

Message from Management

Through the pursuit of “human-centered automation,” we aim to become a corporate group that contributes to the sustainable development of society.

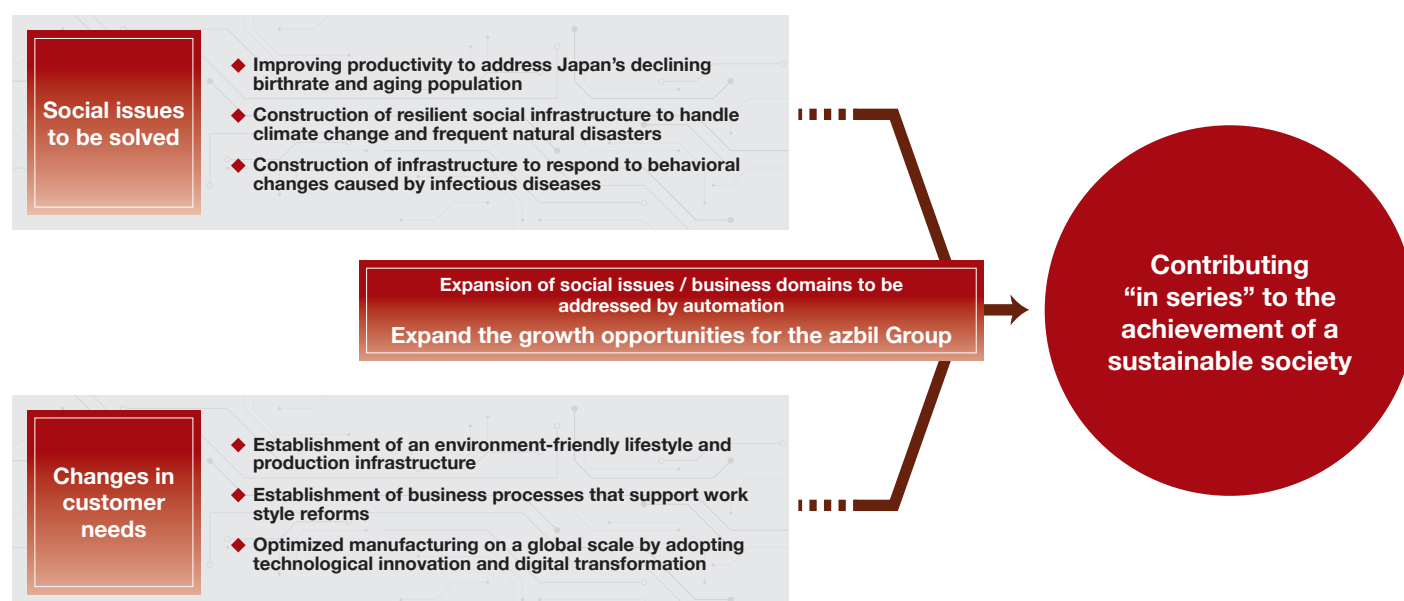
Since our foundation in 1906, we have pursued measurement and control technologies, delivering unique solutions to our customers. In April 2012, we changed our company name from Yamatake to Azbil Corporation. Today, the azbil Group is aiming to provide customers with its unique value in offices, production sites, and daily lives all over the world through its three business segments: Building Automation, Advanced Automation, and Life Automation.

Since 2020, the spread of COVID-19 and the resulting global economic slowdown have created challenging conditions for the Group. However, in the medium to long term, we believe that automation will take on a greater role. These issues include changes in the business environment such as progressing globalization and fulfilling our responsibility to contribute to the sustainable growth of society, technological innovation, Japan’s aging society, progressing work style reforms, the response to climate change, remote work as a result of the spread of COVID-19, and business continuity

planning (BCP). We believe that our response to these issues will further expand the business areas that automation can support. We see these changes as business opportunities for the azbil Group and plan to advance further both our global development and initiatives in our business fields and to accelerate growth.

We plan to promote initiatives toward the Sustainable Development Goals (SDGs), which are compatible with our Group philosophy. To this end, we will further provide new products and services that contribute to the safety, productivity, and value enhancement of production sites by using advanced technologies such as AI and various sensing technologies and expand our business by solving environmental energy-related problems in buildings and in the local community, while strengthening our business and corporate foundations. Through the pursuit of “human-centered automation,” we aim to become a corporate group that contributes to the sustainable development of society.

Contributing to the Creation of a Sustainable Society



Hirozumi Sone
Representative Director,
Executive Chairperson

Kiyohiro Yamamoto
Representative Director,
President and Group Chief Executive Officer

The Spirit of our Founder

“Free People from Drudgery” as our DNA

azbil's history began with the founder's dream to “free people from drudgery.” Since then, the azbil Group has responded to the changing demands of the times and our customers' needs through repeated innovation and a constant awareness of our starting point, and in 2006, we celebrated the 100th anniversary of our founding.

