Based on the "i³-Mechatronics" concept, we will achieve sustainable growth by improving the operating profit margin and establishing a corporate structure that is resilient to change.

Yasushi Ichiki
Senior Executive Officer
In charge of Administration
In charge of ESG
General Manager, Corporate Planning & Finance Div.

My name is Ichiki, and I have been serving as the General Manager of Corporate Planning & Finance Div. since FY2025. Using my experience in corporate planning and financial strategy both in Japan and overseas, I will make every effort to contribute to the sustainable growth and enhancing corporate value of the Yaskawa Group. I will also sincerely disseminate information to shareholders, investors, and other stakeholders so that they can understand our initiatives and look forward to future growth.

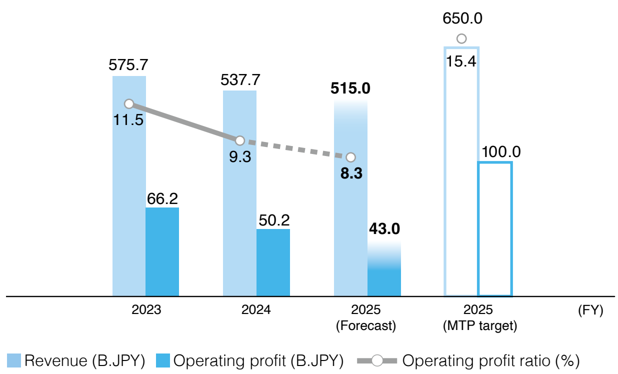
Summary of FY2024

In FY2024, the second year of our mid-term business plan, "Realize 25," we made company-wide efforts to achieve the goals of the mid-term business plan. However, the external environment, such as semiconductors and the Chinese market, has developed differently from what was initially expected at the beginning of the fiscal year. As a result, revenue, operating profit, and operating margin, mainly in the motion control business, all fell below our expectations, resulting in a decrease in revenue and operating profit in FY2024. In addition, as a result of accumulating inventories to respond to increased demand based on the assumption of market recovery, inventory valuation loss occurred, which we recognize as an issue. On the other hand, excluding inventory valuation loss, initiatives to increase added value are steadily delivering positive outcomes and it is not that our profit structure itself has been damaged. I believe that we have established a profit structure that will enable us to achieve the operating profit target set forth in the mid-term business plan, as long as we can secure sufficient volume.

The forecast for FY2025

The forecast for FY2025 is increasingly uncertain due to additional tariffs imposed by the United States and global political instability. The biggest concern in terms of the impact of tariffs is the cooling of global investment

Trends in performance and forecast



sentiment. This could affect the global economy as a whole by delaying corporate investment decisions and stagnating capital investment. In addition, there is growing uncertainty over the momentum of recovery in the semiconductor and electronic components sectors. As a result, in the financial results briefing for FY2025 1Q in July 2025, we were forced to revise downward our financial forecast for FY2025, projecting lower revenue and operating profit compared to the previous fiscal year. Despite the increasing uncertainty, we will steadily respond to demand fluctuation through our production system in demand areas and flexible operations rooted in each region, and achieve the revised revenue target for FY2025. As for operating profit, in addition to that, we intend to achieve the operating profit target by self-efforts such as improving added value by execution of production and inventory plans linked to the revenue plan and reducing expenses.

Improving the operating profit margin

I place the highest importance on the operating margin in business operations. We set operating profit as the most important KGI in our long-term business plan "Vision 2025," in which FY2025 is the final year. However, the market has not recovered as expected, and it is unlikely that we will achieve this target. Revenue and orders cannot be controlled by ourselves. In order to secure stable profits without being affected by a fluctuating top line, it is essential to improve the operating margin. We will secure profits by providing products and services which realize highly value-added solution, not by pursuing volume by low price setting. In response to fluctuations in revenue, we will flexibly control expenses to limit the decline in profit margin and maximize profits.

