

Investor's Guide

Main Part

Notes:

- This material is composed mainly of basic contents to promote understanding of Yaskawa for analysts and investors.
- Figures in this document are rounded off and may differ from those in other documents such as financial results.
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YASKAWA ELECTRIC CORPORATION
(TSE6506)

What is Yaskawa?

- **Turning motors for 100 years**
- **Helping to build systems supporting industries and societies**
- **Three globally competitive products;
Industrial robots/AC servo drives/AC drives**



**Industrial robots
MOTOMAN Series**



**AC servo drive
Σ-X Series**



**AC drives
New series**

- 1. Corporate Profile and Business Overview**
- 2. Long-term Business Plan “Vision 2025”,
Mid-term Business Plan “Realize 25”**
- 3. Sustainability**
- 4. Solution Concept “i³-Mechatronics”**

1 . Corporate Profile and Business Overview

Yaskawa Principles

Founding Spirit

Our Company was founded by Daigoro Yasukawa in 1915 with the aim of "setting up an industry to repay the debt of gratitude to the State", an aspiration held by his father Keiichiro Yasukawa.



Keiichiro Yasukawa



Daigoro Yasukawa

Our Purpose

Yaskawa's mission is to contribute broadly to social development and human welfare through the execution of our business. To achieve the mission, our group has set the following three objectives and work hard to achieve them.


Our Value

- 1. Quality** Always developing and improving world-class technologies with a focus on quality
- 2. Profit** Working to improve management efficiency and secure Profit necessary for the sustainable growth
- 3. Market** Serving the needs of our customers and pursuing customer satisfaction

Profile

(As of February 29, 2024)

*Consolidated fiscal year from March 1, 2023 to February 29, 2024

| | | | | |
|----------------------|---|---|----------------------|---|
| Corporate Name | YASKAWA Electric Corporation |  | Consolidated Revenue | 575.7 billion yen* |
| Founded | July 16, 1915 | | Main Business | •Motion Control (AC servos, controllers and AC drives) •Robotics •System Engineering |
| Head Office Location | 2-1 KurosakiShiroishi, Yahatanishi-ku, Kitakyushu Fukuoka JAPAN | | | |
| Capital | 30.6 billion yen | | | |
| Number of Employees | Consolidated 13,094 (As of February 28, 2023) | | | |



Business History



Founder
Daigoro
Yasukawa

Representative Director,
President (FY 2023 -)
Masahiro Ogawa



Founded
1915

1950

1980

1990

2000

100 th anniversary
2015

Electric motors
(for coal mining)

Electric
systems

Steel, paper, film plants,
water supply plants and
sewage treatment plants

System Engineering



1917 -
Commercialized "three-
phase induction motor".

DC Servomotors

AC Drives

AC Servomotors

Industrial Robots

1958 - Invention of
"Minertia Motor"



1977 - Debut of
Japan's first full
electric industrial robot



Shifted the focus on
Mechatronics
field



Glass sheet
transfer robot

Semiconductor wafer
transfer robot

Environmental and
energy equipment

Medical and
welfare robots

Food and
agriculture

Launch of Solution Concept
i3-Mechatronics

VISION 2025

**Factory
Automation
/ Optimization**



**Mechatronics
Applications**



*"Mechatronics" is a combining word with mechanism (mechanical engineering) and electronics (electronic engineering), and Yaskawa has registered the trademark in 1972.

Revenue Breakdown by Business Segment

System Engineering

Revenue **55.5** (B JPY)

Core products:

Electrical systems for steel plants
Electrical instrumentation systems for water supply plants and sewage treatment facilities
PV inverters



Continuous casting machine



PV inverter
Enewell-Sol P3A 25kW

Robotics

Revenue **234.7** (B JPY)



MOTOMAN NEXT series

Collaborative robot
MOTOMAN-HC30PL

Core products:

- Industrial robots
 - Arc and spot-welding robots, painting robots
 - FPD glass sheet transfer robots, handling robots
- Semiconductor wafer transfer robots
- Biomedical robots
- Collaborative robots

Other

Revenue **25.5** (B JPY)

Core products

Logistics, etc.

Motion Control

Revenue **260.0** (B JPY)

➤ **AC servo motors and controllers (50%)**



AC servo motor
Σ-X series

YRM controller

Target Markets:

Semiconductor and FPD manufacturing devices, chip mounters, machine tools, injection molding and metal forming machines, etc.

➤ **Drives (50%)**



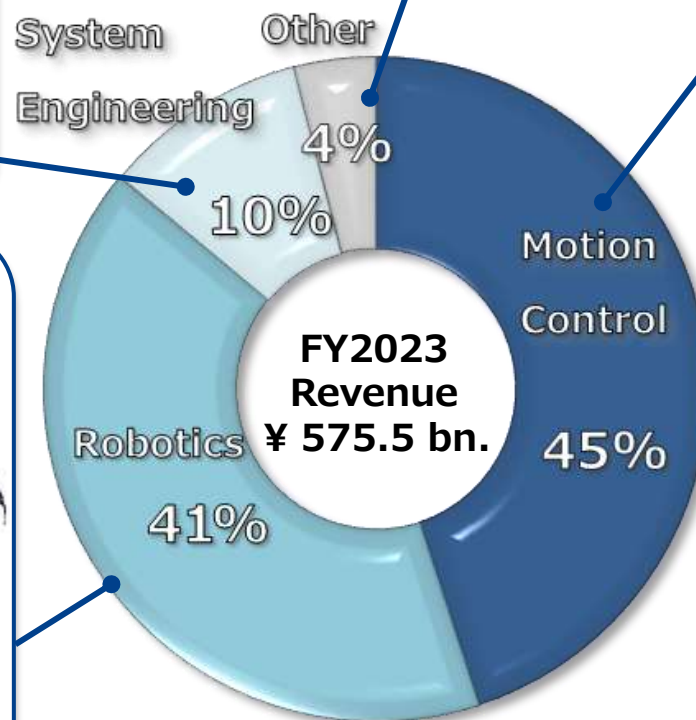
Yaskawa AC drive
GA 700 series

ECO PM motor

Matrix converter
U1000

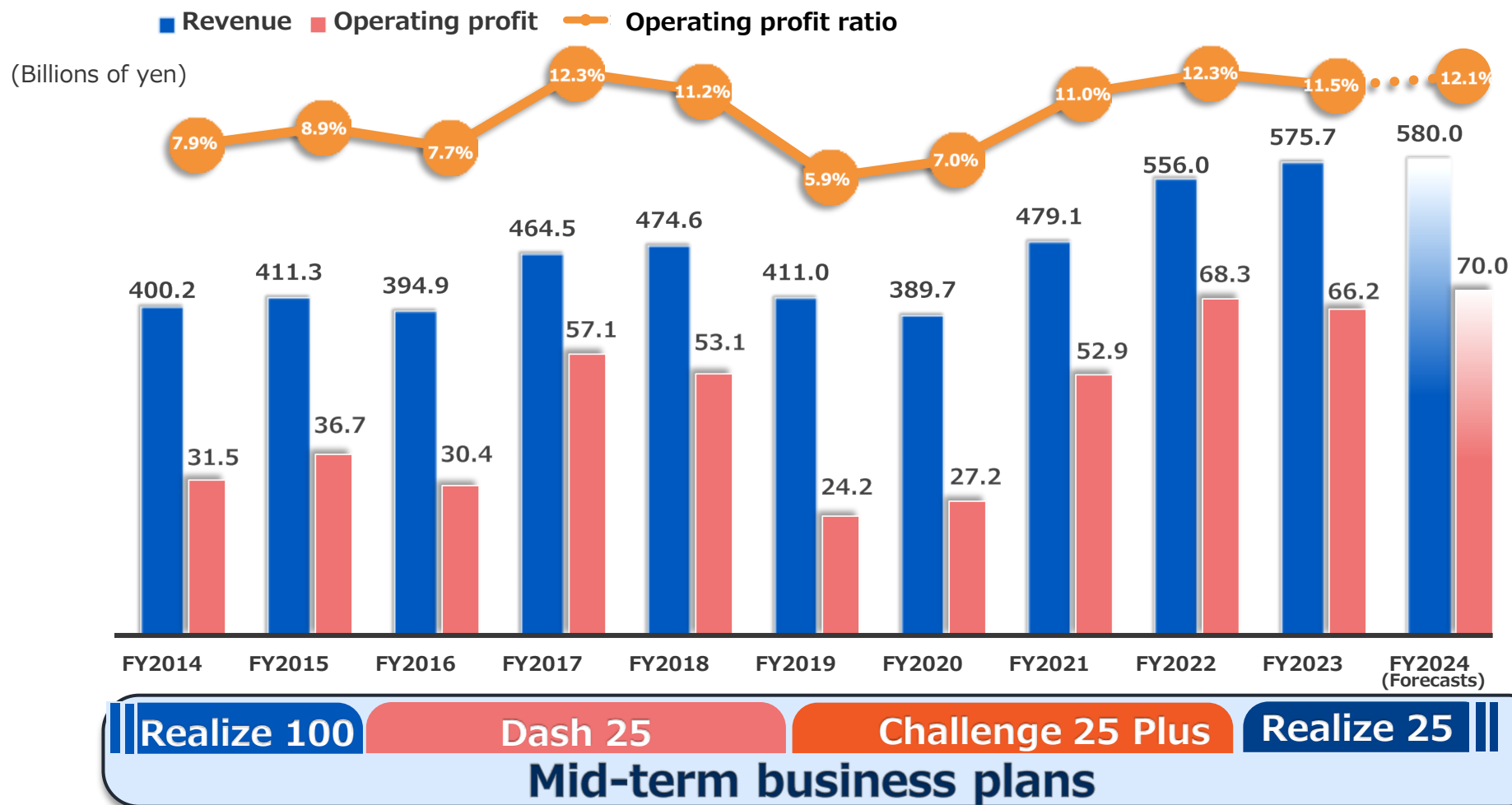
Target Markets:

