

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

October 8, 2021

Listed company name: YASKAWA Electric Corporation

<https://www.yaskawa-global.com/>

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 Half of the Fiscal Year Ending February 28, 2022 (from March 1, 2021 to August 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
Six months ended August 31, 2021	239,907	28.4%	26,867	102.1%	27,836	112.3%	21,323	121.0%
Six months ended August 31, 2020	186,846	-11.8%	13,294	-8.3%	13,109	-7.4%	9,646	-5.2%

	Profit attributable to owners of parent		Comprehensive income		Earnings per share (basic, Yen)	Earnings per share (diluted, Yen)
	Amount	% Change	Amount	% Change	Amount	Amount
Six months ended August 31, 2021	21,164	122.5%	27,280	223.0%	80.96	80.93
Six months ended August 31, 2020	9,510	-5.3%	8,446	-%	36.38	36.37

(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 August 31, 2021	515,288	273,545	270,187	52.4%
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	-	26.00			
Year ending February 28, 2022 (Forecasts)			-	26.00	52.00

Note: Revisions to the most recently announced dividend forecast: No

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	485,000	24.5%	58,000	113.4%	59,500	119.0%	42,500	124.5%

Note: Revisions to the most recently announced sales and earnings forecast: Yes

The automobile, semiconductor, and electronic components markets have expanded globally, and the demand from investment related to new infrastructure, such as 5G and new energy, remains high in China. Although there is uncertainty about the future, such as shortages of parts supply including semiconductors, we have been receiving orders above our expectation in Motion Control and Robotics which are the main businesses.

Hence, we have made an upward revision of our annual forecasts for the fiscal year ending February 28, 2022, which we announced on July 9, 2021.

Average exchange rate assumptions during the period from September 1, 2021 to February 28, 2022 for EUR and KRW are revised from those at the first quarter to 1EUR = 129.0 JPY and 1KRW = 0.093 JPY. Assumptions for USD and CNY are not revised, 1USD = 109.0 JPY and 1CNY = 16.80 JPY.

Our forecast for annual dividend remains unchanged.

*Please see supplements to financial results on our website for detailed information.

(<https://www.yaskawa-global.com>)

*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

The number of shares outstanding including treasury shares	As of August 31, 2021	266,690,497	As of February 28, 2021	266,690,497
The number of treasury shares	As of August 31, 2021	5,277,758	As of February 28, 2021	5,291,858
Average during the period	Six months ended August 31, 2021	261,404,703	Six months ended August 31, 2020	261,384,613

* 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 a telephone conference for securities analysts and institutional investors on October 11, 2021.

4. Qualitative Information on Quarterly Results

Business Performance

In the second quarter under review, the business environment in Yaskawa Group has been normalized from COVID-19 crisis, and active capital investments have been made in the manufacturing industry as a whole to upgrade and automate production. The automobile, semiconductor, electronic components markets have expanded globally, and investment related to new infrastructure, such as 5G and new energy, continued in China. As a result, demand remained generally high.

In this environment, although the business was affected by shortages of parts supply, sales increased significantly from the same period of the previous fiscal year as a result of an accurate response to strong demand particularly in the Motion Control and Robotics segments. On the profit front, though operating profit was affected by the rise in logistics cost and raw material cost, it increased significantly year on year due to sales improvement and thorough cost control.

<Management environment of each region>

Japan:

The demand remained strong with active capital investment in the automobile, semiconductor, and electronic components markets.

U.S.:

Capital investment related to semiconductors and automobiles remained at a high level, and demand in the machine tool market also increased. As a result, our business has been on the expanding trend.

Europe:

The market continued to recover as the economy normalized, and demand grew particularly in automobiles and machine tools.

China:

The demand related to automobiles and new infrastructure, such as 5G and new energy, remained strong. As a result, capital investment continued to be active for the most part.

Other Asian Countries:

Despite the impact of COVID-19 re-expansion in ASEAN countries, capital investment related to semiconductors and LCDs grew in South Korea, Taiwan, and other countries.

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

	Six months ended August 31, 2020	Six months ended August 31, 2021	Change
Revenue	186,846 million JPY	239,907 million JPY	+28.4%
Operating profit	13,294 million JPY	26,867 million JPY	+102.1%
Profit attributable to owners of parent	9,510 million JPY	21,164 million JPY	+122.5%
Average exchange rate for USD	107.22 JPY	109.54 JPY	+2.32 JPY
Average exchange rate for EUR	120.41 JPY	130.78 JPY	+10.37 JPY
Average exchange rate for CNY	15.23 JPY	16.92 JPY	+1.69 JPY
Average exchange rate for KRW	0.089 JPY	0.097 JPY	+0.008 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 half of fiscal 2021 is as follows.

