

[Translation]

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Quarterly Report

The Third Quarter of 150th Business Term
From October 1, 2020 to December 31, 2020

Mitsubishi Electric Corporation

7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo

The Third Quarter of 150th Business Term (from October 1, 2020 to December 31, 2020)

Quarterly Report

This is an English translation of the Quarterly Report (“Shihanki Hokokusho”) pursuant to Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act of Japan filed via the Electronic Disclosure for Investors’ Network (“EDINET”) system as set forth in Article 27-30-2 of the same Act. The translation includes a table of contents and pagination that are not included in the electronic filing.

Mitsubishi Electric Corporation

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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/U.S. 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

I . Overview of the Company

1. Key Financial Data

(Millions of yen, unless otherwise stated)

	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020	Year ended Mar. 31, 2020
Revenue	3,250,129	2,940,611	4,462,509
[For the three months ended December 31, 2019 and 2020, respectively]	[1,067,601]	[1,038,587]	
Profit before income taxes	198,782	158,353	281,986
Net profit attributable to Mitsubishi Electric Corp. stockholders	159,710	107,781	221,834
[For the three months ended December 31, 2019 and 2020, respectively]	[68,457]	[59,550]	
Comprehensive income attributable to Mitsubishi Electric Corp. stockholders	165,740	180,527	117,132
Mitsubishi Electric Corp. stockholders' equity	2,477,803	2,532,749	2,429,743
Total equity	2,590,216	2,643,351	2,538,859
Total assets	4,442,645	4,448,211	4,409,771
Basic earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	74.45	50.24	103.41
[For the three months ended December 31, 2019 and 2020, respectively]	[31.91]	[27.76]	
Diluted earnings per share attributable to Mitsubishi Electric Corp. stockholders (yen)	74.45	50.24	103.41
Mitsubishi Electric Corp. stockholders' equity ratio (%)	55.8	56.9	55.1
Cash flows from operating activities	227,964	316,825	395,834
Cash flows from investing activities	(148,324)	(140,149)	(203,997)
Cash flows from financing activities	(91,802)	(94,178)	(156,454)
Cash and cash equivalents at end of period	499,067	625,528	537,559

Notes: 1. The condensed quarterly consolidated financial statements and the consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS").

2. As the Group prepares the condensed quarterly consolidated financial statements, the key financial data of the Company is not provided.

3. Revenue does not include consumption tax, etc.

4. 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.

2. Description of Business

The condensed quarterly consolidated financial statements of the Mitsubishi Electric Group are prepared in accordance with IFRS. The Mitsubishi Electric Group, which is composed of the Company, 205 consolidated subsidiaries and 39 equity method companies, engages in six business segments (Energy and Electric Systems, Industrial Automation Systems, Information and Communication Systems, Electronic Devices, Home Appliances, Others) and our products range from all types.

II. Business Overview

1. Business Risks

For the nine months ended December 31, 2020, there were no new business risks such as unusual fluctuations in the financial position, operating results, and cash flows.

There were no significant changes in the business risks stated in the Annual Securities Report for the fiscal year ended March 31, 2020. The current conditions of the Quarterly Report (February 10, 2021) are shown in the underlined section below, and some parts that have not changed are omitted.

The item numbers correspond to the Annual Securities Report for the fiscal year ended March 31, 2020, and only the title of items is listed for the items that have not changed.

Forward-looking statements in this section are based on the judgment of the Company as of the date of submission of the Quarterly Report.

(1) The impact of COVID-19

COVID-19 had a significant impact on revenue and operating profit, although market recoveries are under way owing to the restart of the economy. On February 2, 2021, the Group disclosed the financial performance forecast for the fiscal year ending March 31, 2021 based on the assumption that the revenue in some businesses will also be affected by the impact of COVID-19, in and after the fourth quarter of fiscal 2021. The Group's performance may be affected due to delays in market recoveries and stagnation in market conditions in the individual countries and regions caused by further continuation of COVID-19.

(2) Any change in worldwide economic and social conditions, as well as laws, regulations, taxation and other legislation

(3) Foreign currency exchange rates

Sudden changes in exchange rates that cause major deviations from the exchange rates in the fourth quarter of fiscal 2021 expected by the Group (103 yen to the U.S. dollar, 125 yen to the euro, and 16.0 yen to the Chinese yuan) may affect the Group's performance.

2. Management Analysis of Financial Position, Operating Results and Cash Flows

The condensed quarterly consolidated financial statements of the Mitsubishi Electric Group are prepared in accordance with IFRS. The Group makes judgments, estimates and assumptions that affect the amounts of assets, liabilities, income and expenses in preparation of the condensed quarterly consolidated financial statements, and actual results may differ from these estimates.

(1) Overview of business performance

The economy in the nine months ended December 31, 2020 continued to see recovery in China mainly owing to an increase in capital expenditures for fixed assets, particularly in public investment, as an effect of political measures. Japan, the U.S. and Europe experienced a significant economic slowdown due to the serious impact of COVID-19 in the three months ended June 30, 2020, but recently saw recovery in the corporate sector in general, while the paces of recovery in the household sector varied depending on the situation of the expansion of COVID-19.

As a result, the business performance for the nine months ended December 31, 2020 is as follows.

<Consolidated Performance>

(In billions of yen)

	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020	Compared to the same period of the previous fiscal year
Revenue	3,250.1	2,940.6	down 309.5
Operating profit	182.2	137.7	down 44.5
Profit before income taxes	198.7	158.3	down 40.4
Net profit attributable to Mitsubishi Electric Corp. stockholders	159.7	107.7	down 51.9

1) Revenue

Revenue for the nine months ended December 31, 2020 decreased by 309.5 billion yen from the same period of the previous fiscal year to 2,940.6 billion yen as revenue decreased in all segments due to the serious impact of COVID-19 primarily in the six months ended September 30, 2020. Industrial Automation Systems segment saw a decrease in the factory automation systems business due to stagnation in automotive-related demand worldwide and machinery- and building-related demand in Japan, despite an increase in demand relating to 5G and semiconductor. The automotive equipment business also decreased due to decreased demand for new cars in all regions except for China. Home Appliances segment saw a decrease in air conditioners due to limited economic activities outside Japan and restrained capital expenditures worldwide.

<Impact of Exchange Rate Fluctuations on Revenue>

	Average exchange rate for the nine months ended Dec. 31, 2019	Average exchange rate for the nine months ended Dec. 31, 2020	Impact of exchange rate fluctuations on revenue for the nine months ended Dec. 31, 2020
Consolidated total	—	—	About ¥22.0 billion decrease
US\$	¥109	¥106	About ¥10.0 billion decrease
EURO	¥121	¥123	About ¥3.0 billion increase
CNY	¥15.6	¥15.4	About ¥4.0 billion decrease

2) Operating profit

Operating profit decreased by 44.5 billion yen from the same period of the previous fiscal year to 137.7 billion yen due mainly to decreases in Industrial Automation Systems, Home Appliances and Information and Communication Systems segments despite increases in Energy and Electric Systems and Electronic Devices segments. Operating profit ratio decreased by 0.9% from the same period of the previous fiscal year to 4.7% due primarily to decreased revenue.

