

**Consolidated Financial Results for the Year Ended March 31, 2021
(Japan GAAP)**

May 11, 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 IR Department
 Telephone Number: +81-422-52-6845
 Planned Date of the Regular General Meeting of Shareholders: June 23, 2021
 Planned Dividend Payment Starting Date: June 24, 2021
 Planned Annual Report Filing Date: June 23, 2021
 Financial Results Supplemental Materials: Yes
 Financial Results Presentation Meeting: Yes (for institutional investors)

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

1. Consolidated business results for the year ended March 31, 2021 (April 1, 2020-March 31, 2021)

(1) Results of operations on a consolidated basis

(Percentages show the change from 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 the year ended March 31, 2021	374,206	(7.5)	31,599	(11.2)	34,107	(6.0)	19,219	30.9
For the year ended March 31, 2020	404,432	0.2	35,588	2.9	36,301	(1.3)	14,686	(48.4)

(Note) Comprehensive income For the year ended March 31, 2021 34,007 million yen [398.6%]
 For the year ended March 31, 2020 6,820 million yen [(75.2)%]

	Basic Earnings per Share	Diluted Earnings per Share	Return on Equity	Ordinary Profit to Total Asset Ratio	Operating Profit to Net Sales Ratio
	Yen	Yen	%	%	%
For the year ended March 31, 2021	72.00	—	6.5	6.8	8.4
For the year ended March 31, 2020	55.02	—	5.1	7.6	8.8

(Reference) Profit or loss from investments accounted for by the equity method: For the year ended March 31, 2021 818 million yen
 For the year ended March 31, 2020 1,405 million yen

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio	Shareholders’ Equity per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	519,081	314,770	59.4	1,155.06
As of March 31, 2020	489,678	291,472	58.4	1,071.07

(Reference) Shareholders’ equity: As of March 31, 2021: 308,323 million yen As of March 31, 2020: 285,904 million yen

(3) Consolidated cash flow status

	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2021	32,842	(18,617)	(17,105)	101,204
For the year ended March 31, 2020	31,132	(18,182)	4,583	99,658

2. Dividend status

	Dividends per Share					Total Dividends (annual)	Payout Ratio (consol.)	Net Asset Dividend Rate (consol.)
	June 30	September 30	December 31	End of Period	Annual Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
For the year ended March 31, 2020	—	17.00	—	17.00	34.00	9,075	61.8	3.2
For the year ended March 31, 2021	—	17.00	—	17.00	34.00	9,075	47.2	3.1
For year ending March 31, 2022 (forecast)	—	17.00	—	17.00	34.00		56.7	

3. Consolidated business forecast for the year ending March 31, 2022 (April 1, 2021-March 31, 2022)

(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	370,000	(1.1)	25,000	(20.9)	25,000	(26.7)	16,000	(16.7)		59.94

<Notes>

- (1) Changes to important subsidiaries during the period: No
(changes to specific subsidiaries resulting in the change in range of consolidation)
- (2) 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
- (3) Number of shares issued (common stock)
- a. Number of shares outstanding at the end of the period (including treasury shares)
- As of March 31, 2021 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 March 31, 2021 1,692,594 shares
- As of March 31, 2020 1,690,805 shares
- c. Average number of shares in the period
- For the year ended March 31, 2021 266,933,013 shares
- For the year ended March 31, 2020 266,934,329 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended March 31, 2021 (April 1, 2020-March 31, 2021)

(1) Results of operations on a non-consolidated basis

(Percentages show the change from the previous year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended March 31, 2021	104,797	(5.0)	(5,507)	—	14,866	(16.0)	(2,657)	—
For the year ended March 31, 2020	110,283	(1.3)	(1,836)	—	17,699	(30.7)	4,347	(86.3)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For the year ended March 31, 2021	(9.96)	—
For the year ended March 31, 2020	16.29	—

In the non-consolidated financial statements, the Company recorded an extraordinary loss (impairment losses) of 14,931 million yen on shared use assets held by the Company.

Because the recoverability of the shared use assets is recognized in the consolidated financial statements, there is no impact on consolidated financial results.

(2) Financial conditions on a non-consolidated basis

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	272,663	183,062	67.1	685.80
As of March 31, 2020	281,508	190,482	67.7	713.60

(Reference) Shareholders' equity: As of March 31, 2021: 183,062 million yen As of March 31, 2020: 189,793 million yen

Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

Other special notes

The Company plans to hold a quarterly financial results presentation meeting for institutional investors via telephone conference on May 11, 2021. The Company also plans to promptly post to its website the materials that are used at the meeting.

