

**Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2022
(Japan GAAP)**

February 8, 2022

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange, Section 1
 Securities Code: 6841 URL <https://www.yokogawa.com/>
 Name and Position of the Representative: Hitoshi Nara, President and Chief Executive Officer
 Name and Position of Person in Charge: Hirohiko Nakatani, Department Manager of IR Department
 Telephone Number: +81-422-52-6845
 Planned Quarterly Report Filing Date: February 9, 2022
 Planned Dividend Payment Starting Date: –
 Quarterly Financial Results Supplemental Materials: Yes
 Quarterly Financial Results Presentation Meeting: Yes (for institutional investors)

(Any amount less than one million yen is disregarded.)

1. Consolidated business results for the first three quarters of the year ending March 31, 2022 (April 1-December 31, 2021)

(1) Results of operations on a consolidated basis (accumulated)

(Percentages show the change from the same period of the previous year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For first three quarters of year ending March 31, 2022	280,802	4.1	22,146	(7.1)	24,317	(3.6)	14,233	(14.9)
For first three quarters of year ended March 31, 2021	269,677	(9.3)	23,833	(15.3)	25,215	(10.6)	16,730	34.0

(Note) Comprehensive income For first three quarters of year ending March 31, 2022 22,420 million yen [3.8%]
 For first three quarters of year ended March 31, 2021 21,608 million yen [77.9%]

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For first three quarters of year ending March 31, 2022	53.32	–
For first three quarters of year ended March 31, 2021	62.68	–

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	525,315	327,395	60.9
As of March 31, 2021	519,081	314,770	59.4

(Reference) Shareholders’ equity: As of December 31, 2021: 319,728 million yen As of March 31, 2021: 308,323 million yen

2. Dividend status

	Dividends per Share				
	June 30	September 30	December 31	End of Period	Total
	Yen	Yen	Yen	Yen	Yen
For year ended March 31, 2021	–	17.00	–	17.00	34.00
For year ending March 31, 2022	–	17.00	–		
For year ending March 31, 2022 (forecast)				17.00	34.00

(Note) Adjustment on dividend forecast in this quarter: No

3. Consolidated business forecast for the year ending March 31, 2022 (April 1, 2021-March 31, 2022)

(Percentages show the change from the previous year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	382,000	2.1	27,500	(13.0)	28,500	(16.4)	16,500	(14.2)	61.81	

(Note) Adjustment on consolidated business forecast in this quarter:

Yes

The Company's net sales and operating profit tend to increase in the second and fourth quarters, and this is particularly the case with the industrial automation and control business in Japan.

<Notes>

- (1) Changes to important subsidiaries during the period: No
(changes to specific subsidiaries resulting in the change in range of consolidation)
- (2) Application of special methods for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
 - a. Changes in accounting policies accompanying revision of accounting standards: Yes
 - b. Changes in accounting policies other than (a) above: No
 - c. Changes in accounting estimates: No
 - d. Restatements: No
- (4) Number of shares issued (common stock)
 - a. Number of shares outstanding at the end of the period (including treasury shares)

As of December 31, 2021	268,624,510 shares
As of March 31, 2021	268,624,510 shares
 - b. Number of treasury shares at the end of the period

As of December 31, 2021	1,693,491 shares
As of March 31, 2021	1,692,594 shares
 - c. Average number of shares in the period (accumulated quarterly period)

For the first three quarters of the year ending March 31, 2022	266,931,436 shares
For the first three quarters of the year ended March 31, 2021	266,933,340 shares

Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

Note concerning appropriate use of business forecasts, etc.

The above forecasts are based on the information that was available at the time this document was released and involve assumptions regarding uncertain factors that may have an effect on future performance. Actual performance may vary greatly due to a variety of factors. For premises underlying the assumptions for business forecasts and cautions concerning the use of business forecasts, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Results (3) Explanation of consolidated business forecast and other expectations" on page 5.

The Company plans to hold a quarterly financial results presentation meeting for institutional investors via telephone conference on February 8, 2022. The Company also plans to promptly post to its website the materials that are used at the meeting.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of business results

For the first three quarters of the current fiscal year (April 1, 2021 to December 31, 2021), as the Group strove to implement measures to prevent the spread of the novel coronavirus disease (hereinafter referred to as “COVID-19”), in accordance with the mid-term business plan, “Accelerate Growth 2023, which started in the current fiscal year, the Company has been working to establish a business structure centered on common social issues towards growth, focusing on four key strategies: “Implement IA2IA and smart manufacturing and transform value provision,” “Strengthen industry responsiveness and expand cross-industry business,” “Ensure profitability and sound growth,” and “Optimize internal operations and transform mindsets.”

