

**Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2021
(Japan GAAP)**

February 9, 2021

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange, Section 1
 Stock Code: 6841 (URL: <http://www.yokogawa.com/>)
 Name and Position of the Representative: Hitoshi Nara, President and Chief Executive Officer
 Name and Position of Person in Charge: Hirohiko Nakatani, Department Manager of Treasury & IR Department
 Telephone Number: +81-422-52-6845
 Planned Quarterly Report Filing Date: February 10, 2021
 Planned Dividend Payment Starting Date: –
 Quarterly Financial Results Supplemental Materials: Yes
 Quarterly Financial Results Presentation Meeting: Yes (for institutional investors)

(Any amount less than one million yen is disregarded.)

1. Consolidated business results for the first three quarters of the year ending March 31, 2021 (April 1-December 31, 2020)

(1) Results of operations on a consolidated basis (accumulated)

(Percentages show the change from the same period of the previous year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For first three quarters of year ending March 31, 2021	269,677	(9.3)	23,833	(15.3)	25,215	(10.6)	16,730	34.0
For first three quarters of year ended March 31, 2020	297,345	0.7	28,149	12.1	28,196	8.2	12,480	(34.5)

(Note) Comprehensive income For first three quarters of year ending March 31, 2021 21,608 million yen [77.9%]
 For first three quarters of year ended March 31, 2020 12,147 million yen [(22.1)%]

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For first three quarters of year ending March 31, 2021	62.68	–
For first three quarters of year ended March 31, 2020	46.76	–

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	489,359	303,810	60.7
As of March 31, 2020	489,678	291,472	58.4

[Reference] Shareholders’ equity: As of December 31, 2020: 296,942 million yen As of March 31, 2020: 285,904 million yen

2. Dividend status

	Dividends per Share				
	June 30	September 30	December 31	End of Period	Total
	Yen	Yen	Yen	Yen	Yen
For year ended March 31, 2020	–	17.00	–	17.00	34.00
For year ending March 31, 2021	–	17.00	–		
For year ending March 31, 2021 (forecast)				17.00	34.00

(Note) Adjustment on dividend forecast in this quarter: No

3. Business forecast for the year ending March 31, 2021 (April 1, 2020-March 31, 2021)

(Percentages show the change from the previous year.)

	Net Sales	Operating Profit	Ordinary Profit	Profit Attributable to Owners of Parent	Basic Earnings per Share
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %	Yen
Full year	375,000 (7.3)	30,000 (15.7)	30,000 (17.4)	19,000 29.4	71.18

(Note) Adjustment on consolidated business forecast in this quarter: No

The Company's net sales and operating profit tend to increase in the second and fourth quarters, and this is particularly the case with the industrial automation and control business in Japan.

<Notes>

- (1) Changes to important subsidiaries during the period: No
(changes to consolidated subsidiaries accompanying changes to specific subsidiaries)
- (2) Application of special methods for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- a. Changes in accounting policies accompanying revision of accounting standards: No
 - b. Changes in accounting policies other than (a) above: Yes
 - c. Changes in accounting estimates: No
 - d. Restatements: No
- (4) Number of shares issued (common stock)
- a. Number of shares outstanding at the end of the period (including treasury shares)
 - As of December 31, 2020 268,624,510 shares
 - As of March 31, 2020 268,624,510 shares
 - b. Number of treasury shares at the end of the period
 - As of December 31, 2020 1,691,991 shares
 - As of March 31, 2020 1,690,805 shares
 - c. Average number of shares in the period (accumulated quarterly period)
 - For the first three quarters of the year ending March 31, 2021 266,933,340 shares
 - For the first three quarters of the year ended March 31, 2020 266,934,513 shares

Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

Note concerning appropriate use of business forecasts, etc.

The above forecasts are based on the information that was available at the time this document was released and involve assumptions regarding uncertain factors that may have an effect on future performance. Actual performance may vary greatly due to a variety of factors. For premises underlying the assumptions for business forecasts and cautions concerning the use of business forecasts, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Results (3) Explanation of consolidated business forecast and other expectations" on page 5.

The Company plans to hold a quarterly financial results presentation meeting for institutional investors via telephone conference on February 9, 2021. The Company also plans to promptly post to its website the materials that are used at the meeting.

