



# YASKAWA

YASKAWA Report 2024

Yaskawa Group has established “Our Purpose,” “Our Values” and “Our Actions” as the Yaskawa Principles to promote better understanding of all employees.

We have also established our unique solution concept for value creation, “i<sup>3</sup>-Mechatronics,” and by working together globally to implement this concept, we aim to realize our management principles as an entity that supports a wide range of industries and society.

# Yaskawa Principles

## Our Purpose

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

Since its inception, YASKAWA Electric has expanded its business with “electric motors and their applications” as a major business pillar. The spread of our Group’s diverse technologies and products to society will help to improve the advancement of machinery and manufacturing.

Yaskawa innovation contributes to the advancement of social development, creating a safer, cleaner, more efficient and sustainable workplace to free the workforce from the 3Ds (Dangerous, Dirty, Dull). The purpose of the Yaskawa is to contribute to a society where people can live a safe, secure and humane life.

## Our Values

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

1. Quality

Always developing and improving world-class technologies with a focus on quality
2. Profitability

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

## 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. In particular, the following five items comprise our daily action guidelines.

- ✓ Stay customer-focused.
- ✓ Pursue both high quality and high profitability.
- ✓ Work hard to overcome the competition with a fighting spirit.
- ✓ Broaden our perspective and change our thinking.
- ✓ Deepen mutual trust and strive for unity and cooperation.



# Solution Concept

## i<sup>3</sup>-Mechatronics

\*For more information, go to [P. 15](#)

In 2017, we proposed “i<sup>3</sup>-Mechatronics” with the aim of helping to solve our clients’ management issues and innovating our internal business models. By implementing this approach, we aim to increase our competitiveness as a manufacturing company and expand our business domains, providing solutions that leverage our unique strengths to our clients.

### The three steps of i<sup>3</sup>-Mechatronics

1

Integrated

Automation of “cells” by industrial robots, servo motors and AC drives, and data collection of equipment

2

Intelligent

Visualization and analysis of operation status of equipment using data

3

Innovative

- Production innovation by high-speed and precise cooperation, synchronous control between equipment
- Realization of an autonomous improvement cycle where insights from data are fed back to operations





## Introduction

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 company founded on technology” and defining its business domain as “electric motors and their applications.”

Currently, Yaskawa Group faces increasingly complex social and technological challenges, including labor shortages caused by the declining birthrate and aging population, climate change, and the use of rapidly evolving ICT and AI.

In the ever-changing global market environment, we aim to be a company that is continuously needed by society by contributing to a sustainable society through further evolving core technologies we have cultivated and the implementation of “i<sup>3</sup>-Mechatronics,” while always keeping the Yaskawa Principles at our core.

## Our Unique Foundation

Kitakyushu, where Yaskawa Electric was founded and where the head office is still located, has been one of the leading coal production areas in Japan. With the commencement of operations of the government owned Yahata Steel Works (Kyushu Steel Works, Nippon Steel Corporation) in 1901, various industries have been born, and the city has successfully developed as a “manufacturing town” that supported Japan.

The Yaskawa Group will further improve the Yaskawa brand and realize sustainable growth as a global company by taking full advantage of Kitakyushu's unique strengths, such as its strong presence in Kitakyushu, its accessibility to Asian markets, mainly China, and its potential as an environmentally advanced city.



Landscape of Kitakyushu City

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#### Editorial Policy

YASKAWA Report 2024 is intended to serve as a platform for high quality dialogue with stakeholders. We strive to provide comprehensive financial and non-financial reports on the Yaskawa Group's strategies and results. In addition, by referring to and utilizing the IFRS Foundation's “Integrated Reporting Framework” and the Ministry of Economy, Trade and Industry's “Guidance for Collaborative Value Creation,” we aim to be able to help deepen readers' understanding of the medium- to long-term value creation that Yaskawa group is aiming for.

#### Scope of Reporting, etc.

Period covered: March 1, 2023 to February 29, 2024 (Certain contents include activities occurred in or after March 2024.)

Scope: YASKAWA Electric Corporation and consolidated subsidiaries

Note: A part of non-financial information is provided of YASKAWA Electric Corporation.

Accounting standard: Unless otherwise stated, figures for FY2017 and earlier are stated in accordance with Japanese GAAP, and figures for FY2018 and after are stated in accordance with International Financial Reporting Standards (IFRS).

#### Cautionary Statement Regarding Forward-Looking Statements

Future projections for performance and other matters contained in this report are based on the information that is available at the time of issue and on a certain level of requirements as seen rational, however, actual results may vary due to various factors. Some examples of such factors are economic conditions, both in Japan and outside the country, trends in demand for the company's products and services, and trends in foreign exchange and stock markets. Please also note that factors which may impact the company's results are not limited to the aforementioned.

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## President's Message



### Confronting Issues Facing a Wide Range of Industries and Society Based on the i<sup>3</sup>-Mechatronics Solution Concept and Contributing to the Realization of a Sustainable Society

#### Toward the Achievement of “Realize 25” Mid-Term Business Plan Targets (Operating Profit of 100 Billion Yen)

The Yaskawa Group's long-term business plan, “Vision 2025 (FY2016 to FY2025),” consists of three mid-term business plans (hereafter MTP) that divide the 10-year period into 3 steps. During the first and the second two mid-term periods, unexpected events such as the COVID-19 pandemic occurred one after another, but from a business performance perspective, it is significant that we were able to reach the point where we can challenge the final goal for FY2025 by adapting our management operations to the changing environment. On top of that, in the current MTP, “Realize 25 (FY2023 to FY2025),” I believe it is important to act unswervingly toward our goals by flexibly adapting to changes and effectively using PDCA cycle.

In FY2023, the first year of “Realize 25,” the business environment continued to be challenging, as demand in the semiconductor market, which is important to the Yaskawa Group, was sluggish, and the Chinese market, which had achieved high growth, was also weak. It is expected that the semiconductor market will recover in earnest from FY2024, but there is no doubt that achieving the MTP target of operating profit of ¥100 billion for FY2025 is a big hurdle. However, based on the achievements and capabilities that the Yaskawa Group has accumulated over the years, such as reforming our business model based on our solution concept, “i<sup>3</sup>-Mechatronics,” and proposing solutions based on understanding of our customers' “benefit of improvement and evolution,” I believe that even a lofty goal is not a goal that cannot be achieved if certain conditions such as the market environment are met. Therefore, in order to put on the last spurt to achieve this lofty goal, we have set a “24-month plan” for the remaining 2 years, and have created certain scenarios, which are implemented and monitored in detail in management, especially those that we can control, such as expenses. We have deliberately designed our operations in advance to realize our vision, and we manage our business by focusing on executing them as planned, including expenses. By minimizing the number of variables that affect performance as much as possible, I believe we can quickly and simply adapt to ever-changing environments.

*M. Ogawa*

Masahiro Ogawa  
Representative Director, President

# President's Message

## President's Message



### Autonomous Improvement and Innovation through “i<sup>3</sup>-Mechatronics” Solution Concept

Yaskawa is pursuing how to “make things happen” at manufacturing sites by mobilizing all of its AC servos, AC drives, and robots, which are core products that have been nurtured within the business domain of “motors and their applications” since its foundation. Our solution concept, “i<sup>3</sup>-Mechatronics”, consists of three i’s: “integrated (automation/data collection),” “intelligent (data visualization/analysis),” and “innovative (innovation/autonomous improvement).” Digitalization of the site, which is the first step, is the key to implementing this concept. By automating the site with equipment, that is, digitizing the site, we aim to create a cycle of autonomous improvement in which new knowledge and awareness are obtained from the site data and fed back to the site operations. The effect of awareness obtained from the data is not limited to the site, but spreads to the management level and the entire value chain, leading to autonomous improvement and innovation. By accumulating the practice of “i<sup>3</sup>-Mechatronics” both inside and outside the Yaskawa Group, and confirming the effects not limited to labor-saving at the production site, confidence in the concept is steadily increasing over time. Taking advantage of the fact that our technologies and products, which are our strengths, are located at the center of these efforts, we simply proceed with initiatives in a straightforward manner.

### Contributing to a Sustainable Society through “i<sup>3</sup>-Mechatronics”

In last year’s Yaskawa Report, I stated that “we practice i<sup>3</sup>-Mechatronics to become the company that supports a wider range of industries and society than ever before.” This year, I would like to talk about the expansion of contributions to industry and society through “i<sup>3</sup>-Mechatronics” that I have in my mind.

While technology in the world is evolving at an accelerating pace, the use of data, including AI, will lead to more advanced solutions, however, I believe that the value generated from these solutions remains in the virtual domain. What I envision for the future is the realization of the digital twin as a match between the virtual and the physical, in which the virtual is reproduced on site or in the physical domain. No matter how advanced the solutions in the virtual domain become, without the physical domain (the site) that matches it, it will not lead to the evolution of manufacturing, and consequently to actual contributions to society and humanity. Even if we aim to realize various values, I feel that our support for the physical domain (the site) is extremely immature at present, and I am strongly aware of this as a business opportunity for the Yaskawa Group. I may be making a little leap considering the history of “i<sup>3</sup>-Mechatronics”, which originated in factory automation, but it is important to understand the extent of the contribution to society that this concept can bring. In the past 1 or 2 years, as I have had contacts with various stakeholders in our search for business, I have realized with more conviction the value that “i<sup>3</sup>-Mechatronics” brings.

The collaboration with Astellas Pharma announced in May 2024 is an example of how our concept is expected to significantly improve the value for customers in areas beyond factory automation. In the field of drug discovery, no matter how groundbreaking scientific discoveries are made, there is a big hurdle for the benefits to patients (administration), and it is said that the challenges are the huge cost and time required. The concordance between research results and actual benefits to patients, that is, the process of reproducing research (virtual) in clinical (physical) conditions with evidence and proving it digitally, is an innovative form brought about by the digital twin. In this way, in the fields of medical and drug discovery, we are steadily working with customers to create digital twins based on the i<sup>3</sup>-Mechatronics concept.

In addition, in the food industry\* and other areas, efforts are being made to ensure the uniformity of quality based on evidence of product traceability, rather than simply automating for the purpose of labor saving. The goal of automation with such a purpose is to maintain and sustainably improve the brand value they have built up. In a society where labor shortages and other problems are becoming apparent, we are in a situation where value cannot be sustained, no matter how much passion we feel toward it, if we continue to use labor-dependent uncertain production processes and services. Therefore, I believe it is important how our digital solutions can contribute in the future. These possibilities extend beyond the boundaries of industry, and the potential for the Yaskawa Group to contribute will grow even greater. However, there are many things that need to be done to realize this, and more efforts are needed.

\* Please refer to P.17 Customer Story: Contributing to the Improvement and Evolution of the Food Industry through “i<sup>3</sup>-Mechatronics” Concept — Application of Robots to Realize Kewpie’s “Future Food Factory” —

### Approach to Maximizing the Potential of Intangible Assets (Technologies and Human Resources)

The Yaskawa Group values the phrase “technology-driven” as its corporate motto. This means that we can create value as a technology-driven company only when we use the technologies we have nurtured over our 100 year history and achieve optimal conditions for the “benefits” demanded by the market. I do not consider it a technology-driven company which creates a series of products with unique ideas. I think it is valuable to stimulate demand from the perspective of product-out, but in my view, it is essential for us to provide products that contribute to the market in a sustainable manner based on dialogue and empathy with the market. I believe that continuing these activities as a platform for us is our commitment to society and leads to a sustainable contribution.

It goes without saying that each employee is the key to implementing these activities. As a manufacturing company, the focus tends to be on technology, production, sales, and services, including the people involved, but the people who support those involved in these activities also play a role as members of the team. Deepening our understanding of our role, which is linked to what we are working so hard for, leads to rewarding work. This is completely different from motivation to benefit financially or to use your time effectively. This kind of motivation does not lead to rewarding work. Instead, we must create a company in which as many employees as possible can be in a state where their motivation is found within their rewarding work. To this end, it is important for employees to be able to talk about the motivation of their work and the significance of their own existence through understanding the purpose of our business, as symbolized by the Yaskawa Principles, and the roles assigned to each employee to achieve it. If this happens, the vectors of the company and each employee, in other words, the direction we are aiming for, will match, and this will become a major driving force. I am strongly conscious of this when developing human resources. I believe that the Yaskawa Group is well equipped with



## President's Message

fields of value that enable employees with various roles to realize themselves and grow.

As the president of the Yaskawa Group, I have made it clear that the core of our business activities is to increase the value of our Group's contribution by providing products that address customer needs. From my position as the head of the Corporate Technology Division and in charge of promoting human resources development, I am constantly aware of maximizing the potential of technology and human resources, which are important intangible assets for Yaskawa, and am working to create an environment where business activities can be smoothly promoted.

### Recognizing the Challenges of Becoming a Company that Supports a Broader Range of Industries and Society

In December 2023, we launched MOTOMAN NEXT, the first autonomous robot in the industrial robot industry. In my own experience in the robotics business over a long period of time, this is a major device to create new value and expand the scope of Yaskawa Group's contribution in work areas that require human judgment, which we have been unable to face even if we wanted to. Although we have been thinking about this concept for 15 to 16 years, we are now in a situation where it is difficult to maintain the status quo of stable supply chains and service provision unless we address the issue of labor shortages. This demand is about to turn into necessity. What Yaskawa Group can do may start from a small place, but I am convinced that the solutions we provide are the automation and its technology, which will be widely required in the future.

In this context, MOTOMAN NEXT is a new approach to solving problems through technology, including AI, and targets areas outside the existing automation field. Therefore, we need to broaden the understanding of this approach among relevant stakeholders, and we will work to instill this understanding through cooperation with partners while taking advantage of our abundant engineering capabilities

and human resources, including those from outside the company. In expanding the areas of contribution with MOTOMAN NEXT, I believe that priority should be given to carefully accumulating the value of each "application" rather than the number of "robotic units." By placing importance on this action, I believe that cooperation with partners will be further strengthened, and we will be able to create a situation where evaluation leads to the next evaluation, which will enhance our ability to expand.

Also, in order to develop new areas, cooperation with people who have an understanding of the uniqueness of each industry is key. In order to successfully adapt scenarios for creating new things to actual sites, we need to diversify our experience and expertise at the same time as we develop human resources. In some cases, we can do it because we like it. The development of our collaboration with Astellas Pharma announced in May 2024 was made possible by the presence of a doctor of medicine at Robotic Biology Institute Inc., a subsidiary of Yaskawa that works on the application of robots to the biomedical field. I believe that we were able to make progress because we had a promising human resource who shared my desire to create new areas of contribution through robots in order to face the challenges of diverse industries and who had knowledge and attachment to each industry. In the future, we plan to expand this into areas such as food and agriculture, but in order to proactively promote our activities, we need human resources who have an idea of "how to grow crops," who are familiar with the process, and who have a realistic understanding of the issues facing the sustainability of the industry, in order to take an appropriate approach to the introduction of robots. At present, however, no one in the Yaskawa Group has such a career. Yaskawa is a company that values technology with "motors and their applications" as its business domain, and the skills of the majority of its human resources have been strengthened mainly in that domain. We will continue to do so in the future, but as an organization we need to have more desire for diverse learning. In my personal experience, when I was in charge of maintenance-related work for a railway company, I thought this job would be absolutely fun for people who love trains. I

feel that a mix of human resources with expertise and attachment in various industries and matching them with the direction of the company are essential for producing results in the future. In order to properly address the "needs" of the market, it will be necessary not only to cooperate with external parties, but also to diversify the skills and experience of internal human resources in order to deepen such cooperation.

### Meeting the Challenges of Humankind through Technology and Achieving Sustainable Growth in the Next 10 Years

Under our long-term business plan, "Vision 2025," launched in 2016, we have been working to commercialize mechatronics application fields such as agriculture, biomedical, and the environment. While biomedical and the environment are steadily expanding as businesses, we intend to grow agriculture in a way that we can firmly commit to as a business once we confirm its practical application. In addition, we still have issues such as how to support the physical domain (the site) in areas such as energy, public infrastructure maintenance, and response to natural disasters. Enriching human life and maintaining it has always been a challenge for us, and it goes without saying that technology is one of the solutions. In the next 10 years, we will continue to establish businesses in the fields of agriculture, biomedical, and the environment that we have been working to commercialize. We will also take a firm view of the accelerating trend of

technological evolution around the world, and based on that, we will explore and take on challenges in the fields that should be part of the Yaskawa Group's businesses next among the challenges facing humanity.

In order to create new businesses and get them on track, it is essential that all parties concerned have the same motivation. For this reason, in the next 10 years, we will invest more in the enhancement of our ecosystem (economic cycle) and partner chains so that cross-industry collaboration can be well integrated into the value chain for value creation.

We will firmly create a vision for the next 10 years that aims to further develop and sustain the growth of the Yaskawa Group, and at the same time, we will move forward by globally aligning vectors to achieve Realize 25. Please look forward to the future growth of the Yaskawa Group and I appreciate your continued support.



# History of Yaskawa and Its Six DNAs (Corporate Culture)

Since its establishment in 1915, Yaskawa Electric has earnestly pursued for more than 100 years the business area of “motors and their applications” and “making things happen by driving motors.” The Six DNAs (corporate culture) have been nurtured as people from each era gathered their wisdom and overcame many difficulties, and they are linked to the strengths that support our current business model.

## Technology-driven



In the early 1910s, electric motors began to make inroads into all industrial segments as a new alternative to steam engines. Daigoro Yasukawa, the founder of Yaskawa Electric, learned the fundamentals of such leading-edge technology and established our predecessor, Yaskawa Electric Manufacturing Co., in 1915. Daigoro expressed his wish to contribute to the nation by exporting domestically produced motors in his “motivation of establishment,” and aimed at undertaking the business with the company’s own technologies, not by copying the leading Western products. At the age of 29, Daigoro expressed his passion, and in fact promoted the development of a wide variety of products, including switches and transformers, in addition to various motors. At this time, a culture of “technology-driven” was established, which is the basis of Yaskawa.

## Customer and application focus

The founder, Daigoro Yasukawa, created the “Business Policy” the year after he founded Yaskawa Electric Manufacturing. He set forth his policy of not forgetting the ideal for the sake of temporary profit and giving the first priority to the satisfaction of customers with sincerity. As motors began to be used by customers through the business, the ideal form and direction of the entire organization have been created based on the concept of “learning how the motors are used by customers (applications) and providing optimal systems.”



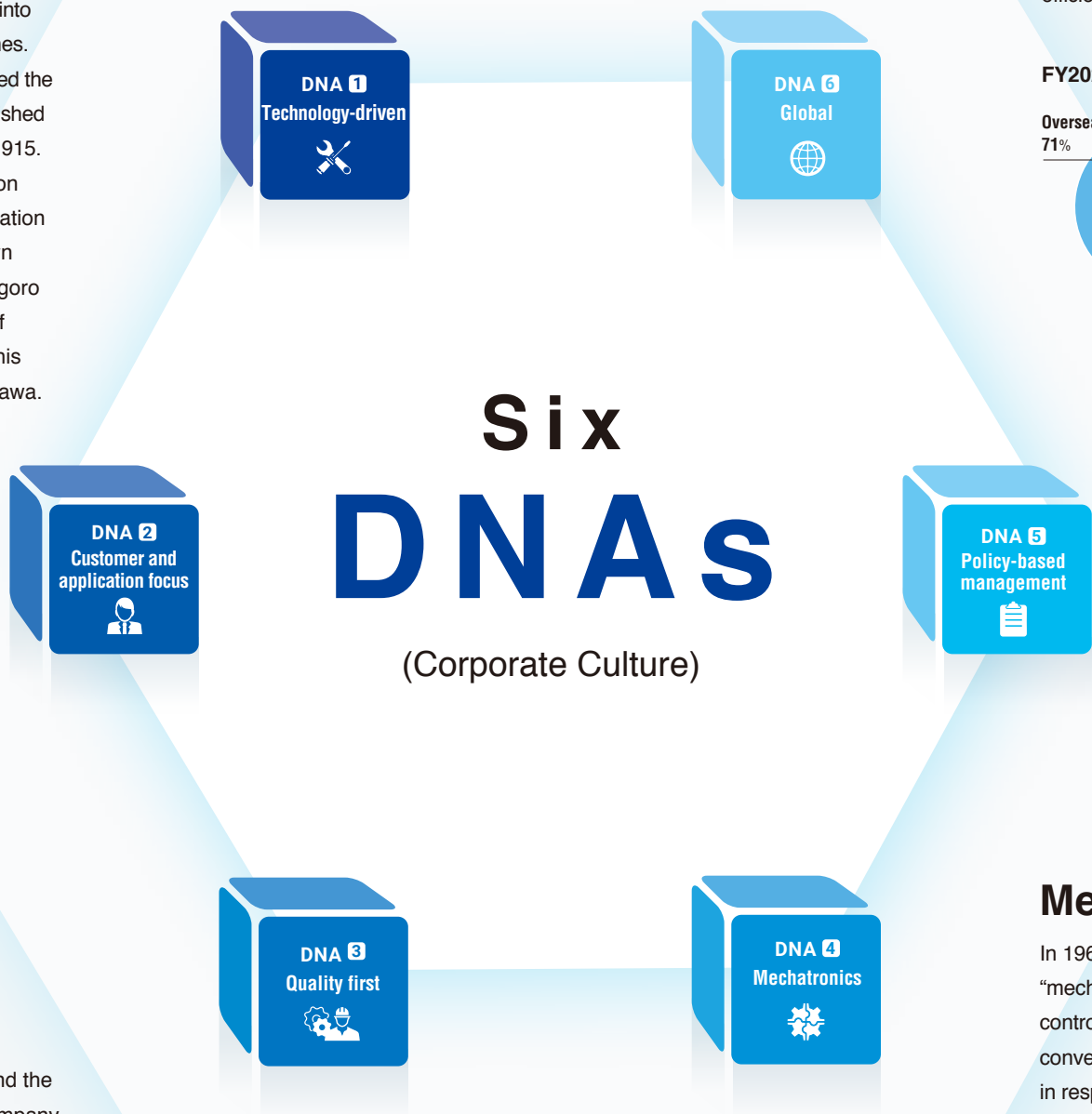
Writings and biographies of Daigoro



After World War II, we demonstrated our exclusive strength mainly in automatic charging equipment for raw materials around blast furnaces.

## Quality first

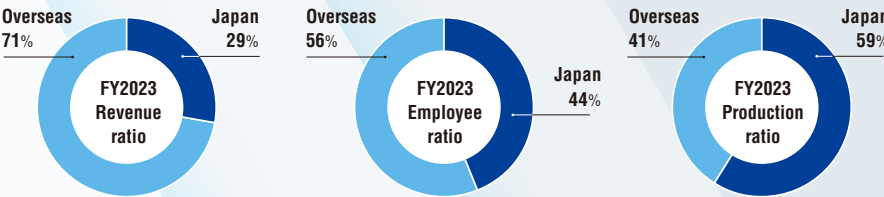
After the World War II, energy shifted from coal to oil, and the heavy chemical industry developed. At that time, the company was engaged in manufacturing equipment (process automation) for materials such as steel making and spinning, which operated 24 hours a day. The idea of “quality first” became ingrained in the organization as we believed that we should not cause any trouble to our customers’ equipment.



## Global

After the 1990s, Yaskawa began localizing its business to expand its overseas business base. Yaskawa didn’t sell the Japanese products as they were but provided customer services and products needed in each region. Also, starting with drives production in the United States in 1992, we expanded our production bases overseas based on our policy of local demand production. We are implementing global management that combines efficient global operations with management tailored to the characteristics of each region.

### FY2023 overseas ratio (Revenue/employee/production)



## Policy-based management

At the time “mechatronics” was launched, the existing business was still mainly focused and the concept was not a culture yet but just a vision. As such, Yaskawa worked on TQC (policy management) as a tool to set the whole organization in one direction. Yaskawa established its own management system, including tools for setting and managing targets in development, manufacturing and sales. As a result, the vision of mechatronics and TQC have become part of its corporate culture, and Yaskawa has made significant progress in the R&D and customer development for automation in the assembly industry.



Received Deming Prize (1984)

## Mechatronics

In 1969, Yaskawa became the first company in the world to propose the concept of “mechatronics,” aiming to “Integrate customer machines with Yaskawa motors and controllers to achieve higher functionality.” We accelerated our business expansion from conventional process automation to factory automation, aggressively invested resources in response to the rapid growth of the mechatronics market, and introduced a number of new products. Against this backdrop, “MOTOMAN-L10,” Japan’s first all-electric arc welding robot, was born, laying the foundation for the company’s Robotics Business.



**Minertia motor (1958)**  
A motor that became the basis for the servo motor available today. A revolutionary product that had a response rate 100 times greater than conventional motors.



Moto-arm (left) and motofinger (right) commercialized in the late 1960s.



**MOTOMAN-L10 (1977)**  
Japan’s first all-electric vertical articulated industrial robot



# Our Unique Strengths

## The Six DNAs (Corporate Culture)

DNA 1  
Technology-driven

DNA 2  
Customer and application focus

DNA 3  
Quality first

DNA 4  
Mechatronics

DNA 5  
Policy-based management

DNA 6  
Global

### Development focused on the world's first and best technologies

Since its establishment, the company has focused on “electric motors and their applications” and has produced many of the world's first and world's best technologies and products. Yaskawa's technologies and products lead to industrial innovation and contribute to the development of society.



**World's first**  
Transistor AC drive:  
VS-616T (1974)



**World's first**  
Matrix converter:  
Varispeed AC (2005)



**World's first**  
GaN power semiconductor  
equipped servo motor with  
built-in amplifier (2017)



**World's first**  
Multiple robot cooperative  
control: MOTOMAN-SK  
Series (1995)

### Ability to transform

In 1969, Yaskawa pioneered the concept of “mechatronics,” and the following year, in 1970, it envisioned “Unmanned Factory,” an automated factory that humans and machines work together by using mechatronics. In the 1970s, when Japanese manufacturing shifted from the material industry to the assembly industry, the concept of “mechatronics” from the Yaskawa Group became the driving force behind the Third Industrial Revolution. Then, in 2018, the Yaskawa Solution Factory was established, which embodied unmanned factory envisioned for a long time. As a demonstration factory for i<sup>3</sup>-Mechatronics, it is leading the transformation of manufacturing and business. Based on the concept of i<sup>3</sup>-Mechatronics, the Yaskawa Group will lead the evolution of production in the Fourth Industrial Revolution, which aims to achieve optimal production systems in a data-driven society.



Production line in Yaskawa Solution  
Factory

# Strengths

The Yaskawa Group's DNA has been the driving force behind the development of the world's first and best technologies, and the products and technologies created through this process have brought about changes not only in the Yaskawa Group but also in society. In addition to a corporate culture that emphasizes quality, Yaskawa today has a strong presence in global markets by promoting business based on relationships of trust by addressing customer needs. Based on the broad customer base that the Yaskawa Group has built up, we strive to further strengthen its unique strengths by constantly developing products with an eye toward the future.

### Customers' trust

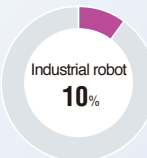
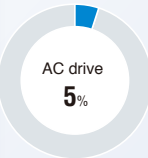
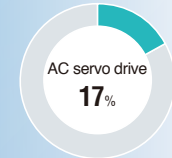
Since the 1930s, when we established a policy of not only manufacturing and selling motors, but also learning how they are used by customers and providing optimal systems, we have maintained a stance of being close to our customers. Even today, based on our policy of continuing to provide high value-added and high-quality products that realize the benefits of improvement and evolution that customers demand, we promote our business with a strong relationship with our customers.



### Strong presence in global markets

We have been involved in the export of products since the early days of our founding, following the spirit of our founder, who had a wish to contribute to the nation by exporting domestically produced motors overseas. Since the 1990s, we have been localizing our business and building our own sales network and production system in demand areas, and we have a top-level global market share in our core products.

#### Market share (company estimate)





Differentiation Strategy — i<sup>3</sup>-Mechatronics —



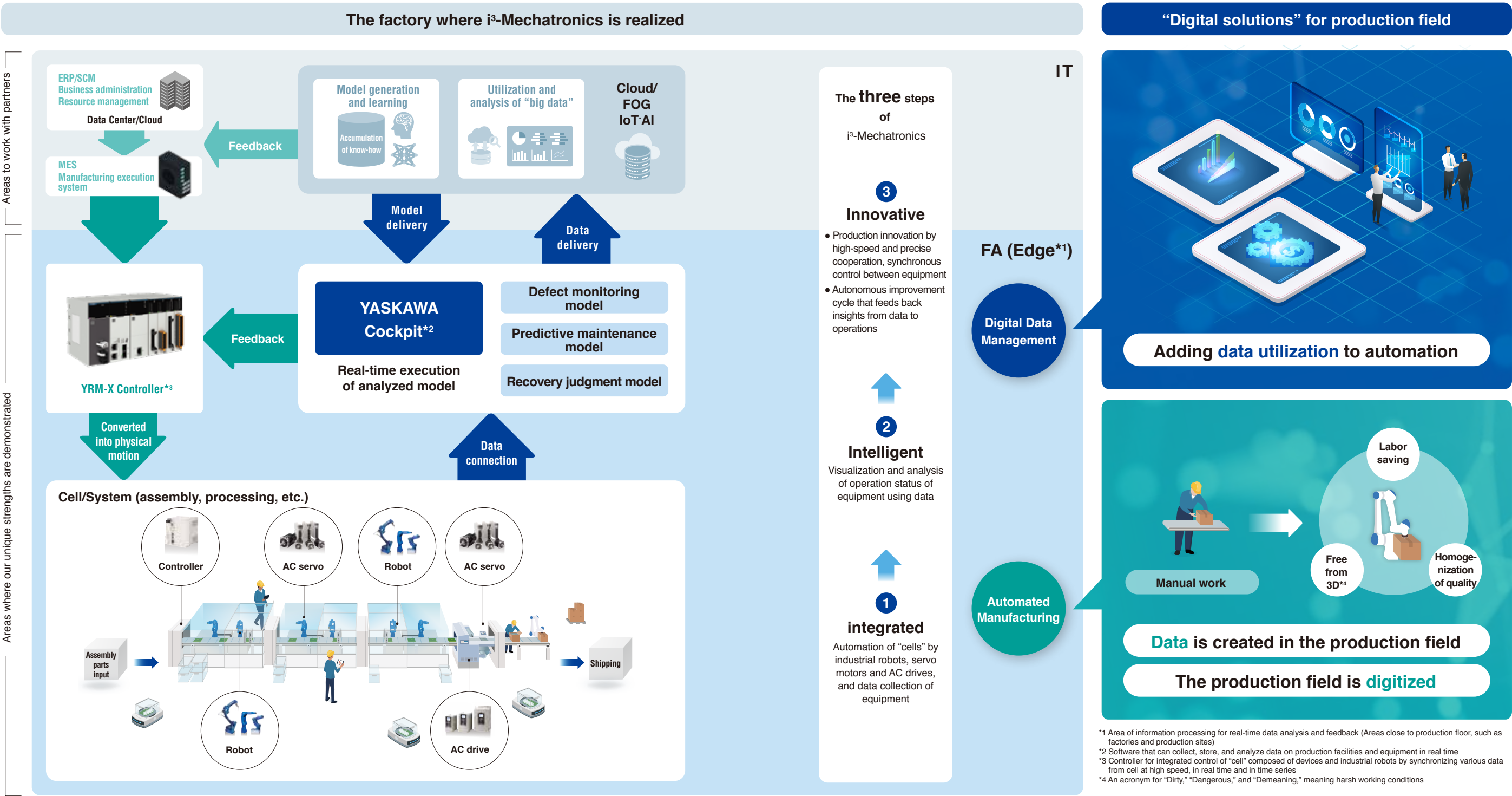
Yaskawa's strength has been to automate the “cells,” a unit of the factory’s production line, with industrial robots, servo motors and AC drives.

Based on the concept of “i<sup>3</sup>-Mechatronics” we propose to automate the cells and manage them with digital data as a solution to the “improvement and evolution” demanded by customers. This enables us to manage the operation status of equipment with process data and the production status with status data as “numerical values” rather than “tacit knowledge” of experts.

The “i<sup>3</sup>-Mechatronics” will proceed in three “i” steps: ① integrated, ② intelligent, and ③ innovative.

The use of data enables continuous improvement and helps solve various issues in manufacturing to realize the smart factories that our customers aspire to.

Yaskawa has a global brand in industrial robots, servo motors, and AC drives, which are essential “products” for factory automation, and we seek to differentiate ourselves and create added value by proposing solutions unique to our company, which has accumulated the practice of “i<sup>3</sup>-Mechatronics” in its own production.





## Customer story

## Contributing to the Improvement and Evolution of the Food Industry through “i<sup>3</sup>-Mechatoronics” Concept

### — Application of Robots to Realize Kewpie’s “Future Food Factory” —

Since its establishment in 1919, Kewpie Corporation has been providing value to a variety of “food” scenes as a leading company in salads and eggs. Since 2023, Kewpie has been promoting the automation of production processes to improve quality and productivity through the use of data, with the aim of achieving sustainable growth under the banner of “Future Food Factory.” Yaskawa has promoted technological development while sharing the concept of “autonomous improvement through automation of cells and equipment and utilization of data in high-mix, low-volume production lines” with Kewpie. In November 2023, a robot applicable to a cell to close the lid of deli dishes was developed and started operation.

We spoke with persons in charge of Kewpie Corporation’s Production Division on the theme of how Yaskawa’s solutions will help Kewpie realize its Future Food Factory.



Operation of the lid-closing robot



A typical delicatessen production site

#### Q What prompted the collaboration with Yaskawa?

Around 2015, when we were considering weighing using a handling robot at our mass-production factory of Kobe Plant, Yaskawa Electric had flexibly responded to the unique needs of the food industry. It was Yaskawa, with a division specializing in food industry, who showed the most positive attitude toward co-creation with Kewpie, which is an end user in the food industry, when considering the automation of low-volume production of various products. In addition, we had the impression that distance between sales team and technical team of Yaskawa was close. In this case, we had a great opportunity to be able to have in-depth discussions between us and Yaskawa’s sales and technical teams on how to use robots and development policies.

#### Q What were some of the challenges to realize the practical use of robots?

It was to foster a sense of confidence in the robot’s ability and stable operation at the manufacturing site. Previously, the delicatessen factory, which handled a wide variety of products, had no experience with robots and no engineers who could handle them. Therefore, “Easy to use”

was an absolute requirement when installing robots. For this reason, the operation panel was equipped with a variety of user-friendly functions, such as “having only three operation buttons” and “variety registration can be done easily on site.”

#### Q What are the results of the practical application?

The delicatessen factory needed to realize a highly challenging form of automation such as, “operating 365 days/24 hours without engineers,” “being faster than humans,” “having space-saving equivalent to humans,” and “having low cost.” The factory where the lid-closing robot was introduced produces more than 400 kinds of products in a day, and about a quarter of them are replaced every month. In the past, we had attempted to automate the delicatessen factory’s production line several times but gave up as a result, so the goal seemed difficult to both factory staffs and engineers. In this collaboration, Yaskawa had greatly contributed its experience and knowledge cultivated outside the food market, such as in electronics and automobiles, and cooperated in the development of the necessary elemental technologies and mechanisms. More than six months have passed since the operation, and there have been no problems and the factory staff have been pleased with the results. In FY2024, four additional robots

will be put into operation. It is a great achievement that the intuition and skills of the workers have been automated, and we could move on to the horizontal deployment phase.

#### Q How do you see the collaboration with Yaskawa in the future?

The labor shortage is becoming serious across the entire Kewpie Group, and we believe that proactive investment is necessary to continue fulfilling our supply responsibilities. The three elements realized by the lid closing robot, “Multi-product compatibility,” “Workability at the same level as humans,” and “Easy to use,” are also essential elements for automating processes common to all Group companies, such as loading and stacking. We are going to apply these knowledges to other production sites.

Specifically, we are planning to automate the loading of palletizers. The loading process at mass-production plants is automated, but at high-mix low-volume production plants, there are issues such as adapting to small numbers of products and cooperating in space-saving operations, and we are still relying on manual labor. We look forward to the further proposals from Yaskawa.

In addition, from the perspective of quality assurance, we believe that robotization has significant advantages. Currently, the success rate of lid-closing robots is almost 100%, but if an open lid flows to the next process, it is corrected by a human. Aiming to achieve full volume assurance with no manual dependence, we have begun to implement a system in which the robot itself inspects the state of all lids using torque and position data from the electric cylinders attached to the robot hand.

In this way, there are many processes for inspection devices to check the work results of automatic equipment, but from a cost perspective, it would be extremely useful to be able to guarantee the full amount of work with only the functions of the robot without the need for additional devices. Furthermore, if the robot learns the data currently being collected for inspection, and if it can reflect this in its movements, such as automatically “increasing the pressure applied” when it finds a part of the lid that is difficult to close, it will be possible to perform work in a manner similar to that of a human.

The collaboration with Yaskawa gives us a sense of the feasibility of such technology.

\* Easy to Use: Worker friendly operation



People in charge of the lid closing robot project  
Production Technology Department, Production Division, Kewpie Corporation  
From left: Mr. Keisuke Tanaka, Mr. Yuichi Nakakubo, Mr. Junichi Fukui

## COLUMN

#### Mr. Ryota Watanabe

In charge of Supply Chain Management  
Director, Executive Corporate Officer  
Kewpie Corporation



#### Kewpie’s vision for a future food factory

Food production is a delicate job where one mistake can put people’s lives at risk. We carry out production daily with extreme care, but even so, troubles sometimes occur.

