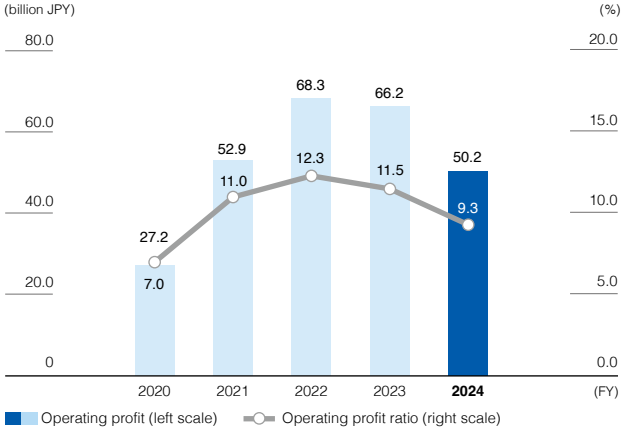
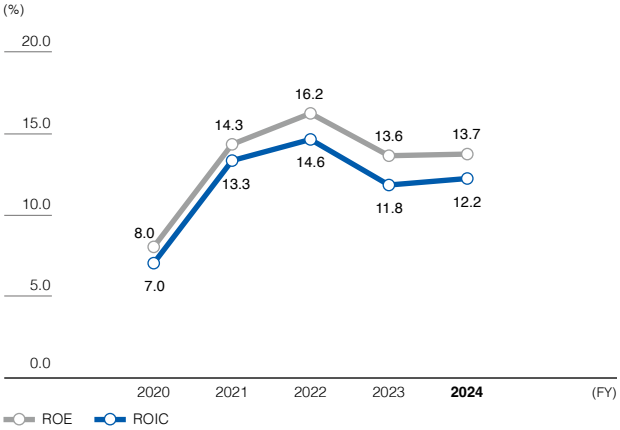
Financial and Non-Financial Highlights

Operating profit / Operating profit ratio



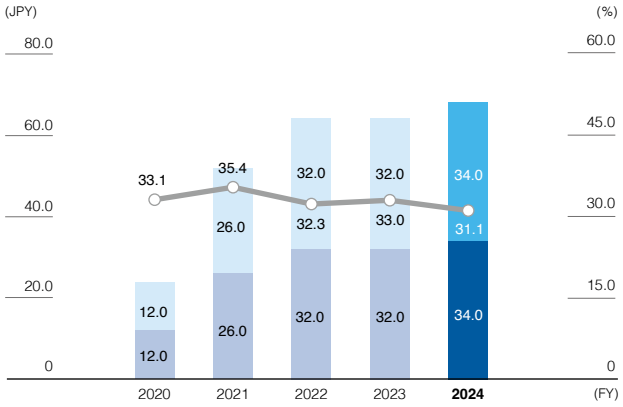
Although we made efforts to control indirect costs, the significant impact of decreased profits due to declining revenue resulted in a reduction in overall profit.

ROE / ROIC



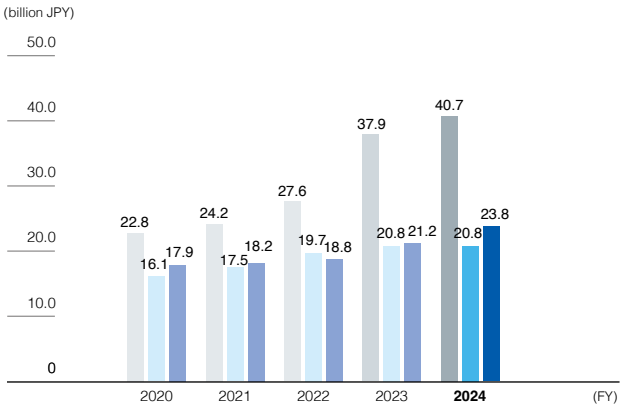
In FY2024, profit and equity attributable to owners of the parent increased, resulting in a ROE of 13.7% and a ROIC of 12.3%. However, both figures remained below the target level of 15%.

Dividends per share / Payout ratio



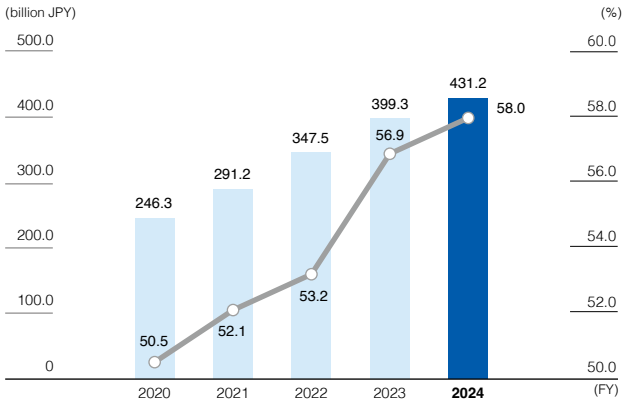
Annual dividend per share for FY2024 reached a record high of 68 yen. The dividend payout ratio was 31.1% and kept the level of 30%+α, which is the standard for our shareholder returns.

Capital expenditures / Depreciation and amortization / R&D expenses



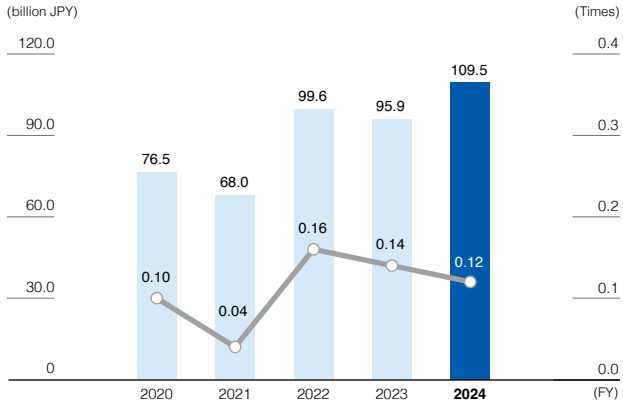
Capital investment in FY2024 increased by 2.8 billion yen from the previous year to 40.7 billion yen, due to the establishment and enhancement of our own facilities both domestically and internationally. Research and development expenses increased by 2.6 billion yen compared to the previous year, as we focused on our core business areas—motion control and robotics—and advanced the development of next-generation robots and controllers.

