

2026 Yokogawa Report

For the year ended March 31, 2026

2026

Yokogawa Report

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How to Use the Yokogawa Report

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Chapter 1 Introduction

The Identity Shaping the Yokogawa Group



Yokogawa Report 2026: Key Points

POINT

1



Turning Change into Strength for Sustained Growth

In its fast-changing business environment, Yokogawa is drawing on its technological prowess and execution capabilities to create new value for customers and society. In the interview with the President & CEO, President Shigeno discusses his approach to growth and the direction ahead.



▶ P.05 Message from the President & CEO

POINT

2



Understanding Yokogawa's Strengths and How the Company Creates Value

Five sets of questions and answers provide an accessible overview of what Yokogawa does, where it derives its competitiveness from, and how it works to drive future growth.



▶ P.10 Five Questions for understanding Yokogawa

POINT

3



Technology Management, DX, and AI: The Next Stage of Growth

With the newly established CTO position playing a central role, Yokogawa is putting technology at the heart of management and accelerating value creation through autonomous control AI, physical AI, and digital transformation (DX) solutions. This section highlights how Yokogawa is turning technology into competitive strength and business growth.

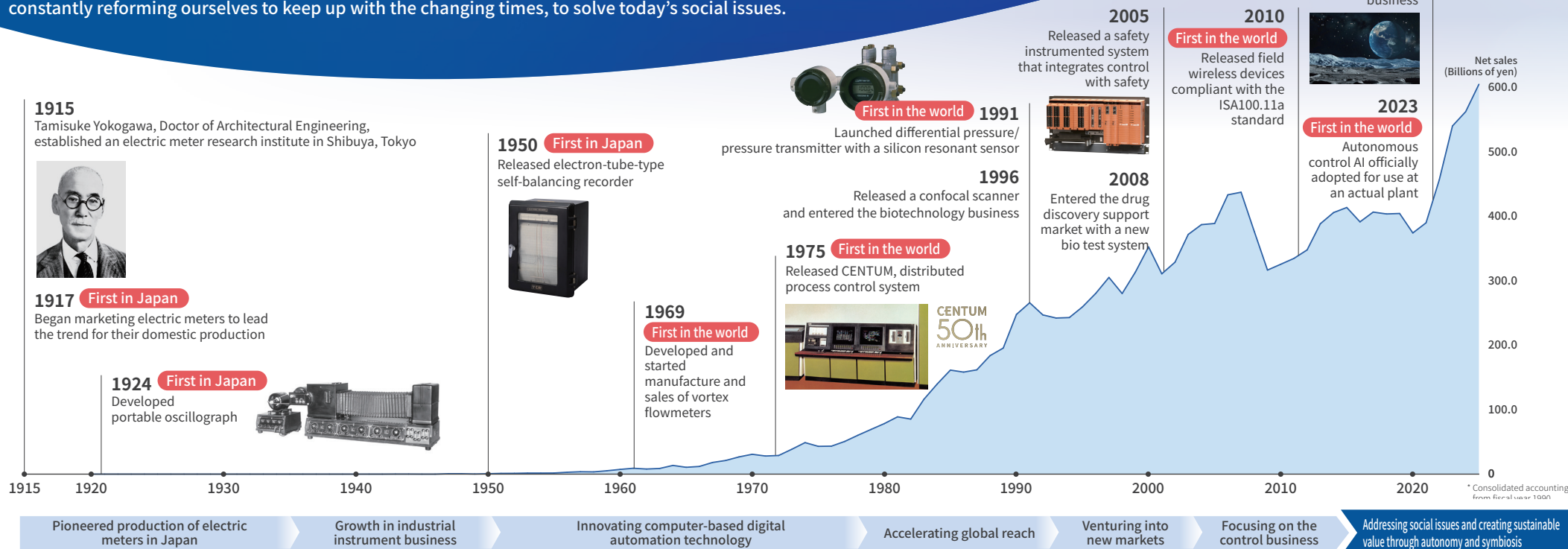


- ▶ P.16 Why Does Yokogawa Put Technology at the Center of Management?
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Tireless Efforts for Transformation

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.



• Established Yokogawa Electric Works, Inc. as North American sales office

• Merged with Hokushin Electric Works, Ltd.

• Established a site/plant in Singapore

• Established a joint venture in China

• Established a site in Europe

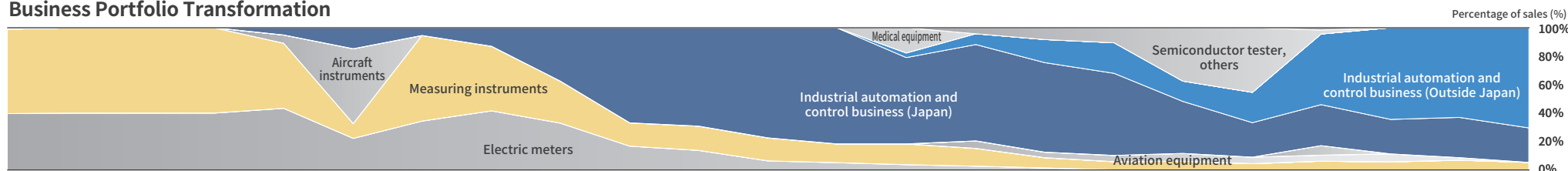
• Established a company in the Middle East

• Formed Yokogawa Solution Service Corporation

• Acquired KBC Advanced Technologies plc

• Transitioned to a Company with a Nominating Committee, etc.

Business Portfolio Transformation





Message from the President & CEO

Turning Change into Growth with Solid Technology and Trust

Since our founding in 1915, we have continued to draw on our solid base of technology and trust, confident in possibilities for the future as we pursue new value and growth in a changing world.

In addition to providing the support people need when they take on new challenges, we will also continue to take action and grow ourselves.

This report looks at where Yokogawa stands today and what possibilities for growth lie ahead.

Kunimasa Shigeno

Director, President & CEO Representative Executive Officer





Message from the President & CEO

I

Year Two as CEO
×
Execution

From Vision to Results

Now in my second year as president, one thing has become even clearer to me over the past year: technology is advancing at extraordinary speed, and the bar keeps rising. I see it every time I visit a customer site. I also kept coming back to one principle this year: Don't stop at ideas. Follow through on execution.

We are now at the halfway point on GS2028 medium-term business plan. Orders and sales have both set new records, but we still have work to do to close the gap with our target growth rate. We are past the stage of debating strategy. Now, we need to get results by making our initiatives work in practice and turning them into competitive strength.

But these efforts take time. They only make a real impact when they play actual roles in the field and customers can see the value they create. Getting to that point means executing consistently and improving as we go. Our goal is to evolve into a company that continually creates value with technology at the foundation. That is why we have created the new CTO position.

To this point, Yokogawa has created substantial value by leveraging the technological prowess and implementation capabilities honed in the field. However, we have sometimes struggled to integrate all the technological advances our respective businesses and organizations have achieved into a unified company-wide strategy. To further accelerate growth into the future, we will need to strengthen the system that places technology at the core of management and enables us to use those assets strategically.

Equally important is transforming the technology-creation process itself. As technological innovation accelerates and uncertainty mounts, we can no longer rely solely on our own perspectives and expertise. We need to be flexible in incorporating a diverse range of knowledge and technologies and channel them into value creation. Aware of that need, we will continue to strengthen our efforts to identify technology areas that could be sources of competitive advantages and drive promising possibilities toward commercialization.

* GS2028: The Growth for Sustainability 2028 medium-term business plan, announced in May 2024

Finding Opportunity in Uncertainty

The business environment surrounding Yokogawa is more uncertain than ever. Geopolitical risks, including tensions in the Middle East, stagnation in the Chinese market, and increasingly complex supply chains are interacting in complex ways and impacting our business at the same time. These are not temporary disruptions that we can simply wait out. We have to operate on the assumption that uncertainty itself is now something that will always be there, changing constantly.

While some of our projects have experienced temporary delays in the Middle East, energy demand remains high; customers continue to show a strong interest in investment. Energy security concerns are actually accelerating investment in more resilient and diversified supply chains. For us, that trend represents a medium- to long-term growth opportunity.

In the Chinese market, meanwhile, intensifying competition has led us to make strategic price adjustments for some products. Those decisions were about more than protecting market share. We also had to strike the right balance with our production capacity.

Short-term volatility will not dictate how we run the Company. Our focus remains on creating value over the medium and long term. Recognizing changes in the market not simply as risks to manage but also as openings for new value creation, we are determined to achieve sustained growth amid the challenges that await.



Message from the President & CEO



Rethinking How We Earn and Redefining Our Strengths

With this in mind, I believe the value of technology depends on more than how deep our expertise goes. Another vital piece is how we use technology and turn it into business results.

The question for us is simple: how can we create more value for customers who are already using Yokogawa products? The key is continually providing solutions and services that improve our customers' business value across the full scope of operations and the full lifecycle.

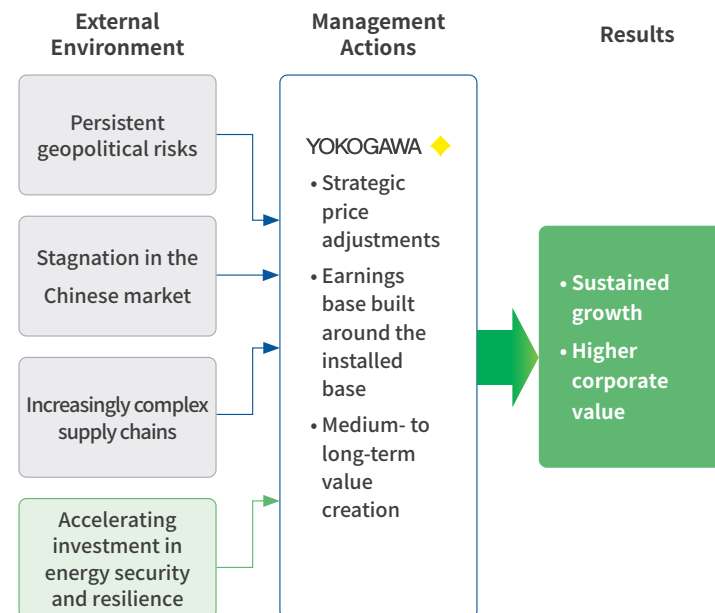
One area where Yokogawa has a particular edge is the use of AI in OT, or Operational Technology. Many companies use AI primarily to enhance analysis and decision-making. We go a step further, embedding AI into control and safety and applying it directly to the operation of equipment and processes. That is where we see the potential of "physical AI" —an area where we will work to create value.

Our earnings rest on two main pillars. The first is our product business, centered on field instruments. Measurement is a key business area

that not only offers strong growth potential but also lets us leverage our technology and customer base. Going forward, we will continue to enhance the added value of our products and solutions, creating greater value for customers as we expand the business globally.

The second pillar we are strengthening is the services and solutions business, which is built around our installed base. For many years, we have used that installed base to secure stable recurring revenue through our maintenance and service business. That foundation is generating steady earnings, especially in Japan. As we continue to maximize these strengths, we will expand our solutions and services in overseas markets and enhance our digital services, accelerating growth in recurring revenue.

Yokogawa's Strategic Approach to Navigating Waves of Change in the External Environment





Message from the President & CEO

III

Value Creation
×
The Power to
Transform

For Companies and People Alike, Standing Still Means Falling Behind

One thing I keep telling people at Yokogawa is that standing still means falling behind. When change is accelerating, staying where you are means losing your competitive edge. What matters is continuing to set the bar high and go after ambitious goals. People and organizations grow when they reach for goals just beyond what they can normally manage.

We will apply the same thinking to management, linking technology development directly with management and business strategy and concentrating investment where it matters most to turn technology into earnings.

By evolving our technology and business models together, we aim to build a lasting competitive advantage and grow through a transformed earnings structure.

No matter how good a strategy or technology might be, it means little unless people turn it into results. Getting there depends on both sound decisions and strong execution in the field.

To make GS2028 a success, we are speeding up decision-making, clarifying authority and responsibility, and building a culture that encourages people to take on challenges.

We need to make sure that this transformation lasts and becomes a source of sustained competitiveness. That means linking the growth of our people with the growth of the business as things that go together, not separate pursuits. If individual skills and experience become capabilities the whole organization can draw on, we will have an even better ability to turn technology and strategy into value. And if our people

continue to grow, I believe we will be able to sustain our growth as a company. Ultimately, Yokogawa's value rests on what each and every employee can do. Going forward, we will continue to strengthen our foundation for sustainable value creation by developing our people and continuing to evolve as an organization.



Yokogawa at a Glance (for the year ended March 31, 2026)

Yokogawa supports operations across a wide range of industries based on its globally deployed service network and extensive track record of delivery solutions.

Backed by human capital supported by high employee engagement, as well as a sound financial foundation and strong creditworthiness, Yokogawa aims to enhance corporate value through sustainable growth.



Key Financial Items

Net sales

¥604.8 billion

(Overseas sales ratio: 73.3%)

Operating income ratio

13.6%

ROE

11.8%



Return to Shareholders

Payout ratio

34.3%

Total return ratio

56.6%



Human Capital

Consolidated number of employees

18,313

(Overseas number of employees: 12,281)

Employee engagement score (Global)

82%

(Survey response rate: 93%)



Stability and Reliability

Shareholders' equity ratio

65.4%

Ratings by credit rating agencies
(Long-term ratings)

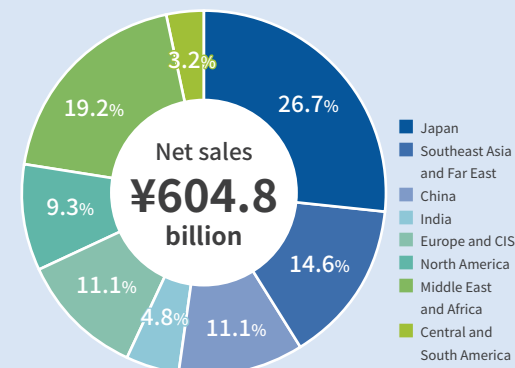
A_(R&I)

A⁺_(JCR)

Order backlog

¥466.2 billion

Global Deployment



Business sites in

63 countries and regions



Manufacturing sites in

12 countries



Service network

180⁺

Service sites

2,600⁺

Service engineers



System deliveries

120 countries

approx. 31,000



Chapter

2

Five Questions for understanding Yokogawa

P.11 Q1. What Does Yokogawa Do?

P.13 Q2. Why Does Yokogawa's Technology Remain a Trusted Part of Critical Infrastructure Around the World?

P.14 Q3. How Does Yokogawa Contribute to Solving Social Challenges Through Supporting Global Industrial Infrastructure?

P.15 Q4. Why Can Yokogawa Be Expected to Enhance Corporate Value Over the Long Term?

P.16 Q5. Why Does Yokogawa Put Technology at the Center of Management?

Five Questions for understanding Yokogawa

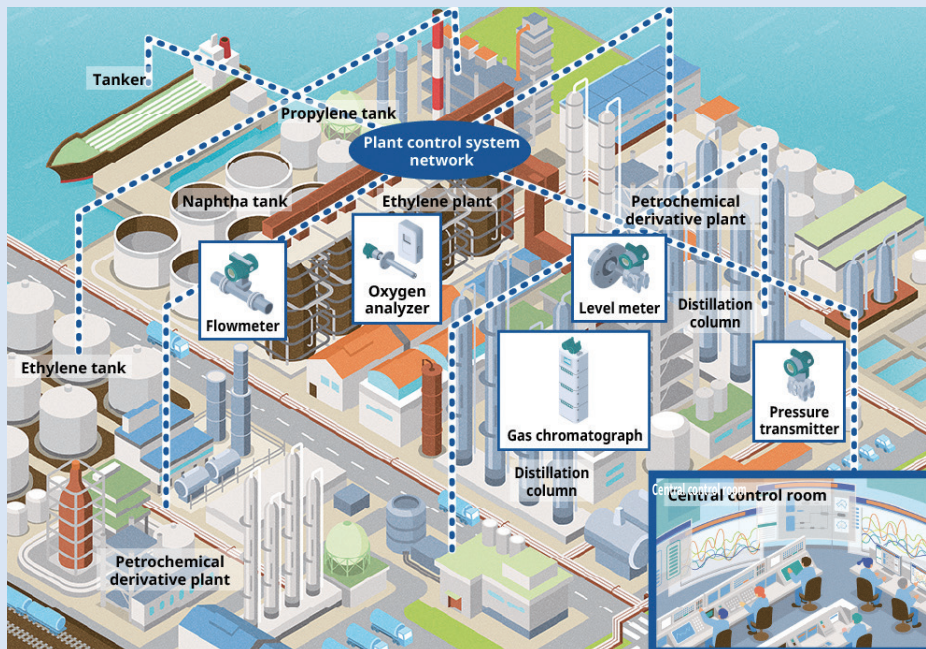
Q1. What Does Yokogawa Do?

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.

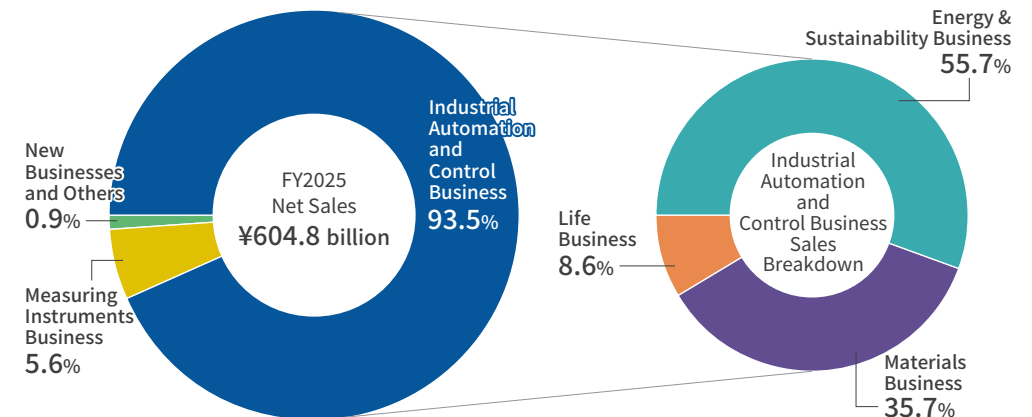
At petrochemical plants, for example, we provide **measuring instruments*** for temperature, flow, levels, and pressure in storage tanks, distillation columns, piping, pumps, and other equipment. We also provide **control systems** that use the measured data to keep equipment within the proper ranges 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

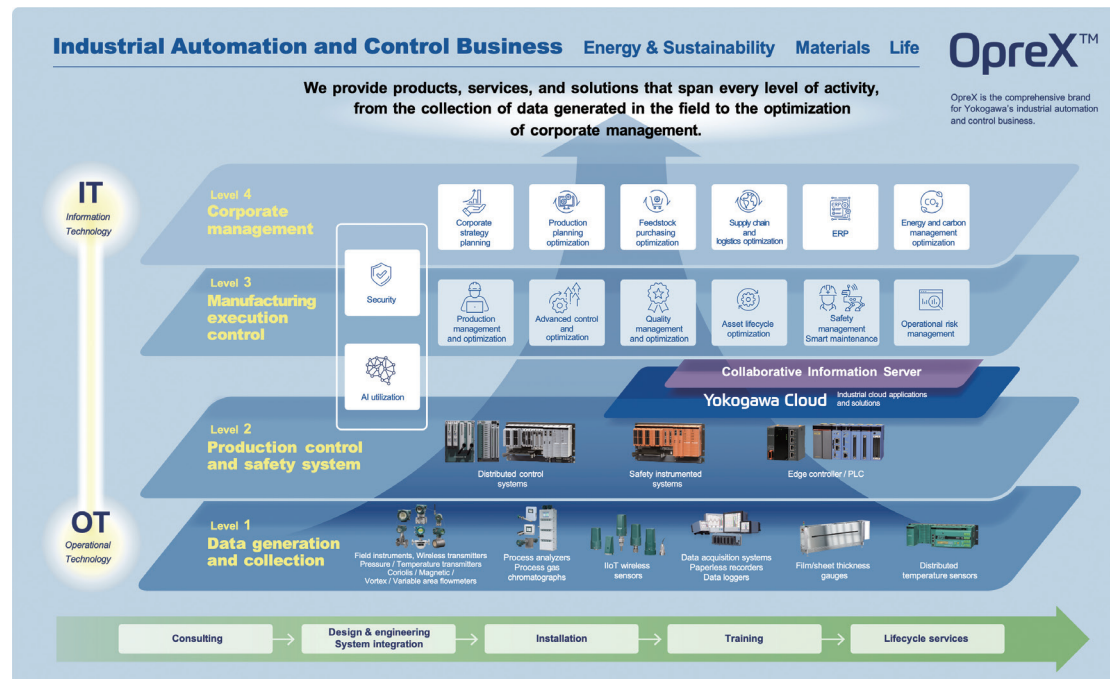
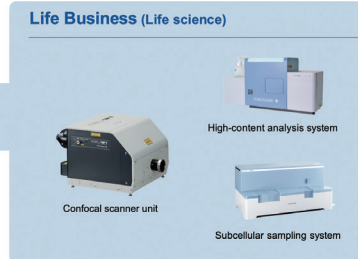
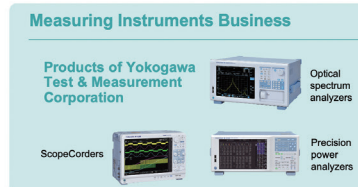
Industrial Automation and Control Business	Energy & Sustainability Business	Renewable energy, oil & gas (upstream), refining & petrochemicals (downstream), power, energy management systems (EMS), energy storage, water & wastewater, industrial water
	Materials Business	Specialty and fine chemicals, biochemicals, 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.	

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.

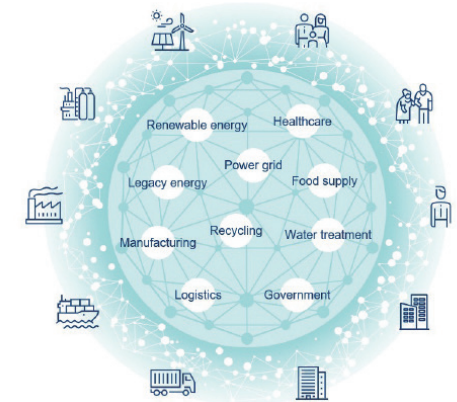
Yokogawa's Products and Solutions



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.



Five Questions for understanding Yokogawa

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 measurement)

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.

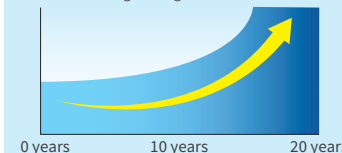
Over 180 service sites in 62 countries

More than 2,600 service engineers across the globe enable rapid maintenance and support wherever the need arises.

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

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.

Five Questions for understanding Yokogawa

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

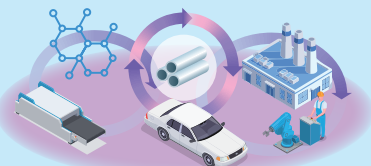
Fields where we deliver value



Energy & Sustainability Business
Protecting the global environment and supporting a sustainable society through efforts in renewable energy, water infrastructure, and more

Materials Business

Supporting decarbonization and a circular economy across materials industries like chemicals, steel, and mobility

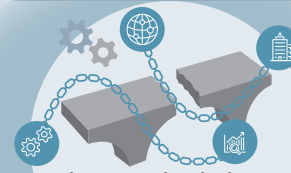


Life Business

Supporting health, improving productivity, and enhancing quality across pharmaceuticals, food, and biotechnology



Challenges customers face



Complex uncertainty in the VUCA era
Geopolitical risks, global economic uncertainty, and rapid shifts in market conditions



Structural issues on the front lines

Shortages of experienced engineers (skills transfer), workforce shortages, and the need to adapt to rapid technological innovation



Social demand for sustainability

Measures to decarbonize (advance the energy transition) and reduce environmental impact

Value Yokogawa delivers



From Automation to Autonomy (IA2IA)

Autonomous, optimized plant operations powered by proprietary AI and other technologies

Advancing toward industrial “autonomy” (IA2IA), combining safety and security with efficiency and quality



Leading the decarbonization effort by supporting renewable and next-generation energy

Reducing environmental impact through renewable energy monitoring, energy storage, and utilization of hydrogen and ammonia

Five Questions for understanding Yokogawa

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

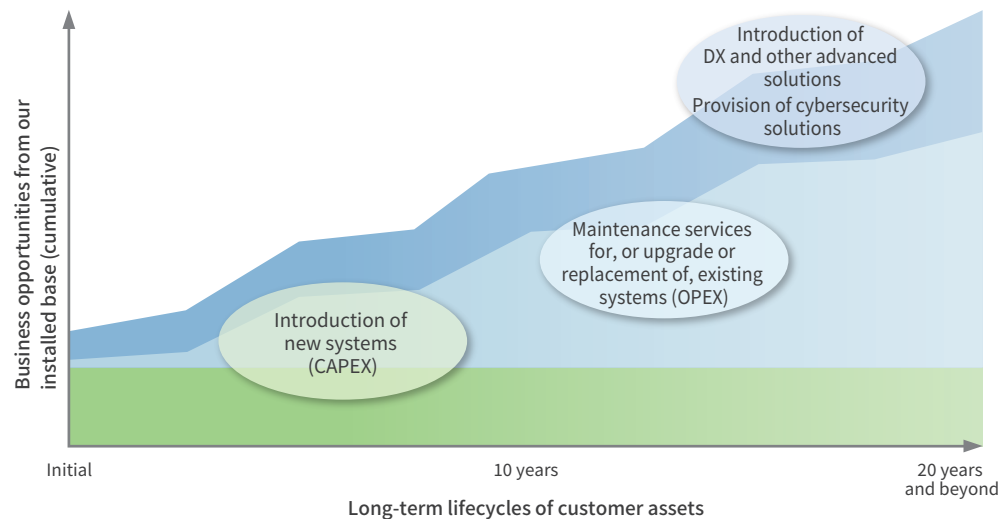
Answer

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.

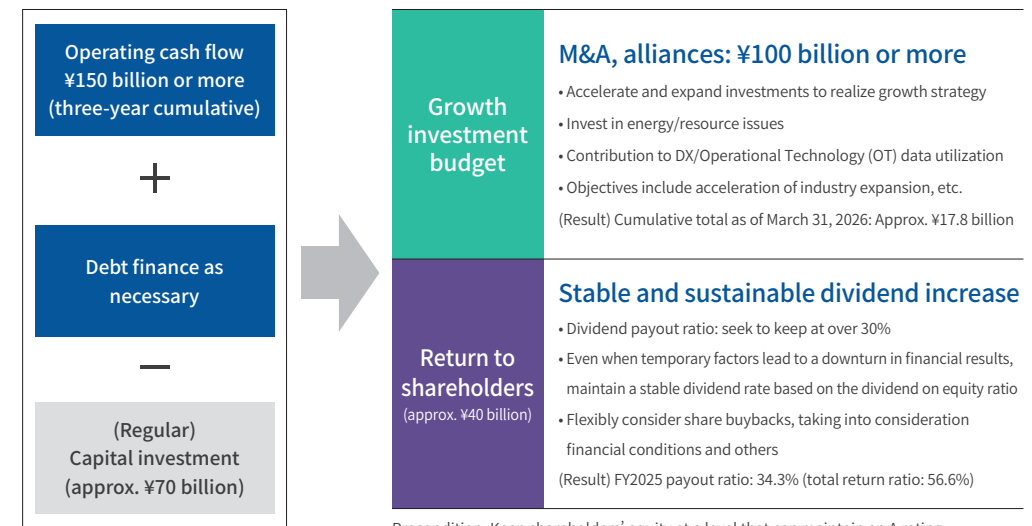
A Business Model That Generates High Profitability

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)



Five Questions for understanding Yokogawa

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

Five Questions for understanding Yokogawa: Why Does Yokogawa Put Technology at the Center of Management?

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

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

Enhancing our ability to create value through technology management

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.



Chapter

3

Value Creation Story

- | | | | |
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Yokogawa's Vision

Yokogawa has established the "Three Goals" as its sustainability goals for 2050. We recognize the expectations and requests obtained through dialogue with diverse stakeholders as key issues, and conduct materiality analysis. The results are reflected in the GS2028 medium-term business plan and sustainability indicators. We are promoting business growth and the expansion of our contributions to society and the environment.

Stakeholder Engagement

We understand the expectations and needs obtained through dialogue with diverse stakeholders

Materiality Analysis

We conduct a double materiality analysis based on the expectations received from stakeholders, and identify and review sustainability issues (materiality). Materiality identified is linked to the GS2028 medium-term business plan through six contribution areas.

GS2028 Medium-term Business Plan

The GS2028 aims to achieve the Three Goals by realizing business growth and expanding contributions to society and the environment in six contribution areas. We have established sustainability indicators to clarify the direction and progress of initiatives.

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 contributions to society and the environment through six contribution areas.

