

FY2023-FY2025 Mid-term Business Plan

“Realize 25”

June 1st, 2023

YASKAWA ELECTRIC CORPORATION

Regarding Mid-term Business Plan “Realize 25”

Since its establishment in 1915, Yaskawa Electric has constantly strived to take on the latest technologies of the times, upholding its corporate motto of being “a technology driven company” and defining its business domain as “electric motors and their applications”. Yaskawa’s mission is to contribute broadly to social development and human welfare through the execution of our business.

Our business environment are in constant state of dramatic changes. Global shortage of materials such as semiconductors, foreign exchange fluctuations, geopolitical risks, and other uncertainties continue, but we must ensure that we are able to capture the expansion of the growing markets.

We are pleased to announce our mid-term business plan "Realize 25," started from FY2023. Based on the Yaskawa Principles, we will strengthen our business activities centered on the solution concept "i³-Mechatronics" to achieve our long-term business plan "Vision 2025" as well as to contribute to solving our customers' business challenges and realizing a sustainable society.

Representative Director, President
Masahiro Ogawa

Yaskawa Principles

Promote behavioral change among employees through deepening understanding of the Yaskawa Principles on a global scale and establish “One YASKAWA” corporate culture

Our Values

To achieve the mission, our group has set the following three objectives and work hard to achieve them

Focus on quality
Management efficiency
Market oriented

Our Purpose

Yaskawa’s mission is to contribute broadly to social development and human welfare through the execution of our business

Our Actions

We respect our group’s heritage and strive to realize our mission, and through this, we seek the group’s prosperity and our own well-being by raising society’s trust

The corporate culture that we have cultivated for over 100 years : **6 categories for Yaskawa DNAs**

Technology driven

Customer and application focused

Quality first

Mechatronics

Policy-based management

Global

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Review of Mid-term Business Plan “Challenge 25 Plus”

Review of “Challenge 25 Plus” (Consolidated)

(Billions of Yen)

	FY2020 Results	FY2022 Target*1	FY2022 Results
Revenue	389.7	470.0	556.0
Operating profit	27.2	61.0	68.3
Operating profit ratio	7.0%	13.0%	12.3%
ROE*2	8.0%	15.0% or more	16.2%
ROIC*3	7.0%	15.0% or more	14.6%
Dividend payout ratio	33.1%	30.0%+α	32.3%

*1. FY2022 target were at the time of “Challenge 25 Plus” release (April 2021)

*2. ROE: Return on Equity = Profit attributable to owners of parent divided by shareholders' equity

*3. ROIC: Return on Invested Capital= Profit attributable to owners of parent divided by invested Capital

Review of “Challenge 25 Plus” (Major segments)

(Billions of Yen)

Motion Control



	FY2020 Results	FY2022 Target*	FY2022 Results
Revenue	176.0	221.0	252.1
Operating profit	24.6	43.7	36.2
Operating profit ratio	14.0%	19.8%	14.4%

Robotics



Revenue	139.5	177.7	223.8
Operating profit	6.9	19.5	26.1
Operating profit ratio	5.0%	11.0%	11.7%

System Engineering



Revenue	50.8	51.0	51.1
Operating profit	-1.0	2.0	2.6
Operating profit ratio	-2.0%	3.9%	5.0%

*FY2022 target were at the time of “Challenge 25 Plus” release (April 2021)

Achievements and Tasks of “Challenge 25 Plus”

Basic Policy

Achievements

Tasks to work on

Policy 1

Transform Business Model through i³-Mechatronics ※1

- Structure reformation of robot production
- Accumulated i³-Mechatronics cases
- Started operating of Yaskawa Technology Center
- Launched YRM controller and Σ -X
- Started monitored connect service

- Build resilient production system
- Create synergies in cross-business activities at Yaskawa Technology Center
- Increase partners to expand i³-Mechatronics