Elevators and escalators, HVAC, textile machines, port cranes, etc.



Revenue / Operating Profit (FY2014 – FY2024 Forecasts)

- Setting **operating profit** as the most important KGI
- Formulating mid-term business plan every three to four years

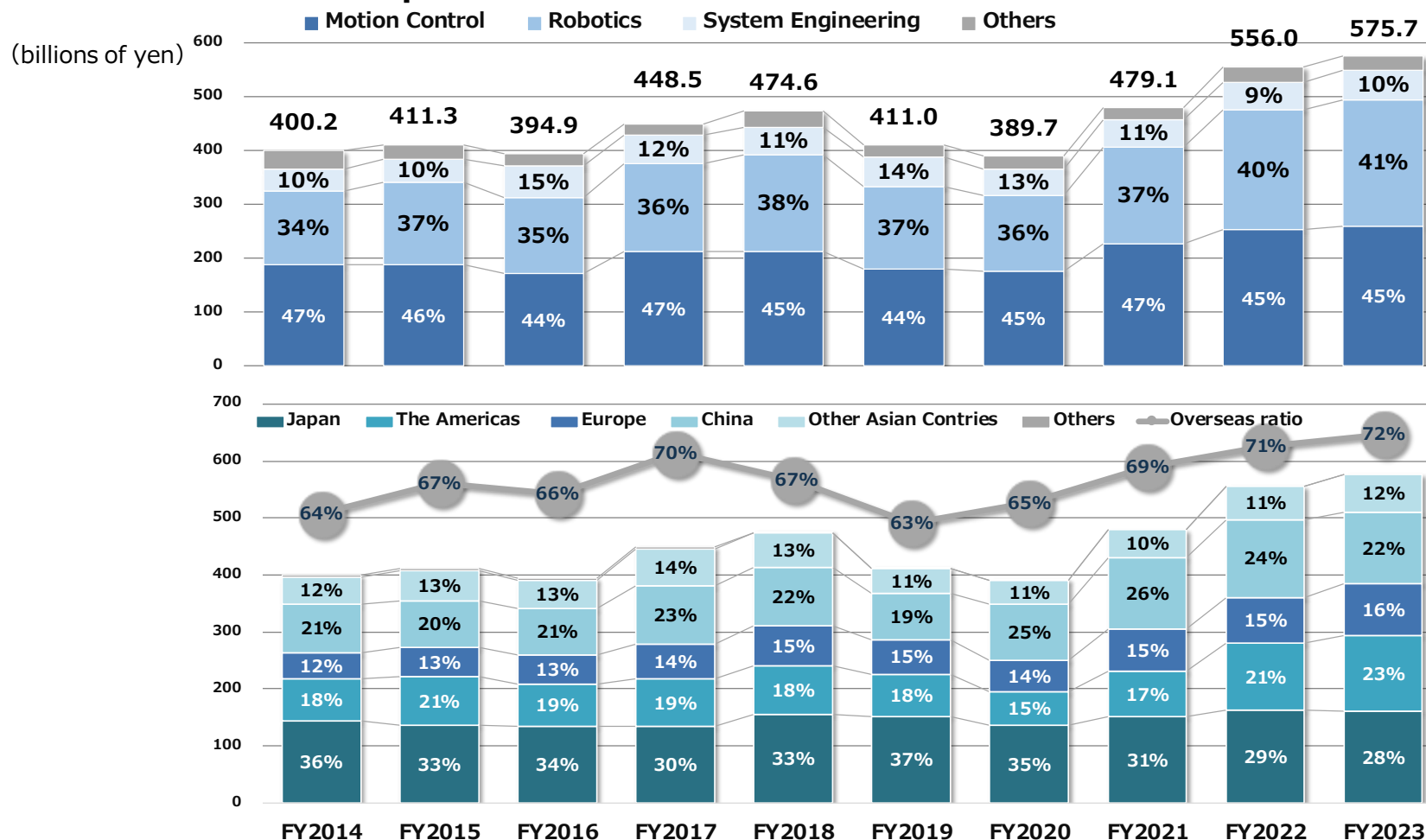


Note1: Data up to FY2017 are based on Japanese GAAP.

Note2: The data for FY2017 are made on a reference basis. (March 21, 2017 – March 20, 2018)

Revenue by business segment and location (FY2013-FY2022)

- **Robotics** is expanding due to the trend of automation, labor-saving, and EVs.
- Overseas sales ratio is increasing by accurately capturing demand expansion in growth markets out of Japan



※The Company has adopted International Financial Reporting Standards (IFRS) since its Annual Securities Report submitted on May 28, 2020. The figures for the previous fiscal year are restated based on IFRS for comparative analysis.

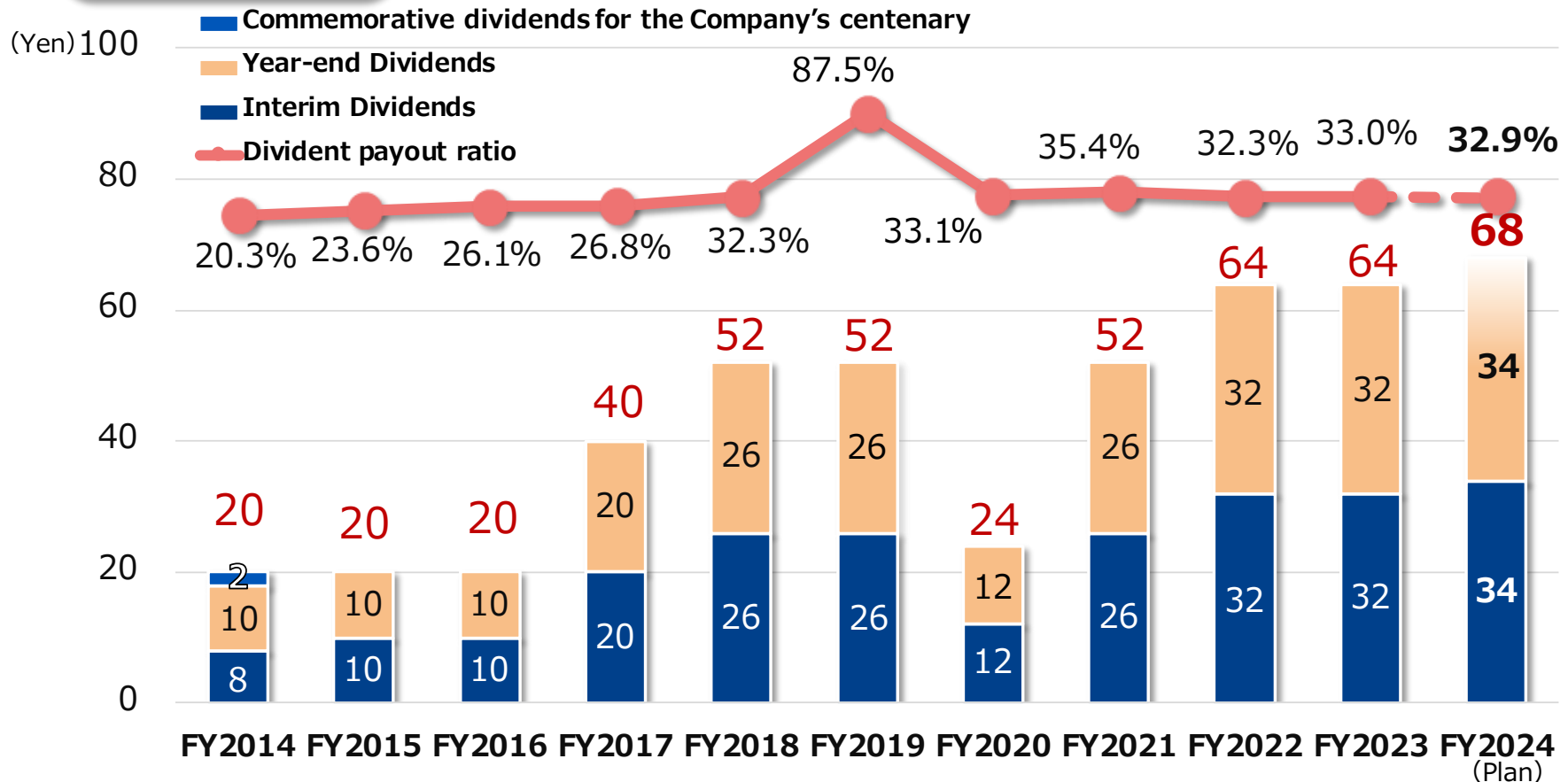
※The Company changed its accounting period starting FY2017 from March 20 to the last day of February. As a transitional year for this change, FY2017 was from March 21, 2017 to February 28, 2018.

