

FY2023 1st Half Financial Results (Six Months Ended August 31, 2023)

Notes:

- The information within this document is made as of the date of writing. Any forward-looking statement is 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.
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YASKAWA ELECTRIC CORPORATION

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Business Overview

Motion Control

【Core products】

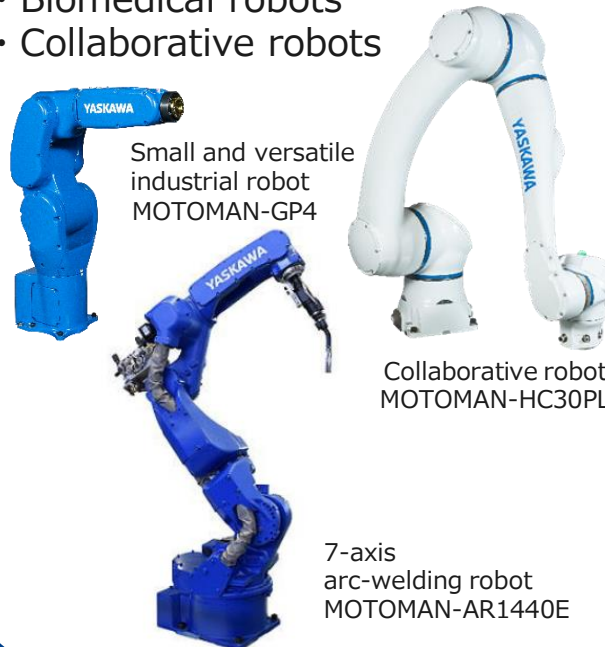
- AC servo motors and controllers
- Linear servo motors
- AC drives
- PM motor



Robotics

【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



System Engineering

【Core products】

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



Electrical systems for steel plants



PV inverter
Enewell-Sol P3A 25kW



Electrical instrumentation systems for water and sewerage

Other

- Logistics

1 . FY2023 1H Financial Results **(Six Months Ended August 31, 2023)**

FY2023 1H Financial Results (Highlights)

- Revenue increased because of the normalization of production and steady filling of order backlogs.
- Operating profit grew as a result of the impact of the depreciation of the yen, as well as an improvement in profitability due to price pass-through.

	FY2023 1H Results	FY2022 1H Results	Changes	
			Amounts	%
Revenue	¥ 289.0bn.	¥ 263.5bn.	+¥ 25.4bn.	+9.7%
Operating profit	¥ 33.1bn.	¥ 31.3bn.	+¥ 1.8bn.	+5.8%
Profit before tax	¥ 34.5bn.	¥ 33.5bn.	+¥ 1.1bn.	+3.2%
Profit attributable to owners of parent	¥ 24.2bn.	¥ 23.7bn.	+¥ 0.5bn.	+2.2%

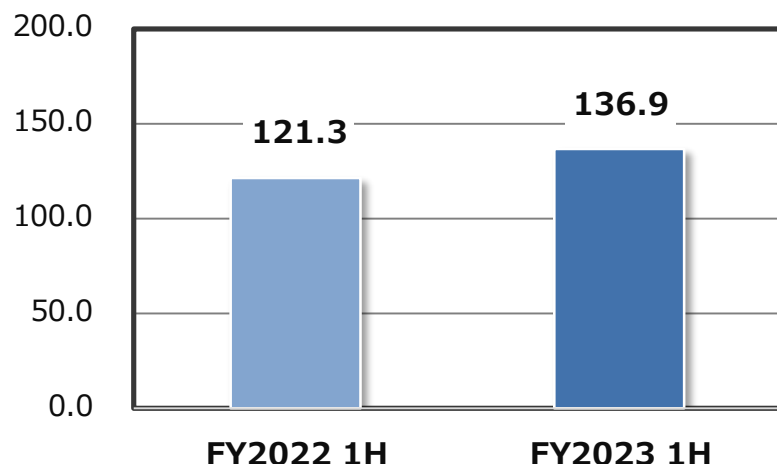
FY2023 1H Financial Results by Business Segment

- In Motion Control, revenue and operating profit increased due to the normalization of production in the drives business.
- In Robotics, revenue and operating profit increased because of the firm demand related to EVs and general industries.

(Billions of yen)	FY2023 1H		FY2022 1H		Changes	
	Results	Profit ratio	Results	Profit ratio	Amounts	%
Revenue	289.0		263.5		+25.4	+9.7%
Motion Control	136.9		121.3		+15.6	+12.9%
Robotics	112.4		103.6		+8.8	+8.5%
System Engineering	26.9		24.6		+2.3	+9.3%
Other	12.8		14.0		-1.2	-8.7%
Operating profit	33.1	11.4%	31.3	11.9%	+1.8	+5.8%
Motion Control	20.4	14.9%	15.8	13.0%	+4.6	+29.3%
Robotics	13.0	11.6%	10.9	10.5%	+2.1	+19.3%
System Engineering	1.2	4.4%	1.0	3.9%	+0.2	+22.0%
Other	0.0	0.1%	0.4	2.5%	-0.3	-97.6%
Elimination or Corporate	-1.5	-	3.3	-	-4.8	-

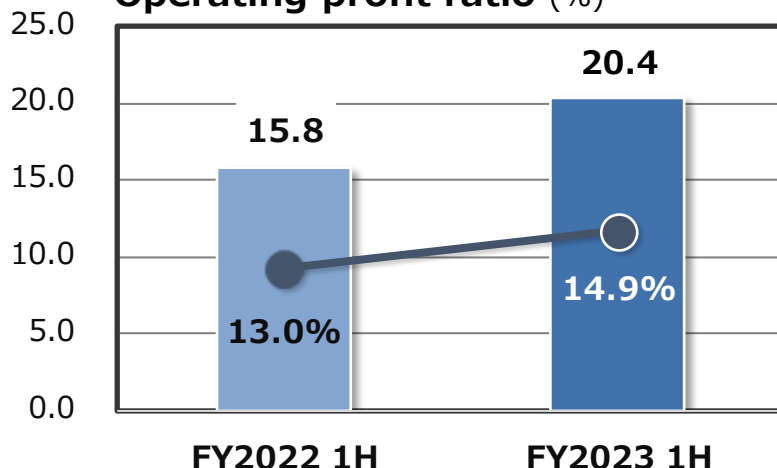
Business Segment Overview: Motion Control

Revenue (Billions of yen)



Operating profit (Billions of yen)

Operating profit ratio (%)



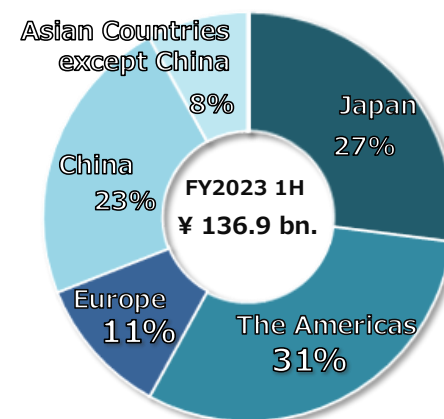
[Revenue]

- In AC servo & controller business, while sales for solar panel manufacturing equipment increased in China, revenue decreased due to sluggish demand for semiconductors and electronic components in Japan, the U.S., and South Korea.
- In Drives business, the filling of backlogs of orders progressed due to the normalization of production and sales increased. Revenue grew significantly due to strong demand for oil & gas and large air conditioning (HVAC) in the U.S.

[Operating Profit]

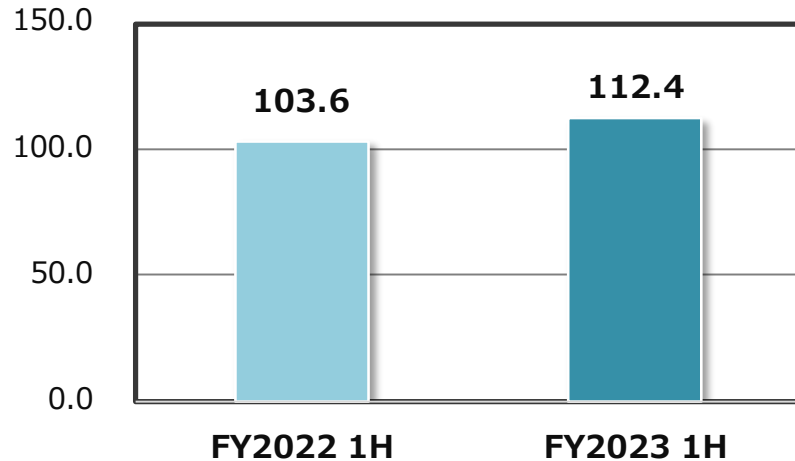
- Operating profit increased due to improved profitability, mainly because of price pass-through of raw material costs, which had soared since last year.