Based on our experience of causing major troubles in the past, we have come to the conclusion that the real cause of troubles is “the fact that people in the field are busy with daily production and have no time to think.”

In order to maintain and improve quality, it is important for employees to be able to play an active role in the workplace. To achieve this, we have been working on “cultivating a system and culture in which each individual plays a leading role and can think and act on his or her own initiative” based on the principle of manufacturing. When complicated work is simplified, there is room for thinking. I believe that robots contribute to fostering a sense of satisfaction among workers at the workplace in the sense that “automating processes that can be simplified and leaving the task of thinking to humans.”

Kewpie’s vision for a future food factory is to use digital technology to optimize everything from product launch to quality assurance at production sites, and to build a production system that can achieve sustainable growth by improving quality and productivity amid an increasingly complex business environment and labor shortages. Data is not only connected within factories. At plants, we collect and analyze data linked to the preceding and subsequent processes, such as logistics and sales team. Robotics, which we are currently working with Yaskawa, not only automates processes, but also quantifies the effects, enabling feedback to sales team and materials, and serving as the starting point for an improvement cycle throughout the supply chain.



## Business Model Transformation

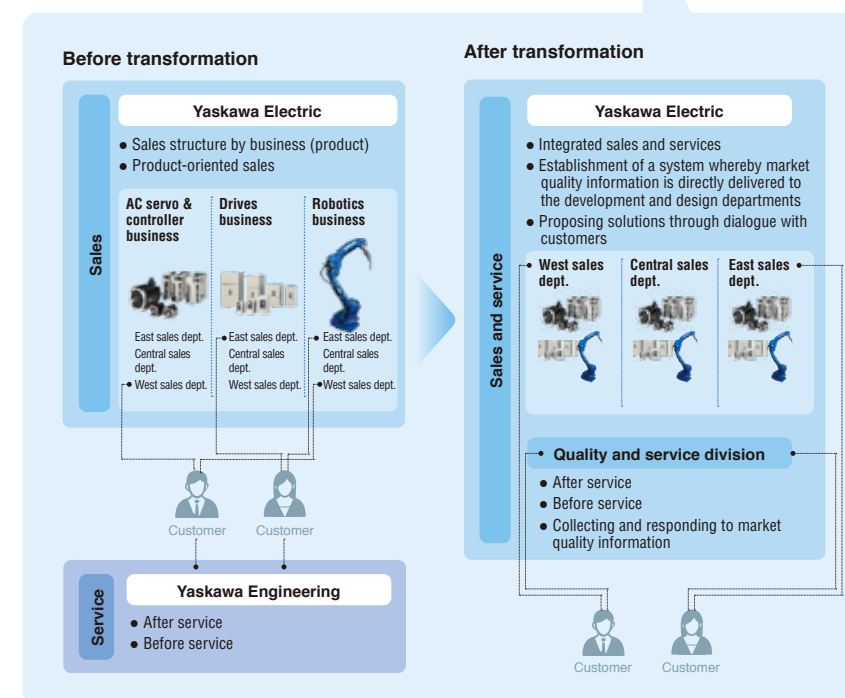
To contribute to solving customers' management issues and deliver added value based on the "i<sup>3</sup>-Mechatronics" concept, Yaskawa is promoting reforms aimed at overall optimization in the areas of Technology/Product Development, Production, Sales, and Service.

Furthermore, by connecting data groups in each value chain and optimizing the entire product life cycle, we will further evolve our business model and create value.

### Strengthening the strategic approach to the customers' supply chain

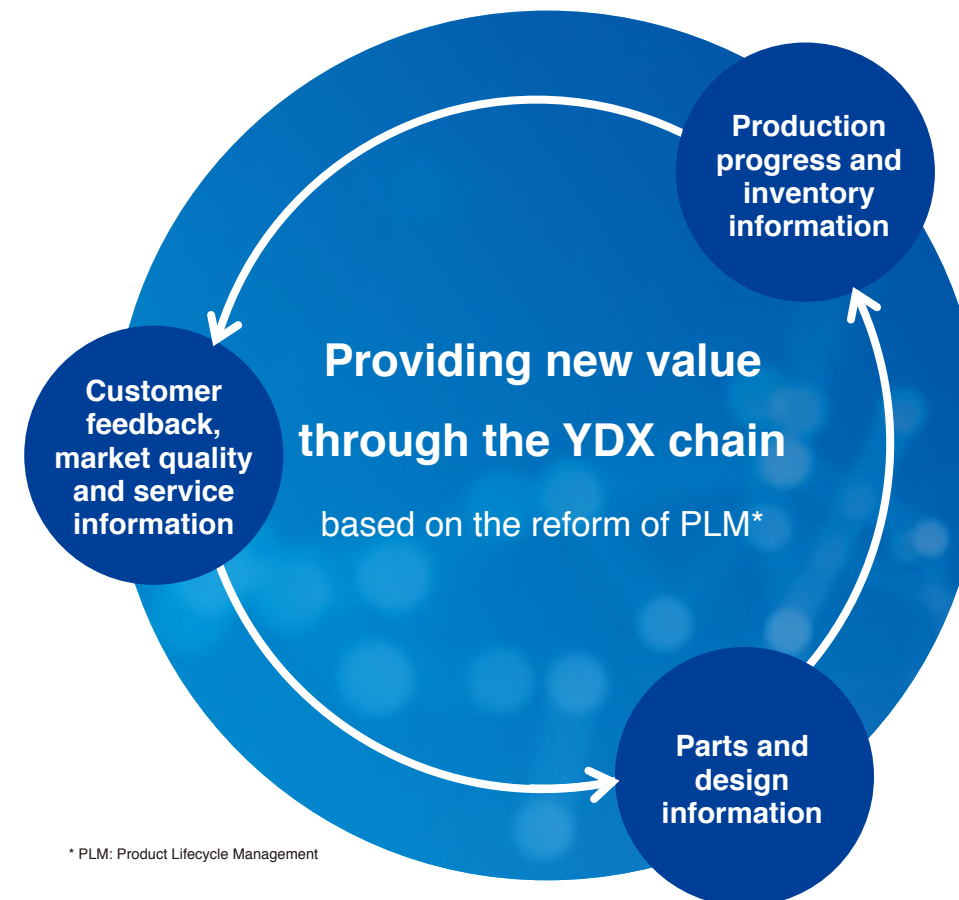
Yaskawa is strengthening the relationship with customers by reorganizing the sales structure, which used to be divided by product, into a regional and product-mix sales structure, and integrating its quality and service divisions. In this way, we provide optimal solutions to achieve the improvement and evolution our customers require. We also provide technical support and proposal activities to improve equipment performance and expand solutions by strengthening cooperation with partners such as equipment manufacturers and Slers.

#### Changes in sales and service structure

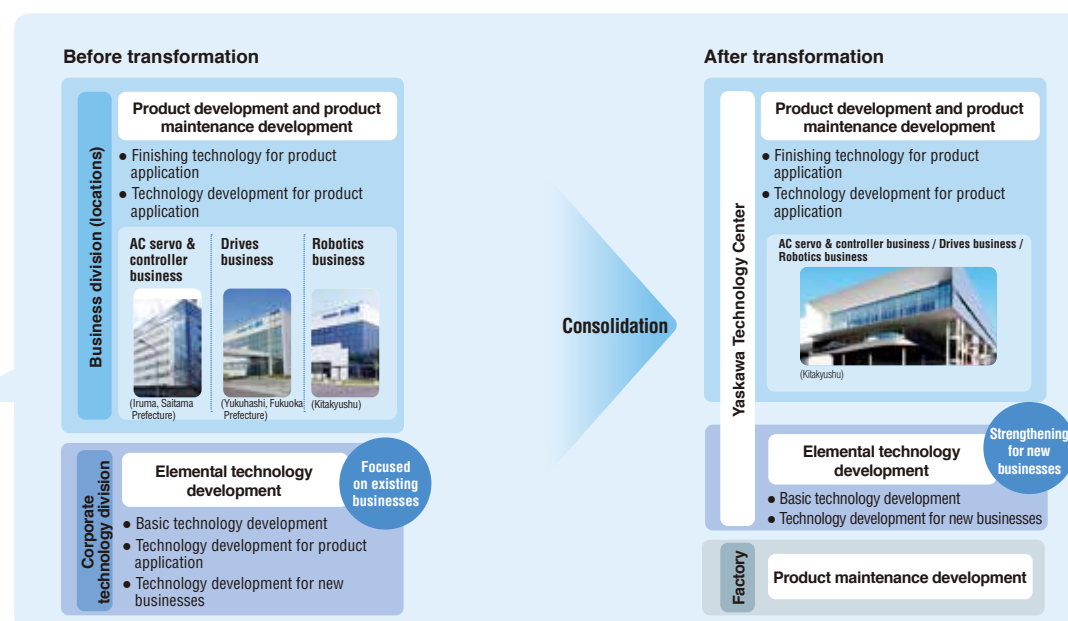


### Strengthening technology development capabilities to create value for customers

By consolidating development systems that were previously dispersed among business divisions and corporate technology division, we have created an environment in which we can work consistently through planning, development, production, and quality control. By integrating development processes, we realize global cross-business development that consolidates and creates knowledge. We also promote open innovation with companies, research and academic institutions, and create products and technologies that accurately meet customer needs in a timely manner.



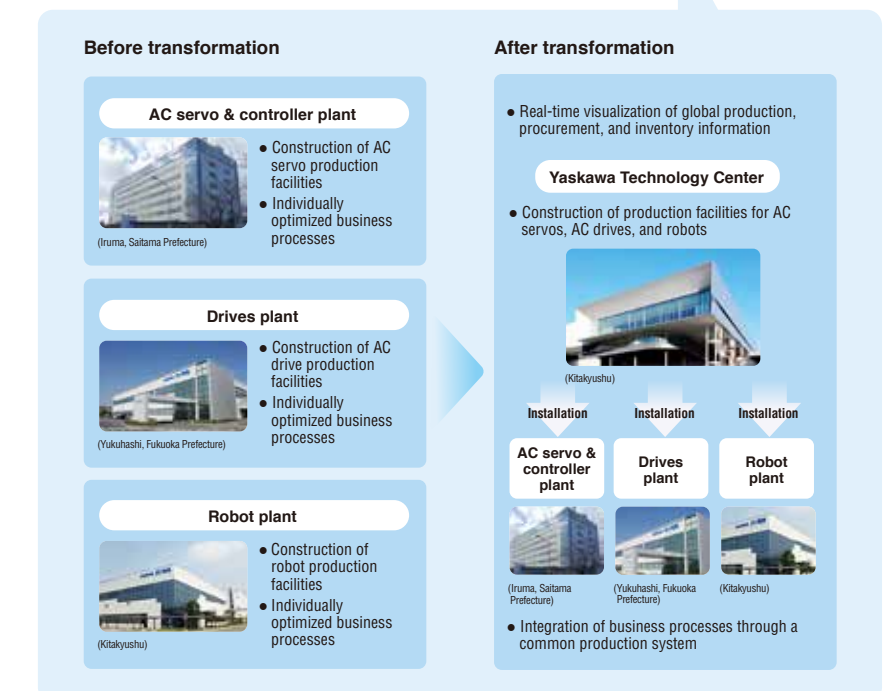
#### Changes in technology/product development structure



### Advancement of own manufacturing through i<sup>3</sup>-Mechatronics

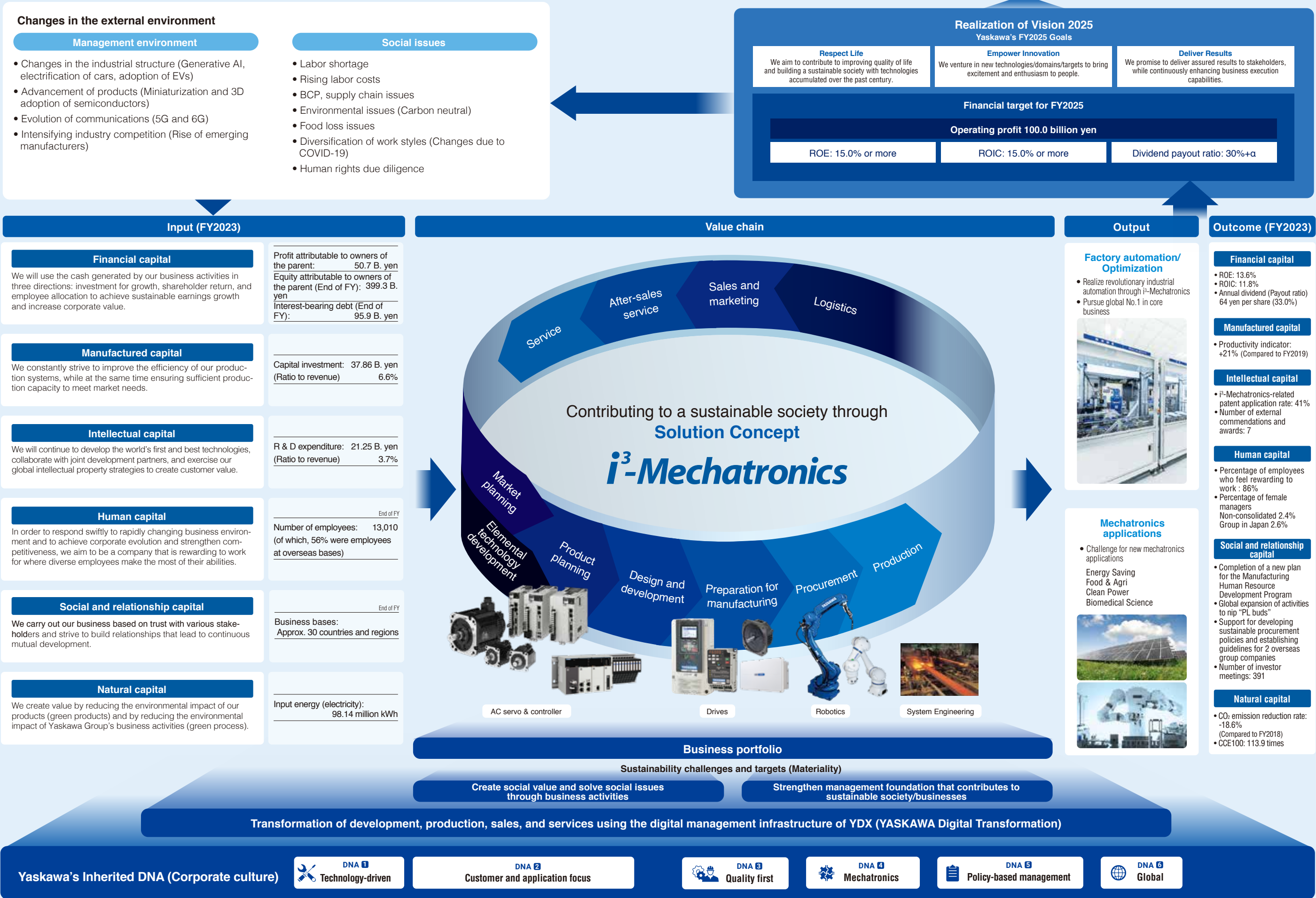
In the past, development of production facilities was assigned to each plant. By consolidating this work, we are consolidating and upgrading the skills and know-how of production engineers and shortening the time required to construct new facilities. In addition, by implementing leading-edge manufacturing based on the i<sup>3</sup>-Mechatronics concept at our mother plants in Japan and globally deploying highly productive production facilities, we are working to reduce direct man-hours, promoting the standardization of facilities, and responding quickly to problems in a centralized manner.

#### Changes in production structure



For indirect operations related to production (procurement and production planning), business processes were established for each plant. However, based on the i<sup>3</sup>-Mechatronics concept, we have developed and introduced a common production system for the entire company, which enables more efficient production operations through integration of business processes and overall optimization. We have also deployed this common production system in Japan and overseas, and by visualizing production information such as global production status, parts procurement status, and inventory status in real time, we are reducing indirect man-hours.

Value Creation Process





YASKAWA at a Glance

FY2023 revenue breakdown by business segment



### System Engineering

For more information, go to [P. 71](#)

- Core products:**
- Electrical systems for steel plants
  - Electrical instrumentation systems for water supply plants and sewage treatment facilities
  - PV inverters\*
- \*Reclassified to Drives business of Motion Control segment from FY2024



Electrical systems for steel plants

Revenue **55.5** B. JPY



### Robotics

For more information, go to [P. 69](#)

- 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

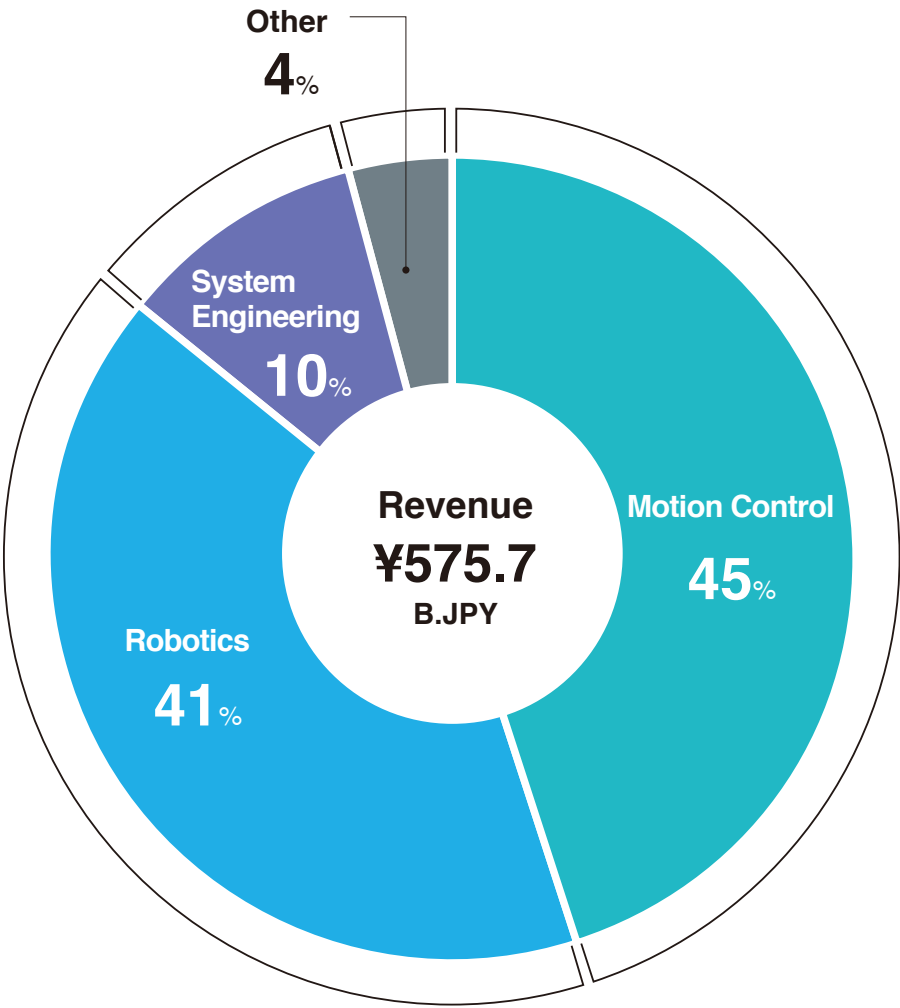


MOTOMAN NEXT series

Revenue **234.7** B. JPY

Global network

(As of February 29, 2024)





### Motion Control

For more information, go to [P. 65](#)

- ▶ **AC servo motors and controllers (50%\*)**

**Core products:**

  - AC servo motors and controllers
  - Linear servo motors
- ▶ **Drives (50%\*)**

**Core products:**

  - AC drives
  - PM motors



AC servo motor "Σ-X series"

YRM controller "YRM1010"

Yaskawa AC drive "GA700 series"

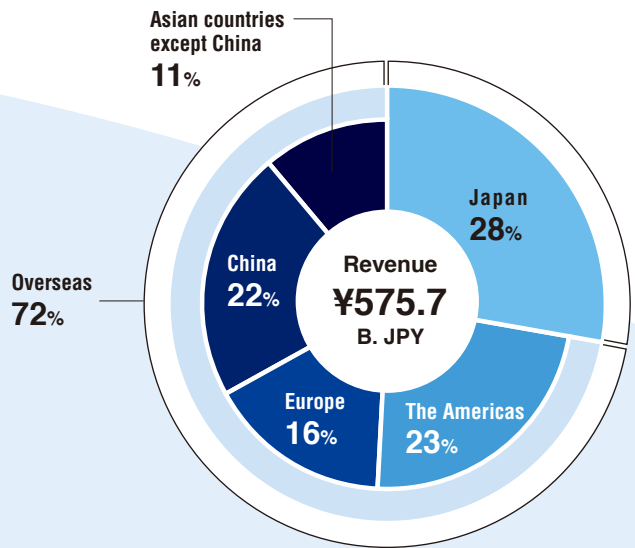
Revenue **260.0** B. JPY

\* Revenue composition in Motion Control segment

### Other

- Core products:**
- Logistics
- Revenue **25.5** B. JPY

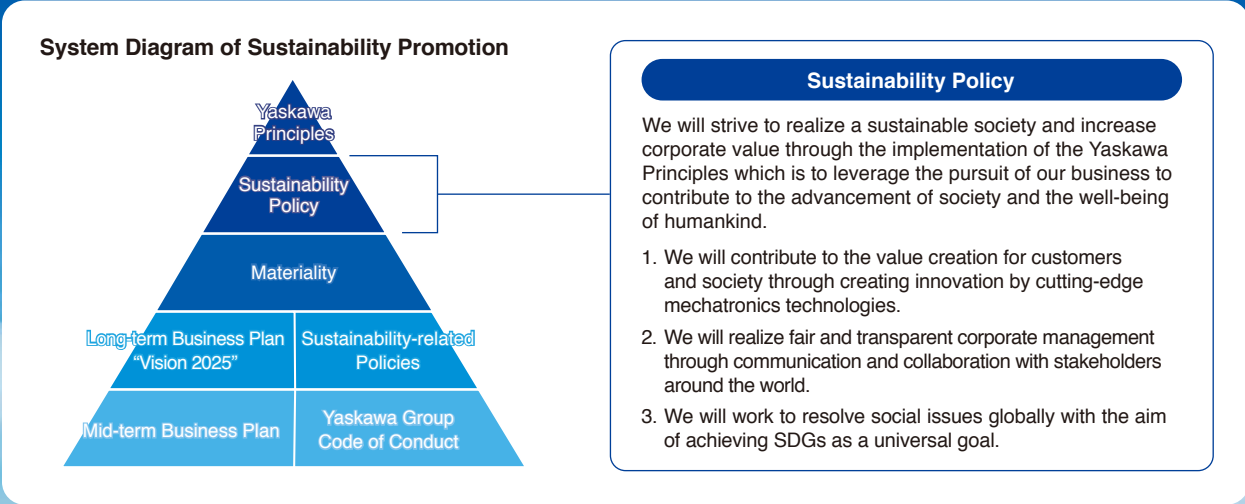
Revenue breakdown by location



# Sustainability Management

## Sustainability Policy and Initiatives

Under the Yaskawa Principles, Yaskawa Group formulated its Sustainability Policy in FY2021. In line with this policy, we identify material issues and develop targets for long-term and mid-term business plans to promote sustainability strategically. In addition, we will monitor progress and implement the PDCA cycle to achieve a sustainable society and increase corporate value.



### Sustainability Challenges and Targets (Materiality)

In regard to sustainability challenges and targets (materiality), we evaluated trends in the international community and social issues that are closely related to us from two perspectives: "importance to stakeholders" and "importance to Yaskawa" at the Board of Directors and identified issues of particular importance as materiality. Also, we

have set quantitative and qualitative KPIs which clarified the direction of each focus area and strategy about identified materiality. Through the resolution of materiality issues, Yaskawa Group is working to realize a sustainable society and increase corporate value, which we aim to achieve under our sustainability policy.



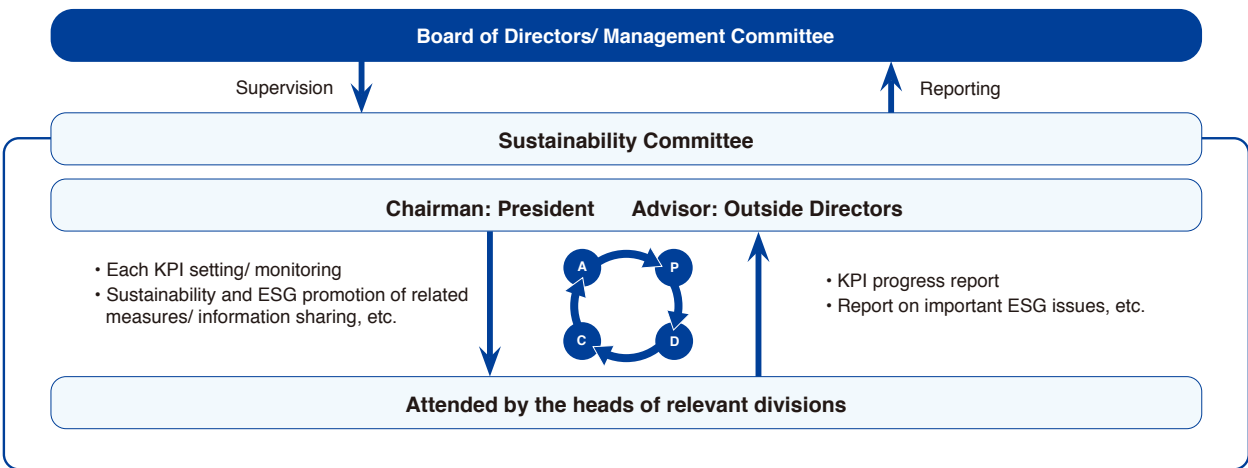
### Sustainability Promotion System

Our company has established Sustainability Committee chaired by the President.

This committee is attended by heads of related divisions and outside directors as advisors to promote sustainability management for the Group as a whole. It also plans, deliberates, develops among the Group, and monitors priority measures and policies related to materiality.

Sustainability initiatives are regularly reported to the Board of Directors and the Management Committee.

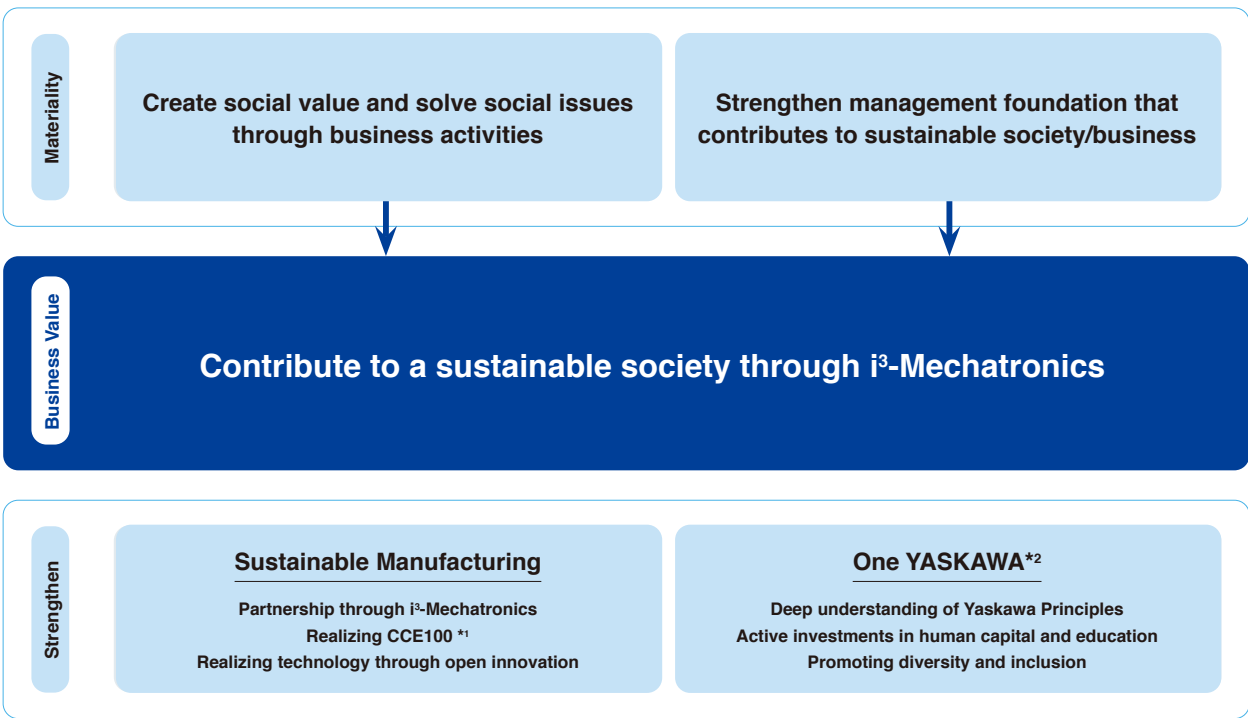
In FY2023, Sustainability Committee met in May and November 2023. In addition to internal management, outside directors participated in lively discussions on KPIs, the status of implementation, and activity plans for each materiality.



### Concept of Sustainability Promotion in the Mid-term Business Plan "Realize 25"

Yaskawa group will enhance its business value of "contributing to a sustainable society through i<sup>3</sup>-Mechatronics" by promoting materiality initiatives. We will use the challenges

in the previous mid-term business plan "Challenge 25 Plus" as reinforcement points in the current mid-term business plan "Realize 25" and aim to develop targets.



<sup>\*1</sup> CCE100 (Contribution to Cool Earth 100): Target to reduce CO<sub>2</sub> emissions from our products by more than 100 times by 2025  
<sup>\*2</sup> One YASKAWA: Initiatives to promote a corporate culture that brings the Yaskawa Group together by promoting the penetration of Yaskawa Principles on a global scale.



Sustainability Management

Sustainability Challenges and Targets (Materiality) and Their Progress

Our group’s materiality initiatives and progress are described below. Through the Sustainability Committee, we monitor KPIs on an ongoing basis and implement the PDCA cycle to achieve our goals and realize our vision.

\*1 Abbreviation of Yaskawa Innovation Program. New business creation scheme with CVC functions launched in FY2016  
\*2 Revenue per person for indirect and direct personnel at plants in Japan (compared to FY2019)  
\*3 Target was revised in April 2022.  
\*4 Target was revised in April 2024.  
\*5 The target value was changed following the revision of the 2050 carbon neutral target in May 2022.  
\*6 Target was set in October 2022.  
\*7 Target was revised in June 2024.  
\*8 A person at the level of being able to teach others in the skills within a task to which he or she is assigned  
\*9 Definition of professional human resources and target values were revised in June 2024  
\*10 Initiatives were added in April 2024  
\*11 Target was revised in April 2024.

Sustainability Challenges and Targets	Desired Outcomes	Initiatives [Targets]					FY2023 Results	Challenges	
Create Social Value and Solve Social Issues through Business Activities									
1. Realize revolutionary industrial automation with partners through “i <sup>3</sup> -Mechatroncis”	Solve customer management issues with “i <sup>3</sup> -Mechatroncis,” a solution concept and contribute to the improvement and evolution of society and production activities.	• Accumulation of “i <sup>3</sup> -Mechatroncis” project success cases					• Strengthened customer approach with key products (MOTOMAN NEXT series, YRM controller, Sigma-X series, YASKAWA Cockpit) based on i <sup>3</sup> -Mechatroncis concept • Expansion of achievement through collaboration with top manufacturers in each industry	Implementation of horizontal expansion of solutions demonstrated in “i <sup>3</sup> -Mechatroncis” project and global expansion based on YRM controllers	
2. Build clean social infrastructure and foundation for safe and comfortable living	Use Yaskawa’s technological capabilities to improve the environmental performance of products and reduce the environmental impact of the world by expanding sales	• Achieve CCE 100 (Contribution to Cool Earth 100) [FY2025: 100 times]					113.9 times	None	
	Contribute to the realization of a sustainable society through the challenge of developing new domains by applying mechatronics technology.	• Expand examples of mechatronics technology applications, mainly in the four fields of energy conservation, clean power, food and agriculture, and biomedical					Promoted initiatives in mechatronics application fields, focusing on the four main fields • Launched GA700 series of AC drives with large-capacity • Launched PV inverter for solar power generation,“Enewell-SOL P3A”	Expanding sales of a new type of PV inverter, “Enewell-SOL P3A” to capture energy creation and energy conservation demand	
3. Develop new technologies and business domains through open innovations	Create new value for society through business expansion in new areas through M & A/alliances.	• Strengthen initiatives in new areas through M & A and alliances					Continued aggressive search for growth opportunities through M&A/alliances to create technological synergies in our company’s business areas of factory automation and mechatronics applications • Moved “automation of cucumber leaf removing work,”which is being developed in collaboration with JA ZEN-NOH to the full-fledged introduction phase • Promoted automation of plant factories through a capital and business alliance with Oishii Farm Corporation in the U.S.	Promoting automation and building new industrial structures in mechatronics application fields such as food, biomedical, and agriculture	
	Promote external collaboration to develop the world’s first and best technologies and products	• Reinforcement of Industry-Academia-Government collaboration					Promoted Industry-Academia-Government collaboration in and outside Japan on research and development that contributes to Yaskawa’s future technologies	Deepening understanding of customers’ demand and reflecting it in Industry-Academia-Government collaboration in order to develop business domains	
	Demonstrate business synergies through venture investment and collaboration	• Expansion of venture investments by YIP <sup>*1</sup>					Venture investment: 1 (Cumulative number: 20)	Early creation of business synergies through collaboration	
Strengthen Management Foundation that Contributes to Sustainable Society/Businesses									
4. Sustainable and productive manufacturing	Promote global production efficiency and optimization through domestic and overseas expansion of the “Yaskawa Solution Factory” concept	• Introduction of cutting-edge manufacturing	• Improving production efficiency at own plants (improving productivity indicators <sup>*2</sup> ) [FY2022: +19% <sup>*1</sup> FY2025: +34% (compared to FY2019) <sup>*4</sup> ]					Productivity indicators: +21% (compared to FY2019)	• Construction of a production system capable of responding to demand fluctuations (variable-mix variable-volume production) without depending on manpower for further productivity improvement • Expansion of automation fields in low-volume variable-mix production and promotion of advanced manufacturing.
	Reduce CO <sub>2</sub> emissions and address global climate change issues	• Reduction of greenhouse gas emission through the Green Process	• Reducing greenhouse gas (CO <sub>2</sub> ) emissions [FY2025: -30% <sup>*5</sup> (compared to FY2018)]					-18.6% (compared to FY2018)	• Promotion of switching to CO <sub>2</sub> -free electricity at domestic sites • Expansion of introduction of photovoltaic power generation at overseas sites
	Provide optimal maintenance throughout the life cycle with the ultimate goal of “not stopping customer equipment”	• Improvement of product safety and quality	• Product safety through our group’s Product Liability Committee [FY2022: Strengthening global development of activities to pinch off the “bud of PL” * 6] • Improving product quality through the introduction of new systems [FY2022: Start of global operation of market quality information centralized system]					• Global development of activities to pinch off the “bud of PL” (No. of buds: 29, The number of risk assessments completed (target: 15, completed: 100%) • Centralization of quality information on a global scale (start of operations in China).	Strengthening activities to pinch off the “bud of PL” and prevent quality problems on a global basis
	Implement supply chain management based on adherence to sustainable procurement guidelines	• Construction of a sustainable supply chain	• Improving the rate of compliance with Sustainable Procurement Guidelines [FY2022: Compliance rate: 100% <sup>*3</sup> (target: major suppliers of Yaskawa Electric) FY2025: Compliance rate: 100% (target: major suppliers of the Yaskawa Group)]					Support for developing sustainable procurement policies and establishing guidelines for 2 overseas group companies	Continuing regular meetings to confirm progress and share information at domestic and overseas group companies
5. Create a rewarding workplace and human resource development	Demonstrate the strengths of diverse human resources by promoting the active participation of women	• Diversity and inclusion	• Raising the ratio of female managers [FY2025: Non-consolidated/Group in Japan: 3.4% <sup>*7</sup> ]					Ratio of female managers: 2.4% (non-consolidated), 2.6 % (group in Japan)	• Aim to achieve the industry average level • Examination and establishment of new KPIs • Continue hiring activities based on the target of hiring more than 20% of new female graduates
	Develop human resources based on personnel philosophy and improve the job satisfaction of employees	• Human resource development	• Increase the ratio of professional human resources <sup>*8</sup> [FY2025: Corporate average 20% or more <sup>*9</sup> ]					The ratio of professional human resources: 15%	Promoting the steady execution of “Human Resources Development Plan” drafted for each workplace and individual and establishing an environment for autonomous growth
	Eliminate work stoppage accidents and create a safe workplace	• Occupational safety	• Improvement of lost-time injury frequency rate [FY2025: Non-consolidated: Maintain 0.2 or less Major production bases in Japan and overseas: Maintain 0.4 or less]					Lost-time injury frequency rate: 0.16 (non-consolidated), 0.44 (domestic group), 0.56 (global)	• Implementing preventive activities through recurrence prevention activities, horizontal expansion activities, and various safety patrols • Conducting risk assessments • Conducting safety and health education
	Aim for the sustainable development of the company and its employees by improving productivity by creating an environment in which each employee can work with peace of mind and make the most of his or her abilities	• Health management <sup>**10</sup>	• Improvement of indicators for the realization of health management					Completion of setting of indicators (10 items) for the realization of health management and acquisition of certification as Excellent Health Management Corporations 2024	Improving indicators for the realization of health management
	Raise employees’ awareness of human rights and create a workplace where human rights are respected	• Human rights and work practices	• Implementation and establishment of human rights due diligence processes for employees [FY2022: Implementation of human rights due diligence for group companies in Japan FY2025: Consideration of measures to meet the requirements of EU sustainability laws <sup>**11</sup> ]					Non-consolidated: Continued implementation of human rights due diligence. Domestic: Introduction of human rights due diligence at affiliated companies. Overseas: Assessment of current status at major sites	• Confirming the requirements and impact of EU sustainability laws and regulations that may have global impact, and examining initiatives • Conducting E-learning at group companies in Japan (some of which use group ES questionnaires to confirm risks)
	Promote social contribution activities to coexist and co-create with local communities by developing human resources for the evolution of manufacturing	• Contribution to local communities	• Development of human resources in science and engineering who will realize “evolution of manufacturing” [FY2022: Launch of a new manufacturing human resource development program]					Completion of planning of a new program (robot kit assembly, programming, and cooperative work with robots operating in YASKAWA Innovation Center)	• Implementing local and social contribution activities with employee participation • Launching a new program (robot kit production) targeting junior high school students • Expanding the scope of the program to support acquisition of robot operator qualifications • Responding to requests from The Consortium of Human Education for Future Robot System Integration (CHERSI)
6. Fair and transparent governance system	Promote sustainable growth and increase corporate value through constructive dialogue with investors	• “Aggressive” governance system utilizing the Corporate Governance Code	• Implementation of the Principles of the Corporate Governance Code (Reasonable explanation where not implemented)					Implementation of the principles of the Corporate Governance Code required of companies listed in “prime market”	Continue to set themes and prioritize and implement deliberations at the Board of Directors, Nomination Advisory Committee, and Compensation Advisory Committee
	Raise the level of the security organization and build an autonomous and continuous information security system	• Strengthening of information security	• Internal and external security monitoring/measures in systems and security level evaluation/improvement by external auditing organizations					• Strengthened information security personnel and global SOC (Security Operation Center) monitoring by utilizing security threat analysis services • Early detection of potential risks and implementation of countermeasures • Security audits for global sites and response to information security legislation in overseas countries	Security measures for new technologies such as generative AI
	Prevent escalation by early detection of compliance risks	• Enhancement of compliance	• Strengthen compliance through internal reporting • Strengthen cooperation by holding meetings with compliance officers overseas					• Appropriate responses to internal reporting and other compliance issues • Shared issues by meeting with compliance officers, including those overseas	Deepening communication and sharing issues face-to-face with overseas compliance officers

# Long-term Business Plan “Vision 2025”

The Yaskawa Group has set forth its “Vision 2025” (FY2016 to FY2025), a long-term management plan for 10 years, with the starting point of FY2015, which is its centenary. Our basic policy in Vision 2025 is to contribute to the resolution of our customers’ management issues through the evolution of our core business, and to create new added value for society through the expansion of new fields utilizing mechatronics technology.