Policy 2

Maximize Profitability in the Growing Market through i³-Mechatronics

- Captured demands for EV/battery capex
- Spec-in to customers with new robots for semiconductor equipment manufacturers

- Accelerate automation and in-house production
- Strengthen global production system to eliminate backlogs

Policy 3

Expand New Domains for Building a Sustainable Society

- Launched new PV inverter for self consumption market
- Expanded business into the agricultural field through National Federation of Agricultural Cooperative Associations of Japan

- Monetization of PV inverter business
- Monetization of agriculture, food, and biomedical robotics businesses

Others

- Centralized global data through YDX※2
- Formulated Sustainability Policy and identified material issues

- Accelerate Diversity & Inclusion

※1. i³-Mechatronics : Combination of “mechatronics”(proposed by Yaskawa in 1969, word that combined mechanism and electronics) and the three “i”(integrated, intelligent, innovative) , which stands for a solution concept that contributes to solving customers’ business challenges.

※2. YDX : YASKAWA Digital Transformation

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Mid-term Business Plan “Realize 25” Financial Targets

Positioning of “Realize 25”

Yaskawa’s Vision for 2025

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

Vision 2025
(2016~2025)

Vision 2015
(2006~2015)

Vision 2035
(2026~2035)

Dash 25
(2016~2018)

Establish profitable
business structure

Challenge 25 Plus
(2019~2022)

Challenge for creating
new values and markets
Profitability improvement

Realize 25
(2023~2025)

Realize
“Vision 2025”

“Realize 25” Financial Targets (Consolidated)

(Billions of Yen)

	FY2022 Results	FY2023 Forecasts	FY2025 Targets
Revenue	556.0	580.0	650.0
Operating profit	68.3	70.0	100.0
Operating profit ratio	12.3%	12.1%	15.4%
ROE	16.2%	14.1%	15.0% or more
ROIC	14.6%	12.3%	15.0% or more
Dividend payout ratio	32.3%	32.8%	30.0%+α

Investment plan

Cumulative investments : 150.0
(FY2023~FY2025)

FY2022 forex rates : USD/134.12JPY, EUR/139.84JPY, CNY/19.68JPY, KRW/0.103JPY
FY2023 and FY2025 forex rates : USD/130.00JPY, EUR/140.00JPY, CNY/19.00JPY, KRW/0.100JPY

“Realize 25” Financial Targets (Major segments)

(Billions of Yen)

Motion Control



	FY2022 Results	FY2023 Forecasts	FY2025 Targets
Revenue	252.1	265.0	290.0
Operating profit	36.2	39.0	50.0
Operating profit ratio	14.4%	14.7%	17.2%

Robotics



Revenue	223.8	245.0	285.0
Operating profit	26.1	34.0	50.0
Operating profit ratio	11.7%	13.9%	17.5%

System Engineering



Revenue	51.1	47.0	50.0
Operating profit	2.6	1.5	4.0
Operating profit ratio	5.0%	3.2%	8.0%

