

Expanding Technological Frontiers
Unlocking Human Potential

azbil report
2026

Azbil Corporation

Editorial Policy for the *azbil Report* 2026

The *azbil Report* integrates financial and non-financial information to communicate the story of the azbil Group's medium- to long-term growth and value creation to our various stakeholders, including shareholders, investors, customers, business partners, employees, and the communities in which we operate. In editing the *azbil Report*, we have referred to the International Integrated Reporting Framework by the former International Integrated Reporting Council (IIRC, now the IFRS Foundation) and Value Co-creation Guidance from Japan's Ministry of Economy, Trade and Industry. Detailed financial information is available in our Audited Financial Report, and governance information is provided in our *Corporate Governance Report*.

Scope of the *azbil Report*

Azbil Corporation and its consolidated subsidiaries

Period covered by the *azbil Report*

From April 1, 2025, through March 31, 2026 (some information outside this period is included)

Additional notes

The contents of this report are subject to change without prior notice. Plans, objectives, strategies, and other statements in this report that are not facts reflect the forecasts and plans of management at the time of editing based on the information available. Such statements do not guarantee future performance, and outcomes might differ materially depending on various important factors. These factors include, but are not limited to, the following:

1. Economic conditions surrounding the azbil Group, exchange rate fluctuations, and capital investment trends
2. Changes in our ability to continuously provide products and services that are acceptable to our customers amid severe competition and in an environment of rapid technological innovation and global economic development

For information on major risk items and specific risk events, refer to the azbil Group's risk management on pages 60–61.

Note: Financial data and financial statements were previously prepared in accordance with Japanese GAAP. The Company adopted International Financial Reporting Standards (IFRS) from FY2026, so the financial plan for FY2026 was prepared under IFRS. All figures, including environmental data such as CO₂ emissions, are rounded.

Azbil's information disclosure

	Non-financial information	Financial information
Disclosure materials	Integrated Report (<i>azbil Report</i>)	
	Corporate Governance Report	Securities Report* (in Japanese only)
	ESG Databook	Audited Financial Report
		Summary of financial reports*
		Medium-term plan
Dialogue		Financial results presentation materials
		Notice of General Meeting of Shareholders*
		* Statutory and timely disclosure documents
	Meetings involving outside directors and investors	General Meeting of Shareholders
	Facility tours	Financial results briefings
	ESG briefings	Business strategy briefings
		IR meetings

· The financial and non-financial information in the above chart delineates the main scope of disclosure. In recent years, our *Securities Report* and other reports feature expanded disclosure of non-financial information.

· The data and details that cannot be included in the Integrated Report are included in the various disclosure documents mentioned above, and are available on our website.

About the cover design

In May 2026, the azbil Group formulated its Purpose: "Expanding Technological Frontiers, Unlocking Human Potential." This Purpose expresses our commitment to unlocking the vast potential inherent in people and society through a broad range of technologies, including automation, and to creating new value at customer sites—realizing "From efficiency to innovation. From impossible to possible."

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Highlights

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A New Purpose and Vision for the Future

Introducing the Purpose and Vision formulated to mark the 120th anniversary of our founding, we showcase our efforts to bring them to life with examples involving data centers, semiconductor manufacturing, and water infrastructure.

pp.16–18

Materiality

In light of the formulation of our Purpose and changes in the business environment, we have reviewed our materiality and newly added "water resources" as a material issue.

pp.21–24

Medium-term Plan, Financial and Capital Management

Under our medium-term plan, for which the key theme is "Evolution and Co-creation," we present our integrated approach to growth investments, capital management, and the enhancement of capital efficiency.

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Message from the Chairperson of the Board

The independent outside director who assumed the role of the Chairperson of the Board in June 2025 discusses initiatives to enhance board effectiveness and shares his perspectives on the company's medium- to long-term growth.

Principal declarations and initiatives that we have participated in or supported; external evaluations

- Declared support for the Task Force on Climate-related Financial Disclosures (TCFD)
- Signed the United Nations Global Compact
- Endorsed the Climate Change Initiative and the Japan Climate Leaders' Partnership
- Endorsed the disclosure recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and registered as a "TNFD Adopter"
- Chosen by six indices of the Government Pension Investment Fund (GPIF): FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, FTSE Blossom Japan Sector Relative Index, MSCI Japan Empowering Women Index (WIN), S&P/JPX Carbon Efficient Index, and Morningstar Japan ex-REIT Gender Diversity Tilt Index
- CDP 2025: Rated A in Climate Change Report, Rated A- in Water Security Report, Recognized as Supplier Engagement Leader
- Received the highest rating for the Eruboshi certification, which recognizes leading companies based on Japan's Act on Promotion of Women's Participation and Advancement in the Workplace; acquired Platinum Kurumin certification; certified as a Health & Productivity Management Outstanding Organization in 2026 (White 500)
- Selected as an Environmentally Sustainable Enterprise at the 7th ESG Finance Awards Japan
- Selected as a Noteworthy DX Company 2026 in the Digital Transformation Stock Selection program jointly administered by Japan's Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan
- FTSE4Good Japan Index, JPX-Nikkei Index 400



The azbil Group's DNA and Vision: Our Founder's Spirit Rooted in “Freeing People from Drudgery”



The history of the azbil Group began in 1906, when Takehiko Yamaguchi founded Yamatake Shokai Co., Ltd., with the desire of “freeing people from drudgery.”

Since then, we have carried forward this founding spirit while addressing the societal challenges and customer needs of each era, building a legacy of innovation along the way. Recognizing the potential of automation technology at an early stage, we have continued to pursue the development of innovative products and services that were among the first of their kind in Japan and globally, as well as the creation of proprietary technologies. Through these efforts, we have contributed to Japan's industrial development, energy saving, and the advancement of social infrastructure.

What has been passed down since our founding is not technology itself, but a commitment to continually take on the challenge of solving issues facing people and society. To carry this corporate DNA into the future, we have formulated a new Purpose and Vision.

azbil
Engineering the Impossible

120 Years of Value Creation

1906–1950s

Freeing people from drudgery

Transition from importing industrial instruments to in-house development and domestic production of equipment

For Japan's modernization, the introduction of advanced Western technology was an urgent issue. To further industrialize and develop Japanese industries, demand arose for the domestic production of industrial instruments, which until then had been imported.

1950–1970s

First in control

Contribution to rapid economic growth through automation

With the rapid economic growth of Japan, investment in the expansion and modernization of manufacturing industries, driven by technological innovation, led to increasing demand for measurement and engineering.

1970–2000s

Savemation

Transformation to digital instrumentation to meet growing needs for energy saving, advanced functionality, and higher precision

With the oil crisis of the 1970s, energy saving and labor saving became important issues. Furthermore, demand expanded for the digitalization of industrial instruments as well as advanced instrumentation and software for measurement and control systems.

2000s–

Human-centered automation

Provision of solutions “in series” to meet increasing societal needs and to achieve a sustainable society

In this period, Internet access and usage became truly global. At the same time, population issues, energy shortages, climate change, and other challenges came to the forefront. Automation started playing an increasingly important role in creating a sustainable global environment.

2026

Group's Purpose formulated

Unlocking the vast potential of people and society through automation technology

See p.5 for examples of how our Purpose and Vision are being implemented.

1913

Manufactured flat-disk type water meters and wheel-type meters

1936

Succeeded in manufacturing the first automatic control valves in Japan



1953

Developed Japan's first dry-type LP gas meter Model PI and began production

1959

Achieved the first domestic production of modutrol motors, a compact control motor

1964

Commercialized the world's first cage-type control valve

1975

Sales launch of the world's first electromagnetic flowmeter employing a proprietary square-wave excitation method



1980

Independently developed a total building management system

1999

Sales launch of gas mass flowmeters incorporating a proprietary sensor utilizing microelectromechanical systems (MEMS) technology



2016

Sales launch of an online anomaly detection system

2020

Sales launch of a control valve maintenance support system

(Billions of yen)

300

200

200

150

100

50

0

■ Net sales (left axis)
— Operating income margin (right axis)

1950 1955 1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 2015 2020 2025 (FY)

(%)

18

15

12

9

6

3

0

Note: Owing to a change in the fiscal year-end, FY1994 was an irregular period.

Value Creation Story

A New Purpose and Vision for the Future Marking the 120th Anniversary of Our Founding

In 2026, the azbil Group reached a major milestone, celebrating the 120th anniversary of its founding.

Since our founding, we have pursued safety, comfort, and fulfillment in people's lives and contributed to global environmental preservation under our philosophy of "human-centered automation." At the heart of this philosophy lies our founder's spirit of "freeing people from drudgery." While our business domains and the surrounding environment have evolved over time, our commitment to helping solve the challenges of society and our customers has never changed.

At the same time, the societal and industrial structures surrounding us are undergoing profound change. The challenges facing companies are becoming increasingly complex, including the transition toward decarbonization, the rapid advancement of digital technologies such as generative AI, worsening societal issues such as labor shortages and challenges in intergenerational skills transfer, and rising geopolitical risks. In this environment, companies are expected to achieve both solutions to societal challenges and sustainable growth.

The azbil Group is expanding its business globally under its medium-term plan. As we continue to grow worldwide, it is essential that employees around the globe share a common direction and that we clearly communicate our reason for existence and our values to all stakeholders. We must enhance recognition of the azbil brand but also ensure that the brand itself serves as a driver of business growth.

Expanding Technological Frontiers
Unlocking Human Potential



Against this backdrop, the azbil Group formulated its Purpose and Vision to mark the 120th anniversary of its founding. Our Purpose defines the value the azbil Group delivers to society and expresses our reason for existence. It represents the value that we aspire to share with all stakeholders. Our Vision, on the other hand, describes our distinct vision to achieve through the pursuit of our Purpose. It is the image of what we seek to become in the decade ahead. They clearly define our future direction as a company while serving as a foundation for the decisions and actions of each employee. They also represent a new starting point from which we will communicate the unique value of the azbil Group to the world while fostering empathy and trust among all stakeholders, including customers, partners, shareholders, and local communities.

◀ Corporate advertisement

Creating that instant of intense focus, effortless performance—the flow state that leads to successful outcomes.

An environment that provides everything needed for that instant.

Air quality, temperature, humidity, energy—when the environment is just right, people attain their full potential.

And when people's potential is unleashed, society makes progress.

For 120 years since our founding, Azbil has refined our technologies to create better environments—to unlock the potential of people and society.

The thoughts behind our Purpose

Expanding Technological Frontiers Unlocking Human Potential

This Purpose expresses our intention to unlock the tremendous potential inherent in people and society through a broad range of technologies centered on automation, thereby driving new value creation on site with our customers.

"Unlocking" means far more than simply advancing automation. It means solving issues at customer sites, expanding the potential inherent in people and society, and creating value that could not be realized previously.

Furthermore, the phrase "Unlocking Human Potential" is linked to our philosophy of "human-centered automation" and the founder's aspiration of "freeing people from drudgery." While carrying forward the values cultivated

Value Creation Story

throughout our 120-year history, we will continue creating new value for the next generation.

Our Vision

Our Vision represents the concrete future state that the azbil Group aims to achieve through the realization of its Purpose.

Connecting people and society through automation.

From efficiency to innovation.

From impossible to possible.

Becoming a partner that opens up the future.

Connecting people and society: This reflects our desire to solve division, one of the fundamental challenges facing society, by utilizing “connection,” which is the essential function and role of automation.

From efficiency to innovation: This means that the value of automation going forward will go beyond “efficiency” to “innovation,” and that innovation at our customers’ sites is the new value that the azbil Group will provide.

From impossible to possible: This signifies our intention to make the impossible possible through measurement and control technologies and to continue generating new value through future innovation.

Becoming a partner that opens up the future: This signifies our commitment to forging a path to the future and contributing together to the realization of a sustainable society, based on a partnership built on a foundation of integrity.

Toward our Vision

The azbil Group’s businesses are built on automation technology centered on measurement and control. However, we do not believe that technology itself creates value.

The value of technology is realized only when it delivers results at customer sites and creates new

possibilities for people and society. For this reason, we regard our Purpose not merely as a slogan, but as an expression of the very essence of our business activities.

Solving societal challenges, creating customer value, and enhancing enterprise value are not separate pursuits. By addressing those challenges and delivering value to customers, the azbil Group itself grows, leading in turn to greater enterprise value. This is the value creation cycle that defines the azbil Group.

BA Building Automation business
Supporting the social infrastructure of the AI era
— Data center solutions that realize
“From efficiency to innovation.”—

The rapid adoption of generative AI is driving growing demand for data centers around the world.

At the same time, data centers consume enormous amounts of electricity, creating challenges related to securing sufficient energy supply capacity and improving operational energy efficiency. Singapore, in particular, experienced a temporary suspension of new data center developments in 2019 due to the sharp increase in electricity demand associated with data centers. The government subsequently adopted a selective approval policy, permitting only projects that met strict requirements for energy efficiency and the use of renewable energy. As a result, balancing digital infrastructure expansion with the realization of a sustainable society emerged as a key challenge.

Against this backdrop, the azbil Group leverages the building automation technologies and HVAC operational expertise it has cultivated over many years to support the highly efficient operation of data centers.

The value we provide extends far beyond simply controlling building equipment. By integrating the monitoring and control of HVAC systems, thermal source systems,

and power facilities that are essential to stable data center operations, we help customers achieve exceptionally high levels of both energy efficiency and operational performance.

One of the most important challenges is cooling. Efficiently removing the vast amounts of heat generated by servers while minimizing energy consumption has become a critical management issue for data center operators. Through our measurement and control technologies, we optimize facility operations and help customers achieve both energy conservation and stable operations.

The results are reflected in the continued trust of our customers. One leading data center developer in Singapore highly evaluated the energy-saving performance of our solutions. As a result, adoption expanded beyond the initial project to a number of subsequently planned data centers. Furthermore, these initiatives are not limited to Singapore. They are now expanding to other parts of Asia, including Malaysia and Japan.

Today, the realization of highly efficient operations and the reduction of environmental impact have become major challenges for data centers that support the social infrastructure of the AI era. Various initiatives are being implemented around the world to reduce energy consumption, including the use of seawater cooling and



As data centers continue to be developed around the world, sustainability has become just as important as scale.

Value Creation Story

free-air cooling systems. The azbil Group contributes to these advanced initiatives through solutions that enable highly efficient operation, stable operation, and lower environmental impact.

Moreover, we do not regard these efforts simply as an equipment business. Supporting the development of the AI-driven society requires not only the construction of data centers but also the ability to operate them sustainably. The azbil Group provides comprehensive support ranging from products and systems to engineering and maintenance services.

Supporting the foundation of the digital society while addressing the challenge of energy constraints is an initiative that simultaneously solves societal challenges and creates new value.

Automation was once primarily a technology for improving efficiency. Today, however, it is evolving into a technology that expands the possibilities of society itself.

This is one of the most representative examples of our Vision in action:

“From efficiency to innovation”

and

“Becoming a partner that opens up the future”

AA Advanced Automation business

Supporting cutting-edge semiconductor manufacturing
—A sapphire capacitance diaphragm gauge that realizes
“From impossible to possible.”—

As demand for generative AI and data centers continues to grow, semiconductors are required to deliver ever higher levels of performance and quality. At the same time, semiconductor manufacturing processes are becoming increasingly complex.

Inside semiconductor manufacturing equipment, highly precise vacuum environments must be maintained. However, accurate and continuous measurement of those conditions is no easy task. In deposition processes in particular, the accumulation of process materials can degrade measurement performance, making it difficult for many device manufacturers to maintain measurement accuracy. This challenge had troubled the industry for many years and was widely regarded as difficult to solve fundamentally using conventional approaches.

Our sapphire capacitance diaphragm gauge model V8, equipped with a sapphire-bonded MEMS sensor, was developed to address this challenge.

The vacuum gauge market has long been dominated by major overseas manufacturers. Amid this competitive environment, we took on the challenge of solving the problem through a new approach, leveraging our proprietary sapphire-bonded MEMS sensor technology and multiple patented innovations.

Conventionally, the focus had been on minimizing the impact of deposited materials or designing sensors that were less susceptible to contamination. The azbil Group chose to pursue a fundamentally different idea: preventing unwanted deposition.

This achievement was made possible through years of working closely with customers to understand and address their challenges. Together with device manufacturers, we conducted numerous tests and continuously refined the technology based on the knowledge gained through those efforts. As a result, we succeeded in solving a problem that had long been considered extremely difficult to overcome.

Today, the product is receiving strong recognition from customers. One device manufacturer confirmed that the gauge was able to maintain stable measurement performance over an extended period in operating environments where conventional products had required recalibration every few weeks or months. The product is now being adopted by leading semiconductor equipment

manufacturers, while evaluation by device manufacturers continues to expand and has already led to initial commercial adoption.

We do not regard this achievement merely as a successful product development project. What truly matters is that we worked together with our customers to find a solution to a challenge that had remained unresolved for many years.

Opening up new possibilities through measurement and control technologies is precisely what we mean by “From impossible to possible.”

In addition, because demand for calibration, sensor replacement, and other services continues after installation, this product is expected to generate ongoing growth as a life-cycle business. By continuing to create value through long-term relationships with our customers, it also embodies our aspiration of “Becoming a partner that opens up the future.”

This is one of the most representative examples of our Purpose:

**“Expanding Technological Frontiers
Unlocking Human Potential”**

and our Vision:

“From impossible to possible”



Sapphire capacitance diaphragm gauge

Value Creation Story

LA Life Automation business

Supporting the future of water infrastructure

—Smart water solutions that realize
“Connecting people and society.”—

Japan’s water infrastructure faces a range of challenges that threaten its long-term sustainability, including aging facilities, a shortage of skilled personnel, and rising maintenance and management costs. Water leakage, in particular, is a serious issue. It not only results in the loss of valuable water resources but also places a significant burden on the utilities responsible for detection and repair.

Azbil Kimmon Co., Ltd. is working with Kamstrup A/S, a Denmark-based global leader in smart water metering, to introduce next-generation ultrasonic smart water meters and cloud-based leak detection services to the Japanese market. The value of this initiative extends beyond the installation of smart meters. By collecting data that conventional mechanical meters could not capture and analyzing it in the cloud, we are revealing previously unseen challenges.

The ultrasonic smart meters offer highly accurate measurement and exceptional durability. Furthermore, by combining data collected through these meters with Azbil Kimmon’s platform for smart metering as a service and Kamstrup’s cloud technologies, and applying machine learning, we can accurately identify areas with a high likelihood of leakage. This enables water utilities to manage and maintain their networks more efficiently, even with limited personnel.

We are currently conducting demonstration projects with municipalities while working to address the challenges facing water infrastructure. By combining (1) technologies developed by Kamstrup through its global experience, (2) the azbil Group’s measurement and control technologies, and (3) our expertise in the Japanese market, we are

creating new value that contributes to solving societal challenges in Japan.

We do not regard this initiative simply as a means of improving the efficiency of water utility operations. It is a challenge aimed at protecting water, a resource essential to society, and passing on sustainable infrastructure to future generations.

Connecting people and technology.

Connecting society and data.

Connecting sites facing challenges with solutions.

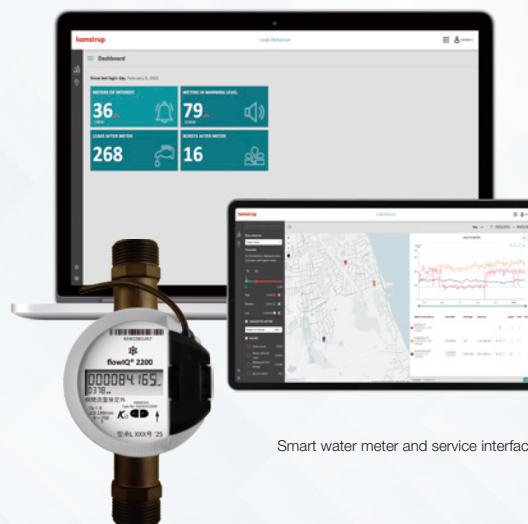
This is the value of automation as we see it.

This initiative to enhance the sustainability of water infrastructure embodies our Vision:

“Connecting people and society”

and

“Becoming a partner that opens up the future”



Smart water meter and service interface

Pursuing our Purpose, creating new value

As illustrated by the examples presented here, the azbil Group’s Purpose and Vision are not only our philosophy and aspirations for the future but also a reflection of the value creation already being realized through our businesses.

While the Building Automation, Advanced Automation, and Life Automation businesses each address different markets and challenges, they are united by a common commitment: solving challenges at customer sites and unlocking new possibilities.

Through technologies, products, and services centered on measurement and control, we create value and contribute to solving societal challenges. At the same time, we aspire to be “a partner that opens up the future,” working together with our customers to realize a sustainable future.

Rapid change across society and industry is creating new opportunities for growth. To turn these opportunities into sustainable growth, we must continue evolving ourselves while deepening co-creation with diverse partners.

Pursuing our Purpose, “Expanding Technological Frontiers, Unlocking Human Potential,” we will continue taking on the challenge of creating new value.

Message from the CEO

**Finding Opportunities for Growth
in Change and Achieving
Sustainable Growth
through “Evolution and Co-creation”**

Kiyohiro Yamamoto

Director, Representative Corporate Executive,
President & Group Chief Executive Officer



Message from the CEO

Emerging societal issues also create opportunities for our growth.

The social and business environment surrounding us is changing faster than ever before. The challenges our customers face are becoming increasingly sophisticated. These include achieving carbon neutrality, responding to the growth of the semiconductor industry, rising interest in physical AI utilization in manufacturing sites, expanding the data center facilities that underpin the AI era, creating environments suited to new ways of working, and ensuring the sustainable operation of social infrastructure.

At the same time, I view these changes as significant opportunities for the azbil Group to create new value. The greater and more complex the challenges faced by our customers become, the greater the role we can play as an automation solution provider.

These challenges cannot be solved by any single product or technology alone. This is precisely why I am convinced that the measurement and control technologies we have cultivated over many years, together with our capability to create value at customer sites, will become even more valuable in the years ahead. What is expected of us is not merely to provide products and technologies, but to deliver solutions to the challenges faced by customers and society. Solving societal issues and achieving business growth are not mutually exclusive. I firmly believe that addressing societal issues with sincerity and contributing to their resolution is what drives our sustainable growth and enhances enterprise value.

Lessons I learned from customers

There is a particular experience that shaped this way of thinking.

Earlier in my career, I was involved in establishing a consulting company that operated as a joint venture with an architectural design firm. The important lesson I

learned there was that customers do not seek to purchase equipment—they seek solutions and outcomes. In the case of energy conservation, for example, their objective is not simply to install energy-efficient equipment. Meaningful outcomes are achieved only when improvements in building operation, changes in human behavior, and the effective use of data are all brought together. Every site presents its own unique challenges. By understanding challenges from the customer's perspective, developing solutions together, and putting them into practice, we create value. It is the accumulation of these efforts that makes the difference. Through this experience, I became convinced that the Group's true strength lies not only in technology itself but also in its

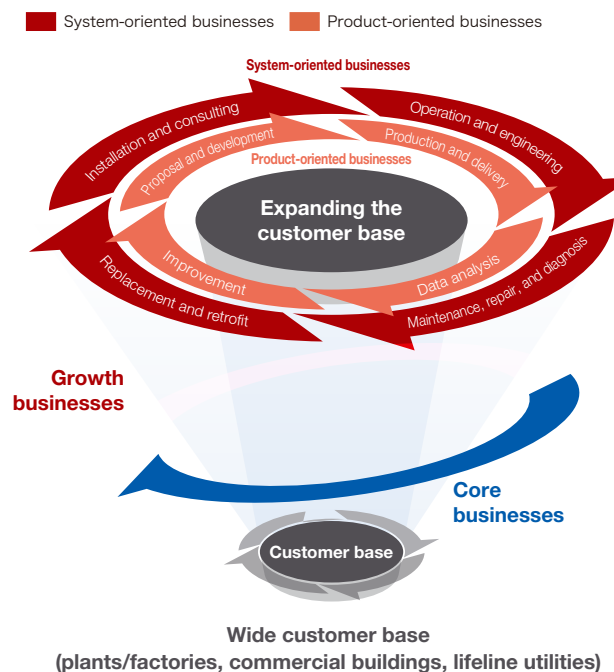
capability to create value at the customers' sites.

With measurement and control technologies at the core, we work closely with customers at their sites and together we solve their issues. This mindset is precisely the strength that has been passed down within the Group since our founding, and I believe it will continue to be a key foundation of our growth in the future.

Value creation unique to the azbil Group

I believe the reason we are able to achieve sustainable growth lies in the business model of the azbil Group. We have built our business on longstanding relationships of trust with a broad range of customers in Japan and overseas, involving factories and plants, commercial buildings, and lifeline utilities. Leveraging the technologies and expertise cultivated through our core businesses, we are capturing opportunities in our growth businesses spawned by technological innovation and emerging societal issues, including the growth of data centers, the expansion of the semiconductor industry, and the transition to carbon neutrality. In addition, we operate stock-type businesses centered on our core businesses, including retrofit projects

The azbil Group's unique business model



and maintenance services that support customers' sites throughout their life cycles. These businesses provide a stable revenue foundation for us.

Besides being unique to the azbil Group, this business model—where core businesses and growth businesses reinforce one another in a continuous cycle—is, I believe, the source of our sustainable growth.

Results achieved in the first year of the medium-term plan

FY2025 marked the first year of our medium-term plan. Overall, we made a solid start. While improved financial

Message from the CEO

performance is certainly important, what I value most is that we are beginning to see tangible signs of change that will support future growth. Our efforts to reform our earnings structure, strengthen product competitiveness, and expand service businesses are beginning to gain traction, steadily enhancing our profit-generating capabilities.

We also see tangible progress from initiatives that we have been preparing, including efforts to cultivate the data center market, promote global key account management, and develop and provide differentiated products utilizing MEMS sensor technologies. Beyond achieving the targets of our medium-term plan, I take particular encouragement from the steady progress made in establishing the foundation to achieve our FY2030 long-term targets.

At the same time, uncertainties remain with respect to resource prices, logistics, and procurement, driven in part by heightened tensions in the Middle East. Given Japan's dependence on overseas sources for much of its energy and raw materials, these developments could affect industrial activity more broadly. However, drawing on our experience navigating the COVID-19 pandemic and subsequent supply-chain disruptions, we have strengthened our procurement

Outline of the medium-term plan (FY2025–FY2027)

- The medium-term plan (FY2025–FY2027) envisages the realization of “**Evolution and Co-creation**” aimed at contributing “in series” to the achievement of a sustainable society and the realization of the well-being of society and Group employees.
- It is expected that the business environment will continue to demonstrate a high degree of uncertainty (e.g., global geopolitical risks, inflation), but through “Evolution and Co-creation,” and with the **azbil Group's unique business model**, we will realize both sales expansion and improved profitability, aiming to achieve further business growth, including business portfolio restructuring.
- To reinforce our business model, we will steadily invest in the requisite strengthening of human capital, product competitiveness, and DX promotion. At the same time, we will continue to bolster the management foundation.

Previous medium-term plan
FY2021–FY2024

Transformation

Accomplished growth by flexibly responding to changes in the business environment, achieving transformation for growth (product development, business portfolio restructuring), strengthening human capital, etc.

Medium-term plan
FY2025–FY2027 (120th Anniversary: FY2026)

Evolution and Co-creation

The azbil Group's unique business model

■ Growth businesses

■ Core businesses

Continuously reviewing our business portfolio in parallel with implementing growth measures for both types of businesses

Investment to strengthen the business model

■ Strengthening human capital

■ Promoting DX

■ Strengthening product competitiveness

Strengthening the foundation of our business

■ Organizational restructuring and investing for growth

■ Sustainability management

■ Promoting management conscious of the cost of capital

■ Strengthening corporate governance

Long-term target

FY2030



Through business expansion, we aim to realize the well-being of society and Group employees by making contributions that lead “in series” to a sustainable society.

Overview of FY2025 financial results

Orders received:	¥302.4 billion	Down 0.8% YoY
Net sales:	¥298.9 billion	Down 0.5% YoY
Operating income:	¥47.3 billion	Up 14.0% YoY
Ordinary income:	¥48.8 billion	Up 15.6% YoY
Net income attributable to owners of parent:	¥38.6 billion	Down 5.8% YoY

capabilities and business continuity framework. Making good use of the lessons we have learned, we will continue to respond appropriately to emerging risks.

Furthermore, we have voluntarily adopted the International Financial Reporting Standards from FY2026. I regard this as an important step in further advancing our global management framework while helping international investors gain a deeper understanding of the Group's businesses and growth potential.

Challenges have become clearer.

Certain challenges have become clearer as we pursue our growth opportunities. While the expansion of overseas

operations represents a significant opportunity, the Building Automation (BA) business remains concentrated on new construction projects overseas. Achieving both business expansion and improved profitability therefore remains an important issue. However, I view this expansion as a phase of investment that will support future growth.

In the Asian markets that are a focus of the BA business, demand is expected not only for new building projects such as office buildings and data centers but also for retrofits and upgrades to systems that we installed. Going forward, we will leverage these opportunities to expand our stock-type businesses—centered on our existing building and service businesses, which already constitute the mainstay of our business in Japan—and

Message from the CEO

thereby achieve sustainable revenue growth. In the Advanced Automation business, we will capture demand in the semiconductor market as well as from an increasingly sophisticated manufacturing sector. We will also deploy competitive new automation products both in Japan and overseas. Product development requires up-front investment, but new offerings, including our sapphire capacitance diaphragm gauges, have been highly acclaimed and our sales channels continue to expand steadily. Going forward, we will accelerate the rollout and market penetration of products and solutions that reflect the Group's unique strengths, including control valve total solutions and plant autonomy technologies, and translate these initiatives into sustained growth.

To provide global markets with products and services that embody the Group's distinctive strengths and thereby achieve growth, we must continue to evolve our products while consistently delivering engineering and services of the highest quality. To that end, securing and developing human capital while improving its productivity is also a management priority. By addressing these challenges head-on, we will steadily convert growth opportunities into tangible outcomes.

In addition to strengthening our own capabilities, we place great importance on co-creation with external partners. We have allocated ¥50 billion for growth investments over the course of the three-year medium-term plan. We will use these initiatives to support the Group's sustainable growth while actively exploring alliances and M&A opportunities that can strengthen our technologies, human capital, and business foundation.

Human capital as the key to realizing “Evolution and Co-creation”

As I have discussed, both our own evolution and co-creation with customers and partners are required if we are to continue harnessing market opportunities, and it is our employees who make that evolution and co-creation

possible. Sustainable growth can only be achieved through people who create value at the customers' sites. For this reason, I regard investing in human capital and enhancing employee engagement as among management's highest priorities. When each employee embraces challenges, grows professionally, and applies those capabilities to creating value for customers and society, those individual efforts become the driving force behind the Group's sustainable growth.

Sustainability management and the enhancement of enterprise value

I believe sustainability and the Group's businesses are fundamentally interconnected. The concept of “human-centered automation” that has guided us since our founding is rooted in a commitment to creating value through the resolution of societal issues. Our current initiatives—including those for carbon neutrality, energy efficiency in data centers, the effective use of water resources, and the evolution of manufacturing—are a natural extension of that philosophy.

For the Group, solving societal issues means not only fulfilling our responsibility to society but also generating new business opportunities. I believe that solving societal issues, creating customer value, and enhancing enterprise value are inseparable.

Improving capital efficiency is also indispensable for achieving sustainable growth. By continuing to invest for future growth while pursuing management that is conscious of the cost of capital, we will strive to enhance both enterprise value and shareholder returns.

We are also continuously strengthening corporate governance through initiatives such as appointing an independent outside director as Chairperson of the Board and enhancing the Board's diversity. Through these efforts, we aim to realize the sustained enhancement of enterprise value.



Shaping our future through “Evolution and Co-creation”

To mark the 120th anniversary of our founding, we formulated our Purpose and Vision. We did so because we believe that to capture market opportunities and achieve sustainable growth, we must continue evolving while intensifying co-creation with customers and partners. Ultimately, our goal is not growth for its own sake. Rather, it is to realize the well-being of both society and our employees while helping to solve societal issues. If I were to choose one word to express the uniqueness of azbil, it would be “*integrity*.” Guided by the values that have been passed down since our founding, we create value at customers' sites and seek solutions for societal issues with sincerity and commitment. I believe that these accumulated efforts win the trust of our customers and society, and ultimately lead to greater enterprise value. By bringing management and employees together as one team and working alongside customers and society as partners in value creation, the azbil Group will continue contributing “in series” to the achievement of a sustainable society while pursuing the well-being of both society and our employees.

We sincerely appreciate the continued understanding and support of all our stakeholders.

Message from the Deputy President

We are advancing sustainability management by pursuing growth investments and improving capital efficiency to enhance enterprise value, while also strengthening engagement as a foundation for sustainable growth.

Takayuki Yokota

Director, Representative Corporate Executive,
Deputy President

Q1 Looking back on the first year of the medium-term plan (FY2025–FY2027), how would you assess its progress?

Attainment of financial targets and steady progress of initiatives to strengthen the business foundation

Under the medium-term plan, we aim to achieve revenue growth, improve profitability, and further enhance capital efficiency. In FY2025, the first year of the plan, the transfer of an overseas subsidiary in the Life Automation (LA) business affected year-on-year comparisons. Nevertheless, supported by favorable market conditions, the Building Automation (BA) and Advanced Automation (AA) businesses performed well, enabling us to exceed both the initial plan announced in May 2025 and the revised plan announced in October 2025. We also continued to improve profitability.

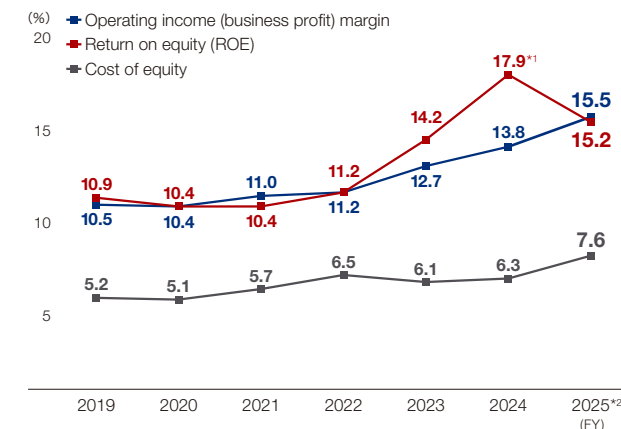
We made investments aimed at strengthening and expanding our business foundations. Over the course of the medium-term plan, we are actively increasing investment by approximately ¥46 billion in three priority areas that are

critical to strengthening the azbil Group's unique business model: enhancing human capital, strengthening product competitiveness, and promoting digital transformation. In FY2025, while investing in these areas, we continued evaluating investment opportunities that will leverage external resources through partnerships and support future growth. In addition, we have separately allocated ¥50 billion for growth investments, including M&A, over the course of the plan. The Group Management Strategy Department and business units are working together to accelerate these initiatives.

Naturally, challenges remain. Heightened tensions in the Middle East and the prospect of a prolonged crisis have contributed to prices rising. As it remains uncertain when this crisis will be resolved, we must continue to closely monitor developments, including the risk of supply-chain disruptions that could make the procurement of materials more difficult. Another critical issue is how effectively we can capture demand in growth markets and translate this into sustainable growth for the azbil Group. It is essential that we

respond without delay through initiatives such as expanding our sales capabilities and offering new products and services to meet the recovery and growth of semiconductor-related markets, capturing domestic and overseas demand related to HVAC for data centers, and providing solutions for aging social infrastructure that utilize meter data and detect water leakages. We will also continue to improve capital efficiency. We conduct portfolio analysis based on the principle that a business can create value only when it generates returns that exceed its risk-adjusted cost of capital. Using ROIC as a key management indicator, we will continuously review our business portfolio.

Operating income (business profit) margin, ROE, cost of equity



Operating income margin, ROE targets
(announced on May 13, 2025)

Medium-term plan (FY2027)

Operating income margin: 15%*3
ROE: 14%*3

Long-term targets (FY2030)

Operating income margin: 15.5%
ROE: 15%*3

*1 Azbil transferred all equity interests in Azbil Telstar on October 31, 2024. ROE excluding the extraordinary gains from the transfer and other factors was 14.2%.

*2 Azbil voluntarily adopted IFRS Accounting Standards from the first quarter of FY2026. To facilitate comparison, the figures for FY2025 have been recalculated based on IFRS Accounting Standards.

*3 As regards the FY2027 targets for operating income margin and ROE, as well as the FY2030 ROE target, we will consider revising these once we have a clearer picture of the developing situation in the Middle East. Note: FY2025 azbil Group ROIC (trial calculation) was 11.5% (based on J-GAAP) / 11.1% (based on IFRS Accounting Standards).

Message from the Deputy President

Q2 What is your approach to capital management and shareholder returns?

Continuing to focus on improving capital efficiency while enhancing shareholder returns by realizing a significant dividend increase, including a commemorative dividend marking our 120th anniversary, and an expanded share buyback

There has been no change to the azbil Group's basic policy of maintaining and enhancing enterprise value through disciplined capital management that carefully balances three key elements: investing for growth, promoting shareholder returns, and maintaining a sound financial base. In FY2025, we delivered results that exceeded not only our initial financial plan but also the revised plan announced during the fiscal year, further strengthening the earnings foundation of our businesses. As a result, our operating income (business profit) margin improved to 15.5%*, while ROE reached 15.2%*. Given the strength of our earnings foundation and our robust balance sheet, supported by a shareholders' equity ratio of 76%, we intend to actively pursue growth investments while appropriately utilizing external financing where warranted. Through this approach, we aim to

FY2025 year-end dividend and FY2026 annual dividend plan

	FY2025			FY2026		
	Results			Plan (May 13, 2026)		
	Interim	Year-end	Annual	Interim	Year-end	Annual
Ordinary dividend	13	19	32	19	19	38
120th anniversary commemorative dividend	-	-	-	12	-	12
Dividend per share	13	19	32	31	19	50
Dividend payout ratio	46.1%*			72.1% 54.8% excluding commemorative dividend		
Dividend on equity (DOE)	6.8%*			10.7% 8.0% excluding commemorative dividend		

improve capital efficiency while reasonably reducing the cost of invested capital. While always maintaining a sound financial position, we will manage our balance sheet more efficiently, further improve ROE, and continue enhancing enterprise value. In my view, improving capital efficiency means allocating limited management resources to the areas that generate the greatest value creation. To achieve this, it is essential that we continuously review our business portfolio and allocate resources to businesses capable of generating returns that exceed their cost of capital. By utilizing indicators such as ROIC, we will pursue both growth investment and improvements in capital efficiency.

