

Consolidated Results for the First Half of the Fiscal Year Ending February 28, 2025 [IFRS]

October 4, 2024

Listed company name: YASKAWA Electric Corporation

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

Representative: Masahiro Ogawa, Representative Director, 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 Half of the Fiscal Year Ending February 28, 2025

(From March 1, 2024 to August 31, 2024)

(1) Consolidated Statements of Income

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

	Revenue		Operating profit		Profit before tax		Profit	
Six months ended August 31, 2024	261,573	-9.5%	22,926	-30.7%	24,427	-29.3%	18,026	-27.1%
Six months ended August 31, 2023	288,978	9.7%	33,062	5.8%	34,543	3.2%	24,731	3.5%

	Profit attributable to owners of parent		Comprehensive income		Earnings per share (basic, Yen)	Earnings per share (diluted, Yen)
Six months ended August 31, 2024	17,851	-26.3%	10,765	-70.0%	68.29	68.22
Six months ended August 31, 2023	24,228	2.2%	35,869	-17.0%	92.66	92.57

(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, 2024	706,987	410,161	402,034	56.9%
As of February 29, 2024	702,335	408,018	399,338	56.9%

2. Dividends

	Dividends per share (yen)				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual total
Year ended February 29, 2024	-	32.00	-	32.00	64.00
Year ending February 28, 2025	-	34.00			
Year ending February 28, 2025 (Forecasts)			-	34.00	68.00

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

3. Consolidated Financial Forecasts for the Fiscal Year Ending February 28, 2025

(From March 1, 2024 to February 29, 2025)

(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		Earnings per share (diluted, Yen)
Year ending February 28, 2025	553,000	-3.9%	64,000	-3.4%	89,800	30.0%	64,000	26.3%	245.42

Note: Revisions to the most recently announced financial forecasts: Yes

The forecast for the fiscal year ending February 2025 (March 1, 2024 - February 28, 2025) is shown above.

Both revenue and operating profit are expected to decrease from the previous forecasts because the upturn in the semiconductor and electronic components markets is slower than expected and recovery in the overall Chinese market is weaker than expected. In addition, due to the recording of gains or losses on sale and valuation of investments in affiliates (approximately 24 billion yen), we have revised our annual financial forecasts for the fiscal year ending February 28, 2025, announced on April 5, 2024.

The average exchange rates for the period from September 1, 2024 to February 28, 2025 are unchanged from 1USD = 145.0 JPY, 1EUR = 155.0 JPY, 1CNY = 20.00 JPY, 1KRW = 0.110, announced on April 5, 2024.

There is also no change in the annual dividend forecast.

(Millions of yen)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Earnings per share (basic, Yen)
Previous forecast (A) (Announced on April 5, 2024)	580,000	70,000	74,000	54,000	206.59
Revised forecast (B)	553,000	64,000	89,800	64,000	245.42
Change (B-A)	-27,000	-6,000	15,800	10,000	38.83
Change (%)	-4.7	-8.6	21.4	18.5	18.8
Results of the previous fiscal year (Year ended February 29, 2024)	575,658	66,225	69,078	50,687	193.87

*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, 2024	266,690,497	As of February 29, 2024	266,690,497
The number of treasury shares	As of August 31, 2024	5,265,248	As of February 29, 2024	5,306,647
Average during the period	Six months ended August 31, 2024	261,402,084	Six months ended August 31, 2023	261,480,124

* 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. Please refer to "3. Consolidated Financial Forecasts for the Fiscal Year Ending February 28, 2025 (From March 1, 2024 to February 29, 2025)" on page 2 for the assumptions for the financial forecasts.
- The Company will hold a result briefing in Japanese for securities analysts and institutional investors on October 7, 2024 (JST).

4. Qualitative Information on Quarterly Results

Business Performance

In the first half of the fiscal year under review, demand of automobile market was firm, even though varying degree of strength was seen in each region. On the other hand, demand for semiconductors and electronic components was on a recovery trend but was slower than expected. Although demand for capital investment in the manufacturing industry as a whole remained firm, demand in China was weaker than expected.