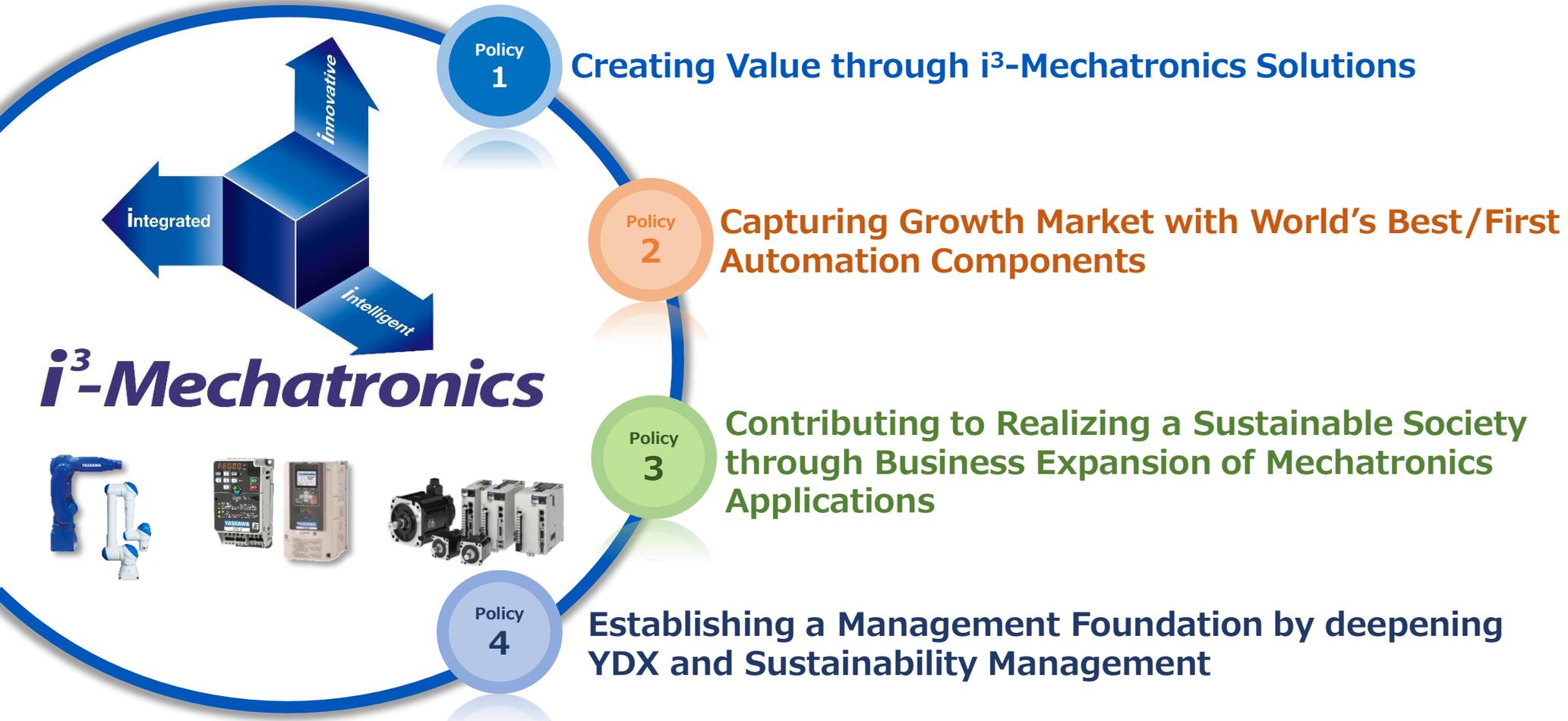
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Mid-term Business Plan “Realize 25” Aim and Policies

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



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Mid-term Business Plan “Realize 25” Policies and Initiatives

Policy 1

**Creating Value through
i³-Mechatronics Solutions**

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

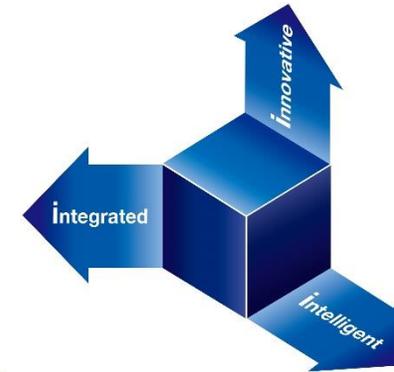
Evolving group-wide manufacturing with i³-Mechatronics

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

*i*ntegrated

integrated · coordinated
production site

*i*ntelligent

intelligent
production site

*i*nnovative

innovative
production site

Enhancing Technological Development Capabilities to Increase Values of Customers

Generate industry leading products and technologies in the industry at Yaskawa Technology Center and increase values of customers

