

Financial Section

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Five-Year Summary

Mitsubishi Electric Corporation and Subsidiaries

Yen (millions)

Years ended March 31	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Revenue	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509
Operating profit	301,172	270,104	318,637	327,444	290,477	259,661
Profit before income taxes	318,476	296,249	364,578	353,206	315,958	281,986
Net profit attributable to Mitsubishi Electric Corp. stockholders	228,494	210,493	271,880	255,755	226,648	221,834
Total assets	4,059,941	4,172,270	4,264,559	4,305,580	4,356,211	4,409,771
Cash and cash equivalents	574,170	662,469	599,199	599,199	514,224	537,559
Bonds and borrowings	404,039	352,124	311,485	311,950	298,438	267,008
Mitsubishi Electric Corp. stockholders' equity	1,838,773	2,039,627	2,259,355	2,294,174	2,399,946	2,429,743
Cash flows from operating activities	366,677	365,950	240,450	265,768	239,817	395,834
Cash flows from investing activities	(255,443)	(148,632)	(178,219)	(182,015)	(210,668)	(203,997)
Free cash flows	111,234	217,318	62,231	83,753	29,149	191,837
Cash flows from financing activities	(82,144)	(123,495)	(128,291)	(149,813)	(112,067)	(156,454)
Dividends paid	57,963	57,963	68,696	68,696	85,871	85,871
R&D expenditures	202,922	201,330	210,308	210,308	212,794	206,846
Capital expenditures (Based on the recognized value of property, plant and equipment)	177,801	175,542	181,513	181,513	198,442	227,450
Depreciation	¥ 145,249	¥ 141,584	¥ 154,559	¥ 153,161	¥ 152,315	¥ 184,842
Per Share Amounts:						
Earnings per share attributable to Mitsubishi Electric Corp. stockholders (Yen)						
Basic	¥ 106.43	¥ 98.07	¥ 126.70	¥ 119.19	¥ 105.65	¥ 103.41
Diluted	—	—	—	119.19	105.65	103.41
Cash dividends declared (Yen)	27	27	40	40	40	40
Mitsubishi Electric Corp. stockholders' equity (Yen)	¥ 856.52	¥ 950.37	¥ 1,052.96	¥ 1,069.19	¥ 1,118.83	¥ 1,132.69
Financial Ratios:						
Operating profit ratio (%)	6.9	6.4	7.2	7.4	6.4	5.8
Return on revenue (%)	5.2	5.0	6.1	5.8	5.0	5.0
Return on equity (ROE) (%)	12.4	10.9	12.6	11.7	9.7	9.2
Return on assets (ROA) (%)	5.6	5.1	6.4	6.0	5.2	5.1
Mitsubishi Electric Corp. stockholders' equity ratio (%)	45.3	48.9	53.0	53.3	55.1	55.1
Bonds and borrowings to total assets (%)	10.0	8.4	7.3	7.2	6.9	6.1
Employees (persons)	135,160	138,700	142,340	142,340	145,817	146,518
Total Shareholder Return (%)	84.5	115.6	125.7	125.7	109.0	105.6
(Comparison Index : Nikkei stock average) (%)	87.3	98.4	111.7	111.7	110.4	98.5

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. The balance of bonds and borrowings and the ratio of bonds and borrowings to total assets include lease liabilities until the fiscal year ended March 31, 2019.
3. R&D expenditures include elements spent on quality improvements which constitute manufacturing costs.
4. 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.
5. Total shareholder return is calculated based on the stock price as of March 31, 2015.

Overview

The economy in the fiscal year ended March 31, 2020 generally saw a gradual and slow recovery in Japan, the U.S. and Europe until the end of 2019 but the corporate sector slowed down. The growth of China also slowed down with the corporate sector experiencing a slowdown in exports and capital expenditures for fixed assets. The expansion of the novel coronavirus diseases (COVID-19) and its impact put great downward pressure on the global economy from the beginning of 2020.

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 business performance for the fiscal year ended March 31, 2020 is as follows.