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



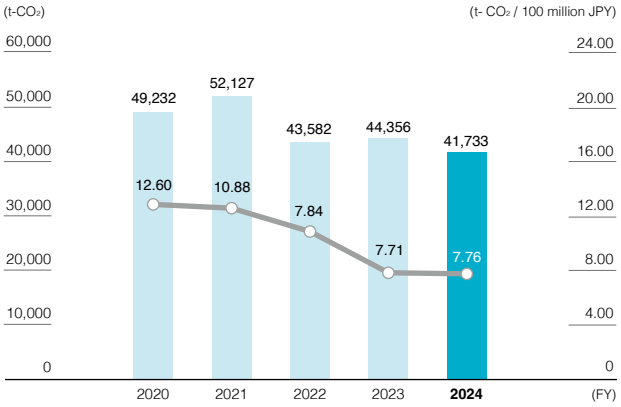
Total equity attributable to owners of the parent increased by 31.9 billion yen from the end of the previous fiscal year to 431.2 billion yen. The ratio of equity attributable to owners of the parent was 58.0%, which is higher than 50%, the level we consider appropriate for stable management.

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



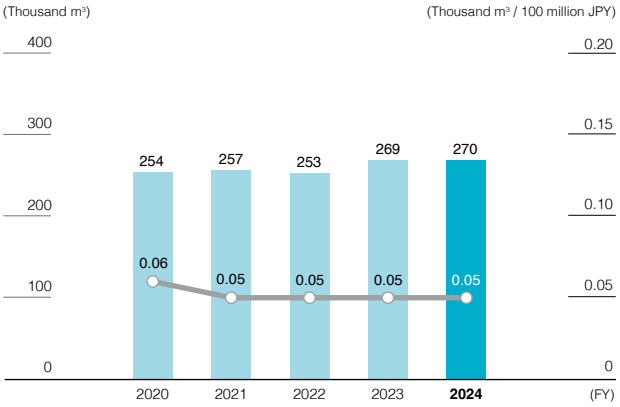
The amount of interest-bearing debt at the end of FY2024 was 109.5 billion yen, an increase of 13.6 billion yen from the end of the previous fiscal year. The net D/E ratio was 0.12 times, 0.02 points better than the end of the previous fiscal year. Current liabilities decreased compared to the end of the previous fiscal year due to a decrease in short-term borrowings.

CO_2 emissions by production and sales activities / CO_2 emissions per unit of revenue



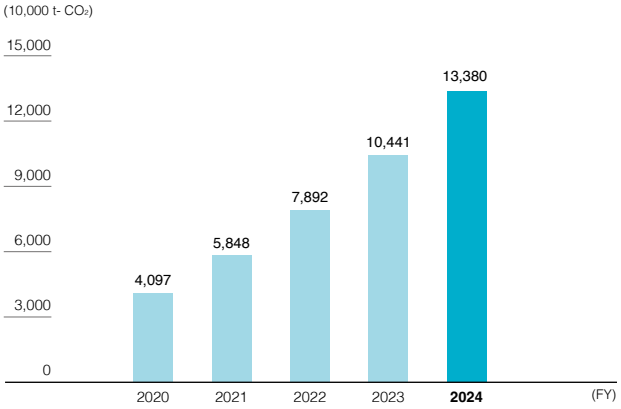
In FY2024, we reduced CO_2 emissions by introducing solar power generation systems at our Shenyang and Changzhou plants in China. However, due to a decline in revenue, CO_2 emissions per unit of revenue slightly increased.

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



At Yaskawa, the amount of water used in the production process is minimal, and most of the water used is domestic water used by employees. In FY2024, water usage decreased in Japan but increased overseas, resulting in a slight overall increase. However, the amount of water used per unit of revenue figure remained at the same level as in FY2023.

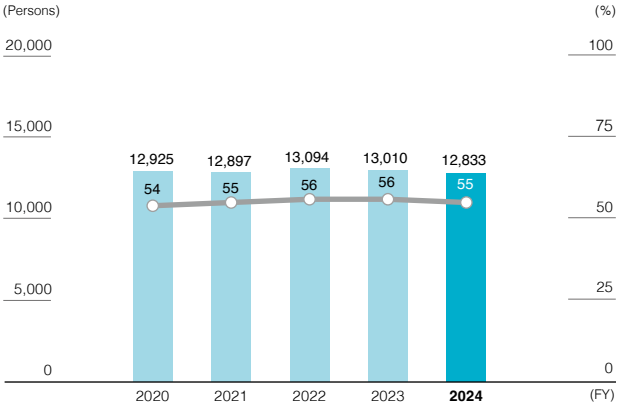
Contribution to CO_2 emissions reduction through products (Cumulative since FY2016)



Our AC drive products make a significant contribution to reducing CO_2 emissions.

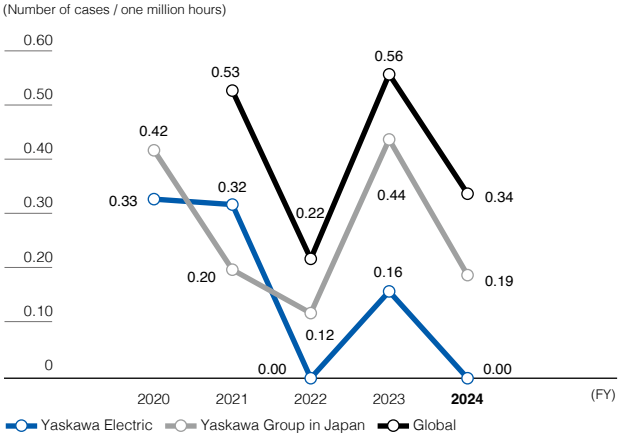
In FY2024, we have commercialized 4 models of Super Green Products, including 2 AC drive models, and expect to continue contributing to the reductions.