In terms of the Group’s business performance during the first three quarters of the current fiscal year, net sales increased by 11.1 billion yen year on year due to foreign exchange fluctuations. Meanwhile, operating profit fell 1.6 billion yen year on year mainly due to a deterioration in the gross profit margin ratio, a reaction caused by a decrease in subsidies and an increase in selling, general and administrative expenses. Ordinary profit decreased by 0.8 billion yen year on year, and profit attributable to owners of parent decreased by 2.4 billion yen year on year, mainly due to the decrease in operating profit and the recording of expenses associated with the transfer of the aviation equipment business as extraordinary losses.

Business results are as follows.

Unit: billion yen				
	First three quarters of FY2020	First three quarters of FY2021	Difference	Change
Net Sales	269.677	280.802	11.124	4.1%
Operating Profit	23.833	22.146	(1.686)	(7.1)%
Ordinary Profit	25.215	24.317	(0.897)	(3.6)%
Profit Attributable to Owners of Parent	16.730	14.233	(2.496)	(14.9)%
(Reference) Average Rate to 1 U.S. Dollar (Yen)	105.63	111.32	5.69	-

Results by individual segment are outlined below.

From the first quarter of the current fiscal year, as a result of revising the Group’s internal management classification, the life innovation business that was previously included in the test and measurement business segment has been reclassified into the industrial automation and control business segment. In addition, the name of the reportable segment previously known as the test and measurement business has been changed to the measuring instruments business. Moreover, segment information for the first three quarters of the previous fiscal year has been presented based on the changed classification.

<Industrial Automation and Control Business>

Unit: billion yen				
	First three quarters of FY2020	First three quarters of FY2021	Difference	Change
Net Sales	250.236	260.667	10.431	4.2%
Operating Profit	22.276	21.522	(0.754)	(3.4)%

Net sales for the industrial automation and control business segment increased by 10.4 billion yen year on year, mainly due to foreign exchange fluctuations. Meanwhile, operating profit fell 0.7 billion yen year on year mainly due to a deterioration in the gross profit margin ratio, a reaction caused by a decrease in subsidies and an increase in selling, general and administrative expenses.

<Measuring instruments business>

Unit: billion yen				
	First three quarters of FY2020	First three quarters of FY2021	Difference	Change
Net Sales	14.932	15.599	0.667	4.5%
Operating Profit	2.601	2.647	0.045	1.8%

In the measuring instruments business, net sales increased by 0.6 billion yen year on year, mainly due to foreign exchange fluctuations. Operating profit was about the same as the same period of the previous fiscal year.

<Aviation and Other Businesses>

Unit: billion yen

	First three quarters of FY2020	First three quarters of FY2021	Difference	Change
Net Sales	4.508	4.534	0.026	0.6%
Operating Profit	(1.045)	(2.023)	(0.977)	—

In the aviation and other businesses, net sales was about the same as the same period of the previous year, and operating profit was down, mainly due to an increase in selling, general and administrative expenses for new businesses.

(2) Explanation of financial conditions

In comparison to March 31, 2021, total assets as of December 31, 2021 were up 6.2 billion yen to 525.3 billion yen, mainly due to increases in goodwill and investment securities, despite decreases in notes and accounts receivable - trade, and contract assets.

In addition, total liabilities were 197.9 billion yen, down 6.3 billion yen compared to March 31, 2021, due mainly to decreases in notes and accounts payable - trade and provision for bonuses despite an increase in contract liabilities.

As of December 31, 2021, net assets were 327.3 billion yen, up 12.6 billion yen compared to March 31, 2021, due mainly to the recognition of profit attributable to owners of parent.

As a result, the shareholders' equity ratio was 60.9%, up 1.5 percentage points from the end of the previous fiscal year.

(3) Explanation of consolidated business forecast and other expectations

With regard to the Group's consolidated business forecast for the fiscal year ending March 31, 2022, the Company expects that the decline in orders will have bottomed out as economic activity gradually recovers in response to the commercialization of vaccines and other factors, but that it will still take time for net sales to recover. Although the Company continues to be concerned about a reemergence of COVID-19 infections and the impact of supply-demand congestion for semiconductors, etc. worldwide, we have revised the consolidated business forecast for the fiscal year ending March 31, 2022 announced on November 2, 2021, as follows, taking into account the results of orders received up to the third quarter, future prospects, as well as the state of foreign exchange. The assumed foreign exchange rate has been revised from 1 USD = 107.5 yen to 1 USD = 111 yen.