<Consolidated Performance>		Yen(billions)	
	2019	2020	year on year
Revenue	4519.9	4462.5	down 57.4
Operating profit	290.4	259.6	down 30.8
Profit before income taxes	315.9	281.9	down 33.9
Net profit attributable to Mitsubishi Electric Corp. stockholders	226.6	221.8	down 4.8

Revenue

Revenue for the fiscal year ended March 31, 2020 decreased by 57.4 billion yen from the previous fiscal year to 4,462.5 billion yen due primarily to a decrease in revenue of Industrial Automation Systems segment, despite that revenue increased in Information and Communication Systems, Home Appliances, Energy and Electric Systems, and Electronic Devices segments. In Industrial Automation Systems segment, revenue for the factory automation system business decreased due mainly to stagnant demand for capital expenditures worldwide and revenue for the automotive equipment business decreased due to a slowdown in demand for new cars worldwide.

Other factors that caused the decrease in revenue include the yen appreciating against foreign currencies and the impact of COVID-19 in the fourth quarter.

<Impact of Exchange Rate Fluctuations on Revenue>

	2019 Average exchange rate	2020 Average exchange rate	Impact of exchange rate fluctuations on revenue
Consolidated total	—	—	About ¥62.0 billion decrease
US\$	¥111	¥109	About ¥9.0 billion decrease
EURO	¥128	¥121	About ¥20.0 billion decrease
CNY	¥16.5	¥15.6	About ¥17.0 billion decrease

Operating Profit

Operating profit decreased by 30.8 billion yen from the previous fiscal year to 259.6 billion yen due primarily to a decrease in operating profit of Industrial Automation System segment, despite that operating profit increased in Home Appliances, Information and Communication Systems, and Electronic Devices segments. Operating profit ratio decreased by 0.6% from the previous fiscal year to 5.8% due mainly to increased cost ratio.

The cost ratio increased by 1.2% due primarily to lowered operation, a shift in product mix and upfront investment for growth drivers of Industrial Automation Systems segment in addition to the yen appreciating against other currencies.

Selling, general and administrative expenses decreased by 26.2 billion yen from the previous fiscal year and selling, general and administrative expenses to revenue ratio improved by 0.3%.

Other profit (loss) increased by 13.6 billion yen from the previous fiscal year due mainly to sale of land and other profit (loss) to revenue ratio improved by 0.3%.

Profit Before Income Taxes

Profit before income taxes decreased by 33.9 billion yen from the previous year to 281.9 billion yen due primarily to a decrease in operating profit, an increase in financial expenses caused by loss on foreign exchange, and a decrease in share of profit of investments accounted for using the equity method. Profit before income taxes to revenue ratio was 6.3%.

Net Profit Attributable to Mitsubishi Electric Corp. Stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders decreased by 4.8 billion yen from the previous year to 221.8 billion yen due primarily to decreased profit before income taxes despite reduced income taxes as a result of the reorganization of its affiliated company outside Japan. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 5.0%.

ROE decreased by 0.5% from the previous fiscal year to 9.2%.

Results by Business Segment

Revenue by Business Segment

Years ended March 31	Yen (millions)					
	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Energy and Electric Systems	¥ 1,264,604	¥ 1,227,906	¥ 1,241,952	¥ 1,253,062	¥ 1,296,745	¥ 1,307,389
Industrial Automation Systems	1,321,937	1,310,136	1,444,928	1,444,928	1,467,633	1,349,429
Information and Communication Systems	561,119	447,754	436,068	438,184	426,269	455,596
Electronic Devices	211,580	186,554	202,294	202,294	199,908	208,750
Home Appliances	982,064	1,004,415	1,049,369	1,049,369	1,074,044	1,090,248
Others	707,746	713,603	764,346	659,059	676,736	659,636
Subtotal	5,049,050	4,890,368	5,138,957	5,046,896	5,141,335	5,071,048
Eliminations	(654,697)	(651,702)	(707,759)	(602,472)	(621,414)	(608,539)
Consolidated total	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509