Attachment Contents

1. Overview of Business Results and Others	- 5 -
(1) Overview of business results for the fiscal year under review	- 5 -
(2) Overview of financial conditions for the fiscal year under review.....	- 6 -
(3) Overview of cash flow for the fiscal year under review.....	- 6 -
(4) Future forecast.....	- 6 -
(5) Policy on appropriation of profit and dividends for the period under review and subsequent periods	- 7 -
2. Policy on Selection of Accounting Standards.....	- 8 -
3. Consolidated Financial Statements	
(1) Consolidated balance sheets.....	- 9 -
(2) Consolidated statements of income and statements of comprehensive income	
Consolidated statements of income for the FY2020	- 11 -
Consolidated statements of comprehensive income for the FY2020	- 12 -
(3) Consolidated statements of changes in net assets.....	- 13 -
(4) Consolidated cash flow statements.....	- 15 -
(5) Notes on consolidated financial statements	
Notes for going concern	- 17 -
Important items used as the basis for creation of consolidated financial statements.....	- 17 -
Changes in accounting policies	- 17 -
Changes in presentation	- 17 -
Consolidated statements of income	- 19 -
Segment information.....	- 20 -
Per-share information.....	- 21 -
Important post-balance sheet events.....	- 21 -
[Reference]	- 22 -
Consolidated Financial Statements for the Year Ended March 31, 2021.....	- 22 -

1. Overview of Business Results and Others

(1) Overview of business results for the fiscal year under review

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, where the current fiscal year (FY2020) is its final year, and worked 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 fiscal year under review, net sales declined by 30.2 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 by as low as 3.9 billion yen year on year, mainly due to a decrease in selling, general and administrative expenses, despite the significant effect of declined profit with declined sales. Ordinary profit decreased by 2.1 billion yen year on year. Meanwhile, profit attributable to owners of parent increased 4.5 billion yen due mainly to the recording of impairment losses including goodwill in the same period in the previous fiscal year.

Business results are as follows.

	Unit: billion yen			
	FY2019	FY2020	Difference	Change
Net Sales	404.432	374.206	(30.226)	(7.5)%
Operating Profit	35.588	31.599	(3.989)	(11.2)%
Ordinary Profit	36.301	34.107	(2.193)	(6.0)%
Profit Attributable to Owners of Parent	14.686	19.219	4.532	30.9%
(Reference) Average Rate to 1 U.S. Dollar (Yen)	108.96	106.01	(2.95)	–

Results by individual segment are outlined below.

<Industrial Automation and Control Business>

	Unit: billion yen			
	FY2019	FY2020	Difference	Change
Net Sales	370.550	342.134	(28.415)	(7.7)%
Operating Profit	34.159	31.520	(2.638)	(7.7)%

Net sales for the industrial automation and control business segment decreased by 28.4 billion yen year on year, mainly due to the spread of the COVID-19 and foreign exchange fluctuations. Operating profit fell 2.6 billion yen year on year, due to mainly declined revenues.

<Test and Measurement Business>

	Unit: billion yen			
	FY2019	FY2020	Difference	Change
Net Sales	24.777	25.727	0.950	3.8%
Operating Profit	1.638	1.149	(0.489)	(29.9)%

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			
	FY2019	FY2020	Difference	Change
Net Sales	9.105	6.343	(2.762)	(30.3)%
Operating Profit	(0.209)	(1.069)	(0.860)	–

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) Overview of financial conditions for the fiscal year under review

In comparison to March 31, 2020, total assets as of March 31, 2021, were up 29.4 billion yen to 519.0 billion yen, mainly due to increases in notes and accounts receivable - trade and investment securities.

In addition, total liabilities were 204.3 billion yen, up 6.1 billion yen compared to March 31, 2020, due mainly to increases in long-term borrowings and accounts payable - other.

As of March 31, 2021, net assets were 314.7 billion yen, up 23.2 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 59.4%, up 1.0 percentage points from the end of the previous fiscal year.

(3) Overview of cash flow for the fiscal year under review

The cash flow from operating activities in the fiscal year under review was a net inflow of 32.8 billion yen, up 1.7 billion yen from the previous fiscal year, reflecting the recording of profit before income taxes and depreciation.

The cash flow from investing activities was a net outflow of 18.6 billion yen, up 0.4 billion yen from the previous fiscal year, mainly reflecting purchase of property, plant and equipment.

The cash flow from financing activities was a net outflow of 17.1 billion yen, compared to a net inflow of 4.5 billion yen in the previous fiscal year, mainly due to dividends paid and redemption of commercial papers.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review was 101.2 billion yen, up 1.5 billion yen from the end of the previous fiscal year.