The cost ratio increased by 0.5% from the same period of the previous fiscal year due primarily to lowered operation caused by decreased revenue of Industrial Automation Systems segment. Selling, general and administrative expenses decreased by 67.0 billion yen from the same period of the previous fiscal year due mainly to reduced cost, but selling, general and administrative expenses to revenue ratio increased by 0.2%. Other profit (loss) decreased by 10.1 billion yen from the same period of the previous fiscal year due primarily to decreased gain on sales of land. Other profit (loss) to revenue ratio deteriorated by 0.2% from the same period of the previous fiscal year.

3) Profit before income taxes

Profit before income taxes decreased by 40.4 billion yen from the same period of the previous fiscal year to 158.3 billion yen due mainly to a decrease in operating profit despite an improvement in non-operating expenses owing to improved gain/loss on foreign exchange. Profit before income taxes to revenue ratio was 5.4%.

4) Net profit attributable to Mitsubishi Electric Corp. stockholders

Net profit attributable to Mitsubishi Electric Corporation stockholders decreased by 51.9 billion yen from the same period of the previous fiscal year to 107.7 billion yen due primarily to decreased profit before income taxes and the impact of reduced income taxes as a result of the reorganization of its affiliated company outside Japan in the same period of the previous fiscal year. Net profit attributable to Mitsubishi Electric Corporation stockholders to revenue ratio was 3.7%.

Consolidated Financial Results by Business Segment are as shown below.

1) Energy and Electric Systems

The market of the social infrastructure systems business saw a decrease in demand relating to power generation worldwide and the reconsideration of the capital expenditure plans by railway companies in Japan due to the impact of COVID-19, while investment in public utilities for preventing and reducing disaster risks and demand relating to the electricity systems reform remained buoyant in Japan. In this environment, the business saw a decrease in orders from the same period of the previous fiscal year due primarily to decreases in the transportation systems and the power systems businesses in Japan, while revenue remained substantially unchanged from the same period of the previous fiscal year due mainly to progress in orders already received for projects in the power systems business in Japan.

The market of the building systems business saw decreased demand in new installations and renewals of elevators and escalators worldwide due to delay in construction and the reconsideration of the capital expenditure plans that happened in

stagnation caused by the impact of COVID-19. In this environment, the business saw decreases in both orders and revenue from the same period of the previous fiscal year due primarily to decreases in Japan and Asia.

As a result, revenue for this segment decreased by 5% from the same period of the previous fiscal year to 867.9 billion yen.

Operating profit increased by 11.2 billion yen from the same period of the previous fiscal year to 58.6 billion yen due mainly to a shift in project portfolios and cost improvement.

2) Industrial Automation Systems

The market of the factory automation systems business saw continuing stagnation in automotive-related demand worldwide and machinery- and building-related demand in Japan, while demand relating to 5G and semiconductor increased outside Japan and there was demand relating to increased mask production in China. In this environment, the business saw an increase in orders but a decrease in revenue from the same period of the previous fiscal year.

The market of the automotive equipment business saw a decrease in demand for new cars in all regions except for China due to the impact of COVID-19. In this environment, the business saw decreases in both orders and revenue from the same period of the previous fiscal year due mainly to a decrease in electrical components despite an increase in electric vehicle-related equipment such as motors and inverters.

As a result, revenue for this segment decreased by 12% from the same period of the previous fiscal year to 892.1 billion yen due primarily to a decrease in the automotive equipment business.

Operating profit decreased by 30.6 billion yen from the same period of the previous fiscal year to 28.3 billion yen due mainly to decreased revenue.

3) Information and Communication Systems

The market of the information systems and service business saw delays and cancellations of system development projects, particularly in the manufacturing industry, due to the impact of COVID-19. In this environment, the business saw decreases in both orders and revenue from the same period of the previous fiscal year due mainly to a decrease in the system integrations business.

The electronic systems business saw an increase in orders from the same period of the previous fiscal year due primarily to an increase in large-scale projects for the space systems business, while revenue decreased from the same period of the previous fiscal year due mainly to a decrease in large-scale projects for the defense systems business.

As a result, revenue for this segment decreased by 19% from the same period of the previous fiscal year to 243.7 billion yen.

Operating profit decreased by 5.1 billion yen from the same period of the previous fiscal year to 6.0 billion yen due mainly to decreased revenue.

4) Electronic Devices

The market of the electronic devices business saw a slowdown in demand for power modules used in industrial, railcar and consumer applications, while demand for high frequency and optical devices relating to next-generation data centers remained buoyant. In this environment, the business saw a decrease in orders from the same period of the previous fiscal year due primarily to decreases in power and TFT-LCD modules, despite an increase in high frequency and optical devices, particularly in optical communication devices. Revenue also decreased by 4% from the same period of the previous fiscal year to 148.9 billion yen.

Operating profit increased by 2.0 billion yen from the same period of the previous fiscal year to 7.5 billion yen due mainly to a shift in product mix and cost improvement.

5) Home Appliances

The market of the home appliances business saw a decrease in demand for air conditioners globally due primarily to the impact of COVID-19 causing lockdowns and considerable limitation of economic activities outside Japan, particularly in the six months ended September 30, 2020, and restrained capital expenditure worldwide. Meanwhile, there was demand for consumer electronics due to increased time at home. In this environment, the business saw a decrease in revenue by 9% from the same period of the previous fiscal year to 754.9 billion yen due primarily to a decrease in air conditioners.

Operating profit decreased by 12.2 billion yen from the same period of the previous fiscal year to 57.4 billion yen due mainly to decreased revenue.

6) Others

Revenue decreased by 12% from the same period of the previous fiscal year to 424.8 billion yen due primarily to decreases in procurements and services at affiliated companies.

Operating profit decreased by 10.3 billion yen from the same period of the previous fiscal year to 5.8 billion yen due mainly to decreased revenue.

(2) Management Policy, Business Environment and Corporate Agenda

1) Management policy

Mitsubishi Electric Corporation has revised its corporate philosophy system in “Purpose”^{*1}, “Our Values”^{*2} and “Commitment”^{*3} to update the Group's reason for existence as well as the core values and attitude that all employees are asked to embrace and cherish in serving customers and society as a whole on the occasion of its 100th anniversary. Mitsubishi Electric Corporation is resolved to become a group company that responds to the demands of the new era and earns the trust of stakeholders. The Group aims to contribute to the realization of a vibrant and sustainable society by addressing diversifying social challenges through continuous innovation over the next 100 years.

