

**Securities Code: 6841
Yokogawa Electric Corporation**

Financial Results for Fiscal Year 2021

May 10, 2022

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Michiko Nakajima

Vice President

Accounting & Treasury Headquarters

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Hitoshi Nara

President & Chief Executive Officer

Financial Results for Fiscal Year 2021

(April 1, 2021 – March 31, 2022)

Michiko Nakajima

Vice President

Accounting & Treasury Headquarters

May 10, 2022

Key Points

■ FY21 results: Sales rose, operating income declined

- **Summary:** Orders increased year on year. Sales were up due mainly to the impact of fluctuations in exchange rates.

Operating income decreased due to a decrease in government subsidies, an increase in new business investments, the recording of allowance for Russia-related matters and other items. Profit attributable to owners of parent increased.

- Segments

Control: Sales and operating income were up. (Excluding the impact of exchange rates, orders increased 13.1%, sales declined 0.9%, and operating income declined 11.9% year on year.)

Measuring instruments: Sales and operating income were up.

Aviation and other: Sales and operating income declined.

- **Regions:** Orders continued to be strong in Japan and China. Recovery in the Middle East and Africa.

- **Industries:** Performance was strong in the downstream sector and the chemicals industry. Upstream performance also recovered.

■ FY21 year-end dividend: No change (¥17, as originally planned)

■ FY22 earnings and dividend forecasts: A year-on-year increase in sales and operating income.

The annual dividend will be the same as the previous year.

- **Earnings forecast:** Orders and sales are expected to grow due to strong customers' motivation for investment against the backdrop of recovery from COVID-19.

We aim to maximize recovery the impact of the drastic contraction of our business in Russia by capturing the shift in demand to other regions.

Operating income is expected to increase year on year due mainly to increased revenues while it is expected an impact by surging parts prices and logistics costs.

- **Dividend forecast:** The annual dividend will be the same as the previous year: ¥34.

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 previous fiscal year has been presented based on the changed classification.

Summary of FY21 Results (year on year comparison)

- ◆ Orders increased (excluding impact of exchange rates: +12.4% year on year).
- ◆ Sales increased mainly due to the impact of fluctuations in exchange rates (excluding impact of exchange rates: -0.9% year on year).
- ◆ Operating income fell due to a decrease in government subsidies, an increase in new business investment, the recording of allowance for Russia-related matters and other items (excluding impact of exchange rates: -15.7% year on year).

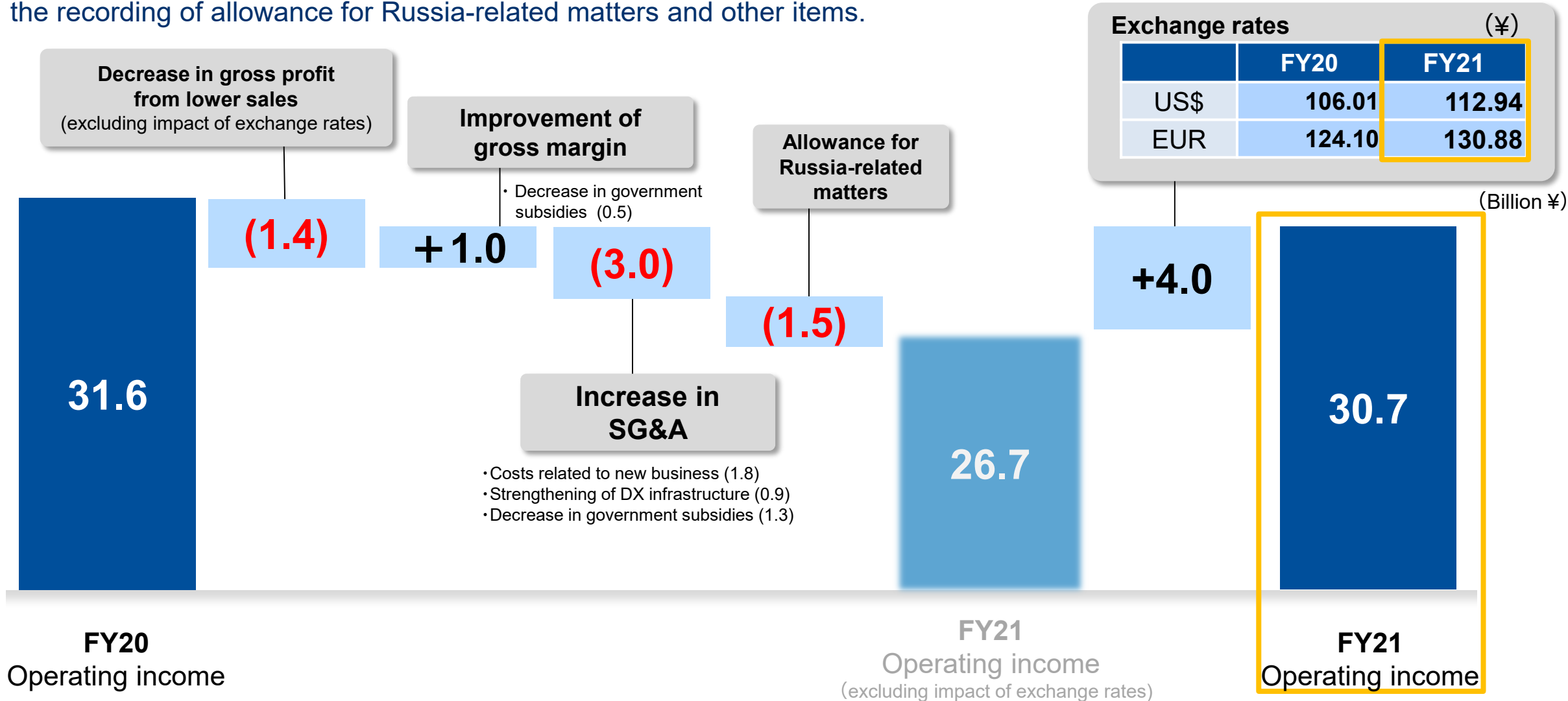
	FY20	FY21	Difference	Growth rate	Impact of exchange rate
Orders	355.8	420.5	+64.7	+18.2%	+20.4
Sales	374.2	389.9	+15.7	+4.2%	+19.0
Operating income	31.6	30.7	(0.9)	(2.9)%	+4.0
ROS(%)	8.4	7.9	(0.6)pt	—	—
Ordinary income	34.1	35.8	+1.6	+4.8%	+4.7
Profit attributable to owners of parent	19.2	21.3	+2.1	+10.7%	+4.1
EPS(¥)	72.00	79.73	+7.73	+10.7%	—
ROE(%)	6.5	6.6	+0.1pt	—	—
Exchange rate	1\$=	¥106.01	¥112.94	+6.93	—

(Billion ¥)
<Reference: Comparison with forecast >

	FY21 2/8 forecast	Difference
Orders	405.0	+15.5
Sales	382.0	+7.9
Operating income	27.5	+3.2
ROS(%)	7.2	+0.7pt
Ordinary income	28.5	+7.3
Profit attributable to owners of parent	16.5	+4.8
EPS(¥)	61.81	+17.92
Exchange rate	1\$=	¥111.00
		+1.94

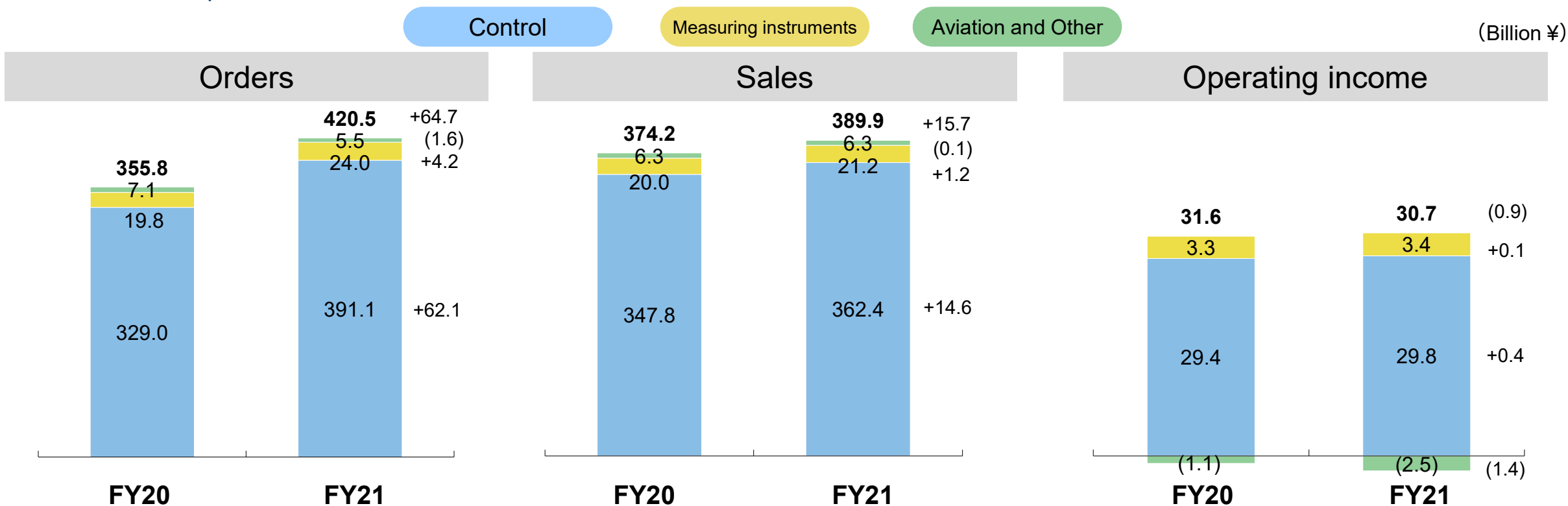
Analysis of Operating Income (year on year comparison)

- Operating income decreased due to a decrease in government subsidies, an increase in new business investment, the recording of allowance for Russia-related matters and other items.



Comparison for Orders, Sales, and Operating Income by Segment

- ◆ **Control:** Orders were strong. Sales increased due mainly to the impact of fluctuations in exchange rates. (Excluding the impact of exchange rates, orders increased 13.1% and sales declined 0.9% year on year.) There was only a slight increase in operating income due to a decrease in government subsidies, an increase in new business investment, the recording of allowance for Russia-related matters and other items (excluding impact of exchange rates: -¥3.5 billion, -11.9% year on year).
- ◆ **Measuring instruments:** Orders were strong. Sales were up due mainly to the impact of fluctuations in exchange rates. Operating income was flat mainly due to the impact of changes in the model mix.
- ◆ **Aviation and other:** Orders decreased. Sales were at the same level as the previous fiscal year. Operating losses increased due mainly to an increase in SG&A expenses for new business.



*The FY20 figures have been changed based on the new segmentation.

Control Segment Orders and Sales by Region

◆ Orders continued to be strong in Japan and China. Recovery in the Middle East and Africa.

◆ Orders: +¥43.2 billion, +13.1% (excluding impact of exchange rates); sales: -¥3.1 billion, -0.9% (excluding impact of exchange rates)

(Billion ¥)

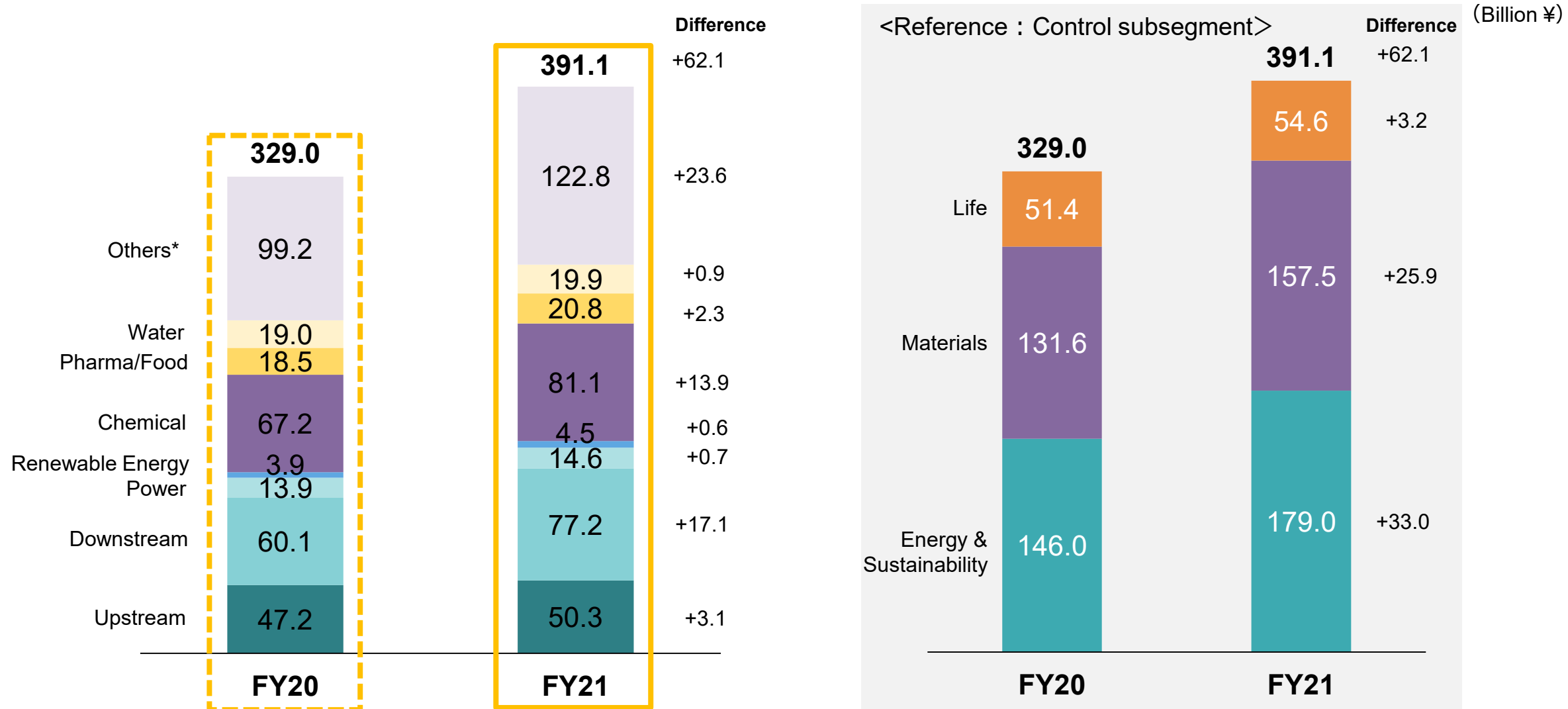
Orders	FY20 (A)	FY21 (B)	Difference (B-A)
Japan	112.9	120.2	+7.3
Asia	104.9	134.0	+29.1
(Southeast Asia, Far East)	49.9	59.7	+9.8
(China)	43.1	59.1	+16.0
(India)	11.9	15.2	+3.3
Europe and CIS	40.0	42.1	+2.1
Middle East and Africa	37.9	51.7	+13.8
North America	22.2	31.8	+9.6
Central and South America	11.0	11.3	+0.3
Outside Japan	216.0	270.9	+54.9
Consolidated	329.0	391.1	+62.1
Exchange rate USD1\$ =	¥106.01	¥112.94	+6.93

