

Consolidated Results for the Fiscal Year Ended February 29, 2020 [Japan GAAP]

April 10, 2020

Listed company name: YASKAWA Electric Corporation

<https://www.yaskawa.co.jp/en/>

Representative: Hiroshi Ogasawara, Representative Director, President

Stock exchange listings: Tokyo (First section), Fukuoka

Stock ticker number: 6506

(Note: This document is a summarized translation of the financial statement submitted to the Tokyo Stock Exchange and Fukuoka Stock Exchange for the period stated above. Figures under ¥1 million are rounded down.)

1. Summary of Consolidated Results for the Fiscal Year Ended February 29, 2020 (from March 1, 2019 to February 29, 2020)

(1) Consolidated Statements of Income

(Millions of yen, percentage change from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Year ended February 29, 2020	410,957	-13.4%	22,339	-55.1%	23,361	-54.1%	14,449	-64.9%
Year ended February 28, 2019	474,638	-	49,766	-	50,844	-	41,164	-

Note: Comprehensive income

Year ended February 29, 2020: 4,794 million yen (-86.2%)

Year ended February 28, 2019: 34,729 million yen (-%)

	Earnings per share (basic, Yen)	Earnings per share (diluted, Yen)	Return on shareholders' equity (%)	Return on assets (%)	Operating profit ratio (%)
Year ended February 29, 2020	55.14	-	6.1	5.2	5.4
Year ended February 28, 2019	155.86	-	17.1	11.3	10.5

Reference: Equity in earnings of affiliated companies

Year ended February 29, 2020: ¥1,118 million

Year ended February 28, 2019: ¥1,456 million

Note1: The Company changed its accounting period in fiscal 2017 from March 20 to the last day of February. As a transitional year for this change, the fiscal year ended February 2018 was from March 21, 2017 to February 28, 2018. Therefore, the percentage changes from the previous fiscal year are not shown.

Note2: Earnings per share (diluted) is not shown as there is no dilutive shares.

(2) Consolidated Financial Position

(Millions of yen, except ratio and per share data)

	Total assets	Net assets	Shareholders' equity ratio (%)	Net assets per share (Yen)
As of February 29, 2020	442,327	231,044	51.6	872.99
As of February 28, 2019	455,663	249,753	54.1	935.27

Reference: Shareholders' equity

As of February 29, 2020: ¥228,176 million

As of February 28, 2019: ¥246,737 million

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Year ended February 29, 2020	20,901	-20,645	1,071	40,307
Year ended February 28, 2019	32,832	-27,111	-8,754	39,289

2. Dividends

	Dividends per share (yen)					Annual cash dividends paid (Millions of yen)	Dividend payout ratio (% Consolidated)	Dividend on net assets (% Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual total			
Year ended February 28, 2019	-	26.00	-	26.00	52.00	13,757	33.4	5.7
Year ended February 29, 2020	-	26.00	-	26.00	52.00	13,653	94.3	5.8

Note: Annual cash dividends paid includes dividends for the shares of the Company (14 million yen for the year ended February 28, 2019 and 26 million yen for the year ended February 29, 2020) held as trust asset of Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP).

3. Projected Consolidated Results for the First Quarter of Fiscal Year Ending February 28, 2021 (from March 1, 2020 to May 31, 2020)

(Millions of yen, percentage change from the corresponding period of the previous year)

	Revenue		Operating profit		Profit attributable to owners of parent	
Three months ending May 31, 2020	92,500	-	4,000	-	3,000	-

Reference: The Yaskawa Group has voluntarily adopted International Financial Reporting Standards (IFRS) starting with its annual securities report for the year ended February 2020. Consolidated forecasts for the first quarter of the fiscal year ending February 2021 are based on IFRS. Therefore, the percentage change from the actual value for the first quarter of the fiscal year ended February 2020 to which Japan GAAP was applied is not shown. The consolidated financial forecasts for the full year will not be announced because the trend of capital investment by customers is unclear due to the spread of the new coronavirus and it is difficult to forecast the full year financial figures.

These forecasts are based on average exchange rate assumptions of 1 USD = 107.0 JPY, 1 EUR = 118.0 JPY, 1 CNY = 15.20 JPY and 1 KRW = 0.088 JPY during the period from March 1, 2020 to May 31, 2020.