I believe that activities in line with "i^3-Mechatronics" concept will continue to be important as a specific way to improve the operating margin. The most important thing in realizing "i^3-Mechatronics" concept is that the Yaskawa Group and our customers are able to connect with each other at the management level, share management issues, and work together to solve them. Currently, the number of such projects is steadily increasing, and we are currently working on the first phase of a large-scale project. I believe that by maximizing our commitment to what our customers need and contributing to the success of their business, we can aim to expand our business relationships, earning the trust of our customers.

In addition, changing the mindset of our sales representatives who promote "i^3-Mechatronics" concept to our customers is extremely important for improving profit margin. In times of increasing material price, our sales representatives had many opportunities to talk with customers about prices. However, in order to help customers understand the background behind the price revisions, they needed to go beyond simply explaining the price increases and carefully explain the added value that we provide based on "i^3-Mechatronics" concept. Through these experiences, our sales representatives themselves have deepened their understanding of the potential of "i^3-Mechatronics" and its value to customers, and I believe that this has encouraged a change in their mindset.

Controlling expenses is also an extremely important factor. First of all, against the backdrop of rising inflation, we will actively improve wages. On top of this, we will promote personnel optimization on a global scale and respond to volume increases not by increasing personnel but by improving operational efficiency through automation, labor-saving, and the use of AI. In particular, in indirect departments, we will use DX to identify wasteful operations and thoroughly scrutinize all areas for potential cost reductions, such as by insourcing of outsourced operations and reviewing travel expenses. In order to spread this awareness to the front lines, it is necessary to quantify surplus costs and raise awareness of reduction targets among the general managers of each division and the presidents of group companies. Each department needs to work toward their own goals broken down from the overall objectives. Going forward, we will continue to work as a whole to control expenses.

For the formulation of the next long-term business plan

Looking back on Vision 2025, it feels like the past decade was focused on achieving high profitability and improving operating margin. In addition to our core field of factory automation, we have expanded our business into mechatronics application fields, such as food, agriculture, and biomedical, and have contributed to solving social issues. The introduction of "i^3-Mechatronics" has enabled us to offer value propositions aligned with the customer's management issues. The upcoming long-term business plan, scheduled to be announced and covering FY2026 through FY2035, will maintain the same strategic direction. Amid worsening labor shortages due to the aging population and declining birthrate, we will contribute to the realization of a sustainable society by accelerating initiatives in food, agriculture, and biomedical fields, where the need for automation is growing. The key to success in the fields is the use of AI technology and collaboration with partner companies. With external capital flows expected, such as government support to solve labor shortages, we will enhance the value we provide by working together with partners and integrating each other's strong technologies and services in order to further develop the high-profit structure we aim for in Vision 2025.

Financial and capital strategy

We have set ambitious targets of 15% for both ROE and ROIC as a fundamental approach to achieving management that is mindful of capital costs and stock prices. This is based on the goal of generating returns exceeding our benchmark of a 10% cost of equity and a 9% WACC. In order to achieve them, it is essential to improve our operating margin. On the other hand, in terms of capital efficiency, we believe it is important to shorten the collection period of operating receivables and reduce inventories. Since FY2024, the sales and corporate planning divisions have been working together to shorten the collection period of receivables, and we are seeing results particularly in China and Japan. With regard to inventories, we recognize that the current level of inventories is excessive because we have prepared for the upturn in the market. We aim to achieve both strong customer responsiveness and capital efficiency by reducing excess inventories by ensuring thorough execution of production and inventory plans linked to revenue plans by leveraging digital transformation (DX). In addition, we regularly examine the significance of our investment securities and consider selling them as necessary to improve asset efficiency.

The basic concept of the balance sheet structure and financial discipline

As part of our financial discipline, we set the upper limit of the net debt-to-equity ratio at 0.15 times. Within this limit, we utilize leverage and promote investments to increase capital efficiency. Because relying solely on debt can weaken the awareness of generating profits, we maintain an aggressive stance on investments while minimizing cash by utilizing the net debt-to-equity ratio. In addition, we maintain cash on hand at a standard amount equivalent to monthly revenue, and from a global management perspective, we achieve flexible cash management while preventing excessive cash holdings by consolidating and managing cash at regional units.