Revenue breakdown by region



Business Segment Overview: Robotics

Revenue (Billions of yen)



[Revenue]

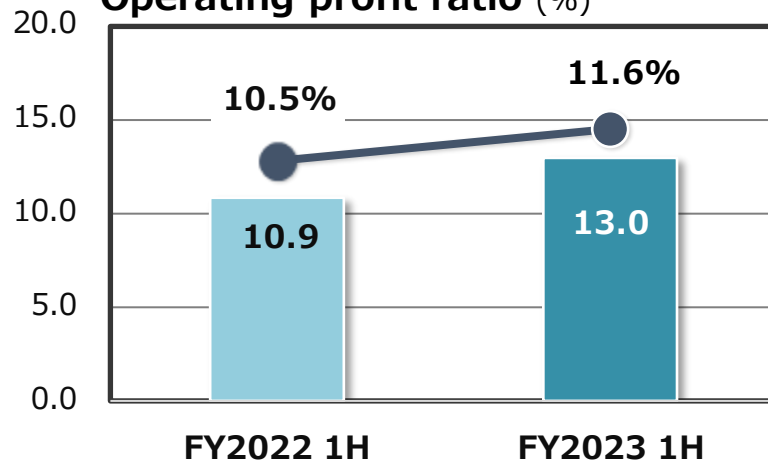
- Capital investment related to EVs continued globally.
- Revenue increased because investments continued to upgrade and automate production against the backdrop of rising labor costs and labor shortages in general industries.

[Operating Profit]

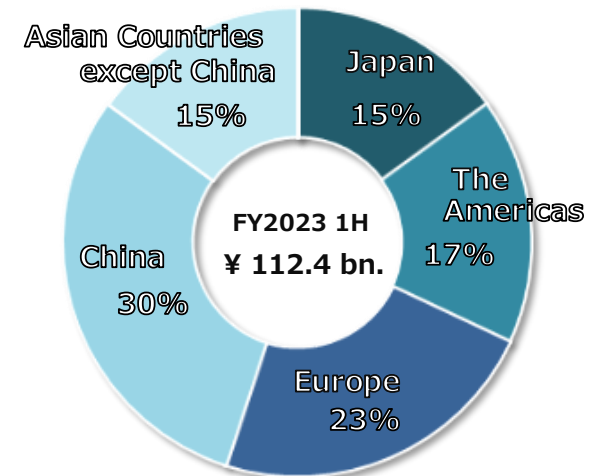
- Operating profit grew as a result of high-value-added proposals using the i³-Mechatronics solution, proceeding with in-house manufacturing of parts, and improved profitability through price pass-through.

Operating profit (Billions of yen)

Operating profit ratio (%)

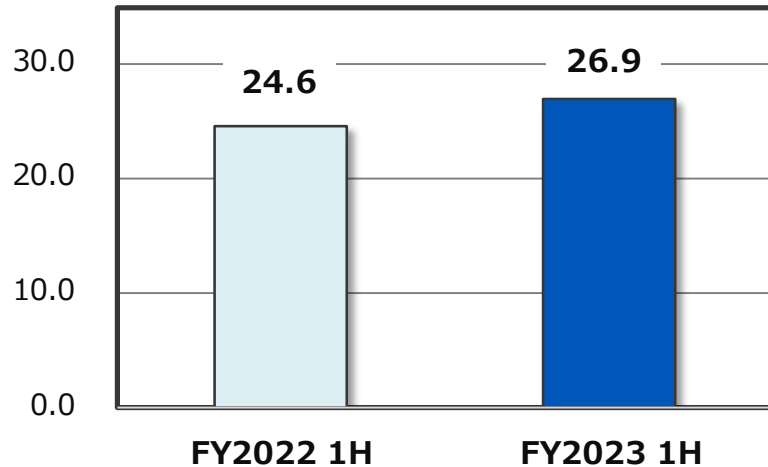


Revenue breakdown by region



Business Segment Overview: System Engineering

Revenue (Billions of yen)



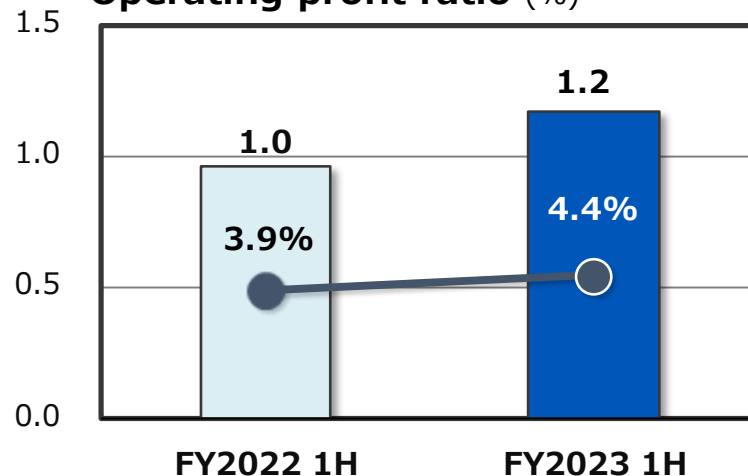
[Revenue]

- Revenue increased due to solid demand for electric systems for water and sewage systems in Japan and port cranes overseas.

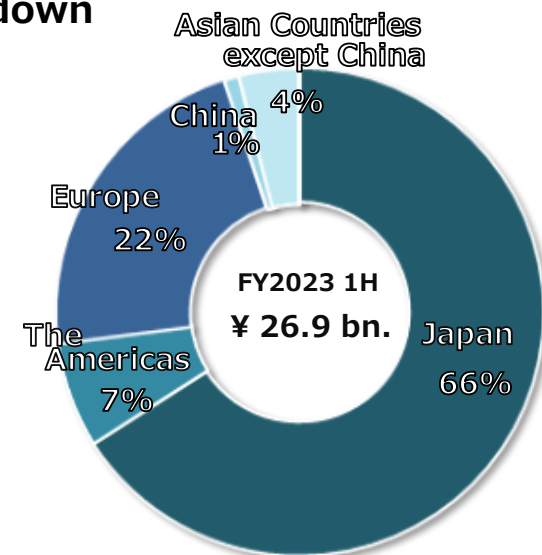
[Operating Profit]

- Operating profit increased due to increased revenue and thorough cost control

Operating profit (Billions of yen)
Operating profit ratio (%)

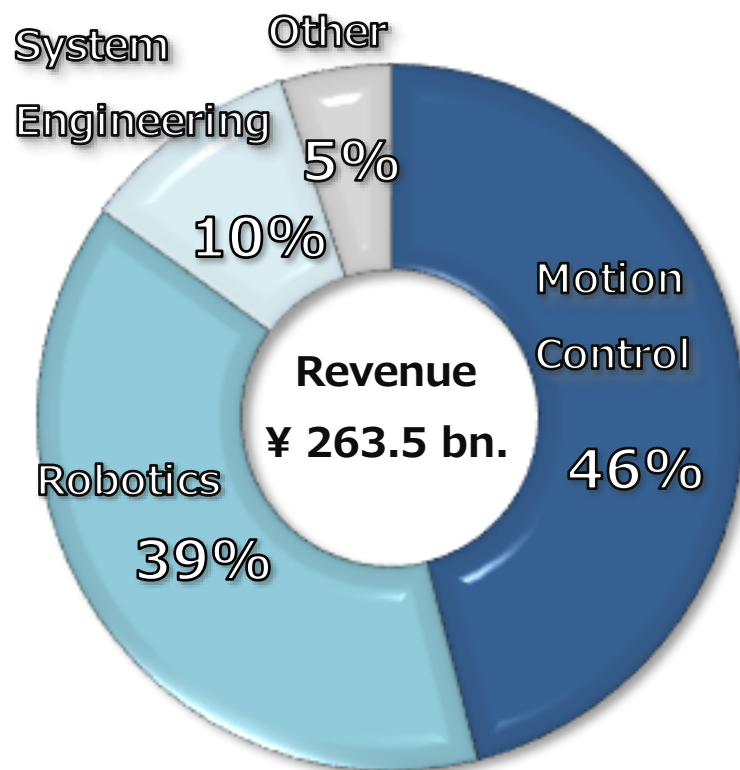


Revenue breakdown by region

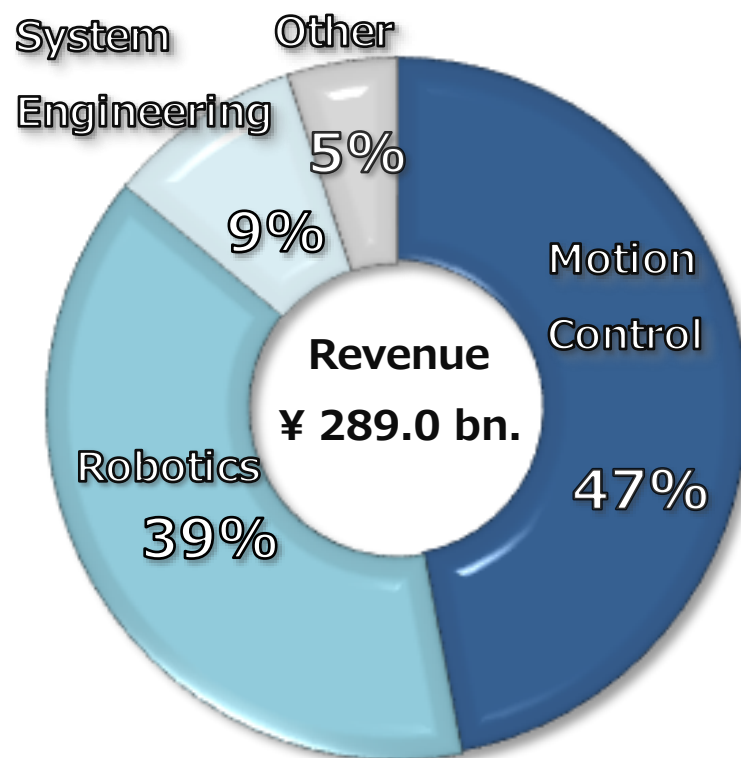


Revenue Breakdown by Business Segment

FY2022 1H



FY2023 1H



Revenue Breakdown by Location (1)