Please refer to the supplements to financial results available on Yaskawa Electric's website for details. (<https://www.yaskawa-global.com/ir/materials/br>)

***Notes:**

(1) Major Change in Scope of Consolidation: No

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements:

1. Changes in accounting policies accompanying revisions in accounting standards: Yes
2. Changes other than in 1.: Yes
3. Changes in accounting estimates: No
4. Restatements: No

(3) Number of Common Shares Outstanding

	Year ended February 29, 2020	Year ended February 28, 2019
The number of shares outstanding including treasury shares at the end of period	266,690,497	266,690,497
The number of treasury shares at the end of period	5,314,950	2,877,251
Average number of shares during period	262,072,679	264,120,233

Note: The number of treasury shares at the end of period includes the shares of the Company (745,600 shares as of February 29, 2020 and 284,800 shares as of February 28, 2019) held by “Board Benefit Trust (BBT)” and “Employee Stock Ownership Plan (J-ESOP).” The shares of the Company held by BBT and J-ESOP are included in treasury shares deducted in calculating the average number of shares during period. (448,092 shares for the year ended February 29, 2020 and 286,454 shares for the year ended February 28, 2019)

* This financial report is not subject to the audit procedure.

*About the appropriate use of business forecasts and other matters

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable, and are not disclosed for the purpose of making a commitment to their achievement. Actual results may differ from these statements for a number of reasons.

The Company will hold an information meeting for securities analysts and institutional investors on April 13, 2020 (Monday).

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1. Business Results

Overview on Business Performance

Business Performance of Fiscal 2019 (Fiscal year ended February 29, 2020)

In the current fiscal year, the business environment in Yaskawa Group has become increasingly cautious about capital investment on a global scale, reflecting the growing impact of prolonged trade friction between the U.S. and China. In the second half of the year, demand for semiconductor-related products began to recover in some parts of Asia, including the Americas and South Korea, but conditions were generally difficult due to the impact of the outbreak of a new coronavirus at the end of the year.

In this environment, Yaskawa Group's results reflected lower sales in the Motion Control and Robotics businesses compared to a strong year earlier. Operating profit decreased due to a decline in capacity utilization caused by weak sales and inventory adjustments.

<Management environment of each region>

Japan:

Although some markets, including those for automobiles, remained firm, capital investment, mainly in the manufacturing sector, continued to be restrained due to the global economic slowdown.

U.S.:

Oil and gas related demand was firm in the first half, and there were signs of recovery in some parts of the semiconductor market in the second half, but overall demand, particularly in the machine tool and automobile markets, remained sluggish.

Europe:

Although market conditions showed signs of bottoming out in the second half, capital investment remained sluggish in the manufacturing sector as a whole, particularly in the automotive sector.

China:

Market conditions deteriorated, particularly in the automobile market, due to the growing impact of prolonged trade friction between the U.S. and China. Although there was a recovery trend in the second half of the fiscal year, overall conditions were difficult due in part to the impact of the new coronavirus that emerged at the end of the fiscal year.

Other Asian Countries:

Capital investment in semiconductor-related equipment, mainly in South Korea, showed signs of recovery toward the end of the fiscal year, but the impact of the sluggish market was considerable and demand generally weakened.

The business performance of fiscal 2019 is as follows.

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020	Change
Net sales	474,638 million JPY	410,957 million JPY	-13.4%
Operating profit	49,766 million JPY	22,339 million JPY	-55.1%
Ordinary profit	50,844 million JPY	23,361 million JPY	-54.1%
Profit attributable to owners of parent	41,164 million JPY	14,449 million JPY	-64.9%
Average exchange rate for USD	110.49 JPY	109.03 JPY	-1.46 JPY
Average exchange rate for EUR	128.88 JPY	121.37 JPY	-7.51 JPY
Average exchange rate for CNY	16.56 JPY	15.70 JPY	-0.86 JPY
Average exchange rate for KRW	0.099 JPY	0.093 JPY	-0.006 JPY

Performance by Business Segment

The business of the Yaskawa Group is divided into four segments.

The performance of each business segment for fiscal 2019 is as follows.