Sales	FY20 (A)	FY21 (B)	Difference (B-A)
Japan	109.3	109.4	+0.1
Asia	113.6	125.7	+12.1
(Southeast Asia, Far East)	56.4	56.7	+0.3
(China)	44.8	54.6	+9.8
(India)	12.4	14.4	+2.0
Europe and CIS	41.9	43.2	+1.3
Middle East and Africa	42.0	43.2	+1.2
North America	31.6	30.2	(1.4)
Central and South America	9.5	10.7	+1.2
Outside Japan	238.6	253.0	+14.4
Consolidated	347.8	362.4	+14.6
Exchange rate USD1\$ =	¥106.01	¥112.94	+6.93

*The FY20 figures have been changed based on the new segmentation.

Control Segment Orders by Industry

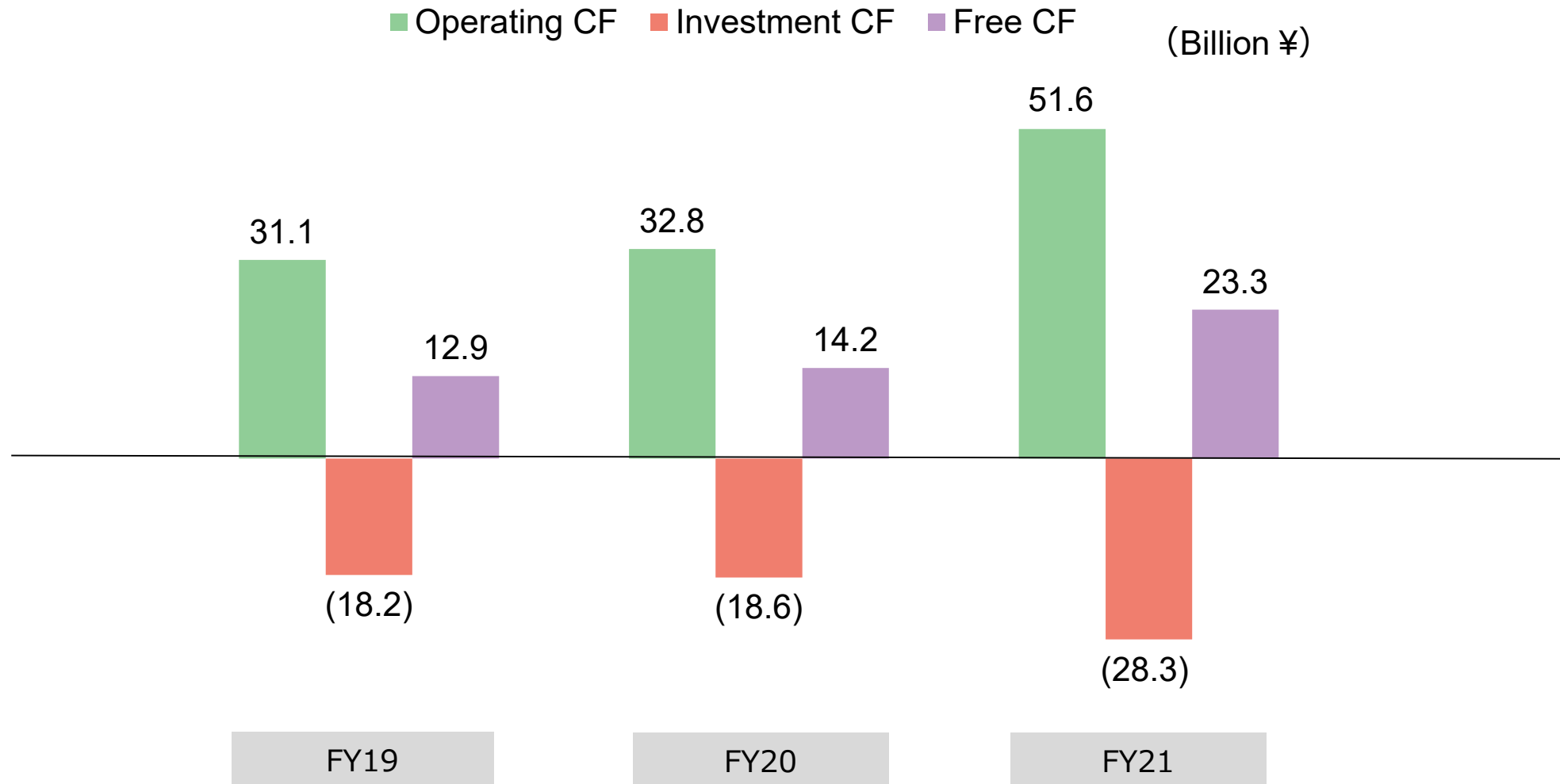
◆ Orders were strong in the downstream sector and the chemicals industry. Upstream orders also recovered.



*Electrical & electronics, iron & steel, pulp & paper, etc.

*The FY20 figures have been changed based on the new segmentation.

Trend of Cash Flow



FY22 Forecast

- ◆ Orders and sales are expected to grow due to strong customer's motivation for investment against the backdrop of recovery from COVID-19. We aim to maximize recovery the impact of the drastic contraction of our business in Russia by capturing the shift in demand to other regions.
- ◆ Operating income is expected to increase year on year due mainly to increased revenues while it is expected an impact by surging parts prices and logistics costs.

	FY21(A)	FY22(B)	Year on Year Difference (B-A)	Growth rate (B/A-1)
Orders	420.5	439.0	+18.5	+4.4%
Sales	389.9	407.0	+17.1	+4.4%
Operating income	30.7	37.0	+6.3	+20.6%
ROS(%)	7.9	9.1	+1.2pt	—
Ordinary income	35.8	38.0	+2.2	+6.3%
Profit before income taxes	30.1	38.0	+7.9	+26.2%
Tax, etc.	8.8	13.0	+4.2	+47.7%
Profit attributable to owners of parent	21.3	25.0	+3.7	+17.5%
EPS(¥)	79.73	93.66	+13.93	—
Exchange rate	1\$= ¥112.94	¥120.00	+7.06	—

(Billion ¥)

■ **The forecast for orders and sales includes the following revenue decline assumptions and their recovery, etc.**

	Revenue decline assumptions	Recovery, etc.
External environmental risk • The impact of the Russia - Ukraine crisis • Shanghai lockdown	Orders Approx. -13.0	Approx. +13.0
	Sales Approx. -13.0	Approx. + 9.0

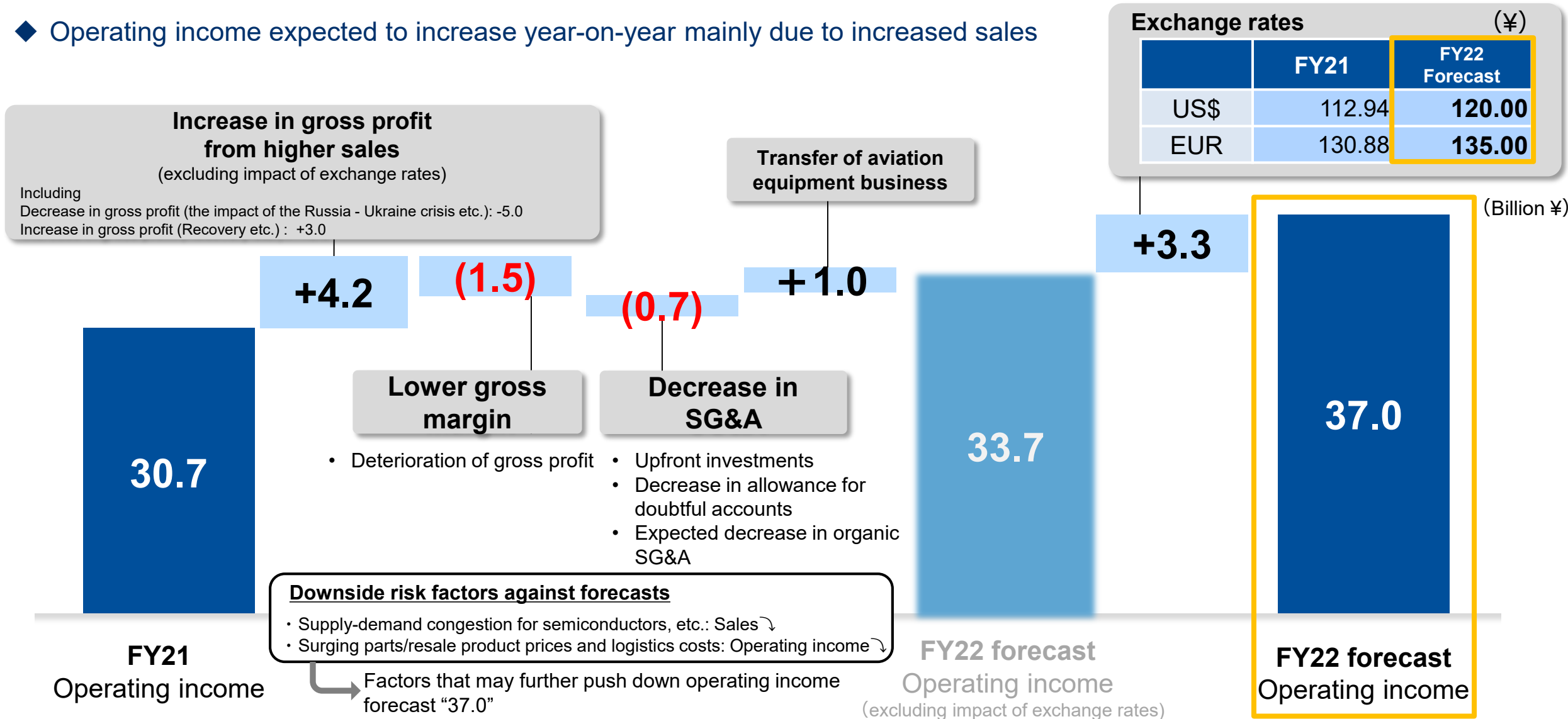
(Billion ¥)

■ **Downside risk factors against forecasts**

- Supply-demand congestion for semiconductors, etc.: Sales ↘
- Surging parts/resale product prices and logistics costs: Operating income ↘

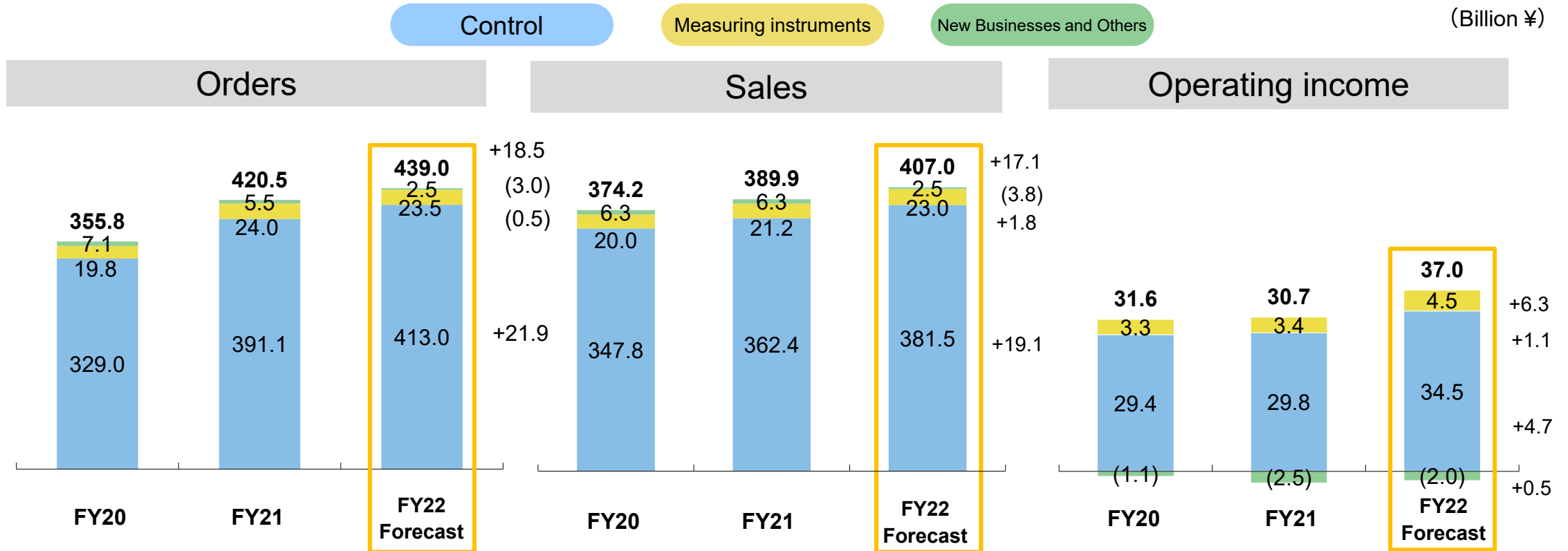
Factors Accounting for Increase/Decrease in FY22 Operating Income

◆ Operating income expected to increase year-on-year mainly due to increased sales



FY22 Forecast for Orders, Sales, and Operating Income by Segment

- ◆ In FY22, “Aviation and Other Businesses” has changed to “New Businesses and Others” due to the transfer of the aviation equipment business. For this segment, orders, sales, and operating losses are expected to decrease year on year due to the business transfer.



