

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

January 11, 2022

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 Three Quarters of the Fiscal Year Ending February 28, 2022 (from March 1, 2021 to November 30, 2021)

(1) Consolidated Statements of Income

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

	Revenue		Operating profit		Profit before tax		Profit	
Nine months ended November 30, 2021	357,378	27.7%	39,932	99.2%	41,227	116.0%	31,058	116.6%
Nine months ended November 30, 2020	279,937	-9.6%	20,041	4.8%	19,083	-0.5%	14,337	4.0%

	Profit attributable to owners of parent		Comprehensive income		Earnings per share (basic, Yen)	Earnings per share (diluted, Yen)
Nine months ended November 30, 2021	30,774	118.5%	45,997	176.9%	117.73	117.66
Nine months ended November 30, 2020	14,083	3.3%	16,608	85.8%	53.88	53.86

(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 November 30, 2021	537,935	285,465	281,838	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)

Year ending February 28, 2022	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
	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: No

The consolidated earnings forecast announced on October 8, 2021 will remain unchanged in view of the impact of production due to parts shortages, although demand conditions remain favorable.

Average exchange rate assumptions during the period from December 1, 2021 to February 28, 2022 are revised from those announced in the first half results, which are 1USD=109.0JPY, 1EUR=129.0JPY, 1CNY=16.80JPY and 1KRW=0.093JPY, to 1USD=113.0JPY, 1EUR=128.0JPY, 1CNY=17.80JPY and 1KRW=0.095JPY.

*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 November 30, 2021	266,690,497	As of February 28, 2021	266,690,497
The number of treasury shares	As of November 30, 2021	5,277,021	As of February 28, 2021	5,291,858
Average during the period	Nine months ended November 30, 2021	261,407,456	Nine months ended November 30, 2020	261,388,915

* 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 January 11, 2022.

4. Qualitative Information on Quarterly Results

Business Performance

In the third quarter under review, the business environment in Yaskawa Group has been steadily normalized from COVID-19 crisis, and active capital investments have been made in the manufacturing industry as a whole to upgrade and automate production. In particular, the semiconductor and electronic components markets have expanded globally, and capital investments related to the adoption of EVs (electric vehicles) in the automobile market as well as the lithium-ion batteries have been accelerated. Also, investments related to new infrastructure, such as 5G and new energy, continued in China, and demand remained high globally through the first three quarters.

In this environment, although the business was affected by prolonged shortages of parts supply, revenue 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 revenue increase and thorough cost control.

<Management environment of each region>

Japan:

Capital investments remained firm in the semiconductor and electronic component markets as well as the automobile market.

U.S.:

Semiconductor and automobile-related demand remained at a high level. Also, investments for automation was active due to concerns about labor shortages. As a result, demand has been expanding as a whole.

Europe:

The market continued to recover as the economy normalized, and demand grew as a whole, particularly in the automobile and machine tool markets.

China:

The demand related to new infrastructure, such as 5G and new energy, and automobile remained strong. Consequently, active capital investments continued throughout the first three quarters.

Other Asian Countries:

Capital investments related to semiconductors and LCDs grew in South Korea, Taiwan, and other countries.

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

	Nine months ended November 30, 2020	Nine months ended November 30, 2021	Change
Revenue	279,937 million JPY	357,378 million JPY	+27.7%
Operating profit	20,041 million JPY	39,932 million JPY	+99.2%
Profit attributable to owners of parent	14,083 million JPY	30,774 million JPY	+118.5%
Average exchange rate for USD	106.54 JPY	110.50 JPY	+3.96 JPY
Average exchange rate for EUR	121.61 JPY	130.67 JPY	+9.06 JPY
Average exchange rate for CNY	15.38 JPY	17.12 JPY	+1.74 JPY
Average exchange rate for KRW	0.090 JPY	0.096 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 the first three quarters of fiscal 2021 is as follows.

