Chapter 2

Five Questions for understanding Yokogawa

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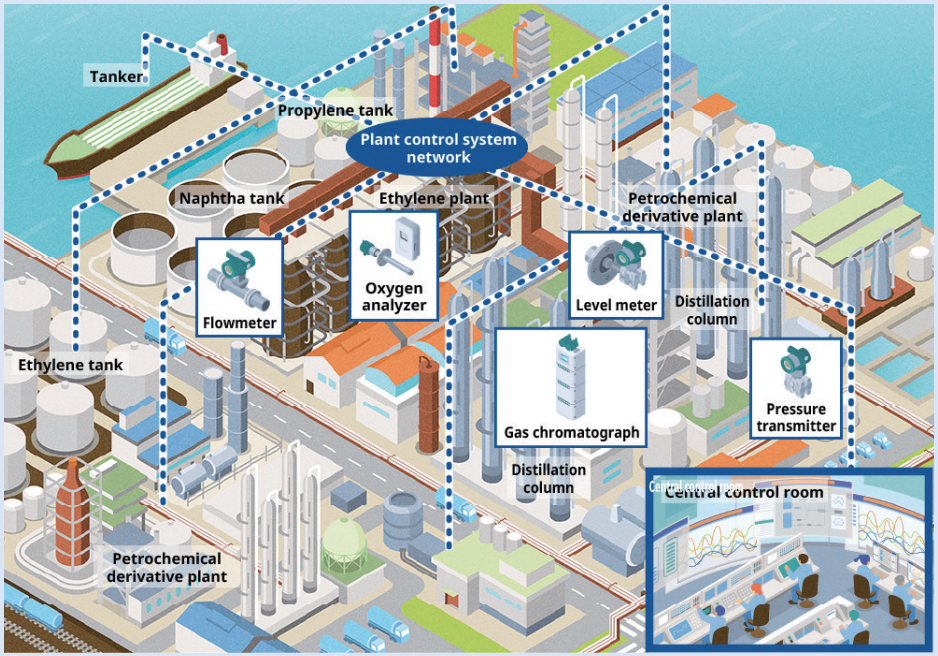
Five Questions for understanding Yokogawa

Q1. What Does Yokogawa Do?

Answer **Yokogawa provides advanced measuring instruments, control systems, and solutions for industrial infrastructure such as oil and gas facilities, chemical plants, and power plants.**

Leveraging the expertise and advanced technologies we have honed at a wide variety of manufacturing sites, we make plant operations safer and more efficient and help maintain and operate the infrastructure society depends on.

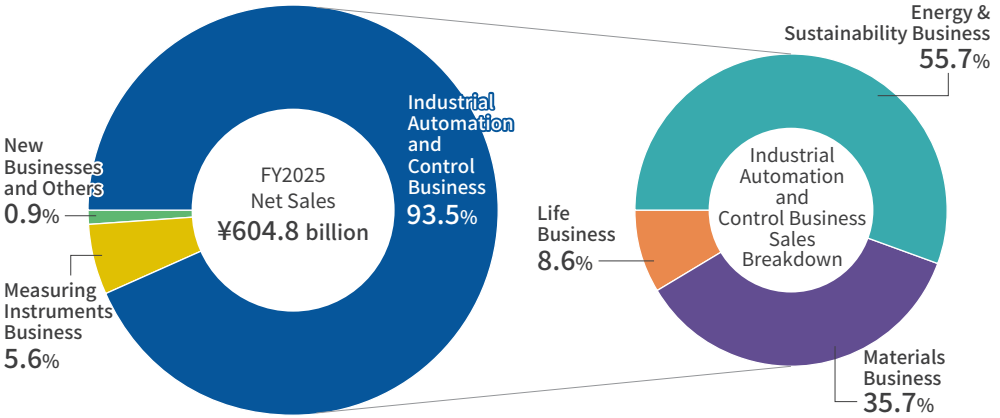
At petrochemical plants, for example, we provide **measuring instruments*** for temperature, flow, levels, and pressure in storage tanks, distillation columns, piping, pumps, and other equipment. We also provide **control systems** that use the measured data to keep equipment within the proper ranges and adjust operating conditions. Our support extends beyond safe, efficient day-to-day operation to also include maintenance, upkeep, and other elements across the entire plant lifecycle.