Operating Profit by Business Segment

Years ended March 31	Yen (millions)					
	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Energy and Electric Systems	¥ 50,342	¥ 44,319	¥ 51,710	¥ 65,457	¥ 82,501	¥ 82,309
Industrial Automation Systems	159,160	140,073	190,826	187,350	142,563	68,962
Information and Communication Systems	14,999	12,700	11,987	11,340	12,247	26,457
Electronic Devices	16,870	8,382	14,554	14,164	1,442	8,701
Home Appliances	63,856	69,696	56,057	55,496	59,451	78,206
Others	23,620	23,214	23,900	24,034	24,172	26,050
Subtotal	328,847	298,384	349,034	357,841	322,376	290,685
Eliminations and Corporate	(27,675)	(28,280)	(30,397)	(30,397)	(31,899)	(31,024)
Consolidated total	¥ 301,172	¥ 270,104	¥ 318,637	¥ 327,444	¥ 290,477	¥ 259,661

Energy and Electric Systems

The market of the social infrastructure systems business saw buoyant investment in the public utility for preventing and reducing disaster risks in Japan, also buoyant investment in train system business worldwide, and continued demand in the power systems in Japan due to the electricity system reform. In this environment, the business saw an increase in orders from the previous fiscal year due primarily to an increase in the power systems business worldwide and the public utility and transportation systems businesses in Japan. Revenue for this business remained substantially unchanged from the previous fiscal year due mainly to a decrease in thermal power generation business worldwide despite an increase in orders.

The market of the building systems business saw decreased demand for high-end, large-scale office projects in China, continued market stagnation in the Middle East, and an increase in renewals of elevators and escalators in Japan. In this environment, the business saw a decrease in orders from the previous fiscal year due primarily to market stagnation in China and the Middle East. Revenue for this business remained substantially unchanged from the previous fiscal year due mainly to an increase in new installations of elevators and escalators in Japan, mainly in the Tokyo metropolitan area despite a decrease in orders.

As a result, revenue for this segment increased by 1% from the previous fiscal year to 1,307.3 billion yen.

Operating profit decreased by 0.1 billion yen from the previous fiscal year to 82.3 billion yen, due primarily to the yen appreciating against other currencies and a shift in project portfolios.

Industrial Automation Systems

The market of the factory automation systems business saw continued stagnation in demand for automotive-related investments worldwide, semiconductor and machinery-related investments in Japan, and investments related to organic light emitting diodes (OLED) and smartphones outside Japan. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due primarily to the yen appreciating against other currencies and a decrease in sales of factory automation devices, processing machines and numerical controllers.

The market of the automotive equipment business saw a slowdown in demand for new cars worldwide and the impact of COVID-19 becoming actual in the fourth quarter, while the market of electric-vehicle related equipment expanded worldwide. In this environment, the business saw decreases in both orders and revenue from the previous fiscal year due mainly to a decrease in sales of electrical components and the yen appreciating against other currencies, while sales of electric-vehicle related equipment such as motors and inverters increased.

As a result, revenue for this segment decreased by 8% from the previous fiscal year to 1,349.4 billion yen.

Operating profit decreased by 73.6 billion yen from the previous fiscal year to 68.9 billion yen due primarily to a decrease in revenue, a shift in product mix and upfront investment for growth drivers.

Information and Communication Systems

The market of the telecommunications systems business saw buoyant investment by telecommunications carriers to deal with increased traffic caused mainly by the expanding 5G communications networks. In this environment, the business saw increases in both orders and revenue from the previous fiscal year due primarily to increased demand for communications infrastructure equipment.

The market of the information systems and service business saw increased demand relating to the cloud utilization, the enhancement of cyber-security and the improvement of work efficiency. In this environment, the business saw increases in both orders and revenue from the previous fiscal year due mainly to an increase in the system integrations business.

The electronic systems business saw an increase in orders from the previous fiscal year due primarily to an increase in large-scale projects for the space systems business. The revenue also increased from the previous fiscal year due mainly to an increase in large-scale projects for the defense systems business.

As a result, revenue for this segment increased by 7% from the previous fiscal year to 455.5 billion yen.

