

2025 Yokogawa Report

For the year ended March 31, 2025



2025

Yokogawa Report

Contents

Chapter 1 Introduction / 2

- 02 The Identity Shaping the Yokogawa Group
- 03 Tireless Efforts for Transformation
- 05 Yokogawa in Figures
- 06 Yokogawa's Business

Chapter 2 Messages from Top Management / 7

We share the thoughts of top management about the strategies and initiatives to achieve the goals of the GS2028 medium-term business plan, as well as their vision for the future of Yokogawa.

- 07 Messages from the Chairperson and President
- 08 Interview with the President & CEO

How to Use the Yokogawa Report

This report provides navigation for moving between pages and referencing external websites.



Click the index guide at the top of the PDF or each item of the Contents to go to the relevant page.

Chapter 3 Value Creation Story / 13

We provide an overview of the GS2028 medium-term business plan, as well as its focus points: sustainability initiatives, intangible capital, capital policy and financial strategy, and DX strategy.

- 14 Our Goals
- 16 Materiality Analysis
- 17 Social Impact Indicators
- 18 Review of the Numerical Management Targets of the GS2028 Medium-Term Business Plan
- 19 Value Creation Process
- 20 Four Basic Strategies for Value Creation
- 22 Providing Value as a Trusted Partner in the System of Systems Domain
- 23 Foundation for Value Creation (Intangible Capital, Capital Policy, Financial Strategy, and DX Strategy)

Chapter 4 Business Strategies / 33

One year after the launch of the GS2028 medium-term business plan, we present our achievements to date and the challenges that lie ahead.

- 34 Yokogawa's Business Portfolio
- 35 Yokogawa's Products and Solutions
- 36 Business Model of Industrial Automation and Control Business
- 37 Service Structure of Industrial Automation and Control Business
- 38 Review of the GS2028 Business Strategies
 - 39 Control Business
 - 39 Energy & Sustainability Business
 - 41 Materials Business
 - 43 Life Business
 - 45 Measuring Instruments Business, New Businesses and Others

Chapter 5 Corporate Governance / 47

Through messages from the Chairperson of the Board of Directors, the Chairpersons of the three statutory committees, and newly appointed Directors, we present our governance framework and initiatives that support sound corporate management.

- 48 Directors
- 50 Basic Views on Corporate Governance / Overview of Corporate Governance System
- 51 Board of Directors
- 54 Nominating Committee
- 55 Compensation Committee / Audit Committee
- 56 Executive Compensation
- 57 Cross-Shareholdings / Governance regarding Sustainability
- 58 Risk Management, Internal Control, and Compliance
- 59 Vice President & Executive Officers

Chapter 6 Information / 60

- 61 Financial Highlights
- 63 ESG Highlights
- 65 Consolidated 11-Year Summary
- 67 Risks Relating to the Group's Business
- 70 Financial Section
- 103 Stock Information, IR Activities, and External Evaluations
- 104 Editorial Policy



Chapter 1 Introduction

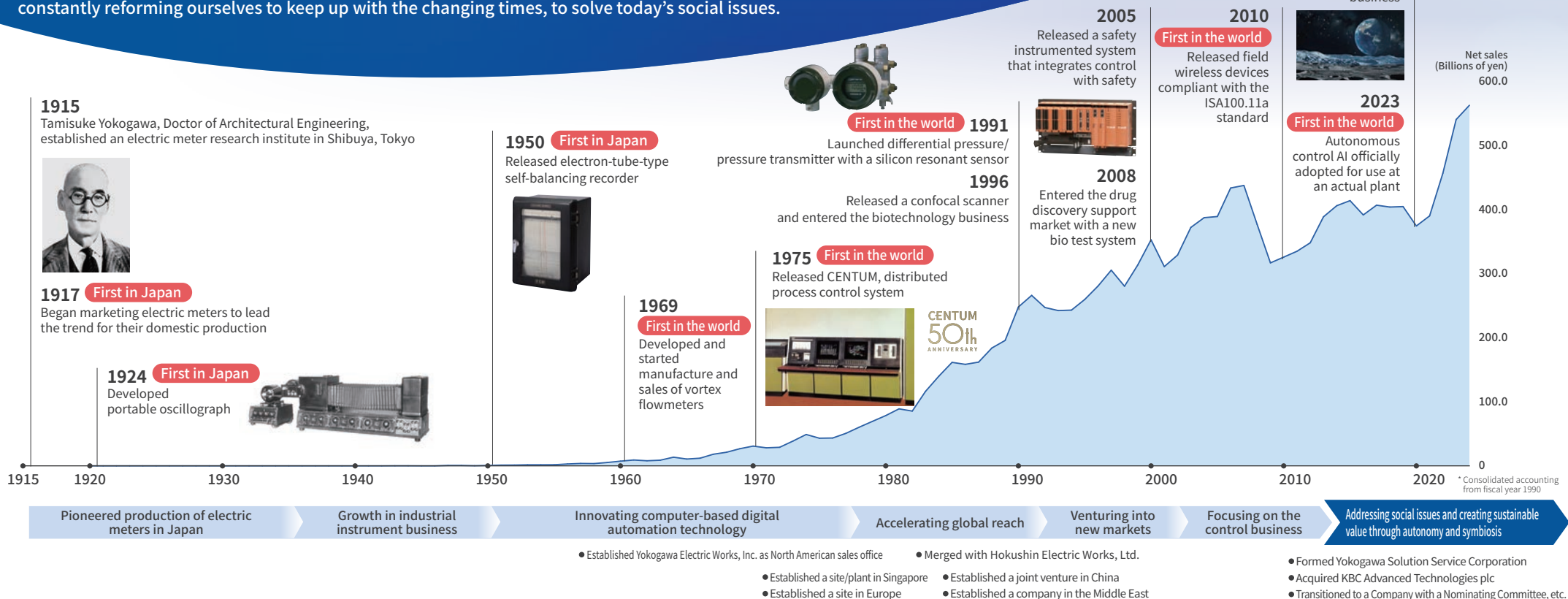
The Identity Shaping the Yokogawa Group



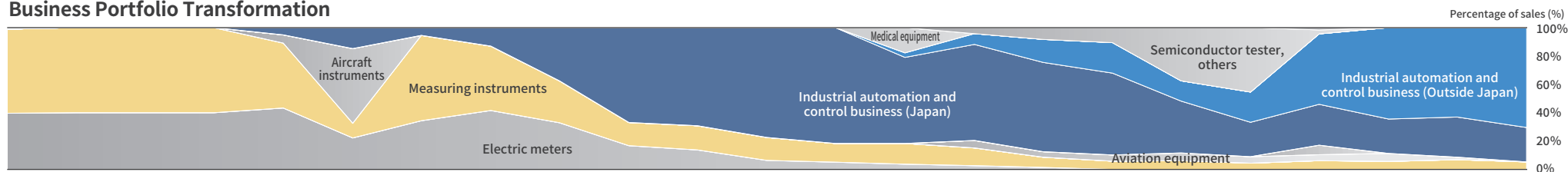
Tireless Efforts for Transformation

Constantly Tackling Difficult Challenges as a Trusted Company with a Wealth of Technology and a Strong Track Record

Since its foundation in 1915, Yokogawa has been contributing to social development by providing innovative products and solutions to industries based on its measurement, control, and information technologies. We will fulfill our responsibilities for the future of our planet by utilizing our ability to measure and connect that has been cultivated through the accumulation of technologies, long track record, and strong trust-based relationships, and by constantly reforming ourselves to keep up with the changing times, to solve today's social issues.



Business Portfolio Transformation





Tireless Efforts for Transformation

YOKOGAWA 
Co-innovating tomorrow™

CENTUM
50th
ANNIVERSARY

CENTUM 50th Anniversary

CENTUM 50th Anniversary

Always with You, Yesterday, Today, and Tomorrow.

Yokogawa's CENTUM, the world's first distributed control system, proudly celebrates its 50th anniversary.

Since 1975, CENTUM has continued to evolve as a core monitoring and control system that delivers reliability, stability, and compatibility while driving productivity improvements in plants worldwide. Looking ahead, Yokogawa remains committed to preserving this legacy while pursuing sustainability and engaging in continuous innovation as we deliver cutting-edge technologies for the industries of tomorrow.

On this 50th anniversary, we express our heartfelt gratitude for the trust and support that our customers have shown us over the years. Together, we will strive to play an active role in creating a more prosperous and sustainable society.



 CENTUM 50th Anniversary special website (our website)



Yokogawa in Figures

Net sales

¥562.4 billion

Operating income ratio

14.9%

Earnings per share (EPS)

¥200.41

Return on equity (ROE)

11.5%

Founded

110 years ago

Number of employees

17,670

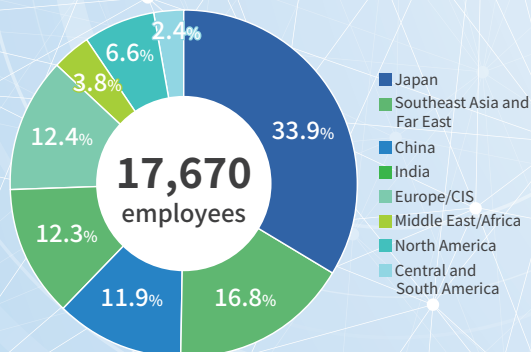
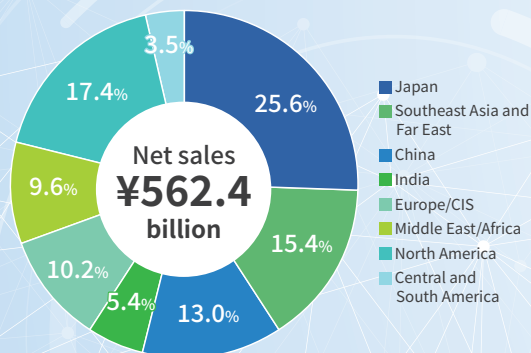
System deliveries

approx. **31,000**

Ratio of outside directors

8/12

Global Network



Netherlands

CIS

China

United States

Bahrain

Korea

Japan

India

Singapore

Brazil

■ Global Headquarters/
Regional Headquarters
■ Manufacturing sites

Business sites in

62 countries

Manufacturing sites in

 **12** countries

Service network

Service
sites

180+

Service
engineers

2,500+

(Fiscal year 2024 results)



Yokogawa's Business

Yokogawa proposes solutions to global challenges.

Drawing on our ability to measure and connect, Yokogawa collaborates with customers. Making full use of our expertise in measurement, control, and information technologies that we have acquired over the years, Yokogawa addresses social issues through our business activities. To attain these goals, the core industrial automation and control business has been divided into three segments: energy and sustainability, materials, and life. Yokogawa's measuring instruments business and new businesses also significantly contribute to the advancement of industry and technology.

Industrial Automation and Control Business

Energy and Sustainability Business

Given the expected surge in global energy demand, the renewable energy market is primed for growth. In the increasingly diverse energy and water sectors, Yokogawa's energy and sustainability business is working across the entire value chain – from production and supply to use, disposal, recycling, and maintenance – to support safe and efficient operations. The business segment aims to protect the environment by achieving a sustainable, carbon-neutral society.

Main Markets

- Renewable energy
- Oil & gas (upstream)
- Refining, petrochemicals (downstream)
- Power
- Energy management systems
- Energy storage
- Water & wastewater, industrial water

Materials Business

Among the requirements in this segment are efficient energy use, recycling, and the use of raw materials that have a low environmental impact. Drawing on our expertise in ecological solutions and digital technologies, Yokogawa is striving for a world that maintains a balance between comfort and sustainability. Our materials business is critical to achieving a circular economy that can exist in harmony with the environment.

Main Markets

- Specialty and fine chemicals
- Biochemicals
- Fertilizer
- Mining & metals
- Mobility
- Electrical machinery, electronics & semiconductors
- Iron & steel
- Pulp & paper
- Fibers & textiles

Life Business

The growing global population is putting a strain on the production and supply of food. Demand for pharmaceuticals is also rising steeply. Yokogawa's life business supports the supply of medicines and food so that people everywhere can live safely and enjoy good health.

Main Markets

- Pharmaceuticals
- Healthcare
- Food & beverage

Measuring Instruments Business

Often considered to be the mother tools of modern industry, measuring instruments have been an integral part of Yokogawa's business since the company's inception. Taking advantage of our expertise in the precision measurement of power, voltage, light, pressure, and other physical quantities, we are pursuing decarbonization by helping our customers in such areas as vehicle digitization and electrification, renewable energy, environmental measurement, next-generation communications technology, and plant maintenance.

New Businesses and Others



Setting our sights on easing the use of the industrial internet of things (IIoT), Yokogawa provides the necessary hardware, software, and cloud solutions.

Areas for exploration: Disaster prevention, space, and ocean

By presenting solutions for applications such as the observation of changes in sea level and the verification of technologies that could point the way to the use of hydrogen on the lunar surface, we are working to mitigate the effects of global disasters and working toward the achievement of a recycling-oriented society.



Chapter / 2 Messages from Top Management

Message from the Chairperson and President

Hitoshi Nara

Director,
Executive Chairperson,
Representative Executive
Officer

First, allow us to express our appreciation for your continued support.

Since its foundation in 1915, the Yokogawa Group has been contributing to the advancement of society by providing industries with innovative products and solutions based on its measurement, control, and information technologies.

Under the Yokogawa's Purpose statement, which reads, "Utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet," we work with stakeholders around the world to co-create a sustainable society. One of the Yokogawa Group's core competences is its ability to measure and connect. We want to leverage that capability to find solutions to today's social issues and achieve a future where humans and the earth exist in harmony. Those fundamental aims underly our commitment to fulfilling our responsibilities for the future of our planet.

To define what it envisions as the ideal society in the year 2050, the Yokogawa Group has set the Three Goals for achieving sustainability: "Achieve net-zero emissions; stopping climate change," "Ensure well-being; quality life for all," and "Make the transition to a circular economy; circulation of resources and efficiency." We have thus formulated a long-term business framework with an eye to 2030 and established the Growth for Sustainability 2028 (GS2028) medium-term business plan that charts out our path for the five years from fiscal year 2024 through fiscal year 2028, and are now working to achieve the goals set therein. The long-term business framework establishes priority issues and sets indicators for business activities and social impact, and as such provides solid guidance for our efforts. Our vision

Kunimasa Shigeno

Director, President & CEO,
Representative Executive Officer

statement of "Through autonomy and symbiosis, Yokogawa will create sustainable value and lead the way in solving global issues" expresses where Yokogawa wishes to be in 2030.

In GS2028, our medium-term business plan, we lay out four basic strategies that will need to be implemented to achieve the vision for 2030 set out in our long-term business framework.

Yokogawa is undertaking initiatives in these four basic strategies: provide value as a trusted partner in the system of systems (SoS) domain, strengthen industry responsiveness and expand cross-industry business, create value by utilizing and developing intangible capital, and strengthen management and business foundations. In pursuing these strategies, we will collaborate with our customers to create value in more diverse and higher-level ways and strive for success in our business initiatives by leveraging business resources such as the customer relationships, expertise, and human capital that have been enhanced through this process.

In April 2025 Hitoshi Nara assumed the posts of Director, Executive Chairperson, and Representative Executive Officer, and in June 2025 Kunimasa Shigeno took over as Director and President & CEO, Representative Executive Officer. Under this new arrangement, Yokogawa aims to enhance its ability to execute measures that are designed to achieve the targets of the GS2028 medium-term business plan, and thereby propel further growth.

We will keep working to further expand our businesses and enhance our corporate value to fulfill the expectations of our shareholders and investors. We would appreciate your continued support.

Interview with the President & CEO

As a trusted partner, we work side by side with our customers to solve problems. We are building a business foundation that is unaffected by the external environment, and accelerating growth.

Kunimasa Shigeno
Director, President & CEO,
Representative Executive Officer



The Future of Yokogawa: A Journey with Our Customers

Q1

Tell us about the journey that brought you to where you are today as Yokogawa's new President & CEO.

When I joined Yokogawa Electric Corporation in 1991, my first assignment was to the Startup Division, which was responsible for launching plant systems. Getting firsthand experience that allowed me to see how customers use and evaluate Yokogawa products and systems has been an invaluable asset in my career.

From there, I moved on to the Project Engineering Division. One thing that made a particularly strong impression on me was landing Yokogawa's first order for a MAC*¹ project. It was a project with an enormous scope: In addition to Yokogawa products and systems, it also involved products and services from other companies. Dealing with that kind of variety was a challenging experience that I gained much from.

In 2007, I went on assignment to the Middle East. In this and other postings, I worked closely with our customers on their plant startup, upgrade, and expansion projects.

I have also headed up the Global Business Service Headquarters, which promotes company-wide business process reforms and supply chain optimization, served as Regional Chief Executive for the Middle East and Africa, and headed the Digital Solutions Headquarters, which oversees the provision of systems and solutions, project delivery, and other functions. After serving in these different posts, I assumed the positions of Director and President & CEO, Representative Executive Officer in June 2025.

*1 Main automation contractor: covers all aspects of an automation project, including the customer budget, scheduling, resources, and risk management





Interview with the President & CEO

Q2

As President, what is most important to you?

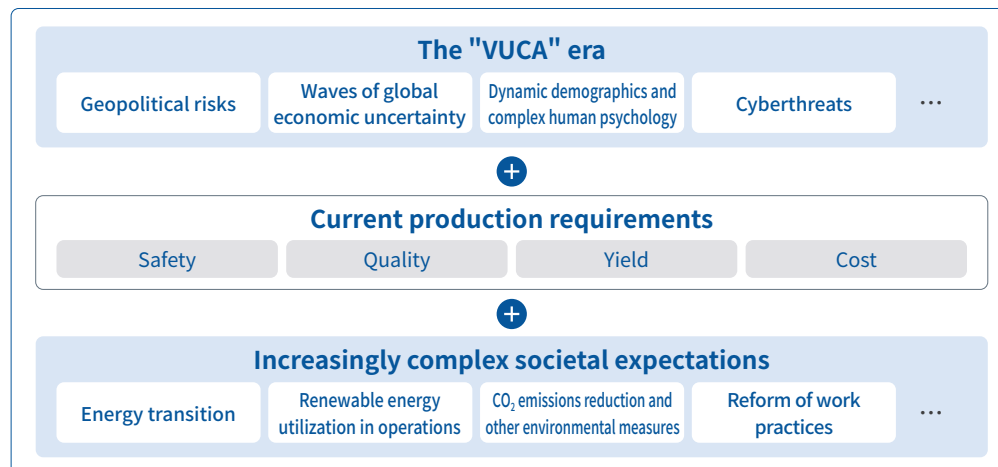
It all comes down to the customer. It is important for us to go to the front lines where our business takes shape and study market and business conditions from the same perspective as the customer, while always acting on the belief that “Your success is our success.” Yokogawa has to show them that it understands their issues and has what it takes to help them overcome those challenges, and thereby have a positive impact on their businesses and profitability.

Products and solutions that are grounded in a deep understanding of the customer are sure to have value for other customers as well, and customers who have worked with us to address specific issues will look to partner with us when they have other problems to solve.

Q3

What is your perspective on the issues customers are facing?

In this VUCA era, constant change and the difficulty of predicting what will happen next pose an ever-greater challenge for our customers in their manufacturing operations and business management. Societal needs such as the demands for an energy transition, the reduction of environmental impact, and work practice reforms are also becoming increasingly complex. Even under such circumstances companies have to safely produce high-quality products and systems, and do so profitably. In other words, our customers are working towards two different kinds of sustainability: a sustainable society and sustained corporate growth. That trend, I think, is sure to



continue. In tackling these issues, we need to promote stable operations that balance safety and security with efficiency and quality while driving industry's transition from automation to autonomy. From my perspective, this is what lies at the heart of the challenges that our customers face.

Q4

Where does Yokogawa excel in addressing the challenges that its customers are dealing with?

From my perspective, Yokogawa has four core strengths.

The first is our robust and highly reliable products and systems, and our cutting-edge technologies. The second is our ability to integrate complex systems and carry out difficult projects, rooted in personnel who are committed to working together to resolve customer issues. The third is our global sales and service network. Finally, the fourth strength is the high level of customer loyalty and the strong reputation that we have established based on an extensive delivery track record.

In terms of products and systems, CENTUM is a good example. This distributed control system was launched in 1975, and we are marking its 50th anniversary this year. The technologies that we have refined and the level of trust that our customers have in us are powerful and enduring, and this is a foundation that does not just develop overnight.

By leveraging these strengths, we aim to lead the way in establishing stable operations and autonomy in our customers' industries and be a trusted partner capable of both cultivating a sustainable society and maximizing our customers' business growth and profits.

Yokogawa's four strengths



*2 Based on the number of projects and countries provided the CENTUM series integrated production control system and ProSafe-RS safety instrumentation system. If delivered as a set, counted as one project.



Interview with the President & CEO



Accomplishing the Goals of the GS2028 Medium-Term Business Plan: Taking the Customer Perspective

Q5

Now that one year has passed since the launch of the GS2028 medium-term business plan, can you offer us your thoughts on what has been achieved thus far?

I think we made a decent start in fiscal year 2024, the first year under the GS2028 medium-term business plan.

In addition to implementing M&A and capital alliances to help execute our strategies more quickly, including the acquisition of renewable-energy management solutions provider BaxEnergy, we also released numerous solutions and products to expand our business. We also hired SMEs*³ and SAs*⁴ to play key roles in bringing our strategies to fruition. On the other hand, there is more to be done for us to hit our 10% target for top-line average annual growth.

We have positioned the first half of our five-year GS2028 medium-term business plan as a phase in which we will firmly make growth investments and take other measures that will put us on track to achieve our ambitious growth targets. For M&A, which will play an important role in this, the company has allocated over 100 billion yen for investments in the three-year period of fiscal years 2024 to 2026 that will drive growth. However, the actual amount invested to date comes to a total of around 9 billion yen. Starting in fiscal year 2024, we have been reviewing our M&A process, reassessing our organizational structure, and restructuring our project list, with a focus on companies of a certain business scale. Looking ahead, we are going to accelerate our activities in this area. [P.18 Review of the Numerical Management Targets of the GS2028 Medium-Term Business Plan](#)

*3 SME: Subject Matter Expert (an expert in a specific industry)

*4 SA: Solution Architect (a specialist who leads the overall design and coordination of technical solutions to corporate issues)

Business growth targets (5-year average)

		FY2024 results	FY2025 forecast	FY2023-FY2025
Order growth	10% /year or more	10.4% (7.8)	- 3.1% (3.2)	3.4% (5.5)
Sales growth	10% /year or more	4.1% (1.9)	- 0.4% (5.9)	1.8% (3.9)
Return on sales (ROS)	15% or more	14.9% (13.3)	14.3% (13.8)	—

GS2028 assumed rate

US\$1 = ¥130

Actual rate in FY2024

US\$1 = ¥152.55

Forecast exchange rate for FY2025

US\$1 = ¥140

*5 Figures in parentheses are based on the GS2028 medium-term business plan's assumed exchange rate

Q6

How do you assess the current business environment?

We believe that customers' willingness to invest remains strong, albeit with some variability from region to region. Interest in sustainable growth by such means as reducing environmental impacts, improving productivity, reducing headcounts, and enhancing cybersecurity is growing across the industrial landscape, as is the need for DX solutions. Business in the cybersecurity field is showing particularly strong growth, and we are receiving many inquiries about our autonomous control AI (FKDPP*⁶) solution. Meanwhile, uncertainty is also on the rise due to geopolitical risks and US tariff policies. Customers are facing a wide range of challenges in an increasingly precarious situation. Although the negatives tend to weigh on overall perceptions, we see this as an opportunity to work with our customers to overcome these challenges.

*6 FKDPP: Factorial Kernel Dynamic Policy Programming, an algorithm jointly developed by Yokogawa Electric Corporation and the Nara Institute of Science and Technology (NAIST)

Q7

Have there been any changes in the basic strategies and measures of the GS2028 medium-term business plan?

There have been no changes in the four basic strategies of the GS2028 medium-term business plan. We will continue to steadily and thoroughly implement these strategies. However, given the rising uncertainty in our business environment, there is the risk that these four basic strategies will not be sufficient to achieve our goals. To address this risk, we need to place our business on a solid foundation that is not affected by fluctuations in the external environment.

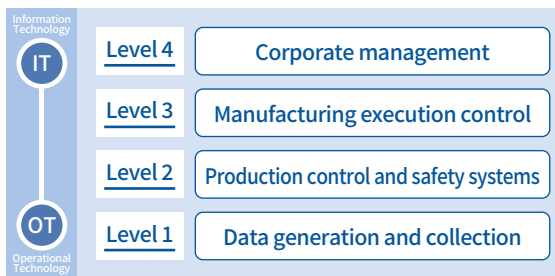
At the heart of the challenges faced by our customers are the issues of how to achieve stable operations that maintain a balance between safety and security, efficiency and quality, and how to accomplish the transformation from industrial automation to industrial autonomy. The more uncertain the external environment becomes, the greater the importance of addressing these issues.

Interview with the President & CEO

By developing close relationships with its customers and working with them as a trusted partner to resolve these core issues, Yokogawa aims to place its business on a solid foundation that is not affected by changes in its external environment. To do so, we will implement four additional measures in addition to the four basic strategies. 

The first measure is to bolster our front-line sales functions across the board and increase the number of personnel who have the capability to propose solutions. Without having a proper understanding of our customers' issues and operations, there is no way one can tailor proposals that will meet their needs. That is why we are now making an upfront investment to recruit SMEs and SAs. By thoroughly strengthening our front-line sales functions, we aim to work as a trusted partner for our customers.

Second, we will clarify the roles of the headquarters and regional offices, and implement transnational operations^{*7}. The headquarters and regional offices all differ in their strengths and areas for improvement. For Yokogawa products and solutions, particularly those at levels 3 and 4, there are regional differences in market maturity and customer needs. To speed up our response, we are currently working to establish a CoE^{*8} system for the regional offices, starting with the placement of CoEs in those offices that have the most active markets.



Third, we will give our products an even stronger competitive edge and enhance our portfolio of solutions. Our core competences lie in level 1 field instruments, such as transmitters and flowmeters, and level 2 control systems such as distributed control systems (DCS) and safety instrumented systems (SIS). These products and systems are Yokogawa strengths, and the headquarters should be continually investing in their development to strengthen our competitiveness. In addition, we will thoroughly strengthen our solution portfolio by implementing the transnational system mentioned above.

The fourth measure centers on fostering a corporate culture that encourages employees to take on new challenges. Our employees will play a vital role in our efforts to implement the measures that I have talked about so far. Given how important this human element is, we will establish a system that encourages everyone to take on challenges and recognizes their achievements.

I believe that these four measures are all connected, and are essential elements for improving Yokogawa's corporate value over the medium- to long-term.

^{*7} Operations that leverage the strengths derived from working closely with customers in each region and the strengths derived from engaging in activities on a global scale

^{*8} CoE: Center of Excellence (an organization that brings together people and know-how to promote projects)

Growing Yokogawa's Business by Contributing to Sustainability

Q8

How will Yokogawa work to achieve its sustainability targets?

Yokogawa has established the Three Goals based on its vision for society in the year 2050. To achieve these goals, we are promoting the Creating Shared Value (CSV) management approach, which seeks to increase corporate value in a sustainable fashion by engaging in business activities that contribute to society and the environment.

There is a widely shared understanding among the Yokogawa Group's employees that its business activities and the contributions it makes to society and the environment are interlinked. Each and every employee has a deep and strong understanding of this concept, and makes it a regular part of their work.

In the GS2028 medium-term business plan, we define sustainability transition sales as sales in growth areas that contribute to sustainability transitions. This links the social and environmental





Interview with the President & CEO

contributions of our business activities to financial indicators.

In fiscal year 2024, sustainability transition sales accounted for approximately 42% of net sales, an increase of about 1 percentage point from fiscal year 2023. While this may be considered progress, we do believe that we will need to pick up the pace of our efforts.

P.15 Sustainability Transition Sales

The business fields that we have defined as focus areas represent new endeavors that take us outside our conventional areas of expertise. Another thing to remember is that the value customers attach to sustainability not only varies by region and industry but also evolves with the times. Rather than being fixated on short-term results, that is why we will balance our efforts to accelerate growth with a perspective that focuses on persevering over the long term, and will work tirelessly together with society and our customers to achieve the transition to sustainability.



To Our Stakeholders

Q9

How will you increase shareholder value?

By continuing to pursue both growth and profitability, the Group will maximize shareholder value over the medium to long term.

If we can solve essential issues and deliver value as a trusted partner for our customers, the top line will keep growing. Growth in our installed base will also create new business opportunities, propel standardization and optimization, and strengthen our earning power. To cultivate this cycle and enhance growth and profitability, we will accelerate investments that have a positive impact in realizing our growth strategy.

Of course, we will also be mindful of the cost of capital when making investment decisions. Our goal is to elevate shareholder value by improving growth and profitability while securing a return on capital that surpasses our cost of capital, which currently ranges between 7% and 9%.

With regard to shareholder returns, we will strive to secure a consolidated dividend payout ratio of at least 30% and maintain stable dividends even if temporary factors lead to a downturn in financial results. In addition, we will also flexibly consider additional shareholder returns through share buybacks, taking into consideration factors such as opportunities for growth investments, the status of our finances, and the stock price. We decided to increase the dividend per share for fiscal year 2024 to 58 yen, up 18 yen from fiscal year 2023. We also decided to acquire up to 20 billion yen in treasury shares starting March 2025.

While we preferentially allocate resources to investments that improve and maximize corporate value over the medium to long term, we will also continue to improve shareholder returns through the proactive payment of dividends. P.28-30 Capital Policy and Financial Strategy

Q10

Finally, please tell us how you feel as you embark on your new role as President.

One of my strengths is my ability to execute, which my experience in the Start-up and Project Engineering divisions helped me hone. To me, my mission as President is not just to talk about strategies and concepts but to execute them and produce results. By steadily moving down the path set out in the GS2028 medium-term business plan and achieving results, I want to make Yokogawa a top-tier company that makes every stakeholder happy.

Chapter

3

Value Creation Story

- 14 Our Goals
- 16 Materiality Analysis
- 17 Social Impact Indicators
- 18 Review of the Numerical Management Targets of the GS2028 Medium-Term Business Plan
- 19 Value Creation Process
- 20 Four Basic Strategies for Value Creation
- 22 Providing Value as a Trusted Partner in the System of Systems Domain
- 23 Foundation for Value Creation
 - 23 Intangible Capital
 - 24 Human Capital
 - 26 Intellectual Capital
 - 27 Social and Relationship Capital
 - 28 Capital Policy and Financial Strategy
 - 31 DX Strategy



Our Goals

Yokogawa has established the “Three Goals” in achieving a sustainable society by the year 2025.

To achieve these goals, we have formulated and are working on a long-term business framework with an eye to 2030 and a medium-term business plan, GS2028, that charts a path through 2028.

Yokogawa's
Purpose

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

2024

2028

2030

2050

Three Goals

The Group has set three sustainability goals that reflect its vision for society toward 2050 and indicated the direction in which the Group will transform itself to achieve these goals.

Long-term business framework

This presents Yokogawa's vision with an eye to 2030 and our direction for its realization.

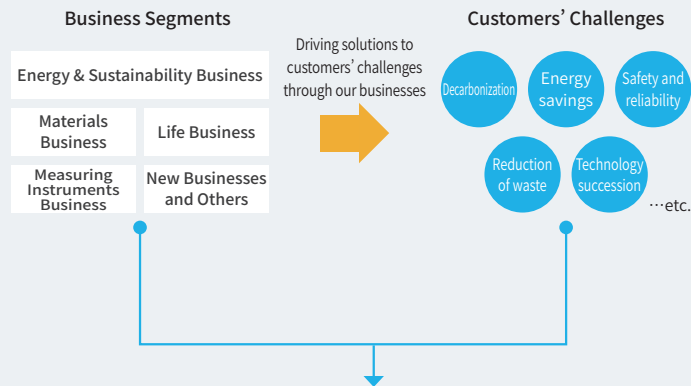
Medium-term business plan *Growth for Sustainability 2028*

Under GS2028, we are implementing measures to achieve business growth and meet financial targets for the achievement of the vision for 2030 set out in our long-term business framework.

In addition, by promoting initiatives in our business focus areas and pursuing business activities in the six contribution areas, we will aim for both contributions to sustainability and our own growth, and realize improvements in both social value and corporate value.

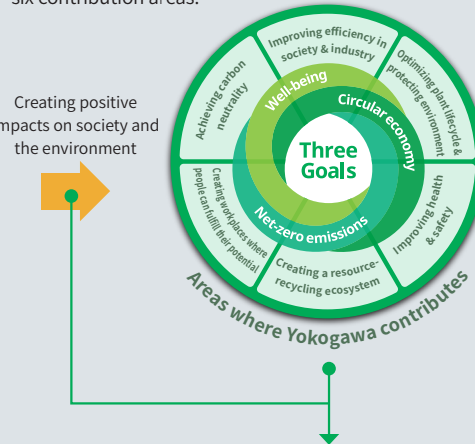
Business Growth

We have identified focus areas and launched initiatives by recognizing our customers' social issues as business opportunities for Yokogawa. We will accelerate the growth of our business by expanding the value we provide in these focus areas.



Expansion of Contributions to Society and the Environment

Yokogawa will expand its contribution to the environment and society through six contribution areas.



Achieve net-zero emissions; stopping climate change

We aim for net-zero emissions, which means that greenhouse gas concentrations in the atmosphere do not rise due to the balance of emissions and the absorption of greenhouse gases, which can be accomplished through the introduction of renewable energy and the efficient use of energy.

Ensure well-being; quality life for all

We support people's health and prosperity through the achievement of safe and comfortable workplaces and our pursuits in such areas as the life sciences and drug discovery. We promote human resource development and employment creation in local communities, as well as diversity, equity, and inclusion.

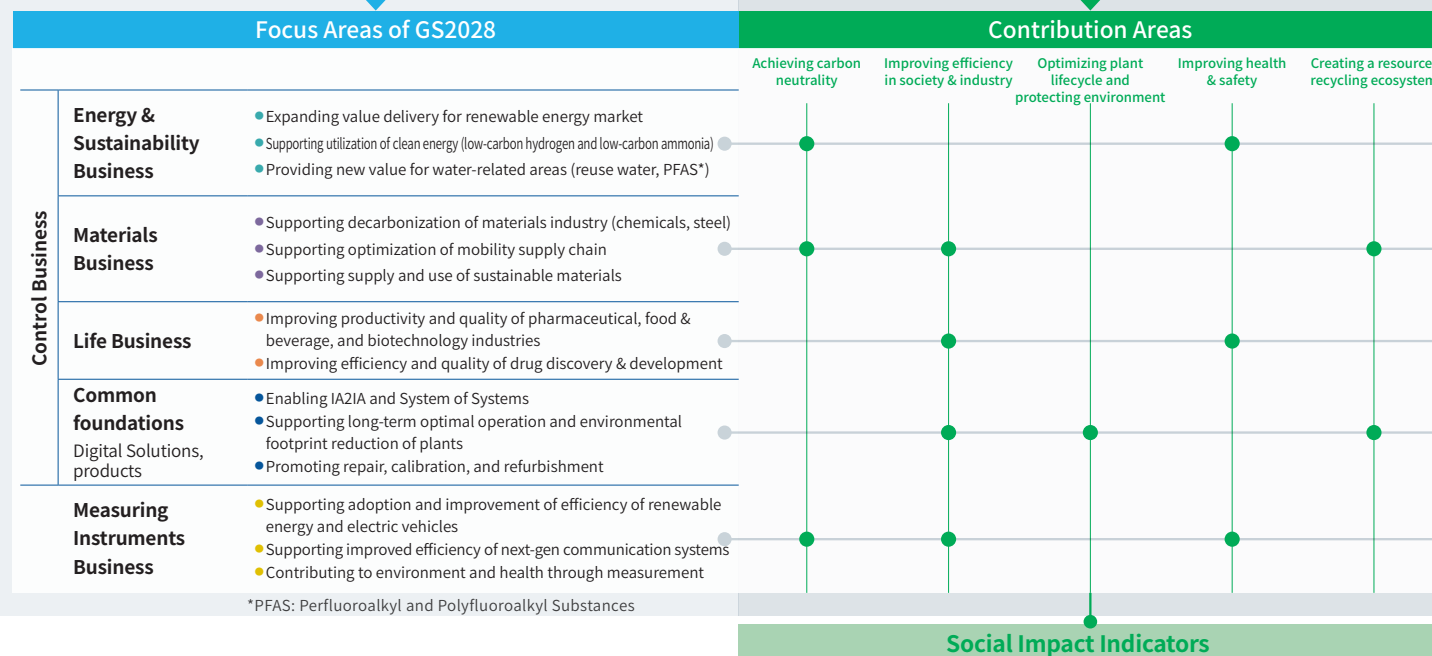
Make the transition to a circular economy; circulation of resources and efficiency

We aim to realize a social framework and ecosystem in which resources are circulated without waste and assets are utilized effectively. We are also contributing to the efficient use of water resources and the supply of safe drinking water.



Our Goals

Business Growth



Goals and targets for 2030

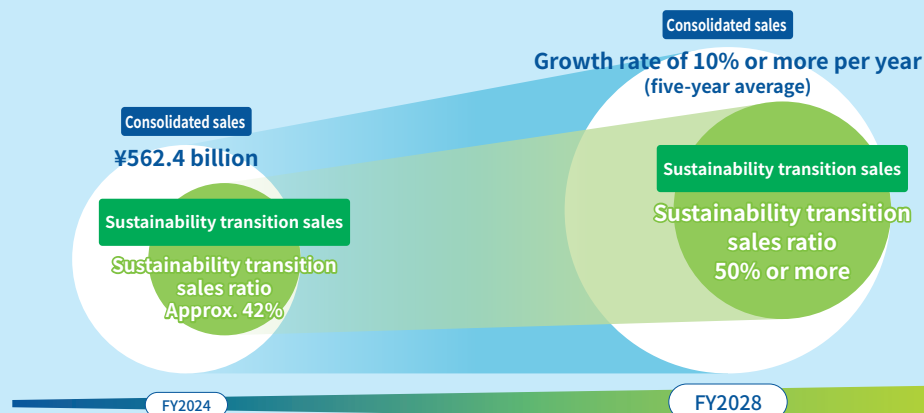
- Contributing to society as **a trillion-yen** company
- GHG emissions (Scope1, 2) **100%** reduction*¹
- Energy consumption (Intensity per sales) **30%** reduction*²
- Engagement to enhance employee well-being **84%** or more
- Proportion of women in managerial positions **20%**

*1. Base year FY2019 *2. Base year FY2023

Note: Among the many indicators and targets that have been set, the above have particular importance.

Sustainability Transition Sales

Under the GS2028 medium-term business plan, Yokogawa defines group-wide revenue generated from areas contributing to sustainable growth as the sustainability transition sales. We have set focus areas that contribute to sustainability transitions for each business segment. As the business continues to grow, we aim to increase the sustainability transition sales ratio from approximately 40% in fiscal year 2023 to over 50% by fiscal year 2028. In fiscal year 2024, the sustainability transition sales accounted for approximately 42% of net sales, an increase of about 1 percentage point from fiscal year 2023. While this may be considered progress, we do believe that we will need to pick up the pace of our efforts.



GS2028 Management Targets

Business growth targets (FY2024 to FY2028)

Order growth	10%/year or more (5-year average)
Sales growth	10%/year or more (5-year average)
Return on sales (ROS)	15% or more

Order growth targets by segment (FY2024 to FY2028, 5-year average)

Control	10%/year or more
Energy & Sustainability	10%/year or more
Materials	10%/year or more
Life	15%/year or more
Measuring Instruments	12%/year or more

Financial targets (FY2024 to FY2028)

Return on equity (ROE)	10% or more
Return on invested capital (financial ROIC)	10% or more
Earnings per share (EPS)	¥300 or more (FY2028)
Operating cash flow	¥300B or more (5 years cumulative)

Note: Forecast exchange rate US\$1 = ¥130

*Financial ROIC: [Operating income × (1 - corporate tax rate 25%)] ÷ Invested capital (average at beginning and end of period)

Materiality Analysis

We defined materiality in terms of the importance of social and environmental impact and the financial impact for the Group.

In 2021, Yokogawa conducted surveys of stakeholders across our businesses to identify priority issues and selected the six contribution areas. In 2022, we reviewed the relevance from double materiality perspective. In 2024, we refined our double materiality analysis with reference to European standards, and used the results as one of the inputs for defining contribution areas and sustainability indicators in the medium-term business plan, GS2028. In July 2025, we reviewed the results of the analysis in response to internal and external environmental changes. The results of the materiality analysis are discussed annually by the Sustainability Committee and reported to the Board of Directors.

Process of Double Materiality Analysis

Step 1 Analysis and understanding of business structure

Used transaction data and other relevant information to organize and study the Group's value chain and key stakeholders.

Step 2 Identification of sustainability issues relevant to the Group

Identified and listed sustainability issues relevant to each element of the Group's value chain

Step 3 Assessment of social and environmental impact

Evaluated the social and environmental impacts of each item identified in Step 2 based on the scope, scale, and the potential for remediation.

Step 4 Assessment of financial impact for the Group

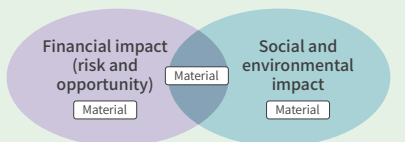
Assessed the financial impact and likelihood of Step 2 from risk and opportunity perspectives.

Step 5 Identification of double materiality

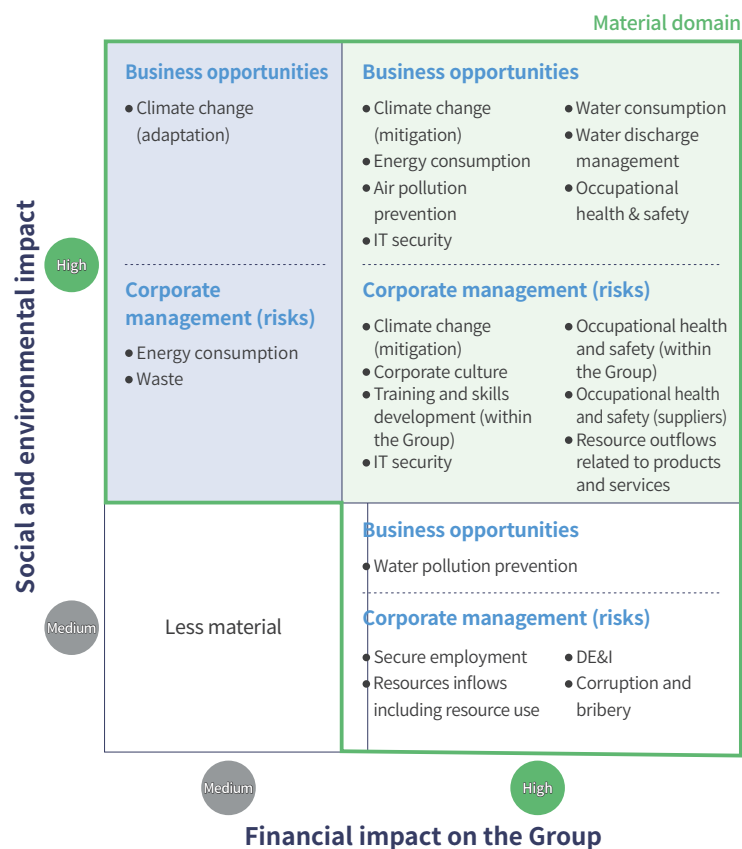
Identified items assessed as material in Step 3 or Step 4, or both, as criteria for double materiality.

Concept of double materiality

We define material items as those that have an impact on society and the environment, the Group's financial performance, or both.



Double Materiality Analysis Result



Six contribution areas and priority issues

- Achieving carbon neutrality**
 Reducing GHG emissions and enabling the transition to affordable, reliable, and sustainable forms of energy
- Improving efficiency in society & industry**
 Optimizing production, enabling autonomy, and facilitating the efficient use of resources and energy through DX
- Optimizing plant lifecycle and protecting environment**
 Supporting both the long-term optimal operation of plant assets and the reduction of their environmental footprint
- Improving health & safety**
 Promoting life-related innovation and improving safety in plants and communities
- Creating a resource-recycling ecosystem**
 Fostering the development of the bioeconomy and a circular economy
- Creating workplaces where people can fulfill their potential**
 Establishing an equal opportunity workplace where employees can be treated with dignity and fulfill their potential





Social Impact Indicators

The Social impact indicators are long-term indicators for measuring the degree of social contribution, and are connected with the results of Materiality Analysis. In fiscal year 2024, while progress was generally in line with expectations, issues were identified regarding water withdrawals and the total reportable incident frequency rate. The Sustainability Committee reviewed the causes and discussed appropriate measures to address these issues. We will continue steadily with activities toward achieving the targets for fiscal year 2030 and fiscal year 2050.