Motion Control	Revenue	116,484 million JPY (+35.7% year-on-year)
	Operating profit	19,682 million JPY (+58.3% year-on-year)
<p>Motion Control segment is comprised of AC servo & controller business and drives business. As a result of active capital investment over the world, sales in the segment as a whole were favorable and revenue increased significantly. On the profit front, though operating profit was affected by the rise in logistics cost and raw material cost, it increased due to revenue improvement.</p> <p><AC servo & controller business> The demand for semiconductors and electronic components remained high globally, especially in Japan, the United States, and South Korea. In addition, sales were generally strong because in China, demand for 5G, such as smartphones and base stations, increased, and active capital investment was carried out in new energy-related fields such as lithium-ion batteries and solar panels.</p> <p><Drives business> In addition to vitalization of capital investment due to global market recovery, demand for infrastructure, such as cranes, and textiles expanded in China, resulting in revenue increase.</p>		
Robotics	Revenue	86,401 million JPY (+32.1% year-on-year)
	Operating profit	6,957 million JPY (+179.8% year-on-year)
<p>In the automobile market, which is the main market of this segment, there was active investment in the overall market following expansion of the automation of production facilities. Also, demand for EVs (electric vehicles) and batteries increased. Moreover, investment was also made in the general industrial sector such as logistics, food, and 3C* to upgrade and automate production on a global basis. In addition to this demand situation, steady sales of semiconductor robots led to significant revenue increase. At the same time, operating profit increased significantly due to revenue increase and improvement of capacity utilization.</p> <p>*3C: Capital letters of computer, communication, and consumer electronics.</p>		
System Engineering	Revenue	27,140 million JPY (+11.1% year-on-year)
	Operating profit	1,217 million JPY (+523.5% year-on-year)
<p>The System Engineering segment consists of the Environment and Social Systems Business and the Industrial Automation Drive Business. Revenue increased from the same period of the previous fiscal year and operating profit also increased because of thorough profit management and cost control.</p> <p>[Environment and Social Systems Business] Due to the normalization from COVID-19 crisis, the sales of water supply and sewerage systems in Japan and electrical equipment for large-scale wind turbines in Europe were steady.</p> <p>[Industrial Automation Drive Business] Although steel plant-related revenue in Japan was sluggish, the sales of port cranes overseas were steady.</p>		
Other	Revenue	9,881 million JPY (-11.5% year-on-year)
	Operating loss	21 million JPY (improved by 228 million JPY year-on-year)
<p>Other segment is comprised of logistics and other businesses. While revenue decreased from the same period of the previous fiscal year particularly in Japan, operating profit increased mainly due to improvement of the product mix.</p>		

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

	(Millions of yen)	
	As of February 28, 2021	As of August 31, 2021
Assets		
Current assets		
Cash and cash equivalents	50,953	52,555
Trade receivables	127,577	142,802
Inventories	101,494	109,180
Other financial assets	1,961	2,792
Other current assets	21,437	20,290
Total current assets	<u>303,423</u>	<u>327,622</u>
Non-current assets		
Property, plant and equipment	86,475	85,554
Goodwill	6,604	6,631
Intangible assets	17,917	17,676
Right-of-use assets	12,529	11,776
Investments accounted for using equity method	9,009	9,334
Other financial assets	30,949	32,705
Deferred tax assets	14,473	15,973
Other non-current assets	6,045	8,013
Total non-current assets	<u>184,004</u>	<u>187,666</u>
Total assets	<u><u>487,428</u></u>	<u><u>515,288</u></u>

(Millions of yen)

	As of February 28, 2021	As of August 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	61,064	72,054
Borrowings	29,315	22,847
Income taxes payable	2,115	3,894
Lease liabilities	2,451	2,517
Other financial liabilities	13,558	4,774
Provisions	904	1,065
Other current liabilities	45,137	47,727
Total current liabilities	<u>154,548</u>	<u>154,880</u>
Non-current liabilities		
Bonds and borrowings	35,682	38,593
Lease liabilities	9,095	8,313
Other financial liabilities	155	227
Retirement benefit liability	29,827	30,121
Deferred tax liabilities	1,183	1,216
Provisions	3,730	4,845
Other non-current liabilities	3,644	3,544
Total non-current liabilities	<u>83,319</u>	<u>86,862</u>
Total liabilities	<u>237,867</u>	<u>241,743</u>
Equity		
Equity attributable to owners of parent		
Share capital	30,562	30,562
Capital surplus	28,042	28,012
Retained earnings	204,150	222,938
Treasury shares	-22,023	-21,970
Other components of equity	5,535	10,644
Total equity attributable to owners of parent	<u>246,266</u>	<u>270,187</u>
Non-controlling interests	<u>3,294</u>	<u>3,357</u>
Total equity	<u>249,561</u>	<u>273,545</u>
Total liabilities and equity	<u>487,428</u>	<u>515,288</u>