*Control/Measuring instruments: The FY20 figures have been changed based on the new segmentation introduced in FY21.

Impact of changes to business segmentation (Measurement → Control): Orders +¥5.9 billion, sales +¥5.7 billion, operating income -¥2.1 billion

New Businesses and Others : The figures for FY20 and FY21 show the results of Aviation and other businesses.

FY22 Forecast for Control Orders and Sales by Region

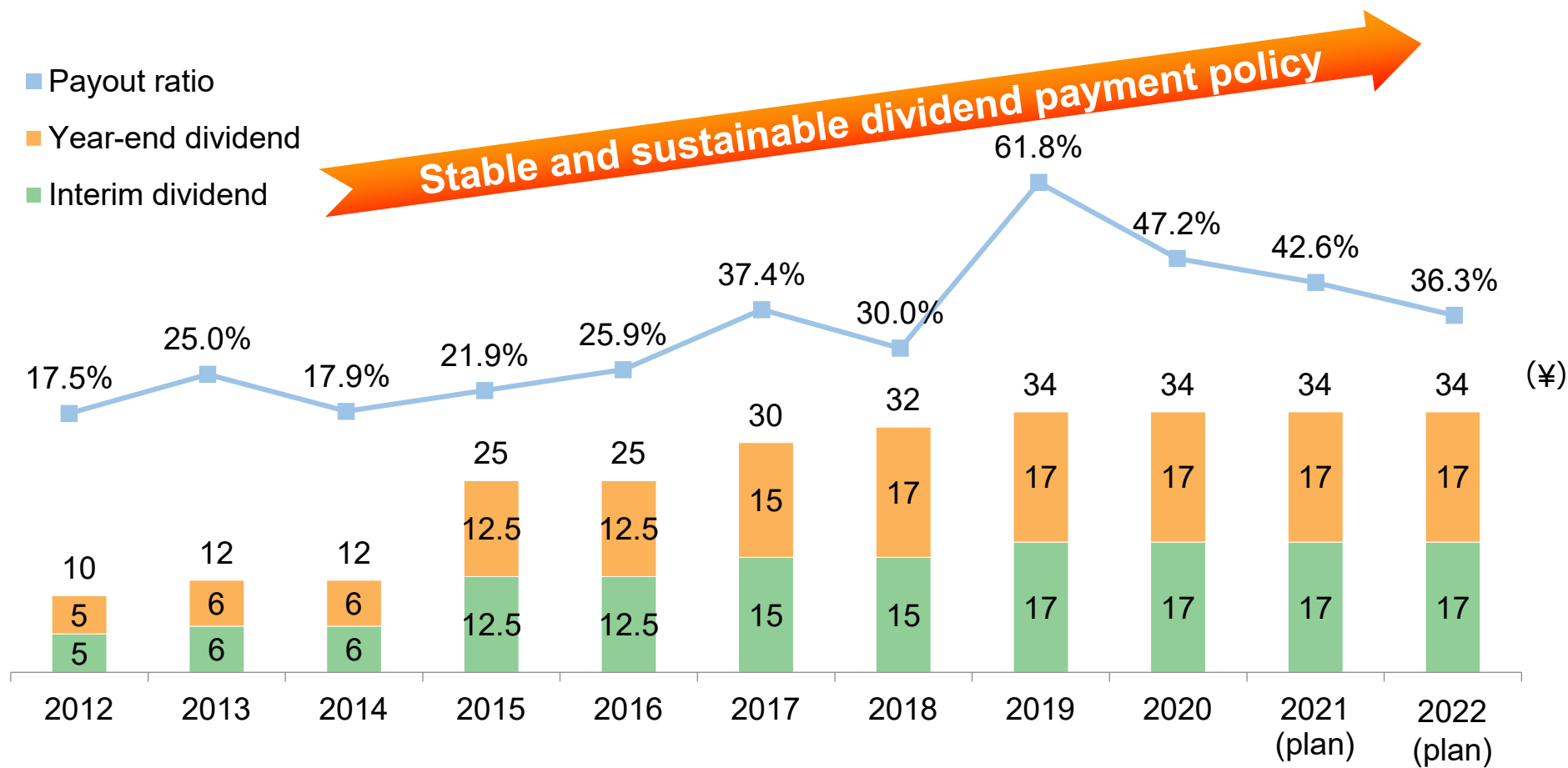
(Billion ¥)

Orders	FY21 (A)	FY22 (B)	Difference (B-A)
Japan	120.2	125.0	+4.8
Asia	134.0	143.0	+9.0
(Southeast Asia, Far East)	59.7	65.0	+5.3
(China)	59.1	61.0	+1.9
(India)	15.2	17.0	+1.8
Europe and CIS	42.1	38.0	(4.1)
Middle East and Africa	51.7	58.0	+6.3
North America	31.8	36.0	+4.2
Central and South America	11.3	13.0	+1.7
Outside Japan	270.9	288.0	+17.1
Consolidated	391.1	413.0	+21.9
Exchange rate USD1\$ =	¥112.94	¥120.00	+7.06

Sales	FY21 (A)	FY22 (B)	Difference (B-A)
Japan	109.4	117.5	+8.1
Asia	125.7	133.0	+7.3
(Southeast Asia, Far East)	56.7	60.0	+3.3
(China)	54.6	57.0	+2.4
(India)	14.4	16.0	+1.6
Europe and CIS	43.2	37.0	(6.2)
Middle East and Africa	43.2	51.0	+7.8
North America	30.2	31.0	+0.8
Central and South America	10.7	12.0	+1.3
Outside Japan	253.0	264.0	+11.0
Consolidated	362.4	381.5	+19.1
Exchange rate USD1\$ =	¥112.94	¥120.00	+7.06

Dividend

The FY22 annual dividend will be the same as the previous year.

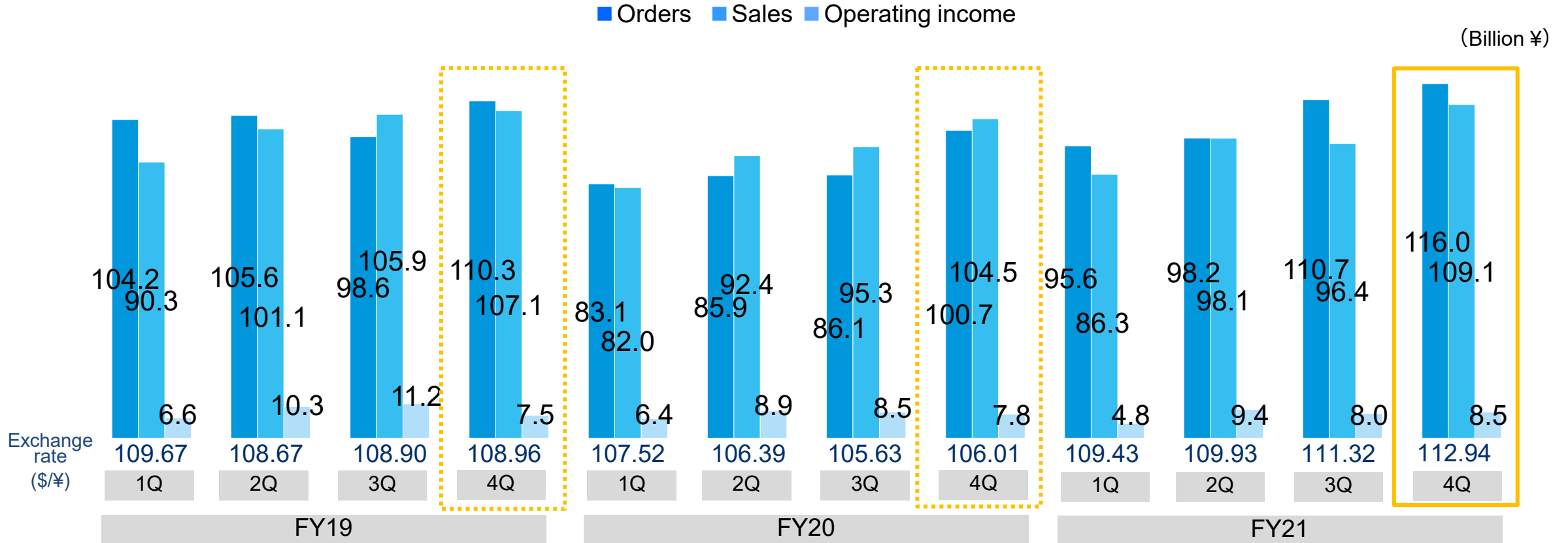


Financial Appendix:

- Quarterly Financial Results
- Non-operating / Extraordinary Income and Expenses
- Order Backlog Trend by Segment
- Trend of R&D Expenses, Depreciation, and CAPEX
- Trend of Balance Sheet
- Trend of Stock Price

Appendix: Quarterly Financial Results

◆ Sales and operating income tend to be higher in 2Q and 4Q, especially in the Japanese control segment.



Appendix: Non-operating /Extraordinary Income and Expenses

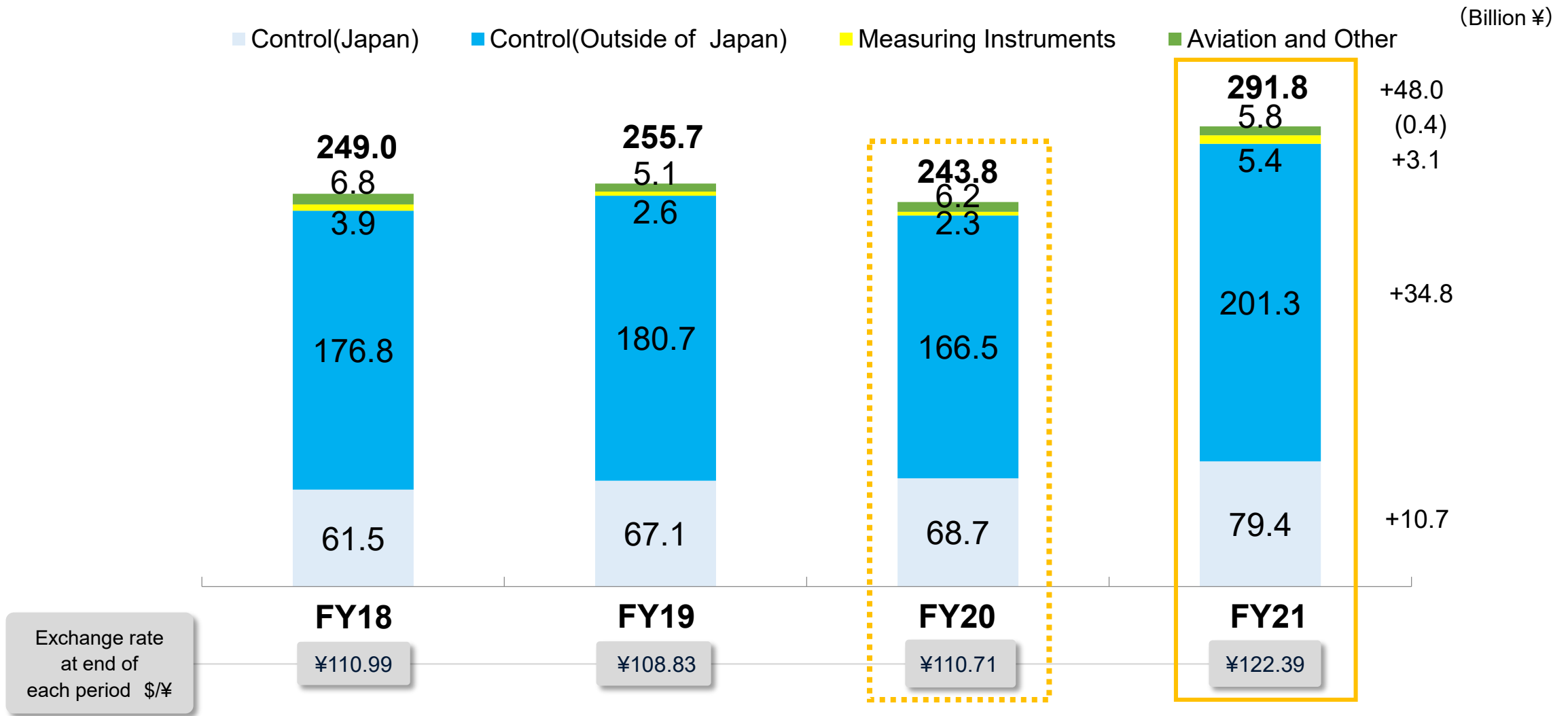
(Billion ¥)

