Home Appliances

Revenue Breakdown by Business Segment

Revenue

¥1,074.0billion

up 2% year on year

Operating Profit

¥59.4billion

up ¥3.9 billion year on year

The home appliances business saw a 2% increase in revenue from the previous fiscal year to 1,074.0 billion yen due to increases in revenue of air conditioners for Japan, Europe and North America.

Operating profit increased by 3.9 billion yen compared to the previous fiscal year to 59.4 billion yen due primarily to an increase in revenue.

Air Conditioning Systems

In addition to KIRIGAMINE room air conditioners, Mitsubishi Electric offers an extensive lineup of products with applications extending from stores, offices, and buildings to factories and industrial facilities while featuring environmentally compatible, energy-saving technologies. These qualities allow Mitsubishi Electric to meet air conditioning needs globally.

Home Equipment

Electricity generated by solar panels is charged in the batteries of electric vehicles, leveraging the use of renewable energy. Mitsubishi Electric offers energy-saving home environments using highly efficient air conditioners and ventilation, water heaters and cooking equipment. Create a comfortable living environment for the whole family.

Home Appliances

Mitsubishi Electric develops home appliances by incorporating its unique technologies and perspectives so that its products can be used in various scenes of daily life, such as the kitchen, living room, and bedroom. Efforts are made to develop products that contribute to making life more comfortable for users, meeting and even surpassing their expectations.

Lighting Fixtures and Light Bulbs

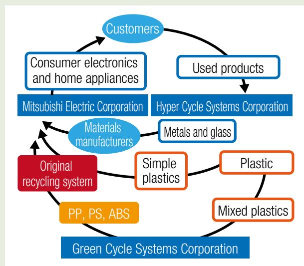
Mitsubishi Electric offers an extensive lineup of high-efficiency, long-lasting LED products that meet diverse needs for energy-saving light bulbs and equipment in households, stores, offices, and factories. The company's LED products make the future brighter for families and society as a whole.

Visual Equipment for Public and Business Applications

Mitsubishi Electric's high-quality image processing technologies deliver exceptionally sharp images with superior color reproduction and are incorporated in a wide range of products developed to suit a variety of application needs. These systems are being used in Japan and abroad for large-screen applications, such as digital signage used to display images, data, and information at public facilities and other venues.

Recycling Consumer Electronics and Home Appliances

Mitsubishi Electric has developed technologies for automatically sorting the three major types of plastic (polypropylene (PP), polystyrene (PS), and acrylonitrile-butadiene-styrene (ABS)) used in consumer electronics and home appliances. This original recycling system is being utilized to promote the reuse of plastics in the company's products by improving the physical properties of the sorted materials.



Research and Development

As the cornerstone of its growth strategy, the Mitsubishi Electric Group will promote short-, medium-, and long-term R&D themes in a balanced manner.

In addition to promoting development toward strengthening current businesses and achieving innovation, the Company is striving to create further value through synergy of technologies and businesses by leveraging the Company's diverse technologies and businesses, while also working to realize sustainable growth through the development of future technologies.

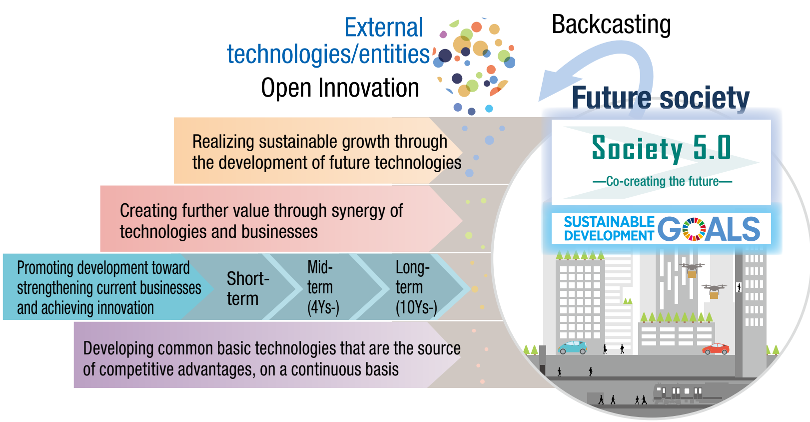
To support these efforts, the Company is developing common basic technologies that are the source of the competitive advantages of the Company's products, on a continuous basis.

Furthermore, the Company will promote enhancement of efficiency of development through proactive utilization of open innovation in collaboration with universities and other external R&D institutions.

During fiscal 2019, the total R&D expenses for the entire Group have amounted to 212.7 billion yen (1% increase compared to the previous fiscal year). Representative achievements are as follows.

R&D policy

Well balanced short-, mid- and long-term R&D



Society 5.0: It is contained in the 5th Science and Technology Basic Plan approved by the Government of Japan in Jan. 2016.
SDGs: "Sustainable Development Goals" adopted by the United Nations as goals to achieve towards 2030

Main R&D Achievements in Fiscal 2019 (consolidated results)

Development of New Dot Forming Technology that Achieves High-precision Three-dimensional Metal Shaping

In recent years, there has been a growing demand for multi-product small-lot production. In order to shorten manufacturing processes and increase design flexibility, application of three-dimensional shaping technologies to metal parts have been spreading in various fields, primarily in the aircraft and automobile manufacturing fields.

The Company has developed a unique dot forming technology that realizes high-precision shaping by combining laser, computer numerical control and computer aided manufacturing CAM[*1] technologies in 3D printers. The technology produces high-quality three-dimensional parts with few voids at high speed, employing a laser wire DED[*2] method. With this new technology, the shape accuracy has improved by 60% (in-house comparison) compared to that of conventional consecutive forming technology.

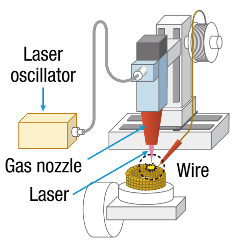
The technology will contribute to greater productivity in a wide range of applications, such as the "near-net" shaping[*3] of aircraft and automobile parts and build-up repairs.

*1 Computer Aided Manufacturing: A technology that uses input three-dimensional shape data to perform all production preparations, such as the creation of processing programs, on a computer

*2 Directed Energy Deposition: An additive-manufacturing process that uses focused thermal energy to fuse materials as they are deposited, and add layer by layer to solidify

*3 A manufacturing technique to produce the item in near-final form

Laser Wire DED Type Metal 3D Printer



Consecutive forming (conventional) | Dot forming (new)

The shape accuracy of cylindrically shaped items is increased by 60%

Development of Seamless Speech Recognition Technology

Using its proprietary Maisart[*1] AI technology, the Company developed "Seamless Speech Recognition," the world's first[*2] technology capable of highly accurate multilingual speech recognition without being informed which language is being spoken. The technology can understand multiple people speaking either the same or different languages simultaneously.

Going forward, the Company will work to further improve the accuracy and applicability of automatic speech recognition in real environments.

*1 Mitsubishi Electric's AI creates the State-of-the-ART in technology
Mitsubishi Electric's AI technology brand aimed at making every device smarter

*2 As of February 13, 2019 (based on the Company's research)

Seamless Multilingual Speech Recognition

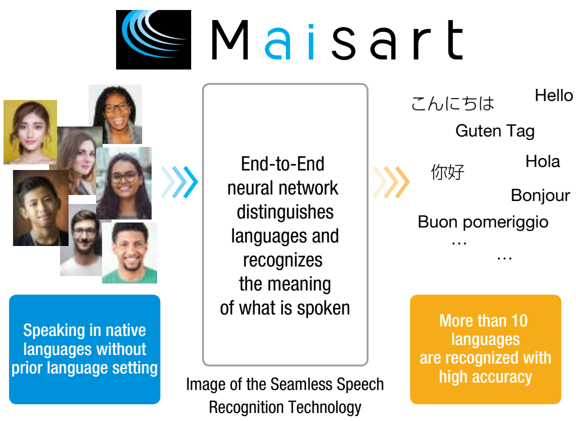


Image of the Seamless Speech Recognition Technology

Voice recognition is possible even in situations where it is not known what languages will be spoken by an indefinite large number of users

Protection of Intellectual Property Rights

Basic Policy

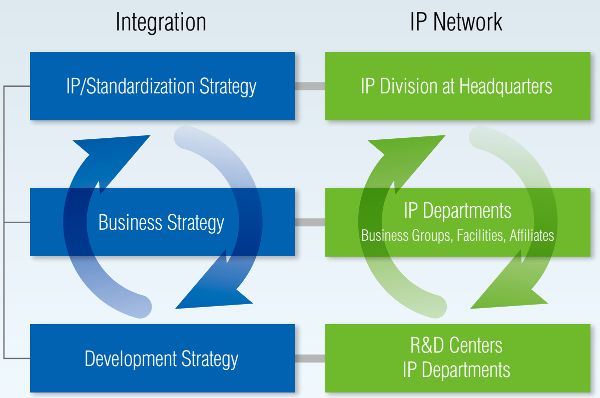
The proper protection of intellectual property (IP) rights promotes technological progress and sound competition, and also contributes to realizing affluent lifestyles and the development of society.

The Mitsubishi Electric Group recognizes that intellectual property (IP) rights represent a vital management resource essential to its future and must be protected. Through integrating business, R&D, and IP activities, the Group is proactively strengthening its global IP assets, which are closely linked to the Group's business growth strategies and contribute to both business and society, and also working on protecting IP rights.

Structure of the Intellectual Property Division

The IP divisions of the Mitsubishi Electric Group include the Head Office IP Division, which is the direct responsibility of the president, and the IP divisions at the Works, R&D centers, and affiliated companies. The activities of each IP division are carried out under the executive officer in charge of IP at each location. The Head Office IP Division formulates strategies for the entire Group, promotes critical projects, coordinates interaction with external agencies including patent offices, and is in charge of IP public relations activities. At the Works, R&D center, and affiliated company level, IP divisions promote individual strategies in line with the Group's overall IP strategies. Through mutual collaboration, these divisions work to link and fuse their activities in an effort to develop more effective initiatives.

Integrating Business, R&D and IP Activities



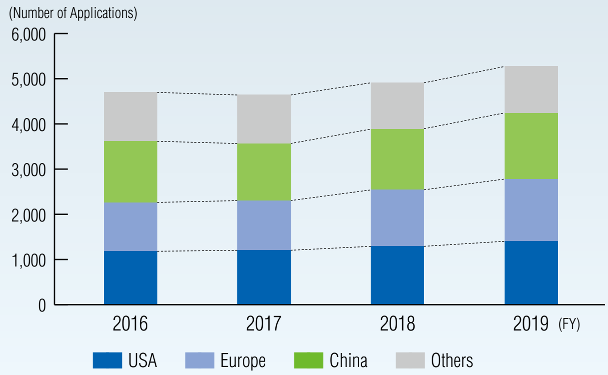
Global IP Strategy

The Mitsubishi Electric Group identifies critical IP-related themes based on its mainstay businesses and important R&D projects, and is accelerating the globalization of IP activities also by filing patents prior to undertaking business development in emerging countries where an expansion of business opportunities is expected. Furthermore, resident officers are assigned to Mitsubishi Electric sites in the United States, Europe, China, and Southeast Asia to take charge of IP activities and strengthen the IP capabilities of business offices, R&D centers, and affiliated companies in each country. Through these initiatives, we strive to create a robust global patent network.

As an indication of the Mitsubishi Electric Group's IP capability and global IP activities, the company ranked No.1 in Japan in terms of the number of patent registrations (in 2018) announced by the Japan Patent Office (JPO), and No.2 in the world in terms of Patent Cooperation Treaty (PCT) applications by businesses (in 2018) announced by the World Intellectual Property Organization (WIPO).

In conjunction with creating a patent network, we are also actively pursuing activities toward acquiring design rights in Japan and overseas, to protect both the functional and design aspects of our technologies.

Annual Trends in Overseas Patent Applications by the Mitsubishi Electric*1



*1 Starting in FY2019, we began using the number of overseas patent applications of Mitsubishi Electric as a single entity.

Respecting IP Rights

The Mitsubishi Electric Group firmly recognizes the importance of mutually acknowledging and respecting not only its own intellectual property rights but the intellectual property rights of others as well. This stance is clearly set forth in the Mitsubishi Electric Group Conduct Guidelines and practiced throughout the Group.

Any infringements on the IP rights of others not only violate the Code of Corporate Ethics and Compliance, but also have the potential to significantly impair the Group's continued viability as a going concern. The resulting potential impairments include being obliged to pay significant licensing fees or being forced to discontinue the manufacture of a certain product.

In order to prevent any infringement on the IP rights of others, various educational measures are provided mainly to engineers and IP officers, to raise employee awareness and promote greater respect for the IP rights of others. At the same time, a set of rules has been put in place to ensure that a survey of the patent rights of others is carried out at every stage from development to production, and is strictly enforced throughout the entire Group.

The Mitsubishi Electric Group also works diligently to prevent any infringement on its IP rights by others. In addition to in-house activities, we place particular weight on collaborating with industry organizations while approaching government agencies both in Japan and overseas as a part of a wide range of measures to prevent the counterfeiting of our products.

CSR Management

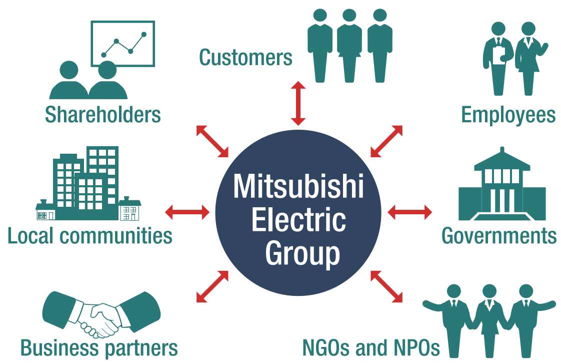
Principles of CSR

The Mitsubishi Electric Group regards its corporate social responsibility (CSR) initiatives as the foundation of its corporate management, and upholds its Corporate Mission and Seven Guiding Principles as the basic policies of its CSR. Particularly with respect to initiatives related to ethics and legal compliance, Group-wide efforts are made to enforce measures such as enhancing training and strengthening internal controls. Active measures are also taken to ensure and improve quality assurance, environmental preservation activities, philanthropic activities, and communication with stakeholders.

Mitsubishi Electric Group's stakeholders

To achieve sustainable growth, the Mitsubishi Electric Group must maintain communication with its various stakeholders. We have a corporate social responsibility to reflect the expectations, requests, and opinions of each stakeholder in our corporate activities, and to increase our positive impact on society while reducing any negative impact.

To help maintain communication with stakeholders, we have established "Four Satisfactions" as a management policy, with the aim of satisfying all of our stakeholders, including society, customers, shareholders, and employees.



Stakeholders of the Mitsubishi Electric Group

Pursue the Satisfaction of the Four Stakeholder Categories

Promotional System for CSR

The policies and planning for the CSR activities of the Mitsubishi Electric Group are decided by a CSR Committee appointed by Mitsubishi Electric's executive officers. The Committee is composed of the heads of Mitsubishi Electric's management departments (19 members in charge of environmental, social and governance aspects from divisions such as Corporate Strategic Planning and Corporate Human Resources), and discusses the results of activities performed during the previous fiscal year, decisions on future activity plans, and responses to law amendments, from a perspective that spans the entire Mitsubishi Electric Group.

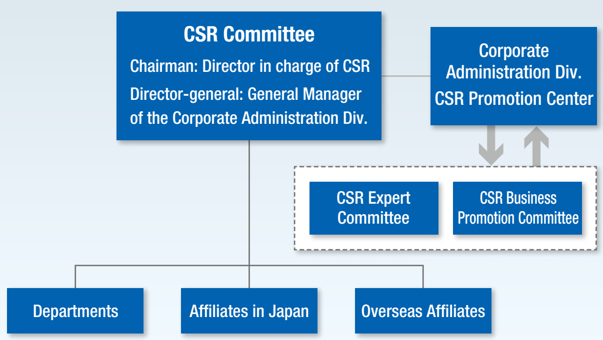
Knowing that CSR activities are directly linked to corporate management, each department responsible for ethics and legal compliance, quality assurance and improvement, environmental conservation and philanthropy activities, and communication with stakeholders implements their own initiatives, based on the CSR policy of the Mitsubishi Electric Group.

In addition to the CSR Committee that is generally held once a year, various activities are also promoted and implemented in communication with the CSR Expert Committee and CSR Business Promotion Committee, which are convened as a forum for sharing and executing the policies and plans established by the CSR Committee.

Main agenda of the CSR Committee (held in April 2019)

- Report on achievements made in the previous fiscal year and activities planned in the current fiscal year
- Response to the sustainable development goals (SDGs)
- Further enhancement of information disclosure by taking into account ESG (environment, social, governance) investment
- Human rights initiatives
- Supply chain management
- Long-term environmental vision

CSR Promotion System



CSR Materiality and SDGs Management

CSR Materiality

Considering requests from the Global Reporting Initiative (GRI)*, social trends and the business environment, in fiscal 2016 the Mitsubishi Electric Group identified CSR materiality and targets / Key Performance Indicators (KPI) to fulfill the materiality towards realizing the further integration of CSR with management and the long-term advancement of CSR initiatives.

We will implement activities to continuously improve our performance related to CSR materiality and targets / Key Performance Indicators (KPI) based on the PDCA (Plan-Do-Check-Action) Cycle approach.

*An international body that proposes shared global guidelines for corporate sustainability reporting

CSR materiality	Reasons why is it important
Realize a sustainable society	Environmental issues including climate change and resource and energy issues are global issues. The Mitsubishi Electric Group will contribute to solving these issues with the aim of realizing a sustainable society.
Provide safety, security, and comfort	Various issues are becoming evident due to urbanization and other reasons. The Mitsubishi Electric Group will provide safety, security, and comfort while contributing to solving issues with a focus on city development.
Respect human rights and promote the active participation of diverse human resources	Human rights and diversity are global issues. As a global company, the Mitsubishi Electric Group will grapple with these issues. Diversity is also crucial for creating innovation, which is the source of the Group's strength.
Strengthen corporate governance and compliance on a continuous basis	Corporate governance and compliance are fundamental preconditions for a company's continued existence. The Mitsubishi Electric Group will continue to strengthen these areas.

Initiatives to Address the SDGs

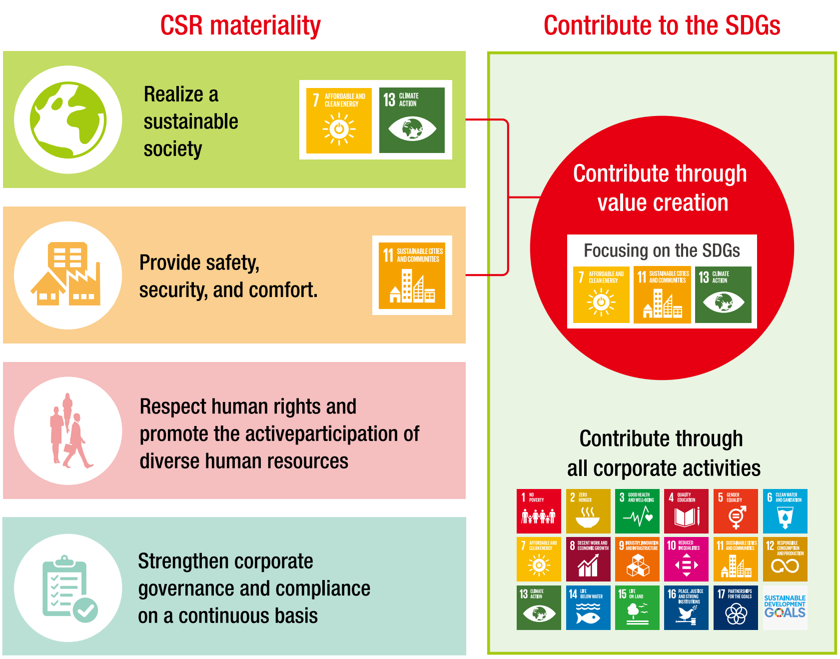
The Mitsubishi Electric Group, which is committed to enhancing the quality of life in our society, as stated in our corporate mission, will contribute to accomplishing the 17 goals of the SDGs, through the Group's diverse businesses as well as all corporate activities related to the environment, society and governance (ESG), for solving challenges in society.

In fiscal 2019, we decided on goals that we would address on a priority basis to further contribute to the SDGs.

- Goal 7: Affordable and Clean Energy
- Goal 11: Sustainable Cities and Communities
- Goal 13: Climate Action

By further promoting initiatives to create value for these goals to which we can contribute significantly as a comprehensive electrical and electronics manufacturer, we will make a specific contribution to achieving the SDGs.

In doing this, the Mitsubishi Electric Group will integrate the concept of the SDGs into its management strategy and contribute to the SDGs that we will prioritize through the CSR materiality initiatives of "Realize a Sustainable Society," and "Provide Safety, Security, and Comfort."



CSR Materiality and SDGs

G: Governance

Corporate Governance

Basic Corporate Governance Policy

While maintaining the flexibility of its operations and promoting management transparency, Mitsubishi Electric, as a Company with Three-committee System, works to strengthen the supervisory functions of management with the goal of realizing sustained growth. Our fundamental policy is to build and improve a corporate structure that is more able to meet the expectations of society, customers, shareholders, employees and all of its stakeholders while endeavoring to further increase corporate value.

web For the IR Library, please refer to the following:
https://www.MitsubishiElectric.com/en/investors/library/index.html

Corporate Management and Governance Structure

Corporate Management Structure

In June 2003, Mitsubishi Electric became a Company with Three-committee System. Key to this structure is the separation of supervisory and executive functions; the Board of Directors plays a supervisory decision-making role and Executive Officers handle the day-to-day running of the Company.

A salient characteristic of Mitsubishi Electric's management structure is that the roles of Chairman of the Board, who heads the supervisory function, and the President & CEO, who is head of all Executive Officers, are clearly separated. Additionally, neither is included among the members of the Nomination and Compensation Committees. The clear division of supervisory and executive functions allows the Company to ensure effective corporate governance.

The present Board of Directors is comprised of twelve members (five of whom are Outside Directors, one of whom is a woman), who objectively supervise and advise the Company's management by executing their duties based on the objectives and authority of the Companies Act, as well as by delegating to Executive Officers the decision authority for executing all operations, except the matters listed in the items of paragraphs 1 and 4 of Article 416 of the Companies Act.

The Board of Directors has three internal bodies: the Nomination, Audit and Compensation Committees. Each body has five members, the majority of whom are Outside Directors, who are chosen by the Board of Directors taking into account the experience and specialties of each person. Each Committee undertakes its duties based on the objectives and authority of the Companies Act.

The bureaus have been established for the Board of Directors and each of the Committees to support directors. The Audit Committee is supported by dedicated independent staff.

Executive Officers make decisions about the execution of operations on matters delegated by the Board of Directors within the range of duties allocated to each Executive Officer based on the objectives and authority of the Companies Act, and then execute such operations. Important items among such matters delegated by the Board of Directors are deliberated and decided upon in Executive Officers' meetings attended by all Executive Officers.

Internal Control System

(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.

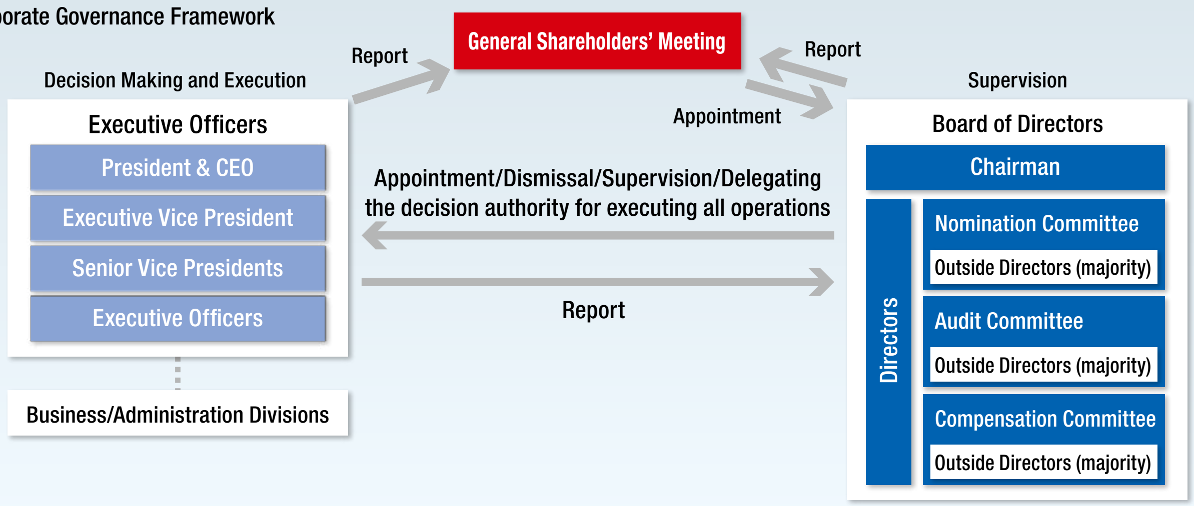
A system for reporting to the Audit Committee is developed to report information about the Company and its subsidiaries to the Audit Committee via the divisions in charge of internal control, and an internal whistle-blower system is developed and its details are reported to the Audit Committee members.

Furthermore, the Audit Committee members attend important meetings including Executive Officer meetings and conduct investigations such as interviews with Executive Officer and 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 in charge of audits.

(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

Corporate Governance Framework



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 in charge of audit.

- Audit Committee

The Audit Committee is made up of five directors, three of whom are outside directors. In accordance with the policies and assignments agreed upon by the Committee, committee members- mainly those from the Audit Committee responsible for investigation- attend Executive Officers' meetings and other such important conferences, and conduct hearings and surveys of Executive Officers and the executive staff of Mitsubishi Electric offices and affiliated companies.

Divisions in charge of internal control including the Corporate Auditing Division, through a responsible Executive Officer, submit reports to the Audit Committee, which holds periodic report meetings to exchange information and discuss policies. In addition, the Audit Committee discusses policies and methods of auditing with accounting auditors, who furnish it with reports on the status and results of the audits of the Company that they themselves conduct.

Akihiro Matsuyama, Chairman of the Audit Committee, and Masahiko Sagawa, a member of the Audit Committee, have long years of experience in the accounting and financial operations of the Company. Kazunori Watanabe, a member of the Audit Committee, is a Certified Public Accountant and has a considerable degree of knowledge about finance and accounting.

- Status of Internal Audit

Internal audit is intended to contribute to the sound management and strengthened management structure of Mitsubishi Electric and its affiliated companies in Japan and overseas by improving management efficiency, strengthening risk management, thoroughly observing the code of corporate ethics and ensuring compliance, and enhancing internal control.

With approximately 40 members acting independently, Mitsubishi Electric's Corporate Auditing Division conducts internal audits of the Company from a fair and impartial standpoint. In addition, the division's activities are supported by auditors with extensive knowledge of their particular fields, assigned from relevant business units. Through an Executive Officer in charge of auditing, the Corporate Auditing Division regularly reports the results of such audits to the Audit Committee.

Providing Directors with Appropriate Information at the Appropriate Time, and Conducting Reviews of the Board with Analyses and Evaluations

To strengthen the Board's capacity to supervise Company's management, the bureaus of the Board of Directors and each committee provide the directors with the information necessary for supervising management, in a timely and appropriate manner. And, to further improve the Board of Directors' capacity to supervise management, venues have been established for supplying information to and exchanging views with Outside Directors, and the Company is working to further enhance the provision of management-related information to the Board of Directors itself.

Additionally, in order to further enhance the functioning of the Board of Directors, the Board meetings are reviewed on an annual basis, and analyses and evaluations are conducted in the following areas.

- Frequency, scheduling, and time spent on the meetings
- The information supplied in relation to discussions at the meetings (quality and quantity) and the method of its provision
- Materials, details and methods of explanation, question-and-answer guidelines, time apportioned for each proposal on the meetings
- Other mechanisms for improving the functioning of the Board of Directors.
- Points for improvement of policies based on previous reviews of the Board of Directors
- Opinions about and points for improvement in the method for reviewing the Board of Directors,etc.

As a result of the Board of Directors review, the Board of Directors was evaluated as making ongoing and effective improvements in response to the results of annual reviews, and achieving even better results every time with respect to sharing timely and appropriate management information with Executive Officers, which is essential for the Board to properly fulfill its business supervisory function.

This evaluation in effect endorses the performance of the Board of Directors, but going forward further efforts will be made to improve the performance of the Board of Directors by enhancing the opportunities for exchanging opinions between the supervisory side and executive side and improving the management of the Board of Directors review through conducting individual interviews regarding review results and expanding time for opinion exchange.

Policies Regarding Decisions on Compensation, etc.

1. Basic Policies

(1) As a Company with Three-Committee System, the Company has separate functions for the supervision and execution of business, with the Board of Directors undertaking the business supervisory function, and Executive Officers, the business execution function. Accordingly, Directors and Executive Officers have separate compensation schemes according to the content and responsibilities of their duties.

(2) Directors give advice to and supervise the Company's management from an objective point of view, and therefore, the compensation scheme for Directors is the payment of fixed-amount compensation and the payment of a retirement benefit upon resignation.

(3) The compensation scheme for the Executive Officers focuses on incentives for the realization of management policies and the improvement of business performance, and performance-based compensation will be paid in addition to the payment of fixed-amount compensation and a retirement benefit upon resignation. The basic policies of such performance-based compensation are as follows:

1) Compensation for the improvement of business performance over the mid- to long-term, and that increases awareness regarding contributing to increased corporate value

2) Compensation that is closely linked to the Company's performance and highly transparent and objective

3) Compensation focused on sharing profits with shareholders and increasing awareness of management that gives weight to shareholder benefits

(4) In order to introduce an objective perspective from outside the Company and expert knowledge about the Directors' and Executive Officers' compensation scheme, the Company will hire an external remuneration consultant, and with the support of the consultant it will consider the compensation levels and compensation schemes by taking into account external data on the compensation of major companies in Japan operating globally, domestic economic environment, industry trends, and the Company's conditions, etc.

2. Compensation Scheme for Directors and Executive Officers and Policies Regarding Decisions on Compensation, etc.

(1) Compensation scheme for Directors

1) Directors will receive their compensation as a fixed amount, and the compensation to be paid will be set at a level considered reasonable, while taking into account the contents of the Directors' duties and the Company's conditions, etc.

2) Directors will receive the retirement benefit upon resignation, and the retire-

ment benefit to be paid will be set at a level decided on the basis of the monthly amount of compensation and the number of service years, etc.

(2) Compensation scheme for Executive Officers

1) Fixed-amount compensation will be set at a level considered reasonable taking into account the contents of the Executive Officers' duties and the Company's conditions, etc.

2) Performance-based compensation will be as follows:

· The Mitsubishi Electric Group has been pursuing sustainable growth by maintaining Balanced Corporate Management based on three perspectives: growth, profitability and efficiency, and soundness. In line with its efforts to further increase corporate value, the Group has set its growth targets for fiscal 2021 as consolidated net sales of ¥5.0 trillion or more, and an operating income ratio of 8% or more. The payment base amount for performance-based compensation will be determined based on the consolidated business performance (Net profit attributable to Mitsubishi Electric Corp. stockholders) while taking into account the Group's management policy and targets.

· The payment amount of each Executive Officer will be determined, within the range of ±20% of the payment base amount while taking into account the performance of the business to which the respective Executive Officer is assigned, etc.

· With the purposes of meshing the interests of shareholders with the Executive Officers and further raising management awareness that places importance on the interest of shareholders, and increasing the incentives for the improvement of business performance from the mid- and long-term perspectives, 50% of performance-based compensation will be paid in the form of shares. The Company sets a rule that, for the compensation paid in the form of shares, the Company shares will be issued after a three-year waiting period. In addition,The shares are required to continue holding the shares until 1 year has passed from resignation.

3) The amount of the retirement benefit will be decided on the basis of the monthly amount of compensation and the number of service years, etc.

(3) Decision-making process, etc.

Policies regarding decisions on compensation, etc. of Directors and Executive Officers and individual compensation details based on the policies will be made through resolutions by the Compensation Committee, which the majority of the members are Outside Directors. The details of activities of the Compensation Committee will be reported to the Board of Directors each time an activity is performed.

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* For the amount of compensation given to Directors and Executive Officers, please refer to our financial statements. (Only in Japanese)
http://www.MitsubishiElectric.co.jp/ir/data/negotiable_securities/

Outside Directors

Outside Directors

The Company has five Outside Directors, each of whom has no special interest with the Company. Although companies in which each of the Outside Directors holds office in or has been a director or officer of include those with trading relationships with the Company, no such relationships have an impact on the independence of each relevant Outside Directors based on the scale or nature of such trading, and thus they possess no risk of giving rise to any conflict of interest with the general shareholders of the Company.

Outside Directors are expected to supervise management from a high-level perspective based on their abundant experience. Those who are comprehensively judged to possess the character, acumen, and business and professional experience suited to fulfill that role, and who satisfy the requirements of independent executives specified by the Tokyo Stock Exchange and the requirements specified in Mitsubishi Electric's Guidelines on the Independence of Outside Directors (see note at below) and thus possess no risk of giving rise to any conflict of interest with the general shareholders of the company, are selected as Outside Director candidates by the Nomination Committee.

Independency Guideline for Outside Directors

Mitsubishi Electric Corporation nominates persons with experience in company management in the business world, attorneys and academics, among other specialists, who are appropriate to oversee the Company's business operations and not falling under any of the following cases, as candidates for Outside Directors. Each of the following 1), 2), 4) and 5) includes a case in any fiscal year during the past three fiscal years.

1. Persons who serve as Executive Directors, Executive Officers, managers or other employees (hereinafter "business executers") at a company whose amount of transactions with the Company accounts for more than 2% of the consolidated sales of the Company or the counterparty
2. Persons who serve as business executers at a company to which the Company has borrowings that exceed 2% of the consolidated total assets
3. Persons who are related parties of the Company's independent auditor
4. Persons who receive more than ¥10 million of compensation from the Company as specialists or consultants
5. Persons who serve as Executive Officers (Directors, etc.) of an organization to which the Company offers contribution that exceeds ¥10 million and 2% of the total revenue of the organization
6. Persons who are the Company's major shareholders (holding more than 10% of voting rights) or who serve as their business executers
7. Persons who are related parties of a person or company that have material conflict of interest with the Company

In addition, Outside Directors enhance the checking function of management by receiving reports about the activity status of internal auditors, the audit committee, accounting auditors, and divisions in charge of internal control via the Board of Directors, and providing valuable comments regarding Mitsubishi Electric's management from an objective perspective. By doing this, they bring greater transparency to the management framework and strengthen the Board's function of supervising management.

Outside Directors (as of June 27, 2019)

Title	Name	Positions Held	Reasons for Nomination	Board Attendance Rate (FY2019)
Outside Director	Mitoji Yabunaka 	Member of the Nomination Committee Member of the Compensation Committee	Mr. Yabunaka's experience and insights as an expert in international affairs cultivated through the course of a career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Hiroshi Obayashi 	Chairman of the Nomination Committee Member of the Audit Committee	Mr. Obayashi's experience and insights cultivated through the course of a career as a lawyer (public prosecutor, attorney-at-law) are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Kazunori Watanabe 	Member of the Audit Committee Member of the Compensation Committee	Mr. Watanabe's experience and insights as a certified public accountant cultivated over the course of his career are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Hiroko Koide 	Member of the Nomination Committee Member of the Compensation Committee	Ms. Koide's experience and insights as a business specialist cultivated over the course of her career in international corporate management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects her to bring an objective viewpoint to the overseeing of the Company's business operations.	100% (7/7)
Outside Director	Takashi Oyamada 	Member of the Nomination Committee Member of the Audit Committee	Mr. Oyamada's experience and insights as a business specialist cultivated over the course of his career in bank management are highly beneficial to Mitsubishi Electric. Mitsubishi Electric thus expects him to bring an objective viewpoint to the oversight of the Company's business operations.	—

Mitsubishi Electric Corporation held seven Board of Directors meetings during fiscal 2019.