※The has changed the basis for calculating regional information from the destination (customer locations) to the location of each Yaskawa Group company since FY2022.

Shareholder Return (Dividends)

- The cash generated by business activities is effectively allocated in three directions: (1) growth investments (2) shareholder returns (3) return to employees
- The policy of shareholder returns is based on a payout ratio of 30% + α.

Dividends



Network in Japan

- **Head office** (Robot Village) / **Yaskawa Technology Center**
- **Yahata-nishi plant** (Robot Plant / Yaskawa Innovation Center)
- **Yahata-higashi Plant** (Motion Control Plant / Motor Plant)
- **Nakama plant** (Robot plant)



- **Iruma plant**
(Yaskawa Solution Factory / Motion Control Plant)



Kyushu office

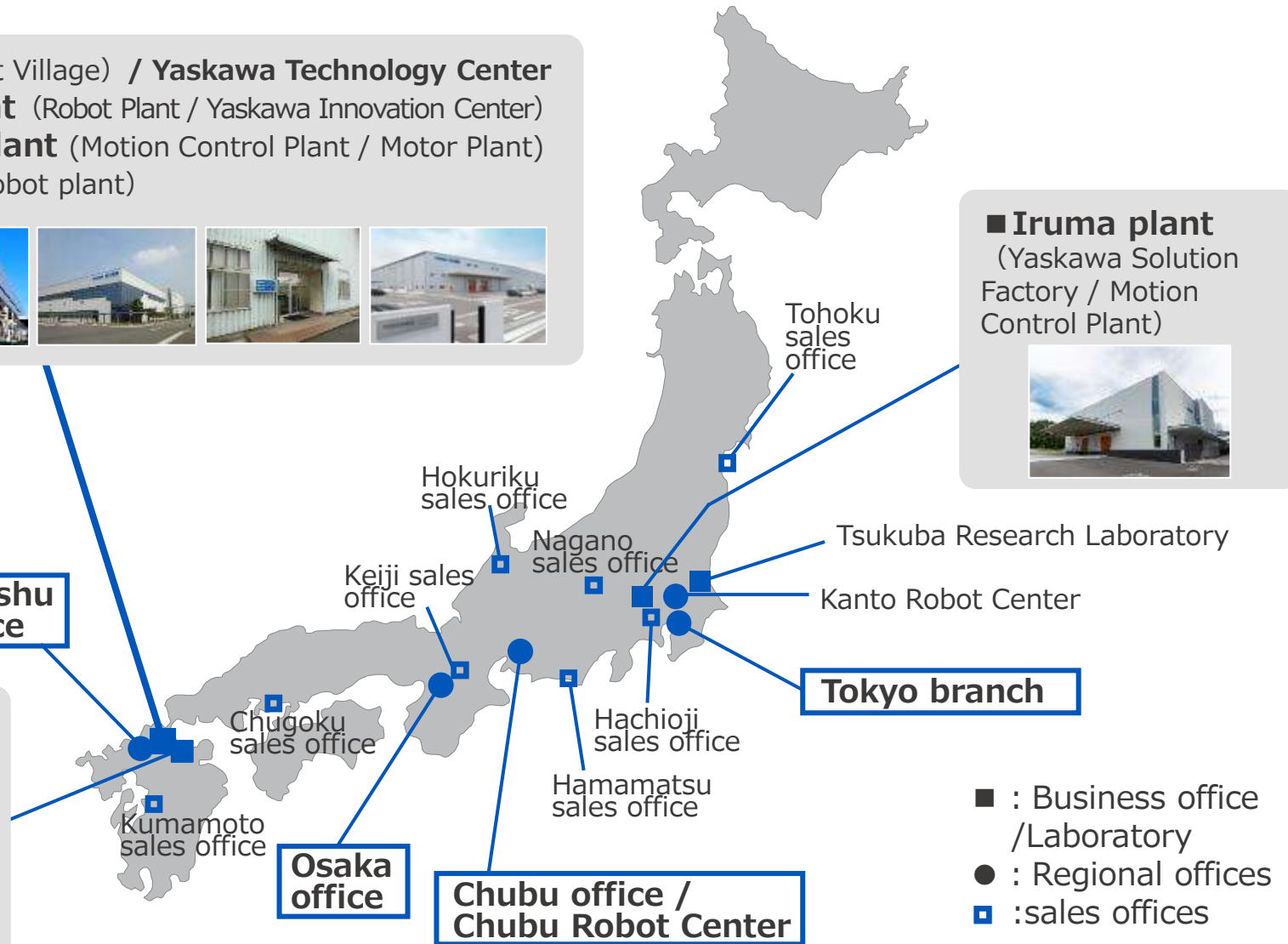
- **Yukuhashi plant**
(Drive Center / System Engineering Center)