This consolidated business forecast has been calculated using information, etc. available at the present time. Actual business performance may vary from this forecast due to a variety of factors arising in the future. The impact of the reemergence of COVID-19 infections and the impact of supply-demand congestion for semiconductors, etc. worldwide on our business may fluctuate significantly, and in the event of any changes affecting the Group's business performance, this consolidated business forecast will be reviewed and announced swiftly. The Company's net sales and operating profit tend to increase in the second and fourth quarters, and this is particularly the case with the industrial automation and control business in Japan.

The following compares the full-year consolidated business forecast announced on November 2, 2021, with the revised forecast announced on February 8, 2022.

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Basic Earnings per Share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
Previously announced forecast (A)	375.0	26.0	26.0	16.0	59.94
Revised forecast (B)	382.0	27.5	28.5	16.5	61.81
Difference (B) - (A)	7.0	1.5	2.5	0.5	—
Change (%)	1.9%	5.8%	9.6%	3.1%	—
(Reference) Results for fiscal year ended March 31, 2021	374.2	31.5	34.1	19.2	72.00

(Reference) Consolidated business forecast by segment
<Orders received>

Unit: billion yen

	Previously announced forecast (November 2, 2021)	Revised forecast (February 8, 2022)	Difference
Industrial automation and control business	362.0	376.0	up 14.0
Measuring instruments business	21.0	23.0	up 2.0
Aviation and other businesses	7.0	6.0	down 1.0
Total	390.0	405.0	up 15.0

<Net sales>

Unit: billion yen

	Previously announced forecast (November 2, 2021)	Revised forecast (February 8, 2022)	Difference
Industrial automation and control business	349.0	355.0	up 6.0
Measuring instruments business	20.0	21.0	up 1.0
Aviation and other businesses	6.0	6.0	–
Total	375.0	382.0	up 7.0

<Operating Profit>

Unit: billion yen

	Previously announced forecast (November 2, 2021)	Revised forecast (February 8, 2022)	Difference
Industrial automation and control business	25.0	26.5	up 1.5
Measuring instruments business	3.0	3.5	up 0.5
Aviation and other businesses	(2.0)	(2.5)	down 0.5
Total	26.0	27.5	up 1.5

<Cautions concerning the use of business forecasts>

As the above business forecast is based on certain assumptions judged by the Company to be reasonable at present, actual business results may differ.

The main factors that may cause changes in the results are as follows.

- Changes in foreign exchange rates, particularly the U.S. dollar, the euro, Asian currencies, and the currencies of the Middle East
- Sudden changes in the price of crude oil
- Sudden changes in the political and economic situation in major markets
- Geopolitical risks in the Middle East and East Asia, etc.
- Changes in the business environment such as revisions to trade regulations
- Dramatic shifts in product supply and demand in the market
- Changes in Japanese share prices
- Protection of the Company's patents and securement of the licensing of patents held by other companies
- M&A and business alliances with other companies for purposes such as product development
- Occurrences of natural disasters such as earthquakes, floods, and tsunamis

2. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

	(Reference) End of FY2020 (March 31, 2021)	End of FY2021 3rd quarter (December 31, 2021)
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	102,916	99,077
Notes and accounts receivable - trade	187,266	-
Notes and accounts receivable - trade, and contract assets	-	176,860
Merchandise and finished goods	14,599	17,496
Work in process	5,335	5,720
Raw materials and supplies	15,796	18,131
Other	22,953	23,134
Allowance for doubtful accounts	(3,555)	(3,316)
Total current assets	345,311	337,104
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,408	43,999
Other	39,170	40,046
Total property, plant and equipment	84,579	84,046
Intangible assets		
Software	12,779	12,497
Goodwill	4,247	13,281
Other	9,275	10,560
Total intangible assets	26,302	36,340
Investments and other assets		
Investment securities	50,887	56,048
Other	14,182	14,471
Allowance for doubtful accounts	(2,181)	(2,694)
Total investments and other assets	62,887	67,825
Total non-current assets	173,769	188,211
Total assets	519,081	525,315