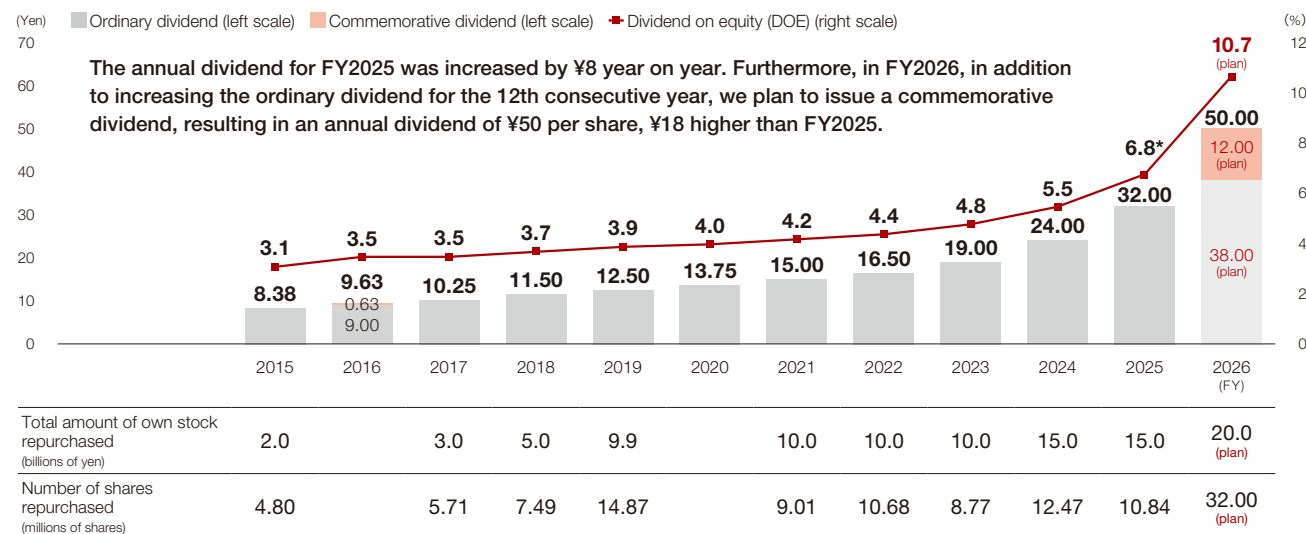
As regards shareholder returns, we increased the year-end dividend for FY2025 by ¥6 per share from the amount announced in May 2025, raising the annual dividend to ¥32 per share. For FY2026, we plan to increase the annual ordinary dividend by a further ¥6 to ¥38 per share. In addition, as an expression of our appreciation to shareholders,

we intend to pay a commemorative dividend of ¥12 at the interim dividend date to mark the 120th anniversary of the company's founding, making an annual dividend of ¥50 per share. As a result, dividend on equity (DOE) exceeded the 6.0% level established as a target under the medium-term plan, reaching 6.8%* in FY2025. In FY2026, DOE is expected to be 10.7% with the commemorative dividend. In addition, as part of our disciplined capital management, we are implementing a share repurchase program of up to ¥20 billion (as of August 2026).

While uncertainties remain in the business environment, including risks arising from developments in the Middle East, the shareholder return measures announced on this occasion are underpinned by our financial results through FY2025 and the financial resources generated by those results. We will continue to manage capital with discipline and consistency going forward.

* Azbil voluntarily adopted IFRS Accounting Standards from the first quarter of FY2026. To facilitate comparison, the figures for FY2025 have been recalculated using IFRS Accounting Standards.

Trend of shareholder returns



Note: The dividend per share and total number of shares repurchased have been retroactively adjusted to take into account the effect of the stock splits in October 2024 and October 2018.

Message from the Deputy President

Q3 What initiatives are you implementing to strengthen human capital?

Enhancing engagement by linking shareholder returns to value creation by and for employees

Of all human capital initiatives, I place particular importance on employee engagement. This is because sustainable growth depends on every employee embracing the Group's direction and value creation initiatives as their own and proactively taking on new challenges. In FY2025, in addition to salary increases, we revised our compensation system to make it more rewarding. We also converted the existing employee stock ownership plan (J-ESOP) into an employee stock ownership plan with restricted stock (J-ESOP-RS). This change reflects our desire for employees to view the company's performance, interests, and issues as their own, translating that awareness into greater motivation. The new structure enables employees to receive dividends directly and exercise voting rights as shareholders. Accordingly, I believe that the dividend increase also rewards our employees. We have also substantially enhanced the employee stock ownership program.

In addition, we have focused on creating a workplace environment that encourages creativity and engagement. Various initiatives have been implemented across our sites. In designing our headquarters, which has been in operation since May 2026, we sought to create an open environment that enhances employee productivity and creativity as well as to establish areas that encourage dialogue and co-creation with customers and other stakeholders, thereby fostering new value creation.

To monitor the effectiveness of these initiatives, we have conducted annual employee satisfaction surveys for many years. In FY2025, we revised the survey framework and introduced a globally standardized engagement survey. We expect this to provide greater clarity regarding engagement-related issues across the Group.

Our efforts to enhance engagement extend beyond systems and programs, with initiatives developed from multiple perspectives. In 2025, we sponsored four Theme Weeks at Expo 2025 Osaka, Kansai, Japan. These included talk sessions organized primarily by younger employees and programs that explored how our technologies could help realize ideas proposed by elementary school students from Japan and abroad. I was truly impressed by the enthusiasm demonstrated by the participating employees. The outcomes of these initiatives were shared with employees throughout the Group using multiple channels, and I believe they made a meaningful contribution to enhancing engagement.

Q4 Please tell us about the status of your sustainability management initiatives.

Reassessing materiality through the lens of our Purpose

Marking a milestone for our company, the 120th anniversary of our founding, our Purpose is defined as "Expanding Technological Frontiers, Unlocking Human Potential" and it articulates our reason for existence. I believe it should serve as the basis for decision-making and management across the Group, while also being shared with stakeholders. In particular, as regards sustainability management the Purpose serves as the guiding principle for determining the relative importance of material issues. With this perspective in mind, and in light of changes in the business environment, we have reviewed our materiality. As a result, we newly identified "water resources" as a material issue. We believe the relationship between water resources and our business interests—including central air-conditioning systems, HVAC systems for data centers, and water infrastructure—will become increasingly important in the years ahead. We have also elevated the importance of human capital and supply chains within our materiality framework in recognition of their growing significance to society. Viewing societal issues and business opportunities as two sides of the same coin, we will



embed materiality into our management and use it to drive sustainable enhancement of enterprise value.

Q5 Finally, is there anything you would like to communicate to azbil Group stakeholders?

Meeting stakeholder expectations through the sustainable enhancement of enterprise value

As we mark the 120th anniversary of our founding, I would like to express my sincere gratitude to all of our stakeholders, including customers, business partners, shareholders and investors, and our employees and their families, whose support has sustained the growth of the azbil Group over many years.

While the business environment continues to evolve, the value of automation in addressing customer and societal issues remains unchanged. We will continue to make growth investments, invest in human capital, improve capital efficiency, and steadily advance sustainability management, thereby achieving the sustained enhancement of enterprise value. Delivering the benefits created through these efforts to all stakeholders—including customers, shareholders and investors, and our employees—is a responsibility that we, as management, take very seriously. Going forward, we will continue to create a virtuous cycle of growth investment and improved capital efficiency while fulfilling our Purpose of "Expanding Technological Frontiers, Unlocking Human Potential," and remaining committed to achieving the sustained enhancement of enterprise value.

Materiality

Environmental, societal, and business structural changes—resulting from such factors as the need for action on climate change and the SDGs, as well as the declining birth rate, the aging population, and changes in the way people work—have led to the emergence of new challenges that need to be addressed. Automation—which can serve in a variety of ways, such as mechanization, labor saving, energy saving, and resource conservation—is playing an increasingly essential role in solving these issues, further enhancing its value and raising expectations. Amid these changes, in August 2022, to achieve sustainable growth for the azbil Group, we incorporated double materiality (a concept that evaluates materiality from two aspects: financial evaluation of the impact of the environment and society on the company, and the impact of corporate activities on the environment and society) from the perspective of both opportunity and risk, based on the Group philosophy. We have identified 10 material issues across five areas to be tackled over the long term. In FY2023, with advice from external experts, the process for identifying materiality was reassessed, and its validity was reaffirmed.

In FY2026, the azbil Group reviewed and revised its materiality in light of changes in the business environment and the formulation of its Purpose, following deliberations by the Board of Directors. In this changing landscape, both supply chains and human capital continue to increase in importance globally. At the same time, the semiconductor and data center markets—which demand technological advances and solutions for societal issues—are treated as rapidly evolving growth areas in the azbil Group's unique business model. Based on these considerations, we reassessed the importance and financial impact of each material issue. As a result, we are placing greater emphasis on issues related to supply chains and human capital, and we have newly identified “water resources” as a material issue. Of particular note is the huge increase in water consumption resulting from the construction of data centers required to meet AI growth.

Process for identifying materiality

STEP 1

Based on various guidelines (e.g., SDGs, GRI Standards, SASB Standards), societal issues were comprehensively identified as materiality candidates.

STEP 2

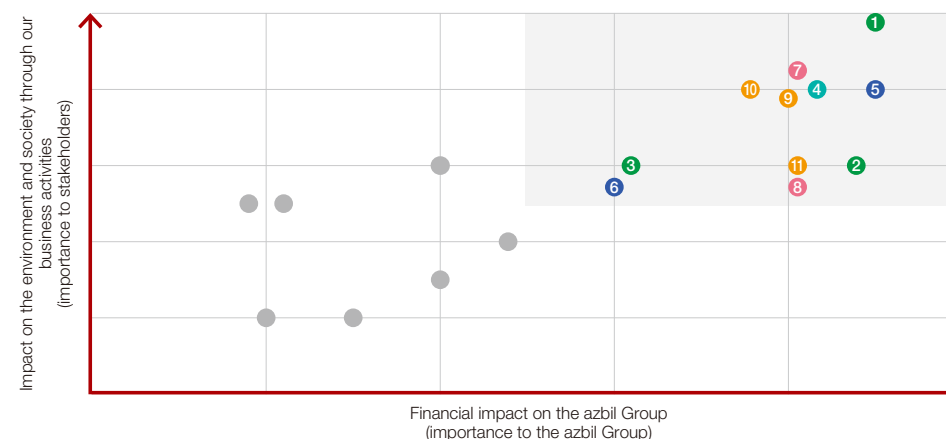
For the materiality candidates, we identified opportunities and risks from the perspective of double materiality and evaluated their level of importance, taking into account several key issues that emerged through stakeholder engagement and advice from external experts.

STEP 3

Following conferral with external experts, in FY2023 the Management Meeting and the Board of Directors confirmed the validity of the 10 material issues and reaffirmed the azbil Group's materiality. In FY2026, the azbil Group reviewed and revised its materiality in light of changes in the business environment and the formulation of its Purpose, following deliberations by the Board of Directors.

Data centers rely on energy supplies and cooling, hence the importance of water resources. As part of the global strategy of the Building Automation (BA) business in regions facing potential water scarcity, the azbil Group recognizes significant growth potential in solutions that support business continuity and enable the efficient use of cooling water for air-conditioning systems at data centers and other facilities. In addition to assessing the impact of water-related issues on the BA business, the azbil Group has evaluated their financial impact across its business domains. This includes equipment and services that enhance water efficiency and environmental accident prevention solutions in the Advanced Automation business, as well as leak detection solutions in the Life Automation business.

Evaluation of importance



Materiality		Our aim
Environment	① Climate change	Help to solve environmental problems to achieve a decarbonized society
	② Resource recycling	Provide environmentally friendly products and services
	③ Water resources	Contribute to the conservation and effective utilization of water resources
Innovation	④ Innovation	Continuously seek new forms of automation to achieve a safe and comfortable society
	⑤ Supply chain	Realize sustainable supply chains that are mindful of human rights and the environment
Social	⑥ Contribution to local communities	Contribute to viable communities through community-based action
Human resources	⑦ Human rights, safety, and health	Promote corporate activities based on “human-centered” values, and health and well-being management
	⑧ Learning and human resource development	Develop the corporate culture as “an organization that never stops learning” and strengthen the foundation for education
Governance	⑨ Product safety and quality	Provide high-quality products and services that prioritize customer safety and security
	⑩ Corporate governance	Continuously raise enterprise value through highly transparent management
	⑪ Compliance	Fulfill our social responsibilities based on high corporate ethics

Materiality and the Essential Goals of the azbil Group for the SDGs



Based on the materiality we have identified, for eight material issues related to our business and corporate activities, we have formulated specific targets to achieve by FY2030 within the scope of the essential goals of the azbil Group for the SDGs. For the other three material issues, which are fundamental obligations that a company must fulfill to be a member of society, we have established specific goals as part of our CSR activities. We are promoting sustainability management through various initiatives to achieve these goals.

Materiality		Essential goals of the azbil Group for the SDGs			
		Essential goals	Targets	FY2025 results	References
Environment	Climate change	I Environment and Energy	Solving energy-related problems (toward a decarbonized society) - Effective reduction of CO₂ at customers' sites: 3.40 million metric tons of CO₂/year^{*1} - Reduction targets in GHG^{*2} emissions 60% reduction^{*3, *4} in GHG emissions (Scope^{*5} 1 + 2) from our business activities 33% reduction^{*3} in GHG emissions (Scope^{*5} 3) across the entire supply chain Environmental preservation (realization of integrated environmental corporate management^{*6}) - Creation and provision of eco-friendly products and services - Design all new products to meet the azbil Group's own design standards for sustainability^{*7} - Increase the number of skilled professionals^{*8} for supporting services for sustainability^{*9} provided by the azbil Group to a total of 1,800^{*10}—triple the number in FY2021 - Effective use of natural resources^{*11} and reduction of waste generation - Design all new products to meet the azbil Group's own design standards for 100% recyclability^{*12} - Contribution to the conservation and effective use of water resources	- Effective reduction of CO₂ at customers' sites: 3.06 million metric tons of CO₂/year - GHG emissions (Scope 1 + 2): 63% reduction from FY2017 (base year) - GHG emissions (Scope 3): 28% reduction from FY2017 (base year) - All target products met the azbil Group's own design standards for sustainability - Total of 1,049 skilled professionals - Set interim targets toward attaining the FY2030 SDG goals and achieved them across all target products	p.52—Environment
	Resource recycling				
	Water resources				
Innovation	Innovation	II New Automation	So that customers can benefit from sustainable production sites and workplace environments—as well as greater safety, comfort, and fulfillment—we will solve occasional issues as required by society and create added value through advanced measurement, a data-driven approach, and autonomy in production spaces, office spaces (buildings) and living spaces. - We will achieve a state of resilience to changes in the business environment at 8,000 business sites^{*13} by 2030. - We will provide environments that support stress-free and diverse work styles to 6 million people^{*14} by 2030.	- Introduced a control valve maintenance support system, an online anomaly detection system, cloud-based services for large-scale buildings, smart metering as a service, etc. - Contributed to the business environment of a total of 1,818 business sites (+595 YoY) - Contributed to the residential and office environments of 1,274,000 people (+348,000 YoY)	p.33—Service Engineering
Social	Supply chain Contribution to local communities	III Supply Chain, Social Responsibility	Fulfilling social responsibilities with customers and business partners (expansion of azbil CSR activities aimed at sharing value) - Working with our business partners on achieving the SDGs as a common goal and creating a sustainable supply chain that is mindful of human rights and the environment Invigorating local communities (contributions around our business sites) - Social contribution activities rooted in local communities are run at all our business sites,^{*15} with the active participation of every employee.^{*16}	- Completed activities to reduce the risk of human rights violations at important business partners of the azbil Group, and conducted such activities at secondary business partners. Supported business partners in solving issues related to the reduction of CO₂ emissions - Promoted employee participation in sponsored events and educational support activities in neighborhoods near our business sites, in Japan and overseas, and conducted collaborative activities with the Azbil Yamatake General Foundation and other organizations	p.58—Supply Chain p.74—Stakeholder Engagement

Materiality and the Essential Goals of the azbil Group for the SDGs

Materiality		Essential goals of the azbil Group for the SDGs			
		Essential goals	Targets	FY2025 results	References
Human resources	Human rights, safety, and health Learning and employee development	IV Health and Well-being Management, An Organization That Never Stops Learning	Implementing health and well-being management (job satisfaction; health; and diversity, equity and inclusion) (Creating workplaces that allow flexible work styles and a reduction in total work hours, maintaining and promoting employees' mental and physical health, and creating opportunities for diverse personnel to demonstrate their abilities) 65% or more employees*17 expressed satisfaction with working at azbil Group companies. - Percentage of female employees at managerial or specialist positions to be 10% or more*18 - Approximately double the percentage of female employees at managerial or specialist positions across the azbil Group in Japan by FY2027 (versus FY2017)*19 Developing and strengthening “an organization that never stops learning” (Expanding opportunities for globally active employees to continue education and opportunities to learn with stakeholders) 65% or more employees*17 experienced personal growth over the past year.	60% of employees expressed satisfaction with working at azbil Group companies. - Percentage of female employees at managerial or specialist positions: 7.4% - Percentage of female employees at managerial or specialist positions across the azbil Group in Japan: x1.8 58% of employees experienced personal growth over the past year.	p.47– Human Capital
Governance	Product safety and quality Corporate governance Compliance	Fulfilling our fundamental obligations to society	- With regard to product safety and quality, and compliance, each department selects indicators and sets goals directly related to business as part of a CSR activity plan. The plan includes compliance enhancement, strengthening of legal compliance, disaster preparedness and business continuity planning, prevention of information leaks, proper accounting practices, creation of a healthy workplace, enhanced occupational health and safety, assurance of customer safety in the event of product incidents, and respect for human rights. Progress is monitored by the azbil Group CSR Promotion Committee, ensuring the maintenance and improvement of these initiatives. - With regard to corporate governance, in June 2022 the company transitioned to a three-committee board structure, and it has been working to ensure an appropriate supervisory function and board effectiveness under a Board of Directors with a majority of outside directors and three statutory committees.		p.73 Compliance and Internal Control p.64– Corporate Governance

*1 The FY2030 emission factor from electricity generation is our own estimated value based on the Japanese government's Energy Basic Plan in 2019.

*2 Greenhouse gases (e.g., CO₂)

*3 Base year: FY2017

*4 In April 2026, our new target to reduce GHG emissions by 60% by 2030 (compared with 2017) was certified by the SBTi.

*5 Scope 1: Direct GHG emissions from a business (from fuel burning, industrial processes, etc.)

Scope 2: Indirect GHG emissions from using electricity and heat/steam provided by another business

Scope 3: Indirect GHG emissions related to business activities (indirect emissions not included in Scope 1 and 2)

*6 Management that integrates into business operations such environmental activities as decarbonization, resource recycling, and biodiversity conservation

*7 Design for creating and providing products that contribute to solving global environmental issues (decarbonization, resource recycling, and biodiversity conservation)

*8 We have set up an in-house qualification system for employees with the following specialized skills, which are considered vital for realizing solutions to issues in our three environmental priority areas:

· Professionals licensed for network services, such as remote maintenance of large-scale buildings, energy management, and cloud services

· Certified professionals in the fields of advanced plant/factory control, energy-saving solution technologies, and valve maintenance

*9 As well as contributing, through our automation technologies, to productivity improvements and stable operations at our customers' sites, we offer field engineering services that can contribute to the realization of a sustainable society by solving environmental challenges that face our customers and society in all three of our environmental priority areas (decarbonization, resource recycling, and biodiversity conservation).

*10 Total number of qualified personnel including those who have acquired multiple professional skills (counted separately for this purpose) to adapt to emerging technological innovation in field engineering service

*11 A general term for materials and energy found in nature that can be used to support human lifestyles and production activities

*12 Design that scores 100% on the azbil Group's proprietary scale for resource recycling. Our aim is to enable proper disassembly and sorting when the product is disposed of by the customer.

*13 Base year: 2022 (baseline as of April 2022 = approx. 530 business sites)

*14 Base year: 2022 (baseline as of April 2022 = approx. 600,000 people)

*15 All offices, both in Japan and overseas

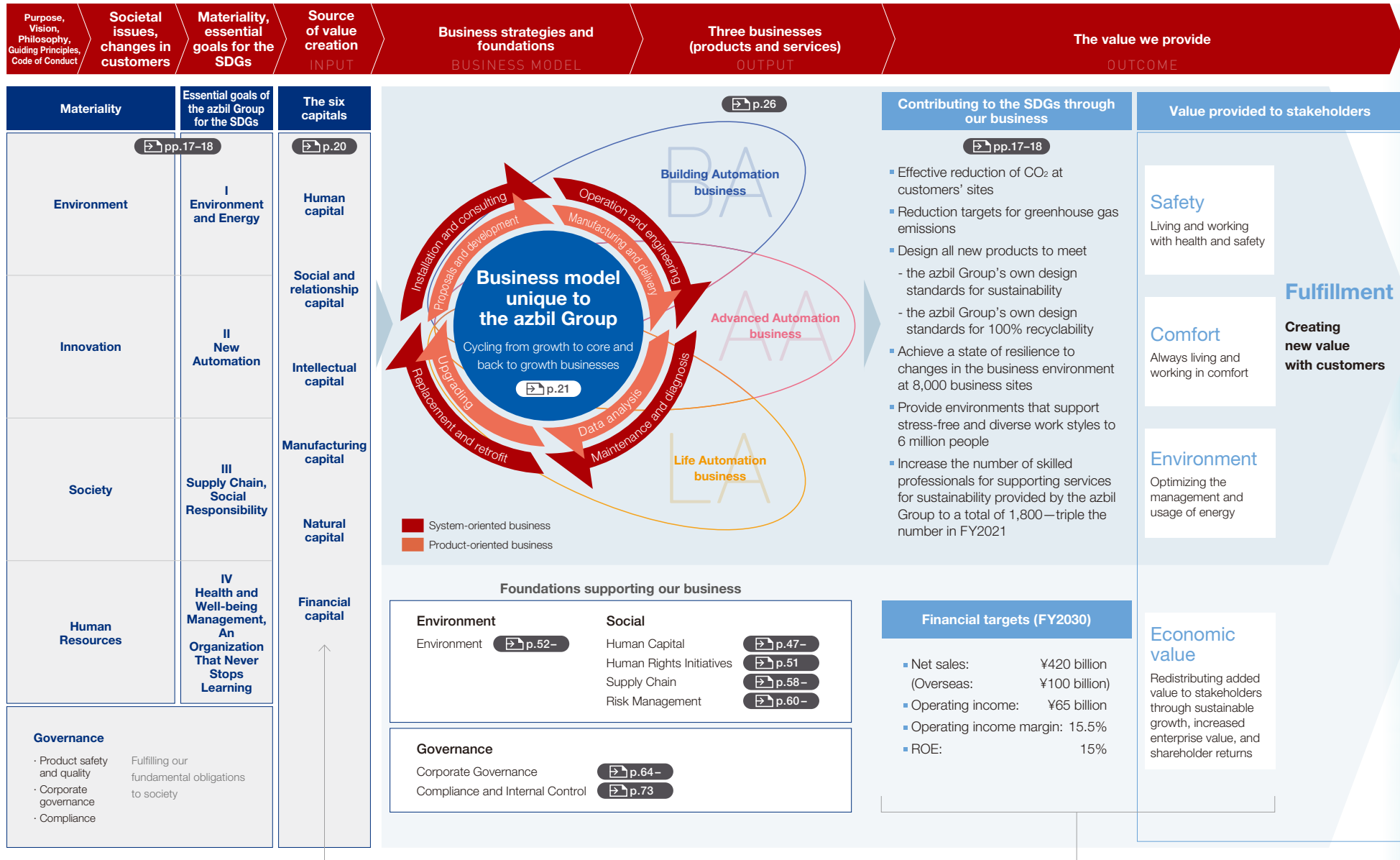
*16 The azbil Group aims to participate in activities of a scale that can accommodate the total number of employees.

*17 We aim to achieve a level of 65%—that is, 2/3 of all employees, which is considered high—in the azbil Group's annual employee engagement survey conducted in Japan.

*18 Azbil Corporation's target is for female employees in managerial or specialist positions to represent at least 10% of all employees in these positions.

*19 The base year for our target is FY2017 because in FY2018 we revised our personnel system to incorporate measures for women's advancement.

The azbil Group's Value Creation Model



The Six Capitals

The azbil Group's Management Resources and Sources of Value Creation

The azbil Group leverages the capital accumulated over many years since its founding as an invaluable asset with which to develop its unique business model.

By strengthening these six types of capital, we will create more value and expand our businesses, through which we aim to contribute “in series” to a sustainable society.

Human capital	Social and relationship capital	Intellectual capital	Manufacturing capital	Natural capital	Financial capital
Assisting growth and creating value with diverse human resources	Creating value through relationships of trust and cooperation with various stakeholders	Strengthening our ability to produce products and services that address the issues facing society and our customers	Sharing advanced production technologies throughout the Group globally	Reducing our own environmental impact and assisting in efforts to reduce the environmental impact at customer sites	Allocating resources with a focus on ensuring capital efficiency and maintaining a sound financial base
Number of employees (consolidated) 9,170 (as of March 31, 2026) Annual number of Azbil Academy attendees 198,000 (total) Training expenses ¥0.8 billion (consolidated) Number of employees holding key professional certifications 2,802 (total)	Sales and service bases in 15 countries and regions: 13 companies in Japan 28 companies overseas	Enhancing product competitiveness (R&D and related investments) Three-year cumulative increase ¥9 billion (FY2025–FY2027 plan) Patents 2,160 (as of March 31, 2026)	Factories: 10 in Japan 4 overseas	Total energy use 56,077 MWh Total water use 110 million liters	Total assets ¥332.2 billion (as of March 31, 2026) Credit rating A+ (from R&I, Rating and Investment Information, Inc.)
Human resources are the most important form of capital for the azbil Group, as we use an integrated system—covering everything from development, through manufacturing and engineering, to services—in order to provide solutions. We are strengthening our human capital to enable employees to thrive over the long term. ■ Reforming personnel systems to maximize employee performance and productivity ■ Developing and securing talent aligned with management and business strategies ■ Enhancing engagement and promoting health and well-being management p.47– Human Capital p.74– Stakeholder Engagement	The activities of the azbil Group are supported by collaboration with customers, alliance partners, business partners (suppliers), and other stakeholders. We will work to further strengthen relationships of trust while expanding internal and external collaboration and ties. ■ Promoting co-creation with customers and alliance partners ■ Building networks, including investments in venture funds ■ Establishing a sustainable supply chain by implementing initiatives focused on environmental conservation and respect for human rights p.27– BA/AA/LA Businesses, Service Engineering, Global Strategy p.58– Supply Chain	We are promoting solution-oriented product & technology development by integrating advanced technologies such as AI and cloud computing with our core sensing, actuator, and systems technologies, which form the foundation of our measurement and control business. ■ Strengthening R&D investment, development capabilities, and the development environment, including intellectual property ■ Strengthening development talent through talent management systems ■ Harnessing DX to enhance efficiency and effectiveness, and to create added value p.37– Research and Development	To respond to customer demand and reliably deliver high-quality products around the world, we are establishing manufacturing and procurement systems with a BCP perspective; promoting production IT initiatives (DX/LX); and enhancing the capabilities and efficiency of production technologies. ■ Upgrading production capabilities, led by our mother factory ■ Improving and strengthening the global production system (China, Thailand, Vietnam) ■ Promoting production IT (DX/LX) ■ Strengthening procurement and manufacturing systems p.42– Manufacturing and Procurement	We are working to reduce the environmental impact from our own business activities. We have also formulated a decarbonization transition plan to achieve our SBTi-certified net-zero targets. Furthermore, we aim to reduce CO₂ emissions at customers' sites through our automation businesses. The overall resulting reduction in our customers' CO₂ emissions is equivalent to 290 times the emissions generated by our own business activities. ■ Implementing a decarbonization transition plan and reducing CO₂ emissions at customer sites ■ Responding to the TCFD/TNFD recommendations ■ Creating and providing sustainable products and services p.52– Environment	To sustainably provide value, a sound financial foundation and management that emphasizes capital efficiency are essential. We focus on promoting management that is conscious of the cost of capital and enhancing profitability, achieved through the optimization and utilization of our balance sheet. ■ Promoting ROIC management that is conscious of the cost of capital ■ Restructuring our business portfolio ■ Utilizing our balance sheet to make strategic investments that will drive growth and strengthen our business model p.13– Message from the Deputy President p.21– Medium-term Plan (FY2025–FY2027) p.24– Financial and Capital Management

Medium-term Plan (FY2025–FY2027)

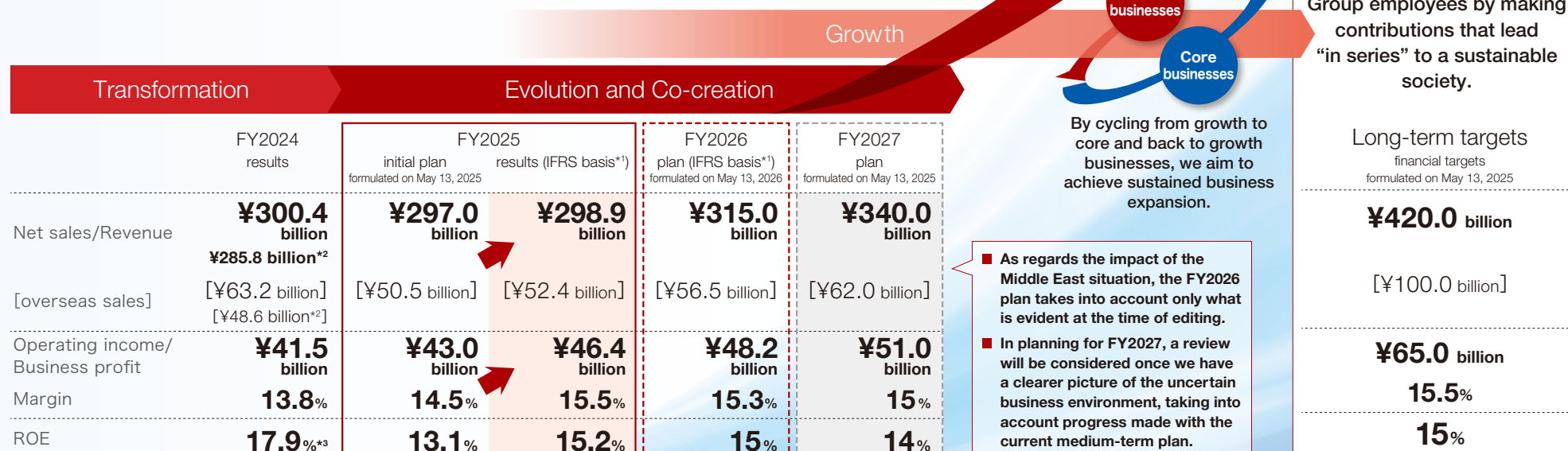
Realizing Sustained Growth and Enhanced Enterprise Value through Evolution and Co-creation

Guided by our Purpose and Vision, we are making progress with the current medium-term plan, aiming to achieve our long-term targets for FY2030. For FY2030, we have established financial targets as follows: net sales of ¥420 billion, operating income of ¥65 billion, an operating income margin of 15.5%, and an ROE of 15%. We see the current medium-term plan as playing a key role in achieving these targets.

We are strengthening our business model, which is unique to the azbil Group, over the three years covered by the current medium-term plan, for which the theme is “Evolution and Co-creation.” By proactively investing in human capital, strengthening product competitiveness, and promoting DX, we seek to achieve both revenue growth and improved profitability while contributing to the well-being of society and our employees.

In FY2025, although progress varied by business segment, the Group as a whole delivered results that exceeded the initial plan. In FY2026, while the business environment is expected to remain uncertain due to such factors as continued geopolitical tensions in the Middle East, we will strengthen preparedness by drawing on the experience gained from responding to past supply chain disruptions and make steady progress with growth investments to achieve further sustained growth.

At the time of editing, there are no changes to the targets for FY2027. Uncertainties in the external environment, including the Middle East situation, make it difficult to gauge how our business will be impacted. For this reason, we will consider revising the plan once the outlook becomes clearer, taking into account both progress under the medium-term plan and changes in the business environment.



*1 International Financial Reporting Standards (IFRS Accounting Standards) were adopted from FY2026. To facilitate comparison, figures for FY2025 results have been recalculated using IFRS Accounting Standards.

*2 Net sales exclude the impact of the transfer of Azbil Telstar (ATL) in October 2024. Excluding the impact of the ATL transfer, operating income was ¥41.1 billion and the operating income margin was 14.4%.

*3 ROE excluding the extraordinary gains from the transfer of equity interests in Azbil Telstar and other factors was 14.2%.

Medium-term Plan (FY2025–FY2027)

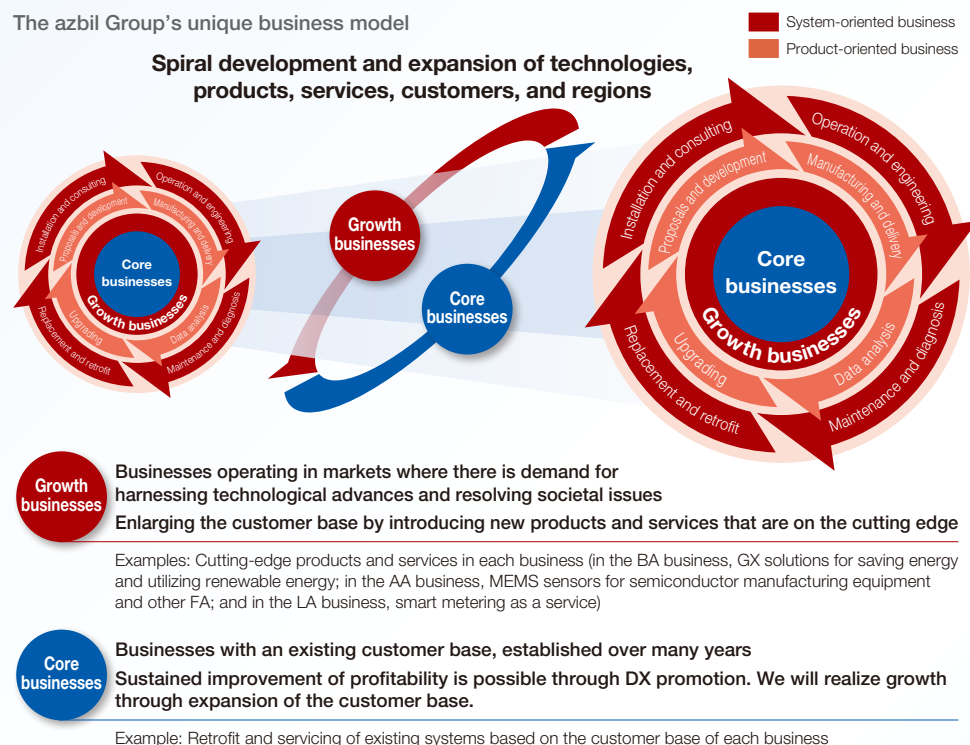
Progress in the First Year of the Medium-term Plan and Strengthening the Business Foundation

The azbil Group's unique business model and progress made in each business

The azbil Group promotes a business model unique to the Group, expanding its operations with a cycle comprised of two interlocking wheels: our growth businesses, which add to the customer base by harnessing opportunities that arise from societal challenges and technological advances; and our core businesses, which provide ongoing value to the long-established customer base. The cycle progresses from customer base expansion, achieved by our growth businesses, to improved profitability, achieved by our core businesses, which in turn supports our growth businesses. In this way, we aim to achieve sustained growth and enhance enterprise value.

In FY2025, the Building Automation (BA) and Advanced Automation (AA) businesses led overall performance. In the BA business, there were increased orders related to data centers, a key growth area, while retrofit and service for existing buildings, which form part of our core businesses,

The azbil Group's unique business model



won orders in excess of the plan and delivered strong profitability. In the AA business, both growth and core businesses expanded, particularly in process automation (PA) markets such as chemicals and petroleum, resulting in a high level of profitability. In factory automation (FA) markets, including semiconductors, we brought more new products to market and expanded production capacity in anticipation of continued growth in semiconductor-related demand.

In the Life Automation (LA) business, it is taking longer than originally anticipated to expand smart metering as a service and new product offerings. However, we are steadily growing our smart meter-related business and improving profitability through pricing optimization. We are also expanding high value-added businesses related to water infrastructure, including leak detection solutions developed through collaboration with Kamstrup of Denmark.

While we expect business profit to increase in FY2026, the profit margin is projected to decline temporarily as we continue to make investments for future growth. This reflects higher personnel expenses associated with human capital investment, inflation-driven cost increases, workforce expansion to support overseas business growth, and increased capital expenditures and depreciation associated with expanding production capacity for vacuum gauges used in semiconductor manufacturing equipment. Going forward, we will steadily realize the benefits of these investments and pursue further improvements in profitability.

Strengthening the management foundation that supports sustained growth

In implementing the medium-term plan, the azbil Group is also strengthening the management foundation that supports business growth. During FY2025, we focused on strengthening our organizational structure, promoting management that is conscious of the cost of capital, advancing sustainability management, and strengthening corporate governance.

As regards organizational initiatives, we reorganized our development framework in April 2026 to strengthen product development capabilities leveraging MEMS and sensing device technologies, AI, cloud technologies, and other advanced technologies. We have also established an integrated framework for human resources and talent development, and we are promoting the recruitment and development of talent aligned with our business strategies.

In sustainability management, we reviewed our materiality framework in light of the formulation of our Purpose and changes in the business environment and added “water resources” as a material issue. We are also enhancing resilience through initiatives such as strengthening business continuity planning (BCP) with the establishment of the Kyoto Distribution Center and participating in international cybersecurity exercises.

To strengthen corporate governance, we transitioned to a Board of Directors chaired by an outside director and reviewed the composition of the Board. In addition, we revised the executive remuneration system to strengthen performance linkage. We will continue to enhance our management framework to support sustained improvements in enterprise value.

Medium-term Plan (FY2025–FY2027)

Advancing Strategic Investments for Future Growth

Investing in human capital, product competitiveness, and DX

Guided by the theme of “Evolution and Co-creation” in its medium-term plan, the azbil Group is making investments targeting human capital, product competitiveness, and DX to strengthen the business model that generates a virtuous cycle linking growth businesses and core businesses. These investments are positioned not only as a means of driving short-term performance but also as a foundation for achieving sustained growth and enhanced profitability over the long term.

Investing in human capital

(3-year cumulative increase in total personnel expenses: ¥32 billion)

Through investment in human capital, we are securing and developing the talent needed to support the expansion of both our growth and core businesses. In FY2025, in addition to enhancing ways to improve job satisfaction, such as revising the remuneration system and introducing a revised employee stock ownership plan (J-ESOP-RS), we have promoted talent development initiatives aligned with our business strategies, including the development of self-directed talent, DX talent, and female managers. We have also adopted a globally standardized engagement survey as part of our efforts to advance human capital management.