Since fiscal 2002 the Group has adhered to the management policy of maintaining Balanced Corporate Management based on three perspectives: “Growth,” “Profitability & Efficiency” and “Soundness”. Through these perspectives it has striven to secure greater corporate value.

While pre-empting global changes and moving forward in our pursuit of sustainable growth, the Group will always pay particular attention to corporate social responsibility, corporate ethics, and compliance. We will stay firmly dedicated to earning the trust of—and ensuring the satisfaction of—our society, our customers, our stockholders, and our employees.

— Maintain and evolve Balanced Corporate Management —



2) Business environment and corporate agenda

The world economy is suffering a significantly adverse impact of COVID-19 as its impact becomes more serious. Economic growth rate of fiscal 2021 is expected to be remarkably lower than the previous fiscal year without full economic recovery despite the economic measures being taken in various countries and regions. The business environment is expected to be even more severe if COVID-19 has a long-term impact.

Under these circumstances, the forecast for fiscal 2021 is expected to fall short of the fiscal 2021 growth targets with consolidated revenue of 5 trillion yen or more and operating profit ratio of 8% or more, partly due to external factors such as a slump in growth of demand and foreign exchange fluctuations, and the Group's insufficient response to changes in the market environment as well as the impact of COVID-19. In terms of management targets that should be achieved continuously, the Group expects to maintain a ratio of bonds and borrowings to total assets of 15% or less, but expects failure to achieve an ROE of 10% or more at this stage. The Group will strive to recover this target quickly. With regard to COVID-19, while ensuring that employment is maintained, we will work to minimize the impact on business results even if it takes a long time for the pandemic to end.

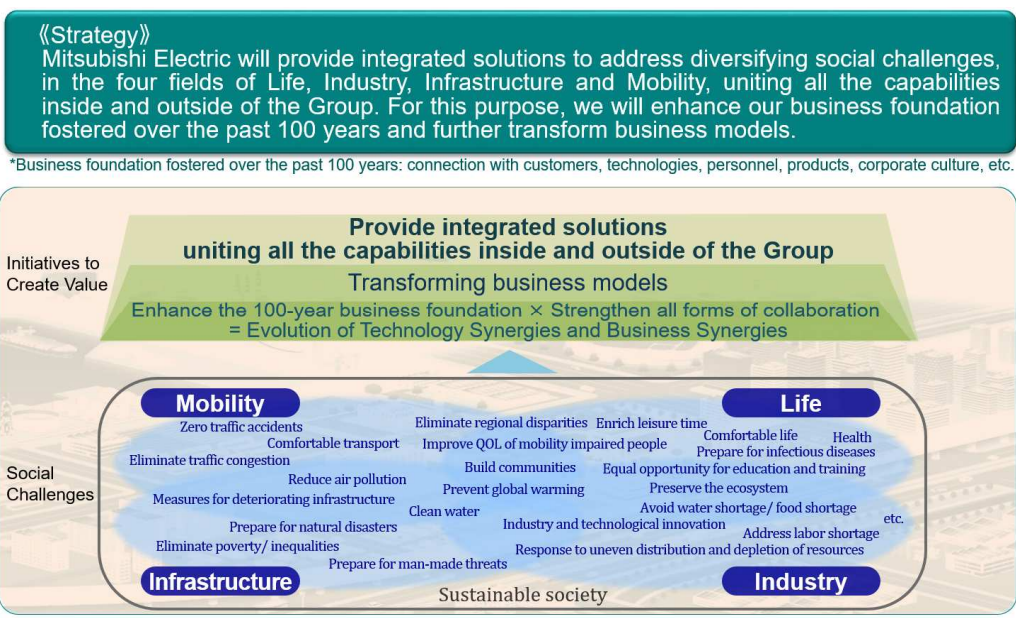
In fiscal 2021, the Group will improve performance and drive profitability in order to realize high-quality growth. The Group will build and reinforce an optimal business structure, in both global terms and for the entire corporate Group to enhance competitiveness in Japan, the U.S., Europe and China, while also focusing on meeting demands in growing markets such as India and Southeast Asia.

To this end, the Group will take part in collaborations, mergers and acquisitions and other strategic activities with a view to supplementing missing products and technologies, securing distribution-/service-network in new regions and markets, and acquiring new talent. Furthermore, while carrying out capital cost-conscious management, the Group will continue the following measures: optimizing resource distribution including R&D investments and capital expenditures; strengthening its development and production capability that will contribute to the strengthening of its integrated comprehensive manufacturing capability; emphasizing on quality from the early stages of design and development; increasing its productivity through Just-in-Time production including enhancement of work efficiency in indirect departments; streamlining its human resources structure and allocating them appropriately; further improving its financial standing; and improving its comprehensive business efficiency from a medium and long term perspective, using Mitsubishi Electric’s version of ROIC*4, a comprehensive business efficiency indicator.

In formulating the new medium-term management plan, the Group aims to further strengthen its business foundation by accelerating business model transformations by actively utilizing open innovations, reinforcing its solution businesses for increasingly diverse social challenges, and reviewing its business portfolios for higher profitability and more effective use of business resources.

The Group will provide solutions that combine products, systems and services in response to social challenges including environmental issues and resource and energy issues, and thereby further promote creation of value such as “simultaneous achievement of a sustainable society and safety, security and comfort” in the four fields of Life, Industry, Infrastructure, and Mobility. Through all of its corporate activities, the Group will also contribute to achieving the 17 sustainable development goals (SDGs), which are shared worldwide.

Additionally, in promoting creation of value, the Group is working to enhance its business foundation (connections with customers, technologies, personnel, products, corporate culture, etc.), evolve Technology Synergies and Business Synergies through greater collaboration with both inside and outside the Group and transform its business models.



Based on its strategy, Mitsubishi Electric Group will pursue value creation for addressing social challenges, and contribute to achieving the 17 goals of the SDGs, through all corporate activities.



