

Consolidated Results for the First Quarter of Fiscal Year Ending February 28, 2023 [IFRS]

July 8, 2022

Listed company name: YASKAWA Electric Corporation

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

Representative: Hiroshi Ogasawara, Representative Director, Chairman of the Board, President

Stock exchange listings: Tokyo and 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, 2023

(From March 1, 2022 to May 31, 2022)

(1) Consolidated Statements of Income

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

	Revenue		Operating profit		Profit before tax		Profit	
Three months ended May 31, 2022	120,312	1.1%	13,953	7.8%	15,160	12.0%	10,501	3.0%
Three months ended May 31, 2021	119,002	31.1%	12,944	107.9%	13,533	129.5%	10,197	122.8%

	Profit attributable to owners of parent		Comprehensive income		Earnings per share (basic, Yen)	Earnings per share (diluted, Yen)
Three months ended May 31, 2022	10,362	2.8%	20,333	14.5%	39.64	39.61
Three months ended May 31, 2021	10,079	123.0%	17,752	-%	38.56	38.54

(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, 2022	608,888	311,624	304,378	50.0%
As of February 28, 2022	559,038	298,100	291,234	52.1%

2. Dividends

	Dividends per share (yen)				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual total
Year ended February 28, 2022	-	26.00	-	26.00	52.00
Year ending February 28, 2023	-				
Year ending February 28, 2023 (Forecasts)		32.00	-	32.00	64.00

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

3. Consolidated Financial Forecasts for the Fiscal Year Ending February 28, 2023
(From March 1, 2022 to February 28, 2023)

(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, 2023	525,000	9.6%	72,000	36.2%	74,000	33.6%	52,500	36.9%

Note: Revisions to the most recently announced financial forecasts: No

The forecast for the fiscal year ending February 2023 (March 1, 2022 - February 28, 2023) is shown above.

Although our production was affected by the lockdown in China and the shortages of parts supply, active capital investment to upgrade and automate production continued in the manufacturing industry as a whole, which led to favorable orders. As a result, our annual forecast for the fiscal year ending February 28, 2023, announced on April 8, 2022, remains unchanged.

The average exchange rates for the period from June 1, 2022 to February 28, 2023 remain unchanged from those announced on April 8, 2022. (1 USD=120.0 JPY, 1 EUR= 133.0 JPY, 1 CNY= 19.00 JPY, 1 KRW= 0.100 JPY)

*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 May 31, 2022	266,690,497	As of February 28, 2022	266,690,497
The number of treasury shares	As of May 31, 2022	5,277,504	As of February 28, 2021	5,277,597
Average during the period	Three months ended May 31, 2022	261,412,943	Three months ended May 31, 2021	261,398,616

* 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 online briefing in Japanese for securities analysts and institutional investors on July 8, 2022 (JST).

4. Qualitative Information on Quarterly Results

Business Performance

In the first quarter under review, capital investment to upgrade and automate production in the manufacturing industry as a whole continued. Demand continued to expand in the semiconductor and electronic component markets, and capital investments in the automotive market was active, including those related to the adoption of EVs (electric vehicles) and lithium-ion batteries. On the other hand, capital investment in China stagnated due to the impact of the lockdown caused by the spread of COVID-19.

In this environment, although our business was affected by a temporary decline in sales in China and production constraints due to a prolonged shortage of semiconductors and other components, sales were solid in regions other than China. As a result, the revenue increased year on year. On the profit front, operating profits increased due to the depreciation of the yen and the reversal of retirement benefit obligations due to changes in the retirement pension system, despite the impact of a rise in raw material costs.

<Management environment of each region>

Japan:

Demand remained strong in the semiconductor and electronic component markets as well as the automobile market.

U.S.:

Demand related to automobiles and semiconductors grew strongly, and investment in automation continued against the backdrop of labor shortages and rising labor costs. In addition, oil and gas-related demand was on a recovery trend, indicating an overall expansion trend.

Europe:

In the manufacturing industry, the impact of the Russia-Ukraine crisis was limited, and demand grew, particularly for automobiles, textile and woodworking machinery, as investments in automation continued.

China:

Although demand remained firm for automobile-related products due to the acceleration of the adoption of EVs and for new infrastructure-related products such as lithium-ion batteries and solar power generation panels, capital investment stagnated due to the impact of the lockdown.

