

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

January 10, 2023

Listed company name: YASKAWA Electric Corporation

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

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 Three Quarters of the Fiscal Year Ending February 28, 2023 (From March 1, 2022 to November 30, 2022)

(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, 2022	407,520	14.0%	48,132	20.5%	51,071	23.9%	37,471	20.6%
Nine months ended November 30, 2021	357,378	27.7%	39,932	99.2%	41,227	116.0%	31,058	116.6%

	Profit attributable to owners of parent		Comprehensive income		Earnings per share (basic, Yen)		Earnings per share (diluted, Yen)	
Nine months ended November 30, 2022	37,189	20.8%	52,509	14.2%	142.25		142.13	
Nine months ended November 30, 2021	30,774	118.5%	45,997	176.9%	117.73		117.66	

(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, 2022	644,785	335,312	328,140	50.9%
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	-	32.00	-		
Year ending February 28, 2023 (Forecasts)				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)

Year ending February 28, 2023	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent	
	550,000	14.8%	70,000	32.4%	72,000	30.0%	51,500	34.3%

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

Taking into account the current exchange rate situation, average exchange rate assumptions during the period from December 1, 2022 to February 28, 2023 are revised from those announced at second quarter results, which are 1USD=140.0JPY and 1CNY=20.0JPY, to 1USD=130.0JPY and 1CNY=19.0JPY. We assume 1EUR=140.0JPY and 1KRW=0.100JPY as per the plan.

The full-year financial forecast for the fiscal year ending February 2023 is unchanged from the plan announced on October 7, 2022, taking into account factors such as an increase in production due to the easing of the tight supply of parts, despite the impact of the revised exchange rates for the fourth quarter. There is also no change in the forecast for the annual dividend.

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

<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:

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, 2022	266,690,497	As of February 28, 2022	266,690,497
The number of treasury shares	As of November 30, 2022	5,244,940	As of February 28, 2022	5,277,597
Average during the period	Nine months ended November 30, 2022	261,432,273	Nine months ended November 30, 2021	261,407,456

* 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 January 10, 2023 (JST).

4. Qualitative Information on Quarterly Results

Business Performance

In the first three quarters of the fiscal year under review, Yaskawa group's operating environment was characterized by continued capital investment aimed at upgrading and automating production in the overall manufacturing industry. In the semiconductor and electronic components markets in particular, demand remained high, especially in the United States and Japan, and in the automotive market, investment in the EV and lithium-ion battery sectors expanded strongly globally. Demand for oil and gas-related products also grew throughout the period in the United States. On the other hand, capital investment in China was sluggish due to the impact of the lockdown caused by the spread of COVID-19 and the zero-COVID policy.

In this environment, the group's performance was affected by production constraints due to the prolonged supply shortage of components such as semiconductors, but since the second half of the fiscal year, because of the easing of tight supply-demand situation, the strong orders have translated into revenue through production recovery, resulting in higher revenue. On the profit side, despite the impact of higher raw material and logistics costs, operating profit increased from the same period of the previous fiscal year, due to improved profitability through higher revenue, the impact of the weaker yen, and other income from changes in the retirement pension system.

As a result, revenue and operating profit reached record highs for the first three quarters.

<Management environment of each region>

Japan:

Overall, demand remained strong as capital investment continued in the semiconductor and electronic components markets and the automotive market.

U.S.:

Demand remained at a high level, as capital investment in the automotive, oil and gas, and semiconductor industries expanded throughout the period, and investment in automation continued in the general industry against the backdrop of rising labor costs.

Europe:

Despite concerns about the impact of an economic slowdown in the second half of the fiscal year, demand remained solid, as capital investment continued, mainly in automobiles and woodworking machinery.

China:

Demand remained strong in certain markets, such as the automotive and new infrastructure-related sectors, due to the accelerating adoption of EVs. On the other hand, capital investment overall, especially in general industries, was sluggish due to the lockdown and the zero-COVID policy.