Contribution areas and indicators	Materiality	FY2030 target	FY2024 result	Progress
Achieving carbon neutrality				
CO ₂ emissions control amount through customers	Climate change (mitigation)	1 billion t-CO ₂ (FY2018 to FY2030 cumulative total)	0.43 billion t-CO ₂	The increase was mainly due to contributions from wind power generation.
GHG emissions Scope 1, 2 (base year: FY2019)	Climate change (mitigation)	100% reduction	41.7% reduction	Steady reductions were made in Scope 1 and 2 emissions through reviewing the roadmaps and consistent efforts in energy efficiency and renewable energy procurements, etc.
GHG emissions Scope 3 (base year: FY2019)	Climate change (mitigation)	30% reduction by FY2030*/100% reduction by FY2050	3.8% reduction*	For Category 1, emissions decreased due to the start of cooperative activities with major suppliers, etc.
Improving efficiency in society & industry				
Economic value created by improving customer productivity efficiency	Energy consumption	2 trillion yen	247.8 billion yen	We are expanding the production and energy efficiency businesses.
Energy consumption (Intensity per sales, base year FY2023)	Energy consumption	30% reduction (Average 5% improvement per year)	14.3% reduction	Energy consumption decreased as a result of progress with measures to reduce the use of energy.
Optimizing plant lifecycle and protecting environment				
Number of plants/factories where Yokogawa has contributed to sustainable and secure operations	Occupational health & safety IT security	20,000 plants	6,560 plants	We are contributing to sustainable and secure operations with lifecycle support.
Water withdrawals (Intensity per sales, base year FY2023)	Water consumption	20% reduction	4.9% increase	Water consumption increased as a result of business expansion and utilization of well water as cooling sources at the Komagane site. We have implemented measures for efficient water consumption.
Improving health & safety				
Total number of people whose health & safety have been enhanced through solutions provided by Yokogawa's customers	Water consumption	100 million people	71.38 million people	We are expanding the water environment solution business overseas.
Total reportable incidents frequency rate ((Number of accidents with lost days + Number of accidents without lost days) / Total actual working hours × 1,000,000)	Occupational health and safety (within the Group)	0.40 or less	1.02	There was an increase in the number of slips, trips, and falls accidents. We conduct group-wide training and have implemented initiatives to prevent and reduce work-related accidents.
Creating a resource-recycling ecosystem				
Indicators related to sustainable raw materials	Resource outflows related to products and services Resources inflows including resource use	To be determined in FY2025	Still under consideration with an aim to set targets in FY2025.	
Creating workplaces where people can fulfill their potential				
Engagement to enhance employee well-being	Corporate culture	An engagement score 84% or higher	82%	The score improved significantly from the previous year as recorded the highest score. We continue to analyze the survey results and implement targeted improvements to address each department's issues accordingly.
Achievements in human resource development and capacity development for transformation	Training and skills development (within the Group)	Improving the abilities of employees (including skills, etc.) to respond to future Yokogawa business needs	We are working to update and enhance our human resources portfolio for the realization of our business strategy.	
Achievement level of diversity, equity, and inclusion	DE&I	Proportion of women in managerial positions 20%	14.8%	We are striving to improve the rate with consideration given to the specific conditions of each region.
		Enhanced diversity at senior decision-making levels	We are promoting the diversification of potential successors for management team and global leader positions.	

* This covers emissions from purchased goods and services (Category 1) and emissions from use of sold products (Category 11)



Review of the Numerical Management Targets of the GS2028 Medium-Term Business Plan

Results for FY2024, the First Year of GS2028

GS2028 is our medium-term business plan for the acceleration of growth based on the business structure established over the three years of AG2023, the previous medium-term business plan, in order to achieve the vision for 2030 set out in our long-term business framework.

Results in FY2024, the first year of GS2028, showed a solid start for the Plan, supported by a significant increase in orders in the Middle East region and the contribution to sales of large-scale projects for which orders were received in the previous fiscal year and earlier.

On the other hand, we still have progress to make on our top-line growth target of 10% or more per year.

GS2028 is a five-year plan, the first half of which has been positioned as a phase for implementing upfront investments and other measures to put us on track for ambitious growth targets.

We will once again accelerate the implementation of investments and initiatives, including M&A and alliances, to achieve our growth strategy.

Business Growth Targets (5-Year Average)		FY2024 Result	FY2025 Forecast	FY2023-2025
Order growth	10% /year or more	10.4% (7.8)	-3.1% (3.2)	3.4% (5.5)
Sales growth	10% /year or more	4.1% (1.9)	-0.4% (5.9)	1.8% (3.9)
Return on sales (ROS)	15% or more	14.9% (13.3)	14.3% (13.8)	—

Order growth targets by segment (5-year average)

Control	10% /year or more	10.1% (7.5)	-3.5% (2.8)	3.1% (5.1)
Energy & Sustainability	10% /year or more	18.9% (16.2)	-6.1% (0.1)	5.7% (7.9)
Materials	10% /year or more	0.1% (-2.5)	-0.3% (6.0)	-0.1% (1.6)
Life	15% /year or more	2.4% (1.4)	0.7% (7.3)	1.6% (4.3)
Measuring Instruments	12% /year or more	16.9% (13.6)	4.0% (9.1)	10.2% (11.3)

GS2028 budget rate
US\$1 = ¥130

Actual rate
US\$1 = ¥152.55

Forecast rate
US\$1 = ¥140

Financial Targets

Return on equity (ROE)	10% or more	11.5%	10.9%
Return on invested capital (financial ROIC)	10% or more	12.9%	11.6%
Earnings per share (EPS)	¥300 or more (FY2028)	¥200.41	¥202.81
Operating cash flow	¥300B or more (5 years cumulative)	¥99.0B (single fiscal year)	¥71.1B (single fiscal year)

*Figures in parentheses are based on GS2028 budget rate.

*Financial ROIC: (Operating income × (1 - corporate tax rate 25%)) ÷ Invested capital (average at beginning and end of period)

*Growth for
Sustainability
2028*

Accelerate Growth 2025

M&A Issues and Countermeasures

Although M&A and alliances are key means that are indispensable to achieving the ambitious growth targets of GS2028, we encountered a number of issues with their implementation. Therefore, we took countermeasures with target companies, the M&A process, and organizational structure.

While continuing to educate and strengthen our M&A personnel, we will accelerate the execution of M&A and alliances.

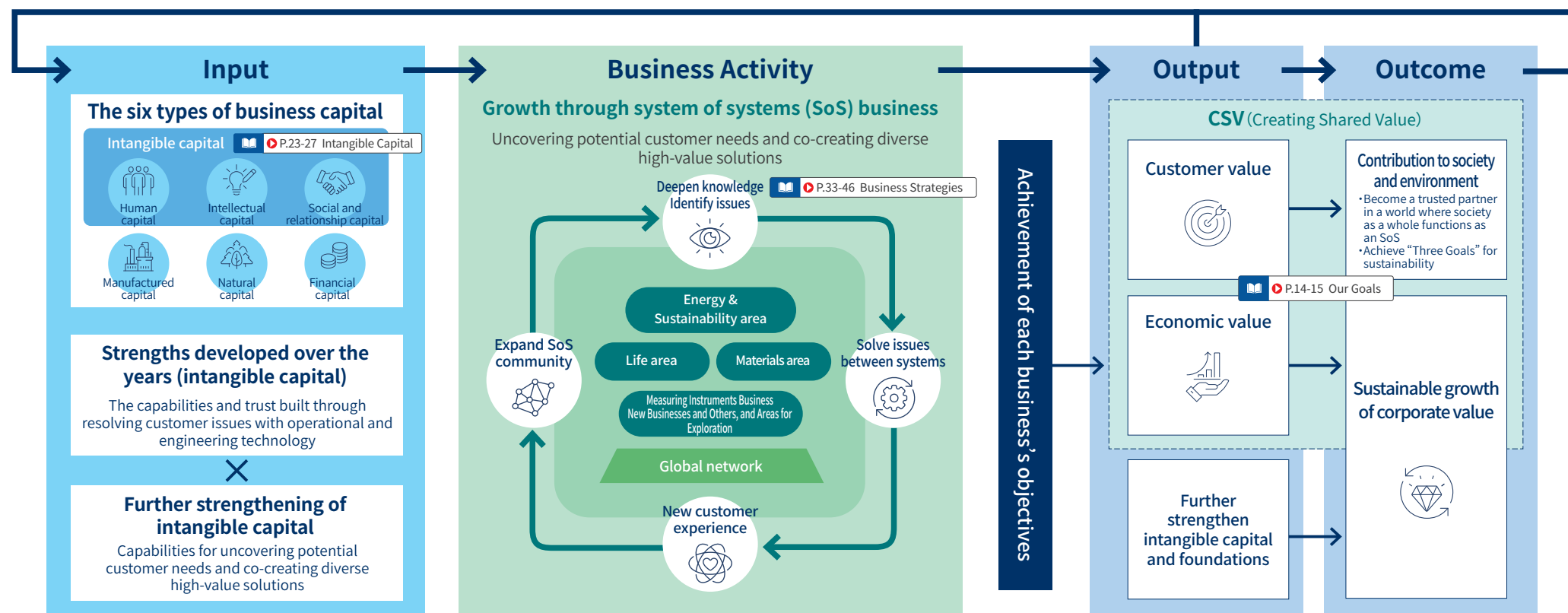
	Past issues	Countermeasures taken in FY2024
Target companies	Many M&A targets are small companies that are not yet at the full-fledged business stage, resulting in longer lead times for the generation of profits and synergies.	Rebuilt our project list by targeting companies of a certain business scale, using strategic alignment, scale of operations, and pricing rationale as targeting criteria.
Process	Inconsistencies in quality observed in various stages of M&A process	Reviewed timing of decision-making, launched due diligence guidebook, PMI playbook, etc.
Organizational structure	Organizational structure that made prioritization and objective examination difficult	Brought the M&A Team directly under the President for top-down determination of priority and objective examination



Value Creation Process

Yokogawa's value creation process forms the framework of our activities for the achievement of the Medium-Term Business Plan GS2028.

Of the six management capitals, we place particular emphasis on intangible capital, such as human capital, intellectual capital, and social and relationship capital. Going forward, we will create value by further strengthening and utilizing these kinds of intangible capital in our business activities to contribute to the realization of a sustainable society and to the maximization of customers' businesses and profits as a trusted partner. The key here is to look at markets and businesses from the same perspective as customers, uncover potential customer issues, and co-create and provide diverse high-value solutions. In business activities, we aim to achieve targets in each business by strengthening our responsiveness to business and industry through the System of Systems concept and expanding businesses that are not dependent on specific industries. As a platform to support the creation of value, we have positioned initiatives to improve Company-wide profitability, DX strategies, governance, and product strategies.



Foundations for value creation (Group-wide profitability improvement initiatives, [DX strategy](#), [governance](#), and product strategy)

Four Basic Strategies for Value Creation

Results

GS2028 Basic Strategies Review (FY2024)

Under GS2028, we will strengthen the value creation process and accelerate our growth by implementing the following four basic strategies.

In FY2024, the first year of GS2028, we actively worked to provide the value of SoS, while also proactively pursuing M&A, capital alliances, and the launch of new solutions and products, with a view to strengthening our industry responsiveness and expanding cross-industry business. There has also been strong global interest in autonomous control AI (FKDPP^{*1}) projects and the security business.

In intangible capital, we promoted the recruitment of specialist personnel, including SMEs and SAs^{*2}, and launched global DX training programs, as well as training aimed at transforming mindsets. We are also working to execute measures to implement our intellectual property strategy, with a focus on leveraging intellectual capital.

In terms of strengthening our management and business foundations, we have completed our transition to a Company with a Nominating Committee, etc., and our efforts to speed up management through the separation of execution and supervision received high recognition from external parties. At the same time, we launched global operations of our in-house IT infrastructure, and we are continuing to execute the implementation program for the next-generation ERP system.

1 Provide value as a trusted partner in the system of systems (SoS) domain

We will realize this strategy by providing value in strategic consulting and seamless integration with two approaches: IA2IA and smart manufacturing.

1

- Many achievements, including cross-industry collaboration to achieve decarbonization with Port of Rotterdam Authority and green hydrogen plants built at an offshore wind farm
- Brisk global inquiries about autonomous control AI (FKDPP) projects
- Numerous customer supply chain optimization projects

2 Strengthen industry responsiveness and expand cross-industry business

We will strengthen its capabilities to address specific industries, and work to expand businesses that resolve issues common to all industries, such as productivity improvement, quality control, and facility management.

2

- Implemented M&As and capital alliances to speed up execution of strategy, including acquisition of renewable-energy monitoring solutions provider BaxEnergy GmbH
- Released numerous solutions and products to expand our industries and L3-L4 business
- Brisk activity in the cyber security business, where needs continue to grow

3 Create value by utilizing and developing intangible capital

We will focus in particular on the three areas of human capital, intellectual capital, and social and relationship capital, and leverage the strengths that Yokogawa has developed over the years in ability to create value, ability to empathize, ability to identify issues, and ability to connect stakeholders for business growth.

3

- Launched initiatives focused on development of human resources portfolio and mindset transformation training
- Conducted recruitment activities targeting SMEs and SAs for the expansion of business
- As an intellectual property strategy, launched initiatives to increase patent quantity and quality.
- Improved brand value by holding CENTUM 50th anniversary events and establishing a special website

4 Strengthen the management and business foundations

We will work to improve profitability by optimizing organizational structures and operations, strengthen the IT infrastructure (DX Strategy), and make institutional design changes, and further strengthen governance.

4

- Completed transition to a Company with a Nominating Committee, etc.
- Corporate Governance of the Year 2024  Received Special Award/Minister of Economy, Trade and Industry Award
- Started operation of global HR platform, customer portal, and CRM on a global scale
- Measures to realize data-driven factories by strengthening SCM/ECM^{*3} and next-generation ERP implementation program are in progress

^{*1} FKDPP: Factorial Kernel Dynamic Policy Programming, an algorithm jointly developed by Yokogawa Electric Corporation and the Nara Institute of Science and Technology (NAIST)

^{*2} SME: Subject Matter Expert (an expert in a specific industry)

SA: Solution Architect (a specialist who leads the overall design and coordination of technical solutions to corporate issues)

^{*3} SCM/ECM: Supply Chain Management and Engineering Chain Management



Four Basic Strategies for Value Creation

Challenges and Responses

Establishment of a Business Foundation Unaffected by the External Environment

If we are to achieve the targets of GS2028 amid ongoing high uncertainty in the external environment, it is essential to establish a solid and sustainable business foundation that is not affected by external factors. This will require addressing customers' core issues.

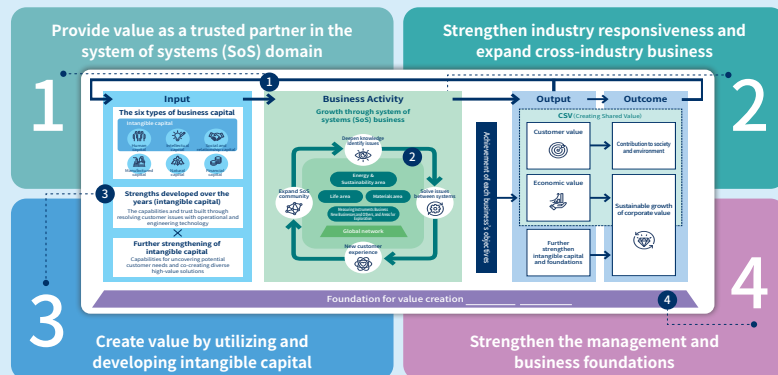
The problems confronting customers' manufacturing sites and management are becoming increasingly volatile and unpredictable. In addition, societal demands in such areas as the energy transition, the reduction of environmental impact, and work style reforms are becoming more complex. They must respond to all of these while safely producing high-quality products and securing profits.

What is required under these circumstances is to promote stable operations that maintain a balance between safety, security, efficiency, and quality, while driving the transformation from Industrial Automation to Industrial Autonomy (IA2IA).

By engaging deeply with our customers and working on substantive solutions to their problems, Yokogawa will contribute to the maximization of customers' business and profits as their trusted partner. We also aim to establish a solid and sustainable business foundation that is not affected by the external environment. To further reinforce and accelerate these initiatives, we will implement the following four additional measures.

Contributing to the maximization of customers' business and profits as their trusted partner

Four Basic Strategies



Four Additional Measures

Point to be strengthened 1	Contributing to our customers' growth and profits, and earning their trust •Thoroughly strengthening front-line sales functions and increasing the number of proposal-capable personnel •Getting closer to our customers, viewing the market and business from their perspective, and becoming a trusted partner
Point to be strengthened 2	Clarifying the roles of the head and regional offices, and implementing transnational operations •Placing CoEs* in the hottest markets to quickly plan and develop solutions •The head office should handle core product planning and development, and support global solution deployment and governance.
Point to be strengthened 3	Thoroughly strengthening product competitiveness and further enhancing the solutions portfolio •Thoroughly strengthening competitiveness by accelerating investment in existing product lines •Through the CoE system, thoroughly strengthening the solution portfolio from the customers' perspective
Point to be strengthened 4	Fostering a corporate culture that encourages people to take on challenges •Supporting and recognizing individuals and organizations that, rather than setting easily achievable goals, pursue high goals that truly add value for customers and stakeholders

Achieving a sustainable society and corporate growth

Stable operations that maintain a balance between safety, security, efficiency, and quality



The transformation of industry from automation to Autonomy operations

The transformation from automation to autonomous operations, achievement of stable, safe, secure, and efficient operations, and the conduct of work practice reforms are indispensable to achieving a sustainable society and corporate growth.

Establishment of a Business Foundation Unaffected by the External Environment

*CoE: Center of Excellence (an organization that brings together people and know-how to promote projects)



Providing Value as a Trusted Partner in the System of Systems Domain

The world is now in an age where everything is ever more intricately connected. This leads to the growing importance of engaging in co-creative activities through such links to resolve issues toward the realization of a sustainable society. Under this situation, Yokogawa is committed to providing value through a SoS initiative.

■ SoS which Yokogawa advocates

[System of Systems \(our website\)](#)

Yokogawa defines SoS as a collection of independently operated and managed systems connected to form a larger system that delivers synergies and emergent value to all stakeholders in a plant, enterprise, supply chain, or society ecosystem. Yokogawa aims to create new value by advancing such connections effectively and achieving total optimization through integration, autonomy, and digitalization.

■ Two approaches to advancing SoS

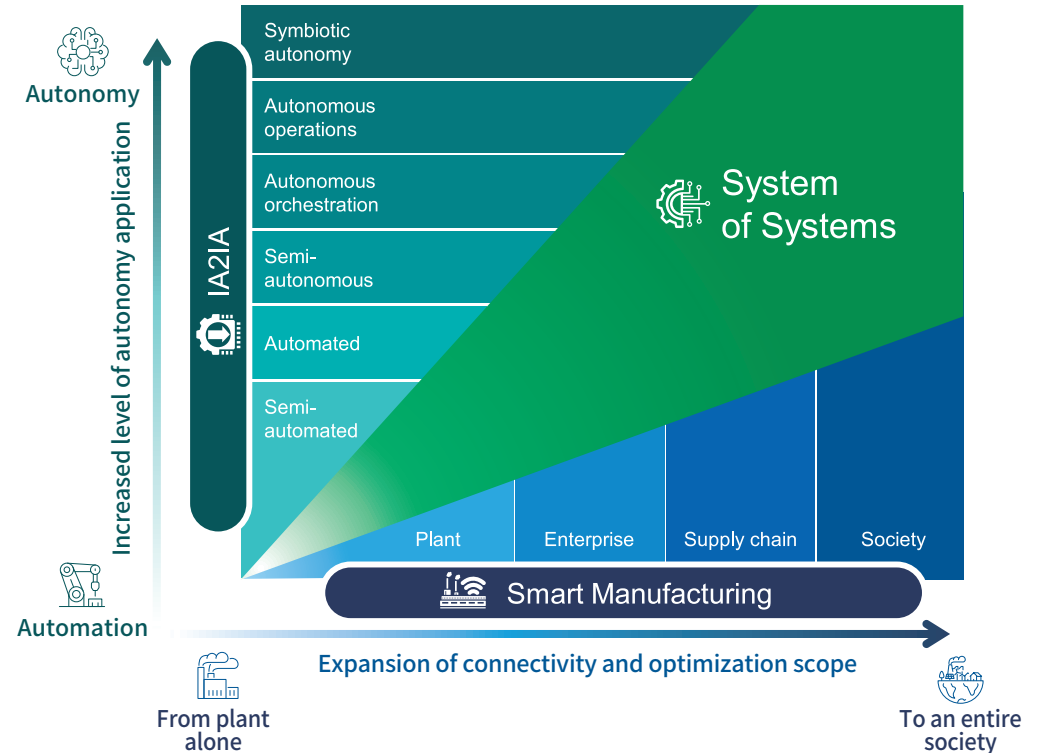
Yokogawa intends to provide the value of SoS through two approaches: Industrial Automation to Industrial Autonomy (IA2IA), which raises the level of autonomy; and smart manufacturing, which broadens the targets of connection and drives total optimization.

[IA2IA \(our website\)](#)

To solve challenges and provide value, Yokogawa will work together with our customers to achieve total optimization for society through SoS, continuing to grow by sharing methods such as DX solutions.

■ Value provision as a trusted partner in the SoS domain

Drawing on its know-how, experience, and technological prowess developed at numerous industrial sites, Yokogawa is empowering SoS initiatives by providing the value of strategic consulting and seamless integration for customers as their trusted partner.



Yokogawa's Core Competencies

Cultural Foundation	Yokogawa's culture of building strong relationships with stakeholders and breaking down silos within and among companies
Integration	Yokogawa's capability to integrate different systems across organizations
Knowledge & Expertise	Yokogawa's broad-based business and technical knowledge and awareness of societal goals
Technology	Yokogawa's world-class technologies that support continuous improvement and innovation

Yokogawa's Role

Strategic consulting - Clarification of objectives and setting of goals - Business model development, economic impact analysis, and forecasting - Project design and related resource planning - Stakeholder facilitation and relationship development	Seamless integration - Determination, evaluation, and continuous improvement of system performance - Integration, harmonization, and optimization of workflows throughout the system - Lifecycle management - Providing state-of-the-art technology to support SoS
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Trusted partner in the system of systems domain

Foundation for Value Creation

Intangible Capital

Initiatives in GS2028

Under GS2028, we focus on creating value through the utilization and development of intangible capital as one of our four basic strategies. In order to leverage the various strengths that Yokogawa has cultivated over the years in our business growth, we have set our goals for human capital, intellectual capital, and social and relationship capital, and we are implementing specific measures to realize that vision.  P.19 Value Creation Process

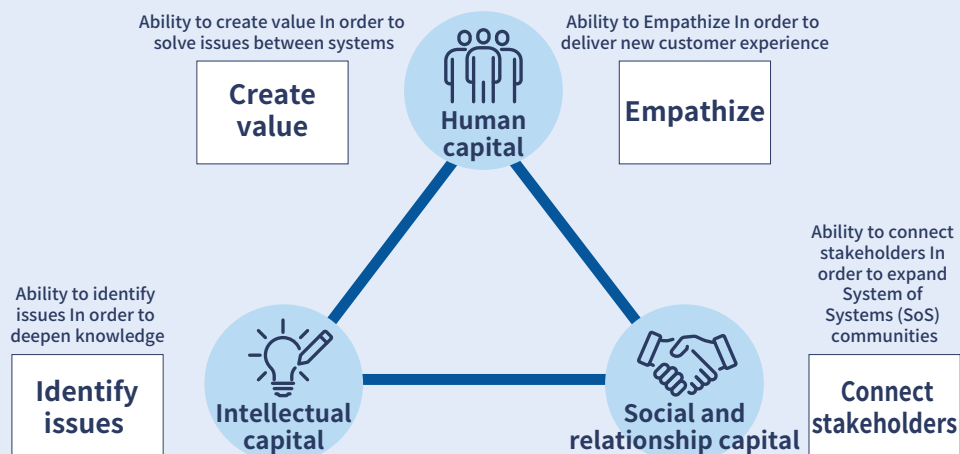
To Be

Human capital: Each employee becomes a customer-oriented value co-creation promoter

Intellectual capital: Visualize and value intellectual capital, and utilize it to solve social issues

Social and relationship capital: Co-create diverse high-value solutions & acquire brand strengths to achieve corporate goals

The three types of intangible capital that Yokogawa focuses on



Yokogawa strengths that should be utilized

- Exceptional project execution skills and mindset to deliver on commitments
- A network of offices covering global markets and numerous customer touchpoints
- Experienced people with the ability to meticulously analyze and understand customer needs and deliver customer lifetime value (LTV) solutions
- Strong trust-based relationships with customers, partners, and suppliers
- Know-how in manufacturing that ensures safety, security, and high-quality products
- Long-term experience in developing, improving, and supplying products, solutions, and services
- Problem-solving capabilities using operational technology (OT) and engineering technology (ET) at customer sites
- Personnel who work together to identify diverse and complex customer issues and co-create business value for customers
- Pioneering efforts and successes in promoting internal DX and external DX in the process industries

Yokogawa considers human capital, intellectual capital, and social and relationship capital as three important types of intangible capital. Of these, human capital plays a central role. Human capital affects intellectual capital as people inspire each other, generate strong technologies and know-how, and build shared knowledge. Accumulated insights, technologies and know-how can be organized and systematized, then utilized in the creation of products, services and new business models. Intellectual capital also affects human capital as the use of shared knowledge provides opportunities for individual growth and learning, and through the creation of highly engaged human resources. In addition, highly engaged human resources will increase customer orientation, elicit customer trust, recognition, and motivation for co-creation, and therefore contribute to social and relationship capital by contributing to business growth.

Foundation for Value Creation

Foundation for Value Creation

Intangible Capital

Capital Policy and Financial Strategy

DX Strategy

Intangible Capital Human Capital

To Be Each employee becomes a customer-oriented value co-creation promoter

Based on Yokogawa's Purpose of "Utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet," we have set out our medium-term business plan, Growth for Sustainability 2028. With this, we are aiming for growth that will put us on track to becoming a trillion-yen company by fiscal year 2030 through provision of shared value to society. In order to create the future we aim for, each and every employee must become a "customer-oriented value co-creation promoter," with a mindset of taking on the challenge of innovation. Such employees would be human capital who can encourage alignment of direction and drive consensus-building through actions and collaboration among all kinds of stakeholders and their varying interests, whether inside or outside, in a way that is rooted in their specializations. We believe that human capital is the key to Yokogawa's growth and the source of co-creation of new value. Through sustained human capital management, we will achieve both "our business strategies and corporate growth" alongside "employee well-being and engagement."

Human Resource Strategy

In response to the evolving business landscape surrounding our customers, we initiated the Global HR Transformation Project in fiscal year 2021 in order to globally identify and address customer challenges and embody "Yokogawa's Purpose" through value creation. In this project, we are promoting the global unification of personnel systems and processes and introducing a human resources IT system to effectively operate them. Now that foundations are being established, we will focus on utilizing human resources and implement the following human resource strategies.

- Defining the ideal human resources portfolio based on the business strategy, and analyzing the gaps with the current situation. To bridge this gap, Yokogawa will develop and swiftly acquire the human capital necessary for each business strategy and globally optimize human resources, in order to contribute to the achievement of its business strategies.
- Promoting reforms so that employees have a mindset toward autonomous career development, learn independently, take on challenges on their own, and co-create value.
- Cultivating a DE&I organizational culture for co-creation of value, strengthening organizational collaboration through global alignment between organizations, and use our unified global Yokogawa team to improve corporate value.

Main Achievements in FY2024

- Launched "To Be" vision formation initiatives focused on development of human resources portfolio
- Recruited SMEs/SAs*¹ (18 SMEs, 12 SAs) by strengthening strategic sourcing and recruitment branding in new areas set as future growth strategy and key areas such as DX
- Built and launched a new framework for supporting autonomous career development leveraging talent management system, etc.
- Launched people manager*² training (Japan)
- Conducted trial of reverse mentoring*³

Initiatives to Address Issues

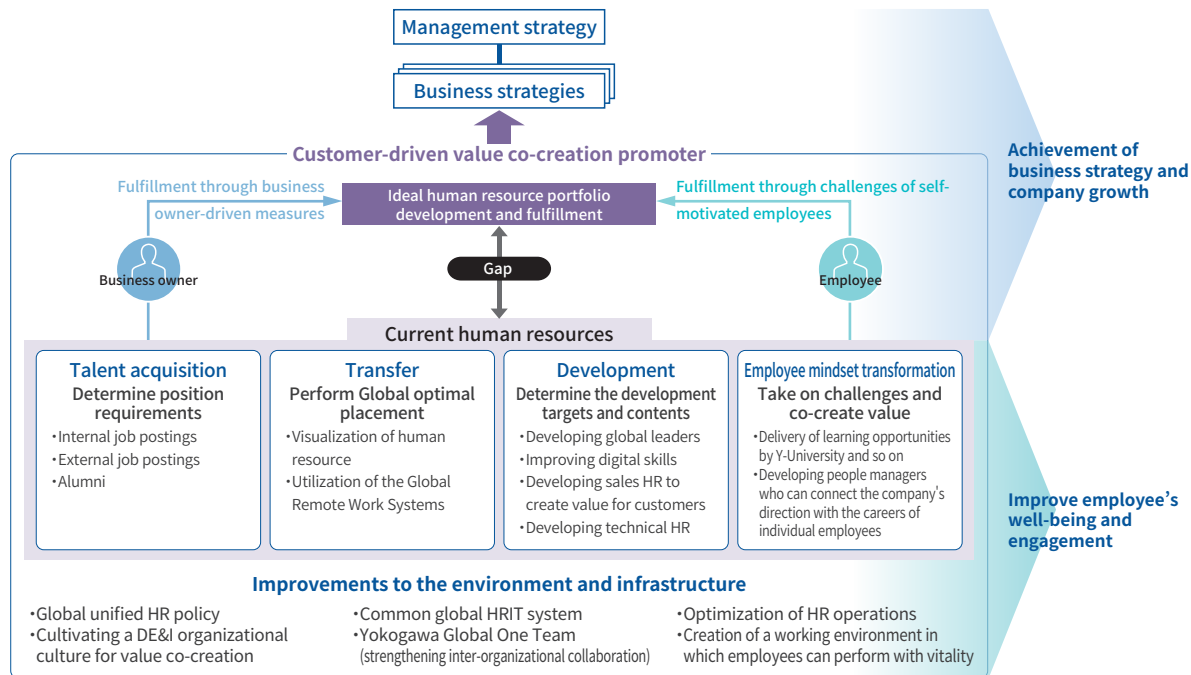
- Enhancement of human resources portfolio
 - Initiatives for the visualization of the human resources portfolio from qualitative perspectives, such as individual skills and capabilities, through skill management
 - Ongoing recruitment of SMEs and SAs
- Transforming employee mindsets to strive for change
 - Promotion of career autonomy and ongoing roll-out of people manager training
 - Initiatives to cultivate a corporate culture that encourages employees to take on new challenges

*1 SME: Subject Matter Expert (an expert in a specific industry)

SA: Solution Architect (a specialist who leads the overall design and coordination of technical solutions to corporate issues)

*2 People manager: Manager who is in charge of the development, evaluation, and career support of employees and who has the important role of connecting the company's directions with individual employees' careers.

*3 Reverse Mentoring: A program where junior employees mentor senior leaders by offering diverse perspectives and digital knowledge, fostering psychological safety, and encouraging open dialogue to co-create innovative solutions.



Yokogawa's Purpose "Utilizing our ability to measure and connect, we fulfil our responsibilities for the future of our planet."

Figure: Overview of HR Strategy

Indicators, Targets, and Results		Results FY24	Targets FY26	Targets FY28	Targets FY30
People capability development for change	Human resources portfolio sufficiency rate by business division ^{*1}	—	90%	90%	90%
	People manager training attendance rate ^{*2}	31% ^{*3}	60%	80%	90%
	Learning hours per person	38.7 hours	42 hours or more	45 hours or more	45 hours or more
Diversity, equity and inclusion	Ratio of women managers	14.8%	15.8%	18%	20%
Employee well-being and engagement	Engagement score	82%	82%	83%	84% or more

*1 Fulfillment ratio of the gap between the ideal human resource portfolio and the current status (updated annually) *2 Ratio of attendees to total eligible attendees

*3 Non-consolidated results for Yokogawa Electric Co.

Foundation for Value Creation

Foundation for Value Creation

Intangible Capital

Capital Policy and Financial Strategy

DX Strategy

Fostering a Corporate Culture that Inspires Employees to Grow with the Company

Under its corporate vision of “creating sustainable value through autonomy and symbiosis,” Yokogawa has positioned the strengthening of human resources as a key issue of management, in the belief that the growth of each and every one of our employees is what will lead to the creation of sustainable corporate value. Through diverse learning opportunities, we support our employees’ independent growth and the evolution of leadership, in our aim to become a “Learning Company.”

As the foundation for this, we have adopted a globally common action guideline, “Yokogawa Leadership Competency (YLC),” which is being put to use for talent management overall, including recruitment, evaluation, and development. Further, at our in-house institution, Yokogawa University, which is our core body for learning to support employees’ growth, we encourage all employees to learn voluntarily to facilitate the growth of motivated talent, and are working to foster an environment in which employees both teach and learn from each other as well.

Promotion of Diversity, Equity and Inclusion (DE&I)

Yokogawa believes in building a culture that accepts, values, and celebrates individual differences. Yokogawa is committed to providing an equitable and inclusive environment where everyone can belong, contribute, succeed, and demonstrate their full potential without fear of harassment, verbal abuse, or other behaviors that inhibit them from fully contributing or harm their dignity.

To achieve this, Yokogawa will actively recruit, develop, and promote people from a variety of backgrounds who differ in terms of experience, knowledge, thinking styles, perspective, cultural background, and socioeconomic status, and in so doing will not discriminate based on ethnicity, nationality, gender, religion, age, social position, or disability. By utilizing digital technology and cultivating an inclusive working environment, we will make it possible for every employee to demonstrate his or her full potential and to work comfortably with a flexible workstyle. Engaging in communication and constructive collaboration based on mutual respect facilitates innovation and the co-creation of new value for our customers, partners and suppliers, and in so doing, improves our planet, thus contributing to realization of a sustainable society for future generations.

 Diversity, Equity & Inclusion (our website)

Promotion of Health and Productivity Management that Supports Employee Well-Being

In order for diverse human capital to grow by their own volition and continue to take on challenges, we are promoting health and productivity management, in which employee health is considered from a management perspective and strategically practiced. Our health and productivity management is aimed at helping employees autonomously maintain their health while improving their physical and mental health, satisfaction, and happiness in order to increase engagement and productivity across the Group. As a result, in 2024, we were certified as belonging to “the Certified KENKO Investment for Health Outstanding Organizations (White500 - 2025)” for the seventh time.



 Human Resource Management / Comfortable Work Environment (2025 Yokogawa Sustainability Report P.29-34)

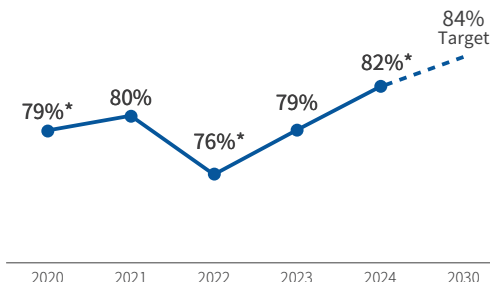
Improvement of Employee Engagement

Increasing employee engagement is essential for Yokogawa to enhance corporate value and achieve sustainable growth. When employees are passionate about their work and contribute to the achievement of the organization’s goals, the capability of the organization is enhanced, and the value provided to stakeholders is greater. We aim to ensure that each employee shares Yokogawa’s Purpose, Vision, Mission, and Shared Values, are proud to be a part of the organization, appreciate and admire each other, have a spirit of mutual respect, and take on challenges in a proactive manner.

The KPI of “sustainable engagement” is comprised of the following three capabilities.

Engaged	Employees have a high sense of belonging toward their organization, are excited about their work and desire to make strong contributions toward achieving the goals of the organization.
Enabled	Employees feel that an environment is in place where productivity is high and they can work flexibly.
Energized	Employees feel that they can maintain an energized state and a healthy state of mind and body throughout the day.

Global Employee Engagement Survey Score (Positive Response Rate)



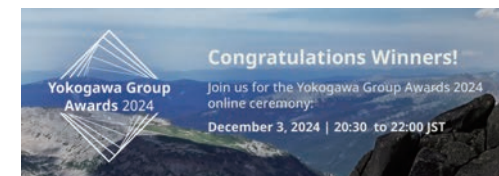
*Global employee engagement survey (GEES) pulse survey: A simplified version of GEES used to provide focused measurements with respect to specific matters of employee engagement such that it is possible to quickly identify issues surrounding employee circumstances, attitudes, etc. Performed once every two years.

FY2024 Results Analysis and Improvement Activities

The FY2024 employee engagement pulse survey results showed a record high sustainable engagement score of 82%. Many employees’ evaluation was that they “could recommend Yokogawa as a good place to work,” showing a result that exceeded the target.

On the other hand, areas where employees sought improvement included “response to pressure,” “efficiency,” and “diversity.” We will work as an overall global organization to address these, and each division head has set a mission to “improve sustainable engagement” and is focusing on improvement activities with numerical targets. Further, while there is a trend toward improvement in the “connection between managers and general employees,” we will strengthen those “connections” through 1-on-1 meetings and communication within teams in the course of promoting diverse work styles.

In addition, the Yokogawa Group Awards, an in-house awards system for the Yokogawa Group, are held every year (14 awards/122 employees in 2024), recognizing and praising people and teams embodying the company’s strategy and direction (AG2023/Three Goals/Core Values) as role models and good practices.



Intangible Capital Intellectual Capital

To Be Visualize and value intellectual capital, and utilize it to solve social issues

In FY2024, we worked to build an operational infrastructure that would serve as the foundation for realizing the “visualization” and “value creation” of intellectual capital. In FY2025, based on the results of activities undertaken in FY2024, we will keep working on the building of our operational infrastructure and proceed with activities that will lead to the implementation of that “visualization” and “value creation.” An explanation of the intellectual property strategy and technical human resources transformation elements of our intellectual capital is provided below.

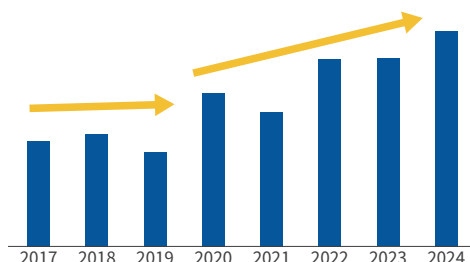
Intellectual Property Strategy — Evolution and Implementation as a Foundation of Value Creation (Cross-organizational Problem-solving for Achieving Both Quantity and Quality) —

Challenges for Achieving Both Quantity and Quality of Patents and Emerging Issues to Address

To cope with a new trend of IT/OT integration, since FY2019, we have been pursuing a patent strategy that includes intensive invention generation activities in specific technology areas. In FY2024, we engaged in operational reforms to improve the quality of patents while maintaining the quantity of generated inventions and set KPIs for both quantity and quality. In addition, by developing a training system and establishing and operating a forum for discussions with the business divisions, we focused our efforts on strengthening the foundation for intellectual property operations.

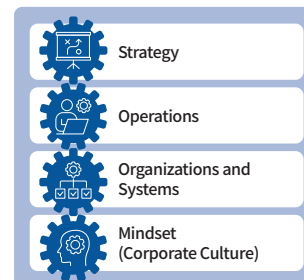
The outcomes of those efforts included the establishment of evaluation criteria needed to improve patent quality and the accumulation of evaluation data. On the other hand, new issues were also identified. One example was the inadequate development of mechanisms for providing the information needed for patent evaluation to evaluators smoothly across departments and countries. This is a cross-divisional issue that involves a complex interplay of factors, such as the penetration of approaches and the establishment and implementation of cross-divisional cooperative systems, as well as the operational frameworks. As such, we recognize that there is a limit to the effectiveness of initiatives solely conducted by the intellectual property department.

Number of patent applications



Analysis of Complex Issues and Cross-divisional Problem-solving

In FY2025, in response to these complex issues, we will identify the root causes from a systems-wise perspective and work on measures to resolve them. For example, to improve the quality of patents, we will promote practical activities that are not confined to the intellectual property department, such as improving the efficiency of evaluation operations and developing and establishing cooperation between departments, as well as analyzing and responding to complex issues surrounding mindset, organization, and mechanisms. Cross-divisional problem-solving is not an easy undertaking. However, by cooperating with the relevant divisions and approaching it with a shared sense of purpose, we will further advance the “visualization” and “value creation” of intellectual capital. By continuing to solve these kinds of fundamental issues, we will position intellectual capital not merely as a resource that we own, but as “critical capital” that supports our competitive advantage and sustainable growth, and we will achieve both solutions to social problems and the enhancement of corporate value.

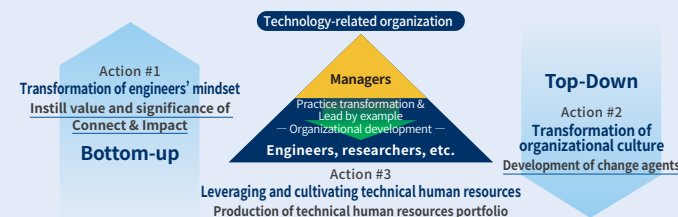


Technical Human Resources — Initiatives for Internal Culture Transformation —

Given that the creation of value from intellectual capital has human capital at its core, Yokogawa faces the challenge of transforming its internal culture into one that nurtures technology experts who can create new value. We need to transform our internal culture, which in turn will increase the number of internal human resources who can understand and utilize intellectual capital, which in turn will realize a situation where people inspire others and will serve as an originating point for value creation. As part of the transformation of our internal culture, we have set technical fields in consideration of changes in the business landscape, and will create and form intellectual property rights with a view to utilizing rights. In this way, we will enhance activities related to intellectual capital not only as simple tasks but also as processes toward value creation. Note that we have already addressed the transformation of our internal culture through our four transformation projects and in activities of the Technical Human Resource sub-committee, and we are promoting initiatives for intellectual capital while aligning direction with the transformation through these overall measures.

Slogan for Technical Human Capital Transformation “Connect & Impact (C&I)”

Under the slogan of “Connect & Impact,” for the development of Yokogawa’s engineers, the Technical Human Resource sub-committee, a specialist subcommittee established under the Yokogawa Technical Committee, aims to strengthen our technical capabilities, ability to connect, and ability to grow and develop, and to enhance the assertiveness and autonomy of our engineers. We will create an environment that facilitates a great deal of innovations by connecting people and technologies (Connect) and maximizing employee’s own careers, organizational performance, and influence (Impact). This fiscal year, by instilling the value and significance of C&I and supporting the organization revitalization activities by managers (Change agents) with a C&I mindset, we will promote the transformation of engineers’ mindset and the organizational culture. In addition, with the objective of the use and development of technical human resources, we will draft a “technical human resources portfolio” and promote the development and acquisition of technical talent.



Intangible Capital Social and Relationship Capital

To Be Co-create diverse high-value solutions Acquire brand strength to achieve corporate goals

As relationships with customers and other major stakeholders are an important element of social and relationship capital, we will focus on building strong trust-based relationships with customers, and work to make value proposals and co-create new value by leveraging our long-standing manufacturing know-how. We also view social and relationship capital from the brand power perspective, and are working to broaden awareness and promote understanding of our brand. While building a Group-wide structure, we will formulate and implement a strategy to improve brand value.

Approach

Strengthening Trust-Based Relationships with Customers and Co-Creating Value

Yokogawa's mainstay products have enjoyed many years of selection by customers around the world in various industries, providing us with a consistent level of market share. In addition, we have established a solid business foundation based on the large installed base we have acquired through involvement in more than 40,000 projects globally, as well as long-standing relationships of trust with customers. Based on these deep relationships of trust with our customers, Yokogawa is also working to visualize customers' latent issues, and to jointly create a vision for the future and a strategy for what it wants to be. By providing value that only Yokogawa can provide, Yokogawa aims to achieve further business growth. In addition, we have built good relationships with stakeholders such as business partners, suppliers, industry organizations, and local communities. With these as our foundation, we aim to create a sustainable society and are working to further strengthen and deepen these relationships.