Consolidated employees / Ratio of employees in bases outside Japan



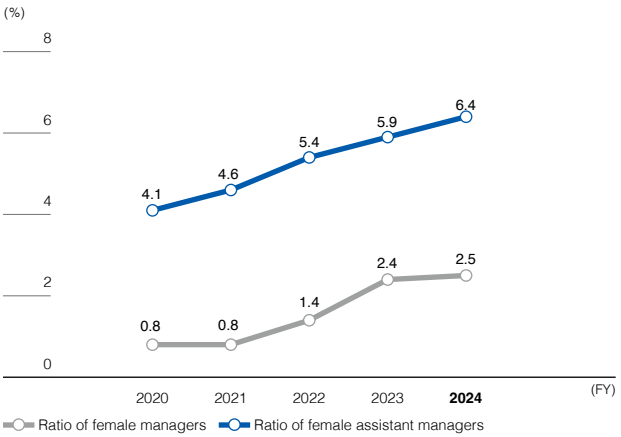
In FY2024, the number of consolidated employees decreased by 177 to 12,833. Overseas employees accounted for 55% of the total and there was no significant change from the previous year.

Frequency rate of lost-time injuries



In FY2024, the frequency rate of lost-time injuries was 0.00 for Yaskawa Electric, 0.19 for the Yaskawa Group in Japan, and 0.34 for the Yaskawa Group overseas. All three figures were improved from the previous year. We have been continuously implementing thorough risk assessments and various safety patrols to prevent recurrence and proactively avoid incidents.

Ratio of female managers / Ratio of female assistant managers (non-consolidated)



In FY2024, the ratio of female managers was 2.5%, and the ratio of female assistant managers was 6.4%, both showing improvement compared to FY2023. We will continue to provide career support in line with our action plan for promoting women's participation and advancement in the workplace.

Business Performance of FY2024

FY2024 management review (Quantitative)

- The recovery in key focus markets such as semiconductors and automotive remained sluggish.
- Compared to the previous fiscal year, which was supported by a high level of backlog orders, revenue declined with a particular impact on motion control, and operating profit also decreased.

		FY2024 forecast*1	Mid-term business plan "Realize 25" targets	FY2024 results
Quantitative	Revenue	548.0 billion JPY	650.0 billion JPY	537.7 billion JPY
	Operating profit	58.0 billion JPY	100.0 billion JPY	50.2 billion JPY
	Operating profit ratio	10.6%	15.4%	9.3%
	ROE		15.0% or more	13.7%
	ROIC		15.0% or more	12.2%
	Dividend payout ratio		30.0%+α	31.1%

*1 As of January 10, 2025

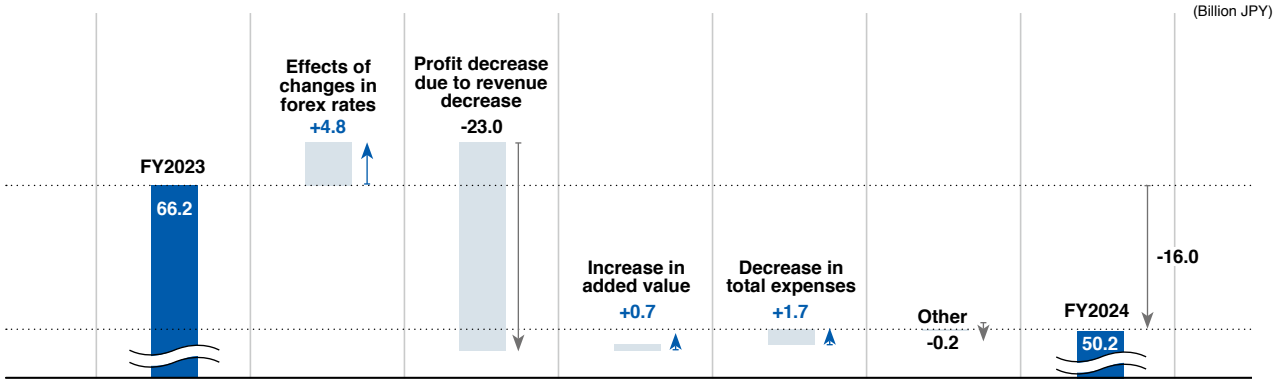
FY2024 management review (Qualitative)

Qualitative	Production	● Introduced "MOTOMAN NEXT" at Robot Plant No.1 to improve productivity through automation and data utilization (Scissors Gear*2 assembly process) ● Decided to strengthen robot production in Europe (Slovenia) ● Construction began on new Minami-Yukuhashi Plant in Fukuoka Prefecture to strengthen System Engineering business
	Sales	● Built controller business with iCube Control*3 products in Europe ● "MOTOMAN-ME1000", a 1 ton payload scara robot, was awarded the 2024 Energy Conservation Grand Prize*4 for its superior energy-saving performance ● Accelerated activities of i³-Mechatronics CLUB, established in 2019 (Approximately 160 domestic companies, including NVIDIA GK and Kewpie Corporation, participate)
	Technology	● Launched "MPX1012J", a new machine controller with enhanced compatibility with JTEKT PLC, which is widely used in the automotive market ● Launched "MOTOMAN-GG250", a robot that can be applied to friction stir welding to reduce the weight of automobile bodies ● Demonstrated "MOTOMAN NEXT" at NVIDIA AI Summit Japan (November 2024) to promote high-speed pick and place using AI
	Others	● Agreement signed with Astellas Pharma to establish a joint venture company for the manufacture of cell medicine products using the two-armed robot "Maholo" for bio industry ● Strengthened service activities to proactively propose timely equipment upgrades and maintenance to customers based on the operating status of our company products ● Chubu Robotics Center (Miyoshi City, Aichi Prefecture) adopted CO_2-free electricity, becoming the first our company site to achieve zero CO_2 emissions (carbon neutral)

*2 Gears used for noise control and smooth power transmission. A mechanism that reduces rattling and vibration and noise by eliminating gaps between gears.
*3 Yaskawa's original controller solution for "i³-Mechatronics", which began rolling out in January 2024.
*4 Once a year, the Energy Conservation Center of Japan honors companies, local governments, educational institutions, and other organizations that have demonstrated excellent energy conservation practices, as well as products and business models with excellent energy efficiency.