(4) Future forecast

The Group's operating environment is changing dramatically due to a number of factors, including an increase in needs solving social issue such as energy transitions aimed at realizing a decarbonization society, innovations in digital technologies, and paradigm shifts due to the spread of COVID-19.

Having regarded these changes in the business environment as opportunities, the Group will establish a business structure focused on solving social issues for growth, while expanding its contribution to society and the environment to achieve growth.

With regard to the Group's consolidated business forecast for the next fiscal year (FY2021), it is expected that the decline in orders due to the effects of stagnant economic activities, etc., will bottom out due to the slowdown in the spread of COVID-19 with the practical application of vaccines, leading to a trend of gradual recovery; however, it is still likely to take time for a recovery in net sales as backlog orders have dropped significantly due to the decrease in orders received in the current fiscal year. Operating profit is expected to fall due to a reactionary decrease in government subsidies, and an increase in expenses of upfront investments in new businesses, in addition to a decline in sales. In addition, both ordinary profit and profit attributable to owners of parent are expected to decrease due to a decrease in operating profit.

In addition, the operating results forecast assumes a foreign exchange rate of 1 USD = 105 yen (compared to 1 USD = 106.01 yen in the fiscal year ended March 31, 2021).

Based on the above, the current consolidated business forecasts are as follows. The results for fiscal year 2020 are provided for comparison.

<Consolidated business forecast (full year)>

	Unit: billion yen			
	FY2020 (results)	FY2021 (forecast)	Difference	Change
Orders Received	355.828	380.0	24.171	6.8%
Net Sales	374.206	370.0	(4.206)	(1.1)%
Operating Profit	31.599	25.0	(6.599)	(20.9)%
Ordinary Profit	34.107	25.0	(9.107)	(26.7)%
Profit attributable to owners of parent	19.219	16.0	(3.219)	(16.8)%
(Reference) Average Rate to 1 U.S. Dollar (Yen)	106.01	105	(1.01)	-

The forecast by segment is as follows.

From the next fiscal year (FY2021), the segment name of the "test and measurement business" has been changed to "measuring instrument business." At the same time, the segment of life innovation business, which was included in the former "test and measurement business," has been changed from the "measuring instrument business" to the "industrial automation and control business."

The impact of this segment change amounted to 5.9 billion yen in orders, 5.7 billion yen in net sales, and operating loss of 2.1 billion yen.

In the Company's mainstay industrial automation and control business, orders are expected to increase due to a certain degree of recovery in customers' willingness to make investments as COVID-19 is likely to slow down due to the practical application of vaccines. It is still likely to take time for a recovery in net sales as backlog orders have dropped significantly. Operating profit is forecast to fall due to a decline in sales, a reactionary decrease in government subsidies, and an increase in expenses of upfront investments in new businesses.

In the measuring instrument business, orders received, net sales, and operating profit are all forecast to be about level year on year.

In the aviation and other businesses segment, although orders received and net sales are forecast to be about level year on year, operating profit is expected to drop mainly due to an increase in upfront investment expenses for new businesses (biology-related, etc.).

(Reference) Consolidated business forecast by new segment

<Orders received (full year)>

	Unit: billion yen			
	FY2020 (results)	FY2021 (forecast)	Difference	Change
Industrial automation and control business	328.952	353.5	24.547	7.5%
Measuring instrument business	19.789	19.5	(0.289)	(1.5)%
Aviation and other businesses	7.086	7.0	(0.086)	(1.2)%
Total	355.828	380.0	24.171	6.8%

<Net sales (full year)>

	Unit: billion yen			
	FY2020 (results)	FY2021 (forecast)	Difference	Change
Industrial automation and control business	347.798	344.5	(3.298)	(0.9)%
Measuring instrument business	20.064	19.5	(0.564)	(2.8)%
Aviation and other businesses	6.343	6.0	(0.343)	(5.4)%
Total	374.206	370.0	(4.206)	(1.1)%

<Operating profit (full year)>

	Unit: billion yen			
	FY2020 (results)	FY2021 (forecast)	Difference	Change
Industrial automation and control business	29.372	24.0	(5.372)	(18.3)%
Measuring instrument business	3.296	3.0	(0.296)	(9.0)%
Aviation and other businesses	(1.069)	(2.0)	(0.930)	—
Total	31.599	25.0	(6.599)	(20.9)%

(5) Policy on appropriation of profit and dividends for the period under review and subsequent periods

The distribution of earnings to shareholders is a top management priority for the Company. By achieving growth in earnings, we aim to steadily increase our dividend payments. While giving overall consideration to our business results, the need to secure investment funds for maximizing mid- to long-term shareholder value, and maintain the financial base supporting growth investment, we will strive to secure a consolidated dividend payout ratio in excess of 30%. Furthermore, we will maintain a stable dividend based on the shareholders' equity ratio, even when business results deteriorate due to temporary factors.