Creating positive impacts on society and the environment



Focus areas of GS2028			Key contribution areas				
			Achieving carbon neutrality	Improving efficiency in society & industry	Optimizing plant lifecycle & protecting environment	Improving health & safety	Creating a resource-recycling ecosystem
Control business	Energy & Sustainability business	<ul style="list-style-type: none"> Expanding value delivery for renewable energy market Supporting utilization of clean energy (low-carbon hydrogen and low-carbon ammonia) Providing new value for water-related area (reuse water, PFAS*) 	●	●	●	●	●
	Materials business	<ul style="list-style-type: none"> Supporting decarbonization of materials industry (chemicals, steel) Supporting optimization of mobility supply chain Supporting supply and use of sustainable materials 	●	●	●	●	●
	Life business	<ul style="list-style-type: none"> Improving productivity and quality of pharmaceutical, food & beverage, and biotechnology industries Improving efficiency and quality of drug discovery & development 	●	●	●	●	●
	Common foundations	<ul style="list-style-type: none"> Enabling IA2IA and System of Systems Supporting long-term optimal operation and environmental footprint reduction of plants Promoting repair, calibration, and refurbishment 	●	●	●	●	●
	Measuring Instruments business	<ul style="list-style-type: none"> Supporting adoption and improvement of efficiency of renewable energy and electric vehicles Supporting improved efficiency of next-gen communication systems Contributing to environment and health through measurement 	●	●	●	●	●

GS2028 Sustainability Indicators

Target year	Indicator	Overview	Target year	Indicator	Overview
FY2028	Sustainability transition indicators	<ul style="list-style-type: none"> Indicators to promote the expansion of contributions to sustainability transition by society and customers 	FY2030	Social impact indicators	<ul style="list-style-type: none"> Indicators to measure long-term social impacts for the priority issues in the six contribution areas.
	Business activity indicators	<ul style="list-style-type: none"> Indicators to measure the medium-term growth of businesses for the expansion of contributions to sustainability transition 			

Vision for Society Toward 2050 Three Goals



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.

Materiality Analysis

Yokogawa identifies materiality based on the concept of double materiality adopted by the Global Reporting Initiative (GRI) and European standards. We make assessment in terms of the “social and environmental impact” and the “financial impact on the Group,” and formalize materiality after discussions at the Sustainability Committee and report it to the Board of Directors. The materiality is reviewed in conjunction with the business strategies of the GS2028 medium-term business plan.

Process of Materiality Analysis

- 1 Understand the value chain and list sustainability issues relevant to our business*
- 2 Assess items listed in 1 based on the following two axes
 - Social and environmental impact (assessment axis: scope, scale, potential for remediation, and likelihood of occurrence)
 - Financial impact on the Group (assessment axis: impact, likelihood of occurrence)
- 3 Based on the input from stakeholders, organize the assessment result in 2, and have discussion at the Sustainability Committee
- 4 Identify items assessed as highly material as a result of assessment as materiality
- 5 Confirm the consistency of materiality and six contribution areas

Discussion and review by the executives

The results of the materiality analysis are reviewed annually by the Sustainability Committee.

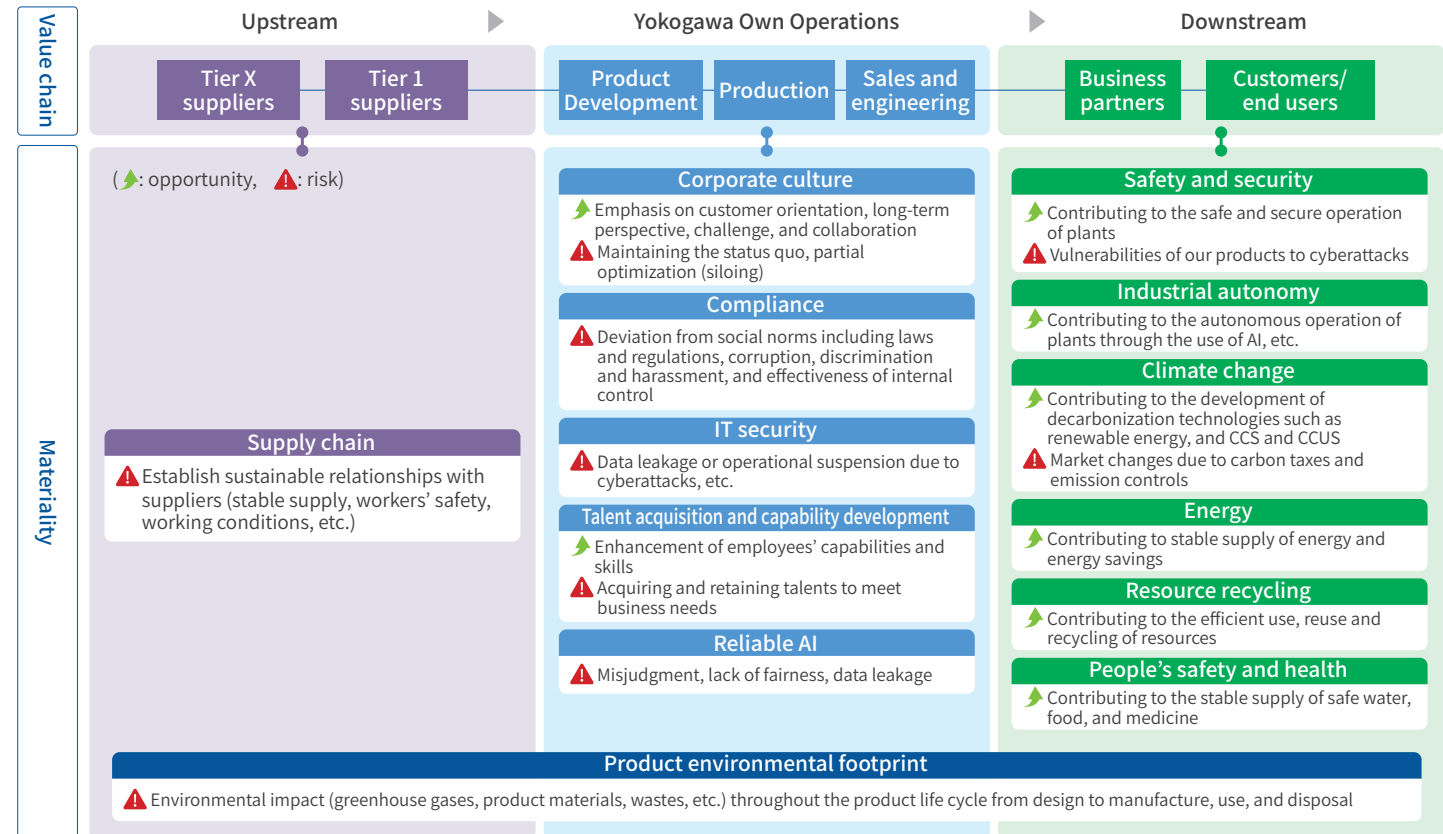
At the Sustainability Committee held in July 2026, the granularity and assessment result of materiality were adjusted based on inputs obtained through stakeholder engagement, including customer satisfaction surveys, dialogues with investors, and external ESG evaluations.

Furthermore, group discussions were held by the executives, where the importance for Yokogawa from the perspective of opportunities and risks was actively discussed. In addition to re-emphasizing the significance of “safety and security,” “corporate culture,” “compliance,” “IT security,” “talent acquisition and capability development,” and “supply chain,” we added “reliable AI,” “industrial autonomy,” and “product environmental footprint” to materiality.

We have confirmed that materiality reviewed this time is consistent with the six contribution areas.

* Referring to the ESRS (European Sustainability Reporting Standards).

Materiality Identified



Linking to the GS2028 medium-term business plan through six contribution areas



Six contribution areas

- Achieving carbon neutrality
- Improving efficiency in society & industry
- Optimizing plant lifecycle & protecting environment
- Improving health & safety
- Creating a resource-recycling ecosystem
- Creating workplaces where people can fulfill their potential

Initiatives for business opportunities

- Stories from Our Business Segments
- Case Studies of Contributions

Risk management

- Social
- Environment
- Governance

Six Contribution Areas and Sustainability Indicators – Social Impact Indicators

Yokogawa will expand its contributions to society and the environment through six contribution areas. The GS2028 medium-term business plan sets social impact indicators for each of these contribution areas as long-term indicators for measuring the degree of social contribution. The contribution areas and indicators are connected with the results of materiality analysis shown on the previous page. In fiscal year 2025, progress was seen mainly in indicators for Scope 1, 2 and energy consumption, while issues remained in some indicators such as those for Scope 3. The Sustainability Committee reviewed the causes and discussed appropriate measures to address these issues, and initiatives are under way towards improvement.



Achieving Carbon Neutrality

We will promote the reduction of GHG emissions and the transition to sustainable forms of energy towards curbing climate change. In addition to contributing to the spread of renewable energy and decarbonization technologies such as CCUS, we will respond appropriately to market changes such as carbon taxes and emission regulations.

Relevant materiality Climate change Energy Supply chain Product environmental footprint



Indicators	Calculation method	FY2030 target	FY2025 result	Progress
CO ₂ emissions control amount through customers	We aggregate the difference between CO ₂ emissions from renewable power generation business or low-carbon energy production of the customers to whom Yokogawa provided products and services, and average CO ₂ emissions from fossil fuels usage, then record it as the actual volume.	1 billion t-CO₂ (cumulative total from FY2018 to FY2030)	440 million t-CO₂	<p>For fiscal year 2025 alone, the increase was mainly due to contributions from geothermal power generation. As a cumulative total since fiscal year 2018, the increase was mainly due to contributions from wind power generation. We will promote the expansion of our contribution in the renewable energy and low-carbon energy fields toward achieving the fiscal year 2030 target.</p>
GHG emissions Scope 1 and 2 (base year: FY2019)	Calculated based on the GHG Protocol.	Achieving carbon neutrality*¹	59.9% reduction	<p>Due to the entering into operation of large scale solar power systems at factories and advancement in the transition to power from renewable energy sources, we made progress in reducing emissions.</p>
GHG emissions Scope 3 (base year: FY2019)	Calculated based on the GHG Protocol.	30% reduction by FY2030*²/ Achieving carbon neutrality*¹ by FY2050	0.7% reduction*²	<p>Scope 3 Category 1 emissions increased compared with fiscal year 2019 due to soaring procurement costs and an increase in procurement volume. Meanwhile, we are working to curb increases in emissions by obtaining and utilizing primary data from some of the suppliers. We will continue to strengthen engagement with suppliers and promote energy-saving design of products toward achieving the FY2030 target.</p>

*1 The plan is to reduce GHG emissions by 90%, with the remaining 10% of emissions expected to be offset through carbon credits *2 Reductions in Category 1 (purchased goods and services) and Category 11 (use of sold products)



Improving Efficiency in Society & Industry

We will pursue DX and utilize AI to achieve greater efficiency and autonomy in production activities and optimize the use of resources and energy. In addition to contributing to stable supply of energy and energy conservation, we will work to reduce risks concerning AI such as misjudgments and biases.

Relevant materiality Industrial autonomy Energy Reliable AI Supply chain



Indicators	Calculation method	FY2030 target	FY2025 result	Progress
Economic value created by improving customer productivity efficiency	Calculated by estimating the amount of productivity improvement benefits for customers to whom Yokogawa provided products or services.	2 trillion yen	306 billion yen	<p>We promoted the expansion of production and energy efficiency businesses. We will continue to focus on expanding our AI solutions and consulting business, while working to quantify our contribution to improving customers' production efficiency.</p>
Energy consumption (Intensity per sales, base year FY2023)	Calculated by dividing the groupwide energy consumption by consolidated sales.	30% reduction (Average 5% improvement per year)	34.8% reduction	<p>Energy consumption decreased as a result of progress with measures to reduce the use of energy. In addition, energy consumption (intensity per sales) improved significantly as a result of increase in consolidated net sales.</p>

Six Contribution Areas and Sustainability Indicators – Social Impact Indicators



Optimizing Plant Lifecycle & Protecting Environment

We will support the long-term and optimal operation of plant assets, and contribute to the improvement of customers' productivity. We will also support the reduction of environmental impacts of plant assets throughout the lifecycle.

Relevant materiality **Safety and security** **Supply chain** **Product environmental footprint**



Indicators	Calculation method	FY2030 target	FY2025 result	Progress
Number of plants/factories where Yokogawa has contributed to sustainable and secure operations	Calculated based on the number of contracts for lifecycle support that contribute to supporting the long-term optimal operation of plants*1.	20,000 plants	5,496 plants	<p>The number of plants that are contributing to sustainable and secure operations by promoting lifecycle support increased slightly from the previous year*2.</p>
Water withdrawals (Intensity per sales, base year FY2023)	Calculated by dividing the Group's water withdrawals by consolidated sales.	20% reduction	7.3% reduction	<p>We controlled the increase in water consumption by improving our production processes and introducing water-saving systems to our office water supplies. In addition, water withdrawals (intensity per sales) improved significantly compared with the previous fiscal year as a result of increase in consolidated net sales.</p>

*1 Starting in fiscal year 2025, we standardized the definition of lifecycle support contracts on a global level and revised the method for counting applicable contracts.

*2 The actual number of applicable plants in fiscal year 2024 counted in accordance with the revised method is 5,389.



Improving Health & Safety

We will contribute to improving safety and security in plants and communities by promoting life-related innovation. In addition to supporting safe operations and stable supplies of water, food, and pharmaceuticals, we will strengthen our response to risks such as operational suspensions and information leaks due to cyberattacks.

Relevant materiality **Safety and security** **People's safety and health** **IT security** **Reliable AI**



Indicators	Calculation method	FY2030 target	FY2025 result	Progress
Total number of people whose health & safety have been enhanced through solutions provided by Yokogawa's customers	Calculated based on the population of cities that are using water infrastructure for which Yokogawa provided products and services.	100 million people	77.18 million people	<p>The increases in and outside Japan were mainly due to contributions from facilities related to water purification. We will promote the expansion of our contribution in the water infrastructure field, including water purification plants.</p>
Total reportable incidents frequency rate ((Number of accidents with lost days + Number of accidents without lost days) / Total actual working hours × 1,000,000)	Calculated by dividing the annual number of occupational accidents by the total actual working hours and then multiply by 1,000,000.	0.40 or less	0.89	<p>The number of slips, trips, and falls accidents, which is a major issue, decreased due to the implementation of educational programs and dissemination of accident prevention rules. We will carry out group-wide measures and work to reduce work-related accidents.</p>



Six Contribution Areas and Sustainability Indicators – Social Impact Indicators



Creating a Resource-Recycling Ecosystem

We will contribute to maximizing the sustainable use of resources and recycling. We will work to improve resource efficiency and expand reuse and recycling throughout our value chain and product lifecycle.

Relevant materiality Resource recycling Supply chain Product environmental footprint

With a view to accelerating measures for resource recycling, we have set new indicators and targets for “creating a resource-recycling ecosystem.” We will implement concrete initiatives based on the product sustainability guidelines, “Trusted Green.”



Indicators	FY2030 target
Environmental value created throughout the product lifecycle	<ul style="list-style-type: none"> Promoting long-term use of products Promoting the use of environmentally friendly materials (recycled resins, etc.) in products Enhancing provision of environmental data using environmental assessments such as LCA



Creating Workplaces Where People can Fulfill Their Potential

We will create an environment where each person is respected and a variety of employees can demonstrate their potential. We will promote the development of human resources while placing emphasis on challenges and collaboration, and respond to risks such as legal violations, corruption, discrimination and harassment, as well as human resources shortages.

Relevant materiality Corporate culture Compliance Talent acquisition and capability development Reliable AI



Indicators	Calculation method	FY2030 target	FY2025 result	Progress
Engagement to enhance employee well-being	Measured by employee engagement survey scores.	An engagement survey score 84% or higher	82%	 <p>The engagement score in fiscal year 2025 was 82%, breaking the record high score for the second year in a row. Diversity, work-life management, efficiency, and strategy & direction were identified as crucial themes to be addressed. We will drive improvement measures according to the situation of each organization.</p>
Achievements in human resource development and capacity development for transformation	—	Improving the abilities of employees (including skills, etc.) to respond to future Yokogawa business needs	We promoted efforts to update and enhance our human resources portfolio for the realization of our business strategy.	
Achievement level of diversity, equity, and inclusion	Measured by the global percentage of women in managerial positions.	Percentage of women in managerial positions 20%	15.5%	 <p>We will continue implementing measures according to the situation in each region, such as the age composition of employees.</p>
	—	Enhanced diversity at senior decision-making levels	We are promoting the diversification of potential successors for management team and global leader positions.	

Sustainability Indicators – Sustainability Transition Indicators

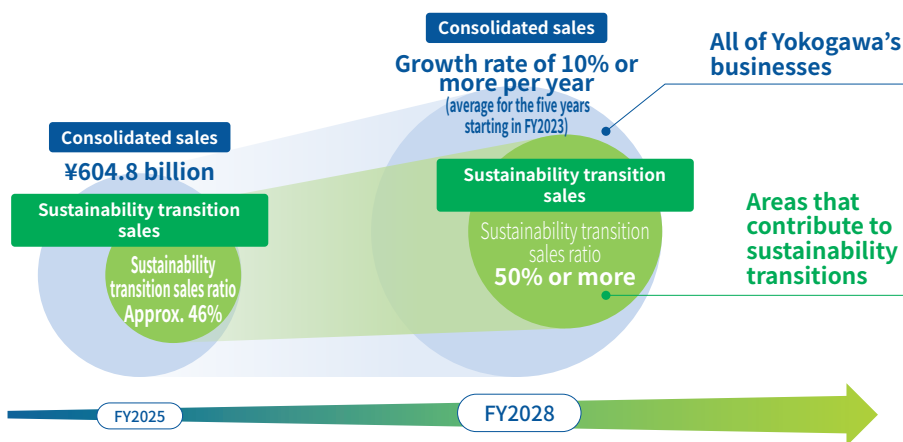
New Sustainability Transition Indicators That Integrate Business Growth and Sustainability Contributions

Our business environment is undergoing major changes, including the energy situation, rising geopolitical risks, and changes in social demands for decarbonization. Through all of its businesses, Yokogawa contributes to the sustainable development of society and industry, while also working to upgrade its business portfolio in response to changes in the business environment over the medium to long term. In order to realize a sustainable society, it is important to accelerate business growth in the areas of clean energy and energy transition, as well as to support customers' sustainability transitions while addressing the diverse challenges and circumstances faced by customers across different regions and industries.

Based on such belief, in order to clearly indicate how each business should contribute and in which direction it should grow, we upgraded the sustainability transition indicators to management indicators that more integrally capture contribution to society and business growth, following discussions at the Sustainability Committee.

Indicators and targets up to Fiscal Year 2025

Until fiscal year 2025, we had defined the revenue from areas in which we contribute to sustainability transition as "sustainability transition sales," and had been targeting to raise the ratio to net sales to 50% or more. In fiscal year 2025, sustainability transition sales accounted for approximately 46% of net sales.



Indicators and targets for Fiscal Year 2026 and beyond

For fiscal year 2026 and beyond, we classify our business domains by industry into three tiers to make it clear how each tier should contribute to sustainability transitions.

Concept of sustainability transition indicators*1

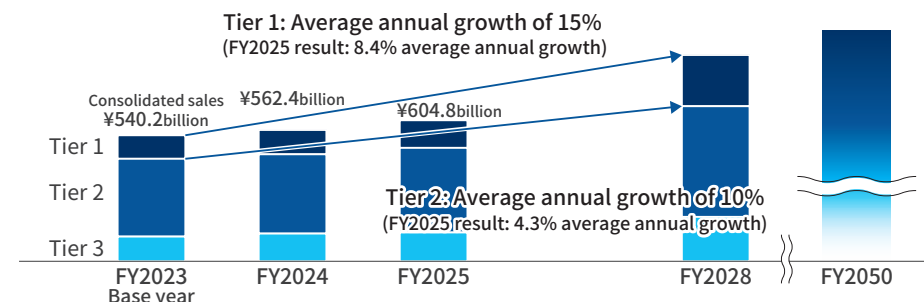
Classification	Industry group*2	Way of contributing to sustainability	Growth rate target
Tier 1	Renewable energy, CCS and CCUS, water, pharmaceutical, healthcare, food & beverage, measurement, etc.	Contribute to a sustainable society as a whole through carbon neutrality and well-being	Achieve sales growth that far exceeds the GS2028 target rate (average annual growth of 15%*3)
Tier 2	Natural gas, LNG, power, specialty and fine chemicals, mobility, mining & metals, pulp & paper, etc.	Contribute to the transition to a circular economy through energy transition and effective utilization of resources	Achieve sales growth on par with the GS2028 sales growth target (average annual growth of 10%*3)
Tier 3	Oil and petrochemicals	Contribute to a prosperous and safe society by reducing environmental impacts	—

Tier 1 is positioned as a priority growth area that will directly contribute to the realization of a sustainable society, and therefore we have set an average annual growth rate target of 15%, which is significantly higher than the group-wide sales growth rate target under GS2028 (average annual rate of 10% or more). For Tier 2, which is a domain that supports social transitions through energy transition and effective utilization of resources, we aim for an average annual growth of 10%. Although no growth rate targets are set for Tier 3, it is an important area that supports society and industry, and therefore we will enhance our contribution to our customers' safe and stable operations and the reduction of environmental impacts. These indicators have been introduced as a new framework for evaluating businesses from the perspectives of both social value and corporate value and to accelerate growth in domains that contribute greatly to a sustainable society, based on the premise that all businesses contribute to society. They point to the direction we are headed in promoting the reform of our business portfolio over the medium to long term.

*1 The Stated Policies Scenario (STEPS) of the World Energy Outlook (WEO) published by the International Energy Agency (IEA) was used as a reference when designing the index. According to STEPS, while fossil fuels including oil and natural gas will continue to be used on a certain scale in 2050, the fossil fuel-related fields are expected to gradually lose share after the 2030s, in line with changes in the energy demand structure.

*2 The composition of industries in each tier is determined by reference to the taxonomy standards published by public institutions, while also taking into consideration our business format and management practicality. We will continue to review the system in light of changes in social and industrial structures.

*3 The base year is fiscal year 2023.



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

■ Results for Fiscal Year 2025, the Second 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.

In fiscal year 2025, the second year of the plan, results remained solid, driven by the acquisition of multiple large-scale projects in the Industrial Automation and Control Business and an increase in orders in the Measuring Instruments Business resulting from the expansion of AI data center-related demand.

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 Result	FY2026 Forecast	FY2023–FY2026
Order growth	10%/year or more	10.4% (7.8)	3.2% (2.4)	4.4% (5.2)	6.0% (5.1)
Sales growth	10%/year or more	4.1% (1.9)	7.5% (6.9)	1.7% (2.2)	4.4% (3.6)
Return on sales (ROS)	15% or more	14.9% (13.3)	13.6% (12.4)	13.8% (12.8)	—

■ Order growth targets by segment (5-year average)

Industrial Automation and Control Business	10%/year or more	10.1% (7.5)	1.2% (0.4)	5.6% (6.3)	5.6% (4.7)
Energy & Sustainability	10%/year or more	18.9% (16.2)	2.5% (1.4)	7.0% (7.9)	9.2% (8.3)
Materials	10%/year or more	0.1% (-2.5)	-2.5% (-2.7)	3.5% (3.9)	0.3% (-0.5)
Life	15%/year or more	2.4% (1.4)	8.1% (6.8)	5.2% (5.1)	5.2% (4.4)
Measuring Instruments Business	12%/year or more	16.9% (13.6)	38.5% (37.0)	-7.1% (-6.1)	14.6% (13.5)

GS2028 budget rate
US\$1 = ¥130

Actual rate
US\$1 = ¥152.55

Actual rate
US\$1 = ¥151.17

Forecast rate
US\$1 = ¥150

■ Financial Targets

Return on equity (ROE)	10% or more	11.5%	11.8%
Return on invested capital (financial ROIC)	10% or more	12.9%	11.7%
Earnings per share (EPS)	¥300 or more (FY2028)	¥200.41	¥227.72
Operating cash flow	¥300B or more (5 years cumulative)	¥99.0B (single fiscal year)	¥86.0B (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

2025

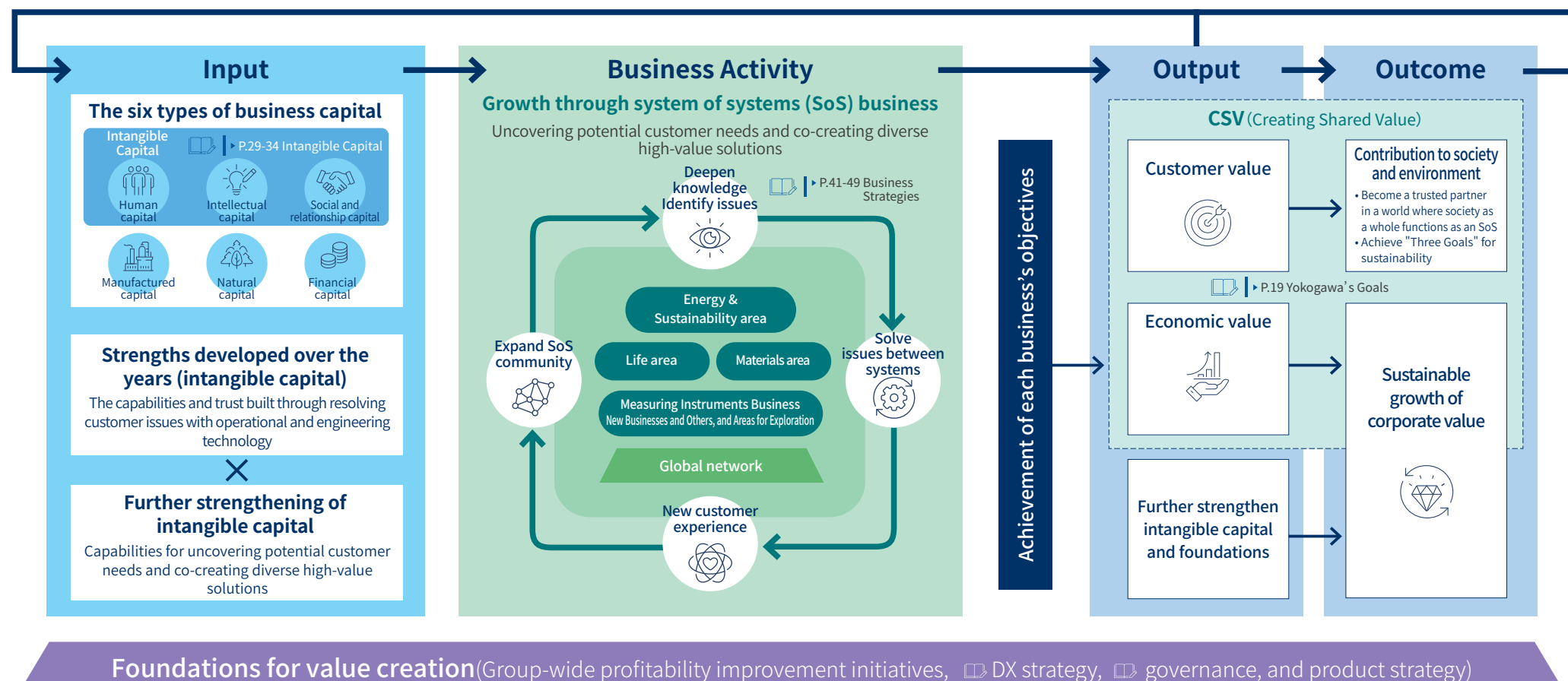
Investment and M&A in key target domains

To achieve the high growth targets of GS2028, we are promoting investment in priority domains, including the Indian market, where infrastructure investment is booming, and AI in the OT domain. In addition, while continuing to educate and strengthen our M&A personnel, we will accelerate the execution of M&A and alliances.

Value Creation Process

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

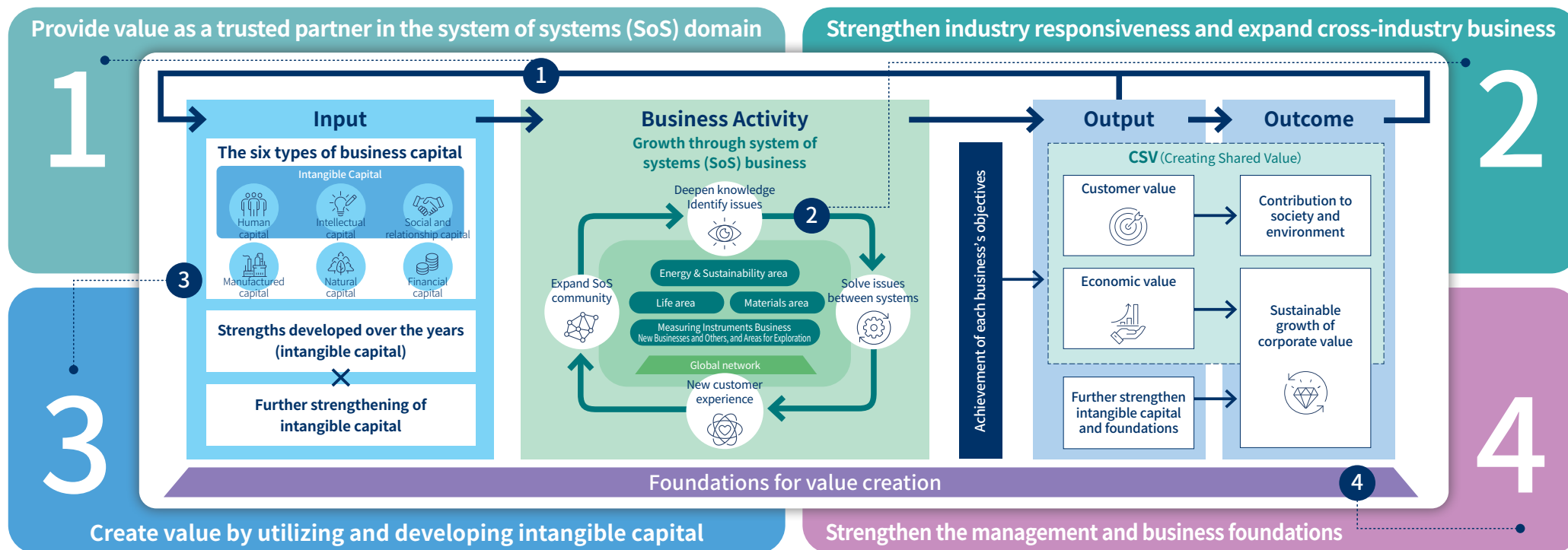
Of the six management capitals, we place particular emphasis on intangible capital, such as human capital, intellectual capital, and social and relationship capital. Going forward, we will create value by further strengthening and utilizing these kinds of intangible capital in our business activities 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.