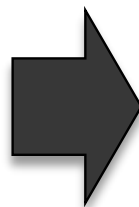
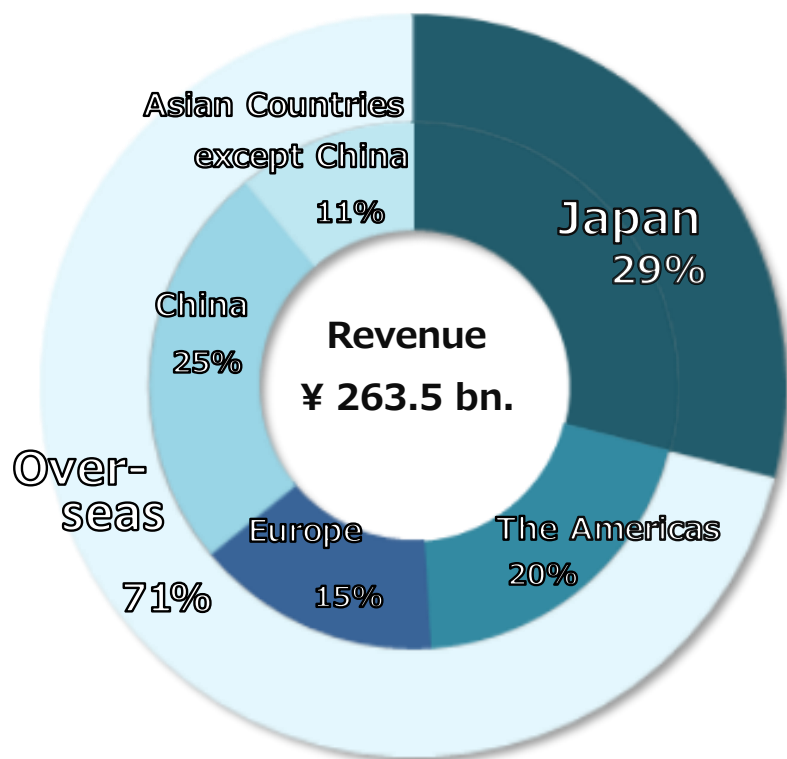
- Revenue grew year-on-year in all regions especially in Europe and the U.S.

(Billions of yen)	FY2023 1H Results	FY2022 1H Results	Changes	
			Amounts	%
Revenue	289.0	263.5	+25.4	+9.7%
Japan	81.8	77.7	+4.1	+5.3%
Overseas	207.2	185.9	+21.3	+11.5%
The Americas	63.6	52.6	+10.9	+20.8%
Europe	45.8	38.2	+7.6	+20.0%
China	68.7	66.4	+2.3	+3.4%
Asian Countries except China	29.2	28.7	+0.5	+1.7%

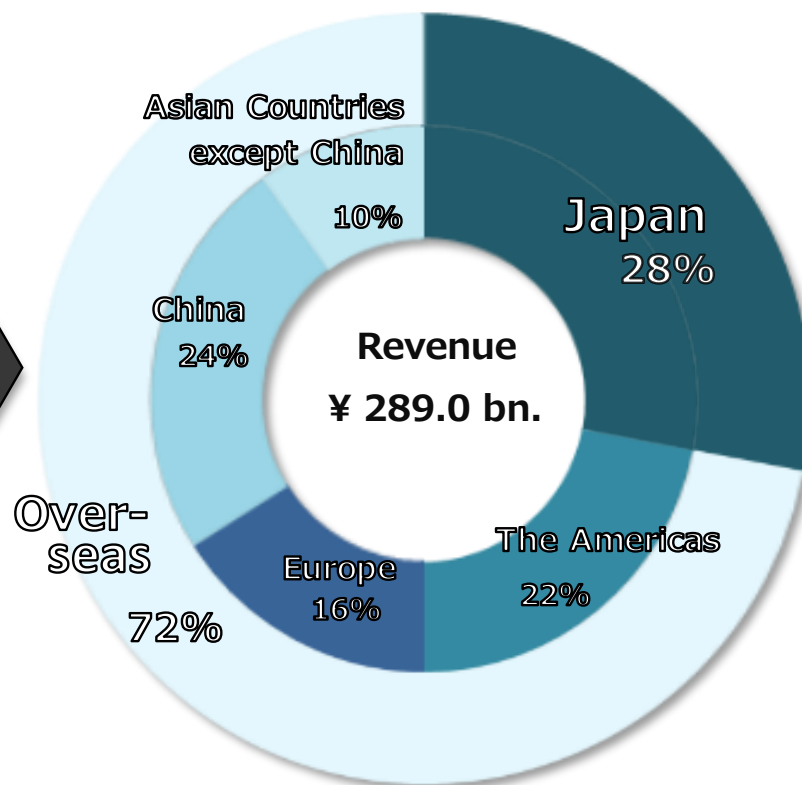
Note: Europe includes Middle East and Africa.

Revenue Breakdown by Location (2)

FY2022 1H

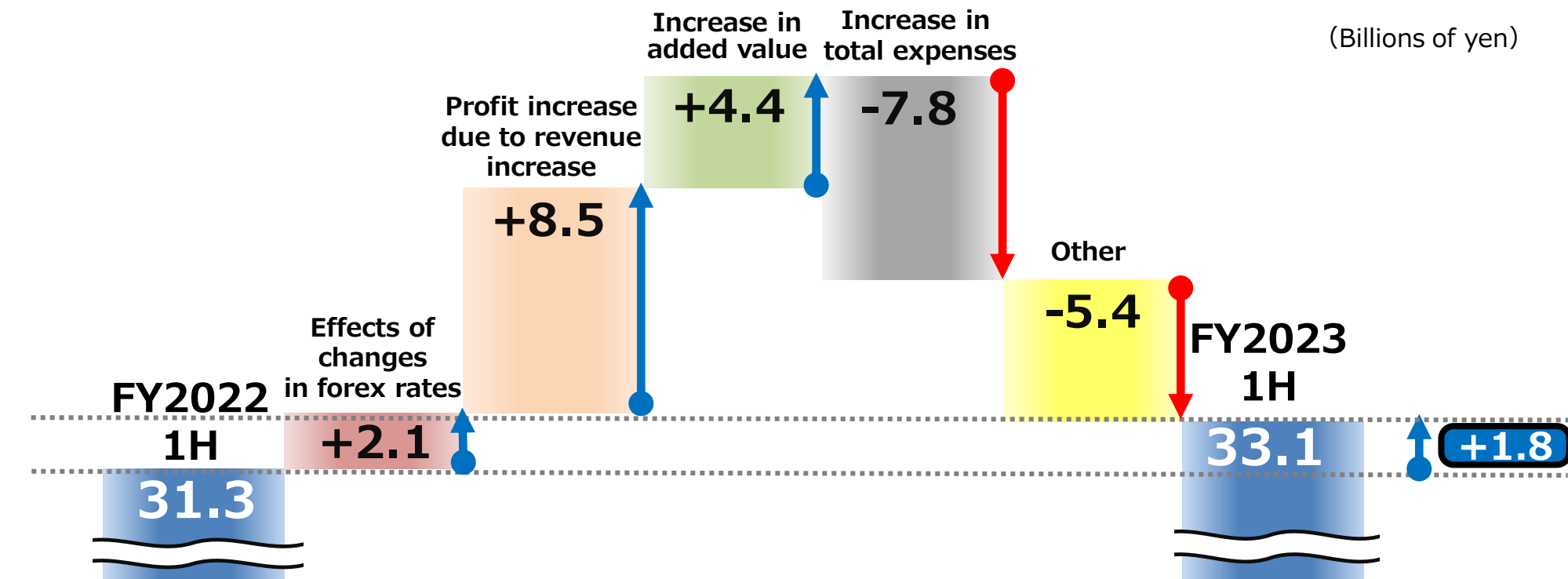


FY2023 1H



Note : Europe includes Middle East and Africa.