Other Asian Countries:

Although capital investment in the semiconductor market, particularly in South Korea, declined from the second half of the fiscal year, demand for automobiles and lithium-ion battery-related products remained generally high.

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

	Nine months ended November 30, 2021	Nine months ended November 30, 2022	Change
Revenue	357,378 million JPY	407,520 million JPY	+14.0%
Operating profit	39,932 million JPY	48,132 million JPY	+20.5%
Profit attributable to owners of parent	30,774 million JPY	37,189 million JPY	+20.8%
Average exchange rate for USD	110.50 JPY	134.53 JPY	+24.03 JPY
Average exchange rate for EUR	130.67 JPY	139.14 JPY	+8.47 JPY
Average exchange rate for CNY	17.12 JPY	19.80 JPY	+2.68 JPY
Average exchange rate for KRW	0.096 JPY	0.102 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 2022 is as follows.

Motion Control	Revenue	188,543 million JPY (+9.0% year-on-year)
	Operating profit	26,130 million JPY (-12.0% year-on-year)
<p>The motion control segment consists of AC servo & controller business and drives business. Revenue increased year on year due to continued aggressive capital investment in semiconductors, oil & gas and other fields, particularly in the United States, while China was impacted by the lockdown and the zero COVID policy. Profits declined due to a decline in profits caused by a decline in revenue in China and the global impact of rising raw material and logistics costs.</p> <p>[AC servo & controller business] Demand for semiconductors and electronic components remained high in the United States, Japan and other countries. In China, although demand remained strong in growing markets such as lithium-ion battery-related products and photovoltaic panels, capital investment remained sluggish particularly in general industries. As a result, revenue in the overall business increased.</p> <p>[Drives business] The business achieved strong sales due to a significant increase in oil and gas-related demand in the U.S., as well as accelerated investment in energy conservation with an eye toward global decarbonization (carbon neutrality).</p>		
Robotics	Revenue	161,834 million JPY (+23.5% year-on-year)
	Operating profit	17,661 million JPY (+50.3% year-on-year)
<p>In the automotive segment, a key market in the robotics segment, sales performed well, as the global adoption of EVs accelerated and new capital investment increased. In addition, the trend to expand investment in production facilities related to lithium-ion batteries continued, and investments were also made in the food market and other general industrial sectors to upgrade and automate production. In addition, sales for semiconductor applications, performed well in Japan, South Korea and other countries. As a result of these conditions, both revenue and operating profit increased significantly year on year.</p>		
System Engineering	Revenue	34,777 million JPY (-9.3% year-on-year)
	Operating profit	806 million JPY (-38.4% year-on-year)
<p>Revenue related to steel plants and electrical systems for water and sewage systems were weak, while sales for PV inverters for solar power generation grew. As a result, revenue for the segment as a whole decreased from the same period of the previous fiscal year, and profit decreased despite efforts to control expenses.</p>		

Other	Revenue	22,364 million JPY (+48.6% year-on-year)
	Operating profit	573 million JPY (+114.2% year-on-year)
<p>Other segment consists of logistics and other businesses. Revenue increased year on year, while operating profit increased due to improvement of profitability following the segment's revenue expansion.</p>		

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and cash equivalents	55,151	42,377
Trade receivables	149,646	170,615
Inventories	131,767	181,264
Other financial assets	2,078	4,739
Other current assets	23,718	29,640
Total current assets	<u>362,362</u>	<u>428,637</u>
Non-current assets		
Property, plant and equipment	93,598	99,577
Goodwill	7,341	7,525
Intangible assets	18,068	18,534
Right-of-use assets	12,431	14,647
Investments accounted for using equity method	8,039	10,022
Other financial assets	36,600	36,167
Deferred tax assets	12,510	16,960
Other non-current assets	8,085	12,712
Total non-current assets	<u>196,675</u>	<u>216,147</u>
Total assets	<u>559,038</u>	<u>644,785</u>