## External Environment for 2025

Changes in global population structure, such as declining birthrate and aging of developed countries	Environmental problems and climate change caused by expansion of energy consumption	Rapidly evolving telecommunication technologies such as 5G communication and IoT
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### Yaskawa Principles

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

- 1. Quality** Always developing and improving world-class technologies with a focus on quality
- 2. Profitability** 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

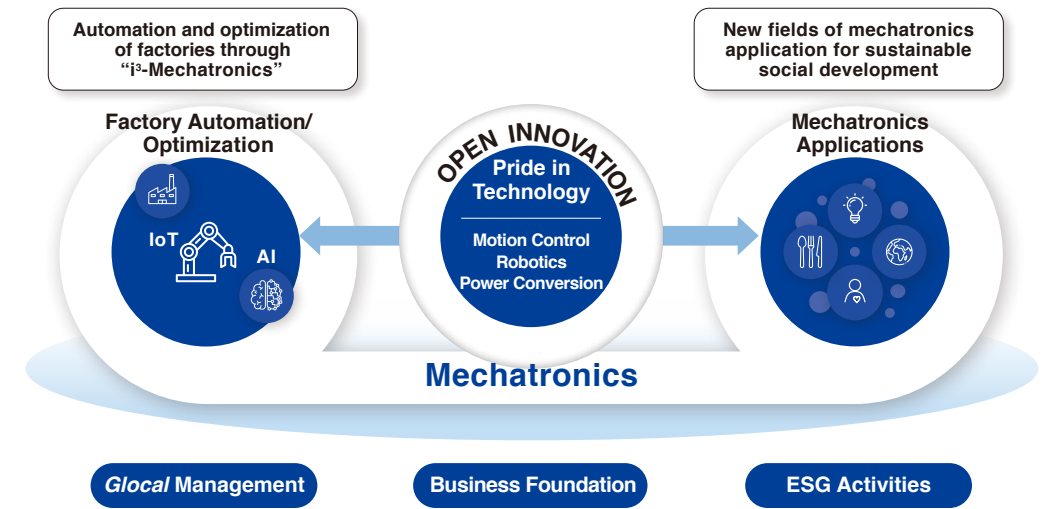
## Yaskawa’s FY2025 Goals

**Respect Life**  
We aim to contribute to improving quality of life and building a sustainable society with technologies accumulated over the past century.

**Empower Innovation**  
We venture in new technologies/ domains/targets to bring excitement and enthusiasm to people.

**Deliver Results**  
We promise to deliver assured results to stakeholders, while continuously enhancing business execution capabilities.

## Vision 2025



## Financial Targets for FY2025

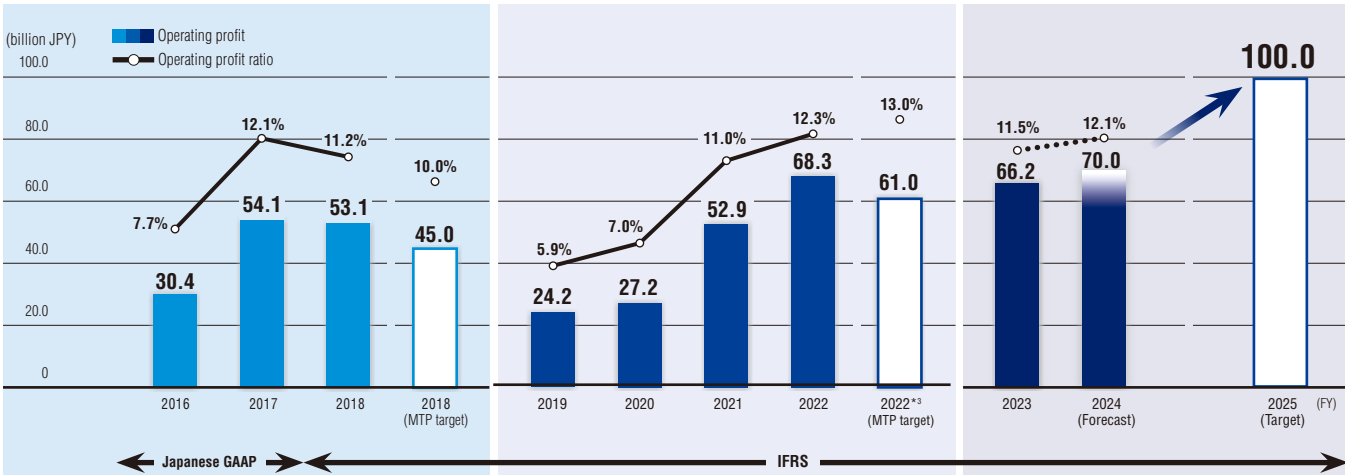
Set “operating profit” as the most important KGI to be achieved in FY2025

Operating profit	ROE* <sup>1</sup>	ROIC* <sup>2</sup>	Dividend payout ratio
Over 100 billion JPY	15.0% or more	15.0% or more	30.0%+a

\*<sup>1</sup> ROE: Return on Equity = Net income attributable to owners of parent/Shareholders’ equity  
\*<sup>2</sup> ROIC: Return on invested capital = Net income attributable to owners of parent/Invested capital

## Progress of Vision 2025

Yaskawa has divided the 10 years of Vision 2025 into three mid-term business plan periods and is working to achieve the goal. FY2023 was the first year of our last mid-term business plan, and we promoted various initiatives to realize our vision.



Long-term business plan					Vision 2025							
Mid-term business plans			Dash 25		Challenge 25 Plus					Realize 25		
2016	2017	2018	2018 (MTP target)	2019	2020	2021	2022	2022* <sup>3</sup> (MTP target)	2023	2024 (Forecast)	2025 (MTP target)	
Net sales / Revenue (billion JPY)	394.9	448.5	474.6	450.0	411.0	389.7	479.1	556.0	470.0	575.7	580.0	650.0
Capital expenditure, M&A (% of revenue)	70.3 billion JPY (5.3%)*Period total				103.2 billion JPY (5.6%)*Period total					41.0 billion JPY (7.1%)*FY2023		
R&D investment (% of revenue)	57.8 billion JPY (4.4%)*Period total				73.8 billion JPY (4.0%)*Period total					21.2 billion JPY (3.7%)*FY2023		



# Mid-term Business Plan “Realize 25”

The Yaskawa Group is proceeding with mid-term business plan “Realize 25” (FY2023 - FY2025) in order to achieve its long-term business plan “Vision 2025” and sustainable growth beyond that.

## Financial Targets

The financial targets of Realize 25 are as follows. As for investments, we plan to invest a cumulative total of 150 billion yen over three years to solidify future sustainable growth. The main objectives of the investments are to improve value added through the expansion of in-house manufacturing and automation, the restructuring of factories and business sites, and the strengthening of local production in demand areas.

Revenue	Operating profit	Operating profit ratio	ROE	ROIC	Dividend payout ratio
650.0 billion JPY	100.0 billion JPY	15.4%	15.0% or more	15.0% or more	30.0%+a

## Aim and Policies

Providing new values by expansion of i<sup>3</sup>-Mechatronics and evolution of robotics to achieve “Vision 2025” and contribute to realizing a sustainable society

### Policies and Initiatives

Details of the four basic policies for achieving Realize 25 are as follows.

#### Policy 1 Creating Value through i<sup>3</sup>-Mechatronics Solutions

In order to realize solutions for our customers, we will further strengthen Yaskawa Group’s strengths in products and technologies. In addition, in order to optimally and sustainably supply these products, Yaskawa Group’s production sites will become the flagship for implementing i<sup>3</sup>-Mechatronics, and we will further enhance the competitiveness of our products by realizing cutting-edge manufacturing. By utilizing vast amounts of data on these processes, we will achieve high quality and provide sustainable solutions to our customers.

This is the solution concept of i<sup>3</sup>-Mechatronics. We will enhance our contribution to customers by realizing what they need through seamlessly connecting the “products,” the Yaskawa Group’s strengths. Through this, we will expand the scope of Yaskawa Group’s business and create further value.

#### Realizing new revolutionary industrial automation



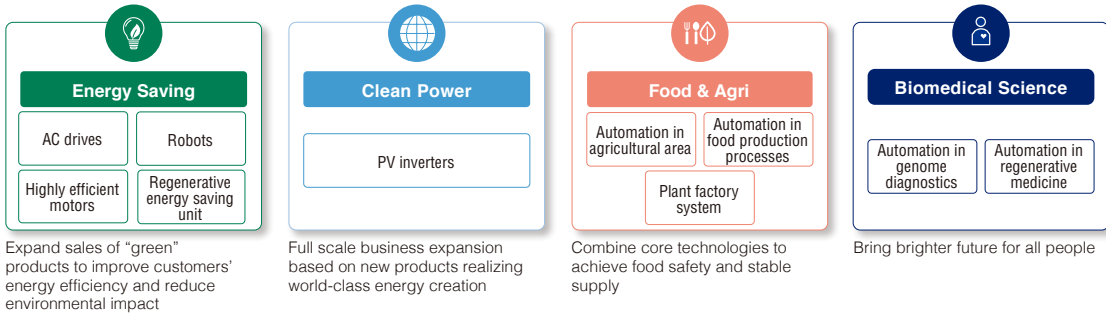
#### Policy 2 Capturing Growth Market with World’s Best/First Automation Components

In growing markets such as EVs, batteries, semiconductors, and food products, focusing on automation components, we will develop strategies for each market on a global basis to ensure that demand is captured.

In addition, we will promote cooperation between development, procurement, and production at the mother plants in Japan for each business, and strengthen our global production system based on the concept of local production in demand areas. By implementing these measures, we will realize global and stable manufacturing that is resistant to environmental changes and risks.



#### 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

##### 1. Providing new value through YDX chain based on PLM\*1 restructuring

By restructuring product life cycle management by connecting data from the origins of “products,” the flow of production, and information on the supply chain in the process, we will advance business reforms and provide new value to our customers.

##### 2. Promoting sustainability management through strengthening initiatives towards materiality\*2

In our sustainability policy, we have specified the materiality, including setting KPIs, of our contribution to society through i<sup>3</sup>-Mechatronics. We will strengthen these initiatives through PDCA. We will also focus on the people who support our business. We aim to achieve “One YASKAWA,” in which the Yaskawa Group unites by promoting the penetration of Yaskawa Principles globally.

\*1 PLM: Product Lifecycle Management

\*2 Please see “Concept of Sustainability Promotion in the Mid-term Business Plan “Realize 25”” on page 26

### Initiatives in FY2023

	Results	Challenges (Policy development in FY2024 based on FY2023 results)
Policy 1	<p>[Technology]</p> <ul style="list-style-type: none"><li>Launch of “MOTOMAN NEXT Series” and YRM Controller, “YRM1010”</li></ul> <p>[Production]</p> <ul style="list-style-type: none"><li>Completion of construction of a machining plant for robots in Japan to expand in-house production</li></ul> <p>[Sales]</p> <ul style="list-style-type: none"><li>Expansion of achievements through collaboration with top manufacturers in various industries</li></ul> <p>[Quality]</p> <ul style="list-style-type: none"><li>Centralization and structuring of market service data and integrated management of product quality status and market operation status</li></ul>	<p>[Evolution of i<sup>3</sup>-Mechatronics to realize customers’ needs]</p> <ul style="list-style-type: none"><li>Expanding solutions proposal based on thorough understanding of customers’ needs (improvement and evolution) and increase product (technologies) sales</li><li>Expanding the scope of automation and increasing the sophistication of manufacturing by implementing “i<sup>3</sup>-Mechatronics” at our own production sites</li><li>Evolution of “i<sup>3</sup>-Mechatronics” through global collaboration</li></ul>
Policy 2	<ul style="list-style-type: none"><li>In-house production of major components globally and bulk procurement of key parts common to all divisions</li><li>Strengthening of production/procurement systems and production systems in demand areas</li></ul>	<p>[Business expansion through strategic development based on trends in global growth markets]</p> <ul style="list-style-type: none"><li>Capturing the resumption of investment in the semiconductor market</li><li>Enhancing presence in semiconductor market in Japan by coordinating roles of domestic core sales companies and sales partners</li><li>Providing automation solutions in response to changes in manufacturing and supply chains in the area of BEV (Battery Electric Vehicle), which is expected to expand</li><li>Accelerating sales of “MOTOMAN NEXT series” and reinforcing product strategies based on understanding of customers’ needs in AC servos and AC drives market</li></ul>
Policy 3	<p>[Energy Saving]</p> <ul style="list-style-type: none"><li>Launch of AC drive GA700 Series with large capacity</li></ul> <p>[Clean Power]</p> <ul style="list-style-type: none"><li>Launch of new PV inverters for photovoltaic power generation, “Enewell-SOL P3A” to strengthen efforts in the self-consumption market in Japan</li></ul> <p>[Food &amp; Agri]</p> <ul style="list-style-type: none"><li>Promotion of plant factory automation through capital and business alliance with Oishii Farm Corporation in the United States</li><li>Transition to full-scale introduction phase of “automation of removing cucumber’s leaf” with JA ZEN-NOH</li></ul> <p>[Biomedical Science]</p> <ul style="list-style-type: none"><li>Promotion of joint research with external partners aiming to build robotic-based automation platform in the regenerative medicine field</li></ul>	<p>[Promotion of partner strategy to expand business in mechatronics application field]</p> <ul style="list-style-type: none"><li>Sales expansion of new PV inverters for photovoltaic power generation, “Enewell-SOL P3A”</li><li>Cooperation with partners in automation fields in food, agriculture, and biomedical</li></ul>
Policy 4	<ul style="list-style-type: none"><li>Establishing Yaskawa Data Lake as the base for reconstructing PLM</li></ul>	<p>[Implementing sustainability management by strengthening YDX-II*3 project]</p> <ul style="list-style-type: none"><li>Reconstructing PLM through data linkage among production, sales, technology, and service and establishing Yaskawa Data Lake as the base.</li></ul>

\*3 YDX: Abbreviation form for YASKAWA Digital Transformation. Activities to visualize and centralize management resources and to allocate them optimally were carried out in “YDX-I,” the first phase. In “YDX-II,” we are creating value for customers from a product and service perspectives.

## Financial and Capital Strategy

Based on i<sup>3</sup>-Mechatronics concept,  
we will realize sustainable growth by  
demonstrating our unique strengths to the  
fullest and increasing added value.

### Shuji Murakami

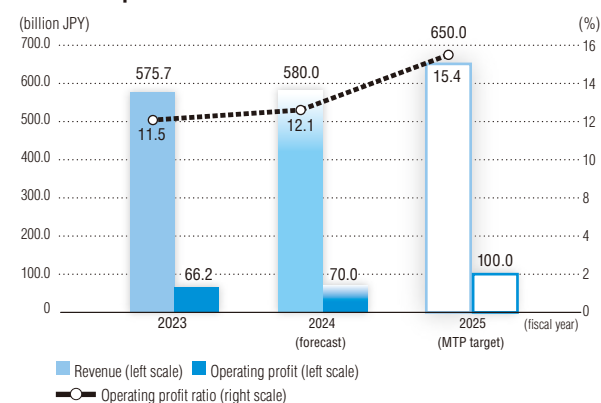
Representative Director,  
Senior Managing Executive Officer



### Summary of FY2023

In FY2023, the first year of our mid-term business plan, “Realize 25,” revenue fell short of expectations due to a delay in recovery in the semiconductor market and a slump in the Chinese market, which led to both operating profit and operating profit ratio falling short of expectations. On the other hand, the improvement of added value ahead of the initial expectations due to the promotion of price pass-through is a positive result. Toward FY2025, the final year of the mid-term business plan, we will further improve added value and build a structure that enables us to secure profits without depending on volume. In terms of the revenue target of the mid-term business plan (650 billion yen), we need to achieve the revenue target for FY2024 (580 billion yen) and expand further in FY2025, which is an ambitious target. We recognize that the challenge from the second half of FY2024 to FY2025 is to accurately grasp trends in the semiconductor market and catch up on volume.

#### Trends in performance, forecast and target of mid-term business plan



### For the Achievement of “Realize 25”

In FY2024, investment in the semiconductor and electronic components markets is expected to resume in the second half. Capital investment in automation and labor-saving in the manufacturing industry and capital investment in the automobile market for hybrid and gas-powered vehicles are expected to recover. We plan to increase revenue and profit by accurately capturing the growing demand in these markets.

In light of the better-than-expected improvement in added value in FY2023 and the strong orders we expect to receive in FY2024, we do not think it is necessary to change the key target of mid-term business plan, which is an operating profit of 100 billion yen in FY2025. We believe that the most important thing for achieving the mid-term business plan target is to further improve the added value ratio and control expenses. Up until FY2023, we made upfront investments in automation of production and in-house production of parts to establish a system that enables us to operate without increasing expenses even if revenue increases. For example, we invested in robot factory No.4 in Japan, which manufactures casting parts in-house, and also in YASKAWA (Changzhou) Mechatronics system Co., Ltd. in China, which internalized manufacturing of printed circuit boards used in AC servos and AC drives. By in-house production, we do not simply take in the added value of conventional outsourcing. By automating the production process in line with the i<sup>3</sup>-Mechatronics concept, we can further

improve added value and achieve overall optimization, including both pre-process and post-processes. By producing efficiently using the equipment we have invested in, we will be able to absorb the increase in costs due to inflation in the future and aim to increase revenue without increasing volume of expenses overall. In addition, it is equally important that we do not only promote cost control in the form of productivity improvement, but also propose this to our customers in the form of “i<sup>3</sup>-Mechatronics” concept, leading to increased added value on both sides. The foundation of “i<sup>3</sup>-Mechatronics” concept is our unique strength in being able to globally supply AC servos, AC drives, and robots, which are essential for automation. In order to make proposals that take advantage of this strength, we have integrated the sales department that used to be separated for each product to handle all products in each region, which is being completed. In Japan, we are further evolving this system. We have established a system that allows us to offer both direct sales through a new company\*1 in which multiple sales subsidiaries within the group were integrated, and solution proposals through collaboration with sales expansion partners. In addition, on the product front, with the completion of “YRM controller\*2” that enables us to maximize our strengths, a mechanism for collecting information from production sites has been incorporated into the product lineup, enabling us to provide differentiated solutions.

The implementation of “i<sup>3</sup>-Mechatronics” concept in the group’s production processes and the creation of higher added value through the proposal of “i<sup>3</sup>-Mechatronics” concept to customers are elements that we can improve through self-effort, and we will continue to promote these initiatives to achieve the mid-term business plan targets regardless of the external environment.

\*1 In March 2024, YASKAWA MECHATREC CORPORATION and SUEMATSU KYUKI Co., Ltd. were merged to form YASKAWA MECHATREC SUEMATSU KYUKI CORP.  
\*2 Controller for integrated control of “cell” composed of devices and industrial robots by synchronizing various data from cell at high speed, in real time and in time series

### Financial and Capital Strategy

Yaskawa has set targets of 15% for ROE and ROIC and a dividend payout ratio of 30%+α, to achieve more returns against the 10% of cost of equity and 9% of WACC. In FY2023, inventories increased as we built up product inventories in preparation for the growth of the semiconductor market. In FY2024, we will steadily turn this product inventory into revenue. We will also maintain the current level of product inventories to realize an immediate delivery system and increase the value we provide to customers. On the other hand, in terms of asset reduction, in FY2022 we shortened the terms of payment for suppliers in order to strengthen the supply chain, so we will also collect trade receivables in shorter term. For our sales expansion partners and direct sales customers in Japan and China, which have a long collection period, we will shorten the standard terms of receipt. In China, we will promote the use of cash instead of bills receivable. If we inevitably receive bills, we will also use them to make payments and implement operations to reduce working capital. In China, we have invested in various ways to generate business and profits. Going forward, we will reallocate funds globally by promoting the securitization and realization of assets and returning them to Japan through dividends and others.

### The Basic Concept of the Balance Sheet Structure and Financial Discipline

We maintain a relatively high ROE level compared to the average of the same industry because our financial discipline is to use some leverage. We use the net D/E ratio to control the level of borrowing, and we have established a system to avoid having too much cash on hand. Specifically, we have a policy to maintain cash on hand at a level of about one month revenue. If the net D/E ratio falls below 0.1 times, we think that



we have a surplus cash and consider share buybacks unless there are additional investment projects, and when we increase borrowing, we consider 0.15 times as a maximum. If we do not pay attention to the net D/E ratio, cash will be retained in a state that does not generate profits. This will contribute to the stability of the company, but it will also prevent us from returning to our shareholders and lead to management without

Cash Allocation

Basic concept of cash allocation in “Realize 25”

Operating cash flow	Growth investment	Implementation of “i <sup>3</sup> -Mechatronics” concept to our factories and facilities Construction and reorganization of factory to enhance efficiency (Japan, Europe and U.S., etc.)
	Shareholder return	Increase in dividends in line with profit growth + share buybacks
	Employee allocation	Performance-linked bonuses, mid- and long-term compensation, etc.

Our policy is to distribute operating cash flow in three directions: (1) growth investment, (2) shareholder return, and (3) employee allocation.

Under “Realize 25,” we plan to allocate 150 billion yen, including M&A, for growth investments. As mentioned above, for large-scale investments, we use NPV\*<sup>3</sup>, which takes into account our capital cost, to determine investment returns. In addition to securing returns that exceed our capital cost, we also need to aim for higher returns toward our ROE target of 15%. We also believe that it is not realistic to make decisions based solely on theoretical figures. In order to prevent wasteful investment, we also need to discuss whether the investment is not simply aimed at increasing volume, whether it is an investment that will cause transformation within the group, and whether it will lead to an increase in added value (a dramatic improvement in productivity). Even if it is a small investment, such as a facility upgrade, a safety measures, or the expansion of a new product line, we basically consider “improvement of added value” in order to generate a return that exceeds the capital cost, and we plan to make a record level of investment in “Realize 25.”

With regard to shareholder returns, the dividend payout ratio will be 30%+α. We will give back to shareholders the returns through profit growth and a corresponding increase in dividends. However, if we generate more cash than expected,

discipline. Our policy is to maintain a cycle in which we do not have a surplus cash but use borrowed funds to invest, generate profits as a result, and use the collected cash to return to shareholders and pay back debts. On the other hand, wasteful investments lead to an increase in borrowings and worsen the net D/E ratio. Therefore, we are very conscious of the return on investment when making capital investments.

we will consider stock buybacks.

In FY2022, we started a mid- and long-term compensation system based on the degree of achievement of the mid-term business plan’s target. Just as we do not make simple investments to increase capacity, we do not make simple investments to increase the number of human resources. Our basic approach to employee allocation is to provide support to enable existing human resources to demonstrate their higher capabilities and to enhance incentives to create added value.

<sup>3</sup> Net Present Value. The estimated value obtained from investments is converted into present value and the difference between the present value and the actual investment amount is used in investment decisions.

Business Portfolio Management

Profitability of the system engineering segment improved significantly in FY2023 through business restructuring including the sale of The Switch Engineering Oy (hereafter, The Switch). The reason for the sale is that the focus area of the system engineering business has changed in the course of the structural reform, as a result, we have judged that the focus businesses of the Switch and our group will no longer generate synergies. In addition, the PV inverter business, which was included in the system

engineering segment until FY2023, was integrated into Drives business in FY2024 because it was judged that the PV inverter business could demonstrate synergies with Drives business, and generate sufficient profits because they share the same technological base.

The system engineering segment, excluding the wind turbine business and the PV inverter business, was consolidated in YASKAWA Automation & Drives Corporation, a consolidated subsidiary, and as a result of thorough and efficient operations, the operating profit ratio exceeded 10%.

One issue we recognize in our business portfolio is that our capital costs are high due to large changes in business performance. In order to resolve this issue, I believe it is necessary to reduce the fluctuations in business performance by increasing businesses targeting a wide range of end users, regardless of the motion control business or the robotics business. For example, the performance of the AC servo business, whose major customers are in specific markets, is greatly affected by the ups and downs of those markets. On the other hand, robotics business has many end users as customers in diverse markets, reducing fluctuations in business performance due to specific markets. By expanding the end user business, I believe that the fluctuations in business performance of the company as a whole will become smaller.

In addition, as a new business portfolio, we are beginning to see some results in product deployment into new markets. For example, we can expect growth in the food market, where there are diverse end users and many non-automated fields. Furthermore, in the biomedical market, we believe that demand for robots will expand as the industrial production of cell culture becomes increasingly important. In this way, we will

accelerate initiatives in the automation field, which is expanding from conventional factories to energy creation, food and agriculture, and biomedical, as a growth field.

To Our Stakeholders

I recognize IR meetings to be an opportunity to reconsider how we will respond to the opportunities and risks we face in the future. Questions from investors and analysts sometimes include not only expectations but also concerns about us. Awareness through IR meetings leads to an opportunity to review management. I also share the views and concerns of the market toward us with the general managers and the management who are responsible for the matter to urge them to objectively assess the situation of each division and to consider improvement measures.

Again, I would like market participants to understand that our strength is that we can supply AC servos, AC drives, and robots globally through local production and make the most of them through “i<sup>3</sup>-Mechatronics” concept. Given that this concept is unique to us, I believe that our added value will increase further in the future. Up until now, we have been expanding our business globally for each business segment to strengthen our ability to respond with the three products, but we are transforming our initiative to a unified approach based on “i<sup>3</sup>-Mechatronics” concept. I am confident that the effects of these efforts will be reflected in our business results. Please look forward to sustainable growth of the Yaskawa Group for the future and I appreciate your continued support.



Environmental Initiatives

Yaskawa Group’s environmental management is driven by both its Green Process, which aims to reduce the environmental impact of Yaskawa’s operations, and its Green Products\*1, which aim to help customers around the world reduce their environmental impact through Yaskawa products.

In particular, we recognize that addressing the issue of climate change is an urgent global issue, and we set a unique target for reducing CO<sub>2</sub> emissions by Yaskawa products by more than 100 times the amount of CO<sub>2</sub> emissions produced by Yaskawa Group (CCE 100) by 2025, and are promoting environmental management.

\*1 We evaluate the degree of environmental contribution of a product from three perspectives: prevention of global warming, resource conservation and recycling, and proper management of chemical substances. Products that meet certain standards are certified as Green Products, and products that demonstrate the highest level of environmental performance in the industry are certified as Super Green Products.



Goals and progress of the mid-term environmental plan

	Mid-term Plan Targets for FY2025	Progress in FY2023	Self-evaluation
Green Processes	The Group's CO <sub>2</sub> emission reduction rate 30% (Compared to FY2018)	18.6%	◎
	CO <sub>2</sub> -free electric power rate 75% (Yaskawa Electric)	58.3%	○
	Reduce volume of waste discharged by the Group FY2018 results (3,986 tons) or less	3,179 tons (Compared to FY2018: 80%)	○
	Proper water management Reduce volume of water consumed by the Yaskawa Electric Reduce by 1% compared to FY2022 results (169,000 m³)	166,000 m³ (Compared to FY2018: 98.3%)	○
Green Products	Contribution to reducing CO <sub>2</sub> emissions through products 120.00 million tons (Cumulative since FY2016)	104.41 million tons (Cumulative since FY2016)	○
	100% compliance with the RoHS Directive	100% compliance with the RoHS Directive	○
Management	Increase in the number of companies covered under EMS in the Yaskawa Group Environmental impact load ratio: 99% or greater	Environmental impact load ratio: 98.8%	△

Self-evaluated achievement ratios to targets: ◎ 130% or more, ○ 100% or more, △ 50% or more, × under 50%

Progress in FY2023

In FY2023, we achieved our environmental targets. In the green process, we focused on reducing CO<sub>2</sub> emissions. We installed solar power generation equipment at Robot Plant No. 4 at Yahatanishi site in Japan, and at our Yaskawa Europe Headquarters and Shenyang Plant in China. At the same time, we worked to reduce energy consumption through stable operation of solar power generation equipment, investment in energy-saving equipment, and individual energy-saving activities. As a result, Yaskawa Electric alone achieved a CO<sub>2</sub>-free electricity ratio of approximately 58.3% in FY2023, contributing significantly to the reduction of CO<sub>2</sub> emissions by the Group. As for the Group’s EMS\*2 activities, we have improved the promotion system of overseas group companies, and the scope of control has become 98.8% in terms of environmental impact ratio. Although the scope of control at overseas sites has expanded, the energy consumption at sites under control has been reduced, and the environmental impact ratio has become relatively low. In the current mid-term plan, we plan to increase the impact ratio to 99% or more, including the expansion of sites. At the same time, we will consider reviewing management indicators in the long-term plan from FY2026.

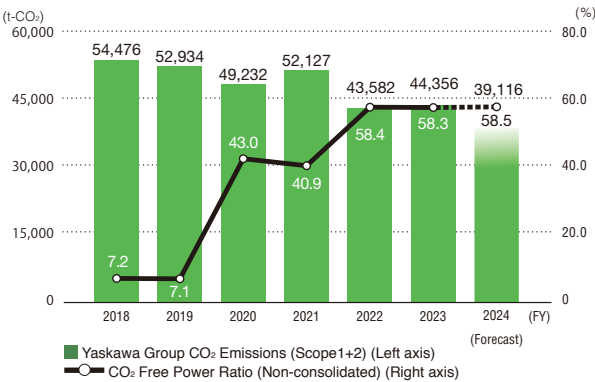
The Group’s greenhouse gas reduction target\*3 has been certified by the SBT Initiative\*4 as a scientifically

based target to keep the global average temperature rise below 1.5°C compared to pre-industrial levels.

As a new initiative in FY2023, we are strengthening our approach to the supply chain by introducing energy-saving examples using our products to customers who visit us and by cooperating with partner factories in their efforts to reduce CO<sub>2</sub> emissions.

To reduce water consumption, since most of our water consumption is for domestic use, we are working to conserve water on a daily basis and actively promoting the introduction of water-saving equipment when constructing new buildings. As for waste, we have started efforts to reduce waste plastic and expect results in FY2024.

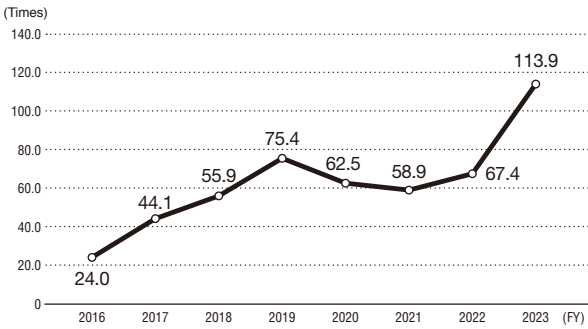
Trends in Group CO<sub>2</sub> Emissions and CO<sub>2</sub> Free Power Ratio (Non-consolidated)



As for CCE100, our unique indicator for environmental management, we achieved the target of 100 times with the result of 113.9 times two years ahead of schedule. In addition to significantly meeting the Group’s CO<sub>2</sub> emission reduction target, we also achieved the CCE100 target thanks to the expansion of the boundary resulting from the establishment of a system that enables us to aggregate the CO<sub>2</sub> reduction contribution of the Drives business on a global basis and strong sales of the AC drive products.

\*2 Environmental Management System  
\*3 Reduce CO<sub>2</sub> emissions from our group’s business activities (Scope 1+ Scope 2) by 51% in 2030 compared to 2018. Reduce CO<sub>2</sub> emissions upstream and downstream of our supply chain (Scope 3) by 15% in 2030 compared to 2020.  
\*4 Science Based Targets initiative: An international initiative that certifies that companies’ CO<sub>2</sub> reduction targets are consistent with scientific evidence.

Trends in CCE100 (CO<sub>2</sub> emission reduction contribution through Yaskawa products/CO<sub>2</sub> emission from Yaskawa group)



Future Initiatives

Aiming to achieve carbon neutrality by 2050, we will promote environmental management throughout the Group and accelerate the reduction of environmental impact in the Group’s production activities based on a global framework in cooperation with plants in Japan, Europe, the United States, and China.

In addition to thoroughly reducing energy consumption through measures such as switching to LED lighting, upgrading air conditioning equipment, and improving the efficiency of production facilities, we will promote group-wide decarbonization by installing photovoltaic power generation panels at plants and offices, including overseas Group companies, and introducing CO<sub>2</sub>-free electricity. At the same time, as an approach to the supply chain, we will continue to provide customers with examples of energy conservation using our products and support the

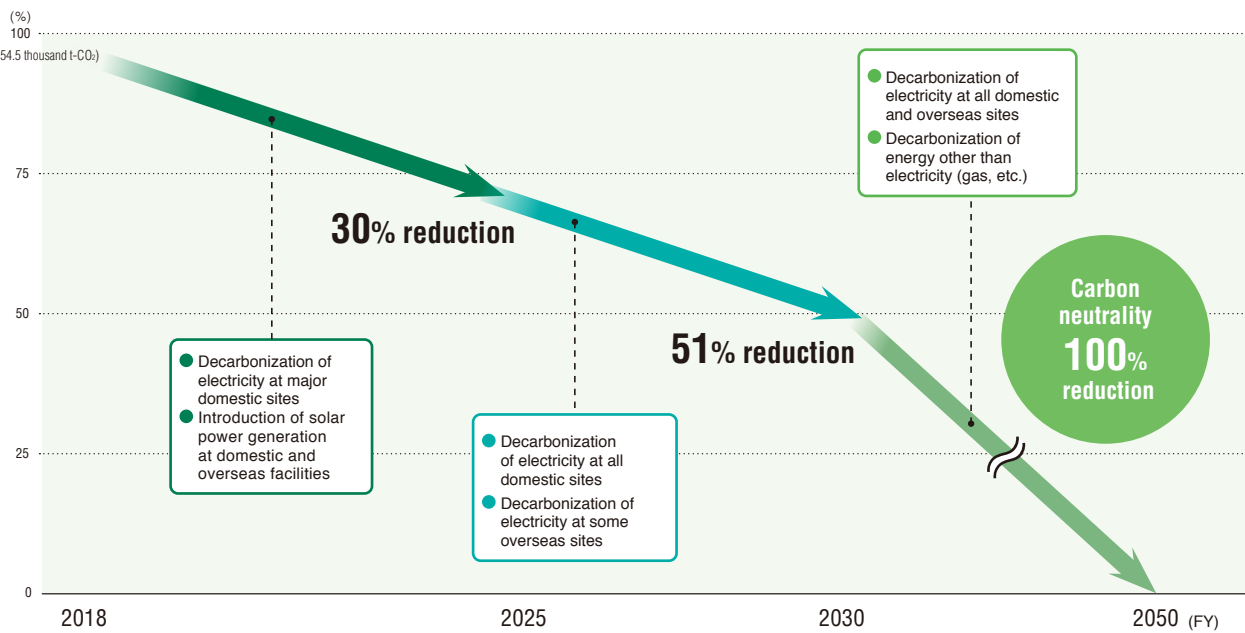
efforts of cooperating factories to reduce CO<sub>2</sub> emissions.