Beginning in the first quarter of this fiscal year, the Yaskawa Group has reclassified its business segments through organizational changes designed to optimize functionality and effectively utilize resources. The PM motor business previously included in the "System Engineering" is now included in the Drives business in "Motion Control".

Accordingly, the year-on-year change in each segment is calculated by reclassifying the figures for the same period of the previous year into the revised segment.

Motion Control	Net sales	177,893 million JPY (-16.6% year on year)
	Operating profit	18,708 million JPY (-45.4% year on year)
<p>The Motion Control segment consists of the AC servo & controller business and the drives business. Although sales in the drives business were firm in the first half, primarily in the U.S., sales and earnings for the segment as a whole declined due to weak global sales in the AC servo & controller business, which was largely affected by sluggish demand.</p> <p>[AC servo & controller business]</p> <p>Although demand for semiconductor-related products was on a recovery trend toward the second half of the fiscal year, the impact of the protracted U.S.-China trade friction and the outbreak of a new coronavirus at the end of the fiscal year led to a year-on-year decline in sales, and operating profit also decreased due to lower capacity utilization.</p> <p>[Drives business]</p> <p>Although demand for oil and gas-related products in the U.S. remained firm in the first half of the fiscal year, and there were signs of a recovery in Europe toward the end of the fiscal year, demand for capital investment stagnated, particularly in China and Asia, which led to stagnant sales and operating profit.</p>		

Robotics	Net sales	152,170 million JPY (-14.5% year on year)
	Operating profit	5,500 million JPY (-68.2% year on year)
<p>Overall segment sales decreased from the previous fiscal year due to the impact of trade friction between the U.S. and China and the impact of a new coronavirus that emerged at the end of the fiscal year. Sales of welding and painting robots and other automobile-related products were firm in Japan, while overseas sales were sluggish due to curbs on capital investment stemming from deteriorating market conditions.</p> <p>In the general industrial sector, investment in automation continued to be sluggish, particularly in China. Operating profit decreased from the previous fiscal year due to deterioration in capacity utilization resulting from decreased sales and inventory adjustments.</p>		
System Engineering	Net sales	58,089 million JPY (+12.5% year on year)
	Operating profit	174 million JPY (improved by 449 million JPY year on year)
<p>The System Engineering segment consists of the environment and social systems business and the industrial automation drive business of Yaskawa Automation Drives Corp., a subsidiary.</p> <p>Net sales for the segment as a whole increased due to the impact of new consolidation, and operating profit returned to profitability as a result of structural reforms.</p> <p>[Environment and Social Systems Business]</p> <p>While sales in the environmental energy field (Electrical products for photovoltaic power generation and large-scale wind turbines) were sluggish, sales in the social systems field in Japan related to electric systems for water supply and sewage were steady.</p> <p>[Industrial Automation Drive Business]</p> <p>Sales increased due to solid sales in the steel plant-related business as well as new consolidation.</p>		
Other	Net sales	22,804 million JPY (-28.2% year on year)
	Operating loss	253 million JPY (decreased by 699 million JPY year on year)
<p>Other segment is comprised of logistics and other businesses.</p> <p>Net sales decreased compared with the same period of the previous fiscal year and operating profit deteriorated due to the effect of the reclassification of segment classifications in accordance with the reorganization.</p>		

2. The Basic Idea for the Selection of the Accounting Standards

The Yaskawa Group has voluntarily adopted International Financial Reporting Standards (IFRS) in place of the existing Japanese standards for the consolidated financial statements included in its annual securities report for the fiscal year ended February 2020 (The 104th period), in order to improve management control and the international comparability of financial information in capital markets through the unification of accounting standards. The financial results for the fiscal year ended February 2020 are based on Japanese standards.

3. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2019	As of February 29, 2020
Assets		
Current assets		
Cash and deposits	39,320	34,539
Notes and accounts receivable — trade	136,201	128,921
Securities	—	5,779
Merchandise and finished goods	66,668	59,414
Work in process	19,221	16,443
Raw materials and supplies	25,599	25,858
Other	12,561	12,174
Allowance for doubtful accounts	-2,379	-2,185
Total current assets	297,193	280,945
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	42,490	40,409
Machinery, equipment and vehicles, net	19,109	18,757
Land	8,583	8,802
Construction in progress	3,124	6,919
Other, net	6,834	6,036
Total property, plant and equipment	80,142	80,925
Intangible assets		
Goodwill	6,797	6,233
Software	8,042	8,847
Other	14,209	17,657
Total intangible assets	29,050	32,738
Investments and other assets		
Investment securities	28,865	25,296
Retirement benefit asset	9	2,648
Deferred tax assets	15,235	13,445
Other	5,587	7,781
Allowance for doubtful accounts	-420	-1,453
Total investments and other assets	49,276	47,718
Total non-current assets	158,469	161,382
Total assets	455,663	442,327

(Millions of yen)

	As of February 28, 2019	As of February 29, 2020
Liabilities		
Current liabilities		
Notes and accounts payable — trade	71,823	54,730
Short-term loans payable	28,991	35,595
Accrued expenses	25,862	22,572
Income taxes payable	798	1,486
Provision for bonuses for directors (and other officers)	70	21
Provision for product warranties	1,285	928
Other	24,800	18,520
Total current liabilities	153,632	133,855
Non-current liabilities		
Long-term loans payable	16,858	35,859
Provision for retirement benefits for directors (and other officers)	232	194
Provision for stocks payment	707	657
Provision for product warranties	796	834
Retirement benefit liability	27,148	29,605
Other	6,534	10,275
Total non-current liabilities	52,277	77,427
Total liabilities	205,909	211,283
Net assets		
Shareholders' equity		
Capital stock	30,562	30,562
Capital surplus	27,638	27,638
Retained earnings	193,333	194,046
Treasury shares	-12,487	-22,109
Total shareholders' equity	239,047	230,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,948	5,130
Deferred gains or losses on hedges	15	7
Foreign currency translation adjustment	1,959	-5,093
Remeasurements of defined benefit plans	-1,232	-2,004
Total accumulated other comprehensive income	7,690	-1,960
Non-controlling interests	3,015	2,867
Total net assets	249,753	231,044
Total liabilities and net assets	455,663	442,327

2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Net sales	474,638	410,957
Cost of sales	317,946	286,175
Gross profit	156,692	124,782
Selling, general and administrative expenses	106,926	102,443
Operating profit	49,766	22,339
Non-Operating profit		
Interest income	355	337
Dividend income	478	539
Share of profit of entities accounted for using equity method	1,456	1,118
Subsidy income	1,105	824
Other	175	313
Total non-Operating profit	3,572	3,134
Non-operating expenses		
Interest expenses	597	704
Foreign exchange losses	1,459	933
Foreign value-added tax, etc.	—	232
Other	436	241
Total non-operating expenses	2,494	2,111
Ordinary profit	50,844	23,361
Extraordinary income		
Gain on sales of non-current assets	42	188
Gain on sales of investment securities	87	2,284
Gain on sales of shares of subsidiaries and associates	—	193
Gain on acquisition of subsidiary	6,014	—
Gain on change in equity	4	16
Other	0	21
Total extraordinary income	6,148	2,704
Extraordinary losses		
Loss on sales and retirement of non-current assets	383	147
Loss on valuation of investment securities	670	388
Loss on sales of investment securities	—	0
Loss on valuation of shares of subsidiaries and associates	399	199
Loss on valuation of investments in capital of subsidiaries and associates	204	102
Loss on liquidation of subsidiaries and associates	—	15
Impairment loss	1,166	69
Other	6	5
Total extraordinary losses	2,829	928
Profit before income taxes	54,163	25,136
Income taxes — current	10,817	7,743
Income taxes — deferred	1,679	2,778
Total income taxes	12,497	10,521
Profit	41,666	14,614
Profit attributable to non-controlling interests	501	165
Profit attributable to owners of parent	41,164	14,449

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Profit	41,666	14,614
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,884	-1,821
Deferred gains or losses on hedges	2	-8
Foreign currency translation adjustment	-2,078	-6,972
Remeasurements of defined benefit plans, net of tax	-850	-800
Share of other comprehensive income of entities accounted for using equity method	-125	-217
Total other comprehensive income	-6,936	-9,820
Comprehensive income	34,729	4,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34,291	4,798
Comprehensive income attributable to non-controlling interests	437	-3