In these efforts, the Mitsubishi Electric Group aims to reduce CO₂ emissions from product usage by 30% compared to fiscal 2001 and 30% from product production across the entire Group compared to fiscal 1991*⁵. These goals follow the “Environmental Vision 2021” with 2021 as its target year, the 100th anniversary of the Company’s founding and are aimed at contributing to the creation of a low-carbon, recycling-based society. Targeting the year 2030, the Group will strive to meet the following greenhouse -gas reduction targets certified under the SBTi*⁶: an 18% reduction (compared to fiscal 2017) under scopes 1 & 2, and a 15% reduction (compared to fiscal 2019) under scope 3. Additionally, the Group will strive to disclose the risks and opportunities brought by climate change, based on the recommendations of the TCFD*⁷. The Group will work in accordance with the “Environmental Sustainability Vision 2050”, created as a new long-term environmental management vision for the year 2021 and onward. In terms of legal and ethical compliance, various issues have recently become clear at the Group. The Group will put serious effort into preventing the recurrence of labor issues concerning the physical and mental health of employees, improper quality-related conduct leading to delivery of products not conforming to contracts with customers, and the possibility of personal and confidential corporate information leakage due to unauthorized access. With regard to labor issues, the Group will work to build workplaces that enable open communication, and provide thorough and appropriate care for individuals with psychological health issues, through measures centered on the Mitsubishi Electric Workplace Culture Reform Program. With regard to improper quality-related conduct, the Group will further raise awareness of quality, while also strengthening swift initial response measures. With regard to unauthorized access, the Group will strengthen and thoroughly implement prevention of intrusion, diffusion, and leakage, as well as global response and document management, led by the Information Security Supervisory Office under the direct control of the President. Additionally, the Group as a whole will diligently work to further disseminate compliance awareness by strengthening its organizational compliance frameworks through inculcating compliance policy, enhancing internal control measures and internal training. The Group also intends to improve its corporate governance through continuous promotion of measures such as compliance with Japan’s Corporate Governance Code, while striving for appropriate and timely disclosure of information, in order to acquire a higher level of trust from society, customers, shareholders, and employees.

With regard to COVID-19, the Group gives the highest priority to the safety and health of customers, business partners, and other related parties, as well as employees and their families. Having taken adequate measures to prevent the spread the infection, such as thorough promotion of remote work, and securing social distance in production, construction and service related departments, we will continue business that are necessary for fulfilling our responsibilities to society as a corporation in order to maintain people’s lives, provide a stable supply of products, provide services, and support our customers.

Steadily executing the strategies above, the Group will work to further enhance its corporate value.

*1 Purpose: We, the Mitsubishi Electric Group, will contribute to the realization of a vibrant and sustainable society through continuous technological innovation and ceaseless creativity.

*2 Our Values:

Trust: We develop relationships based on strong mutual trust with all stakeholders including society, customers, shareholders, suppliers, and employees working together.

Quality: We ensure the satisfaction of society and customers by providing products and services of the best quality.

Technology: We provide society with new value by enhancing technology and onsite capabilities.
Ethics and Compliance: We act with high ethical standards and comply with laws and social norms.
Humanity: We prioritize health and safety, promote diversity, and respect personalities and human rights.
Environment: We strive to protect and improve the global environment, doing so in harmony with nature.
Society: We contribute to the development of a better society as a corporate citizen.

*3 Commitment: "Changes for the Better" represents the Mitsubishi Electric Group's attitude to "always strive to achieve something better," as we continue to change and grow. Each one of us shares a strong will and passion to continuously aim for change, reinforcing our commitment to creating "an even better tomorrow."

*4 ROIC (Mitsubishi Electric version): A comprehensive business efficiency indicator which is calculated by asset items (fixed assets, cash, etc.) per different segments (and not by capital and liability) so that it is easier to track and improve.

*5 Base fiscal years of reduction targets:

Mitsubishi Electric Corporation: 1990; Associated companies in Japan: 2000; Associated companies outside Japan: 2005

*6 Science-Based Targets initiative: an international initiative by the United Nations Global Compact (UNGC), World Wildlife Fund for Nature (WWF), CDP, and World Resources Institute (WRI) that calls for setting targets for the reduction of carbon dioxide emissions based on scientific evidence.

Scope 1: Direct emissions resulting from fuel use within the company; Scope 2: Indirect emissions associated with the use of externally purchased electricity and heat; Scope 3: Indirect emissions from the entire value chain other than Scope 1 and 2 emissions.

*7 TCFD (Task Force on Climate-related Financial Disclosures): A task force for the disclosure of climate-related financial information led by the private sector. The TCFD was established at the request of the G20 Finance Ministers and Central Bank Governors.

(3) Analysis of financial position

Total assets as of the end of this fiscal quarter increased from the end of the previous fiscal year by 38.4 billion yen to 4,448.2 billion yen. The change in balance of total assets was mainly attributable to increases in cash and cash equivalents by 87.9 billion yen, inventories by 80.8 billion yen and other financial assets by 74.3 billion yen respectively, while trade receivables decreased by 190.2 billion yen.

Trade receivables decreased due primarily to credit collection for projects from the previous fiscal year and decreased revenue due to the impact of COVID-19. Cash and cash equivalents increased owing to borrowings made for the purpose of securing liquidity on hand to be prepared for a deterioration in balance caused by COVID-19.

Total liabilities decreased from the end of the previous fiscal year by 66.0 billion yen to 1,804.8 billion yen due primarily to decreases in trade payables by 42.8 billion yen and other financial liabilities by 55.8 billion yen, while balances of bonds, borrowings and lease liabilities increased by 38.5 billion yen. Bonds and borrowings increased by 31.7 billion yen from the end of the previous fiscal year to 298.8 billion yen, with the ratio of bonds and borrowings to total assets recording 6.7%, representing a 0.6 point increase compared to the end of the previous fiscal year.

Mitsubishi Electric Corporation stockholders' equity increased by 103.0 billion yen compared to the end of the previous fiscal year to 2,532.7 billion yen. The stockholders' equity ratio was recorded at 56.9%, representing a 1.8 point increase compared to the end of the previous fiscal year. These changes mainly result from increases from recording a net profit attributable to Mitsubishi Electric Corporation stockholders of 107.7 billion yen and accumulated other comprehensive income by 77.3 billion yen mainly reflecting a rise in stock prices, despite a decrease due to dividend payment of 77.2 billion yen.

(4) Status of cash flows

Cash flows from operating activities for the nine months ended Dec. 31, 2020 was 316.8 billion yen (cash in), while cash flows from investing activities was 140.1 billion yen (cash out). As a result, free cash flow was 176.6 billion yen (cash in). Cash flows from financing activities was 94.1 billion yen (cash out), and cash and cash equivalents at end of period increased from the end of the previous fiscal year by 87.9 billion yen to 625.5 billion yen.

Net cash provided by operating activities increased by 88.8 billion yen from the same period of the previous fiscal year due primarily to reduced use of materials and cost to deal with decreased revenue for the nine months ended Dec. 31, 2020, despite decreased profit.

Net cash used in investing activities decreased by 8.1 billion yen from the same period of the previous fiscal year due mainly to a decrease in purchase of property, plant and equipment.

Net cash used in financing activities increased by 2.3 billion yen from the same period of the previous fiscal year due primarily to a decrease in proceeds from borrowings.

(5) Research and Development

For the nine months ended Dec. 31, 2020, the total R&D expenses for the entire Group have amounted to 140.7 billion yen (Including elements spent on quality improvements, which constitute manufacturing costs).

There were no significant changes in the research and development activities of the Group for the nine months ended Dec. 31, 2020.

(6) Major Property, Plants and Equipment

The plan for the capital investment (new installation and expansions) for the fiscal year ending March 31, 2021 was revised as follows (based on investment decisions) in the three months ended September 30, 2020.