Four Basic Strategies for Value Creation

■ Four Basic Strategies Under GS2028

Under GS2028, we will strengthen the value creation process and aim for continuous growth by implementing four basic strategies.



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

For the provision of value through SoS, we are working to provide strategic insights, promote collaboration, and advance system autonomy through an IA2IA (Industrial Automation to industrial Autonomy) approach. Through these initiatives, we will support the realization of sustainable growth as our customers' trusted partner in a society where SoS is advancing.

▶ P.41-49 Business Strategies

③ Create value by utilizing and developing intangible capital

Of our intangible capital, we are focusing particular effort on the use of human capital, intellectual capital, and social and relationship capital. We leverage the strengths that Yokogawa has cultivated over many years, namely the ability to create value, the ability to empathize, the ability to identify issues, and the ability to connect stakeholders, as drivers of business growth.

▶ P.29-34 Intangible Capital

② Strengthen industry responsiveness and expand cross-industry business

We are striving to expand the scope of solutions from the frontlines level to management level, to enhance solutions that will support customers in their responses to changes in the business environment and market needs.

▶ P.41-49 Business Strategies

④ Strengthen the management and business foundations

We are working to strengthen our management and business foundations that support the value creation process. Specific initiatives include improving profitability through the optimization of organizational structure and operations, and strengthening IT foundations (DX strategy), as well as making changes to organizational design, and further enhancing governance (corporate governance).

▶ P.38-39 DX Strategy ▶ P.50-61 Corporate Governance



Four Basic Strategies for Value Creation

■ Key Target Domains in the Four Basic Strategies

In the promotion of our four basic strategies for the achievement of GS2028, we will actively invest in the acquisition of technologies and business foundations needed for growth, with a focus on the following four domains.

India is a huge market where infrastructure investment is thriving in line with population growth. While it is a competitive market, we will further enhance our competitiveness by strengthening our production and engineering frameworks to capture growth opportunities.

The Measuring Instruments Business realized significant growth last year by capturing demand for AI datacenter-related investment. To ensure that this growth is not temporary, we will strengthen our product portfolio and expand globally, leading to sustainable growth.

In the AI field, we are working together with customers on plant autonomy. Yokogawa's strengths lie in our ability to apply AI even to actual plant control by leveraging our technical strengths rooted in OT and the control and operations expertise we have built up over many years. We will pursue the practical application of AI to support the autonomy of plant control and the expansion of the domains in which it is applied.

The OPEX business has expanded its operations by providing supportive solutions and services to the installed base in the Japanese market. We will extend these best practices globally while strengthening our ability to propose OPEX solutions and services across the entire life cycle, thereby driving further expansion of our earnings base.



Expansion of the CAPEX Business in India



Further Global Expansion of the Measurement Instrument Business



Expansion of AI Applications in the OT Domain



Expansion of the OPEX Business in Europe and Southeast Asia

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.26 Value Creation Process

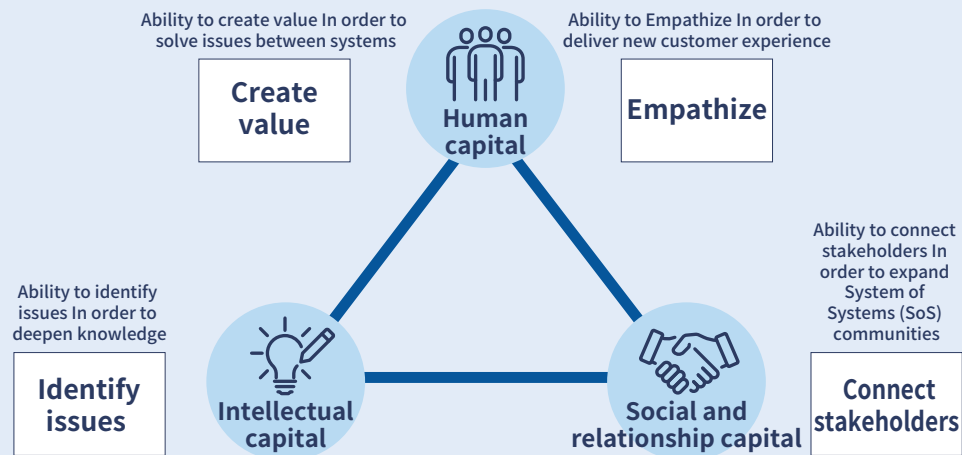
To Be

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.



■ 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 Fiscal Year 2025

- Recruited SMEs/SAs^{*1} (19 SMEs, 14 SAs; total of 33) by strengthening strategic sourcing and recruitment branding in new areas set as future growth strategy and key areas such as DX
- Support for autonomous career development (37% participation rate in people manager^{*2} training, 41.2 training hours per employee)
- Conducted a global leadership development program for 27 female employees working in Yokogawa Group companies in various parts of the world, supporting them in building global networks and developing their career visions.
- Conducted a reverse mentoring program^{*3}.

Initiatives to Address Issues

- Continued efforts to update and enhance our human resources portfolio for the realization of our business strategy
 - Strengthening of recruitment competitiveness by enhancing direct sourcing and strengthening recruitment branding
 - Strengthening of practical capabilities of people managers with actions that "achieve results through people" as a common language
 - Continued operation of framework for supporting autonomous career development leveraging talent management system, etc.

^{*1} SME: Subject Matter Expert (industry experts and consulting professionals)

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 Program: 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.

■ Development of human resources who will support the creation of sustainable corporate value

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 we are working to foster an organizational culture in which employees both teach and learn from each other as well.

Foundation for Value Creation

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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.

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. This fiscal year, we were certified as belonging to “the Certified KENKO Investment for Health Outstanding Organizations (White 500 - 2026)” for the eighth time.

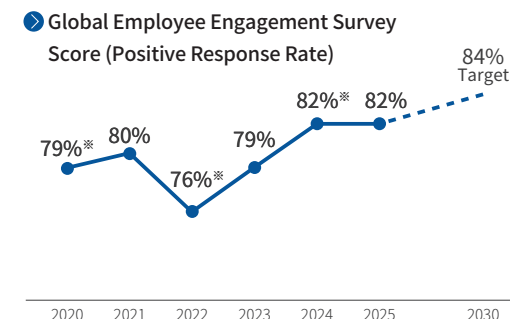


Improvement of Employee Engagement

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

* 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.

Purpose, Vision, Mission, and Shared Values, is proud to be part of the organization, appreciates and admires others, has a spirit of mutual respect, and takes on challenges proactively. The KPI of “sustainable engagement” is comprised of the following three capabilities.



- 1 **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.
- 2 **Enabled** Employees feel that an environment is in place where productivity is high and they can work flexibly.
- 3 **Energized** Employees feel that they can maintain an energized state and a healthy state of mind and body throughout the day.

FY2025 Results Analysis and Improvement Activities

The FY2025 employee engagement full survey results showed a record high sustainable engagement score of 82%. Many employees’ evaluation was that they were “willing to make greater efforts than expected for the sake of the company’s success,” showing a result that exceeded the target.

The most recent survey revealed that the three areas of “diversity and work-life management,” “efficiency,” and “strategies and directions” had a particularly strong impact. 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.

In addition, the Yokogawa Group Awards, an in-house awards system for the Yokogawa Group, are held every year (17 awards/161 employees in 2025), recognizing and praising people and teams embodying the company’s strategy and direction (GS2028/Three Goals/Core Values) as role models and good practices.





Foundation for Value Creation

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■ Intangible Capital Intellectual Capital

To Be

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

Under the GS2028 medium-term business plan, Yokogawa is pursuing management that leads to the enhancement of corporate value through the visualization and value creation of intellectual capital. Not only will we protect our technologies, but we will also leverage them in our businesses and further develop them. In doing so, we aim to achieve both solutions to social issues and sustainable growth.

■ Intellectual Property Strategy: Becoming a Growth Driver That Creates Value and Forges a Path to the Future

Progress in FY2025: Promotion of Intellectual Property Strategy That Leads to Value Creation

Yokogawa is working steadily to strengthen its ability to generate inventions. In fiscal year 2025, we worked to upgrade our integrated operational platform that spans from invention generation to acquisition of rights, resulting in 283 invention proposals, exceeding our target.

In addition, taking the opportunity of the establishment of the position of Chief Technology Officer (CTO) in April, we have been working toward the realization of our medium- to long-term technological vision. To that end, we set up a cross-divisional task force at an early stage, began the strategic development of basic patents to support the task force, and are developing a platform to secure a competitive advantage in future businesses.

For Yokogawa, intellectual capital is a crucial management resource that transforms technology into business value. Based on this approach, we established an Intellectual Property Department in the Marketing Headquarters, which is tasked with new business development. By integrating the IP function from the design stage of business schemes, we are working to establish an advantageous business position and reduce potential risks.

As a specific example of intellectual capital, we successfully used our proprietary single-cell nanodelivery device, SU10^{*1}, to achieve genome editing of plants without the use of foreign genes. This method has been patented, and we have licensed it to a start-up company as a technology that can accelerate the development of breed improvement.

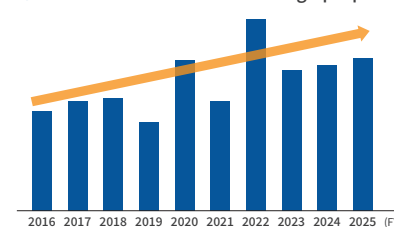
We have pursued these initiatives in line with the policies for the use and development of intangible capital set out in GS2028. Such activities have received external recognition, including our selection for the first time by IAM^{*2} as an IAM Asia IP Elite. Additionally, in OIN^{*3}, an intercompany framework designed to reduce patent risk, we participated as an initial member of the new framework, OIN2.0. We are also playing a part in supporting the open source community by establishing an environment for the development of Linux systems.

*1 SU10 (Single Cellome™ Unit): Yokogawa's proprietary equipment that delivers targeted substances such as proteins and genome editing tools to individual cells. This outcome was patented as Patent No. 7729509 and licensed non-exclusively to IN-PLANTA INNOVATIONS INC., a plant biotechnology venture company, for research and development purposes. The plant genome editing market is expected to grow to the scale of around USD 9.3 billion by 2031 (Source: IDTechEx).

*2 IAM: An international specialist publication and research organization in the field of intellectual property

*3 OIN (Open Invention Network): An international framework in which participating companies pledge not to assert their Linux-related patents against each other, supporting a safe environment for the use of open source software. OIN2.0 is a new version of that framework.

Number of invention and design proposals



FY2026 Policy: Transformation of Intellectual Capital into Corporate Value

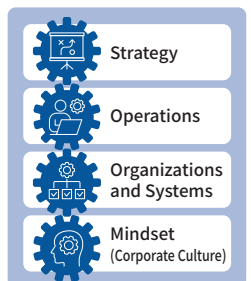
In fiscal year 2026 as well, based on the IA Basic Strategy for Intellectual Property, the individual divisions and the Intellectual Property Department will work together under the CTO's medium- to long-term technological vision to advance patent applications and rights acquisition in key domains in sync with the technology roadmap, steadily establishing a foundation to secure a competitive advantage for future businesses.

On the organizational front, we established a new Intellectual Property Legal Affairs Section that will handle co-creation and disputes, with the aim of improving the quality and speed of decision-making by controlling IP risks inherent in contracts and business decisions.

From a systems perspective, we are consolidating inventions across the entire Group and aligning our incentive programs, while establishing a global IP governance framework based on standardized decision-making criteria.

Further, we will expand IP education to cover not only employees but also officers, with the aim of embedding intellectual property activities as a company-wide management foundation, not limiting them to the roles of specific divisions.

With these initiatives, in addition to making the IP portfolio that has been accumulated and organized more visible, we will advance its value creation by incorporating it into business strategies and investment decisions. We will leverage intellectual capital as a key factor in management decision-making and strengthen its role as a driver of growth that goes beyond its defensive function.

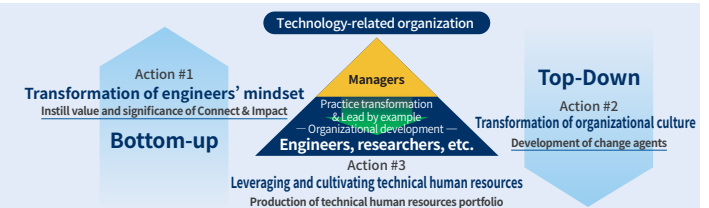


■ Technical Human Resources — Initiatives for Internal Culture Transformation —

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 Transformation¹ ‘Connect & Impact (C&I)’

Under the leadership of the Chief Technology Officer (CTO), a position established in fiscal year 2025, the activities of the Yokogawa Technical Committee and one of its specialist subcommittees, the Technical Human Resource sub-committee, have transitioned to a new stage. The Technical Human Resource sub-committee is working to foster a corporate culture of creating new challenges, with the aim of carrying the strengths of “Yokogawa, the technology leader” into the next era and further evolving them. “Connect & Impact” embodies our strong commitment to connecting people with people and technologies with technologies to create new value. We are working to transform the mindset of every one of our technical professionals to encourage them to take initiative and act autonomously, and to develop an organization to support this transformation. At the same time, we are advancing efforts to visualize the current situation by developing a technical talent portfolio focusing on key themes such as AI. In this way, we will clarify what is needed to come closer to the future vision outlined in our medium- to long-term technology strategies and strategically pursue the acquisition and development of human resources.



Foundation for Value Creation

Research and Development Examples

Realization of Plant Autonomy Through Integrated Robot Operation

— Next-generation operational design technology leveraging a wide variety of robots —

Operational Plan Design Technology That Integrates Multiple Types of Robots

Yokogawa has developed technology for designing operational plans for the integrated operation of multiple types of robots. This technology realizes the automation and greater sophistication of inspection and patrol operations by selecting the best robots to suit the situation in the plant and allocating tasks to multiple robots efficiently. This enables “robot orchestration,” which links robots that were previously operated separately, contributing to overall plant optimization.

By advancing the use of robots from the adoption of individual robots to overall optimization, this technology contributes to the enhancement of safety and improvement of operational efficiency for the customer, as well as creating new value by expanding the scope of applications for robots.

Challenges in the Plant Industry and the Use of Robots

In recent years, the plant industry has faced increasingly sophisticated and aging facilities. Meanwhile, shortages of skilled workers and challenges in transferring technical skills to the next generation have become apparent. In addition, there are growing demands for further enhancement of safety and operational efficiency, and the use of robots and drones as a means of addressing these challenges is advancing worldwide. However, there are diverse types of robots deployed in the field, each with widely varying characteristics and functions. For this reason, in many cases, they are used individually, and they are unable to deliver their full benefit.

Core Platform to Support Integrated Robot Operation

The technology developed in this research addresses these challenges. In future, we envisage linking it to a core platform that will support the integrated operation of robots. Our expectation is that, by combining it with [OpreX Robot Management Core](#) (our website), which manages and controls different robots in an integrated manner, this technology will be extended into coordinated operation and remote operation of robots and their integrated operation with plant systems.

Automation and Enhancement of Equipment Maintenance Through Image Data Analysis

Further, with regard to image data obtained by robots, with the use of [OpreX Plant Image Analyzer](#) (our website), we will promote the digitalization of equipment anomaly detection, condition monitoring, and inspection operations. This will enable not only the automation of tasks, but also the enhancement of data-based decision-making.

Through the combination of these solutions, we aim to differentiate the Yokogawa Group in the field of robotics applications and contribute to market expansion by addressing increasingly sophisticated plant operation needs.

Initiatives for Industrial Autonomy and Partner Collaborations

To address such needs, Yokogawa is committed to the evolution from Industrial Automation to Industrial Autonomy and is working to realize next-generation plant operation leveraging robotics and AI. As part of these efforts, progress is being made in demonstration and practical application through collaborations with global companies. For example, in a collaboration with Shell, we are promoting the enhancement of plant maintenance by combining AI technologies and robotics. In addition to using the aforementioned Plant Image Analyzer to take meter readings, we are demonstrating multiple use cases, such as checking for liquid leaks and equipment malfunctions, at Shell’s actual plants. Also, in a collaboration with ANYbotics, we have been successful in integrating the quadruped robot “ANYmal” with the plant operation platform. These initiatives are serving to accelerate the evolution from the deployment of stand-alone robots to solutions that integrate multiple robots at the level of actual operations.



Collaboration with Shell on Robot and AI Technologies for Plant Maintenance
Integration of OpreX Robot Management Core and ANYmal Inspection Robot

Future Developments

Going forward, in addition to combining this technology with various solutions to further promote the integrated use of a wide variety of robots, we will strengthen collaboration with AI and data in our aim to realize the autonomy of plant operations, i.e., Industrial Autonomy. Yokogawa will contribute to the establishment of safe, efficient social infrastructure through the combination of robotics, AI, and control technologies.



Conceptual image of future vision for robot operation at plants

■ 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 our involvement in more than 30,000 system installations 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. Based on the circumstances of each region and business, we have identified focus regions and target segments and are working on activities to communicate Yokogawa's corporate stance and the value we provide. 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 thoroughly educating employees to build understanding of the brand and by establishing and thoroughly enforcing rules and strengthening the promotion activities required for brand governance.

Evolving Business Branding: "OpreX," the Comprehensive Brand of the Industrial Automation and Control Business

OpreX is the comprehensive brand of Yokogawa's Industrial Automation and Control Business that was adopted in 2018. In 2025, seven years after its launch, the OpreX category structure was rebuilt.

The Industrial Automation and Control Business currently accounts for more than 90% of Yokogawa's sales. It provides a wide variety of products, services, and solutions to various industries. On the other hand, back in the 2010s, it faced the challenge of having numerous brands and proprietary names for its offerings, and there was a growing need to consolidate them systematically and clearly present the value they offered. In that vein, we set up a cross-divisional project team, which began consideration of the reorganization of the offerings and the adoption of a comprehensive brand. In 2018, we created the "OpreX" brand, which encompasses the entire portfolio of the Industrial Automation and Control Business.

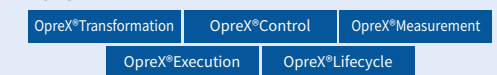
OpreX is a term coined from "Operational Excellence" to communicate the state in which operational improvement processes become embedded in the field and are elevated to a competitive advantage. "X" has multiple connotations, including the "cross" in cross-functional and the "ex-" and "trans-" prefixes in excellent and transformation, as well as the "X" that is used to indicate an "unknown quantity." It reflects Yokogawa's determination to contribute to the creation of a wonderful world that has never been experienced before. The intention imbedded in the "OpreX" brand is also linked to Yokogawa's corporate brand slogan, "Co-innovating tomorrow."

In the rebuilding of the OpreX category structure in 2025, with the objectives of organizing the portfolio of products offered by the Industrial Automation and Control Business to match the actual state of the business and enhancing the appeal of the value provided, we reviewed the existing categories and established a new category for integrated solutions. The existing structure of five categories for individual products, services, and solutions was revised and reorganized into six categories: OpreX Control, OpreX Measurement, OpreX Execution, OpreX Lifecycle, OpreX Information, and OpreX Consulting. A new category of "OpreX Integrated Solutions" was also established to promote solutions that combine different offerings for specific purposes. The introduction of the new category is intended to enhance the appeal of individual offerings in response to the expansion of solutions, information-based offerings, and consulting services, while strengthening our ability to communicate our capabilities to the market.

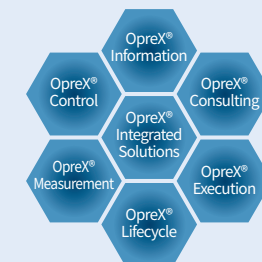
Through OpreX, Yokogawa will demonstrate the value it provides in the Industrial Automation and Control Business and continue to embrace challenges as a partner that will co-create the future together with its customers.

▶ Changes in OpreX Category

2018 —



2025 —



Capital Policy and Financial Strategy

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

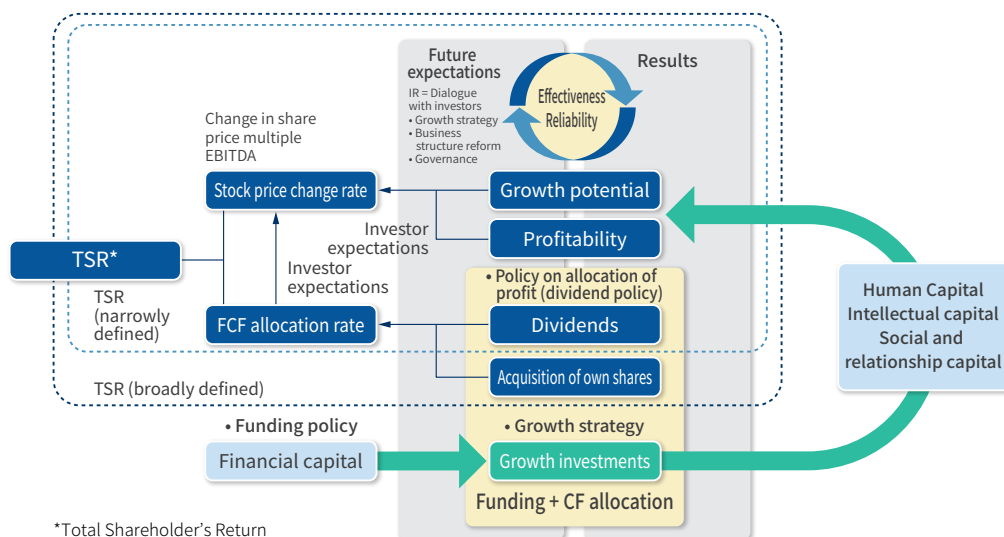
Through GS2028, we will strive to maximize shareholder value from a medium- to long-term perspective by achieving a total shareholder return (TSR) that exceeds the cost of equity.

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



*Total Shareholder's Return

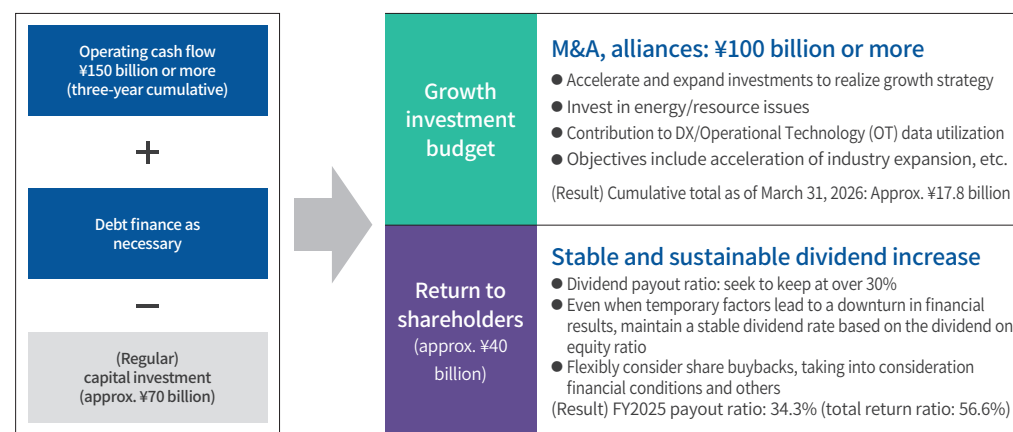
Cash Allocation in GS2028 (FY2024 to FY2026)

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 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)



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

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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 (Level 3), including MES and in the corporate management level (Level 4), 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 fiscal year 2025, we took countermeasures in response to M&A-related issues that had emerged to date from the perspectives of target companies and the M&A process. 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 ¥17.8 billion in growth investments. (As of March 31, 2026)

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)
- Acquired Intellisync^{*1}, a provider of cybersecurity and DX solutions (2025, Italy)
- Acquired WiSNAM^{*1}, a developer of advanced grid control and energy management solutions (2025, Italy)

^{*1} Since integrated into BaxEnergy

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.

Initiatives for Achieving Management Conscious of Cost of Capital

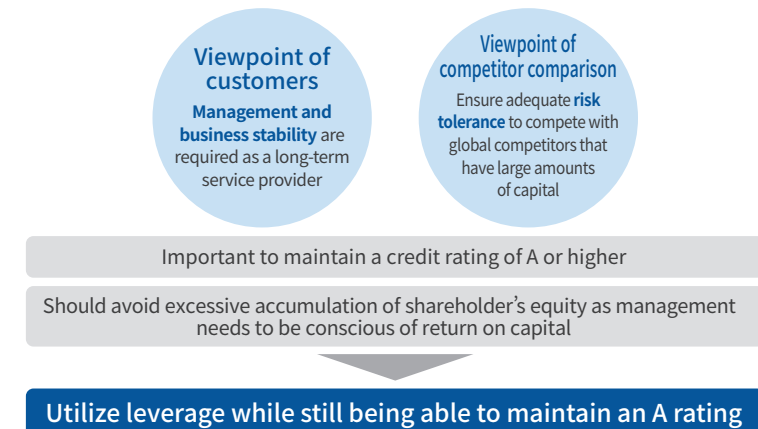
Ensuring the Optimal Capital Structure

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

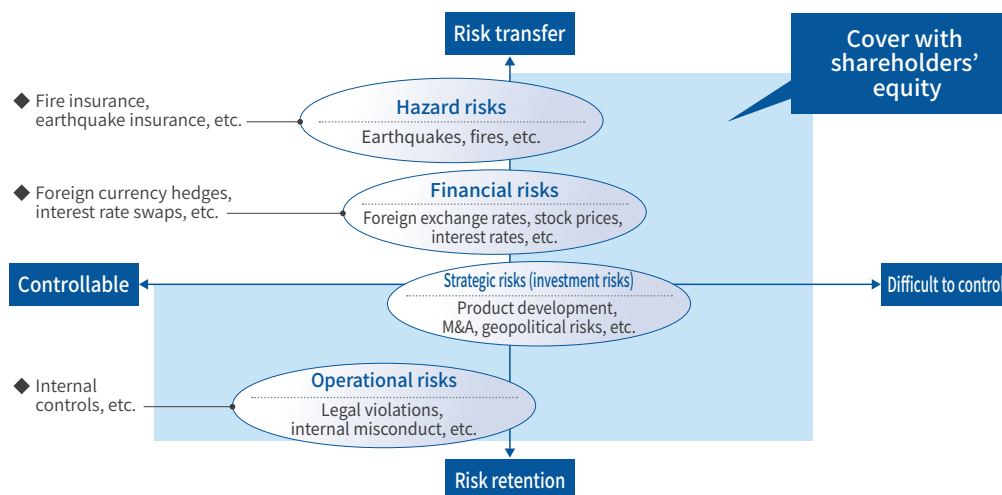
DX Strategy

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



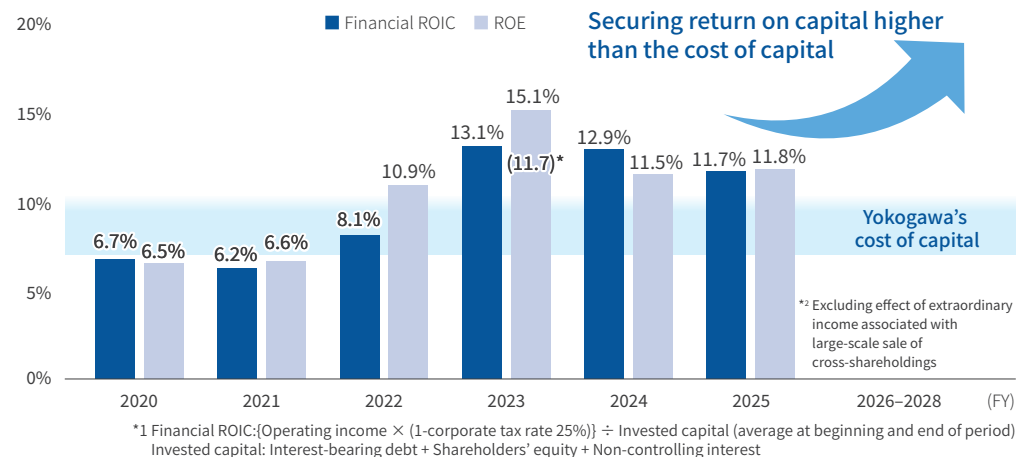
P.69-71 Risks Relating to the Group's Business

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

Yokogawa's cost of capital through FY2025 is 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



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.

Foundation for Value Creation

Foundation for Value Creation

Intangible Capital

Capital Policy and Financial Strategy

DX Strategy

DX Strategy

Accelerating creation of new value by connecting with AI, Data, and People through digital transformation

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. Since fiscal year 2025, we have aimed 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 are also helping employees to build their careers by expanding internal DX education and rolling it out globally.