In terms of our group's business performance in this environment, revenue decreased mainly in Motion Control segment, compared to the corresponding period of previous fiscal year, which was supported by high backlogs of orders. Although efforts were made to control expenses, the operating profit decreased, affected largely by a decrease in profit due to revenue decline.

The business performance of the first half of fiscal 2024 is as follows.

	Six months ended August 31, 2023	Six months ended August 31, 2024	Change
Revenue	288,978 million JPY	261,573 million JPY	-9.5%
Operating profit	33,062 million JPY	22,926 million JPY	-30.7%
Profit attributable to owners of parent	24,228 million JPY	17,851 million JPY	-26.3%
Average exchange rate for USD	138.76 JPY	153.68 JPY	+14.92 JPY
Average exchange rate for EUR	150.99 JPY	166.55 JPY	+15.56 JPY
Average exchange rate for CNY	19.61 JPY	21.23 JPY	+1.62 JPY
Average exchange rate for KRW	0.106 JPY	0.113 JPY	+0.007 JPY

<Management environment of each region>

Japan:

Although demand in the general industry and automobile markets remained firm, demand for semiconductors grew moderately.

The Americas:

Demand related to semiconductors recovered steadily, and firm capital investment was seen in the automobile market and the general industry.

Europe:

In the automobile market, capital investment for robots remained firm, but the Group was significantly affected by sluggish demand and inventory adjustments in the manufacturing industry as a whole.

China:

Overall capital investment demand was sluggish due to a slowdown in domestic demand, in addition to a pause in investment related to solar panels.

Other Asian Countries:

Semiconductor-related demand continued to recover in South Korea and Taiwan. In addition, infrastructure-related equipment demand remained firm in ASEAN countries and India.

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 2024 is as follows.

In line with the reorganization of the System Engineering business, the Yaskawa Group has integrated PV inverter, which was included in the System Engineering segment until the previous consolidated fiscal year, into Motion Control segment from the period under review. As a result, year-on-year figures for each segment have been calculated after reclassifying the figures for the same period of the previous fiscal year into the new segment categories.

Motion Control	Revenue	119,438 million JPY (-15.1 % year-on-year)
	Operating profit	11,010 million JPY (-45.5 % year-on-year)
<p>The Motion Control segment consists of the AC servo & controller business and the drives business.</p> <p>Revenue decreased compared to the corresponding period of previous fiscal year, which was supported by a high backlog of orders. Although progress was made in curbing expenses and improving added value, operating profit decreased due to the large impact of a decline in profit resulting from a decrease in revenue.</p> <p>[AC servo & controller business]</p> <p>Revenue decreased due to sluggish market conditions in China and Europe, and a delayed recovery in semiconductor-related demand in Japan.</p> <p>[Drives business]</p> <p>Although demand related to data centers and infrastructure-related demand in ASEAN countries and India remained firm, sales were sluggish due to inventory adjustments, which caused the revenue to decrease.</p>		
Robotics	Revenue	112,082 million JPY (-0.2% year-on-year)
	Operating profit	10,596 million JPY (-18.5% year-on-year)
<p>In the automobile market, demand increased in Japan, Europe, the United States, and India, while investment was held down in China. On the other hand, in the general industry, demand for automation remained firm in the United States and China. As a result, revenue slightly decreased year on year. Operating profit decreased mainly due to the impact of upfront investment to strengthen system responsiveness and a decrease in profits due to a decrease in revenue.</p>		
System Engineering	Revenue	18,601 million JPY (-19.3% year-on-year)
	Operating profit	1,869 million JPY (+34.4% year-on-year)
<p>Although port crane-related sales remained firm, revenue decreased year on year due to the impact of the sale of a subsidiary related to large-scale wind turbines in the second half of the previous fiscal year.</p> <p>Operating profit increased significantly due to the effects of business structural reforms, as well as an increase in revenue of mainstay steel and crane related products.</p>		
Other	Revenue	11,452 million JPY (-10.6% year-on-year)
	Operating profit	831 million JPY (+822 million JPY year on year)
<p>Other segment consists of logistics and other businesses.</p> <p>Despite a decrease in revenue, operating profit increased year on year mainly due to an increase in other income.</p>		