Under the current mid-term plan, in addition to conventional measures, we will work even more proactively on resource conservation activities, such as reducing plastic waste and water consumption.

In addition to increasing the ratio of Green Products to Group revenue, we will accelerate efforts to increase the environmental contribution of our products and reduce their environmental impact by ensuring the management of chemical substances contained in our products in compliance with the European RoHS Directive and REACH regulations.

Also, based on the results of information disclosure based on the TCFD recommendations implemented in May 2021, we will respond to the risks and opportunities identified, and will further disclose information based on the opinions of stakeholders.

Milestones for achieving carbon neutrality by FY2050





Environmental Initiatives

Endorsement of TCFD Recommendations and Initiatives

Yaskawa group expressed its support for the TCFD Recommendations in September 2019, and in September 2020, we participated in the Ministry of the Environment Support Project for Scenario Analysis of Climate Risks and Opportunities in line with the TCFD Recommendations. Through these and other activities, we disclosed information related to climate change based on the TCFD recommendations in May 2021. Going forward, we will continue to enhance information disclosure related to climate change and continue to conduct business activities that are even more environmentally friendly, in order to contribute to the realization of a sustainable society and further enhance our corporate value.

Information Disclosures Based on TCFD  
https://www.yaskawa-global.com/company/csr/env/tcfd

Governance

Based on our sustainability policy, Yaskawa is identifying sustainability challenges and targets (materiality) in the Board of Directors and Management Committee that serve as important challenges for sustainable growth and deciding on measures to solve those challenges and targets. We have also established the Sustainability Committee, which is chaired by the president and attended by heads of related divisions and outside directors as advisors, as our sustainability promotion system in order to monitor and accelerate the deployment of sustainability measures for the Group as a whole. For our response to climate change, we have positioned it as an important challenge in our materiality, and we are monitoring it in the Sustainability Committee. For the overall execution of these and other measures, we are conducting PDCA (plan, do, check, action) management in the organization for environmental promotion, which is run by the corporate environmental officer appointed by the president.

Additionally, the achievement of CO<sub>2</sub> emissions reduction targets through Yaskawa products is being evaluated and incorporated into the compensation of directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee) with the goals of achieving sustainable corporate activities and responding to social issues.

Strategy

We have investigated the risks and opportunities caused by climate change in motion control, robotics, and system engineering, which are our primary businesses. These risks and opportunities can be thought of as “transition” risks and opportunities caused by changes such as measures for climate change (e.g., policies and regulations) and “physical” risks caused by changes such as natural disasters and rising temperatures. We have derived these risks and opportunities and evaluated their impact on our business activities as serious, moderate, or minor. The derived risks and opportunities with a moderate and serious impact were analyzed with 2°C and 4°C scenarios for society in 2030.

We have also learned that the impact on our financial plan from these analysis results is a larger increase in sales due to opportunities than a reduction in sales due to risks.

As a response to these opportunities, the Yaskawa Group is working on factory automation and optimization based on “i3-Mechatronics,” and moving into new challenges that expand the areas in which mechatronics are applied for the sustainable development of the society as the goal in our long-term business plan “Vision 2025.”

2°C scenario

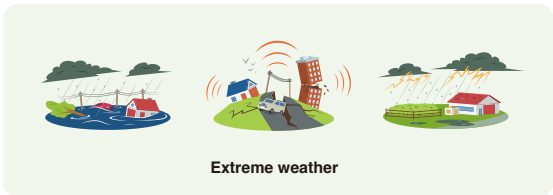
A certain response is required to the intensification of unusual weather, but the response to the rising cost of materials and resources is more important.

On the other hand, there are opportunities created by moving forward with reductions in carbon, such as expanding demands for factory automation devices, industrial AC drives, and renewable power generation equipment, as well as a solutions business that increases productivity and energy saving performance in the factories and equipment of companies by using these devices.



4°C scenario

Carbon reduction is not promoted and unusual weather intensifies, so the response to physical risks caused by this are considered the most important challenges.



Business impacts related to risk and opportunity factors

Risk/ Opportunity	Transition/ Physical	Factor	Impact	Evaluation**7
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 lowcarbon 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
Opportunity	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
	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.	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

Main scenarios used in the scenario analysis  
- Used mainly to analyze transition risks: IEA\*1, SDS\*2, STEPS\*3  
- Used mainly to analyze physical risks: IPCC\*4, RCP2.6\*5, RCP8.5\*6

\*1 International Energy Agency  
\*2 Sustainable development scenario  
\*3 Stated policies scenario  
\*4 Intergovernmental panel on climate change  
\*5 Scenario in which the average temperature of the world rises about 2°C over the average temperature before the industrial revolution

\*6 Scenario in which the average temperature of the world rises about 4°C over the average temperature before the industrial revolution  
\*7 “Minor,” “Moderate,” and “Serious” are assumed to be manageable within the scope of income for the period. “Serious” is 50% or more, “Moderate” is 10% or more, and “Minor” is less than 10% of operating profit, which provide quantitative standards.

Risk management

The Yaskawa Group has established the Risk Management Committee with a committee head appointed by the president to swiftly and accurately handle risks that may pose a problem either directly or indirectly to the management and business operations of the Group. The Risk Management Committee evaluates, manages, plans measures, and implements those measures for companywide risks.

This committee also evaluates and manages risks related to climate change. When a crisis occurs, this committee establishes a crisis response headquarters according to the level of the crisis and implements a suitable response.

The Risk Management Committee shares information with the Board of Directors, Management Committee, and Sustainability Committee, and it supervises and monitors risk management for the entire company while also attempting to enhance risk management companywide by ensuring consistency in risk assessments and materiality analysis.

Metrics and targets

In order to prevent global warming, which is a social issue for all humankind, Yaskawa will go carbon neutral in 2050, essentially eliminating the CO<sub>2</sub> emissions (scope 1 + scope 2) that accompany Yaskawa Group global business activities, and as a milestone for achieving that goal, we have also established a target called “2050 CARBON NEUTRAL CHALLENGE” to reduce those same CO<sub>2</sub> emissions by 51%

in 2030 compared to 2018. In addition, the company has also set a target of reducing its 2030 CO<sub>2</sub> emissions by 15% from the 2020 level for emissions upstream and downstream in the supply chain (Scope 3).

We are also contributing to the reduction of CO<sub>2</sub> emissions in the world through the supply of AC drives and other products that boast the world’s highest performance utilizing power conversion technology, which is Yaskawa’s core technology. To this end, Yaskawa is working to achieve “CCE 100,” with which it will promote the reduction of CO<sub>2</sub> emissions of the world through its products and make the reduction more than 100 times the amount of CO<sub>2</sub> emitted by Yaskawa Group in 2025.

To achieve these goals, Yaskawa has introduced an internal carbon pricing system (internal carbon price: 5,000 JPY/ t-CO<sub>2</sub>) and is making aggressive environmental investments.

Please refer to the following URL for Yaskawa’s Scope 1, Scope 2 and Scope 3 emissions.  
https://www.yaskawa-global.com/company/csr/group/esg-data



Future Initiatives

With the dissolution of TCFD in October 2023, the publication of IFRS S2\*8, and the EU’s efforts to address CSRD\*9, new disclosure standards are beginning to be implemented, and it is becoming necessary to respond to them. We will prepare for disclosure in line with trends in disclosure standards.


\*8 Disclosure standards for “climate-related disclosures” published by the IFRS Foundation  
\*9 Corporate Sustainability Reporting Directive: The European Commission’s Corporate Sustainability Reporting Directive

# Roundtable: Evolution of Technology and Product Development at Yaskawa Technology Center


## Toward the development of products that realize “benefits (improvement and evolution)” for industry and society

In September 2021, the Yaskawa Technology Center (Hereinafter, YTC) started operating with the aim of increasing development efficiency and creating synergies by consolidating development bases that had been dispersed by product and technology field and various data related to engineers and technology development. Since then, efforts have been made to improve the development environment from various aspects, and activities transcend the boundaries between departments to create products and technologies that realize customers' “benefits (improvement and evolution).” We interviewed 5 engineers working at YTC about how collaboration between different technology fields has changed the way they develop and their aspirations for the future.


Engineers




**Yusuke Tanaka**  
ASIC & Communication  
Fundamental R&D Management  
Dept.  
Corporate Technology Div.




**Shingo Fukumaru**  
Technology & Engineering  
Dept.  
Drives Div.



**Keisuke Takeda**  
Multi-Axis Servo Amplifier  
Development  
Servo Drives Development Dept.  
Motion Control Div.



**Hiroshi Takada**  
Motor Development  
Servo Drives Development Dept.  
Motion Control Div.



**Shuhei Sakima**  
Motor & Actuator  
Fundamental R&D Management  
Dept.  
Corporate Technology Div.

### Q What are the cross-divisional activities at YTC?

**Tanaka** At the beginning, activities were divided into technical areas, not product areas. I worked on control circuit technology, Mr. Fukumaru worked on drive control technology, Mr. Sakima worked on motor technology, Mr. Takada worked on encoders, and Mr. Takeda worked on structures. Until FY2022, discussions were held on “technologies that will be needed in the future” and “standardization of work” in each technical area.

Since FY2023, we have been working on the theme of “what technologies are needed for future products?” For example, in the case of servos, we conduct surveys of our target markets, such as semiconductors and electronic components, and discuss and examine the technologies that will be needed in the future and the products that will be equipped with them.



Cross-divisional activity at YTC

**Fukumaru** In the same way, we are working to create a roadmap for each AC drive application by receiving market information from people in charge of multiple technical fields and the fundamental technology division. We are currently sorting out the questions and ambiguous points that came up when we created the roadmap by thinking about what the “benefits” are and what “products” are needed to realize those “benefits” for each machine in each application.

**Takada** The theme of our activities is “drawing a technical roadmap for 2035.” It may be helpful to imagine that we are creating materials for drawing a vision for 10 years in the future. Then, we will discuss the hypothesis of the technical roadmap that we developed in the cross-divisional activities at the engineers meeting. After that, we will make a proposal to the general manager in cooperation with the technical planning that is being considered within the Corporate Technology Division.

### Q What benefits did this activity bring? And how did it change the development work?

**Takeda** My team is involved in many products, including servo amplifiers, AC drives, and controllers. For example, when we faced a problem with servos, we heard that engineers in the drives field already had a solution, and we went to the person who had the solution and the problem was solved. In the course of promoting these cross-divisional activities at YTC, exchanges between people across headquarters and divisions have expanded, and in terms of communication, barriers between divisions have been eliminated, making it much easier to ask questions.

**Fukumaru** I think one of the advantages of these cross-divisional activities is that common issues can be identified, and from there it is easy to collaborate and take action. In fact, common issues with other divisions that came up in the cross-divisional activities led to a request to the basic technology development division, which has now become a development theme for that division, and multiple divisions continue their activities in collaboration. Personally, I have a strong impression that one of the achievements of this cross-divisional activity is creating a flow of collaboration.

**Takada** In the past, different divisions had different ways of thinking and rules. In the product development process, the elemental technology development division accumulates technologies and then puts them into products. However, if

### Q What do you want to do with technology development in the future? What are your goals?

**Tanaka** I am grateful to be able to participate in activities that look ahead to 2035, and I feel it is rewarding. At the same time, I feel it is difficult to think about 10 years in the future. I myself have been working in technology-based (control circuit) fields, but I have been able to learn a lot about “customer voices” from business divisions. By being able to hear “real voices” that I had never heard directly before, I think it will be easier to think about future product and technology development. There is also a common theme that we are working on in the areas of AC servo, AC drive, and elemental technology, which leads to “raising the level of technology, or improving the base technology.” As a result, this will be one of the major achievements of YTC's cross-divisional activities, and I would like to make sure that it grows.

**Fukumaru** I have been involved in the formulation of the roadmap since FY2022, but the goal is not to create a roadmap. Instead, we will continue to work on cross-divisional activities aimed at developing “products” that realize the “needs” of our customers.

the rules and standards differ between divisions in this process, a smooth transfer may not be possible. As a result, communication to coordinate this tended to be via email or telephone. Now, we have more direct conversations, and communication has become smoother. Of course, the current situation is not perfect, but I feel that the prerequisites for more efficient technological development have been steadily established by continuing to use PDCA.

**Sakima** I specialize in motors and work in the elemental technology development division. For this reason, I work closely with people who specialize in motors, but of course people in the business division are more knowledgeable about what customers are having trouble with, and they have a lot of information that is necessary to come up with solutions. Now that I can get information directly from other divisions or outside my own area of expertise, it has become easier to work.

**Tanaka** Before YTC started operations, our bases were physically separated from each other: AC servo in Iruma City, Saitama Prefecture; AC drive in Yukuhashi City, Fukuoka Prefecture; elemental technology in Kitakyushu City, Fukuoka Prefecture, etc. In this situation, even if we had a common project, we would often meet only at meetings, so it was potentially difficult to have daily conversations. For example, in the past, I felt that different divisions would have similar issues, but I didn't say it out loud. In meetings where the subject was clear, we would never discuss anything other than the subject, such as “I'm having a hard time with this ...”

**Sakima** In order to make good use of YTC as an environment for technological development, we often work together top-down, but I feel that there are still few bottom-up proposals like “we should do this kind of thing.” I would like to build on the results of our cross-divisional activities that we are currently carrying out, and move more and more from our own initiative to lead to future product and technological development.

**Takada** We are currently working on a technology roadmap, but I think our mission is ultimately to “put technology into products.” In order to do this, of course, a development period is required, but with so many things to do, I think it is important to efficiently proceed with that development. In the past, we had to take the step of developing technology and then commercializing it, but at YTC, we can proceed with technology development and product development in the same place, so we want to shorten the development period and make it more efficient.

**Takeda** I believe that creating a technology roadmap is a very valuable opportunity. It may not lead to immediate results, but we will continue to work hard to increase Yaskawa's profits and market share 10 years from now. Exchange among engineers is deepening every year, so I would like to work together to further improve working styles and improve efficiency.



# Promotion of Technology Development and Innovation

## Basic Concept

The Yaskawa Group will continue its efforts to develop products and technologies that are the world's first and best in the world. Through a wide range of initiatives, such as combining these products and technologies, strengthening support for digital data solutions, and expanding collaborations with universities and other companies, the Yaskawa Group will create solutions that solve management issues for customers and contribute to the realization of a sustainable society.




With regard to intellectual property, the Yaskawa Group will promote its intellectual property strategy in conjunction with its business plan and technology strategy, and support business development by preventing intellectual property disputes, accurately protecting its own technologies, and responding promptly to technology agreements that match business characteristics.

## Core Technologies

Three core technologies that form the technology development in the Yaskawa Group's business domain of "motors and their applications" are "motion control," "robotics" and "power conversion." These are the core competencies of the Group.

Motion control technology includes motor technology, control technology, encoder technology, and communication technology. Robotics technology consists of robotic arm technology and robot control technology. Power conversion technology includes conversion technology, and technology for miniaturization and higher efficiency.

They are widely applied to our products and are the foundation for our strength.

 <b>Motion Control</b>	<b>Motor technology</b>	It achieves miniaturization, high torque and efficiency of the motor and smooth rotation and quiet driving. The application of high-performance magnets, higher coil densities, and advanced design techniques through simulation are necessary.
	<b>Control technology</b>	This technology enables precise control of three elements of an object – position, speed, and torque – in response to commands received from the controller. This technology is built into the servo amplifiers and AC drives, making it the basic technology for moving objects in motor drives.
	<b>Encoder technology</b>	In order to accurately control the rotating position of the motor, the encoder is used as a sensor to detect the rotation angle of the motor. The encoder technology realizes high precision and high resolution of the encoder.
	<b>Communication technology</b>	The technology required for FA (factory automation) equipment to communicate at regular intervals without delay is realized by a system including software and hardware. For motion control and FA communication, we are developing design and verification technology for ASIC (Application Specific Integrated Circuit), an IC chip for specific applications.
 <b>Robotics</b>	<b>Robotic arm technology</b>	It is a group of technologies that integrates the design and manufacturing of mechanisms, such as arm structures, actuators (motor and reducer modules), power transmission mechanisms, and link shapes. The typical arm mechanism for industrial robots is the vertical articulated type, which is adopted by Yaskawa's flagship products.
	<b>Robot control technology</b>	It enables the arms of industrial robots to perform specific actions. This technology includes high-speed, high-precision motion control by coordinating multiple motors to suppress arm-hand vibration, and planning technology that automatically calculates an efficient and optimal path and work order. Motion control includes kinematics, interpolation technology, and sensor application technology. In addition, we develop digital twin technology that integrates motion control technology and planning technology through IoT.
 <b>Power Conversion</b>	<b>Conversion technology</b>	It controls the voltage, current, and frequency of the input power supply to convert it to the intended output, and has been applied to several of our products, including AC drives.
	<b>Technology for miniaturization and higher efficiency</b>	An AC drive converts AC voltage to DC voltage through a rectifier circuit and performs reverse conversion to convert the DC voltage to any AC voltage and frequency. We develop switching control technology and new device application technology to reduce the loss that occurs during reverse conversion, leading to higher efficiency and smaller AC drives.

## Yaskawa Technology Center: Technology Development Base for Innovation

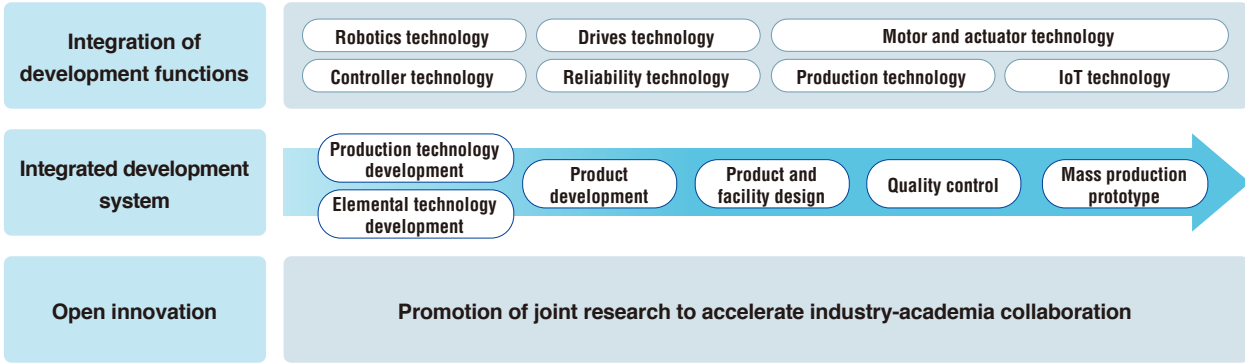
Yaskawa Technology Center (YTC), a new technology development base at the core of the Yaskawa Group in Japan and overseas, is now in full operation to further strengthen Yaskawa's ability to respond to changing market needs.

The development system and head office development departments that had been dispersed by each division have been consolidated to create an environment in which basic technology development, production technology development, product development, product and facility design, quality control, and mass production trial production can be carried out consistently. As a result, engineers from each division and head office development department can share and exchange information within the same office, promoting active communication.

In addition, by utilizing Yaskawa Digital Transformation (YDX) and building a system to share and link development, production, sales, and quality data, we aim to provide products and services in a timely manner that realize improvement and evolution that customers demand.



Yaskawa Technology Center



## Developing New Technologies and Business Domains through Open Innovation

YTC is promoting industry-academia-government collaboration with companies and schools with seed technologies in order to strengthen technology development that captures market changes and embodies customers' future needs. At YTC, the speed and quality of development have improved through the use of the collaborative development office, where partners are stationed. The collaborative development office strengthens future robot technologies and conducts feasibility studies for new business fields. For example, we are working on the development of autonomous drive technology to advance industrial robots and the use of robots in the agricultural sector with National Federation of Agricultural Cooperative Associations. In addition, as an industry-academia collaboration, we are promoting comprehensive collaboration with the Kyushu Institute of Technology, Kyushu University, and Tokyo Institute of Technology for social implementation and accelerating research and development.

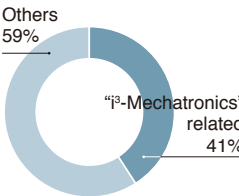


Use of robots in agriculture (automating cucumber leaf raking)

## Intellectual Property Strategy

Taking advantage of the strengths of YTC, where the Technology Development Division and the Intellectual Property Department of the entire company are consolidated in one location, YTC is engaged in creative invention activities that transcend divisions. In addition, we are strategically filing patent applications with the aim of building a patent network that contributes to our business. In particular, we are strengthening patent applications for technology related to the i<sup>3</sup>-Mechatronics solution concept in order to ensure that Yaskawa is ahead of the curve. Furthermore, the Intellectual Property Department plays a central role in promoting intellectual property protection activities for products sold globally, locally developed products, and manufacturing know-how in cooperation with Yaskawa Group's overseas affiliates. As part of internal education, Yaskawa conducts intellectual property education for each level and technical field to raise awareness of the importance of intellectual property and strengthen intellectual property activities.

### Patent application rate in FY2023



Strengthening Production Capability

Based on a policy of production in demand areas, the Yaskawa Group conducts optimal production at 29 sites in 13 countries and regions around the globe. Production in each region is based on local procurement, with local procurement rates generally exceeding 80%. Appropriate parts inventories are placed in demand areas to shorten production lead times. This system is designed to respond quickly to changes in demand and minimize risks of environmental changes. At the same time, we take advantage of the benefits of production close to customers in terms of delivery times and relationship building. We also aim to reduce foreign exchange, natural disasters, and geopolitical risks.



Masahiko Okura  
Executive Officer  
General Manager,  
Production Management Div.

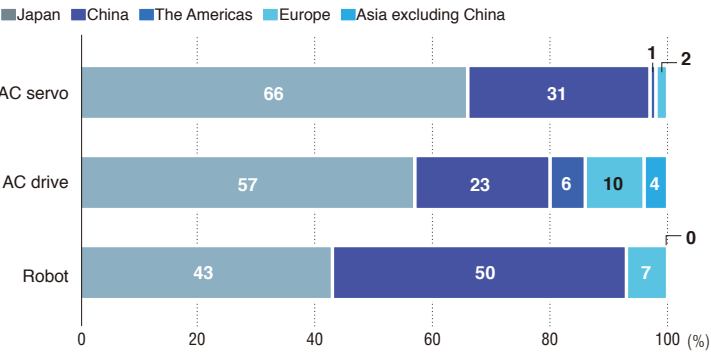
Local procurement rate at major production sites

(FY 2023 results/value basis)

Yaskawa Electric	82%
Yaskawa America	87%
Yaskawa Electric UK	68%
Shanghai Yaskawa Drive	90%
Yaskawa Electric (Shenyang)	98%
Yaskawa (China) Robotics	96%

Regional breakdown of production capacity by product

(FY2023 results, one shift, unit basis)



During the period of the mid-term business plan “Realize 25,” the Company is promoting initiatives to realize sustainable manufacturing with high productivity, based on the pillars of the following policies “evolution of our own manufacturing through i<sup>3</sup>-Mechatronics,” and “building a global optimized production system and resilient supply chain.”

Evolution of our own manufacturing through i<sup>3</sup>-Mechatronics

In the evolution of manufacturing based on the i<sup>3</sup>-Mechatronics concept, Yaskawa is focusing most on “manufacturing with minimum manpower dependence.” In the previous mid-term business plan “Challenge 25 Plus,” there were situations in which it was difficult to secure the required production volume when the orders increased sharply between FY2021 and FY2022. In order to overcome the situation where production volume is directly affected by the number of direct workers, Yaskawa will expand the scope of automation and evolve a production system that can respond quickly to changes in demand.

To achieve this, in addition to the automation methods cultivated through the implementation of “i<sup>3</sup>-Mechatronics,” the Yaskawa Group will pursue production technology approaches such as the use of AI technology, the development of automated equipment on a per-operation basis, and transportation methods to connect between processes. In addition, we will establish a production system that minimizes the dependence on manpower and is highly robust against high-mix variable-volume production by allocating multiple bottleneck equipment and ensuring that equipment capacity is always sufficient to meet the required sales volume. In this way, we will realize a sustainable and stable supply to customers.



Yaskawa Solution Factory, a demonstration plant for “i<sup>3</sup>-Mechatronics”



Robot component plant for internal production realizing 24 hour unmanned operation

Realizing a global optimal production system

In establishing a global optimal production system, we will implement the plan outlined in the table below from three perspectives: strengthening the functions of the mother plants in Japan, strengthening production in demand areas overseas, and improving in-house production rates.

In Japan, we are planning to build a new robot factory that will synchronize the production of motors and robots, which were previously produced at separate locations, within the same factory. As a result, we aim to improve the efficiency of production management, shorten lead times, reduce costs, and reduce inventories. We also aim to minimize manpower dependence through automation.

Overseas, we aim to improve in-house production rates for global production by establishing a third substrate production base in Vietnam, following those in Japan and China, and increase the presence of the Yaskawa Group by investing in markets in Europe and the United States that are expected to grow in the future.

Investment plan for realizing global optimized production

Region	Location	Main measures	Start of operation	Purpose		
				Enhancement of mother plant functions	Enhancement of demand area production	Enhancement of internal production
Japan	Kitakyushu, Fukuoka	New robot machining factory	Mar. 2024	●		●
		New robot factory (integrated production of motors)	Mar. 2026	●		
	Yukuhashi, Fukuoka	South-Yukuhashi business site (Yaskawa Automation Drive)	FY2026	●		
		New AC drive factory	FY2028	●		●
		New resin molding parts factory	FY2028			●
Overseas	China	Expansion of substrate line	FY2023 – 2025		●	●
		New machine controller production line	FY2024		●	
	Asia	Vietnam	New factory (production of substrates for production in Europe, the U.S. and India)	FY2026		●
	Europe	Slovenia	Robot factory No.2 (engineering and systems)	FY2025 2Q		●
			Consolidation of European logistic functions	FY2025 2Q		●
	Americas	United States	Expansion of the robot system plant	Jul. 2024		●
			Consideration of production of robots	FY2027		●
			New manufacturing base for motion solutions for semiconductor industry	FY2026		●

Building a resilient supply chain

In the past, suppliers were selected based on a basic policy of cost reduction, but based on the experience of lockdowns during the COVID-19 pandemic and trade friction, we are reviewing the supply chain to optimize it from the perspective of efficiency, development and manufacturing technology, and BCP as shown in the table below.

Review criteria for parts procurement

1. Total efficiency	Added value of parts, difficulty of in-house production, reduction of procurement lead time, and quality cost
2. Sustained improvement of product QCD (Quality, Cost, Delivery)	Necessity of retaining and improving product development and production technologies
3. Procurement risk (BCP)	Dependence on specific suppliers (Region/Country, Company) and whether there are alternatives

We select in-house production candidates from the parts to be reviewed, and the selected parts are being made in-house on the premise of automation. We are working on the expansion of in-house production of the machining of robot casting parts, board mounting and resin molding parts.



Board mounting



Resin molding



Machining (robot casting parts)



Human Resource Enhancement

Human capital initiative

We implement human resources strategies linked to management strategies while placing the same emphasis on dialogue with employees and investors. Specifically, we strengthen human investment based on the human resources requirements formulated for the execution of business strategies and the visualized human resources data, as well as human resources management that encourages the active participation of diverse human resources.

Yaskawa Group has established a global human resources philosophy that defines our basic concept of the human resources we seek and our personnel system. In order to realize Vision 2025, we will focus on “deepening the understanding of Yaskawa Principles,” “evolving diversity and inclusion,” “training and optimal placement of professional human resources,” and “creating a comfortable work environment.” By constantly monitoring these initiatives through proactive communication with employees, such as ES questionnaire and direct dialogue with management, we will quickly reflect the feedback in the improvement of human resources policies and accelerate the improvement of productivity and job satisfaction. Through these initiatives, we aim to contribute to solving customer issues, create new added value for society, and continuously improve corporate value.

Visualization and utilization of human resource data by YDX

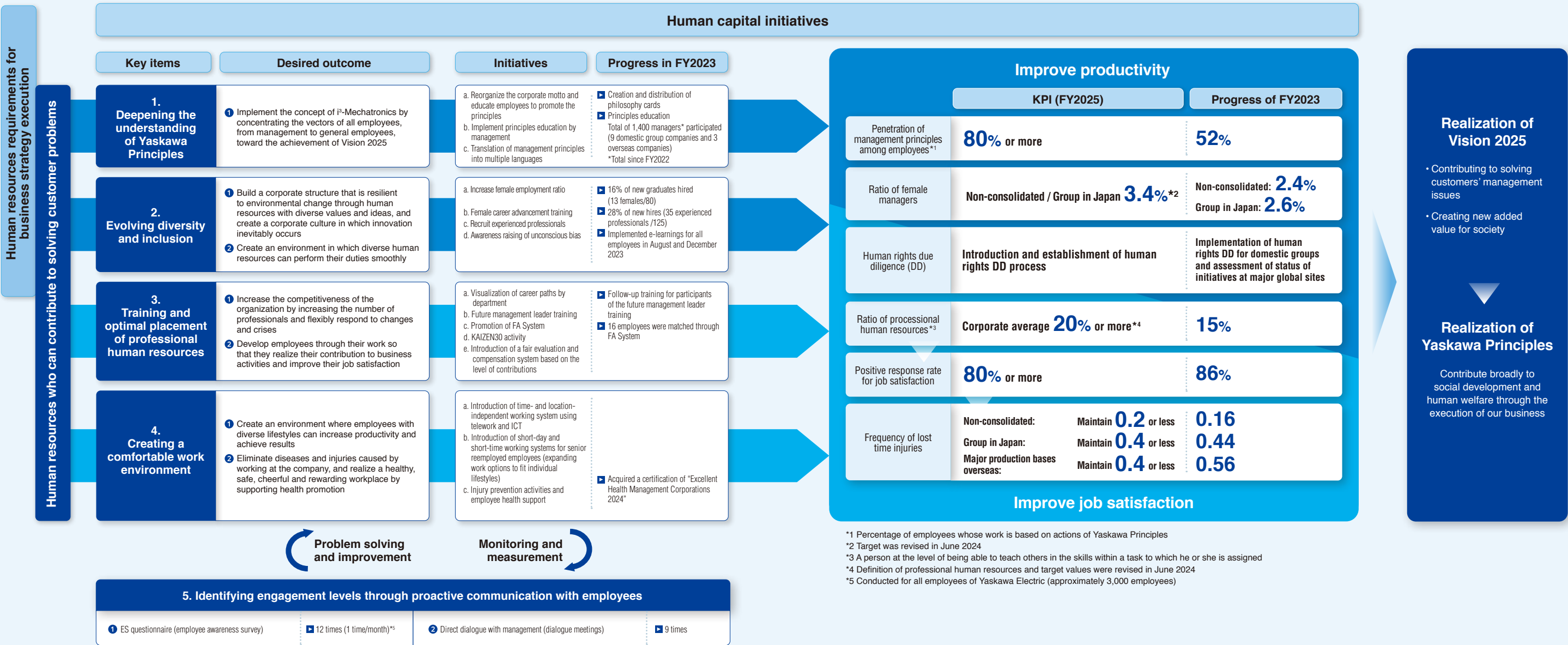
Yaskawa defines the skills required for each department and job category, and assesses employees’ current capabilities through annual skill checks. For example, in the technology department, employees’ experiences and skills are visualized, and the information is used to assign the engineers to development themes and to formulate hiring plans.

In addition, Yaskawa Group is promoting initiatives to link and visualize human resource data globally through YASKAWA Digital Transformation (YDX). By analyzing and utilizing the collected data in a timely manner, we are speedily implementing various human resource initiatives, including recruitment, deployment, development, evaluation, and system management, while at the same time working to raise the level of human resource management.



**Ayumi Hayashida**  
Senior Executive Officer,  
General Manager, Corporate Branding Div.  
General Manager, Corporate Communications  
Dept., Corporate Branding Div.

Overall human resources strategy



Human Resource Enhancement

▶ Initiatives to accelerate the improvement of productivity and job satisfaction

1. Deepening the understanding of Yaskawa Principles

Implementation of principles education on a global scale

In FY2022, with the aim of deepening the understanding and strengthening the practice of all global employees, corporate motto was reorganized into Yaskawa Principles by dividing it into “Our Purpose,” “Our



Principles education for managers at YASKAWA AMERICA, Inc.

Values,” and “Our Actions.” (See page 1.).

With an unwavering focus on achieving “Vision 2025,” we conduct principles education through direct dialogue by management to increase the number of people who can embody the Yaskawa Principles and the “i<sup>3</sup>-Mechatronics” solution concept.

Since FY2023, we have expanded the scope of participants to include group companies in Japan and overseas to deepen our understanding of the Yaskawa Principles.

Monitoring by ES questionnaire

	2022/1	2023/1	2024/1
Recognition of Yaskawa Principles	74%	94%	96%
Penetration rate of Yaskawa Principles*	28%	45%	52%

\* Percentage of employees whose work is based on actions of Yaskawa Principles

2. Evolving diversity and inclusion

Yaskawa Group strives to create a climate that creates new innovations by leveraging the strengths of diverse human resources, regardless of their job titles, gender, nationality, tenure, educational background, work structure, or lifestyle.

Advancement of women

In Yaskawa Group as a whole, women account for about 13% of managerial positions (FY2023). However, as a technology-oriented manufacturer, Yaskawa Electric (non-consolidated) has a problem with a low ratio of female managers as a result of the high number of technology-oriented employees and the low ratio of female science students.

In addition, the results of our most recent in-house questionnaire showed that while the percentage of female employees who want to pursue managerial positions has

improved, there is a gap between men and women in opportunities and their willingness to do difficult jobs or jobs in new fields.

Based on these findings, we are conducting not only skill upgrading and mind-changing for female employees, but also training programs for potential female managers where managers change their attitudes and strengthen their involvement in developing female employees. In addition, in FY2023, we conducted e-learning training on diversity for all employees, including awareness of unconscious bias.

Monitoring by ES questionnaire

	2020/6	2021/6	2022/6	2023/9
A workplace culture that leverages the strengths of diverse human resources*1	59%	71%	78%	84%
Willingness to be a manager	49%	45%	45%	56%
Female employees	21%	22%	29%	38%
Male employees	52%	50%	48%	59%

\*1 Percentage of respondents who answered that their workplace has a climate in which they can utilize the strengths of diverse human resources

Monitoring by ES questionnaire

	2022/12	2023/6
Opportunities for challenging work*2	64%	64%
Female employees	57%	59%
Male employees	65%	64%

\*2 Percentage of respondents who answered that work in new areas or more challenging work are offered fairly according to individual motivation, ability, and environment, regardless of gender

\*3 Percentage of respondents who answered that they want to pursue new areas or more challenging work

	2022/12	2023/6
Willingness to pursue challenging work*3	64%	69%
Female employees	54%	57%
Male employees	66%	71%

Recruitment of experienced professionals

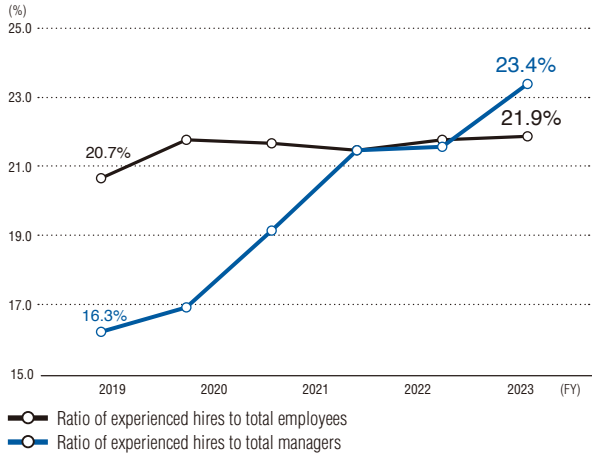
In order to secure the personnel necessary to realize our management strategy, we actively recruit professionals with experience in each field. The ratio of experienced hires to total hires is increasing year by year. We actively provide them with challenging opportunities, so that they can be selected and promoted to general managers and section managers depending on their contribution and roles.

Ratio of experienced hires

(Percentage of the number of employees hired as experienced professionals per year)

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
7.8%	5.0%	11.9%	13.1%	26.8%	28.0%

Ratio of experienced professionals hired to all Yaskawa employees and promotion of their appointment to general managers and section managers



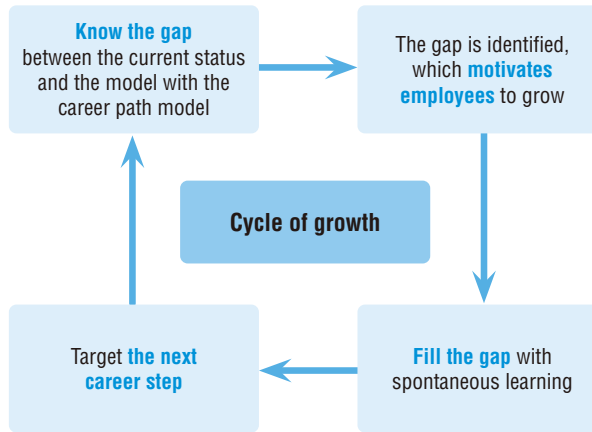
Localization of overseas operations

At Yaskawa Group, we are promoting the localization of our overseas operations based on the basic concept of management that considers operations on a global scale and operates locally. Currently, more than 40% of managers in the Yaskawa Group are local personnel working overseas.

