

**Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2024
(Japan GAAP)**

February 6, 2024

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange
 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 7, 2024
 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, 2024 (April 1-December 31, 2023)

(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, 2024	393,089	23.8	58,380	135.9	61,015	127.7	52,113	209.2
For first three quarters of year ended March 31, 2023	317,483	13.1	24,744	11.7	26,799	10.2	16,855	18.4

(Note) Comprehensive income For first three quarters of year ending March 31, 2024 65,686 million yen [103.1%]
 For first three quarters of year ended March 31, 2023 32,337 million yen [44.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For first three quarters of year ending March 31, 2024	197.81	–
For first three quarters of year ended March 31, 2023	63.14	–

(2) Financial Conditions on a Consolidated Basis

	Total assets	Net assets	Shareholders’ equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	640,485	425,314	64.8
As of March 31, 2023	618,637	386,825	61.4

(Reference) Shareholders’ equity: As of December 31, 2023: 415,050 million yen As of March 31, 2023: 379,625 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, 2023	–	17.00	–	17.00	34.00
For year ending March 31, 2024	–	17.00	–		
For year ending March 31, 2024 (forecast)				23.00	40.00

(Note) Adjustment on dividend forecast in this quarter: Yes

For information regarding the revision to the dividend forecast, please refer to the press release, “Notice Regarding the Revision of Consolidated Business Forecast and Dividend Increase Forecast for the Year Ending March 31, 2024” announced today (February 6, 2024).

3. Consolidated Business Forecast for the Year Ending March 31, 2024 (April 1, 2023-March 31, 2024)

(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	520,000	13.9	70,000	57.6	71,000	46.1	54,500	40.0	207.47	

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

For information regarding the revision to the consolidated business forecast, please refer to the press release, "Notice Regarding the Revision of Consolidated Business Forecast and Dividend Increase Forecast for the Year Ending March 31, 2024" announced today (February 6, 2024).

<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: No
 - 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, 2023 268,624,510 shares
 - As of March 31, 2023 268,624,510 shares
 - b. Number of treasury shares at the end of the period
 - As of December 31, 2023 8,473,191 shares
 - As of March 31, 2023 1,695,433 shares
 - c. Average number of shares in the period (accumulated quarterly period)
 - For the first three quarters of the year ending March 31, 2024 263,447,833 shares
 - For the first three quarters of the year ended March 31, 2023 266,929,961 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 web conference on February 6, 2024. 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, 2023 to December 31, 2023), in accordance with the mid-term business plan, “Accelerate Growth 2023,” where the current fiscal year is its final year, the Group has been working to establish a business structure centered on solving 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 75.6 billion yen year on year, mainly due to an improved procurement environment for production parts and project-procured products, the effect of price hike measures, recording sales of large-scale projects ordered after COVID-19, and the impact of foreign exchange fluctuations. Operating profit increased by 33.6 billion yen year on year, mainly due to an increase in the gross profit margin with an increase in sales. Ordinary profit increased by 34.2 billion yen year on year. Profit attributable to owners of parent increased by 35.2 billion yen year on year, mainly due to the increase in ordinary profit and to recording gain on sale of investment securities in extraordinary income in the first quarter, despite recording impairment losses on goodwill, etc. related to an overseas subsidiary in extraordinary losses in the second quarter.

Business results are as follows.

	Unit: billion yen			
	First three quarters of FY2022	First three quarters of FY2023	Difference	Change
Net sales	317.483	393.089	75.605	23.8%
Operating profit	24.744	58.380	33.636	135.9%
Ordinary profit	26.799	61.015	34.216	127.7%
Profit attributable to owners of parent	16.855	52.113	35.257	209.2%
(Reference) Average rate to 1 U.S. dollar (Yen)	137.01 yen	143.78 yen	6.77 yen	–

Results by individual segment are outlined below.

<Industrial Automation and Control Business>

	Unit: billion yen			
	First three quarters of FY2022	First three quarters of FY2023	Difference	Change
Net sales	297.050	365.129	68.078	22.9%
Operating profit	22.486	51.676	29.189	129.8%

Net sales for the industrial automation and control business segment increased by 68.0 billion yen year on year, mainly due to an improved procurement environment for production parts and project-procured products, the effect of price hike measures, recording sales of large-scale projects ordered after COVID-19, and the impact of foreign exchange fluctuations. Operating profit increased by 29.1 billion yen year on year, mainly due to an increase in the gross profit margin with an increase in sales.