Developing and Implementing Strategies to Expand Brand Recognition and Increase Brand Understanding/Improve Brand Value, and Building a Group-wide Structure

Brands are formed from each and every point of contact with stakeholders, and it is first necessary to raise awareness and promote understanding of one's brand. We will set targets and strengthen our brand power by identifying the level of recognition and brand image, while referring to third-party evaluations of brand value. In 2024, we conducted a global image survey of current and potential customers in our core businesses. Based on the results of that survey, we are identifying priority regions and target audiences and implementing measures to increase brand recognition and promote understanding. A brand is the result of all corporate activities, and each employee must be able to embody it. We aim to firmly establish that the Yokogawa brand's image is consistent with the concepts expressed in Yokogawa's Purpose, and realize this purpose by having our employees embody the brand. This will be achieved by educating employees to build understanding of the brand and by establishing and thoroughly enforcing rules and strengthening the promotion activities required for brand governance.

"50 Years of CENTUM history Built with Our Customers / Our Vision for Plant Operations"

CENTUM is the distributed control system (DCS) that Yokogawa Electric first launched worldwide and was developed by combining Yokogawa's proprietary digital control technology, experience, and know-how. As a core system that revolutionizes the way plant control is conducted and offers operational control with reliability, stability, and continuity, together with our total engineering and services network, it has contributed to the improvement of safety, security, and productivity. It supports a wide range of industries, including petroleum refining, petrochemicals, specialty and fine chemicals, textiles, iron and steel, pharmaceuticals, food, water, power and gas, and a cumulative total of over 30,000 systems have been adopted in more than 100 countries around the world.

Since it was first released in 1975, it has continued to evolve amid changes in the market environment and customers' needs. In addition to its stable operation and continuity due to its high reliability, through improvements in control functions it has played a major role in the enhancement of customers' products and energy conservation, and has earned high praise from our customers. This journey truly represents our history of strengthening and deepening our relationships of trust with our customers, and the trust that we have thus earned has contributed significantly to Yokogawa's brand image. We will continue to strengthen and deepen those relationships and further enhance our brand image.

As the issues faced by industry have become increasingly complex in recent times, to enhance competitiveness, management and the frontlines of all companies are being called on to strike a balance between the stable manufacture of outstanding products and securing profits by streamlining their operations. The expectations being placed on control technologies are also increasing, including the promotion of digitalization and responses to decarbonization. For this reason, with the aim of achieving autonomous operation in stages, we will evolve CENTUM to a stage where operational optimization and stability will be further enhanced through collaboration between human knowledge and the system.

In June 2025, we announced CENTUM VP R7, the 10th generation of the CENTUM series as a first step toward autonomous control using CENTUM. Even in these turbulent times, while further refining the value that CENTUM has provided in the past, we will promote the transformation of its plant operation from automation to autonomy, and aim to solve customers' issues with cutting-edge operation. We will also pursue sustainability and innovation and provide technologies that will support the industry of the future toward autonomous operation.



Capital Policy and Financial Strategy

Maximizing “Shareholder Value” by Achieving a TSR that Exceeds the Cost of Shareholders’ Equity

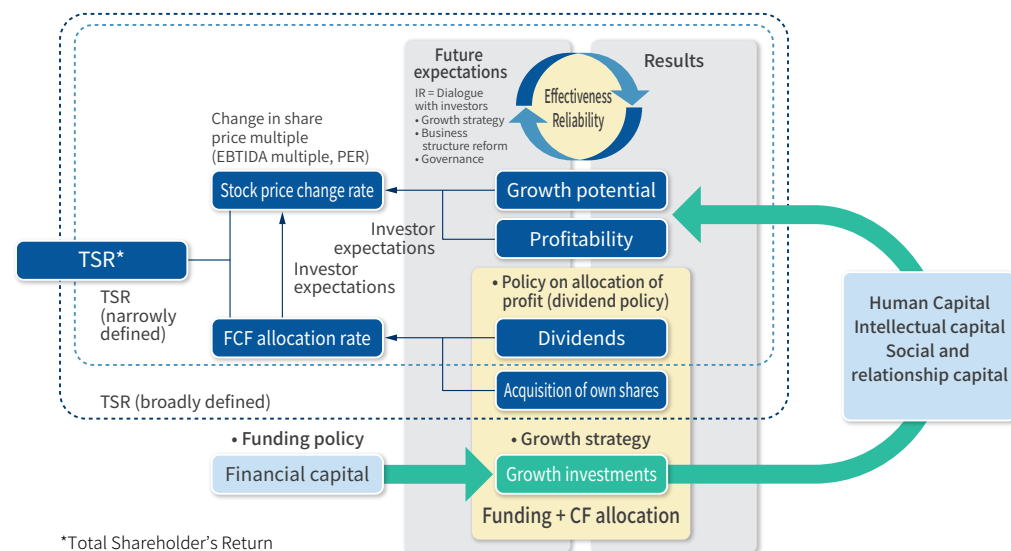
Through GS2028, we will strive to maximize shareholder value from a medium- to long-term perspective by achieving a total shareholder return (TSR) that exceeds the cost of equity.

Specifically, we will enhance growth potential and profitability through growth investments in Yokogawa’s important intangible capital such as “human capital,” “intellectual capital” and “social and relationship capital.” We will further increase our cash flow generated from these activities and strive to achieve sustainable growth as well as to increase corporate value over the medium to long term. Meanwhile, we will actively provide returns to shareholders on the premise that we will maintain a certain financial base, thereby enhancing TSR.

Furthermore, by actively engaging in dialogue with stakeholders, including capital markets, through IR activities, we will strive to deepen common understanding and foster trust.

By steadily executing this cycle, we aim to maximize TSR and ultimately, shareholder value.

Maximizing Shareholder Value



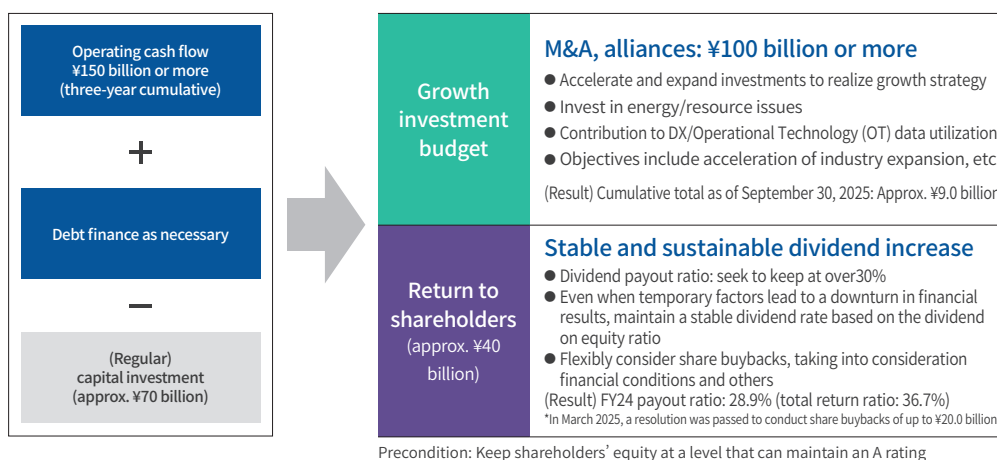
Cash Allocation in GS2028 (FY24 to FY26)

Cash allocation for the first three years of GS2028 is as shown in the chart below. Plans for the fourth and subsequent years will be formulated based on the progress of growth investments.

Cash flow generated through business operations will be preferentially allocated to growth investments aimed at increasing and maximizing corporate value over the medium to long term. Specifically, Yokogawa plans to generate cash of ¥150 billion or more, allocate ¥100 billion or more for growth investments such as for M&A and alliances, in addition to around ¥70 billion for regular capital investments. We also plan to allocate around ¥40 billion yen for stable and sustainable dividend increases as shareholder returns.

With regard to the funding for growth investments, Yokogawa’s basic policy is to allocate cash flow from operating activities first, then utilize leverage by funding from external sources, mainly debt finance, as necessary. However, for large-scale investments, etc., the company may consider, on a case-by-case basis, equity finance as well.

Cash Allocation in GS2028 (FY24 to FY26)



Foundation for Value Creation

Foundation for Value Creation

Intangible Capital

Capital Policy and Financial Strategy

DX Strategy

Growth investments

Under GS2028, we have set out four basic strategies for growing our business: “provide value as a trusted partner in the system of systems (SoS) domain,” “strengthen industry responsiveness and expand cross-industry business,” “create value by utilizing and developing intangible capital,” and “strengthen the management and business foundations.” In order to ensure success of these strategies, we are accelerating and expanding investment.

Specifically, through M&A and alliances, we will accelerate business growth in the manufacturing execution management level (Level3), including MES and in the corporate management level (Level4), including ERP, which are the top levels in the Industrial Automation and Control Business. We will also acquire and strengthen companies that have solid business foundations, including distribution channels and sales networks. Through these efforts, we aim to further strengthen and expand our existing stronghold businesses and more quickly achieve improved earnings.

In FY2024, we took countermeasures in response to M&A-related issues that had emerged to date from the perspectives of target companies, the M&A process, and organizational structure. As we focused our efforts on rebuilding the project list and other measures in association with the above, so far under GS2028, we have made approximately ¥9.0 billion in growth investments. (As of September 30, 2025)

To continue bringing the growth strategies in GS2028 to fruition under new policies and frameworks, and to further improve and maximize corporate value over the medium to long term, we will make investment decisions based upon careful consideration of company priorities.

Examples of Major Growth Investments Made under GS2028

- Acquired a flow meter manufacturer, Adept Fluidyne Pvt. Ltd.(2024, India)
- Acquired BaxEnergy, a provider of renewable energy monitoring solutions (2025, Headquarters: Germany; Operating company: Italy)
- Acquired Web Synergies (S) Pte. Ltd., a provider of IT and IT/OT integrated solutions (2025, Singapore)



P.18 M&A Issues and Countermeasures

Dividend Policy

We recognize the distribution of earnings to shareholders as one of our highest management priorities and aim for a stable and continuous increase in dividends through earnings growth. Specifically, we strive to ensure a consolidated dividend payout ratio in excess of 30% based on a comprehensive consideration of securing investment capital with a view to maximizing business results and shareholder value from a medium- to long-term perspective, while also maintaining a financial base that supports growth investments. In addition, even when temporary factors lead to a downturn in financial results, we will strive to maintain stable dividends based on the dividend on equity ratio.

In addition, we will flexibly consider additional shareholder returns through share buybacks, taking into consideration factors such as opportunities for growth investments, the status of the company’s finances, and the stock price level.

* In March 2025, a resolution was passed to conduct share buybacks of up to ¥20.0 billion.

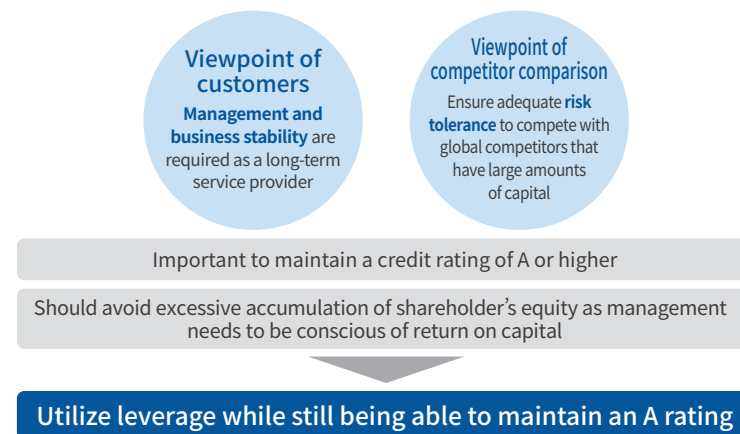
Initiatives for Achieving Management Conscious of Cost of Capital Ensuring the Optimal Capital Structure

Due to the nature of our business, customers require that we have “a system in place to reliably provide maintenance services over the long term.” Having a financial position that underpins “stability in business” will ultimately lead to our competitiveness. In addition, compared to globally competitive conglomerates, Yokogawa operates on a small scale both in business and finances, with a business portfolio focused on the Industrial Automation and Control Business. Therefore, it is important for us to adopt a sufficient risk tolerance given our financial position.

Based on a comprehensive assessment of these factors, we have defined our optimal capital structure as “a level of shareholders’ equity that allows us to maintain an A rating even if multiple risks actualize at the same time.”

Furthermore, we place importance on maintaining a financial structure that ensures the capacity to invest towards the next stage of growth even in the event that multiple business risks actualize at the same time. In the past, when interest-bearing debt increased as a result of new business investment, our financial position deteriorated significantly as the compound result of expanding losses in unprofitable businesses and the impact of the global financial crisis. It then took an extremely long time for us to reach a point when we could make growth investments through reforms of our business and financial structures. Given this experience and assuming discontinuous risk from the past, including rapid changes in external business environments, we will seek to maintain an optimal capital structure.

Approach to Optimal Capital Structure



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Intangible Capital

Capital Policy and Financial Strategy

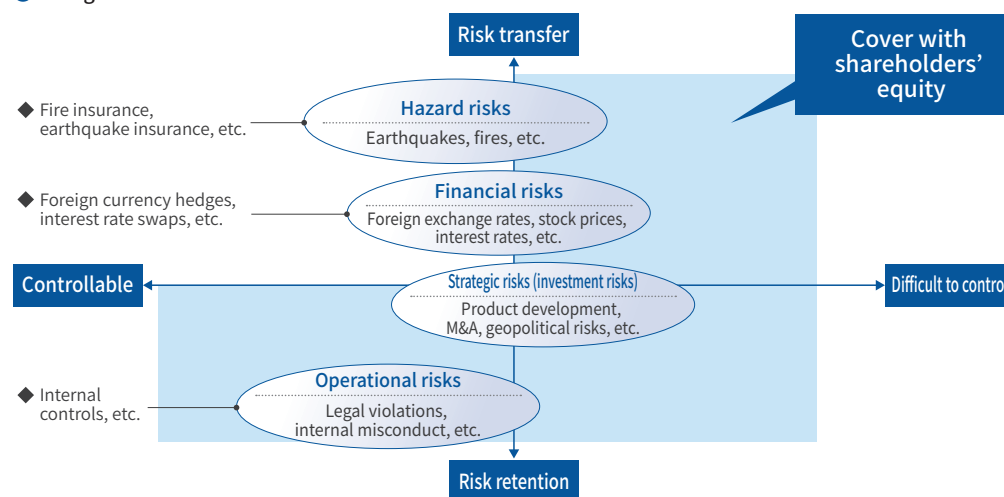
DX Strategy

Key Matters to Be Considered in Relation to the Optimal Capital Structure

In considering the optimal capital structure, we classify our business risks into four major categories: “hazard risk,” “financial risk,” “strategic risk,” and “operational risk.” We recognize that it is necessary to pass on risks that can be passed on at an appropriate price through insurance and derivatives, etc., and cover risks that cannot be passed on through shareholders’ equity.

After organizing latent risks according to these risk categories, we quantify individual risk based on specific scenarios, such as the occurrence of natural disasters, rapid appreciation of the yen, and disruption of commercial flows in specific countries due to geopolitical risks. We also consider the possibility that these risks may materialize at the same time and regularly perform simulations of such situations accordingly to determine whether or not we would still be able to maintain the optimal capital structure. The investment budget set out in GS2028 has also been established based on these simulations.

Recognition of Business Risks



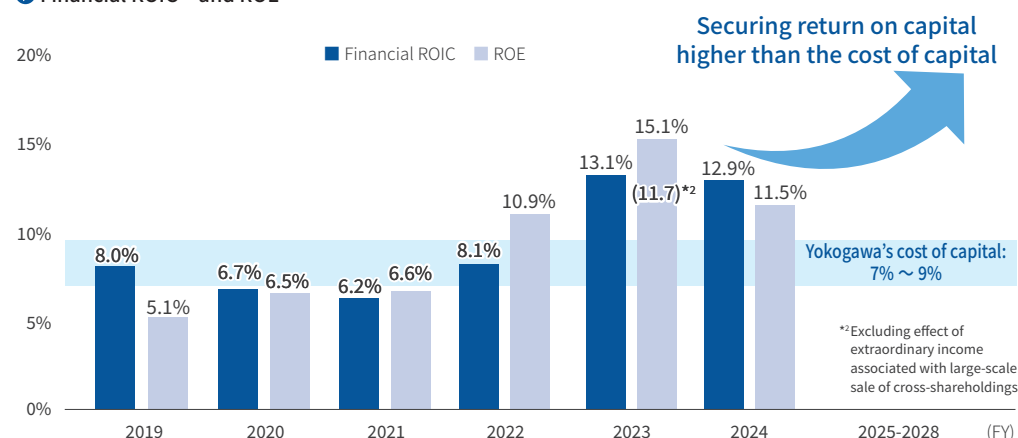
P.67-68 Risks Relating to the Group's Business

Recognition of the Cost of Capital and Target for Return on Capital

Yokogawa’s cost of capital is currently estimated to be between 7% and 9%. We recognize that there is the possibility of upward pressure on cost of capital due to changes in business domains and other results of progress in our growth investments. However, we also recognize that we have sufficient capacity to raise funds through liabilities, and we will therefore aim to reduce capital costs by appropriately utilizing leverage.

As for capital efficiency, we have set a target of “10% or more” for both financial ROIC and ROE throughout the period of GS2028. This is positioned as the minimum level based on the level of Yokogawa’s cost of capital. Although we expect an increase in invested capital as a result of growth investments, we will achieve a return on capital that exceeds the cost of capital by steadily improving profitability.

Financial ROIC*1 and ROE



*1 Financial ROIC: {Operating income × (1 - corporate tax rate 25%)} ÷ Invested capital (average at beginning and end of period)
Invested capital: Interest-bearing debt + Shareholders' equity + Non controlling interest

Mechanism for Securing Spreads: Strengthening the Investment Decision-Making Process

As a decision-making process for risk investments such as those for growth, it is important to screen investments first from the perspective of strategic consistency, and then proceed to determining the rationality of business plans and prices. Yokogawa uses hurdle rates to determine price rationality. We formulate hurdle rates that are subdivided based on the “investment target’s regional location and currency,” “business phase,” “business domain,” and “existence of unique risk factors,” and apply hurdle rates that correspond to risks for each individual project. By carefully examining projects based on investment decisions made using this hurdle rate and steadily accumulating investment returns, we believe that we can continuously achieve returns on capital that exceed the cost of capital not only for individual investment projects but also for the company as a whole. In order to ensure that this process can be continued over the long term, it is important to ensure that we have the optimal capital structure.

DX Strategy

DX Strategy in GS2028

In GS2028, DX strategy is positioned not merely as an IT initiative but as a core element of the value creation process aimed at improving social value and corporate value. Overall, there are concepts of two DX strategies: Internal DX, which aims to improve in-house productivity, and External DX, which aims to support customers' DX activities and transform our business model.

In Internal DX activities, with the aim of improving the three types of experience value, namely the customer experience (CX), partner experience (PX), and employee experience (EX), we promoted the globalization of our IT organization, the global standardization and optimization of systems, the standardization of business processes, the integration of data, and the strengthening of IT/OT security. From fiscal year 2025, we will aim to further improve productivity by utilizing AI technology such as generative AI on the new ERP system currently under development and on data integrated on the global customer relationships management (CRM) system platform that we have already introduced. We will also expand internal DX education and roll it out globally, with the aim of helping employees to build their careers.

As for External DX activities, in addition to measurement equipment, sensors, and other products in Level 1, industrial automation and control systems and other products in Level 2, and production execution systems, quality management systems, and other software solutions in Level 3, we will support the introduction of ERP systems and expand cloud services centered on Yokogawa Cloud including IIoT, AI, Digital Twins, and cybersecurity in Level 4, with the aim of being a trusted partner that resolves customer challenges in fields ranging from sensors to management. Customers are strongly demanding mutual utilization and integration of OT systems and IT systems, which had previously been separated. In response to these needs, Yokogawa will create digital connections between customers' factories/plants and headquarters, as well as among customers, aiming to help customers boost their productivity.

Internal DX Activities

In GS2028, we have set out a clear goal of improving employee productivity by 30% through Internal DX. One important measure for achieving that goal is the use of a CRM (customer relationship management) system. Installation of this system has been completed at 13 sites worldwide, and it is being used by approximately 7,000 people. It serves the following kinds of roles as infrastructure for the support of sales and marketing activities.

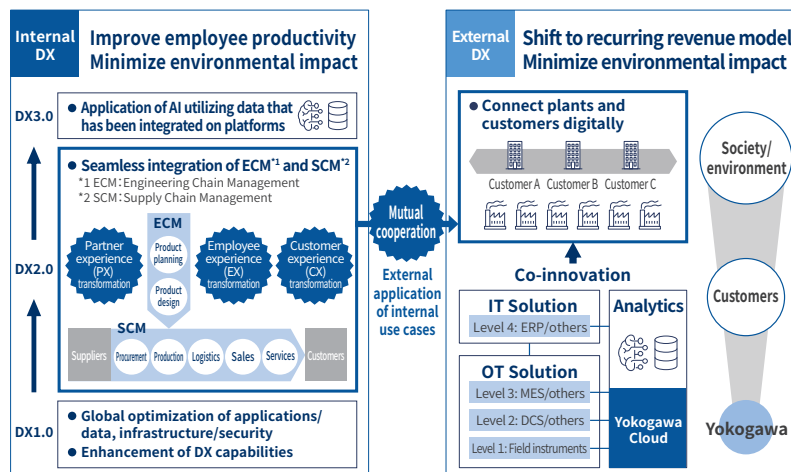
- Acquiring potential customers and increasing the number of business negotiations
- Deepening understanding of customers and optimizing customer approaches
- Support for data-driven decision-making and strategy formulation

These functions, which are expected to improve efficiency on the ground in sales and maximize results, are core initiatives for achieving the targets of GS2028.

Furthermore, from FY2025, we aim to further improve our productivity by introducing AI technology into our internal CRM-related operations. Specific initiatives are as follows.

1. By introducing AI assistance in marketing activities, we will promote the automation of operations and more advanced decision-making, thus creating an environment in which employees can concentrate on higher value-added operations.
2. By leveraging Large Language Models (LLM) in CRM program development and testing processes, we will aim to reduce development time and improve quality.

We will continue working to improve customer satisfaction and create sustainable corporate value by accelerating DX in the sales and marketing domains.



In recent years, there has been a growing need for business innovations through IT/OT integration and the use of AI, mainly in the manufacturing industry. Leveraging our strengths in control technology and on-site knowledge, the Group is promoting problem-solving OT consulting and DX/IT consulting for CxOs through L4 solutions, and results are starting to be observed in Japan and overseas. In addition, as DX advances, the need for cybersecurity is increasing. We provide security assessment and consulting services in Japan and overseas to respond to various laws and regulations.

Major initiatives in FY2024

- Synergies with Yokogawa Votiva, which we acquired to accelerate the growth of the ERP business, enabled us to provide integrated solutions from Level 1 (data generation and collection level) to Level 4 (corporate management level).
- With Yokogawa Cloud:
 - ▶ We installed our Industrial Cloud Suite, which integrates process simulation software on Yokogawa Cloud, at many customers.
 - ▶ We have introduced a data-driven approach to asset maintenance and management to many customers. This is realized through seamless integration between asset management solutions on Yokogawa Cloud and existing asset maintenance systems as well as control systems.
 - ▶ We integrated data from multiple IIoT sensors and power monitors on Yokogawa Cloud to provide an enterprise energy management system.

- We accelerated the creation of value in external markets through alliances with DX/IT companies, the creation of OT projects from IT as the starting point, and the development of channel to headquarters. For example, in the security field, through a business alliance with NTT DATA, we began the joint provision of OpreX IT/OT SOC* and collaboration in security-related services, building a framework for providing integrated solutions that combine the strengths of both companies.

To respond to changes in customer needs for DX-related products and AI solutions, we are strengthening our internal DX promotion structure. In line with this, in addition to providing technologies, we are also focusing on developing personnel who can contribute to customers' business innovation and value creation. We are developing personnel who have practical DX skills and industry knowledge to improve our consulting capabilities, and create a system that enables more advanced proposal activities.

*SOC: Security Operation Center (a specialized organization that detects and analyzes cyberattacks and takes countermeasures)

Foundation for Value Creation

Foundation for Value Creation

Intangible Capital

Capital Policy and Financial Strategy

DX Strategy

AI Governance

Yokogawa positions artificial intelligence (AI) as one of the key technologies for realizing the IA2IA and System of Systems initiatives set out in GS2028 medium-term business plan and for contributing to sustainability through business expansion. As such, we are continuously working to enhance its governance.

Establishment of AI Policy

We have formulated our AI Policy, which clarifies the purpose of the Group's use of artificial intelligence (AI) and the value it provides to customers, as well as our stance toward AI governance. Our aim is to transform Yokogawa into an Enterprise AI Company that ensures that AI is operated safely and appropriately in an ethical and responsible manner, further enhances our core competencies, and gives customers the peace of mind to use products and services leveraging AI that collaborates autonomously with people.

Composition of AI Policy

Yokogawa's AI Policy consists of "1. Preamble," "2. Our Core Competence, and the Value That AI Brings," "3. Commitment," "4. Specific Measures," and "5. Revision."

Composition
1. Preamble
2. Our Core Competence, and the Value That AI Brings
3. Commitment
4. Specific Measures
5. Revision

 [Full text of AI Policy \(our website\)](#)

From Section 1. Preamble

The Yokogawa Group (hereinafter, "Yokogawa") has formulated the Yokogawa's Purpose statement, which reads, "Utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet." Centering on its measurement, control, and information technologies, Yokogawa provides products and services that support various industries and social infrastructure. As a provider of optimal solutions that cover the entire lifecycle of plants which may remain in operation for periods of 30 years or longer, we place a high priority on the building of long-term trust-based relationships with our customers. The foundation for this is technology and quality.

Yokogawa is utilizing AI to strengthen its ability to measure and connect and provide completely new kinds of services. However, we recognize that AI presents various risks and social issues, and that Yokogawa should play a proactive role in addressing them. This policy clarifies the value Yokogawa will contribute through the use of AI, and declares what measures will be taken to accomplish this.

AI Governance Promotion Structure and Initiatives

We have formulated "Group AI Governance Code" in our Group Management Standards (GMS), which are positioned at the top of Yokogawa's internal rules and regulations. In line with the AI policy, these regulations underpin the framework for the appropriate management of risk in the development, provision, and use of AI.

The AI Policy is formulated with the approval of the President and CEO, Representative Executive Officer. Our focus in FY2025 is the launch of a control organization for AI governance based on the AI Policy. Going forward, in addition to promoting the development of AI governance systems at individual Group companies, we will supervise the status of the operation of those systems.

Further, to comply with future laws and regulations, comply with standards, and operate AI appropriately in an ethical and responsible manner, we hold AI Governance Seminars, at which our executives serve as instructors. Through these seminars, we are working to build effective AI governance, including deepening understanding of problems related to AI in society from an ethical perspective and the situation surrounding AI at Yokogawa.

Pioneering the future of manufacturing AI-First Manufacturing

By taking a comprehensive view of the entire manufacturing chain in the industry, we leverage AI to solve critical business challenges along the way. Through the realization of AI-first manufacturing, we support and enhance competitiveness across the industry.



Supporting AI-First in Manufacturing

Using YOKOGAWA's manufacturing knowledge and AI technology, we identify issues that will lead to business effectiveness and eliminate bottlenecks in the manufacturing business.

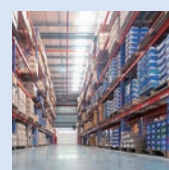
Service flow



*1 "AI-First" is an approach that integrates AI into the business strategy and gives it a core competitive advantage. Currently, an increasing number of companies around the world are aiming for "AI-First" by using AI more strategically to exponentially expand their business and increase value. Retail companies and others are reducing human intervention from the critical path of their business, aiming to exponentially expand the scale, expand the scope, and accumulate learning in their business.

*2 S&OP: Sales and Operations Planning

Examples of Yokogawa AI solutions



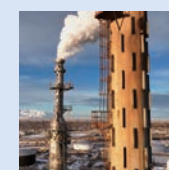
Optimal inventory control using AI

Solving the problems of inventory shortage or excess faced by the manufacturing industry and improving corporate profitability



AI-based energy saving for air conditioning

By reusing exhaust heat from factory clean rooms, AI-based valve control of water heat exchange realizes energy savings for air conditioning



Distillation column control for energy saving

While utilizing AI to control heaters that use waste heat, we reduced steam and CO₂ emissions compared to conventional manual control.



Building a generative AI environment to speed up business operations

By building a generative AI environment, we can quickly solve problems in individual business processes, speeding up and stabilizing business operations and reducing costs

Chapter

4

Business Strategies

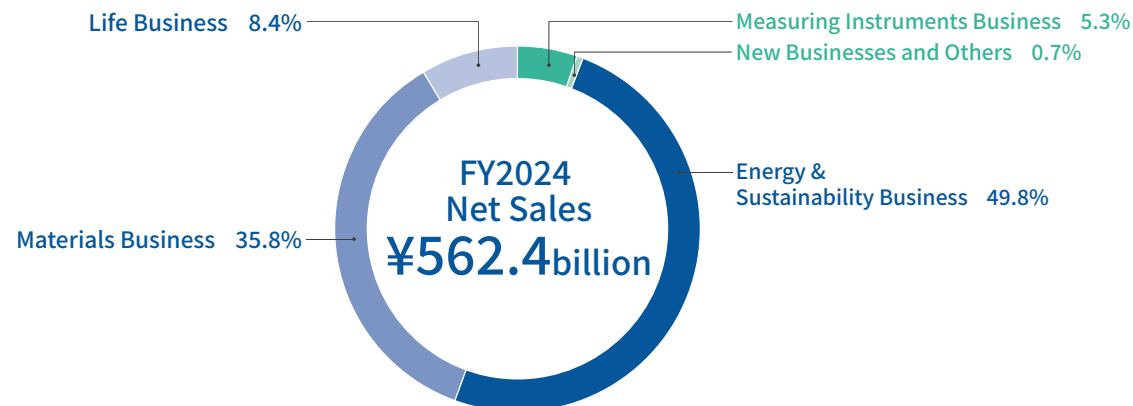
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|----|---|----|---|
| 34 | Yokogawa's Business Portfolio | 39 | Industrial Automation and Control Business |
| 35 | Yokogawa's Products and Solutions | 39 | Energy & Sustainability Business |
| 36 | Business Model of Industrial Automation and Control Business | 41 | Materials Business |
| 37 | Service Structure of Industrial Automation and Control Business | 43 | Life Business |
| 38 | Review of the GS2028 Business Strategies | 45 | Measuring Instruments Business, New Businesses and Others |

Yokogawa's Business Portfolio

The Industrial Automation and Control Business is Yokogawa's mainstay, serving customers in a wide variety of industries, and it has the following three business subsegments: Energy & Sustainability, Materials, and Life.

The Measuring Instruments Business has been an integral part of Yokogawa's business since the Company's inception. We have contributed broadly to industrial and technological development by providing measuring instruments, which are known as the mother tools of industry, as well as measurement solutions.

With its New Businesses and Others segment, Yokogawa is venturing into new fields.



*From fiscal year 2024, the water business was reorganized from part of the Life Business to the Energy & Sustainability Business. Accordingly, the figure for the Energy & Sustainability Business in the graph above includes the water business.

Industrial Automation and Control Business

Energy & Sustainability Business

- Renewable energy
- Oil and gas (Upstream)
- Refining, petrochemicals (Downstream)
- Power
- Energy management systems (EMS)
- Energy storage
- Water & wastewater, industrial water

Materials Business

- Specialty and fine chemicals
- Biochemicals
- Fertilizers
- Mining & metals
- Mobility
- Electrical machinery, electronics & semiconductors
- Iron & steel, nonferrous metals
- Pulp & paper
- Fibers & textiles

Life Business

- Pharmaceuticals
- Healthcare
- Food & beverages

Measuring Instruments Business

- Energy
- Communications
- Healthcare

New Businesses and Others

- Imaging AI & IoT
- Bio-related
- Contract research, development, and manufacturing of active pharma ingredients, etc.



Yokogawa's Products and Solutions

Industrial Automation and Control Business Energy & Sustainability Materials Life

We provide products, services, and solutions that span every level of activity, from the collection of data generated in the field to the optimization of corporate management.

OpreX™

OpreX is the comprehensive brand of Yokogawa's Industrial Automation and Control Business.

IT
Information Technology

Level 4
Corporate management



Corporate strategy planning



Production planning optimization



Feedstock Purchasing optimization



Supply chain and logistics optimization



ERP



Energy and carbon management optimization



Security

Level 3
Manufacturing execution control



Production management and optimization



Advanced control and optimization



Quality management and optimization



Asset lifecycle optimization



Safety management



Operational risk management

Collaborative information server
Yokogawa Cloud Industrial cloud applications and solutions

Level 2
Production control and safety systems



Distributed control systems (DCS)



Safety instrumented systems (SIS)



Edge controllers and programmable logic controllers

OT
Operational Technology

Level 1
Data generation and collection

Field instruments, Pressure, differential pressure, and temperature transmitters, Wireless transmitters, Coriolis, magnetic, and vortex flowmeters

Process analyzers
Process gas chromatographs

IIoT wireless sensors

Data acquisition systems
Paperless recorders and data loggers

Film/sheet thickness gauges

Distributed temperature sensors

Supporting customers across the equipment lifecycle to address business challenges and maximize business value

Consulting

Design & engineering
system integration

Installation

Training

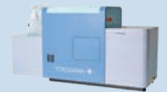
Lifecycle services

Life Business (Life Science)

This business segment supports bio-related food and pharmaceutical research & development through the provision of products and solutions that aid cell analysis.



Confocal scanner unit



High-Content Analysis System

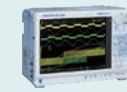


Subcellular sampling system

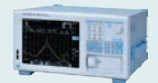
Measuring Instruments Business

This segment offers a broad range of measuring instruments and services that are essential for the benchmarking and optimization of customers' products and technologies.

Products of Yokogawa Test & Measurement Corporation



ScopeCorders



Optical spectrum analyzers



Precision power analyzers

New Businesses and Others

Businesses in this segment include IIoT-based services.

Products and services of amnimo Inc.



AI edge gateways



Edge gateway (outdoor type)

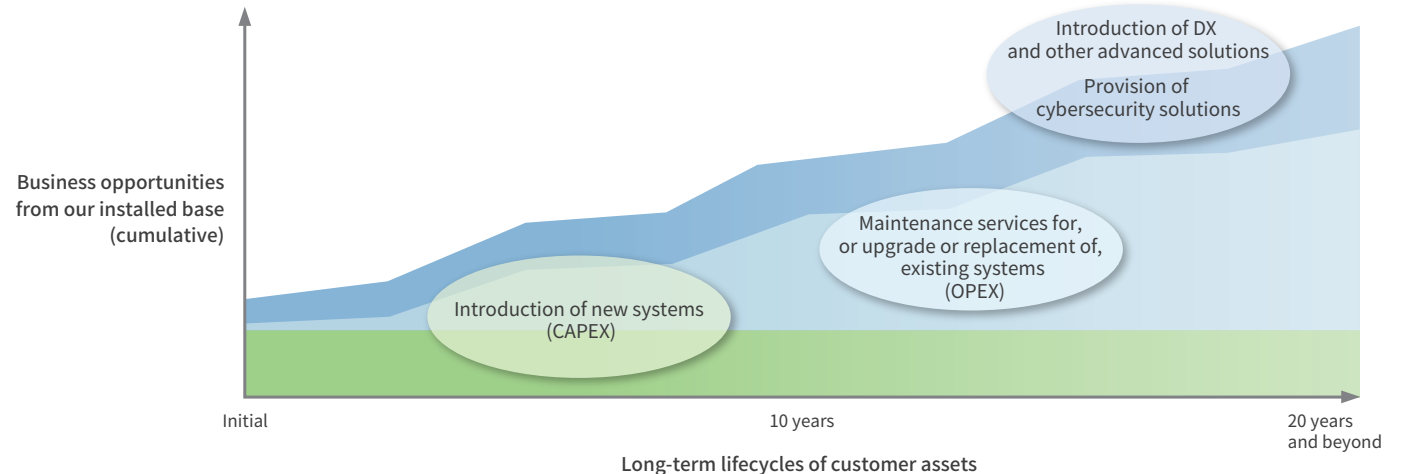


Business Model of Industrial Automation and Control Business

Partnering with Customers to Build a Business Foundation with Long-Term Stability and Forge New Business Opportunities

Our customers operate plants whose asset lifecycles are long, spanning 10 to 20 years or more.

As a partner they can rely on, Yokogawa provides services and solutions for long-term stable operation throughout these long lifecycles. We also continue to support customers' operation by further productivity improvements and optimization driven by leading-edge DX and advanced solutions, as well as by offering cybersecurity solutions to meet growing needs. These relationships of trust we have built with our customers over the years have served as a stable foundation for our business operations and have led to the development of new business opportunities.



Services Provided by Yokogawa

Consulting



As a company specializing in manufacturing, Yokogawa analyzes problems that individual customers face and proposes solutions leveraging its outstanding expertise while also applying its solid methodology and meticulous attention to detail.

Project delivery



With outstanding project execution capabilities developed through a wealth of project experience in countries around the world, as well as advanced system integration capabilities enabling IT/OT convergence, we bring projects, ranging from small to large and complex, to successful completion.

Training



We provide comprehensive training programs that enable effective acquisition of the knowledge on measurement, control, and information that is needed to operate plants. In addition to hands-on training focused on actual work, we also offer e-learning courses.

Lifecycle services

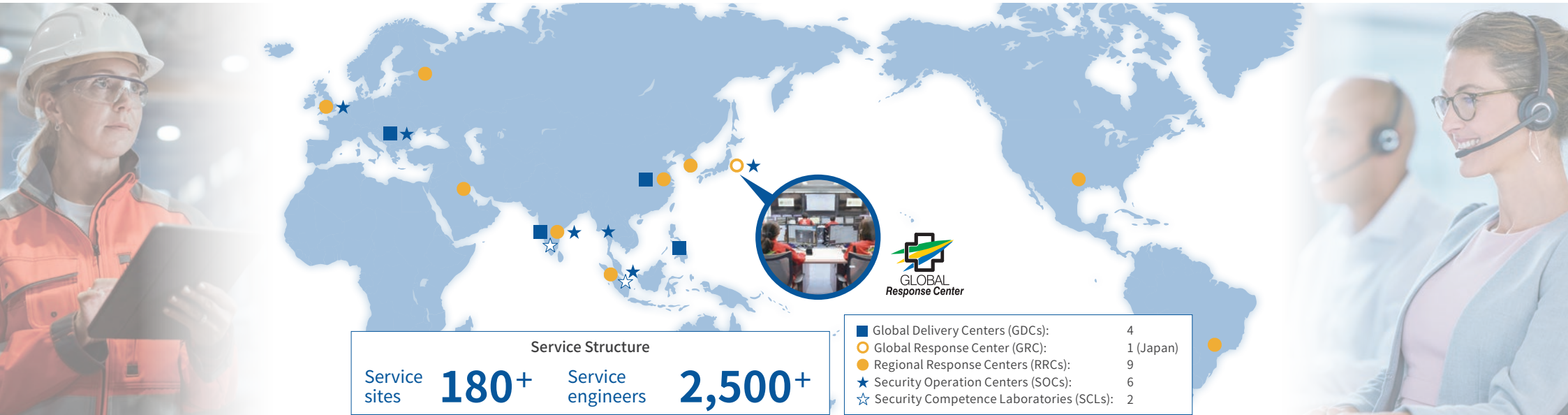


To ensure the long-term stable operation of customers' plants, we provide solutions for maintaining and enhancing the soundness of these plants and help to drastically enhance efficiency in their service and maintenance work.



Service Structure of Industrial Automation and Control Business

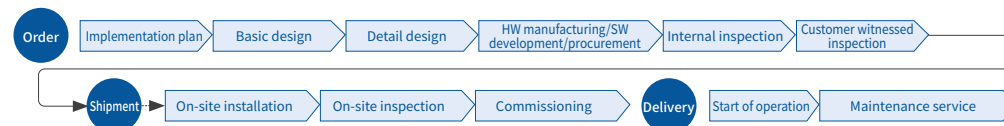
Outstanding Project Execution Structure and Global 24-7 Service Network



Global Delivery Structure Ensuring Project Execution

Yokogawa's project delivery is supported by three types of organizations operating hand in hand: (1) ten regional centers in Japan and overseas that perform contractual obligations at the front line of customer engagement; (2) Global Delivery Centers that work together with the regional centers to offer efficient, high-quality engineering services; and (3) the global headquarters, which spearheads the control and standardization of operations. This structure has enabled us to build a strong track record in delivering projects, small and large, with globally consistent quality. Harnessing our excellent project execution capabilities underpinned by extensive experience and system integration capability enabling IT/OT convergence, we bring all projects to completion regardless of their size or contractual complexity.

<Project Delivery Flow>



Global 24-7 Service Network

Response Centers

We offer a reliable support system through a network of nine Regional Response Centers (RRCs) worldwide and local service engineers in respective countries, with the Global Response Center (GRC) at the global headquarters in Musashino, Tokyo, at its core.

Security Operation Centers & Competence Laboratories

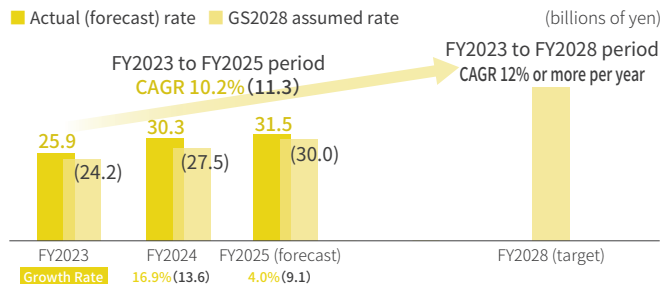
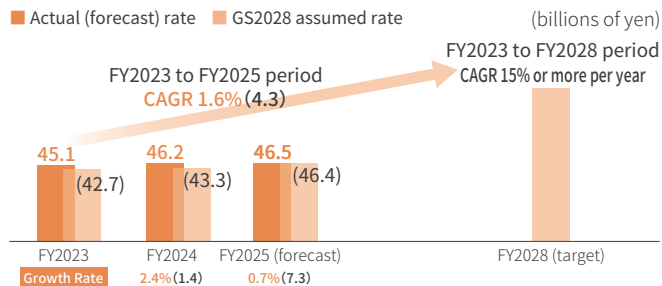
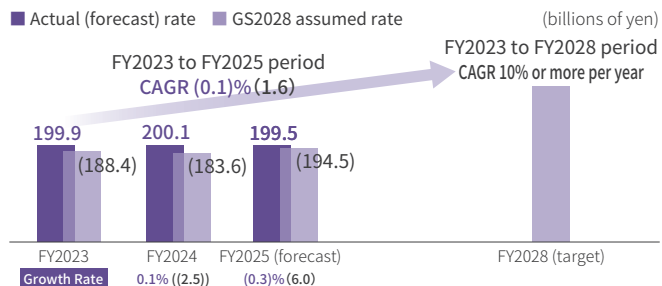
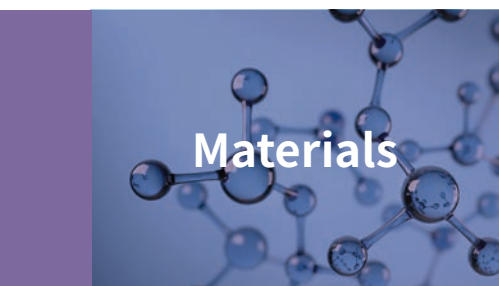
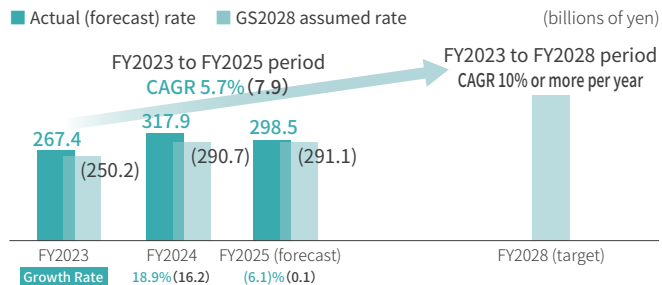
Through a full line of IT and OT security services ranging from the remote monitoring of security conditions of customers' plants to assessment, prevention, and incident response, our Security Operation Centers (SOCs) have a structure in place to speedily provide services that address a wide range of issues concerning customer assets.

In addition, our Security Competence Laboratories (SCLs) conduct OT security validation by combining the latest OT knowledge with Yokogawa systems, and perform monthly verification tests to assess the impact of the latest OS patches and antivirus pattern files on our products, thereby supporting the delivery of reliable security services.