* Sales of measuring instruments are included in Industrial Automation and Control Business sales.

Business Portfolio

Our core Industrial Automation and Control Business operates across three subsegments: Energy & Sustainability, Materials, and Life. Our products and solutions are in use in a broad range of industries. Yokogawa's Measuring Instruments Business and new businesses also significantly contribute to the advancement of industry and technology.



Main Markets

Industrial Automation and Control Business	Energy & Sustainability Business	Renewable energy, oil & gas (upstream), refining & petrochemicals (downstream), power, energy management systems (EMS), energy storage, water & wastewater, industrial water
	Materials Business	Specialty and fine chemicals, biochemicals, fertilizer, mining & metals, mobility, electrical machinery, electronics & semiconductors, iron, steel & nonferrous materials, pulp & paper, fibers & textiles
	Life Business	Pharmaceuticals, healthcare, food & beverage
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.

Illustrated Guide: Yokogawa, Supporting Industries
▸P.41-49 Business Strategies

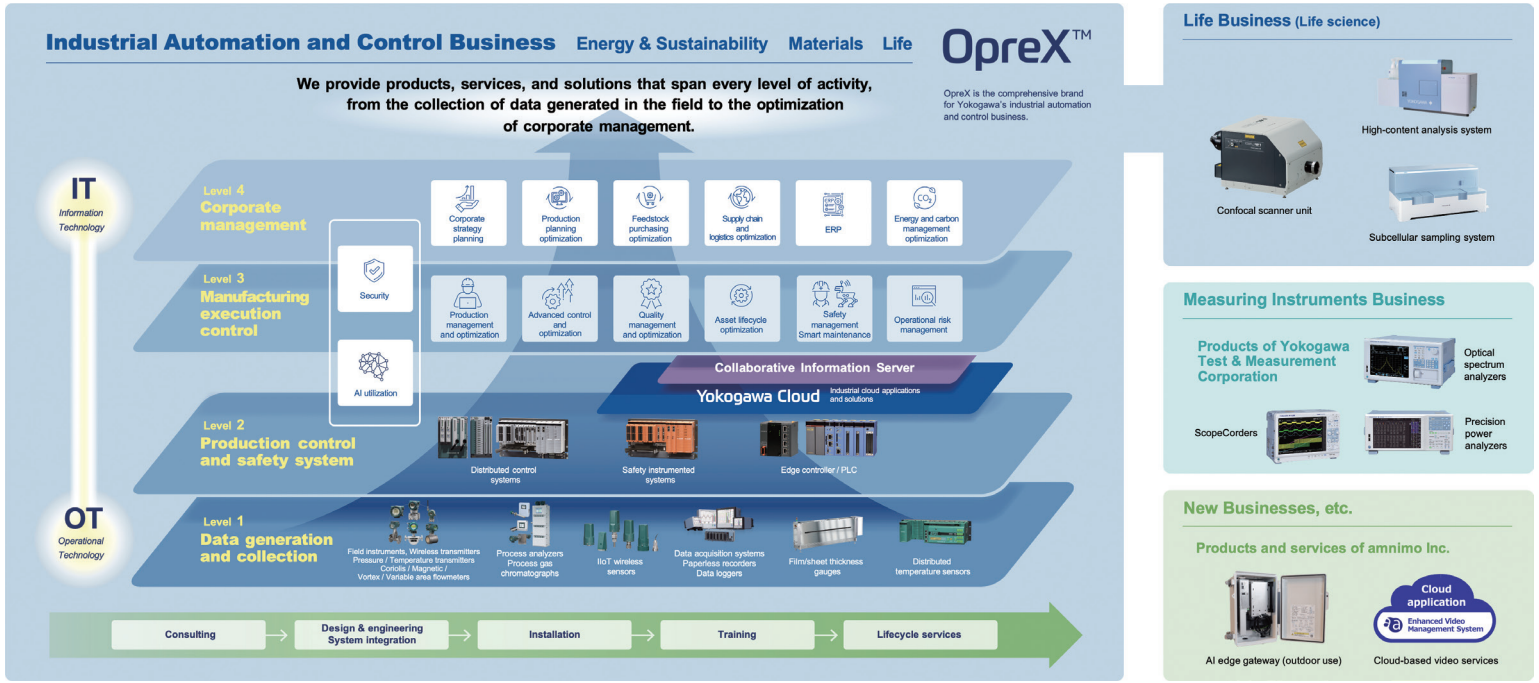
Five Questions for understanding Yokogawa: What Does Yokogawa Do?