<Measuring Instruments Business>

	Unit: billion yen			
	First three quarters of FY2022	First three quarters of FY2023	Difference	Change
Net sales	17.683	24.647	6.963	39.4%
Operating profit	2.796	7.119	4.323	154.6%

In the measuring instruments business, net sales increased by 6.9 billion yen year on year, mainly due to an improved procurement environment for production parts. Operating profit increased by 4.3 billion yen year on year, mainly due to an increase in the gross profit margin with an increase in sales.

<New Businesses and Others>

	Unit: billion yen			
	First three quarters of FY2022	First three quarters of FY2023	Difference	Change
Net sales	2.749	3.312	0.563	20.5%
Operating profit	(0.539)	(0.415)	0.123	–

Net sales and operating loss for new businesses and others were almost the same level as the same period of the previous fiscal year.

(2) Explanation of Financial Conditions

In comparison to March 31, 2023, total assets as of December 31, 2023 were up 21.8 billion yen to 640.4 billion yen, mainly due to increases in notes and accounts receivable - trade, and contract assets, and cash and deposits, despite a decrease in investment securities.

In addition, total liabilities were 215.1 billion yen, down 16.6 billion yen compared to March 31, 2023, due mainly to decreases in commercial papers and accounts payable - other.

As of December 31, 2023, net assets were 425.3 billion yen, up 38.4 billion yen compared to March 31, 2023, due mainly to the recognition of profit attributable to owners of parent and an increase in foreign currency translation adjustment, despite a decrease due to purchase of treasury shares.

As a result, the shareholders' equity ratio was 64.8%, up 3.4 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, 2024, we have revised the consolidated business forecast announced on November 7, 2023, as follows, taking into account the results for the first three quarters of the current fiscal year and the future prospects. There have been no changes to the assumed foreign exchange rate of 1 USD = 140 yen.

The following compares the full-year consolidated business forecast announced on November 7, 2023, with the revised forecast announced on February 6, 2024.

	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)	512.0	63.0	64.0	48.0	182.41
Revised forecast (B)	520.0	70.0	71.0	54.5	207.47
Difference (B) - (A)	8.0	7.0	7.0	6.5	—
Change	1.6%	11.1%	10.9%	13.5%	—
(Reference) Results for fiscal year ended March 31, 2023	456.4	44.4	48.6	38.9	145.81

(Reference) Full-Year Consolidated Business Forecast by Segment

<Orders Received>

Unit: billion yen

	Previously announced forecast (November 7, 2023)	Revised forecast (February 6, 2024)	Difference
Industrial automation and control business	485.5	488.5	up 3.0
Measuring instruments business	27.5	27.5	—
New businesses and others	4.0	4.0	—
Total	517.0	520.0	up 3.0

<Net Sales>

Unit: billion yen

	Previously announced forecast (November 7, 2023)	Revised forecast (February 6, 2024)	Difference
Industrial automation and control business	479.0	485.5	up 6.5
Measuring instruments business	29.0	30.5	up 1.5
New businesses and others	4.0	4.0	–
Total	512.0	520.0	up 8.0

<Operating Profit>

Unit: billion yen

	Previously announced forecast (November 7, 2023)	Revised forecast (February 6, 2024)	Difference
Industrial automation and control business	58.0	64.0	up 6.0
Measuring instruments business	6.5	7.5	up 1.0
New businesses and others	(1.5)	(1.5)	–
Total	63.0	70.0	up 7.0

<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 FY2022 (March 31, 2023)	End of FY2023 3rd quarter (December 31, 2023)
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	121,438	128,061
Notes and accounts receivable - trade, and contract assets	209,270	227,262
Merchandise and finished goods	18,467	23,276
Work in process	4,932	6,546
Raw materials and supplies	25,006	25,855
Other	24,251	24,149
Allowance for doubtful accounts	(6,106)	(6,361)
Total current assets	397,261	428,790
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	46,183	45,595
Other	41,376	42,118
Total property, plant and equipment	87,559	87,714
Intangible assets		
Software	14,137	17,746
Goodwill	14,614	10,651
Other	19,782	18,134
Total intangible assets	48,534	46,532
Investments and other assets		
Investment securities	70,786	61,797
Other	15,354	16,222
Allowance for doubtful accounts	(859)	(572)
Total investments and other assets	85,281	77,447
Total non-current assets	221,375	211,694
Total assets	618,637	640,485

(Millions of yen)