Breakdown of changes in operating profit (FY2023 → FY2024)

- Despite efforts to control expenses, operating profit decreased year on year due to the impact of lower profits resulting from lower revenue.
- Added value increased only 700 million yen due to inventory write-downs, despite the effects of switching to new products, in-house manufacturing, and price pass-through.
- Overhead costs decreased due to curbing activity costs while improving wages in response to inflation.



Breakdown	Effects of changes in forex rates	Change in profit due to change in revenue	Change in added value	Change in total expenses	Other
Motion Control	+2.0	-21.8	+0.1	+4.0	-0.3
Robotics	+2.7	-1.9	-0.8	-2.0	+0.6
System Engineering	+0.0	+1.3	+0.2	-0.3	-1.5
Other	+0.0	-0.7	+1.3	-0.1	+1.0

FY2025 plan

As for the financial forecasts for the FY2025, due to heightened uncertainty surrounding future demand stemming from the impact of U.S. tariff policies, revenue and operating profit are planned to decrease from the previous fiscal year. Profit before tax, and profit attributable to owners of parent are expected to decrease from the previous fiscal year due to the disappearance of gain on transfer of shares and gain on revaluation of remaining shares following the transfer of a portion of shares of Yantai Dongxing Magnetic Materials Inc., an equity-method affiliate, which was recorded in FY2024.

Key implementation items

Reaping the results of i³-Mechatronics	● Establish proposal sales to realize customers' needs (improvement and evolution) and maximize demand for our core products through these activities ● Expand the market launch of "MOTOMAN NEXT" and expand our partnership ● Accelerating the shift to solution business through the lineup expansion of "iCube Control" ● Establishment of a production system capable of responding flexibly to variable-volume production by constructing Robot Plant No.5 (scheduled for completion in December 2025)
Strengthening profitability	● Grasp the big picture of capital investment trends in various markets such as semiconductors and automobiles, and maximize the order acquisition ● Expand the provision of our company products to customers through cooperation with core sales companies and sales expansion partners ● Clarification and implementation of growth strategies for the Indian market, which is expected to expand in the future ● Improve profitability by steadily completing business structural reforms in response to changes in the competitive environment in Europe and China
Promotion of partner strategies	● Strengthen efforts to expand the application of AC drives in data centers where global investment is accelerating ● In the pharmaceutical and agricultural fields, we will develop automation in cooperation with partners, and aim for the commercialization stage by moving from verification and evaluation to actual implementation
Implementation of sustainability management	● Accelerate the advancement and efficiency of business operations through "YDX-II" ● Restructure PLM, and complete the business transition and strengthen the data infrastructure in line with the renewal of core IT systems ● Strengthen data governance and the environment for utilization of generative AI ● Strengthen the sustainability management in response to increasing global demand for ESG information disclosure

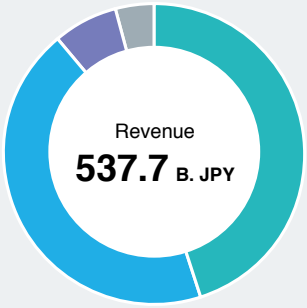
Segment Highlight

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.

FY2024
(Fiscal year ended February 2025)

Revenue	537.7 B. JPY
Operating profit	50.2 B. JPY
Operating profit ratio	9.3%

Revenue breakdown by business segment



Motion control	45%
Robotics	44%
System Engineering	7%
Other	4%

Employee breakdown by business segment

Motion control	40%
Robotics	38%
System Engineering	6%
Other	6%
Corporate (common)	10%

Motion Control

AC servo & controller business

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

AC servo drive “Σ-X series”

YRM controller “YRM 1010”

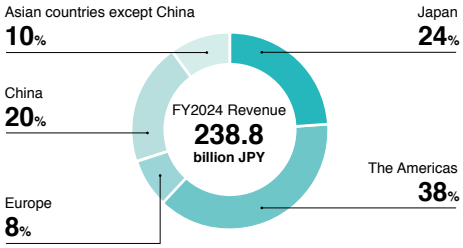
Drives business

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

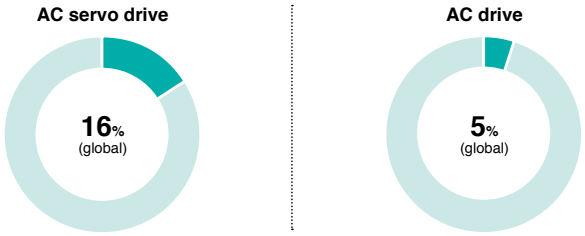
Yaskawa AC drive “GA 700 series”

PV inverter

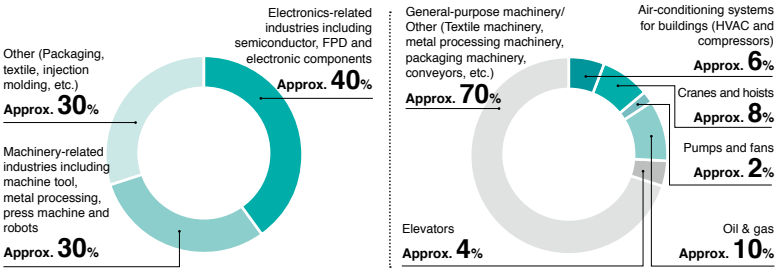
Breakdown of FY2024 revenue by region



Market share (company estimate)



Business breakdown by application (FY2024 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

