

Consolidated Results for the First Quarter of Fiscal Year Ending February 28, 2022 [IFRS]

July 9, 2021

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 First Quarter of Fiscal Year Ending February 28, 2022 (from March 1, 2021 to May 31, 2021)

(1) Consolidated Statements of Income

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

	Revenue		Operating profit		Profit before tax		Profit	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Three months ended May 31, 2021	119,002	31.1%	12,944	107.9%	13,533	129.5%	10,197	122.8%
Three months ended May 31, 2020	90,802	-15.5%	6,227	-21.6%	5,896	-21.4%	4,577	-17.4%

	Profit attributable to owners of parent		Comprehensive income		Earnings per share (basic, Yen)		Earnings per share (diluted, Yen)	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Three months ended May 31, 2021	10,079	123.0%	17,752	-%	38.56		38.54	
Three months ended May 31, 2020	4,519	-16.7%	-180	-%	17.29		17.28	

(2) Consolidated Financial Position

(Millions of yen, except ratio)

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of May 31, 2021	508,128	264,198	260,647	51.3%
As of February 28, 2021	487,428	249,561	246,266	50.5%

2. Dividends

	Dividends per share (yen)				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual total
Year ended February 28, 2021	-	12.00	-	12.00	24.00
Year ending February 28, 2022	-				
Year ending February 28, 2022 (Forecasts)		26.00	-	26.00	52.00

Note: Revisions to the most recently announced dividend forecast: Yes

3. Projected Consolidated Results for the Fiscal Year Ending February 28, 2022
(from March 1, 2021 to February 28, 2022)

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

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Year ending February 28, 2022	460,000	18.0%	54,000	98.7%	55,500	104.3%	41,000	116.6%

The forecast for the fiscal year ending February 2022 (March 1, 2021 - February 28, 2022) is shown above. As it has been gradually normalized from COVID-19 related crisis, capital investment in the manufacturing industry as a whole has recovered strongly. In China, active investments are continuing in wide-ranged markets, including automobiles, new infrastructure-related and 3C products. Demand particularly from automobiles, semiconductors, and electronic components also remains high in other regions. As a result, the motion control business and the robotics business, which are our core businesses, have been receiving more orders than we expected, hence we have made an upward revision of our annual forecasts for the fiscal year ending February 28, 2022, which we announced on April 9, 2021.

For the above reason, considering overall business conditions of Yaskawa Group, we have revised our interim and year-end dividend forecast for the fiscal year ending February 2022 from ¥20 to ¥26. As a result, an annual dividend is planned to increase by 28 yen to 52 yen per share.

The average exchange rates for USD, EUR, and KRW were revised from the initial forecast. For the period from June 1, 2021 to February 28, 2022, 1 USD=109.0 JPY (initial forecast 110.0 JPY), 1 EUR= 131.0 JPY (130.0 JPY), 1 KRW= 0.097 JPY (0.096 JPY). 1 CNY is 16.80 JPY as originally planned at the announcement in April.

***Notes:**

(1) Major Change in Scope of Consolidation: No

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

1. Changes in accounting policies required by IFRS: No
2. Changes in accounting policies other than the above: No
3. Changes in accounting estimates: No

(3) Number of Common Shares Outstanding

	Three months ended May 31, 2021	Year ended February 28, 2021
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	5,291,898	5,291,858
Average number of shares during period	261,398,616	261,375,464

* 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 July 9, 2021 (JST).

4. Qualitative Information on Quarterly Results

Business Performance

In the first quarter under review, capital investment in the manufacturing industry as a whole recovered significantly as it was gradually normalized from COVID-19 related crisis. Active capital investments in new infrastructure-related projects continued to be implemented in China and demand in other regions also remained at a high level, especially in automobiles, semiconductors, and electronic components markets.

In this environment, Yaskawa Group captured strong demand on a global basis mainly in AC servo & controller business and the robotics business. As a result, revenue significantly increased on a year-to-year basis. Also, operating profit increased significantly on a year-to-year basis due to improved capacity utilization associated with a revenue increase and strict cost reduction through a variety of activities including the achievement through promoting YASKAWA Digital Transformation (YDX).

<Management environment of each region>

Japan:

Demand of market was firm because capital investments recovered in semiconductor, electronic component, and automobile market.

U.S.:

The economy moved into expansion phase because of continued robust capital investment in the semiconductor market as well as increased demand in the automobile and machine tool markets.

Europe:

Demand for automobiles and machine tools grew thanks to the market recovery along with the economy normalization.

China:

Capital investment was actively implemented in wide-ranged markets including automobiles, 5G, and new energy-related markets, supported by strong demand in Japan and overseas.