Breakdown of Changes in Operating Profit (FY2022 1H → FY2023 1H)



Breakdown	Effects of changes in forex rates	Change in profit due to change in revenue	Change in added value	Change in total expenses	Other
Motion Control	+0.9	+5.7	+2.3	-4.3	+0.0
Robotics	+1.3	+2.2	+2.1	-3.5	+0.0
System Engineering	-0.0	+0.7	-0.1	-0.3	-0.0
Other	+0.0	-0.1	+0.1	+0.2	-5.3

Measures for FY2023 1H

➤ Establishment of “i³-Mechatronics” business model

➔ Development capabilities

- Accelerated the preparation for the launch of the new autonomous robots, “MOTOMAN NEXT series”

➔ Production capabilities

- Completion of construction of an unmanned machining factory for robots in Japan to realize the expansion of in-house manufacturing. (In-house manufacturing of core casting components)
- Planned to build a new factory to produce AC servo drives for robots as well as robots with the aim of establishing an integrated production system (Start of operation planned in 2025 at headquarters)

➔ Sales capabilities

- Implemented high-value-added proposals through cross-divisional activities centered on i³-Mechatronics
(Related to solar panel manufacturing equipment in China)

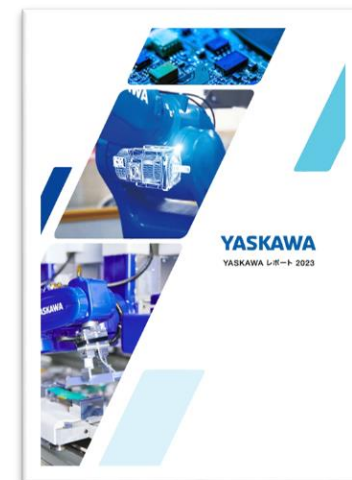
➤ Reinforcement of management foundation that contributes to sustainable society/businesses

- As part of efforts of YDX- II , established a system to share product quality information globally for the prevention of failure.

➤ Reinforcement of management foundation that contributes to sustainable society/businesses

- Deepened the understanding of Yaskawa Principles of global employees through providing the education programs in Europe, the U.S. and China
- Expanded disclosure of information on human capital in YASKAWA Report 2023 (September 2023)

YDX-II: YDX stands for YASKAWA Digital Transformation. Coordinating management resource data visualized in YDX-I to implement reforms throughout the product lifecycle.



YASKAWA Report 2023

2. FY2023 Full-Year Forecasts **(Year Ending February 29, 2024)**

FY2023 Full-Year Financial Forecasts (Highlights)

- The full-year financial forecast announced on April 7, 2023, remains unchanged because of steady filling of order backlogs and the promotion of price pass-through, although demand remains weak in key markets.

	FY2023 Forecasts	FY2022 Results	Changes	
			Amounts	%
Revenue	¥ 580.0bn.	¥ 556.0bn.	+¥ 24.0bn.	+4.3%
Operating profit	¥ 70.0bn.	¥ 68.3bn.	+¥ 1.7bn.	+2.5%
Profit before tax	¥ 72.7bn.	¥ 71.1bn.	+¥ 1.6bn.	+2.2%
Profit attributable to owners of parent	¥ 51.3bn.	¥ 51.8bn.	-¥ 0.5bn.	-0.9%

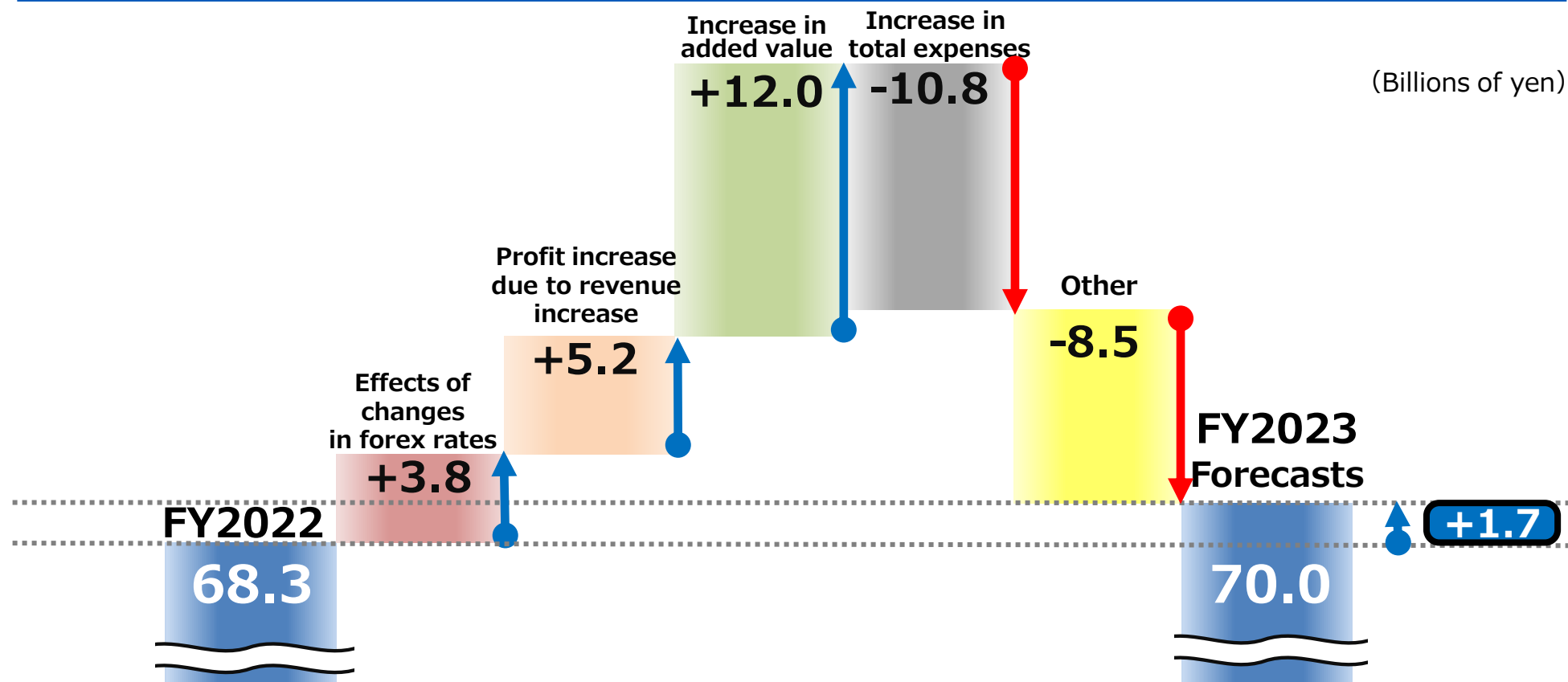
FY2023 Full-Year Financial Forecasts by Business Segment

- Full-year forecasts by segment have been revised in light of current demand trends

(Billions of yen)	FY2023		FY2022		Changes		FY2023	
	Forecasts	Profit ratio	Results	Profit ratio	Amounts	%	Previous forecasts*	Profit ratio
Revenue	580.0		556.0		+24.0	+4.3%	580.0	
Motion Control	271.0		252.1		+18.9	+7.5%	265.0	
Robotics	234.5		223.8		+10.7	+4.8%	245.0	
System Engineering	50.5		51.1		-0.6	-1.2%	47.0	
Other	24.0		28.9		-4.9	-16.9%	23.0	
Operating profit	70.0	12.1%	68.3	12.3%	+1.7	+2.5%	70.0	12.1%
Motion Control	41.9	15.4%	36.2	14.4%	+5.7	+15.6%	39.0	14.7%
Robotics	30.1	12.8%	26.1	11.7%	+3.9	+15.0%	34.0	13.9%
System Engineering	1.8	3.6%	2.6	5.0%	-0.8	-30.1%	1.5	3.2%
Other	-0.2	-0.8%	1.8	6.2%	-2.0	-	-0.2	-0.9%
Elimination or Corporate	-3.5	-	1.6	-	-5.1	-	-4.3	-

*Announced on April 7, 2023

Breakdown of Changes in Operating Profit (FY2022 → FY2023 Forecasts)



Breakdown	Effects of changes in forex rates	Change in profit due to change in revenue	Change in added value	Change in total expenses	Other
Motion Control	+1.6	+5.4	+5.7	-5.4	-1.7
Robotics	+2.2	+1.0	+6.0	-5.2	-0.0
System Engineering	+0.0	-0.7	-0.5	+0.6	-0.1
Other	+0.0	-0.5	+0.9	-0.9	-6.6