Motion Control	Revenue	172,920 million JPY (+35.1% year-on-year)
	Operating profit	29,703 million JPY (+62.8% year-on-year)
<p>Motion Control segment is comprised of AC servo & controller business and drives business.</p> <p>As a result of active capital investments over the world, sales of the segment as a whole were favorable, resulting in a significant increase in revenue. In terms of profits, despite the impact of higher logistics costs and raw material costs, operating profit increased due to an increase in revenue and the effect of switching to new products of AC drive.</p> <p><AC servo & controller business></p> <p>The demand for semiconductors and electronic components remained at high levels in Japan, the United States, South Korea and other countries. Sales were strong due to the increase in 5G-related demand for smartphones and base stations, and active capital investments made throughout the fiscal year in new energy-related fields such as lithium-ion batteries and photovoltaic power generation panels in China.</p> <p><Drives business></p> <p>Capital investments increased due to the recovery in global markets, including Europe. In addition, demand related to energy conservation measures and textile-related demand increased in China, which led to increase in revenue.</p>		
Robotics	Revenue	131,049 million JPY (+31.5% year-on-year)
	Operating profit	11,747 million JPY (+178.4% year-on-year)
<p>In the automotive market, which is the main market for the robotics segment, the adoption of EVs accelerated globally, and there continued to be a movement to expand investments in new production facilities.</p> <p>In general industries such as 3C*, investments were made mainly in Japan, Europe, and the United States to upgrade and automate production.</p> <p>In addition to this demand environment, the sales of semiconductor robots also performed well. As a result, revenue saw significant growth, while operating profit saw significant growth due to increases in revenue and improvements in capacity utilization.</p> <p>*3C: Capital letters of computer, communication, and consumer electronics</p>		
System Engineering	Revenue	38,358 million JPY (+9.2% year-on-year)
	Operating profit	1,309 million JPY (+1,303 million JPY 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 from the same period of the previous fiscal year, mainly in the environment and social systems business. Operating profit increased due to thorough management of profitability and continued control of expenses.</p> <p>[Environment and Social Systems Business]</p> <p>As a result of the normalization from COVID-19 crisis, the sales of electric systems for water supply and sewerage in Japan and electric products for large-scale wind power generation in Europe performed well.</p> <p>[Industrial Automation Drive Business]</p> <p>In Japan, revenue of steel plant-related products was weak, while the sales of products for port cranes overseas were firm.</p>		

Other	Revenue	15,050 million JPY (-12.1% year-on-year)
	Operating profit	267 million JPY (improved by 525 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 November 30, 2021
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Assets		
Current assets		
Cash and cash equivalents	50,953	52,632
Trade receivables	127,577	145,032
Inventories	101,494	117,535
Other financial assets	1,961	1,864
Other current assets	21,437	22,904
Total current assets	<u>303,423</u>	<u>339,969</u>
Non-current assets		
Property, plant and equipment	86,475	86,959
Goodwill	6,604	6,636
Intangible assets	17,917	17,548
Right-of-use assets	12,529	12,009
Investments accounted for using equity method	9,009	9,917
Other financial assets	30,949	39,130
Deferred tax assets	14,473	17,219
Other non-current assets	6,045	8,544
Total non-current assets	<u>184,004</u>	<u>197,966</u>
Total assets	<u><u>487,428</u></u>	<u><u>537,935</u></u>

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	61,064	73,756
Borrowings	29,315	22,568
Income taxes payable	2,115	6,639
Lease liabilities	2,451	2,536
Other financial liabilities	13,558	4,456
Provisions	904	1,131
Other current liabilities	45,137	53,289
Total current liabilities	<u>154,548</u>	<u>164,378</u>
Non-current liabilities		
Bonds and borrowings	35,682	38,423
Lease liabilities	9,095	8,623
Other financial liabilities	155	235
Retirement benefit liability	29,827	30,053
Deferred tax liabilities	1,183	2,500
Provisions	3,730	4,800
Other non-current liabilities	3,644	3,454
Total non-current liabilities	<u>83,319</u>	<u>88,091</u>
Total liabilities	<u>237,867</u>	<u>252,470</u>
Equity		
Equity attributable to owners of parent		
Share capital	30,562	30,562
Capital surplus	28,042	28,011
Retained earnings	204,150	225,952
Treasury shares	-22,023	-21,968
Other components of equity	5,535	19,281
Total equity attributable to owners of parent	<u>246,266</u>	<u>281,838</u>
Non-controlling interests	<u>3,294</u>	<u>3,626</u>
Total equity	<u>249,561</u>	<u>285,465</u>
Total liabilities and equity	<u><u>487,428</u></u>	<u><u>537,935</u></u>