1906

Yamatake Shokai founded as a machine tool import company

The azbil Group's history began in 1906 as Yamatake Shokai, a machine tool import company founded by Takehiko Yamaguchi out of his dream to “free people from drudgery.” Thereafter, Yamatake Shokai began to handle industrial instruments, transitioned to a manufacturer and seller of machine tools and instruments, and focused on the domestic production of automatic control valves. By understanding and quickly commercializing the need for automation, Yamatake Shokai made large contributions to the development of Japanese industry from the post-war recovery period through the high-growth period.



Takehiko Yamaguchi, Founder

1978

Contributing to an energy-saving society through the “savemation” concept

In 1953, Yamatake Shokai entered into a 50/50 capital alliance with the US-based Honeywell, which at the time had the world's leading measurement and control technologies. In 1956, it changed its company name to Yamatake-Honeywell. From here, it began its journey as a comprehensive automation manufacturer and contributed to Japan's high-level economic growth through air-conditioning control for large-scale buildings and process control for petrochemical plants. Furthermore, during the first oil crisis in 1973, it began developing a range of products and services to respond to the energy-saving and power-saving needs of society and in 1978 established a new corporate philosophy known as “savemation.” We have been highly evaluated by many stakeholders for our corporate stance of proactively responding to resource and energy saving that connects to global environmental preservation through automation.



Expanded alongside the development of Japanese industries

2006

Proposing “human-centered automation” through the azbil brand

In 1998, we reviewed our partnership with Honeywell, and in 2002, we dissolved our capital alliance. In 2006, to welcome the 100th anniversary of Yamatake's founding, we launched our new group philosophy of “human-centered automation.” This group philosophy is founded on the technology and know-how that we have cultivated over many years in advanced measurement and control technologies and energy management. Based on this foundation, “human-centered automation” is an expression of our desire to be a group that contributes to the achievement of a sustainable society by realizing “safety, comfort, and fulfillment” for people in offices, factories, and houses and “global environmental preservation.”

azbil Group Philosophy

To realize safety, comfort, and fulfillment in people's lives and contribute to global environmental preservation through “human-centered automation.”

azbil

Meaning of our symbol and the company name

azbil: automation, zone, builder

In other words, using automation technology, we will build zones in which safety, comfort, and fulfillment can flourish.

Toward the next 100 years

Pursuing new value creation through “automation”

While evolving the spirit of our foundation, the azbil Group continues to challenge itself to create new value. To do so, in 2006, we created a new Group philosophy, “human-centered automation,” and our Group symbol of “azbil.” In 2008, we changed our Group name to the “azbil Group.” In 2012, we changed our company name from Yamatake to Azbil.

2012

Established the “three fundamental policies” for sustainable growth

In 2012, to respond quickly to changes in the business environment, global social issues, and our customers’ needs while pursuing sustainable growth, the azbil Group established “Three Fundamental Policies.” Based on these policies, we have established a two-stage medium-term plan (FY2013–2016, and FY2017–2019) focusing on three businesses with different business cycles: Building Automation (BA), Advanced Automation (AA), and Life Automation (LA). Under these targets and policies, we have implemented various measures, such as the selection and concentration of business, organizational reform, profitability enhancement, global development, and human resource development in the three businesses. In doing so, we have continuously strengthened our management base.

As a result, we greatly strengthened our earning power, including a rise in the ratio of business in line with the life cycles of our customers’ buildings and plants. We also developed a global business infrastructure that will serve as an engine for growth and strengthened our financial base, crisis management system, and corporate governance system.

■ Three Fundamental Policies

Being a long-term partner for the customer and the community by offering solutions based on azbil’s technologies and products

Taking global operations to the next level by expanding into new regions and a qualitative change of focus

Being a corporate organization that never stops learning, so that we can continuously grow stronger

2020

Started contributing “in series” to the achievement of a sustainable society

With the effects of global warming becoming more apparent and the COVID-19 pandemic changing behavior patterns in 2020, the interest in sustainability of business, global environment and society is increasing at an unprecedented rate. This means that high productivity using measurement and control technologies and frontline knowledge, as well as the realization of comfortable, safe, and secure spaces while minimizing resource and energy consumption over the long term will be demanded more and more in the future. It also means that the role of automation will grow and that its value will increase. In response, the azbil Group is expanding further the scope of automation and control by applying the latest technologies such as IoT, AI, cloud computing, and big data, enhancing our ability to solve problems through automation and accelerating our pursuit of new value creation.