Compliance

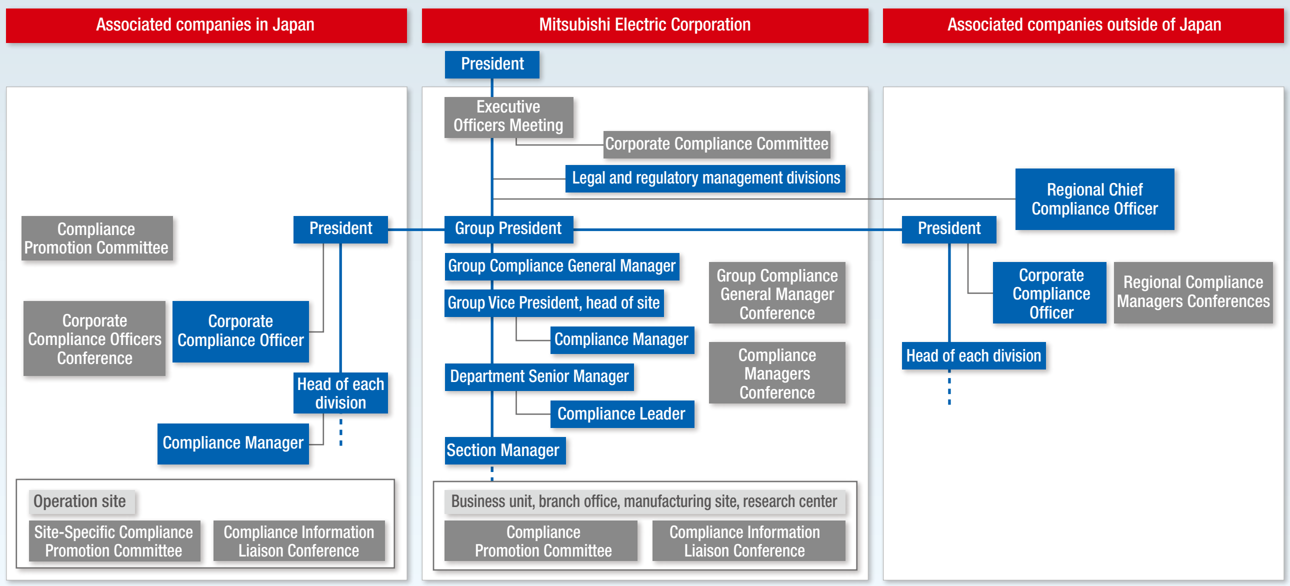
Our Concept of Compliance

With the Mitsubishi Electric Group Corporate Ethics and Compliance Statement formulated in 2001 as our basic guideline for compliance, the Mitsubishi Electric Group recognizes the importance of ethics and absolute compliance with legal requirements as a fundamental precondition for the Group's continued existence. Based on this awareness, we are attempting to perfect a compliance system which promotes compliance in the broadest sense, encompassing the perspective of corporate ethics, rather than merely focusing on following the letter of the law. At the same time, we are working to educate our employees in this area.

The Corporate Ethics and Compliance Statement

Compliance with the Law	We will conduct ourselves always in compliance with applicable laws and with a high degree of sensitivity to changes in social ethics or local practices. We will never establish a target, nor make a commitment, that can only be achieved with conduct that would violate applicable laws or business ethics or practices.
Respect for Human Rights	We will conduct ourselves always with a respect for human rights. We will not discriminate based on nationality, race, religion, gender, disability, or any other reason prohibited by applicable laws nor will we violate international laws providing protection for individual and human rights or any treaties providing such protection to which the country where any of our companies is located is a party.
Contributing to Society	Concurrently with the pursuit of a reasonable profit, we will conduct ourselves always with an awareness of our corporate social responsibility in order to further the progress of society as a whole.
Collaboration and Harmonization with the Community	As a good corporate citizen and neighbor, we will support civic and charitable organizations and activities in the communities where we reside or work that in our view contribute to community development.
Consideration of Environmental Issues	As part of our goal to achieve a recycling-oriented society, we will pay attention to and respect the global environment in every aspect of our business.
Awareness of Personal Integrity	We will conduct ourselves with the highest integrity, making a proper distinction between public and private matters, and we will use company resources—including money, time, and information—for legitimate business purposes. We will use company computers and various networks and online services, including e-mail and Internet access, primarily for company business.

Mitsubishi Electric Group compliance promotion structures



Risk Management

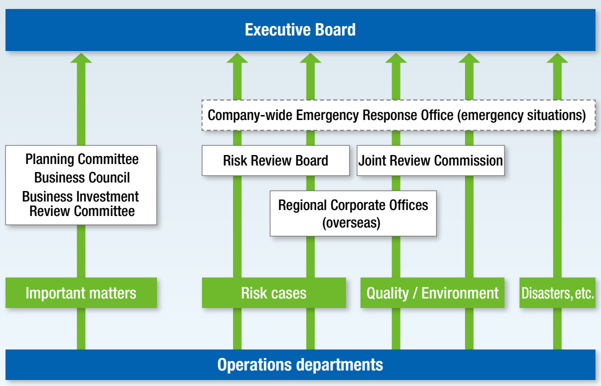
Risk Management Framework

The Mitsubishi Electric Group maintains a multi-dimensional risk management system in which all executive officers participate.

Under this system, executive officers are responsible for risk management in their assigned areas of operation. In addition, executive officers exchange information and participate in important management initiatives and decisions through regularly scheduled executive officers' meetings.

In the event an incident occurs that seriously calls into question the Group's social responsibility and is expected to have a profound impact on management, or in the case of such emergencies as large-scale disasters, accidents or pandemics, a company-wide Emergency Response Center will be established to implement measures under the leadership of the president, to ensure prompt and proper initial response.

Risk Management Framework (Mitsubishi Electric Group)



Information Security

Basic Policy

The Mitsubishi Electric Group handles confidential corporate and personal information appropriately as part of its corporate social responsibility to make certain that such sensitive information does not leaked out and cause concern for our customers and society, as can be caused by cyber-attacks or the loss of storage media.

The Mitsubishi Electric Group manages confidential corporate information, which includes information on Mitsubishi Electric's sales, engineering matters and intellectual property, based on the "Declaration of Confidential Corporate Information Security Management" that was established in February 2005. Information that is entrusted to us by our corporate customers is managed and protected in compliance with a non-disclosure agreement, as well as by the same level of security measures that are applied to our own confidential corporate information.

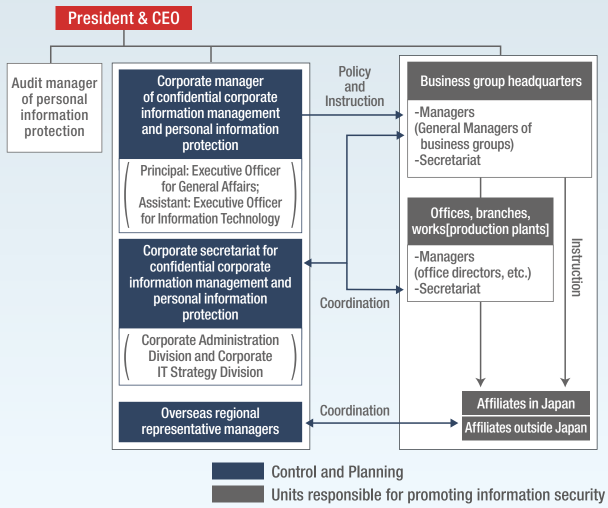
Framework and guidelines

The President & CEO assigns a Corporate Manager for Confidential Corporate Information Management and Personal Information Protection (hereafter Corporate Manager), who assumes overall responsibility for confidential corporate information management, and an Audit Manager for Personal Information Protection, who is responsible for implementing and reporting the results of personal information audits. The Corporate Manager assumes overall responsibility for information security, and the Corporate Secretariat for Confidential Corporate Information Management and Personal Information Protection (hereafter Corporate Secretariat) under the Corporate Manager is in charge of planning and promoting information security measures. Responsibility for the actual utilization and management of confidential corporate information and personal information lies with the General Manager of each business group (the Confidential Corporate Information Management and Personal Information Protection Manager) and the manager of each business site (office directors, etc.). The Business Group Secretariats and Business Office Secretariats,under the General Manager of each business group and manager of each business site strive to ensure information security by maintaining close coordination and regularly holding meetings with the Corporate Secretariat.

In the event an incident were to occur, reports and instructions would be given in keeping with this framework and appropriate responses taken to prevent secondary damage.

Business groups and offices (offices, branches, works [production plants]) issue instructions and guidance on information security to affiliates in and outside Japan. Paying special attention to the circumstances and special characteristics of overseas affiliates, the Corporate Secretariat places overseas regional representative managers at sites in the Americas, Europe, China, and other Asian countries and coordinates with them to ensure information security.

Framework and guidelines



Personal information protection

In efforts to protect personal information, Mitsubishi Electric first created company rules on personal information protection in October 2001, and since then it has required all employees and affiliated persons to obey those rules strictly. Mitsubishi Electric issued a personal information protection policy in 2004, complying with the requirements of JIS Q 15001:2006 Personal Information Protection Management Systems. In January 2008, we were granted the right to use the "PrivacyMark," which certifies the establishment of management systems that ensure proper measures for personal information protection. We have maintained our "PrivacyMark" certification until the present.

We have also conducted a review of our internal regulations to ensure a proper response to Japan's amended Act on the Protection of Personal Information, which went into force in May 2017.

Information Security Education

Mitsubishi Electric provides the following education programs to foster a corporate culture that enforces the proper handling of confidential corporate information and personal information.

·Education for all employees
An e-learning program on information security is offered once a year to all of the Company's roughly 50,000 employees, to disseminate thorough knowledge of various issues on information security, including Mitsubishi Electric's policies, the status of information leakage incidents, laws and regulations on the protection of personal information, the Unfair Competition Prevention Act, and security measures (human, physical, technological, and organizational) to be taken by all employees.

·Education corresponding to each career stage
Education on confidential corporate information management and personal information protection is provided to new employees, employees in their twenties and thirties, and newly appointed section managers, so that they may fulfill the roles that are expected of them at each career stage.

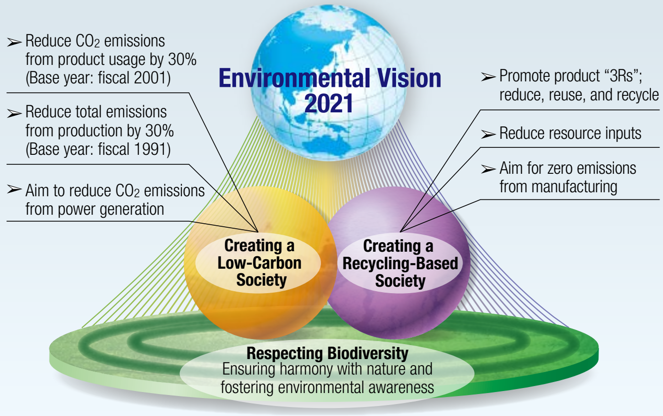
·Exercises to practice handling phishing e-mails
As a measure against cyber-attacks, Mitsubishi Electric regularly conduct exercises that allow all employees, including officers, to verify that they know how to handle phishing e-mails. Employees of affiliates in Japan can participate in this exercise. At overseas affiliates in the Americas, Europe, and China, practice exercises are conducted according to local circumstances under the direction of regional representative managers.

·Other individual training
Employees posted overseas are provided with a preliminary education program, which covers risks in confidential corporate information management and personal information protection outside Japan, examples of information leakage incidents that have occurred overseas, and the global information security situation.

E: Environment

Environmental Vision 2021

Mitsubishi Electric Group is promoting environmental activities aimed toward achieving the Environmental Vision 2021, which is our long-term environmental management vision established in 2007. The Vision sets 2021 as its target year, coinciding with the 100th anniversary of Mitsubishi Electric's founding. In order to make positive contributions to the earth and its people through technology and action, we are working toward the realization of a sustainable society through our business activities utilizing wide-ranging and sophisticated technologies, as well as the promotion of proactive and ongoing actions by our employees.



eco Changes
for a greener tomorrow

eco Changes
家庭から宇宙まで、エコチェンジ。

eco Changes
精于节能 尽心环保

Environmental Initiatives and the SDGs

Shaping the World of 2030

SDGs Closely Related to Mitsubishi Electric Group Environmental Activities

Example 1 **Offering Technologies that Contribute to the Conservation of the Aquatic Environment**

We have provided ozone generators, which use ozone instead of chlorine to purify water, for nearly 50 years. The ozone generators can be used at water purification and sewage treatment plants, pharmaceutical and chemical plants, and aquariums, contributing to the conservation of our aquatic environment.

Example 2 **Increasing Product Energy Efficiency**

Mitsubishi Electric Group products consume electricity when used. As increased product energy efficiency results in less CO2 generated during use, our goal is to develop energy-efficient products.

Cultivating Innovation for the Future

Great expectations are being placed on corporate innovation to achieve the SDGs and Paris Agreement goals. Mitsubishi Electric set up the Center for Future Innovation in July 2015 to promote open innovation, with future-oriented research and development instead of focusing on prolonging the use of existing technologies. Accelerating the cultivation of innovation in this way, alongside making full use of the strengths of our products and services, will allow us to contribute to the environment across a wide range of fields.

9th Environmental Plan

Every three years since 1993, Mitsubishi Electric Group has formulated an environmental plan with specific targets, and has continued to make efforts to improve our environmental management vision on a global scale. In April 2018, in order to achieve the Environmental Vision 2021, we established the 9th Environmental Plan (fiscal 2018–2020) that considers the medium to long-term vision based on the Paris Agreement, as well as future water shortage measures. Furthermore, through this plan, we aim to contribute to achieving seven of the 17 Sustainable Development Goals (SDGs) established by the United Nations that are deeply related to the environment, including "7. Affordable and clean energy" and "13. Climate action."

Major initiatives of the Mitsubishi Electric Group's 9th Environmental Plan

1. Realizing a Low-carbon Society

(1) Reduce CO_2 emissions from production and emissions of non-CO_2 greenhouse gases (gases such as SF_6, PFCs and HFCs), and suppress total annual emissions (CO_2 equivalent) from 2.66 million tons in the base year[*1] to less than 1.47 million tons in fiscal 2021.

(2) Improve the energy-saving performance of products and reduce CO_2 emissions from product usage by 35% on average compared to fiscal 2001.

*1 CO_2 emissions from production: Mitsubishi Electric, FY1991; affiliates in Japan, FY2001; overseas affiliates, FY2006.Non-CO_2 greenhouse gases: Mitsubishi Electric and affiliates in Japan, FY2001; overseas affiliates, FY2006.

2. Creating a Recycling-based Society

(1) Reduce final disposalrate (Japan:below 0.1%;overseas:below0.5%)

(2) Make products compact and lightweight, and reduce resource inputs by an average of 40% from fiscal 2001.

(3) Reduce water usage per unit of sales by 1% per annum compared to the base year (FY2011).

3. Creating a Society in Tune with Nature

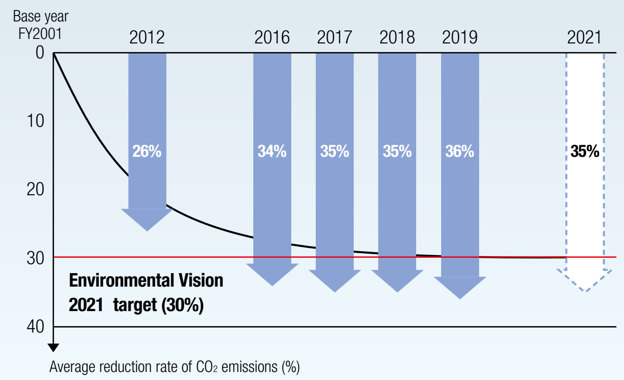
(1) Based on our guidelines set in line with the Aichi Targets[*2], we will conduct living creature studies, preserve local species, control non-native species, and maintain green spaces in consideration of the surrounding ecosystem as part of our biodiversity protection activities at all manufacturing bases in Japan.

(2) We will continue to hold Mitsubishi Electric Outdoor Classrooms and the Satoyama Woodland Preservation Project in Japan, with the aim of exceeding 12,000 participants (cumulative total: 51,000 participants).

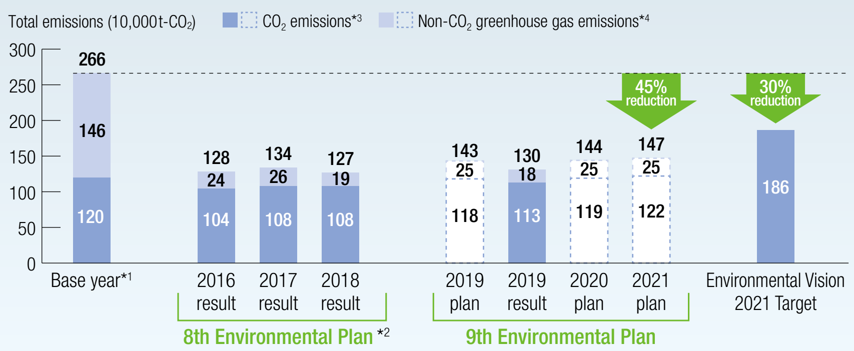
*2 Global targets adopted at the 10th Meeting of the Conference of the Parties to the Convention of Biological Diversity (COP 10), which was held in Nagoya City, Aichi Prefecture in October 2010. They form the core of the Strategic Plan for Biodiversity 2011-2020.

Initiatives for creating a low-carbon society

—Reducing CO2 emissions from product usage by improving the energy-saving performance of products—



Initiatives for creating a low-carbon society —Reducing CO_2 emissions from production—



*1 Base year for CO_2: Mitsubishi Electric, FY1991; affiliates in Japan, FY2001; overseas affiliates, FY2006 Base year for non-CO_2 greenhouse gases: Mitsubishi Electric and affiliates in Japan, FY2001; overseas affiliates, FY2006

*2 The emission coefficient for Japan has been calculated based on the figure published by the Federation of Electric Power Companies of Japan at the time of formulation of the 8th Environmental Plan(2013, two nuclear plants in operation).

*3 The overseas emission coefficient has been calculated in reference to the figure published by JEMA (2006).

*4 The Global Warming Potential (GWP) of non-CO_2 greenhouse gases has been calculated in reference to the figure published in IPCC's Second Assessment Report (1995).

web For results of fiscal 2019, please refer to the following:
https://www.MitsubishiElectric.com/en/sustainability/environment/report/index.html

Challenging to Solve Environmental Issues by 2050

"Environmental Sustainability Vision 2050" Announced (June 2019)

The Mitsubishi Electric Group has placed contributing to preservation of the environment as an important issue for management, and its "Environmental Sustainability Vision 2050" stipulates that the Group will commit itself to taking the initiative to solve environmental problems.

Our aim in this environmental declaration is to resolve issues related to air, land, and water. We hope that all employees in the Group and those we work with outside of it will passionately take action and work towards creating a sustainable future.

Environmental Sustainability Vision 2050

Environmental Declaration

Protect the air, land, and water with our hearts and technologies to sustain a better future for all.

Environmental Sustainability Vision 2 0 5 0

To solve various factors that lead to environment issues, the Mitsubishi Electric Group shall unite the wishes of each and every person, and strive to create new value for a sustainable future.

Three Environmental Action Guidelines

1 Apply diverse technologies in wide-ranging business areas to solve environmental issues

2 Challenge to develop business innovations for future generations

3 Publicize and share new values and lifestyles

S: Social

Human rights management

The Mitsubishi Electric Group established Policies on Respect for Human Rights in September 2017 and declared its commitment to ensure human rights responses that match international norms. In particular, we are striving to implement measures to prevent and mitigate adverse impacts on human rights. To do so, we are conducting due diligence on human rights in conformance with the UN Guiding Principles on Business and Human Rights, and creating a corrective mechanism in the event it comes to light that a company's action or involvement has inflicted an adverse impact on human rights.

Progress of human rights due diligence and materiality

Results of activities in fiscal 2019

1.Human rights impact assessment
Mitsubishi Electric assessed and evaluated the impact on human rights related to the Group's corporate activities for a total of 336 sites, including the internal Mitsubishi Electric offices, domestic affiliated companies, and overseas affiliated companies.
We also checked whether the Technical Intern Training Program has been implemented, and whether it is operating according to the law.

2.Efforts regarding human rights in the supply chain
Based on the CSR Procurement Guidelines formulated in June 2018, the procurement divisions have begun ensuring that when dealing with transaction partners, agreements are reached with regard to social issues, including human rights.

3. Human rights education
We provided an e-learning program to 71,588 employees of Mitsubishi Electric and domestic affiliated companies. In addition to the human rights impact assessment, we conducted human rights education for employees involved in CSR at Mitsubishi Electric offices and at domestic affiliated companies.

Approaches for fiscal 2020

1. Implement human rights risk reduction measures within the Mitsubishi Electric Group
To prevent the risks pointed out in the human rights impact assessment conducted in fiscal 2019 from surfacing, we will strengthen our efforts through human rights education, and so on.

2. Human rights efforts in supply chain
Ensure that measures that started in fiscal 2019 to consider social issues, such as human rights, in agreements concluded with suppliers, will continue. In addition, we will continue to promote efforts to fully understand human rights violation risks by suppliers.

3. Consider upgrading the system for handling grievances
The Mitsubishi Electric Group has multiple inquiry channels that serve as a system for listening to various grievances and questions related to human rights. We aim to raise the performance of these channels to meet international standards.

Workforce Diversity

Basic policy

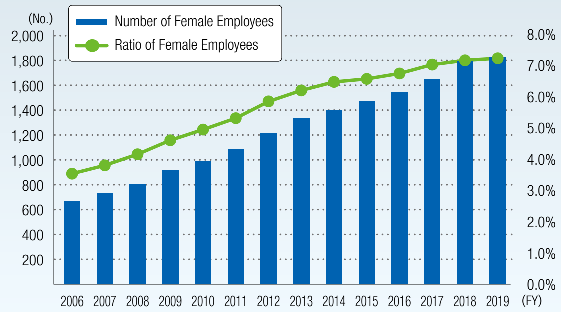
Within today's rapidly changing workforce environment, providing a workplace where employees can work to their full potential regardless of gender or age is essential to business development. Furthermore, it has become more vital than ever before to employ an even greater diversity of people, given the increasingly aging and diminishing population in Japan. Based on this awareness, Mitsubishi Electric promotes employee diversity through the following measures.

Women's Participation

To formulate and implement original measures that would help female employees and employees with children form a career while also enriching their personal lives, Mitsubishi Electric established the CP-Plan* Promotion Center within its Corporate Human Resources Division in April 2006, with a mandate to promote recruitment, training, assignment, and institutional initiatives from a diversified perspective.

*Career management & Personal life well-balanced Plan

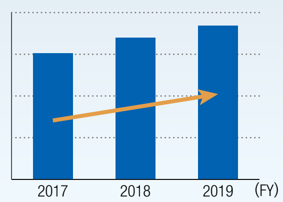
Trend in the number of female employees (main career track)



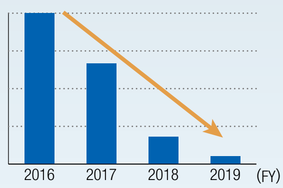
Outcomes of the Work Style Reform

Three years have passed since Work Style Reform began in fiscal 2017. Through driving the reform based on the four perspectives, the percentage of employees who experienced changes in their work style increased and working hours fell sharply. This reform, therefore, has produced positive outcomes.

Percentage of employees who responded that they had a good work-life balance (Employee Attitude Survey)



Changes in the number of employees who worked more than 80 hours of overtime a month



Examples of Work Style Reform in the Office

More and more employees are feeling that their work style has changed. For example, using laptops in meetings is now an everyday sight. We will continue to foster enhancements in the corporate culture and environment so that all employees can feel the change. Yet Work Style Reform extends beyond just improving operational efficiency. To achieve the reform goal of "creating a workplace environment in which everyone can maintain physical and psychological health and work in good spirits," we aim to develop a company where every single employee is always aware of the value of improving their work and finds their work fulfilling.

Supply Chain Management

Basic policy

The Mitsubishi Electric Group ensures fair and impartial selection and evaluation of business partners in Japan and overseas by providing an explanation of the Group's Purchasing Policy and CSR Procurement Policy, and requesting business partners' understanding of these policies. By ensuring proper evaluation of suppliers based on selection and evaluation criteria established by the Group, risks are also mitigated along the supply chain.

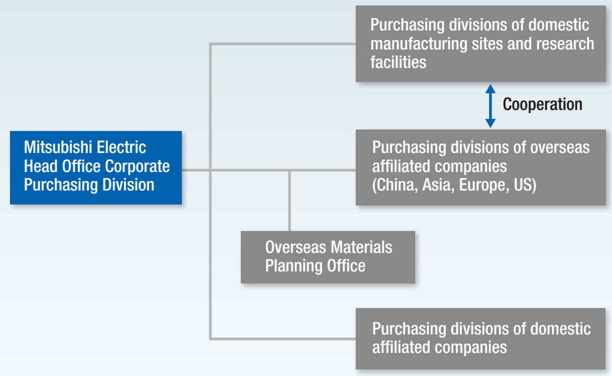
The Group's criteria for selecting and evaluating suppliers include not only quality, cost, delivery schedules, and services, but also initiatives in response to environmental regulations and CSR initiatives. As a basic policy, the Group preferentially procures materials from suppliers who rank high in a comprehensive evaluation.

Framework for Promotion of Supply Chain Management

The Mitsubishi Electric Group launched the WΣ21II (Worldwide Strategic Integration for Global Markets in the 21st Century Advance to the Next Stage)* activity in April 2017, and is promoting optimal procurement activities suited to each region through the Materials Planning Office. The Materials Planning Office was established in collaboration among regional corporate offices in China, Asia, Europe and Americas to implement purchasing strategies through conferences of procurement officers and other such meetings. Accompanying this initiative, the supply chain has also expanded to various countries where the Group operates, so initiatives are also pursued to mitigate any perceived risks regarding a range of issues related to labor laws and regulations, and to environmental problems.

* WΣ21II: An initiative of purchasing departments to work toward achieving the Mitsubishi Electric Group's management goal of reaching net sales of 5 trillion yen and an operating income ratio of 8% or more by 2020.

Framework for promotion of supply chain management



Quality Management

Basic policy

The Mitsubishi Electric Group is committed to improving its technologies and services by applying creativity to all aspects of its business, to thereby enhance the quality of life in our society, as stated in our corporate mission. This commitment inherits the principles outlined in the Keys to Management (in Japanese, Keiei no Yotei) with regard to "our contribution to social prosperity," "quality improvement," and "customer satisfaction," and forms the basic spirit of our relationship with society and our customers.

To give concrete shape to this basic spirit, the Seven Guiding Principles define our actions in response to society and customers. It teaches us to establish relationships based on trust, provide the best products and services with unsurpassed quality, and respond to customer expectations through technology by promoting research and development and pioneering new markets.

Under these principles, we constantly strive to increase customer satisfaction and contribute to social prosperity in all aspects of our business, from the production of high-quality, easy-to-use products to our after-purchase support and response to major issues.

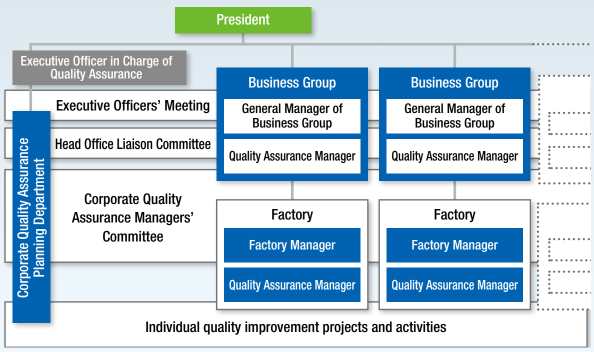
Management system

Based on the Four Basic Quality Assurance Principles, we have established a system for quality assurance and improvement activities throughout the entire Group, including the appointment of a quality assurance promotion manager in all business group headquarters. We have also formulated quality assurance guidelines to ensure compliance with quality assurance legislation and standards and further develop quality improvement activities. At the level of management, we also regularly report on the status of quality at meetings of executive officers.

Worldwide manufacturing bases take responsibility for the quality assurance of each product and are implementing concrete improvement initiatives in relation to quality assurance measures (quality management) for processes at each stage, from market surveys regarding Mitsubishi Electric products, through product planning, development and design, manufacturing, transportation, storage, installation, maintenance and servicing, and education, to the disposal of the product.

In addition, in operating our Quality Management System (QMS), we regularly check our PDCA cycle with reference to ISO and other international certification standards, seeking to realize ever higher quality by process improvement.

Promotion of Quality Assurance and Improvement Activities



Philanthropic Activities

Philosophy and Policies

The Mitsubishi Electric Group shares a common Philosophy and Policies based on its Corporate Mission and Seven Guiding Principles, and carries out a variety of activities accordingly.

Philosophy

As a corporate citizen committed to meeting societal needs and expectations, the Mitsubishi Electric Group will make full use of the resources it has at hand to contribute to creating an affluent society in partnership with its employees.

Policies

- We shall carry out community-based activities in response to societal needs in the fields of social welfare and global environmental conservation.
- We shall contribute to developing the next generation through activities that support the promotion of science and technology, culture and arts, and sports.

Community Contributions and Human Resource Development Activities

The Mitsubishi Electric SOCIO-ROOTS Fund matching-gift program supports such beneficiaries as social welfare facilities through donations, with the Company making contributions equivalent in value to the donations of employees. The "Satoyama" Woodland Preservation Project focuses on restoring the natural environment in the vicinity of operational sites with the help of employee volunteers. The Mitsubishi Electric Science Workshop invites children to experience the fun of science with the aim of nurturing future engineers. In addition to these key activities undertaken by Mitsubishi Electric, employees at Group affiliates in Japan and overseas are strongly committed to philanthropic activities, participating in various volunteer activities and supporting local social welfare organizations and sports teams.

Foundations

The Mitsubishi Electric America Foundation and Mitsubishi Electric Thai Foundation, both founded in 1991, also carry out various activities in the spirit of the Mitsubishi Electric Group's Philosophy and Policies. The Mitsubishi Electric America Foundation, with the cooperation of its branches in the United States, helps young people with disabilities to become employed and participate more fully in society. The Mitsubishi Electric Thai Foundation, in addition to providing scholarships to university students and supporting a school lunch program for grade school students, has been promoting employee-involved volunteer activities that support education and environmental protection.

"Satoyama" Woodland Preservation Project

Mitsubishi Electric America Foundation was chosen to receive the "2018 CATALYST AWARD" by the American Association of People with Disabilities (the United States)

The Mitsubishi Electric Science Workshop

Local Group companies engaging in joint planting activities (Thailand)

"Mouth and Foot Painting Artists of the World Exhibition" (Mitsubishi Electric Building Techno-Service Co., Ltd.)

Supporting the Special Olympics (Mitsubishi Electric Europe B.V. Italian Branch)

ESG Information Disclosure List (CSR website)

President's Message		
CSR at Mitsubishi Electric	Corporate Strategy	
	Mitsubishi Electric's Business Segments	
	Initiatives that Contribute to Addressing Social Issue	
	CSR Management	Initiatives to Create Value
		Initiatives Related to the Value Chain
		Management
		CSR Materiality and SDGs Management
		Initiatives/External Evaluation
		Process of Identification and Review of CSR Materiality
		Management of CSR Materiality
	CSR Materiality	Realize a Sustainable Society
		Provide Safety, Security, and Comfort
		Respect Human Rights and Promote the Active Participation of Diverse Human Resources
		Strengthen Corporate Governance and Compliance on a Continuous Basis
	Initiatives to Address the SDGs	
	Communication with Stakeholders	Status of Communication
		Results of Reader Surveys
		Interviews with Experts
		Dialogues with Experts
		Measures for Internal Dissemination
Governance	Corporate Governance	
	Compliance	
	Risk Management	
	Our Approach to Information Security	
	R&D/Technology	
	Intellectual Property	
	Communication with Shareholders and Investors	
Environment		
Social	Responsibility to Customers	
	Human Rights	
	Labor Practices	
	Supply Chain Management	
	Philanthropic Activities	
About the Report		
Guideline Comparison Table	ISO26000	
	GRI Standard	
	Environmental Reporting Guidelines 2018	
ESG Survey Index		

web

For more information related to CSR at the Mitsubishi Electric Group, refer to the following websites:

CSR

https://www.MitsubishiElectric.com/en/sustainability/csr/index.html

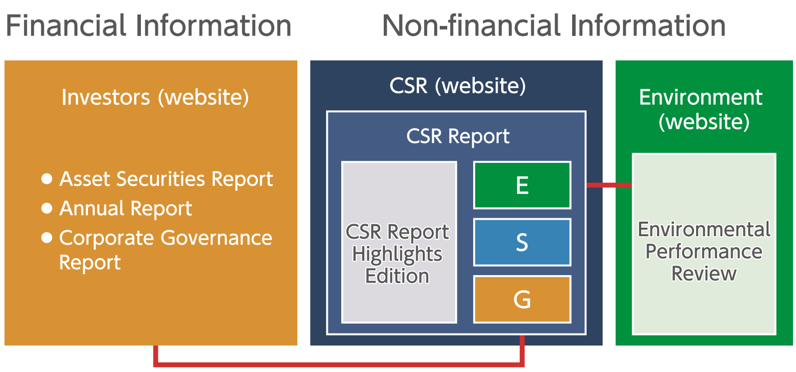
Environment

https://www.MitsubishiElectric.com/en/sustainability/environment/index.html

About

https://www.MitsubishiElectric.com/en/about/index.html

Overview of CSR-related information disclosure



Directors and Executive Officers

Directors (As of June 27, 2019)

Masaki Sakuyama ············ Chairman
Takeshi Sugiyama
Nobuyuki Okuma
Akihiro Matsuyama ············ Chairman of the Audit Committee
Masahiko Sagawa ············ Member of the Audit Committee
Shinji Harada ············ Member of the Nomination Committee, Chairman of the Compensation Committee
Tadashi Kawagoishi ············ Member of the Compensation Committee
Mitoji Yabunaka ············ Member of the Nomination Committee, Member of the Compensation Committee
Hiroshi Obayashi ············ Chairman of the Nomination Committee, Member of the Audit Committee, Attorney-at-Law
Kazunori Watanabe ············ Member of the Audit Committee, Member of the Compensation Committee, Certified Public Accountant, Registered Tax Accountant
Hiroko Koide ············ Member of the Nomination Committee, Member of the Compensation Committee
Takashi Oyamada ············ Member of the Nomination Committee, Member of the Audit Committee, Senior Advisor, MUFG Bank, Ltd.