Osaka office

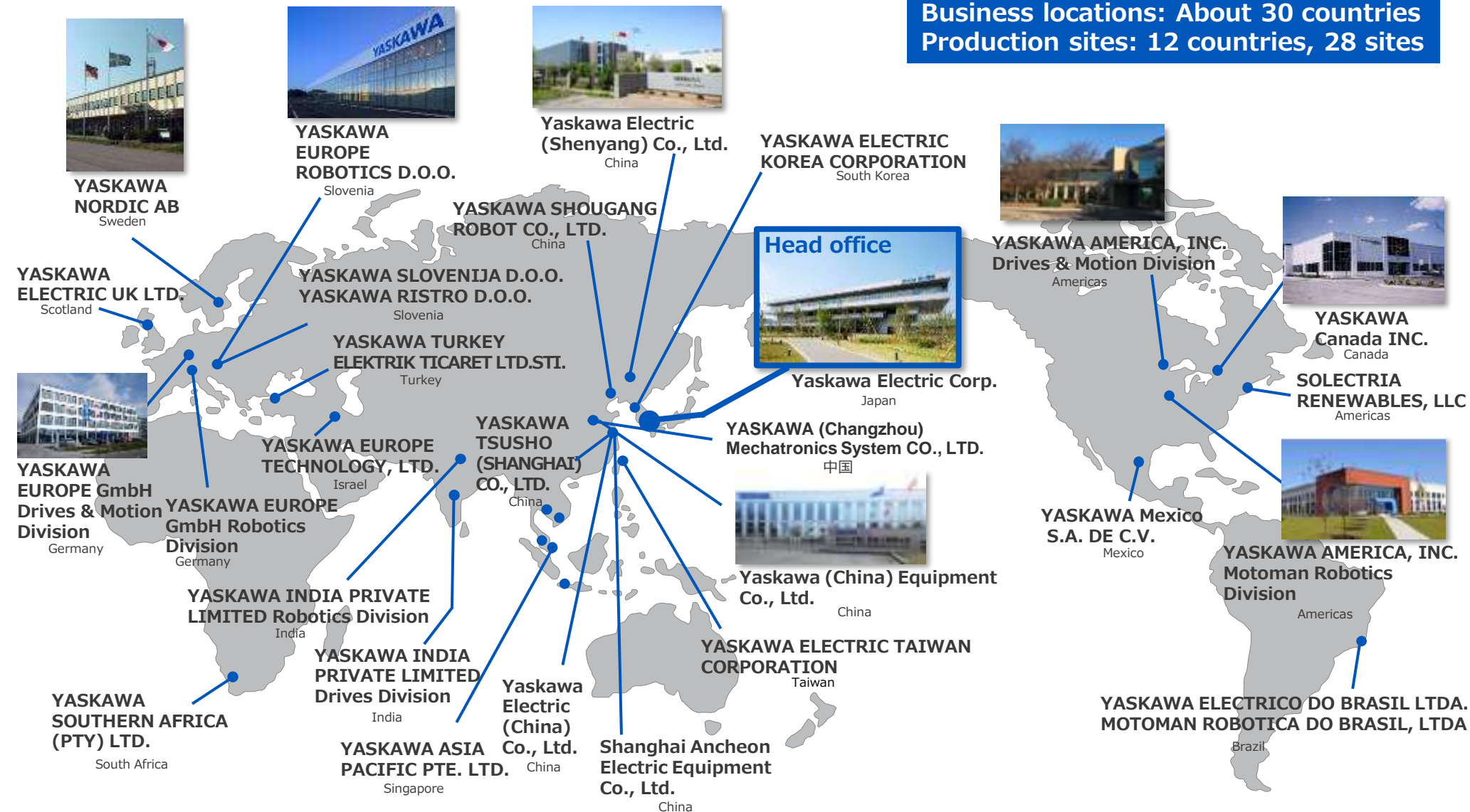
Chubu office / Chubu Robot Center

Tokyo branch



Global Network

Business locations: About 30 countries
Production sites: 12 countries, 28 sites



2. Long-term Business Plan “Vision 2025” (FY2016-FY2025)

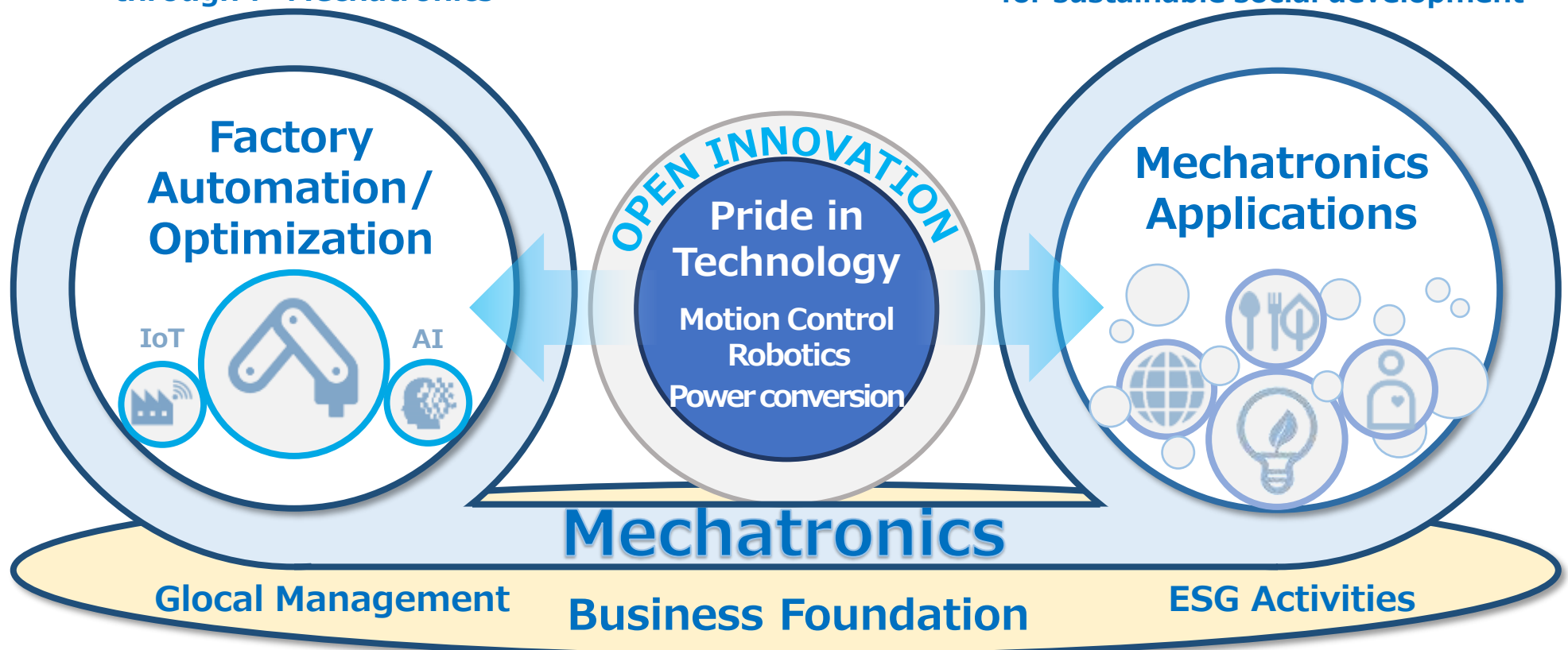
Mid-term Business Plan “Realize 25” (FY2023-FY2025)

Yaskawa's Vision for 2025

We contribute to solving customers' management issues in addition to creating new added value to society, through evolution of core businesses, and expansion into new fields by applying mechatronics technology

Automation and optimization of factories through i³-Mechatronics*

New fields of mechatronics application for sustainable social development



* i³-Mechatronics: Yaskawa's solution concept for realizing new industrial automation revolutions

Financial Targets for FY 2025

**We set operating profit as the most important KGI
to be achieved in FY 2025**

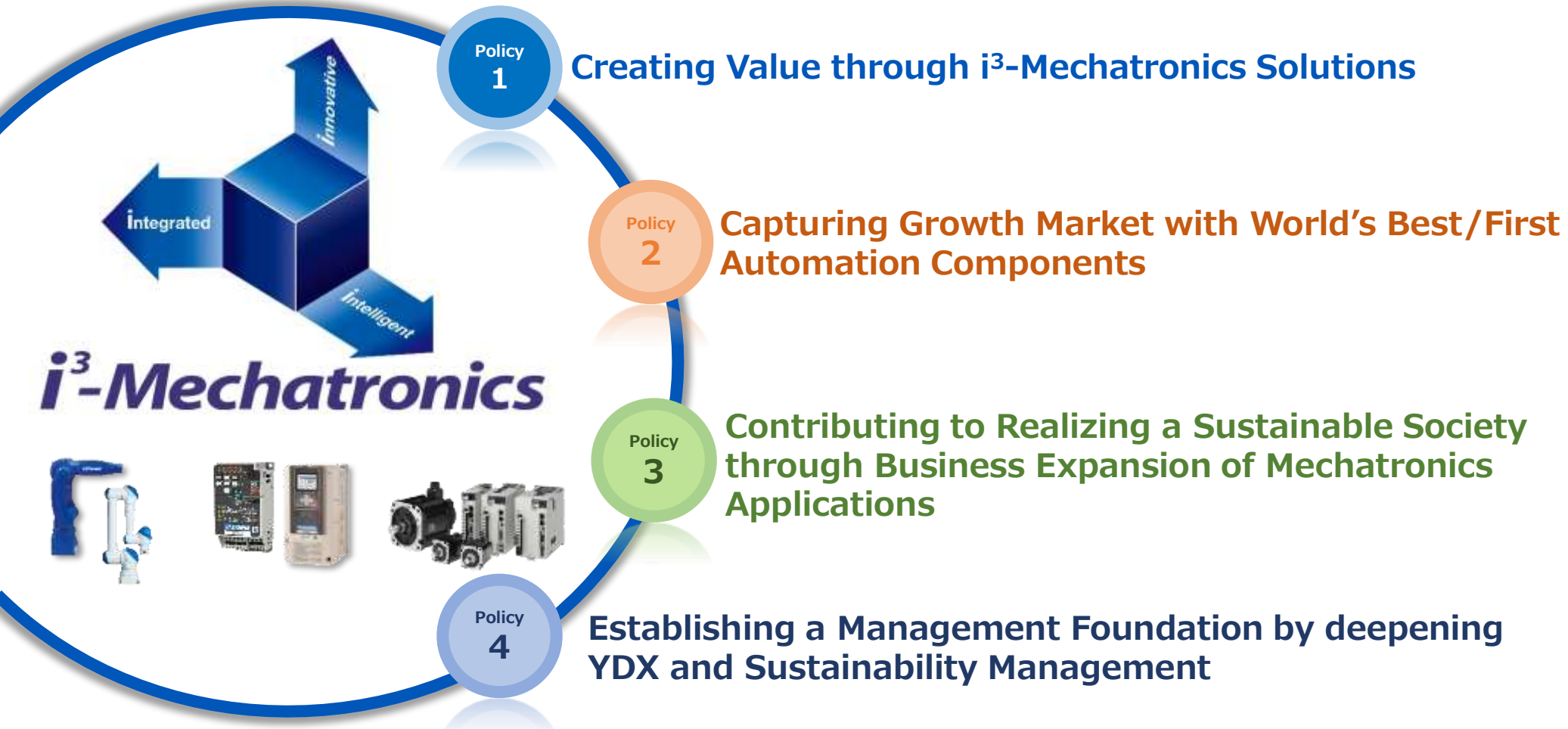
| | FY2015 Actual (JPY) | FY2025 Targets (JPY) |
|-------------------------|---------------------|--------------------------------|
| Operating Profit | 36.7 billion | Over 100 billion |
| ROE *1 ROIC *2 | 12.8% 11.3% | 15.0% or more 15.0% or more |
| Divided Payout Ratio | 23.6% | 30.0% + α |