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and cash equivalents	40,279	52,083
Trade receivables	167,903	157,391
Inventories	207,910	212,566
Other financial assets	4,409	4,764
Other current assets	35,595	34,996
Total current assets	456,098	461,802
Non-current assets		
Property, plant and equipment	115,691	120,848
Goodwill	7,272	7,213
Intangible assets	19,496	21,608
Right-of-use assets	16,872	15,605
Investments accounted for using equity method	12,747	11,624
Other financial assets	43,981	38,053
Deferred tax assets	15,335	15,621
Other non-current assets	14,838	14,610
Total non-current assets	246,236	245,185
Total assets	702,335	706,987

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	66,537	59,789
Borrowings	26,179	31,737
Income taxes payable	3,422	3,768
Lease liabilities	3,720	3,613
Other financial liabilities	5,179	4,937
Provisions	1,615	1,727
Contact liabilities	40,359	47,665
Other current liabilities	42,132	36,114
Total current liabilities	189,146	189,353
Non-current liabilities		
Bonds and borrowings	54,156	59,180
Lease liabilities	11,845	10,802
Other financial liabilities	252	243
Retirement benefit liability	28,950	28,975
Deferred tax liabilities	2,673	1,205
Provisions	1,241	1,312
Other non-current liabilities	6,049	5,751
Total non-current liabilities	105,170	107,472
Total liabilities	294,316	296,826
Equity		
Equity attributable to owners of parent		
Share capital	30,562	30,562
Capital surplus	29,237	29,282
Retained earnings	305,116	317,152
Treasury shares	-22,491	-22,319
Other components of equity	56,914	47,356
Total equity attributable to owners of parent	399,338	402,034
Non-controlling interests	8,679	8,126
Total equity	408,018	410,161
Total liabilities and equity	702,335	706,987

2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

	(Millions of yen)	
	Six months ended August 31, 2023	Six months ended August 31, 2024
Revenue	288,978	261,573
Cost of sales	-185,355	-168,378
Gross profit	103,623	93,195
Selling, general and administrative expenses	-70,322	-71,010
Other income	587	858
Other expenses	-825	-116
Operating profit	33,062	22,926
Finance income	893	1,401
Finance costs	-1,407	-2,194
Share of profit (loss) of investments accounted for using equity method	1,943	2,293
Loss (gain) on disposal and remeasurement of investments in associates	52	—
Profit before tax	34,543	24,427
Income tax expense	-9,811	-6,401
Profit	24,731	18,026
Profit attributable to		
Owners of parent	24,228	17,851
Non-controlling interests	503	174
Total	24,731	18,026
Earnings per share		
Basic earnings per share (Yen)	92.66	68.29
Diluted earnings per share (Yen)	92.57	68.22

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit	24,731	18,026
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	859	145
Remeasurements of defined benefit plans	269	-224
Share of other comprehensive income of investments accounted for using equity method	7	-2
Total	1,136	-81
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9,954	-7,215
Effective portion of cash flow hedges	46	36
Total	10,000	-7,179
Total other comprehensive income	11,137	-7,260
Comprehensive income	35,869	10,765
Comprehensive income attributable to		
Owners of parent	35,073	10,843
Non-controlling interests	795	-78
Total	35,869	10,765

3) Consolidated Statements of Changes in Equity

First half of Fiscal 2023 (From March 1, 2023 to August 31, 2023)