	(Reference) End of FY2022 (March 31, 2023)	End of FY2023 3rd quarter (December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,226	27,824
Electronically recorded obligations - operating	10,098	10,044
Short-term borrowings	20,475	21
Commercial papers	25,000	15,000
Accounts payable - other	18,741	12,255
Income taxes payable	6,472	6,727
Contract liabilities	45,837	50,267
Provision for bonuses	20,776	15,047
Provision for loss on construction contracts	7,380	6,837
Other	27,088	29,427
Total current liabilities	213,097	173,454
Non-current liabilities		
Long-term borrowings	4,087	24,000
Retirement benefit liability	5,081	5,969
Other	9,544	11,746
Total non-current liabilities	18,713	41,715
Total liabilities	231,811	215,170
Net assets		
Shareholders' equity		
Share capital	43,401	43,401
Capital surplus	54,392	54,464
Retained earnings	251,277	294,407
Treasury shares	(1,410)	(19,355)
Total shareholders' equity	347,660	372,917
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,106	19,505
Deferred gains or losses on hedges	(98)	(36)
Foreign currency translation adjustment	13,812	23,549
Remeasurements of defined benefit plans	(854)	(885)
Total accumulated other comprehensive income	31,965	42,132
Non-controlling interests	7,200	10,264
Total net assets	386,825	425,314
Total liabilities and net assets	618,637	640,485

(2) Consolidated Quarterly Statements of Income and Statements of Comprehensive Income
Consolidated Quarterly Statements of Income for the First Three Quarters of FY2023

(Millions of yen)

	(Reference) First three quarters of FY2022 (April 1-December 31, 2022)	First three quarters of FY2023 (April 1-December 31, 2023)
Net sales	317,483	393,089
Cost of sales	176,348	205,891
Gross profit	141,135	187,197
Selling, general and administrative expenses	116,391	128,816
Operating profit	24,744	58,380
Non-operating income		
Interest income	696	1,196
Dividend income	863	951
Share of profit of entities accounted for using equity method	2,158	2,357
Other	1,016	1,046
Total non-operating income	4,734	5,552
Non-operating expenses		
Interest expenses	736	826
Foreign exchange losses	730	841
Donations	163	239
Other	1,049	1,010
Total non-operating expenses	2,679	2,917
Ordinary profit	26,799	61,015
Extraordinary income		
Gain on sale of non-current assets	480	25
Gain on sale of investment securities	834	16,630
Total extraordinary income	1,314	16,655
Extraordinary losses		
Loss on sale of non-current assets	0	8
Loss on retirement of non-current assets	167	106
Impairment losses	* 261	* 5,667
Loss on sale of investments in capital of subsidiaries and associates	-	259
Loss on termination of retirement benefit plan	-	105
Business restructuring expenses	45	74
Total extraordinary losses	474	6,222
Profit before income taxes	27,639	71,448
Income taxes - current	6,876	14,613
Income taxes - deferred	1,756	1,470
Total income taxes	8,633	16,084
Profit	19,005	55,364
Profit attributable to non-controlling interests	2,150	3,251
Profit attributable to owners of parent	16,855	52,113

Consolidated Quarterly Statements of Comprehensive Income for the First Three Quarters of FY2023

(Millions of yen)

	(Reference) First three quarters of FY2022 (April 1-December 31, 2022)	First three quarters of FY2023 (April 1-December 31, 2023)
Profit	19,005	55,364
Other comprehensive income		
Valuation difference on available-for-sale securities	4,811	387
Deferred gains or losses on hedges	(88)	61
Foreign currency translation adjustment	8,621	9,999
Remeasurements of defined benefit plans, net of tax	(4)	(16)
Share of other comprehensive income of entities accounted for using equity method	(8)	(110)
Total other comprehensive income	13,331	10,322
Comprehensive income	32,337	65,686
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,141	62,280
Comprehensive income attributable to non-controlling interests	2,196	3,406

(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

The Company acquired 6,776,300 treasury shares, in accordance with a resolution of the meeting of the Board of Directors held on May 9, 2023. As a result, the Company's treasury shares increased by 17,941 million yen during the first three quarters, and the amount of treasury shares and the total number of shares held as of the end of the third quarter, including a portion acquired in response to requests to purchase odd-lot shares, were 19,355 million yen and 8,473,191 shares, respectively.

Consolidated Quarterly Statements of Income

* Impairment Losses

First Three Quarters of FY2022 (April 1-December 31, 2022)

Impairment losses were recorded for the following asset groups.

(Millions of yen)

Location	Use	Category	Impairment losses
United Kingdom	Business assets	Goodwill	261
		Total	261

The Group's business assets are grouped based on management accounting classification.

The book value with respect to the goodwill arising at the time of acquisition of shares of the UK-based consolidated subsidiary, Yokogawa RAP Limited was reduced to its recoverable amount and the amount of said reduction has been recorded as impairment loss because the non-consolidated business performance of the company is expected to fall below the initially forecasted business plans in line with changes made to the company's positioning with respect to business expansion.