 **Global cross business development**
Integrate/ create

Integration of development process

Aggregation and creation of intelligence

 **Products and technologies to increase value of customers**
Generate



 **Open Innovation**
Alignment

Enterprise

Research institutes

Educational institutes

Yaskawa Technology Center

Evolving Group-wide Manufacturing with i³-Mechatronics

Improve product competitiveness by implementing i³-Mechatronics solutions at our own production sites, pursue higher productivity, and advanced production management



Motion Control Plant



Robot Plant



Drives Factory

**Expand
production site
automation**

**Enhance data
utilization**

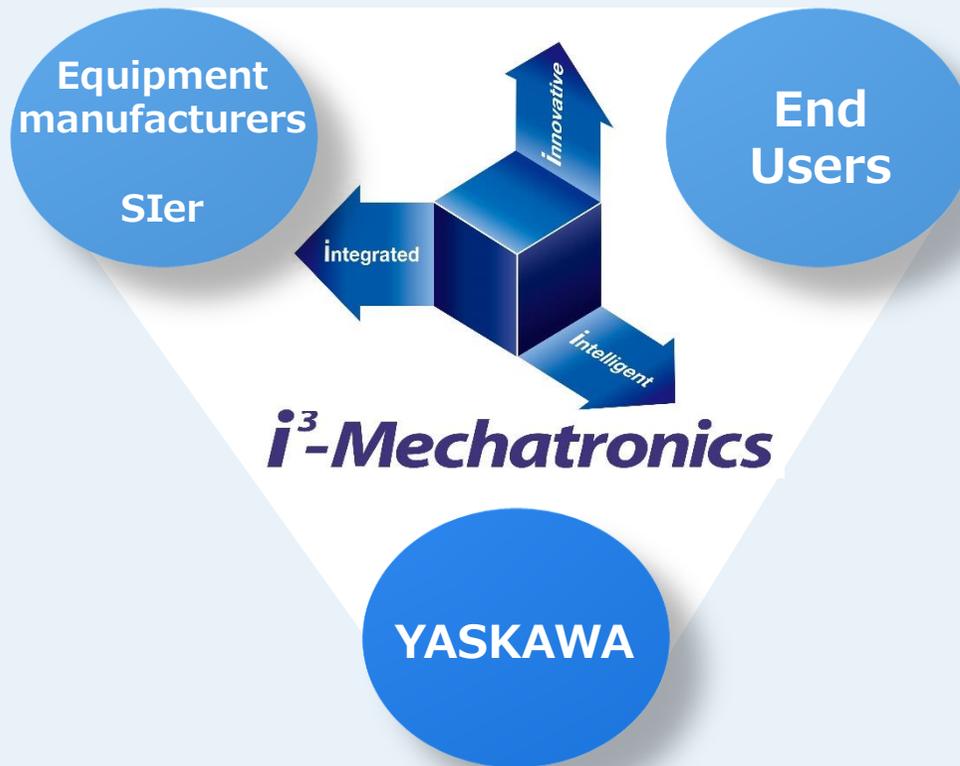
**Deploy
production
management
system**

**Optimize parts
logistics**

**Global expansion of cutting-edge manufacturing
evolved at mother factory in Japan**

Strengthening Strategic Approach to Customers and Their Supply Chains

Strengthen relationships with end users, equipment manufacturers, and other customers to provide optimal solutions for expanding businesses