As for External DX activities, in addition to our areas of expertise, namely 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 aims to help customers boost their productivity by creating digital connections between customers' factories/plants and headquarters, as well as among customers.

	Activity Classification	Status of Initiatives
Internal DX	DX Education and Learning Platform	Organized Yokogawa's own development framework based on the Digital Skill Standards issued by Japan's Ministry of Economy, Trade and Industry (METI) and rolled out learning opportunities in the most appropriate format for each training program, including online and in-person learning.
	Example of DX Training	Developed Yokogawa's own study materials (in Japanese and English) compliant with METI's DX Literacy Standards. Promoted the acquisition of common DX knowledge across the global organization. To develop DX promotion personnel, provided training in areas such as AI, data, cybersecurity, cloud computing, and business development.
External DX	Digital Transformation (DX) Promotion Policy	Yokogawa has established an External DX Management Code and is promoting the company-wide use of digital technologies such as the cloud, AI/machine learning, IIoT, and cybersecurity.
	Smart Manufacturing and DX Support	Conducted digital maturity assessments and formulated roadmaps led by professionals with Smart Industry Readiness Index (S.I.R.I.) qualifications. Ongoing smart manufacturing support that combines ERP, MES, and EMS.
	Latest DX Implementation Outcomes	Implemented an FKDPP solution, in which multiple autonomous control AI systems work together, in the acid gas removal process at the Saudi Aramco Fadhili Gas Plant. Realized a 10-15% reduction in amine and steam consumption and approximately 5% reduction in electricity consumption, contributing to the autonomy and stability of plant operations.

Status of Internal DX Initiatives

In GS2028, we have set out a goal of improving employee productivity by 30% through Internal DX, and we are pursuing the development of DX personnel to achieve this goal. Mindful of the fact that overseas sales account for over 70% of our total sales, we have defined five globally common roles required for DX promotion under the global DX personnel development program, "Yokogawa Xcelerate." We are systematically rolling this program out to all global employees, from enhancing DX literacy to developing specialized and transformative talent.

Main initiatives

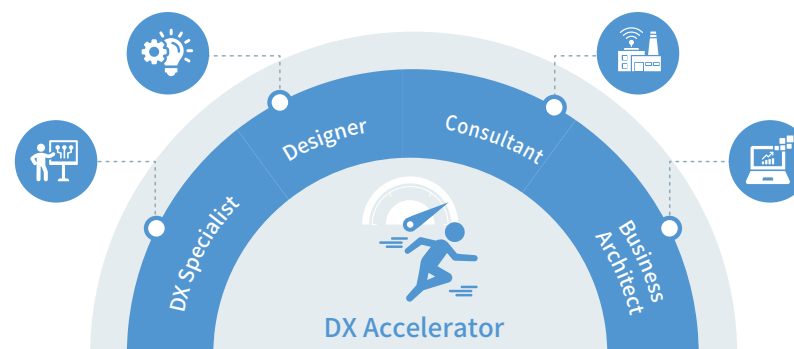
- **Data/AI Boot Camp:** We provide intensive training overseas for participants from various countries to strengthen their practical skills in data and AI utilization.
- **Innovation Challenge:** We conduct training for participants to obtain the skills needed for new business proposals, and as an opportunity for them to put what they have learned into practice, providing opportunities to propose digitally-driven transformations to management.
- **Physical AI Open Laboratory:** In the field of physical AI, we operate a collaborative learning space where participants set their own goals, conduct research activities, share their outcomes, and co-create new value.

Developing digital talent and organizational capabilities for continuous innovation.

Key measures to enhance Customer Experience (CX) value

We are promoting the use of customer relationship management (CRM) systems. By centralizing information about customers and business negotiations and integrating it with AI, we visualize the entire process from marketing to order acquisition. This allows us to turn insights gained from predictive analysis and win-rate evaluations into concrete measures, to support the creation and promotion of business opportunities.

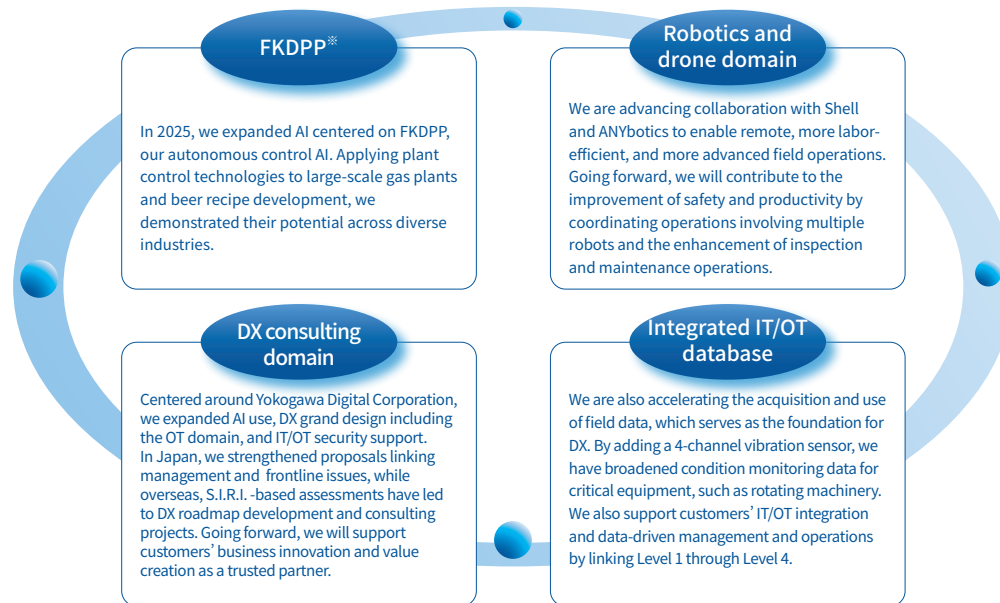
Going forward, we will also consolidate service information into CRM, thus expanding it into an integrated CRM system to enable the centralized use of customer information concerning sales and marketing, as well as maintenance and support. Further, we will aim to improve the speed and quality of solutions to issues and enhance customer experience value by leveraging AI and knowledge to provide the most appropriate information and support according to customers' circumstances and requirements.



Foundation for Value Creation

Status of External DX Initiatives

In the manufacturing industry, challenges, such as a decline in the working population, the transfer of skilled expertise to the next generation, the improvement of energy efficiency, increasing supply chain complexity, and cybersecurity measures, are becoming more apparent. To address these challenges, Yokogawa is promoting External DX, which provides integrated support from the acquisition of data to AI-driven analysis and optimization, and even further to autonomous operations, by leveraging our measurement, control, and information technologies alongside our long-standing field expertise. In particular, by integrating AI into the control domain where our core strength lies, we are equipping society with a physical AI that creates value in actual plants and operational sites. In doing so, we are contributing to our customers' increased productivity, safe and stable operations, and reduced environmental impact.



* Factorial Kernel Dynamic Policy Programming (reinforcement learning-based AI algorithm for autonomous control)

AI Governance Promotion Structure and Status of Initiatives

In line with the expansion of AI use, we are advancing our Group's AI governance into practical execution. Based on the AI Policy and the Group AI Governance Code announced in the previous fiscal year, we established the Group's in-house AI governance organization and management structure in 2025. This ensures rigorous risk management in the development, provision, and use of AI, while promoting its ethical and responsible use. Yokogawa will deliver safe and reliable AI to our customers while accelerating internal AI adoption, advancing our transformation into an Enterprise AI Company.

Through AI, Yokogawa will strengthen its ability to measure worksites and connect data, systems, and people, and support the autonomy and sustainable operations of the manufacturing industry. Through External DX, we will help solve customer issues and contribute to their business growth, while realizing the enhancement of both social and corporate value.

Foundation for Value Creation

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DX Strategy

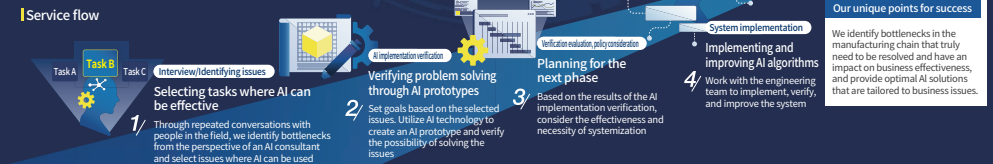
Pioneering the future of manufacturing AI-First Manufacturing

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^{*1} 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.

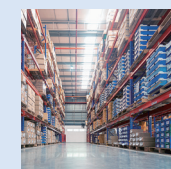


*1 "AI-First" is an approach that integrates AI into the business strategy and gives it a core competitive advantage. Currently, an increasing number of companies around the world are aiming for "AI-First" by using AI more strategically to exponentially expand their business and increase value.

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



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.



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.



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.

Examples of AI Adoption

Next-generation plant control realized by AI

— Optimizing complex processes and expanding applied domains with autonomous control using reinforcement learning —

AI Topics 1

Commercialization of plant operation using the autonomous AI

Using the autonomous AI “FKDPP,” Yokogawa has realized the autonomous operation of an actual butadiene production facility at ENEOS Materials Corporation’s Yokkaichi Plant. FKDPP is a reinforcement learning-based AI algorithm jointly developed by Yokogawa and Nara Institute of Science and Technology. The targeted distillation process required the optimization of multiple operational variables while simultaneously maintaining quality and energy efficiency, resulting in a high level of manual intervention. After conducting learning and verification using a plant simulator, AI control was implemented, and 35 days of continuous autonomous operation and an approximately 40% reduction in steam use were achieved. This is the world’s first case of AI directly controlling the operating parameters of a chemical plant. Further, after around one year of stable operation, we confirmed that autonomous control AI is a next-generation control technology that contributes to reduction of environmental impact, quality stabilization, and the digital transformation of expertise.



AI Topics 2



Optimization of fermentation process by AI

Yokogawa worked jointly with craft beer producer, CRAFT BANK, on the optimization of the fermentation process with the autonomous control AI, FKDPP. The fermentation process has a significant influence on the taste and aroma of beer. Until now, it has depended greatly on the experience and judgment of skilled fermentation professionals. In this demonstration project, AI produced a temperature setting plan for the fermentation tank, and the beer was produced based on that plan. As a result, it was confirmed that the fermentation process could be shortened by approximately 28% from 336 hours to 240 hours, while maintaining quality. The example shows that AI can contribute to both quality and productivity by complementing the expertise of skilled professionals.

Yokogawa will extend the technology for autonomous control AI that it has cultivated in the chemicals industry to a wide range of other industries that use fermentation processes, such as food, beverages, and pharmaceuticals, and contribute to the enhancement of customers’ competitiveness.



Chapter

4

Business Strategies

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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.

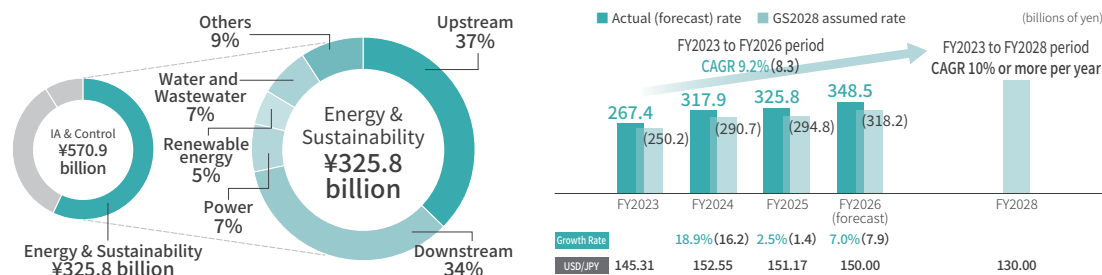
Business Overview

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

FY2025 Orders and Industrial Composition / Trends in Orders



Initiatives for GS2028

Strategy Overview

In the oil & gas field, demand is expected to grow over the medium to long term, driven by factors such as increased focus on energy security, population growth, and rising demand for electricity. Particularly in the gas sector, investment activity remains strong globally, and it continues to be our key focus industry. In addition, as investment in DX accelerates, autonomous operation and control utilizing AI are contributing to more advanced operations and labor savings.

In the low-carbon energy field, we leverage the expertise of acquired companies to support the commercialization of renewable and clean energy. We are also pursuing participation in next-generation nuclear power projects. In particular, CCS*¹ and CCUS*², which are primarily requested by existing customers in the oil & gas field, are considered the closest to commercialization, and we are focusing on their development.

In the water field, we are expanding 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.

*1 CCS: Carbon 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 Grid code: A comprehensive set of conditions encompassing a wide range of rules that facilities connected to the power system and market must comply with.

Contributing to Stable Power Supply at Large-Scale Wind Power Plant

While the use of renewable energy continues to expand steadily, power generation from solar and wind energy fluctuates significantly depending on weather conditions, posing challenges to ensuring a stable power supply. This makes the use of battery storage and enhanced grid connection essential. Yokogawa provides solutions that address these challenges by broadening its portfolio.

A case in point is the project announced in March 2026 for a wind power plant that utilizes battery storage in Hokkaido operated by Cosmo Eco Power Co., Ltd. Cosmo Eco Power's wind power plant will be capable of generating 94.6MW of electricity and is expected to start operation in 2029. The plant will play an active role in providing much-needed power to the region. The plant is required to operate in compliance with the region's grid code*⁴ while absorbing fluctuations in power generation.

To address this challenge, we will offer a solution that combines the Power Plant Controller (PPC) from BaxEnergy, a Yokogawa company, with the Tesla Megapack as the project's energy storage solution and provide seamless, integrated support for customers. BaxEnergy's PPC supports international grid codes and offers high scalability, ranging from medium to large-scale installations, while ensuring the steady provision of grid-compliant power for medium and high-voltage systems. This project marks BaxEnergy's first deployment in the Japanese market.

Yokogawa will continue to provide more value to our customers and work together with them toward achieving a sustainable, decarbonized society.



Planned construction site of the Shimamaki-Kuromatsunai Wind Farm (Photo courtesy of Cosmo Eco Power Co., Ltd.)

Energy & Sustainability Business

	Business Opportunities and Risks	Key Measures and Focus Regions	GS2028 Achievements and Challenges to Date
Upstream/ Downstream CAGR target 5% or more	Business Opportunities <ul style="list-style-type: none"> Forecasted increase in total project investment, with growing demand and investment in gas as a long-term base energy source Active investment in regions other than the Middle East in line with demand for diversified energy supply chains Successive materialization of carbon-neutral investments, such as CCS/CCUS, alongside oil & gas production increase Increased investment in DX for operational efficiency improvement, unmanned and remote operations, and other purposes (especially for cybersecurity enhancement) Risks <ul style="list-style-type: none"> Intensifying price competition in green-field projects, or new-build projects (particularly in North America, India, and China) Delays in investment decisions and rising costs due to changing global environment 	Key Measures <ul style="list-style-type: none"> Focusing on CAPEX project orders driven by strong demand and investments. Prioritizing gas and LNG sectors, due to their particularly high demand Strengthening the OPEX business through collaboration with the Digital Solutions HQ Expanding know-how gained from AI and digital transformation (DX) projects, mainly in the Middle East, to other regions. Focusing on accelerating 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) Deploying cybersecurity expertise and successful practices globally Focus Regions Middle East, Southeast Asia, North America, India, China	Achievements <ul style="list-style-type: none"> Implemented multiple coordinated autonomous control AI (FKDPP) agents at Saudi Aramco's major gas facility Packaged robotics expertise gained through on-site demonstrations with customers as OpreX Robot Management Core, and expanding global sales Established a Center of Excellence (CoE) for AI, Robotics, and Cybersecurity in the Middle East Selected as the Main Automation Contractor (MAC) for the Commonwealth LNG project in the United States Challenges <ul style="list-style-type: none"> Further strengthening our proposal capabilities to secure CAPEX in regions with intense price competition
Low carbon energy	Business Opportunities <ul style="list-style-type: none"> Achievement of low-carbon emissions 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 Reevaluation of nuclear power in the context of energy security and decarbonization Risks <ul style="list-style-type: none"> Lowered investment appetite due to delays in technology development and high costs Concern over stagnation of government support 	Key Measures <ul style="list-style-type: none"> Focusing on CCS/CCUS projects by leveraging oil & gas installed base Supporting the decarbonization of current hydrogen production and utilization plants Promoting initiatives to efficient scheme among multiple industries that are beneficial to achieving low-carbon emissions (cross-industry collaboration) Participating in next-generation nuclear power projects Focus Regions Europe, North America, China, Australia	Achievements <ul style="list-style-type: none"> 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 Joined forces with Rolls-Royce SMR to deliver data processing and control systems Challenges <ul style="list-style-type: none"> Swift responding to customers' technological innovations and low-cost requirements
Renewable energy CAGR target 20% or more	Business Opportunities <ul style="list-style-type: none"> Diversification of regions, customers, applications, and so forth Need for optimal utilization of power generation facilities to enhance operational efficiency and profitability Growing investment activity, particularly in smoothing fluctuations in power generation inherent in renewable energy by combining solar or wind power with BESS^{*2} Risks <ul style="list-style-type: none"> Business withdrawal and postponement of FID (Final Investment Decision) due to high costs attributed to inflation Concern over stagnation of government support 	Key Measures <ul style="list-style-type: none"> 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 BESS business in solar and wind power applications Expanding the portfolio to support global business expansion Focus Regions Europe, Japan, Southeast Asia, North America, India	Achievements <ul style="list-style-type: none"> Acquired Intellisync Srl and WiSNAM Srl, strengthening cybersecurity and grid management solutions Providing a Power Plant Controller (PPC) and batteries for Cosmo Eco Power's wind power plant in northern Japan Challenges <ul style="list-style-type: none"> Increasing global recognition and market share Addressing lack of resources for large-scale projects
Water and Wastewater CAGR target 10% or more	Business Opportunities <ul style="list-style-type: none"> 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) Risks <ul style="list-style-type: none"> Many competitors exist in each region and country Concern over stagnation of government support 	Key Measures <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> Delivered CI server, Exaquantum, etc. to Melbourne Water, enabling centralized monitoring of information from 10 sites. Concluded a 7-year long-term maintenance contract Launched OpreX Water Loss Management System OW-LS that detects and manages water leakage Challenges <ul style="list-style-type: none"> Increasing global recognition and market share Establishing an organizational structure for expanding the global market

Participating in Next-Generation Nuclear Power Projects

With the growing need for energy security and decarbonization, as well as rising demand for electricity, nuclear power is being reassessed worldwide. In particular, countries are moving forward with the development and deployment of small modular reactors (SMR) as a reliable next-generation power source. Against this backdrop, Yokogawa has entered into a strategic relationship with Rolls-Royce SMR Limited and is participating in the development and delivery of the main control system for its SMRs planned for the UK, the Czech Republic, and Sweden. Through collaboration with our customers, we will work to create new value in the next-generation nuclear power field and contribute to achieving a sustainable society.

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

*2 BESS: Battery Energy Storage System. A general term for systems that store generated electricity in batteries and discharge it for supply when needed

Materials Business

VISION

Drawing on long-standing relationships of trust with customers in the materials industry and beyond, we support them in driving business transformation. Our ambition is to help realize a society that is both convenient and comfortable, and a circular economy in harmony with the global environment.

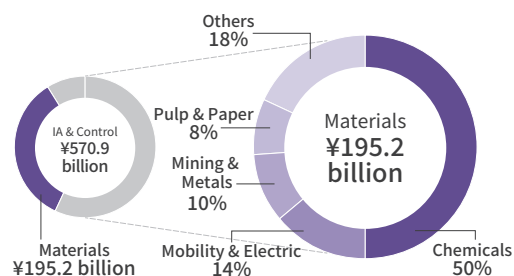
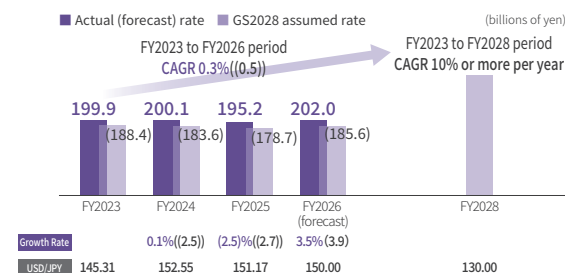
Business Overview

We cover a broad range of business areas centered on the materials industry. In addition to our focus industries such as chemicals and mining, we target new areas (high-growth industries) such as data centers and supply chain optimization, and provide a combination of products, services, and solutions to meet their respective needs. Our business contributes to the realization of a new circular economy 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, highly reliable sensors, measuring instruments, and control system products, along with the ability to propose and execute solutions to complex challenges
- A large installed base worldwide combined with a globally integrated sales and service structure
- Long-term partnerships with leading companies in the materials industry, and extensive experience cultivated through these relationships

FY2025 Orders and Industrial Composition / Trends in Orders



Initiatives for GS2028

Strategy Overview

Building upon growth in our focus industries, we will take a targeted approach to new areas, aiming for a CAGR of 10% or more in both orders and net sales, including inorganic growth achieved through M&A.

Specifically, focusing on the chemical industry, which accounts for half of our net sales, we will deepen relationships with key customers through an approach of identifying and resolving customer challenges. Building on our long-established control systems business, we will provide batch solutions for specialty and fine chemical plants and autonomy solutions for large-scale continuous process plants. At the same time, we will endeavor to further expand the customer base by leveraging channel sales.

In the mining industry, a growth market, demand for mineral resources is on the rise against the backdrop of decarbonization. We will address management issues related to environmental impact mitigation, safety, and remote and automated operations by providing solutions that leverage Yokogawa's strengths in measurement and control, thereby supporting the optimization and automation of mining operations. We will also deploy the expertise gained in Australia and South America globally and build relationships with resource majors worldwide.

Furthermore, we will seek to capture new business opportunities in new areas, such as data centers and supply chain optimization for the materials industry.

Key Measures

		Market	
		Existing	New
Products & Solutions	New	Expand the solution business by deploying industry expertise <ul style="list-style-type: none"> • Leverage specialized personnel such as SMEs^{*1} to deploy industry expertise in focus regions • Enhance batch solutions and expand business for specialty and fine chemicals, including semiconductor materials • Expand DX solution offerings for mining customers Expand the customer base through channel business <ul style="list-style-type: none"> • Offer new products and solutions through channel partners to accelerate outreach to mid-sized customers 	Optimize the entire supply chain and realize SoS <ul style="list-style-type: none"> • Address growing need for supply chain optimization in the materials industry, driven by geopolitical risks and other factors • Expand business opportunities through SoS that connects headquarters with plants, and companies with one another • Develop comprehensive supply chain optimization solutions from production to logistics, including consulting services
	Existing	Strengthen the customer base in chemicals and mining & metals <ul style="list-style-type: none"> • Clarify target industries, areas, and offerings based on regional characteristics • Deploy SMEs and sales personnel in focus regions to strengthen solution proposal capabilities for key customers • Build trust starting with L1^{*2} business and expand the scope of offerings to customers 	Capture business opportunities for data centers <ul style="list-style-type: none"> • Capture demand for control systems for data centers driven by the expansion of the AI market • Expand the solution portfolio for data centers, including flowmeters, valves, and optical measuring instruments

*1 SME (Subject Matter Expert): Industry experts and consulting professionals *2 L1: Data generation and collection level

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 <ul style="list-style-type: none"> ● Solid outlook for the chemical industry as a whole through 2030, driven by growth in the specialty and fine chemicals field ● Increasing demand for high-mix, low-volume production (batch manufacturing) ● Growing investment in the development of recycled raw materials and related technologies, as well as in decarbonization in specific regions Risks <ul style="list-style-type: none"> ● In the chemical industry as a whole, trends among DCS vendors ● In specialty and fine chemicals (batch production), small-scale systems also face global competition from PLC vendors ● Impact of geopolitical risks and individual countries' economic policies on capital investment 	Key Measures <ul style="list-style-type: none"> ● Strengthening relationships with key customers, especially in overseas markets ● Strengthening problem-solving capabilities by hiring SMEs ● Enhancing solutions for batch production in the specialty and fine chemicals market ● Expanding the customer base by leveraging channel sales Focus Regions India, North America, Middle East, South Korea, and Southeast Asia	Achievements <ul style="list-style-type: none"> ● Secured orders for large-scale projects in focus regions ● Hired SMEs in each region, contributing to order acquisition activities ● Expanded the portfolio for batch production Challenges <ul style="list-style-type: none"> ● Expanding business, particularly overseas, by developing accounts in line with regional strategies ● Expanding sales of solutions by leveraging SMEs ● Building the channel partner network and expanding sales
Mining & Metals CAGR target 10% or more	Business Opportunities <ul style="list-style-type: none"> ● Growing demand for mineral resources—including copper, nickel, and lithium—due to the energy transition driven by decarbonization ● Growing need for optimized and autonomous operations across entire mining sites, including enhanced safety, advanced control and maintenance, and remote operation capabilities. ● In the steel industry, increased investment and construction of new plants in focus regions Risks <ul style="list-style-type: none"> ● Global competition with PLC vendors with strong capabilities in the equipment industry and major vendors with expertise in the heavy electrical field ● Impact of resource price fluctuations, geopolitical risks, and individual countries' economic policies on capital investment 	Key Measures <ul style="list-style-type: none"> ● Building a sales structure for resource majors ● Strengthening problem-solving capabilities by leveraging the Global Mining Center of Excellence (CoE) ● Expanding the provision of solutions for optimizing mining operations ● In the steel industry, strengthening proposals to customers in focus regions in the steel industry Focus Regions North America, South America, Australia, India, Europe, and Middle East	Achievements <ul style="list-style-type: none"> ● Established the Global Mining CoE, contributing to order acquisition activities ● Accelerated the development of a platform for optimizing mining operations and secured orders Challenges <ul style="list-style-type: none"> ● Strengthening relationships with customers, particularly resource majors ● Increasing industry recognition ● Expanding the solution offerings to address customers' on-site challenges

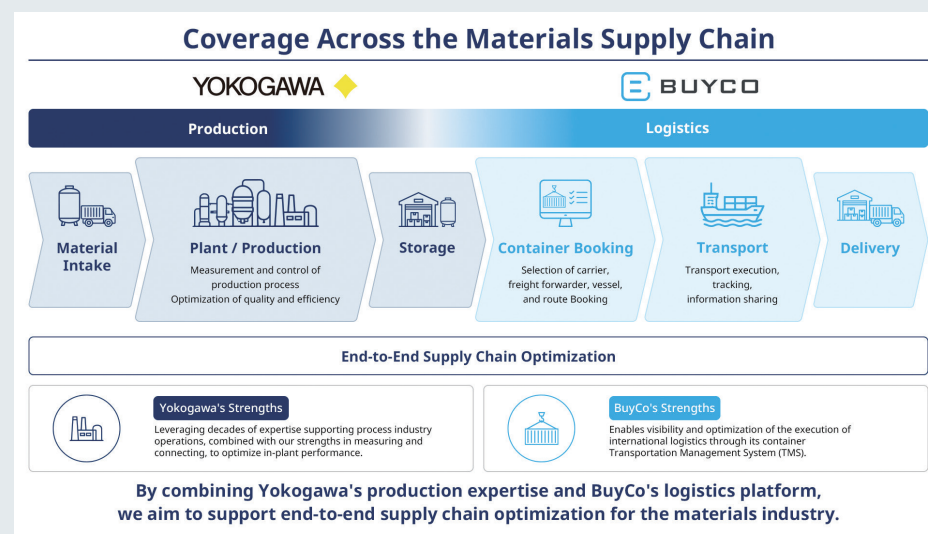
Yokogawa Signs Distribution Agreement with BuyCo for its Container Transport Management SaaS — Advancing Supply Chain Optimization Solutions for the Materials Industry —

In June 2026, Yokogawa entered into a distribution agreement with France-based BuyCo, a provider of a Software as a Service (SaaS) solution for the management of the transport of shipping containers. Yokogawa will offer BuyCo's Transportation Management System (TMS) to companies primarily in the materials industry.

In recent years, the materials sector has had to contend with rising complexity in global supply chains, heightened geopolitical risks, and stricter environmental regulations, especially in the chemicals industry. Rising transportation costs and the need to manage greenhouse gas emissions and respond to fluctuations in demand have become key management concerns. However, in many cases, companies in these industries have not taken an integrated approach to optimize their production and logistics operations, making it difficult to manage entire supply chains in an integrated and holistic fashion.

Yokogawa has focused on supporting the automation and optimization of operations at individual plants in the process industries and is expanding the scope of its support through consulting services and digital solutions to optimize entire supply chains. This agreement with BuyCo represents a major step in that direction, focused on container transport management. Currently, over 12,000 users around the world rely on BuyCo's platform.

Building on our ability to measure and connect, Yokogawa aims to achieve integrated optimization spanning everything from customers' production operations to international logistics. Looking ahead, we intend to evolve this into a comprehensive supply chain management (SCM) solution that integrates demand forecasting, inventory optimization, and more.