The recoverable amount for the said asset group is measured by value in use and is calculated by discounting future cash flows at a rate of 10%.

First Three Quarters of FY2023 (April 1-December 31, 2023)

Impairment losses were recorded for the following asset groups.

(Millions of yen)

Location	Use	Category	Impairment losses
United States	Business assets	Goodwill	2,003
		Other intangible assets	3,636
Japan	Idle assets	Machinery, equipment and vehicles	28
		Total	5,667

The Group's business assets are grouped based on management accounting classification.

The book values mainly with respect to the goodwill, etc. arising at the time of acquisition of equity interest in U.S. based consolidated subsidiary, PXiSE Energy Solutions, LLC were reduced to their respective recoverable amounts and the amount of said reductions have been recorded as impairment losses on account of the business results of the company falling below the initially forecasted business plans.

The recoverable amounts for the said asset group are measured by value in use and are calculated by discounting future cash flows at a rate of 10%.

Segment Information
Segment Sales and Profits (Losses)

(Millions of yen)

		(Reference) First three quarters of FY2022 (April 1-December 31, 2022)	First three quarters of FY2023 (April 1-December 31, 2023)	Change
Industrial automation and control	Net sales to unaffiliated customers	297,050	365,129	68,078
	Operating profit (loss)	22,486	51,676	29,189
Measuring instruments	Net sales to unaffiliated customers	17,683	24,647	6,963
	Operating profit (loss)	2,796	7,119	4,323
New businesses and others	Net sales to unaffiliated customers	2,749	3,312	563
	Operating profit (loss)	(539)	(415)	123
Amount on consolidated statements of income	Net sales to unaffiliated customers	317,483	393,089	75,605
	Operating profit (loss)	24,744	58,380	33,636

[Reference]

Net Sales by Geographical Location

(Millions of yen)

	(Reference) First three quarters of FY2022 (April 1-December 31, 2022)		First three quarters of FY2023 (April 1-December 31, 2023)		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	84,089	26.5	96,619	24.6	12,530
Outside Japan	233,394	73.5	296,469	75.4	63,075
Southeast Asia, Far East	52,790	16.6	59,484	15.2	6,693
China	54,411	17.1	64,978	16.5	10,567
India	13,452	4.2	18,455	4.7	5,002
Europe	27,134	8.5	38,208	9.7	11,074
Russia	5,635	1.8	2,029	0.5	(3,606)
North America	31,308	9.9	39,807	10.1	8,499
Middle East, Africa	38,317	12.1	59,403	15.1	21,086
Central and South America	10,343	3.3	14,102	3.6	3,758
Consolidated	317,483	100.0	393,089	100.0	75,605

[Reference]

February 6, 2024
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Three Quarters of FY2023

(Millions of yen)

	First three quarters of FY2022		First three quarters of FY2023		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net sales	317,483	–	393,089	–	75,605	–
Operating profit	24,744	7.8%	58,380	14.9%	33,636	7.1%
Ordinary profit	26,799	8.4%	61,015	15.5%	34,216	7.1%
Profit attributable to owners of parent	16,855	5.3%	52,113	13.3%	35,257	7.9%
Total assets	601,883		640,485		38,601	
Net assets	363,160		425,314		62,154	
Return on equity	4.9%		13.1%		8.2%	
Basic earnings per share	63.14 yen		197.81 yen		134.67 yen	
Capital investment	13,643		17,385		3,741	
Depreciation	14,118		16,618		2,499	
Research and development expenses	22,249		23,899		1,649	
Average exchange rate during the period (USD)	137.01 yen		143.78 yen		6.77 yen	

Orders Received (Millions of yen)

	First three quarters of FY2022	First three quarters of FY2023	FY2023 full year (forecast)
Industrial automation and control business	377,052	368,037	488,500
Measuring instruments business	23,292	20,112	27,500
New businesses and others	3,121	2,549	4,000
Total	403,466	390,699	520,000

Net Sales (Millions of yen)

	First three quarters of FY2022	First three quarters of FY2023	FY2023 full year (forecast)
Industrial automation and control business	297,050	365,129	485,500
Measuring instruments business	17,683	24,647	30,500
New businesses and others	2,749	3,312	4,000
Total	317,483	393,089	520,000

Operating Profit (Millions of yen)

	First three quarters of FY2022	First three quarters of FY2023	FY2023 full year (forecast)
Industrial automation and control business	22,486	51,676	64,000
Measuring instruments business	2,796	7,119	7,500
New businesses and others	(539)	(415)	(1,500)
Total	24,744	58,380	70,000