SET/MET*

Understand customers' business challenges and propose optimal solutions

Strengthen technical support and proposal activities

Improve equipment performance and enhance solution quality

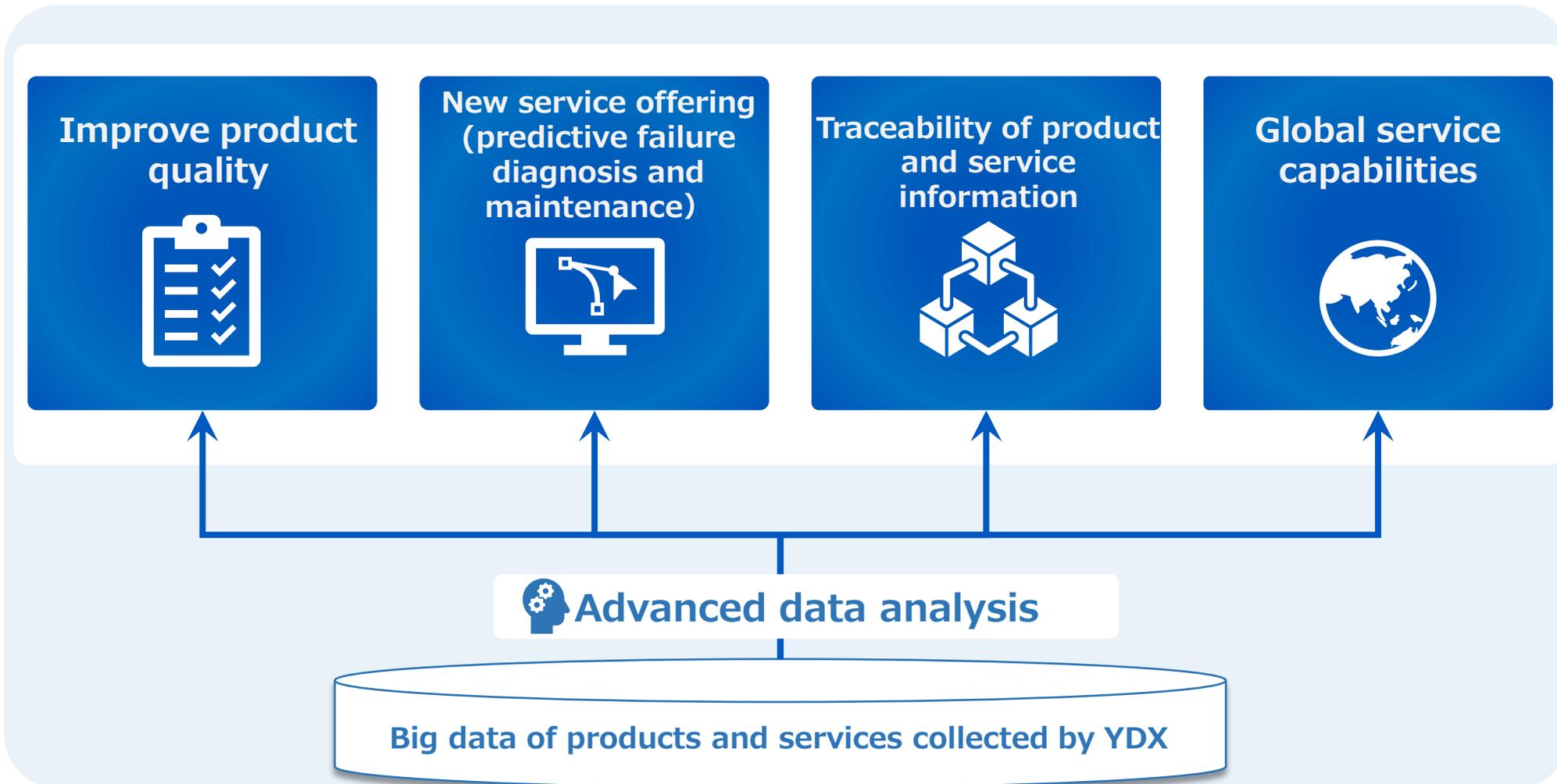
Partnership

Collaborate with equipment manufactures and Siers, and provide optimal solutions

*SET/MET : Marketing activities to understand management challenges through direct sales by top executives

Innovating Product and Service Quality Throughout the Product Lifecycle

Deploy global service that keep customers' facilities running based on utilizing big data accumulated through YDX