Furthermore, regarding the year-end dividend for the fiscal year under review, the year-end dividend will be 17 yen per share as planned initially by giving consideration on the consolidated dividend payout ratio, shareholders' equity ratio, financial positions and other related factors based on the above dividend policy. As a result, we plan to pay 34 yen per share in dividend payments for the fiscal year when including the interim dividend.

With regard to dividends for the next fiscal year, profit decline is expected for the next fiscal year due to the continuous harsh business environment. However, we plan to maintain dividends for the current fiscal year at 34 yen per share (interim dividend of 17.00 yen and year-end dividend of 17.00 yen) based on the above policy.

2. Policy on Selection of Accounting Standards

For the time being, the Group will compile its consolidated financial statements based on generally accepted Japanese accounting principles.

We have been monitoring accounting trends in and outside Japan and will consider the adoption of other accounting standards if it is judged that this will enhance our corporate value.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

	(Reference) End of FY2019 (March 31, 2020)	End of FY2020 (March 31, 2021)
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	101,522	102,916
Notes and accounts receivable - trade	175,687	187,266
Merchandise and finished goods	14,297	14,599
Work in process	7,516	5,335
Raw materials and supplies	15,527	15,796
Other	18,003	22,953
Allowance for doubtful accounts	(3,673)	(3,555)
Total current assets	328,882	345,311
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	44,306	45,408
Machinery, equipment and vehicles, net	6,704	7,154
Tools, furniture and fixtures, net	5,881	6,270
Land	15,162	15,325
Leased assets, net	259	124
Right-of-use assets, net	7,929	7,405
Construction in progress	2,815	2,889
Total property, plant and equipment	83,059	84,579
Intangible assets		
Software	12,525	12,779
Goodwill	3,132	4,247
Other	7,108	9,275
Total intangible assets	22,766	26,302
Investments and other assets		
Investment securities	42,933	50,887
Deferred tax assets	6,485	6,246
Other	7,524	7,935
Allowance for doubtful accounts	(1,971)	(2,181)
Total investments and other assets	54,970	62,887
Total non-current assets	160,796	173,769
Total assets	489,678	519,081

(Millions of yen)

	(Reference) End of FY2019 (March 31, 2020)	End of FY2020 (March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,358	25,147
Electronically recorded obligations - operating	9,723	9,573
Short-term borrowings	16,400	6,921
Commercial papers	30,000	20,000
Accounts payable - other	13,367	16,806
Income taxes payable	4,769	5,646
Advances received	33,382	35,317
Lease obligations	2,202	2,183
Provision for bonuses	15,689	16,228
Provision for loss on construction contracts	7,606	7,419
Other	21,400	23,748
Total current liabilities	178,900	168,993
Non-current liabilities		
Long-term borrowings	4,080	20,000
Deferred tax liabilities	793	3,288
Retirement benefit liability	4,590	4,373
Lease obligations	6,757	5,544
Other	3,084	2,110
Total non-current liabilities	19,305	35,317
Total liabilities	198,206	204,310
Net assets		
Shareholders' equity		
Share capital	43,401	43,401
Capital surplus	54,386	54,392
Retained earnings	199,080	209,240
Treasury shares	(1,400)	(1,404)
Total shareholders' equity	295,466	305,629
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,020	11,351
Foreign currency translation adjustment	(14,677)	(7,568)
Remeasurements of defined benefit plans	(1,905)	(1,088)
Total accumulated other comprehensive income	(9,562)	2,694
Non-controlling interests	5,568	6,447
Total net assets	291,472	314,770
Total liabilities and net assets	489,678	519,081

(2) Consolidated statements of income and statements of comprehensive income
Consolidated statements of income for the FY2020