Cash allocation

The Yaskawa Group's capital investment is not limited to simply expanding production capacity, but is positioned as a strategic initiative for future growth, including strengthening business execution capabilities. In addition to strengthening our ability to respond to market needs through the establishment of new facilities, we are focusing on optimizing overall business operations, such as speeding up decision-making and improving production efficiency through the consolidation of facilities. In particular, with regard to the capital investment in Wisconsin, the United States, announced in June 2025, we plan to consolidate dispersed factories, warehouse, and headquarters functions, including a new facility, into a single area. This will strengthen our responsiveness to the United States market, where a revival of the manufacturing industry is expected, particularly in the semiconductor industry, and improve production efficiency.

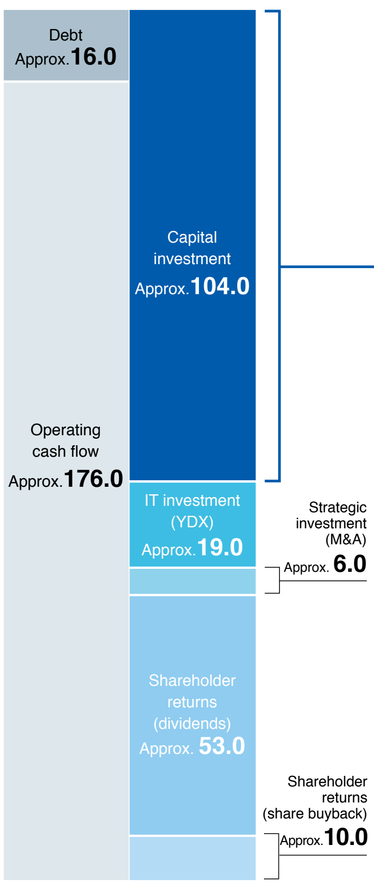
Meanwhile, with regard to YDX-related investments, we are renewing our core systems and building an internal data infrastructure (Yaskawa Data Lake). By managing not only management data, but also inventory and development data, as well as information in the value chain, including customers and suppliers, within Yaskawa Data Lake, we are building YDX chain that links development, production, and sales and service, thereby improving the accuracy and speed of management decisions.

My role in making capital investment decisions is to assess the feasibility of business plans by strictly examining the return prospects and recoverability using NPV*1 and other methods. At the beginning of the process to implement capital investment, each business unit draws a picture of its own future vision through capital investment. After that, it is discussed with management. The purpose of the discussion is to ensure that the future vision of each business unit matches the vision of the management, and to steadily promote capital investment plans based on a shared understanding between the supervisory and executive sides. At our company, this decision-making process is extremely important, and I personally place importance on taking time to engage in dialogue.

With regard to M&A, it takes time to build consensus

Cash allocation plan of “Realize 25”

(B. JPY)



Capital investment

Capital investment is progressing as planned. Approximately ¥25 billion was invested in FY2023, ¥30 billion in FY2024, and ¥49 billion is planned for FY2025.

Construction of robot plant No. 5
Plant integrating motor production
Scheduled to start operation in FY2026

Construction of Kansai branch office
Started operation in March 2025

YASKAWA Europe Robotics
Consolidation of logistics functions
Scheduled to start operation in FY2025

YASKAWA America, Inc. Establishment of new campus
Scheduled to start operation in FY2028 and thereafter

Construction of robot plant No. 4
Robot parts machining plant
Started operation in March 2024

YASKAWA America Inc. Expansion of robot systems plant
Started operation in July 2024

and assess risks, making it difficult to respond flexibly. As a first step, I give priority to alliance with partners who can share business concepts and collaborate. The collaboration with NVIDIA to realize digital twins, initiated by the integration of GPUs into “MOTOMAN NEXT*2,” symbolizes our strategy of partner collaboration.