***1 ROE:** Return on Equity (return on equity) = Net income attributable to owners of parent/Equity

***2 ROIC:** Return on Invested Capital (return on invested capital) = Net income attributable to owners of parent/Invested capital

Aim and Policies of “Realize 25”

Provide new values by expansion of i^3 -Mechatronics and evolution of robotics to achieve “Vision 2025” and contribute to realizing a sustainable society



Policy1: Creating Value through i³-Mechatronics Solutions

Strengthening technology, production, sales, and service functions

Technology

Enhancing technological development capabilities to increase values of customers

Production

Evolving group-wide manufacturing with i³-Mechatronics

Sales

Strengthening strategic approach to customers and their supply chains

Service

Innovating product and service quality throughout the product lifecycle



i³-Mechatronics

Realizing new revolutionary industrial automation

integrated

integrated • coordinated
production site

intelligent

intelligent
production site

innovative

innovative
production site

Policy 2. Capturing Growth Market with World's Best/First Automation Components

Securely capture demand in growing markets by developing global market-specific strategies centered on automation components and building optimal production systems

Sales & Service



Strategy by markets

Product



YRM controller
MOTOMAN NEXT, Σ -X series
Cooperative/semiconductor robot
AC drives series

Production



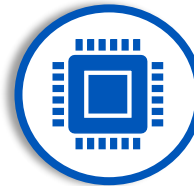
In-house production
Further automation
Demand area production



EV market



Battery market

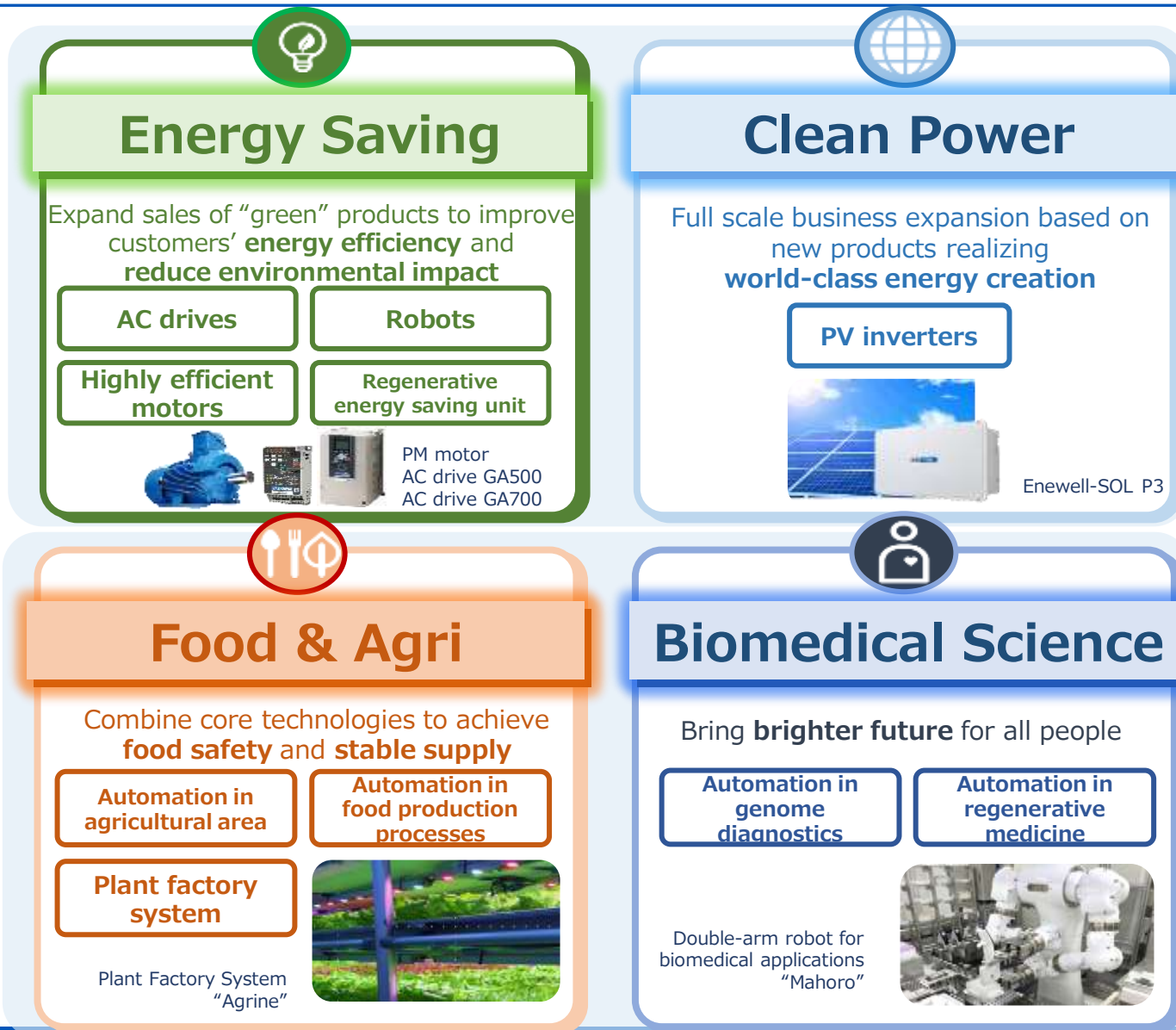


Semiconductor market



F&B market

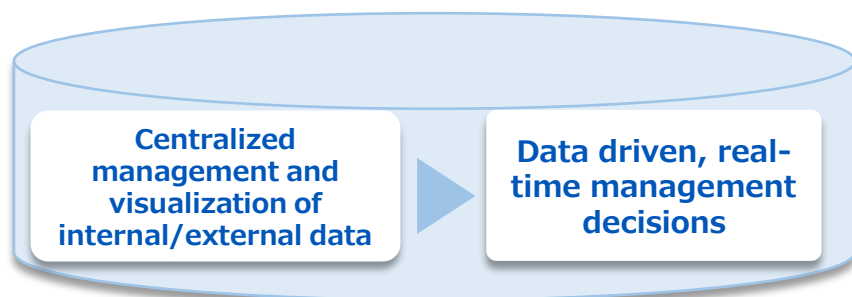
Policy 3. Contributing to Realizing a Sustainable Society through Business Expansion of Mechatronics Applications



Providing New Value through YDX Chain Based on PLM Restructuring

**Create customer value through PLM* restructuring with
“YDX-II”(second phase of YDX)**

Construct Yaskawa data lake that supports digital management



Establish YDX chain throughout the product lifecycle



Realize operational reformation that will lead to customer value

YDX- I ~to date (internal DX)

Data centralization, business reform, management visualization

YDX- II from now~(internal+external DX)