Business segment	The plan as of Mar. 31, 2020 (millions of yen)	The plan revised in the three months ended Sept. 30, 2020 (millions of yen)	Main purpose of investment
Energy and Electric Systems	26,000	32,500	Increasing production capacity, streamlining operations, and enhancing quality of power systems, electric equipment for rolling stock, and elevators/escalators, etc.
Industrial Automation Systems	48,500	41,500	Increasing production capacity for factory automation systems and automotive equipment operations, etc.
Information and Communication Systems	16,000	16,000	Bolstering research and development capabilities, and streamlining operations, etc.
Electronic Devices	14,500	16,000	Increasing production in the power device business, etc.
Home Appliances	30,000	22,000	Increasing the air conditioners production capacity, streamlining operations, and enhancing quality, etc.
Others	6,000	6,000	—
Commons	9,000	16,000	Equipment work for bolstering research and development capabilities, etc.
Total	150,000	150,000	—

Notes: 1. There are no plans to dispose or sell principal facilities, with the exception of disposing and selling facilities due to routine upgrading.

2. These investments are mostly derived from cash on hand and funds from operations.

The Group is expected to finance through borrowings and by issuing bonds as necessary.

Note: The amounts in "(6) Major Property, Plants and Equipment" do not include consumption tax, etc.

3. Material Agreements, etc.

In the three months ended December 31, 2020 there were no material agreements entered into, modified, or cancelled.

III. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total number of shares

Class	Authorized shares (shares)
Common stock	8,000,000,000
Total	8,000,000,000

2) Issued shares

Class	Number of shares issued as of the end of the quarter (shares) (Dec. 31, 2020)	Number of shares issued as of the filing date (shares) (Feb. 10, 2021)	Stock exchange on which the Company is listed	Description
Common stock	2,147,201,551	2,147,201,551	Japan : Tokyo (the first section) overseas : London	The number of shares per one unit of shares is 100 shares.
Total	2,147,201,551	2,147,201,551	—	—

Note: Common stock in the table above has voting rights.

(2) Information on the stock acquisition rights, etc.

1) Details of stock option plans

Not applicable.

2) Details of other stock acquisition rights, etc.

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares and the amount of common stock, etc.

Date	Change in the total number of issued shares (Thousands)	Balance of the total number of issued shares (Thousands)	Change in common stock (millions of yen)	Balance of common stock (millions of yen)	Change in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
From October 1, 2020 to December 31, 2020	—	2,147,201	—	175,820	—	181,140

(5) Principal shareholders

Not applicable.

(6) Information on voting rights

All details provided in this section “(6) Information of voting rights” are based on the register of shareholders as of September 30, 2020, since the register of shareholders as of December 31, 2020 cannot be confirmed.

1) Issued shares

(As of September 30, 2020)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	—	—	—
Shares with restricted voting right (treasury stock, etc.)	—	—	—
Shares with restricted voting right (others)	—	—	—
Shares with full voting right (treasury stock, etc.)	Common stock 1,584,000	—	Standard common stock of the Company without any restriction. Number of shares constituting one unit: 100 shares
Shares with full voting right (others)	Common stock 2,145,200,100	21,452,001	Same as above
Shares less than one unit	Common stock 417,451	—	Same as above
Number of shares issued	2,147,201,551	—	—
Total number of voting rights	—	21,452,001	—

Notes: 1. The number of shares included in “Shares less than one unit” are as follows: 34 shares as treasury stocks, 117 shares held by the Board Incentive Plan Trust, 92 shares held by the Mitsubishi Electric Business Partner Shareholding Union, crossholding stocks registered under own name (Shonai Mitsubishi Electric Sales Corporation 25 shares), crossholding stocks registered under the name of others (Ryoyo Electric Co., Ltd. 66 shares, Shinryo Co., Ltd. 42 shares), and 80 shares registered in the name of Japan Securities Depository Center, Inc.

2. The number of shares and the number of voting rights in “Shares with full voting right (others)” include 6,700 shares (67 voting rights) registered in the name of Japan Securities Depository Center, Inc. and 1,488,600 shares (14,886 voting rights) held through the Board Incentive Plan Trust.

2) Treasury stock, etc.

(As of September 30, 2020)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Mitsubishi Electric Corporation	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	426,800	—	426,800	0.02
Okabe Mica Kogyosho Co., Ltd.	8-7, Nakama 1-chome, Nakama-shi, Fukuoka	297,000	—	297,000	0.01
Ryoyo Electric Co., Ltd	6621, Oda, Yakage-cho, Oda-gun, Okayama	292,500	300	292,800	0.01
Shinryo Co., Ltd.	1-6, Komatsudori 5-chome, Hyogo-ku, Kobe-shi, Hyogo	237,700	300	238,000	0.01
Itec Hankyu Hanshin Co., Ltd.	1-31, Ebie 1-chome, Fukushima-ku, Osaka-shi, Osaka	223,000	—	223,000	0.01
Miyoshi Electronics Corporation	306, Higashisakeyamachi, Miyoshi-shi, Hiroshima	81,300	—	81,300	0.00
Shonai Mitsubishi Electric Sales Corporation	5-22, Takarada 2-chome, Tsuruoka-shi, Yamagata	13,100	—	13,100	0.00
KITA KOUDENSHA Corporation	2-10, Kita 11-jo Nishi 23-chome, Chuo-ku, Sapporo-shi, Hokkaido	12,000	—	12,000	0.00
Total	—	1,583,400	600	1,584,000	0.07

Notes: 1. Ryoyo Electric Co., Ltd. and Shinryo Co., Ltd. are members of the Mitsubishi Electric Business Partner Shareholding Union (7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo), which is made up of our business partners. They own shares of the Company under the name of the shareholding union.

2. In addition to 426,800 shares owned by the Company in the table above and 34 shares less than one unit owned by the Company, 1,488,717 shares of the Company held through the Board Incentive Plan Trust were included in the shares of treasury stock in the condensed quarterly consolidated financial statements.

2. Directors and Executive Officers

The changes in directors and executive officers from the filing date of the Annual Securities Report for the fiscal year ended March 31, 2020 until December 31, 2020 are as follows.

Changes in titles

Former title	New title	Name	Date of change
Executive Officer, Government & External Relations, Export Control, Licensing and Intellectual Property	Executive Officer, Government & External Relations, Economic Security, Export Control, Licensing and Intellectual Property	Satoshi Kusakabe	October 1, 2020

IV. Financial Information

1. Basis of preparation of the condensed quarterly consolidated financial statements

The Group prepares its condensed quarterly consolidated financial statements in accordance with International Accounting Standards 34 “Interim Financial Reporting” (“IAS34”) since the Group meets all the requirements of a “specified international accounting standard company” in Article 1-2 of the cabinet Ordinance No. 64 of 2007, “Ordinance on Terminology, Forms and Preparation Methods of quarterly Consolidated Financial Statements”, and therefore Article 93 of that Ordinance applies to the Group.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act of Japan, the condensed quarterly consolidated financial statements for the three months ended December 31, 2020, from October 1, 2020 to December 31, 2020 and the first nine months of the current fiscal year from April 1, 2020 to December 31, 2020 are reviewed by KPMG AZSA LLC.