Strengthening product competitiveness

(3-year cumulative increase in R&D and other expenses: ¥9 billion)

To further advance the measurement and control technologies that are at the heart of the Group’s competitive advantage, we reorganized our development framework, which places emphasis on contributions to customer value and business growth. With this framework, we are advancing the development of new products such as the Control Valve 6000 Series and MEMS sensors. At the same time, we are pursuing opportunities in new fields through participation in initiatives such as a next-generation bio-manufacturing project.

Promoting DX

(3-year cumulative increase in DX (IT) investment: ¥5 billion)

Our DX initiatives focus on both enhancing products and services for customers and improving our own productivity. In FY2025, we upgraded the infrastructure required for utilizing generative AI and cloud services while advancing digital marketing initiatives and building service information platforms. We also worked to reinforce our business foundation through business process transformation and the expanded use of generative AI across the Group.

From FY2026 onward, we will continue to realize the benefits of these investments while expanding our overseas business and strengthening our capability to meet the evolving needs of semiconductor-related markets, with the aim of achieving further growth and improvements in profitability.

Collaboration and investments to strengthen product competitiveness and business development

To strengthen product competitiveness, which is essential for growth, and to explore new business domains, we are moving ahead with collaborations with external partners, investments in venture capital funds, and participation in strategic projects. In addition to investments in human capital, product competitiveness, and DX, we will pursue further growth opportunities through growth investments, including M&As, utilizing the ¥50 billion secured for strategic investments under the medium-term plan.

Partnerships & investments	Overview
MetaProp Ventures IV (in the BA business, investment in 2025)	Investment in a fund active in the property tech (PropTech) sector
DATAFLUCT, Inc. (in the BA business, investment in 2026)	Capital alliance and business partnership agreements. Streamlining and enhancing the functionality of high value-added building management services (cloud services, energy management services) utilizing AI
DNX Partners IV, LP (in the BA and AA businesses, investment in 2025)	Investment in a fund active in climate tech—with a “DX & environment” focus—and in deep tech, involving cutting-edge technologies such as AI
Kamstrup A/S (in the LA business, collaboration in 2026)	Provision of next-generation ultrasonic smart water meters and a cloud-based leak detection service using AI to address water infrastructure issues, in collaboration with Kamstrup A/S
Next-generation bio-manufacturing project Metrics MATSURI (diversification, participation in 2025)	Participation in Metrics MATSURI, a new project of the MATSURI co-creation initiative for bio-economy promotion. We are engaging in initiatives to commercialize microalgae mass cultivation processes.

Steadily building the foundation for “Evolution and Co-creation”

The Group Management Strategy Department, established in April 2025, plays a central role in strengthening our business portfolio and achieving sustainable growth. In FY2025, we expanded our access to new technologies and business opportunities through investments in venture capital funds and collaborations with external partners. While these initiatives might not generate immediate results, we regard them as important investments that will support future growth. Using the ¥50 billion secured for strategic investments under the medium-term plan, we will continue to identify and pursue growth opportunities that strengthen our technologies, products, customer base, and engineering capabilities, thereby contributing to further enhancement of enterprise value.

Chosei Kaseda

Managing Executive Officer
General Manager of Group
Management Strategy
Department



Financial and Capital Management

The Next Stage of Capital-efficient Finance Strategy and Disciplined Capital Management

The azbil Group aims to sustain and enhance enterprise value through disciplined capital management, while carefully balancing three key elements: investing for growth, promoting shareholder returns, and maintaining a sound financial base.

In FY2025, we achieved results that exceeded both the initial plan and the revised plan, further improving business profitability and strengthening our sound financial base. The operating income (business profit) margin improved to 15.5%*¹ and ROE was 15.2%*¹, reflecting steady progress in both profitability and capital efficiency.

In light of these developments, we will make steady progress in actively investing to strengthen our human capital, enhance product competitiveness, and advance DX. In addition, approximately ¥50 billion has been allocated for strategic investments and with this we will promote growth investments, including collaborations and M&As, with the aim of further expanding our business. To support these initiatives, by FY2030 we will transition to a capital structure that utilizes external financing.

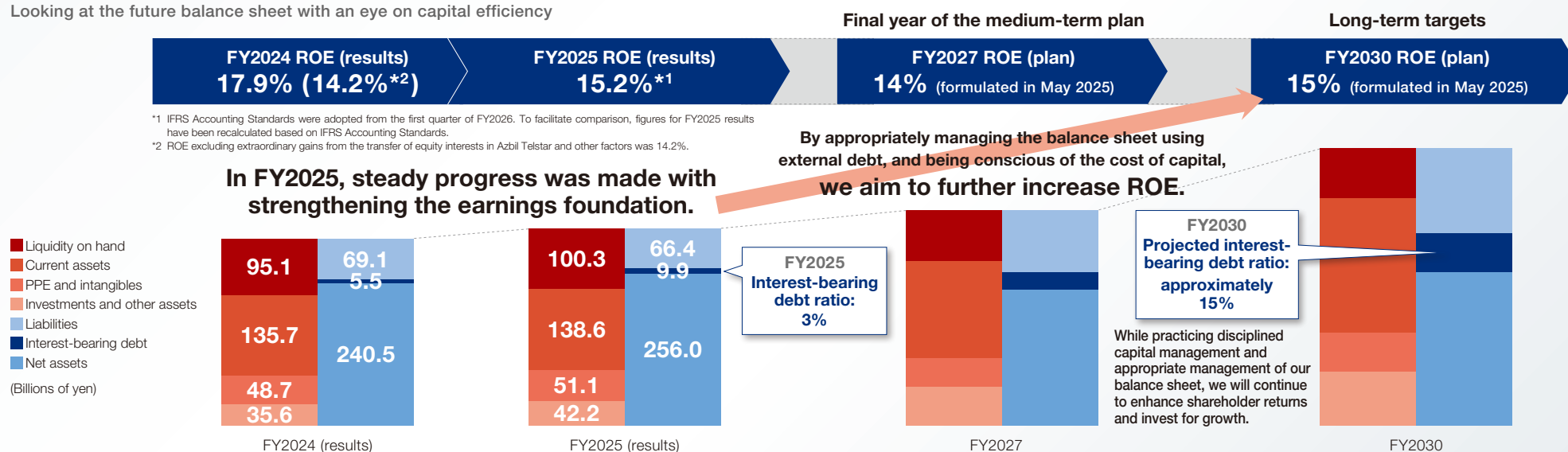
Previously, we maintained a certain level of cash and cash equivalents to support business operations and business continuity planning, while maintaining the flexibility to pursue growth investments such as M&A opportunities. However, in light of improvements in profitability and our capacity to raise capital, we have reviewed our policy regarding the level of liquidity on hand we should maintain. Going forward, we will utilize external financing in

addition to internal funds to improve capital efficiency while supporting growth investments. (For reference, the chart below shows our balance sheet structure going forward, including liquidity on hand and external financing.)

Based on this policy, we increased the FY2025 year-end dividend and the FY2026 annual dividend. We also expanded repurchase of the company's own stock to a new level and are now implementing repurchases worth up to ¥20 billion. As a result, dividend on equity (DOE) is expected to exceed the medium-term plan target of 6.0%. In addition, through the introduction of a revised stock ownership plan (J-ESOP-RS), employees are able to share in the benefits of the company's growth as shareholders. We believe that our efforts to promote shareholder returns will help strengthen the foundation for enterprise value enhancement by fostering engagement and raising awareness of enterprise value creation. We will continue working to enhance enterprise value while maintaining an appropriate balance among investing for growth, enhancing shareholder returns, and ensuring financial soundness.

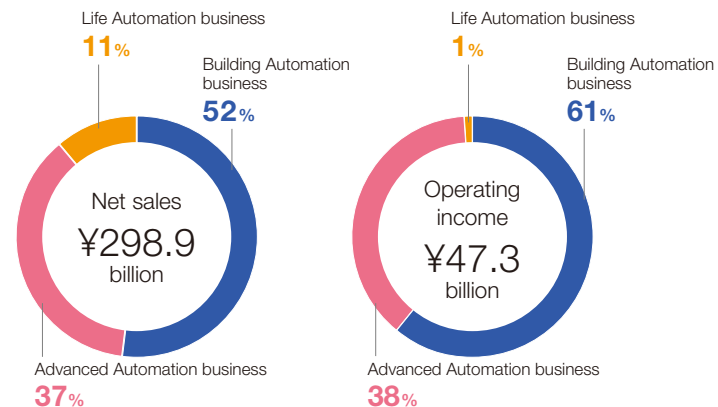
Our ROE targets for FY2027 and FY2030 remain unchanged at the time of editing. However, owing to the high degree of uncertainty in the external environment, including the Middle East situation, depending on future business conditions we will consider revising these targets as necessary, taking into account the progress made with the medium-term plan.

Looking at the future balance sheet with an eye on capital efficiency

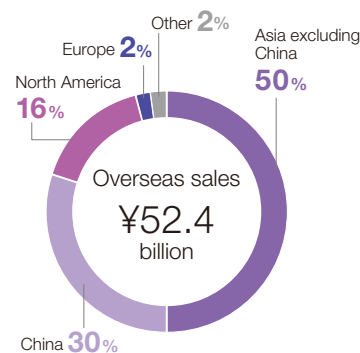


The azbil Group at a Glance (FY2025)

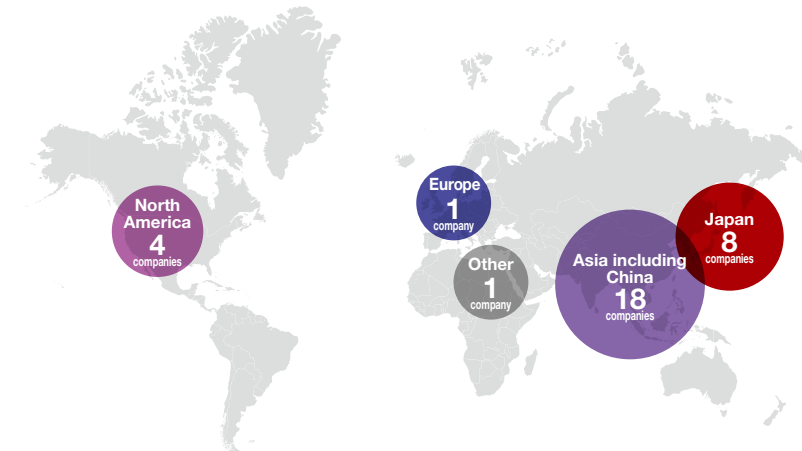
Business structure



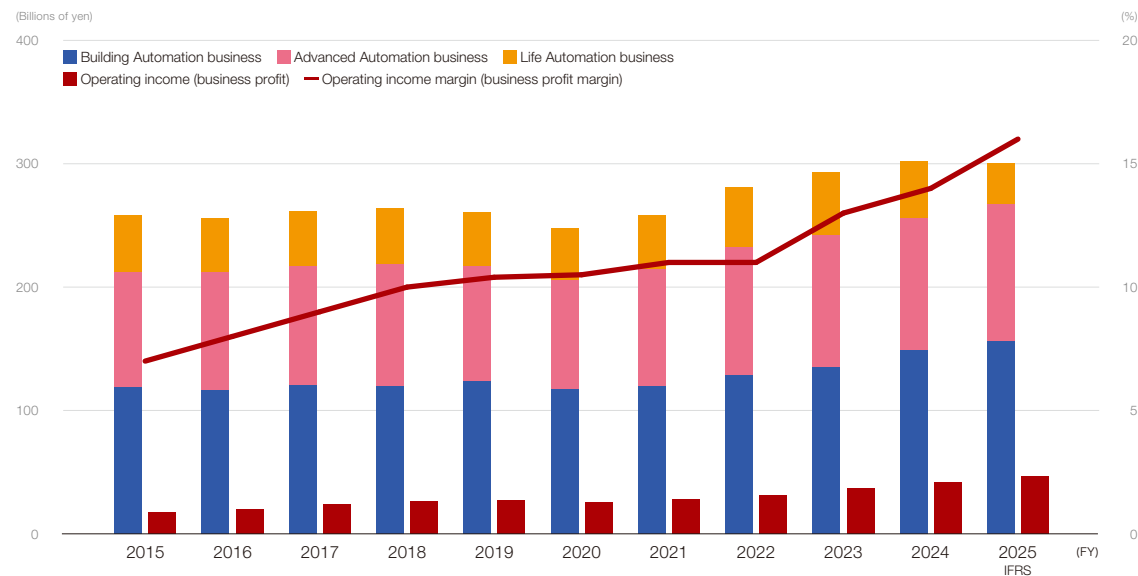
Overseas sales (Overseas sales/net sales: 17.5%)



azbil Group companies



Net sales (revenue), operating income (business profit), operating income margin (business profit margin)



Japan

- Azbil Corporation
- Azbil Trading Co., Ltd.
- Azbil Yamatake Friendly Co., Ltd.
- Azbil Kimmon Co., Ltd.
- Azbil Kyoto Co., Ltd.
- Azbil TA Co., Ltd.
- Azbil Taishin Co., Ltd.
- Tem-Tech Lab.

North America, Europe, and Other

- Azbil North America Research and Development, Inc.
- Azbil North America, Inc.
- Azbil Mexico, S. de R.L. de C.V.
- Azbil Mexico Services, S. de R.L. de C.V.
- Azbil Europe NV
- Azbil Saudi Limited

Asia including China

- Azbil Korea Co., Ltd.
- Azbil Taiwan Co., Ltd.
- Azbil Kimmon Technology Corporation
- Azbil Vietnam Co., Ltd.
- Azbil Vietnam Production Company Limited
- Azbil India Private Limited
- Azbil (Thailand) Co., Ltd.
- Azbil Production (Thailand) Co., Ltd.
- Azbil Philippines Corporation
- Azbil Malaysia Sdn. Bhd.
- Azbil Singapore Pte. Ltd.
- Azbil JS Sdn. Bhd.
- PT. Azbil Berca Indonesia
- Azbil Control Instruments (Dalian) Co., Ltd.
- Azbil Information Technology Center (Dalian) Co., Ltd.
- Azbil Control Solutions (Shanghai) Co., Ltd.
- Shanghai Azbil Automation Co., Ltd.
- Azbil Hong Kong Limited

The azbil Group's Automation Businesses

Building Automation business

We create building environments that balance comfort with energy saving, and over the long term we provide services tailored for a building's life cycle.

Business fields:

Office buildings, research labs, factories, data centers, hotels, shopping centers, hospitals, schools, airports, etc.

▶ Managing



BA system

▶ Controlling



Controller for air-conditioning equipment

▶ Protecting



Contactless smartcard reader

▶ Detecting



Room temperature/humidity sensor



Infrared array sensor

▶ Adjusting

Motorized control valve with flow measurement and control functions



▶ Setting

Digital user terminal



▶ Renovation, maintenance



▶ Cloud services



Advanced Automation business

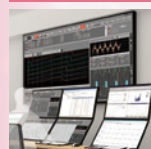
We create new value at production sites by working with our customers.

Business fields:

Factory automation (FA): Electrical and electronics, semiconductors, machine tools, automobiles, food, etc.

Process automation (PA): Oil, petrochemicals, chemicals, iron and steel, pulp and paper, pharmaceuticals, etc.

Process automation



▶ Monitoring

Monitoring and control systems

▶ Measuring



Differential pressure/pressure transmitters



Electromagnetic flowmeter



▶ Adjusting

Control valve and smart valve positioner

Factory automation

▶ Detecting

Sapphire capacitance diaphragm gauge



Liquid leak switch



Limit switch

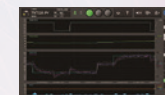
▶ Controlling



Multi-loop controllers with multifunction display



Digital mass flow controller



▶ Diagnosing and predicting

Online anomaly detection system

Life Automation business

We support safe, secure, comfortable, and healthy living with measurement and control technologies.

Business fields:

Lifeline field (gas and water meters)

Residential central air-conditioning systems field

Lifeline field

▶ Gas equipment business

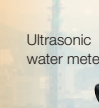


Diaphragm smart gas meter



Ultrasonic gas meter

▶ Water equipment business



Ultrasonic water meter



Electronic water meter



Battery electromagnetic water meter



Battery electromagnetic water meter

Residential central air-conditioning systems field

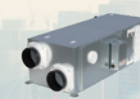
▶ Central air-conditioning systems



Outdoor unit



Heat exchange ventilator

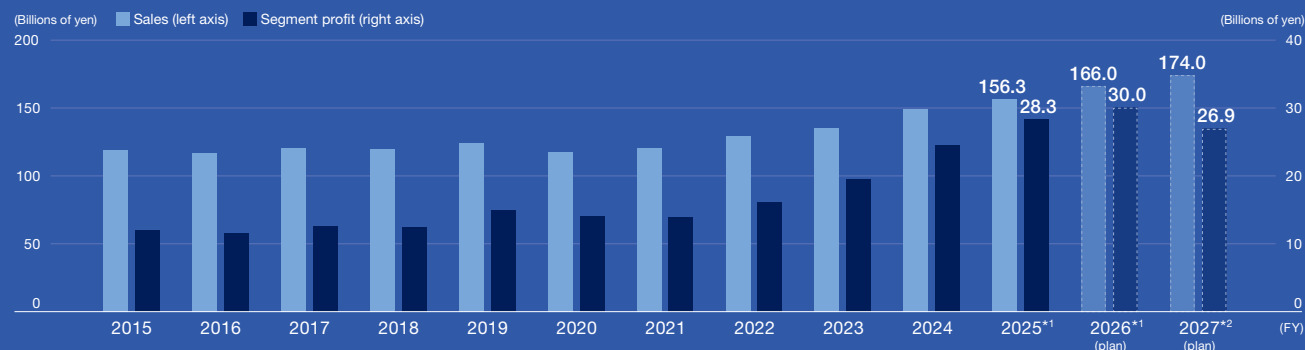


Indoor unit with electronic air cleaner

Building Automation Business



Sales and segment profit trends



*1 Revenue and business profit are presented based on International Financial Reporting Standards (IFRS Accounting Standards).

*2 A review will be considered taking into account the progress made with the medium-term plan and once the outlook for the current uncertain environment becomes clearer.

← Medium-term plan FY2025–FY2027 →

Business environment: opportunities and risks

Demand for large-scale new building projects in Japan remains robust, while investment activity overseas also continues at a high level. Leveraging the Group's strengths in engineering capabilities and quality, we continue to steadily secure new projects from key accounts.

Opportunities

- In addition to traditional needs—such as labor saving, energy conservation, and visualization of environmental impact—demand is emerging for greater environmental awareness and engagement among building occupants.
- The markets for data centers and factories are booming, and we will strengthen our support for the domestic facilities of our foreign-affiliated clients.

Risks

- As it might become increasingly difficult to strengthen both the quality and quantity of human resources in line with our business expansion plans, we are promoting operational efficiency and new business development through internal DX initiatives utilizing building information modeling (BIM) and other technologies.
- To prepare for the possibility of rising vacancy rates due to an oversupply of new office buildings in major metropolitan areas, we are actively transitioning from on-site services to expanded remote inspection services while implementing measures to enhance the added value provided to customers.

Features and strengths

Presence

Pioneer in the HVAC control field

Leading company in Japan in the field of HVAC control for large-scale buildings

Technical capabilities

Environmental control technology utilizing cloud computing and AI

Original environmental control technology using networks and operating data to improve safety, comfort, and environmental performance

Earning power

Life-cycle solutions field

Stable business model based on a building's life cycle, from construction planning to provision of daily services and support for retrofit projects

Product strength

Full lineup of products

Responding quickly to societal changes through open innovation and in-house development/manufacture of sensors, valves, controllers, and systems

Execution capability

Total solutions, integrated framework

Integrated framework for instrumentation design, installation and engineering, maintenance services, energy-saving solutions, and building management/operation

Review of the first year of the medium-term plan

- Existing building and service businesses exceeded the plan. Orders related to data center projects also increased both in Japan and overseas. The segment profit margin exceeded the target set for the final year of the medium-term plan.
- Amid strong demand for large-scale new building projects, we improved margins at the point of order receipt by continuing to selectively accept orders and concentrating on projects where the azbil Group can demonstrate its competitive advantages.
- Since the maturity of the domestic market makes sustained long-term growth in demand for new buildings unlikely, we are systematically reallocating internal resources to the existing building market.
- In addition to new building and existing building projects, cost pass-through has also been introduced for maintenance service contracts. Consequently, cost pass-through is now implemented in all business areas, improving profitability.
- Overseas, we are expanding the same life-cycle business model we have established in Japan, linking new building projects to maintenance services and our existing building business. Our overseas business expanded as planned in FY2025.

Building Automation Business



Masashi Takesako

Managing Executive Officer
President of Building Systems Company

Over the medium term, demand for large-scale redevelopment projects and industrial buildings in Japan is expected to remain strong, while planning activity for new projects—particularly urban development projects—continues to accelerate overseas.

Against this favorable market backdrop, the BA business will continue providing the high-quality products, field services, and solutions unique to the azbil Group. In addition to delivering value throughout the building life cycle, we will offer new products and services that address emerging societal needs such as carbon neutrality and wellness.

Overseas as well, we will implement the business growth model that links our new building business to our existing building and service businesses. By providing new products, services, and solutions that help resolve customer issues, we will further accelerate business growth.

Initiatives

- In response to robust demand for large-scale new building projects, we will work closely with distributors to secure market share. By continuing to accept orders selectively and focusing on projects where the azbil Group can demonstrate its strengths, we aim to improve profitability, optimize resource allocation, and expand sales.
- We will focus on increasing sales in overseas markets, particularly for new building projects. We will deploy the business model cultivated in Japan, by which growth in new building projects leads directly to future growth in our existing building business. We will leverage, as competitive advantages, the same solution capabilities and quality standards that serve to differentiate us in Japan.
- To prepare for a decline in the new office building market in Japan, we will strengthen initiatives targeting the factory, data center, and district heating and cooling (DHC) markets, where we can make the most of our competitive advantages.
- By proactively proposing energy-saving solutions, renewable energy solutions that support carbon neutrality, and the energy management systems that enable them—capabilities cultivated through our energy service company (ESCO) business—we will expand GX solutions via a new energy service provider (ESP) business model.
- In the services business, we will promote the transition from on-site services to remote inspection services and implement measures to enhance the value delivered to customers.
- We will accelerate the shift from on-premises BA systems to a cloud-based business while also enhancing, commercializing, and globalizing our digital knowledge. This transformation will enable us to provide high value-added services not only to building owners and operators but also to tenants and office users.

TOPICS

Fujisawa Technology Center Building 103 wins two major awards

Azbil received the FY2025 Award of Technology (Building Equipment Division) from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan, as well as the FY2025 Energy Conservation Grand Prize (the METI Minister's Award), in recognition of the design, operational technologies, and energy-saving initiatives implemented in Building 103 at our Fujisawa Technology Center.

As a developer of automation technologies for air-conditioning and sanitary systems, we regard the new experimental building as a living laboratory. By applying advanced building automation technologies, including a cooling and heating free air-conditioning system* based on a two-pipe chilled and hot water system that serves laboratory and workplace zones with different load characteristics, the building enhances energy efficiency and advances life-cycle carbon neutrality.

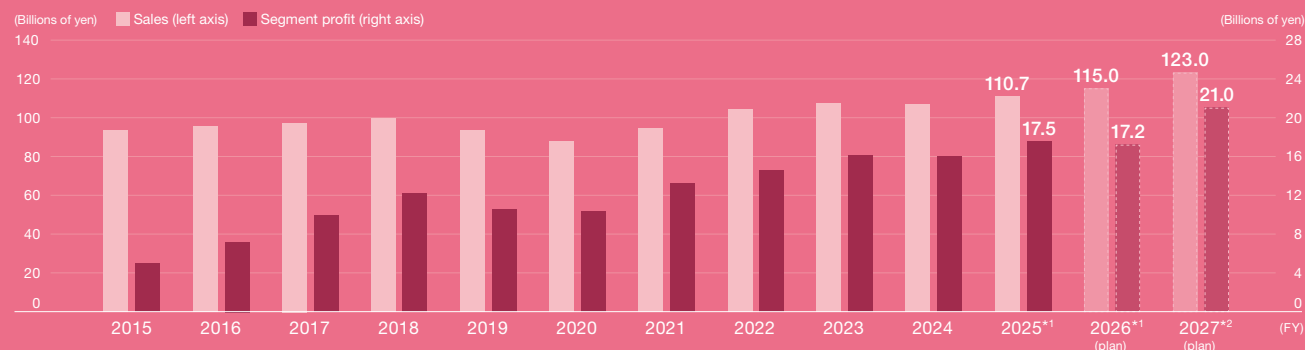
* The building adopts a simple two-pipe system that adjusts water temperature seasonally, reducing piping infrastructure by half. In addition, an advanced cooling and heating free air-conditioning system reduces the number of air-conditioning units while maintaining indoor environmental quality, thereby contributing to lower CO₂ emissions during construction and operation.



Advanced Automation Business



Sales and segment profit trends



*1 Revenue and business profit are presented based on International Financial Reporting Standards (IFRS Accounting Standards).

*2 A review will be considered taking into account the progress made with the medium-term plan and once the outlook for the current uncertain environment becomes clearer.

← Medium-term plan FY2025–FY2027 →

Business environment: opportunities and risks

Against the backdrop of growing AI demand, business opportunities in the semiconductor-related markets are expanding, while demand is also increasing for advanced solutions such as integrated control and autonomous operations. At the same time, concerns remain over slowing investment due to geopolitical risks, as well as supply constraints and declining profitability due to tight supply & demand conditions and rising costs.

Opportunities

- Growing business opportunities, driven by expanding demand for AI, to supply manufacturers of semiconductor equipment, devices, and semiconductor materials/chemicals
- Growing demand for advanced solutions, including integrated control and autonomous technologies, to achieve both operational stability and greater efficiency, creating opportunities for higher added-value solutions

Risks

- Reduced capital investment due to geopolitical risks leading to more cautious investment decisions and project delays
- Supply constraints and declining profitability due to increasing instability in resources and logistics, rising costs, and surges in demand

Features and strengths

Presence

At the heart of automation at production sites

Based on more than a century of experience in developing measurement and control technologies, and expertise cultivated in the field, we have won the trust of our customers as a partner supporting stable operations and optimization, while continuously providing value.

Technical capabilities

Combining on-site knowledge with digital technologies

By combining expertise accumulated in the field with measurement and control technologies, data utilization, and DX, we provide solutions that enable more advanced and efficient operations.

Earning power

Life-cycle business model

Going beyond supplying products to our customers, we create value throughout the life cycle of their facilities and equipment, from engineering to maintenance and operational support, thus ensuring a stable earnings base.

Product strength

Core technologies driving value creation

In addition to developing sophisticated measurement and control devices, we create new value through new automation^{*1}, featuring advanced technologies.

Review of the first year of the medium-term plan

- Greater use of business infrastructure and IT has reduced dependence on individual expertise while improving the visibility and standardization of business processes. As a result, we are steadily building a more consistent and scalable framework for business operations throughout the organization.
- Continued improvement in profitability, supported by cost structure reforms, improvements in contractual/transaction terms, and pricing optimization, despite rising raw material and logistics costs
- Steady progress in developing technical capabilities in the new automation field—mainly involving semiconductor-related products and other microelectromechanical (MEMS)^{*2} sensors, control valve-related technologies, and autonomous operation technologies—with increasing customer adoption providing clear evidence of the potential of these growth areas
- Expanded offerings extending beyond control to include equipment condition monitoring, diagnostics, and maintenance, thus strengthening our ability to deliver comprehensive solutions, through professionals with extensive field experience, and create new value for customers' production activities

*1 New products and services, such as MEMS sensors, with which we will expand business domains centered on our unique technologies

*2 Devices and systems, including sensors, that integrate microscopic electrical and mechanical elements on a single chip using microfabrication technology

Advanced Automation Business



Takashi Igarashi

Managing Corporate Executive
President of Advanced Automation Company

The business environment of the Advanced Automation business is undergoing considerable changes owing to geopolitical risks, supply chain disruptions, and rising raw material and logistics costs, as well as labor shortages and significant advances in semiconductors, generative AI, physical AI, and carbon neutrality. We view these changes as opportunities for growth. Guided by the theme of “Evolution and Co-creation” in our medium-term plan, we will implement business transformation with competitive products and services, agility in responding to changing market needs, and active co-creation with external partners by defining Minimum Business Units. By working closely with our customers and partners, we will create new value.

Building on the business foundation we have established and our efforts to strengthen profitability, we will accelerate global business expansion, create new automation, and further increase earning power. Leveraging the azbil Group’s proprietary measurement and control technologies in such areas as semiconductor-related products, control valve total solutions, and plant autonomy, we will help customers achieve stable operations and higher productivity while contributing to the resolution of societal issues through our on-site approach.

Initiatives

- **Establish multiple industry-leading business segments with competitive advantages, expanding them in Japan and overseas**

- **Accelerate global business expansion**

Deploy competitive solutions developed in our domestic business to global markets

Accelerate expansion into growth markets by broadening priority areas and expanding into regions with high growth potential

- **Create new automation**

Make use of the azbil Group’s proprietary technologies, such as MEMS sensors, control valve-related technologies, and AI-based plant autonomy, to satisfy emerging demand for measurement and control technologies

Increase competitive advantages through stronger product capabilities while contributing to the resolution of societal issues

- **Continue to strengthen profitability by leveraging our track record**

Steadily improve the business mix; enhance the added value of products, engineering, and services; promote cost pass-through and other measures

Further strengthen profitability by accelerating high value-added businesses, enhancing the quality of engineering and services, advancing data utilization, and streamlining decision-making processes

TOPICS

Sapphire capacitance diaphragm gauge for next-generation semiconductor manufacturing

For the increasingly sophisticated manufacturing processes employed for semiconductors, vacuum gauges need to offer reduced susceptibility to by-product buildup, withstand high temperatures, and deliver rapid response.

To meet these requirements, Azbil developed the new model V8 capacitance diaphragm gauge, which offers greatly superior performance compared to a conventional sapphire vacuum gauge.

Its structure, based on our proprietary MEMS processing technology, suppresses performance degradation caused by the buildup of process by-products on the diaphragm, enabling highly accurate and stable measurement performance over extended periods. In addition, because the gauge head is separate from the control unit, the V8 can measure gases at temperatures of up to 250°C. Combined with a response speed of just 1 ms, this gauge meets the demanding requirements of next-generation semiconductor processes.

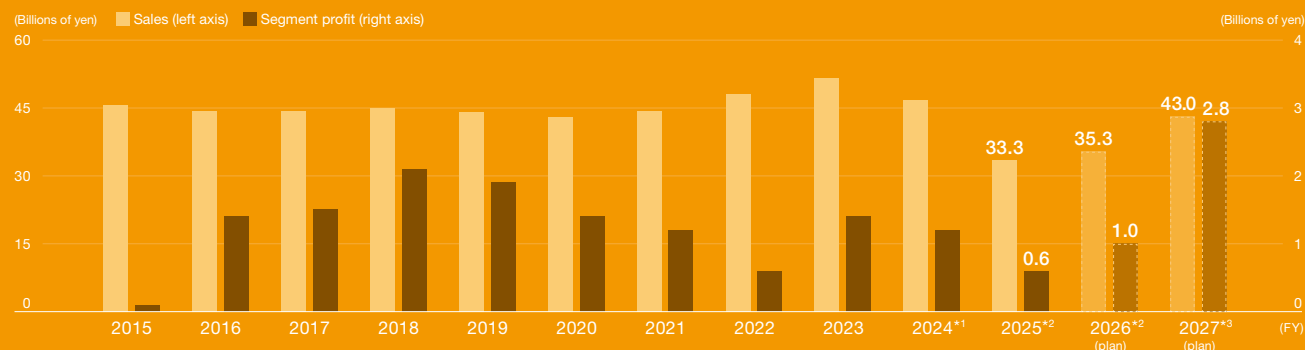
These technical capabilities have been highly evaluated by some of the world’s leading semiconductor equipment manufacturers and widely recognized through industry awards.



Life Automation Business



Sales and segment profit trends



^{*1} FY2024 and prior results include the sales and segment profit of Azbil Telstar, which was transferred in October 2024.

^{*2} Revenue and business profit are presented based on International Financial Reporting Standards (IFRS Accounting Standards).

^{*3} A review will be considered taking into account the progress made with the medium-term plan and once the outlook for the current uncertain environment becomes clearer.

← Medium-term plan
FY2025–FY2027 →

Business environment: opportunities and risks

In the Lifeline field, stable demand is expected to continue, driven primarily by the legally mandated replacement of city gas meters and water meters. Demand is also expected to grow for smart meters and the utilization of the data they generate. In the residential central air-conditioning systems field, rising construction costs are affecting groundbreaking for detached houses.

Opportunities

- The increasing adoption of smart meters for gas and water is expanding the market, and we will strive to translate this demand into new orders.
- To meet the diverse needs of customers, we have added e-kikubari* to our product lineup. This is advantageous for obtaining net-zero energy house subsidies

Risks

- Risk of being unable to implement cost pass-through to cover increases in material, labor, and transportation costs
- Risk of component shortages and price increases due to the situation in the Middle East and export restrictions in China
- Rising new home prices, declining housing starts, and a shrinking market for central air-conditioning systems

* A heat-exchange ventilator combined with an electronic air cleaner

Features and strengths

Stability

Maintain and improve lifelines

Business growth through steady and stable replacement demand based on the Measurement Act of Japan

Forward thinking

DX and the harnessing of cloud technology

We promote the adoption of smart metering in the gas and water meter business as well as our smart metering as a service business, which combines telecommunications and cloud systems, thereby contributing to the realization of a safe and secure society powered by smart technology.

Product strength

Product lineup

In the regulator field for gas supply infrastructure, we contribute to the safe and stable supply of gas by leveraging our strengths to offer an extensive product lineup, high-capacity compact designs, and ease of maintenance.

Uniqueness

Living space comfort and health

We provide not only comfort but also a high level of air quality with central air-conditioning systems at the core, providing fresh, clean air by means of electronic air cleaners and heat-exchange ventilation.

Review of the first year of the medium-term plan

- Steadily implemented initiatives to improve profitability, including cost pass-through, sales measures focused on profitability, and replacement of conventional meters with smart meters, while establishing the system and business foundation necessary to continue these efforts
- Established a comprehensive solutions framework, centered on the regulator field and encompassing maintenance and installation services
- Pursued further growth strategies through alliances with domestic and overseas partners and making strategic use of capital
- Launched initiatives to expand high value-added businesses, including leak detection solutions, that address societal challenges
- Experienced slower-than-expected expansion of the smart metering as a service business and market adoption of new products

Life Automation Business



Kenji Okumura

Managing Executive Officer
Life Automation Business

The Life Automation (LA) business aims to contribute to safe, comfortable, and active lifestyles by leveraging the measurement and control technologies and services cultivated over many years in the building, plant, factory, and social infrastructure fields and applying them to business areas such as lifeline utilities, including gas and water services, and residential central air-conditioning systems. We will accelerate the restructuring of the LA business portfolio so as to promote management that is conscious of the cost of capital. In the Lifeline field, we will continue to secure stable demand arising from legally mandated meter replacement while pursuing business expansion in the next-generation smart meter market, where continued growth is expected. In addition to initiatives for gas meters, we will accelerate the rollout of water leak detection solutions in the water meter field through collaboration with Kamstrup A/S of Denmark. In the residential central air-conditioning system field, we will advance our business by supplying products that offer comfort in a wide range of living spaces. We will steadily improve the profitability of the LA business through measures that include cost pass-through. Looking ahead, we will pursue such initiatives as alliances with domestic/overseas partners and strategies that utilize capital to achieve further growth, while clearly positioning the LA business as a growth area.

Initiatives

- Advancing business structure reforms across all LA business fields, focusing on smartification and data-utilization markets, accelerating portfolio restructuring, and realizing further growth

Lifeline field

- Improving profitability through cost pass-through, cost reductions, and profitability-focused sales initiatives, while upgrading business processes through the use of DX
- With stable meter replacement demand, legally mandated by the Measurement Act of Japan, serving as a foundation, we are promoting business transformation to become a data service provider by merging the smart meter business with the smart metering as a service business, which utilizes IoT technologies. Through product enhancement, expanded use of communication networks, and strengthened cloud system capabilities, we will make further progress with this transformation.
- Further expanding overseas business to grow the smart meter business

Residential central air-conditioning systems field

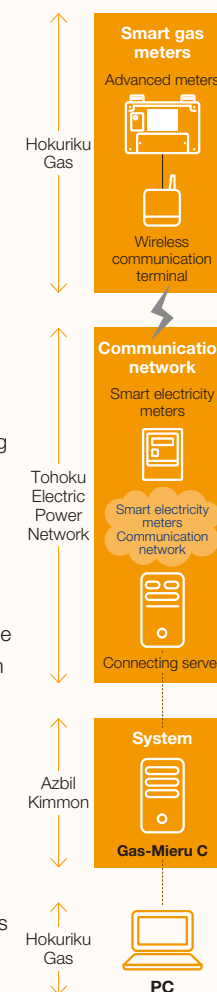
- Improving profitability by capturing replacement demand for installed central air-conditioning systems and selling e-kikubari to users in the mid-priced housing segment with a keen interest in health and energy saving
- By combining service engineering expertise with IoT technologies to strengthen on-site service capabilities, we will expand the business to become a provider of comfortable living environments that support a healthy and comfortable lifestyle while delivering additional energy savings for customers.

TOPICS

Field testing a smart gas metering system that uses a smart electricity meter communication network

Azbil Kimmon Co., Ltd. entered into an agreement with Hokuriku Gas Co., Ltd. and Tohoku Electric Power Network Co., Inc. for an automatic meter-reading service utilizing a smart electricity meter communication network. It also began field testing a smart gas metering system in August 2026.

For this trial, wireless communication terminals are connected to smart gas meters, enabling meter readings and safety-related information, including gas leak data, to be transmitted to Hokuriku Gas through Tohoku Electric Power Network's smart electricity meter communication network and Azbil Kimmon's Gas-Mieru C system. Looking ahead, we will use the knowledge gained from this trial to develop services that help address anticipated societal issues such as the labor shortages typical in aging populations. At the same time, we will work toward realizing a smart society, enabled by IoT technologies, that supports safe and secure living environments and contributes to regional development.



Service Engineering



Kazuyasu Hamada

Managing Corporate Executive
azbil Group Service Engineering Function

Continue creating new value at customer sites

The azbil Group has built relationships of trust with customers over many years, in various fields, including factories and plants, commercial buildings, and lifeline utilities. In particular, service—a business that continues to provide value while maintaining close relationships with customers after product delivery—has come to play a key role in the azbil Group's business model. Through our service activities, we have expanded our customer base and contributed to solving societal issues.