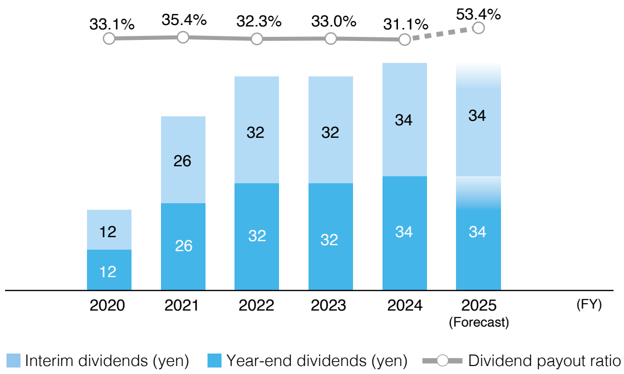
When it comes to R & D investment, I emphasize the relevance of the theme rather than the ratio to revenue. I will review bloated areas and reduce those that are less necessary. Instead of increasing the amount each year in accordance with revenue, I will focus on selection and concentration and invest resources in valuable technological development.

Regarding shareholder returns, I will maintain the dividend payout ratio of 30%+α during FY2025, but I plan to discuss the possibility of revising it in the next long-term business plan. Regarding share buybacks, I will not change the policy and will consider doing so when cash generation exceeds expectations. Our business potential will continue to expand in the future because automation needs driven by labor shortages are increasing across all sectors. I hope that investors will evaluate our business execution capability and profitability in the expanding business potential, and use this in their investment decisions.

*1 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

*2 The next generation robot that have the autonomous adaptivity to the environment and make judgments which Yaskawa Electric launched in November 2023.

Shareholder returns (dividends)



Business portfolio management

In promoting “i³-Mechatronics” concept, there have been many cases in recent years where products from motion control business and robotics business are combined in proposals, and synergies between the two businesses are gradually expanding. As the number of common markets for both businesses is increasing, we may need to reconsider our business classifications at some point in the future.

Another issue that we recognize in our business portfolio is high volatility. We believe it is essential to expand mechatronics application fields beyond the motion control and robotics businesses into primary and tertiary industries, in order to reduce fluctuations in business performance. We will accelerate our efforts in the field of automation, which is expanding from conventional factories to food, agriculture, and biomedical, as a growth field.

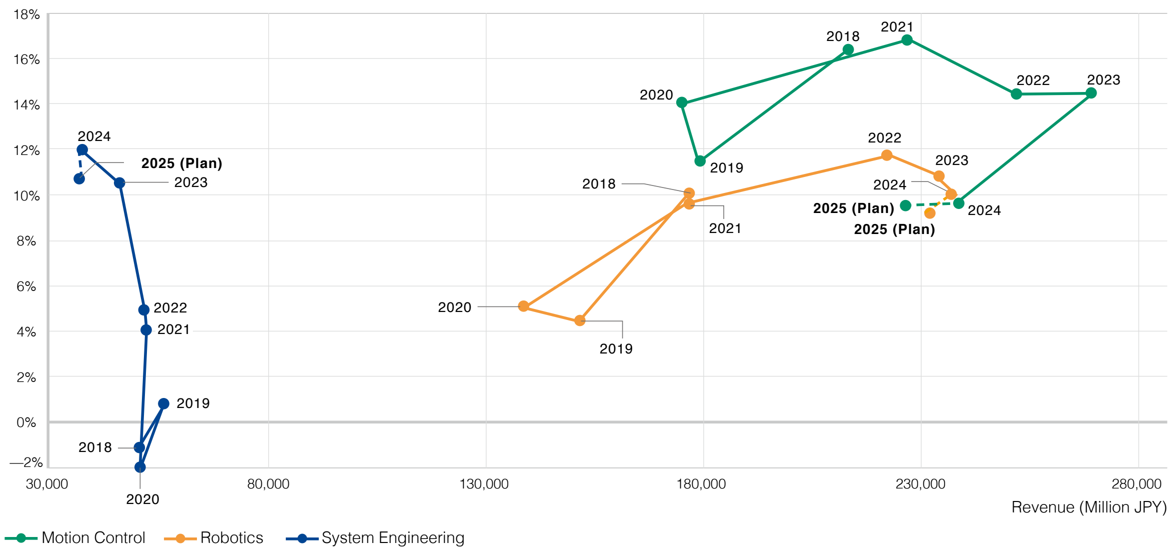
When deciding whether to continue or withdraw from a business, we will not only make decisions based on quantitative information such as ROIC, but also focus on whether future growth is expected and whether there is room to improve profitability internally.