VISION

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

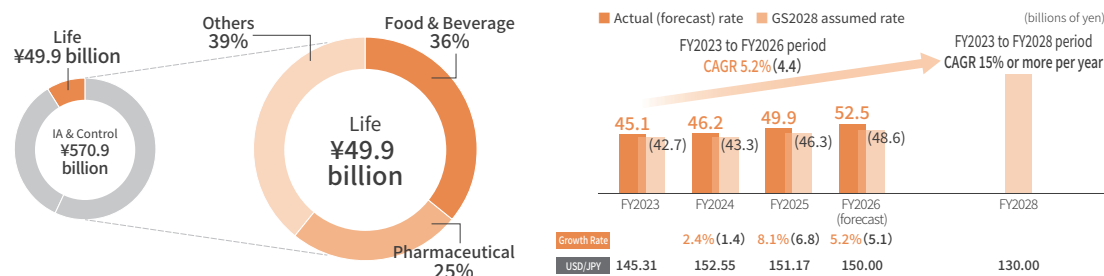
Business Overview

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 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.

FY2025 Orders and Industrial Composition / Trends in Orders



■ 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^{*2}/L4^{*3} 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.

*1 SME (Subject Matter Expert): Industry experts and consulting professionals

*2 L3: Manufacturing execution control level

*3 L4: Corporate management level

Message from the New Head of the Life Business Headquarters

—Making the Life Business a Pillar of Yokogawa—

To date, I have managed business operations at locations in Japan and overseas. Since the establishment of the Life Business Headquarters in fiscal year 2018, I have been involved in the Life Business and contributed to its growth in a variety of roles, including overseeing marketing and sales. These experiences have given me a strong sense of the social significance and growth potential of the Life Business. I believe it is both an important mission and a source of pride for us to contribute to fields that support people's lives and health, including pharmaceuticals, food & beverage, bio industries, and cosmetics. The Life Business Headquarters has achieved steady growth to date, but taking the business to the next level will require us to expand and further develop our business in global markets and create new value. I would like to develop the Life Business into a pillar that will support Yokogawa in the future, rather than merely one of Yokogawa's growth businesses. To this end, we will build a stronger foundation for the Life Business by broadening our solutions and services in the life sciences field, growing our problem-solving business, and leveraging M&A and alliances.

The Life Business has a mission to contribute to a future embracing global harmony and a vision to advance Bio Industrial Autonomy (BIA). In the life sciences, pharmaceuticals, food & beverage, and bio industries, we will connect the entire value chain, from research and development to production, logistics, and services, through data and automation. Together with customers, we will generate new value. As social issues become increasingly complex, expectations for the Life Business continue to grow. We will play an active role in creating a more prosperous and sustainable society by providing products and solutions that support the stable and timely supply of pharmaceuticals and the safe and reliable production of food.

I am passionate about the Life Business. That is why I believe in its potential more than anyone else. We will continue to take on challenges to grow the Life Business into a new pillar of Yokogawa.



Morimitsu Yamazaki

Vice President & Executive Officer,
Head of Life Business Headquarters

Life Business

	Business Opportunities and Risks	Key Measures and Focus Regions	GS2028 Achievements and Challenges to Date
Food & Beverage Pharmaceutical CAGR target 15% or more	Business Opportunities <ul style="list-style-type: none"> ● Rising need for data integrity compliance ● Growing momentum toward continuous manufacturing 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 <ul style="list-style-type: none"> ● 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 <ul style="list-style-type: none"> ● 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 <ul style="list-style-type: none"> ● Delivered integrated control systems for urban infrastructure in Green Riyadh, Saudi Arabia's capital greening project (October 2025) Challenges <ul style="list-style-type: none"> ● Strengthening engineering resources ● Enhancing recognition and expanding implementation track record globally
Life Sciences CAGR target 15% or more	Business Opportunities <ul style="list-style-type: none"> ● Growing demand for automation aligned with Pharma 4.0^{*1}, 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 <ul style="list-style-type: none"> ● 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 <ul style="list-style-type: none"> ● 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 solutions) ● Strengthening marketing activities to improve visibility and recognition Focus Regions North America, Europe, China, Japan	Achievements <ul style="list-style-type: none"> ● Achieved record-high orders and sales in FY2025 ● Obtained a patent for plant genome editing method using Single Cellome™ Unit SU10 (March 2026) Challenges <ul style="list-style-type: none"> ● Enhancing recognition and expanding implementation track record globally ● Strengthening production capacity in response to strong order and sales performance

*1 Pharma 4.0: An industry concept aimed at advancing pharmaceutical development, manufacturing, and quality control through the use of digital technologies and automation

Yokogawa to Deliver Integrated Control Systems for Urban Infrastructure in Green Riyadh Project

Green Riyadh is a national initiative being promoted as a key element of Saudi Vision 2030. Its objective is to transform Riyadh into one of the world's most livable cities through urban greening, enabling residents to lead healthier and more sustainable lives. Yokogawa was awarded a contract by the Royal Commission for Riyadh City to provide the necessary systems, solutions, and services for the main command and control center of the project.

The project will plant 7.5 million trees across parks, public facilities, healthcare centers, and roads by 2030, increasing green space per capita from 1.7 to 28 square meters. Treated wastewater will be utilized for irrigation, contributing to environmental, economic, and social sustainability. Yokogawa provides its OpreX™ Collaborative Information Server and OpreX Intelligent Manufacturing Hub as a unified platform for the main command and control center. These solutions integrate diverse urban infrastructure data, including environmental monitoring sensors, weather information, and operational databases, enabling real-time monitoring, predictive analytics, and rapid decision-making to optimize the management of water resources, irrigation, and park lighting systems.

Through its contributions to the advancement of social infrastructure and sustainable urban development, Yokogawa will continue to support similar initiatives in the region and globally and contribute to the realization of a sustainable society.



Riyadh, Saudi Arabia

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.

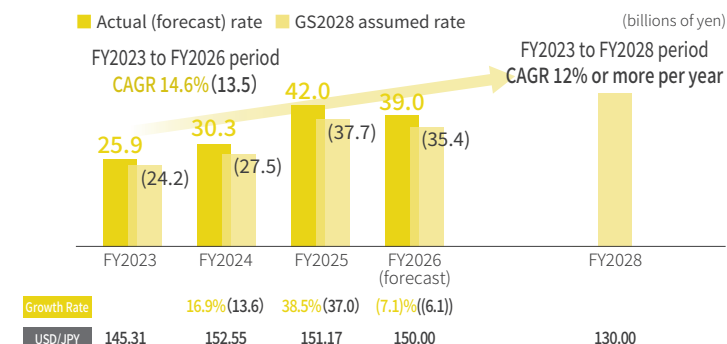
Business Overview

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 customers' 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 renewable energy, electric mobility, 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

Trends in Orders



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 utilize 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.

Project Highlights

Expansion of the system measurement business

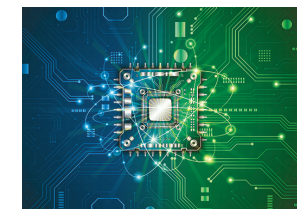
In fiscal year 2025, we launched the system measurement business, including a power evaluation system that performs IEC^{*1} compliance testing for power quality and a comprehensive evaluation system for battery chargers for electric mobility. Through communication with customers, we uncover latent needs and continuously develop new solutions.

Photonics-electronics convergence measurement solution

One of the technological innovations supporting the exponential growth in data communications traffic is photonics-electronics convergence technology, as exemplified by the NTT Group's IOWN concept.

Through its participation in the IOWN Global Forum, Yokogawa is developing measuring instruments needed to evaluate cutting-edge devices such as photonics-electronics convergence transceivers and optical waveguides, thereby supporting the early realization of photonics-electronics convergence.

^{*1} IEC: International Electrotechnical Commission



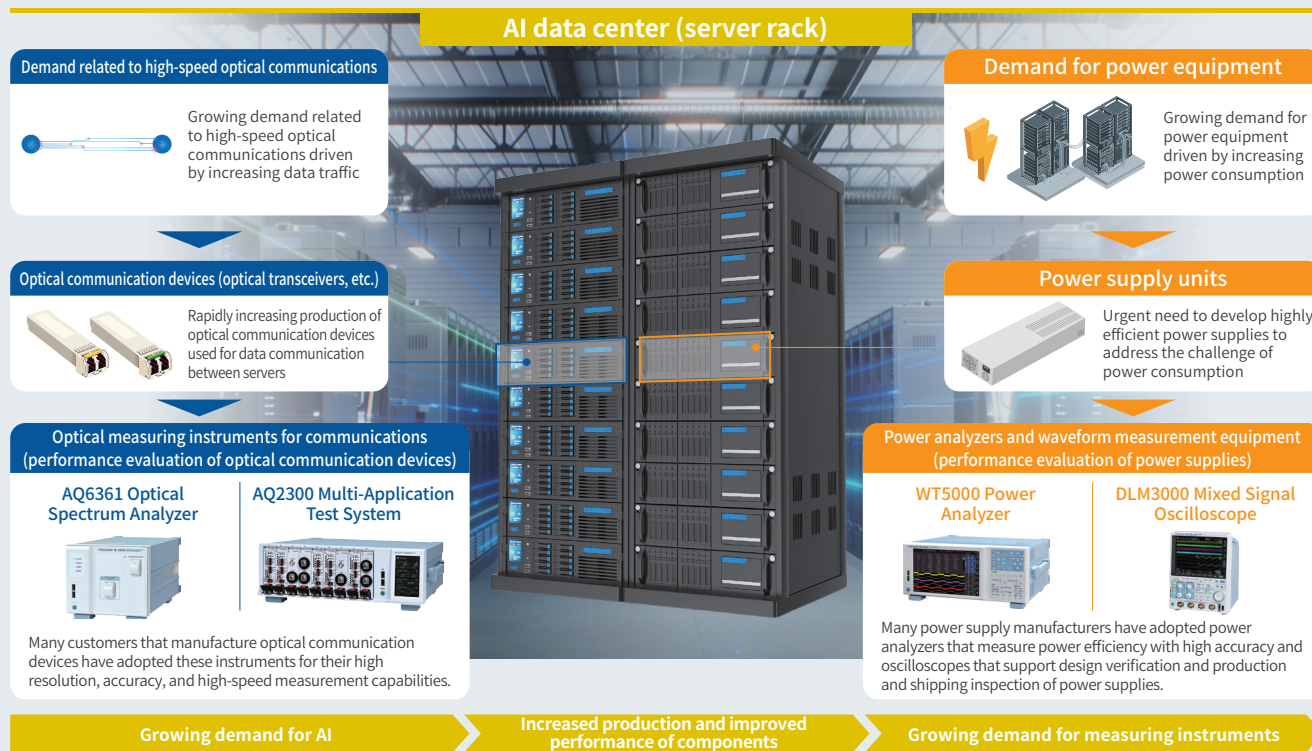
Measuring Instruments Business

	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 <ul style="list-style-type: none"> ● Rapidly increasing shipments of optical transceivers for data centers, driven by the spread of AI, with annual growth of approximately 30% projected to continue ● Growing business opportunities in electrical energy measurement for high-efficiency power supplies and energy-saving devices in data centers facing power consumption challenges ● Acceleration of new technology development in response to growing demand driven by the recent advancement of electrification in the aerospace industry Risks <ul style="list-style-type: none"> ● Downturn in the optical transceiver market, which saw rapid growth in FY2025 	Key Measures <ul style="list-style-type: none"> ● Expanding the measurement system businesses in the renewable energy and optical device production fields ● Accelerating 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 <ul style="list-style-type: none"> ● Achieved record-high orders for the Measuring Instruments Business in FY2025 ● Steadily expanded the business through the development of measuring instruments for the evaluation and production of optical communication devices for AI data centers and timely communication with customers ● Released the SL2000 high-speed data acquisition unit, a base product for system measurement Challenges <ul style="list-style-type: none"> ● Expanding production capacity to meet rapidly growing demand for optical spectrum analyzers ● Developing new growth markets as alternatives to the EV market, where investment remains sluggish

Case Studies

Demand for measuring instruments driven by AI data centers

As AI continues to advance, data traffic and power consumption are increasing. Yokogawa's measuring instruments play a key role in manufacturing the products that support this growth.

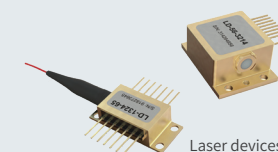
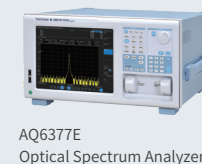


Supporting research and development of cutting-edge laser devices

Wideband wavelength measurement business

Today, laser devices are finding applications in an increasingly wide range of fields, including medical equipment, environmental analysis, and quantum engineering.

As research and development of next-generation laser devices accelerates, Yokogawa's optical spectrum analyzers, which employ unique monochromator technology^{*1}, offer high-resolution measurement over a wideband wavelength range from the ultraviolet to the mid-infrared. The AQ6377E enables visualization of spurious^{*2} signals and fine features in the spectrum^{*3} in the infrared wavelength range that were previously undetectable, thereby contributing to device development at research laboratories around the world.



^{*1} Monochromator technology: Technology that disperses light by wavelength and selects and detects specific wavelength components

^{*2} Spurious: Unwanted optical components at wavelengths other than the main wavelength

^{*3} Spectrum: Wavelength distribution of light



Chapter

5

Corporate Governance

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and Compliance

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Corporate Officers

Directors



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, which serve as the basic policy for continually working on corporate governance in line with the above views, and respects the principles of the Corporate Governance Code established by the Tokyo Stock Exchange in establishing and operating its corporate governance system.

 Yokogawa Corporate Governance Guidelines (our website)

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.

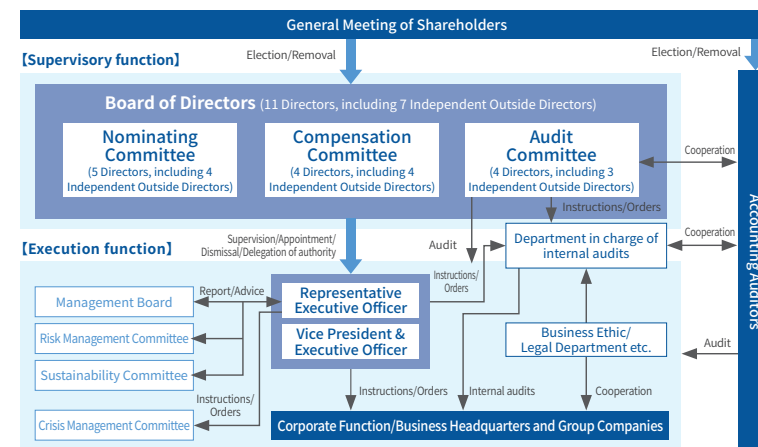
The Company aims to ensure transparency and fairness in its operations by clearly separating the supervision of management and business execution. It seeks to strengthen the supervisory function of the Board of Directors and clarify the authority and responsibilities of Vice President & Executive Officers. 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	
				●Conducted an outside evaluation of the Board of Directors*	●Appointed a woman as an outside Audit & Supervisory Board Member	
Other				●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 2026)



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

■ Directors (as of June 30, 2026)



Hitoshi Nara
Director
Executive Chairperson
Representative
Executive Officer
Member of the
Nominating Committee
Tenure: 15 years



Kunimasa Shigeno
Director
President & CEO
Representative
Executive Officer
Tenure: 1 year



Hikaru Kikkawa
Director
Member of the Audit
Committee
Tenure: 2 years



Michiko Nakajima
Director
Vice President &
Executive Officer
Tenure: 2 years



Akira Uchida
Outside Director
Chairperson of the Board
of Directors
Member of the Nominating
Committee
Member of the
Compensation Committee
Tenure: 7 years



Kuniko Urano
Outside Director
Chairperson of the
Nominating Committee
Member of the
Compensation Committee
Tenure: 5 years



Takuya Hirano
Outside Director
Member of the
Nominating Committee
Chairperson of the
Compensation
Committee
Tenure: 4 years



Yujiro Goto
Outside Director
Member of the
Nominating Committee
Member of the
Compensation
Committee
Tenure: 3 years



Masaru Ono
Outside Director
Member of the Audit
Committee
Tenure: 6 years



Hisashi Maruyama
Outside Director
Chairperson of the
Audit Committee
Tenure: 2 years



Christina Ahmadjian
Outside Director
Member of the Audit Committee
Tenure: 1 year

* Average Director tenure: 4.36 years

* Outside Director Ono's tenure includes years served as an Outside Audit & Supervisory Board Member before the transition to a Company with a Nominating Committee, etc.



Biography (our website)

■ 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.

■ Message from the Chairperson

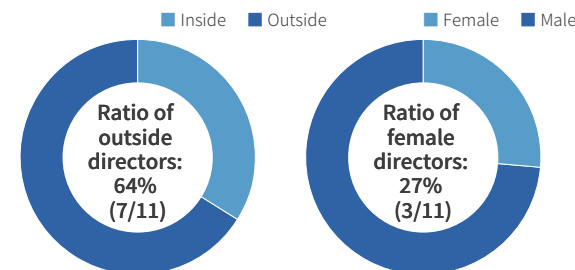


Outside Director
Chairperson of the
Board of Directors
Akira Uchida

In fiscal year 2025, the Board of Directors reviewed the first year of GS2028. Drawing on that review, it discussed the validity of individual strategies that the executive side has developed, including growth strategies for our major businesses, regional strategies for each location, M&A strategy, and product and solution development strategies, as well as issues in how those strategies were being implemented. The Board also discussed the company-wide technology strategy formulated under the newly appointed CTO and how business responsibility should be structured to enable smooth matrix management across the three axes of business, region, and function. These discussions produced concrete progress, including greater clarity on the direction and approach. In deliberations on individual strategies and issues, however, the Board was not always able to narrow the themes and points at issue to a sufficient degree, leaving room to take the debate deeper.

Last year's third-party evaluation of the Board of Directors' effectiveness identified similar issues. In response, the Board revisited and reconfirmed the role it is expected to play following the transition to a Company with a Nominating Committee, etc. and decided to use that role as the basis for reviewing agenda items and the key points for discussion. Specifically, to strengthen its supervisory function, the Board of Directors decided to begin by having the executive side, led by the President, identify the management issues it considers most important and the points that warrant Board discussion. The Board will then use this input to narrow the agenda and sharpen the issues for discussion.

For the agenda items it selects, the Board of Directors will set aside sufficient time, clarify the issues, and work to take discussions deeper. Another important part of running the Board is facilitating constructive debate by encouraging candid, substantive dialogue both between supervision and execution and among the Directors themselves. Through these efforts, the Board aims to foster a healthy sense of urgency on the executive side, improve the quality and speed of decision-making and business execution, and ultimately help elevate Yokogawa's corporate value.





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

Name		Expertise and experience								
		Corporate management	Internationality/ Global experience	Treasury/Finance/ Investments	Technology/ Development	IT/Digital	Sales/Marketing	HR/HR development	Legal & Risk management	Sustainability/ESG
Directors	Hitoshi Nara	●	●				●			
	Kunimasa Shigeno	●	●		●	●				
	Hikaru Kikkawa		●	●			●			
	Michiko Nakajima			●						
Outside Directors	Akira Uchida		●	●						●
	Kuniko Urano							●		●
	Takuya Hirano		●			●	●			
	Yujiro Goto	●			●					●
	Masaru Ono		●						●	●
	Hisashi Maruyama	●		●					●	●
	Christina Ahmadjian		●						●	●

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 top management of a listed 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 73%, ratio of overseas employees: approximately 67%), and to properly supervise global management.
Treasury/Finance/Investments	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 2025

<p>Activities and Results</p> <p>Number of meetings 15</p> <p>Attendance rate 100%</p>	<p>Medium- to long-term growth strategy and important management issues</p> <ul style="list-style-type: none"> • Overall review of GS2028 • Strategies and progress in each business and region • Human capital management initiatives • Progress of and challenges in the management foundation transformation project <p>Sustainability</p> <ul style="list-style-type: none"> • Efforts to achieve GS2028 sustainability • Product sustainability activities • ESG management <p>Governance</p> <ul style="list-style-type: none"> • 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. The results of the evaluations will be disclosed in a timely and proper manner.

■ Process for Evaluating the Effectiveness of the Board of Directors in Fiscal Year 2025

Fiscal year 2025 marked one year since Yokogawa transitioned to a Company with a Nominating Committee, etc. For the first time since the transition, an external organization conducted a third-party evaluation of the effectiveness of the Board of Directors.

- Before the evaluation began, the external organization consulted with the Chairperson of the Board of Directors and the Representative Executive Officer to confirm their expectations and requests for the third-party evaluation. It then attended Board meetings, conducted a questionnaire, interviewed all the Directors individually, and reviewed materials and minutes from the Board and various committees, including Outside Directors' meetings.
- The external organization then conducted a comprehensive analysis and evaluation, drawing on its experience conducting Board of Directors effectiveness evaluations at other companies and its expertise in corporate governance.
- The questionnaire operated from a range of different perspectives, asking respondents about the Board overall, its composition, advance preparation, meeting management, the quality of discussions, committee activities, monitoring of execution, and the importance and substance of Board agenda items. The organization then conducted individual interviews with all Directors, using their questionnaire responses to guide its approach.
- After receiving a report on an analysis of the questionnaire responses, individual interviews, and other findings, the Board of Directors discussed the results and reached a final evaluation.
- Based on the evaluation results, the Board developed an improvement plan and selected agenda items that would help further enhance its effectiveness.

■ Summary of the Fiscal Year 2025 Board of Directors Effectiveness Evaluation Results

The evaluation confirmed that the effectiveness of Yokogawa's Board of Directors has been enhanced to a certain level at this point.

- The strengths and other characteristics underpinning the Board's effectiveness included the executive side's sincere commitment to corporate governance, the relationship of mutual trust between execution and supervision, the strong commitment of Outside Directors—led by the Chairperson—to contributing to the Company, the Audit Committee's effective audit activities, and the dedicated, neutral support that the Board of Directors Office provides.
 - At the same time, the evaluation also concluded that Yokogawa's efforts to fully realize its potential and achieve the ambitious goals it has communicated externally will hinge on supervision and execution—as well as the Directors themselves—engaging in candid, substantive debate with a healthy degree of tension as they work to build consensus around a credible path to those goals and the timeframe for reaching them. The evaluation also identified a different kind of challenge: the tendency of the Board of Directors to accumulate agenda items and initiatives over time. The Board therefore needs to periodically ask whether continuing an initiative has become an end in itself and adopt an approach that embraces and encourages bold ideas while being more selective about what to continue and what to stop. Based on these findings, the following three issues were identified for the Board of Directors to address this fiscal year.
- Issue 1: Building consensus on the Board's expected role and action guidelines
- Issue 2: Deepening discussions at Board meetings
- Issue 3: Strengthening a healthy sense of urgency across the executive side

■ Addressing issues for the current fiscal year

Issue 1: Building consensus on the Board's expected role and action guidelines

With two years having passed since the change in institutional design, the Board of Directors will revisit and reconfirm its expected role and, in light of that role, review agenda items and discussion points accordingly. The Board will also discuss the guidelines directing the Board's action in view of the role and work toward consensus.

Issue 2: Deepening discussions at Board meetings

Based on its expected role, the Board of Directors will coordinate with the executive side in selecting agenda items. It will then allocate the optimal discussion time to each topic, narrow down and delve into the most important themes in line with priorities, and clarify points for discussion. The Board will also accelerate efforts to improve briefing materials, which has been an issue for some time, under the leadership of the Representative Executive Officer and also enhance the approach to advance briefings to make them more effective. The Board will continue to communicate issues raised at Outside Directors' meetings to the executive side in a timely and appropriate manner and follow through on the necessary responses.

Issue 3: Strengthening a healthy sense of urgency across the executive side

Although performance is strong at the current stage, the Board of Directors believes it is important for the executive side to sharpen its management perspective by elevating its awareness of how the Company compares with global competitors and how the market and shareholders view it. To that end, the Board will continue refining Yokogawa's medium- to long-term management strategy to enhance corporate value and create more opportunities for dialogue with institutional investors and analysts.

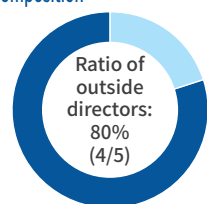
Nominating Committee

■ 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.

● Results of Activities in Fiscal Year 2025

Number of meetings	11
Attendance rate	100%
Matters discussed	<ul style="list-style-type: none"> 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 and positions on the three statutory committees, and the vice president & executive officer positions submitted to the Board of Directors Evaluation of the President & CEO, Representative Executive Officer based on performance in the previous fiscal year Review of execution organization for fiscal year 2026 Director candidates proposed for the Annual General Meeting of Shareholders held in June 2026 Confirmation of human-resources requirements, review of the candidate pool, and evaluation and development of candidates, all based on the CEO succession plan

■ 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 President & CEO, Representative Executive Officer 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 Position

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 those as and when required. For candidates for this position, the Committee prepares development plans, provides the necessary training, and assigns them as appropriate.



Outside Director
Chairperson of the
Nominating Committee

Kuniko Urano

In fiscal year 2024, Yokogawa transitioned to a Company with a Nominating Committee, etc. structure in order to promote swift, resolute decision-making through a clear division of roles between supervision and execution and further strengthen its overall corporate governance. In fiscal year 2025, our second year under this new structure, we worked to enhance the effectiveness of the Nominating Committee with a focus on whether the system functioned in a way that contributes to the sustainable development of the Group amid major changes in technology and society, such as the broadening use of AI, and whether proper governance was in place.

The management team reviewed the execution organization from a medium-term perspective and, with a focus on its further development, made revisions after a series of candid discussions. I believe that the Committee was able to share its understanding of the issues and engage the management team in deeper deliberations by contributing its outside perspective. With fiscal year 2025 marking the first year under the new

President & CEO, Representative Executive Officer, we also made a point of providing timely, appropriate follow-up and support to ensure that the expected leadership was being demonstrated and the executive team was functioning to its full potential. I believe the expertise and experience of the individual committee members enabled us to approach these issues from multiple perspectives.

In addition to addressing the current organization, there is also an important role for the Committee to play in starting early with the earnest development of the next generation of leaders. In that context, we have identified issues and discussed the measures that should be prioritized.

For the Committee to function effectively, honest and open discussion from multiple perspectives is, of course, essential. That type of discussion, however, needs a grounding in a broad understanding of the Company's businesses. I believe this requires firsthand exposure to customer sites and our manufacturing, marketing, and service operations, as well as opportunities to hear directly from a diverse range of employees, including younger members of the workforce and people overseas. Going forward, the members of the Nominating Committee will also take the initiative in reaching out and making full use of a range of opportunities to further enrich discussions.

■ Introduced a Corporate Officer system in FY2026

Following the transition to a Company with a Nominating Committee, etc. in June 2024, the authority and responsibilities of Vice President & Executive Officers expanded through the delegation of business execution authority from the Board of Directors. From FY2026, Yokogawa has further delegated authority from the President & CEO, Representative Executive Officer to Vice President & Executive Officers and introduced a Corporate Officer system under the Vice President & Executive Officers. This change is intended to further accelerate decision-making and management execution, clarify accountability, and strengthen corporate governance. Vice President & Executive Officers oversee multiple business and functional areas, while Corporate Officers, as heads of individual organizations, are responsible for the execution of day-to-day operations.

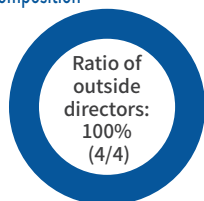
Compensation Committee

■ 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 remuneration for directors and Vice President & Executive Officers encourage the undertaking of appropriate challenges that will promote the Group's growth, enable 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 2025

Number of meetings	6
Attendance rate	100%
Matters discussed	<ul style="list-style-type: none"> Amounts of performance-linked compensation (annual incentive) paid in July 2025 to individual personnel based on the indicators and calculation formulas established by the Compensation Committee in fiscal year 2024 Performance indicators and calculation formula for performance-linked compensation (annual incentive) to be paid in July 2026, as well as performance indicators and sustainability indicators for the performance-linked compensation (medium- to long-term incentive) plan beginning in fiscal year 2025 Assessment of executive compensation levels and revisions to base amounts and composition ratio of fixed compensation and performance-based compensation based on that assessment, etc.



Outside Director
Chairperson of the Compensation Committee

Takuya Hirano

With Yokogawa's transition to a Company with a Nominating Committee, etc. structure and establishment of the present Compensation Committee composed exclusively of outside directors, our discussions have become even more substantive thanks to input from external perspectives. A compensation system is more than a mechanism for providing incentives; it is an important system that embodies a company's philosophy and values and forms the foundation of its organizational culture.

Over the past year, Yokogawa's Compensation Committee has focused on rigorously putting objective, transparent processes and governance into practice and translating those goals into effective discipline. Representing more than just a mechanism for distributing rewards, the compensation system is a cornerstone of governance that controls both the brake and accelerator for sound management. I am convinced that applying rigorous discipline as circumstances demand is more than a one-off response: It is essential to fulfilling our true accountability to stakeholders and maintaining constructive tension with management.

As the expectations of markets and society evolve, the Compensation Committee must continually reassess how it needs to function. Compensation is an important mechanism for shaping management behavior, which means that we need to carefully consider each proposal not through the lens of short-term evaluation alone but rather—above all—in terms of how it will help enhance corporate value over the medium to long term. As Committee Chairperson, I focus on ensuring that the system does not turn into one that imposes things unilaterally. We will work to maintain constructive dialogue with the executive team and make decisions based on a deep understanding of objective data and external benchmarks.

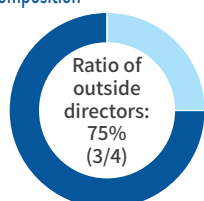
Guided by the thinking of our top executives, we will continue to put forth every effort to realize a compensation system that supports value creation for the entire Yokogawa Group and earns the confidence of our shareholders and investors.