Operating profit increased by 14.2 billion yen from the previous fiscal year to 26.4 billion yen due primarily to an increase in revenue and a shift in project portfolios.

Electronic Devices

The market of the electronic devices saw emerging demand relating to 5G communications networks and next-generation data centers, and accelerated development and market launches of electric vehicles. In this environment, the business saw an increase in orders and revenue also increased by 4% from the previous fiscal year to 208.7 billion yen due primarily to increased demand for high frequency and optical devices, particularly for optical communication devices, and power modules used in automotive applications.

Operating profit increased by 7.2 billion yen from the previous fiscal year to 8.7 billion yen due mainly to an increase in revenue and a shift in product mix.

Home Appliances

The market of the home appliances saw a heightened awareness of environmental issues causing increased demand of ductless air conditioners in North America and heat-pump hot water and heating systems in Europe. The demand for industrial air conditioners for schools also increased in Japan. In this environment, the business saw an increase in revenue by 2% from the previous fiscal year to 1,090.2 billion yen due primarily to an increase in sales of air conditioners for Japan, North America and Europe.

Operating profit increased by 18.7 billion yen from the previous fiscal year to 78.2 billion yen due mainly to an increase in revenue and cost improvement.

Others

Revenue decreased by 3% from the previous fiscal year to 659.6 billion yen due primarily to decreases in procurements and logistics for the Mitsubishi Electric Group at affiliated companies.

Operating profit increased by 1.8 billion yen from the previous fiscal year to 26.0 billion yen due mainly to cost improvements.

Results by Geographic Segment

Revenue from External Customers by the Location of Customers

Years ended March 31	U.S. GAAP			IFRS			Yen (millions)
	2016	2017	2018	2018	2019	2020	
Japan	¥ 2,521,194	¥ 2,405,552	¥ 2,423,626	¥ 2,438,942	¥ 2,556,644	¥ 2,610,322	
North America	447,578	422,259	417,423	419,121	429,451	432,096	
Asia (excluding Japan)	963,684	940,150	1,075,683	1,089,176	1,013,883	919,973	
Europe	369,978	384,075	431,316	431,316	453,748	437,214	
Others	91,919	86,630	83,150	65,869	66,195	62,904	
Consolidated total	¥ 4,394,353	¥ 4,238,666	¥ 4,431,198	¥ 4,444,424	¥ 4,519,921	¥ 4,462,509	

Japan

Revenue increased by 2% year on year to 2,610.3 billion yen primarily due to increases in the social infrastructure systems, electronic systems, and air conditioner businesses, despite a decrease in the factory automation systems business.

North America

Revenue increased by 1% year on year to 432.0 billion yen primarily due to an increase in the air conditioner business, despite decreases in the factory automation systems and the automotive equipment businesses.

Asia (excluding Japan)

Revenue decreased by 9% year on year to 919.9 billion yen due to decreases in the building systems, factory automation systems, and air conditioner businesses.

In China, revenue decreased by 14% year on year to 420.5 billion yen primarily due to decreases in the factory automation systems and air conditioner businesses.

Europe

Revenue decreased by 4% year on year to 437.2 billion yen due to decreases in the factory automation systems and automotive equipment businesses, despite an increase in the air conditioner business.

Others

Revenue in other regions, including Oceania, decreased by 5% year on year to 62.9 billion yen.

Financial Position

Due to the application of IFRS 16 Lease, the Mitsubishi Electric Group has added lease assets of 93.0 billion yen mainly as property, plant and equipment, and liabilities of 95.1 billion yen as bonds, borrowings and lease liabilities as of the date of the initial application.

Total assets as of the end of this fiscal year increased from the end of the previous fiscal year by 53.5 billion yen to 4,409.7 billion yen. The change in balance of total assets was mainly attributable to increases in property, plant and equipment by 93.8 billion yen and cash and cash equivalents by 23.3 billion yen despite decreases in inventories by 35.2 billion yen and other financial assets by 33.4 billion yen.