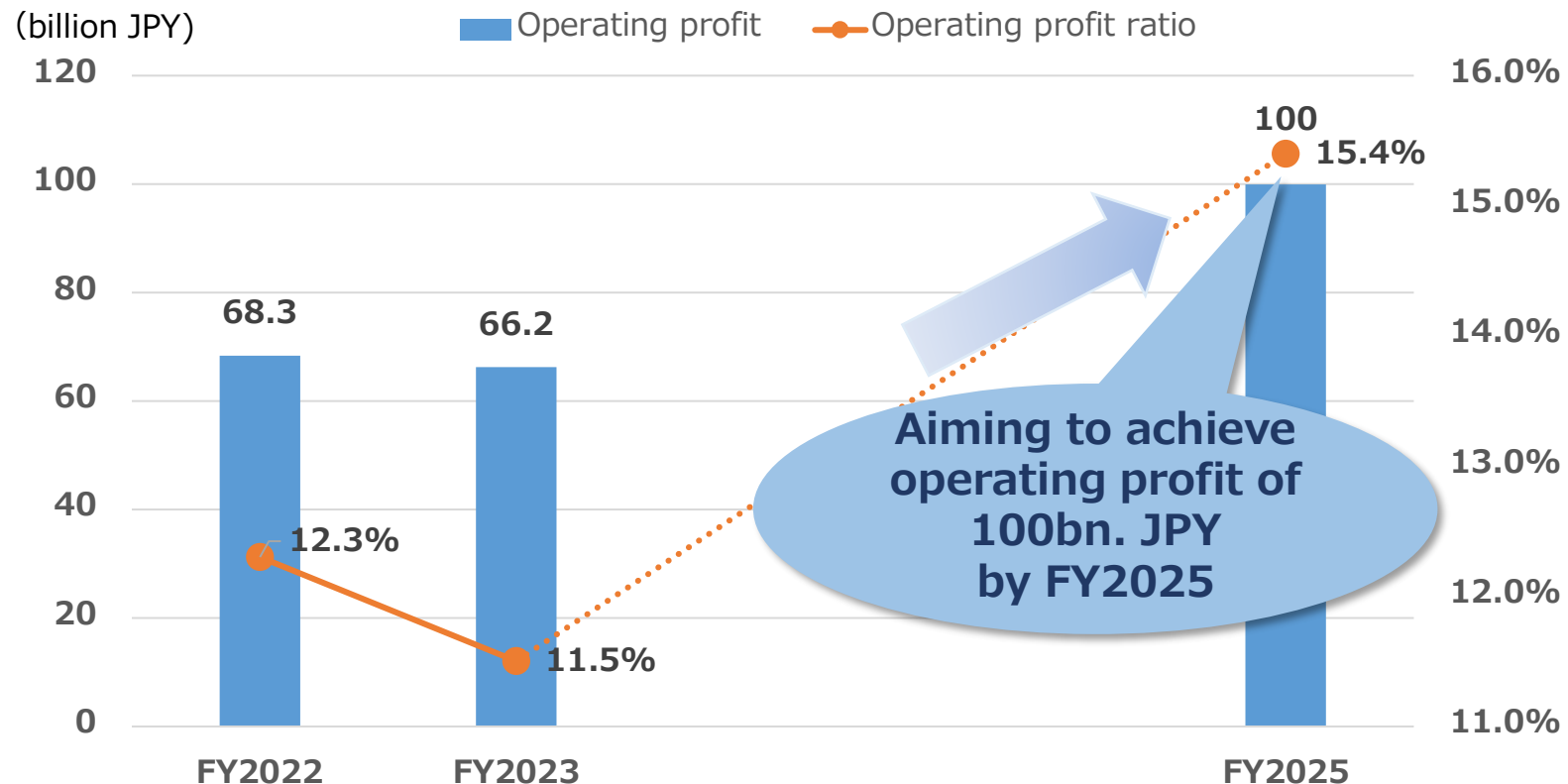
Create customer value from product/service perspectives

*PLM: Product Lifecycle Management

Progress

We will continue to evolve our business through the i³-Mechatronics concept, and by contributing to the improvement of added value for our customers, we aim to achieve the goals of our vision by realizing the industrial automation revolution and improving profitability.

Realize 25



3 . Sustainability

Promotion of Sustainability

Formulated the policy to strengthen initiatives to contribute to social sustainability

Sustainability Policy

We will strive to realize a sustainable society and increase corporate value through the implementation of the Yaskawa Group Principle of Management which is to leverage the pursuit of our business to contribute to the advancement of society and the well-being of humankind.

1. We will contribute to the value creation for customers and society through creating innovation by cutting-edge mechatronics technologies.
2. We will realize fair and transparent corporate management through communication and collaboration with stakeholders around the world.
3. We will work to resolve social issues globally with the aim of achieving SDGs as a universal goal.



Sustainability Promotion System

Yaskawa Group's Sustainability Challenges and Targets (Materiality)

Under newly formulated Sustainability Policy, identifying materiality and expanding initiatives to solve to the mid-term business plan.

Yaskawa Group's Materiality

Create Social Value and Solve Social Issues through Business Activities



Realize revolutionary industrial automation with our partners through "i³-Mechatronics"



Build clean social infrastructure and foundation for safe and comfortable living



Develop new technologies and business domains through open innovations



Strengthen Management Foundation that Contributes to Sustainable



Sustainable and productive manufacturing



Create a rewarding workplace and human resource development



Fair and transparent governance system



The Risks and Opportunities Identified in the TCFD Scenario Analysis

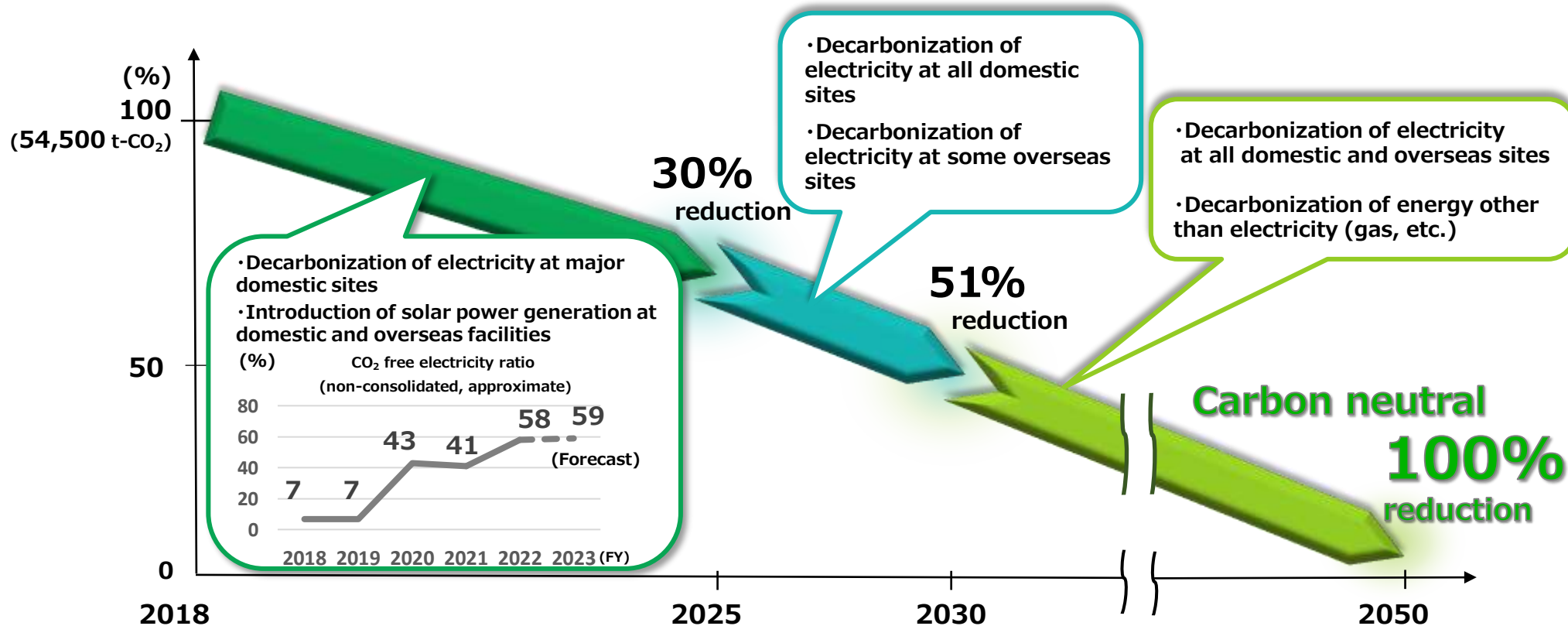
- The impact of climate change on business was examined.
- In terms of financial impact, **opportunities of revenue increase will be greater than risks of revenue decrease.**