	FY20	FY21
Operating income	31.6	30.7
Non-operating income	4.4	7.5
Non-operating expenses	1.9	2.5
Ordinary income	34.1	35.8
Extraordinary income	0.2	0.1
Extraordinary expenses	2.8	5.7
Income before tax	31.5	30.1
Tax, etc.	12.3	8.8
Profit attributable to owners of parent	19.2	21.3
(Effective tax rate)	32.4%	21.4%

FY21: Foreign exchange gains ¥1.3 billion
 Share of profit of entities accounted for using equity method ¥3.1 billion

FY20: Business restructuring expenses ¥1.7 billion
 FY21: Impairment loss ¥1.4 billion
 Loss on valuation of investment securities ¥1.8 billion
 Business restructuring expenses ¥2.1 billion

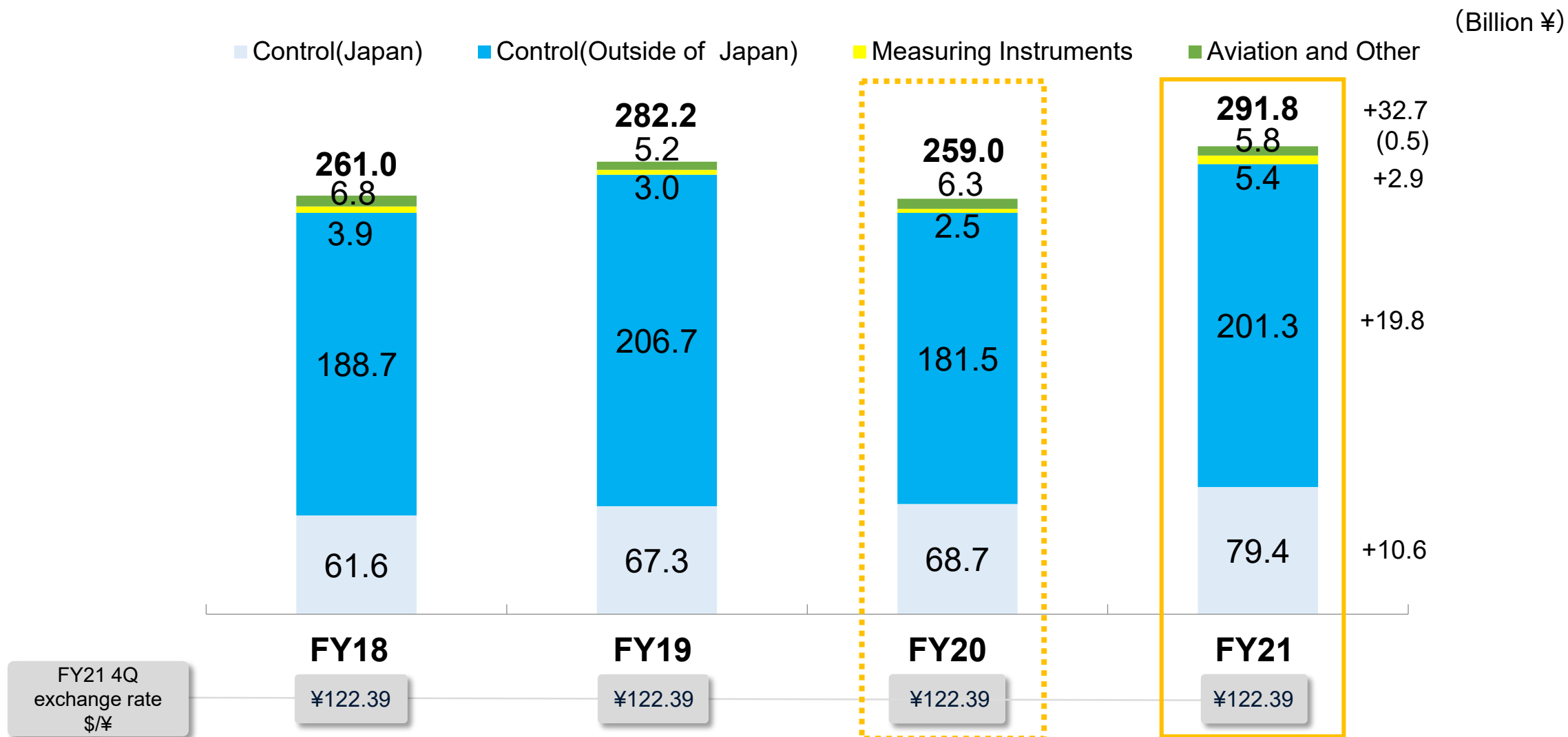
Appendix: Order Backlog Trend by Segment



*The FY18, FY19 and FY20 figures have been changed based on the new segmentation.

The backlog of orders for aviation and other FY21 ends includes the portion subject to transfer as of April 1.

Appendix: Order Backlog Trend by Segment (Using FY21 4Q exchange rate)



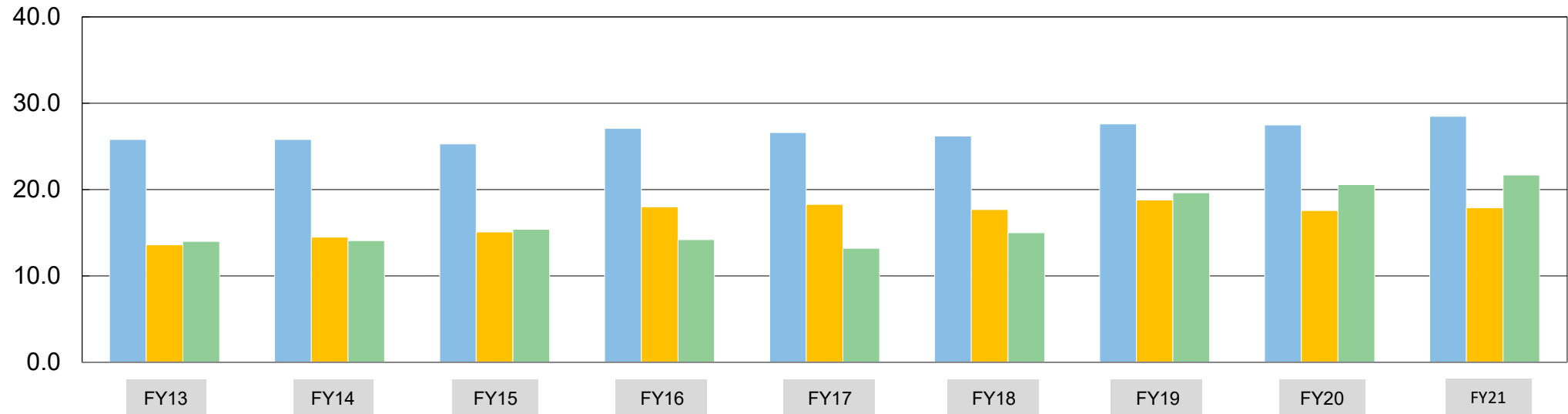
*The FY18, FY19 and FY20 figures have been changed based on the new segmentation.

The backlog of orders for aviation and other FY21 ends includes the portion subject to transfer as of April 1.

Appendix: Trend of R&D Expenses, Depreciation, and CAPEX

■ R&D ■ Depreciation ■ CAPEX

(Billion ¥)

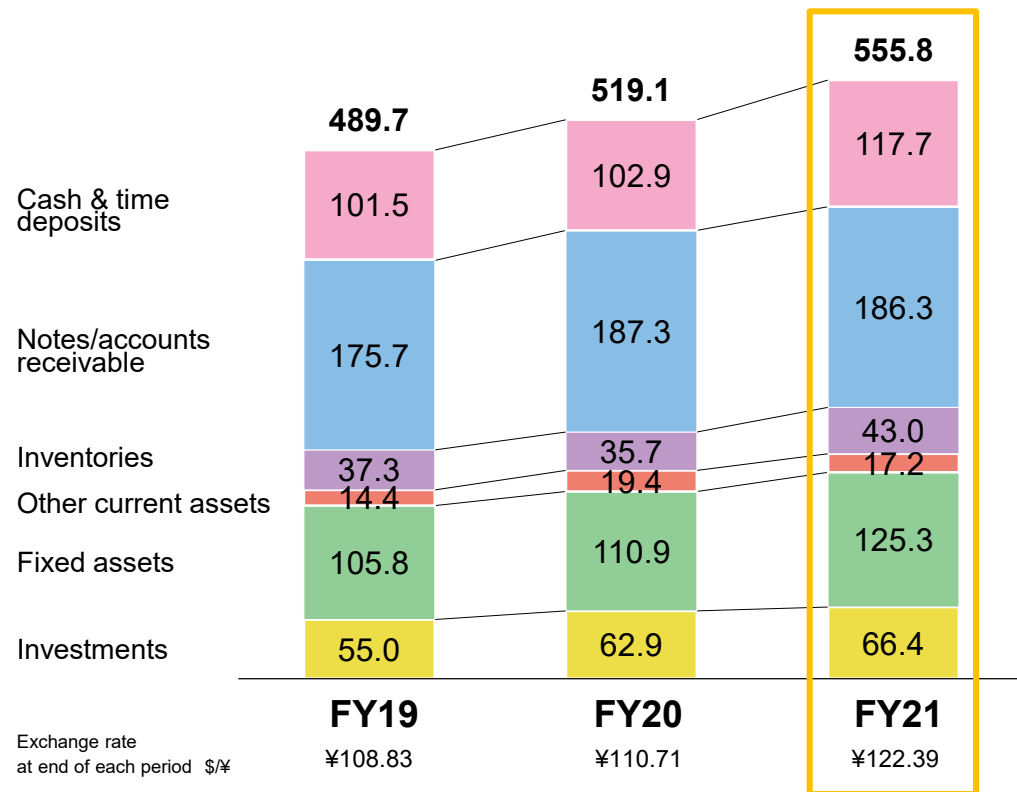


	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
R&D expenses (% of sales)	25.8 6.6%	25.8 6.4%	25.3 6.1%	27.1 6.9%	26.6 6.5%	26.2 6.5%	27.6 6.8%	27.5 7.3%	28.5 7.3%
Depreciation (% of sales)	13.6 3.5%	14.5 3.6%	15.1 3.6%	18.0 4.6%	18.3 4.5%	17.7 4.4%	18.8 4.6%	17.6 4.7%	17.9 4.6%
CAPEX (% of sales)	14.0 3.6%	14.1 3.5%	15.4 3.7%	14.2 3.6%	13.2 3.2%	15.0 3.7%	* 19.6 4.9%	20.6 5.5%	21.7 5.6%

*The Group's consolidated subsidiaries outside Japan have adopted IFRS 16 (Leases) from FY19.