The azbil Group aims to contribute “in series” to

the achievement of a sustainable society by responding to the expanding roles demanded of automation and by enhancing our skills to help problem solving of our customers and society. To this end, in 2019, we revised our Guiding Principles and Code of Conduct, which serve as guideposts for the azbil Group. The goal of the revisions was to develop business activities aligned with a sustainable society by aligning everything from our philosophy to the actions of every employee and the implementation of our management strategies. Also, in 2020, we set out quantitative targets such as the effective CO₂ reduction of 3.40 million metric tons per year at our customers’ sites in environmental and energy fields as part of the azbil Group’s SDG targets.

The azbil Group aims to achieve solutions for social issues such as SDGs as well as sustainable growth and contributes “in series” to the achievement of a sustainable society through its automation business.

■ Guiding Principles

In order to implement our corporate philosophy, we will take action based on the 5 Guideposts (guiding principles for business), aiming to serve as a Guiding bridge that interconnects our worldwide customers and leads us all into the future.

1. Realizing a safe and comfortable social environment through cooperative creation by human ingenuity and technology
2. Contributing in series to the achievement of a sustainable society
3. Building long-term partnerships with stakeholders
4. Creating dynamic value through diverse human resources and teamwork
5. Growing constantly through innovation and a corporate culture of continual learning



azbil's Value Creation | Value Creation Model

To address issues faced by customers and society in line with changes over time, we have been refining our technologies and solutions by drawing on our “measurement and control” automation technologies based on the idea of constantly solving problems by focusing mainly on people. The azbil Group is unique in its ability to promote value creation with customers through its integrated system of working closely with customers at their sites.

The azbil Group delivers products and services and works with its customers to solve social issues, thereby contributing “in series” to a sustainable society and achieving sustainable growth for our business and increased corporate value. Under our new long-term targets and medium-term plan, we are

strengthening the foundations of our business that underpin sustainability and making further operating capital investments in order to utilize our integrated system that extends from development through to services and accelerate expansion in three growth fields.

Operating Capital (Inputs)

- 

Human capital
No. of employees 10,003 people (As of March 31, 2021)
Annual no. of attendees at azbil academy sessions (Total number of attendees)*1 74,800 people
No. of individuals obtaining official qualifications *2 2,618 people
- 

Social and relationship capital
Sales and service bases 23 countries
Domestic: 14 companies
Overseas: 46 companies
- 

Intellectual capital
R&D expenses approx. ¥56 billion (FY2021–2024 plan)
Capital investment to enhance the capabilities of R&D sites Approx. ¥7 billion (FY2021–2022)
Patents 2,784 (As of March 31, 2021)
- 

Manufactured capital
Production bases Domestic: 10 factories
Overseas: 6 factories
- 