Answer

Yokogawa's technology helps make industrial operations safe, stable, and efficient by measuring the data they depend on and connecting it through systems.

Our advanced portfolio of products and services connects every level seamlessly, from Level 1, which involves measuring and collecting data on the front lines, to Level 4, where solutions support corporate management. Building on our extensive installed base, we have established a business model that drives continued growth as we work to help customers go digital. We are also leading the transition toward System of Systems (SoS) by driving digital transformation across industry. By taking steps to optimize society as a whole, beyond the boundaries of individual companies, we aim to help people live safer, more prosperous lives.

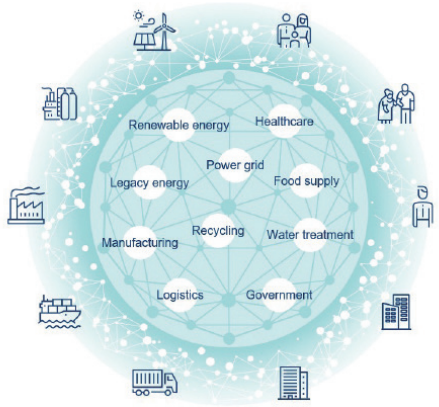
Yokogawa's Products and Solutions



Value Provided Based on the System of Systems Concept

The system of systems (SoS) concept is 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.

As a trusted partner to our customers, Yokogawa supports sustainable success by drawing on strategic insight, promoting collaboration, and applying the Industrial Automation to Industrial Autonomy (IA2IA) approach, which advances autonomy within and between these systems.



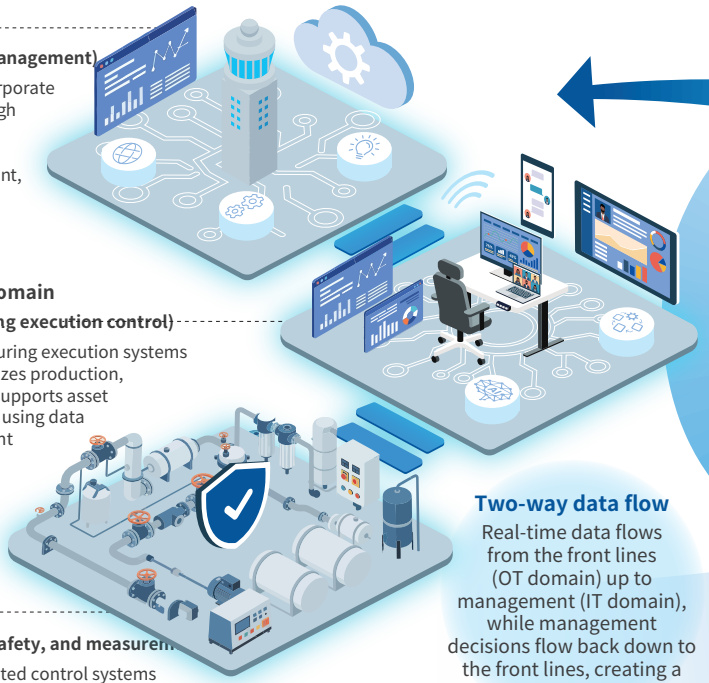
Q2. Why Does Yokogawa's Technology Remain a Trusted Part of Critical Infrastructure Around the World?

Answer

Because our long-term customer relationships rest on our two strengths: the reliability of our technology, which we have spent decades honing in operations where downtime is not an option, and the frontline capabilities, which enable us to understand and support customers' actual operations across the entire lifecycle.

Since our founding in 1915, we have worked alongside customers in demanding environments where shutdowns simply cannot happen. In the process, we have enhanced our distinctive measurement, control, and information technologies and developed a thorough, probing understanding of customer operations. These strengths, which sit at the heart of plant operations, have helped us build both a substantial installed base and customer relationships that span decades. As a partner that links customers' front lines with management, we create value throughout the asset lifecycle.