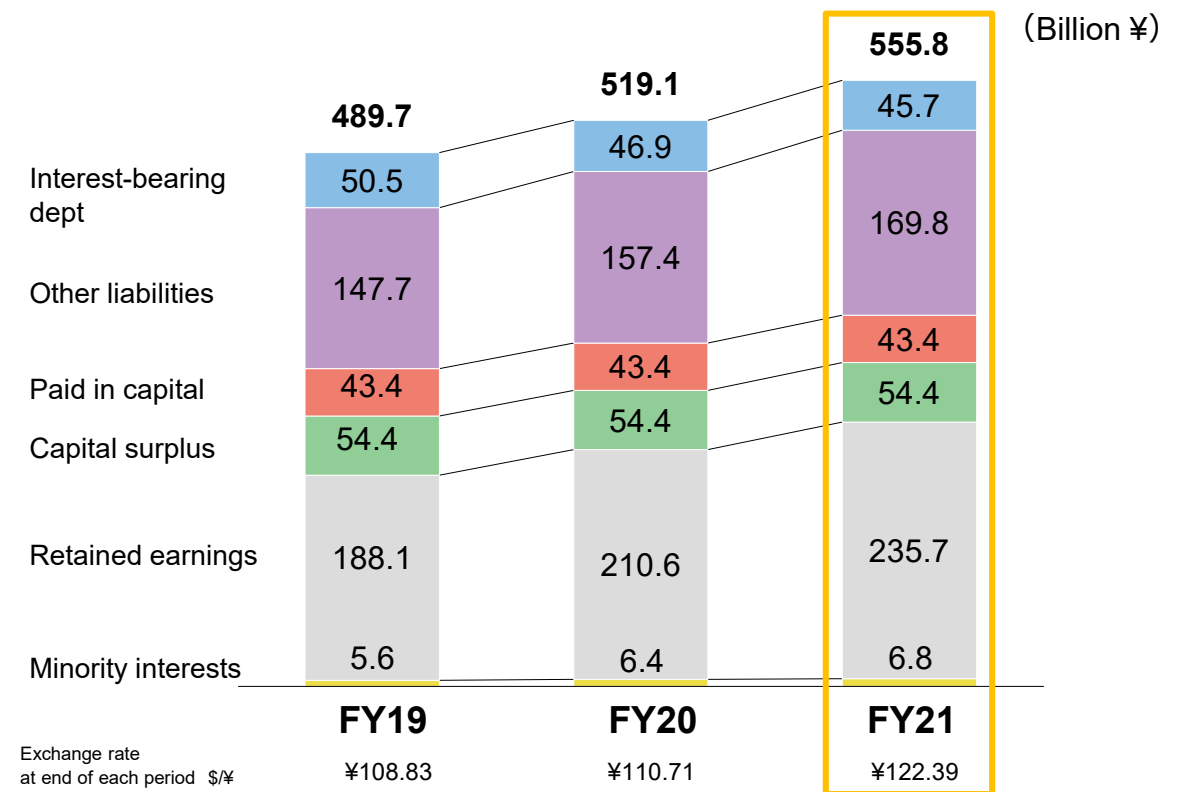
Appendix: Trend of Balance Sheet

Assets



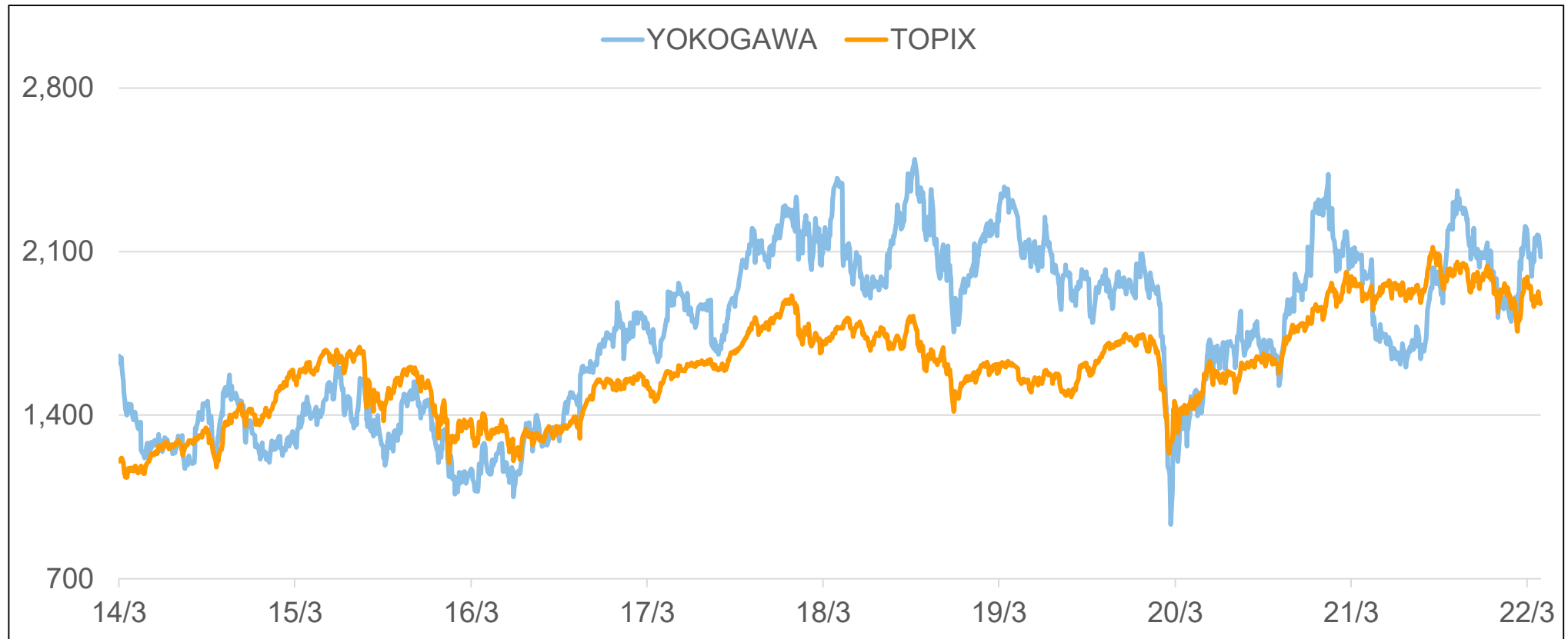
	FY19	FY20	FY21
Total asset turnover (ROA)	3.1%	3.8%	4.0%
Return on equity (ROE)	5.1%	6.5%	6.6%
Total asset turnover	0.84	0.74	0.73

Liabilities and equity



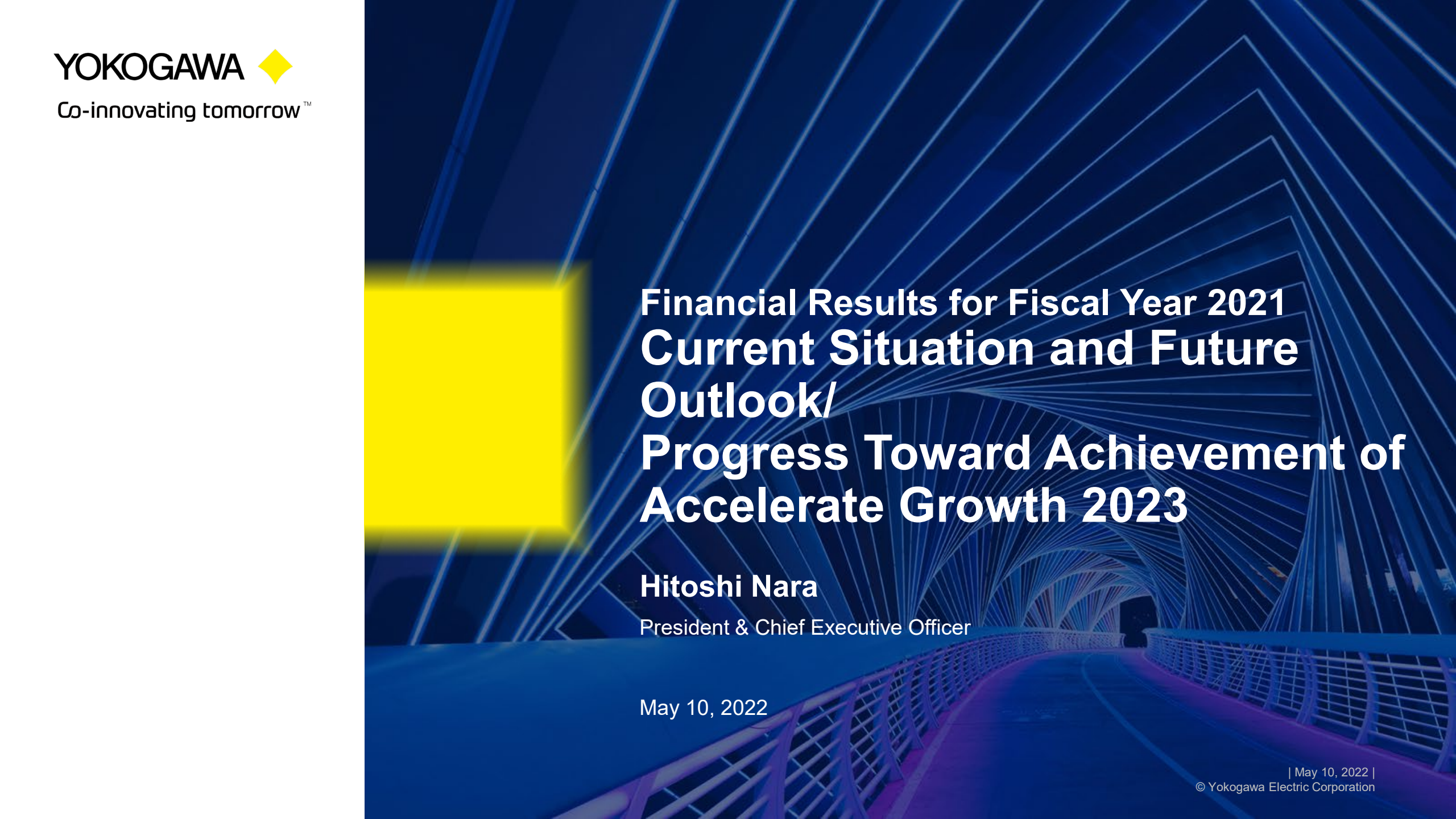
	FY19	FY20	FY21
Debt/equity ratio	17.7%	15.2%	13.7%
Shareholders' equity ratio	58.4%	59.4%	60.0%
Net assets per share (yen)	¥1,071	¥1,155	¥1,250

Appendix: Trend of Stock Price



(¥)

	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	21/6	21/9	21/12	22/3	22/4/26
Yokogawa	1,667	1,295	1,163	1,752	2,198	2,291	1,303	2,038	1,660	1,959	2,074	2,099	2,077
TOPIX	1,203	1,543	1,347	1,512	1,716	1,592	1,403	1,954	1,944	2,030	1,992	1,946	1,829



**Financial Results for Fiscal Year 2021
Current Situation and Future
Outlook/
Progress Toward Achievement of
Accelerate Growth 2023**

Hitoshi Nara

President & Chief Executive Officer

May 10, 2022

Current Situation

Current Situation

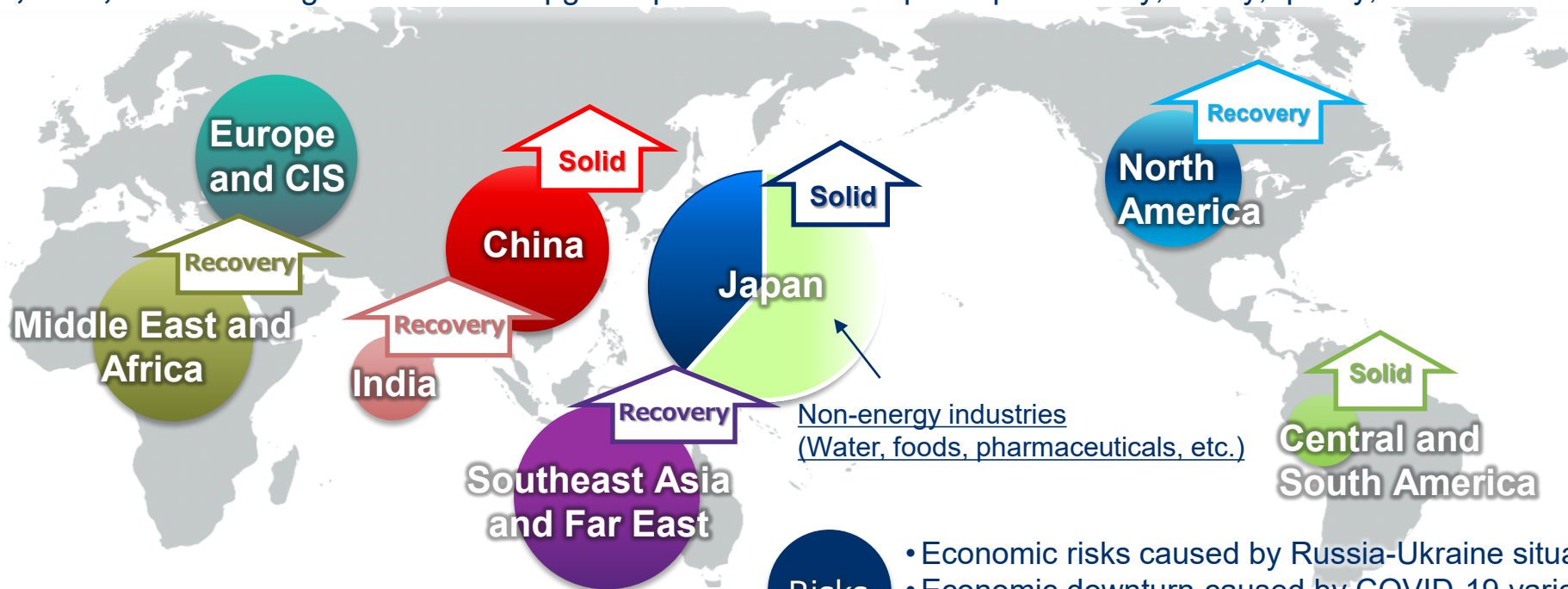
Uncertain business environment, but positive trend in customer investment

Regions

Middle East: On track to full-scale recovery **China:** High growth potential despite impact of Shanghai lockdown
Japan: Continues to be solid **Russia:** As long as the Ukraine crisis continues, business is shrinking significantly

Industries

Upstream: Energy prices soared. Investment for stable supply is positive. **Renewable:** Favorable
Downstream, chemicals: Increased investment in new material/production capacity. Concerns about rising resource prices
Pharma, food, water: Strong investment to upgrade processes and improve productivity, safety, quality, etc.



Risks

- Economic risks caused by Russia-Ukraine situation
- Economic downturn caused by COVID-19 variants
- Difficulties in procurement of semiconductors, resin parts etc.