Representative Executive Officers (As of April 1, 2019)

Takeshi Sugiyama
Yutaka Ohashi
Nobuyuki Okuma

Executive Officers (As of April 1, 2019)

President & CEO:

Takeshi Sugiyama

Executive Vice President:

Yutaka Ohashi ············ In charge of Export Control and Information Systems & Network Service

Senior Vice Presidents:

Nobuyuki Okuma ············ In charge of Corporate Strategic Planning and Operations of Associated Companies
Yasuyuki Ito ············ In charge of Building Systems
Kei Uruma ············ In charge of Public Utility Systems
Hisashi Kato ············ In charge of Government & External Relations, Export Control and Intellectual Property

Executive Officers:

Takashi Nishimura ············ In charge of Communication Systems
Masamitsu Okamura ············ In charge of Semiconductor & Device
Masahiro Fujita ············ In charge of IT and Research & Development
Satoshi Matsushita ············ In charge of Global Strategic Planning & Marketing
Hiroshi Onishi ············ In charge of Automotive Equipment
Yoshikazu Miyata ············ In charge of Factory Automation Systems
Tadashi Matsumoto ············ In charge of Living Environment & Digital Media Equipment
Jun Nagasawa ············ In charge of Advertising and Domestic Marketing
Shinji Harada ············ In charge of General Affairs, Human Resources and Public Relations
Tadashi Kawagoishi ············ In charge of Accounting and Finance
Takakazu Murozono ············ In charge of Auditing and Legal Affairs & Compliance
Koichi Orito ············ In charge of Energy & Industrial Systems
Juichi Shikata ············ In charge of Purchasing
Yoshihisa Hara ············ In charge of Electronic Systems
Atsuhiro Yabu ············ In charge of Total Productivity Management & Environmental Programs

Organization (As of June 27, 2019)

- Board of Directors
  - Chairman
  - Nomination Committee
  - Audit Committee
    - Audit Committee Office
  - Compensation Committee

- Executive Officers' Meeting
  - Corporate Auditing Div.
  - Corporate Strategic Planning Div.
  - Corporate IT Strategy Div.
  - Associated Companies Div.
  - Government & External Relations Div.
  - Corporate Administration Div.
  - Corporate Human Resources Div.
  - Corporate Accounting Div.
  - Corporate Finance Div.
  - Corporate Purchasing Div.
  - Public Relations Div.
  - Corporate Advertising Div.
  - Corporate Legal & Compliance Div.
  - Corporate Export Control Div.
  - Corporate Licensing Div.
  - Corporate Intellectual Property Div.
  - Corporate Marketing Group
    - Business Planning Office
    - Market Planning & Administration Dept.
    - Compliance Dept.
    - Marketing Research & Business Development Dept.
    - Olympic and Paralympic Promotion Dept.
    - Branch Offices (Hokkaido, Tohoku, Kanetsu, Kanagawa, Hokuriku, Chubu, Kansai, Chugoku, Shikoku, Kyushu)
  - Global Strategic Planning & Marketing Group
    - Global Planning & Administration Div.
    - Compliance Dept.
    - Regional Marketing Div.
    - Regional Strategic Development Div.
    - Regional Corporate Offices
      - Americas (U.S.A.)
      - Europe (U.K.)
      - Asia (Singapore)
      - China
      - Taiwan
  - Corporate Total Productivity Management & Environmental Programs Group
    - Corporate Productivity Engineering Dept.
    - Compliance Dept.
    - Corporate Quality Assurance Planning Dept.
    - Corporate Environmental Sustainability Group
    - Corporate Logistics Dept.
    - Design Systems Engineering Center
    - Manufacturing Engineering Center
    - Component Production Engineering Center
  - Corporate Research and Development Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Advanced Technology R&D Center
    - Information Technology R&D Center
    - Industrial Design Center
  - Information Systems & Network Service Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Information Systems & Network Service Div.
  - Public Utility Systems Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Engineering Planning Dept.
    - ITS Business Development Group
    - Public-Use Systems Marketing Div.
    - Transportation Systems Div.
    - Overseas Marketing Div.
    - Plant Engineering & Construction Div.
    - Branch Offices
    - Kobe Works, Itami Works, Nagasaki Works
  - Energy & Industrial Systems Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Engineering Planning Dept.
    - Nuclear Power Plant Technical Supervisory Office
    - Business Development & Strategic Planning Div.
    - Transmission & Distribution Systems Marketing Div.
    - Power & Energy Systems Marketing Div.
    - Nuclear Energy, Advanced Magnetic Systems Marketing Div.
    - Power Plant Engineering & Construction Center
    - Branch Offices
    - Energy Systems Center, Transmission & Distribution Systems Center, Power Distribution Systems Center
  - Building Systems Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Engineering Planning Dept.
    - Domestic Marketing Div.
    - Overseas Marketing Div.
    - Building Systems Field Operation Div.
    - Branch Offices
    - Inazawa Works
  - Electronic Systems Group
    - Electronic Systems Compliance Dept.
    - Planning & Administration Dept.
    - High-precision Positioning Systems Dept.
    - Defense Systems Div.
    - Space Systems Div.
    - Integrated Sensing System Div.
    - Branch Offices
    - Communication Systems Center, Kamakura Works
  - Communication Systems Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Communication Systems Engineering Center
    - Telecommunication Systems Sales & Marketing Div.
    - Branch Offices
    - Communication Networks Center
  - Living Environment & Digital Media Equipment Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Engineering Dept.
    - Branding Strategy Dept.
    - External Relations Dept.
    - Customer Satisfaction Promotion Dept.
    - Marketing & Operations Strategic Planning Dept.
    - Eco-Facility Systems Marketing Dept.
    - Air-Conditioning & Refrigeration Systems Div.
    - Overseas Air-Conditioning & Refrigeration Systems Div.
    - Lighting, Ventilation, Home Equipment & Solutions Div.
    - Home Appliances & Digital Media Equipment Div.
    - Living Environment Systems Laboratory
    - Branch Offices
    - Nakatsugawa Works, Air-Conditioning & Refrigeration Systems Works, Shizuoka Works, Kyoto Works, Gunma Works
  - Factory Automation Systems Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Solution Business Strategy Div.
    - Industrial Products Marketing Div.
    - Industrial Automation Marketing Div.
    - Overseas Marketing Div.
    - Branch Offices
    - Nagoya Works, Fukuyama Works
  - Automotive Equipment Group
    - Planning & Administration Dept.
    - Automotive Equipment Compliance Dept.
    - Automotive Equipment Marketing Div.
    - Automotive Electronics Development Center
    - Branch Offices
    - Himeji Works, Sanda Works
  - Semiconductor & Device Group
    - Planning & Administration Dept.
    - Compliance Dept.
    - Semiconductor & Device Marketing Div. A
    - Semiconductor & Device Marketing Div. B
    - LCD Div.
    - Branch Offices
    - Power Device Works, High Frequency & Optical Device Works

Major Subsidiaries and Affiliates (As of March 31, 2019)

	Manufacturing	Sales/Installation/Services	Comprehensive Sales Companies
Energy and Electric Systems	Toyo Electric Corporation Mitsubishi Electric Control Panel Corporation Mitsubishi Electric Power Products, Inc. Mitsubishi Electric Shanghai Electric Elevator Co., Ltd. Mitsubishi Elevator Asia Co., Ltd. Mitsubishi Elevator Korea Co., Ltd. Taiwan Mitsubishi Elevator Co., Ltd. Toshiba Mitsubishi-Electric Industrial Systems Corporation Mitsubishi Hitachi Home Elevator Corporation Shanghai Mitsubishi Elevator Co., Ltd.	Mitsubishi Electric Building Techno-Service Co., Ltd. Mitsubishi Electric Plant Engineering Corporation Mitsubishi Electric Control Software Corporation Ryoden Elevator Construction, Ltd. Ryoko Co., Ltd. RYO-SA BUILWARE Co., Ltd. Mitsubishi Elevator Hong Kong Co., Ltd. Mitsubishi Electric Saudi Ltd. Hitachi Mitsubishi Hydro Corporation AG MELCO Elevator Co. L.L.C.	
Industrial Automation Systems	DB Seiko Co., Ltd. Mitsubishi Electric Automotive America, Inc. Mitsubishi Electric Thai Auto-Parts Co., Ltd. Mitsubishi Electric Automotive (China) Co., Ltd. Mitsubishi Electric Automotive de Mexico, S.A. de C.V. Mitsubishi Electric Automation Manufacturing (Changshu) Co., Ltd. Mitsubishi Electric Dalian Industrial Products Co., Ltd. Shizuki Electric Co., Inc. Nippon Injector Corporation Shihlin Electric & Engineering Corporation	Setsuyo Astec Corporation Ryowa Corporation Mitsubishi Electric Mechatronics Engineering Corporation Meldas System Engineering Corporation Mitsubishi Electric Mechatronics Software Corporation Mitsubishi Electric Automation (Hong Kong) Ltd. Mitsubishi Electric Automation Korea Co., Ltd. SETSUYO ENTERPRISE CO., LTD.	
Information and Communication Systems	Mitsubishi Electric TOKKI Systems Corporation Mitsubishi Precision Co., Ltd. SPC Electronics Corporation Seiryo Electric Co., Ltd. Miyoshi Electronics Corporation	Mitsubishi Electric Information Network Corporation Mitsubishi Electric Information Systems Corporation Mitsubishi Space Software Co., Ltd. Mitsubishi Electric Business Systems Co., Ltd. Mitsubishi Electric Micro-Computer Application Software Co., Ltd. Itec Hankyu Hanshin Co., Ltd.	Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (9 companies) Mitsubishi Electric Europe B.V. Mitsubishi Electric US, Inc. Mitsubishi Electric & Electronics (Shanghai) Co., Ltd. Mitsubishi Electric (H.K.) Ltd. Mitsubishi Electric Taiwan Co., Ltd. Mitsubishi Electric Asia Pte. Ltd. Mitsubishi Electric Australia Pty. Ltd.
Electronic Devices	Melco Display Technology Inc. Melco Power Device Corporation Vincotech Holdings S.à r.l.	Melco Semiconductor Engineering Corporation	Ryoden Trading Co., Ltd. Kanaden Corporation Mansei Corporation
Home Appliances	Mitsubishi Electric Lighting Corporation Mitsubishi Electric Home Appliance Co., Ltd. Mitsubishi Electric Consumer Products (Thailand) Co., Ltd. Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd. Mitsubishi Electric (Guangzhou) Compressor Co., Ltd. Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A. Siam Compressor Industry Co., Ltd. Mitsubishi Electric Air Conditioning Systems Europe Ltd. Kang Yong Electric Public Co., Ltd.	Mitsubishi Electric Living Environment Systems Corporation Mitsubishi Electric Life Network Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Equipment Sales Co., Ltd. Mitsubishi Electric Air Conditioning & Refrigeration Systems Co., Ltd. Melco Facilities Corporation Mitsubishi Electric Kang Yong Watana Co., Ltd. Mitsubishi Electric Air-Conditioning & Visual Information Systems (Shanghai) Ltd.	
Others		Mitsubishi Electric Trading Corporation Mitsubishi Electric Engineering Co., Ltd. Mitsubishi Electric Logistics Corporation Mitsubishi Electric System & Service Co., Ltd. Mitsubishi Electric Life Service Corporation The Kodensha Co., Ltd. iPLANET Inc. Melco Trading (Thailand) Co.,Ltd. Mitsubishi Electric Credit Corporation KITA KOUDENSHA Corporation	

Notes:
1. Comprehensive sales companies include several companies that are responsible for selling products from a number of businesses, and therefore these are placed into their own separate category rather than grouped by business segment.
2. Consolidated subsidiaries are shaded in [ ], while equity method companies are shaded in [ ].
3. As of the end of March 2019, the number of consolidated subsidiaries and equity method companies are 206 and 37, respectively.

Financial Section

Contents

Five-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

Years ended March 31	U.S. GAAP 2015	U.S. GAAP 2016	U.S. GAAP 2017	U.S. GAAP 2018	IFRS 2018 Yen (millions)	IFRS 2019 Yen (millions)	IFRS 2019 U.S. dollars (thousands)
Revenue	¥ 4,323,041	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	**¥ 4,519,921**	**$ 40,720,009**
Operating profit	317,604	301,172	270,104	318,637	327,444	**290,477**	**2,616,910**
Profit before income taxes	322,968	318,476	296,249	364,578	353,206	**315,958**	**2,846,468**
Net profit attributable to Mitsubishi Electric Corp. stockholders	234,694	228,494	210,493	271,880	255,755	**226,648**	**2,041,874**
Cash flows from operating activities	378,313	366,677	365,950	240,450	265,768	**239,817**	**2,160,514**
Cash flows from investing activities	(198,163)	(255,443)	(148,632)	(178,219)	(182,015)	**(210,668)**	**(1,897,910)**
Free cash flows	180,150	111,234	217,318	62,231	83,753	**29,149**	**262,604**
Cash flows from financing activities	(49,623)	(82,144)	(123,495)	(128,291)	(149,813)	**(112,067)**	**(1,009,613)**
Dividends paid	42,936	57,963	57,963	68,696	68,696	**85,871**	**773,613**
Capital expenditures (Based on the recognized value of property, plant and equipment)	194,458	177,801	175,542	181,513	181,513	**198,442**	**1,787,766**
Depreciation	156,205	145,249	141,584	154,559	153,161	**152,315**	**1,372,207**
R&D expenditures	195,314	202,922	201,330	210,308	210,308	**212,794**	**1,917,063**
Cash and cash equivalents	568,517	574,170	662,469	599,199	599,199	**514,224**	**4,632,649**
Bonds and borrowings	381,994	404,039	352,124	311,485	311,950	**298,438**	**2,688,631**
Mitsubishi Electric Corp. stockholders' equity	1,842,203	1,838,773	2,039,627	2,259,355	2,294,174	**2,399,946**	**21,621,135**
Total assets	¥ 4,059,451	¥ 4,059,941	¥ 4,172,270	¥ 4,264,559	¥ 4,305,580	**¥ 4,356,211**	**$ 39,245,144**
Per Share Amounts:							
Earnings per share attributable to Mitsubishi Electric Corp. stockholders (Yen/U.S. dollars)							
Basic	¥ 109.32	¥ 106.43	¥ 98.07	¥ 126.70	¥ 119.19	**¥ 105.65**	**$ 0.952**
Diluted	—	—	—	—	119.19	**105.65**	**0.952**
Cash dividends declared (Yen/U.S. dollars)	27	27	27	40	40	**40**	**0.360**
Mitsubishi Electric Corp. stockholders' equity (Yen/U.S. dollars)	¥ 858.11	¥ 856.52	¥ 950.37	¥ 1,052.96	¥ 1,069.19	**¥ 1,118.83**	**$ 10.080**
Financial Ratios:							
Operating profit ratio (%)	7.3	6.9	6.4	7.2	7.4	**6.4**	**—**
Return on revenue (%)	5.4	5.2	5.0	6.1	5.8	**5.0**	**—**
Return on equity (ROE) (%)	13.9	12.4	10.9	12.6	11.7	**9.7**	**—**
Return on assets (ROA) (%)	6.1	5.6	5.1	6.4	6.0	**5.2**	**—**
Mitsubishi Electric Corp. stockholders' equity ratio (%)	45.4	45.3	48.9	53.0	53.3	**55.1**	**—**
Bonds and borrowings to total assets (%)	9.4	10.0	8.4	7.3	7.2	**6.9**	**—**
Employees (at the end of the year)	129,249	135,160	138,700	142,340	142,340	**145,817**	**—**
Total Shareholder Return (%)	125.3	106.2	144.4	156.8	156.8	**136.3**	**—**
(Comparison Index : Nikkei stock average) (%)	129.5	113.0	127.5	144.7	144.7	**143.0**	**—**

1. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) from the year ended March 31, 2019 and also for the fiscal year ended March 31, 2018 as comparative information.
2. R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
3. Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders is equal to Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders under IFRS, as no dilutive securities existed.
4. U.S. dollar amounts are translated from yen at the rate of ¥111= U.S.$1, the approximate rate on the Tokyo Foreign Exchage Market on March 31, 2019.

OVERVIEW

During the fiscal year ended March 31, 2019, the economy saw a buoyant expansion in the U.S. and a slight slowdown in the Chinese economy, while there were gradual trends of recovery in Japan and Europe despite a recent slowdown in some indicators such as export and production. In addition, the yen, compared to the previous fiscal year, was substantially unchanged against the U.S. dollar, and remained strong against the euro in and after August.

Under these circumstances, the Mitsubishi Electric Group has been working even harder than before to promote growth strategies rooted in its advantages, while continuously implementing initiatives to strengthen its competitiveness and business structure.

As a result, the Mitsubishi Electric Group has recorded revenue of ¥4,519.9 billion and consolidated operating profit of ¥290.4 billion for fiscal 2019. In addition profit before income taxes was ¥315.9 billion and net profit attributable to Mitsubishi Electric Corp. stockholders was ¥226.6 billion.

Revenue

Revenue of ¥4,519.9 billion was recorded for fiscal 2019, an increase of ¥75.4 billion compared to the previous fiscal year. This was due to increased revenue mainly in the Energy and Electric Systems, Industrial Automation Systems and Home Appliances segments.

Operating Profit

The cost of sales increased by ¥96.4 billion compared to the previous fiscal year to ¥3,186.8 billion, representing 70.5% of total revenue, a deterioration of 1.0 percentage point. Selling, general and administrative (SG&A) expenses totaled ¥1,043.2 billion, up ¥21.9 billion year on year. As a result, the ratio of SG&A expenses to revenue deteriorated by 0.1 of a percentage point year on year to 23.1%. Other profit (loss) totaled ¥0.7 billion, an improvement of ¥5.8 billion year on year.

Accounting for the aforementioned factors, operating profit amounted to ¥290.4 billion, a decrease of ¥36.9 billion compared to the previous fiscal year. This decrease was primarily attributable to decreases in operating profit in the Industrial Automation Systems and Electronic Devices business segments.

Profit Before Income Taxes

Financial income amounted to ¥9.7 billion, an increase of ¥1.1 billion year on year, and financial expenses totaled ¥4.3 billion, a decrease of ¥2.4 billion year on year. Share of profit of investments accounted for using the equity method totaled ¥20.1 billion, a decrease of ¥3.8 billion compared to the previous fiscal year.

Accounting for the aforementioned factors, profit before income taxes decreased by ¥37.2 billion compared to the previous fiscal year to ¥315.9 billion, for a ratio to revenue of 7.0%.

Net Profit Attributable to Mitsubishi Electric Corp. Stockholders

Net profit attributable to Mitsubishi Electric Corp. stockholders decreased by ¥29.1 billion year on year to ¥226.6 billion (a ratio to revenue of 5.0%) largely on the back of a decrease in profit before income taxes.

Business Risks

The Mitsubishi Electric Group (hereinafter "the Group") is involved in development, manufacturing and sales in a wide range of fields including Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices and Home Appliances, and these operations extend globally, not only inside Japan, but also in North America, Europe, Asia and other regions. While the statements herein are based on certain assumptions and premises that the Group trusts and considers to be reasonable under the circumstances on the date of announcement, actual financial standings and operating results are subject to change due to any of the factors as contemplated hereunder and/or any additional factor unforeseeable as of the date of this announcement. Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

(1) Important trends

The Group's operations may be affected by trends in the global economy, social conditions, laws, tax codes and regulations.

(2) Foreign currency exchange rates

Fluctuations in foreign currency markets may affect the Group's sales of exported products and purchases of imported materials that are denominated in U.S. dollars or euros, as well as its Asian production bases' sales of exported products and purchases of imported materials that are denominated in foreign currencies.

(3) Stock markets

A fall in stock market prices may cause a decline in value of the Group's marketable securities and pension assets.

(4) Supply/demand balance for products and procurement conditions for materials and components

A decline in prices and shipments due to changes in the supply/demand balance, as well as an increase in material prices due to a worsening of material and component procurement conditions, may adversely affect the Group's performance.

(5) Fund raising

An increase in interest rates, the yen interest rate in particular, would increase the Group's interest expenses.

(6) Significant patent matters

Important patent filings, licensing, copyrights and patent-related disputes may adversely affect related businesses.

(7) Environmental legislation or relevant issues

The Group may incur losses or expenses owing to changes in environmental legislation or the occurrence of environmental issues. Such changes in legislation or the occurrence of environmental issues may also impact manufacturing and all corporate activities of the Group.

(8) Flaws or defects in products or services

The Group may incur losses or expenses resulting out of flaws or defects in products or services, and the lowered reputation of the quality of all its products and services may affect the entire Group.

(9) Litigation and other legal proceedings

The Group's operations may be affected by lawsuits or other legal proceedings against Mitsubishi Electric, its subsidiaries and/or equity-method associates and joint ventures.

(10) Disruptive changes

Disruptive changes in technology, development of products using new technology, timing of production and market introduction may adversely affect the Group's performance.

(11) Business restructuring

The Group may record losses due to restructuring measures.

(12) Information security

The performance of the Group may be affected by computer virus infections, unauthorized access and other unpredictable incidents that lead to the loss or leakage of personal information held by the Group or confidential information regarding the Group's business such as its technology, sales and other operations.

(13) Natural disasters

The Group's operations, particularly manufacturing activities, may be affected by the occurrence of earthquakes, typhoons, tsunamis, fires and other large-scale disasters.

(14) Other significant factors

The Group's operations may be affected by the outbreak of social or political upheaval due to terrorism, war, pandemic by new strains of influenza and other diseases, or other factors.

RESULTS BY BUSINESS SEGMENT

Revenue by Business Segment

					Yen (millions)		U.S. dollars (thousands)
	U.S. GAAP				IFRS		IFRS
Years ended March 31	2015	2016	2017	2018	2018	**2019**	**2019**
Energy and Electric Systems	¥ 1,228,958	¥ 1,264,604	¥ 1,227,906	¥ 1,241,952	¥ 1,253,062	**¥ 1,296,745**	**$ 11,682,387**
Industrial Automation Systems	1,282,749	1,321,937	1,310,136	1,444,928	1,444,928	**1,467,633**	**13,221,919**
Information and Communication Systems	559,521	561,119	447,754	436,068	438,184	**426,269**	**3,840,261**
Electronic Devices	238,402	211,580	186,554	202,294	202,294	**199,908**	**1,800,973**
Home Appliances	944,830	982,064	1,004,415	1,049,369	1,049,369	**1,074,044**	**9,676,072**
Others	740,517	707,746	713,603	764,346	659,059	**676,736**	**6,096,721**
Subtotal	4,994,977	5,049,050	4,890,368	5,138,957	5,046,896	**5,141,335**	**46,318,333**
Eliminations	(671,936)	(654,697)	(651,702)	(707,759)	(602,472)	**(621,414)**	**(5,598,324)**
Consolidated total	¥ 4,323,041	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	**¥ 4,519,921**	**$ 40,720,009**

Operating Profit by Business Segment

					Yen (millions)		U.S. dollars (thousands)
	U.S. GAAP				IFRS		IFRS
Years ended March 31	2015	2016	2017	2018	2018	**2019**	**2019**
Energy and Electric Systems	¥ 72,448	¥ 50,342	¥ 44,319	¥ 51,710	¥ 65,457	**¥ 82,501**	**$ 743,252**
Industrial Automation Systems	145,982	159,160	140,073	190,826	187,350	**142,563**	**1,284,351**
Information and Communication Systems	18,934	14,999	12,700	11,987	11,340	**12,247**	**110,333**
Electronic Devices	30,163	16,870	8,382	14,554	14,164	**1,442**	**12,991**
Home Appliances	54,296	63,856	69,696	56,057	55,496	**59,451**	**535,595**
Others	23,742	23,620	23,214	23,900	24,034	**24,172**	**217,766**
Subtotal	345,565	328,847	298,384	349,034	357,841	**322,376**	**2,904,288**
Eliminations and Corporate	(27,961)	(27,675)	(28,280)	(30,397)	(30,397)	**(31,899)**	**(287,378)**
Consolidated total	¥ 317,604	¥ 301,172	¥ 270,104	¥ 318,637	¥ 327,444	**¥ 290,477**	**$ 2,616,910**

Energy and Electric Systems

The social infrastructure systems business remained substantially unchanged in orders compared to the previous fiscal year, while revenue increased compared to the previous fiscal year due primarily to increases in the transportation systems business inside and outside Japan and the power systems business in Japan.

The building systems business remained substantially unchanged in both orders and revenue compared to the previous fiscal year, experiencing a decrease in the new installation of elevators and escalators in China and buoyant growth in the renewal business in Japan and other factors.

As a result, revenue for this segment increased by 3% from the previous fiscal year to 1,296.7 billion yen. Operating profit increased by 17.0 billion yen from the previous fiscal year to 82.5 billion yen due primarily to an increase in revenue.

Industrial Automation Systems

The factory automation systems business saw decreases in both orders and revenue from the previous fiscal year due primarily to a decrease in capital expenditures in the fields of organic light emitting diodes (OLED) and smartphones outside Japan, despite buoyant demand in Japan.

The automotive equipment business saw increases in both orders and revenue from the previous fiscal year due primarily to increases in Japan, Europe and other markets in Asia, as well as increased revenue in electric-vehicle related equipment in response to market growth worldwide.

As a result, revenue for this segment increased by 2% from the previous fiscal year to 1,467.6 billion yen. Operating profit decreased by 44.7 billion yen from the previous fiscal year to 142.5 billion yen due primarily to a shift in product mix, increases in material prices and upfront investment for growth drivers.

Information and Communication Systems

The telecommunications systems business saw decreases in both orders and revenue compared to the previous fiscal year due primarily to decreased demand in communications infrastructure equipment.

The information systems and service business remained substantially unchanged in orders, while revenue increased compared to the previous fiscal year owing to an increase in the system integrations business.

The electronic systems business saw a decrease in orders compared to the previous fiscal year mainly due to a decrease in the space systems business, while revenue experienced a decrease compared to the previous fiscal year due primarily to a decrease in the defense systems business.

As a result, revenue for this segment decreased by 3% from the previous fiscal year to 426.2 billion yen. Operating profit increased by 0.9 billion yen from the previous fiscal year to 12.2 billion yen due primarily to a shift in project portfolios.

Electronic Devices

The electronic devices business saw a decrease in orders and revenue fell by 1% from the previous fiscal year to 199.9 billion yen mainly due to decreased demand for optical communication devices.

Operating profit decreased by 12.7 billion yen from the previous fiscal year to 1.4 billion yen due primarily to a decrease in revenue and a shift in product mix.

Home Appliances

The home appliances business saw a 2% increase in revenue from the previous fiscal year to 1,074.0 billion yen due to increases in revenue of air conditioners for Japan, Europe and North America.

Operating profit increased by 3.9 billion yen compared to the previous fiscal year to 59.4 billion yen due primarily to an increase in revenue.

Others

Revenue increased by 3% compared to the previous fiscal year to 676.7 billion yen mainly due to an increase in revenue at affiliated companies involved in logistics.

Operating profit increased by 0.1 billion yen from the previous fiscal year to 24.1 billion yen due primarily to an increase in revenue.

RESULTS BY GEOGRAPHIC SEGMENT

Revenue from external customers by the location of customers

					Yen (millions)		U.S. dollars (thousands)
	U.S. GAAP				IFRS		IFRS
Years ended March 31	2015	2016	2017	2018	2018	**2019**	**2019**
Japan	¥ 2,512,357	¥ 2,521,194	¥ 2,405,552	¥ 2,423,626	¥ 2,438,942	**¥ 2,556,644**	**$ 23,032,829**
North America	398,501	447,578	422,259	417,423	419,121	**429,451**	**3,868,928**
Asia (excluding Japan)	959,540	963,684	940,150	1,075,683	1,089,176	**1,013,883**	**9,134,081**
Europe	360,668	369,978	384,075	431,316	431,316	**453,748**	**4,087,820**
Others	91,975	91,919	86,630	83,150	65,869	**66,195**	**596,351**
Consolidated total	¥ 4,323,041	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	**¥ 4,519,921**	**$ 40,720,009**

Japan

Revenue increased by 5% year on year to ¥2,556.6 billion primarily due to increases in the social infrastructure systems, automotive equipment and air conditioner businesses.

North America

Despite a decrease in the automotive equipment business, revenue increased by 2% year on year to ¥429.4 billion primarily due to increases in the social infrastructure systems, factory automation systems and air conditioner businesses.

Asia (excluding Japan)

Revenue decreased by 7% year on year to ¥1,013.8 billion primarily due to decreases in the factory automation systems, electronic devices and air conditioner businesses.

In China, revenue decreased by 11% year on year to ¥486.4 billion primarily due to decreases in the social infrastructure systems, electronic devices and air conditioner businesses.

Europe

Revenue increased by 5% year on year to ¥453.7 billion primarily due to increases in the social infrastructure systems, automotive equipment and air conditioner businesses.

Others

Revenue in other regions, including Oceania, was flat year on year at ¥66.1 billion.

RESEARCH AND DEVELOPMENT

R&D Expenditures

	U.S. GAAP				IFRS Yen (billions)		IFRS U. S. dollars (millions)
Years ended March 31	2015	2016	2017	2018	2018	**2019**	**2019**
Energy and Electric Systems	¥ 31.4	¥ 33.7	¥ 35.5	¥ 35.4	¥ 35.4	**¥ 34.7**	**$ 312.9**
Industrial Automation Systems	70.5	70.8	66.4	69.5	69.5	**70.8**	**638.1**
Information and Communication Systems	16.3	18.9	18.2	17.9	17.9	**15.3**	**138.4**
Electronic Devices	10.9	10.6	10.0	13.4	13.4	**14.1**	**127.1**
Home Appliances	37.3	39.8	41.1	41.8	41.8	**43.8**	**394.9**
Others	28.6	28.7	29.7	32.2	32.2	**33.9**	**305.7**
Consolidated total	¥ 195.3	¥ 202.9	¥ 201.3	¥ 210.3	¥ 210.3	**¥ 212.7**	**$ 1,917.1**
R&D expenditures /revenue (%)	4.5	4.6	4.7	4.7	4.7	**4.7**	—

As the cornerstone of its growth strategy, the Mitsubishi Electric Group will promote short-, medium-, and long-term R&D themes in a balanced manner.

In addition to promoting development toward strengthening current businesses and achieving innovation, the Group is striving to create further value through synergy of technologies and businesses by leveraging the Group's diverse technologies and businesses, while also working to realize sustainable growth through the development of future technologies.

To support these efforts, the Group is developing common basic technologies that are the source of the competitive advantages of the Group's products, on a continuous basis.

Furthermore, the Group will promote enhancement of efficiency of development through proactive utilization of open innovation in collaboration with universities and other external R&D institutions.

During fiscal 2019, the total R&D expenses for the entire Group have amounted to 212.7 billion yen (1% increase compared to the previous fiscal year). The main R&D achievements for each business segment are as follows.

In the Energy and Electric Systems segment, our research is directed at boosting the competitiveness of core products, including such rotating machinery as generators and electric motors; such power transmission/distribution equipment and systems as switchgears and transformers; transportation systems; and elevators and escalators. Other R&D areas include IT-application systems for supervision and control, power information systems, building management systems, and visual information systems. The R&D expenditures for these fields were 34.7 billion yen and the main achievements are as follows.

1) Gas-insulated Switchgear Technologies for Electric Power Applications

The Group has developed two technologies for gas-insulated switchgears: an arc-cooling technology that achieves a 25 percent improvement in the interruption of electrical current in sulfur-hexafluoride (SF_6*1) gas-insulated switchgears used in high-voltage power systems, and a high-density dielectric coating technology that improves insulation performance by 30 percent in high-voltage conductors. The two technologies will contribute to the further miniaturization of switchgears and help to reduce the use of SF_6 gas, which has a high global-warming potential.

2) Train Information Monitoring and Analysis System "TIMA" for Railway Companies

The Group has developed a system that makes full use of IoT technology, allowing visualization and analysis of information on trains in service collected by the Group's brand new Train-control Information Management System. The new system makes full use of big-data to contribute to improvement of passenger service, faster responses to operational problems, as well as optimization of the timing of inspection and parts replacement for extra-safe and reliable train operations.

3) Passive Rope-sway Control Device for Elevators in High-rise Buildings

The Group has developed a device that passively controls rope sway when high-rise building elevator sway due to strong winds or long-period earthquakes. By enabling elevators to continue operating under such conditions, the new device will help to stabilize elevator operations and contribute to greater user convenience.

In the Industrial Automation Systems segment, R&D activities are aimed at enhancing the competitiveness of our lineup, which includes FA control equipment and systems; drive products, such as AC servo motor systems; power distribution and control equipment; mechatronics equipment; industrial robots; automotive electric and electronic components, including electric power steering (EPS) and related products; car multimedia systems; and automated driving, accident avoidance, and driving assistance systems. The R&D expenditures for these fields were 70.8 billion yen and the main achievements are as follows.

1) MELIPC Series Industrial-use Computers
The Group has developed a total of five MELIPC series industrial-use computer models for FA control applications and edge computing: the flagship MI5000, two MI3000 models, which are panel computers with integrated touch screens, the midrange MI2000 and the compact, low-cost MI1000. By collecting real-time data from the production area, linking it with IT systems and allowing the visualization of various types of data, the computers enable the introduction of IoT to the factory floor, thus helping to improve productivity.

2) Driver Monitoring System (DMS)
The Group has installed the functionality of individual-recognition judgment in DMS, which uses a camera to monitor both the driver and the front passenger. By identifying each individual, the onboard HMI (Human Machine Interface) and the device settings can be optimized for the users. This contributes to peace-of-mind, safety and convenience by providing comfortable driving environments.

In the Information and Communication Systems segment, the Group pursues research related to the development of information and communications infrastructure, network solutions equipment, and space systems. The R&D expenditures for these fields were 15.3 billion yen and the main achievements are as follows.

1) “MMS-G” Mobile Mapping System
The Group has developed the new version of mobile mapping system (MMS), a highly precise 3D mobile measuring system used to create high-definition 3D maps for autonomous driving and infrastructure inspections. This version is now more compact and lightweight, making it easy to transport, install and remove, suited to various measuring purposes, including mounted on automobiles, railways, ships or carts etc.

2) Mitsubishi Communication Gateway for IoT Systems “Extended-temperature IoT GW”
The Group has developed the new Extended-Temperature IoT GW that can be installed horizontally. Based on the standard IoT GW commercialized in 2017, while keeping the wireless WAN (Wide Area Network) communication feature and SD card slot, the operating temperature has been extended to 55 degrees C.

3) Electronic Signature Cloud Service “MELSIGN”
The Group developed a function that enables online signature and tamper detection for electronic medical documents using the HPKI (Healthcare Public Key Infrastructure) card, and launched the service as the electronic signature cloud service “MELSIGN.”

In the Electronic Devices segment, our R&D focuses on semiconductor and other electronic devices that are themselves vital components used in all our business segments. The R&D expenditures for these fields were 14.1 billion yen and the main achievements are as follows.

1) High-Performance Power Semiconductor Modules
The Group has developed “MISOP,” a surface-mount package IPM equipped with the latest 7th generation Si chip that supports reflow soldering, as well as the “3.3kV full SiC power module” that contributes to loss reduction and downsizing of inverter systems.

2) Optical and High Frequency Devices for 5th Generation Mobile Communication System Base Stations
The Group has developed the optical communication device “25 Gbps EML CAN” that contributes to achieving high-speed, high-capacity and low-power consumption of mobile communication systems, and the “ultra-wideband digitally controlled GaN amplifier,” one device capable of supporting multiple frequency bands.

In the Home Appliances segment, the Group is engaged in the development of products in such wide-ranging fields as air conditioning equipment, kitchen appliances, vacuum cleaners, lighting, visual information systems, electronic housing products, and photovoltaic systems. The R&D expenditures for these fields were 43.8 billion yen and the main achievements are as follows.

1) Mitsubishi Room Air Conditioner “Kirigamine FZ Series”
The “Kirigamine FZ Series” provides even more comfort and an improved energy saving feature through the updated “Automatic AI Mode,” which automatically switches to the optimal mode of operation and style of air flow by predicting changes in temperature and humidity about to occur in the room. The Mitsubishi room air conditioner “Kirigamine FZ Series” has won the 1st Eco Pro Awards and the 2018 Energy Conservation Grand Prize for its improved energy saving features.

2) Lightweight High Dust-Absorbing Cordless Stick Vacuum Cleaner
The Group has developed the cordless stick vacuum cleaner HC-JXH “iNSTICK ZUBAQ” equipped with the high performance brushless DC blower motor “JC Motor,” that despite its small size, achieves high power through 125 thousand revolutions per minute while still keeping industry-leading high efficiency[*2]. By equipping the “JC Motor,” the stick vacuum cleaner achieves both high dust absorption performance and weight reduction.

In the area of cutting-edge R&D, the Group has been promoting R&D for cutting-edge technology in order to create customer value by solving social issues. The R&D expenditures for these fields were 33.9 billion yen and the main achievements are as follows.

1) New Dot Forming Technology that Achieves High-precision Three-dimensional Metal Shaping
The Group has developed a unique dot forming technology that realizes high-precision shaping by combining laser, computer numerical control and computer aided manufacturing CAM[*3] technologies in 3D printers. The technology produces high-quality three-dimensional parts with few voids at high speed, employing a laser wire DED[*4] method. With this new technology, the shape accuracy has improved by 60% (in-house comparison) compared to that of conventional consecutive forming technology.

2) High-performance Injection-molded-resin Slotted Waveguide Array Antenna
The Group has developed[*5] a slotted waveguide array antenna made of injection-molded resin that uses a manufacturing approach that combines resin-molding and plating. The antenna achieves industry-leading performance[*6] thanks to its proprietary structure, as well as being lightweight and low-cost. The Group is now working to commercialize the antenna for use in a wide range of fields, such as weather radar, air traffic control radar, surface observation radar, and satellite communication antennas.

3) Seamless Speech Recognition Technology
Using its proprietary Maisart[*7] AI technology, the Group developed “Seamless Speech Recognition,” the world’s first[*8] technology capable of highly accurate multilingual speech recognition without being informed which language is being spoken. The technology can understand multiple people speaking either the same or different languages simultaneously.

4) Interpolation Technology for 3D Measurement Data
The Group has developed technology that complements missing sections of measurement data in order to utilize the measurement data from 3D scanners in the design phase. This technology facilitates the design of maintenance parts by making it possible to use computers to accurately extract the dimensions of other companies’ older equipment whose drawings cannot be procured.