Creating new value through Service Engineering: Business expansion, productivity reform, and strengthening the business foundation

In the medium-term plan (FY2025–FY2027), with a view to achieving our long-term targets for FY2030, we establish as our key strategies (1) business expansion, (2) productivity reform, and (3) strengthening the business foundation. Service Engineering is creating high value-added services by integrating on-site expertise accumulated over many years

with digital technologies, thereby contributing to customers' sustainable growth and the resolution of societal issues.

As part of its business growth strategy, the azbil Group is expanding value-added services that support customers' facility operations, including remote maintenance services enabled by network technologies and valve diagnostic/analysis services. By leveraging equipment operating data and expertise accumulated through service activities, we can offer early detection of anomalies, predictive maintenance, and operational improvement recommendations. These capabilities contribute to the stable operation of customer facilities and enhance their life-cycle value.

Next, with regard to productivity reform, we will build networks of people and data at customer sites and review our processes for providing services. By integrating on-site services with remote support, we will enhance operational

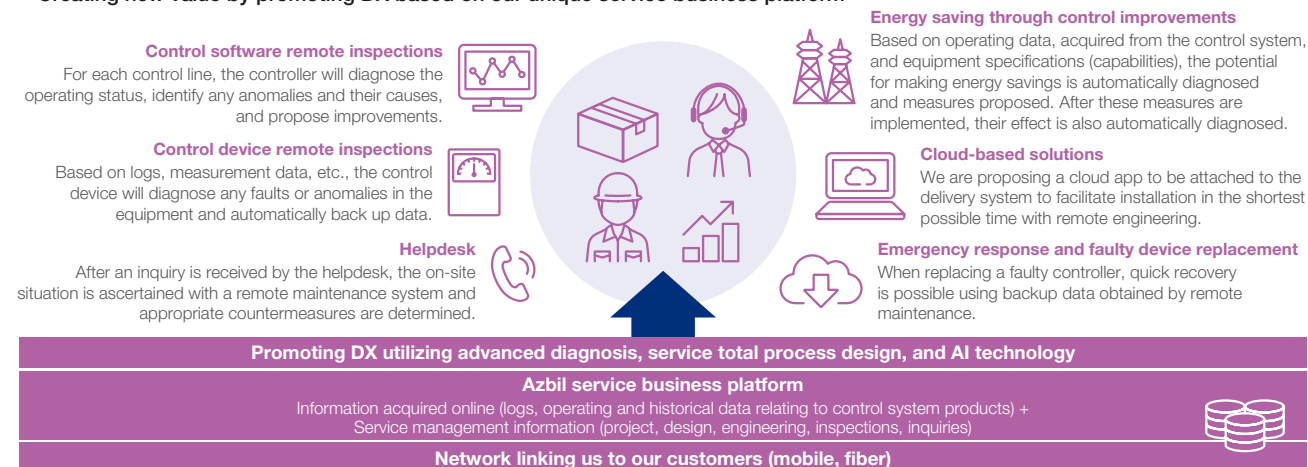
efficiency and service quality while striving to achieve sustainable service operations.

We will also promote the intergenerational transfer of technologies and skills to strengthen our business foundation. Through the utilization of AI technologies, we are strengthening field service capabilities, improving service quality, and enhancing quality across individual business processes. In addition, we are further reinforcing quality assurance in field services through the establishment and continuous enhancement of a work certification and licensing system.

Through these initiatives, we aim to further develop Service Engineering as a driver for sustainable profitability for the azbil Group. By continuously creating new customer value, we will support our customers' sustainable growth while realizing long-term business growth and enhancing our contribution to society.

The azbil Group's remote maintenance

—Creating new value by promoting DX based on our unique service business platform—



Service Engineering

Business growth: expanding new service offerings and strengthening domestic and global service capabilities

Service Engineering is expanding value-added services that support customers across the life cycle of their facilities and assets. In addition, we are promoting the development of certified specialists in areas such as remote diagnostics, energy management, and valve diagnostics, thereby strengthening the foundation for sustainable service delivery.

We are expanding network-enabled remote maintenance services. By connecting customer facilities with our service centers, we enable remote monitoring, early detection of abnormal conditions, and rapid-response technical support, thus helping ensure the stable operation of customer facilities. Furthermore, we are developing AI-based control performance evaluation that leverages equipment data accumulated through remote maintenance and historical diagnostic cases. By supporting diagnostics and root cause analysis of control anomalies, our control performance evaluation AI will improve diagnostic quality and operational efficiency, enabling us to deliver more advanced services.

We are also promoting the expansion of valve diagnostic and analysis services. By analyzing control valve operating data and visualizing equipment conditions,

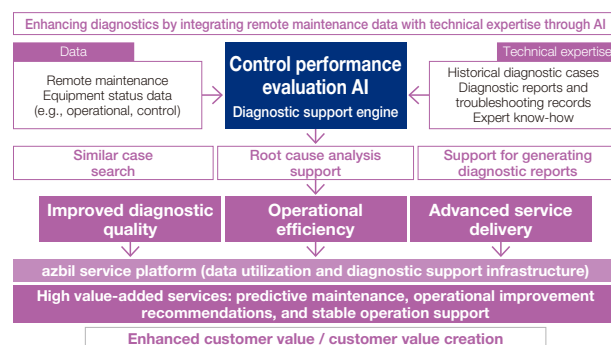
we support customers' early anomaly detection and well-planned maintenance activities. We are also advancing the development of our service information infrastructure by integrating equipment data, maintenance records, and service activity information within a unified platform. This enhances customer relationships while improving service quality and increasing overall service value.

Furthermore, we are cultivating engineers capable of delivering advanced, optimized, and autonomous solutions across both operational and maintenance domains. By strengthening our ability to propose initiatives that enhance productivity, reduce energy consumption, and support stable operations, we are also creating new value through the effective use of data and digital technologies.

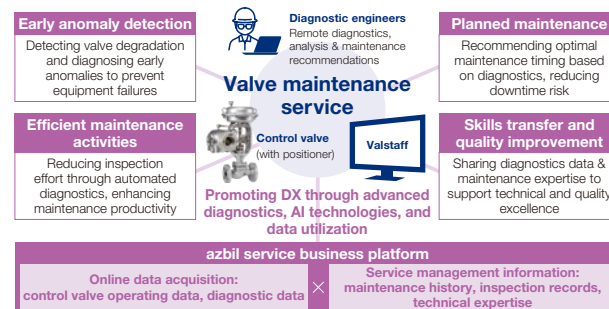
As a cross-functional initiative within Service Engineering, we are reinforcing our service capabilities both in Japan and overseas. We are advancing the development of service structures at overseas subsidiaries, fostering local engineering expertise, and standardizing quality management systems to ensure uniform service quality across all regions and to drive business growth in global markets.

Through these efforts, we continue to contribute to the stable operation and sustainable growth of our customers around the world.

Advanced diagnostic services enabled by control performance evaluation AI



Supporting stable equipment operations through valve diagnostic and analysis services



By providing valve diagnostic and analysis services, we enable early identification of anomalies and support planned maintenance, helping customers maintain stable and efficient facility operations.

Maintaining and enhancing safety and quality: leveraging generative AI for intergenerational skills transfer

Daisuke Seo

Manager
Service Planning Department
Service Headquarters



Within Service Engineering, we promote both direct and indirect skills transfer to maintain and enhance safety and quality.

For direct transfer, experienced engineers provide on-the-job training and practical on-site instruction, passing on customer engagement know-how, advanced technical skills, proposal capabilities, and sound engineering judgment.

For indirect transfer, we digitize the knowledge we have accumulated, including that gained from past disasters and quality incidents, response know-how, and customer-specific information, as well as the decision-making criteria and thought processes of experienced engineers. These assets are organized into a knowledge platform that leverages generative AI. By using generative AI for hazard prediction, we can assist customers in identifying potential risks before operations start and in preventing quality-related incidents. At the same time, we are promoting expertise sharing through technical training videos and video-based work manuals, reducing reliance on individual experience, and improving consistency in customer support.

Furthermore, by sharing and utilizing accumulated knowledge and expertise across the entire organization, we are reducing disparities in service quality among different sites and between individual personnel, thereby furthering the improvement and standardization of our service delivery.

By promoting the reuse of technical information and decision-making expertise, we can shorten training periods and accelerate engineering personnel development. These efforts strengthen our sustainable service delivery framework by supporting the continuous accumulation and utilization of organizational knowledge. In these ways, we are building a framework that enables us to provide customers with stable and consistent service quality. By harnessing AI to support our staff and customers, we aim to maintain and enhance our technical capabilities while creating sustainable value. At the same time, we are reducing operational workloads and improving access to knowledge, contributing to a work environment that supports employee well-being.

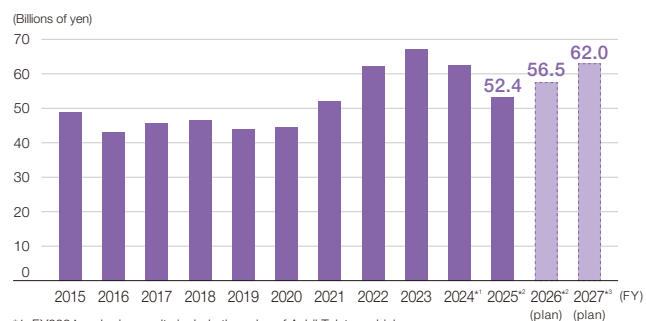
Global Strategy



Shigeru Wada

Managing Executive Officer
azbil Group International Business

Overseas sales

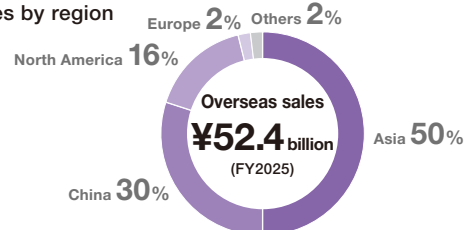


¹⁾ FY2024 and prior results include the sales of Azbil Telstar, which was transferred in October 2024.

²⁾ Revenue is presented based on International Financial Reporting Standards (IFRS Accounting Standards).

³⁾ A review will be considered taking into account the progress made with the medium-term plan and once the outlook for the current uncertain environment becomes clearer.

Sales by region



The azbil Group is working to further accelerate overseas business growth, setting a long-term target for overseas sales of ¥100 billion in FY2030. Global markets for automation and energy efficiency are expected to grow over the medium to long term, driven by capital investment in semiconductors, expanding data centers, and demand for improved productivity. However, geopolitical risks and uncertainty regarding trade policies are both increasing. In this environment, agile business operations that leverage regional characteristics are essential. Founded on measurement and control technologies developed over many years, the azbil Group's strengths lie in its life-cycle solutions business model—which delivers value from design through to installation and maintenance—as well as in its highly reliable, high value-added products and solutions. In key markets including Southeast Asia, India, North America, and China, we deliver value that meets local customer needs. We promote multifaceted initiatives, including business support, brand enhancement, and synergy creation through collaboration with partners. We also value co-creation with leading global partners. A notable example is our collaboration with Kamstrup of Denmark, a global leader in smart water metering. As our overseas business expands, we are strengthening the management foundation to support region-specific operations. We are enhancing governance, risk management, and compliance. We integrate business and management functions to accelerate decision-making, strengthen regional management, and upgrade administrative functions. In April 2026, we integrated the international department of the BA business with the International Business Headquarters to establish the Global Business Headquarters. Through these initiatives, we aim to deliver value globally by leveraging our measurement and control technologies as an automation supplier, thereby achieving sustainable growth and enhancing enterprise value.

Review of the first year of the medium-term plan

- We established Azbil JS Sdn. Bhd. in Johor, Malaysia, and launched a new sales base. By seizing growth opportunities in the Johor-Singapore Special Economic Zone (JS-SEZ), and expanding building automation systems for data centers and other facilities, we are strengthening our business foundation in Southeast Asia.
- To strengthen a region-led business promotion structure, we reallocated resources for overseas operations. We integrated the international department of the BA business with the International Business Headquarters and established the Global Business Headquarters. This enables faster decision-making aligned with regional market needs and creates an efficient overseas business structure that integrates business and management.
- In the BA business, we are responding to such developments as urbanization in Asia and the increasing sophistication of building markets. We provide products and services leveraging energy-saving application technologies, engineering capabilities, and service expertise developed in Japan.
- In the AA business, demand for automated production facilities is increasing. We are expanding into new automation fields through advanced product development, anomaly detection, and AI-based diagnostics, strengthening our competitiveness in global markets.
- To reinforce the global management foundation, we are upgrading systems that support overseas growth. We are enhancing performance management, risk management, compliance, and financial functions, while promoting data utilization and strengthening governance. In March 2025, we established a production base in Vietnam (Azbil Vietnam Production Company Limited), strengthening our global production system with increased production capacity, enhanced cost competitiveness, and a stronger foundation for stable product supply.

Global Strategy

Focus areas and initiatives

- We develop business plans tailored to the needs and challenges of each overseas subsidiary, promoting business development that leverages regional strengths and characteristics. We also pursue synergies through collaboration with local partners and business units across the Group. By enhancing the speed of decision-making through a flexible operating structure, we aim to achieve sustainable growth and create new value.
- We are optimizing organizational structures for each region and enabling faster operational decision-making. We are also strengthening the recruitment and development of diverse global talent. Through these initiatives, we aim to further expand our overseas business and strengthen our overall competitiveness.
- We identify Southeast Asia, India, North America, and China as key markets and promote business development tailored to each market's characteristics. We provide high value-added solutions by leveraging energy-saving technologies and advanced engineering capabilities developed in Japan.
- We are expanding our business in equipment diagnostics and automation through new product development and the proactive use of AI technologies. We are also strengthening sales capabilities in strategically important regions to address a broader range of customer needs, expand customer coverage, and further strengthen our business foundation.
- We are strengthening our management foundation by enhancing risk management and promoting digital transformation (DX) in response to changing business conditions. We are building a governance system that can respond flexibly and appropriately to increasingly diverse risks while optimally allocating management resources to establish a stable and resilient management foundation.

Creating value globally

Patrick Lim

Deputy Managing Director
Azbil Singapore Pte. Ltd.
Azbil Global Executive Member



I contribute to shaping and executing our global strategy while driving business performance and strengthening our regional presence. I work closely with leadership teams to align strategic priorities and ensure effective execution across functions and markets.

I bring extensive experience in business management, project execution, and organizational leadership, with a strong focus on delivering sustainable and scalable growth. Throughout my career, I have enhanced operational efficiency, project execution capability, and customer engagement, enabling the organization to respond effectively to changing market conditions while delivering high-quality, reliable services.

As a Global Executive member, I take an active role in advancing strategic initiatives, driving business development, and strengthening management foundations. I am also committed to developing global talent, recognizing that strong leadership, technical expertise, and adaptability are essential to achieving long-term success in our long-term global vision.

A key focus of my current responsibilities is supporting the launch of Azbil JS Sdn. Bhd., which began operations in January 2026. Through this initiative, we are strengthening local capabilities, enhancing operational agility and efficiency, and reinforcing a strong regional business foundation.

Looking ahead, I will continue to enhance our competitiveness through strengthening organizational capabilities, fostering cross-functional collaboration and partnerships with customers and stakeholders for co-creation. I am committed to delivering consistent results while upholding Azbil's values and contributing to long-term corporate growth and societal value creation globally and sustainably going forward.

TOPICS

Establishment of a new sales base in Johor, Malaysia

We established Azbil JS Sdn. Bhd. in Johor, Malaysia, in September 2025. It started operations in January 2026. The establishment of this base is part of our market expansion in Southeast Asia. As the Johor-Singapore Special Economic Zone (JS-SEZ) grows, this sales base will enable us to respond quickly to local needs while also further expanding our global business.

The azbil Group is actively working to strengthen our global business so as to achieve our long-term goals by FY2030. Based in Johor, this newly established sales company aims to expand the adoption of automation systems in the building market. In particular, we aim to accelerate the installation of our systems in data centers, which are currently experiencing a construction boom in the area, and in new buildings. Through these efforts, we aim to strengthen our competitiveness locally and enhance our global business.



Members of Azbil JS Sdn. Bhd. taking on new challenges



Research and Development

We contribute to solving societal and customer challenges and creating new value by advancing automation technologies and providing solution-oriented products and technologies.

The strengths of the azbil Group are measurement and control technologies and solutions.

Guided by our Purpose, “Expanding Technological Frontiers, Unlocking Human Potential,” we advance automation technologies based on our core expertise in measurement and control to solve societal challenges and create new value. We view rapid changes in the business environment and technology trends as opportunities for growth, and we are accelerating structural transformation driven by the development of systems, products, and services.

Under the current medium-term plan, we are strengthening development capabilities in both the systems and products domains and establishing competitive advantages in priority areas, including systems and cloud services, sensing technologies, and actuators. In particular, rather than simply commercializing advanced technologies, we are shifting toward developing solution-oriented technologies and products that are driven by customer value creation and that directly contribute to business growth.

In FY2026, we will further concentrate resources on growth areas by allocating technology/product development investments to strategic priority areas. Through these efforts, we regard development activities not merely as costs but as strategic investments that will generate future revenue.

We have established a development framework that coordinates business-line and corporate R&D. By rapidly connecting market needs with technical capabilities, this will create value at customer sites and, at the same time, drive business growth. In addition, we are strengthening collaboration with universities, research institutions, and start-ups to promote open innovation that combines in-house and external expertise.

We are also actively incorporating advanced digital technologies, including generative AI and physical AI, to start transforming the way development is conducted. We will continue evolving the development process itself, creating unprecedented added value.

To strengthen the foundation supporting these initiatives, we are enhancing R&D management through the promotion of DX in development, optimization of our talent portfolio, and strengthening of intellectual property strategies. To sustain competitiveness in a rapidly changing environment, what is essential is not only advanced technologies but also an evolution of the systems and people that create new technology.

Aiming to solve societal issues and contribute to the realization of a sustainable society while focusing on value creation guided by its Purpose, the azbil Group is working to achieve business growth over the medium to long term and to maximize enterprise value through innovation driven by development.

Technology and product development supporting our unique business model

The mission of technology/product development is to expand business opportunities by leveraging the technological expertise and problem-solving capabilities that we have cultivated and refined over many years through our core business of measurement and control. This includes actively incorporating innovative technologies, such as AI and digital twins, and responding flexibly to societal challenges, including carbon neutrality and changing global supply chains.

A distinctive feature of the azbil Group is our life-cycle solutions business, through which we support customers worldwide over the long term, not only through the sale and installation of products and services but also through ongoing maintenance after installation. To sustain this business model over the long term, we must continue to provide the technical capabilities that underpin our products while at the same time evolving them in response to changing needs. To this end, we make timely and appropriate development investments, we train development talent, and we are refining a globally integrated development framework. We also focus on strengthening the foundations of technology/product development through initiatives such as enhancing calibration capabilities that underpin measurement reliability, utilizing international standards, and establishing KPIs for technology/product development.

R&D investment

The field of measurement and control continues to evolve, with developments in IoT, DX, AI, and cloud technologies. At the same time, there has been a rapid rise in societal expectations regarding such matters as sustainability and wellness.

To meet these societal demands and customer needs, the azbil Group will accelerate the development of innovative



Hideaki Ishii

Managing Corporate Executive
azbil Group Production,
Purchasing,
Research and Development,
Product Safety, Quality,
Product Business Portfolio
Enhancement Oversight

Research and Development

technologies, new products, and services. By integrating AI, synergizing with DX, and fostering autonomy in automation, we will further strengthen our efforts and make focused investments toward the realization of a sustainable society.

In the systems and cloud domain, we are actively incorporating advanced technologies such as generative AI and digital twins to promote digital transformation in production spaces, office spaces, and living spaces. In addition, we are utilizing the experimental building (Building 103) at the Fujisawa Technology Center as a field-testing environment, creating a framework that enables practical technology development and the demonstration of value in real-world settings. We are also strengthening development capabilities to respond to customer needs, which are expanding from IT to operational technology (OT). This includes initiatives to transform on-site work environments through the active use of mobile devices.

In the field of sensors, we continue to strengthen our development capabilities in MEMS and shift to more advanced kinds of measurement that determine not only quantity but also quality. In both measurement and control, MEMS is a core technology for measurement devices and field instruments. We will reinforce our development and production environment with a new clean room (Building 104). We will continue developing MEMS, expand the scope of MEMS applications, and take on new R&D challenges.

In the actuator domain, we are promoting product development utilizing valve-related and robotics technologies to strengthen the product business. We are also exploring the application of physical AI, enabling actuators themselves to recognize their surrounding environment and equipment conditions through sensing technologies and autonomously determine and execute optimal actions. Furthermore, by linking actuators with digital twins and cloud platforms, we are advancing the development of high value-added technologies capable of learning and adapting to changes in on-site conditions. Through these efforts, we aim to enhance product competitiveness and expand applications into new fields. Through active investment in these priority

areas, we aim to contribute “in series” to the achievement of a sustainable society, guided by the SDGs; this includes reducing environmental impact, improving energy efficiency, and enhancing wellness.



Building 103

- Featuring improved facilities for the development of central air-conditioning technology that offers superior comfort, energy efficiency, and harmony with the environment
- An innovative development environment that stimulates creativity
- Recognized for excellence in the design and operation of building facilities, Building 103 won the FY2025 Award of Technology (Building Equipment Division) from the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (SHASE).



Building 104

- Center for developing measurement and control technologies with expanded facilities for MEMS sensor development and production using world-class MEMS technology
- Enhanced facilities for developing measurement standardization technology, which is the basis for high-precision, high-reliability products

Strengthening development talent

We will continue to focus on training development talent to increase product and service competitiveness. In addition to enhancing the diverse technical expertise of individual engineers, we encourage employees to demonstrate initiative—thinking independently, learning continuously, collaborating effectively, improving performance, and generating results. Through these efforts, we develop talent capable of generating value at customer sites and rising to the challenge of creating innovation. We are also promoting the development and recruitment of talent with diversity

and inclusiveness to strengthen collaboration with external partners within our global development framework.

To support these efforts, we have introduced and utilize a talent management system (TMS), which enables us to visualize, objectively assess, and quantitatively evaluate the technical and human skills of engineers in development organizations across the azbil Group. The system also serves as a tool for supporting engineers in their career development. For example, engineers can apply for internal training programs through the TMS, allowing them to objectively identify skill gaps and develop effective study plans while consulting with their supervisors regarding skills that require further improvement.

We also implement initiatives to cultivate engineers' creativity and innovative thinking. Under our program, engineers may propose development themes related to acquiring new technologies or improving productivity within their development section, and they can devote a portion of their working hours to pursuing such initiatives. Opportunities are provided once a year to review the progress of these activities and further refine ideas.

These initiatives have produced tangible results, leading to Azbil winning the FY2025 New Product Award from the Society of Instrument and Control Engineers of Japan (SICE).* Azbil has won 11 SICE New Product Awards over the past five years.

* Founded in 1961, the SICE is a leading academic society that promotes research in the fields of measurement, control, and systems engineering, while also facilitating collaboration among industry, government, and academia, and disseminating technical information.



Sapphire capacitance diaphragm gauges (Model V8C, left; Model V8S, right), for which Azbil won the FY2025 SICE New Product Award

Research and Development

Global development framework

The azbil Group promotes efforts to strengthen technology and product development from a global perspective to achieve a sustainable society. As described below, we utilize research and development centers in various regions to strengthen our global collaboration network.

At our research and development center in Silicon Valley in the United States, we promote technology development for next-generation measurement and control technologies. We conduct trend analysis of the latest technologies such as IoT and AI, engage in international standardization activities, and strengthen links with local universities and start-ups to promote the development of innovative technologies via joint research. We particularly focus on new measurement and control technologies utilizing AI to provide the market with future-ready products and services.

Global research and development centers

(as of July 1, 2026)



Our research and development center in Singapore is accelerating technological development and deployment of products and services in the Asian market. We are strengthening its links with our research and development functions in Japan and leveraging its proximity to the local market for swift application development and test marketing. We will enhance our research and development capabilities throughout Asia, focusing on our center in Singapore, to provide solutions that meet regional needs.

Our research and development centers in Japan, the United States, Asia, and other regions will take the initiative while working closely with one another to advance technological development from a global perspective. By identifying market changes in a timely manner and flexibly collaborating with business lines, we can swiftly develop products and services. Moreover, strengthening co-creation by linking our regional centers with external partners will generate innovative technologies, products, and services.

Cross-border collaboration among engineers

Ng Yee Siang Terence

Strategic Planning & Development Office
for Southeast Asia
Global Business Headquarters



I joined Azbil in 2022 and have worked on the development of digital twins and energy-saving applications for building HVAC systems as a member of the development group at Azbil's Strategic Planning & Development Office for Southeast Asia. From April 2025 to March 2026, I participated in a one-year exchange at the Azbil R&D department in Japan, an experience that emphasized growth, adaptability, and collaboration.

In addition to completing assigned projects, the focus was on expanding technical skills and building confidence in tackling unfamiliar challenges. A key outcome of the program was the strengthening of problem-solving skills and learning agility. By actively exploring new concepts and applying them in practice, I developed a more flexible mindset and enhanced my ability to contribute independently to the future of Azbil's technology. Collaboration was also central to the program. Working with colleagues from diverse cultural and professional backgrounds improved my communication skills and deepened my understanding of effective teamwork. Adapting to different languages, workflows, and perspectives fostered mutual trust and more productive collaboration.

Overall, this experience provided valuable growth in technological and communication skills and established a strong foundation for continued contributions to Azbil's innovation efforts.

Research and Development

Enhancing calibration capabilities to support measurement reliability

With accurate measurement as the foundation for measurement and control, the azbil Group provides safety, comfort, and fulfillment for its customers. The key to this is calibration, the process of confirming that sensors and measuring instruments can ensure high precision. In this, Azbil is second to none in Japan. The Measurement Standards Section at Azbil's Fujisawa Technology Center is highly competent in the maintenance and development of measuring instruments (reference standards) used as benchmarks for calibration. The section is recognized as a JCSS Accredited Laboratory* by International Accreditation Japan—a national accreditation organization authorized by the Japanese government—possessing first-rate calibration capabilities for temperature, humidity, electricity, pressure, vacuum, liquid microflow, gas flow, and time (frequency). Members of the azbil Group also possess superior calibration capabilities. For example, the Calibration Division at the Shirakawa Factory of Azbil Kimmon Energy Products, Co. Ltd., and the Calibration Group at Azbil Kyoto Co., Ltd. are certified as JCSS Accredited Laboratories. The azbil Group's accurate measurements are supported by these outstanding calibration capabilities and high-precision physical standards.

* Details of the categories registered and certified under JCSS can be viewed on the website of the National Institute of Technology and Evaluation (NITE).



The Calibration Office at the Fujisawa Technology Center and its high-precision vacuum calibration system (center)

Company	Location	Calibration capabilities
Azbil Corporation	Fujisawa Technology Center Calibration Office	Temperature, humidity, electricity (current, voltage, resistance), fluid flow (gas, liquid), pressure, vacuum, time (frequency), length, weight, torque
	Kawara Technology Center Calibration Office	Temperature, humidity, electricity (current, voltage, resistance), pressure, time (frequency), length, weight, torque
Azbil Kyoto Co., Ltd.	Calibration Group	Flow rate (liquid)
Azbil Kimmon Energy Products Co., Ltd.	Shirakawa Factory Calibration Division	Flow rate (gas)

Utilization of international standards

To promote global business, utilizing international standards is essential for market formation, certification of high quality, and assurance of interoperability. The azbil Group works on international standardization directly related to its businesses and has established a framework for discussing the use of international standards group-wide to strengthen our global business. Moreover, we view compliance with international standards not as a constraint but rather as a seed for innovation, promoting initiatives to create new value and develop technology that is unrestrained by past limitations and preconceptions. At the same time, we continue to explore ways to make proper use of international standards while taking into account the protection of intellectual property.

KPIs for technology and product development

To quantitatively evaluate the progress and results of our development of technologies, products, and services, we have set the following KPIs and promote strategic efforts based on these indicators.

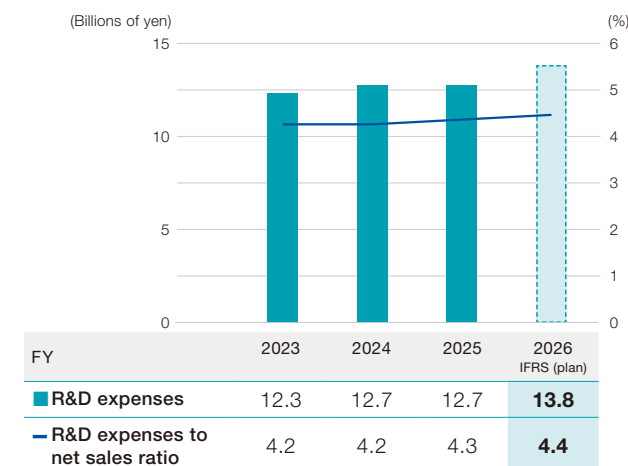
■ **Ratio of R&D expenses to net sales:** Measures investment in R&D against net sales to check investment allocation

■ **Product sales:** Assesses the degree to which development of technologies, products, and services directly contributes to sales

■ **Ratio of new products to product sales:** Identifies our capability to develop products and services

We also periodically revise our R&D strategies and investments to achieve sustainable growth by continuously monitoring the investment returns on the technologies, products, and services we develop. For research and development, we invested ¥12.3 billion in FY2023, ¥12.7 billion in FY2024, and ¥12.7 billion in FY2025. We plan to invest ¥13.8 billion in FY2026, which will enable us to pursue sustainable growth by increasing our investments in technology, product, and service development, and by providing ground-breaking solutions.

R&D expenses, R&D expenses to net sales ratio



Intellectual Property

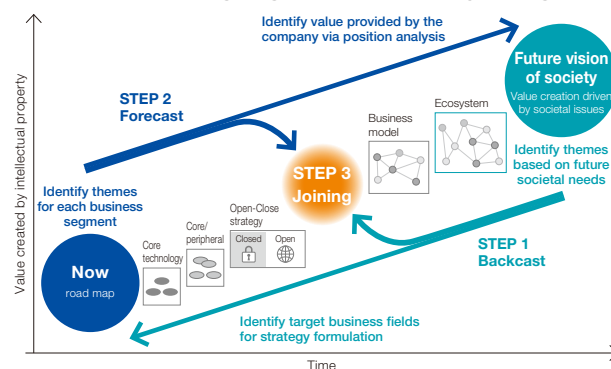
Intellectual property strategy supporting business growth

Intellectual property activities combining offensive and defensive approaches

As expectations grow for the effective use of intangible assets as a source of enterprise value, the azbil Group is promoting the formulation and execution of a company-wide intellectual property strategy that contributes to enhancing enterprise value. In implementing this strategy, our intellectual property, business, and development divisions work closely together to strengthen and innovate the processes for creating and utilizing intellectual property.

As part of these efforts, our offensive intellectual property activities promote IP landscape analysis that integrates intellectual property information with business information, thereby improving the quality of decision-making related to product development through dialogue with business and development managers. Meanwhile, our defensive intellectual property activities reinforce our stable business foundation through the steady acquisition of intellectual property rights, freedom to operate (FTO) searches, and the confidentiality management of know-how related to important technologies.

Framework for investigating intellectual property strategies



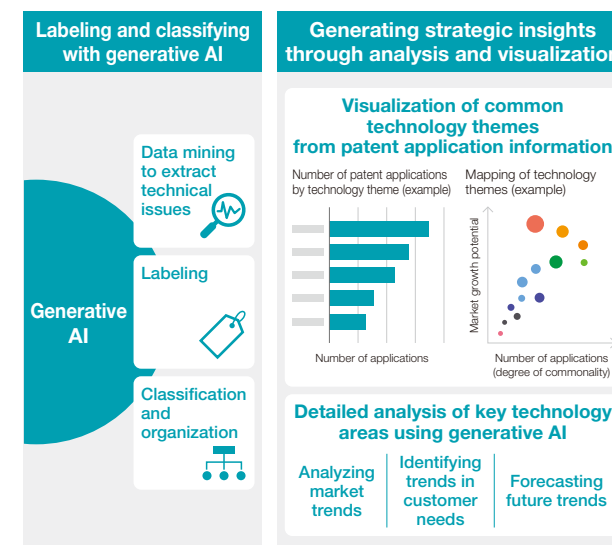
Approach to company-wide intellectual property strategy

In formulating the company-wide intellectual property strategy, we conduct integrated analyses of information that falls both within and outside the intellectual property category in order to (a) assess the current status of key technologies, including automation technologies, and (b) forecast future developments. Based on these analyses, we define our desired endpoint from an intellectual property perspective and adopt a backcasting approach that integrates intellectual property strategy with business strategy to bridge the gap between present and future positions. In recent years, the use of generative AI has enabled more efficient analysis of vast amounts of information, facilitating faster and more detailed assessments of current conditions and future projections. By utilizing this, we have deepened our analyses and further enhanced the contributions made by intellectual property to product development.

Contribution to business through intellectual property information analysis

As one example of intellectual property information analysis, we use generative AI to label and classify technical problems appearing in published patent applications and to visualize technology themes that emerge from multiple patent applications. Based on these results, we conduct detailed analyses of patent applications related to particularly noteworthy areas of technology so as to gain insights into market trends, customer needs, and future developments. Analysis results are shared with the relevant departments, including those concerned with marketing and development, and are utilized for reviewing business strategies and development themes that anticipate customer needs. These initiatives—which are primarily conducted for priority technology areas such as cloud systems, MEMS sensors, and smart meters—support strategy formulation based on intellectual property information.

Contributing to business through intellectual property information analysis



Trademark strategy supporting brand value

The azbil Group views trademarks as important intangible assets that support brand value and is developing a basic approach to acquiring and maintaining trademark rights based on the characteristics of globally used brands, product family names, and product names.

In particular, regarding the “azbil” Group symbol, we have established principles for the acquisition and maintenance of rights in line with business conditions, and we operate under appropriate governance, continuously reviewing the scope of rights in consultation with the relevant departments. In addition, we promote the standardization of brand usage guidelines and trademark displays while monitoring the markets for counterfeit products to ensure proper use across the Group.

Manufacturing and Procurement

Strengthening our global production and procurement system

To support global business expansion, the azbil Group has established a new production base in Vietnam, which joins the existing three-pronged production system in Japan, China, and Thailand. At each location, we are strengthening our production and procurement network and developing our sales and distribution channels to enhance productivity, expand production capacity, strengthen the supply chain, reduce costs, and improve quality.

At the Shonan Factory in Japan, which serves the core site for advancing manufacturing, we are strengthening collaboration with the Fujisawa Technology Center. We will continue to enhance our mother factory functions that support our global manufacturing and procurement system.

At the Dalian base in China, with the completion of a new factory building, industrial valve production has been almost completely automated. We are making progress with comprehensive process automation for industrial valves, including a new valve series. In addition, we have reduced costs by expanding local procurement.

At the Thailand base, a new factory building was completed to expand production of electromagnetic flowmeters for the industrial market, in addition to existing component products. We are progressively installing new production equipment.

The global production system



At the Vietnam base, a new factory has been built in Thang Long II Industrial Park in Hung Yen Province. We will strengthen production capacity and competitiveness there while establishing a sustainable supply system.

Enhancing global production governance

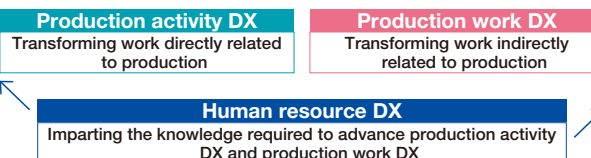
In Japan and overseas, we maintain a consistent level of governance by employing operational standards for quality management and product certification at all our production bases. We are further strengthening governance by expanding the scope of these standards to cover overseas control panel production, aiming to ensure that product quality is maintained and best production practices implemented throughout the azbil Group.

Production IT (DX/LX)

As part of our production DX initiative, we are promoting digital transformation in three areas—production activities, production work, and training—to advance site automation, improve operational efficiency, and develop human resources.

As part of production legacy transformation (LX), we are systematically updating and consolidating production management systems, aiming to create a single optimized system that is integrated with our core systems.

Three pillars of production DX

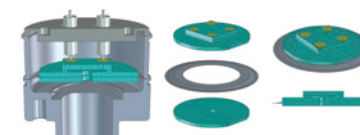


Strengthening production engineering

The azbil Group is making advances with MEMS sensor packaging and precision machining technologies, while also developing and applying new manufacturing methods, all of which contribute to strengthening product competitiveness. In addition, we are working to enhance productivity as well

as maintain and improve global quality through the use of subcommittee meetings and technical exchange activities aimed at intergenerational skills transfer.

MEMS sensor packaging technology that takes advantage of the material properties of sapphire



Vacuum measuring devices that take advantage of the exceptional properties of sapphire are made possible by the azbil Group's sensor packaging technology. These devices feature highly airtight bonding with a nickel-based alloy, which, like sapphire, has high heat and corrosion resistance.



Ensuring reliability through image inspection of joints

We have developed an image inspection technology that evaluates the reliability of joints by observing them with a special microscope.

BCP for manufacturing and procurement

We have established a business continuity planning framework that addresses such contingencies as natural disasters and abrupt changes in the international situation; it covers production lines, components, distribution, and emergency response, as well as targeting improvements in disaster prevention. To address parts procurement difficulties, we have adopted a standardized response posture, based on the knowledge and lessons gained from past experience, to ensure readiness for similar challenges in the future.

Legal compliance and fair transactions in the supply chain

Fair transactions are a crucial element in maintaining the sustainability of the supply chain. We deepen trust with our business partners and ensure overall soundness and stability by fairly and transparently reflecting increases in raw material costs and logistics expenses in our pricing. We also fulfill our corporate social responsibilities, ensuring strict compliance with laws and regulations while enhancing competitiveness and pursuing long-term growth by conducting fair transactions.

For more information on our sustainable procurement activities, please refer to the following:

p.58- Supply Chain

Sustainable Procurement Annual Report

<https://www.azbil.com/sustainability/social/supplychain/annualreport.html>

Digital Transformation (DX)

Connecting internal transformation through digitalization “in series” to transformation for customers and society Creating the azbil Group’s unique value through field-proven DX

The azbil Group promotes DX through two complementary initiatives: internal DX, which improves productivity and creates new ways of working, and product DX, which creates new value for customers in manufacturing sites, building operations, and lifeline utilities. To keep pace with advances in digital technologies, we increased DX investments under our current medium-term plan (FY2025–FY2027) by approximately ¥5 billion compared with the previous medium-term plan. The Digital Promotion Headquarters, established in April 2025 as an organization reporting directly to the president & group CEO, is accelerating internal DX across the azbil Group. The know-how gained through these initiatives, together with the Group’s expertise in measurement and control, is being applied to product DX. In particular, the use of generative AI has expanded throughout the Group, enhancing daily operations and realizing the intergenerational skills transfer from experienced engineers, thereby helping ensure business continuity. In product DX, the azbil Group is leveraging AI and cloud computing to provide anomaly prediction and detection and optimal control solutions. These initiatives contribute to the stable operation and energy efficiency of customer facilities and create new added value at the customers’ sites and inside the Group, going beyond improvements in operational efficiency.