2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Revenue	186,846	239,907
Cost of sales	<u>-130,294</u>	<u>-156,031</u>
Gross profit	56,551	83,876
Selling, general and administrative expenses	<u>-43,885</u>	<u>-56,632</u>
Other income	960	414
Other expenses	<u>-332</u>	<u>-791</u>
Operating profit	13,294	26,867
Finance income	386	537
Finance costs	<u>-1,087</u>	<u>-438</u>
Share of profit of investments accounted for using equity method	516	869
Profit before tax	13,109	27,836
Income tax expense	<u>-3,462</u>	<u>-6,512</u>
Profit	<u>9,646</u>	<u>21,323</u>
Profit attributable to		
Owners of parent	9,510	21,164
Non-controlling interests	<u>136</u>	<u>158</u>
Total	<u>9,646</u>	<u>21,323</u>
Earnings per share		
Basic earnings per share (Yen)	36.38	80.96
Diluted earnings per share (Yen)	36.37	80.93

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended August 31, 2020	Six months ended August 31, 2021
Profit	9,646	21,323
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	319	691
Remeasurements of defined benefit plans	378	806
Share of other comprehensive income of investments accounted for using equity method	8	5
Total	<u>707</u>	<u>1,503</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-1,910	4,457
Effective portion of cash flow hedges	2	-3
Total	<u>-1,907</u>	<u>4,454</u>
Total other comprehensive income	<u>-1,200</u>	<u>5,957</u>
Comprehensive income	<u>8,446</u>	<u>27,280</u>
Comprehensive income attributable to		
Owners of parent	8,405	27,034
Non-controlling interests	40	246
Total	<u>8,446</u>	<u>27,280</u>

3) Consolidated Statements of Changes in Equity

First half of Fiscal 2021 (From March 1, 2020 to August 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	231,167
Profit	—	—	9,510	—	—	9,510	136	9,646
Other comprehensive income	—	—	—	—	-1,104	-1,104	-96	-1,200
Comprehensive income	—	—	9,510	—	-1,104	8,405	40	8,446
Purchase of treasury shares	—	—	—	-3	—	-3	—	-3
Disposal of treasury shares	—	3	—	91	—	95	—	95
Dividends of surplus	—	—	-6,796	—	—	-6,796	-124	-6,921
Share-based remuneration transactions	—	-72	—	—	—	-72	—	-72
Increase by business combination	—	—	—	—	—	—	15	15
Changes in ownership interest in subsidiaries	—	-1	—	—	—	-1	-74	-76
Transfer from other components of equity to retained earnings	—	—	44	—	-44	—	—	—
Other	—	—	-304	—	—	-304	—	-304
Total	—	-70	-7,056	88	-44	-7,082	-184	-7,266
Balance at end of period	30,562	28,091	197,012	-22,021	-3,959	229,685	2,662	232,347

First half of Fiscal 2022 (From March 1, 2021 to August 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	249,561
Profit	—	—	21,164	—	—	21,164	158	21,323
Other comprehensive income	—	—	—	—	5,869	5,869	87	5,957
Comprehensive income	—	—	21,164	—	5,869	27,034	246	27,280
Purchase of treasury shares	—	—	—	-2	—	-2	—	-2
Disposal of treasury shares	—	3	—	55	—	58	—	58
Dividends of surplus	—	—	-3,137	—	—	-3,137	-183	-3,320
Share-based remuneration transactions	—	-54	—	—	—	-54	—	-54
Increase by business combination	—	—	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	760	—	-760	—	—	—
Other	—	21	—	—	—	21	—	21
Total	—	-29	-2,376	52	-760	-3,113	-183	-3,297
Balance at end of period	30,562	28,012	222,938	-21,970	10,644	270,187	3,357	273,545

4) Notes to the Consolidated Financial Statements

(Notes pertaining to the presumption of a going concern)

None