*1 Sulfur hexafluoride. It has a high environmental impact with a global warming potential 22,800 times higher than CO_2
*2 According to the Company’s research on April 5, 2018, targeting applications in household cordless cleaner
*3 CAM (Computer Aided Manufacturing): A technology that uses input three-dimensional shape data to perform all production preparations, such as the creation of processing programs, on a computer
*4 DED (Directed Energy Deposition): An additive-manufacturing process that uses focused thermal energy to fuse materials as they are deposited, and add layer by layer to solidify.
*5 The development received support from the Japan Science and Technology Agency’s A-STEP program under a project entitled “Development of a novel resin ridge waveguide antenna with eminent low sidelobe”
*6 As of January 25, 2019, in comparison to conventional patch array antenna (based on the Company’s research)
*7 Mitsubishi Electric’s AI creates the State-of-the-ART in technology
Mitsubishi Electric’s AI technology brand aimed at making every device smarter
*8 As of February 13, 2019 (based on the Company’s research)

FINANCIAL POSITION

Total assets as of the end of this fiscal year increased from the end of the previous fiscal year by 50.6 billion yen to 4,356.2 billion yen. The change in the balance of total assets was mainly due to increases in the balance of inventories by 82.8 billion yen, in contract assets by 26.7 billion yen, and in trade receivables by 15.5 billion yen, while cash and cash equivalents decreased by 84.9 billion yen.

Total liabilities decreased from the end of the previous fiscal year by 63.3 billion yen to 1,845.0 billion yen. The outstanding balances of bonds and borrowings decreased by 13.5 billion yen from the end of the previous fiscal year to 298.4 billion yen, resulting in a decline in the ratio of bonds and borrowings to total assets to 6.9%, representing a 0.3 point decrease compared to the end of the previous fiscal year. Meanwhile, trade payables decreased by 19.9 billion yen, and contract liabilities decreased by 15.0 billion yen.

Mitsubishi Electric Corporation stockholders' equity increased by 105.7 billion yen compared to the end of the previous fiscal year to 2,399.9 billion yen. The stockholders' equity ratio was recorded at 55.1%, representing a 1.8 point increase compared to the end of the previous fiscal year. The changes referred to above primarily resulted from an increase from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 226.6 billion yen, despite a decrease due to dividend payment of 85.8 billion yen and a decrease in other comprehensive income of 45.6 billion yen reflecting a fall in stock prices and the stronger yen.

CAPITAL EXPENDITURES

					Yen(millions)		U.S.dollars (thousands)
	U.S. GAAP				IFRS		IFRS
Years ended March 31	2015	2016	2017	2018	2018	**2019**	**2019**
Energy and Electric Systems	¥ 36,119	¥ 39,456	¥ 39,574	¥ 30,861	¥ 30,861	**¥ 27,165**	**$ 244,730**
Industrial Automation Systems	54,238	54,653	60,233	68,376	68,376	**79,257**	**714,027**
Information and Communication Systems	20,850	17,366	16,599	17,522	17,522	**21,925**	**197,522**
Electronic Devices	21,363	15,458	9,485	17,197	17,197	**21,072**	**189,838**
Home Appliances	40,258	31,448	36,295	32,849	32,849	**31,199**	**281,072**
Others	7,312	3,300	4,122	4,758	4,758	**7,437**	**67,000**
Commons	14,318	16,120	9,234	9,950	9,950	**10,387**	**93,577**
Consolidated total	¥ 194,458	¥ 177,801	¥ 175,542	¥ 181,513	¥ 181,513	**¥ 198,442**	**$ 1,787,766**

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

In line with its policy of improving performance by implementing the Balanced Corporate Management Policy and pursuing sustainable growth, the Mitsubishi Electric Group aims to realize its growth strategies as it increases profitability. To that end, the Group directed its capital investment mainly toward the areas of energy and electric systems, factory automation equipment, automotive equipment, power devices, and air conditioning equipment. At the same time the Group continued to reinforce its solid business platform through the careful selection and concentration of investments.

On an individual business segment basis, investments were made in Energy and Electric Systems (including power systems, electric equipment for rolling stock, and elevators/escalators) aimed at streamlining operations, and enhancing quality. In Industrial Automation Systems, capital expenditures were used primarily for boosting production capacity for factory automation systems and automotive equipment operations. In Information and Communication Systems, funds were appropriated for bolstering research and development capabilities,and streamlining operations, while in Electronic Devices, Mitsubishi Electric directed investment mainly toward augmenting production in the power device business.In Home Appliances, expenditures focused largely on increasing the air conditioners production capacity, streamlining operations, and enhancing quality. In Common and Others, investments mainly went toward boosting research and development capabilities.

Capital expenditures are derived from cash on hand and funds from operations. For this fiscal year, production capacity was not materially affected by the sale, disposal, damage, or loss due to natural disaster of property, plant and equipment.

CASH FLOWS

In the fiscal year ended March 31, 2019, cash flows from operating activities was ¥239.8 billion, while cash flows from investing activities was ¥210.6 billion. As a result, free cash flow was an inflow of ¥29.1 billion, down ¥54.6 billion compared to the previous fiscal year. Taking this into account along with other factors, including cash flows from financing activities of ¥112.0 billion, fiscal year-end cash and cash equivalents amounted to ¥514.2 billion, a decrease of ¥84.9 billion year on year.

Net cash provided by operating activities decreased by ¥25.9 billion compared to the previous fiscal year. This downturn was largely attributable to a decrease in net profit and an increase in contract assets, despite a decrease in the payments made for trade payables.

Net cash used in investing activities increased by ¥28.6 billion year on year, due mainly to a decrease in proceeds from sale of investment securities.

Net cash used in financing activities decreased by ¥37.7 billion year on year, due mainly to an increase in proceeds from bonds and long-term borrowings, despite an increase in dividend payments.

Capital Resources and Funding Liquidity

It is the policy of the Mitsubishi Electric Group to secure procurement capacity of funds for growth, while maintaining a solid balance sheet.

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

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

At the end of fiscal 2019, the balance of cash and cash equivalents totaled ¥514.2 billion and the balance of bonds and borrowings totaled ¥298.4 billion. In detail, short-term borrowings totaled ¥55.5 billion, issuance of corporate bonds and long-term borrowings totaled ¥220.3 billion and lease obligations totaled ¥22.4 billion. In addition, the Group had unused committed lines of credit that can provide short-term funds from subscribing financial institutions amounting to ¥82.7 billion.

Status of Stocks Held

1) Criteria and Approach on Classification of Stocks for Investment

With regard to the classification of stocks for investment held for pure investment purposes and stocks for investment held for purposes other than pure investment purposes, the Company classifies stocks held solely for profit purposes from changes in the stock value or dividends on stock as pure investment. There are no stocks held solely for pure investment.

2) Stocks for Investment Held for Purposes Other Than Pure Investment Purposes

a. The Holding Policy, and the Method for Verifying the Reasonableness of Holding and the Outline of the Verifications Regarding the Propriety of Individually Held Stocks at the Meetings of the Board of Directors and others.

The Company holds stocks that are determined to be necessary for business operations, taking into consideration maintaining and strengthening relationships with business partners. The Company comprehensively judges whether or not stocks held are significant, from the viewpoint of their profitability, bussiness feasibility, holding risks, etc., aspects which are verified and confirmed yearly in the Executive Officers' meeting and in the Board of Directors' meeting. Furthermore, the Company performs verifications with regard to profitability, as to whether the income gained from related businesses and total dividends received are reaching a level above the capital cost, with regard to business feasibility whether there are not any significant changes in business relationships or amounts of transactions, etc., and with regard to holding risks, whether the corporate value of the investee has fallen or not. When stocks are thus judged to have a low holding significance, the Company considers reduction such as by selling them, taking into consideration the situation of the concerned company.

Based on the results of the above verifications, the Company sold a part of its held stocks in the current fiscal year.

b. Number of Issues and Amount on the Balance Sheet

	Number of issues (issues)	Total amount on the balance sheet (millions of yen)
Unlisted stocks	188	13,172
Stocks other than unlisted stocks	127	189,840

(Issues whose number of shares increased in the current fiscal year)

	Number of issues (issues)	Total purchase price for the increased number of shares (millions of yen)	Reasons for the increased number of shares
Unlisted stocks	3	395	Number of shares increased due to acquisition of shares with the aim of maintaining and strengthening business relationships
Stocks other than unlisted stocks	9	534	Number of shares increased due to acquisition of shares with the aim of maintaining and strengthening business relationships

(Issues whose number of shares decreased in the current fiscal year)

	Number of issues (issues)	Total selling price for the decreased number of shares (millions of yen)
Unlisted stocks	17	452
Stocks other than unlisted stocks	10	7,016

Note: The figures in the table above are on a non-consolidated basis of the Company.

c. Number of Shares of Specified Investment Stocks and Deemed Stockholdings per Issue and the Amount on the Balance Sheet, and others

Specified Investment Stocks

Issue	Fiscal Year Ended March 31, 2018		Fiscal Year Ended March 31, 2019		Shares held by each company
	Number of shares (thousands of shares)	Amount on the Statement of Balance Sheet (millions of yen)	Number of shares (thousands of shares)	Amount on the Statement of Balance Sheet (millions of yen)	
Renesas Electronics Corporation	75,706	81,006	75,706	38,761	No
SUZUKI MOTOR CORPORATION	4,105	23,524	4,105	20,108	Yes
Central Japan Railway Company	770	15,512	770	19,812	Yes
East Japan Railway Company	958	9,448	958	10,232	Yes
Mitsubishi Heavy Industries, Ltd.	1,394	5,679	1,394	6,410	Yes
Mitsubishi Materials Corporation	1,458	4,668	1,458	4,262	Yes
Mitsubishi Estate Company, Limited	2,003	3,602	2,003	4,017	Yes
Shimadzu Corporation	1,250	3,741	1,250	4,001	Yes
Shin-Etsu Chemical Co., Ltd.	406	4,475	406	3,774	Yes
RYOYO ELECTRO CORPORATION	2,246	3,891	2,246	3,635	Yes
TAKEBISHI CORPORATION	2,340	4,027	2,340	3,306	Yes
TACHIBANA ELETECH CO., LTD.	1,921	4,048	1,921	3,195	Yes
The Kansai Electric Power Company, Incorporated	1,957	2,676	1,957	3,194	No
Mitsubishi Research Institute, Inc.	902	3,026	902	3,017	Yes
Citizen Watch Co., Ltd.	3,523	2,692	4,317	2,664	Yes
TEIKOKU ELECTRIC MFG. CO., LTD.	2,286	3,571	2,286	2,569	Yes
Hankyu Hanshin Holdings, Inc.	551	2,177	551	2,290	Yes
Mitsubishi Logistics Corporation	733	1,656	733	2,264	Yes
SOHGO SECURITY SERVICES CO., LTD.	455	2,393	455	2,193	Yes
JEOL Ltd.	2,000	1,958	1,000	1,992	Yes
Mitsubishi Gas Chemical Company, Inc.	1,133	2,888	1,133	1,789	Yes
Keisei Electric Railway Co., Ltd.	440	1,440	441	1,772	Yes
THE SHIZUOKA BANK, LTD.	2,033	2,045	2,033	1,714	Yes
AGC Inc.	441	1,942	441	1,711	Yes
RYOBI LIMITED	660	1,849	660	1,639	Yes
The Chugoku Electric Power Company, Incorporated	1,161	1,488	1,161	1,603	Yes
KDDI CORPORATION	632	1,717	632	1,508	No
Tohoku Electric Power Company, Incorporated	1,056	1,500	1,056	1,491	No

Specified Investment Stocks

Issue	Fiscal Year Ended March 31, 2018		Fiscal Year Ended March 31, 2019		Shares held by each company
	Number of shares (thousands of shares)	Amount on the Statement of Balance Sheet (millions of yen)	Number of shares (thousands of shares)	Amount on the Statement of Balance Sheet (millions of yen)	
Sekisui House, Ltd.	749	1,454	749	1,372	No
Tokyo Electric Power Company Holdings, Incorporated	1,924	789	1,924	1,347	No
NIPPON STEEL & SUMITOMO METAL CORPORATION	643	1,504	643	1,257	Yes
Keikyu Corporation	663	1,226	664	1,247	No
JFE Holdings, Inc.	640	1,373	640	1,203	Yes
OSAKA GAS CO., LTD.	509	1,069	509	1,112	No
Mitsubishi Chemical Holdings Corporation	1,399	1,441	1,399	1,090	Yes
Keio Corporation	*	*	147	1,052	Yes
KAGA ELECTRONICS CO., LTD.	500	1,380	500	1,016	No
Mazda Motor Corporation	710	998	710	879	No
KYOEI SANGYO CO., LTD.	558	1,092	558	877	Yes
AISAN TECHNOLOGY CO., LTD.	350	1,100	350	846	No
Chubu Electric Power Company, Incorporated	*	*	478	827	No
SEIBU HOLDINGS INC.	419	776	419	812	No
YAMADA DENKI CO., LTD.	1,485	947	1,485	810	No
NARASAKI SANGYO CO., LTD.	2,096	842	419	788	Yes
AEON CO., LTD.	*	*	318	737	No
SUMITOMO CORPORATION	448	803	448	686	Yes
Sumitomo Mitsui Trust Holdings, Inc.	*	*	150	596	Yes
EDION Corporation	597	739	597	577	No
TAISEI CORPORATION	*	*	109	561	Yes
TODA CORPORATION	*	*	820	557	Yes
PIONEER CORPORATION	27,886	4,908	-	-	No
Kirin Holdings Company, Limited	1,592	4,511	-	-	Yes
Oi Electric Co., Ltd.	2,472	830	*	*	Yes
SEIKA CORPORATION	286	762	*	*	Yes
K'S HOLDINGS CORPORATION	259	762	*	*	No
Mebuki Financial Group, Inc.	1,818	743	*	*	Yes

Notes: 1 As it involves trade secrets, the Company will not disclose the quantitative effect of stocks held. However, the Company comprehensively judges whether or not stocks held are significant, from the viewpoint of each issue's profitability, feasibility, holding risks, etc., aspects which are verified and confirmed yearly in the Executive Officers' meeting and in the Board of Directors' meeting. Furthermore, we perform verifications with regard to profitability, as to whether the income gained from related businesses and total dividends received are reaching a level above the capital cost, with regard to business feasibility whether there aren't any significant changes in business relationships or amounts of transactions, etc., and with regard to holding risks, whether the corporate value of the investee has fallen or not.
2 "-" signifies that the Company does not own shares of the issue.
3 "*" signifies that the figures are not displayed because the amount on the balance sheet of the issue is less than 1/100 of the Company's capital amount and the issue's amount on the balance sheet is less than the top 50 issues displayed.
4 The meaning of "Yes" in the "Shares held by each company" column includes shares held by operating subsidiaries under holding companies.
5 NIPPON STEEL & SUMITOMO METAL CORPORATION has changed its company name to NIPPON STEEL CORPORATION as of April 1, 2019.
6 The figures in the table above are on a non-consolidated basis of the Company.

Deemed Stockholdings

The Company has contributed own shares to an employee retirement benefit trust, of which the Company has the power to instruct exercise of voting rights.

Issue	Fiscal Year Ended March 31, 2018		Fiscal Year Ended March 31, 2019		Shares held by each company
	Number of shares (thousands of shares)	Amount on the Statement of Balance Sheet (millions of yen)	Number of shares (thousands of shares)	Amount on the Statement of Balance Sheet (millions of yen)	
Mitsubishi Corporation	17,768	50,852	17,768	54,618	Yes
Odakyu Electric Railway Co., Ltd.	12,908	27,790	12,908	34,632	Yes
Mitsubishi UFJ Financial Group, Inc.	44,121	30,752	44,121	24,266	Yes
OBIC Co., Ltd.	2,160	19,116	2,160	24,105	Yes
Tokio Marine Holdings, Inc.	3,219	15,244	3,219	17,262	Yes
Mitsubishi Estate Company, Limited	6,390	11,492	6,390	12,815	Yes
Mitsubishi Heavy Industries, Ltd.	2,408	9,810	2,408	11,072	Yes
TIS Inc.	1,598	6,731	1,598	8,378	Yes
Central Japan Railway Company	219	4,408	219	5,630	Yes
NTT DOCOMO, INC.	1,625	4,414	1,625	3,983	Yes

Notes: 1 In regard to the quantitative effects of stocks held, as part of management of the trust accounts for retirement benefits, the Company makes sure that there are stable yields to investments, to be used as a source of payment of retirement benefits in the future.
2 The meaning of "Yes" in the "Shares held by each company" column includes shares held by operating subsidiaries under holding companies.
3 The figures in the table above are on a non-consolidated basis of the Company.

Consolidated Statement of Financial Position

Mitsubishi Electric Corporation and Subsidiaries

The date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019

	Notes	Date of transition to IFRS (April 1, 2017)	2018	Yen (millions) 2019	U.S. dollars (thousands) 2019
(Assets)					
Cash and cash equivalents		¥ 662,469	¥ 599,199	**¥ 514,224**	**$ 4,632,649**
Trade receivables	7,28,30	899,678	922,667	**938,264**	**8,452,829**
Contract assets	23,28,30	255,788	268,862	**295,652**	**2,663,532**
Other financial assets	8,28	39,801	47,581	**48,768**	**439,351**
Inventories	9	559,902	646,262	**729,098**	**6,568,450**
Other current assets		90,919	98,164	**98,287**	**885,468**
Current assets		2,508,557	2,582,735	**2,624,293**	**23,642,279**
Investments accounted for using the equity method	13	187,358	194,308	**197,959**	**1,783,414**
Other financial assets	8,28	390,579	363,171	**303,834**	**2,737,243**
Property, plant and equipment	10,12	699,478	724,257	**760,540**	**6,851,712**
Goodwill and intangible assets	11,12	124,582	132,960	**137,615**	**1,239,775**
Deferred tax assets	14	273,485	242,698	**233,087**	**2,099,883**
Other non-current assets	19	53,991	65,451	**98,883**	**890,838**
Non-current assets		1,729,473	1,722,845	**1,731,918**	**15,602,865**
Total assets		¥ 4,238,030	¥ 4,305,580	**¥ 4,356,211**	**$ 39,245,144**

	Notes	Date of transition to IFRS (April 1, 2017)	2018	Yen (millions) 2019	U.S. dollars (thousands) 2019
(Liabilities)					
Bonds and borrowings	15,17,28	¥ 146,355	¥ 122,895	**¥ 104,969**	**$ 945,667**
Trade payables	18,30	635,083	579,566	**559,641**	**5,041,811**
Contract liabilities	23,30	150,610	153,922	**138,877**	**1,251,144**
Other financial liabilities	16,28	169,993	165,346	**159,579**	**1,437,649**
Accrued expenses		248,358	261,392	**268,651**	**2,420,279**
Accrued income taxes	14	26,295	33,179	**24,298**	**218,901**
Provisions	20	130,183	117,357	**106,006**	**955,009**
Other current liabilities	19	59,422	54,592	**54,314**	**489,315**
Current liabilities		1,566,299	1,488,249	**1,416,335**	**12,759,775**
Bonds and borrowings	15,17,28	227,756	189,055	**193,469**	**1,742,964**
Net defined benefit liabilities	19	203,034	171,520	**176,087**	**1,586,369**
Provisions	20	11,284	5,856	**6,905**	**62,207**
Deferred tax liabilities	14	12,862	9,137	**10,164**	**91,568**
Other non-current liabilities		49,832	44,544	**42,096**	**379,243**
Non-current liabilities		504,768	420,112	**428,721**	**3,862,351**
Total liabilities		2,071,067	1,908,361	**1,845,056**	**16,622,126**
(Equity)					
Common stock	21	175,820	175,820	**175,820**	**1,583,964**
Capital surplus	21	198,745	199,442	**202,834**	**1,827,333**
Retained earnings	21	1,593,660	1,811,348	**1,960,466**	**17,661,856**
Accumulated other comprehensive income (loss)	14,19, 21,28	101,166	109,492	**63,809**	**574,856**
Treasury stock, at cost	21	(1,228)	(1,928)	**(2,983)**	**(26,874)**
Mitsubishi Electric Corp. stockholders' equity		2,068,163	2,294,174	**2,399,946**	**21,621,135**
Non-controlling interests		98,800	103,045	**111,209**	**1,001,883**
Total equity		2,166,963	2,397,219	**2,511,155**	**22,623,018**
Total liabilities and equity		¥ 4,238,030	¥ 4,305,580	**¥ 4,356,211**	**$ 39,245,144**

Consolidated Statement of Profit or Loss

Mitsubishi Electric Corporation and Subsidiaries

Years ended March 31, 2018 and 2019

	Notes	Yen (millions) 2018	Yen (millions) 2019	U.S. dollars (thousands) 2019
Revenue	23,30	¥ 4,444,424	¥ **4,519,921**	$ **40,720,009**
Cost of sales	9,10,11, 17,19	3,090,449	**3,186,869**	**28,710,532**
Selling, general and administrative expenses	10,11, 17,19	1,021,361	**1,043,294**	**9,399,045**
Other profit (loss)	12,24,28	(5,170)	**719**	**6,478**
Operating profit		327,444	**290,477**	**2,616,910**
Financial income	25	8,611	**9,747**	**87,811**
Financial expenses	25	6,796	**4,382**	**39,477**
Share of profit of investments accounted for using the equity method	13	23,947	**20,116**	**181,224**
Profit before income taxes		353,206	**315,958**	**2,846,468**
Income taxes	14	86,807	**78,304**	**705,441**
Net profit		266,399	**237,654**	**2,141,027**
Net profit attributable to:				
Mitsubishi Electric Corp. stockholders	27	255,755	**226,648**	**2,041,874**
Non-controlling interests		¥ 10,644	¥ **11,006**	$ **99,153**
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			Yen	U.S. dollars
Basic	27	¥ 119.19	¥ **105.65**	$ **0.952**
Diluted	27	119.19	**105.65**	**0.952**

Consolidated Statement of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2018 and 2019

	Notes	Yen (millions) 2018	Yen (millions) 2019	U.S. dollars (thousands) 2019
Net profit		¥ 266,399	¥ 237,654	$ 2,141,027
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to net profit				
Changes in fair value of financial assets measured at fair value through other comprehensive income	28	(52)	(39,284)	(353,910)
Remeasurements of defined benefit plans	19	21,323	12,234	110,216
Share of other comprehensive income of investments accounted for using the equity method	13	170	(995)	(8,964)
Total items that will not be reclassified to net profit		21,441	(28,045)	(252,658)
Items that may be reclassified to net profit				
Exchange differences on translating foreign operations		16,992	(6,756)	(60,865)
Net changes in the fair value of cash flow hedges	28	(71)	(37)	(333)
Share of other comprehensive income of investments accounted for using the equity method	13	1,869	(2,645)	(23,828)
Total items that may be reclassified to net profit		18,790	(9,438)	(85,026)
Total other comprehensive income (loss)	26	40,231	(37,483)	(337,684)
Comprehensive income		306,630	200,171	1,803,343
Comprehensive income attributable to:				
Mitsubishi Electric Corp. stockholders		294,710	189,306	1,705,460
Non-controlling interests		¥ 11,920	¥ 10,865	$ 97,883

Consolidated Statement of Changes in Equity

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2018 and 2019

Yen (millions)

		2018							
		Mitsubishi Electric Corp. stockholders' equity							
	Notes	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
Balance at beginning of year		¥ 175,820	¥ 198,745	¥ 1,593,660	¥ 101,166	¥ (1,228)	¥ 2,068,163	¥ 98,800	¥ 2,166,963
Comprehensive income									
Net profit				255,755			255,755	10,644	266,399
Other comprehensive income (loss), net of tax	26				38,955		38,955	1,276	40,231
Comprehensive income		—	—	255,755	38,955	—	294,710	11,920	306,630
Reclassification to retained earnings	8, 19			30,629	(30,629)		—		—
Dividends	22			(68,696)			(68,696)	(7,085)	(75,781)
Purchase of treasury stock						(700)	(700)		(700)
Disposal of treasury stock			0			0	0		0
Transactions with non-controlling interests and others			697				697	(590)	107
Balance at end of year		¥ 175,820	¥ 199,442	¥ 1,811,348	¥ 109,492	¥ (1,928)	¥ 2,294,174	¥ 103,045	¥ 2,397,219

Yen (millions)

		2019							
		Mitsubishi Electric Corp. stockholders' equity							
	Notes	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
Balance at beginning of year		¥ 175,820	¥ 199,442	¥ 1,811,348	¥ 109,492	¥ (1,928)	¥ 2,294,174	¥ 103,045	¥ 2,397,219
Comprehensive income									
Net profit				226,648			226,648	11,006	237,654
Other comprehensive income (loss), net of tax	26				(37,342)		(37,342)	(141)	(37,483)
Comprehensive income		—	—	226,648	(37,342)	—	189,306	10,865	200,171
Reclassification to retained earnings	8, 19			8,341	(8,341)		—		—
Dividends	22			(85,871)			(85,871)	(5,872)	(91,743)
Purchase of treasury stock						(1,055)	(1,055)		(1,055)
Disposal of treasury stock			0			0	0		0
Transactions with non-controlling interests and others			3,392				3,392	3,171	6,563
Balance at end of year		**¥ 175,820**	**¥ 202,834**	**¥ 1,960,466**	**¥ 63,809**	**¥ (2,983)**	**¥ 2,399,946**	**¥ 111,209**	**¥ 2,511,155**

U.S. dollars (thousands)

		2019								
		Mitsubishi Electric Corp. stockholders' equity								
	Notes	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total	Non-controlling interests	Total equity
Balance at beginning of year		$ 1,583,964	$ 1,796,774	$ 16,318,451	$ 986,414	$ (17,369)	$ 20,668,234	$ 928,333	$ 21,596,567
Comprehensive income									
Net profit				2,041,874			2,041,874	99,153	2,141,027
Other comprehensive income (loss), net of tax	26				(336,414)		(336,414)	(1,270)	(337,684)
Comprehensive income		—	—	2,041,874	(336,414)	—	1,705,460	97,883	1,803,343
Reclassification to retained earnings	8, 19			75,144	(75,144)		—		—
Dividends	22			(773,613)			(773,613)	(52,901)	(826,514)
Purchase of treasury stock						(9,505)	(9,505)		(9,505)
Disposal of treasury stock			0			0	0		0
Transactions with non-controlling interests and others			30,559				30,559	28,568	59,127
Balance at end of year		$ 1,583,964	$ 1,827,333	$ 17,661,856	$ 574,856	$ (26,874)	$ 21,621,135	$ 1,001,883	$ 22,623,018

Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2018 and 2019

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
Cash flows from operating activities			
Net profit	¥ 266,399	¥ **237,654**	$ **2,141,027**
Adjustments to cash flows from operating activities			
Depreciation and amortization	177,272	**176,247**	**1,587,811**
Impairment losses	4,202	**2,645**	**23,829**
Loss (gain) from sales and disposal of property, plant and equipment, net	(1,122)	**369**	**3,324**
Income taxes	86,807	**78,304**	**705,441**
Share of profit of investments accounted for using the equity method	(23,947)	**(20,116)**	**(181,224)**
Financial income and financial expenses	(1,815)	**(5,365)**	**(48,333)**
Decrease (increase) in trade receivables	(19,274)	**(13,949)**	**(125,667)**
Decrease (increase) in contract assets	(13,074)	**(26,831)**	**(241,721)**
Decrease (increase) in inventories	(82,975)	**(82,718)**	**(745,207)**
Decrease (increase) in other assets	(16,348)	**(3,981)**	**(35,865)**
Increase (decrease) in trade payables	(57,717)	**(20,792)**	**(187,315)**
Increase (decrease) in net defined benefit liabilities	(12,003)	**(11,692)**	**(105,333)**
Increase (decrease) in other liabilities	(651)	**(29,713)**	**(267,685)**
Others, net	(5,915)	**8,843**	**79,667**
Subtotal	299,839	**288,905**	**2,602,749**
Interest and dividends received	26,611	**24,788**	**223,315**
Interest paid	(2,617)	**(2,428)**	**(21,874)**
Income taxes paid	(58,065)	**(71,448)**	**(643,676)**
Cash flows from operating activities	265,768	**239,817**	**2,160,514**
Cash flows from investing activities			
Purchase of property, plant and equipment	(186,792)	**(188,042)**	**(1,694,072)**
Proceeds from sale of property, plant and equipment	3,005	**4,170**	**37,568**
Purchase of intangible assets	(22,400)	**(29,985)**	**(270,135)**
Purchase of investment securities, net of cash acquired	(8,518)	**(13,304)**	**(119,856)**
Proceeds from sale of investment securities, net of cash disposed	35,194	**11,824**	**106,523**
Others, net	(2,504)	**4,669**	**42,062**
Cash flows from investing activities	(182,015)	**(210,668)**	**(1,897,910)**
Cash flows from financing activities			
Proceeds from bonds and long-term borrowings	20,180	**77,604**	**699,135**
Repayment of bonds and long-term borrowings	(64,186)	**(100,496)**	**(905,369)**
Increase (decrease) in short-term borrowings, net	(27,496)	**(2,077)**	**(18,712)**
Dividends paid to Mitsubishi Electric Corp. stockholders	(68,696)	**(85,871)**	**(773,613)**
Purchase of treasury stock	(700)	**(1,055)**	**(9,505)**
Disposal of treasury stock	0	**0**	**0**
Dividends paid to non-controlling interests	(7,613)	**(6,617)**	**(59,613)**
Transactions with non-controlling interests	(1,302)	**6,445**	**58,063**
Cash flows from financing activities	(149,813)	**(112,067)**	**(1,009,613)**
Effect of exchange rate changes on cash and cash equivalents	2,790	**(2,057)**	**(18,532)**
Net increase (decrease) in cash and cash equivalents	(63,270)	**(84,975)**	**(765,541)**
Cash and cash equivalents at beginning of year	662,469	**599,199**	**5,398,190**
Cash and cash equivalents at end of year	¥ 599,199	¥ **514,224**	$ **4,632,649**

1. Reporting entity

Mitsubishi Electric Corporation ("the Company") is an entity located in Japan. The consolidated financial statements of the Mitsubishi Electric Group ("the Group") comprises the Company, its subsidiaries and equity in the Company's associates and joint ventures.

The Group is a multinational organization which develops, manufactures, sells and distributes a broad range of electrical and electronic equipment in the fields as diverse as home appliances to space electronics. The Company and its subsidiaries' principal lines of business are: (1) Energy and Electric Systems, (2) Industrial Automation Systems, (3) Information and Communication Systems, (4) Electronic Devices, (5) Home Appliances and (6) Others. The Group's manufacturing operations are conducted principally by the Company with 23 manufacturing sites located in Japan, as well as overseas manufacturing sites located in Thailand, China, the United States, Mexico, Italy and other countries.

2. Basis of preparation

(1) Statement of consolidated financial statements in accordance with IFRS

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") since the Group meets all the requirements of a "specified international accounting standard company" in Article 1-2 of the Ordinance of the Ministry of Finance No. 28 of 1976, "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements", and therefore Article 93 of that Ordinance applies to the Group.

The Group has applied IFRS from the year ended March 31, 2019. The date of transition to IFRS is April 1, 2017. Note "34. First-time adoption" describes how the transition to IFRS affected the Group's reported financial position, financial performance and cash flows at the date of transition to IFRS and in the comparative consolidated fiscal years.

(2) Basis of measurement

The consolidated financial statements of the Group are prepared using a historical cost basis except for certain financial instruments, defined benefit obligations, and plan assets that are measured at fair value and other items as described in Note "3. Significant accounting policies."

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company's functional currency, rounded down in units of millions of yen. In addition, for the convinience of the readers, amounts in United States dollars at the rate of ￥111=U.S. $1, which was the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market at the end of March 2019, is also presented.

3. Significant accounting policies

(1) Basis of consolidation

(a) Subsidiary

Subsidiaries are entities that are controlled by the Company. The Company determines that it controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiary's financial statements are included in the consolidation from the date the Company gains control to the date when it ceases to control the subsidiary.

When the accounting policies used by a subsidiary differ from those of the Group, the subsidiary's financial statements are adjusted as necessary. The balances of receivables and payables among consolidated companies, inter-company transactions, and unrealized gains and losses arising from inter-company transactions are eliminated upon preparation of the consolidated financial statements.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If there are changes in the ownership interest in a subsidiary that result in a loss of control, the gains or losses resulting from the loss of control are recognized in profit or loss.

(b) Associates and joint ventures

Associates are entities over which the Company has significant influence, but not control or joint control in terms of its financial and operating policies.

Joint ventures are investees where two or more parties including the Company share the contractually agreed control over economic activities and have rights to the net asset of the investees under a joint arrangement which requires the unanimous consent of the parties sharing control when strategic financing and operating decisions related to these activities are made.

Investments in associates and joint ventures are accounted for using the equity method from the date when significant influence or joint control is obtained to the date when it is lost.

When the accounting policies applied by associates and joint ventures differ from those applied by the Group, the associates and joint ventures' financial statements are adjusted as necessary.

Gains or losses on discontinuation of application of the equity method resulting from the loss of significant influence on or joint control over associates and joint ventures are recognized in profit or loss.

(2) Business combinations

Business combinations are accounted for by applying the acquisition method.

Consideration for an acquisition is measured at the aggregate of the fair value of assets transferred and liabilities assumed, in exchange for control over an acquiree, and equity instruments issued by the Company and its consolidated subsidiaries as of the date when control was obtained.

Non-controlling interests are measured at fair value or at the net identifiable assets multiplied by the ratio of non-controlling interest as of the date when control was obtained, for each individual business combination.

If the aggregate of consideration for the acquisition, recognized amount of the non-controlling interest and the fair value as of the date when control was obtained of any interest in the acquiree held before the date when control was obtained exceeds the fair value of the identifiable assets and liabilities, this excess is recognized as goodwill in the Consolidated Statement of Financial Position. If the aggregate is less than the fair value of the identifiable assets and liabilities, this deficiency amount is recognized immediately in profit or loss in the Consolidated Statement of Profit or Loss.

Acquisition-related costs are accounted for as expenses when incurred.

(3) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of the Company and its consolidated subsidiaries at the exchange rates at the date of the transactions.

Foreign currency monetary assets and liabilities at the end of the year are translated into functional currencies at the exchange rate at the end of the year.

Foreign currency non-monetary assets and liabilities measured at fair value are translated into functional currencies using the exchange rate at the date when the fair value was measured.

The exchange differences arising from translation or settlement are recognized in profit or loss. However, financial assets measured through other comprehensive income and exchange differences arising from the effective part of qualifying cash flow hedges are recognized in other comprehensive income.

(b) Financial statements of a foreign operation

Assets and liabilities of a foreign operation are translated into Japanese yen at the exchange rate at the end of the year and, unless there are significant changes in foreign exchange rates, income and expenses of a foreign operation are translated into Japanese yen at the average exchange rate prevailing during the year. Exchange differences arising on the translation of the financial statements of a foreign operation are recognized in other comprehensive income. Cumulative exchange differences on translating a foreign operation are reclassified to profit or loss if a foreign operation is disposed and control, significant influence and joint control are lost.

(4) Financial instruments

(a) Non-derivative financial assets

The Company and its consolidated subsidiaries classify non-derivative financial assets as financial assets measured at amortized cost or financial assets measured at fair value through profit or loss or other comprehensive income. This classification is determined at initial recognition. Among financial assets, equity and debt instruments are initially recognized on the commitment date and all other financial assets are initially recognized on the date of the transaction.

Among non-derivative financial assets, trade receivables recognized in accordance with IFRS 15 are initially measured at the transaction price, while others are initially measured at fair value (after adding transaction costs directly attributable to the financial assets).

(i) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the 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.

Financial assets measured at amortized cost are 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

Financial assets that are not measured at amortized cost are measured at fair value. Financial assets measured at fair value are classified in the following categories according to the objective of holding the financial assets:

- Financial assets measured at fair value through other comprehensive income

  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.

  Changes in fair value after initial recognition of financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income. However, dividends from financial assets measured at fair value through other comprehensive income are recognized as financial income in profit or loss. When these financial assets are derecognized, cumulative gains or losses previously recognized in other comprehensive income are reclassified to retained earnings.