Inventories decreased due mainly to the slowdown of the Industrial Automation Systems segment, reduced stock of the Home Appliances segment caused by the consumption tax hike and increased demand for industrial air conditioners for schools, and the yen appreciating against other currencies. Inventory turnover improved by 0.23 from the end of the previous year to 6.43.

Total liabilities increased from the end of the previous fiscal year by 25.8 billion yen to 1,870.9 billion yen. The outstanding balances of bonds, borrowings and lease liabilities increased by 78.5 billion yen, while trade payables decreased by 32.3 billion yen, and net defined benefit liabilities also decreased by 12.8 billion yen. Meanwhile, bonds and borrowings decreased by 8.9 billion yen from the end of the previous fiscal year to 267.0 billion yen, with the ratio of bonds and borrowings to total assets recording 6.1%, representing a 0.2 percentage point decrease compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 29.7 billion yen compared to the end of the previous fiscal year to 2,429.7 billion yen. The stockholders' equity ratio was recorded at 55.1%, representing no changes from the end of the previous fiscal year. These changes referred to above primarily result from an increase from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 221.8 billion yen despite a decrease due to dividend payment of 85.8 billion yen and a loss in accumulated other comprehensive income of 81.6 billion yen caused by the yen appreciating against other currencies and a decline in stock prices.

<Indices related to the Statement of Financial Position>

	As of Mar. 31, 2019	As of Mar. 31, 2020	YoY changes
Trade receivables turnover (times)	3.66	3.59	(0.07)
Inventory turnover (times)	6.20	6.43	0.23
Bonds and borrowings to total assets (%)	6.3	6.1	(0.2)
Mitsubishi Electric Corp. stockholders' equity ratio (%)	55.1	55.1	0.0

Note: 1. Trade receivables turnover is calculated based on the sum of trade receivables and contract assets.

2. Bonds and borrowings to total assets is calculated based on the balance of borrowings and bonds, excluding lease liabilities.

Capital Resources and Funding Liquidity

Basic Policies Regarding Financial Strategies

In order to maintain a solid balance sheet, the Mitsubishi Electric Group continuously strives to improve its cash flow by enhancing its business performance, achieve greater asset efficiency through inventory reduction initiatives and promotion of the collection of trade receivables, and improve fund efficiency through more effective use of Group funds.

The Group is promoting capital cost-conscious management in order to further increase its corporate value and will continue to further improve profitability and capital efficiency by optimizing resource distribution including R&D investments and capital investments.

As the Group implements its growth strategies, it will use cash on hand and funds from operations for the funds necessary for capital investment and M&As, while flexibly raising funds from financial institutions as necessary. The Group will maintain the ratio of bonds and borrowings to total assets below 15% which is one of our management targets to be continuously and stably achieved in the event of capital procurement from financial institutions, etc.

Status of Cash Flows and Liquidity

Cash flows from operating activities was 395.8 billion yen (cash in) while cash flows from investing activities was 203.9 billion yen (cash out). As a result, free cash flow for the fiscal year ended March 31, 2020 increased by 162.6 billion yen compared to the previous fiscal year to 191.8 billion yen (net cash in). Meanwhile, cash flows from financing activities was 156.4 billion yen (cash out), and cash and cash equivalents at end of period increased by 23.3 billion yen from the previous fiscal year to 537.5 billion yen.

Net cash provided by operating activities increased by 156.0 billion yen from the previous fiscal year due primarily to a decrease in payment for inventories, an increase in collection of trade receivables, and an increase in depreciation caused by the application of IFRS 16 Leases.

Net cash used in investing activities increased by 6.6 billion yen from the previous fiscal year due primarily to an increase in proceeds from sale of property, plant and equipment despite an increase in purchase of investment securities and property, plant and equipment.

Net cash used in financing activities decreased by 44.3 billion yen from the previous fiscal year due mainly to increased repayment of lease liabilities caused by the application of IFRS 16 Leases.

Status of Funding and Liquidity

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.

The balance of cash and cash equivalents is 537.5 billion yen and the balance of bonds, borrowings and lease liabilities totaled 377.0 billion yen as of March 31, 2020. Of these, short-term borrowings totaled 52.9 billion yen, bonds and long-term borrowings totaled 214.0 billion yen, and lease liabilities totaled 109.9 billion yen.