Review of the GS2028 Business Strategies

Trends in Orders by Segment



Exchange rates (US\$1)	FY2023 Actual	FY2024 Actual	FY2025 Forecast	GS2028 Planned
	¥145.31	¥152.55	¥140.00	¥130.00

Achievements and Results

- Accurately identified diversifying customer needs including cybersecurity, labor-saving measures, safety enhancement, and emissions reduction, and significantly outperformed order plans, primarily in the oil and gas fields
- Steadily enhanced solution delivery value through M&A and strategic partnerships, including the acquisition of BaxEnergy and investment in GridBeyond

Future challenges

- Accelerate differentiation from competitors and new product launches to contribute to customers' business transformation
- Recruitment of highly skilled professionals with expertise and experience to expand new solutions such as System of Systems, as well as L3 business

Achievements and Results

- Although field instruments struggled due to the impact of China's economic slowdown, businesses including control systems and solution-oriented businesses performed steadily
- Global business grew in the chemical sector driven by the global application of Japanese expertise, including the acquisition of major projects in India
- Performed steadily in the mining sector, supported by outcomes of global CoE*1 activities, with growth centered in Australia, South America, and the Middle East

Future challenges

- Development of new business with mid-sized and small potential customers globally, in addition to major chemical manufacturers, through expansion of channel partnerships
- Strengthening of global sales structure and proposal capabilities in industry domains where our core strengths can be leveraged

*1 CoE: Center of Excellence (an organization that brings together people and know-how to promote projects)

Achievements and Results

- Achieved record-high orders and sales for life science products
- Accelerated global deployment of successful domestic L3/L4 businesses
- Developed and launched new products, including CellVoyager High-Content Analysis System CQ3000 and OpreX Quality Management System

Future challenges

- Strengthening of bio-business activities through offerings such as the Bio-Digital Twin*2 and OpreX Bio Pilot*3

*2 A simulation technology for optimizing bioprocesses by modeling cellular metabolism

*3 A tool that supports process developers in solving challenges and promoting standardization and automation

Achievements and Results

- The launch of new products for the optical communication device market, centered on the continuing boom in AI data center demand, contributed to increased orders
- Orders for power analyzers and ScopeCorders were steady in growing markets such as automotive electrification and consumer electronics
- Transition from product-based to solution-based sales through the deployment of handbooks (approximately 50 types) summarizing examples of issues and solutions in each industry made successful contribution
- Orders for optical spectrum analyzers supporting a wide wavelength range recovered, in response to R&D investments in laser devices used in healthcare and environmental analysis

Future challenges

- Timely acquisition of information and responsive action to follow the decentralization of customer production bases previously concentrated in China

* Figures in parentheses are based on GS2028 rates. From fiscal year 2024, the water business was reorganized from the Life Business to the Energy & Sustainability Business. The results of the water business in fiscal 2023 are included under the Energy & Sustainability Business.

* L1: Data generation and collection level, L2: Production control and safety system level, L3: Manufacturing execution control level, L4: Corporate management level



Industrial Automation and Control Business

Energy & Sustainability Business

Vision

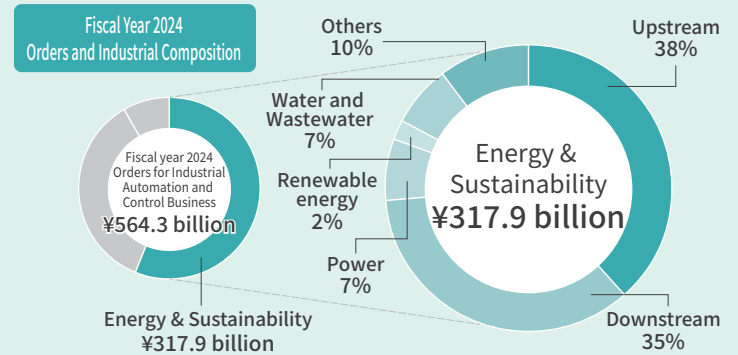
Our business contributes to realizing a resilient and sustainable society and to enhancing corporate value by supporting safe and optimal operations of the entire value chain of production, supply, utilization and recycling of diversified energy and water.

Business Overview

Our business covers the entire energy supply chain, ranging from the production, refining, and transportation of oil & gas to the optimal control of electricity and renewable energy generation facilities and power transmission and distribution networks. By supporting our customers to operate safely and optimally across their energy value chains, we help address the continuing increase in energy demand and contribute to the creation of a low-carbon society. At the same time, we also make contributions to water business, which is essential for people's well-being (a prosperous life for all).

Yokogawa's Strengths

- Integration capabilities in comprehensive systems including other companies' products, and excellent project execution capabilities
- A globally distributed, large installed base and long-term relationship of trust with customers
- Solutions that can contribute to energy transition across customers' entire value chains



Initiatives for GS2028

Strategy Overview

In the oil & gas field, which accounts for approximately 70% of the orders received in this business, a stable demand increase is expected until around 2040, driven by heightened awareness of energy security and population growth. Particularly in the LNG sector, investment activity remain strong, as it serves as a base energy source that complements renewable energy. It continues to be our key focus industry.

In the low-carbon energy field, we leverage the expertise of acquired companies to support the utilization of renewable energy and the commercialization of clean energy, while contributing to our customers' business transformation tailored to the policies and regional characteristics of respective countries. In particular, CCS*1 and CCUS*2, which are primarily requested by existing oil & gas customers, are considered the closest to commercialization, and we are focusing on their development.

In the water field, we aim to expand our business by emphasizing innovative solutions, including leakage management for non-revenue water*3 reduction and water recycling, in addition to water distribution and desalination of seawater.

Furthermore, we seek to broaden our portfolio and achieve overall business growth through the acquisition of new expertise in specialized areas and the expansion of sales channels.

Key Measures

		Market	
		Existing	New
Products & solutions	New	Accelerate the deployment of solutions that utilize our capabilities in the consulting, IT, and OT areas • Apply our consulting capabilities and simulation technology for the downstream market, construct a system for value chain optimization and realize value provision through SoS • Provide MES-ERP to enable better visualization and management of logistics and inventory for customers in the energy industry • Propose productivity improvement and optimization through autonomous control AI (FKDPP*4), supporting customer operations.	Expand solution offerings for the renewable energy and water markets • Further capitalize on the products and technologies of the products and technologies of the acquired companies and enhance regional office sales structure • Make a full-scale entry into the facilities management business that helps customers operate their facilities safely and optimally. • Globally expand the water business
	Existing	Maintain strong relationships with existing oil & gas customers to expand business and capture needs in growth areas • Support the energy transformation (EX) of customers aiming to transform themselves from IOCs to integrated energy companies (IECs) • Expand business in the Indian and African markets, where high growth is expected • Leverage the installed base to further strengthen the OPEX business • Expand business in the fields of low-carbon hydrogen (hydrogen with low-CO₂ emissions during production, transportation, and use, produced utilizing renewable energy, CCS or CCUS) and hydrogen derivatives (such as ammonia and methane)	

*1 CCS: Carbon dioxide Capture and Storage *2 CCUS: Carbon Capture, Utilization and Storage *3 Non-revenue water: Water that has been produced and is lost before reaching the customer due to leaks, theft, or metering inaccuracies. It represents a major challenge for utilities in improving efficiency and reducing costs. *4 FKDPP: Factorial Kernel Dynamic Policy Programming, an algorithm jointly developed by Yokogawa Electric Corporation and the Nara Institute of Science and Technology (NAIST)



Energy & Sustainability Business

	Business Opportunities and Risks	Key Measures and Focus Regions	GS2028 Achievements and Challenges to Date
Upstream/ Downstream CAGR target of 5% or more	Business Opportunities - Forecasted increase in total project investment, with growing demand and investment in LNG as a long-term base energy source - Successful materialization of carbon-neutral investments, such as CCS/CCUS, achievable alongside oil & gas production - Increased investment in DX for operational efficiency improvement, unmanned and remote operations, and other purposes (especially for cybersecurity enhancement) Risks - Global recession concerns - Intensifying price competition in new projects (particularly in North America, India, and China)	Key Measures - Focusing on CAPEX project orders driven by strong demand and investments. Prioritizing gas and LNG sectors, due to their particularly high demand - Supporting energy transformation of customers transitioning from IOC to IEC - Strengthening the OPEX business through collaboration with the Solution Services Division - Expanding know-how gained from AI and digital transformation (DX) projects, mainly in the Middle East, to other regions. Focusing on the global deployment of the autonomous control AI (FKDPP) - Building a system to optimize the value chain and delivering value through System of Systems (SoS) Focus Regions Middle East, Southeast Asia, North America, India, China	Achievements - Secured multiple large-scale projects primarily in the Middle East - Implemented cybersecurity and management systems for thermal power plants in India - Introduced a predictive emission monitoring system across ten gas fields scattered in the Middle East, contributing to human workload reduction and net-zero emissions Challenges - Further strengthening our proposal capabilities to secure CAPEX in regions with intense price competition
Low carbon energy	Business Opportunities - Achievement of low-carbon in the oil & gas sector - Promotion of the practical application of low-carbon hydrogen and low-carbon ammonia - Focus on the adoption of CCS/CCUS technologies for capturing, utilizing, and storing CO₂ Risks - Lowered investment appetite due to delays in technology development and high costs - Concern over stagnation of government support	Key Measures - Focusing on CCS/CCUS projects by leveraging oil & gas installed base - Supporting the decarbonization of current hydrogen production and utilization plants - Promoting initiatives to improve efficiency among multiple industries that are beneficial to achieving low-carbon emissions (cross-industry collaboration) Focus Regions Europe, North America, China, Australia	Outcomes - Order received for FEED*1 related to control, telecoms, and overall system integration for the Aramis Project, the largest carbon capture and storage project in northwest Europe Challenges - Responding swiftly to customers' technological innovations and low-cost requirements
Renewable energy CAGR target 20% or more	Business Opportunities - Diversification of regions, customers, applications, and so forth - Need for optimal utilization of power generation facilities to enhance operational efficiency and profitability Risks - Business withdrawal and postponement of FID (final investment decision) due to high costs attributed to inflation - Concern over stagnation of government support	Key Measures - Further increasing our market share in waste and biomass power plants by leveraging the products and technologies of the acquired companies - Providing comprehensive solutions, including L3 solution, and expanding business into solar power, wind power, and batteries - Implementing further portfolio expansion while allocating dedicated personnel at each location to support global business expansion Focus Regions Japan, Europe, Southeast Asia, North America, India	Achievements - Further expanded our business into the L3 solution domain - Provided an integrated automation, energy control and monitoring system for green hydrogen production and storage pilot plant at CrossWind's offshore wind power farm in Europe Challenges - Increasing global recognition and market share - Addressing lack of resources for large-scale projects
Water and Wastewater CAGR target 10% or more	Business Opportunities - Improvement of water infrastructure facilities such as water leakage management toward reduction of non-revenue water - Growing need for measures against per- and poly-fluoroalkyl substances (PFAS) - Activation of initiatives to utilize reuse water as a source of green hydrogen production and supply Risks - Many competitors exist in each region and country - Concern over stagnation of government support	Key Measures - Developing the water PPP (Public-Private Partnership) market in Japan - Further strengthening presence in seawater desalination projects - Developing the market for water leakage management in Southeast Asia - Increasing our share of the water market by leveraging the acquisition of Adept Fluidyne Pvt. Ltd., a flowmeter manufacturer in India Focus Regions Japan, Middle East, North America, Southeast Asia, Australia	Achievements - Delivered CI servers, Exaquantum, etc. to 10 sites of Melbourne Water. Concluded a 7-year long-term service contract - Acquired price competitiveness in the low-priced water market through the purchase of Adept Challenges - Increasing global recognition and market share - Establishing an organizational structure for expanding the global market

Topic Acquisition of BaxEnergy, a provider of renewable energy management solutions

In June 2024, the Company acquired BaxEnergy, a company providing renewable energy management solutions. This acquisition has enabled us to offer comprehensive support to customers with power generation facilities worldwide, covering everything from consulting and implementation to after-sales services. Additionally, in May of the same year, we launched "Farsight," the industry's first freemium*2 asset management service, which has already begun securing major contracts. Starting with renewable energy, the company is accelerating its digital transformation (DX) business, establishing a new pillar for growth.

Six Contribution Areas and Focus Areas toward Achieving the Three Goals

The main initiatives of the Energy & Sustainability Business are particularly linked to "Achieving carbon neutrality" and "Improving health and safety," among the six contribution areas. Our focus areas are threefold: (1) **Expanding value delivery for renewable energy market;** (2) **supporting utilization of clean energy (low-carbon hydrogen and ammonia);** and (3) **providing new value for water-related area (reuse water, PFAS).** We will redouble our efforts to enhance corporate value so that achieving our business goals will also contribute to society and the environment.



*1 FEED: Front End Engineering Design, basic design that takes place after the conceptual design and feasibility study during the project initiation phase

*2 Freemium: A revenue model that offers basic services and products for free, while providing more advanced services and products for a fee



Industrial Automation and Control Business

Materials Business

Vision

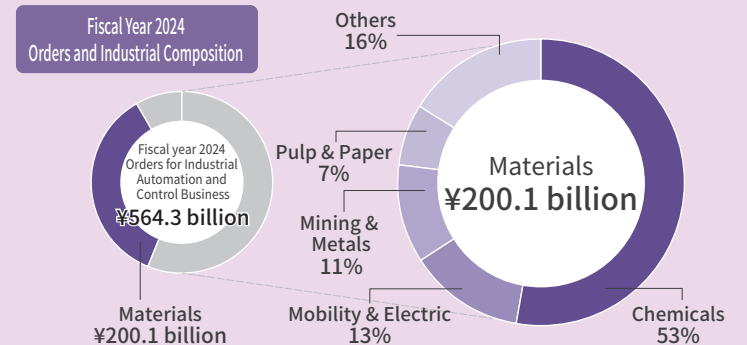
We will contribute to the realization of a convenient and comfortable material society and a recycling-oriented society that can coexist with the global environment, helping customers in the materials and other industries transform their business by building on the relationships of trust we have developed with them.

Business Overview

Our business covers a broad range of industries centered on materials. We serve both existing markets, including chemicals and mining, and new markets such as EVs, batteries, semiconductor materials, and logistics by combining products, services, and solutions to meet their respective needs. Our business contributes to the realization of a new circular society that enables both the development of a comfortable society and coexistence with the global environment. It provides solutions to customer challenges such as efficient energy use in production processes, recycling, and the shift to environmentally friendly materials.

Yokogawa's Strengths

- High-quality, high-reliability sensors and measuring instruments, along with ability to make proposals that lead to solutions of complex challenges and ability to execute, including engineering (IT/OT convergence)
- A large installed base combined with a globally integrated sales and service structure
- Extensive experience and know-how across various industries, cultivated through long-term partnerships with world-leading companies, including Japanese chemical companies



Initiatives for GS2028

Strategy Overview

Building upon growth in existing markets, we will aggressively approach new markets aiming for a CAGR of 10% or more both in orders and net sales, including inorganic growth achieved through M&A. Specifically, we will endeavor to further expand the customer base with focus on the chemical industry, which accounts for half of our net sales. This will be achieved by providing smart manufacturing and IA2IA solutions (including batch solutions) to customers, and leveraging channel sales, through an approach to identifying and resolving customer challenges. In the mining industry, where market growth is expected, demand for mineral resources, which are used in storage batteries and other applications, is on the rise against the backdrop of decarbonization. Among this area, Yokogawa's strength in measurement and control can be leveraged for DX, environmental impact mitigation, safety, and remote operation. To capitalize on this industry trend, we will aim for business expansion by providing solutions that allow for such improvements as the optimal, automated operations of mining. Furthermore, as a new market, we will strive to develop business by expanding into mobility-related customers such as those in the EVs, batteries, and semiconductor materials industry, and by optimizing the supply chain (including logistics) in the materials industry.

Key Measures

		Market	
		Existing	New
Products & Solutions	New	Expand value through consulting and solution-based business • Enhance batch solutions for mid-sized customers in the specialty chemicals market • Expand DX solution offerings for mining customers • Expand energy management and decarbonization solutions that utilize manufacturing data	Optimize enterprise supply chains, including logistics • Optimize logistics and other parts of the supply chain for enterprises in the fields including EVs, batteries, and semiconductor materials
	Existing	Realize the expansion of the customer base in the chemical and mining industries • Increase penetration of Yokogawa technologies and solutions among mid-sized companies • Expand distribution and sales channel partners	Leverage our foothold in the chemical industry to develop solutions for the EV, battery, and semiconductor material fields • Deploy products and solutions for the industries, making the most of Yokogawa's comprehensive capabilities, including its products and measuring instruments



Materials Business

	Business Opportunities and Risks	Key Measures and Focus Regions	GS2028 Achievements and Challenges to Date
Chemicals CAGR target 10% or more	Business Opportunities - Steady CAGR is projected across the chemical industry through 2030, driven by growth in the Specialty and Fine Chemicals field - Increasing demand for high-mix, low-volume production (batch manufacturing) - Acceleration of initiatives for decarbonization, including the development of recycled materials and related technologies Risks - In the chemical industry as a whole, trends primarily among DCS vendors - In Specialty and Fine Chemicals (batch production), in addition to global competition with DCS vendors, small-scale systems also face global competition from PLC vendors	Key Measures - Broadening the customer base, especially in overseas markets - Enhancing batch solutions for the Specialty and Fine Chemicals market to win mid-sized customers Focus Regions Japan, China, South Korea, Southeast Asia, India, Europe, and the United States	Achievements - Deployment of MES (Manufacturing Execution System) tailored for batch manufacturing in the chemical industry (OpreX Batch MES), and portfolio enhancement - Globally leveraged expertise from Japan. This led to increased orders, including a major project in India, through network-building activities and other initiatives Challenges - Expansion of batch production and small-to-medium-sized business operations - Extending coverage to L3/L4 layers to support IT/OT convergence - Expanding the channel partner network
Mining & Metals CAGR target 10% or more	Business Opportunities - Demand for mineral resources—including copper and rare metals—is increasing, primarily driven by the expansion of EVs and storage battery applications. The market remains buoyant, with continued growth in overall size. - Growing need for optimized and autonomous operations across entire mining sites. This includes enhanced safety, advanced control and maintenance, and remote operation capabilities. Risks - Trends among competitors (PLC vendors with strong capabilities in the equipment industry, major vendors with longstanding expertise in the heavy electrical field, etc.)	Key Measures - Expanding our customer base - Expanding the provision of DX solutions Focus Regions Australia, South America, the Middle East, Southeast Asia, and Africa	Achievements - Contributing to both the establishment of a Mining Center of Excellence (CoE) and the expansion of business, including increased order intake - Secured orders for solution projects from multiple clients in South America - Accelerated the development of end-to-end optimization solutions, covering all processes from mining to shipment Challenges - Strengthening global account capabilities - Mining industry solutions (Proven track record in AI applications) - Increasing industry recognition through academic-industrial collaboration

Topic Toward the Future of Smart Mining Minera Arqueros Copper Mine Project in Chile



Yokogawa has been selected as a partner in the copper mine project implemented by Compañía Minera Arqueros S.A., a group company of Nittetsu Mining Co., Ltd. We will be providing DCS (Distributed Control System) to ensure the safe and efficient operation of the entire plant. Yokogawa was chosen for its high reliability and flexibility, as well as our emphasis on on-site dialogue. We are also supporting the development of human resources in preparation for the start of operations.

In this project, Minera Arqueros plans to introduce technology to enable the reuse of approximately 80% of the process water, and the company is working to ensure environmentally-friendly operations. Yokogawa will partner with and support the customer aiming to operate mines in a sustainable manner and live in harmony with local communities. In this way, we aim to realize a recycling-oriented society that can coexist with the global environment.



Minera Arqueros plant under construction
The commercial operation is scheduled to start during FY2026
(Taken in May 2025; photo by Compañía Minera Arqueros S.A.)

Chosen for its Trustworthiness and Flexibility, Yokogawa

We first considered cost-effectiveness to compare multiple companies, but the next priority was whether the partner was flexible and trustworthy. Yokogawa listened to our needs and presented various proposals throughout the process. That helped build a deep level of trust. In addition, Yokogawa's proven track record of improving operations at other mining sites in Chile, where systems are currently operating smoothly, was also a strong point.



Mr. Yoshiharu Tsukayama
Chief Executive Officer at
Compañía Minera Arqueros S.A.



Mr. Omar Fernandez
General Project Manager at
Compañía Minera Arqueros S.A.

Six Contribution Areas and Focus Areas toward Achieving the Three Goals

The main initiatives of the Materials Business are particularly linked to “Achieving carbon neutrality,” “Improving efficiency in society & industry,” and “Creating a resource-recycling ecosystem,” among the six contribution areas. Our focus areas are threefold: (1) supporting decarbonization in the materials industry (chemicals and steel); (2) optimizing the mobility supply chain; and (3) promoting the supply and utilization of sustainable materials. We will redouble our efforts to enhance corporate value so that achieving our business goals will also contribute to society and the environment.



Industrial Automation and Control Business

Life Business

Vision

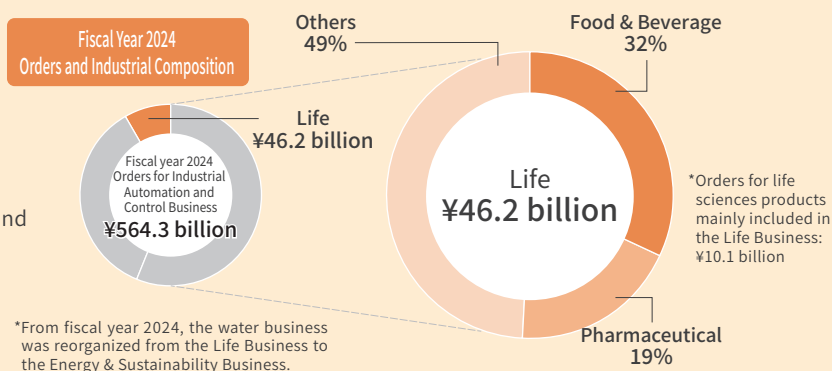
We will lead the world in advancing "Bio Industrial Autonomy (BIA)" and contribute to a future embracing global harmony.

Business Overview

We engage in business serving the life sciences, pharmaceutical, food & beverage, and bio industries. The growing global population is expected to put a strain on the production and supply of food. Demand for pharmaceuticals is also rising steeply. We contribute to the supply of pharmaceuticals that save people's lives and health, and safe food everyone can eat with peace of mind. The Life Business provides solutions that support people's lives and protect their health and safety.

Yokogawa's Strengths

- Relationships of trust built working side by side with customers and a strong track record in Japan
- The ability to make effective proposals possessed by our personnel who also have extensive knowledge and insights and fully understand characteristics unique to individual customers.
- A wide-ranging portfolio of products that help resolve customer challenges.



Initiatives for GS2028

Strategy Overview

We expect that the markets for our business serving the life sciences, pharmaceutical, food & beverage, and bio industries will continue to grow stably, especially overseas. To expand our market share and increase sales as these markets grow, we will place the highest priority on enhancing the marketing capabilities of overseas bases and expediting product and solution development for the Life Business overall. As part of this effort, our overseas bases will be allocated more specialists in specific fields (SME*¹) and sales staff and provided with greater support from global headquarters with a view to business expansion. In particular, we are strengthening the global rollout of our L3/L4 problem-solving solution business, which has been successful in Japan. Moreover, to expand business not only in existing markets but also into new markets, we will work to broaden our product and solution portfolio through M&A and alliances, on top of development and functional upgrades. Earning even greater trust from customers while increasing our visibility in the market through these initiatives, we will do our utmost to achieve the GS2028 targets.

Key Measures

		Market	
		Existing	New
Products & solutions	New	Provide value through problem-solving solutions • Expand the provision of laboratory automation solutions for experimentation and testing • Create new value by connecting R&D and production processes • Develop products that support life sciences research, and also develop sales channels	Create new value by developing new technologies for the growing fields of biotechnology and regenerative medicine • Expand life sciences-related business by targeting the personalized medicine market • Take on the challenge of developing business in new areas such as regenerative medicine and bio-DX
	Existing	Accelerate our penetration and activities with industry-leading companies • Intensify sales activities for life sciences products (e.g., CSU*² and HCA*³) • Solidify our businesses serving the pharmaceutical and food & beverage industries in Japan	Establish the Industrial Automation and Control Business overseas and expand sales activities for life sciences products • Establish the Industrial Automation and Control Business in the pharmaceutical, food & beverage, and bio industries, and provide comprehensive solutions (L1 through L4) for entire factories • Increase the number of subject matter experts (SMEs) and salespeople in the regions

*1 SME: Subject Matter Expert (an expert in a specific industry)

*2 CSU: Confocal Scanner Unit *3 HCA: High Content Analysis

Life Business

	Business Opportunities and Risks	Key Measures and Focus Regions	GS2028 Achievements and Challenges to Date
Food & Beverage and Pharmaceutical CAGR target 15% or more	Business Opportunities ● Rising need for data integrity compliance ● Growing momentum toward continuous processing to enhance production efficiency ● Emerging markets relating to regenerative medicine and peptide-based therapies ● Progress of remote operations, automation, autonomization, and digital transformation (DX) ● Expansion of the biopharmaceutical market Risks ● Presence of global suppliers among major Western manufacturers, alongside numerous small and mid-sized regional players ● Presence of overseas market leaders specializing in information systems	Key Measures ● Establish overseas IA business ● Provide comprehensive solutions (L1 through L4 products) that cover entire factory operations ● Accelerate global rollout of the problem-solving solution business ● Recruit and develop subject matter experts (SMEs) to strengthen our marketing capabilities for L3 and L4 products ● Boost recognition through exhibitions and events focused on key regions ● Strengthen activities in bio businesses Focus Regions Europe, North America, China, India, Japan	Achievements ● Expanded global implementation of L3/L4 systems ● Launched the “OpreX Quality Management System” in February 2025 to support the acceleration of digital transformation (DX) of quality assurance processes in pharmaceutical and food & beverage manufacturing Challenges ● Strengthening engineering resources ● Enhancing recognition and expanding implementation track record globally
Life Sciences CAGR target 15% or more	Business Opportunities ● Growing demand for automation aligned with Pharma4.0, from laboratories to production ● Increasing need for sophisticated and automated laboratory experimentation ● Acceleration of digital transformation (DX) utilization ● Advancement and increasing complexity of data analysis Risks ● Two major competitors holding broad portfolios and significant market share in the laboratory automation market, as well as the presence of strong players in individual segments	Key Measures ● Expanding the provision of laboratory automation solutions for experimentation and testing ● Intensifying sales activities and enhancing service plans for life sciences products (e.g., CSU, HCA, and single-cell analysis tools) ● Strengthening marketing activities to improve visibility and recognition Focus Regions North America, Europe, China, Japan	Achievements ● Achieved record-high orders and sales in FY2024 ● Launched the CellVoyager High-Content Analysis System CQ3000 in July 2024 Challenges ● Enhancing recognition and expanding implementation track record globally ● Strengthening production capacity in response to strong order and sales performance

Topic Contribution to Cancer Research through Lipid Analysis Using Single Living Cells

Emerging Technological Needs for Personalized Cancer Treatment

Because the characteristics of cancer cells vary from patient to patient, a single treatment approach may not be universally effective. To address this challenge, the medical field is increasingly turning to technologies that enable analysis of cancer cells at the single-cell level. Yokogawa has contributed to cancer research at the University of Surrey in the United Kingdom by providing its Single Cellome™ System SS2000, a cellular sampling system that enables lipid analysis at the level of individual cells.

Advancing Cancer Research with SS2000 Intracellular Sampling Technology

The SS2000, developed by Yokogawa, is an innovative system that enables fully automated, direct intracellular sampling at the single-cell level. Using ultra-fine glass capillaries with an inner diameter of 3 to 10 micrometers, approximately one-tenth the thickness of a human hair, this system allows researchers to observe living cells under a confocal microscope while precisely targeting and extracting specific sites or regions within the cell.

Yokogawa's proprietary technology, which enables the precise handling of highly diverse cells, has been formally recognized and adopted by the University of Surrey in the United Kingdom for its cancer research. With the implementation of the SS2000, researchers are now able to conduct lipid analyses--one of the essential components of living organisms--at the single living cell level, a capability that had previously been extremely challenging to achieve. This opens up new avenues for the design of optimal personalized treatments based on individual differences in the nature of cancer cells.

The University of Surrey's research has been published in a prestigious journal of the American Chemical Society and highlighted by major media, including the BBC, earning strong international acclaim.



Six Contribution Areas and Focus Areas toward Achieving the Three Goals

The main initiatives of the Life Business are particularly linked to “Improving efficiency in society & industry,” among the six contribution areas. Our focus areas are twofold: (1) improving productivity and quality for pharmaceutical, food & beverage, and bio industries, and (2) improving efficiency and quality of drug discovery & development. We will redouble our efforts to enhance corporate value so that achieving our business goals will also contribute to society and the environment.



Measuring Instruments Business

Vision

We will contribute to the realization of a sustainable society by providing measuring instruments, which are known as the mother tools of industry, and thereby assisting the growth of industries that facilitate the advancement of a digital society and support people's comfortable lifestyles, and aiding the innovation of electrical equipment in terms of energy saving and loss reduction.

Business Overview

Our business provides a wide variety of unique high-precision measurement solutions: electrical measuring instruments that gauge electricity, etc.; optical measuring instruments that quantify the wavelengths and power of light; manometers; and software-based measurement systems. Through the provision of these solutions, we contribute to solving our customer's challenges in improving the energy efficiency of various devices, innovating data communications, laying fiber optic cables, and maintaining their plants.

We focus on three fields: the next-generation communications field where all-photonics networks and other revolutionary technological advances are being made; the field contributing to realizing a decarbonized society, the primary examples being new energy, EVs, and batteries; and the industrial field that supports people's well-being through such services as the assessment of environmental and healthcare devices.

Yokogawa's Strengths

- High-precision sensing technology refined over many years of business operations
- Highly reliable product design technologies developed in the IA field that are capable of long-term stable operation and resistant to environmental changes
- Capability to deliver total solutions by accurately identifying customers' latent needs and integrating optical, electrical, and pressure-based technologies

Initiatives for GS2028

Strategy Overview

Under GS2028, we will continue, as we did under the previous medium-term business plan, to shift from a product-based business to a solution business that offers system products and comprehensively resolves customer challenges. To that end, we will focus not only on addressing the problems that customers are actually facing but also on identifying challenges that are yet to emerge but are likely to do so in the future, with the aim of generating new value through co-creation with customers.

At the same time, we will strategically invest in core technology development so that we can offer competitive solutions. To enable the early acquisition of technologies, we will actively develop open innovation in addition to making in-house development efforts.

Improving electric energy efficiency is a must in realizing a sustainable society, and generative AI is causing exponential growth in data communications traffic. These two factors will serve as strong growth drivers for our business. We will firmly seize this window of opportunity in the market and develop unique measurement solutions that meet customer needs in order to accelerate our growth and thereby achieve the GS2028 targets.

Key Measures

		Market	
		Existing	New
Products & solutions	New	Provide measurement solutions to improve energy efficiency • Provide comprehensive measurement systems that utilize multiple measuring instruments for the renewable energy and EV industries	Create new business using spectroscopic application technology • Develop high-speed waveform measurement equipment required for next-generation optical communications • Support the realization of "all-photonics networks" researched as the next-generation network by providing photonics-electronics convergence measurement solution.
	Existing	Pursue highly profitable business by developing and providing one-of-a-kind products • Develop new products that contribute to next-generation communications, decarbonization, and well-being • Propose solutions rapidly through co-creation with customers • Strengthen service to increase customer loyalty and expand the product business	Expand business areas by applying core technologies • Expand the measurement business for battery development • Provide new wavelength-range optical measuring instruments that meet the evolving needs of environmental analysis, healthcare, and semiconductor technology by applying existing core technology



Measuring Instruments Business, New Businesses and Others

	Business Opportunities and Risks	Key Measures and Focus Regions	GS2028 Achievements and Challenges to Date
Measuring Instruments Business CAGR target 12% or more	Business Opportunities - Projected annual growth of approximately 30% in shipments of optical transceivers for data centers, driven by the spread of AI - Business opportunities in electrical measurement for high-efficiency power supplies and energy-saving devices in data centers facing power consumption challenges - Promotion of new technology development in response to growing demand for plug-in hybrid vehicles (PHEV) driven by automotive electrification, as well as expansion of investment in low-power home appliances such as air conditioners and refrigerators Risks - Sluggish investment in client industries due to the U.S. tariff policy and other factors	Key Measures - Launching measurement system businesses focused on the renewable energy field - Expanding implementation of measurement solutions for photonics-electronics convergence devices in the optical communications market - Strengthening relationships with industry-leading companies to uncover latent needs and accelerate development of advanced products Focus Regions China, India	Achievements - Achieved the highest order volume in the past five years - Released a total of nine new products and solutions as of September 2025, including the SL2000, a base product for measurement systems used with electric energy conversion equipment, and the AQ6361 optical spectrum analyzer for production testing Challenges - Accelerating the transformation toward a solutions-based business model - Systematizing the collection of latent customer needs and strengthening relationships with executive-level stakeholders of customers

Key New Products

- Launched the AQ6361 optical spectrum analyzer for production testing (February 2025)
Half the size and triple the measurement speed, compared to previous models
Primary markets: optical communication device manufacturers, optical communication equipment manufacturers



- Launched the AQ2300 Multi-Application Test System (September 2024)
A test system supporting comprehensive testing in optical device production
Primary markets: optical communication device manufacturers, optical communication equipment manufacturers, universities



- Launched the AQ6377E optical spectrum analyzer for high-speed, high-precision measurement of mid-wave infrared light (January 2025)
Measures mid-wave infrared light with high resolution
Primary markets: universities, research institutions, optical semiconductor manufacturers



- Developed and launched the SL2000 high-speed data acquisition unit (May 2025)
A base product for measurement systems used with electric energy conversion equipment
Primary markets: automotive manufacturers, automotive electrical component manufacturers, electric power utilities

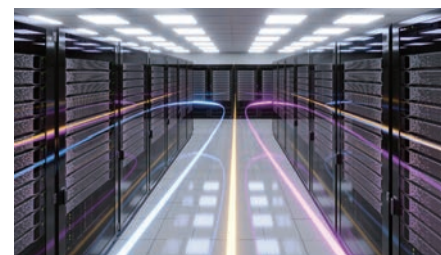


- Launched the CT1000S AC/DC split-core current sensor (June 2024)
Current sensor unit with high-precision and easy measurement for applications including Electronic Vehicles
Primary markets: automotive manufacturers, automotive electrical component manufacturers, motor manufacturers



Development and performance evaluation of optical communication devices and power equipment for AI data centers

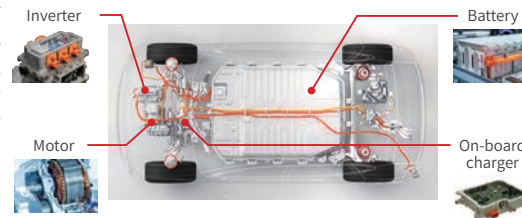
AI data centers handle high-speed, high-volume data, generating massive data traffic and requiring substantial amounts of power. Yokogawa's products are used in the development, performance evaluation, and production processes of devices and equipment for AI data centers (including optical communication equipment such as optical transceivers and optical fibers, as well as the power equipment that supports center-wide power supply), contributing to the advancement of AI-driven society.



Contributing to EV Development through High-Precision Integrated Measurement of Powertrains

Improving the efficiency of powertrains is critically important in the development of various types of EVs, including plug-in hybrid vehicles (PHEVs), as it directly impacts energy consumption, cost, and environmental footprint. Yokogawa's products are used in EV development for designs to improve power efficiency and performance evaluation of components such as motors and inverters*. By providing an integrated measurement solution, from voltage and current sensors to data acquisition units, we contribute to the development of a decarbonized society through the electrification of vehicles.

*A device that converts electric power from direct current (DC) to alternating current (AC)



New Businesses and Others

Setting its sights on providing an environment that allows the industrial Internet of Things (IIoT) to be used with ease, the Yokogawa Group is developing a solutions business that provides the necessary hardware, software, and cloud environment that are easy to use for service providers and that minimize operational load.

Areas for Exploration: Disaster prevention, space, and the ocean

We are exploring new initiatives on a global scale aimed at disaster prevention, disaster mitigation, and the realization of a recycling-oriented society. These include monitoring sea level changes and verifying the utilization of hydrogen on the lunar surface.

Six Contribution Areas and Focus Areas toward Achieving the Three Goals

The main initiatives of the Measuring Instruments Business are particularly linked to "Achieving carbon neutrality," "Improving efficiency in society & industry," and "Improving health and safety," among the six contribution areas. Our focus areas are threefold: (1) supporting adoption and improvement of efficiency of renewable energy and electric vehicles (2) supporting improved efficiency of next-gen communication systems; and (3) contributing to environment and health through measurement. We will redouble our efforts to enhance corporate value so that achieving our business goals will also contribute to society and the environment.



Chapter

5

Corporate Governance

- | | | | |
|----|--|----|--|
| 48 | Directors | 56 | Executive Compensation |
| 50 | Basic Views on Corporate Governance/
Overview of Corporate Governance
System | 57 | Cross-Shareholdings/Governance
regarding Sustainability |
| 51 | Board of Directors | 58 | Risk Management, Internal Control,
and Compliance |
| 54 | Nominating Committee | 59 | Vice President & Executive Officers |
| 55 | Compensation Committee/
Audit Committee | | |



Directors





Biographies of Directors

Directors



Hitoshi Nara
Executive Chairperson
Representative Executive Officer
Member of the Nominating Committee

Apr. 1985 Joined the Company
Oct. 2001 Deputy Managing Director of Yokogawa Engineering Asia Pte. Ltd.
Oct. 2003 Managing Director of Yokogawa (Thailand) Ltd.
Apr. 2010 Senior Vice President of the Company
Jun. 2011 Director and Senior Vice President
Apr. 2013 Director of the Company
Apr. 2017 President of Yokogawa Solution Service Corporation
Apr. 2019 Director, President & CEO, Representative Executive Officer
Jun. 2024 Executive Chairperson, Representative Executive Officer (present)



Kunimasa Shigeno
Director
President & CEO, Representative Executive Officer

Apr. 1991 Joined the Company
May 2008 Vice President, Engineering Business, Yokogawa Saudi Arabia Company (L.L.C.)
Apr. 2016 Executive Vice President, Engineering Business, Yokogawa Saudi Arabia Company (L.L.C.)
Apr. 2018 Vice President, Head of Global Business Service Headquarters of the Company
Apr. 2021 President & CEO of Yokogawa Middle East & Africa B.S.C.(c)
Apr. 2023 Vice President, Regional Chief Executive for Middle East and Africa of the Company, and President & CEO of Yokogawa Middle East & Africa B.S.C.(c)
Apr. 2024 Senior Vice President, Head of Digital Solutions Headquarters of the Company
Jun. 2024 Senior Vice President & Executive Officer, Head of Digital Solutions Headquarters
Apr. 2025 President & CEO, Representative Executive Officer
Jun. 2025 Director, President & CEO, Representative Executive Officer (present)



Hikaru Kikkawa
Director
Member of the Audit Committee

Apr. 1989 Joined the Company
Apr. 2011 Head of PR/IR Office, Corporate Administration Headquarters
Apr. 2012 Head of Corporate Planning Office, Corporate Headquarters
Apr. 2016 Head of Business Planning Office, Marketing Headquarters
May 2017 Vice President, Head of Audit, Compliance and Quality Assurance Headquarters of the Company
Apr. 2020 Vice President, Head of Audit & QHSE Headquarters
Apr. 2022 Internal Audit Headquarters
Jun. 2024 Director (present)



Michiko Nakajima
Director
Vice President & Executive Officer

Apr. 1994 Joined the Company
Apr. 2014 Head of Budget Control Department, Accounting & Treasury Headquarters
Apr. 2016 Head of Treasury Department, Accounting & Treasury Headquarters
Apr. 2018 Head of Accounting & Treasury Center, Corporate Administration Headquarters
Apr. 2021 Vice President, Head of Accounting & Treasury Headquarters
Jun. 2024 Director, Vice President & Executive Officer, Head of Accounting & Treasury Headquarters (present)



Akira Uchida
Outside Director
Chairperson of the Board
Member of the Nominating Committee
Member of the Compensation Committee

Apr. 1975 Joined Toray Industries, Inc.
Jun. 1996 Executive Vice President of Toray Industries (America), Inc.
Jun. 2000 Senior Manager of Corporate Planning 1st Department and Corporate Communications Department of Toray Industries, Inc.
Jun. 2004 Associate Director of Corporate Planning Department and Investor Relations Department of Toray Industries, Inc.
Jun. 2005 Vice President (Member of the Board), General Manager of Finance & Controller's Division of Toray Industries, Inc.
Jun. 2009 President of Toray Holding (U.S.A.), Inc.
Jun. 2009 Senior Vice President (Member of the Board), General Manager of Finance & Controller's Division of Toray Industries, Inc.
Jun. 2012 President of Toray Holding (U.S.A.), Inc.
Jun. 2012 Senior Vice President (Member of the Board), Chief Investor Relations Officer, Chief Social Responsibility Officer, General Supervisor for General Administration & Legal Division, Corporate Communications Department, Advertising Department, General Manager of Tokyo Head Office of Toray Industries, Inc.
Jun. 2016 Counselor of Toray Industries, Inc. (retired in March 2019)
Jun. 2019 Director of the Company (present)



Kuniko Urano
Outside Director
Chairperson of the Nominating Committee
Member of the Compensation Committee

Apr. 1979 Joined Komatsu Ltd.
Apr. 2005 General Manager of Logistics Planning Department, Production Division of Komatsu Ltd.
Apr. 2010 General Manager of Corporate Communications Department of Komatsu Ltd.
Apr. 2011 Executive Officer, General Manager of Corporate Communications Department of Komatsu Ltd.
Apr. 2014 Executive Officer, General Manager of Human Resources Department of Komatsu Ltd.
Apr. 2016 Senior Executive Officer, General Manager of Human Resources Department of Komatsu Ltd.
Jun. 2018 Director and Senior Executive Officer of Komatsu Ltd.
Apr. 2021 Director of Komatsu Ltd.
Jun. 2021 Director of the Company (present)
Jul. 2021 Senior Adviser of Komatsu Ltd. (retired in June 2024)

Outside Directors



Takuya Hirano
Outside Director
Member of the Nominating Committee
Chairperson of the Compensation Committee

Dec. 1995 Joined Kanematsu USA
Feb. 1998 Joined Hyperion Solutions Corporation (the present Oracle Corporation)
Feb. 2001 President of Hyperion Solutions Japan
Aug. 2005 Senior Director, Business & Marketing Division of Microsoft Co., Ltd. (the present Microsoft Japan Co., Ltd.)
Feb. 2006 General Manager, Enterprise Service of Microsoft Co., Ltd.
Jul. 2007 General Manager, Enterprise Business & Enterprise Service of Microsoft Co., Ltd.
Mar. 2008 General Manager, Enterprise Business of Microsoft Co., Ltd.
Sep. 2011 General Manager, Multi-country of Microsoft Central and Eastern Europe
Jul. 2014 Executive Vice President, Marketing & Operations of Microsoft Japan Co., Ltd.
Mar. 2015 Representative Officer, Executive Deputy President of Microsoft Japan Co., Ltd.
Jul. 2015 President of Microsoft Japan Co., Ltd. (retired in August 2019)
Sep. 2019 Vice President, Global Service Partner Business of Microsoft Corporation (retired in September 2022)
Jun. 2022 Director of the Company (present)



Yujiro Goto
Outside Director
Member of the Nominating Committee
Member of the Compensation Committee

Apr. 1980 Joined Nippon Shokubai Kagaku Kogyo Co., Ltd. (the present NIPPON SHOKUBAI CO., LTD.)
Apr. 2011 Deputy Director of Production Div., and General Manager of Production & technology Dept. of NIPPON SHOKUBAI CO., LTD.
Apr. 2012 Plant Manager of Kawasaki Plant of NIPPON SHOKUBAI CO., LTD.
Jun. 2012 Executive Officer, Plant Manager of Kawasaki Plant of NIPPON SHOKUBAI CO., LTD.
Jun. 2015 Member of the Board, Managing Executive Officer in charge of production and technology departments of NIPPON SHOKUBAI CO., LTD.
Apr. 2017 President and Representative Member of the Board of NIPPON SHOKUBAI CO., LTD.
Jun. 2022 Member of the Board, Chairman of NIPPON SHOKUBAI CO., LTD.
Jun. 2023 Advisor of NIPPON SHOKUBAI CO., LTD. Director of the Company (present)



Makoto Ohsawa
Outside Director
Leading Outside Director
Member of the Audit Committee

Apr. 1981 Joined the Bank of Japan
May 1990 Seconded to the International Monetary Fund (Asian Department)
Jun. 1997 Deputy Chief, London Representative Office of the Bank of Japan
Jun. 1999 Director, Financial Markets Department of the Bank of Japan
Jun. 2003 General Manager, Naha Branch (Okinawa) of the Bank of Japan
Jun. 2006 Joined PwC
Sep. 2008 Partner of PwC (in charge of Business Revitalization, Financial, Family Businesses, Healthcare, and Hospitality Industries)
Feb. 2012 Chief Executive Officer of FEMO Co., Ltd. (present)
Jun. 2018 Member of Audit & Supervisory Board of the Company
Jun. 2024 Director of the Company (present)



Masaru Ono
Outside Director
Member of the Audit Committee

Apr. 1978 Registered Tokyo Bar Association
Jun. 1983 Certified New York State Bar
Feb. 1984 Joined Nishimura Sanada Law Firm (the present Nishimura & Asahi)
Jul. 1985 Partner of Nishimura & Asahi
Jun. 2007 Managing Director of Securitization Forum of Japan (the present President) (present)
Apr. 2009 Visiting Professor of University of Tokyo (retired in March 2024)
Jun. 2020 Member of Audit & Supervisory Board of the Company
Jan. 2021 Of Counsel of Nishimura & Asahi (retired in December 2023)
Jan. 2024 Representative Partner of Ono & Partner (present)
Jun. 2024 Advisor of Nishimura & Asahi (present)
Jun. 2024 Director of the Company (present)



Hisashi Maruyama
Outside Director
Chairperson of the Audit Committee

Apr. 1983 Joined Hitachi Chemical Company, Ltd. (the present Resonac Corporation)
Apr. 2003 Head of President's Office and General Manager in charge of Legal and IR of Hitachi Chemical Company, Ltd. (the present Resonac Corporation)
Apr. 2011 Executive Officer, Deputy General Manager of CSR Management Department and Head of Finance Center of Hitachi Chemical Company, Ltd. (the present Resonac Corporation)
Apr. 2015 Managing Executive Officer of Hitachi Chemical Company, Ltd. (the present Resonac Corporation)
Apr. 2016 Representative Executive Officer and President of Hitachi Chemical Company, Ltd. (the present Resonac Corporation)
Jun. 2016 Director, Representative Executive Officer and President of Hitachi Chemical Company, Ltd. (the present Resonac Corporation)
Mar. 2021 Director of Showa Denko K.K. (the present Resonac Holdings Corporation) (retired in March 2023)
Jan. 2022 Representative Director and Chairman of Showa Denko Materials Co., Ltd. (the present Resonac Corporation) (retired in December 2022)
Jun. 2024 Director of the Company (present)



Christina Ahmadjian
Outside Director
Member of the Audit Committee

Jan. 1995 Associate Professor, Columbia Business School
Oct. 2001 Associate Professor, School of International Corporate Strategy of Hitotsubashi University
Jan. 2004 Professor, School of International Corporate Strategy of Hitotsubashi University
Jun. 2009 Outside Director of Eisai Co., Ltd. (retired in June 2013)
Apr. 2010 Professor, Head of School of International Corporate Strategy of Hitotsubashi University
Apr. 2012 Professor, School of Commerce and Management of Hitotsubashi University
Jun. 2012 Outside Director of Mitsubishi Heavy Industries, Ltd. (retired in June 2021)
Jun. 2014 Outside Director of Japan Exchange Group, Inc. (retired in June 2022)
Apr. 2018 Professor, School of Business Administration of Hitotsubashi University
Jun. 2018 Outside Director of Sumitomo Electric Industries, Ltd. (retired in June 2025)
Mar. 2019 Outside Director of Asahi Group Holdings, Ltd. (retired in March 2025)
Jun. 2021 Outside Director of NEC Corporation (retired in June 2025)
Jun. 2021 Professor Emeritus of Hitotsubashi University (present)
Jun. 2022 Outside Director of Nittera Co., Ltd. (present)
Jun. 2022 Director of the Company (present)
Jun. 2025 Outside Director of DISCO Corporation (present)



Basic Views on Corporate Governance

The Yokogawa Electric Group has established a corporate philosophy, the Yokogawa Philosophy, and the Yokogawa Group Code of Conduct that apply to the entire Group, and strives to maintain appropriate relationships with all stakeholders as well as aims for sustainable corporate growth and increased corporate value over the medium to long term. In addition, based on the philosophy that “a company is a public entity of society,” the Group positions answering the trust of all stakeholders, including shareholders, customers, business partners, society, and employees, via sound and sustainable growth, as the basic mission of its corporate management. In addition, we believe that solving environmental and social issues is the raison d’être of the Group, and we have established Yokogawa’s Purpose as “utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet,” in which the top management itself demonstrates strong conviction and leadership to promote management that values sustainability.