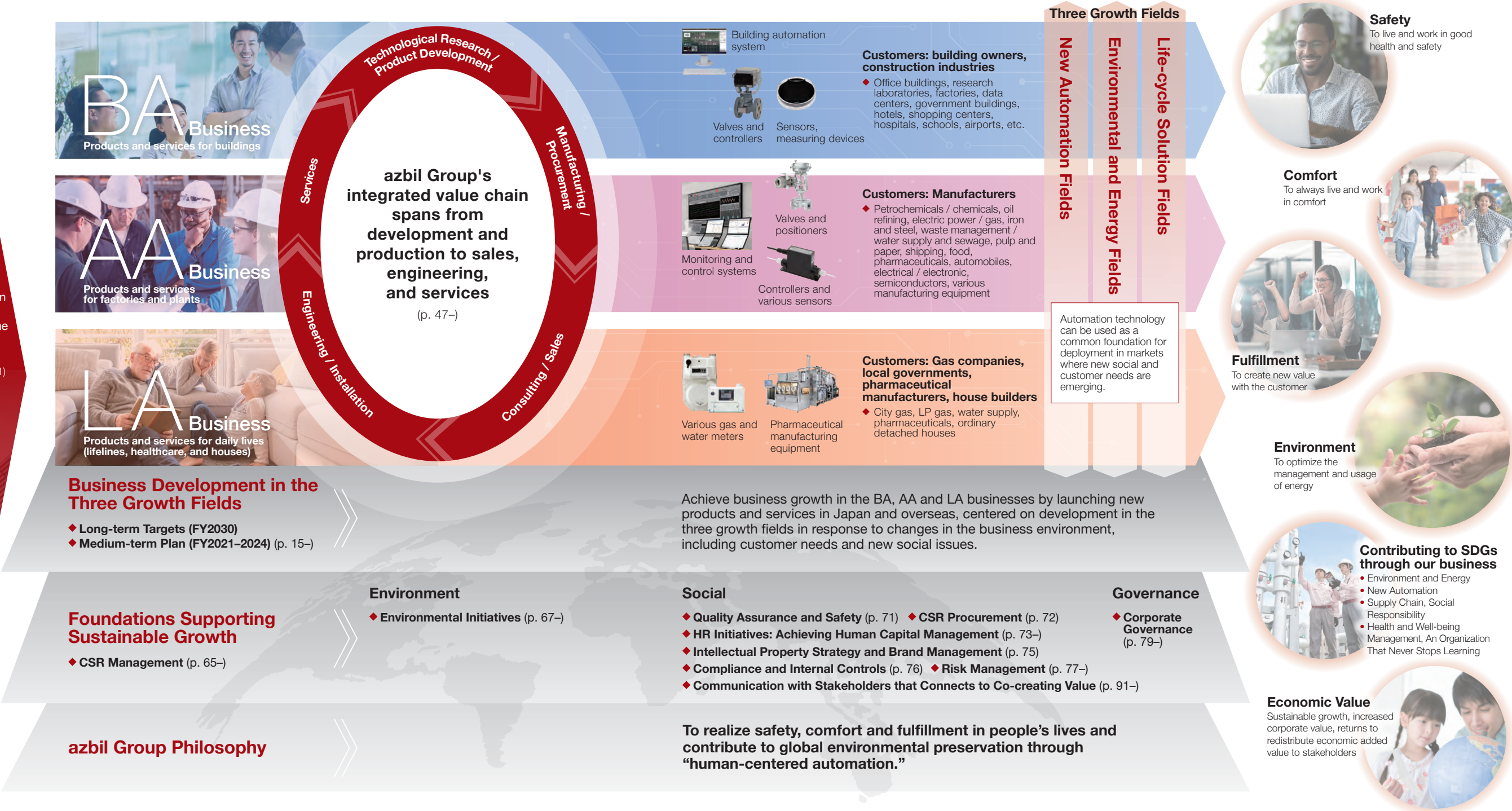
Natural capital
Total energy usage*3 58,481 MWh
Total water usage*4 1.07 million L
- 

Financial capital
Issuer rating A+ (R&I) (As of March 31, 2021)

*1 Lectures include general courses such as CSR and other elective online courses and the number of lecturers includes personnel of group companies such as cooperating companies or retailers
*2 Of the official qualifications, no. of qualifications obtained that are considered important for business operations
*3 Scope of calculation: Azbil Corporation and its affiliated companies
*4 Scope of calculation: Azbil Corporation, domestic affiliates, and overseas major production bases

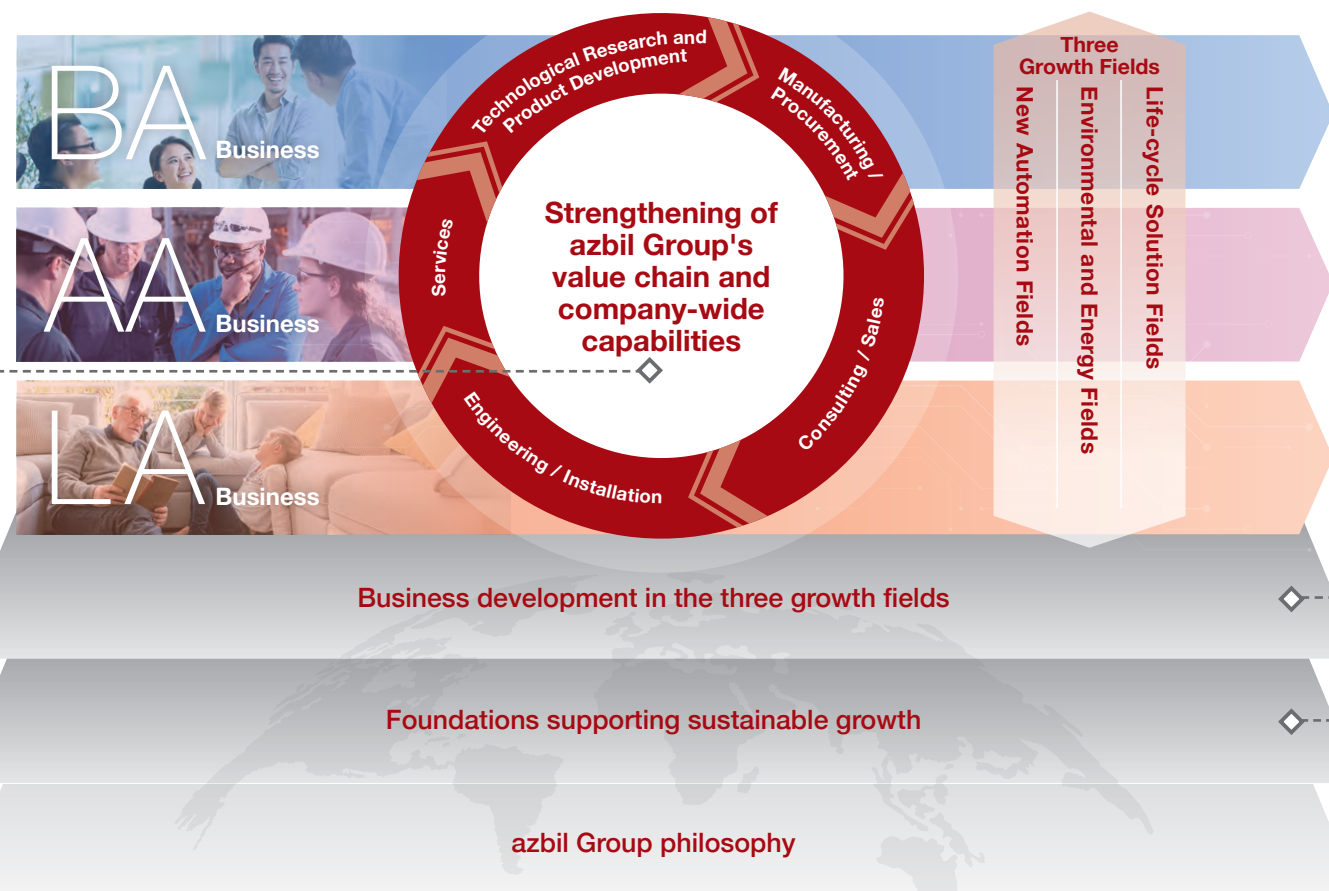
Main Product Lines (Outputs)