3. Training and optimal placement of professional human resources

Human resource development that respects autonomy

Based on the belief that the role of the company is to provide a place for employees to realize themselves, Yaskawa has introduced an education system that respects individual autonomy, from “education provided” to “self-learning education.” By sharing a career path model and a career requirements definition document, the employees aim to realize themselves while growing sustainably through various education and training systems, grasping the gap between their “goals” and “current status.”



Sharing career path models and creating career plans	<ul style="list-style-type: none"><li>Created career path models in all departments in FY2022 and shared them internally</li><li>Support employees' autonomous career development by visualizing their aspirations and goals, and develop career plans tailored to each employee's motivation and aptitude for long-term human resource development</li></ul>
Free Agent system	<ul style="list-style-type: none"><li>The FA system was introduced in FY2020 to support employees' independent career development.</li><li>More than 80% of the employees transferred under this system improved their job satisfaction compared to before using the system (confirmed by ES questionnaire).</li></ul>



Human Resource Enhancement

Early development of young talent

We are promoting human resource development in Yaskawa under the slogan of “thinking logically and communicating things appropriately to others” as an ideal target for young talent (within the fifth year of employment). Through various types of education and training, we

provide employees with opportunities to think about their careers and goals immediately after joining the company as well as make them acquire necessary knowledge at an early stage, and encourage them to develop their careers autonomously.

Introductory training for new graduate hires and experienced professionals	Acquire the necessary knowledge (management principle, company vision, company system, etc.) and develop a mindset for new employees
Follow-up training	For employees in their second year of employment, in addition to acquiring necessary knowledge such as the company system, reconfirm what they can and should do based on their own characteristics, and form a career vision
Career plan presentation	Employees up to the fifth year of employment think about what they aim for in the future and what challenges they face, and make presentations in the workplace.
Yaskawa Freshers Technical School (YFTS)	New technical employees acquire basic product knowledge and basic elemental technology (principles, etc.) necessary as Yaskawa engineers



YFTS training



Selection and development of next-generation management (Future management leader training)

Future management leader training is held to develop candidates for next-generation management, who will be responsible for YASKAWA Group’s business development and sustainable growth, as human resources capable of

formulating strategies for management innovation.

We make this training a prerequisite for appointment as officers. The training started in 2001 and a total of 127 employees have participated in it. In FY2023, follow-up training was conducted for 13 employees who participated in the training in FY2022.

Improving problem-solving skills through KAIZEN30 activities

Under the slogan “Let’s increase (KAIZEN) operational efficiency by at least 30%,” this is a human resource development activity with the participation of all employees to improve the ability to solve problems and issues that lead to the improvement of the corporate structure by putting QC stories\* into practice through improvement activities.

We consider QC stories as a form of work etiquette. KAIZEN30 activities are implemented throughout

YASKAWA Group with the aim of improving organizational productivity and all employees are required to understand and practice them.

In addition, we hold results presentations and awards for improvement, including group companies in Japan and overseas, to expand the good examples horizontally and to raise motivation through praise and encouragement.

\* Methods for solving problems in quality management. We identify and solve problems through the following steps: selecting themes, grasping the current situation, setting goals, planning the schedule, formulating measures, pursuing success scenarios, confirming effects, standardizing and managing, and looking back and future policies.



Results presentation



Awards for improvement

Fair evaluation and compensation system based on contribution

In order to improve employees’ sense of contribution and job satisfaction, we have shifted from seniority-based evaluations based on accumulated knowledge and skills to evaluations based on the performance (contribution) achieved by performing duties and have revised treatment based on the role each employee plays and the scale of their duties.

In addition, in FY2021, we expanded the medium- to long-term incentive system to employees in light of the fact

that employees are the main contributors to the creation of corporate value. With the aim of raising awareness of participation in management, we provide stock compensation to managers and above and cash compensation to employees, which also encourages them to participate in shareholding associations, in accordance with the level of achievement of mid-term business plan, in order to raise awareness for Yaskawa Group’s corporate value. So far, approximately 80% of all employees in Yaskawa Group in Japan are members of the shareholding association.

Details of implementation after FY2020

Contribution	Duties	Revisions to role requirement definitions that clarify duties by qualification level	
	Results	Introduction of a job manager that enables managers and employees to check daily business plans and results	
Treatment	Evaluation	Introduction of an evaluation system that is fair to the degree of contribution made by setting the difficulty of evaluation themes	
	Rating	Integration of the role for promotion and general office role to expand growth opportunities	
	Compensation	Medium to long-term	Increased awareness of management participation through expanded provision of medium- to long-term incentive programs
		Single year	Review of compensation system equitable to contribution level (Management)
			Review of compensation system equitable to contribution level (Regular and Re-employed employees)
			Introduction of performance-linked bonus formula with no maximum amount to be paid
		Retirement benefits	Expansion of defined contribution pension plans (DC) to encourage self-help efforts

Monitoring by ES questionnaire

	2021/5	2022/6	2022/11	2023/6	2023/11	2024/6
Satisfaction with the evaluation system	73%	76%	72%	79%	75%	78%
Rate of feedback on previous term's evaluation	71%	73%	82%	80%	83%	76%
Satisfaction with feedback	-	96%	96%	95%	96%	96%

4. Creating a comfortable work environment

Creating a safe and healthy working environment

The Yaskawa Group Health Management Declaration has been widely declared internally and externally, and health management is promoted under the leadership of top management, with the Health Management Promotion Committee at the center. We acquired a certification of “Excellent Health Management Corporations 2024” in March 2024.

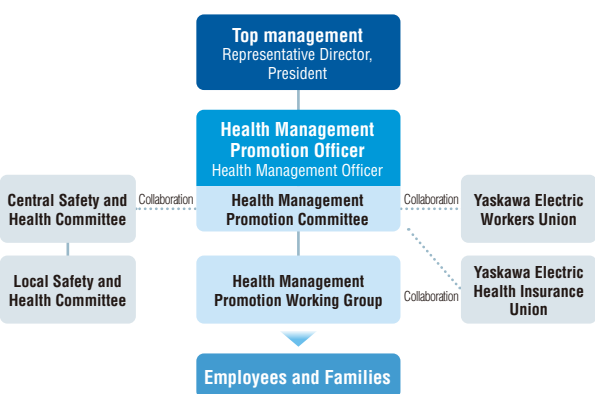


Yaskawa Group Health Management Declaration

In order to realize Yaskawa Principles, “contributing to the development of society and the welfare of mankind through the execution of its business,” we aim to maintain healthy, safe, cheerful and rewarding workplace as a group by supporting the development of health as a base for the job satisfaction of each employee.

1. We eliminate diseases and injuries caused by working in the company.
2. We increase the number of employees who practice health and safety activities autonomously.
3. We aim to create a safe, cheerful, and rewarding work environment for each employee.

Health management promotion system



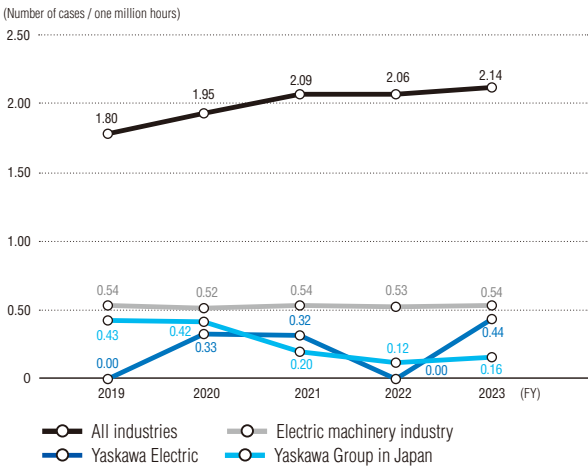
03 Efforts to Increase Corporate Value

Human Resource Enhancement

The frequency rate of industrial accidents in Yaskawa and the domestic group remains below the average for the same industry. Taking the situation of accidents in FY2023 into consideration, we will continue to make efforts to prevent accidents by conducting various safety patrols on a regular basis.

Occupational safety and health	Implement injury prevention activities at each workplace based on the concept of the occupational safety and health management system
	Conduct internal audits and provide thorough guidance of the safety and health committees at each workplace regarding the items pointed out
Employee health support	Health guidance and education focusing on lifestyle and work support in addition to various medical examinations and occupational disease prevention
	Establishment of an external consultation desk where employees can seek consultation on health, medical care, nursing care, childcare, mental health, etc., 24 hours a day, 365 days a year
Mental health measures	Lifestyle and employment support for psychiatric illnesses and disabilities
	Feedback to individuals and workplaces using the stress check system

Frequency of work accidents (Frequency rate)



Realization of diverse working styles

We introduced a telework system to create an environment in which productivity and results can be achieved regardless of time or place. Through the use of ICT, we have introduced a tool for managers and employees to confirm and communicate their daily work plans and performance remotely and have developed a system that enables fair evaluation.

In addition, in order to encourage the participation of

a diverse range of human resources, we reexamined the manner in which employees are transferred and introduced an area-limit system that allows employees to choose their work location according to their life events, regardless of the reason, and that does not involve changes in treatment.

Moreover, we will improve work-life management by encouraging men to take child-care leave, thereby improving productivity and job satisfaction. The ratio of men taking child-care leave was 56% in FY2023.

5. Identifying engagement levels through proactive communication with employees

PDCA of improvement through analysis of ES questionnaire

Since FY2016, we have been conducting monthly ES questionnaire surveys for employees of Yaskawa Electric in order to collect their individual opinions and not just monitor their satisfaction. We measure the level of understanding and penetration of management measures, the sense of busyness in the workplace, and the level of satisfaction with the human resources system through registered questionnaires and analyze the data in specialized department to rotate PDCA cycle. Then, we aim to solve various problems faced by employees and to foster a corporate culture in which management and all employees become more united. The response rate of the ES questionnaire exceeds 90% every month, and various opinions and requests are received.

The results of the questionnaire analysis are shared internally every month, and we provide feedback on all opinions and requests. We quantify the percentage of employees with job satisfaction every six months, and the positive response rate has remained high at around 80%. By analyzing the results of this survey in detail, we are able

to identify the factors that contribute to the improvement of job satisfaction and the characteristics of each workplace in a timely manner and are working to make speedy improvements while prioritizing issues that need to be improved.

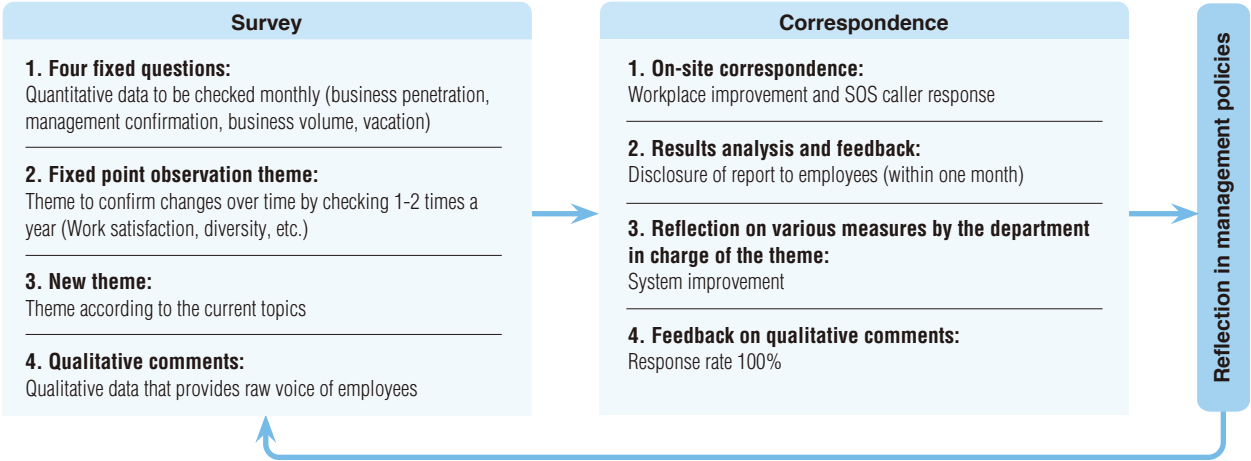
An analysis of the survey on job satisfaction conducted in FY2023 shows that “pride in working at Yaskawa” and “sympathy with the Yaskawa Principles” are positive, but “realization of career paths” and “environment for consulting on careers” need to be improved. We will raise the priority of items requiring improvement and proceed with initiatives.

Monitoring by ES questionnaire

	2021/1	2022/1	2023/1	2024/1
Satisfaction with the ES questionnaire	81%	82%	81%	91%
Changes and effects of the ES questionnaire*	54%	59%	54%	69%

\*Percentage of employees who responded that they felt internal changes and effects with the ES questionnaire over the past year

PDCA for data-driven improvements

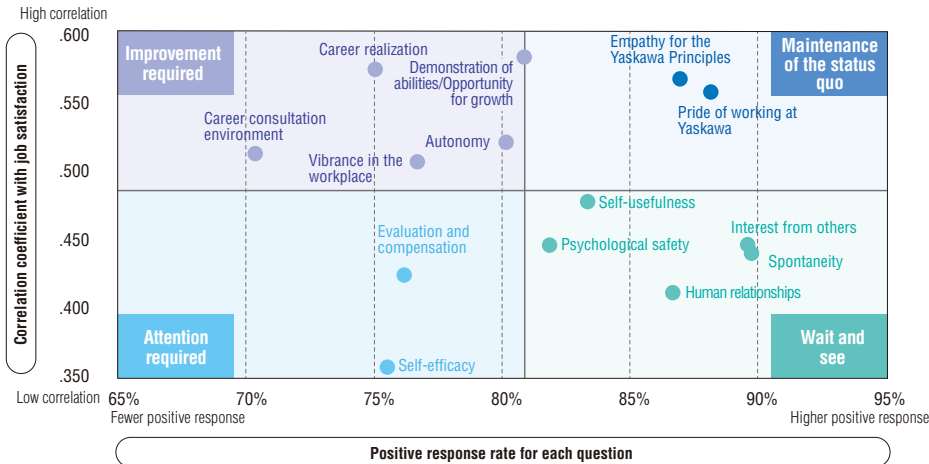


ES questionnaire theme (FY2023 results)

Part 1	Mid- and long-term compensation system, employee shareholding association, and survey on employees' attitudes toward "work"	Part 7	KAIZEN30 activities, internal newsletters, group newsletters, diversity
Part 2	Penetration of policies and targets for this fiscal year and CS (customer satisfaction)	Part 8	Compliance, YASKAWA report, management
Part 3	Job satisfaction and company performance	Part 9	Job satisfaction and evaluation system
Part 4	Evaluation system, ES questionnaire	Part 10	Environmental awareness, understanding and penetration of "Realize 25"
Part 5	Crisis management, health improvement, human resource development	Part 11	Yaskawa Principles, ES questionnaire
Part 6	Human rights and social contribution	Part 12	ICT activities (YDX, information systems), internal control education

Results analysis of ES questionnaire for job satisfaction (May 2023)

In order to understand the factors that contribute to the improvement of job satisfaction, we set 15 questions on topics such as “pride in working at Yaskawa,” “empathy with the Yaskawa Principles,” “growth opportunities,” and “career realization.” The analysis is based on the positive response rate for each question and the correlation between each item and job satisfaction.



Direct dialogue with management

We conduct our own activities to promote human resource development through direct dialogue (dialogue meetings) with the president. As the president himself in charge of human resource development, under the motto of development of human resources who will play a role in the evolution of the Yaskawa Group, we expand the circle of communication with employees and strengthen the motivation of participants and the development of human resources that takes on challenges through interactive dialogue.





# Respect for Human Rights

Based on the Universal Declaration of Human Rights, the United Nations Guiding Principles for Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work, the Yaskawa Group has stipulated respect for human rights in Yaskawa Group Code of Conduct and manages businesses respecting the human rights of all people.

## ▶ Yaskawa Group Code of Conduct

In order to fulfill Yaskawa Principles, which states Group mission is to leverage the pursuit of the business to contribute to the advancement of society and the well-being of humankind, as a member of global community, Yaskawa Group assumes that it is essential to conduct business in a fair and faithful manner and to solidify a trusting relationship with global community. In accordance with the principles set on its own, Yaskawa Group commit to respecting human rights, comply with applicable laws and regulations, and the spirit thereof, and proactively act toward the creation of a sustainable society based on good social conscience.

### Human Rights Principles

- Yaskawa Group contributes to the advancement of society and the well-being of humankind through its operations. Given the above premises, Yaskawa Group respects global communities and culture and custom in each country or region, complies with laws and regulations and ensures company policies are in accordance with applicable legislation. In the absence of legislation or policy Yaskawa Group chooses a course of action based on integrity.
- Yaskawa Group complies with applicable labor laws and regulations set by countries, regions and local governments.
- Yaskawa Group respects individual human rights and diversity of values and carries out activities in line with our worldwide "Yaskawa HR Values."

## ▶ Promotion system

The General Managers in charge of Sustainability, General Affairs, and Procurement divisions, all of whom are appointed by the Representative Director, President, are responsible for respecting human rights in the Yaskawa Group and its supply chain.

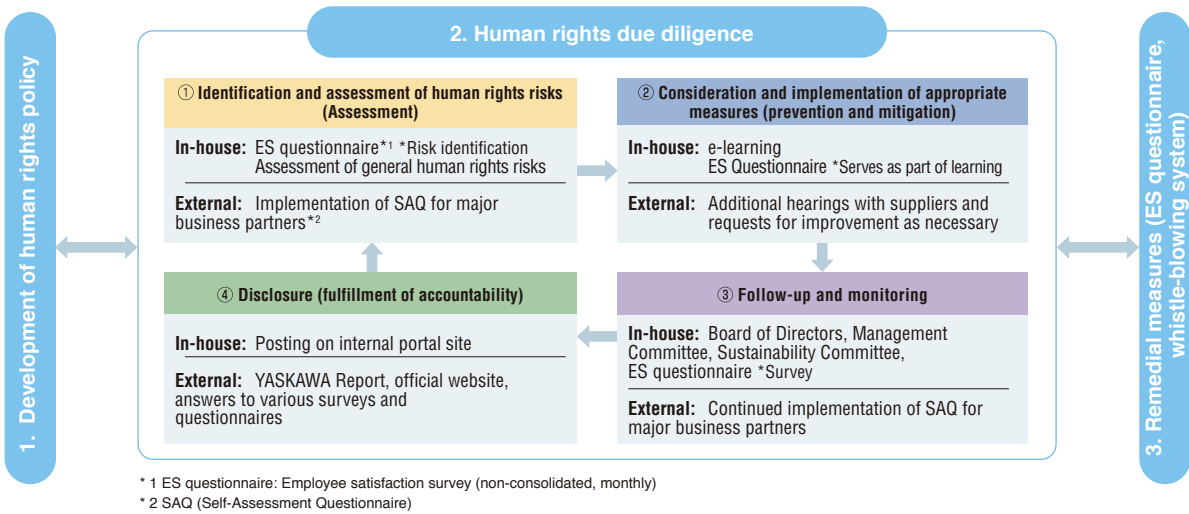
With regard to these initiatives, the Sustainability Committee, chaired by the president, regularly discusses and monitors these measures, and the Board of Directors deliberate and make decisions on important matters.

## ▶ Human rights due diligence and remedial measures

In accordance with the United Nations Guiding Principles on Business and Human Rights, we have established a human rights policy, human rights due diligence and mechanisms for remedial measures.

Through these initiatives, we will continuously respond to ever-changing social demands and challenges regarding human rights. Specifically, we will identify and assess negative impacts and risks on human rights, implement appropriate measures, conduct follow-up surveys and monitoring, and disclose information.

Consultations are received through the monthly ES (Employee Satisfaction) survey (for all non-consolidated employees) and the whistle-blowing system (Compliance Hotline), and appropriate measures are taken.



## ▶ FY2023 Activities and Future Plans

In FY2023, we conducted in-house education through e-learning and confirmed potential risks through ES questionnaires to raise employees' awareness of human rights. In addition to raising awareness through ES questionnaires at the Yaskawa Group companies in Japan, we also

checked the responses required in overseas countries. In FY2024, we will continue our activities in Japan and respond to changing social demands globally while communicating with our overseas subsidiaries.

# Dialogue and Co-creation with Stakeholders

As a global company, the Yaskawa Group strives to improve the trust through dialogue and co-creation with stakeholders including customers, business partners, local communities, shareholders and investors. By doing so, we aim to create social value and solve social issues through our business together, with the aim of continuously enhancing corporate value.



## ▶ Contributing to Local Communities

### FY2023 results

In FY2023, as COVID-19 was classified as Class 5 under the Infectious Diseases Control Law, in addition to continuing support for education, sports promotion, culture and the arts, we also resumed community volunteer activities.

We are supporting the development of human resources in science and engineering in Kitakyushu, a manufacturing city, by accepting school trips in YASKAWA Innovation Center, holding a children's school, assisting students at technical high schools in obtaining

licenses to operate robots, and holding an event called "Girls Day" to support middle and high school girls in their career choices. We are also promoting CSR activities to co-create with the community, by participating in the Kitakyushu Marathon as a volunteer, cleaning up beaches, and volunteering at children's cafeterias. In addition, we have completed the planning and production of the "Handmade Robot Kit" as the new "program for the development of manufacturing human resources" which we have been promoting since FY2022.



"Girls Day"



Kitakyushu marathon volunteer

### FY2024 initiatives

The "Handmade Robot Kit" is scheduled to be put into practical use in FY2024. After a trial period for employees and their families, it will be put into practical use for the first time on "Girls Day," which is scheduled to be held again this fiscal year. We expand the number of eligible technical high schools to assist students to obtain licenses to operate robots. At the request of the Consortium of Human Education for Future Robot System Integration

(CHERSI), we will also provide classroom lectures to technical high school students and teach teachers how to operate robot simulators. We will continue to increase opportunities for employee participation in activities that contribute to local communities to create a rewarding workplace and contribute to the revitalization of local communities.



Handmade Robot Kit



Making "Handmade Robot Kit" on "Girls Day"

Respect for Human Rights

▶ To Ensure Customer Satisfaction

FY2023 results

As part of our activities to pinch off the “bud of PL,” we conduct product safety risk assessments for selected incidents based on failure information, and continuously improve our products. For our quality fraud prevention activities, we expanded the scope of our activities to include domestic group companies and thoroughly inspected contracts with customers who have product shipment tests and confirmed that there were no major defects. To detect and solve quality problems as early as possible, we are working to unify market quality information on a global basis and improve products by identifying signs of quality problems before they develop into serious problems.



Maintenance by a service engineer

FY2024 initiatives

For our customers to use our products with safety and security, we will develop “pinching off the bud of PL” and “quality fraud prevention activities” on a global basis and strengthen cooperation with overseas bases. The

Yaskawa Group will respond to customer feedback in a timely and appropriate manner and strive to make continuous improvements to earn the trust of customers.

▶ To Build a Sustainable Supply Chain

FY2023 results

In order to confirm compliance with the Sustainable Procurement Guidelines\*<sup>1</sup>, we asked the major suppliers in Japan and China\*<sup>2</sup> to respond to SAQ (Self Assessment Questionnaire) and obtained consent forms for the Sustainable Procurement Guidelines and confirmed 100% compliance. We also confirmed that our Group companies in Asia and the United States have completed the establishment of guidelines.

<sup>\*1</sup> Sustainable Procurement Guidelines:  
<https://www.yaskawa-global.com/company/csr/scm/guidelines>  
<sup>\*2</sup> Major suppliers: Suppliers that accounted for 80% or more of total procurement in Japan and China of the previous fiscal year

FY2024 initiatives

In order to achieve the target of FY2025, 100% compliance of the Sustainable Procurement Guidelines as Yaskawa Group overall, we will further strengthen our cooperation with domestic and overseas group companies. In FY2024, we will implement the second SAQ in Japan and promote SAQ deployment at group companies in Asia and the United States.



▶ Dialogue with Shareholders and Investors

FY2023 results

Yaskawa believes that it is important to promote constructive dialogue with shareholders and investors to achieve sustainable growth and increase corporate value over the medium to long term. When necessary, the president, the director in charge of investor relations, the general manager of corporate communications, and other senior management actively engage in dialogue with shareholders and investors. In FY2023, we engaged in dialogue with a total of 1,023 institutional investors and analysts. To enhance engagement with shareholders, we held SR meetings with shareholders in Japan and overseas to

discuss ESG and management. The opinions received during these meetings are shared at the Board of Directors Opinion Exchange Meeting and are fed back to management to improve management measures. In addition, the scripts (in Japanese and English) of the financial results summary materials have been posted on the official website since the second quarter of FY2023. By enriching the primary information provided by Yaskawa, we will strengthen information dissemination that contributes to investors' understanding of the Company.

Activities	Results
Results briefing for analysts and institutional investors (telephone conference, etc.)	6 times
One-on-one meeting with institutional investors	312 meetings
Conference meeting hosted by securities companies	33 meetings
Meeting at NDR	46 meetings
Seminar for individual investors	2 times

FY2024 initiatives

In FY2024, we will continue to disclose information necessary for making investment decisions in a timely and appropriate manner, and work to deepen relationships of trust with shareholders and investors through constructive two-way dialogue with the aim of further increasing corporate value. In June 2024, we held “Briefing on Sustainability”, in which the management team explained its sustainable management policy and human resource development and engaged in lively interactive discussions. At the briefing session, Ms. Kubota, President of AI Cube Inc., a subsidiary that develops AI solutions, explained how synergies can be created by combining Yaskawa’s existing products with AI technologies, which attracted particular interest from the participants. We received feedback from participants, saying that “expectations for the future use of AI have increased” and “understanding of the differentiation strategy of the autonomous robot MOTOMAN NEXT (launched in December 2023) has deepened.”

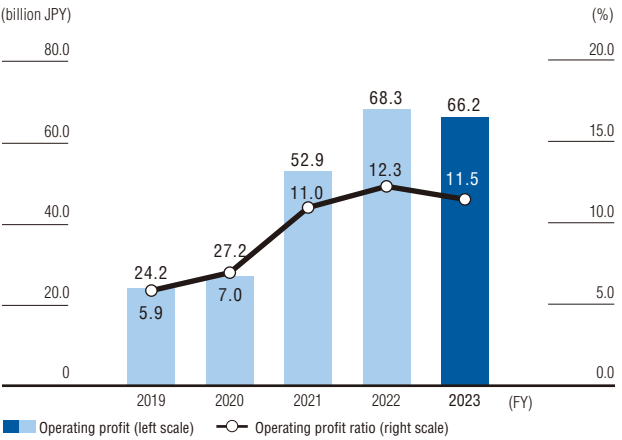


Management answering questions at “Briefing on Sustainability”



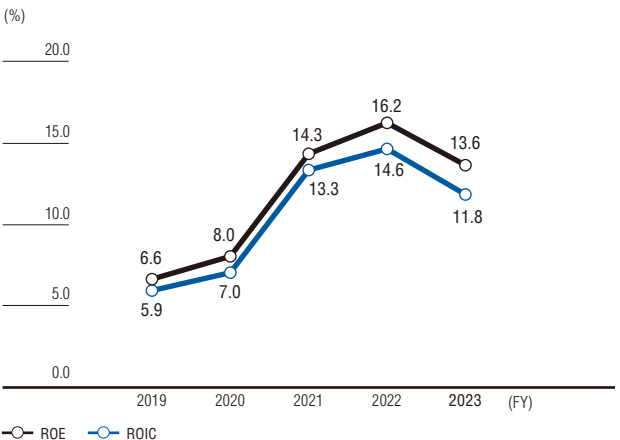
Financial and Non-Financial Highlights

Operating profit / Operating profit ratio



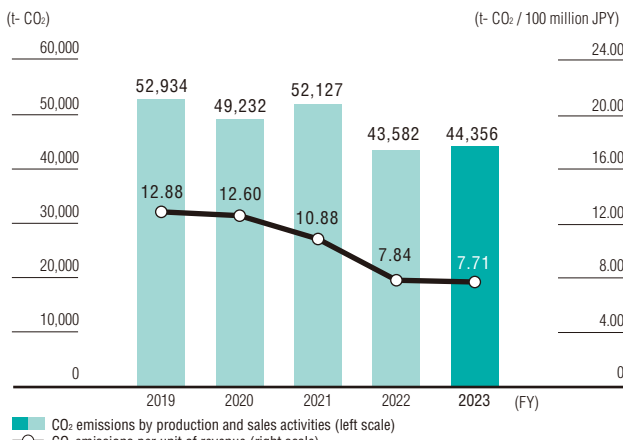
While price pass-through such as soaring raw material costs and progress in System Engineering business structure reform contributed positively, profit decreased by the effect of the elimination of other earnings due to the temporary changes in the retirement pension system and the sale of idle real estate in the previous fiscal year.

ROE / ROIC



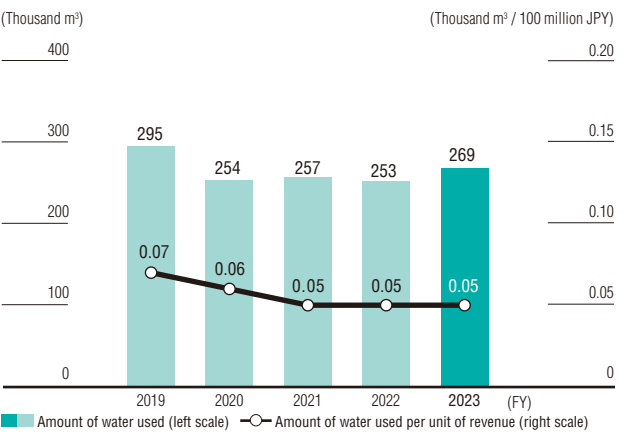
In FY2023, ROE and ROIC were 13.6% and 11.8%, respectively, lower than the target of 15%, due to a decrease in profit attributable to owners of parent and an increase in equity attributable to owners of the parent.

CO<sub>2</sub> emissions by production and sales activities / CO<sub>2</sub> emissions per unit of revenue



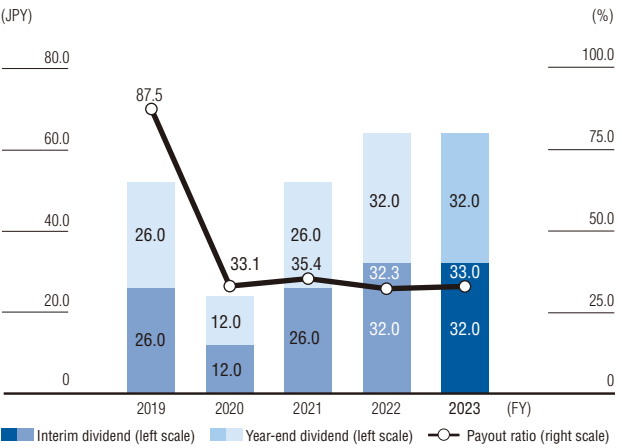
In FY2023, CO<sub>2</sub> emissions increased due to an increase in revenue and a deterioration in the CO<sub>2</sub> emission coefficient of domestic electricity. CO<sub>2</sub> emissions per unit of revenue improved due to an increase in revenue.

Amount of water used / Amount of water used per unit of revenue



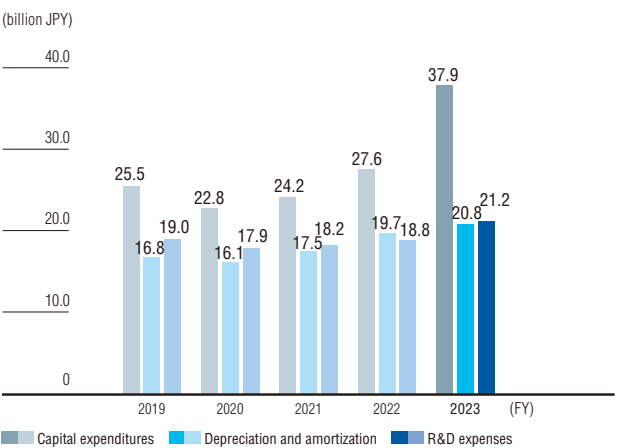
At Yaskawa, the amount of water used in the production process is small, and most of the water used is domestic wastewater used by employees. In FY2023, the amount of water used increased due to an increase in the amount used overseas, despite a reduction in the amount used in Japan, but the per unit of revenue figure remained at the same level as in FY2022.

Dividends per share / Payout ratio



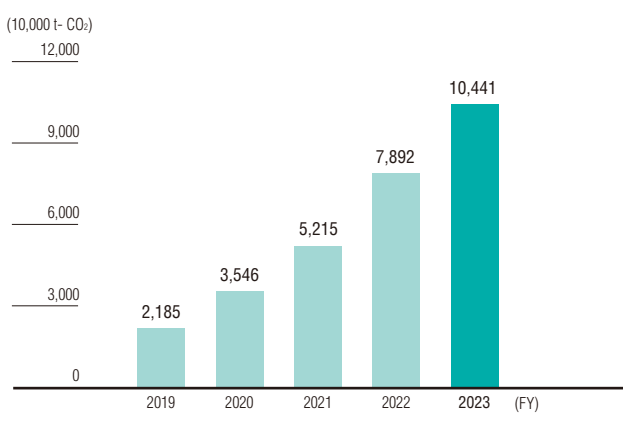
Annual dividend per share for FY2023 was 64 yen, the same as the record high for FY2022. The dividend payout ratio was 33.0% and kept the level of 30%+α, which is the standard for our shareholder returns.

Capital expenditures / Depreciation and amortization / R&D expenses



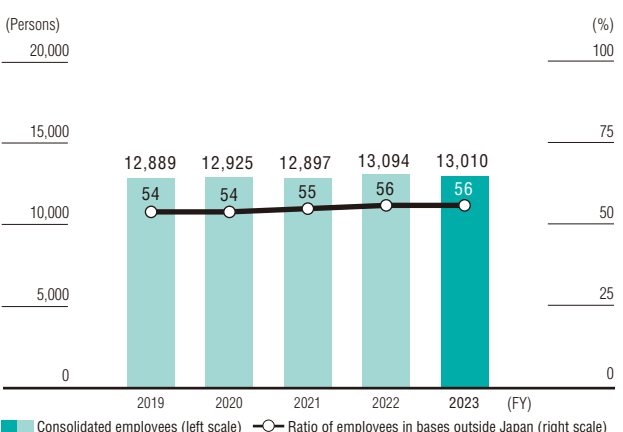
Capital investment in FY2023 increased by 10.3 billion yen from the previous year to 37.9 billion yen, due to the deployment of the "i-Mechatronics" concept to our own plants and facilities in Japan and overseas, as well as new construction and reorganization of plants to improve efficiency and strengthen facilities. Research and development expenses increased by 2.5 billion yen from the previous year due to the development of next-generation robots and controllers with a focus on our core business areas of motion control and robotics.

Contribution to CO<sub>2</sub> emissions reduction through products (Cumulative since FY2016)



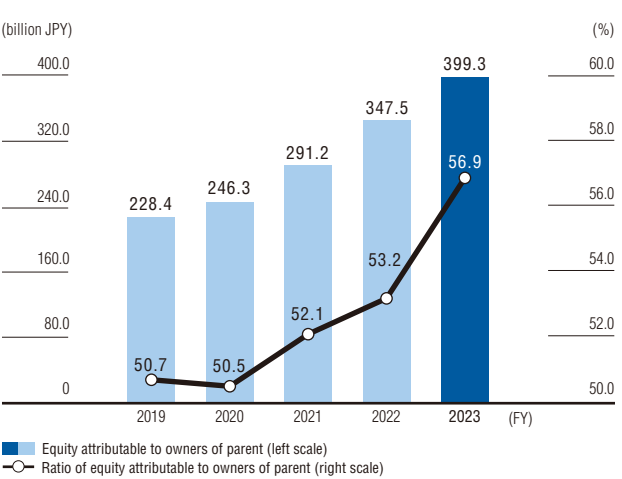
In FY2023, our contribution to reducing CO<sub>2</sub> emissions increased significantly due to the increase in revenue of AC drive products, which contribute to the environment. We have commercialized 5 models of super green products and expect to continue contributing to the reductions.

Consolidated employees / Ratio of employees in bases outside Japan



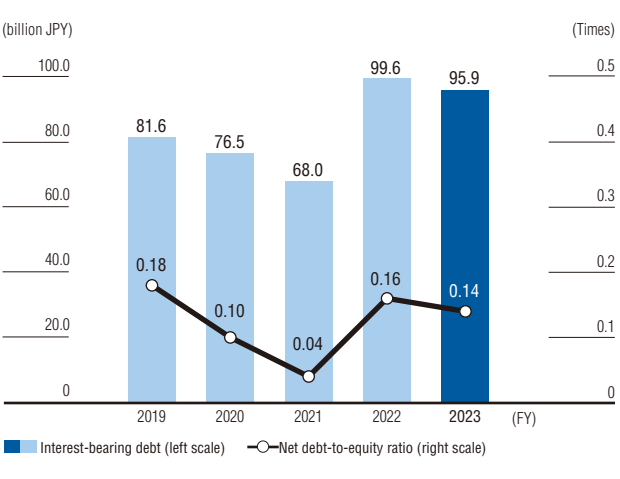
In FY2023, the number of consolidated employees decreased by 84 to 13,010. Overseas employees accounted for 56% of the total and there was no significant change from the previous year.