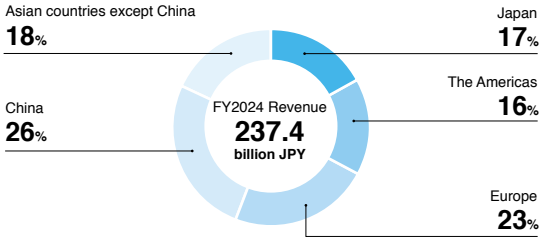
- Arc welding robots
- Spot welding robots
- Painting robots
- Handling robots
- Clean/vacuum transfer robots for semiconductor and LCD manufacturing equipment

Arc-welding robot
“MOTOMAN-AR1730”

Collaborative robot
“MOTOMAN-HC20DTP”

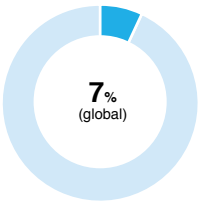
MOTOMAN NEXT series

Breakdown of FY2024 revenue by region

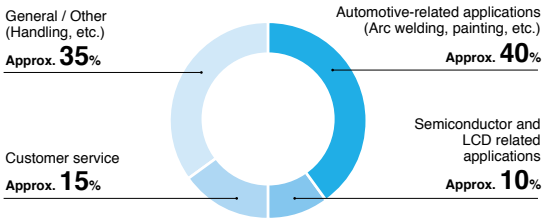


Market share (company estimate)

Industrial robot



Business breakdown by application (FY2024 results)



System Engineering

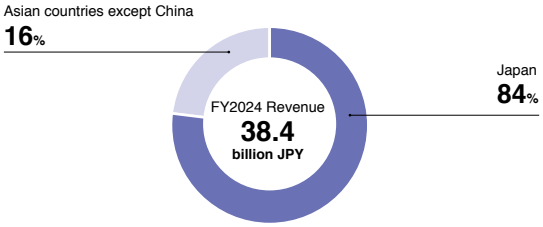
Supporting prosperous life and society through technologies and proven performance accumulated over a century

- Industrial automation drive business
- Social system business

Electrical systems for steel plants

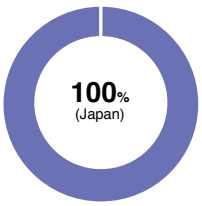
Electrical instrumentation systems for water supply plants and sewage treatment facilities

Breakdown of FY2024 revenue by region

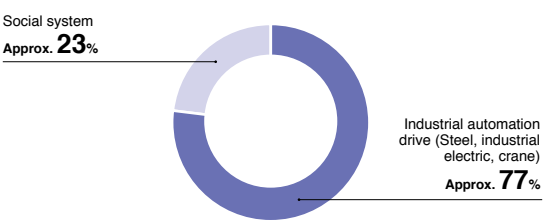


Market share (company estimate)

Steel plant systems (Blast furnace)



Business breakdown by application (FY2024 results)



Motion Control

AC Servo & Controller Business

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

Market environment

Our AC servo drive & controllers are used in a variety of manufacturing equipment to control the motion of the equipment (motion control). The market for AC servo drive & controllers is expected to continue growing, particularly in the areas of semiconductors, electronic components, and rechargeable batteries. On a global scale, the environment is changing rapidly, with the rise of Chinese competitors and changes in the supply chains of component manufacturers.

In this environment, an increasing number of customers are seeking to strengthen their competitiveness by using data to improve yields, production line efficiency, and product quality. In addition to advanced motion control, our group's products are also required to have the ability to collect detailed data from equipment and analyze them.

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 motion technology 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 equipment through the pursuit of leading-edge technologies
- Practice of i³-Mechatronics
  - Realization of new automation revolution

Weaknesses Challenges

- Reinforcement of response to rapid changes in demand in production

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

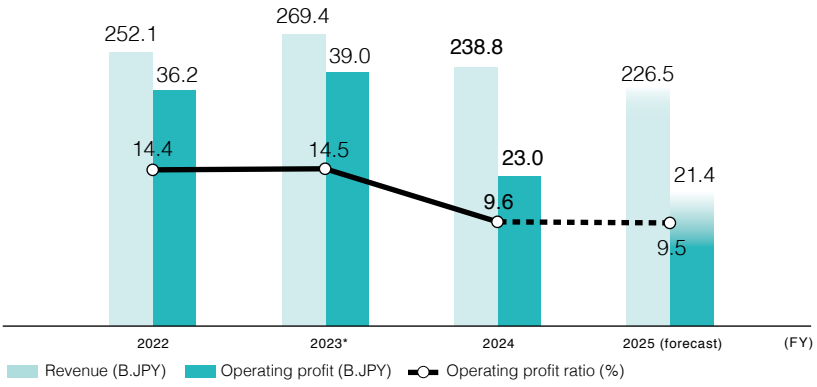
Threats Business risks

- Supply chain dysfunction due to geopolitical risks
- Rise of Chinese competitors
- Soaring prices of materials and parts

Initiatives based on SWOT analysis results	FY2024 results
Demonstration and construction of "i³-Mechatronics" solutions	● Development of solutions and applications through co-creation with customers based on "i³-Mechatronics" ● Expanded sales of new products globally
Strengthening the product portfolio to realize "i³-Mechatronics"	● In addition to supporting machine commands for Σ-X series AC servo drives, newly added and launched advanced safety module (ASM-X) and functional safety-compliant servo motors as optional products that support a wide range of functional safety features. ● Launched new products of iC9200 (IEC* compatible) which is included in iCube Control product lineup
Accelerating global expansion of production methods of YASKAWA Solution Factory and expanding production models in demand areas	● Implementation of new automated cells as an initiative for automation and labor saving, and established a production system that can keep up with the upturn in the market

*Abbreviation for International Electrotechnical Commission

Business performance and forecast (Motion Control)



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

Business performance of FY2024

In the semiconductor market, sales remained firm, mainly in the Americas, while in Japan, the demand including that of the electronic components market was affected by a delayed recovery.

Although there was a moderate recovery in the Chinese market toward the end of the fiscal year, capital investment remained generally weak, and demand was sluggish in Europe. As a result, revenue decreased.

Operating profit decreased due to the large impact of a decline in profit resulting from a decrease in revenue, despite efforts to reduce expenses.