	(Reference) FY2019 (April 1, 2019-March 31, 2020)	FY2020 (April 1, 2020-March 31, 2021)
Net sales	404,432	374,206
Cost of sales	227,922	210,036
Gross profit	176,510	164,169
Selling, general and administrative expenses	140,921	132,569
Operating profit	35,588	31,599
Non-operating income		
Interest income	523	393
Dividend income	1,743	1,499
Foreign exchange gains	–	550
Share of profit of entities accounted for using equity method	1,405	818
Miscellaneous income	1,222	1,171
Total non-operating income	4,894	4,433
Non-operating expenses		
Interest expenses	610	566
Commission expenses	135	218
Foreign exchange losses	1,884	–
Donations	199	217
Miscellaneous losses	1,351	923
Total non-operating expenses	4,181	1,925
Ordinary profit	36,301	34,107
Extraordinary income		
Gain on sale of non-current assets	517	70
Gain on sale of investment securities	26	155
Gain on sale of shares of subsidiaries and associates	1,468	–
Gain on sale of businesses	*1 823	–
Total extraordinary income	2,836	226
Extraordinary losses		
Loss on sale of non-current assets	13	17
Loss on retirement of non-current assets	286	565
Impairment losses	*2 9,507	*2 486
Loss on sale of investment securities	–	0
Loss on valuation of investment securities	92	0
Business restructuring expenses	–	*4 1,739
Provision for reinforcing measures against soft errors	*3 3,478	–
Total extraordinary losses	13,379	2,809
Profit before income taxes	25,759	31,524
Income taxes - current	10,125	8,807
Income taxes - deferred	(775)	1,413
Total income taxes	9,349	10,220
Profit	16,409	21,303
Profit attributable to non-controlling interests	1,722	2,084
Profit attributable to owners of parent	14,686	19,219

Consolidated statements of comprehensive income for the FY2020

	(Millions of yen)	
	(Reference) FY2019 (April 1, 2019-March 31, 2020)	FY2020 (April 1, 2020-March 31, 2021)
Profit	16,409	21,303
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,433)	4,352
Deferred gains or losses on hedges	(20)	-
Foreign currency translation adjustment	(6,411)	7,388
Remeasurements of defined benefit plans, net of tax	(519)	785
Share of other comprehensive income of entities accounted for using equity method	(204)	177
Total other comprehensive income	(9,589)	12,704
Comprehensive Income	6,820	34,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,338	31,476
Comprehensive income attributable to non- controlling interests	1,481	2,530

(3) Consolidated statements of changes in net assets
(Reference) FY2019 (April 1, 2019-March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	43,401	54,602	193,468	(1,397)	290,074
Changes during period					
Dividends of surplus			(9,075)		(9,075)
Profit attributable to owners of parent			14,686		14,686
Purchase of treasury shares				(3)	(3)
Change in ownership interest of parent due to transactions with non-controlling interests		(216)			(216)
Net changes in items other than shareholders' equity					
Total changes during period	-	(216)	5,611	(3)	5,392
Balance at end of period	43,401	54,386	199,080	(1,400)	295,466

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9,431	20	(8,314)	(1,351)	(214)	6,290	296,150
Changes during period							
Dividends of surplus							(9,075)
Profit attributable to owners of parent							14,686
Purchase of treasury shares							(3)
Change in ownership interest of parent due to transactions with non-controlling interests							(216)
Net changes in items other than shareholders' equity	(2,410)	(20)	(6,363)	(553)	(9,348)	(722)	(10,070)
Total changes during period	(2,410)	(20)	(6,363)	(553)	(9,348)	(722)	(4,677)
Balance at end of period	7,020	-	(14,677)	(1,905)	(9,562)	5,568	291,472

FY2020 (April 1, 2020-March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	43,401	54,386	199,080	(1,400)	295,466
Cumulative effects of changes in accounting policies			15		15
Restated balance	43,401	54,386	199,096	(1,400)	295,482
Changes during period					
Dividends of surplus			(9,075)		(9,075)
Profit attributable to owners of parent			19,219		19,219
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				0	0
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Net changes in items other than shareholders' equity					
Total changes during period	-	5	10,144	(3)	10,146
Balance at end of period	43,401	54,392	209,240	(1,404)	305,629

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,020	-	(14,677)	(1,905)	(9,562)	5,568	291,472
Cumulative effects of changes in accounting policies					-		15
Restated balance	7,020	-	(14,677)	(1,905)	(9,562)	5,568	291,488
Changes during period							
Dividends of surplus							(9,075)
Profit attributable to owners of parent							19,219
Purchase of treasury shares							(3)
Disposal of treasury shares							0
Change in ownership interest of parent due to transactions with non-controlling interests							5
Net changes in items other than shareholders' equity	4,330	-	7,109	817	12,257	878	13,135
Total changes during period	4,330	-	7,109	817	12,257	878	23,282
Balance at end of period	11,351	-	(7,568)	(1,088)	2,694	6,447	314,770