Quality: Integrating management and the front lines with a three-layer nervous system model



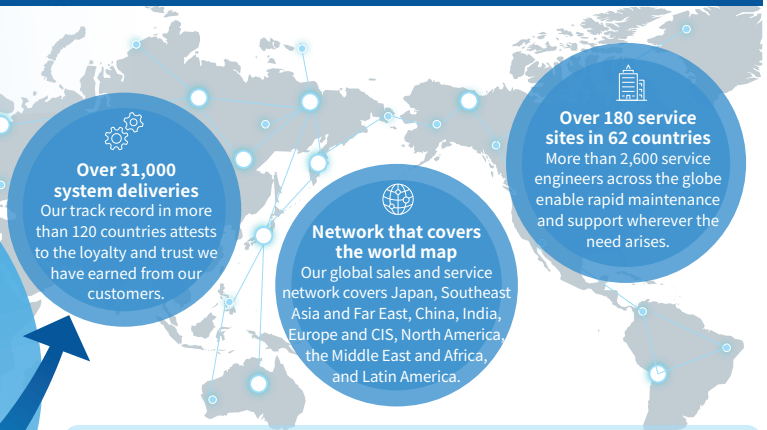
IT domain
(Level 4: Corporate management)
This layer enhances corporate decision-making through management strategy planning, ERP, energy and carbon management, and more.

IT/OT integration domain
(Level 3: Manufacturing execution control)
Centered on manufacturing execution systems (MES), this layer optimizes production, manages quality, and supports asset lifecycle management, using data to connect management with the field.

OT domain
(Levels 1-2: Control, safety, and measurem
At these levels, distributed control systems (DCS) and safety instrumented systems (SIS) are tightly integrated into the plant infrastructure to create an unshakeable foundation of trust.

Two-way data flow
Real-time data flows from the front lines (OT domain) up to management (IT domain), while management decisions flow back down to the front lines, creating a two-way connection.

Scale: A substantial global installed base



Over 31,000 system deliveries
Our track record in more than 120 countries attests to the loyalty and trust we have earned from our customers.

Network that covers the world map
Our global sales and service network covers Japan, Southeast Asia and Far East, China, India, Europe and CIS, North America, the Middle East and Africa, and Latin America.

Over 180 service sites in 62 countries
More than 2,600 service engineers across the globe enable rapid maintenance and support wherever the need arises.

DX opportunities from our installed base
We will aim for further growth by bringing autonomous control AI, digital twins, and other advanced solutions to our strong existing customer base.

Expansion of the installed base and the OPEX business

Expanding the OPEX business
Products remain in service for 10, 20 or more years. Across these long asset lifecycles, maintenance and upgrades provide a stable base of recurring earnings.



System deliveries	approx. 31,000
Business sites in	63 countries
Service sites	180+
Service engineers	2,600+
Number of employees (consolidated)	18,313

Q3. How Does Yokogawa Contribute to Solving Social Challenges Through Supporting Global Industrial Infrastructure?