Growth strategies

1. Solutions

We aim to maximize the added value of our customers' equipment by providing solutions centered on "i³-Mechatronics" in order to realize customers' requests in rapidly changing market conditions and markets themselves, and by continuously accumulating and developing technologies.

2. Technology and Quality

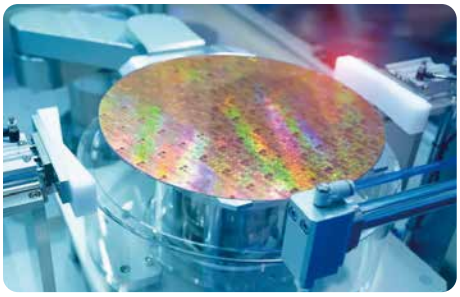
In order to maximize the added value of our customers' equipment centered on motion technology, we will expand products optimized for the market and steadily promote market expansion and ensure quality.

3. Production

By continuously enhancing productivity through automation and labor-saving, and by strengthening manufacturing at production bases in demand regions, we will build a production system that can respond to country risk, difficulty in procuring parts, and fluctuations in demand.

TOPICS

Fusion of semiconductor innovation and motion technology supporting the AI era



Semiconductor manufacturing equipment

The development of semiconductors for AI is expected to lead to a future in which AI will be installed as standard in every aspect of everyday life. As a result, the global semiconductor market is actively advancing technological innovation aimed at enhancing the functionality of semiconductors, as well as increasing the supply volume. In particular, in addition to the trend toward miniaturization of semiconductor circuits, advances have been made in packaging technology aimed at enhancing the performance of semiconductors by assembling various chips. This trend has led to the birth of a new process, "middle process*," which cannot be classified into the traditional front-end and back-end processes of semiconductor manufacturing. The development of this new technology is being promoted globally, but particularly end-users in Taiwan has been starting mass production and new players (equipment manufacturers) are emerging one after another. The Yaskawa Group has built a solid brand presence by supplying wafer transfer robots and AC servos motors to customers in the front-end and back-end processes of semiconductors, leveraging its world-class technology and quality. We play an important role as a supplier to customers, and are an extremely rare manufacturer with expertise in both front-end and back-end processes. The newly created "middle process" is technological applications of the front-end and back-end processes. It is an area where we will make great use of the combination of experience, technology, and know-how we have accumulated through business with customers in both processes.

Going forward, we will continue to support the further development of the industry by accurately grasping the evolution of semiconductor technology and market trends, while making the most of our strength in motion technology and by contributing to the speed, precision, and accuracy enhancement that semiconductor manufacturing equipment require.

* This process is called by various terms, including the packaging process, the 2.5D process, and the 3D process. We define this process as the "middle process" and are conducting activities that lead to business development.

Osamu Komiyaji
General Manager
SEMI Sales Dept.
Corporate Sales & Marketing Div.

Motion Control

Drives Business

Kozo Ide
Senior Executive Officer
General Manager,
Drives Div.

Market environment

The AC drive market is expected to expand further on the back of energy-saving of industrial equipment and the spread of renewable energy. Demand is growing rapidly, particularly in semiconductor plant equipment, data centers, air conditioning, and solar power generation. Customers place importance on high efficiency and energy-saving performance, reliability, and smartification (IoT collaboration, remote monitoring, and predictive maintenance) and they are also seeking customizability to suit their applications.

In recent years, the rise of local Chinese manufacturers in the AC drives market has become prominent. In Asia and Europe, in particular, market penetration of Chinese products is accelerating and competition is intensifying. While the expansion of Chinese manufacturers in the mid- to low-price market is expected to continue, we believe that we will be able to maintain a competitive edge by differentiating our products in markets where environmental compatibility, high reliability, and long-term support are required.

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
- Product reliability built up by long-term market performance

Weaknesses Challenges

- Creating added value for customer machines
- Improvement of development speed including new technologies
- Improved cost competitiveness and procurement capabilities
- In-house production of main parts

Opportunities Business opportunities

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

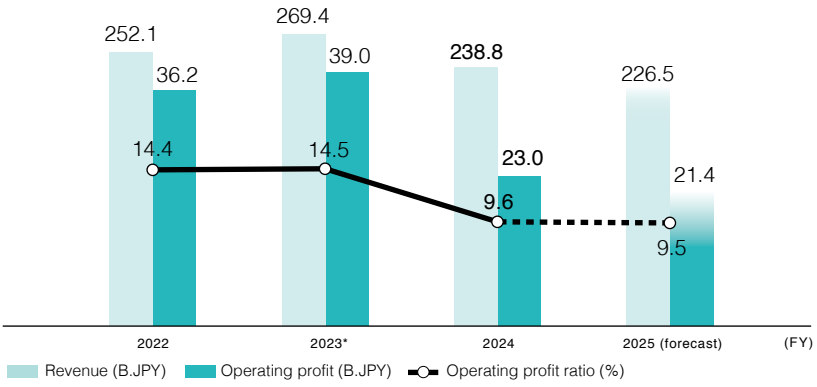
Threats Business risks

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

Initiatives based on SWOT analysis results	FY2024 results
Accelerate deployment of high-value-added products and solutions for emerging economies, particularly in Southeast Asia	● Providing high-value-added products that meet customer needs in the HVAC market in Southeast Asia ● Expanding successful cases in other regions to the oil and gas markets in emerging countries
Enhance QCD (Quality, Cost, Delivery) of technologies and products by fully utilizing the functions of YASKAWA Technology Center	● Expanding the lineup of Yaskawa AC drive series, which achieve the desired QCD (Quality, Cost, Delivery)
Realization of BCP through review of component, substrate, and product supply systems and expansion of in-house production of parts	● Reducing the adoption rate of parts from China and expanding in-house production of parts
Increase the revenue ratio of stable growth markets (HVAC*, elevators, etc.) by capturing energy conservation demand	● Expanding sales of products for HVAC in India and ASEAN regions and launch of new products for elevators

*Heating, Ventilation and Air Conditioning

Business performance and forecast (Motion Control)



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

Business performance of FY2024

Despite strong sales of PV inverters, revenue decreased from the previous fiscal year, which was supported by a high backlog of orders. Operating profit decreased due to the large impact of a decline in profit resulting from a decrease in revenue, despite efforts to reduce expenses.