(4) Consolidated cash flow statements

	(Millions of yen)	
	(Reference) FY2019 (April 1, 2019-March 31, 2020)	FY2020 (April 1, 2020-March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	25,759	31,524
Depreciation	18,032	16,988
Amortization of goodwill	759	574
Increase (decrease) in allowance for doubtful accounts	(433)	(337)
Increase (decrease) in provision for bonuses	619	152
Increase (decrease) in retirement benefit liability	678	(381)
Interest and dividend income	(2,266)	(1,892)
Interest expenses	610	566
Share of loss (profit) of entities accounted for using equity method	(1,405)	(818)
Loss (gain) on sale of investment securities	(26)	(155)
Loss (gain) on sale of shares of subsidiaries and associates	(1,468)	-
Loss (gain) on sale of non-current assets	(504)	(53)
Loss on retirement of non-current assets	286	565
Loss (gain) on sale of businesses	(823)	-
Provision for reinforcing measures against soft errors	3,478	-
Increase (decrease) in provision for reinforcing measures against soft errors	(739)	(2,414)
Impairment losses	9,507	486
Decrease (increase) in trade receivables	(13,039)	(5,535)
Decrease (increase) in inventories	(2,872)	3,037
Increase (decrease) in trade payables	(402)	(151)
Increase (decrease) in accrued expenses	1,409	(493)
Other, net	3,050	(1,985)
Subtotal	40,209	39,677
Interest and dividends received	2,310	2,118
Interest paid	(612)	(675)
Income taxes refund (paid)	(10,774)	(8,278)
Net cash provided by (used in) operating activities	31,132	32,842
Cash flows from investing activities		
Payments into time deposits	(1,561)	(243)
Proceeds from withdrawal of time deposits	368	580
Purchase of property, plant and equipment	(9,925)	(8,689)
Proceeds from sale of property, plant and equipment	867	237
Purchase of intangible assets	(7,090)	(7,827)
Proceeds from sale of businesses	902	-
Purchase of investment securities	(1,696)	(2,762)
Proceeds from sale and redemption of investment securities	45	1,563
Purchase of shares of subsidiaries and associates	(759)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,550)	(1,284)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	2,287	-
Other, net	(70)	(190)
Net cash provided by (used in) investing activities	(18,182)	(18,617)

(Millions of yen)

	(Reference) FY2019 (April 1, 2019-March 31, 2020)	FY2020 (April 1, 2020-March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,615)	910
Net increase (decrease) in commercial papers	30,000	(10,000)
Proceeds from long-term borrowings	–	20,000
Repayments of long-term borrowings	(10,264)	(14,592)
Repayments of lease obligations	(2,790)	(2,882)
Dividends paid	(9,072)	(9,073)
Dividends paid to non-controlling interests	(1,316)	(1,463)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(354)	(0)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	4,583	(17,105)
Effect of exchange rate change on cash and cash equivalents	(3,577)	4,426
Net increase (decrease) in cash and cash equivalents	13,957	1,545
Cash and cash equivalents at beginning of period	85,701	99,658
Cash and cash equivalents at end of period	99,658	101,204

(5) Notes on consolidated financial statements

Notes for going concern

Not applicable

Important items used as the basis for creation of consolidated financial statements

1. Items related to the range of consolidation

(1) Consolidated subsidiaries: 113 companies

The range of consolidation has been revised due to changes involving the following companies:

(Increase: 4 companies)

Acquisition of Shares:	Fluid Imaging Technologies, Inc. (United States)
Establishment:	Yokogawa Innovation Switzerland GmbH (Switzerland)
	Yokogawa Bio Frontier Inc. (Japan)
	Yokogawa Slovakia s.r.o. (Slovakia)

(2) Non-consolidated subsidiaries: 1 company

(Name of major company) Yokogawa Foundry Corporation

This company does not significantly influence the consolidated financial statements, and has therefore been excluded from the range of consolidation.

2. Items related to application of the equity method

(1) Non-consolidated subsidiaries: 1 company

(Name of major company) Yokogawa Foundry Corporation

(2) Affiliated companies: 4 companies

(Name of major company) Yokogawa Rental & Lease Corporation

(3) For certain equity method affiliates whose closing dates differ from the consolidated closing date, financial statements based on a provisional closing conducted as of the consolidated closing date are used, and for certain companies the financial statements for the most recent fiscal year are used.

3. Items related to the fiscal year of consolidated subsidiaries, etc.

Starting with the fiscal year under review, the closing date for Yokogawa Electric China Co., Ltd. and 17 other non-Japan subsidiaries is December 31. For creation of consolidated financial statements, financial statements based on the provisional settlement of accounts implemented on the consolidated closing date are used for these companies.