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Policy 2

**Capturing Growth Market with World's
Best/First Automation Components**

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



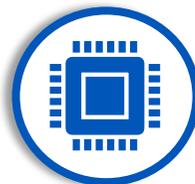
In-house production
Further automation
Demand area production



EV market



Battery market



Semiconductor market



F&B market

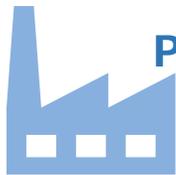
Establishing Optimized Global Production System and Resilient Supply Chain

Improve production capacity and productivity to meet the growing demands and establish global production system that is resilient to environmental changes and risks

Mother Factory in Japan

Enhance production and procurement structure

Advancement of mother factory

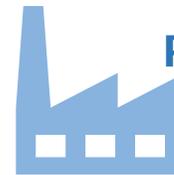


Promotion of in-house production and automation

Global Factory

Strengthen production in demanded areas

Deployment of cutting-edge manufacturing methods



Promotion of in-house production and further automation

Stable manufacturing on global basis

Policy 3

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

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



Energy Saving

Expand sales of “green” products to improve customers’ **energy efficiency** and **reduce environmental impact**

AC drives

Robots

Highly efficient motors

Regenerative energy saving unit



PM motor
AC drive GA500
AC drive GA700



Clean Power

Full scale business expansion based on new products realizing **world-class energy creation**

PV inverters



Enewell-SOL P3

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



Food & Agri

Combine core technologies to achieve **food safety** and **stable supply**

Automation in agricultural area

Automation in food production processes

Plant factory system

Plant Factory System
"Agrine"



Biomedical Science

Bring **brighter future** for all people

Automation in genome diagnostics

Automation in regenerative medicine

Double-arm robot for biomedical applications
"Mahoro"