Business impact on risk and opportunity factors

| Risk/ Opportunity | Transition/ Physical | Factor | Impact | Evaluation |
|----------------------|-------------------------|--|--|------------|
| Risk | Transition | Carbon price | • Increased fuel and material procurement costs due to the introduction of carbon taxes by national governments. | Serious |
| | | Government policies on carbon emissions | • Increased costs (e.g., purchasing clean energy) that accompany the introduction of emissions trading and the strengthening of emissions regulations. | Serious |
| | | Transformation to energy savings and carbon reductions | • Production impacts due to price increases and procurement difficulties for reasons such as insufficient related materials from electrification and the transition to electric vehicles. | Serious |
| | | Recycling regulations | • Increased costs from using substitute materials, etc., due to regulations such as those on plastics. | Minor |
| | | Growth of low-carbon technologies | • Increased investment costs, such as R & D costs, due to increased competition in the energy saving performance of products against a background of increasing demands for energy savings. | Moderate |
| | | Changing behavior of investors and customers | • Increased support costs due to investors and customers preferring companies that are more environmentally responsive. • Decreased company valuation and loss of business opportunities due to delayed responsiveness to environmental responsibility related to information disclosure and procurement. | Minor |
| | Physical | Increasing average temperatures | • Increased energy costs due increased air conditioning energy in our factories. • Need to move production sites where the risk of flooding exceeds tolerances due to sea rise. | Moderate |
| | | Intensification of unusual weather | • Operation stoppages, reductions in production, and additional investment to restore equipment from typhoons, tornadoes, and flooding. | Serious |
| Opportunity | Transition | Transformation to energy savings and carbon reductions | • Increased demands for factory automation devices and industrial AC drives due to increased energy saving needs. • Expanded business opportunities for solutions that increase the productivity and energy saving performance of factories and equipment. • Expanded demand for solar power generators and wind power/geothermal power/biomass power generation equipment due to feed-in tariff incentives and so on. • Expanded business opportunities for electronics in electric vehicles as the electrification of automobiles progresses. • Expanded business opportunities for marine electronics due to increased demands for electric and hybrid ships. | Serious |
| | | Changing behavior of investors and customers | • Increased investor valuation, increased ESG investment, and increased corporate value due to expansion of businesses that contribute to the environment. | Minor |

2050 CARBON NEUTRAL CHALLENGE*¹ and Prospects for Achievement

- We will achieve net zero CO₂*² emissions from global business activities (Scope 1 + Scope 2*³) in 2050, and reduce the same CO₂ emissions by 51% from 2018 levels by 2030.(Announced in March 2021, revised in May 2022)
- We will actively invest in the environment to achieve this goal.



*1 Yaskawa Group's goal of achieving net-zero CO₂ emissions from its global business activities by 2050.

*2 Including carbon dioxide and other greenhouse gases (CFCs, etc.)

*3 Scope 1 is mainly emissions associated with fuel use (direct emissions). Scope 2 refers to emissions associated with the use of purchased electricity and heat (indirect emissions by electric power companies, etc.).

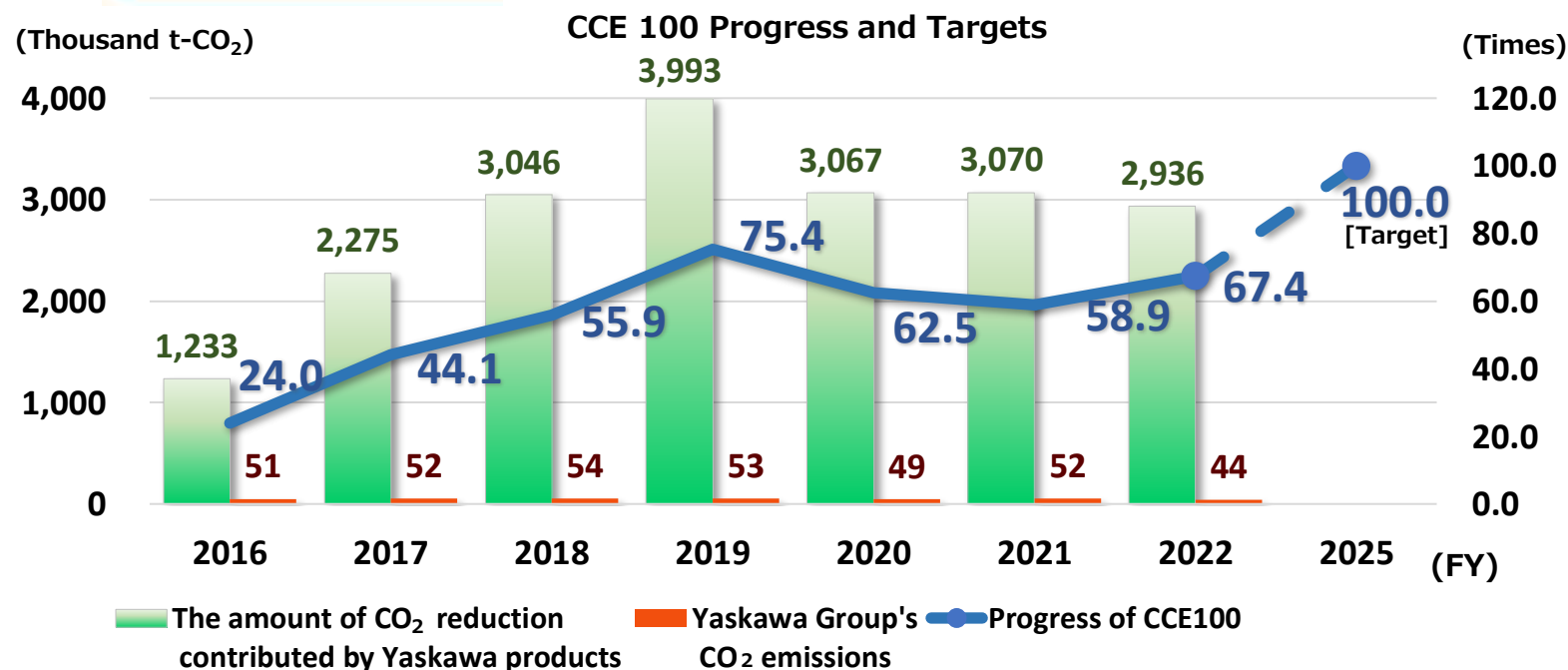
"CCE100" a Unique Environmental Indicator

- Promoting CCE100*, a target to increase the amount of CO₂ reduction contributed by Yaskawa products to 100 times or more of Yaskawa Group's CO₂ emissions by 2025
- Reducing the environmental impact of production activities (Green Processes) and contributing to reducing the environmental impact of customers around the world through Yaskawa products (Green Products)

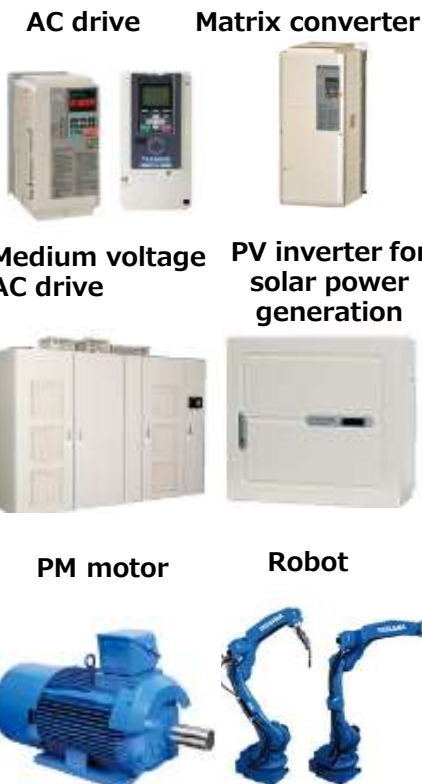
* Abbreviation of Contribution to Cool Earth 100