Outside Japan sales ratio	
FY20	68.6%
FY21	69.8%

Impact of the Russia - Ukraine Situation and Outlook

New business opportunities are anticipated from a shift in energy-related demand from Russia

Short-term: Expansion of brownfield facilities Mid-term: Greenfield projects

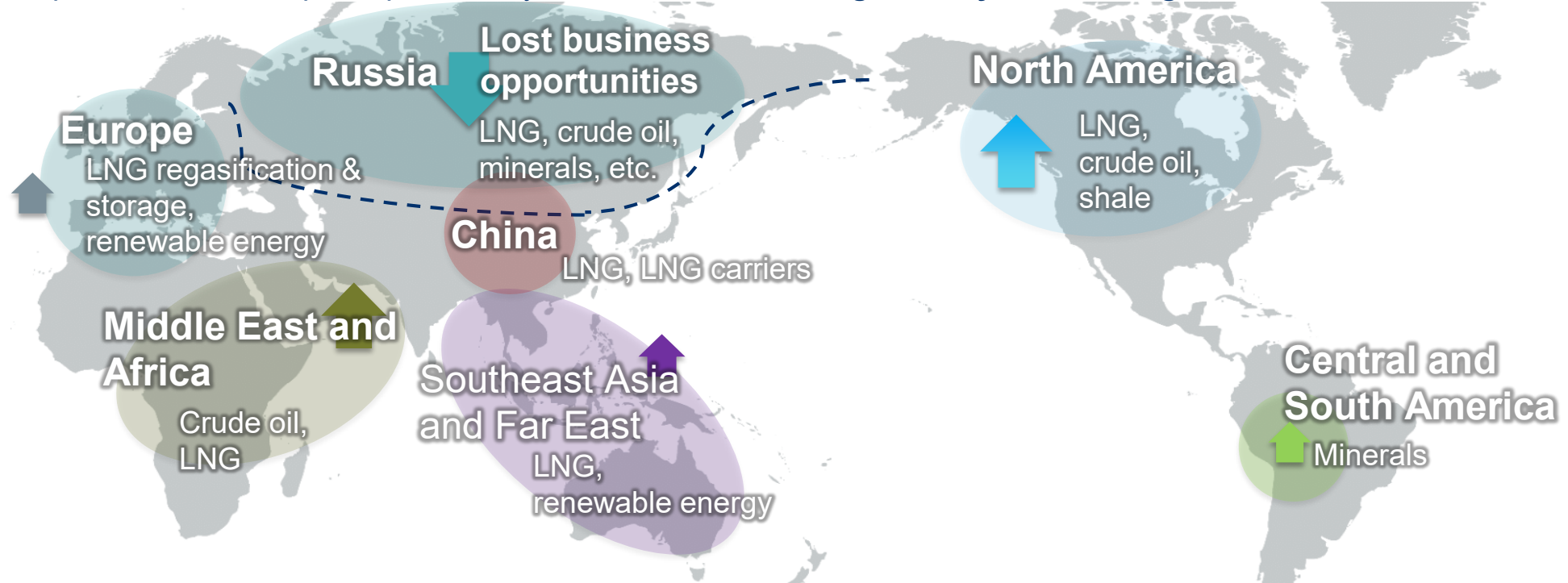
Short-term
Mid-term

The negative impact of lost business opportunities in Russia will be felt first.

Outside Russia, we expect to see rising demand due to the need to increase capacity and bring forward existing projects.

We aim to recover from negative impacts.

We expect growth in our focus areas, with increased opportunities for new LNG and renewable energy projects, and investment in multiple industries to improve productivity. **We aim for mid-term growth by accelerating the AG2023 activates.**



Review of Accelerate Growth 2023 (AG2023)

Overview of Long-term Business Framework and Mid-term Business Plan

2021

2022

2023

2030

2050

Yokogawa's Purpose / The Yokogawa Philosophy

Three goals
for sustainability

Net-zero
Emissions

Well-being

Circular
Economy

Long-term business framework (including Vision statement)

Aim for growth through the provision of shared value to society

Mid-term business plan

Accelerate Growth 2023

Establish a business structure centered on addressing broad social issues to enable growth

Mid-term business plan

(From FY24, with roughly 3-year perspective)

Business Environment Megatrends and Customer/Industry Trends

In an extremely uncertain and rapidly changing business environment, customers are accelerating their transformation.



Customer trends

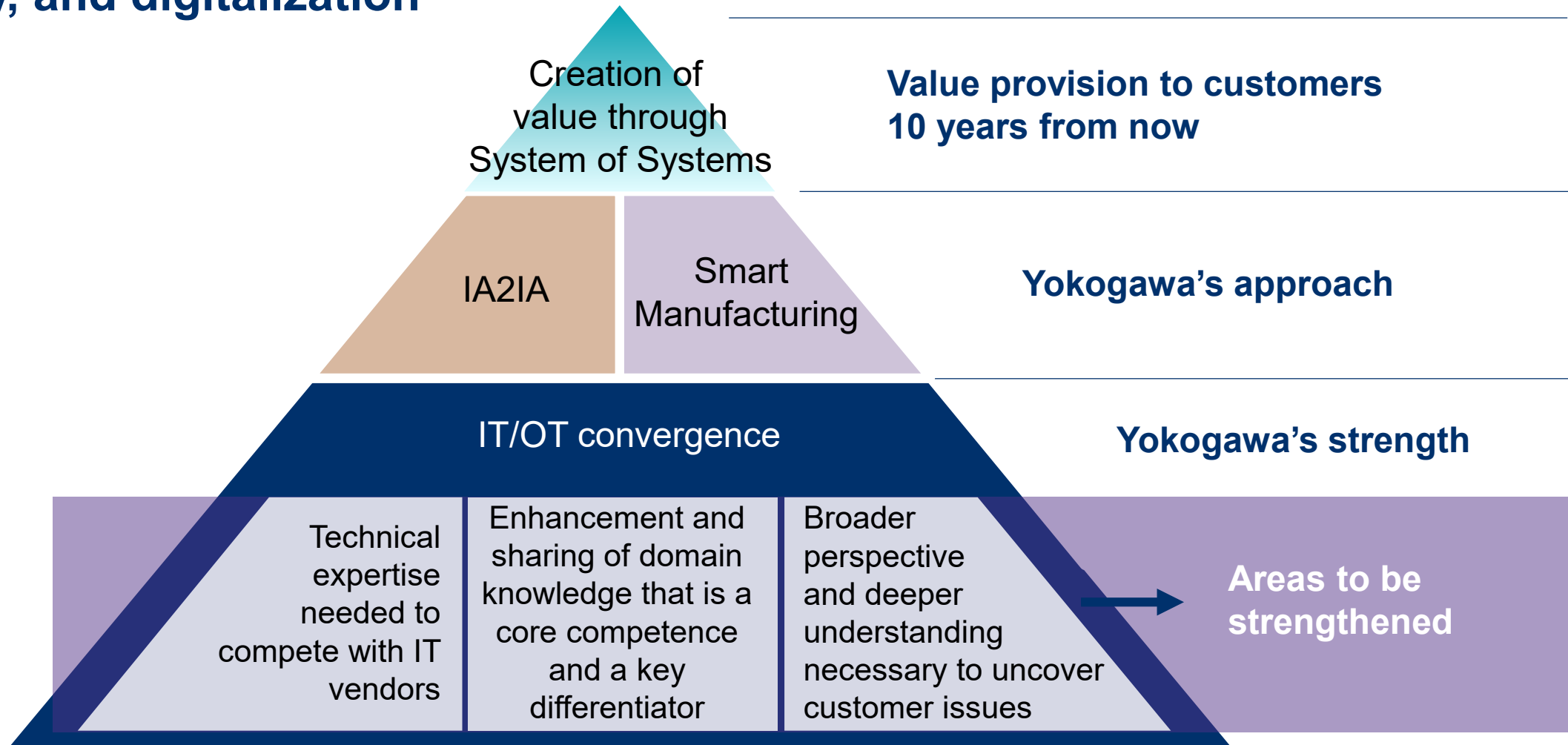
- Shift to renewable energy (mainly energy-related companies)
- Shift to production of environmentally friendly products
- Growing need for workforce reduction/unmanned operations, progress with digital transformation (DX)
- Accelerating low-carbon investment
- Efficient, sophisticated, and fast R&D

Process automation industry trends

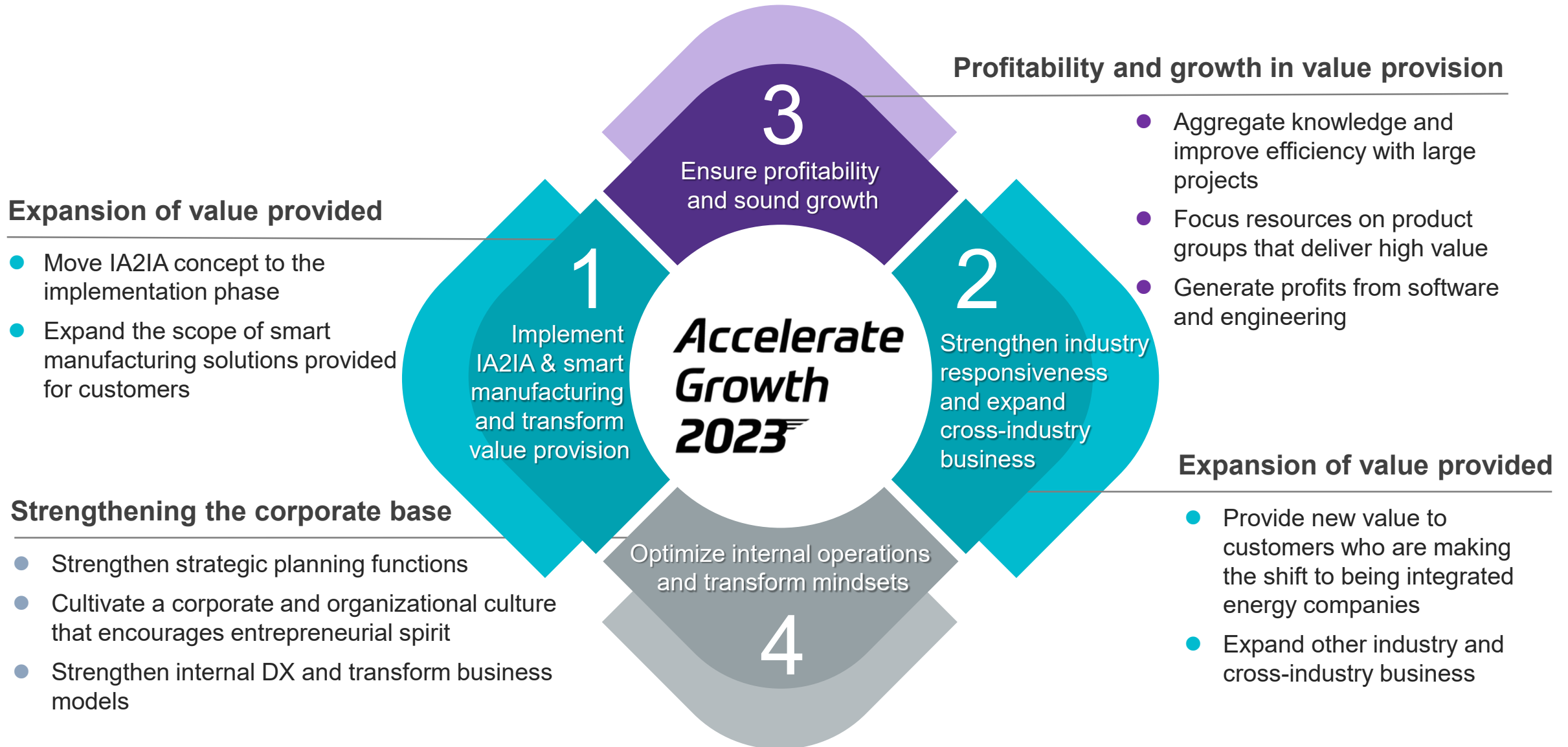
- Maturing product markets, hardware commoditization
- Growing software and sensor markets
- Spread of new business models
- Competition with IT companies
- Threat of cyberattacks

Value Provision through System of Systems (SoS)

The creation of value through overall optimization driven by integration, autonomy, and digitalization

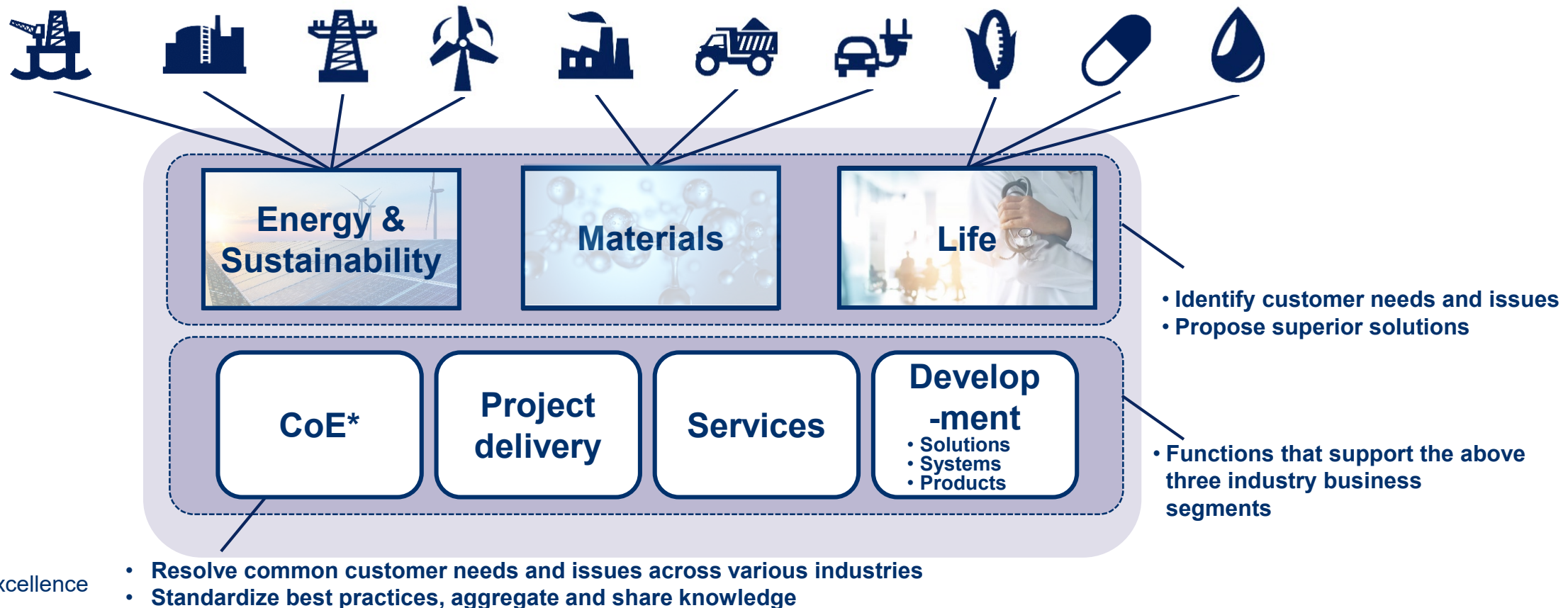


Accelerate Growth 2023: 4 Basic Strategies



Reorganization to Align with Our Customers' Industries

- ◆ To focus on our customer's businesses, change from an organization centered on products and functions to one that is based on industries.
- ◆ Strengthen our ability to propose solutions to different industries.