1 【Condensed Quarterly Consolidated Financial Statements】

(1)【Condensed Quarterly Consolidated Statement of Financial Position】

Yen (millions)

	Notes	As of Mar. 31, 2020	As of Dec. 31, 2020
(Assets)			
Cash and cash equivalents		537,559	625,528
Trade receivables		900,430	710,187
Contract assets		343,637	346,282
Other financial assets	11	56,765	56,375
Inventories		693,890	774,698
Other current assets		95,752	103,368
Current assets		2,628,033	2,616,438
Investments accounted for using the equity method		196,237	200,982
Other financial assets	11	262,367	337,108
Property, plant and equipment		854,382	857,739
Goodwill and intangible assets		146,323	149,760
Deferred tax assets		249,830	213,799
Other non-current assets		72,599	72,385
Non-current assets		1,781,738	1,831,773
Total assets		4,409,771	4,448,211

Yen (millions)

	Notes	As of Mar. 31, 2020	As of Dec. 31, 2020
(Liabilities)			
Bonds, borrowings and lease liabilities	11	133,369	187,066
Trade payables		527,307	484,479
Contract liabilities		147,781	158,569
Other financial liabilities	11	160,810	104,956
Accrued expenses		265,059	241,210
Accrued income taxes		21,335	20,206
Provisions		99,215	89,868
Other current liabilities		47,789	64,549
Current liabilities		1,402,665	1,350,903
Bonds, borrowings and lease liabilities	11	243,634	228,517
Net defined benefit liabilities		163,240	176,399
Provisions		5,210	5,437
Deferred tax liabilities		10,193	8,061
Other non-current liabilities		45,970	35,543
Non-current liabilities		468,247	453,957
Total liabilities		1,870,912	1,804,860
(Equity)			
Common stock		175,820	175,820
Capital surplus		202,832	202,265
Retained earnings		2,071,817	2,097,702
Accumulated other comprehensive income (loss)	11	(17,802)	59,557
Treasury stock, at cost		(2,924)	(2,595)
Mitsubishi Electric Corp. stockholders' equity		2,429,743	2,532,749
Non-controlling interests		109,116	110,602
Total equity		2,538,859	2,643,351
Total liabilities and equity		4,409,771	4,448,211

(2)【Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income】

【Condensed Quarterly Consolidated Statement of Profit or Loss】

Yen (millions)

	Notes	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020
Revenue	8	3,250,129	2,940,611
Cost of sales		2,331,880	2,123,770
Selling, general and administrative expenses		747,840	680,813
Other profit (loss)	9	11,848	1,680
Operating profit		182,257	137,708
Financial income		8,782	7,886
Financial expenses		5,572	2,064
Share of profit of investments accounted for using the equity method		13,315	14,823
Profit before income taxes		198,782	158,353
Income taxes	6	29,211	44,498
Net profit		169,571	113,855
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders		159,710	107,781
Non-controlling interests		9,861	6,074

	Notes	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	10	74.45	50.24
Diluted	10	74.45	50.24

【Condensed Quarterly Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020
Net profit		169,571	113,855
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	11	13,537	52,282
Share of other comprehensive income of investments accounted for using the equity method		(138)	702
Total items that will not be reclassified to net profit		13,399	52,984
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		(4,981)	21,515
Net changes in the fair value of cash flow hedges		78	121
Share of other comprehensive income of investments accounted for using the equity method		(2,873)	(520)
Total items that may be reclassified to net profit		(7,776)	21,116
Total other comprehensive income (loss)		5,623	74,100
Comprehensive income		175,194	187,955
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		165,740	180,527
Non-controlling interests		9,454	7,428

【Condensed Quarterly Consolidated Statement of Profit or Loss】

Yen (millions)

	Notes	For the three months ended Dec. 31, 2019	For the three months ended Dec. 31, 2020
Revenue		1,067,601	1,038,587
Cost of sales		769,519	738,947
Selling, general and administrative expenses		240,970	224,280
Other profit (loss)	9	10,915	994
Operating profit		68,027	76,354
Financial income		3,397	2,688
Financial expenses		570	624
Share of profit of investments accounted for using the equity method		3,906	4,249
Profit before income taxes		74,760	82,667
Income taxes	6	3,620	20,214
Net profit		71,140	62,453
Net profit attributable to:			
Mitsubishi Electric Corp. stockholders		68,457	59,550
Non-controlling interests		2,683	2,903

	Notes	For the three months ended Dec. 31, 2019	For the three months ended Dec. 31, 2020
Earnings per share (attributable to Mitsubishi Electric Corp. stockholders)			
Basic	10	31.91	27.76
Diluted	10	31.91	27.76

【Condensed Quarterly Consolidated Statement of Comprehensive Income】

Yen (millions)

	Notes	For the three months ended Dec. 31, 2019	For the three months ended Dec. 31, 2020
Net profit		71,140	62,453
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		7,536	23,226
Share of other comprehensive income of investments accounted for using the equity method		214	121
Total items that will not be reclassified to net profit		7,750	23,347
Items that may be reclassified to net profit			
Exchange differences on translating foreign operations		26,308	16,172
Net changes in the fair value of cash flow hedges		169	55
Share of other comprehensive income of investments accounted for using the equity method		(618)	909
Total items that may be reclassified to net profit		25,859	17,136
Total other comprehensive income (loss)		33,609	40,483
Comprehensive income		104,749	102,936
Comprehensive income attributable to:			
Mitsubishi Electric Corp. stockholders		99,658	98,925
Non-controlling interests		5,091	4,011

(3) 【Condensed Quarterly Consolidated Statement of Changes in Equity】

For the nine months ended Dec. 31, 2019

Yen (millions)

	Notes	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of period		175,820	202,834	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 period		175,820	202,834	1,958,945	63,809	(2,983)	2,398,425	111,202	2,509,627
Comprehensive income									
Net profit				159,710			159,710	9,861	169,571
Other comprehensive income (loss), net of tax					6,030		6,030	(407)	5,623
Comprehensive income		—	—	159,710	6,030	—	165,740	9,454	175,194
Reclassification to retained earnings				1,432	(1,432)		—		—
Dividends	7			(85,871)			(85,871)	(6,721)	(92,592)
Purchase of treasury stock						(785)	(785)		(785)
Disposal of treasury stock			(844)			844	0		0
Transactions with non-controlling interests and others			294				294	(1,522)	(1,228)
Balance at end of period		175,820	202,284	2,034,216	68,407	(2,924)	2,477,803	112,413	2,590,216