3) Consolidated Statements of Changes in Net Assets

Fiscal 2018 (From March 1, 2018 to February 28, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,562	27,717	164,360	-1,338	221,301
Changes of items during period					
Dividends of surplus			-12,190		-12,190
Profit attributable to owners of parent			41,164		41,164
Purchase of treasury shares				-9,395	-9,395
Disposal of treasury shares		-0		24	24
Change in ownership interest of parent due to transactions with non-controlling interests		-78			-78
Change of scope of consolidation				-1,778	-1,778
Change of scope of equity method					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-78	28,973	-11,149	17,745
Balance at end of current period	30,562	27,638	193,333	-12,487	239,047

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	10,961	13	4,126	-538	14,563	2,761	238,626
Changes of items during period							
Dividends of surplus							-12,190
Profit attributable to owners of parent							41,164
Purchase of treasury shares							-9,395
Disposal of treasury shares							24
Change in ownership interest of parent due to transactions with non-controlling interests							-78
Change of scope of consolidation							-1,778
Change of scope of equity method							—
Net changes of items other than shareholders' equity	-4,013	2	-2,167	-694	-6,872	254	-6,618
Total changes of items during period	-4,013	2	-2,167	-694	-6,872	254	11,126
Balance at end of current period	6,948	15	1,959	-1,232	7,690	3,015	249,753

Fiscal 2019 (From March 1, 2019 to February 29, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,562	27,638	193,333	-12,487	239,047
Changes of items during period					
Dividends of surplus			-13,683		-13,683
Profit attributable to owners of parent			14,449		14,449
Purchase of treasury shares				-9,702	-9,702
Disposal of treasury shares		-0		58	58
Change in ownership interest of parent due to transactions with non-controlling interests					—
Change of scope of consolidation			22		22
Change of scope of equity method			-75	21	-53
Net changes of items other than shareholders' equity					
Total changes of items during period	—	-0	712	-9,622	-8,909
Balance at end of current period	30,562	27,638	194,046	-22,109	230,137

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,948	15	1,959	-1,232	7,690	3,015	249,753
Changes of items during period							
Dividends of surplus							-13,683
Profit attributable to owners of parent							14,449
Purchase of treasury shares							-9,702
Disposal of treasury shares							58
Change in ownership interest of parent due to transactions with non-controlling interests							—
Change of scope of consolidation							22
Change of scope of equity method							-53
Net changes of items other than shareholders' equity	-1,818	-8	-7,052	-771	-9,651	-148	-9,799
Total changes of items during period	-1,818	-8	-7,052	-771	-9,651	-148	-18,709
Balance at end of current period	5,130	7	-5,093	-2,004	-1,960	2,867	231,044

4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Cash flows from operating activities		
Profit before income taxes	54,163	25,136
Depreciation	14,314	16,212
Impairment loss	1,166	69
Amortization of goodwill	955	1,270
Gain on acquisition of subsidiary	-6,014	—
Increase (decrease) in allowance for doubtful accounts	-509	931
Increase (decrease) in retirement benefit liability	-1,690	353
Decrease in provision for retirement benefits for directors (and other officers)	-30	-37
Increase (decrease) in provision for bonuses for directors (and other officers)	10	-49
Increase in Provision for stocks payment	363	8
Decrease in provision for product warranties	-153	-263
Loss (gain) on sales and retirement of non-current assets	340	-40
Gain on sales of investment securities	-87	-2,284
Gain on sales of shares of subsidiaries and associates	—	-193
Loss on valuation of investment securities	670	388
Loss on valuation of shares of subsidiaries and associates	399	199
Loss on valuation of investments in capital of subsidiaries and associates	204	102
Interest and dividend income	-834	-877
Interest expenses	597	704
Decrease (increase) in notes and accounts receivable — trade	16,906	4,240
Decrease (increase) in inventories	-9,106	7,112
Decrease in notes and accounts payable — trade	-22,732	-16,522
Increase (decrease) in accounts payable — other	-1,724	275
Decrease in consumption taxes refund receivable	855	893
Other, net	80	-7,726
Subtotal	48,145	29,905
Interest and dividend income received	1,792	1,635
Interest expenses paid	-610	-709
Income taxes paid	-16,494	-9,929
Net cash provided by operating activities	32,832	20,901
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-23,057	-22,325
Proceeds from sales of property, plant and equipment and intangible assets	289	392
Purchase of investment in securities	-1,458	-1,255
Proceeds from sales and redemption of investment securities	98	3,335
Purchase of shares of subsidiaries	-1,181	-773
Purchase of investment of subsidiaries resulting in change in scope of consolidation	-3,058	—
Proceeds from purchase of investment of subsidiaries resulting in change in scope of consolidation	1,353	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	436
Other, net	-97	-456
Net cash used in investing activities	-27,111	-20,645