CO₂ reduced through products
CO₂ emitted by the Group

≥100 : CCE100
Contributions of more than 100 times in 2025



Example for Green Products



History of Initiatives to Enhance Corporate Governance

| Fiscal Year | | FY2012-2014 | FY2015-2017 | FY2018-2021 |
|--|------------------------------|---|---|--|
| Main measures | | <u>FY2012</u> <ul style="list-style-type: none"> Adoption of executive officer system Number of Directors was reduced to 12 from 20 <u>FY2014</u> <ul style="list-style-type: none"> Compensation Advisory Committee established | <u>FY2015</u> <ul style="list-style-type: none"> Transition to a company with Audit and Supervisory Committee Nomination Advisory Committee established <u>FY2016</u> <ul style="list-style-type: none"> Evaluation of the effectiveness of the Board of Directors commenced | <u>FY2018</u> <ul style="list-style-type: none"> More than 1/3 of the board of directors are independent outside directors <u>FY2019</u> <ul style="list-style-type: none"> Disclosed skill matrix of the board of directors <u>FY2020</u> <ul style="list-style-type: none"> Determination of basic policies for executive compensation Established Corporate Governance Policy of Yaskawa <u>FY2021</u> <ul style="list-style-type: none"> Established Sustainability Policy <u>FY2022</u> <ul style="list-style-type: none"> Commenced the Board of Directors' opinion exchange Meeting |
| Aim and purpose | | <ul style="list-style-type: none"> Faster and more efficient management decision-making and execution Ensuring the appropriateness and transparency of executive compensation | <ul style="list-style-type: none"> Strengthening of offensive and defensive governance Ensuring transparency and fairness in nomination of director candidates Improving the functions of the Board of Directors to increase corporate value | <ul style="list-style-type: none"> Improving the independence and objectivity of the Board of Directors Enhancement of information disclosure Contributing to the realization of a sustainable society in addition to improving corporate value Deepening the understanding of the business of outside directors to further improve the effectiveness of the Board of Directors |
| Institution establishment | | Company with Board of Corporate Auditors | Company with Audit and Supervisory Committee | |
| Composition of the Board of Directors | Internal | 6 | 8*1 | 8*1 |
| | Independent outside (Female) | 1 | 3*1 | 5*1(2) |
| Composition of Audit and Supervisory Committee*2 | Internal | 2 | 2 | 2 |
| | Independent outside (Female) | 2 | 3 | 4(2) |

Note: The No. of members of the Board of Directors and the Audit and Supervisory Committee are of the latest figure of the corresponding fiscal years on the table.


















































































*1Including directors who are members of the Audit and Supervisory Committee.

*2Up to FY2014, data indicated as "Board of Corporate Auditors"

Structures of the Board of Directors, the Audit and Supervisory Committee, and Advisory Committees

Yaskawa Electric has adopted a corporate structure with **an Audit and Supervisory Committee**

Composition of the Board of Directors and Board Skills Matrix

| Name | Age | Gender | Attributes | Structure | | | | Field of capability that Yaskawa expect each director to demonstrate | | | | | | |
|-------------------|-----|---|---------------------|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Board of Directors | Audit and Supervisory Committee | Nomination Advisory Committee | Remuneration Advisory Committee | Corporate management/ Management strategy | Corporate governance | Finance/ Accounting | Legal | Sales/Marketing | Manufacturing/ R&D and IT | Global |
| Hiroshi Ogasawara | 67 |  | |  | |  | |  |  |  | |  |  |  |
| Masahiro Ogawa | 58 |  | |  | |  |  |  |  | | |  |  |  |
| Shuji Murakami | 64 |  | |  | | |  |  |  |  |  | | |  |
| Yasuhiko Morikawa | 60 |  | |  | | | |  |  |  |  | | |  |
| Yuji Nakayama | 63 |  | Non-executive |  |  | | |  |  |  | | | |  |
| Takeshi Ikuyama | 59 |  | Non-executive |  |  | | |  |  | | | | |  |
| Toshikazu Koike | 67 |  | Outside Independent |  |  |  |  |  |  | | |  | |  |
| Kaori Matsunashi | 53 |  | Outside Independent |  |  |  |  |  |  |  | | | |  |
| Keiji Nishio | 64 |  | Outside Independent |  |  |  | |  |  | | |  |  |  |
| Yaeko Hodaka | 57 |  | Outside Independent |  |  | |  |  |  | |  | | |  |

© Chairperson ○ Member

*Note: The above table does not represent the full knowledge of each director. Age is as of the 107th general meeting of shareholders held on May 24, 2023.

4 . The Solution Concept i³-Mechatronics

i³-Mechatronics Concept



integrated

intelligent

innovative

Advances in Mechatronics
through digital data
management

Realize revolution of
industrial automation



i³-Mechatronics

Business Issues

Realizing Smart Factory

(Use of Robotics and Automation Technology/Use of AI and Big Data)



Variable-type and
variable-quantity
production



Reduced stock
parts and
in-process
products



Reduced
production
lead time



Prevention of
equipment
failure



Elimination of
dependency on
individual skills in
inspection process



Quality
improvement
(Identification of
causes of defects)

i³-Mechatronics

Yaskawa has provided many solutions, such as automation with mechatronics technologies and products like AC servo drives, AC drives, and robots to meet our customer's demand for the higher productivity and higher quality on a daily basis.

We add digital data management to our automation solutions and contribute to solve business issues from the manufacturing field together with our customers by using *i³-Mechatronics*.



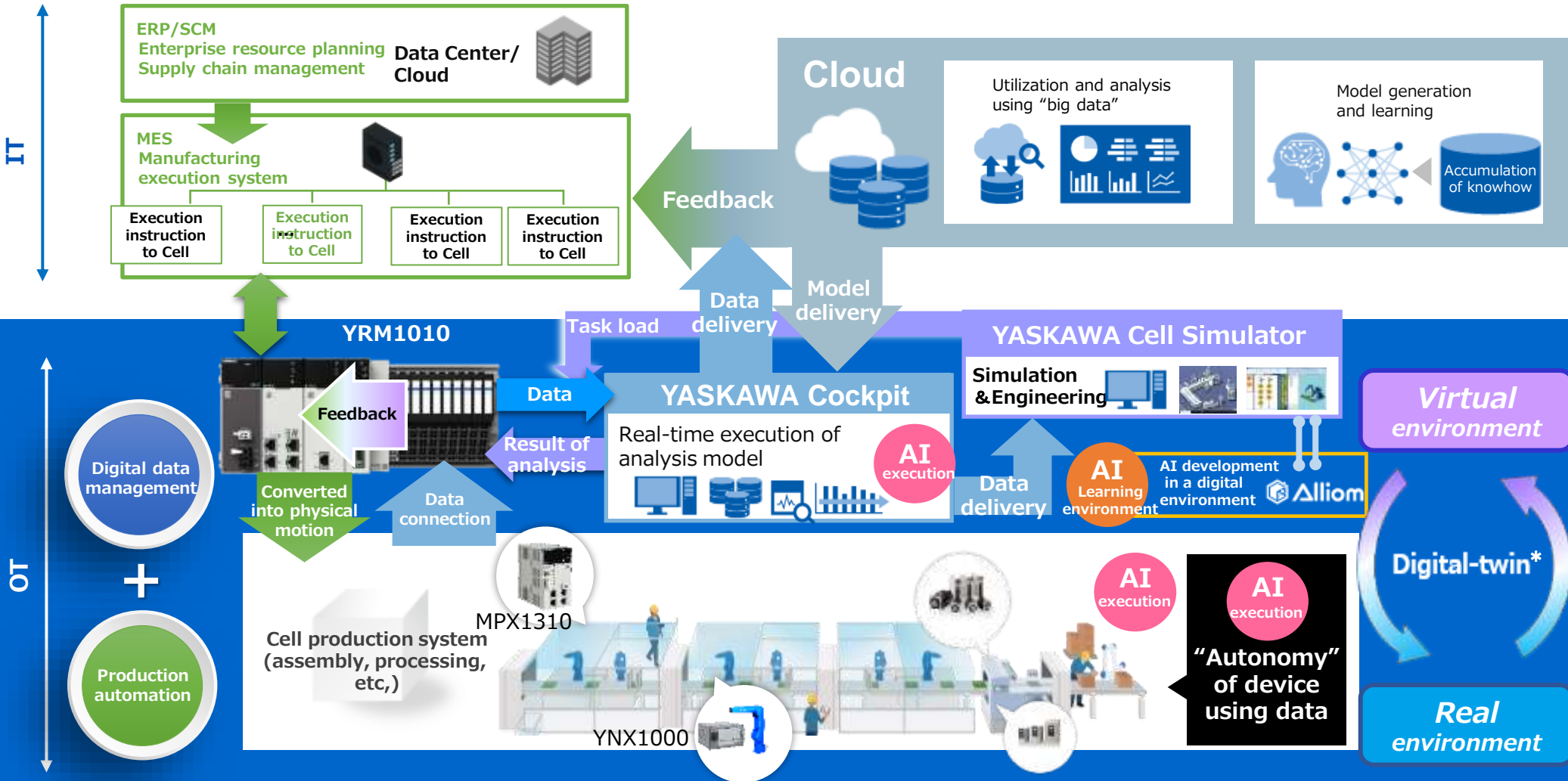
FA Solution

Motion&
Data

Data Solution



Factory where i³-Mechatronics is realized



* : Technology that allows production lines to be reproduced in a virtual environment and simulated multiple times to reduce the time required to set up the system or to be operated remotely

YASKAWA