For the nine months ended Dec. 31, 2020

Yen (millions)

	Notes	Mitsubishi Electric Corp. stockholders' equity					Total	Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost			
Balance at beginning of period		175,820	202,832	2,071,817	(17,802)	(2,924)	2,429,743	109,116	2,538,859
Comprehensive income									
Net profit				107,781			107,781	6,074	113,855
Other comprehensive income (loss), net of tax					72,746		72,746	1,354	74,100
Comprehensive income		—	—	107,781	72,746	—	180,527	7,428	187,955
Reclassification to retained earnings				(4,613)	4,613		—		—
Dividends	7			(77,283)			(77,283)	(6,126)	(83,409)
Purchase of treasury stock						(367)	(367)		(367)
Disposal of treasury stock			(696)			696	0		0
Transactions with non-controlling interests and others			129				129	184	313
Balance at end of period		175,820	202,265	2,097,702	59,557	(2,595)	2,532,749	110,602	2,643,351

(4) 【Condensed Quarterly Consolidated Statement of Cash Flows】

Yen (millions)

	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020
Cash flows from operating activities		
Net profit	169,571	113,855
Adjustments to cash flows from operating activities		
Depreciation and amortization	152,482	154,279
Impairment losses	678	4,565
Loss (gain) on sales and disposal of property, plant and equipment, net	(10,802)	45
Income taxes	29,211	44,498
Share of profit of investments accounted for using the equity method	(13,315)	(14,823)
Financial income and financial expenses	(3,210)	(5,822)
Decrease in trade receivables	216,945	194,097
Decrease (increase) in contract assets	(136,819)	(2,720)
Decrease (increase) in inventories	(45,901)	(76,599)
Decrease (increase) in other assets	(5,412)	3,189
Increase (decrease) in trade payables	(49,501)	(45,573)
Increase in net defined benefit liabilities	2,110	11,008
Increase (decrease) in other liabilities	(60,550)	(49,064)
Others, net	8,314	947
Subtotal	253,801	331,882
Interest and dividends received	21,577	19,327
Interest paid	(1,849)	(1,861)
Income taxes paid	(45,565)	(32,523)
Cash flows from operating activities	227,964	316,825
Cash flows from investing activities		
Purchase of property, plant and equipment	(137,390)	(127,058)
Proceeds from sale of property, plant and equipment	13,647	3,733
Purchase of intangible assets	(16,460)	(12,513)
Purchase of investment securities, net of cash acquired	(18,162)	(13,768)
Proceeds from sale of investment securities, net of cash disposed	10,372	8,540
Others, net	(331)	917
Cash flows from investing activities	(148,324)	(140,149)
Cash flows from financing activities		
Proceeds from bonds and long-term borrowings	2,371	324
Repayments of bonds and long-term borrowings	(41,584)	(27,576)
Increase in short-term borrowings, net	78,776	58,989
Repayments of lease liabilities	(39,589)	(41,660)
Dividends paid to Mitsubishi Electric Corp. stockholders	(85,871)	(77,283)
Purchase of treasury stock	(785)	(367)
Disposal of treasury stock	0	0
Dividends paid to non-controlling interests	(4,768)	(6,894)
Transactions with non-controlling interests	(352)	289
Cash flows from financing activities	(91,802)	(94,178)
Effect of exchange rate changes on cash and cash equivalents	(2,995)	5,471
Net increase (decrease) in cash and cash equivalents	(15,157)	87,969
Cash and cash equivalents at beginning of period	514,224	537,559
Cash and cash equivalents at end of period	499,067	625,528

【Notes to condensed quarterly consolidated financial statements】

1. Reporting entity

Mitsubishi Electric Corporation (“the Company”) is an entity located in Japan. The condensed quarterly 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 condensed quarterly consolidated financial statements in accordance with IAS

The Group prepares its condensed quarterly consolidated financial statements in accordance with International Accounting Standards 34 “Interim Financial Reporting” (“IAS34”) since the Group meets all the requirements of a “specified international accounting standard company” in Article 1-2 of the cabinet Ordinance No. 64 of 2007, “Ordinance on Terminology, Forms and Preparation Methods of quarterly Consolidated Financial Statements”, and therefore Article 93 of that Ordinance applies to the Group.

(2) Basis of measurement

The condensed quarterly 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.

(3) Functional currency and presentation currency

The condensed quarterly 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.

3. Significant accounting policies

Significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the Company’s annual consolidated financial statements for the year ended March 31, 2020.

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 condensed quarterly 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 that could have a material effect on the amounts in the condensed quarterly consolidated financial statements have not changed significantly from the Company’s annual consolidated financial statements for the year ended March 31, 2020.

Regarding the impacts of COVID-19, although market recoveries are under way owing to the restart of the economy, considering the circumstances of the infection, accounting estimates such as recoverable amount of property, plant and equipment, goodwill and intangible assets assume that COVID-19 still has an impact on revenue in some businesses after the fourth quarter of fiscal 2021.

5. 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, wireless and wired communications systems, network camera systems, 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	Information Systems & Network Service Electronic 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, hot water supply systems, IH cooking heaters, LED 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 Condensed Quarterly 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.

For the nine months ended Dec. 31, 2019

	Yen (millions)								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
Revenue and operating profit									
Revenue									
External customers	907,311	1,006,474	270,556	120,958	818,781	126,049	3,250,129	—	3,250,129
Intersegment	6,092	9,568	31,528	33,475	11,973	354,281	446,917	(446,917)	—
Total	913,403	1,016,042	302,084	154,433	830,754	480,330	3,697,046	(446,917)	3,250,129
Operating profit	47,470	58,937	11,133	5,502	69,700	16,139	208,881	(26,624)	182,257

For the nine months ended Dec. 31, 2020

	Yen (millions)								
	Energy and Electric Systems	Industrial Automation Systems	Information and Communication Systems	Electronic Devices	Home Appliances	Others	Total	Eliminations and corporate	Consolidated total
Revenue and operating profit									
Revenue									
External customers	861,639	883,943	215,645	118,738	744,885	115,761	2,940,611	—	2,940,611
Intersegment	6,337	8,180	28,130	30,167	10,046	309,123	391,983	(391,983)	—
Total	867,976	892,123	243,775	148,905	754,931	424,884	3,332,594	(391,983)	2,940,611
Operating profit	58,690	28,326	6,033	7,520	57,495	5,809	163,873	(26,165)	137,708

6. Income taxes

For the three months ended December 31, 2019, the Company liquidated its consolidated subsidiary MEHIT Holding S.r.l. in conjunction with the reorganization within the Group. As taxable income decreased due to the liquidation, income tax expense for the three months ended December 31, 2019, decreased by 23,009 million yen. This amount does not reflect the effects of tax credits for research and development resulting from the decreased taxable income associated with the liquidation.