Growth strategies

1. Expanding drive-optimized solutions for target markets

We provide environmentally friendly solutions that meet local needs in regions with high growth potential, such as the United States and India. Also, we expand high-value-added products with high environmental performance and reliability to achieve carbon neutrality.

2. Providing integrated environmental and energy solutions through ecosystem development

We collaborate with domestic energy creation and storage partners to provide one-stop integrated solutions.

3. Building a production system robust to demand fluctuations

We improve productivity by realizing variable-mix and variable-volume production with the ultimate labor savings. Based on the basic strategy of local production for local consumption, we build a global production system that does not depend on volume.

TOPICS

Regional strategies to maximize value

Our group positions the Americas, which accounts for nearly half of its Drives business, as an important market, and expects further growth, particularly in oil & gas and HVAC applications. In particular, for the oil & gas market, we are expanding sales with differentiated solutions such as our well-established low-voltage AC drives and matrix converter “U1000.” In addition, HVAC is the largest market for our Drives business in the Americas, and in recent years, with the expansion of the data center market, demand for AC drives for HVAC applications has increased from the perspective of energy conservation. We will continue to expand our business by providing solutions that customers require in these growth areas.

On the other hand, the AC drives market in China is expanding across a wide range of fields, including infrastructure, cranes, textiles, ceramics, semiconductors, and batteries. In recent years, low-price products of local manufacturers have been penetrating the market. In this situation, our sales of standard products for elevators decreased, but sales in other markets are on an upward trend. We position “cranes,” “textile,” “ceramics,” and “semiconductors” as the four key markets in China and are building relationships with customers through products that emphasize quality and durability. Leveraging our “fail-proof design” as a strength, we aim to sustain and expand high-value-added business based on trust with customers in markets where our strength is valued.

Oil drilling rig

Robotics

Manabu Okahisa
Senior Executive Officer
General Manager, Robotics Div.
Department Manager, Robotics Technology Dept., Robotics Div.

Market environment

The largest market for industrial robots is the automobile market. “Innovations in manufacturing” is expected to occur in the automobile market in the future, with the aim of EV adoption and realization of autonomous driving. As manufacturing lines become more diverse and efficient, new needs distinct from those seen in the past will arise, for example data utilization and the realization of variable-mix and variable-volume production. In addition, 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.) Furthermore, in the future, autonomous robots equipped with AI, such as our “MOTOMAN NEXT,” are expected to accelerate automation in areas previously considered difficult to automate. By capturing these potential demands, we expect the industrial robot market to expand further in the future.

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 i³-Mechatronics concept
- Cross-business development system utilizing YASKAWA Technology Center
- Global sales, production and service bases

Weaknesses Challenges

- Strengthening adaptability to rapid changes in demand in production

Opportunities Business opportunities

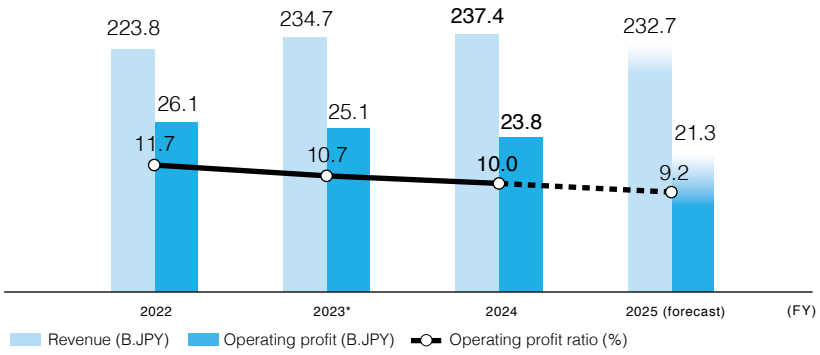
- Expansion of automation needs in a wide range of fields
- Manufacturing innovation in the automotive industry (including the adoption of EVs and eco-friendly system)
- Advances in robot-related technologies

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
- Reciprocal tariff risk from the United States

Initiatives based on SWOT analysis results	FY2024 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	● Achieved optimal production through a production system that is not affected by volume fluctuations
Corporate-wide enhancement of supply chain strategy and expansion of in-house production	● Expanded in-house production by starting operations of a machining plant that manufactures cast parts for robots
Proposing high-value-added Yaskawa solutions based on the i³-Mechatronics concept and strengthening partnership through strategically developed products	● Started collaboration with partners to solve customers’ needs based on common understanding of “i³-Mechatronics”

Business performance and forecast



Business performance of FY2024

In the automotive market, while capital investment as a whole remained sluggish, sales of large-scale systems projects from backlog contributed. In addition, sales of wafer transfer robots for the semiconductor market increased. As a result, revenue slightly increased on a year-on-year basis. Operating profit decreased mainly due to a decline in the production utilization rate and upfront investment to strengthen system response capabilities.

Growth strategies

1. Driving the growth of AI robotics market with MOTOMAN NEXT

We will steadily execute social implementation of "MOTOMAN NEXT," our strategic product, and expand partnerships.

MOTOMAN NEXT series

2. Maximizing revenue through comprehensive activities that capture market and regional changes from a broad perspective

We will take a broad view of capital investment trends in each market, including semiconductors and automobiles, to maximize order acquisition and expand the supply of our products to customers through collaboration with core distributors and sales expansion partners. In the Indian market, which is expected to expand, we will clarify and promptly implement growth strategies and investment plans.

3. Achieving optimal production through a production system resilient to demand fluctuations

We will start operation of the integrated production factory of motors and robots (Factory No. 5) at Yahata-nishi Plant and expand the area of automation at domestic and overseas production sites to build and strengthen an efficient production system resilient to demand fluctuations.

