FY2023-FY2025 Mid-term Business Plan

“Realize 25”

May 16th, 2023

YASKAWA ELECTRIC CORPORATION

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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 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.

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

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)

<table>
<thead>
<tr>
<th></th>
<th>FY2020 Results</th>
<th>FY2022 Target*1</th>
<th>FY2022 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>389.7</td>
<td>470.0</td>
<td>556.0</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>27.2</td>
<td>61.0</td>
<td>68.3</td>
</tr>
<tr>
<td><strong>Operating profit ratio</strong></td>
<td>7.0%</td>
<td>13.0%</td>
<td>12.3%</td>
</tr>
<tr>
<td><strong>ROE*2</strong></td>
<td>8.0%</td>
<td>15.0% or more</td>
<td>16.2%</td>
</tr>
<tr>
<td><strong>ROIC*3</strong></td>
<td>7.0%</td>
<td>15.0% or more</td>
<td>14.6%</td>
</tr>
<tr>
<td><strong>Dividend payout ratio</strong></td>
<td>33.1%</td>
<td>30.0%+α</td>
<td>32.3%</td>
</tr>
</tbody>
</table>

*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)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2020 Results</th>
<th>FY2022 Target*</th>
<th>FY2022 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motion Control</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>176.0</td>
<td>221.0</td>
<td>252.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>24.6</td>
<td>43.7</td>
<td>36.2</td>
</tr>
<tr>
<td>Operating profit ratio</td>
<td>14.0%</td>
<td>19.8%</td>
<td>14.4%</td>
</tr>
<tr>
<td><strong>Robotics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>139.5</td>
<td>177.7</td>
<td>223.8</td>
</tr>
<tr>
<td>Operating profit</td>
<td>6.9</td>
<td>19.5</td>
<td>26.1</td>
</tr>
<tr>
<td>Operating profit ratio</td>
<td>5.0%</td>
<td>11.0%</td>
<td>11.7%</td>
</tr>
<tr>
<td><strong>System Engineering</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>50.8</td>
<td>51.0</td>
<td>51.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>-1.0</td>
<td>2.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Operating profit ratio</td>
<td>-2.0%</td>
<td>3.9%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

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

### Basic Policy

### Achievements

<table>
<thead>
<tr>
<th>Policy 1</th>
<th>Transform Business Model through i³-Mechatronics ※1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Structure reformation of robot production</td>
</tr>
<tr>
<td></td>
<td>Accumulated i³-Mechatronics cases</td>
</tr>
<tr>
<td></td>
<td>Started operating of Yaskawa Technology Center</td>
</tr>
<tr>
<td></td>
<td>Launched YRM controller and Σ-X</td>
</tr>
<tr>
<td></td>
<td>Started monitored connect service</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Policy 2</th>
<th>Maximize Profitability in the Growing Market through i³-Mechatronics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Captured demands for EV/battery capex</td>
</tr>
<tr>
<td></td>
<td>Spec-in to customers with new robots for semiconductor equipment manufacturers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Policy 3</th>
<th>Expand New Domains for Building a Sustainable Society</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Launched new PV inverter for self consumption market</td>
</tr>
<tr>
<td></td>
<td>Expanded business into the agricultural field through National Federation of Agricultural Cooperative Associations of Japan</td>
</tr>
</tbody>
</table>

### Tasks to work on

|          | Build resilient production system                       |
|          | Create synergies in cross-business activities at Yaskawa Technology Center |
|          | Increase partners to expand i³-Mechatronics             |
|          | Accelerate automation and in-house production           |
|          | Strengthen global production system to eliminate backlogs |
|          | Monetization of PV inverter business                     |
|          | Monetization of agriculture, food, and biomedical robotics businesses |

<table>
<thead>
<tr>
<th>Others</th>
<th>Centralized global data through YDX※2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Formulated Sustainability Policy and identified material issues</td>
</tr>
</tbody>
</table>

※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
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)

Dashboard 25
(2016~2018)
Establish profitable business structure

Challenge 25 Plus
(2019~2022)
Challenge for creating new values and markets
Profitability improvement

Vision 2015
(2006~2015)

Vision 2035
(2026~2035)

Realize 25
(2023~2025)

Realize “Vision 2025”
“Realize 25” Financial Targets (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2022 Results</th>
<th>FY2023 Forecasts</th>
<th>FY2025 Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>556.0</td>
<td>580.0</td>
<td>650.0</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>68.3</td>
<td>70.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Operating profit ratio</strong></td>
<td>12.3%</td>
<td>12.1%</td>
<td>15.4%</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>16.2%</td>
<td>14.1%</td>
<td>15.0% or more</td>
</tr>
<tr>
<td><strong>ROIC</strong></td>
<td>14.6%</td>
<td>12.3%</td>
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<td>32.3%</td>
<td>32.8%</td>
<td>30.0%+α</td>
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**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)

<table>
<thead>
<tr>
<th></th>
<th>FY2022 Results</th>
<th>FY2023 Forecasts</th>
<th>FY2025 Targets</th>
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<tbody>
<tr>
<td><strong>Motion Control</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>252.1</td>
<td>265.0</td>
<td>290.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>36.2</td>
<td>39.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Operating profit ratio</td>
<td>14.4%</td>
<td>14.7%</td>
<td>17.2%</td>
</tr>
<tr>
<td><strong>Robotics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>223.8</td>
<td>245.0</td>
<td>285.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>26.1</td>
<td>34.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Operating profit ratio</td>
<td>11.7%</td>
<td>13.9%</td>
<td>17.5%</td>
</tr>
<tr>
<td><strong>System Engineering</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>51.1</td>
<td>47.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2.6</td>
<td>1.5</td>
<td>4.0</td>
</tr>
<tr>
<td>Operating profit ratio</td>
<td>5.0%</td>
<td>3.2%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

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
Mid-term Business Plan “Realize 25”
Aim and Policies
Provide new values by expansion of i³-Mechatronics and evolution of robotics to achieve “Vision 2025” and contribute to realizing a sustainable society

Policy 1: Creating Value through i³-Mechatronics Solutions

Policy 2: Capturing Growth Market with World’s Best/First Automation Components

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

Policy 4: Establishing a Management Foundation by deepening YDX and Sustainability Management
Mid-term Business Plan “Realize 25” Policies and Initiatives
Policy 1

Creating Value through i³-Mechatronics Solutions
Policy 1: 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

**Realizing new revolutionary industrial automation**

- **Integrated**: integrated • coordinated production site
- **Intelligent**: intelligent production site
- **Innovative**: 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

Policy 1. Creating Value through i³-Mechatronics Solutions

- 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

Policy 1. Creating Value through i³-Mechatronics Solutions

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

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

- Expand production site automation
- Enhance data utilization
- Deploy production management system
- Optimize parts logistics
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 manufacturers 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

- Improve product quality
- New service offering (predictive failure diagnosis and maintenance)
- Traceability of product and service information
- Global service capabilities

Advanced data analysis

Big data of products and services collected by YDX
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

- **Markets**
  - 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

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

### 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

Clean Power

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

- PV inverters
- Enewell-SOL P3

PM motor
AC drive GA500
AC drive GA700
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

Create social value and solve social issues through business activities

Strengthen management foundation that contributes to sustainable society/business

Contribute to a sustainable society through i³-Mechatronics

Sustainable Manufacturing
- Partnership through i³-Mechatronics
- Realizing CCE100*
- Realizing technology through open innovation

One YASKAWA
- Deep understanding of Yaskawa Principles
- Active investments in human capital and education
- Promoting diversity and inclusion

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

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.