Other Asian Countries:

Capital investment in semiconductors and LCDs increased specifically in South Korea and Taiwan.

The business performance of the first quarter of fiscal 2021 is as follows.

	Three months ended May 31, 2020	Three months ended May 31, 2021	Change
Revenue	90,802 million JPY	119,002 million JPY	+31.1%
Operating profit	6,227 million JPY	12,944 million JPY	+107.9%
Profit attributable to owners of parent	4,519 million JPY	10,079 million JPY	+123.0%
Average exchange rate for USD	107.63 JPY	108.97 JPY	+1.34 JPY
Average exchange rate for EUR	117.87 JPY	130.70 JPY	+12.83 JPY
Average exchange rate for CNY	15.21 JPY	16.79 JPY	+1.58 JPY
Average exchange rate for KRW	0.088 JPY	0.097 JPY	+0.009 JPY

Performance by Business Segment

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

The performance of each business segment for the first quarter of fiscal 2021 is as follows.

Motion Control	Revenue	59,937 million JPY (+ 35.5% year-on-year)
	Operating profit	11,035 million JPY (+ 67.7% year-on-year)
<p>The Motion Control segment consists of the AC servo & controller business and the AC drives business. In both AC servo & controller business and AC drives business, revenue increased significantly, because of active capital investment over the world. On the profit front, operating profit increased substantially thanks to a revenue increase.</p> <p>[AC servo & controller business] Demand of 5G-related products mainly for smartphones and new energy-related products including lithium-ion batteries and solar power panels increased. In addition, demand for semiconductors and electronic components increased globally, especially in Japan, the United States, and South Korea. As a result, AC servo & controller business enjoyed brisk sales.</p> <p>[AC drives business] Revenue increased because capital investment was vigorous due to the recovery of market conditions in the United States, and increased infrastructure-related investment in China.</p>		
Robotics	Revenue	40,651 million JPY (+38.9% year-on-year)
	Operating profit	2,053 million JPY (+688.0% year-on-year)
<p>In the automobile market which is the principal market in the robotics segment, global capital investment recovered significantly centering in China, the United States, and Europe and demand for EVs (electric vehicles) also increased. Additionally, capital investment in general industrial markets including logistics, food, and 3C* was made over the world for the purpose of promoting sophisticated and automated production.</p> <p>In addition, strong sales of semiconductor wafer handling robots contributed to a significant increase in revenue on a year-to-year basis. Operating profit also increased because of the improvement of capacity utilization resulting from an increase in revenue and a recovery of service and maintenance-related businesses with the normalization of production activities in the manufacturing industry as a whole.</p> <p>*3C: Capital letters of computer, communication, and consumer Electronics.</p>		
System Engineering	Revenue	13,732 million JPY (+14.7% year-on-year)
	Operating profit	602 million JPY (+578.7% year-on-year)
<p>The System Engineering segment consists of the environment and social systems business and the industrial automation drive business.</p> <p>Revenue increased on a year-to-year basis because of sales growth in the environment and social systems business. Operating profit also increased due to improvement of profitability mainly by sales growth for water and sewage systems and strict cost controls in entire segment.</p> <p>[Environment and Social Systems Business] Sales of water and sewage systems in Japan and electrical equipment for large-scale wind turbines in Europe were on a recovery trend.</p> <p>[Industrial Automation Drive Business] Sales of steel plant business stayed flat in Japan.</p>		

Other	Revenue	4,680 million JPY (-12.2% year-on-year)
	Operating loss	141 million JPY (improved by 212 million JPY year-on-year)
<p>Other segment consists of logistics and other businesses. Revenue decreased mainly in Japan on a year-to-year basis, while operating profit increased due to improvement in product mix.</p>		

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and cash equivalents	50,953	55,845
Trade receivables	127,577	136,943
Inventories	101,494	105,635
Other financial assets	1,961	2,509
Other current assets	21,437	18,764
Total current assets	<u>303,423</u>	<u>319,698</u>
Non-current assets		
Property, plant and equipment	86,475	86,401
Goodwill	6,604	6,673
Intangible assets	17,917	18,153
Right-of-use assets	12,529	12,623
Investments accounted for using equity method	9,009	8,950
Other financial assets	30,949	31,855
Deferred tax assets	14,473	16,972
Other non-current assets	6,045	6,799
Total non-current assets	<u>184,004</u>	<u>188,429</u>
Total assets	<u><u>487,428</u></u>	<u><u>508,128</u></u>