Other Asian Countries:

In addition to high demand related to semiconductors and electronic components in South Korea and Taiwan, capital investment related to EVs and lithium-ion batteries increased in South Korea.

The business performance of the first quarter of fiscal 2022 is as follows.

	Three months ended May 31, 2021	Three months ended May 31, 2022	Change
Revenue	119,002 million JPY	120,312 million JPY	+1.1%
Operating profit	12,944 million JPY	13,953 million JPY	+7.8%
Profit attributable to owners of parent	10,079 million JPY	10,362 million JPY	+2.8%
Average exchange rate for USD	108.97 JPY	124.17 JPY	+15.20 JPY
Average exchange rate for EUR	130.70 JPY	134.28 JPY	+3.58 JPY
Average exchange rate for CNY	16.79 JPY	19.12 JPY	+2.33 JPY
Average exchange rate for KRW	0.097 JPY	0.100 JPY	+0.003 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 2022 is as follows.

Motion Control	Revenue	55,626 million JPY (-7.2 % year-on-year)
	Operating profit	6,853 million JPY (-37.9% year-on-year)
<p>The Motion Control segment consists of the AC servo & controller business and the AC drives business. Despite continued aggressive capital investment mainly in the United States and other countries, the revenue decreased year on year due to the impact of the lockdown in China. In terms of profits, operating profits decreased due to a decline in revenue in China and the global impact of rising raw material costs.</p> <p>[AC servo & controller business]</p> <p>Demand for semiconductors and electronic components continued to be high in Japan, the United States, South Korea and other countries. In China, demand remained strong in the growing markets such as EVs and lithium-ion batteries and solar panels, but revenue was sluggish due to logistical disruptions caused by the lockdown.</p> <p>[AC drives business]</p> <p>In the United States, demand following the normalization from COVID-19 crisis and an increase in capital investment related to oil and gas led to strong sales. On the other hand, revenue as a whole decreased due to the significant impact of the lockdown in China.</p>		
Robotics	Revenue	44,520 million JPY (+9.5% year-on-year)
	Operating profit	3,324 million JPY (+61.9% year-on-year)
<p>In the automobile market which is the principal market in the robotics segment, the adoption of EVs accelerated globally and related capital investment such as for lithium-ion batteries continued to expand. In the general industrial sector, investments were also made for the purpose of upgrading and automating production through the use of collaborative robots and other facilities. Moreover, against the backdrop of growing demand in the semiconductor and electronic components markets, the sales of semiconductor robots also performed well. In addition to these factors, Doolim-Yaskawa Co., Ltd., which is a manufacturer of systems using painting and sealing robots was newly consolidated. As a result of these factors, revenue and operating profit increased year on year.</p>		

System Engineering	Revenue	14,327 million JPY (+4.3% year-on-year)
	Operating profit	1,042 million JPY (+72.9% year-on-year)
<p>The System Engineering segment consists of the industrial automation drive business and environment and energy business.</p> <p>Revenue increased on a year-on-year basis particularly in the environment and energy business.</p> <p>Operating profit increased due to the impact of structural reform and continued cost reduction.</p> <p>[Industrial Automation Drive Business]</p> <p>Demand for port cranes in Asia and production facilities of lithium-ion batteries remained at a high level.</p> <p>[Environment and Energy Business]</p> <p>The sales of electric products for large-scale wind turbines and PV inverter for solar power generation remained strong due to the steady acquisition of projects.</p>		
Other	Revenue	5,838 million JPY (+24.7% year-on-year)
	Operating loss	83 million JPY (-41.2% year-on-year)
<p>Other segment consists of logistics and other businesses.</p> <p>Revenue increased mainly in Japan on a year-on-year basis, while operating profit decreased due to changes in product mix.</p>		

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Assets		
Current assets		
Cash and cash equivalents	55,151	77,896
Trade receivables	149,646	146,726
Inventories	131,767	149,937
Other financial assets	2,078	2,656
Other current assets	23,718	23,348
Total current assets	<u>362,362</u>	<u>400,565</u>
Non-current assets		
Property, plant and equipment	93,598	95,689
Goodwill	7,341	7,442
Intangible assets	18,068	18,287
Right-of-use assets	12,431	14,783
Investments accounted for using equity method	8,039	9,227
Other financial assets	36,600	34,501
Deferred tax assets	12,510	15,969
Other non-current assets	8,085	12,422
Total non-current assets	<u>196,675</u>	<u>208,323</u>
Total assets	<u><u>559,038</u></u>	<u><u>608,888</u></u>