As of March 31, 2020, the Group had unused committed lines of credit amounting to 82.7 billion yen. However, in preparation for declines in cash inflow resulting from decreases in revenue caused by the COVID-19 situation, the Group is currently striving to curb expenditures and secure liquidity by increasing borrowings and increasing its unused committed lines of credit to about 300.0 billion yen, etc.

Research and Development Expenditures / Capital Expenditures

Research and Development Expenditures

Years ended March 31	Yen (billions)					
	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Energy and Electric Systems	¥ 33.7	¥ 35.5	¥ 35.4	¥ 35.4	¥ 34.7	¥ 35.1
Industrial Automation Systems	70.8	66.4	69.5	69.5	70.8	67.4
Information and Communication Systems	18.9	18.2	17.9	17.9	15.3	13.4
Electronic Devices	10.6	10.0	13.4	13.4	14.1	12.5
Home Appliances	39.8	41.1	41.8	41.8	43.8	44.9
Others	28.7	29.7	32.2	32.2	33.9	33.2
Consolidated total	¥ 202.9	¥ 201.3	¥ 210.3	¥ 210.3	¥ 212.7	¥ 206.8
R&D expenditures /revenue (%)	4.6	4.7	4.7	4.7	4.7	4.6

Capital Expenditures

Years ended March 31	Yen(millions)					
	U.S. GAAP			IFRS		
	2016	2017	2018	2018	2019	2020
Energy and Electric Systems	¥ 39,456	¥ 39,574	¥ 30,861	¥ 30,861	¥ 27,165	¥ 29,414
Industrial Automation Systems	54,653	60,233	68,376	68,376	79,257	78,722
Information and Communication Systems	17,366	16,599	17,522	17,522	21,925	29,982
Electronic Devices	15,458	9,485	17,197	17,197	21,072	31,298
Home Appliances	31,448	36,295	32,849	32,849	31,199	38,720
Others	3,300	4,122	4,758	4,758	7,437	6,426
Commons	16,120	9,234	9,950	9,950	10,387	12,888
Consolidated total	¥ 177,801	¥ 175,542	¥ 181,513	¥ 181,513	¥ 198,442	¥ 227,450

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

Consolidated Statement of Financial Position

Mitsubishi Electric Corporation and Subsidiaries
March 31, 2019 and 2020

	Yen (millions)	
	2019	2020
(Assets)		
Cash and cash equivalents	¥ 514,224	¥ 537,559
Trade receivables	938,264	900,430
Contract assets	295,652	343,637
Other financial assets	48,768	56,765
Inventories	729,098	693,890
Other current assets	98,287	95,752
Current assets	2,624,293	2,628,033
Investments accounted for using the equity method	197,959	196,237
Other financial assets	303,834	262,367
Property, plant and equipment	760,540	854,382
Goodwill and intangible assets	137,615	146,323
Deferred tax assets	233,087	249,830
Other non-current assets	98,883	72,599
Non-current assets	1,731,918	1,781,738
Total assets	¥ 4,356,211	¥ 4,409,771

Consolidated Statement of Financial Position

	Yen (millions)	
	2019	2020
(Liabilities)		
Bonds, borrowings and lease liabilities	¥ 104,969	¥ 133,369
Trade payables	559,641	527,307
Contract liabilities	138,877	147,781
Other financial liabilities	159,579	160,810
Accrued expenses	268,651	265,059
Accrued income taxes	24,298	21,335
Provisions	106,006	99,215
Other current liabilities	54,314	47,789
Current liabilities	1,416,335	1,402,665
Bonds, borrowings and lease liabilities	193,469	243,634
Net defined benefit liabilities	176,087	163,240
Provisions	6,905	5,210
Deferred tax liabilities	10,164	10,193
Other non-current liabilities	42,096	45,970
Non-current liabilities	428,721	468,247
Total liabilities	1,845,056	1,870,912
(Equity)		
Common stock	175,820	175,820
Capital surplus	202,834	202,832
Retained earnings	1,960,466	2,071,817
Accumulated other comprehensive income (loss)	63,809	(17,802)
Treasury stock, at cost	(2,983)	(2,924)
Mitsubishi Electric Corp. stockholders' equity	2,399,946	2,429,743
Non-controlling interests	111,209	109,116
Total equity	2,511,155	2,538,859
Total liabilities and equity	¥ 4,356,211	¥ 4,409,771