- Financial assets measured at fair value through profit or loss

  Financial assets that are not classified as financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

  Changes in fair value after initial recognition of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(iii) Impairment of financial assets

Expected credit losses of financial assets measured at amortized cost are recognized as allowances for credit losses. Expected credit losses are the present value of the difference between the cash flows that are due to the Company and its consolidated subsidiaries in accordance with the contract and the cash flows that the Company and its consolidated subsidiaries expect to receive.

It is determined whether credit risk on a financial asset has increased significantly since initial recognition. If it has not increased significantly, allowance for credit losses is measured at an amount equal to 12-month expected credit losses.If it has increased significantly, allowance for credit losses is measured at an amount equal to the lifetime expected credit losses. When the fact of past due exist, actual or anticipated significant changes in debtors' results of operations are considered in assessing whether the credit risk on a financial asset has increased significantly since initial recognition. For financial assets that fall under any of the following categories, the possibility of credit impairment is determined:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Regardless of the events above, the amount of allowance for credit losses for trade receivables and contract assets that do not contain a significant financing component is measured at an amount equal to the lifetime expected credit losses.

The amount of reversal in impairment losses are recognized in profit or loss.

(iv) Derecognition of financial assets

The Company and its consolidated subsidiaries derecognize financial assets if the contractual rights to the cash flows from the financial asset expire, or the contractual rights to receive the cash flows of the financial asset are transferred and the Company and its consolidated subsidiaries transfer substantially all the risks and rewards of ownership of the financial asset.

(b) Non-derivative financial liabilities

The Company and its consolidated subsidiaries initially measure non-derivative financial liabilities at fair value (after deducting transaction costs directly attributable to the financial liabilities) and measure them at amortized cost using the effective interest method after initial recognition.

The Company and its consolidated subsidiaries derecognize financial liabilities when they are extinguished, that is, when the obligation specified in the contract is discharged, canceled or expires.

(c) Derivatives and hedge accounting

The Company and its consolidated subsidiaries use derivatives such as forward exchange contracts to hedge foreign currency risks. These 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.

At the inception of the hedge, the Company and its consolidated subsidiaries formally designate and document the hedging relationship and the risk management objective and strategy for undertaking the hedge. It is assessed at the inception of the hedge and in subsequent periods on an ongoing basis whether derivatives used for hedging transactions are highly effective in offsetting changes in cash flows of the hedged item.

Hedges that meet the qualifying criteria are accounted for as follows:

(i) Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income in the Consolidated Statement of Comprehensive Income. The ineffective portion is recognized immediately in profit or loss in the Consolidated Statement of Profit or Loss.

Amounts related to the hedging instrument that have been recognized in other comprehensive income are reclassified to profit or loss when hedged transaction affects profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents are cash on hand and cash in banks which can be withdrawn at any time. Cash and cash equivalents are classified as financial assets measured at amortized cost.

(6) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, work-in-progress for build-to-ordered products are recorded under the specific identification method and make-to-stock products are recorded at the average production costs. Raw material and finished goods inventories are generally recorded using the average-cost method.

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.

(7) 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.

Cost includes the costs directly related to the acquisition of the asset as well as the costs of dismantling and removing it and restoring the site.

Depreciation of property, plant and equipment is generally calculated by the diminishing-balance method, except for certain assets which are depreciated by the straight-line method, over the estimated useful life of the assets according to general assets classification, type of construction, and use of these assets.

The estimated useful life of buildings is 3 to 50 years, while machinery and equipment and others is 2 to 20 years.

Useful life, residual value and the depreciation method are reviewed at least at each fiscal year-end. If there have been any changes, they are prospectively reflected as changes in accounting estimates.

(8) Goodwill and intangible assets

(a) Goodwill

Goodwill is not amortized but is tested for impairment at least annually. Goodwill is presented at cost less accumulated impairment losses.

(b) Intangible assets

Intangible assets are measured at cost on initial recognition and presented at cost less any accumulated amortization and any accumulated impairment losses.

Development expenditures are recognized as intangible assets only if they are reliably measurable and technically and commercially realizable; it is probable that they will result in future economic benefits; and the Company and its consolidated subsidiaries intend and have sufficient ability to complete development and use or sell the assets.

Intangible assets acquired in a business combination are measured at fair value on initial recognition.

Intangible assets with finite useful lives are mainly software for internal use and customer relationship which are amortized on a straight-line basis over the estimated useful life. The estimated useful life of software is approximately 3 to 5 years, while that of customer relationship is approximately 13 to 20 years.

Estimated useful life, residual value and the amortization method are reviewed at each fiscal year-end. If there have been any changes, they are prospectively reflected as changes in accounting estimates.

The Company does not amortize intangible assets with indefinite useful lives but tests them for impairment at least annually.

(9) Leases

A lease which contractually transfers substantially all the risks and rewards of ownership of an asset to the Company and its consolidated subsidiaries is classified as a finance lease. Other lease transactions are classified as operating leases.

A leased asset in a finance lease transaction is recorded at the commencement of the lease at the lower of the present value of the minimum lease payments or the fair value of the asset. The depreciation of the leased assets is calculated in accordance with the Company's depreciation policy for owned property, plant and equipment.

Minimum lease payments in finance lease transactions are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

In an operating lease transaction, lease payments are recognized as an expense over the lease term on a straight-line basis.

(10) Impairment of non-financial assets

The Group determines 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. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually at the same time every year.

The recoverable amount of an asset or cash generating unit is 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. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating units are determined by integrating the asset into the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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 recognized on cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to reduce pro rata the carrying amounts of the other assets in the unit.

Impairment losses for goodwill are not reversed. For assets other than goodwill, it is assessed whether there is any indication that impairment losses recognized in prior periods may have decreased or no longer exist. Impairment losses are reversed if the recoverable amount exceeds the carrying amount. When reversing impairment losses, the maximum to which the carrying amount of an asset is increased is its carrying amount (less necessary depreciation and amortization) if the impairment loss had not been recognized.

(11) Employee benefits

(a) Post-employment benefits

The Company and its consolidated subsidiaries provide defined contribution plans and defined benefit plans as employee retirement benefit plans.

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.

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 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. If the determination shows that a defined benefit plan has been overfunded for the Company and its consolidated subsidiaries, the defined benefit asset is recognized at the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan as a ceiling.

The amount of change in fair value arising from remeasurement of the present value of defined benefit obligations and the fair value of plan assets is fully recognized in other comprehensive income in the periods in which it arises and immediately reclassified to retained earnings.

Past service costs arising on plan amendments are recognized in profit or loss for the period in which they arise.

Contributions to defined contribution plans are recognized as expenses for the period in which the employees render the related service.

(b) Short-term employee benefits

Short-term employee benefits are not discounted. They are recognized as expenses at the time that the employees render the related service.

For bonuses, the amount expected to be paid is recognized as a liability if there is a legal or constructive obligation for payments and it can be reliably estimated.

(12) 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.

(13) 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 Group verifies 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.

Consideration from maintenance agreements and specific construction contracts meeting certain criteria is received incrementally during the period of the contract, separately from the satisfaction of performance obligations, and the remaining amount is received primarily within one year after all performance obligations are satisfied.

Contract assets are recognized as rights to consideration recorded due to recognizing revenue according to progress. Contract assets are reclassified to trade receivables when the rights to consideration become unconditional. Advance consideration received from customers before fulfillment of the contract is recognized as a contract liability and reversed as revenue from the contract related to the advance consideration is recognized.

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 significant financing benefits are received because the timing of satisfaction of the performance obligation and the customer's payment differ, the transaction price is determined after adjustment to reflect the time value of money. The adjustment is recognized as interest expense or income.

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.

Any anticipated losses on fixed-price contracts are recognized in the Consolidated Statement of Profit or Loss when such losses can be reliably estimated. Provisions are made for contingencies in the period when they become known pursuant to specific contract terms and conditions and are reliably estimable.

(14) Income taxes

Income taxes consist of current and deferred taxes. Income taxes are recognized in profit or loss except for those related to business combinations and those related to items recognized directly in equity or other comprehensive income.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities. The amount of tax is calculated based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized for temporary differences between the accounting carrying amounts of assets and liabilities and their tax basis, tax loss carryforwards and tax credit carryforwards at the end of the reporting period.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Taxable temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit
- Taxable temporary differences associated with investments in consolidated subsidiaries, associates and joint ventures, when the timing of reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets and liabilities are measured at the tax rates and in accordance with tax laws that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the Company and its consolidated subsidiaries have a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle on a net basis.

A deferred tax asset is recognized for deductible temporary differences, unused tax losses and tax credit carryforwards to the extent that is probable that they can be utilized against future taxable profit. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that is no longer probable that the related tax benefits will be realized.

In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

(15) Earnings per share

The Company and its consolidated subsidiaries calculate basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders by dividing net profit attributable to Mitsubishi Electric Corp. stockholders by the weighted-average number of ordinary shares outstanding adjusted for treasury stock during each year.

Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders is calculated after adjusting for the effect of all dilutive potential ordinary shares.

(16) Government grants

Asset-related government grants are recognized when there is reasonable assurance that the Company and its consolidated subsidiaries will comply with the attached conditions and will receive the grants. Grants are recognized by calculating the carrying amount of the asset, in which the amount of government grants measured at fair value is directly deducted from the cost of the asset.

4. Significant accounting estimates and judgments

Management is required to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, income and expenses in preparation of the consolidated financial statements in accordance with IFRS. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effects resulting from changes in accounting estimates are recognized in the period when estimates are revised and in the subsequent periods.

Accounting estimates and assumptions which could have a significant effect on amounts in the consolidated financial statements are as follows:

- Recoverable amount of property, plant and equipment, goodwill and intangible assets (see Note “12: Impairment losses”)
- Recoverability of deferred tax assets (see Note “14: Income taxes”)
- Measurement of defined benefit obligation (see Note “19: Employee benefits”)
- Recognition and measurement of provisions (see Note “20: Provisions”)
- Estimated total cost of contracts in which performance obligations are satisfied over time (see Note “23: Revenues”)
- Fair value of financial instruments (see Note “28: Financial instruments”)

5. New accounting standards not yet adopted

Major standards and interpretations issued as of the date of the approval of the consolidated financial statements that have not yet been adopted as of March 31, 2019 are as follows:

Standard	Title	Mandatory application date (fiscal years beginning on or after)	Fiscal year of adoption by the Group	Overview of new standards/amendments
IFRS 16	Leases	January 1, 2019	The year ending March 31, 2020	Revision of definition of leases and primarily lessee accounting

The Group introduce single accounting model to capitalize lessee’s lease in principle by applying IFRS 16. 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 that represent a right to use an underlying asset and lease liabilities that represent the obligation for lease payment are recognized at the commencement date. After recognition of right-of-use assets and lease liabilities, depreciation of right-of-use assets and interest expense on lease liabilities are recognized. The Group will adopt the modified retrospective approach that recognize the cumulative effects of the application as an adjustment of the opening balance of retained earnings at the date of initial application.

The adoption of this standard is expected to newly increase lease assets and lease liabilities by approximately ¥94,000 million (847 million U.S dollars) and ¥96,000 million (865 million U.S dollars), respectively, in the consolidated statement of financial position at the beginning of the year. The effect on the consolidated statement of profit or loss is not expected to be material. For the presentation of the consolidated statement of cash flows, the lease payment of operating lease classified within operating activities previously will be classified within financing activities as payment for lease liabilities after deductions for interest equivalent.

6. Segment information

(1) Overview of reportable segments

The operating segments presented below are identified based on the segments for which separate financial information is available, and are periodically used for decisions on business resources allocation and evaluation of business operation by the Company's management.

The Group conducts business through 6 categories, Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, and Others, by aggregating multiple operating segments based on types and characteristics of products, production methods, and similarities in market.

Principal operating segments and major products and services included in each category are as follows:

Energy and Electric Systems	Public Utility Systems Energy & Industrial Systems Building Systems	Turbine generators, hydraulic turbine generators, nuclear power plant equipment, motors, transformers, power electronics equipment, circuit breakers, gas insulated switchgears, switch control devices, surveillance-system control and security systems, transmission and distribution ICT systems, large display devices, electrical equipment for locomotives and rolling stock, elevators, escalators, building security systems, building management systems, and others
Industrial Automation Systems	Factory Automation Systems Automotive Equipment	Programmable logic controllers, inverters, servomotors, human-machine interface, motors, hoists, magnetic switches, no-fuse circuit breakers, short-circuit breakers, transformers for electricity distribution, time and power meters, uninterruptible power supply, industrial fans, computerized numerical controllers, electrical discharge machines, laser processing machines, industrial robots, clutches, automotive electrical equipment, electric powertrain system, car electronics and car mechatronics, car multimedia, and others
Information and Communication Systems	Communication Systems Information Systems & Network Service Electronic Systems	Wireless and wired communications systems, network camera systems, satellite communications equipment, satellites, radar equipment, antennas, missile systems, fire control systems, broadcasting equipment, data transmission devices, network security systems, information systems equipment, systems integration, and others
Electronic Devices	Semiconductor & Device	Power modules, high-frequency devices, optical devices, LCD devices, and others
Home Appliances	Living Environment & Digital Media Equipment	Room air conditioners, package air conditioners, chillers, showcases, compressors, refrigeration units, air-to-water heat pump boilers, ventilators, photovoltaic systems, hot water supply systems, IH cooking heaters, LED lamps, fluorescent lamps, indoor lighting, LCD televisions, refrigerators, electric fans, dehumidifiers, air purifiers, cleaners, jar rice cookers, microwave ovens, and others
Others	—	Procurement, logistics, real estate, advertising, finance, and other services

Intersegment transactions are conducted generally at prices that the Company's management recognizes as approximate arm's length prices. The calculation method of operating profit (loss) for reportable segments is consistent with that used in the Consolidated Statement of Profit or Loss. It does not include share of profit of investments accounted for using the equity method, financial income or financial expenses.

(2) Segment information by business categories

Segment information by business categories are as follows. Amounts of operating profit in Eliminations and corporate are unallocatable research and development expenses.

Yen (millions)

	2018								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
I Revenue and operating profit									
Revenue									
(1)External customers	¥ 1,244,941	¥ 1,431,713	¥ 390,915	¥ 165,378	¥ 1,033,134	¥ 178,343	¥ 4,444,424	¥ —	¥ 4,444,424
(2)Intersegment	8,121	13,215	47,269	36,916	16,235	480,716	602,472	(602,472)	—
Total	1,253,062	1,444,928	438,184	202,294	1,049,369	659,059	5,046,896	(602,472)	4,444,424
Operating profit	65,457	187,350	11,340	14,164	55,496	24,034	357,841	(30,397)	327,444
II Other items									
Depreciation and amortization	28,925	70,727	18,402	12,546	40,293	6,379	177,272	—	177,272
Impairment losses	361	131	—	1,514	1,935	261	4,202	—	4,202
Capital expenditures	¥ 30,603	¥ 83,992	¥ 17,984	¥ 15,497	¥ 43,834	¥ 17,282	¥ 209,192	¥ —	¥ 209,192

Yen (millions)

	2019								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
I Revenue and operating profit									
Revenue									
(1)External customers	¥ 1,287,724	¥ 1,453,958	¥ 384,851	¥ 157,987	¥ 1,056,943	¥ 178,458	¥ 4,519,921	¥ —	¥ 4,519,921
(2)Intersegment	9,021	13,675	41,418	41,921	17,101	498,278	621,414	(621,414)	—
Total	1,296,745	1,467,633	426,269	199,908	1,074,044	676,736	5,141,335	(621,414)	4,519,921
Operating profit	82,501	142,563	12,247	1,442	59,451	24,172	322,376	(31,899)	290,477
II Other items									
Depreciation and amortization	26,032	72,355	19,740	14,368	37,556	6,196	176,247	—	176,247
Impairment losses	190	—	—	930	1,212	313	2,645	—	2,645
Capital expenditures	¥ 28,808	¥ 92,056	¥ 20,271	¥ 19,384	¥ 42,406	¥ 15,102	¥ 218,027	—	¥ 218,027

U.S. dollars (thousands)

	2019								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
I Revenue and operating profit									
Revenue									
(1)External customers	$ 11,601,117	$ 13,098,721	$ 3,467,126	$ 1,423,306	$ 9,522,009	$ 1,607,730	$ 40,720,009	$ —	$ 40,720,009
(2)Intersegment	81,270	123,198	373,135	377,667	154,063	4,488,991	5,598,324	(5,598,324)	—
Total	11,682,387	13,221,919	3,840,261	1,800,973	9,676,072	6,096,721	46,318,333	(5,598,324)	40,720,009
Operating profit	743,252	1,284,351	110,333	12,991	535,595	217,766	2,904,288	(287,378)	2,616,910
II Other items									
Depreciation and amortization	234,523	651,847	177,838	129,441	338,342	55,820	1,587,811	—	1,587,811
Impairment losses	1,712	—	—	8,378	10,919	2,820	23,829	—	23,829
Capital expenditures	$ 259,532	$ 829,332	$ 182,622	$ 174,631	$ 382,036	$ 136,054	$ 1,964,207	$ —	$ 1,964,207

(3) Information by geographical areas

Revenue from external customers by the location of customers are as follows:

	2018 Yen (millions) Revenue from external customers	2018 % of total revenue	2019 Yen (millions) Revenue from external customers	2019 % of total revenue	2019 U.S. dollars (thousands) Revenue from external customers	2019 % of total revenue
Japan	¥ 2,438,942	54.9%	**¥ 2,556,644**	**56.6%**	**$ 23,032,829**	**56.6%**
North America	419,121	9.4%	**429,451**	**9.5%**	**3,868,928**	**9.5%**
Asia (excluding Japan)	1,089,176	24.5%	**1,013,883**	**22.4%**	**9,134,081**	**22.4%**
Europe	431,316	9.7%	**453,748**	**10.0%**	**4,087,820**	**10.0%**
Others	65,869	1.5%	**66,195**	**1.5%**	**596,351**	**1.5%**
Overseas Total	2,005,482	45.1%	**1,963,277**	**43.4%**	**17,687,180**	**43.4%**
Consolidated total	4,444,424	100.0%	**4,519,921**	**100.0%**	**40,720,009**	**100.0%**
China (within Asia)	¥ 545,072	12.3%	**¥ 486,405**	**10.8%**	**$ 4,382,027**	**10.8%**

There are no individual countries or regions with significant revenue from external customers in the years ended March 31, 2018 and 2019, except for Japan and China.

Non-current assets (property, plant and equipment, goodwill and intangible assets) by location of the Company and its consolidated subsidiaries are as follows:

Yen (millions)

	Date of transition to IFRS (April 1, 2017)							
	Japan	Overseas					Corporate	Consolidated total
		North America	Asia (excluding Japan)	Europe	Others	Total		
Non-current assets	¥ 543,714	33,617	142,094	57,011	2,601	235,323	45,023	¥ 824,060

Yen (millions)

	2018							
	Japan	Overseas					Corporate	Consolidated total
		North America	Asia (excluding Japan)	Europe	Others	Total		
Non-current assets	¥ 571,492	29,650	144,719	59,939	2,124	236,432	49,293	¥ 857,217

Yen (millions)

	2019							
	Japan	Overseas					Corporate	Consolidated total
		North America	Asia (excluding Japan)	Europe	Others	Total		
Non-current assets	**¥ 614,966**	**29,992**	**143,566**	**60,036**	**1,914**	**235,508**	**47,681**	**¥ 898,155**

U.S. dollars (thousands)

	2019							
	Japan	Overseas					Corporate	Consolidated total
		North America	Asia (excluding Japan)	Europe	Others	Total		
Non-current assets	**$ 5,540,234**	**270,198**	**1,293,388**	**540,865**	**17,243**	**2,121,694**	**429,559**	**$ 8,091,487**

Note :The major countries and regions included in each segment are as follows:

(1) North America: United States, Canada, and Mexico

(2) Asia (excluding Japan): China, South Korea, Thailand, Malaysia, Singapore, Indonesia, and India

(3) Europe: United Kingdom, France, Germany, the Netherlands, Spain, Italy, and Czech Republic

7. Trade receivables

Components of trade receivables are as follows. Trade receivables are classified as financial assets measured at amortized cost.

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Notes receivable	¥ 93,612	¥ 99,267	¥ 99,778	$ 898,901
Accounts receivable	806,066	823,400	838,486	7,553,928
Total	¥ 899,678	¥ 922,667	¥ 938,264	$ 8,452,829

8. Other financial assets

(1) Components of other financial assets

Components of other financial assets are set out in the table below. Equity instruments are classified as financial assets measured at fair value through other comprehensive income. Derivative assets and debt instrumens are classified as financial assets measured at fair value through profit or loss. Accounts receivable (non-trade), loans and others are classified as financial assets measured at amortized cost.

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Other financial assets				
Equity instruments	¥ 348,925	¥ 321,129	¥ 262,572	$ 2,365,514
Accounts receivables (non-trade)	33,760	37,574	43,817	394,748
Loans	5,227	6,109	4,079	36,748
Derivative assets	1,602	4,751	1,134	10,216
Debt instruments	198	197	—	—
Others	40,668	40,992	41,000	369,368
Total	430,380	410,752	352,602	3,176,594
Current assets	39,801	47,581	48,768	439,351
Non-current assets	390,579	363,171	303,834	2,737,243
Total	¥ 430,380	¥ 410,752	¥ 352,602	$ 3,176,594

(2) Financial assets measured at fair value through other comprehensive income

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.

Major equity instruments held and their fair value are as follows:

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Investees				
Renesas Electronics Corporation	¥ 121,955	¥ 81,006	¥ 38,762	$ 349,207
Suzuki Motor Corporation	20,000	24,794	21,194	190,937
Central Japan Railway Company	14,160	15,713	20,069	180,802
East Japan Railway Company	9,288	9,449	10,233	92,189
Mitsubishi Heavy Industries, Ltd.	6,385	5,829	6,584	59,315
Others	177,137	184,338	165,730	1,493,064
Total	¥ 348,925	¥ 321,129	¥ 262,572	$ 2,365,514

Others comprise many small equity instruments.

Note: Dividend income related to financial assets measured at fair value through other comprehensive income is disclosed in note “25. Financial income and financial expenses”.

(3) Derecognition of financial assets measured at fair value through other comprehensive income

The Company and its consolidated subsidiaries derecognize some financial assets measured at fair value through other comprehensive income by selling them in order to improve the efficiency of assets or revise business relationships.

The fair value and cumulative gain (loss) before tax effect at the time of sale are as follows:

Yen (millions)				U.S. dollars (thousands)	
2018		2019		2019	
Fair value	Cumulative gain (loss)	Fair value	Cumulative gain (loss)	Fair value	Cumulative gain (loss)
¥ 29,664	¥ 12,833	¥ 7,702	¥ (4,065)	$ 69,387	$ (36,622)

Cumulative gain (loss) recognized as other comprehensive income were reclassified to retained earnings at the time of derecognition of financial assets. The amounts after tax effect reclassified in the years ended March 31, 2018 and 2019 were 8,668 million yen (gain) and 3,709 million yen ($33,414 thousand) (loss), respectively.

9. Inventories

Components of inventories are as follows:

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Finished goods	¥ 277,870	¥ 319,479	¥ 376,147	$ 3,388,712
Work in process	170,391	194,146	199,360	1,796,036
Raw materials	111,641	132,637	153,591	1,383,702
Total	¥ 559,902	¥ 646,262	¥ 729,098	$ 6,568,450

The amount of write-downs of inventories recognized as expenses in the years ended March 31, 2018 and 2019 are 11,644 million yen and 15,845 million yen (142,748 thousand U.S. dollars), respectively. These amounts are included in “Cost of sales” in the Consolidated Statement of Profit or Loss.

10. Property, plant and equipment

Change in the carrying amount, cost and accumulated depreciation and impairment losses on property, plant and equipment are as follows:

(1) Carrying amount

Yen (millions)

	2018				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at beginning of year	¥ 99,573	¥ 320,810	¥ 222,937	¥ 56,158	¥ 699,478
Acquisition	113	1,806	16,568	166,909	185,396
Reclassification from construction in progress	100	50,439	126,311	(176,850)	—
Depreciation	—	(22,624)	(130,537)	—	(153,161)
Impairment losses	(145)	(1,262)	(1,259)	(1,154)	(3,820)
Sales and disposals	(599)	(1,427)	(2,179)	(676)	(4,881)
Exchange differences on translating foreign operations	224	965	1,447	456	3,092
Others	(251)	997	(1,063)	(1,530)	(1,847)
Balance at end of year	¥ 99,015	¥ 349,704	¥ 232,225	¥ 43,313	¥ 724,257

Yen (millions)

	2019				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at beginning of year	**¥ 99,015**	**¥ 349,704**	**¥ 232,225**	**¥ 43,313**	**¥ 724,257**
Acquisition	**1,944**	**2,749**	**21,050**	**172,699**	**198,442**
Reclassification from construction in progress	**244**	**33,536**	**119,417**	**(153,197)**	**—**
Depreciation	**—**	**(23,042)**	**(129,273)**	**—**	**(152,315)**
Impairment losses	**(299)**	**(926)**	**(1,240)**	**—**	**(2,465)**
Sales and disposals	**(354)**	**(1,760)**	**(2,940)**	**(16)**	**(5,070)**
Exchange differences on translating foreign operations	**(221)**	**(686)**	**(713)**	**(161)**	**(1,781)**
Others	**535**	**231**	**(104)**	**(1,190)**	**(528)**
Balance at end of year	**¥ 100,864**	**¥ 359,806**	**¥ 238,422**	**¥ 61,448**	**¥ 760,540**

U.S. dollars (thousands)

	2019				
	Land	Buildings and structures	Machinery and equipment, and others	Construction in progress	Total
Balance at beginning of year	**$ 892,027**	**$ 3,150,486**	**$ 2,092,118**	**$ 390,207**	**$ 6,524,838**
Acquisition	**17,514**	**24,766**	**189,639**	**1,555,847**	**1,787,766**
Reclassification from construction in progress	**2,198**	**302,126**	**1,075,829**	**(1,380,153)**	**—**
Depreciation	**—**	**(207,586)**	**(1,164,621)**	**—**	**(1,372,207)**
Impairment losses	**(2,694)**	**(8,342)**	**(11,171)**	**—**	**(22,207)**
Sales and disposals	**(3,189)**	**(15,856)**	**(26,487)**	**(144)**	**(45,676)**
Exchange differences on translating foreign operations	**(1,991)**	**(6,180)**	**(6,424)**	**(1,450)**	**(16,045)**
Others	**4,820**	**2,081**	**(937)**	**(10,721)**	**(4,757)**
Balance at end of year	**$ 908,685**	**$ 3,241,495**	**$ 2,147,946**	**$ 553,586**	**$ 6,851,712**

Note: Depreciation on property, plant and equipment is included in “Cost of sales” and “Selling, general and administrative expenses” in the Consolidated Statement of Profit or Loss.

(2) Cost

Yen (millions)

		Land	Buildings and structures	Machinery and equipment, and others	Construction in progress		Total
Balance at April 1, 2017	¥	101,513	802,053	1,888,224	56,160	¥	2,847,950
Balance at March 31, 2018	¥	101,220	847,428	1,961,467	43,810	¥	2,953,925
Balance at March 31, 2019	**¥**	**103,286**	**871,713**	**2,013,412**	**61,930**	**¥**	**3,050,341**

U.S. dollars (thousands)

		Land	Buildings and structures	Machinery and equipment, and others	Construction in progress		Total
Balance at March 31, 2019	**$**	**930,505**	**7,853,270**	**18,138,847**	**557,928**	**$**	**27,480,550**

(3) Accumulated depreciation and impairment losses

Yen (millions)

		Land	Buildings and structures	Machinery and equipment, and others	Construction in progress		Total
Balance at April 1, 2017	¥	1,940	481,243	1,665,287	2	¥	2,148,472
Balance at March 31, 2018	¥	2,205	497,724	1,729,242	497	¥	2,229,668
Balance at March 31, 2019	**¥**	**2,422**	**511,907**	**1,774,990**	**482**	**¥**	**2,289,801**

U.S. dollars (thousands)

		Land	Buildings and structures	Machinery and equipment, and others	Construction in progress		Total
Balance at March 31, 2019	**$**	**21,820**	**4,611,775**	**15,990,901**	**4,342**	**$**	**20,628,838**

Leased assets under finance leases are primarily included in machinery and equipment, and others above. The carrying amount as of the date of transition to IFRS (April 1,2017), March 31, 2018 and 2019 was 14,467 million yen, 14,046 million yen and 15,714 million yen ($141,568 thousand), respectively.

11. Goodwill and intangible assets

Change in the carrying amount, cost and accumulated amortization and impairment losses on goodwill and intangible assets are as follows:

(1) Carrying amount

Yen (millions)

	2018				
	Goodwill	Software	Customer relationship	Others	Total
Balance at beginning of year	¥ 45,023	¥ 37,805	¥ 20,659	¥ 21,095	¥ 124,582
Acquisition	—	18,041	—	4,359	22,400
Acquisitions through business combinations	1,102	—	841	93	2,036
Amortization	—	(18,804)	(2,274)	(3,033)	(24,111)
Impairment losses	—	(40)	—	(35)	(75)
Sales and disposals	—	(150)	—	(23)	(173)
Exchange differences on translating foreign operations	3,609	14	1,680	1,232	6,535
Others	(441)	2,657	—	(450)	1,766
Balance at end of year	¥ 49,293	¥ 39,523	¥ 20,906	¥ 23,238	¥ 132,960

Yen (millions)

	2019				
	Goodwill	Software	Customer relationship	Others	Total
Balance at beginning of year	**¥ 49,293**	**¥ 39,523**	**¥ 20,906**	**¥ 23,238**	**¥ 132,960**
Acquisition	**—**	**20,235**	**—**	**9,750**	**29,985**
Acquisitions through business combinations	**1,111**	**172**	**—**	**551**	**1,834**
Amortization	**—**	**(19,013)**	**(1,898)**	**(3,021)**	**(23,932)**
Sales and disposals	**—**	**(255)**	**—**	**(90)**	**(345)**
Exchange differences on translating foreign operations	**(2,834)**	**(118)**	**(786)**	**(574)**	**(4,312)**
Others	**111**	**1,440**	**(98)**	**(28)**	**1,425**
Balance at end of year	**¥ 47,681**	**¥ 41,984**	**¥ 18,124**	**¥ 29,826**	**¥ 137,615**

U.S.dollars (thousands)

	2019				
	Goodwill	Software	Customer relationship	Others	Total
Balance at beginning of year	**$ 444,081**	**$ 356,063**	**$ 188,342**	**$ 209,351**	**$ 1,197,837**
Acquisition	**—**	**182,297**	**—**	**87,838**	**270,135**
Acquisitions through business combinations	**10,009**	**1,550**	**—**	**4,964**	**16,523**
Amortization	**—**	**(171,288)**	**(17,099)**	**(27,216)**	**(215,603)**
Sales and disposals	**—**	**(2,297)**	**—**	**(811)**	**(3,108)**
Exchange differences on translating foreign operations	**(25,532)**	**(1,063)**	**(7,081)**	**(5,171)**	**(38,847)**
Others	**1,000**	**12,973**	**(883)**	**(252)**	**12,838**
Balance at end of year	**$ 429,558**	**$ 378,235**	**$ 163,279**	**$ 268,703**	**$ 1,239,775**

Notes: 1 Amortization of intangible assets are included in “Cost of sales” and “Selling, general and administrative expenses” in the Consolidated Statement of Profit or Loss.
2 Significant intangible assets excluding goodwill as of the date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019 are customer relationship in the Home Appliances segment acquired in the December 2015 purchase of DeLclima S.p.A. (currently Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A. and others). The carrying amount and remaining amortization periods as of the date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019 are 19,582 million yen (average remaining amortization period of 12 years), 19,112 million yen (average remaining amortization period of 11 years) and 16,544 million yen (149,045 thousand U.S. dollars) (average remaining amortization period of 10 years), respectively.

(2) Cost

Yen (millions)

		Goodwill	Software	Customer relationship	Others		Total
Balance at April 1, 2017	¥	45,023	108,287	27,028	37,868	¥	218,206
Balance at March 31, 2018	¥	49,293	119,382	29,279	43,402	¥	241,356
Balance at March 31, 2019	¥	**47,681**	**127,216**	**27,985**	**51,775**	¥	**254,657**

U.S.dollars (thousands)

		Goodwill	Software	Customer relationship	Others		Total
Balance at March 31, 2019	$	**429,558**	**1,146,091**	**252,117**	**466,442**	$	**2,294,208**

(3) Accumulated amortization and impairment losses

Yen (millions)

		Goodwill	Software	Customer relationship	Others		Total
Balance at April 1, 2017	¥	—	70,482	6,369	16,773	¥	93,624
Balance at March 31, 2018	¥	—	79,859	8,373	20,164	¥	108,396
Balance at March 31, 2019	¥	**—**	**85,232**	**9,861**	**21,949**	¥	**117,042**

U.S.dollars (thousands)

		Goodwill	Software	Customer relationship	Others		Total
Balance at March 31, 2019	$	**—**	**767,856**	**88,838**	**197,739**	$	**1,054,433**

The amount of research and development expenses for the years ended March 31, 2018 and 2019 are 210,308 million yen and 212,794 million yen (1,917,063 thousand U.S. dollars), respectively.

12. Impairment losses

(1) Property, plant and equipment and intangible assets (excluding goodwill)

Impairment losses are recognized in “Other profit (loss))” in the Consolidated Statement of Profit or Loss.

For the year ended March 31, 2018, impairment losses consisted of 3,820 million yen of impairment of property, plant and equipment and 382 million yen of impairment of intangible assets and others. The recoverable amount of an asset or cash-generating unit is mainly measured based on the fair value less cost of disposal.

For the year ended March 31, 2019, impairment losses consisted of 2,645 million yen ($23,829 thousand) of impairment mainly of property, plant and equipments. The recoverable amount of an asset or cash generating unit is mainly measured based on the fair value less cost of disposal.

(2) Goodwill

The cash-generating unit group to which significant goodwill is allocated as of the date of transition to IFRS (April 1, 2017), March 31, 2018,and 2019 was the Home Appliances segment. The carrying amount of goodwill allocated to the Home Appliances segment are 40,973 million yen, 44,167 million yen and 41,285 million yen (371,937 thousand U.S. dollars), respectively.

The recoverable amount in impairment tests is calculated using value in use.

Value in use is primarily calculated by discounting to the present value the estimated cash flows based on a five-year business plan and growth rates approved by management. The discount rate is calculated based on the pre-tax weighted average cost of capital. The discount rate as of the date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019 are 8.9%, 9.7% and 10.2%, respectively. Growth rates are calculated by reference to long-term expected growth rates of the market to which the cash-generating unit belongs. The growth rate as of the date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019 are all 0.8%.

Impairment losses on goodwill are not recognized in the years ended March 31, 2018 and 2019.

It is considered unlikely that a significant impairment would have occurred even if the key assumptions used in determinations of impairment were changed within a reasonably predictable range.