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 Masaru Ono
Outside Director Hisashi Maruyama◎
Outside Director Christina Ahmadjian

Note: "◎" denotes the Committee Chairperson.

● Results of Activities in Fiscal Year 2025

Number of meetings	21
Attendance rate	98.1%
Priority audit items	<ul style="list-style-type: none"> Confirmation of progress of the GS2028 medium-term business plan Establishment and operation of the Yokogawa Group's internal control system
Activities	<ul style="list-style-type: none"> 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 Operating of a whistleblowing hotline with a direct line of communication to the Audit Committee



Outside Director
Chairperson of the Audit Committee

Hisashi Maruyama

In today's rapidly changing business environment, companies now operate under growing expectations to not only prevent misconduct but also achieve sustainable growth and improve capital efficiency. The Audit Committee is keenly aware of its fiduciary responsibilities to shareholders and all other stakeholders and strives to conduct audits that are independent, transparent, and fair.

With operations in more than 60 countries worldwide, our audits rely on direct audits by the Internal Audit Department under the Audit Committee. They also focus on verifying that our global internal control system is functioning appropriately. At the same time, one priority audit theme is progress on initiatives toward achieving the medium-term business plan. The Audit Committee also meets annually with Vice President & Executive Officers, including the President, as well as the heads of major Group companies, for frank exchanges of views. We bring Yokogawa's management issues to the attention of the Board of Directors and encourage the executive team to make improvements.

Last year, we also visited key Group companies in the Middle East region to see firsthand how the local operations build and maintain relationships of trust with customers—an important form of intangible capital for Yokogawa. In addition, recognizing that many cases of misconduct come to light through whistleblowing, we expanded on our existing whistleblowing system by introducing a global setup that makes it possible to report directly to the Audit Committee on concerns involving senior management or other important management matters.

In carrying out these activities, we aim to not only point out risks from an internal control perspective but also support strategies for achieving our goals without compromising the agility of business execution. By regularly sharing information with the Internal Audit Department and the accounting auditor, we deepen communication and maintain a responsive, highly effective audit framework.

Going forward, as the Audit Committee, we will continue to respond effectively to changes in the business environment, and contribute to Yokogawa's sustainable growth and the enhancement of its corporate value through effective supervision and auditing.

Executive Compensation

■ Basic Policy

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

- Plan that promotes sustainable, medium- to long-term improvement in corporate value
- Plan that reflects the medium- to long-term management strategy and strongly motivates the achievement of medium- to long-term management objectives
- Plan that prevents bias toward short-term thinking
- Plan and monetary amounts that secure and maintain excellent human resources
- 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.

- Increase the ratio of performance-linked compensation to total compensation.
- The higher the position, the higher the ratio of performance-linked compensation to total compensation.
- 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 are composed of "consolidated sales" and "consolidated return on sales (ROS)." Furthermore, for Representative Executive Officers, "ESG-related external evaluations" and "engagement survey" shall be reflected in their evaluations.

* 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
1

Annual Incentives
0.5 (0 to 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, the indicators consist of return on invested capital (consolidated financial ROIC) and net income per share (EPS) growth rate.

Sustainability indicators consist of environmental indicators consisting of greenhouse gas emissions (Scope 1 and 2) and energy consumption (intensity per sales), 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.



In the event of material accounting fraud or a large loss, or if an officer causes damage to the Company through gross negligence or intentional misconduct, the provisions stipulate that the Company may suspend payment of any unpaid compensation and seek the reimbursement of all or a portion of the basic compensation, annual incentive compensation, and medium- to long-term incentive compensation paid during the officer's term of office.

*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 to 1:1 to 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
1

Annual Incentives
0.5 (0 to 1)

Mid- to Long-Term Incentives
0.25 (0 to 0.5)

■ The Total Amount of Compensation and Others Paid to Officers in the Fiscal Year Ended March 31, 2026

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)	28	28	—	1
Outside Directors	138	138	—	9
Vice President & Executive Officers	973	517	456	28

(Notes) 1. The figures for Directors shown above do not include data for the three Directors who concurrently serve as Vice President & Executive Officers. In addition, the figures for Vice President & Executive Officers who concurrently serve as Directors are reported under category of 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 for the relevant fiscal year is shown.

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.

 Sustainability Governance (2026 Yokogawa Sustainability Report P.54-56)

Risk Management, Internal Control, and Compliance

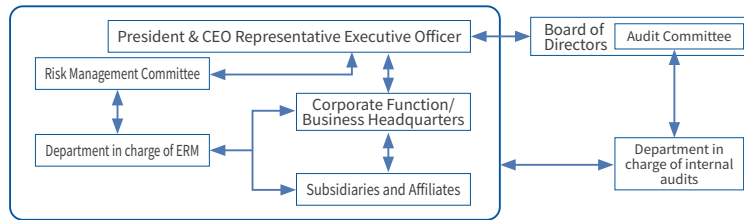
■ Risk Management

■ Risk Management System

Yokogawa has established an Enterprise Risk Management (ERM) system in accordance with ISO31000. The Company has established the Risk Management Committee as a body that deliberates on risks in business execution and their management from a broad perspective. As an advisory body to the President & CEO, Representative Executive Officer, the Committee, chaired by the President and composed of Vice President & Executive Officers, deliberates on the identification of risks that could have a significant impact on the Group, the formulation of risk countermeasure plans, and the review of risk countermeasures, thereby supporting management judgment and decision-making related to risk management. 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 inherent risks and risks requiring close attention in the execution of business operations is utilized to formulate our risk countermeasures and enhance risk management activities and related initiatives.

In addition, corporate functions, business headquarters, and subsidiaries and affiliates, which are responsible for implementing risk management, strive to manage risks autonomously. For these implementing entities, the departments 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. The department in charge of internal audits annually evaluates the effectiveness of the risk management system and risk management process, and reports important findings to the Audit Committee and the Board of Directors.

Enterprise risk management system

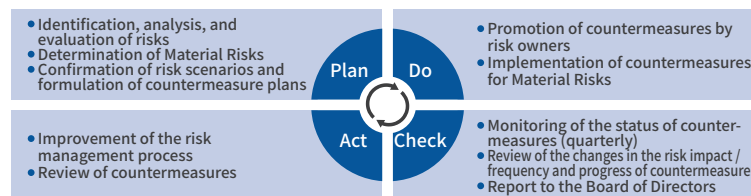


Promoting Risk Management

Each year, Yokogawa conducts a risk assessment on a global basis, including the identification, analysis, and evaluation of risks surrounding our business. The risks subject to assessment are defined as uncertainties that may affect the corporate value of the Group. We evaluate risks not only in terms of their potential negative impacts but also their positive impacts, and classify them into 60 key risk categories to ensure comprehensive coverage. The risks identified are analyzed from the perspective of their impact and likelihood of occurrence. In addition to financial and human aspects, impacts on external stakeholders such as social and environmental aspects are also considered in the analysis of impact. Based on business strategy, management challenges, changes in the external environment, and the adequacy of existing countermeasures, the Risk Management Committee selects the risks that management should prioritize (Material Risks), and the selected risks are reported to the Board of Directors.

Responsible business units (risk owners) are designated for each Material Risk, and countermeasures are promoted in accordance with their respective plans. Progress and status regarding countermeasures are monitored through methods corresponding to the classification of Material Risks. Based on the monitoring outcomes, the Risk Management Committee reviews changes in risks and countermeasures, and reports the results to the Board of Directors. In addition to leveraging reviews by the Risk Management Committee and advice from the Board of Directors in selecting Material Risks, we review risk management processes and countermeasures, operating a PDCA management cycle aimed at achieving more effective risk management.

PDCA cycle for Material Risks



Risks Surrounding Yokogawa

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 system and processes to mitigate or avoid such risks.

P.69-71 Risks Relating to the Group's Business

External Environment

- 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
 - Fluctuations in financial markets
- Factors related to:

Uncertainties in the external environment that may present opportunities or threats

Strategy

- Changes in market and competitive environment
 - Strategic investments
 - Research and development
 - Human capital acquisition and development, and human rights initiatives
 - Devaluation of owned assets
- Factors related to:

Uncertainties that may present strengths or weaknesses in business operations in strategic context

Operations

- Compliance
 - Quality
 - Procurement and supply
 - Project management
 - Intellectual property rights
 - Information security
 - Natural disasters
 - Nature and biodiversity
- Factors related to:

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 medium- and long-term corporate value through its continuous improvement and enhancement.

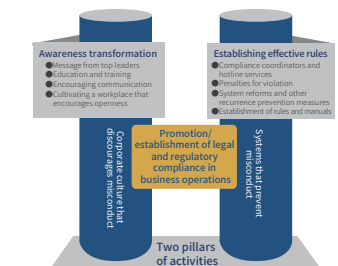
The Group Management Standards (GMS) have been established as the fundamental policies and rules applied across the Yokogawa Group. By clarifying the roles and responsibilities of each business process and promoting business processes based on the GMS, we seek to achieve an internal control system. Internal control responsibilities are assigned to each organization, and the GMS are maintained and operated accordingly. Each GMS owner, who is responsible for the management and operation of their respective GMS, 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 Vice President & 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 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. The Yokogawa Group Compliance Guidelines describe the specific actions each and every employee should take. To strengthen its compliance framework and address compliance-related issues, Yokogawa has established a business ethics department and continuously strengthens its compliance-based management practices. To proactively prevent misconduct and other compliance-related incidents, Yokogawa strives to foster a corporate culture that discourages misconduct and to establish systems that prevent misconduct. By fostering a healthy and open corporate culture throughout the Group, Yokogawa seeks to earn and maintain the trust of all stakeholders.

Basic approach to thorough compliance



Vice President & Executive Officers and Corporate Officers

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
In charge of Energy & Sustainability Business Headquarters
and Business Strategy Headquarters
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
Chief Technology Officer (CTO)
In charge of Yokogawa Products Headquarters, Global SCM
Headquarters and Yokogawa Manufacturing Corporation
Head of Yokogawa Products Headquarters



Michiko Nakajima

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



Akira Fukuda

Vice President & Executive
Officer
In charge of Corporate Administration
Headquarters, IT Strategy Headquarters,
Marketing Headquarters and Yokogawa
Test & Measurement Corporation
Head of Corporate Administration Headquarters



Naohisa Endo

Vice President & Executive
Officer
Head of Materials Business
Headquarters

Vice President & Executive Officers



Norinao Sato

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



Masataka Tomonaga

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



Seita Hagihara

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



Ikuo Kimura

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



Kin Wah Chay

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



Morimitsu Yamazaki

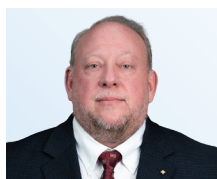
Vice President & Executive
Officer
Head of Life Business
Headquarters

Corporate Officers



Yoko Fujita

Corporate Officer
President of Yokogawa Test &
Measurement Corporation



Kevin McMillen

Corporate Officer
President of Yokogawa
Corporation of America



Yasumasa Ogawa

Corporate Officer
Head of Projects & Services Business Div.,
Digital Solutions Headquarters



Yoshiaki Asakura

Corporate Officer
Head of Global SCM
Headquarters



Masaharu Maeda

Corporate Officer
Head of Solutions Business Div.,
Digital Solutions Headquarters



Mitsuhiro Yamamoto

Corporate Officer
Head of Systems Business Div.,
Digital Solutions Headquarters

Corporate Officers



Hiroaki Kanokogi

Corporate Officer
President of Yokogawa Digital
Corporation



Taku Kitahara

Corporate Officer
Head of IT Strategy
Headquarters



Nobuyoshi Miyasaka

Corporate Officer
Head of Marketing
Headquarters



Masaru Takeuchi

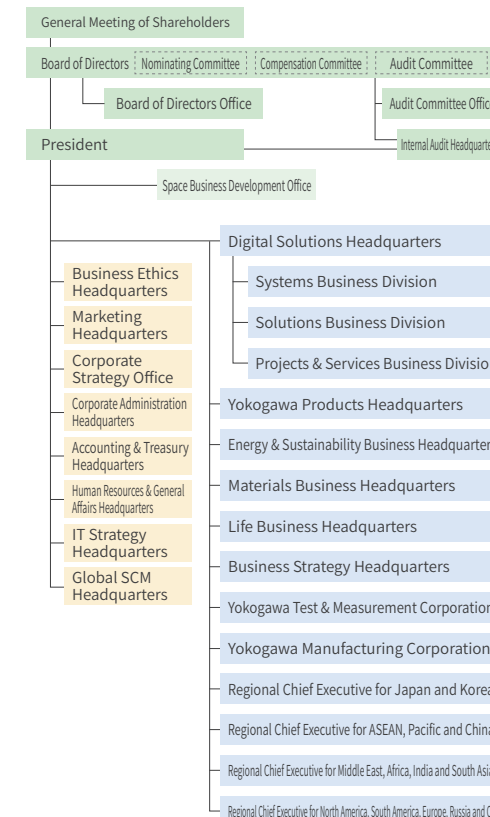
Corporate Officer
Head of Corporate Strategy
Office



Jun Endo

Corporate Officer
Head of Business Strategy
Headquarters

■ Organization chart (as of June 19, 2026)





Chapter

6

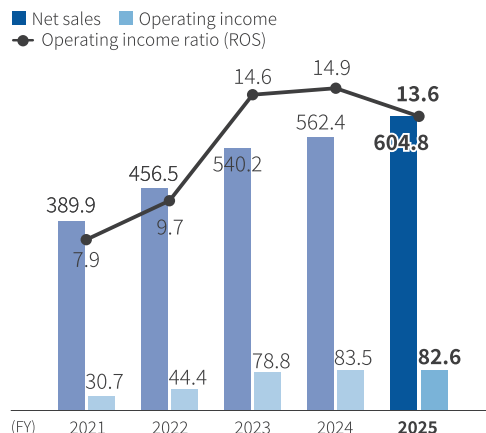
Information

- P.63 Financial Highlights
- P.65 ESG Highlights
- P.69 Risks Relating to the Group's Business
- P.72 Financial Section
- P.106 Stock Information, IR Activities, and External Evaluations

Financial Highlights

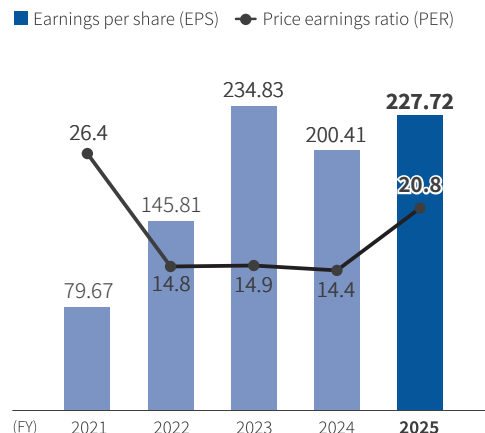
Profitability and Efficiency

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



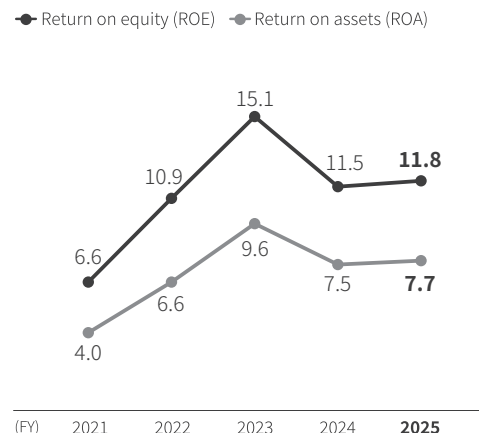
Note: As of March 31 each year

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



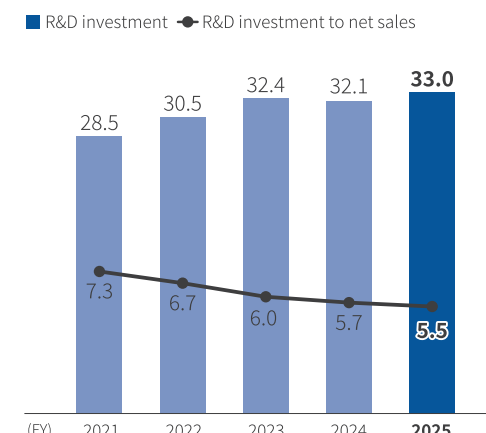
Note: As of March 31 each year

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



Note: As of March 31 each year

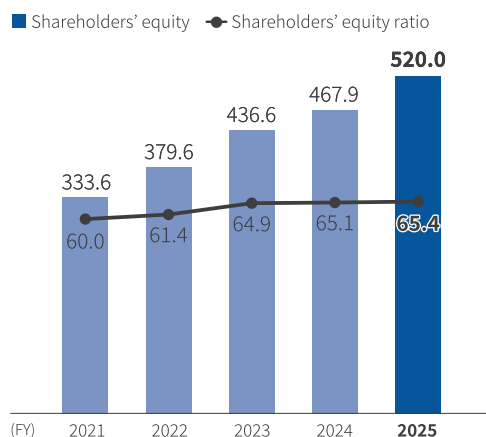
R&D Investment (billions of yen) /
R&D Investment to Net Sales (%)



Note: As of March 31 each year

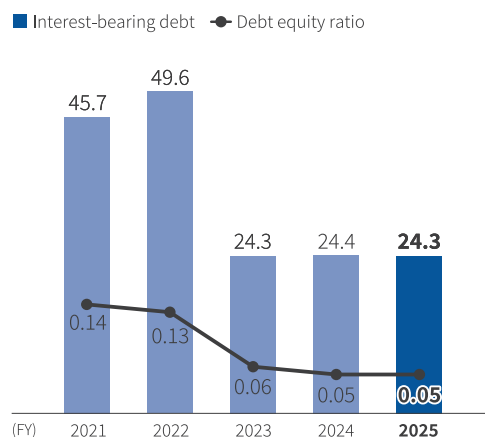
Soundness

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



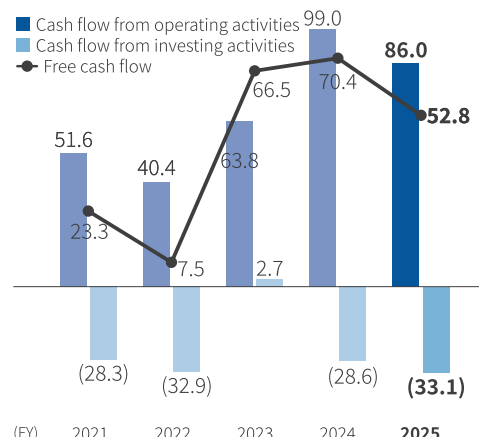
Note: As of March 31 each year

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



Note: As of March 31 each year

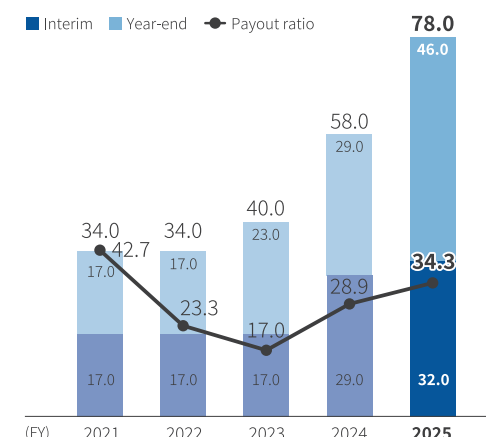
Cash Flows (billions of yen)



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

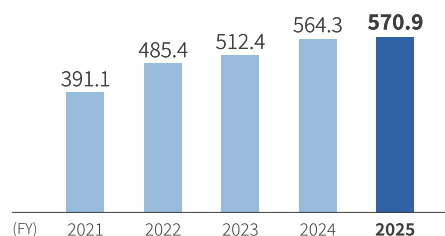
Highlights by Segment

Note: As of March 31 each year

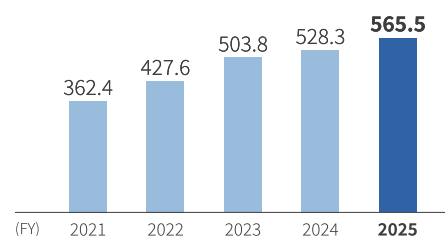
Note: Due to the transfer of the aviation equipment business, the name of the reportable segment previously known as the Aviation and Other Businesses has been changed to the New Businesses and Others from fiscal year 2022.

Industrial Automation and Control Business

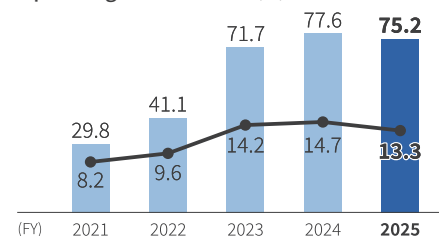
Orders (billions of yen)



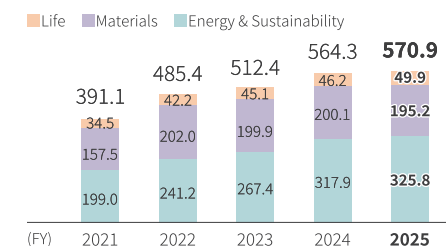
Net Sales (billions of yen)



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

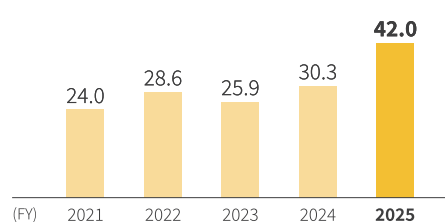


Orders by Subsegment (billions of yen)

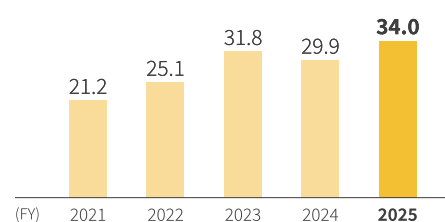


Measuring Instruments Business

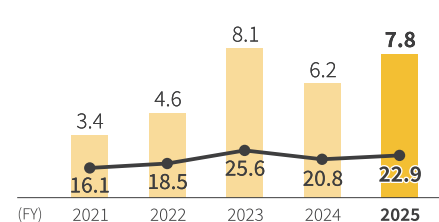
Orders (billions of yen)



Net Sales (billions of yen)

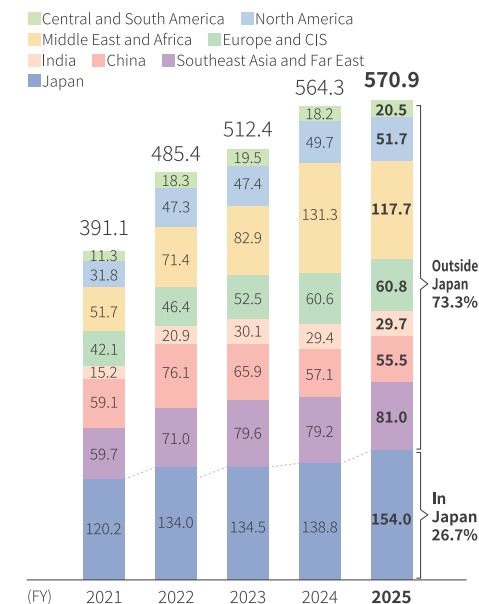


Operating Income (billions of yen) /
Operating Income Ratio (%)



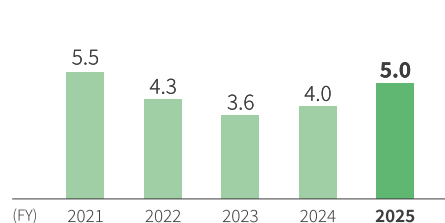
Industrial Automation and Control Business

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

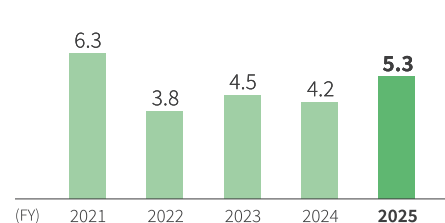


New Businesses and Others

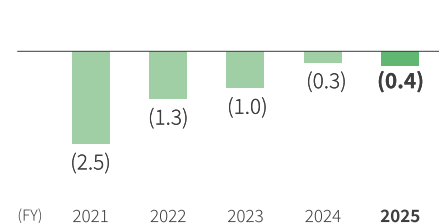
Orders (billions of yen)



Net Sales (billions of yen)



Operating Income (billions of yen)



ESG Highlights

Environment

Item		2021	2022	2023	2024	2025
Energy consumption (GJ)	Yokogawa Group	1,386,688	1,317,451	1,099,648	980,953	804,611
	Intensity per sales (GJ/¥100 million)	356	289	204	174	133
Renewable energy consumption (MWh)	Renewable electricity procurement	2,480	10,546	25,733	28,796	48,807
	Purchased renewable energy certificates	0	0	5,784	21,192	33,514
	Renewable energy generation	114	184	629	1,909	2,307
	Total	2,594	10,730	32,146	51,897	84,628
Greenhouse gas (GHG) emissions (t-CO ₂ e)	Yokogawa Group	70,486	67,085	57,375	45,924	31,609
	Intensity per sales (t-CO ₂ e/¥100 million)	18.08	14.70	10.62	8.17	5.23
	Scope 1	12,015	15,390	11,966	12,141	11,853
	Scope 2 (market-based)	58,471	51,695	45,409	33,783	19,756

Item	Classification	Category	2025
Supply chain GHG emissions (Scope 3) (t-CO ₂ e) Note: A dash indicates “not applicable.”	Upstream	1 Purchased goods & services	419,977
		2 Capital goods	33,483
		3 Fuel- and energy-related activities not included in Scopes 1 or 2	11,038
		4 Transportation & distribution	17,003
		5 Waste generated in operations	962
		6 Business travel	30,524
		7 Employee commuting	6,278
		8 Leased assets	—
	Downstream	9 Transportation & distribution	—
		10 Processing of sold products	—
		11 Use of sold products	241,294
		12 End-of-life treatment of sold products	500
		13 Leased assets	—
		14 Franchises	—
		15 Investments	—
Total			761,059

Item		2021	2022	2023	2024	2025
Water withdrawals (m ³)	Yokogawa Group	424,967	501,680	509,055	555,933	528,435
	Intensity per sales (m ³ /¥100 million)	109	110	94	99	87
Water discharges (m ³)	Yokogawa Group	403,120	439,688	424,782	555,933	528,435
Waste generated (t)	Yokogawa Group	4,692	4,513	4,876	5,139	5,144
	Intensity per sales (t/¥100 million)	1.20	0.99	0.90	0.91	0.85
Non-hazardous waste (t)	Recycled	3,142	2,877	3,164	3,421	3,516
	Incinerated	434	393	404	415	307
	Landfilled	333	489	597	573	567
	Total	3,909	3,759	4,165	4,409	4,390
Hazardous waste (t)	Recycled	708	546	425	572	675
	Incinerated	75	207	279	158	54
	Landfilled	0	1	7	0	25
	Total	783	754	711	730	754

Governance

Item	2021	2022	2023	2024	2025
Ratio of women on the Board of Directors (%) Note: As of the conclusion of the Annual General Meeting of Shareholders in June each year.	11 (2022/6)	13 (2023/6)	27 (2024/6)	25 (2025/6)	27 (2026/6)
Ratio of foreign nationals on the Board of Directors (%) Note: As of the conclusion of the Annual General Meeting of Shareholders in June each year.	11 (2022/6)	13 (2023/6)	0 (2024/6)	8 (2025/6)	9 (2026/6)
Ratio of independent outside directors on the Board of Directors (%) Note: As of the conclusion of the Annual General Meeting of Shareholders in June each year.	56 (2022/6)	63 (2023/6)	73 (2024/6)	67 (2025/6)	64 (2026/6)
Ratio of independent outside directors on the Nominating Advisory Committee (%) Note: Figures in parentheses are numbers of outside directors.	71 (5)	83 (5)	80 (4)	80 (4)	80 (4)
Ratio of independent outside directors on the Compensation Advisory Committee (%) Note: Figures in parentheses are numbers of outside directors.	71 (5)	83 (5)	100 (4)	100 (4)	100 (4)

Note: FY2020-FY2022: Results as a Company with an Audit & Supervisory Board
Since FY2023: Results as a Company with a Nomination Committee, etc.