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	61,064	69,653
Borrowings	29,315	22,239
Income taxes payable	2,115	3,335
Lease liabilities	2,451	2,638
Other financial liabilities	13,558	4,964
Provisions	904	938
Other current liabilities	45,137	50,474
Total current liabilities	<u>154,548</u>	<u>154,243</u>
Non-current liabilities		
Bonds and borrowings	35,682	42,341
Lease liabilities	9,095	9,003
Other financial liabilities	155	227
Retirement benefit liability	29,827	29,412
Deferred tax liabilities	1,183	1,216
Provisions	3,730	3,918
Other non-current liabilities	3,644	3,566
Total non-current liabilities	<u>83,319</u>	<u>89,687</u>
Total liabilities	<u>237,867</u>	<u>243,930</u>
Equity		
Equity attributable to owners of parent		
Share capital	30,562	30,562
Capital surplus	28,042	28,064
Retained earnings	204,150	211,764
Treasury shares	-22,023	-22,024
Other components of equity	5,535	12,281
Total equity attributable to owners of parent	<u>246,266</u>	<u>260,647</u>
Non-controlling interests	<u>3,294</u>	<u>3,550</u>
Total equity	<u>249,561</u>	<u>264,198</u>
Total liabilities and equity	<u><u>487,428</u></u>	<u><u>508,128</u></u>

2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Revenue	90,802	119,002
Cost of sales	-62,851	-78,848
Gross profit	27,951	40,153
Selling, general and administrative expenses	-22,293	-27,416
Other income	600	256
Other expenses	-30	-49
Operating profit	6,227	12,944
Finance income	105	336
Finance costs	-663	-174
Share of profit of investments accounted for using equity method	227	426
Profit before tax	5,896	13,533
Income tax expense	-1,318	-3,336
Profit	4,577	10,197
Profit attributable to		
Owners of parent	4,519	10,079
Non-controlling interests	58	118
Total	4,577	10,197
Earnings per share		
Basic earnings per share (yen)	17.29	38.56
Diluted earnings per share (yen)	17.28	38.54

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Profit	4,577	10,197
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	-33	71
Remeasurements of defined benefit plans	-89	691
Share of other comprehensive income of investments accounted for using equity method	-4	4
Total	<u>-127</u>	<u>767</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-4,625	6,797
Effective portion of cash flow hedges	-5	-10
Total	<u>-4,631</u>	<u>6,787</u>
Total other comprehensive income	<u>-4,758</u>	<u>7,555</u>
Comprehensive income	<u><u>-180</u></u>	<u><u>17,752</u></u>
Comprehensive income attributable to		
Owners of parent	-87	17,496
Non-controlling interests	-92	256
Total	<u><u>-180</u></u>	<u><u>17,752</u></u>

3) Consolidated Statements of Changes in Equity

First quarter of Fiscal 2020 (From March 1, 2020 to May 31, 2020)

	Equity attributable to owners of parent						(Millions of yen)	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total
	Balance at beginning of period	30,562	28,161	194,558	-22,109	-2,810	228,362	2,805
Profit	—	—	4,519	—	—	4,519	58	4,577
Other comprehensive income	—	—	—	—	-4,607	-4,607	-150	-4,758
Comprehensive income	—	—	4,519	—	-4,607	-87	-92	-180
Purchase of treasury shares	—	—	—	-0	—	-0	—	-0
Disposal of treasury shares	—	-0	—	0	—	0	—	0
Dividends of surplus	—	—	-6,796	—	—	-6,796	—	-6,796
Transfer from other components of equity to retained earnings	—	—	-325	—	325	—	—	—
Other	—	—	-301	—	—	-301	—	-301
Total	—	-0	-7,423	-0	325	-7,098	—	-7,098
Balance at end of period	30,562	28,161	191,654	-22,110	-7,092	221,176	2,712	223,888

First quarter of Fiscal 2021 (From March 1, 2021 to May 31, 2021)

	Equity attributable to owners of parent						(Millions of yen)	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total
	Balance at beginning of period	30,562	28,042	204,150	-22,023	5,535	246,266	3,294
Profit	—	—	10,079	—	—	10,079	118	10,197
Other comprehensive income	—	—	—	—	7,417	7,417	138	7,555
Comprehensive income	—	—	10,079	—	7,417	17,496	256	17,752
Purchase of treasury shares	—	—	—	-0	—	-0	—	-0
Disposal of treasury shares	—	—	—	—	—	—	—	—
Dividends of surplus	—	—	-3,137	—	—	-3,137	—	-3,137
Transfer from other components of equity to retained earnings	—	—	671	—	-671	—	—	—
Other	—	21	—	—	—	21	—	21
Total	—	21	-2,465	-0	-671	-3,115	—	-3,115
Balance at end of period	30,562	28,064	211,764	-22,024	12,281	260,647	3,550	264,198

4) Notes to the Consolidated Financial Statements

(Notes pertaining to the presumption of a going concern)

None