(Millions of yen)

	(Reference) End of FY2020 (March 31, 2021)	End of FY2021 3rd quarter (December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,147	21,237
Electronically recorded obligations - operating	9,573	8,902
Short-term borrowings	6,921	6,058
Commercial papers	20,000	20,000
Accounts payable - other	16,806	14,958
Income taxes payable	5,646	4,392
Advances received	35,317	-
Contract liabilities	-	40,271
Provision for bonuses	16,228	10,995
Provision for loss on construction contracts	7,419	6,437
Other	25,932	25,950
Total current liabilities	168,993	159,206
Non-current liabilities		
Long-term borrowings	20,000	20,092
Retirement benefit liability	4,373	4,836
Other	10,943	13,786
Total non-current liabilities	35,317	38,714
Total liabilities	204,310	197,920
Net assets		
Shareholders' equity		
Share capital	43,401	43,401
Capital surplus	54,392	54,392
Retained earnings	209,240	214,398
Treasury shares	(1,404)	(1,406)
Total shareholders' equity	305,629	310,785
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,351	13,453
Foreign currency translation adjustment	(7,568)	(3,403)
Remeasurements of defined benefit plans	(1,088)	(1,108)
Total accumulated other comprehensive income	2,694	8,942
Non-controlling interests	6,447	7,667
Total net assets	314,770	327,395
Total liabilities and net assets	519,081	525,315

(2) Consolidated quarterly statements of income and statements of comprehensive income
Consolidated quarterly statements of income for the first three quarters of FY2021

(Millions of yen)

	(Reference) First three quarters of FY2020 (April 1-December 31, 2020)	First three quarters of FY2021 (April 1-December 31, 2021)
Net sales	269,677	280,802
Cost of sales	149,664	156,005
Gross profit	120,013	124,796
Selling, general and administrative expenses	96,179	102,650
Operating profit	23,833	22,146
Non-operating income		
Interest income	271	369
Dividend income	627	680
Foreign exchange gains	188	388
Share of profit of entities accounted for using equity method	1,101	1,668
Other	561	525
Total non-operating income	2,749	3,633
Non-operating expenses		
Interest expenses	472	413
Donations	194	161
Other	700	886
Total non-operating expenses	1,367	1,462
Ordinary profit	25,215	24,317
Extraordinary income		
Gain on sale of non-current assets	58	18
Gain on sale of investment securities	6	58
Total extraordinary income	65	76
Extraordinary losses		
Loss on sale of non-current assets	3	0
Loss on retirement of non-current assets	423	131
Loss on valuation of investment securities	27	182
Business restructuring expenses	* 1,137	* 1,548
Total extraordinary losses	1,592	1,862
Profit before income taxes	23,688	22,532
Income taxes - current	4,852	4,752
Income taxes - deferred	717	1,847
Total income taxes	5,570	6,600
Profit	18,118	15,931
Profit attributable to non-controlling interests	1,387	1,697
Profit attributable to owners of parent	16,730	14,233

Consolidated quarterly statements of comprehensive income for the first three quarters of FY2021

(Millions of yen)

	(Reference) First three quarters of FY2020 (April 1-December 31, 2020)	First three quarters of FY2021 (April 1-December 31, 2021)
Profit	18,118	15,931
Other comprehensive income		
Valuation difference on available-for-sale securities	2,385	2,083
Foreign currency translation adjustment	959	4,320
Remeasurements of defined benefit plans, net of tax	70	(18)
Share of other comprehensive income of entities accounted for using equity method	75	103
Total other comprehensive income	3,490	6,488
Comprehensive income	21,608	22,420
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,094	20,481
Comprehensive income attributable to non-controlling interests	1,513	1,938

(3) Notes on consolidated quarterly financial statements

Notes for going concern

Not applicable

Notes if there is a remarkable change in the amount of shareholders' equity

Not applicable

Consolidated quarterly statements of income

* Business restructuring expenses

I. First three quarters of FY2020 (April 1-December 31, 2020)

Business restructuring expenses pertaining to extraordinary measures at a portion of consolidated subsidiaries with the aim of optimizing the Group overall were recorded.

II. First three quarters of FY2021 (April 1-December 31, 2021)

Business restructuring expenses pertaining to extraordinary measures with the aim of optimizing the Group overall were recorded and the expenses were mainly related to the transfer of the aviation equipment business.