ESG Highlights

Social

Item		2021	2022	2023	2024	2025
Number of employees (persons)	Yokogawa Group	17,258	17,084	17,365	17,670	18,313
	Yokogawa Electric Co.	2,503	2,342	2,269	2,242	2,240
Ratio of foreign nationals among employees (%)	Yokogawa Group	64.0	64.0	65.1	66.6	67.5
	Yokogawa Electric Co.	4.1	4.7	5.1	6.2	7.0
Ratio of women employees (%)	Yokogawa Group	22.5	23.1	23.8	23.9	24.1
	Yokogawa Electric Co.	18.1	18.8	19.6	20.3	21.7
Ratio of women managers (%)	Yokogawa Group	12.6	13.3	14.5	14.8	15.5
	Yokogawa Electric Co.	8.6	8.7	9.5	11.0	11.0
Ratio of women new graduates joining the Company (%)	Yokogawa Electric Co.	26.7 (2022/4)	46.7 (2023/4)	25.6 (2024/4)	24.5 (2025/4)	45.7 (2026/4)
Employment rate of persons with disability (%)	In Japan	2.46 (2022/6)	2.52 (2023/6)	2.58 (2024/6)	2.65 (2025/6)	2.86 (2026/6)
Gender pay gap (%)	Yokogawa Electric Co.	—	77.1	77.0	78.0	77.2
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.	72.7	77.7	76.8	76.0	76.6
Average hours per full-time equivalent (FTE) for training and development (hours/FTE)	Yokogawa Group	—	41.3	37.4	38.7	41.2
Total employee turnover rate (%)	In Japan Note: Data for 4 Group companies in Japan.	6.7	6.2	6.1	6.9	5.7
Employee engagement (%)	Yokogawa Group	80	76	79	82	82

 Sustainability Data (our website)

Item		2021	2022	2023	2024	2025
Annual actual total working hours (hours/person)	Yokogawa Electric Co.	1,975	1,967	1,955	1,960	1,959
Average annual paid leave uptake rate (%/person)	Yokogawa Electric Co.	67.6	76.9	78.5	79.8	76.1
Average days of annual paid leave taken (days/person)	Yokogawa Electric Co.	17.4	20.4	20.8	21.1	20.2
Childcare leave uptake rate among male workers (%)	Yokogawa Electric Co.	36.8	49.2	58.9	60.9	74.7
Frequency rate of accidents resulting in lost workdays (Number of accidents resulting in lost workdays ÷ Aggregate number of work-hours × 1,000,000)	Employees (Yokogawa Group)	0.41	0.34	0.34	0.44	0.52
	Temporary and contract employees (Yokogawa Group)	0.23	0.32	0.20	0.58	0.26
Frequency rate of occupational accidents (Number of occupational accidents ÷ Aggregate number of work-hours × 1,000,000)	Employees, temporary and contract employees (Yokogawa Group)	0.69	0.80	0.82	1.02	0.89
Fatal accidents (cases)	Employees (Yokogawa Group)	0	0	0	0	0
	Temporary and contract employees (Yokogawa Group)	0	0	0	0	0

Item		2021	2022	2023	2024	2025
Donations and community investments (millions of yen)	Cash contributions	199.5	177.8	263.3	226.1	271.0
	Employee participation and dispatch	0.7	0.5	3.9	7.9	6.7
	In-kind giving and use of company facilities	12.7	3.5	4.2	76.4	15.9
	Management overheads	18.0	18.0	18.0	18.0	18.0
	Total	230.9	199.8	289.4	328.5	311.6
	In and outside Japan	In Japan	191.3	178.2	237.3	188.4
		Outside Japan	39.6	21.6	52.1	140.1
		Total	230.9	199.8	289.4	328.5

Consolidated 11-Year Summary

(Billions of yen)											
Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Financial data											
Orders	421.1	390.7	400.3	432.0	418.7	355.8	420.5	518.4	542.0	598.6	617.8
Net sales	413.7	391.4	406.6	403.7	404.4	374.2	389.9	456.5	540.2	562.4	604.8
(Net sales outside Japan)	286.6	263.5	276.1	275.6	278.0	253.9	270.9	332.2	401.6	418.6	443.6
Cost of sales	236.9	222.3	231.3	230.6	227.9	210.0	217.1	252.0	285.3	295.0	328.4
Selling, general, and administrative expenses	137.1	137.5	142.6	138.5	140.9	132.6	142.1	160.1	176.1	183.9	193.8
Operating income	39.6	31.6	32.7	34.6	35.6	31.6	30.7	44.4	78.8	83.5	82.6
Profit attributable to owners of parent	30.2	25.7	21.5	28.4	14.7	19.2	21.3	38.9	61.7	52.1	58.1
Capital expenditures	15.4	14.2	13.2	15.0	19.6	20.6	21.7	22.2	27.4	33.1	32.2
Depreciation and amortization	15.4	18.0	18.3	17.0	18.8	17.6	17.9	19.7	22.6	22.9	25.0
Research and development costs	25.3	27.1	26.6	26.2	27.6	27.5	28.5	30.5	32.4	32.1	33.0
Cash flow from operating activities	31.9	39.2	32.0	21.4	31.1	32.8	51.6	40.4	63.8	99.0	86.0
Cash flow from investing activities	(10.9)	(36.5)	(6.6)	(4.1)	(18.2)	(18.6)	(28.3)	(32.9)	2.7	(28.6)	(33.1)
Free cash flow	21.0	2.7	25.4	17.3	13.0	14.2	23.3	7.5	66.5	70.4	52.8
Cash flow from financing activities	(26.9)	6.5	(22.4)	(7.0)	4.6	(17.1)	(16.2)	(10.9)	(57.5)	(26.2)	(35.2)
At fiscal year-end											
(Billions of yen)											
Total assets	413.1	440.7	444.6	470.1	489.7	519.1	556.0	618.6	672.9	718.3	795.6
Interest-bearing debt	30.5	44.6	30.5	32.5	50.5	46.9	45.7	49.6	24.3	24.4	24.3
Shareholders' equity	240.4	256.4	271.9	289.9	285.9	308.3	333.6	379.6	436.6	467.9	520.0
Financial indicators											
(%)											
Operating income ratio (ROS)	9.6	8.1	8.0	8.6	8.8	8.4	7.9	9.7	14.6	14.9	13.6
Debt equity ratio (times)	0.13	0.17	0.11	0.11	0.18	0.15	0.14	0.13	0.06	0.05	0.05
Return on equity (ROE)	13.2	10.4	8.1	10.1	5.1	6.5	6.6	10.9	15.1	11.5	11.8
Return on assets (ROA)	7.1	6.0	4.8	6.2	3.1	3.8	4.0	6.6	9.6	7.5	7.7
Shareholders' equity ratio	58.2	58.2	61.2	61.7	58.4	59.4	60.0	61.4	64.9	65.1	65.4
Per share data											
(yen)											
Earnings per share (EPS)	114.03	96.40	80.39	106.54	55.02	72.00	79.67	145.81	234.83	200.41	227.72
Cash dividends	25.00	25.00	30.00	32.00	34.00	34.00	34.00	34.00	40.00	58.00	78.00
Shareholders' equity	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	2,042.26
Stock information											
Stock price at fiscal year-end (yen)	1,163	1,752	2,198	2,291	1,303	2,038	2,099	2,150	3,494	2,893	4,744
Market capitalization (billions of yen)	312.4	470.6	590.4	615.4	350.0	547.5	563.8	577.5	938.6	777.1	1,220.2
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	257,201,210
Exchange rate information											
(yen)											
Average yen / US dollar exchange rate during the fiscal year	119.99	108.95	110.70	111.07	108.96	106.01	112.94	136.12	145.31	152.55	151.17

Note: Figures are rounded to the nearest 100 million yen.

Consolidated 11-Year Summary

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Non-financial data^{*1}											
Number of employees (by segment)	18,646	18,329	18,290	17,848	18,107	17,715	17,258	17,084	17,365	17,670	18,313
Industrial Automation and Control Business	16,724	16,751	16,771	16,633	16,865	16,483	16,364	16,296	16,538	16,781	17,504
Measuring Instruments Business	1,122	802	770	945	980	990	668	656	690	694	729
New Businesses and Others	800	776	749	270	262	242	226	132	137	195	80
Environmental data											
Energy consumption (GJ)	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	804,611
Greenhouse gas emissions (t-CO ₂ e)	89,479	84,370	84,882	83,886	78,770	72,816	70,486	67,085	57,375	45,924	31,609
Renewable energy consumption (MWh)	69	56	83	131	112	175	2,594	10,730	26,362	30,705	51,114
Water withdrawals (m ³)	616,783	599,646	614,762	560,642	512,626	488,471	424,967	501,680	509,055	555,933	528,435
Waste generated (tons)	4,204	4,507	4,805	5,190	4,913	4,383	4,692	4,513	4,876	5,139	5,144
Occupational health & safety											
Frequency rate of accidents resulting in lost workdays ^{*2}	0.38	0.46	0.33	0.28	0.34	0.11	0.41	0.34	0.34	0.44	0.52

^{*1} The results of each data for fiscal year 2025 have been subject to limited assurance 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.

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 uses 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, including AI. 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, including the use of AI, in a wide range of fields for both itself and its customers. If the Company is unable to keep up with new technology, this could lead to the loss of business opportunities due to a decline in its competitive advantage or an inability to meet increasingly sophisticated customer demands.

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 has 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 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 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.

[\(Related to intellectual property rights\)](#)

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 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 large-scale natural disasters through a Crisis Management Committee. 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.



Financial Section

Consolidated Balance Sheet

Yokogawa Electric Corporation and Consolidated Subsidiaries
March 31, 2026

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
ASSETS			
Current Assets:			
Cash and cash equivalents (Notes 9 and 15)	¥208,540	¥179,257	\$1,304,359
Receivables (Notes 9 and 15)			
Accounts receivable	158,203	140,063	989,511
Trade notes receivable	8,877	11,309	55,527
Contract assets	93,221	87,118	583,074
Other	3,642	3,737	22,784
Less: Allowance for doubtful accounts	(6,271)	(4,801)	(39,224)
Net receivables	257,674	237,426	1,611,673
Inventories (Notes 5 and 6)	52,645	50,927	329,283
Other	32,734	28,701	204,743
Total current assets	551,595	496,313	3,450,059
Property, Plant, and Equipment (Notes 7 and 8):			
Land	13,172	13,581	82,392
Buildings and structures-net	43,842	43,161	274,224
Machinery, equipment, and vehicles-net	12,580	11,001	78,689
Tools, furniture, and fixtures-net	8,116	7,483	50,765
Construction in progress	4,589	2,794	28,707
Right-of-use assets-net (Note 14)	9,643	9,677	60,319
Lease assets-net (Note 14)	48	32	304
Total property, plant, and equipment	91,995	87,732	575,402
Investments and Other Assets:			
Investment securities (Notes 4, 9, and 15)	46,701	41,015	292,103
Investments in and advances to unconsolidated subsidiaries and affiliated companies (Note 15)	24,094	23,274	150,706
Goodwill (Notes 3, 8, and 22)	12,987	6,563	81,230
Software (Notes 3 and 8)	21,604	21,387	135,126
Other intangible assets (Notes 3 and 8)	29,402	25,117	183,904
Deferred tax assets (Note 12)	11,046	10,547	69,095
Other	6,953	7,528	43,494
Less: Allowance for doubtful accounts	(763)	(1,193)	(4,776)
Total investments and other assets	152,027	134,240	950,885
Total Assets	¥795,618	¥718,285	\$4,976,347

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
LIABILITIES AND EQUITY			
Current Liabilities:			
Short-term loans payable (Notes 9, 15, and 17)	¥210	¥310	\$1,315
Current portion of long-term debt (Notes 9 and 15)	24,108	17	150,790
Current portion of lease obligations (Notes 9 and 15)	2,589	2,584	16,197
Payables (Note 9)			
Trade notes and accounts	41,446	34,730	259,232
Electronically recorded obligations-operating	5,918	7,509	37,019
Contract liabilities (Note 21)	63,667	59,524	398,217
Other	20,952	21,444	131,048
Income taxes payable	11,741	12,730	73,438
Accrued expenses	44,141	38,932	276,089
Provision for contract loss (Notes 3, 6, and 18)	12,869	8,847	80,495
Other	13,726	11,153	85,854
Total current liabilities	241,370	197,784	1,509,699
Long-Term Liabilities:			
Long-term debt (Notes 9 and 15)	18	24,025	115
Lease obligations (Notes 9 and 15)	7,313	7,115	45,744
Liability for retirement benefits (Note 10)	9,310	6,726	58,237
Deferred tax liabilities (Note 12)	5,615	4,916	35,121
Other	2,094	1,996	13,100
Total long-term liabilities	24,352	44,779	152,318
Commitments and Contingent Liabilities (Notes 14, 16, and 17)			
Equity (Notes 11 and 23):			
Common stock, authorized, 600,000,000 shares; issued, 257,201,210 shares in 2026 and 268,624,510 shares in 2025	43,401	43,401	271,460
Capital surplus	36,305	54,575	227,076
Retained earnings	373,700	342,573	2,337,382
Treasury stock, 2,572,843 shares in 2026 and 9,765,129 shares in 2025	(6,668)	(23,251)	(41,710)
Accumulated other comprehensive income			
Net unrealized gain on available-for-sale securities	26,071	21,599	163,072
Deferred gain (loss) on derivatives under hedge accounting	61	(38)	383
Foreign currency translation adjustments	47,019	28,576	294,089
Defined retirement benefit plans	126	419	789
Total	73,278	50,557	458,335
Noncontrolling interests	9,878	7,865	61,785
Total equity	529,894	475,721	3,314,328
Total Liabilities and Equity	¥795,618	¥718,285	\$4,976,347

Consolidated Statement of Income

Yokogawa Electric Corporation and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net Sales (Note 21)	¥604,829	¥562,404	\$3,783,021
Cost of Sales (Notes 13 and 18)	328,436	294,959	2,054,268
Gross profit	276,392	267,444	1,728,752
Selling, General, and Administrative Expenses (Notes 13 and 18)	193,836	183,921	1,212,390
Operating income	82,555	83,523	516,362
Other Income (Expenses):			
Interest and dividend income	4,297	3,917	26,877
Interest expense	(1,310)	(1,285)	(8,197)
Loss on valuation of investment securities (Note 4)	(287)	(3,130)	(1,800)
Net gain on sales of investment securities and investment in affiliated companies (Note 4)	525	645	3,289
Foreign exchange loss - net	(1,135)	(2,074)	(7,100)
Net (loss) gain on sales and disposal of property, plant, and equipment (Note 18)	(2,720)	1,284	(17,017)
Loss on impairment of long-lived assets (Note 8)	(855)	(3,987)	(5,348)
Equity in earnings of affiliates	524	2,058	3,278
Business structure improvement expense	(509)	(297)	(3,188)
Loss on termination of retirement benefit plan (Note 10)		(1,338)	
Retirement benefit expenses (Note 10)	(1,659)		(10,378)
Gain on step acquisition (Note 22)	176		1,103
Other-net	(672)	(787)	(4,204)
Other expenses-net	(3,626)	(4,995)	(22,684)
Income before Income Taxes	78,929	78,527	493,677
Income Taxes (Note 12):			
Current	19,480	22,910	121,846
Deferred	(1,519)	411	(9,503)
Total income taxes	17,961	23,321	112,342
Net Income	60,967	55,206	381,334
Net income attributable to noncontrolling interests	2,854	3,082	17,854
Net income attributable to owners of the parent	¥58,113	¥52,123	\$363,479
	Yen		U.S. dollars (Note 1)
Per Share of Common Stock (Note 20):			
Basic net income	¥227.72	¥200.41	\$1.42
Cash dividends applicable to the year	78.00	58.00	0.48

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Yokogawa Electric Corporation and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Net Income	¥60,967	¥55,206	\$381,334
Other Comprehensive Income (Note 19):			
Net unrealized gain (loss) on available-for-sale securities	4,493	(342)	28,105
Deferred gain (loss) on derivatives under hedge accounting	99	(82)	624
Foreign currency translation adjustments	18,491	(4,606)	115,657
Defined retirement benefit plans	(20)	989	(125)
Share of other comprehensive income in affiliates	297	268	1,860
Total other comprehensive income (loss)	23,362	(3,773)	146,123
Comprehensive Income	¥84,329	¥51,432	\$527,457
Total Comprehensive Income Attributable to:			
Owners of the parent	¥80,834	¥48,525	\$505,594
Noncontrolling interests	3,495	2,906	21,862

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Yokogawa Electric Corporation and Consolidated Subsidiaries
Year Ended March 31, 2026

	Outstanding number of shares of common stock	Millions of yen										
		Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income						Total equity
						Net unrealized gain on available- for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non controlling interests	
Balance, April 1, 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
Net income attributable to owners of the parent				58,113								58,113
Cash dividends, ¥78 per share				(15,655)								(15,655)
Purchase of treasury stock	(4,231,084)				(13,022)							(13,022)
Disposal of treasury stock	70		0		0							0
Cancellation of treasury stock			(18,275)	(11,330)	29,605							
Change in ownership interest of parent due to transactions with noncontrolling interests			4									4
Net change in the year						4,472	99	18,442	(293)	22,721	2,012	24,733
Balance, March 31, 2026	254,628,367	¥43,401	¥36,305	¥373,700	¥(6,668)	¥26,071	¥61	¥47,019	¥126	¥73,278	¥9,878	¥529,894

	Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock	Net unrealized gain on available- for-sale securities	Accumulated other comprehensive income					Total equity
						Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non controlling interests	
Balance, April 1, 2025	\$271,460	\$341,353	\$2,142,689	\$(145,432)	\$135,099	\$(240)	\$178,737	\$2,624	\$316,220	\$49,196	\$2,975,488
Net income attributable to owners of the parent			363,479								363,479
Cash dividends, \$0.48 per share			(97,917)								(97,917)
Purchase of treasury stock				(81,454)							(81,454)
Disposal of treasury stock		0		1							1
Cancellation of treasury stock		(114,305)	(70,869)	185,174							
Change in ownership interest of parent due to transactions with noncontrolling interests		27									27
Net change in the year					27,973	624	115,352	(1,835)	142,115	12,588	154,703
Balance, March 31, 2026	\$271,460	\$227,076	\$2,337,382	\$(41,710)	\$163,072	\$383	\$294,089	\$789	\$458,335	\$61,785	\$3,314,328

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Yokogawa Electric Corporation and Consolidated Subsidiaries
Year Ended March 31, 2026

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Operating Activities:			
Income before income taxes	¥78,929	¥78,527	\$493,677
Adjustments for:			
Income taxes paid	(22,168)	(16,521)	(138,655)
Depreciation and amortization	23,085	21,064	144,393
Goodwill amortization	1,962	1,800	12,276
Equity in earnings of affiliates	(524)	(2,058)	(3,278)
Net loss (gain) on sales and disposal of property, plant, and equipment	2,720	(1,284)	17,017
Loss on valuation of investment securities	287	3,130	1,800
Loss on impairment of long-lived assets	855	3,987	5,348
Loss on termination of retirement benefit plan		1,338	
Changes in assets and liabilities:			
(Increase) decrease in trade notes and accounts receivable	(9,749)	10,214	(60,979)
Decrease in inventories	1,368	5,256	8,557
Increase in trade notes and accounts payable	3,609	1,566	22,573
Decrease in other payables	(800)	(891)	(5,007)
Increase in accrued expenses	2,529	954	15,821
Increase (decrease) in allowance for doubtful accounts	743	(759)	4,647
Increase (decrease) in provision for bonuses	210	(810)	1,315
Increase in provision for contract loss	3,666	327	22,934
Increase in liability for retirement benefits	2,093	629	13,096
Other-net	(2,869)	(7,444)	(17,944)
Total adjustments	7,022	20,497	43,920
Net cash provided by operating activities	85,951	99,025	537,597
Investing Activities:			
Purchases of property, plant, and equipment	(11,124)	(10,845)	(69,580)
Proceeds from sale of property, plant, and equipment	1,235	6,628	7,730
Acquisitions of intangible assets	(16,558)	(16,069)	(103,568)
Proceeds from sale and redemption of investment securities	1,132	796	7,080
Purchases of investment securities	(295)	(782)	(1,845)
Purchases of investments in subsidiaries with changes in consolidation scope	(8,508)	(4,471)	(53,220)
Purchase of shares of subsidiaries and associates	(369)		(2,311)
Other-net	1,361	(3,895)	8,514
Net cash used in investing activities	(33,127)	(28,639)	(207,200)
Forward	¥52,823	¥70,386	\$330,397

(Continued)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Forward	¥52,823	¥70,386	\$330,397
Financing Activities:			
Net decrease in short-term loans payable	(99)	(23)	(620)
Proceeds from long-term debt		14	
Repayments of long-term debt	(42)	(17)	(264)
Repayments of lease obligations	(3,034)	(3,821)	(18,981)
Purchase of treasury stock	(13,022)	(4,046)	(81,453)
Increase in deposits paid for purchase of treasury stock		(960)	
Cash dividends paid	(15,646)	(13,521)	(97,864)
Cash dividends paid to noncontrolling shareholders	(3,329)	(3,861)	(20,825)
Net cash used in financing activities	(35,175)	(26,237)	(220,010)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	11,634	680	72,772
Net Increase in Cash and Cash Equivalents	29,283	44,828	183,159
Cash and Cash Equivalents, Beginning of Year	179,257	134,428	1,121,199
Cash and Cash Equivalents, End of Year	¥208,540	¥179,257	\$1,304,359

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Yokogawa Electric Corporation and Consolidated Subsidiaries
 Year Ended March 31, 2026

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 2025 consolidated financial statements to conform to the classifications used in 2026.

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 ¥159.88 to \$1, the approximate rate of exchange at March 31, 2026. 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, 2026 include the accounts of the Company and its 130 (124 in 2025) significant subsidiaries (together, the “Group”). Changes include i) purchases of Web Synergies (S) Pte. Ltd. and its 6 subsidiaries; ii) purchases of Intellisync S.r.l. and its subsidiary, WiSNAM S.r.l., and subsequent absorption merger by BaxEnergy Italia S.r.l.; iii) liquidation of Yokogawa Africa Holding B.V.

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 2025) unconsolidated subsidiary and four (three in 2025) affiliated companies are accounted for by the equity method. The change is due to purchase of Semantum Oy.

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 12 years (10 years in 2025)).

● **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 ¥291,967 million (U.S.\$1,826,165 thousand) and ¥260,397 million for the years ended March 31, 2026 and 2025, 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 standard 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.

ASBJ Statement No. 41, “Accounting Standard for Subsequent Events” and ASBJ Guidance No. 35 “Guidance on Accounting Standard for Subsequent Events” were issued on January 9, 2026. In developing the “Accounting Standard for Subsequent Events” and related guidance, the priority was to establish comprehensive accounting standards covering the definition, accounting treatment, and disclosure of subsequent events. As a basic policy, the clauses addressing accounting matters in the Auditing Standards Report No. 560, Practical Guideline No. 1 “Audit Treatment of Subsequent Events,” issued by the Auditing and Assurance Standards Committee of the Japanese Institute of Certified Public Accountants, were transferred to the ASBJ, generally maintaining their existing content. The “Accounting Standard for Subsequent Events” and related guidance prescribe the accounting treatment and disclosure of subsequent events with certain revisions in wording. In addition, they streamline the evaluation period for subsequent events and newly require disclosures regarding the approval of financial statements for publication.

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

3. Significant Accounting Estimates

Provision for contract loss

(1) Carrying amounts

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Provision for contract loss	¥12,869	¥8,847	\$80,495

(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
	2026	2025	2026
Goodwill	¥12,987	¥6,563	\$81,230
Software	774	840	4,844
Other intangible assets	522	49	3,267

(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, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Noncurrent:			
Equity securities	¥46,701	¥41,015	\$292,103

The cost and aggregate fair values of investment securities at March 31, 2026 and 2025, were as follows:

March 31, 2026	Millions of yen			Fair value
	Cost	Unrealized gain	Unrealized loss	
Securities classified as:				
Available-for-sale:				
Equity securities	¥5,722	¥36,785	¥(18)	¥42,488

March 31, 2025				
Securities classified as:				
Available-for-sale:				
Equity securities	¥5,862	¥30,122	¥(16)	¥35,968

March 31, 2026	Thousands of U.S. dollars			Fair value
	Cost	Unrealized gain	Unrealized loss	
Securities classified as:				
Available-for-sale:				
Equity securities	\$35,790	\$230,080	\$(115)	\$265,755

The information for available-for-sale securities sold during the years ended March 31, 2026 and 2025, was as follows:

2026	Millions of yen		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	¥1,154	¥525	
Total	¥1,154	¥525	

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

2026	Thousands of U.S. dollars		
	Proceeds	Realized gain	Realized loss
Available-for-sale:			
Equity securities	\$7,218	\$3,289	
Total	\$7,218	\$3,289	

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, 2026 and 2025, was ¥287 million (U.S.\$1,800 thousand) and ¥3,130 million, respectively.

5. Inventories

Inventories at March 31, 2026 and 2025 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Merchandise and finished goods	¥21,492	¥20,174	\$134,429
Work in process	6,619	5,791	41,402
Raw materials and supplies	24,533	24,962	153,451
Total	¥52,645	¥50,927	\$329,283

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, 2026 and 2025, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Merchandise and finished goods	¥78	¥126	\$491
Work in process	267	157	1,672
Total	¥346	¥284	\$2,164

7. Property, Plant, and Equipment

Accumulated depreciation on property, plant, and equipment as of March 31, 2026 and 2025, was ¥166,849 million (U.S.\$1,043,589 thousand) and ¥157,778 million, respectively.

8. Long-lived Assets

The Group reviewed its long-lived assets for impairment as of and for the years ended March 31, 2026 and 2025. As a result, impairment losses of ¥855 million (U.S.\$5,348 thousand) and ¥3,987 million were recognized for the years ended March 31, 2026 and 2025, respectively.

The main components of loss on impairment of long-lived assets for the year ended March 31, 2026, were as follows:

Location	Use	Category	Millions of yen	Thousands of U.S. dollars
			Impairment loss	
Japan	Business assets	Buildings and structures	¥2	\$14
		Tools, furniture, and fixtures	9	59
		Software	423	2,648
		Other	39	247
	Idle assets	Buildings and structures	25	158
		Machinery, equipment, and vehicles	27	173
		Land	4	29
United States	Business assets	Goodwill	297	1,860
Denmark	Business assets	Goodwill	25	157
Total			¥855	\$5,348

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

The book values of business assets (goodwill) arising at the time of acquisition of the United States-based subsidiary, Yokogawa Fluid Imaging Technologies, Inc., have been reduced to the respective recoverable amount as their business results are expected to fall below forecasted business plans in response to changes in the business environment surrounding the subsidiary. 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, 2025, were as follows:

			Millions of yen
Location	Use	Category	Impairment loss
United States	Business assets	Machinery, equipment, and vehicles	¥97
		Tools, furniture, and fixtures	2
		Right-of-use assets	25
		Software	0
		Goodwill	2,222
		Other intangible assets	1,480
Japan	Business assets	Tools, furniture, and fixtures	15
		Software	5
	Idle assets	Buildings and structures	115
		Land	22
		Total	¥3,987

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%.

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

Short-term bank loans at March 31, 2026 and 2025, included bank overdrafts. The annual average interest rate on the short-term bank loans was 4.449% and 2.565% for the years ended March 31, 2026 and 2025, respectively.

Long-term debt as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Loans from banks and other financial institutions	¥24,126	¥24,043	\$150,905
Lease obligations	9,903	9,700	61,942
Total	34,030	33,743	212,848
Less: Current portion	26,698	2,602	166,988
Long-term debt, less current portion	¥7,332	¥31,141	\$45,860

Annual maturities of long-term loans from banks and other financial institutions at March 31, 2026, were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2027	¥24,108	\$150,790
2028	15	97
2029	2	17
2030		
2031 and thereafter		
Total	¥24,126	\$150,905

The annual average interest rates on long-term loans (excluding current portion) from banks were 0.150% and 0.593% for the years ended March 31, 2026 and 2025, respectively.

Annual maturities of leases obligations at March 31, 2026, were as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2027	¥2,589	\$16,197
2028	2,194	13,725
2029	1,533	9,593
2030	1,110	6,943
2031 and thereafter	2,475	15,482
Total	¥9,903	\$61,942

The annual average interest rates on lease obligations (excluding current portion) were 4.734% and 4.690% for the years ended March 31, 2026 and 2025, respectively.

Collateral and secured debt at March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Collateral:			
Deposits	¥20	¥17	\$126
Investment securities	7	5	45
Assets in consolidated subsidiaries outside Japan*	13,856	14,599	86,665
Total	¥13,883	¥14,622	\$86,837

* “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
	2026	2025	2026
Secured debt:			
Trade notes and accounts payable	¥138	¥119	\$864

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, 2026 and 2025, was ¥20,000 million (U.S.\$125,093 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, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥10,199	¥14,087	\$63,793
Current service cost	1,170	632	7,318
Interest cost	207	279	1,295
Recognized prior service cost	1,659	(8)	10,378
Actuarial loss	16	67	100
Benefits paid	(1,151)	(777)	(7,199)
Termination of retirement benefit plan		(4,910)	
Others	829	829	5,191
Balance at end of year	¥12,930	¥10,199	\$80,878

(b) The changes in plan assets for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at beginning of year	¥3,714	¥8,322	\$23,234
Expected return on plan assets	103	108	646
Actuarial (loss) gain	(1)	42	(6)
Contributions from the employer	505	274	3,162
Benefits paid	(671)	(558)	(4,197)
Termination of retirement benefit plan		(4,906)	
Others	235	430	1,473
Balance at end of year	¥3,887	¥3,714	\$24,313

(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, 2026 and 2025, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded defined benefit obligation	¥12,930	¥10,199	\$80,878
Plan assets	(3,887)	(3,714)	(24,313)
Total	9,043	6,484	56,565
Net liability for defined benefit obligation	¥9,043	¥6,484	\$56,565

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Liability for retirement benefits	¥9,310	¥6,726	\$58,237
Asset for retirement benefits	(267)	(241)	(1,671)
Net liability for defined benefit obligation	¥9,043	¥6,484	\$56,565

(d) The components of net periodic benefit costs for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost	¥1,170	¥632	\$7,318
Interest cost	207	279	1,295
Expected return on plan assets	(103)	(108)	(646)
Amortization of actuarial loss	1	45	6
Amortization of prior service cost	1,659	(8)	10,378
Others	(2)	(190)	(16)
Net periodic benefit costs	¥2,931	¥649	\$18,335

Notes: (a) 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 for the year ended March 31, 2025.