	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	28,879	271,299	-21,998	38,755	347,499	7,576	355,075
Profit	—	—	24,228	—	—	24,228	503	24,731
Other comprehensive income	—	—	—	—	10,845	10,845	292	11,137
Comprehensive income	—	—	24,228	—	10,845	35,073	795	35,869
Purchase of treasury shares	—	—	—	-1	—	-1	—	-1
Disposal of treasury shares	—	19	—	129	—	149	—	149
Dividends of surplus	—	—	-8,367	—	—	-8,367	-359	-8,726
Share-based payment transactions	—	191	—	—	—	191	—	191
Changes in ownership interest in subsidiaries	—	54	—	-21	—	32	-50	-18
Transfer from other components of equity to retained earnings	—	—	126	—	-126	—	—	—
Other	—	—	—	—	—	—	—	—
Total	—	265	-8,240	106	-126	-7,995	-409	-8,405
Balance at end of period	30,562	29,144	287,286	-21,891	49,474	374,576	7,962	382,538

First half of Fiscal 2024 (From March 1, 2024 to August 31, 2024)

	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	29,237	305,116	-22,491	56,914	399,338	8,679	408,018
Profit	—	—	17,851	—	—	17,851	174	18,026
Other comprehensive income	—	—	—	—	-7,008	-7,008	-252	-7,260
Comprehensive income	—	—	17,851	—	-7,008	10,843	-78	10,765
Purchase of treasury shares	—	—	—	-1	—	-1	—	-1
Disposal of treasury shares	—	17	—	174	—	191	—	191
Dividends of surplus	—	—	-8,364	—	—	-8,364	-470	-8,834
Share-based payment transactions	—	39	—	—	—	39	—	39
Changes in ownership interest in subsidiaries	—	-4	—	—	—	-4	-4	-9
Transfer from other components of equity to retained earnings	—	—	2,549	—	-2,549	—	—	—
Other	—	-7	—	—	—	-7	—	-7
Total	—	44	-5,815	172	-2,549	-8,147	-474	-8,622
Balance at end of period	30,562	29,282	317,152	-22,319	47,356	402,034	8,126	410,161

4) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Profit before tax	34,543	24,427
Depreciation, amortization and impairment losses	10,224	10,250
Share of profit of investments accounted for using equity method	-1,943	-2,293
Finance income and finance costs	260	-384
Decrease (increase) in trade receivables	-1	7,664
Increase in inventories	-8,665	-8,975
Decrease in trade payables	-6,856	-5,845
Increase in retirement benefit liability	110	60
Increase (decrease) in provisions	-398	110
Other	-815	1,762
Subtotal	26,456	26,778
Interest and dividends received	4,053	4,606
Interest paid	-842	-796
Income taxes paid	-11,873	-7,513
Net cash provided by operating activities	17,793	23,075
Cash flows from investing activities		
Payments into time deposits	-3	-3
Proceeds from withdrawal of time deposits	473	—
Purchase of property, plant and equipment, and intangible assets	-9,281	-17,852
Proceeds from sale of property, plant and equipment, and intangible assets	228	296
Purchase of investment securities	-2,611	-427
Proceeds from sale of investment securities	3	6,895
Proceeds from sale of investments accounted for using equity method	160	—
Net decrease (increase) in short-term loans receivable	-774	78
Other	-97	-133
Net cash used in investing activities	-11,903	-11,145
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-10,628	6,754
Proceeds from long-term borrowings	23,321	15,000
Repayments of long-term borrowings	-12,960	-10,745
Repayments of lease liabilities	-1,599	-2,138
Purchase of treasury shares	-1	-1
Dividends paid	-8,379	-8,379
Dividends paid to non-controlling interests	-76	-126
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-18	-9
Net cash provided by (used in) financing activities	-10,342	353
Net increase (decrease) in cash and cash equivalents	-4,452	12,282
Cash and cash equivalents at beginning of period	42,274	40,279
Effect of exchange rate changes on cash and cash equivalents	794	-477
Cash and cash equivalents at end of period	38,615	52,083

5) Notes to the Consolidated Financial Statements

(Notes pertaining to the presumption of a going concern)

None

(Segment information)

1. Overview of Reporting Segments

Yaskawa Group's reportable segments are components of Yaskawa Group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and to evaluate performance.