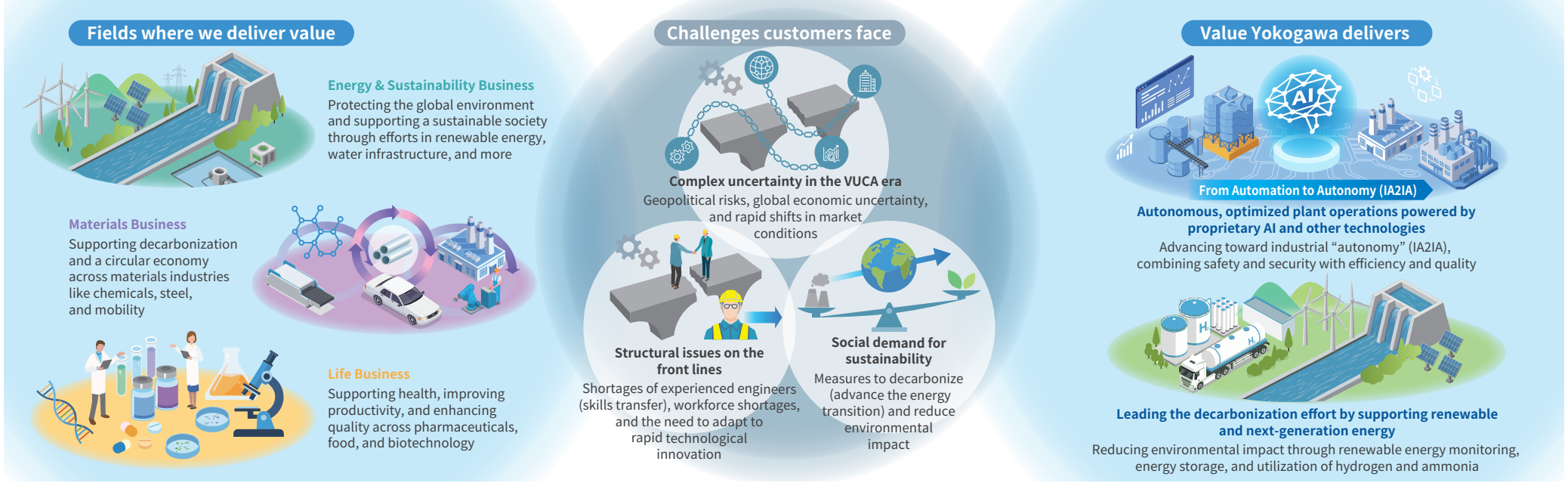
Answer

Customers across the industrial landscape are grappling with complex challenges. We bring customers advanced solutions—sharpened through co-creation with companies around the world—and work alongside them to help transform industry and address the social issues behind those challenges.

With energy security undergoing transformations and companies utilizing automation and AI in response to labor shortages, industry is now entering a period of profound structural change. We are drawing on decades of knowledge from the front lines and expertise in digital technology to tackle these social issues.

Our core Industrial Automation and Control Business operates through three subsegments—Energy & Sustainability, Materials, and Life—providing products and solutions to essential industries like oil and gas, chemicals, power, water, and pharmaceuticals. We are collaborating with overseas companies in small modular reactors (SMRs), expanding into new energy fields such as wind power, and advancing practical applications of autonomous control AI at actual plants. Through these efforts, we support autonomous and optimized plant operations and a stable energy supply, helping build a more sustainable society.

Utilizing our ability to measure and connect, we fulfill our responsibilities for the future of our planet: The Yokogawa Value Creation Story



Q4. Why Can Yokogawa Be Expected to Enhance Corporate Value Over the Long Term?

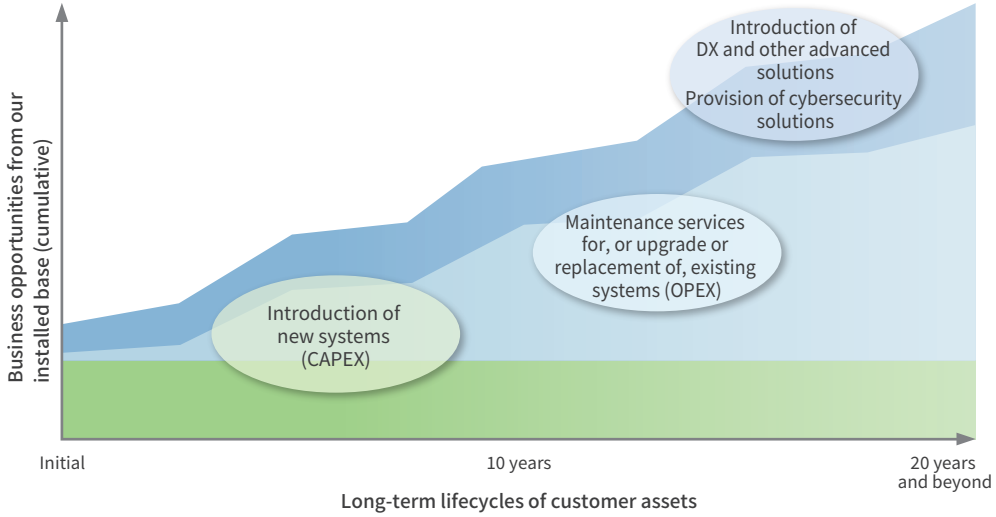
Answer

Because our extensive global installed base provides the foundation for a highly profitable lifecycle business. We continually reallocate the strong cash flows it generates toward growth investment and shareholder returns as we pursue 10% annual growth.