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	76,922	80,540
Borrowings	20,497	57,166
Income taxes payable	5,866	6,033
Lease liabilities	2,497	2,898
Other financial liabilities	4,338	4,916
Provisions	1,939	2,220
Other current liabilities	63,215	76,486
Total current liabilities	<u>175,278</u>	<u>230,261</u>
Non-current liabilities		
Bonds and borrowings	36,376	26,214
Lease liabilities	8,674	10,344
Other financial liabilities	296	311
Retirement benefit liability	30,050	30,837
Deferred tax liabilities	2,338	1,874
Provisions	3,979	4,293
Other non-current liabilities	3,943	5,335
Total non-current liabilities	<u>85,659</u>	<u>79,211</u>
Total liabilities	<u>260,937</u>	<u>309,472</u>
Equity		
Equity attributable to owners of parent		
Share capital	30,562	30,562
Capital surplus	28,312	28,349
Retained earnings	232,547	254,992
Treasury shares	-21,971	-21,849
Other components of equity	21,783	36,085
Total equity attributable to owners of parent	<u>291,234</u>	<u>328,140</u>
Non-controlling interests	<u>6,866</u>	<u>7,172</u>
Total equity	<u>298,100</u>	<u>335,312</u>
Total liabilities and equity	<u>559,038</u>	<u>644,785</u>

2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Revenue	357,378	407,520
Cost of sales	-231,934	-267,835
Gross profit	<u>125,444</u>	<u>139,685</u>
Selling, general and administrative expenses	-85,797	-96,975
Other income	1,184	5,560
Other expenses	-899	-138
Operating profit	<u>39,932</u>	<u>48,132</u>
Finance income	707	1,124
Finance costs	-882	-1,360
Share of profit of investments accounted for using equity method	1,469	3,174
Profit before tax	<u>41,227</u>	<u>51,071</u>
Income tax expense	-10,168	-13,599
Profit	<u><u>31,058</u></u>	<u><u>37,471</u></u>
Profit attributable to		
Owners of parent	30,774	37,189
Non-controlling interests	284	281
Total	<u><u>31,058</u></u>	<u><u>37,471</u></u>
Earnings per share		
Basic earnings per share (Yen)	117.73	142.25
Diluted earnings per share (Yen)	117.66	142.13

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	31,058	37,471
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	5,341	-717
Remeasurements of defined benefit plans	982	378
Share of other comprehensive income of investments accounted for using equity method	10	22
Total	<u>6,335</u>	<u>-315</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,599	15,427
Effective portion of cash flow hedges	3	-73
Total	<u>8,603</u>	<u>15,354</u>
Total other comprehensive income	<u>14,938</u>	<u>15,038</u>
Comprehensive income	<u>45,997</u>	<u>52,509</u>
Comprehensive income attributable to		
Owners of parent	45,482	51,912
Non-controlling interests	515	597
Total	<u>45,997</u>	<u>52,509</u>

3) Consolidated Statements of Changes in Equity

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 payment transactions	—	-56	—	—	—	-56	—	-56
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

First three quarters of Fiscal 2022 (From March 1, 2022 to November 30, 2022)

	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	28,312	232,547	-21,971	21,783	291,234	6,866	298,100
Profit	—	—	37,189	—	—	37,189	281	37,471
Other comprehensive income	—	—	—	—	14,722	14,722	315	15,038
Comprehensive income	—	—	37,189	—	14,722	51,912	597	52,509
Purchase of treasury shares	—	—	—	-3	—	-3	—	-3
Disposal of treasury shares	—	5	—	124	—	130	—	130
Dividends of surplus	—	—	-15,164	—	—	-15,164	-292	-15,456
Share-based payment transactions	—	31	—	—	—	31	—	31
Transfer from other components of equity to retained earnings	—	—	420	—	-420	—	—	—
Other	—	0	—	—	—	0	—	0
Total	—	37	-14,744	121	-420	-15,006	-292	-15,298
Balance at end of period	30,562	28,349	254,992	-21,849	36,085	328,140	7,172	335,312

4) Notes to the Consolidated Financial Statements

(Notes pertaining to the presumption of a going concern)

None