In recognition of these initiatives, Azbil was selected as a Noteworthy DX Company 2026 under the Digital Transformation Stocks (DX Stocks) 2026 program, jointly administered

by Japan’s Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Innovation Platform Agency, Japan (IPA).

Internal DX has expanded the adoption of a Fit to Standard approach, which reviews business processes to align with industry standards, while strengthening governance on a global basis and accelerating decision-making. In addition, the use of generative AI and low-code tools has become widespread across the Group, driving greater efficiency and sophistication of business processes. We are also using generative AI to convert the tacit knowledge of experienced engineers into explicit knowledge, thereby establishing mechanisms for intergenerational skills transfer. Alongside these initiatives, we have strengthened measures to address information security risks and are working to enhance enterprise value and ensure stable business operations. From an organizational perspective, we established the Co-creation Group within the Digital Promotion Headquarters in FY2026. This cross-functional organization brings together key talent in digital initiatives from across the company and shifts DX activities from an IT-led support model to a self-driven model within each business unit, enabling the faster execution of DX initiatives. We are also focusing on developing DX talent to foster a corporate culture in which employees leverage digital technologies and actively take on new challenges. Specifically, DX talent is classified into three levels—leader, expert, and DX-literate—and training programs tailored to each role are provided.

In product DX, each business segment is advancing the development of services that contribute to greater customer value.

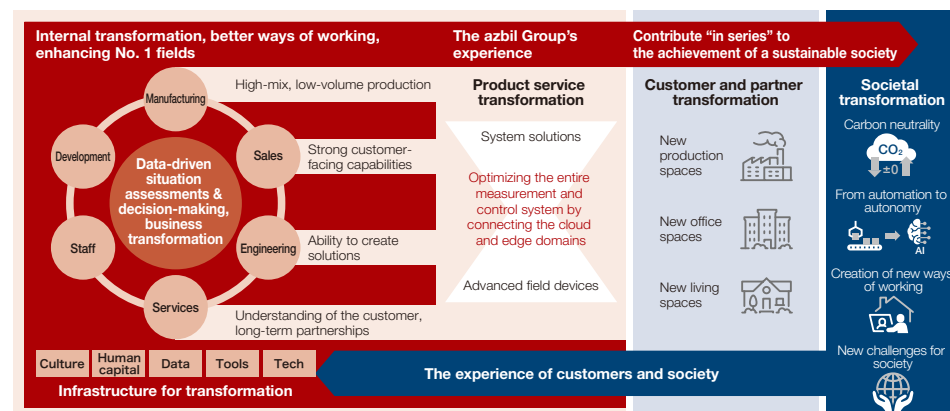
In the Advanced Automation (AA) business, on-site services utilizing AI and cloud computing have evolved beyond supporting implementation to transforming customers’ maintenance operations themselves. The AI-based online anomaly detection system has expanded its applications beyond improving maintenance efficiency and supporting stable operations to include adapting to changes following scheduled equipment maintenance and supporting high-mix, low-volume production. Our control valve maintenance support system provides cloud-based analysis and visualization of valve operating data. In addition to improving quality and operational efficiency, the service supports the transition from time-based maintenance to condition-based maintenance and contributes to the transformation of customers’ maintenance workflows.

In the Building Automation (BA) business, we provide cloud services for building management that enable remote, centralized control and monitoring. Through these services, building operators can monitor and control the status of air-conditioning systems in individual rooms in real time from remote locations. This helps streamline building management operations and improves operational efficiency.

In the Life Automation business, smart metering as a service connects smart meters with the cloud to provide remote meter reading, smart maintenance, and leak detection. The multi-utility metering of gas, water, and electricity contributes to data integration, the utilization of big data, and enhanced disaster response capabilities. These initiatives contribute to the realization of safe, secure, and smart social infrastructure.

Overview of the azbil Group’s DX

Contributing “in series” to the transformations of customers, partners, and society through self-transformation, with feedback for our next transformation



Digital Transformation (DX)

Transforming field services through DX

Digitalizing the entire service workflow to connect engineers and customers on a single platform

Field services, which support customers' equipment over the long term, are positioned as one of the azbil Group's most important businesses. While these services require the company's unique expertise in measurement and control, the aging and retirement of experienced engineers have made intergenerational skills transfer and the development of the next generation of engineers urgent priorities. In addition, improving working conditions, including addressing labor shortages and reducing on-call duties during nights and weekends, has become a pressing issue.

To address these challenges, the azbil Group launched a DX project to standardize and digitalize field service workflows, starting with the service division of the AA business, to improve engineer productivity and promote intergenerational skills transfer. As the foundation for this initiative, we adopted a cloud-based field service management system with a proven global track record. As an initial step, we established a common information platform that enables approximately 300 service engineers, including personnel from partner companies, to centrally access equipment operating data, work histories, and maintenance information. This initiative improves operational efficiency while facilitating the systematic transfer of skills from experienced engineers. In FY2026, the system is scheduled to be linked with the Group-wide data utilization platform, enabling real-time visibility into equipment information for each customer site. We also plan to gradually roll out a call center platform and dedicated customer portals. Over time, these services will evolve into a new offering that enables customers to monitor their equipment and service status and carry out certain routine maintenance activities on their own. Through these initiatives, the azbil Group aims to deliver faster response times and ensure the stable operation of customer equipment, contributing to higher customer asset value.

Transforming building operations through product DX

Supporting energy efficiency and optimized facility operations through data utilization, leveraging remote maintenance

Azbil is combining the measurement and control technologies developed through its BA business with digital technologies, including cloud computing and data utilization capabilities, as it aims to create new added value in building management and operations. As an air-conditioning control vendor, we have provided control applications and engineering services for their installation in individual buildings, while striving to ensure stable operation and optimize energy consumption from the start of building operation. In our remote maintenance services, which enhance our after-sales support capabilities, approximately 4,300 office buildings, factories, and commercial facilities across Japan are connected to our network.

We now combine the expertise gained through energy-saving potential assessments conducted by specialist engineers with instrumentation, facility, and energy-saving technologies to seamlessly automate the process, from identifying improvement opportunities and estimating potential benefits to control tuning, quality assurance, and effectiveness verification. Through these initiatives, we are advancing DX initiatives that enable energy optimization across more buildings while maintaining both occupant comfort and stable facility operations. A key strength of Azbil lies in the close collaboration among its sales, engineering, and specialist support teams, which has been cultivated over more than 20 years. Supported by integrated efforts in human resource development, organizational capability building, process reform, and digitalization, this collaboration enables us to deliver a consistently high level of service nationwide. This is a prime example of product DX, transforming maintenance services from a reactive, operations-focused function into a more consultative and customer-focused service. By accelerating and streamlining the cycle from assessment and improvement to outcome verification, the azbil Group helps customers realize value more quickly.

Leveraging remote maintenance, the azbil Group is evolving its services to contribute to increased energy efficiency, operational efficiency, and sustainability, thereby creating new value for customers.



Tsuyoshi Kitai

DX Promotion & Development Department
Advanced Automation Company



Koichi Tanaka

Cloud Services Department
Cloud Systems Headquarters

Sustainability Management

Turning Sustainability into a Driver of Growth

—Creating a Virtuous Cycle of Social and Enterprise Value—

Guided by the spirit of our founding, the azbil Group has established policies on sustainability and is advancing initiatives that contribute “in series” to the global environment and a sustainable society. Through automation technologies that connect people and society, we have reduced environmental impacts by properly managing resource and energy consumption while enhancing the quality of spaces in buildings, factories, and lifeline infrastructure.

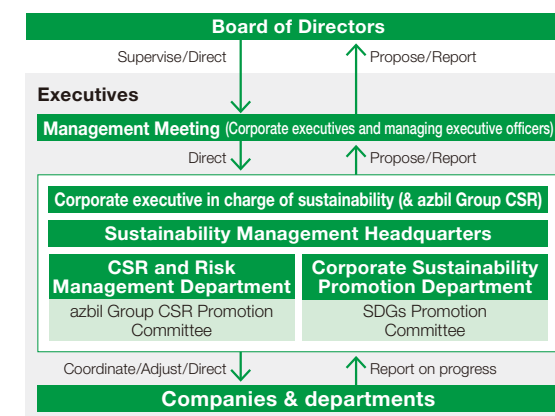
To realize a sustainable society, it is indispensable to establish mechanisms that enable the efficient use of limited resources and energy. Addressing these societal challenges is not only an expectation placed upon us by society but also an opportunity for the Group to continuously create value through its business activities and achieve growth. We believe that the essence of sustainability management lies in achieving our growth while resolving societal challenges. In FY2026, we formulated our Purpose, “Expanding Technological Frontiers, Unlocking Human Potential.” Guided by our Purpose, which serves as our reason

for existence, we carry forward our founding spirit of “freeing people from drudgery” and seek to unlock human potential through the practice of “human-centered automation,” realizing safety, comfort, and fulfillment in people’s lives while contributing to global environmental preservation. Materiality serves as the guidance for putting our Purpose into practice. We incorporated a double materiality perspective that evaluates both the financial impact of environmental and social factors on the Group and the impact of corporate activities on the environment and society, and, in accordance with this evaluation, we identified 11 material issues across five focus areas. Based on this materiality, we have established proprietary targets aligned with the SDGs and are advancing initiatives that are directly linked to the measures set out in our medium-term plan.

In addition to formulating our Purpose, we reviewed our materiality in light of significant changes in the business environment and have disclosed the results of the review in this report. In recent years, the importance of supply chains and human capital has increased globally, while technological innovation and responses to societal challenges have accelerated in areas such as the semiconductor market, the data center market, and GX-related solutions, all of which we regard as growth areas. As a result of reassessing both significance and financial impact in response to these developments, we elevated the priority of supply chain and human capital issues and added “water resources” as a new material issue.

Behind this decision lies the rapid increase in water consumption in data centers and other facilities driven by the widespread adoption of generative AI. Water resources are closely linked to cooling functions in the air-conditioning field and to the stable and efficient supply of water, which is

System to advance sustainability management



Under the leadership of the corporate executive responsible for sustainability, the azbil Group operates both the azbil Group CSR Promotion Committee and the SDGs Promotion Committee.

In April 2026, to further strengthen sustainability management across the entire Group, we established the Sustainability Management Headquarters and consolidated within it the specialized organizations that had served as the secretariats for these two committees. This has enabled us to centrally monitor and manage sustainability-related initiatives across the Group while further strengthening our promotion system. Progress and issues identified by the two committees are deliberated in the Management Meeting, and the Board of Directors appropriately oversees these activities.

As illustrated above, the azbil Group has established a Group-wide framework for promoting sustainability management.

Takayuki Yokota

Director
Representative Corporate Executive,
Deputy President
Sustainability (& azbil Group CSR)



Sustainability Management

social infrastructure. Over the longer term, water resources could influence not only business continuity but also future growth opportunities for the Group. As we continue to expand our global operations, we recognize that water resource management is an important theme from the perspectives of both physical risks associated with water scarcity and the creation of new business opportunities.

Taking physical risks into account, we are analyzing opportunities from multiple perspectives across each of our business segments: in the Building Automation business, we assess the impact associated with efficient use of cooling water in air-conditioning systems for data centers; opportunities related to water-efficient equipment and services and solutions to prevent environmental incidents in the Advanced Automation business; and the potential of leak detection services in the Life Automation business. We regard water resources not merely as a part of an environmental issue, but as a management issue that requires priority attention, closely tied to both responding to societal requirements and enhancing our enterprise value.

Respecting human rights is also positioned as one of our key management priorities. We are promoting human rights due diligence across the entire value chain, including our supply chain, identifying priority human rights issues and strengthening our initiatives accordingly. In FY2025, we conducted a survey of initiatives across domestic and overseas Group companies and developed a road map for FY2026–FY2027 based on the findings. Furthermore, in April 2026, we established the azbil Group Human Rights Subcommittee, creating a framework to advance human rights initiatives more effectively, including direct dialogue with stakeholders such as human rights organizations.

In addition, we support the recommendations of the TCFD and TNFD and are working to further enhance our identification of opportunities and risks related to climate change and natural capital, as well as the quality of our disclosures. Looking ahead to the introduction of new sustainability disclosure standards, we will continue

to advance integrated and highly transparent disclosure practices.

As a foundation supporting these sustainability management initiatives, we regard the strengthening of human capital as a key management priority. For the azbil Group, which creates value through its automation businesses, people are our most important form of capital. Under our medium-term plan, we have committed to significant investment in human capital, increasing total personnel-related investment by approximately ¥32 billion over the three-year period compared with the previous medium-term plan. We are advancing initiatives centered on “implementing health and well-being management” and “developing and strengthening an organization that never stops learning.”

In addition to building personnel systems that enable all employees to work in a positive environment and be rewarded for their achievements, we are focusing on the development and acquisition of global talent and highly

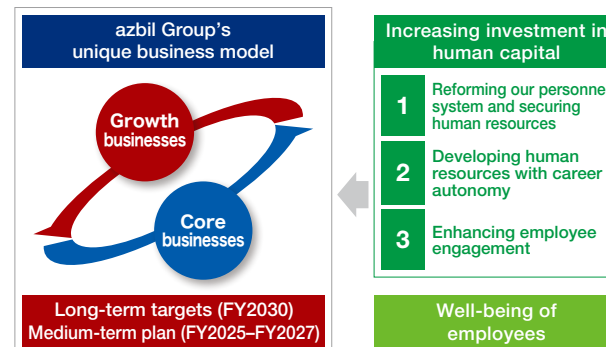
specialized professionals who will support future business growth. In our overseas business, we have established a dedicated organization to promote recruitment, development, and retention initiatives tailored to the characteristics of each country and region. We are also strengthening the development of DX talent and reskilling in response to the rapid advancement of AI and digital technologies. By leveraging emerging technologies, including generative AI, we are cultivating people capable of driving business transformation and creating new value while supporting each employee’s autonomous career development.

Moreover, our investment in human capital extends beyond capability development to include the enhancement of employee engagement and the creation of meaningful and rewarding work. Through measures such as the revision of compensation systems, the enhancement of employee benefits, and the employee stock ownership plan (J-ESOP-RS), which fosters a sense of ownership, we are also promoting our health and well-being management, including improvements to a workplace culture characterized by openness and transparency. We believe that a corporate culture in which employees can fully realize their potential and where people with diverse values and expertise learn from one another and grow together is the true source of sustainable enterprise value enhancement.

We also believe that realizing the well-being of each employee leads to enhanced enterprise value, which in turn contributes to the well-being of society. Sustainability is not a special activity separate from corporate activities. Through our businesses, human capital, technologies, and management itself, we will create a virtuous cycle of social and enterprise value, pursuing both the realization of a sustainable society and the sustainable growth of the azbil Group. Through these efforts, we will continue to advance the philosophy of “human-centered automation” into the next era for implementation of “Expanding Technological Frontiers, Unlocking Human Potential.”

Strengthening our business model with stronger human capital

While actively making necessary investments in human capital and other areas, we aim to achieve both expanded sales and improved profitability, as well as to realize the well-being of society and employees through further business growth.



Human Capital

The azbil Group regards human resources as a type of “capital” that facilitates our sustainable growth. Based on the universal idea that employees are valuable assets and the source of a new corporate culture and the creation of enterprise value, the azbil Group is strengthening our human capital to ensure that we make contributions “in series” to the achievement of a sustainable society. In response to changes in our business structure in line with future technological developments and new developments in society, and to achieve our long-term targets and medium-term plan, we secure excellent talent with diverse values and backgrounds, develop human resource systems that enable employees to thrive over the long term, foster talent that can adapt flexibly as “an organization that never stops learning,” and place the right people in the right roles.

Human capital investment to strengthen the azbil Group’s unique business model

At the azbil Group, we are expanding business in our core businesses based on strong relationships with a broad customer base (plants, commercial buildings, and lifeline utilities) built over many years, as well as in our growth businesses, which see technological innovations such as semiconductors and responses to societal issues such as carbon neutrality as new business opportunities. For growth businesses, we will focus on regional expansion (overseas markets) and the enhancement of competitive advantages (increased product competitiveness). We expand the customer base in our growth businesses while improving sustainability and profitability in our core businesses. By cycling from growth businesses to core businesses and back to growth businesses, we aim to achieve sustainable business growth through “Evolution and Co-creation.”

As digital technologies, including rapidly evolving AI, continue to transform the business environment, we see business transformation and new value creation through AI as a key management priority.

While our strengths lie in advanced measurement and control technologies and field expertise built over many

years, an aging workforce and greater employee mobility have made intergenerational skills transfer more important. Accordingly, in addition to leveraging generative AI, we are promoting the standardization and visualization of technologies and expertise, while developing talent through our Professional/Meister system. We are strengthening the foundation for sustainable value creation across the organization. We aim to build a strong business foundation that does not rely on specific individuals by creating an environment where technologies and expertise are shared and accessible to all, while enabling employees to continue growing through hands-on experience.

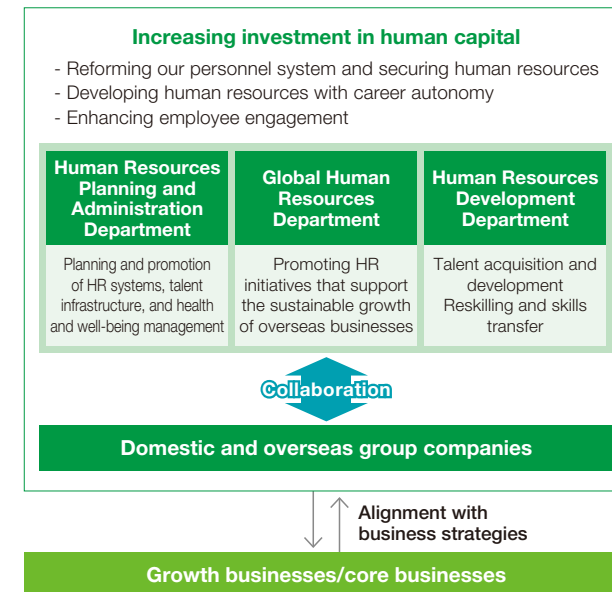
Alongside these efforts, we will promote training programs that support employees in taking ownership of their careers, continuous upskilling in their areas of expertise, and reskilling to adapt to evolving roles and responsibilities.

Investing in human capital and enhancing framework

Under the FY2025–FY2027 medium-term plan, we are promoting measures to strengthen investment in human capital centered on three pillars: (1) reforming our personnel system and securing human resources, (2) developing human resources for career autonomy, and (3) enhancing employee engagement, with a view to strengthening the azbil Group’s unique business model. To support these efforts, we plan to increase total personnel expenses by ¥32 billion over three years compared with the previous medium-term plan as part of our investment in human capital.

In FY2026, we reorganized our structure to integrate our human resources and talent development functions to address a broad range of challenges related to human resources and talent development, including investment in human capital and reskilling, while supporting global growth. This initiative is intended to strengthen collaboration across businesses and organizational capabilities, enabling us to respond more effectively to changes in the business environment and drive business transformation.

Framework for strengthening human capital



Reforming our personnel system and securing human resources

Personnel system reform

In FY2018, we revised our personnel system and now operate it based on the three concepts of developing human resources for the long term, maximizing human resources’ potential, and enhancing the quality of employees’ lives and securing human resources. The revised system was designed to create an environment in which each employee can maximize his or her abilities.

In recent years, the environment surrounding companies has been changing dramatically due to changes in the societal structure as individual values and lifestyles continue to diversify. In response, we aim to secure and retain human resources and enable all employees to autonomously demonstrate their potential in rewarding work

Human Capital

environments, with a view to future growth through “Evolution and Co-creation.” In FY2025 and FY2026, we continued to revise our personnel and remuneration systems. These revisions included raising the level of compensation, establishing new allowances specific to certain job categories, and raising the retirement age from 60 to 62. We introduced a bonus system based on the Group’s overall performance and individual achievement to encourage employees to maximize their capabilities and improve productivity.

Securing human resources: stabilization of our human resource base

In addition to strengthening our core businesses, we are working to attract talent that will support our growth businesses by aligning recruitment efforts with our brand strategy and enhancing our employer value proposition.

For domestic recruitment, we have improved recruitment competitiveness through measures including revisions to personnel and remuneration systems. We have expanded our scope of mid-career recruiting and secured human resources who can make an immediate impact through various channels, such as referral-based and alumni recruiting methods. For hiring new graduates, we expect our young talent to infuse new life into the organization with their flexible ideas. We define innovative human resources as individuals who are skilled at creating new solutions and continue to conduct our own selection process independently of conventional recruitment criteria. In addition, to increase the number of employees who can contribute globally, we are focusing on recruiting global talent through initiatives such as participation in overseas career forums.

For overseas recruitment, we are strengthening recruitment capabilities and improving employee retention at overseas subsidiaries and affiliates based on global business plans to support local market needs. We regularly monitor key indicators, including hiring, resignations, and turnover rates, and work closely with overseas subsidiaries and

affiliates to develop and implement measures where challenges are identified.

Developing human resources with career autonomy

Approach and initiatives for the development of human resources

To ensure business activities that contribute “in series” to a sustainable society, the Azbil Academy, a specialized institution for cultivating human resources, has played a central role in deploying initiatives in accordance with the Basic Principles of Human Resource Development since its establishment in FY2012. These principles emphasize three aspects: teamwork and collaboration as work professionals; a strong desire to excel and take on challenges; and high aspirations, a sense of ethics, and an international mindset. In this way, we are committed to becoming “an organization that never stops learning.”

In FY2026, we integrated our recruitment, placement, and talent development functions into a single organization to strengthen talent development that supports employees in taking ownership of their careers and aligns with our business strategy. At the same time, we strengthened collaboration with talent and development committees across our businesses and corporate functions. By aligning recruitment, placement, and development with workplace needs, we are helping employees become productive more quickly and maximizing value creation.

To achieve our medium- and long-term targets, we are developing, based on the Basic Principles of Human Resource Development, human resources who can adapt to changes in the environment surrounding the company and society as well as support the continuous and stable growth and development of the company and society.

 **Basic Principles of Human Resource Development**

https://www.azbil.com/sustainability/social/learningorganization_hrd/principle.html

Evolution of the human resource development program

Working in cooperation with workplaces and sites, we provide employees and business partners with various training programs, including company-wide training, annual training for employees in their first to fifth year at the company, and position-specific training until they reach manager level. In addition, we have developed talent that supports the sustainable growth and profitability of our core businesses by providing opportunities to build the mindset and skills needed for DEI, DX, and global leadership through selective development programs, while also supporting career development through mentor programs, in-house internships, and our Professional/Meister systems.

Furthermore, we have established an onboarding learning site for employees who have joined the company through our year-round career hiring program, which has been an increasing source of recruitment for us in recent years. This site was established to help them learn the basics such as Azbil’s rules and businesses by watching videos so that they can contribute to the company at an early stage.

In an age of longevity and rapid change, characterized by VUCA and BANI, employees are expected more than ever to anticipate future shifts and respond with agility. To that end, we are promoting the development of human resources who are capable of independently thinking about and envisioning their career paths, of learning and growing on their own to achieve their goals in that respect, of accelerating their own career autonomy and self-directed learning, and of taking action in the direction of “Evolution and Co-creation.”

This will lead to employees feeling a sense of personal growth, increased engagement, and ultimately, the realization of employee well-being. We will continue to evolve our human resource development program into a system that allows those who want to learn and challenge themselves to take on challenges earlier and more independently.

To support these efforts, we will expand career planning seminars, offering them to employees at ages 35, 45, and 55 and encouraging participants to reflect on their career paths.

Human Capital

Overview of human resource development

	Employment																		Management	
By function	Specialized training by business department, job category, and skill (skill development training in business departments)																			
	DX training (DX-literate, expert, leader), IT basic/SW engineer training																			
Global leader/DEI	Globalization training										Diversity network					Training for employees assigned to overseas subsidiaries and affiliates				
Training by hierarchical levels	New employee training	New employee follow-up/ training for second- to fifth-year employees			Logical communication/self-understanding and understanding others/problem-solving							Seminars for personnel at managerial positions/ training for evaluators				Executive training				
Career development	Career development programs, interviews, mentor programs, in-house internship programs, and in-house open recruitment systems																	Mentors for management		
Company-wide education	Compliance education, information security education, safety education, quality education																			
Self-learning support	Company-wide LMS, external e-learning, distance learning, language training, and independent study groups																			
Qualification acquisition	Within the company: Professional/Meister system Outside the company: Incentive programs for acquiring qualifications																			

In addition to our existing training programs tailored to career stage and job level, we will enhance self-directed learning opportunities and expand external e-learning content, enabling employees to learn regardless of timing or position. We will also strengthen mechanisms that encourage collaboration and co-creation through the interaction between workplace OJT and OFF-JT provided by the training function, enabling efficient and effective employee growth.

As these efforts evolve, we will expand and accelerate our efforts to develop DX human resources and global talent, which we have been continuously focusing on.

Developing DX talent

DX will serve to support the further expansion of both our growth and core businesses and the strengthening of our management base. To promote and accelerate DX, it is necessary to transform and create businesses and operations through business capabilities, data science capabilities, and data engineering capabilities. To develop DX talent, we define DX talent roles at Azbil and conduct various seminars and educational programs to facilitate skill acquisition, while utilizing our in-house Learning Management System (LMS) and external e-learning.

We will continue to expand our DX talent development efforts and accelerate their deployment globally in cooperation with the training leaders at our overseas bases.

Cultivating global talent

To support the expansion of our global business operations, we define global talent as people who can play an active role globally, regardless of their job category or region, and at the same time are aware of the appeal of their own country or region and of the company. They are also able to embody the Group philosophy when they behave and when they provide value. Specific initiatives include biannual English-language leadership training, internship programs that foster cross-cultural understanding, short-term exchange programs with overseas subsidiaries and affiliates, language and management development programs, and career support for employees on international assignments. Through both in-person and online learning opportunities, we continue to invest in talent development. Through these efforts, we continue to accelerate the development of global talent.

Enhancing employee engagement

In the azbil Group Health and Well-being Declaration of 2019, we commit to fostering a collaborative effort between

the company and its employees to create comfortable and pleasant work environments and we pledge to actively promote mental and physical health. We value opportunities for diverse individuals to acknowledge each other's social and physical characteristics, differences in thoughts and values, and to thrive.

To support human resource development and the continuous improvement of the work environment, we have established the following FY2030 targets as part of the Essential Goals of the azbil Group for the SDGs:

- Achieve a 65% or more ratio of employees who experienced personal growth over the past year
- Achieve a 65% or more ratio of employees who find satisfaction in working at the azbil Group

By creating an environment where employees can embrace our vision and maximize their potential, we aim to achieve our FY2030 targets through greater employee engagement.

From work-style reform to creation of new ways of working: preparing environments that are easy to work in

Based on the belief that a comfortable and pleasant environment that is easy to work in is necessary for employees to be able to actively work as their true selves, we are evolving our efforts by developing our existing work-style reforms into the creation of new ways of working (with the company and its employees unified in the creation of new work styles and job satisfaction), which began with the telecommuting arrangements formed during the COVID-19 pandemic. We are promoting hybrid working arrangements, combining office and remote work, while providing employees with a new office environment. In addition, we are implementing a variety of communication initiatives to strengthen connections among employees, promoting cross-functional interaction and learning across the organization.

Human Capital

Overview of health and well-being management



 **azbil Group Health and Well-being Declaration**
https://www.azbil.com/sustainability/social/health_wellbeing/declaration.html

Promoting diversity, equity and inclusion

In promoting diversity, equity and inclusion (DEI), we believe that growth is driven by employees from diverse backgrounds respecting one another's individuality and fully demonstrating their abilities. Based on this belief, we launched the Azbil Diversity Network (ADN) in FY2017 and have actively advanced DEI initiatives ever since.

Originally focused on supporting female employees, ADN expanded its scope in FY2021 to include a more diverse range of talent, such as mid-career hires and employees from different national backgrounds. Through ADN's activities, employees with diverse backgrounds engage in dialogue and collaborative discussions, generating a variety of recommendations for the company. We are actively working to turn these recommendations into action.

Against this backdrop, in FY2025, the azbil Group established the following targets: percentage of female employees at managerial or specialist positions to be 10%

or more and approximately double the percentage of female employees at managerial or specialist positions across the azbil Group in Japan by FY2027 (versus FY2017). We will continue strengthening efforts to promote the advancement of women and create an environment in which diverse talent can thrive.

Incentive programs to enhance employee engagement

We have introduced the employee stock ownership plan (J-ESOP)*¹ for employees with the expectation that it will assist them in growing and developing together with the company through the creation of daily work with an awareness of increasing enterprise value and the practice of Group philosophy. In April 2025, the plan was revised into the employee stock ownership plan that grants restricted stock (transfer restrictions are lifted upon retirement) starting from the employee's period of service at the company (J-ESOP-RS). As a result, employees are able to exercise voting rights and receive dividends as shareholders.

In addition, we have introduced E-Ship®*², a trust-type employee shareholding incentive plan that enables employees to benefit from increases in enterprise value over the medium to long term through participation in the employee stock ownership association. Through these initiatives, we are promoting a stronger sense of ownership among employees and increasing understanding and adoption of the programs. Going forward, we will continue fostering a commitment to the company's growth and linking these efforts to the growth and performance of the company, as well as to the enhancement of enterprise value.

*¹ A program where employees earn points based on their individual contributions. Once they meet certain conditions, they become eligible to receive company stock equivalent to the points they have accumulated.

*² A system where a trust acquires in advance the number of company shares anticipated to be acquired by the stock ownership association over a predetermined period (three years). Thereafter, the trust continuously sells the company's shares to the shareholding association, and if an amount equivalent to the capital gains from the sale of shares is in the trust at the time of its termination, the amount equivalent to the capital gains will be distributed as residual assets to those who meet the beneficiary eligibility requirements.
 E-Ship® is a registered trademark of Nomura Securities Co., Ltd.

Recruitment that communicates our values: connecting people through shared aspirations

Yuta Mizuno (left)
 Haruka Wada (right)
 Human Resources Development Department



In recruiting new graduates, we strive not only to provide information about the company but also to communicate what makes Azbil Corporation attractive in our own words and through our own experiences so that students can feel a closer connection to us.

We also value opportunities to engage with people from diverse backgrounds. Through participation in overseas recruitment events, we have been exposed to a wide range of perspectives and values, broadening our understanding of different viewpoints and contributing to our personal growth. It was particularly rewarding to contribute to the company through tangible recruitment results. Another distinctive feature of our company is that younger employees are given opportunities to take on meaningful challenges early in their careers. Recruitment is not driven by the human resources function alone. It is supported by employees across the company. The authentic voices of employees help prospective candidates gain a deeper and more concrete understanding of aspects of the company that cannot be fully conveyed through formal recruitment activities.

In May 2026, Azbil Corporation formulated its Purpose. We believe that our Purpose will further strengthen each employee's sense of pride and commitment. Since joining the company, we have come to appreciate that we play an important role in supporting social infrastructure and that its value is reflected in countless aspects of everyday life. We have also seen that many employees take pride in our businesses and technologies because they are inspired by the possibilities of measurement and control technologies.

We view recruitment as an opportunity to bring together people who share our values and aspirations. By working together with employees across the company, we look forward to welcoming new colleagues and contributing to our continued growth.

Human Rights Initiatives

azbil Group Basic Policy on Human Rights and promotion framework

We have established the azbil Group Basic Policy on Human Rights in accordance with the United Nations Guiding Principles on Business and Human Rights. We work to spread awareness of this policy among all azbil Group officers and employees and promote initiatives to respect human rights. At the same time, we also encourage understanding and support from customers and business partners.

azbil Group Basic Policy on Human Rights

https://www.azbil.com/sustainability/social/human_rights/human_rights.html

As part of our CSR activities, the azbil Group CSR Promotion Committee works to maintain and enhance respect for human rights by regularly formulating plans and reviewing progress. In April 2026, we established the azbil Group Human Rights Subcommittee under the Committee to promote cross-functional human rights initiatives and oversee their planning and progress.

Human rights due diligence and priority human rights issues

To appropriately manage human rights risks and engage in responsible corporate activities, the azbil Group promotes human rights due diligence. We identify human rights risks across the value chain as a whole, assess their severity and the likelihood of occurrence, and create a human rights risk map. Then, we identify priority human rights issues and proceed to respond to the issues. In FY2025, we surveyed relevant departments and reviewed the status of initiatives at the company and its domestic and overseas Group companies. Based on the results, we established a road map for FY2026–FY2027 and are strengthening our efforts. We regularly review our priority human rights issues and response policies, taking into account changes in the business environment and stakeholder perspectives.

In the supply chain, the azbil Group also implements risk assessments related to human rights violations and strives to promptly correct any identified risks. See page 58 for details.

These initiatives are deliberated at the Management Meeting, and the results are reported to the Board of Directors. Based on the outcomes of these deliberations, we strive to disclose relevant information transparently.

Priority human rights issues

Stakeholders	Human rights risks
Employees	Health and safety
	Overwork
	Harassment
	Child labor
	Forced labor
	Discrimination
	Violations of freedom of association, right to organize (right to collective bargaining), right to collective action (right to strike)
Employees at suppliers (including secondary and beyond), contractors, investees, etc.	Right to privacy (including leaks of personal information)
	Health and safety
	Overwork
	Harassment
	Child labor
	Forced labor
	Discrimination
azbil Group product users	Violations of freedom of association, right to organize (right to collective bargaining), right to collective action (right to strike)
	Right to privacy (including leaks of personal information)
Surrounding residents	Product and service quality and safety
Job seekers	Local residents and impact on the environment
All	Discrimination
	Violations of access to reporting and consultation services/ right to receive aid measures

Dialogue with stakeholders

We prioritize dialogue with stakeholders in our initiatives related to respect for human rights. We conduct an annual dialogue on our human rights initiatives with Akiko Sato, an attorney and expert in business and human rights who is also active in a human rights NGO that represents one of our stakeholder groups.

The azbil Group's systematic approach to human rights is commendable, particularly its identification of priority issues and its steady implementation of human rights due diligence throughout the supply chain. It is also important to move beyond individual initiatives and further embed human rights considerations across all aspects of management while continuing to strengthen the organizational framework. To enhance the effectiveness of these initiatives, it is essential to continuously assess and review performance through a range of KPIs, while making full use of grievance mechanisms and feedback from stakeholders directly affected, including employees and suppliers. In addition, it will be critical to further strengthen initiatives aligned with international human rights standards, including addressing emerging human rights risks related to technological advances such as AI and changes in the social environment, while leveraging insights from external experts, including rights holders and other affected stakeholders.



Akiko Sato

Attorney-at-Law, Kotonoha Sogo Law Office
Deputy Secretary General,
Certified NPO Human Rights Now

Establishment of aid mechanism

We have established a contact point accessible to all stakeholders to prevent adverse human rights impacts and facilitate their early identification and resolution.

Consultation and reporting on human rights issues, laws, and ethics violations

https://form.azbil.com/form/pub/contact/azbil_form_hotline

Our global hotline for consultation and reporting can also be accessed from the websites of overseas subsidiaries and is available in multiple languages.

Environment

Environmental management

In line with the Group philosophy, the azbil Group regards protecting the global environment as a key issue for management. We aim to be an environmentally progressive company that works proactively to reduce the environmental impact of our customers' sites and address society's environmental issues through our business, while reducing the environmental impact of our entire supply chain to support the development of a sustainable society.



<https://www.azbil.com/sustainability/environment/index.html>

Our basic approach

The azbil Group, in light of international developments such as the United Nations' SDGs and the drive toward decarbonization across society, has identified its own environmental issues and made a long-term commitment to promoting environmental preservation.

We strive to create and provide products and services designed for sustainability by promoting an extensive range of environmental activities in collaboration with the business lines, addressing global environmental challenges such as decarbonization, resource recycling, and biodiversity conservation, in response to societal needs.

By leveraging measurement and control technologies to support our customers in solving environmental challenges, we contribute to the global environment and ultimately to achieving a sustainable society. We are committed to the creation and provision of eco-friendly products and services. This involves efficiently reducing the environmental impact of our own business activities by leveraging our business expertise and performing proof of concept for various new initiatives.

Disclosure aligned with the TCFD and TNFD recommendations

Based on the framework recommended by the Taskforce on Nature-related Financial Disclosures (TNFD) in addition to the Task Force on Climate-related Financial Disclosures (TCFD), the azbil Group will promote appropriate disclosure by understanding the impact of climate change and natural capital on our business activities and the impact of our business activities on climate change and natural capital.



https://www.azbil.com/sustainability/environment/tcfd_tnfd/index.html

Governance

Role of the Board of Directors

Based on the sustainability management promotion framework, the Management Meeting deliberates on climate change and natural capital from the perspective of disclosing business impacts and financial impacts, while the Board of Directors appropriately oversees these matters.



[p.45](#) Sustainability Management



[p.64](#) Corporate Governance

Stakeholder engagement

The azbil Group will build relationships of trust with stakeholders, including local communities and indigenous peoples, in addressing nature-related challenges, and fulfill its responsibility to respect human rights. We have established a system covering all stages from receiving inquiries and reports based on the azbil Group Basic Policy on Human Rights, through to investigation and verification, relief, and corrective and improvement actions.



[p.51](#) Human Rights Initiatives



[Consultation and reporting on human rights issues, laws, and ethics violations](#)

https://form.azbil.com/form/pub/contact/azbil_form_hotline

Our global hotline for consultation and reporting can also be accessed from the websites of overseas subsidiaries and is available in multiple languages.

Strategy

Opportunities and risks were analyzed in line with the TCFD's recommended approach for climate change and the TNFD's recommended approach (LEAP) for natural capital.

Climate change scenario analysis

Based on information from the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and other organizations, we have identified the long-term business risks and opportunities for the azbil Group until FY2030 according to the 1.5°C/2°C scenarios*¹ and the 4°C scenario*². We understand the 1.5°C scenario to have the same opportunity and risk trends as the 2°C scenario, but with a greater degree of impact.

We considered both the opportunities and risks in each of our businesses based on rising temperature scenarios and have concluded that the opportunities for our businesses to contribute to CO₂ reduction significantly outweigh the risks.

*¹ These scenarios assume that temperature rises are contained within a sustainable range due to the implementation of stricter regulations and the introduction of technological innovations aimed at a decarbonized society.

*² This scenario assumes that no effective measures to reduce GHG emissions are implemented, the temperature continues to rise, and extreme weather and natural disasters increase.