Sales Results by Segment

Achieved certain results in each Sub-segment through global coordination

Energy & Sustainability: Executed M&A deals in **renewable energy sector** and gained a foothold for growth

Materials: Established global collaborative organization. Achieved steady growth in **chemical, semiconductor, and electric vehicle** sectors

Life: Achieved growth in **pharmaceutical, food, and water** sectors. Executed biotechnology-related M&A. The first steps towards growth were taken.

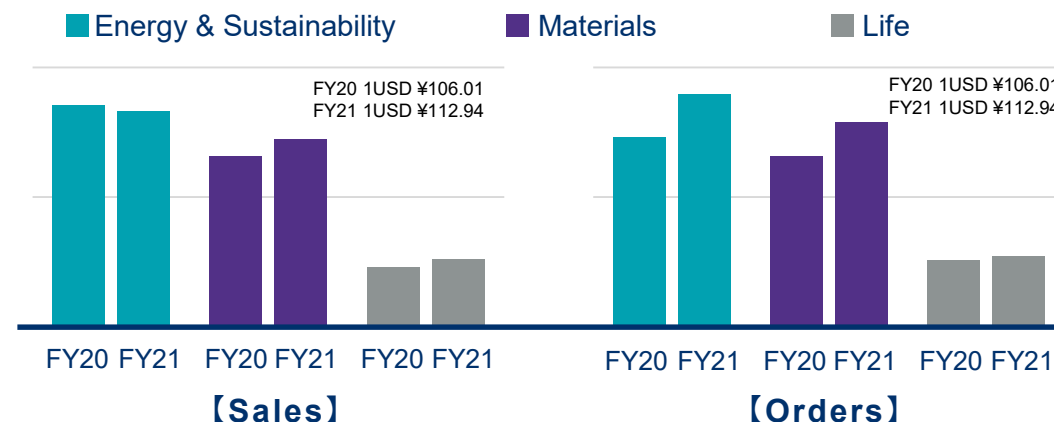
	AG2023 CAGR				
	Market growth rate (Forecast*1)	Sales growth		(Reference) Order growth	
		Target	Results (FY21)	Target	Results (FY21)
Energy & Sustainability	3.2%	4% or more	(2.7%) ((7.5%)*2)	9% or more	22.6% (16.3%*2)
Materials	3.5%	3% or more	14.9% (5.7%*2)	6% or more	19.6% (9.7%*2)
Life	2.9%	16% or more	14.0% (1.7%*2)	16% or more	6.2% (4.4%*2)

*1 Source: IIR Feb. 2021

- Forecast based on Industrial Info Resources (IIR), excluding less relevant industries from total investment value in all industries.
- Correlation between Total Investment Value (TIV) and Investment value of our control business customers.
- Investment trend in control business may lag behind TIV by about a year, and market situation is expected to remain severe.

*2 Organic growth (excluding impact of exchange rates)

【 Growth results by business segment 】



Review of Accelerate Growth 2023 Basic Strategies

1

Implement IA2IA & Smart Manufacturing and transform value provision

Strategies

Expansion of value provided

- Move IA2IA concept to the implementation phase
- Expand the scope of smart manufacturing solutions provided for customers

Main activities

- Develop solution portfolio to scale up IA2IA/Smart manufacturing and promote this business globally
- Establish a global foothold in ERP system integration(SI) business
- Expand integration capacity through MAC/MAIC
- Promote shift to new business models (recurring model, subscription model, etc.)

Progress and results

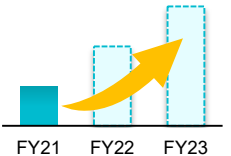
○:Going well

Good start to value expansion

- Developed solution map based on IA2IA/Smart manufacturing strategy. Made steady progress in packaging solutions and expect to soon scale up these businesses.
- Many results achieved with field trials in collaboration with customers
- ERP System Integration business has progressed outside Japan
- Progress has been slower in transitioning to new business models. Further acceleration is needed.

- ◆ Number of new solutions released by IA2IA/Smart manufacturing business

FY21 results **50** solutions
FY23 target 150 solutions



- ◆ Number of Orders received for IA2IA/Smart manufacturing business*

FY21 results **195** orders (outside Japan)

- ◆ In a world first, used AI to autonomously control a chemical plant - successful field test collaboration with ENEOS Material Corporation (formerly JSR Corporation elastomer business unit) -



* IA2IA: The transition from Industrial Automation to Industrial Autonomy by incorporating DX-related technologies such as AI, Digital Twins, and robotics

Smart manufacturing: The achievement of autonomy and improvement of productivity in production operations, enterprises, and supply chains through DX and IA2IA

Review of Accelerate Growth 2023 Basic Strategies

2

Strengthen industry responsiveness and expand cross-industry business

Strategies

Expansion of value provided

- Provide new value to customers who are making the shift to being integrated energy companies
- Expand other industry and cross-industry business

Main activities

- Establish a solution business to optimize energy management for complex energy supply chains, including renewable energy and storage battery.
- Expand solution business, targeting the functional chemicals market.
- Strengthen solutions and expand business in the pharmaceutical and food industries.
- Strengthen global sales capabilities for OPEX solutions, utilizing extensive installed base.
- Develop emerging markets.

Progress and results

○: Going well

Launched and steadily expanded three industry business segments

- Increased orders in focus industries (renewable energy, functional chemicals, food, and pharmaceuticals)
- Full entry into MGC, DERMS*1 fields, which integrate renewable energy, storage batteries, and other distributed energy resources and optimize entire systems
- Progress achieved water business outside Japan
- With Life business, facing challenges in scaling up new business in bioprocessing
- OPEX solutions are growing. Need to strengthen efforts for higher growth.

◆ Orders received in focus industries (FY21 results)

- Energy & Sustainability
Renewable energy **¥4.5B** (YoY +15%)
- Materials / functional chemicals outside Japan **¥14.6B** (YoY +61%)
- Life / Pharmaceuticals and foods **¥20.8B** (YoY +12%)

◆ Acquisition of PXiSE Energy Solutions LLC

Steady progress with startup due to synergy effects

◆ Number of orders for water business outside Japan

FY21 results **14** orders

- ◆ Successful completion of PoC*2 for optimization of operations at US wastewater reclamation facility that produces potable water
Project receives Transformational Innovation award from the Water Reuse Association



Tapia Water Reclamation Facility (California, USA)
(Photo credit: Las Virgenes Municipal Water District)

*1 MGC: Micro Grid Control DERMS: Distributed Energy Resource Management Systems *2 PoC: Proof of Concept

Review of Accelerate Growth 2023 Basic Strategies

3

Ensure profitability and sound growth

Strategies

Profitability and growth in value provision

- Aggregate knowledge and improve efficiency with large projects
- Focus resources on product groups that deliver high value
- Generate profits from software and engineering

Main activities

- Improve efficiency in large projects through knowledge aggregation and horizontal deployment
- Shift resources from product maintenance to new products and technologies
- Strengthen cost competitiveness of projects
- Improve efficiency of the entire supply chain
- Further improve production efficiency

Progress and results

△: Slightly behind expectations

Contribution in absorbing cost increases in a tough business environment. Further acceleration is necessary to improve profitability.

- Launched and horizontally deployed CoE (Center of Excellence) function to aggregate experience in each region. Progress is on track.
- Reduced maintenance work in product development while addressing parts procurement difficulties. Steadily shifted resources to new product and technology development.
- Cost reduction efforts throughout the global supply chain contributed to absorbing the impact of parts price hikes.
- Deterioration of operation rates in the project execution sector. Need to optimize resource allocation.
- Production efficiency of our manufacturing operations has steadily improved.

◆ Improve efficiency in product development by shifting resources.

Maintenance man-hours*	FY21 results	-14%	vs FY19
	FY23 target	-50%	vs FY19

◆ Project delivery procurement cost reduction **Approx. ¥0.9B**

- Procurement cost reduction and global standardization of business processes
- Improvement of global supply chain efficiency

◆ CCC FY20 149 days ➔ FY21 **142days (-7days)**

* Work related to the maintenance of existing products. Example: a design change due to the discontinuation of a part

Review of Accelerate Growth 2023 Basic Strategies

4

Optimize internal operations and transform mindsets

Strategies

Strengthening the corporate base

- Strengthen strategic planning functions
- Cultivate a corporate and organizational culture that encourages entrepreneurial spirit
- Strengthen internal DX and transform business models

Main activities

- Allocate resources based on management strategy
- Undertake skill transformation and improve engagement of human resources
- Develop Yokogawa into a DX use case
- Continuously forecast and uncover focus areas and themes

Progress and results

○:Going well

Steadily carrying out the optimization of operations to ensure sustained growth

- To foster global cooperation and optimize operations, we are integrating and maintaining individual processes and building new systems. Acceleration of these efforts is needed to achieve long-term growth and improve profitability.
- Although efforts to convert the skills of our human resources and improve their engagement are progressing smoothly, more effort is necessary to promote HR system reforms and transform mindsets.

◆ Digital process ratio*1

FY21 results **49%**

FY23 target 63%



- #### ◆ Providing PoC for IIoT services in minimum three days from customer request - Establishment of Agile Development Methodology and Culture Reform for DX to Improve Speed-

◆ Engagement score rate

GEES (Global Employee Engagement Survey) average of key factors*2 (all employees)

FY21 results **80pts**

FY23 target 81pts



◆ Japan Telemwork Association

22nd Telemwork Promotion Award, Award of Excellence

*1 The denominator is the number of sub-processes defined for all business processes (e.g., marketing, SCM, accounting, etc.), and the numerator is the number of digitized sub-processes operated in a standard global manner.

*2 Ratio of positive responses (4 or 5 on a scale of 1 to 5) for 7 questions related to the formation of sustainable engagement.

AG2023 Targets

Orders: The impact of COVID-19 has bottomed out, and large-scale project orders are recovering. Efforts to strengthen industry responsiveness helped to bring in numerous smaller-scale orders in a variety of industries. Achieved **18.2% annual growth** (excluding impact of exchange rates: **13.5%/year*1**)

Sales : Struggled to build up sales due to a small order backlog at beginning of FY21 and parts procurement difficulties. Achieved **4.2% annual growth** (excluding impact of exchange rates: **0.2%/year*1**).

ROS : To be allocated to investment for growth, including new businesses. **Continue to focus on achieving FY23 targets.**

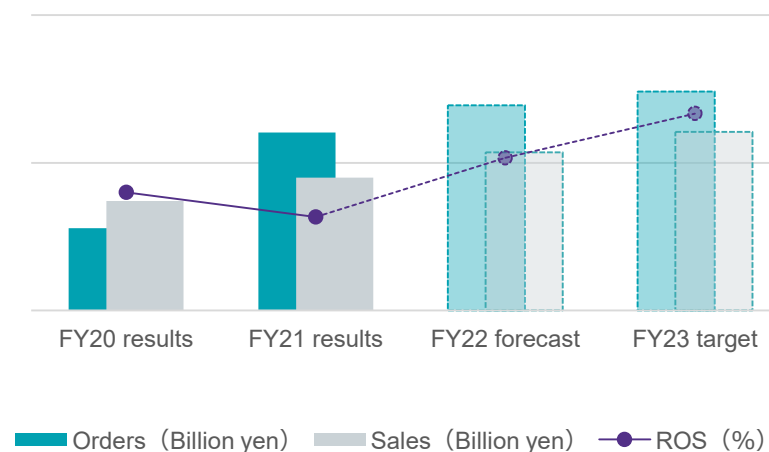
EPS growth: 10.7%/year. Impacted by extraordinary losses from the transfer of the aviation equipment business.

	AG2023 target	FY21 results	FY22 forecast
Order growth	8~10% / year	18.2% / year	11.1% / year *2
Sales growth	4~ 6% / year	4.2% / year	4.3% / year *2
ROS	10% (FY23)	7.9%	9.1%
EPS growth	16~18% / year	10.7% / year	14.1% / year *2
ROE	10% (FY23)	6.6%	7.4%
Sales cash flow	¥140B or more (3 years cumulative)	¥51.6B	¥91.7B

AG2023 exchange rate
(1USD): ¥105

FY21 average exchange rate
(1USD): ¥112.94

FY22 forecast exchange rate
(1USD): ¥120



*1 Calculated using AG2023 exchange rate (1USD:¥105)

*2 FY20 to FY22

Investment for Growth under AG2023

Steadily execute growth investments to enhance and maximize corporate value over the mid to long term

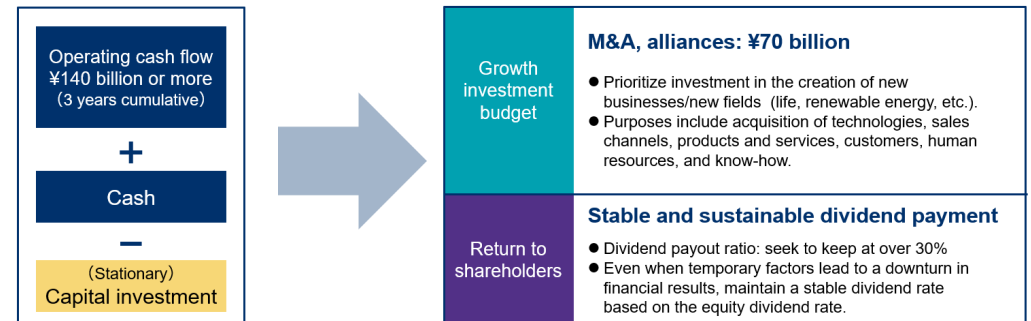
■ Growth investment budget: ¥70.0B

■ FY21 investment: ¥11.2B

Main Achievements

- Acquisition of Insilico Biotechnology AG (Nov. 2021)
The innovative digital twin technology for bioprocesses offered by Insilico, which has a proven track record with major biopharmaceutical companies, will be combined with our pharmaceutical production system solutions to build solutions covering everything from biopharmaceutical development to production.
- Acquisition of PXiSE Energy Solutions, LLC (Dec. 2021)
The company's high-speed control software technology for power grids and renewable energy sources will enable Yokogawa to enter the MGC and DERMS* fields for the integration of conventional power grids and distributed energy resources and the optimization of entire systems.