In order to experience healthy and sustainable growth of the Group and to maximize its corporate value, the Group believes that efforts such as thorough compliance, appropriate management of risks, and information disclosure in order to ensure constructive dialogue with shareholders and other stakeholders are also important. The Group formulates these Yokogawa Corporate Governance Guidelines (our website)[\[link\]](#), which serve as the basic policy for continually working on corporate governance in line with the above views.

Overview of Corporate Governance System

Following the approval of a partial amendment to its Articles of Incorporation at the 148th Annual General Meeting of Shareholders held on June 18, 2024, the Company transitioned to a Company with a Nominating Committee, etc.

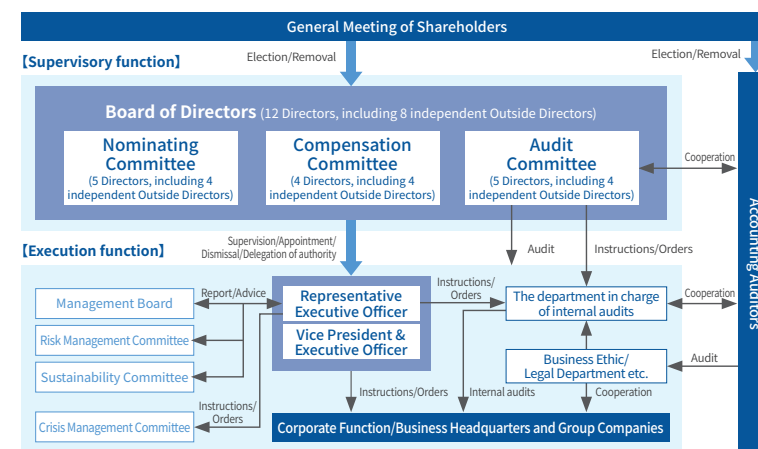
The Company aims to ensure transparency and fairness in its operations by clearly separating the supervision of management and business execution. It seeks to strengthen the supervisory function of the Board of Directors and clarify the authority and responsibilities of Vice President & Executive Officers. Through these initiatives, the Company strives to enhance the quality and speed of decision-making and business execution, thereby achieving sustainable growth and increasing its corporate value of the Group over the medium to long term. Accordingly, the Company has adopted the institutional design of a Company with a Nominating Committee, etc., as defined under the Companies Act.

Corporate Governance Changes Over Time

	Until FY2023 Continuous enhancement					From FY2024 Further enhancement
	2005	2010	2015	2020	2024	
Institutional design	Company with an Audit & Supervisory Board					
Outside Directors	●1 director	●2 directors ●3 directors	●4 directors	●5 directors, accounting for a majority of the Board of Directors	●8 directors	
Voluntary advisory committees			●Established a Nominating and Compensation Committee ●Established a Nominating 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 the Articles of Incorporation to reduce the number of Directors (25→15) Introduced a 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 positions of Senior Advisor, Advisor, and Honorary Corporate Associate ●Amendment of the Articles of Incorporation regarding an electronic provision system for informational materials for the General Meeting of Shareholders		
Other			●Conducted an 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 Chairperson of the Board ●Appointed a foreign national as a Director ●Appointment of a female Outside Director Appointment of female officers	●First female Director appointed from within Company	

*Once every three years with self-evaluation in other years, in principle

Corporate Governance System (as of June 2025)



Transition to a Company with a Nominating Committee, etc. (June 2024)

Through a clear division of roles between supervision and execution, etc., the following will be pursued to enhance corporate value:

- Streamlining the decision-making process
- Clarifying responsibilities for management decisions and achievement of business plans
- Strengthening and streamlining audit functions

The following actions will be promoted under the new institutional design:

- Strengthening the quality and speed of business execution and decision-making
- Diversifying the Board of Directors and enhancing information disclosure
- Restructuring and improving human resource systems and appraisal/compensation systems for the Group
- Linking executive compensation and sustainability goals
- Enhancing Group governance
- Strengthening internal control and risk management systems

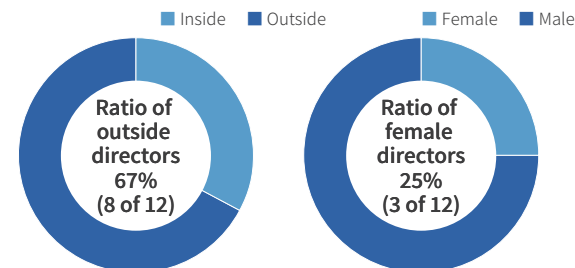


Board of Directors

The Roles of the Board of Directors

The Board of Directors is entrusted by shareholders with the aim of achieving sustainable growth and increasing the corporate value of the Group over the medium to long term. To achieve this aim, the Board of Directors positions initiatives for sustainability as an important management issue, and seeks to improve profit earning capability and capital efficiency, while setting the corporate strategies that determine the overall direction for the Group. To speed up management decision-making and business execution, authority for decision-making on business execution is largely delegated to the Vice President & Executive Officers. The Board of Directors supervises the Vice President & Executive Officers in the execution of their duties, determines the basic policy for the business execution internal control system, and monitors and supervises the establishment and operation of that system.

An independent outside director shall, in principle, act as the Chairperson of the Board of Directors in order to separate the execution and supervision of business, and the Chairperson of the Board of Directors shall strive to set the agenda and conduct the meetings of the Board of Directors in such a way that fosters free and open discussions and constructive debates based on individual knowledge and experience.



Messages from Officers



Akira Uchida

Outside Director
Chairperson of the Board
Member of the Nominating
Committee, Member of the
Compensation Committee



Kunimasa Shigeno

Director
President & CEO,
Representative Executive Officer



Christina Ahmadjian

Outside Director
Member of the Audit Committee

In line with last year's transition to a Company with a Nominating Committee, etc. structure, the Company transferred substantial authority to those in charge of business execution. The Board of Directors thus focused more on the discussion of management strategies that are geared toward improving corporate value over the medium to long term, including global strategies, technology strategies, human capital management, and M&A strategies. In addition, the Company recognizes the importance of the supervision function: keeping a close eye on whether the significant transfer of authority to the business-execution side helps to accelerate management and produce steady results. In line with that perspective, the Company adopted an approach through which the President & CEO, Representative Executive Officer provides monthly reports on the status of business execution, including the results of deliberations by the Management Board, to allow board members to hold discussions and provide advice.

In last year's evaluation by the Board of Directors, regular progress reports on the medium-term business plan, discussions on key issues in the plan, and deeper discussions on the aforementioned topics of human capital management and company-wide technology strategies emerged as important issues that needed to be addressed. Based on these findings and the issues and follow-up items identified in the Board of Directors meetings, we set agenda matters for fiscal year 2025 and, through effective discussions on those matters, helped to improve the Company's corporate value.

Last year, Yokogawa transitioned to a Company with a Nominating Committee, etc. structure with the aims of achieving sustainable growth and fulfilling its social responsibilities. In assuming my position as a Director, I once again sense the weight of my responsibility for accomplishing these goals.

In my concurrent roles as Director and President & CEO, Representative Executive Officer, I will value dialogues with our stakeholders and strive to establish a fair and highly transparent management system by building sound relationships of tension and trust between the Board of Directors and the business-execution side. At the same time, I will make every effort to improve the quality and speed of our decision-making.

The Company has been implementing the Growth for Sustainability 2028 medium-term business plan since the start of the previous fiscal year. The corresponding strategies have now taken full shape, and I see it as my mission to execute them on a steady, consistent basis. By engaging with issues from the customer's viewpoint and providing and deploying solutions on a global scale, we will strive to balance growth with profitability and improve Yokogawa's medium- to long-term corporate value.

It is a great honor to join the board of Yokogawa. For nearly 30 years, I have taught and conducted research in corporate governance, management and organization, international business, and global leadership. I have also had the privilege of serving as an independent outside director for several leading Japanese companies. I now look forward to contributing to Yokogawa's ongoing evolution in corporate governance.

Outside directors play two critical roles. First, we serve as monitors—ensuring that top management delivers on its commitments with the highest standards of compliance, transparency, ethics, and accountability to all stakeholders. Second, we act as advisors—challenging and supporting management in shaping forward-looking strategies and building the organizations needed to execute them.

But effectiveness requires more than just fulfilling individual responsibilities. Outside directors must work together as a unified board—maintaining a healthy balance of trust and collaboration with management, while also keeping a disciplined, independent, and critical perspective.

Yokogawa is a truly distinctive and exceptional company. I am committed to fulfilling my role with vigilance and integrity, and to helping Yokogawa continue to enhance its unique value proposition—delivering both long-term financial performance and sustainability in line with stakeholder expectations.



Board of Directors Composition and Roles, and Directors' Expertise and Experiences (Skill Matrix)

Name		Title	No. of years as director*1 (as of June 30, 2025)	Committees to which directors belong			Expertise and experience								
				Nominating Committee: 5 members	Compensation Committee: 4 members	Audit Committee: 5 members	Corporate management	Internationality/ Global experience	Treasury/ Finance	Technology/ Development	IT/Digital	Sales/ Marketing	HR/HR development	Legal & Risk management	Sustainability ESG
Directors	Hitoshi Nara	Executive Chairperson, Representative Executive Officer	14 years	●			●	●				●			
	Kunimasa Shigeno	President & CEO, Representative Executive Officer	—					●		●					
	Hikaru Kikkawa		1 year			●		●	●			●			
	Michiko Nakajima	Vice President & Executive Officer, Head of Accounting & Treasury Headquarters	1 year						●						
Outside Directors	Akira Uchida	Chairperson of the Board of Directors	6 years	●	●			●	●						●
	Kuniko Urano	Chairperson of the Nominating Committee	4 years	◎*3	●								●		●
	Takuya Hirano	Chairperson of the Compensation Committee	3 years	●	◎*3			●			●	●			
	Yujiro Goto		2 years	●	●		●			●					●
	Makoto Ohsawa	Leading Outside Director	7 years*2			●		●	●						
	Masaru Ono		5 years*2			●		●						●	●
	Hisashi Maruyama	Chairperson of the Audit Committee	1 year			◎*3	●		●					●	
	Christina Ahmadjian		—			●		●						●	●

*1. Average length of service: 3.66 years *2. Includes years served as an Outside Audit & Supervisory Board Member before the transition to a Company with a Nominating Committee, etc. *3. Chairperson

Corporate management	In order to achieve the transformation set out in the long-term business framework and in the medium-term business plan GS2028 amid major changes in the business environment, such as structural changes in the energy industry and advances in digital technology innovation, a wealth of experience and knowledge in the field of corporate management in general is required, including leading the transformation as head of the corporate headquarters of a major company.
Internationality/Global experience	A wealth of experience and knowledge in global business and overseas culture and environments is required to develop and implement medium- to long-term growth strategies for the Company, which operates globally (ratio of overseas sales: approximately 75%, ratio of overseas employees: approximately 65%), and to properly supervise global management.
Treasury/Finance	Solid experience and knowledge in the fields of treasury and finance are required to build a strong financial base to support sustainable growth of the Company and to develop a financial strategy to promote aggressive investment in growth, including M&A and alliances, and to realize appropriate shareholder returns.
Technology/Development	To further evolve and develop the Company's strengths in technology and development in the fields of measurement, control, and information to achieve growth through innovative solutions incorporating new technologies, it is necessary to have solid experience and knowledge in the fields of innovation, technology, development, quality, and the environment.
IT/Digital	Achieving new solutions through integration, autonomization, and digitization and creating new value through IT and OT convergence and the System of Systems concept connecting multiple systems requires extensive experience and knowledge in the fields of business operations and business model transformation using advanced IT and digital technologies.
Sales/Marketing	To achieve growth by solving customers' real problems through innovative solutions, it is essential to transform business models and to plan and develop new solutions that meet market needs, as well as to develop a strategy to expand orders and sales, which require extensive experience and knowledge in the sales and marketing fields.
HR/HR development	As the importance of human capital management increases, in order to transform the Company into what it aims to be in the medium to long term, it is important for the Company to develop and implement human resources strategies, such as securing, developing, and utilizing management personnel, DX personnel, and consultant personnel, in conjunction with management strategies, which requires solid experience and knowledge in the fields of human resources and human resources development.
Legal & Risk management	Achieving sustainable corporate value growth requires risk management that can accurately and quickly address rapidly changing and diversifying risk factors in a rapidly changing business environment and requires solid experience and knowledge in the fields of risk management, compliance, and law.
Sustainability/ESG	To sustainably increase corporate value in keeping with Yokogawa's Purpose of "Utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet," it is necessary to achieve both growth through ESG-focused management and the creation of social and environmental value, which in turn requires extensive experience and knowledge in the fields of sustainability and ESG.





Board of Directors' Activity and Results in Fiscal Year 2024

*The activities and the results of the Board of Directors as a Company with an Audit & Supervisory Board until June 2024, and as a Company with a Nominating Committee, etc. from June 18, 2024.

Activities and Results Number of meetings 15 Attendance rate* 100% *Includes the attendance of Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) before the transition to a Company with a Nominating Committee, etc.	Medium- to long-term growth strategy and important management issues • Medium- to long-term initiatives to increase Company-wide profitability • Strategy for high-growth regions • Strategy related to AI and security • Human capital management initiatives • Progress and outcomes of the management foundation transformation project • Progress and process of the M&A plan Priority Items Discussed	Sustainability • Review of GS2028 sustainability indicators • Update on contribution and growth story based on business strategy • Status of deliberations toward the realization of sustainable products and services • Ongoing efforts to address ESG issues Governance • Optimal decision-making processes to support management team risk-taking and enhance management speed • Enhanced information sharing at Board of Directors meetings with respect to risk management, internal audits, and activities of the Nominating Committee, the Audit Committee, and the Compensation Committee
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Board of Directors Evaluation

Based on the evaluations of each Director, each year the Board of Directors shall identify issues for further boosting the strengths and effectiveness of the Board of Directors, and make analysis and evaluations in order to clarify the points that should be emphasized when working on each issue. To make evaluations, the Board of Directors has used third-party evaluation organizations, as appropriate.

Summary of the Fiscal Year 2024 Board of Directors Evaluation Results

As a result of the evaluation of the Board of Directors, the Board of Directors was found to be open and highly effective. The sincere engagement of the executive side was also highly regarded. On the other hand, there remains room for improvement in focusing on key agenda items and enhancing operational efficiency.

Roles, size and composition of the Board of Directors

- The Group has engaged in initiatives to transform a company continuously creating value in the rapidly changing business environment. The Board of Directors appropriately fulfills its role based on the recognition that its important roles and functions are to provide medium- to long-term management direction, and to supervise the execution of operations and evaluate business performance from the perspective of each stakeholder. The Chairperson and Directors appropriately fulfill their roles, and contribute to the improving effectiveness of the Board of Directors. Furthermore, evaluation found that the transition to being a Company with a Nominating Committee, etc. clearly delineated the responsibilities of management oversight vis-à-vis business execution.
- While the size of the Board of Directors, the ratio of outside directors to inside directors, and the diversity of its members are recognized as appropriate, further enhancement of international and gender diversity is considered desirable.

Management status of the Board of Directors

- The frequency and duration of Board of Directors meetings were found to be appropriate, with open and constructive discussions. In terms of agenda setting, it was found necessary to allocate more time to important themes and issues related to fulfilling the Medium-term Business Plan, as well as to review the situation after the transition to a Company with a Nominating Committee, etc.
- The Board of Directors contributes to the formulation and implementation of the Medium-term Business Plan and Long-term Management Concept from a variety of knowledge and perspectives. The Board of Directors recognizes that securing and transforming human resources, expanding business, and improving profitability are issues that need to be addressed, and it is believed that the progress and results of these efforts should be strengthened.

Efforts for future improvement

In order to further accelerate the transformation of the Group based on the results of the Board of Directors evaluation, the Board of Directors will work to enhance effectiveness by bolstering the supervisory function further through the following initiatives:

Establishment of governance structure as a Company with a Nominating Committee, etc.

In accordance with the transition to a Company with a Nominating Committee, etc., we will clearly separate management oversight from business execution, further improving the quality and speed of business execution and decision-making, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term.

Deepen discussion of medium- and long-term management strategies

Important medium- to long-term management issues will be selected for the agenda with a view to achieving the new medium-term business plan and long-term management concept launched in fiscal year 2024. Among them, we will take up as agenda items important management issues that should be discussed by the Board of Directors, which were raised in the Board of Directors evaluation and Outside Officers Meeting. In order to deepen these discussions, we will also further strengthen communication with the executive side.

Strengthen monitoring functions

In light of the Company's transition to a Company with a Nominating Committee, etc., the Board of Directors will enhance its monitoring to verify whether the quality and speed of business execution and decision-making are improving, in addition to monitoring the progress of the medium-term business plan. In addition, as a company with Nomination Committee, etc., the Board of Directors will develop an appropriate governance system and confirm the status of the system. As for the three statutory committees, we will also ensure their flexible operation while putting their operation on track by sharing important cases and other information.

The operation of the Board of Directors as seen from the executive side

The executive side expressed the view that the separation of management oversight and executive authority had been clearly defined and was moving in the right direction, but also pointed out that improvements were needed in terms of speed of execution and the creation of new businesses. At the same time, the Board of Directors is seeking further comments and advice from the perspective of stakeholders on various strategic issues.

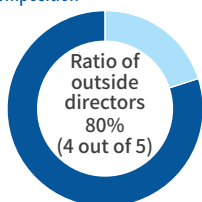
Nominating Committee

Roles of the Nominating Committee

The Nominating Committee sets out the criteria and procedures for the appointment, reappointment, and dismissal of directors and Vice President & Executive Officers, and deliberates based on them, so that personnel with the desired qualifications, achievements, etc. are selected in an optimal fashion for these positions based on the perspectives of all stakeholders regarding the continued development of the Group and corporate governance. The Nominating Committee makes decisions on the items set forth below.

- (1) Decisions on proposals regarding the election and dismissal of directors to be submitted to the General Meeting of Shareholders
- (2) Details of agenda items to be discussed at meetings of the Board of Directors concerning the appointment, dismissal, or removal of Representative Executive Officers and Vice President & Executive Officers
- (3) Establishment, amendment or abolition of necessary basic policies, regulations, procedures, etc. to enable a decision by the committee regarding an item stated in item (2)
- (4) Other matters that the Committee recognizes as important in relation to the appointment of candidates, and dismissal or removal of Representative Executive Officers and Vice President & Executive Officers stated in items (1) and (2)

Composition



Director Hitoshi Nara
Outside Director Akira Uchida
Outside Director Kuniko Urano◎
Outside Director Takuya Hirano
Outside Director Yujiro Goto
Note: "◎" denotes the Committee Chairperson.

Activity Results in Fiscal Year 2024

*The activities were conducted by the Nomination Advisory Committee until June 2024 and by the Nominating Committee after June 18, 2024.

Number of meetings	Nomination Advisory Committee: 3	Nominating Committee: 12
Attendance rate	Nomination Advisory Committee: 100%	Nominating Committee: 100%
Matters discussed	• How the Board of Directors should function, the direction it should pursue in the future, and the composition of the Board of Directors • Candidates for chairperson, positions on the three statutory committees, and the vice president & executive officer positions submitted to the Board of Directors subsequent to the transition to a Company with a Nominating Committee, etc. structure. • Evaluation of the President & CEO, Representative Executive Officer based on performance in the previous fiscal year • Vice president & executive officer organization for fiscal year 2025 • Director candidates proposed for the Annual General Meeting of Shareholders held in June 2025 • Change in the President & CEO, Representative Executive Officer effective April 1, 2025, based on the CEO succession plan	



Kuniko Urano

Outside director
Chairperson of the
Nominating Committee

Kuniko Urano has served as the Chairperson of the Nominating Committee since 2024. Yokogawa transitioned to a Company with a Nominating Committee, etc. structure in fiscal year 2024 in order to promote swift, resolute decision-making through a clear division of roles between supervision and execution while also strengthening its overall corporate governance. Positions on the Nomination Advisory Committee were voluntary prior to the transition, and outside directors were in the majority, with an outside director serving as Committee Chairperson. In addition to ensuring objectivity and transparency, the Committee conducted open and honest discussions and gave reports on key topics, including the optimal composition for the Board of Directors to enhance effectiveness, the human-resources requirements for President and other senior management positions, as well as approaches to developing and electing top-level personnel. In all, the Committee operated in a manner similar to a statutory nominating committee. I feel that, due to the transition, not only does the Group now have a stronger medium- to long-term perspective, but the discussions have also addressed a wider range of ideas—thanks to the incorporation of objective viewpoints from external experts—and have been conducted in a more timely manner. In addition, the Committee has strengthened its stance of cooperating with other statutory committees and deepening discussions at the outside directors' meetings, etc.

The year 2025 marked a major milestone with the succession of the President & CEO, Representative Executive Officer. Since 2015, when the Nomination Advisory Committee was in place, the Company has been setting the requirements for the position of President and has implemented a program to select and systematically develop candidates for this position. The succession of 2024 was the second time this was done under this system. I have the impression that the business execution side is fully aware of how important it is to develop management personnel and is putting an even stronger focus on those efforts. I also believe the company has built an orthodox but highly transparent and objective system, and has been diligently sustaining this by implementing the PDCA cycle. In 2022, we began in a concrete manner, narrowing the internal candidates down to a relatively small number at an early stage while providing feedback to the candidates themselves. We deliberated again on the human-resources requirements that leaders need to meet in order to achieve Yokogawa's vision for 2030. Rather than just simply reviewing the requirements, we also shared the points that should be emphasized. The selection of a president is greatly influenced by a company's culture. We engaged with the candidates knowing that, if they became the President, they would be reflecting the comprehensive strength of the Company. That meant evaluating key questions: whether they could engage in open, in-depth discussions not only at Board of Directors meetings but also at internal meetings, whether they had the ability to stay attuned to social trends and understand the governance, competitiveness, and corporate value the Company would need from a medium- to long-term perspective, and whether they could demonstrate reliable leadership in implementing measures to keep pushing improvements across a large global organization. In coming to an appropriate decision, I believe the Committee members all deliberated on the candidates carefully and effectively, including assessments of their expertise and experience.

In addition to providing the right support to help the new President and the management team fully demonstrate their capabilities, we will continue to take steps to make the Committee even more capable and productive.

Succession Plan

Evaluation of President & CEO, Representative Executive Officer

The Nominating Committee performs a yearly evaluation of the President & CEO, Representative Executive Officer using basic evaluation criteria, including quantitative aspects of the Company's business results. By checking and confirming the comprehensive supervisory and business execution capabilities of management and carefully and appropriately deliberating on whether it would be suitable for the members of management to continue in their respective roles, the Committee ensures that appointments, reappointments, and dismissals are appropriate. Further, by evaluating results from multiple perspectives, identifying issues, and providing feedback to individuals, the Committee aims to improve the quality of management.

Succession Plan for President & CEO and Representative Executive Officer Positions

The Nominating Committee, of which a majority is comprised of independent outside directors, deliberates and determines matters pertaining to the succession plan for the position of President & CEO, Representative Executive Officer. The Committee has set the requirements and planned the process for selecting executives to serve in the President & CEO, Representative Executive Officer role, and reviews them as and when required. For future candidates for such appointments, the Committee prepares development plans, provides the necessary training, and assigns them as appropriate.

Yokogawa Receives METI Minister's Award for Corporate Governance of the Year 2024

This award program, in place since fiscal year 2015, is part of the Japanese government's growth strategy to promote the earning potential of Japanese companies by encouraging companies to achieve sound growth over the medium- to long-term through good corporate governance.

Yokogawa was recognized as a company making advanced efforts in its selection of executives to serve in the President & CEO role and in its succession planning, which are the cornerstones of governance.



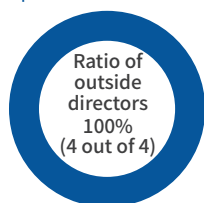
Compensation Committee

Roles of the Compensation Committee

The Compensation Committee deliberates and makes decisions based on set criteria and procedures in order to ensure that the compensation system and compensation for directors and Vice President & Executive Officers encourages the undertaking of appropriate challenges that will promote the Group's growth, enables the hiring and retention of excellent individuals, and is viewed positively by all stakeholders. The Compensation Committee makes decisions on the items set forth below.

- (1) Policy in relation to decisions concerning the details of compensation, etc. for directors and Vice President & Executive Officers
- (2) Details and criteria concerning compensation, etc. for individual directors and Vice President & Executive Officers
- (3) Establishment, amendment, or abolition of necessary basic policies, regulations, procedures, etc. to enable decisions by the Compensation Committee regarding the above items
- (4) With respect to the above items, other matters that the Compensation Committee recognizes as important in relation to compensation, etc.

Composition ■ Inside ■ Outside



Outside Director Akira Uchida
Outside Director Kuniko Urano
Outside Director Takuya Hirano◎
Outside Director Yujiro Goto
Note: "◎" denotes the Committee Chairperson.

Results of Activities in Fiscal Year 2024

*The activities were conducted by the Compensation Advisory Committee until June 2024 and by the Compensation Committee after June 18, 2024.

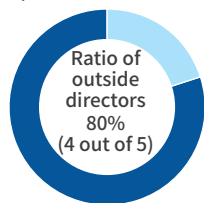
Number of meetings	Compensation Advisory Committee: 3 Compensation Committee: 5
Attendance rate	Compensation Advisory Committee: 100% Compensation Committee: 100%
Matters discussed	• Payments of performance-linked stock compensation based on the results of the previous medium-term business plan • Amounts of performance-linked compensation (annual incentive) paid in July 2024 to individual personnel based on the indicators and calculation formulas established by the Compensation Advisory Committee in July 2023 • Determination of performance indicators and formulas for performance-linked compensation paid in July 2025 • Partial changes to the executive compensation system in connection with the transition to a Company with a Nominating Committee, etc. • Assessment of executive compensation levels and revisions to base amounts of fixed compensation and performance-based compensation based on that assessment

Audit Committee

Roles of the Audit Committee

The Audit Committee is responsible for statutory duties such as auditing the execution of duties by directors and Vice President & Executive Officers, preparing audit reports, and deciding on proposals for the appointment and dismissal of the accounting auditor. From the perspective of the directors, it primarily conducts high-value-added audits and validity audits.

Composition ■ Inside ■ Outside



Director Hikaru Kikkawa
Outside Director Makoto Ohsawa
Outside Director Masaru Ono
Outside Director Hisashi Maruyama◎
Outside Director Christina Ahmadjian
Note: "◎" denotes the Committee Chairperson.

Results of Activities in Fiscal Year 2024

*The activities were conducted by the Audit & Supervisory Board until June 2024 and by the Audit Committee after June 18, 2024.

Number of meetings	Audit & Supervisory Board: 5 Audit Committee: 15
Attendance rate	Audit & Supervisory Board: 100% Audit Committee: 98.7%
Priority audit items	Confirmation of progress on the GS2028 medium-term business plan Establishment and operation of the Yokogawa Group's internal control system
Activities	• Audits of business execution by attending important meetings and viewing important documents • Audits through interviews with directors, vice president and executive officers, and other key employees • Cooperation with the accounting auditor and the department in charge of internal audits • Cooperation with the Group's full-time Audit & Supervisory Board members • Reports to the Board of Directors • Establishment of a whistleblowing hotline directly connected to the Audit Committee



Takuya Hirano

Outside Director
Chairperson of the
Compensation Committee

Yokogawa has transitioned to a Company with a Nominating Committee, etc. structure in its continuing pursuit of a higher level of corporate governance. That aim extends to the operations of the Compensation Committee. In addition to ensuring the transparency and objectivity of the compensation system, the Compensation Committee continually reviews its approach to ensure that the compensation of the management team functions as a sound incentive for the sustained improvement of corporate value.

Even prior to Yokogawa's transition to the Company with a Nominating Committee, etc. structure, the Compensation Advisory Committee was comprised primarily of outside directors. The Chairperson, too, was an outside director. While the Company's transition has thus not resulted in any major changes in the Committee's operations, the Committee now consists solely of outside directors and engages in deeper discussions rooted in a more external perspective.

While fully understanding Japan's Corporate Governance Code and external benchmarks, we seek to maintain a dialogue by having the Representative Executive

Officers participate in a limited capacity as observers in our meetings. This is to ensure that our compensation system does not unilaterally exert pressure on the management team. This approach is essential to building stronger trust and acceptance among stakeholders while maintaining a healthy sense of tension in our relationship with management.

We believe that the compensation system is not merely a framework for rewarding personnel but also an embodiment of our corporate philosophy and values. Along with the Company's strategies and operations, the system constitutes part of our organizational culture and is an important means of showing employees and stakeholders exactly what the Company values. We continue to pursue an optimal balance in our approach to compensation, remaining sensitive to changes in the market, shifts in society, and consistency with internal systems.

Guided by the philosophy of President Shigeno, the top executive, we will continue to put forth every effort to realize a compensation system that supports value creation and sustainable growth for the entire Yokogawa Group.



Hisashi Maruyama

Outside Director
Chairperson of the Audit
Committee

It has been one year since the Company transitioned to a Company with a Nominating Committee, etc. structure with the aim of strengthening its governance. Under this new institutional design, the Audit Committee's core function is to audit the performance of duties by directors and Vice President & Executive Officers. It focuses on assessing the status of the creation, development, and operation of the Group-wide internal control system, operating from the standpoints of both legal compliance and appropriateness, and also confirming the progress of the medium-term business plan. In all its audit activities, the Committee focuses on fairness and transparency.

As a result of this change, the Audit Committee has become more independent; its five members now comprise four independent outside directors and one full-time director from inside the Company. As the majority of Audit Committee members are outside directors, it is difficult to conduct on-site audits. Therefore, the Internal Audit Department, which was previously under the direct control of the President, has been placed under the direct control of the Audit Committee. A dual-reporting system where the Department also makes reports to the President as appropriate has also been implemented. By enabling a closer exchange of information between the Audit Committee members and the Internal Audit Department, this makes it possible to conduct flexible, effective audits of various management issues.

The audit activities conducted by the Audit Committee included interviews with almost all the Vice President & Executive Officers, including the President & CEO, Representative Executive Officer, with the aim of directly auditing the execution of their duties. In addition to confirming that each vice president & executive officer is fully aware of his or her authority and responsibilities in executing his or her duties and determining the operational status of the internal control system, for which the vice president & executives are responsible, the Audit Committee engages in an open and honest exchange of views on initiatives aimed at achieving the goals of the medium-term business plan, discusses issues that come to light from these exchanges, reports on the discussions to the Board of Directors, and works to encourage improvements.

Under the Company with a Nominating Committee, etc. structure, organizational auditing is the primary focus. This makes it important for the Audit Committee to determine whether the internal control system is functioning effectively. In the event that audits identify deficiencies or issues in the execution of business operations, the Audit Committee's basic policy is to prevent recurrence by resolving individual cases, examining the operational status of the internal control system, and making necessary improvements.

As its works to strengthen internal controls and enhance management transparency in accordance with the basic principles of Japan's Corporate Governance Code, I would like for the Audit Committee to contribute to the Company's sustained growth and improve its corporate value.



Executive Compensation

Basic Policy

The basic policy on compensation for Directors and Vice President & Executive Officers shall be as follows:

- (a) Plan that promotes sustainable, medium- to long-term improvement in corporate value
- (b) Plan that reflects the medium- to long-term management strategy and strongly motivates the achievement of medium- to long-term management objectives
- (c) Plan that prevents bias toward short-term thinking
- (d) Plan and monetary amounts that secure and maintain excellent human resources
- (e) Plan that includes transparency, fairness, and rationality for stakeholders, decided through an appropriate process to ensure these factors

Policy for Determining Compensation, etc. for Officers

As the Company is a Company with a Nominating Committee, etc., its Compensation Committee establishes the system and the policy for determining the remuneration of Directors and Vice President & Executive Officers, and determines the content of remuneration for each Director and Vice President & Executive Officer in accordance with the system and policy.

Composition of Officers' Compensation

Directors shall be paid a fixed remuneration of basic compensation. This is because variable compensation such as performance-linked compensation is not appropriate for Directors who maintain position independent from the performance of duties, and as such only fixed compensation is paid, identically for non-executive Directors. However, Vice President & Executive Officers who also serve as Directors shall be paid as Vice President & Executive Officers.

Vice President & Executive Officers' compensation is composed of (a) basic compensation, which is fixed compensation, and (b) performance-linked compensation ((b)-1 annual incentive and (b)-2 medium- to long-term incentive).

The levels of compensation for executives are set through a comparison with companies from the same industry and of the same scale, both domestically and internationally, based on the results of surveys conducted by external organizations, and the Company's financial conditions.

Compensation levels for each position are based on the level of 50%iles by peer companies. From the viewpoint of flexible management in response to changes in the environment and the acquisition and retention of talented management personnel, compensation levels shall generally be within the range of 25%iles to 75%iles.

Compensation for personnel hired overseas may be determined individually based on a compensation benchmark analysis that takes into account the responsibilities of each position based on executive compensation survey data in that overseas region.

The specific composition of compensation for executives and officers shall be as follows in accordance with the executive categories.

Executive categories	(a) Basic compensation	(b) Performance-linked compensation ((b)-2 including non-monetary compensation)	
		(b)-1 Annual Incentive	(b)-2 Mid- to Long-Term Incentive
Director	○	—	—
Director Concurrent Vice President & Executive Officer	○	○	○
Vice President & Executive Officer	○	○	○

(a) Basic compensation

Basic compensation shall be fixed monthly compensation and shall be determined based on the criteria established by the Compensation Committee in accordance with the roles and positions of Directors and Vice President & Executive Officers.

(b) Performance-linked compensation

Performance-linked compensation shall be determined by the Compensation Committee in order to raise awareness of the improvement of business performance in each fiscal year and the enhancement of corporate value in the medium term, and shall be paid in an amount or number calculated according to the degree of achievement of the target value (KPI).

The concept of performance-linked compensation is as follows.

- (1) Increase the ratio of performance-linked compensation to total compensation.
- (2) The higher the position, the higher the ratio of performance-linked compensation to total compensation.
- (3) Share-based compensation as a percentage of total compensation shall be at least equal to companies from the same industry or of the same scale.

(b)-1 Annual Incentives

Annual incentives in performance-linked compensation shall be calculated by the Compensation Committee on the basis of the company-wide performance evaluation and individual performance evaluation for a single fiscal year, and shall be paid once a year. The amount to be paid shall be designed to vary from 0% to 200% to a value of 100% when the performance target is achieved.

Based on the idea that the performance objectives that lead to an evaluation of the entire Company's results for a single fiscal year for the annual incentive are significant indicators for the Group to measure sustained growth, the performance objectives have been set for "consolidated sales" and "consolidated return on sales (ROS)."

*The ratio of the basic compensation and the annual incentives when the performance target is achieved is designed so that the higher the position is, the higher the ratio of the annual incentive is set. From 1 to 0.75 for the representative executive officer, the lower the position is, the lower the ratio of annual incentives is set. The overall average is generally 1 to 0.5. This ratio may vary from 1 to 0 to 1 to 1, depending on the degree to which performance targets are achieved.

Basic compensation	Annual Incentives
1	0.5 (0~1)

(b)-2 Medium-to long-term incentives

The Performance Share Unit Plan (the "PSU Plan"), a performance-based stock compensation plan, will be applied to medium- to long-term incentives of performance-based compensation. The PSU Plan provides Company shares and money in accordance with the level of achievement of the Company's performance indicators and sustainability indicators for a period determined by the Compensation Committee.

The performance indicators in medium-to long-term incentives are based on links with the medium-term business plan, and based on the belief that they are important indicators in terms of enhancing corporate value and shareholder value, return on invested capital (consolidated financial ROIC) and net income per share (EPS) growth rate are used.

Sustainability indicators consist of environmental indicators consisting of total greenhouse gas emissions (Scope 1 and 2) and the rate of reduction in unit energy consumption, as well as employee engagement scores.

During the period determined by the Compensation Committee, based on the performance targets and other requirements set by the Compensation Committee in advance, the number of shares obtained by dividing the standard amount of stock-based compensation set by the Compensation Committee for each position of Vice President & Executive Officers to be paid by the average closing price of the Company's shares for the month immediately preceding the applicable period shall be allotted, and at the end of the applicable period, the number of shares to be individually compensated through medium- to long-term incentives for each Vice President & Executive Officer to be paid shall be determined by multiplying the number of shares by a coefficient set in advance by the Compensation Committee in accordance with the conditions for achieving the performance targets (the "Payment Rate"), and the amount equivalent to 60% of the number of shares to be paid shall be the Company's shares, and the amount equivalent to 40% shall be the money calculated by using the closing price of the Company's shares in the ordinary trading on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the day of resolution of the Board of Directors. The Payment Rate is designed to vary from 0% to 200% depending on the degree of achievement of performance targets.



The PSU Plan establishes a clawback provision under which, in the event of material fraud accounting or a large loss, all or a portion of the compensation paid as compensation related to the PSU Plan can be requested for reimbursement free of charge.

*The ratio of annual incentives and medium- to long-term incentives to basic compensation when the performance targets for each of the annual incentive and the medium-to long-term incentive are achieved in the fiscal year in which the medium-to long-term incentive is paid shall be set as the higher the position, the higher the ratio to the basic compensation shall be set, and as the position falls from 1 to 0.75 to 0.375 for the representative executive officer, the overall average shall be approximately 1 to 0.5 to 0.25. This ratio may vary from 1:0:0 to 1:1:0.5, depending on the degree of achievement of the performance objectives for each of the annual incentives and the medium-to long-term incentives. However, the ratio for medium- to long-term incentives varies depending on the stock price.

Basic compensation	Annual Incentives	Mid- to long-Term Incentives
1	0.5 (0~1)	0.25 (0~0.5)

The Total Amount of Compensation and Others Paid to Officers in the Fiscal Year Ended March 31, 2025

<Before the transition to a Company with a Nominating Committee, etc. (from April 2024 to June 2024)>

Executive categories	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)		Number of eligible officers
		Basic compensation	Performance-linked compensation	
Directors (excluding Outside Directors)	151	26	125	3
Outside Directors	18	18	—	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	13	13	—	2
Outside Audit & Supervisory Board Members	9	9	—	3

(Notes)1. The Company transitioned from being a Company with an Audit & Supervisory Board to a Company with a Nomination Committee, etc. as of the conclusion of the 148th Annual General Meeting of Shareholders held on June 18, 2024. The above figures represent the compensation and total number of persons in each category of executives who were in office before the Company transitioned to a Company with a Nomination Committee, etc.
2. The amounts paid to Directors do not include employee salary portion of compensation for Directors concurrently serving as employees.
3. The figures for Directors shown above include data for three Directors who retired at the conclusion of the 148th Annual General Meeting of Shareholders held on June 18, 2024.
4. The figures for Audit & Supervisory Board Members shown above include data for two Audit & Supervisory Board Members who retired at the conclusion of the 148th Annual General Meeting of Shareholders held on June 18, 2024. The other three were newly appointed Directors at the same shareholders' meeting.
5. Performance-linked compensation is comprised of annual incentives and medium- to long-term incentives, and the amount recorded as expenses for the relevant fiscal year is shown.

<After the transition to a Company with a Nominating Committee, etc. (from July 2024 to March 2025)>

Executive categories	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)		Number of eligible officers
		Basic compensation	Performance-linked compensation	
Directors (excluding Outside Directors)	21	21	—	1
Outside Directors	103	103	—	8
Vice President & Executive Officers	749	352	397	24

(Notes)1. The figures for Directors shown above do not include data for the two Directors who concurrently serve as Vice President & Executive Officers.
2. Performance-linked compensation is comprised of annual incentives and medium- to long-term incentives, and the amount recorded as expenses recorded for the relevant fiscal year is shown.
3. The retirement bonuses for Directors were eliminated on the day of the 128th Annual General Meeting of Shareholders held on June 25, 2004.

Cross-Shareholdings

Method of Verifying Shareholding Policy and Rationality (Reduction Efforts)

The Group shall strategically hold shares, provided such shares are determined to contribute to maintaining and increasing corporate value. With respect to all cross-holding shares, the Board of Directors shall uphold a policy of keeping the minimum necessary amount of cross-holding shares and decide every year if it is suitable to hold the shares by examining the purpose and economic rationale, etc. of individual shares from medium- to long-term perspective. Any strategically held share that is deemed as no longer suitable to hold as a result of the examination shall be sold with the attempt of reducing shares held.

In the examination, the shares held are classified into the following three categories, and it is determined whether holding is suitable, with transaction status, share price and dividends, and capital costs deemed as KPIs.