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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of business results

For the first three quarters of the current fiscal year (April 1, 2020 to December 31, 2020), the Yokogawa Group (“the Group”) implemented the three basic strategies of “transformation of existing businesses,” “creation of new businesses and transformation of business model,” and “improvement of productivity through Group-wide optimization,” based on the “Transformation 2020” mid-term business plan, which is now in its final year, and has been working on “consolidating the foundation for growth” and “creating the opportunity for growth” while utilizing digital technology.

In terms of the Group’s business performance during the first three quarters of the current fiscal year, net sales declined by 27.6 billion yen year on year due to the spread of the novel coronavirus disease (COVID-19, hereinafter referred to as, the “COVID-19”), foreign exchange fluctuations, and other factors. Operating profit fell 4.3 billion yen year on year, mainly due to a decrease in selling, general and administrative expenses, despite the decrease in sales. Ordinary profit decreased by 2.9 billion yen year on year. Meanwhile, profit attributable to owners of parent increased 4.2 billion due mainly to the recording of impairment loss including goodwill in the same period in the previous fiscal year.

Business results are as follows.

Unit: billion yen

	First three quarters of FY2019	First three quarters of FY2020	Difference	Change
Net Sales	297.345	269.677	(27.668)	(9.3)%
Operating Profit	28.149	23.833	(4.315)	(15.3)%
Ordinary Profit	28.196	25.215	(2.981)	(10.6)%
Profit Attributable to Owners of Parent	12.480	16.730	4.249	34.0%
(Reference) Average rate to 1 U.S. dollar (Yen)	108.90 yen	105.63 yen	(3.27) yen	-

Results by individual segment are outlined below.

<Industrial Automation and Control Business>

Unit: billion yen

	First three quarters of FY2019	First three quarters of FY2020	Difference	Change
Net Sales	271.647	246.284	(25.362)	(9.3)%
Operating Profit	26.709	23.809	(2.899)	(10.9)%

Net sales for the industrial automation and control business segment decreased by 25.3 billion yen year on year, mainly due to the spread of the COVID-19 and foreign exchange fluctuations. Operating profit fell 2.8 billion yen year on year, due to mainly declined revenues.

<Test and Measurement Business>

Unit: billion yen

	First three quarters of FY2019	First three quarters of FY2020	Difference	Change
Net Sales	18.556	18.884	0.328	1.8%
Operating Profit	1.522	1.068	(0.453)	(29.8)%

In the test and measurement business segment, while net sales remained strong, the effects of upfront investments in the life innovation business, etc., led operating profit to decrease 0.4 billion yen year on year.

<Aviation and Other Businesses>

Unit: billion yen

	First three quarters of FY2019	First three quarters of FY2020	Difference	Change
Net Sales	7.142	4.508	(2.633)	(36.9)%
Operating Profit	(0.083)	(1.045)	(0.962)	—

In the aviation and other businesses segment, sales and profit declined mainly attributable to sluggish demand for aviation-related equipment due to restrictions on economic activities triggered by the spread of the COVID-19.

(2) Explanation of financial conditions

In comparison to March 31, 2020, total assets as of December 31, 2020, were down 0.3 billion yen to 489.3 billion yen, mainly due to a decrease in cash and deposits, despite an increase in investment securities.

In addition, total liabilities were 185.5 billion yen, down 12.6 billion yen compared to March 31, 2020, due mainly to decreases in short-term borrowings and commercial papers despite increases in long-term borrowings and other current liabilities.

As of December 31, 2020, net assets were 303.8 billion yen, up 12.3 billion yen compared to March 31, 2020, due mainly to the recognition of profit attributable to owners of parent.

As a result, the shareholders' equity ratio was 60.7%, up 2.3 percentage points from the end of the previous fiscal year.

(3) Explanation of consolidated business forecast and other expectations

No changes have been made to the consolidated business forecast for the fiscal year ending March 31, 2021, which was announced on November 4, 2020. There have been no changes to the foreign exchange rate of 1 USD = 105 yen for the business forecast.

Please refer to page 12 for the current consolidated business forecast by segment.