(b) In a consolidated subsidiary in India, calculation factors applied for the retirement benefit plan were revised in connection with enactment of new labor laws in India. As a result, defined benefit obligation related to the retirement benefit plan increased. This increase is treated as prior service cost and presented as retirement benefit expenses under other income (expenses) in the consolidated statement of income.

(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, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Actuarial (loss) gain	¥(16)	¥1,257	\$(100)

- (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, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized actuarial gain	¥213	¥229	\$1,336

- (g) Plan assets as of March 31, 2026 and 2025, were as follows:

- (1) Components of plan assets

Plan assets:

	2026	2025
Equity investments	7%	5%
Debt investments	9	8
Cash and cash equivalents	65	73
Others	19	14
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, 2026 and 2025, were as follows:

	2026	2025
Discount rate	3.92%	3.25%
Expected rate of return on plan assets	2.31%	1.85%

- (i) Payments to defined contribution plans amounted to ¥4,446 million (U.S.\$27,808 thousand) and ¥4,443 million for the years ended March 31, 2026 and 2025, 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, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Provision for bonuses	¥3,587	¥3,436	\$22,437
Write-down of inventories	1,871	1,760	11,707
Unrealized profit of inventories	2,418	2,471	15,125
Impairment loss on investment securities	2,536	2,563	15,867
Tax losses carryforwards (Note)	3,696	4,541	23,122
Other	16,017	14,630	100,183
Subtotal	30,128	29,403	188,443
Less: Valuation allowance for tax loss carryforwards (Note)	(2,067)	(2,480)	(12,932)
Less: Valuation allowance for temporary differences	(7,079)	(8,472)	(44,282)
Total valuation allowance	(9,147)	(10,952)	(57,214)
Total	¥20,980	¥18,450	\$131,228
Deferred tax liabilities:			
Net realized gain on available-for-sale securities	¥(11,000)	¥(8,685)	\$(68,802)
Undistributed earnings of consolidated subsidiaries outside Japan	(1,722)	(1,659)	(10,776)
Intangible assets recognized on business combination	(297)	(232)	(1,858)
Property, plant, and equipment	(440)	(444)	(2,754)
Other	(2,088)	(1,798)	(13,062)
Total	(15,549)	(12,819)	(97,255)
Net deferred tax assets	¥5,431	¥5,630	\$33,973

Note:

The expiration of tax loss carryforwards, the related valuation allowances, and the resulting net deferred tax assets as of March 31, 2026 and 2025, were as follows:

Millions of yen							
	2026						
	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*	¥232	¥6			¥0	¥3,456	¥3,696
Less valuation allowance for tax loss carryforwards					0	(2,067)	(2,067)
Net deferred tax assets relating to tax loss carryforwards	232	6				1,389	1,629

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

Thousands of U.S. dollars							
	2026						
	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*	\$1,455	\$43			\$0	\$21,621	\$23,122
Less valuation allowance for tax loss carryforwards					0	(12,931)	(12,932)
Net deferred tax assets relating to tax loss carryforwards	1,455	43				8,690	10,189

* 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, 2026 and 2025, was as follows:

	2026	2025
Normal effective statutory tax rate	30.6%	30.6%
Inhabitant taxes per capita	0.3	0.5
Permanent difference		
Expenses not deductible for income tax purposes	1.2	1.8
Foreign withholding taxes	1.5	1.8
Loss on impairment of long-lived assets	0.1	1.0
Changes in valuation allowance	0.4	2.6
Lower income tax rates applicable to certain consolidated subsidiaries outside Japan	(7.1)	(8.9)
Equity in earnings of affiliates	(0.2)	(0.8)
Tax credit for research and development expenses	(2.6)	(2.9)
Other-net	(1.4)	3.9
Actual effective tax rate	22.8%	29.7%

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.

13. Research and Development Costs

Research and development costs were ¥33,011 million (U.S.\$206,479 thousand) and ¥32,061 million for the years ended March 31, 2026 and 2025, 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, 2026 and 2025, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Due within one year	¥1,094	¥993	\$6,848
Due after one year	16,156	16,844	101,053
Total	¥17,251	¥17,837	\$107,901

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, trade accounts, and electronically recorded obligations-operating, 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, 2026 and 2025, were as detailed below. Equity securities without market price and investments in partnerships are not included.

Millions of yen			
2026			
	Carrying amount	Fair value	Difference
Investment securities	¥42,488	¥42,488	
Total	¥42,488	¥42,488	
Long-term debt (*2)	¥24,126	¥23,944	¥(182)
Lease obligations (*3)	9,903	9,714	(189)
Total	¥34,030	¥33,658	¥(371)
Derivatives (*4)	¥(489)	¥(489)	

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 (*3)	9,700	9,610	(90)
Total	¥33,743	¥33,408	¥(334)
Derivatives (*4)	¥316	¥316	

Thousands of U.S. dollars			
	2026		
	Carrying amount	Fair value	Difference
Investment securities	\$265,755	\$265,755	
Total	\$265,755	\$265,755	
Long-term debt (*2)	\$150,905	\$149,766	\$(1,139)
Lease obligations (*3)	61,942	60,758	(1,184)
Total	\$212,848	\$210,524	\$(2,324)
Derivatives (*4)	\$(3,061)	\$(3,061)	

(*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 long-term debt is included.

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

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

(*5) 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 ¥760 million (U.S.\$4,759 thousand) and ¥583 million as of March 31, 2026 and 2025, respectively.

Notes:

(a) Equity securities without market price as of March 31, 2026 and 2025, are as follows:

Carrying amount			
	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Equity securities without market price	¥27,546	¥27,737	\$172,295

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, 2026, is as follows:

	Millions of yen		Thousands of U.S. dollars	
	2026		2026	
	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	¥217,549		\$1,360,704	
Trade notes receivables	8,877		55,527	
Accounts receivable	156,338	¥1,864	977,847	\$11,663
Total	¥382,765	¥1,864	\$2,394,079	\$11,663

(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				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Equity securities	¥41,928			¥41,928
Total	¥41,928			¥41,928
Derivatives				
Foreign exchange related		¥(463)		¥(463)
Currency related		(25)		(25)
Total		¥(489)		¥(489)

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

Thousands of U.S. dollars				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Investment securities:				
Equity securities	\$262,251			\$262,251
Total	\$262,251			\$262,251
Derivatives				
Foreign exchange related		\$(2,901)		\$(2,901)
Currency related		(159)		(159)
Total		\$(3,061)		\$(3,061)

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 ¥560 million (U.S.\$3,503 thousand) and ¥435 million as of March 31, 2026 and 2025, respectively.

- (ii) Financial assets and liabilities whose carrying amounts in the consolidated balance sheets are not based on fair values

Millions of yen				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Long-term debt		¥23,944		¥23,944
Lease obligations		9,714		9,714
Total		¥33,658		¥33,658

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

Thousands of U.S. dollars				
2026				
Fair value				
	Level 1	Level 2	Level 3	Total
Long-term debt		\$149,766		\$149,766
Lease obligations		60,758		60,758
Total		\$210,524		\$210,524

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, 2026 and 2025, are as follows:

Millions of yen				
	2026			
	Contract amount		Fair value	Unrealized gain (loss)
	Total	Due after one year		
Forward exchange contracts				
Selling contracts				
U.S. dollar	¥13,759		¥(443)	¥(443)
Others	2,215		(92)	(92)
Buying contracts				
U.S. dollar	1,055		1	1
Currency swaps				
	8,271		(25)	(25)
Total	¥25,301		¥(560)	¥(560)

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

Thousands of U.S. dollars				
	2026			
	Contract amount			
	Total	Due after one year	Fair value	Unrealized gain (loss)
Forward exchange contracts				
Selling contracts				
U.S. dollar	\$86,060		\$(2,775)	\$(2,775)
Others	13,855		(580)	(580)
Buying contracts				
U.S. dollar	6,600		8	8
Currency swaps				
	51,734		(159)	(159)
Total	\$158,250		\$(3,507)	\$(3,507)

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, 2026 and 2025, are as follows:

Millions of yen				
2026				
		Contract amount		
	Hedged item	Total	Due after one year	Fair value
Forward exchange contracts				
Buying contracts				
U.S. dollar	Payables	¥4,220	¥395	¥71
Interest rate swaps				
Pay fixed/receive floating	Long-term debt	¥20,000		Note (b)

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)

Thousands of U.S. dollars

		2026		
		Contract amount		
	Hedged item	Total	Due after one year	Fair value
Forward exchange contracts				
Buying contracts				
U.S. dollar	Payables	\$26,400	\$2,475	\$445
Interest rate swaps				
Pay fixed/receive floating	Long-term debt	\$125,093		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, 2026 and 2025, was as follows:

		Thousands of U.S. dollars	
		Millions of yen	
	2026	2025	2026
Total commitment line of credit	¥35,000	¥35,000	\$218,914
Outstanding borrowings			
Unused credit line	¥35,000	¥35,000	\$218,914

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:

		Thousands of U.S. dollars	
		Millions of yen	
	2026	2025	2026
Provision for contract loss	¥3,686	¥290	\$23,057

(2) Selling, general, and administrative expenses

The major components of selling, general, and administrative expenses were as follows:

		Thousands of U.S. dollars	
		Millions of yen	
	2026	2025	2026
Salaries	¥57,728	¥53,624	\$361,070
Net periodic retirement benefit costs	4,734	4,447	29,614
Provision for bonuses	10,468	9,826	65,478
Allowance for doubtful accounts	1,364	(572)	8,536
Research and development costs	32,907	31,975	205,827

(3) Net (loss) gain on sales and disposal of property, plant, and equipment

The net (loss) gain on sales and disposal of property, plant, and equipment was as follows:

		Thousands of U.S. dollars	
		Millions of yen	
	2026	2025	2026
Land	¥173	¥(1,232)	\$1,086
Buildings and structures	(373)	2,676	(2,338)
Machinery, equipment, and vehicles	(21)	(7)	(135)
Tools, furniture, and fixtures	(37)	(14)	(232)
Construction in progress	(8)	(2)	(52)
Other intangible assets	(2,453)	(134)	(15,343)
Total	¥(2,720)	¥1,284	\$(17,017)

19. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net unrealized gains (losses) on available-for-sale securities:			
Gains (losses) arising during the year	¥7,046	¥(2,833)	\$44,073
Reclassification adjustments to profit or loss	(238)	2,485	(1,489)
Amount before income taxes and income tax effect	6,808	(348)	42,584
Income taxes and income tax effect	(2,314)	6	(14,479)
Total	¥4,493	¥(342)	\$28,105
Deferred gain (loss) on derivatives under hedge accounting:			
Losses arising during the year	¥(115)	¥(110)	\$(723)
Reclassification adjustments to profit or loss	250		1,565
Amount before income taxes and income tax effect	134	(110)	841
Income taxes and income tax effect	(34)	28	(217)
Total	¥99	¥(82)	\$624
Foreign currency translation adjustments:			
Adjustments arising during the year	¥18,479	¥(4,582)	\$115,581
Reclassification adjustments to profit or loss	17	(24)	108
Amount before income taxes and income tax effect	18,496	(4,606)	115,690
Income taxes and income tax effect	(5)		(32)
Total	¥18,491	¥(4,606)	\$115,657
Defined retirement benefit plans:			
Adjustments arising during the year	¥(17)	¥(61)	\$(107)
Reclassification adjustments to profit or loss	1	1,318	6
Amount before income taxes and income tax effect	(16)	1,257	(100)
Income taxes and income tax effect	(3)	(268)	(24)
Total	¥(20)	¥989	\$(125)
Share of other comprehensive income in affiliates:			
Gains arising during the year	¥295	¥262	\$1,850
Reclassification adjustments to profit or loss	1	5	9
Total	¥297	¥268	\$1,860
Total other comprehensive income	¥23,362	¥(3,773)	\$146,123

20. Per Share Information

Basic net earnings per share (EPS) for the years ended March 31, 2026 and 2025, 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	
2026				
Basic EPS				
Net income attributable to common shareholders	¥58,113	255,197	¥227.72	\$1.42
2025				
Basic EPS				
Net income attributable to common shareholders	¥52,123	260,086	¥200.41	

Diluted net income per share was not disclosed because there were no dilutive securities for the years ended March 31, 2026 and 2025.

21. Revenue Recognition

Breakdown of revenue arising from contracts with customers for the years ended March 31, 2026 and 2025, was as follows:

	Millions of yen						
	2026						
	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	¥104,534	¥109,836	¥25,162	¥239,533	¥33,959	¥4,597	¥278,091
Service transferred over certain period of time	210,293	91,990	23,705	325,989	46	259	326,294
Revenue from contracts with customers	314,828	201,826	48,868	565,523	34,006	4,856	604,385
Other revenue						443	443
Sales to customers	¥314,828	¥201,826	¥48,868	¥565,523	¥34,006	¥5,300	¥604,829

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

Thousands of U.S. dollars							
2026							
	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	\$653,832	\$686,992	\$157,385	\$1,498,210	\$212,405	\$28,757	\$1,739,373
Service transferred over certain period of time	1,315,323	575,369	148,268	2,038,961	291	1,620	2,040,873
Revenue from contracts with customers	1,969,156	1,262,361	305,654	3,537,172	212,697	30,378	3,780,247
Other revenue						2,773	2,773
Sales to customers	\$1,969,156	\$1,262,361	\$305,654	\$3,537,172	\$212,697	\$33,152	\$3,783,021

Note:

Other revenue represents lease revenues accounted for in accordance with the accounting standards for lease transactions.

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, 2025 and 2024, for which revenue was recognized during the years ended March 31, 2026 and 2025, were ¥49,239 million (U.S.\$307,975 thousand) and ¥42,675 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 consider-

ation 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, 2026 and 2025, 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
	2026	2025	2026
Within one year	¥330,149	¥303,975	\$2,064,983
After one year	135,053	123,222	844,718
Total	¥465,203	¥427,197	\$2,909,701

22. Business Combination

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)

June 30, 2025 (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 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) Period for which the acquired company's business results are included in the consolidated financial statements

July 1, 2025, to March 31, 2026

(3) Details of acquisition cost and consideration by type

	Millions of yen	Thousands of U.S. dollars
Market value of stock held before acquisition as of the acquisition date	¥251	\$2,250
Additional purchase consideration - cash	2,073	14,234
Purchase price	¥2,324	\$16,484

(4) Details of conditional acquisition cost prescribed in the business combination agreement and accounting policy thereof after the year ended March 31, 2026

(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, 2026

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.

(5) Difference between cost of acquisition and total of individual transactions leading to the acquisition

Gain on step acquisition: ¥176 million (U.S.\$1,103 thousand)

(6) Details and amounts of main acquisition costs

Advisory fees: ¥39 million (U.S.\$247 thousand)

(7) Amount, reason, and amortization method and period of goodwill recognized

(a) Amount of goodwill recognized

¥1,271 million (U.S.\$7,950 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 four years

(8) Details of assets acquired and liabilities assumed at the acquisition date

	Millions of yen	Thousands of U.S. dollars
Current assets	¥1,375	\$8,606
Non-current assets	569	3,561
Total assets	¥1,945	\$12,167
Current liabilities	¥324	\$2,027
Long-term liabilities	109	686
Total liabilities	¥433	\$2,713

(9) Estimated impact on the consolidated statement of income for the year ended March 31, 2026, assuming the business combination was completed at the beginning of the current fiscal year

The information is not disclosed because the estimated impact is immaterial.

Business combination by acquisition

(1) Outline of the business combination

(a) Name of acquired company and its business outline

Name: Intellisync S.r.l. (“Intellisync”)

Business outline: Provision of cybersecurity and digital transformation solutions and development of advanced grid control and energy management solutions

(b) Major reason for the business combination

In order to expand its cybersecurity capabilities and advanced grid control products, and elevate its presence in the renewable energy sector, the Company acquired the entire interest of Intellisync on October 30, 2025 and made Intellisync a consolidated subsidiary. Intellisync was absorbed by BaxEnergy Italia S.r.l., a consolidated subsidiary of the Company on January 1, 2026.

(c) Date of the business combination

October 30, 2025 (date of share acquisition)

December 31, 2025 (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

January 1, 2026, to March 31, 2026

(3) Details of acquisition cost and consideration by type

Cash consideration of EUR 40 million (¥7,402 million)

(4) Details and amounts of main acquisition costs

Advisory and other fees: ¥82 million (U.S.\$512 thousand)

(5) Amount, reason, amortization method, and period of goodwill recognized

(a) Amount of goodwill recognized

¥6,968 million (U.S.\$43,584 thousand)

At March 31, 2026, allocation of the acquisition cost has not been completed since identifiable assets and liabilities as of the business combination date have not been identified and measurement of the fair values has not been completed. Accordingly, the provisional accounting treatment has been applied for the amount of goodwill based on the reasonable information available at that time.

(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	¥537	\$3,361
Non-current assets	172	1,080
Total assets	¥709	\$4,442
Current liabilities	¥259	\$1,618
Long-term liabilities	17	107
Total liabilities	¥276	\$1,726

(7) Estimated impact on the consolidated statement of income for the year ended March 31, 2026, assuming the business combination was completed at the beginning of the current fiscal year

The information is not disclosed because the estimated impact is immaterial.

Transaction under common control

(1) Outline of the transaction under common control

- (a) Names of companies under business combination and their business outline
(Merging company)

Name: BaxEnergy Italia S.r.l.

Business outline: Provision of renewable energy management solutions

(Merged company)

Name: Intellisync S.r.l.

Business outline: Provision of cybersecurity and digital transformation solutions and development of advanced grid control and energy management solutions

- (b) Date of the business combination

January 1, 2026

- (c) Legal form of the business combination

Absorption-type merger in which BaxEnergy Italia S.r.l. is the merging company and Intellisync is the merged company

- (d) Name of the company after the business combination

No change

- (e) Other matters related to the business combination

This merger aims to enhance the corporate value of the Group by consolidating and streamlining the management resources of the consolidated subsidiaries.

(2) Outline of the accounting treatment

The business combination is accounted for as a transaction under common control in accordance with the ASBJ Statement No. 21, "Accounting Standard for Business Combinations," issued on January 16, 2019, and the ASBJ Guidance No. 10, "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," issued on September 13, 2024.

(3) Change in the Company's equity due to transaction with noncontrolling shareholders

Not applicable

23. Subsequent Events

Appropriation of retained earnings

The board of directors proposed the following appropriation of retained earnings at March 31, 2026, which was approved at the general meeting of the shareholders of the Company held on June 23, 2026.

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥46.0 (U.S.\$ 0.28) per share	¥11,712	\$73,260

Acquisition of treasury stock

At the meeting of the Board of Directors held on May 7, 2026, the Company resolved the following matters concerning the acquisition of treasury stock, pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act.

(1) Reason for the acquisition of treasury stock

In order to enhance shareholder return and improve capital efficiency as well as to enable execution of flexible capital policy in response to changes in business environment.

(2) Details of the acquisition of treasury stock

- | | |
|--|---|
| (a) Class of shares to be acquired: | Common stock |
| (b) Total number of shares to be acquired: | Up to 9,000,000 shares(3.5% of issued and outstanding number of shares, excluding treasury stock) |
| (c) Total amount of acquisition price of shares: | Up to ¥30,000 million (U.S.\$187,640 thousand) |
| (d) Period of acquisition: | From May 8, 2026 through September 30, 2026 |
| (e) Method of acquisition: | Through market purchase on the Tokyo Stock Exchange |

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					
	2026				
	Reportable segment				
	Industrial automation and control	Measuring instruments	New business and others	Eliminations/Corporate	Consolidated
Sales to customers	¥565,523	¥34,006	¥5,300		¥604,829
Intersegment sales					
Total sales	565,523	¥34,006	¥5,300		¥604,829
Segment income (loss)	75,155	¥7,792	¥(391)		¥82,555
Segment assets	449,009	14,394	5,533		468,937
Depreciation and amortization	22,241	736	106		23,085
Loss on impairment of long-lived assets	855				855
Increase in property, plant, and equipment and intangible assets	39,284	1,433	96		40,813
Amortization of goodwill	1,962				1,962
Goodwill	12,987				12,987

Millions of yen

2025

Reportable segment

	Industrial automation and control	Measuring instruments	New business and others	Eliminations/ Corporate	Consolidated
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

Thousands of U.S. dollars

2026

Reportable segment

	Industrial automation and control	Measuring instruments	New business and others	Eliminations/ Corporate	Consolidated
Sales to customers	\$3,537,172	\$212,697	\$33,152		\$3,783,021
Intersegment sales					
Total sales	\$3,537,172	\$212,697	\$33,152		\$3,783,021
Segment income (loss)	\$470,072	\$48,737	\$(2,448)		\$516,362
Segment assets	2,808,413	90,035	34,612		2,933,061
Depreciation and amortization	139,116	4,608	668		144,393
Loss on impairment of long-lived assets	5,348				5,348
Increase in property, plant, and equipment and intangible assets	245,709	8,965	601		255,276
Amortization of goodwill	12,276				12,276
Goodwill	81,230				81,230

(4) Information about geographical areas

(a) Sales

Millions of yen								
2026								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
¥161,241	¥88,100	¥67,159	¥29,107	¥67,190	¥56,312	¥116,030	¥19,685	¥604,829

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

Thousands of U.S. dollars								
2026								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
\$1,008,518	\$551,044	\$420,064	\$182,060	\$420,254	\$352,216	\$725,736	\$123,126	\$3,783,021

Note: Sales are categorized in each country or area based on the location of end users.

(b) Property, plant, and equipment

Millions of yen								
2026								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
¥48,645	¥11,580	¥7,195	¥4,269	¥11,572	¥4,533	¥3,563	¥636	¥91,995

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

Thousands of U.S. dollars								
2026								
Japan	Southeast Asia, Far East	China	India	Europe, CIS	North America	Middle East, Africa	Middle and South America	Total
\$304,262	\$72,433	\$45,003	\$26,703	\$72,379	\$28,353	\$22,285	\$3,980	\$575,402

(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, 2026, 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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

Estimation of the total costs of construction contracts	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>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 604,829 million yen for the year ended March 31, 2026, 291,967 million yen was revenue recognized in accordance with this accounting policy.</p> <p>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, 2026, was 12,869 million yen.</p> <p>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.</p> <p>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.</p>	<p>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:</p> <p>(1) Evaluation of internal controls</p> <p>We tested the design and operating effectiveness of the following controls over the estimation of the total costs of construction contracts:</p> <ul style="list-style-type: none"> 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 <p>(2) Evaluation of the reasonableness of the estimated total costs of construction contracts</p> <p>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:</p> <ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> • 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
<p>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, 2026, were 12,987 million yen for goodwill and 1,296 million yen for other intangible assets, respectively.</p> <p>In addition, as described in Note 8, "Long-lived Assets" to the consolidated financial statements, the Group recorded an impairment loss of 855 million yen for the year ended March 31, 2026, as a result of the determination on whether to recognize an impairment loss.</p> <p>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.</p>	<p>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:</p> <p>(1) Evaluation of internal controls</p> <p>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.</p> <p>(2) Examination of the significant assumptions included in the estimates of the future cash flows</p> <p>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:</p> <ul style="list-style-type: none"> • Regarding the future business plans, we examined whether previous business plans were achieved. When the Group did not achieve the business plans in the past years, we investigated the reason for the variance and considered any effects on the future business plans.

<p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • 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, 2026, which were charged by us and our network firms to Yokogawa Electric Corporation and its subsidiaries were 518 million yen and 24 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 6, 2026

Stock Information, IR Activities, and External Evaluations

Stock information (as of March 31, 2026)

- Number of Shares Authorized 600,000 thousand shares
- Number of Shares of Common Stock Issued 257,201 thousand shares
- Number of Shareholders 16,581
- 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

Shareholding by Category

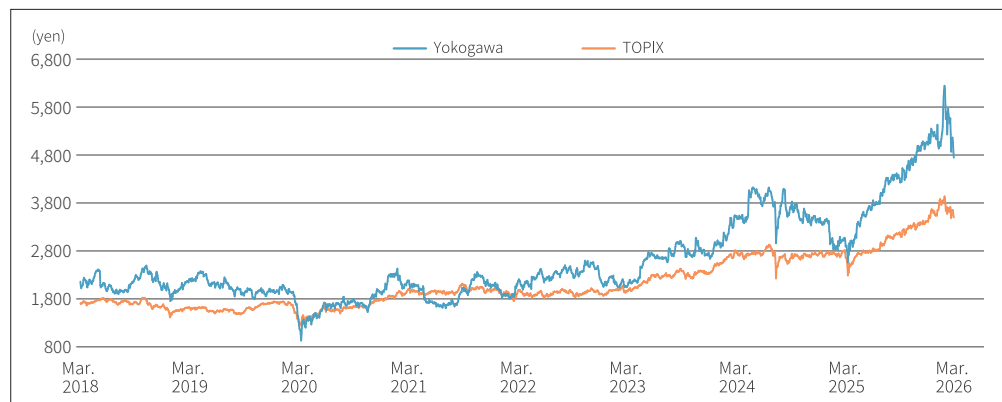


Major Shareholders (Top 10)

Shareholders	Number of shares held (shares)	Shareholding ratio(%)
The Master Trust Bank of Japan Ltd. (trust account)	48,776,400	19.2
Custody Bank of Japan, Ltd. (trust account)	18,893,500	7.4
Nippon Life Insurance Company	13,484,615	5.3
The Dai-ichi Life Insurance Company, Limited	7,197,000	2.8
Retirement benefit trust in Mizuho Trust & Banking Co., Ltd. (Mizuho Bank, Ltd. account); Custody Bank of Japan, Ltd. as a Trustee of Retrust	6,141,000	2.4
State Street Bank and Trust Company 505038	5,928,100	2.3
State Street Bank and Trust Company 505001	5,505,829	2.2
Yokogawa Electric Employee Shareholding Program	3,805,588	1.5
JPMorgan Chase Bank 385781	3,611,678	1.4
HSBC Hong Kong-Treasury Services A/C Asian Equities Derivatives	3,044,033	1.2

Note: Shareholding ratios were calculated after deducting the 2,572,843 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	Frequency	Objective	Contents
Financial results briefings	4	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	7		Meetings with analysts and investors in Japan and overseas ^{*1, 2} (including small meetings)
Meetings with IR staff	Approx. 600		Meetings with analysts and investors in Japan and overseas ^{*1, 2}
Business briefings/ IR Day/ Sustainability meetings	2	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 ^{*2} (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		A tour of Kofu Factory, the mother factory of the Yokogawa Group (February 2026)

*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

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

Capital policy and financial strategy

- Optimal capital structure
- Cash allocation

Sustainability

- Linkage between sustainability strategy and business strategy
- Business opportunities that allow for contribution to sustainability

External Evaluations

Global



Japan



Investor Relations (IR) website (our website)

Editorial Policy

Based on the Yokogawa Group's philosophy of pursuing contributions to society and the environment as our primary business objective while simultaneously increasing corporate value, this report is designed to provide our stakeholders, including shareholders and institutional investors, with a clear and accessible understanding of our value creation story and business strategies.

In the 2026 edition, we outline the progress and challenges in the second year of our medium-term business plan. We also explain Yokogawa's strengths, including the stability and competitive advantages of our existing businesses, and our efforts to pursue new growth areas, while highlighting how these are connected to our business model and business strategies. Through this approach, we aim to deepen stakeholders' understanding of our business performance and our initiatives to increase corporate value.

In our editorial work, we draw on the International Integrated Reporting Framework advocated by the IFRS Foundation, while reflecting comments received from external evaluation organizations and feedback gained through dialogue with shareholders and institutional investors. Through these efforts, we strive to enhance the content and clarity of our disclosures. Furthermore, the departments responsible for producing this report and the sustainability report collaborate closely to promote integrated information disclosure.

► Period Covered by the Report

FY2025 (April 1, 2025 to March 31, 2026)

This Report also includes some information on major activities in prior years and some of the latest information in FY2026.

► 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 2026 (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

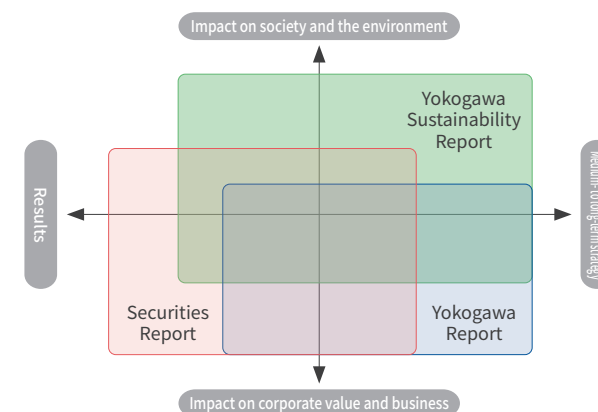
This landscape, where people, goods, and energy flow across the world as one interconnected system, symbolizes the continuous circulation of value within a complex social environment.

Company Profile (as of March 31, 2026)

Corporate Name	Yokogawa Electric Corporation	Paid-in Capital	43,401 million yen
Headquarters	2-9-32 Nakacho, Musashino-shi, Tokyo 180-8750, Japan	Number of Employees	18,313 (Yokogawa Group) 2,240 (Yokogawa Electric Co.)
Founded	September 1, 1915	Subsidiaries and Affiliates	121 outside Japan 14 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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