- Business partners (for the purpose of maintaining and strengthening business transaction and partner relationships)
- Financial institutions (for the purpose of attempting to conduct financial transactions smoothly)
- Others (those which do not fall under the above categories)

Specifically, it is assessed and determined for each share held through the process of a. to d. below whether holding is suitable.

- Examination based on quantitative assessment of share price (market value, cost and carrying amount after impairment)
- Examination based on quantitative assessment with return on invested capital (ROIC), which is calculated on the basis of each of market value and cost, compared with the share price assessed in a. (In the calculation of ROIC, after-tax gross income from sales and dividend income are used.)
- Examination based on qualitative assessment of purpose of holding, transaction results, estimate for future transactions, and other factors for each share held.
- The assessments through the examinations in a. to c. are taken into account comprehensively from perspectives of medium- to long-term economic value, business expansion and strengthening of relationships, and others.

Voting Rights

The Group shall make decisions based on sufficient examination, from the standpoint of increasing the corporate value of the Company and the companies that the Company has invested in over the medium to long term.

Particularly in the following cases, the Company shall exercise the voting rights based on careful examination on whether or not to exercise the voting rights:

- Cases where any violation of law, misconduct or anti-social behavior has occurred at the companies in which the Company has invested
- Cases of proposals that are considered to be likely to undermine the Company's corporate value, for organizational restructuring including merger or acquisition and business transfer, advantageous issue of shares to third parties, etc.

Governance regarding Sustainability

The Board of Directors monitors and supervises sustainability initiatives based on factors such as changes in social conditions, progress in sustainability indicators, feedback from external stakeholders including ESG evaluation organizations, and ESG risk assessment results, incorporating independent perspectives from outside the Company.



Risk Management, Internal Control, and Compliance

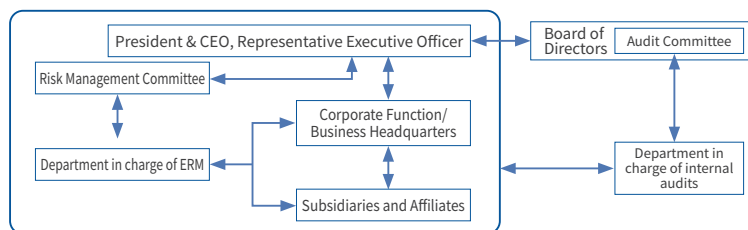
Risk Management

Risk Management System

Yokogawa has established an Enterprise Risk Management (ERM) system in accordance with ISO31000. The Risk Management Committee, chaired by the President & CEO, Representative Executive Officer and composed of all Executive Officers, plays a key role in supporting executive decision-making on risk-related matters. The matters discussed and resolved by the Risk Management Committee are reported to and reviewed by the Board of Directors. Advice from the Board of Directors on countermeasures and related actions concerning risks requiring close attention and specific risks is utilized to formulate our risk countermeasures and improve risk management activities.

The department in charge of internal audits evaluates the effectiveness of the risk management structure and processes, and reports important findings to the Audit Committee and the Board of Directors. In addition, subsidiaries and affiliates, which are responsible for implementing risk management, strive to manage risks autonomously. For these implementing entities, corporate function, business headquarters, and the department responsible for risk management (the Department in charge of ERM and the Risk Management Committee Secretariat) promote and support various activities, with a focus on risks that could have a significant impact.

Enterprise risk management system



Promoting Risk Management

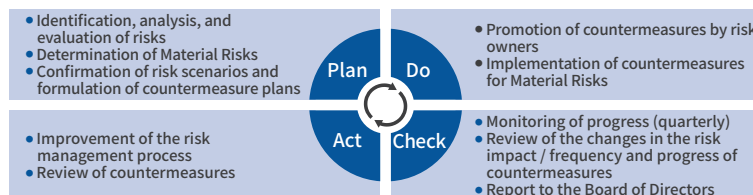
We identified critical risks that require focused management (“Material Risks”) and established corresponding measures and targets for implementation.

Each year, we conduct a risk assessment on a global basis. We classify risks into 57 key categories to ensure comprehensive coverage. For each category, we provide an overview and systematically identify potential risks. These risks are then analyzed along two axes, impact and likelihood, to evaluate our risk tolerance. Based on those deemed “intolerable risks,” we determine our Material Risks by considering factors such as business strategy, management challenges, changes in the external environment, and the adequacy of existing countermeasures. The selected risks are reported to the Board of Directors.

Countermeasures for Material Risks are promoted by the responsible business units (risk owners) in accordance with their respective plans. Progress is monitored quarterly. The Risk Management Committee evaluates the changes in the risk impact / frequency and countermeasures based on the monitoring outcomes and semiannually reports the results to the Board of Directors.

These results, along with advice from the Board, are used to review and enhance the risk management process and countermeasures. Through ongoing improvements, we operate a PDCA management cycle aimed at achieving more effective risk management.

PDCA cycle for Material Risks



Risks Surrounding Yokogawa

 P.67-68 Risks Relating to the Group's Business

Representative examples of risks we have recognized are listed below. As these risks may affect our overall business activities, performance, and financial condition, we have established a risk management framework and processes to mitigate or avoid such risks.

External Environment	Strategy	Operations
Factors related to: • Social conditions • Political aspects such as regulations and tax systems • Economic aspects such as economic climate and inflation • Social aspects such as riots and strikes • Geopolitical aspects such as war and sanctions • Financial markets	Factors related to: • Changes in market and competitive environment • Strategic investments • Research and development • Human capital and human rights initiatives • Devaluation of owned assets	Factors related to: • Compliance • Quality • Procurement and supply • Project management • Intellectual property • Information security • Natural disasters • Nature and biodiversity
Uncertainties in the external environment that may present opportunities or threats	Uncertainties that may present strengths or weaknesses in business operations in strategic context	Uncertainties that may result from disruptions or misconduct in operational contexts due to ineffective internal controls

Internal Control

Yokogawa has established and is operating an internal control system to promote management efficiency while ensuring the appropriateness of business operations, and to achieve sustainable growth and increase corporate value.

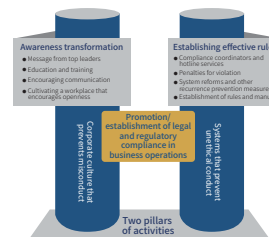
The Group Management Standards (GMS) have been established as the fundamental policies and rules applied across the Yokogawa Group, clarifying the roles and responsibilities of each business process to realize an internal control system. Internal control responsibilities are assigned to each organization, and the SMS are maintained and operated accordingly. Each SMS owner, who is responsible for the management and operation of their respective SMS, works to ensure (i.e., maintain and improve) the effectiveness and efficiency of business processes in line with the annual plan set at the beginning of each fiscal year.

The Board of Directors supervises the execution of duties by Executive Officers, establishes the basic policy for the internal control system in business execution, and monitors and supervises its establishment and operation. The department in charge of internal audits conducts an audit of the effectiveness of the internal control system and reports important matters to the Board of Directors and the Audit Committee.

Compliance

Yokogawa places the utmost priority on compliance and conducts its business activities in compliance with relevant laws, regulations, ordinances, and social norms while upholding the highest of ethical standards. Directors and executive officers take the lead in the Group's adherence to and dissemination of business ethics. The Yokogawa Group Code of Conduct sets out the Basic Policy and Standards of Conduct, which employees should observe to realize Yokogawa's corporate philosophy, while the Yokogawa Group Compliance Guidelines prescribe the specific actions each and every employee should take. Yokogawa aggressively promotes management practices built upon a foundation of compliance through the establishment of a business ethics department that is responsible for developing a compliance promotion structure and identifying and addressing issues pertaining to it. Yokogawa's goals are to be healthy and open, with both a culture that encourages and enforces proper ethical conduct and a system that prevents misconduct and scandal. In so doing, Yokogawa will meet the expectations of investors and other stakeholders.

Basic approach to thorough compliance





Vice President & Executive Officers



Hitoshi Nara

Director
Executive Chairperson
Representative Executive
Officer



Kunimasa Shigeno

Director
President & CEO
Representative Executive
Officer



Koji Nakaoka

Executive Vice President &
Executive Officer
Head of Energy &
Sustainability Business
Headquarters



Kazuhiko Takeoka

Senior Vice President &
Executive Officer
Head of Digital Solutions
Headquarters



Hiroshi Tanoguchi

Senior Vice President &
Executive Officer
Head of Yokogawa Products
Headquarters



Hiroshi Nakao

Vice President & Executive Officer
Head of Life Business
Headquarters



Hiroshi Nagai

Vice President & Executive Officer
President of Yokogawa
Manufacturing Corporation



Michiko Nakajima

Director
Vice President & Executive Officer
Head of Accounting &
Treasury Headquarters



Yoko Fujita

Vice President & Executive Officer
Head of Business Strategy
Headquarters



Toshiyuki Suzuki

Vice President & Executive Officer
President of Yokogawa Test
& Measurement Corporation



Akira Fukuda

Vice President & Executive Officer
Head of Corporate Administration
Headquarters
Regional Chief Executive for India
and South Asia



Kevin McMillen

Vice President & Executive Officer
Regional Chief Executive for North
America and South America
President of Yokogawa
Corporation of America



Naohisa Endo

Vice President & Executive Officer
Head of Materials Business
Headquarters



Yasumasa Ogawa

Vice President & Executive Officer
Head of Projects & Services
Business Div., Digital Solutions
Headquarters



Norinao Sato

Vice President & Executive Officer
Regional Chief Executive for
Middle East and Africa
President of Yokogawa Middle
East & Africa B.S.C.(c)



Yoshiaki Asakura

Vice President & Executive Officer
Head of Global Business
Service Headquarters



Masaharu Maeda

Vice President & Executive Officer
Head of Solutions Business
Div., Digital Solutions
Headquarters



Masataka Tomonaga

Vice President & Executive Officer
Head of Human Resources
and General Affairs
Headquarters



Mitsuhiro Yamamoto

Vice President & Executive Officer
Head of Systems Business Div.,
Digital Solutions Headquarters



Seita Hagihara

Vice President & Executive Officer
Regional Chief Executive for
Europe, Russia and CIS
President of Yokogawa Europe B.V.



Hiroaki Kanokogi

Vice President & Executive Officer
Head of Digital Strategy Div., Digital
Solutions Headquarters
President of Yokogawa Digital
Corporation



Taku Kitahara

Vice President & Executive Officer
Head of IT Strategy
Headquarters



Ikuro Kimura

Vice President & Executive Officer
Regional Chief Executive for
Japan
President of Yokogawa Solution
Service Corporation



Nobuyoshi Miyasaka

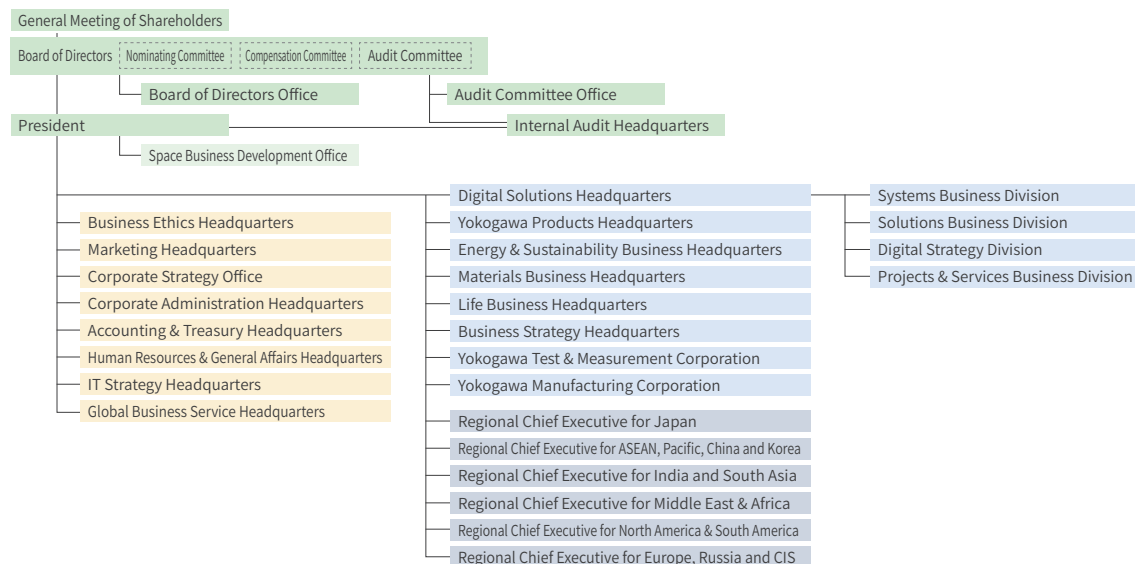
Vice President & Executive Officer
Head of Marketing
Headquarters



Kin Wah Chay

Vice President & Executive Officer
Regional Chief Executive for
ASEAN, Pacific, China and Korea
President of Yokogawa
Engineering Asia Pte. Ltd.

Organization chart (as of June 19, 2025)



Chapter

6

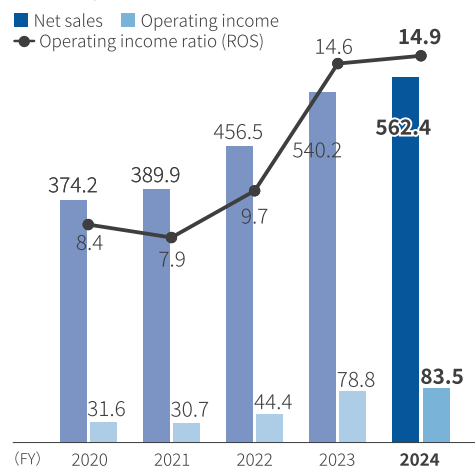
Information

- 61 Financial Highlights
- 63 ESG Highlights
- 65 Consolidated 11-Year Summary
- 67 Risks Relating to the Group's Business
- 70 Financial Section
- 103 Stock Information, IR Activities, and External Evaluations
- 104 Editorial Policy

Financial Highlights

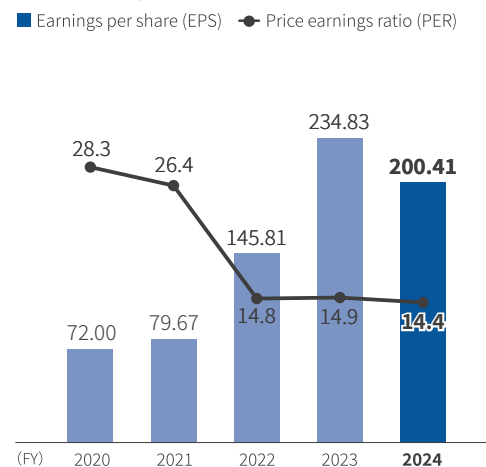
Profitability and Efficiency

Net Sales (billions of yen) / Operating Income (billions of yen) / Operating Income Ratio (ROS) (%)



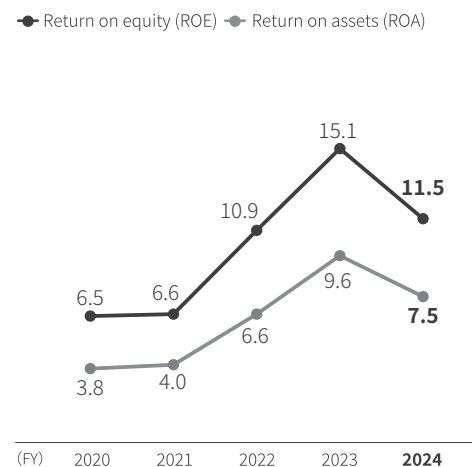
Note: As of March 31 each year

Earnings per Share (EPS) (yen) / Price Earnings Ratio (PER) (times)



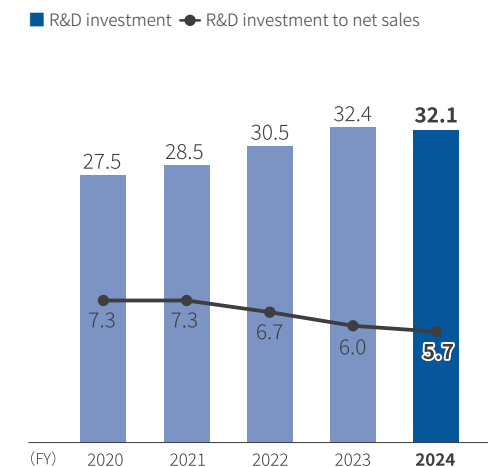
Note: As of March 31 each year

Return on Equity (ROE) (%) / Return on Assets (ROA) (%)



Note: As of March 31 each year

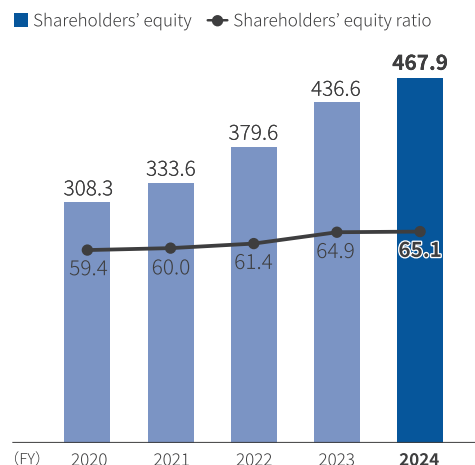
R&D Investment (billions of yen) / R&D Investment to Net Sales (%)



Note: As of March 31 each year

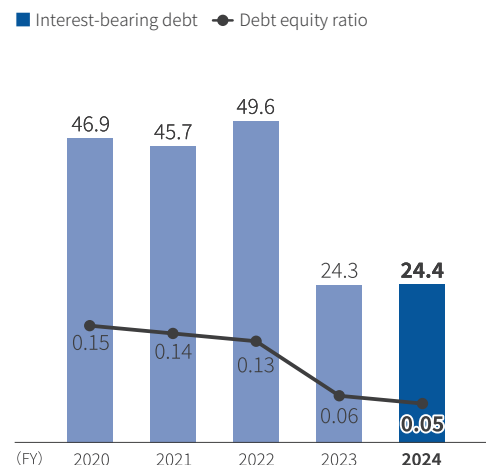
Soundness

Shareholders' Equity (billions of yen) / Shareholders' Equity Ratio (%)



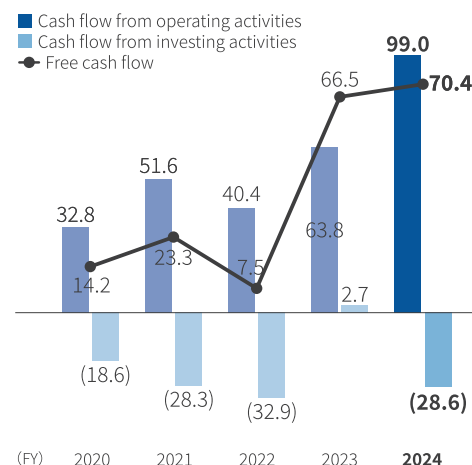
Note: As of March 31 each year

Interest-Bearing Debt (billions of yen) / Debt Equity Ratio (times)



Note: As of March 31 each year

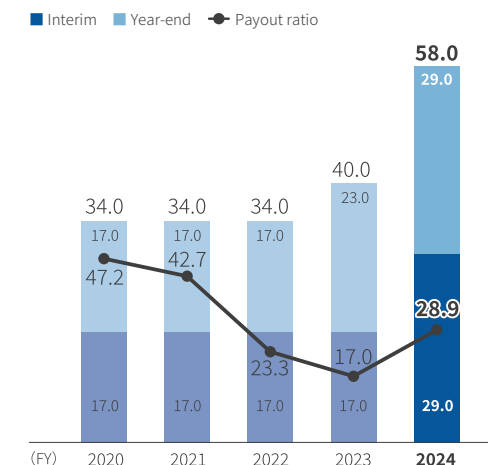
Cash Flows (billions of yen)



Note: As of March 31 each year

Distribution of Earnings

Dividend per Share (yen) / Payout Ratio (%)



Note: As of March 31 each year

Financial Highlights

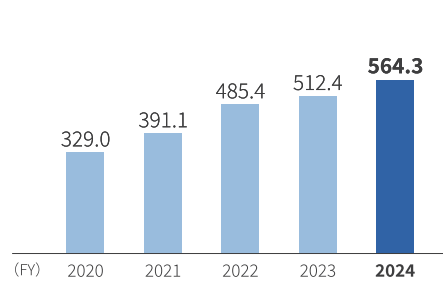
Highlights by Segment

Note: As of March 31 each year

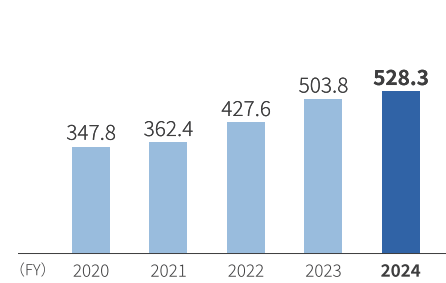
Note: Due to the transfer of the aviation equipment business, the name of the reportable segment previously known as the Aviation and Other Businesses has been changed to the New Businesses and Others from fiscal year 2022.

Industrial Automation and Control Business

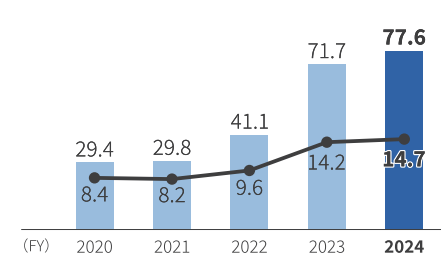
Orders (billions of yen)



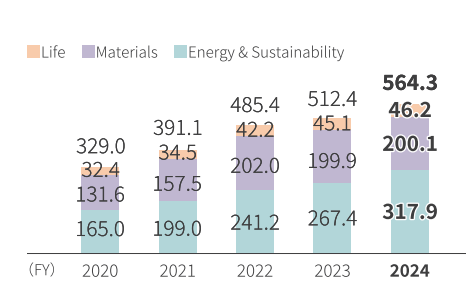
Net sales (billions of yen)



Operating Income (billions of yen) /
Operating Income Ratio (%)

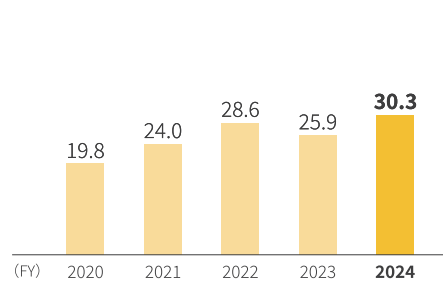


Orders by Subsegment (billions of yen)

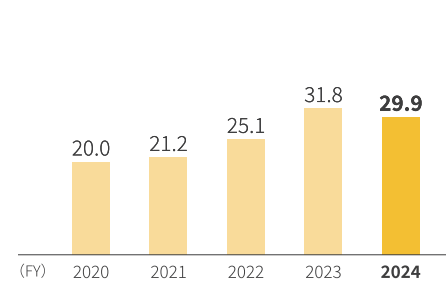


Measuring Instruments Business

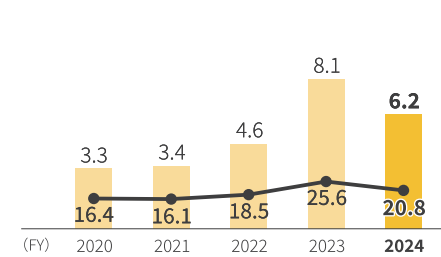
Orders (billions of yen)



Net sales (billions of yen)

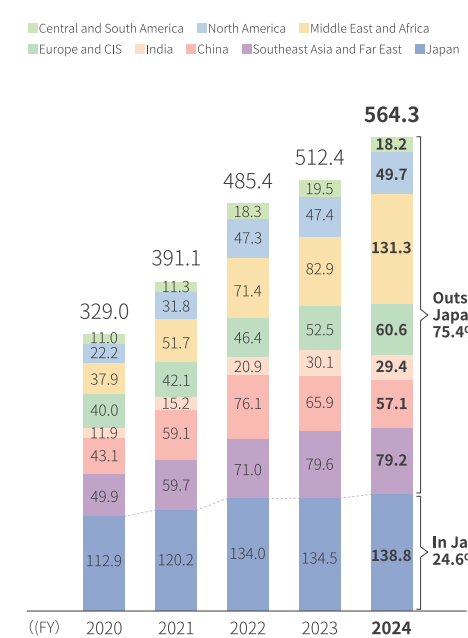


Operating Income (billions of yen) /
Operating Income Ratio (%)



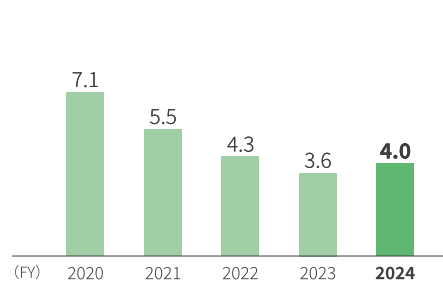
Industrial Automation and Control Business

Orders by Region (billions of yen) /
Domestic and Overseas Orders Ratio (%)

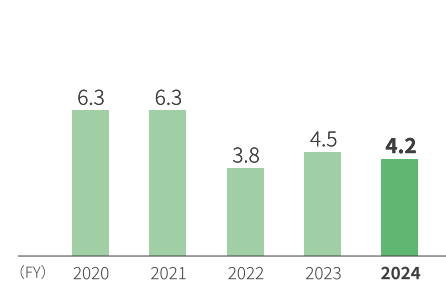


New Businesses and Others

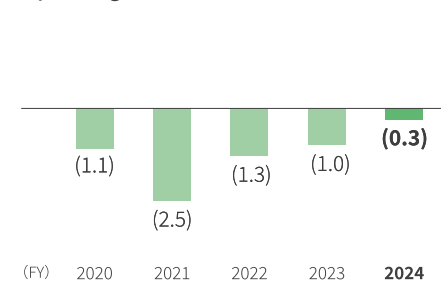
Orders (billions of yen)



Net sales (billions of yen)



Operating Income (billions of yen)





ESG Highlights

Environment

Item		2020	2021	2022	2023	2024
Energy consumption (GJ)	In Japan	623,618	641,173	567,187	453,610	426,172
	Outside Japan	758,685	745,515	750,264	646,038	554,781
	Total	1,382,303	1,386,688	1,317,451	1,099,648	980,953
	Intensity per sales (GJ/¥100 million)	369	356	289	204	174
Renewable energy consumption (MWh)		175	2,594	10,730	26,362	30,705
Greenhouse gas (GHG) emissions (t-CO ₂ e)	In Japan	29,850	28,331	25,127	19,732	18,703
	Outside Japan	42,966	42,155	41,958	37,643	27,221
	Total	72,816	70,486	67,085	57,375	45,924
	Intensity per sales (t-CO ₂ e/¥100 million)	19.46	18.08	14.70	10.62	8.17
	Scope 1	11,727	12,015	15,390	11,966	12,141
	Scope 2	61,089	58,471	51,695	45,409	33,783

Item	Classification	Category	2024
Supply chain GHG emissions (Scope 3) (t-CO ₂ e) Note: A dash indicates "not applicable."	Upstream	1 Purchased goods & services	391,181
		2 Capital goods	32,643
		3 Fuel- and energy-related activities not included in Scopes 1 or 2	11,142
		4 Transportation & distribution	16,995
		5 Waste generated in operations	1,177
		6 Business travel	26,282
	Downstream	7 Employee commuting	5,799
		8 Leased assets	—
		9 Transportation & distribution	—
		10 Processing of sold products	—
		11 Use of sold products	249,052
		12 End-of-life treatment of sold products	493
		13 Leased assets	—
		14 Franchises	—
		15 Investments	—
	Total		734,764

Item		2020	2021	2022	2023	2024
Water withdrawals (m ³)	In Japan	240,379	187,040	203,373	206,837	243,420
	Outside Japan	248,092	237,927	298,307	302,218	312,513
	Total	488,471	424,967	501,680	509,055	555,933
	Intensity per sales (m ³ /¥100 million)	130	109	110	94	99
Water discharges (m ³)	In Japan	235,432	184,289	197,012	202,139	243,420
	Outside Japan	227,369	218,831	242,676	222,643	312,513
	Total	462,801	403,120	439,688	424,782	555,933
Waste generated (t)	In Japan	1,977	2,530	2,203	2,176	2,215
	Outside Japan	2,406	2,162	2,310	2,700	2,924
	Total	4,383	4,692	4,513	4,876	5,139
	Intensity per sales (t/¥100 million)	1.17	1.20	0.99	0.90	0.91
	Recycled	2,851	3,142	2,877	3,164	3,421
Non-hazardous waste (t)	Incinerated	481	434	393	404	415
	Landfilled	524	333	489	597	573
	Total	3,856	3,909	3,759	4,165	4,409
Hazardous waste (t)	Recycled	—	708	546	425	572
	Incinerated	—	75	207	279	158
	Landfilled	—	0	1	7	0
	Total	527	783	754	711	730

Governance

Item	2020	2021	2022	2023	2024
Ratio of women on the Board of Directors (%)	11	11	13	27	25
Note: As of the conclusion of the Annual General Meeting of Shareholders in June each year.	(2021/6)	(2022/6)	(2023/6)	(2024/6)	(2025/6)
Ratio of foreign nationals on the Board of Directors (%)	11	11	13	0	8
Note: As of the conclusion of the Annual General Meeting of Shareholders in June each year.	(2021/6)	(2022/6)	(2023/6)	(2024/6)	(2025/6)
Ratio of independent outside directors on the Board of Directors (%)	56	56	63	73	67
Note: As of the conclusion of the Annual General Meeting of Shareholders in June each year.	(2021/6)	(2022/6)	(2023/6)	(2024/6)	(2025/6)
Ratio of independent outside directors on the Nominating Advisory Committee (%)	71	71	83	80	80
Note: Figures in parentheses are numbers of outside directors.	(5)	(5)	(5)	(4)	(4)
Ratio of independent outside directors on the Compensation Advisory Committee (%)	71	71	83	100	100
Note: Figures in parentheses are numbers of outside directors.	(5)	(5)	(5)	(4)	(4)

Note: FY20-22: Results as a Company with an Audit & Supervisory Board
Since FY23: Results as a Company with a Nominating Committee, etc.



ESG Highlights

Social

Item		2020	2021	2022	2023	2024
Number of employees (persons)	Yokogawa Group	17,715	17,258	17,084	17,365	17,670
	Yokogawa Electric Co.	2,536	2,503	2,342	2,269	2,242
Ratio of foreign nationals among employees (%)	Yokogawa Group	64.5	64.0	64.0	65.1	66.6
	Yokogawa Electric Co.	3.7	4.1	4.7	5.1	6.2
Ratio of women employees (%)	Yokogawa Group	21.9	22.5	23.1	23.8	23.9
	Yokogawa Electric Co.	17.4	18.1	18.8	19.6	20.3
Ratio of women managers (%)	Yokogawa Group	11.7	12.6	13.3	14.5	14.8
	Yokogawa Electric Co.	7.7	8.6	8.7	9.5	11.0
Ratio of women new graduates joining the Company (%)	Yokogawa Electric Co.	52.5 (2021/4)	26.7 (2022/4)	46.7 (2023/4)	25.6 (2024/4)	24.5 (2025/4)
Employment rate of persons with disability (%)	In Japan	2.40 (2021/6)	2.46 (2022/6)	2.52 (2023/6)	2.58 (2024/6)	2.65 (2025/6)
Gender pay gap (%)	Yokogawa Electric Co.	—	—	77.1	77.0	78.0
Collective agreement coverage (%)	In Japan Note: Data for Yokogawa Electric Co. on a non-consolidated basis until FY2021; data for 4 Group companies in Japan from FY2022 onward.	73.7	72.7	77.7	76.8	76.0
Average hours per full-time equivalent (FTE) for training and development (hours/FTE)	Yokogawa Group	—	—	41.3	37.4	38.7
Total employee turnover rate (%)	In Japan Note: Data for 4 Group companies in Japan.	—	6.7	6.2	6.1	6.9
Employee engagement (%)	Yokogawa Group	79	80	76	79	82



Sustainability Data (our website)

Item		2020	2021	2022	2023	2024
Annual actual total working hours (hours/person)	Yokogawa Electric Co.	1,948	1,975	1,967	1,955	1,960
Average annual paid leave uptake rate (%/person)	Yokogawa Electric Co.	58.7	67.6	76.9	78.5	79.8
Average days of annual paid leave taken (days/person)	Yokogawa Electric Co.	12.6	17.4	20.4	20.8	21.1
Childcare leave uptake rate among male workers (%)	Yokogawa Electric Co.	16.2	36.8	49.2	58.9	60.9
Frequency rate of accidents resulting in lost workdays	Employees (Yokogawa Group)	0.11	0.41	0.34	0.34	0.44
(Number of accidents resulting in lost workdays ÷ Aggregate number of work-hours × 1,000,000)	Temporary and contract employees (Yokogawa Group)	0.00	0.23	0.32	0.20	0.58
Frequency rate of occupational accidents (Number of occupational accidents ÷ Aggregate number of work-hours × 1,000,000)	Employees, temporary and contract employees (Yokogawa Group)	0.59	0.69	0.80	0.82	1.02
Fatal accidents (cases)	Employees (Yokogawa Group)	0	0	0	0	0
	Temporary and contract employees (Yokogawa Group)	0	0	0	0	0

Item		2020	2021	2022	2023	2024
Donations and community investments (millions of yen)	Cash contributions	229.7	199.5	177.8	263.3	226.1
	Employee participation and dispatch	0.6	0.7	0.5	3.9	7.9
	In-kind giving and use of company facilities	4.1	12.7	3.5	4.2	76.4
	Management overheads	18.0	18.0	18.0	18.0	18.0
	Total	252.4	230.9	199.8	289.4	328.5
	In and outside Japan	In Japan	180.7	191.3	178.2	237.3
		Outside Japan	71.7	39.6	21.6	52.1
		Total	252.4	230.9	199.8	289.4



Consolidated 11-Year Summary

	(Billions of yen)										
Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Financial data											
Orders	417.1	421.1	390.7	400.3	432.0	418.7	355.8	420.5	518.4	542.0	598.6
Net sales	405.8	413.7	391.4	406.6	403.7	404.4	374.2	389.9	456.5	540.2	562.4
(Net sales outside Japan)	281.1	286.6	263.5	276.1	275.6	278.0	253.9	270.9	332.2	401.6	418.6
Cost of sales	236.6	236.9	222.3	231.3	230.6	227.9	210.0	217.1	252.0	285.3	295.0
Selling, general, and administrative expenses	139.4	137.1	137.5	142.6	138.5	140.9	132.6	142.1	160.1	176.1	183.9
Operating income	29.8	39.6	31.6	32.7	34.6	35.6	31.6	30.7	44.4	78.8	83.5
Profit attributable to owners of parent	17.2	30.2	25.7	21.5	28.4	14.7	19.2	21.3	38.9	61.7	52.1
Capital expenditures	14.1	15.4	14.2	13.2	15.0	19.6	20.6	21.7	22.2	27.4	33.1
Depreciation and amortization	14.5	15.4	18.0	18.3	17.0	18.8	17.6	17.9	19.7	22.6	22.9
Research and development costs	25.8	25.3	27.1	26.6	26.2	27.6	27.5	28.5	30.5	32.4	32.1
Cash flow from operating activities	38.3	31.9	39.2	32.0	21.4	31.1	32.8	51.6	40.4	63.8	99.0
Cash flow from investing activities	(1.8)	(10.9)	(36.5)	(6.6)	(4.1)	(18.2)	(18.6)	(28.3)	(32.9)	2.7	(28.6)
Free cash flow	36.5	21.0	2.7	25.4	17.3	13.0	14.2	23.3	7.5	66.5	70.4
Cash flow from financing activities	(20.2)	(26.9)	6.5	(22.4)	(7.0)	4.6	(17.1)	(16.2)	(10.9)	(57.5)	(26.2)
At fiscal year-end											
	(Billions of yen)										
Total assets	440.0	413.1	440.7	444.6	470.1	489.7	519.1	556.0	618.6	672.9	718.3
Interest-bearing debt	65.3	30.5	44.6	30.5	32.5	50.5	46.9	45.7	49.6	24.3	24.4
Shareholders' equity	215.5	240.4	256.4	271.9	289.9	285.9	308.3	333.6	379.6	436.6	467.9
Financial indicators											
	(%)										
Operating income ratio (ROS)	7.3	9.6	8.1	8.0	8.6	8.8	8.4	7.9	9.7	14.6	14.9
Debt equity ratio (times)	0.30	0.13	0.17	0.11	0.11	0.18	0.15	0.14	0.13	0.06	0.05
Return on equity (ROE)	8.6	13.2	10.4	8.1	10.1	5.1	6.5	6.6	10.9	15.1	11.5
Return on assets (ROA)	4.1	7.1	6.0	4.8	6.2	3.1	3.8	4.0	6.6	9.6	7.5
Shareholders' equity ratio	49.0	58.2	58.2	61.2	61.7	58.4	59.4	60.0	61.4	64.9	65.1
Per share data											
	(yen)										
Earnings per share (EPS)	66.88	114.03	96.40	80.39	106.54	55.02	72.00	79.67	145.81	234.83	200.41
Cash dividends	12.00	25.00	25.00	30.00	32.00	34.00	34.00	34.00	34.00	40.00	58.00
Shareholders' equity	836.94	900.75	959.54	1,017.51	1,085.88	1,071.07	1,155.06	1,249.66	1,422.20	1,678.42	1,807.37
Stock information											
Stock price at fiscal year-end (yen)	1,295	1,163	1,752	2,198	2,291	1,303	2,038	2,099	2,150	3,494	2,893
Market capitalization (billions of yen)	347.9	312.4	470.6	590.4	615.4	350.0	547.5	563.8	577.5	938.6	777.1
Number of issued shares (shares)	268,624,510	268,624,510	268,624,510	268,624,510	268,624,510	268,624,510	268,624,510	268,624,510	268,624,510	268,624,510	268,624,510
Exchange rate information											
	(yen)										
Average yen / US dollar exchange rate during the fiscal year	110.58	119.99	108.95	110.70	111.07	108.96	106.01	112.94	136.12	145.31	152.55

Note: Figures are rounded down to the nearest billions of yen.



Consolidated 11-Year Summary

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Non-financial data^{*1}											
Number of employees (by segment)	19,601	18,646	18,329	18,290	17,848	18,107	17,715	17,258	17,084	17,365	17,670
Industrial Automation and Control Business	17,593	16,724	16,751	16,771	16,633	16,865	16,483	16,364	16,296	16,538	16,781
Measuring Instruments Business	1,171	1,122	802	770	945	980	990	668	656	690	694
New Businesses and Others	837	800	776	749	270	262	242	226	132	137	195
Environmental data											
Energy consumption (GJ)	1,710,907	1,552,937	1,494,818	1,505,947	1,538,983	1,463,397	1,382,303	1,386,688	1,317,451	1,099,648	980,953
Greenhouse gas emissions (t-CO ₂ e)	99,195	89,479	84,370	84,882	83,886	78,770	72,816	70,486	67,085	57,375	45,924
Renewable energy consumption (MWh)	85	69	56	83	131	112	175	2,594	10,730	26,362	30,705
Water withdrawals (m ³)	723,548	616,783	599,646	614,762	560,642	512,626	488,471	424,967	501,680	509,055	555,933
Waste generated (tons)	6,023	4,204	4,507	4,805	5,190	4,913	4,383	4,692	4,513	4,876	5,139
Occupational health & safety											
Frequency rate of accidents resulting in lost workdays ^{*2}	0.53	0.38	0.46	0.33	0.28	0.34	0.11	0.41	0.34	0.34	0.44

*1 The results of each data for fiscal year 2024 have been assured by the third-party assessment of Lloyd's Register Quality Assurance Limited.

*2 Frequency rate of accidents resulting in lost workdays = Number of accidents resulting in lost workdays ÷ Aggregate number of work-hours × 1,000,000. Calculated on a calendar-year basis, including temporary and contract employees, in 2014, and on the newly defined basis from 2015 onwards.



Risks Relating to the Group's Business

Described below are the risks surrounding the Group that are believed to significantly affect investors' decision-making.

While the Group will make every effort to establish risk management systems and risk management process to mitigate and avoid risks, should any of these risks materialize they could impact the Group's business performance and our financial status.

The matters described below are based on judgments made by the Group at the end of current consolidated fiscal year, and may vary from the actual results.

(1) Risks relating to the external environment

(Related to social conditions)

The scope of the Group's activities extends not just to Japan but also to various parts of the world. Changes in the external environment including political, economic or social conditions in each region could have an impact on factors including customer needs, various costs, the safety of expatriate workers and employees on business travel, and the supply chain, etc. Specifically, the following risks have been identified.

- Policy factors such as regulations, taxation, industrial policies and commerce policies
- Economic factors such as business conditions, inflation and unemployment rates
- Social factors including crime, abduction, terrorism, rioting, and labor strikes
- Geopolitical factors such as war, regional conflicts, disputes among major countries and economic sanctions

To address these risks, the Company strives to collect information on a regular basis through its headquarters, business divisions and affiliates, etc., as well as by utilizing specialist external organizations. The Company also works to keep up to date with evolving customer needs due to the changing external environment, enhancing its solutions to ensure delivery of prompt and accurate customer support.

(Related to fluctuations in financial markets)

The Group operates globally and uses many currencies in its business activities. Rapid or sharp swings in foreign exchange markets could have various effects such as reducing product competitiveness or increasing procurement costs. The Group enters into forward exchange contracts in order to respond to fluctuations in foreign exchange rates.

Changes in interest rates related to the Group's assets and liabilities may impact increase or decrease in interest payments and the value of assets, etc.

Additionally, if prices of the shares and other securities held by the Group fall, there could be an impact on business results due to the recognition of valuation losses, as well as an impact on the Group's financial situation due to reduced capital efficiency. Regarding cross-shareholdings, the Board of Directors decides every year if it is suitable to hold the shares by examining the purpose and economic rationale, etc. of individual shares from a medium- to long-term perspective. The Group's policy is to hold the minimum necessary amount of such shares while working to reduce them.

(2) Risks relating to strategy

(Related to markets/competitive environment)

1) Cost competitiveness

As the Company aggressively develops its businesses, competition in construction and modernization projects is intensifying, and demand for cost reduction is intensifying. At the same time, resource-rich and emerging countries are increasingly prioritizing their own countries, and there is increasing demand for the localization of employment, services and procurement, including product production. Although the Company is working to increase its cost competitiveness, there is the risk that the Company will miss out on

business opportunities if it cannot effectively respond to the demand in these markets that costs be reduced, including product and service costs and selling, general and administrative expenses.

2) Establishment of competitive advantages by the use of digital technologies

There is growing demand for a dramatic increase of productivity in business processes throughout the value chain and product life cycle through the utilization of digital technologies. The Company must respond to this demand as a business and establish a competitive advantage. Recognizing this as an opportunity for business growth, the Group is working to create new value through digital transformation in a wide range of fields, not only for itself but also for its customers. If the Company is unable to keep up with new technology or meet the demands of these markets, this could lead to the loss of business opportunities.

3) Transformation of business model to match market needs

While changes in society and technological innovations are creating many new business models, the Group's customers are also increasingly demanding subscription businesses and other businesses that reduce initial deployment costs and provide flexibility in operations and maintenance after deployment. The Group is also transforming its business model by working to establish performance-based compensation businesses and service-providing businesses. There is a risk that business opportunities will be lost if the Group is unable to adequately respond to the new market needs that are changing towards the future, or if it delays its efforts.

4) Changes in the market environment due to climate change initiatives

Society's heightened demand for action regarding climate change initiatives is affecting the strategies of the Group's customers. The Group recognizes that energy-related companies, which are among the Group's major customers, are studying measures to address environmental change, such as a shift of energy resources from a long-term perspective. The Group views these changes as business opportunities and is working to respond to changes in the market environment. However, if the Group is unable to respond to these changes in the customers' environments or if its efforts are delayed, there is the risk that business opportunities could be lost.

(Related to strategic investment)

The Group is focusing on strengthening its strategic growth investments to advance into new businesses and fields, while also pursuing M&A activities and alliances to acquire technologies, sales channels, products and services, customers, human resources, and expertise. However, it may not be possible to swiftly launch new businesses due to unexpected environmental changes or difficulty fully utilizing the acquired assets or opportunities. In addition, there is a risk that integration failures in terms of the management, operations or awareness of an acquired company could prevent the Company from achieving the intended results.

To address these risks, the Company have formulated guidelines to ensure the efficient implementation of activities from the discovery of a potential acquisition to its post-investment integration, and ensure the guidelines are disseminated among stakeholders. Moreover, the Company is working to strengthen its project implementation framework in order to carry out the entire process from project discovery to investment, to improve the accuracy of evaluation and verification, and to swiftly launch businesses after investment. The Company is also working to secure, train and utilize the specialized human resources that support it.