This revised consolidated business forecast has been calculated using information, etc. available at the present time. Actual business performance may vary from this forecast due to a variety of factors arising in the future. The impact of the spread of COVID-19 on our business may vary significantly. If any changes arise that will impact the Group's business performance, the Company will revise the consolidated business forecast and promptly announce the revised forecast.

The Company's net sales and operating profit tend to increase in the second and fourth quarters, and this is particularly the case with the industrial automation and control business in Japan.

<Cautions concerning the use of business forecasts>

As the above business forecast is based on certain assumptions judged by the Company to be reasonable at present, actual business results may differ.

The main factors that may cause changes in the results are as follows.

- Changes in foreign exchange rates, particularly the U.S. dollar, the euro, Asian currencies, and the currencies of the Middle East
- Sudden changes in the price of crude oil
- Sudden changes in the political and economic situation in major markets
- Geopolitical risks in the Middle East and East Asia, etc.
- Changes in the business environment such as revisions to trade regulations
- Dramatic shifts in product supply and demand in the market
- Changes in Japanese share prices
- Protection of the Company's patents and the licensing of patents held by other companies
- M&A and business alliances with other companies for purposes such as product development
- Occurrences of natural disasters such as earthquakes, floods, and tsunamis

2. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

	(Reference) End of FY2019 (March 31, 2020)	End of FY2020 3rd quarter (December 31, 2020)
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	101,522	86,380
Notes and accounts receivable - trade	175,687	178,108
Merchandise and finished goods	14,297	15,401
Work in process	7,516	6,985
Raw materials and supplies	15,527	16,196
Other	18,003	21,187
Allowance for doubtful accounts	(3,673)	(3,446)
Total current assets	328,882	320,812
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	44,306	44,698
Other	38,752	37,196
Total property, plant and equipment	83,059	81,895
Intangible assets		
Software	12,525	12,118
Goodwill	3,132	4,384
Other	7,108	9,279
Total intangible assets	22,766	25,782
Investments and other assets		
Investment securities	42,933	49,889
Other	14,009	12,844
Allowance for doubtful accounts	(1,971)	(1,863)
Total investments and other assets	54,970	60,869
Total non-current assets	160,796	168,546
Total assets	489,678	489,359

(Millions of yen)

	(Reference) End of FY2019 (March 31, 2020)	End of FY2020 3rd quarter (December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,358	21,173
Electronically recorded obligations - operating	9,723	9,779
Short-term borrowings	16,400	2,909
Commercial papers	30,000	20,000
Accounts payable - other	13,367	12,043
Income taxes payable	4,769	3,923
Advances received	33,382	33,160
Provision for bonuses	15,689	9,854
Provision for loss on construction contracts	7,606	8,353
Provision for reinforcing measures against soft errors	898	479
Other	22,704	25,855
Total current liabilities	178,900	147,533
Non-current liabilities		
Long-term borrowings	4,080	24,000
Retirement benefit liability	4,590	4,872
Provision for reinforcing measures against soft errors	1,840	351
Other	8,794	8,791
Total non-current liabilities	19,305	38,015
Total liabilities	198,206	185,549
Net assets		
Shareholders' equity		
Share capital	43,401	43,401
Capital surplus	54,386	54,392
Retained earnings	199,080	206,750
Treasury shares	(1,400)	(1,403)
Total shareholders' equity	295,466	303,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,020	9,384
Foreign currency translation adjustment	(14,677)	(13,747)
Remeasurements of defined benefit plans	(1,905)	(1,836)
Total accumulated other comprehensive income	(9,562)	(6,198)
Non-controlling interests	5,568	6,868
Total net assets	291,472	303,810
Total liabilities and net assets	489,678	489,359

(2) Consolidated quarterly statements of income and statements of comprehensive income
Consolidated quarterly statements of income for the first three quarters of FY2020

(Millions of yen)