Equity attributable to owners of parent / Ratio of equity attributable to owners of parent to total assets



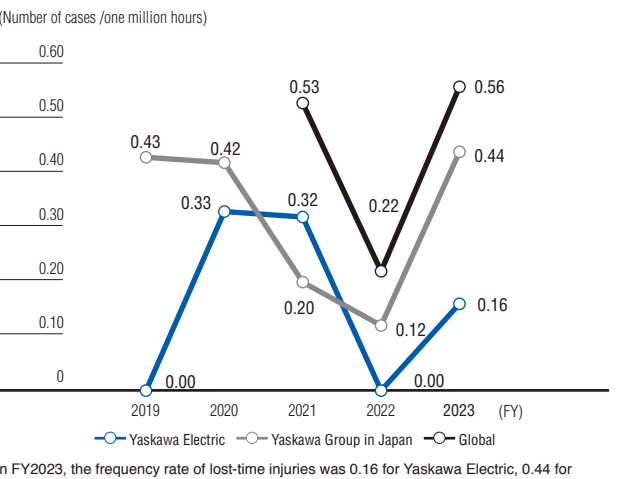
Total equity attributable to owners of the parent increased by 51.8 billion yen from the end of the previous fiscal year to 399.3 billion yen. The ratio of equity attributable to owners of the parent was 56.9%, which is higher than 50%, the level we consider appropriate for stable management.

Interest-bearing debt / Net debt-to-equity ratio



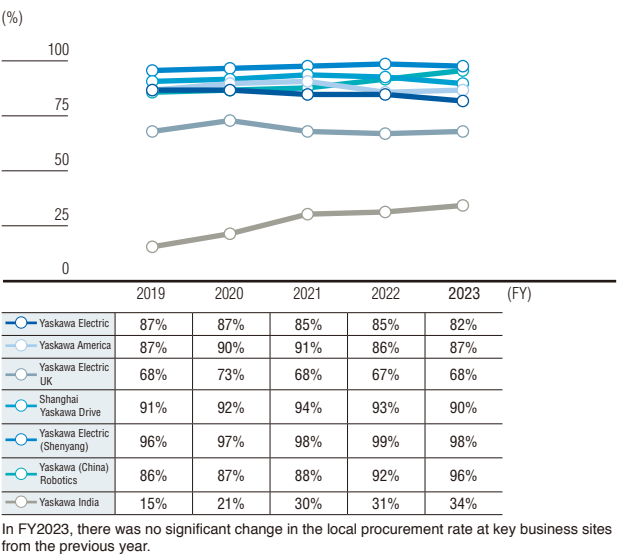
The amount of interest-bearing debt at the end of FY2023 was 95.9 billion yen, a decrease of 3.7 billion yen from the end of the previous fiscal year. The net D/E ratio was 0.14 times, 0.02 points better than the end of the previous fiscal year. Current liabilities decreased compared to the end of the previous fiscal year due to a decrease in short-term borrowings.

Frequency rate of lost-time injuries



In FY2023, the frequency rate of lost-time injuries was 0.16 for Yaskawa Electric, 0.44 for the Yaskawa Group in Japan, and 0.56 for the Yaskawa Group overseas. All three figures were worse than the previous year. Most of these injuries were caused by falls outside the workplace. In addition to thorough preventive measures and safety patrols, we are taking measures such as walking and other health events.

Local procurement rate at key business sites



In FY2023, there was no significant change in the local procurement rate at key business sites from the previous year.

Business Performance of FY2023

FY2023 Management Review (Quantitative)

- Capital investment aimed at upgrading and automating production in the overall manufacturing industry remained robust, while demand for semiconductors and electronic components remained weak.
- Revenue set a new record high, as production, which had been delayed due to supply chain disruptions, normalized and order backlogs were steadily filled.

		FY2023 targets	Mid-term business plan “Realize 25” targets	FY2023 results
Quantitative	Revenue	580.0 billion JPY	650.0 billion JPY	575.7 billion JPY <span>Record high</span>
	Operating profit	70.0 billion JPY	100.0 billion JPY	66.2 billion JPY
	Operating profit ratio	12.1%	15.4%	11.5%
	ROE		15.0% or more	13.6%
	ROIC		15.0% or more	11.8%
	Dividend payout ratio		30.0%+α	33.0%

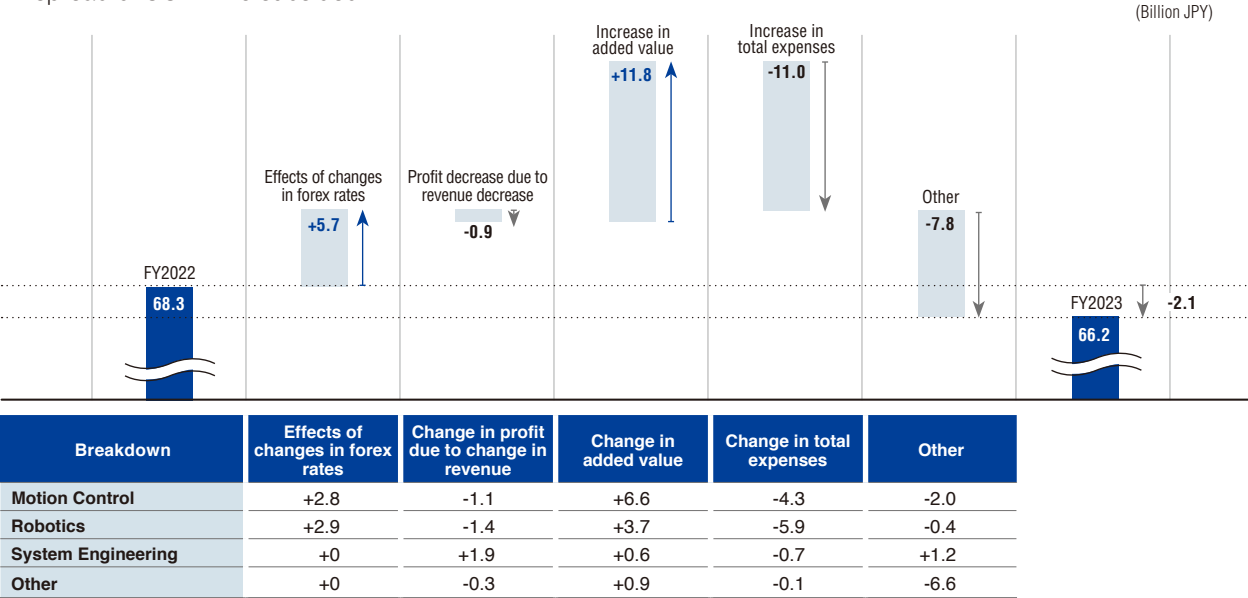
FY2023 Management Review (Qualitative)

Qualitative	Production	<ul style="list-style-type: none"><li>Plans to construct a new plant for integrated production of servo motors for robots and robots</li><li>Completion of construction of an unmanned domestic robot machining plant to expand in-house production</li><li>Decided to construct a new robot system plant in the United States</li></ul>
	Sales	<ul style="list-style-type: none"><li>Construction of a new office building in Yaskawa Europe, as a base for developing solutions with customers and partners</li><li>Promotion of indoor farm automation through capital alliance with Oishii Farm Corporation in the United States</li><li>Expansion of lineup of large-capacity GA700 series of Yaskawa AC drives</li></ul>
	Development	<ul style="list-style-type: none"><li>Launch of MOTOMAN NEXT series, an autonomous robot aimed at opening up new automation fields</li><li>Launch of Yaskawa Cell Simulator, an engineering tool for Digital Twin*1 environments</li><li>Launch of iCube Control, a controller solution for “i3-Mechatronics”</li><li>Shift from demonstration phase to full-scale introduction of “automating cucumber leaf raking”</li><li>Power conditioner for photovoltaic power generation “Enewell-SOL P3A 25kW” won the “Japan Brand Prize at the Top Ten New Products Awards” and the “Energy Conservation Grand Prize, Agency for Natural Resources and Energy Commissioner’s Award”</li></ul>
	Others	<ul style="list-style-type: none"><li>Development of principles education programs for overseas subsidiaries (Europe, America and China)</li><li>Promotion of human capital vitalization by disclosing the “health management declaration” and its promotion system</li><li>Mid- to long-term incentives for all employees incorporating non-financial indicators (TSR, CO2 reduction, etc.)</li></ul>

\*1 Technology to reduce system setup time and enable remote operation by simulating production lines virtually and repeatedly

Breakdown of Changes in Operating Profit (FY2022 → FY2023)

- Operating profit decreased** by the effect of the elimination of other earnings due to the temporary changes in the retirement pension system and the sale of idle real estate in the previous fiscal year.
- Value added increased significantly** due to the price pass-through of increased cost of raw materials and other items.
- Retarded recovery in the semiconductor market and sluggish Chinese markets led to **a decline in revenue** excluding the impact of weaker yen, resulting in a decline in operating profits.
- Overhead costs increased** due to the response to inflation and the resumption of economic activity after the spread of COVID-19 subsided.



FY2024 Plan

As for the business environment surrounding Yaskawa Group during the FY2024, capital investment related to automation and labor saving in the manufacturing industry is expected to recover, as investment in the semiconductor and electronic component markets is expected to resume. We plan to increase revenue and profit by accurately capturing rising demand in these markets. In order to achieve the operating profit of 100 billion yen set in the mid-term management plan “Realize 25,” in addition to controlling overhead costs, we will propose solutions globally based on our understanding of customers’ “benefits” (improvement and evolution). Furthermore, by implementing “i3-Mechatronics” at our own production sites, we will create added value by realizing variable-mix variable-volume production at a minimum level of manpower dependence.

Key Implementation Items

Evolution of i3-Mechatronics	<ul style="list-style-type: none"><li>Propose solutions based on a thorough understanding of customers’ benefits (improvement and evolution) and expand the provision of products and technologies to realize these benefits</li><li>Expand the automation field and advance manufacturing by implementing i3-Mechatronics at our production lines</li><li>Implement horizontal deployment of solutions demonstrated in the i3-Mechatronics project and global deployment of YRM controllers</li></ul>
Business expansion	<ul style="list-style-type: none"><li>Ensure to capture resumption of investment in the semiconductor market by strengthening cooperation with key global customers</li><li>Improve our presence in the domestic semiconductor market through cooperation between core domestic sales companies and sales expansion partners</li><li>Provide automation solutions that follow the changes in manufacturing and supply chains in the rechargeable battery electric vehicle (BEV) area, which is expected to expand</li><li>Accelerate the expansion of sales of “MOTOMAN NEXT”</li></ul>
Promotion of partner strategies	<ul style="list-style-type: none"><li>Expand sales of the new “Enewell-SOL P3A” power conditioner for solar power generation</li><li>Promote cooperation with partners in the fields of food, agriculture, and biomedical automation</li></ul>
Implementation of sustainability management	<ul style="list-style-type: none"><li>Rebuild PLM (Product Lifecycle Management) through data collaboration among production, sales, development and service</li><li>Build the Yaskawa data lake</li><li>Deepen our understanding of the Yaskawa Principles for the establishment of “One YASKAWA”</li></ul>



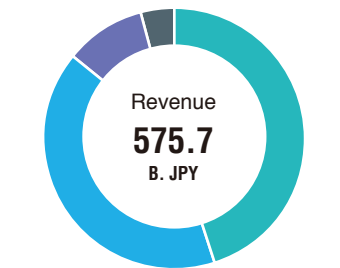
Segment Highlights

The Yaskawa Group deploys the technology and knowhow of the highest global standards to its products and services through business activities in the three core business segments of Motion Control, Robotics and System Engineering.

FY2023 (Ended February 29, 2024)

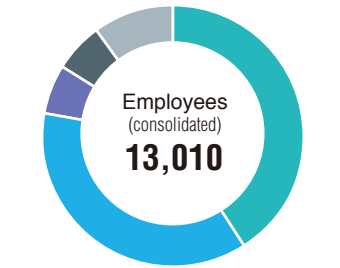
Revenue **575.7** B. JPY  
Operating profit **66.2** B. JPY  
Operating profit ratio **11.5%**

Revenue breakdown by business segment



Motion Control	45%
Robotics	41%
System Engineering	10%
Other	4%

Employee breakdown by business segment



Motion Control	41%
Robotics	37%
System Engineering	6%
Other	6%
Corporate (common)	10%



Motion Control  
AC servo & controller business

AC servo & controller business

Enhancing machine performance and productivity as major components incorporated in production equipment



AC servo motor "Σ-X series" YRM controller "YRM1010"

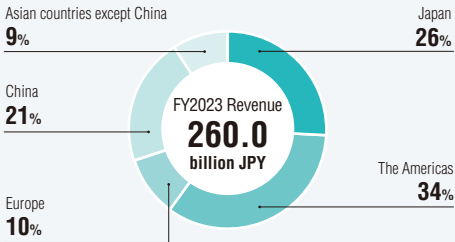
Drives business

Contributing to sustainable development of society and industry by realizing energy-saving and higher performance of machinery through optimum motor control

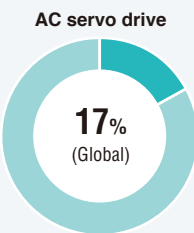


Matrix converter "U1000" Yaskawa AC drive "GA 700 series"

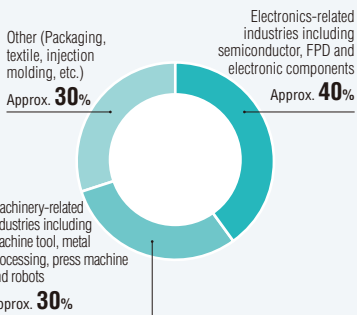
Breakdown of FY2023 revenue by region



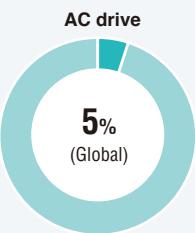
Market share (company estimate)



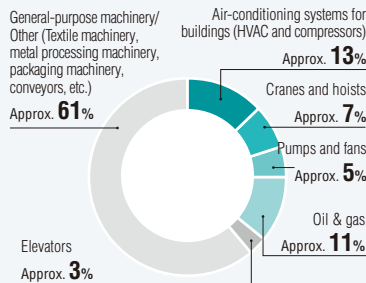
Business breakdown by application (FY2023 results)



Market share (company estimate)



Business breakdown by application (FY2023 results)



Robotics

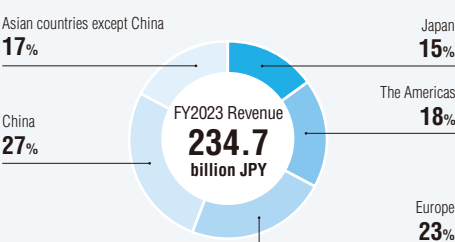
Responding to the growing need for labor-saving and automation at production sites, we are taking on the challenge of realizing a new industrial automation revolution

- Arc welding robots
- Spot welding robots
- Painting robots
- Handling robots
- Clean/vacuum transfer robots for semiconductor and LCD manufacturing equipment

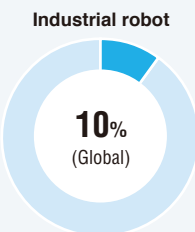


Arc-welding robot "MOTOMAN-AR1730" Collaborative robot "MOTOMAN-HC20DTP" MOTOMAN NEXT series

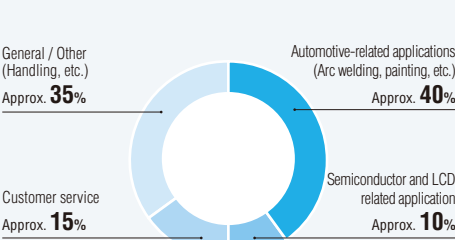
Breakdown of FY2023 revenue by region



Market share (company estimate)



Business breakdown by application (FY2023 results)



System Engineering

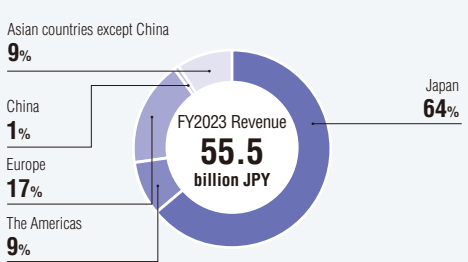
Supporting prosperous life and society through technologies and proven performance accumulated over a century

- Industrial automation drive business
- Environment & energy business\*
- Social system business

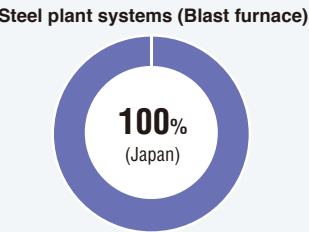


\* Since FY2024, the environment & energy business, including PV inverter, has been integrated with the Drives business of Yaskawa Electric.

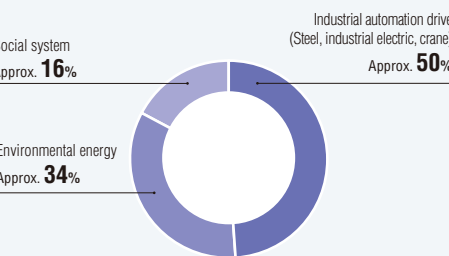
Breakdown of FY2023 revenue by region



Market share (company estimate)



Business breakdown by application (FY2023 results)



Business Strategy



Motion Control  
AC Servo & Controller Business



Kenji Ueyama  
Senior Executive Officer  
General Manager, Motion  
Control Div.

AC servo drive’s role in manufacturing digital transformation

In the manufacturing industry, it is important to collect, analyze and utilize various data obtained from equipment in order to improve productivity. AC servo & controller is a key component that is built into and drive a variety of equipment used in manufacturing. By making AC servo drive, which controls the movement of equipment (motion), function as a sensor and acquire various data from the equipment, it is possible to provide new added value to

manufacturing, such as preventive maintenance of equipment and improvement of production quality.

Yaskawa contributes to maximizing the added value of our customers’ equipment by providing solutions to customers based on the concept of “i<sup>3</sup>-Mechatronics,” which “realizes a new industrial automation revolution” by data utilization to improve productivity.

Overview of FY2023 performance

- Demand decreased due to sluggish market conditions, particularly in the semiconductor market in Japan and the United States.
- In China, despite strong demand in some markets at the beginning of the fiscal year, overall demand in the manufacturing industry remained sluggish.
- Secured profits through improvements in productivity, the effect of switching to new products, and price optimization.

SWOT analysis of business

**Strengths:** Strengths of our business and differentiation

- Developed the world’s first “minertia motor” which is the prototype of the current servo motor in 1958
  - World-class performance and quality
  - Brand value as global No.1 market share
- Hold strong relationships of trust with leading companies in various manufacturing equipment
  - Contributing to the advancement and performance of machines through the pursuit of leading-edge technologies
- Practice of i<sup>3</sup>-Mechatronics
  - Realization of new automation revolution

**Opportunities:** Business opportunities

- Enhancement of the added value of manufacturing equipment
- Large-scale investment related to generative AI in the semiconductor industry in various countries
- Acceleration of the adoption of EVs

**Weaknesses:** Challenges

- Reinforcement of response to rapid changes in demand in production

**Threats:** Business risks

- Supply chain dysfunction due to geopolitical risks
- Rise of emerging market competitors

Future initiatives based on SWOT analysis results

- Demonstration and construction of “i<sup>3</sup>-Mechatronics” solutions
- Strengthening the product portfolio to realize “i<sup>3</sup>-Mechatronics” (expanding the lineup of Σ-X series and YRM controllers, etc.)
- Accelerating global expansion of production methods of YASKAWA Solution Factory (hereafter Y’sF) and expanding production models in demand areas



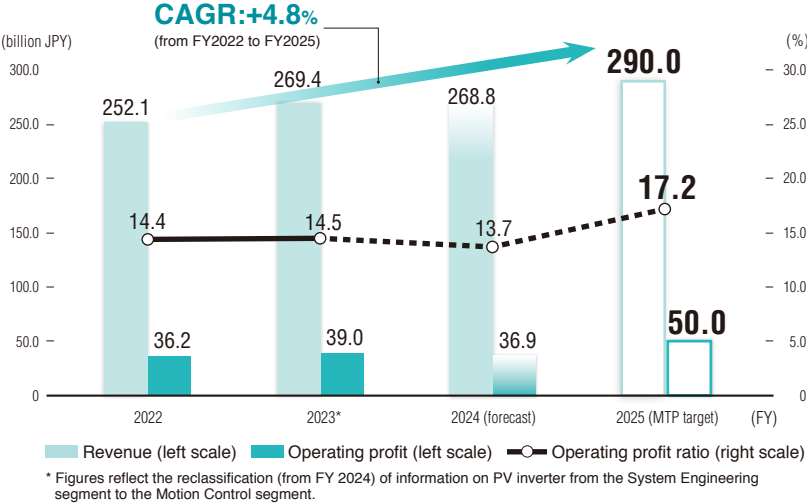
Goals of mid-term business plan “Realize 25”

Accelerate the global expansion of “i<sup>3</sup>-Mechatronics” through the realization of Yaskawa Total Solutions, and aim to maximize profits by pursuing production efficiency and building a high-profit structure by strengthening manufacturing

Market size and CAGR  
(from 2022 to 2025)

	FY2022	FY2025
Market size	Approx. 0.8 tn. JPY	Approx. 0.9 tn. JPY
CAGR	+4.0%	

Trends in performance, forecast and target of mid-term plan (Motion Control segment)



FY2023 results and future initiatives

	FY2023 results	FY2024 initiatives	FY2025 goals
Development	● Expand lineup of Σ-X series and YRM controllers	● Continued expansion of product lineup	● Expand solution coverage by expanding lineup of Σ-X series YRM controllers
Production	● Accelerating global development of Y’sF production system and expanding production models in demand areas	● Pursuing production efficiency globally	● Improve production efficiency by using Yaskawa products and expand local production
Sales	● Demonstrating and building “i <sup>3</sup> -Mechatronics” solutions based on new products through collaboration with customers	● Approach to growth markets by providing “i <sup>3</sup> -Mechatronics” solutions	● Accelerate approach to growth markets by providing “i <sup>3</sup> -Mechatronics” solutions

TOPICS

Launched YRM controller, “YRM1010” and new machine controller, “MPX1000 Series” which realizes “i<sup>3</sup>-Mechatronics” solution concept.

YRM controller, “YRM1010” (January 24, 2024) and machine controller, “MPX1000 Series (MPX1310)” (January 25, 2024) were released in order to accelerate realization of the “i<sup>3</sup>-Mechatronics” solution concept, resolve issues and provide added value to customers. “YRM1010” integrally controls so-called “cells” composed of equipment and industrial robots, and at the same time collects and uses highly synchronized data in real time for feedback. This enables various manufacturing sites to accelerate measures toward the evolution of smart factories by using IoT and AI to improve production efficiency, quality, and ensure traceability. “MPX1310” is the first product in “MPX1000 Series” that succeeded machine controller, “MP3000 Series.” The motion-processing performance is 8 times that of the previous model, and the number of axes that can be controlled is increased from 16 axes to 128 axes. This enables us to maximize the performance of our servo drive products and significantly improve equipment performance and added value for customers.



YRM1010



MPX1310



# Business Strategy



## Motion Control Drives Business



**Kozo Ide**  
Executive Officer  
General Manager, Drives Div.  
General Manager, Engineering  
Dept., Drives Div.

### AC drive’s role in society and industry

AC drives can continuously change the motor’s rotational speed by converting the voltage and frequency of the power supply. The use of AC drive not only enables advanced motor control, but also contributes to energy saving by operating as much as necessary. AC drive is widely applied to machinery and equipment in which motors are used, and the global market is estimated to reach 1.9 trillion yen. In the past, AC drive’s growth drivers

were (1) the advance of electrification in line with industrial sophistication, and (2) the rise of emerging economies. In recent years, however, the energy-saving effects of using AC drives have attracted renewed attention as part of efforts to achieve carbon neutrality in countries around the world. AC drive is increasing its presence as an indispensable device for the sustainable development of society and industry.

#### Overview of FY2023 performance

- Oil and gas-related demand in the U.S. and infrastructure-related demand in ASEAN countries and India remained firm
- Production normalized because procurement difficulties were solved and revenue grew substantially on a global basis.

### SWOT analysis of business

#### Strengths: Strengths of our business and differentiation

- Power electronics technology and high-efficiency motor technology
- Control and sensing technologies based on motor drives developed over many years
- Knowledge of how machines and facilities are used (applications) based on system engineering
- Worldwide sales and service bases, development centers, and production plants

#### Opportunities: Business opportunities

- Expansion of energy conservation promotion policies in each country based on the sustainability codes (SDGs, carbon neutral, etc.)
- Accelerate factory automation including 5G and IoT
- Enhancing the performance of industrial equipment through AI, etc.
- Rise of market in emerging countries
- Enhancement of high-efficiency motor regulations

#### Weaknesses: Challenges

- Creating added value for customer machines
- Improvement of development speed including new technologies
- Improvement in cost competitiveness
- In-house production of main parts
- Reducing the impact of global shortages of materials

#### Threats: Business risks

- Geopolitical risks in Russia and China
- Movement toward in-house production by some customers
- High dependence on specific markets such as oil and gas markets
- Rise of emerging market competitors
- Modification of renewable energy-related systems and grid-connected regulations

### Future initiatives based on SWOT analysis results

- Accelerate deployment of high-value-added products and solutions for emerging economies, particularly in Southeast Asia
- Enhance QCD (Quality, Cost, Delivery) of technologies and products by fully utilizing the functions of YASKAWA Technology Center
- Realization of BCP through review of component, substrate, and product supply systems and expansion of in-house production of parts
- Increase the revenue ratio of stable growth markets (HVAC\*, elevators, etc.) by capturing energy conservation demand

\*Heating, Ventilation and Air Conditioning

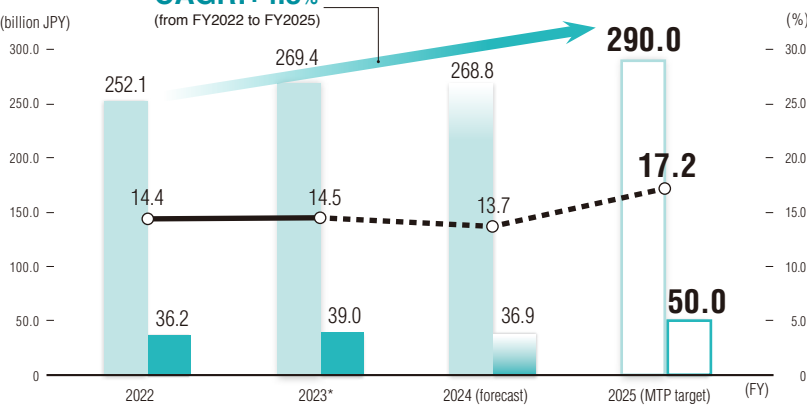
### Goals of mid-term business plan “Realize 25”

“Evolution of global business” and “business growth in line with carbon neutrality”

#### Market size and CAGR (from 2022 to 2025)

	FY2022	FY2025
Market size	Approx. 1.8 tn. JPY	Approx. 2.1 tn. JPY
CAGR	+4.7%	

#### Trends in performance, forecast and target of mid-term plan (Motion Control segment)



\* Figures reflect the reclassification (from FY 2024) of information on PV inverter from the System Engineering segment to the Motion Control segment.

### FY2023 results and future initiatives

	FY2023 results	FY2024 initiatives	FY2025 goals
Development	Enhancement of product lineup of Yaskawa AC drive series	Enhancement of product lineup of Yaskawa AC drive series	Completion of product lineup of Yaskawa AC drive series Development of flagship devices to create customer value
Production	Eliminate backlogs by maximizing production Expand in-house production	Expansion of production automation Expand in-house production	Expand demand area production Expand in-house production
Sales	Increase revenues in global focus segments (US HVAC market, Chinese semiconductor/rechargeable battery market) Capture energy conservation demand through carbon neutral proposals	Expansion of domestic share of power conditioners by proposing self-consumption	Strengthen global customer responsiveness Expand sales opportunities for green products by accelerating energy conservation proposals

#### TOPICS

#### Launched Yaskawa AC drive series, “GA700 series” with large capacity

Yaskawa AC drive series, “GA700 series” which was commercialized in November 2015 expanded 400 V-class capacity lineup from 0.4~355 kW to 0.4~630 kW and launched on October 19, 2023.

The expansion of the large capacity models allows GA700 to be used in a wider range of applications, including large-scale general industrial machinery (large cranes, compressors, etc.) and equipment. It is also significantly smaller and lighter than conventional models. For example, the 630 kW model reduces the installation area by 40% and the weight by 35%, enabling effective use of factory space. Furthermore, the maximum output voltage has been improved, contributing to the control of motor current.



GA700 series

Business Strategy



Robotics



Manabu Okahisa  
Senior Executive Officer  
General Manager, Robotics Div.  
Department Manager, Business  
Planning Dept., Robotics Div  
Regional Manager, China

Role of robots in manufacturing

Industrial robots are used to automate welding, painting, assembly and transportation in various fields, including the automotive market. In recent years, against the backdrop of global labor shortages, demand has been increasing in general industrial fields such as the food, medical, pharmaceuticals, and 3C (computers, consumer electronics and communications equipment.)

Going forward, the demand for automation of the manufacturing sites is expected to grow in response to the sophistication of manufacturing, such as data utilization

and variable-mix variable-volume production. In this context, Yaskawa will contribute to further automation and optimization at manufacturing sites by providing solutions based on the “i<sup>3</sup>-Mechatronics” concept. In December 2023, we launched “MOTOMAN NEXT series,” an autonomous robot, as a new automation solution in areas where robots have traditionally been difficult to apply and we are working to create value for a wider range of customers than ever before.

Overview of FY2023 performance

- In the general industry, while investment was sluggish in China, investment in advanced production and automation remained firm mainly in Europe and the United States against the backdrop of rising labor costs and labor shortages.
- In the automobile market, revenue increased due to the contribution of large-scale EV related projects in South Korea and Europe.
- Despite strong performance in the automotive and general industry sectors, volume did not recover as expected in the semiconductor market, resulting in an increase in revenue and decrease in profit overall.

SWOT analysis of business

**Strengths:** Strengths of our business and differentiation

- Improved performance and evolving solutions through in-house production of motion control products (servo motors, drives, and controllers) that are the most important for robot performance
- Providing the cross-divisional solution based on the i<sup>3</sup>-Mechatronics concept
- Cross-business development system utilizing YASKAWA Technology Center
- Global sales, production and service bases

**Opportunities:** Business opportunities

- Expansion of automation needs in a wide range of fields
- Manufacturing innovation in the automotive industry (including the adoption of EVs and eco-friendly system)
- Advances in robot-related technologies

**Weaknesses:** Challenges

- Strengthening adaptability to rapid changes in demand in production

**Threats:** Business risks

- Global shortage of materials and rising material costs
- Decline in demand for capital investment due to geopolitical risks
- Rise of emerging manufacturers

Future initiatives based on SWOT analysis results

- Further evolution of the production system which is flexible to the volume fluctuations realized at the mother plant, and its expansion to overseas production bases
- Corporate-wide enhancement of supply chain strategy and expansion of in-house production
- Proposing high-value-added Yaskawa solutions based on the i<sup>3</sup>-Mechatronics concept and strengthening partnership with strategically developed products



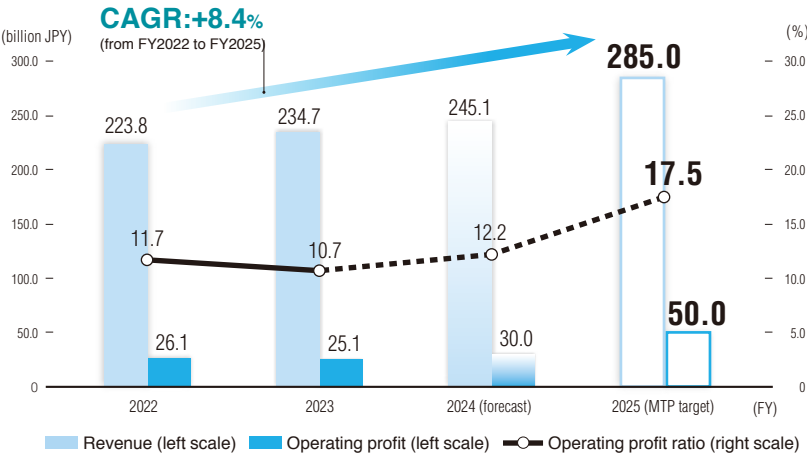
Goals of mid-term business plan “Realize 25”

Work to expand the field of automation that will contribute to a sustainable society through the actual deployment of “i<sup>3</sup>-Mechatronics” solutions, and strengthen business execution capabilities by accelerating its internal implementation and realize the world’s top profit structure

Market size and CAGR  
(from 2022 to 2025)

	FY2022	FY2025
Market size	Approx. 1.4 tn. JPY	Approx. 1.8 tn. JPY
CAGR	+7%	

Trends in performance, forecast and target of mid-term plan



FY2023 results and future initiatives

	FY2023 results	FY2024 initiatives	FY2025 goals
Development	● Launch of MOTOMAN NEXT and expansion of partners	● Expand success cases and product evolution of MOTOMAN NEXT	● Expansion of MOTOMAN NEXT lineup and development of business channels
Production	● Launch of new machining plant to improve internal manufacturing rate ● Global expansion of mother plant initiatives	● Capturing profits by in-house production at a new machining plant ● Reducing labor and improving productivity by expanding initiatives of mother plants	● Construction of integrated production system from parts to assembly as a mother factory ● Strengthen global production
Sales	● Increase orders through providing accurate solutions to collaborative robot, EV, and semiconductor markets	● Developing solutions capturing trends in collaborative robot, EV, and semiconductor markets	● Expand the automation fields by enhancing solutions for collaborative robots, EV, and semiconductor markets

TOPICS

“MOTOMAN NEXT series,” autonomous next-generation robots, launched for the first time in the industry

We launched “MOTOMAN NEXT series” (5 models with payloads of 4 kg, 7 kg, 10 kg, 20 kg and 35 kg) which is an autonomous next-generation robot that adapts to its surroundings and makes decisions, for the first time\* in the industrial robot industry in December 2023. In recent years, the number of industrial robots introduced has continued to expand due to improvements in basic robot performance and advances in application technology. On the other hand, a lot of “unautomated areas” even now remain where workers make judgments and do tasks involving elements such as indefinite state, shape, and size of items, changes in work order, and interruptions. “MOTOMAN NEXT series,” challenging automation of the “unautomated areas,” can complete tasks in an optimal method by understanding the situation and making judgments and plans. It also provides an open platform that embeds customer and partner expertise to build solutions. This will accelerate automation in industries such as food, logistics, and agriculture, including the FA field, and lead to solutions for social issues such as labor shortages.



MOTOMAN NEXT series

\* Estimate by Yaskawa, among major robot manufacturers



Business Strategy



System Engineering



Masaki Yagita  
President and CEO  
YASKAWA Automation & Drives  
Corporation

Overview of System Engineering business

In the System Engineering segment, we have developed system engineering technologies and electrical products over many years. This contributes to the high productivity and stable operation of steel plants, water treatment plants, large crane control, and industrial plants (textile, paper, film lines, etc.). We provide total solutions with advanced system technologies and high-quality products, and contribute to building reliable social and industrial systems, comfortable lifestyles, and a sustainable society.

\* In FY2024, the environmental energy business, including PV inverter, was integrated with the Drives business in the Motion Control segment.

Overview of FY2023 performance

- Revenue increased due to strong sales of PV inverters and port cranes overseas
- Operating profit increased significantly as a result of increased revenue and business restructuring (sale of shares of a subsidiary related to large-scale wind power generation)

SWOT analysis of business

Strengths: Strengths of our business and differentiation

- Achievements in the field of electric systems for water supply and sewage and system technology development capabilities
- 100% domestic share of systems for blast furnaces in steel plants
- Share higher than 50% in port crane market in Japan, China and Southeast Asia
- Top-class share in Japan in the industrial electric business including film, textiles, and paper machinery

Opportunities: Business opportunities

- Accelerated efforts to achieve carbon neutrality
- Need for labor-saving and high-efficiency electricity systems for water and sewage systems using IoT, AI
- Increasing demand for lithium-ion battery production facilities
- Full automation and remote operation of port cranes

Weaknesses: Challenges

- Improvement in cost competitiveness
- Improvement in product development speed
- Creating business synergies by integrating systems businesses
- Building optimal overseas systems for growth areas (Secondary battery and crane)

Threats: Business risks

- Concerns over project delays and cancellations due to rising prices of materials and procurement difficulties in building equipment and facilities
- Intensifying cost competition
- Decline in infrastructure investment in Japan

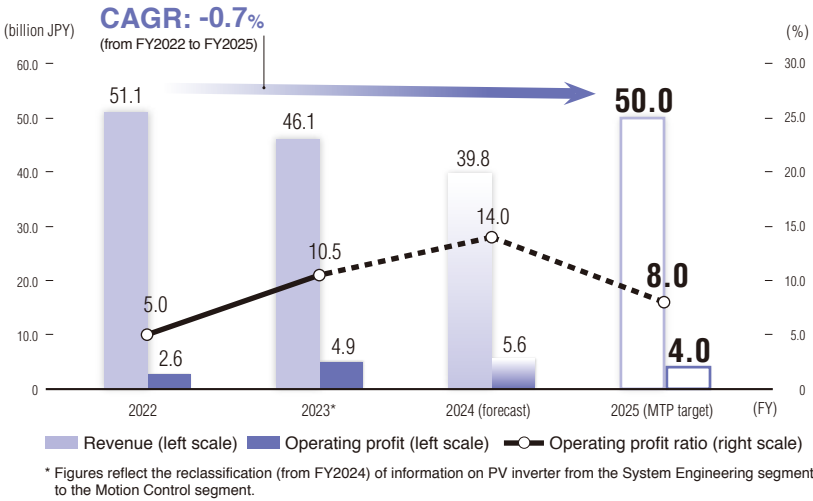
Future initiatives based on SWOT analysis results

- Improvement of profitability through optimization of procurement, production structure and cost structure and introduction of new products
- Improvement of technological capabilities and development speed utilizing YASKAWA Technology Center
- Expansion of market and customer base and development of new business
- System response to customer manufacturing processes to achieve carbon neutrality in the steel market
- Strengthening our business structure toward secondary battery manufacturers in China and Japanese companies in the growing materials market
- Capturing large-scale investment projects in port cranes in Southeast and South Asia
- Securing profits by building efficient production systems and in-house production of high-value-added products (Drive panel for cranes and motor)

Goals of mid-term business plan “Realize 25”

Maximize added value and generate stable profits by pursuing engineering technologies to solve production issues and collaborating with customers to create system solutions to realize production innovation.