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	76,922	79,308
Borrowings	20,497	54,300
Income taxes payable	5,866	4,657
Lease liabilities	2,497	2,910
Other financial liabilities	4,338	5,588
Provisions	1,939	2,053
Other current liabilities	63,215	66,978
Total current liabilities	<u>175,278</u>	<u>215,797</u>
Non-current liabilities		
Bonds and borrowings	36,376	29,470
Lease liabilities	8,674	10,618
Other financial liabilities	296	323
Retirement benefit liability	30,050	30,390
Deferred tax liabilities	2,338	1,858
Provisions	3,979	4,227
Other non-current liabilities	3,943	4,577
Total non-current liabilities	<u>85,659</u>	<u>81,466</u>
Total liabilities	<u>260,937</u>	<u>297,264</u>
Equity		
Equity attributable to owners of parent		
Share capital	30,562	30,562
Capital surplus	28,312	28,330
Retained earnings	232,547	236,312
Treasury shares	-21,971	-21,971
Other components of equity	21,783	31,144
Total equity attributable to owners of parent	<u>291,234</u>	<u>304,378</u>
Non-controlling interests	<u>6,866</u>	<u>7,245</u>
Total equity	<u>298,100</u>	<u>311,624</u>
Total liabilities and equity	<u>559,038</u>	<u>608,888</u>

2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Revenue	119,002	120,312
Cost of sales	-78,848	-79,774
Gross profit	40,153	40,537
Selling, general and administrative expenses	-27,416	-30,306
Other income	256	3,801
Other expenses	-49	-79
Operating profit	12,944	13,953
Finance income	336	620
Finance costs	-174	-383
Share of profit of investments accounted for using equity method	426	969
Profit before tax	13,533	15,160
Income tax expense	-3,336	-4,658
Profit	10,197	10,501
Profit attributable to		
Owners of parent	10,079	10,362
Non-controlling interests	118	139
Total	10,197	10,501
Earnings per share		
Basic earnings per share (Yen)	38.56	39.64
Diluted earnings per share (Yen)	38.54	39.61

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit	10,197	10,501
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	71	-1,666
Remeasurements of defined benefit plans	691	204
Share of other comprehensive income of investments accounted for using equity method	4	57
Total	<u>767</u>	<u>-1,404</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	6,797	11,329
Effective portion of cash flow hedges	-10	-92
Total	<u>6,787</u>	<u>11,237</u>
Total other comprehensive income	<u>7,555</u>	<u>9,832</u>
Comprehensive income	<u><u>17,752</u></u>	<u><u>20,333</u></u>
Comprehensive income attributable to		
Owners of parent	17,496	19,924
Non-controlling interests	256	409
Total	<u><u>17,752</u></u>	<u><u>20,333</u></u>

3) Consolidated Statements of Changes in Equity

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

	Equity attributable to owners of parent						Non-contr olling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other compon ents of equity	Total		
Balance at beginning of period	30,562	28,042	204,150	-22,023	5,535	246,266	3,294	249,561
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
Dividends of surplus	—	—	-3,137	—	—	-3,137	—	-3,137
Share-based payment transactions	—	—	—	—	—	—	—	—
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

First quarter of Fiscal 2022 (From March 1, 2022 to May 31, 2022)

	Equity attributable to owners of parent						Non-contr olling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other compon ents of equity	Total		
Balance at beginning of period	30,562	28,312	232,547	-21,971	21,783	291,234	6,866	298,100
Profit	—	—	10,362	—	—	10,362	139	10,501
Other comprehensive income	—	—	—	—	9,561	9,561	270	9,832
Comprehensive income	—	—	10,362	—	9,561	19,924	409	20,333
Purchase of treasury shares	—	—	—	-0	—	-0	—	-0
Dividends of surplus	—	—	-6,797	—	—	-6,797	-30	-6,828
Share-based payment transactions	—	18	—	—	—	18	—	18
Transfer from other components of equity to retained earnings	—	—	200	—	-200	—	—	—
Other	—	0	—	—	—	0	—	0
Total	—	18	-6,596	-0	-200	-6,779	-30	-6,809
Balance at end of period	30,562	28,330	236,312	-21,971	31,144	304,378	7,245	311,624

4) Notes to the Consolidated Financial Statements

(Notes pertaining to the presumption of a going concern)

None