Measures for FY2023 2H

➤ **Establishment of “i³-Mechatronics” business model**

➔ **Development capabilities**

- Launch the new autonomous robots, “MOTOMAN NEXT series” and develop new areas for automation (Release is planned in November, 2023)
- Continue evolution of YRM-X series based on the results of i³-Mechatronics demonstration (Enhancing cooperation with machine controllers)
- Accelerate product development capturing customer trends in the semiconductor market



New machining factory for robots

➔ **Production capabilities**

- Prepare for the launch of new machining factory for robots (Launch is planned in May, 2024)
- Establish a system for automating the assembly process of large-capacity drive models and in-house manufacturing for reorganization of the drives business site in Japan (Yukuhashi, Fukuoka)

➔ **Sales capabilities**

- Accelerate global expansion of i³-Mechatronics by sharing the result of demonstration and expanding YRM-X series.
- Improve product and service quality by utilizing defect information and manufacturing traceability data

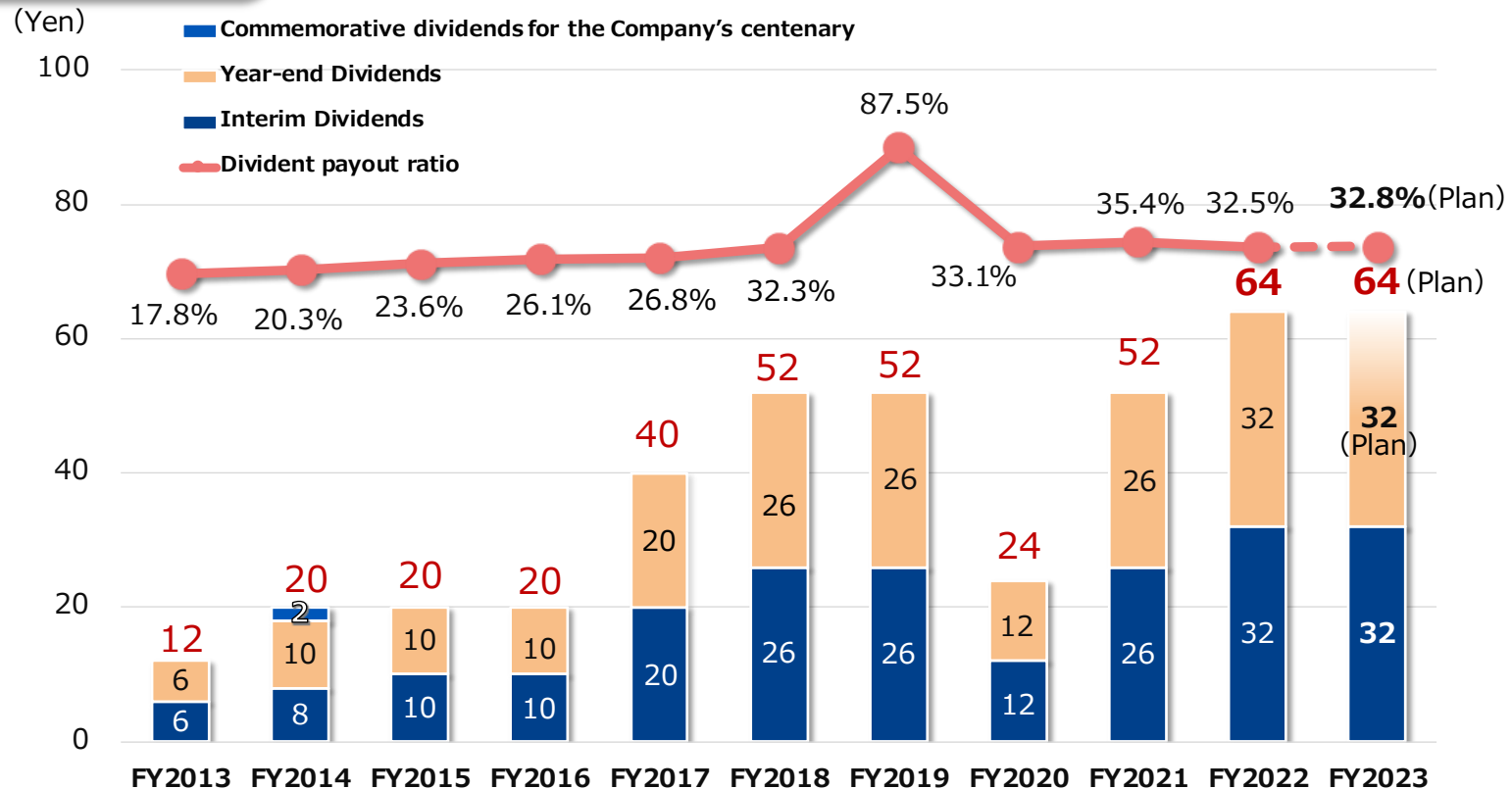
➤ **Reinforcement of management foundation that contributes to sustainable society/businesses**

- Set mid- to long-term incentives based on the operating profit target of the new mid-term business plan, “Realize 25”

Shareholder Return (Dividends)

- In FY2022, an annual dividend was 64 yen per share, an increase of 12 yen from the previous fiscal year.
- In FY2023, an annual dividend of 64 yen per share is expected to remain unchanged. (A dividend payout ratio is 32.8%)

Dividends



3. Reference

Capital Expenditure, R&D Investment, Forex Rates and Sensitivity

Capital expenditure, R&D investment

(Billions of yen)

	F Y 2 0 2 1	F Y 2 0 2 2	F Y 2 0 2 3 (Plan)
Capital expenditure	24.18	27.61	38.00
Depreciation and Amortization	17.48	19.67	21.00
R&D investment	18.18	18.78	19.00

Forex rates

Note: Average rate during the period

(yen)

	F Y 2 0 2 1			F Y 2 0 2 2			F Y 2 0 2 3 (Forcasts)		
	1H	2H	Full-Year	1H	2H	Full-Year	1H	2H	Full-Year
USD	109.5	113.5	111.5	129.9	138.6	134.1	138.8	145.0	141.9
EUR	130.8	130.1	130.4	136.8	143.0	139.8	151.0	155.0	153.0
CNY	16.92	17.77	17.33	19.59	19.77	19.68	19.61	20.00	19.81
KRW	0.097	0.096	0.096	0.102	0.104	0.103	0.106	0.110	0.108

Forex sensitivity

(Billions of yen)

	Impact of 1% fluctuation (Guideline for FY2023 Full-Year)	
	Revenue	Operating profit
USD	1.35	0.29
EUR	0.95	0.19
CNY	1.32	0.33
KRW	0.32	0.17

Note: The assumption is that exchange rates remain stable throughout the year.

Financial Indices

As of February 28, 2023

> Ratio of equity attributable to owners of parent	53.2%	> Inventory (Turnover)	182.2 billion yen (3.9 months)
> Equity attributable to owners of parent	347.5 billion yen	> ROE	16.2%
> Interest-bearing debt	99.6 billion yen	> ROIC	14.6%
> D/E ratio (Net D/E ratio)	0.29 0.16		

As of August 31, 2023

> Ratio of equity attributable to owners of parent	55.1%	> Inventory (Turnover)	199.0 billion yen (4.1 months)
> Equity attributable to owners of parent	374.6 billion yen		
> Interest-bearing debt	101.4 billion yen		
> D/E ratio (Net D/E ratio)	0.27 0.17		