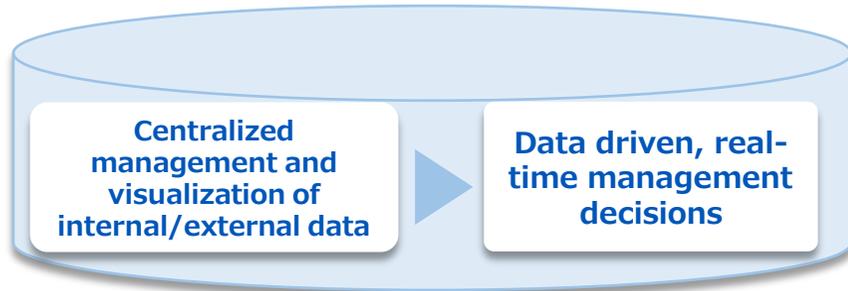
Policy 4

**Establishing a Management Foundation by
deepening YDX and Sustainability
Management**

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

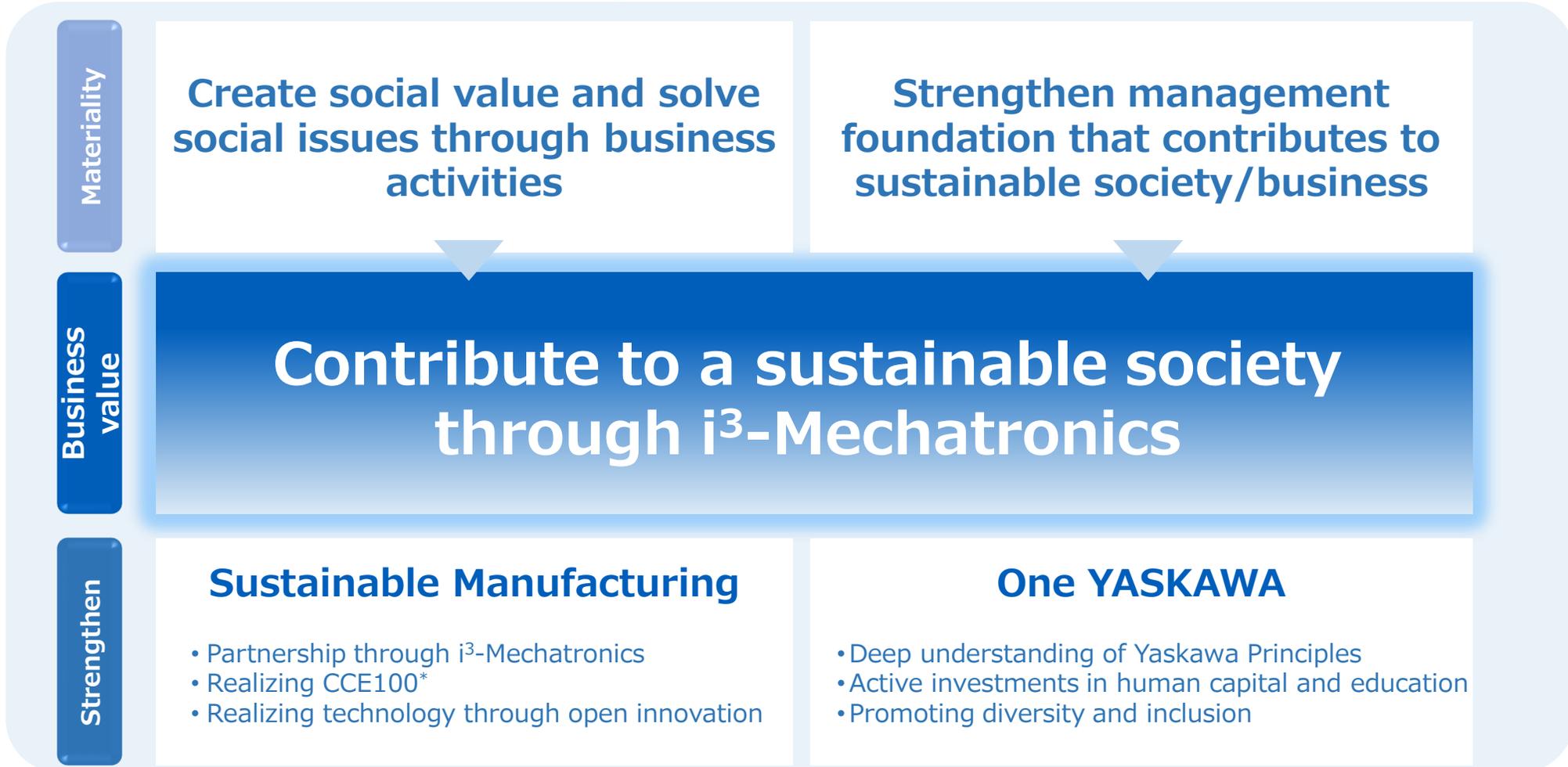
YDX- II from now~(internal+external DX)

Create customer value from product/service perspectives

*PLM: Product Lifecycle Management

Promoting Sustainability Management through Strengthening Initiatives towards Materiality

Implement sustainable management that fulfills the expectations of our stakeholders



*CCE100 (Contribution to Cool Earth 100) : Target to reduce CO2 emissions from our products by more than 100 times by 2025



Yaskawa Group will continue to advance by embodying our Principles

The Yaskawa Group's mission is to contribute broadly to social development and human welfare through the execution of our business.

The mid-term business plan "Realize 25" is the final chapter of our Vision 2025 as well as a new start for what lies ahead of us.

We will firmly determine what actions to take towards the uncertain future, and to continue to be a company expected by the society.

Disclaimer

- The information within this document is made as of the date of writing. Any forward-looking statements are made according to the assumptions of management and are subject to change as a result of risks and uncertainties.

YASKAWA Electric Corporation undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

- Figures in this document are rounded. Please note that these figures may differ from other materials, such as financial results.

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