No change in cash flow allocation policy under AG2023



Precondition: keep shareholder capital at a level that can maintain an A rating

*MGC: Micro Grid Control DERMS: Distributed Energy Resource Management Systems

ESG Management

Managing from an ESG perspective



Sustainability indicators



Vision for society in 2050

■ Three goals (2050)



Six focus areas for achievement of SDGs

■ Social impact indicators (2030/2040)

GHG emissions (Scope 1,2)
50% reduction by FY2030 (base year FY2019)
100% reduction by FY2040

AG2023's focus on sustainability

- Activities to achieve targets are incorporated into each organization within the Group.

Focusing efforts to achieve SDGs
Acceleration of growth

■ Business activity indicators (2023)

Further enhancement of corporate governance

~FY20 Continuous enhancement

FY21~ Further enhancement



	2005	2010	2015	2021
Outside directors	● 1 director	● 2 directors ● 3 directors	● 4 directors	● 5 directors, comprising a majority of the board of directors
Voluntary advisory body			● Established nomination and compensation committee ● Established nomination advisory committee and compensation advisory committee	
Compensation system	● Abolished retirement bonuses for directors		● Introduced a restricted stock compensation plan (RS)	● Introduced a performance-linked stock compensation plan (performance share unit plan (PSU))
Systems and policies	● Revised articles of incorporation to reduce number of directors (25→15) Introduced one year tenure system for directors ● Introduced takeover defense measures	● Discontinued (abolished) takeover defense measures ● Established the Company's independence standards ● Established the Yokogawa corporate governance guidelines	● Abolished the senior advisor, advisor, and honorary corporate associate positions	● Revision of Articles of Incorporation concerning the electronic provision of documents for the general meeting of shareholders (planned)
Other		● Conducted outside evaluation of the board of directors*	● Appointed a woman as an outside audit & supervisory board member Appointed foreign nationals as officers ● Appointed an outside director as the chairman of the Board ● Appointed a foreign national as a director	● Appointed a female outside director Appointed female officers

- Using and improving existing systems and frameworks
- Diversifying the board of directors, and enhancing information disclosure
- Creating global human resource system and appraisal/compensation system for the Group

Enhancing Group governance

- Strengthening internal control and risk management systems

* Once every three years. Self-evaluation in other years

Toward the Achievement of AG2023

Toward the Achievement of the AG2023 targets

In a rapidly changing business environment, we are **implementing the strategies of AG2023 with a sense of urgency and accelerating efforts to achieve our targets.**

- ✓ Leveraging Yokogawa's strengths to drive **further growth and development**
- ✓ Achieving **high profitability** by expanding the value that we provide and improving productivity
- ✓ With a long-term perspective, **expanding our business in non-energy industries** and contributing to the realization of a sustainable society

Accelerate Growth 2023

**Utilizing our ability to measure and connect,
we fulfill our responsibilities for the future of
our planet.**

Measuring represents Yokogawa's origin as a company. We measure things, grasp and analyze their state, and add value through the information that is derived. *Connecting* refers to how Yokogawa not only combines valuable information, but also builds trusted relationships with customers in various industries and brings together businesses and industries, giving resonance to the value that we create.

Our ability to measure and connect is a core competence that Yokogawa must never lose. We wish to use this strength to find solutions to various social issues and create a future where humanity and planet Earth can co-exist in symbiotic harmony. This aspiration is expressed in our commitment to *fulfill our responsibilities for the future of our planet*.

Reference:

- FY21 News
- Control Segment Order Trend by Project Size
- Yokogawa's Main ESG Indexes, etc.

FY21 Topics (Alliance·Acquisition·Transfer / Orders)

Alliance·Acquisition

※Based on Press Release Date
※More information here, <https://www.yokogawa.co.jp/news/>

- Aug. Signed investment and collaboration agreements with Fluence Analytics, Inc.
- Oct. Invests in Web Synergies (S) Pte. Ltd. to expand global digital transformation capabilities
Entered into business partnership agreement with NTT Communications Corporation for development and provision of a shared-use OT cloud service to support digital transformation in the manufacturing industry
- Nov. Acquired Insilico Biotechnology AG, developer of innovative bioprocess digital twin technology
- Dec. Acquired PXiSE Energy Solutions, LLC, a developer of high-speed control software for grids and renewable energy assets
Entered into capital and business alliance with GlyTech, Inc., a Leader in the application of glycan technologies

Transfer

- Oct. Concluded agreement with Oki Electric Industry Co., Ltd. to transfer the aviation equipment business

Orders

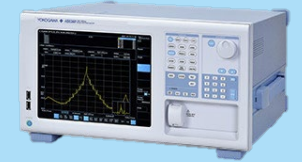
- Oct. Won water supply management system order from National Water Company of Senegal
- Jan. Yokogawa selected as system integrator for open process automation field trial
- Mar. Yokogawa receives order for integrated water facility management system from Ethiopia's Addis Ababa water and sewerage authority

FY21 Topics (Solutions & Products / R&D)

Solutions & Products

※Based on Press Release Date
※More information here, <https://www.yokogawa.co.jp/news/>

- Apr. Launched TDLS8200 probe type tunable diode laser spectrometer to its OpreX Analyzer lineup
- Jun. [Yokogawa Bio Frontier] Launch of sales of S-CNF, a high-performance nanocellulose material / Panacea, a biostimulant derived from microalgae that is effective in promoting plant growth
- Jul. Released OpreX Data Model Broker, a plant data transformation platform
- Aug. [Yokogawa Test & Measurement] Released AQ6380 Optical Spectrum Analyzer
Released OpreX Multi-Sensing Remote I/O VZ20X Analog Sensing Unit
- Dec. Launched Single Cellome System SS2000 for Subcellular Sampling
- Jan. Enhanced Cybersecurity and Safety for the OpreX Control and Safety System Lineup



Optical Spectrum Analyzer [AQ6380]



Single Cellome System [SS2000]

R&D

- Apr. Yokogawa to undertake proof of concept test of 5G, Cloud, and AI for remote control of plant systems with NTT DOCOMO, INC.
- Dec. Yokogawa commences research project with JAXA Space Exploration Innovation Hub Center
- Mar. Yokogawa Solution Service commences joint research with Osaka City Waterworks Bureau on operational support for water treatment & distribution facilities and simulator-based training
In a world first, Yokogawa and ENEOS Material Corporation (formerly JSR Corporation elastomer business unit) use AI to autonomously control a chemical plant for 35 consecutive days
Yokogawa Successfully completes proof of concept for optimization of operations at US wastewater reclamation facility producing potable water

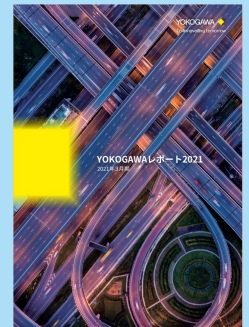
FY21 Topics (Others)

※Based on Press Release Date

※More information here, <https://www.yokogawa.co.jp/news/>

Others

- Apr.** Certified as a 'Digital Transformation Certified Companies' from the Ministry of Economy, Trade and Industry.
- Jul.** Participation in Lunar Industry Vision Council and joint submission of recommendations to the Government of Japan
Setting of sustainability targets for AG2023 mid-term business plan
- Aug.** Published 2021 Yokogawa Report
- Nov.** Yokogawa included in DJSI Asia Pacific Index
- Dec.** Published 2021 Yokogawa Sustainability Report
Held Yokogawa IR Day 2021 and Yokogawa DX Briefing
- Feb.** 「Yokogawa Report 2021」 was highly rated by GPIF's domestic equity management organizations
Selected Carbon Clean 200
Selected CDP Supplier Engagement Leaderboard
22nd Telework Promotion Award, Award of Excellence (Japan Telework Association)
- Mar.** Released web-site for carbon management solutions [LINK](#)



YOKOGAWA Report

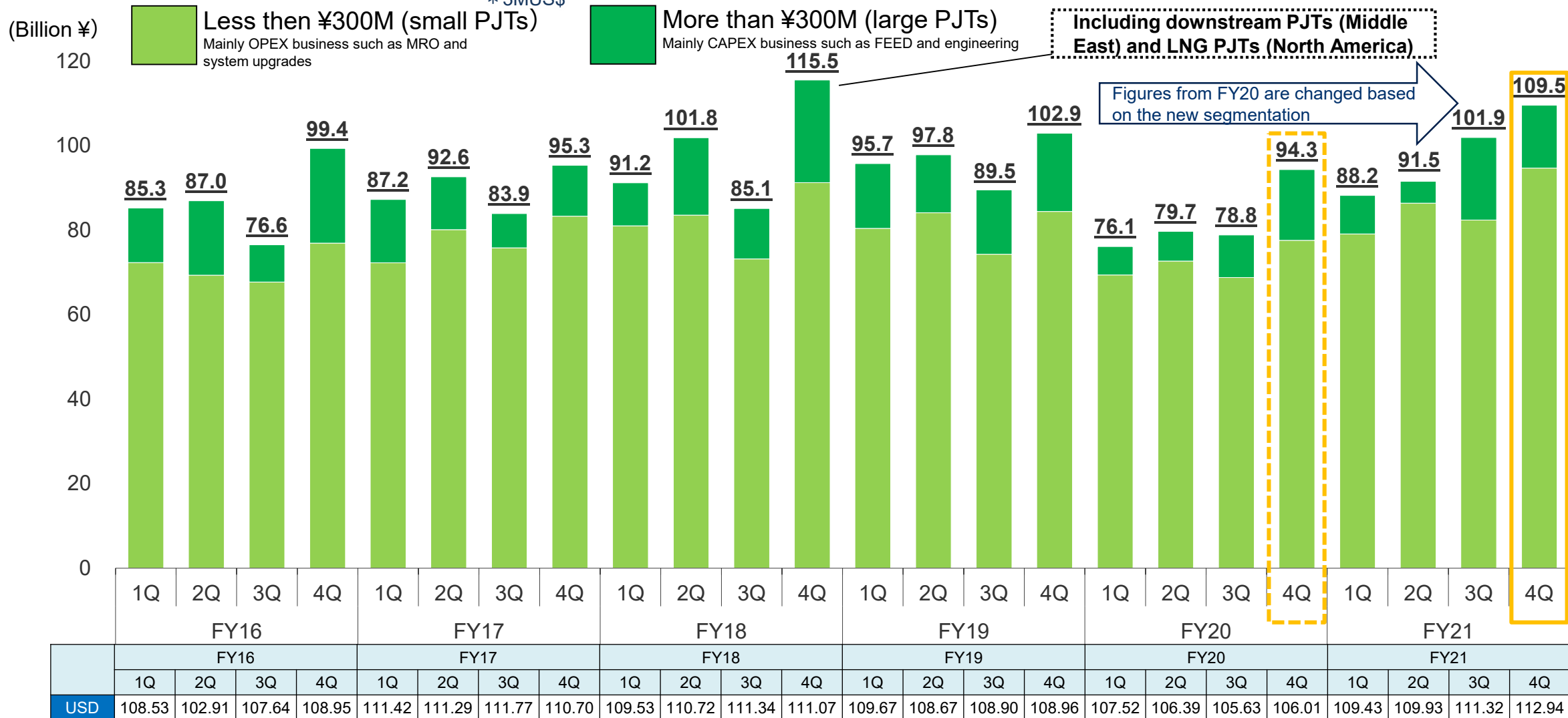


YOKOGAWA Sustainability Report

Reference: Control Segment Order Trend by Project Size

Large projects (¥300 million* or larger) account for only 10-15% of control segment revenues.

* 3MUS\$



Reference: Yokogawa's Main ESG Indexes, etc.

- DJSI-Asia Pacific Index
- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index (New)
- MSCI ESG Ratings AA
- MSCI ESG Leaders Indexes
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index
- ISS ESG - ESG Corporate Rating Prime status
- Sustainalytics Top-Rated ESG Regional Performer
- SNAM Sustainability Index
- S&P/JPX Carbon Efficient Index
- Carbon Clean 200 (Clean200) selected (New)

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

As of April 2022



2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



FTSE4Good FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

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As such, it cannot be guaranteed that these statements will not differ materially from actual results.

Yokogawa undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this document except as provided for in laws and ordinances.

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The information has not been restated to reflect the revision of the initially allocated acquired costs that was decided upon finalization of the tentative accounting treatment and application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting."

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