To our stakeholders

I have attended meetings with institutional investors and analysts several times in the past, and I always find these opportunities to engage with market participants to be valuable learning experiences. I feel that opportunities to hear their requests and expectations for our company, as well as thought-provoking proposals based on data from the market and other companies in the same industry, are extremely important for management including myself, and I always keep the opinions I receive in mind when conducting business operations. As a general manager of corporate planning division, I would like to meet everyone’s expectations by producing results and increasing corporate value.

In addition, in communications with capital markets, such as integrated reports and financial results briefings, I will strive to provide reliable information at an appropriate time. Please look forward to sustainable growth of the Yaskawa Group for the future and I appreciate your continued support.

Revenue and operating profit ratio by segment in the previous mid-term business plan, “Challenge 25 Plus” and the current mid-term business plan, “Realize 25”



* Figures reflect the reclassification (from FY2024) of information on PV inverter from the System Engineering segment to the Motion Control segment.

Michael Knapek
Regional Manager, the Americas
Chairman & CEO,
YASKAWA America, Inc.

YASKAWA America: Advancing to the Next Stage

— Campus Vision and Technological Innovation

Current operations in the U.S.

YASKAWA America, Inc. was established in September 1967 in Chicago, Illinois. Since its founding, the company has been engaged in technology development, manufacturing, sales, and service across the Americas—including the U.S., Canada, Mexico, and Brazil. It provides Motion Control, AC drives, PV inverters, and system engineering of industrial robots for a wide range of markets such as semiconductors, machine tools, automotive, HVAC, pumps, oil & gas, and solar energy.

Currently, YASKAWA America operates several key facilities in the U.S.: headquarters in Illinois, an inverter and servo motor plant in Buffalo Grove (Illinois), drives value-added manufacturing plant in Oak Creek (Wisconsin), and a robot systems facility in Ohio. These operations are spread across multiple states, resulting in inefficiencies in production. To strengthen the implementation of the “i^3-Mechatronics” concept, it is essential to consolidate production and enhance cross-functional collaboration.

Moreover, only a portion of AC drives and AC servos are produced locally in the U.S., with most other products imported from Japan. As demand grows for shorter lead times and increased automation due to inflation and rising labor costs, the current production system may struggle to keep pace.

To address these challenges, YASKAWA America has decided to establish a new campus that consolidates its headquarters and production functions.

Launching the campus vision

— A $180 million growth investment

A new campus will be built in Franklin, Wisconsin, consolidating the currently dispersed headquarters and production facilities in Illinois and Wisconsin. This “Campus Vision” aims to improve productivity and operational efficiency across YASKAWA America.