(Related to R&D)

The Group regards basic research into measurement, control and information, and the development of advanced technologies and digital technologies such as the IoT and AI as its most important management



issues, and is continuously promoting the development of new technologies with a view toward the future. In addition, in response to changing international standards, efforts to realize a sustainable society such as the SDGs are being strengthened. However, there is the risk that R&D investments will not meet future market demands and targets as planned, leading to lost business opportunities.

The Company also continues to invest in R&D for product technology and service innovation to maintain its competitiveness. However, there is the risk that the Company's R&D investments will not succeed if it fails to understand market trends regarding products and services with growth potential. In addition, there is the risk that R&D investments do not produce innovative technologies or produce the results that were expected even if they fit the market, or competitors may precede the Group in the development of the technology.

(Related to the recruitment and training of human resources)

The Group's growth is supported by its capable personnel, such as the human resources who support its leading-edge technologies and the engineers who ensure high product quality. In particular, the importance of human resources capable of proposing solutions, human resources with engineering and project-management abilities, and human resources with skills and knowledge related to AI, digital technologies, and the company's new businesses is increasing. However, there is the risk that we may not be able to secure and train the necessary human resources as planned. If so, the Group's ability to conduct effective business operations or execute strategies may be affected.

We are working to mitigate these risks by providing employees with growth opportunities and developing an environment that makes it easy for them to succeed. Additionally, we are unifying our personnel systems and processes globally, and advancing the utilization of personnel IT systems to ensure they operate effectively. The Group has defined a human resource portfolio that aligns with its business strategies, and is working to globally optimize its human resources by securing and developing the human resources needed for each business strategy.

(Related to human rights)

If a human rights issue such as harassment, discrimination or poor working environment arose within the Group, it could have wide-ranging effects, including the physical and mental wellbeing of victims, legal action, the cessation of business and damage to the Group's corporate image.

To address this, the Group has established the YOKOGAWA Group Human Rights Policy. The Group's established policy is to respect human rights, and it has expressed its support for the U.N. Global Compact. Consequently, the Group is stepping up its efforts based on the human rights policy and international human rights standards set forth in the Compact. Regarding human rights initiatives in the supply chain, the Group has provided guidelines prohibiting forced labor, inhumane treatment, child labor and discrimination, and protecting appropriate wages, compliance with laws regarding work hours, and the right to organize. The Group works to identify, prevent or mitigate risks that could have a negative impact on human rights, including in its business activities and the supply chain, and advances human rights due diligence to fulfill its accountability in explaining how it addresses such issues. In addition, as a means to prevent human rights violations before they occur, we have established a point of contact for consultation and reporting to all people working in the Group, putting in place a framework that seeks solutions in response to reports of human rights issues.

(Related to depreciation of owned assets)

There is the risk that the value of the Group's business assets may decline due to decreased market prices or reduced profitability. If so, the Group's business results and financial situation could be affected, including the occurrence of impairment losses.

(3) Risks relating to operations

(Related to compliance)

While the Group needs to conduct business activities in compliance with various laws, regulations and social norms, there is a risk that legal violations or misconduct causing a social uproar could lead to administrative penalties, lawsuits, or a decline in corporate image.

The Group has established the YOKOGAWA Group Code of Conduct as its basic principles on compliance. We have also established the YOKOGAWA Group Compliance Guidelines and Anti-Bribery and Corruption Regulations which lay out compliance requirements for issues encountered in day-to-day operations. The Group has also established and continues to operate a point of contact for internal reporting and consultation for compliance issues. We provide compliance-related education to employees, and strongly encourage compliance-focused management based on the compliance-first declaration made by the President & CEO, Representative Executive Officer.

(Related to product quality)

The Group provides highly reliable products and services to customers through its accumulation of technology and expertise over many years and the development of a strict quality control system. However, there is the risk that defects in the Group's products and services may exist, and could cause damage to customers as a result. This could affect the Group's overall business activities, adversely impact its corporate image, and result in the loss of key customers.

The Group embraces the fundamental spirit of "quality first" and advances initiatives that place top priority on customer satisfaction. We operate a quality management system that complies with international standards, and thoroughly enforce quality control across all processes, from development and design to manufacturing, sales and service. Our employees work with a quality-first mindset and engage in initiatives aimed at ongoing quality improvements based on the Group's common rules and approaches.

(Related to procurement and supply)

There is a risk that the supply of products could be delayed or suspended if it becomes difficult to procure items such as electrical components or manufacture key products due to supply chain disruptions caused by large-scale natural disasters, war or regional conflicts, the inability to procure mineral resources, or key suppliers suspending operations. This could lead to breaches of contractual terms with customers and the suspension of transactions.

To address risks related to the procurement of components and other items, the Group works to establish stable procurement by collecting information on market trends such as key electrical components on a regular basis, while also thoroughly managing supplier quality and delivery deadlines and diversifying its supplier network to avoid excessive concentration or dependence on specific suppliers.

(Related to project management)

In the Group's business, particularly in project-type businesses that provide customers with the products, engineering solution services, and products of other companies in bulk, the reliable execution of project management is a necessity. We are striving to prevent the occurrence of unprofitable projects through such efforts as profit estimation in the process leading up to the receipt of orders, the improvement of the accuracy of profitability management until delivery, and the thorough control of production and quality. However, there is the risk that we may incur unexpected costs or may be liable for compensation due to delayed delivery if there are deviations from the assumed estimates, or problems in the management of profit, production, quality, etc.

(Related to intellectual property rights)

The Group has established a complete management system to protect its intellectual property rights and prevent infringing upon the rights of other companies in the course of its development of proprietary products and services. However, there is a risk that the Group will be unable to earn expected profits if intellectual property rights are infringed upon by a third party. There is also a risk that the Group will be disadvantaged by the inability to use key technologies and liable for compensation if the Group is deemed to have infringed upon the intellectual property rights of another company due to a difference in viewpoint or some other reason.

The Group manages these issues based on an intellectual property portfolio. We pursue effective and efficient risk assessments and intellectual property acquisition through the creation and rights protection of inventions and intellectual property due diligence in M&A activities and investment. To strengthen intellectual property activities based on this portfolio, the Group has introduced an intellectual property management system and coordinates with internal and external resources such as patent offices. We also conduct employee training to encourage higher sensitivity to patent risks and prevent infringing upon the patents of other parties.

(Related to information security)

Through its business activities, the Group acquires personal or otherwise confidential information about its customers and trading partners. However, there is a risk that the information could be leaked or abused due to a cyberattack on the Group or misconduct on the part of an employee, etc. Those risks could leave the Group liable for compensation, lead to the suspension of transactions, and adversely affect its corporate image.

The Group has established an information security promotion framework and advances information security measures. We conduct information security activities based on the approaches laid out in the ISO 27001 standard, assess the implementation status of related measures and their operation, and work to make the necessary improvements. We have also established an Information Security Committee chaired by the director in charge of information security and composed of cyber security personnel from each field, including product-related fields. We also work to share information within the Group and monitor the latest trends to enhance our ability to respond to cyber-attacks.

(Related to natural disasters)

There is a risk that the Group could suspend operations if its property or human resources sustained severe damage due to a natural disaster, including wind and flood damage intensified by climate change, a major earthquake, or a large-scale volcanic eruption. If key functions or operations of the Group were shut down and their restoration was delayed, it could impact the Group's business results.

The Company responds to crises that significantly impact management through a Crisis Management Committee chaired by the President & CEO, Representative Executive Officer. We have established the initial response to be undertaken immediately following a natural disaster as guidelines, and clarified the action expected to employees and organizations. The Company has also established a business continuity plan (BCP) and formulated measures to restore or replace key operations and functions. BCP training is periodically conducted to improve the effectiveness and practicality of the formulated BCP, with any identified issues utilized in ongoing BCP improvement activities.

(Related to nature and biodiversity)

The Group's business activities both depend on the blessings of nature and impact it to a certain degree. Across the Group's value chain, there is a risk of impacting nature and ecosystems due to land alterations from resource mining in the procurement process, climate change such as warming and drought associated with greenhouse gas emissions in the use process, and water pollution in the disposal process.

The Group has set out efforts to address biodiversity challenges in its Group Environmental Policy and conducts conservation activities in cooperation with local governments, NPOs and other organizations. The Group also supports the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and has declared its intent to make disclosures based on the TNFD recommendations. We are analyzing the dependencies, impacts, risks and opportunities in our operations in line with the approach developed by the TNFD, and are in the process of reviewing measures to mitigate the adverse effects on nature and associated risks.



P.58 Risk Management, Internal Control, and Compliance



Financial Section

Consolidated Balance Sheet

Yokogawa Electric Corporation and Consolidated Subsidiaries
March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 9 and 15)	¥179,257	¥134,428	\$1,198,885
Receivables (Notes 9 and 15)			
Accounts receivable	140,063	142,569	936,756
Trade notes receivable	11,309	14,278	75,640
Contract assets	87,118	85,856	582,651
Other	3,737	3,189	24,993
Less: Allowance for doubtful accounts	(4,801)	(6,280)	(32,115)
Net receivables	237,426	239,614	1,587,926
Inventories (Notes 5 and 6)	50,927	54,715	340,608
Other	28,701	26,415	191,954
Total current assets	496,313	455,173	3,319,375
Property, Plant, and Equipment (Notes 7 and 8):			
Land	13,581	15,852	90,836
Buildings and structures-net	43,161	47,022	288,668
Machinery, equipment, and vehicles-net	11,001	10,178	73,578
Tools, furniture, and fixtures-net	7,483	7,261	50,049
Construction in progress	2,794	2,113	18,689
Right-of-use assets-net (Note 14)	9,677	8,598	64,721
Lease assets-net (Note 14)	32	10	216
Total property, plant, and equipment	87,732	91,038	586,761
Investments and Other Assets:			
Investment securities (Notes 4, 9, and 15)	41,015	43,879	274,317
Investments in and advances to unconsolidated subsidiaries and affiliated companies (Note 15)	23,274	21,736	155,659
Goodwill (Notes 3, 8, and 22)	6,563	5,971	43,894
Software (Notes 3 and 8)	21,387	17,512	143,043
Other intangible assets (Notes 3 and 8)	25,117	20,283	167,985
Deferred tax assets (Note 12)	10,547	10,526	70,539
Other	7,528	7,337	50,351
Less: Allowance for doubtful accounts	(1,193)	(593)	(7,984)
Total investments and other assets	134,240	126,655	897,806
Total Assets	¥718,285	¥672,866	\$4,803,943

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term loans payable (Notes 9, 15, and 17)	¥310	¥295	\$2,070
Current portion of long-term debt (Notes 9 and 15)	17		119
Current portion of lease obligations (Notes 9 and 15)	2,584	2,780	17,286
Payables (Note 9)			
Trade notes and accounts	34,730	31,818	232,279
Electronically recorded obligations-operating	7,509	9,657	50,225
Contract liabilities (Note 21)	59,524	51,588	398,101
Other	21,444	21,274	143,424
Income taxes payable	12,730	9,795	85,142
Accrued expenses	38,932	38,511	260,381
Provision for contract loss (Notes 3, 6, and 18)	8,847	8,746	59,171
Other	11,153	12,065	74,594
Total current liabilities	197,784	186,534	1,322,797
Long-Term Liabilities:			
Long-term debt (Notes 9 and 15)	24,025	24,000	160,685
Lease obligations (Notes 9 and 15)	7,115	5,808	47,589
Liability for retirement benefits (Note 10)	6,726	6,048	44,984
Deferred tax liabilities (Note 12)	4,916	3,864	32,880
Other	1,996	1,848	13,351
Total long-term liabilities	44,779	41,569	299,490
Commitments and Contingent Liabilities (Notes 14, 16, and 17)			
Equity (Notes 11 and 23):			
Common stock, authorized, 600,000,000 shares; issued, 268,624,510 shares in 2025 and 2024	43,401	43,401	290,269
Capital surplus	54,575	54,464	365,005
Retained earnings	342,573	303,979	2,291,152
Treasury stock, 9,765,129 shares in 2025 and 8,473,826 shares in 2024	(23,251)	(19,357)	(155,508)
Accumulated other comprehensive income			
Net unrealized gain on available-for-sale securities	21,599	21,953	144,459
Deferred (loss) gain on derivatives under hedge accounting	(38)	43	(257)
Foreign currency translation adjustments	28,576	32,831	191,121
Defined retirement benefit plans	419	(674)	2,806
Total	50,557	54,154	338,130
Noncontrolling interests	7,865	8,120	52,605
Total equity	475,721	444,763	3,181,655
Total Liabilities and Equity	¥718,285	¥672,866	\$4,803,943



Consolidated Statement of Income

Yokogawa Electric Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net Sales (Note 21)	¥562,404	¥540,152	\$3,761,397
Cost of Sales (Notes 13 and 18)	294,959	285,260	1,972,710
Gross profit	267,444	254,891	1,788,686
Selling, General, and Administrative Expenses (Notes 13 and 18)	183,921	176,091	1,230,077
Operating income	83,523	78,800	558,608
Other Income (Expenses):			
Interest and dividend income	3,917	2,844	26,200
Interest expense	(1,285)	(1,485)	(8,596)
Loss on valuation of investment securities (Note 4)	(3,130)	(1,041)	(20,939)
Net gain on sales of investment securities and investment in affiliated companies (Note 4)	645	16,990	4,318
Foreign exchange (loss) gain -net	(2,074)	1,049	(13,873)
Net gain (loss) on sales and disposal of property, plant, and equipment (Note 18)	1,284	(163)	8,587
Loss on impairment of long-lived assets (Note 8)	(3,987)	(11,473)	(26,670)
Equity in earnings of affiliates	2,058	3,163	13,767
Net loss on sale of investment in affiliates		(259)	
Business structure improvement expense	(297)	(283)	(1,990)
Loss on termination of retirement benefit plan (Note 10)	(1,338)	(107)	(8,949)
Provision for allowance for doubtful accounts		(54)	
Other-net	(787)	(220)	(5,267)
Other expenses-net	(4,995)	8,960	(33,412)
Income before Income Taxes	78,527	87,760	525,195
Income Taxes (Note 12):			
Current	22,910	22,531	153,224
Deferred	411	(763)	2,749
Total income taxes	23,321	21,768	155,974
Net Income	55,206	65,992	369,221
Net Income Attributable to Noncontrolling Interests	3,082	4,306	20,618
Net Income Attributable to Owners of the Parent	¥52,123	¥61,685	\$348,603
	Yen		U.S. dollars (Note 1)
Per Share of Common Stock (Note 20):			
Basic net income	¥200.41	¥234.83	\$1.34
Cash dividends applicable to the year	58.00	40.00	0.39

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Yokogawa Electric Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net Income	¥55,206	¥65,992	\$369,221
Other Comprehensive Income (Note 19):			
Net unrealized (loss) gain on available-for-sale securities	(342)	2,840	(2,289)
Deferred (loss) gain on derivatives under hedge accounting	(82)	142	(550)
Foreign currency translation adjustments	(4,606)	19,580	(30,809)
Defined retirement benefit plans	989	53	6,616
Share of other comprehensive income in affiliates	268	134	1,792
Total other comprehensive income	(3,773)	22,751	(25,240)
Comprehensive Income	¥51,432	¥88,743	\$343,981
Total Comprehensive Income Attributable to:			
Owners of the parent	¥48,525	¥83,874	\$324,545
Noncontrolling interests	2,906	4,869	19,435

See notes to consolidated financial statements.



Consolidated Statement of Changes in Equity

Yokogawa Electric Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

		Millions of yen										
		Accumulated other comprehensive income										
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gain on available-for-sale securities	Deferred (loss) gain on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non controlling interests	Total equity
Balance, April 1, 2023	266,929,077	¥43,401	¥54,392	¥251,277	¥(1,410)	¥19,106	¥(98)	¥13,812	¥(854)	¥31,965	¥7,200	¥386,825
Net income attributable to owners of the parent				61,685								61,685
Cash dividends, ¥40 per share				(8,983)								(8,983)
Purchase of treasury stock	(6,778,393)				(17,947)							(17,947)
Capital increase of consolidated subsidiaries			72									72
Net change in the year						2,847	142	19,018	180	22,189	920	23,109
Balance, March 31, 2024	260,150,684	¥43,401	¥54,464	¥303,979	¥(19,357)	¥21,953	¥43	¥32,831	¥(674)	¥54,154	¥8,120	¥444,763
Net income attributable to owners of the parent				52,123								52,123
Cash dividends, ¥58 per share				(13,529)								(13,529)
Purchase of treasury stock	(1,357,903)				(4,046)							(4,046)
Disposal of treasury stock	66,600		110		152							263
Net change in the year						(353)	(82)	(4,255)	1,093	(3,597)	(255)	(3,852)
Balance, March 31, 2025	258,859,381	¥43,401	¥54,575	¥342,573	¥(23,251)	¥21,599	¥(38)	¥28,576	¥419	¥50,557	¥7,865	¥475,721

	Thousands of U.S. dollars (Note 1)										
	Accumulated other comprehensive income										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gain on available-for-sale securities	Deferred (loss) gain on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non controlling interests	Total equity
Balance, April 1, 2024	\$290,269	\$364,264	\$2,033,037	\$(129,464)	\$146,825	\$293	\$219,580	\$(4,509)	\$362,188	\$54,311	\$2,974,605
Net income attributable to owners of the parent			348,603								348,603
Cash dividends, \$0.39 per share			(90,487)								(90,487)
Purchase of treasury stock				(27,061)							(27,061)
Disposal of treasury stock		741		1,017							1,759
Net change in the year					(2,365)	(550)	(28,458)	7,316	(24,058)	(1,705)	(25,764)
Balance, March 31, 2025	\$290,269	\$365,005	\$2,291,152	\$(155,508)	\$144,459	\$(257)	\$191,121	\$2,806	\$338,130	\$52,605	\$3,181,655

See notes to consolidated financial statements.



Consolidated Statement of Cash Flows

Yokogawa Electric Corporation and Consolidated Subsidiaries
Year Ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Operating Activities:			
Income before income taxes	¥78,527	¥87,760	\$525,195
Adjustments for:			
Income taxes paid	(16,521)	(21,203)	(110,499)
Depreciation and amortization	21,064	20,272	140,878
Goodwill amortization	1,800	2,298	12,041
Equity in earnings of affiliates	(2,058)	(3,163)	(13,767)
Net gain on sales and disposal of property, plant, and equipment	(1,680)	163	(11,242)
Loss on valuation of investment securities	3,130	1,041	20,939
Gain on sales of investment securities and investment in affiliated companies	(645)	(16,990)	(4,318)
Loss on impairment of long-lived assets	3,987	11,473	26,670
Loss on termination of retirement benefit plan	1,338	107	8,949
Changes in assets and liabilities:			
Decrease (increase) in trade notes and accounts receivable	10,214	(17,364)	68,314
Decrease (increase) in inventories	5,256	(4,103)	35,154
Increase (decrease) in trade notes and accounts payable	1,566	(1,819)	10,478
(Decrease) increase in other payables	(891)	1,203	(5,963)
Decrease in allowance for doubtful accounts	(759)	(782)	(5,079)
Increase in liability for retirement benefits	629	378	4,209
Other assets and liabilities	143	1,651	958
Other-net	(6,075)	3,014	(40,634)
Total adjustments	20,497	(23,927)	137,091
Net cash provided by operating activities	99,025	63,833	662,287
Investing Activities:			
Purchases of property, plant, and equipment	(10,845)	(8,718)	(72,533)
Proceeds from sale of property, plant, and equipment	6,628	152	44,330
Acquisitions of intangible assets	(16,069)	(15,410)	(107,476)
Proceeds from sale and redemption of investment securities	796	28,266	5,328
Purchases of investment securities	(782)	(1,276)	(5,230)
Purchases of investments in subsidiaries with changes in consolidation scope	(4,471)		(29,903)
Other-net	(3,895)	(359)	(26,056)
Net cash (used in) provided by investing activities	(28,639)	2,653	(191,541)
Forward	¥70,386	¥66,486	\$470,746

(Continued)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Forward	¥70,386	¥66,486	\$470,746
Financing Activities:			
Net decrease in short-term loans payable	(23)	(225)	(158)
Net decrease in commercial papers		(25,000)	
Proceeds from long-term debt	14	20,000	98
Repayments of long-term debt	(17)	(20,110)	(120)
Repayments of lease obligations	(3,821)	(2,556)	(25,560)
Purchase of treasury stock	(4,046)	(17,947)	(27,061)
Increase in deposits paid for purchase of treasury stock	(960)		(6,420)
Cash dividends paid	(13,521)	(8,982)	(90,430)
Cash dividends paid to noncontrolling shareholders	(3,861)	(2,757)	(25,825)
Other-net		83	
Net cash used in financing activities	(26,237)	(57,496)	(175,478)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	680	9,060	4,549
Net Increase in Cash and Cash Equivalents	44,828	18,050	299,817
Cash and Cash Equivalents, Beginning of Year	134,428	116,378	899,068
Cash and Cash Equivalents, End of Year	¥179,257	¥134,428	\$1,198,885

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Yokogawa Electric Corporation and Consolidated Subsidiaries
 Year Ended March 31, 2025

1. Basis of Presentation of the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued in Japan in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2024 consolidated financial statements to conform to the classifications used in 2025.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Yokogawa Electric Corporation (the “Company”) is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.52 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen and U.S. dollar figures less than a thousand dollars are rounded down to the nearest million yen and thousand dollars, except for per share data. As a result, totals in millions of yen and thousands of U.S. dollars may not add up exactly.

2. Summary of Significant Accounting Policies

● **a. Consolidation** — The consolidated financial statements as of March 31, 2025 include the accounts of the Company and its 124 (122 in 2024) significant subsidiaries (together, the “Group”). Changes include i) purchases of Adept Fluidyne Pvt. Ltd., BaxEnergy GmbH, BaxEnergy Italia S.r.l., Flaretot Limited and Sapphire Consultants Limited; ii) liquidation of Soteica Ideas & Technology LLC, Yokogawa Insilico Biotechnology PTE. LTD. and Yokogawa Insilico Biotechnology Corporation.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in one (one in 2024) unconsolidated subsidiary and three (three in 2024) affiliated companies are accounted for by the equity method.

The excess of the cost of acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is being amortized on a straight-line basis over a period of up to 20 years. However, any insignificant amount of goodwill is amortized in full upon its recognition.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

● **b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements** — Under Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 18, “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements,” the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or accounting principles generally accepted in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—FASB ASC) tentatively may be used for the consolidation process, except for the following items which should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity through other comprehensive income; (3) expensing capitalized development costs of research and development; (4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; and (5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

● **c. Business Combinations** — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

● **d. Cash Equivalents** — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Specifically, cash equivalents represent time deposits that mature within three months of the date of placement.

● **e. Inventories** — Inventories are stated at the lower of cost or the net selling value. Cost is mainly determined by the specific identification method for finished goods and work in process, and by the average method for merchandise, raw materials, and supplies.

● **f. Investment Securities** — Investment securities comprised available-for-sale securities. Except for equity securities without market price, available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported under accumulated other comprehensive income in a separate component of equity. Costs of securities sold are calculated primarily by the moving-average method.

Equity securities without market price are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

● **g. Property, Plant, and Equipment** — Property, plant, and equipment are stated at cost, less accumulated depreciation and any impairment loss. Depreciation of property, plant, and equipment is mainly calculated by the straight-line method over their estimated useful lives.

The estimated useful lives range principally from three to 50 years for buildings, and from four to 10 years for machinery and equipment. The estimated useful lives for leased assets are the terms of the respective leases.

● **h. Intangible Assets** — Intangible assets consist mainly of software, technology assets, customer-related intangible assets, and goodwill. Amortization of intangible assets is mainly calculated by the straight-line method over their estimated useful lives. Software for internal use is amortized using the straight-line method over the estimated useful life of principally five years. Customer-related intangible assets are amortized using the straight-line method over periods of future revenue to be generated (mainly 10 years).

● **i. Leases** — Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet.

Depreciation of leased assets is calculated by the straight-line method over their lease periods. The residual value of leased assets with residual value guarantee clause is the guaranteed amount and zero for leased assets without such clause.

Depreciation of right-of-use assets is calculated by the straight-line method over shorter of their lease periods or their estimated useful lives.

● **j. Long-lived Assets** — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

● **k. Allowance for Doubtful Accounts** — The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

● **l. Provision for Contract Loss** — When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

● **m. Retirement and Pension Plans** — The Company and most of its consolidated subsidiaries have defined contribution plans, and some other consolidated subsidiaries have defined benefit plans for employees. Certain overseas subsidiaries account for their pension plans in conformity with IFRS.

The main method used to attribute expected benefits to each period is the benefit formula basis.

Actuarial gains or losses are amortized on a straight-line basis over a period within the average remaining years of service of the employees from the following year in which they arise.

Prior service cost is amortized on a straight-line basis over a period within the average remaining years of service.

● **n. Research and Development Costs** — Research and development costs are charged to income as incurred.

● **o. Bonuses to Directors** — Bonuses to directors are accrued at the end of the year to which such bonuses are attributable.

● **p. Revenue Recognition** — The Group applied ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition" and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition" from the beginning of the year ended March 31, 2021, as they become effective for the annual periods beginning on or after April 1, 2018. As a result, the Group recognizes revenue at the time of the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services based on the following five steps.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Regarding Step 4 above, the Group utilizes cost plus a margin approach in determining stand-alone selling prices and allocates transaction prices to performance obligations.

(1) Sales of Products

With regard to sales of products, such as field instruments and others which are placed at production sites, performance obligations are determined based on each product, and contract prices are used as a basis for transaction prices if one contract contains multiple products. Revenues are recognized at the time of delivery as the customers obtain control of the assets at the time of delivery and performance obligations are deemed to be satisfied at the same time. Revenues are recognized at the time of shipment if contracts satisfy requirements of Paragraph 98 of the guidance. Considerations for performance obligations are received approximately within one year after the performance obligations are satisfied.

(2) Construction Contracts

Transactions in the forms of construction contracts, including engineering, involve the creation of assets, which cannot be directed to another customer or assets with no alternative use and accompany rights to payments for the completed work. Percentage of progress regarding satisfaction of performance obligations for construction contracts is estimated and revenues are recognized based on the estimated percentage over certain period of time. The percentage of progress is determined based on a ratio of actual costs incurred against the estimated total costs to satisfy the performance obligation. Net sales recorded using this method were ¥260,397 million (U.S.\$1,741,554 thousand) and ¥240,375 million for the years ended March 31, 2025 and 2024, respectively. If order amounts or total construction costs to satisfy the performance obligation cannot be reliably estimated, a portion of actual costs incurred of which collection is probable is recognized as revenue. Considerations for performance obligations are generally received as the performance obligations are satisfied in accordance with contract milestones. Transactions arising from maintenance services are recognized over the contract periods.

● **q. Income Taxes** — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Company and certain domestic subsidiaries file their tax returns under the group tax sharing system, which allows these companies to base tax payments on the combined profits or losses of the parent company and its wholly owned subsidiaries in Japan.

● **r. Foreign Currency Transactions** — Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Japanese yen at the exchange rate as of that date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

● **s. Foreign Currency Financial Statements** — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the prevailing exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as “Foreign currency translation adjustments” under accumulated other comprehensive income and noncontrolling interests in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

● **t. Fair Value Measurement** — From the beginning of the year ended March 31, 2022, the Group adopted ASBJ Statement No. 30, “Accounting Standard for Fair Value Measurement,” issued on July 4, 2019, and other related standards and guidance. The new accounting policies as stipulated in these standards and guidance are applied prospectively in accordance with the transitional treatment as stipulated in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the ASBJ Statement No. 10, “Accounting Standard for Financial Instruments,” issued on July 4, 2019. The effects of applying these standards and guidance on consolidated financial statements were immaterial.

From the beginning of the year ended March 31, 2023, the Group adopted ASBJ Guidance No. 31, “Implementation Guidance on Accounting Standard for Fair Value Measurement,” revised on June 17, 2021. The new accounting policies applied prospectively in accordance with the transitional treatment as stipulated in Paragraph 27-2 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement.” The effects of applying this guidance on consolidated financial statements were immaterial.

● **u. Derivatives and Hedging Activities** — The Company and certain consolidated subsidiaries use a variety of derivative financial instruments, including foreign currency forward contracts, currency options, and interest rate swaps, as a means of hedging foreign currency and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives other than those which qualify for hedge accounting are measured at fair value, and gains or losses are recognized in the consolidated statement of income; and b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation between the hedging instruments and the hedged items, gains or losses are deferred until maturity of the hedged transactions. These amounts are shown as “deferred gain on derivative under hedge accounting” under accumulated other comprehensive income in a separate component of equity.

Foreign currency forward contracts are utilized to hedge the foreign currency risk of trade receivables denominated in foreign currencies. If the forward contracts qualify for hedge accounting, these trade receivables are translated at the contracted rates. Interest rate swaps are utilized to hedge the interest rate risk of long-term debt. Those interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

If the hedging relationships qualify for the application of ASBJ PITF No. 40 “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR,” the special treatment as prescribed in the PITF No. 40 is applied to those hedging relationships. The hedging relationships to which the PITF No. 40 is applied are the interest rate swaps that meet specific matching criteria.

● **v. Per Share Information** — Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

● **w. New Accounting Pronouncements** — ASBJ Statement No. 34, “Accounting Standard for Leases” and ASBJ Guidance No. 33 “Guidance on Accounting Standard for Leases” were issued on September 13, 2024. As part of the initiatives to make Japanese GAAP consistent with international standards, ASBJ conducted a study based on international accounting standards to develop an accounting standard relating to leases that will have lessees recognize assets and liabilities for all leases, and issued an accounting standard for leases and a guidance. While the basic policy of the standard is based on a single lessee accounting model of IFRS 16, by only adopting the main provisions instead of the whole of IFRS 16, the standard aimed to be simple and highly convenient, basically requiring no modification when applying the provisions of IFRS 16 to non-consolidated financial statements.

For the accounting treatment of lessees, lessees shall adopt the single lessee accounting model as the method to allocate expenses arising from leases as with IFRS 16, under which depreciation on right-of-use assets and interests on lease liabilities for all leases, regardless of a finance lease or an operating lease are recorded.

The standards and guidance will be applied from the beginning of the fiscal year ending March 31, 2028.

The Group is currently in the process of determining the effects of applying the standard and guidance on the consolidated financial statements.

3. Significant Accounting Estimates

Provision for contract loss

(1) Carrying amounts

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Provision for contract loss	¥8,847	¥8,746	\$59,171

(2) Information on the significant accounting estimate

Provision for contract loss is provided when it is probable that the total construction costs will exceed total construction revenue and if the outcome of a construction contract can be estimated reliably. The amount of provision for contract loss is calculated as the excess amount (contract loss) deducted by profit or loss already recognized for the construction contract. Variation in the estimated amount of contract loss due to profitability, production, and quality issues that may arise in future may have a material impact on the future consolidated financial statements.

Goodwill and other intangible assets acquired through business combination

(1) Carrying amounts

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Goodwill	¥6,563	¥5,971	\$43,894
Software	840		5,621
Other intangible assets	49	1,580	332

(2) Information on the significant accounting estimate

Goodwill and other intangible assets, such as technology assets, are recognized during the course of business combinations. The Group annually determines whether impairment indicators exist for these assets based on changes in business environment and deteriorated business results. Whenever the circumstance indicates the carrying amount of goodwill and other intangible assets may not be recoverable, undiscounted future cash flows are estimated based on business plans. An impairment loss is recognized if the carrying amount of goodwill and other intangible assets exceeds the sum of the undiscounted future cash flows and the carrying amount of the goodwill and other intangible assets is reduced to its recoverable amount. Impairment tests on goodwill and other intangible assets generated from the business combinations of overseas consolidated subsidiaries are carried out based US GAAP or IFRS. Assumptions such as sales forecast and operating expense forecast based on the plans for unit sales and unit price are included in estimation of future cash flows and any changes in these assumptions due to changes in economic environment and demand trends may have a material impact on the future consolidated financial statements.

4. Investment Securities

Investment securities as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Noncurrent:			
Equity securities	¥41,015	¥43,879	\$274,317

The cost and aggregate fair values of investment securities at March 31, 2025 and 2024, were as follows:

March 31, 2025	Millions of yen			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	¥5,862	¥30,122	¥(16)	¥35,968

March 31, 2024				
Securities classified as:				
Available-for-sale:				
Equity securities	¥6,006	¥30,316	¥(20)	¥36,302

March 31, 2025	Thousands of U.S. dollars			
	Cost	Unrealized gain	Unrealized loss	Fair value
Securities classified as:				
Available-for-sale:				
Equity securities	\$39,210	\$201,461	\$(109)	\$240,562

The information for available-for-sale securities sold during the years ended March 31, 2025 and 2024, was as follows:

2025	Millions of yen		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	¥786	¥635	
Other securities	49	10	
Total	¥835	¥645	

2024	Millions of yen		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	¥28,315	¥16,990	
Total	¥28,315	¥16,990	

2025	Thousands of U.S. dollars		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	\$5,259	\$4,249	
Other securities	327	68	
Total	\$5,587	\$4,318	

Impairment losses are recognized for available-for-sale securities except for equity securities without market price if declines in fair value are 50% or more. If declines in fair value are 30% to 50%, impairment losses may be recognized for amount deemed to be irrecoverable considering the declines are other than temporary. Impairment losses for equity securities without market price may be recognized for amounts deemed to be irrecoverable if declines in fair value are 50% or more considering the declines are other than temporary.

Loss on valuation of investment securities for the years ended March 31, 2025 and 2024, was ¥3,130 million (U.S.\$20,939 thousand) and ¥1,041 million, respectively.

5. Inventories

Inventories at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Merchandise and finished goods	¥20,174	¥21,719	\$134,925
Work in process	5,791	5,857	38,735
Raw materials and supplies	24,962	27,138	166,947
Total	¥50,927	¥54,715	\$340,608

6. Expected Loss on Construction Contracts

The Group recognizes an expected loss on construction contracts when it is probable that total contract costs will exceed total contract revenue. The inventory and the expected loss on construction contracts are not offset, but are separately presented in the consolidated balance sheet.

The balance of inventories relating to the expected loss on construction contracts for the years ended March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Merchandise and finished goods	¥126	¥75	\$845
Work in process	157	55	1,055
Total	¥284	¥131	\$1,900

7. Property, Plant, and Equipment

Accumulated depreciation on property, plant, and equipment as of March 31, 2025 and 2024, was ¥157,778 million (U.S.\$1,055,232 thousand) and ¥162,888 million, respectively.

8. Long-lived Assets

The Group reviewed its long-lived assets for impairment as of and for the years ended March 31, 2025 and 2024. As a result, impairment losses of ¥3,987 million (U.S.\$26,670 thousand) and ¥11,473 million were recognized for the years ended March 31, 2025 and 2024, respectively.

The main components of loss on impairment of long-lived assets for the year ended March 31, 2025, were as follows:

			Millions of yen	Thousands of U.S. dollars
Location	Use	Category	Impairment loss	
United States	Business assets	Machinery, equipment, and vehicles	¥97	\$653
		Tools, furniture, and fixtures	2	15
		Right-of-use assets	25	169
		Software	0	1
		Goodwill	2,222	14,864
		Other intangible assets	1,480	9,902
Japan	Business assets	Tools, furniture, and fixtures	15	100
		Software	5	39
	Idle assets	Buildings and structures	115	769
		Land	22	153
		Total	¥3,987	\$26,670

The Group's business assets are grouped in accordance with management accounting classification.

The book values of business assets (goodwill and other assets) arising at the time of acquisition of the United States-based subsidiary, Yokogawa Fluence Analytics, Inc., have been reduced to the respective recoverable amount as their business results fell below initially forecasted business plans. The differences between the book values and recoverable amounts have been recorded as impairment losses.

Business assets are measured at their recoverable amounts, which are value in use that is calculated by discounting future cash flows at 10%.

The main components of loss on impairment of long-lived assets for the year ended March 31, 2024, were as follows:

			Millions of yen
Location	Use	Category	Impairment loss
United States	Business assets	Tools, furniture, and fixtures	¥38
		Right-of-use assets	103
		Goodwill	3,563
		Other intangible assets	3,701
Germany	Business assets	Goodwill	3,104
		Other intangible assets	881
Japan	Business assets	Machinery, equipment, and vehicles	46
		Other intangible assets	1
		Long-term prepaid expenses	4
		Idle assets	Machinery, equipment, and vehicles
		Total	¥11,473

The Group's business assets are grouped in accordance with management accounting classification.

The book values of business assets (goodwill and other assets) arising at the time of acquisition of the United States-based subsidiaries, PXiSE Energy Solutions, LLC and Yokogawa Fluence Analytics, Inc., as well as the Germany-based subsidiary, Yokogawa Insilico Biotechnology GmbH, have been reduced to the respective recoverable amount as their business results fell below initially forecasted business plans. The differences between the book values and recoverable amounts have been recorded as impairment losses.

Business assets are measured at their recoverable amounts, which are value in use that is calculated by discounting future cash flows at 10%.

9. Short-term Loans, Commercial Papers, Lease Obligations, and Long-term Debt

Short-term bank loans at March 31, 2025 and 2024, included bank overdrafts. The annual average interest rate on the short-term bank loans was 2.565% and 0.019% for the years ended March 31, 2025 and 2024, respectively.

The annual average interest rate on commercial papers was 0.003% for the year ended March 31, 2024.

Long-term debt as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loans from banks and other financial institutions	¥24,043	¥24,000	\$160,804
Lease obligations	9,700	8,589	64,876
Total	33,743	32,589	225,680
Less: Current portion	2,602	2,780	17,405
Long-term debt, less current portion	¥31,141	¥29,808	\$208,274

Annual maturities of long-term loans from banks and other financial institutions at March 31, 2025, were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2026	¥17	\$119
2027	24,015	160,614
2028	10	70
2029		
2030 and thereafter		
Total	¥24,043	\$160,804

The annual average interest rates on long-term loans (excluding current portion) from banks were 0.593% for the years ended March 31, 2025 and 2024.

Annual maturities of leases obligations at March 31, 2025, were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2026	¥2,584	\$17,286
2027	1,756	11,750
2028	1,373	9,184
2029	1,110	7,425
2030 and thereafter	2,875	19,228
Total	¥9,700	\$64,876

The annual average interest rates on lease obligations (excluding current portion) were 4.690% and 4.092% for the years ended March 31, 2025 and 2024, respectively.

Collateral and secured debt at March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Collateral:			
Deposits	¥17	¥12	\$118
Investment securities	5	5	34
Assets in consolidated subsidiaries outside Japan*	14,599	14,020	97,640
Total	¥14,622	¥14,038	\$97,793

* "Assets in consolidated subsidiaries outside Japan" represents the aggregate amount of accounts receivable and other assets of such subsidiaries.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Secured debt:			
Trade notes and accounts payable	¥119	¥24	\$800

The Group's interest-bearing debt includes financial covenants which require the Company to maintain certain levels of equity and income on a consolidated basis. The balance of such debt as of March 31, 2025 and 2024, was ¥20,000 million (U.S.\$ 133,761 thousand) and ¥20,000 million, respectively.

10. Retirement and Pension Plans

The Company and most of its consolidated subsidiaries have defined contribution plans, while some other subsidiaries have defined benefit plans. In certain circumstances, additional payments are made upon the retirement of employees.

The simplified method is used to calculate defined benefit obligation for certain consolidated subsidiaries.

(a) The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥14,087	¥12,717	\$94,215
Current service cost	632	829	4,228
Interest cost	279	381	1,871
Recognized prior service cost	(8)	17	(59)
Actuarial loss (gain)	67	(81)	449
Benefits paid	(777)	(810)	(5,196)
Termination of retirement benefit plan	(4,910)		(32,839)
Others	829	1,031	5,544
Balance at end of year	¥10,199	¥14,087	\$68,214

(b) The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥8,322	¥8,039	\$55,661
Expected return on plan assets	108	293	727
Actuarial gain (loss)	42	(163)	284
Contributions from the employer	274	200	1,838
Benefits paid	(558)	(670)	(3,732)
Termination of retirement benefit plan	(4,906)		(32,814)
Others	430	622	2,878
Balance at end of year	¥3,714	¥8,322	\$24,844

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded defined benefit obligation	¥10,199	¥14,087	\$68,214
Plan assets	(3,714)	(8,322)	(24,844)
Total	6,484	5,764	43,369
Net liability for defined benefit obligation	¥6,484	¥5,764	\$43,369

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liability for retirement benefits	¥6,726	¥6,048	\$44,984
Asset for retirement benefits	(241)	(284)	(1,614)
Net liability for defined benefit obligation	¥6,484	¥5,764	\$43,369

(d) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥632	¥829	\$4,228
Interest cost	279	381	1,871
Expected return on plan assets	(108)	(293)	(727)
Amortization of actuarial loss	45	217	306
Amortization of prior service cost	(8)		(59)
Others	(190)	32	(1,276)
Net periodic benefit costs	¥649	¥1,167	\$4,343

Note: Loss on termination of retirement benefit plan for a consolidated subsidiary in the United States disclosed in the consolidated statement of income as other income (expenses) is not included in the above table.

(e) Amounts recognized in other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Actuarial gain	¥1,257	¥117	\$8,411

(f) Amounts recognized in accumulated other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized actuarial gain (loss)	¥229	¥(1,027)	\$1,537

(g) Plan assets as of March 31, 2025 and 2024, were as follows:

(1) Components of plan assets

Plan assets:

	2025	2024
Equity investments	5%	2%
Debt investments	8	63
Cash and cash equivalents	73	29
Others	14	6
Total	100%	100%

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined based on the expected long-term rates of return for the various plan asset components.

(h) Assumptions used for the years ended March 31, 2025 and 2024, were as follows:

	2025	2024
Discount rate	3.25%	4.29%
Expected rate of return on plan assets	1.85%	3.81%

(i) Payments to defined contribution plans amounted to ¥4,443 million (U.S.\$29,715 thousand) and ¥4,058 million for the years ended March 31, 2025 and 2024, respectively.

11. Equity

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon the passing of a resolution at the shareholders’ meeting. For companies that meet certain criteria such as; (1) having a board of directors, (2) having independent auditors, (3) having an audit and supervisory board, and (4) prescribing a one-year term of service for directors (rather than the conventional two-year term) in its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the company so stipulates. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve, and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.



12. Income Taxes

The tax effects of significant temporary differences and tax loss carry forwards that resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Provision for bonuses	¥3,436	¥3,817	\$22,981
Write-down of inventories	1,760	2,165	11,772
Unrealized profit of inventories	2,471	2,916	16,530
Impairment loss on investment securities	2,563	1,618	17,144
Tax losses carryforwards (Note)	4,541	4,099	30,370
Other	14,630	15,792	97,852
Subtotal	29,403	30,410	196,652
Less: Valuation allowance for tax loss carryforwards (Note)	(2,480)	(2,455)	(16,589)
Less: Valuation allowance for temporary differences	(8,472)	(8,029)	(56,663)
Total valuation allowance	(10,952)	(10,484)	(73,253)
Total	¥18,450	¥19,925	\$123,399
Deferred tax liabilities:			
Net realized gain on available-for-sale securities	¥(8,685)	¥(8,691)	\$(58,086)
Undistributed earnings of consolidated subsidiaries outside Japan	(1,659)	(2,008)	(11,097)
Intangible assets recognized on business combination	(232)	(333)	(1,554)
Property, plant, and equipment	(444)	(450)	(2,974)
Other	(1,798)	(1,780)	(12,026)
Total	(12,819)	(13,263)	(85,740)
Net deferred tax assets	¥5,630	¥6,662	\$37,659

Note:

The expiration of tax loss carryforwards, the related valuation allowances, and the resulting net deferred tax assets as of March 31, 2025 and 2024, were as follows:

	Millions of yen						
	2025						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards*	¥530	¥233	¥516	¥141	¥157	¥2,961	¥4,541
Less valuation allowance for tax loss carryforwards	(125)	(9)	(9)	(25)	(41)	(2,268)	(2,480)
Net deferred tax assets relating to tax loss carryforwards	405	223	506	116	116	692	2,060

	Millions of yen						
	2024						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards*	¥520	¥434	¥336	¥124	¥140	¥2,544	¥4,099
Less valuation allowance for tax loss carryforwards	(85)	(19)	(19)	(19)	(34)	(2,277)	(2,455)
Net deferred tax assets relating to tax loss carryforwards	434	415	317	105	105	266	1,644

Thousands of U.S. dollars

	2025						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards*	\$3,549	\$1,561	\$3,452	\$948	\$1,054	\$19,804	\$30,370
Less valuation allowance for tax loss carryforwards	(837)	(64)	(64)	(170)	(276)	(15,174)	(16,589)
Net deferred tax assets relating to tax loss carryforwards	2,711	1,496	3,387	777	777	4,630	13,781

* Deferred tax assets relating to tax loss carryforwards were calculated by applying the normal effective statutory tax rate.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2025 and 2024, was as follows:

	2025	2024
Normal effective statutory tax rate	30.6%	30.6%
Inhabitant taxes per capita	0.5	0.2
Permanent difference		
Expenses not deductible for income tax purposes	1.8	0.9
Foreign withholding taxes	1.8	2.4
Loss on impairment of long-lived assets	1.0	2.1
Changes in valuation allowance	2.6	0.5
Lower income tax rates applicable to certain consolidated subsidiaries outside Japan	(8.9)	(8.3)
Equity in earnings of affiliates	(0.8)	(1.1)
Other-net	1.0	(2.6)
Actual effective tax rate	29.7%	24.8%

The Company and certain domestic subsidiaries file their tax returns under the group tax sharing system. The PITF No. 42, “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System,” issued on August 12, 2021, is applied with regard to accounting treatment and disclosures of national and local taxes and tax effect accounting.