	(Reference) First three quarters of FY2019 (April 1-December 31, 2019)	First three quarters of FY2020 (April 1-December 31, 2020)
Net sales	297,345	269,677
Cost of sales	163,563	149,664
Gross profit	133,782	120,013
Selling, general and administrative expenses	105,633	96,179
Operating profit	28,149	23,833
Non-operating income		
Interest income	394	271
Dividend income	631	627
Foreign exchange gains	–	188
Share of profit of entities accounted for using equity method	1,107	1,101
Other	659	561
Total non-operating income	2,792	2,749
Non-operating expenses		
Interest expenses	460	472
Foreign exchange losses	1,065	–
Other	1,219	894
Total non-operating expenses	2,745	1,367
Ordinary profit	28,196	25,215
Extraordinary income		
Gain on sales of non-current assets	416	58
Gain on sales of investment securities	13	6
Gain on sales of shares of subsidiaries and associates	1,468	–
Gain on sale of businesses	*1 823	–
Total extraordinary income	2,722	65
Extraordinary losses		
Loss on sales of non-current assets	12	3
Loss on retirement of non-current assets	164	423
Impairment loss	*2 5,655	–
Loss on valuation of investment securities	46	27
Business restructuring expenses	–	*4 1,137
Provision for reinforcing measures against soft errors	*3 3,049	–
Total extraordinary losses	8,927	1,592
Profit before income taxes	21,991	23,688
Income taxes - current	6,666	4,852
Income taxes - deferred	1,505	717
Total income taxes	8,171	5,570
Profit	13,819	18,118
Profit attributable to non-controlling interests	1,338	1,387
Profit attributable to owners of parent	12,480	16,730

Consolidated quarterly statements of comprehensive income for the first three quarters of FY2020

(Millions of yen)

	(Reference) First three quarters of FY2019 (April 1-December 31, 2019)	First three quarters of FY2020 (April 1-December 31, 2020)
Profit	13,819	18,118
Other comprehensive income		
Valuation difference on available-for-sale securities	789	2,385
Deferred gains or losses on hedges	(10)	–
Foreign currency translation adjustment	(2,408)	959
Remeasurements of defined benefit plans, net of tax	29	70
Share of other comprehensive income of entities accounted for using equity method	(72)	75
Total other comprehensive income	(1,672)	3,490
Comprehensive income	12,147	21,608
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,914	20,094
Comprehensive income attributable to non- controlling interests	1,232	1,513

(3) Notes on consolidated quarterly financial statements

Notes for going concern

Not applicable

Consolidated quarterly statements of income

*1 Gain on sale of businesses

This gain relates to the transfer of the plastic vortex flow sensors business.

*2 Impairment loss

An impairment loss was recorded for the following asset groups during the first three quarters of the previous fiscal year.

Location	Use	Category	Impairment loss (Millions of yen)
United Kingdom	Business assets	Goodwill	2,927
		Other intangible assets	1,591
United States	Business assets	Goodwill	1,015
		Other intangible assets	120
		Total	5,655

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

The book values mainly with respect to the goodwill arising at the time of acquisition of shares of the U.K. based consolidated subsidiary, KBC Advanced Technologies Limited and the U.S. based consolidated subsidiary, Soteica Visual Mesa, Limited Liability Company were reduced to their respective recoverable amounts and the amount of said reductions have been recorded as impairment losses on account of the business results of these companies falling below the initially forecasted business plans due to the impact of changes in the business environments surrounding each company.

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

*3 Provision for reinforcing measures against soft errors

This provision is the amount of projected expenses incurred with the reinforcement of soft error measures and support for customers.

*4 Business restructuring expenses

Business restructuring expenses pertaining to extraordinary measures at a portion of consolidated subsidiaries with the aim of optimizing the Group overall were recorded.

Notes if there is a remarkable change in the amount of shareholders' equity

Not applicable

Changes in accounting policies

As the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 30, 2018) and "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 30, 2018) was allowed from the start of the fiscal year beginning on or after April 1, 2018, the Company has applied the Accounting Standard for Revenue Recognition and its guidance from the start of the first quarter of the fiscal year ending March 31, 2021, and it has recognized promised goods or services as revenue at the amount expected to be received upon exchange of said goods or services at the time the control of said goods or services is transferred to the customer.

As a result, although sales of field instruments and other products that do not include engineering were usually recognized as revenue at the time the transfer was completed for all products included in the contract where the contract was the accounting unit, in the case of a contract that includes multiple products, the accounting method has been changed to one that recognizes revenue when the performance obligation is satisfied for each product. In addition, sales rebates and other consideration payable to a customer were usually accounted for as selling, general and administrative expenses, but the accounting method has been changed to one that deducts them from the transaction price.