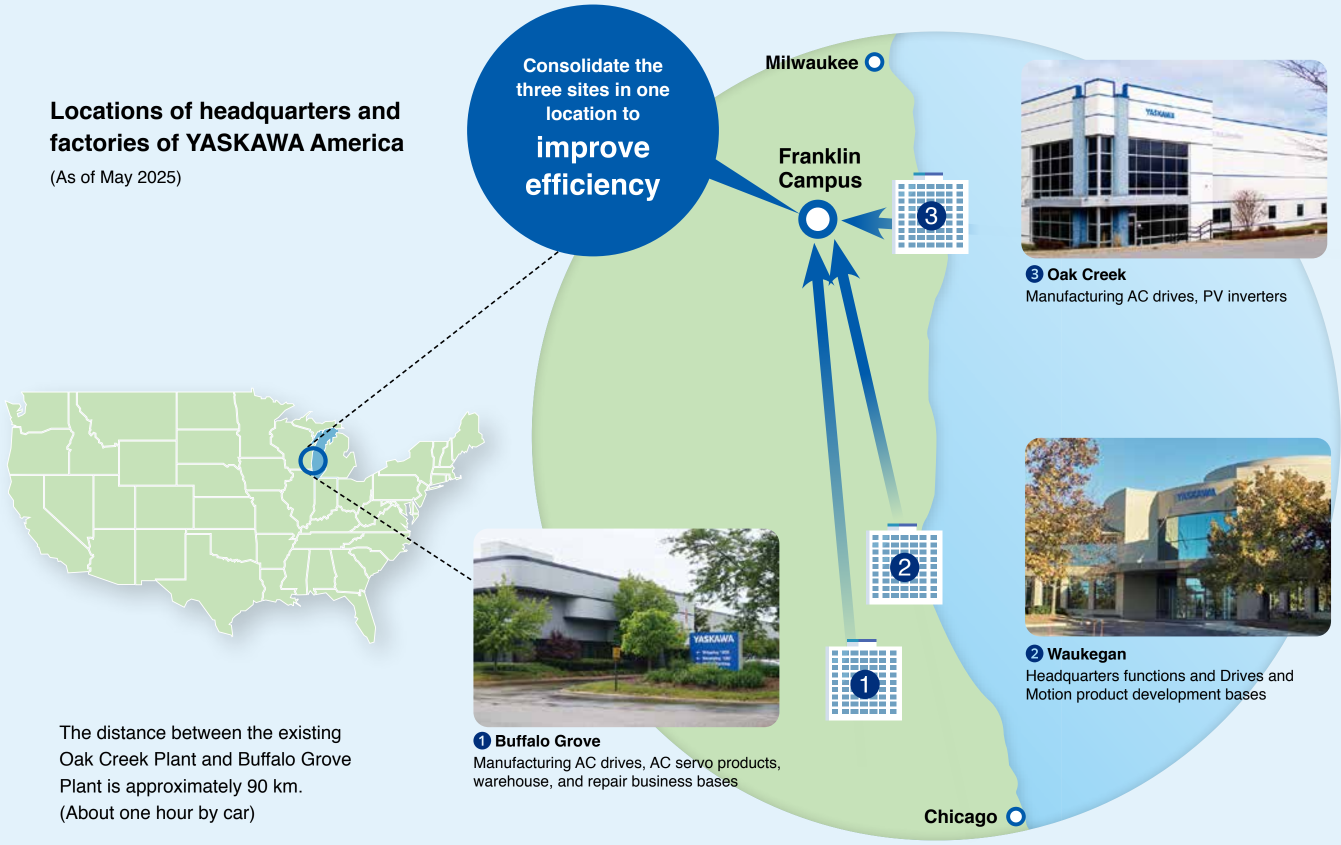
The new campus will span over 74,000 square meters and will include headquarters, R&D, training facilities, and factories for motion control products and industrial robots (including manipulators for general industry and semiconductor applications). We plan to invest approximately $180 million over the next 8–10 years.

Currently, AC drives produced in Buffalo Grove are shipped to Oak Creek for value-added packaging. By placing these facilities adjacent to each other, transportation time and costs can be reduced. Additionally, the SAP* process in the factories will be streamlined, allowing for a single transaction from order to delivery, resulting in more efficient production.

The investment strategy also includes establishing local production for all core YASKAWA products—AC servos, AC drives, and robots. The local production ratio for AC servos will increase from 20% to 70%, and for AC drives from 70% to 85–90%. As for robots, manipulators are currently 100% imported from Japan, but local production is scheduled to begin, with a target localization rate of 60–70%.

Locating the campus in Wisconsin, an industrial hub, will also help secure a steady supply of skilled

Locations of headquarters and factories of YASKAWA America
(As of May 2025)



The distance between the existing Oak Creek Plant and Buffalo Grove Plant is approximately 90 km. (About one hour by car)

labor. Many engineers in Wisconsin are known for their integrity and diligence, and they often hold the belief that "if I do good work, the company will recognize it." This mindset aligns well with the type of talent we seek, and we expect these individuals to thrive within our organization.

* An ERP (Enterprise Resource Planning) system that integrally manages a company's operations such as finance, sales, inventory, and human resources.

Doubling business scale

— Expanding the U.S. market with "i³-Mechatronics"

Through the Campus Vision, YASKAWA America aims to double its current business scale of approximately $1 billion over the next decade. This growth will coincide with the completion of the new facilities and the start of production, forming a key part of the company's mid- to long-term strategy.