Our business foundation serving diverse industries that underpin society, together with our lifecycle business model, has given us a stable earnings base. We use the steady flow of cash that existing businesses generate to keep investing aggressively in growth areas, which helps us push our corporate value higher over the medium to long term.

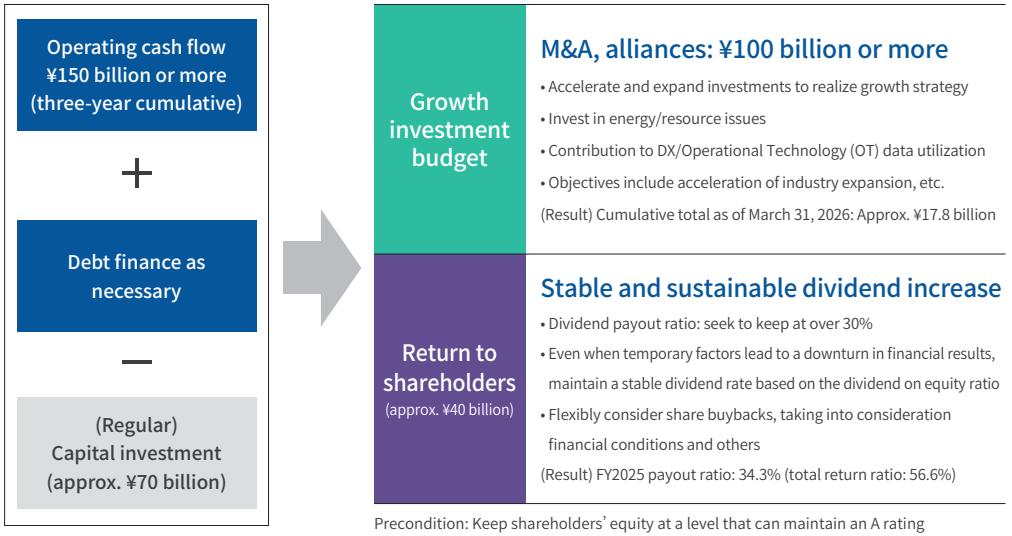
A Business Model That Generates High Profitability

Partnering with customers to build a business foundation with long-term stability and forge new business opportunities



Toward 10% CAGR: Proactive Investment and Shareholder Returns

Cash Allocation in GS2028 (FY2024 to FY2026)



Precondition: Keep shareholders' equity at a level that can maintain an A rating

Q5. Why Does Yokogawa Put Technology at the Center of Management? —Focusing on the CTO—

Answer

Because fusions of technology and management can turn into value for customers and society, with the CTO spearheading our efforts.

The CTO: Bringing Technology Together and Turning It into Earnings

To enable Yokogawa to create sustainable value with technology as the starting point, the CTO is responsible for developing a company-wide medium- to long-term technology strategy that aligns closely with management and business strategy and driving the execution of that strategy through technology management.

A look across the Group, however, shows that collaboration between development efforts in different business areas has not always been strong enough; with some products, solutions, and services, the targets overlap. Another issue is that our strong focus on responding to the market has drawn resources toward maintaining and improving existing offerings, making it difficult to commit sufficient management resources to developing new technologies and offerings.

The environment around our businesses is changing rapidly, with technological innovation, increasingly sophisticated customer needs, and changing environmental and industry regulations interacting in complex ways. That makes it essential to take a company-wide view of where we should focus, set clear priorities for development, lay out the criteria for designing the development path, and put a structure in place to decide and act. Technology is one of Yokogawa's strengths. The task now is to bring those capabilities together across the Group and connect them directly with management. That is the role the CTO position was created to play. The CTO is now advancing the development of medium- to long-term technology strategies on a Yokogawa-wide scope, and leading technology management across the Group based on those strategies.