The application of the Accounting Standard for Revenue Recognition and its implementation guidance is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the start of the first quarter of the fiscal year ending March 31, 2021, was added to or subtracted from the opening balance of retained earnings of the first quarter of the fiscal year ending March 31, 2021, and thus the new accounting policy was applied from such opening balance.

The impact of the application of the accounting standard on the quarterly consolidated financial statements is insignificant.

Segment information

Segment sales and profits (losses)

Millions of yen

		(Reference) First three quarters of FY2019 (April 1-December 31, 2019)	First three quarters of FY2020 (April 1-December 31, 2020)	Change
Industrial automation and control	Net sales to unaffiliated customers	271,647	246,284	(25,362)
	Operating profit (loss)	26,709	23,809	(2,899)
Test and measurement	Net sales to unaffiliated customers	18,556	18,884	328
	Operating profit (loss)	1,522	1,068	(453)
Aviation and other	Net sales to unaffiliated customers	7,142	4,508	(2,633)
	Operating profit (loss)	(83)	(1,045)	(962)
Amount on consolidated statements of income	Net sales to unaffiliated customers	297,345	269,677	(27,668)
	Operating profit (loss)	28,149	23,833	(4,315)

[Reference]

Sales by geographical location

Millions of yen

	(Reference) First three quarters of FY2019 (April 1-December 31, 2019)		First three quarters of FY2020 (April 1-December 31, 2020)		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	87,480	29.4	82,998	30.8	(4,481)
Outside Japan	209,865	70.6	186,679	69.2	(23,186)
Southeast Asia, Far East	50,137	16.9	44,024	16.3	(6,112)
China	37,695	12.7	39,002	14.5	1,307
India	11,540	4.0	8,891	3.3	(2,648)
Europe	23,858	8.0	22,018	8.2	(1,839)
Russia	14,968	5.0	10,306	3.8	(4,661)
North America	24,494	8.2	25,393	9.4	898
Middle East, Africa	40,558	13.6	30,585	11.3	(9,972)
Central and South America	6,612	2.2	6,454	2.4	(157)
Consolidated net sales	297,345	100.0	269,677	100.0	(27,668)

[Reference]

February 9, 2021
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Three Quarters of FY2020

(Millions of yen)

	First three quarters of FY2019		First three quarters of FY2020		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	297,345	–	269,677	–	(27,668)	–
Operating Profit	28,149	9.5%	23,833	8.8%	(4,315)	(0.7)%
Ordinary Profit	28,196	9.5%	25,215	9.4%	(2,981)	(0.1)%
Profit Attributable to Owners of Parent	12,480	4.2%	16,730	6.2%	4,249	2.0%
Total Assets	470,296		489,359		19,063	
Net Assets	297,944		303,810		5,866	
Return on Equity	4.3%		5.7%		1.4%	
Basic Earnings per Share	46.76 yen		62.68 yen		15.92 yen	
Capital Investment	13,260		13,180		(79)	
Depreciation	13,985		12,993		(992)	
Research and Development Expenses	20,410		19,878		(531)	
Average Exchange Rate During the Period (USD)	108.90 yen		105.63 yen		(3.27) yen	

Consolidated orders by segment

(Millions of yen)

	First three quarters of FY2019	First three quarters of FY2020	FY2020 full year (forecast)
Industrial automation and control business	282,952	230,198	329,000
Test and measurement business	20,037	19,739	25,000
Aviation and other businesses	5,456	5,205	6,000
Total	308,446	255,143	360,000

Net Sales

(Millions of yen)

	First three quarters of FY2019	First three quarters of FY2020	FY2020 full year (forecast)
Industrial automation and control business	271,647	246,284	344,000
Test and measurement business	18,556	18,884	25,000
Aviation and other businesses	7,142	4,508	6,000
Total	297,345	269,677	375,000

Operating Profit

(Millions of yen)

	First three quarters of FY2019	First three quarters of FY2020	FY2020 full year (forecast)
Industrial automation and control business	26,709	23,809	31,000
Test and measurement business	1,522	1,068	500
Aviation and other businesses	(83)	(1,045)	(1,500)
Total	28,149	23,833	30,000