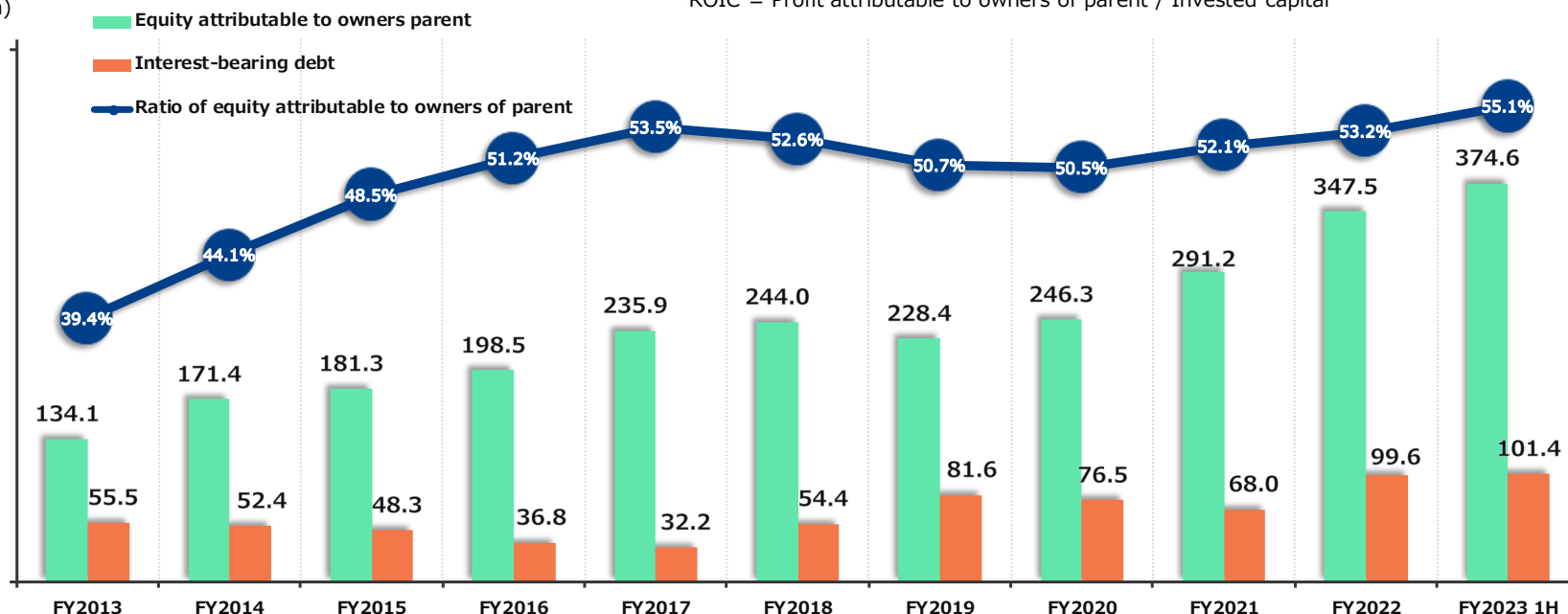
*Interest-bearing debt includes lease obligations.

*Inventory at the end of the period is used for calculating turnover months.

*ROE = Profit attributable to owners of parent / Shareholders' equity (average of beginning and end of fiscal year)

*ROIC = Profit attributable to owners of parent / Invested capital

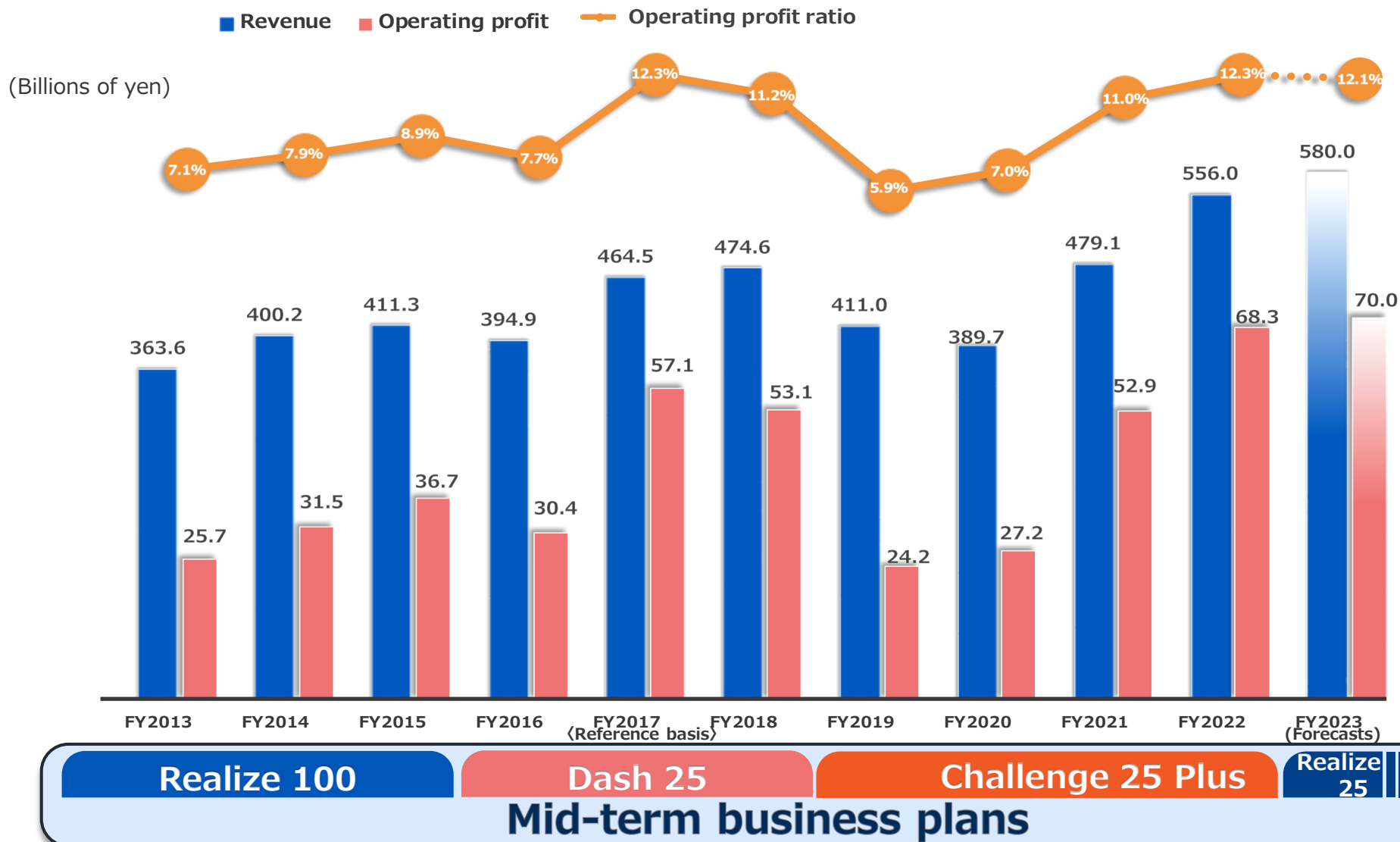
(Billions of yen)



Operating CF	24.0	29.0	32.0	33.8	46.1	34.3	21.5	39.6	49.2	- 2.2	17.8
Investment CF	- 16.9	- 27.9	- 22.4	- 18.9	- 18.9	- 27.1	- 20.6	- 9.6	- 24.2	- 19.7	- 11.9
Free CF	7.0	1.1	9.5	14.8	27.2	7.2	0.8	30.0	25.1	- 21.9	5.9

[Note] Data up to FY2017 are based on Japanese GAAP.

Revenue / Operating Profit (FY2013 – FY2023 Forecasts)



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)

Quarterly Revenue Trends (1)

Business segment

(Billions of yen)

160.0

140.0

120.0

100.0

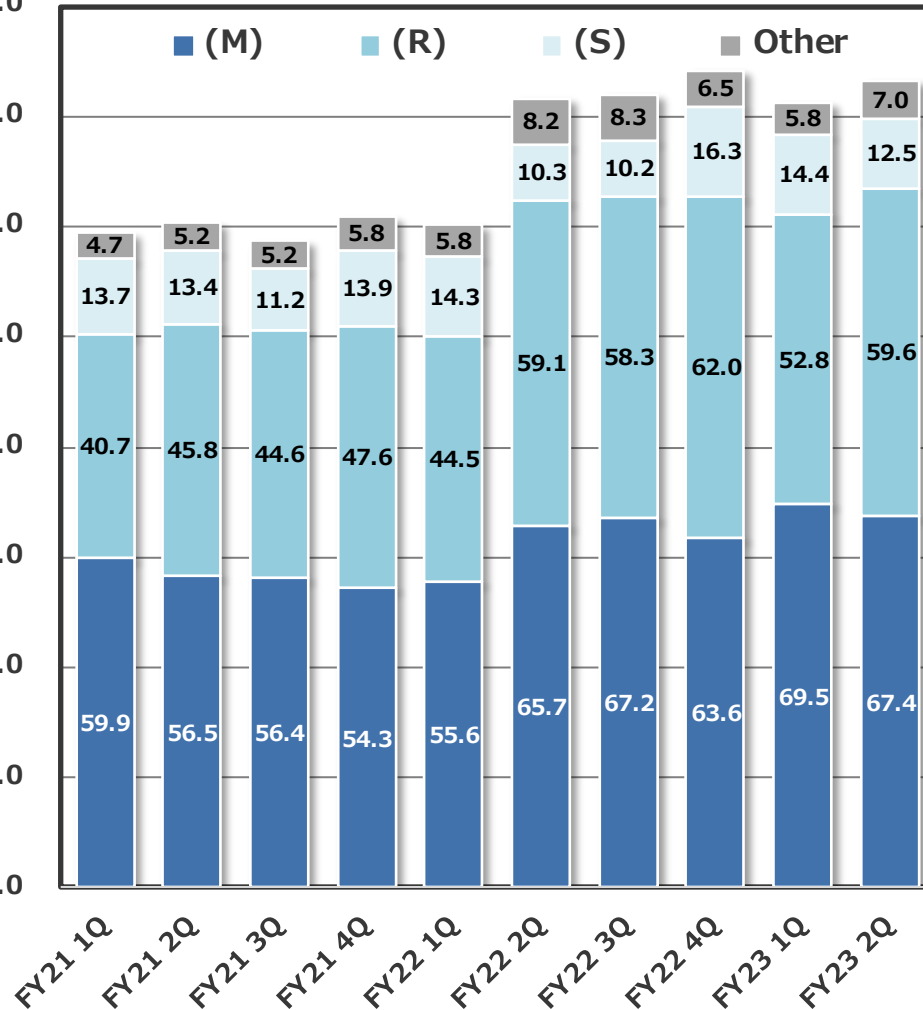
80.0

60.0

40.0

20.0

0.0



Note: (M) = Motion Control (R) = Robotics (S) = System Engineering

Location

(Billions of yen)