The organization of Yaskawa Group is based on three business units: motion control, robotics and system engineering. Each business unit formulates comprehensive strategies for Japan and overseas and develops business activities.

Accordingly, Yaskawa Group has three reportable segments, namely, "Motion Control" "Robotics" and "System Engineering".

"Motion Control" develops, manufactures, sells and provides maintenance services for AC servo motor, controllers and AC drives. "Robotics" develops, manufactures, sells and provides maintenance services for industrial robots and other products. "System Engineering" develops, manufactures, sells and provides maintenance services for industrial automation drives and social systems.

The method of accounting for the reported business segments is generally the same as the accounting policy applied to the consolidated financial statements.

(Change in reportable segment classification)

In line with the reorganization of the System Engineering business, the Yaskawa Group has partially changed the internal management classifications of the reportable segments and consolidated subsidiaries.

As a result, PV inverter, which was included in the System Engineering segment until the previous consolidated fiscal year, is included in Motion Control segment from the first half under review.

Segment information for the previous interim consolidated accounting period has been prepared based on the reportable segment classification after the change.

Reportable segment income is based on operating profit.

Intersegment revenue or transfers are primarily based on prevailing market prices.

2. Revenue, profit (loss) and other items for each reporting segment

First half of Fiscal 2023 (From March 1, 2023 to August 31, 2023)

(Millions of yen)

	Reportable segments				Other *1	Total	Adjustment *2	Total
	Motion Control	Robotics	System Engineering	Total				
Revenue								
Revenue from external customers	140,751	112,356	23,059	276,167	12,811	288,978	—	288,978
Intersegment revenue and transfers	7,304	1,592	430	9,327	8,013	17,341	-17,341	—
Total	148,055	113,949	23,490	285,495	20,825	306,320	-17,341	288,978
Operating profit	20,206	12,995	1,391	34,593	8	34,601	-1,539	33,062
Finance income								893
Finance costs								-1,407
Share of profit (loss) of investments accounted for using equity method								1,943
Loss(gain) on disposal and remeasurement of investments in associates								52
Profit before tax								34,543

Notes:

1. Logistics services, etc. are included in the Other segment.

2. The components of adjustment are as follows:

Operating profit (loss) adjustment of -1,539 million yen includes inter-segment eliminations of 119 million yen and corporate earnings (expenses) of -1,659 million yen that are not allocated to each segment. The main components are expenses related to basic research not attributable to reportable segments and the difference in allocation of corporate expenses.

First half of Fiscal 2024 (From March 1, 2024 to August 31, 2024)

(Millions of yen)

	Reportable segments				Other *1	Total	Adjustment *2	Total
	Motion Control	Robotics	System Engineering	Total				
Revenue								
Revenue from external customers	119,438	112,082	18,601	250,121	11,452	261,573	—	261,573
Intersegment revenue and transfers	8,337	1,949	401	10,688	7,737	18,426	-18,426	—
Total	127,775	114,031	19,002	260,810	19,189	279,999	-18,426	261,573
Operating profit	11,010	10,596	1,869	23,476	831	24,307	-1,381	22,926
Finance income								1,401
Finance costs								-2,194
Share of profit (loss) of investments accounted for using equity method								2,293
Loss(gain) on disposal and remeasurement of investments in associates								—
Profit before tax								24,427

Notes:

1. Logistics services, etc. are included in the Other segment.
2. The components of adjustment are as follows:

Operating profit (loss) adjustment of -1,381 million yen includes inter-segment eliminations of 96 million yen and corporate earnings (expenses) of -1,478 million yen that are not allocated to each segment. The main components are expenses related to basic research not attributable to reportable segments and the difference in allocation of corporate expenses.