On March 31, 2025, the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) were enacted in the Diet session. As a result of the amendment, “Defense Special Corporate Tax” will be levied from the fiscal year beginning on or after April 1, 2026. In relation to the amendment, the statutory tax rate used in calculation of deferred tax assets and deferred tax liabilities on temporary differences that are expected to be reversed from the fiscal year beginning on or after April 1, 2026 has been changed from 30.6% to 31.5%.

The effects of this change on the consolidated financial statements are immaterial.

13. Research and Development Costs

Research and development costs were ¥32,061 million (U.S.\$214,431 thousand) and ¥32,435 million for the years ended March 31, 2025 and 2024, respectively, and were included in the cost of sales and selling, general, and administrative expenses in the consolidated statement of income.

14. Leases

The Group leases certain tools, furniture, and fixtures; and other assets.

Future minimum lease payments under non-cancelable operating leases as of March 31, 2025 and 2024, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Due within one year	¥993	¥538	\$6,643
Due after one year	16,844	4,363	112,654
Total	¥17,837	¥4,902	\$119,297

Right-of-use assets comprised primarily of building and structures.



15. Financial Instruments and Related Disclosures

(1) Information regarding financial instruments

(a) Group policy on financial instruments

In accordance with the Group's capital expenditure program for the industrial automation and control business and the test and measurement business, the Group uses financial instruments such as bank loans to obtain necessary funding. Cash surpluses are invested in low-risk financial assets. Short-term bank loans are used to fund ongoing operations. Derivatives are used to manage exposure to financial risks as described in Note 16 and are not used for speculative purposes.

(b) Nature of the financial instruments and risk management

Receivables such as trade notes and trade accounts, are exposed to customer credit risk. Those securities are mainly issued by the Group's customers and suppliers, and are managed by regularly monitoring market value and the financial position of the issuers.

Investment securities are exposed to the risk of market price fluctuations. The Group reviews its holdings of these securities, whose issuers are mainly its customers and suppliers, by regularly checking their market value and the financial position of the issuers.

Payment terms of payables such as trade notes and trade accounts, are less than one year.

Long-term debt is used for capital expenditures and investments. In order to manage exposure to market risks from fluctuations in interest rates, the Group principally uses fixed-rate contracts; otherwise, interest rate swap contracts are used for variable rate loans.

Lease obligations are used primarily for capital expenditures and are exposed to liquidity risk at the time of settlement. The Group manages the risk by reviewing funding plan monthly by the group companies.

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by foreign currency forward contracts.

Basic policies on derivative transactions are set out in the Group's internal guidelines. The guidelines prescribe a control policy, designate authorized departments, specify the purpose of the transactions, define the basis for selecting financial institutions, and specify the reporting route.

The fair value of financial instruments is based on the quoted price in an active market. If a quoted price is not available, other valid valuation techniques are used instead.

(2) Fair value of financial instruments

The carrying amounts in the consolidated balance sheet, fair value, and unrealized gain (loss) as of March 31, 2025 and 2024, were as detailed below. Equity securities without market price and investments in partnerships are not included.

Millions of yen			
2025			
	Carrying amount	Fair value	Difference
Investment securities	¥35,968	¥35,968	
Total	¥35,968	¥35,968	
Long-term debt	¥24,043	¥23,798	¥(244)
Lease obligations (*2)	9,700	9,610	(90)
Total	¥33,743	¥33,408	¥(334)
Derivatives (*3)	¥316	¥316	

Millions of yen			
2024			
	Carrying amount	Fair value	Difference
Investment securities	¥36,302	¥36,302	
Total	¥36,302	¥36,302	
Long-term debt	¥24,000	¥23,830	¥(169)
Lease obligations (*2)	8,589	8,273	(315)
Total	¥32,589	¥32,103	¥(485)
Derivatives (*3)	¥(456)	¥(456)	

Thousands of U.S. dollars

	2025		
	Carrying amount	Fair value	Difference
Investment securities	\$240,562	\$240,562	
Total	\$240,562	\$240,562	
Long-term debt	\$160,804	\$159,166	\$(1,637)
Lease obligations (*2)	64,876	64,273	(602)
Total	\$225,680	\$223,440	\$(2,240)
Derivatives (*3)	\$2,115	\$2,115	

(*1) Disclosure of cash and cash equivalents, trade notes receivable, accounts receivable, trade notes and accounts payable, electronically recorded obligations-operating, short-term loans payable, payables-other, income taxes payable is omitted since their carrying amounts approximate their fair values because of their short maturities.

(*2) Current portion of lease obligations is included.

(*3) Assets/liabilities arising from derivative transactions are disclosed as the net amount, and the net payable is shown in parentheses.

(*4) Investments in partnerships are not included in the above table in accordance with Paragraph 24-16 of ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," revised on June 17, 2021. The carrying amounts of investments in partnerships were ¥583 million (U.S.\$3,902 thousand) and ¥545 million as of March 31, 2025 and 2024, respectively.

Notes:

(a) Equity securities without market price as of March 31, 2025 and 2024, are as follows:

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Equity securities without market price	¥27,737	¥28,767	\$185,512

Equity securities without market price include unlisted equity securities which are not subject to the fair value disclosure in accordance with Paragraph 5 of ASBJ Guidance No. 19, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments," revised on March 31, 2020.

(b) Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2025, is as follows:

	Millions of yen		Thousands of U.S. dollars	
	2025		2025	
	Due in one year or less	Due after one to five years	Due in one year or less	Due after one to five years
Cash and cash equivalents	¥188,754		\$1,262,400	
Trade notes receivables	11,309		75,640	
Accounts receivable	137,693	¥2,370	920,904	\$15,851
Total	¥337,757	¥2,370	\$2,258,946	\$15,851

(c) Fair value measurement of financial instruments and breakdown by level of fair values

Fair values of financial instruments are categorized into following three levels depending on observability and materiality of inputs used for the measurement of fair values.

Level 1: Fair values determined based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Fair values determined based on inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair values determined based on unobservable inputs for the asset or liability.

If multiple inputs that have significant impact on the fair value measurement are used, the fair value is categorized in the level of the lowest-level input used in the fair value measurement.

- (i) Financial assets and liabilities whose fair values are presented as carrying amounts in the consolidated balance sheets

Millions of yen				
2025				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Equity securities	¥35,533			¥35,533
Total	¥35,533			¥35,533
Derivatives				
Foreign exchange related		¥153		¥153
Currency related		162		162
Total		¥316		¥316

Millions of yen				
2024				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Equity securities	¥35,977			¥35,977
Total	¥35,977			¥35,977
Derivatives				
Foreign exchange related		¥(229)		¥(229)
Currency related		(226)		(226)
Total		¥(456)		¥(456)

Thousands of U.S. dollars				
2025				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Equity securities	\$237,649			\$237,649
Total	\$237,649			\$237,649
Derivatives				
Foreign exchange related		\$1,026		\$1,026
Currency related		1,088		1,088
Total		\$2,115		\$2,115

Investment trusts are not included in the above table in accordance with Paragraph 24-3 of ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," revised on June 17, 2021. The carrying amounts of investment trusts were ¥435 million (U.S.\$2,912 thousand) and ¥325 million as of March 31, 2025 and 2024, respectively.

- (ii) Financial assets and liabilities whose carrying amounts in the consolidated balance sheets are not based on fair values

Millions of yen				
2025				
Fair value				
	Level 1	Level 2	Level 3	Total
Long-term debt		¥23,798		¥23,798
Lease obligations		9,610		9,610
Total		¥33,408		¥33,408

Millions of yen				
2024				
Fair value				
	Level 1	Level 2	Level 3	Total
Long-term debt		¥23,830		¥23,830
Lease obligations		8,273		8,273
Total		¥32,103		¥32,103

Thousands of U.S. dollars				
2025				
Fair value				
	Level 1	Level 2	Level 3	Total
Long-term debt		\$159,166		\$159,166
Lease obligations		64,273		64,273
Total		\$223,440		\$223,440

Explanation on techniques and inputs used for fair value measurement

Investment securities:

The fair values of listed equity shares are determined based on quoted market prices and categorized in Level 1 as they are actively traded on stock exchanges.

Long-term debt and lease obligations:

The fair values of long-term debt and lease obligations are determined by discounting cash flows related to the debt at the Group's assumed corporate borrowing rate and categorized in Level 2.

Derivatives:

The fair values of derivatives are determined by discounting cash flows using observable inputs, including interest rates, foreign exchange rates and others and categorized in Level 2.

16. Derivatives

Derivative transactions are used to manage foreign exchange risk and the risk of market rate fluctuations that occur in the normal course of business. The Group does not use derivatives for speculative purposes or for highly leveraged transactions.

(1) Derivative transactions to which hedge accounting was not applied at March 31, 2025 and 2024, are as follows:

Millions of yen				
	2025			
	Contract amount		Fair value	Unrealized gain (loss)
	Total	Due after one year		
Forward exchange contracts				
Selling contracts				
U.S. dollar	¥12,128		¥169	¥169
Others	2,611		27	27
Buying contracts				
U.S. dollar	986		4	4
Currency swaps				
	14,596		162	162
Total	¥30,323		¥364	¥364

Millions of yen				
2024				
	Contract amount		Fair value	Unrealized gain (loss)
	Total	Due after one year		
Forward exchange contracts				
Selling contracts				
U.S. dollar	¥10,462		¥(217)	¥(217)
Others	6,783		(87)	(87)
Buying contracts				
U.S. dollar	1,249		21	21
Currency swaps				
	9,912		(226)	(226)
Total	¥28,408		¥(510)	¥(510)

Thousands of U.S. dollars				
	2025			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gain (loss)
Forward exchange contracts				
Selling contracts				
U.S. dollar	\$81,118		\$1,133	\$1,133
Others	17,466		184	184
Buying contracts				
U.S. dollar	6,600		29	29
Currency swaps				
	97,619		1,088	1,088
Total	\$202,805		\$2,435	\$2,435

Note: The contract amount, fair value and unrealized gain (loss) on the above tables include those for currency and interest rate related derivative transactions that are executed for hedging foreign exchange and other risks associated with receivables and payables between consolidated companies which are eliminated on the consolidated balance sheets.

(2) Derivative transactions to which hedge accounting was applied at March 31, 2025 and 2024, are as follows:

Millions of yen				
2025				
Contract amount				
	Hedged item	Total	Due after one year	Fair value
Forward exchange contracts				
Buying contracts				
U.S. dollar	Payables	¥3,823	¥370	¥(47)
Interest rate swaps				
Pay fixed/receive floating	Long-term debt	¥20,000		Note (b)

Millions of yen				
2024				
		Contract amount		
	Hedged item	Total	Due after one year	Fair value
Forward exchange contracts				
Buying contracts				
	U.S. dollar	Payables	¥4,371	¥499
				¥54
Interest rate swaps				
	Pay fixed/receive floating	Long-term debt	¥20,000	Note (b)

Thousands of U.S. dollars

2025

Contract amount

	Hedged item	Total	Due after one year	Fair value
Forward exchange contracts				
Buying contracts				
U.S. dollar	Payables	\$25,575	\$2,475	\$(320)
Interest rate swaps				
Pay fixed/receive floating	Long-term debt	\$133,761		Note (b)

Notes:

- (a) The above interest rate swaps, which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.
- (b) The fair value of such interest rate swaps is included in that of hedged items disclosed in Note 15.

The contract or notional amounts of the derivatives shown in the above table do not represent the amounts exchanged by the parties and are not a measure of the Group's exposure to credit or market risk.

17. Commitment Line Agreements

The Company has commitment line agreements with financial institutions in order to obtain funds for stable and efficient operation.

The commitment line of credit as of March 31, 2025 and 2024, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Total commitment line of credit	¥35,000	¥45,000	\$234,082
Outstanding borrowings			
Unused credit line	¥35,000	¥45,000	\$234,082

18. Other Notes to Consolidated Statement of Income

(1) Provision for contract loss

The following provision for contract loss was included in the cost of sales in the consolidated statement of income:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Provision for contract loss	¥290	¥548	\$1,946

(2) Selling, general, and administrative expenses

The major components of selling, general, and administrative expenses were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Salaries	¥53,624	¥49,933	\$358,644
Net periodic retirement benefit costs	4,447	4,758	29,746
Provision for bonuses	9,826	8,306	65,717
Allowance for doubtful accounts	(572)	(311)	(3,829)
Research and development costs	31,975	32,371	213,854

(3) Net gain (loss) on sales and disposal of property, plant, and equipment

The net gain (loss) on sales and disposal of property, plant, and equipment was as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Land	¥(1,232)		\$(8,245)
Buildings and structures	2,676	¥(132)	17,897
Machinery, equipment, and vehicles	(7)	8	(50)
Tools, furniture, and fixtures	(14)	(14)	(95)
Construction in progress	(2)		(15)
Other intangible assets	(134)	(24)	(902)
Total	¥1,284	¥(163)	\$8,587



19. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized (losses) gains on available-for-sale securities:			
Losses (gains) arising during the year	¥(2,833)	¥19,819	\$(18,950)
Reclassification adjustments to profit or loss	2,485	(15,949)	16,620
Amount before income taxes and income tax effect	(348)	3,870	(2,329)
Income taxes and income tax effect	6	(1,029)	40
Total	¥(342)	¥2,840	\$(2,289)
Deferred (loss) gain on derivatives under hedge accounting:			
(Losses) gains arising during the year	¥(110)	¥191	\$(742)
Reclassification adjustments to profit or loss			
Amount before income taxes and income tax effect	(110)	191	(742)
Income taxes and income tax effect	28	(49)	191
Total	¥(82)	¥142	\$(550)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥(4,582)	¥19,693	\$(30,648)
Reclassification adjustments to profit or loss	(24)	(113)	(160)
Amount before income taxes and income tax effect	(4,606)	19,580	(30,809)
Income taxes and income tax effect			
Total	¥(4,606)	¥19,580	\$(30,809)
Defined retirement benefit plans:			
Adjustments arising during the year	¥(61)	¥(100)	\$(409)
Reclassification adjustments to profit or loss	1,318	217	8,820
Amount before income taxes and income tax effect	1,257	117	8,411
Income taxes and income tax effect	(268)	(64)	(1,794)
Total	¥989	¥53	\$6,616
Share of other comprehensive income in affiliates:			
Gains arising during the year	¥262	¥331	\$1,757
Reclassification adjustments to profit or loss	5	(196)	35
Total	¥268	¥134	\$1,792
Total other comprehensive income	¥(3,773)	¥22,751	\$(25,240)

20. Per Share Information

Basic net earnings per share (EPS) for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net income attributable to owners of the parent	Weighted-average shares	EPS	
2025				
Basic EPS				
Net income attributable to common shareholders	¥52,123	260,086	¥200.41	\$1.34
2024				
Basic EPS				
Net income attributable to common shareholders	¥61,685	262,686	¥234.83	

Diluted net income per share was not disclosed because there were no dilutive securities for the years ended March 31, 2025 and 2024.

21. Revenue Recognition

Breakdown of revenue arising from contracts with customers for the years ended March 31, 2025 and 2024, was as follows:

	Millions of yen						
	2025						
	Reportable segment						
	Industrial automation and control				Measuring instruments	New business and others	Consolidated
	Energy & sustainability	Material	Life	Total			
Goods transferred at one point of time	¥99,502	¥112,090	¥25,461	¥237,054	¥29,933	¥3,303	¥270,291
Service transferred over certain period of time	180,475	89,071	21,701	291,247	13	260	291,521
Revenue from contracts with customers	279,977	201,161	47,162	528,302	29,946	3,564	561,813
Other revenue						591	591
Sales to customers	¥279,977	¥201,161	¥47,162	¥528,302	¥29,946	¥4,155	¥562,404

Millions of yen

2024

Reportable segment

	Industrial automation and control				Measuring instruments	New business and others	Consolidated
	Energy & sustainability	Material	Life	Total			
Goods transferred at one point of time	¥92,574	¥116,816	¥25,070	¥234,461	¥31,816	¥3,484	¥269,762
Service transferred over certain period of time	165,305	87,401	16,681	269,387	1	249	269,638
Revenue from contracts with customers	257,879	204,217	41,751	503,849	31,817	3,733	539,400
Other revenue						751	751
Sales to customers	¥257,879	¥204,217	¥41,751	¥503,849	¥31,817	¥4,485	¥540,152

Thousands of U.S. dollars

2025

Reportable segment

	Industrial automation and control				Measuring instruments	New business and others	Consolidated
	Energy & sustainability	Material	Life	Total			
Goods transferred at one point of time	\$665,480	\$749,669	\$170,290	\$1,585,439	\$200,194	\$22,095	\$1,807,729
Service transferred over certain period of time	1,207,030	595,715	145,138	1,947,884	87	1,741	1,949,714
Revenue from contracts with customers	1,872,510	1,345,385	315,428	3,533,324	200,282	23,836	3,757,444
Other revenue						3,952	3,952
Sales to customers	\$1,872,510	\$1,345,385	\$315,428	\$3,533,324	\$200,282	\$27,789	\$3,761,397

Notes:

- (a) Other revenue represents lease revenues accounted for in accordance with the accounting standards for lease transactions.
- (b) From the year ended March 31, 2025, water business previously included in the Life subsegment has been included in the Energy & sustainability subsegment. 2024 disclosure is presented in accordance with the revised classification.

- (c) From the year ended March 31, 2024, industrial automation and control segment has been presented with subsegments of Energy & sustainability, Material, and Life, according to the customers' industries.

Basic information to understand the revenue arising from contracts with customers are disclosed in Note 2, "Summary of Significant Accounting Policies."

The amounts of contract liabilities as of March 31, 2024 and 2023, for which revenue was recognized during the years ended March 31, 2025 and 2024, were ¥42,675 million (U.S.\$285,413 thousand) and ¥39,826 million, respectively.

Contract assets are unbilled receivables for revenues recognized based on the construction progress, mainly under construction contracts. They are reclassified to receivables when the right to the consideration to be received becomes unconditional.

Contract liabilities are primarily advances received from customers in advance of the performance of a contract and are reversed as the performance obligations under the contract are satisfied.

As of March 31, 2025 and 2024, the amounts of revenue expected to be recognized in future for performance obligations, which are fully or partially unsatisfied, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Within one year	¥303,975	¥288,121	\$2,033,006
After one year	123,222	109,339	824,121
Total	¥427,197	¥397,461	\$2,857,127

22. Business Combination

Business combination by acquisition

(1) Outline of the business combination

(a) Name of acquired company and its business outline

Name: BaxEnergy GmbH

Business outline: Provision of renewable energy management solutions

(b) Major reason for the business combination

BaxEnergy GmbH has been providing a proven range of solutions that have already been adopted by major power companies throughout Europe. The acquisition will make these solutions available to global energy asset owners, supported by consultation on implementation and after-sales services through the existing global network of the Company.

(c) Date of the business combination

May 29, 2024 (date of share acquisition)

June 30, 2024 (deemed date of acquisition)

(d) Legal form of the business combination

Share acquisition in consideration for cash

(e) Name of the company after the business combination

No change

(f) Ratio of voting rights acquired

100%

(g) Basis for determining the acquirer

It is based on the fact that the Company acquired shares in consideration for cash.

(2) Period for which the acquired company's business results are included in the consolidated financial statements

July 1, 2024, to March 31, 2025

(3) Details of acquisition cost and consideration by type

Cash consideration of EUR 20 million

(4) Details and amounts of main acquisition costs

Advisory and other fees: ¥61 million (U.S.\$409 thousand)

(5) Amount, reason, amortization method, and period of goodwill recognized

(a) Amount of goodwill recognized

¥4,066 million (U.S.\$27,193 thousand)

(b) Reason for goodwill recognized

The future excess earning power expected as a result of business development going forward

(c) Method and period of amortization

Straight-line method over six years

(6) Details of assets acquired and liabilities assumed at the acquisition date

	Millions of yen	Thousands of U.S. dollars
Current assets	¥488	\$3,263
Non-current assets	1,134	7,584
Total assets	¥1,622	\$10,848
Current liabilities	¥464	\$3,104
Long-term liabilities	488	3,270
Total liabilities	¥953	\$6,375

(7) Estimated impact on the consolidated statement of income for the year ended March 31, 2025, assuming the business combination was completed at the beginning of the current fiscal year

The information is not disclosed because the estimated impact for the year ended March 31, 2025 is immaterial.

23. Subsequent Events

Appropriation of retained earnings

The board of directors proposed the following appropriation of retained earnings at March 31, 2025, which was approved at the general meeting of the shareholders of the Company held on June 19, 2025.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥29.0 (U.S.\$ 0.19) per share	¥7,506	\$50,206

Business combination by acquisition

(1) Outline of the business combination

(a) Name of acquired company and its business outline

Name: Web Synergies (S) Pte. Ltd. ("Web Synergies")

Business outline: Provision of digital solutions and services, IT/OT integration, ERP solutions

(b) Major reason for the business combination

For more than a decade, Web Synergies and the Company have successfully collaborated in the provision of solutions and services for internal and external digital transformation (DX), and the Company invested in Web Synergies in October 2021. This acquisition will enable the Company to strengthen its DX-related business for the delivery of cloud services, enterprise data management and integration services, and IT/OT security solutions to its customers.

(c) Date of the business combination

May 9, 2025 (date of share acquisition)

(d) Legal form of the business combination

Share acquisition in consideration for cash

(e) Name of the company after the business combination

No change

(f) Ratio of voting rights after the acquisition

Ratio of voting rights held by the Company immediately before the acquisition: 15.50%

Ratio of voting rights additionally acquired on the date of business combination: 63.50%

Ratio of voting rights after the acquisition: 79.00%

(g) Basis for determining the acquirer

It is based on the fact that the Company acquired shares in consideration for cash.

(2) Details of acquisition cost and consideration by type

Not finalized as of the reporting date

(3) Details of conditional acquisition cost prescribed in the business combination agreement and accounting policy thereof after the year ended March 31, 2025

(a) Details of conditional acquisition cost

Additional payment may be made as the conditional acquisition cost depending on the level of achievement of business results for specified fiscal years.

(b) Accounting policy after the year ended March 31, 2025

In the event that additional payment of the acquisition cost is made, the acquisition cost shall be revised as if it had been paid at the time of the acquisition, and the amount of goodwill and amortization of goodwill shall be revised.

(4) Difference between cost of acquisition and total of individual transactions leading to the acquisition

Not finalized as of the reporting date



(5) Details and amounts of main acquisition costs

Not finalized as of the reporting date

(6) Amount, reason, and amortization method and period of goodwill recognized

Not finalized as of the reporting date

(7) Details of assets acquired and liabilities assumed at the acquisition date

Not finalized as of the reporting date

24. Segment Information

Under ASBJ Statement No. 17, “Accounting Standard for Segment Information Disclosures,” and ASBJ Guidance No. 20, “Guidance on Accounting Standard for Segment Information Disclosures,” an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The Group’s reportable segments are those for which separate financial information is available and regular evaluation by the Company’s management is being performed in order to decide how resources are allocated among the Group. The Group operates in three business segments: industrial automation and control, measuring instruments, and new business and others.

The industrial automation and control business offers comprehensive solutions, including field instruments such as flow meters, differential pressure/pressure transmitters, and process analyzers; control systems and programmable controllers; various types of software to enhance productivity; and services that minimize plant life cycle costs.

The measuring instruments business mainly offers waveform measuring instruments; optical communications measuring instruments; signal generators; and electric voltage, current, and power measuring instruments.

The new business and others mainly offer solution services that provide hardware, software and cloud computing environment for Industrial IoT, etc.

(2) Accounting methods for each reportable segment’s sales, income (loss), assets, and other items

The accounting policies for each reportable segment are consistent with those disclosed in Note 2, “Summary of Significant Accounting Policies.”

The aggregate of the income or loss for each reportable segment corresponds to the operating income or loss in the consolidated statement of income.

The assets of a reportable segment consist of trade notes receivable; accounts receivable; contract assets; inventories; property, plant, and equipment; and intangible assets.

(3) Information about sales, income (loss), assets, and other items

	Millions of yen				
	2025				
	Reportable segment				Consolidated
	Industrial automation and control	Measuring instruments	New business and others	Eliminations/Corporate	
Sales to customers	¥528,302	¥29,946	¥4,155		¥562,404
Intersegment sales					
Total sales	¥528,302	¥29,946	¥4,155		¥562,404
Segment income (loss)	¥77,582	¥6,223	¥(282)		¥83,523
Segment assets	412,085	11,912	6,221		430,220
Depreciation and amortization	20,325	616	122		21,064
Loss on impairment of long-lived assets	3,987				3,987
Increase in property, plant, and equipment and intangible assets	37,846	794	187		38,828
Amortization of goodwill	1,800				1,800
Goodwill	6,563				6,563

Millions of yen

2024

Reportable segment

	Industrial automation and control	Measuring instruments	New business and others	Eliminations/ Corporate	Consolidated
Sales to customers	¥503,849	¥31,817	¥4,485		¥540,152
Intersegment sales					
Total sales	¥503,849	¥31,817	¥4,485		¥540,152
Segment income (loss)	¥71,666	¥8,138	¥(1,004)		¥78,800
Segment assets	410,405	13,116	8,704		432,226
Depreciation and amortization	19,413	696	161		20,272
Loss on impairment of long-lived assets	11,473				11,473
Increase in property, plant, and equipment and intangible assets	26,397	967	72		27,438
Amortization of goodwill	2,298				2,298
Goodwill	5,971				5,971

Thousands of U.S. dollars

2025

Reportable segment

	Industrial automation and control	Measuring instruments	New business and others	Eliminations/ Corporate	Consolidated
Sales to customers	\$3,533,324	\$200,282	\$27,789		\$3,761,397
Intersegment sales					
Total sales	\$3,533,324	\$200,282	\$27,789		\$3,761,397
Segment income (loss)	\$518,874	\$41,624	\$(1,890)		\$558,608
Segment assets	2,756,056	79,674	41,610		2,877,342
Depreciation and amortization	135,935	4,124	818		140,878
Loss on impairment of long-lived assets	26,670				26,670
Increase in property, plant, and equipment and intangible assets	253,120	5,315	1,252		259,688
Amortization of goodwill	12,041				12,041
Goodwill	43,894				43,894



(4) Information about geographical areas

(a) Sales

Millions of yen								
2025								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
¥143,762	¥86,518	¥73,252	¥30,163	¥57,185	¥54,220	¥97,791	¥19,510	¥562,404
Millions of yen								
2024								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
¥138,601	¥79,065	¥84,021	¥27,420	¥55,418	¥52,882	¥83,222	¥19,520	¥540,152
Thousands of U.S. dollars								
2025								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
\$961,491	\$578,638	\$489,916	\$201,735	\$382,459	\$362,633	\$654,037	\$130,484	\$3,761,397

Notes:

1. Sales are categorized in each country or area based on the location of end users.
2. Sales in “Russia” previously presented separately is included in “Europe, CIS” from the year ended March 31, 2025 due to decreased materiality. Information for the year ended March 31, 2024 has been retroactively reclassified to conform to the new presentation.

(b) Property, plant, and equipment

Millions of yen								
2025								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
¥48,218	¥10,845	¥6,626	¥4,540	¥10,459	¥3,092	¥3,404	¥544	¥87,732
Millions of yen								
2024								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
¥53,056	¥11,569	¥6,825	¥2,363	¥10,208	¥2,872	¥3,509	¥633	¥91,038
Thousands of U.S. dollars								
2025								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
\$322,489	\$72,538	\$44,319	\$30,368	\$69,953	\$20,680	\$22,766	\$3,644	\$586,761

Note: Property, plant, and equipment in “Russia” previously presented separately is included in “Europe, CIS” for the year ended March 31, 2025 due to decreased materiality. Information for the year ended March 31, 2024 has been retroactively reclassified to conform to the new presentation.

(5) Information about major customers

No customer accounts for 10% or more of total sales of the Group.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Yokogawa Electric Corporation:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Yokogawa Electric Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

Estimation of the total costs of construction contracts	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The Group sells products and provides services related to engineering and maintenance in the Industrial Automation and Control business, which is a core business of the Group. As described in Note 2(p), "Summary of Significant Accounting Policies - Revenue Recognition" to the consolidated financial statements, the Group recognizes revenue based on the progress measured if the progress towards satisfaction of performance obligations for construction contracts related to engineering services can be reasonably measured. Of the total net sales of 562,404 million yen for the year ended March 31, 2025, 260,397 million yen was revenue recognized in accordance with this accounting policy. In addition, as described in Note 2(l), "Summary of Significant Accounting Policies - Provision for Contract Loss" to the consolidated financial statements, an estimated loss on the contract is provided for as a provision for contract loss when it is probable that the estimated total costs of the construction contract will exceed total construction revenue and the excess amount can be reasonably estimated. Provision for contract loss as of March 31, 2025, was 8,847 million yen. The progress towards satisfaction of performance obligations, which is used to recognize revenue for certain construction contracts that contain engineering services, is measured on the basis of the percentage of actual costs incurred since the inception of the contract up to the end of the year against the estimated total costs. In addition, the provision for contract loss is calculated by deducting the amount of profit or loss already recognized from the excess, if any, of the total estimated cost of construction over the contract amount. Therefore, the estimation of total costs of construction contracts has a significant impact on both revenue recognition and the calculation of the provision for contract loss. Some construction contracts are large scale and have a wide scope, and others involve a high degree of complexity, such as those requiring advanced system integration. Therefore, events that were not anticipated at the beginning of the construction may occur during the construction period, and conversion costs, such as labor and subcontracting costs as well as expenses related to the event, could be incurred. In such instances, estimating the total costs of a construction contract may involve a high degree of uncertainty.	Our audit procedures related to the estimation of the total costs of construction contracts that may affect both the revenue recognition of construction contracts and the calculation of the provision for contract loss included the following, among others: (1) Evaluation of internal controls We tested the design and operating effectiveness of the following controls over the estimation of the total costs of construction contracts: - Internal controls to monitor the progress of construction with qualitative or quantitative significance on a regular basis in order to keep track of any changes in the status after the commencement of construction and to take corrective measures in a timely manner - Internal controls to ensure the reasonableness of the estimated total costs of construction contracts at the commencement of construction and to revise such costs in a timely manner in accordance with any changes in circumstances after the commencement of construction - Internal controls to ensure the completeness of the provision for contract loss for the construction contracts of which the estimated total costs will exceed the total construction revenue (2) Evaluation of the reasonableness of the estimated total costs of construction contracts We obtained the relevant documents related to controls that monitor the progress of construction contracts, selected contracts in which the estimated total costs significantly increased or are expected to increase in the future in comparison with the initial total costs estimated at the commencement of construction, and performed the following procedures for the selected construction contracts: - We assessed the reasonableness of the assumptions used by the Group by making inquiries of the personnel in charge of monitoring the progress of construction regarding their estimates for additional conversion costs, which are labor and subcontracting costs, and expenses that are required to respond to events that cause a significant increase in total construction costs.



Therefore, we determined that the estimation of the total costs of construction contracts that contain engineering services was a key audit matter as it affects both the measurement of the progress towards satisfying performance obligations, which is used to recognize revenue for certain construction contracts, and the calculation of the provision for contract loss.	• We compared the estimated total costs of construction with the latest construction schedule plan, the cost calculation sheet, and other related documents to evaluate their consistency. • We compared the estimated total costs of construction at the end of the year with the initial estimated total costs of construction at the commencement of construction or with the estimated total costs after the change if there was a change during the year to evaluate the accuracy of the estimated total costs of construction.
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Reasonableness of the estimates of the future cash flows used in the valuation of goodwill and other intangible assets identified in the business combinations	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The Group is using M & A as part of its strategic growth investments to expand into new businesses and fields to realize the basic strategy of its medium-term business plan. As a result of multiple M & A transactions, goodwill and other intangible assets (hereinafter referred to as "goodwill and other assets") are recorded in the Group's consolidated balance sheet. As described in Note 3, "Significant Accounting Estimates" to the consolidated financial statements, the balances as of March 31, 2025, were 6,563 million yen for goodwill and 890 million yen for other intangible assets, respectively. In addition, as described in Note 8, "Long-lived Assets" to the consolidated financial statements, the Group recorded an impairment loss of 3,987 million yen for the year ended March 31, 2025, as a result of the determination on whether to recognize an impairment loss. Goodwill and other assets are amortized on a straight-line basis, but if there are any indications of impairment, the Group determines whether an impairment loss should be recognized by comparing the carrying amount with total undiscounted future cash flows from the asset group. If it is determined that an impairment loss is necessary to be recognized, the carrying amount is reduced to the recoverable amount, and the reduction in the carrying amount is recognized as an impairment loss. In addition, for goodwill and other assets arising from business combinations conducted by overseas consolidated subsidiaries, impairment testing is performed in accordance with accounting principles generally accepted in the United States of America or IFRS Accounting Standards.	Our audit procedures related to reasonableness of the estimates of the future cash flows used in the valuation of goodwill and other assets identified in the business combinations included the following, among others: (1) Evaluation of internal controls We evaluated the design and operating effectiveness of controls over impairment assessment of fixed assets. The evaluation focused on the development and approval processes of the future business plans as well as the review and approval processes of the significant assumptions included in the business plans. (2) Examination of the significant assumptions included in the estimates of the future cash flows To assess the accuracy of future business plans used to estimate the future cash flows and the reasonableness of the significant assumptions applied by management, we inquired of persons in the relevant departments, inspected the meeting minutes of the Board of Directors and Management Board, and performed the following procedures: • Regarding the future business plans, we examined whether previous business plans were achieved. When the Group did not achieve the business plans in past years, we investigated the reason for the variance and considered any effects on the future business plans.

The Group identifies each consolidated subsidiary related to goodwill and other assets as an asset group. The Group calculates the recoverable amount used in measuring an impairment loss using the value in use of each asset group, which is calculated by discounting the future cash flows to present value. The future cash flows used to evaluate goodwill and other assets are estimated based on the future business plans of each consolidated subsidiary and also reflect the fluctuation risk considered by evaluating the magnitude and likelihood of the impact of business risks that may affect the future performance of the subsidiary. In addition, the development of business plans and the assessment of uncertainties focus in particular on significant assumptions such as sales forecasts estimated based on sales volume and sales price plans and operating expenses forecasts. In this regard, the estimates of these assumptions involve uncertainties being subject to external factors such as future economic environment and demand trends and require advanced judgment by management. As such, we have determined that the reasonableness of the estimates of the future cash flows used in the evaluation of goodwill and other assets identified in the business combinations was a key audit matter.	• For the significant assumptions such as sales and operating expenses forecasts included in the future business plans, we compared them with historical results and performed trend analysis. We examined management's planned measures for their feasibility and consistency with these assumptions. We also compared them with the latest status of orders and contracts and available external data such as reports on market forecasts and examined results of the sensitivity analysis performed by management which considered the fluctuation risk of the significant assumptions in the future.
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Other Information

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Integrated Report (Yokogawa Report), but does not include the consolidated financial statements and our auditor's report thereon. The Integrated Report (Yokogawa Report) is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Yokogawa Electric Corporation and its subsidiaries were 455 million yen and 49 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
August 8, 2025

Stock Information, IR Activities, and External Evaluations

Stock information (as of March 31, 2025)

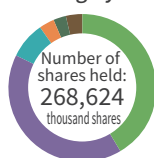
- Number of Shares Authorized 600,000,000
- Number of Shares of Common Stock Issued 268,624,510
- Number of Shareholders 17,600
- Stock Exchange Listing Tokyo Stock Exchange
- Administrator of the Register of Shareholders Mizuho Trust & Banking Co., Ltd. 2-8-4 Izumi, Suginami-ku, Tokyo 168-8507, Japan
- Annual General Meeting of Shareholders June
- Accounting Auditor Deloitte Touche Tohmatsu LLC

Shareholders by Category



- Individual investors 16,473
- Foreign investors 803
- Others 239
- Financial institutions 49
- Securities companies 35
- Treasury stock 1

Shareholding by Category



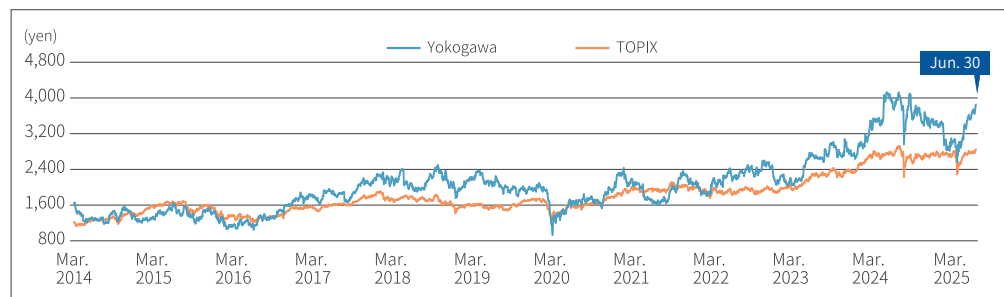
- Financial institutions 111,730,920
- Foreign investors 109,443,865
- Individual investors 21,914,097
- Others 8,618,201
- Securities companies 7,152,298
- Treasury stock 9,765,129

Major Shareholders (Top 10)

Shareholders	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan Ltd. (trust account)	52,299,400	20.2
Custody Bank of Japan, Ltd. (trust account)	20,063,300	7.8
Nippon Life Insurance Company	13,484,615	5.2
The Dai-ichi Life Insurance Company, Limited	11,397,000	4.4
State Street Bank and Trust Company 505038	6,158,100	2.4
Retirement benefit trust in Mizuho Trust & Banking Co., Ltd. (Mizuho Bank, Ltd. account); Custody Bank of Japan, Ltd. as a Trustee of Retruct	6,141,000	2.4
BNYM as AGT/CLTS 10 Percent	5,727,577	2.2
State Street Bank West Client-Treaty 505234	5,273,263	2.0
State Street Bank and Trust Company 505001	4,273,198	1.7
Yokogawa Electric Employee Shareholding Program	4,251,601	1.6

Note: Shareholding ratios were calculated after deducting the 9,765,129 shares of treasury stock held by the Company. These shares of treasury stock were not included in the above list of major shareholders.

Stock Price Trend



IR Activities

Major Activities

Major initiatives	Number of times held	Objective	Contents
Financial results briefings	4 times	Understanding of our financial results, management policies and strategies	Held quarterly*1 (presentation and Q&A sessions by the president and the vice president in charge of IR for 2Q and 4Q, and by the vice president in charge of IR for 1Q and 3Q).
Meetings with president	16		Meetings with analysts and investors in Japan and overseas*1,2 (including small meetings)
Meetings with IR staff	Approx. 400		Meetings with analysts and investors in Japan and overseas*1,2
Business briefings/IR Day/and sustainability meetings	2 times	Understanding of our business	Held briefings (explanations by directors in charge and members of management team) on such matters as the progress of management by industry, Energy & Sustainability Business, and Yokogawa's approach to DX and its progress** (2022); an overview and progress of DX strategy, and Yokogawa Digital Corporation's consultation services*2 (2023); the business strategies and contributions to sustainability*2, and AI-first manufacturing*2 (2024).
Factory tour	1 time		A tour of Kofu Factory, the mother factory of the Yokogawa Group (March 2025)
Others	1 time	Understanding of our efforts to enhance corporate value over the medium to long term	The Company's president appeared on Nikkei CNBC's Top Interview, a program for individual investors (September 2024).

*1: Using teleconferencing. *2: Using remote tools.

Meetings with Investors: Main Matters of Interest and Requests

Investors' questions and suggestions are reported by the IR Department to the Board of Directors and relevant personnel to raise management quality.

Actual and forecast financial results

- Recognition of the business environment (overview of individual regions and industries)
- Reasons for change in operating income
- Impact of tariff policies of various countries
- Business risks such as the emergence of competitors

Capital policy and financial strategy

- Optimal capital structure
- Cash allocation

Medium-term business plan

- New president's policy
- Specific measures to achieve growth targets
- Current issues and future measures
- Quantification of progress on the System of Systems (SoS) and IA2IA businesses
- Issues recognized in M&As

Sustainability

- Linkage between sustainability strategy and business strategy
- Business opportunities that allow for contribution to sustainability

External Evaluations

Global



Japan





Editorial Policy

This report is designed to provide shareholders, institutional investors, and other stakeholders with an integrated understanding of Yokogawa Group's efforts to realize a sustainable society and increase corporate value over the medium- to long-term in the context of its value creation story.

In our editorial work, we draw on the International Integrated Reporting Framework advocated by the IFRS Foundation and the Guidance for Collaborative Value Creation (Comprehensive Disclosure and Dialogue Guidance for Collaborative Value Creation) advocated by the Ministry of Economy, Trade and Industry. We are also working to improve and expand our disclosure by incorporating comments received from external evaluation organizations and other sources, as well as feed-back received through dialogue with shareholders and institutional investors. Furthermore, we aim for more integrated disclosure by holding, among other things, joint kick-off and progress meetings between the respective departments responsible for producing this report and the sustainability report.

Yokogawa Group's contributions to realizing a sustainable society and our initiatives for enhancing corporate value.

►Period Covered by the Report

FY2024 (April 1, 2024 to March 31, 2025)

This Report also includes some information on major activities in prior years and some of the latest information in FY2025.

►Scope of the Report

Yokogawa Electric Corporation and all its consolidated companies

Where the scope is different, a note is added to the relevant data.

►Timing of Publication

October 2025 (published annually)

►Intended Readership

This Report is intended for a wide range of stakeholders, including customers, shareholders, investors, business partners, employees, local communities, NPOs, NGOs, and governments.

►Company Names

In this Report, "Yokogawa" and "Yokogawa Group" refer to Yokogawa Electric Corporation and all its consolidated companies.

"Yokogawa Electric" and "Yokogawa Electric Co." refer to Yokogawa Electric Corporation.

►Reference Guidelines

- International Integrated Reporting Framework (IFRS Foundation)
- Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry)



Cover Concept

The bridges connecting rich nature and developed cities symbolize the bridge toward a sustainable society that the Yokogawa Group aims to achieve through its business activities.

Company Profile (as of March 31, 2025)

Corporate Name :Yokogawa Electric Corporation

Headquarters :2-9-32 Nakacho, Musashino-shi,
Tokyo 180-8750, Japan

Founded :September 1, 1915

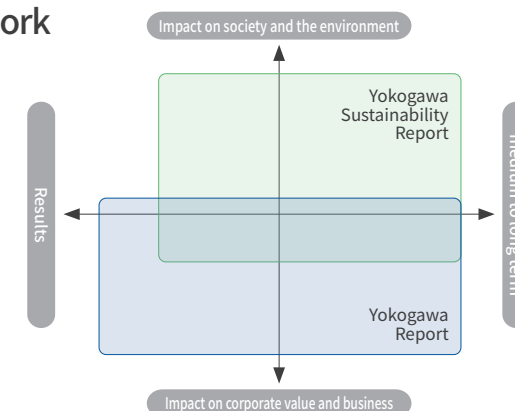
Paid-in Capital :43,401 million yen

Number of Employees :17,670 (Yokogawa Group)
2,242 (Yokogawa Electric Co.)

Subsidiaries and Affiliates :115 outside Japan
13 in Japan

Information Disclosure Framework

Yokogawa comprehensively discloses its value creation story in the Yokogawa Report, which provides a summary based on medium- to long-term impact on corporate value and business, and in the Yokogawa Sustainability Report, which summarizes the Company's impact on society and the environment.



Further information is disclosed on our website.

Disclosure information	URL
Website of Yokogawa Electric Corporation	https://www.yokogawa.com/
Sustainability Report	https://www.yokogawa.com/about/sustainability/report/
Investor Relations	https://www.yokogawa.com/about/ir/

Cautionary statement regarding forward-looking statements

Statements made in this report regarding Yokogawa's plans, estimates, strategies, and beliefs are forward-looking statements about the future performance of Yokogawa. These statements are based on management's assumptions and beliefs in the light of currently available information. Yokogawa cautions that a number of important factors, such as general economic conditions and exchange rates, could cause actual results to differ materially from those discussed in the forward-looking statements.

The names of corporations, organizations, products and logos herein are either registered trademarks or trademarks of Yokogawa Electric Corporation and their respective holders.

Yokogawa Electric Corporation

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