2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Revenue	279,937	357,378
Cost of sales	-194,508	-231,934
Gross profit	85,428	125,444
Selling, general and administrative expenses	-66,196	-85,797
Other income	1,173	1,184
Other expenses	-364	-899
Operating profit	20,041	39,932
Finance income	449	707
Finance costs	-1,424	-882
Share of profit of investments accounted for using equity method	17	1,469
Profit before tax	19,083	41,227
Income tax expense	-4,745	-10,168
Profit	14,337	31,058
Profit attributable to		
Owners of parent	14,083	30,774
Non-controlling interests	254	284
Total	14,337	31,058
Earnings per share		
Basic earnings per share (Yen)	53.88	117.73
Diluted earnings per share (Yen)	53.86	117.66

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Profit	14,337	31,058
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	1,695	5,341
Remeasurements of defined benefit plans	645	982
Share of other comprehensive income of investments accounted for using equity method	19	10
Total	<u>2,360</u>	<u>6,335</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	-81	8,599
Effective portion of cash flow hedges	-7	3
Total	<u>-89</u>	<u>8,603</u>
Total other comprehensive income	<u>2,271</u>	<u>14,938</u>
Comprehensive income	<u><u>16,608</u></u>	<u><u>45,997</u></u>
Comprehensive income attributable to		
Owners of parent	16,353	45,482
Non-controlling interests	255	515
Total	<u><u>16,608</u></u>	<u><u>45,997</u></u>

3) Consolidated Statements of Changes in Equity

First three quarters of Fiscal 2020 (From March 1, 2020 to November 30, 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	—	—	14,083	—	—	14,083	254	14,337
Other comprehensive income	—	—	—	—	2,269	2,269	1	2,271
Comprehensive income	—	—	14,083	—	2,269	16,353	255	16,608
Purchase of treasury shares	—	—	—	-4	—	-4	—	-4
Disposal of treasury shares	—	3	—	91	—	95	—	95
Dividends of surplus	—	—	-9,933	—	—	-9,933	-124	-10,058
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	—	—	323	—	-323	—	—	—
Other	—	—	-304	—	—	-304	—	-304
Total	—	-70	-9,914	87	-323	-10,220	-184	-10,404
Balance at end of period	30,562	28,091	198,727	-22,022	-864	234,494	2,877	237,372

First three quarters of Fiscal 2021 (From March 1, 2021 to November 30, 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	—	—	30,774	—	—	30,774	284	31,058
Other comprehensive income	—	—	—	—	14,707	14,707	231	14,938
Comprehensive income	—	—	30,774	—	14,707	45,482	515	45,997
Purchase of treasury shares	—	—	—	-4	—	-4	—	-4
Disposal of treasury shares	—	4	—	59	—	64	—	64
Dividends of surplus	—	—	-9,934	—	—	-9,934	-183	-10,118
Share-based remuneration transactions	—	-56	—	—	—	-56	—	-56
Increase by business combination	—	—	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	962	—	-962	—	—	—
Other	—	21	—	—	—	21	—	21
Total	—	-30	-8,972	55	-962	-9,909	-183	-10,093
Balance at end of period	30,562	28,011	225,952	-21,968	19,281	281,838	3,626	285,465

4) Notes to the Consolidated Financial Statements

(Notes pertaining to the presumption of a going concern)

None