160.0

140.0

120.0

100.0

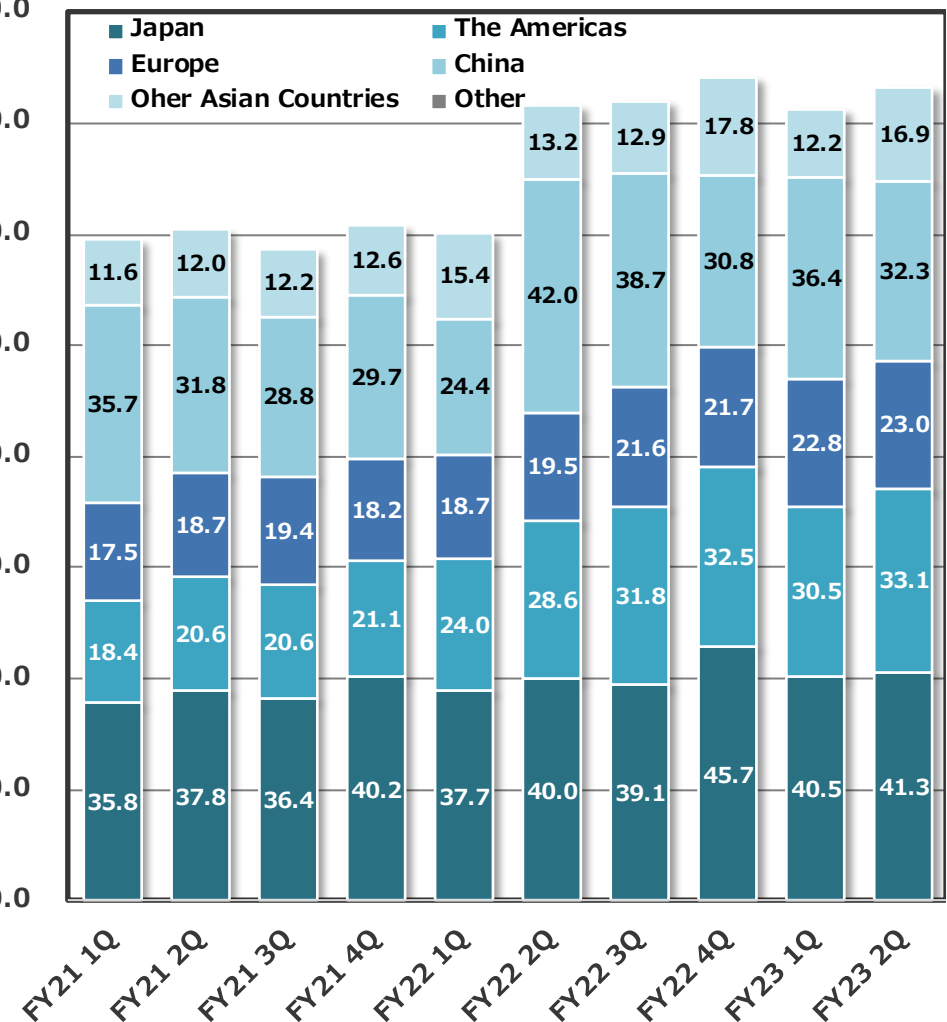
80.0

60.0

40.0

20.0

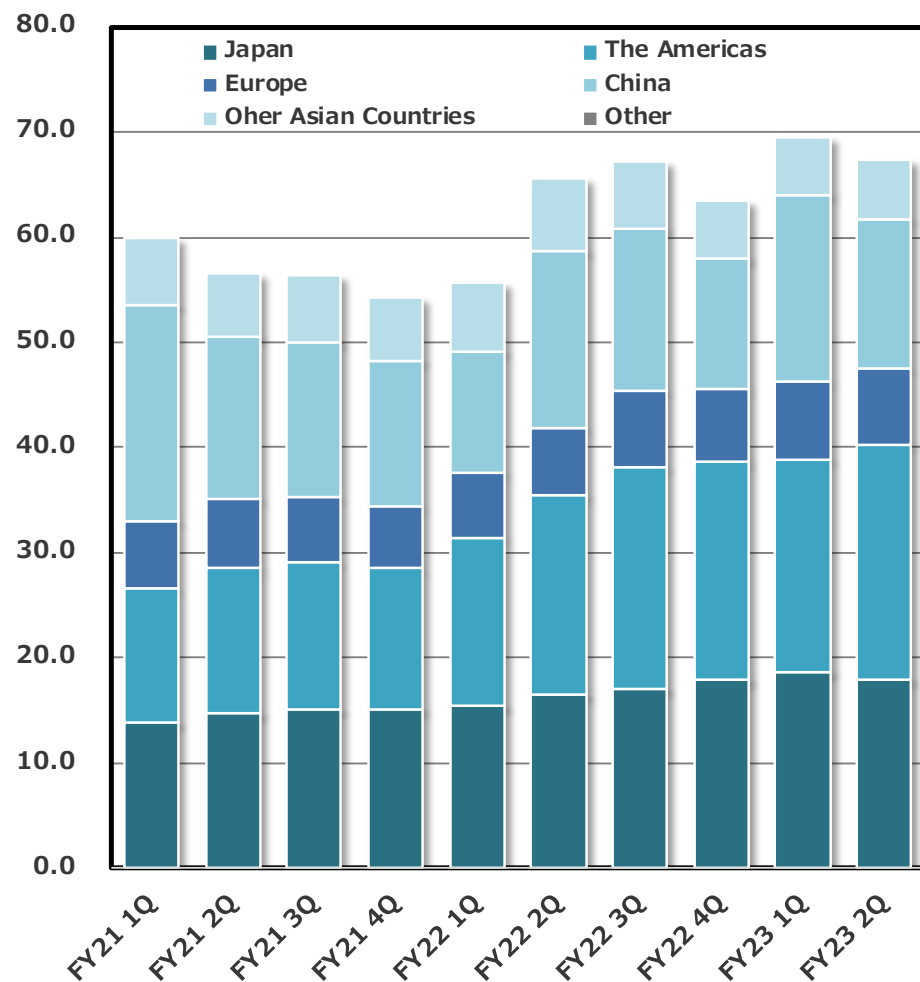
0.0



Quarterly Revenue Trends (2)