To expand the business in the U.S., we are promoting "i³-Mechatronics" solutions, similar to our approach in Japan. This includes offering unique products like the "iC9200" controller for Western markets and the AI-powered autonomous robot "MOTOMAN NEXT," showcasing YASKAWA's strengths in the U.S.

However, adoption of "i³-Mechatronics" in the U.S. has been slower than in Japan. Many American companies already have their own production systems and data utilization frameworks, leaving limited room for new solutions. Despite these differences, the ability of "i³-Mechatronics" to control multiple devices together is being recognized and gradually accepted.

Launched in September 2024, the "iC9200" is the first product in the "iC9000 series", part of the "iCube Control" solution for implementing "i³-Mechatronics". While previous motion controllers such as the "MP920" and "MP720" offered highly advanced functionality, their programming could be complex and required a high level of technical expertise. In the U.S., there were relatively few engineers capable of fully utilizing these products.

Compared with previous models, the "iC9200" introduces two key improvements: enhanced safety features and simplified programming. It supports FSoE (Safety over EtherCAT), enabling seamless integration with third-party devices without external equipment. As a result of these enhancements, the "iC9200" has received highly positive feedback from customers for its functionality and ease of use. To date, testing has been conducted on approximately 50 projects, steadily leading to confirmed orders. Capable of controlling multiple devices—including servos and robots—with a single unit, the "iC9200" truly embodies the concept of “i³-Mechatronics”.

Meanwhile, rising inflation and labor costs have accelerated investment in automation across U.S. manufacturing. Robots are increasingly being introduced into production lines within general industries that have traditionally lacked automation, and we are proactively engaging with this growing demand. Launched in November 2023, MOTOMAN NEXT offers versatility and adaptability for variable production environments, making it ideal for industries like food, logistics, and agriculture.

MOTOMAN NEXT has received positive feedback in the U.S., with many companies participating in demonstrations. It is being adopted by system integrators (SIers) serving small businesses, enabling joint solution development. Applications include sorting, palletizing, and packaging. Its ability to make decisions based on its surroundings, plan and execute tasks autonomously, resonates strongly with potential partners. By combining their machine learning and AI solutions with YASKAWA’s technology, we aim to deliver greater value to customers.

A new beginning for YASKAWA America

— Reclaiming leadership in technology

Although YASKAWA America has a history spanning 58 years, I still view it as an organization in the early stages of its evolution. Over the years, we have established a solid presence in the U.S. by delivering high-quality products across a diverse range of industries—including semiconductors, automotive, oil & gas, and general industries—without focusing solely on any one sector. Today, however, we stand at a pivotal moment of transformation.

In the past, YASKAWA held a clear advantage over competitors in terms of technology and quality. However, we recognize that this gap has narrowed in recent years. To reestablish our position as a technology leader, we must move beyond conventional approaches and focus on product development that reflects the real needs of the market.

Product development can be categorized into two types: evolutionary, which improves existing technologies, and revolutionary, which creates entirely new value. YASKAWA was once known for producing many revolutionary products, but today our focus has shifted more toward evolutionary development. While most design work is currently conducted in Japan, we plan to expand our development capabilities in the U.S. to better respond to local market demands.

The U.S. is home to many innovation-driven companies such as NVIDIA and GAFA. Our goal is to build trusted relationships with these firms and position ourselves as a collaborative partner in creating new value. The establishment of our new campus will further accelerate co-creation with local companies and enable YASKAWA to demonstrate its technological strengths in the field of AI robotics. We believe this will significantly enhance our long-term competitiveness in the U.S. market.

With its strong consumer base and long-term growth potential, the U.S. remains a highly attractive market. Its unmatched advantages in advanced technology, talent, and financial resources make our investment in the region a strategic priority for the entire YASKAWA Group. By staying closely aligned with our customers and consistently delivering high-quality, innovative products, we aim to solidify our presence in the U.S. and contribute to the overall growth and value creation of the YASKAWA Group.

A factory in the campus