We divided risks into physical and transition risks and analyzed their financial impact. Although physical risks were estimated based on several assumptions, we believe that their impact on business will be limited due to the countermeasures we have in place, such as decentralizing our production network and formulating business continuity plans. In addition, regarding transition risks, we are implementing systematic risk mitigation measures concerning our own GHG emissions. Emissions from the azbil Group's business activities, as shown on page 56, were approximately 10 thousand metric tons of CO₂. Even if carbon prices rose by ¥10,000 to ¥20,000 per ton, the total financial burden would be limited to around ¥100 million–¥200 million. However, after quantitative evaluations

Environment

of the impact on the azbil Group's business in FY2030 in the hypothetical 1.5°C/2°C scenarios, we expect it to lead to an effective reduction of CO₂ at customers' sites and the expansion of new energy markets. We therefore estimate this will contribute to an increase in sales of at least ¥12 billion per year.

Building Automation business: approx. ¥7 billion

With the growing adoption of renewable energy sources and rising electricity rates, we anticipate heightened demand for our existing energy conservation services, including our total energy management service (TEMS), driven by the increased installation of related and high-efficiency equipment. We also expect an expansion in business opportunities for one-stop services that combine energy procurement, renewable energy sources, and emissions trading with an energy management system (EMS) that centrally manages everything from the visualization of CO₂ emissions to carbon offsets. Our estimates are based on scenarios with certain assumptions, historical installation data, and customer needs in the hospital and hotel markets, where energy use is high.

Advanced Automation business: approx. ¥5 billion

We anticipate an increase in business opportunities in markets that contribute to carbon neutrality (hydrogen, CO₂-free ammonia, carbon recycling/CCUS*). Our estimates are based on scenarios with certain assumptions arising from current trends, past installations in the target market, and the target market's growth rate according to third-party research organizations.

* CCUS: Carbon dioxide Capture, Utilization, and Storage

The azbil Group has developed and published a decarbonization transition plan aimed at achieving carbon neutrality by 2050.

 **p.55** Decarbonization transition plan

Opportunities and risks in climate change, natural capital

Type	Climate change	Natural capital	Business	Details () indicates climate change scenarios
Opportunities	○		BA business	Growing demand for energy-saving and CO ₂ -reducing solutions and services that meet societal needs (1.5°C/2°C scenarios)
				Increasing demand for products, services, and solutions for climate-resilient buildings adapted to weather disasters (4°C scenario)
			AA business	Increasing demand for sensors, various other measuring instruments, and solutions designed for new industries and processes that reduce environmental impact (1.5°C/2°C scenarios)
				Increasing demand for products, services, and solutions that offer anomaly prediction capabilities (4°C scenario)
			LA business	Expanding smart metering as a service business for gas meters that use IoT technology (1.5°C/2°C scenarios)
				Increasing demand for products, services, and solutions adapted to weather disasters (4°C scenario)
Transition risks	○	○	Group-wide	Increasing demand for solutions that meet the needs of markets dependent on natural capital
				Increasing demand for sensors, various measuring instruments, and solutions due to tighter environmental regulations on wastewater, chemicals, etc.
			Group-wide	Increasing demand for new solutions utilizing IoT technology such as ecosystem monitoring
				Increased R&D costs for new products and services to meet new regulations
Physical risks	○	○	Group-wide	Increased production and procurement costs due to rising energy and raw material prices
				Reduced conventional capital investment from customers due to the burden from carbon taxes, biodiversity conservation, and other associated costs
			Group-wide	Operational stoppages and inability to provide products, services, and solutions due to abnormal weather (e.g., floods, droughts, rising temperatures)
				Significant reduction in customer investment due to business instability caused by abnormal weather (e.g., floods, droughts, rising temperatures)

Derivation approach for natural capital opportunities and risks

Identification of priority sites

▷ Upstream

There are two methods for identifying priority sites: one method evaluates the magnitude of nature-related impacts and dependencies of business activities, and the other evaluates the ecological sensitivity of business sites. Through these two methods, we have identified 27 business partner locations. In addition, regarding risks associated with the manufacturing processes of electronic components, which are considered to have a significant impact on natural capital across the supply chain, the azbil Group has prioritized areas for assessment within the supply chain as an initial step in conducting substantive investigations. Based on this prioritization, the azbil Group is also assessing secondary business partners.

▷ Direct operation (azbil Group business activities)

This initiative targets 17 major production sites with a high impact on natural capital. One of the areas assessed as having particularly high ecosystem integrity is the Group's base in Kyotamba Town, Kyoto Prefecture. Since FY2013, the azbil Group employees and their families have continuously conducted nature observation activities, surveys of local trees, and environmental conservation initiatives such as tree planting and forest thinning. These efforts contribute to maintaining the integrity of the surrounding ecosystem. In FY2025, Azbil Kyoto Forest, located within the premises of this facility, was certified by Japan's Ministry of the Environment as a Nationally Certified Sustainably Managed Natural Site.

 **Azbil Kyoto Forest Designated as a "Nationally Certified Sustainably Managed Natural Site" by Japan's Ministry of the Environment**
<https://www.azbil.com/press/251008.html>

Environment

Dependence and impact

We have identified dependencies and impacts relevant to the azbil Group at each stage of upstream, direct operation, and downstream*1, based on the nature and magnitude of business activity dependencies and impacts (ENCORE*2), ecological sensitivity, and business characteristics. The azbil Group will continue to assess the actual conditions of events identified as potential impacts.

*1 Regarding downstream impacts, the Locate analysis in the LEAP approach has not been conducted. Instead, impacts are estimated in the Evaluate analysis based on the waste disposal methods of the processing service providers.
*2 ENCORE Partners (Global Canopy, UNEP FI, and UNEP-WCMC) (2024). ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. On-line, June 2024, Cambridge, UK: the ENCORE Partners. Available at <https://encorenature.org>. DOI: <https://doi.org/10.34892/dz3x-y059>

Scope	Dependence	Impact
Upstream	—	Business partner activities could have an impact on atmosphere, water, and soil pollution.
Direct operation	Among Group companies responsible for manufacturing azbil Group products, Azbil Production (Thailand) Co., Ltd., and Azbil Control Instruments (Dalian) Co., Ltd., are located in water-stressed regions.	Operations at certain facilities located in areas with high ecosystem integrity might significantly impact ecosystems through atmosphere, water, and soil pollution.
Downstream	We depend on water resources used as cooling water for air-conditioning systems.	Inappropriate waste treatment of the product could result in pollution of the atmosphere, water, or soil.

Additional information on the identification of priority locations and the assessment of dependencies and impacts is available on our website.

 Disclosure aligned with the TCFD and TNFD recommendations
https://www.azbil.com/sustainability/environment/tcfd_tnfd/index.html

Opportunities and risks

In line with the LEAP approach, the azbil Group identified priority locations and assessed dependencies and impacts. Based on the results of these assessments, the opportunities and risks identified through the analysis are as follows.

In addition, the azbil Group conducted scenario analyses based on its track record in each market and changes in the respective business environments.

Opportunities	Building Automation business: approx. ¥0.4 billion Against the backdrop of growing global water demand, including substantial water consumption by data centers driven by the expansion of the use of AI, the azbil Group expects demand to increase for control systems that optimize the use of cooling water in air-conditioning equipment and applications that support saving water.
	Advanced Automation business: approx. ¥0.2 billion The azbil Group expects growing opportunities related to equipment and services that improve water-use efficiency by leveraging our technologies, as well as related to solutions that help prevent environmental accidents, driven by increasing demand for responses to natural capital-related issues.
	Life Automation business: approx. ¥3 billion As water demand increases and challenges related to the stable supply of water resources become more pronounced, demand is expected to grow in the lifeline utilities sector for the accurate measurement and efficient management of water consumption. In addition, the azbil Group expects increased demand for new products, such as for leak detection, that address societal challenges including the aging of water infrastructure.
	Transition risks The azbil Group recognizes that key raw materials could become more expensive or difficult to procure due to regulations related to natural capital and will conduct further analysis, including assessments of supply chain structures.
Physical risks	Under the global strategy of the Building Automation business, the azbil Group recognizes that in regions facing concerns over water scarcity, the continuation of existing businesses and the ability to capture future business opportunities could be constrained if water shortages were to materialize.

Policy

To bring about a society that is in harmony with nature, we will maintain a nature-positive approach and are continuing to support biodiversity preservation through our business, to promote initiatives in our supply chain involving our business partners, and to work in collaboration with various partners to further protect the natural environment. Specific countermeasures for the analyzed opportunities and risks are currently under consideration and will be disclosed in the future.

Risk management

Under our risk management systems, we comprehensively manage risks that could have a significant impact on management as well as manage the impact itself, including those connected to climate change and natural capital.

 [p.60](#) – Risk Management

Metrics and targets

Please refer to page 56 for climate change-related metrics and targets, as well as the results of initiatives undertaken in FY2025.

Metrics related to natural capital are presented in “Disclosure aligned with the TCFD and TNFD recommendations” on our website. Targets are currently under consideration and will be disclosed in the future.

Environment

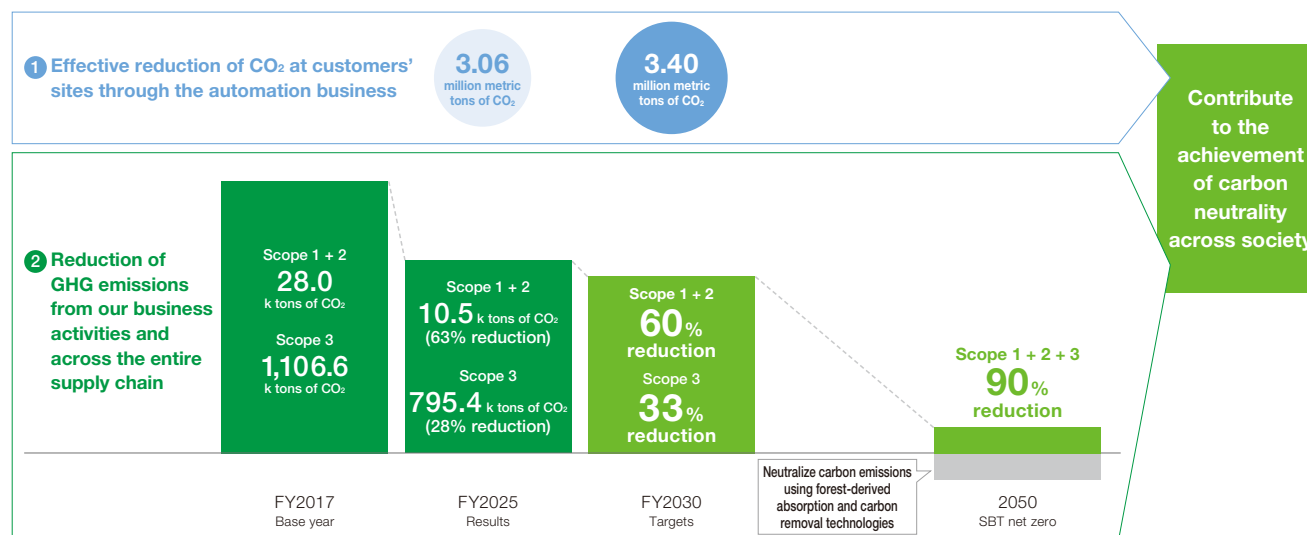
Decarbonization transition plan

To contribute to achieving carbon neutrality across society, the azbil Group has set targets for two areas: the effective reduction of CO₂ at customers' sites through the automation business and the reduction of greenhouse gas (GHG) emissions from our business activities and across the entire supply chain (Scope 1, 2, and 3). For the decarbonization transition plan, see this page; for FY2025 results related to both initiatives, see page 56.

Furthermore, the following 2050 net-zero target covering all GHG emissions (Scope 1, 2, and 3) was certified by the Science Based Targets initiative (SBTi) as a net-zero target in October 2024.

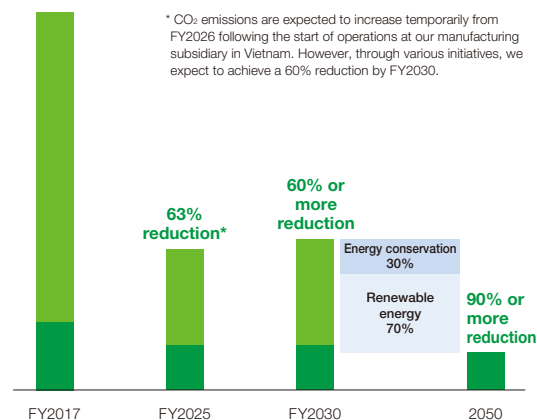
Regarding Scope 1 and 2 emissions, we achieved our FY2030 reduction target of 55% ahead of schedule in FY2024. Accordingly, we increased the FY2030 target to 60%, and the revised target was certified by the SBTi in April 2026.

Initiatives and target toward achieving the azbil Group's unique approach to carbon neutrality



Specific measures

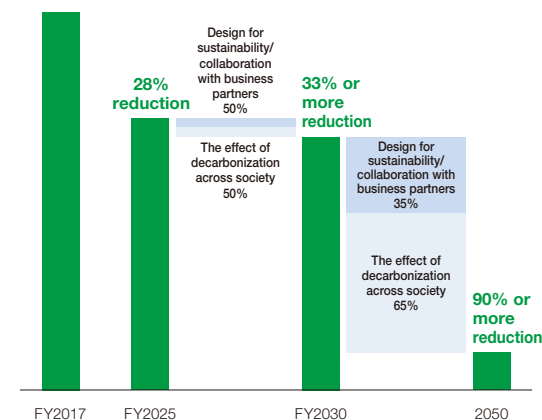
Scope 1 Scope 2



For Scope 1 and 2 emissions, we are actively implementing energy visualization systems across the entire Group, and we are focusing our energy conservation efforts from two perspectives: improving operations and upgrading facilities. In collaboration with our business lines, we are accelerating initiatives that leverage the energy-saving expertise we have developed over many years. We are actively incorporating renewable energy sources and will further reduce emissions, with a view to transitioning all electricity consumed to renewable electricity by 2050.

Specific measures

Scope 3



As for Scope 3 emissions, to reduce CO₂ emissions from purchased products and services and from the use of products sold, we will continue and expand our efforts in resource-saving and energy-saving design. We also support our business partners' decarbonization efforts by conducting surveys and engaging in detailed discussions on decarbonization initiatives. Looking toward 2050, we take into account scenarios based on global trends and Japanese policy initiatives, as well as projected decarbonization across society.

Environment

Results of climate change initiatives in FY2025

Effective reduction of CO₂ at customers' sites

The azbil Group's Essential Goal I for the SDGs (for FY2030)

Effective reduction of CO₂ at customers' sites
3.40 million metric tons of CO₂/year

Note: The FY2030 emission factor from electricity generation is our own estimated value based on the Japanese government's Energy Basic Plan in 2019.

Total effective reduction of CO₂ at customers' sites (FY2025)

Total 3.06 million metric tons of CO₂/year

Effect of automation **2.68** million metric tons of CO₂/year

Effect of energy management **0.33** million metric tons of CO₂/year

Effect of maintenance and services **0.05** million metric tons of CO₂/year

The total annual effective reduction of CO₂ at customers' sites in FY2025 was 3.06 million metric tons.* This is equivalent to about 1/325th of Japan's CO₂ emissions (about 994 million metric tons). As part of revisions to the calculation methods, we adopted statutory useful lives in estimating the reduction impact and expanded the scope of our CO₂ reduction activities to cover the entire Group. These revisions were subjected to an independent third-party review, and the validity of the methodology was confirmed. As a result, the CO₂ reduction impact increased by 340 thousand metric tons compared with the previous fiscal year. Going forward, in line with business growth, we will continue improving the scope of calculations and calculation methods for CO₂ reduction impacts to further enhance calculation accuracy.

* To quantitatively assess the contribution to the reduction of environmental impact, the effects were grouped in the three categories of 1) effect of automation, 2) effect of energy management, and 3) effect of maintenance and services to theoretically estimate the reduction effect by taking the difference between adopting and not adopting azbil Group products, services, and solutions at customers' sites. The global reduction impact is partially based on our original methods. An independent third party reviewed and validated the estimation methodology.

Reduction of GHG emissions

The azbil Group's Essential Goal I for the SDGs (for FY2030)

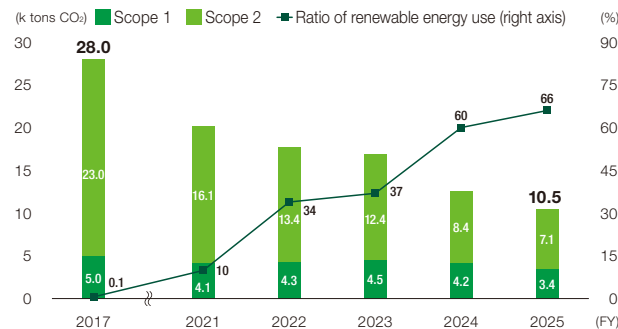
GHG emissions from business activities (Scope 1 + 2):
60% reduction (base year: FY2017)*

GHG emissions across the entire supply chain (Scope 3):
33% reduction (base year: FY2017)*

* Certified by the SBTi.

CO₂ emissions from our own business activities (Scope 1 and 2) in FY2025 were approximately 10 thousand metric tons (a 63% reduction from FY2017). Solar power generation

CO₂ emissions (Scope 1 + 2) and ratio of renewable electricity use (% of electricity consumption)



Notes:

- Ratio of renewable energy use refers to the renewable energy ratio of electricity used.
- The market-based method was used to calculate CO₂ emissions.
- Some figures, including energy consumption for air conditioning in tenant offices, are based on estimates.
- We received third-party verification for our CO₂ emission figures (Scope 1 + 2).
Scope of calculations: Azbil Corporation and consolidated subsidiaries

CO₂ emissions calculated from electricity generation based on a fixed value (0.378 Kg-CO₂/kWh)

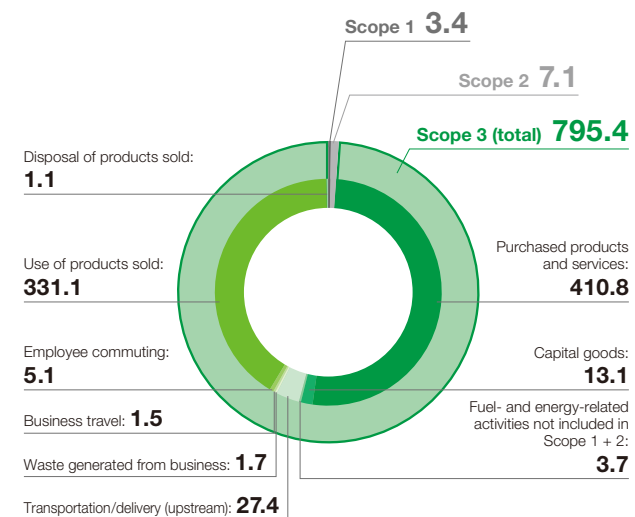
	(FY)	2021	2022	2023	2024	2025
Scope 1 + 2	(k tons CO ₂)	19.0	20.9	20.9	20.2	18.4

Note: We prioritize energy conservation with the goal of reducing overall energy consumption. We are collaborating with business lines with expertise in energy conservation to advance initiatives aimed at reduction.

equipment is in operation at Azbil Kyoto Co., Ltd., Azbil Control Instruments (Dalian) Co., Ltd., and Azbil Production (Thailand) Co., Ltd. As a result, renewable energy sources accounted for 66% of the Group's total electricity consumption in FY2025. We will continue to strengthen energy conservation efforts and expand the use of renewable energy to further reduce Scope 1 and 2 emissions. CO₂ emissions across the entire supply chain (Scope 3) in FY2025 were 795 thousand metric tons (a 28% reduction from FY2017). To reduce CO₂ emissions from the use of products sold and products and services purchased, which account for 90% of total emissions, we are promoting resource- and energy-saving design and collaborating with business partners.

Breakdown of CO₂ emissions (Scope 1 + 2 + 3) in FY2025

(k tons CO₂)



Note: We have received third-party verification for CO₂ emissions (Scope 1 + 2 + 3).
Scope of calculations: Azbil Corporation and consolidated subsidiaries

Environment

Creation and provision of products and services designed for sustainability

Through the creation and provision of products and services designed for sustainability aimed at solving problems in three environmental priority areas—**decarbonization, resource recycling, and biodiversity conservation**—we are contributing to solving society's environmental problems by integrating environmental issues into our business activities through integrated corporate environmental management.

Developing eco-friendly design

The azbil Group has established the following two SDG targets.

The azbil Group's Essential Goal I for the SDGs (for FY2030)

Design all new products to meet the azbil Group's own design standards for sustainability*1

Design all new products to meet design standards for 100% recyclability*2

*1 Design for creating and providing products that contribute to solving global environmental issues (decarbonization, resource recycling, and biodiversity conservation).

It is comprehensively evaluated based on the following items:

- Product life-cycle CO₂
- Indicators for resource consumption reduction and resource recycling
- Decarbonization, resource recycling, biodiversity conservation (environmental pollution prevention), and information disclosure

*2 Design that scores 100% on the azbil Group's own scale for resource recycling. We aim to enable proper disassembly and sorting when customers dispose of products by removing impediments to recycling within the realm of the most effective technologies that are economically and technologically feasible.

Through our business activities, we are working to reduce waste and the usage of water and other resources, and we are employing environmentally conscious design to use natural resources efficiently and reduce the generation of waste. To achieve our FY2030 SDG targets, we established interim targets for FY2025 and achieved them across all applicable products. We also strengthened company-wide awareness of the importance of conducting preliminary

environmental assessments before product design begins. Specifically, before proceeding to the detailed design stage, we assess environmental considerations and establish product development targets. Improvements to our life cycle assessment (LCA) calculation tool are also expected to significantly reduce the workload associated with LCA calculations. Through these initiatives, we will further enhance the overall quality of new product design and evaluation while improving designers' efficiency.

Providing services for sustainability

The azbil Group's Essential Goal I for the SDGs (for FY2030)

Increase the number of skilled professionals for supporting services for sustainability provided by the azbil Group to a total of 1,800—triple the number in FY2021

In-house qualification system

Professional

A top-level technician impartially certified as having the highest level of technology, skills, and knowledge within the azbil Group

Meister

A health and safety specialist with the knowledge, experience, and leadership skills to prevent labor accidents and improve on-site capabilities within the azbil Group

Skilled professional

An individual with specialized skills who possesses a variety of technologies, skills, and knowledge in each department within the azbil Group

Incentive system for acquiring official qualifications

General-purpose techniques, skills, and knowledge

Number of skilled professionals for supporting services for sustainability (total)

FY2021

600
engineers

FY2030

1,800
engineers

Skilled professionals, verified by an in-house qualification system, will practice field engineering services to solve environmental issues through productivity improvement and stable operation using automation technology at customers' sites, aiming to create value unique to the azbil Group. In FY2025, the cumulative number of skilled professionals reached 1,049. We will work to develop human resources to support field engineering services that contribute to achieving a sustainable society.

Other initiatives

Contributing to the conservation and effective use of water resources

As part of our materiality review, we disclosed the financial impacts associated with water resources and reaffirmed the importance of natural capital, while clearly outlining our related initiatives.

Natural environment conservation activities

In FY2025, we conducted six natural environment conservation activities in Fukushima, Fujisawa, and Kyoto, including five on-site activities and one online program. A total of 131 participants took part in these activities.

Compliance with environmental regulations

In FY2025, there were no significant violations of environmental laws or regulations, nor were there any related fines, penalties, or litigation.

Supply Chain

Basic approach

The azbil Group actively promotes initiatives aimed at realizing a sustainable society through its business activities, based on the Group philosophy. Our basic policy is to build long-term relationships of trust with business partners by continuously strengthening initiatives that enhance mutual value and promote mutual prosperity through cooperation.

In addition, to fulfill corporate social responsibility across the supply chain, we have established the azbil Group Sustainable Procurement Guidelines and promoted various initiatives after communicating and deploying them to business partners across the azbil Group.

Supply chain policy framework



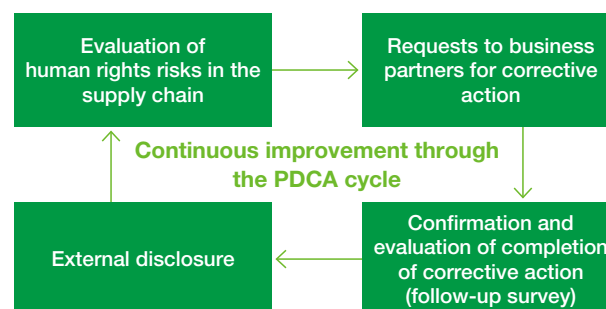
Priority themes

To put into practice the principles of “respect for human rights” and “protection of the environment” set forth in the azbil Group Basic Procurement Policy, we identify human rights due diligence as a priority theme of social responsibility and the preservation of the global environment as a priority theme of the environment, and encourage our business partners to take part.

Efforts to respect human rights: human rights due diligence in the supply chain

The upstream supply chain for electrical components used in the azbil Group’s core products includes many overseas business partners. These supply chains are generally considered to carry relatively high risks related to child labor, forced labor, discrimination, and occupational safety, and we recognize the importance of conducting human rights due diligence. To ensure respect for human rights and appropriate corporate conduct across the entire supply chain, we implement risk assessments related to human rights violations and strive to take prompt corrective measures in collaboration with relevant stakeholders when risks are identified.

Human rights due diligence process



These initiatives are carried out in accordance with the azbil Group Basic Human Rights Policy and aligned with the UN Guiding Principles on Business and Human Rights.

In FY2023, we evaluated the risk of human rights violations and requested improvements using dedicated surveys for approximately 300 of Azbil Corporation’s major business partners. In FY2024, similar assessments and improvement requests were conducted for approximately 190 major business partners of the azbil Group.

In response to growing demands from customers and society, Azbil Corporation expanded the scope of these efforts beyond direct business partners (primary business partners) to include secondary business partners upstream in the supply chain. Because the number of secondary business partners could reach several thousand, we narrowed the scope to companies operating in regions where the risk of human rights violations is considered high and that are significant to our business.

Surveys were distributed to secondary business partners through primary business partners, and improvement requests were issued to 29 companies based on the results. When requesting improvements, we took into account the circumstances of small businesses and provided guidance on response methods, specific implementation approaches, necessary document templates, and related information. As a result of these efforts and with the cooperation of primary business partners, we have confirmed improvements at 25 companies.

To date, corrective actions have been completed at a total of 70 companies, including Azbil Corporation’s primary and secondary business partners as well as the azbil Group’s primary business partners. No risks of serious human rights violations, such as forced labor or child labor, have been identified.

In FY2026, we will continue to follow up on the progress of improvement activities undertaken by secondary business partners.

Supply Chain

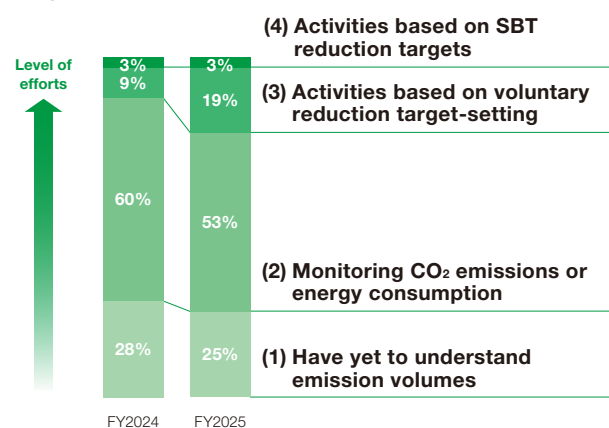
Efforts to address climate change: reduction of CO₂ emissions in the supply chain

The azbil Group has set a target of reducing GHG emissions across the entire supply chain by 33% by FY2030 compared with FY2017 levels. Achieving this target requires the reduction of CO₂ emissions by our business partners. To support this effort, we implemented the following measures in FY2025:

- Distributed materials featuring practical CO₂ emission reduction examples and simplified calculation Excel spreadsheets to major business partners.
- Held webinars on CO₂ emission reduction target setting for business partners without targets and introduced examples of SBT certification for small and medium-sized enterprises.

As a result of these initiatives, the percentage of business partners that have established CO₂ emission reduction targets increased significantly from 9% in the previous fiscal year to 19%.

Progress of CO₂ reduction initiatives



Encouraging business partners

Business partner case study presentation and business partner awards

In FY2025, Azbil Corporation held its first business partner case study presentation to share practical examples of sustainability initiatives and efforts to address societal challenges undertaken by its business partners. The event also provided opportunities for business partners to learn from one another and strengthen mutual relationships.

At the presentation, two business partners with distinctive initiatives that could serve as references for other companies presented the background, approaches, and results of their activities. More than 70 representatives of business partners attended at the venue, and approximately 100 additional participants joined through online streaming.

Following the presentations, business partners exchanged views on key sustainability themes. The event fostered active discussions across industries and positions, providing participants with new insights and learning opportunities.

In addition, two business partners that introduced outstanding initiatives were recognized with awards in appreciation of their exemplary activities.

For more information on the azbil Group's sustainable procurement activities, please refer to the *Sustainable Procurement Annual Report*.

<https://www.azbil.com/sustainability/social/supplychain/annualreport.html>

Message from a business partner

Kansai Automation Equipment Co., Ltd.

A company engaged in maintenance services for automatic air-conditioning control systems, electrical construction, energy-saving solutions, integrated building facility management, automatic control panel design and manufacturing, and the design and development of fine bubble systems for industrial applications in the Kansai region. It is a service company authorized by Azbil Corporation.

Since 2024, our company has operated under a medium-to long-term business plan centered on sustainability and resilience. To address the declining workforce and aging population, we are promoting the development of diverse talent and business diversification. By 2030, we aim to achieve a female employee ratio of at least 25% and a foreign employee ratio of 10%.

Through our relationship with Azbil Corporation, we have engaged in ongoing dialogue on sustainability initiatives as a regionally based partner company, including the practice of "human-centered automation," the effective utilization of diverse talent, and the sharing of best practices.

We believe that regions facing particularly severe human resource challenges must respond flexibly and swiftly to changes in the business environment and take timely action.

This year marks the 60th anniversary of our company, and our business relationship with Azbil Corporation has continued for more than 40 years. Going forward, we will further strengthen our efforts in factory automation businesses, fine bubble technologies, and SDG-related products, building on our expertise in automatic control equipment engineering. Together, we will continue to create value through air, aqua, and automation, which form the foundation of both companies' businesses.



Hirotomo Sakurada
President and CEO

Risk Management

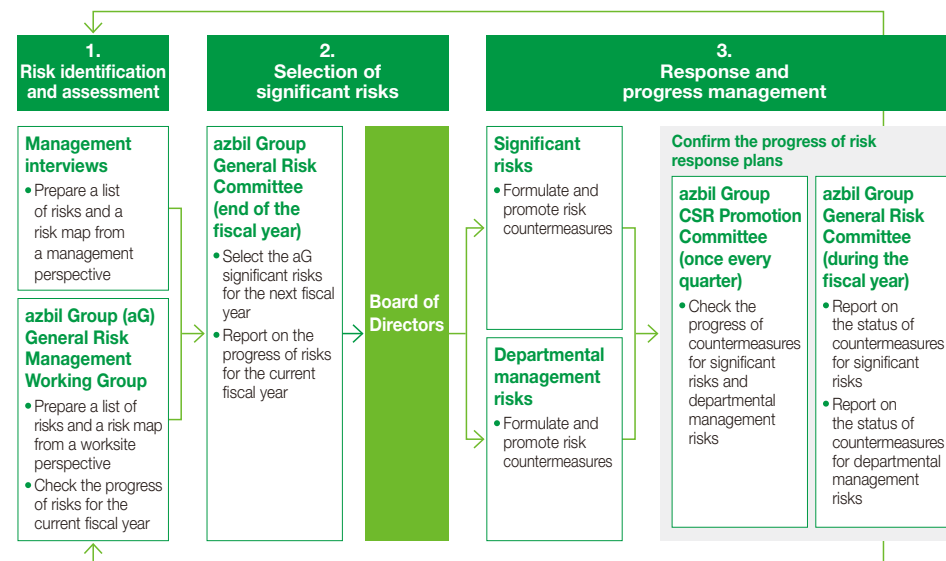
To avoid losing enterprise value and the trust of the public, the azbil Group strives to accurately understand and minimize risk factors with the potential for serious impact on operations.

The azbil Group's risk management

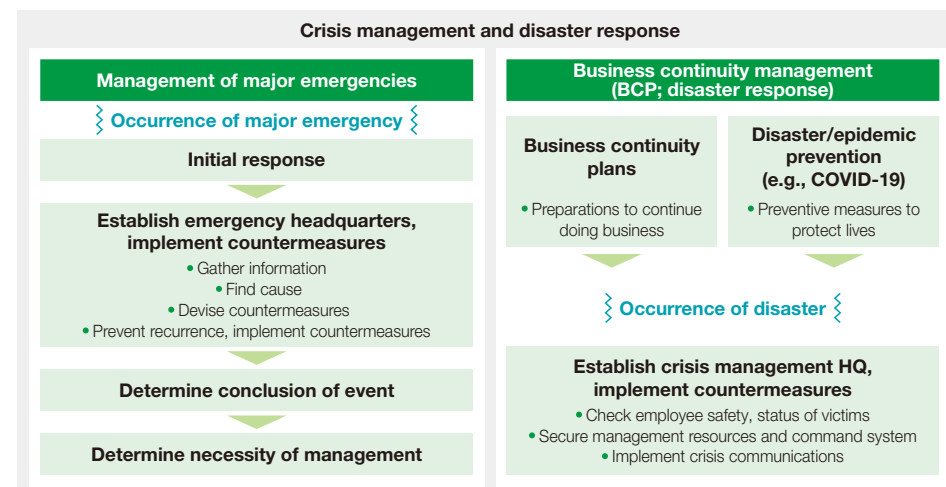
To minimize risk from possible future events, we comprehensively identify risks every year, taking changes in the internal and external environment into account. Then we select significant risks based on quantitative standards such as the financial impact and likelihood of those risks. To realize meticulous risk management that integrates bottom-up and top-down approaches, we have adopted a procedure to ensure that top management has a full understanding of the information from the bottom (departments handling on-site work), enabling more informed decision-making. Of the 122 risks comprehensively identified in FY2026, we selected 18 as risks deemed important to the azbil Group (the significant risks) that would have a severe impact on the business of the Group, and categorized other risks as departmental management risks. Significant risks are handled by officers who are fully responsible for those risks, whereas departmental management risks are handled by the head of the corresponding department. They both formulate and promote plans for reducing risks. Quarterly reports on the progress of implemented measures are provided to the general risk management department and executive officer in charge of risk management, who is ultimately responsible for the risk management of the Group. These reports are made at the azbil Group CSR Promotion Committee meetings, which are attended by department managers and officers in charge of CSR at Group companies. Significant risks are further discussed at semiannual azbil Group General Risk Committee meetings, which are attended by the members of Azbil's Management Meeting and headed by the executive officer in charge of risk management. At these meetings, the progress and effectiveness of risk mitigation plans are confirmed, the impact and/or likelihood of these risks occurring at the end of the fiscal year are managed to ensure risk reduction, and these efforts are improved through the PDCA cycle.

As part of crisis management and disaster response, we have also established a crisis management response system to minimize the impact of incidents. For each incident, an emergency headquarters led by the responsible officer is established to investigate the cause, implement countermeasures, and prevent recurrence. The status of such efforts is reported quarterly at Azbil's Management Meetings and Board of Directors meetings. Furthermore, we have formulated many kinds of detailed business continuity plans (BCPs) as we continuously strive to improve our systems as part of our business continuity management.

Risk management process



Crisis management and disaster response (handling of major incidents)

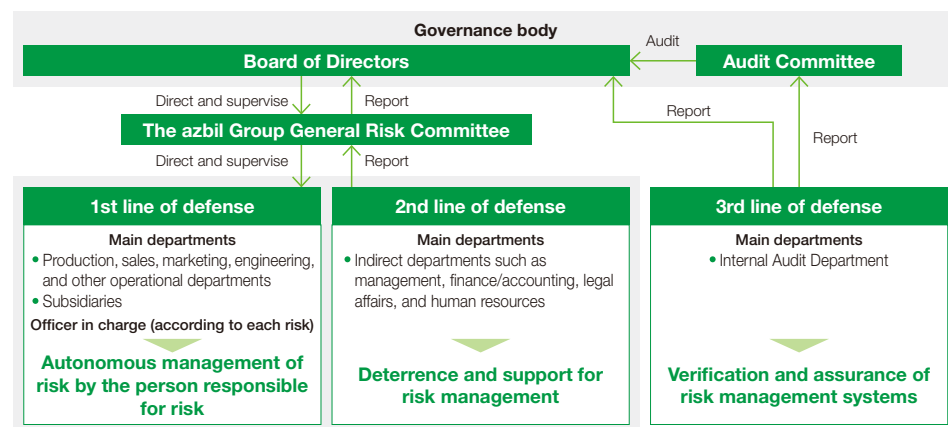


Risk Management

Risk management system

The azbil Group manages risk based on three lines of defense. In the Group's overall activities, we are working to improve the organization's internal control and risk response functions through three lines of defense, with clearly defined responsibilities. As the first line of defense, we are strengthening autonomous management by clearly identifying an officer responsible for each risk. As the second line of defense, indirect departments are primarily responsible for developing and managing countermeasures and providing support for risks that should be addressed by the entire organization, thereby functioning to deter risk and support risk management. As the third line of defense, the Internal Audit Department verifies and ensures the risk management systems of the first and second lines of defense. The azbil Group conducts a comprehensive identification of risks that could have a significant impact on management and assesses their degree of impact and likelihood of occurrence. Through interviews with management, risks are identified and evaluated from a management perspective. In addition, the azbil Group General Risk Management Working Group, comprising department heads, identifies and evaluates risks from a worksite perspective and consolidates the results of these two activities into an integrated risk register, which summarizes risk details and evaluations, and a risk map that plots risks on a 5x5 matrix based on impact and likelihood of occurrence. The azbil Group General Risk Committee deliberates on this data and selects significant risks, which are then reported to the Board of Directors.

Risk management system based on our three lines of defense



Furthermore, the Institute of Internal Auditors (IIA) has revised the Three Lines of Defense model and now advocates the Three Lines Model.

Significant risks that could severely affect the business results and financial position of the azbil Group are summarized below. Of the 122 risks comprehensively identified, we selected 18 as significant risks, and summarized these into seven items. The significant risks indicated below and the specific risk factors are judged by Azbil to be valid as of the end of FY2025. Details on risk awareness and countermeasures for each significant risk are found in the *104th Securities Report*.