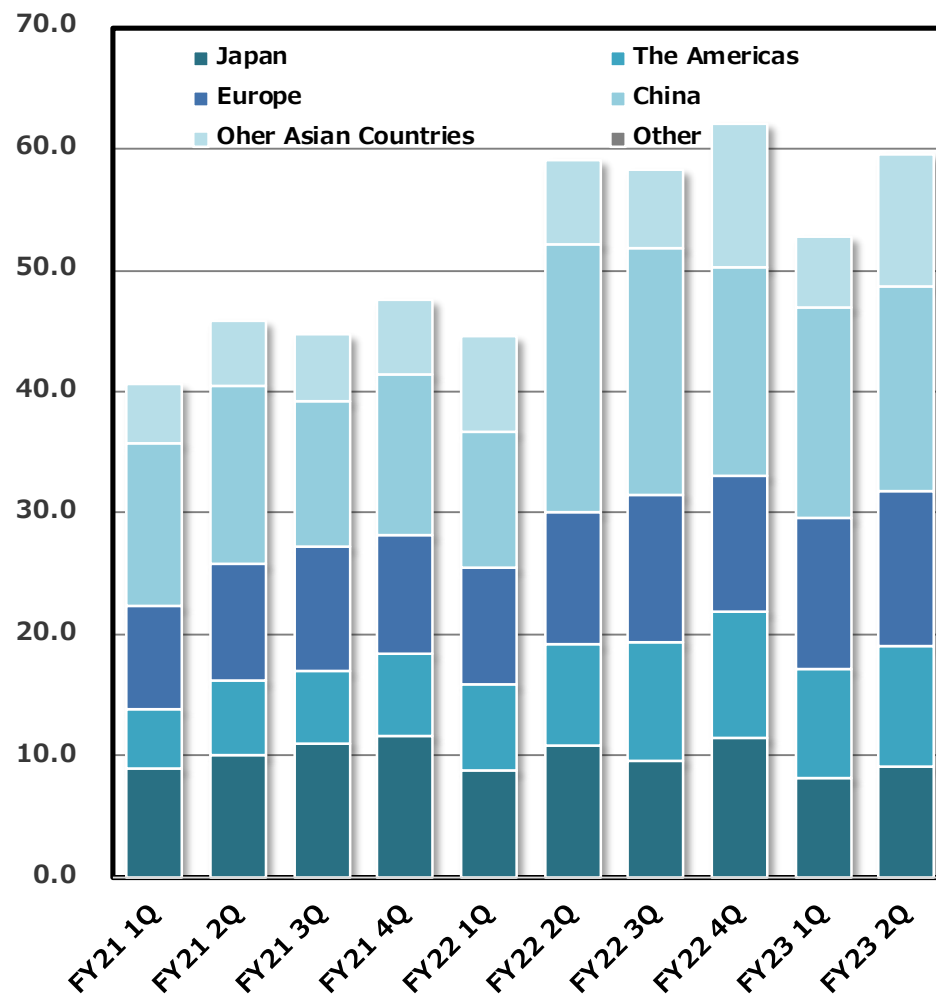
Motion Control

(Billions of yen)



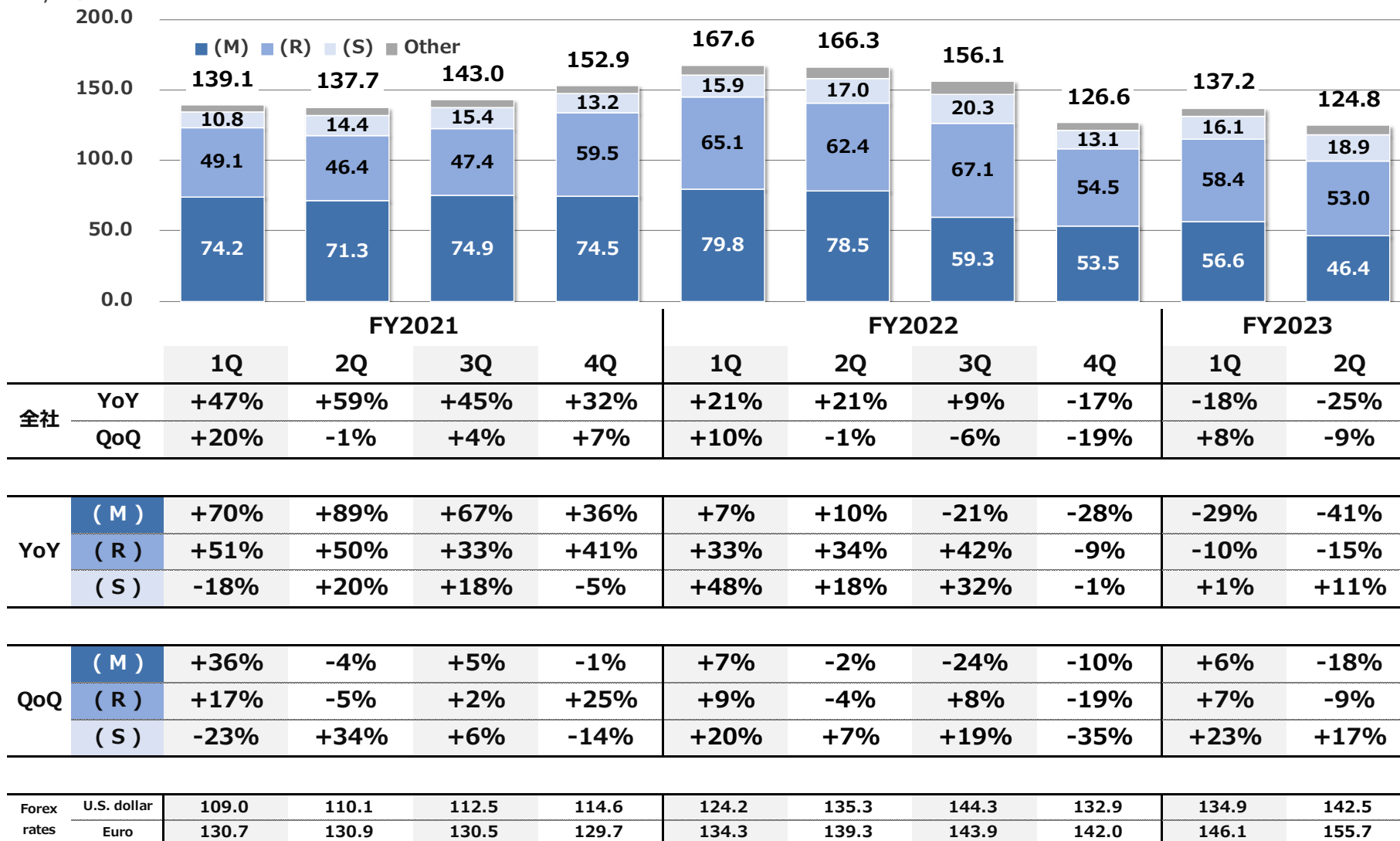
Robotics

(Billions of yen)



Quarterly Order Trends by Business Segment *Average forex rates during period used

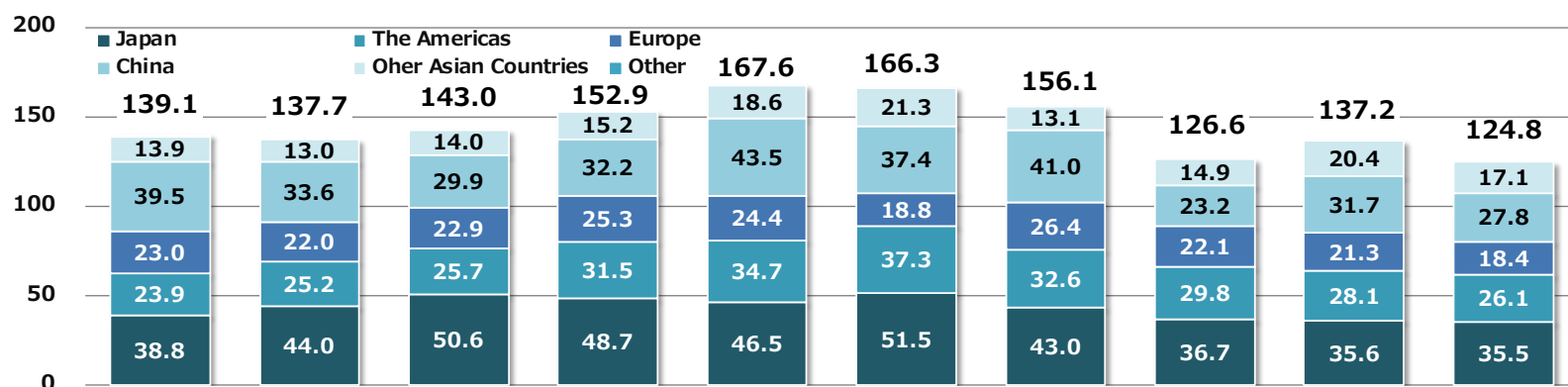
(Billions of yen)



Note: (M) = Motion Control (R) = Robotics (S) = System Engineering

Quarterly Order Trends by Location *Average forex rates during period used

(Billions of yen)



		FY2021				FY2022				FY2023	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Total	YoY	+47%	+59%	+45%	+32%	+21%	+21%	+9%	-17%	-18%	-25%
	QoQ	+20%	-1%	+4%	+7%	+10%	-1%	-6%	-19%	+8%	-9%

YoY	Japan	+22%	+44%	+57%	+30%	+20%	+17%	-15%	-25%	-23%	-31%
	The Americas	+88%	+87%	+78%	+74%	+45%	+48%	+27%	-6%	-19%	-30%
	Europe	+64%	+96%	+40%	+43%	+6%	-15%	+15%	-13%	-13%	-2%
	China	+54%	+48%	+20%	+21%	+10%	+12%	+37%	-28%	-27%	-26%
	Other Asian Countries	+32%	+46%	+29%	-1%	+34%	+64%	-6%	-2%	+10%	-20%

QoQ	Japan	+3%	+13%	+15%	-4%	-5%	+11%	-16%	-15%	-3%	-0%
	The Americas	+32%	+5%	+2%	+23%	+10%	+8%	-13%	-9%	-6%	-7%
	Europe	+30%	-4%	+4%	+10%	-4%	-23%	+41%	-16%	-4%	-13%
	China	+49%	-15%	-11%	+8%	+35%	-14%	+10%	-43%	+37%	-12%
	Other Asian Countries	-9%	-6%	+8%	+9%	+22%	+15%	-39%	+14%	+37%	-16%

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