Changes in accounting policies

Application of Accounting Standard for Fair Value Measurement

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "The Accounting Standard for Fair Value Measurement") has been applied from the start of the first quarter. In accordance with the transitional treatment provided in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019) the new accounting policy set out in the Accounting Standard for Fair Value Measurement will be applied in the future.

The impact of the application of the accounting standard on the consolidated financial statements is negligible.

Segment information

Segment sales and profits (losses)

(Millions of yen)

		(Reference) First three quarters of FY2020 (April 1-December 31, 2020)	First three quarters of FY2021 (April 1-December 31, 2021)	Change
Industrial automation and control	Net sales to unaffiliated customers	250,236	260,667	10,431
	Operating profit (loss)	22,276	21,522	(754)
Measuring instruments	Net sales to unaffiliated customers	14,932	15,599	667
	Operating profit (loss)	2,601	2,647	45
Aviation and other	Net sales to unaffiliated customers	4,508	4,534	26
	Operating profit (loss)	(1,045)	(2,023)	(977)
Amount on consolidated statements of income	Net sales to unaffiliated customers	269,677	280,802	11,124
	Operating profit (loss)	23,833	22,146	(1,686)

From the first quarter of the current fiscal year, as a result of revising the Group's internal management classification, the life innovation business that was previously included in the test and measurement business segment has been reclassified into the industrial automation and control business segment. In addition, the name of the reportable segment previously known as the test and measurement business has been changed to the measuring instruments business. Moreover, segment information for the first three quarters of the previous fiscal year has been presented based on the changed classification.

[Reference]

Sales by geographical location

(Millions of yen)

	(Reference) First three quarters of FY2020 (April 1-December 31, 2020)		First three quarters of FY2021 (April 1-December 31, 2021)		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	82,998	30.8	83,698	29.8	700
Outside Japan	186,679	69.2	197,103	70.2	10,424
Southeast Asia, Far East	44,024	16.3	45,883	16.3	1,859
China	39,002	14.5	46,450	16.6	7,447
India	8,891	3.3	10,182	3.6	1,290
Europe	22,018	8.2	24,827	8.9	2,809
Russia	10,306	3.8	10,169	3.6	(137)
North America	25,393	9.4	23,366	8.3	(2,027)
Middle East, Africa	30,585	11.3	27,812	9.9	(2,773)
Central and South America	6,454	2.4	8,410	3.0	1,955
Consolidated net sales	269,677	100.0	280,802	100.0	11,124

[Reference]

February 8, 2022
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Three Quarters of FY2021

(Millions of yen)

	First three quarters of FY2020		First three quarters of FY2021		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	269,677	–	280,802	–	11,124	–
Operating Profit	23,833	8.8%	22,146	7.9%	(1,686)	(1.0)%
Ordinary Profit	25,215	9.4%	24,317	8.7%	(897)	(0.7)%
Profit Attributable to Owners of Parent	16,730	6.2%	14,233	5.1%	(2,496)	(1.1)%
Total Assets		489,359		525,315		35,955
Net Assets		303,810		327,395		23,584
Return on Equity		5.7%		4.5%		(1.2)%
Basic Earnings per Share		62.68 yen		53.32 yen		(9.35) yen
Capital Investment		13,180		13,118		(61)
Depreciation		12,993		13,278		284
Research and Development Expenses		19,878		21,173		1,294
Average Exchange Rate During the Period (USD)		105.63 yen		111.32 yen		5.69 yen

Consolidated orders by segment

(Millions of yen)

	First three quarters of FY2020	First three quarters of FY2021	FY2021 full year (forecast)
Industrial automation and control business	234,594	281,624	376,000
Measuring instruments business	15,343	18,752	23,000
Aviation and other businesses	5,205	4,100	6,000
Total	255,143	304,478	405,000

Net Sales

(Millions of yen)

	First three quarters of FY2020	First three quarters of FY2021	FY2021 full year (forecast)
Industrial automation and control business	250,236	260,667	355,000
Measuring instruments business	14,932	15,599	21,000
Aviation and other businesses	4,508	4,534	6,000
Total	269,677	280,802	382,000

Operating Profit

(Millions of yen)

	First three quarters of FY2020	First three quarters of FY2021	FY2021 full year (forecast)
Industrial automation and control business	22,276	21,522	26,500
Measuring instruments business	2,601	2,647	3,500
Aviation and other businesses	(1,045)	(2,023)	(2,500)
Total	23,833	22,146	27,500