Significant risks (7 items) No particular order		Specific risk factors (18 factors) No particular order	
1	Risks related to quality	1-1	Shipment of nonconforming products
		1-2	Quality problems
2	Risks related to information security	2-1	Information management problems
		2-2	Cyberattacks
3	Risks related to technology and product development	3-1	Delay in technology and product development
		3-2	Delay in responding to technological innovation, or insufficient response
		3-3	Lack of technology and product development themes
4	Risks related to change in the international situation	4-1	Violation of export control laws and regulations
		4-2	International conflict/dispute
		4-3	Protecting human life and ensuring safety during emergencies in countries where the azbil Group operates*
5	Risks related to natural disasters	5-1	Fires/explosions (including man-made in some cases)
		5-2	Earthquakes/tsunamis
		5-3	Volcanic eruptions
6	Risks related to securing and developing human resources	6-1	Insufficient engineers/workers
		6-2	Difficulty with hiring
		6-3	Loss of human resources
7	Risks related to generative AI	7-1	Incidents arising from the use of generative AI
		7-2	Incidents arising from the provision of products and services that use generative AI

* Includes locations where azbil Group employees are traveling on business, regardless of whether the Group has business sites there.

Message from the Chairperson of the Board

Enhancing Enterprise Value through an Effective Board of Directors

Strengthening corporate governance is one of the most important priorities for achieving the sustainable enhancement of enterprise value. We spoke with Tomoyasu Miura, an outside director who has served as Chairperson of the Board since FY2025, about initiatives to improve board effectiveness and his views on the company's medium- to long-term growth.



Tomoyasu Miura
Outside Director
Chairperson of the Board

Q1 Azbil has strengthened its corporate governance over the years. Since FY2025, Mr. Miura, an outside director, has served as Chairperson of the Board. How do you assess the current corporate governance structure and its effectiveness?

In 2022, Azbil transitioned to a company with a three-committee board structure, clearly separating the Board's supervisory function from management's business execution function. Even among companies listed on the Tokyo Stock Exchange Prime Market, only approximately 5% have adopted this corporate governance structure. In that sense, I believe we have put in place a highly advanced governance framework.

At the same time, various activities of the committees remain a work in progress. Areas such as CEO succession planning, the transition to organizational audits, and the operation of the new executive remuneration system continue to evolve, and efforts are ongoing to ensure stable and highly effective governance. To further enhance the effectiveness of the Board, directors—particularly outside directors—are required to contribute their respective expertise and experience and engage in constructive discussions. To that end, we place considerable emphasis on initiatives that deepen mutual understanding among directors.

Looking ahead, we will continue to pursue further strengthening of corporate governance while identifying and addressing issues and ensuring the stable operation of systems established under the company with a three-committee board structure.

Q2 As Chairperson of the Board, what do you consider most important in leading the Board and engaging with other directors? In addition, how would you assess your first year in the role in FY2025?

The role of the Chairperson is to ensure independence from management execution, ensure both the strategic

focus and fairness of Board discussions, and maintain the overall effectiveness of the Board. As an outside director, I am particularly conscious of bridging the gap that can arise from information asymmetry between internal and external directors and serving as a conduit between the two perspectives.

During the past year in particular, I focused on two priorities: agenda setting, namely the development of an annual Board agenda, and clarifying the key issues to be discussed for each agenda item. Taking stakeholder perspectives into account, I place importance on clarifying and refining key discussion points in advance so that Board discussions remain focused and productive.

In addition, recognizing that Board discussions must address a wide range of matters in sufficient depth within a limited time, the outside directors engage in preliminary exchanges of views with one another. These informal discussions provide opportunities to candidly clarify questions and deepen our understanding of the matters to be discussed by the Board.

We have also introduced KPIs for the strategies monitored by the Board and have worked to quantify progress against those strategies. As a result, it has become easier for outside directors to compare performance across businesses and assess developments over time from an objective standpoint.

Through these efforts, I believe that the hesitation that can sometimes accompany outside directors has gradually diminished, and the effectiveness of Board discussions has steadily improved. Although each outside director brings a different background and perspective, we engage in constructive dialogue with a shared commitment to enhancing the company's enterprise value.

Earlier in my career, I worked as a management consultant, helping clients articulate their intentions and build consensus through dialogue. I believe that experience has proven highly valuable in my current role as Chairperson of the Board.

Message from the Chairperson of the Board

Q3 What agenda items received particular attention from the Board in FY2025? What recommendations did you make regarding those items?

Among matters considered by the Board in FY2025, particular emphasis was placed on business portfolio optimization, global growth strategies, capital management including strategic investments, human capital strategy, and internal control. Regarding the business portfolio, we discussed the future ideal state of each business and considered a broad range of growth options, including strategic alliances and M&A beyond the extension of existing businesses, as well as the cultivation of new businesses through R&D investment.

These themes can easily be overlooked when attention is focused solely on monitoring progress against a medium-term plan, and they are not issues that yield visible results in the short term. However, we regard them as essential to enhancing enterprise value over the medium to long term and therefore place great importance on ongoing discussion.

At the same time, because outside directors are not involved in day-to-day business execution, it is not always appropriate for us to prescribe specific actions directly. Instead, we strive to contribute concrete examples drawn from our respective professional backgrounds and areas of expertise. When those examples resonate with management's own understanding of the challenges at hand, discussions become deeper and more effective.

We also invite external experts when appropriate to provide specialized insights and perspectives. Through these efforts, I believe the Board has steadily cultivated a culture of active and productive discussion.

Q4 How do you assess the progress of the medium-term plan that began in FY2025? What achievements stand out so far, and what themes do you believe will be important for future growth?

Since the medium-term plan (FY2025–FY2027) was formulated, the business environment has changed in ways that were not necessarily anticipated, including heightened geopolitical risks. At present, the plan is progressing steadily. At the same time, we intend to continue fulfilling our accountability to stakeholders and will consider reviewing the plan once the uncertainties, including the situation in the Middle East, become clearer and the outlook improves.

In addition, FY2030—the final year of the long-term targets—is steadily approaching. As we prepare for the next medium-term plan, we believe it is important to advance discussions on long-term financial targets and the vision for what we aim to become beyond FY2030. These discussions should serve as the foundation for formulating the next medium-term plan.

Q5 What are your thoughts on the newly formulated azbil Group's Purpose and Vision? Please also share your views on the Group's future growth.

I believe the azbil Group possesses exceptional technical capabilities that enable it to achieve what might initially seem impossible. In that sense, the recently announced brand statement, "Engineering the Impossible," accurately captures one of the Group's defining strengths. The azbil Group has a long-standing ability to take on highly sophisticated and complex challenges and solve them through its strong technical and field capabilities. I hope that every employee will recognize this tremendous potential once again and that investors will also come to appreciate it more fully.



The growth of the Group is directly linked to solving societal challenges and contributing to the realization of a sustainable society. To achieve this, we must continue investing for future growth while further accelerating our global expansion.

Q6 As Chairperson of the Board, what message would you most like to convey to investors and other stakeholders regarding the azbil Group's long-term growth and value creation?

The efforts the azbil Group has undertaken to enhance enterprise value are never truly complete. They must continue to evolve over time. To support that progress, I believe it is particularly important to strengthen communication among the outside directors themselves. The composition of the outside directors has changed significantly over the past two to three years, bringing greater diversity in experience and perspectives. Precisely because of that diversity, it is essential that outside directors engage proactively with one another and continue building and strengthening relationships of trust.

Going forward, both as an outside director and as Chairperson of the Board, I will remain committed to helping unlock the full potential of the azbil Group and contributing to the sustainable enhancement of its enterprise value.

Corporate Governance

Basic approach to corporate governance

To ensure its own medium- to long-term development; respond to the trust of all its stakeholders, including its shareholders; and proceed with consistently enhancing enterprise value, the azbil Group regards strengthening the underlying corporate governance as a management priority. Measures have included strengthening the supervisory and auditing functions of the Board of Directors, improving management transparency and soundness, and clarifying the structure of responsibility for the execution of duties.

We also comply with Japan's Corporate Governance Code released by the Financial Services Agency and Tokyo Stock Exchange, Inc., and satisfy requirements for information disclosure by publishing corporate governance reports and integrated reports (this report) on our company website.

[Corporate Governance Report](https://www.azbil.com/ir/management/governance/index.html)

<https://www.azbil.com/ir/management/governance/index.html>

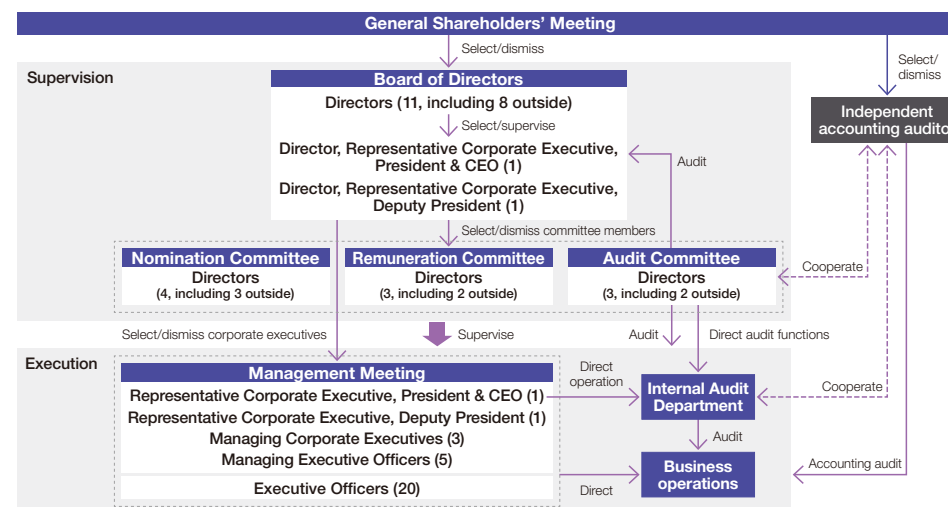
Changes to strengthen corporate governance

	2000	2016	2018	2020	2022	2024	2025	2026
Strengthening of supervision and auditing functions		2007 Appointed an independent outside director			2022 Independent outside directors make up the majority of the Board			2026 Independent outside directors make up the majority of the Board
		2016 Evaluations of Board of Directors effectiveness began			2022 Evaluated effectiveness utilizing an independent third party	2024 evaluation and later		
Strengthening of management transparency and soundness		2016 Established criteria for judging the independence of outside officers		2020 Made partial revisions, including setting an upper limit on the term of office for outside officers	2022 Transitioned to a company with a three-committee board structure		2025 Appointed an independent outside director as Chairperson of the Board	
		2016 Replaced the Nomination and Remuneration Meeting (set up in 2008) with the Nomination and Remuneration Committee, with independent outside directors as a majority	2018 Appointed an independent outside director as chairperson of the Nomination and Remuneration Committee		2022 Independent outside directors make up the majority of and are appointed as chairpersons of the statutory committees (the Nomination Committee and the Remuneration Committee)	2024 Revised the executive remuneration system (e.g., introduced a stock-based compensation plan, disclosed the remuneration policy, introduced malus and clawback provisions)		
Other clarification of responsibilities, encouragement of dialogue, etc.	2000 Introduced the executive officer system	2016 Appointed an executive officer for corporate communications	2018 Revised	2020 Changed the type of contract for executive officers to an entrustment agreement	2022 Established the Corporate Secretariat Office as a dedicated secretariat for the Board of Directors	2024-2025 Held small meetings between independent outside directors and institutional investors		
		2016 Formulated guidelines on strategic shareholdings		2021 Disclosed skills expected of directors (skills matrix)				

Corporate governance framework

As a company with a three-committee board structure, the company has established three statutory committees, the Nomination Committee, the Audit Committee, and the Remuneration Committee, each consisting of a majority of independent outside directors and being chaired by an independent outside director. In addition, by substantially transferring business execution authority from the Board of Directors to corporate executives with clear legal responsibilities, we are clearly separating supervisory and execution functions to ensure a business execution system based on flexible and efficient decision-making, while at the same time enhancing the objective supervision of management. Furthermore, to enhance the independence and effectiveness of the Board of Directors' supervisory function, an independent outside director has served as Chairperson of the Board since June 2025. In business execution, we are continuing the system for executive officers charged with business execution. Moreover, we established the Management Meeting to serve as an executive-level advisory body to assist the president & CEO in making decisions, which corporate executives and executive officers with titles attend (attended by the full-time Audit Committee member to ensure the effectiveness of monitoring), to strengthen business operations through prompt decision-making and strict execution.

Corporate governance framework (as of June 24, 2026)



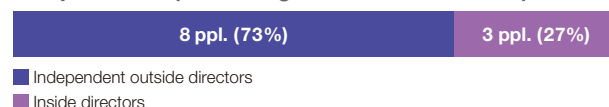
Note: The chairperson of the Board of Directors is an independent outside director.

Corporate Governance

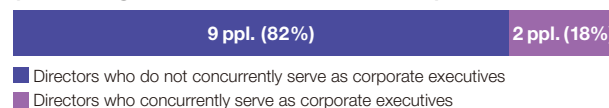
Composition and main activities of the Board of Directors

Composition of the Board of Directors

Independence (Percentage of outside directors)



Separation of supervision and business execution (Percentage of non-executive directors)



Diversity (Percentage of female directors)



Rate of attendance at the Board of Directors meetings in FY2025



Main topics for discussions in FY2025

Items resolved	Formulation of the medium-term plan, capital management, appointment of corporate executives, appointment of committee members, approval of financial results, introduction of an indemnification agreement, and other matters
Items reported	Identification of significant risks, reports on the status of strategic shareholdings, reports on the execution of duties from each statutory committee and corporate executives, reports on the status of operation of internal control systems, reports on the status of CSR management, business portfolio review, establishment of an overseas subsidiary, and other reports

Evaluation of the effectiveness of the Board of Directors

The Board of Directors aims to enhance enterprise value over the medium to long term by making decisions on management strategy and other matters and supervising execution through objective and constructive discussions. The company carries out a survey every year to evaluate the effectiveness of the Board of Directors in properly fulfilling its roles and responsibilities, to identify issues and points of improvement, and to indicate ways in which the Board's effectiveness might be enhanced. In FY2025, as in FY2024, to further ensure the objectivity and transparency of the evaluation of the Board's effectiveness, we commissioned an independent third-party agency to develop survey items for the evaluation, to assess the results, and to analyze the comparison relative to other companies.

For this FY2025 survey, we reviewed all directors' opinions and assessments of the following survey items: (1) the role and composition of the Board of Directors; (2) the operation of the Board of Directors; (3) management plan and management strategy; (4) internal control and risk management; (5) performance, support systems, and training; (6) dialogue with shareholders and investors; and (7) operations of the Nomination Committee, the Audit Committee, and the Remuneration Committee. Based on the above, the Board of Directors held sufficient discussions on current board effectiveness as well as issue-sharing and future action.

We will continue to promote initiatives to enhance the effectiveness of the Board of Directors so as to achieve sustainable growth and enhance enterprise value over the medium to long term.

Confirmation results from the evaluation of effectiveness

- The Board of Directors is of an appropriate size and composition as a company with a three-committee board structure and is properly fulfilling its supervisory function.
- Board refreshment based on the skills expected of directors is progressing steadily.
- The deliberation topics of the three statutory committees are appropriate, and the overall effectiveness of the Board of Directors is adequately ensured.
- Appropriate communication between the directors and corporate executives is ensured through the Liaison Meeting for Directors and Corporate Executives, which is a forum established so that directors can gather information and exchange opinions with corporate executives, as well as off-site meetings.

Status of the PDCA initiatives to improve effectiveness

Issues shared in the evaluation of effectiveness for FY2024	■ Reconfirmation of directors' roles and responsibilities under the company with a three-committee board structure ■ Deeper discussions on further revisions to the business portfolio of the azbil Group as a whole ■ Further improvement of the operation of the Board of Directors
Status of initiatives in FY2025 to the issues identified in FY2024	■ Shared understanding of the Board's roles in light of the governance framework through deliberations at the Board of Directors meetings and off-site meetings ■ Expanded opportunities for discussion of important management issues through periodic reviews of progress under the medium-term plan and other initiatives ■ Secured sufficient time for Board deliberations through advance briefings and the Liaison Meeting for Directors and Corporate Executives
Issues shared in the evaluation of effectiveness for FY2025	The Board shared the view that further discussion and functional enhancement are desirable in the following areas: ■ Oversight of the business portfolio of the azbil Group as a whole ■ Allocation of management resources from a medium- to long-term perspective, including human capital and intellectual property ■ Internal control and risk management, including subsidiaries and overseas operations
Initiatives in FY2026 to the issues identified in FY2025	■ Strengthening the Board's role as a monitoring board ■ Further enhancing discussions on management strategy and the business portfolio ■ Further strengthening group governance

Corporate Governance

Nomination and selection of director candidates, and the selection and dismissal of senior executives

(1) Directors

In terms of basic qualifications, a candidate for director is to be a person with excellent character and insight who contributes to the growth of the company and the Group as a whole and helps to enhance enterprise value. The nomination and selection of candidates is determined by the Nomination Committee, which also confirms and considers the skills matrix and the composition of the current committee and comprehensively takes into account the diversity of the Board of Directors as a whole (internationality, gender, and other factors).

(2) CEO and other senior executives

The appointment of the CEO and other senior executives (president & CEO, deputy president, and corporate executives) is determined by the Board of Directors following deliberation by the Nomination Committee, taking into account the appointment criteria and the desired composition of the management team.

Criteria for appointing

As the basic requirements, senior executives must have (1) a full understanding of the Group philosophy; (2) deep knowledge of corporate management; (3) wide-ranging experience both inside and outside Japan as well as good insight into corporate governance, CSR, and compliance; and (4) the ability to lead the entire Group and guide it to sustainable growth.

Criteria for proposing dismissal

With respect to the dismissal of senior executives, the Nomination Committee deliberates the relevant matter following a fair and rigorous investigation. If the committee judges that the dismissal is appropriate, the Board of Directors shall make the final decision. Reasons for proposing dismissal include a serious business problem arising from a violation of the law or the Articles of Incorporation of the company,

an event that makes it difficult for the person to perform and continue in the job, or upon the occurrence of a reason for retirement as stipulated by laws and regulations. The Nomination Committee will deliberate on the dismissal of the president & CEO as appropriate, taking into consideration quantitative events such as deteriorating performance.

Succession planning

Regarding succession planning for the company's senior executives, the Nomination Committee discusses the ongoing training and selection of successors, records the results of those discussions as well as the process of deliberation, and ensures that succession planning is conducted appropriately and objectively. In addition, the Chairperson of the Nomination Committee, an independent outside director, reports the results of the discussions to the Board of Directors as appropriate, thereby creating a system in which sufficient time and resources can be devoted to the development of potential successors. Furthermore, to prepare the next generation of senior executives, we provide training opportunities for managers to acquire the leadership skills, knowledge of management strategies, and management competencies required of top management.

Training policy for directors

To ensure that the Board properly fulfills its functions and responsibilities, the company provides opportunities for training and professional development. New directors are given opportunities for training inside and outside the company to gain the knowledge needed to perform their duties, including information on their legal authority and obligations. In particular, new outside directors participate in an orientation program that provides an overview of the company, its business, products, corporate governance, and factory tours. After taking office, they are also provided opportunities to visit Group operating sites and attend exhibitions to deepen their understanding of the business

and external environment and support effective oversight. We also regularly hold group compliance training for all officers.

Support system by the committee office of the Board of Directors

The company has established a dedicated organization that serves as a committee office for the Board of Directors and the statutory committees. In addition to supporting the operation of the Board and its committees, it provides the following support functions:

- Advance confirmation of the agenda for meetings of the Board of Directors and clarification of points of discussion by the Chairperson of the Board and business execution departments
- Distribution of documents for meetings of the Board of Directors in advance and advance briefings, to enhance deliberations at meetings of the Board of Directors
- Measures to contribute to enhancing the effectiveness of the Board of Directors
- Distribution of documents for meetings of statutory committees in advance and provision of reference information to enhance deliberations at meetings of the statutory committees
- Operation of the Liaison Meeting for Directors and Corporate Executives as an opportunity for the sharing of information and exchange of opinions between directors and corporate executives
- Provision of orientation programs for newly appointed outside directors and ongoing development opportunities for all outside directors

We will continue to further strengthen these initiatives in order to promote more active and effective Board deliberations.

Corporate Governance

Composition and main activities of statutory committees

Nomination Committee

Message from Chairperson **Shigeaki Yoshikawa**

As a company with a three-committee board structure, the company entered its fifth year in June 2026 following its transition. Over the past four years, the Committee has worked diligently to strengthen the corporate governance framework through extensive deliberations on matters including streamlining the relevant policies and rules, the ideal board structure, and the appropriate implementation of CEO succession planning. The effectiveness of these activities has been verified through external assessments and evaluations of board effectiveness.

Going forward, the Committee will continue to strengthen its functions and ensure its independence, including through the effective use of external expertise.

Composition

Role	Name	Status of attendance in FY2025
Chairperson (outside)	Shigeaki Yoshikawa	11/11
Member (outside)	Anne Ka Tse Hung	11/11
Member (outside)	Sachiko Ichikawa	11/11
Member	Kiyohiro Yamamoto	11/11

Principal topics considered in FY2025

The Nomination Committee established its annual activity plan and confirmed the effectiveness of its activities through an external evaluation process. In addition, based on interviews with candidates, the Committee determined proposals for the next Board of Directors and Corporate Executive structure. The Committee also examined the desired board structure, the skills matrix, and the utilization of specialized talent. With respect to succession planning, the Committee shared its view of the qualities expected of successors and the criteria for promotion, while reviewing progress in the development of successor candidates.

Audit Committee

Message from Chairperson **Hiroshi Yoshida**

The Committee continues to advance initiatives such as developing audit plans based on a well-established risk approach and strengthening cooperation with the Internal Audit Department.

Beginning in FY2026, the Committee has expanded the scope of its activities to maintain and further enhance the effectiveness of organizational audits. These efforts include candid discussions with the president & CEO regarding the role and structure of the Internal Audit Department.

Looking ahead, I intend to remain attentive to the development of an audit framework that contributes to the enhancement of the company's enterprise value.

Composition

Role	Name	Status of attendance in FY2025
Chairperson (outside)	Hiroshi Yoshida	13/13
Member (outside)	Satoko Nakatani	10/10*
Member	Hisaya Katsuta	13/13

* Applies only to meetings held after this member's appointment as she was elected at the 103rd Ordinary General Meeting of Shareholders held on June 25, 2025.

Principal audit matters in FY2025

The Audit Committee identified priority audit items for FY2025 and, through deliberations at Board of Directors meetings and exchanges of views with management, and the presidents and audit & supervisory board members of subsidiaries, reviewed the development and operation of internal control systems and response to significant risks, and confirmed the status of Group-wide governance and compliance. The Committee also reviewed the operation of the whistleblowing system and confirmed its effectiveness, while examining the status of audits conducted by the independent accounting auditor, including its response to key audit matters (KAMs).

Remuneration Committee

Message from Chairperson **Junichi Nishizawa**

The Committee has continuously enhanced the framework and operation of the executive remuneration system to ensure transparency and objectivity to strengthen alignment with medium- to long-term enhancement of enterprise value, secure talented management personnel, and fulfill its accountability to shareholders.

To support sustainable growth in a rapidly changing business environment, I will draw on my experience in corporate management and human resources to promote appropriate KPIs reflecting key management issues and continuous review of the remuneration system. Through these efforts, the Committee will continue to support the company's sustainable growth and enhancement of enterprise value.

Composition

Role	Name	Status of attendance in FY2025
Chairperson (outside)	Junichi Nishizawa	-/- (newly selected)
Member (outside)	Shigeaki Yoshikawa	7/7*
Member	Takayuki Yokota	10/10

* Applies only to meetings held after this member's appointment as he was appointed as a member of the Remuneration Committee by the Board of Directors meeting held after the 103rd Ordinary General Meeting of Shareholders on June 25, 2025.

Principal topics considered in FY2025

In addition to establishing its annual activity plan and determining remuneration for individual directors and corporate executives, the Remuneration Committee reviewed the remuneration policy in light of revisions to the executive remuneration system. In preparation for FY2026, the Committee utilized external experts to review trends at other companies and broader societal developments, confirming the appropriateness of both the executive remuneration system and remuneration levels. The Committee also deliberated on revisions to the remuneration levels and structure applicable to non-executive directors. Based on these deliberations, the Committee determined the policies and framework for setting remuneration for directors and corporate executives in FY2026.

Corporate Governance

Remuneration for officers, etc.

Remuneration policy

Basic policy regarding executive remuneration

Aiming to realize the Group philosophy, we have adopted the following basic policy for the remuneration of company officers to motivate them not only for short-term performance but also to achieve medium- to long-term performance goals and to enhance enterprise value.

- Taking into consideration the nature of our business, remuneration should encourage awareness of the necessity to enhance enterprise value from a medium- to long-term perspective and further promote value sharing with our shareholders.
- Remuneration should help to secure talented management personnel to realize the company's management philosophy and achieve the medium- to long-term performance goals.
- The remuneration system should be highly independent and objective, and should enable us to fulfill our duty of accountability to stakeholders.

Remuneration levels

Remuneration levels for the company officers (corporate executives and directors) are set by resolution of the Remuneration Committee after it has verified their appropriateness using data supplied by an external specialist agency. Also, the committee reviews remuneration levels as necessary in response to changes in the external environment.

Remuneration structure

The remuneration structure for corporate executives (including those concurrently serving as directors; similarly hereinafter) is based on their roles and responsibilities, and consists of basic remuneration, which is a fixed monthly amount; bonuses, which are short-term incentives; and stock-based compensation, which is a medium- to long-

term incentive. To ensure a remuneration structure that not only motivates officers to achieve the medium- and long-term performance goals and enhance enterprise value but also leads to increased competitiveness for attracting highly skilled human resources for management, the incentive component of remuneration has been set at a high level, so that the combined remuneration for the president & CEO has the following structure: basic remuneration 1/3, bonus (base amount) 1/3, stock-based compensation (base amount) 1/3. The remuneration structure for other corporate executives is also determined in line with this, taking into consideration their expected roles and responsibilities. The remuneration for directors (not including those concurrently serving as corporate executives; similarly hereinafter) consists of basic remuneration and stock-based compensation.

Corporate executives

1) Basic remuneration

Basic remuneration is paid as fixed monthly monetary compensation based on the position of the officer.

2) Bonus

- A bonus is paid as performance-linked monetary remuneration that takes into consideration company performance and non-financial indicators for the single fiscal year.
- As regards financial indicators, to enhance enterprise value over the medium to long term, we use revenue and business profit, which are the company's main management indices, as key performance indicators (KPIs). The amount of the bonus will fluctuate according to the degree by which these targets have been achieved, while taking into consideration also non-financial indicators.
- There are three non-financial indicators: employee engagement and diversity, which assess contributions toward achieving the essential goals of the azbil Group for the SDGs, and an individual evaluation, which assesses the handling of those management issues and measures

that are the particular responsibility of the corporate executive as well as how much they have contributed. Based on the degree of achievement for each of these items, the Remuneration Committee determines the amount of remuneration.

- Taking into account both financial and non-financial indicators, the final amount paid as a bonus will vary between 0% and 200%.
- Remuneration is designed so that the higher the officer's position, the higher the weighting of financial indicators. As an example, the KPIs and their respective evaluation weightings for the president & CEO are as follows.

	Bonus KPIs	Evaluation weighting
Financial indicators	Revenue	45%
	Business profit	45%
Non-financial indicators	Employee engagement	2.5%
	Diversity (percentage of female employees in managerial and specialist positions)	2.5%
	Individual evaluation (e.g., customer satisfaction, productivity & efficiency, CSR management)	5%

3) Stock-based compensation

- In principle, stock-based compensation is paid to the corporate executive following retirement from the current position, with the aim of continuous enhancement of enterprise value while sharing value with shareholders.
- A base amount for stock-based compensation is set for each position. Of this, 50% is performance-linked and 50% is not.
- As regards the performance-linked component, the evaluation is based on indicators aligned with the medium-term plan that are tracked over the same period (three years) as the plan; this is designed to increase the incentive. As financial indicators, we use relative total shareholder return (TSR)—an indicator that evaluates our TSR relative to the Tokyo Stock Price Index (TOPIX) of

Corporate Governance

the Tokyo Stock Exchange—and return on equity (ROE) to promote value sharing with shareholders. As a non-financial indicator, we use effective CO₂ reduction at customers' sites, which is one of the essential goals of the azbil Group for the SDGs. The individual's stock-based compensation (ranging from 0% to 150%, depending on performance) is determined by the extent to which these targets have been achieved in the final year of the medium-term plan, using the specified evaluation weightings (see below).

	Stock-based compensation KPIs	Evaluation weighting
Financial indicators	Relative TSR (relative to TOPIX, including dividends)	50%
	ROE	30%
Non-financial indicators	Effective reduction of CO ₂	20%

- As a way to further encourage value sharing with shareholders, the non-performance-linked component is paid as stock-based compensation with vesting of a fixed number of shares.
- Stock-based compensation is paid through a trust-type stock compensation plan. Under this plan, points corresponding to an officer's position are awarded annually, and company shares equivalent to the number of points accumulated are transferred from the trust to the plan-eligible person following retirement from the current position. For non-residents of Japan, the company plans to pay in cash in an amount equivalent to stock-based compensation.

Directors

1) Basic remuneration

Basic remuneration is paid as a fixed monthly monetary compensation based on the responsibilities of the position.

2) Stock-based compensation

- In principle, stock-based compensation is paid to the director following retirement from the current position, with the aim of continuously enhancing enterprise value while sharing value with shareholders.

- A base amount of stock-based compensation is determined, which is entirely non-performance-linked.
- Stock-based compensation is paid through a trust-type stock compensation plan. Under this plan, a certain number of points are awarded annually to those eligible, and company shares equivalent to the number of points accumulated are transferred from the trust to the plan-eligible person following retirement from the current position. For non-residents of Japan, the company plans to pay in cash in an amount equivalent to stock-based compensation.

Process for determining remuneration

The Remuneration Committee determines the remuneration of directors and corporate executives. The majority of the members of the Remuneration Committee, including the chairperson, are outside directors, a structure that ensures objectivity and transparency. Any additional information necessary for members' deliberations is sought from external specialist organizations.

The Remuneration Committee has the authority to determine the details of remuneration for individual directors and corporate executives. It arrives at evaluation decisions based primarily on (1) the policy governing remuneration details for individual directors and corporate executives; (2) the details of remuneration for individual directors and corporate executives; and (3) in the case of corporate executives, the degree of achievement of both company-wide performance targets and the individual targets set for each corporate executive for the purpose of determining performance-linked remuneration. In the event of a substantial change in the external environment of the company, the Remuneration Committee, after carefully deliberating on the appropriateness of the target values and calculation methods used for determining performance-linked remuneration, may take exceptional measures.

Forfeiture and return of remuneration (malus and clawback)

If the financial results for a previous fiscal year are revised retrospectively, or if serious misconduct or a serious violation has occurred, the company can deny the officer(s) responsible the incentive component of remuneration (malus), and may demand the return of the compensation already paid to them (clawback). The compensation subject to such malus or clawback may include, in whole or in part, bonuses already paid or yet to be paid, points accrued under the stock-based compensation plan prior to the transfer of company shares, and company shares that have already been transferred to the officer(s) in question.

Disclosure policy

In accordance with our disclosure policy and applicable laws and regulations, details of the executive remuneration system are compiled and disclosed promptly and appropriately through the annual *Securities Report*, reference materials for the *General Meeting of Shareholders*, the *Business Report*, the *Corporate Governance Report*, the company website, etc. The company also implements a policy of active engagement with shareholders and investors.

Total amount of remuneration of officers in FY2025

Category of officer	Amount of remuneration paid (millions of yen)	Total amount by type (millions of yen)				Number of persons remunerated
		Fixed remuneration		Performance-linked remuneration		
		Cash remuneration	Non-cash remuneration (stock compensation)	Cash remuneration	Non-cash remuneration (stock compensation)	
Directors (excluding outside directors and directors concurrently performing as corporate executives)	41	40	0	—	—	2
Outside directors	118	111	6	—	—	9
Corporate executives (including those concurrently performing as directors)	553	198	70	215	70	6

Management and Board of Directors (as of June 24, 2026)



**Director,
Representative Corporate Executive,
President & Group Chief Executive Officer**

Kiyohiro Yamamoto

Nomination Committee member
Section: Internal Audit

Number of years served as director: 6
Number of Company shares owned: 54,756
Number of Company shares to be provided under the stock-based compensation plan: 86,471

Apr 1989 Joined the Company
Apr 2007 General Manager of Environmental Marketing Department, Marketing Headquarters, Building Systems Company
Apr 2011 Head of Marketing Headquarters, Building Systems Company
Apr 2012 Senior Officer, Head of Marketing Headquarters, Building Systems Company
Apr 2014 Senior Officer, General Manager of Corporate Planning Department
Apr 2017 Executive Officer, General Manager of Corporate Planning Department and Head of Marketing Headquarters, Building Systems Company
Apr 2018 Managing Executive Officer, Head of Marketing Headquarters, Building Systems Company
Apr 2020 Executive Deputy President
Jun 2020 Representative Director, President & Group Chief Executive Officer
Jun 2022 Director, Representative Corporate Executive, President & Group Chief Executive Officer (Present post)



**Director,
Representative Corporate Executive,
Deputy President**

Takayuki Yokota

Remuneration Committee member
Section: Assisting the President, Corporate Administration, Management, Corporate Communication, Sustainability (& azbil Group CSR)

Number of years served as director: 8
Number of Company shares owned: 59,900
Number of Company shares to be provided under the stock-based compensation plan: 41,851

Apr 1983 Joined The Fuji Bank, Limited (Present: Mizuho Bank, Ltd.)
Nov 2005 Chief IR Officer at Investor Relations, Mizuho Financial Group, Inc
Apr 2010 Executive Officer and Head of the Investment Banking Business Management Department, Mizuho Corporate Bank, Limited (Present: Mizuho Bank, Ltd.)
Jun 2012 Audit & Supervisory Board Member of Mizuho Research Institute Ltd. (Present: Mizuho Bank, Ltd.)
Apr 2013 Joined the Company (Senior Officer)
Apr 2014 Executive Officer, Head of Group Management Headquarters
Apr 2016 Managing Executive Officer, Head of Group Management Headquarters
Apr 2017 Managing Executive Officer, Head of Group Management Headquarters and Head of International Business Headquarters
Apr 2018 Managing Executive Officer
Jun 2018 Director and Managing Executive Officer
Apr 2020 Director and Senior Managing Executive Officer
Jun 2022 Director and Representative Senior Managing Corporate Executive
Jun 2023 Director, Representative Corporate Executive, Deputy President (Present post)



Director

Hisaya Katsuta

Non-Executive Director, Audit Committee member

Number of years served as director: 4
Number of Company shares owned: 47,400
Number of Company shares to be provided under the stock-based compensation plan: 3,612

Apr 1983 Joined the Company
Apr 2005 General Manager of Production Planning Department
Feb 2010 General Manager of Internal Audit Department
Apr 2011 Senior Officer, General Manager of Internal Audit Department
Apr 2012 Senior Officer, Manager of Production Management Department, Production Management Headquarters
Apr 2014 Senior Officer, Manager of Purchasing Department, Production Management Headquarters
Jun 2015 Audit & Supervisory Board member
Jun 2022 Director (Present post)



Outside Director

Anne Ka Tse Hung

Nomination Committee member

Number of years served as director: 6
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: –

Jul 1987 Joined Baker McKenzie
Jul 1991 Moved to Baker McKenzie Tokyo
Jul 1999 Partner of the firm
Jul 2018 Senior Counsel of the firm
Mar 2019 Retired from Senior Counsel of the firm
Jun 2020 Outside Director of the Company (Present post)



Outside Director

Shigeaki Yoshikawa

Chairperson of the Nomination Committee, Remuneration Committee member

Number of years served as director: 4
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: 3,612

Apr 1977 Joined Mitsubishi Corporation
Jun 2004 General Manager of Singapore Branch
Jul 2006 General Manager of Regional Strategy & Coordination Department
Apr 2008 Senior Vice President, General Manager of Global Strategy & Coordination Department
Apr 2010 Senior Vice President, Chief Regional Officer for the Middle East
Apr 2013 Executive Vice President, Regional CEO for the Middle East & Central Asia
Apr 2016 Corporate Advisor (Retired in August 2016)
Sep 2016 Corporate Advisor of Mitsubishi Research Institute, Inc.
Oct 2016 Executive Vice President
Dec 2016 Representative Member of the Board, Executive Vice President & COO
Dec 2020 Corporate Advisor (Retired in December 2020)
Apr 2021 Visiting Professor (Department of Business Design, Faculty of Global Business), Research Fellow (Institute of Current Business Studies) of Showa Women's University (Present post)
Jun 2022 Outside Director of the Company (Present post)
Jun 2023 Chairman and Representative Director of The Japan Singapore Association (Present post)
Jun 2023 Outside Director of Mochida Pharmaceutical Co., Ltd. (Present post)
May 2025 Councilor of Showa Women's University (Present post)



Outside Director

Tomoyasu Miura

Chairperson of the Board

Number of years served as director: 4
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: 3,612

Apr 1986 Joined Nomura Research Institute, Ltd.
Apr 2001 Manager of Financial Consulting Service Department II of Nomura Research Institute, Ltd.
Apr 2008 Manager of Financial Strategic Consulting Service Department of Nomura Research Institute, Ltd.
Apr 2009 Senior Managing Director, Deputy Manager of Management Consulting Service Division of Nomura Research Institute, Ltd.
Apr 2010 Senior Managing Director, Deputy Manager of System Consulting Service Division of Nomura Research Institute, Ltd.
Apr 2011 Senior Managing Director, Manager of Center for Corporate Planning Division of Nomura Research Institute, Ltd.
Apr 2014 Senior Managing Director, Division Manager of Center for Strategic Management & Innovation of Nomura Research Institute, Ltd.
Apr 2017 Counselor of Nomura Research Institute, Ltd. (Retired in June 2022)
Deputy Dean of Nomura School of Advanced Management
Jun 2018 Executive Director & Dean of Nomura School of Advanced Management (Retired in May 2022)
Aug 2019 Auditor of Research Institute of Science for Education (Present post)
Jun 2022 Outside Director of the Company (Present post)



Outside Director

Sachiko Ichikawa

Nomination Committee member

Number of years served as director: 2
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: 1,668

Apr 1997 Registered as attorney (Member of Dai-Ichi Tokyo Bar Association)
Joined Tanabe & Partners Law Office
Jan 2005 Registered as attorney (Member of New York State Bar Association)
Jan 2011 Partner of Tanabe & Partners Law Office (Present post)
Jun 2015 Outside Director of ANRITSU CORPORATION (Retired in June 2017)
Apr 2018 Registered as certified public accountant of the U.S.A.
May 2018 Outside Audit & Supervisory Board Member of Ryohin Kaikaku Co., Ltd. (Retired in November 2021)
Jun 2020 Statutory Auditor of The Board Director Training Institute of Japan
Jun 2021 Outside Director of Tokyo Electron Limited (Retired in June 2026)
Jun 2021 Outside Director of Olympus Corporation (Present post)
Jun 2022 Director of The Board Director Training Institute of Japan (Present post)
Jun 2024 Outside Director of the Company (Present post)

Note: The number of shares to be provided under the stock-based compensation plan reflects the number of confirmed points granted to each director. Stock-based compensation for directors who concurrently serve as corporate executives is 50% performance-linked (this portion fluctuates based on the level of achievement of performance targets in the medium-term plan) and 50% non-performance-linked. The performance-linked portion that has not been confirmed at present is not included in the number of shares planned to be transferred. Furthermore, because Anne Ka Tse Hung does not reside in Japan, the equivalent amount of stock-based compensation will be paid in cash.