There were no significant events for the nine months ended December 31, 2020.

7. Dividends

Dividends paid for the nine months ended Dec. 31, 2019 and 2020 are as follows:

Resolution date	Total amount of dividends	Dividend per share	Record date	Effective date
	Yen (millions)	Yen		
April 26, 2019 Board of Directors Meeting	55,816	26	March 31, 2019	June 4, 2019
October 31, 2019 Board of Directors Meeting	30,054	14	September 30, 2019	December 3, 2019
May 11, 2020 Board of Directors Meeting	55,816	26	March 31, 2020	June 2, 2020
October 29, 2020 Board of Directors Meeting	21,467	10	September 30, 2020	December 2, 2020

8. Revenues

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:

For the nine months ended Dec. 31, 2019

	Yen (millions)						Consolidated total
	Japan	Overseas				Total	
		North America	Asia (excluding Japan)	Europe	Others		
Energy and Electric Systems	610,823	80,458	181,724	16,286	18,020	296,488	907,311
Industrial Automation Systems	433,201	143,447	296,441	130,098	3,287	573,273	1,006,474
Information and Communication Systems	262,661	3,444	2,713	1,030	708	7,895	270,556
Electronic Devices	40,907	8,058	54,164	17,520	309	80,051	120,958
Home Appliances	378,373	89,322	156,576	170,002	24,508	440,408	818,781
Others	113,616	436	11,742	238	17	12,433	126,049
Consolidated	1,839,581	325,165	703,360	335,174	46,849	1,410,548	3,250,129

For the nine months ended Dec. 31, 2020

	Yen (millions)						Consolidated total
	Japan	Overseas				Total	
		North America	Asia (excluding Japan)	Europe	Others		
Energy and Electric Systems	610,781	74,564	147,823	13,459	15,012	250,858	861,639
Industrial Automation Systems	366,144	102,967	321,035	89,421	4,376	517,799	883,943
Information and Communication Systems	209,801	2,513	2,331	832	168	5,844	215,645
Electronic Devices	35,562	6,714	56,980	19,368	114	83,176	118,738
Home Appliances	346,765	82,206	131,940	158,677	25,297	398,120	744,885
Others	104,176	608	10,731	243	3	11,585	115,761
Consolidated	1,673,229	269,572	670,840	282,000	44,970	1,267,382	2,940,611

The principal businesses and major products and services of each operating segment are shown in Note "5. 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 recognition methods for each categories are primarily as follows:

1) 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.

2) 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.

9. Other profit (loss)

Gain on sales of land of 10,993 million yen is included in other profit (loss) for the three months ended December 31, 2019.

There are no significant items in other profit (loss) for the nine months ended December 31, 2020.

10. 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)	
	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020
Net profit attributable to Mitsubishi Electric Corp. stockholders	159,710	107,781

	Shares	
	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020
Basic average ordinary shares outstanding	2,145,089,009	2,145,232,396

	Yen	
	For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	74.45	50.24
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	74.45	50.24

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. (1,686,626 shares for the nine months ended Dec. 31, 2019, and 1,542,423 shares for the nine months ended Dec. 31, 2020).

	Yen (millions)	
	For the three months ended Dec. 31, 2019	For the three months ended Dec. 31, 2020
Net profit attributable to Mitsubishi Electric Corp. stockholders	68,457	59,550
	Shares	
	For the three months ended Dec. 31, 2019	For the three months ended Dec. 31, 2020
Basic average ordinary shares outstanding	2,145,107,613	2,145,285,894
	Yen	
	For the three months ended Dec. 31, 2019	For the three months ended Dec. 31, 2020
Basic earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	31.91	27.76
Diluted earnings per share for net profit attributable to Mitsubishi Electric Corp. stockholders	31.91	27.76

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. (1,667,737 shares for the three months ended Dec. 31, 2019, and 1,488,717 shares for the three months ended Dec. 31, 2020).

11. 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 for the year ended Mar. 31, 2020 and the nine months ended Dec. 31, 2020.

For financial instruments classified as level 3, changing the unobservable inputs to reasonably possible alternative assumptions would not change the fair value significantly.

(1) 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 liabilities)

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.

	Yen (millions)			
	As of Mar. 31, 2020		As of Dec. 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial instruments measured at amortized cost				
Bonds and borrowings	214,041	210,103	186,964	183,188

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

(2) 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.

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.

As of Mar. 31, 2020

		Yen (millions)			
		Level 1	Level 2	Level 3	Total
Assets					
Financial assets measured at fair value through profit or loss					
	Derivative assets	—	2,219	—	2,219
Financial assets measured at fair value through other comprehensive income					
	Equity instruments	152,683	—	63,478	216,161
	Total	<u>152,683</u>	<u>2,219</u>	<u>63,478</u>	<u>218,380</u>
Liabilities					
Financial liabilities measured at fair value through profit or loss					
	Derivative liabilities	—	1,644	—	1,644
	Total	<u>—</u>	<u>1,644</u>	<u>—</u>	<u>1,644</u>

As of Dec. 31, 2020

		Yen (millions)			
		Level 1	Level 2	Level 3	Total
Assets					
Financial assets measured at fair value through profit or loss					
	Derivative assets	—	814	—	814
Financial assets measured at fair value through other comprehensive income					
	Equity instruments	223,798	—	67,751	291,549
	Total	<u>223,798</u>	<u>814</u>	<u>67,751</u>	<u>292,363</u>
Liabilities					
Financial liabilities measured at fair value through profit or loss					
	Derivative liabilities	—	1,314	—	1,314
	Total	<u>—</u>	<u>1,314</u>	<u>—</u>	<u>1,314</u>

Changes in financial instruments measured at fair value on a recurring basis classified as Level 3 are as follows:

		Yen (millions)	
		For the nine months ended Dec. 31, 2019	For the nine months ended Dec. 31, 2020
	Balance at beginning of period	60,674	63,478
	Gains (losses)	(2,377)	1,587
	Purchases	5,530	3,824
	Sales	(478)	(1,138)
	Balance at end of period	<u>63,349</u>	<u>67,751</u>

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 Condensed Quarterly Consolidated Statement of Comprehensive Income.

12. Contingent liabilities

There were no significant events as of Dec 31, 2020.

13. Subsequent events

There were no significant subsequent events which should be disclosed as of the date of the approval of the condensed quarterly consolidated financial statements for the year ended Dec 31, 2020.

14. Approval of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements were approved by Takeshi Sugiyama, President & CEO, on February 10, 2021.

2 【Other】

(1) The Company decided to pay the dividend of ¥10 per share (a total of ¥21,467,747,170) to the shareholders registered or recorded in the shareholder register as of September 30, 2020, by the resolution of the Board of Directors' meeting held on October 29, 2020.

(2) Other

Not applicable.