Value Provided by the azbil Group (Outcomes)



azbil's Value Creation | 2020 Highlights

Here, we introduce the initiatives that azbil has pursued in the past year to capture changes in the social and business environment and to create value.



Strengthening the value chain and company-wide capabilities

- Decided to construct a new factory at a Dalian production subsidiary in China—expanding and strengthening the scale of the global production system (July 2020)
- azbil subsidiary in Thailand opens Solution and Technology Center—established to provide next-generation intelligent services using IoT and AI (August 2020)



Conceptual image of the factory building

- Participated in the Smart Urban Co-Innovation Lab led by Singapore's CapitaLand (January 2021)
- Started constructing two laboratory buildings at Fujisawa Technology Center, our central R&D base—These facilities will serve as a core base of R&D to respond to the demand of new automation (April 2021)

Progress in Three Growth Fields

■ Products and services

- azbil to strengthen the business for pandemic-ready airflow control systems—contributing to safety and comfort of medical personnel (June 2020)
- Launched sales of the AI Temperature Detection Solution that immediately recognizes faces and detects temperature with high accuracy—contributing to preventing the spread of infection in the post-COVID society (June 2020)
- Launched sales of the official version of cloud services that easily digitalize handwritten recording tasks—contributing to operational digitalization in the post-COVID society (July 2020)
- The enhanced functionality of communications gateway allowing data interchange between control devices without programming—and adds IoT support for industrial furnace burners (October 2020)
- Launched sales of the valve analysis and diagnosis service to monitor the condition of valves operating in plants through the cloud—contributing to the stability and enhanced security of manufacturing facilities (November 2020)
- Launched global sales of early warning system for time series data—enhancing oversight capabilities of manufacturing sites by predicting future events (December 2020)
- Launched sales of licenses with attached installation support to makers of manufacturing equipment for our online anomaly detection system (March 2021)
- Promoted new initiatives toward the next generation in the energy management field with our DX-EGA, a cooperative business concept in the field (March 2021)
- Launched sales of new air-conditioning systems to respond to diversifying workstyles and office uses geared toward the “new normal” era (March 2021)



- Began developing digital solutions for intelligent building management systems overseas with the support of the Singapore Economic Development Board (June 2021)
- Recognized as an “energy management support service provider” that facilitates energy savings at plants and business sites, for eight consecutive years (June 2021)

■ Record of delivering results

- Delivered online anomaly detection system for batch processes to Kaneka Corporation—received orders for 10 systems in six months mostly from chemical manufacturers (June 2020)
- Began providing cloud-based valve analysis and diagnosis service to Mitsubishi Chemical Corporation (March 2021)

■ Product and service evaluations

- Received the “Red Dot Award 2020,” a global design award (April 2020)
- azbil's Cloud Operation Center acquired the Information Security Management System (ISMS) international standard certification (July 2020)
- azbil's control valve maintenance support system received award from Chinese automation and smart manufacturing media company gongkong® (November 2020)
- azbil received Frost & Sullivan 2020 Southeast Asia Building Automation Systems Customer Value Leadership Award (December 2020)