Management and Board of Directors



Outside Director

Hiroshi Yoshida

Chairperson of the Audit Committee

Number of years served as director: 2
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: 1,668

Apr 1983 Joined Hitachi Chemical Co., Ltd. (Present: Resonac Corporation)
Jun 2001 General Manager in charge of Accounting of Financial Strategy Office of Hitachi Chemical Co., Ltd.
Aug 2003 General Manager in charge of Finance of Financial Strategy Office of Hitachi Chemical Co., Ltd.
Apr 2006 Treasurer of Hitachi Chemical Co. America, Ltd.
Aug 2008 Senior Manager of Corporate Planning & Development Office of Hitachi, Ltd.
Oct 2009 Senior Manager of Corporate Planning Office of Hitachi Chemical Co., Ltd.
Apr 2010 Head of Finance Center of CSR Department of Hitachi Chemical Co., Ltd.
Apr 2014 General Manager of Risk Management Center of Hitachi Chemical Co., Ltd.
Apr 2015 General Manager of Finance and Accounting Dept. of Corporate Business Strategy Headquarters of Hitachi Chemical Co., Ltd.
Apr 2016 Executive Officer, Deputy General Manager of Corporate Business Strategy Headquarters of Hitachi Chemical Co., Ltd.
Jun 2020 Audit & Supervisory Board Member of Hitachi Chemical Co., Ltd. (Retired in March 2024)
Jun 2024 Outside Director of the Company (Present post)



Outside Director

Satoko Nakatani

Audit Committee member

Number of years served as director: 1
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: 694

Apr 1987 Joined BROTHER SALES, LTD.
Oct 1992 Joined to accounting firm
Mar 1996 Registered as certified public accountant
Jan 2001 Joined Chuo Aoyama Audit Corporation
Aug 2006 Joined PricewaterhouseCoopers Aarata (Present: PricewaterhouseCoopers Japan LLC)
Jul 2016 Partner of PricewaterhouseCoopers Aarata (Retired in June 2025)
Apr 2020 Statutory Auditor of Tokai National Higher Education and Research System (Present post)
Jun 2025 Outside Director of the Company (Present post)
Jul 2025 Head of Satoko Nakatani Certified Public Accountant Office (Present post)
Jul 2025 Auditor of Japan Association for Chief Financial Officers (Present post)



Outside Director

Shoichiro Eguchi

Number of years served as director: – (New appointment)
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: –

Apr 1979 Joined Trio Electronics, Inc. (Present: JVCKENWOOD Corporation)
Jun 2003 Senior Vice President & Executive Officer of Kenwood Corporation (Present: JVCKENWOOD Corporation)
Apr 2004 General Executive of Car Electronics Sales Division of Kenwood Corporation, President and Director of Kenwood Electronics Europe B.V. (Present: JVCKENWOOD Europe B.V.)
Jun 2004 Director, Senior Vice President & Executive Officer of Kenwood Corporation
Oct 2011 Representative Director of the Board, Executive Officer, Vice President of JVCKENWOOD Corporation
Jun 2012 Representative Director of the Board, President & Chief Executive Officer of JVCKENWOOD Corporation
Apr 2018 Representative Director of the Board, President, Chief Operating Officer of JVCKENWOOD Corporation
Apr 2019 Representative Director of the Board, President & Chief Executive Officer of JVCKENWOOD Corporation
Apr 2023 Outside Director of AIST Solutions Co., Ltd. (Present post)
Apr 2026 Representative Director of the Board, Chairman & Chief Executive Officer of JVCKENWOOD Corporation (Present post)
Jun 2026 Outside Director of the Company (Present post)



Outside Director

Junichi Nishizawa

Chairperson of the Remuneration Committee

Number of years served as director: – (New appointment)
Number of Company shares owned: –
Number of Company shares to be provided under the stock-based compensation plan: –

Apr 1980 Joined the Fuji Bank, Limited (Present: Mizuho Bank, Ltd.)
Apr 2006 Executive Officer and General Manager of Nagoya-chuo Corporate Banking Department of Nagoya-chuo Branch of Mizuho Bank, Ltd.
Apr 2010 Managing Director, Managing Executive Officer, Head of Risk Management Group and Head of Human Resources Group of Mizuho Corporate Bank, Ltd. (Present: Mizuho Bank, Ltd.)
Jun 2011 Deputy President and Representative Director of Mizuho Financial Group, Inc. (Retired in March 2013)
Apr 2013 President and Representative Director of Mizuho Information & Research Institute, Inc. (Present: Mizuho Bank, Ltd.) (Retired in March 2019)
Jun 2019 Vice President and Director of Joban Kosan, Ltd.
Jun 2019 Outside Corporate Auditor of FUJIO AUTO LEASE CO., LTD. (Retired in June 2026)
Jun 2020 President and Representative Director of Joban Kosan, Ltd.
Jun 2020 Outside Director of JOBAN JOINT POWER CO., LTD. (Retired in June 2026)
Jun 2020 Outside Director of Onahama Kairiku Unso Kaisha, Ltd. (Retired in June 2026)
Jun 2024 Chairman and Representative Director of Joban Kosan, Ltd. (Retired in April 2025)
Mar 2025 Outside Director of Tokyo Tatemono Co., Ltd. (Present post)
Jul 2025 Outside Director of Nichizei Business Service Co., Ltd. (Present post)
Jun 2026 Outside Director of the Company (Present post)

Managing Corporate Executives

Kazuyasu Hamada

Human Resources and Talent Development,
azbil Group (aG) Service Engineering Function,
Head of aG System Business Portfolio Enhancement,
Building Automation (BA) Business Support (Digital Transformation Promotion),
Life Automation (LA) Business Support (Home Comfort Headquarters)

Hideaki Ishii

aG Production, aG Purchasing, aG Research and Development,
aG Product Safety & Quality,
Head of aG Product Business Portfolio Enhancement

Takashi Igarashi

Advanced Automation (AA) Business,
aG System Business Portfolio Enhancement
President of Advanced Automation Company (AAC)

Managing Executive Officers

Shigeru Wada

aG International Business,
aG Work-Style Creation Support (Overseas)
Head of Global Business Headquarters

Tomoyuki Takeda

BA Business Support (Domestic),
aG System Business Portfolio Enhancement,
aG Work-Style Creation (Well-being),
aG Safety Management (Occupational Health and Safety)

Kenji Okumura

LA Business

Masashi Takesako

BA Business, aG System Business Portfolio Enhancement
President of Building Systems Company (BSC)

Chosei Kaseda

Group Management Strategy,
aG Research and Development (Deputy)
General Manager of Group Management Strategy Department

Executive Officers

Toshiyasu Sumitomo

LA Business (Deputy)
General Manager of Corporate Planning
Department

Akiko Sekino

Corporate Communication (Deputy)
Head of Sustainability Management
Headquarters

Tetsuya Kajita

aG Product Business Portfolio
Enhancement Support
Deputy Head of AAC Development
Headquarters

Anju Jaswal

Deputy Head of Global Business
Headquarters
Managing Director of Strategic Planning
& Development Office for Southeast Asia,
Global Business Headquarters

Norio Hashimoto

Head of Production Management
Headquarters

Kazuhiko Yasuda

aG Digital Transformation Promotion,
aG IT Enhancement (aG Cyber Security)
Head of Digital Enhancement
Headquarters

Yasuko Tsuda

General Manager of Internal Audit
Department

Jun Iwamatsu

Co-Creation Promotion
Head of Corporate Secretariat Office

Hiromitsu Yoshizawa

Head of BSC Engineering Headquarters

Kazuaki Shirane

aG Digital Transformation Promotion
(Product DX)
Head of Cloud Systems Headquarters

Akinori Sugii

Head of BSC Facility Management
Headquarters

Taro Sento

aG Product Business Portfolio
Enhancement Support
Head of AA Division, Global Business
Headquarters

Kenji Sudo

aG System Business Portfolio
Enhancement Support
General Manager of AA SS Business^{*1}
General Manager of AAC Autonomous
Systems Business Development
Department

Eisuke Toyoda

General Manager of AA CP Business^{*2}

Isamu Ikeda

Head of AAC Development
Headquarters

Takeshi Yoshizumi

Head of AAC Sales Headquarters

Satoshi Asai

Human Resources and Talent
Development (Deputy)
Head of Group Management
Headquarters

Yoshiharu Nakai

General Manager of BSC
Business Planning Department

Tatsuya Yoshida

Manager of BSC Tokyo Head
Office

Shingo Kakizaki

Deputy Managing Director
of Strategic Planning &
Development Office for
Southeast Asia,
Global Business Headquarters

^{*1} SS business: Solution and Service business (offering control systems, engineering service, maintenance service, energy-saving solution service, etc.)

^{*2} CP business: Control Product business (supplying factory automation products such as controllers and sensors)

Management and Board of Directors

Skills expected of directors (skills matrix)

The company determined the skills and other attributes expected of directors from the perspective of consistently enhancing enterprise value, including the realization of the medium-term plan, at the Board of Directors meeting held on May 14, 2021. Regarding the skills, the Board of Directors and the Nomination and Remuneration Committee conducted an objective review considering the Group philosophy, business model, growth strategy, and other factors,

and selected seven important items expected of the directors to support growth toward making contributions “in series” to the achievement of a sustainable society as outlined in the medium-term plan. Of these, “corporate management/sustainability,” “global business,” and “IT, technology/control and automation business” are particularly relevant to the Group’s sustainable growth over the medium to long term.

Of the 11 directors, three are women (one of whom is a foreign national).

(as of June 24, 2026)

Name (Age)	Nomination Committee member (● indicates chairperson)	Audit Committee member (● indicates chairperson)	Remuneration Committee member (● indicates chairperson)	Independence	Diversity		Expected skills					
				Independent director	Gender	Corporate management/ sustainability*	Global business	Financial affairs, accounting, finance	IT, technology/ control and automation business	Sales, marketing	Manufacturing, research and development	Legal, risk management, compliance
Kiyohiro Yamamoto (61)	●				M	●	●		●	●	●	
Takayuki Yokota (65)			●		M	●	●	●				●
Hisaya Katsuta (68)		●			M			●			●	●
Anne Ka Tse Hung (62)	●			●	F		●					●
Shigeaki Yoshikawa (73)	●		●	●	M	●	●			●		
Tomoyasu Miura (64)				●	M	●			●	●		
Sachiko Ichikawa (59)	●			●	F	●		●				●
Hiroshi Yoshida (67)		●		●	M	●		●			●	
Satoko Nakatani (61)		●		●	F	●		●				●
Shoichiro Eguchi (70)				●	M	●	●		●		●	
Junichi Nishizawa (70)			●	●	M	●	●	●				

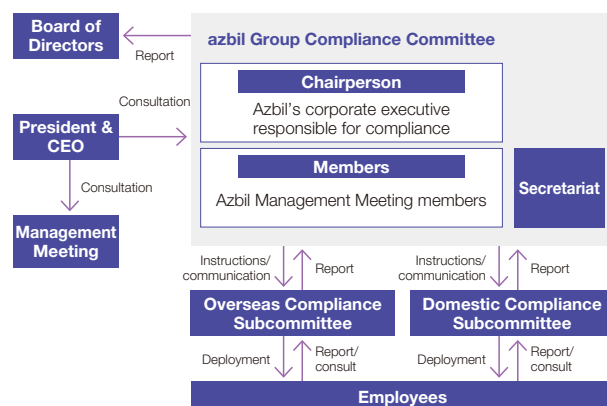
* For the azbil Group to be able to achieve its stated objective of contributing “in series” to the achievement of a sustainable society, “corporate management/sustainability” has been included together as one expected skill. In addition, this item includes skills regarding the strengthening of human capital from the viewpoint of sustainability.

Compliance and Internal Control

Compliance promotion framework

We have a compliance system where a corporate executive is appointed to promote compliance efforts as shown in the diagram on the right. To ensure compliance across the entire Group, since FY2025 the company has established and convened the azbil Group Compliance Committee, consisting of Azbil's top management, together with Domestic and Overseas Compliance Subcommittees as its subordinate organizations.

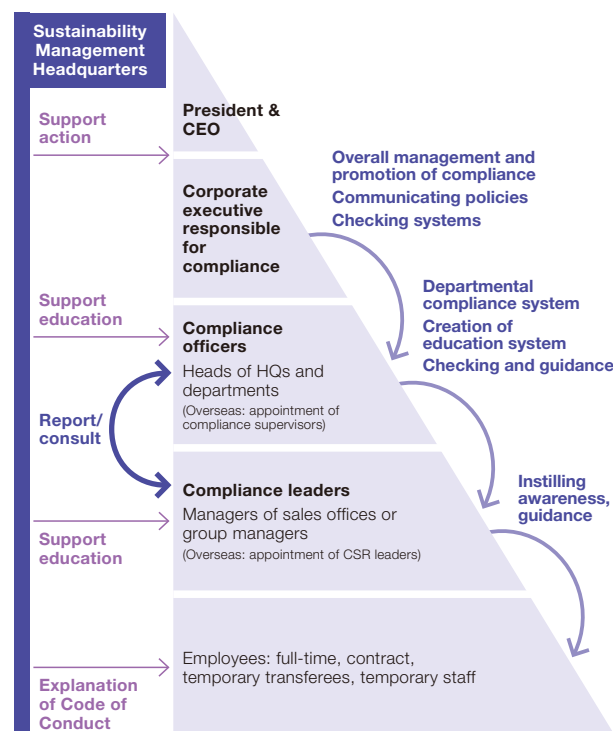
azbil Group Compliance Committee system



Building internal control system and complying with J-SOX

In accordance with Article 416 of the Japanese Companies Act, we have established and implemented the azbil Group Basic Policy on Internal Control System Architecture. Under the internal control reporting system required by the Financial Instruments and Exchange Act (J-SOX), we review the scope and evaluation items for entity-level and process-level control assessments in a timely manner in response to regulatory amendments and changes in the business environment. We also clarify the criteria for selecting significant locations or business units to enhance the effectiveness of internal controls.

Compliance system



Maintaining and enhancing compliance awareness

Officers and department heads spearhead efforts to improve compliance awareness, and we invite external experts to provide annual training for these officers. In addition to education for all employees, Azbil provides training to compliance officers and leaders, as well as group discussion-based training for half of all employees every year. In FY2025, to further strengthen compliance, the Group held the Compliance Enhancement Meeting for its management. We also held the azbil Group Global CSR, HR, and SDGs Joint Meeting for compliance leaders at overseas subsidiaries and affiliates, including those responsible for

human resources and SDGs. Through training sessions and discussions on a wide range of topics, the Group worked to raise compliance awareness and strengthen the capabilities of compliance leaders. In addition, we conduct annual surveys of all employees to assess the degree to which compliance has been embedded across the organization and to identify issues, and then implement appropriate measures.

Anti-corruption initiatives

We oppose corruption in all its forms based on the azbil Group Basic Policy on Anti-corruption Practices, which applies to all officers and employees of the Group. The executive team monitors the status of these initiatives, and Azbil's Board of Directors supervises them through audits. We also work to prevent corruption in relationships with stakeholders by incorporating compliance clauses, including anti-corruption provisions, into contracts and by clearly stipulating anti-corruption requirements in the azbil Group Sustainable Procurement Guidelines.

Internal reporting system for early detection of workplace issues

We have established the Employee Reporting and Consultation Service for officers and employees, as well as the azbil Group Reporting and Consultation Service* for stakeholders in Japan and overseas. These services are intended to prevent violations of laws and regulations, promptly detect issues, and respond appropriately to breaches of corporate ethics, human rights concerns, and other significant matters. We are enhancing the reporting and consultation system by providing multilingual support for external reporting channels to improve accessibility. In addition, based on the Whistleblower Protection Act and other relevant laws and regulations, we are expanding eligibility for use of the system and improving related company regulations.

* It can be accessed from the "Contact us" section of the azbil Group website.

https://form.azbil.com/form/pub/contact/azbil_form_hotline
Consultation and reporting on human rights issues, laws, and ethics violations

Our global hotline for consultation and reporting can also be accessed from the websites of overseas subsidiaries and is available in multiple languages.

Stakeholder Engagement

Value creation through communication

Under the guidance of the corporate executive in charge of corporate communication activities, we have set up a system (Corporate Communication Task Force) to facilitate dialogue with stakeholders through collaboration among internal departments. The opinions obtained through engagement and constructive communication can serve as valuable input for management and business operations, and by working collaboratively toward solving issues, we aim to create new value that will lead to sustainable growth. Accordingly, management also actively engages in dialogue and works to build transparent and trusted relationships with all stakeholders.

Expanding opportunities for co-creation at Expo 2025 Osaka, Kansai, Japan

As a co-sponsor of the Theme Weeks at Expo 2025 Osaka, Kansai, Japan, we conducted dialogue programs on themes such as “well-balanced future lifestyle” and the “exciting future of the Earth” envisioned by children. Through co-creation with diverse stakeholders, we gained new insights into how the azbil Group’s automation technologies can help address societal issues and create value for the society of the future.

Details of dialogue with each stakeholder

	Customers	Business partners	Employees	Shareholders and investors	Local and international communities
Value creation through communication	- Developing better products and services - Provision of consulting, quality assurance, high value-added engineering, and maintenance services	- Value sharing and fulfillment of social responsibility with the SDGs as a common goal - Coexistence and co-prosperity with business partners - Building long-term relationships of trust	Implementing health and well-being management so that all employees can work with vitality and exercise their full potential	- Timely and appropriate disclosure of information - Enhancing enterprise value by acquiring appropriate valuations and by understanding the expectations of the capital markets - Disclosure of financial and non-financial information	- Communication that responds to the needs of local and international communities and participation in social contribution activities - Participation in various declarations and initiatives (promoting responsible corporate practices)
Communication opportunities	- Sales and quality assurance activities - Offering safe, dependable, and valuable products and services - Information dissemination via company website and social media - Contact form on our website - Exhibitions, webinars	- Discussion and exchange of views on ESG-related issues through case study presentations and ESG seminars for business partners - Interviews and support through visits to business partners from an ESG perspective - Implementing business partners' self-evaluation surveys from an ESG perspective and providing feedback	- Direct and indirect dialogues on company policies - Regular dialogue between the management and the labor union (e.g., joint management council) - Annual employee engagement survey - Establishing a contact point for various consultations, including whistleblowing	- General meetings of shareholders, financial results briefings, business strategy briefings, small meetings for dialogue between outside directors and institutional investors, facility tours, exhibitions - Individual meetings with domestic and overseas institutional investors and analysts - Company briefings for individual investors - Disseminating information via integrated reports, ESG data book, company website	- Seasonal events (such as summer evening festivals hosted by the company) and social contribution programs (such as educational support) - Regional volunteer activities - Support through the azbil Honeybee Club - Participation in international initiatives - Natural conservation initiatives and collaboration with domestic and international partner organizations
Examples of activities for FY2025	Booths at Industrial Transformation ASIA-PACIFIC, IIFES 2025, Smart Building EXPO, and other events, introducing advanced products and services utilizing DX and AI	- Approx. 150 companies participated in business partner case study presentations - Approx. 210 companies participated in ESG seminars for business partners - Conducted webinars on CO₂ emission reduction - Proposed diversity promotion initiatives through visits to business partners - Visited key business partners to discuss appropriate pricing and procurement practices	- Direct dialogues between the management and azbil Group employees - AI creativity contest - Introduced incentive plans such as the employee stock ownership plan (J-ESOP-RS) and conducted briefings for employees to explain the objective and details of the programs - Support to employees leading the project at EXPO 2025 Osaka, Kansai, Japan	- Financial results briefings, business strategy briefings, general meetings of shareholders (hybrid format: in-person and virtual attendance) - Meetings with domestic and overseas institutional investors, including senior management - Held a small meeting for dialogue between outside directors and institutional investors	- Held a dialogue on the Group’s human rights initiatives with a lawyer specializing in business and human rights who is also active in a human rights NGO (April 2026, as part of FY2025 activities) - Continued to co-sponsor a wheelchair basketball event for children with Shonan United BC, Fujisawa City, and Azbil Yamatake General Foundation - Co-sponsored theme weeks at Expo 2025 Osaka, Kansai, Japan - Obtained third-party opinions on environmental initiatives

Note: We are collaborating with the **Azbil Yamatake General Foundation**, among others, for engagement and contribution to local communities.

https://www.azbil.com/sustainability/contribution_to_society/foundation/index.html

Toward New Ways of Working That Foster Co-creation

Building a New Headquarters for Dialogue and Co-creation: An Initiative by Next-generation Employees

Chiharu Inose

Leads corporate communications, branding, and employee communications initiatives

Yuki Yamauchi

Supports overseas subsidiaries and coordinates global cash management

Ayaka Kubota

Oversees personnel and remuneration system, and plans new HR initiatives

In May 2026, Azbil relocated its headquarters. More than simply creating a new office, the move was an opportunity to foster a workplace where employees can take initiative and where dialogue flows naturally across organizational and hierarchical boundaries. Employees from a range of departments played a central role in the project. Here, they share the vision behind the new headquarters, the ways of working they sought to create, and the insights they gained through the experience.

A project entrusted to the next generation

Inose What's interesting is that before this project, we all worked in the same office but in different departments, and had little interaction with one another. Because the project would help shape the company's future, it came with significant responsibility and challenges. At the same time, it made me think more deeply about how we work and proved to be a highly rewarding experience.

Kubota When I was invited to join the project team, I did not fully realize how significant the project would be. At first, I simply assumed the company had brought together a group of younger employees.

Yamauchi What attracted me most was the opportunity to contribute to something that would have an impact across the company. Working with colleagues from other departments was a completely new experience, and I genuinely enjoyed it. It also broadened my perspective on the company and reinforced my belief that Azbil is a place where employees are encouraged to take on new challenges.

Beyond the office: rethinking the way we work

Kubota The first step was to identify the issues to address. What became clear was that the former headquarters no longer reflected the changing times. The ways of working and communicating had become fixed, making the workplace less flexible than it could be.

Inose When we spoke with employees at other locations, we heard comments such as "The headquarters feels closed-off" and "It doesn't feel very approachable." Having grown used to the environment ourselves, we were somewhat surprised by that feedback.

Yamauchi The headquarters was often so quiet that the only sound seemed to be the tapping of keyboards. At the same time, some departments already had a culture of open communication, with colleagues regularly talking about topics beyond work. The challenges people saw varied considerably across departments.

Kubota Every department has its own way of working, so there was never a single right answer. Our goal was to transform not only the physical space but also the way people connect, communicate, and work together. Over time, the project team came to share that vision. We were not simply aiming to create an attractive office, but a workplace where people naturally come together, feel comfortable starting conversations, and are empowered to take initiative.

Yamauchi After visiting a wide range of offices, we came to believe that what matters most is not the space itself, but how people work within it and the ways it supports the creation of different working styles. Some employees prefer to focus independently, while others thrive through discussion. At times, a change of environment can also help refresh thinking. Rather than promoting a single way of working, we aimed to create an office where employees can choose the setting that best suits their work and mood at any given time.

Inose The starting point of the project was a desire to encourage new ways of working. At the same time, we did not pursue our vision in isolation. Through ongoing interviews with employees, concerns were also raised about initiatives such as the introduction of unassigned seating.

Kubota We began the project with a vision for new ways of working. However, we soon recognized that employees have different needs and preferences, and that there is no single approach that suits everyone. Rather than prescribing how people should work, we focused on creating an office that supports a variety of working styles.

Toward New Ways of Working That Foster Co-creation

Bringing people together: our vision in action

Yamauchi Compared to the previous headquarters, people feel much more connected. Conversations often start naturally over a cup of coffee, creating more opportunities to learn about the work of other departments. As a result, our understanding of the company as a whole has deepened significantly.

Inose We have received encouraging feedback such as, “The unassigned seating arrangement is working better than I expected.” There was probably some uncertainty at first, but people have found approaches that suit them and adapted smoothly. Seeing people embrace the autonomous and flexible way of working we hoped to create has been especially encouraging.

Yamauchi Every time someone says, “Thank you” or “It’s become much easier to use,” it makes me incredibly happy. I feel that being able to receive that kind of feedback is one of the benefits of the new workplace.

Kubota More employees are choosing where to work based on the tasks they need to accomplish each day, saying things like “I think I’ll work here today.” Communication across departments has also increased, and the atmosphere at headquarters has become noticeably more open and vibrant. In addition, we created shared spaces that can be used by colleagues from other offices and group companies. We hope these spaces will foster interaction across

organizational boundaries and spark new ideas and value creation.

Inose The concept of a “headquarters that brings people together” can also be seen in MARU, our new lounge. While it serves as a showroom, its purpose extends beyond showcasing our technologies. We envisioned it as a hub where ideas can emerge through interaction not only among employees but also with customers, students, and other stakeholders. That is why we chose to call it a lounge rather than a showroom. The name “Azbil Lounge Tokyo O,” pronounced “MARU” and meaning “circle” in Japanese, reflects our desire to create a welcoming space where people can gather in a circle and engage in open dialogue. We believe this environment will foster communication and contribute to innovation, productivity, and higher engagement.

A place that continues to evolve

Kubota The office itself might be complete, but the way we work will continue to evolve. I hope this remains a workplace that grows and improves by listening to employees’ voices. Creating an environment where people can work comfortably and take initiative is also important for attracting and retaining talent.

Yamauchi I feel the same way. I would like to see conversations across departments and levels become even more natural, in an environment where people feel comfortable reaching out and saying “Can I ask you something?” Through our Building Automation business, we help customers create new ways of working and rethink the role of the office. Having experienced this transformation ourselves, I have come to appreciate its value even more.

Inose The environment is now in place. What matters now is the connections it creates. When people connect, new ideas emerge. As those ideas grow and come together, they can lead to co-creation, innovation, and ultimately greater enterprise value. We look forward to seeing where that journey takes us.

Where people and ideas meet: creating new value through dialogue and co-creation

Tomoyuki Takeda

Managing Executive Officer
azbil Group Work-Style
Creation (Well-being)



In May 2026, as Azbil marked the 120th anniversary of its founding, we relocated our headquarters. The move reflects our commitment to bringing the newly formulated azbil Group Purpose and Vision to life and marks an important step toward new ways of working and the creation of new brand value.

As described in the employee roundtable discussion, the younger employees involved in the headquarters relocation project from the planning stage shared a common goal: to create an environment where people naturally come together and where dialogue and co-creation can thrive. Their aim was not simply to renew an office, but to transform the way we work. I would like to express my sincere appreciation for the passion, initiative, and commitment they demonstrated throughout the project.

Since the relocation, interaction across organizational boundaries has increased markedly. The elimination of executives’ private offices has also fostered closer communication among executives while reducing the distance between management and employees. Building on the momentum created by the headquarters relocation, we will further deepen dialogue and co-creation with a diverse range of stakeholders, thereby creating new brand value and contributing to the sustained enhancement of enterprise value.



11-year Key Financial and Non-financial Figures

Azbil Corporation and its consolidated subsidiaries

 Audited Financial Report is available at the following:
<https://www.azbil.com/ir/library/audited-financial-reports/index.html>

(Millions of yen)

Financial information

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Financial results (for the year):											
Net sales	256,890	254,811	260,384	262,055	259,411	246,821	256,552	278,406	290,939	300,379	298,931
(Overseas sales)	48,991	43,380	45,797	46,710	44,195	44,888	52,191	62,635	67,331	63,174	52,422
Gross profit	91,089	91,492	97,481	102,338	103,642	99,369	105,706	111,938	122,974	131,864	139,578
Selling, general and administrative expenses	73,953	71,347	73,454	75,648	76,386	73,649	77,474	80,687	86,132	90,377	92,273
Operating income	17,136	20,145	24,027	26,690	27,256	25,720	28,232	31,251	36,842	41,487	47,305
Net income attributable to owners of the parent	8,268	13,154	17,890	18,951	19,793	19,918	20,784	22,603	30,208	40,956	38,565
Capital expenditure	3,413	4,160	7,038	6,363	4,934	5,039	11,245	10,845	8,652	9,840	7,963
Depreciation	4,148	4,075	4,112	4,167	4,462	4,484	4,847	4,955	6,044	6,714	7,062
R&D expenses	11,012	10,446	11,262	11,897	11,788	11,182	12,109	12,372	12,325	12,727	12,714
Cash flows (for the year):											
Net cash provided by operating activities	11,073	19,949	19,481	16,111	29,812	22,602	10,120	13,118	27,540	43,953	38,033
Net cash provided by (used in) investing activities	4,262	(9,061)	(48)	(4,075)	(4,171)	284	(3,991)	(1,976)	(2,361)	2,032	(6,473)
Free cash flow	15,334	10,889	19,433	12,036	25,641	22,886	6,129	11,142	25,179	45,985	31,560
Net cash used in financing activities	(10,536)	(6,441)	(10,852)	(12,024)	(18,768)	(6,996)	(20,584)	(19,695)	(22,456)	(29,771)	(30,067)
Financial position (at year-end):											
Total assets*	259,127	263,317	273,805	275,518	274,559	284,597	280,052	296,873	313,728	315,073	332,240
Interest-bearing debt	12,605	11,175	10,686	10,028	8,576	9,350	8,346	12,415	9,454	5,482	9,890
Shareholders' equity	155,006	163,822	175,996	181,143	183,190	198,191	200,315	202,820	221,522	237,206	252,854
Net assets	156,966	165,752	177,963	183,098	185,302	200,608	203,142	205,880	224,887	240,518	256,000

* Effective from the beginning of FY2018, the company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other standards. Figures for total assets and shareholders' equity in FY2017 have been changed retrospectively to reflect the amended standard as comparison information.

11-year Key Financial and Non-financial Figures

Financial information

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Per share data*1:											
Net income (yen)	14.09	22.45	30.77	33.01	35.20	35.69	37.70	42.07	57.10	77.96	75.76
Net assets (yen)	264.51	279.56	303.29	316.22	328.29	355.13	364.77	379.50	420.09	459.01	497.71
Cash dividend (yen)	8.37	9.62	10.25	11.50	12.50	13.75	15.00	16.50	19.00	24.00	32.00
Financial ratios:											
Gross profit/Net sales (%)	35.5	35.9	37.4	39.1	40.0	40.3	41.2	40.2	42.3	43.9	46.7
Operating income/Net sales (%)	6.7	7.9	9.2	10.2	10.5	10.4	11.0	11.2	12.7	13.8	15.8
R&D expenses/Net sales (%)	4.3	4.1	4.3	4.5	4.5	4.5	4.7	4.4	4.2	4.2	4.3
Shareholders' equity/Total assets (%)*2	59.8	62.2	64.3	65.7	66.7	69.6	71.5	68.3	70.6	75.3	76.1
Return on equity (ROE) (%)	5.3	8.3	10.5	10.6	10.9	10.4	10.4	11.2	14.2	17.9	15.7
Dividend on equity (DOE) (%)	3.1	3.5	3.5	3.7	3.9	4.0	4.2	4.4	4.8	5.5	6.7
Dividend payout ratio (%)	59.4	42.9	33.3	34.8	35.5	38.5	39.8	39.2	33.3	30.8	42.2

Non-financial information

CO ₂ emissions (Scope 1 + 2/market-based) (metric tons of CO ₂)*3,*4,*5	—	—	28,003	26,890	25,745	21,245	20,215	17,711	16,917	12,580	10,469
Number of employees (people)	9,464	9,290	9,328	9,607	9,897	10,003	10,086	10,063	9,909	8,922	9,170
Number of domestic employees	6,551	6,463	6,444	6,618	6,862	6,856	6,815	6,734	6,612	6,556	6,630
Number of overseas employees	2,913	2,827	2,884	2,989	3,035	3,147	3,271	3,329	3,297	2,366	2,540
Number of female employees in managerial or specialist positions (people)*6	40	46	51	56	60	73	80	81	85	88	99
Ratio of female employees in managerial or specialist positions (%)	3.6	4.1	4.4	4.8	5.1	5.0	5.5	5.7	6.1	6.6	7.1
Ratio of employees with disabilities to total workforce (%)*7	2.20	2.18	2.26	2.29	2.35	2.32	2.25	2.38	2.45	2.63	2.62

*1 The company conducted a 2-for-1 stock split of its common stock on October 1, 2018, and a 4-for-1 stock split of its common stock on October 1, 2024. Per share data are based on the number of shares after the stock splits.

*2 Effective from the beginning of FY2018, the company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other standards. Figures for total assets and shareholders' equity/total assets in FY2017 have been changed retrospectively to reflect the amended standard as comparison information.

*3 Scope 1: Direct greenhouse gas (GHG) emissions from business (from fuel burning, industrial processes, etc.) Scope 2: Indirect GHG emissions from using electricity and heat/steam provided by another business

*4 Scope of calculation: Azbil Corporation and its consolidated subsidiaries

*5 The data from FY2017 onward differ from the data disclosed in previous fiscal years due to the inconsistencies in some of the calculation ranges.

*6 The figures represent employees at positions at a designated management or specialist level and above under Azbil Corporation's personnel system and equivalent levels within the azbil Group.

*7 Includes Azbil Corporation, Azbil Yamatake Friendly Co., Ltd., Azbil Kimmon Co., Ltd., Azbil Trading Co., Ltd., and Azbil TA Co., Ltd. Azbil TA Co., Ltd. was consolidated as a group company from 2016.

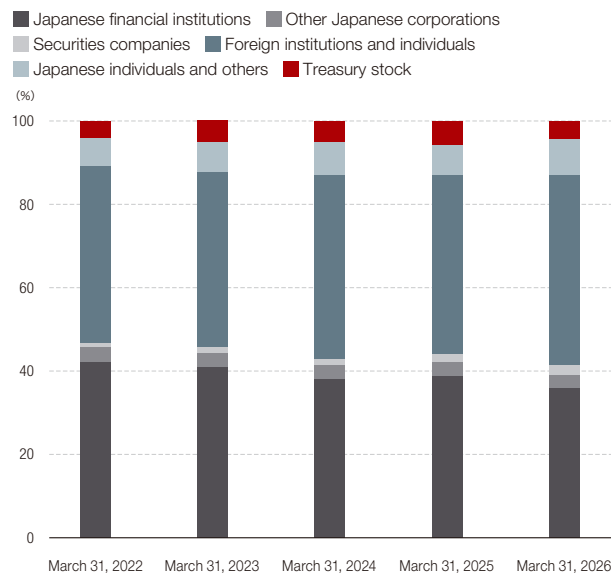
Corporate Data and Stock Information

(as of March 31, 2026)

Corporate data

Founded	December 1, 1906
Incorporated	August 22, 1949
Paid-in capital	¥10,522 million
Accounting date	March 31
Annual shareholders' meeting	June
Head office	Marunouchi Park Building, 2-6-1 Marunouchi, Chiyoda-ku, Tokyo 100-6925, Japan
Consolidated number of employees	9,170
Stock listing	Tokyo Stock Exchange Prime Market
Ticker symbol number	6845
Stock information	Shares of common stock issued 541,372,736 Share unit number 100 Shareholders 14,474
Transfer agent	Mizuho Trust & Banking Co., Ltd.

Composition of shareholders

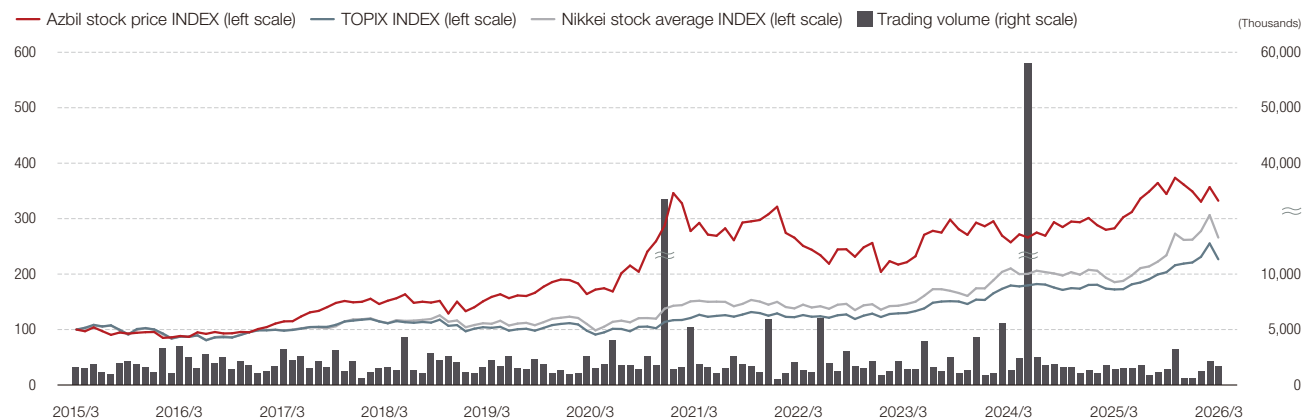


Major shareholders (Top 10)

Shareholders	Number of shares held (thousands)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	69,733	13.46
STATE STREET BANK AND TRUST COMPANY 505001	47,999	9.26
Meiji Yasuda Life Insurance Company	41,712	8.05
Custody Bank of Japan, Ltd. (Trust account)	24,751	4.77
National Mutual Insurance Federation of Agricultural Cooperatives	13,425	2.59
Northern Trust CO. (AVFC) Re Fidelity Funds	13,065	2.52
The azbil Group Employee Stock Ownership Association	12,185	2.35
BBH FOR FIAM GR TR FOR EMPLOYEE BENE PLNS: FIAM INTL EQ GROWTH COM POOL	7,869	1.51
STATE STREET BANK AND TRUST COMPANY 505103	7,655	1.47
Nippon Life Insurance Company	7,478	1.44

Note: The percentage of total shares issued is calculated excluding treasury stock (23,522,645 shares).

Stock price and trading volume



Notes: 1. Azbil stock price, Nikkei stock average, and TOPIX: Value (100) based on the end of March 2014

2. The company conducted a 2-for-1 stock split for shares of common stock on October 1, 2018, and a 4-for-1 stock split for shares of common stock on October 1, 2024. The above and below figures for stock prices have been recalculated to take the stock splits into account.

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Year-end closing price (yen)	360.13	467.50	619.38	647.25	701.00	1,191.25	1,022.50	902.50	1,048.50	1,151.50	1,354.00
Highest price (yen)	437.50	481.88	663.75	656.75	818.75	1,530.00	1,382.50	1,102.50	1,295.75	1,334.50	1,530.50
Lowest price (yen)	327.25	336.88	443.13	487.25	553.75	654.75	975.00	797.50	861.25	824.50	990.00