TOPICS

Measures to implement MOTOMAN NEXT in society

"MOTOMAN NEXT" is an innovative robot that fuses Yaskawa Group's AI, robotics, and motion technologies. It has the ability to see, touch, judge, and generate actions on the spot. One and a half years have passed since the launch of "MOTOMAN NEXT," and several projects are underway globally. In order to "make MOTOMAN NEXT a standard method" for the purpose of the expansion of the field of automation, we are working to enhance implementation support, such as packaging applications that can be deployed horizontally and providing technical education to system integrators and are promoting the adoption. As the number of introductions in the fields increases, deployment speed and cost efficiency are expected to improve. Although the price of robots themselves is higher than that of conventional ones, MOTOMAN NEXT is equipped with an autonomous control unit (ACU) and various services that run on it as standard, reducing the number of external equipment and software development processes, which keeps total costs down.

Since the launch of MOTOMAN NEXT, the direction of collaboration with various partners has become clearer, and we are delighted by the growing interest from IT companies. As AI is finally being deployed in the real(physical) world, such as assisting human mobility and physical labor, MOTOMAN NEXT has great potential. With the aim of implementing AI robotics in the real world, we will combine our knowledge with various partner companies and build up a track record of implementation.

Yumie Kubota
Executive Officer
General Manager, AI Robotics Div., Corporate Technology Div.
Representative Director, President, AI Cube Inc.

System Engineering

Masaki Yagita
President and CEO
YASKAWA Automation & Drives Corporation

Market environment

The steel plant systems and social systems sectors are performing steadily amid expanding capital investment aimed at decarbonization, automation, and digitalization. On the other hand, demand for general industrial electrical systems in Japan is showing a flat or slightly declining trend due to ongoing uncertainty in domestic and global economic conditions, such as the continued slowdown of the Chinese economy. Therefore, we believe that differentiation through line drive application technologies and the provision of services will be key to maintaining competitiveness.

As for electrical components for port cranes, which are a growth driver, demand is increasing due to rising logistics needs and the development of port infrastructure in Southeast Asia. Additionally, with the growing volume of logistics and the need for operational efficiency, there is a rising demand for automation technologies aimed at strengthening the international competitiveness of ports. These sectors are expected to see further growth in the future.

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

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)

Opportunities Business opportunities

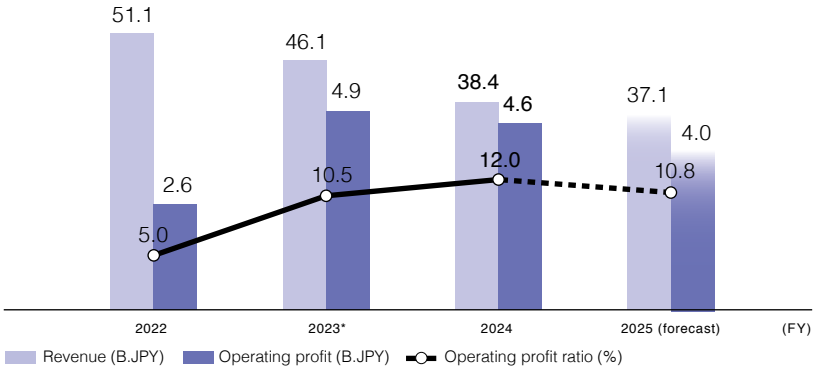
- Accelerated efforts to achieve carbon neutrality
- Need for labor-saving and high-efficiency electricity systems for water and sewage systems using IoT, AI
- Full automation and remote operation of port cranes

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

Initiatives based on SWOT analysis results	FY2024 results
Optimization of procurement, production systems, and cost structure, and improvement of profitability through the introduction of new products	● Automated design and engineering database construction, along with the deployment of drive modules and direct drives
System adaptation of customer manufacturing processes for achieving carbon neutrality in the steel market	● Addressing the need for automation of scrap cranes accompanying the shift to electric furnaces
Securing large-scale port crane investment projects in Southeast Asia and South Asia	● Enhancing presence through automation technology and strengthened engineering capabilities

Business performance and forecast



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Business performance of FY2024

Sales for our core steel plants, port cranes, and social infrastructure systems expanded. However, revenue decreased year-on-year due to the impact of selling a large-scale wind power generation-related subsidiary in the latter half of the previous fiscal year.

Profit declined due to the absence of the gain from selling shares in the large-scale wind power generation-related subsidiary recorded in the previous fiscal year, the operating profit margin improved year-on-year due to the effects of business restructuring.

Growth strategies

1. Expanding the market and customer base while developing new businesses

Industrial machinery continues to evolve with the times. Centered on drive technology, we will provide high-value-added solutions and aim to expand our scale into new domains.

2. Securing continuous orders for port cranes and tackling large-scale projects

To increase logistics volume and improve efficiency, unmanned and automation technologies are being introduced, strengthening the international competitiveness of ports. Leveraging industry-leading automation technology, we will pursue further scale expansion.

3. Strengthening production capacity through building an efficient production system

By consolidating dispersed production systems and establishing an engineering chain, we will maximize production efficiency. Under integrated management, we will secure high profitability in our systems business and enhance competitiveness.

TOPICS

Initiatives in the port crane market

In the domestic market, our crane business expanded its share through machinery manufacturers, initially driven by DC control technology. Subsequently, we proposed AC control solutions to port users and machinery manufacturers in the Chinese market, growing our share particularly in major ports like Shanghai and Ningbo. Furthermore, in the Asian market, we have established the Yaskawa brand's position in the port sector by meeting the stringent demands of major users.

Currently, increased logistics demand in Southeast Asia and the Middle East is driving infrastructure development and growing demand for efficient, low-cost logistics solutions. Furthermore, the introduction of unmanned and automated technologies is enhancing efficiency and safety, strengthening the international competitiveness of ports daily. Additionally, the use of AI and automation technologies is dramatically improving operational management and maintenance efficiency.

Even in this globally advancing technological landscape, the Yaskawa Group will contribute to realizing sustainable port operations through its drive technologies and products.

Port crane