13. Investments accounted for using the equity method

The carrying amount of investment and share of comprehensive income in individually immaterial associates and joint ventures are as follows:

(1) Carrying amount of investment

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Associates	¥ 114,291	¥ 121,309	¥ 119,464	$ 1,076,252
Joint ventures	73,067	72,999	78,495	707,162
Total	¥ 187,358	¥ 194,308	¥ 197,959	$ 1,783,414

(2) Share of comprehensive income

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
Associates			
Net profit	¥ 20,895	¥ 15,101	$ 136,045
Other comprehensive income (loss)	2,080	(3,100)	(27,928)
Total comprehensive income	22,975	12,001	108,117
Joint ventures			
Net Profit	3,052	5,015	45,180
Other comprehensive income (loss)	(41)	(540)	(4,865)
Total comprehensive income	3,011	4,475	40,315
Total	¥ 25,986	¥ 16,476	$ 148,432

14. Income taxes

Major components of deferred tax assets and liabilities are as follows:

	Consolidated Statement of Financial Position				Consolidated Statement of Profit or Loss		
	Yen (millions)			U.S. dollars (thousands)	Yen (millions)		U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019	2018	2019	2019
Deferred tax assets							
Net defined benefit liabilities	¥ 82,140	¥ 69,454	¥ 61,395	$ 553,108	¥ (4,177)	¥ (2,889)	$ (26,027)
Accrued expenses	93,387	90,929	84,843	764,351	(2,458)	(6,126)	(55,189)
Property, plant and equipment	40,739	39,105	38,488	346,739	(1,637)	(624)	(5,622)
Inventories	40,809	40,877	34,514	310,937	68	(6,372)	(57,405)
Tax loss carryforwards	1,117	847	737	6,640	(270)	(303)	(2,730)
Others	67,347	55,062	55,077	496,189	(11,972)	(1,116)	(10,055)
Total	325,539	296,274	275,054	2,477,964	(20,446)	(17,430)	(157,028)
Deferred tax liabilities							
Property,plant and equipment	3,387	3,860	3,790	34,144	473	(70)	(631)
Financial assets measured at fair value through other comprehensive income	40,180	38,587	25,720	231,712	—	—	—
Others	21,349	20,266	22,621	203,793	(1,145)	2,809	25,306
Total	64,916	62,713	52,131	469,649	(672)	2,739	24,675
Net deferred tax assets	¥ 260,623	¥ 233,561	¥ 222,923	$2,008,315	¥ (19,774)	¥ (20,169)	$(181,703)

Changes in net deferred tax assets are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
Balance at beginning of year	¥ 260,623	¥ **233,561**	$ **2,104,153**
Amounts recognized in profit or loss	(19,774)	**(20,169)**	**(181,703)**
Amounts recognized in Other comprehensive income	(7,361)	**8,471**	**76,315**
Others	73	**1,060**	**9,550**
Balance at end of year	¥ 233,561	¥ **222,923**	$ **2,008,315**

In assessing the realizability of deferred tax assets, the Company and its consolidated subsidiaries consider whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profit during the periods in which those temporary differences become deductible. The Company and its consolidated subsidiaries consider the scheduled reversal of deferred tax liabilities, projected future taxable profit, and tax planning strategies in making this assessment. Based on these factors, the Company and its consolidated subsidiaries consider the probability that deferred tax assets determined to be recognizable at March 31, 2019 will be realized to be high, but if future estimated taxable profit decreases during the deferral period, deferred tax assets considered likely to be realized will be reduced.

Tax loss carryforwards, tax credit carryforwards and deductible temporary differences for which deferred tax assets are not recognized are as follows:

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Tax loss carryforwards	¥ 79,974	¥ 58,685	¥ **51,464**	$ **463,640**
Tax credit carryforwards	3,312	2,448	**1,113**	**10,027**
Deductible temporary differences	10,279	10,227	**3,690**	**33,243**
Total	¥ 93,565	¥ 71,360	¥ **56,267**	$ **506,910**

The expiration schedule of tax loss carryforwards for which deferred tax assets are not recognized are as follows:

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Within one year	¥ 3,244	¥ 6,836	¥ **2,826**	$ **25,460**
One to five years	20,418	7,391	**4,698**	**42,324**
Over five years	56,312	44,458	**43,940**	**395,856**
Total	¥ 79,974	¥ 58,685	¥ **51,464**	$ **463,640**

The total amount of taxable temporary differences related to investments in consolidated subsidiaries for which deferred tax liabilities are not recognized as of the date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019 are 449,218 million yen, 497,276 million yen and 529,955 million yen (4,774,369 thousand U.S. dollars),respectively.

The components of income tax expenses are as set out in the table below.

The amount of the benefit arising from a tax loss or temporary difference of a prior period for which deferred tax assets were not recognized is included in current and deferred tax expenses. The effect of this on current and deferred tax expenses in the years ended March 31, 2018 and 2019 are insignificant.

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
Current tax expense	¥ 67,033	¥ **58,135**	$ **523,738**
Deferred tax expense			
Origination and reversal of temporary differences	19,044	**20,169**	**181,703**
Effect of income tax rate change	730	**—**	**—**
Total	¥ 86,807	¥ **78,304**	$ **705,441**

The Company and its domestic consolidated subsidiaries are subject mainly to corporate tax, inhabitant tax and business tax. Statutory tax rate of the Company is approximately 31.0% and 30.5% for the years ended March 31, 2018 and 2019, respectively. Foreign consolidated subsidiaries are subject to income taxes at their locations.

The causes of the difference between the statutory tax rate and the average effective tax rate are as follows:

	2018	2019
Statutory tax rate	31.0%	**30.5%**
Changes in unrecognized deferred tax assets	0.2	**(0.2)**
Expenses permanently not deductible for tax purposes	0.6	**0.6**
International tax rate difference	(5.8)	**(4.7)**
Tax credits	(2.5)	**(2.0)**
Tax effect attributable to investments accounted for using the equity method	(2.2)	**(2.0)**
Others	3.3	**2.6**
Average effective tax rate	24.6%	**24.8%**

15. Bonds and borrowings

(1) Components of bonds and borrowings

Components of bonds and borrowings are as follows:

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	**2019**	**2019**
Unsecured borrowings				
Weighted average interest rate	0.72%	0.59%	**0.53%**	**0.53%**
Final maturity	2025	2025	**2025**	**2025**
Balance at end of year	¥ 311,765	¥ 250,468	**¥ 235,972**	**$ 2,125,874**
Sub total	311,765	250,468	**235,972**	**2,125,874**
Unsecured bonds				
Annual interest rate: 0.27%, due June 5, 2019	20,000	20,000	**20,000**	**180,180**
Annual interest rate: 0.43%, due June 4, 2021	20,000	20,000	**20,000**	**180,180**
Sub total	40,000	40,000	**40,000**	**360,360**
Lease obligations	22,346	21,482	**22,466**	**202,397**
Sub total	22,346	21,482	**22,466**	**202,397**
Total	374,111	311,950	**298,438**	**2,688,631**
Current liabilities	146,355	122,895	**104,969**	**945,667**
Non-current liabilities	¥ 227,756	¥ 189,055	**¥ 193,469**	**$ 1,742,964**

As of March 31, 2019, the Company and its subsidiaries had unused commited lines of credit that can provide short-term funds from subscribing financial institutions amounting to ¥82,790 million ($745,856 thousand).

(2) Changes in liabilities related to financing activities

Changes in liabilities related to financing activities are as follows:

Yen (millions)

	The year ended March 31, 2018				
			Non-cash changes		
	Balance at beginning of year	Changes from financing cash flows	Increase from new leases	Foreign currency translation adjustments and others	Balance at end of year
Short-term borrowings	¥ 82,855	¥ (27,496)	¥ —	¥ 1,148	¥ 56,507
Bonds	40,000	—	—	—	40,000
Long-term borrowings	228,910	(34,969)	—	20	193,961
Lease obligations	22,346	(9,037)	8,171	2	21,482
Total	¥ 374,111	¥ (71,502)	¥ 8,171	¥ 1,170	¥ 311,950

Note: Balances to be repaid or redeemed in 1 year or less are included in “Bonds”, “Long-term borrowings” and “Lease obligations”.

Yen (millions)

	The year ended March 31, 2019				
			Non-cash changes		
	Balance at beginning of year	Changes from financing cash flows	Increase from new leases	Foreign currency translation adjustments and others	Balance at end of year
Short-term borrowings	¥ 56,507	¥ (2,077)	¥ —	¥ 1,150	¥ 55,580
Bonds	40,000	—	—	—	40,000
Long-term borrowings	193,961	(13,534)	—	(35)	180,392
Lease obligations	21,482	(9,358)	10,424	(82)	22,466
Total	¥ 311,950	¥ (24,969)	¥ 10,424	¥ 1,033	¥ 298,438

Note: Balances to be repaid or redeemed in 1 year or less are included in “Bonds”, “Long-term borrowings” and “Lease obligations”.

U.S. dollars (thousands)

	The year ended March 31, 2019				
			Non-cash changes		
	Balance at beginning of year	Changes from financing cash flows	Increase from new leases	Foreign currency translation adjustments and others	Balance at end of year
Short-term borrowings	$ 509,072	$ (18,712)	$ —	$ 10,361	$ 500,721
Bonds	360,360	—	—	—	360,360
Long-term borrowings	1,747,396	(121,928)	—	(315)	1,625,153
Lease obligations	193,532	(84,306)	93,910	(739)	202,397
Total	$ 2,810,360	$ (224,946)	$ 93,910	$ 9,307	$ 2,688,631

Note: Balances to be repaid or redeemed in 1 year or less are included in “Bonds”, “Long-term borrowings” and “Lease obligations”.

16. Other financial liabilities

Components of other financial liabilities are as set out in the table below. Accounts payable (non-trade) and guarantee deposits received are financial liabilities measured at amortized cost. Derivative liabilities are financial liabilities measured at fair value through profit or loss.

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Other financial liabilities				
Accounts payable-others	¥ 156,169	¥ 152,123	¥ 147,521	$ 1,329,018
Guarantee deposits received	9,441	10,025	10,115	91,126
Derivative liabilities	4,383	3,198	1,943	17,505
Total	169,993	165,346	159,579	1,437,649
Current liabilities	169,993	165,346	159,579	1,437,649
Non-current liabilities	—	—	—	—
Total	¥ 169,993	¥ 165,346	¥ 159,579	$ 1,437,649

17. Leases

The Company and its consolidated subsidiaries engage in finance lease and operating lease transactions in which they lease assets mainly including buildings, machinery and equipment.

(1) Finance lease obligations

Minimum lease payments and their present value based on finance lease agreements are as follows:

	Yen (millions)			U.S. dollars (thousands)	Yen (millions)			U.S. dollars (thousands)
	Minimum lease payments				Present value of minimum lease payments			
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Within one year	¥ 8,836	¥ 8,731	**¥ 9,302**	**$ 83,802**	¥ 7,822	¥ 7,697	**¥ 8,204**	**$ 73,910**
One to five years	16,355	15,608	**16,111**	**145,145**	14,480	13,752	**14,217**	**128,081**
Over five years	48	37	**49**	**441**	44	33	**45**	**406**
Total	25,239	24,376	**25,462**	**229,388**	¥ 22,346	¥ 21,482	**¥ 22,466**	**$ 202,397**
Deductions for financial expenses and others	(2,893)	(2,894)	**(2,996)**	**(26,991)**				
Present value of lease obligations	¥ 22,346	¥ 21,482	**¥ 22,466**	**$ 202,397**				

(2) Operating leases

Future minimum lease payments under non-cancelable operating leases are as follows:

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Within one year	¥ 18,459	¥ 21,376	**¥ 23,138**	**$ 208,451**
One to five years	44,302	42,961	**43,765**	**394,279**
Over five years	11,115	6,199	**9,533**	**85,883**
Total	¥ 73,876	¥ 70,536	**¥ 76,436**	**$ 688,613**

Minimum lease payments related to operating leases recognized as expenses in the years ended March 31, 2018 and 2019 are 53,380 million yen and 57,904 million (521,658 thousand U.S. dollars) yen, respectively. These operating leases were mainly for office space, warehouses, employee facilities and computer equipment.

18. Trade payables

Components of trade payables are as set out in the table below. Trade payables are classified as financial liabilities measured at amortized cost.

	Yen (millions)			U. S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Notes payable	¥ 127,585	¥ 89,661	**¥ 90,840**	**$ 818,378**
Accounts payable	507,498	489,905	**468,801**	**4,223,433**
Total	¥ 635,083	¥ 579,566	**¥ 559,641**	**$ 5,041,811**

19. Employee benefits

(1) Post-employment benefits

The Company has non-contributory and contributory defined benefit plans covering its employees who meet eligibility requirements. Under the non-contributory plans, employees with less than twenty years of service are entitled to lump-sum payments at date of severance, and employees with twenty or more years of service are entitled to annuity payments subsequent to retirement, determined by the current basic rate of pay, length of service and termination conditions. In addition, certain employees who meet the eligibility requirements are entitled to additional lump-sum payments at the date of retirement based on the retirement age. Under the contributory plans, employees are entitled to lump-sum or annuity payments at a certain age. The assets of certain of the non-contributory plans and the contributory plans are combined in accordance with the regulations and administered by a board of trustees comprised equally of employer and employee representatives. An employee retirement benefit trust is established for certain of the non-contributory plans.

The institution managing the fund and plan assets is legally obligated to act with the objective of maximizing the benefit to plan participants, and bears responsibility for management of the plan assets according to a prescribed investment policy. The Company is obligated to contribute to the fund over the future, and the amount of the contribution is periodically revised to the extent as is permitted in laws and regulations.

The Company amended its benefit plan under labor and management agreement during the year ended March 31, 2005, and established a defined contribution plan in part of non-contributory benefit plan on April 1, 2005. In addition, the Company amended its contributory defined benefit plan and introduced a cash balance pension plan. Under the cash balance pension plan, each participant has a notional account which is credited yearly based on the current rate of contribution and market-related interest rate.

The domestic consolidated subsidiaries provide various pension plans, including employees' pension fund plans, and/or corporate pension fund plans, based on each subsidiary's respective pension policies.

In addition, foreign consolidated subsidiaries that have adopted a pension policy mainly provides defined contribution pension plans.

(2) Defined benefit plans

Changes in the present value of defined benefit obligations and fair value of plan assets are as follows:

	Yen (millions)		U.S.dollars (thousands)
	2018	2019	2019
Present value of a defined benefit obligation			
Balance at beginning of year	¥ 1,179,673	¥ 1,177,570	$ 10,608,739
Service cost	36,750	38,483	346,694
Interest cost	7,527	6,567	59,162
Remeasurements of defined benefit pension plans			
Actuarial gains and losses arising from changes in demographic assumptions	(598)	617	5,559
Actuarial gains and losses arising from changes in financial assumptions	9,307	6,190	55,766
Others	4,017	5,185	46,712
Benefits paid	(60,193)	(58,447)	(526,551)
Others	1,087	(1,145)	(10,315)
Balance at end of year	1,177,570	1,175,020	10,585,766
Fair value of plan assets			
Balance at beginning of year	1,015,173	1,055,222	9,506,505
Interest income	6,904	6,396	57,622
Remeasurements of defined benefit pension plans			
Return on plan assets (excluding interest income)	43,274	29,551	266,225
Employer contributions	27,358	27,422	247,045
Plan participants' contributions	833	850	7,658
Benefits paid	(39,600)	(38,003)	(342,370)
Others	1,280	(979)	(8,820)
Balance at end of year	1,055,222	1,080,459	9,733,865
Net defined benefit liability recognized in the Consolidated Statement of Financial Position	122,348	94,561	851,901
Net defined benefit liabilities	174,717	180,576	1,626,811
Net defined benefit assets	52,369	86,015	774,910
Net amount	¥ 122,348	¥ 94,561	$ 851,901

Notes: 1 Service costs, interest costs and interest income are included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

2 Part of net defined benefit liabilities is included in "Other current liabilities" in the consolidated statement of financial position.

3 Net defined benefit assets are included in "Other non-current assets" in the consolidated statement of financial position.

The company and its consolidated subsidiaries plan to pay contributions of 27,323 million yen (246,153 thousand U.S. dollars) in the next fiscal year.

The Company's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, the Company formulates an investment portfolio comprised of the optimal combination of equity and debt instruments. Plan assets are invested in individual equity and debt instruments using the guidelines of the investment portfolio in order to produce a total return that will match the expected return on a mid-term to long-term basis. The Company evaluates the gap between expected return and actual return of invested plan assets on an annual basis. In addition, taking into consideration the management environment and the revision of regulations, the Company revises the investment portfolio when and to the extent considered necessary to achieve the expected long-term rate of return on plan assets based on the pension asset and liability management method.

The Company's target asset allocation ratios are as follows: approximately 18% is invested in equity instruments, approximately 65% is invested in debt instruments and investments in life insurance company general accounts and approximately 17% is invested in other investments, primarily in hedge funds. As for selection of plan assets, the Company examines the nature of investments, and appropriately diversifies investments.

Major components of plan assets are as follows:

	Yen (millions)									U.S.dollars (thousands)		
	Date of transition to IFRS (April 1, 2017)			2018			2019			2019		
	Has quoted market prices in active markets		Total	Has quoted market prices in active markets		Total	Has quoted market prices in active markets		Total	Has quoted market prices in active markets		Total
	Yes	No		Yes	No		Yes	No		Yes	No	
Cash and cash equivalents	¥ 22,090	–	22,090	¥ 21,178	–	21,178	¥ 21,320	–	21,320	$ 192,072	–	192,072
Equity instruments												
Marketable equity securities	211,657	–	211,657	230,408	–	230,408	248,472	–	248,472	2,238,486	–	2,238,486
Pooled funds	–	179,368	179,368	–	154,156	154,156	–	158,605	158,605	–	1,428,874	1,428,874
Debt instruments												
Government, municipal and corporate bonds	5,414	14,804	20,218	6,036	14,161	20,197	3,485	14,272	17,757	31,397	128,577	159,974
Pooled funds	–	373,851	373,851	–	387,779	387,779	–	375,343	375,343	–	3,381,468	3,381,468
Life insurance company general accounts	–	101,100	101,100	–	102,436	102,436	–	104,184	104,184	–	938,595	938,595
Others	–	106,889	106,889	–	139,068	139,068	–	154,778	154,778	–	1,394,396	1,394,396
Total	¥ 239,161	776,012	1,015,173	¥ 257,622	797,600	1,055,222	¥ 273,277	807,182	1,080,459	$ 2,461,955	7,271,910	9,733,865

Notes: 1 Marketable equity securities include mainly domestic stocks.

2 Equity instrument pooled funds are invested into approximately 30% domestic equities and approximately 70% foreign equities as of the date of transition to IFRS (April 1, 2017), approximately 40% domestic equities and 60% foreign equities as of March 31, 2018 and approximately 40% domestic equities and 60% foreign equities as of March 31, 2019.

3 Debt instrument pooled funds are invested into approximately 60% domestic bonds and approximately 40% foreign bonds as of the date of transition to IFRS (April 1, 2017), approximately 50% domestic bonds and 50% foreign bonds as of March 31, 2018 and approximately 60% domestic bonds and 40% foreign bonds as of March 31, 2019.

4 Others include hedge funds.

The key actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:

	Date of transition to IFRS (April 1, 2017)	2018	2019
Discount rate	0.7%	0.6%	**0.5%**

The effect of 0.5% change in the discount rate used in actuarial calculations on the present value of the defined benefit obligation is as follows. The sensitivity analysis assumes no change in other assumptions, but in actuality, changes in other assumptions may affect the sensitivity analysis.

	Yen (millions)		U.S.dollars (thousands)
	2018	2019	2019
Discount rate increases 0.5%	¥ Decrease of 64,649	¥ **Decrease of 63,212**	$ **Decrease of 569,477**
Discount rate decreases 0.5%	¥ Increase of 68,986	¥ **Increase of 69,061**	$ **Increase of 622,171**

The weighted average duration of the defined benefit obligation for the years ended March 31, 2018 and 2019 are both 11.6 years.

(3) Defined contribution plans

The amount of cost recognized for the Company and certain consolidated subsidiaries' defined contribution plans for the years ended March 31, 2018 and 2019 are 10,881 million yen and 11,570 million yen (104,234 thousand U.S. dollars), respectively.

(4) Employee benefits expense

The total amount of employee benefits expense included in the Consolidated Statement of Profit or Loss for the years ended March 31, 2018 and 2019 are 1,128,632 million yen and 1,168,476 million yen (10,526,811 thousand U.S. dollars), respectively.

20. Provisions

Components and changes in provisions in the year ended March 31, 2019 are as follows:

Yen (millions)

	2019			
	Provision for product warranties	Provision for loss on construction contracts	Other provisions	Total
Balance at beginning of year	¥ **60,853**	¥ **48,646**	¥ **13,714**	¥ **123,213**
Additions	**17,630**	**36,349**	**7,185**	**61,164**
Utilized	**(17,343)**	**(42,826)**	**(3,820)**	**(63,989)**
Reversed	**(3,037)**	**(342)**	**(4,075)**	**(7,454)**
Exchange differences on translating foreign operations and others	**(21)**	**84**	**(86)**	**(23)**
Balance at end of year	¥ **58,082**	¥ **41,911**	¥ **12,918**	¥ **112,911**
Current liabilities				**106,006**
Non-current liabilities				¥ **6,905**

U.S. dollars (thousands)

	2019			
	Provision for product warranties	Provision for loss on construction contracts	Other provisions	Total
Balance at beginning of year	$ 548,225	$ 438,252	$ 123,549	$ 1,110,026
Additions	158,829	327,468	64,730	551,027
Utilized	(156,243)	(385,820)	(34,414)	(576,477)
Reversed	(27,360)	(3,081)	(36,712)	(67,153)
Exchange differences on translating foreign operations and others	(189)	757	(775)	(207)
Balance at end of year	$ 523,262	$ 377,576	$ 116,378	$ 1,017,216
Current liabilities				955,009
Non-current liabilities				$ 62,207

(1) Provision for product warranties

The Company and its consolidated subsidiaries generally offer warranties on their products against certain manufacturing and other defects for specific periods of time and/or used conditions of the product depending on the nature of the product, the geographic location of its sale and other factors. The Company and its consolidated subsidiaries recognize accrued warranty costs based primarily on historical experience of actual warranty claims as well as current information on repair costs.

(2) Provision for loss on construction contracts

The Company and its consolidated subsidiaries record the expected amount of future losses on an individual construction order as a provision for loss on construction, if it is likely 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 timing of expenditure is affected by future construction progress.

21. Equity and other equity items

(1) Common stock

(a) Number of total authorized shares

The number of total authorized shares as of the date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019 was 8,000,000,000 shares.

(b)Number of shares issued

Changes in the number of shares issued are as follows:

(Unit: share)

	2018	2019
Balance at beginning of year	2,147,201,551	2,147,201,551
Changes during the year	—	—
Balance at end of year	2,147,201,551	2,147,201,551

Note: The shares issued by the Company are ordinary shares with no par value and outstanding shares are fully paid.

(2) Treasury stock, at cost

Changes in the number of treasury stock, at cost are as follows:

(Unit: share)

	2018	2019
Balance at beginning of year	1,059,870	1,493,460
Changes during the year	433,590	662,862
Balance at end of year	1,493,460	2,156,322

Note: Shares in the Company held by the Board Incentive Plan Trust are included in the number of treasury stock.
(637,000 shares as of the date of transition to IFRS (April 1, 2017), 1,068,700 shares as of March 31, 2018, and 1,730,700 shares as of March 31, 2019)

(3) Capital surplus

In the Companies Act of Japan ("Companies Act"), it is stipulated that one half or more of the amount pertaining to payment or benefits for the issuance of shares shall be included in common stock and the remainder shall be included in capital reserve within capital surplus. Capital reserve can be transferred to common stock with a resolution of the shareholders' meeting.

(4) Retained earnings

The Companies Act requires that an amount equal to 10% of the surplus reduced by dividends of surplus be appropriated as capital reserve or legal reserve included in retained earnings until the aggregated amount of capital reserve and the legal reserve equals 25% of common stock. Legal reserve may be appropriated to cover deficit or reversed with a resolution of the shareholders' meeting.

(5) Accumulated other comprehensive income (loss)

Changes in each item of accumulated other comprehensive income (loss) are as follows:

Yen (millions)

	2018				
	Exchange differences on translating foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Net changes in the fair value of cash flow hedges	Total
Balance at beginning of year	¥ —	¥ 101,129	¥ —	¥ 37	¥ 101,166
Net change in other comprehensive income	17,549	(509)	21,961	(46)	38,955
Reclassification to retained earnings	—	(8,668)	(21,961)	—	(30,629)
Balance at end of year	¥ 17,549	¥ 91,952	¥ —	¥ (9)	¥ 109,492

Yen (millions)

	2019				
	Exchange differences on translating foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Net changes in the fair value of cash flow hedges	Total
Balance at beginning of year	**¥ 17,549**	**¥ 91,952**	**¥ —**	**¥ (9)**	**¥ 109,492**
Net change in other comprehensive income	**(9,181)**	**(40,158)**	**12,050**	**(53)**	**(37,342)**
Reclassification to retained earnings	**—**	**3,709**	**(12,050)**	**—**	**(8,341)**
Balance at end of year	**¥ 8,368**	**¥ 55,503**	**¥ —**	**¥ (62)**	**¥ 63,809**

U.S. dollars (thousands)

	2019				
	Exchange differences on translating foreign operations	Changes in fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Net changes in the fair value of cash flow hedges	Total
Balance at beginning of year	**$ 158,099**	**$ 828,396**	**$ —**	**$ (81)**	**$ 986,414**
Net change in other comprehensive income	**(82,712)**	**(361,784)**	**108,559**	**(477)**	**(336,414)**
Reclassification to retained earnings	**—**	**33,415**	**(108,559)**	**—**	**(75,144)**
Balance at end of year	**$ 75,387**	**$ 500,027**	**$ —**	**$ (558)**	**$ 574,856**

Net changes in other comprehensive income (loss) attributable to non-controlling interests are as follows:

	Yen (millions) 2018	Yen (millions) 2019	U.S. dollars (thousands) 2019
Exchange differences on translating foreign operations	¥ 1,306	¥ (210)	$ (1,892)
Changes in fair value of financial assets measured at fair value through other comprehensive income	65	83	748
Remeasurements of defined benefit plans	(76)	(20)	(180)
Net changes in the fair value of cash flow hedges	(19)	6	54
Total	¥ 1,276	¥ (141)	$ (1,270)

22. Dividends

Dividends paid for the years ended March 31, 2018 and 2019 are as follows:

2018

Resolution date	Total amount of dividends Yen (millions)	Dividend per share Yen	Record date	Effective date
April 28, 2017 Board of Directors Meeting	¥ 38,642	¥ 18	March 31, 2017	June 2, 2017
October 31, 2017 Board of Directors Meeting	¥ 30,054	¥ 14	September 30, 2017	December 4, 2017

2019

Resolution date	Total amount of dividends Yen (millions)	Dividend per share Yen	Record date	Effective date
April 27, 2018 Board of Directors Meeting	¥ 55,816	¥ 26	March 31, 2018	June 4, 2018
October 29, 2018 Board of Directors Meeting	¥ 30,054	¥ 14	September 30, 2018	December 4, 2018

2019

Resolution date	Total amount of dividends U.S. dollars (thousands)	Dividend per share U.S. dollars	Record date	Effective date
April 27, 2018 Board of Directors Meeting	$ 502,847	$ 0.234	March 31, 2018	June 4, 2018
October 29, 2018 Board of Directors Meeting	$ 270,757	$ 0.126	September 30, 2018	December 4, 2018

Dividends with a record date in the year ended March 31, 2019 and the effective date in the next fiscal year are as follows:

Resolution date	Total amount of dividends Yen (millions)	Dividend per share Yen	Record date	Effective date
April 26, 2019 Board of Directors Meeting	¥ 55,816	¥ 26	March 31, 2019	June 4, 2019

Resolution date	Total amount of dividends U.S. dollars (thousands)	Dividend per share U.S. dollars	Record date	Effective date
April 26, 2019 Board of Directors Meeting	$ 502,847	$ 0.234	March 31, 2019	June 4, 2019

23. Revenues

(1) Disaggregation of revenue

The Group's business consists of 6 reportable segments: Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances 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:

Yen (millions)

2018	Japan	Overseas					Consolidated Total
		North America	Asia (excluding Japan)	Europe	Others	total	
Energy and Electric Systems	¥ 822,769	¥ 105,467	¥ 277,392	¥ 16,011	¥ 23,302	¥ 422,172	¥ 1,244,941
Industrial Automation Systems	565,876	207,820	457,740	194,763	5,514	865,837	1,431,713
Information and Communication Systems	377,805	6,404	4,743	1,420	543	13,110	390,915
Electronic Devices	49,501	7,737	83,979	23,873	288	115,877	165,378
Home Appliances	464,377	90,910	246,556	195,102	36,189	568,757	1,033,134
Others	158,614	783	18,766	147	33	19,729	178,343
Consolidated total	¥ 2,438,942	¥ 419,121	¥ 1,089,176	¥ 431,316	¥ 65,869	¥ 2,005,482	¥ 4,444,424

Yen (millions)

2019	Japan	Overseas					Consolidated Total
		North America	Asia (excluding Japan)	Europe	Others	total	
Energy and Electric Systems	**¥ 876,378**	**¥ 110,662**	**¥ 257,538**	**¥ 20,510**	**¥ 22,636**	**¥ 411,346**	**¥ 1,287,724**
Industrial Automation Systems	**611,392**	**205,034**	**431,092**	**201,068**	**5,372**	**842,566**	**1,453,958**
Information and Communication Systems	**370,702**	**4,560**	**7,278**	**1,581**	**730**	**14,149**	**384,851**
Electronic Devices	**50,012**	**10,818**	**72,192**	**24,639**	**326**	**107,975**	**157,987**
Home Appliances	**486,205**	**97,650**	**230,329**	**205,657**	**37,102**	**570,738**	**1,056,943**
Others	**161,955**	**727**	**15,454**	**293**	**29**	**16,503**	**178,458**
Consolidated total	**¥ 2,556,644**	**¥ 429,451**	**¥ 1,013,883**	**¥ 453,748**	**¥ 66,195**	**¥ 1,963,277**	**¥ 4,519,921**

U.S. dollars (thousands)

2019	Japan	Overseas					Consolidated Total
		North America	Asia (excluding Japan)	Europe	Others	total	
Energy and Electric Systems	**$ 7,895,297**	**$ 996,955**	**$ 2,320,162**	**$ 184,775**	**$ 203,928**	**$ 3,705,820**	**$ 11,601,117**
Industrial Automation Systems	**5,508,036**	**1,847,153**	**3,883,713**	**1,811,423**	**48,396**	**7,590,685**	**13,098,721**
Information and Communication Systems	**3,339,658**	**41,081**	**65,567**	**14,243**	**6,577**	**127,468**	**3,467,126**
Electronic Devices	**450,559**	**97,459**	**650,378**	**221,973**	**2,937**	**972,747**	**1,423,306**
Home Appliances	**4,380,225**	**879,730**	**2,075,036**	**1,852,766**	**334,252**	**5,141,784**	**9,522,009**
Others	**1,459,054**	**6,550**	**139,225**	**2,640**	**261**	**148,676**	**1,607,730**
Consolidated total	**$ 23,032,829**	**$ 3,868,928**	**$ 9,134,081**	**$ 4,087,820**	**$ 596,351**	**$ 17,687,180**	**$ 40,720,009**

The principal businesses and major products and services of each operating segment are shown in Note "6. Segment information".

The Group conducts business through 6 categories by aggregating multiple operating segments based on types and characteristics of products, production methods, and similarities in market.

Revenue is accounted for according to Note “3. Significant accounting policies (13) Revenues”, and revenue recognition methods for each categories are primarily as follows:

(a) Energy and Electric Systems, Information and Communication Systems

Major revenue recognition methods are as follows. Revenue is primarily recorded over time.

Many contracts related to the production of products qualify as specific construction contracts meeting certain criteria, and revenue 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 aggregate amount of estimated 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 from maintenance agreements is recognized over the contract term as the maintenance is provided.

(b)Industrial Automation Systems, Electronic Devices, Home Appliances, Others

Major revenue recognition methods are as follows. Revenue is primarily recorded at a point in time.

Revenue from mass-produced goods such as home appliances, semiconductors and industrial products are recognized at the time when the product is accepted by the customer.

Revenue from some products requiring acceptance inspection are recognized at the time when the product is received by the customer and the functionality of the product is substantially demonstrated by the Company and its consolidated subsidiaries.

(2) Contract liabilities

The amount of revenue recognized during the year that was included in the contract liability balance at the beginning of each year is as follows:

	Yen (millions)		U.S. dollars (thousands)
	2018	**2019**	**2019**
Amount of the contract liability balance at the beginning of the year recognized as revenue during the year	¥ 113,780	**¥ 122,246**	**$ 1,101,315**

(3)Transaction price allocated to remaining performance obligations

The total amount of transaction price allocated to remaining performance obligations is 1,250,705 million yen as of March 31, 2018. The Company and its consolidated subsidiaries recognize this revenue primarily according to satisfaction of the performance obligations. The period in which this revenue is expected to be recognized is from the years ending March 31, 2019 to 2040.

The total amount of transaction price allocated to remaining performance obligations is 1,306,385 million yen (11,769,234 thousand U.S. dollars) as of March 31, 2019. The Company and its consolidated subsidiaries recognize this revenue primarily according to satisfaction of the performance obligations. The period in which this revenue is expected to be recognized is from the years ending March 31, 2020 to 2040.

The Company and its consolidated subsidiaries apply the practical expedient in IFRS 15 paragraph 121(a) and do not include contracts that have an original expected duration of one year or less in the total amount of the transaction price allocated to remaining performance obligations.

24. Other profit (loss)

The major components of other profit (loss) are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
Gain on sales of fixed assets	¥ 645	¥ 1,609	$ 14,495
Impairment losses	(4,202)	(2,645)	(23,829)

25. Financial income and financial expenses

Components of financial income and financial expenses are as set out in the table below. Dividend income were related to financial assets measured at fair value through other comprehensive income.

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
Financial income			
Dividends	¥ 5,467	¥ 6,282	$ 56,595
Interest income			
Financial assets measured at amortized cost	3,144	3,465	31,216
Total	8,611	9,747	87,811
Financial expenses			
Interest expenses			
Financial liabilities measured at amortized cost	2,727	2,627	23,667
Exchange losses	4,069	1,755	15,810
Total	¥ 6,796	¥ 4,382	$ 39,477

Note:Gains (losses) on derivative instruments not designated as hedges are included in exchange losses.

26. Other comprehensive income

The amount arising during the year on each item of other comprehensive income (loss), reclassification adjustments to profit or loss and tax effects is as follows:

Yen (millions)

	2018		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
Items that will not be reclassified to net profit			
Changes in fair value of financial assets measured at fair value through other comprehensive income			
Amount arising during the year	¥ (744)	¥ 692	¥ (52)
Net change during the year	(744)	692	(52)
Remeasurements of defined benefit plans			
Amount arising during the year	30,548	(9,225)	21,323
Net change during the year	30,548	(9,225)	21,323
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	245	(75)	170
Net change during the year	245	(75)	170
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations			
Amount arising during the year	16,908	84	16,992
Net change during the year	16,908	84	16,992
Net changes in the fair value of cash flow hedges			
Amount arising during the year	(265)	63	(202)
Reclassification adjustments to net profit	173	(42)	131
Net change during the year	(92)	21	(71)
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	2,091	(222)	1,869
Net change during the year	2,091	(222)	1,869
Other comprehensive income (loss)	¥ 48,956	¥ (8,725)	¥ 40,231

Yen (millions)

	2019		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
Items that will not be reclassified to net profit			
Changes in fair value of financial assets measured at fair value through other comprehensive income			
Amount arising during the year	¥ **(52,768)**	¥ **13,484**	¥ **(39,284)**
Net change during the year	**(52,768)**	**13,484**	**(39,284)**
Remeasurements of defined benefit plans			
Amount arising during the year	**17,559**	**(5,325)**	**12,234**
Net change during the year	**17,559**	**(5,325)**	**12,234**
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	**(1,432)**	**437**	**(995)**
Net change during the year	**(1,432)**	**437**	**(995)**
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations			
Amount arising during the year	**(6,729)**	**(27)**	**(6,756)**
Net change during the year	**(6,729)**	**(27)**	**(6,756)**
Net changes in the fair value of cash flow hedges			
Amount arising during the year	**(75)**	**23**	**(52)**
Reclassification adjustments to net profit	**24**	**(9)**	**15**
Net change during the year	**(51)**	**14**	**(37)**
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	**(2,942)**	**297**	**(2,645)**
Net change during the year	**(2,942)**	**297**	**(2,645)**
Other comprehensive income (loss)	¥ **(46,363)**	¥ **8,880**	¥ **(37,483)**

U.S. dollars (thousands)

	2019		
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
Items that will not be reclassified to net profit			
Changes in fair value of financial assets measured at fair value through other comprehensive income			
Amount arising during the year	$ (475,387)	$ 121,477	$ (353,910)
Net change during the year	(475,387)	121,477	(353,910)
Remeasurements of defined benefit plans			
Amount arising during the year	158,189	(47,973)	110,216
Net change during the year	158,189	(47,973)	110,216
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	(12,901)	3,937	(8,964)
Net change during the year	(12,901)	3,937	(8,964)
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations			
Amount arising during the year	(60,622)	(243)	(60,865)
Net change during the year	(60,622)	(243)	(60,865)
Net changes in the fair value of cash flow hedges			
Amount arising during the year	(675)	207	(468)
Reclassification adjustments to net profit	216	(81)	135
Net change during the year	(459)	126	(333)
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	(26,504)	2,676	(23,828)
Net change during the year	(26,504)	2,676	(23,828)
Other comprehensive income (loss)	$ (417,684)	$ 80,000	$ (337,684)

27. Earnings per share

Basic earnings per share and diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
Net profit attributable to Mitsubishi Electric Corp. stockholders	¥ 255,755	¥ **226,648**	$ **2,041,874**

	Shares	
	2018	2019
Basic average ordinary shares outstanding	2,145,808,679	**2,145,198,524**

	Yen		U.S. dollars
	2018	2019	2019
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	¥ 119.19	¥ **105.65**	$ **0.952**
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	¥ 119.19	¥ **105.65**	$ **0.952**

Note: The number of the Company's shares held through the Board Incentive Plan Trust were included in the shares of treasury stock that were deducted from the average number of ordinary shares outstanding in the calculation of Earnings per share attributable to Mitsubishi Electric Corp. stockholders. (969,077 shares as of March 31, 2018, and 1,577,931 shares as of March 31, 2019).