Consolidated Statement of Profit or Loss

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2019 and 2020

	Yen (millions)			
	2019		2020	
Revenue	¥	4,519,921	¥	4,462,509
Cost of sales		3,186,869		3,200,170
Selling, general and administrative expenses		1,043,294		1,017,075
Other profit (loss)		719		14,397
Operating profit		290,477		259,661
Financial income		9,747		10,285
Financial expenses		4,382		7,008
Share of profit of investments accounted for using the equity method		20,116		19,048
Profit before income taxes		315,958		281,986
Income taxes		78,304		48,474
Net profit		237,654		233,512
Net profit attributable to:				
Mitsubishi Electric Corp. stockholders		226,648		221,834
Non-controlling interests	¥	11,006	¥	11,678
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)				
				Yen
Basic	¥	105.65	¥	103.41
Diluted		105.65		103.41

Consolidated Statement of Comprehensive Income

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2019 and 2020

	Yen (millions)	
	2019	2020
Net profit	¥ 237,654	¥ 233,512
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	(39,284)	(31,874)
Remeasurements of defined benefit plans	12,234	(23,574)
Share of other comprehensive income of investments accounted for using the equity method	(995)	(1,528)
Total items that will not be reclassified to net profit	(28,045)	(56,976)
Items that may be reclassified to net profit		
Exchange differences on translating foreign operations	(6,756)	(49,360)
Net changes in the fair value of cash flow hedges	(37)	20
Share of other comprehensive income of investments accounted for using the equity method	(2,645)	(2,434)
Total items that may be reclassified to net profit	(9,438)	(51,774)
Total other comprehensive income (loss)	(37,483)	(108,750)
Comprehensive income	200,171	124,762
Comprehensive income attributable to:		
Mitsubishi Electric Corp. stockholders	189,306	117,132
Non-controlling interests	¥ 10,865	¥ 7,630

Consolidated Statement of Changes in Equity

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2019 and 2020

Yen (millions)

		2019						
		Mitsubishi Electric Corp. stockholders' equity						
	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				(37,342)		(37,342)	(141)	(37,483)
Comprehensive income	—	—	226,648	(37,342)	—	189,306	10,865	200,171
Reclassification to retained earnings			8,341	(8,341)		—		—
Dividends			(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

Yen (millions)

		2020						
		Mitsubishi Electric Corp. stockholders' equity						
	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	¥ 202,834	¥ 1,960,466	¥ 63,809	¥ (2,983)	¥ 2,399,946	¥ 111,209	¥ 2,511,155
Cumulative effects of changes in accounting policies			(1,521)			(1,521)	(7)	(1,528)
Adjusted balance at beginning of year	175,820	202,834	1,958,945	63,809	(2,983)	2,398,425	111,202	2,509,627
Comprehensive income								
Net profit			221,834			221,834	11,678	233,512
Other comprehensive income (loss), net of tax				(104,702)		(104,702)	(4,048)	(108,750)
Comprehensive income	—	—	221,834	(104,702)	—	117,132	7,630	124,762
Reclassification to retained earnings			(23,091)	23,091		—		—
Dividends			(85,871)			(85,871)	(7,826)	(93,697)
Purchase of treasury stock					(785)	(785)		(785)
Disposal of treasury stock		(844)			844	0		0
Transactions with non-controlling interests and others		842				842	(1,890)	(1,048)
Balance at end of year	¥ 175,820	¥ 202,832	¥ 2,071,817	¥ (17,802)	¥ (2,924)	¥ 2,429,743	¥ 109,116	¥ 2,538,859