■ SDG initiatives

- Established new numerical targets of essential goals for SDGs (August 2020)
- Established new targets for SDGs (May 2021)

Foundations Supporting Sustainable Growth — ESG Initiatives

■ Environmental initiatives

- Announced participation in Keidanren's “Challenge Zero” declaration (June 2020)
- Announced support for Keidanren's Declaration of Biodiversity and its revised action policies (June 2020)
- CDP Climate Change 2020 (B valuation)
- Conducted evaluations and test calculations on main risks and opportunities in line with the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD)
- Strengthened greenhouse gas (GHG) reduction targets (2030) Reduced the amount of GHG emissions from our business activities (scopes 1+2) from 30% to 55% (2017)—approved as science based targets (SBTs) in August 2021

■ Health and well-being management initiatives

- azbil Global Executive Member Anju Jaswal selected for Singapore 100 Women in Tech List (November 2020)
- azbil's whistleblowing system certified by Japan's Consumer Affairs Agency—advancing health and well-being management through our CSR Hotline (December 2020)
- Received the highest mark of *Eruboshi* certified company based on the Act on Promotion of Women's Participation and Advancement in the Workplace (December 2018)
- Received *Kurumin* certification as a company supporting child-raising (February 2021)
- Certified as a Health & Productivity Management outstanding organization in 2021 (March 2021)

■ Social and human rights initiatives

- Provided relief funds both in Japan and overseas for the COVID-19 pandemic and for damage from heavy rains (June and July 2020)
- As a voluntary social contribution initiative with employee participation, the azbil Honey Bee Club supported social welfare organizations (November 2020)
- Signed the “United Nations Global Compact” (April 2021)



■ Strengthening corporate governance

- Announced our skills matrix (June 2021)
- Expanded disclosure based on revisions to Japan's Corporate Governance Code and the revised Companies Act

Inclusion in major indices

- Four indices chosen by the Government Pension Investment Fund (GPIF):
 - FTSE Blossom Japan Index
 - MSCI Japan ESG Select Leaders Index
 - MSCI Japan Empowering Women Index (WIN)
 - S&P/JPX Carbon Efficient Index
- Included in the 2021 Bloomberg Gender-Equality Index



FTSE4Good

- [Inclusion in other indices]
- FTSE4Good Japan Index
 - MSCI Japan Index
 - JPX-Nikkei Index 400



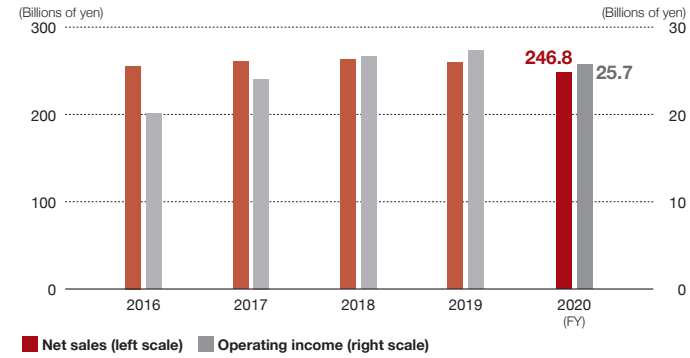
Note: The dates within parentheses are when the announcements were made.

azbil's Value Creation | Financial and Non-Financial Highlights

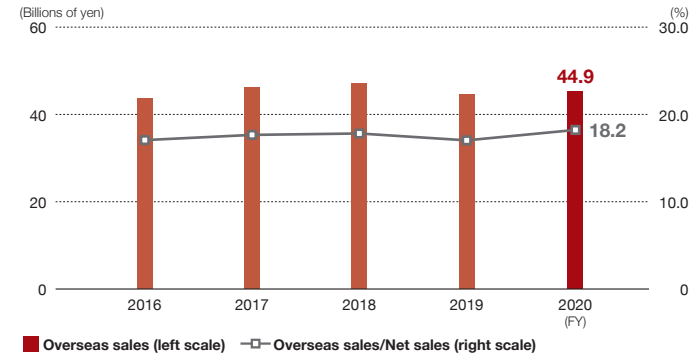
Azbil Corporation and its consolidated subsidiaries