28. Financial instruments

(1) Capital management

The Company and its consolidated subsidiaries carry out capital management using ROE and the ratio of interest bearing debt to total assets as continuing key performance indicators in order to establish a strong financial basis and enable further business expansion globally. Capital is defined as equity (Mitsubishi Electric Corp. stockholders' equity) as presented in the Consolidated Statement of Financial Position.

ROE and the ratio of interest bearing debt to total assets are as set out in the table below. ROE is calculated as Net profit attributable to Mitsubishi Electric Corp. stockholders divided by equity. The ratio of interest bearing debt to total assets is calculated as bonds and borrowings divided by total assets.

	Date of transition to IFRS (April 1, 2017)	2018	2019
ROE	—	11.7%	**9.7%**
Ratio of interest bearing debt to total assets	8.8%	7.2%	**6.9%**

There are no significant capital regulations that apply to the Company and its consolidated subsidiaries.

(2) Financial risk management

In the course of their management activities, the Company and its consolidated subsidiaries face financial risks including market risk, credit risk and liquidity risk, and carry out risk management to mitigate these risks.

(a) Market risk management

(i) Currency risk management

The Group is engaged in production and sales activities in various regions including Japan, North America, Europe, Asia and other regions. Revenue and expenses as well as assets and liabilities denominated in foreign currencies may be affected by foreign exchange rate fluctuations.

The Company and certain consolidated subsidiaries have entered into forward exchange contracts mainly to hedge cash flows from foreign currency-denominated forecast transactions.

Currency risk exposure

The Company and its consolidated subsidiaries' currency risk exposure (net) is primarily as set out in the table below. Amounts for which currency risk is hedged using forward exchange contracts are excluded.

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
U.S. dollars	¥ 37,820	¥ **11,344**	$ **102,198**
Euros	¥ 29,273	¥ **23,404**	$ **210,847**

Foreign exchange sensitivity analysis

With regards to foreign currency-denominated financial instruments held by the Company and its consolidated subsidiaries, assuming that all variables other than foreign exchange are constant, the effect of a 1% increase in the value of the yen against the U.S. dollar and euro on profit before income taxes in the Consolidated Statement of Profit or Loss are as follows (negative values shown in parentheses):

	Yen (millions)		U.S. dollars (thousands)
	2018	**2019**	**2019**
U.S. dollars	¥ (378)	**¥ (113)**	**$ (1,018)**
Euros	¥ (293)	**¥ (234)**	**$ (2,108)**

(ii) Interest rate risk management

The Company and its consolidated subsidiaries may be affected by fluctuations in interest rates of borrowings with variable interest.

The Company and its consolidated subsidiaries limit interest rate risk exposure by procuring most of their bonds and borrowings with fixed interest rates.

Interest rate risk exposure

The interest rate risk exposure of the Company and its consolidated subsidiaries are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2018	**2019**	**2019**
Variable interest rate bonds and borrowings	¥ 56,641	**¥ 55,682**	**$ 501,640**

Interest rate sensitivity analysis

With regard to financial instruments held by the Company and its consolidated subsidiaries, assuming that all variables other than interest rates are constant, the effect of a 1% increase in the interest rate on profit before income taxes in the Consolidated Statement of Profit or Loss are as follows (negative values shown in parentheses):

	Yen (millions)		U.S. dollars (thousands)
	2018	**2019**	**2019**
Effect on profit before income taxes	¥ (566)	**¥ (557)**	**$ (5,018)**

(b) Credit risk management

Receivables arising from the operating activities of the Company and its consolidated subsidiaries may be affected by changes in the financial conditions of customers.

The Company and its consolidated subsidiaries determine trade receivables and other receivables, to be in default if they cannot be recovered in part or in full or recovery is considered extremely difficult.

In order to mitigate risk by setting transaction amount limits in line with credit risk, the Company and its consolidated subsidiaries first conduct screening through external agencies and then, establish customer credit limits and regularly monitor customers' financial condition.

Derivative transactions with the purpose of mitigating market risk are carried out with highly reputable financial institutions to minimize credit risk.

Excluding guarantees, the carrying amount after impairment of financial assets and contract assets presented in the consolidated financial statements is the maximum exposure without taking account of collateral received for credit risk on the financial assets and contract assets of the Company and its consolidated subsidiaries.

The Company and its consolidated subsidiaries have given guarantees to financial institutions related to transactions of associates and employees as follows:

	Yen (millions)		U.S. dollars (thousands)
	2018	**2019**	**2019**
Guarantees of bank loan			
Associates	¥ 532	**¥ 50**	**$ 450**
Employees	1,414	**1,002**	**9,027**
Others	6,559	**6,257**	**56,369**
Total	¥ 8,505	**¥ 7,309**	**$ 65,846**

Allowance for credit losses relating to performance of guarantee above is not recognized because the effect on the consolidated financial statements is immaterial.

The amount of allowance for credit losses for trade receivables and contract assets is calculated by estimating the lifetime expected credit losses until collection.

The amount of allowance for credit losses for other financial assets is in principle calculated by estimating 12-month expected credit losses. However, allowance for credit losses for financial assets for which credit risk has increased significantly since initial recognition or credit-impaired financial assets is calculated as an amount equal to lifetime expected credit losses.

The amount of allowance for credit losses is calculated as follows:

-Trade receivables and contract assets

Grouping is performed based on credit risk rating, then receivables are multiplied by an allowance rate based on the historical credit loss rate and adjusted for forecasts of future economic conditions. Further, trade receivables and contract assets consists of a lot of homogenous customers, and their credit ratings are deemed to be identical.

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-Other financial assets

For financial assets whose credit risk has not been determined to have increased significantly since initial recognition, grouping is performed based on risks having similar characteristics, then cost is multiplied by an allowance rate based on the historical credit loss rate and adjusted for forecasts of future economic conditions. However, for financial assets whose credit risk has increased significantly since initial recognition and credit-impaired financial assets, the difference between the present value of the amount expected to be recovered and adjusted for forecasts of future economic conditions, and the carrying amount is used individually.

Changes in allowance for credit losses are as follows:

Yen (millions)

	2018				
		Lifetime expected credit losses			
	12-month expected credit losses	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Balance at beginning of year	¥ 116	¥ 5,728	¥ —	¥ 8,137	¥ 13,981
Additions	1	6,125	—	2,070	8,196
Utilized	—	(1,316)	—	(4,776)	(6,092)
Reversed	—	(1,884)	—	(1,268)	(3,152)
Exchange differences on translating foreign operations, others	—	(36)	—	(1)	(37)
Balance at end of year	¥ 117	¥ 8,617	¥ —	¥ 4,162	¥ 12,896

Yen (millions)

	2019				
		Lifetime expected credit losses			
	12-month expected credit losses	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Balance at beginning of year	**¥ 117**	**¥ 8,617**	**¥ —**	**¥ 4,162**	**¥ 12,896**
Additions	**1**	**5,085**	**—**	**1,588**	**6,674**
Utilized	**—**	**(2,030)**	**—**	**(614)**	**(2,644)**
Reversed	**(1)**	**(3,768)**	**—**	**(1,002)**	**(4,771)**
Exchange differences on translating foreign operations, others	**—**	**(73)**	**—**	**(7)**	**(80)**
Balance at end of year	**¥ 117**	**¥ 7,831**	**¥ —**	**¥ 4,127**	**¥ 12,075**

U.S. dollars (thousands)

2019					
		Lifetime expected credit losses			
	12-month expected credit losses	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Balance at beginning of year	$ 1,054	$ 77,631	$ —	$ 37,495	$ 116,180
Additions	9	45,811	—	14,306	60,126
Utilized	—	(18,288)	—	(5,532)	(23,820)
Reversed	(9)	(33,946)	—	(9,027)	(42,982)
Exchange differences on translating foreign operations, others	—	(658)	—	(63)	(721)
Balance at end of year	$ 1,054	$ 70,550	$ —	$ 37,179	$ 108,783

The carrying amounts (before deducting the allowance for credit losses) of financial assets and contract assets subject to recognition of allowance for credit losses are as follows:

Yen (millions)

		Lifetime expected credit losses			
	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
Date of transition to IFRS	¥ 75,432	1,161,194	—	9,831	¥ 1,246,457
2018	¥ 80,129	1,200,146	—	6,107	¥ 1,286,382
2019	¥ 84,232	1,241,747	—	6,156	¥ 1,332,135

U.S. dollars (thousands)

		Lifetime expected credit losses			
	Financial assets measured at an amount equal to 12-month expected credit losses	Financial assets always measured at an amount equal to lifetime expected credit losses	Financial assets for which credit risk has increased significantly since initial recognition	Credit-impaired financial assets	Total
2019	$ 758,847	11,186,910	—	55,459	$ 12,001,216

(c) Liquidity risk management

The Company and its consolidated subsidiaries finance through borrowings from financial institutions and by issuing bonds, which may be affected by deterioration in the financing environment.

In order to hedge the risk of not being able to make payment on financial liabilities by the due date, the Company and its consolidated subsidiaries manage liquidity risk by preparing adequate funds for repayment, securing readily available lines of credit from financial institutions and continuously monitoring planned and actual cash flows.

Balances of financial liabilities (including derivative instruments) classified by due dates are as set out in the table below.

Yen (millions)

	Date of transition to IFRS (April 1, 2017)				
	Carrying amount	Contractual cash flows	Within one year	One to five years	Over five years
Non-derivatives financial liabilities					
Trade payables and other financial liabilities	¥ 800,693	¥ 800,693	¥ 800,693	¥ —	¥ —
Short-term borrowings	82,855	83,381	83,381	—	—
Long-term borrowings	228,910	233,300	57,336	133,800	42,164
Bonds	40,000	40,592	140	40,452	—
Lease obligations	22,346	25,239	8,836	16,355	48
Derivatives financial liabilities					
Forward exchange contracts and others	4,383	4,383	4,383	—	—
Total	¥ 1,179,187	¥ 1,187,588	¥ 954,769	¥ 190,607	¥ 42,212

Yen (millions)

	2018				
	Carrying amount	Contractual cash flows	Within one year	One to five years	Over five years
Non-derivatives financial liabilities					
Trade payables and other financial liabilities	¥ 741,714	¥ 741,714	¥ 741,714	¥ —	¥ —
Short-term borrowings	56,507	57,177	57,177	—	—
Long-term borrowings	193,961	197,067	59,932	123,063	14,072
Bonds	40,000	40,452	140	40,312	—
Lease obligations	21,482	24,376	8,731	15,608	37
Derivatives financial liabilities					
Forward exchange contracts and others	3,198	3,198	3,198	—	—
Total	¥ 1,056,862	¥ 1,063,984	¥ 870,892	¥ 178,983	¥ 14,109

Yen (millions)

	2019				
	Carrying amount	Contractual cash flows	Within one year	One to five years	Over five years
Non-derivatives financial liabilities					
Trade payables and other financial liabilities	**¥ 717,277**	**¥ 717,277**	**¥ 717,277**	**¥ —**	**¥ —**
Short-term borrowings	**55,580**	**56,201**	**56,201**	**—**	**—**
Long-term borrowings	**180,392**	**182,712**	**22,000**	**155,690**	**5,022**
Bonds	**40,000**	**40,312**	**20,140**	**20,172**	**—**
Lease obligations	**22,466**	**25,462**	**9,302**	**16,111**	**49**
Derivatives financial liabilities					
Forward exchange contracts and others	**1,943**	**1,943**	**1,943**	**—**	**—**
Total	**¥ 1,017,658**	**¥ 1,023,907**	**¥ 826,863**	**¥ 191,973**	**¥ 5,071**

U.S. dollars (thousands)

	2019				
	Carrying amount	Contractual cash flows	Within one year	One to five years	Over five years
Non-derivatives financial liabilities					
Trade payables and other financial liabilities	**$ 6,461,955**	**$ 6,461,955**	**$ 6,461,955**	**$ —**	**$ —**
Short-term borrowings	**500,721**	**506,315**	**506,315**	**—**	**—**
Long-term borrowings	**1,625,153**	**1,646,054**	**198,198**	**1,402,613**	**45,243**
Bonds	**360,360**	**363,171**	**181,441**	**181,730**	**—**
Lease obligations	**202,397**	**229,388**	**83,802**	**145,145**	**441**
Derivatives financial liabilities					
Forward exchange contracts and others	**17,505**	**17,505**	**17,505**	**—**	**—**
Total	**$ 9,168,091**	**$ 9,224,388**	**$ 7,449,216**	**$ 1,729,488**	**$ 45,684**

(3) Derivatives and hedging activities

The Company and its consolidated subsidiaries operate internationally, giving rise to significant exposure to market risks from changes in foreign currencies and interest rates. Derivative instruments are comprised principally of forward exchange contracts and currency swaps utilized by the Company and certain consolidated subsidiaries to reduce these risks. The Company and certain consolidated subsidiaries do not hold or issue financial instruments for trading purposes. Currency swaps are utilized to hedge changes in fair value, but are not designated as hedging instruments.

(a) Cash flow hedges

The Company and certain consolidated subsidiaries have entered into forward exchange contracts mainly to hedge market risk of claims and debts denominated in foreign currencies from foreign exchange rate fluctuations. The Company and certain consolidated subsidiaries designate the forward exchange contracts as hedging instruments in cash flow hedges. The Company and certain consolidated subsidiaries set an appropriate hedge ratio at the inception of the hedging relationship based on the quantities of the hedged items and the hedging instruments. In principle, a one-to-one hedging relationship is used. The significant conditions of the hedged items and the hedging instruments are in principal matched.

The Company and certain consolidated subsidiaries consider the period in which hedged cash flows are expected to occur and the period in which those are expected to affect profit or loss are from April 2019 to June 2020.

The notional principal amount of forward exchange contracts designated as hedging instruments as of the date of transition to IFRS, and the years ended March 31, 2018 and 2019 are as follows:

	Yen (millions)			U.S. dollars (thousands)
Type of hedge	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Forward exchange contracts	¥ 6,361	¥ 5,850	**¥ 5,464**	**$ 49,225**

The fair value of forward exchange contracts designated as hedging instruments as of the date of transition to IFRS, and the years ended March 31, 2018 and 2019 are as follows:

		Yen (millions)			U.S. dollars (thousands)
Type of hedge	Line item	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Forward exchange contracts	Other financial assets	¥ 103	¥ 30	**¥ 50**	**$ 450**
	Other financial liabilities	¥ 49	¥ 67	**¥ 59**	**$ 532**

The amount of ineffective portion of hedges recognized in profit or loss is insignificant.

(4) 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 consolidated 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 the years ended March 31, 2018 and 2019.

For financial instruments classified as level 3, changing the unobservable inputs to reasonably possible alternative assumptions would not change the fair value significantly.

(a) 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 (excluding short-term borrowings and lease obligations)

Fair values of bonds are calculated using the Reference Statistical Prices of the 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.

	Date of transition to IFRS (April 1, 2017)		2018		2019		2019	
	Yen (millions)						U.S. dollars (thousands)	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost								
Bonds and borrowings	¥ 268,910	¥ 266,961	¥ 233,961	¥ 231,418	**¥ 220,392**	**¥ 216,712**	**$ 1,985,513**	**$ 1,952,358**

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

(b) 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

The fair value of marketable equity instruments is calculated based on the market price at the end of the consolidated 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 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. The reasonableness of the valuation techniques has been verified by the department in charge using various methods, and they have been approved by an appropriate management.

Debt financial instruments

Fair values of investment trusts are classified as level 2 because fair value is calculated as the market value of an identical asset in an inactive market based on the market approach.

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.

Yen (millions)

	Date of transition to IFRS (April 1, 2017)			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	¥ —	¥ 198	¥ —	¥ 198
Derivative assets	—	1,602	—	1,602
Financial assets measured at fair value through other comprehensive income				
Equity instruments	290,297	—	58,628	348,925
Total	290,297	1,800	58,628	350,725
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	4,383	—	4,383
Total	¥ —	¥ 4,383	¥ —	¥ 4,383

Yen (millions)

	2018			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	¥ —	¥ 197	¥ —	¥ 197
Derivative assets	—	4,751	—	4,751
Financial assets measured at fair value through other comprehensive income				
Equity instruments	260,889	—	60,240	321,129
Total	260,889	4,948	60,240	326,077
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	3,198	—	3,198
Total	¥ —	¥ 3,198	¥ —	¥ 3,198

Yen (millions)

	2019			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	**¥ —**	**¥ 1,134**	**¥ —**	**¥ 1,134**
Financial assets measured at fair value through other comprehensive income				
Equity instruments	**201,898**	**—**	**60,674**	**262,572**
Total	**201,898**	**1,134**	**60,674**	**263,706**
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	**—**	**1,943**	**—**	**1,943**
Total	**¥ —**	**¥ 1,943**	**¥ —**	**¥ 1,943**

U.S. dollars (thousands)

	2019			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets	**$ —**	**$ 10,216**	**$ —**	**$ 10,216**
Financial assets measured at fair value through other comprehensive income				
Equity instruments	**1,818,902**	**—**	**546,613**	**2,365,514**
Total	**1,818,902**	**10,216**	**546,613**	**2,375,730**
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	**—**	**17,505**	**—**	**17,505**
Total	**$ —**	**$ 17,505**	**$ —**	**$ 17,505**

Changes in financial instruments measured at fair value on a recurring basis classified as Level 3 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2018		2019		2019	
Balance at beginning of year	¥	58,628	¥	**60,240**	$	**542,703**
Gains (losses)		(496)		**(953)**		**(8,586)**
Purchases		2,816		**2,178**		**19,622**
Sale		(708)		**(791)**		**(7,126)**
Balance at end of year	¥	60,240	¥	**60,674**	$	**546,613**

Note: Gains (losses) are related to financial assets measured at fair value through other comprehensive income as of the end of the reporting period and included in “Changes in fair value of financial assets measured at fair value through other comprehensive income” in the Consolidated Statement of Comprehensive Income.

(5) Securitizations

The Company and its consolidated subsidiaries have transferred trade receivables and other receivables, to unconsolidated securitization-purpose structured entities, and losses on securitization of 210 million yen and 225 million yen (2,027 thousand U.S. dollars) were recorded in the years ended March 31, 2018 and 2019, respectively.

(a) Involvement with unconsolidated securitization-purpose structured entities

Unconsolidated securitization-purpose structured entities are used in the securitization of trade receivables and other receivables. Because these entities are structured by third-party financial institutions who operate the entities as part of their business and the entities purchase a large amount of assets from customers other than the Company, the ratio of financial assets transferred by the Company to the entities’ total assets is low and the Company has therefore determined that their assessed risk exposure has low relevance to the Company. The Company and its consolidated subsidiaries do not provide significant non-contractual support to the structured entities. The Company’s involvement with the structured entities primarily consists of the provision of limited credit quality enhancements, servicing the assets and the receipt of commissions for services provided.

The transferred financial assets, in some cases, may be repurchased under limited and specific conditions. Losses on securitization are expected to be all offset within a year and the maximum exposure as of the date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019 were 4,414 million yen , 5,799 million yen and 5,518 million yen (49,712 thousand U.S. dollars), respectively.

(b) Transfer of financial assets that were derecognized in their entirety

Subsequent to securitization, the Company and its consolidated subsidiaries retain collection and administrative responsibilities for the receivables. They have not recorded a servicing asset or liability since the cost of collection effort approximates the amount of commission income. The maximum exposure to losses from continuing involvement on financial assets derecognized as of March 31, 2019 was included in the maximum exposure to losses stated in (a) Involvement with unconsolidated securitization-purpose structured entities above.

29. Principal subsidiaries

The Company's principal subsidiaries are as follows:

Reportable segment	Name of subsidiary	Business Location	Ownership persentage of voting rights (%)
Energy and Electric Systems	Toyo Electric Corporation	Japan	93.3
	Mitsubishi Electric Control Panel Corp.	Japan	100.0
	Mitsubishi Electric Building Techno-Service Co., Ltd.	Japan	100.0
	Mitsubishi Electric Plant Engineering Corporation	Japan	100.0
	Mitsubishi Electric Control Software Corporation	Japan	100.0
	Ryoden Elevator Construction, Ltd.	Japan	100.0
	Ryoko Co., Ltd.	Japan	100.0
	RYO-SA BUILWARE Co., Ltd.	Japan	100.0
	Mitsubishi Electric Power Products, Inc.	U.S.A.	100.0
	Mitsubishi Electric Saudi Ltd.	Saudi Arabia	51.0
	Mitsubishi Elevator Asia Co., Ltd.	Thailand	100.0
	Mitsubishi Electric Shanghai Electric Elevator Co., Ltd.	China	60.0
	Mitsubishi Elevator Hong Kong Co., Ltd.	China	75.0
	Taiwan Mitsubishi Elevator Co., Ltd.	Taiwan	54.8
	Mitsubishi Elevator Korea Co., Ltd.	Korea	80.0
Industrial Automation Systems	DB Seiko Co., Ltd.	Japan	69.9
	Setsuyo Astec Corporation	Japan	100.0
	Ryowa Corporation	Japan	79.7
	Mitsubishi Electric Mechatronics Engineering Corporation	Japan	100.0
	Meldas System Engineering Corporation	Japan	100.0
	Mitsubishi Electric Mechatronics Software Corporation	Japan	100.0
	Mitsubishi Electric Automotive America, Inc.	U.S.A.	100.0
	Mitsubishi Electric Automotive de Mexico, S.A. de C.V.	Mexico	100.0
	Mitsubishi Electric Thai Auto-Parts Co., Ltd.	Thailand	100.0
	Mitsubishi Electric Automotive (China) Co., Ltd.	China	100.0
	Mitsubishi Electric Automation Manufacturing(Changshu) Co., Ltd.	China	100.0
	Mitsubishi Electric Dalian Industrial Products Co., Ltd.	China	100.0
	Mitsubishi Electric Automation (Hong Kong) Ltd.	China	100.0
	SETSUYO ENTERPRISE CO., LTD.	Taiwan	100.0
	Mitsubishi Electric Automation Korea Co., Ltd.	Korea	100.0
Information and Communication Systems	Mitsubishi Electric TOKKI Systems Corporation	Japan	100.0
	Mitsubishi Precision Co., Ltd.	Japan	74.7
	SPC Electronics Corporation	Japan	100.0
	Mitsubishi Electric Information Network Corporation	Japan	100.0
	Mitsubishi Electric Information Systems Corporation	Japan	100.0
	Mitsubishi Space Software Co., Ltd.	Japan	89.0
	Mitsubishi Electric Business Systems Co., Ltd.	Japan	100.0
	Mitsubishi Electric Micro-Computer Application Software Co., Ltd.	Japan	100.0

Reportable segment	Name of subsidiary	Business Location	Ownership persentage of voting rights (%)
Electronic Devices	Melco Display Technology Inc.	Japan	100.0
	Melco Power Device Corporation	Japan	67.0
	Melco Semiconductor Engineering Corporation	Japan	100.0
	Vincotech Holdings S.à r.l.	Luxembourg	100.0
Home Appliances	Mitsubishi Electric Lighting Corporation	Japan	100.0
	Mitsubishi Electric Home Appliance Co., Ltd.	Japan	100.0
	Mitsubishi Electric Living Environment Systems Corporation	Japan	100.0
	Mitsubishi Electric Life Network Co., Ltd.	Japan	100.0
	Mitsubishi Electric Air Conditioning &Refrigeration Equipment Sales Co., Ltd.	Japan	100.0
	Mitsubishi Electric Air Conditioning &Refrigeration Systems Co., Ltd.	Japan	100.0
	Melco Facilities Corporation	Japan	100.0
	Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A.	Italy	100.0
	Mitsubishi Electric Air Conditioning Systems Europe Ltd.	U.K.	100.0
	Mitsubishi Electric Consumer Products (Thailand) Co., Ltd.	Thailand	90.0
	Siam Compressor Industry Co., Ltd.	Thailand	98.0
	Mitsubishi Electric Kang Yong Watana Co., Ltd.	Thailand	50.1
	Shanghai Mitsubishi Electric & Shangling Air-Conditioner and Electric Appliance Co., Ltd.	China	52.4
	Mitsubishi Electric (Guangzhou) Compressor Co., Ltd.	China	100.0
	Mitsubishi Electric Air-Conditioning &Visual Information Systems (Shanghai) Ltd.	China	100.0
Others	Mitsubishi Electric Trading Corporation	Japan	100.0
	Mitsubishi Electric Engineering Co., Ltd.	Japan	100.0
	Mitsubishi Electric Logistics Corporation	Japan	99.2
	Mitsubishi Electric System & Service Co., Ltd.	Japan	100.0
	Mitsubishi Electric Life Service Corporation	Japan	100.0
	The Kodensha Co., Ltd.	Japan	51.5
	iPLANET Inc.	Japan	100.0
	Melco Trading (Thailand) Co.,Ltd.	Thailand	100.0
Comprehensive Sales Companies	Chiyoda Mitsubishi Electric Co., Ltd. and other regional comprehensive sales companies (9 companies)	Japan	100.0
	Mitsubishi Electric US, Inc.	U.S.A.	100.0
	Mitsubishi Electric Europe B.V.	Netherlands	100.0
	Mitsubishi Electric Asia Pte. Ltd.	Singapore	100.0
	Mitsubishi Electric & Electronics (Shanghai) Co., Ltd.	China	100.0
	Mitsubishi Electric (H.K.) Ltd.	China	100.0
	Mitsubishi Electric Taiwan Co., Ltd.	Taiwan	100.0
	Mitsubishi Electric Australia Pty. Ltd.	Australia	100.0

Companies that does not belong to one reportable segment (comprehensive sales companies with multi-segment products) are listed as "comprehensive sales companies" as a reportable segment.

From the date of transition to IFRS (April 1, 2017) to the end of March 31, 2019, there were no significant changes in principal subsidiaries and ownership persentages of voting rights of the principal subsidiaries.

30. Related parties

(1) Related party transactions

The balance of receivables and payables with associates and joint ventures are as follows:

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	2019	2019
Balance of trade receivables and contract assets				
Associates	¥ 50,569	¥ 57,499	¥ **64,712**	$ **582,991**
Joint ventures	15,192	19,502	**20,324**	**183,099**
Total	65,761	77,001	**85,036**	**766,090**
Balance of trade payables and contract liabilities				
Associates	20,526	17,774	**17,050**	**153,603**
Joint ventures	8,835	9,014	**9,939**	**89,541**
Total	¥ 29,361	¥ 26,788	¥ **26,989**	$ **243,144**

Other than the above, the balance of receivables under factoring transactions with joint ventures as of the date of transition to IFRS (April 1, 2017), the years ended March 31, 2018 and 2019 are 9,498 million yen, 7,346 million yen and 6,613 million yen (59,577 thousand U.S. dollars), respectively. The balance of payables under factoring transactions with joint ventures as of the date of transition to IFRS (April 1, 2017), the years ended March 31, 2018 and 2019 are 59,512 million yen, 40,590 million yen and 35,023 million yen (315,523 thousand U.S. dollars), respectively.

The amount of transactions with associates and joint ventures are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2018	2019	2019
Revenue			
Associates	¥ 242,412	¥ **244,047**	$ **2,198,621**
Joint ventures	59,933	**59,149**	**532,874**
Total	302,345	**303,196**	**2,731,495**
Purchases			
Associates	101,169	**102,632**	**924,612**
Joint ventures	37,628	**40,238**	**362,505**
Total	¥ 138,797	¥ **142,870**	$ **1,287,117**

Other than the above, the amount of factoring transactions for trade receivables with joint ventures for the years ended March 31, 2018 and 2019 are 67,471 million yen and 64,193 million yen (578,315 thousand U.S. dollars), respectively. The amount of factoring transactions for trade payables with joint ventures for the years ended March 31, 2018 and 2019 are 171,447 million yen and 126,993 million yen (1,144,081 thousand U.S. dollars), respectively.

(2) Total key management personnel compensation

The amount of expenses recognized related to key management personnel compensation, for the years ended March 31, 2018 and 2019 are 3,613 million yen and 3,144 million yen (28,324 thousand U.S. dollars), respectively. This include officers' retirement benefits of 344 million yen and 433 million yen (3,901 thousand U.S. dollars), respectively.

31. Commitments

Contractual commitments related to purchases of property, plant and equipment is as follows:

	Yen (millions)			U.S. dollars (thousands)
	Date of transition to IFRS (April 1, 2017)	2018	**2019**	**2019**
Contractual commitments related to purchases of property, plant and equipment	¥ 27,915	¥ 27,671	**¥ 38,245**	**$ 344,550**

32. Contingent liabilities

There were no significant events as of March 31 2019.

33. Subsequent events

There were no significant subsequent events which should be disclosed as of the date of the approval of the consolidated financial statements for the year ended March 31, 2019.

34. First-time adoption

The Group adopted IFRS for the year ended March 31, 2019. The most recent consolidated financial statements prepared in accordance with U.S. GAAP are for the year ended March 31, 2018. The date of transition to IFRS was April 1, 2017.

(1) Exemptions and exceptions in IFRS 1

IFRS 1 requires entities adopting IFRS for the first time to retrospectively apply IFRS in principle; however, with regard to certain items, it allows exemption from, or prohibits, retrospective application of IFRS.

The Company and its consolidated subsidiaries use the following exemptions on retrospective application permitted by IFRS 1:

- Business combinations

The Company and its consolidated subsidiaries elected not to apply IFRS 3 Business Combinations retrospectively to past business combinations that occurred on or before December 22, 2015. Consequently, the amount of goodwill that arose from business combinations that occurred on or before December 22, 2015 is recorded at the carrying amount in accordance with U.S. GAAP. Goodwill was tested for impairment at the transition date irrespective of whether there was any indication of impairment.

- Exchange differences on translating foreign operations

The Company and its consolidated subsidiaries elected to deem the cumulative translation differences for foreign operations at the transition date to be zero. Consequently, the cumulative translation differences for foreign operations at the transition date were reclassified from accumulated other comprehensive income (loss) to retained earnings.

- Designation of financial instruments recognized before the date of transition to IFRS

The Company and its consolidated subsidiaries elected to designate the classification of financial instruments on the basis of the facts and circumstances that existed at the date of transition to IFRS.

(2) Reconciliations

Reconciliations for which disclosures are required on first time adoption of IFRS are set out below.

Items that do not affect retained earnings and comprehensive income are presented in “Reclassification” and items that affect retained earnings and comprehensive income are presented in “Recognition and measurement differences”.