(Millions of yen)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Cash flows from financing activities		
Net increase in short-term loans payable	15,412	2,701
Proceeds from long-term loans payable	10,697	26,290
Repayments of long-term loans payable	-12,114	-2,512
Purchase of treasury shares	-9,390	-9,697
Cash dividends paid	-12,190	-13,669
Dividends paid to non-controlling interests	-418	-236
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation t	-140	—
Other, net	-608	-1,804
Net cash provided by (used in) financing activities	-8,754	1,071
Effect of exchange rate change on cash and cash equivalents	109	-355
Net increase (decrease) in cash and cash equivalents	-2,924	970
Cash and cash equivalents at beginning of period	42,213	39,289
Increase in cash and cash equivalents from newly consolidated subsidiary	—	47
Cash and cash equivalents at end of period	39,289	40,307

5) Notes to the Consolidated Financial Statements

(Notes pertaining to the presumption of a going concern)

None

(Change in accounting policies)

(Application of Accounting Standards for Revenue Recognition)

As it became possible to apply "Accounting standard for revenue recognition" (Business Accounting Standards No. 29, March 30, 2018 hereinafter referred to as "revenue recognition accounting standard".) and "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 of March 30, 2018) at the beginning of the fiscal year beginning on or after April 1, 2018, the Company applied accounting standards for revenue recognition, etc. at the beginning of the fiscal year under review, and recognized revenue in the amount that it expects to receive in exchange for a promised good or service when control of that good or service is transferred to a customer.

The application of the revenue recognition accounting standard, etc. is in accordance with the transitional treatment as provided in the proviso of Paragraph 84 of the revenue recognition accounting standard, and the cumulative effect of retroactive application is added or deducted from the retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from the balance at the beginning of this fiscal year. However, the Company has applied the policy prescribed in Paragraph 86 of the Revenue Recognition Accounting Standard, and has not retroactively applied the new accounting policy to contracts for which almost all amounts of revenue were recognized prior to the beginning of the fiscal year under the previous treatment.

The effect of the adoption of this accounting standard on the consolidated financial statements is immaterial.

(Application of IFRS No. 16 "Leasing")

Certain overseas consolidated subsidiaries apply IFRS No. 16 "Leasing" from the beginning of the fiscal year under review and record assets and liabilities on the consolidated balance sheet, in principle, for all leases as lessees' accounting treatment.

The Company adopts a method to recognize the cumulative effect of adoption of this new accounting standard, which is recognized as a transitional measure, on the initial date of adoption.

The effect of the adoption of this accounting standard on the consolidated financial statements is immaterial.

(Segment information)

1. Overview of Reporting Segments

Yaskawa Group's reportable segments are components of Yaskawa Group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and to evaluate performance.

The organization of Yaskawa Group is based on three business units: motion control, robotics and system engineering. Each business unit formulates comprehensive strategies for Japan and overseas and develops business activities.

Accordingly, Yaskawa Group has three reportable segments, namely, "Motion Control" "Robotics" and "System

Engineering".

"Motion Control" develops, manufactures, sells and provides maintenance services for AC servo motor, controllers and drives. "Robotics" develops, manufactures, sells and provides maintenance services for industrial robots and other products. "System Engineering" mainly develops, manufactures, sells and provides maintenance services for electrical systems for steel plants and water and sewage systems.

Beginning in the fiscal year under review, Yaskawa Group restructured its organization with the aim of optimizing its functions and making effective use of its resources, and reviewed its segment classifications. The PM motor business, which was previously included in "System Engineering", is now included in "Motion Control".