Financial Highlights

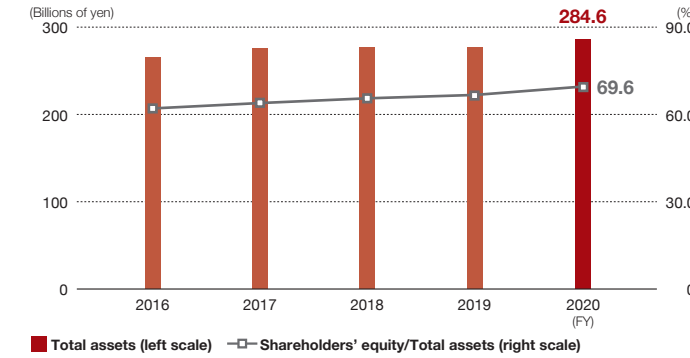
Net Sales, Operating Income



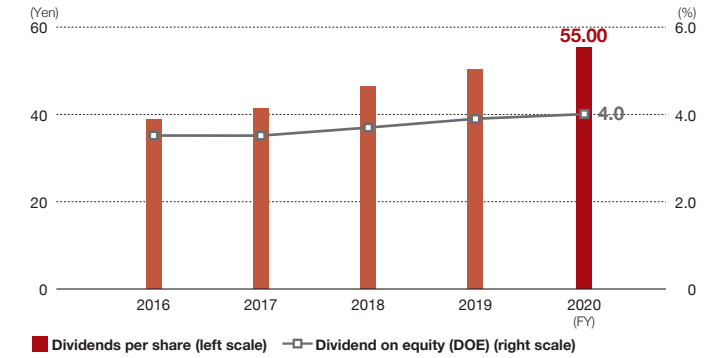
Overseas Sales, Overseas Sales/Net Sales



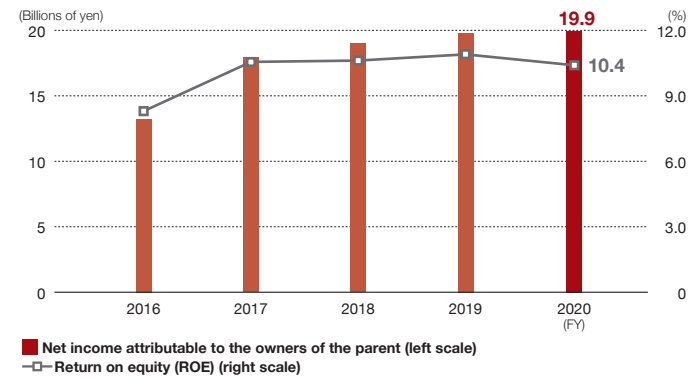
Total Assets, Shareholders' Equity/Total Assets



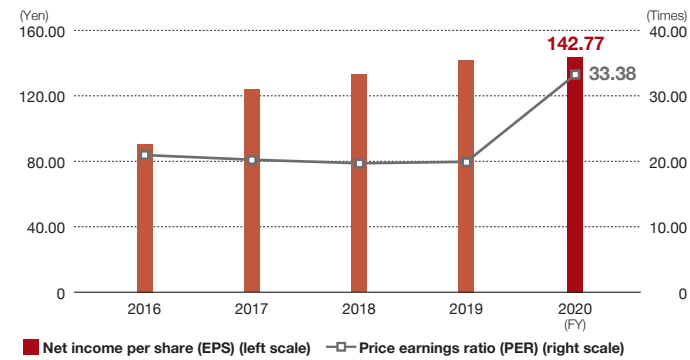
Dividends per Share, Dividend on Equity (DOE)



Net Income Attributable to the Owners of the Parent, Return on Equity (ROE)

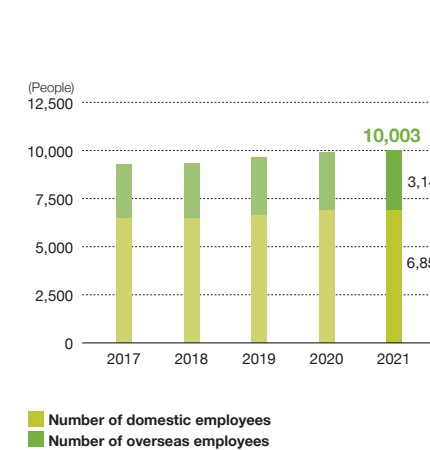


Net Income per Share (EPS), Price Earnings Ratio (PER)



Non-Financial Highlights

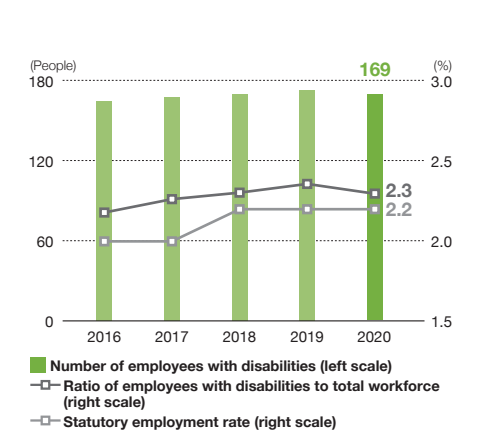
Number of Employees (as of March 31)