Reconciliation of equity as at the Date of transition to IFRS (April 1, 2017)

Consolidated Statement of Financial Position

Yen (millions)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Assets						(Assets)
Current assets						
Cash and cash equivalents	662,469	—	—	662,469		Cash and cash equivalents
Trade receivables	1,037,201	(137,523)	—	899,678	(1)(b)	Trade receivables
	—	152,784	103,004	255,788	(1)(b)	Contract assets
	—	39,801	—	39,801	(1)(a)	Other financial assets
Inventories	643,040	—	(83,138)	559,902		Inventories
Prepaid expenses and other current assets	157,975	(52,000)	(15,056)	90,919	(1)(b)	Other current assets
Total current assets	2,500,685	3,062	4,810	2,508,557		Total current assets
Long-term receivables and investments						
Long-term trade receivables	2,815	(2,815)	—	—	(1)(b)	
Investments in securities and other	421,455	(421,455)	—	—	(1)(b)	
Investments in affiliated companies	197,480	(15,756)	5,634	187,358	(1)(b)	Investments accounted for using the equity method
	—	362,869	27,710	390,579	(1)(a), (2)(b)	Other financial assets
Total long-term receivables and investments	621,750	—	—	—		
Property, plant and equipment						
Land	113,241	—	—	—		
Buildings	807,201	—	—	—		
Machinery and equipment	1,891,377	—	—	—		
Construction in progress	56,160	—	—	—		
Total	2,867,979	—	—	—		
Less accumulated depreciation	(2,135,368)	—	—	—		
Net property, plant and equipment	732,611	—	(33,133)	699,478	(2)(f), (g)	Property, plant and equipment
	—	143,439	(18,857)	124,582	(1)(b), (2)(g), (h)	Goodwill and intangible assets
	—	162,169	111,316	273,485	(1)(b), (2)(c)	Deferred tax assets
Other assets	317,224	(231,513)	(31,720)	53,991	(1)(b), (2)(a)	Other non-current assets
	—	(3,062)	60,950	1,729,473		Total non-current assets
Total assets	4,172,270	—	65,760	4,238,030		Total assets

Yen (millions)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Liabilities						(Liabilities)
Current liabilities						
Bank loans	60,868	63,500	21,987	146,355	(1)(c)	Bonds and borrowings
Current portion of long-term debt	63,500	(63,500)	—	—	(1)(c)	
Trade payables	780,202	(145,119)	—	635,083	(1)(c)	Trade payables
	—	150,048	562	150,610	(1)(c)	Contract liabilities
	—	159,269	10,724	169,993	(1)(a)	Other financial liabilities
Accrued expenses	363,849	(115,491)	—	248,358	(1)(c)	Accrued expenses
Accrued income taxes	26,295	—	—	26,295		Accrued income taxes
	—	130,183	—	130,183	(1)(c)	Provisions
Other current liabilities	231,047	(171,434)	(191)	59,422	(1)(c)	Other current liabilities
Total current liabilities	1,525,761	7,456	33,082	1,566,299		Total current liabilities
Long-term debt	227,756	—	—	227,756		Bonds and borrowings
Retirement and severance benefits	194,990	—	8,044	203,034	(2)(a)	Net defined benefit liabilities
	—	11,284	—	11,284	(1)(c)	Provisions
	—	14,483	(1,621)	12,862	(1)(c), (2)(c)	Deferred tax liabilities
Other liabilities	83,055	(33,223)	—	49,832	(1)(c)	Other non-current liabilities
	—	(7,456)	6,423	504,768		Total non-current liabilities
Total liabilities	2,031,562	—	39,505	2,071,067		Total liabilities
Equity						(Equity)
Mitsubishi Electric Corp. shareholders' equity						
Common stock	175,820	—	—	175,820		Common stock
Capital surplus	212,530	—	(13,785)	198,745	(2)(h)	Capital surplus
Legal reserve	68,482	(68,482)	—	—	(1)(c)	
Retained earnings	1,586,075	68,482	(60,897)	1,593,660	(1)(c), (2)(i)	Retained earnings
Accumulated other comprehensive income (loss)	(2,052)	—	103,218	101,166	(2)(a), (b),(c), (d),(e)	Accumulated other comprehensive income(loss)
Treasury stock, at cost	(1,228)	—	—	(1,228)		Treasury stock, at cost
Total Mitsubishi Electric Corp. shareholders' equity	2,039,627	—	28,536	2,068,163		Mitsubishi Electric Corp. stockholders' equity
Noncontrolling interests	101,081	—	(2,281)	98,800		Non-controlling interests
Total equity	2,140,708	—	26,255	2,166,963		Total equity
Total liabilities and equity	4,172,270	—	65,760	4,238,030		Total liabilities and equity

Reconciliation of equity as at the Date of transition to IFRS (April 1, 2017)

Consolidated Statement of Financial Position

U.S.dollars (thousands)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Assets						(Assets)
Current assets						
Cash and cash equivalents	5,968,189	—	—	5,968,189		Cash and cash equivalents
Trade receivables	9,344,153	(1,238,946)	—	8,105,207	(1)(b)	Trade receivables
	—	1,376,432	927,964	2,304,396	(1)(b)	Contract assets
	—	358,568	—	358,568	(1)(a)	Other financial assets
Inventories	5,793,153	—	(748,991)	5,044,162		Inventories
Prepaid expenses and other current assets	1,423,199	(468,468)	(135,641)	819,090	(1)(b)	Other current assets
Total current assets	22,528,694	27,586	43,332	22,599,612		Total current assets
Long-term receivables and investments						
Long-term trade receivables	25,360	(25,360)	—	—	(1)(b)	
Investments in securities and other	3,796,892	(3,796,892)	—	—	(1)(b)	
Investments in afiliated companies	1,779,099	(141,946)	50,757	1,687,910	(1)(b)	Investments accounted for using the equity method
	—	3,269,090	249,640	3,518,730	(1)(a), (2)(b)	Other financial assets
Total long-term receivables and investments	5,601,351	—	—	—		
Property, plant and equipment						
Land	1,020,189	—	—	—		
Buildings	7,272,081	—	—	—		
Machinery and equipment	17,039,432	—	—	—		
Construction in progress	505,947	—	—	—		
Total	25,837,649	—	—	—		
Less accumulated depreciation	(19,237,550)	—	—	—		
Net property, plant and equipment	6,600,099	—	(298,495)	6,301,604	(2)(f), (g)	Property, plant and equipment
	—	1,292,243	(169,883)	1,122,360	(1)(b), (2)(g), (h)	Goodwill and intangible assets
	—	1,460,982	1,002,847	2,463,829	(1)(b), (2)(c)	Deferred tax assets
Other assets	2,857,876	(2,085,703)	(285,768)	486,405	(1)(b), (2)(a)	Other non-current assets
	—	(27,586)	549,098	15,580,838		Total non-current assets
Total assets	37,588,020	—	592,430	38,180,450		Total assets

U.S.dollars (thousands)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Liabilities						(Liabilities)
Current liabilities						
Bank loans	548,360	572,072	198,082	1,318,514	(1)(c)	Bonds and borrowings
Current portion of long-term debt	572,072	(572,072)	—	—	(1)(c)	
Trade payables	7,028,847	(1,307,379)	—	5,721,468	(1)(c)	Trade payables
	—	1,351,784	5,063	1,356,847	(1)(c)	Contract liabilities
	—	1,434,856	96,613	1,531,469	(1)(a)	Other financial liabilities
Accrued expenses	3,277,919	(1,040,460)	—	2,237,459	(1)(c)	Accrued expenses
Accrued income taxes	236,892	—	—	236,892		Accrued income taxes
	—	1,172,820	—	1,172,820	(1)(c)	Provisions
Other current liabilities	2,081,505	(1,544,450)	(1,722)	535,333	(1)(c)	Other current liabilities
Total current liabilities	13,745,595	67,171	298,036	14,110,802		Total current liabilities
Long-term debt	2,051,856	—	—	2,051,856		Bonds and borrowings
Retirement and severance benefits	1,756,667	—	72,468	1,829,135	(2)(a)	Net defined benefit liabilities
	—	101,658	—	101,658	(1)(c)	Provisions
	—	130,477	(14,603)	115,874	(1)(c), (2)(c)	Deferred tax liabilities
Other liabilities	748,243	(299,306)	—	448,937	(1)(c)	Other non-current liabilities
	—	(67,171)	57,865	4,547,460		Total non-current liabilities
Total liabilities	18,302,361	—	355,901	18,658,262		Total liabilities
Equity						(Equity)
Mitsubishi Electric Corp. shareholders' equity						
Common stock	1,583,964	—	—	1,583,964		Common stock
Capital surplus	1,914,685	—	(124,190)	1,790,495	(2)(h)	Capital surplus
Legal reserve	616,955	(616,955)	—	—	(1)(c)	
Retained earnings	14,288,964	616,955	(548,622)	14,357,297	(1)(c), (2)(i)	Retained earnings
Accumulated other comprehensive income (loss)	(18,486)	—	929,891	911,405	(2)(a), (b),(c), (d),(e)	Accumulated other comprehensive income(loss)
Treasury stock, at cost	(11,063)	—	—	(11,063)		Treasury stock, at cost
Total Mitsubishi Electric Corp. shareholders' equity	18,375,019	—	257,079	18,632,098		Mitsubishi Electric Corp. stockholders' equity
Noncontrolling interests	910,640	—	(20,550)	890,090		Non-controlling interests
Total equity	19,285,659	—	236,529	19,522,188		Total equity
Total liabilities and equity	37,588,020	—	592,430	38,180,450		Total liabilities and equity

Reconciliation of equity as of March 31, 2018

Consolidated Statement of Financial Position

Yen (millions)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Assets						(Assets)
Current assets						
Cash and cash equivalents	599,199	—	—	599,199		Cash and cash equivalents
Trade receivables	1,087,593	(164,926)	—	922,667	(1)(b)	Trade receivables
	—	179,151	89,711	268,862	(1)(b)	Contract assets
	—	47,581	—	47,581	(1)(a)	Other financial assets
Inventories	741,782	—	(95,520)	646,262		Inventories
Prepaid expenses and other current assets	177,919	(63,240)	(16,515)	98,164	(1)(b)	Other current assets
Total current assets	2,606,493	(1,434)	(22,324)	2,582,735		Total current assets
Long-term receivables and investments						
Long-term trade receivables	1,965	(1,965)	—	—	(1)(b)	
Investments in securities and other	410,715	(410,715)	—	—	(1)(b)	
Investments in afiliated companies	203,580	(15,752)	6,480	194,308	(1)(b)	Investments accounted for using the equity method
	—	335,474	27,697	363,171	(1)(a), (2)(b)	Other financial assets
Total long-term receivables and investments	616,260	—	—	—		
Property, plant and equipment						
Land	112,647	—	—	—		
Buildings	852,574	—	—	—		
Machinery and equipment	1,964,737	—	—	—		
Construction in progress	43,313	—	—	—		
Total	2,973,271	—	—	—		
Less accumulated depreciation	(2,232,823)	—	—	—		
Net property, plant and equipment	740,448	—	(16,191)	724,257	(2)(f), (g)	Property, plant and equipment
	—	150,375	(17,415)	132,960	(1)(b), (2)(g), (h)	Goodwill and intangible assets
	—	142,093	100,605	242,698	(1)(b), (2)(c)	Deferred tax assets
Other assets	301,358	(198,076)	(37,831)	65,451	(1)(b), (2)(a)	Other non-current assets
	—	1,434	63,345	1,722,845		Total non-current assets
Total assets	4,264,559	—	41,021	4,305,580		Total assets

Yen (millions)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Liabilities						(Liabilities)
Current liabilities						
Bank loans	56,042	66,388	465	122,895	(1)(c)	Bonds and borrowings
Current portion of long-term debt	66,388	(66,388)	—	—	(1)(c)	
Trade payables	719,404	(139,838)	—	579,566	(1)(c)	Trade payables
	—	157,139	(3,217)	153,922	(1)(c)	Contract liabilities
	—	154,350	10,996	165,346	(1)(a)	Other financial liabilities
Accrued expenses	361,948	(100,556)	—	261,392	(1)(c)	Accrued expenses
Accrued income taxes	33,179	—	—	33,179		Accrued income taxes
	—	117,357	—	117,357	(1)(c)	Provisions
Other current liabilities	234,406	(179,866)	52	54,592	(1)(c)	Other current liabilities
Total current liabilities	1,471,367	8,586	8,296	1,488,249		Total current liabilities
Long-term debt	189,055	—	—	189,055		Bonds and borrowings
Retirement and severance benefits	171,017	—	503	171,520	(2)(a)	Net defined benefit liabilities
	—	5,856	—	5,856	(1)(c)	Provisions
Other liabilities	—	9,989	(852)	9,137	(1)(c), (2)(c)	Deferred tax liabilities
	68,975	(24,431)	—	44,544	(1)(c)	Other non-current liabilities
	—	(8,586)	(349)	420,112		Total non-current liabilities
Total liabilities	1,900,414	—	7,947	1,908,361		Total liabilities
Equity						(Equity)
Mitsubishi Electric Corp. shareholders' equity						
Common stock	175,820	—	—	175,820		Common stock
Capital surplus	213,250	—	(13,808)	199,442	(2)(h)	Capital surplus
Legal reserve	69,382	(69,382)	—	—	(1)(c)	
Retained earnings	1,788,359	69,382	(46,393)	1,811,348	(1)(c), (2)(i)	Retained earnings
Accumulated other comprehensive income (loss)	14,472	—	95,020	109,492	(2)(a), (b),(c), (d),(e)	Accumulated other comprehensive income(loss)
Treasury stock, at cost	(1,928)	—	—	(1,928)		Treasury stock, at cost
Total Mitsubishi Electric Corp. shareholders' equity	2,259,355	—	34,819	2,294,174		Mitsubishi Electric Corp. stockholders' equity
Noncontrolling interests	104,790	—	(1,745)	103,045		Non-controlling interests
Total equity	2,364,145	—	33,074	2,397,219		Total equity
Total liabilities and equity	4,264,559	—	41,021	4,305,580		Total liabilities and equity

Reconciliation of equity as of March 31, 2018

Consolidated Statement of Financial Position

U.S.dollars (thousands)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Assets						(Assets)
Current assets						
Cash and cash equivalents	5,398,189	—	—	5,398,189		Cash and cash equivalents
Trade receivables	9,798,135	(1,485,820)	—	8,312,315	(1)(b)	Trade receivables
	—	1,613,973	808,207	2,422,180	(1)(b)	Contract assets
	—	428,658	—	428,658	(1)(a)	Other financial assets
Inventories	6,682,721	—	(860,541)	5,822,180		Inventories
Prepaid expenses and other current assets	1,602,874	(569,730)	(148,784)	884,360	(1)(b)	Other current assets
Total current assets	23,481,919	(12,919)	(201,118)	23,267,882		Total current assets
Long-term receivables and investments						
Long-term trade receivables	17,703	(17,703)	—	—	(1)(b)	
Investments in securities and other	3,700,135	(3,700,135)	—	—	(1)(b)	
Investments in afiliated companies	1,834,054	(141,910)	58,379	1,750,523	(1)(b)	Investments accounted for using the equity method
	—	3,022,288	249,523	3,271,811	(1)(a), (2)(b)	Other financial assets
Total long-term receivables and investments	5,551,892	—	—	—		
Property, plant and equipment						
Land	1,014,838	—	—	—		
Buildings	7,680,847	—	—	—		
Machinery and equipment	17,700,333	—	—	—		
Construction in progress	390,207	—	—	—		
Total	26,786,225	—	—	—		
Less accumulated depreciation	(20,115,523)	—	—	—		
Net property, plant and equipment	6,670,702	—	(145,864)	6,524,838	(2)(f), (g)	Property, plant and equipment
	—	1,354,730	(156,892)	1,197,838	(1)(b), (2)(g), (h)	Goodwill and intangible assets
	—	1,280,117	906,351	2,186,468	(1)(b), (2)(c)	Deferred tax assets
Other assets	2,714,937	(1,784,468)	(340,820)	589,649	(1)(b), (2)(a)	Other non-current assets
	—	12,919	570,677	15,521,127		Total non-current assets
Total assets	38,419,450	—	369,559	38,789,009		Total assets

U.S.dollars (thousands)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Liabilities						(Liabilities)
Current liabilities						
Bank loans	504,883	598,090	4,189	1,107,162	(1)(c)	Bonds and borrowings
Current portion of long-term debt	598,090	(598,090)	—	—	(1)(c)	
Trade payables	6,481,117	(1,259,802)	—	5,221,315	(1)(c)	Trade payables
	—	1,415,667	(28,982)	1,386,685	(1)(c)	Contract liabilities
	—	1,390,541	99,064	1,489,605	(1)(a)	Other financial liabilities
Accrued expenses	3,260,793	(905,910)	—	2,354,883	(1)(c)	Accrued expenses
Accrued income taxes	298,910	—	—	298,910		Accrued income taxes
	—	1,057,270	—	1,057,270	(1)(c)	Provisions
Other current liabilities	2,111,766	(1,620,414)	468	491,820	(1)(c)	Other current liabilities
Total current liabilities	13,255,559	77,352	74,739	13,407,650		Total current liabilities
Long-term debt	1,703,198	—	—	1,703,198		Bonds and borrowings
Retirement and severance benefits	1,540,694	—	4,531	1,545,225	(2)(a)	Net defined benefit liabilities
	—	52,757	—	52,757	(1)(c)	Provisions
Other liabilities	—	89,990	(7,675)	82,315	(1)(c), (2)(c)	Deferred tax liabilities
	621,396	(220,099)	—	401,297	(1)(c)	Other non-current liabilities
	—	(77,352)	(3,144)	3,784,792		Total non-current liabilities
Total liabilities	17,120,847	—	71,595	17,192,442		Total liabilities
Equity						(Equity)
Mitsubishi Electric Corp. shareholders' equity						
Common stock	1,583,964	—	—	1,583,964		Common stock
Capital surplus	1,921,171	—	(124,397)	1,796,774	(2)(h)	Capital surplus
Legal reserve	625,063	(625,063)	—	—	(1)(c)	
Retained earnings	16,111,342	625,063	(417,955)	16,318,450	(1)(c), (2)(i)	Retained earnings
Accumulated other comprehensive income (loss)	130,378	—	856,037	986,415	(2)(a), (b),(c), (d),(e)	Accumulated other comprehensive income(loss)
Treasury stock, at cost	(17,369)	—	—	(17,369)		Treasury stock, at cost
Total Mitsubishi Electric Corp. shareholders' equity	20,354,549	—	313,685	20,668,234		Mitsubishi Electric Corp. stockholders' equity
Noncontrolling interests	944,054	—	(15,721)	928,333		Non-controlling interests
Total equity	21,298,603	—	297,964	21,596,567		Total equity
Total liabilities and equity	38,419,450	—	369,559	38,789,009		Total liabilities and equity

Notes to reconciliation of equity

The principal effects of transition to IFRS in the reconciliation of equity above are as follows:

(1) Reclassification

The main elements of reclassification are as follows:

a. In accordance with the presentation provisions under IFRS, other financial assets and other financial liabilities are presented separately.
b. Part of trade receivables, prepaid expenses and other current assets and other assets are reclassified based on the definition and recognition criteria of IFRS.
c. Part of trade payables, accrued expenses, other current liabilities and other non-current liabilities are reclassified based on the definition and recognition criteria of IFRS.

(2) Reconciliation and measurement differences

The main elements of recognition and measurement differences are as follows:

a. Employee benefits

Under U.S. GAAP, actuarial gains and losses and past service costs are deferred in accumulated other comprehensive income (loss), subsequently amortized for a specified future period and recognized in profit or loss. Current service costs, interest costs and expected return on plan assets are recognized in profit or loss for the consolidated fiscal year.

Under IFRS, defined benefit obligations and plan assets relating to defined benefit corporate pension plans and lump-sum payment plans are remeasured in accordance with IFRS requirements. Changes resulting from remeasurement are recognized in accumulated other comprehensive income (loss), and reclassified directly from accumulated other comprehensive income (loss) to retained earnings, not through profit or loss. Past service costs arising from plan amendments are fully recognized immediately in profit or loss. Current service costs are recognized in profit or loss. Interest costs are recognized in profit or loss at the amount determined by multiplying the net amount of the defined benefit obligation and plan assets by the discount rate used to determine the present value of the obligation.

b. Equity instruments

Under U.S. GAAP, non-marketable equity instruments are recognized at their cost. If fair value of financial assets has decreased and the decrease is considered not to be temporary, impairment losses are recognized for the amount of the cost of the financial assets in excess of fair value. Gains or losses on the sale of these financial assets are recognized in profit or loss.

Under IFRS, all equity instruments are recognized at fair value irrespective of whether there is an active market. Since it is permitted to recognize changes in fair value in other comprehensive income (loss), the Company and its consolidated subsidiaries have elected to recognize changes in fair value of equity instruments in other comprehensive income (loss). Accordingly, impairment losses and gains or losses on the sale of equity instruments recognized in profit or loss under U.S. GAAP are recognized in other comprehensive income as well.

c. Income taxes

Under U.S. GAAP, tax expenses incurred by sellers are deferred using the deferred method for differences arising from unrealized profits and losses from intercompany transactions.

Under IFRS, on the other hand, a difference between the carrying amount and the sale price of an asset sold is recognized as a future deductible temporary difference based on the asset and liability method. A deferred tax asset is recognized for the future deductible temporary difference using the purchaser's effective tax rate while taking its recoverability into consideration.

Under U.S. GAAP, deferred tax liabilities for temporary differences associated with investments in equity method investees are recognized using tax rates applicable on the premise that the temporary difference will be reversed at the time of sale of the equity method investees even if a company intends to continue to hold the investments. In principle, deferred tax liabilities are recognized for the undistributed earnings of subsidiaries.

Under IFRS, deferred tax liabilities are in principle recognized for all the taxable temporary differences using tax rates applied when the taxable temporary differences reverse, such as when receiving dividends or selling the investments. Deferred tax liabilities are recognized for the taxable temporary differences associated with investments in subsidiaries and others which are probable to reverse in the foreseeable future.

d. Exchange differences on translating foreign operations

Cumulative exchange differences on translating foreign operations are all deemed to be zero at the date of transition to IFRS. Consequently, exchange differences on translating foreign operations included in accumulated other comprehensive income as at the transition date were fully reclassified to retained earnings.

e. Exclusion of equity method investees

Under U.S. GAAP, when an investee no longer qualifies as an equity method investee, the difference between the sale price and the carrying amount of the interest sold is recognized in profit or loss. If an investor retains a residual interest, gains or losses recognized in prior periods remain included in the carrying amount of the residual interest.

Under IFRS, when an investee no longer qualifies as an equity method investee, any residual interest is measured at fair value. The difference between the sum of the sales price and the fair value of the residual interest and the carrying amount of the interest at the point when an investee no longer qualifies as an equity method investee is recognized in profit or loss.

f. Government grants

Under U.S. GAAP, government grants related to acquisition of assets are not reflected in the carrying amounts of assets because there are no accounting standards for such government grants.

Under IFRS, government grants related to assets are recognized as deducting the carrying amount of the asset by the government grants received.

g. Impairment of non-financial assets

Under U.S. GAAP, if there is an indication that a non-current asset may be impaired, the carrying amount and the undiscounted estimated future cash flows of the asset are compared. If the carrying amount exceeds the estimated future cash flows, any excess of the carrying amount over the fair value is recognized as impairment losses.

Under IFRS, if there is an indication that a non-current asset may be impaired, any excess of the carrying amount over the recoverable amount of the non-current asset (the higher of value in use or fair value less costs of disposal) is recognized as impairment losses of the non-current asset.

As of the date of transition to IFRS, property, plant and equipment, intangible assets and other assets, decreased by 18,605 million yen (167,612 thousand U.S. dollars) and 4,162 million yen (37,495 thousand U.S. dollars), respectively, due to the recognition of impairment losses. The impairment losses include 16,875 million yen (152,027 thousand U.S. dollars) for assets belonging to the Energy and Electric Systems segment, mainly at a certain part of the power systems business in North America due to a decline in profitability. The recoverable amount related to the impairment losses is measured at fair value less costs of disposal based on the market approach, and market transaction price of similar assets is used for the measurement (level 3 in the fair value hierarchy).

h. Business combinations

Under U.S. GAAP, in business combinations, the acquirer measures the acquiree as a whole (including non-controlling interests) at fair value and goodwill is recognized including the portion of goodwill attributable to the non-controlling interests.

Under IFRS, in business combinations, it is permitted to elect to apply either of two methods: the acquirer measures the acquiree as a whole (including non-controlling interests) at fair value and goodwill is recognized including the portion of goodwill attributable to the non-controlling interests; or non-controlling interests are measured as a proportional interest in the fair value of the acquiree's net identifiable assets and goodwill is recognized only for the acquirer’s share. The Company elected the method of measuring non-controlling interest as a proportional interest in the fair value of the acquiree's net identifiable assets and recognizing goodwill only for the acquirer’s share. Capital surplus is recognized when non-controlling interests are additionally acquired after the date when control was obtained.

i. Retained earnings and capital surplus

Major amounts of the impact on retained earnings and capital surplus (net of tax, except income taxes) are as follows:

Yen (millions)

	Date of transition to IFRS (April 1, 2017)	2018
Employee benefits	(184,627)	(167,743)
Equity instruments	38,319	38,893
Income taxes	57,485	53,462
Exchange differences on translating foreign operations	18,535	18,535
Exclusion of equity method investees	24,188	17,504
Government grants	(11,633)	(11,458)
Impairment of non-financial assets	(13,003)	(2,665)
Others	9,839	7,079
Total retained earnings	(60,897)	(46,393)
Business combinations and others	(13,785)	(13,808)
Total capital surplus	(13,785)	(13,808)

U.S.dollars (thousands)

	Date of transition to IFRS (April 1, 2017)	2018
Employee benefits	(1,663,306)	(1,511,198)
Equity instruments	345,216	350,387
Income taxes	517,883	481,640
Exchange differences on translating foreign operations	166,982	166,982
Exclusion of equity method investees	217,910	157,694
Government grants	(104,802)	(103,225)
Impairment of non-financial assets	(117,144)	(24,009)
Others	88,639	63,774
Total retained earnings	(548,622)	(417,955)
Business combinations and others	(124,190)	(124,397)
Total capital surplus	(124,190)	(124,397)

Reconciliation of profit or loss and comprehensive income for the year ended March 31,2018
(From April 1, 2017 to March 31, 2018)
Consolidated Statement of Profit or Loss

Yen (millions)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Net sales	4,431,198	—	13,226	4,444,424	(2)(a)	Revenue
Cost of sales and expenses						
Cost of sales	3,030,902	—	59,547	3,090,449	(1)(c), (2)(a)	Cost of sales
Selling, general and administrative expenses	868,812	193,695	(41,146)	1,021,361	(1)(b), (c)	Selling, general and administrative expenses
Research and development	192,966	(192,966)	—	—	(1)(b)	
Loss on impairment of long-lived assets	19,881	(19,881)	—	—	(1)(c)	
	—	(20,990)	15,820	(5,170)	(1)(c)	Other profit (loss)
Operating income	318,637	(1,838)	10,645	327,444		Operating profit
Other income						
Interest and dividends	8,611	23,637	(23,637)	8,611	(1)(a), (2)(b)	Financial income
Equity in earnings of affiliated companies	22,261	(22,261)	—	—	(1)(c)	
Other	29,542	(29,542)	—	—	(1)(c)	
Other expenses						
Interest	2,727	4,726	(657)	6,796	(1)(a)	Financial expenses
Other	11,746	(11,746)	—	—	(1)(c)	
	—	22,261	1,686	23,947	(1)(c)	Share of profit of investments accounted for using the equity method
Income before income taxes	364,578	(723)	(10,649)	353,206		Profit before income taxes
Income taxes						
Current	62,213	19,303	5,291	86,807	(1)(c), (d)	Income taxes
Deferred	20,026	(20,026)	—	—	(1)(d)	
Net income	282,339	—	(15,940)	266,399		Net profit
						Net profit attributable to:
Net income attributable to the noncontrolling interests	10,459	—	185	10,644		Non-controlling interests
Net income attributable to Mitsubishi Electric Corp.	271,880	—	(16,125)	255,755		Mitsubishi Electric Corp. stockholders

Reconciliation of profit or loss and comprehensive income for the year ended March 31,2018
(From April 1, 2017 to March 31, 2018)
Consolidated Statement of Profit or Loss

U.S.dollars (thousands)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Net sales	39,920,703	—	119,153	40,039,856	(2)(a)	Revenue
Cost of sales and expenses						
Cost of sales	27,305,423	—	536,460	27,841,883	(1)(c), (2)(a)	Cost of sales
Selling, general and administrative expenses	7,827,135	1,744,999	(370,684)	9,201,450	(1)(b), (c)	Selling, general and administrative expenses
Research and development	1,738,432	(1,738,432)	—	—	(1)(b)	
Loss on impairment of long-lived assets	179,108	(179,108)	—	—	(1)(c)	
	—	(189,099)	142,522	(46,577)	(1)(c)	Other profit (loss)
Operating income	2,870,605	(16,558)	95,899	2,949,946		Operating profit
Other income						
Interest and dividends	77,577	212,946	(212,946)	77,577	(1)(a), (2)(b)	Financial income
Equity in earnings of affiliated companies	200,550	(200,550)	—	—	(1)(c)	
Other	266,144	(266,144)	—	—	(1)(c)	
Other expenses						
Interest	24,568	42,577	(5,920)	61,225	(1)(a)	Financial expenses
Other	105,820	(105,820)	—	—	(1)(c)	
	—	200,550	15,189	215,739	(1)(c)	Equity in earnings of associate companies
Income before income taxes	3,284,488	(6,513)	(95,938)	3,182,037		Profit before income taxes
Income taxes						
Current	560,477	173,901	47,667	782,045	(1)(c), (d)	Income taxes
Deferred	180,414	(180,414)	—	—	(1)(d)	
Net income	2,543,597	—	(143,605)	2,399,992		Net profit
						Net profit attributable to:
Net income attributable to the noncontrolling interests	94,225	—	1,667	95,892		Non-controlling interests
Net income attributable to Mitsubishi Electric Corp.	2,449,372	—	(145,272)	2,304,100		Mitsubishi Electric Corp. stockholders

Consolidated Statement of Comprehensive Income

Yen (millions)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Net income	282,339	—	(15,940)	266,399		Net profit
Other comprehensive income (loss), net of tax						Other comprehensive income (loss), net of tax
						Items that will not be reclassified to net profit
Unrealized gains (losses) on securities	(14,875)	392	14,431	(52)	(1)(e), (2)(b)	Changes in fair value of financial assets measured at fair value through other comprehensive income
Pension liability adjustments	15,857	(596)	6,062	21,323	(1)(e)	Remeasurements of defined benefit pension plans
	—	204	(34)	170	(1)(e)	Share of other comprehensive income of investments accounted for using the equity method
						Items that may be reclassified to net profit
Foreign currency translation adjustments	17,023	(1,908)	1,877	16,992	(1)(e)	Exchange differences on translating foreign operations
Unrealized gains (losses) on derivative instruments	(88)	(6)	23	(71)	(1)(e)	Net changes in the fair value of cash flow hedges
	—	1,914	(45)	1,869	(1)(e)	Share of other comprehensive income of investments accounted for using the equity method
Total	17,917	—	22,314	40,231		Total other comprehensive income (loss)
Comprehensive income	300,256	—	6,374	306,630		Comprehensive income
						Comprehensive income attributable to:
Comprehensive income attributable to the non-controlling interests	11,852	—	68	11,920		Non-controlling interests
Comprehensive income attributable to Mitsubishi Electric Corp.	288,404	—	6,306	294,710		Mitsubishi Electric Corp. stockholders

Consolidated Statement of Comprehensive Income

U.S.dollars (thousands)

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Recognition and measurement differences	IFRS	Notes	Presentation under IFRS
Net income	2,543,597	—	(143,605)	2,399,992		Net profit
Other comprehensive income (loss), net of tax						Other comprehensive income (loss), net of tax
						Items that will not be reclassified to net profit
Unrealized gains (losses) on securities	(134,009)	3,532	130,009	(468)	(1)(e), (2)(b)	Changes in fair value of financial assets measured at fair value through other comprehensive income
Pension liability adjustments	142,856	(5,369)	54,612	192,099	(1)(e)	Remeasurements of defined benefit pension plans
	—	1,837	(305)	1,532	(1)(e)	Share of other comprehensive income of investments accounted for using the equity method
						Items that may be reclassified to net profit
Foreign currency translation adjustments	153,360	(17,189)	16,910	153,081	(1)(e)	Exchange differences on translating foreign operations
Unrealized gains (losses) on derivative instruments	(793)	(54)	207	(640)	(1)(e)	Net changes in the fair value of cash flow hedges
	—	17,243	(405)	16,838	(1)(e)	Share of other comprehensive income of investments accounted for using the equity method
Total	161,414	—	201,028	362,442		Total other comprehensive income (loss)
Comprehensive income	2,705,011	—	57,423	2,762,434		Comprehensive income
						Comprehensive income attributable to:
Comprehensive income attributable to the non-controlling interests	106,775	—	612	107,387		Non-controlling interests
Comprehensive income attributable to Mitsubishi Electric Corp.	2,598,236	—	56,811	2,655,047		Mitsubishi Electric Corp. stockholders

Notes to reconciliation of profit or loss and comprehensive income

The principal effects of transition to IFRS in the reconciliation of profit or loss and comprehensive income above are as follows:

(1) Reclassification

The main elements of reclassification are as follows:

a. In accordance with the presentation provisions under IFRS, financial income and financial expenses are presented separately.
b. Research and development expenses are included and presented in selling, general and administrative expenses.
c. Part of other income and other expenses is included and presented in operating profit.
d. Deferred income taxes are included and presented in income tax expenses.
e. Other comprehensive income related to unrealized gains (losses) on securities, pension liability adjustments, foreign currency translation adjustments and unrealized gains (losses) on derivative instruments attributable to equity method investees are reclassified to share of other comprehensive income of investments accounted for using the equity method.

(2) Reconciliation and measurement differences

The main elements of recognition and measurement differences are as follows:

a. Reconciliation of revenue and cost of sales

Under U.S. GAAP, if progress of construction contracts cannot be reliably estimated, all construction costs and construction revenue are recognized when the construction is complete.

Under IFRS, revenue from a performance obligation satisfied over time is only recognized for costs incurred to the extent that it is probable that the cost will be recovered and costs are recognized as expenses in the period in which they are incurred if the progress cannot be reliably estimated.

Consequently, revenue and cost of sales in the Consolidated Statement of Profit or Loss for the year ended March 31, 2018 have increased by 13,226 million yen (119,153 thousand U.S. dollars).

The amount of contract assets increased by 105,163 million yen (947,414 thousand U.S. dollars) and 118,389 million yen (1,066,568 thousand U.S. dollars) as of the date of transition to IFRS and as of March 31, 2018 , respectively, and inventories decreased by the same amount. Part of the contract assets were offset against contract liabilities.

b. Equity instruments

Non-marketable equity instruments are recognized at their cost under U.S. GAAP. If fair value of financial assets has decreased and the decrease is considered not to be temporary, impairment losses are recognized for the amount of the cost of the financial assets in excess of fair value. Gains or losses on the sale of these financial assets are recognized in profit or loss.

Under IFRS, equity instruments are recognized at fair value irrespective of whether there is an active market. Because it is permitted to recognize changes in fair value in other comprehensive income, the Company and its consolidated subsidiaries have elected to recognize changes in fair value of equity instruments in other comprehensive income. Accordingly, impairment losses and gains or losses on the sale of equity instruments recognized in profit or loss under U.S. GAAP are recognized in other comprehensive income as well.

Consequently, other income of 23,637 million yen (212,946 thousand U.S. dollars)under U.S. GAAP in the Consolidated Statement of Profit or Loss for the year ended March 31, 2018 was recognized as changes in fair value of financial assets measured at fair value through other comprehensive income and not recognized in profit or loss under IFRS.

Notes to reconciliation of cash flows

There are no significant differences in the statement of cash flows resulting from the transition from U.S. GAAP to IFRS.

35. Approval of the consolidated financial statements

The consolidated financial statements were approved by Takeshi Sugiyama, President & CEO, on June 27, 2019.

KPMG

Independent Auditor's Report

To the Board of Directors of Mitsubishi Electric Corporation:

We have audited the accompanying consolidated financial statements of Mitsubishi Electric Corporation and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsubishi Electric Corporation and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

KPMG AZSA LLC.

June 27, 2019
Tokyo, Japan

Corporate Data

Mitsubishi Electric Corporation
Tokyo Building, 2-7-3, Marunouchi,
Chiyoda-ku, Tokyo 100-8310, Japan
Tel: +81(3)3218-2111

Established: January 15, 1921
Paid-in Capital: ¥175,820 million
Shares issued: 2,147,201,551 shares
Employees: 145,817

Shareholders' Meeting

The annual meeting of shareholders of the Corporation is regularly held in June each year. Additionally, special shareholders meetings may be held as necessary.

Stock Exchange Listings

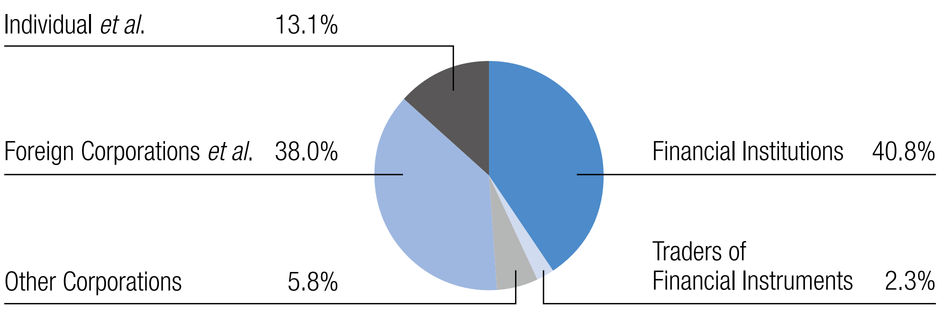
Japan: Tokyo
Europe: London

Major Shareholders

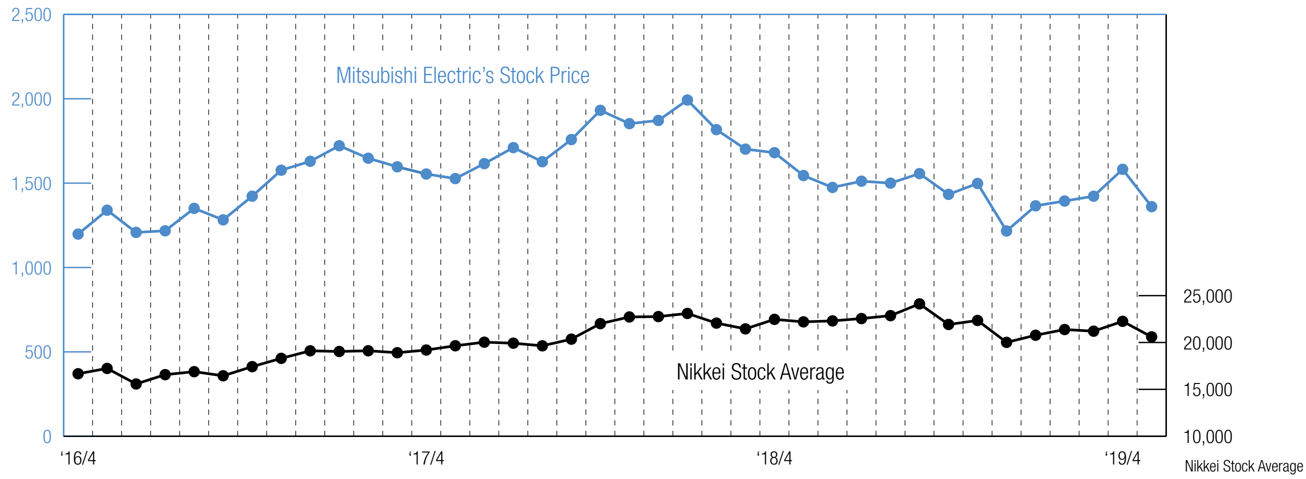
	Number of Shares (thousands)	Percentage of Ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	162,251	7.6%
SSBTC CLIENT OMNIBUS ACCOUNT	124,997	5.8%
Japan Trustee Services Bank, Ltd. (Trust Account)	106,568	5.0%
Meiji Yasuda Life Insurance Company	81,862	3.8%
Nippon Life Insurance Company	61,639	2.9%
Mitsubishi Electric Group Employees Shareholding Union	42,038	2.0%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	39,241	1.8%
Japan Trustee Services Bank, Ltd. (Trust Account 7)	38,720	1.8%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	35,583	1.7%
JP MORGAN CHASE BANK 385632	32,653	1.5%

Note: Shareholder ratio calculations deduct 425,622 company-owned shares.

Distribution of Shareholders



Stock Price (Yen)



The Nikkei Stock Average is based on information copyrighted by Nihon Keizai Shimbun, Inc.

MITSUBISHI ELECTRIC CORPORATION

http://www.MitsubishiElectric.com

eco Changes

for a greener tomorrow

Eco Changes is the Mitsubishi Electric Group's environmental statement, and expresses the Group's stance on environmental management. Through a wide range of businesses, we are helping contribute to the realization of a sustainable society.

Please address inquiries for further information to:
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