Segment information for the previous consolidated fiscal year has been prepared based on the classification of reportable segments after the organizational changes.

2.The method of calculating the amounts of net sales, profits or losses, assets and other items by reportable segment

The method of accounting for the reported business segments is generally the same as that used for the preparation of the consolidated financial statements.

Reportable segment income is based on operating profit.

Intersegment sales or transfers are primarily based on prevailing market prices.

3. Sales, income (loss), assets and other items for each reporting segment

	Fiscal 2018 (March 1, 2018 - February 28, 2019)					(Millions of yen)	
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
Sales							
Sales to external customers	213,260	177,995	51,627	31,755	474,638	-	474,638
Intersegment sales and transfers	19,595	4,098	253	17,816	41,764	-41,764	-
Total sales	232,855	182,094	51,881	49,571	516,402	-41,764	474,638
Segment operating income (loss)	34,247	17,298	-275	446	51,717	-1,951	49,766
Segment assets	155,779	164,571	56,980	32,454	409,785	45,877	455,663
Other items							
Depreciation and amortization	6,506	5,693	1,590	504	14,294	19	14,314
Goodwill amortization	-	197	562	35	796	159	955
Increase in property, plant and equipment and intangible assets	13,985	7,544	4,984	756	27,271	8,383	35,654

Notes

1. IT-related business and logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income (loss) of -1,951 million yen includes expenses in basic research, amortization of goodwill and other activities that do not belong to any reportable segments.
3. Segment operating income has been adjusted to consolidated operating income described in the consolidated financial statements.

	Fiscal 2019 (March 1, 2019 - February 29, 2020)					(Millions of yen)	
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
Sales							
Sales to external customers	177,893	152,170	58,089	22,804	410,957	-	410,957
Intersegment sales and transfers	14,880	2,533	1,174	15,667	34,256	-34,256	-
Total sales	192,774	154,703	59,263	38,472	445,213	-34,256	410,957
Segment operating income (loss)	18,708	5,500	174	-253	24,129	-1,790	22,339
Segment assets	172,637	144,649	54,514	23,875	395,676	46,650	442,327
Other items							
Depreciation and amortization	7,707	6,073	1,929	457	16,168	43	16,212
Goodwill amortization	187	183	421	-	792	478	1,270
Increase in property, plant and equipment and intangible assets	9,537	4,875	3,068	555	18,036	6,195	24,231

Notes

1. Logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income (loss) of -1,790 million yen includes expenses in basic research, amortization of goodwill and other activities that do not belong to any reportable segments.
3. Segment operating income has been adjusted to consolidated operating income described in the consolidated financial statements.

(Per Share Information)

(Yen)

	Fiscal 2018 (March 1, 2018 - February 28, 2019)	Fiscal 2019 (March 1, 2019 - February 29, 2020)
Net assets per share	935.27	872.99
Earnings per share (basic)	155.86	55.14

Note1: Earnings per share (diluted) is not shown as there is no dilutive shares.

Note2: The shares of the Company remaining in Board Benefit Trust (BBT) and Employee Stock Ownership Plan (J-ESOP) recorded as treasury shares in shareholders' equity are included in treasury shares deducted from outstanding shares at end of period in calculating net assets per share, and they are included in treasury shares deducted to calculate average number of shares during period in calculating earnings per share. The number of treasury shares at end of period deducted in calculating net assets per share is 284 thousand for fiscal 2018 and 745 thousand for fiscal 2019, and average number of shares during period deducted in calculating earnings per share is 286 thousand for fiscal 2018 and 448 thousand for fiscal 2019.

Note3: The basis for calculating earnings per share is shown below.

	Fiscal 2018 (March 1, 2018 - February 28, 2019)	Fiscal 2019 (March 1, 2019 - February 29, 2020)
Earnings per share (basic)		
Profit attributable to owners of parent	41,164	14,449
Profit not available to common shareholders (Millions of yen)	-	-
Profit available to common shareholders (Millions of yen)	41,164	14,449
Weighted average number of shares outstanding (Thousands)	264,120	262,072

(Subsequent Events)

None