Consolidated Statement of Cash Flows

Mitsubishi Electric Corporation and Subsidiaries
Years ended March 31, 2019 and 2020

	Yen (millions)	
	2019	2020
Cash flows from operating activities		
Net profit	¥ 237,654	¥ 233,512
Adjustments to cash flows from operating activities		
Depreciation and amortization	176,247	210,686
Impairment losses	2,645	1,332
Loss (gain) on sales and disposal of property, plant and equipment, net	369	(10,834)
Income taxes	78,304	48,474
Share of profit of investments accounted for using the equity method	(20,116)	(19,048)
Financial income and financial expenses	(5,365)	(3,277)
Decrease (increase) in trade receivables	(13,949)	23,956
Decrease (increase) in contract assets	(26,831)	(48,213)
Decrease (increase) in inventories	(82,718)	18,504
Decrease (increase) in other assets	(3,981)	15,220
Increase (decrease) in trade payables	(20,792)	(28,582)
Increase (decrease) in net defined benefit liabilities	(11,692)	(16,113)
Increase (decrease) in other liabilities	(29,713)	(11,172)
Others, net	8,843	9,540
Subtotal	288,905	423,985
Interest and dividends received	24,788	23,448
Interest paid	(2,428)	(2,284)
Income taxes paid	(71,448)	(49,315)
Cash flows from operating activities	239,817	395,834
Cash flows from investing activities		
Purchase of property, plant and equipment	(188,042)	(192,833)
Proceeds from sale of property, plant and equipment	4,170	19,571
Purchase of intangible assets	(29,985)	(24,364)
Purchase of investment securities, net of cash acquired	(13,304)	(20,019)
Proceeds from sale of investment securities, net of cash disposed	11,824	13,687
Others, net	4,669	(39)
Cash flows from investing activities	(210,668)	(203,997)
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	77,604	35,350
Repayments of bonds and long-term borrowings	(91,138)	(41,676)
Increase (decrease) in short-term borrowings, net	(2,077)	(2,093)
Repayments of lease liabilities	(9,358)	(53,947)
Dividends paid to Mitsubishi Electric Corp. stockholders	(85,871)	(85,871)
Purchase of treasury stock	(1,055)	(785)
Disposal of treasury stock	0	0
Dividends paid to non-controlling interests	(6,617)	(6,929)
Transactions with non-controlling interests	6,445	(503)
Cash flows from financing activities	(112,067)	(156,454)
Effect of exchange rate changes on cash and cash equivalents	(2,057)	(12,048)
Net increase (decrease) in cash and cash equivalents	(84,975)	23,335
Cash and cash equivalents at beginning of year	599,199	514,224
Cash and cash equivalents at end of year	¥ 514,224	¥ 537,559

Cautionary Statement

While the statements herein including the forecast of the Mitsubishi Electric Group are based on assumptions the Group considers to be reasonable under the circumstances on the date of announcement, actual results may differ significantly from forecasts.

Such factors materially affecting the expectations expressed herein shall include but are not limited to the following:

- (1) Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation
- (2) Changes in foreign currency exchange rates, especially JPY/US dollar rates
- (3) Changes in stock markets, especially in Japan
- (4) Changes in balance of supply and demand of products that may affect prices and volume, as well as material procurement conditions
- (5) Changes in the ability to fund raising, especially in Japan
- (6) Uncertainties relating to patents, licenses and other intellectual property, including disputes involving patent infringement
- (7) New environmental regulations or the arising of environmental issues
- (8) Defects in products or services
- (9) Litigation and legal proceedings brought and contemplated against the Company or its subsidiaries and affiliates that may adversely affect operations or finances
- (10) Technological change, the development of products using new technology, manufacturing and time-to-market
- (11) Business restructuring
- (12) Incidents related to information security
- (13) Large-scale disasters including earthquakes, typhoons, tsunami, fires and others
- (14) Social or political upheaval caused by terrorism, war, pandemics, or other factors
- (15) Important matters related to the directors and executive officers, major shareholders and affiliated companies of Mitsubishi Electric Corporation