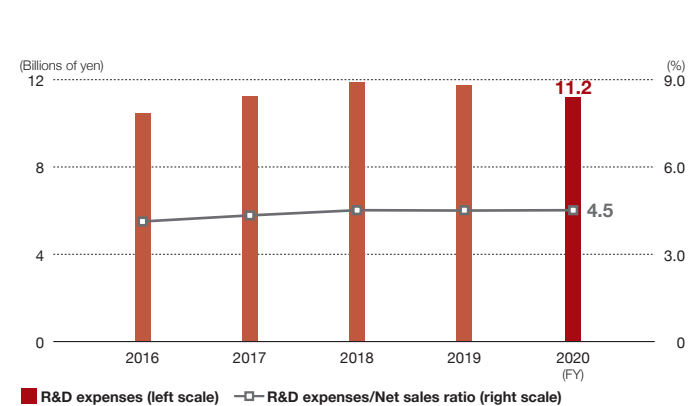
Number of Female Employees in Managerial or Specialist Positions, Ratio of Female Employees in Managerial or Specialist Positions (as of April 1)



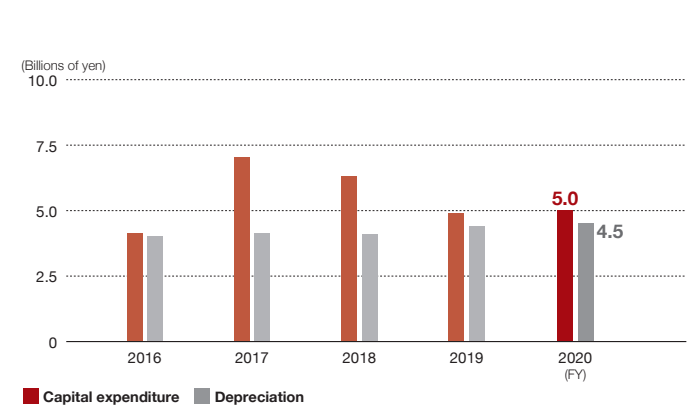
Ratio of Employees with Disabilities to Total Workforce (as of June)



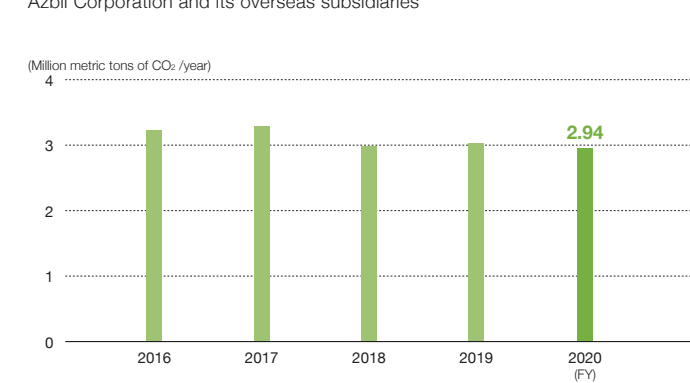
R&D Expenses, R&D Expenses/Net Sales Ratio



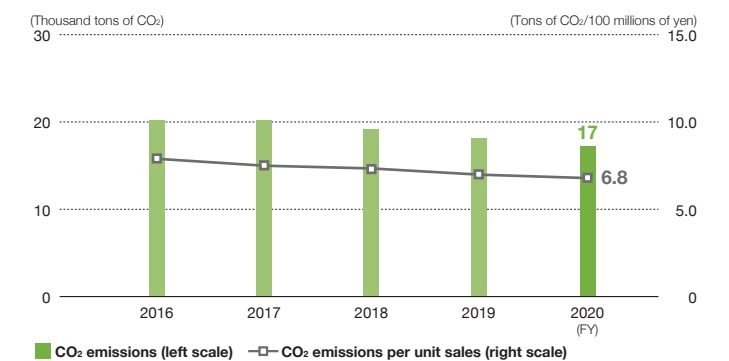
Capital Expenditure, Depreciation



Effective Reduction of CO₂ at Customers' Sites



CO₂ Emissions (Scopes 1+2) and CO₂ Emissions per Unit Sales



The Company conducted a two-for-one stock split for shares of common stock on October 1, 2018. Figures for net income per share (EPS) and dividends per share have been recalculated to reflect the number of shares after the stock split.

Note: Estimations for each fiscal year's performance from 2018 are based on the methods reviewed by third parties.