Concrete Action

1. Developing a company-wide medium- to long-term technology strategy and optimizing the portfolio

To build competitive advantage well into the future, we first need to decide where we should invest today. That is the perspective we operate from as we organize our technology portfolio and define priority areas, working to establish a first-mover advantage.

2. Integrating internal and external technologies and accelerating applications to customer value

The next wave of value creation will not come from one company working alone. It will depend on stronger connections with universities, research institutions, and business partners—collaborations that channel co-creation into generating new value. That starts with clearly communicating where we are aiming to go with our technology and what kind of future we want to create. From there, we will work with stakeholders who share that vision. By bringing customers and partners into the process, we can open up possibilities for creating value in areas where we could never do it alone.

3. Developing human resources that connect markets, businesses, and technologies

Our people are what make all these efforts possible. Our workforce is full of talent with deep expertise in individual technologies. The reality right now, though, is that there are fewer and fewer people who see the whole picture and explain how the pieces fit together. Going forward, we need to develop people who can look beyond their own specialties, understand related fields, and turn that broader view into integrated value propositions. That will allow us to offer customers and partners more advanced, consistent value.

Roadmap to the Next Growth Curve

Over the past year, we have been laying the groundwork to strengthen our technology governance. Going forward, we will optimize our technology portfolio and invest in priority areas in line with our medium- to long-term technology strategy. By linking technology directly to management and investment decisions, we aim to advance our existing businesses, achieve sustainable growth, and create value for customers and society.

Laying the Groundwork (Achievements)

- CTO-led review and consolidation of products requiring attention
- Visualization of technology assets
- Establishment of technology management rules and framework

Message from the CTO



Hiroshi Tanoguchi
Senior Vice President & Executive Officer
Chief Technology Officer (CTO)
In charge of Yokogawa Products HQ, Global SCM HQ and Yokogawa Manufacturing Corporation, Head of Yokogawa Products HQ

Enhancing our ability to create value through technology management

One important role for the CTO is to identify technologies that can create future competitive advantages and chart out a course for forward-looking investment and R&D. Yokogawa has created substantial value by drawing on the technological prowess and implementation capabilities that the front lines have helped hone. As we continue to accumulate technological capabilities across our businesses and organizations, we are now working across the Company to leverage them even more effectively and turn those strengths into further growth. To accelerate that growth, we will place technology at the core of management and strengthen strategic technology management to support medium- to long-term growth.

At the center of this framework, the CTO positions technology not as just the target of development but as the starting point for business growth. One key emphasis is on establishing a technological strategy from a long-term perspective, looking ahead to 2050. With society and industry bound to undergo transformations in the future, we work backward to pinpoint the essential technologies and use those insights to make prioritized investments.

This approach enables us to focus on areas that will lead to competitive advantages on the road ahead. Equally important is transforming the technology-creation process itself. Through collaboration with universities, research institutions, and partner companies, we will incorporate broader, deeper knowledge and data. If we can leverage the diverse perspectives that these cross-cutting networks offer, we will be able to identify and select promising technology seeds more effectively, allowing us to move quickly into areas with strong future potential.

At the same time, turning the technologies we identify into market value is another focus. For Yokogawa, the management issues and front-line needs of our customers represent the starting point. From there, we will develop the technologies we identify as promising solutions into effective products, solutions, and services and accelerate their deployment to create customer value. By connecting the knowledge and data we obtain through collaboration with external parties to actual customer value, we will go past just accumulating technologies and instead translate those capabilities into highly effective solutions.

Under the CTO's leadership, we will shift our focus from simply possessing technology to putting technology into practice to create value. At Yokogawa, one of our key strengths is how we have put technology to work in the field and consistently channeled it into results. By taking that integration of technology and implementation capabilities to the next level, we will reinforce our competitive advantage.

Developing the talent needed to support this transformation will also be crucial. In addition to helping employees hone their individual expertise, we will make ourselves even more competitive by developing human resources who can take a holistic view of technology and create integrated value. Having human resources with the power to think across technologies, businesses, and markets will be more important than ever.

Our competitiveness moving ahead will hinge not on how superior our technology is but on how we can keep transforming that technology into value. With the CTO leading the way in Yokogawa's technology management, we will leverage co-creation with external partners as a competitive strength, continually transforming technology into value as we embark on a new stage of growth.