Trends in performance, forecast and target of mid-term plan



FY2023 results and future initiatives

	FY2023 results	FY2024 initiatives	FY2025 goals
Development	<ul style="list-style-type: none"><li>Completion of evaluation of the integrated controller</li><li>Start of module application for drive panels</li></ul>	<ul style="list-style-type: none"><li>Commercialization of automation functions for port cranes</li></ul>	<ul style="list-style-type: none"><li>Complete development of integrated controller STEP1</li><li>Complete verification of vision system for cranes at domestic ports</li></ul>
Production	<ul style="list-style-type: none"><li>Design and manufacturing CAD automatic design and modularization</li></ul>	<ul style="list-style-type: none"><li>Completion of design and manufacturing database development</li></ul>	<ul style="list-style-type: none"><li>Implementation of design and manufacturing database for efficient production of drive panels</li></ul>
Sales	<ul style="list-style-type: none"><li>Co-creation of carbon neutral technology with customers</li><li>Start of development of vision sensor system</li></ul>	<ul style="list-style-type: none"><li>Receiving orders for projects related to carbon neutral testing</li><li>Completion of crane automation project</li></ul>	<ul style="list-style-type: none"><li>Acquisition of project by actual application of carbon neutral technology</li><li>Acquisition of orders for Asian automated port cranes</li></ul>

TOPICS

Launched “FSDrive-LIP series,” low-voltage inverter drives for systems

We have always strived to improve the performance and functionality of inverter drives for systems from the customer’s point of view with uncompromising quality.

FSDrive-LIP series is an inverter drive for high-performance systems that inherits the know-how, while realizing further space-saving and expanding the lineup of large capacity. It contributes to improving the added value of customers’ machinery and equipment with cutting-edge motor control technology.



FSDrive-LIP series

Features

- Optimized structure saves space and maintenance  
Volume and footprint are reduced by approximately 50% compared to conventional models
- Adoptable for 1200-2000 kW high-capacity output
- Predictive diagnosis of the life of parts in power modules enables planned parts replacement
- Regenerative converter and inverter power modules are in the same unit, which standardize spare parts

Message from the Chairman of the Board of Directors

Achieving Sustainable Growth by Continuing to Contribute to the Development of the Future Society



Hiroshi Ogasawara  
Representative Director,  
Chairman of the Board

Achieving Yaskawa principles by continuing business in line with the direction of social development

Yaskawa Principles set the purpose of the Yaskawa Group as “contributing to the development of society and the welfare of humankind through business activities.” In order to achieve social sustainability, I personally believe that continuing to contribute is the most important thing, and I am constantly thinking about how the Yaskawa Group should contribute to the development of the future society.

As chairperson of the Yaskawa Group, I have come to be responsible for liaising with companies in different industries, national and local governments as well as academia such as universities. I feel that it is important to grasp the broad trends of the world through such external activities, and to let people know about the Yaskawa Group and strengthen relationships between organizations.

With regard to profit, which is one of the values set forth in Yaskawa Principles, I would like to emphasize the need to continue producing an appropriate level. To that end, it is essential to continue to develop businesses that capture the direction of social development. In pursuing this goal and achieving further growth for the Yaskawa Group, the challenges are how to understand and address the markets for the industry’s first autonomous robot, MOTOMAN NEXT, released in December 2023, and the AI-related market that lies beyond that, and how to expand the scope covered by our solution concept, i<sup>3</sup>-Mechatronics. This will require not only the diversity of people involved in the Yaskawa Group’s businesses, but also a growing need for a climate within the Yaskawa Group that embraces diversity and encourages active participation.

Results of the Board of Directors in FY2023

At the Board of Directors meeting in FY2023, the number of directors was slimmed down from 13 to 10. This led to active discussions based on the roles played by each director’s background and revitalized the Board of Directors. Another major achievement was the effective use of the Board of Directors Opinion Meeting, which was held on a regular basis with themes set throughout the year, and the ability to share information with outside directors about the current status and issues regarding the Group from various perspectives, enabling deeper discussions.

Two-way communication creates an open corporate culture

I personally believe that openness is important for maintaining good governance. The ES Questionnaire, which we started with my own thoughts in 2017, has become a unique mechanism for fostering an open corporate culture by enabling two-way communication between employees and management on various company topics. The challenge going forward is to build an open corporate culture on a global basis. While we actively provide face-to-face education on Yaskawa Principles in each region, we will foster an open corporate culture tailored to the characteristics of each region and further enhance our corporate value as a global company.

I appreciate our stakeholders’ continued support.

Corporate Governance

Basic Approach to Corporate Governance

Yaskawa Electric recognizes the importance of corporate ethics based on compliance with laws and regulations and considers it an important issue to enhance corporate value by speeding up management decision-making in response to changing social and economic environments and improving management soundness.

To achieve this, we will build good relationships with our stakeholders, including shareholders, customers, business partners, local communities, and employees. We will also further strengthen our current institutions, including

the General Meeting of Shareholders, Board of Directors, Audit and Supervisory Committee, and Accounting Auditor, while enhancing corporate governance.

For our shareholders and investors, we will strive to disclose information promptly and accurately, and at the same time, enhance management transparency by disclosing a wide range of information.

Yaskawa has established the Yaskawa Electric Corporate Governance Policy, which sets forth its basic views on corporate governance, and discloses it on the website.

History of Initiatives to Enhance Corporate Governance

In order to improve the effectiveness of the Board of Directors and other organizations in order to enhance corporate value in a sustainable manner, Yaskawa has developed a governance system by strengthening both

offensive and defensive governance based on Yaskawa’s distinctive business situation. We will continue to pursue the best for Yaskawa, enhance management transparency, and further enhance corporate governance.

History of initiatives to enhance corporate governance

Fiscal year		FY2012-2014	FY2015-2017	FY2018-2023
Main measures		<p><b>FY2012</b></p> <ul style="list-style-type: none"><li>Adoption of executive officer system</li><li>Number of Directors was reduced to 12 from 20</li></ul> <p><b>FY2014</b></p> <ul style="list-style-type: none"><li>Compensation Advisory Committee established</li></ul>	<p><b>FY2015</b></p> <ul style="list-style-type: none"><li>Transition to a company with Audit and Supervisory Committee</li><li>Nomination Advisory Committee established</li></ul> <p><b>FY2016</b></p> <ul style="list-style-type: none"><li>Evaluation of the effectiveness of the Board of Directors commenced</li></ul>	<p><b>FY2018</b></p> <ul style="list-style-type: none"><li>More than 1/3 of the board of directors are independent outside directors</li></ul> <p><b>FY2019</b></p> <ul style="list-style-type: none"><li>Disclosed skill matrix of the board of directors</li></ul> <p><b>FY2020</b></p> <ul style="list-style-type: none"><li>Determination of basic policies for executive compensation</li><li>Established Corporate Governance Policy</li></ul> <p><b>FY2021</b></p> <ul style="list-style-type: none"><li>Established Sustainability Policy</li></ul> <p><b>FY2022</b></p> <ul style="list-style-type: none"><li>Commenced the Board of Directors’ opinion exchange meeting</li></ul>
Aim and purpose		<ul style="list-style-type: none"><li>Faster and more efficient management decision-making and execution</li><li>Ensuring the appropriateness and transparency of executive compensation</li></ul>	<ul style="list-style-type: none"><li>Strengthening of offensive and defensive governance</li><li>Ensuring transparency and fairness in nomination of director candidates</li><li>Improving the functions of the Board of Directors to increase corporate value</li></ul>	<ul style="list-style-type: none"><li>Improving the independence and objectivity of the Board of Directors</li><li>Enhancement of information disclosure</li><li>Contributing to the realization of a sustainable society in addition to improving corporate value</li><li>Deepening the understanding of the business of outside directors to further improve the effectiveness of the Board of Directors</li></ul>
Institution establishment		Company with Board of Corporate Auditors	Company with Audit and Supervisory Committee	
Composition of the Board of Directors	Internal	6	8*	6*
	Independent outside (Female)	1	3*	4* (2)
Composition of Audit and Supervisory Committee (Up to FY2014, data indicated as “Board of Corporate Auditors”)	Internal	2	2	2
	Independent outside (Female)	2	3	4 (2)

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



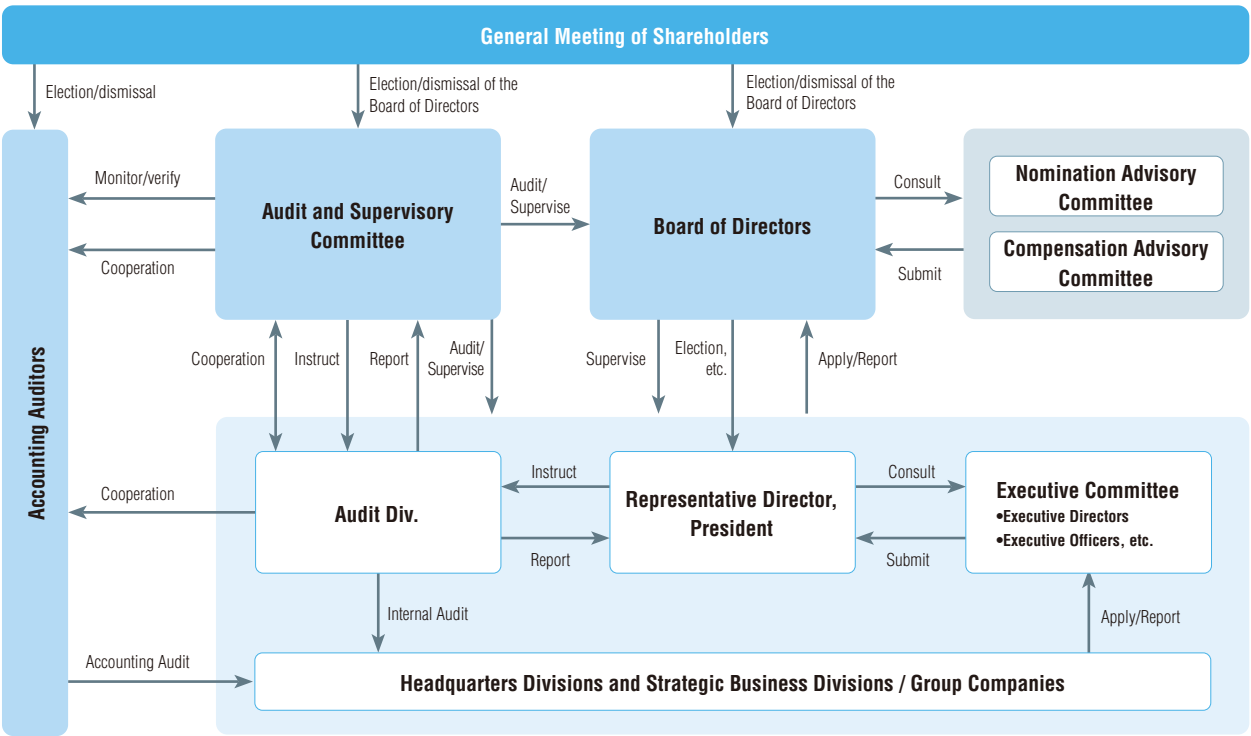
Corporate Governance

Corporate Governance System

Yaskawa Electric has adopted a corporate structure with an Audit and Supervisory Committee in order to further strengthen the oversight function of the Board of Directors over management and corporate governance, as well as to enhance the soundness and efficiency of management. The Company believes that the supervisory function of the Board of Directors will be further enhanced by utilizing the legal functions of Audit and Supervisory Committee Members, such as the ability of Audit and Supervisory Committee Members as directors to exercise voting

rights at the Board of Directors on important matters of the Company, such as the appointment and dismissal of Representative Directors, and the ability to examine the results of the execution of business by Executive Directors and to express opinions at the General Meeting of Shareholders on the appointment, dismissal and remuneration of Executive Directors. In addition, the Company has introduced an executive officer system to separate management decision-making and business execution functions, enhance each function, and speed up business execution.

Corporate governance structure



Board of Directors

In addition to the regular meetings of the Board of Directors, the Board of Directors convenes extraordinary meetings as necessary to decide on important matters related to management and matters stipulated by laws and regulations, and to supervise the status of business execution on an ongoing basis. In deliberations by the Board of Directors, Outside Directors fully understand the current status of Yaskawa based on information submitted or reported by the Internal Audit and Control Division, Corporate administration operations and other functions, and the Accounting Auditor provide advice and proposals based on their respective knowledge, thereby fulfilling appropriate supervisory functions. The Board of Directors met 13 times in FY2023.

Audit and Supervisory Committee

The Audit and Supervisory Committee fully understands the current status of Yaskawa Electric based on information reported by the Internal Control Division, the Internal Audit Division, and the head office business divisions, while full-time Audit and Supervisory Committee Members conduct audits based on actual inspections. In addition, the Audit and Supervisory Committee carries out duties in cooperation with the Accounting Auditor, and monitors and verifies the duties of the Accounting Auditor. The Audit and Supervisory Committee met 14 times in FY2023.

Executive Committee

Among matters decided by the Board of Directors, discussions are held on matters that require prior consultation and important decisions for business execution. Executive Committee meetings are held once a month in principle, but are held on an extraordinary basis if necessary.

Nomination Advisory Committee

The Nomination Advisory Committee, of which the majority are independent outside directors, has been established under the Board of Directors to ensure the transparency and fairness of the nomination of director candidates, the selection process of representative directors and officers, etc., and to ensure a forum for outside directors to obtain sufficient information and discuss to form opinions on the nomination of director candidates, etc. When submitting proposals regarding the nomination, etc. of director candidates, etc. to the Board of Directors, the details thereof shall be fully reflected upon the report of the Committee. The Nomination Advisory Committee met 2 times in FY2023.

Compensation Advisory Committee

The Compensation Advisory Committee consisting of a majority of independent outside directors is established under the Board of Directors to ensure the appropriateness and transparency of the remuneration of directors (excluding directors who are Audit and Supervisory Committee Members) and executive officers through fair deliberations, and to ensure a forum for outside directors to obtain sufficient information and discuss the remuneration in order to form opinions. When submitting a proposal on remuneration for directors and officers to the Board of Directors, the Company deliberates on the remuneration for directors and officers calculated in accordance with the remuneration rules and other matters necessary for remuneration for directors and officers from the viewpoint of appropriateness, and after receiving a report from this Committee, fully reflects the contents of the proposal. The Compensation Advisory Committee met 2 times in FY2023.

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

Name (Age)	Attributes	Structure			
		Board of Directors	Audit and Supervisory Committee	Nomination Advisory Committee	Compensation Advisory Committee
Hiroshi Ogasawara (68)		◎		○	
Masahiro Ogawa (59)		○		◎	○
Shuji Murakami (65)		○			○
Yasuhiko Morikawa (61)		○			
Takeshi Ikuyama (60)		○	◎		
Toshikazu Koike (68)	Outside Independent	○	○	○	◎
Kaori Matsuhashi (54)	Outside Independent	○	○	○	○
Keiji Nishio (65)	Outside Independent	○	○	○	
Yaeko Hodaka (58)	Outside Independent	○	○		○

◎ Chairperson ○ Member  
\* The ages are as of May 29, 2024, at the 108th Annual General Shareholders Meeting.

Independence Standards and Terms of Office for Outside Directors

Individuals who are NOT applicable to any of the following items can be appointed as independent outside directors, with regards to the independence standards set by the Financial Instruments Exchange.

- Nominees have worked for an organization that holds 10% or more of the company's stock, either now or within the past three business years.
- Nominees have worked for the company's main bank or the major group borrowers as described in the most recent business report, now or within the last three business years.
- Nominees have worked for the company's Lead Managing Underwriter at the time of writing or within the last three business years.
- Nominees have worked for an organization with which the amount of transactions exceeds 1% of consolidated revenue (consolidated net sales) of the

company or the counterparty.

- Nominees have worked for the accounting firm of the company either now or within the past three business years.
- The eligible individual has received more than 10 million yen in annual compensation, etc., from the company for consulting or advisory contracts such as laws, accounting, taxation, etc., at the present or within the past three business years.
- During the past three business years or now, nominees have worked for organizations including individuals that received more than 10 million yen in annual donations from the company.

In addition, the basic term of office as an outside director of our company is 4 years, and it may be extended for an additional year if there are unavoidable business reasons.

Corporate Governance

Selection Process of Director Candidates and Development of Succession Plan

The Nomination Advisory Committee, which consists of a majority of Independent Outside Directors, deliberates on the candidates for Directors, taking into account the diversity and the following areas of expertise, knowledge and abilities that the Board of Directors as a whole should

possess in order to lead and supervise management in light of the unique business conditions of the Group.  
The Nomination Advisory Committee also deliberates on the succession plan and selects and narrows down candidates while discussing overall policies.

Field of capability that Yaskawa expect each director to demonstrate

Name (Age)		Field of capability that Yaskawa expect each director to demonstrate							● Male ○ Female
		Corporate management/ Management strategy	ESG/ Sustainability	Finance/ Accounting	Legal	Sales/ Marketing	Manufacturing/ R&D and DX	Global	
Hiroshi Ogasawara	(68)	●	●			●	●	●	●
Masahiro Ogawa	(59)	●	●			●	●	●	●
Shuji Murakami	(65)	●	●	●	●			●	●
Yasuhiko Morikawa	(61)	●	●	●	●			●	●
Takeshi Ikuyama	(60)	Audit and Supervisory Committee Member	●					●	●
Toshikazu Koike	(68)	Audit and Supervisory Committee Member Outside Independent	●	●		●		●	●
Kaori Matsuhashi	(54)	Audit and Supervisory Committee Member Outside Independent	●	●	●			●	○
Keiji Nishio	(65)	Audit and Supervisory Committee Member Outside Independent	●	●		●	●	●	●
Yaeko Hodaka	(58)	Audit and Supervisory Committee Member Outside Independent	●	●		●		●	○

(Note) The table above does not cover all the expertise each Director possesses.  
\* The ages are as of May 29, 2024, at the 108th Annual General Shareholders Meeting.

Key Themes and Results of Initiatives at the Board of Directors Meeting

Main items of review by the Board of Directors in FY2023

- Reports and deliberations on the progress of the Mid-Term Business Plan “Realize 25” and the status of business execution during the fiscal year under review
- Reports and deliberations on the operational status of the internal control system, including business effectiveness and efficiency, legal compliance, information management, and crisis management
- Reports and deliberations on the status of efforts to address sustainability issues, including environmental initiatives
- Reports and deliberations on the evaluation of the effectiveness of the Board of Directors

Evaluation of the effectiveness of the Board of Directors

(1) Methods of analysis and evaluation

In FY2023, Yaskawa conducted an anonymous questionnaire to all directors, including members of the Audit and Supervisory Committee. This questionnaire consists of evaluation items related to the size, composition, and management of the Board of Directors, the performance of Board functions, management of business plans, support systems for outside directors, and overall management, including management issues and system strengthening.

(2) Summary of evaluation results

As a result of this questionnaire, more than 80% of the answers were affirmative as a whole. Based on the following

points and other positive evaluations, we have judged that the effectiveness of Yaskawa’s Board of Directors has been generally ensured.

- Several independent outside directors have been appointed as the composition of the Board of Directors, and an appropriate system has been established for both size and composition.
- An environment has been secured in which independent outside directors can speak freely at the Board of Directors.

On the other hand, as items that were identified as requiring improvement, the Company is considering measures to ensure that discussions at a higher level are held at meetings of the Board of Directors, etc., such as enhancing discussions on the allocation of management resources and enhancing the content of deliberations by the Nomination Advisory Committee.

(3) Future initiatives

As described above, we evaluate that the Board effectiveness has been secured at present. In order to further improve the effectiveness of the Board of Directors, we have recognized various issues, including further discussions from a medium- to long-term perspective, and will take measures based on this point to further improve the effectiveness.

Third-party analysis, evaluation, and improvement recommendations are scheduled to be used about once every 3 years, and were conducted in FY2021. In other years, anonymous questionnaires will be conducted as before.

Directors’ Compensation

Basic policy on directors’ compensation

With the aim of continuously increasing corporate value and strengthening competitiveness, directors’ compensation at Yaskawa is designed to maintain a level of compensation that secures talented human resources and provides incentives for short-term, medium- to long-term performance improvement.

Basic policy for performance-linked compensation  
i) Single-year compensation

In order to raise awareness of the continuous improvement of profits as a whole, compensation will be paid according to the profit performance of the previous year.

ii) Medium- and long-term compensation

Raise awareness of improving corporate value over the medium to long term and share benefits with stakeholders.

Composition of directors’ compensation

Directors (excluding directors who are Audit and Supervisory Committee Members)

a. Directors (excluding outside directors)

It consists of basic remuneration, which is fixed remuneration, performance-linked remuneration (single-year remuneration) and stock remuneration (medium- to long-term remuneration), which are linked to business performance. The setting of this index for stock-based compensation incorporates the Company’s TSR relative to TOPIX and ESG targets, in addition to business performance.

b. Outside Directors

It consists of basic compensation and stock compensation.

Directors who are Audit and Supervisory Committee Members

It consists of basic compensation and stock compensation.

Remuneration to Directors (excluding Audit and Supervisory Committee Members)

1. Basic compensation

At the 99th Ordinary General Meeting of Shareholders held on June 18, 2015, a resolution was passed to set a fixed limit of 430 million yen or less for the basic remuneration of Directors. Details are as follows.

Directors (excluding outside directors)

As directors assume the responsibility of improving corporate value, a certain amount will be paid according to the performance evaluation and position of each Director.

Outside Directors

Outside directors are responsible for supervising the execution of duties, so an amount fixed in advance is paid.

2. Performance-linked compensation

The maximum amount of performance-linked remuneration (single-year remuneration) for directors was resolved as follows at the 99 Annual General Meeting of Shareholders held on June 18, 2015.

Directors (excluding outside directors)

In order to clarify the linkage with consolidated business results, the amount shall be no more than 1.0% of profit attributable to owners of the parent company of the previous fiscal year of the general meeting of shareholders elected or reappointed. The amount of remuneration for each director is calculated by taking into account the relative results to Yaskawa’s business results from the standard deviation based on operating profit rate, operating profit growth rate and ROA of other companies in the same industry.

Outside Directors

Performance-linked compensation is not provided.

3. Stock compensation (medium- to long-term compensation)

The Board Benefit Trust (BBT), a stock compensation system for directors, is a stock compensation system linked to the achievement of performance indicators in mid-term business plan. As a result, directors share not only the benefits of rising stock prices but also the risk of falling stock prices with shareholders, thereby encouraging directors to improve the medium- to long-term business performance and their motivation to increase corporate value. At the 105th Annual General Meeting of Shareholders held on May 26, 2021 it was resolved as follows:

Directors (Excluding outside directors.)

Please refer to “evaluation indicators and formulas for stock-based compensation for Directors (excluding Outside Directors)” on page 79 for evaluation indicators used to calculate stock-based compensation under the mid-term business plan “Realize 25” from FY2023 to FY2025. Stock-based compensation is calculated based on achievement coefficients and other factors corresponding to the target values of each evaluation indicator.

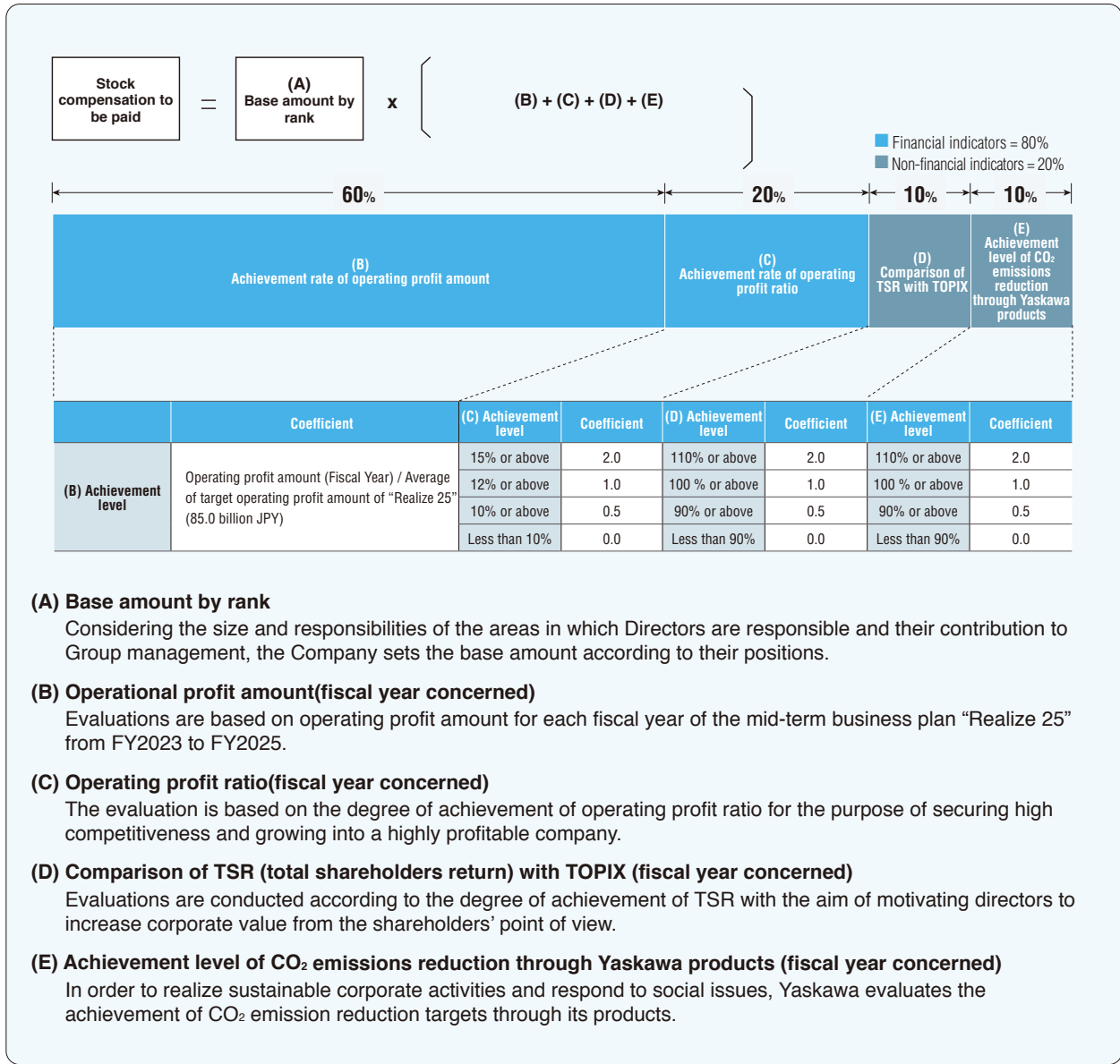
Outside Directors

A predetermined number of points will be awarded based on the assumption that mid-term business plan goals are achieved (not linked to performance).



Corporate Governance

Evaluation indicators and formulas for stock-based compensation for Directors (excluding Outside Directors)



4. Policy on the proportion of each remuneration

• Directors (excluding outside directors)

Performance-linked compensation (single-year compensation) and stock compensation (medium- to long-term compensation) are designed so that any improvement in performance is returned as compensation without any upper limit. For this reason, if the performance of the indicators used as the basis for calculation is good, the ratio of basic compensation is relatively small. On the other hand, if the performance of the indicators used as the basis for calculation is poor, the ratio of basic compensation is relatively large.

• Outside Directors

From the perspective of independence, performance-linked compensation will not be paid, and base compensation as well as non-performance-linked stock compensation only when performance targets are achieved will be paid. The proportion of outside directors' remuneration shall be as follows.

(a) In the event that stock compensation does not accrue

Basic compensation: Stock-based compensation = 100%: 0%

(b) When stock compensation is generated (when stock compensation is maximum)

Basic compensation: Stock-based compensation = 75%: 25%

Remuneration of Audit and Supervisory Committee members

1. Basic compensation

The maximum amount of basic remuneration for Directors who are the members of the Audit and Supervisory Committee was fixed at a maximum of 150 million yen per year and resolved at the 104th Ordinary General Meeting of Shareholders held on May 27, 2020.

2. Stock compensation

The Board Benefit Trust (BBT) for Directors who are Audit and Supervisory Committee Members is a stock compensation paid based on the assumption that mid-term business plan goals are achieved, in light of the fact that Directors who are Audit and Supervisory Committee Members perform monitoring functions such

as management performance in order to ensure the achievement of mid-term business plan in addition to the functions of supervising business execution. In order to share value with shareholders, this remuneration is paid as a stock remuneration. The number of shares to be paid to Directors who are Audit and Supervisory Committee Members is not linked to business performance, and the value of the remuneration is linked only to Yaskawa's stock price, thereby eliminating the impact on the functions of supervising business execution of Directors who are Audit and Supervisory Committee Members.

The following resolution was adopted at the 105th Annual General Meeting of Shareholders held on May 26, 2021.

- A predetermined number of points will be awarded on the assumption that mid-term business plan goals are achieved (not linked to performance).

Methods of determining directors' compensation

The maximum amount of total remuneration for Directors (excluding directors who are Audit and Supervisory Committee Members. Hereinafter referred to as "Directors".) and Directors who are Audit and Supervisory Committee Members (hereinafter referred to as "Audit and Supervisory Committee Members".) is determined by resolution of the General Meeting of Shareholders. The remuneration of each Director is determined by the Board of Directors after deliberation by the Compensation Advisory Committee on the amount of remuneration calculated in accordance with the Officers' Compensation Regulations,

etc. The remuneration of each Audit and Supervisory Committee Member is determined through consultation with the Audit and Supervisory Committee.

In addition, Yaskawa has established the Compensation Advisory Committee, of which the majority are independent outside directors, under the Board of Directors to ensure the appropriateness and transparency of compensation for directors and executive officers through fair deliberation.

With regard to the stock compensation system for Directors and Audit and Supervisory Committee Members, shares are scheduled to be paid to Eligible Directors upon retirement in accordance with the Officers' Share Benefit Rules.

Total amount of compensation, etc. by Director category, total amount of compensation, etc. by type, and number of applicable directors (FY2023)

Director category	Number of directors	Total amount of compensation (millions of yen)			
		Monetary compensation		Non-monetary compensation	
		Basic compensation	Performance-linked compensation	Stock-based compensation	
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	6	547	224	259	63
Directors who are Audit and Supervisory Committee Members (excluding outside directors)	3	61	61	—	—
Outside Directors	7	68	68	—	—

(Note) The above includes 2 Directors (excluding Directors who are Audit and Supervisory Committee), 1 Director who was an Audit and Supervisory Committee Member, and 3 Outside Directors retired at the conclusion of the 107th Annual General Shareholders Meeting held on May 24, 2023.

## Messages from Outside Directors

### IR/SR Activities and Sustainability Management to Achieve Sustainable Enhancement of Corporate Value

At the Board of Directors Opinion Exchange Meeting held on June 19, 2024, Hayashida, General Manager of Corporate Branding Div., shared the Company's recent IR/SR activities, views of the stock market, and opinions from shareholders and investors, and then the discussion with the Directors was held about the topic.

Based on this, we received comments from outside directors on their evaluation of Yaskawa's IR/SR activities and sustainability management to achieve sustainable enhancement of corporate value, and their contribution to Yaskawa's management based on the opinions from shareholders and investors.



Ayumi Hayashida

Senior Executive Officer  
General Manager, Corporate Branding Div.



Toshikazu Koike

Outside Director, Member of the Audit and Supervisory Committee

#### IR and SR Activities

Many analysts think that it will be difficult for Yaskawa to achieve operating profit of 100 billion yen in 2025 due to the current difficult business environment. It is necessary to emphasize a positive attitude to continue aiming for goals even in such a difficult environment. I hope that Yaskawa can appeal its innovative image by constantly promoting differentiation from other companies through "i<sup>3</sup>-Mechatronics strategy," successful examples of the AI-powered "MOTOMAN NEXT", and aggressive adoption of advanced technologies beyond that.

It is also important to increase the number of stable shareholders by further focusing on SR activities. I believe that our business performance is going well and that we are communicating well, but it is important to continue to explain not only positive things but also negative things honestly.

#### Sustainability Management

As a manufacturer that is active globally, it is often difficult to explain sustainability all at once, but I think it is good to steadily build an image of a global company that is focusing on promoting women and foreign executives. In addition to our growth strategies for India, ASEAN, and Latin America, which have potential for growth, we can also contribute to sustainability by taking cutting-edge initiatives on global issues such as CO<sub>2</sub> reduction and carbon neutrality.

The products used in FA industry have long product life, and their usage is quite harsh. Given the large share of global power consumption by motors, it would be a good idea to promote the contribution of drives control technology, including the contribution of environmental businesses such as PV inverters. Also, in motion control business, if we can produce environmentally friendly products, it will create a better image.

In addition, companies are all about human resources. It is important to emphasize how much effort we put into human resource education. We can also explain examples of employees who are actively engaged in environmental or social contribution activities, and policies that value women in the phase of increasing female managers.

#### Contribution as an Outside Director

I propose the ideal composition of the Board of Directors and the Nomination Advisory Committee from the perspective of further enhancing the content including members as a whole and discussion. The Nomination Advisory Committee should be chaired by an outside director and reflect the opinions of experienced third parties, including succession plans.

In addition, as the chairperson of the Compensation Advisory Committee, I manage and give advice so that discussions and deliberations can be conducted toward the establishment of a more appropriate compensation system, taking into account the company's situation and the external environment.



Kaori Matsuhashi

Outside Director, Member of the Audit and Supervisory Committee

#### IR and SR Activities

We are developing a large number of products related to AC servo motors, AC drives, and industrial robots, which we have few opportunities to come into direct contact with in our daily lives, and we are expanding our business globally. I feel that it is a very good initiative for regional managers to directly explain the situation at each location, including overseas, and I hope that we will continue to do so. By narrowing down the content that we want to convey and providing a clear explanation, we will be able to promote greater understanding.

In addition, to promote understanding of i<sup>3</sup>-Mechatronics, which is the core of our business model, it will be important for us to explain our vision of the integrated, intelligent, and innovative processes in an even more easy-to-understand manner than before, and to gain understanding and sympathy in order to enhance our corporate value in the future.

As we further strengthen our IR and SR functions in the future, I think it would be even better if we had an opportunity to share the Company's awareness of issues regarding the adequacy of our personnel, skills, and

training system, our future policy, and the structure and modality of our disclosure review.

#### Sustainability Management

The basic concept of our sustainability policy is "to leverage the pursuit of our business to contribute to the advancement of society and the well-being of humankind." The use of AI and the market launch of MOTOMAN NEXT are examples of the realization of our technological capabilities. In order to realize our potential, we need to clearly and visibly present the image of the society we are aiming for, backed by our principles. I believe that the most important thing is to express the materiality we have selected to realize in a more detailed way than ever before, and gain the understanding and sympathy of stakeholders.

#### Contribution as an Outside Director

I feel sympathy for the idea that underlies our business, which is to hone our technological capabilities while truly facing the market and our customers, and then use them for the benefit of our customers. This is an idea that I place importance on in my consulting work. As an executive, a consultant, an auditor, and an outside officer, I have been involved in various organizations with an eye toward international expansion. I believe that adding new perspectives to what is taken for granted internally and continuing to create opportunities for constructive discussions is what I can contribute to.



Keiji Nishio

Outside Director, Member of the Audit and Supervisory Committee

#### IR and SR Activities

At present, institutional investors account for a little over 60% of our shareholders, and given that the sale of cross-shareholdings will continue in the future, the proportion of institutional investors is expected to increase. Therefore, the most important theme of Yaskawa's IR and SR activities is "How to acquire good institutional investors who will hold long-term and provide valuable feedback and insights to management."

At the same time, shareholders' awareness of issues gained through IR and SR activities includes the ratio of outside directors, the ratio of female directors, the operation of the Nomination Advisory Committee, asset turnover, environmental initiatives, quantification of risks and opportunities, disclosure of natural capital, response to stricter regulations in Europe, promotion of women's empowerment, human rights initiatives, and governance. These are

important issues that cannot be avoided in order to further enhance our corporate value. As an outside director, I would like to continue serious discussions.