4. Application of consolidated taxation system

The Company and some of its consolidated subsidiaries have applied a consolidated taxation system.

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 fiscal year ended 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 fiscal year ended March 31, 2021, was added to or subtracted from the opening balance of retained earnings of the start of the fiscal year ended 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.

Changes in presentation

Consolidated balance sheets

"Provision for reinforcing measures against soft errors" under "Current liabilities," which was presented separately in the previous fiscal year, have been included in "Others" in the current fiscal year due to the decreased materiality of the amounts. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the method of presentation.

Consequently, 898 million yen that was presented in "Provision for reinforcing measures against soft errors" under "Current liabilities," which was presented in the consolidated balance sheet for the previous fiscal year, has been reclassified as "Others."

“Provision for reinforcing measures against soft errors” under “Non-current liabilities,” which was presented separately in the previous fiscal year, have been included in “Others” in the current fiscal year due to the decreased materiality of the amounts. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in the method of presentation.

Consequently, 1,840 million yen that was presented in “Provision for reinforcing measures against soft errors” under “Non-current liabilities,” which was presented in the consolidated balance sheet for the previous fiscal year, has been reclassified as “Others.”

Consolidated statements of income

“Donations,” which was included in “Donations” under “Non-operating expenses” in the previous fiscal year, have been presented separately from the current fiscal year due to the increased materiality of the amounts. Consequently, 199 million yen that was presented in “Others” under “Non-operating expenses,” which was presented in the previous fiscal year, has been reclassified as “Donations.”

Consolidated cash flow statements

“Increase (decrease) in provision for reinforcing measures against soft errors,” which was included in “Others” under “Cash flows from operating activities” in the previous fiscal year, have been presented separately from the current fiscal year due to the increased materiality of the amounts. Consequently, -739 million yen that was presented in “Others” under “Cash flows from operating activities,” which was presented in the previous fiscal year, has been reclassified as “Increase (decrease) in provision for reinforcing measures against soft errors.”

Consolidated statements of income

*1 Gain on sale of businesses

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

*2 Impairment losses

(Reference) FY2019 (April 1, 2019-March 31, 2020)

Impairment losses were recorded for the following asset groups.

			Millions of yen
Location	Use	Category	Impairment losses
United Kingdom	Business assets	Goodwill	2,936
		Other intangible assets	3,674
		Software	968
		Right-of-use assets	580
		Tools, furniture and fixtures	61
United States	Business assets	Goodwill	1,016
		Other intangible assets	269
		Total	9,507

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 were 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%.

FY2020 (April 1, 2020-March 31, 2021)

Impairment losses were recorded for the following asset group.

			Millions of yen
Location	Use	Category	Impairment losses
Norway	Business assets	Goodwill	163
		Other intangible assets	323
		Total	486

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 Norway based consolidated subsidiary, Yokogawa TechInvent AS 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 the company.

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

*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.

Segment information

1. Overview of reporting segments

The business segments for financial reporting are categorized as the industrial automation and control business, test and measurement business, and aviation and other businesses.

The industrial automation and control business offers comprehensive solutions including field instruments such as flowmeters, differential pressure/pressure transmitters, and process analyzers; control systems, programmable controllers, industrial recorders, etc.; various types of software that enhance productivity; and services that minimize plant lifecycle costs.

The test and measurement business offers waveform measuring instruments; optical communications measuring instruments; signal generators; electric power, temperature, and pressure measuring instruments; and confocal scanners for observation of live cells.

The aviation and other businesses offer instruments for aviation use.

2. Segment sales and profits (losses)

Millions of yen

		(Reference) FY2019 (April 1, 2019-March 31, 2020)		FY2020 (April 1, 2020-March 31, 2021)		Change
		Amount	Composi- tion ratio (%)	Amount	Composi- tion ratio (%)	
Industrial automation and control business	Net sales to unaffiliated customers	370,550	91.6	342,134	91.4	(28,415)
	Operating profit (loss)	34,159	96.0	31,520	99.7	(2,638)
Test and measurement business	Net sales to unaffiliated customers	24,777	6.1	25,727	6.9	950
	Operating profit (loss)	1,638	4.6	1,149	3.6	(489)
Aviation and other businesses	Net sales to unaffiliated customers	9,105	2.3	6,343	1.7	(2,762)
	Operating profit (loss)	(209)	(0.6)	(1,069)	(3.3)	(860)
Consolidated	Net sales to unaffiliated customers	404,432	100.0	374,206	100.0	(30,226)
	Operating profit (loss)	35,588	100.0	31,599	100.0	(3,989)

3. Sales by geographical location

Millions of yen

	(Reference) FY2019 (April 1, 2019-March 31, 2020)		FY2020 (April 1, 2020-March 31, 2021)		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	126,467	31.3	120,338	32.2	(6,128)
Outside Japan	277,965	68.7	253,867	67.8	(24,098)
Southeast Asia, Far East	66,000	16.3	58,641	15.7	(7,358)
China	47,310	11.7	52,217	14.0	4,907
India	15,339	3.8	13,415	3.6	(1,924)
Europe	32,599	8.1	30,073	8.0	(2,525)
Russia	19,511	4.8	14,293	3.8	(5,218)
North America	32,705	8.1	33,430	8.9	725
Middle East, Africa	55,461	13.7	42,013	11.2	(13,447)
Central and South America	9,039	2.2	9,782	2.6	743
Consolidated	404,432	100.0	374,206	100.0	(30,226)

Sales are based on a customer's geographical location (classified above as a country or region).

The breakdown of countries and regions belonging to groups is as follows.

- | | |
|-------------------------------|--|
| (1) Southeast Asia, Far East | Singapore, South Korea, etc. |
| (2) China | China |
| (3) India | India |
| (4) Europe | Netherlands, France, United Kingdom, Germany, etc. |
| (5) Russia | Russia |
| (6) North America | United States, Canada |
| (7) Middle East, Africa | Bahrain, Saudi Arabia, etc. |
| (8) Central and South America | Brazil, etc. |

Per-share information

	FY2019	FY2020
Net assets per share (yen)	1,071.07	1,155.06
Basic earnings per share (yen)	55.02	72.00

(Notes) 1. The amount of the fully diluted earnings per share for the fiscal year under review is not described because there is no residual security.

2. The basis for calculation of basic earnings per share is as follows:

Millions of yen

	FY2019	FY2020
Profit attributable to owners of parent	14,686	19,219
Profit attributable to owners of parent related to common stock	14,686	19,219
Average number of shares during the period	266,934,329	266,933,013

Important post-balance sheet events

Not applicable

[Reference]

May 11, 2021
Yokogawa Electric Corporation

Consolidated Financial Statements for the Year Ended March 31, 2021

(Millions of yen)

	FY2019		FY2020		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	404,432	–	374,206	–	(30,226)	–
Operating Profit	35,558	8.8%	31,599	8.4%	(3,989)	(0.4)%
Ordinary Profit	36,301	9.0%	34,107	9.1%	(2,193)	0.1%
Profit attributable to owners of parent	14,686	3.6%	19,219	5.1%	4,532	1.5%
Comprehensive Income	6,820	1.7%	34,007	9.1%	27,187	7.4%
Total Assets	489,678		519,081		29,402	
Net Assets	291,472		314,770		23,298	
Return on Equity	5.1%		6.5%		1.4%	
Basic Earnings per Share	55.02 yen		72.00 yen		16.98 yen	
Shareholders' Equity per Share	1,071.07 yen		1,155.06 yen		83.99 yen	
Capital Investment	19,626		20,567		941	
Depreciation	18,791		17,563		(1,228)	
Research and Development Expenses	27,604		27,477		(127)	
Average Exchange Rate During the Period (USD)	108.96 yen		106.01 yen		(2.95) yen	

Consolidated orders by segment

Millions of yen

	FY2019	FY2020	FY2021 full year (forecast)
Industrial automation and control business	385,913	323,075	Please refer to page 7 for the consolidated business forecast by new segment for the fiscal year ending March 31, 2022.
Test and measurement business	25,714	25,666	
Aviation and other businesses	7,034	7,086	
Total	418,662	355,828	

Consolidated sales by segment

Millions of yen

	FY2019	FY2020	FY2021 full year (forecast)
Industrial automation and control business	370,550	342,134	Please refer to page 7 for the consolidated business forecast by new segment for the fiscal year ending March 31, 2022.
Test and measurement business	24,777	25,727	
Aviation and other businesses	9,105	6,343	
Total	404,432	374,206	

Consolidated operating profit by segment

Millions of yen

	FY2019	FY2020	FY2021 full year (forecast)
Industrial automation and control business	34,159	31,520	Please refer to page 7 for the consolidated business forecast by new segment for the fiscal year ending March 31, 2022.
Test and measurement business	1,638	1,149	
Aviation and other businesses	(209)	(1,069)	
Total	35,588	31,599	