Investor requests for information disclosure especially those related to ESG are increasing every year, and the topics of dialogue are becoming broader and also more segmented and specialized. We need to ensure close mutual cooperation among our staff in related departments as well as constantly update related systems and knowledge. I believe that IR and SR activities, which integrate them into messages from a bird's-eye perspective, will continue to play an extremely important role in enhancing our corporate value. In addition to diverse skills, abilities, and knowledge, human resources in this important role require a wealth of experience. I hope that various efforts will be made to develop human resources from a mid- to long-term perspective.

#### Sustainability Management

The Sustainability Committee meets twice a year to confirm the status of efforts to address key sustainability issues (materiality) and KPI progress. In the future, we need to evolve our efforts as more comprehensive and strategic



Messages from Outside Directors

initiatives, including information disclosure, from a single company to a group-based approach, and from the Yaskawa Group to the entire supply chain. To this end, it will be important to “involve our group companies and business partners.”

Contribution as an Outside Director

As a representative of shareholders, it is fundamental for outside directors to carry out their duties from the perspective of shareholders. At our Board of Directors, outside directors freely express their opinions, and I feel

that executives sincerely face and answer questions that are difficult to answer in a polite manner. We, outside directors, are seriously examining at a higher level the probability that measures proposed by executives will lead to an increase in corporate value.

With regard to the management succession plan, which is a topic of great interest to investors, I would like to work for the enhancement of the Nomination Advisory Committee so that the suitable persons are selected based on fair standards and appropriate processes while maintaining an objective perspective as an Outside Director.



Yaeko Hodaka  
Outside Director, Member of the Audit and Supervisory Committee

IR and SR Activities

In addition to financial results briefings, information provided by Yaskawa is meticulously tailored for each target and purpose, including briefings for experts who have some knowledge of the industry and want to know details such as the features of new products and how to differentiate Yaskawa from competitors, and basic materials for potential investors who have little knowledge of the Company, such as an investor guide. The information provided by Yaskawa is judged to be extremely useful in meeting a wide range of investor needs. On the other hand, from the perspective of securing stable shareholders in line with the reduction of cross-shareholdings, pension funds and other funds intended for long-term holding are likely to be the target. Given their long-term holding periods, it is necessary to present Yaskawa’s management plan over a longer period than the mid-term plan. We need to communicate clearly and concretely what our goals are over the next 10 years, for example, and how we will achieve them. I greatly appreciate the fact that Yaskawa’s SR activities are independent when many Japanese companies have not yet differentiated their IR and SR activities. In particular, the exercise of voting rights by institutional investors is not necessarily conducted based on formal judgments, and I believe that there are many situations in which the Company can gain understanding by carefully explaining its views and initiatives on each issue. Providing opportunities for discussion on issues of high interest to institutional investors is extremely useful in fostering a relationship of trust between the two parties.

Sustainability Management

Our first priority is to promote the active participation of women. Needless to say, this is an urgent issue. On the other hand, it is actually quite difficult to increase the ratio of women significantly in a short period of time. I think the original purpose of diversity is that the corporate value of a company can only be improved by bringing together people with diverse values. I have worked for more than 20 years at a foreign law firm. Since the time I was working there, many of the top management in the company had been women, and from a global perspective, many of the top executives in each country were women. However, women don’t necessarily create different values than men. I have a feeling that those who followed a similar educational and work history and followed a similar “course” to get promoted have the same sense of values regardless of gender. Diversity of values depends more on other factors than gender differences. In addition to the demographic diversity of promoting the active participation of women, I believe that actively incorporating the perspective of cognitive diversity, such as hiring mid-career hires from completely different industries and work backgrounds, and hiring students from other countries or those educated in other countries, will help to revitalize the company.

Contribution as an Outside Director

In light of my background, I would like to actively participate in and contribute to issues pointed out by shareholders and investors regarding the governance, such as the concept of the skill matrix for directors and the disclosure method of risk management.

Risk Management

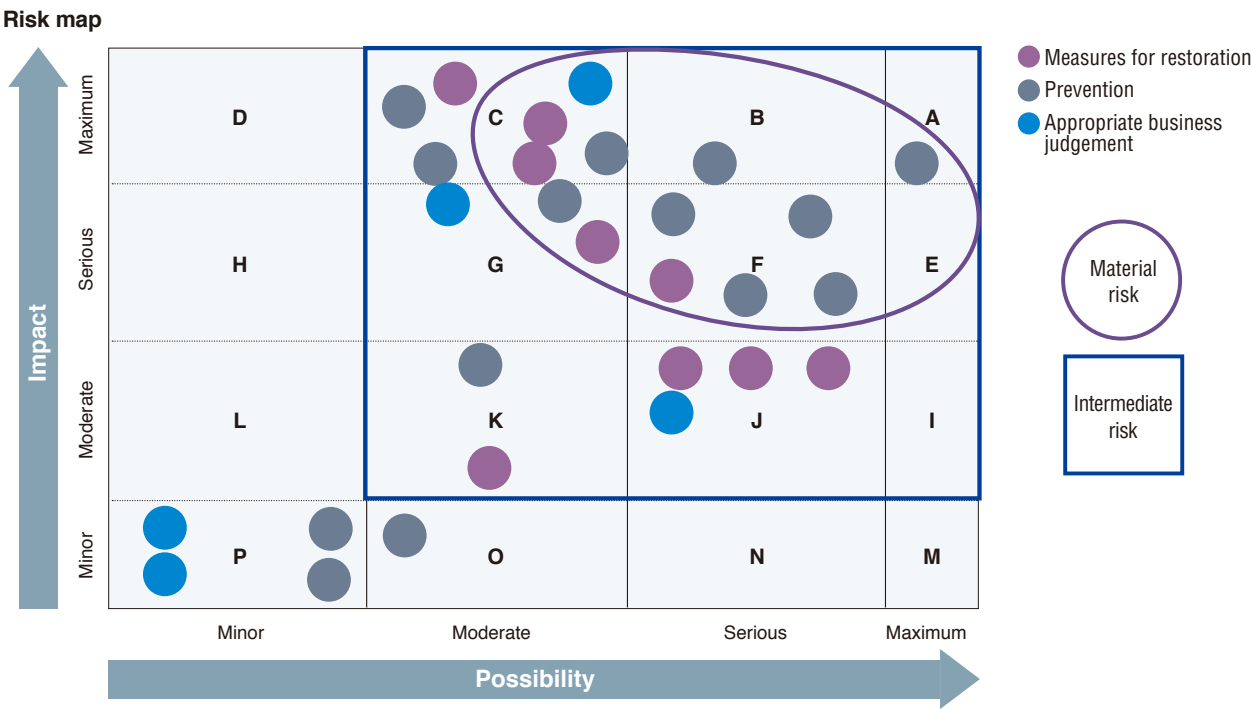
Risk Management Policies and Systems

Yaskawa monitors risks related to management performance, including economic and market conditions, at the management committee and the Board of Directors. In addition, Yaskawa has established the basic rules for crisis management to promptly and accurately deal with risks that may directly or indirectly hinder the management or business operations of the Yaskawa Group. In accordance with these rules, Yaskawa has established the Risk Management Committee, which is operated by the Chairperson of the Risk Management Committee appointed by the President, and its specialized

committees. The Risk Management Committee takes appropriate measures such as matters related to the development of the risk management system, planning and promotion of risk management education, risk assessment, and the establishment of countermeasures headquarters according to the level of occurrence. The condition of risk management is regularly reported to the management committee, Board of Directors, and the Sustainability Committee to supervise and monitor company-wide risk management and strengthen risk management.

Definition and classification of risks

The Yaskawa Group classifies risks into three categories: (1) risks such as natural disasters that are beyond human control, (2) risks that have internal causes, such as compliance issues, and (3) risks that should be taken as management decisions, such as investments in new businesses. The Yaskawa Group then identifies risk items, classifies them in terms of their impact and possibility, and implements appropriate measures for each item.



Types of risk		Examples	Measures	
1	External risk	Natural disasters, terrorism, conflicts, infectious diseases, accidents, etc.	Measures for restoration	Risks to avoid
2	Internal risk	Compliance risks such as information leaks, quality issues and cartels	Prevention	
3	Risks associated with the conduct of business	Expansion into new fields, investment in R & D, etc.	Appropriate business judgement	Risks to take

Risk Management

Specific examples of risks and measures

Important risks that may affect the Yaskawa Group's business performance, financial status, etc. and their measures are as follows. In addition, compliance, quality issues, natural disasters (such as earthquakes and floods), terrorism/ disputes, and legal regulations are recognized as risks and measures are being taken.

Geopolitical risks (Changes in international relations)

Description	<p>The Yaskawa Group has production bases in 7 countries, mainly in Japan and China, and provides products and services to customers on a daily basis through sales bases in 30 countries around the world. For this reason, changes in international relations, such as the situation between the United States and China, Russia and Ukraine, as well as social and environmental changes, and changes in laws and regulations may have an impact on our business activities.</p> <p>In particular, Yaskawa Group's operating results and financial condition may be affected when development, production, logistics, and sales activities are restricted, which hinder supplying products to customers by restrictions on exports and technology transfer and tariff increase in each country.</p>
Measures	<p>For these risks, we regularly monitor political and economic conditions and trends in laws and regulations in each region through our business bases and have established a system that enables us to quickly grasp the impact on our business. In addition, when a wide range of business activity risks arising from geopolitical risks is materialized, the company takes prompt initial responses through the Risk Management Committee at the headquarters and works to minimize damage by building an effective global incident response system in cooperation with each expert committee and the management committee.</p> <p>In particular, in recent years, in order to strengthen the monitoring of changes in laws and regulations on a global basis, which have had a significant impact on our business, we have established a global control system centering on the legal department of our head office by assigning compliance officers to our global bases, including overseas subsidiaries, in addition to each business and head office division in Japan.</p>

Risks related to materials procurement and logistics

Description	<p>The Yaskawa Group procures raw materials such as steel materials and various parts from a number of suppliers, but it may not be able to obtain necessary quantities continuously due to surging procurement prices or increasing demand in the industry. Furthermore, due to natural disasters, expansion of infectious diseases, accidents, and worsening business conditions, it may be difficult for suppliers to provide Yaskawa Group with parts and raw materials in a stable manner.</p>
Measures	<p>For these risks, the Yaskawa Group is working to strengthen its procurement functions. For example, we are building relationships of trust through dialogue with suppliers, diversifying our suppliers globally, responding to demand fluctuations by ensuring appropriate inventory levels and promoting local production and procurement, and enhancing our responses to disaster risks through the formulation of Business Continuity Plans (BCP) for our domestic and main overseas bases.</p> <p>In addition, we are working to identify risky parts early and strengthen company-wide measures, and for parts that continue to be hard to obtain, we are strengthening our response by changing the design to parts that are available.</p>

Risks related to exchange rate fluctuations

Description	<p>The Yaskawa Group is exposed to the risk of exchange rate fluctuations because it operates globally, and its business partners are located all over the world. In addition to selling and providing products and service and purchasing raw materials and parts in local currencies such as USD, EUR, and CNY, the Yaskawa Group also exports products in local currencies. Unexpected fluctuations in exchange rates could weaken the competitiveness of the Yaskawa Group's products and adversely affect its operating results and financial condition. In addition, as the Yaskawa Group holds assets and liabilities denominated in local currencies, foreign exchange rate fluctuations may have an adverse effect on the Yaskawa Group's financial position, which is reported in JPY.</p> <p>For the consolidated fiscal year ended February 29, 2024, the forex sensitivity (Impact of 1% fluctuation change from the actual average exchange rate (1 USD=143.2 JPY, 1 EUR= 155.1 JPY, 1 CNY= 20.02 JPY, 1 KRW= 0.109 JPY)) for revenue was approximately 1.39 billion yen in USD, approximately 900 million yen in EUR, approximately 1.25 billion yen in CNY, and approximately 360 million yen in KRW. For operating profit, approximately 340 million yen in USD, approximately 170 million yen in EUR, approximately 280 million yen in CNY, and approximately 180 million yen in KRW.</p>
Measures	<p>For these risks, the Yaskawa Group is working to build an earnings structure that is resistant to exchange rate fluctuations by promoting local production and procurement in addition to executing forward exchange contracts and currency hedging.</p>

Risk of increased competition

Description	<p>The Yaskawa Group has strong competitors in each of its business areas. In the face of intensifying price competition in particular, there is no guarantee that Yaskawa Group will remain competitive in the future, even in areas where it has a high market share. Intense price competition may adversely affect Yaskawa Group's performance and financial position. In addition, it is necessary to launch products in a timely and appropriate manner in order to secure competitiveness in technology and quality. If the competitiveness of Yaskawa Group's products is relatively weak or if the timing of product rollout is inappropriate, Yaskawa Group's performance and financial position may be adversely affected.</p>
Measures	<p>In response to these risks, the Yaskawa Group is working to differentiate its products and services and increase added value by providing optimal solutions for customers through i<sup>3</sup>-Mechatronics. We are continuously strengthening R &amp; D across divisions centering on YASKAWA Technology Center, and to develop innovative products that are the world's first and the world's best in the world. At the same time, we are striving to shorten the development period by thoroughly improving efficiency, and to bring highly cost competitive products to market in a timely manner.</p>

Risks related to sustainability issues (Climate change and human rights)

Description	<p>With regard to climate change, there is a possible risk of "transition" caused by changes in policies, regulations, and other climate change measures, as well as changes in social demands. Examples include increases in fuel and material procurement costs resulting from the introduction of carbon prices and carbon taxes by national governments and increases in costs such as purchasing green power resulting from the introduction of national carbon emissions policies and emissions trading and the tightening of emissions regulations.</p> <p>In the case of human rights, there is a need to address issues such as forced labor and child labor by not only companies but also their business partners. Response is required as a social requirement. Inappropriate responses to these risks may affect corporate value.</p>
Measures	<p>In response to these risks, Yaskawa Group has expressed its support for the TCFD recommendations on climate change, promoted various activities, including participation in a project of the Ministry of the Environment to support scenario analysis of climate risks and opportunities in line with TCFD, and disclosed climate-related information based on the TCFD recommendations. We will continue to conduct business activities that are even more environmentally friendly to contribute to the realization of a sustainable society and further enhance our corporate value. In addition, the Sustainability Committee, chaired by the President, monitors and verifies the consistency of risk assessment and materiality analysis. For overall implementation, including other measures, the Environmental Promotion Manager appointed by the President works to improve the quality of activities through the PDCA system. Regarding human rights, we have established respect for human rights in the Yaskawa Group Code of Corporate Conduct based on the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights, and we are promoting measures that respect the human rights of all people. The promotion system is led by the sustainability department, the general affairs department and the procurement department, and we are working to respect human rights in Yaskawa Group and in the supply chain. About these initiatives, the Sustainability Committee deliberates and monitors measures on a regular basis. Through these initiatives, we will continuously respond to the everchanging social demands and issues related to human rights.</p>

Information security risks

Description	<p>In the Yaskawa Group's business fields, we may obtain and hold personal or confidential information of customers and business partners. Although we handle such information strictly, there is a possibility that unauthorized access, data destruction, exploitation or loss may occur due to unforeseen circumstances such as cyber-attacks. As a serious security risk, there is a possibility that server system failures or network failures caused by cyber-attacks, ransomware and virus infections, or unauthorized access may hinder business continuity or reduce productivity. In addition, if information held by Yaskawa is leaked outside the company or false rumors about Yaskawa are spread via SNS or other means, the credibility of the market, including customers, may be lost and Yaskawa's business continuity may be adversely affected.</p>
Measures	<p>We regard information security risk as an important management issue and are working to implement a top-down management system and operation. In normal times, we have been promoting activities to strengthen our information security infrastructure, and globally monitor and collect information on the latest sophisticated cyber-attacks, trends in daily vulnerability information, and brand surveys. When information security risks related to the Yaskawa Group are foreseen or detected, our risk management system promptly instructs appropriate responses, and in cooperation with the CSIRT (Computer Security Incident Response Team) system, respond to incidents and maintain and strengthen resilient information systems that can predict, recover, and minimize damage from risks. In recent years, with the rise of generative AI technology and the increasing number of development operations that utilize OSS (Open-Source Software), we have adopted a system that considers the risk management of information leakage, incorrect use of information, and infringement of rights. Through these activities, we will minimize risks related to Yaskawa's information security and provide highly reliable products and services to our customers.</p>



Risks related to securing human resources



Description	<p>As the labor shortage continues to grow on a global scale, competition is intensifying to acquire human resources, including those with advanced expertise. In addition, for each employee to continue to demonstrate his or her abilities with initiative, it is becoming more important to develop human resources who can contribute to business expansion on a global scale, transcending barriers such as culture, customs, and language, and to create a working environment in which employees can live in good physical and mental health.</p> <p>Under these circumstances, if there is a delay in hiring and developing human resources, or if there is an outflow of talented human resources, the competitiveness of the Yaskawa Group may decline.</p>
Measures	<p>As part of our human capital management efforts aimed to realize "Vision 2025", we will place emphasis on dialogue with employees. At the same time, we will formulate human resource requirements necessary for the execution of business strategies and enhance human resource management that promotes human capital investment and the active participation of diverse human resources based on the visualization of human resource data. Thereby we will implement human resource strategies that are linked to management strategies. In addition, in order to formulate sustainable management strategies and achieve high results, we select candidates for the next generation of executives who will lead the future of the Yaskawa Group at an early stage and develop and promote them through training programs. In specific, we will focus on "deepening the understanding of Yaskawa Principles," "advancing diversity and inclusion," and "creating a workplace-friendly environment." By constantly monitoring these efforts through active communication with employees, such as ES questionnaires and direct dialogue with management, we will quickly reflect results in improving our personnel policies and accelerate improvements in productivity and job satisfaction. In this way, we will enhance the centripetal force of "people (employees)," which is our human capital, on a global basis, and strengthen our brand power (to be chosen and trusted) to attract and retain human resources.</p>





Directors (As of May 29, 2024)

For a brief biography of the Directors, please refer to the "Directors and Executive Officers" on Yaskawa website. <https://www.yaskawa-global.com/company/profile/directors>

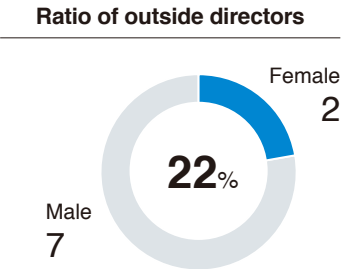
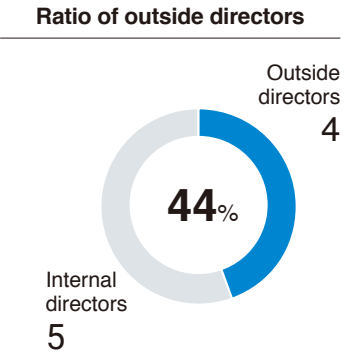
		
Name, Position	<b>Hiroshi Ogasawara</b> Representative Director, Chairman of the Board	<b>Masahiro Ogawa</b> Representative Director, President
Career Summary	1979 Joined the Company 2023 Representative Director, Chairman of the Board (incumbent)	1987 Joined the Company 2023 Representative Director, President; In charge of Human Resources Development; In charge of ICT Strategy; General Manager, Corporate Technology Div. (incumbent)
Years served as Director	17 years	5 years
Attendance at Board of Directors meetings	100% (13 /13 meetings)	100% (13 /13 meetings)
Attendance at Audit and Supervisory Committee meetings	–	–
Attendance at Nomination Advisory Committee meetings	100% (2 /2 meetings)	100% (2 /2 meetings)
Attendance at Compensation Advisory Committee meetings *1	0% (0 /1 meeting)	100% (2 /2 meetings)

		
Name, Position	<b>Shuji Murakami</b> Representative Director, Senior Managing Executive Officer	<b>Yasuhiko Morikawa</b> Director, Senior Executive Officer
Career Summary	1982 Joined the Company 2024 Representative Director; Senior Managing Executive Officer; In charge of Corporate Planning and Administration; In charge of CSR (incumbent)	2015 Joined the Company, Associate Director 2024 Director, Senior Executive Officer; General Manager, Tokyo Branch (incumbent)
Years served as Director	16 years	3 years
Attendance at Board of Directors meetings	100% (13 /13 meetings)	100% (13 /13 meetings)
Attendance at Audit and Supervisory Committee meetings	–	–
Attendance at Nomination Advisory Committee meetings	–	–
Attendance at Compensation Advisory Committee meetings *1	100% (2 /2 meetings)	–

\*1 The number of times each committee member attends and the number of meetings held differs depending on their tenure as directors.  
\*2 The number of times Mr. Takeshi Ikuyama, Mr. Keiji Nishio and Ms. Yaeko Hodaka attend and hold meetings differs from other directors because they were newly elected at the 107th Ordinary General Meeting of Shareholders held on May 24, 2023.

		
<b>Takeshi Ikuyama</b> Director and Member of the Audit and Supervisory Committee	<b>Toshikazu Koike</b> Outside Director, Member of the Audit and Supervisory Committee	<b>Kaori Matsuhashi</b> Outside Director, Member of the Audit and Supervisory Committee
1986 Joined the Company 2023 Director and Member of the Audit and Supervisory Committee (Full-time, incumbent)	2021 Outside Director, Member of the Audit and Supervisory Committee of the Company (incumbent)	2022 Outside Director, Member of the Audit and Supervisory Committee of the Company (incumbent)
1 year	3 years	2 years
100% (10 /10 meetings) *2	100% (13 /13 meetings)	100% (13 /13 meetings)
100% (10 /10 meetings) *2	100% (14 /14 meetings)	100% (14 /14 meetings)
–	100% (2 /2 meetings)	100% (2 /2 meetings)
–	100% (2 /2 meetings)	100% (2 /2 meetings)

	
<b>Keiji Nishio</b> Outside Director, Member of the Audit and Supervisory Committee	<b>Yaeko Hodaka</b> Outside Director, Member of the Audit and Supervisory Committee
2023 Outside Director, Member of the Audit and Supervisory Committee of the Company (incumbent)	2023 Outside Director, Member of the Audit and Supervisory Committee of the Company (incumbent)
1 year	1 year
100% (10 /10 meetings) *2	100% (10 /10 meetings) *2
100% (10 /10 meetings) *2	100% (10 /10 meetings) *2
100% (2 /2 meetings)	–
–	100% (1 /1 meetings)



Executive Officers (As of May 29, 2024)

Senior Executive Officers



**Michael Knappek**  
Regional Manager, the Americas  
Chairman & CEO, Yaskawa America, Inc.



**Kenji Ueyama**  
General Manager, Motion Control Div.



**Hiroshi Takata**  
General Manager, Corporate Sales & Marketing Div.  
Department Manager, CRM Strategy Promotion Dept. Corporate Sales & Marketing Div.



**Manabu Okahisa**  
Department Manager, Business Planning Dept., Robotics Div.  
Regional Manager, China



**Nobuaki Jinnouchi**  
Regional Manager, Asia  
Chairman & CEO, Yaskawa Asia Pacific Pte. Ltd.



**Tatsuya Yamada**  
In charge of Compliance;  
General Manager, General Affairs & Risk Management Div.  
General Manager, Import & Export Administration Div.



**Ayumi Hayashida**  
General Manager, Corporate Branding Div.  
General Manager, Corporate Communications Dept., Corporate Branding Div.



**Yasushi Ichiki**  
General Manager, Corporate Planning & Finance Div.

Executive Officers



**Masahiko Okura**  
General Manager, Production Management Div.



**Michiaki Higuchi**  
General Manager, Procurement Div.



**Albert Shiina**  
President, Yaskawa Electric Korea Corp.



**Yasuo Adachi**  
Director, President, Yaskawa Electric (China) Co., Ltd.



**Toshio Kawasaki**  
Deputy General Manager, Corporate Planning & Finance Div.  
General Manager, Accounting & Finance Dept., Corporate Planning & Finance Div.



**Hideaki Yoshimatsu**  
General Manager, Industrial Marketing Div.  
General Manager, Central Japan Sales Branch  
Global Market Manager, Secondary Battery Market, Industrial Marketing Div.



**Marcus Mead**  
Regional Manager, Europe  
Chairman & CEO, Yaskawa Europe GmbH



**Takenori Otsuka**  
General Manager, Quality & Service Div.  
General Manager, West Japan Service Dept., Quality Service Div.



**Shunrin Mizutani**  
Director, President, Yaskawa Tsusho (Shanghai) Co., Ltd.



**Shoichiro Shimoike**  
General Manager, ICT Div.  
General Manager, ICT Strategy & Management Dept., ICT Div.



**Kozo Ide**  
General Manager, Drives Div.  
General Manager, Engineering Dept., Drives Div.



**Yumie Kubota**  
Representative Director, President, AI Cube Inc.  
In charge of Digital Strategy, Robotics Div.



**Seigo Yamada**  
Vice President, Yaskawa Electric Korea Corp.



Long-term Financial Data (FY2013-FY2023)

Japanese GAAP						
(Fiscal year)	2013	2014	2015	2016	2017*3	2018
Net sales	363,570	400,153	411,260	394,883	448,523	474,638
Gross profit	108,139	126,890	134,147	124,018	154,174	156,353
Operating profit	25,702	31,532	36,730	30,409	54,126	53,098
Profit before income taxes	25,717	34,413	35,202	29,910	53,556	55,051
Profit attributable to owners of parent	16,964	24,819	22,365	20,397	39,749	42,524
Business Segment Information**1*2						
Motion Control	Net sales	162,346	188,116	187,548	212,095	213,260
	Operating profit	16,444	21,748	22,413	41,729	34,697
	Operating profit ratio (%)	10.1	11.6	12.0	13.2	16.3
Robotics	Net sales	122,543	135,956	154,068	139,993	177,995
	Operating profit	9,511	10,558	15,304	10,253	17,986
	Operating profit ratio (%)	7.8	7.8	9.9	7.3	10.1
System Engineering	Net sales	35,327	40,980	43,053	59,354	51,627
	Operating profit	-5	-768	-760	-591	-770
	Operating profit ratio (%)	-0.0	-1.9	-1.8	-1.0	-1.5
Sales by Destination*4						
Japan	150,101	144,246	135,495	134,205	133,896	154,539
The Americas	58,481	72,616	85,088	74,691	83,078	84,908
Europe	42,499	46,921	52,011	50,736	60,879	70,436
China	67,165	85,017	81,938	81,246	103,313	103,404
Asia except China	41,430	47,761	52,355	49,798	63,397	60,914
Other	3,892	3,590	4,370	4,205	3,957	435
Overseas sales ratio (%)	58.7	64.0	67.1	66.0	70.1	67.4
Cash Flow						
Cash flows from operating activities	23,972	29,023	31,954	33,752	46,054	34,347
Cash flows from investing activities	-16,942	-27,874	-22,421	-18,936	-18,852	-27,111
Free cash flows	7,029	1,149	9,533	14,816	27,202	7,236
Cash flows from financing activities	-5,983	-1,471	-2,601	-16,453	-14,820	-10,268
Cash and cash equivalents at end of period	22,992	24,347	31,656	29,735	42,213	39,289
Per Share Information						
Earning (yen)	67.42	98.45	84.71	76.60	149.35	161.00
Dividends (yen)	12.00	20.00	20.00	20.00	40.00	52.00
End of the Fiscal Year						
Total assets	340,506	388,205	373,533	387,512	441,249	463,965
Interest-bearing debt	55,528	52,430	48,426	36,765	32,247	55,415
Shareholders' equity	134,076	171,388	181,281	198,513	235,865	243,967
Management and Financial Indicators						
Operating profit ratio (%)	7.1	7.9	8.9	7.7	12.1	11.2
ROE: Return on equity (%)	13.8	16.3	12.8	10.7	18.3	17.9
Shareholders' equity ratio (%)	39.4	44.1	48.5	51.2	53.5	52.6
Debt-to-equity ratio (times)	0.41	0.31	0.27	0.19	0.14	0.22
Dividend payout ratio (%)	17.8	20.3	23.6	26.1	26.8	32.3
Exchange Rate						
U.S. dollar (yen)	99.6	108.2	120.8	108.4	111.5	110.5
Euro (yen)	132.7	139.7	133.0	119.2	128.8	128.9

\*1 Revisions were made to the division of businesses segments starting FY2017. The PV inverter business, which was previously included in Motion Control, is included in System Engineering. Figures and profit ratios of each segment for FY2016 reflect this change. The change is not applied to figures and profit ratios for the period up until FY2015.  
\*2 Revisions were made to the division of businesses segments starting FY2020. The high voltage AC drives, which was previously included in System Engineering, is included in Motion Control. Figures and profit ratios of each segment for FY2019 reflect this change. The change is not applied to figures and profit ratios for the period up until FY2018.

IFRS					(million JPY)
2019	2020	2021	2022	2023	(Fiscal year)
410,957	389,712	479,082	555,955	575,658	Revenue
124,496	116,370	168,644	192,006	209,100	Gross profit
24,198	27,180	52,860	68,301	66,225	Operating profit
24,642	27,172	55,378	71,134	69,078	Profit before tax
15,572	18,927	38,354	51,783	50,687	Profit attributable to owners of parent
					Business Segment Information**1*2
180,446	176,014	227,260	252,126	260,035	Revenue
20,554	24,576	38,161	36,193	38,198	Operating profit
11.4	14.0	16.8	14.4	14.7	Operating profit ratio (%)
152,170	139,494	178,670	223,829	234,680	Revenue
6,503	6,907	17,248	26,126	25,149	Operating profit
4.3	5.0	9.7	11.7	10.7	Operating profit ratio (%)
55,535	50,763	52,265	51,111	55,455	Revenue
469	-1,030	2,126	2,574	5,637	Operating profit
0.8	-2.0	4.1	5.0	10.2	Operating profit ratio (%)
					Revenue by Location*4
151,481	135,908	150,190	162,405	159,576	Japan
73,906	58,928	80,705	116,956	134,254	The Americas
61,275	54,822	73,726	81,393	90,087	EMEA
79,974	97,938	126,055	135,860	125,021	China
43,892	41,818	48,405	59,339	66,718	Asia except China
428	296	–	–	–	Other
63.1	65.1	68.7	70.8	72.3	Overseas revenue ratio (%)
					Cash Flow
21,480	39,602	49,233	-2,209	54,619	Net cash provided by operating activities
-20,645	-9,601	-24,165	-19,694	- 29,346	Net cash used in investing activities
835	30,000	25,067	-21,904	25,272	Free cash flows
491	-20,284	-22,475	7,197	- 29,416	Net cash provided by (used in) financing activities
40,307	50,953	55,151	42,274	40,279	Cash and cash equivalents at end of period
					Per Share Information
59.42	72.41	146.72	198.07	193.87	Earnings per share (yen)
52.00	24.00	52.00	64.00	64.00	Dividends per share (yen)
					End of the Fiscal Year
450,127	487,428	559,038	653,132	702,335	Total assets
81,578	76,543	68,046	99,565	95,901	Interest-bearing debt
228,362	246,266	291,234	347,499	399,338	Equity attributable to owners of parent
					Management and Financial Indicators
5.9	7.0	11.0	12.3	11.5	Operating profit ratio (%)
6.6	8.0	14.3	16.2	13.6	ROE: Return on equity (%)
50.7	50.5	52.1	53.2	56.9	Ratio of equity attributable to owners of parent to total assets (%)
0.36	0.31	0.23	0.29	0.24	Debt-to-equity ratio (times)
87.5	33.1	35.4	32.3	33.0	Dividend payout ratio (%)
					Average Exchange Rate
109.0	106.0	111.5	134.1	143.2	U.S. dollar (yen)
121.4	122.8	130.4	139.8	155.1	Euro (yen)

\*3 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.  
\*4 Regional revenue is disclosed by destination up until FY2020, and by location since FY2021.

IR Activities and External Evaluation

IR Activities

Yaskawa believes it is important to promote constructive dialogue with shareholders and investors in order to achieve sustainable growth and increase corporate value over the medium to long term.

In addition to enhancing information disclosure and opportunities for dialogue with our stakeholders, including institutional investors and analysts, we appropriately report to the management the opinions and requests of our stakeholders, and use them in discussions aimed at improving corporate value.

External Evaluation of IR activities

IR website

Daiwa Investor Relations Co., Ltd.

2023 Internet IR Awards

Excellence Award

Broadband Security Co., Ltd.

Gomez IR Site Ranking 2023

Excellent Company: Bronze Prize

Nikko IR Corporation

Ranking of all listed company websites in FY 2023

Best site (General award)

Inclusion in ESG Index

Yaskawa was included in the following indices as of July 2024.

- MSCI Japan ESG Select Leaders Index \*
- MSCI Japan Empowering Women Select Index (WIN) \*
- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index
- iSTOXX MUTB Japan Platinum Career 150 Index

2024 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

STOXX  
Member 2024/2025  
Platinum Career  
Index



THE INCLUSION OF YASKAWA ELECTRIC CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF YASKAWA ELECTRIC CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

Corporate and Stock-Related Information

Corporate Information (As of February 29, 2024)

Corporate name:	YASKAWA Electric Corporation
Head office:	2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu 806-0004, Japan
Founded:	July 16, 1915
Share capital:	30,562 million yen

Stock and Sharehol der Information

(As of February 29, 2024)

Stock Information

Securities code:	6506 (Japan)
Business year:	March 1 to the last day of February of the following year
Record date for dividend payout:	Last day of February and August 31 of each year
Month of the Ordinary General Meeting of Shareholders:	May
Number of shares outstanding:	266,690,497
Number of shares circulating (unit):	1,644,972 units
Ratio of shares circulating:	61.68%
Stock exchange listings:	Tokyo (Prime market), Fukuoka
Share unit:	100 shares
Number of shareholders:	35,203

Major Shareholders

Major shareholders (Top 10 shareholders)	Number of shares (Thousands)	Share holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	48,798	18.59
Custody Bank of Japan, Ltd. (Trust Account)	24,096	9.18
THE BANK OF NEW YORK 133969	12,797	4.87
Mizuho Bank, Ltd. (MHBK)	8,100	3.09
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited Employee Retirement Benefit Trust Account)	7,439	2.83
Meiji Yasuda Life Insurance Company	7,230	2.75
STATE STREET BANK WEST CLIENT – TREATY 505234	5,300	2.02
JP Morgan Securities	5,131	1.95
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retruest Account, The Bank of Fukuoka, Ltd. Employee Retirement Benefit Trust Account)	5,100	1.94
The Dai-ichi Life Insurance Company, Ltd.	4,199	1.60

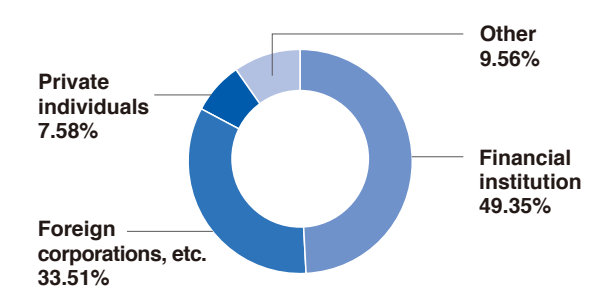
Note: Treasury stock (4,123,394 shares) is deducted in the calculation of the shareholding ratio.

Stock Price Indicators and Data (As of the end of FY)

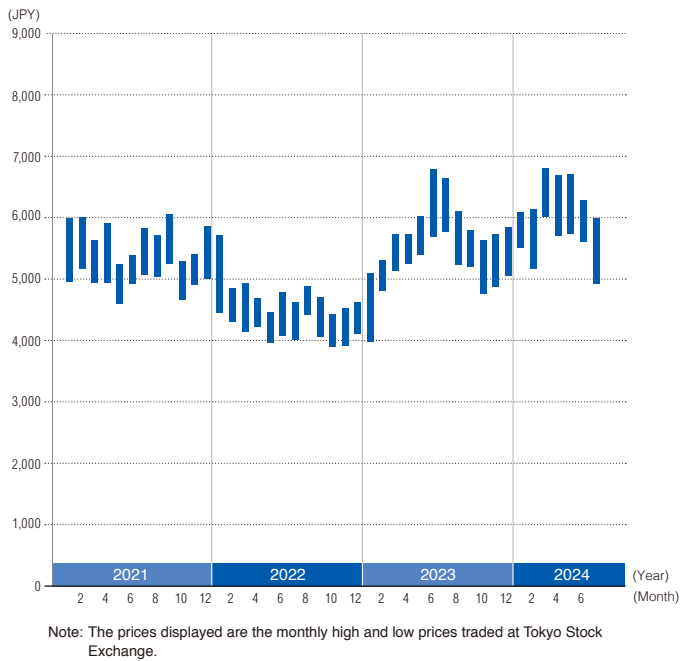
	2019	2020	2021	2022	2023
Price Earnings Ratio (PER) (Times)	56.97	73.47	31.15	27.06	31.56
Price Book-value Ratio (PBR) (Times)	3.87	5.65	4.10	4.03	4.00
Market capitalization at the end of the period (million JPY)	902,747	1,418,793	1,218,776	1,429,461	1,631,879

Employees:	13,010 Consolidated
Number of consolidated subsidiaries:	59 companies
Number of affiliates accounted for by the equity method:	8 companies

Share Distribution by Shareholder Type



Company Share Price (From January 2021 to July 2024)





# YASKAWA

## YASKAWA ELECTRIC CORPORATION

2-1 Kurosakishiroishi, Yahatanishi-ku, Kitakyushu 806-0004, Japan

Phone +81-93-645-8801 Fax +81-93-645-8831

URL <https://www.yaskawa-global.com>

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